

Industrial H2 2023

	YoY Chg	12-Mo. Forecast
5.7 % Vacancy Rate	▼	▼
7,935 Net Absorption Sq.m	▲	▲
\$ 7.7 (USD/Sq.m/Month) Average Asking Rent	▲	▲

(*) Corresponds to weighted average of all submarkets.

ECONOMIC INDICATORS H2.2022

	YoY Chg	12-Mo. Forecast
5.7% Unemployment rate (H2.22)	▼	■
-0.8% Industrial production index	▼	■

160.9% Inflation index (Inflation index YTD) **	▲	▲
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* Accumulated variation of the year compared to the same accumulated of the previous year taken November 2023.

** Corresponds to the month of November 2023

Source: National Statistical and Census Institute (INDEC)

MARKET OUTLOOK:

The robust demand of the past two years in the logistics center market drove the construction of projects that concluded during the last months of 2023, adding 159,653 sq m to the inventory, which reached 2,499,657 sq m. This marks the first time since 2018 that the delivered area surpasses absorption. These deliveries led to a 2.9 percentage point increase in vacancy compared to the first half of the year. The net absorption showed a positive balance of 7,935 sq m during the second half, which, combined with the space absorbed during the first part of the year, resulted in an annual cumulative net absorption of 81,039 sq m. As seen in the past, it is expected that this continuous flow of completed projects will have a significant impact on vacancy in the coming months, as well as on the average asking price.

SUPPLY AND DEMAND:

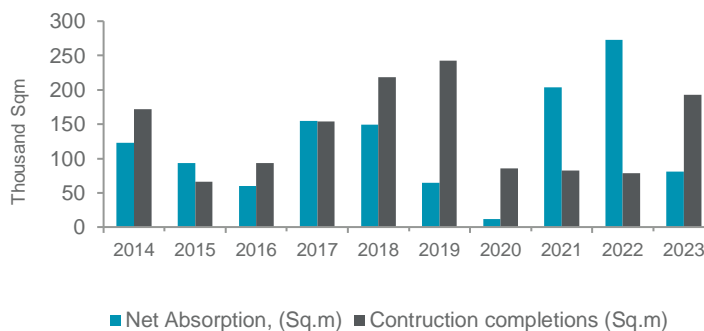
Unlike recent periods, the area with the highest demand concentration was the South Zone, with 62,549 sq m leased and only 16,430 sq m released, resulting in a net absorption balance of 46,110 sq m. This was primarily due to the lack of availability in other submarkets and the entry of new pre-leased developments. While 25,800 sq m were occupied in the North Zone, there were also 36,500 sq m released, resulting in a net absorption of -10,700 sq m.

The country's economic situation and import restrictions persisted during the last months of the year, leading to major absorptions from e-commerce companies. As for the vacancy rate, a reversal in the trend was observed: it went from 2.8% during the first half of the year to 5.7% in December. The most significant increase was recorded in the West Zone, where, due to the entry of new projects that have not yet been occupied, the vacancy rate reached 16.3%.

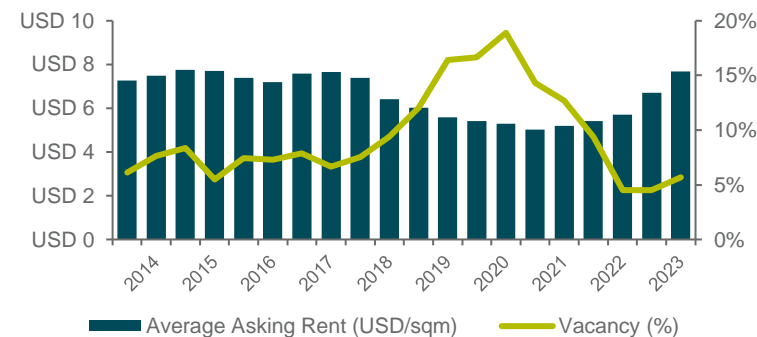
PRICING:

The average asking price in the logistics center market continues to rise. The average monthly rent reached USD BNA 7.7/sq m, nearly 7% higher in the semi-annual comparison. It is anticipated that values will eventually begin to decline. The area with the highest average asking price is the South Zone at USD BNA 7.9/m², attributed to the introduction of new premium space.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT (*)



ECONOMIC OUTLOOK

During the second semester, both prices and economic activity were negatively impacted.

In the mentioned period, the official exchange rate rose approximately by 206%. Meanwhile, the CEDOL increased by 97%, showing a proportionally smaller change that broke the trend of the observable relative exchange rate since 2021, albeit with a potential lag effect. It is advisable to stay attuned, emphasizing the transfer of the exchange rate impact on logistic costs. Furthermore, this exacerbated rise in the BNA exchange rate significantly inflates the rental value measured in pesos, creating distortions in short-term contractual pricing.

Regarding production levels, manufacturing industry activity declined by 3.7% on a year-on-year basis. The demand component that saw the most significant increase was public consumption, rising by 1.8%.

FUTURE OUTLOOK

Over the last six months of 2023, construction projects were completed, driven by the robust demand that the logistics center market has experienced over the past two years. The finished projects added a total of 159,653 m2, bringing the total inventory of the segment to 2,499,657 m2. While this indicates signs of balance for the future given the low vacancy rates of recent periods, the conclusion of over 200,000 m2 currently under construction is projected, anticipating a potential increase in vacancy by the end of 2024.

Many of the projects under construction will enter the market pre-leased, as was the case in this period, while many others will remain vacant, impacting the supply and potentially leading to a decline in the average asking prices in the premium logistics center market.

WAREHOUSE AND LOGISTIC CENTER CLASS A MAP



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	1,050,218	33	38,043	3.6 %	8,304	82,500	89,000	AR\$ 6366.0	USD BNA 7.7
Ruta 8	320,801	10	0	0.0 %	12,800	50,000	162,377	AR\$ 6366.0	USD BNA 7.7
Ruta 9	280,721	13	11,500	4.1 %	12,500	70,026	15,000	AR\$ 5787.3	USD BNA 7.0
Zona Norte	1,651,740	56	49,543	3.0 %	33,604	202,526	266,377	AR\$ 6283.3	USD BNA 7.6
Zona Sur	806,660	26	68,874	8.5 %	59,110	8,000	104,252	AR\$ 6531.3	USD BNA 7.9
Zona Oeste	200,940	6	33,240	16.3 %	-11,675	-	100,000	AR\$ 6283.3	USD BNA 7.6
Totals	2.659.340	88	151,657	5.7 %	81,039	210,526	47,629	AR\$ 6366.0	USD BNA 7.7

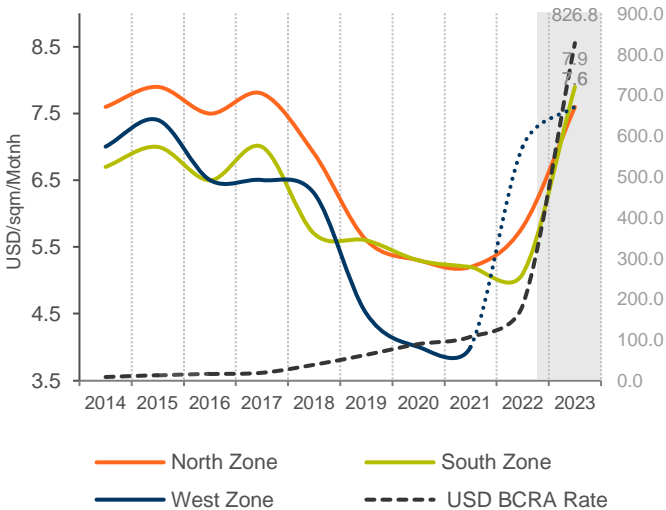
* Includes class A and class A +.

** Values expressed in Argentinean Pesos. Source: : Date: 12/30/2022. USD 1,00 = \$ 826,75.

*** Corresponds to the weighted average price and net of taxes.

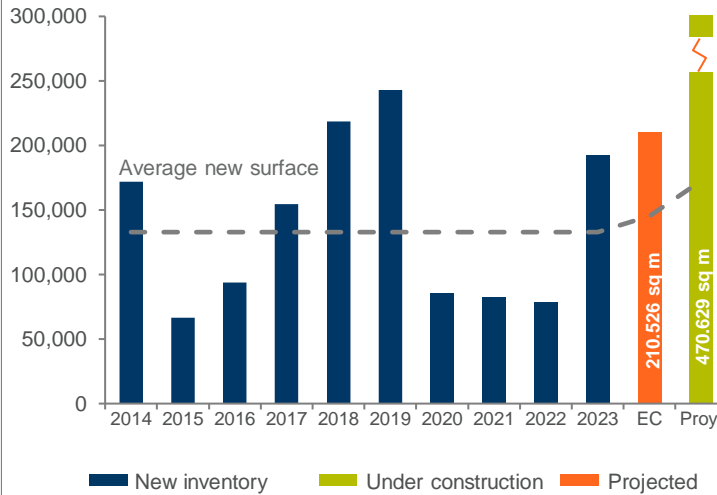
Note: there's no sample for Ruta 8, a value was assigned based on the projects that will soon be in the market.

ASKING RENT PER SUBMARKET (USD/sqm/Month)



(*) The West Zone submarket has had a rental value above the market since 2022, primarily due to a single premium project with a significant impact on the asking rent.

NEW INVENTORY (sqm) PROJECTED SURFACE (sqm)



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