

**BUENOS AIRES OFFICES**

**Economic indicators**

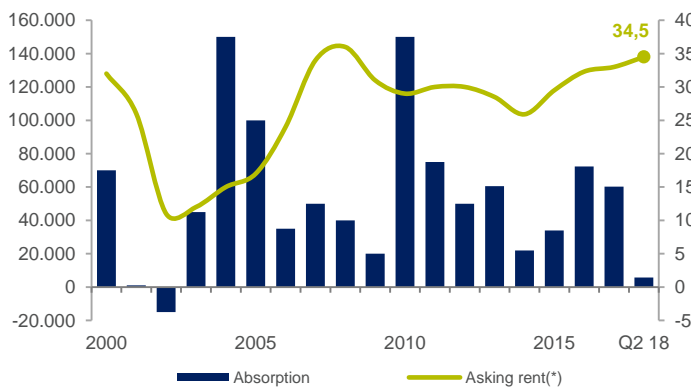
	Q2 17	Q2 18	12-Month Forecast
Unemployment rate (Q1)	9,7%	9,1%	▬
GDP variation (Q1)	0,3%	3,6%	▼
Inflation index YTD	23,4%	26,3%	▼

**Market indicators (Class A)**

	Q2 17	Q2 18	12-Month Forecast
Overall vacancy	4,2%	6,3%	▲
Net absorption (sq. m) YTD	18.200	9.149	▼
Under construction (sq. m)	281.780	372.514	▲
Average asking rent (*) (USD/sq. m/month)	33,0	34,5	▬

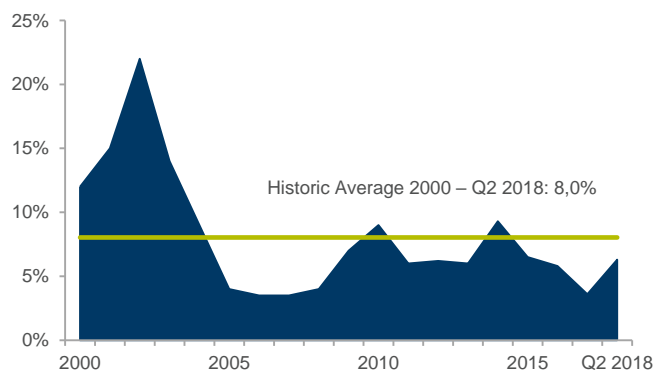
(\*) corresponds to average of submarkets Catalinas-Plaza Roma and Retiro-Plaza San Martin.

**Net absorption (sq. m) / Asking rent (USD/sq. m/month) (Class A)**



(\*) corresponds to average of submarkets Catalinas-Plaza Roma and Retiro-Plaza San Martin.

**Overall vacancy (%) (Class A)**



**Economic Outlook**

During 2018 first quarter economic growth was greater than expected by markets. At the end of March, GDP registered an advance of 3,6%, compared to the low 0,6% achieved in the same period of the previous year.

However, the high external indebtedness added to a context of exchange instability has led to a sharp depreciation of the local currency and acceleration of the level of inflation, leaving a weakening in general economy.

Faced with the limited success of the measures implemented to curb the rise in the value of the US currency, the government requested a loan to the IMF to cover mainly financial obligations until 2020. The granting of the loan was conditioned to a greater reduction of the fiscal deficit and to the non-intervention of the exchange market, among other reforms.

The new economic context has had a negative impact on the value of wages, leading the unions to demand an additional increase to what it was obtained in parities, which suggests a raise in social tension.

As a result of this more adverse economic scenario, growth forecasts for the rest of the year are reduced, slowing the recovery that was underway. A fall in the level of activity could lead to an increase in unemployment and also puts at risk the achievement of fiscal targets.

From a positive side, Argentina has been reclassified as an emerging country by the MSCI. This opens the possibility that investment funds, which can only invest in markets with at least this classification, can do so, giving greater liquidity to the stock market at a time of high exchange rate stress.

**Market Outlook**

Despite a more complex economic scenario, the market continues to show healthy indicators. At the end of the first semester the production of new surface increased the inventory by 40.200 m2, a figure that equals the total production reached in 2017.

The demand accompanies the entry of new surface and concentrates its preference for Premium office buildings. 65% of the surface completed during the first half of the year entered to the market occupied, reinforcing this trend.

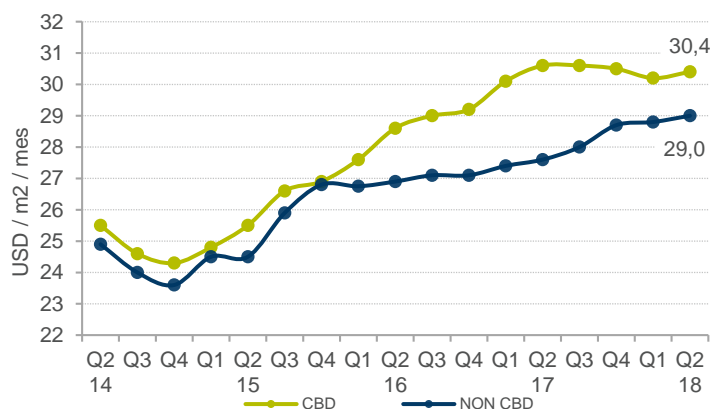
Nevertheless, there is also some delay in the decision making process to carry out corporate movements. The deterioration of the local currency against the US currency, impacted on rent in pesos, which is why some companies decided to remain on the lookout for a clearer picture to move forward on new office spaces.

The second quarter of 2018 closed with a vacancy of 6.3%. The increase was driven by the entry of new surface jointly during this period, although the release of the surface that was occupied was also observed. In terms of square meters, availability reached 76.380 m2, a figure that exceeds by 31% the area available in the previous quarter.

In the second quarter, 20.900 m2 were taken, figure 16% lower than it was reach in the same period of 2017. However, the cumulative for the first semester stood at 34.600 m2, in line with the average of the last three years.

The areas in most demand were the Nodo Panamericana-Gral. Paz where 9.500 m2 were taken, Puerto Mdero, Catalinas-Plaza Roma and the Corredor Panamericana. In contrast, the areas with the most negative net absorption were the Libertador GBA Corridor and Retiro-Plaza San Martín, product of the liberation of more surface than the one taken.

Class A asking rent (USD/sq. m/month) CBD / NON CBD  
THE ASKING RENT IN NON CBD AREA INCREASED A 5% INTERANUAL

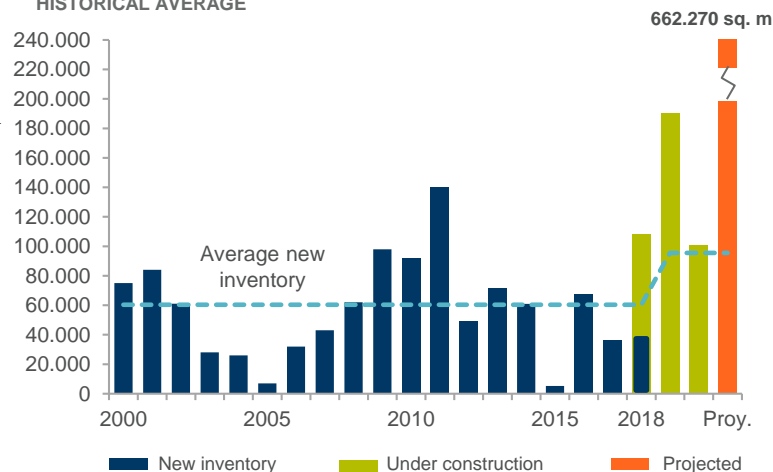


**IN THE FIRST SEMESTER THE PRODUCTION OF NEW SURFACE ACHIEVES 40.200 M2 FIGURE THAT EQUALS THE TOTAL OF 2017**

Regarding the rental price, in the second quarter the market average remained unchanged with respect to the previous one, however in the NON CBD area there was a biannual increase of 1.8%, as a result of the incorporation of a new area that has increased the average rent in the area.

Currently 372.514 m2 are under construction. 52% of them are located in the NON CBD area. In short term, the entrance of 298.745 m2 is expected during the 2018-2019 period, a figure that represents a growth of 24% over the total inventory of class A offices.

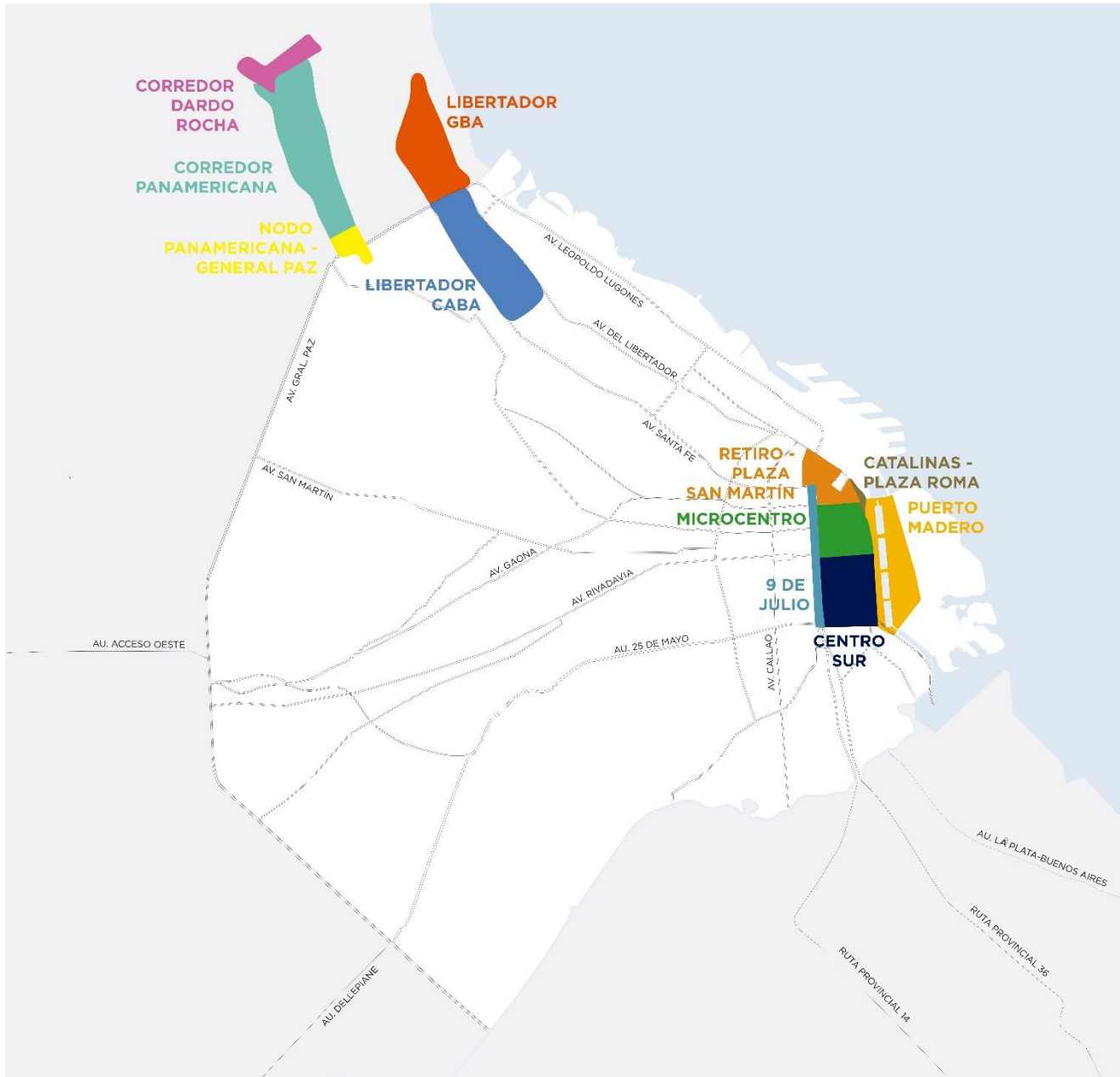
New inventory (sq. m) / Projected surface (sq. m)  
UNDER CONSTRUCTION AND PROJECTED SPACE RISES 58% OVER THE HISTORICAL AVERAGE



SUBMARKET	INVENTORY CLASS A	SURFACE AVAILABLE (SQM)	VACANCY RATE (%)	AVERAGE ASKING RENT (USD/SQM/MONTH)	UNDER CONSTRUCTION (SQM)	PROJECTED (SQM)
Catalinas-Plaza Roma	339.650	18.325	5,4%	38,0	43.020	297.800
Puerto Madero	243.170	15.525	6,4%	29,0	11.650	30.300
Microcentro	68.910	2.125	3,1%	26,0	41.900	-
Retiro-Plaza San Martín	77.445	3.810	4,9%	31,0	32.000	-
9 de Julio	73.990	235	0,3%	28,0	13.800	-
Centro Sur	24.160	-	-	-	35.000	19.500
<b>CBD</b>	<b>827.325</b>	<b>40.020</b>	<b>4,8%</b>	<b>30,4</b>	<b>177.370</b>	<b>347.600</b>
Corredor Panamericana	213.575	27.360	12,8%	25,5	37.287	65.880
Corredor Dardo Rocha	-	-	-	-	14.600	-
Nodo Panamericana - General Paz	76.650	6434	8,4%	28,0	41.561	134.560
Libertador GBA	88.730	2.568	2,9%	32,0	39.696	74.830
Libertador CABA	12.385	-	-	30,5	62.000	39.400
<b>NON CBD</b>	<b>391.340</b>	<b>36.365</b>	<b>9,3%</b>	<b>29,0</b>	<b>195.144</b>	<b>314.670</b>
<b>BUENOS AIRES TOTAL CLASS A</b>	<b>1.218.665</b>	<b>76.385</b>	<b>6,3%</b>	<b>29,7</b>	<b>372.514</b>	<b>662.270</b>

## OFFICE MARKET MAP WITH SUBMARKET DIVISION

### BUENOS AIRES / ARGENTINA



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#### About Cushman & Wakefield

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