

Industrial Q4 2021

	YoY Chg	12-Mo. Forecast
10.5% Vacancy Rate	▼	▼
580.5K Net Absorption, sq.m	▲	▲
BRL 20.22 Asking Rent (BRL/sq.m)	▲	▲

(Classes A)

ECONOMIC INDICATORS 2021

	YoY Chg	12-Mo. Forecast
-0.1% 2021Q3 GDP QOQ	▼	▲
12.6% Unemployment Rate (2021Q3)	▲	▼
10.06% CPI Inflation (12 months)	▲	▼
4.7% Industrial Production (YoY)	▲	▼

Source: LCA

Economic Scenario

During the fourth quarter of 2021, the vaccination campaign against Covid-19 continued to advance in the country. Therefore, in this last quarter there was a broader release of the restrictive measures. Data from October's Monthly Survey of Trade Show that retail trade decreased 0.1% compared to September in the seasonally adjusted series, maintaining a stable level. The CCI (Consumer Confidence Index) increased by 0.6 points in December, although the result was positive, the CCI closed 2021 with a drop of 2.6 points. The results of the indicators reflect the rise in prices and, consequently, the reduction in the purchasing power of consumers during the year. Unemployment remains high. In the 3rd quarter, the unemployment rate was 12.6%. The country's consumer price index (IPCA) for December was 0.73%, closing the year with a high of 10.06%.

Market Overview Brazil

The Class A Brazil Logistic market recorded their best results for the year in the last quarter of 2021. A net absorption of 580,518 sq.m, the highest of the year, and 17.3% higher on a quarter-over-quarter (QOQ) comparison, was mainly concentrated in the Southeast region, or about 85%. The total absorption for the year was 1,682,022 sq.m, an increase of 7.4% year-over-year (YOY) and the highest since 2012. Every region of the country recorded an absorption over 100,000 sq.m, with the Southeast and Northeast regions performing the best at 1,286,803 sq.m and 140,971 sq.m, respectively.

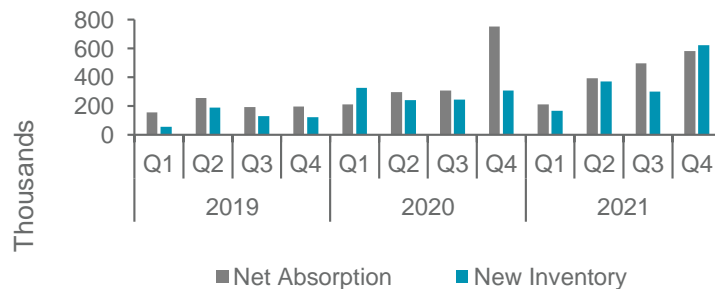
Moreover, the total area delivered this quarter was 621,521 sq.m, (+106% QOQ). This is the highest delivery in a single quarter since the second quarter of 2014. Total delivery for the year was 1,464,339 - a jump of 30.9% YOY. Brazil hasn't seen a delivery this high since 2014.

Vacancy and Asking Rent

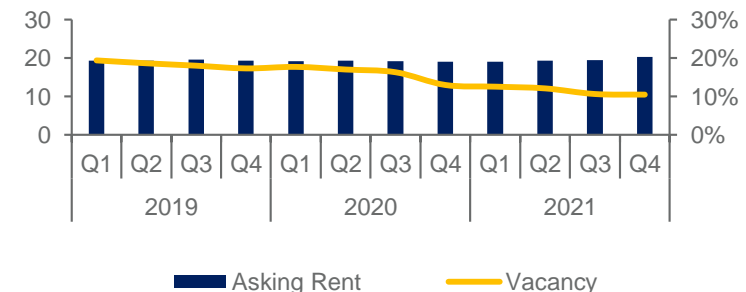
With such high absorption this quarter, the country's vacancy rate dropped 0.15 p.p. QOQ, and finished the year at 10.53%, the lowest mark since 2012. Compared to last year, the decrease was 2.48 p.p. Every region recorded a drop in the vacancy rate, with the North, Northeast, South and Southeast closing at 4.03%, 4.51%, 9.31% and 11.28%, respectively.

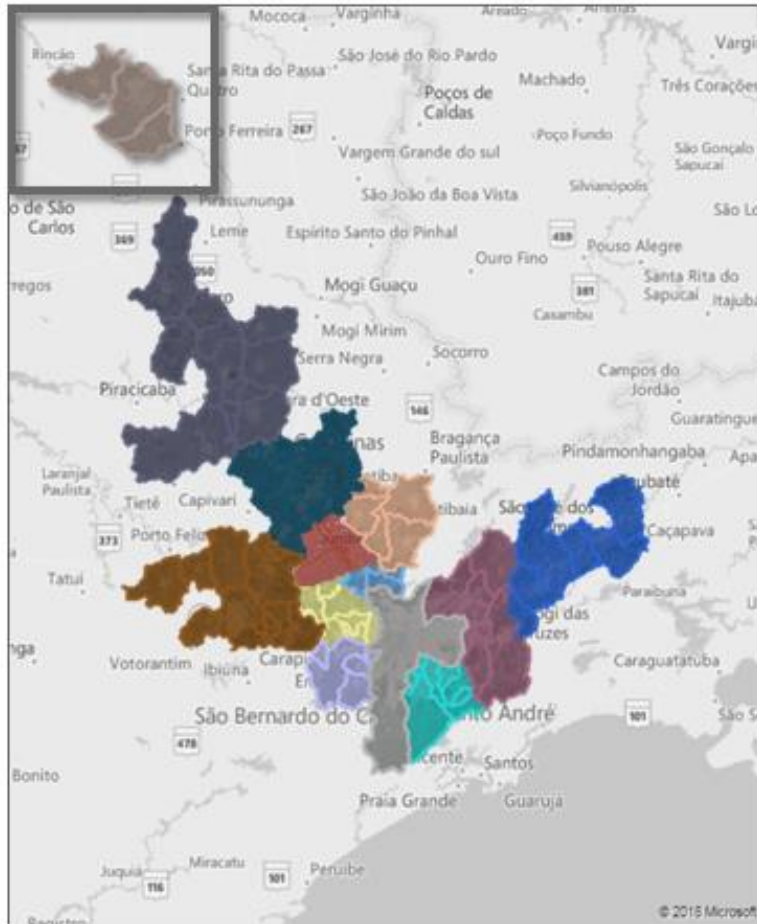
A trend seen through the year were asking prices which increased once again in the fourth quarter, reaching their highest mark since 2016, at BRL 20.22 per sq.m/month, (+3.8% QOQ and 5.9% YOY). The North region had the highest asking rent in the country at BRL 24.79 per sq.m/month, due to the low vacancy rate, followed by the Southeast region, at BRL 20.45 per sq.m/month. This increase is positive for landlords, that have a more favorable scenario in the negotiation due to the low vacancy rate throughout the country.

NET ABSORPTION / DELIVERIES



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





SUBTITLE

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

Market Overview

Following very strong results seen last year, São Paulo's class A logistic market registered incredible numbers in 2021, especially in the fourth quarter. There were highs in absorption and new completions, which realized the positive outcome that was expected for this year. A total of 989,658 sq.m were delivered through the year, with 514,336 just in the fourth quarter alone. This total is 60.8% higher on a year-over-year comparison (YOY), as well as the highest number since 2013. The major markets of *Cajamar* and *Guarulhos* represented 52.6% and 28.1% of the new areas delivered, respectively.

With high number of new deliveries, the vacancy rate increased 1.06 p.p. quarter-over-quarter QOQ, closing the year at 11.35%, a drop of 0.27 p.p. compared to last year. Currently there are six major markets with a vacancy rate below 10%. Highlights include the regions of *Embu*, *Cajamar* and *Barueri* that registered the lowest at 4.96%; 7.59% and 8.71%, respectively.



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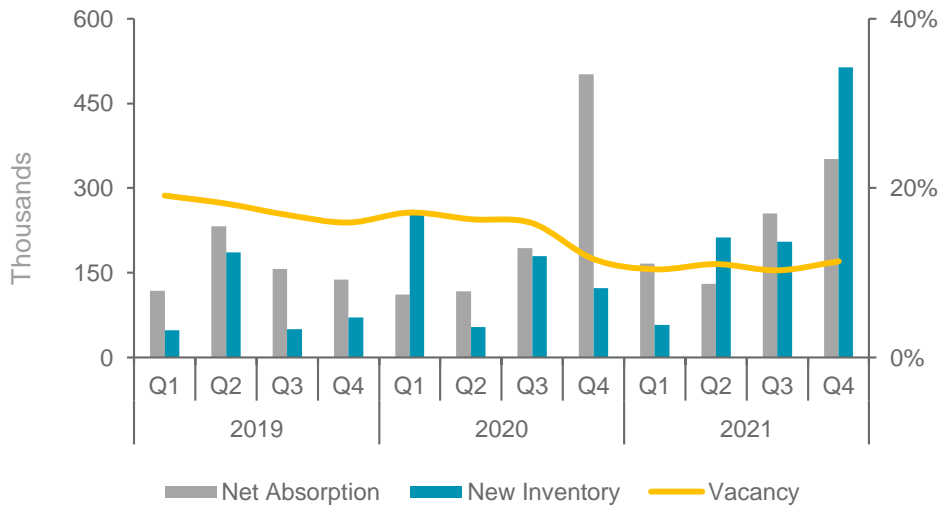


As seen throughout the year, the asking price increased each quarter with the last quarter registering the highest increase (7.0% QOQ) and closing out at BRL 20.54 per sq.m/month. When compared to last year, the increase is 11.9%. This is a result of the new inventories asking higher prices due to construction being more expensive and well located, as well as readjusts in the asking rent for available areas. Grande ABC, Guarulhos and Cajamar currently have the highest asking prices in the state at BRL 26.17 per sq.m/month, BRL 24.85 per sq.m/month and BRL 23.60 per sq.m/month, respectively.

Industrial Q4 2021

Net Absorption/New Inventory/Vacancy

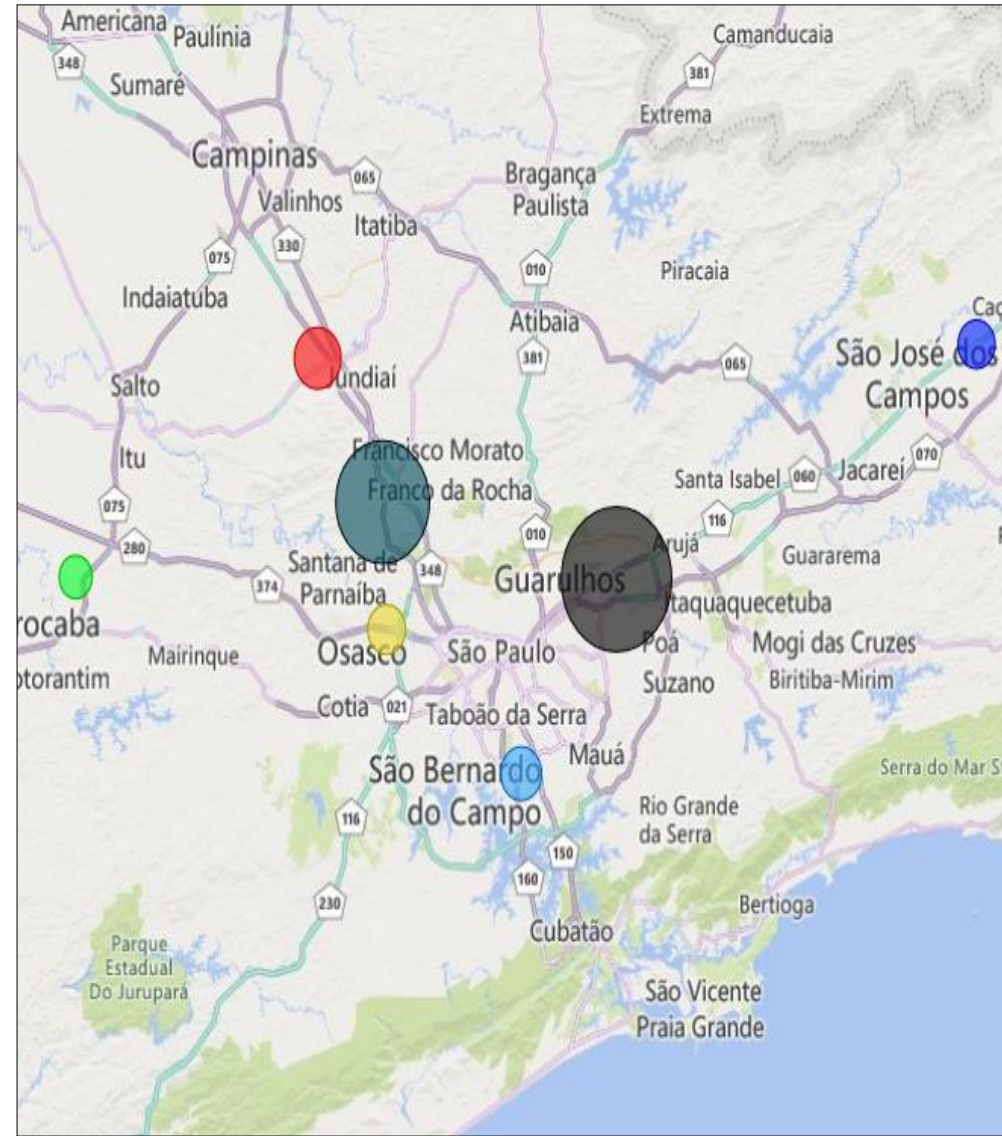
Source: Cushman & Wakefield



Absorptions

Fourth Quarter registered the highest absorption of the year, with 351,004 sq.m, an increase of 37.5% QOQ. This is one of the best performing fourth quarters ever, only behind last year. The major markets of *Guarulhos* and *Cajamar* were the highlights this quarter, with 168,707 sq.m and 133,204 sq.m absorbed, respectively.

These two regions were also responsible for 72.9% of the total 902,577 sq.m absorbed in the whole year. This total is 2.3% lower than last year's absorption. The best performing regions these quarter can be seen in the bubble map, only two major markets registered a negative absorption these quarter, *Campinas* -19,495 sq.m and *Embu* -14,097 sq.m, but considering the entire year, not a single region registered a negative absorption, showing the high demand through the state was, indeed, very high.



Major Market ● Barueri ● Cajamar ● Grande ABC ● Guarulhos
● Jundiaí ● Sorocaba ● Vale do Paraíba



SUBTITLE

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

Market Overview

After a poor start to the year, Rio de Janeiro's class A logistic market recovered through 2021, increasing the number of new completions and net absorption quarter after quarter, reducing the vacancy rate in the state, and closing the year with strong results once again. In the fourth quarter no new deliveries were registered, but in 2021 there was a total of 150,520 sq.m, that were primarily concentrated in the major market of *Pavana*, with 132,488 sq.m.

With a strong absorption and no new deliveries in the fourth quarter, the vacancy rate dropped 4.82 p.p. QOQ and 4.29 p.p. YOY, finishing 2021 at 12.99%; the lowest mark since 2015. Major markets like *Vale do Paraíba Fluminense*, *Santa Cruz/Campo Grande* and *Pavana* currently have a vacancy rate lower than 7%.



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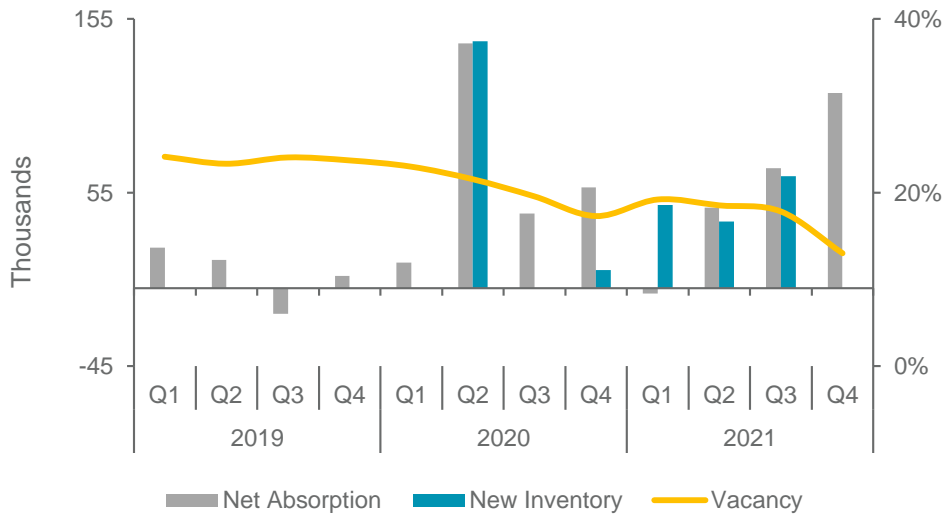


Furthermore, the asking rent closed the year at BRL 19.29 per sq.m/month, a decrease of 1.25% QOQ and 7.19% YOY. This decrease is due to occupations in better located areas like *Pavana* and *Duque de Caxias* which have higher asking prices and more available areas in other regions with asking rent way below than the state average.

Industrial Q4 2021

Net Absorption/New Inventory/Vacancy

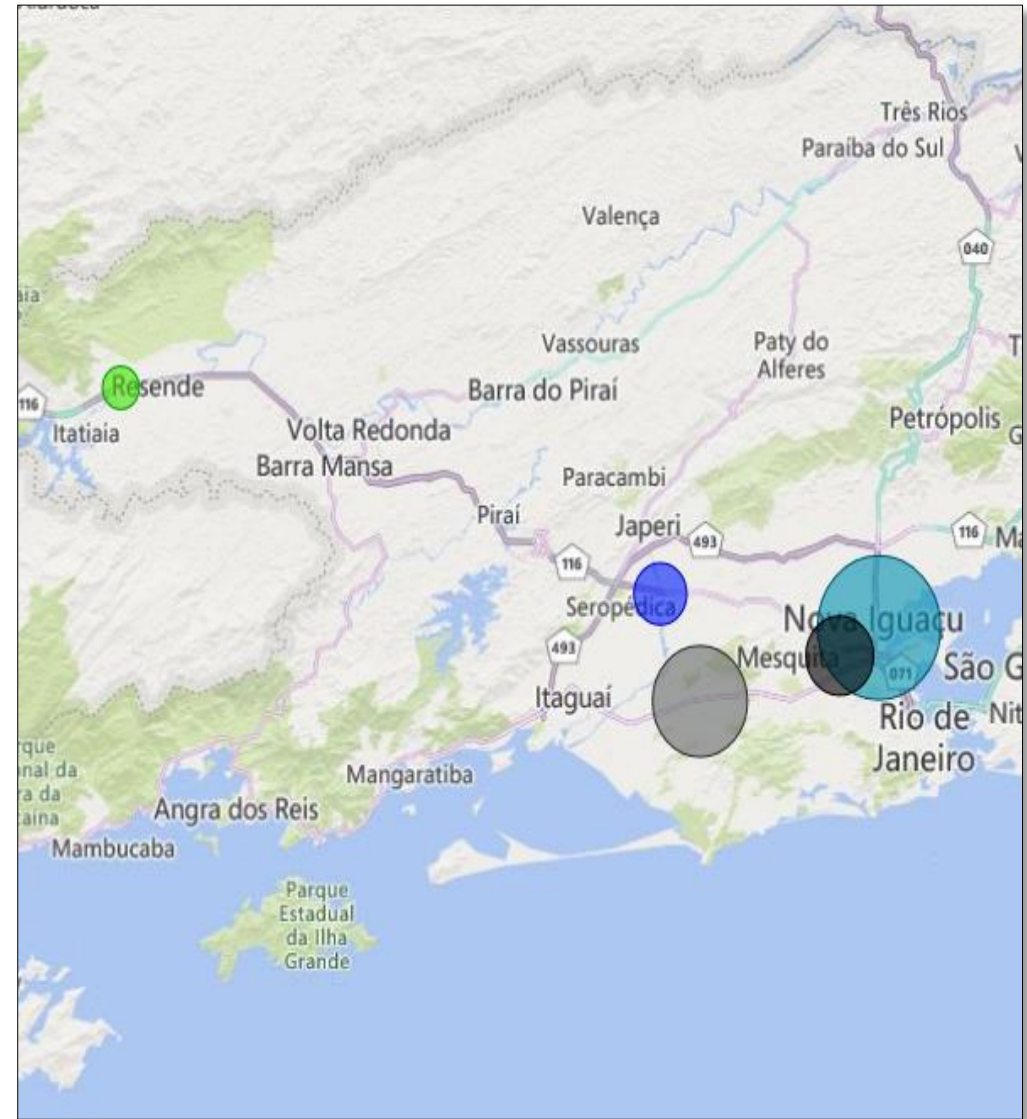
Source: Cushman & Wakefield



Absorptions

The last quarter of 2021 registered the highest net absorption of the year for Rio at 112,280 sq.m, an increase of 62.8% QOQ, with the major markets of *Duque de Caxias*, *Santa Cruz/Campo Grande* and *Pavuna* standing out, with 48,802 sq.m, 33,380 sq.m, 18.397 sq.m, respectively.

Despite having a decrease of 12.5% compared to the total absorption of last year, Rio registered a strong absorption of 224,495 sq.m in 2021, with 50% being recorded in the last quarter. This is the second highest mark since 2016. The regions of *Pavuna* and *Duque de Caxias* led the state in absorption, with 148,426 sq.m and 73,224 sq.m respectively, showing that these well-located markets stand out and draw more demand.



Major Market ● Duque de Caxias ● Pavuna ● Queimados / Seropédica
 ● Santa Cruz / Campo Grande ● Vale do Paraíba Fluminense

Industrial Q4 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 CNSTR (S.QM)	YTD CNSTR COMPLETIONS (S.QM)	AVG ASKING RENT (ALL CLASSES)*	AVG ASKING RENT (CLASS A)*
Amazonas	307,359	13,037	4.2%	13,846	113,476	113,476	-	-	R\$ 25.00	R\$ 25.00
Bahia	144,085	12,456	8.6%	3,114	45,072	45,072	-	57,528	R\$ 19.56	R\$ 25.00
Paraná	669,998	28,323	4.2%	19,212	28,284	39,081	-	-	R\$ 19.92	R\$ 17.76
Pernambuco	795,015	19,525	2.5%	1,311	51,038	64,292	-	-	R\$ 16.91	R\$ 18.58
Rio Grande do Sul	350,531	65,055	18.6%	31,196	109,544	148,009	-	55,580	R\$ 16.30	R\$ 17.71
Minas Gerais	1,127,580	79,361	7.0%	28,892	159,731	207,095	-	157,963	R\$ 23.45	R\$ 23.56
Ceará	166,529	17,882	10.7%	22,285	44,861	54,823	-	53,090	R\$ 16.23	R\$ 16.23
Pará	53,995	1,535	2.8%	-	3,010	3,010	-	-	R\$ 23.00	R\$ 23.00
Santa Catarina	142,806	14,900	10.4%	-	-	-	-	-	R\$ 14.44	R\$ 12.00
Other Regions	3,757,897	252,074	6.7%	117,234	555,016	674,858	-	324,161	R\$ 18.96	R\$ 19.95
Campinas	1,360,427	130,284	9.6%	19,495	44,152	137,089	138,871	42,000	R\$ 17.59	R\$ 17.45
Jundiaí	1,663,562	271,308	16.3%	33,390	22,382	156,615	-	-	R\$ 17.89	R\$ 17.86
Cajamar	2,157,938	163,797	7.6%	133,204	443,886	460,363	261,209	520,960	R\$ 23.60	R\$ 23.60
Guarulhos	1,698,312	193,282	11.4%	168,707	214,365	263,560	232,545	278,282	R\$ 24.85	R\$ 24.85
Barueri	913,776	79,605	8.7%	14,281	75,330	128,233	315,789	66,942	R\$ 22.03	R\$ 22.29
Embu	797,853	39,563	5.0%	14,097	16,012	38,627	91,182	-	R\$ 21.93	R\$ 22.24
Capital - SP	107,082	-	0.0%	-	2,700	2,700	-	-	R\$ 31.49	-
Atibaia	361,529	43,966	12.2%	2,715	13,398	31,340	-	-	R\$ 20.35	R\$ 21.60
Vale do Paraíba	252,277	73,965	29.3%	12,685	36,016	39,969	-	-	R\$ 18.27	R\$ 18.00
Sorocaba	346,065	53,275	15.4%	4,129	11,747	42,814	-	-	R\$ 16.90	R\$ 16.82
Grande ABC	438,838	60,559	13.8%	20,915	20,915	26,099	72,425	81,474	R\$ 26.17	R\$ 26.17
Ribeirão Preto	138,677	-	0.0%	-	1,674	1,674	-	-	R\$ 15.00	-
Piracicaba	143,313	68,996	48.1%	-	-	-	58,849	-	R\$ 16.73	R\$ 16.73
São Paulo	10,379,649	1,178,600	11.4%	351,004	902,577	1,329,083	1,170,870	989,658	R\$ 20.39	R\$ 20.54
Duque de Caxias	912,397	153,122	16.8%	48,802	73,224	84,780	-	-	R\$ 20.40	R\$ 20.11
Pavuna	537,115	32,829	6.1%	18,397	148,426	155,903	-	132,488	R\$ 22.12	R\$ 21.33
Queimados / Seropédica	259,007	89,304	34.5%	10,224	18,000	22,800	-	18,032	R\$ 18.03	R\$ 18.03
Santa Cruz / Campo Grande	337,746	17,817	5.3%	33,380	17,817	33,380	28,710	-	R\$ 16.50	R\$ 16.50
Vale do Paraíba Fluminense	211,395	9,540	4.5%	1,477	1,514	2,982	-	-	R\$ 16.00	R\$ 16.00
Campos	36,718	-	0.0%	-	-	-	-	-	R\$ 14.00	-
Avenida Brasil	34,580	-	0.0%	-	1,148	6,317	-	-	R\$ 38.00	-
Rio de Janeiro	2,328,957	302,612	13.0%	112,280	224,495	306,162	28,710	150,520	R\$ 19.94	R\$ 19.29
Brazil	16,466,503	1,733,286	10.5%	580,518	1,682,088	2,310,103	1,199,580	1,464,339	R\$ 20.03	R\$ 20.22

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	S.QM	TYPE
GLP – Guarulhos II	Guarulhos	Mercado Livre	120,000	Lease
GLP – Guarulhos II	Guarulhos	Magazine Luiza	50,000	Lease
Prologis Jundiaí	Jundiaí	Fini Brasil	39,664	Lease

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	S.QM	PRICE/BRL P. S.QM
BTLG Mauá	Grande ABC	GLP Properties / BTG Pactual Logística FII	88,774	BRL 345M / BRL3.9k
Alianza Park	Belém	- / Vinci Logística FII	48,860	BRL135M / BRL2.8k
Galpão Tucano	Atibaia	BR Properties / XP Industrial FII	31,719	BRL103M / BRL3.2k

Luis Fernando Gardel Deak

Head of Market Research & Business Intelligence
South America

luis.deak@sa.cushwake.com

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