

INDUSTRIAL-LOGISTIC OUTLOOK

LIMA | Q1 2024



ECONOMIC OUTLOOK

During the first quarter, the economic indicators showed promising numbers thanks to better strategies to keep inflation under control and several cuts in interest rates. Therefore, it makes the market more optimistic for investors and potential clients.

The industrial-logistic market is still one of the most attractive markets with high growth potential and consolidation. Ongoing projects like the upgrade of the Callao port and the construcción of Chancay port, as well as the expansion of Jorge Chavez International airport are a significant milestone for industrial development and for Peru to be considered a commercial hub in Latin America.

According to the Central Reserve Bank of Peru (BCRP) estimates, private investment will recover and industries like construction and manufacturing will grow. Thus, GDP would increase to 3.0%. On the other hand, the inflation rate closed at 3.1% in March, close to the target range. This indicator is projected to be 2.2% at the end of 2024.

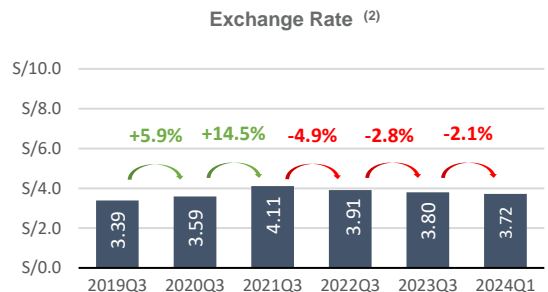
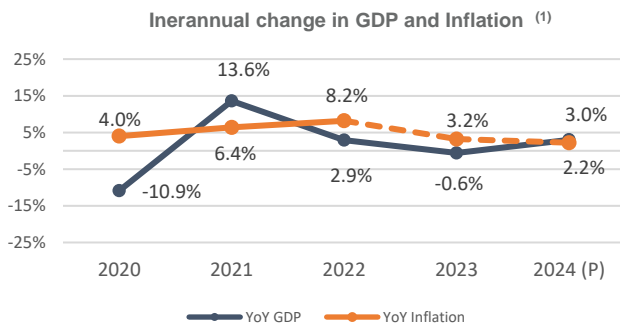
INDUSTRIAL PARKS

With a stable market, total supply is made up of 7 industrial Parks at the moment. Their growth is linked to the marketing of new spaces in some cases, consolidation of remaining spaces still on sale, construction of new spaces, and business operations from owners that wants to user their space. Submarkets of Lurin and Chilca, in the South, and Huachipa submarket, in the East, are still the best reference for this type of development and they are expected to be areas where a mix of industries will establish.

LOGISTIC CENTERS

At the moment, the market for logistic spaces continues to grow and consolidate more because of the need of small and big companies to have warehouses that contribute to their logistics, saving time and money. The main districts for development are Callao zone, Lurin and Huachipa. Likewise, the are logistic centes that operate as last mile centers which are closed to cities like Ate Vitarte, Santiago de Surco and Chorillos.

Economic Indicators – Q1.24

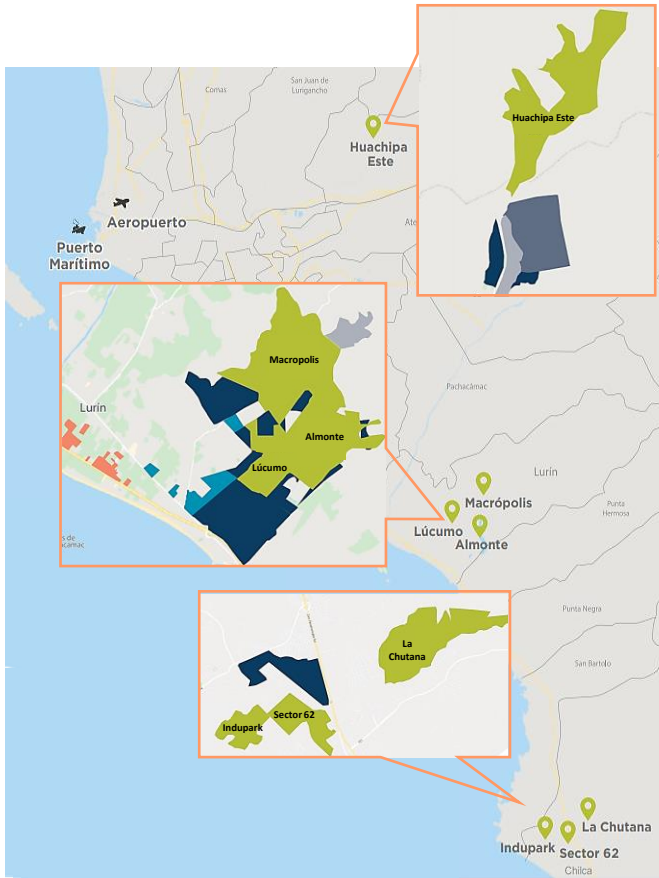


(2) Source: Superintendence of tax administration (SUNAT)

(1) Source: Central Bank of Perú - Inflation Report (March 15th, 2024)

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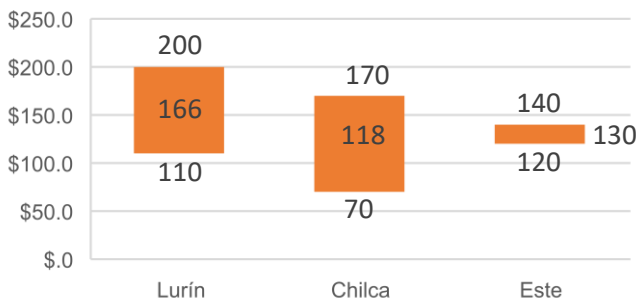
INDUSTRIAL PARK

Industrial Parks include a wide variety of sectors. The decision for a specific location is strongly related to zoning and land use. Depending on the industrial park location, users with a need for storage and distribution can be identified due to the proximity to roads and the metropolitan area. Currently, total demand is made up of small and medium companies that own lots between 1,000 and 5,000 sq.m. Due to this trend, developers have spaces in different sizes that best fit the user's requirements. Likewise, it is important to point out that a large number of purchased lots have not been developed or built yet; however, this situation appears to be going in the reverse direction and starting to activate..

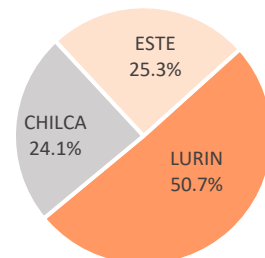
At the end of the first quarter of 2024, the total inventory of surface delivered in industrial parks increased to 1,478 has. From all the developed surface for sale, 23.1% is still available. This high vacancy is linked to lengthy negotiations. Thus, in some cases since several quarters ago, the supply of lots offers more variety in terms of sizes and flexibility that some developers give clients in the purchasing process (discounts, lower interest rates, lower down payment, among others). For all the three main zones that develop the existing market, the average sale price for this quarter was \$134 per sq.m., ranging from \$70 per sq.m in Chilca to \$200 per sq.m. in Lurín for lots located in established phases. It is important to take into account that in this zone (South), there is a difference in average sale prices in Lurín (\$166 pe sq.m) and Chilca (\$118 pe sq.m.). Depending on what the user needs, the surface, and the location can be factors that determine the price range beyond the infrastructure and services the park provides.

Main Data – Q1.24

Average Sale Price by Zone



Distribution of Total Inventory



23.1% of the inventory is available for sale

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LOGISTIC CENTERS

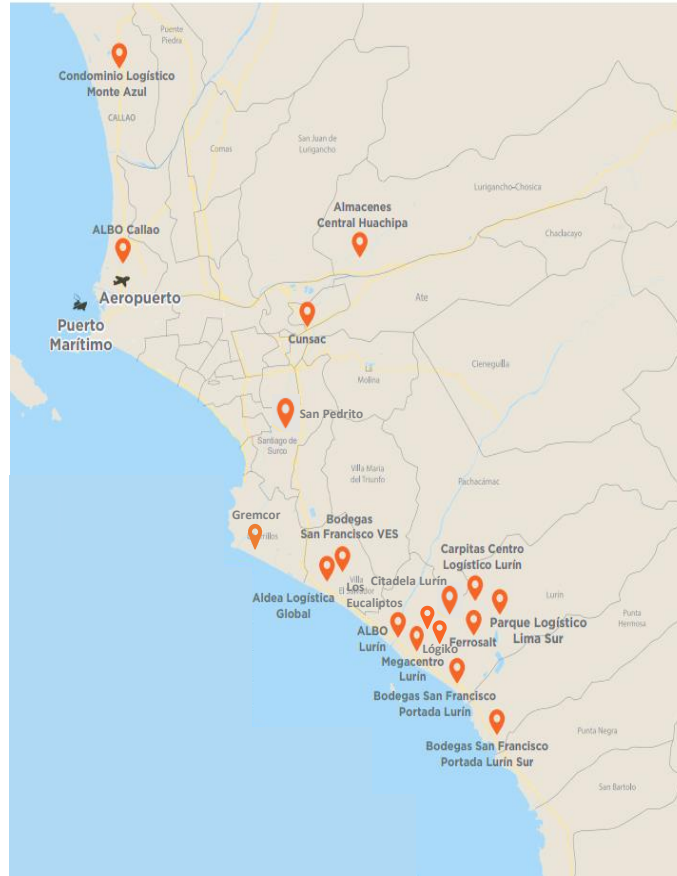
During the first quarter of the year, the market for logistic centers showed a sustainable growth. The inventory registered new entries delivered by Megacentro Industriales Sur with a total of 39,997 sq.m. of class A warehouses. This variation led to a slight increase of 1.18 p.p. in the vacancy rate, closing at 11.2%

Net absorption during this quarter was 14,780 sq.m. This indicator showed an exponential growth compared to the same period in 2022 and 2023, providing evidence that the market will develop and grow more in 2024.

Supply of warehouses offers a wide variety of types and formats that seeks to fulfill the needs of different clients and types of sector. There are more developers that have decided to improve the product and its characteristics (height, trailer yard, floor type, dock, common areas, among other services). Following this evolving trend and change, exhibition spaces or “showrooms” have been added to the market, in Callao and South zones for the most part. In addition, some developers choose speculative construction and start to sell spaces months prior to construction, considering an average negotiation period. Consequently, it allows them to have available lots without affecting the vacancy rate in the long run.

Average rent for class A warehouses is \$6.1 per sq.m. while class B averages \$6.2 per sq.m., resulting in a total average of \$6.2 sq.m. Taking into account that almost 90% of class A warehouse inventory is located in the South submarket, prices can fluctuate depending on location (close to downtown), access, surface, height, services, infrastructure, and others that can affect the final negotiation.

Currently, the surface under construction until the first semester of 2025 amounts to 70,970 sq.m., while projects total 460,731 sq.m. in the South and Callao zones. In addition, the East zone, led by Almacenes Central Huachipa in class A warehouses, is expected to keep expanding as more rental contracts are signed.



Main indicators (*) – Q1.24

Zone	INVENTORY (sq m)	VACANCY (%)	AVERAGE ASKING RENTS (USD/ sq m/mes)
SOUTH	1.478.950	12,8 %	USD 6,1
EAST	150.215	0,0 %	-
CALLAO	98.240	11,4 %	USD 7,6
CENTER	58.837	0,4 %	USD 7,0
TOTALES	1.786.650	11,2 %	USD 6,2

(*) Includes data from both Class A and B warehouses.

DENISE VARGAS

Market Research Coordinator
denise.vargas@cushwake.com

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