

MARKET FUNDAMENTALS

	YoY Chg	Outlook
17.9% Vacancy Rate	▼	▼
170,000 Net Absorption, SQM	▲	▲
PHP 966 Asking Rent, PSQM <small>(Metro Manila Overall, Grade A)</small>	▼	▲

ECONOMIC INDICATORS

	YoY Chg	Outlook
3.0% GDP Growth Q4 2025	▼	▲
1.7% CPI Growth Q4 2025	▼	▲
4.3% Unemployment Rate Q3 2025 <small>Source: Moody's</small>	▲	▬

PH ECONOMY SHOWS STEADY GROWTH DESPITE MISSING 2025 TARGET

The Philippine economy recorded slower growth in Q4 2025, expanding by only 3.0%, down from 3.9% in the previous quarter and 5.3% a year earlier. This brings full year growth to an average of 4.4% in 2025, down from 5.7% in 2024, falling short of the government’s 5.5% to 6.5% target range. This slowdown follows a sharp pullback in infrastructure-related projects, which may weigh on fiscal spending, alongside rising tariffs and weaker global demand that continue to dampen exports and investments. Despite these headwinds, long-term gains are anticipated from reforms to the national budget framework, supported by stronger household consumption driven by low inflation and further expected rate cuts by the Bangko Sentral ng Pilipinas.

Meanwhile, unemployment increased to 4.1% as natural disasters affect tourism-related economic activity. The Philippines closes 2025 with 1.7% inflation rate, supported by easing food and commodity prices. Policy makers are continuously pushing for structural and governance reforms to attract foreign direct investments and boost potential growth.

METRO MANILA VACANCY DECLINES BY END Q4 2025

Overall vacancy rates in Prime and Grade ‘A’ developments decreased by 40-bps in Q4 2025, with the vacancy figure closing at 17.9% from 18.3% in the previous quarter. The decline reflects steady leasing activity across the established CBD areas in Makati, BGC and Ortigas Centre, and well-placed decentralized office markets. However, the improvement remained modest as demand is dampened by the addition of 190,000 sqm of newly completed supply, which remains 36% vacant.

CBDs are quite steady with marginal improvement in vacancy of 10.4% from 10.9% driven by new entrants and tenants relocating to higher quality buildings. However, this improvement is insufficient to sustain rapid rental growth with average rents declining from PHP 1,114 to PHP 1,093 / sqm / mo (1.89% QoQ). While vacancy improved slightly, average rent declined because of some office buildings with sizeable vacancy wanting to attract tenants lowering their rents in Q4 2025.

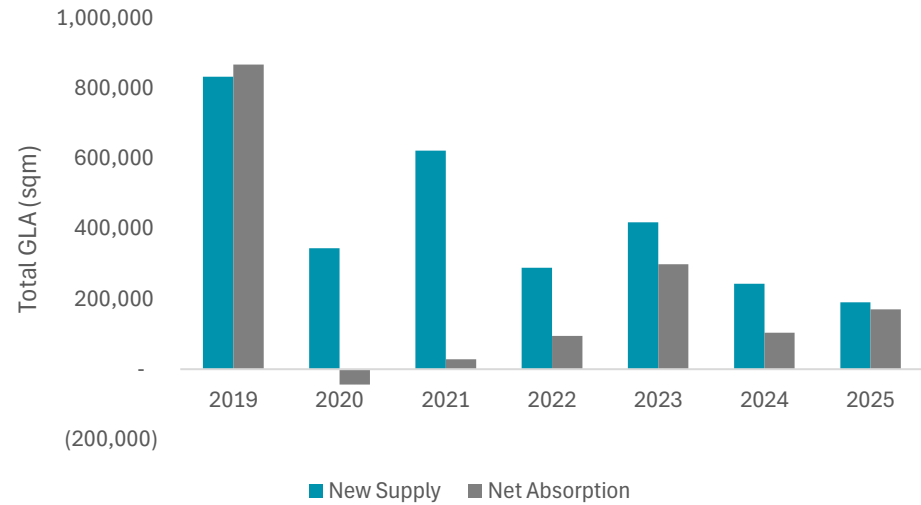
Meanwhile, decentralized office markets remain flat at PHP 815 / sqm / mo, as vacancy continues to be elevated at 25.7%.

CBD LEADS Q4 DEMAND WHILE FRINGE MARKETS REMAIN SUBDUED

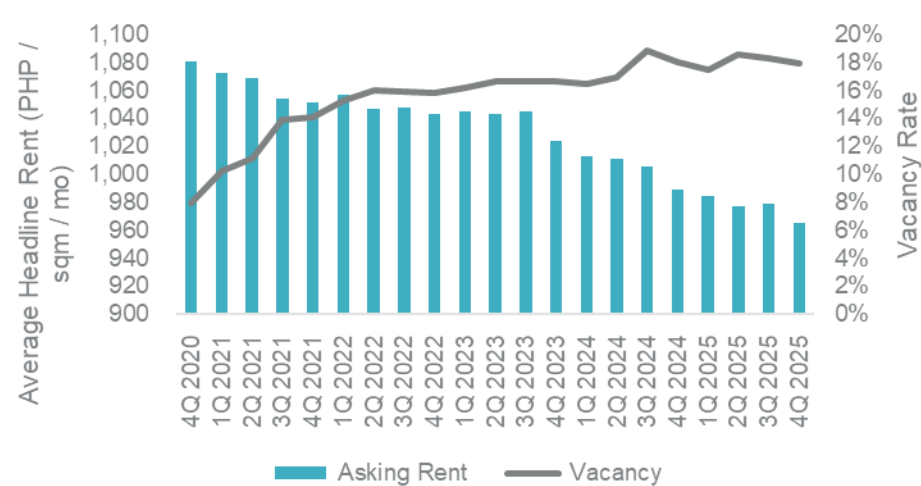
Overall net absorption among Grade A developments is 170,000 sqm as of Q4 2025, reflecting the steady improvement in leasing momentum toward the end of the year. This is largely driven by new market entrants, and expansion activity, particularly from Global Capability Centers (GCCs). The demand is concentrated within the CBDs as tenants continue to pursue flight-to-quality strategies.

Over the next six (6) months, demand is expected to remain steady, supported by ongoing consolidation, selective expansions, across well-located, higher-quality assets.

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	1,320,000	11.9%	11,000	1,283	2.03	1.72
Bonifacio Global City (BGC)	2,300,000	8.7%	22,000	1,225	1.93	1.65
Ortigas CBD	1,760,000	11.6%	-	780	1.23	1.05
CBD TOTALS / AVERAGES	5,380,000	10.4%	33,000	1,093	1.73	1.47
Makati Fringe	280,000	48.2%	83,000	942	1.49	1.27
BGC (Taguig) Fringe	570,000	21.4%	95,000	921	1.45	1.24
Ortigas Fringe	430,000	13.3%	108,000	792	1.25	1.06
Quezon City	1,570,000	19.0%	141,000	743	1.17	1.00
Pasay City	800,000	28.6%	63,000	893	1.41	1.20
Muntinlupa City	700,000	33.5%	25,000	761	1.20	1.02
Parañaque City	220,000	30.9%	-	831	1.31	1.12
CBD FRINGE (Decentralized Areas) TOTALS / AVERAGES	4,570,000	25.7%	515,000	815	1.29	1.10

US\$/PHP = 0.01687, EUR/PHP = 0.01439 as of December 31, 2025  
Planned & Under Construction (SQ.M) in the next 2 years

KEY MARKET LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SQM	TYPE
Filinvest Axis Tower Two	Muntinlupa City	10,000	Expansion
Silver City 2	Ortigas Fringe	4,000	New Lease
Park Triangle Corporate Center	Bonifacio Global City	4,000	Expansion
SM MegaTower	Ortigas CBD	4,000	Expansion

KEY CONSTRUCTION COMPLETIONS 2025

PROPERTY	SUBMARKET	SQM	OWNER/DEVELOPER
Internal Finance Center	Bonifacio Global City	69,000	Megaworld Corp.
SM City North Edsa Tower 3	Quezon City	36,500	SM Prime Holdings Inc.
Araneta Cyberpark Tower 3	Quezon City	71,000	Araneta Center Inc.

OUTLOOK

- GCCs are growing:** Global Capability Centers (GCCs) in the Philippines are growing with demand expected to continue. These groups are likely to drive requirements for modern office spaces, particularly within CBD locations where better quality, and accessibility better align with their operational standards.
- Redevelopment of aging buildings:** As occupiers continue to prioritize better quality and sustainable buildings, more landlords are expected to pursue redevelopment or major retrofits of aging buildings. Targeted upgrades and green certification are increasingly being adopted to improve environmental and workplace standards. This trend may temporarily withdraw older stock from the market but will strengthen competitiveness and help older buildings to better compete with newer offices.
- Early signs to watch in the Prime office market:** While demand from IT-BPM expansions and government relocations continues to grow, signs of a potential inflection point in the Prime office market within established CBDs are gradually emerging. Developers may consider monitoring these trends and preparing for evolving occupier market demands and preferences.

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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