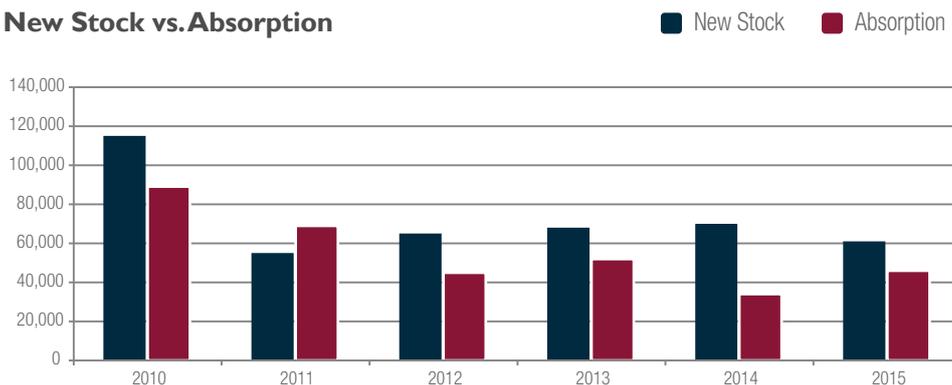


MARKET REPORT - OFFICES IN BUENOS AIRES

- ▶ The district of Pilar, located 54 km Northwest from Buenos Aires, has exceptionally expanded over the last 35 years both as regards population and business office developments, infrastructure, and hotels. This expansion process was mainly due to an important number of business people who settled in some of the many gated communities and private neighborhoods of the area, who were determined to avoid their long and tiresome commute from and to their offices downtown. This way, a demand for corporate spaces was created, driving as well as absorbing the supply of such corporate spaces. Horizontally developed buildings, either near or in front of Panamericana are already characteristic, with a continuous office supply. Average lease value is between 10 and 16 USD/m²/month.
- ▶ In addition, the Panamericana Corridor shows a vacancy rate similar to the average rate for central areas, but interestingly having considerably lower values, ranging from 20 to 24 USD/m²/month, that is, 20-25% less than Downtown values, which makes them very competitive for companies determined to reduce costs.
- ▶ As to the market vacancy rate average, it remains around 8.40%. In terms of activity operations, it is a healthy index because companies have alternatives to choose and relocate and it is a logical framework to negotiate prices.
- ▶ In 2015, the inventory of Cass A and A+ offices increased by 61,000 m² as compared to the 70,000 m² in 2014. A 57% of this corresponded to the 9 de Julio sub-market, 23% to the Panamericana Corridor, and 20% to Puerto Madero. The 9 de Julio sub-market accumulates 33% of the available surface, followed by Puerto Madero with 25%. Since 2000 the yearly average of incorporated meters was about 60,000 m² of rentable area.
- ▶ The two big projects under construction in Catalinas will incorporate in the next months 89,000 m² to the stock in the most dynamic and sought-after sub-market of the City, 85% of such surface being the property of two financial institutions that will consolidate there their new offices, so there will be only 13,350 m² available for lease.
- ▶ The average expenses value is around 87 ARS/m²/month and the items that most influence such cost are salaries and wages and social security contributions of security and reception staff.
- ▶ In specific cases, a slower pace in the replacement of tenants leads to lower lease values. This makes some owners of long-term empty spaces negotiate lease values under the market average in order to have such spaces rented. By way of reference, a 50% of the vacant premises have been vacant for more than 6 months.
- ▶ The cost of moving facilities and furniture of a new office is between 800 and 1,500 USD per square meter.

New Stock vs. Absorption



Torre Bellini Esmeralda



Useful Area: 12,000 m²

500 m² Stories - Available Stories - AC - Parking Slots

Chile y Paseo Colón | San Telmo



Useful area:

4,477 / 5,784 / 10,261 m²

AC - Free Stories - Parking Slots

Av. Libertador 6350 | Nuñez



Useful Area: 1,000 UP TO 5,000 m²

AAA Building - AC VRV - Fitted Stories

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