

MARKET FUNDAMENTALS

	YOY Chg	Outlook
17.0% Vacancy Rate	▲	▲
118 K YTD Net Absorption, SQM	▼	▼
PHP 997 Asking Rent, PSQM <i>(Overall, Grade A)</i>	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
5.2% GDP Growth	▼	▲
2.6% CPI Growth	▼	▲
3.4% Unemployment Rate	▼	▲

Source: Moody's

FULL YEAR 2024 ECONOMIC GROWTH FALLS BELOW TARGET

The Philippine economy grew by 5.2% in Q4 2024, resulting in a full-year GDP growth rate of 5.6%. While this is an improvement over 2023, it falls short of the government's revised target of 6%-6.5%, marking the second consecutive year of missing the target. As a result, the government has since revised the GDP target for 2025 within the range of 6.5%-7.5% and within the range of 6.5%-8.0% between 2026 and 2028. Average inflation in 2024, on the other hand, cooled down to 3.2% from the average inflation in 2023 at 6.0%. The country's inflation rate closed at 2.9% by December 2024, bringing the year-to-date inflation rate to 3.2%, a 279-bps decrease from the previous year's average inflation rate of 6.0%. The reduction The government has retained the target of 2.0% - 4.0% for 2025 – 2028.

OVERALL VACANCY REMAINS ELEVATED BY END-Q4 2024

Overall vacancy rates for Prime and Grade 'A' developments in Metro Manila remains elevated at 17.0% by end-Q4 2024, a decrease of 122-bps from the previous quarter's vacancy of 18.2%. Additionally, this figure is an increase of 73-bps from the reported vacancy of 16.3% in the same quarter the previous year.

The decrease in overall vacancies in Metro Manila is particularly due to relocations and consolidations of occupiers within the quarter, as occupiers in take advantage of the prevailing high vacancy in the market.

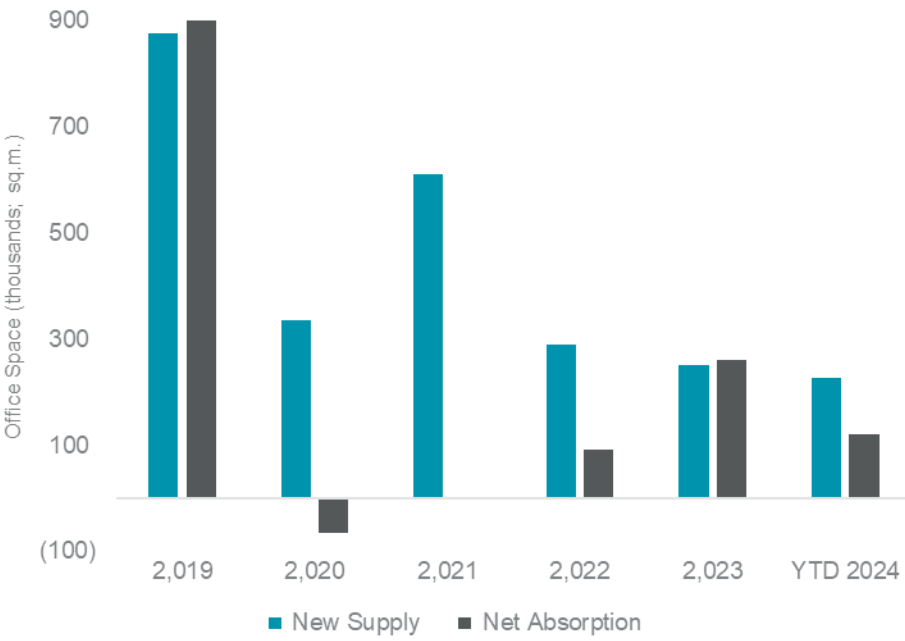
AVERAGE HEADLINE RENTS DECLINE FOR FIFTH CONSECUTIVE QUARTER

The average headline rent for Prime and Grade 'A' developments in Metro Manila was PHP 997 per sqm per month at the end of Q4 2024, down 0.91% from the previous quarter and 2.49% from the same quarter last year.

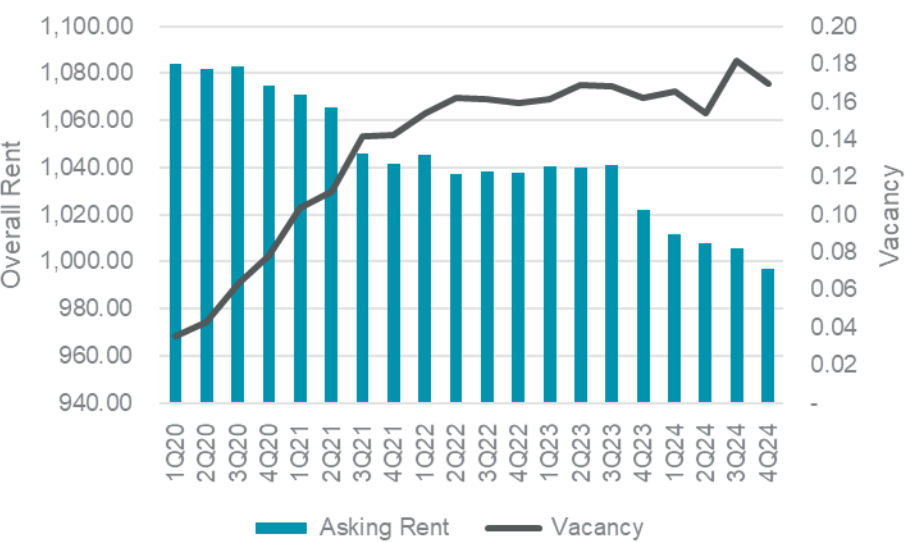
The surge in available rental space, driven by the return of previously occupied spaces and new developments, has flooded the market. Combined with tepid demand and lingering economic uncertainties, this has exerted significant downward pressure on rents, especially for developments located outside the major CBDs.

Persistently high vacancy rates are significantly impacting real estate decisions. Occupiers are increasingly drawn to developments offering flexible leases and remote work-friendly features, such as dedicated tech and collaborative spaces that boost productivity.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SQ.M.)	PRIME AND GRADE A ASKING RENT		
	(SQ.M.)			PHP/SQ.M./MO	US\$/SF/MO	EUR/SF/MO
Taguig City	2,734,000	12.4%	146,000	1,175	1.88	1.81
Makati City	1,900,000	19.3%	83,000	1,192	1.91	1.84
Pasig City	1,476,000	11.3%	26,000	770	1.23	1.19
Quezon City	1,464,000	16.2%	383,000	786	1.26	1.21
Pasay City	799,000	26.0%	63,000	957	1.53	1.48
Muntinlupa City	699,000	30.8%	53,000	799	1.28	1.24
Mandaluyong City	470,000	18.4%	0	850	1.36	1.31
Parañaque City	215,000	14.4%	0	1,107	1.77	1.71
MANILA TOTALS	9,757,000	17.0%	754,000	PHP 997	US\$ 1.59	EUR 1.54

US\$/PHP = 0.01722, EUR/PHP = 0.01663 as of December 31, 2024

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SQM	TYPE
UP-Ayala Technohub Building J	Quezon City	2,100.00	Renewal
Aeon Centre	Muntinlupa City	2,825.79	Renewal
One Corporate Center	Pasig City	1,193.00	Renewal

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	SQM	OWNER/DEVELOPER
-	-	-	-

OUTLOOK

- Stabilizing rates in the medium-term:** Although headline rents for Prime and Grade ‘A’ developments in Metro Manila's fringe markets were adjusted in mid-2024, they are expected to remain steady in the medium term, particularly in the Central Business Districts..
- AI implementation to reshape office demand:** As artificial intelligence (AI) continues to integrate into the IT-BPM sector, companies' office requirements are being reshaped. AI integration into business processes may prompt companies to reduce and right-size their office space needs in the long term, as fewer people are required on-site. Companies might also consider implementing more collaborative and interactive spaces in their offices, moving away from traditional designs to accommodate remote and hybrid work setups. Conversely, AI implementation could lead to the creation of more specialized roles and departments, potentially increasing office space requirements.
- Newer developments to experience higher demand:** Newer office developments in Metro Manila are likely to attract increased interest in the medium to long term as AI integration in business processes continues. These modern developments offer greater flexibility in space utilization and are technologically equipped to meet the power and infrastructure demands of AI.

CLARO CORDERO JR.

Director

Research, Consulting & Advisory Services

Claro.Cordero@cushwake.com

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