

YoY Chg 12-Mo. Forecast

6.0 % ▼ ▲
Vacancy Rate

-1,088 Sq.m ▼ ▲
Net Absorption (sq.m)

\$ 6.1 ▼ ▲
Average Asking Rent (USD/Sq.m/Mo)

(* Indicators include Class A and B)

ECONOMIC INDICATORS H1.2022

YoY Chg 12-Mo. Forecast

7.2% ▼ ▼
Unemployment rate (*)

9.9% ▲ ▲
GDP Variation (**)

8.8% ▲ ▼
CPI (Interannual variation) (***)

(* Quarter Mar-Apr-May 2022 (Source: INEI)
(**) Annualized May 2021-Apr 2022 (Source: INEI)
(***) Metropolitan Lima. From Jul 2021 to Jun 2022. (Source: INEI)

MARKET OUTLOOK:

Closing the first half of 2022, the vacancy rate showed an increase of 1.8 p.p. compared to the last semester of 2021 due to the delivery of 36,000 sq.m. in Class A logistics centers. Although a large part of the developers of logistics centers, mainly those with high standard characteristics, build and lease their spaces on demand, others do it for speculative purposes, considering that the demand for these spaces has had a stable behavior in recent years. However, this increase in vacancy should be taken as circumstantial, since these spaces are usually negotiated before being built or during construction itself, with the aim of making it much easier to adjust to the requirements.

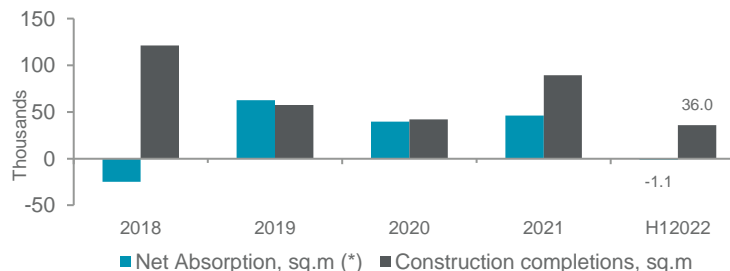
SUPPLY AND DEMAND:

Net absorption was -1,088 sq.m. In the case of Class A logistics centers, the net absorption was 4,924 sq.m. In this semester, the South Zone and Central Zone had a positive performance regarding this indicator, reaching figures of 2,924 sq.m. and 1,231 sq.m., respectively in Class A and B. The Callao Zone and East Zone reflected some vacancies that added a total of 5,246 sq.m., however, it is important to consider that this is a short-term availability since, in most cases, the spaces are in a negotiation stage. On the other hand, as the semesters go by, the South Zone acquires a greater market share, having increased its inventory by 36,000 sq.m. during the last 6 months, specifically in Lurin. It should be noted that Class A logistics spaces, due to their characteristics and target audience, are generally leased and placed on demand, thus, the vacancy rate remains relatively low, on 3.7% by the end of the first semester, with an availability located mainly in the South Zone (48,964 sq.m.).

PRICING:

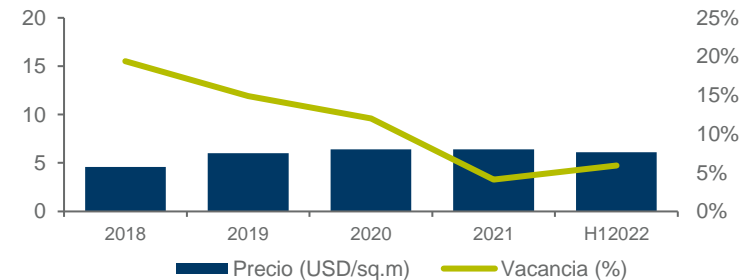
At the end of this semester, the requested rental price closed at USD 6.1/sq.m., averaging Class A and B logistics spaces, where the price range fluctuated between USD 5.3 and USD 8.0 per sq.m. Compared to the last semester, the rental price for Class A logistics centers increased by 5.2 % and for B it was reduced by 19 % as a result of price adjustments by developers, considering the demand and the type of client which they are heading to. The South Zone significantly influences the estimation of rental prices by covering 80 % of inventory, and compared to the previous semester, the price of this zone was reduced by 6.7 %, mainly influenced by changes in Class B logistics spaces.

SPACE DEMAND / DELIVERIES (*)



(* This indicator only considers H12022. Indicators include Class A and B)

OVERALL VACANCY & ASKING RENT (*)



(* Indicators include Class A and B)

ECONOMIC OUTLOOK

The national economy closes the first half of the year in a scenario of variations in its main indicators, generating some uncertainty in decision-making for the main economic actors. Despite this, the great progress in the vaccination process against Covid-19 in our country, where more than 50% have already received at least 3 doses, has managed to maintain the main economic activities.

In this scenario of changes, according to INEI, the interannual variation of the GDP until the end of April was 9.9%, projecting a growth of 3.1% in the last month of 2022 according to the Central Reserve Bank, considering that in the second half of the year a more stable economic, political and social environment is possible, which would give confidence to the different markets.

The unemployment rate has maintained its downward trend, with the figure for this semester being 4.8 p.p. lower than that observed in the same semester of 2021 and closing at 7.2%, which would reflect the complete reactivation of the productive sectors with the advancement of the vaccination process.

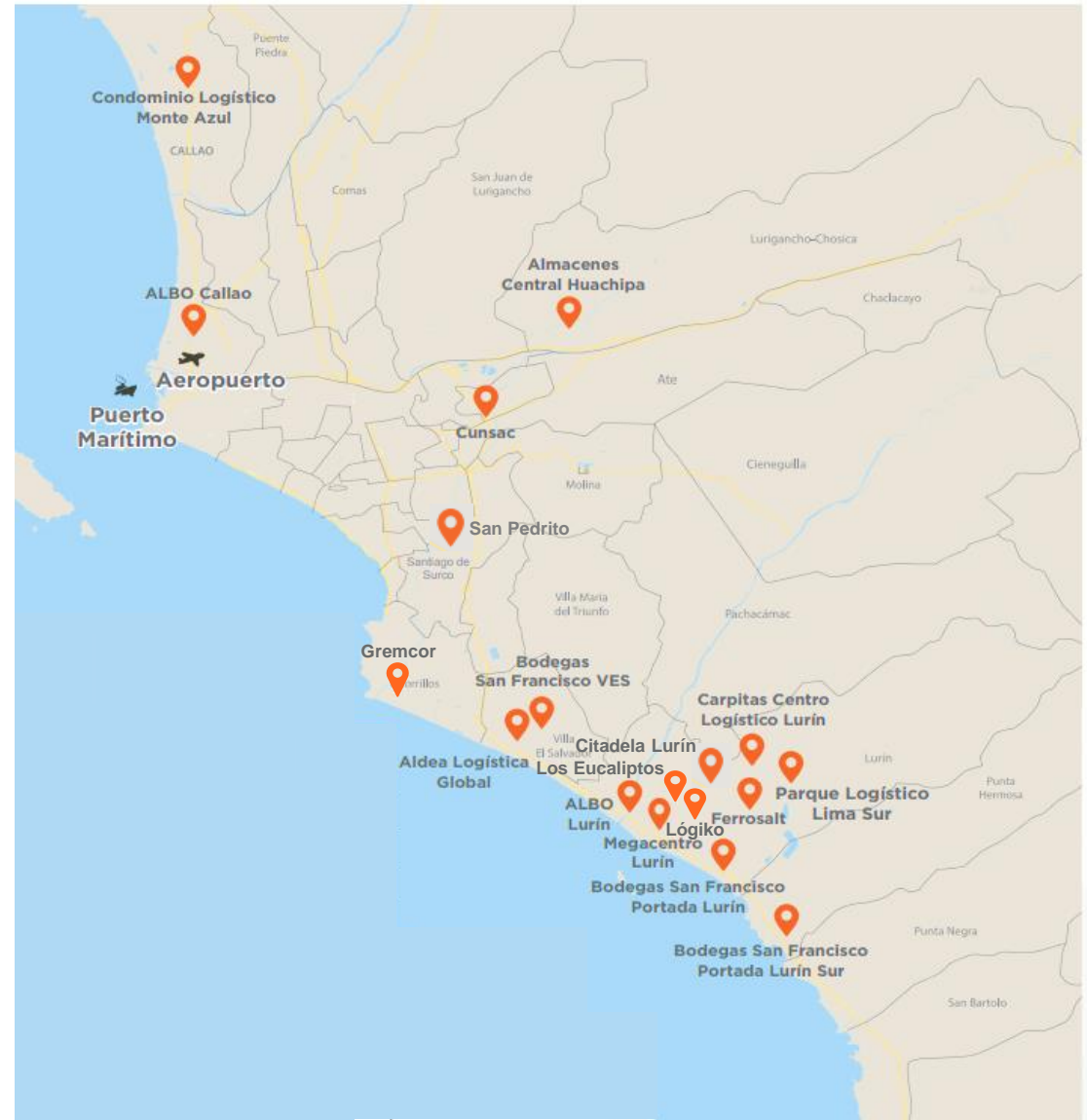
On the other hand, the annualized inflation rate closed the month of May at 8.8%, a new maximum after 24 years and a figure that is outside the target range indicated by the Central Reserve Bank. According to this entity and in the context of global economic and political events that could put pressure on monetary policy, the projection for this indicator towards the end of the year is to go from 3.6% to 6.4%. The increase in the prices of the main construction inputs, such as steel, currently has a significant impact on future industrial developments and the dynamics with which the infrastructure of this market continues to grow.

Likewise, the exchange rate reached the figure of S/3.7 / USD, where in the last 6 months it has had a reduction of approximately 5.3%. Considering that the rental prices in the logistics market are generally quoted in dollars, significant changes in this indicator can influence the negotiations, considering the extension of the rental contracts.

FUTURE OUTLOOK

For the second half of 2022, the delivery of 123,020 sq.m. of logistics spaces is expected, distributed in the Callao, East and South Zones. Among the projects to be delivered are the second stage of Megacentro Industriales Sur, part of the Great Callao Logistics Park project, three stages of the Monte Azul Logistics Condominium, Aldea Logistica Global 8 and new spaces developed in Bodegas San Francisco Portada Lurin Sur. Currently, there are more than 450 thousand sq.m. in project distributed in the three main areas of development of logistics centers. As has been mentioned, a large part of the new developments are started on request and those with a speculative perspective are occupied in the short term due to the dynamism of the sector. It should be noted that the Peruvian logistics market is in an initial stage compared to other countries in the region and its growth expectation is quite promising.

MAP OF LOGISTICS CENTERS AND WAREHOUSES



MARKET STATISTICS

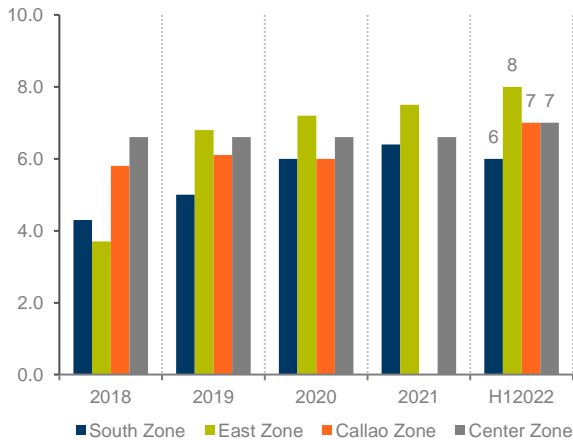
SUBMARKETS	INVENTORY (SQ.M) (*)	NUMBER OF LOGISTICS CENTERS	AVAILABLE SURFACE (SQ.M)	VACANCY RATE (%)	YTD OVERALL NET ABSORPTION (SQ.M)(*)	UNDER CONSTRUCTION (SQ.M) (**)	PROJECTED (SQ.M) (***)	OVERALL AVG ASKING RENT (USD /SQ.M / MONTH)
South Zone Class A	1,222,351	16	48,964	4.0	4,924	93,020	244,511	6.8
East Zone Class A	104,000	1	-	-	-	-	100,000	-
Callao Zone Class A	10,000	1	-	-	-	231,000	109,000	-
SUBTOTALS CLASS A	1,336,351	18	48,964	3.7	4,924	324,020	453,511	6.8
South Zone Class B	77,223	5	40,435	29.8	-2,000	-	-	5.1
East Zone Class B	15,515	1	301	1.9	-243	-	-	8.0
Callao Zone Class B	50,000	2	5,000	10.0	-5,000	10,000	-	7.0
Center Zone Class B	58,837	1	240	0.4	1,231	-	-	7.0
SUBTOTALS CLASS B	260,010	9	45,976	17.7	-6,012	10,000	-	5.3
TOTAL	1,596,361	27	94,940	5.9	-1,088	334,020	453,511	6.1

(*) This indicator only considers H12022. For the end of the current semester, inventory information has been updated.

(**) Surface under construction with delivery date until S22023

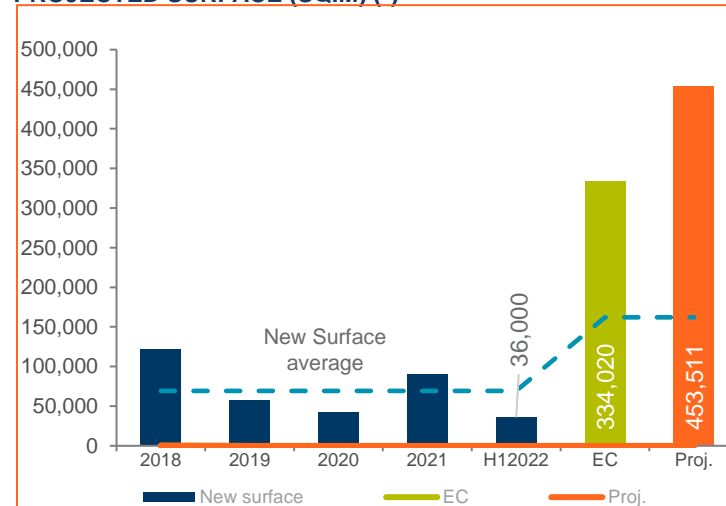
(***) Surface that is in the project stage and whose delivery date is defined from S12024 or not yet defined

ASKING RENT PER SUBMARKET(*) (USD/SQ.M/Month)



(*) Indicator include Class A and B

NEW INVENTORY (SQ.M) PROJECTED SURFACE (SQ.M) (*)



(*) Indicators include Class A and B

DIEGO BRICEÑO

Head of Brokerage

+51 9 905 20140

diego.briceno@cushwake.com

DENISE VARGAS

Market Research Coordinator

+51 9 560 37410

denise.vargas@cushwake.com

cushwakeperu.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services

© 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