

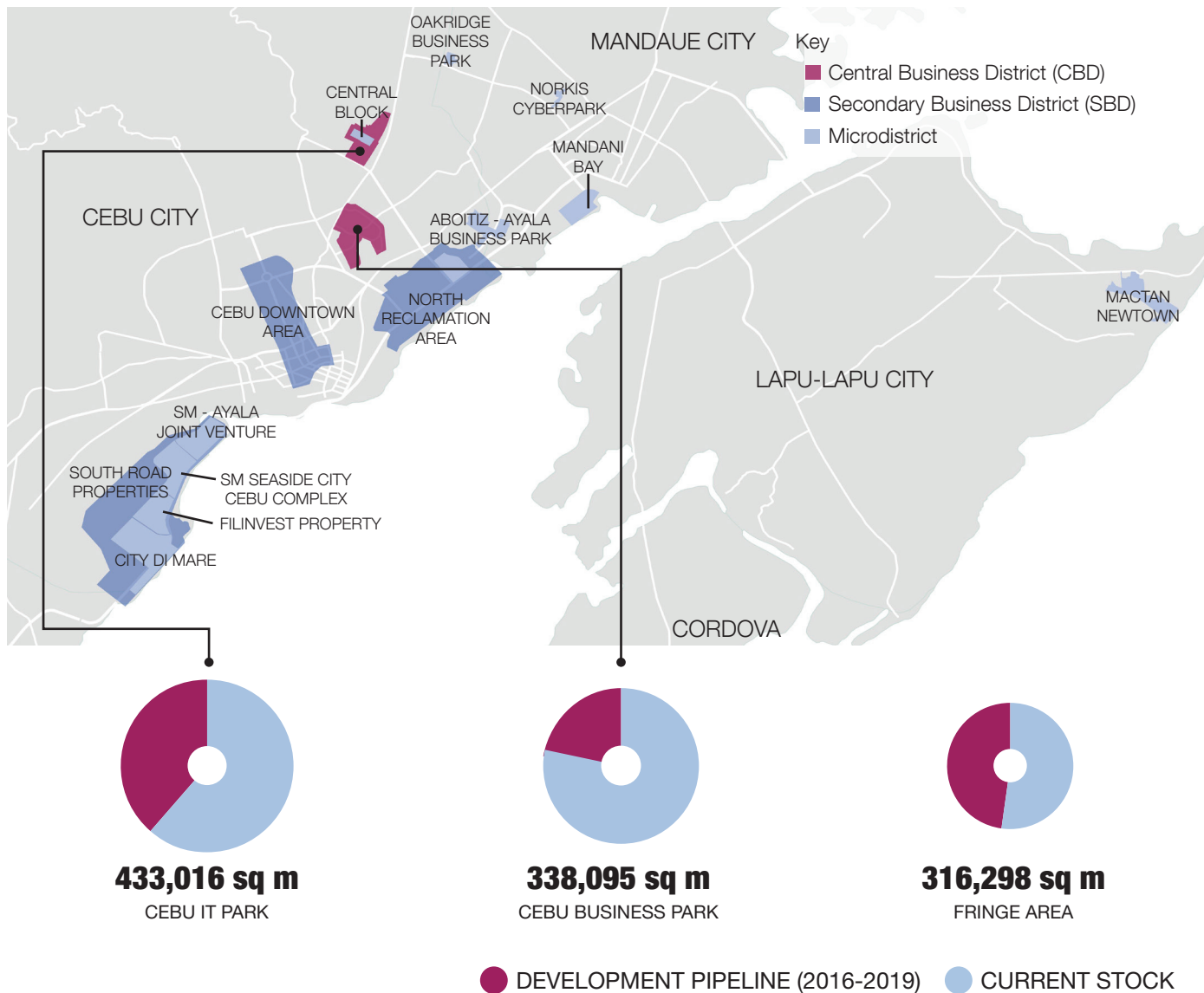
# Cebu Office Briefing

3Q 2016



# Cebu Business Districts

## Future Stock (2019)



Source: KMC Savills Research

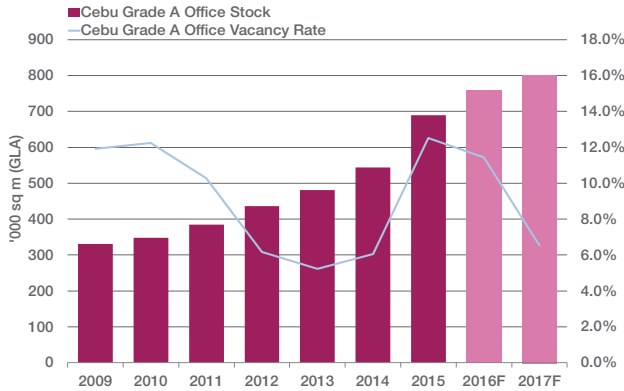
TABLE 1  
**Key Figures - Grade A Office**

3Q 2016	Cebu Business Park	Cebu IT Park	Fringe Area	Cebu
Average net rental rate (Php/sq m/month)	548.8	558.1	483.7	534.6
Upper net rental rate (Php/sq m/month)	700.0	650.0	550.0	700.0
Vacancy rate (%)	6.8%	0.8%	22.0%	8.1%
Current stock (sq m)	265,482	266,608	165,845	697,936
Development pipeline 2016-2019 (sq m)	72,612	166,408	150,452	389,473

Source: KMC Savills Research

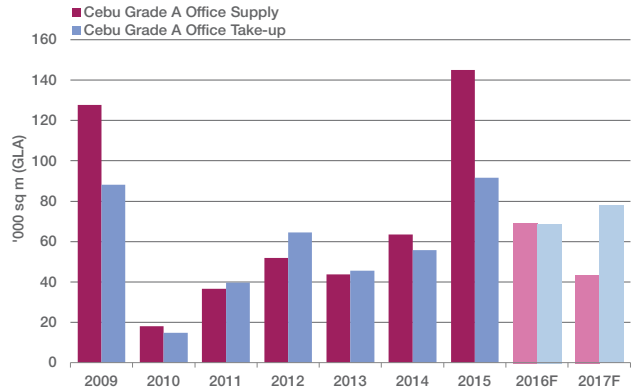
# Cebu

**GRAPH 1**  
**Stock & Vacancy**



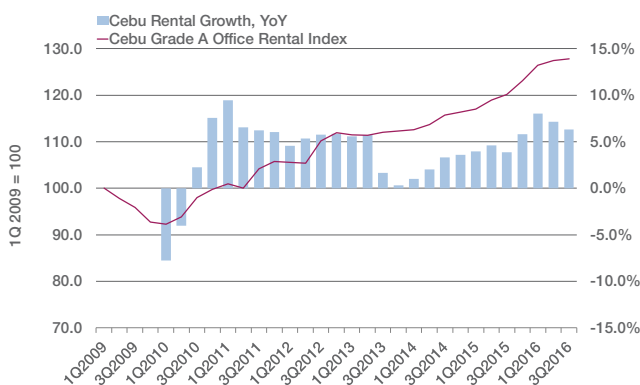
Source: KMC Savills Research

**GRAPH 2**  
**Supply & Take-up**



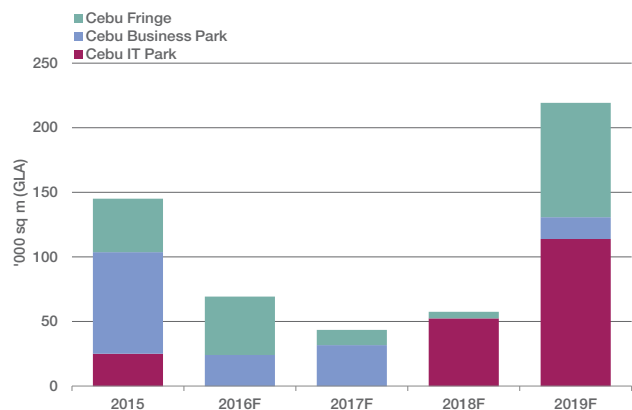
Source: KMC Savills Research

**GRAPH 3**  
**Rental Performance**



Source: KMC Savills Research

**GRAPH 4**  
**Development Pipeline by District**



Source: KMC Savills Research

## MARKET IN MINUTES

- The Cebu office market's performance continues to improve after vacancies dropped to 8.1% in 3Q/2016 compared to 11.7% in 2Q/2016. The decline in availabilities has been due to the positive net absorption of 24,800 sq m; although no new supply additions were recorded during the quarter. Most of the demand has been concentrated in the established Cebu IT Park and Cebu Business Park with average vacancy rates dropping in both districts to 0.8% and 6.8%, respectively.
- Overall, rentals in Cebu posted healthy growth of 6.3% YoY in 3Q/2016 albeit at a decelerating pace against the 7.2% YoY growth in 2Q/2016. Despite the lower vacancies, rentals in Cebu Business Park declined marginally by -0.6% QoQ.
- Looking ahead, we expect the Cebu Business Park to end the year with vacancies returning to double digits from the completion of the 24,000-sq m Philam Life Cebu building in 4Q/2016. This should further add downward pressure on rents if availabilities are not taken up quickly.

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