



NEWMARK

Market Overview:
São Paulo

1Q26

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Key Takeaways

Strong demand and availability at the lowest level in the historical series sustained the robust dynamics of the industrial/logistics market in São Paulo at the beginning of the year.



Leasing activity advances 6% in the quarter and nearly doubles year-over-year, with net absorption of ~500,000 sqm.



New supply delivery declines in the quarter but remains significant (~304,000 sqm), with an additional ~1.5 million sqm forecast.



Rental rates continued on an upward trend, closing the period at BRL 33.08/sqm/month — the highest level on record.



An additional ~1.5 million sqm in the pipeline reinforces inventory expansion to keep pace with strong demand.

Sao Paulo Market Observations

Economy

- Geopolitical tensions (Russia–Ukraine, Middle East and US–China) keep volatility elevated, while high interest rates in advanced economies support only moderate global growth.
- After growing 2.3% in 2025, Brazil's GDP is expected to expand around 1.8% in 2026, reflecting tight monetary policy, lower fiscal stimulus and more moderate consumption.
- Inflation is expected to converge to ~4% (within target), while the Selic rate, still high early in the year, should decline and may end 2026 near 12%.
- The labor market remains resilient, with some loss of momentum, and the exchange rate is expected to stay relatively stable (~BRL 5.40), albeit more volatile, with stronger economic improvement in the second half of the year.

Market Indicators

- Gross absorption advanced 6% in the quarter and nearly doubled year-over-year, closing at 606,000 sqm; net absorption maintains a positive pace (~500,000 sqm), +2% vs. end of 2025, ~6x higher than Q1 2025, and already represents more than 1/3 of full-year 2025 total.
- Asking rental rates maintain an upward trend, reaching an average of BRL 33.1/sqm/month, as vacancy continues to decline: 6.4%
- In the Greater São Paulo Metropolitan Area (within 40 km of the capital), asking rents remain above the state average, reaching BRL 35.44/sqm/month, while in more distant regions the average was BRL 28.80/sqm/month. São Paulo, Guarulhos, and the ABCDM corridor continue to concentrate the highest levels.

Transactions

- The commercial sector accounted for the majority of transactions during the period, driven primarily by e-commerce.
- Geographically, the ABCDM region, Guarulhos, and Cajamar led the increase in occupied space, reinforcing the attractiveness of these strategic hubs for distribution and faster deliveries within the São Paulo metropolitan area.
- Major players and funds continue to focus acquisitions on higher-quality assets, atypical lease agreements, and low-credit-risk tenants.

1st Quarter Highlights

- The São Paulo industrial and logistics market remains strong, with consistent demand and availability at the lowest level in the historical series.
- New supply delivered showed a slight decline compared to the previous quarter, yet remains significant, totaling 304,000 sqm.
- Despite stock growth, the vacancy rate in the state of São Paulo fell to 6.4%, reaching the lowest level on record and reinforcing the strong market outlook.
- The average asking rental price closed at BRL 33.1/sqm/month, up approximately 3% in the quarter and 15% year-over-year.

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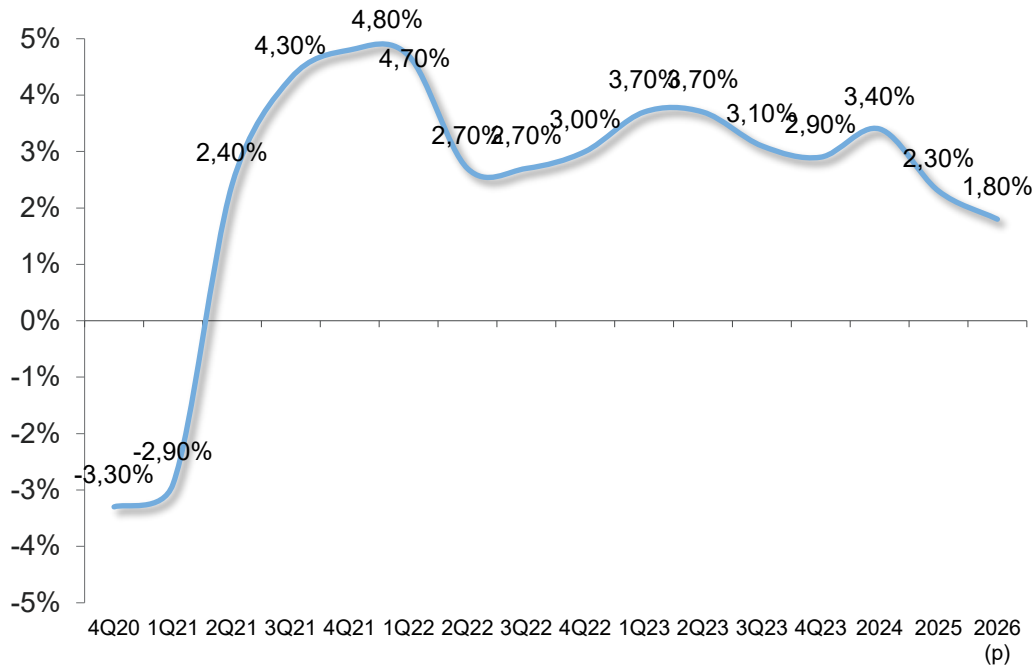
Economy



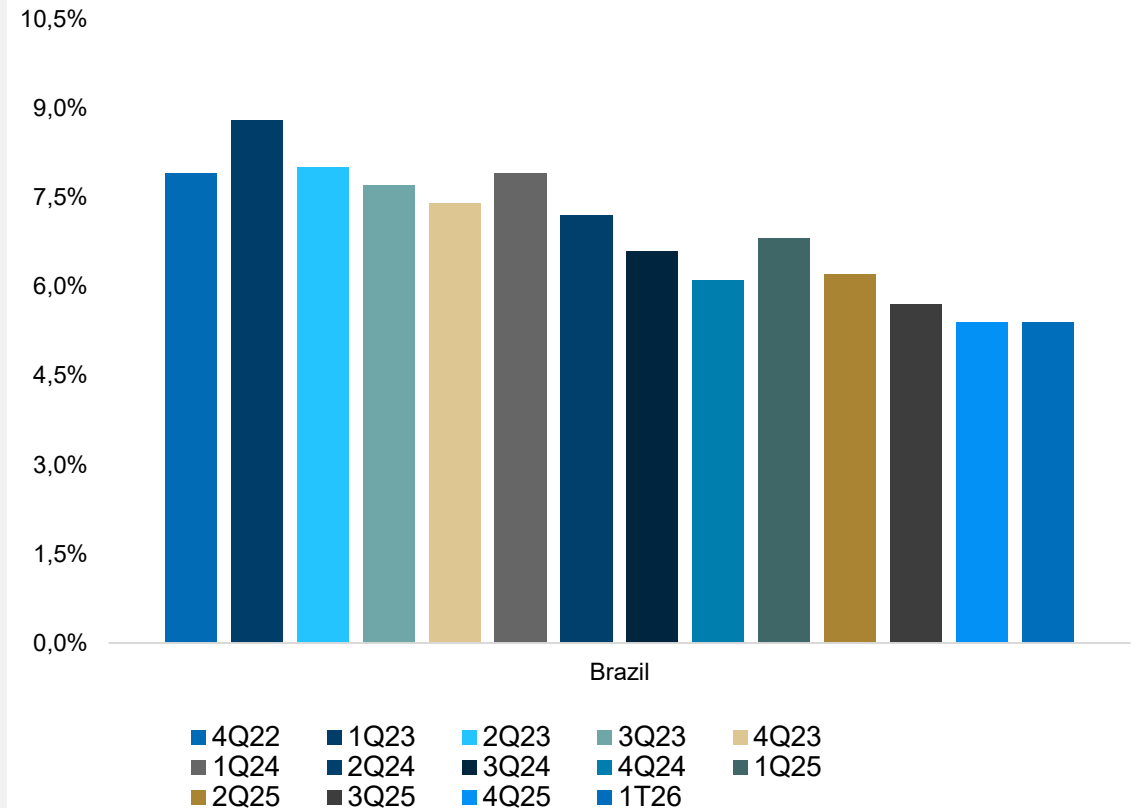
Economy

Brazil enters 2026 amid economic moderation, with GDP projected at 1.8% following 2.3% growth in 2025, reflecting still-elevated interest rates and softer consumption. Inflation is expected to converge to around 4%, while the Selic rate should end the year near 12% on a downward trend. The labor market remains resilient, albeit gradually losing momentum throughout the year.

GDP



Unemployment Rate

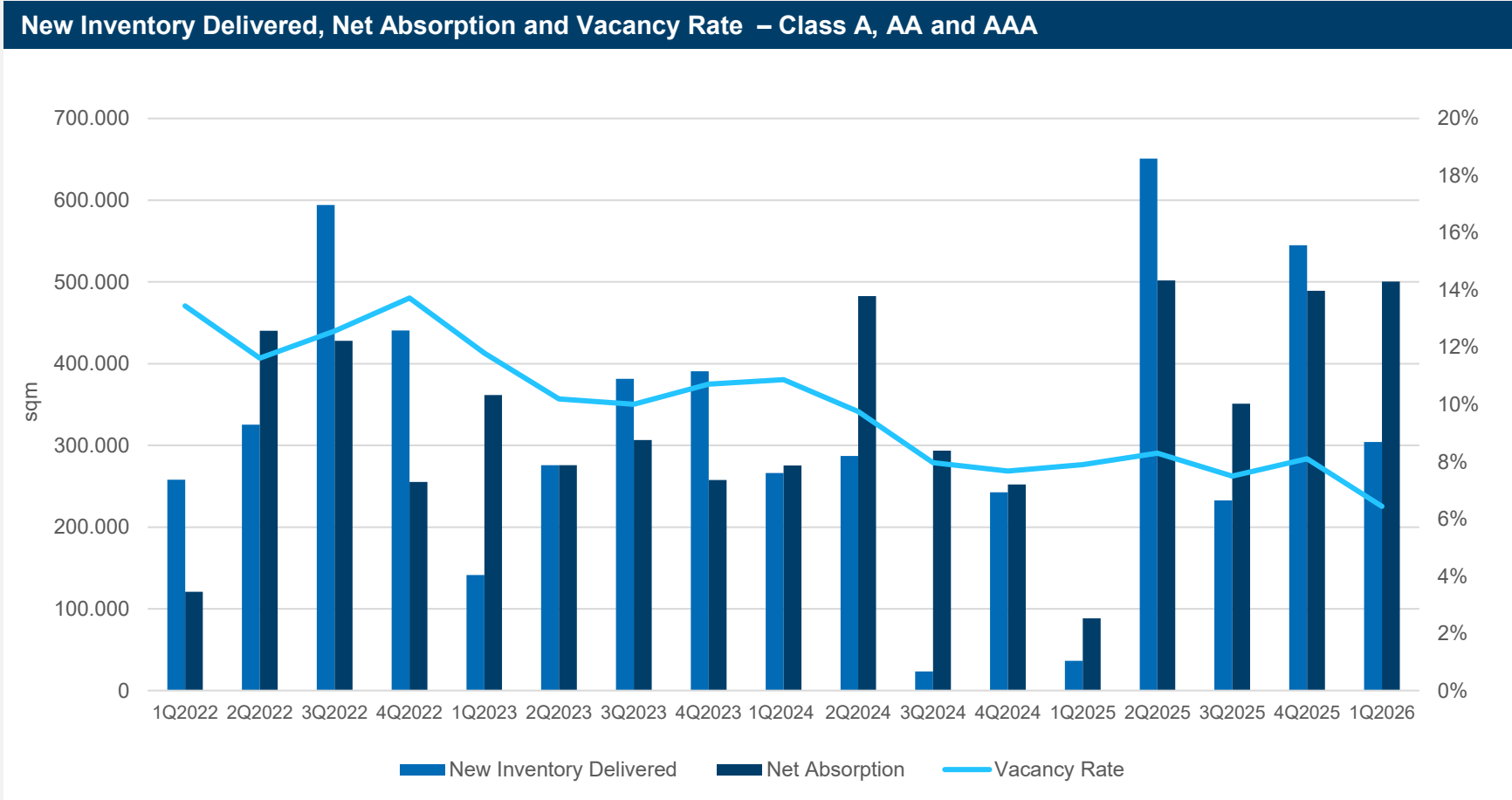


02

Leasing Market Fundamentals



Strong demand drives absorption and compresses vacancy

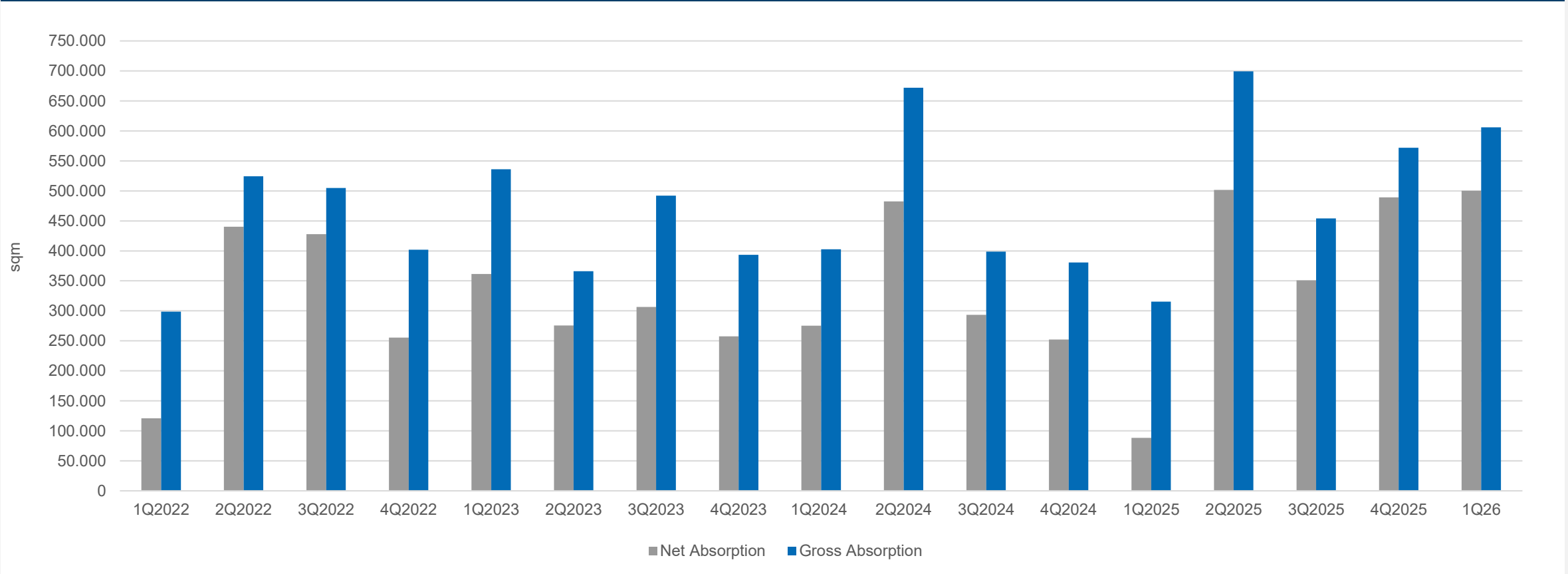


- New deliveries remain significant, though below the previous quarter, with a robust pipeline forecast for 2026.
- Absorption outpaced new inventory delivered in several quarters, resulting in the lowest vacancy rate on record (6.4%), even as inventory expanded.

Strong occupancy dynamics

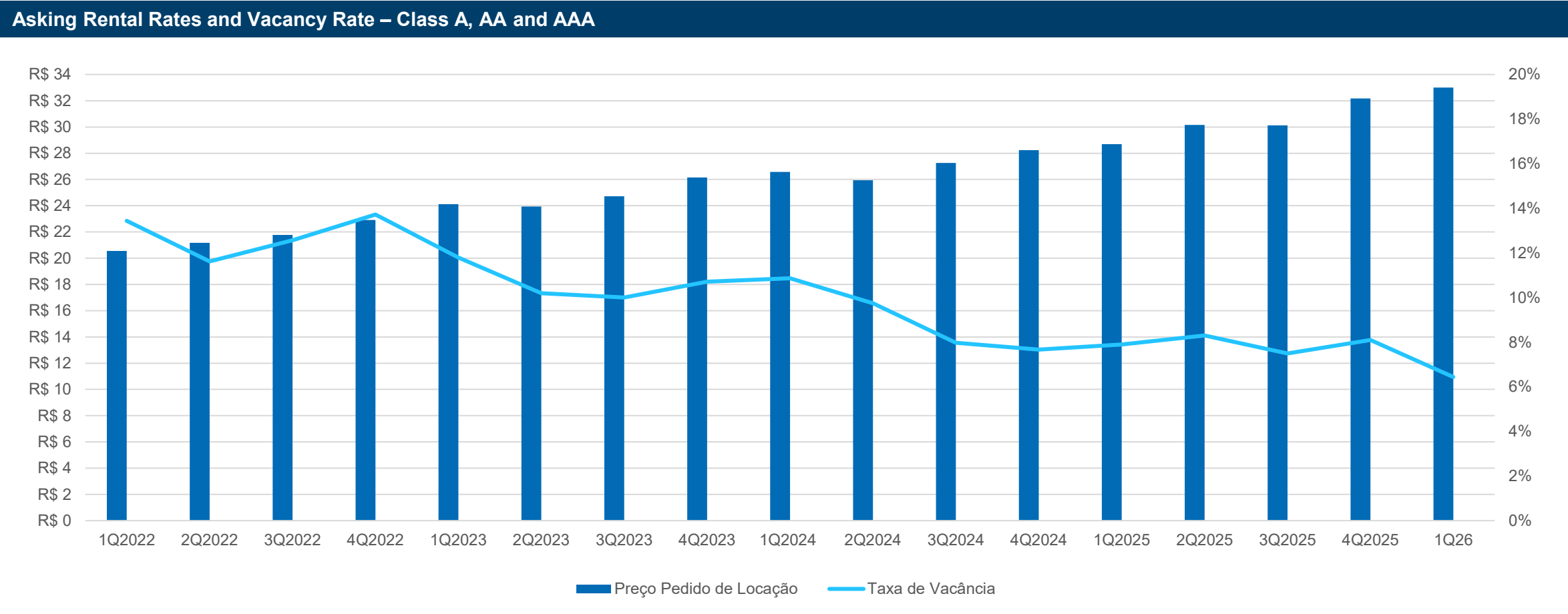
Net absorption accelerates and significantly surpasses the same period last year, reflecting strong appetite for space, particularly from the e-commerce industry.

Gross and Net Absorption (m²) – Class A, AA and AAA



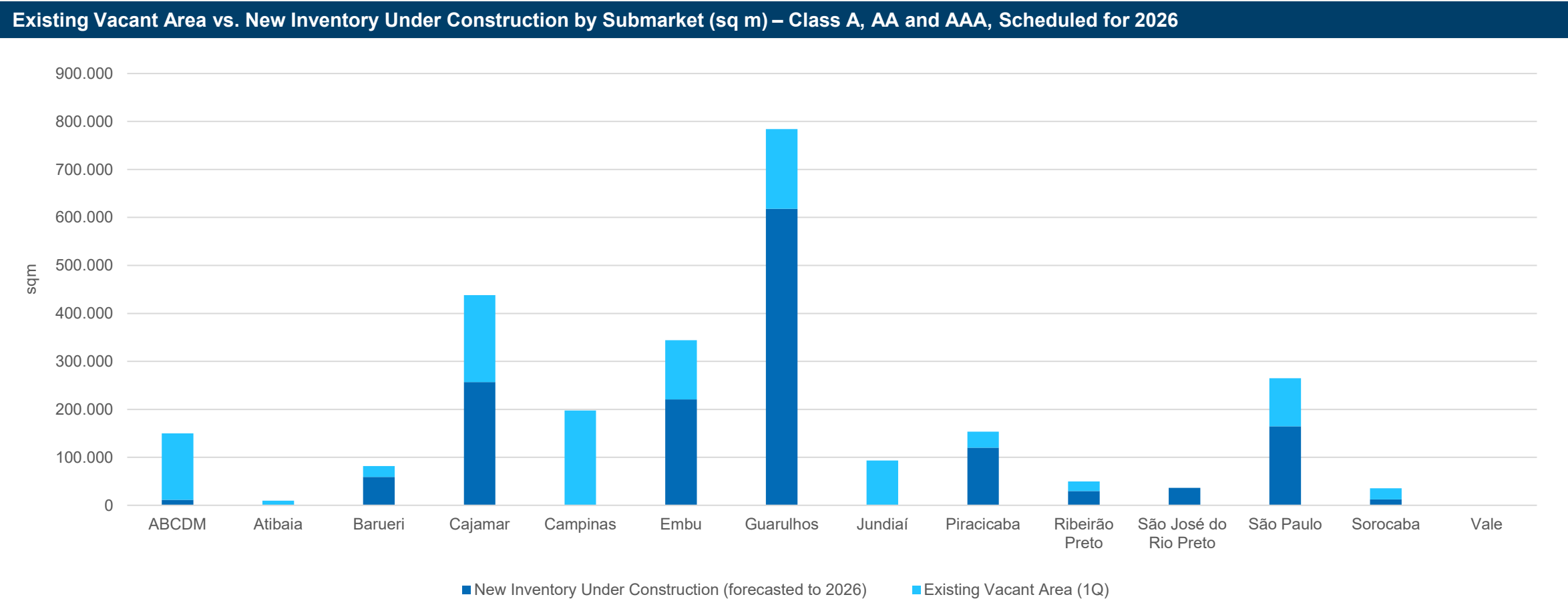
Record-low vacancy drives rental rate appreciation

Vacancy falls to 6.4%, with most regions below the average, while asking rental prices reach the highest level on record.



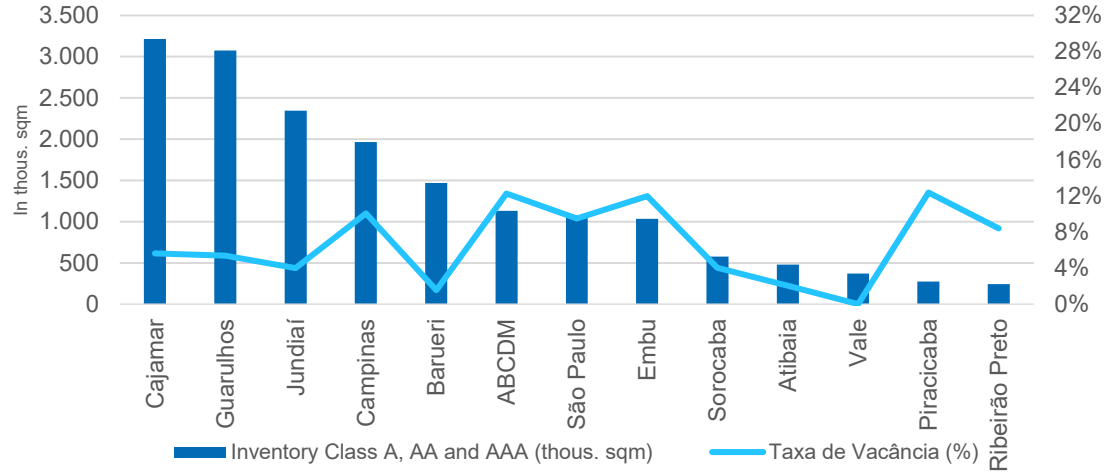
New deliveries expected to ease supply constraints without shifting market fundamentals

The delivery of new developments is expected to partially ease availability constraints, without significantly altering the near-term balance, which tends to remain favorable to landlords and with rental rates sustained at elevated levels.

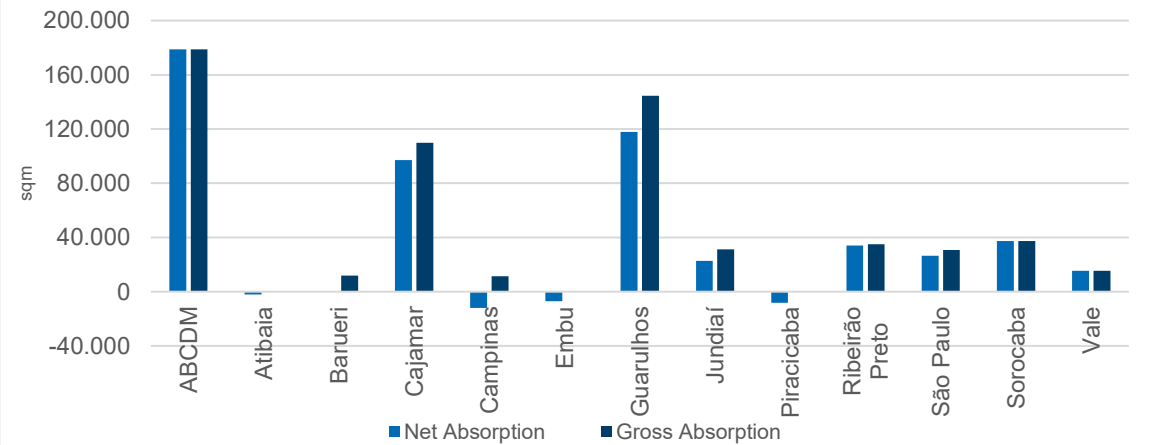


Market Indicators by Submarket

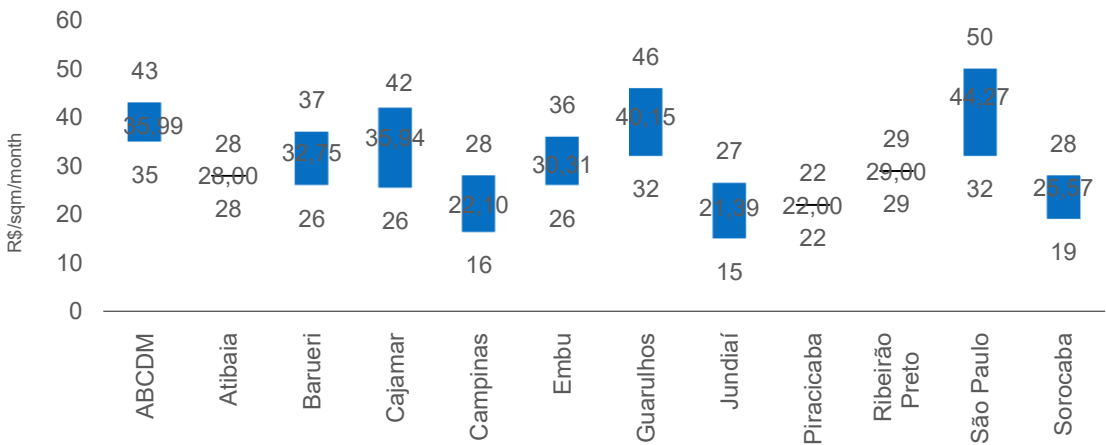
Inventory vs. Vacancy Rate – Class A, AA and AAA



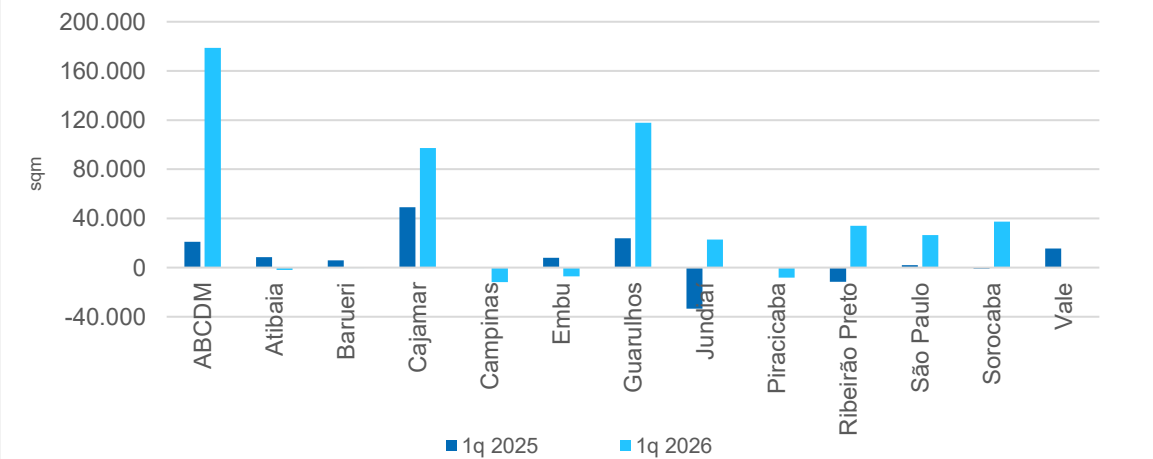
Quarterly Net and Gross Absorption by Submarket – Class A, AA and AAA



Aksing Rental Rates – Minimum, Average and Maximum by Submarket – Class A, AA and AAA



Net Absorption – Y-o-Y Change – Class A, AA and AAA





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