

# GLOBAL SPOTLIGHT

## Buenos Aires, Argentina



## Buenos Aires Market Slows, Remains Economic Force in South America.

- After five years of strong annual growth, Argentina's economy slowed significantly in 2008 and marginal growth is projected for 2009. As supply and demand contract, spending and inflation have shifted downward. The Government recently announced it will move up the midterm legislative elections. 2009 is seen as a transition year, and the real estate markets are experiencing a clear shift into the start of a downward cycle.
- The office market in Buenos Aires is expected to soften as demand falls in line with the economic downturn. Still, given the relatively small inventory of Class A office space, vacancies are expected to stay in the low single digits. Moreover, as the exchange rate becomes more competitive, many companies are continuing to outsource positions to this market and back office service centers should continue to grow. An interesting new submarket that will continue to grow is in the northern suburbs, where approximately 200,000 SM of new office space is being built.
- The industrial market has seen a marked slowdown as industrial activity has started to drop. Nevertheless the lack of Class A logistics space still keeps vacancy close to 0%, particularly in the northern submarkets where trade to the Mercosur market continues to grow.
- The drop in consumption, which has been the driver of growth until recently, has started to impact the retail market, particularly in main street stores. Shopping centers have kept activity levels high due to the still strong tourism. The main shopping streets of Buenos Aires have started to show retail space vacancy for the first time in many years as retailers struggle to compete with falling consumer demand.

## Buenos Aires At A Glance

Population	Approx. 13 million
Location	Central Argentina on the Atlantic Coast
GDP Growth	1-3% (2009 projection)
Inflation	9.1%
Conversion	1 USD = 3.6735 ARS Pesos (March 2009)

Property	Rent/SM/MO Low	High	Vacancy Rate
Class A Office Downtown	\$20.00	\$32.00	4%
Suburban Office Class A	\$18.00	\$20.00	2%
Industrial Bulk/Warehouse	\$3.00	\$5.00	2%
Retail Downtown	\$60.00	\$80.00	8%

NAI Castro, Cranwell & Weiss S.A. offers local market expertise in Buenos Aires.

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