

**BUENOS AIRES OFFICES**

**Economic indicators**

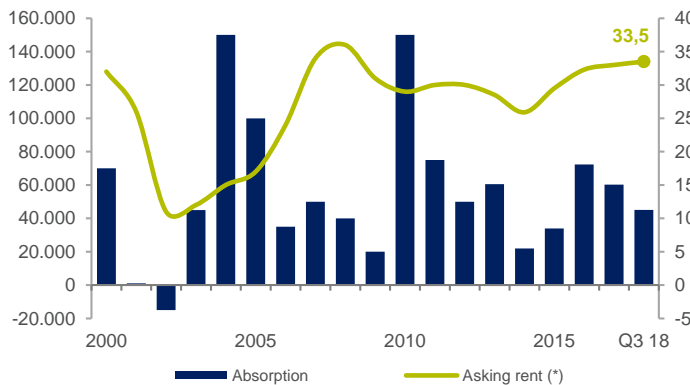
	Q3 17	Q3 18	12-Month Forecast
Unemployment rate (Q1)	8,7%	9,6%	▬
GDP variation (Q1)	2,7%	-4,2%	▲
Inflation index YTD	25,1%	40,5%	▲

**Market indicators (Class A)**

	Q3 17	Q3 18	12-Month Forecast
Overall vacancy	3,6%	6,6%	▲
Net absorption (sq. m) YTD	54.464	31.368	▼
Under construction (sq. m)	346.561	329.051	▲
Average asking rent (*) (USD/sq. m/month)	33,0	33,5	▬

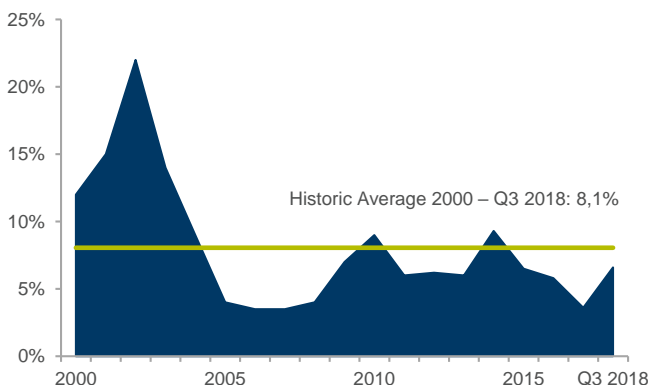
(\*) Corresponds to average of submarkets Catalinas-Plaza Roma and Retiro-Plaza San Martin.

**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**

All along in the third quarter of 2018, economic activity shows an important decline. According to INDEC, the GDP registered a marked decrease of 4,2% at the end of the second quarter of 2018, compared to the increase of 3,6% reached during the first quarter; finalizing its upwards growing trend started in the end of 2016.

As a result of the continuity currency crisis, inflation reflected its highest growth in September, embracing a 6,5% variation with respect to the previous month, and an accumulated annual value of 40,5%, returning to 2016 values.

The greatest impact of the crisis it reflects in private consumption, justified by the drop in real income and public consumption, given by the additional fiscal adjustment that seeks to achieve a fiscal surplus in 2019

Regarding unemployment, after falling back in 2017, it is expected a raise as a consequence of the fall in economic activity.

Facing this adverse economic scenario, the government will have to face the challenge posed by the renegotiations of additional joint proposals by unions, in the face of the fall in the real value of wages. All in the middle of the approval for next year budget and the implementation of the last adjustments of the tariffs of public services. Facts that could lead to an increase in social tensions towards the end of the year.

In the external context, the recent result of the presidential elections in Brazil may influence on the Argentinian external market, according to the measures of protectionism announced in campaign by the new president, to protect its economic recovery.

**Market Outlook**

The office market remains steady despite the adverse economic scenario. During the third quarter, the inventory increased by 3.9%, with the entry of 46,800 m2 located in the NON CBD area.

The demand continues concentrating its preference on the new surface, reason why the buildings that entered the market during this period, did it totally rented, although it is possible to emphasize that they were closed transactions previous to the currency crisis initiated in August.

During the first nine months of the year the surface area accumulated 87,370 m2, a figure similar to the one reached during the same period of 2017. However, 34,850 m2 were also released, 78% of them located in the CBD area.

The third quarter of 2018 closed with a 6,6% vacancy. In terms of square meters availability reach 83.920 sq. m., a 9% higher than the area available in the previous quarter.

For submarkets, 54,5% of the available area is located in the CBD area, more specifically in Catalinas-Plaza Roma and Puerto Madero submarkets. In the NON CBD available area is mainly concentrated in Panamericana Corridor.

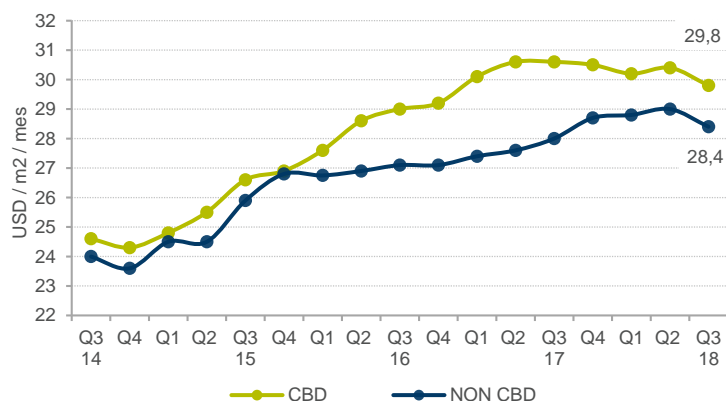
The net absorption of the quarter was of 31.670 sq.m., 90% of which corresponds to Nodo Panamericana-Gral. Paz, particularly the Zetta building, mainly occupied by Mercado Libre. The others submarkets with more demand were Corredor Libertador GBA and Catalinas-Plaza Roma.

### CATALINAS II DEVELOPMENT WILL DUPLICATE THE INVENTORY OF CATALINAS-PLAZA ROMA SUBMARKET

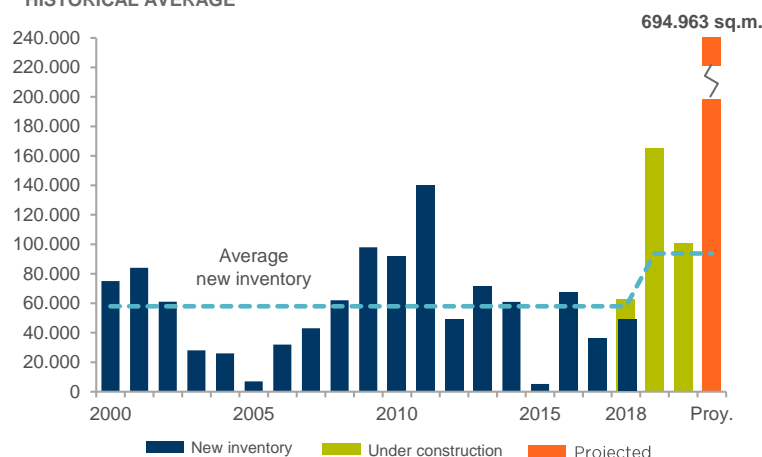
As for the asking rent concerns, the impact of the exchange crisis begins to show. Although the increase in the dollar value against the local currency did not translate into a marked decrease in the asking rent price measure in dollars, at the end of the third quarter there was a contraction of around 2% compare to the previous quarter.

Regarding to future available area, it is estimated that the projects might approach to 696.000 sq.m., 48% of which corresponds only to the future zone of Catalinas II. It is expected that these projects will duplicate actual Catalinas-Plaza Roma submarket inventory; and that the building quality of the projects to be develop not only revalues the area but also pushes up the asking rent.

**Class A asking rent (USD/sq. m/month) CBD / NON CBD**  
 THE ASKING RENT IN THE NON CBD ÁREA DECREASE A 2,1% IN COMPARISON TO THE PREVIOUS QUARTER



**New inventory (sq. m) / Projected surface (sq. m)**  
 UNDER CONSTRUCTION AND PROJECTED SPACE RISES 61,8% 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	15.962	4,7%	37,0	35.200	330.500
Puerto Madero	243.170	14.016	5,8%	27,0	11.650	30.300
Microcentro	68.910	5.051	7,3%	27,0	23.500	-
Retiro-Plaza San Martín	77.445	2.957	3,8%	30,0	32.000	-
9 de Julio	73.990	235	0,3%	28,0	13.800	-
Centro Sur	24.160	-	-	-	53.400	19.500
<b>CBD</b>	<b>827.318</b>	<b>38.220</b>	<b>4,6%</b>	<b>29,8</b>	<b>169.550</b>	<b>380.300</b>
Corredor Panamericana	222.209	29.487	13,3%	26,0	37.287	65.880
Corredor Dardo Rocha	-	-	-	-	14.600	-
Nodo Panamericana - General Paz	107.860	9.232	8,5%	28,0	13.761	134.560
Libertador GBA	95.706	6.977	7,3%	30,0	31.854	74.830
Libertador CABA	12.385	-	-	31,0	62.000	39.400
<b>NON CBD</b>	<b>451.920</b>	<b>45.696</b>	<b>10,4%</b>	<b>28,3</b>	<b>159.502</b>	<b>314.670</b>
<b>BUENOS AIRES TOTAL CLASS A</b>	<b>1.265.477</b>	<b>83.916</b>	<b>6,6%</b>	<b>29,1</b>	<b>329.052</b>	<b>694.970</b>

(\*) Corresponds to rentable surface according to the available information.

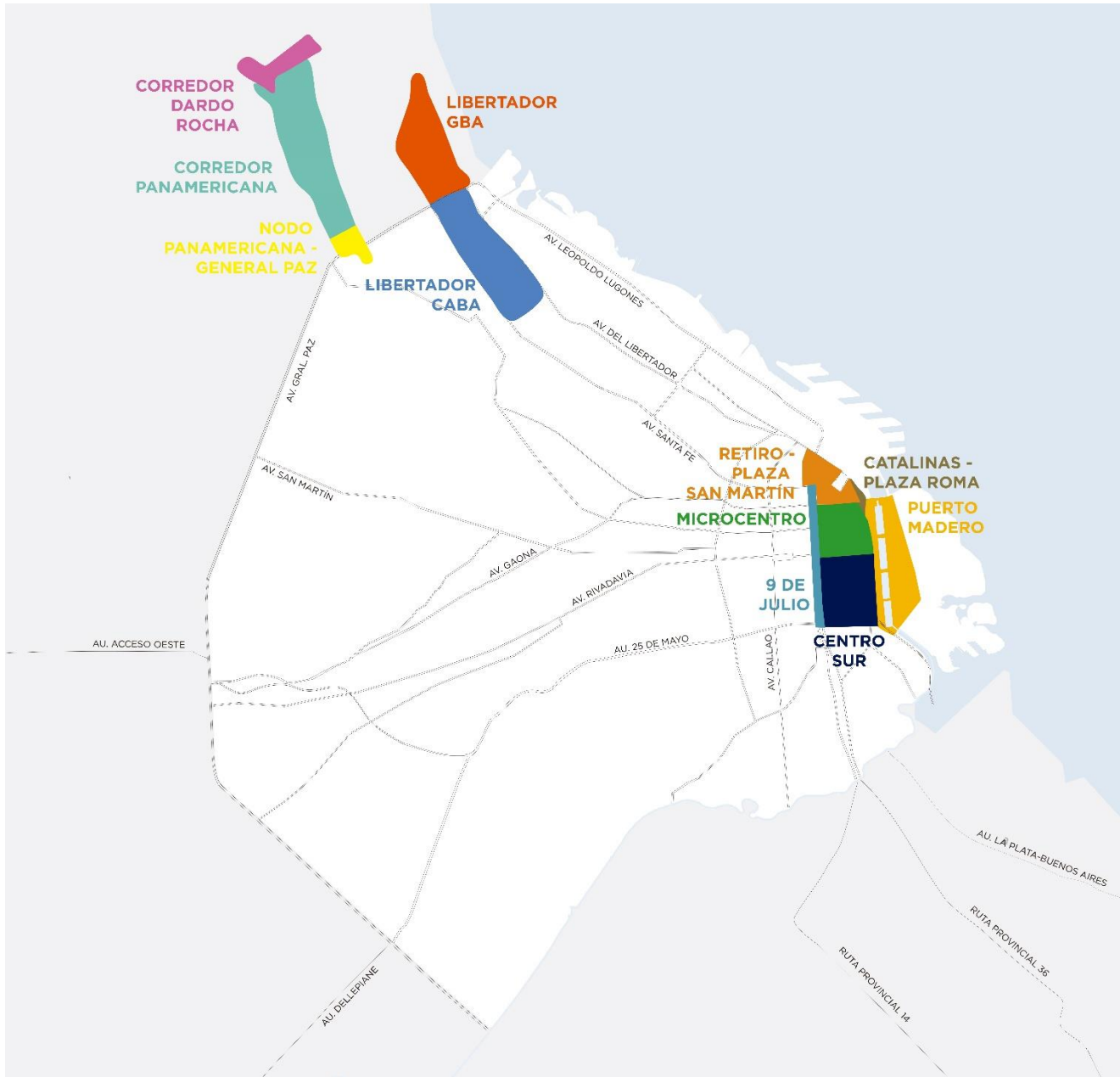
MARKETBEAT

# Buenos Aires

Oficinas Q3 2018



## OFFICE MARKET MAP WITH SUBMARKET DIVISION BUENOS AIRES / ARGENTINA



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