

METRO MANILA

Office Q4 2019

0.92M sq.m.
New Completions (YTD)

YoY Chg 12-Mo. Forecast



3.1%
Vacancy Rate



11.7%
Rent Growth (YoY)



PHILIPPINE ECONOMIC INDICATORS Q4 2019

6.2%
GDP Growth Q3 2019

YoY Chg 12-Mo. Forecast



1.5%
CPI Growth Quarterly Average



4.5%
Unemployment Rate Oct-2019



Source: Oxford Economics, BSP

ECONOMIC GROWTH LIKELY TO FALL SHORT OF 2019 TARGET

Philippine GDP growth is likely to miss the lower end of the government's target range of 6% to 7% for 2019, with the Q3 2019 GDP growth rate estimated at 6.2%, bringing the year-to-date average to 5.8%. Services sector remain the fastest growing sector with a recorded growth of 6.9%, while Industry and Agriculture sectors grew by 5.6% and 3.1% respectively.

METRO MANILA GRADE A OFFICE STOCK GROWS TO 7.9 MILLION SQUARE METERS

Total prime and Grade 'A' office stock grew by 13% from 6.98 million sq.m. in 2018 to roughly 7.90 million sq.m. by end-2019. Taguig City (where BGC is located) has the largest share in supply of investment-grade office developments at 30%, followed by Makati City (largely within Makati CBD) with 19% of the total. Quezon City and Pasig City each have 15% share of the total.

Around 160,000 sq.m. of office space that were originally scheduled to be completed in 2019 were moved to early 2020. The slowdown in office completion is likely attributed to the shortage of skilled construction workers in the country – amidst growing competition with new developments in other emerging urban districts outside Metro Manila.

Despite the continued supply growth, overall vacancy remained at 3.1%, owing to the sustained demand growth from various sectors especially from Philippine offshore gaming operations (POGOs) and Information Technology & Business Process Management (IT-BPM) companies.

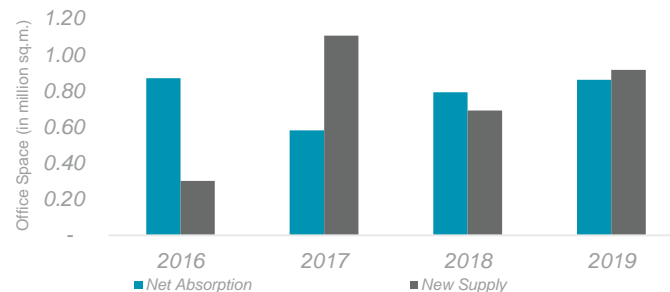
ONLY FOUR (4) OFFICE PROJECTS RECEIVES PEZA ACCREDITATION AFTER MORATORIUM

Following Administrative Order (AO) 18, which suspends the acceptance and approval of applications for special economic zones within Metro Manila, only four (4) office projects have received the Presidential proclamation, namely: One Ayala Avenue, South Towers, BGC Corporate Center 2, and Cyber Omega.

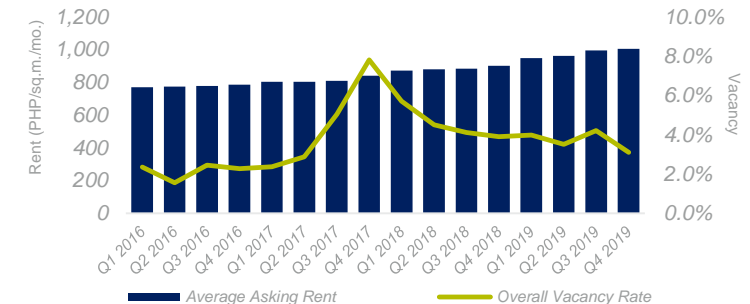
AVERAGE RENT CLOSES AT PHP 1,004/SQ.M/MO.

Average asking rent in Metro Manila grew by 11.7% year-on-year (YoY) and 1% quarter-on-quarter to settle at PHP 1,004/sq.m./mo by end-2019. The top three submarkets in terms of monthly rental values are Taguig City with PHP 1,268/sq.m., Makati City with PHP 1,248/sq.m., and Parañaque City at PHP 1,050/sq.m. Capital value growth, on the other hand, grew by more than 12% YoY, while (gross) rental yields further contracted to 7.10%, down by about 65 basis points YoY.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SQ.M.)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SQ.M.)	PRIME AND GRADE A ASKING RENT		
				PHP/SQ.M./MO	US\$/SF/MO	EUR/SF/MO
Taguig City	2,342,671	3%	410,746	1,268	2.32	2.07
Makati City	1,526,341	2%	280,500	1,248	2.28	2.04
Quezon City	1,187,421	3%	510,897	862	1.58	1.41
Pasig City	1,188,159	2%	237,061	788	1.44	1.29
Pasay City	611,554	0%	232,133	1,036	1.90	1.69
Muntinlupa City	590,487	0%	116,782	866	1.58	1.41
Mandaluyong City	375,201	19%	94,935	913	1.67	1.49
Parañaque City	74,417	0%	79,957	1,050	1.92	1.71
MANILA TOTALS	7,896,251	3.1%	1,963,011	PHP 1,004	US\$ 1.84	EUR 1.64

US\$/PHP = 0.019689 ; EUR/PHP = 0.017576 as at 31 December 2019

KEY LEASE TRANSACTIONS 4Q 2019

PROPERTY	SUBMARKET	TENANT	SQ.M.	TYPE
BGC Corporate Center 2	Taguig City	Banking & Finance	26,000	Lease Acquisition
Filinvest Axis Tower 4	Muntinlupa City	IT-BPM	23,000	Lease Acquisition
Ayala Triangle Garden Tower 2	Makati City	Professional Services	7,800	Lease Acquisition

KEY CONSTRUCTION COMPLETIONS YTD 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M.	OWNER/DEVELOPER
World Commerce Place	Taguig City		105,300	Megaworld Corporation
The Podium West Tower	Mandaluyong City		102,500	SM-Keppel Land
Jollibee Tower	Pasig City		66,000	DoubleDragon Properties
Century Diamond Tower	Makati City		60,000	Century Properties
Ayala North Exchange Towers 1 and 2	Makati City		54,000	Ayala Land
Giga Tower	Pasig City		52,300	Robinsons Land
Filinvest Axis Tower Two	Muntinlupa City		39,000	Filinvest Land

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