

Metro Manila Office Report



2026 Q1

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.

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Strategic Maneuvering: How Economic Constraints is Reforming Metro Manila's Office Sector

The first quarter of 2026 started out a bit slower than 2025, but there was still plenty of activity. The general trend is still a return to office for many firms, although we've seen a small rebound in work-from-home due to the oil situation. Office demand has not been affected much by global events so far, and vacancy rates will continue to trickle downward if that stays true for the rest of the year.

- Morgan McGilvray, Senior Director, Occupier Strategy & Solutions

Office Statistics

Existing Supply
10.4M sqm

Overall occupancy rate
78.7%

Average monthly rate
PHP 1,101/sqm

Metro Manila's overall vacancy rate stood at 17% as of the end of March 2026, down from 22.1% in December 2025, while average rents slightly increased by 0.9% to PHP 1,101 per square meter per month. Among the central business districts (CBDs), Taguig continued to lead, recording one of the lowest vacancy rates at 8% alongside a high average monthly rent of PHP 1,356 per square meter. This was followed by Makati and Ortigas, which posted average rents of PHP 1,267 and PHP 867 per square meter, with corresponding vacancy rates of 17% and 21%.

Meanwhile, vacancy rates remained elevated in other key areas, including Alabang at 33%, Quezon City at 22%, and the Bay Area at 33%, with average rents settling at PHP 783, PHP 836 and PHP 864 per square meter.

Amid ongoing geopolitical tensions and the continuing crisis in the Middle East, businesses are navigating an increasingly uncertain global environment marked by volatility in energy prices and broader macroeconomic pressures. Adding to this evolving landscape are the potential implications for the Philippines, where rising utility and transportation costs may further impact corporate operating expenses. In response, occupiers are becoming more deliberate in their space planning decisions, reinforcing the preference for flexible and cost-efficient office solutions as companies prioritize operational resilience and prudent cost management strategies.

Fig. 1 Existing Office Supply – Metro Manila

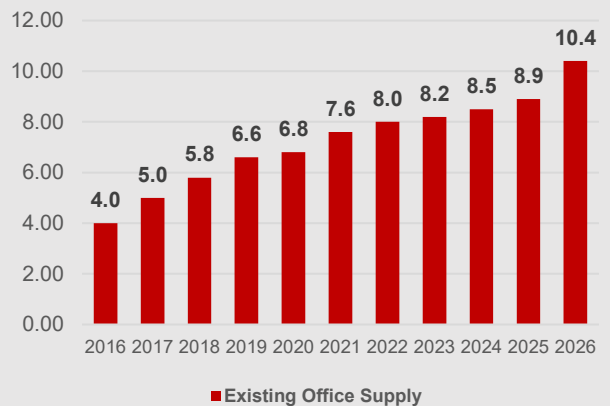


Fig. 2 Average Rent and Vacancy Rate – Metro Manila

CBD	Vacancy Rate	Avg. Rent
Taguig	8%	PHP1,356
Makati	17%	PHP1,267
Ortigas	21%	PHP892
Bay Area	33%	PHP864
Alabang	33%	PHP783
Quezon City	22%	PHP836



Image Source: sourcefit.com

Thinning Pipeline Reflects Cautious Outlook for Future Office Supply

Metro Manila is projected to add approximately 1.2 million sqm of office space between 2026 and 2031. The calibrated pace of new completions is expected to support healthier vacancy levels and sustain rental stability amid the market's gradual demand recovery.

Surging Demand amid the Global Crisis

The Philippines IT-BPM sector is expected to sustain strong growth over the long term, driven by steady demand for outsourced services. Based on projections from the IT-BPM Association of the Philippines (IBPAP), with an industry forecast expecting growth to 1.3M employees and \$26.3B revenue in 2019 to 2.5M employees, with \$59B by 2028.

In 2025, the sector was projected to reach about 1.9M workers and \$40B in revenue, slightly below its target of 2M employees and \$42B in revenue. According to the Information Technology and Business Process Association of the Philippines (IBPAP) expansion continues despite global uncertainties and the rise of AI. However, external risks such as geopolitical tensions, supply chain disruptions, and global economic instability may affect short-term performance.

Fig. 3 Metro Manila Upcoming Office Supply

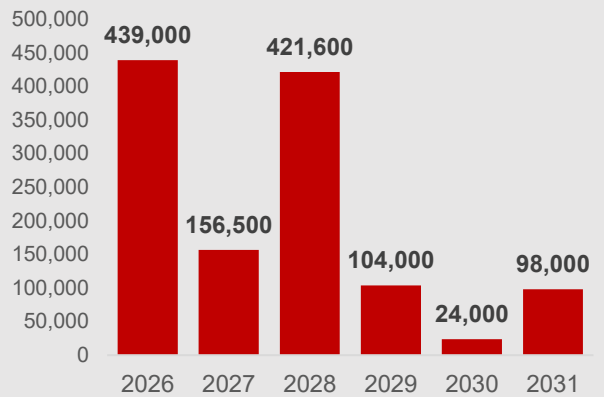
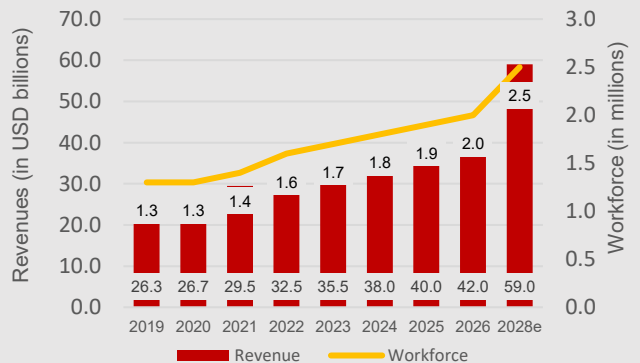


Fig. 4 Philippines IT-BPM Sector



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