CASTRO CRANWELL & WEISS

August 2015

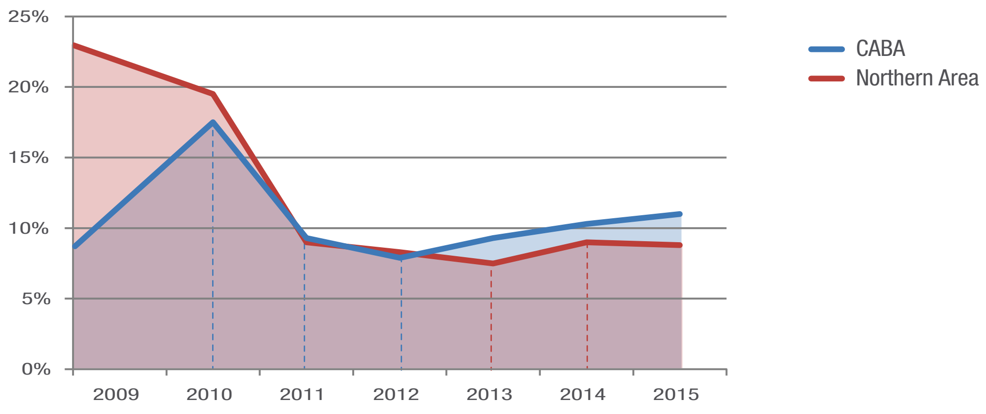
Monthly Report

VACANCY	NET ABSORPTION	PROFITABILITY	PRICES
↘	↗	=	=

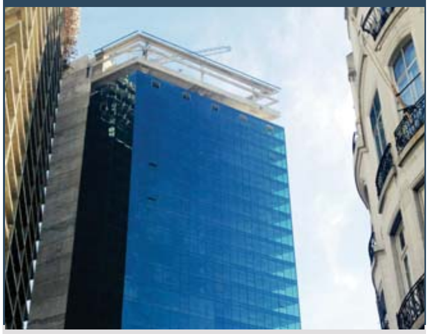
Market Report - Offices in Buenos Aires

- Based on the expectations of a possible political change, the corporate real estate market has shown some signs of strengthening. These signs were evident even from the beginning of this year when the lease value showed a 5% interannual increase and the construction level climbed to 4.8%. On the other hand, the vacancy rate decreased 14% in the last year, currently being 8,5%. This index can be construed as a historical average and it represents the balance point between offer and demand as it provides those companies seeking to relocate the possibility to compare options.
- The asking value for Class A+ offices amounted to USD 27/m²/month, with the highest prices reaching USD 30/m² in Catalinas, the Northern 9 de Julio corridor and Libertador GBA. As opposed to the Microcentro and Panamericana where the average value was around USD 23/m²/month.
- Lease values show certain stability; although a relative one, as the official dollar peg, used to quote lease prices, are behind if compared to the inflation. In the agreements celebrated in pesos, staged increases with semi-annual adjustments of 15% or monthly advanced payments are agreed upon.
- As regards the perspective for Class A+ offices, the continuity of the offer and demand decentralization of central sub-markets towards other areas with better access, less traffic and greener surroundings trend is expected. In addition, this process is affected by the fact that prices in the Northern Area are 10 to 15% lower than the values of the premium Central Area sub-market, with certain exceptions like the Libertador GBA corridor.
- Office stock will continue rising. In 2014, 85,000 m² entered the market while in the next three years a total of 270,000 m² are expected to be incorporated, this being one of the highest incorporation figures in the history; 120,000 m² of which are already under construction.
- A great part of the surface that will be incorporated in the near future has been absorbed by different companies –especially banks– before the work is over; therefore, vacancy will only suffer a slight variation.
- For the remaining of 2015, and despite it being an election year, current trends are expected to continue without price variations. All in all, the pace of operations is slow.

Annual Vacancy Evolution



Torre Bellini Esmeralda



Useful Area: 12,000 m²

500 m² stories - Available stories - AC - Parking slots

Blas Parera 2265 | Vicente Lopez

Useful Area:

1.100 m² en Block

Heat/Cool AC - Underfloor Duct - Parking Slots

Suipacha 732 | Microcentro

Useful Area: 3.000 m²

AC - Suspended Ceilings - Access Floor

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