

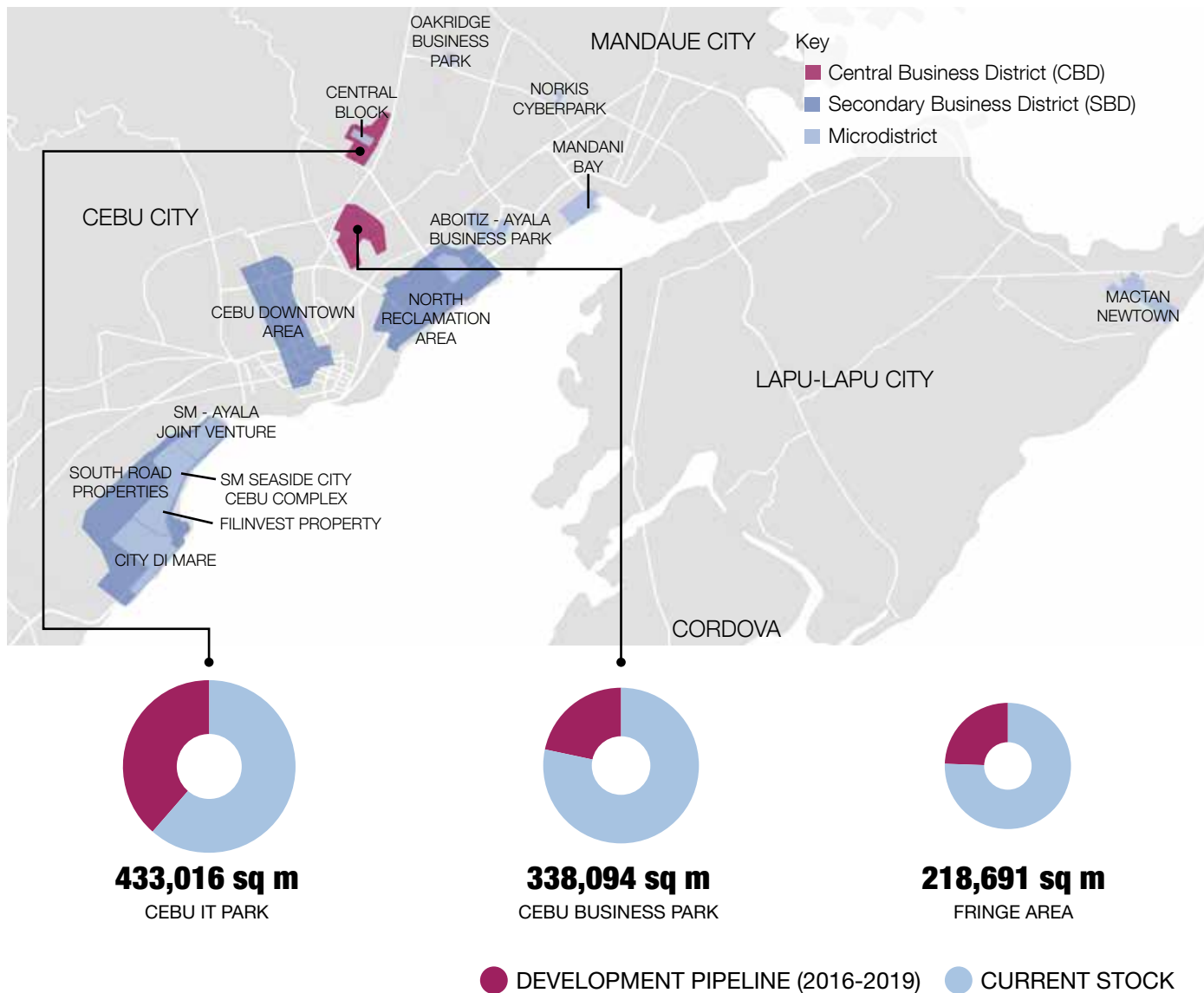
# Cebu **Office Briefing**

2Q 2016



# Cebu Business Districts

## Future Stock (2019)



Source: KMC Savills Research

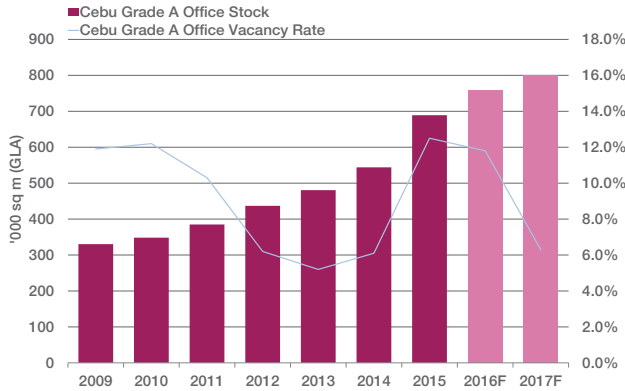
TABLE 1  
**Key Figures - Grade A Office**

2Q 2016	Cebu Business Park	Cebu IT Park	Fringe Area	Cebu
Average net rental rate (Php/sq m/month)	552.0	550.8	482.2	533.1
Upper net rental rate (Php/sq m/month)	700.0	650.0	550.0	700.0
Vacancy rate (%)	12.6%	5.6%	20.1%	11.7%
Current stock (sq m)	265,482	266,608	165,334	697,424
Development pipeline 2016-2019 (sq m)	72,612	166,408	53,357	292,378

Source: KMC Savills Research

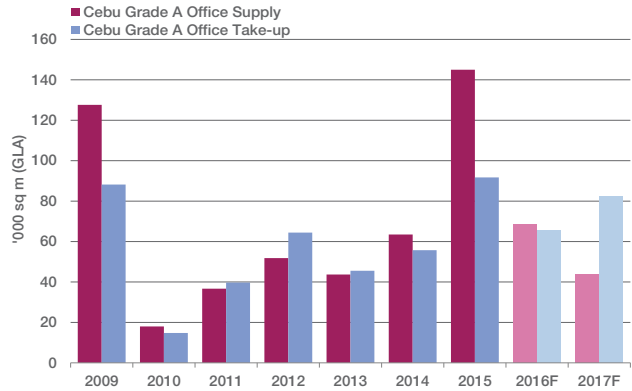
# Cebu

GRAPH 1  
**Stock & Vacancy**



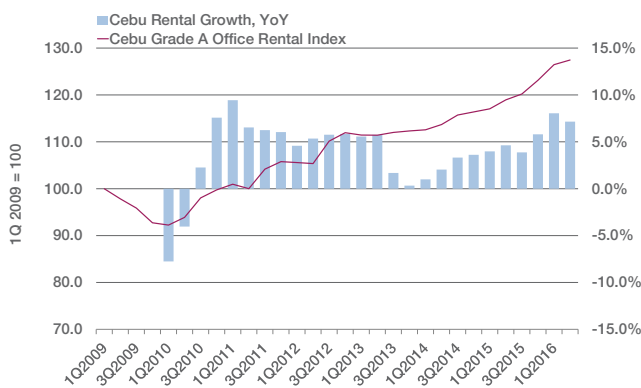
Source: KMC Savills Research

GRAPH 2  
**Supply & Take-up**



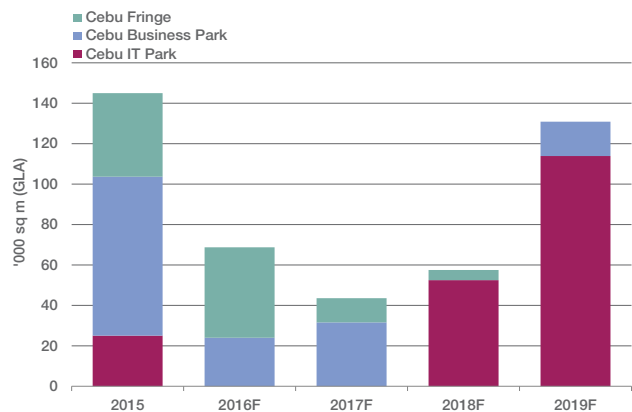
Source: KMC Savills Research

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's vacancy rate dropped to 11.7% in 2Q/2016 from 12.8% last quarter after the net absorption bounced back and became positive. Though its performance was not stellar, the recorded 15,194 sq m take-up still outpaced the new supply of 8,340 sq m from Robinsons Galleria Cebu. In the remaining quarters, we expect vacancies to remain high in Cebu Business Park and the Fringe Area as an additional 60,397 sq m of new stock is estimated to enter the market by the end of 2016.
- Despite the relatively high level of available space, the robust growth of the average rental rate continued at 7.2% YoY, ending at Php 533.1 per sq m/month in 2Q/2016. However, there was some weakness in the rental rates in the Fringe Area as it marginally dropped by 0.6% QoQ. Landlords in the Fringe Areas seem to have started easing their asking rates to fill up lingering vacancies.
- Among the notable real estate activities this quarter was the launch of the 17.5-hectare Gateway Central in June. The first phase of the Aboitiz-Ayala joint venture project in Mandaue will house 20,000 sq m of leasable office space, located on top of a 115,000-sq m shopping mall. The estimated completion of these developments is in 2019.

# KMC Savills

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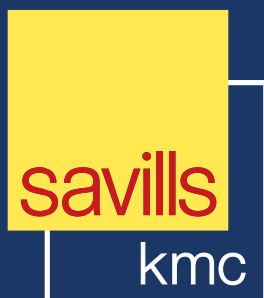
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