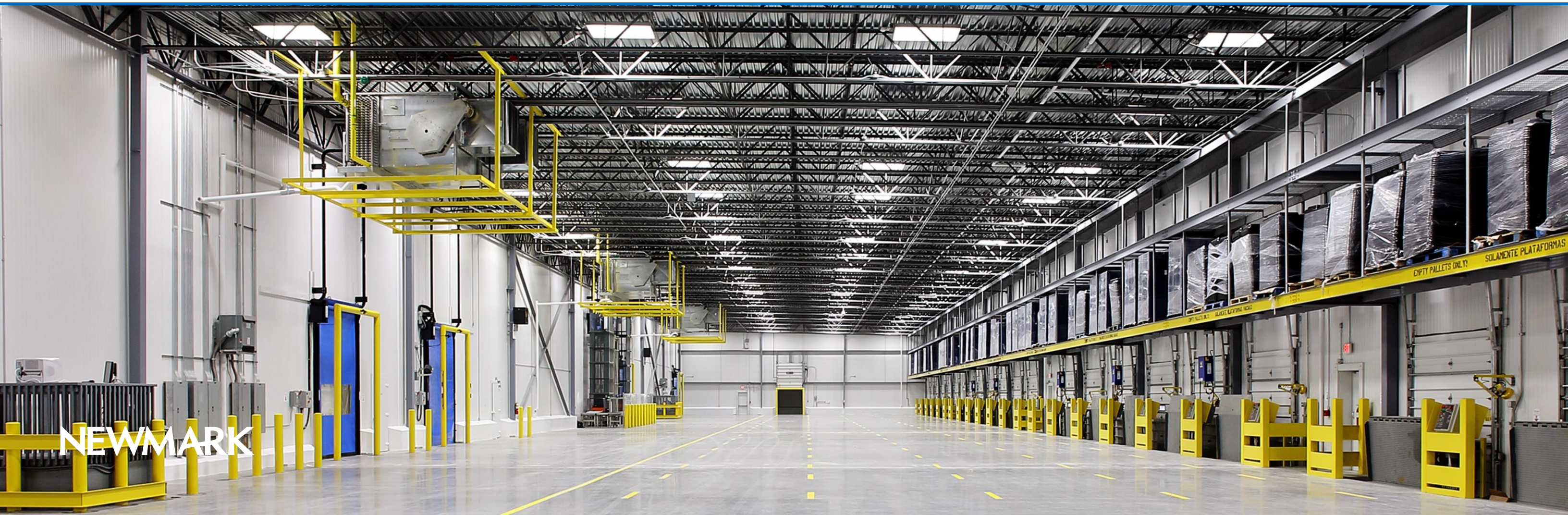


3Q24

Rio de Janeiro Industrial/Logistics Market Report



Market Information

Economy

- The external environment is challenging, with uncertainties regarding economic slowdown in the U.S. and the Fed's stance. Global central banks are striving to align inflation with their targets amid pressures in the labor market, requiring caution from emerging countries;
- In Brazil, economic and employment indicators have exceeded expectations, leading to a revision of the GDP growth projection for 2024, which rose from 2.3% to 3.2%. Despite this, slower growth is anticipated in the second half of 2024, with a forecast of 2% for 2025;
- The most recent information from the Federation of Industries (CNI) is that manufacturing output dropped slightly compared to the previous quarter, primarily due to food, beverages, and chemicals. The Manufacturing Industry GDP increased 1.8% between the first and second quarters of the year, and is up 2.6% y-o-y.

Transactions

- Despite the slow-down, net absorption YTD is 94 thousand m², more than the entire absorption in 2023.
- Of the transactions in the quarter involving known parties, most involved service players, specifically in shipping and logistics.

Market Indicators

- There was a drop in lease activities in Rio de Janeiro; nevertheless, the numbers are promising, with net absorption for the year totaling 11 thousand m², and gross absorption 56 million m².
- The vacancy rate remained almost unchanged at 12.5%.
- Asking rents went up this quarter, ending at R\$ 22,50 per m²

Outlook

- Despite a decline in lease activities this quarter, the outlook for the year remains positive for high-end logistics and industrial warehouses in Rio de Janeiro. At 94 thousand m², net absorption already exceeds the entire last year, and demand is showing itself to be consistent.
- This, and the low volume of new inventories, drove the vacancy rate to the lowest it has been in 10 years. The shortage of available space should drive up asking rents.
- However, we must consider that there remains significant political and economic uncertainty that may affect company growth and investment plans, which in turn would impact the corporate real estate industry.

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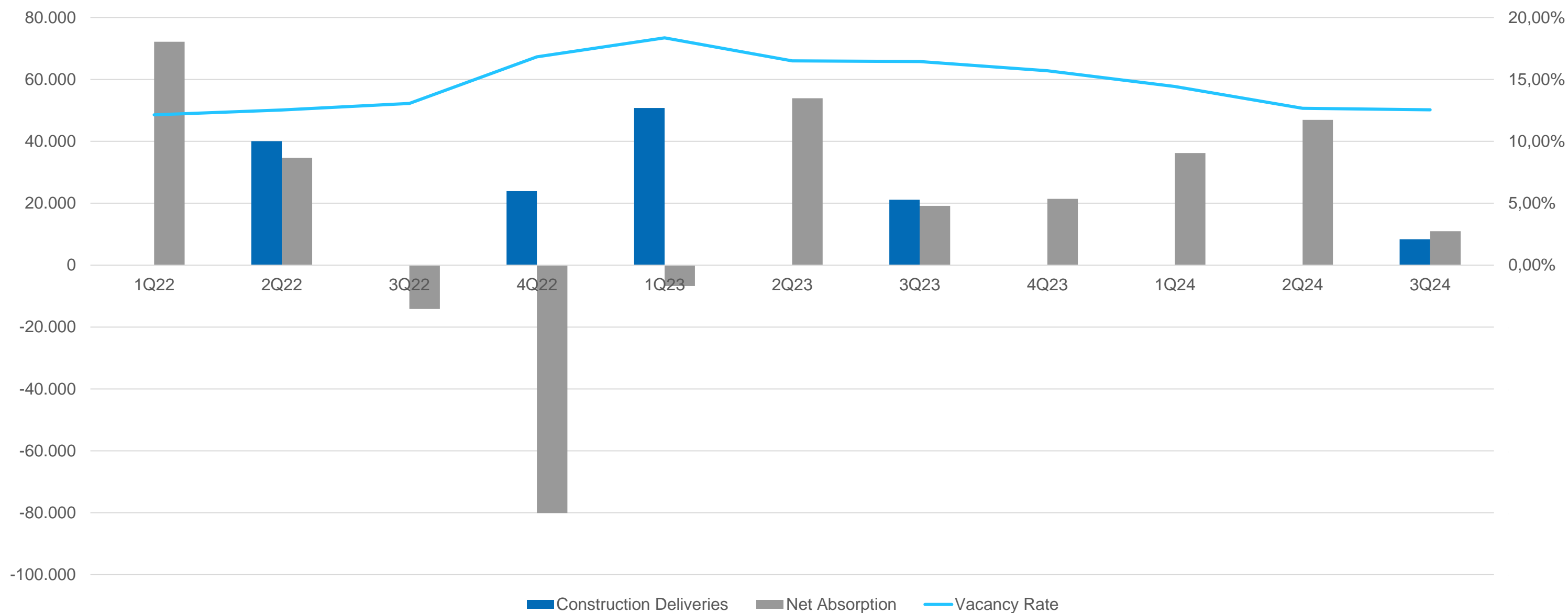
Market Indicators



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

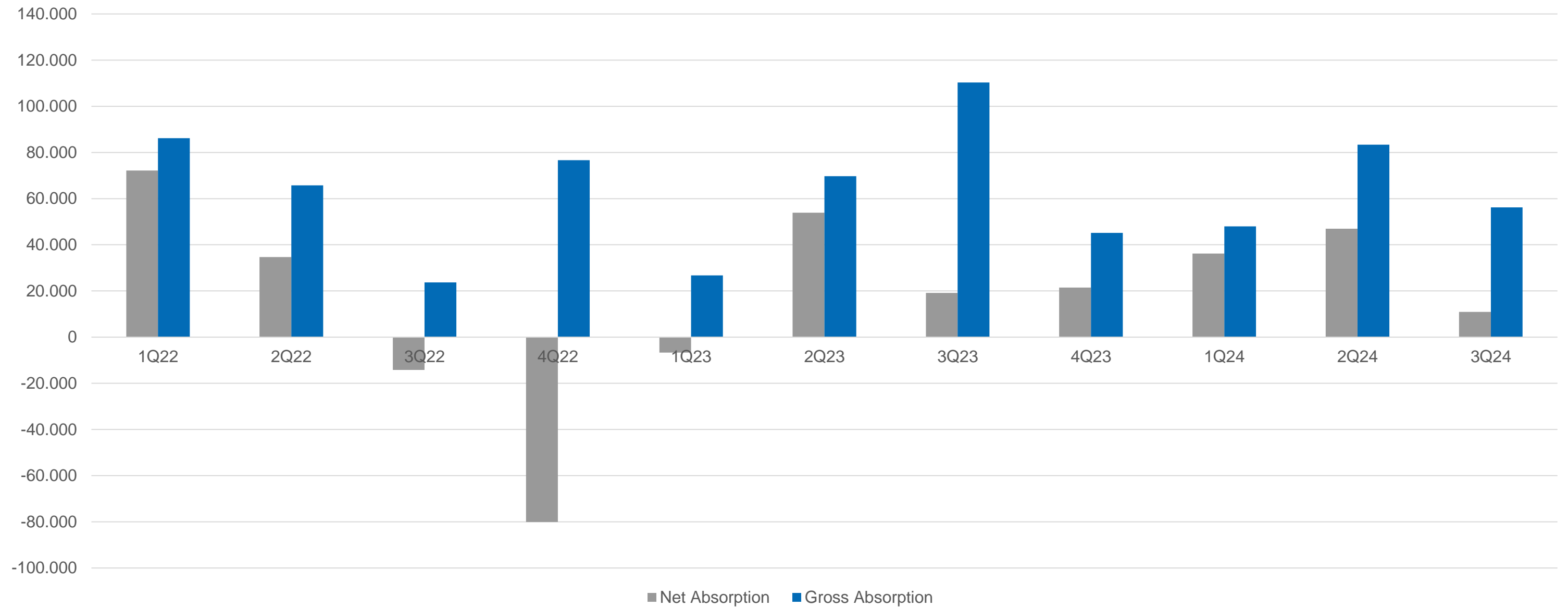


Source: Newmark Brasil – Market Research

Despite losing strength this quarter, demand indicators remain positive

Leasing activity in the industrial market recorded gross and net absorption 33% and 77% lower, respectively, compared to the previous quarter

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

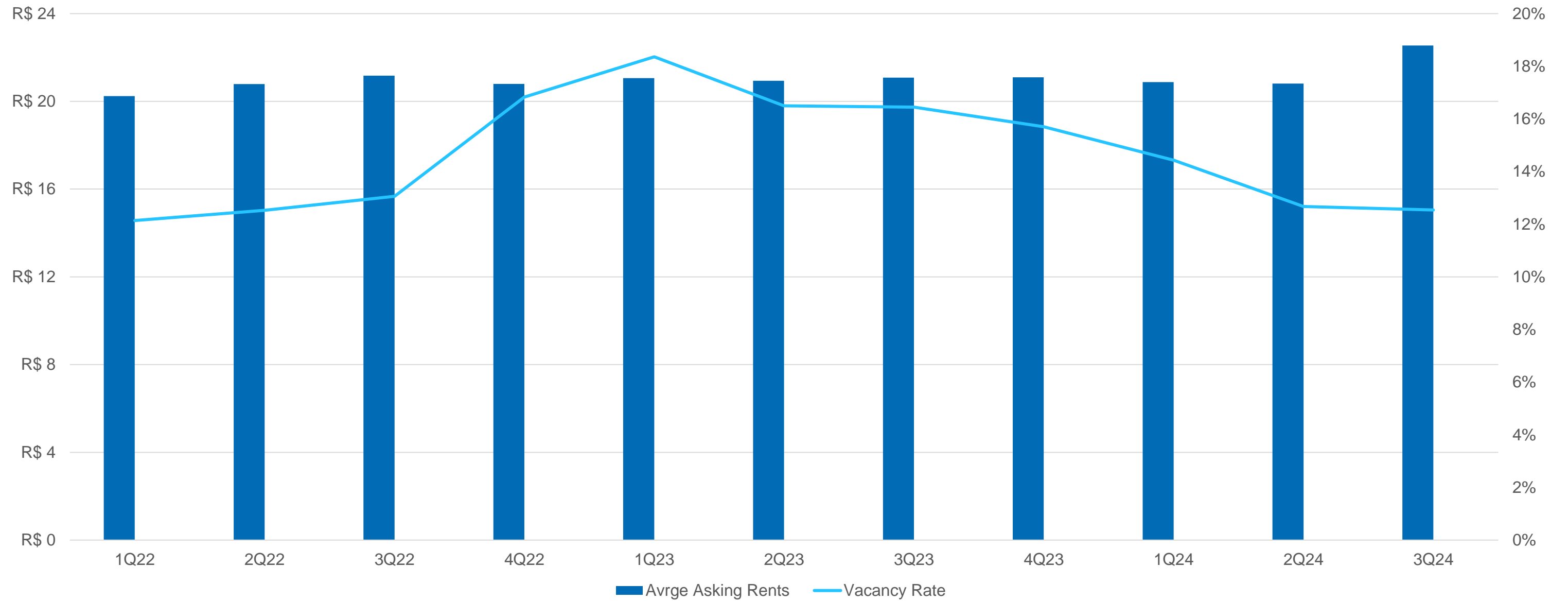


Source: Newmark Brasil – Market Research

Stable asking rents

The average asking rent price remained stable at R\$ 22.5/m²/month

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

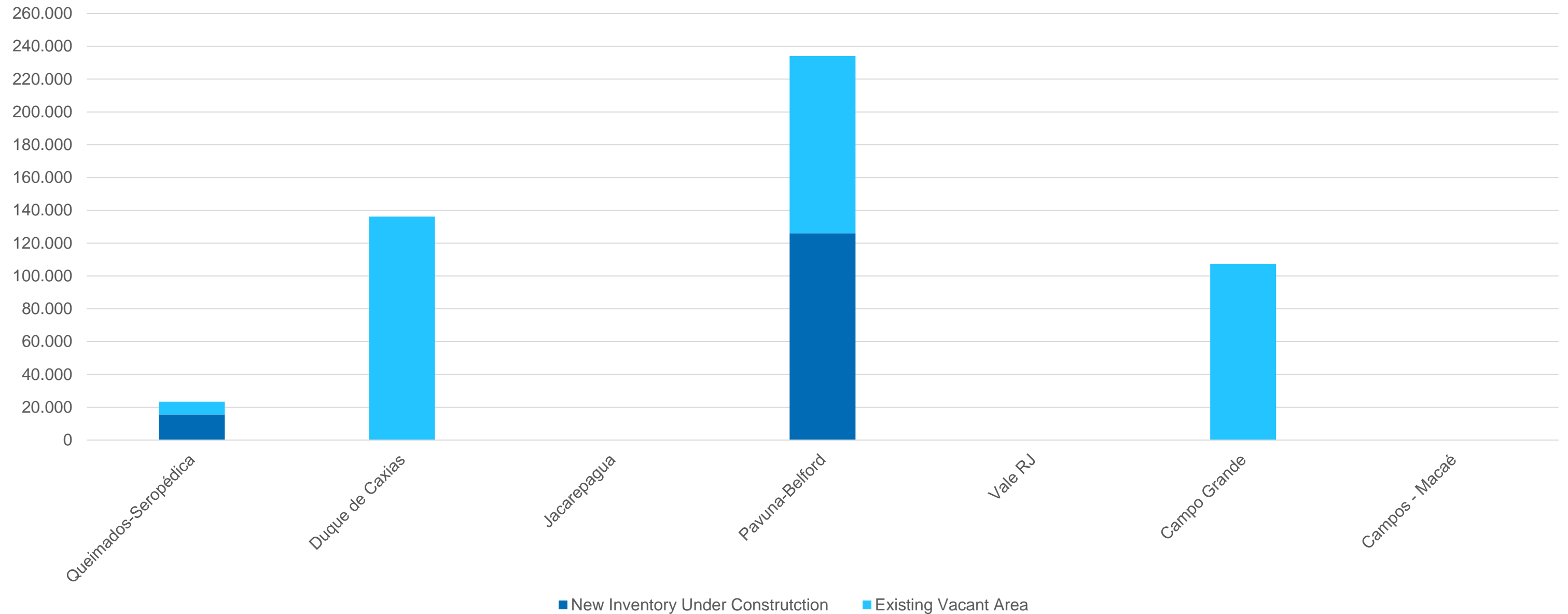


Source: Newmark Brasil – Market Research

New inventory forecasted could increase vacant supply

The volume under construction could increase the existing vacant area in the state, especially in the Pavuna-Belford Roxo region

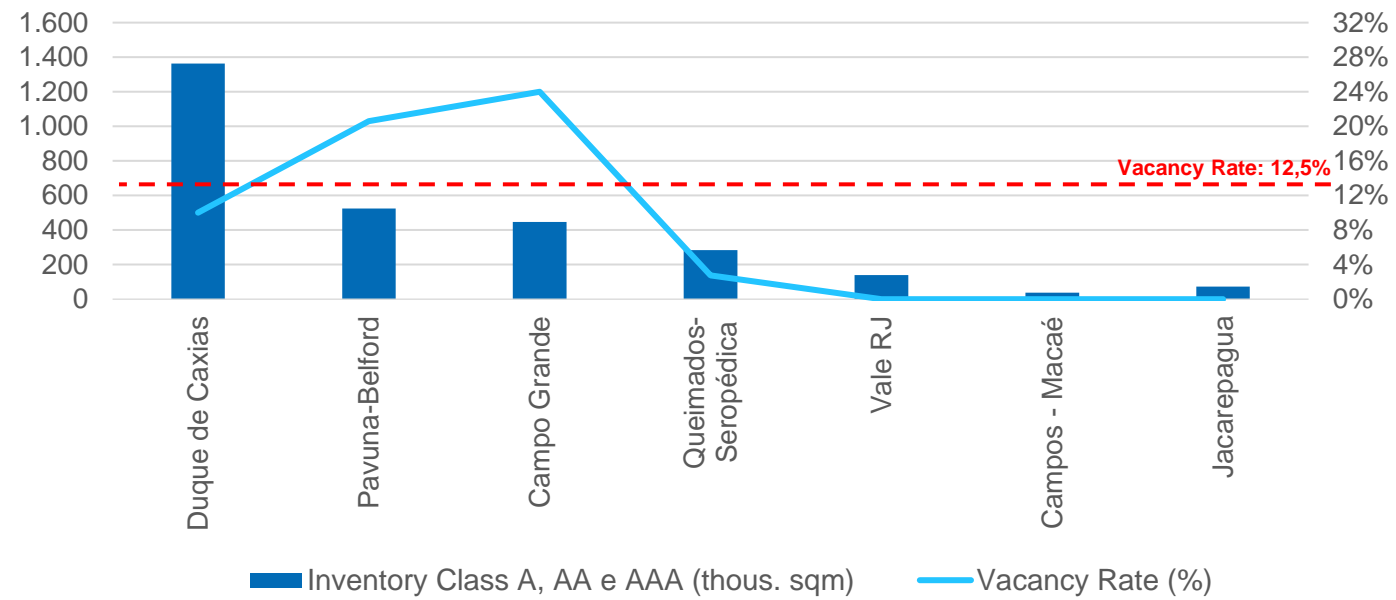
Existing Vacant Rate vs. New Inventory in Construction per Submarket (sqm) – Class A, AA and AAA (no delivery date estimated)



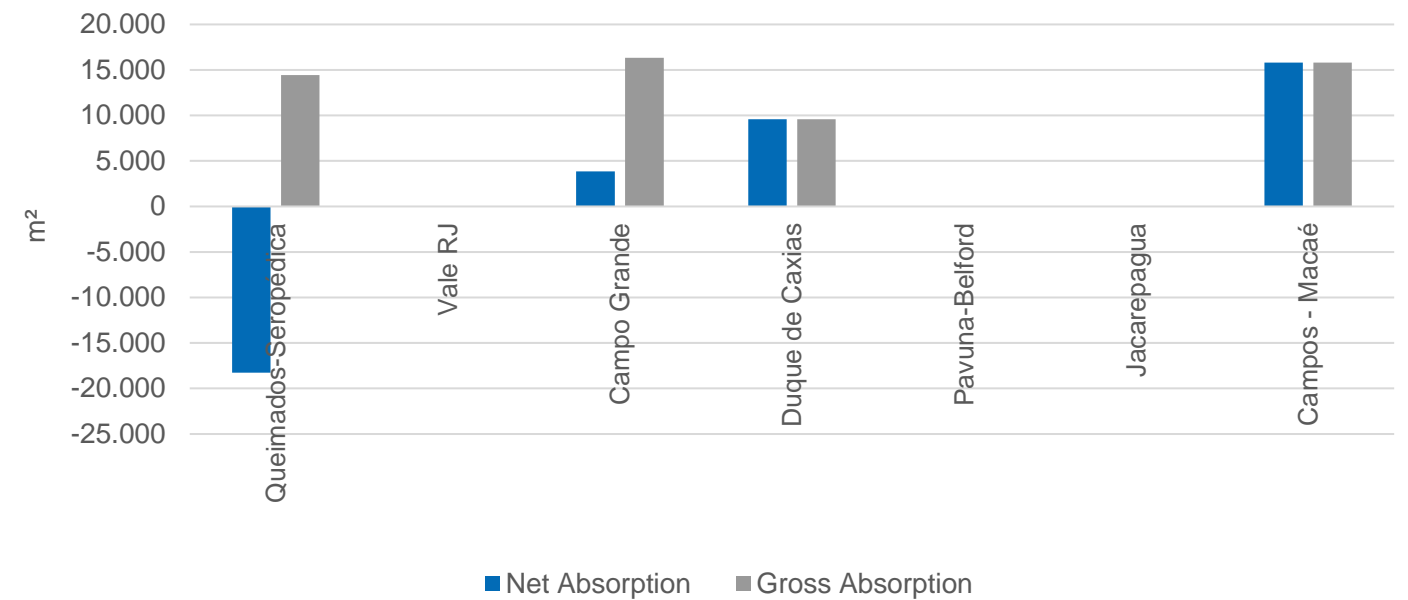
Source: Newmark Brasil – Market Research

Submarket Analysis

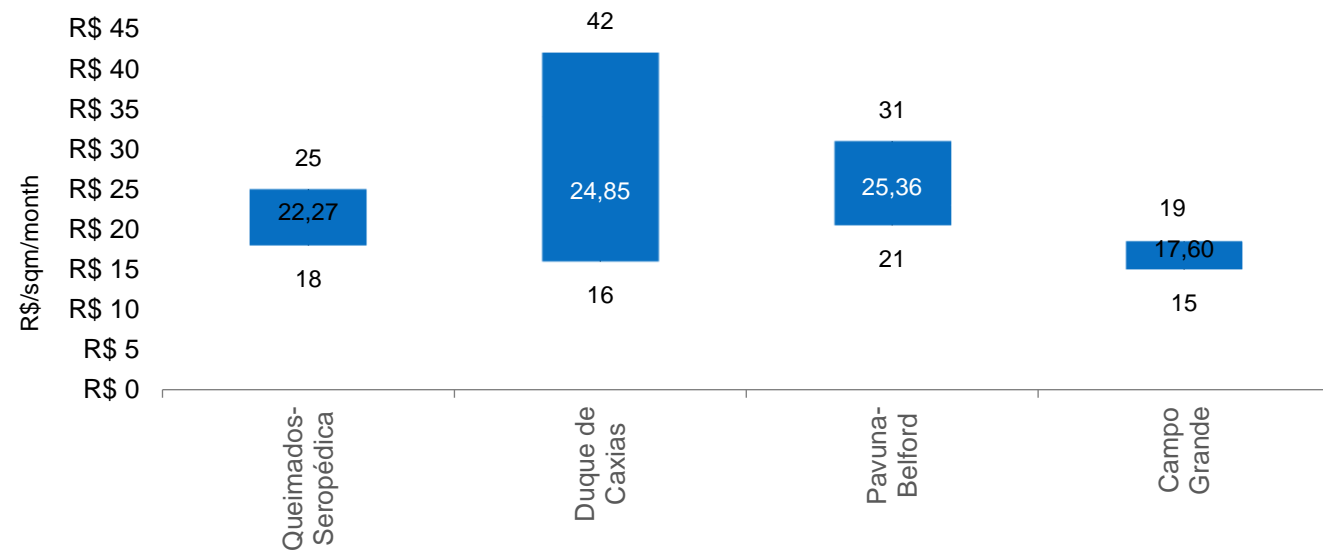
Inventory vs. Vacancy Rate



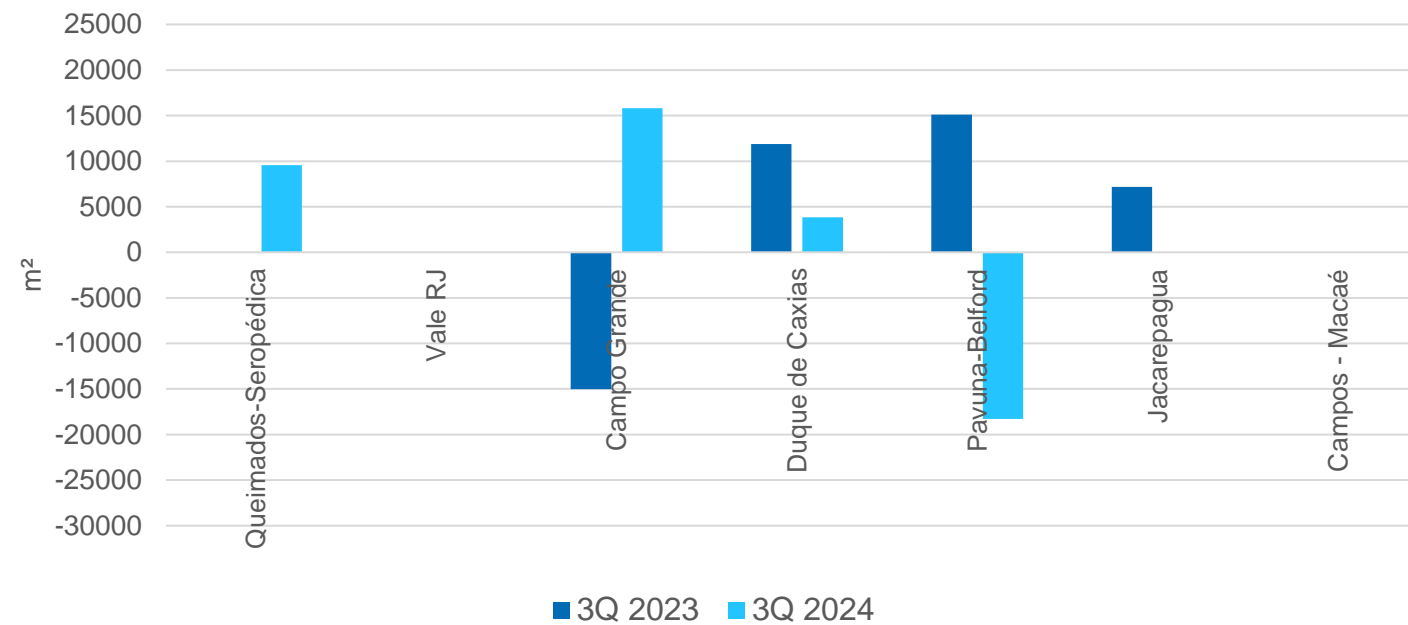
Net and Gross Absorption per Submarket



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



Net Absorption – Y-o-Y Variation





For more information,
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