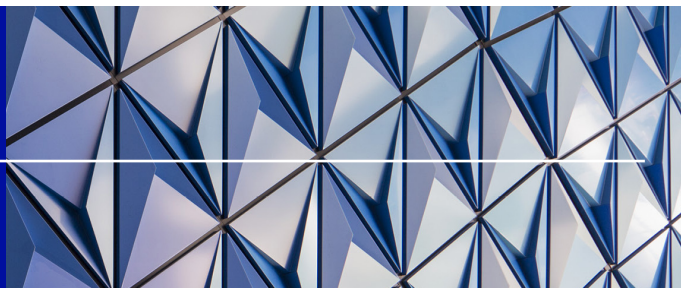




RESEARCH 4Q 2020



Real Estate Investment as a Safe Haven

The Office Market

On March 20, 2020, mandatory quarantine was declared in Argentina, going through different stages of opening and restricting economic activities based on the evolution of the pandemic.

Uncertainty has been a constant throughout 2020. The COVID-19 vaccine and the economic decisions taken by the government to outline a plan for GDP growth in the medium term will decide how for the future plays out.

Buenos Aires is the largest office market in Argentina, with nearly 27.0 million square feet of total stock, including 17.1 million square feet of rentable Class A space.

There was an increase in vacancy and negative net absorption in the fourth quarter of 2020. The vacancy rate for fourth-quarter 2020 closed at 13.50% of the available stock, and net absorption was negative 435,339 square feet. The average rental value decreased slightly compared to third-quarter 2020, averaging US \$28.58/SF.

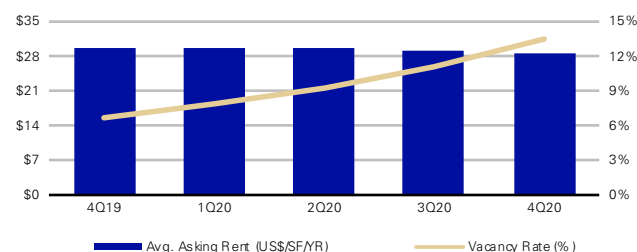
No relevant incorporations occurred in the Class A market during fourth-quarter 2020. Return to activity is still very recent and gradual, resulting in a significant delay for the buildings under construction.

Current Conditions

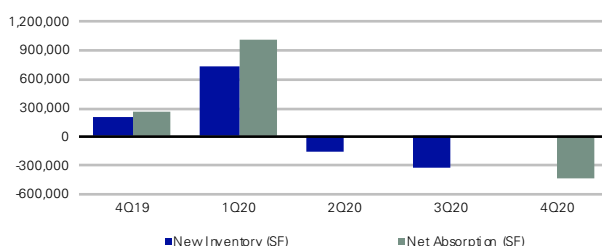
- The weighted average asking price decreased slightly from the prior quarter, averaging \$28.58/SF. Premium asking prices average \$35.12/SF.
- Class A vacancy raised compared to the previous quarter, averaging 13.50%.
- Q4 2020 shows a negative net absorption of 435,339 SF.

Market Analysis

ASKING RENT AND AVAILABILITY



NET ABSORPTION



Argentina

Capital City	Buenos Aires
Population (2020)	45,376,763
GDP MM (3Q 2020)	US\$ 613,80
GDP per capita MM	US\$ 13,526
Currency	Peso
Unemployment Rate (3Q 2020)	11.7%



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	27,0 MSF	27,0 MSF	25,3 MSF	↑
Availability Rate	13.50%	11.01%	6.68%	→
Quarterly Net Absorption	-435,339 SF	-322,530 SF	212,587 SF	→
Average Asking Rate	\$28.58	\$29.44	\$29.52	↓
Under Construction	3,6 MSF	3,4 MSF	4,4 MSF	↗

Rent Values by Submarket

Every submarket has a particular area or property that outperforms the rest. Significant variations can be verified between certain properties and the average of each submarket.

The blocks located in Catalinas between Avenida Leandro N. Alem and Avenida Madero have average asking rents as high as \$44.59/SF, compared with \$32.29/SF for the rest of the submarket.

In Northern Buenos Aires, the most popular and most expensive buildings are located around the intersection of Avenida General Paz and Autopista Ingeniero Pascual Palazzo, recently renamed Polo Dot. Some properties there command as much as \$33.44/SF, whereas asking rents in that submarket average only \$26.91/SF.

Lastly, the Panamericana Corridor has areas that are in high demand because of the submarket's geographical distribution and extension. The most in-demand offices are located in the Lumina Panamericana, Thames Office Parc, Urbana, Optima Business Park, Bureau Parc San Isidro and Edision Officia complexes. Although asking rents in these buildings reach \$27.87/SF, the average rent is \$25.36/SF for the rest of the submarket.

Inventory Change

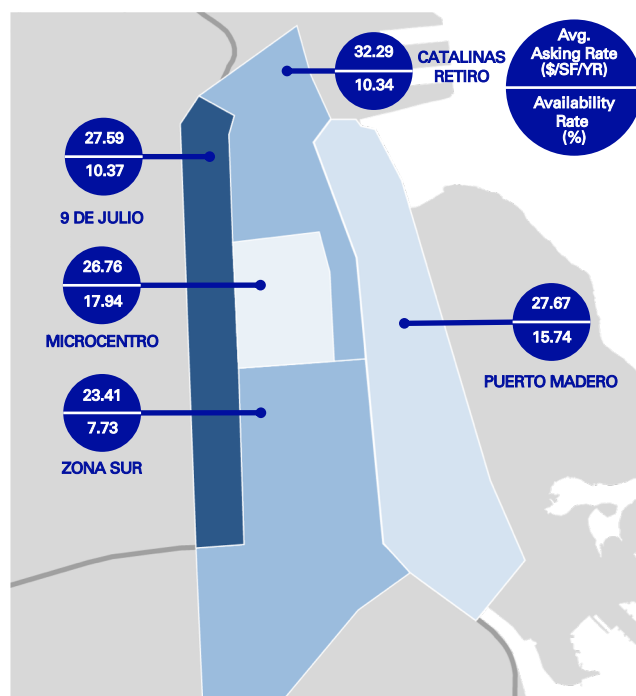
No relevant incorporations occurred in the Class A market in fourth-quarter 2020.

The incorporation of different buildings that saw completion delayed due to the restrictions imposed during 2020 as a result of the mandatory quarantine is expected for the next year: the Bureau Diagonal building with 134,549 profitable square feet; the Millenium Global Building with 218,281 profitable square feet, both in the Microcentro submarket; the Worko building in the GBA Panamericana submarket with 421,019 profitable square feet. The incorporation of the Lumina San Isidro complex is also expected in 2021, with 459,791 profitable square feet.

The trend of the previous period continues, with the fourth quarter of the year showing a negative net absorption of 435,339 square feet, yielding a negative accumulated absorption of 191,235 square feet for 2020.

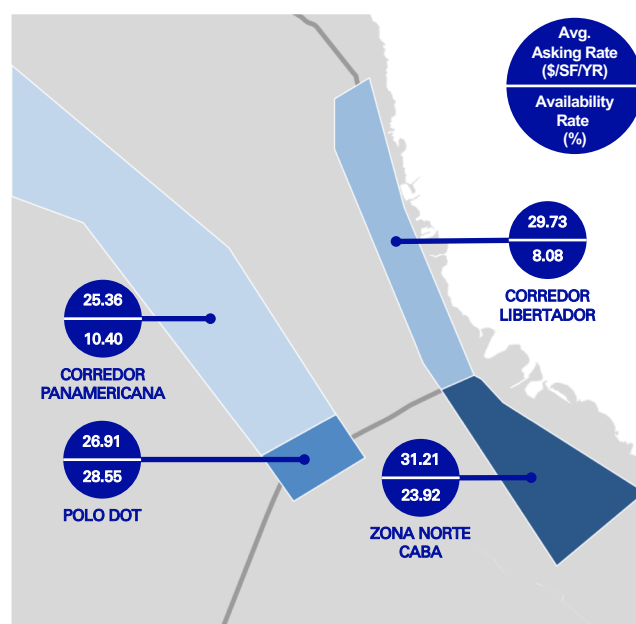
CABA SUBMARKETS

AVERAGE ASKING RENT (\$/SF/YR) – AVAILABILITY RATE (%)



NORTHERN AREA SUBMARKETS

AVERAGE ASKING RENT (\$/SF/YR) – AVAILABILITY RATE (%)



Real Estate Investment as a Safe Haven

Real estate investment is undoubtedly the best way to preserve value, obtain income and capitalize in Argentina.

Whether it is ongoing or finished works with rent income, residential, commercial or logistics, brick investment is always the best alternative.

The pandemic put the world on hold. The real estate market does not escape this situation. However, the study that Newmark carried out in recent months shows how in the last 25 years the real estate market has had more stable yields in dollars, becoming the ideal value haven considering rents and capitalization.

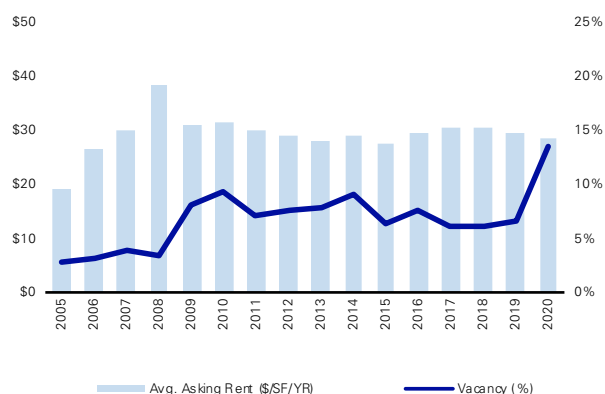
Resilient like no other, real estate investment maintained its replacement value, overcoming several crises in recent years: the "Tequila Crisis", Brazilian devaluation, 2001, the sub prime crisis of 2008, the difficult years of 2015 and 2018 and the current pandemic. Dollar values were maintained, even though today, the lowest incomes in years are being noted as a result of the macroeconomic situation and the dispersion of the different types of exchange rates.

This is more evident in investments in the corporate market, with offices and logistics warehouses being the most prominent products.

With 11 years of GDP without growth, regardless of the budget, the new offer of offices and housing developments driven by the decrease in construction costs in dollars consolidates this trend. Developers are launching large projects.

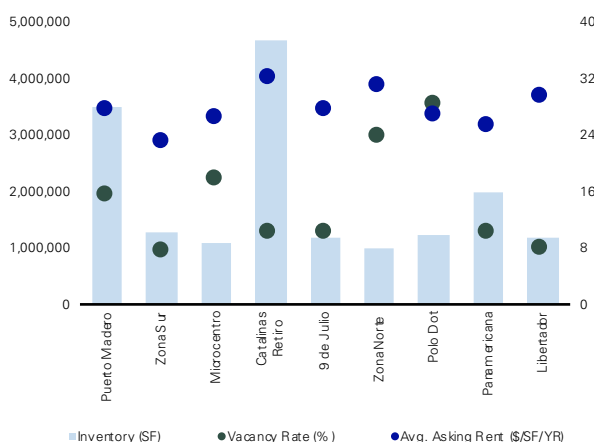
Average Asking Rate - Availability

CLASS A

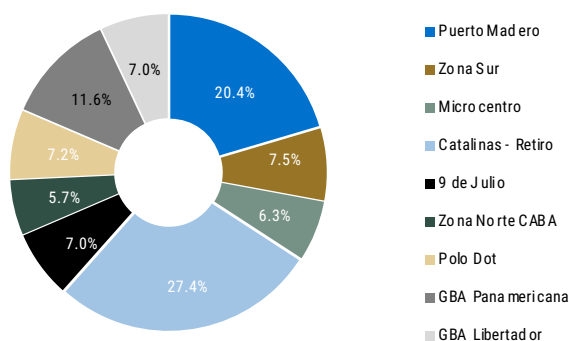


Inventory – Availability - Average Asking Rate

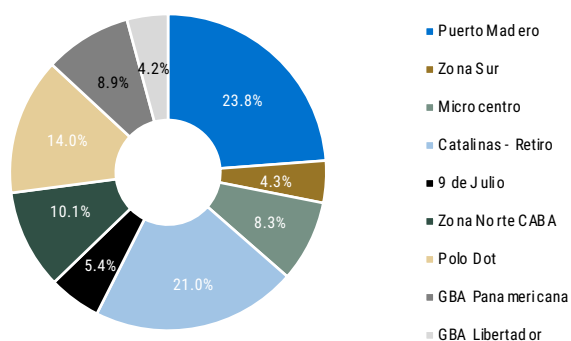
INVENTORY BY SUBMARKET



Inventory Composition



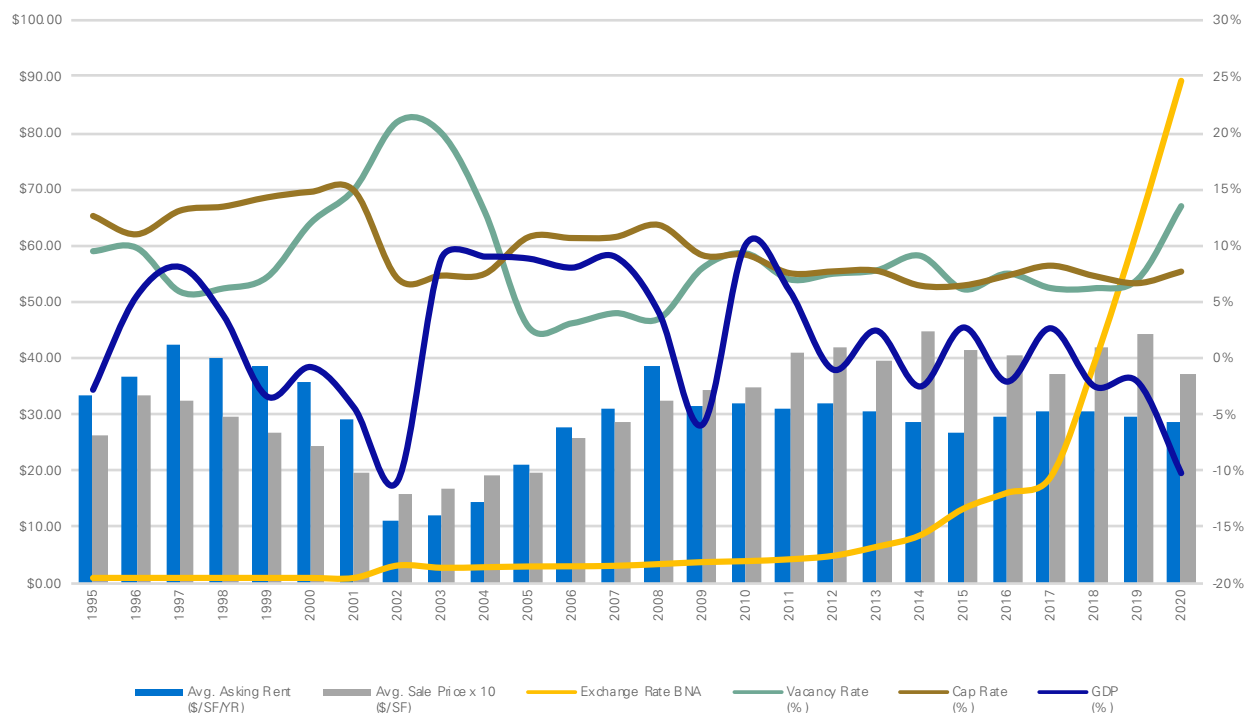
Availability Composition



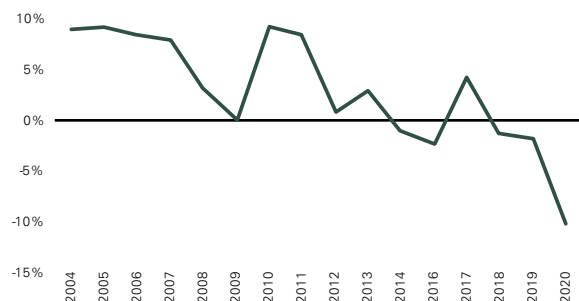
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Against the uncertainty that COVID-19 imposes on daily life, the real estate sector invests with the certainty of being the best option to channel the savings of both individuals and corporations in a high volatility context. Thus, neighborhoods such as Catalinas II, the consolidation of the new front of the City on the River, Barracas, the Downtown area, Núñez and the North Corridor are added to the already traditional neighborhoods with investment options.

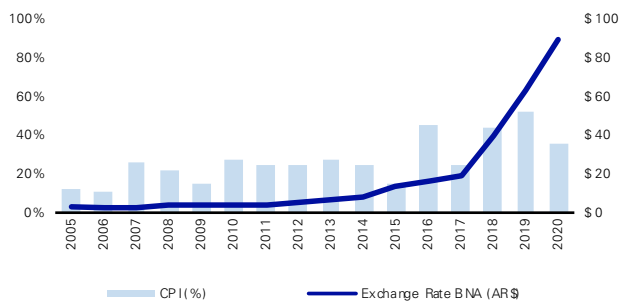
According to the aforementioned study, despite the successive economic and institutional crises, real estate assets were, are and continue to be, beyond the temporary value haven and the way to buy "brick dollar", the way to obtain profits and increase as it happens in the large markets of the world.



GDP



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

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Market Statistics

By Submarket	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr. Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent (\$/SF/YR)	Sublet Asking Rent (\$/SF/YR)	Total Asking Rent (\$/SF/YR)
CABA								
Puerto Madero	325,063	5,400	15.74%	-3,156	-13,561	\$24.82	N/A	\$24.82
Zona Sur	119,162	0	7.73%	0	0	\$21.00	N/A	\$21.00
Microcentro	99,652	31,521	17.94%	-10	-9467	\$24.00	N/A	\$24.00
Catalinas-Retiro	436,131	74,400	10.34%	-7,949	3,537	\$28.97	N/A	\$28.97
9 de Julio	110,941	0	10.37%	-5,736	-10,287	\$24.75	N/A	\$24.75
Zona Norte CABA	91,044	79,246	23.92%	-3,418	44,125	\$28.00	N/A	\$28.00
Polo Dot	114,176	30,600	28.55%	-18,407	-21,510	\$24.14	N/A	\$24.14
GBA								
Corredor Panamericana	183,889	81,830	10.40%	-839	-6,775	\$22.75	N/A	\$22.75
Corredor Libertador	111,514	31,854	8.08%	-929	-3,228	\$26.67	N/A	\$26.67
By Class								
Class A	1,591,572	334,851	13.50%	-40,444	17,766	\$25.64	N/A	\$25.64

Main Class A Buildings Under Construction

	Project	Submarket	Total Area (SF)	Lettable Area (SF)	Date	LEED Certification
	Lex Tower	Microcentro	259,410	215,278	Q1 2021	
	Worko	GBA Panamericana	526,279	421,019	Q3 2021	
	Alem y Córdoba	Catalinas Retiro	645,834	452,084	Q1 2025	
	Intecons Plaza	Zona Norte	753,473	387,500	2025	

Areas of the projects are approximate.
Pictures are illustrative.

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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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