

Industrial Q1 2022

	YoY Chg	12-Mo. Forecast
11.3% Vacancy Rate	▼	▲
424.1K Net Absorption, sq.m	▲	▲
BRL 20.09 Asking Rent (BRL/sq.m)	▲	▼

(Classes A)

ECONOMIC INDICATORS 2021

	YoY Chg	12-Mo. Forecast
1.6% 2021Q4 GDP QOQ	▲	▼
11.1% Unemployment Rate (2021Q4)	▼	▼
11.30% CPI Inflation (12 months)	▲	▼
-5.8% Industrial Production YOY	▲	▼

Source:
LCA; Tesouro Direto

Economic Scenario

In the first quarter of 2022, Brazil resumed activities in full. Small and medium-sized companies have already returned 100% of their employees in person, large companies still face the dilemma of hybrid work, face-to-face or remote. In light of this, the Monthly Survey of Trade recorded, in February, an increase of 1.1% MOM in retail sales volume in its seasonally adjusted series. For comparison, in February 2021, retail fell by 3.9%. Despite this, the CCI (Consumer Confidence Index) closed the quarter down 3.1 points, impacted by high inflation and the gradual recovery of the labor market. Moreover, the increase in uncertainty also contributed to this result since consumers began to present a more cautious stance.

The IIE-Br (Economic Uncertainty Indicator) rose 4.2 points in March to 121.3 points, mainly reflecting changes in future prospects in the face of the war between Ukraine and Russia, which is affecting the global economy. Regarding the unemployment rate, the latest Continuous National Survey by Household Sample (PNAD) reported, for the moving quarter from December 2021 to February 2022, a rate of 11.2%, or a decrease of 0.4 p.p. compared to the previous mobile quarter and 3.4 p.p. compared to the same period a year earlier. Regarding inflation, the CPI rose 0.61 p.p. in March, reaching 1.62% MOM, the highest value recorded for the period since 1994. This result was mainly impacted by the transport (0.65 p.p.) and food and beverage (0.51 p.p.) groups. Over the last 12 months, the index has accumulated a high of 11.30%, reflecting especially the rise in fuel prices. Finally, the INCC - M (National Construction Cost Index - M) showed a 0.73% change in March and has already accumulated a high of 1.85% in the year and 11.63% in 12 months.

Market Overview Brazil

The strong pace of deliveries and absorptions in Brazil witnessed at the end of last year continued into the first quarter of 2022, with a total of 633,529 sq.m, or an increase of 2% on a quarter-over-quarter (QOQ) comparison. About 93% of the deliveries were in the Southeast region, the main logistic hub for the country, but there are still developments yet to be delivered this year in the North and Northeast regions.

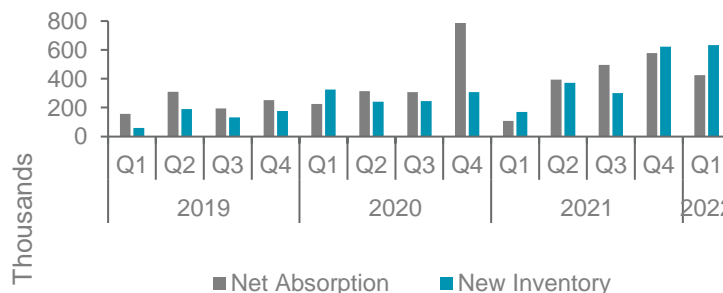
Furthermore, net absorption was high once again at 424,096 sq.m, an increase of 292% YOY. This is evidence that there is still a lot of demand for the sector, even in the heels of two very strong years. The Southeast and Northeast regions were the main positive highlights, with 406,494 sq.m and 37,611 sq.m of absorption, respectively.

Vacancy and Asking Rent

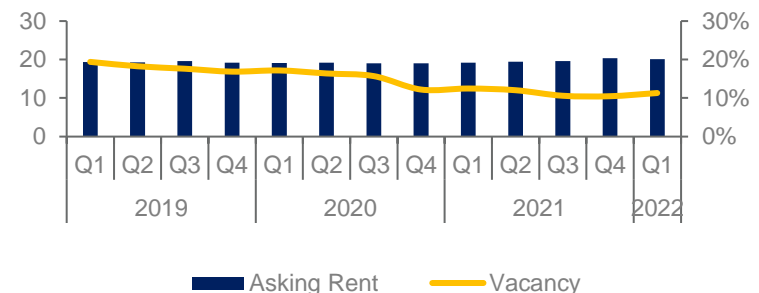
Despite high absorption, there were still a lot of deliveries to the market which led to a vacancy rate increase of 0.83 p.p. QOQ – closing out the quarter at 11.28%. However, when compared to the beginning of last year, there was a drop of 1.17 p.p. The Northeast (2.30%) and North (3.00%) regions have the lowest vacancy rate in the country, followed by the Southeast (12.00%) and South (13.54%) regions.

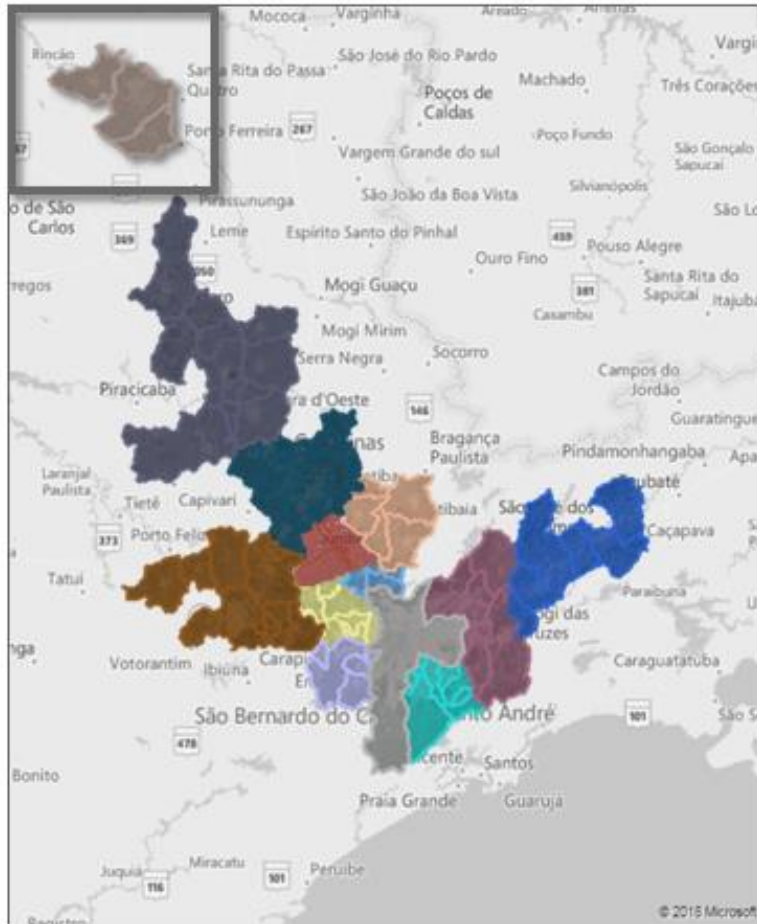
Asking prices decreased across the country, finishing at BRL 20.09 per sq.m/month, a decrease of 1.2% QOQ. The highest drop was in the Northeast region, 9.4% QOQ, closing at BRL 17.52 per sq.m/month due to the recent occupations in logistic parks with high asking prices. The South region was the only that increase it average (0.11% QOQ) and closed at BRL 16.95 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

After strong results last year, São Paulo's Class A Logistic market performed well in the first quarter of 2022, with both a high number of new deliveries and high net absorption. For just first quarter 2022, the total amount delivered was 487,716 sq.m, or 49% of the total delivered in all of 2021. The major markets of *Campinas*, *Barueri* and *Embu* received the most space this quarter, with 138,871 sq.m, 108,408 sq.m and 91,217 sq.m, respectively.

With this high number of new inventories, the vacancy rate increased 1.84 p.p. QOQ, as well as 2.86 p.p. YOY, closing at 12.42%, the highest mark since 2020Q3. Most of the new deliveries were not pre-leased, impacting the increase. The regions of *Campinas* and *Embu* used to both have vacancy rates lower than 10%, but they now have a rate of 14.04% and 12.30%, respectively. *Barueri* (6.15%), *Guarulhos* (6.17%) and *Cajamar* (7.34%) are the major markets with the lowest available area in the state.

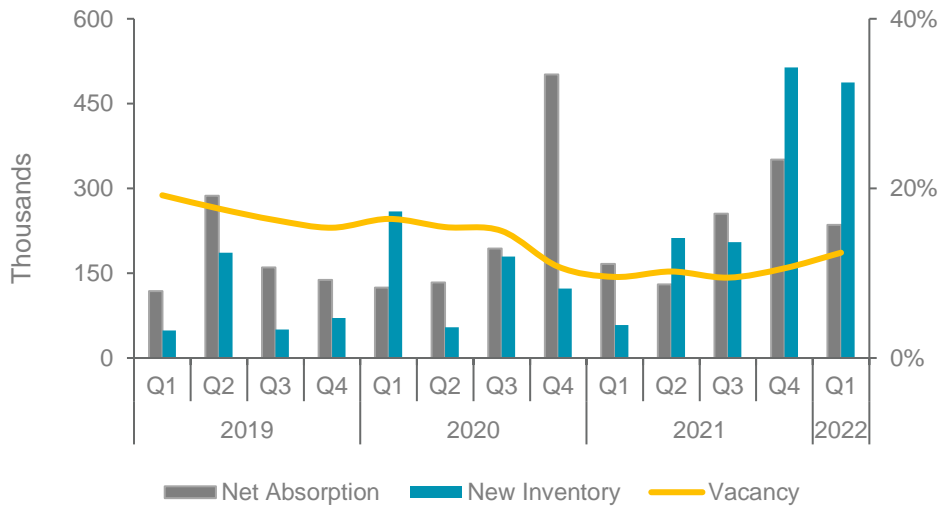
“ For just first quarter 2022, the total amount delivered was 487,716 sq.m, or 49% of the total delivered in all of 2021. ”

The asking rent registered a decrease of 0.8% QOQ, after occupations in expensive regions like *Barueri* and *Cajamar*, finishing at BRL 20.27 per sq.m/month. Most new spaces have a higher asking price due to construction costs being higher and recent available spaces readjusting their asking rent. When compared to the first quarter of last year, there is an increase of 10.7%. The major markets of *Guarulhos*, *Grande ABC* and *Cajamar* have the highest asking prices at BRL 26.23 per sq.m/month, BRL 26.17 per sq.m/month and BRL 23.38 per sq.m/month.

Industrial Q1 2022

Net Absorption/New Inventory/Vacancy

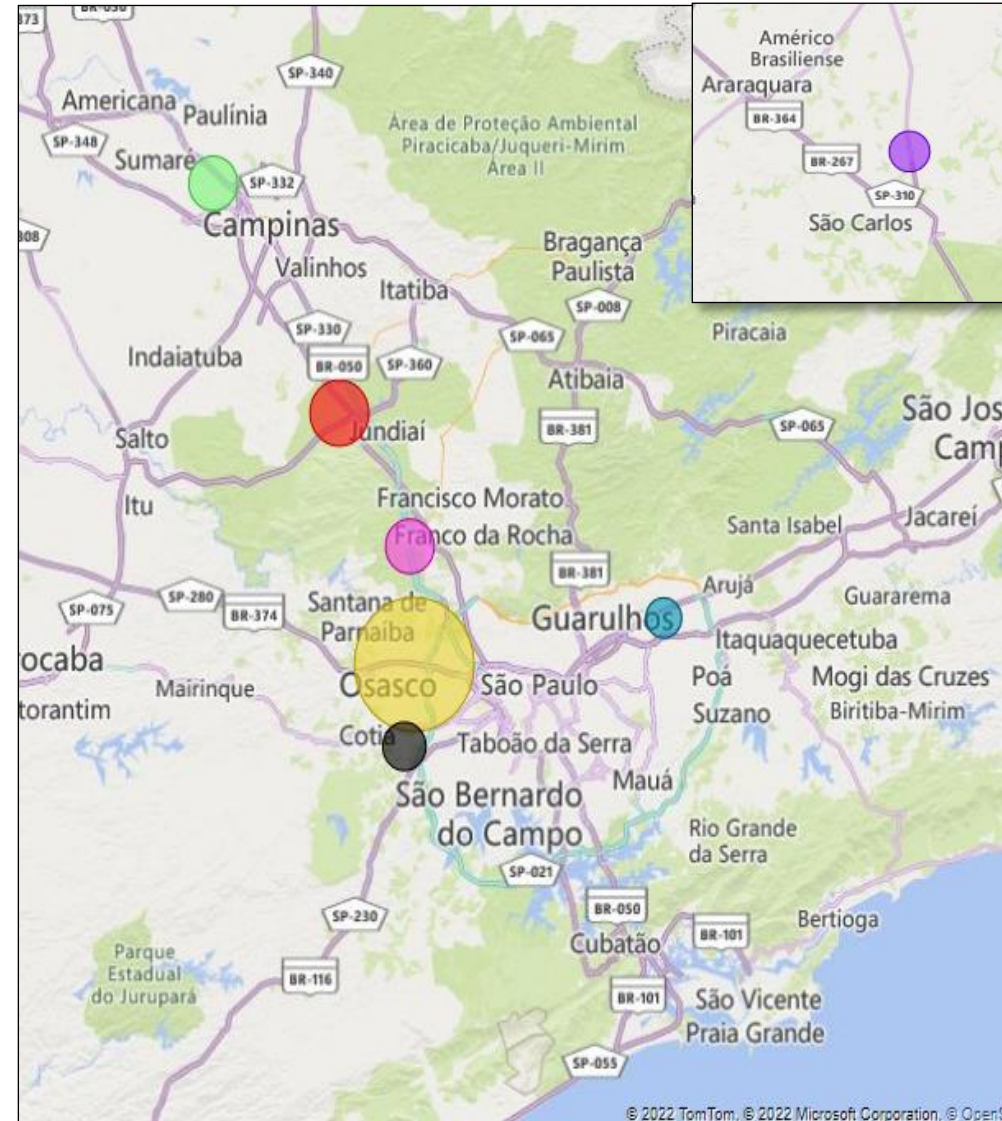
Source: Cushman & Wakefield



Absorptions

São Paulo once again recorded high net absorption at 235,639 sq.m. When compared to 2021Q1 this absorption is 42% higher and the best performing first quarter ever. The major market of *Barueri* was responsible for 52% of the total space absorbed, followed by *Jundiaí* (18%) and *Cajamar* (12%).

The logistic market still shows great demand and will continue to perform well through the year, even after the increase in the available spaces due to the recent new deliveries. New completions continue to be occupied and there is still a high number of sq.m under construction and expected to be delivered this year (pre-leased).



Major Market ● Barueri ● Cajamar ● Campinas ● Embu ● Guarulhos ● Jundiaí ● Piracicaba



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

After a fantastic 2021, Rio de Janeiro's Class A logistic market did not perform very well for first quarter. There were no new deliveries, and there are very few areas in development in Rio currently, due to the high vacancy rate in the region and less demand as compared to other states.

The vacancy rate in Rio closed at 15.96%, an increase of 0.22 p.p. QOQ, but compared to 2021Q1 a drop of 5.79 p.p., due to the absorption that occurred in the second half of 2021. There is a big gap in the vacancy rate of major markets in Rio as *Avenida Brasil* and *Pavuna* have a rate of 1.66% and 6.11%, while regions like *Duque de Caxias* and *Queimados/Seropédica* are at 24.20% and 33.08%, respectively.



The vacancy rate in Rio closed at 15.96%, an increase of 0.22 p.p. QOQ, but compared to 2021Q1 a drop of 5.79 p.p.



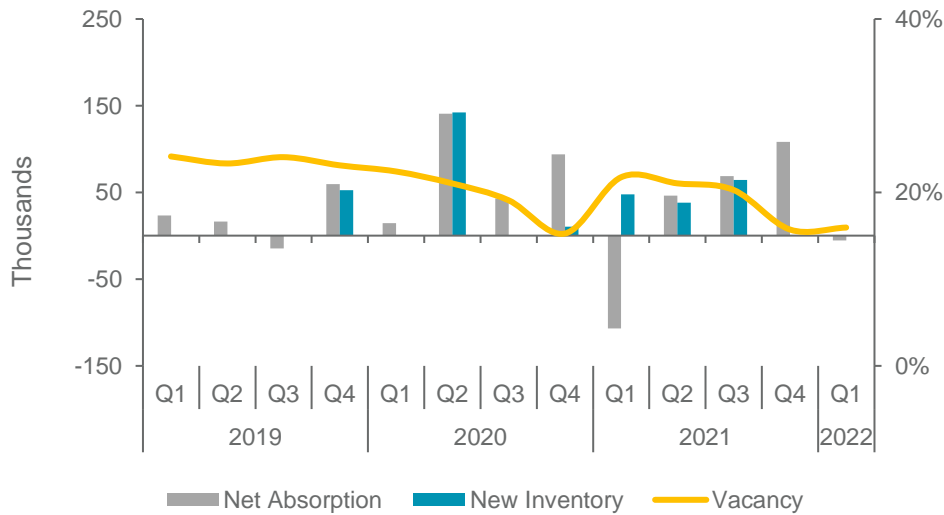
Even with a high vacancy rate, the asking price continues to rise, closing at BRL 20.74 per sq.m/month, or an increase of 2.3% QOQ. High asking rents is one of the major factors that cause high vacancy rates in Rio. The regions of *Avenida Brasil* (BRL 40.00 per sq.m/month), *Duque de Caxias* (BRL 22.13 per sq.m/month) and *Pavuna* (BRL 21.33 per sq.m/month) have the highest asking prices in the state.

RIO DE JANEIRO

Industrial Q1 2022

Net Absorption/New Inventory/Vacancy

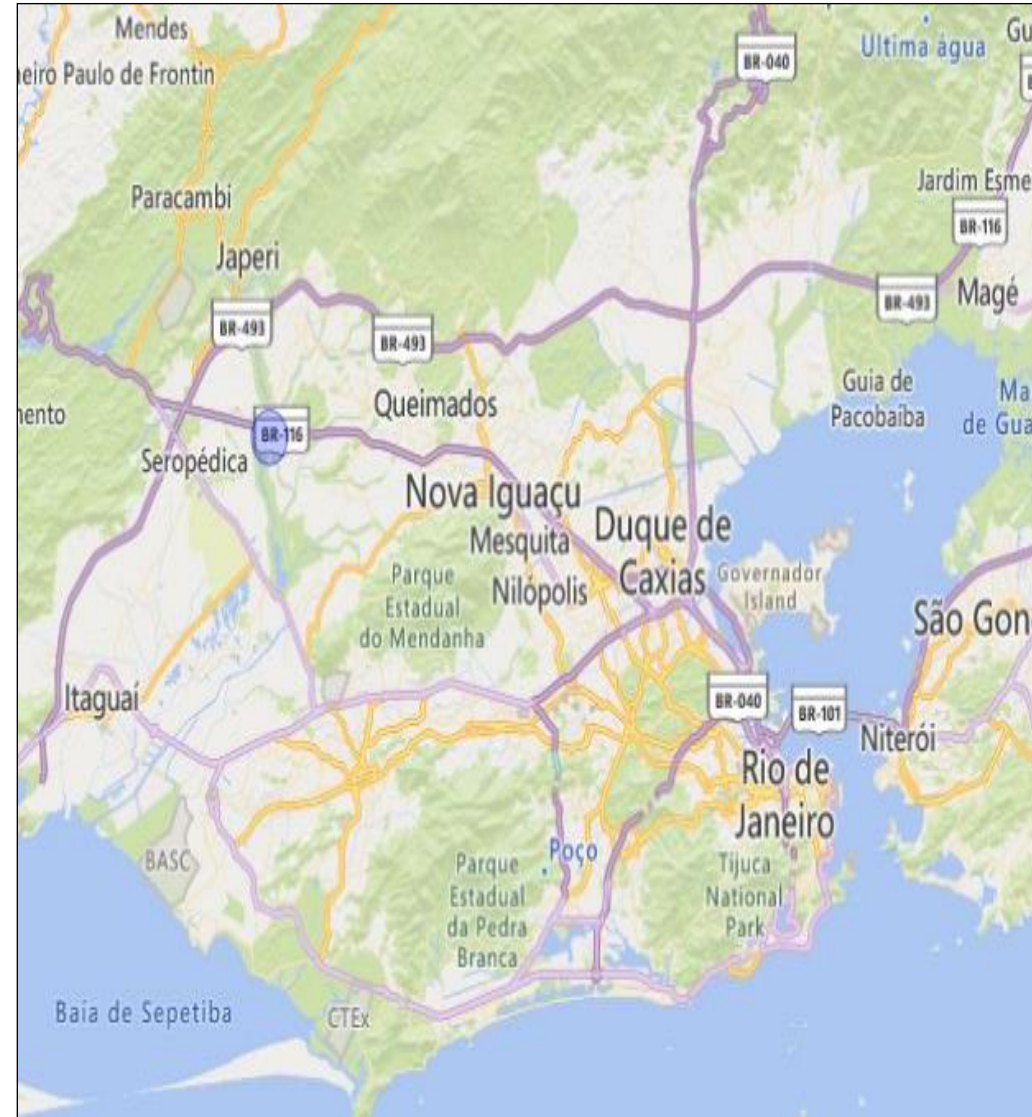
Source: Cushman & Wakefield



Absorptions

Rio’s absorption was negative this quarter for the first time since 2021Q1 at -5,350 sq.m. In fact, the only major market to record positive net absorption was *Queimados/Seropédica*, with 3,616 sq.m. *Duque de Caixias* registered negative absorption at with -8,392 sq.m.

Without a high number of new deliveries planned for 2022, along with a cooldown in demand for this region, Rio de Janeiro is not to experience the great metrics that were seen in the last couple of years with both high absorption and deliveries.



Major Market ● Queimados / Seropédica

Industrial Q1 2022

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	9,313	3.0%	3,724	3,724	3,724	-	-	R\$ 25.00	R\$ 25.00		
Bahia	144,085	4,813	3.3%	7,643	7,643	9,342	63,976	-	R\$ 17.59	R\$ 21.82		
Paraná	697,610	48,298	6.9%	7,637	7,637	8,146	15,925	27,612	R\$ 19.52	R\$ 19.70		
Pernambuco	795,015	13,034	1.6%	6,491	6,491	6,618	88,144	-	R\$ 16.55	R\$ 18.07		
Rio Grande do Sul	350,531	96,625	27.6%	-	31,570	-	31,570	6,430	R\$ 15.71	R\$ 16.35		
Minas Gerais	1,232,066	7,642	0.6%	176,205	176,205	176,205	404,148	104,486	R\$ 24.10	R\$ 25.00		
Ceará	180,244	7,920	4.4%	23,677	23,677	23,677	48,439	13,715	R\$ 14.00	R\$ 14.00		
Pará	53,995	1,535	2.8%	-	-	-	62,465	-	R\$ 23.00	R\$ 23.00		
Santa Catarina	142,806	14,900	10.4%	-	-	-	171,803	-	R\$ 14.42	R\$ 12.00		
Other Regions	3,903,710	204,080	5.2%	193,807	193,807	234,142	915,201	145,813	R\$ 17.40	R\$ 17.74		
Campinas	1,499,298	240,297	16.0%	28,858	28,858	33,916	89,636	138,871	R\$ 17.27	R\$ 17.44		
Jundiaí	1,728,606	294,049	17.0%	42,303	42,303	71,118	-	65,044	R\$ 18.36	R\$ 18.31		
Cajamar	2,183,265	160,283	7.3%	28,841	28,841	28,841	410,209	25,327	R\$ 23.38	R\$ 23.38		
Guarulhos	1,698,312	104,726	6.2%	11,761	11,761	13,187	232,545	-	R\$ 26.23	R\$ 26.23		
Barueri	1,053,437	64,773	6.1%	123,240	123,240	126,860	235,200	108,408	R\$ 22.63	R\$ 23.13		
Embu	889,070	109,327	12.3%	21,453	21,453	21,453	-	91,217	R\$ 22.06	R\$ 22.17		
Capital - SP	107,082	-	0.0%	-	-	-	-	-	R\$ 31.49	-		
Atibaia	361,529	50,045	13.8%	-	6,079	-	6,079	-	R\$ 20.42	R\$ 21.58		
Vale do Paraíba	252,277	73,965	29.3%	-	-	-	-	-	R\$ 18.16	R\$ 18.00		
Sorocaba	346,065	90,044	26.0%	-	36,769	-	36,769	5,071	R\$ 18.06	R\$ 18.41		
Grande ABC	438,838	60,559	13.8%	-	-	-	72,425	-	R\$ 25.20	R\$ 26.17		
Ribeirão Preto	138,677	-	0.0%	-	-	-	11,789	-	R\$ 15.00	-		
Piracicaba	202,162	105,814	52.3%	22,031	22,031	22,031	-	58,849	R\$ 18.57	R\$ 18.57		
São Paulo	10,898,618	1,353,882	12.4%	235,639	235,639	322,477	1,119,114	487,716	R\$ 20.11	R\$ 20.27		
Duque de Caxias	964,999	233,576	24.2%	-	8,392	-	8,392	7,759	R\$ 20,905	-	R\$ 22.23	
Pavuna	537,115	32,829	6.1%	-	-	-	-	-	R\$ 22.03	R\$ 21.33		
Queimados / Seropédica	259,007	85,688	33.1%	3,616	3,616	3,616	-	-	R\$ 18.01	R\$ 18.01		
Santa Cruz / Campo Grande	337,746	17,817	5.3%	-	-	-	28,710	-	R\$ 16.50	R\$ 16.50		
Vale do Paraíba Fluminense	211,395	9,540	4.5%	-	-	-	-	-	R\$ 16.00	R\$ 16.00		
Campos	36,718	-	0.0%	-	-	-	-	-	R\$ 14.00	-		
Avenida Brasil	34,580	574	1.7%	-	574	-	574	-	R\$ 38.21	R\$ 40.00		
Rio de Janeiro	2,381,559	380,024	16.0%	-	5,350	-	5,350	11,375	R\$ 49,615	-	R\$ 21.12	R\$ 20.74
Brazil	17,183,887	1,937,986	11.3%	424,096	424,096	567,994	2,083,930	633,529	R\$ 19.85	R\$ 20.09		

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	S.QM	TYPE
CBL Barueri	Barueri	Leo Madeiras	81.000	Lease
Bresco Osasco	Barueri	99 Taxi	27.408	Lease
Golgi Jundiaí	Jundiaí	Total Express	23,489	Lease

KEY DELIVERIES Q1 2022

PROPERTY	SUBMARKET	OWNER	S.QM
Condomínio Viracopos	Campinas	Hedge Logística Fil	138,871
GLP Régis	Embu	GLP Properties	91,217
Golgi Jundiaí (Expansion)	Jundiaí	Autonomy Investimentos	65,044

Luis Fernando Gardel Deak

Head of Market Research & Business Intelligence
South America

luis.deak@sa.cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2022 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