

**BUENOS AIRES**

**Economic indicators**

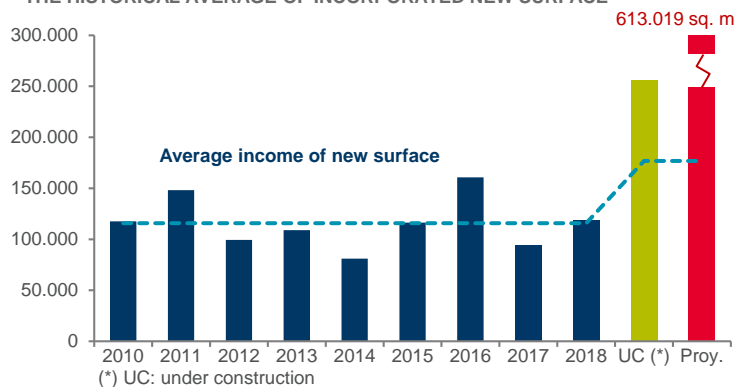
	S2 17	S1 18	12-Month Forecast
Unemployment rate(Q1)	8,3%	9,1%	▲
GDP (% Var. Jun 18/ Jun 17)	6,6%	-8,1%	▼
Inflation Index YTD	21,9%	29,4%	▲

**Market indicators**

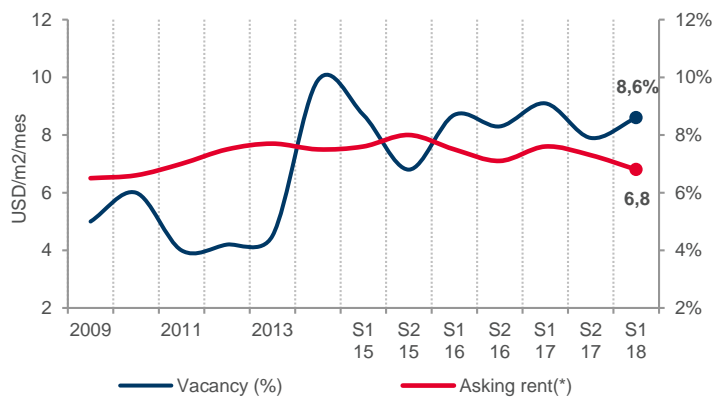
	S2 17	S1 18	12-Month Forecast
Overall vacancy	7,9%	8,6%	▲
Net absorption (sq. m) YTD	62.286	98.800	▼
Under construction (sq. m)	379.000	256.180	▼
Average asking rent (*) (USD/sq. m/month)	7,3	6,9	▼

(\*) corresponde al promedio de los submercados de zona Norte

**New inventory (sq. m) / Projected surface (sq. m)**  
**PROJECTED AND UNDER CONSTRUCTION SURFACE RISES UP TO 52,8% THE HISTORICAL AVERAGE OF INCORPORATED NEW SURFACE**



**Asking rent (USD/sq. m/month) / Vacancy (%)**



(\*) corresponds to average of submarkets of North Zone

**Economic Outlook**

At the end of first semester the activity indicators show a significant deceleration. This deterioration is in part the result of currency crisis and its impact on inflation, which far from decelerating maintains its upward trend.

In June, the Monthly Economic Activity Estimator (EMAE) shows a contraction of 6,1% regarding to the same month of the previous year. This result was also influenced by the strong deceleration of the construction sector, due to the slowdown of public works and the lower start of privates. Industrial activity went into a negative territory aligned with the minor economic activity.

In June, the Industrial Monthly Indicator (EMI) closed with a marked decreased of 8.1% compared to the same month of the previous year.

In an environment of high volatility exchange, it is expected a delay in consumption and investments decisions. The main reflection of currency crisis is already being observed on private consumption, because of the fall in real household income. Local investment could be less affected by the continuity of infrastructure works already initiated, which depends on public financing.

In short term, government's biggest challenge will be to recover the confidence of the markets from the renegotiation of credit with the IMF, which could provide some stabilization of the foreign exchange market, achieving greater control over inflation.

**Market overview of logistics centers and warehouses**

Logistics centers markets continued to expand during first semester of 2018. Premium inventory increased by 7,8% compared to the previous semester, a figure that represented a production of 118.300 square meters, which exceeded by 25,9% the total recorded in 2017.

Driven in part by the good economic performance registered during the first months of the year, the net absorption of the first semester reached 98.800 square meters, a figure that represented a growth of 58.7% over the same period of 2017. However, 40% of the occupied surface corresponded to transactions "built to suit".

As a result of the entry of new surface with high occupancy, vacancy index was not affected and only shows and slightly increase of 0,7 percentage points, reaching 8,6% by June 2018.

Nevertheless, the recent currency crisis translated into a decline in the rent prices measured in Dollars. At the end of the first semester, the rental price shows a decline of 5,6%, standing at 6,9 USD / m2 / month.

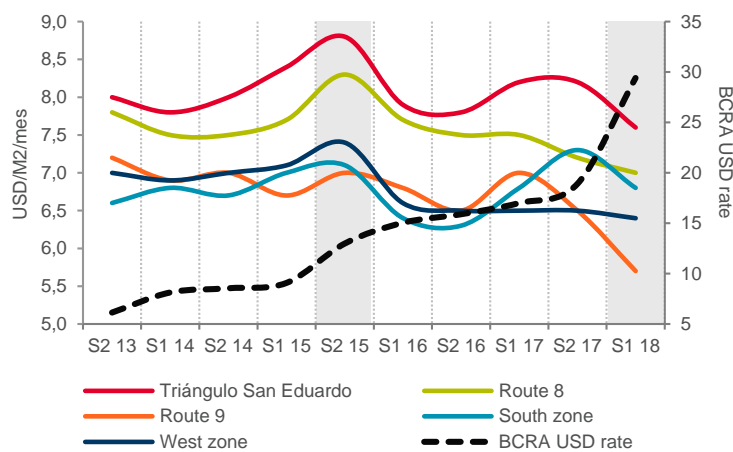
By zones, the North shows the biggest reversal, with a fall of 5,6% compared to the previous semester. Within this area, the submarkets with the greatest decrease were the Route 9 corridor (-7,7%) and the Triángulo San Eduardo, which shows a decrease of 6.8%.

### IN THE FIRST HALF OF 2018 PREMIUM CENTERS GROWED 20,3% IN THE SOUTH ZONE

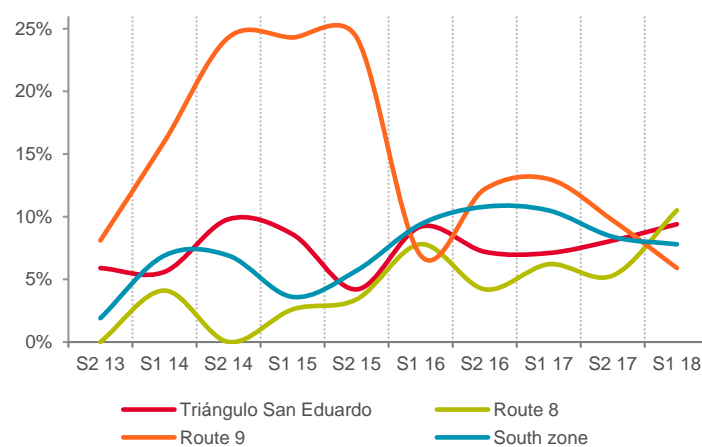
Despite the complex economic context, production of Premium centers continues active. The Triángulo San Eduardo submarket concentrates 40% of the surface under construction, although it gradually gives up participation in favor of the South-West zone.

During first semester of 2018, the inventory growth of the South zone stands out (+20,3), where the party of Esteban Echeverría, concentrates 64% of the surface of the South zone. The Route 8 corridor recorded an increase of 7,5% while the Triángulo San Eduardo submarket posted a rise of 4.4%.

Asking rent per submarket (USD/sq. m/month)



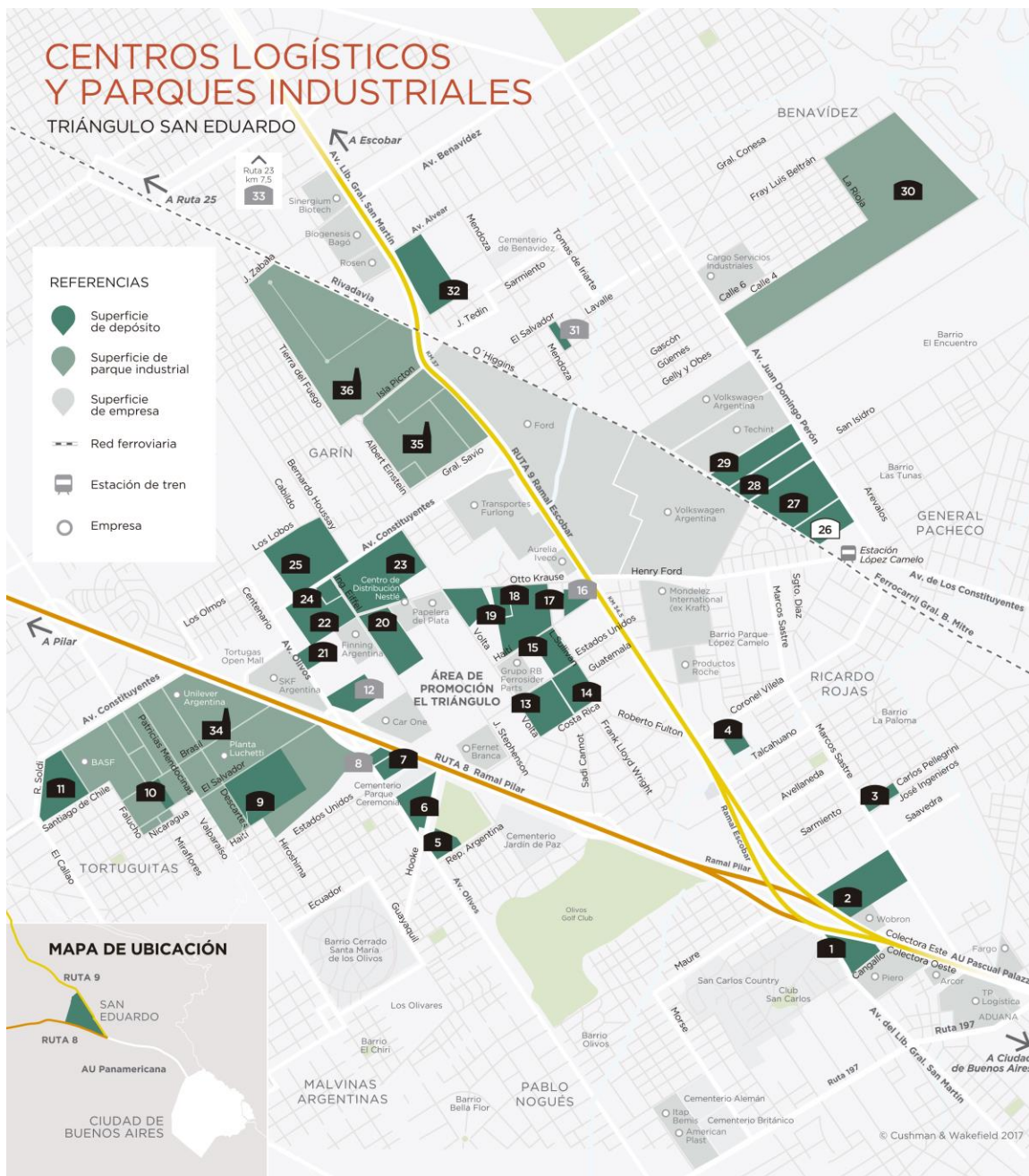
Vacancy per submarket (%)



SUBMARKET	INVENTORY CLASS A	AVAILABLE SURFACE (SQ. M)	VACANCY RATE (%)	AVERAGE ASKING RENT (USD/SQ. M/MONTH)	UNDER CONSTRUCTION (SQ. M)	PROJECTS (SQ. M)
<b>GBA North</b>	<b>1.214.672</b>	<b>107.600</b>	<b>9,0</b>	<b>6,8</b>	<b>102.500</b>	<b>486.519</b>
- Triángulo San Eduardo	864.298	82.600	9,4	7,6	102.500	296.000
- Route 8	143.243	15.000	10,5	7,0	34.178	175.519
- Route 9	169.853	10.000	5,9	5,7	43.100	15.000
<b>GBA South</b>	<b>435.464</b>	<b>54.090</b>	<b>7,8</b>	<b>6,8</b>	<b>76.400</b>	<b>158.500</b>
<b>GBA West</b>	<b>26.000</b>	<b>-</b>	<b>0,0</b>	<b>6,4</b>	<b>-</b>	<b>-</b>
<b>Total CLASS A</b>	<b>1.638.858</b>	<b>161.690</b>	<b>8,6</b>	<b>6,7</b>	<b>256.178</b>	<b>645.019</b>

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

WAREHOUSE MARKET MAP  
BUENOS AIRES / ARGENTINA



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