

MARKET FUNDAMENTALS

| | YOY Chg | Outlook |
|---|---------|---------|
| 18.3% Vacancy Rate | ▲ | ▲ |
| 54,600 YTD Net Absorption, SQM | ▲ | ▲ |
| PHP 983 Asking Rent, PSQM <i>(Metro Manila Overall, Grade A)</i> | ▲ | ▬ |

ECONOMIC INDICATORS

| | YOY Chg | Outlook |
|----------------------------------|---------|---------|
| 4.0% GDP Growth | ▼ | ▲ |
| 1.4% CPI Growth | ▼ | ▲ |
| 4.3% Unemployment Rate | ▼ | ▲ |

Source: Moody's

PHILIPPINE ECONOMIC GROWTH SUSTAINS ITS MOMENTUM

The Philippine economy slowed down to 4% in Q3 2025, falling short of the government's 5.6% target and market expectations. The slowdown is attributed to both natural disasters and recent corruption controversies which weighed business and investment activity. Both the services and the industry sector grew by 0.7% and 5.5% respectively, reflecting a sharp contraction in public construction activities and weaker business activities.

On the demand side, household consumption declined by 4.1% due to typhoon disruptions and dampened consumer spending. Meanwhile, inflation edged up to 1.7% in September from 1.5% in August. The government continues to pursue strategic interventions to bolster investor confidence and restore consumer trust.

RENTS IN CBDS SHOWS IMPROVEMENT WHILE FRINGE AREAS FACE PRESSURE

Prime and Grade A office rents in Metro Manila's Central Business Districts (CBDs) rose 1.1% QoQ, closing at an average of PHP 1,133 / sqm / month by end Q3 2025, as vacancy rates continue to improve. By end-Q3 2025, overall vacancy within the CBDs, marginally decreased to 11.7% (from 11.8%) as office take-up within Bonifacio Global City (BGC) and Ortigas CBD is tempered by the returns of space in Makati CBD.

On the other hand, decentralized office rents continue to decline in Q3 2025, averaging at PHP 777 / sqm / month, decline of 0.7% QoQ, owing to subdued demand for office space within secondary markets. By end of 2025, another 0.20 million sqm is to be added to the Metro Manila stock, with majority (67%) of it located within Quezon City and Ortigas Fringe. The high volume of new supply will continue to apply pressure on rents of developments within fringe markets.

DEMAND FOR OFFICE SPACE WITHIN CBDS CONTINUE WHILE FRINGE MARKETS REMAIN SUBDUED

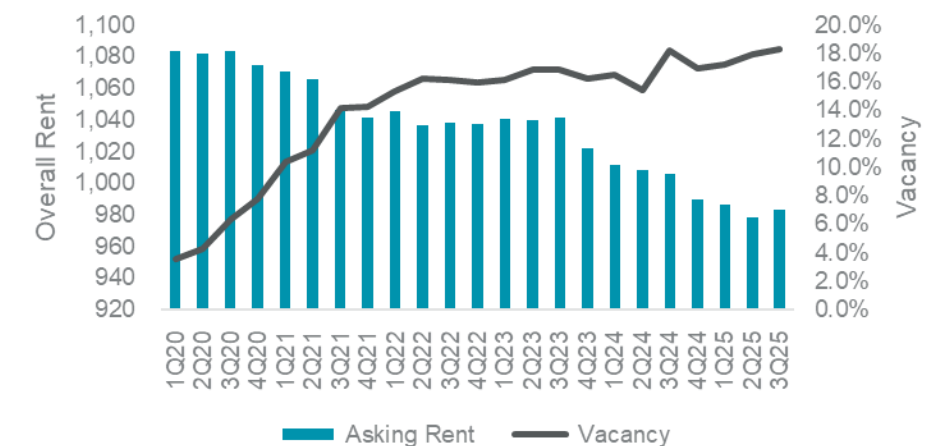
A demand of roughly 80,000 sqm of Prime and Grade 'A' office space was recorded within the quarter, driven mostly by the expansion strategies of BPO companies within Metro Manila. Demand for Grade A office space remains centered within the CBDs, owing to flight-to-quality.

Overall net absorption remains positive at 54,600 sqm in Q3 2025, despite the recorded return of space within the fringe markets of Pasay and Paranaque City. Over the next 6-months, demand for office space within the secondary business districts will mostly remain subdued, which will keep these markets tenant-favorable. On the other hand, the continued improvement of vacancy rates within the CBDs and limited supply pipeline may cause the transition to a landlord-favorable position.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

| SUBMARKET | INVENTORY (SQ.M.) | VACANCY RATE | PLANNED & UNDER CONSTRUCTION (SQ.M.) | PRIME AND GRADE A ASKING RENT | | |
|---|-------------------|--------------|--------------------------------------|-------------------------------|-------------|-------------|
| | | | | PHP / SQ.M./MO. | US\$/SF/MO. | EUR/SF/MO. |
| Makati CBD | 1,470,000 | 11.3% | 10,700 | 1,293 | 2.06 | 1.76 |
| Bonifacio Global City (BGC) | 2,280,000 | 9.3% | 84,500 | 1,263 | 2.01 | 1.71 |
| Ortigas CBD | 1,560,000 | 12.7% | - | 788 | 1.26 | 1.07 |
| CBD TOTALS / AVERAGES | 5,310,000 | 11.7% | 95,200 | 1,133 | 1.77 | 1.51 |
| Makati Fringe | 480,000 | 48% | 95,400 | 958 | 1.53 | 1.30 |
| BGC (Taguig) Fringe | 530,000 | 21.1% | 83,000 | 921 | 1.46 | 1.24 |
| Mandaluyong City | 260,000 | 11.6% | - | 792 | 1.25 | 1.07 |
| Pasig City (C-5 Corridor) | 170,000 | 11.7% | - | 795 | 1.26 | 1.08 |
| Quezon City | 1,570,000 | 19.7% | - | 743 | 1.18 | 1.01 |
| Pasay City | 800,000 | 28.7% | 62,800 | 893 | 1.42 | 1.21 |
| Muntinlupa City | 720,000 | 34.3% | - | 790 | 1.26 | 1.07 |
| Parañaque City | 220,000 | 30.8% | 185,546 | 819 | 1.31 | 1.11 |
| CBD FRINGE (Decentralized Areas) TOTALS / AVERAGES | 4,750,000 | 22.9% | 426,800 | 777 | 1.35 | 1.15 |

US\$/PHP = 0.01716, EUR/PHP = 0.01462 as of September 30, 2025

KEY MARKET LEASE TRANSACTIONS Q3 2025

| PROPERTY | SUBMARKET | SQM | TYPE |
|-------------------|-----------------------|--------|-----------|
| W City Center | Bonifacio Global City | 17,700 | Expansion |
| Six West Campus | McKinley West | 7,000 | Expansion |
| Five E-com Center | Pasay | 2,500 | Renewal |
| Giga Tower | Quezon City | 2,500 | New Lease |

KEY CONSTRUCTION COMPLETIONS YTD 2025

| PROPERTY | SUBMARKET | SQM | OWNER/DEVELOPER |
|---------------------|-------------|-------|----------------------------|
| M3 Corporate Center | Taguig City | 6,900 | MGOC Holdings Incorporated |
| Smith Bell | Taguig City | 6,000 | Fanal Holdings, Inc. |

OUTLOOK

- US protectionist policies to potentially subdue office demand from BPO sector:** The proposed legislation (Keep Call Centers Act and H.I.R.E. Act) within the United States may cause potential delay expansion strategies of US-registered companies within Metro Manila. While the government remains optimistic with regards to the growth of the BPO sector within the country, a cautious optimism must be kept until the US government decides on passing of the bill.
- Highlighted importance of disaster risk mitigation and prevention:** The recent flood-control issue has highlighted the lack of flood-control projects in several cities in the Philippines. Additionally, recent natural calamities like the earthquake experienced within Cebu and Davao highlights the importance of disaster readiness in developments. Developments in Metro Manila located within flood-safe areas and with established disaster risk mitigation and prevention infrastructures and practices may see renewed interest and demand.

Definition

| | |
|------------------------|--|
| Submarket Rent | Simple average of building headline rent in current quarter |
| Overall Average | Weighted average (based on total supply) of building headline rent in current quarter |
| Vacancy Rate | Current vacancy divided by total gross leasable area where space is immediately available |
| Net Absorption | (Vacant space of previous quarter) + (Gross Leasable Area of New Supply provided during current quarter) – (Vacant space of current quarter) |

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