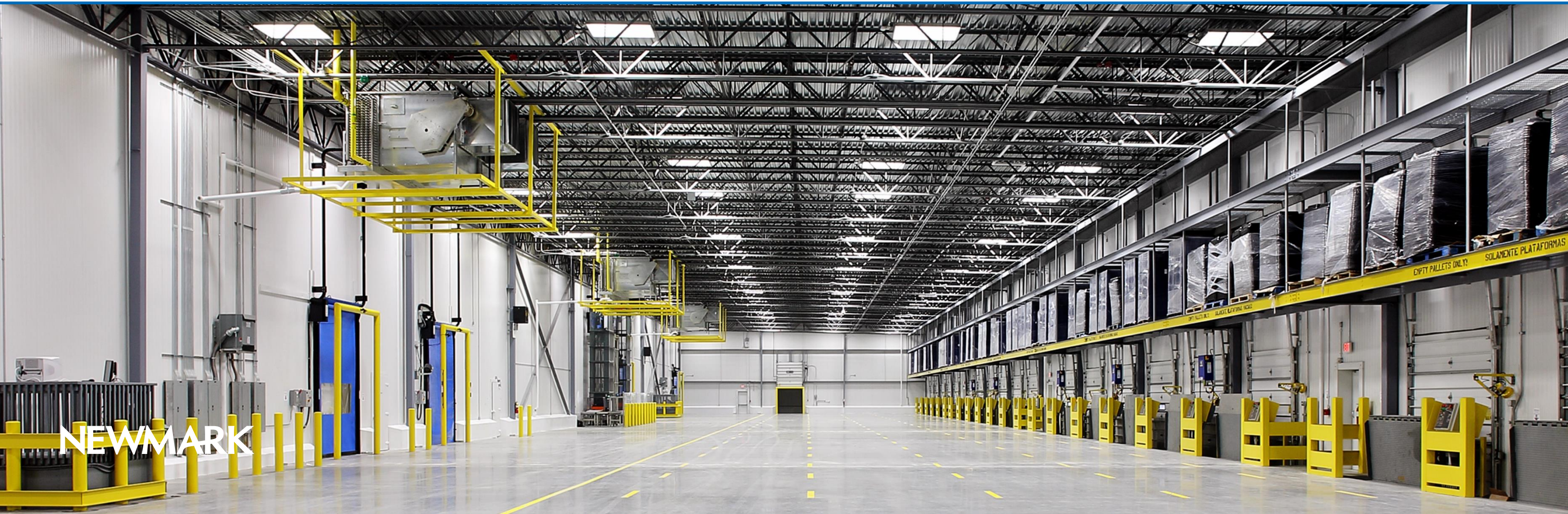


2Q24

Rio de Janeiro Industrial/Logistics Market Report



Market Information

Economy

- In the first quarter of the year, the Brazilian economy grew 0.8% compared to the previous quarter, above expectations and causing a review in projected GDP growth for the year from 1.9% to 2.3%.
- The supply side experienced strong growth in agriculture and cattle (11.3%), and 1.4% increase in services. Manufacturing Industry dropped 0.1%. According to the National Federation of Industries (CNI), manufacturing industry overall declined in May in terms of revenue, hours worked, installed capacity utilization, wage mass, and average income of manufacturing industry workers. Employment, however, remained stable between April and May.
- Inflation, measured by the IPCA (broad consumer price index), dropped from 4.5% in February to 3.9% in May. However, the decline was smaller than projected, due to the more intense increase in food prices. Inflation in 2025 is now expected to be 4%.
- The interest rate, currently at 10.50% annually, is not expected to drop due to pessimism regarding government actions, which have led to a worsening perception of adherence to the fiscal and cost saving policies. The US Dollar, which rose above R\$ 5,70 due to strong instability in early July, should close at R\$ 5,20 by year end.

Transactions

- As in the first quarter, the largest share of transactions with known tenants were in trade, especially e-commerce, and logistics and transportation services.

Market Indicators

- Leases of high-end industrial and logistics spaces in Rio de Janeiro picked up this quarter, and net absorption was 47 thousand m².
- Demand indicators show improvement compared to 2023 and 1Q24; is the best quarterly result so far this year. Year-to-date net absorption is 83 thousand m², almost as much as in the entire last year
- The vacancy rate went down again, from 14.4% to 12.7%,
- Asking rents are stable, at R\$ 20,80/m² per month.

Outlook

- The segment of industrial and logistics condominiums in Rio de Janeiro remains challenging, with significant supply and sluggish demand.
- First half of the year results suggest that the vacancy rate could drop more significantly this year as construction has slowed down.
- However, we must consider that there remains significant political and economic scenario, and may affect company growth and investment plans, which in turn would impact the corporate real estate industry.

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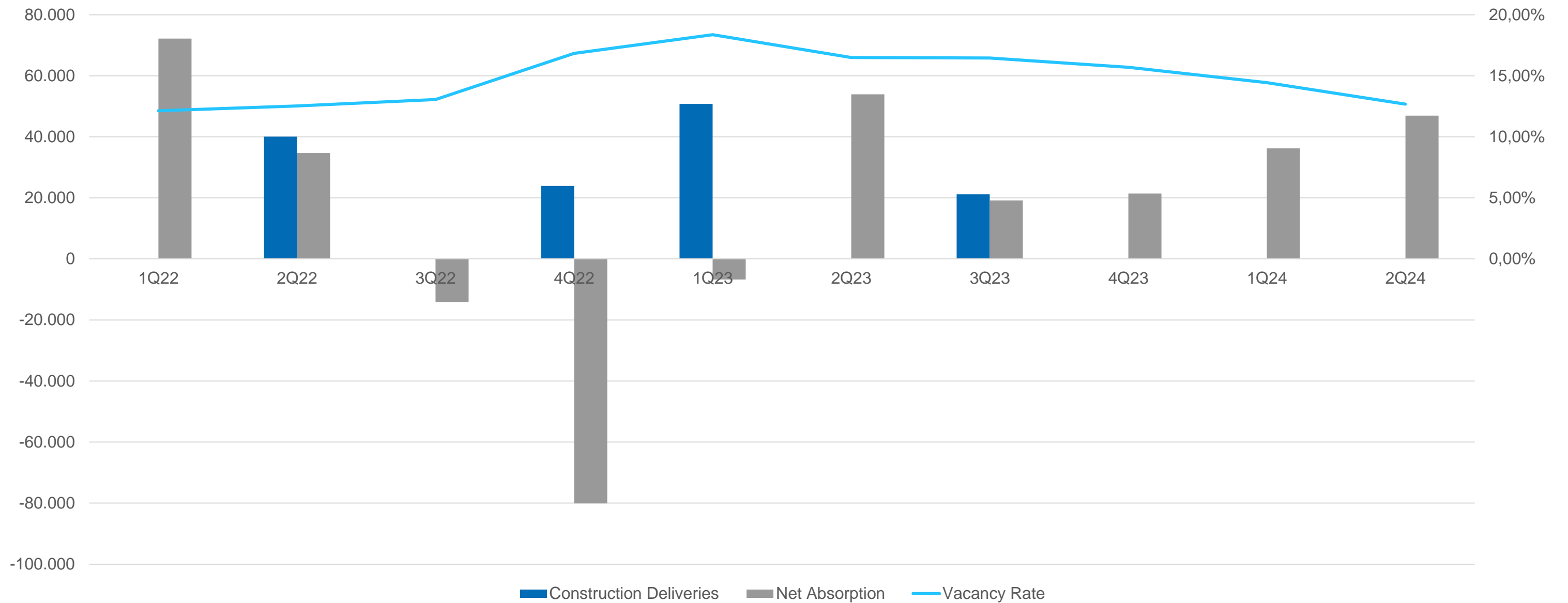
Indicadores de Mercado



The absence of new inventory has been positive for the drop in vacancy

Industrial and logistics market in the State of Rio de Janeiro showed a recovery in demand this quarter, leading to a drop in vacant spaces

New Inventory Delivered, Net Absorption and Vacancy Rate – Class A, AA and AAA

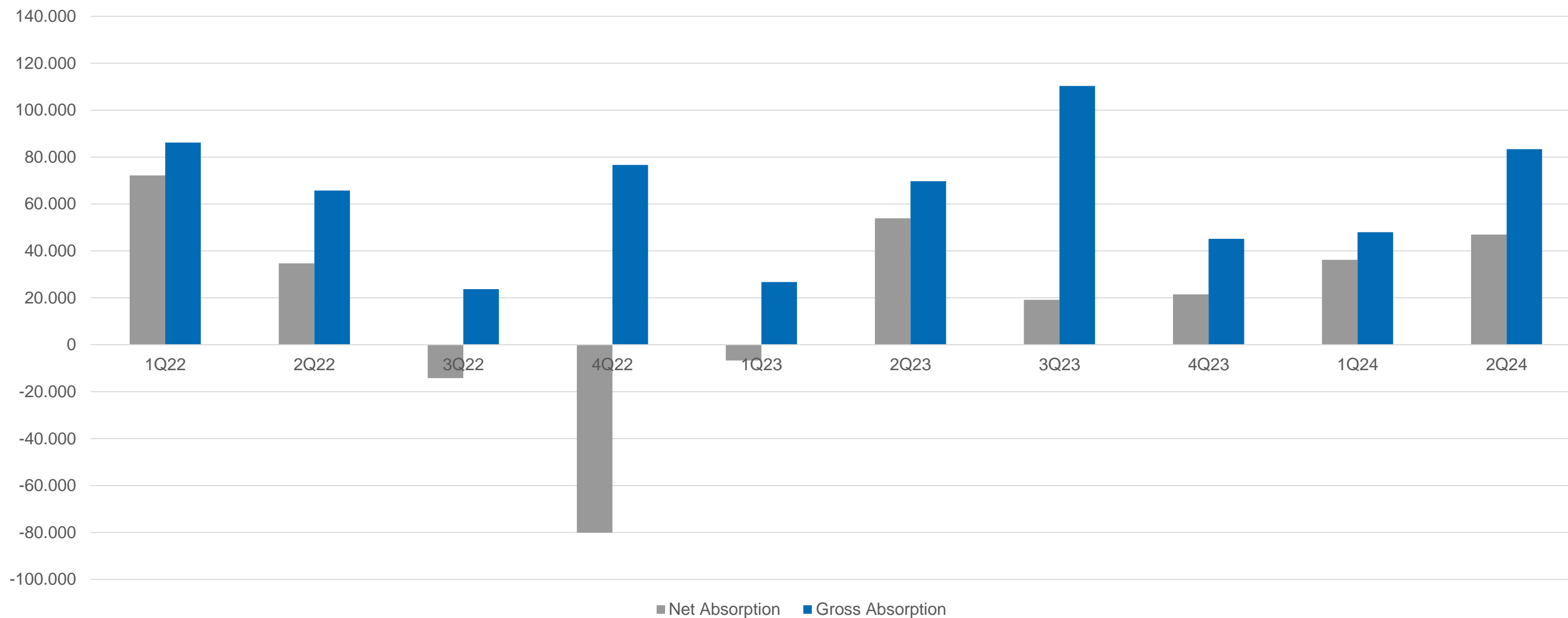


Source: Newmark Brasil – Market Research

Leasing activity recovered in the last 9 months

Depois de uma queda significativa na absorção líquida no 3º trimestre de 2023, houve retomada na atividade levando a um aumento gradativo no volume de espaços ocupados

Gross and Net Absorption (sqm) – Class A, AA and AAA

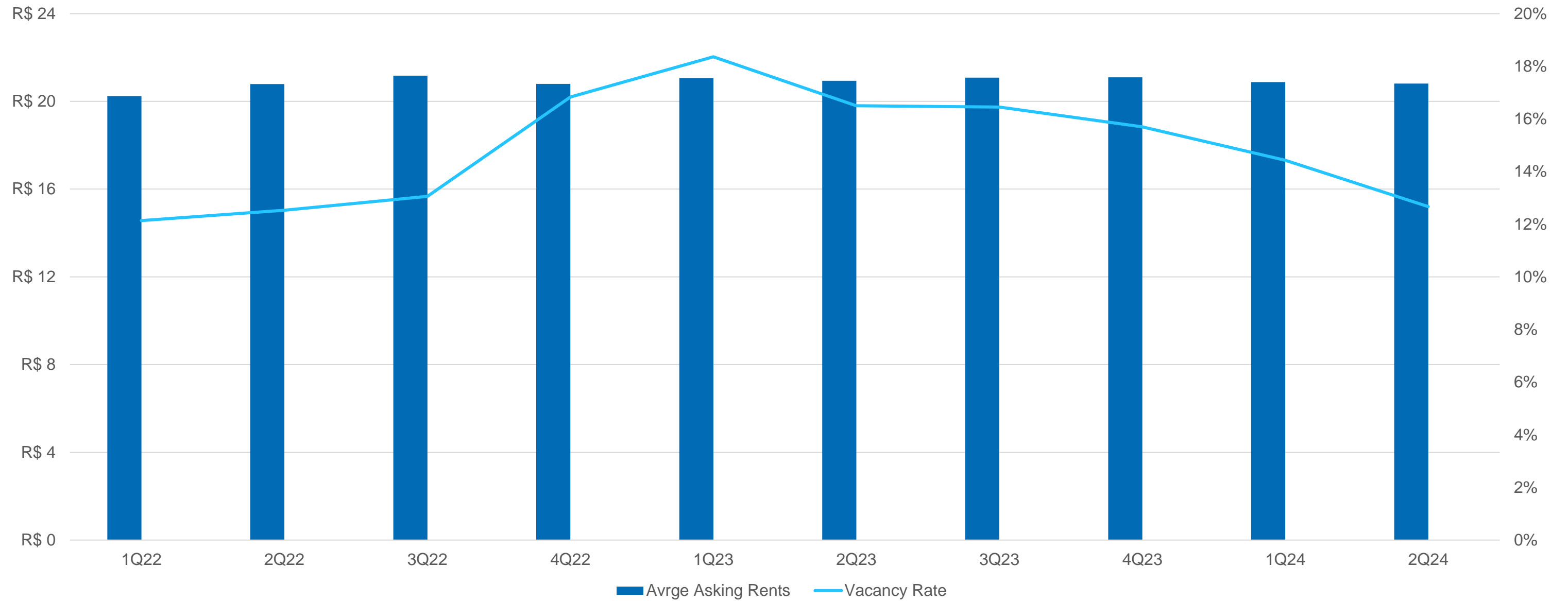


Source: Newmark Brasil – Market Research

Stable asking rents

The pause in the delivery of new developments combined with the resumption of activity has led to consecutive drops in the vacancy rate, without affecting, for now, the asking rental rates

Average of Asking Rent and Vacancy Rate – Class A, AA and AAA

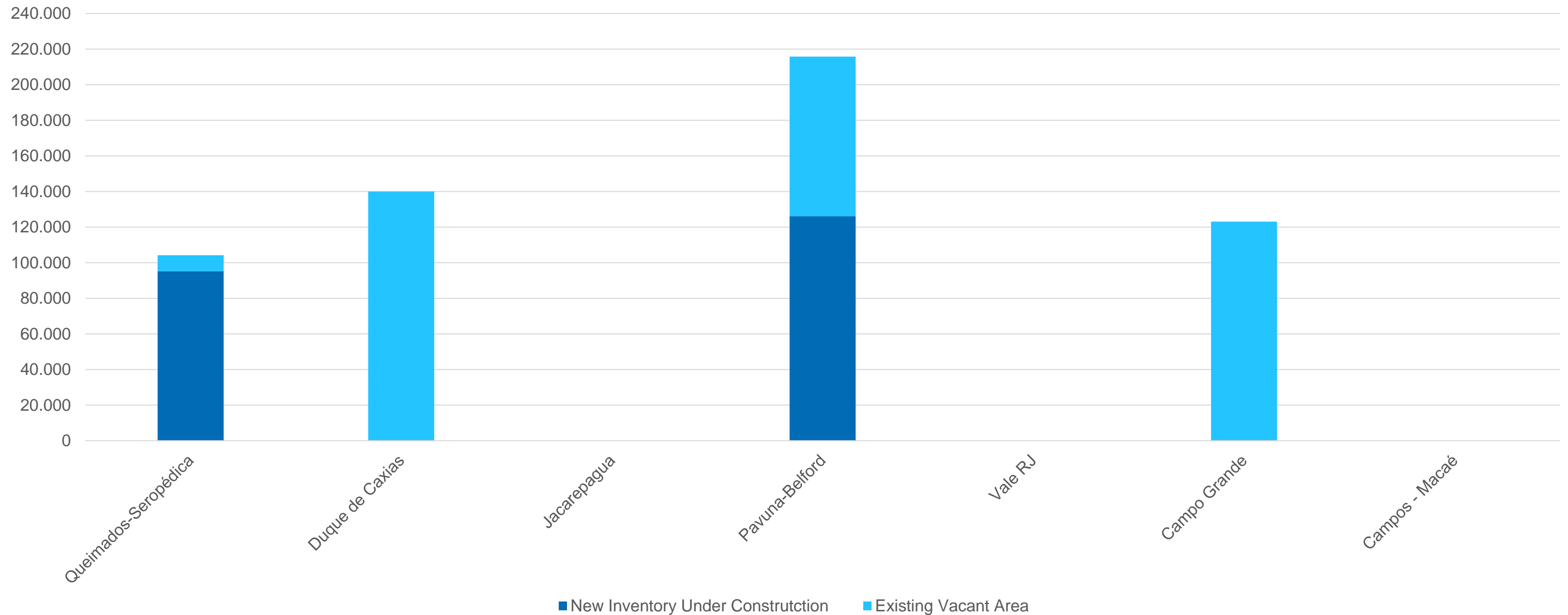


Source: Newmark Brasil – Market Research

New inventory forecasted could increase vacant supply

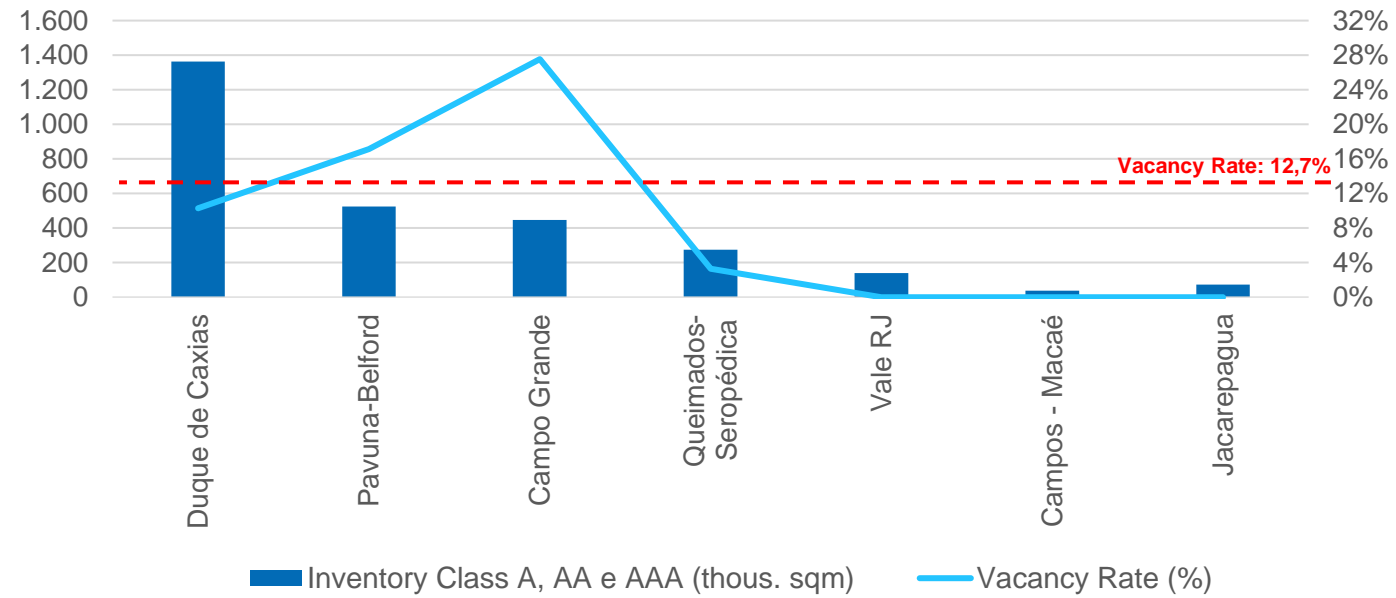
Although the new inventory forecasted does not yet have a precise date for delivery, the volume under construction could increase the existing vacant area in the State, especially in the Pavuna-Belford Roxo regions

Existing Vacant Rate vs. New Inventory in Construction per Submarket (sqm) – Class A, AA and AAA (no delivery date estimated)

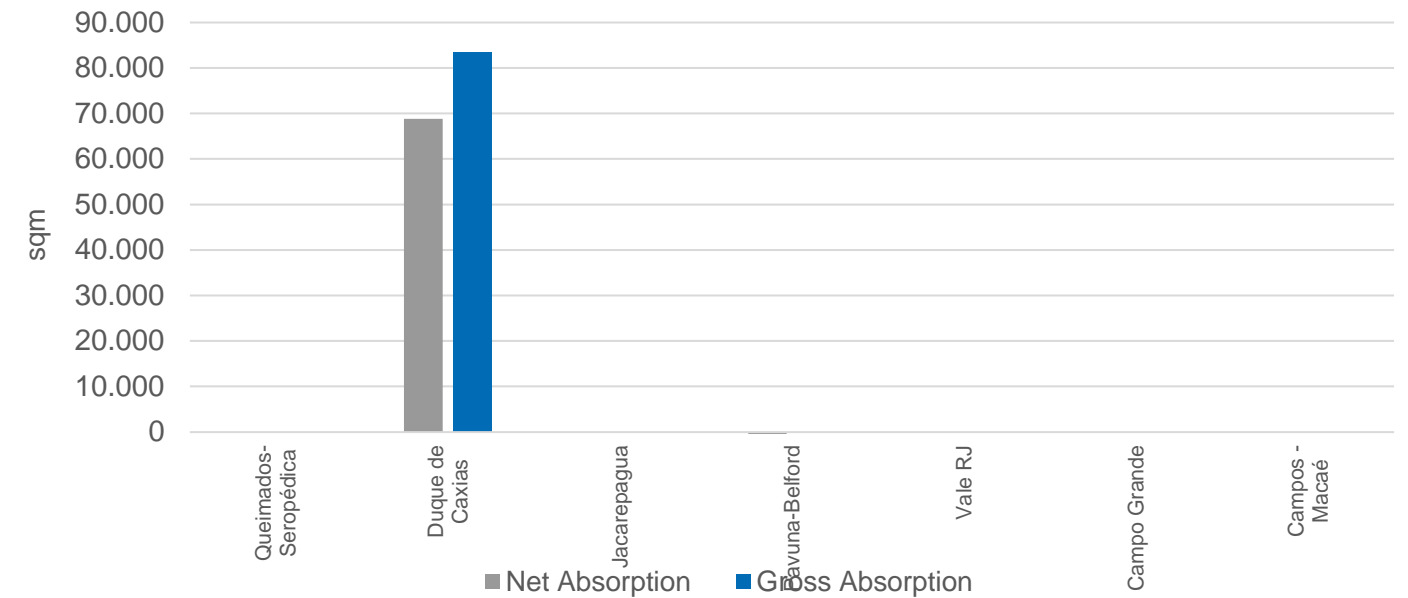


Submarket Analysis

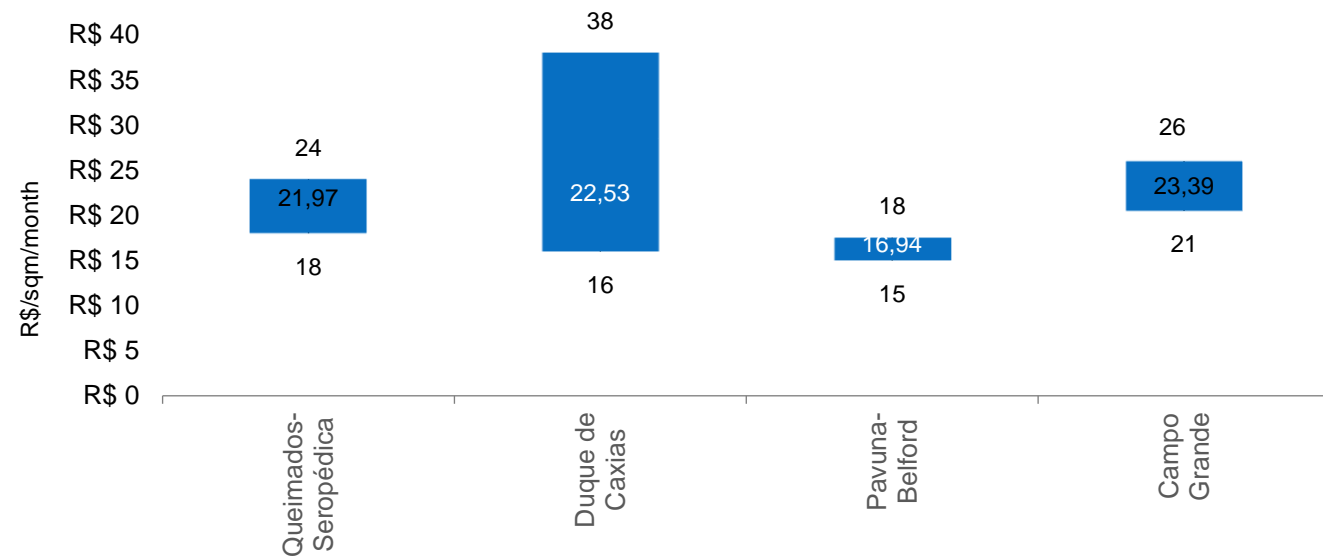
Inventory vs. Vacancy Rate



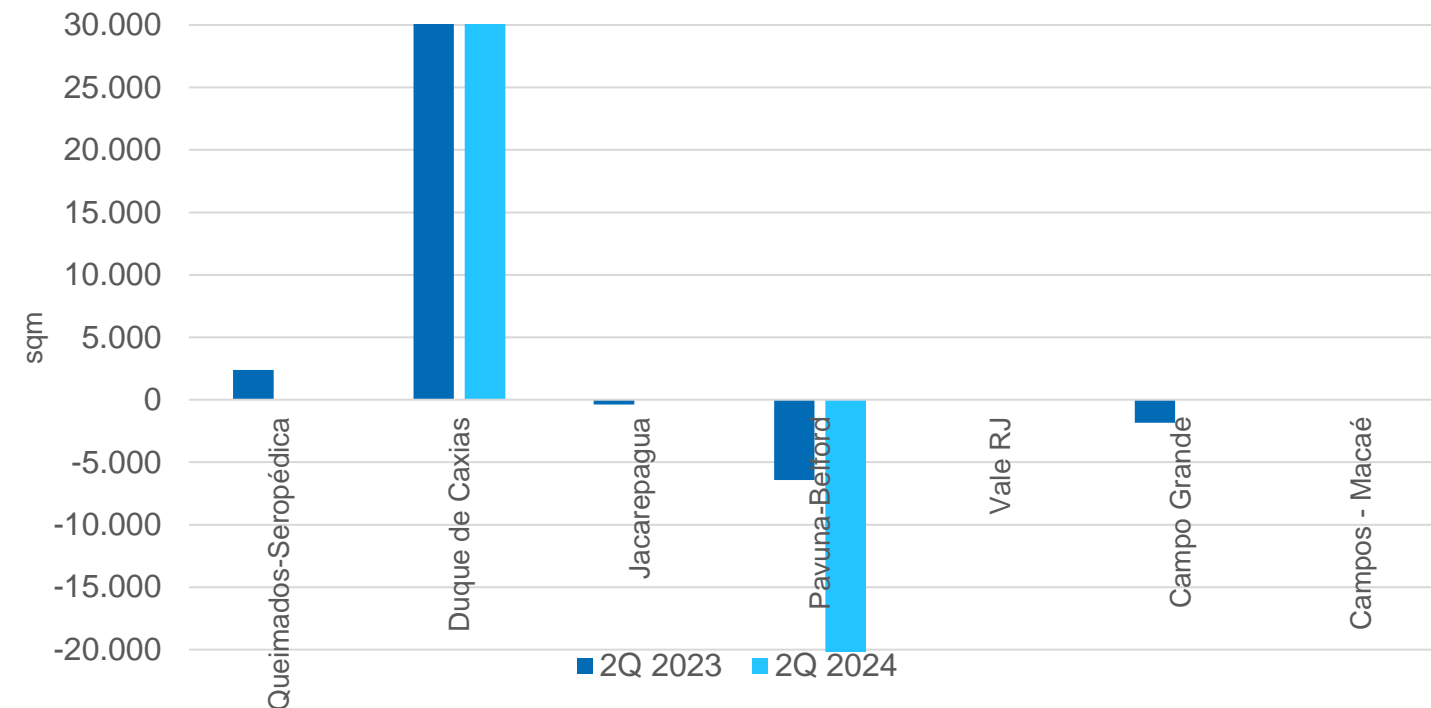
Net and Gross Absorption per Submarket



Minimum, Average and Maximum Asking Rent (USD/sqm/month)



Net Absorption – Y-o-Y Variation





For more information,
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