

## Industrial H2 2019

16,7%

Vacancy Rate

YoY  
Chg12-Mo.  
Forecast

50.534

Net Absorption Sq.m

\$ 5,6

Average Asking Rent  
(USD/Sq.m/Month)

(\*) Corresponds to weighted average of North Zone submarkets

ECONOMIC INDICATORS  
Q4 2019

9,7%

Unemployment rate  
(Q3)YoY  
Chg12-Mo.  
Forecast

-2,7%

Industrial production  
index  
(% October 19/October  
18 interannual variation)YoY  
Chg12-Mo.  
Forecast

48,3%

Inflation index  
(Inflation index YTD) (\*)YoY  
Chg12-Mo.  
Forecast

Source: National Statistical and Census Institute (INDEC)

(\*) Corresponds to November 2019

## MARKET OUTLOOK:

The last half of 2019 closed with an important change caused by South Zone's consolidation as the second important submarket, after the "Triángulo de San Eduardo", but with some expansion potential by land availability and proximity to Buenos Aires City, Airport and Buenos Aires Port. All these characteristics in the South Zone are typical of last mile and they give an opportunity to carry out fulfillment's operation by e-commerce.

Whereas in 2015 the South submarket represented the 23% of stock, this quarter had a growth of 30%. On the other hand, "Triángulo de San Eduardo" had a stock decrease, from 55% to 45%, in the same period.

## SUPPLY AND DEMAND:

Vacancy rate of second semester was 16,7%, representing a growth of 26,4% in comparison with the first semester. This is partly due to the growth in the delivered surface projects in South Zone submarket that had not been fully rented. At the same time new availabilities were added to the market as a consequence of retraction by consumption demand, which caused storage needs to drop.

An important fact was that, within the offer a 27% is composed by logistics centers between 27,000 and 30,000 sqm, whereas 73% has surfaces smaller than 20,000 sqm. This situation shows that the market is not prepared to receive high demand volume and should be done through the "built to suit" option.

Within the most important surface delivered, it is found "Plaza Logística Ciudad" with 42,000 sqm, "Plaza Logística Mercado" with 73,000 sqm, built for Mercado Libre, and 30,000 sqm in "Plaza Logística Esteban Echeverría".

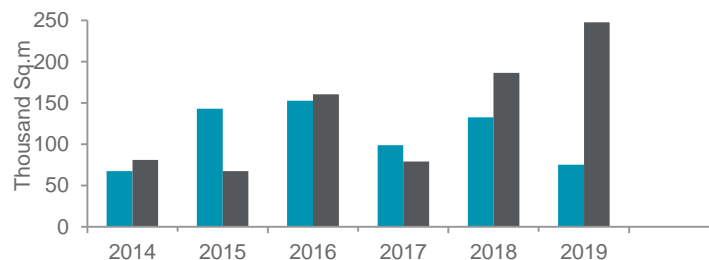
## PRICING:

The rent values still show little recovery in comparison with the second semester of 2015, when the values reached to 8.0 u\$s/sqm/month.

North zone weighted average decreased 10% reaching 5.6 u\$s/sqm/month. West Zone decreased 4% with 4.5 u\$s/sqm/month and South Zone closed in 5.6 u\$s/sqm/month, which represented a decrease of 2%.

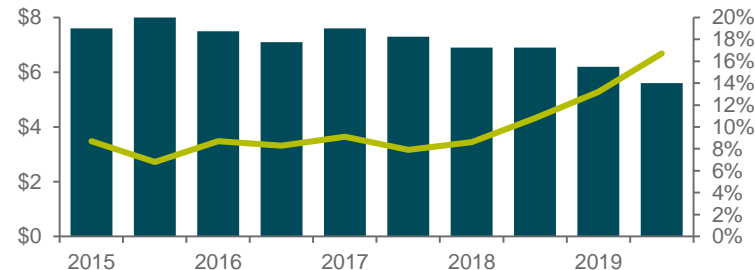
For the next few months, holders of contracts in Argentine Pesos, will have to take into account the dollar evolution, mainly these contracts have a component in that currency, which has remained stable in the last months.

## SPACE DEMAND / DELIVERIES



■ Net Absorption, (Sq.m) ■ Construction completions (Sq.m)

## OVERALL VACANCY &amp; ASKING RENT (\*)



(\*) Corresponds to weighted average of North Zone submarkets.

■ Average Asking Rent (USD) — Vacancy

## ECONOMIC OUTLOOK

November closed with 48,3% of accumulated inflation. At the same time, unemployment rate from 3rd quarter showed a little decrease of 9,7%.

Economic activities continued affected by the politic context. In August, the PASO election was held and in the next day there was a market reaction increasing the dollar value from \$ 43 to \$ 61.

On December 10<sup>th</sup> the change of government was carried out. Both political parties agreed to maintain an orderly government transition, bringing calm to national and international markets.

The relationship with the IMF is one of the main questions, since the government has started to build a new relationship in order to face the next deb maturities.

On the other hand, the government has obtained approval in Congress with the Law of Social Solidarity and Productive Reactivation. In terms of to what logistics industries concerns, exchange restriction was reinstalled. Between 2011 and 2015, this policy generated an exchange rate split that caused stability in the official dollar within an inflationary scenario, a fact that damaged rental values.

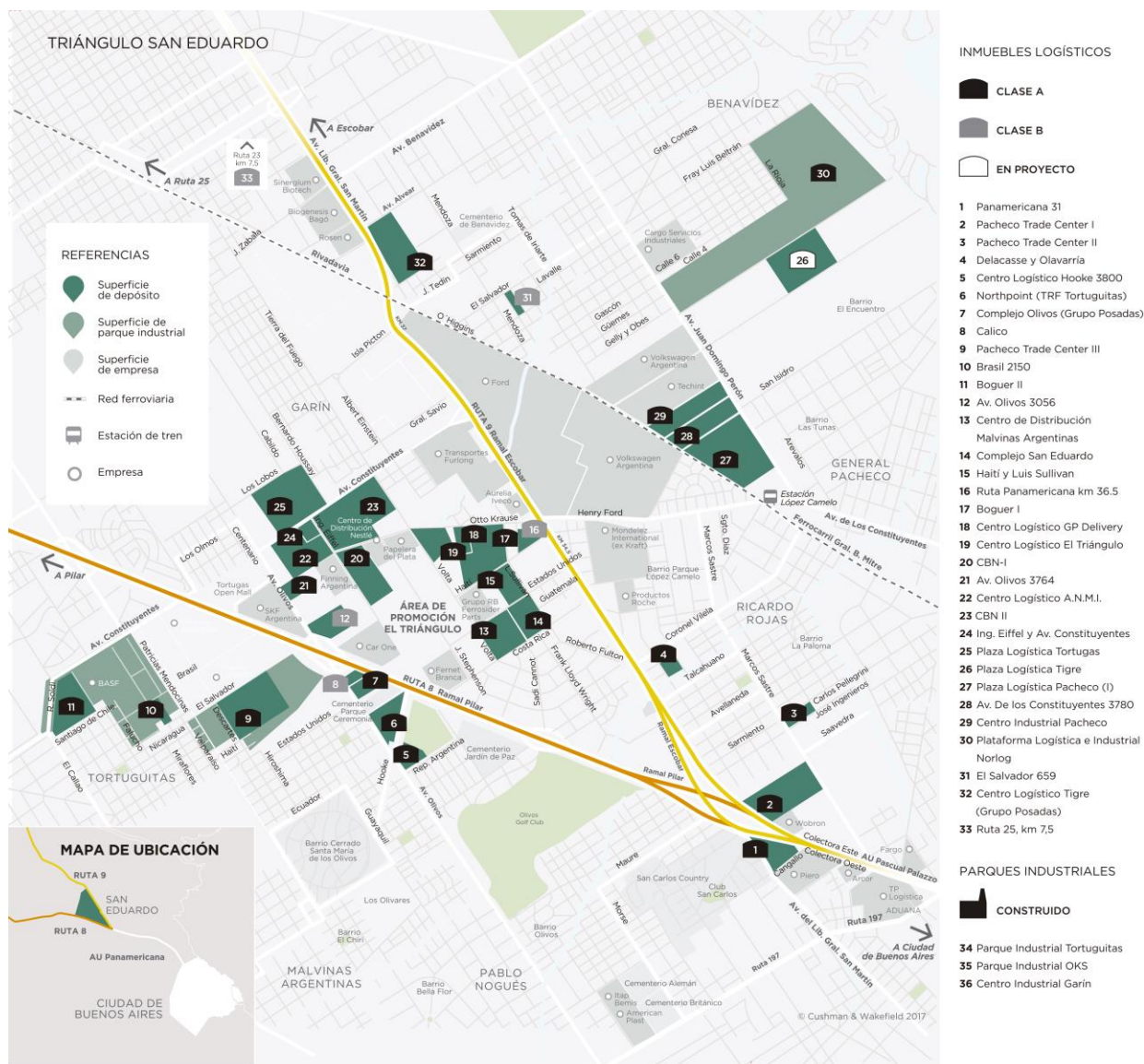
## FUTURE OUTLOOK

Among the most important projects, a new construction started in Malvinas Argentina's logistic center with 31,000 sqm located in the "Triangulo de San Eduardo" Market. Ground movements for 70,000 sqm in "3 de Febrero" Logistic Center, were also initiated, and it is expected to be finish at the end of 2020, adding more importance to West Submarket.

Currently, 238,590 sqm are under construction, where 52% are located in North Zone, 18% in South Zone and 29% in West Zone Submarkets.

Finally, surface in project is represented by 781,977 sqm, looking forward to better economic prospects in order to advance with the investments.

## WAREHOUSE AND LOGISTIC CENTER MAP



(\*) "Triángulo de San Eduardo" is the most representative zone in the market because it concentrates 45% of the Clase A Logistics Centers inventory.(\*\*). This map does not have the inventory adjustment made for this report.



## MARKET STATISTICS

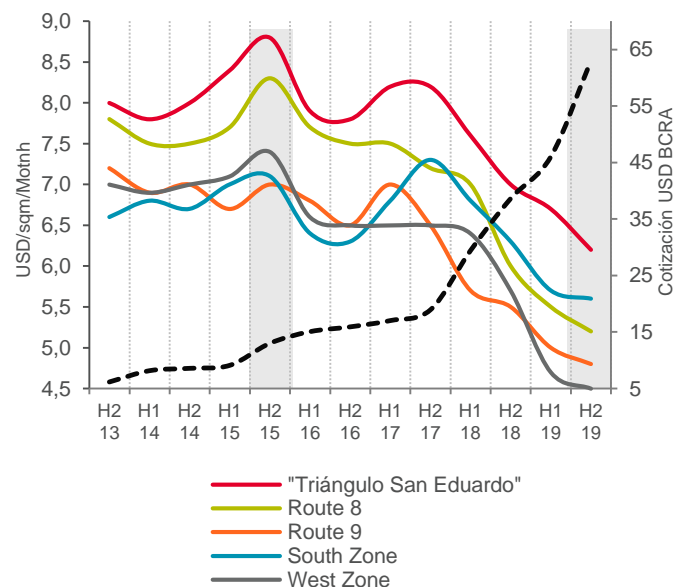
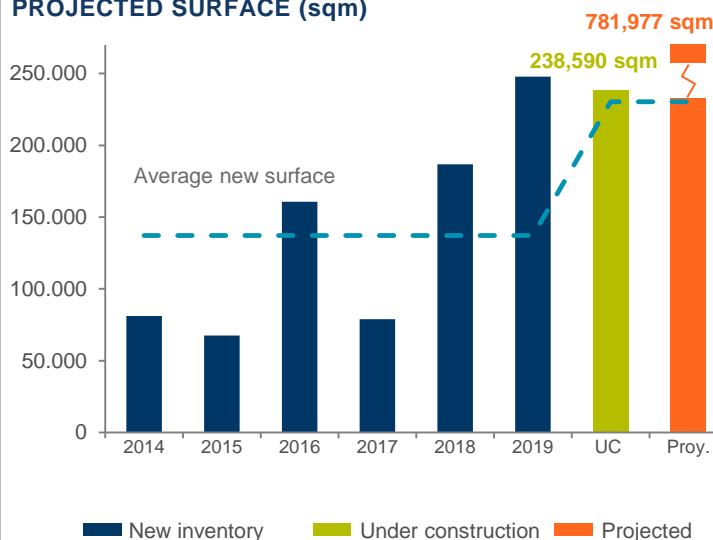
SUBMARKETS	INVENTORY CLASS A (SQM) (*)	NUMBER OF LOGISTICS CENTERS	AVAILABLE SURFACE (SQ.M)	VACANCY RATE (%)	YTD OVERALL NET ABSORPTION (SQM)	UNDER CONSTRUCTION (SQM) (*)	PROJECTED (SQM) (*)	OVERALL AVG ASKING RENT CLASS A (ARS/SQM/MONTH) (***)	OVERALL AVG ASKING RENT CLASS A (USD/SQM/MONTH) (***)
TRIANGULO SAN EDUARDO	976,677	27	104,858	10.7%	26,698	66,228	275,000	\$390.60	\$6.20
ROUTE 8	208,881	6	29,000	14.0%	29,178	0.00	154,737	\$327.60	\$5.20
ROUTE 9	239,195	13	59,335	24.8%	- 31,759	58,850	15,000	\$302.40	\$4.80
<b>NORTH ZONE</b>	<b>1,424,753</b>	<b>46</b>	<b>193,193</b>	<b>13.6%</b>	<b>24,117</b>	<b>125,078</b>	<b>444,737</b>	<b>\$352.80</b>	<b>\$5.60</b>
SOUTH ZONE	688,810	19	166,243	24.1%	26,417	43,512	167,240	\$352.80	\$5.60
WEST ZONE	64,000	4	5,045	7.9%	0.00	70,000	170,000	\$283.50	\$4.50
<b>TOTAL</b>	<b>2,177,563</b>	<b>69</b>	<b>364,481</b>	<b>16.7%</b>	<b>50,534</b>	<b>238,590</b>	<b>781,977</b>	<b>\$352.50</b>	<b>\$5.60</b>

(\*) An inventory review was performed. This led to a rise in stock

(\*\*) Values expressed in Argentine Pesos

(\*\*) Corresponds to weighted average of asking rent.

## ASKING RENT PER SUBMARKET (USD/sqm/Month)

NEW INVENTORY (sqm)  
PROJECTED SURFACE (sqm)

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