

October, 2015

MONTHLY REPORT

VACANCY



NET ABSORPTION



PROFITABILITY



PRICES

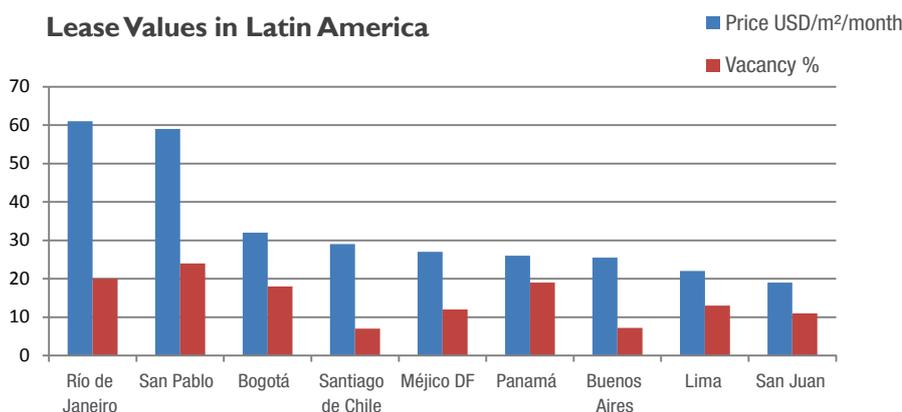


## MARKET REPORT - OFFICES IN BUENOS AIRES

- ▶ In the last year, there has been a small increase of around US dollars 1.20% in the lease values, which was accompanied by a decrease in the vacancy rate. The highest average asking value is still in Catalinas, it being USD 27/m<sup>2</sup>/month, with price ceilings of USD 31. On the opposite side of the market there appear the Microcentro area and the Panamericana corridor with values ranging between USD 18 and 23/m<sup>2</sup>/month, depending on the location and the services in the property.
- ▶ In the same period, the Triple A offices stock increased in 64,000 m<sup>2</sup>, 52% of which belongs to the 9 de Julio sub-market, 21% to the Panamericana corridor, and 18% to Puerto Madero.
- ▶ Catalinas, the Libertador GBA corridor, and Puerto Madero show the largest volume of meters under construction, and consolidate themselves as the most dynamics and sought after areas.
- ▶ In the Av. Libertador GBA corridor, between the Al Río project near General Paz and Corrientes Ave. in Olivos, the stock has already reached 250,000 m<sup>2</sup>. Also, the incorporation in the next 36 months, of 80,000 m<sup>2</sup> is expected.
- ▶ The recent decrease in vacancy was mainly due to the lease of 8000 m<sup>2</sup> in the 955 Belgrano Office tower by a renowned American bank which chose this location to open 1100 new positions in their regional back office.
- ▶ Construction costs have increased 24% in the first 9 months of the year. The construction cost of a Triple A office is estimated in USD 2165/m<sup>2</sup>, slightly higher than the cost of the internal improvements.
- ▶ Although 24,000 of the 30,000 m<sup>2</sup> of the Belgrano Office tower have been leased, it is one of the most vacant buildings, together with Altman Eco Office, GO Green Office, Omega Park, and Madero Harbour Tower 5. The former ones located in Macrocentro and the latter in southern Puerto Madero, which together sum up 28,000 m<sup>2</sup> of available space.
- ▶ The cap rate is the lowest of the decade due to the unfavorable relation between the property value and the return gained. It is influenced by the dispersion of the exchange rate used in transactions which varies between 4 and 5% annually.
- ▶ In a nutshell, prices have slowly increased and there is more activity around the construction of corporate properties, which seems to be a market upturn.
- ▶ Although we have to wait for the results of the runoff, recent elections generated expectations in real estate market agents, especially if there is a recovery in the business climate and the exchange rates can be unified, inflation is lowered, and exchange restrictions are eliminated, which will attract new investments.

**Note:** US dollars seller's exchange rate according to Nación Bank.

### Lease Values in Latin America



### 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> In Block

Heat/Cool AC - Underfloor Duct - Parking Slots

### Av. Libertador 110 -PB | Vicente Lopez



Useful Area: 350 m<sup>2</sup>

AV - Free Plants - technical floor - Parking slots

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