



Cebu Office Briefing

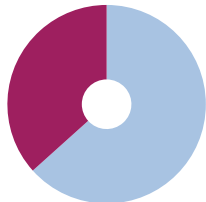
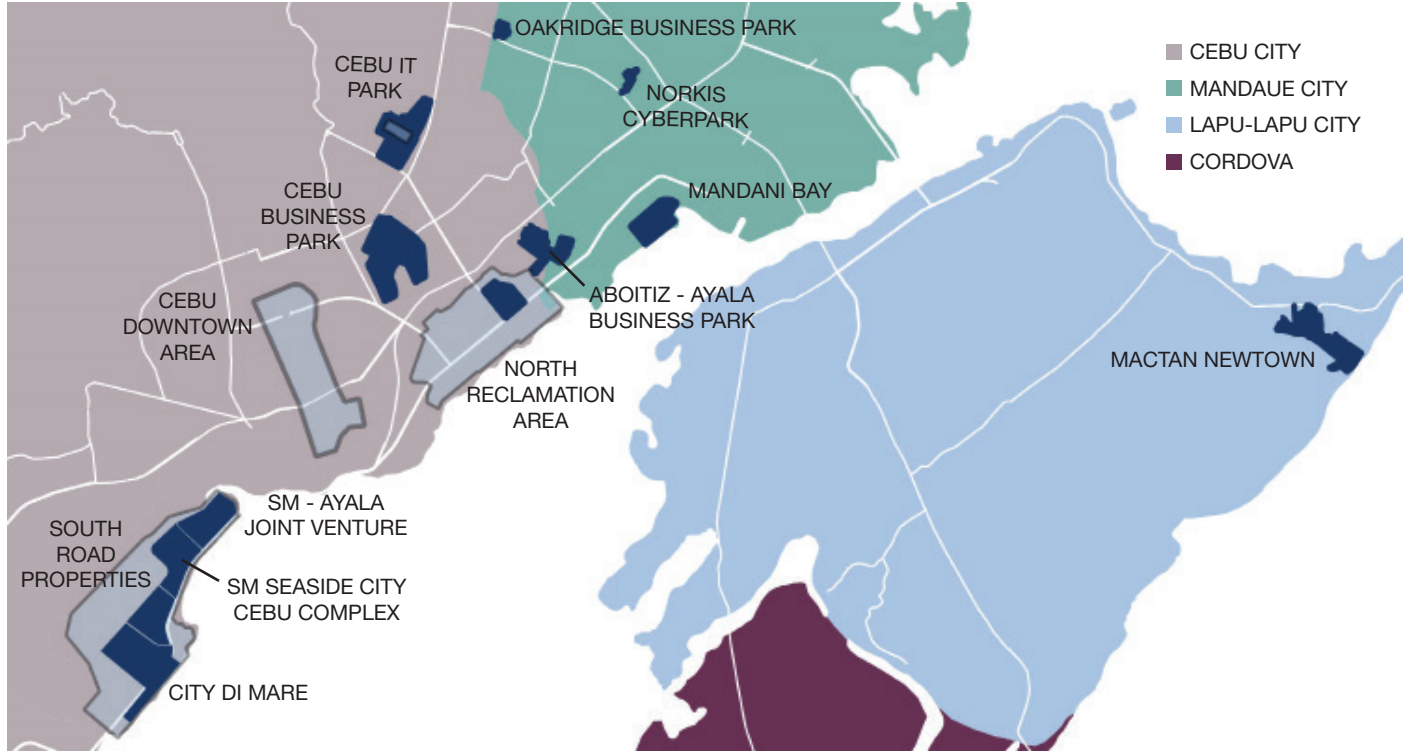
4Q 2018



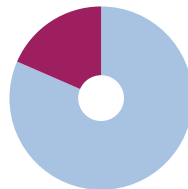
Cebu Business Districts

Future Stock (2022)

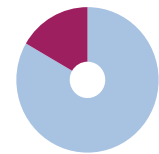
MAP 1



452,080 sq m
CEBU IT PARK



414,403 sq m
CEBU BUSINESS PARK



327,403 sq m
CEBU FRINGE

● DEVELOPMENT PIPELINE (2019-2022) ● CURRENT STOCK

Source: KMC Savills Research

TABLE 1

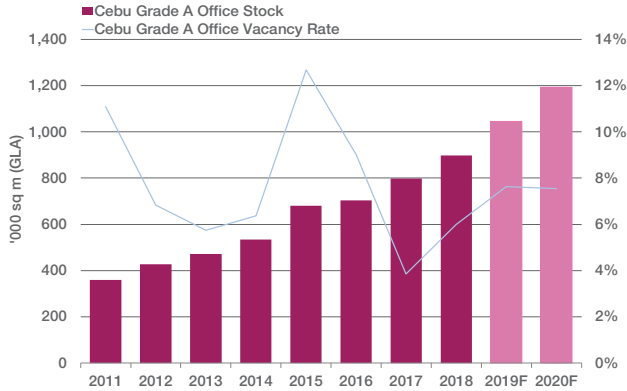
Key Figures - Grade A Office

4Q 2018	Cebu Business Park	Cebu IT Park	Cebu Fringe	Cebu
Average net rental rate (Php/sq m/month)	580.7	612.6	502.8	567.2
Upper net rental rate (Php/sq m/month)	650.0	700.0	550.0	650.0
Vacancy rate (%)	1.6%	7.6%	9.8%	6.0%
Current stock (sq m)	337,865	286,422	272,884	897,171
Development pipeline 2019-2022 (sq m)	76,539	165,658	54,519	296,716

Source: KMC Savills Research

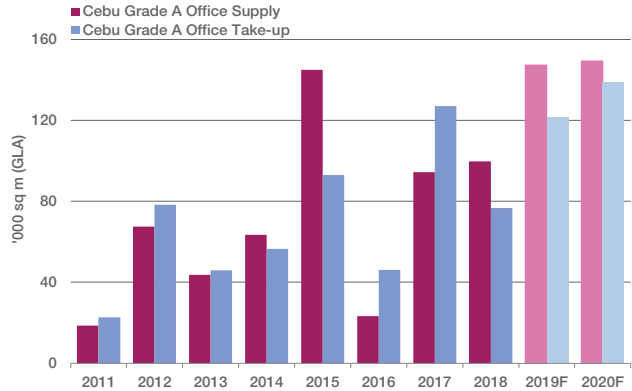
Cebu

GRAPH 1
Stock & Vacancy



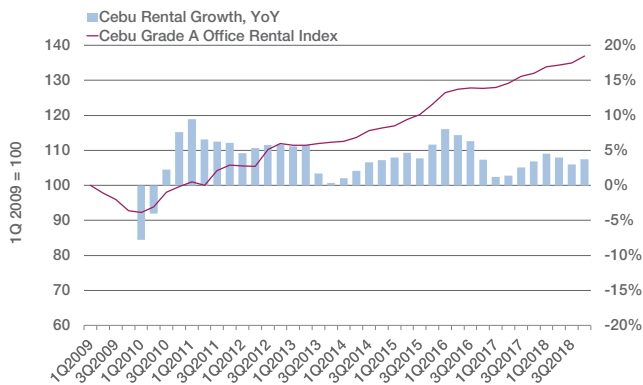
Source: KMC Savills Research

GRAPH 2
Supply & Take-up



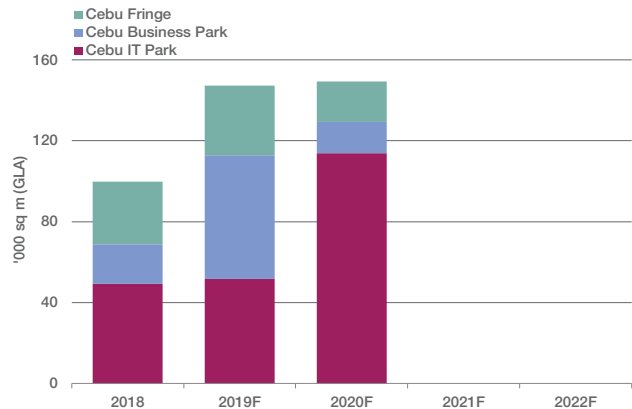
Source: KMC Savills Research

GRAPH 3
Rental Performance



Source: KMC Savills Research

GRAPH 4
Development Pipeline by District



Source: KMC Savills Research

MARKET IN MINUTES

- The improvement in Cebu's office vacancy rate was short-lived as it reversed back to 6.0% in 4Q/2018 compared to 5.5% last 3Q/2018. The pullback was primarily caused by the significant rise of vacancies in Cebu IT Park, pegged at 7.6%. On the other hand, conditions in the Cebu Fringe continued to recover as the vacancy rate slid to 9.8%, while Cebu Business Park was still very tight at 1.6%.
- Average rental growth picked up as it grew by 3.7% YoY to PHP 567.2 per sq m / month. This was supported by the reversal of Cebu Fringe's negative rental growth last quarter at 0.6% YoY to 2.3% YoY in 4Q/2018.
- With the large influx of office stock coming in for 2019, vacancies are expected to increase despite robust occupier demand in Cebu Business Park and Cebu IT Park. However, the improving market conditions in Cebu Fringe should be able to mitigate this impact. Overall rents are expected to rise continuously albeit at a slower rate.

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