

Industrial Q2 2021

	YoY Chg	12-Mo. Forecast
12.1% Vacancy Rate	▼	▲
394.7K Net Absorption, sq.m	▲	▲
BRL19.31 Asking Rent (BRL/sq.m)	▲	▬

(Classes A and A+)

ECONOMIC INDICATORS 2021

	YoY Chg	12-Mo. Forecast
1.21% 2021Q1 GDP (QoQ)	▲	▲
14.7% Unemployment Rate (April/21)	▼	▼
8.35% CPI Inflation 12-Mo	▲	▼
0.3% Industrial Production (YoY)	▲	▲

Source: LCA

Economic Scenario

The second quarter of 2021 was marked by an acceleration of vaccination in the country, especially in the main capitals, resulting in a reduction in the number of deaths and cases of COVID-19. Because of this, there was a relaxation of restrictive measures, releasing trade in most states. As a result, there was a YoY change of 23.7% of the restricted PMC (Retail Trade), as well as an increase in the Consumer Confidence Index, which closed June at 80.3, compared to 70.7% in March. In April and May, 397,089 new jobs were created. June's Consumer Price Index was 0.53%, bringing the accumulated twelve-month index to 8.35%, the highest level since September 2016. Demonstrating an austere monetary policy, sensitive to inflation deviations from the target, the Central Bank once again increased the interest rate (SELIC) by 75 basis points to 4.25% p.a. This increase discourages the economy, but anchors inflation expectations within the target margin of 2.25% to 5.25%.

Market Overview Brazil

The number of deliveries and absorptions in Brazil's logistic markets were strong once again this quarter, showing better results than the same period last year. A total of 372,025 sq.m of new inventories were delivered this quarter, numbers that have not been seen since 2016, double compared to last quarter. The Southeast region was responsible for 89%, or 332,424 sq.m of the total delivered.

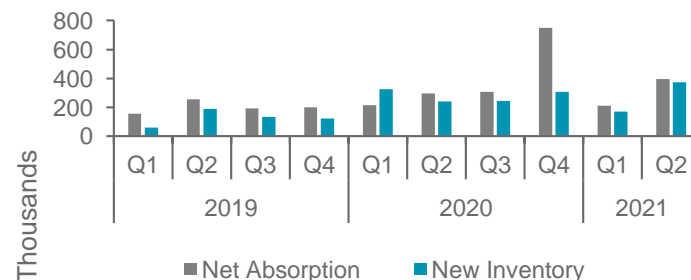
As a result, net absorption was also very ample, with 394,684 sq.m absorbed, an increase of 86% (QoQ) - was the best performing second quarter since 2014. Once again, the Southeast region was the highlight, with 258,940 sq.m of absorption, followed by the South region, that had its best absorption since 2016, with 74,641 sq.m, This shows that the demand is still concentrated in the Southeast region, but is expanding more and more around the whole country.

Vacancy and Asking Rent

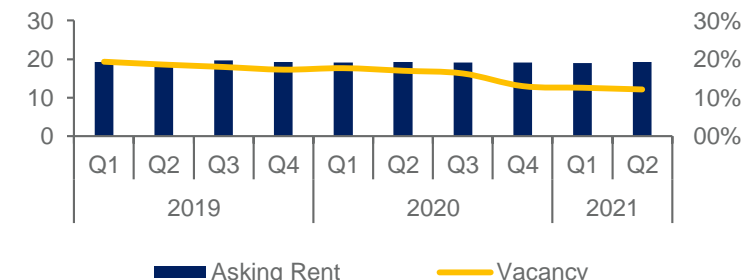
Even with the high number of sq.m delivered this quarter, the net absorption was still higher than the deliveries, resulting in a 0.45 p.p. (QoQ) drop in vacancy, and closing the quarter at a lowest ever vacancy rate of 12.13%. The South region registered a drop of 0.45 p.p. (QoQ), finishing at 13.14%, the lowest mark since 2019.

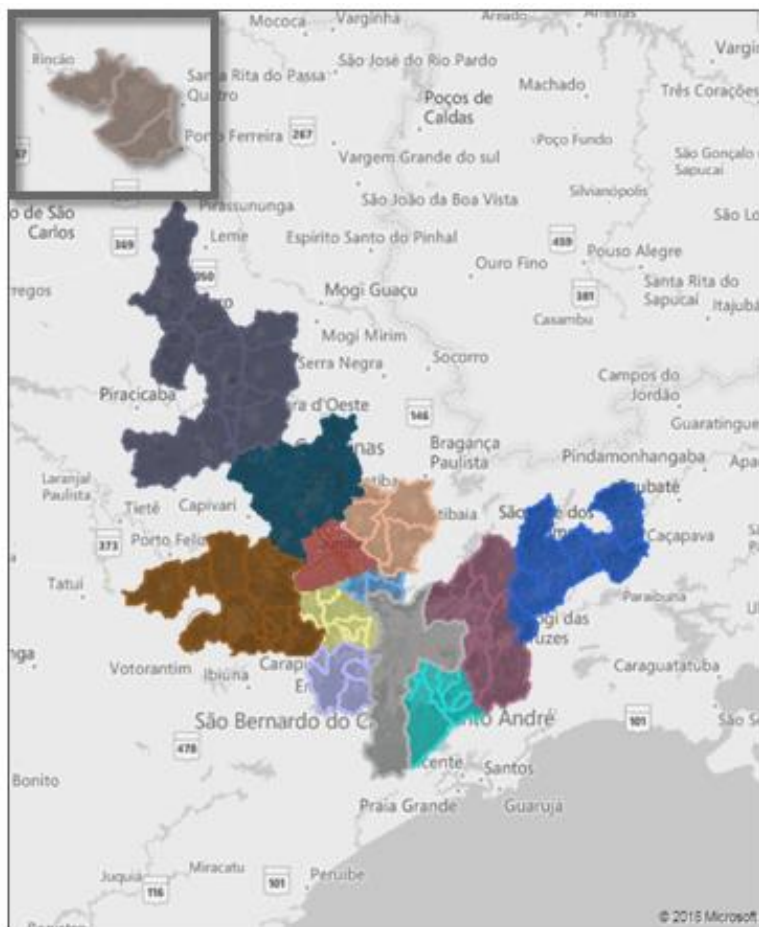
For the first time in a year, the asking price increased, 1.5% (QoQ), finishing at BRL 19.31 per sq.m/month, this is the highest asking price since 2019. This rise in the asking rent is a result of the new inventory being delivered at a higher asking price due to the inflation in the construction prices. The North and Southeast regions currently have the highest asking rent in the country, at BRL 22.26 per sq.m/month and BRL 19.35 per sq.m/month, respectively.

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’s logistic market registered good results in the second quarter of 2021, living up to the growth expectancy that was anticipated for the year. The state registered a total of 212,461 sq.m delivered in new inventory, the highest delivery since 2020Q1, with the major market of Cajamar leading the way with 125,717 sq.m, followed by Barueri and Campinas with 44,744 and 42,000 delivered, respectively.

As a result of the high availability, the vacancy rate increased for the first time since 2020Q1, this time an increase of 0.62 p.p. (QoQ), closing the quarter at 11.03%, or the second lowest since 2012, and 5.21 p.p. lower than this same period last year. The major markets of Atibaia and Barueri registered the highest decreases, 3.64 p.p. (QoQ) and 2.24 p.p. (QoQ) consequently, with the major of Cajamar recording a growth of 6.23 p.p. (QoQ), closing the quarter at 11.35%.

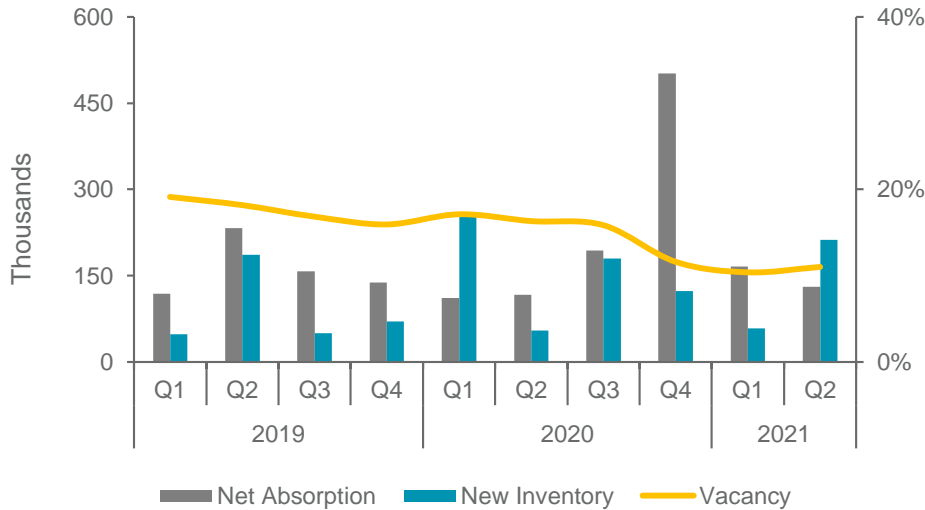
“ The state registered a total of 212,461 sq.m delivered in new inventory, the highest delivery since 2020Q1 ”

Due to the new inventories rental price being higher, the average asking rent increased by 2.5% (QoQ), finishing the quarter at BRL 19.07 per sq.m/month, the highest asking price since 2019. Currently, five regions have an asking price above the state average, with the major markets of Cajamar, Guarulhos and Barueri having the highest asking rents in the state at (BRL 22.84 per sq.m/month, BRL 22.26 per sq.m/month and BRL 22.03 per sq.m/month), respectively. These regions are mainly concentrated near the metropolitan area, where prices are normally more expensive.

Industrial Q2 2021

Net Absorption/New Inventory/Vacancy

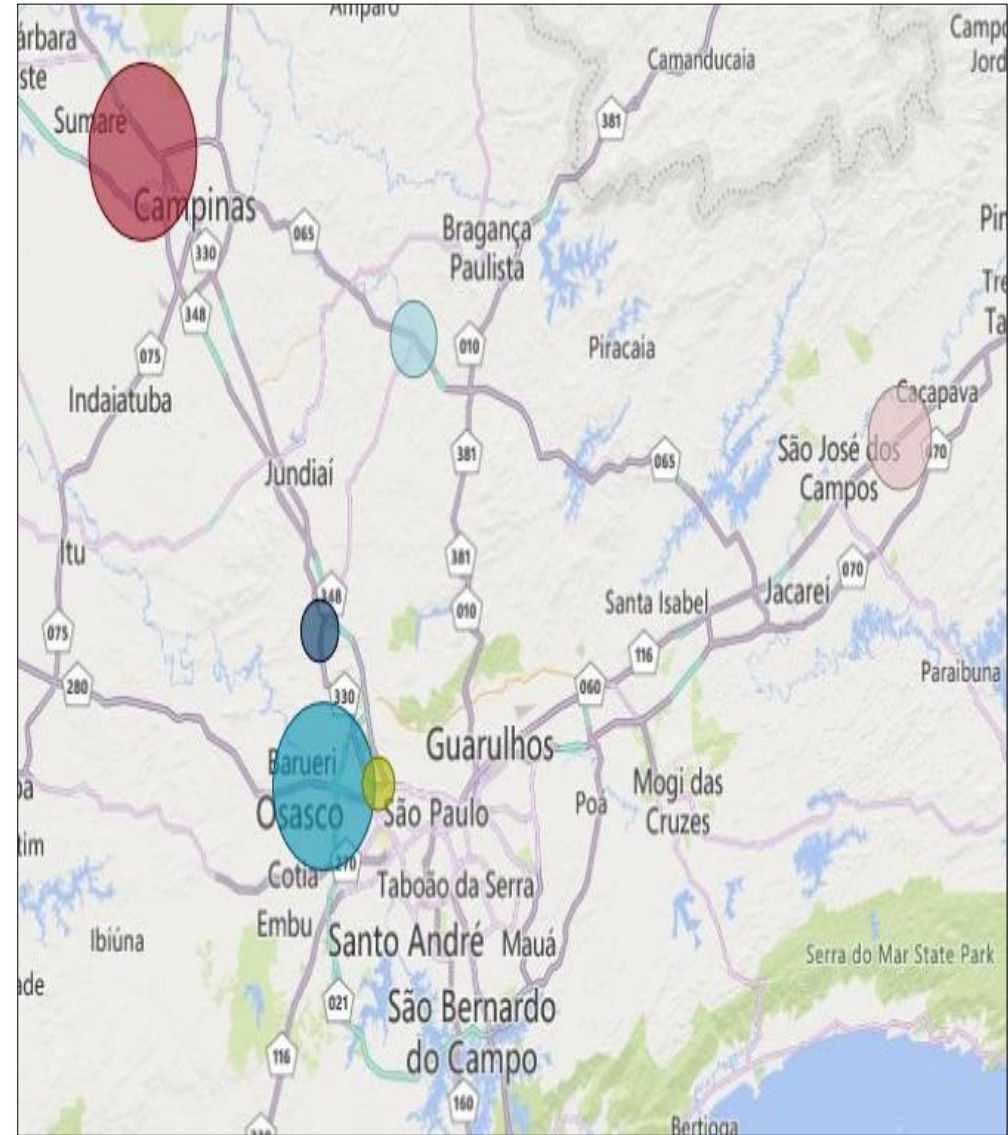
Source: Cushman & Wakefield



Absorptions

Net absorption might have had a decrease of 21% (QoQ), but was still very strong, with 130,167 sq.m of absorption this second quarter, this is 11% higher than the same period last year, indicating that the demand is still strong and can potentially surpass last year's excellent results, since the absorption of the first two quarters this year are 30% higher than the first two from last year. Additionally, a lot of new deliveries that have big areas pre-leased are set to be delivered this year.

The major market of Campinas was the one that registered the highest net absorption this quarter with 64,824 sq.m, followed by Barueri with 59,975 sq.m, as can be seen in the bubble map. Most of the space leased were rented out by wholesale, retail trade and manufacturing, followed by logistics tenants, that are still expanding or establishing themselves in the market for the upcoming years.



Major Market ● Atibaia ● Barueri ● Cajamar ● Campinas
 ● Capital - SP ● Ribeirao Preto ● Vale do Paraíba



SUBTITLE

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

Market Overview

After the slow down registered in the first quarter of 2021, the Rio de Janeiro logistic market presented a drop in the vacancy rate and a positive net absorption, as well as new deliveries for the third consecutive quarter, with 38,325 sq.m (the largest since 2015) that were concentrated in the major market of Pavuna.

Due to the positive absorption and the new deliveries that were already pre-leased, the vacancy rate dropped 0.67 p.p. (QoQ), closing at 18.53% – vacancy in the Pavuna region dropped for the fourth consecutive quarter at 0.81 p.p. (QoQ), finishing at 9.20%. Unlike the previous quarter, Queimados/Seropédica region did not receive any new completions, resulting in a vacancy drop as well, 1.4 p.p. (QoQ), closing at 38.43%.



The vacancy rate dropped 0.67 p.p. (QoQ), closing at 18.53%

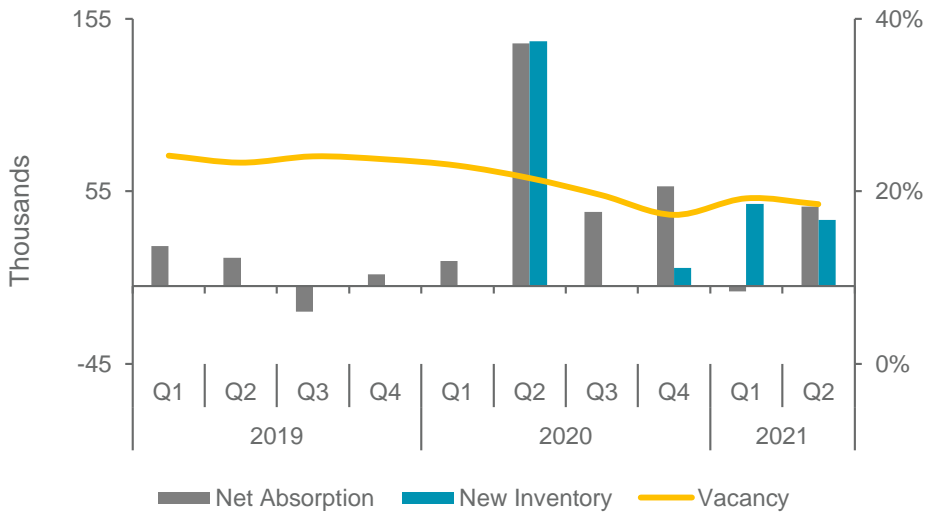


For the third quarter in a row, the state registered a decrease in the asking price marking it the state's the lowest asking rent at BRL 19.38 per sq.m/month, a decrease of 2% (QoQ). This is a result of the occupations in more expensive regions like Pavuna and Avenida Brasil, where now more available areas keep remaining in less expensive regions, like Santa Cruz/Campo Grande and Vale do Paraíba Fluminense, that have low asking rents of BRL 16.50 per sq.m/month and BRL 16.00 per sq.m/month, respectively.

Industrial Q2 2021

Net Absorption/New Inventory/Vacancy

Source: Cushman & Wakefield



Absorptions

After registering a negative absorption last quarter, Rio de Janeiro’s logistic market showed a recovery, the state registered a net absorption of 46,247 sq.m. The region of Pavuna continued to perform well, registering 38,325 sq.m of absorption, however, unlike the previous quarter, the regions of Duque de Caixas and Vale do Paraíba Fluminense registered a negative net absorption of - 543 sq.m and - 1.468 sq.m respectively.

Moreover, one of the highlights of the quarter, the region of Duque de Caixas, had not registered negative absorption since 2019. Another highlight was the net absorption in the region of Avenida Brasil, after three quarters of negative absorptions, the region registered a positive absorption of 6,317 sq.m, resulting in the vacancy rate dropping to 0% (or remaining flat) in the region.



Major Market ● Avenida Brasil ● Pavuna ● Queimados / Seropédica

Industrial Q2 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 (SQ.M)	YTD LEASING ACTIVITY (S.QM)	UNDER CONSTR (S.QM)	YTD CNSTR COMPLETIONS (S.QM)	AVG ASKING RENT (ALL CLASSES)*	AVG ASKING RENT (CLASS A)*
Amazonas	307.359	86.956	28.3%	32.536	39.557	39.557	-	-	R\$ 22.24	R\$ 22.24
Bahia	144.085	15.570	10.8%	24.031	41.958	41.958	-	57.528	R\$ 19.98	R\$ 25.00
Paraná	669.998	50.491	7.5%	12.099	6.116	14.034	5.625	-	R\$ 17.59	R\$ 18.33
Pernambuco	795.015	66.999	8.4%	1.526	3.564	15.507	-	-	R\$ 17.59	R\$ 18.45
Rio Grande do Sul	294.951	80.213	27.2%	62.542	38.806	77.271	81.380	-	R\$ 16.17	R\$ 17.54
Minas Gerais	1.076.029	75.798	7.0%	82.526	111.743	120.508	137.403	106.412	R\$ 22.52	R\$ 22.58
Ceará	134.282	7.920	5.9%	-	22.576	22.576	47.170	20.843	R\$ 14.00	R\$ 14.00
Pará	53.995	1.535	2.8%	3.010	3.010	3.010	-	-	R\$ 23.00	R\$ 23.00
Santa Catarina	142.806	14.900	10.4%	-	-	-	17.600	-	R\$ 16.14	R\$ 12.00
Other Regions	3.618.519	400.382	11.1%	218.270	267.330	334.421	289.178	184.783	R\$ 18.70	R\$ 19.80
Campinas	1.360.427	102.528	7.5%	64.824	71.908	82.343	319.197	42.000	R\$ 16.55	R\$ 18.04
Jundiaí	1.663.562	272.359	16.4%	- 18.495	21.331	90.324	-	-	R\$ 17.70	R\$ 17.68
Cajamar	1.820.639	206.574	11.3%	5.866	63.810	80.287	85.778	183.661	R\$ 22.84	R\$ 22.84
Guarulhos	1.420.030	119.273	8.4%	- 9.490	10.092	34.281	250.000	-	R\$ 22.17	R\$ 22.26
Barueri	891.578	73.563	8.3%	59.975	59.174	81.973	49.606	44.744	R\$ 22.74	R\$ 22.03
Embu	797.853	27.220	3.4%	- 3.306	28.355	36.873	40.000	-	R\$ 21.26	R\$ 21.24
Capital - SP	107.082	-	0.0%	1.350	2.700	2.700	-	2.700	R\$ 20.63	-
Atibaia	361.529	39.266	10.9%	13.267	18.098	28.323	-	-	R\$ 20.32	R\$ 21.56
Vale do Paraíba	252.277	85.493	33.9%	27.284	24.488	27.284	-	-	R\$ 17.30	R\$ 16.00
Sorocaba	346.065	70.378	20.3%	- 12.782	- 5.356	25.711	39.293	-	R\$ 17.14	R\$ 16.65
Grande ABC	357.364	-	0.0%	-	-	-	81.476	-	-	-
Ribeirão Preto	138.677	-	0.0%	1.674	1.674	1.674	11.789	-	R\$ 15.00	-
Piracicaba	143.313	68.996	48.1%	-	-	-	-	-	R\$ 16.73	R\$ 16.73
São Paulo	9.660.396	1.065.650	11.0%	130.167	296.274	491.773	877.139	270.405	R\$ 19.04	R\$ 19.07
Duque de Caxias	912.397	214.322	23.5%	- 543	12.024	20.196	-	-	R\$ 20.45	R\$ 20.25
Pavuna	472.778	43.472	9.2%	38.325	73.446	73.446	-	68.151	R\$ 22.97	R\$ 22.53
Queimados / Seropédica	259.007	99.528	38.4%	3.616	7.776	12.576	-	18.032	R\$ 18.00	R\$ 18.00
Santa Cruz / Campo Grande	337.746	51.197	15.2%	-	- 51.197	-	28.710	-	R\$ 16.50	R\$ 16.50
Belford Roxo / Nova Iguaçu	-	-	-	-	-	-	-	-	-	-
Vale do Paraíba Fluminense	211.395	11.017	5.2%	- 1.468	37	1.505	-	-	R\$ 16.00	R\$ 16.00
Campos	36.718	-	0.0%	-	-	-	-	-	R\$ 14.00	-
Avenida Brasil	34.580	-	0.0%	6.317	1.148	6.317	-	-	R\$ 38.00	-
Rio de Janeiro	2.264.620	419.536	18.5%	46.247	43.234	114.040	28.710	86.183	R\$ 19.93	R\$ 19.38
Brazil	15.543.535	1.885.568	12.1%	394.684	606.838	940.234	1.195.027	541.371	R\$ 19.13	R\$ 19.31

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	S.QM	TYPE
Extrema Business Park	Extrema	Mercado Livre	69,771	Lease
GLP Gravataí	Porto Alegre	Magazine Luiza	42,696	Lease
CL Osasco	Barueri	Facily Brasil Soluções e Tecnologia	19,659	Lease

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	S.QM	PRICE/BRL P. S.QM
Golgi Seropédica	Queimados/Seropédica	Autonomy Investimentos / XP LOG FII	85,873	BRL 186M / BRL2.1k
Galpão Dafiti Extrema	Extrema	LOG CP FII / Bluemacaw Logística FII	76,878	BRL 272M / BRL3.5k
WTLOG RBR I	Cajamar	- / RBR LOG FII	60,885	BRL 164M / BRL2.7k

Jadson Mendes Andrade

Head of Market Research & Business Intelligence
South America

jadson.andrade@sa.cushwake.com

A CUSHMAN & 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