

METRO MANILA



Office Q1 2022

0.18 M sq.m.
New Completions (YTD)

YoY Chg 12-Mo. Forecast

15.8%
Vacancy Rate

-2.4%
Rent Growth (YoY)

PHILIPPINE ECONOMIC INDICATORS Q4 2021

7.8%
GDP Growth

3.6%
CPI Growth

6.6%
Unemployment Rate

Source: Philippine Statistics Authority, Moody's

PHILIPPINE GOVERNMENT TARGETS 7% TO 9% GDP GROWTH IN 2022

The Development Budget Coordination Committee estimated the Philippine economy to grow between 7% and 9% in 2022 due to further opening of the economy and return-to-normal operations of business activities. However, the lingering effects of the Omicron-induced spikes in COVID-19 cases in early-January 2022, and the increasing oil prices brought about by the Ukraine-Russia, will likely push back this projection.

The projected rebound in economic growth is assumed to be the direct result of the pent-up demand from the consumers which has been accumulated for more than two years. The recovery in consumer confidence and demand needs to be sustained by the high rate of vaccination roll-out to prevent disruptive lockdown periods.

ADDITIONAL SUPPLY TO PUSH VACANCY HIGHER

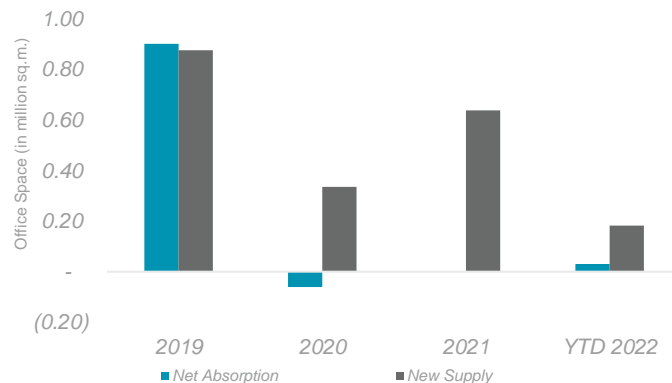
Approximately 182,000 sq.m. of new office spaces were completed within Q1 2022, resulting to existing consolidated Prime and Grade 'A' office supply of around 9.1 million sq.m. Due to new supply completion and continued exits from key tenants, the overall vacancy rate grew to 15.8%, surpassing the previous record-high vacancy rate of 14.5% in 2009. While the net absorption figure for Q1 2022 remained positive, occupier exits still occurred in the quarter, most notably from the offshore gaming sector which returned at least 47,000 sq.m. of office space. With almost 600,000 sq.m. of supply pipeline expected within the remainder of 2022, vacancy rate is expected to further swell in the absence of new major transactions.

The mandate of 100% on-site reporting for companies registered with investment promotion agencies such as the Philippine Economic Zone Authority and the Board of Investments may likely trigger prospects to shift focus to other countries that are supportive of flexible work arrangements. In the long-run, the Information Technology and Business Process Management sector will remain as the biggest source of office demand due to the expected growth of the global outsourcing industry.

DECELERATING RENTAL DECLINE CONTINUES

Average Prime and Grade 'A' rents in Metro Manila closed at PHP 1,045/sq.m./mo., a slight growth of 0.3% quarter-on-quarter, signaling that landlords and developers are anticipating the eventual recovery of market demand. On a year-on-year basis, this is still a decline of 2.4%, slower than the 3.1% contraction in Q4 2021, confirming Metro Manila's position in the recovery phase of the market cycle. The Q1 2022 rental figure is also 3.6% lower than the PHP 1,084 recorded in Q1 2020, just before the average rental figure started declining.

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	2,637,000	10.1%	240,000	1,189	2.13	1.92
Makati City	1,755,000	16.9%	105,000	1,250	2.24	2.02
Pasig City	1,410,000	14.2%	200,000	808	1.45	1.31
Quezon City	1,243,000	16.0%	505,000	844	1.51	1.36
Pasay City	763,000	26.1%	23,000	1,082	1.94	1.75
Muntinlupa City	628,000	19.2%	99,000	861	1.54	1.39
Mandaluyong City	470,000	30.6%	0	848	1.54	1.39
Parañaque City	159,000	1.8%	0	1,208	2.17	1.95
MANILA TOTALS	9,066,000	15.8%	1,171,000	PHP 1,045	US\$ 1.88	EUR 1.69

US\$/PHP = 0.01931 ; EUR/PHP = 0.01740 as of 31 March 2022

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SQ.M.	TYPE
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No new leases of at least 2,500 sq.m. in traditional Prime and Grade 'A' office spaces have been identified for the quarter.

KEY CONSTRUCTION COMPLETIONS YTD 2022

PROPERTY	SUBMARKET	SQ.M.	OWNER/DEVELOPER
One Ayala Towers 1 and 2	Makati City	75,000	Ayala Land
Savya Financial Center North and South Towers	Taguig City	55,000	Arthaland Corporation
DoubleDragon Tower	Pasay City	47,000	DoubleDragon Properties

CLARO CORDERO, JR.

Director & Head

Research, Consulting & Advisory Services

Claro.Cordero@cushwake.com

[cushmanwakefield.com](https://www.cushmanwakefield.com)

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