

U. S. Equities Realty

Office Market Report

Montevideo – Uruguay

May 2007



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URUGUAY

Economy

After a long recession in the economy between 1999 and 2002, the Uruguayan economy has grown significantly in the last years. The GDP (Gross National Product) increased by 11.89% in 2004 and 6.99% in 2005. For 2007 a growth rate of 4.5% is expected.

The government has introduced to the Congress, a project for a fiscal reform in order to create a new tax establishment over economic activities and personal incomes.

Economic indicators

Country Area	176,220 km ²
Population	3.46 million
Unemployment	11%
GDP 2006	U\$S 19.23 thousand millions
GDP Growth in 2006	6.9%
GDP Growth in 2007	4.5%
Inflation 2006	6.3%
Exchange rate (12/20/2006)	U\$S 1=UR\$ 24.40 (Uruguayan Peso)

Source: BCU (Uruguayan Central Bank) and C&W

MONTEVIDEO

Office Market

The office market in Montevideo is divided into 5 areas: Ciudad Vieja, Centro, Punta Carreras, Carrasco and Puerto Buceo, which has the only type A corporate building in the city (World Trade Center - 23,000 sqm /247,480 sqft). However in 2008, an additional 15,000 sqm/161,400 sqft will be made available from the construction of a third World Trade Center tower.

The average leasing rates for type A office space have increased from U\$S 25/sqm (U\$S 2.32/sqft) at the end of 2005 to U\$S30/sqm (U\$S 2.78/sqft) in the second quarter of 2006. Moreover, the sale price increased from U\$S 4,000/sqm (U\$S 371.74/sqft) to U\$S 5,000/sqm (U\$S 464.68/sqft)

Market indicators - Montevideo Offices Type A - 2006

Vacancy rate	5%
Average leasing price	U\$S 30/sqm/month (U\$S 2.78/sqft/month)
Common area expenses	from U\$S 2.5 to U\$S 3/sqm/month (from U\$S 0.23/sqft/month to U\$S0.27)
Tax	2%

Source: C&W

Industrial Market

The industrial market in the metropolitan area in Montevideo is dispersed and consists mainly of old buildings that need to be renovated. Among the industrial parks, Zone America Business & Technology Park is a premium site that is strategically located 10 minutes away from the Carrasco international airport and 30 minutes away from the port and the city center.

Commercial Market

There are four main commercial centers in Montevideo: Montevideo Shopping Mall in Puerto Buceos, Punta Carretas Shopping Mall in Punta Carretas, Portones Shopping Mall in Carrasco and Tres Cruces Shopping Mall in the Tres Cruces area.

There has not been any new stock in the commercial market throughout the last couple of years. However, the Montevideo Shopping Center and Tres Cruces have already begun to expand. The average leasing price for commercial spaces has increased from U\$S 25sqm/month to U\$S 40/sqm/month (U\$S 2.32 to U\$S 3.71/sqft/month) at the end of 2006.

