

BUENOS AIRES

Office Q2 2020

9.0%
Vacancy Rate

YoY Chg ▲ 12-Mo. Forecast ▲

-11,921
Net Absorption, (SqM) Q2 2020

YoY Chg ▼ 12-Mo. Forecast ▲

\$30.3
Asking Rent, (USD/Sqm/Month)

YoY Chg ▼ 12-Mo. Forecast —

Corresponds to average of Catalinas-Plaza Roma and Retiro-Plaza San Martín submarkets.

ECONOMIC INDICATORS Q2 2020

10.4%
Unemployment Rate (Q1)

YoY Chg ▲ 12-Mo. Forecast ▲

-5.4%
GDP Variation (Q1)

YoY Chg ▲ 12-Mo. Forecast —

43.4%
Inflation Index YTD (*)

YoY Chg ▼ 12-Mo. Forecast ▼

*Source: National Statistical and Census Institute (INDEC)
(*) Corresponds to May 2020*

MARKET OUTLOOK:

The second quarter of 2020 was affected, almost entirely, by restrictions on circulation and temporary closing of most offices. However, still is premature to see the market's reaction towards the health crisis. Vacancy closed at 9.0% with a 15.3% increase in comparison to the previous quarter, and the submarkets with the highest vacancies were again Libertador CABA (27.6%), Puerto Madero (13.1%) and Nodo Panamericana-Gral. Paz (11.3%). Besides, of all the vacant surface, CBD focused 55.6%.

In the current context, new interrogations appeared in the market for landlords and tenants. Due to the impact that pandemic had on each company's businesses, tenants are still evaluating the magnitude of itself in their businesses. This analysis may lead them to define new real state inquiries in short and long term. Landlords, meanwhile, are having to make decisions regarding their tenants while offices are not occupied. For their part, in long term they should decide how to react to potential requirements of the occupants of their buildings.

SUPPLY AND DEMAND:

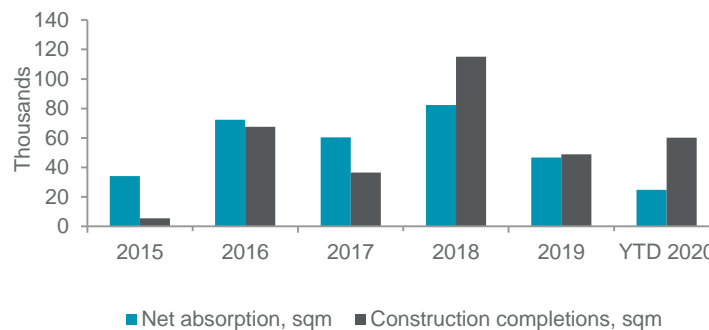
The quarter's absorption reached a total of -11,921 sqm. This number reflected that on one hand there is a greater offer of vacant spaces and a lack of new leases on the other, due to the impossibility of moving.

Demand remained paused and expectant for the future political and economic measures. Currently, renovations and renegotiations are what matters; where if there is a financial difficulty on tenants, landlords tend to empathize and look to strengthen relations beyond the current lease term.

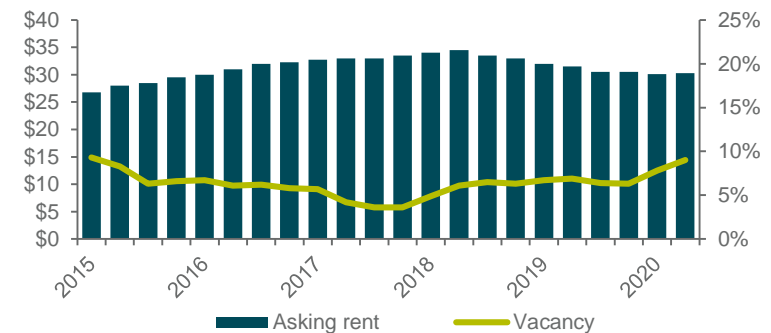
PRICING:

The average asking rent in this period was 28.0 USD/sqm for class A offices, a figure that has been staying since the beginning of the year and that has still not reflected any impact regarding the worldwide situation of the pandemic. The CBD had an 8.3% higher average than the NON CBD and the Catalinas-Plaza Roma and Libertador CABA submarkets remained as the highest values since the beginning of the year. Nowadays, the decreases in asking rent are observed in those availabilities that have been on the market for more than twelve months.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT (*)



()Corresponds to average of Catalinas-Plaza Roma and Retiro-Plaza San Martín submarkets*

ECONOMIC OUTLOOK

In the first quarter of 2020, national GDP contracted 5.4% compared to the same period of the previous year. The unemployment rate was 10.4%, meaning a 0.3% above comparing it with the same period. These indicators have not yet reflected the impact of the pandemic but, an unfavorable effect over the most vulnerable sectors might be expected.

May's inflation rate was 43.4% (YTD), a figure that diminished 13.9 percentage points from the previous year. However, its low may result fragile since, in its measurement, some products were priceless and others were reliant to the 'maximum prices' government's policy.

Argentina began its social and mandatory isolation on March 20th due to COVID-19 in order to delay infections and prioritize the health of the population. Even though several provinces have returned to a regulated normality, Buenos Aires is in stricter phase at least until mid-July.

In order to counteract the impacts caused by the health emergency, the government declared a set of socioeconomic measures: a fiscal plan to take care of families' income, to protect production and employment and to guaranteed supplying. Access the most recent information specific to COVID [here](#).

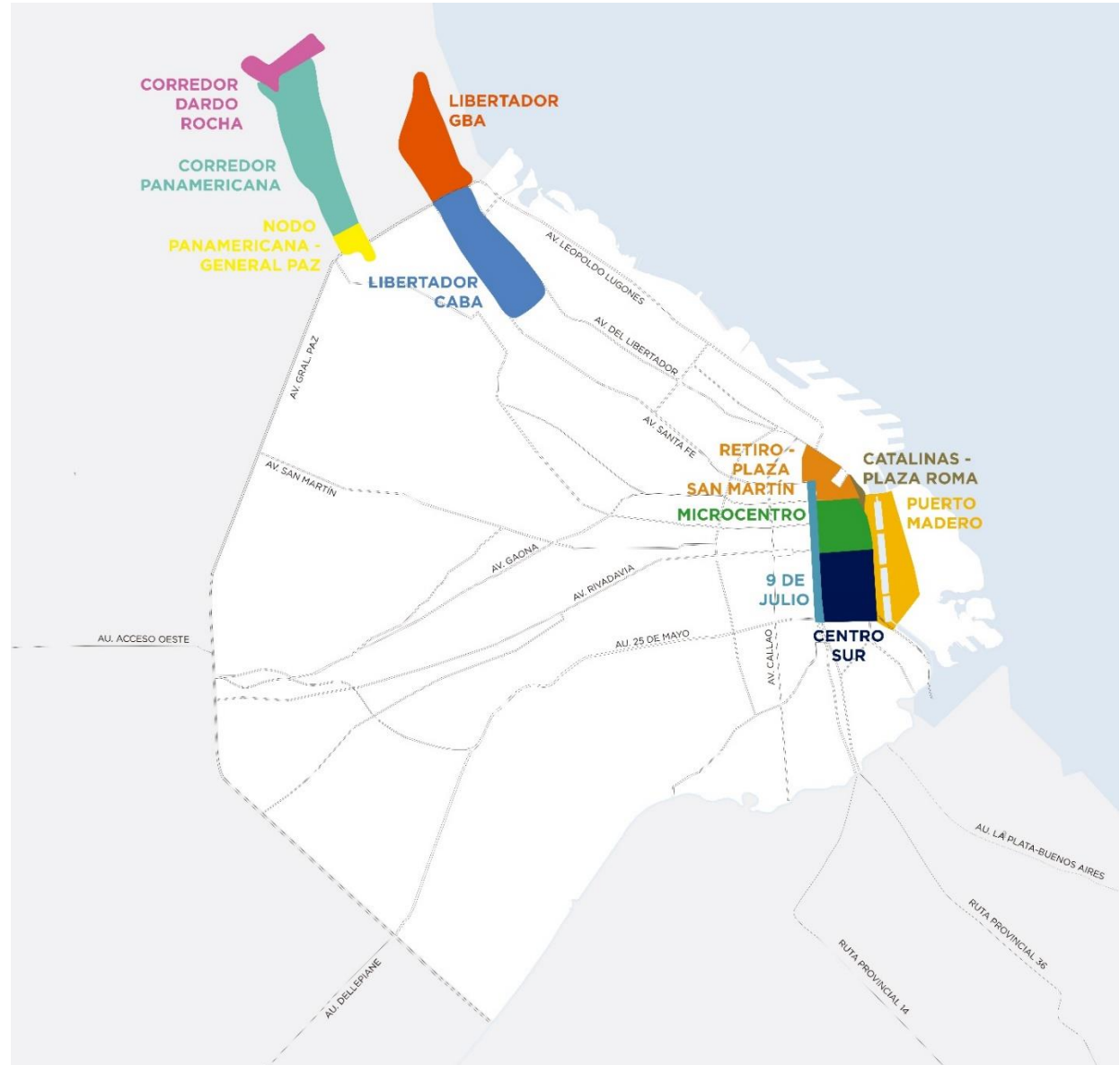
On other aspects, in the framework of the renegotiation of the external debt with the IMF, conditions changed due to the outbreak of the pandemic and its effect on the economy of our country, but an agreement has not yet been decided.

FUTURE OUTLOOK

The current under construction surface would increase 15.9% class A inventory. The 100,000 sqm expected for this year may suffer delays caused by the inactivity in the industry which, at the end of second quarter, continues unauthorized by the government.

The projected surface maintains steady in 645,095 sqm, the reactivation of these buildings would imply large growths in Nodo Panamericana-Gral. Paz (+138.3%), Libertador GBA (+78.2%) and Catalinas-Plaza Roma (+68.9%) submarkets.

OFFICE MAP WITH SUBMARKET DIVISIONS BUENOS AIRES / ARGENTINA

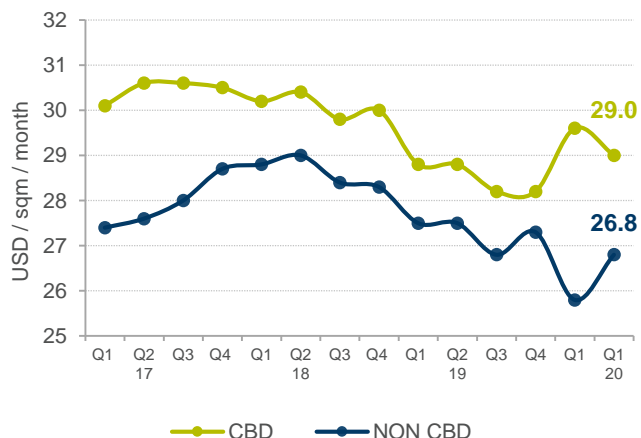


MARKET STATISTICS

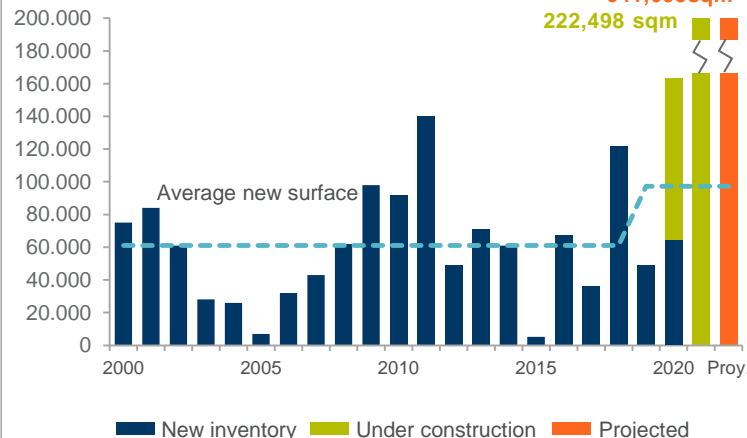
SUBMARKETS	INVENTORY CLASS A	NUMBER OF BUILDINGS	SURFACE AVAILABLE (SQM)	VACANCY RATE (%)	YTD OVERALL NET ABSORPTION (SQM)	UNDER CONSTRUCTION (SQM) (*)	PROJECTED (SQM) (*)	OVERALL AVG ASKING RENT CLASS B (USD/SQM/MONTH)	OVERALL AVG ASKING RENT CLASS A (USD/SQM/MONTH)
Catalinas-Plaza Roma	339,649	13	23,583	6.9%	-9,936	79,041	236,401	\$ 20.6	\$ 31.5
Puerto Madero	254,819	17	33,433	13.1%	-1,228	-	30,300	\$ 21.3	\$ 28.8
Microcentro	92,407	5	3,685	4.0%	-853	17,000	-	\$ 18.1	\$ 23.0
Retiro-Plaza San Martín	77,445	6	3,243	4.2%	-2,251	-	-	\$ 18.3	\$ 29.0
9 de Julio	73,986	6	913	1.2%	-	-	-	\$ 20.5	\$ 27.1
Centro Sur	64,943	3	5,783	8.9%	-	-	37,900	\$ 18.3	\$ 24.0
CBD	903,249	50	70,640	7.8%	-14,268	96,040	304,601	\$ 20.0	\$ 29.0
Corredor Panamericana	222,209	21	17,549	7.9%	-222	37,287	48,877	\$ 17.0	\$ 22.4
Corredor Dardo Rocha	-	-	-	-	-	57,316	-	\$ 16.8	-
Nodo Panamericana - General Paz	111,621	8	12,668	11.3%	-2,967	-	154,389	\$ 21.1	\$ 23.5
Libertador GBA	95,706	10	6,246	6.5%	-859	31,854	74,828	\$ 22.6	\$ 28.0
Libertador CABA	72,426	2	19,956	27.6%	42,994	-	58,400	\$ 22.1	\$ 32.4
NON CBD	501,962	41	56,419	11.2%	38,946	126,455	336,494	\$ 21.6	\$ 26.8
BUENOS AIRES TOTALS	1,405,211	91	127,059	9.0%	24,678	222,498	641,095	\$ 20.4	\$ 28.0

(*) Corresponds to rentable surface according to available information

ASKING RENT (USD / Sqm / Month)
CBD / NON CBD



NEW INVENTORY (Sqm)
PROJECTED SURFACE (Sqm)



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