

# METRO MANILA

Office Q3 2020

YoY Chg      12-Mo. Forecast

**0.25 M sq.m.**  
New Completions (YTD)

**6.4%**  
Vacancy Rate

**3.39%**  
Rent Growth (YoY)

## PHILIPPINE ECONOMIC INDICATORS 2Q 2020

YoY Chg      12-Mo. Forecast

**-16.5%**  
GDP Growth

**2.3%**  
CPI Growth

**10.0%**  
Unemployment Rate

Source: Oxford Economics

## THE PHILIPPINES FORMALLY ENTERED RECESSION IN Q2 2020

The Philippines formally entered technical recession at the end of Q2 2020 with GDP shrinking by 16.5% YoY, the deepest slump on record since 1981. The contraction in economic activity manifests the devastating impacts of the strict lockdown measures that severely affected the consumer-driven economy. The services sector declined by as much as 15.8% year-on-year, a historical high contraction which largely contributed to the steep GDP decline in Q2 2020. As the growth of consumer confidence and business investment are expected to remain muted through 2020, the projected year-end GDP growth rate has been further revised downwards.

## LEASING ACTIVITIES REMAIN SLOW-MOVING

Overall leasing activities in Metro Manila remained relatively slow in Q3 2020, despite slight loosening of the community quarantine protocols. As work-from-home largely remained an option for most companies, the expansion plans of some companies – including the major Information Technology & Business Process Management (IT-BPM) firms – were put on hold and will likely remain the mode throughout 2020. Vacancy rates in existing Grade ‘A’ office developments grew by 200 basis points from 4.4% in Q2 2020 to 6.4% in Q3 2020. The amount of vacant spaces in Metro Manila is expected to further increase in the short-term, as several Philippine offshore gaming operations (POGO) firms have reportedly pre-terminated their respective leases. POGO firms are currently facing new tax regulations amid intensified crackdown on online gambling activities by the Chinese government.

## RENTS CONTINUE TO HOLD UP AGAINST THE PANDEMIC

Despite weaker economic outlook, average asking rental rates remained at PHP 1,028 per sq.m. per month. As completion of the majority of the pipeline supply this year have been moved at a later date, the developers and landlords can afford to keep the asking rents at their pre-pandemic levels. Developers are keen on maintaining their asking rates as market activity is starting to recover with the easing of the lockdown measures and the anticipated increase in vacancy rates have been quite minimal due to the delays in completion of the pipeline supply. In the mid-term, however, barring any major concluded leasing transactions, the growth of asking rents may be challenged by the rising amount of vacant spaces coming from those newly-vacated spaces and those available office spaces coming from newly-completed developments.

## 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	2,390,671	4.5%	362,746	1,273	2.44	2.08
Makati City	1,526,341	2.8%	280,500	1,284	2.46	2.10
Pasig City	1,268,246	7.5%	129,489	813	1.56	1.33
Quezon City	1,230,837	11.2%	471,597	889	1.71	1.45
Pasay City	637,654	3.9%	192,500	1,075	2.06	1.76
Muntinlupa City	590,487	5.9%	116,782	881	1.69	1.44
Mandaluyong City	375,201	19.9%	94,935	913	1.75	1.49
Parañaque City	92,417	0.0%	61,957	1,100	2.11	1.80
<b>MANILA TOTALS</b>	<b>8,111,854</b>	<b>6.4%</b>	<b>1,713,206</b>	<b>PHP 1,028</b>	<b>US\$ 1.97</b>	<b>EUR 1.68</b>

US\$/PHP = 0.020657; EUR/PHP = 0.017593 as at 30 September 2020

## KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SQ.M.	TYPE
One Ayala Tower 2	Makati City	Financial	20,000	Lease Acquisition

## KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M.	OWNER/DEVELOPER
SM North Towers 1 and 2	Quezon City		43,400	SM Group
Park Triangle Corporate Plaza	Taguig City		39,300	Ayala Land
Exquadra Tower	Pasig City		57,000	Exquadra Inc
SM Four Ecom Tower 1	Pasay City		29,000	SM Prime
One Le Grand	Taguig City	FactSet	48,000	Megaworld

## CLARO CORDERO, JR.

Director & Head  
Research, Consulting & Advisory Services  
[Claro.Cordero@cushwake.com](mailto:Claro.Cordero@cushwake.com)

[cushmanwakefield.com](http://cushmanwakefield.com)

## A CUSHMAN &amp; WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.