



RESEARCH 1Q 2021



Slight Recovery in the industrial Sector

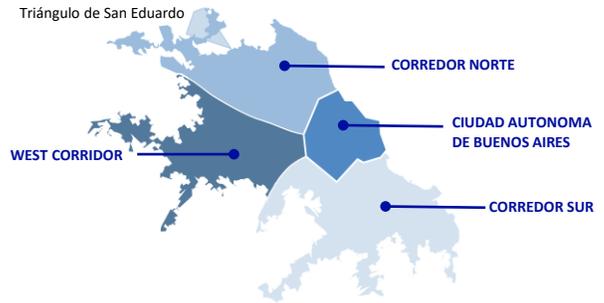
Industrial Real Estate Market

At the beginning of 2021 and after a year of social, preventive and compulsory isolation in Argentina, the national vaccination campaign began. Economic activities will now have a chance to fully recover. In March 2021, schooling returned and some employees returned to offices, under health protocols. Its continuity depends on the framework of restrictions that the government decrees based on the evolution of the pandemic.

As far as industries are concerned, most of them have returned to pre-pandemic levels of activity. Beyond this, COVID-19 has forced operators to slow down and pay special attention to collaborators.

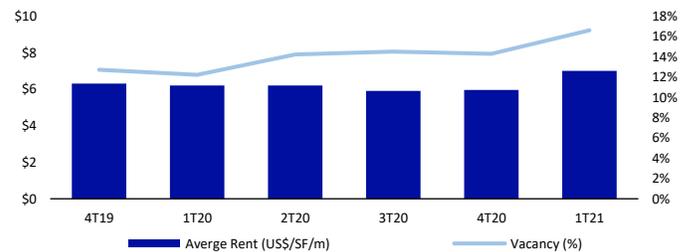
As this is the first report of the year, the CABA submarket has been incorporated into the Class A inventory. Also, the stock has been reclassified and reduced due to a review of the standards required by the market.

Submarkets

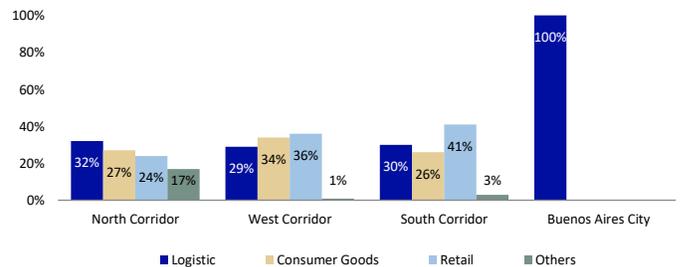


Market Analysis – Premium Warehouses

ASKING RENT AND AVAILABILITY



ACTIVITIES BY SUBMARKET



Argentina

Capital City	Buenos Aires
Population (estimated 2021)	45,808,747
GDP MM	US\$ 445.445
GDP per capita MM	US\$ 7.117
Currency	Peso
Unemployment Rate	11.0%



Market Summary

Premium Warehouses	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory (*)	23,2 MSF	25,1 MSF	25,1 MSF	↑
Availability Rate	16.6%	14.2%	14.2%	↓
Average Asking Rent	US\$7.00	US\$6.90	US\$6.90	↑

(*) Includes the reclassification of stock and the inclusion of new submarket.

City of Buenos Aires, a New Submarket.

During the first quarter of 2021, industrial market vacancy increased slightly from the previous quarter. In the immediate term, the signals are better in terms of vacancy and income values. The rent value increased slightly, with an average of US \$7.00/SF/month.

Traditionally, the industrial market has been analyzed in three submarkets, whose areas are developed through the main corridors of connection to the City of Buenos Aires and to the so-called "First Cordon of Greater Buenos Aires."

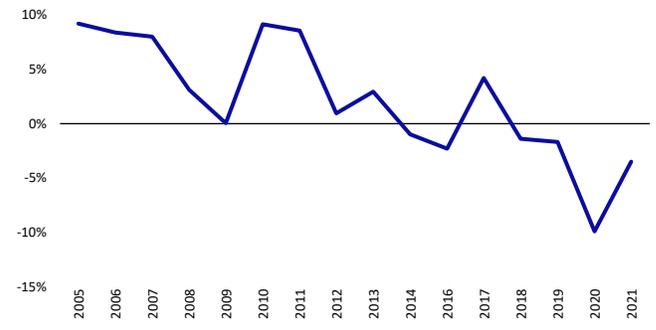
Since the growth of ecommerce during 2020 and its continued expansion in the present, the so-called "last mile" has been increased in order to optimize delivery processes. With clear strategies and plans for the development of the logistics market, the incorporation of the City of Buenos Aires has been defined as a new logistics submarket to be analyzed.

In the City of Buenos Aires, today represents only 2.8% of the total inventory of logistics warehouses, being almost 100% covered by Plaza Logistica.

During first-quarter 2021, the CABA submarket, with a total of 644,133 square feet, holds an income value of US\$ 8.70/SF/month.

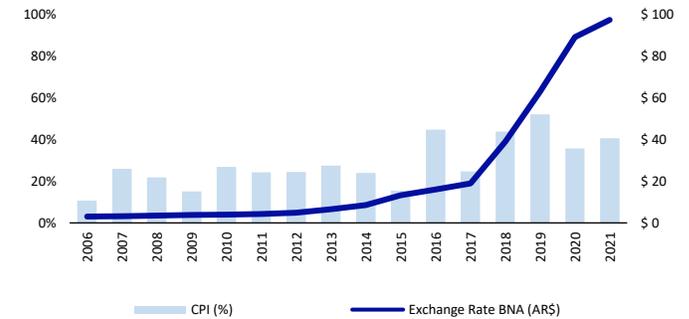
In the rest of the submarkets, there is no major changes in stocks.

GDP



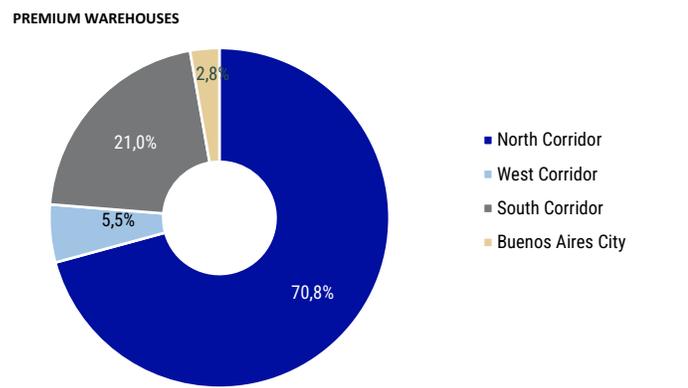
Source: INDEC
2015 = Value estimated by World Bank.
2021= Projections estimated by World Bank.

Exchange Rate – CPI

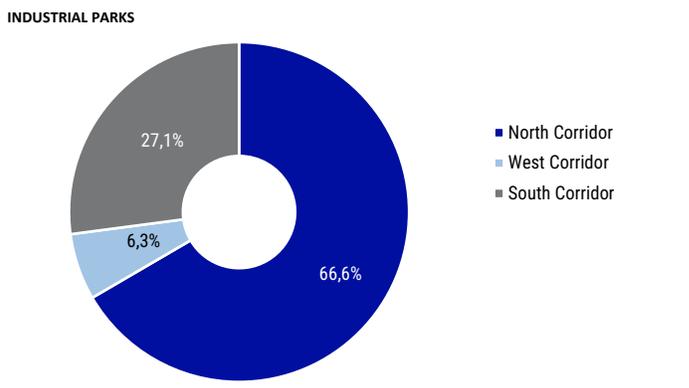


Source: Banco de la Nación Argentina, INDEC
1999-2007/2015-2020 INDEC
2008-2014 Calculated through the weighted geometric average of the consumer price indexes provided by the provisional statistical institutes

Inventory Composition



Inventory Composition



Industrial Parks

Industrial parks offer a great opportunity for companies to develop and grow in an enclosed and pooled space with security and shared expenses.

A sign of the success of the industrial parks is the important expansion they have shown throughout the national territory. Companies based in industrial parks have managed to cope with the current crisis with better results than those companies located outside parks or industrial sectors.

In this first quarter, the interest of various industries in joining a park has increased. Different incentives and supports announced by the government, both for establishment of companies and investments in infrastructure within the parks, have increased interest.

Logistics Centers in Recovery

Unlike other sectors, the industrial real estate market has not seen its demand decrease; therefore, the occupation of space in sheds and logistics centers has remained constant. Since logistics and distribution of goods are essential activities, there have not been any major changes since the beginning of mandatory isolation in 2020. This has been a competitive advantage of logistics, as it was able to continue operating with special health protocols according to each activity.

With a vacancy of about 16%, one more point than last year due to the activity generated by ecommerce, it was one of the sectors with the highest demand. Of the total area occupied, more than 50% corresponds to logistics operators, 25% to companies with mass consumption and 10% retail.

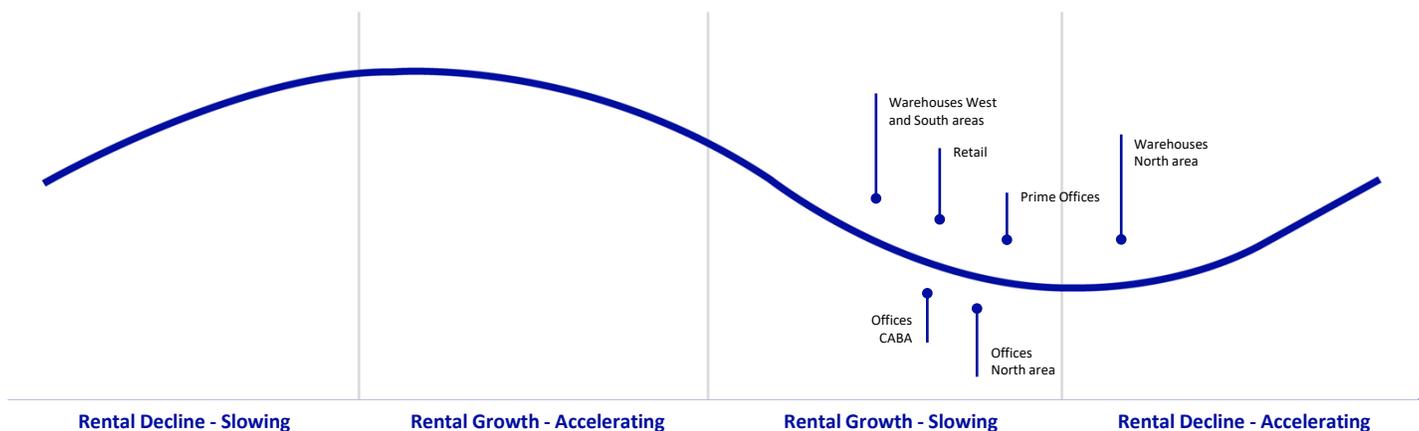
In the meantime, 8.47 million square feet of storage and distribution spaces occupied by the main "logistics operators," has been released, where 60% of that space corresponds to retail.

Logistical demand will remain constant through 2021. However, the challenge will be to reinvent itself and adapt to the new normal. Rent values will continue with a stable trend, depending on the location and quality of the facilities. The truth is that everyone will need to be rearmed to meet the parameters set by the new COVID-19 protocols. The correct circulation of people, the spaces for vehicle movements and sanitization, among other issues, will be essential for demand. In the meantime, there are several plans underway that will continue to be realized, and the industry will continue to be a key factor in the potential for the survival of warehouses and logistics centers.

Circulation restrictions of 2020 gave impetus to proximity deposits, vital to ensuring ecommerce. Disruptive business models and new players managed to get online shopping to its destination. The success of the logistics process went on to have a big impact on the "last mile." But the last mile is just the tip of the iceberg; ecommerce and logistics players point out that the model of proximity to the customer, where products do not pass through a warehouse, but are distributed directly, is the future for deliveries. The reality is times are changing, and the ability and flexibility shown by different players to adapt to them will be the difference between surviving and growing.

Real Estate Cycle

OFFICE MARKET, INDUSTRIAL MARKET, RETAIL



Market Statistics

	Total Inventory (SF)	Total Availability (SF)	Total Availability Rate (%)	Average Asking Rent (\$/SF/YR)
Premium Warehouses				
North Corridor	16,456,383	2,854,407	17.3%	\$7.00
West Corridor	1,279,388	174,071	13.6%	\$5.70
South Corridor	4,873,860	790,709	16.2%	\$6.50
Buenos Aires City (CABA)	644,133	644,133	6.3%	\$8.70
Total	23,253,765	3,855,446	16.6%	\$7.00
	Total Inventory (SF)	Total Availability (SF)	Total Availability Rate (%)	Average Land Asking Sale Price (\$/SF)
Industrial and Logistics Parks				
North Corridor	348,535,082	242,510,667	69.6%	\$95.70
West Corridor	33,152,812	8,234,384	24.8%	\$55.00
South Corridor	141,760,563	21,043,424	14.8%	\$60.50
TOTAL	523,448,457	271,788,475	51.9%	\$70.40

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Glossary of Terms

Absorption

A measure of the change in occupied space.

Availability

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied.

Deliveries

The total RBA of properties added to the inventory once construction has been completed.

Direct Space

Available space offered for lease by the building owner, landlord, or owner representative.

Leasing Activity

The volume of leases signed including new leases, direct and sublet leases, extensions and renewals, and leases signed in proposed or under construction buildings.

Occupancy

Any space physically occupied by a tenant, regardless of lease status of the space.

Rentable Building Area (RBA)

A measurement of the total square feet in a building including the tenant and common areas such as the lobby and hallways.

Sublet Space

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation.

Under Construction

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy.

Vacancy

Space not physically occupied by a tenant, regardless of the lease status or availability of space.

Weighted Average Rent

The asking dollar amount for the use of available space, weighted by size (the average does not include negotiable or unpublished rates and is reported as full service including operating costs).

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at ngkf.com/research.

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