

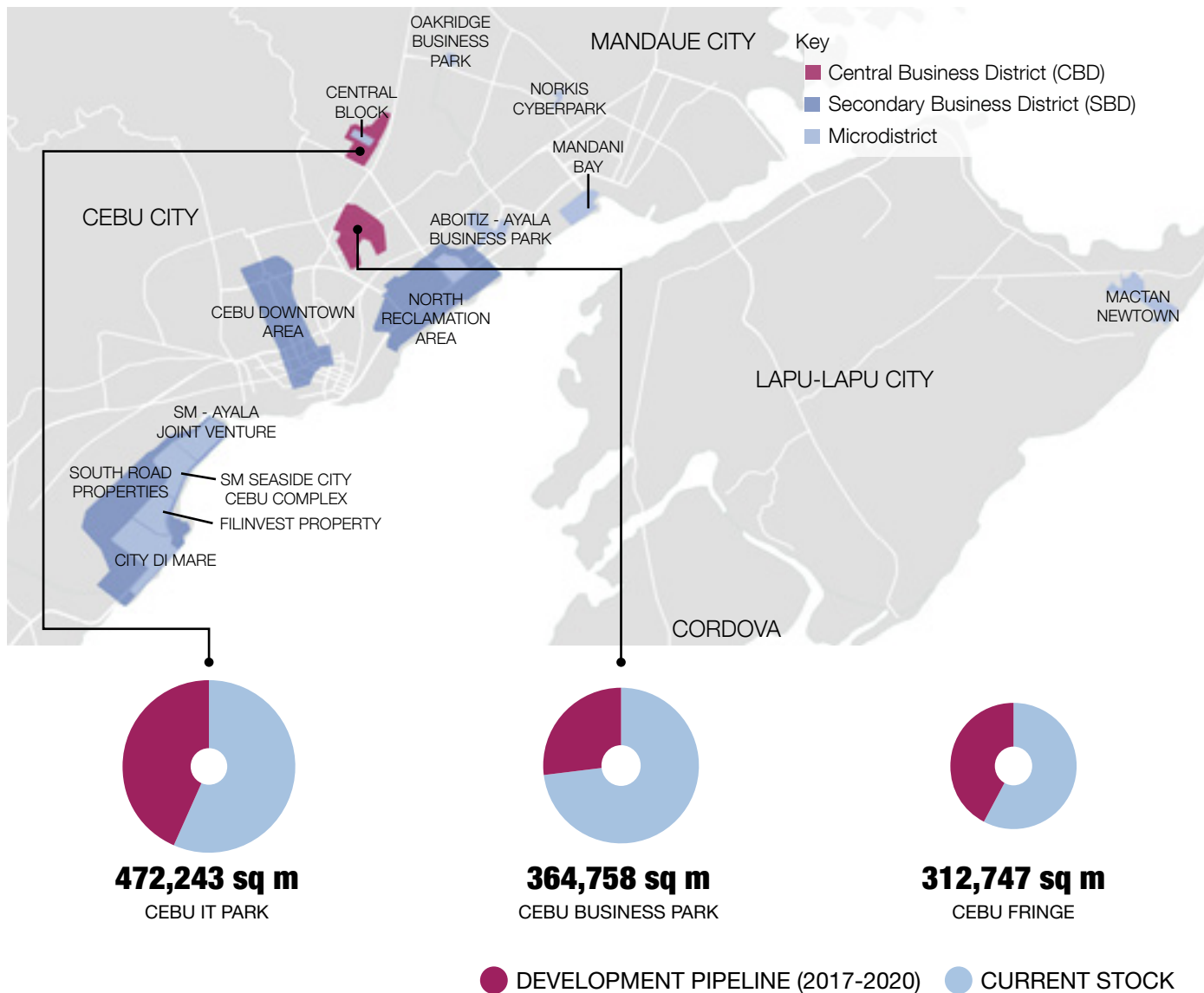
Cebu Office Briefing

4Q 2016



Cebu Business Districts

Future Stock (2020)



Source: KMC Savills Research

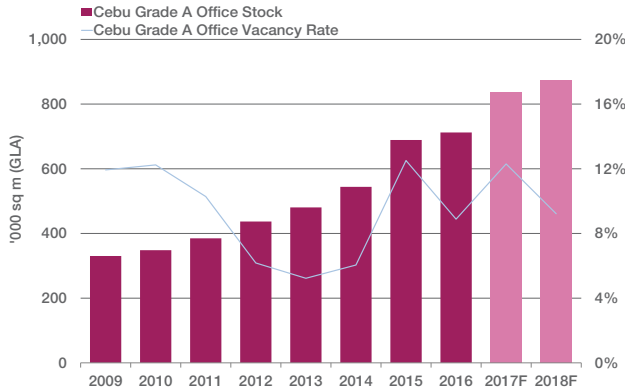
TABLE 1
Key Figures - Grade A Office

4Q 2016	Cebu Business Park	Cebu IT Park	Cebu Fringe	Cebu
Average net rental rate (Php/sq m/month)	547.3	562.0	489.7	538.3
Upper net rental rate (Php/sq m/month)	700.0	650.0	550.0	700.0
Vacancy rate (%)	6.8%	2.5%	21.3%	8.9%
Current stock (sq m)	265,482	266,608	180,173	712,264
Development pipeline 2017-2020 (sq m)	99,276	205,635	132,574	437,485

Source: KMC Savills Research

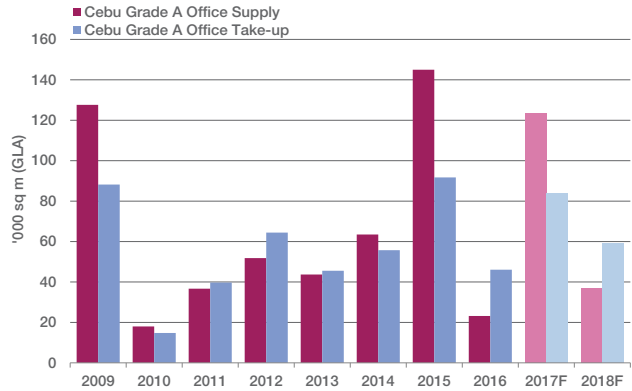
Cebu

GRAPH 1
Stock & Vacancy



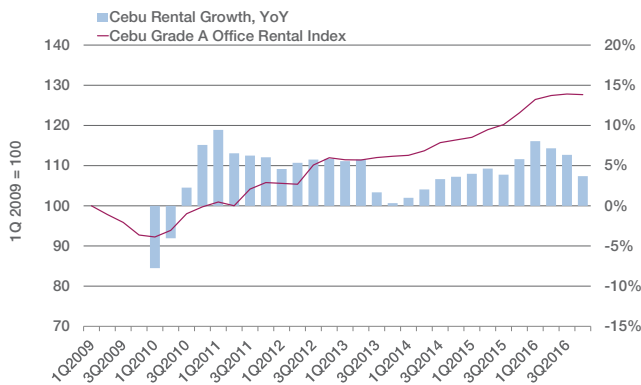
Source: KMC Savills Research

GRAPH 2
Supply & Take-up



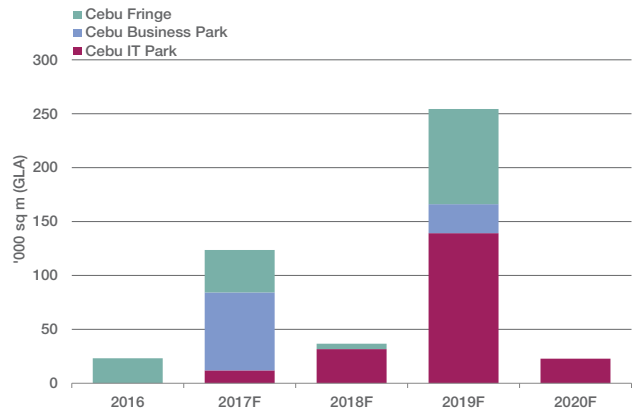
Source: KMC Savills Research

GRAPH 3
Rental Performance



Source: KMC Savills Research

GRAPH 4
Development Pipeline by District



Source: KMC Savills Research

MARKET IN MINUTES

- Vacancies improved to 8.9% by the end of 2016 from 12.5% in 2015. Take-up outpaced new supply with net absorption at 46,100 sq m in 2016. However, a number of building completions were pushed back to first quarter of 2017, limiting new office supply to 14,300 sq m in 4Q/2016. In total, gross leasable area added in 2016 was just 23,200 sq m compared to the previous year's 145,000 sq m.
- Rental growth slowed to 3.7% YoY in 4Q/2016 and ended the year with an average rent of Php 536.3 per sq m/month. Vacancies in Cebu Business Park and Cebu Fringe weighed down rents after growth decelerated by 12 basis points.
- In 2017, 102,800 sq m of additional office space is estimated to enter the market and could prompt vacancies to increase again. Downward pressure on rental growth is expected especially on buildings in the Cebu Fringe where the vacancy rate is forecasted to remain above 20% in the succeeding quarters. The Cebu IT Park will be the market's bright spot with vacancies to remain low despite the addition of Mabuhay Tower in 2Q/2017.

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