

Cebu Office Briefing

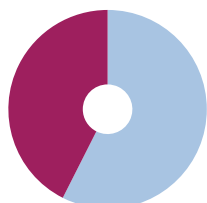
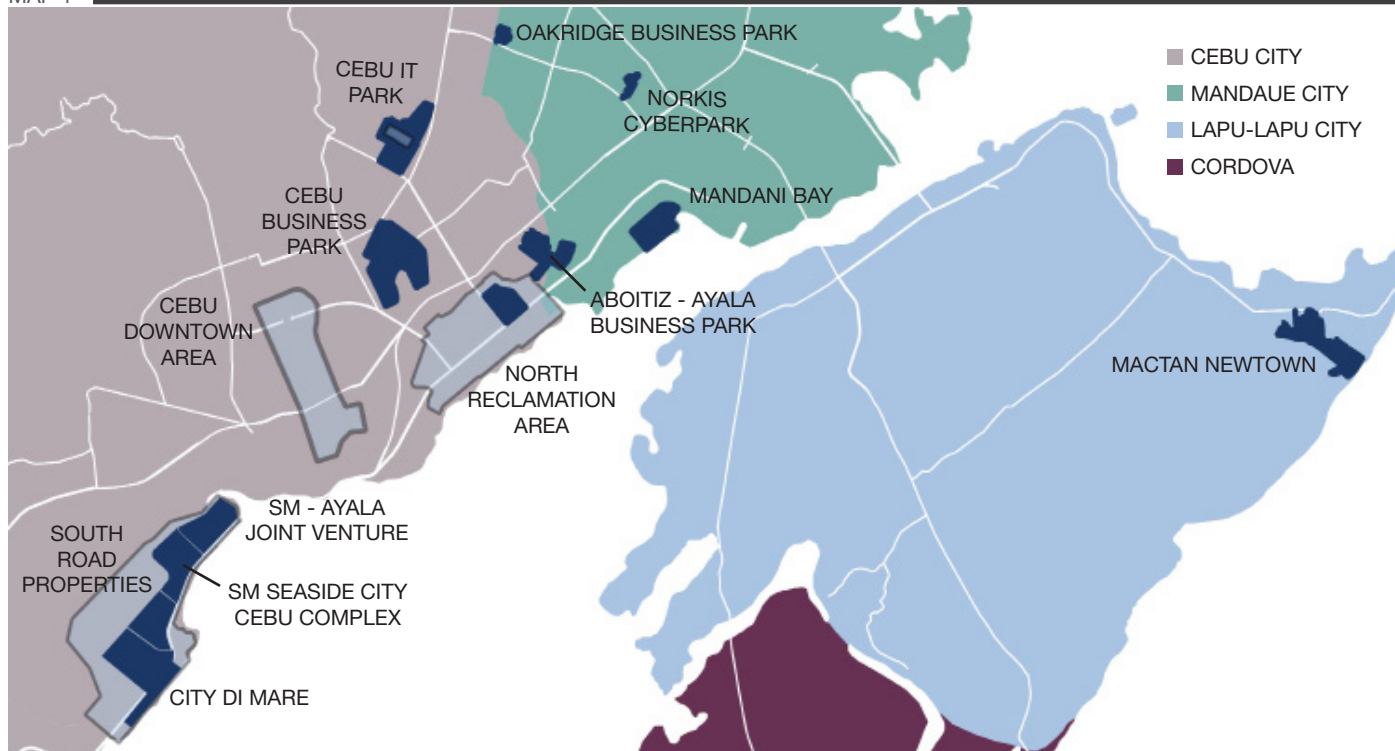
4Q 2017



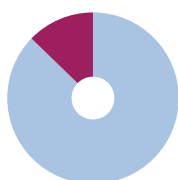
Cebu Business Districts

Future Stock (2021)

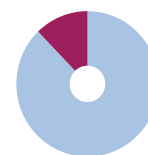
MAP 1



463,984 sq m
CEBU IT PARK



364,792 sq m
CEBU BUSINESS PARK



252,551 sq m
CEBU FRINGE

● DEVELOPMENT PIPELINE (2018-2021) ● CURRENT STOCK

Source: KMC Savills Research

TABLE 1

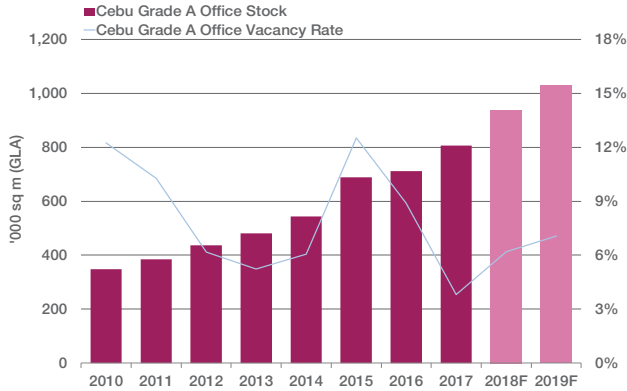
Key Figures - Grade A Office

4Q 2017	Cebu Business Park	Cebu IT Park	Cebu Fringe	Cebu
Average net rental rate (Php/sq m/month)	559.5	587.7	495.5	551.2
Upper net rental rate (Php/sq m/month)	700.0	700.0	600.0	700.0
Vacancy rate (%)	2.2%	1.1%	9.4%	3.8%
Current stock (sq m)	318,285	266,608	221,689	806,582
Development pipeline 2018-2021 (sq m)	46,507	197,376	30,862	274,745

Source: KMC Savills Research

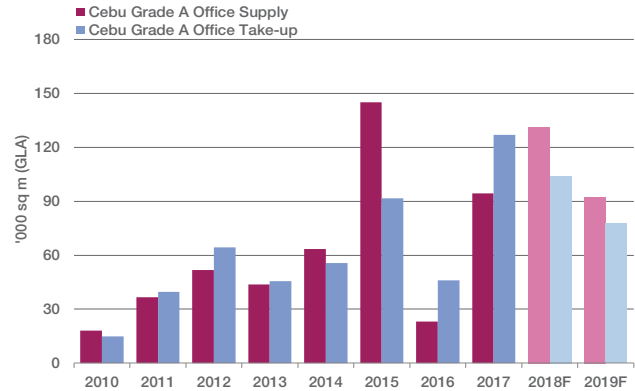
Cebu

GRAPH 1
Stock & Vacancy



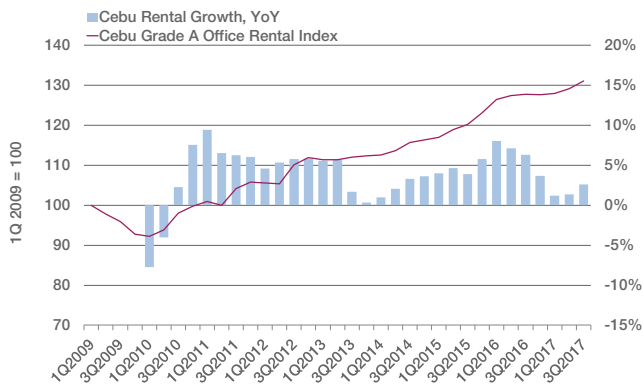
Source: KMC Savills Research

GRAPH 2
Supply & Take-up



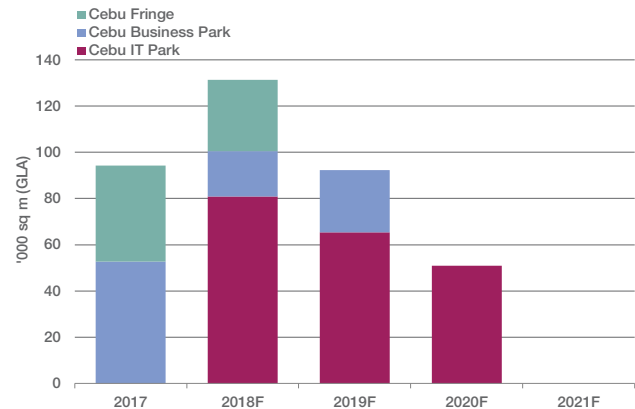
Source: KMC Savills Research

GRAPH 3
Rental Performance



Source: KMC Savills Research

GRAPH 4
Development Pipeline by District



Source: KMC Savills Research

MARKET IN MINUTES

- Cebu surpassed expectations as net absorption surged to 67,500 sq m in 4Q/2017. Vacancies dropped in all submarkets which resulted to an overall vacancy rate of 3.8% by the end of 2017. The Cebu Fringe had an impressive run after ending the year with a vacancy rate of 9.4% from 21.3% in 4Q/2016. Much of the performance was driven by Mactan Newtown after Tower One Plaza Magellan was fully leased out upon completion.
- With the notable net absorption, rental growth in Cebu continued to recover following an increase of around 3.4% YoY. It ended the year with an average rental rate of Php 551.2 per sq m / month. Rents in the Fringe were also on an uptrend after accelerating 2.0% YoY in 4Q/2017 compared to a decline of -0.7% YoY in 1Q/2017.
- In 2018, Cebu IT Park is anticipated to receive more than half of the 131,400 sq m of new supply. The new office buildings are not expected to put too much strain on the submarket as vacancies are forecasted to just rise above 6.0% of total stock. In subsequent years, the vacancy rate may rise to double digits if demand begins to weaken, but given the surprise in 2017, we should expect demand to remain robust.

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