

## BUENOS AIRES OFFICE

## Economic indicators

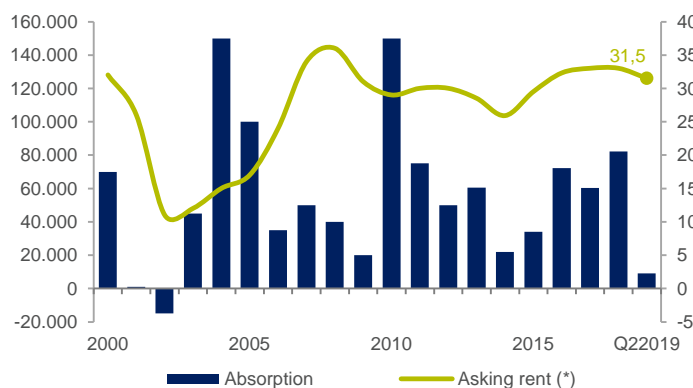
	Q2 18	Q2 19	12-Month Forecast
Unemployment rate (Q1)	9,1%	10,1%	▬
GDP variation (Q1)	3,6%	-5,8%	▲
Inflation index YTD	26,3%	57,3%	▼

## Market indicators (Class A)

	Q2 18	Q2 19	12-Month Forecast
Overall vacancy	6,3%	6,9%	▲
Net absorption (sq. m) YTD	9.149	9.065	▲
Under construction (sq. m)	372.514	350.559	▲
Average asking rent (*) (USD/sq. m/month)	34,5	31,5	▼

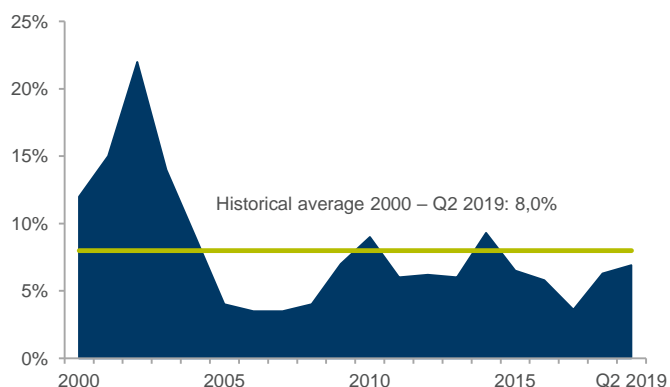
(\*) Corresponds to average of submarkets Catalinas-Plaza Roma and Retiro-Plaza San Martin.

## 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

Economic activity continued to decline during second quarter development. The GDP measurement of the first quarter of the year shows a 5,8% drop compared to the same period last year.

At the same time, the increase in inflation rate and unemployment lead to a drop in real work income. The data indicate that May's inflation index registered a raise of 3,1% with respect to the previous month and an annual accumulated of 57,3%. In order to face this context, the government established a series of measurements looking for a deceleration of inflation in the short term.

The political and economic situation of the country is focused on the upcoming presidential elections. No matter who the winner is, it must continue complying with the fiscal and monetary plan imposed by the IMF. The loan will continue to be paid out until next year and in 2021 Argentina will start to pay the money back.

On the international context, with the recent visit of Brazil's president to Argentina, several cooperation and trade agreements were signed, this was seen as an endorsement of our current president Macri. In addition, the economic ministers of both countries also reunited in pursuit of developing a common currency, the Peso Real, an important economic proposal that could benefit Brazil, Argentina and the rest of the region with a focus on global development.

On the other hand, certain inconveniences with beef and pork for China may result in a commercial opportunity due to the growing demand for animal protein that this country will have.

## Market outlook

Despite the complex economic scenario, the market maintains healthy indicators. The demand remains active along with the availability escalation that has been growing slowly but steadily for the last six months.

For the next nine months, the office space under construction and projected surface area will continue rising: Premium office inventory will grow significantly in order to supply the demand of companies seeking for higher-class buildings.

Nevertheless, the political scenario does not stop being a factor that can lead to a certain delay in the decision making of corporate movements, not only for the impact that the dollar can cause in rent but also for the expectation of a clearer scenario at the economic level.

The second quarter of the year closed with a 6,9% vacancy, being this period a 3% higher than the previous quarter. This represents 90.180 sq.m. of available surface area in the market.

By submarkets, the Corredor Panamericana concentrates the largest available surface area with a 12,7% vacancy being the largest sq.m. available during the last six months, followed by Puerto Madero with a 11,2% vacancy, as a result of the completion of the Dique Norte buildings and Nodo Panamericana-Gral. Paz that has 9,7% vacant.

As for what demand concerns, even though it is a 50% lower than in the same period the year before, compared to the previous quarter it doubled. The trend during the first six months of 2019 is equal between CBD and NON CBD area.

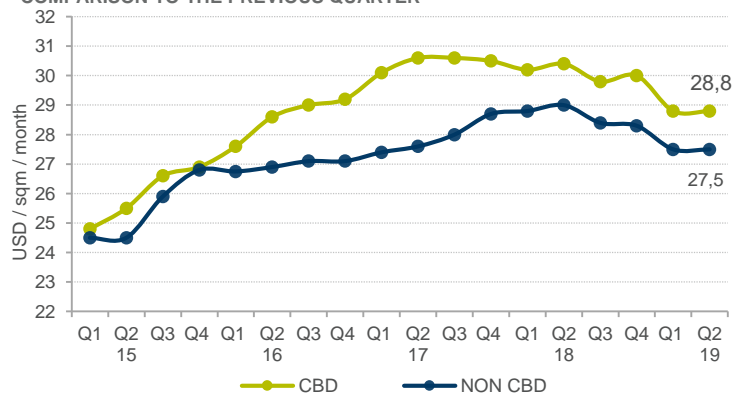
### 37% OF PROJECTED SURFACE IS LOCATED IN CATALINAS AND 24% IN NODO PANAMERICANA-GRAL. PAZ BEING THERE WERE THE PREMIUM OFFICE INVENTORY WILL DEVELOP SIGNIFICANTLY

The asking rent Price of the second quarter maintains a market average without many changes with respect to the previous one, however, it is observed that in submarkets like Puerto Madero, the buildings of Dique Norte and Madero Office buildings impulse the average rent of the area.

Currently 350.559 sq.m. are under construction, of which 58% of this surface area is located in NON CBD area. The submarkets with greatest expectations are Libertador CABA and Corredor Dardo Rocha were the completion of Lumina San Isidro for next year will be a huge driver of the Premium inventory in the area. The largest increase is expected for the year 2020 where it is foreseen that 73% of under construction surface will be delivered.

#### Asking rent(USD/sq m/month) CBD / NON CBD

THE ASKING RENT STAYED THE SAME IN THE CBD AND NON CBD AREA IN COMPARISON TO THE PREVIOUS QUARTER



#### New inventory (sq m) / Projected surface (sq m)

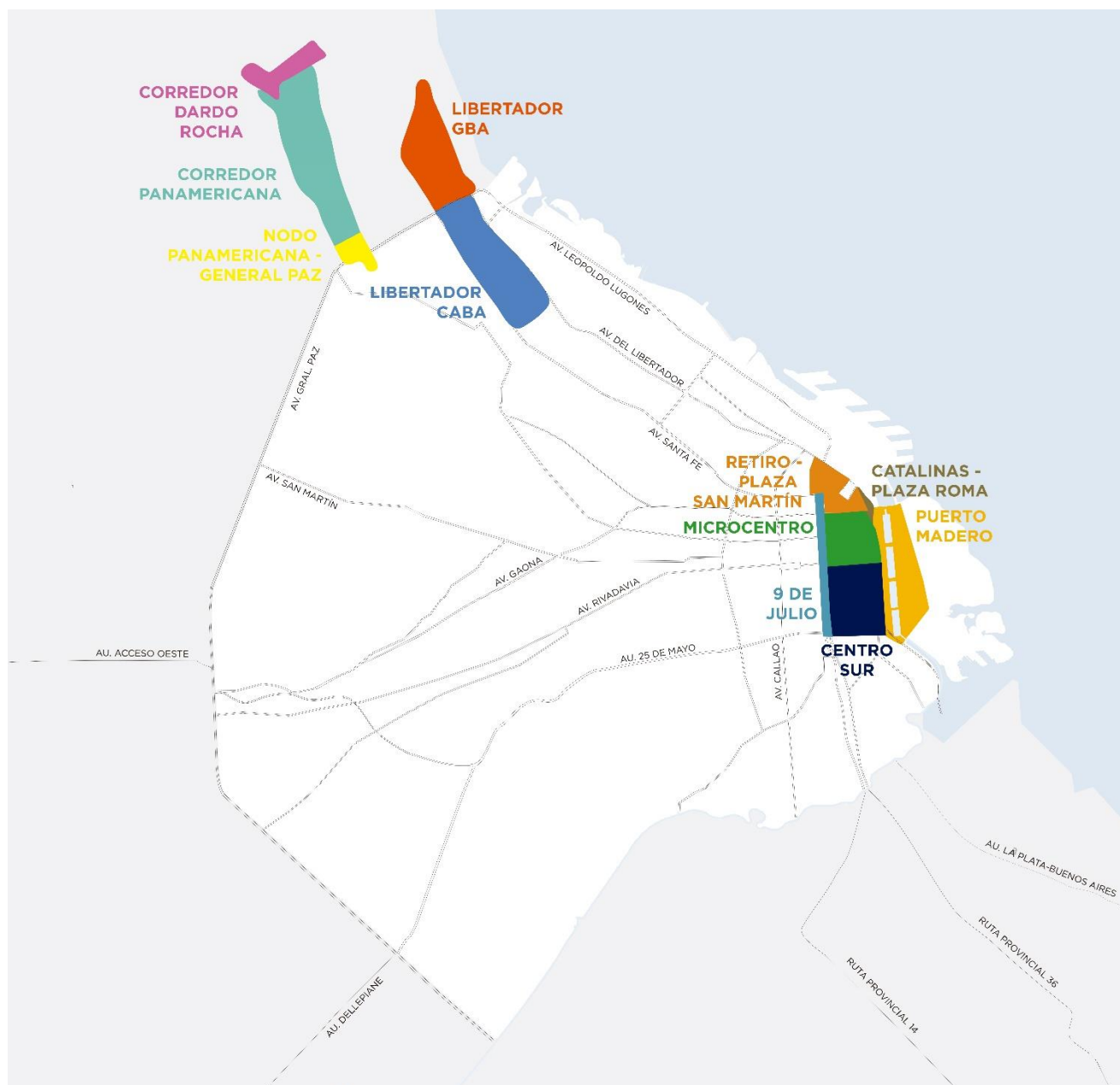
UNDER CONSTRUCTION AND PROJECTED SPACE RISES 46% OVER THE HISTORICAL AVERAGE



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	12.340	3,6%	34,0	79.041	236.000
Puerto Madero	254.819	28.555	11,2%	29,0	-	30.300
Microcentro	68.910	5.855	8,5%	26,0	23.500	-
Retiro-Plaza San Martín	77.445	3.270	4,2%	29,0	32.000	-
9 de Julio	73.990	1.422	1,9%	26,0	13.800	-
Centro Sur	59.160	-	-	-	-	37.900
<b>CBD</b>	<b>873.966</b>	<b>51.439</b>	<b>5,9%</b>	<b>28,8</b>	<b>148.341</b>	<b>304.200</b>
Corredor Panamericana	222.209	28.226	12,7%	24,0	37.287	48.887
Corredor Dardo Rocha	-	-	-	-	57.316	-
Nodo Panamericana - General Paz	107.860	10.513	9,7%	26,0	13.761	154.390
Libertador GBA	95.706	-	-	29,0	31.854	74.830
Libertador CABA	12.385	-	-	31,0	62.000	58.400
<b>NON CBD</b>	<b>438.159</b>	<b>38.739</b>	<b>8,8%</b>	<b>27,5</b>	<b>202.218</b>	<b>336.494</b>
<b>BUENOS AIRES TOTAL CLASS A</b>	<b>1.312.125</b>	<b>90.178</b>	<b>6,9%</b>	<b>28,2</b>	<b>350.559</b>	<b>640.695</b>

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

## Offices Q2 2019



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