

Cebu Office Briefing

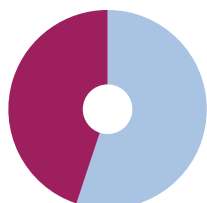
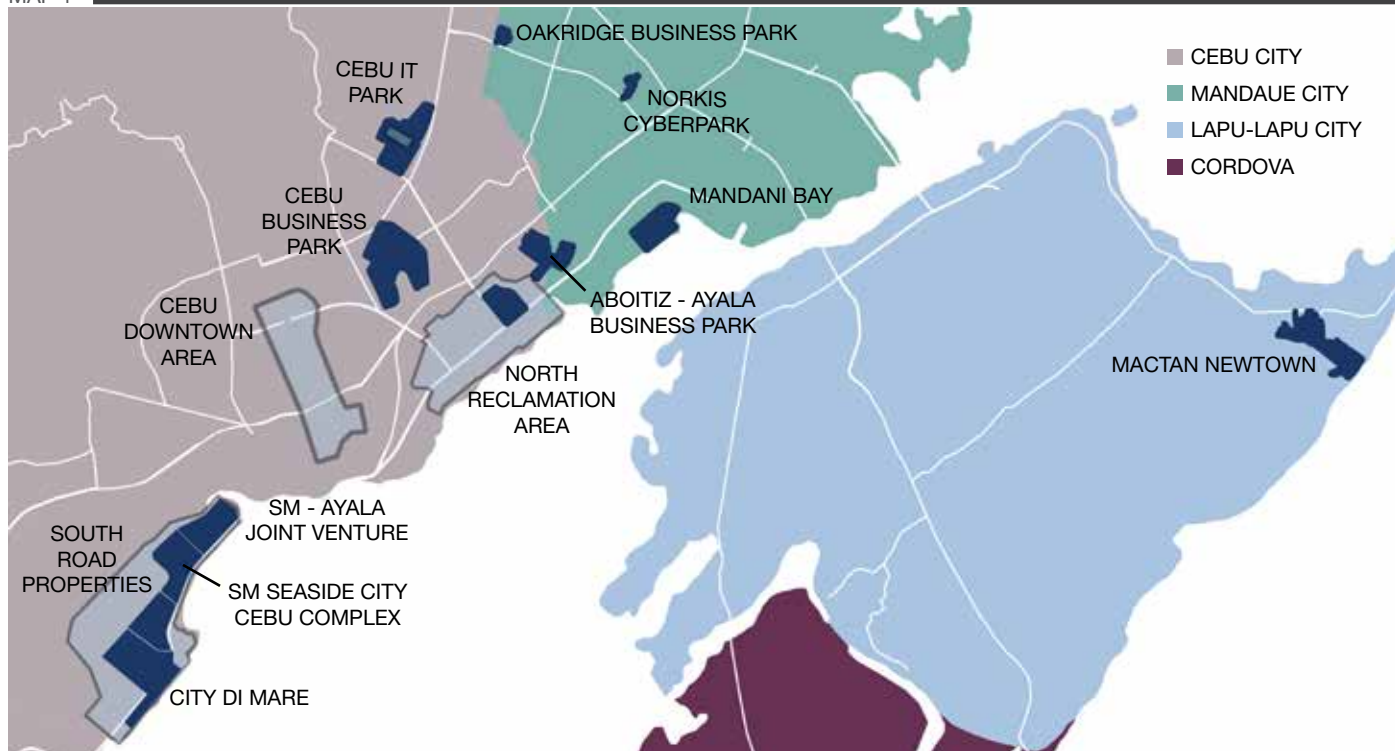
1Q 2017



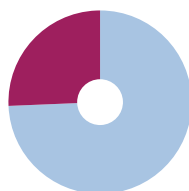
Cebu Business Districts

Future Stock (2020)

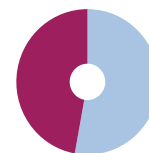
MAP 1



483,938 sq m
CEBU IT PARK



364,792 sq m
CEBU BUSINESS PARK



340,794 sq m
CEBU FRINGE

● DEVELOPMENT PIPELINE (2017-2020) ● CURRENT STOCK

Source: KMC Savills Research

TABLE 1

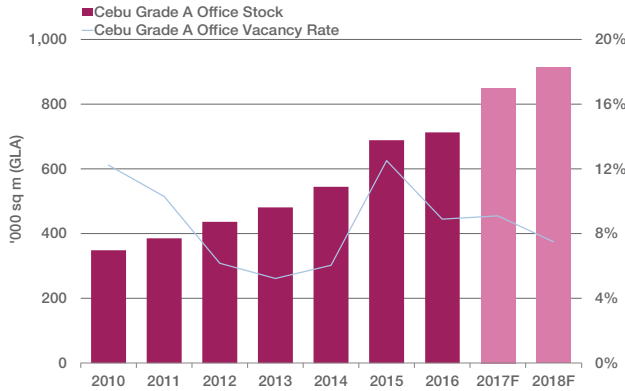
Key Figures - Grade A Office

1Q 2017	Cebu Business Park	Cebu IT Park	Cebu Fringe	Cebu
Average net rental rate (Php/sq m/month)	547.7	566.6	481.9	535.6
Upper net rental rate (Php/sq m/month)	700.0	700.0	550.0	700.0
Vacancy rate (%)	4.6%	0.8%	19.2%	6.9%
Current stock (sq m)	271,201	266,608	180,173	717,982
Development pipeline 2017-2020 (sq m)	93,591	217,330	160,621	471,542

Source: KMC Savills Research

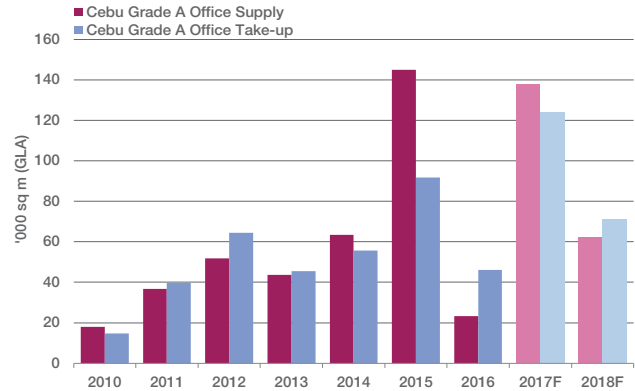
Cebu

GRAPH 1
Stock & Vacancy



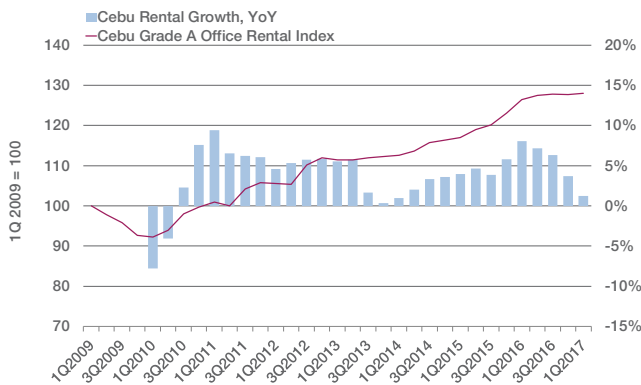
Source: KMC Savills Research

GRAPH 2
Supply & Take-up



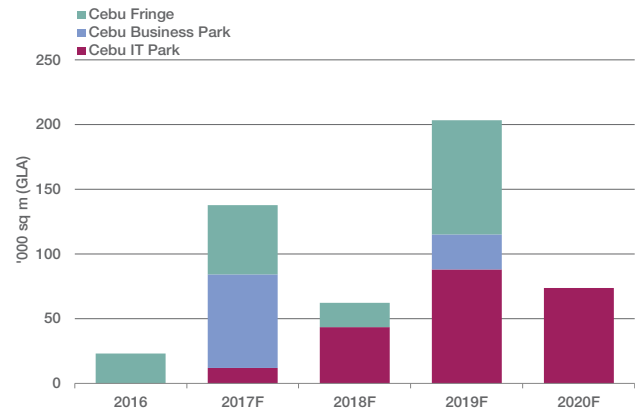
Source: KMC Savills Research

GRAPH 3
Rental Performance



Source: KMC Savills Research

GRAPH 4
Development Pipeline by District



Source: KMC Savills Research

MARKET IN MINUTES

- In 1Q/2017, vacancies in Cebu improved to 6.9% from 8.9% last quarter, as the additional supply was substantially overtaken by net absorption. Construction delays postponed a significant amount of new supply for the quarter, with just the MDCT building adding 5,000 sq m.
- Rental growth experienced a setback after posting 1.2% YoY growth and marginally increasing the average rental rate to Php 538.2 per sq m/month. Market expectations of a considerable stock increase in the coming quarters and the high vacancy rate in the Cebu Fringe put significant pressure on rents. However, the market's decreasing vacancy rate gradually improved rental performance as QoQ growth returned to positive territory.
- 132,000 sq m of additional supply is forecasted to enter the market until the end of 2017 with the anticipation of a modest upward push in vacancies. Furthermore, Cebu's outsourcing and offshoring sector has consistently experienced healthy growth and expected to absorb new supply with ease – especially in Cebu IT Park and Cebu Business Park.

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