Metro Manila Office Report

2025 Q3

The Metro Manila Office Report is a quarterly publication from Santos Knight Frank which examines the office market landscape in the Philippines' National Capital Region. The report covers movements in supply, occupancy, and rents, as well as market trends.

santosknightfrank.com

Workplace Evolution Reshaping the Metro Manila Office Landscape

We're seeing the market start to embrace lease flexibility. The occupiers don't have headcount projections beyond 2 years, so they need the ability to scale up or down within their lease term. And the developers are accommodating this need with contraction clauses for downsizing, and longer protection periods for expansion. This is how the market will be going forward. - Morgan McGilvray, Senior Director, Santos Knight Frank Occupier Solutions and Services.

Office Statistics

Existing Supply
8.9M sqm

Overall occupancy rate
78.8%

Average monthly rent
PHP 1,012/sqm

The third quarter of 2025 was shaped by continuous efforts to adapt to evolving workplace strategies and tempered demand. Newly operational developments from Quezon City have added approximately 72,000 sqm of office space, bringing our total monitored stock to 8.9 million sqm across the six major business districts of Metro Manila.

Metro Manila's overall vacancy stood at 21.2% as of the end of September 2025, marginally higher than the 21.1% in June 2025, while average rents declined by 1.2% to PHP 1,012 per sqm per month. Among the CBDs, Taguig led with the highest average monthly rent of PHP 1,248 per sqm and the lowest vacancy at 14.8%. This is followed by Makati and Ortigas with monthly average rents of PHP 1,193 and PHP 824 per sqm, and vacancy rates of 20.6% and 19.6%. Meanwhile, Alabang, Quezon City, and the Bay Area, posted higher vacancies of 24.1%, 26.9%, and 27.6%, had average rents of PHP 781, PHP 828, and PHP 903, respectively.

These figures illustrate a distinct picture of market performance, where on one hand, the primary submarkets (i.e., Taguig and Makati), command above-average market rents due to sustained demand, and on the other, the secondary submarkets of Ortigas, Alabang, Quezon City, and the Bay Area continue to be more cost-effective solutions each with their unique advantages.

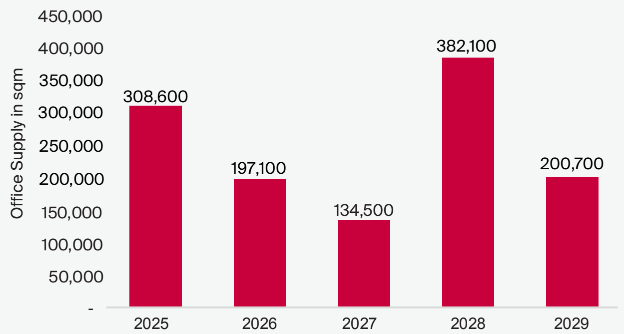
Flight to quality drives demand for new office projects

Flight to quality continues to drive market activity in the office sector with occupancy on the uptick in quarters and submarkets where new office projects are completed. This is likely due to new office buildings being more aligned with evolving workplace preferences. Sustainable design and features are standard features with new office projects, and some of them also encourage physical and mental wellness through dedicated amenities.

Table 1: Office Districts by the numbers - Metro Manila

City	Existing Supply	Vacancy Rate	Average Rent
Makati	1.5M SQM	20.6%	PHP 1,193
Taguig	2.4M SQM	14.8%	PHP 1,248
Alabang	0.5M SQM	24.1%	PHP 781
Quezon City	1.5M SQM	26.9%	PHP 828
Ortigas	1.7M SQM	19.6%	PHP 824
Bay Area	1.4M SQM	27.6%	PHP 903
Metro Manila	**8.9M SQM**	**21.2%**	**PHP 1,012**

Figure 1: Upcoming Office Supply - Metro Manila



Year-to-date, over 320,000 sqm of new office spaces have been added to the market from projects located in Taguig, Ortigas, and Quezon City. Looking ahead, there is still over 1.2 million of additional supply in the pipeline through 2029, with more than 300,000 sqm slated for completion within the remainder of the year. However, several developments are experiencing delays and schedule adjustments as landlords strategically realign project timelines with current demand to effectively manage vacancy levels within their portfolios. This is particularly evident in certain emerging markets within Metro Manila, where projects slated for completion either early this year or in 2026 continue to face significant delays.

All eyes on possible shift in US offshoring policy and its potential impact on global IT-BPM landscape, PHL office sector

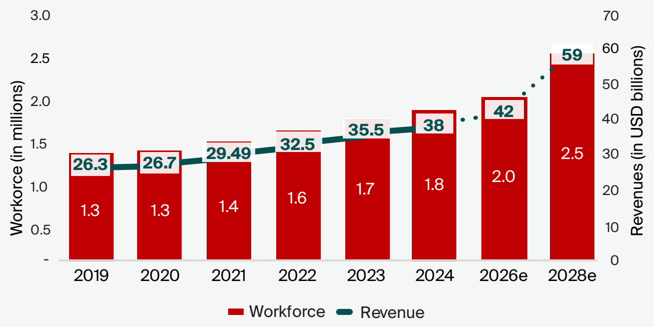
In a recent development, the US-proposed "Keep Call Centers in America" bill has stirred discussions among stakeholders about its potential implications for the local Information Technology and Business Process Management (IT-BPM) industry and the broader Philippine economy. The IT-BPM industry has long been a key pillar of growth, and in 2025, it is projected to generate USD 40 billion in revenues, contributing to at least 8 percent of the gross domestic product for the year. Given that US firms are a major player in the industry, stakeholders have expressed concern over the possible far-reaching effects that such a bill will bring. Regardless, it is important to note that the bill remains parked at the committee level, with no definitive action yet taken by the US. On the contrary, recent in-house transactions show that major US-based players such as Accenture and Concentrix continue to increase their footprint, particularly in provincial locations like Cebu.

At the same time, the IT-BPM Industry is becoming increasingly diversified, as more firms from other countries are now establishing their operations locally. For instance, Indian BPO firms, specifically, Fusion CX, have been bullish on their expansion, recently unveiling a USD 4 million facility in Mandaluyong City, which is capable of housing over 800 seats, and are also eyeing to expand their operations in Mindanao for their next development phase.

Signaling continued diversification, the Philippine Economic Authority (PEZA) accredited 13 new and expansion projects from IT enterprises in various parts of the country in the third quarter alone, bringing the year-to-date total to 50. This illustrates the importance of government initiatives in increasing the competitiveness of industries such as the IT-BPM sector, especially as it endeavors to promote market diversification by attracting investments from other countries. their next development phase.

Irrespective of looming uncertainties, industry organizations are still optimistic about the growth of the IT-BPM industry. In a statement in September 2025, Information Technology and Business Process Association of the Philippines (IBPAP) President and CEO Jack Madrid said that the sector is expected to generate USD 42 billion in revenue in 2026, and employ a workforce of about 2 million, on track to meet the industry's 2028 roadmap of achieving a 2.5-million strong workforce, and generating USD 59 billion in revenues.

Figure 2: Philippine IT-BPM Sector



Growing demand for provincial projects and flexible spaces

Despite fluctuating demand, sustained confidence in key growth corridors outside Metro Manila is still evident amongst established developers. Robinsons Land Corp. (RLC) has clearly demonstrated this with their targeted expansions in Davao and Dumaguete which will add around 100,000 sqm of new office space by 2026.

Meanwhile, with flexibility now at the forefront of occupier strategies and preferences, a resurgence in the demand for flexible workspace solutions has prompted new players to test the market for it. Recently, D.M Wenceslao introduced the AXS Aseana Hub in Parañaque, built to suit the needs of occupiers looking for more flexible lease arrangements. While RLC has launched two additional sites in Makati under its flexible workspace brand, Work.Able.

The Q3 2025 Metro Manila office market is characterized by the continued navigation of an ever-evolving occupier landscape. Though the near-term market outlook is on the cautious side, there is optimism among developers not only in the recovery of the Metro Manila office market, but the continued growth of developing regional hubs. However, offices must continue to evolve and adapt to changing workplace and occupier trends. Lease flexibility, for one, is steadily becoming a decision factor among occupiers. With real estate decision makers needing to navigate through a volatile macroeconomic landscape and less-than-ideal market conditions, landlords should expect that tenants would try to find comfort with commercial terms that are more flexible than ever before.

For more information, you may contact:

Morgan McGilvray
Senior Director
Occupier Strategy & Solutions
morgan.mcgilvray@santos.knightfrank.ph

Monica Gonzalez
Director
Occupier Strategy & Solutions
monica.gonzalez@santos.knightfrank.ph

Andrea Villadoz
Manager
Research & Consultancy Services
andrea.villadoz@santos.knightfrank.ph

Angela Villacastin
Associate
Research & Consultancy Services
angela.villacastin@santos.knightfrank.ph