

10.26%
Vacancy Rate

YOY
Chg

12-Mo
Forecast

403,172
Net Absorption (sq.m)

BRL 23.55
Asking Rent (BRL sq.m)

(Class A)

ECONOMIC INDICATORS 2023

0.1%

2023Q3 GDP - QOQ

QOQ
Chg

12-Mo
Forecast

7.7%

Unemployment Rate
(2023Q3)

4.7%

CPI Inflation Nov (12 months)

1.3%

Industrial Production YOY

Source: LCA

Economic Scenario

• In 2023, the Brazilian economy showed a positive performance with GDP advancing in the first three quarters of the year. • The IPCA (Broad National Consumer Price Index) registered an increase of 0.28% in November and accumulates an increase of 4.28% in 12 months. • Unemployment fell from 8.8% in the first quarter of the year to 7.7% in the quarter ended in October, according to PNAD (Continuous National Household Sample Survey). • The basic interest rate of the Brazilian economy (Selic), which began its easing cycle in August, is currently 11.75%. • The FED has already signaled that it will begin the interest rate cut cycle in mid-2024, which should benefit emerging currencies. Currently the American interest rate is at a level of 5.25% and 5.50%, and the expectation for the end of 2024 is that the rate will be between 4.75% and 5%.

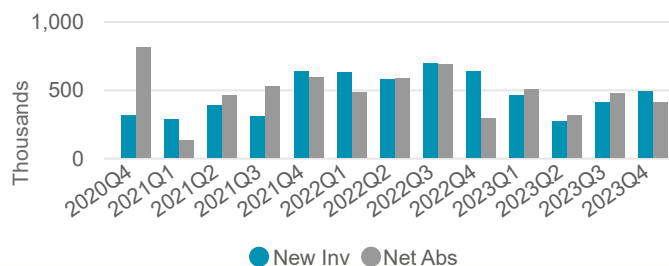
Market Overview Brazil

The year 2023 showed positive and significant results in terms of net absorption throughout all quarters. The year ended with a total of 1,681,175 sq.m, with 73% coming from São Paulo (1,223,118 sq.m). Rio de Janeiro, on the other hand, doubled its value when compared to the end of the previous year, closing 2023 with 52,245 sq.m. Minas Gerais also deserves being mentioned, with a total of 244,568 sq.m of net absorption. Southeast region, once again, was the main contributor to the high values, totaling 1,519,931 sq.m of net absorption. The only region in the country that showed a slight negative result was North (-2,847 sq.m). It is worth noting that when analyzing only the departures recorded during the year in the country, this number totals 1,112,662 sq.m. A significant part occurred in the commerce sector, with one of the largest retailers in the market filing for judicial recovery in 2023, contributing for 10% of this total. The retail sector had the highest number of departures in current year, but is also one of the sectors with the highest number of occupancies. Regarding the new deliveries, the country ended the year with 1,616,791 sq.m coming from Southeast (1,466,797 sq.m.), Northeast (104,876 sq.m.), and South (45,118 sq.m.). Of these, 487,674 sq.m. were recorded in the last quarter, distributed among the regions of Guarulhos, Cajamar, Extrema, Salvador, Capital-SP, and Embu. This is the third consecutive year that Brazil has shown a strong number of pre-leases, especially in the state of São Paulo, which ended 2023 with 41.03% of delivered spaces that were already pre-leased.

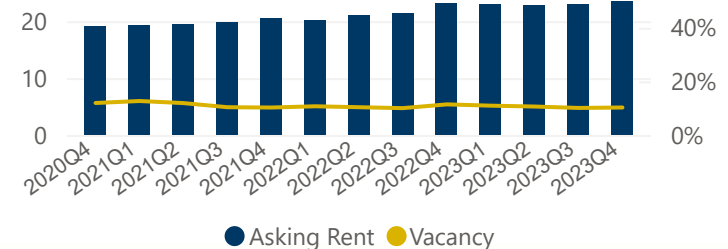
Vacancy and Asking Rent

The vacancy rate for class A buildings in Brazil was 10.26% at the end of 2023, a slight decrease compared to the closure of the previous year (-1.2 p.p.). The Southeast region showed highest decrease (-1.4 p.p.), followed by the Northeast region (-1.0 p.p.). The North region recorded almost an imperceptible increase compared to the closure of 2022, as the net absorption for this year was negative and a lot lower than the cumulative total of previous year. In the fourth quarter, Brazil received 210,764 sq.m of occupancies originating from pre-leasing, while last year this number was 86,406 sq.m. Thus, it is noteworthy that the demand for new properties remains robust, resulting in the extended vacancy of certain obsolete assets in the market within specific regions. The average asking price for class A in Brazil was BRL 23.55/sq.m at the end of the year, 1.7% higher than the end of the previous year. Analyzing the regions individually, the North showed the highest increase (22.9%) in its average asking price on an annual basis, reaching BRL 27.31/sq.m. This occurred due to the fully occupancy in one of the developments with an asking rent well below region average, that had approximately 30% vacant space in the second quarter. The Northeast recorded a 6.3% increase in the asking price compared to December 2022, ending the current period at BRL 19.92/sq.m.

NET ABSORPTION / DELIVERIES

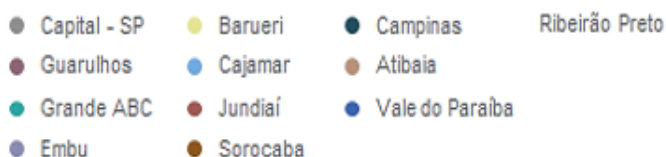


ASKING RENT (BRL/sq.m/mo) / VACANCY





SUBTITLE



Market Overview

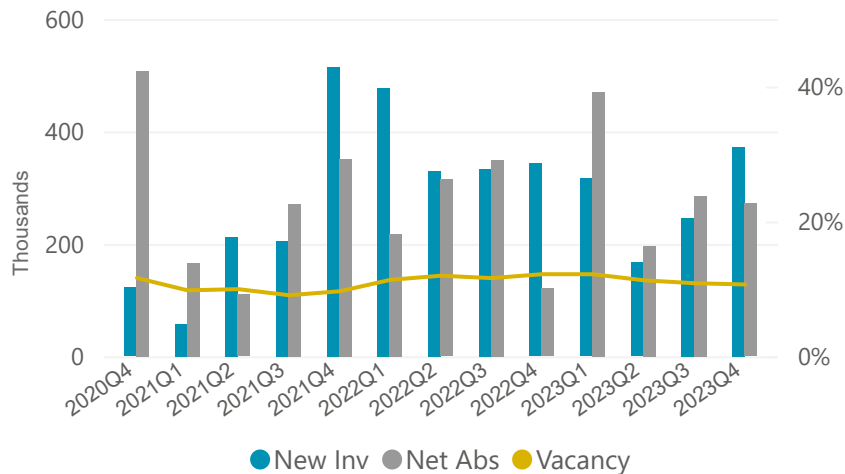
Class A logistics market in the state of São Paulo recorded a net absorption of 1,223,118 sq.m in 2023, a 22.1% increase compared to 2022. This value was the highest ever recorded in the entire historical series. Among the monitored regions, those with the highest annual net absorptions were Guarulhos (372,915 sq.m), Barueri (327,783 sq.m), and Cajamar (248,521 sq.m). Between expansions and new deliveries, the state of São Paulo delivered 20 developments during the year, totaling 1,102,177 sq.m divided in regions such as Guarulhos (421,469 sq.m), Barueri (352,204 sq.m), Cajamar (188,054 sq.m), Embu (52,625 sq.m), Grande ABC (43,164 sq.m), Capital – SP (22,428 sq.m), and Sorocaba (22,233 sq.m). The vacancy rate, on the other hand, decrease 2.0 p.p. compared to December 2022, closing at 10.96%. São Paulo is one of the Brazilian states that records high number of pre-leases, with 452,208 sq.m occupied in 2023 in São Paulo originated from contracts signed before the delivery of the developments, focusing on the regions of Barueri, Guarulhos and Cajamar. Among them, Barueri stands out with 210,383 sq.m occupied through pre-leasing agreements. Despite expressive net absorption in Guarulhos throughout the year, the vacancy rate experienced a slight increase when compared to the end of 2022, closing at 10.22%. This occurred due to the new deliveries exceeding the absorptions, resulting in a vacant area increasing, being the region that contributed the most in the state of São Paulo in 2023, totaling 421,469 sq.m of new developments, followed by Barueri with 352,204 sq.m. Furthermore, the regions that registered the highest departures were Cajamar (-137,554 sq.m) and Jundiaí (-113,767 sq.m), however both ended the year with positive net absorptions due to the strong demand. The average asking price in the state ended the year at BRL 24.65/sq.m, a 3.3% increase compared to the previous year. Most of the deliveries recorded during the year had prices higher than the state's average, with the most expensive being in Capital – SP, where the development is still 100% vacant. Additionally, four other new developments in Guarulhos also have asking prices above its own region and state averages which have not been completely absorbed. This contributed to the increase in the average asking rent by the end of 2023. Among the most expensive regions in the state are Capital – SP (BRL 38.12/sq.m), Grande ABC (BRL 32.00/sq.m), and Guarulhos (BRL 31.77/sq.m). However, it is worth noting that in Grande ABC, this value comes from a single development with only 4% vacancy, resulting in a 0.8% vacancy rate in the region.

The state of São Paulo recorded the highest net absorption in the history in the total of 2023, reaching 1,223,118 sq.m, in addition to the delivery of 20 new developments totaling 1,102,177 sq.m between seven different regions



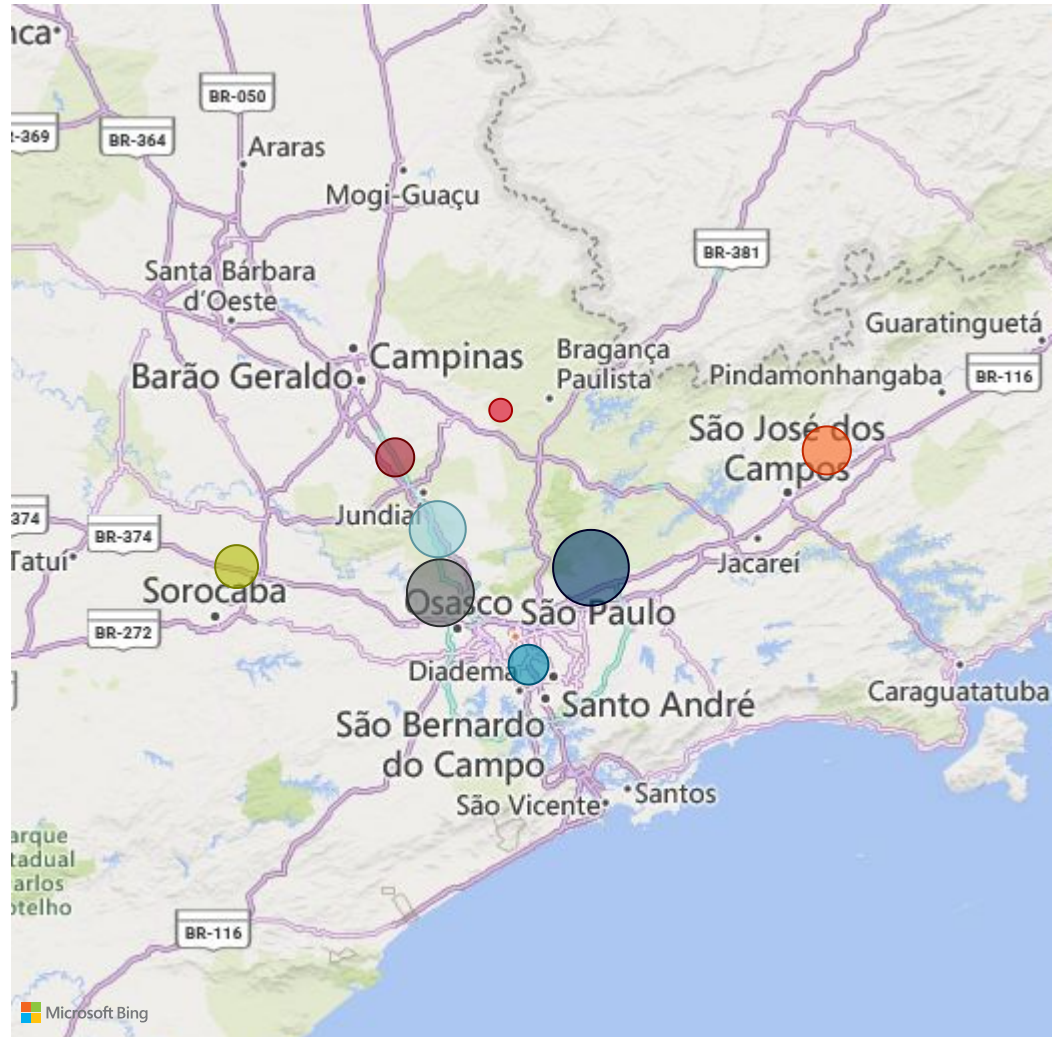
Net Absorption/New Inventory/Vacancy

Source: Cushman & Wakefield



Absorptions

The highest net absorptions of the year occurred in Guarulhos (372,915 sq.m), Barueri (327,783 sq.m), and Cajamar (248,521 sq.m). On the other hand, the largest negative absorptions were in Campinas (-27,147 sq.m), Ribeirão Preto (-6,518 sq.m), and Atibaia (-3,467 sq.m). Nonetheless, Jundiaí recorded a net absorption of 75,600 sq.m, Sorocaba of 67,993 sq.m, Grande ABC of 58,811 sq.m, and Capital – SP of 49,082 sq.m.





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 class A logistics market in the state of Rio de Janeiro recorded a net absorption of 52,245 sq.m in 2023 and ended with a vacancy rate of 19.29%. Duque de Caxias was the region that showed the highest net absorption in the period, totaling 63,424 sq.m absorbed after ending 2022 with a negative value. On the other hand, Santa Cruz/Campo Grande recorded a negative value (-46,594 sq.m), with a departure of over 75,000 sq.m by Wholesales, Retail Trade, and Manufacturing companies. As a result, the vacancy rate in the region increased by 15.1 p.p. compared to the total of the previous year. Besides that, three new developments were delivered in the state of Rio de Janeiro in 2023, totaling 71,788 sq.m, divided in the first two quarters of the year. The new deliveries were in Santa Cruz/Campo Grande (27,417 sq.m), Pavuna (23,386 sq.m), and Duque de Caxias (20,985 sq.m). While the state of Rio de Janeiro still has over half a million sq.m of available area, it has an important characteristic when analyzing new leases. Even though there are available properties with lower prices to be leased, well-located developments with high quality of infrastructure features that better fit the local market can attract demand before they are delivered even with higher prices than the existing options. A great example of this scenario is a development that is expected to be delivered in the last quarter of 2024, already with an asking price of BRL 38.00/sq.m and has received pre-leasing in some areas. In contrast, it's seen developments with over 80% of vacant area in Santa Cruz/Campo Grande, Pavuna, and Queimados/Seropédica asking between BRL 17.00/sq.m and BRL 21.00/sq.m. The average asking price in the state ended the year at BRL 20.67/sq.m. Avenida Brasil continues to have the highest asking price in the state, BRL 42.00/sq.m, but with a vacancy rate of only 1.7%. In second place is Duque de Caxias with BRL 23.79/sq.m, followed by Pavuna with BRL 20.22/sq.m. Among the less expensive regions are Queimados/Seropédica with BRL 19.40/sq.m, Santa Cruz/Campo Grande with BRL 17.29/sq.m, and Vale do Paraíba Fluminense with BRL 16.00/sq.m.

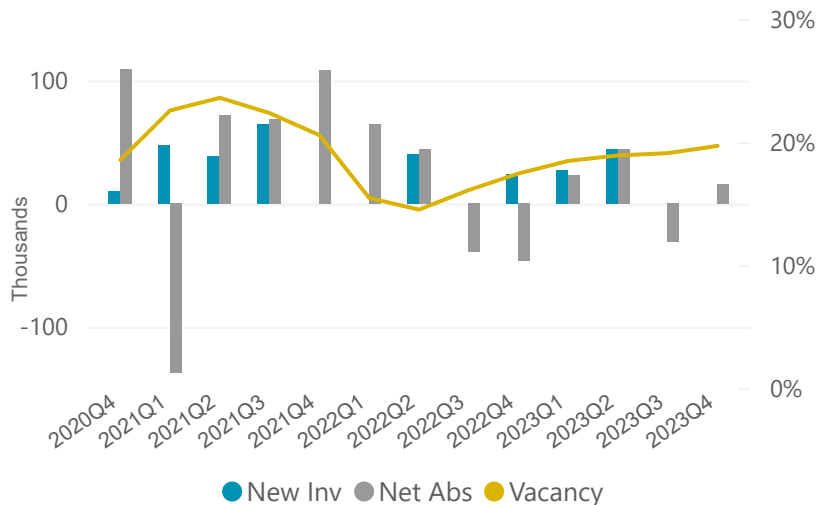


Rio de Janeiro has been receiving pre-leases due to their prime location and superior construction features, even with prices above the market average



Net Absorption/New Inventory/Vacancy

Source: Cushman & Wakefield



Absorptions

Rio de Janeiro ended the year exceeding the double of total net absorption of 2022, recording a 52,245 sq.m. Duque de Caxias should be highlighted with its positive result (63,424 sq.m), while Santa Cruz/Campo Grande had the highest negative absorption (-46,594 sq.m), mainly coming from the third quarter of the year.



● Duque de Caxias ● Pavuna ● Queimados / Seropédica ● Santa Cruz / Campo Grande

MARKETBEAT

BRAZIL

Industrial Q4 2023



Class 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 COMPLETION S (S.QM)	AVG ASKING RENT (ALL CLASSES)*	AVG ASKING RENT (CLASS A)*
Amazonas	307,359	6,400	2.08%	3,201	-6,400	6,400	0	0	28.00	28.00
Bahia	309,988	0	0.00%	44,881	50,965	52,664	28,584	44,881	15.66	
Paraná	748,058	26,433	3.53%	-2,498	-288	3,452	0	3,452	19.98	18.97
Pernambuco	1,031,423	9,500	0.92%	0	1,247	7,438	68,575	0	19.88	20.45
Rio Grande do Sul	409,072	69,127	16.90%	-9,703	-9,968	77,620	0	0	19.77	21.87
Minas Gerais	2,101,260	98,827	4.70%	79,008	244,568	395,591	593,676	292,832	25.27	25.40
Ceará	311,950	2,640	0.85%	5,065	66,652	66,652	0	59,995	18.00	18.00
Pará	116,460	1,026	0.88%	0	3,553	21,316	0	0	23.00	23.00
Santa Catarina	390,646	44,657	11.43%	-4,264	55,483	59,747	0	41,666	19.50	21.06
Other Regions	5,726,215	258,610	4.52%	115,690	405,812	690,880	690,835	442,826	21.13	22.82
Campinas	1,331,443	142,262	10.68%	-23,936	-27,147	24,996	42,364	0	17.66	18.29
Jundiaí	2,057,746	252,271	12.26%	3,333	75,600	178,054	0	0	19.14	19.16
Cajamar	2,733,602	322,137	11.78%	53,099	248,521	297,098	79,941	188,054	26.10	26.10
Guarulhos	2,214,529	226,294	10.22%	105,639	372,915	424,046	158,109	421,469	31.77	31.77
Barueri	1,655,919	155,619	9.40%	89,095	327,783	337,020	34,046	352,204	24.80	26.02
Embu	927,082	137,568	14.84%	-10,032	16,683	26,715	0	52,625	23.71	24.85
Capital - SP	228,763	51,692	22.60%	-2,670	49,082	66,572	8,335	22,428	40.64	38.12
Atibaia	434,755	37,817	8.70%	842	-3,467	10,721	67,310	0	20.29	22.31
Vale do Paraíba	252,277	7,793	3.09%	31,194	42,862	42,862	0	0	20.16	24.00
Sorocaba	360,299	18,603	5.16%	19,948	67,993	91,428	0	22,233	19.08	20.31
Grande ABC	526,815	4,275	0.81%	10,226	58,811	77,587	96,893	43,164	32.00	32.00
Ribeirão Preto	138,677	6,518	4.70%	-5,022	-6,518	2,672	0	0	18.89	26.00
Piracicaba	202,162	69,368	34.31%	0	0	0	0	0	18.29	18.29
São Paulo	13,064,069	1,432,217	10.96%	271,716	1,223,118	1,579,771	486,998	1,102,177	24.00	24.65
Duque de Caxias	985,984	210,134	21.31%	9,733	63,424	81,064	0	20,985	23.85	23.79
Pavuna	599,134	66,108	11.03%	2,492	-4,655	12,403	0	23,386	21.39	20.22
Queimados / Seropéd...	282,938	60,522	21.39%	4,822	11,956	11,956	41,816	0	19.40	19.40
Santa Cruz / Campo ...	450,163	166,588	37.01%	1,627	-46,594	29,044	0	27,417	17.29	17.29
Vale do Paraíba Flumi...	237,424	2,908	1.22%	-2,908	27,540	30,448	0	0	16.00	16.00
Campos	36,718	0	0.00%	0	0	0	0	0	14.00	
Avenida Brasil	34,580	574	1.66%	0	574	574	0	0	36.06	42.00
Rio de Janeiro	2,626,940	506,834	19.29%	15,766	52,245	165,489	41,816	71,788	21.00	20.67
Brazil	21,417,225	2,197,661	10.26%	403,172	1,681,175	2,436,140	1,219,648	1,616,791	22.99	23.55

KEY LEASE TRANSACTIONS Q4 2023

Property	State	Sub-Market	Tenant	Area
Prologis Raposo 39	São Paulo	Barueri	Grupo GPS	80,579
Cy.Log Modal Extrema	Minas Gerais	Extrema	DHL	70,314
DVR Business Park - Caçapava	São Paulo	Vale do Paraíba	Embraer	38,987
Cy.log Guarulhos	São Paulo	Guarulhos	Mundial Logistics	37,350
Syslog Cajamar	São Paulo	Cajamar	Viveo	36,181
GLP - Guarulhos	São Paulo	Guarulhos	Shopee	30,553
Parque Logístico Guarulhos II	São Paulo	Guarulhos	Martin Brower	26,243

KEY DELIVERIES Q4 2023

Property	State	Sub-Market	Owner	New Inventory
Syslog Cajamar	São Paulo	Cajamar	HSI Logística	188,054
Cy.Log Modal Extrema	Minas Gerais	Extrema	CY Capital	70,314
CLD - Centro Logístico Dutra	São Paulo	Guarulhos	Sanca Galpões/SPX Capital/Syn Prop	45,424
LOG Salvador	Bahia	Salvador	Log Commercial Properties	44,881
Parque Logístico Guarulhos II	São Paulo	Guarulhos	Brookfield	43,591
Cy.log Guarulhos	São Paulo	Guarulhos	CY Capital	37,350
GS Empresarial Park Vila Anastácio	São Paulo	São Paulo	Goodstorage	22,428

KEY EXPECTED NEW DELIVERIES FOR 2024

Expected Delivery Date	Property	State	Sub-Market	New Inventory
2024Q1	BRZ 040 Logistics Park	Minas Gerais	Ribeirão das Neves	67,401
2024Q1	Citygate Itapeva	Minas Gerais	Extrema	50,312
2024Q1	Parque Logístico Aero I	São Paulo	Guarulhos	43,228

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