

## MARKETBEAT



**12.5%**  
RENT GROWTH (YoY)

**4.2%**  
VACANCY RATE

**0.66M sqm**  
NEW COMPLETIONS (YTD)

WHAT'S  
NEXT

## HIGHLIGHTS

## Weaker economic growth persisted in 1H 2019

The residual impacts of the budget impasse continued to dampen economic expansion as government underspending dragged Gross Domestic Product (GDP) to a 5.5% year-on-year (YoY) growth in 2Q 2019, the slowest recorded in 17 quarters. External demand is also expected to weaken due to the ongoing US-China trade war. Fitch, the international credit watcher, lowered the country's overheating risk amidst this slower growth and the Central Bank's cumulative policy rate cuts but noted that the 2Q 2019 figure is not the new normal growth trajectory and expects the economy to catch up in the second half of 2019, albeit more modestly. Meanwhile, inflation decelerated to 1.7% in August 2019, the lowest in 3 years, suggesting further easing in the country's monetary policy.

## Demand growth from POGOs expected to slow

A significant share in the volume of office space demand in the first three quarters of 2019 originated from the proliferation of Philippine offshore gaming operators (POGOs). However, the growth of the POGO sector is set to slow down due to the recent government regulation which suspends the issuance of operating licenses to new entrants. On the other hand, the real estate expansion and flight to quality of other local industries (such as financial services and pharmaceuticals), as well as expansion of information technology-business process management (IT-BPM) companies, will buoy office space demand.

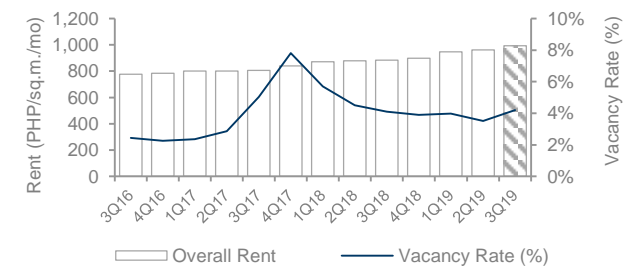
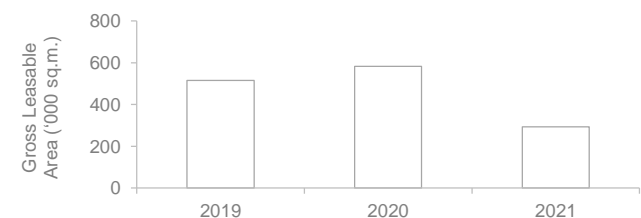
## Average Metro Manila asking rent nears PHP 1,000/sq.m./mo.

As of the third quarter of the year, average Metro Manila asking rent grew by 12.5% YoY and 3.6% QoQ to PHP 994/sq.m./mo. Mandaluyong City registered the largest growth at 19.5% YoY brought about by the completion of Podium West Tower, and consequent rental adjustments in existing buildings.

## ECONOMIC INDICATORS

	2Q 2018	2Q 2019	12-month Forecast
GDP Growth	6.2%	5.5%	▲
CPI Growth	4.8%	3.0%	▼
Unemployment Rate	5.5%	5.1%	▼

Source: Oxford Economics

PRIME AND GRADE A METRO MANILA  
OVERALL RENT & VACANCY RATEPRIME AND GRADE A METRO MANILA  
SUPPLY PIPELINE

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SUBMARKET	INVENTORY (SQ.M.)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SQM)	PRIME AND GRADE A ASKING RENT		
				PHP/SQ.M./MO	US\$/SF/MO	EUR/SF/MO
Taguig City	2,303,394	4.2%	336,746	PHP 1,249	\$2.23	€ 2.02
Makati City	1,422,052	1.5%	372,589	PHP 1,235	\$2.20	€ 2.00
Quezon City	1,151,421	5.4%	365,897	PHP 850	\$1.52	€ 1.38
Pasig City	1,111,314	0.5%	206,482	PHP 777	\$1.39	€ 1.26
Pasay City	611,554	0.1%	229,178	PHP 1,025	\$1.83	€ 1.66
Muntinlupa City	590,487	2.4%	93,799	PHP 859	\$1.53	€ 1.39
Mandaluyong City	359,988	31.2%	94,935	PHP 908	\$1.62	€ 1.47
Parañaque City	74,417	0.0%	79,957	PHP 1,050	\$1.87	€ 1.70
<b>MANILA TOTALS</b>	<b>7,639,840 SQM</b>	<b>4.2%</b>	<b>1,779,583 SQM</b>	<b>PHP 994</b>	<b>US\$ 1.77</b>	<b>€ 1.61</b>

US\$/PHP = 0.01919; €/PHP = 0.01742 as at 23 Sep 2019

## Key Lease Transactions 3Q 2019

PROPERTY	SUBMARKET	TENANT	SQ.M.	LEASE TYPE
BGC Corporate Center 2	Taguig City	Engineering	14,000	New Lease
Filinvest Axis Tower 2	Muntinlupa City	Healthcare	10,400	New Lease

## Significant Projects Under Construction

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M.	COMPLETION DATE
SM City North Edsa Towers 1 and 2	Quezon City		39,000	4Q 2019
Ayala Triangle Garden Tower 2	Makati City		65,000	4Q 2020
One Fintech Tower	Parañaque City		22,000	4Q 2020

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Research Publication

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