

MARKETBEATS

8.6% RENT GROWTH (YoY) **4.0%** VACANCY RATE **0.17M sqm** NEW COMPLETIONS (YTD)

WHAT'S NEXT

HIGHLIGHTS

Inflation eases, GDP growth remains moderate

Consistent with the Government's goal to normalize price increases by early 2019, inflation rate went down to 3.8% in February, finally falling within the target of 2% to 4%. This is after a combination of global and domestic challenges such as high fuel prices, rice shortage, and excise tax increase pushed the country's inflation rate to as high as 6.7% in September 2018 – a figure not seen since January 2009. Meanwhile, the country's Gross Domestic Product (GDP) growth in Q4 2018 registered at 6.1%, lower than that of the same period last year at 6.5%. This results in a 6.2% full-year economic growth in 2018, falling short of the Government's target of 6.5% to 6.9%. This years' slower inflation, however, is expected to translate to a higher consumer spending that will give GDP growth a boost.

2019 starts with 0.17M new supply

A total of 168,156 sq.m. of Prime and Grade A office space was completed within the first three months of 2019, resulting in a total supply of 7,162,370 sq.m. Of the additional supply, 52% is from Makati City, 27% from Muntinlupa City, and 21% from Quezon City. Among the newly completed buildings is NEX Tower, a new addition to Metro Manila's prime office buildings.

Rent grows 5.2% QoQ

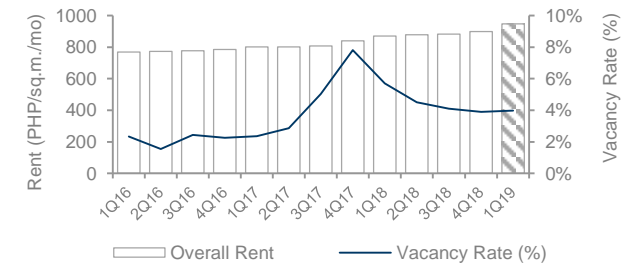
Average asking rent in Metro Manila grew by 5.2% from PHP 899/sq.m./mo in the last quarter of 2018 to PHP 946/sq.m./mo in the first quarter of the current year. The increase can primarily be linked to the annual escalation of rents that is usually applied at this time of the year. Meanwhile, year-on-year (YoY) rental growth stands at 8.6% from the year-ago figure of PHP 871/sq.m./mo.

ECONOMIC INDICATORS

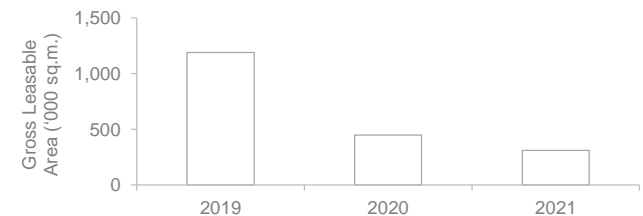
	Q4 2017	Q4 2018	12-month Forecast
GDP Growth	6.5%	6.1%	▲
CPI Growth	3.0%	5.9%	▼
Unemployment Rate	5.0%	5.1%	▼

Source: Oxford Economics

PRIME AND GRADE A METRO MANILA OVERALL RENT & VACANCY RATE



PRIME AND GRADE A METRO MANILA SUPPLY PIPELINE



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SUBMARKET	INVENTORY (SQ.M.)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SQM)	PRIME AND GRADE A ASKING RENT		
				PHP/SQ.M./MO	US\$/SF/MO	EUR/SF/MO
Taguig City	2,097,805	5.5%	456,087	PHP 1,201	\$2.12	€ 1.87
Makati City	1,416,352	1.9%	544,062	PHP 1,195	\$2.11	€ 1.86
Pasig City	1,111,314	0.9%	297,169	PHP 734	\$1.30	€ 1.14
Quezon City	1,074,129	9.9%	430,089	PHP 854	\$1.51	€ 1.33
Muntinlupa City	569,688	0.4%	178,042	PHP 804	\$1.42	€ 1.25
Pasay City	545,964	0.3%	188,247	PHP 941	\$1.66	€ 1.46
Mandaluyong City	272,701	7.1%	94,935	PHP 786	\$1.39	€ 1.22
Parañaque City	74,417	0.2%	58,000	PHP 1,050	\$1.85	€ 1.63
MANILA TOTALS	7,162,370 SQ.M.	4.0%	1,950,113 SQ.M.	PHP 946	US\$ 1.67	€ 1.47

US\$/PHP = 0.01904; €/PHP = 0.01685 as at 22 Mar 2019

Key Lease Transactions Q1 2019

PROPERTY	SUBMARKET	TENANT	SQ.M.	LEASE TYPE
One Griffinstone	Muntinlupa City	IT-BPM (Undisclosed)	3,044	New Lease
World Commerce Place	Taguig City	Engineering (Undisclosed)	6,947	Relocation

Significant Projects Under Construction

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M.	COMPLETION DATE
Podium West Tower	Mandaluyong City	N/A	87,287	2Q 2019
DoubleDragon Center West	Pasay City	N/A	17,577	2Q 2019
Filinvest Axis Tower Four	Muntinlupa City	N/A	38,900	2Q 2020

DATA
INTO
ACTION

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