

Office Snapshot Q3 2015

Buenos Aires, Argentina

BUENOS AIRES

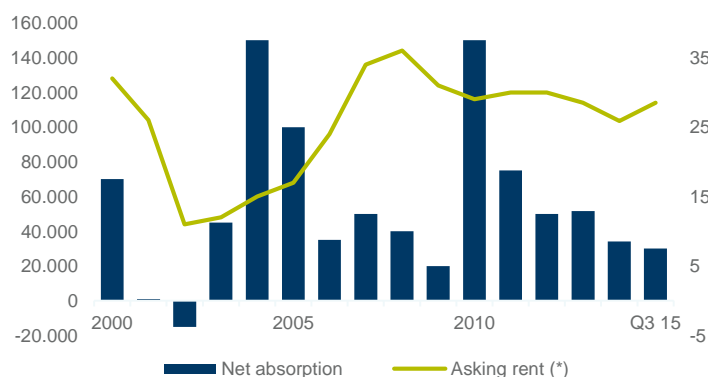
Economic indicators

	Q3 14	Q3 15	12-Month Forecast
Unemployment rate	7.5%	6.6%	▼
GDP variation rate	-0.8%	2.3%	■
Inflation index	41.0%	26.6%	■

Market indicators

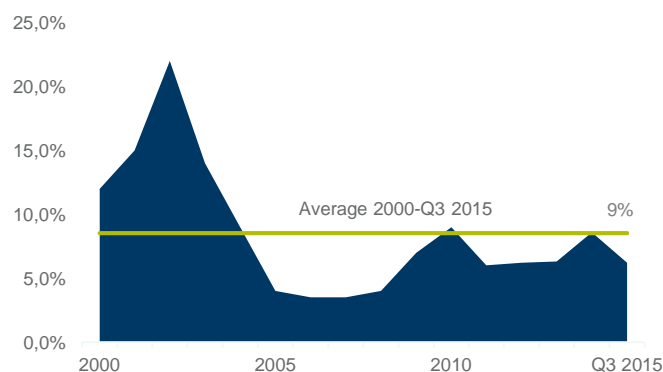
	Q3 14	Q3 15	12-Month Forecast
Overall vacancy	8.3%	6.2%	▼
Net absorption (sqm)	14,000	13,700	▲
Under construction (sqm)	163,850	272,300	■
Average asking rent (*) (USD/sqm/month)	26.3	28.5	▲

Net absorption (sqm) / Asking rent (USD/sqm/month)



(*) corresponds to average of submarkets Catalina-Retiro and 9 de Julio.

Overall vacancy (%)



Economic outlook

While the country awaits the upcoming presidential elections economic indicators remain relatively calm in an economic and political context that is very much in limbo. This is reflected in the official data that the INDEC (The National Censuses and Statistics Institute) has released, which, compared to last quarter, shows a slight growth of 0.5 % of economic activity for the second quarter of 2015. The government is still not able to resolve the conflict with the holders (of sovereign bonds issued by the Government of Argentina who did not participate in the two original debt restructurings carried out by the Government), which detracts from and restricts access to the international credit market.

On top of this, the state finances its budget deficit by issuing bonds at high interest rates, a short-term strategy that improves Central Bank reserve levels.

The external market is still affected by the import barriers, hindering its expansion. As a result, the trade balance fell again to \$51 million usd in August.

Despite the unfavorable economic environment in the real estate sector, investor interest is beginning to show, because the commercial property market continues to show favourable indicators.

Office market outlook

The office market is displaying a downward trend in vacancy that is being driven by the continued occupation of new buildings that had been empty for several months. Sustained demand in some submarkets has driven up rental prices, generating a revaluation of these areas. Certainly, the 9 de Julio corridor, Puerto Madero and Libertador NCBD, were the most dynamic submarkets during the last month, taking up almost the entire available surface area.

During this quarter the available surface area was reduced by 18% compared to last quarter, leaving a relatively low vacancy rate of 6.2%, a figure 1.3 percentage points lower than the previous quarter.

In a scenario with a limited amount of available square meters scattered throughout many different buildings, construction is starting to gain importance as more tenants search for large blocks of space.

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Rental rates continue to show an upward trend for the third consecutive quarter, and the Non-CBD market is showing further acceleration in its growth rate. Regarding the future development of the office market, it is expected that during the 2016-2019 period, 275.2 thousand square meters of class A space will be added. However 44% of this will be non-speculative, and owner-occupied, significantly reducing the availabilities in the near-term. A positive sign is the projected class A surface area that will total 417,800 square meters, or represents 40% of the current inventory.

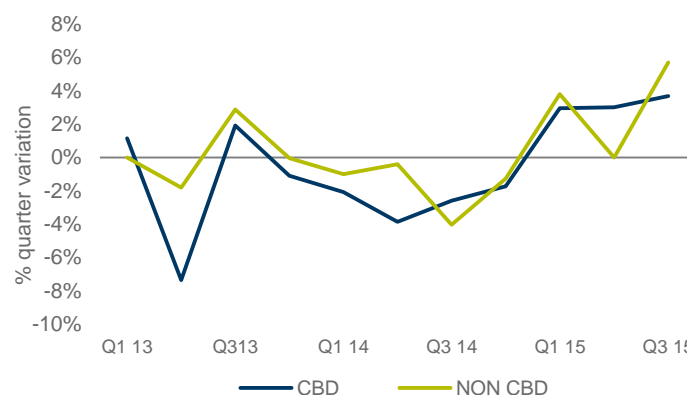
44% OF THE CLASS A SURFACE UNDER CONSTRUCTION IS NON SPECULATIVE. THIS WILL REDUCE FUTURE CLASS A OFFERINGS.

Market overview

- Vacancy is trending downward.
- Scarce available area, and most of it is scattered throughout many different buildings.
- Rental prices are showing growth for the third consecutive quarter.
- 44% of the class A surface area under construction is non-speculative. This reduces the future availabilities in this class range.

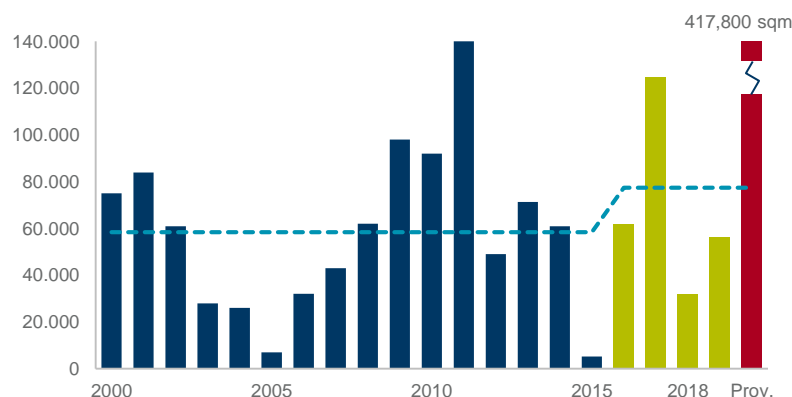
Class A asking rent CBD / NON CBD

THE ASKED RENT IN NON CBD AREA INCREASED A 8,4% DURING THE LAST YEAR



New supply (sqm) / Projected surface (sqm)

THE UNDER CONSTRUCTION AND PROJECTED SURFACES RISES 33% OVER THE HISTORICAL AVERAGE



SUBMARKET	BUILDINGS CLASS A	INVENTORY CLASS A	SURFACE AVAILABLE (SQM)	VACANCY RATE	AVERAGE ASKING RENT (USD/SQM/MONTH)	UNDER CONSTRUCTION (SQM)	PROJECTS (SQM)
Puerto Madero	14	229,110	19,290	8.4%	26.0	14,060	-
Catalinas-Retiro	8	184,510	5,200	2.8%	31.5	124,000	39,900
Panamericana	16	177,120	10,570	6.0%	25.5	-	155,530
Microcentro	9	170,770	5,580	3.3%	24.0	-	-
9 de Julio	7	80,450	21,090	26.2%	25.5	-	-
Libertador GBA	8	75,875	2,080	2.7%	28.0	31,850	132,850
Centro Sur	2	46,695	-	-	20.5	35,000	19,500
Zona Philips	4	45,560	-	-	24.0	6,500	70,000
Libertador CABA	1	12,380	-	-	26.0	50,000	-
Centro Norte	1	11,840	380	3.2%	26.0	13,800	-
TOTAL CLASS A	70	1,034,310	64,190	6.2%	26.3	275,210	417,780
CBD area	41	723,380	51,540	7.1%	24.0	172,800	59,400
NON CBD area	26	310,940	12,660	4.1%	25.9	102,410	358,380

MARKETBEAT

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OFFICE MARKET MAP WITH SUBMARKET DIVISION

BUENOS AIRES / ARGENTINA



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Karina Longo

Resp. Market Research
Carlos Pellegrini 1141, 6° piso
C1009, Buenos Aires, Argentina
Tel: +11 5555 1111
Fax: +11 5555 1100
Karina.longo@sa.cushwake.com