KMC SAVILLS RESEARCH

4Q 2024 Metro Manila Office Briefing

Emerging Opportunities Amidst the Evolving Office Sector

Office Market Updates: Delays & Opportunities

In 2024, a significant addition of 495,000 sq m of office space entered the Metro Manila market. Currently, 27% of this new supply is occupied, with two of the completed buildings achieving full occupancy upon completion.

MAKATI CBD

Altaire	COMPLETED
One Ayala South Tower	COMPLETED
Filinvest Buendia	COMPLETED
The Gentry Corporate Plaza	DELAYED

ORTIGAS CENTER

One Filinvest	COMPLETED
Exchange Square Center	COMPLETED

QUEZON CITY

SM North EDSA Tower 3	COMPLETED

C5 CORRIDOR

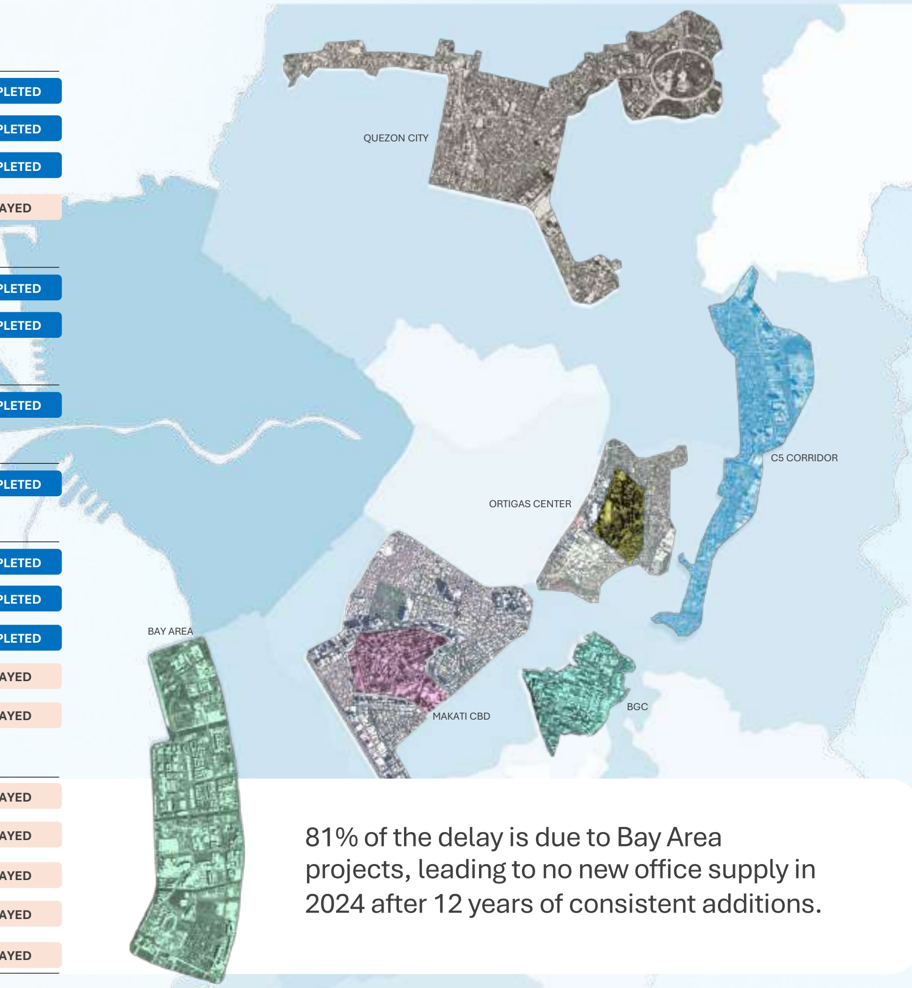
GBF Center 2	COMPLETED

BGC

Uptown Eastgate	COMPLETED
International Finance Center	COMPLETED
MJ Tower Fort	COMPLETED
Sennett Corporate Center	DELAYED
Smith Bell	DELAYED

BAY AREA

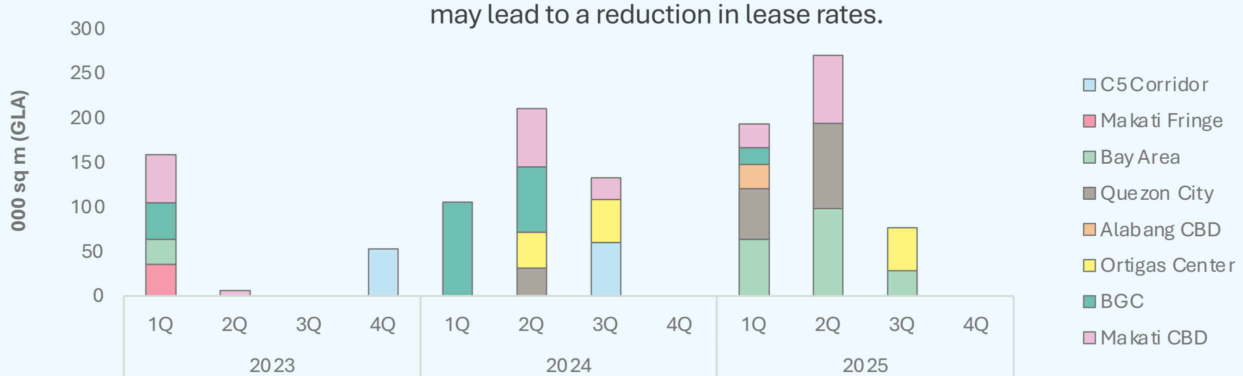
Ice	DELAYED
Concordia	DELAYED
DD Meridian Tower	DELAYED
Southfield	DELAYED
One Pacific by the Bay	DELAYED



81% of the delay is due to Bay Area projects, leading to no new office supply in 2024 after 12 years of consistent additions.

METRO MANILA QUARTERLY SUPPLY

The anticipated delivery of 200,000 sq m of office space has been delayed from 2024 to 2025. This delay will impact project timelines, hinder future growth, and potentially increase vacancy rates, which may lead to a reduction in lease rates.

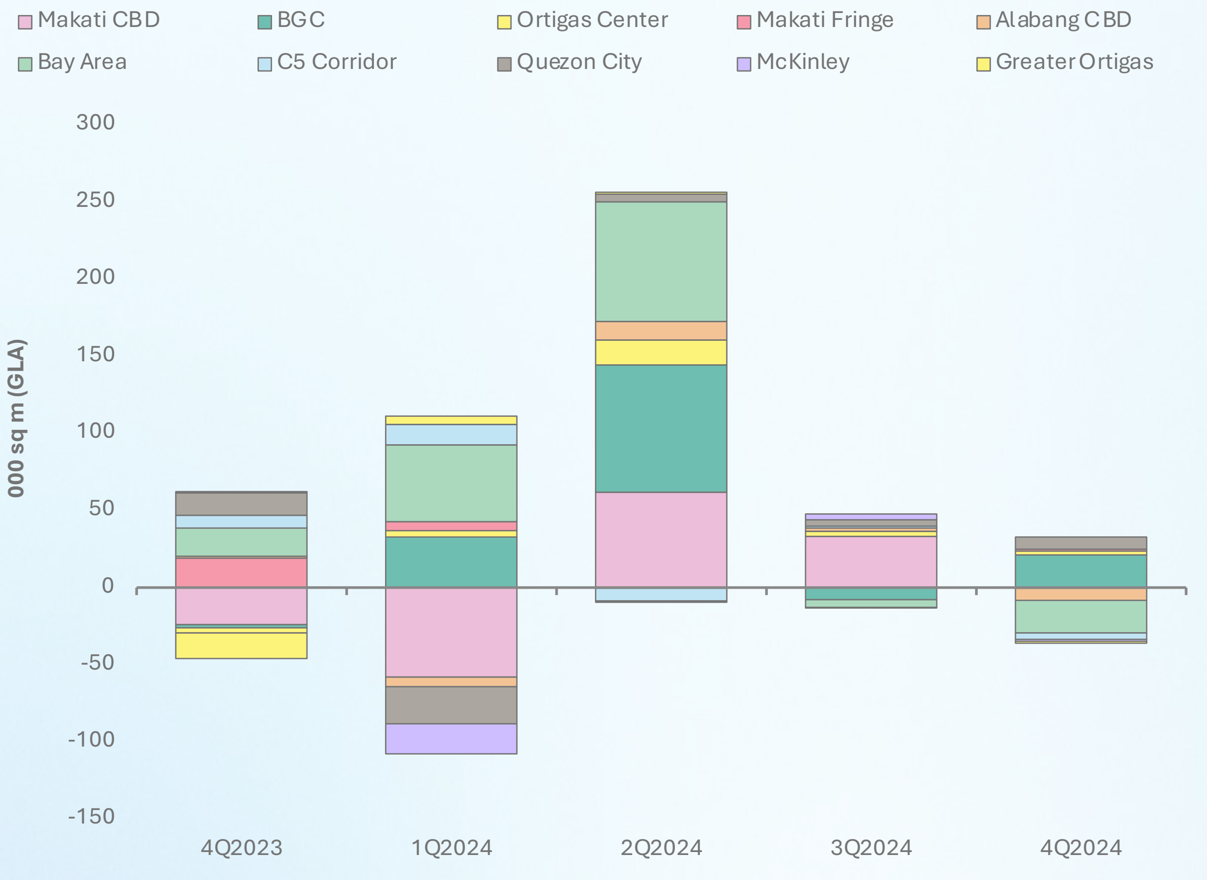


Office Relocations Weaken Net Absorption by Year-End

The Metro Manila office market saw significant growth in 2024, with net take-up reaching 281,000 sq m, a substantial increase from 2023. BGC and the Bay Area led this growth, driven by demand from government agencies and IT-BPO companies seeking modern, high-quality workspaces.

Total transactions reached 591,000 sq m, marking a 41% increase from the previous year. Bay Area accounted for 27% of the overall leasing activities boosted by the demand from government agencies.

METRO MANILA QUARTERLY NET TAKE-UP

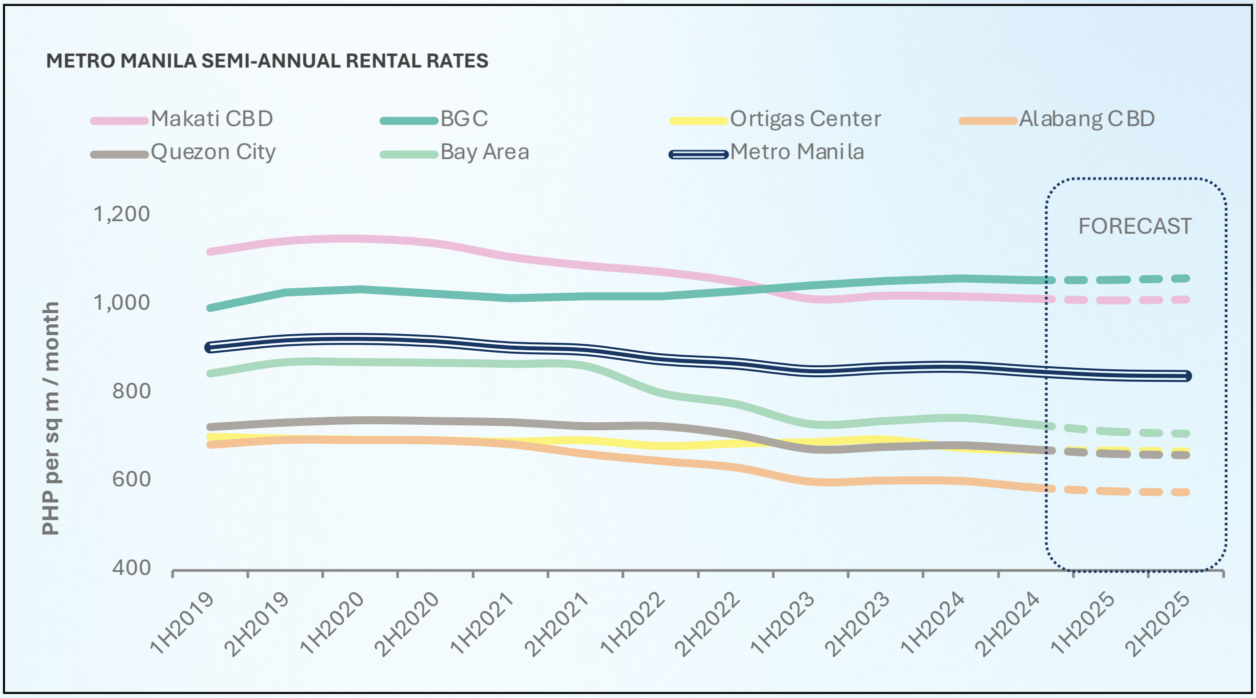


4Q 2023:	1Q 2024:	2Q 2024:	3Q 2024:	4Q 2024:
16,400 sq m	3,200 sq m	247,000 sq m	38,800 sq m	-3,600 sq m

Despite a significant volume of transactions throughout 2024 in Metro Manila, the fourth quarter witnessed a negative net take-up of 3,600 sq m. This decline was primarily attributed to a higher volume of lease terminations, including non-renewals and exits from the POGO sector, which outweighed new leasing activity.

Vacancy Rates Up, Rental Prices Down in 4Q 2024

Metro Manila experienced a slight increase in vacancy rate at the end of 2024, recording 20.3% compared to 2023's 19.5%. The vacancies are expected to remain around the 20% mark due to the upcoming supply of new office space and the spaces that will be available in the market following the deadline of the POGO ban.



Despite a slight increase in the vacancy rate from 3Q 2024 to 4Q 2024 (2%), the Bay Area continues to demonstrate strong performance, achieving an 8.1% YoY decrease in vacancy rates. This positive trend is primarily attributed to significant office space absorption by government agencies that relocated to the region during 1H 2024.

Rental rates in Metro Manila continued to decline in 4Q 2024, reaching PHP 849.9, a 7.7% decrease from the previous quarter. This decline is primarily attributed to high vacancy rates across all districts.

KEY FIGURES	Makati CBD	BGC	Ortigas Center	Alabang CBD	Bay Area	Quezon City
Stock	1,688,321	2,231,569	1,205,353	657,623	1,257,575	770,491
Development Pipeline (2025 – 2026)	103,203	59,714	48,174	27,370	218,676	202,522
Average Rents	1,014.4	1,056.2	671.8	587.1	729.3	673.1
Vacancy Rate	21.4%	12.2%	29.0%	35.6%	24.4%	20.7%

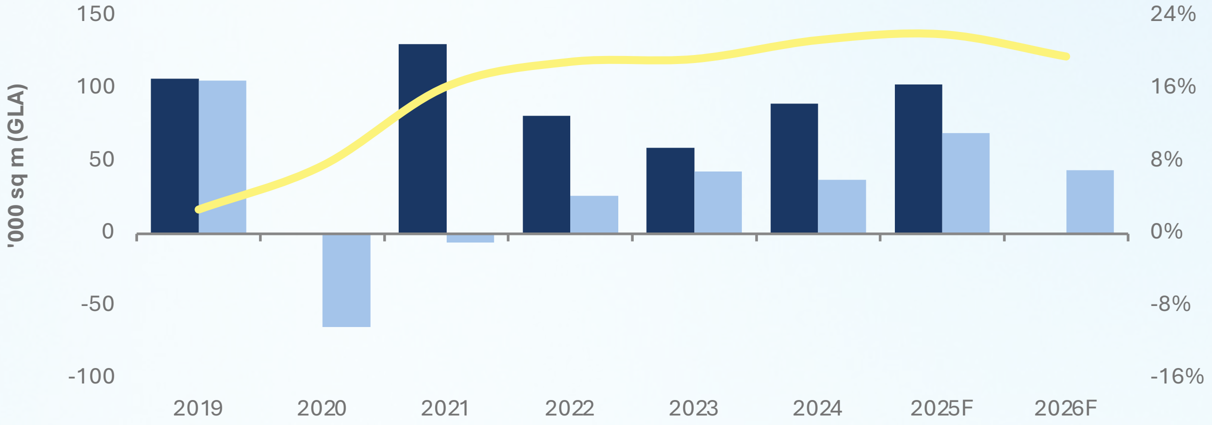
Source: KMC Savills Research

Market in Minutes

Supply Net Take-Up Vacancy Rate

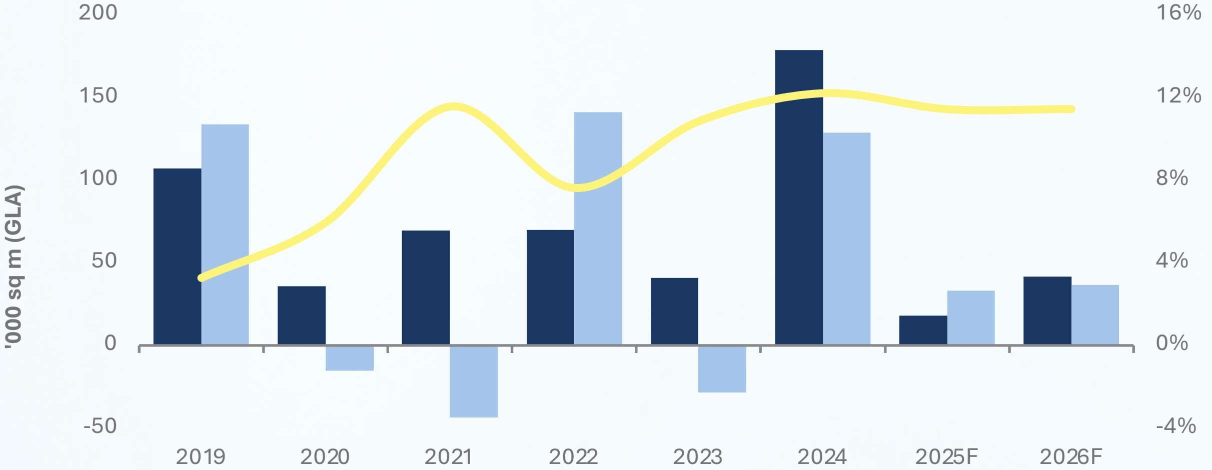
MAKATI CBD

Office leasing activity in Makati CBD significantly slowed over the past quarter, with transactions reaching 14,800 sq m compared to 35,000 sq m in 3Q 2024. This resulted in net absorption of -349 sq m. With 361,000 sq m of vacant space and an upcoming supply of 103,000 sq m, this could potentially put downward pressure on rents and increase the vacancy rate in 2025.



BGC

In 2024, BGC experienced a slight increase in its vacancy rate, rising by 1.4% to 12.2% from 10.8% in 2023. This is due to the significant additional supply of 178,600 sq m of office space in the district, with only 48% currently leased. With back-to-office mandates in place for financial institutions and multinational firms, these organizations may absorb the vacant spaces in the district.

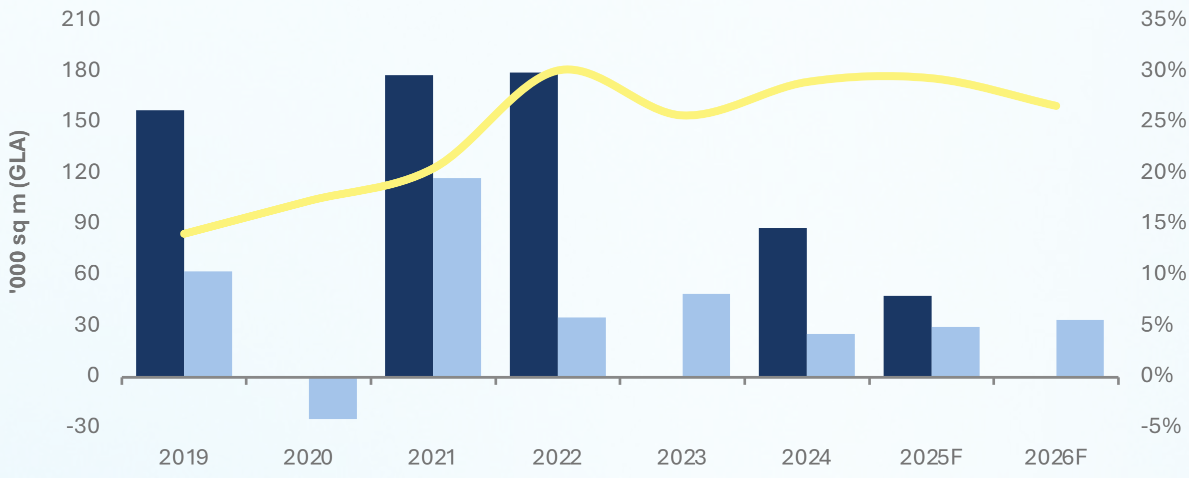


Market in Minutes

Supply Net Take-Up Vacancy Rate

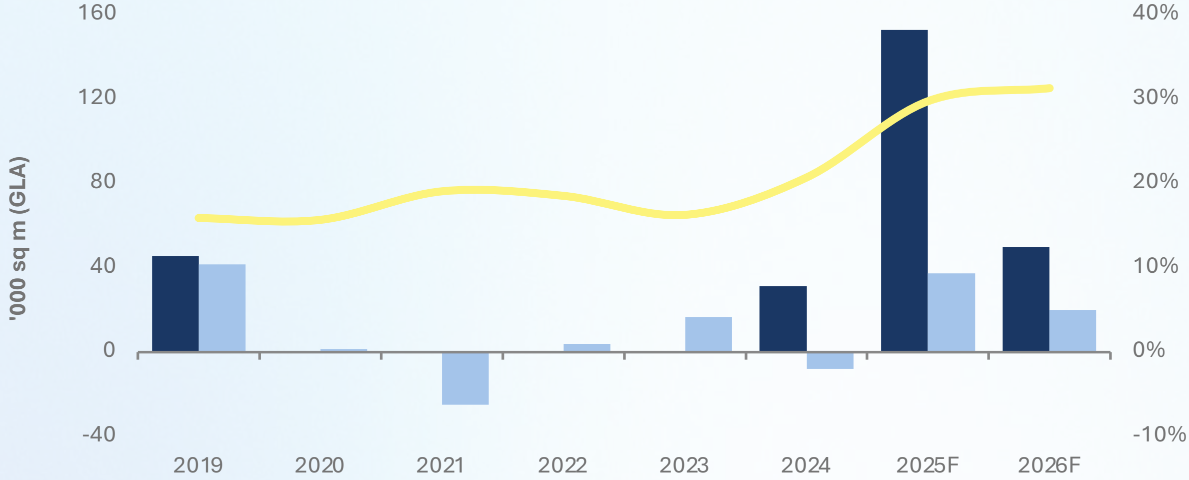
ORTIGAS CENTER

Ortigas Center experienced the most notable rental decline, with rates dropping by 3.5% year-over-year to PHP 671.8 per square meter. This decline highlights the district's challenges, as net absorption significantly decreased to 26,000 square meters in 2024, down from 49,300 square meters the previous year.



QUEZON CITY

Quezon City exhibited the most pronounced increase in vacancy rates, culminating in a 21% vacancy rate at year's end. This coincided with a negative absorption of 12,300 sq m of office space within the district. Given the impending influx of 200,000 sq m of office space from the upcoming supply in Quezon City, the district's vacancy rate is projected to persist at approximately 30% until 2026.

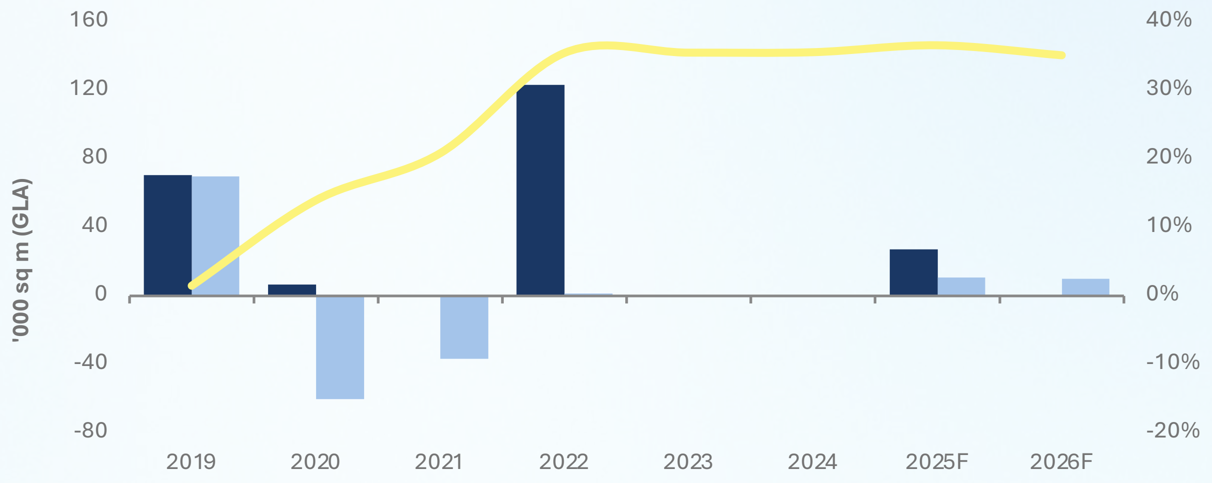


Market in Minutes

Supply Net Take-Up Vacancy Rate

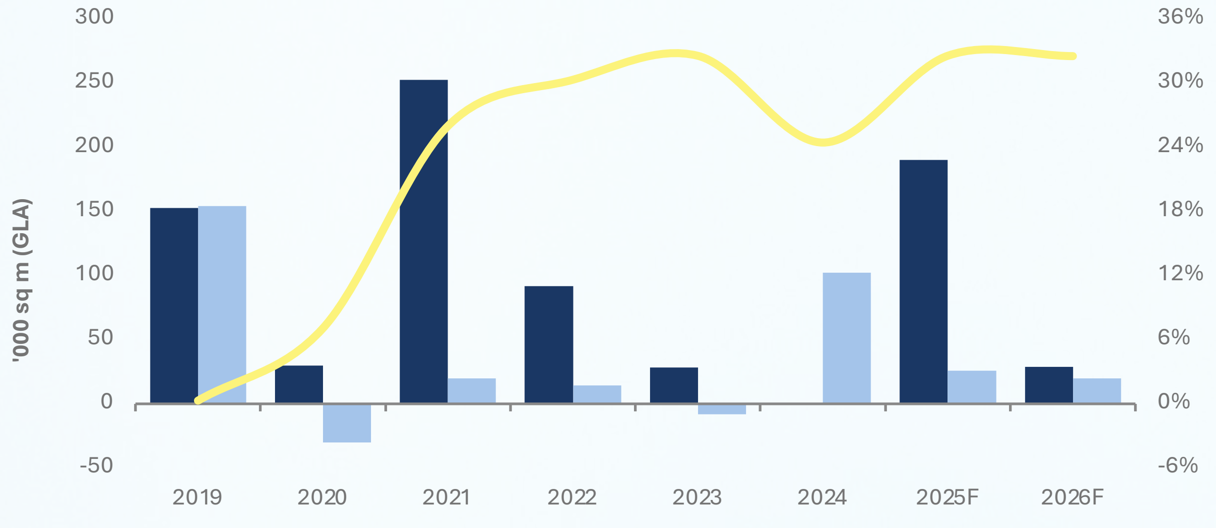
ALABANG

Despite recording 39,000 sq m of transactions in Alabang, the district experienced a net absorption of -433 sq m in 2024. This negative figure can be attributed to the downsizing of certain BPO companies and the departure of POGO from the district.



BAY AREA

Bay Area demonstrated the most significant decrease in vacancy rate, declining by 8.1% to 24.4% from 32.6% in the previous year. This demand was spurred by government and maritime agencies. However, the district's vacancy rate is anticipated to increase towards the 30% mark in 2025 due to forthcoming new supply and the sustained impact of the POGO ban.



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