

METRO MANILA

Office Q4 2020

YoY Chg 12-Mo. Forecast

0.38 M sq.m.
New Completions (YTD)

7.8%
Vacancy Rate

2.3%
Rent Growth (YoY)

PHILIPPINE ECONOMIC INDICATORS 3Q 2020

YoY Chg 12-Mo. Forecast

-11.5%
GDP Growth

2.49%
CPI Growth

9.74%
Unemployment Rate

Source: Moody's

SLOWER THAN EXPECTED ECONOMIC RECOVERY

The Philippines recorded an 11.5% contraction in the Gross Domestic Product (GDP) in Q3 2020, albeit a slight improvement from the -16.9% GDP growth rate recorded in Q2 2020. Despite initially easing community quarantine measures, Metro Manila and the neighboring areas, as well as key urban centers such as Metro Cebu and Metro Davao reverted to stricter quarantine measures for 2 weeks in mid-Q3 2020. The Industry and Services sectors contracted by 17.2% and 10.6%, respectively, while the Agriculture sector posted growth of 1.2%. Average GDP contraction from Q1 2020 to Q3 2020 was estimated at 10%, well-above the government's target of 5.5% for full-year 2020.

MORE CONSTRUCTION DELAYS CONFIRMED, VACANCY CONTINUES TO INCREASE

Prime and Grade A Metro Manila office supply stood at 8.2 million square meters (sq.m.) by end-2020. The total stock grew by 376,000 sq.m. which represents only 45% of the stock originally scheduled for completion in 2020. Of the estimated 1.4 million sq.m. expected to be completed in the next four (4) years, over 509,000 sq.m. of projects have been pushed by at least six (6) months, with over 169,000 sq.m. of which having adjusted completion dates of over two (2) years from their respective intended completion dates.

Overall vacancy rates also increased by 145 basis points to 7.8%, driven mainly by the continued flight of the Philippine Offshore Gaming Operators (POGO) locators. The re-opening of previously-committed spaces in recently-completed buildings due to indefinitely suspended expansion plans is also pushing vacancy rates further upwards.

RENTS STARTING TO DECLINE

As demand remained generally muted, average rents in Metro Manila declined by 0.1% quarter-on-quarter (qoq) and settled at PHP1,027/sq.m./mo., although still 2.31% higher when compared with its year ago-level. While average rents in the main CBDs – Makati CBD and Bonifacio Global City – were relatively unchanged, the qoq decline was mainly due to the downward adjustments in the asking rents of developments located outside of the main CBDs.

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	2,417,291	5.3%	389,795	1,261	2.44	1.98
Makati City	1,526,341	5.7%	280,500	1,280	2.48	2.01
Pasig City	1,307,813	9.6%	253,802	805	1.56	1.27
Quezon City	1,230,837	11.8%	507,624	878	1.70	1.38
Pasay City	659,254	4.5%	195,200	1,075	2.08	1.69
Muntinlupa City	590,487	10.6%	125,281	862	1.67	1.36
Mandaluyong City	375,201	18.4%	94,935	872	1.69	1.37
Parañaque City	125,479	1.4%	55,019	1,180	2.28	1.86
MANILA TOTALS	8,232,703	7.8%	1,902,156	PHP 1,027	US\$ 1.99	EUR 1.62

US\$/PHP = 0.020813; EUR/PHP = 0.016928 as at 31 December 2020

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SQ.M.	TYPE
Anchor Land Corporate Center North Tower	Parañaque City	Offshore Gaming	33,000	Lease Acquisition
Twenty-Five Seven McKinley	Taguig City	Information Technology	3,600	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
BGC Corporate Center 2	Taguig City		27,000	Ayala Land

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