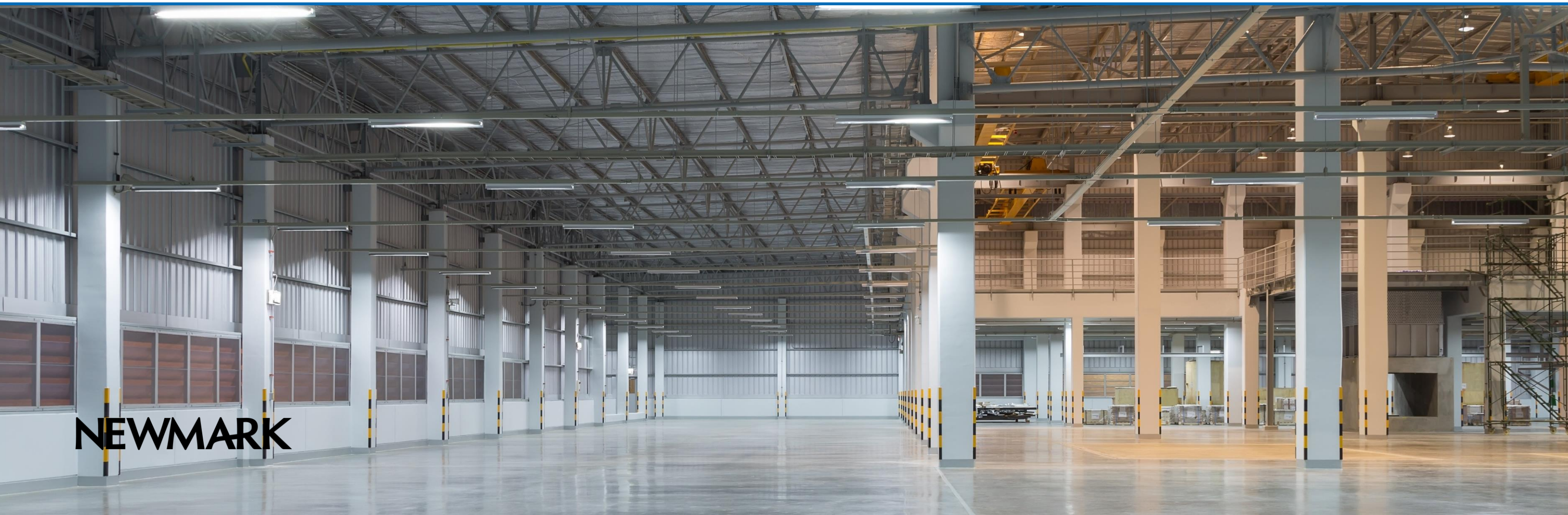


3Q24

São Paulo Industrial/Logistics Market Report



NEWMARK

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

- Year to date net absorption is over 1 million m², or 87% of the total in 2023, showing strong demand, especially in strategic areas;
- Of the transactions in the quarter involving known parties, most involved service players, specifically e-commerce, shipping, and logistics. Most net absorptions in the quarter were in the area of Cajamar, Jundiaí, and Guarulhos.

Market Indicators

- Demand remains strong;
- 23 thousand m² of new inventory were delivered;
- The vacancy rate dropped from 9.8% to 8%.
- The average asking monthly rent continues to go up, ending the quarter the quarter at R\$ 27,30/m.

Outlook

- The market should continue to grow as supply continues limited and asking rents go up. Metropolitan areas, and in particular São Paulo, should continue to attract tenants, driving up prices;
- This scenario suggests that, if demand remains strong and new deliveries limited, there will be pressure on asking rents and on the vacancy rate, making the lease of logistics and industrial warehouses an even more competitive business;
- We must pay close watch on the dynamics of supply and demand in coming months to understand the direction the market will take in the coming months.

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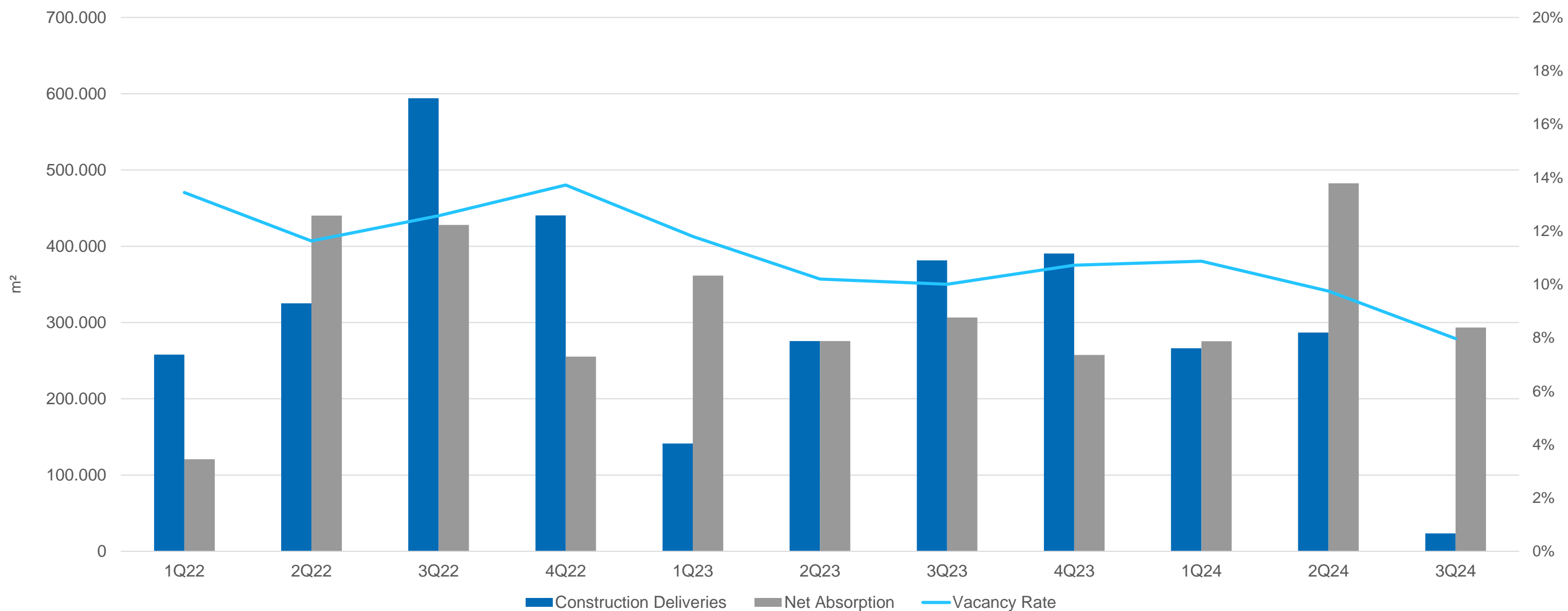
Market Indicators



A demanda segue em alta: queda na vacância, mesmo com o estoque crescente

A absorção líquida neste trimestre superou os registros dos últimos trimestres, levando à queda na taxa de vacância – o menor percentual desde 2022

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

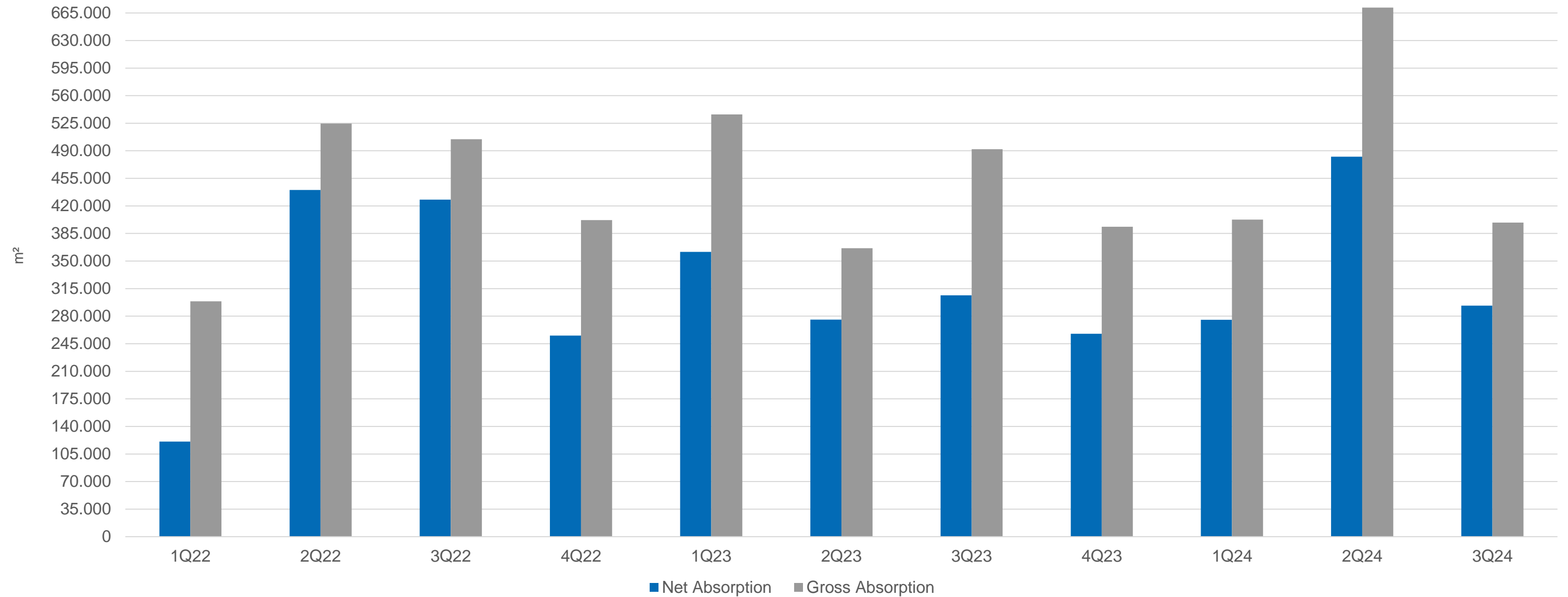


Source: Newmark Brasil – Market Research

Demand stability

Gross and net absorption were approximately 40% lower than recorded in the previous period, but remain stable compared to the same period in 2023, indicating that demand remains strong.

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

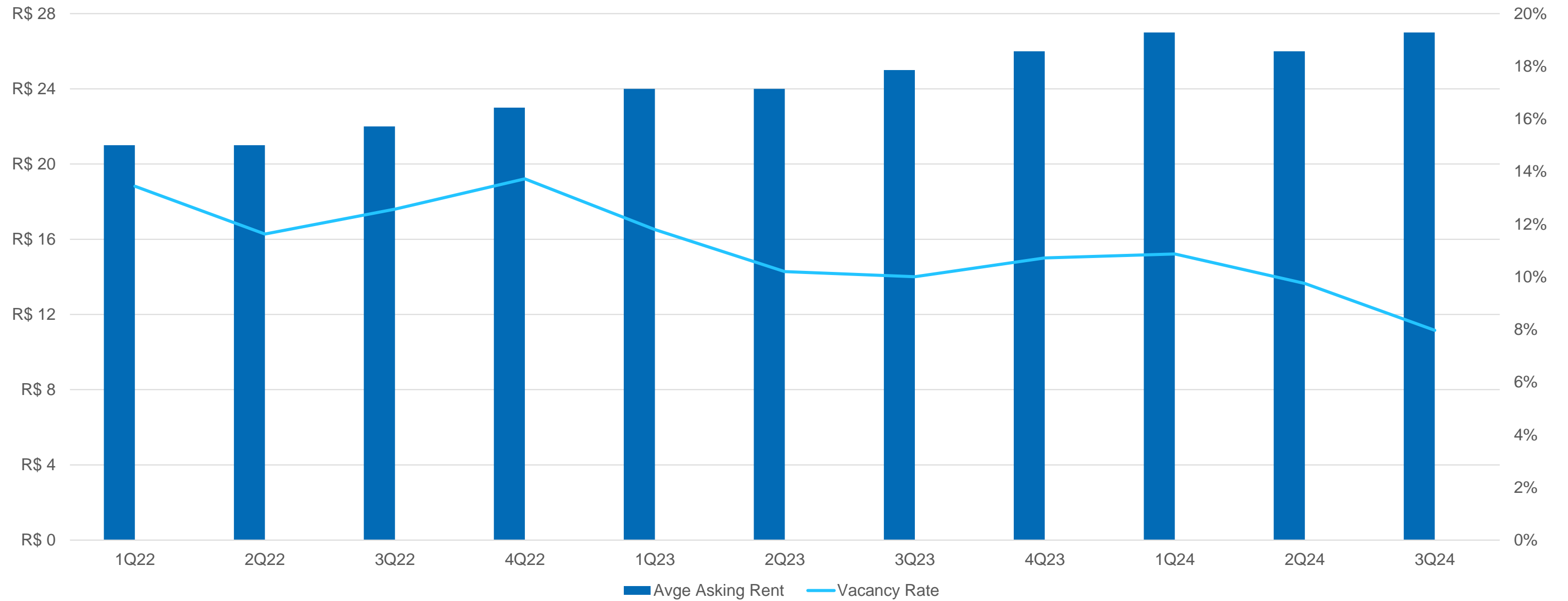


Source: Newmark Brasil – Market Research

Stability in asking rental rates

The vacancy rate continues to decline, and asking prices are on the rise.

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

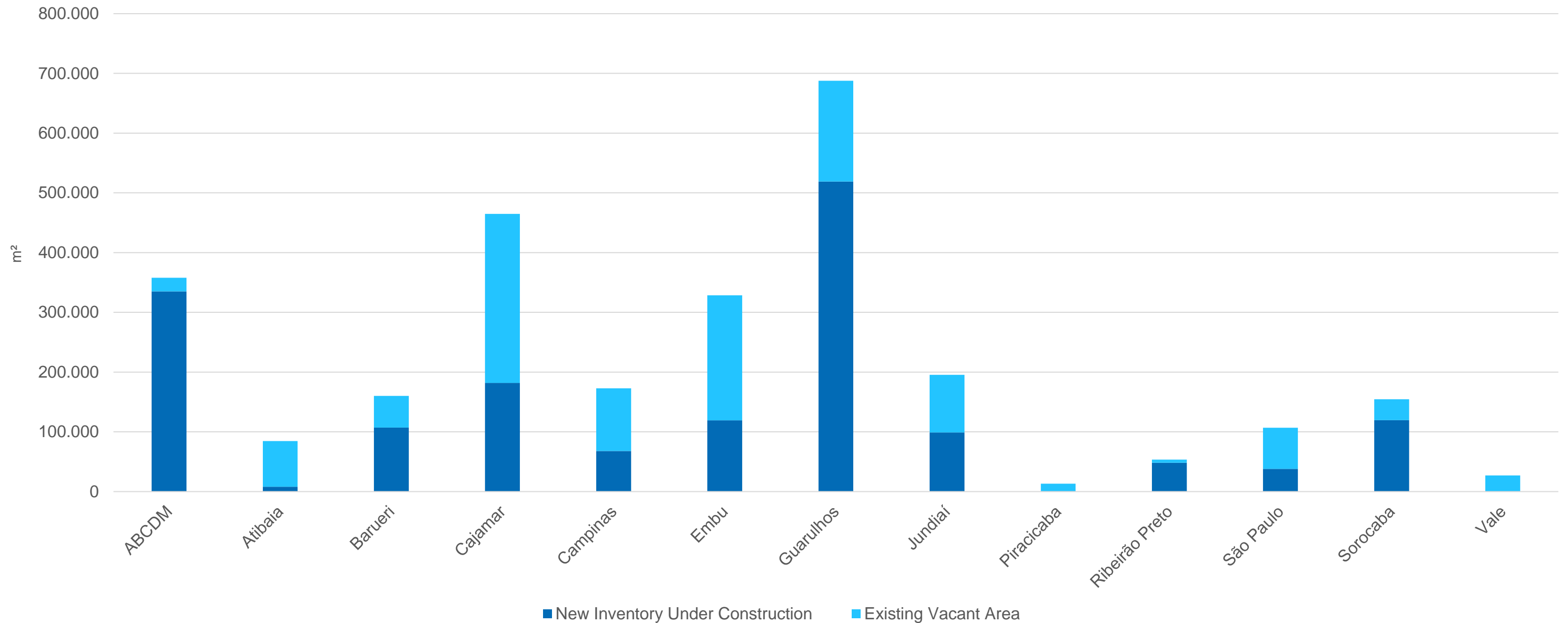


Source: Newmark Brasil – Market Research

The volume under construction by 2025 exceeds the current available supply

Guarulhos, ABCDM, and Cajamar are the regions with the highest concentration of new developments under construction; with the exception of Cajamar, the current vacant area in these regions is also lower than the new supply being built. Given the strong demand in recent years, there should be no risk of oversupply.

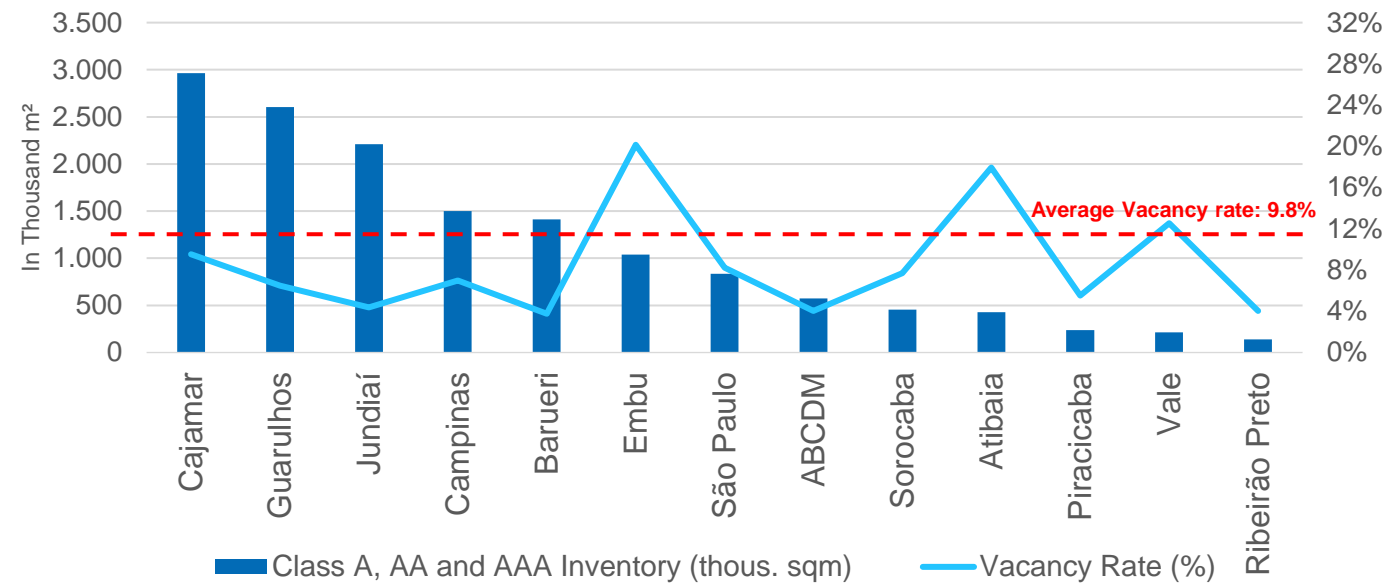
Existing Vacant Rate vs. New Inventory in Construction per Submarket (sqm) – Class A, AA and AAA, forecasted to 2024



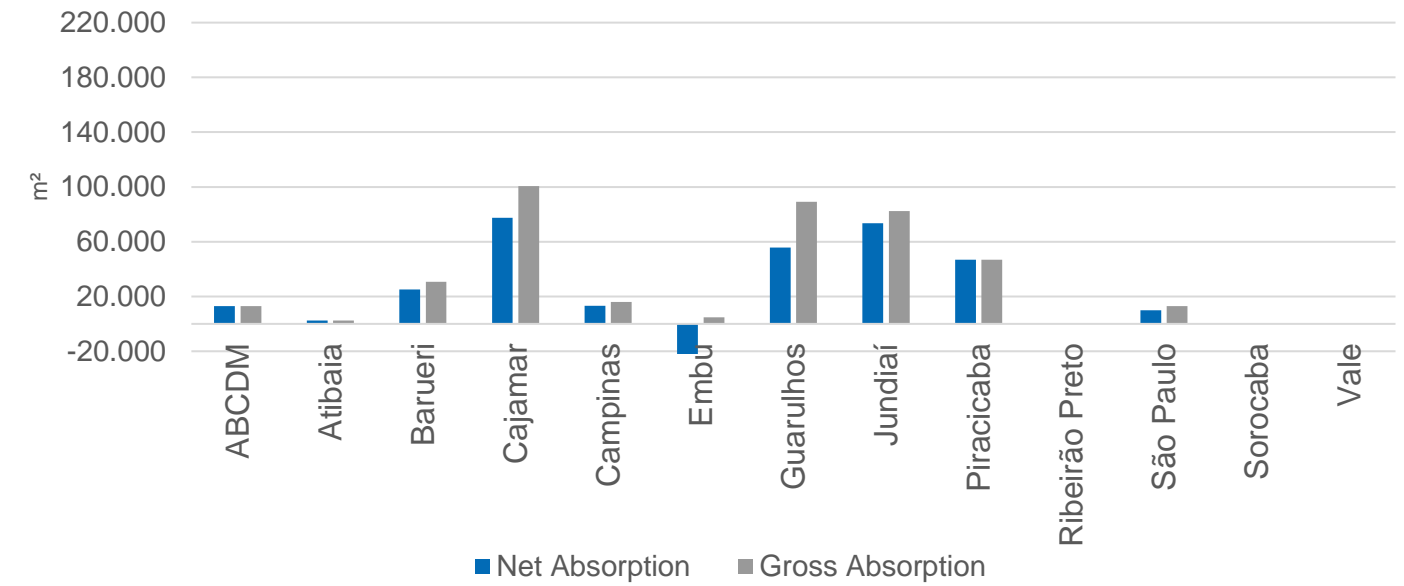
Source: Newmark Brasil – Market Research

Submarket Analysis

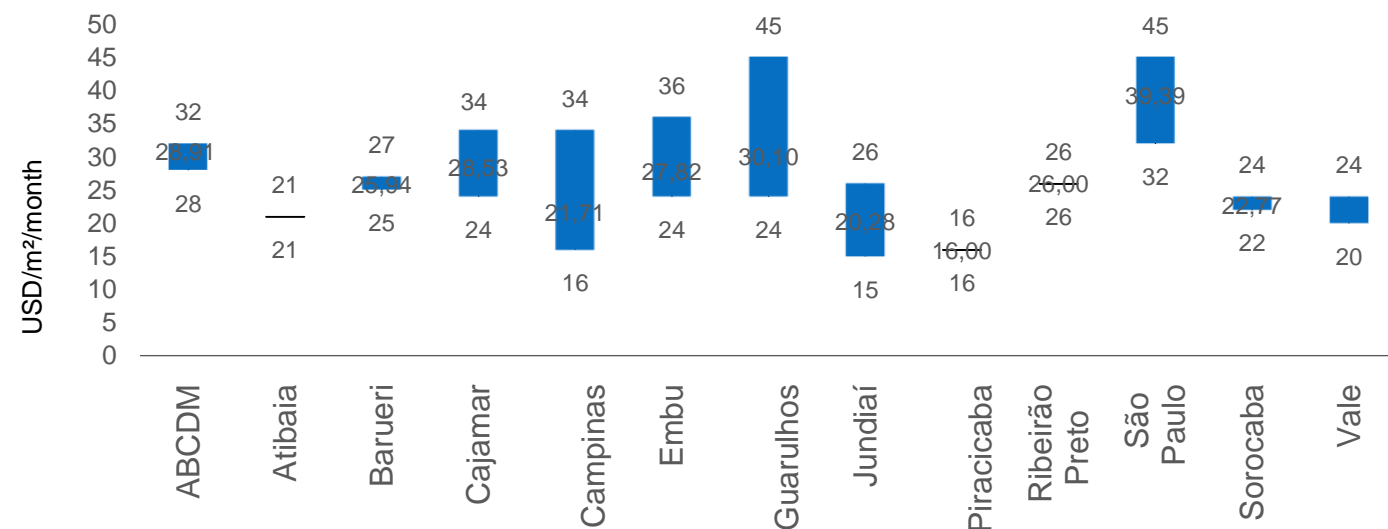
Inventory vs. Vacancy Rate



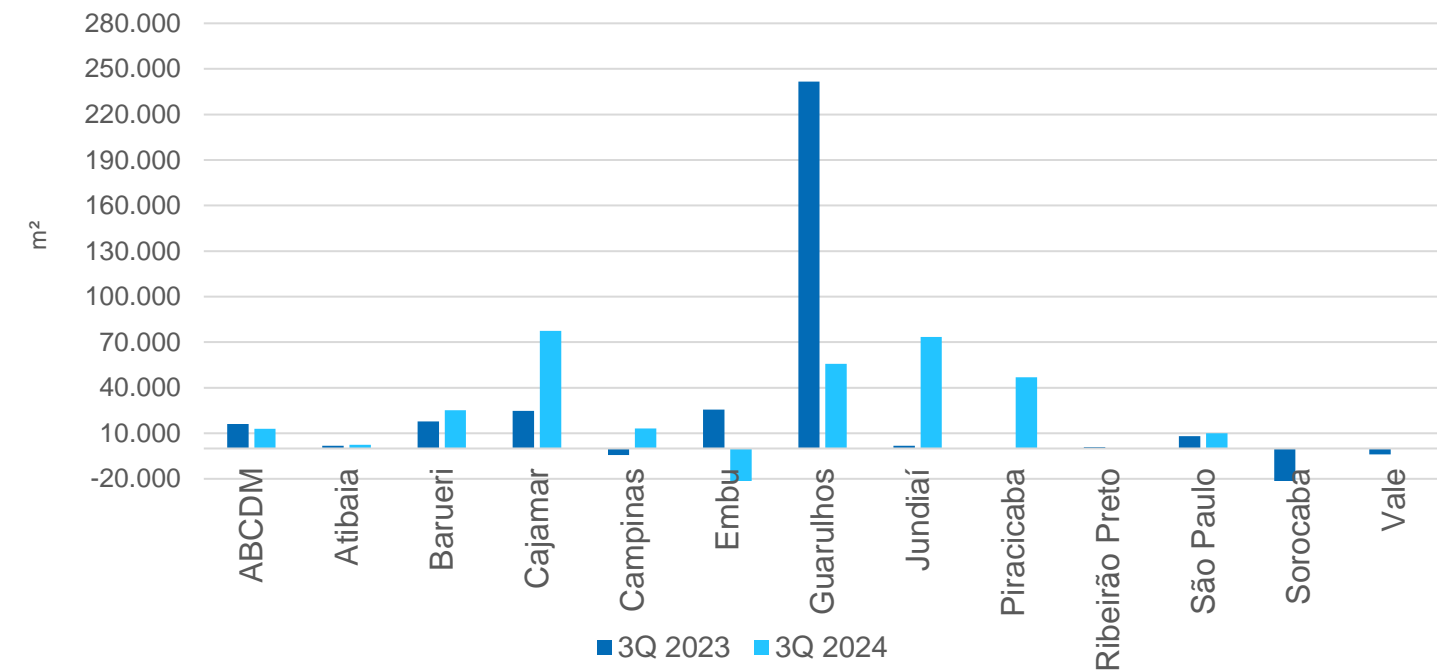
Net and Gross Absorption per Submarket



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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