

MARKETBEATS

9.8% RENT GROWTH (YoY) **4.2%** VACANCY RATE **0.5M sqm** NEW COMPLETIONS (YTD)

WHAT'S NEXT

HIGHLIGHTS

Philippine Economy faces setback

The Philippine economy faced a setback in the second quarter of 2018 with only a 6.0% year-on-year (YoY) growth from 6.6% in the same period last year. The quarter's performance, which is below the 7% market expectation, is partially attributed to the policy decisions undertaken by the government to promote sustainable and resilient development. Meanwhile, inflation peaked to a 9-year high of 6.4% in August 2018 due to the effects of the Tax Reform for Acceleration and Inclusion (TRAIN) Law and the cost-push factors attributable to food supply shock and elevated oil prices.

Low vacancy rates maintained, rental growth continues

Only 85,205 square meters (sqm) of office space was added in the 3rd quarter of the year, owing to the completion of two buildings in Taguig City: The Finance Centre in Bonifacio Global City, and Ten West Campus in McKinley West. With the limited new supply, total Metro Manila vacancy went down to 4.2%. On the other hand, average Metro Manila asking rent went up by 0.6% quarter-on-quarter from PHP879/sqm/mo to PHP884/sqm/mo. This quarter's value is also 9.8% higher than the year-ago figure of PHP805/sqm/mo.

Confidence in the Philippine Market sustained

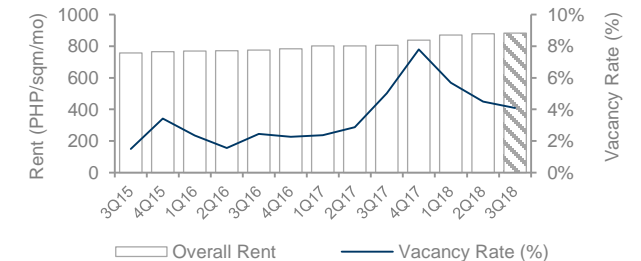
Not a year after it was announced that Factset will be having its regional headquarters in the country, local developer Megaworld is set to yet again engage on a large project, this time around with JPMorgan Chase's Philippine Global Service Center. The upcoming 70,000-sqm office tower will be a consolidation of the financial giant's presence in the country, and is planned to be completed in 2021.

ECONOMIC INDICATORS

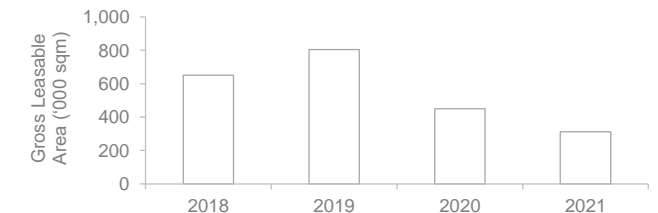
	Q2 2017	Q2 2018	12-month Forecast
GDP Growth	6.6%	6.0%	▲
CPI Growth	2.8%	4.8%	▼
Unemployment	5.7%	5.5%	▼

Source: Oxford Economics

PRIME AND GRADE A METRO MANILA OVERALL RENT & VACANCY RATE



PRIME AND GRADE A METRO MANILA SUPPLY PIPELINE



A Cushman & Wakefield Research Publication

DATA INTO ACTION

Tetet Castro

Director
Tenant Advisory Group Philippines
9th Floor Ecotower, 32nd Street corner
9th Avenue, Bonifacio Global City,
Taguig City, Metro Manila, Philippines
Tel: +632 554 2922
Tetet.Castro@ap.cushwake.com

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SUBMARKET	INVENTORY (SQM)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SQM)	GRADE A EFFECTIVE RENT		
				PHP/SQM/MO	US\$/SF/MO	EUR/SF/MO
Taguig City	2,046,896	4.8%	506,996	PHP 1,085	\$1.87	€ 1.60
Makati City	1,314,279	2.0%	498,962	PHP 1,142	\$1.96	€ 1.68
Pasig City	1,066,314	2.6%	285,169	PHP 731	\$1.26	€ 1.08
Quezon City	931,129	10.2%	427,089	PHP 841	\$1.45	€ 1.24
Pasay City	530,833	0.3%	184,699	PHP 877	\$1.51	€ 1.29
Muntinlupa City	524,345	0.3%	178,042	PHP 801	\$1.38	€ 1.18
Mandaluyong City	272,701	11.4%	94,935	PHP 760	\$1.31	€ 1.12
Parañaque City	74,417	0.0%	40,000	PHP 833	\$1.43	€ 1.23
MANILA TOTAL	6,760,914 SQM	4.2%	2,215,892 SQM	PHP 884	US\$ 1.52	€ 1.30

US\$/PHP = 0.01583; €/PHP = 0.01851
as at 14 Sep 2018

Key Lease Transactions Q3 2018

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
JPMorgan Chase Philippine Global Service Center (upcoming)	Taguig City	JPMorgan Chase	70,000	Relocation
Glorietta 2 Corporate Center	Makati City	ADP	15,190	Renewal

Significant Projects Under Construction

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	COMPLETION DATE
Araneta Cyberpark Tower 2	Quezon City	N/A	66,000	Q4 2018
Filinvest Axis Tower 2	Muntinlupa City	N/A	38,900	Q4 2018
SM Four Ecom	Pasay City	N/A	82,000	Q4 2019