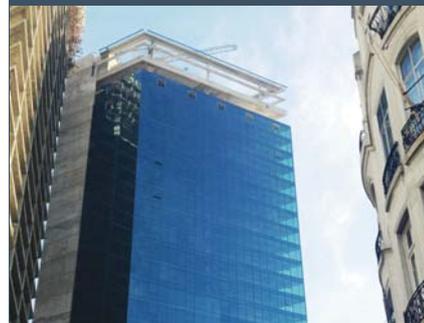




**MARKET REPORT - OFFICES IN BUENOS AIRES**

- ▶ Although the real estate business aims mainly to recover investment through rent, exchange disparity has significantly reduced yield. Purchase operations are agreed based on black market dollar value, while leases are based on the official dollar value. As the gap between both rates has almost reached 50%, the landlord is directly affected, being used to get an annual return rate that has varied between 8 to 10% which is twice the current yield. This is a contextual situation because traditionally, with long term investments the return yields significant percentage benefits.
- ▶ During the last year, net absorption reached 52,000 m<sup>2</sup> while the historical average amounted to 60,000 m<sup>2</sup>. That figure, despite being the lowest in the last five years, reveals that demand is not frozen.
- ▶ In the Catalinas sub-area, the construction of the Consultatio/BBVA (54,000 m<sup>2</sup>) and Banco Macro (35,000 m<sup>2</sup>) towers is advancing at good pace. Regarding supply, in this same sub-area, the Alem, Catalinas, and Laminar Plaza towers, and in Plaza Roma, the Bouchard 547 and Fortabat towers have available floors. In Puerto Madero, 15,000 m<sup>2</sup> are being built in Madero Riverside. Current vacancy can be calculated at 9%.
- ▶ There are cases of advance payments for leases, which minimize the effects of inflation on the agreements. Advance payment terms varied from 6 to 12 months and an escalation clause is agreed upon and applied in case the inflation skyrockets. This way, the tenants, companies unable to draw currency abroad, can use their accumulated liquidity in Argentinian currency, while freezing lease prices. On the other hand, the landlord is able to obtain funds in advance, which is helpful in the case of developers as they can use them to finance new undertakings.
- ▶ The Plaza San Martín sub-area has two new undertakings, Bellini Esmeralda and Alem 882, which together add 22,000 m<sup>2</sup>. In southern Macrocentro 10,000 m<sup>2</sup> are incorporated in Paseo Colón and Chile.
- ▶ The southern area, in Parque Patricios, shows increased activity and it is expected that in the coming years it becomes a mixed commercial district, as a hotspot for communications and technology companies. This sub-market has several buildings with property value that have been recycled and given additional value. Tax allowances, expansion of subway's H line, and the drive given by the Government of the City of Buenos Aires, have boosted settlement of companies in the area.

**Torre Bellini Esmeralda**



**Useful Area: 12,000 m<sup>2</sup>**

500 m<sup>2</sup> stories - Available stories - AC - Parking slots

**Blas Parera 2265 | Vicente Lopez**



**Useful Area:**

1.100 m<sup>2</sup> en Block

Heat/Cool AC - Underfloor Duct - Parking Slots

**Suipacha 732 | Microcentro**



**Useful Area: 3.000 m<sup>2</sup>**

AC - Suspended Ceilings - Access Floor

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**Lease vs. Vacancy**

