

Cebu **Office Briefing**

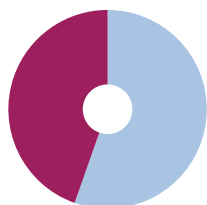
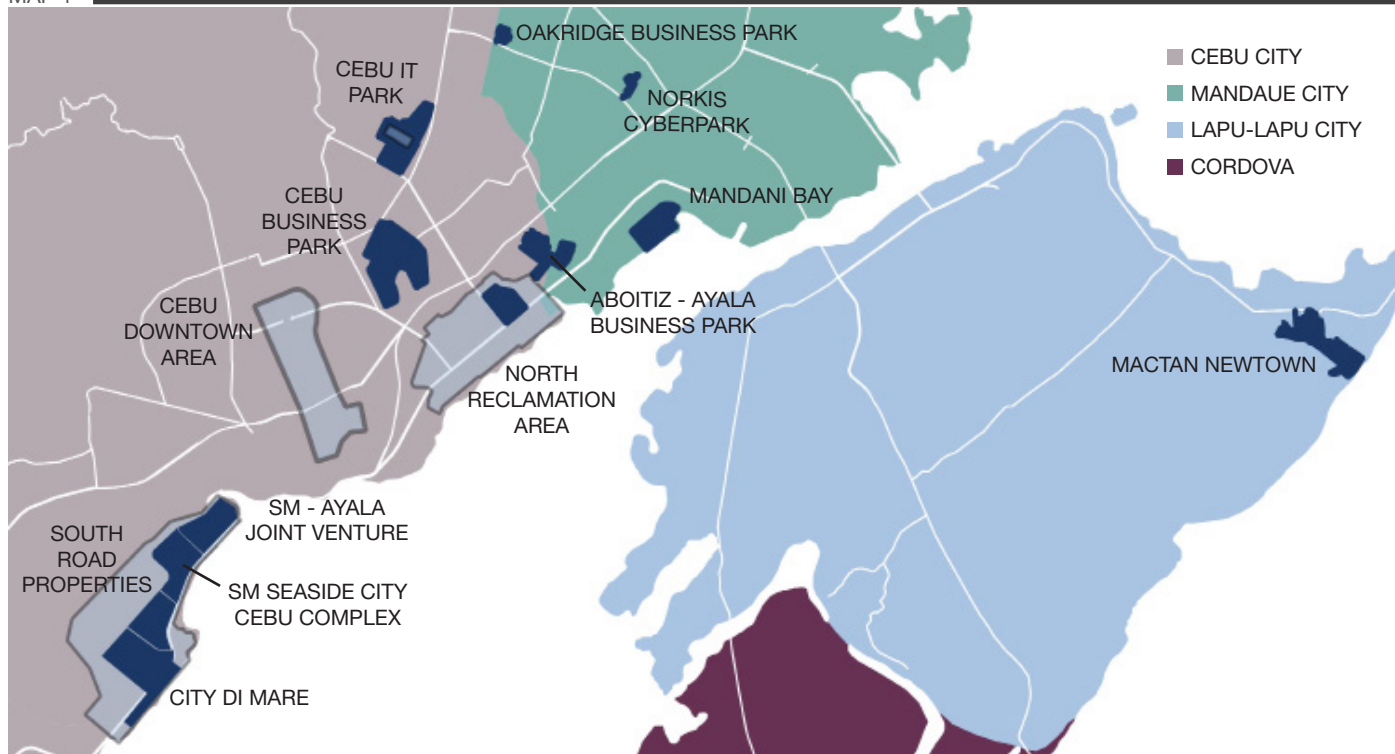
2Q 2017



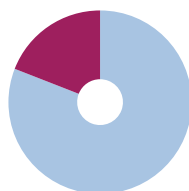
Cebu Business Districts

Future Stock (2020)

MAP 1



481,288 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

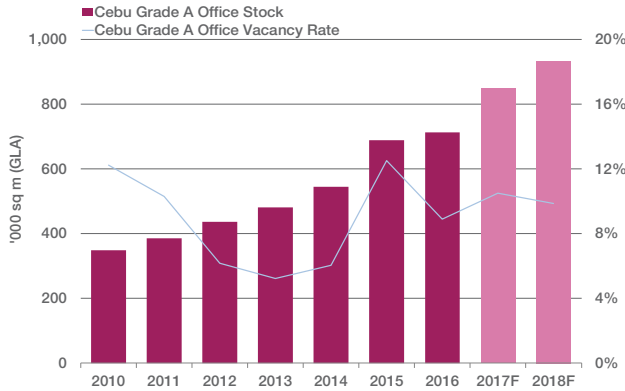
Key Figures - Grade A Office

2Q 2017	Cebu Business Park	Cebu IT Park	Cebu Fringe	Cebu
Average net rental rate (Php/sq m/month)	550.2	574.5	488.1	543.5
Upper net rental rate (Php/sq m/month)	700.0	700.0	550.0	700.0
Vacancy rate (%)	8.6%	1.6%	17.1%	8.2%
Current stock (sq m)	295,201	266,608	185,474	747,283
Development pipeline 2017-2020 (sq m)	69,591	214,680	155,320	439,592

Source: KMC Savills Research

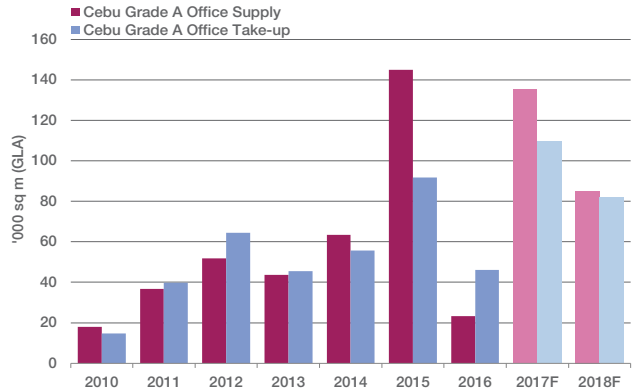
Cebu

GRAPH 1
Stock & Vacancy



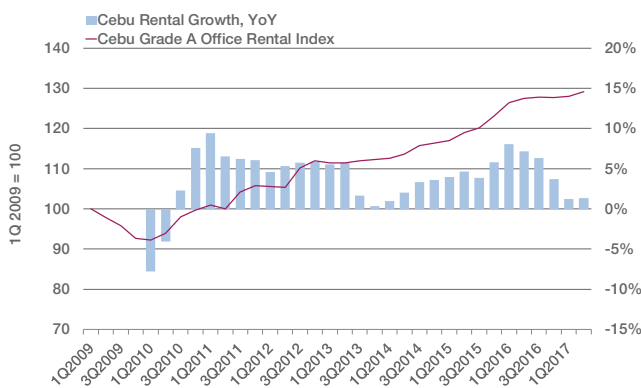
Source: KMC Savills Research

GRAPH 2
Supply & Take-up



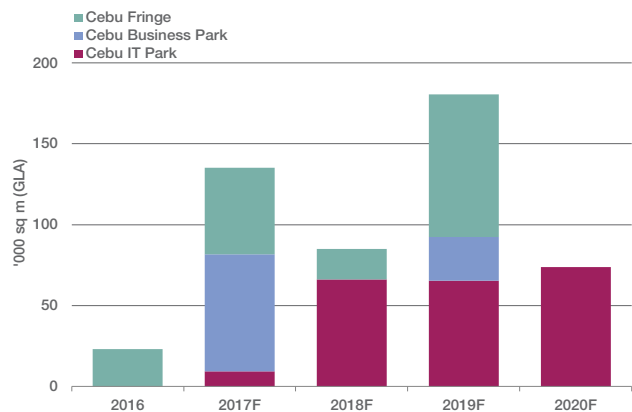
Source: KMC Savills Research

GRAPH 3
Rental Performance



Source: KMC Savills Research

GRAPH 4
Development Pipeline by District



Source: KMC Savills Research

MARKET IN MINUTES

- The overall vacancy rate in Cebu jumped to 8.2% from the previous quarter's 6.9%. This is due to the significant additions to the office stock – Philam Life Cebu and AD Gothong IT Center. Despite the Cebu Fringe maintaining relatively high vacancies, the vacancy rate has slowly declined due to improving demand conditions. Meanwhile, the very tight supply conditions were sustained in Cebu IT Park with vacancies held at 1.6% of stock.
- Cebu's rental performance improved to 1.4% YoY in 2Q/2017. Cebu IT Park led the resurgence in overall rents after outperforming other submarkets with an impressive 4.3% YoY increase. However, the declining occupancies in Cebu Business Park dragged rental performance after decreasing by -0.3% YoY.
- Although the upcoming 100,100 sq m is expected to push vacancies upward in the remaining quarters, we still expect the overall vacancy rate to hit slightly above 10.0% at the end of 2017. The outsourcing sector is still expected to drive demand, but we have observed that non-outsourcing players have entered certain submarkets which have started diversifying Cebu's sources of demand. We have yet to factor these in our estimates but may provide substantial upside to our forecast.

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