

## Industrial Q1 2021

	YoY Chg	12-Mo. Forecast
<b>12.6%</b> Vacancy Rate	▼	▲
<b>212.1K</b> Net Absorption, sq.m	▼	▲
<b>BRL19.01</b> Asking Rent (BRL/sq.m)	▲	▬

(Classes A and A+)

### ECONOMIC INDICATORS 2020

	YoY Chg	12-Mo. Forecast
<b>3.2%</b> Q4 GDP (QoQ)	▲	▼
<b>14.2%</b> Unemployment Rate (January/21)	▲	▲
<b>5.2%</b> CPI Inflation 12-Mo	▲	▲
<b>0.3%</b> Industrial Production (YoY)	▲	▲

Source: LCA ; World GovernmentBonds

### Economic

In the first quarter of 2021, the Covid-19 pandemic has worsened, as Brazil reached a world record in the number of deaths by the disease per day. Consequently, restrictive measures were taken, and the economy closed again across the country. As a result, the Consumer Confidence Index dropped -12.28% in comparison to the previous quarter, closing March at 70.7. However, the balance of formal jobs showed positive results, with an increase of 661,992 in the first two months of the year. In turn, after slowing 0.25% in January, inflation accelerated 0.86% in February, reaching 5.2% YTD.

In the last "Copom" released in March, the Central Bank of Brazil adopted a contractionary monetary policy by raising the Selic Rate by 75 basis points to 2.75%. This was higher than the 50 basis point increase economists had forecasted. This decision was mainly due to keep inflation within the target margin. After all, the Brazilian historical context indicates the importance of containing the price index, considering that its increase also rises its expectations. Access the most recent information specific to COVID [here](#).

### Market Overview Brazil

The strong pace of deliveries and absorptions in Brazil's logistics markets remained constant after a record year, despite the bitter environment that the country continues to face. A total of 169,346 sq.m were delivered in the first quarter of 2021, the Southeast and Northeast were the regions to receive this new product, with 130,500 sq.m and 38,800 sq.m delivered, respectively. This was the third straight quarter with new deliveries in the Northeast region.

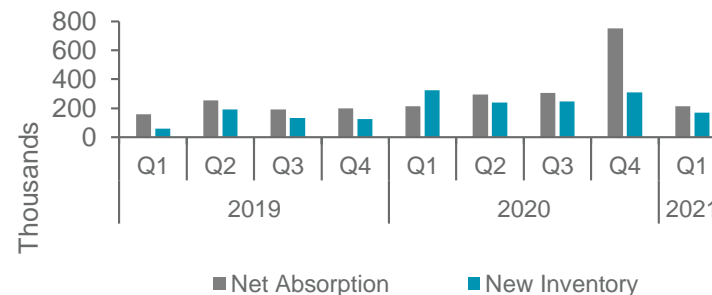
Additionally, the positive results were also evident with positive absorption. The country registered 212,100 sq.m of net absorption, almost the exact amount as seen in the same period last year. The Southeast region was the highlight as always, with 192,300 sq.m of absorption, this number is 6% higher than 2020Q1, showing the demand is still high for logistic parks in this region.

### Vacancy and Asking Rent

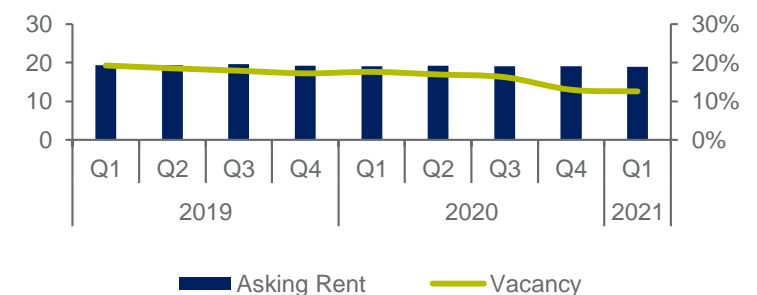
With the market continuing to have high absorption the vacancy rate continues to decrease quarter after quarter. In the first quarter the country reached the lowest ever vacancy rate of 12.58%, following a drop of 0.43 p.p. (QoQ). When compared to this same period last year the drop is 5.09 p.p. The Northeast region has the lowest vacancy rate in the country at 7.39%.

Asking prices recorded a decrease as well, with a drop of 0.5% (QoQ), closing the quarter at BRL 19.01 per sq.m/month, due to occupancy in prime logistics markets with higher prices. The price could see an increase throughout the year due to the cost of new constructions getting steeper, new inventories tend to be delivered with high asking prices. The North and Southeast regions currently have the highest asking prices in the country at BRL 22.16 per sq.m/month and BRL 19.14 per sq.m/month.

### NET ABSORPTION / DELIVERIES



### ASKING RENT (BRL/sq.m/mo) / VACANCY





SUBTITLE

- Capital - SP
- Barueri
- Campinas
- Ribeirão Preto
- Guarulhos
- Cajamar
- Atibaia
- Grande ABC
- Jundiaí
- Vale do Paraíba
- Embu
- Sorocaba

## Market Overview

São Paulo continues the good momentum seen throughout 2020 in the first quarter of 2021, registering good absorptions, drop in the vacancy rate and new deliveries, showing that the logistic market will still show positive results this year. The state registered a new delivery for the ninth straight quarter, this time with a 57,944 sq.m concentrated in Cajamar, that was already pre-leased.

Due to limited new inventory coupled with positive net absorption, the vacancy rate dropped 1.21 p.p. (QoQ), to 10.41%, the lowest mark ever recorded. When compared to 2020Q1 the drop was 6.72 p.p., showing how high the demand has been for this market. Embu had the highest drop with 4 p.p. (QoQ). Currently seven out of the thirteen major markets have a vacancy lower than 10%.



The vacancy rate dropped 1.21 p.p. (QoQ), to 10.41%, the lowest mark ever recorded.

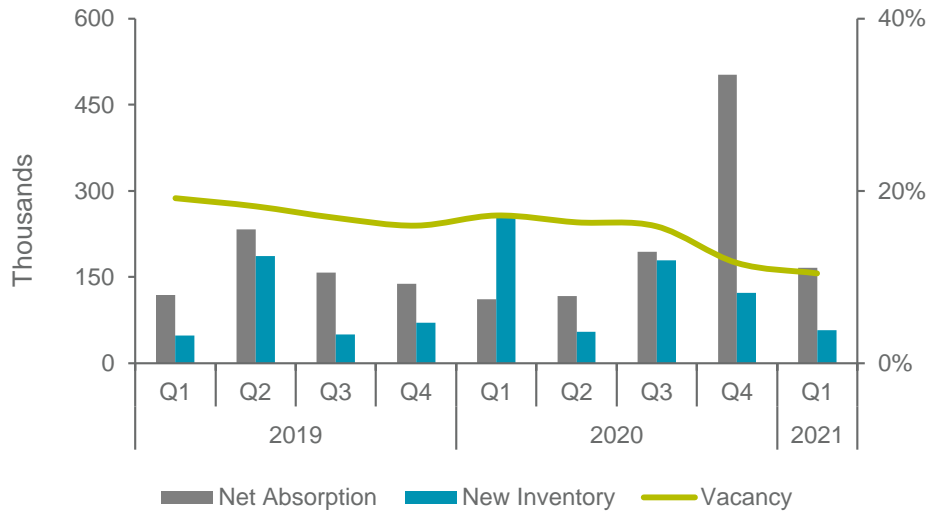


For the first time since 2020Q1 the asking price recorded an increase of 1.3% (QoQ), closing at BRL 18.60 per sq.m/month, this number is below the national market. The major market of Guarulhos registered the highest increase in the asking rent, with 5.2% (QoQ). Six regions have an asking price above the state average. This increase is a result of the occupation of areas in regions with a lower asking price like Jundiaí and Sorocaba, as well as the new inventory been occupied. Regions closer to the urban areas like Guarulhos, Barueri and Cajamar continues to have the highest asking prices.

## Industrial Q1 2021

### Net Absorption/New Inventory/Vacancy

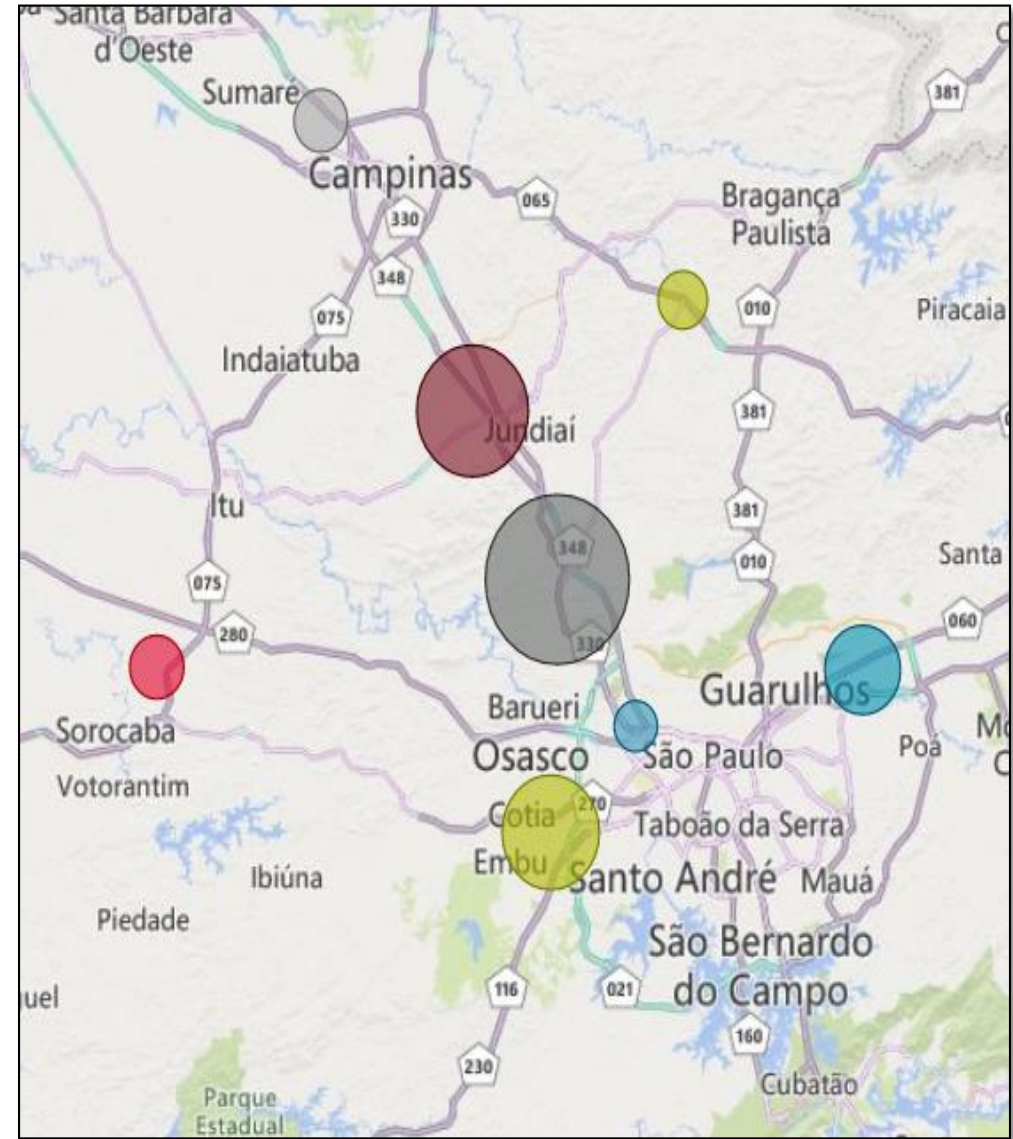
Source: Cushman & Wakefield



### Absorptions

The net absorption might not have been as high as last quarter, but it was the highest absorption for a first quarter since 2014, registering 166,107 sq.m, an increase of 49% compared to 2020Q1. Cajamar and Jundiaí were the regions responsible for 59% of the absorption, with 57,944 sq.m and 39,826 sq.m respectively, as can be seen in the bubble map.

Most of the wholesale, retail trade and manufacturing tenants are still looking for areas near São Paulo city center, so they can be closer to the consumers and attend their expectative with quality and fast deliveries despite the high asking prices. Distant areas, outside the urban center are becoming more attractive as they offer a cheaper asking price and are near the main roads that lead to the city, where the tenants can have a better negotiation with the landlords.



Major Market ● Atibaia ● Cajamar ● Campinas ● Capital - SP ● Embu  
● Guarulhos ● Jundiaí ● Sorocaba



## SUBTITLE

- Avenida Brasil
- Pavuna
- Duque de Caxias
- Belford Roxo / Nova Iguaçu
- Campos
- Santa Cruz / Campo Grande
- Vale do Paraíba Fluminense
- Queimados / Seropédica
- Niterói

## Market Overview

The Rio de Janeiro prime logistic market suffered a slowdown after incredible and surprising results in 2020. For first quarter of 2021 the vacancy rate increased, and the absorption was negative, despite receiving 47.9 thousand sq.m of new inventory. This is the second quarter in a row with new deliveries in Rio, which were concentrated in Pavuna and Queimados/Seropédica, with 29.8 thousand sq.m and 18.1 thousand sq.m respectively.

Consequently, as a result of a negative net absorption and new deliveries, the vacancy rate increased 1.91 p.p., closing at 19.20%, being the second lowest mark since 2016 and a drop of 3.79 p.p. compared to the same period last year. The major market of Pavuna was the positive highlight this quarter, with a drop of 2.04 p.p. (QoQ), finishing at 10%.



This is the second quarter in a row with new deliveries in Rio de Janeiro

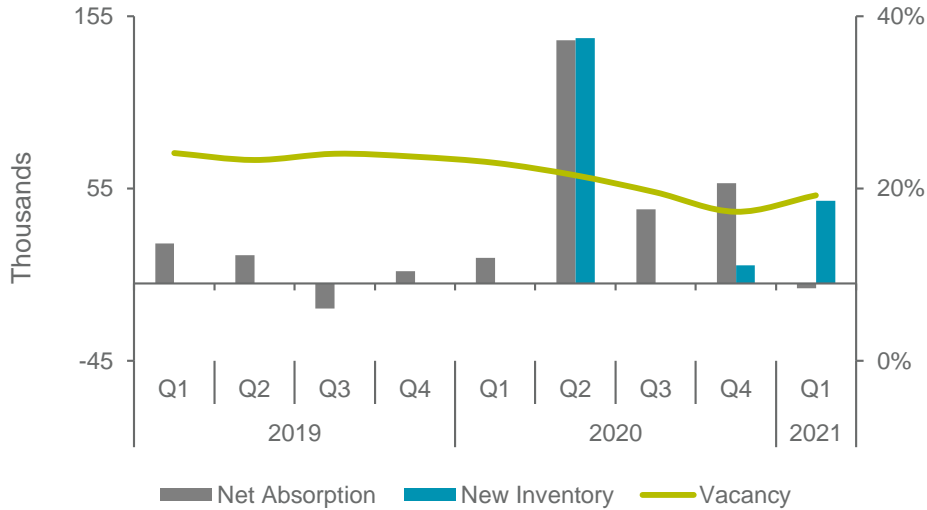


Furthermore, the state registered the lowest ever asking price at BRL 19.78 per sq.m/month, after a decrease of 4.8% (QoQ). The factor to this decrease was the big tenant exit in the major market of Santa Cruz/Campo Grande that is a region with an asking price of BRL 16.50 per sq.m/month, which is below the average, as well as occupations in Pavuna that have a high asking rent of BRL 22.53 per sq.m/month, representing well the big variations in rent prices in Rio.

## Industrial Q1 2021

### Net Absorption/New Inventory/Vacancy

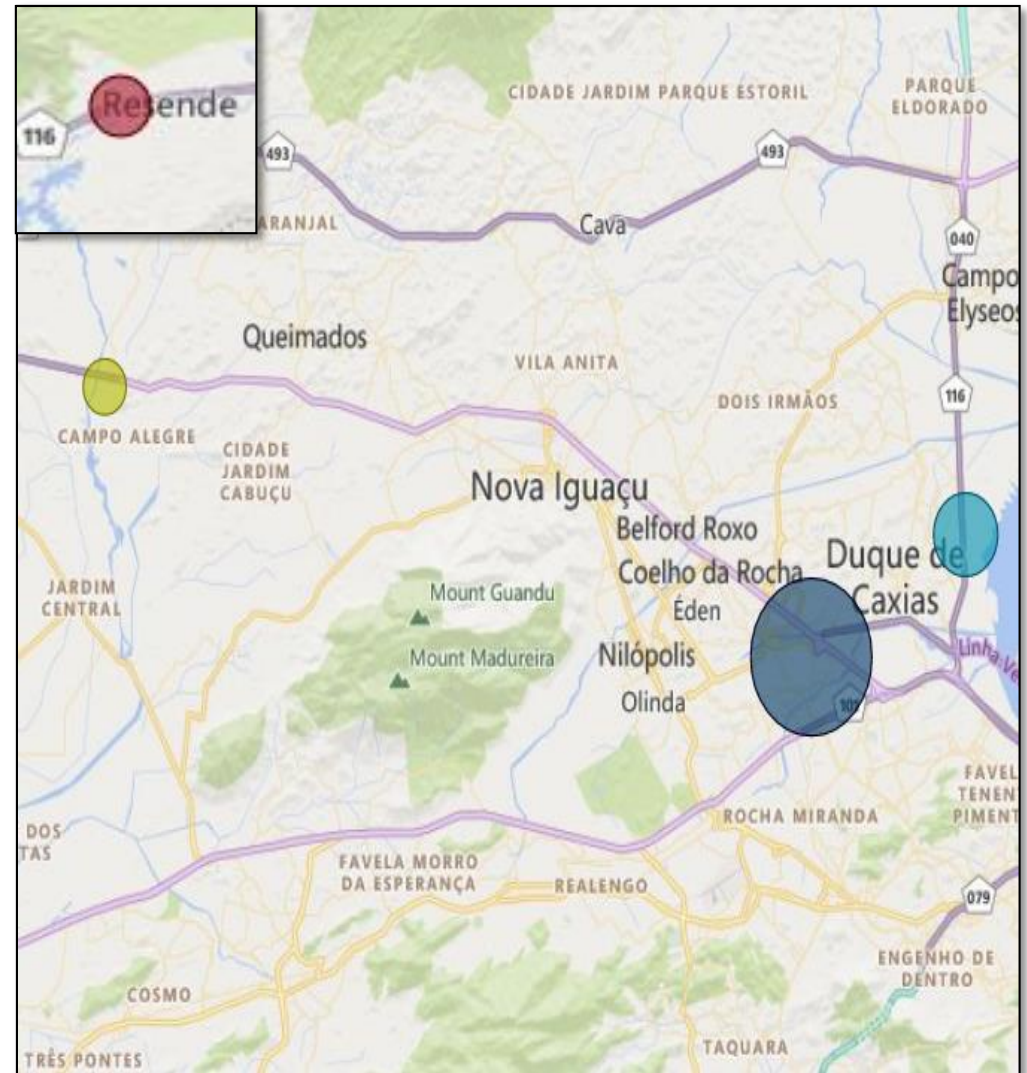
Source: Cushman & Wakefield



## Absorptions

For the first time since 2019, Rio de Janeiro logistics market registered a negative absorption of 3,013 sq.m, even though the regions of Pavuna and Duque de Caxias performed well with absorptions of 35,121 sq.m and 12,567 sq.m respectively, wasn't enough to match the high tenant exit of 51,200 sq.m in Santa Cruz/Campo Grande.

With 73% of the new inventory delivered already was pre-leased, shows that landlords are willing to wait to pre-lease partial areas before delivering them to the market. It's also noteworthy that logistic parks well located in can still attract new tenants, despite the low demand.



Major Market ● Duque de Caxias ● Pavuna ● Queimados / Seropédica  
● Vale do Paraíba Fluminense

## Industrial Q1 2021

Classes A and A+

SUBMARKET	INVENTORY (SQ.M)	AVAILABLE SPACE (SQ.M)	VACANCY RATE	CURRENT QTR NET ABSORPTION (SQ.M)	YTD OVERALL 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)*
Amazonas	307,359	119,492	38.9%	7,021	7,021	7,021	-	-	R\$ 22.12	R\$ 22.12
Bahia	104,484	-	0.0%	17,927	17,927	17,927	2,497	17,927	R\$ 16.80	R\$ ----
Paraná	669,998	62,590	9.3%	- 5,983	- 5,983	1,935	5,625	-	R\$ 17.09	R\$ 17.11
Pernambuco	795,015	68,525	8.6%	2,038	2,038	2,038	-	-	R\$ 17.34	R\$ 18.05
Rio Grande do Sul	294,951	142,755	48.4%	- 23,736	- 23,736	5,172	81,380	-	R\$ 16.24	R\$ 17.24
Minas Gerais	994,391	76,686	7.7%	29,217	29,217	35,612	219,041	24,774	R\$ 22.70	R\$ 22.38
Ceará	134,282	7,920	5.9%	22,576	22,576	22,576	47,170	20,843	R\$ 14.00	R\$ 14.00
Pará	53,995	4,545	8.4%	-	-	-	-	-	R\$ 23.00	R\$ 23.00
Santa Catarina	142,806	14,900	10.4%	-	-	-	17,600	-	R\$ 16.27	R\$ 12.00
<b>Other Regions</b>	<b>3,497,280</b>	<b>497,413</b>	<b>14.2%</b>	<b>49,060</b>	<b>49,060</b>	<b>92,281</b>	<b>373,313</b>	<b>63,544</b>	<b>R\$ 18.48</b>	<b>R\$ 19.14</b>
Campinas	1,318,427	125,352	9.5%	7,084	7,084	14,255	361,197	-	R\$ 15.90	R\$ 17.34
Jundiaí	1,663,562	253,864	15.3%	39,826	39,826	56,129	-	-	R\$ 17.38	R\$ 17.35
Cajamar	1,694,922	86,723	5.1%	57,944	57,944	57,944	85,778	57,944	R\$ 21.55	R\$ 21.55
Guarulhos	1,420,030	109,783	7.7%	19,582	19,582	31,811	250,000	-	R\$ 21.94	R\$ 22.03
Barueri	846,834	88,794	10.5%	- 801	- 801	18,900	49,606	-	R\$ 21.53	R\$ 21.78
Embu	797,853	23,914	3.0%	31,661	31,661	34,267	40,000	-	R\$ 20.66	R\$ 19.83
Capital - SP	107,082	1,350	1.3%	1,350	1,350	1,350	-	-	R\$ 21.26	R\$ 28.00
Atibaia	361,529	52,533	14.5%	4,831	4,831	11,947	-	-	R\$ 19.55	R\$ 20.06
Vale do Paraíba	252,277	112,777	44.7%	- 2,796	- 2,796	-	-	-	R\$ 17.09	R\$ 16.00
Sorocaba	346,065	57,596	16.6%	7,426	7,426	21,996	39,293	-	R\$ 16.78	R\$ 15.96
Grande ABC	357,364	-	0.0%	-	-	-	81,476	-	R\$ ----	R\$ ----
Ribeirão Preto	138,677	1,674	1.2%	-	-	-	11,789	-	R\$ 15.25	R\$ 17.00
Piracicaba	143,313	68,996	48.1%	-	-	-	-	-	R\$ 16.73	R\$ 16.73
<b>São Paulo</b>	<b>9,447,935</b>	<b>983,356</b>	<b>10.4%</b>	<b>166,107</b>	<b>166,107</b>	<b>248,599</b>	<b>919,137</b>	<b>57,944</b>	<b>R\$ 18.55</b>	<b>R\$ 18.60</b>
Duque de Caxias	912,397	213,779	23.4%	12,567	12,567	12,567	-	-	R\$ 20.59	R\$ 20.39
Pavuna	434,453	43,472	10.0%	35,121	35,121	35,121	30,174	29,826	R\$ 22.97	R\$ 22.53
Queimados / Seropédica	259,007	103,144	39.8%	4,160	4,160	8,960	-	18,032	R\$ 18.09	R\$ 18.09
Santa Cruz / Campo Grande	337,746	51,197	15.2%	- 51,197	- 51,197	-	28,710	-	R\$ 16.50	R\$ 16.50
Vale do Paraíba Fluminense	211,395	9,549	4.5%	1,505	1,505	1,505	-	-	R\$ 16.00	R\$ 16.00
Campos	36,718	-	0.0%	-	-	-	-	-	R\$ 14.00	R\$ ----
Avenida Brasil	34,580	6,317	18.3%	- 5,169	- 5,169	-	-	-	R\$ 38.98	R\$ 40.00
<b>Rio de Janeiro</b>	<b>2,226,295</b>	<b>427,458</b>	<b>19.2%</b>	<b>- 3,013</b>	<b>- 3,013</b>	<b>58,153</b>	<b>58,884</b>	<b>47,858</b>	<b>R\$ 20.29</b>	<b>R\$ 19.78</b>
<b>Brazil</b>	<b>15,171,510</b>	<b>1,908,227</b>	<b>12.6%</b>	<b>212,154</b>	<b>212,154</b>	<b>399,033</b>	<b>1,351,334</b>	<b>169,346</b>	<b>R\$ 18.85</b>	<b>R\$ 19.01</b>

## KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	S.QM	TYPE
GLP – Cajamar III	Cajamar	Amazon	57,944	Lease
Parque Torino	Betim	Vonder Ferramentas	17,000	Lease
BTLG Jundiaí	Jundiaí	Madeira&Madeira	15,968	Lease

## KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	S.QM	PRICE/BRL P S.QM
GR Guarulhos; GR Hortolândia; GR Embu	Guarulhos / Campinas / Embu	N/A / BTG Pactual	86,863	BRL 195M / BRL2.2k
KSM Log Extrema	Extrema	KSM Realty / RBR LOG – FII	82,158	BRL 270M / BRL3.2k
Galpão Jandira / CD Amazon Betim	Barueri / Betim	GLP U Participações / VBI Real Estate	79,136	BRL 305M / BRL3.8k

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