

Market Report

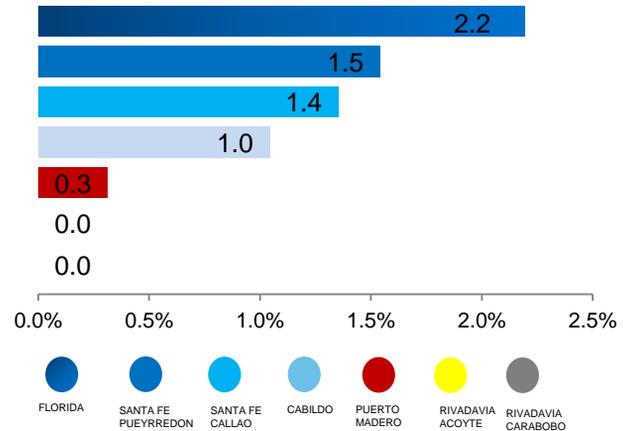
SUPPLY

Throughout the second semester of 2015, the total Vacancy Rate, which measures the number of retail units available for lease, reaches 1%, slightly higher than the previous semester (1S rate: 0.8%). However, we can see a reduction in the vacancy rate, compared to the year 2014, which marked 1.2%. The survey carried out by Colliers International is restricted to Buenos Aires main shopping streets. Due to this, secondary locations with lower footfall may show higher vacancy figures.

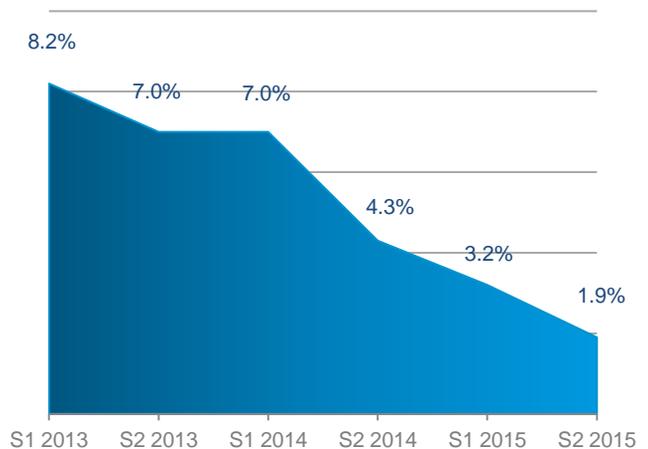
The vacancy rate in Florida St shows a remarkable increase, from 0.9% in 1S to 2.2% in 2S, positioning it as the corridor with the greater availability, followed by Santa Fe Ave. and Pueyrredón Ave. Much to the contrary, the corridor of Rivadavia Ave. displays full occupancy.

Analyzing the behavior of the available area, it shows an increase when comparing the first half of the year to the second. The numbers went from 2,230 sqm in 1S to 6,120 sqm in 2S. This growth, however, is not due to a global market trend characterized by an increase of empty stores, but mainly to the recent availability of very a couple of very big stores in Santa Fe Ave. and Pueyrredón Ave. and Florida St.

Vacancy Rate (%)



Occupiers Replacement Rate (%)



DEMAND

The second semester throws a negative net absorption rate, this means that there were more stores made available than those that were taken off the market. Only Av. Santa Fe and Callao and Puerto Madero corridors were detected a positive absorption, compared to the first half of the year.

As for the occupation of the stores, clothing and accessories, followed by food, remain the most important items in the inventory covering 53% and 14% respectively.

In order to meet the variations in the main corridors, an analysis of the rotation rate in commercial stores was carried out and the final numbers are 1.9% for 1S (1.3 p.p. less than the previous period). Analyzing the split by corridor, we can affirm that rotation has descended in all of them, with the exceptions of Av. Rivadavia and Av. Acoyte, which currently have a combined share of 1.4%, clearly higher than the 0% rate that corresponds to the previous semester. Florida Street, on the other hand, continues to be the corridor with the highest rate of rotation (3.1% in the second half).

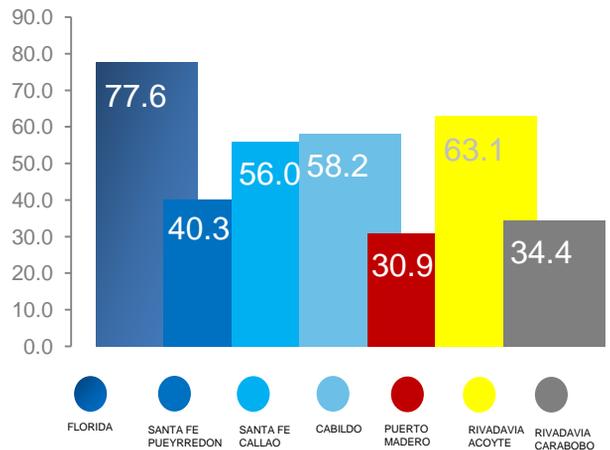
PRICES

2S was characterized by a stagnation in the rental prices of the main corridors and, compared to 1S, we observe that prices went down -3%, with an average price of USD 52.6 per sqm. However, when comparing year to year (2014-2015), prices actually went up 3.5%.

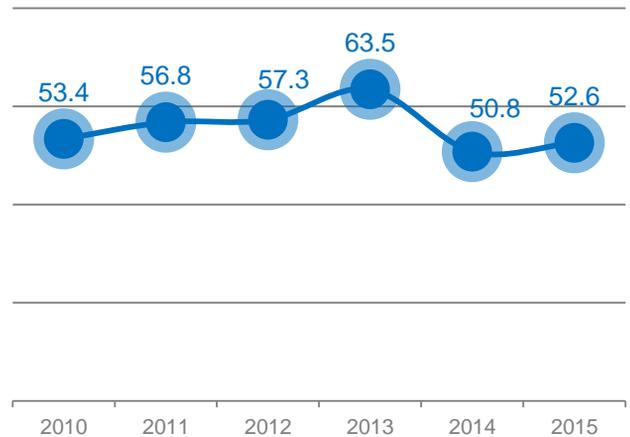
This can be explained by the following reasons: Peatonal Florida registered a slight decrease, with an average rental price of USD 77.6 per sqm, but remains being the corridor with the highest value in Buenos Aires Federal District. This corridor is followed by Av. Rivadavia and Av. Acoyte with average rental prices of USD 63.1 per sqm, and Av. Cabildo & Juramento with an average rental price of USD 58.2 per sqm. On the other hand, Puerto Madero remained stable, with an average rental price of USD 30.9 per sqm. Santa Fe Ave. shows a 2% increase (comparing 1S-2S) in the asking rental price for commercial stores, with an average value of USD 40.3 per sqm.

This uncommon behavior that combines stagnation and price drops in main corridors can be explained by the growth of the vacancy rate registered in Buenos Aires Federal District's main corridors, along with the uncertainty about the future of Argentina's macroeconomic situation.

Valor Promedio Alquiler
(USD/sqm/mes)



Average Asking Rents Evolution
(USD/sqm/month)



FOR FURTHER INFORMATION

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