



KMC Savills Research  
Cebu

# Cebu Office Briefing

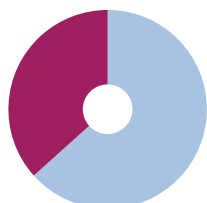
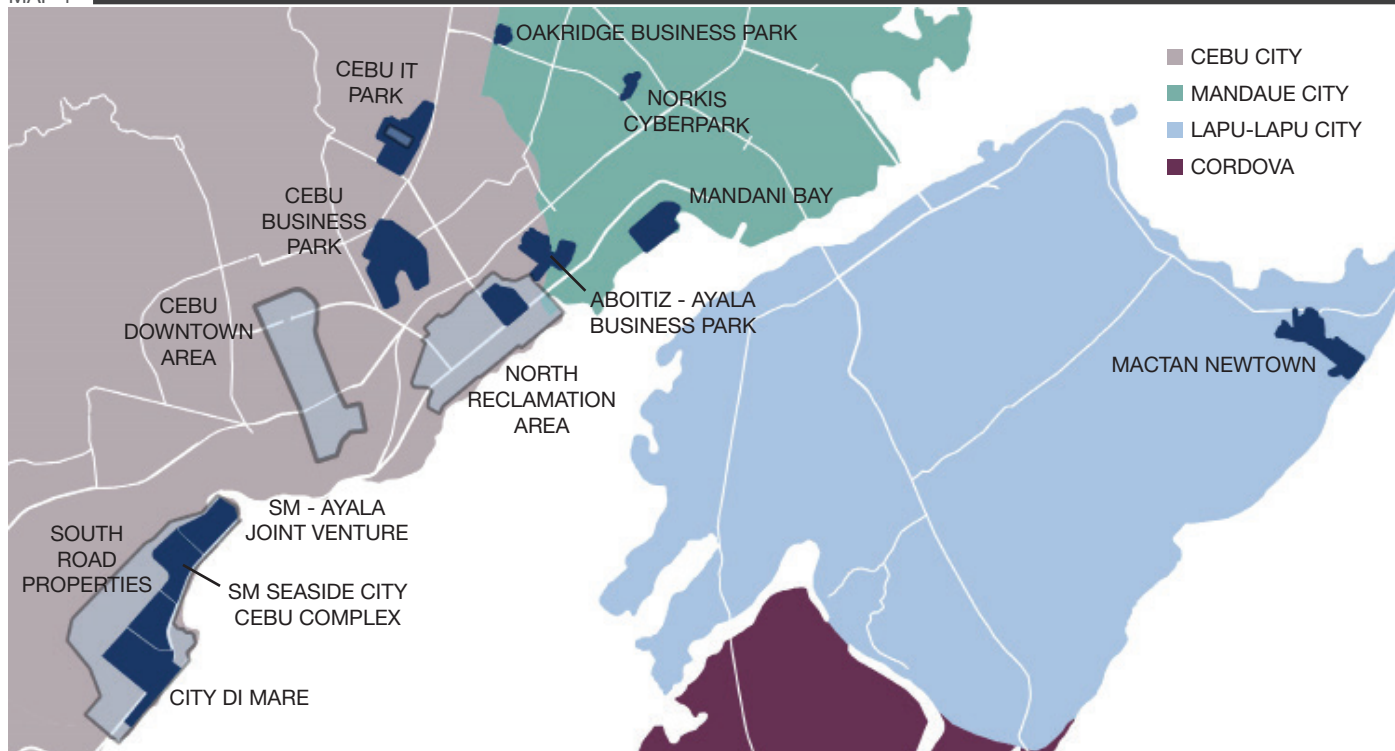
3Q 2018



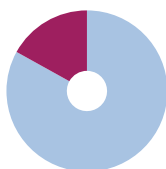
# Cebu Business Districts

## Future Stock (2021)

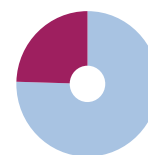
MAP 1



**452,080 sq m**  
CEBU IT PARK



**406,794 sq m**  
CEBU BUSINESS PARK



**336,542 sq m**  
CEBU FRINGE

● DEVELOPMENT PIPELINE (2018-2021) ● CURRENT STOCK

Source: KMC Savills Research

TABLE 1

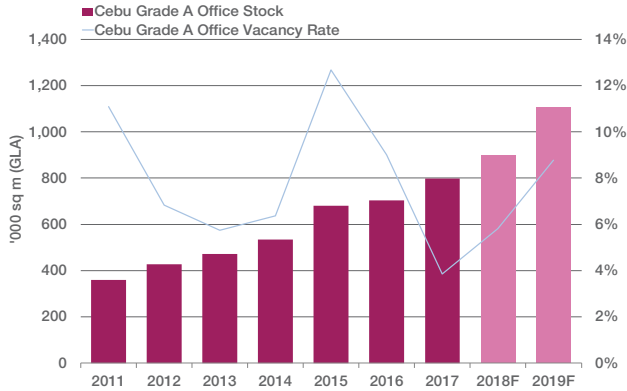
### Key Figures - Grade A Office

| 3Q 2018                                  | Cebu Business Park | Cebu IT Park | Cebu Fringe | Cebu    |
|--|--------------------|--------------|-------------|---------|
| Average net rental rate (Php/sq m/month) | 576.2              | 611.3        | 489.6       | 562.6   |
| Upper net rental rate (Php/sq m/month)   | 650.0              | 650.0        | 550.0       | 650.0   |
| Vacancy rate (%)                         | 1.6%               | 4.9%         | 11.4%       | 5.5%    |
| Current stock (sq m)                     | 337,865            | 286,422      | 253,982     | 878,269 |
| Development pipeline 2018-2021 (sq m)    | 68,929             | 165,658      | 82,560      | 317,147 |

Source: KMC Savills Research

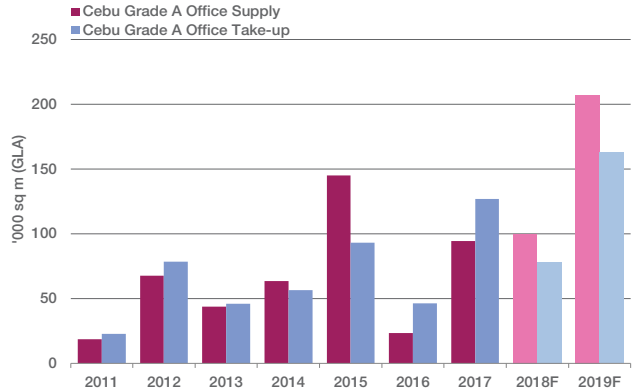
# Cebu

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



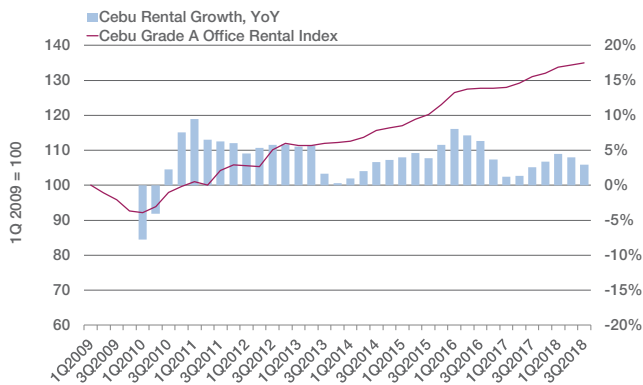
Source: KMC Savills Research

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



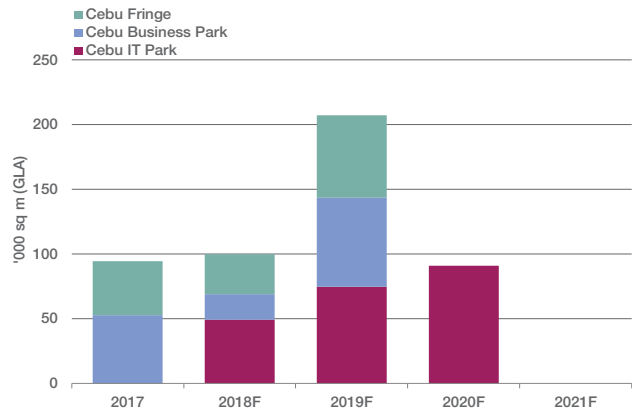
Source: KMC Savills Research

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



Source: KMC Savills Research

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



Source: KMC Savills Research

## MARKET IN MINUTES

- After the consistent increase in the vacancy rate for the past three quarters, the Cebu office market recovered to 5.5% in 3Q/2018 from 6.0% last 2Q/2018. With the addition of the HM Tower, vacancies in Cebu IT Park increased to 4.9% and is still expected to increase in the next few quarters due to the incoming pipeline. The Cebu Fringe also experienced a decline in vacancies with a recovery in occupier demand. However, the vacancy rate is still expected to remain within a double-digit range until 2019.
- Despite the improving overall vacancy rate in Cebu, average rental growth slowed to 3.0% YoY to PHP 562.6 per sq m / month. This was mainly due to the Cebu Fringe experiencing negative rental growth of -0.6% YoY this quarter from 0.3% YoY last 2Q/2018.
- Rental weakness in the Cebu Fringe will likely persist as vacancies remain at elevated levels. However, rents in Cebu's premier business parks are expected to further improve as occupier demand remains robust in these submarkets.

# KMC Savills, Inc.

Please contact us for further information



Michael McCullough  
Managing Director  
michael@kmcgroup.com



Fredrick Rara  
Manager  
Research and Consultancy  
fredrick.rara@kmcgroup.com



Melo Porciuncula  
Executive Director  
Investment Services and Landlord  
Representation  
melo@kmcgroup.com



Gerold Fernando  
Executive Director  
Tenant Representation  
gerold@kmcgroup.com



Rosario Carbonell  
Executive Director  
Tenant Representation  
cha@kmcgroup.com



Lana Osmeña  
General Manager - Cebu  
lana@kmcgroup.com



Francis Fuellas  
Director  
Property & Facilities Management  
francis@kmcgroup.com



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