

## Industrial Q4 2019

	YoY Chg	12-Mo. Forecast
<b>18.5%</b> Vacancy Rate	▼	▲
<b>191.9K</b> Net Absorption, SQ.M	▼	▲
<b>R\$19.19</b> Asking Rent, PSQ.M	▼	▬

(Classes A and A+)

### ECONOMIC INDICATORS

	YoY Chg	12-Mo. Forecast
<b>0.6%</b> Brazil Q3 GDP (QoQ)	▲	▲
<b>4.3%</b> CPI Inflation 2019	▲	▼
<b>1.0%</b> Industrial Production (YoY)	▲	▲

Source: IBGE; LCA

### Economic

Moving forward, the Brazilian economic market will continue to improve following an unpromising first half of the year. At the end of 2019Q3, GDP was predicted to grow 1%, and after December, was revised to 1.1%. As well as the GDP, the CPI Inflation also had its forecasts revised upwards, from 3.5% to 4.31%, signaling an improvement in consumers' appetite. This coincided with the confidence Index which has started to increase again in the last quarter of 2019.

The interest rate was forecasted to be 5.25% for the end of the year, but after the pensions reform approval, COPOM started to cut the rate even faster, and it closed out the year at 4.5%.

Furthermore, the exchange rate was one of the indicators that didn't improve last quarter. The forecast went from R\$3.95 to R\$4.10, mainly due to the trade war between the USA and China.

### Market Overview Brazil

The positive forecast for supply and demand for the logistic market that was predicted for the year, came to fruition in 2019. The country delivered almost 100k sq.m more of new class A and A+ inventory than the previous year and the vacancy rate fell steadily throughout 2019.

Thus, the 505.7k sq.m of new logistics parks added to the inventory this year are divided in the Southeast and the South region of Brazil. These two regions have the largest demand from tenants who seek prime warehouses with the best amenities. These modern logistic buildings have been developed mainly for retail and wholesale companies in order to expand and improve their operations in the largest logistic hubs in the country.

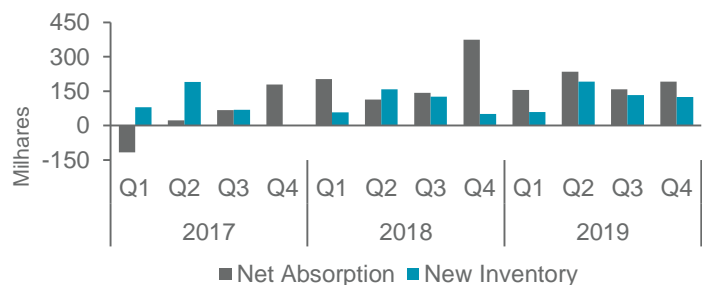
Moreover, the net absorption of the last quarter was 191.9k sq.m and the total net absorption of 2019 was 739k sq.m, a decreased of 11% (YoY). The Northeast and the North region performed below the other regions. While the Southeast and the South contributed to increase the lease activity in Brazil.

### Vacancy and Asking Rent

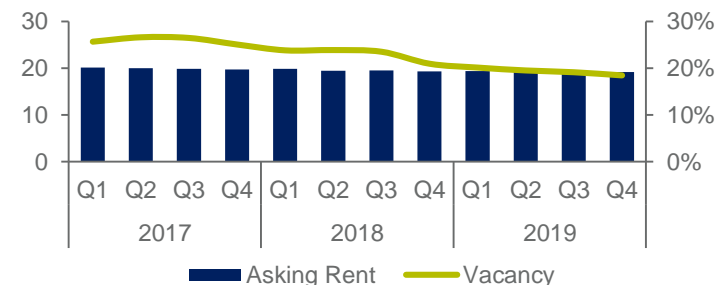
The steady decline in vacancy rates in 2019 has pushed the vacancy to its lowest level in 5 years. Thus, the current rate of 18.5% decreased by 2.4 p.p. (YoY).

However, the market's positive supply and demand did not reflect so strongly on the asking price. This fluctuated quite a bit over the year and closed out fourth quarter at R\$19.19 sq.m/month, a decrease of 0.6% (YoY). Even the asking price fell 7.1% in the North (QoQ), the region still has the highest price in Brazil.

### NET ABSORPTION / DELIVERIES



### VACANCY / ASKING RENT



## Industrial Q4 2019

SUBMARKET	INVENTORY (SQ.M)	AVAILABLE SPACE (SQ.M)	VACANCY RATE	CURRENT QTR NET ABSORPTION (SQ.M)	YTD NET ABSORPTION (S.QM)	YTD LEASING ACTIVITY (S.QM)	UNDER CNSTR (S.QM)	YTD CNSTR COMPLETIONS (S.QM)	AVG ASKING RENT (ALL CLASSES)	AVG ASKING RENT (CLASS A AND A+)
Amazonas	307,454	139,024	45.2%	5,589	6,480	39,538	-	-	R\$ 20.84	R\$ 21.21
Bahia	48,415	1,434	3.0%	-1,434	1,992	3,426	56,113	-	R\$ 16.67	R\$ 14.00
Paraná	642,246	76,769	12.0%	-418	-3,255	16,231	-	4,741	R\$ 16.49	R\$ 16.09
Pernambuco	756,994	101,813	13.4%	-6,008	-15,183	18,183	42,330	-	R\$ 17.49	R\$ 18.02
Rio Grande do Sul	253,805	76,846	30.3%	32,173	38,613	50,613	-	105,126	R\$ 14.72	R\$ 17.51
Minas Gerais	659,555	78,760	11.9%	25,388	41,712	65,377	193,182	10,568	R\$ 20.13	R\$ 20.05
Ceará	113,439	19,627	17.3%	5,119	-1,707	5,119	-	-	R\$ 15.19	R\$ 15.19
Pará	53,995	13,701	25.4%	-	19,662	19,662	-	-	R\$ 23.00	R\$ 23.00
Santa Catarina	135,377	17,000	12.6%	-	30,000	30,000	-	30,000	R\$ 14.31	R\$ 12.00
<b>Other Regions</b>	<b>2,971,280</b>	<b>524,974</b>	<b>17.7%</b>	<b>60,409</b>	<b>118,314</b>	<b>248,149</b>	<b>291,625</b>	<b>150,435</b>	<b>R\$ 17.97</b>	<b>R\$ 18.77</b>
Campinas	1,318,427	230,520	17.5%	6,503	18,404	62,756	122,326	-	R\$ 15.79	R\$ 16.45
Jundiaí	1,506,962	256,007	17.0%	12,672	50,682	150,627	163,440	-	R\$ 17.65	R\$ 17.63
Cajamar	1,354,117	97,597	7.2%	27,245	196,495	246,120	365,177	147,608	R\$ 22.06	R\$ 22.06
Guarulhos	1,302,353	176,370	13.5%	50,038	178,959	196,959	54,200	90,609	R\$ 21.41	R\$ 21.36
Barueri	814,021	184,916	22.7%	1,296	5,371	44,852	32,813	48,344	R\$ 20.87	R\$ 20.11
Embu	740,325	121,838	16.5%	-22,632	8,236	66,492	-	-	R\$ 20.85	R\$ 20.87
Capital - SP	107,082	-	-	-	-	1,320	-	-	R\$ 25.09	-
Atibaia	361,529	74,439	20.6%	3,329	16,664	43,251	-	13,623	R\$ 19.86	R\$ 19.53
Vale do Paraíba	252,277	109,981	43.6%	-	-	-	-	-	R\$ 15.75	R\$ 15.00
Sorocaba	301,066	128,028	42.5%	-	21,671	25,191	-	-	R\$ 17.11	R\$ 17.46
Grande ABC	393,122	46,809	11.9%	39,590	59,398	70,788	-	55,111	R\$ 23.53	R\$ 23.62
Ribeirão Preto	138,677	1,496	1.1%	6,486	26,709	29,381	-	-	R\$ 15.11	R\$ 16.00
Piracicaba	143,313	68,996	48.1%	-	-	-	-	-	R\$ 16.73	R\$ 16.73
<b>São Paulo</b>	<b>8,733,270</b>	<b>1,496,997</b>	<b>17.1%</b>	<b>124,527</b>	<b>582,589</b>	<b>937,737</b>	<b>737,956</b>	<b>355,295</b>	<b>R\$ 18.84</b>	<b>R\$ 18.79</b>
Duque de Caxias	812,396	307,243	37.8%	2,566	27,912	57,023	100,000	-	R\$ 21.78	R\$ 21.78
Pavuna	308,512	49,988	16.2%	-7,173	1,944	9,117	30,000	-	R\$ 23.22	R\$ 22.81
Queimados / Seropédica	219,142	126,020	57.5%	8,088	11,126	12,920	-	-	R\$ 18.54	R\$ 18.54
Santa Cruz / Campo Grande	327,311	-	-	6,466	-	6,466	28,710	-	-	-
Belford Roxo / Nova Iguaçu	-	-	-	-	-	-	-	-	R\$ 22.00	-
Vale do Paraíba Fluminense	211,395	12,549	5.9%	-2,989	-4457	-	-	-	R\$ 16.00	R\$ 16.00
Campos	24,534	-	-	-	-	-	12,185	-	R\$ 14.00	-
Avenida Brasil	34,580	-	-	-	1,719	2,293	-	-	-	-
<b>Rio de Janeiro</b>	<b>1,937,869</b>	<b>495,800</b>	<b>25.6%</b>	<b>6,958</b>	<b>38,244</b>	<b>87,819</b>	<b>170,895</b>	<b>-</b>	<b>R\$ 21.15</b>	<b>R\$ 20.83</b>
<b>Brazil</b>	<b>13,642,419</b>	<b>2,517,771</b>	<b>18.5%</b>	<b>191,894</b>	<b>739,147</b>	<b>1,273,705</b>	<b>1,200,476</b>	<b>505,730</b>	<b>R\$ 19.07</b>	<b>R\$ 19.19</b>

## KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	AREA (S.QM)	TYPE
GLP – Imigrantes SBC	Grande ABC	COOP	26,597	Lease
Distribution Park – Cajamar	Cajamar	Grupo Mafra (Cremer)	12,915	Lease
GLP – Duque de Caxias	Duque de Caxias	ID Logistics	10,076	Lease

## KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (S.QM)	PRICE/R\$ P S.QM
WT Technology Park II	Barueri	Real Techpark Empreendimentos / FII XPLOG	24,084	R\$78M / R\$3.2k
VBI LOG Extrema	Extrema	R047 Extrema / VBI Real State	23,789	R\$70M / R\$3.0k
Airport Town – Ayrton Senna	Guarulhos	BRL Trust / Vinci Logística FII	18,923	R\$65M / R\$3.4k

## Jadson Mendes Andrade

Head of Market Research & Business Intelligence

South America

Phone: +55 11 3513 6783

Fax: +55 11 5501 5144

[jadson.andrade@sa.cushwake.com](mailto:jadson.andrade@sa.cushwake.com)

## A CUSHMAN &amp; WAKEFIELD RESEARCH PUBLICATION

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

[cushmanwakefield.com](http://cushmanwakefield.com)