

	GDP Var (%)	Unemployment Rate (%)	Inflation Index (%)
Argentina	10.3	7.0	60.7
Brasil	1.7	11.1	11.9
Chile	2.8	7,8	11.5
Colombia	9.6	11.6	9.7
Perú	9.9	7.2	8.8

Sources: Latest official data available
LCA and National Statistics Institute per country

ECONOMIC OUTLOOK

Despite the few and isolated signs of recovery in the regional economy regarding formal employment and production, the economic outlook during the first half of 2022, is affected by the global situation that impacts the inflation rates of the entire region: mainly the slow recovery from the pandemic period, and, on the other hand, the conflict between Russia and Ukraine, which continues to break into the positive forecasts set for 2022. However, it is important to bear in mind that the unemployment rate fell throughout the region and the rest of the indicators slowed their negative trend.

LOGISTIC REGIONAL MARKET OVERVIEW

During the first half of 2022, a strong demand is seen throughout South America. Confirmed by the absorption indicator, which gradually approaches the vacancy to zero, raising the asking prices to historical levels. In all the countries analyzed, the interest of developers in carrying out custom-made projects or “built to suit” (BTS) is valued, a system that minimizes the risks in terms of feasibility of processing, land tax costs and future construction expenses. This type of development becomes relevant, considering the current uncertainty by the Countries political scenery and their main cities.

In Bogotá, there is a trend of continuous occupation of warehouses, which puts downward pressure on the vacancy indicator, reducing it by 5.7% compared to the same period of the previous year.

In Buenos Aires, limited production is perceived (61,000 m²) based on the 160,134 m² demanded in the first six months of the year, a situation that will lead to an even greater drop in the vacancy rate and a consequent increase in the asking price.

In Lima, the vacancy rate increased by just 1 p.p. with respect to the last semester of 2021, which shows the negotiation conditions and development of class A warehouse spaces which, are mostly built on demand.

In Santiago, the vacancy closed again at zero and 145,953 m² entered the market, concentrated in three new projects fully leased, which are in hands of two operators in this industry.

In the two cities studied in Brazil (São Paulo and Rio de Janeiro) a total of 1,206,000 m² entered, an area 30.64% greater than that of the previous semester. In addition, new developments are expected this year in the north and northeast of the country. Of the assets delivered, 53% were already pre-rented.

HIGHLIGHTS



160,134 sqm

POSITIVE ABSORPTION

Registered in Buenos Aires for the first time since 2017.



-62 %

YoY VACANCY RATE DOWNFALL

In Bogotá, which closes its vacancy rate at 3.3%.



1,206,000 sqm

ENTERED THE MARKET

in Brazil, without impacting the vacancy rate, 53% are already leased.



USD 5.83 / sqm

AVERAGE ASKING RATE

This is the figure observed in Santiago, 30% higher than the previous year.

SOUTH AMERICA

Industrial H1 2022

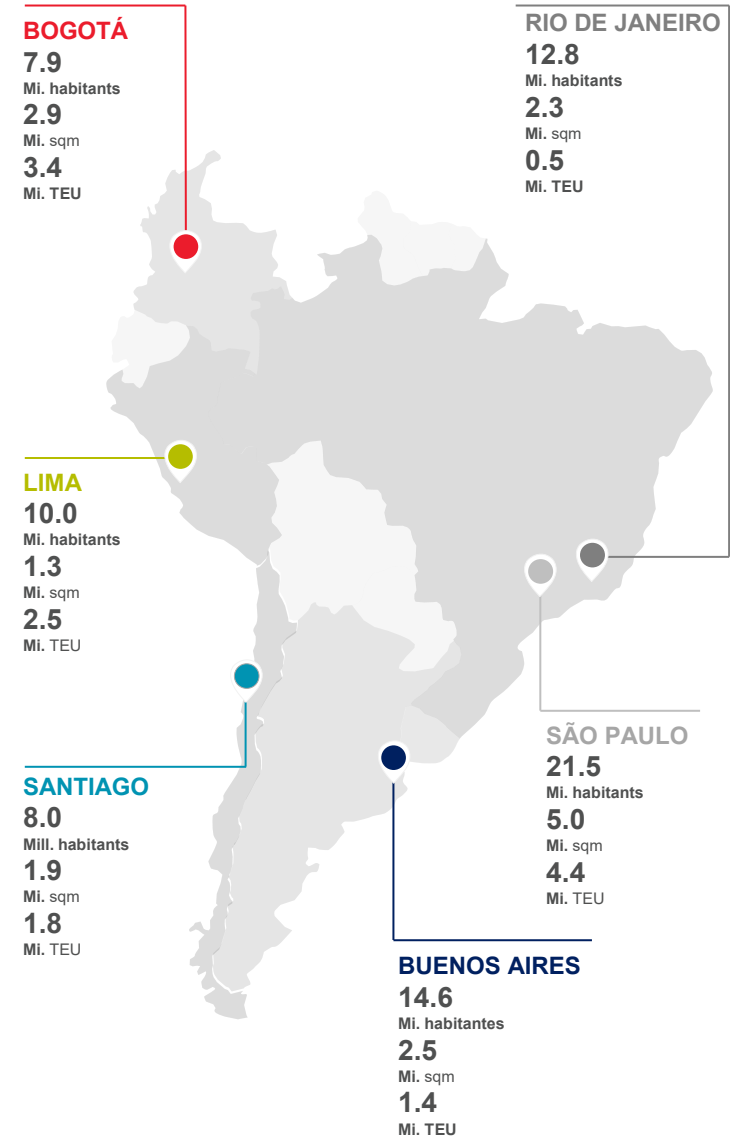
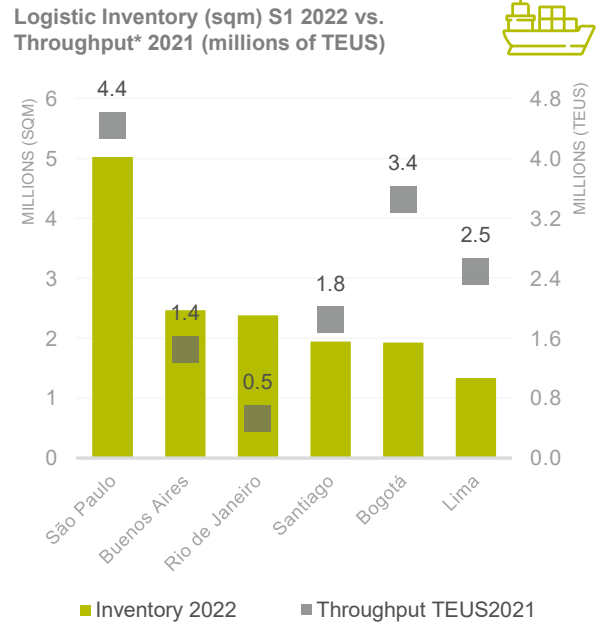
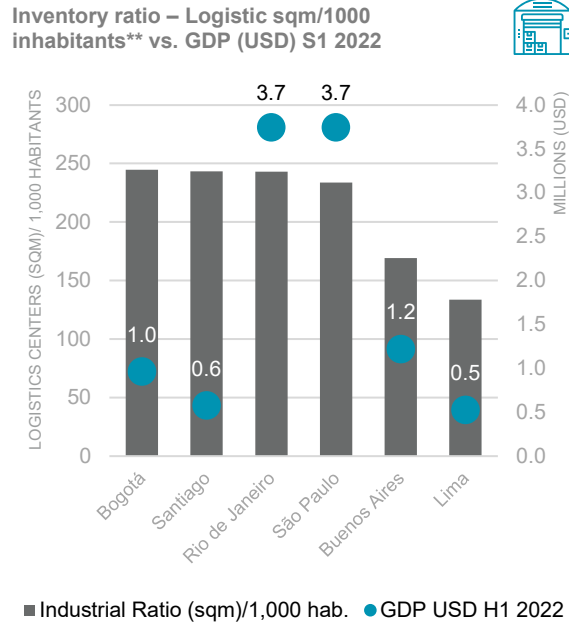


LOGISTIC REGIONAL MARKET SIZE

Between the second half of 2021 and the first half of 2022, there was an average increase in the stock of logistics centers of 6.4% in the region. Santiago and Lima stand out, with 27.4% and 16.6% growth, respectively.

Bogotá, Santiago and Rio de Janeiro are the cities with the highest ratio of logistics center surface area per inhabitant, averaging 243 sqm per thousand. São Paulo with 233, Buenos Aires with 170 and Lima with 133 sqm are the ones following.

According to the ECLAC Port Report Bulletin, in 2021 the region began to show signs of recovery, displaying positive variations compared to the previous year. The analyzed port Throughput (Santos and Rio Janeiro in Brazil, San Antonio in Chile, Buenos Aires in Argentina, Cartagena in Colombia and Callao in Peru) increased by 14.3% between 2020 and 2021, with Rio de Janeiro standing out with an increase of 39% and San Antonio, with a gain of 18.2%.



*Throughput: Effective port transfer rate expressed in units of TEUS. This indicator is measured by dividing the units moved for both import and export by the linear meters of berthing per terminal.

**Inhabitants: The number of inhabitants of the urban center of the analyzed city was considered.

SOUTH AMERICA

Industrial H1 2022



PRICING

All asking prices for logistic centers leases in the region increased by at least 4%. Bogotá and Chile stand out, their asking price increased by 15% and 30%, respectively, with both cities having a vacancy rate below 4%. The high demand and low vacancy have driven the adjustment of the asking prices with the closing prices, reaching a difference of 5% in Santiago, Buenos Aires and Bogotá.

The average rental price requested in Bogotá, for the warehouse market, closed the first semester at USD 4.5 sqm/month, which reflects an increase of 15% compared to the same period of the previous year.

In the cities surveyed in Brazil, the requested rental price showed a significant positive variation, ending the first semester at USD 4.04 sqm/month (+2.7%).

In Buenos Aires, the value reaches USD 5.4/m² sqm/month, barely 4% higher in the six-monthly comparison. In premium deposits (A+), the value can range between USD 6 and 7 sqm/month.

In Lima, the asking price closed at USD 6.8 sqm/month. Compared to the previous semester, this indicator increased by 5.2% as a result of adjustments by developers.

Finally, in Santiago, prices closed the semester at a value of USD 5.83 sqm/month, 30% higher than what was registered in the second half of 2021. Currently there is no reliable asking price, as a result of the null vacancy.

COST EFFECTIVENESS

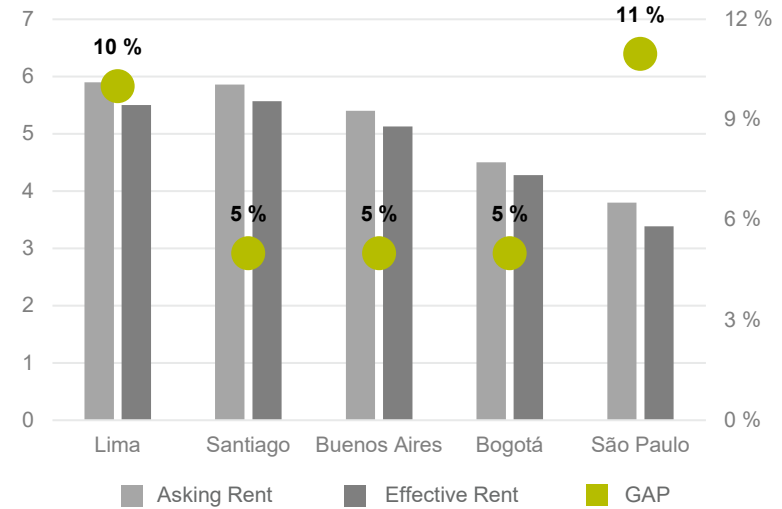
The industrial cap rate in the region has experienced a general upward trend. The increase in rental rates — product of the high demand and low supply of space— has accentuated the interest of investors in acquiring this type of asset. However, this is not reflected in an increase in sales prices due to various factors. Among them we can mention the increase in financing rates —which also push up the returns demanded by the market— and the uncertainty about the stability of income flows in the medium term.

In turn, the increase in inflation, which increases the prices of raw materials and labor, pushes up rental values to maintain returns in line with risk.

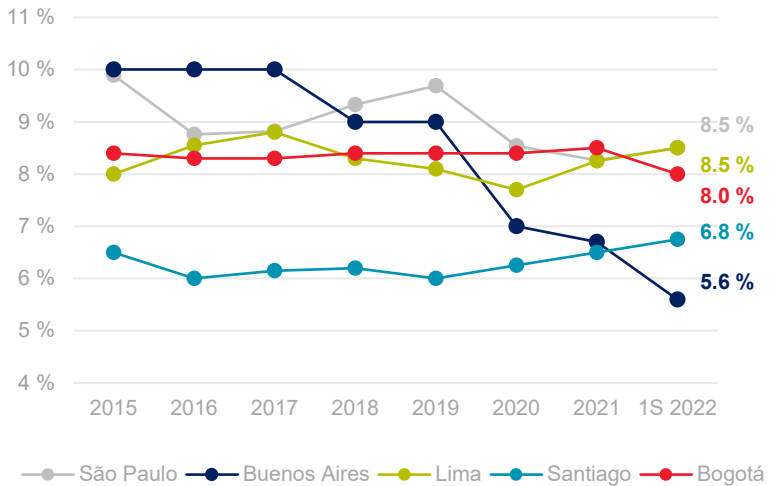
In the case of the BTS developments, with a significant current presence in southern cone countries, the rents are subject to the specifications and investment in CAPEX and to a periodic return sought, linked mainly to the credit rating of the tenant and the duration of the rental contract. location.

The exceptional case is Argentina, where the market is known by being bi-monetary: transactions are made in dollars and leases are paid in Argentine pesos. This situation leaves profitability exposed in devaluation processes. Due to the country's economic situation, the gap ended in a compression in the cap rate. The rate is close to 5.6% but in the absence of the split exchange rate, the periodic rate of return would be around 7%.

Asking Rent USD/sqm H1 2022



Average Industrial Cap Rate*



* The capitalization rate is calculated by dividing the net operating income (NOI) by the purchase price of the property.

SOUTH AMERICA

Industrial H1 2022



SUPPLY AND DEMAND

The average vacancy rate of the region is of 7.85% for the half-year analysis, with an average rental asking price of USD 5.3 sqm/Month.

So far, in 2022, the net absorption averages 104,000 sqm, 60% higher than that observed on the same date the previous year. Santiago stands out, with more than double in increase, and Buenos Aires, which amplified its demand by 30%.

In Brazil, the high number of new surfaces did not affect the vacancy rate, which increased compared to the previous semester (+0.48 p.p.) and reached 10.98% in June.

Availability in Bogotá reached 52,684 sqm, which represented a vacancy of 2.7%, a figure that had not been recorded to date in this real estate segment.

In Buenos Aires, half-year absorption closed positively with 150,134 sqm, as a result of 160,134 sqm contracted and 10,000 sqm unoccupied. As for the vacancy rate, it suffered a half-yearly downfall from 12.7% a. 9.4%.

During the first half of the year in Lima, the net absorption concluded in 4,924 sqm, which shows a greater dynamism in occupied surfaces than in unoccupied ones, and a vacancy rate of 3.7%.

In Santiago, accumulated net absorption closed at 196,275 sqm, ten times higher than the same period of the previous year. It is important to consider that a large part of the current demand is not being reflected in this september's absorption

PRESENT AND FUTURE

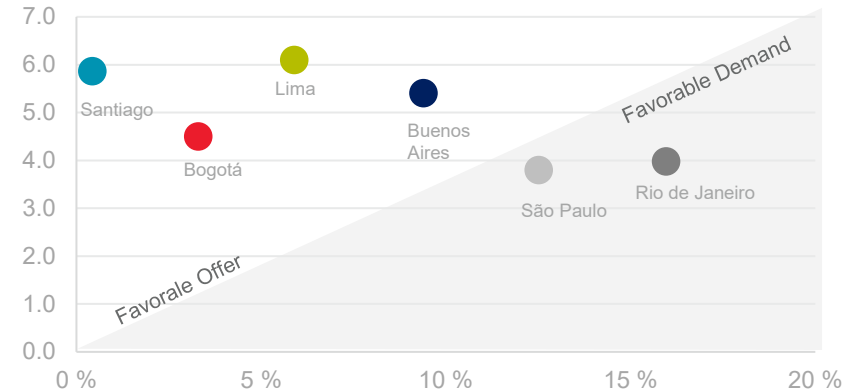
In all the region there is a strong demand for surfaces. However, given the economic and political scenarios, the speed of production of new logistic areas is uneven.

It is possible to identify two groups of cities: one passive and one more active, if the dynamics of demand is compared with the development of new supply. On the one hand, São Paulo, Rio de Janeiro and Lima, which this first half of the year have presented proportions of new areas of logistics centers greater than the demand (absorption), keeping the vacancy rate stable.

On the other hand, Bogotá, Buenos Aires and Santiago, presented this half-year a greater absorption of square meters than those entered the market. This has generated a significant drop in vacancy and, consequently, an increase in the offer price.

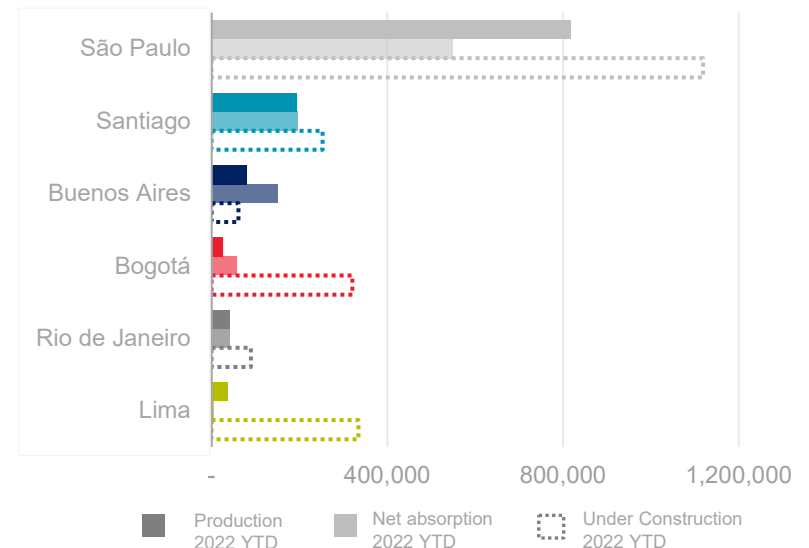
According to projections for the second half of 2022, if the absorptions presented up to this semester were reproduced, the projects under construction could meet the demand in most cities, without greatly altering the vacancy rate.

Asking Rent (USD/sqm/Month) vs. vacancy (%) (*) H1 2022



(*) The exchange rate corresponds to the last day of June 2022.

Net Absorption vs. Production vs. Under Construction 2022 YTD



ESTADÍSTICAS DEL MERCADO S1 2022

Submarket	Class A Inventory (sqm)	Available Surface (sqm)	Vacancy Rate	Asking Rent (USD/sqm(Month))	Net Absorption YTD (sqm)	Under Construction (sqm)
São Paulo	5,026,590	478,531	9.52 %	5.2	175,000	469,600
Santiago	1,946,110	-	0 %	5.8	196,275	162,760
Bogotá	1,925,778	52,684	2.7 %	4.6	56,483	260,746
Buenos Aires	2,466,657	232,397	9.4 %	5.4	150,134	61,026
Rio de Janeiro	2,421,617	374,170	15.5 %	4.0	40,562	89,672
Lima	1,336,351	48,964	3.7 %	6.8	4,924	324,020
	15,123,103	1,186,746	7.85%	5.3	623,378	1,367,824

USD/COP = 4,287 | USD/UF=0.027 | USD/BRL=5.17 | USD/PEN=3.93

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