

# METRO MANILA

Office Q4 2021

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

YoY Chg      12-Mo. Forecast



**14.4%**  
Vacancy Rate



**-3.1%**  
Rent Growth (YoY)



## PHILIPPINE ECONOMIC INDICATORS Q4 2021

**7.7%**  
GDP Growth

YoY Chg      12-Mo. Forecast



**4.2%**  
CPI Growth



**6.6%**  
Unemployment Rate



Source: Moody's, Philippine Statistics Authority

## PHILIPPINE ECONOMY GREW BY 5.6% IN 2021 AMID LOSER RESTRICTIONS

The Philippine Gross Domestic Product (GDP) grew by 7.7% in Q4 2021, partly due to seasonal factors, to pull up the overall average growth to 5.6% for 2021, reversing the worst post-World War 2 recession in 2020. The annual GDP growth exceeded the revised government target and is considered to be within the top GDP growth performance across Southeast Asia. The government has remained firm in its 2022 GDP growth forecast at a range between 7% and 9%.

The significant drop in the daily number of new cases (prior to the spread of the highly-transmissible Omicron variant), and the more liberal restrictions set in the new Alert Level System allowed more businesses to operate at larger capacities, fueling a significant increase in economic activities during Q4 2021. In order to further open the economy and achieve full recovery, vaccination rollout in key urban areas outside Metro Manila should be prioritized in order to effectively control future spikes in infections as new variants of the COVID-19 virus emerge in the near-term.

## CONSTRUCTION DELAYS CONTINUE, VACANCY STABLE Q-O-Q

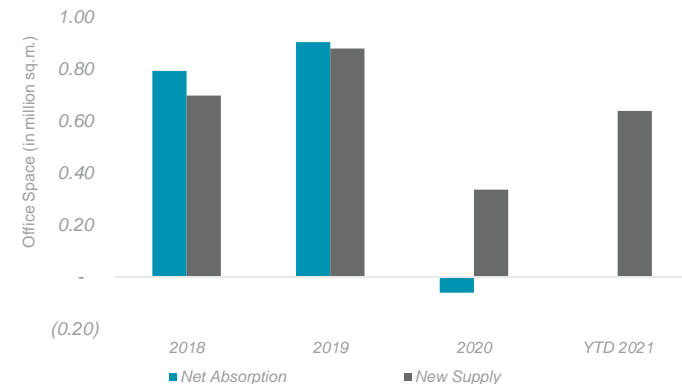
Of the 271,000 square meters (sq.m.) of office spaces scheduled to be completed in Q4 2021, only 53% or 158,000 sq.m. were completed, bringing the full-year 2021 completion to 0.64 million sq.m. The estimated total Prime and Grade 'A' office supply in Metro Manila now stands at approximately 8.9 million sq.m. and is expected to grow by another 0.79 million sq.m. within 2022.

Annual net absorption settled at -1,300 sq.m. by end-2021, an improvement from the -61,000 sq.m. recorded in 2020. Vacancy rates settled at 14.4% in Q4 2021 despite continued exits (including some Philippine offshore gaming operators [POGO] and related service providers) and space rationalization initiatives. On the other hand, vacancy rates are estimated to swell between 16% and 17% in 2022 due to additional supply amidst slower than expected take-up of new spaces due to the Omicron variant surge in the beginning of the year.

## RENTAL DECLINE SLOWS DOWN IN Q4 2021

Metro Manila average asking rent settled at PHP 1,042/sq.m./mo. in Q4 2021, 0.5% lower quarter-on-quarter and 3.1% lower year-on-year. As suspended deals are expected to be revitalized by H2 2022 and leasing terms are moving back to pre-pandemic levels, the decline in average rents for Prime and Grade 'A' office developments in Metro Manila is expected to slow further. The recovery in market rents is supported by the anticipated increase in office space demand from IT-BPM firms and emerging industries such as logistics, healthcare and life science companies, and flexible working space solutions establishing their presence in key CBDs and urban 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	2,582,000	8.1%	417,000	1,244	2.27	2.00
Makati City	1,680,000	14.5%	267,000	1,209	2.20	1.94
Pasig City	1,410,000	14.2%	200,000	793	1.44	1.27
Quezon City	1,243,000	16.0%	608,000	830	1.51	1.33
Pasay City	711,000	22.6%	143,000	1,068	1.94	1.72
Muntinlupa City	628,000	18.9%	115,000	861	1.57	1.38
Mandaluyong City	470,000	31.0%	0	794	1.45	1.28
Parañaque City	159,000	1.8%	0	1,208	2.20	1.94
<b>MANILA TOTALS</b>	<b>8,884,000</b>	<b>14.4%</b>	<b>1,750,000</b>	<b>PHP 1,042</b>	<b>US\$ 1.9</b>	<b>EUR 1.68</b>

US\$/PHP = 0.01960 ; EUR/PHP = 0.01730 as at 31 December 2021

## KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SQ.M.	TYPE
International Finance Center	Taguig City	Financial Company (undisclosed)	Approx. 30,000	Expansion

## KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M.	OWNER/DEVELOPER
Alveo Financial Tower	Makati City		65,000	Ayala Land (under Alveo Land)
Century Spire	Makati City		23,000	Century Properties
Worldwide Plaza	Taguig City	JP Morgan Chase	70,000	Megaworld
GLAS Tower	Pasig City		102,000	Green Asia Resources Corp
Mega Tower	Mandaluyong City		95,000	SM
Ayala Triangle Gardens Tower Two	Makati City		66,000	Ayala Land
Park Triangle Tower	Taguig City		30,000	Ayala Land (under Alveo Land)
FourE-com Center Towers 2 & 3	Pasay City		52,000	SM
Cyber Omega	Pasig City		40,000	Robinsons Land
Anchor Land Corporate Center South Tower	Parañaque City		33,000	Anchor Land

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