

BUENOS AIRES

Economic indicators

	S2 17	S2 18	12-Month Forecast
Unemployment rate(Q1)	9,1%	9,0%	▼
EMI (% Var. Nov 17/ Nov 18)	-8,1%	-13,3%	▼
Inflation Index YTD	29,4%	48,5%	▲

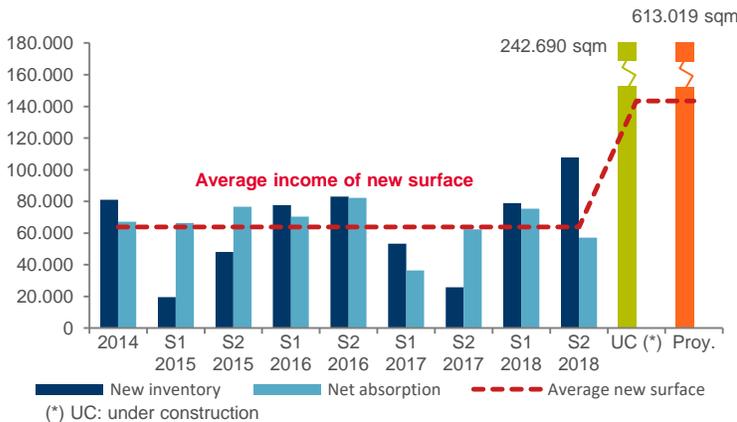
Market indicators

	S2 17	S2 18	12-Month Forecast
Overall vacancy	8,6%	11,7%	▲
Net absorption (sq. m) YTD	98.800	57.208	▼
Under construction (sq. m)	256.180	242.690	▼
Average asking rent (*) (USD/sq. m/month)	6,9	6,9	▼

(*) Corresponds to the average of North Zone submarket

New inventory (sqm) / Net absorption (sqm) / Projected Surface (sqm)

PROJECTED AND UNDER CONSTRUCTION SURFACE RISES UP TO 52,8% THE HISTORICAL AVERAGE OF INCORPORATED NEW SURFACE



Asking rent (USD/sqm/month) / Vacancy (%)



(*) Corresponds to the average of North Zone submarket

Economic Outlook

At the end of the year conjuncture indicators continues in negative territory, revealing the fragile economic context.

During the second semester of the year the government has achieved a second agreement with the IMF, which provided certain stability to the exchange market with the incipient stabilization of the dollar. However, the implementation of a restrictive fiscal and monetary policy, in a context of high inflation, delays the reactivation of economy

In November the monthly industrial economic activity estimator (EMAE) shows a drop of 7,5% respect to the same month the year before. This result was influenced by a 17,4% decline in wholesale and retail commerce which impacted on the manufacturing industry (-12,6%). On the other hand, the slowdown in public works and the lower start of private works left a decrease of 11,4% in construction sector.

In the short term, with the aim of boosting private credit and investment, it is expected a progressive reduction in interest rates, without destabilizing the exchange market in face of the loss of attractiveness of deposits in pesos.

Market overview of logistics centers and warehouses

The inventory of logistics centers continued growing during the second half of 2018. Despite the complex economic context, the production of new Premium centers continued to be active and projects initiated in 2017 were completed, reaching 107.000 sq. m, a figure that supposes a 6% increase compared to the first semester of 2018.

In the second half of 2017, and in response to the increasing demand, developers started projects outside the 'built to suit' modality. A year later this bet is reflected not only in the inventory growth, but also in the vacancy index given that the current weak economic context, led to a moderation in the demand that no longer accompanied the absorption of new entrance surface in the market.

As a result, the vacancy rose to 10,8%, a figure that is 2,4 percentage points more than in the first half of 2018, and an increase in the available surface area of 36,9%.

By submarkets, vacancy increased significantly in the South Zone (+5,6 percentage points), as a result of the entry of 66.500 new sq. m., 20,3% of them corresponds to available surface in Sarandí, while the rest is distributed between Ezeiza and Spegazzini areas.

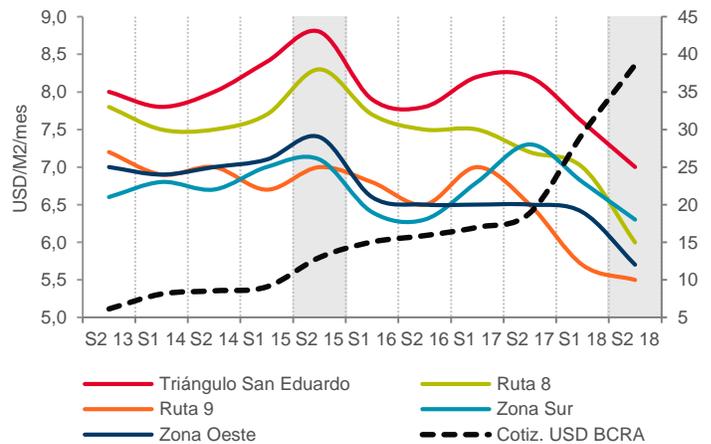
South-West zone begins to strongly develop. In the second half of 2018 the inventory recorded a growth of 13,2%. The availability of land in industrial parks, the services and tax benefits they offer, are factors that impulse the development of Class A warehouse within these properties. Specifically, it is observed that the Ezeiza and Spegazzini area attract smaller investors who choose to develop projects within growing parks, or around them, instead of settling in isolated fields.

Triángulo San Eduardo continues to expand. In the second semester of 2018 it shows an increase of 4,4% in its inventory, which corresponds exclusively to remanent land to built already in the portfolio of large operators in the sector

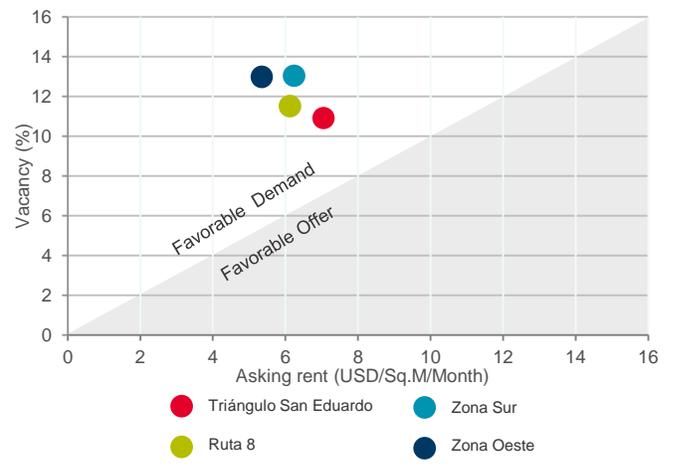
THE SURFACE UNDER CONSTRUCTION WILL INCREASE CLASS A INVENTORY UP TO 16,5% IN SHORT TERM

Regarding to asking rent price, the weakness of the current economic activity added to the deterioration of the local currency against the dollar, translated into a decline in the prices measured in dollars. At the end of second semester, asking rent price continues to fall and shows a decline of 9% compared to the previous period, standing at 6,6 USD/sq. m/month.

Asking rent per subarmket(USD/ Sq. M. / Month)



Vacancy (%) vs. Asking rent per submarket (USD/ Sq. M. / Month)



SUBMARKET	INVENTORY CLASS A	AVAILABLE SURFACE (SQ. M)	VACANCY RATE (%)	AVERAGE ASKING RENT (USD/SQ. M/MONTH)	UNDER CONSTRUCTION (SQ. M)	PROJECTS (SQ M)
GBA North	1.253.632	121.114	9,7	6,9	144.778	609.000
- Triángulo San Eduardo	940.536	104.114	11,1	7,0	67.500	470.000
- Route 8	143.243	17.000	11,9	6,0	34.178	124.000
- Route 9	169.853	-	-	5,5	43.100	15.000
GBA South	503.168	67.460	13,4	6,3	97.912	150.500
GBA West	26.000	3.390	13,0	5,7	-	-
Total CLASS A	1.782.800	191.964	10,8	6,6	242.690	759.500

(*) corresponds to average weighted of asking rent.

WAREHOUSE AND LOGISTIC CENTERS MAP
 BUENOS AIRES / ARGENTINA (*)



INMUEBLES LOGISTICOS

CLASE A

CLASE B

EN PROYECTO

- 1 Panamericana 31
- 2 Pacheco Trade Center I
- 3 Pacheco Trade Center II
- 4 Delacasse y Olavarria
- 5 Centro Logístico Hooke 3800
- 6 Northpoint (TRF Tortuguitas)
- 7 Complejo Olivos (Grupo Posadas)
- 8 Calico
- 9 Pacheco Trade Center III
- 10 Brasil 2150
- 11 Boguer II
- 12 Av. Olivos 3056
- 13 Centro de Distribución Malvinas Argentinas
- 14 Complejo San Eduardo
- 15 Haití y Luis Sullivan
- 16 Ruta Panamericana km 36.5
- 17 Boguer I
- 18 Centro Logístico GP Delivery
- 19 Centro Logístico El Triángulo
- 20 CBN-I
- 21 Av. Olivos 3764
- 22 Centro Logístico A.N.M.I.
- 23 CBN II
- 24 Ing. Eiffel y Av. Constituyentes
- 25 Plaza Logística Tortugas
- 26 Plaza Logística Tigre
- 27 Plaza Logística Pacheco (I)
- 28 Av. De los Constituyentes 3780
- 29 Centro Industrial Pacheco
- 30 Plataforma Logística e Industrial Norlog
- 31 El Salvador 659
- 32 Centro Logístico Tigre (Grupo Posadas)
- 33 Ruta 25, km 7,5

PARQUES INDUSTRIALES

CONSTRUIDO

- 34 Parque Industrial Tortuguitas
- 35 Parque Industrial OKS
- 36 Centro Industrial Garín

(*) Triángulo de San Eduardo is the most representative zone in the market because it concentrates 53 % of the Class A Logistics Centers inventory

About Cushman & Wakefield

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