

**BUENOS AIRES
1Q18 INDUSTRIAL MARKET**

**THE FUTURE OF INDUSTRIAL
AND LOGISTIC PARKS**

Industrial Real Estate Market

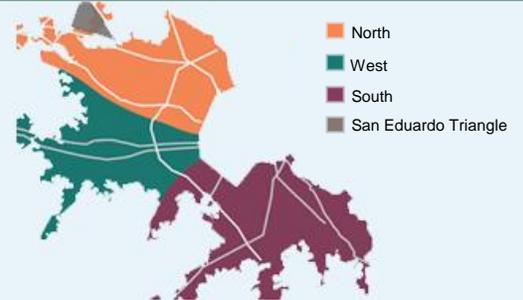
Buenos Aires is the largest industrial property market in Argentina, with approximately 2.1 million square meters of Class A warehouse space and over 10,500 acres of industrial parks, representing 50.0% of the entire country's market.

The stock of Class A warehouse space increased to 2.1 million square meters during the first quarter of 2018, while its vacancy rate increased to 10.3%.

The average rental rate ended the quarter at \$8.20/SF, for a 17.0% increase year-to-date.

Although the inventory of Class A warehouse space increased in the first quarter of 2018, the gap in square meters built in each submarket remained stable. Consequently, the Northern Corridor (along the Pan American Highway), where the market's main logistics centers and industrial parks are located, remains the main submarket, comprising 70.0% of the total stock. By contrast, the South Corridor still has a large number of industrial sectors with important advantages stemming from their proximity to the Port of Buenos Aires, although many of these sectors are hampered by old or obsolete infrastructure. The least consolidated submarket is the West Zone, which, despite its high vacancy rate, has great potential for future development.

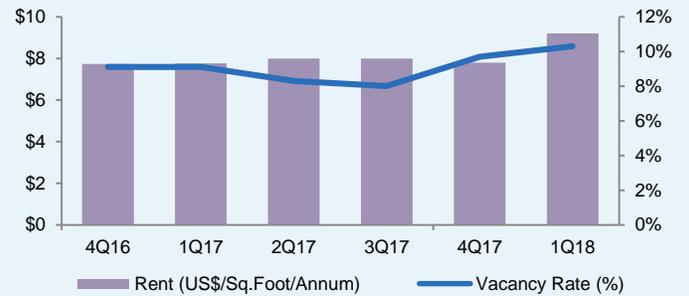
Submarkets



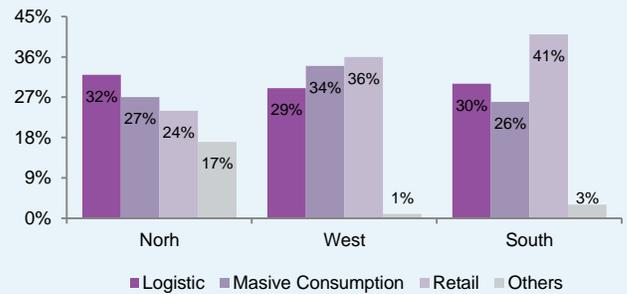
Source: Newmark Grubb BACRE

Market Analysis - Premium Warehouse Class A

Average Asking Rent vs. Vacancy



Activities by Submarket



Argentina

Capital City	Buenos Aires
Population	44,044,800
GDP MM (2016)	US\$ 728,6
GDP per capita (2016)	US\$ 16,542
Currency	Peso
Unemployment Rate	7.2%

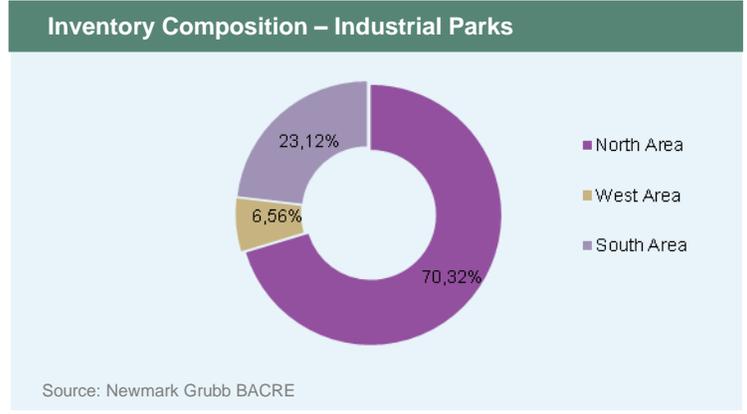
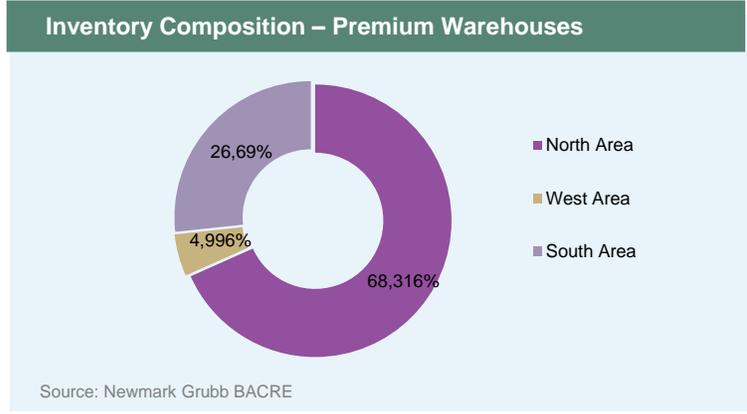


Market Summary

Premium Warehouse

	Current Quarter	Prior Quarter	Year Ago Prior	Forecast
Total Inventory (SF)	22,6MM	22,1MM	20,9MM	↑
Vacancy (%)	10.3%	9.7%	9.1%	→
Average Asking Rent	US\$9.20	US\$7.80	US\$7.77	→

**BUENOS AIRES
1Q18 INDUSTRIAL MARKET**



Industrial and Logistic Parks of the Future

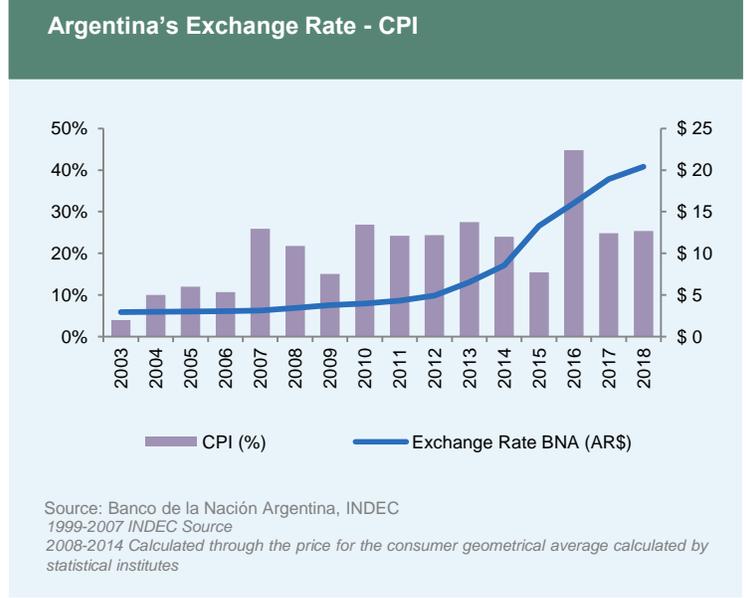
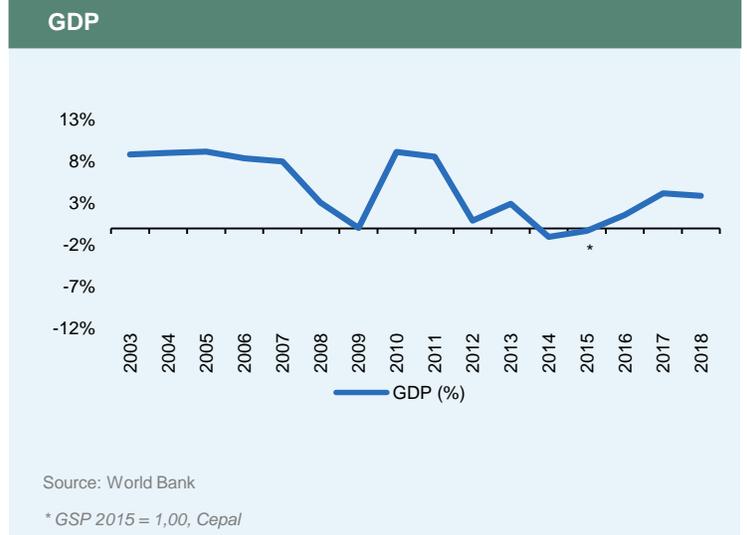
Although the timeline is still uncertain, futuristic technologies are coming and the changes are accelerating.

The second wave of transformations, possibly coming within the next five to ten years, will include the ability to learn 24 hours a day, seven days a week with the aid of artificial intelligence, autonomous vehicles, three-dimensional printing, and low-cost solar energy, among others.

Industrial Parks will tend to focus on particular types of industries: auto parts, logistics, heavy manufacturing, automotive, research, pharmaceutical, agricultural, innovation and technology, transport, intermodal, just to name a few.

Given the growing demand, developers will have to offer, among others, the following items:

- Treatment plants and effective and concrete water recycling programs.
- Power generation in the industrial and logistic parks: solar panels and turbines.
- Electricity for sale, which, thanks to the recent energy reforms, will be available to purchase from several different suppliers.
- Mixed use land, which can accommodate service areas, hotels, restaurants, gas stations, mini-markets, etc.
- Proximity to housing, technical schools, training, banking services, logistics companies, customs companies and financial services.
- Telecommunications systems, including alternatives to traditional fiber optic providers.



**BUENOS AIRES
1Q18 INDUSTRIAL MARKET**

- Amenities, such as nurseries, green space, dining rooms, sports courts, business centers, etc.
- Security for people and products: cameras, barriers, guards, identifications, RF systems, wireless cards and collapse barriers.

Logistics Imagines Its Future Toward 2030

The logistics model must be transformed into a self-sustaining system between the demand and the supply of cargo availability.

Imagining what the next twenty years may hold for logistics is an exciting and necessary exercise, even though technological and digital progress now far outstrips our best predictions.

Eventually, this whirlwind of change impacts a company’s scope of operations. The impact on logistics is especially severe, not only because it is the means by which the company relates to the market, but also because logistics is one of the key factors that defines the quality of the service a company provides.

This suggests that a company would benefit from a network of "non-proprietary" warehouses, made up of factory warehouses, distribution centers and customer warehouses, which would function more as consolidators of merchandise in transit than as warehouses.

This would be a flexible and versatile network, where all actors could simultaneously be potential buyers and sellers of the storage service, depending on the need of the moment and capacity of their facilities.

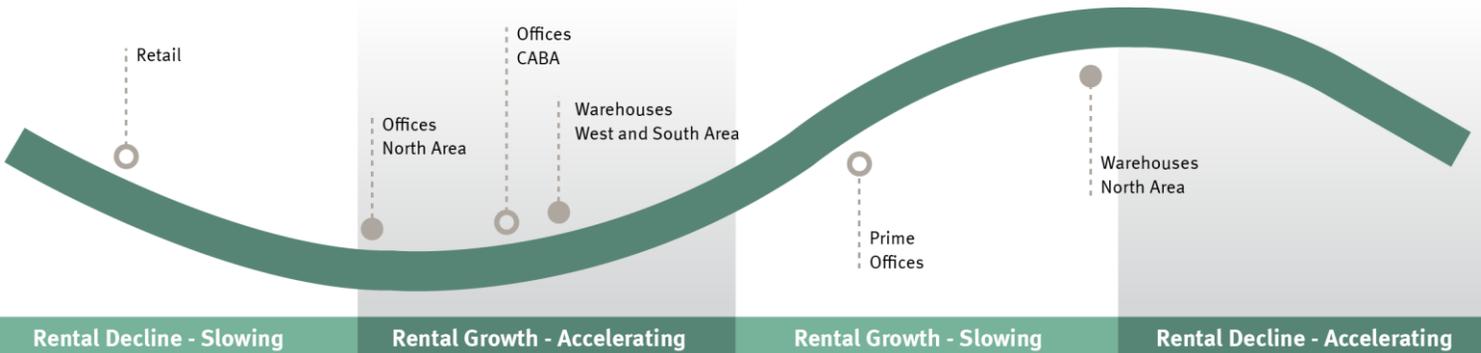
Internally, warehouses must have an intelligent and autonomous operating system as well as automated stowing and picking technology, all controlled by intelligent commands.

Finally, transport units need to become smaller and more agile, with more frequent and smaller deliveries that are controlled by satellite routing and radiofrequency technologies. Thus, electric trucks would be at the forefront of the cargo industry, not only because of its higher consumption performance and use of space, but by the irreversible tendency in the awareness of green logistics aligned with the concept of sustainability.

All aspects of the logistics network will be optimized to create a supply chain that is simple, flexible and scalable.

At first glance, projections of the future of logistics may seem more like something from a science fiction movie than a plausible future, but a closer look at the dizzying pace of technological developments finds they are neither so distant nor so futuristic.

Real Estate Cycle – Office Market | Industrial Market | Retail



BUENOS AIRES
1Q18 INDUSTRIAL MARKET
Premium Warehouse

	Total Inventory (SF)	Vacancy (SF)	Vacancy Rate (%)	Ave. Asking Rent (U\$/SF/YR)
NORTH	15,077,533	1,508,215	10.0%	\$8.70
WEST	1,010,461	224,353	22.2%	\$7.40
SOUTH	6,037,202	409,028	6.8%	\$7.50
TOTAL	22,125,196	2,141,596	9.7%	\$7.80

Industrial and Logistic Parks

	Total Inventory (SF)	Vacancy (SF)	Vacancy Rate (%)	Ave. Asking Sale (U\$/m ²)
NORTH	331,528,120	227,871,763	68.7%	\$125.00
WEST	29,923,642	6,081,603	20.3%	\$65.00
SOUTH	108,715,390	9,041,676	8.3%	\$70.00
TOTAL	470,167,152	242.995.042	51.7%	\$86.70

BUENOS AIRES 1Q18 INDUSTRIAL MARKET

Newmark Grubb Bacre

HEADQUARTERS

1515 Olazabal St, Suite C203
CABA 1428, Argentina
+5411 4787 6889
www.ngbacre.com.ar

Alejandro Winokur

Co-founder and President
Industrial Manager
+54 114.787.6889
awinokur@ngbacre.com.ar

Mariana Stossel

Market Research
Newmark Grubb BACRE
+54 114.787.6889
mstossel@ngbacre.com.ar

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 Knight Frank 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 Knight Frank Research Reports are also available at www.ngkf.com/research

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark Knight Frank (NKF) has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of NKF. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication, and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial, and tax aspects and implications.

Any recipient of this publication may not, without the prior written approval of NKF, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.