

LOGISTIC-INDUSTRIAL OVERVIEW

LIMA | Q1 2023



MARKET OUTLOOK

Throughout the first quarter of the year, last year's political and economic events are still relevant. Although the scenario was not the most encouraging for potential clients and/or investors within the industrial logistics market, it remains one of the most attractive and with high potential for growth and consolidation. There has been implementation of important infrastructure works for the development of industries and Peru as a commercial hub, such as the improvement of current ports and airports.

GDP growth is expected to reach 3% in 2023, maintaining similar levels compared to last year. Inflation is also forecasted to grow 3% this year, returning to the target range established by the BCRP.

INDUSTRIAL PARKS

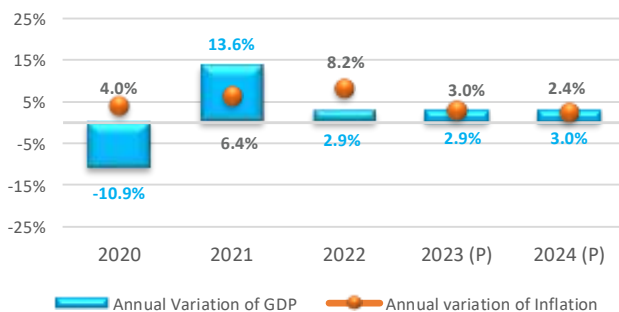
The growth and development of industrial parks has been characterized by being sustained in recent years. By the end of this first quarter, Huachipa, Lurin and Chilca continue to be the reference areas for this type of development, mainly concentrated in the South of Lima. Currently, this market is home to 7 industrial parks that function as conglomerates for prominent companies in different industries, which found in these spaces a way to consolidate their operations and strengthen ties with those of other related companies.

LOGISTIC CENTERS

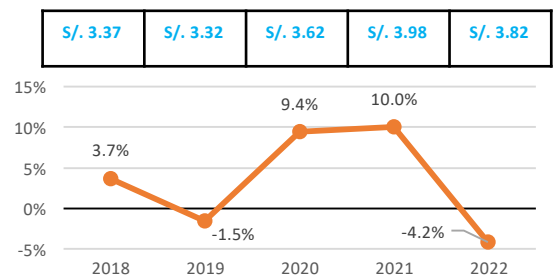
The pandemic was the main impulse that this market had, creating the need for large and small companies to have logistics spaces, giving way to significant growth in the supply of this item. Within the main development districts are the Callao, Lurin and Huachipa areas, as well as centers that, in some cases, function as last-mile spaces in locations closer to the city center such as Ate Vitarte, Santiago de Surco and Chorrillos.

Economic indicators – Q1.23

Annual variation of GDP and Inflation



Annual variation of the exchange rate



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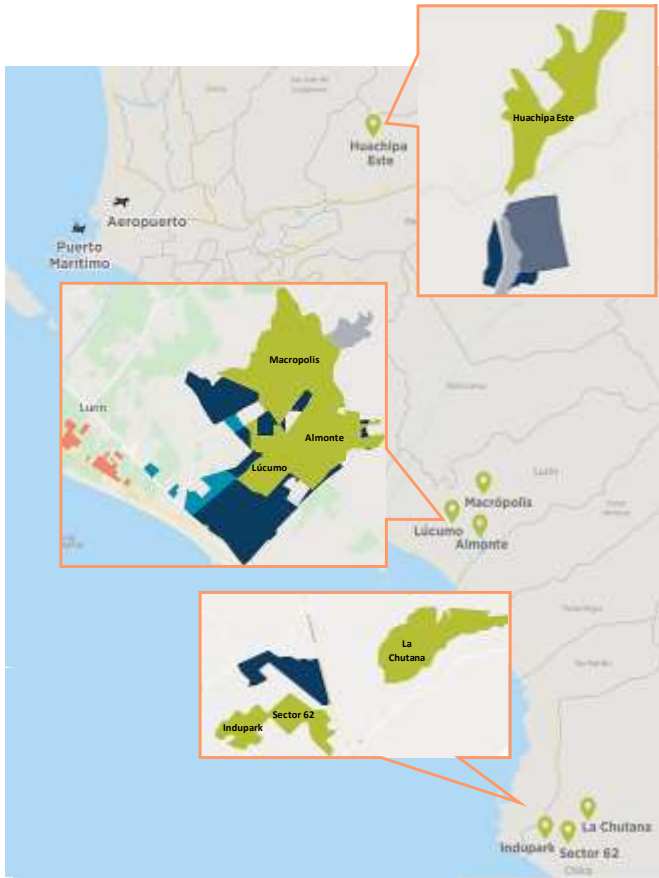
INDUSTRIAL PARKS

What happened in the first quarter of the year for this market?

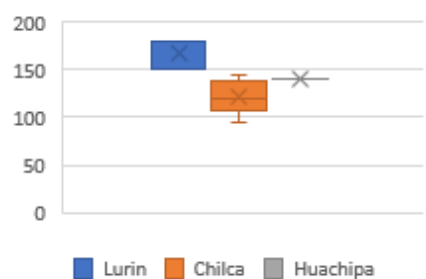
Observing the trend in the last months of Lima's industrial parks, the southern area remains an attractive proposal for the demand of industrial spaces, and this is related to the area's sale prices but also to the consolidation of the industries that have already managed to close deals nearby. 2022 was a year of important political and economic changes that put decisions regarding the closure of certain ongoing operations on hold, and this because confidence in the stability of the country and its growth were affected. However, as the months go by, customers are forced to make decisions in favor of the continuity of their business. Taking this into account, clients with small, medium and even large lots have resumed some interesting operations that could reactivate the mobility of this market for the coming semesters.

Currently, industrial parks house a great diversity of items, the choice of a location for an industry is strongly related to the zoning of said lands. The items that are mainly developed in these parks are food and beverages, laboratories, refrigerators, metal mechanics, machinery, construction, energy and logistics. The trend is maintained by some developers regarding their offer, in the implementation of mini subdivisions between 300 m² and 2000 m², whose demand was further boosted during the pandemic for small and medium-sized businesses and allowed the market to open up to a new niche that to date continues to be successful and has endured the delay in the negotiations of large lots.

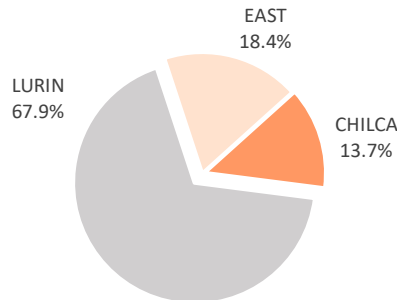
At the end of the first quarter of 2023, the total inventory of area delivered in industrial parks amounts to 3,667 hectares, where there are still 95 projected hectares. Of the developed area, it should be considered that 9.5% is still available for sale, so developers seek to implement sales modalities that make the final product more attractive and can speed up the purchase process (eg payment facilities, mini lots, etc.). The average sale price for this quarter is within the range \$95/sq.m.-\$180/sq.m. It should be considered that in the area there is a difference between the average sales prices that can be found in the area of Lurin (USD 168/sq.m.) and Chilca (USD 122.5 /sq.m.), depending on the need and the surface to be acquired. it can be an important differential, beyond what the park can offer in infrastructure and services.



Main indicators – Q1.23



Inventory distribution



Despite the current situation, there was an absorption of 3.9%. This reinforces the idea that although we are in a time of change and uncertainty, clients and investors do not want to wait any longer and are taking action.



Denise Vargas Sotomayor
Market Research Coordinator



9.5% of the inventory is available for sale.

Average sale price by area by year

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LOGISTIC CENTERS

MARKET OUTLOOK

In the first quarter of the year, the vacancy rate for logistics properties experienced a 1% reduction compared to the previous quarter, while the asking rental price did not experience variations between said periods.

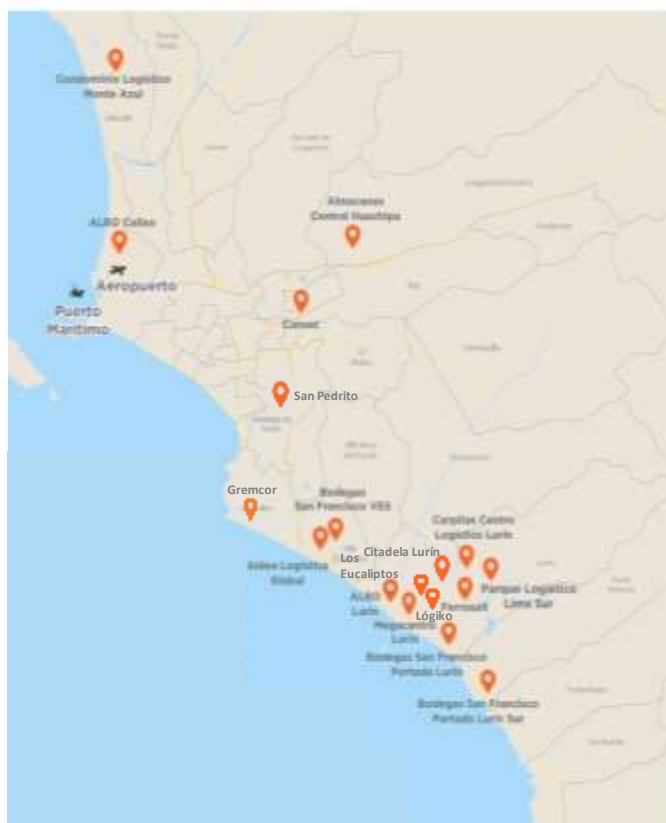
Currently, developers are increasingly raising their standards in terms of infrastructure and construction of their offer, evidencing, for example, in the height of the warehouses, being more and more frequent to find options for logistics spaces above 10 meters high, either built or with the "built to suit" option. In this same trend of evolution and change, exhibition warehouse formats or "showrooms" have been incorporated into the market, especially in the Callao and South Zones. In addition, some developers have as a business scheme to build speculatively and start the placement of the spaces, months prior to their construction considering an average negotiation period, which allows them to have spaces available without significantly affecting long-term vacancy. This behavior has allowed us to have healthy vacancy levels below 10% in the case of Class A stores, with spaces that are already being negotiated prior to their construction.

Although the inventory has not presented a variation between the previous period and this one, it has experienced an increase of 25% (332,141 sq.m.) between the first quarter of 2022 and 2023.

The net absorption for this first quarter was 1,778 sq.m., resulting from 4,578 sq.m. occupied and 2,800 sq.m. vacant, which confirms that the market remains dynamic and needs spaces that increasingly professionalize its operations and accompany the expansion of your business.

In class A warehouse spaces, rental prices are at an average of 5.6 USD/sq.m. and in Class B at 6.2 USD/sq.m., resulting in a total average of 5.7 USD/sq.m. Taking into account that almost 90% of the inventory of Class A warehouse spaces is located in the South Zone, it should be considered that prices may vary mainly due to location (proximity to the city center), access, area, height of the ship, services, infrastructure, among others, which can influence the final negotiation.

To date, the area under construction until the first semester of 2024 amounts to 277,723 sq.m., while that which is in the project stage reaches the figure of 614,580 sq.m., mainly concentrated in the South Zone and Callao Zone.



Main indicators– Q1.23

ZONE	INVENTORY (m ²)	VACANCY RATE (%)	ASKING RENT (sq.m./mo)
SOUTH	1.388.555	11,3 %	USD 5,6
EAST	139.515	4,3 %	USD 7,2
CALLAO	76.000	9,2 %	USD 7,3
CENTER	58.837	0,0 %	-
TOTAL	1.662.907	10,3 %	USD 5,7

(*) These figures include analysis for Class A and B warehouse spaces.

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