

Office Snapshot Q4 2015

Buenos Aires, Argentina



BUENOS AIRES

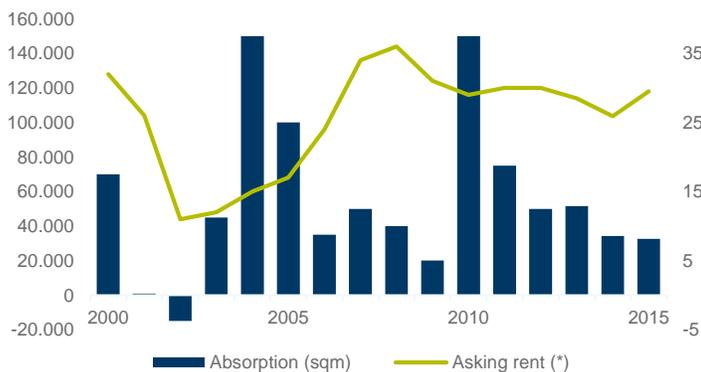
Economic indicators

	Q4 14	Q4 15	12-Month Forecast
Unemployment rate	6,9%	5,9%	▼
GDP variation rate	-0,8%	2,3%	■
Inflation index YTD	41,0%	26,0%	▼

Market indicators (Class A)

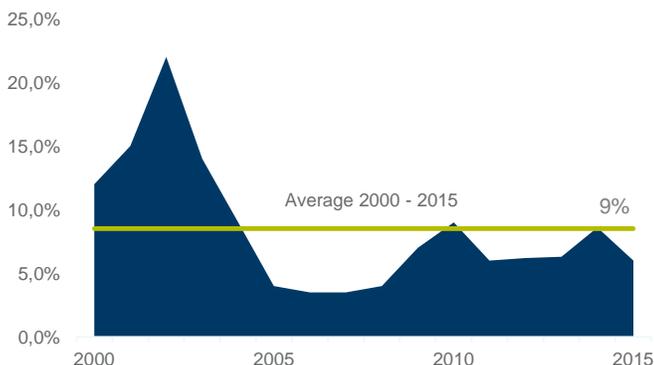
	Q4 14	Q4 15	12-Month Forecast
Overall vacancy	8,6%	6,0%	▼
Net absorption (sqm) YTD	34.190	32.510	▲
Under construction (sqm)	163.850	272.300	■
Average asking rent (*) (USD/sqm/month)	25,9	29,5	▲

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



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

Overall vacancy (%) (Class A)



Economic outlook

2015 ended with a politic change of cycle which has created big expectations on the economic future of the country. The new government faces an extended list of challenges. The most immediate are to recover confidence of international investors to facilitate the access to international credit markets and reactivate the economy, control inflation and reconstruct reserves of the Banco Central.

Notably, one of the first measures implemented of the new government was the finalization of restrictions to access the exchange market, which in the past was one of the principle problems for the development of the real estate sector and made it difficult foreign companies located in the country to rotate dividends to their own countries of origin.

In spite of lack of official statistics, the private consultants are cautiously optimists, auguring a slight improvement of the economy from the second semester of the year, although is very early to give figures in advance.

In a regional level, the political crisis of Brazil together with its economic deterioration, will affect in a negative way the demand of industrial manufactures, especially the automotive sector.

Office market outlook

In the short term a scenario of limited availability of area for Class A is presented, fragmented in different buildings, which could make it difficult to find considerable areas inside a same property.

This scenario is aggravated if we consider that actually the major parts of buildings in construction are delayed, waiting for bigger certainties in the economic plan, meanwhile the majority of the office projects are insufficiently developed. In addition, the 44% of the area in construction is not speculative, meaning it would be occupied by the owners of the buildings, reducing even more the future offer of office space.

However, it is expected that with the recent change of course in politics and the finalization of restrictions to access the exchange market, the developers show to be more proactive facing a more predictable economic panorama.

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In respect of the demand, it is expected that the companies continue to reactivate the pursuits that were paralyzed waiting for more accurate politic and economic signals. As a result, the rental activity will gain importance against the buying and selling transactions.

In the last quarter of 2015 the vacancy continued with its low tendency, moving backwards to 6%, leaving only 36% of the buildings class A with available area. With a vacancy level significantly beneath the average, the rent prices continue to rise registering an increase of 3,5% respect to the previous quarter and an accumulated annual growth of 13.9%.

IN THE SHORT TERM, THE MARKET COULD SHOW SCARCITY OF AVAILABLE AREA AGAINST THE INCREASING REACTIVATION OF THE DEMAND.

Market overview

- Although the dollar exchange rate increased by the BCRA, the rental prices continued slightly to grow, showing increases that accumulated a growth of 14%.
- Scarce areas available. Only 36% of class A buildings have vacant space.
- Future areas delayed. Some buildings in construction and in project delayed their progress waiting for more accurate signals of the market.

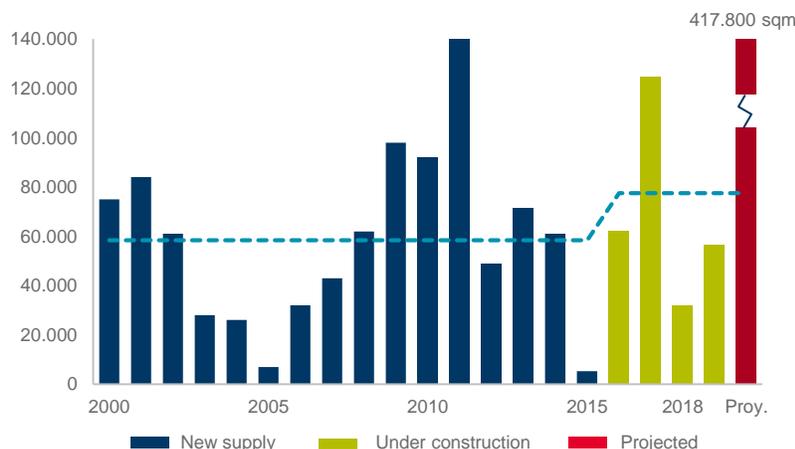
Class A asking rent CBD / NON CBD

THE ASKED RENT IN NON CBD AREA INCREASED A 14,9% DURING THE LAST YEAR



New supply (sqm) / Projected surface (sqm)

UNDER CONSTRUCTION AND PROJECTED SPACE 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)	PROJECTED (SQM)
Puerto Madero	14	229.110	19.730	8,6%	26,5	14.060	-
Catalinas-Retiro	8	184.510	7.010	3,8%	33,0	124.000	39.900
Microcentro	9	170.770	3.360	2,0%	24,5	-	-
9 de Julio	7	80.450	21.070	26,2%	26,0	-	-
Centro Sur	2	46.695	-	-	20,5	35.000	19.500
Centro Norte	1	11.840	-	-	26,5	13.800	-
CBD	41	723.375	51.170	5,0%	26,2	172.800	59.400
Panamericana	16	177.120	9.770	5,5%	25,5	-	155.530
Libertador GBA	8	75.875	920	1,2%	29,5	31.850	132.850
Zona Philips	4	45.560	-	-	26,0	6.500	70.000
Libertador CABA	1	12.380	-	-	26,0	50.000	-
NON CBD	26	310.935	10.690	1,0%	26,8	102.410	358.380
TOTAL CLASS A	70	1.034.310	61.860	6,0%	27,1	275.210	417.780

MARKETBEAT

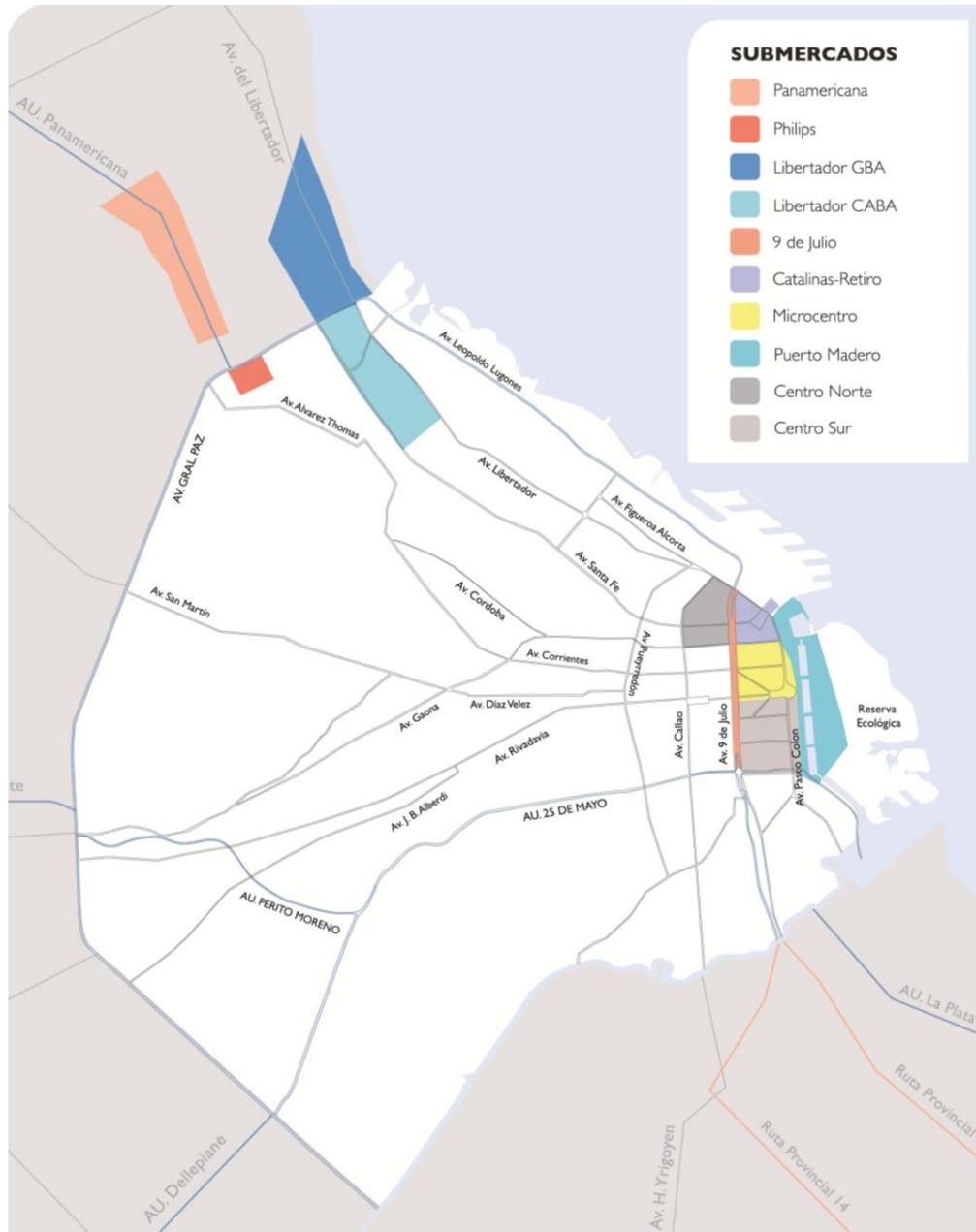
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OFFICE MARKET MAP WITH SUBMARKET DIVISION

BUENOS AIRES / ARGENTINA



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