

Q1 2024 Office Market Report

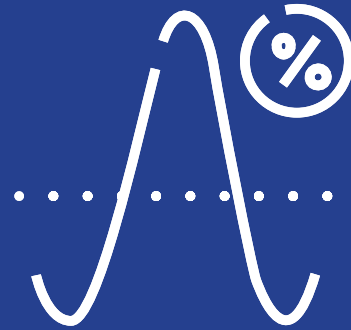
Prepared by: Colliers Philippines



In a Nutshell | Office



Metro Manila net demand remains muted despite increase in YoY transactions level; Outsourcing companies continue to roll out provincial expansion plans



Marginal improvement in overall vacancy QoQ; Vacancy expected to continue averting the 20%-level in 2024

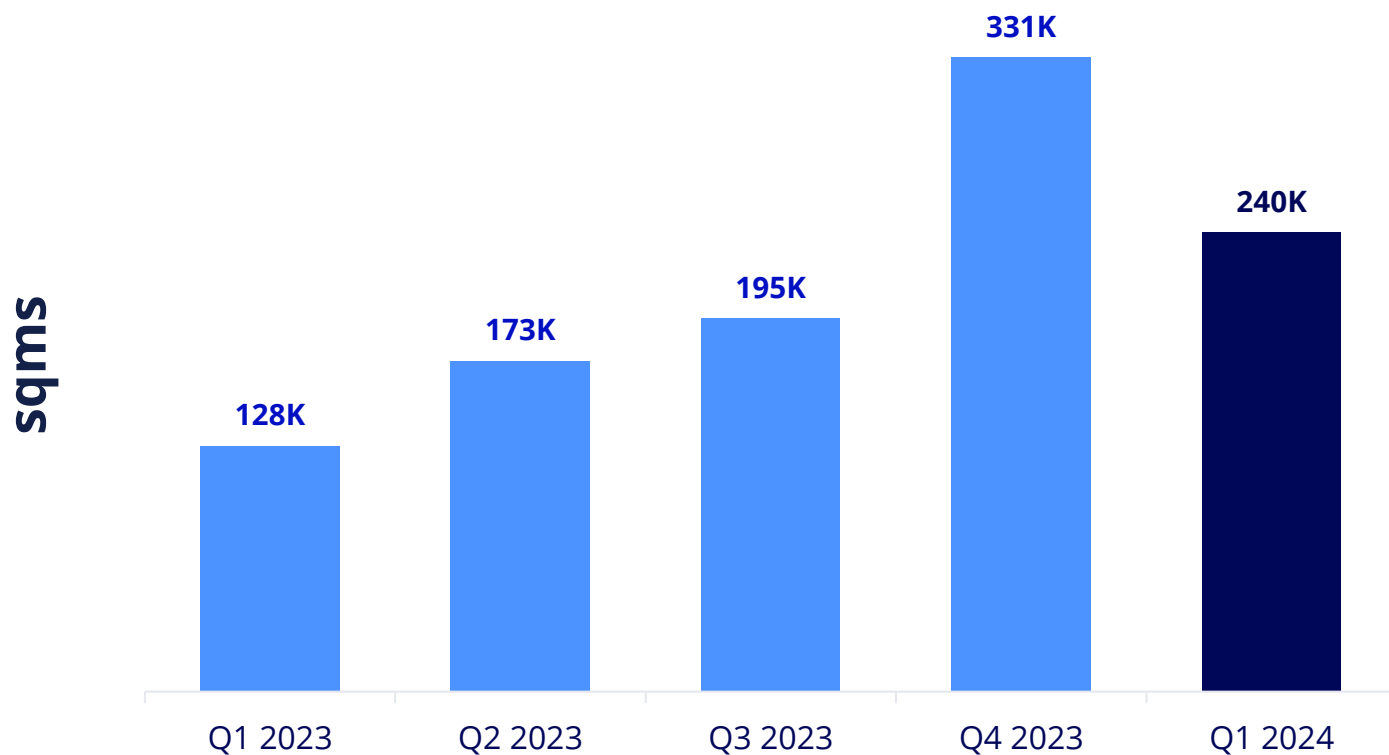


US Elections seen to affect office net take-up towards end 2024 until early 2025

Transactions up 88% YoY

Transactions Movement

Quarterly Transaction Movement



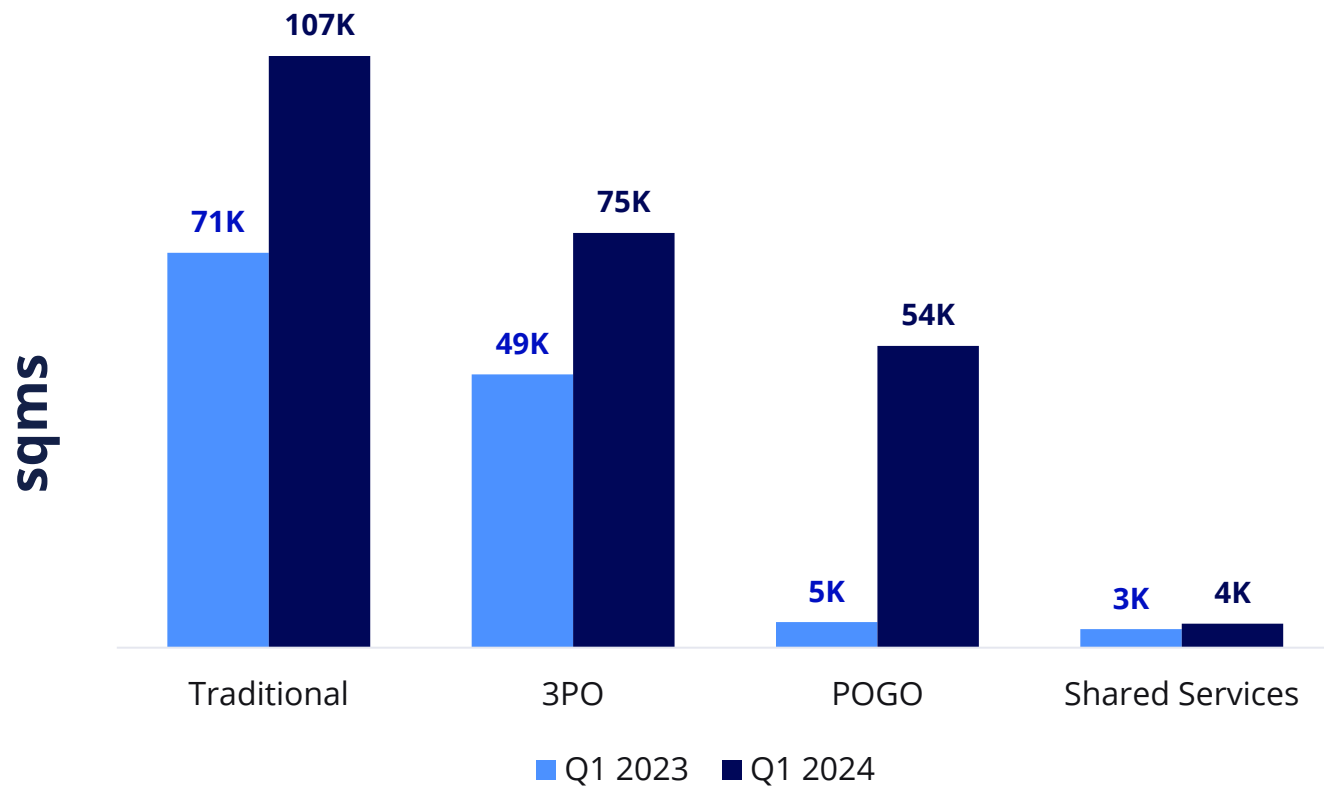
↑ **88%**
Q1 2024 vs Q1 2023
Transactions

↓ **27%**
Q1 2024 vs Q4 2023
Transactions

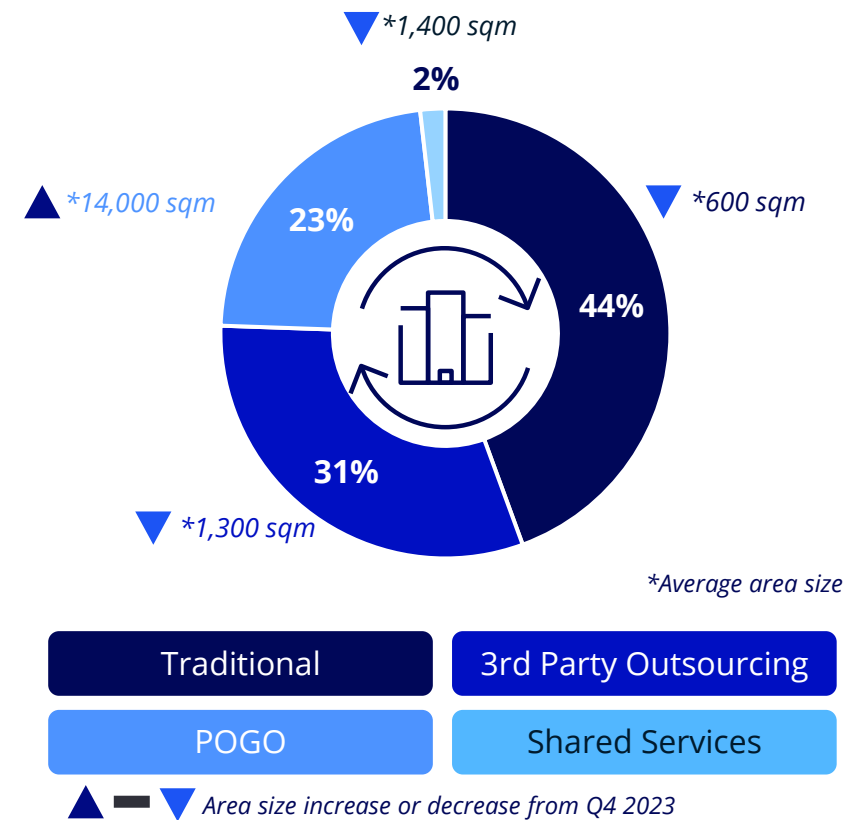
Traditional firms continue to drive office deals, average deal sizes decreasing

Traditional Firms lead office deals

YoY Comparison of Q1 Demand across Tenant Classes



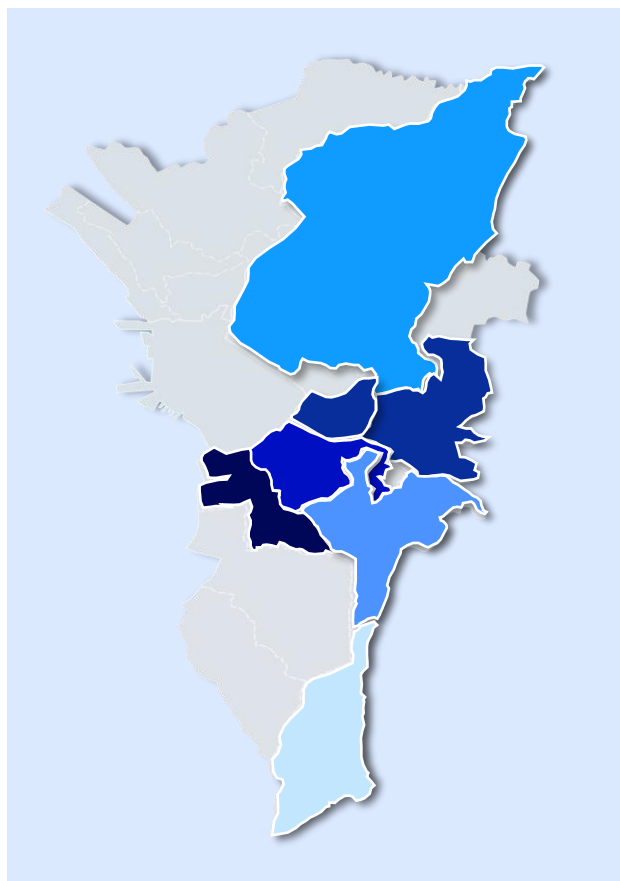
Q1 2024 Transactions by Classification



Bay Area leads transactions activity in Metro Manila

Transactions in MM submarket

Q1 2024 Transactions Volume

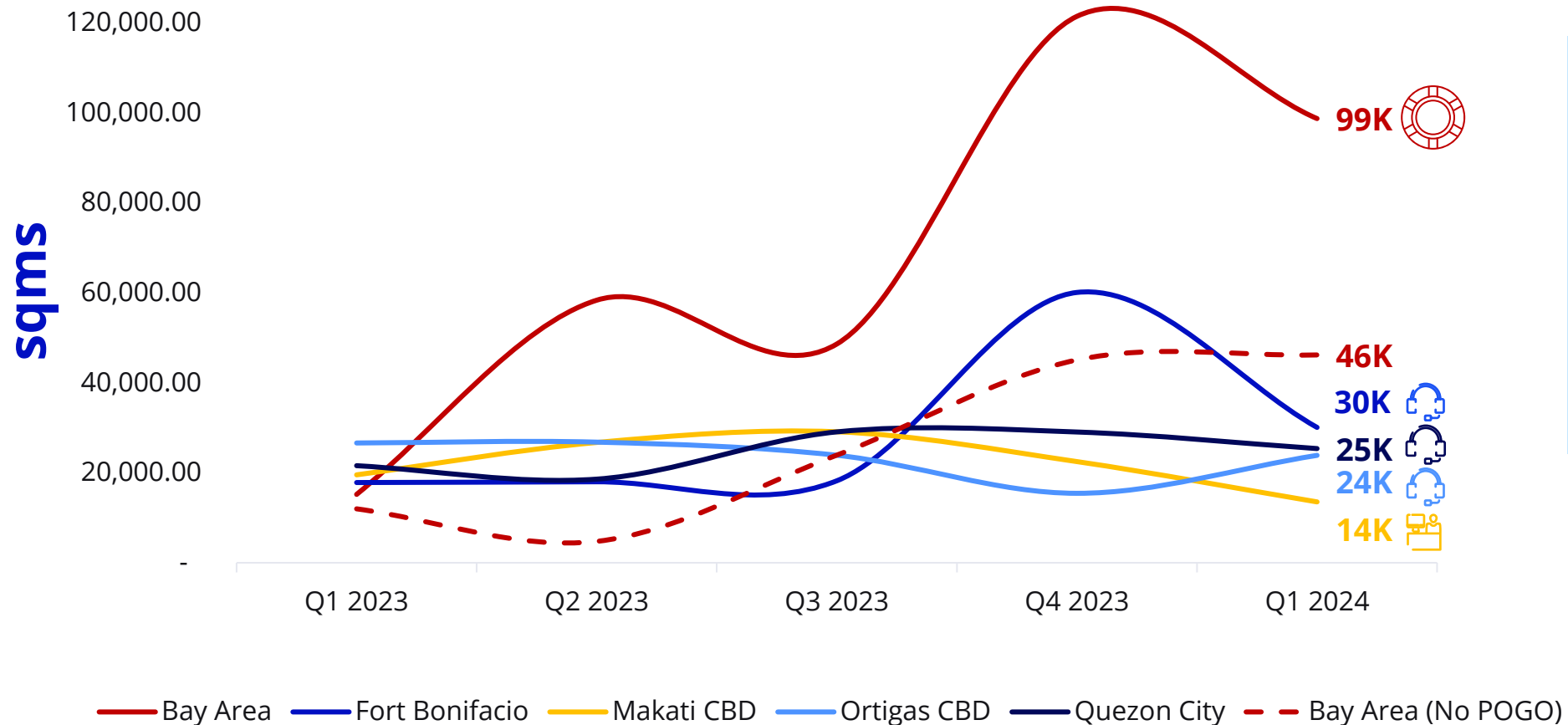


	▲ Increase	▬ Stable	▼ Decrease	QoQ change	YoY change	Volume	Company	Area
Bay Area				-19% ▼	549% ▲	99K		35K sqm
Fort Bonifacio				-50% ▼	69% ▲	30K	Infosys	8K sqm
Quezon City				-13% ▼	18% ▲	25K	WorldWide HealthStaff Solutions Ltd.	2K sqm
Ortigas CBD				54% ▲	-10% ▼	24K	FULL POTENTIAL SOLUTIONS	3K sqm
Makati Fringe				-31% ▼	342% ▲	19K	dti PHILIPPINES	10K sqm
Makati CBD				-40% ▼	-31% ▼	14K	KMC SOLUTIONS	2K sqm
Ortigas Fringe				-30% ▼	336% ▲	12K	CONVERGE ICT SOLUTIONS INC.	7K sqm
Alabang				13% ▼	36% ▲	12K	accenture	6K sqm
Others				-81% ▼	-57% ▼	5K	Regus	2K sqm
Overall MM				-27% ▼	88% ▲			

Government 35K sqm

Bay Area demand mainly driven by POGO deals

Quarterly Transactions of MM submarket



Becoming a cost-effective option in Metro Manila once more

Spotlight: Bay Area

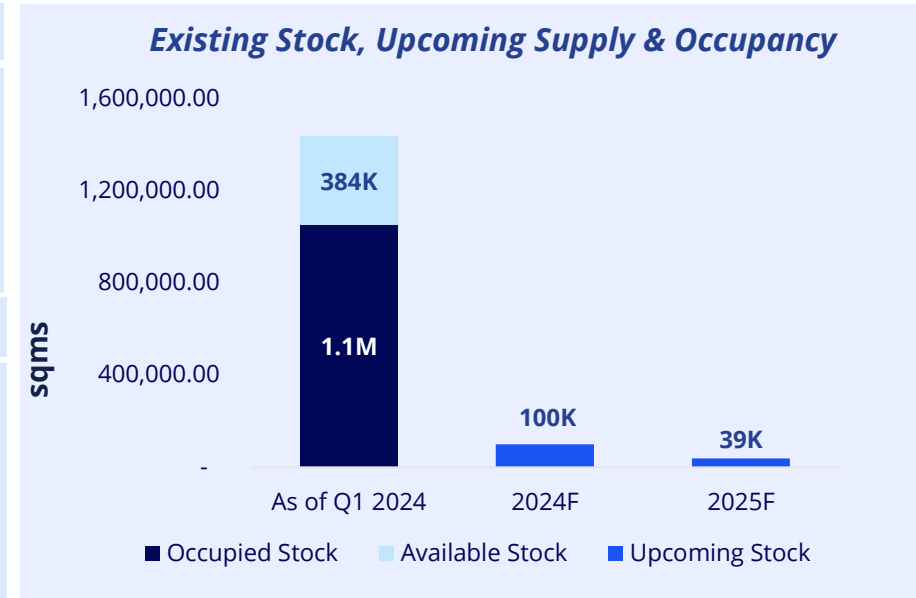


Major Developers

DoubleDragon CORPORATION Aseana Holdings Inc.
 SM PRIME FILINVEST
 FEDERAL LAND

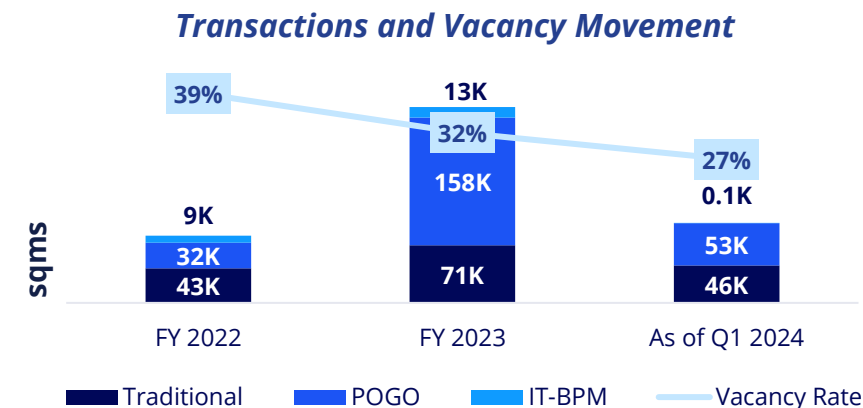
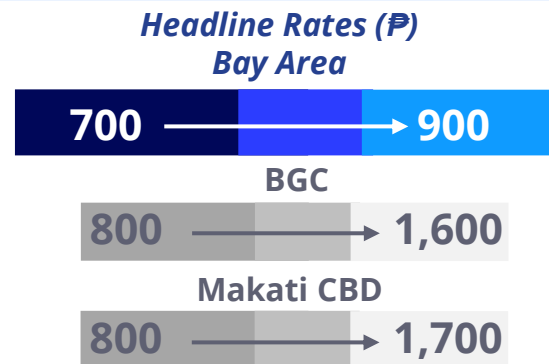
Notable Locators

CONCENTRIX BOLLORE LOGISTICS amazon
 Teleperformance ttec alorica
 MAERSK DSV



Location Highlights

- ✓ Proximity to **NAIA** and **Port of Manila**
- ✓ Availability of **PEZA-accredited** and **quality office buildings**
- ✓ Upcoming infrastructure projects (ex: **LRT-1 Cavite Extension Project**) to greatly benefit locators
- ✓ **Lower rents** compared to major CBDs



Grade A properties preferred by locators

Transactions by Building Grade

Quarterly Movement of Transactions (by Building Grade)



Total Available Stock (by Building Grade)



0.12M sqm

Available **Premium Grade** Stock



1.24M sqm

Available **Grade A** Stock

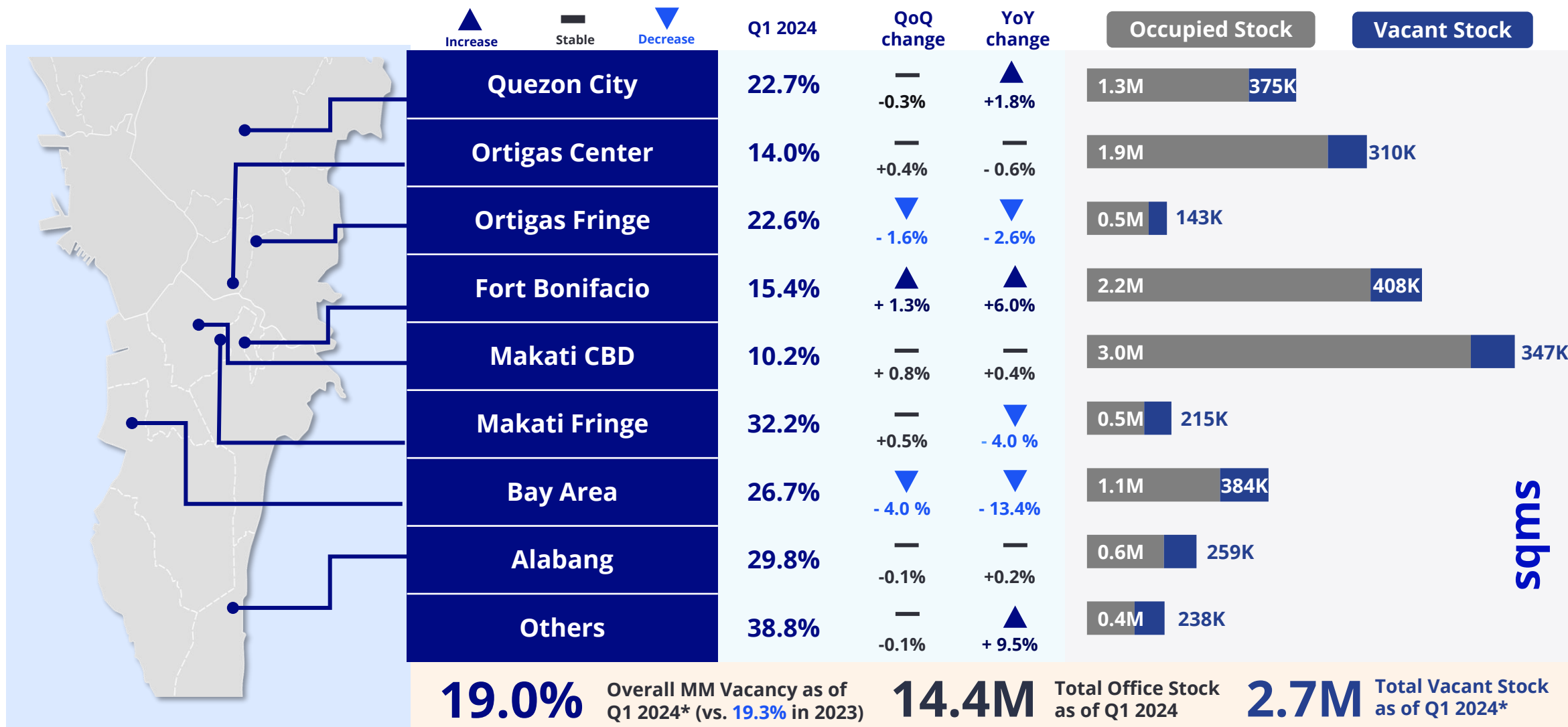


1.31M sqm

Available **Grade B and Below** Stock

Stable vacancy seen across Metro Manila

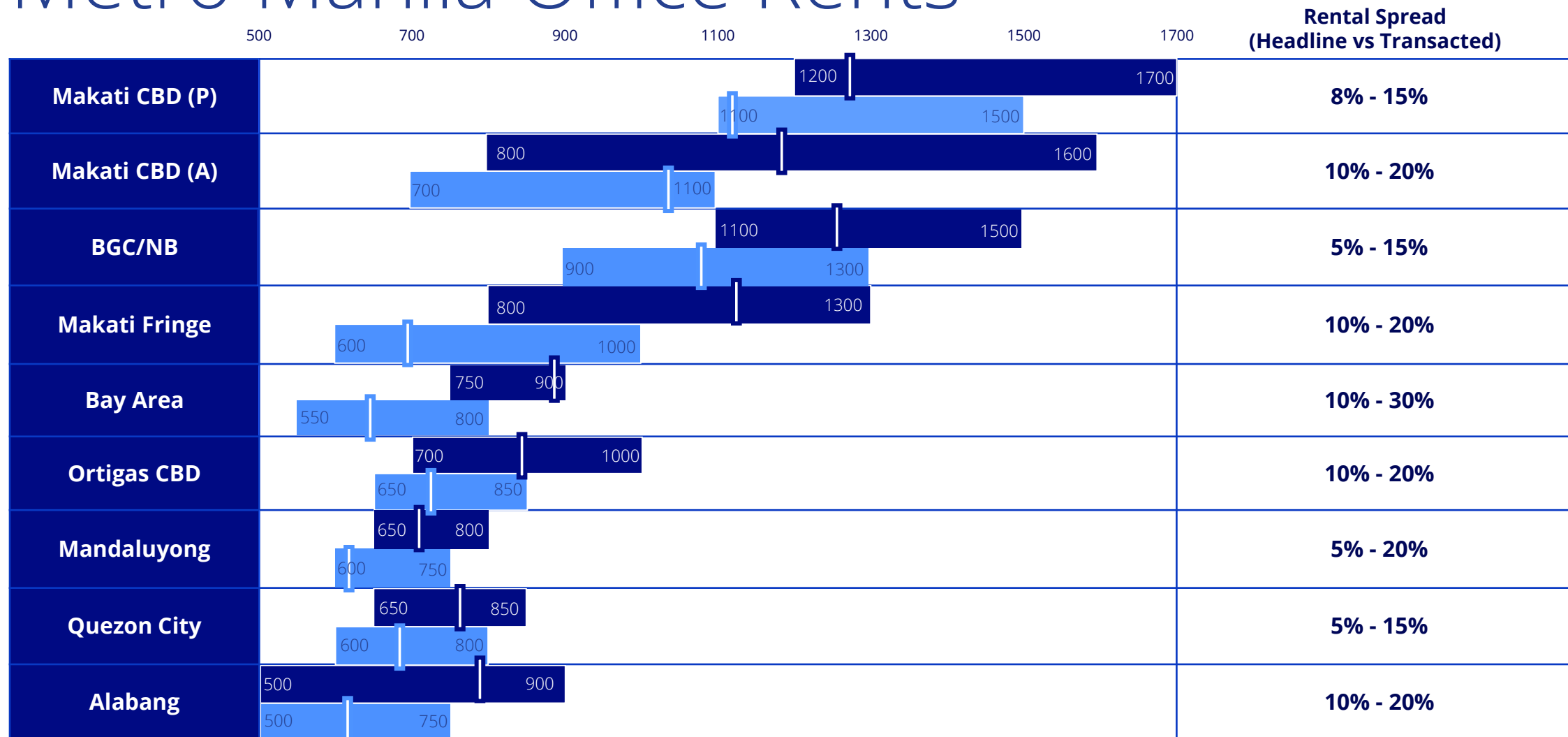
Vacancy, Stock, and Available Space per Submarket



sqms

Overall flat rental trend across Metro Manila

Metro Manila Office Rents



Source: Colliers



Headline Transacted*

Average Headline Rate

Average Transacted Rate

NOTE: Actual transacted rates depend on variety of factors including but not limited to building occupancy, landlord portfolio vacancy, size of the requirement, lease term etc.

More Grade A supply delivered in Q1 2024

Notable Completions in Q1 2024



One Filinvest



One Ayala South Tower



Park Triangle Corporate Center

96K sqm

Q1 2024 Completions vs. 48K in Q1 2023

14.4M sqm*

Total Metro Manila Office Stock as of Q1 2024

**Includes strata-titled buildings*

	One Filinvest	One Ayala South Tower	Park Triangle Corporate Center
PEZA	Under Process	PEZA-Accredited	PEZA-Accredited
Submarket	Ortigas CBD	Makati CBD	Fort Bonifacio
Total Gross Leasable Area (sqm)	38,900	14,400	38,100
Headline Rate (Php/sqm)	900	1,600	1,200
Typical Floor Plate (sqm)	1,400	700	2,200

High quality supply to be delivered in the next three years

Metro Manila Annual Office Supply

Submarket	End 2023	Q1 2024 Completions	2024F	2025F	2026F	2027F	End 2027F	Grade A (% of total upcoming)
Makati CBD	3,367,000	19,000	52K				3,420,000	85%
Fort Bonifacio	2,647,000	38,000	51K	8K	79K	71K	2,856,000	83%
Ortigas Center	2,323,000	39,000	46K	35K	12K		2,415,000	92%
Quezon City	1,656,000	-	73K	212K	126K	67K	2,135,000	62%
Bay Area	1,437,000	-	100K	39K	57K		1,633,000	49%
Alabang	868,000	-	38K	16K			921,000	-
Makati Fringe	720,000	-	71K	95K			886,000	85%
Ortigas Fringe	632,000	-	48K	19K	121K	154K	974,000	80%
Others	640,000	-	74K	52K	42K	28K	836,000	-
Metro Manila	14,290,000	96,000	553,000	365,000	463,000	405,000	16,076,000	63%

2024 Forecast

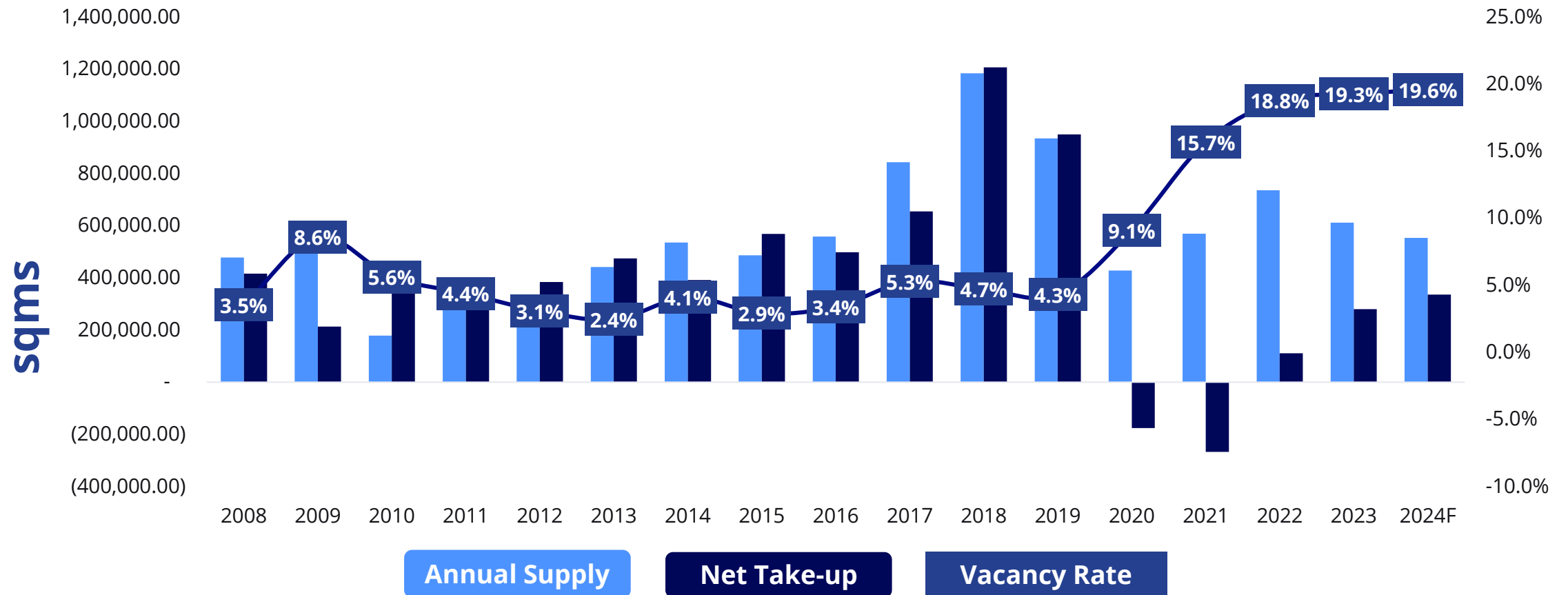
MM Office Supply, Demand, and Vacancy

19.0%* Vacancy Rate as of Q1 2024

75K sqm* Net Take-up as of Q1 2024

19.6%* Vacancy Forecast for 2024

336K sqm* Net Take-up for 2024

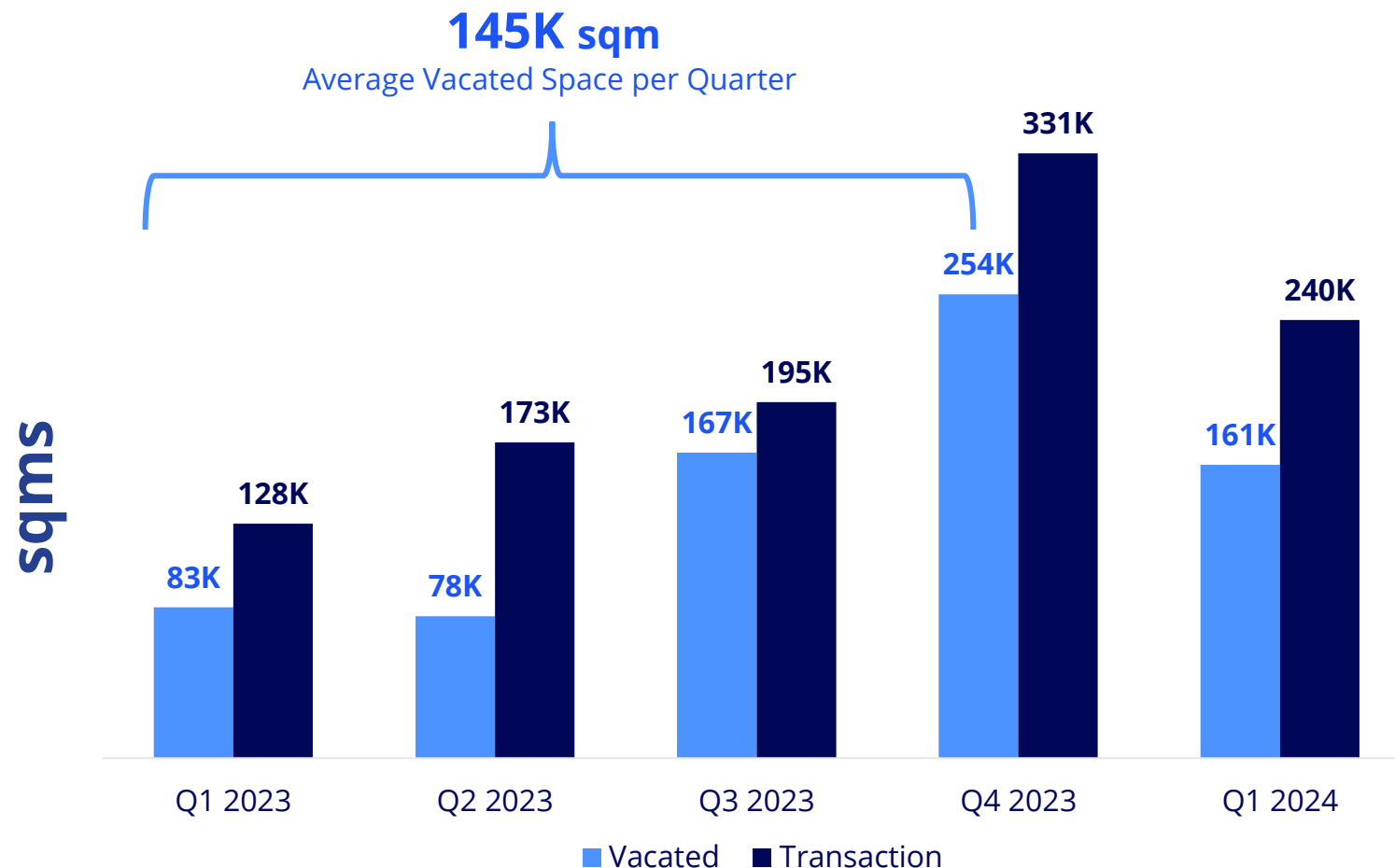


*excludes strata-titled buildings

**based on forecasted year-end total stock of 14.5M

Occupiers continue to rationalize their office footprint

Vacated Spaces



↑ **92%**

Q1 2024 vs Q1 2023
Vacated Spaces

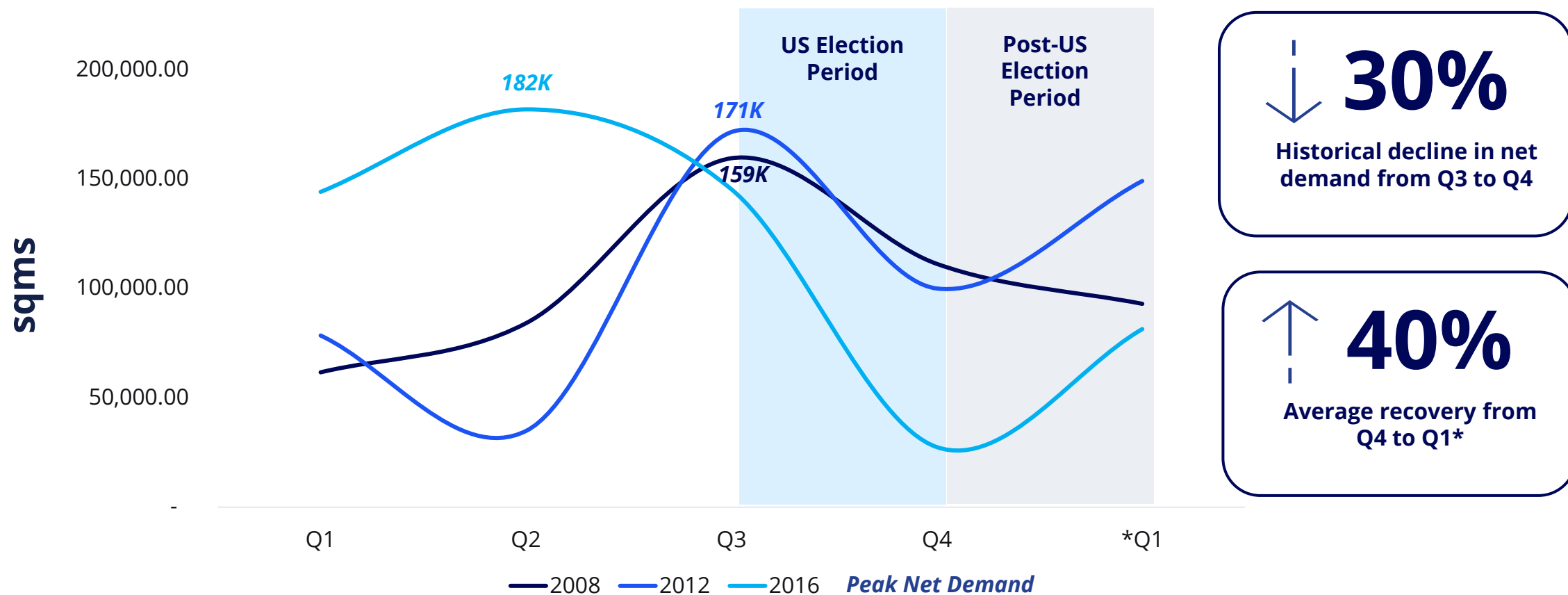
↓ **37%**

Q1 2024 vs Q4 2023
Vacated Spaces

First US Elections post-pandemic. Net demand dips during election quarter but recovers

US Election Year

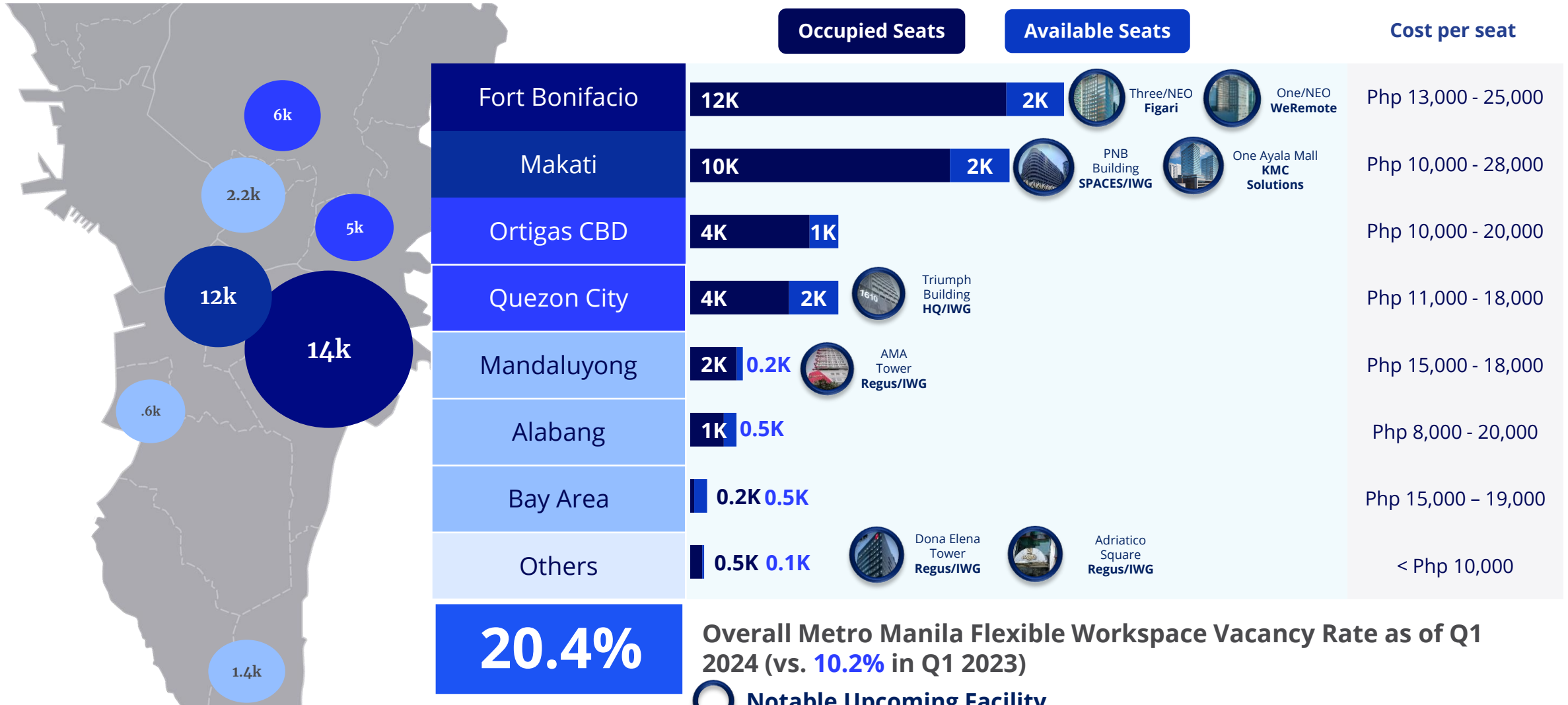
Historical Quarterly Net Demand during US Election Years



Note: *Q1 of succeeding year

Regus to further expand their portfolio in 2024

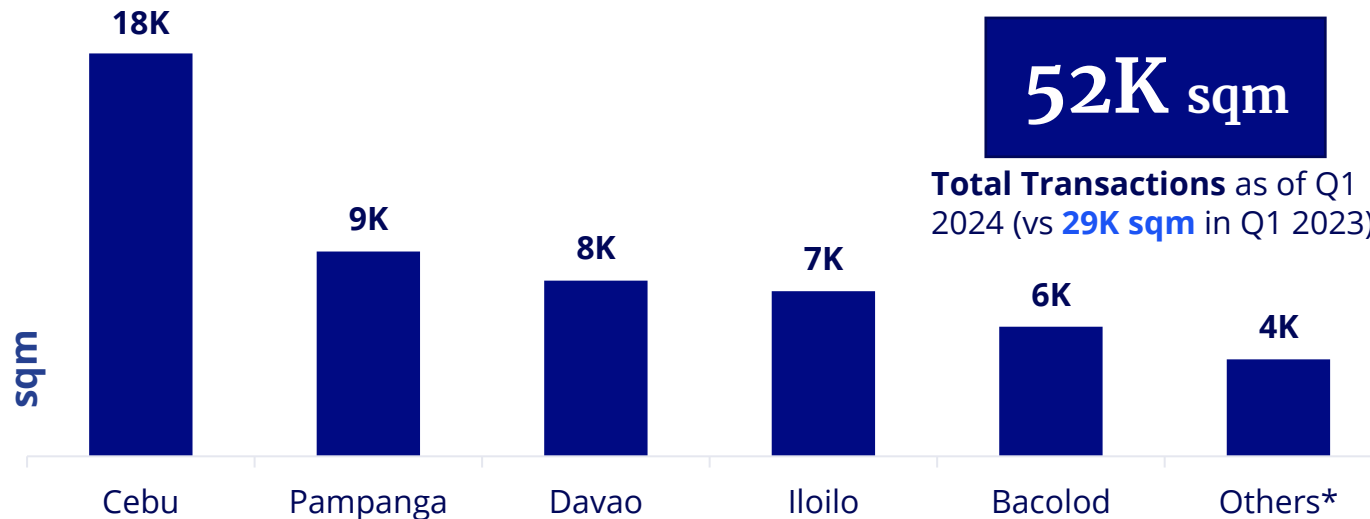
Flexible Workspaces across Metro Manila



● Total Number of Seats

18% of nationwide transactions are in the provinces

Q1 2024 Provincial Transactions

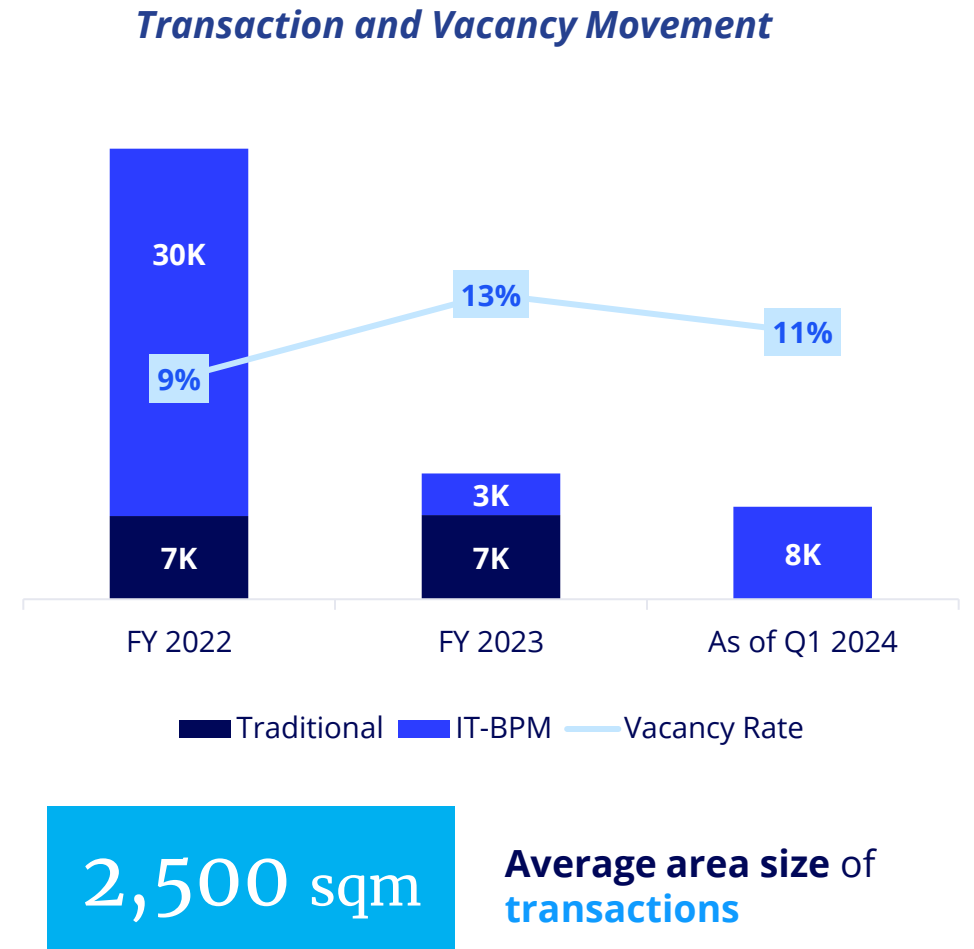
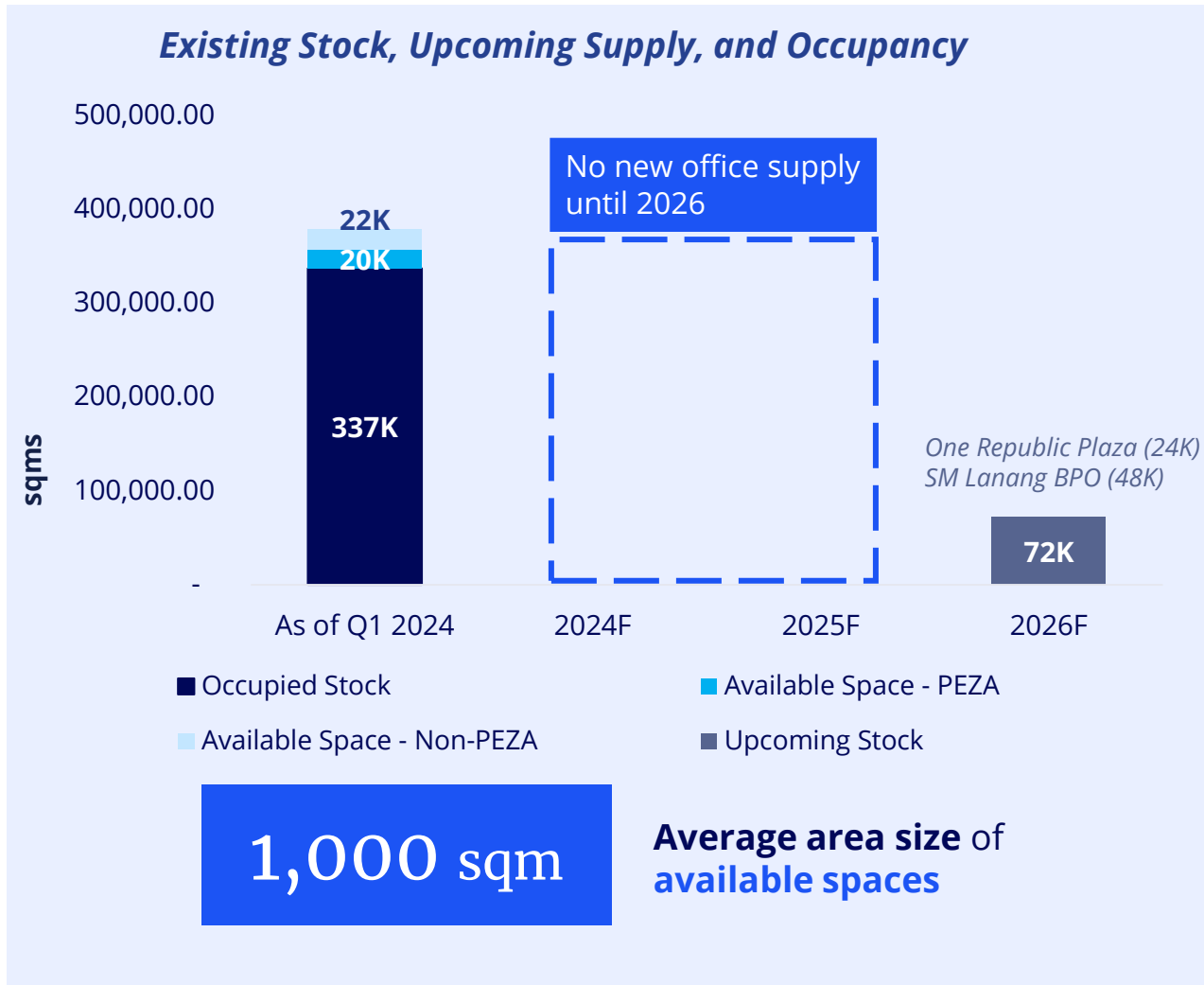


Location	Available Stock (sqm)	Vacancy Rate	Average Headline Rate (Php/sqm)
Cebu	300,000	21%	600
Pampanga	164,000	31%	650
Davao	41,000	11%	600
Iloilo	55,000	24%	600
Bacolod	40,000	23%	500

*Others: Laguna, Rizal, Isabela, Dumaguete, Ilocos Norte

Time for developers to ramp up Davao projects?

Spotlight: Davao City



Which locations can accommodate a BPO requirement of **2,500 sqm** ?

Provincial Locations



Location	Location Tier	Total Office Stock (sqm)	Available Stock (sqm)	Level of availability
Metro Cebu	Tier 1	1.45M	300K	High
Pampanga	Tier 1	529K	164K	High
Bacolod	Tier 1	173K	40K	Mid
Cavite	Tier 2	210K	61K	Mid
Iloilo City	Tier 1	231K	55K	Mid
Davao	Tier 1	378K	41K	Mid
Laguna	Tier 2	196K	33K	Mid
Bulacan	Tier 2	46k	14K	Low
Cagayan de Oro	Tier 2	81K	15K	Low
Batangas Province	Tier 2	42K	14K	Low
Dumaguete	Tier 2	23K	7K	Low

High	More than 10 options
Mid	5 - 10 options
Low	> 5 options

Note: Only considers completed buildings

How tenants and landlords can maximize current market conditions

Recommendations

Tenants

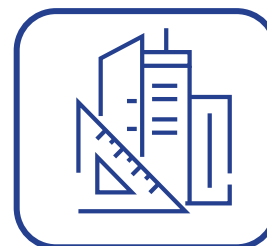


Consider long range planning of company's real estate strategy i.e. review real estate at least 18 months before lease expiry



Align business needs and employee considerations in workplace strategy

Landlords



Renovate or augment amenities of aging properties



Ramp up office pipeline in 'high interest' provincial areas with limited supply (ex: Davao, Cavite, Dumaguete, Bulacan)

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