

# BUENOS AIRES

Office Q2 2021

**15.1%**

Vacancy Rate

YoY Chg



12-Mo. Forecast



**-3,615**

Net Absorption, (SqM) Q2.21



**\$26.2**

Asking Rent, (USD/Sqm/Month)

*Corresponds to the market average asking rent.*



## ECONOMIC INDICATORS Q2 2021

**10.2%**

Unemployment Rate (Q1.21)

YoY Chg



12-Mo. Forecast



**-2.5%**

GDP Variation (Q1.21)



**48.8%**

Inflation Index YTD (\*)



*Source: National Statistical and Census Institute (INDEC)  
(\*) Corresponds to May 2021*

## MARKET OUTLOOK:

Closing the second quarter of 2021, the corporate offices market of Buenos Aires has reached a vacancy of 15.1 %, which represents an inter-annual rise of 67% and 1.73% compared to the previous quarter. Even if the vacancy increase balance during the pandemic period was significant, there was a deceleration in released surface during the second quarter.

Regarding the second part of the year, it is expected that, due to the progress in the vaccination plan and the end of the winter period, there will be better conditions for a gradual return to working spaces.

## SUPPLY AND DEMAND:

The quarterly absorption was negative, in 3,615 sqm, surface that comes from 9,923 sqm that are occupied and 13,583 sqm that are free. Within the hired surface, 70% was hired in the 'non cbd' area, outside the traditional business area, which emphasizes the office demand in the north area of the city.

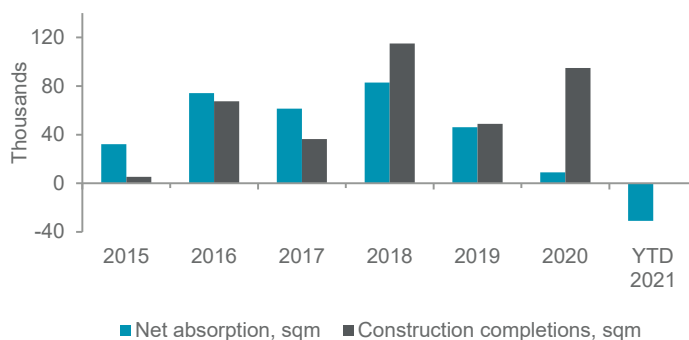
Until now, the Microcentro submarket has been the most affected by the pandemic, as it showed a negative net absorption balance of 21,471 sqm and had the most elevated vacancy rate in the market, with 25.4%. However, these indicators have not yet been reflected in the requested prices, which provoked a long term vacancy greater than 9 months.

## PRICING:

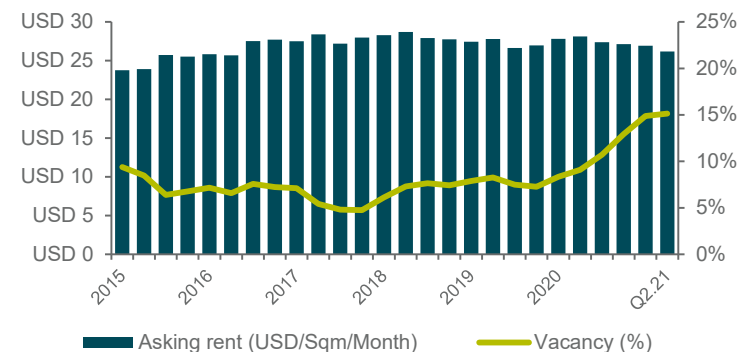
The total average lease price for A class offices was 26.2 USD/sqm, increasing the downward trend, with a variation of 7% inferior when compared to the same period of last year. In this way, the requested price still doesn't reflect the same variations regarding the closing prices, where the value of new transactions has another effect.

In the inter-annual measure, and after more than one year since the beginning of the pandemic, a bigger impact is beginning to be perceived in the 9 de Julio and Centro Sur submarkets, with a drop in the requested price of 14% and 17% respectively. On the other hand, the Catalinas-Plaza Roma and Libertador CABA submarkets remain as the most appreciated ones, with an average value of U\$S 30/sqm. However, a greater inclination of landlords towards negotiation of rental values is being noticed.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



## ECONOMIC OUTLOOK

The Argentinian economy moves, like in the rest of the countries worldwide, to the pace of the pandemic. After several months of negativity, we can now appreciate the recovery of the activity.

The GDP recovered before expected and reached the level it had before the pandemic, with a rise of 2.5% compared with the same period in 2020. On the other hand, the May inflation was 48.8% (12 months accumulated). Although there was an upturn in March and April, expectations continue to show a tendency towards deceleration.

Argentina continues in a phase of mandatory social distancing since the ending of 2020 to stop the circulation of the virus. Unlike what was happening at the beginning of the year, nowadays the immunization campaign is going faster, and also a national laboratory has started to produce the vaccine. These two factors generate positive expectations towards the end of the winter season.

Finally, the country will face in October its first challenge regarding elections in the middle of the pandemic, the PASO (Primary, Open, Simultaneous and Mandatory), a situation that historically generated all types of expectations that have repercussions at an economic level.

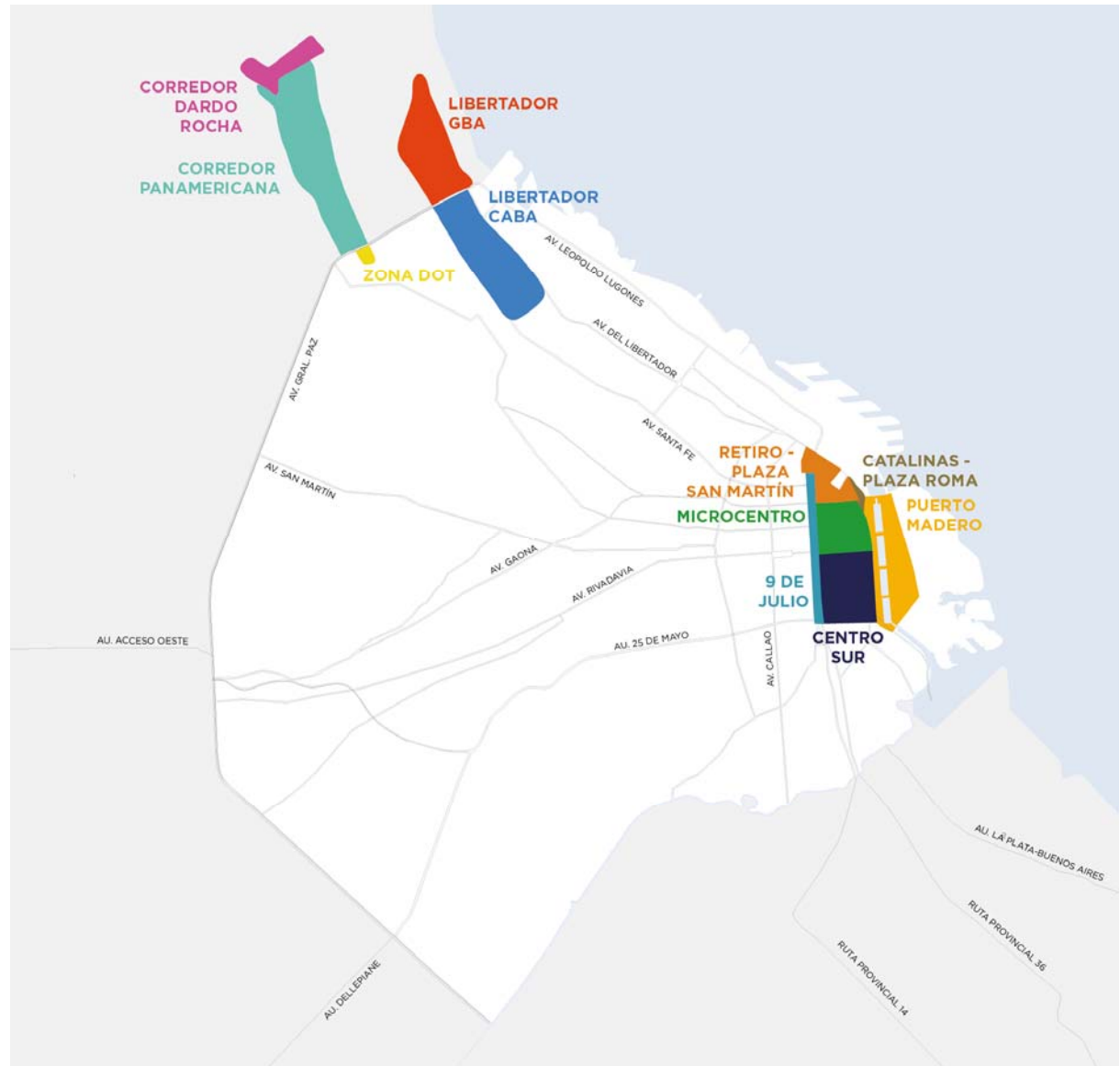
## FUTURE OUTLOOK

The current surface being built is 206,682 sqm, of which 70% are located outside the traditional financial district of Buenos Aires. This factor matches positively with the future scenario of the 'new normal' as it creates a homogeneous offer, making it possible for companies to reconfigure their positions and even to compete for the recruitment of human resources in the North corridor.

Within the total surface being constructed, only 18% will be delivered by the end of 2021, 57% during 2022 and the remaining 25% would be finished by 2023, provided that there are no delays in the construction as a product of the health situation.

This overview is positive with a view to the behavior of the vacancy since the construction volume is outside the districts that present bigger surface supply.

## OFFICE MAP WITH SUBMARKET DIVISIONS BUENOS AIRES / ARGENTINA

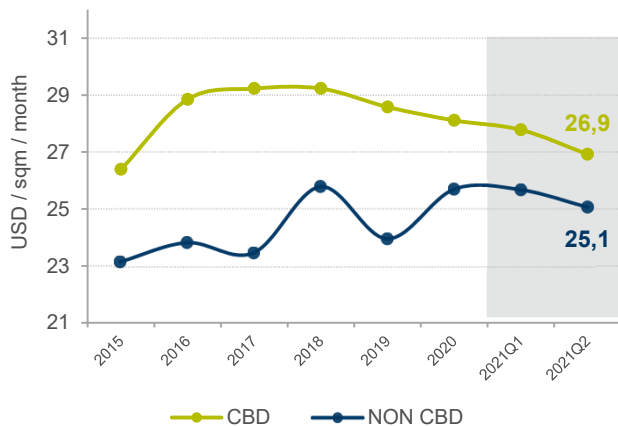


MARKET STATISTICS (\*)

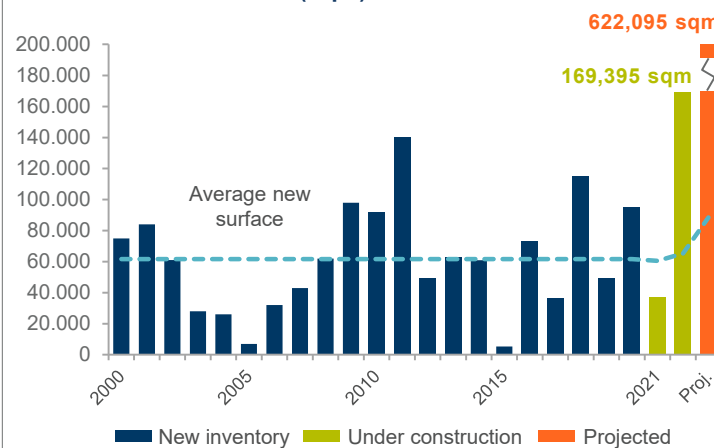
SUBMARKETS	INVENTORY CLASS A	NUMBER OF BUILDINGS	SURFACE AVAILABLE (SQM)	VACANCY RATE (%)	YTD OVERALL NET ABSORPTION (SQM)	UNDER CONSTRUCTION (SQM) (*)	PROJECTED (SQM) (*)	OVERALL AVG ASKING RENT CLASS A (USD/SQM/MONTH)	OVERALL AVG ASKING RENT CLASS B (USD/SQM/MONTH)
Catalinas-Plaza Roma	351,005	13	46,430	13.2%	-10,209	44,225	236,001	29.4	17.8
Puerto Madero	248,421	15	35,202	14.2%	-2,348	-	30,300	28.7	20.5
Microcentro	111,665	6	28,390	25.4%	-3,635	17,000	-	23.1	13.8
Retiro-Plaza San Martín	55,280	4	4,220	7.6%	-1,455	-	-	28.6	22.2
9 de Julio	73,986	6	9,330	12.6%	-1,736	-	-	23.2	18.6
Centro Sur	64,943	3	5,783	8.9%	-	-	37,900	20.0	12.9
<b>CBD</b>	<b>905,300</b>	<b>47</b>	<b>129,355</b>	<b>14.2%</b>	<b>-19,383</b>	<b>61,225</b>	<b>304,601</b>	<b>26.9</b>	<b>16.9</b>
Corredor Panamericana	256,621	24	45,094	17.6%	-5,841	37,287	122,435	22.0	18.1
Corredor Dardo Rocha	-	-	-	-	-	57,316	-	-	15.2
Zona Dot	77,298	5	13,017	16.8%	-4,230	-	80,831	24.7	19.0
Libertador GBA	95,706	10	7,360	7.7%	-1,114	31,854	74,828	28.0	22.0
Libertador CABA	72,426	2	18,273	25.2%	-382	19,000	39,400	31.7	19.5
<b>NON CBD</b>	<b>502,052</b>	<b>41</b>	<b>83,744</b>	<b>16.7%</b>	<b>-11,567</b>	<b>145,457</b>	<b>317,494</b>	<b>25.1</b>	<b>20.1</b>
<b>BUENOS AIRES TOTALS</b>	<b>1,407,351</b>	<b>88</b>	<b>213,079</b>	<b>15.1%</b>	<b>-30,950</b>	<b>206,682</b>	<b>622,095</b>	<b>26.2</b>	<b>17.5</b>

(\*) Corresponds to rentable surface according to available information

ASKING RENT (USD / Sqm / Month)  
CBD / NON CBD



NEW INVENTORY (Sqm)  
PROJECTED SURFACE (Sqm)



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