

BUENOS AIRES

Economic indicators

	S1 18	S1 19	12-Month Forecast
Unemployment rate	9,1%	10,1%	▲
Industrial production index (% April 19 / April 18 variation)	3,9%	-8,8%	▼
Inflation index (% April 19 / April 18 interannual variation)	25,9%	55,8%	▲

(*) corresponds to December 2018

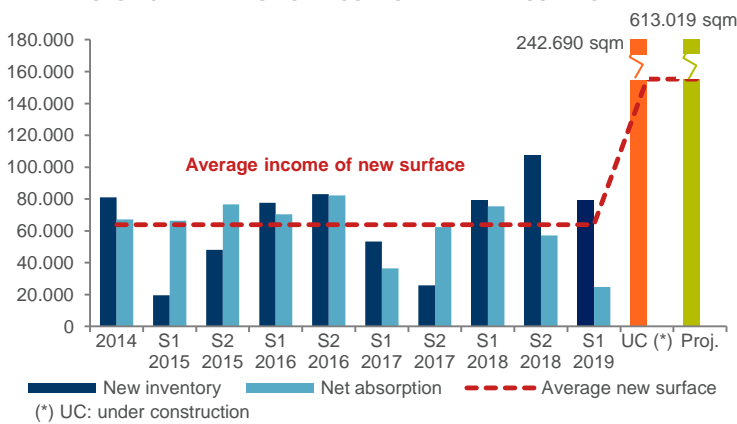
Market indicators

	S1 18	S1 19	12-Month Forecast
Overall vacancy	7,9%	13,2%	▲
Net absorption (sq. m) YTD	62.300	57.208	▼
Under construction (sq. m)	345.000	242.690	▼
Average asking rent (*) (USD/sq. m/month)	7,3	6,9	▼

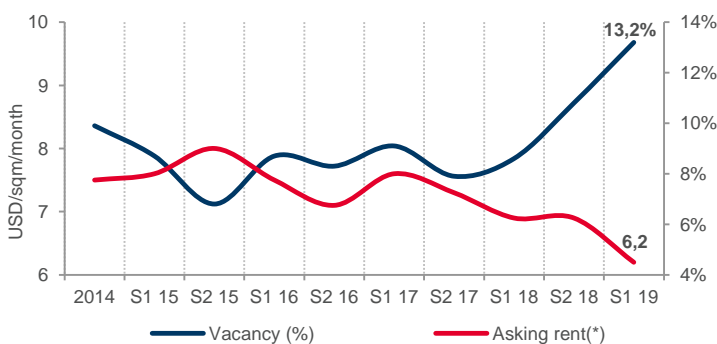
(*) corresponds to average of North Zone submarkets

New inventory (Sq.m) / Net absorption (Sq.m) / Projected Surface (Sq.m)

PROJECTED AND UNDER CONSTRUCTION SURFACE RISES UP TO 143% THE HISTORICAL AVERAGE OF INCORPORATED NEW SURFACE



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



Economic Outlook

During the first semester conjuncture indicators show that economic activity continues in strong reverse. In April, the manufacturing industrial production index (IPI) shows an 8,8% fall in industrial activity with respect to the same month of the previous year.

As a result, the use of installed capacity in the industry descended up to 61,6% in April 2019, a lower level than the registered in the same month of 2018 (67,6%).

The exchange rate of the US currency continues under an extreme volatility in a highly hesitant politic context marked by presidential elections, which does not contribute to control inflation and affects the level of activity.

The Argentinean devaluation of peso manifested negatively on most social indicators. The unemployment rate reached up to two digits and salary strongly deteriorated.

The government, for its part, is trying to bring certain calm to the exchange market by intervening on the value of the dollar, also using interest rates as a variable to adjust the exchange rate. Likewise, a measurement package was announced, among which is the freezing prices of sensitive goods of the basic food basket and the suspension of the already announced increases of public service rates. Despite this, political activity is more focused on presidential elections.

Market overview of logistics centers and warehouses

Despite the complex economic context, during the first semester of 2019 the production of new Premium centers continued active, and projects of 79.300 sqm were completed, a figure that represents a 4,4% growth over the inventory of the previous semester. However, the demand did not go hand in hand with the occupation of new surface, and instead, remains in expectation of the recovery of industrial activity and the results of the upcoming presidential elections.

The lower number of transactions and the reduction of occupied spaces, in a context of decline in private consumption, led to a contraction in net absorption, which was reduced by 56,7% regarding to the previous semester.

As a result, vacancy went up to 13,2%, a figure that is 2,5 percentage points more than in the last semester of 2018, and an increment of 28,5% in available surface area.

By submarkets, vacancy increased significantly in South zone (+4,3 percentage points), as a result of the entry of 37.600 new square meters, mostly located in Ezeiza and Spegazzini areas.

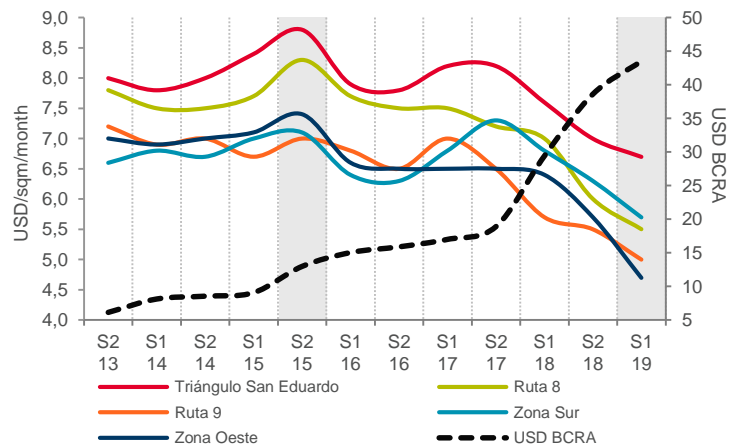
These areas are more attractive for smaller investors, who choose to develop warehouses of between 3.000 and 5.000 square meters, within industrial parks, or around them, instead of settling in totally isolated properties.

At the same time it is observed that with the exception of the surface developed under “built to suit” contracts, the size of warehouses tends to be reduced. This could be the result of the tendency to operate logistic spaces in a more efficient way, considering that it pays for square meters and operates in cubic meters.

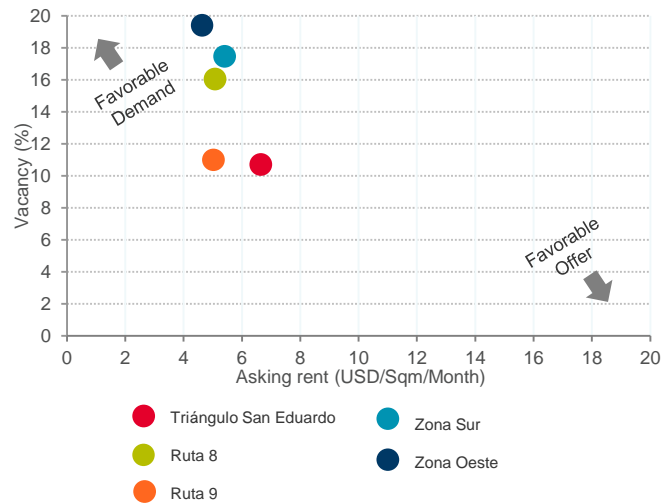
THE PROJECTED AND UNDER CONSTRUCTION SURFACE WILL INCREASE THE CLASS A INVENTORY IN A 52,8%

Regarding to asking rent price, the depreciation of local currency against Dollar, added to the fall in economic activity, translated into a decline in prices measured in dollars. At the end of the first half of 2019, asking rent price continues dropping and shows a new descend of 10,3% compared to the same period before, standing at 6,5 USD/sqm/month. By zones, the West shows a 17,5% descend followed by south zone (-9,6%).

Asking rent per submarket(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 Norte	1.295.408	145.882	11,3	6,2 (*)	150.028	688.487
- Triángulo San Eduardo	947.736	99.556	10,5	6,7	67.500	483.000
- Ruta 8	150.243	24.000	16,0	5,5	34.178	174.737
- Ruta 9	197.429	22326	11,3	5,0	48.350	30.750
GBA Sur	540.788	95.660	17,7	5,7	165.712	205.240
GBA Oeste	26.000	5.045	19,4	4,7	-	-
Total CLASS A	1.862.196	246.587	13,2	6,5 (*)	315.740	893.727

(*) 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 Haiti 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
 - EN PROYECTO
- 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 53.0% of the Class A Logistics Centers inventory

About Cushman & Wakefield

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