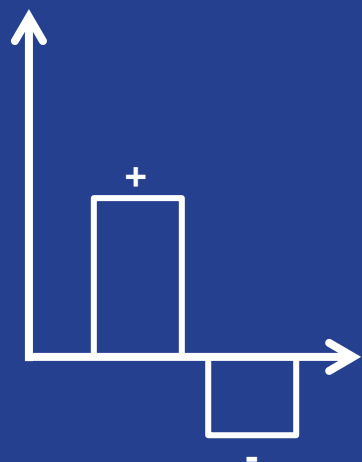


Q4 2024 Office Market Report

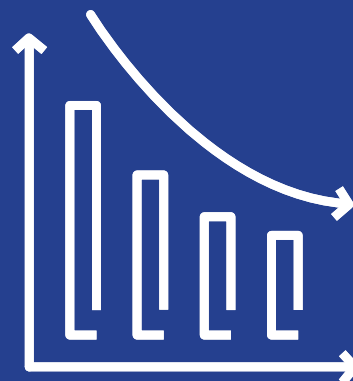
Prepared by: Colliers Philippines



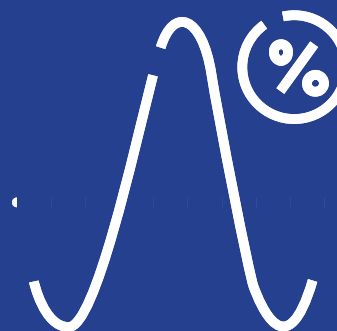
In a Nutshell | Office



First negative annual take-up since 2021; Expansions minimized impact of surrenders from POGO exit and non-renewals



Slowdown in Q4 2024 transactions due to US Elections; recovery expected by Q1 2025 with increase in activity

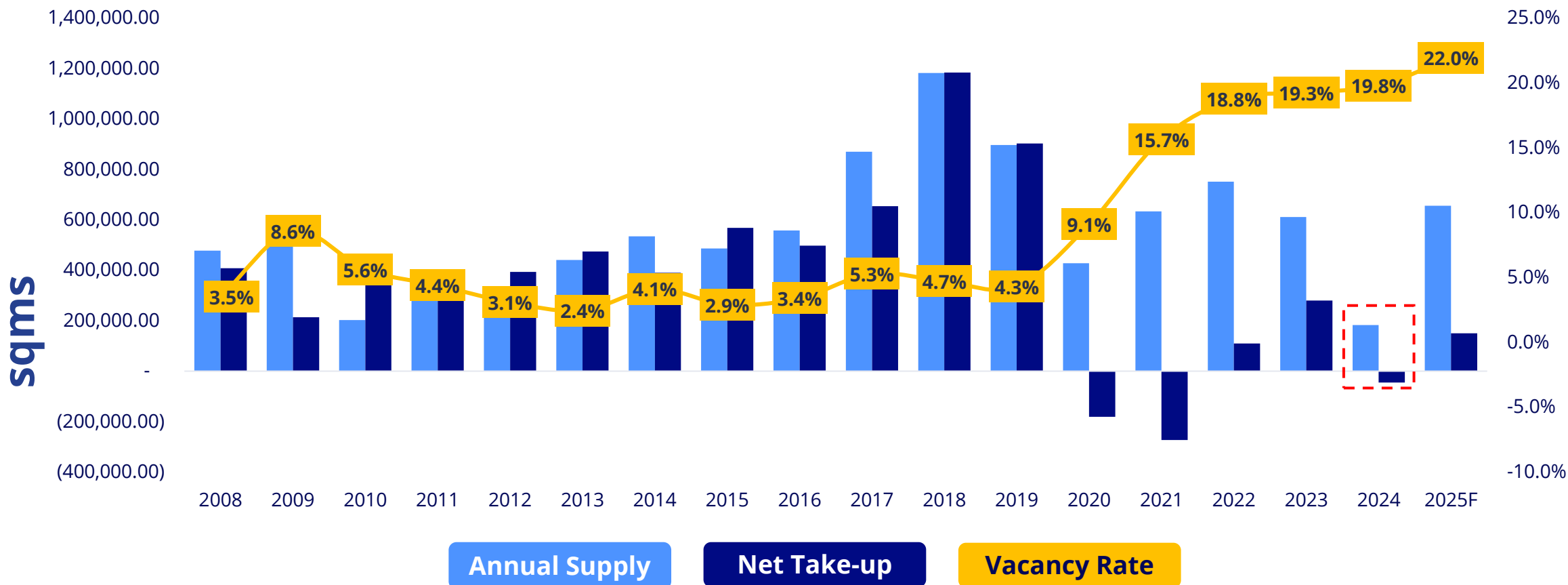


Optimistic net demand forecast in 2025; tenant-leaning market to persist given high volume of upcoming supply

First negative net take-up since the pandemic

MM Office Supply, Demand, and Vacancy

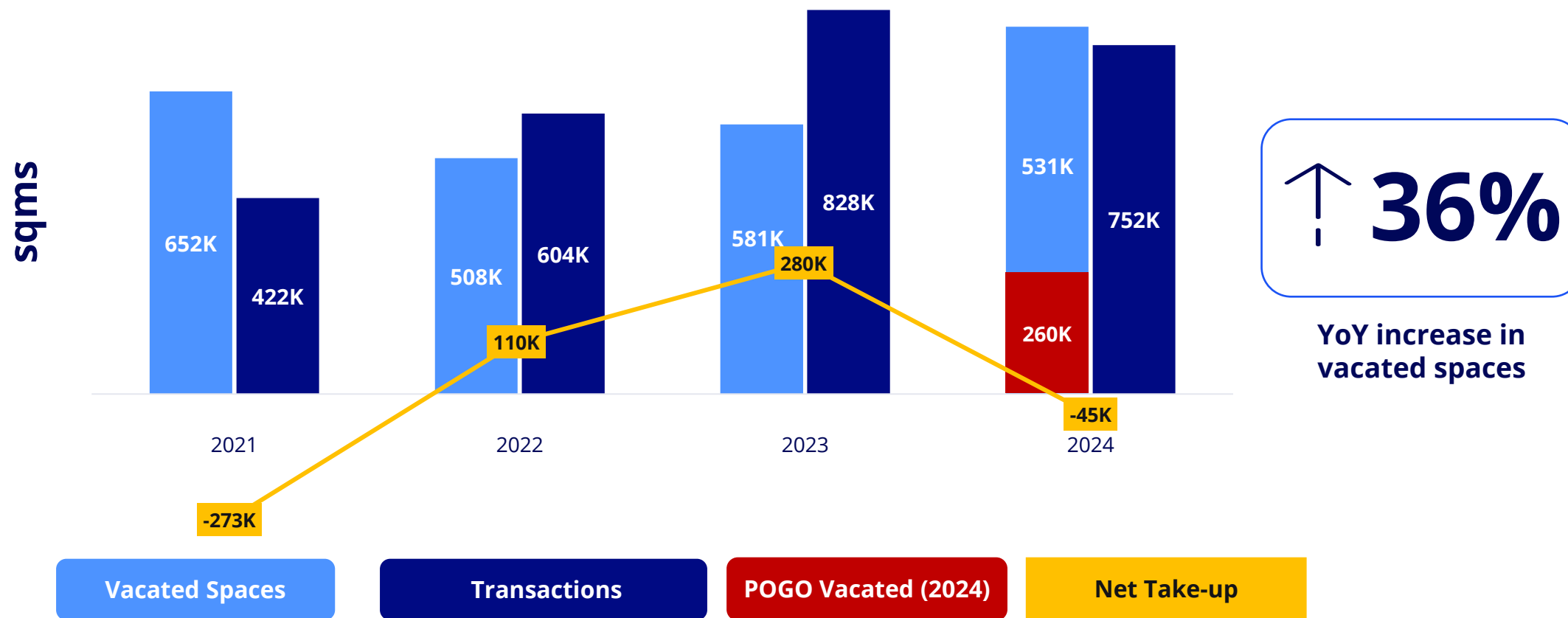
19.8%* Vacancy Rate as of End 2024 **-45K sqm*** Net Take-up as of End 2024 **22.0%** Forecasted Vacancy Rate for 2025 **150K sqm*** Forecasted Net Take-up for 2025



*excludes strata-titled buildings
 **based on forecasted year-end total stock of 14.4M

Expiry of pre-pandemic leases to continue

Transactions and Vacated Spaces



Notes:
 Transactions include pre-leasing in upcoming buildings. Transactions will only have an impact on the net take-up when the building in which these occur are already completed.
 Cancelled POGO transactions in 2024 removed from total count

Expansions minimize impact of space surrenders

Transactions Motivation

Main motivation* of 2024 transactions per submarket

44%

of known 2024 transactions are relocations



Top Locator and Industry | Submarket

Relocation

7%

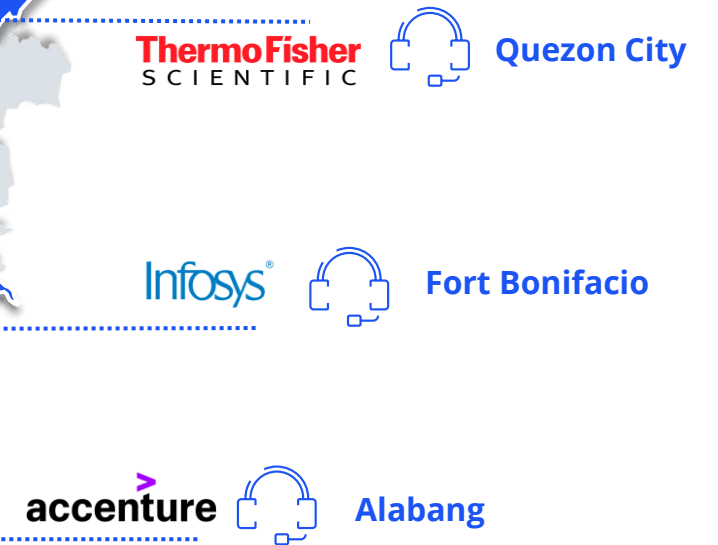
of known 2024 transactions are new setups



Expansion

49%

of known 2024 transactions are expansions

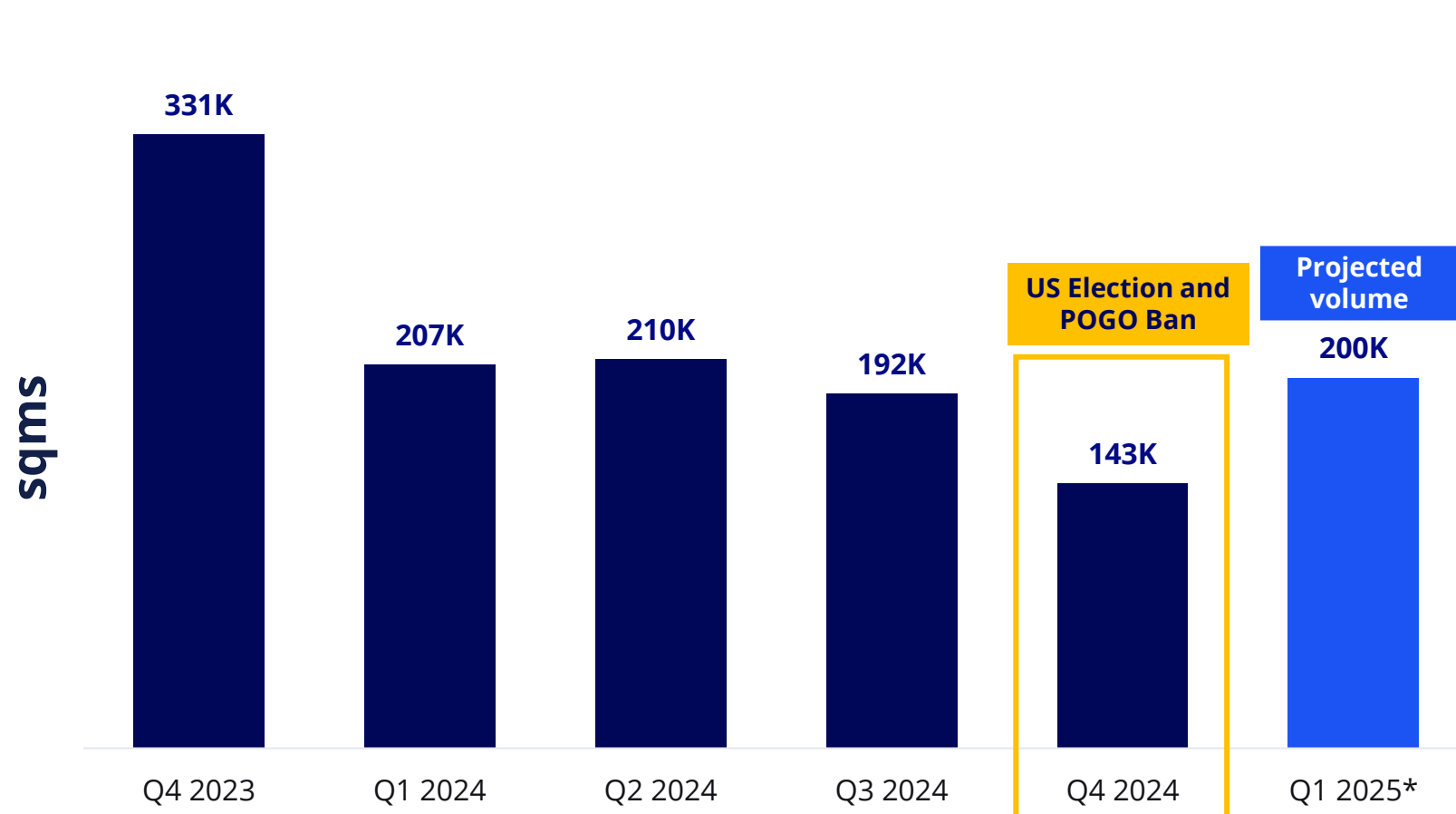


Top Locator and Industry | Submarket

*based on office transactions with known motivations

Office demand expected to recover after US elections

Transactions Movement



↓ **25%**
QoQ Transactions

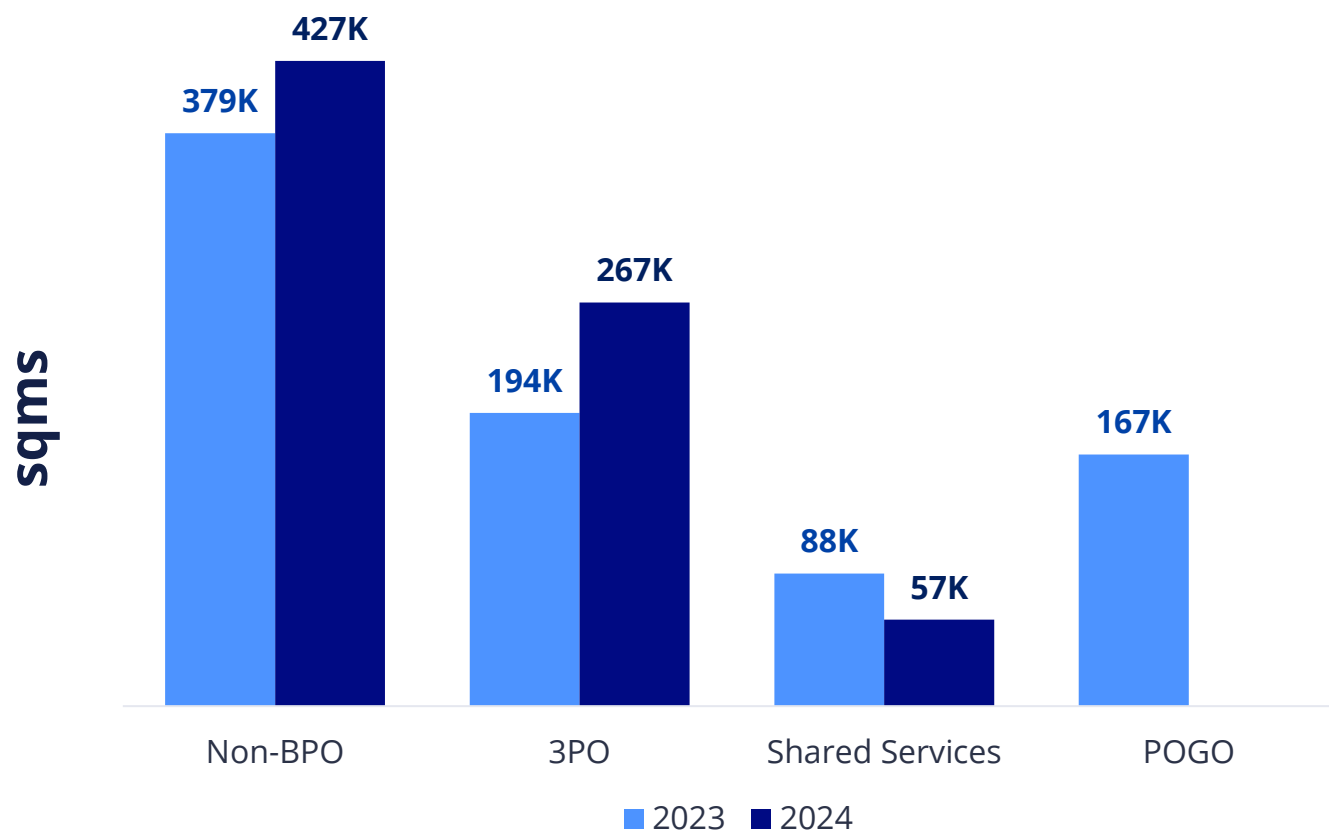
↓ **57%**
YoY Transactions

**Based on historical trend of 40% increase in net take-up QoQ during the past three US Presidential elections*

Traditional firms continue to drive office deals, but outsourcing demand also increased

Traditional Firms lead office deals

Annual Comparison of Demand across Tenant Classes



Top traditional tenant industry in 2024



Government **27%**



*Banking and
Financial Services* **10%**



*Transportation, Travel,
and Logistics* **6%**



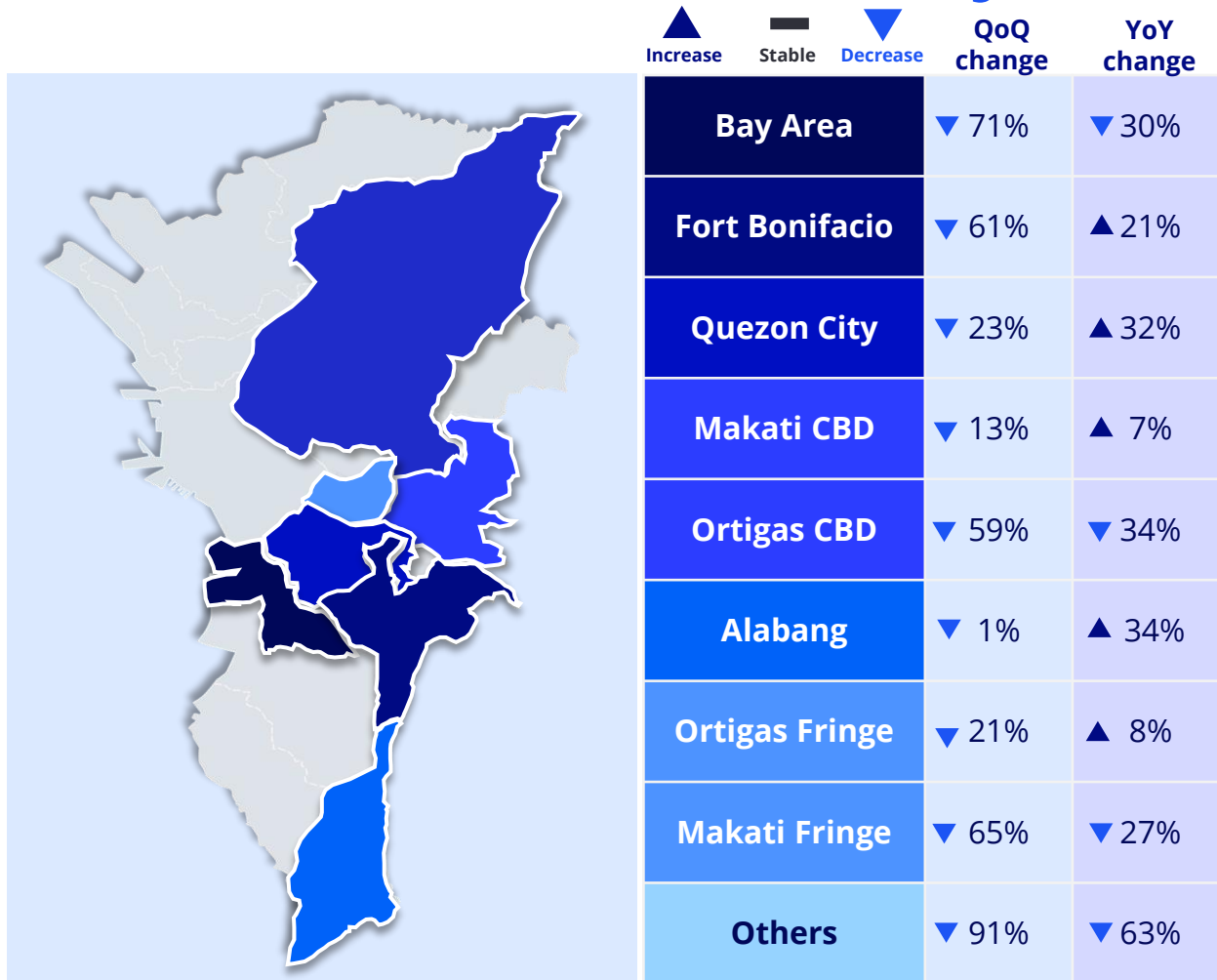
IT and Software **5%**



Healthcare **4%**

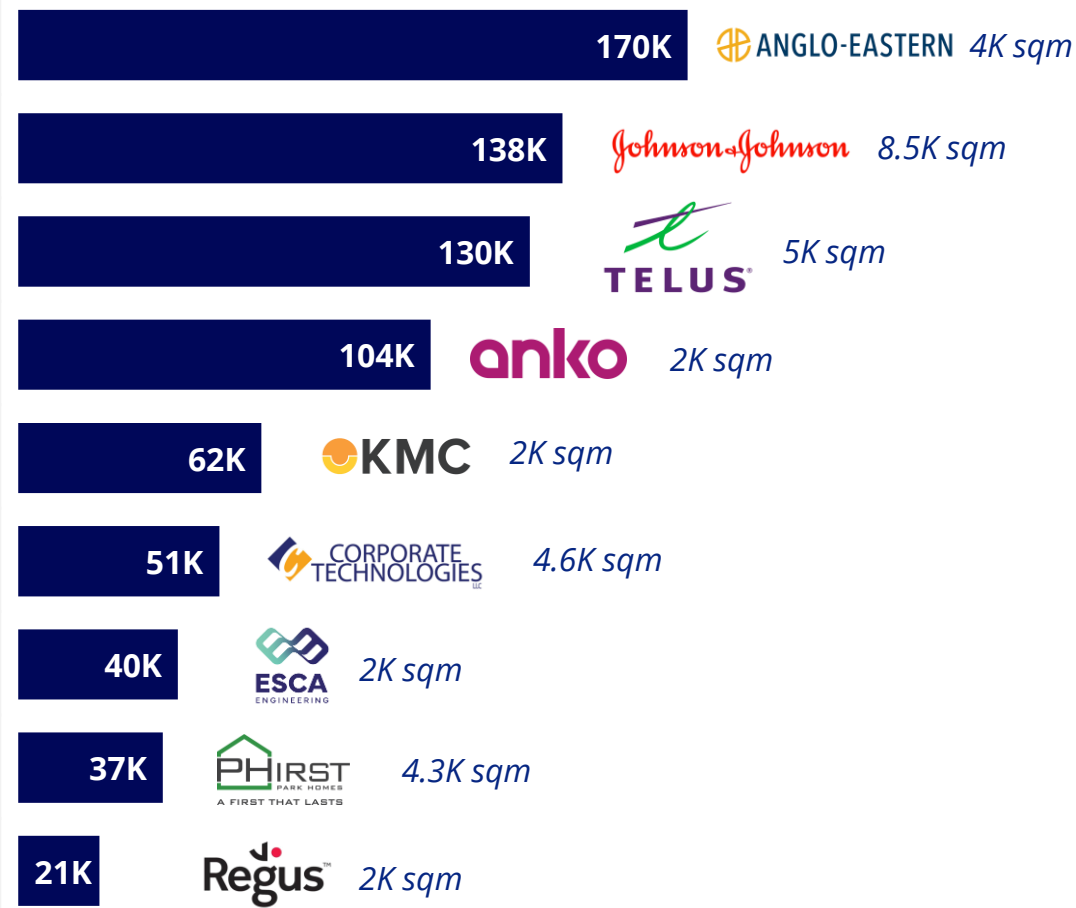
Government and IT-BPM firms drive office demand

Transactions Activity



FY 2024

Notable Q4 2024 Deals



Substantial drop in new office building completions in 2024

Notable Completions in 2024

182K sqm
 2024 Completions
 vs. **611K** in 2023



	One Filinvest	One Ayala South Tower*	Park Triangle Corporate Center	One Vertis Plaza	Buendia 387	MJ Tower Fort	Smith Bell
PEZA	Under Process	PEZA-Accredited	PEZA-Accredited	Non-PEZA	Non-PEZA	Non-PEZA	Non-PEZA
Submarket	Ortigas CBD	Makati CBD	Fort Bonifacio	Quezon City	Makati Fringe	BGC	BGC
GLA (sqm)	38,900	14,400	38,100	61,000	10,000	8,200	6,000
Typical Floor Plate (sqm)	1,400	700	2,200	1,600	1,100	700	600

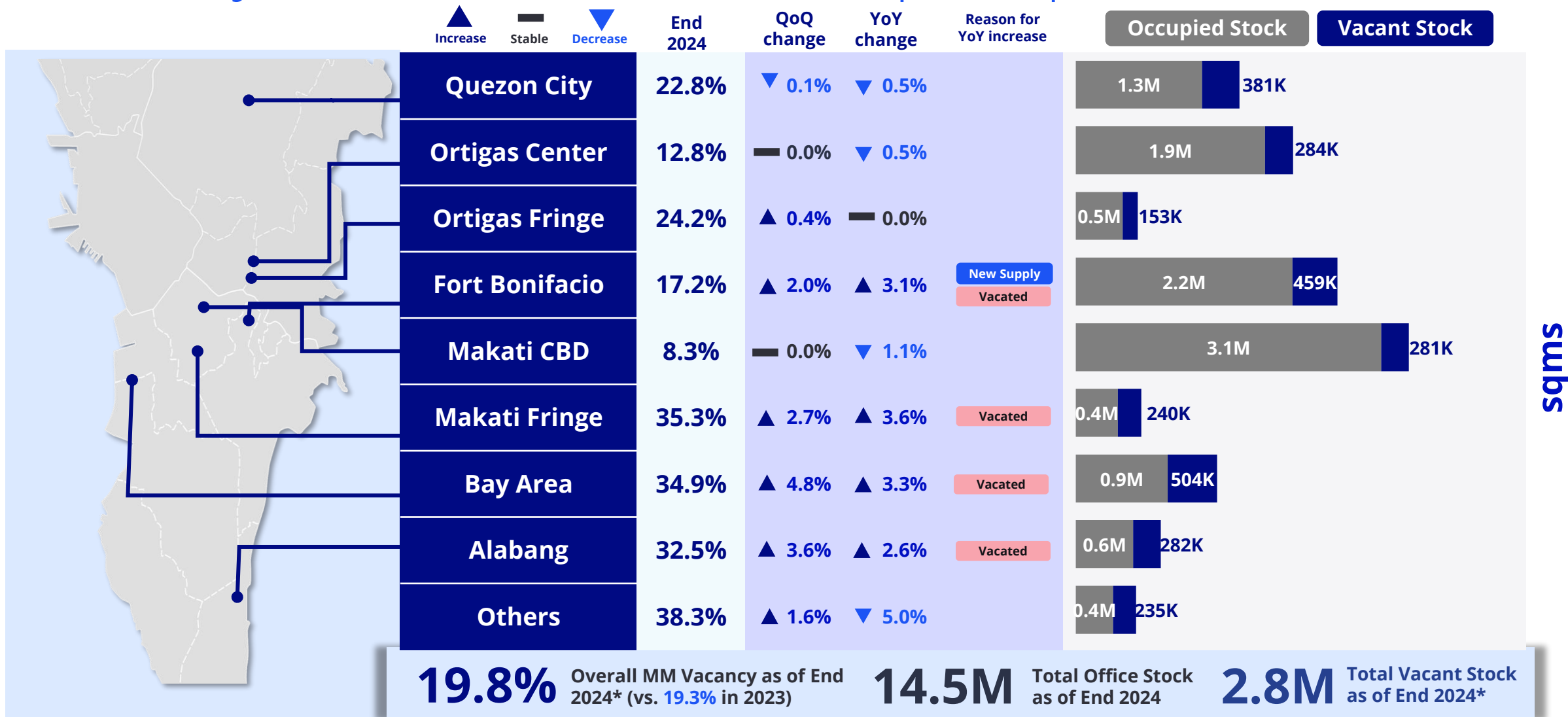
*4.6K sqm for the office segment of One Ayala Mall

Metro Manila Annual Office Supply

Submarket	End 2024	Vacancy Rates	2025F	2026F	2027F	2028F	End 2028F
Makati CBD	3,398,000	8.3%	33K	11K			3,442,000
Fort Bonifacio	2,703,000	17.2%	38K	62K	37K		2,839,000
Ortigas Center	2,373,000	12.8%	55K	12K			2,440,000
Quezon City	1,731,000	22.8%	202K	46K	82K	248K	2,309,000
Bay Area	1,442,000	34.9%	59K	57K	26K		1,585,000
Alabang	867,000	32.5%	38K	40K			945,000
Makati Fringe	721,000	35.9%	69K	84K	21K		895,000
Ortigas Fringe	632,000	24.2%	48K	90K	116K		887,000
Others	640,000	38.3%	113K	16K	26K		795,000
Metro Manila	14,508,000	19.8%	656,000	208,000	278,000	487,000	16,137,000

Primary business districts continue perform better than overall market

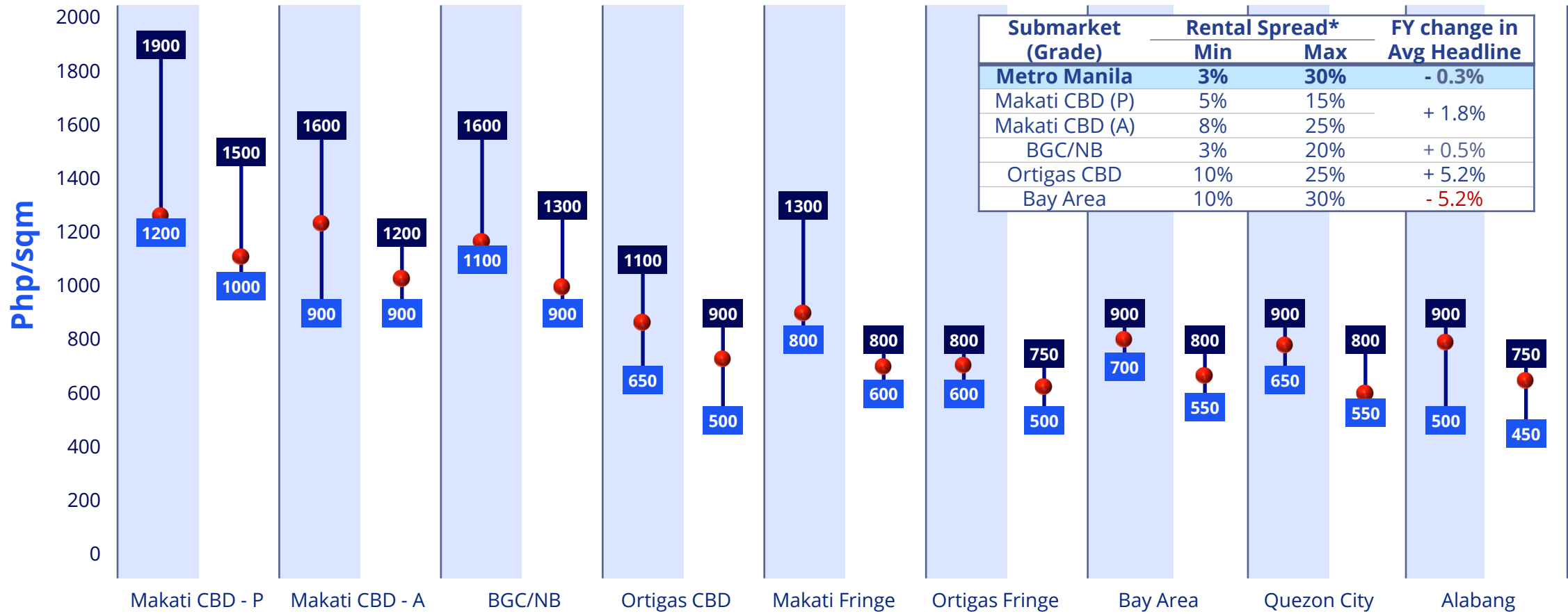
Vacancy, Stock, and Available Space per Submarket



*excludes strata-titled buildings

Rents remain stable across Metro Manila submarkets

Headline and Transacted Rates



Headline
 Average Rates
 Transacted

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.

*Rental Spread is the percentage difference from headline to transacted rate

Opportunity for landlords and tenants

Opportunities in vacated spaces

Availability of as-is-where-is and fitted options in Bay Area and 'BPO Concentrated' submarkets

Submarket	Availability of BPO options	Headline Rate (Php/sqm/month)	
		As-is-where-is	Fitted
Bay Area* (70% POGO Vacated)	High	500 - 900	600 - 1,200
Quezon City	High	650 - 850	650 - 850
BGC	High	900 - 1,500	1,200 - 1,700
Makati CBD	Low	1,100 - 1,300	1,200
Ortigas CBD	Low	650 - 950	850 - 1,100

*With **100+ listings**

Legend:

High - More than 50 listings

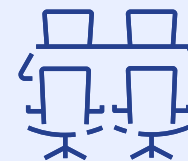
Low - Less than 50 listings

based on number of listings with at least 1,500 sqm area size (typical BPO requirement)

Recommendations



Consider provision of **tenant improvement allowance**



Refurbish or reinstate office spaces to enhance marketability



Assemble '**showrooms**' to display bare shell spaces if demolition/reinstatement cost is too high

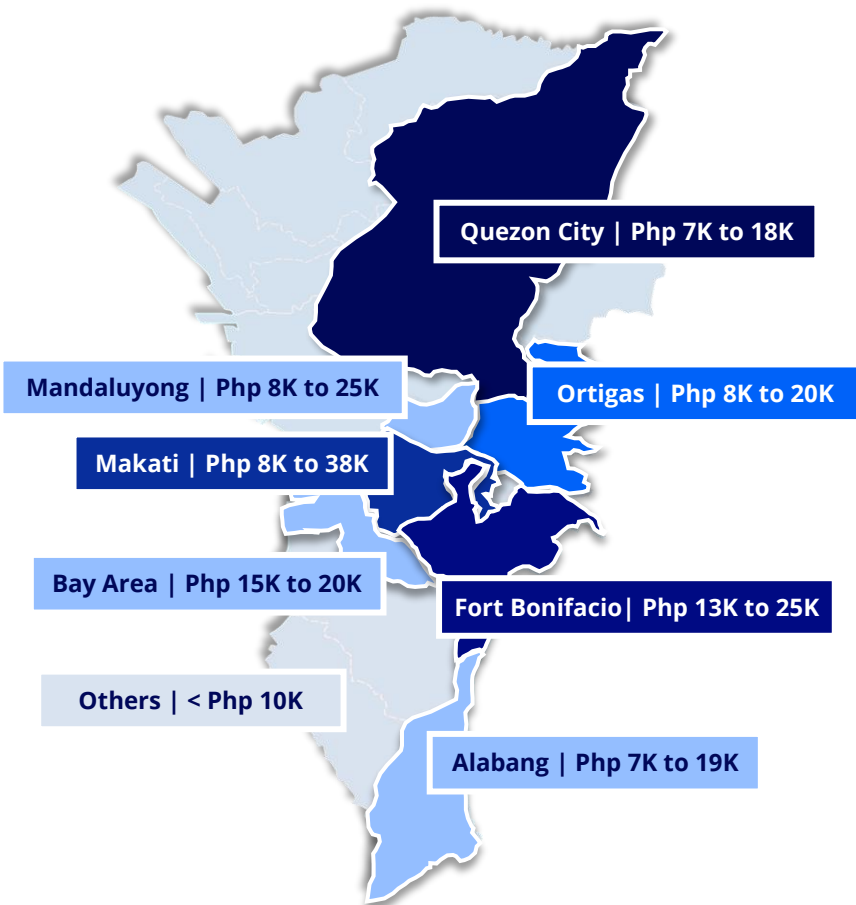


Consider **redevelopment** of aging properties

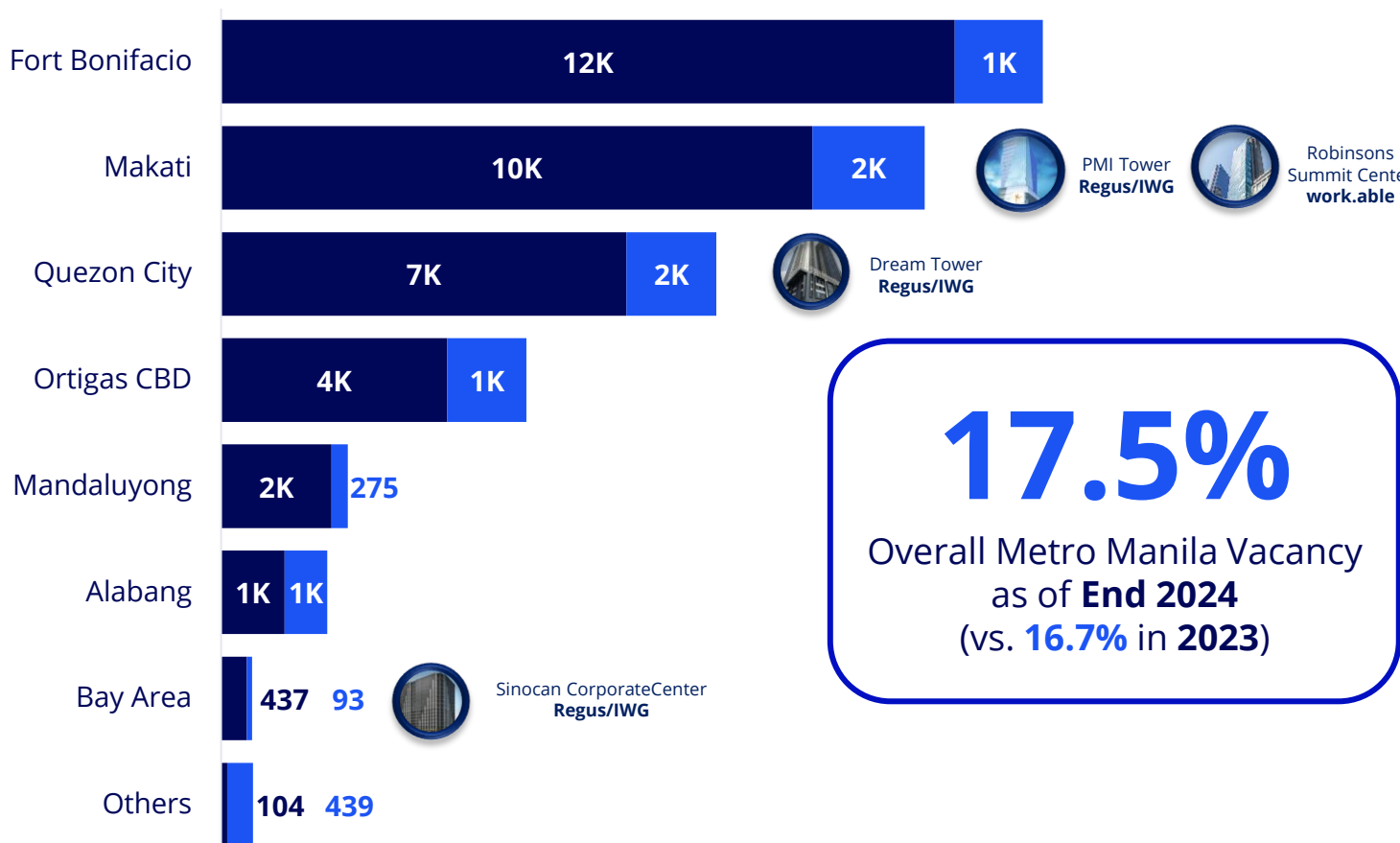
Demand for flexible workspaces soars in 2024

Flexible Workspaces across Metro Manila

Cost per seat



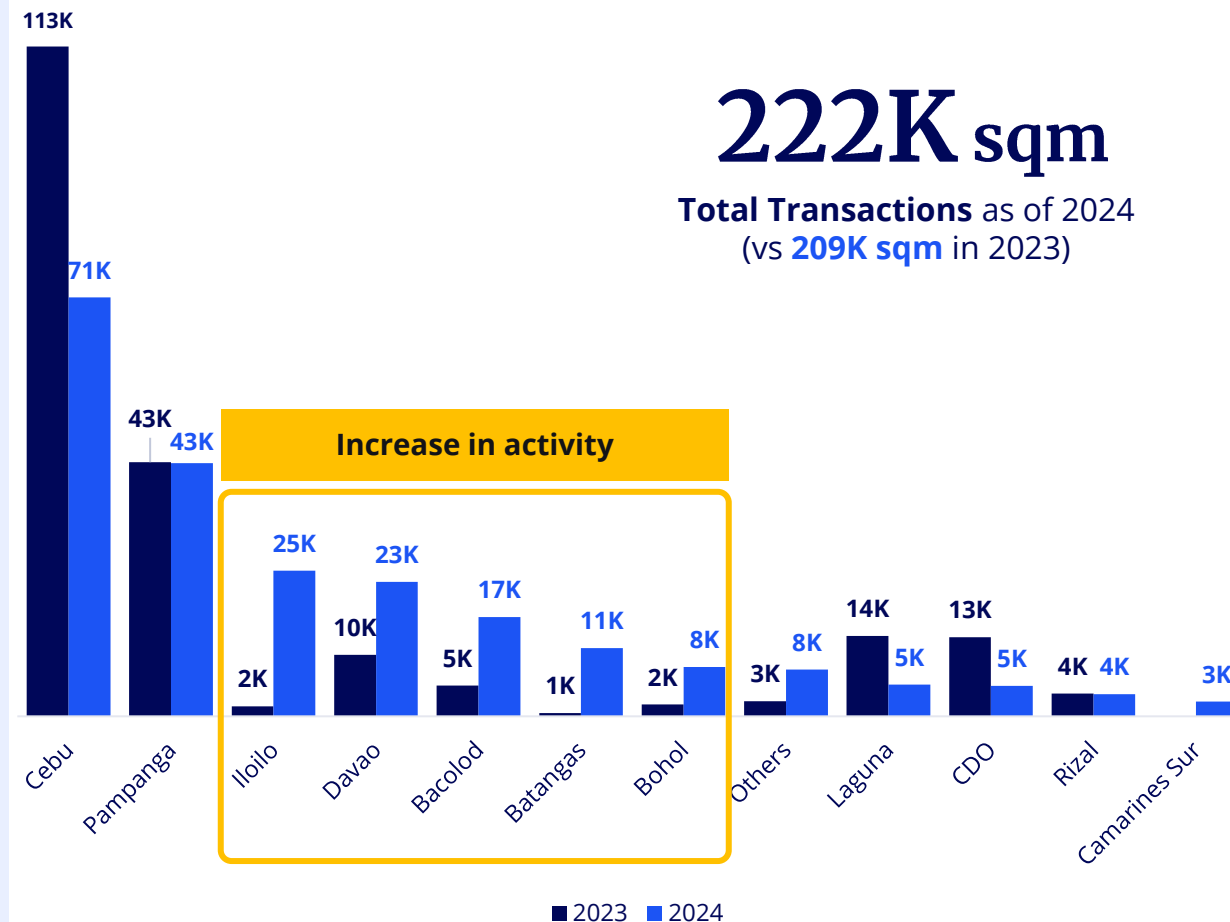
Occupied Seats Available Seats Notable Upcoming Facility



17.5%
Overall Metro Manila Vacancy as of **End 2024**
(vs. **16.7%** in 2023)

Provincial transactions now more dispersed

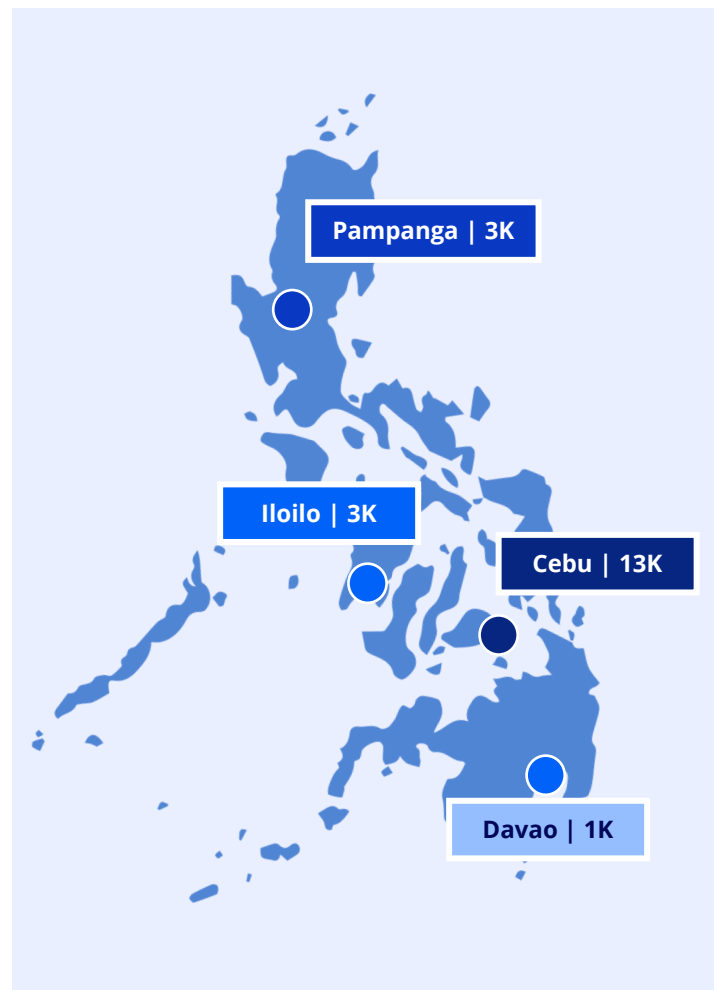
2024 Provincial Transactions



*Others: Bulacan, Negros Oriental, Ilocos Norte, Benguet, Isabela, Cavite, Pangasinan, Leyte

Sustained demand outside Metro Manila

Flexible Workspaces in Key Provincial Areas



	Occupied Seats	Available Seats		Cost per seat
Cebu	15K	2K	Base Line Center CLI/WorkNook	Php 7,500 – 20,000
Pampanga	3K	2K	Mabalacat Center Regus/IWG Aurora Suites & Pavilion Regus/IWG	Php 9,000 – 18,000
Iloilo	2K	1K		Php 6,000 – 9,000
Davao	350	290		Php 8,000 – 9,000

21% Overall Provincial Flexible Workspace Vacancy Rate as of 2024

Submarket | Total Number of Seats

Notable New and Upcoming Facility