

**BUENOS AIRES**

**Economic indicators**

	S1 16	S2 16	12-Month Forecast
Unemployment rate (Q3)	5,9%	8,5%	▼
Monthly Industrial Estimator	-3,3%	-4,9%	■
Inflation index (1° semester vs. 2° semester)	27,1%	40,0%	■

**Market indicators**

	S1 16	S2 16	12-Month Forecast
Overall vacancy	8,7%	8,3%	▲
Net absorption (sqm)	70.350	82.300	■
Under construction (sqm)	197.500	239.430	■
Average asking rent (*) (USD/sqm/month)	7,5	7,1	■

(\*) corresponds to average of submarkets of North zone

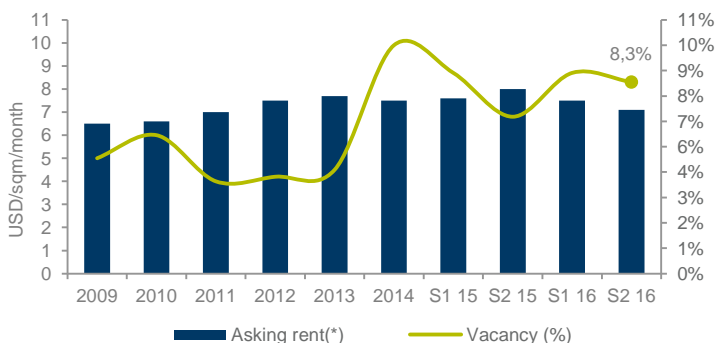
**New inventory (sqm) / Projected surface (sqm)**

UNDER CONSTRUCTION AND IN PROJECT INVENTORY IS 49% ABOVE THE HISTORICAL AVERAGE



**Asking rent (USD/sqm/month) / Vacancy (%)**

VACANCY DESCENDED OVER THE PREVIOUS PERIOD



(\*) corresponds to average of submarkets of North zone

**Economic outlook**

In 2016, the economy is set to record another sharp fall, particular in the industrial sector. This economic setback reflects low real wages affected by a context of high inflation, increased in the tariffs on basic services and salaries adjustments below the estimated annual inflation rate for 2016 (40%)

The main challenges that the government need to achieve in 2017 is to revive Argentina's economy. In order to reactive economic activity and support real wages it will be necessary to control inflation.

The Monthly Industrial Estimator (EMI) registered a decline of 4,1% in November as compared to the same period of 2015, while the accumulated over the first eleven month of the year is of 4,9%, lower than last year's average.

However, bearing this in mind, 2017 looks promising. The economic growth is projected to rebound impulse by changes in economic policy, for example the recovery and return of the national industry to the world.

In this sense, the government is implementing reforms to open up the economy by providing greater market access, integrating value chains and doing business with the rest of the world. The big remaining challenge, although, is to improve the competitiveness of local industry.

**Market overview of logistic centers and warehouses**

Beyond the current economic context, the market continues to show great dynamism and reactivation.

The areas under construction increase over the second semester of 2016. Several developments are soon to enter the market and new projects are under reviewed to proceed to construction. The new Premium spaces set a record in 2016 by overcoming in 44% the average of the last five years.

The demand accompany the growth of the offer reaching an annual net absorption of 152.600 sqm, 6,7% higher than last year. This results show the high dynamism of the market in the last semester of 2016.

The Triángulo San Eduardo submarket continued concentrating the largest part of the rent activity, which was impulse by the incorporation of new inventory. This validates the preference of the companies to be strategically located and the high dependency on the commercialization under the modality built to suit as new supply has entered the market already pre-leased.

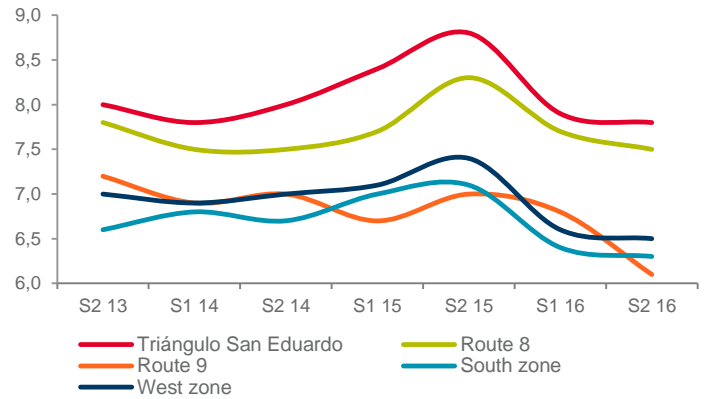
**THE NEW PREMIUM SPACES SET A RECORD IN 2016 BY OVERCOMING IN 44% THE AVERAGE OF THE LAST FIVE YEARS**

The greater efficiency of the Triángulo San Eduardo submarket pushed down the vacancy rates which reached 7,2% in 2016.

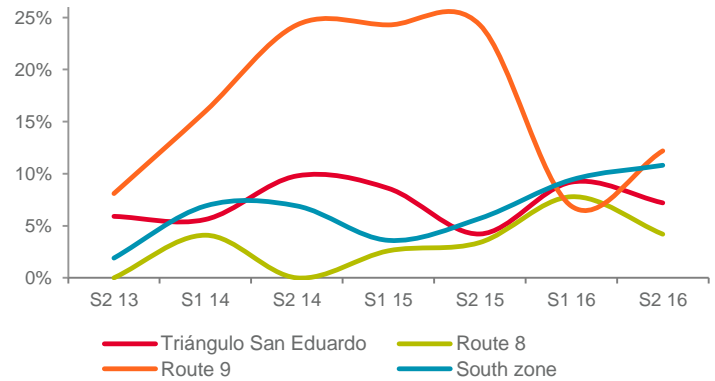
Rental prices measured in dollars began to pick up historic values. While the restrictions to the access to the exchange market were applied, the sector operated under a devalued Dollar, and rental prices measured in dollars showed an upward trend.

The end of these restrictions motivated rental prices in dollars to return to historic values and in the local currency, despite the change in the economic scenario.

Asking rent per submarket (USD/sqm/month)  
THE ASKING RENT DECLINED 1,6% DURING THE LAST SEMESTER



Vacancy per submarket (%)  
THE VACANCY IN THE SUBMARKET ROUTE 8 WAS REDUCED TO 4,2%.



SUBMARKET	INVENTORY CLASS A	SURFACE AVAILABLE (SQM)	VACANCY RATE	AVERAGE ASKING RENT (USD/SQM/MONTH)	UNDER CONSTRUCTION (SQM)	PROJECTS (SQM)
GBA Norte	1.065.370	89.580	7,7%	7,1	189.200	858.910
- Triángulo San Eduardo	799.300	57.700	7,2%	7,8	129.450	578.910
- Route 8	104.080	4.400	4,2%	7,5	52.420	125.000
- Route 9	161.990	19.790	12,2%	6,1	-	55.000
GBA Sur	325.840	35.200	10,8%	6,3	57.560	13.420
GBA Oeste	26.000	-	-	6,6	-	15.000
<b>TOTAL CLASS A</b>	<b>1.418.200</b>	<b>117.090</b>	<b>8,3%</b>	<b>7,1 (*)</b>	<b>239.430</b>	<b>787.330</b>

(\*) correspond to average weighted of asking rent.

