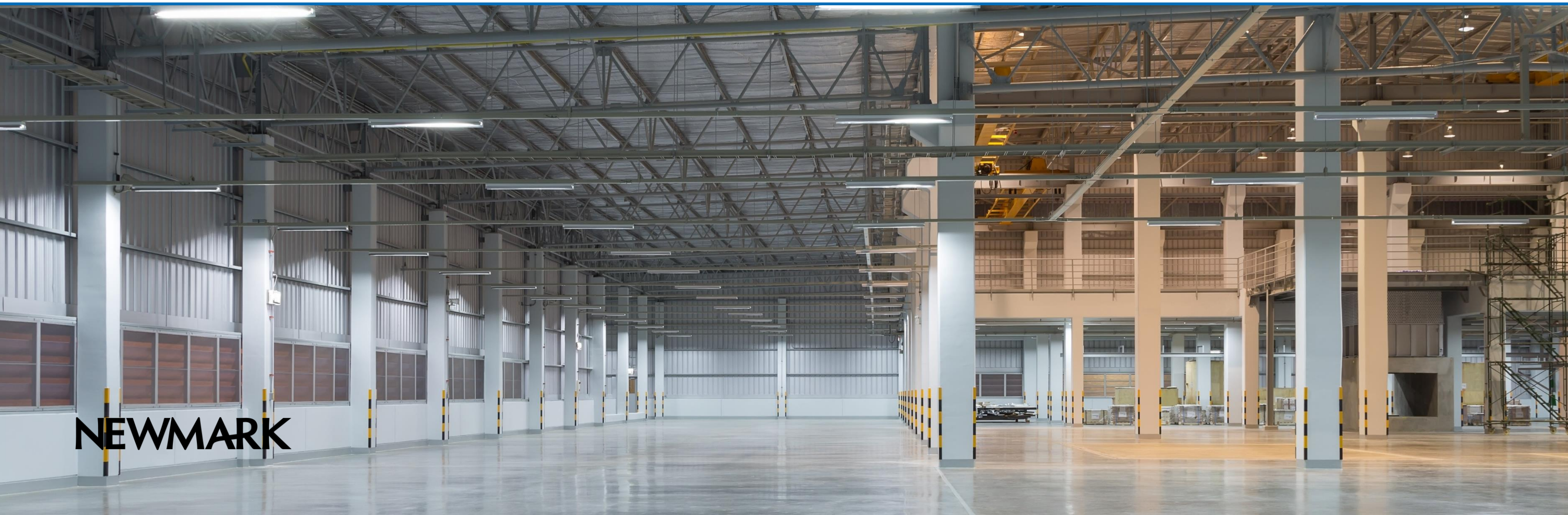


2Q24

São Paulo Industrial/Logistics Market Report



NEWMARK

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

- The indicators for the first half of 2024 indicate that activity in the industrial and logistics warehouse segment is quite positive, especially in São Paulo, the country's largest market.
- Most net absorptions in the quarter were in the area of Guarulhos, Cajamar, and São Paulo.
- Of the transactions in the quarter involving known parties, most involved service players, specifically e-commerce, shipping, and logistics.

Market Indicators

- Demand indicators were positive in the 2nd quarter, with 483 thousand m² net absorption, and 673 thousand m² gross absorption, almost twice what it was in the same quarter last year. These are the highest absorptions of the past 2 years. Year-to-date net absorption was 758 thousand m² or 63% of the total for the year.
- The inventory of high-end industrial and logistics warehouses increased by 287 thousand m², making it the quarter with the largest volume of new deliveries. A total of 553 thousand m² in new inventory were delivered this year, almost three times the volume delivered in the same period of 2023.
- The vacancy rate dropped from 10.9% to 9.8%.
- The average monthly asking rent in São Paulo was R\$ 26,60/m², almost unchanged compared to the previous year and 8.5% higher than in 2Q23.

Outlook

- The market for industrial and warehouse condominiums continues to grow. Year-to-date net absorption so far this year stands at 63% of the total in 2023.
- It should continue to grow as supply continues to drop, along with asking rents.

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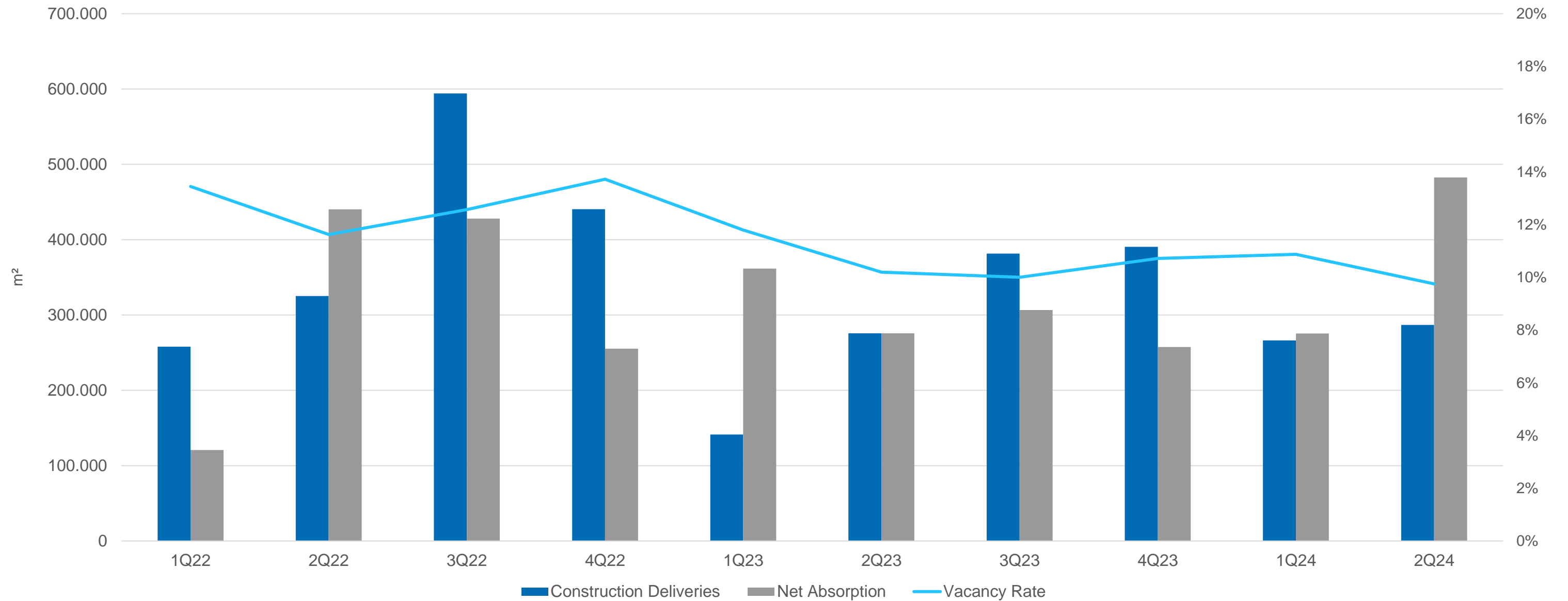
Market Indicators



Demand continues to rise: vacancy rate drops, even with growing inventory

Net absorption this quarter surpassed records from recent quarters, leading to a drop in the vacancy rate – the lowest percentage since 2022

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

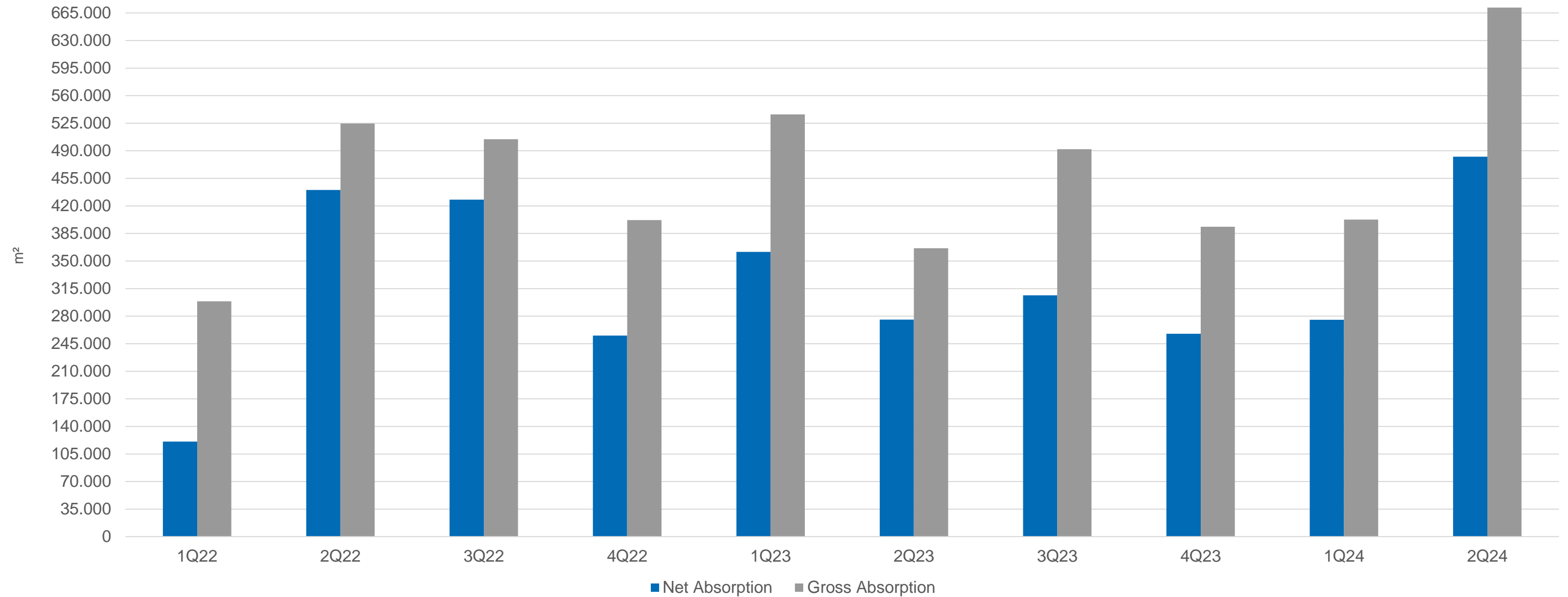


Source: Newmark Brasil – Market Research

Leasing activity grows again

The 2nd quarter was strong, absorption indicators were the best in the last 2 years, reflecting intense demand, especially from e-commerce

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

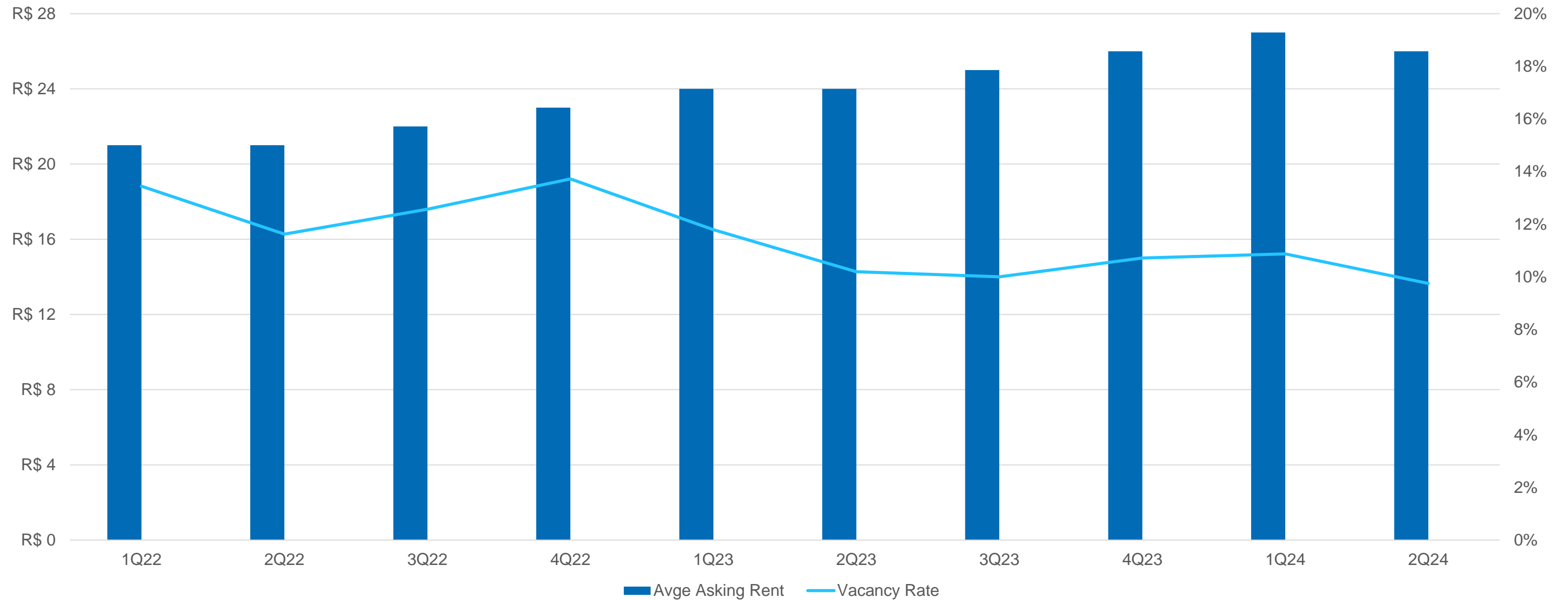


Source: Newmark Brasil – Market Research

Stability in the average asking rental rates this quarter

The annual increase was significant, following the drop in supply volume

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

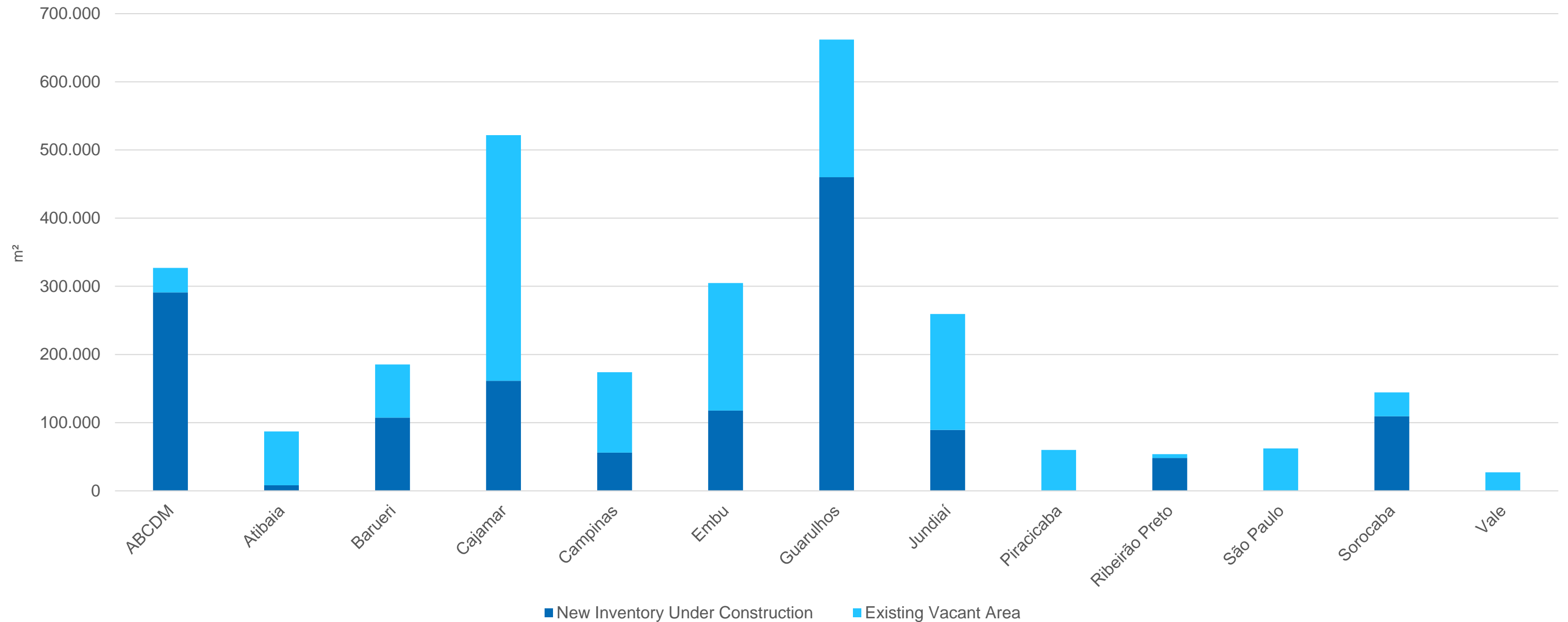


Source: Newmark Brasil – Market Research

New inventory under construction by 2025 matches total volume vacant today

Guarulhos, ABCDM and Cajamar, are the regions with the highest concentration of new projects under construction; The currently vacant area in these regions are also the largest due to intense development in recent years. However, given the strong demand in recent years, there should be no risk of oversupply

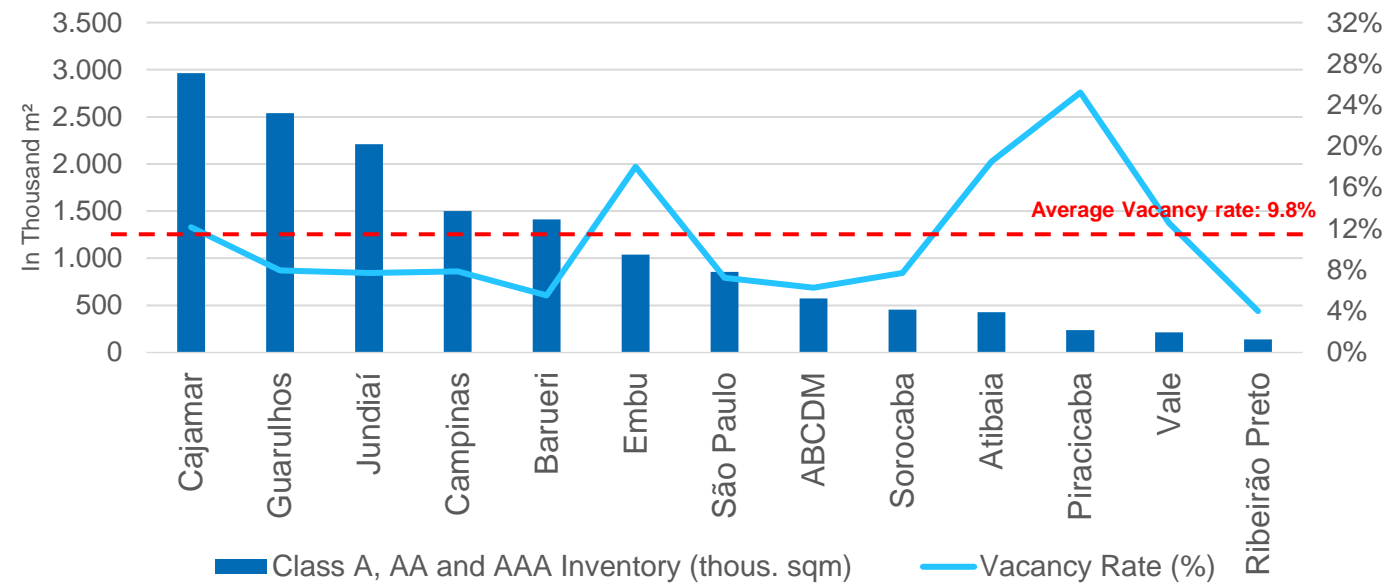
Existing Vacant Rate vs. New Inventory in Construction per Submarket (sqm) – Class A, AA and AAA, forecasted to 2024



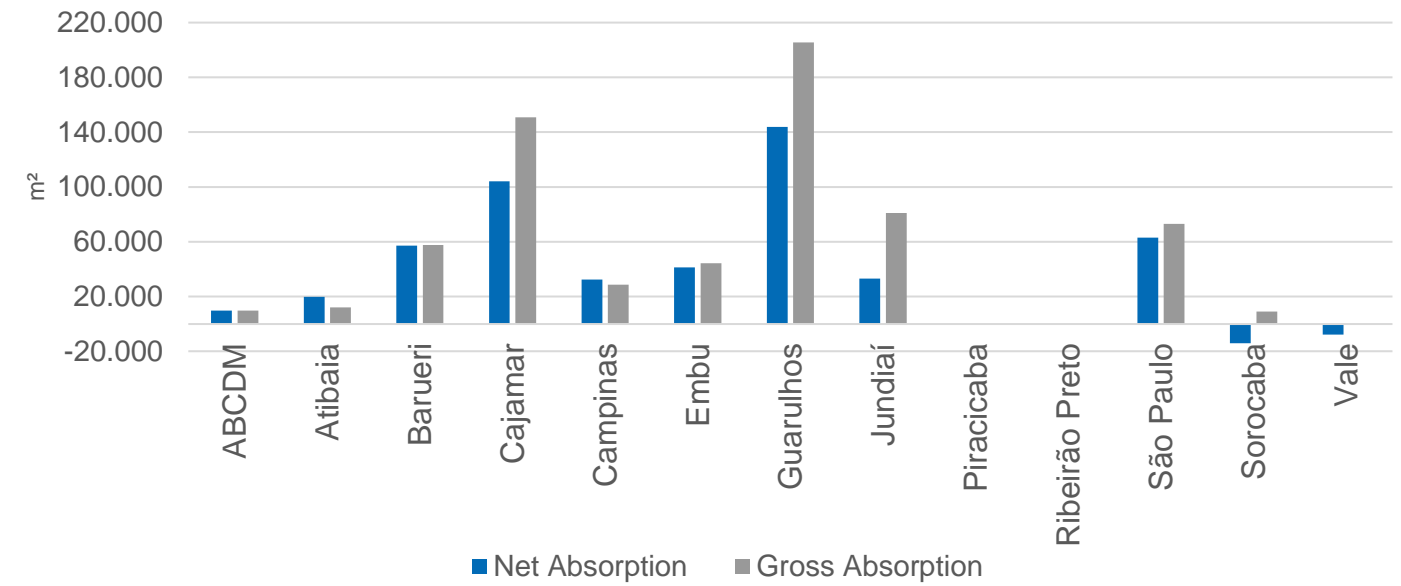
Source: Newmark Brasil – Market Research

Submarket Analysis

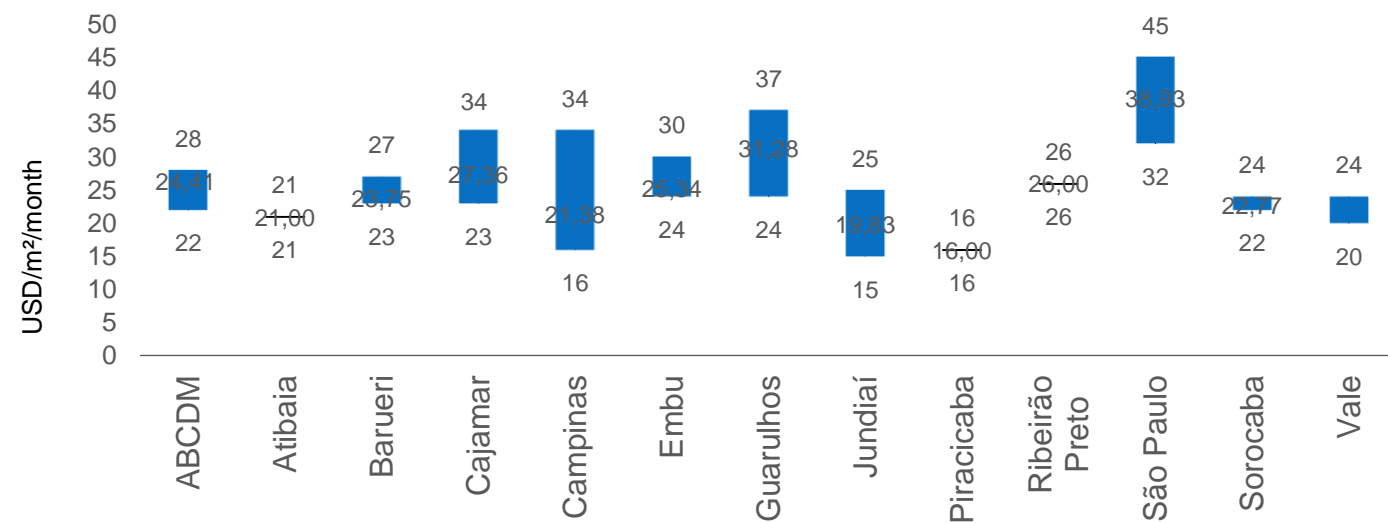
Inventory vs. Vacancy Rate



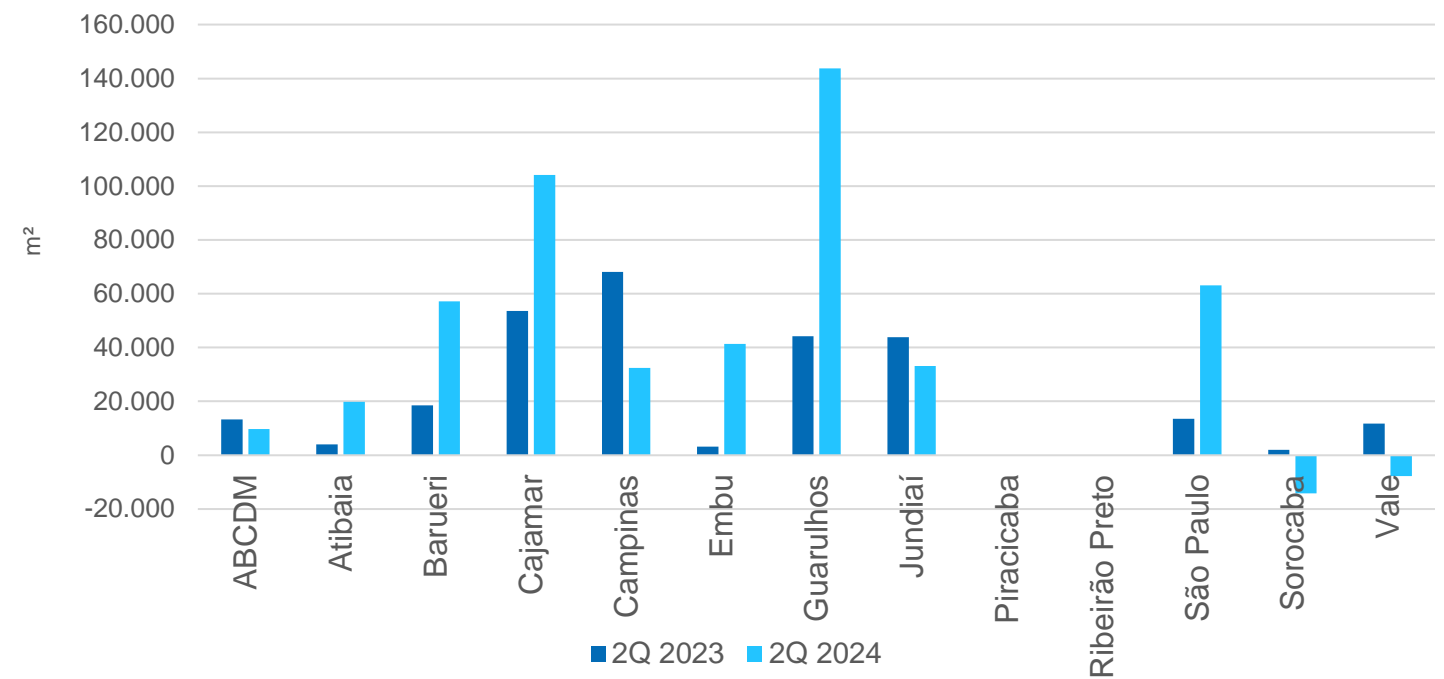
Net and Gross Absorption per Submarket



Minimum, Average and Maximum Asking Rent (R\$/sqm/month)



Net Absorption – Y-o-Y Variation



Source: Newmark Brasil – Market Research



For more information,
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