

**BUENOS AIRES OFFICES**

**Economic indicators**

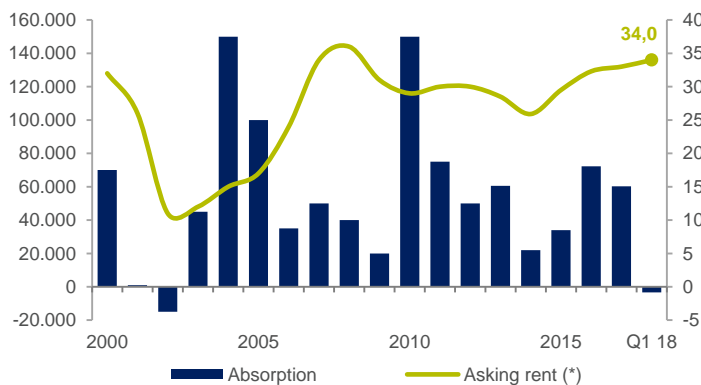
	Q1 17	Q1 18	12-Month Forecast
Unemployment rate (Q4)	7,6%	7,2%	▬
GDP variation (Q4)	-1,8%	2,9%	▼
Inflation index YTD	33%	25,4%	▼

**Market indicators (Class A)**

	Q1 17	Q1 18	12-Month Forecast
Overall vacancy	5,7%	4,9%	▲
Net absorption (sq. m) YTD	1320	-3.390	▼
Under construction (sq. m)	281.780	402.800	▲
Average asking rent (*) (USD/sq. m/month)	32,8	34,0	▬

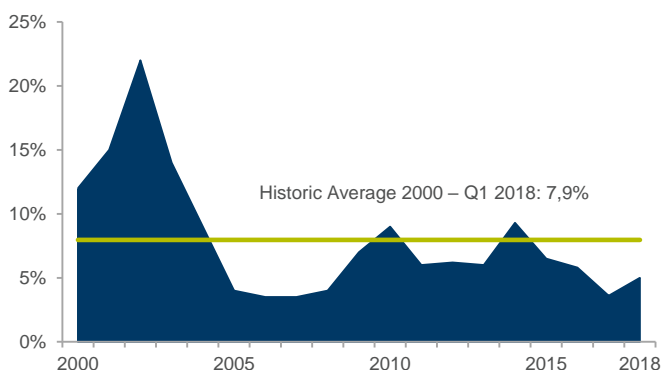
(\*) corresponds to average of submarkets Catalinas-Plaza Roma and Retiro-Plaza San Martin.

**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**

The year 2017 ended with an economic growth that left an improvement of 2,9% in GDP. The investment and private consumption, driven by the expansion of credit, will be the main engines of growing. However, the evolution of economic activity indicators warns of a slowdown in growth by the end of 2017 and during the first quarter of 2018.

The inflation was reduced during 2017, from values over 40% registered in 2016 to 24,8%; a figure that continues in high levels, above the target range set by BCRA. Against this result, at the end of 2017 the government announced the adjustment of inflation targets up to 15% for 2018 and 10% for 2019. Nevertheless, the first quarter closed once again with values that continues above of the official objectives (25,4%), as a mainly consequence, of the increase implemented on the rates of public services.

Added to the announcement of the relaxation of the inflation targets, the exchange rate has been registering a depreciation since December, which adds more pressure to wage negotiations between the government and the unions, insofar as the demands of the unions seek to equalize wage increases to inflation.

On the external front it is predictable that a betterment in Brazil's economy and the rest of the world, will boost the Argentine exports and help alleviate the country's trade deficit.

In short term, the pending challenges of the government includes strengthening economic growth, greater control over inflation and reducing fiscal deficit. This will imply more flexible positions on union's behalf, companies and government, in a context of growing social upheaval.

**Market Outlook**

During the first quarter of 2018, less movement in the market was observed, which translated into a decrease in the number of transactions, although demand is perceived as active in consultation terms.

In 2017 vacancy closure was near to its historical minimum (3,6%), however in 2018 first quarter it increased to 4,9%, driven by the release of occupied area.

The available area increased to 58.200 sq. m., figure that overcomes in a 38,7% to the previous quarter. In a under offered market environment the trending change in vacancy has a positive reading because it broadens the possibility of offering more available area constructed and grouped in the same building.

At the end of first quarter of 2018 the availability was distributed in 27 buildings, which is a ratio of 2.160 sq. m per building, a 27% more compared to previous quarter.

Regarding the location, 66% of the available area (10.800 sq. m) during first quarter is located in the CBD area, specifically in Puerto Madero and the submarket Catalinas-Plaza Roma. In the NON CBD the area released corresponds to Corridor Panamericana.

On the opposite side, the Libertador corridor (CABA and GBA), and node Panamericana-Gral. Paz do not show available surface for more than six months. This quarter, the 9 de Julio corridor is added, which for first time in five years does not have Class A available surface.

**IT IS ESTIMATED THAT DURING THE PERIOD 2018-2019 THE PREMIUM OFFICE INVENTORY COULD INCREASE BY 26%**

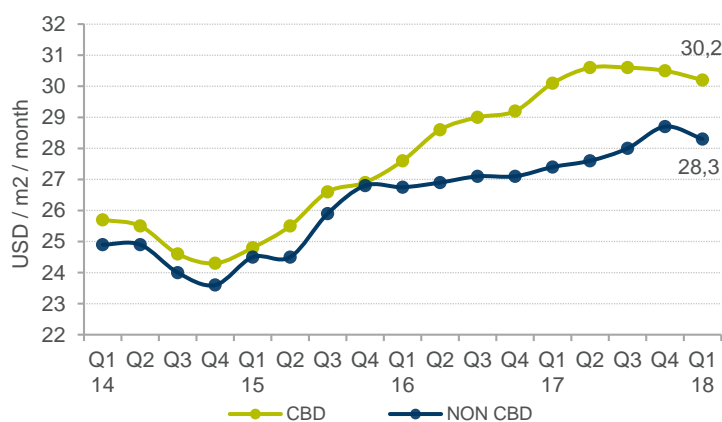
The gross absorption of the quarter was focused in the Libertador GBA corridor with the completion of Open Office 1000 building (12,850 sq. m.), which was rented by a coworking Company.

Currently are found 402.800 sq. m. under construction. 64% of them are located in the NON CBD area.

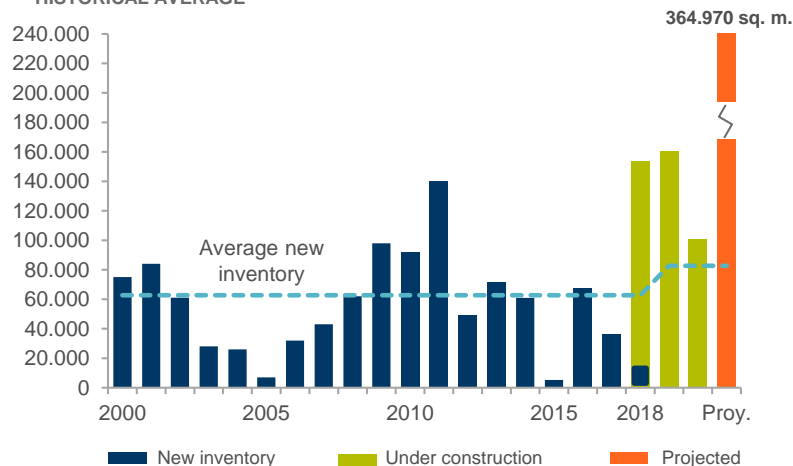
In the short term, the entrance of 301,700 sq. m. is expected during the 2018-2019 period, a figure that represents a growth of 26% over the total inventory of class A offices.

The available projected area ascends to 365.000 sq. m. in portfolio, of which 75% is located in Non CBD area.

**Class A asking rent (USD/sq. m/month) CBD / NON CBD**  
THE ASKING RENT IN CBD AREA INCREASED A 3% DURING THE LAST YEAR



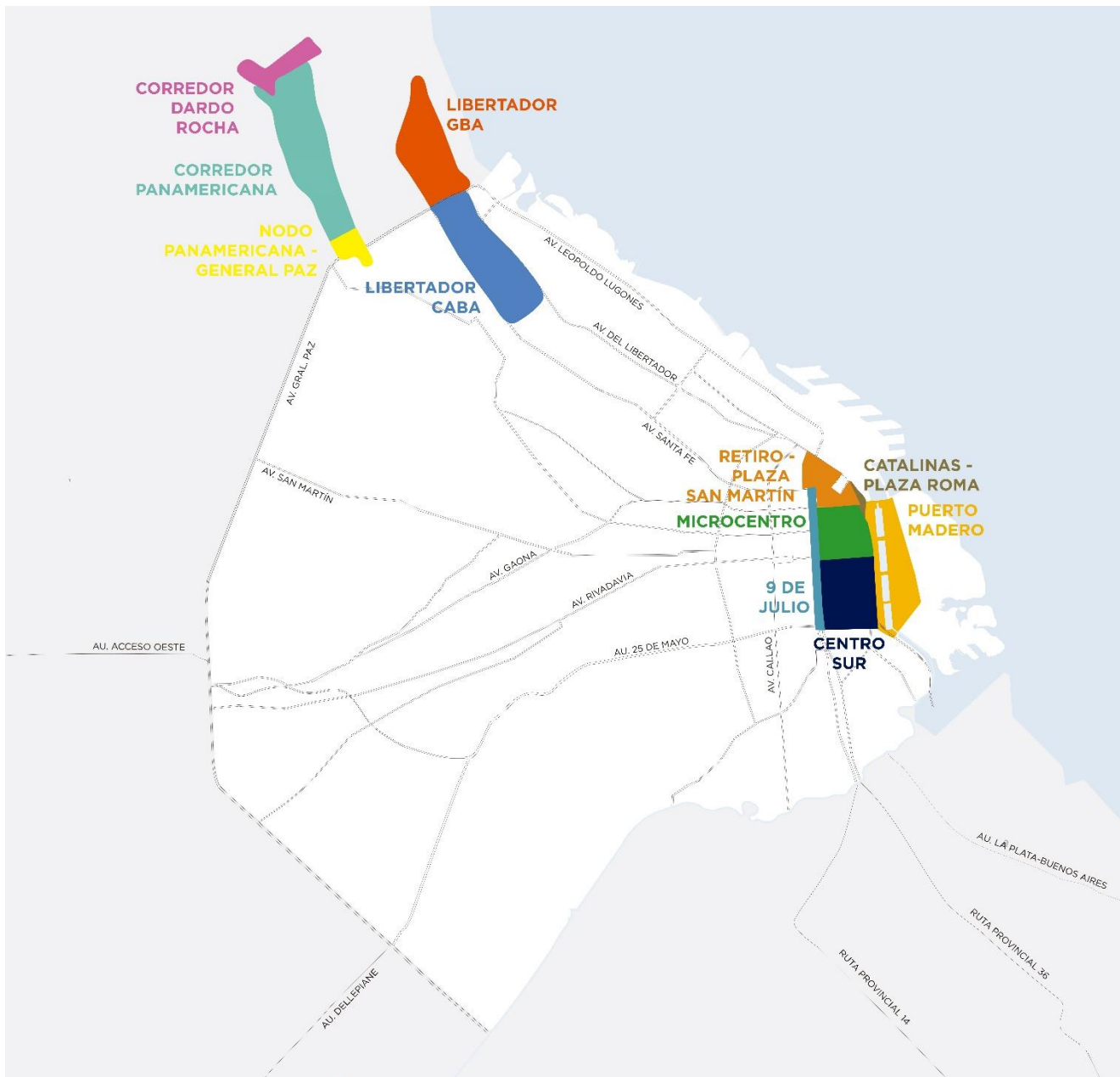
**New inventory (sq. m) / Projected surface (sq. m)**  
UNDER CONSTRUCTION AND PROJECTED SPACE RISES 32% OVER THE HISTORICAL AVERAGE



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	17.630	5,2%	38,0	75.020	39.900
Puerto Madero	243.170	18.960	7,8%	29,0	32.000	30.300
Microcentro	68.910	2.125	3,1%	26,0	23.500	-
Retiro-Plaza San Martín	77.445	2.180	2,8%	30,0	-	-
9 de Julio	73.990	-	-	28,0	13.800	-
Centro Sur	24.160	-	-	-	35.000	19.500
<b>CBD</b>	<b>827.325</b>	<b>40.895</b>	<b>4,9%</b>	<b>30,2</b>	<b>179.320</b>	<b>89.700</b>
Corredor Panamericana	200.050	17.315	8,7%	26,0	59.450	65.880
Nodo Panamericana - General Paz	62.850	-	-	28,0	55.360	134.560
Libertador GBA	88.730	-	-	31,0	46.675	74.830
Libertador CABA	12.385	-	-	30,0	62.000	-
<b>NON CBD</b>	<b>364.015</b>	<b>17.315</b>	<b>4,8%</b>	<b>28,3</b>	<b>223.485</b>	<b>275.270</b>
<b>BUENOS AIRES TOTAL CLASS A</b>	<b>1.191.340</b>	<b>58.210</b>	<b>4,9%</b>	<b>29,3</b>	<b>402.805</b>	<b>364.970</b>

## OFFICE MARKET MAP WITH SUBMARKET DIVISION

### BUENOS AIRES / ARGENTINA



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