

Cebu **Office Briefing**

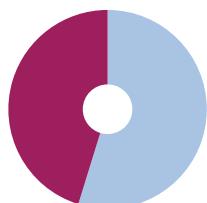
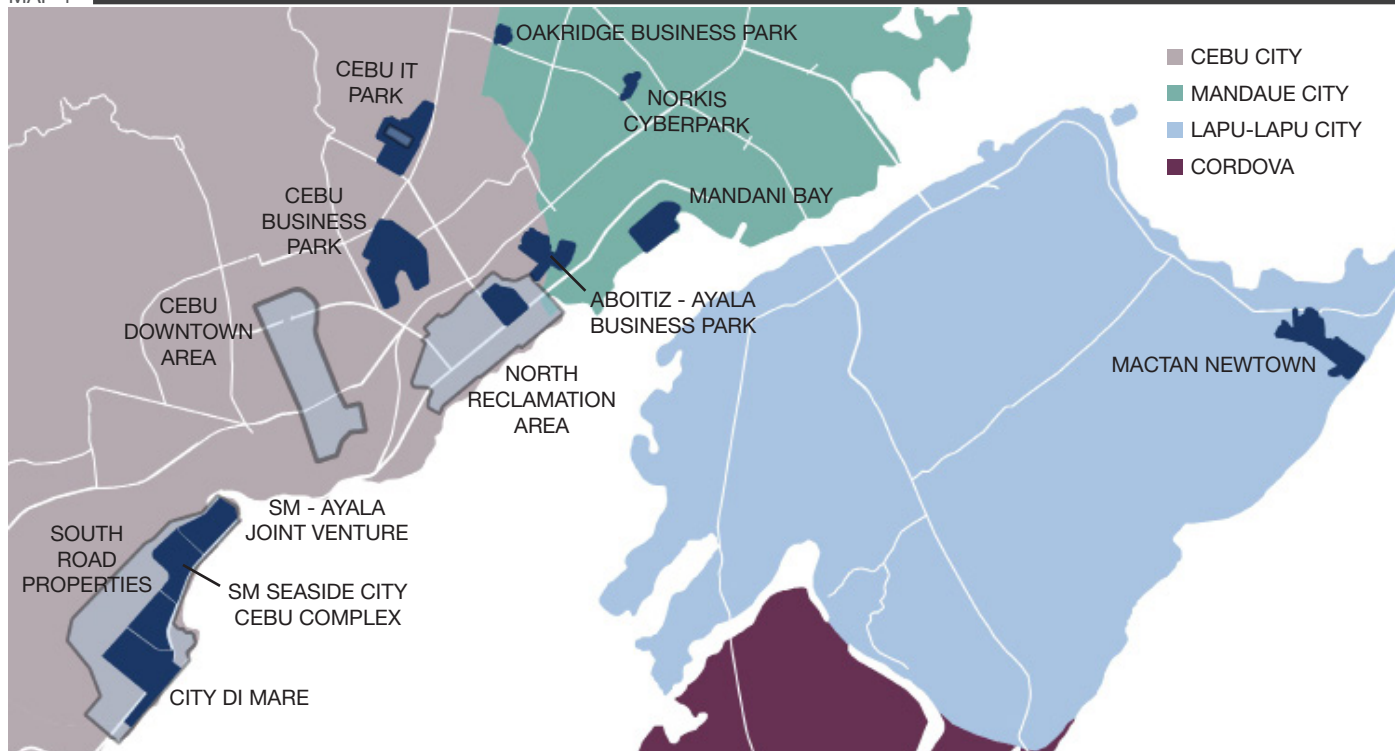
3Q 2017



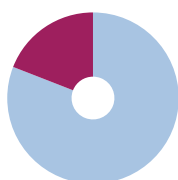
Cebu Business Districts

Future Stock (2020)

MAP 1



486,784 sq m
CEBU IT PARK



364,792 sq m
CEBU BUSINESS PARK



387,454 sq m
CEBU FRINGE

● DEVELOPMENT PIPELINE (2017-2020) ● CURRENT STOCK

Source: KMC Savills Research

TABLE 1

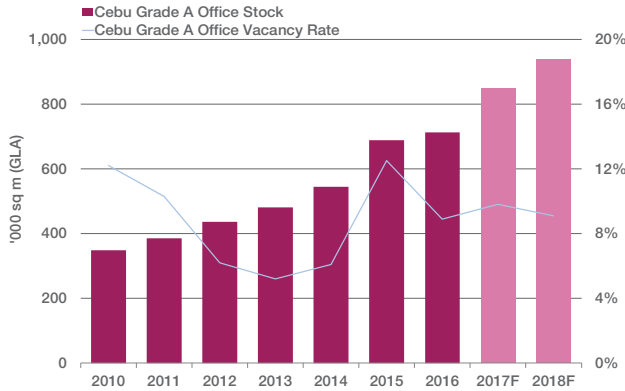
Key Figures - Grade A Office

| 3Q 2017 | Cebu Business Park | Cebu IT Park | Cebu Fringe | Cebu |
|------------------------------------------|--------------------|--------------|-------------|---------|
| Average net rental rate (Php/sq m/month) | 559.3 | 584.9 | 492.6 | 551.9 |
| Upper net rental rate (Php/sq m/month) | 700.0 | 650.0 | 600.0 | 700.0 |
| Vacancy rate (%) | 1.7% | 0.8% | 17.1% | 5.2% |
| Current stock (sq m) | 295,201 | 266,608 | 185,474 | 747,283 |
| Development pipeline 2017-2020 (sq m) | 69,591 | 220,176 | 201,980 | 439,592 |

Source: KMC Savills Research

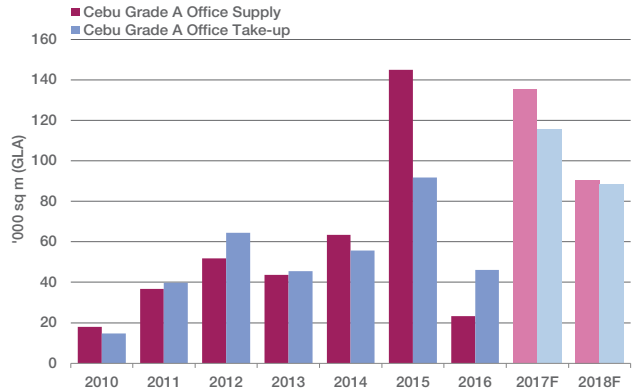
Cebu

GRAPH 1
Stock & Vacancy



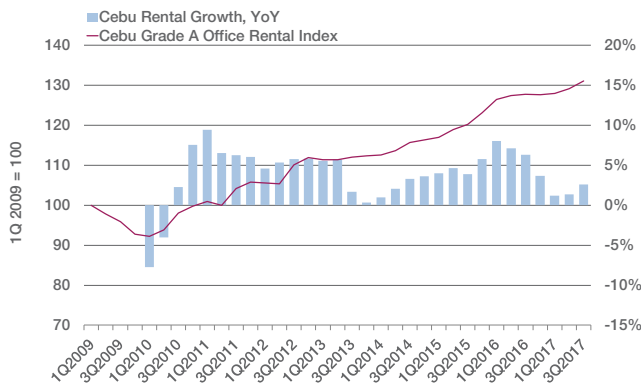
Source: KMC Savills Research

GRAPH 2
Supply & Take-up



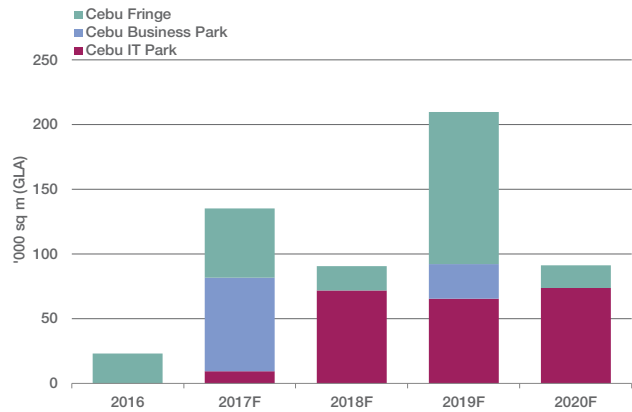
Source: KMC Savills Research

GRAPH 3
Rental Performance



Source: KMC Savills Research

GRAPH 4
Development Pipeline by District



Source: KMC Savills Research

MARKET IN MINUTES

- The Cebu office market recovered in 3Q/2017 after the Cebu Business Park experienced a stark decline in vacancies. There were no new additions to supply during the quarter and net absorption further strengthened to 22,314 sq m. Conditions in the Cebu Fringe were relatively unchanged with the vacancy rate maintained at 17.1%. However, among the townships in the Fringe, we observed significant leasing activity in Mactan Newtown.
- With market conditions tightening in Cebu Business Park, rents recovered modestly from the negative growth posted last quarter. In addition, the very low vacancy rate in Cebu IT Park was sustained causing rentals to further improve. Average rents in the offshoring and outsourcing hub rose to Php 584.9 / sq m per month after posting a strong 4.8% YoY growth.
- Vacancies are expected to spike again next quarter as an additional 100,100 sq m of new GLA is expected to be completed. The Cebu Business Park is anticipated to add three more buildings next quarter – amounting to 42,700 sq m of GLA. Despite the submarket’s impressive performance this quarter, the vacancy rate is expected to rebound to around 8.0% by the end of the year.

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