



KMC Research

# Cebu Office Briefing

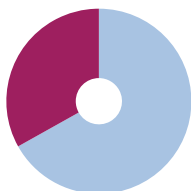
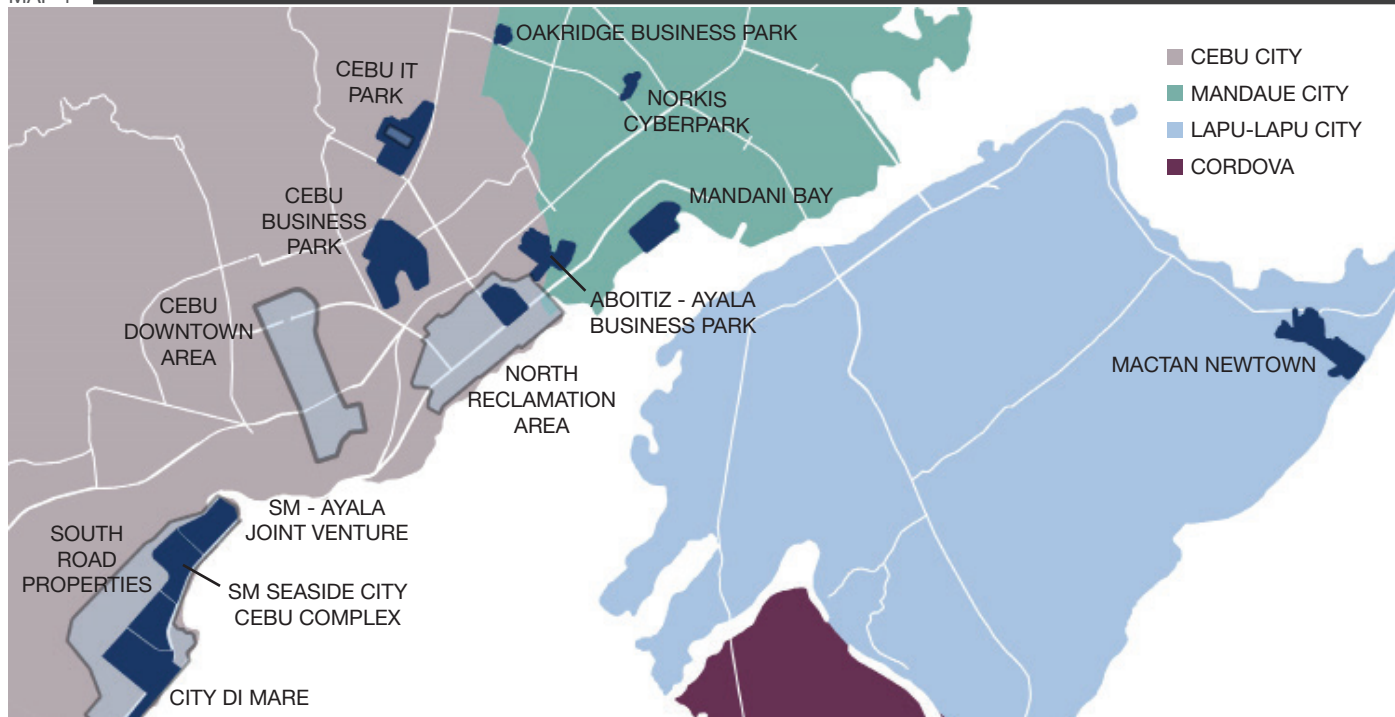
1Q 2020



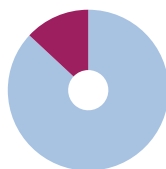
# Cebu Business Districts

## Future Stock (2022)

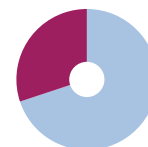
MAP 1



**505,623.0 sq m**  
CEBU IT PARK



**437,499.1 sq m**  
CEBU BUSINESS PARK



**390,324.1 sq m**  
CEBU FRINGE

● DEVELOPMENT PIPELINE (2019-2022) ● CURRENT STOCK

Source: KMC Savills Research

TABLE 1

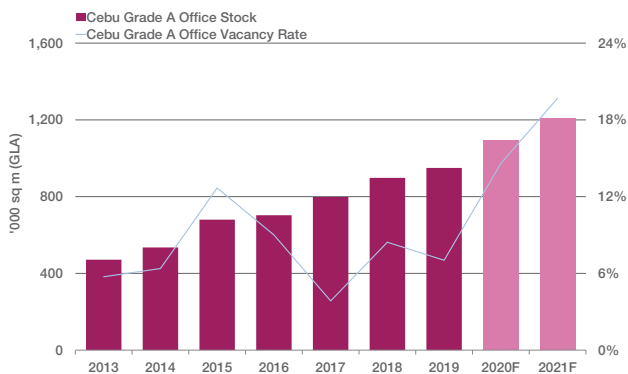
### Key Figures - Grade A Office

1Q 2020	Unit	Cebu Business Park	Cebu IT Park	Cebu Fringe	Cebu
Average net rental rate	PHP/sq m	605.6	631.6	518.3	589.8
	USD/sq ft	1.10	1.15	0.94	1.08
Upper net rental rate	PHP/sq m	650.0	700.0	550.0	700.0
	USD/sq ft	1.18	1.28	1.00	1.28
Vacancy rate (%)	%	4.9%	10.5%	8.9%	7.9%
Current stock (sq m)	sq m	380,339.1	338,188.0	272,884.1	991,411.2
Development pipeline 2019-2022 (sq m)	sq m	57,160.0	167,435.0	117,440.0	342,035.0

Source: KMC Savills Research

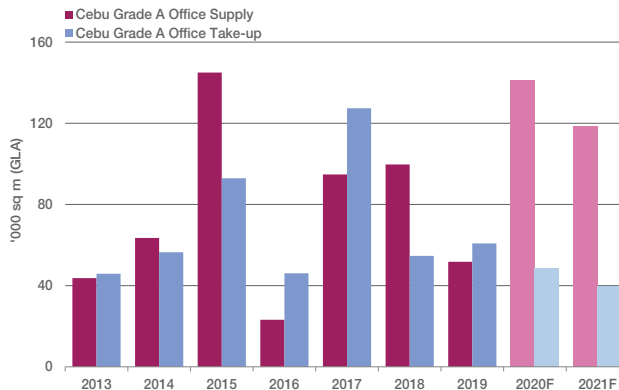
# Cebu

GRAPH 1  
**Stock & Vacancy**



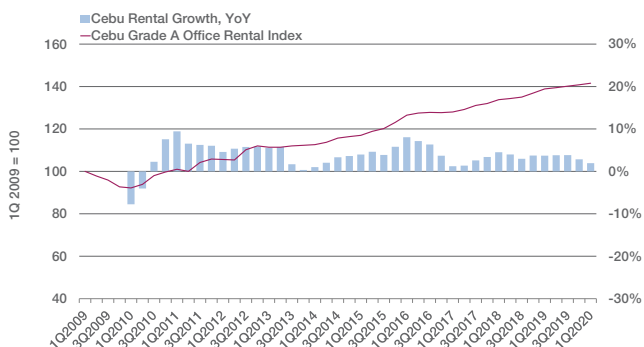
Source: KMC Savills Research

GRAPH 2  
**Supply & Take-up**



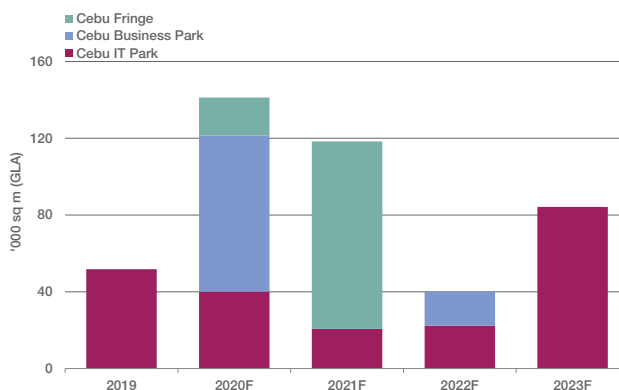
Source: KMC Savills Research

GRAPH 3  
**Rental Performance**



Source: KMC Savills Research

GRAPH 4  
**Development Pipeline by District**



Source: KMC Savills Research

## MARKET IN MINUTES

- The adverse effects of COVID-19 continue to significantly affect the office market. Market conditions in Cebu were not exempted. Overall vacancies expanded further to 7.9% in 1Q/2020. CITP registered a negative net absorption bringing its vacancy rate to 10.5% during the quarter—its highest since 2012. Meanwhile, the completion of One Montage caused vacancies in CBP to rise to 4.9%.
- Amid a rocky start towards the year, average rents managed to grow by 1.6% YoY to PHP592.2 per sq m / month. Weak leasing activity in CITP has induced a softer rental growth by 1.4% YoY. Meanwhile, the improving conditions in Cebu Fringe is testing its affordability as it climbed another 1.9% YoY.
- Cebu is expected to welcome a new record high of Grade A office supply in 2020. Given the current circumstances, we do not discount the possibility that the completions of these buildings will be pushed to another two or three quarters. Nonetheless, overall vacancies could surge to mid-teens – predominantly pushed by CITP.



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