

ARGENTINA A REAL ESTATE PERSPECTIVE



Argentina

A “Real” Estate perspective

As a strong contributor to the emerging market economy of Latin America, Argentina has a high-volume real estate market with good opportunities for foreign investors in the property sector.

From 2002 to 2007 foreign investment in commercial and residential property construction increased steadily to keep pace with an expanding city population and building deficit for both sale and lease. Property construction and development are fuelling growth in the property industry with construction forecasts estimated at +11.4% growth for 2007 and +11.0% as a projection for 2008.

Amongst other reasons the principal drivers behind this growth in property include:

- the opportunities to acquire large expanses of land at low cost, representing only 20% asset value for similar assets in Europe and where the availability of such space is virtually non-existent; and
- the comparatively low construction cost of approximately USD \$326 per square metre (depending on the type of construction and not including architect and engineering fees) as compared to much higher costs in Europe and the US and the US.
- the ever increasing farming technology has extended the natural agricultural barriers to what used to un productive lands, thus creating an investment opportunity

In 2007 there are estimated to be 30.000m² of newly constructed A/A+ office buildings; rising to a prediction of 70,000m² by 2008, of which 50,000m² is already under contract. This would imply the short-term future supply will not be enough to meet the average annual level of net absorption for the last 3 years (100,000m²). In 2006 alone 3,300 new construction projects commenced, a direct consequence of an almost diminishing supply and a great option for international investment groups searching for long-term yields.

For a successful outcome of a project's success the importance for foreign investors to become familiar with Argentina's fund transfer regulations cannot be understated. It is necessary to perform regular local market assessments in order to guide investment decisions during a project's lifespan.

For further information and guidance on investment into the Argentinian property sector please contact:

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