

Metro Manila Market Update

Research, Q4 2019

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COVER STORY

Strong Philippine Economic Performance Showcased in the Final Stretch of 2019

SNAPSHOTS

Economic Indicators

6.4% ▲
GDP
Q4 2019

2.9 ▲
Inflation Rate
January 2020

4.1% ▲
OFW Remittances
January – December 2019

6.5% ▼
Avg. Bank Lending
December 2019

3.3 ▲
91-Day T-Bill
January 2020

₱50.8 ▼
Avg. Php-USD
January 2020

Growth Dynamics of the Philippine Economy Contributed to the Country's Bustling Real Estate Sector

The Philippine economy made a strong performance during the 4th Quarter of 2019 with the Gross Domestic Product (GDP) posting a year-on-year (y-o-y) growth rate of 6.4%. This resulted in a full-year growth rate of 5.9% for 2019. The strong performance of the GDP was caused by the continuing growth of the Services sector which grew by 7.9% in the last 3 months of 2019.

Headline inflation rate was recorded at 2.5% in December of 2019 which remains to be below the government's maintaining target of 4%. Inflation slightly increased by the end of 2019 due to seasonal price changes of commodities during the yuletide season as well as the recently occurred natural calamities that affected the supply chain of certain necessary commodities. On the other hand, the average inflation rate significantly decreased from 5.2% in 2018 to 2.5% in 2019.

Foreign Direct Investments (FDI) bounced back after a 7-month decline. Latest data from the Bangko Sentral ng Pilipinas (BSP) indicated that FDI net inflows in October was at \$672 million, showing an increase of 33.7% y-o-y and 18.73% quarter-on-quarter (q-o-q) from \$502 million in October 2018 and \$566 million in September 2019, respectively. October's net inflow was also indicated as the biggest since April's net FDI inflow of \$963 million. Inter-company borrowings were noted by the chief economists as the biggest contributor to the increased net inflows of the country. Inflows reportedly came from Japan, United States, Singapore, and China and went to the financial, real estate, and manufacturing sectors.

According to the BSP, Business Confidence in the Philippines has improved in 4th Quarter of 2019 as the

To be Continued in page 17

OFFICE RESEARCH

Metro Manila Office Sector Remains Robust as Office Space Demand Maintains Momentum

Lowest Vacancy Rate in More Than 2 Years Reached as Office Net Absorption Surges



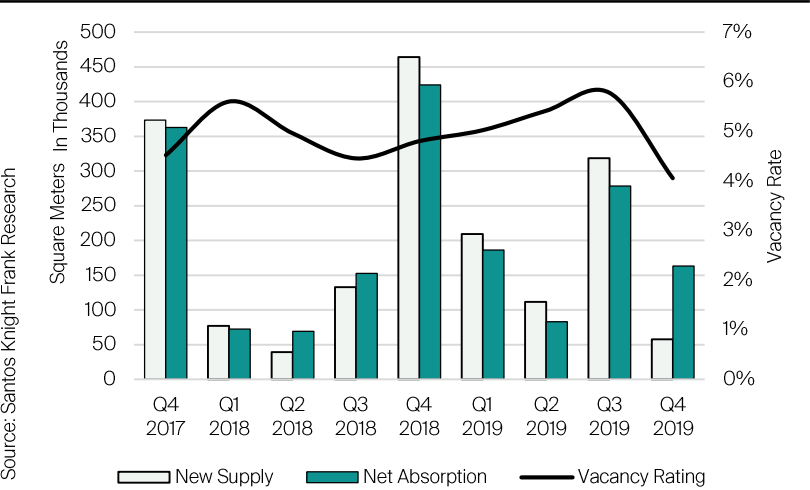
The Metro Manila office market continues to grow. About 58,000 square meters (sq. m.) of new office space was turned over in the last quarter of 2019. The Brilliance Center in Fort Bonifacio, Filinvest’s 2nd Axis Tower in Northgate Cyberzone, and Eton Properties’ eWestPod in Makati were the new additions to the market. With the exception of eWestPod, these buildings were developed in accordance with LEED specifications, keeping up

with the current trend of responsible and sustainable development.

The demand for office spaces in Metro Manila has outpaced the growth of supply as Q4 2019 saw around 150,000 sq. m. of net absorption. Overall gross net absorption has overtaken gross new office supply stock for the last eight quarters.

Notwithstanding the additional supply that was turned over in the market, the overall vacancy rate dropped to 4.06% in Q4 2019 from 5.78% in Q3 2019, showing the continued strong demand for office space in Metro Manila.

FIGURE 1
Metro Manila Net Absorption, New Supply and Vacancy Rate

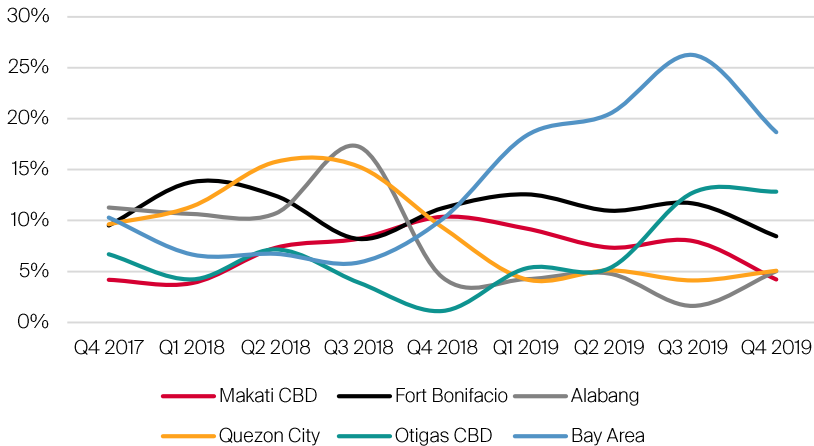


Source: Santos Knight Frank Research

The weighted average lease rate in Metro Manila reached PhP1,105 per square meter per month, a 6.9% y-o-y growth. Bay Area leads the y-o-y growth in the Metro at 18.67%. The proliferation of POGOs in the Bay Area has been the cause of price spikes for both office and residential spaces. Makati CBD, on the other hand,

OFFICE RESEARCH

FIGURE 2
Major CBDs' Lease Rate Growth (y-o-y)



Source: Santos Knight Frank Research

grew the least at 4.21% y-o-y albeit the office lease rates in the area are still the highest in the Metro.

Metro Manila is expected to turn over more than one million square meters of office space in 2020. Some delayed turnover of the office developments, originally slated for 2019, combined with certain large upcoming office development projects would help in bridging the gap between the new supply and net absorption in their respective districts. Such developments include Megaworld's World's Commerce Place and SM Prime's Mega Tower and Four E-com Center.

MAKATI CBD

Office lease rates in Makati

CBD are still the highest in Metro Manila, with the weighted average lease rates in the area reaching nearly PhP1,500 per sq. m. per month. Even with a high price tag, the CBD still retains a higher occupancy rate of 97.44% as compared to the overall Metro Manila average at 95.94%. The district remains to be one of the most sought-after address by both multinational and local companies.

FORT BONIFACIO

Though one of the youngest among the business districts, Fort Bonifacio is the largest Prime and Grade A office space contributor in Metro Manila. Lease rates in Fort Bonifacio have reached a weighted average of

PhP1,250 per sq. m. per month while the area's occupancy rate is at around 95%.

With over 200,000 sq. m. of upcoming office space in 2020, Fort Bonifacio's office market is bound to reach around two Million sq. m. of office space, assuming there would be no delays in the scheduled turnover.

ALABANG

Alabang boasts a high occupancy at 97.81%. Its lower than average lease rate is its competitive edge over the other business districts and with huge swaths of land still open for development, Alabang has the potential to be one of the country's premier districts in the future.

Filinvest's 3rd Axis Tower is expected to be turned over in 2020. It is part of the Filinvest Axis Complex composed of four office towers that will be offering Grade A office spaces in the area.

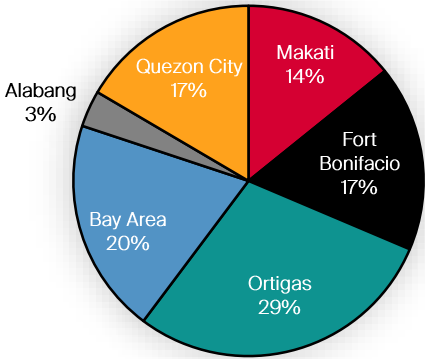
QUEZON CITY

Local Office Market Vacancy Rate in Quezon City (QC) has gone back to single digits this quarter at 9.33%. City-wide weighted average lease rate is at

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FIGURE 3
Metro Manila Upcoming Office Supply in 2020



Source: Santos Knight Frank Research

PhP946 per sq. m. per month, giving QC a competitive edge over Makati CBD and Fort Bonifacio in terms of cost while having a location that is very accessible and primed to be at par to the aforementioned business districts.

With around 200,000 sq. m. of upcoming office space in 2020, the most notable developments include Filinvest’s Activa near Araneta City and SM Prime’s office towers constructed right beside among their biggest malls, SM City North EDSA and SM City Fairview.

ORTIGAS CBD

Even when Ortigas’ rate is among the lowest in the metropolis, at PhP790 per sq. m. per month, its y-o-y growth has been among the most notable at 12.84%, surpassed only by the Bay Area. Local office space occupancy, at 97.59%, is also above Metro Manila’s average.

Ortigas CBD is set to welcome nearly 340,000 sq. m. of office space, accounting for around 29% of the overall office spaces to be turned over in Metro Manila by 2020. Among the most anticipated office

development turnovers, with their unique architectural façades, are Exquadra by UniOil and the SM Mega Towers.

BAY AREA

The Bay Area is also set for a major turnover of upcoming offices in 2020. Expecting more than 230,000 sq. m. of office space, the Bay Area’s total office market supply is fast approaching the one Million sq. m. mark. Weighted average lease rates in the area have now reached PhP1,000 per sq. m. per month. 📈🔴

RESIDENTIAL RESEARCH

Robust demand prompted property developers to launch more residential projects in 2019

More developers taking on the underserved demand for upscale condominiums



take-up rate at 44 units per month. Developments in this price segment had the largest share of the total inventory in Metro Manila. Moreover, the affordability of the units makes it ideal for employee housing. For the same reason, studio and 1-bedroom units recorded the strongest demand among all unit types, averaging 11 and 12 units per month, respectively.

Among all the CBDs in Metro Manila, Quezon City had the fastest take-up rate at an average of 39 units per month, mostly pulled up by the presence of several mid-level market projects in the area. Ortigas followed Quezon City closely, selling at an average of 38 units per month. The demand was mainly propelled by new project launches in the last three months of the year. Business activities in Ortigas are also anticipated to further pick up as a result of various infrastructure projects such as the ongoing construction of the BGC-

TABLE 1
Q4 2019 Residential Condominium Sales Market Statistics

Area	Units Sold (%)	Avg. Monthly Take-up
Makati	98.56	31.52
Taguig	96.60	10.79
Quezon City	97.01	38.24
Ortigas	96.72	37.85
Alabang	98.66	14.35
Bay Area	95.49	33.72
METRO MANILA	97.07	31.68

Metro Manila’s residential sector finished strong in 2019. As of the last quarter of the year, around 97% of the total units floated were already absorbed by the market. Overall take-up for residential units continued to surpass the 30 units per month mark, reaching an average of 32 units per month rising y-o-y by 4 units.

DEMAND

In terms of classification, mid-level market segment projects enjoyed the fastest

RESIDENTIAL RESEARCH

Ortigas Center Link Road Project, and the Metro Manila Subway which will have 2 stations in Ortigas Center. Bay Area also continued to exhibit high demand, averaging 34 units per month.

SELLING PRICE

Bay Area remained to have the highest selling prices across Metro Manila at an average of around PhP277,000 per sq. m. The demand for employee housing generated from the influx of POGOs in the area remained to be the main driver of this growth.

Taguig City followed Bay Area, with an average selling price of PhP267,000 per sq. m. The large share of prime residential projects, such as Aurelia Residences which was launched last quarter, boosted the average selling price for the area.

Makati City likewise showed competitive rates at around PhP244,000 per sq. m. Makati CBD is still seen as the premiere CBD in Metro Manila, being home to top multinational corporations and prestigious local companies. Hence, mid-level market condominiums within Makati City were

selling as high as PhP263,000 per sq. m.

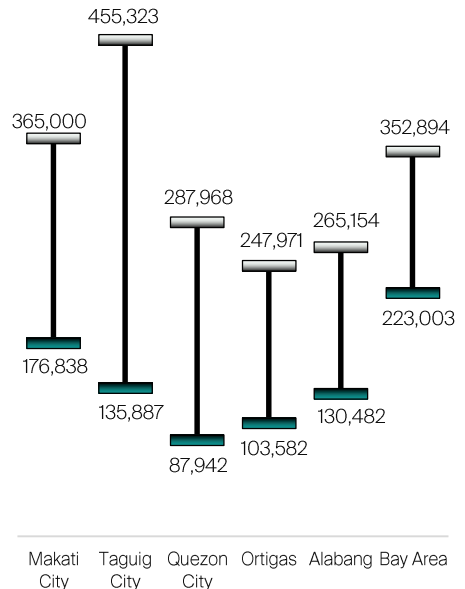
Selling Prices in Alabang, Ortigas, and Quezon City were catching up with other CBDs as evidenced by high y-o-y growth rates. Average selling prices in Alabang recorded the fastest growth in Metro Manila at 37.1%, followed by Quezon City and Ortigas at 22.7% and 16.6%, respectively.

NEW LAUNCHES

Property developers' confidence in the Philippine prime residential market was seen in their willingness to unveil more projects in this price segment. In Q4 2019, around 3,000 units were added into Metro Manila's total inventory, majority of which were from high-end projects. Demand for upscale condominiums is driven by expatriates looking for investment opportunities as well as the increasing number of high net worth individuals in the country.

Alveo Land's Parkford Suites Legazpi, which will rise on the corner of Gamboa and Salcedo Streets in Makati, added around 160 residential units to Makati's existing supply. The project, scheduled to be completed in 2026, is

FIGURE 4
Indicative Average Selling Prices Per Area (In PhP/sq.m.)



Source: Santos Knight Frank Research



RESIDENTIAL RESEARCH



the most expensive residential property of Alveo. Unit offerings include two-bedroom, three-bedroom, and penthouse units.

Federal Land, together with its partners, Nomura Real Estate and Isetan Mitsukoshi, recently launched Natsu, the second tower of The Seasons Residences. Natsu tower offers around 240 units and is slated for completion in 2024. The mixed-use project, located within the Grand Central Park township in BGC, is set to have two more residential towers, and the country's first Mitsukoshi Mall.

Other newly launched developments catering to the unserved demand for upscale projects in Makati and Taguig include Alveo

Land's Mergent in Poblacion, and Ayala Land Premier's Gardencourt Residences in Arca South.

Ortigas CBD also welcomed new inventories from the recently unveiled projects Grand Midori by Federal Land and The Empress by Ortigas & Co.

The burgeoning property market within the C-5 Corridor was further fortified by the recent addition of high-end residential projects, Ayala Land Premier's Parklinks South Tower and Alveo Land's Lattice.

UPCOMING LAUNCHES

Robinsons Land partnered with Hongkong Land to develop the Velaris Residences, an upscale residential condominium

within Bridgetowne, its mixed-use development located along C-5. The condominium will offer one to three-bedroom units and bi-level penthouses upon its launching in Q1 2020. The project is targeted to be completed in 2024.

Robinsons Land also teamed up with DMCI Homes for a condominium project near Alabang-Zapote Road in Las Piñas City. Sonora Garden Residences is a three-tower residential development which will have units ranging from one-bedroom to 3-bedroom. The project is expected to be turned over in Q4 2023.

Adding to the residential component of Ayala Land and Eton Properties' Parklinks township development along C-5 is Avida Towers Parklinks, which will be launched in Q1 2020.

CO-LIVING AND DORMITORY MODELS

The worsening traffic conditions within city centers has compelled individuals to look for housing units near their places of work. Dormitories provide urban professionals and students

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INDUSTRIAL RESEARCH

TECHNOLOGY INNOVATIONS ARE
RESHAPING THE LOGISTICS
SECTOR

New app-based logistics
services penetrated the market

The GDP of the Philippines accelerated by 6.4% in the last quarter of 2019, causing a full year GDP growth of 5.9%. The industry sector grew by 5.9% second to services which increased by 7.9%. Relative to third quarter statistics, manufacturing grew by 3.7% and was one of the growth drivers in this quarter.

The lease rates for Metro Manila industrial space were recorded at a minimum of Php100 and a maximum of Php850 per sq. m. per month. Makati and Mandaluyong remain to peg the highest average rent at Php572.91 per sq. m. per month and Php548.15 per sq. m. per month. The location’s proximity to distribution areas together with the scarce supply of land for storage contributed to the landlords ability to impose higher rents compared to other cities.

TRENDS

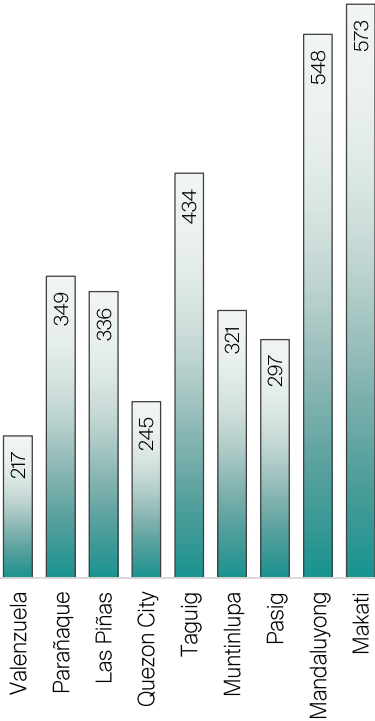
Digital technology is seen to re-shape the logistics

sector. Several mobile applications were recently launched in order to address the demand for storage spaces within Metro Manila. *Keepr* and *Kahon.ph* are pioneering in this logistic innovation. Both are app-based storage services that you can book online. Their services include pick-up, store, return and inventory management.

Keepr has 1,000 bins for storage purposes and stores 3,000 items as of date. Most of *Keepr*’s customers are individual and growing families while 15% of are businesses. It offers several storage plans that range from Php399 for 62.3 liters (L) space per month to Php16,599 for 50 cubic meters (cu. m.) space per month for 12 months. *Keepr* offers packing of items as an additional service.

Another pioneer of this innovation is *Kahon.ph*. Unlike *Keepr*, it has no lock-in period. Prices range

FIGURE 5
Weighted Average of
Lease Rates for
Industrial Spaces
(In Php/sq. m.)



Source: Santos Knight Frank Research

from Php200 per month to Php400 per month depending on the “kahon” size. “Kwarto” storage option are also offered for those who need bigger storage spaces for Php750 per sq. m. per month. Clients of *Kahon.ph* include Grab, 8 Rockwell and The Moment Group.

INDUSTRIAL RESEARCH



Clockwise (from Top): JG Summit and DHL Group to form a Joint Venture called DHL Summit Solutions; Keepr's Delivery Service; Kahon.ph's Pick Up Service

UPCOMING AND EXPANSIONS

The rising demand for the handling and delivery of goods and services is pushing logistics players to expand and modernize to become more efficient amidst growing market competition.

Aircraft maintenance provider Lufthansa Technik Philippines (LTP) is building a new facility that will rise in the MacroAsia Special Economic Zone in Villamor Airbase, Pasay City. The Hangar 1A will service a range of aircrafts from mid-range Airbus A320s to the giant A380 and will

increase its space capacity by 20%. The hangar will cost USD40 Million and will create 275 jobs once completed. As of date, LTP caters to several global airlines such as British Airways, Korean Air and Philippine Airlines.

Gokongwei's JG Summit entered in a joint venture with global courier firm Deutsche Post DHL Group to form DHL Summit Solutions, Inc. The project aims to "improve the transport and supply chain efficiency in the Philippines". The PhP60 Million logistics business will offer domestic transportation, logistics,

warehousing and distribution of cargoes and other supply management activities. DHL Summit Solutions Inc. is targeted to be operational by June 2020.

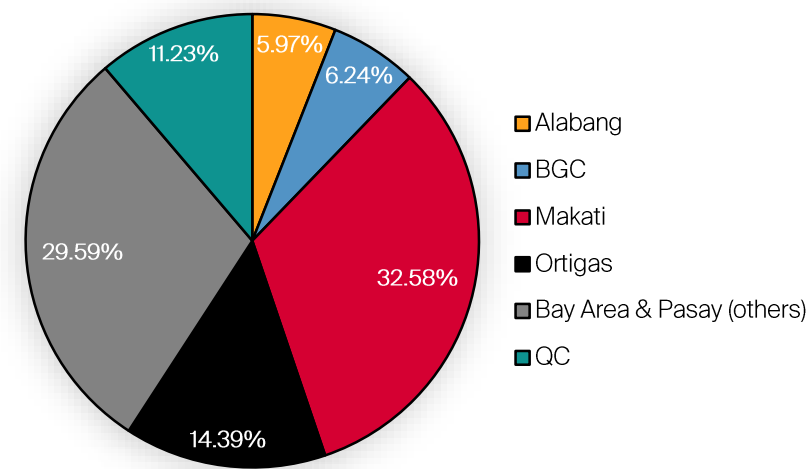
With plans to expand its global network, Araneta led LBC Express acquired Japan-based "balikbayan box" courier Mermaid Co. Ltd. last November 2019. Mermaid ships "balikbayan boxes" of expatriates from Japan to their home countries. It also offers door-to-door package delivery from Japan to various overseas destinations. 📦

HOSPITALITY RESEARCH

Upbeat Performance Exhibited by the Hospitality Sector at the Close of 2019

Favorable Market Conditions Contributed to the Dynamic Performance during the Yuletide Season

FIGURE 6
Hotel Room Supply Distribution per City



with 327,273 arrivals and an increase of 35.01%.

**METRO MANILA
HOSPITALITY SUPPLY**

The Metro Manila Hospitality Sector maintained its upbeat performance in 2019. At the close of the 4th Quarter of 2019, Metro Manila Hospitality Sector recorded an aggregate supply of nearly 31,000 hotel rooms located across the Central Business Districts (CBD) in Metro Manila.

Makati City registered the largest hospitality market in Metro Manila as of the 4th Quarter of 2019. The financial capital currently offers more than 10,000 rooms that span across 59 hotels strategically located in the Makati CBD and its fringes.

The bustling Bay Area, the center of entertainment in the Philippines, offers more than 9,100 hotel rooms across 22 hotels located in the cities of Pasay and Paranaque.

**SURGE OF TOURIST
ARRIVALS**

Tourist arrivals in the Philippines reached a new milestone registering 8.26 Million international visitors in 2019 according to the Department of Tourism. This exceeded the 8.2 Million annual target set in the National Tourism Development Plan (NTDP) for 2016-2022. This also represents a 15.24% growth over the 2018 year-end figure of 7.16 Million.

South Korea, since 2010, remains the top source of international visitors for 2019 with 1.98 Million arrivals which is equivalent to a 22.48% increase from the 2018 figure. China followed in second with 1.74 Million, with a 38.58% growth. The United States of America (USA) was at third with 1.06 Million visitors and a 2.90% increase. Japan was fourth at 682,788 arrivals, with an 8.07 percent growth followed by Taiwan at fifth

HOSPITALITY RESEARCH

Hotels located in Ortigas, Fort Bonifacio, Quezon City (QC), and Alabang, comprise the remaining half of the overall hospitality supply in Metro Manila with a combined amount of more than 11,700 hotel rooms that mostly offer 3-star and 4-star accommodations.

In terms of hotel accommodation types, Deluxe rooms were the most common hotel room in Metro Manila, amounting to more than 17,400 rooms. Standard rooms were the second most common hotel room in Metro Manila, with more than 7,000 hotel rooms.

METRO MANILA HOSPITALITY AVERAGE DAILY RATE

Average Daily Rates (ADR) in Metro Manila showcased a q-o-q growth of 7% as of the 4th Quarter of 2019. Average hotel rates in Metro Manila now cost PhP8,001.92 per night. The growth of ADR in Metro Manila can be associated with the peak season that occurs during the final stretch of the year as the holidays come to a close.

Bay Area commanded the highest ADR in Metro Manila. Hotel accommodations in the Bay Area are currently

amounting to PhP12,178.85 per night, growing at a q-o-q rate of 17%. The growth of ADR in the area is attributed to the dominance of integrated hotels, resorts, and casinos, as well as its proximity to Ninoy Aquino International Airport (NAIA).

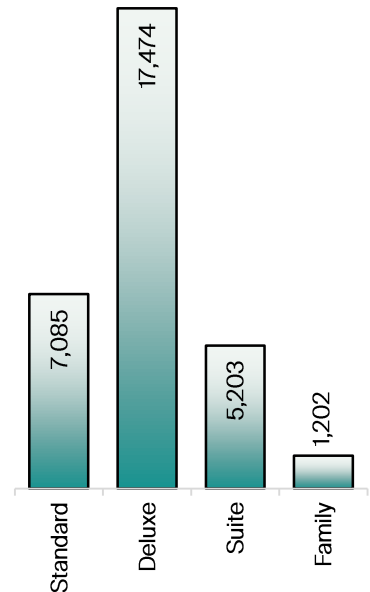
Hotel rates in Ortigas up surged by 38% q-o-q during the 4th Quarter of 2019. ADR in Ortigas during the peak season of the year costs PhP5,499 a night.

ADR in Fort Bonifacio grew by 4% as hotel accommodations in the area now cost PhP11,828.64 a night, making it the second-highest ADR in Metro Manila.

UPCOMING HOTELS

Major international hospitality companies have recently expressed their plans to extend their footprint in the Philippines. French hospitality company, Accor is planning to expand its hotel portfolio by opening 14 new hotels in the next five years in different parts of the Philippines. Accor will also introduce six new hotel brands such as Pullman Living, MGallery, Swissotel, Novotel Living, and Ibis

FIGURE 7
**Supply Distribution
According to
Accommodation Type**



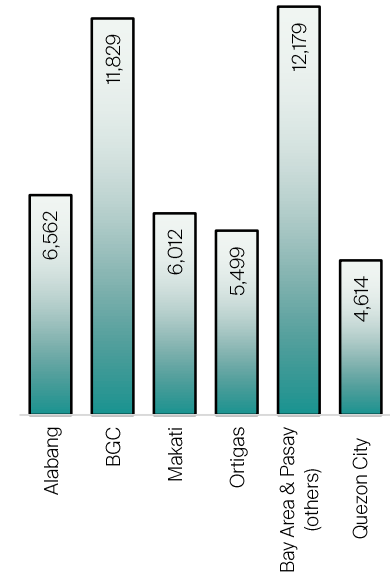
Source: Santos Knight Frank Research



HOSPITALITY RESEARCH



FIGURE 8
Average Daily Rates per Area (In PhP)



Source: Santos Knight Frank Research

Styles. The reported plans for expansion by Accor will widen its portfolio of hotel brands in the Philippines, which currently consist of, Raffles, Fairmont, Sofitel, Movenpick, Novotel, and Mercure.

American international hotel chain, Radisson, has also recently unveiled plans to expand its hotel operations in the Philippines. Radisson plans to open two more hotels in the country, which will add 293 rooms. Radisson's expansion in the country is part of the company's plan to triple its footprint in Asia-

Pacific in the next five years.

Approximately 6,900 hotel rooms are expected to open in Metro Manila in the next three to five years. Nearly 3,000 upcoming hotel rooms are in the Bay Area, the most in all of the major cities in Metro Manila. Megaworld Corporation's Kingsford Hotel and Grand Westside Hotel, Ayala Land's Seda Bay Area, and Hotel Okura are some of the notable upcoming hotels located in the Bay Area.

The hospitality market in

Makati City will further expand as more than 1,300 hotel rooms are expected to open. The demolished Mandarin Oriental Hotel will soon rise again in Makati CBD that will add 275 rooms. Accor's Pullman Living and Novotel Living will soon commence operations in Makati City.

Budget-friendly hotels will soon open in Bonifacio Global City (BGC) as Hotel 101 and Red Planet Hotels will expand the choices of hotel accommodations in the area in the next two years. 🏠🔴

RETAIL RESEARCH

HEALTHY VACANCY RATES SEEN IN Q4 2019 AS DEMAND FOR RETAIL SPACE INCREASES

Vacancy rates remain low albeit new mall openings and expansions

OPENINGS AND LAUNCHES

The Metro Manila retail sector remains upbeat in the last quarter of 2019. Household final consumption expenditure accelerated by 5.6% relative to 5.3% last year. Almost 50% of the total household expenditure were spent on food and non-alcoholic beverages. Moreover, miscellaneous goods and services accounts 14.2% of the total household expenditure.

The robust demand and strong market acceptance for food and beverage products attracted different brands to open and expand in the Philippines. Foreign brands such as Popeye's, Shake-Shack, FRNK, Tiger Sugar and The Alley made their way into to the market earlier this year giving consumers diverse food choices.

In partnership with Jollibee Food Corporation, United States fast food chain *Panda Express* unveiled its very first store in the

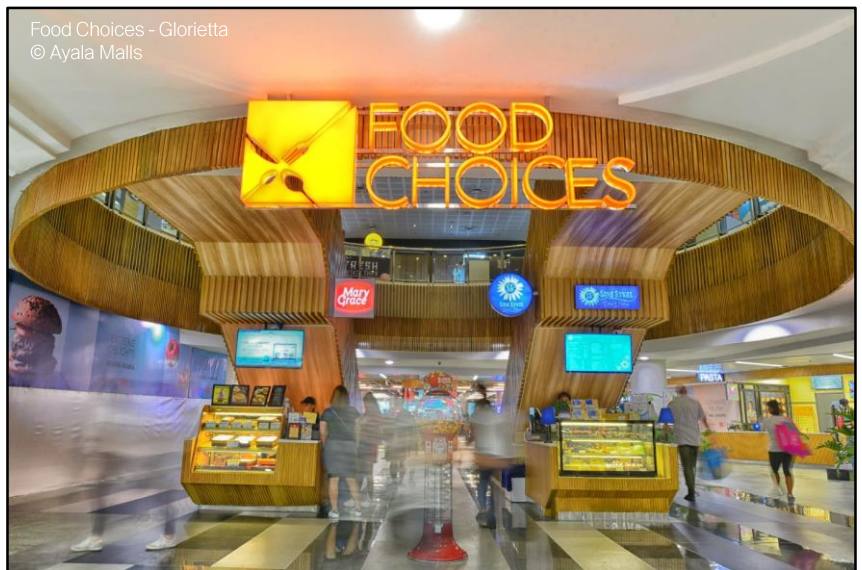
Philippines located at SM Megamall, Pasig City. *Panda Express* offers American-Chinese cuisines in over 2,000 locations worldwide including Japan and South Korea.

The world's first *Tokyo Milk Cheese Factory Savory + Sweet* flagship store opened its door in Ayala Malls Manila Bay. The 75-seater store offers comfort food with a touch of Japanese flavor for a different taste experience.

Villar owned *Coffee Project*

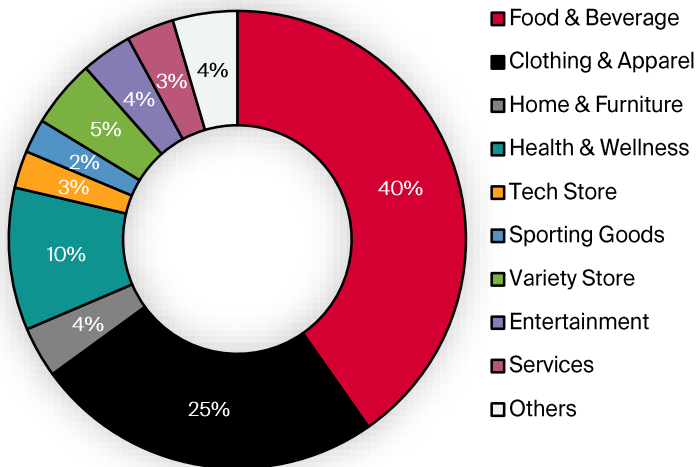
collaborated with *Fully Booked* to create its 42nd branch in Evia Lifestyle Center, Alabang. The partnership founded the brand *Coffee Project Black*, a hybrid store which features a coffee shop and a book shop in one space. This unique feature gives customers the convenience to consume a beverage while searching for a book.

The need for more retail spaces encourages mall developers to enhance its amenities through



RETAIL RESEARCH

FIGURE 9
Upcoming Stores as of Q4 2019



Source: Santos Knight Frank Research

renovations and expansions. This quarter, Glorietta unveiled its renovated 1,000 sq. m. activity center featuring a floor to ceiling LED backdrop. The revamped activity center is set to host big events such indoor concerts, brand launches and international fairs and exhibits. Glorietta's *Food Choices* also underwent some upgrading and was completed this quarter. The new food hall offers more than 30 food options from different cuisines and an aesthetically cool look.

UPCOMING BRANDS AND TRENDS

As of the last quarter of 2019, there are 413

upcoming brands in Metro Manila malls. Food & Beverage remain to have the highest share at 40% or 167 brands. Clothing and Apparel then followed with 25% or 103 brands.

Japanese burger giant *Mo's Burger* has several upcoming stores in Metro Manila. MOS which means "Mountain, Ocean, Sun" is known for its rice burgers. According to Nikkei Asian Review, it is the second-largest fast food chain after McDonalds Japan. *Mo's Burger* will soon be available in Robinson Galleria, Robinsons Magnolia and SM Megamall.

The beverage craze is not yet over as several beverage brands still

continue to expand. After its launching last year, *Black Scoop* continues to locate in different areas. The brand is expected to open three more branches located in Ayala Malls Circuit, Fisher Mall Quezon City and Fairview Terraces. Meanwhile, *Macao Imperial Tea* is set to open five new locations in Metro Manila. This includes Robinsons Magnolia, SM Fairview, Ayala Malls Cloverleaf, Robinsons Galleria and Market! Market!.

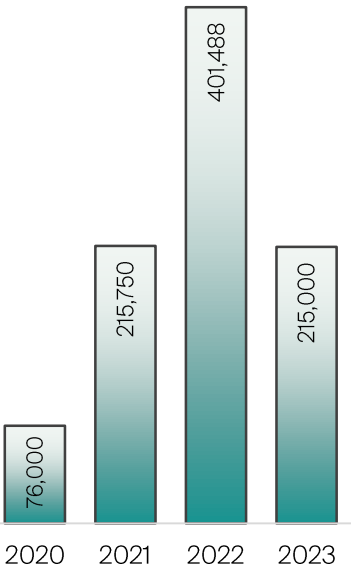
The high retail competition and changing consumer behavior urges brands to create new concepts and products. Some brands did not go after the "milk tea" trend and created products that cater to health-conscious individuals. FRNK Milk Bar introduced a new beverage trend that "provides guilt-free drinking experience" for everyone by incorporating healthy options such as plant-based milk. Several brands such as *Koomi* and *Hey! I am Yogost* joined the new trend.

Sydney based yogurt store *Koomi*, markets its products as "guiltless goodness" as it offers yogurt-based drinks combined with fruits. *Koomi* presently has four branches in Metro Manila and will soon unveil a store in Uptown Mall, Taguig.

RETAIL RESEARCH

FIGURE 10
Metro Manila Malls’
Upcoming Retail Space
(In sq. m.)

Source: Santos Knight Frank Research



Purple rice yogurt drink *Hey! I am Yogost* will soon be available in the market. The drink will feature a unique new flavor as it will use *Yakult* and purple rice as its main ingredients. The brand is set to open their first branch in the country at SM North EDSA, Quezon City.

E-commerce is steadily gaining popularity as it provides a new avenue for buyers to purchase goods and services. Online shopping has become more convenient through

the different e-commerce channels such as *Instagram*, *Shopee* and *Lazada*. Delivery of the purchased items has become more efficient as it can be done within a few hours after online purchase depending on the item purchased.

Pop-up stores, as the name implies, is simply a store that can easily be put up and is usually found in the large open spaces of the mall. Such a pop-up store is *Society Eight* which hosts several local and international brands which are limited to being sold online. One of the main goals of pop-ups is to have a physical store which can be used by online brands to show their products out in the open. *Society Eight* continuously locates in different areas within Metro Manila to give potential buyers face-to-face interaction with sellers and products. It plans to open stores in the North including SM North EDSA and Ayala Malls Cloverleaf.

Though online shopping continues to grow, the preference of consumers is still for the malls and traditional retail establishments.

More than 900,000 sq. m. of retail space is anticipated to be added in the existing retail space supply within the next 4 years. The 2020 retail stock is expected to increase by 76,000 sq. m. once the Estancia Mall expansion is completed.

VACANCY AND LEASE RATES

Mall vacancies remained within healthy levels of below 10%. The robust demand for retail space pulled vacancies downward albeit new supply stocks. Quezon City posted the lowest vacancy rate among all cities at 2.33% considering its large retail space supply. Likewise, Bay area’s vacancy is pegged at only 7.56% a quarter after Ayala Malls Manila Bay opened.

The average lease rate for retail space increased by 15% y-o-y ranging from a low of PhP1,129.41 per sq. m. to a high of PhP2,122.55 per sq. m. Makati City remains to have the highest lease rate despite its steady space supply. 📍🏢

CONTINUATION OF RESEARCH ARTICLES

COVER STORY

overall Confidence Index (CI) increased to 40.2%. This is higher than the 37.3% CI during the 3rd Quarter of 2019. Local firms have a more optimistic sentiment towards the Philippine economy due to higher consumer demand in anticipation of the holiday season, higher cash flows due to the influx of bonuses and OFW remittances, increase in sales, higher GDP growth, and higher government spending.

The recently concluded Southeast Asian Games (SEA Games) held in the country was also a factor that contributed to the positive business outlook as it created jobs and increased the number of tourists during the said period. Local firms have become more optimistic towards the economy in 2020 as their economic sentiments have improved from 58.6% in 2018 to 59.6% in 2019. 🏠📈

RESIDENTIAL RESEARCH

easier mobility and more affordable options.

The popularity of dormitories has been steadily increasing with new projects scheduled to be launched.

Aboitiz Land teamed up with Point Blue for the development of microstudio rental apartments across Metro Manila. Point Blue is a company that designs, develops, and manages 10-15 sq. m. furnished apartment units, with lease rates ranging from PhP12,000 to PhP15,000 a month.

The Crib, a 3-tower co-living development by Filinvest, targets to service individuals studying and working within Filinvest City

in Alabang. The project is to be built at Bloc 10 along Corporate Woods Avenue. The project's first tower will have 11 floors with air-conditioned and fully furnished units.

Dormiko, which currently operates 5 dormitories across Makati, aims to expand its footprint by developing 3 additional buildings under the same brand. The dormitories in Escuela and Governor Noble Streets are under construction and another is set to be constructed along Lawton Avenue. Dormiko offers dormitory units with lease rates ranging from PhP3,700 to PhP4,000 per person per month, and studio units that cost PhP10,000 to PhP15,000 a month. 🏠📈



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