2019
Philippine property market overview
2020 Trends & Outlook

1 Effects of COVID-19.

- Supply completions across all asset classes are expected to be deferred due to the halt in production and bottleneck in shipment of construction materials;
- Office leasing activity from MNCs and online gaming is anticipated to dip as business decisions are put on hold;
- Tourism to take a dip due to implemented travel bans, particularly to and from countries that contribute heavily to the Philippines’ tourist arrivals, to contain the spread of COVID-19 in the country, and;
- Brick-and-mortar retail developments are seen to experience fewer footfall due to consumer apprehension.

2 Online Gaming.

- Supply limitations and policies shifting POGOs to periphery areas of the metro, as well as other key cities in the country
2020 Trends & Outlook

3 Sustainability of Residential Prices.
- Residential prices are reaching new thresholds and given the anticipated slowdown of demand from Chinese investors, we project prices to grow at a slower pace.

4 Resiliency and Sustainability.
- Recent natural calamities have again raised awareness on climate resiliency in projects;
- Sustainable developments gaining prominence with more developers and companies seeing the value of going “green”.

5 Real Estate Laws
- The implementation of CITIRA, REIT, and Retail Trade Act is expected to impact the status of real estate in the Philippines;
- IT-BPM occupiers are looking at outside the metro for expansion growth.

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Macroeconomic Snapshot.

Economy remains resilient despite headwinds.

- GDP Growth 2019 GDP: 5.9% (-3 bps y-o-y growth)
- GDP Growth 4Q19 GDP: 6.4% (+4 bps q-o-q growth)
- Net Foreign Direct Investments Jan-Oct 2019: USD 5.8 B (-32.8% y-o-y growth)
- Population: 108.7 M (Estimated as of 4Q19)
- Inflation Rate 2019: 2.5% (-27 bps y-o-y growth)
- Cumulative of Remittances January to November 2019: USD 27.2 B (4.4% y-o-y growth)
- Unemployment Rate As of October 2019: 4.5% (-60 bps y-o-y growth)
- IT-BPM Revenue: USD 26 B (Projected 2019 Growth)
- Exchange Rate Average 2019: PHP 50.77 (-1.6% y-o-y growth)
- Interest Rate December 2019: 4.0% (Up)
- Gaming Revenue Estimated Full-Year 2019: PHP 73.8 B
- Tourist Arrivals From Jan-Nov 2019: 7.4 M (15.6% y-o-y growth)

Source: PSA, BSP, IBPAP, PAGCOR, DOT

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Metro Manila
property market overview
### Districts

<table>
<thead>
<tr>
<th>Districts</th>
<th>Sub-Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandaluyong City</td>
<td>Ortigas Center Greenfield District</td>
</tr>
<tr>
<td>Muntinlupa City</td>
<td>Madrigal Business Park Filinvest Corporate City</td>
</tr>
<tr>
<td>Manila City</td>
<td>San Lazaro Business and Tourism Park</td>
</tr>
<tr>
<td>Pasay City</td>
<td>SM Mall of Asia Complex Newport City</td>
</tr>
<tr>
<td>Parañaque City</td>
<td>Aseana City Entertainment City</td>
</tr>
<tr>
<td>Others*</td>
<td>City of San Juan Marikina City Las Piñas City Caloocan City Navotas City Valenzuela City City of Malabon Municipality of Pateros</td>
</tr>
</tbody>
</table>

*Note: Google maps for base map. Source: JLL Research and Consultancy*
Around 189K sqm were added in 4Q19, bringing 2019 completion to more than 900K sqm. Approximately 1.9M sqm will come online by 2022.
Taguig City, Makati City, and Quezon City lead in existing share, while future supply will be in Makati fringe, BGC, and Ortigas Center.
POGO leads office space take-up for 2019 as policy uncertainties weigh down on IT-BPM performance.

- IT-BPM: 38%
- POGO: 41%
- Traditional Office: 19%
- Flexible Workspace: 2%

*Notes: Includes JLL and non-JLL transactions. Traditional offices include industries of health care, manufacturing, banking and finance, real estate, advertising and marketing, utilities, law, and others. Source: JLL Research and Consultancy, Various developers*
Vacancy rate as of 4Q19 posted 5.6%, with Manila City registering with the highest level of vacant space at 20%.
Pre-commitment Rate.

Average pre-commitment is higher than last quarter by 6%. Makati CBD, BGC, and Alabang sub-districts top-line pre-commitment.

Average Pre-commitment Rate: 32%
Indicative Rent Range.

Rents attained a growth of 2.3% q-o-q and 4.5% y-o-y for 2019. The significant q-o-q growth is due to annual price increases.

**Existing Supply**

<table>
<thead>
<tr>
<th>City</th>
<th>PHP/sqm/mo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Makati City</td>
<td>1,950</td>
</tr>
<tr>
<td>Taguig City</td>
<td>1,800</td>
</tr>
<tr>
<td>Pasay City</td>
<td>1,750</td>
</tr>
<tr>
<td>Paranaque City</td>
<td>1,600</td>
</tr>
<tr>
<td>Quezon City</td>
<td>1,600</td>
</tr>
<tr>
<td>Pasig City</td>
<td>1,500</td>
</tr>
<tr>
<td>Mandaluyong City</td>
<td>1,500</td>
</tr>
<tr>
<td>Muntinlupa City</td>
<td>1,300</td>
</tr>
<tr>
<td>Manila City</td>
<td>1,000</td>
</tr>
<tr>
<td>San Juan City</td>
<td>750</td>
</tr>
<tr>
<td>Las Pinas City</td>
<td>400</td>
</tr>
</tbody>
</table>

**Future Supply (up to 2022E)**

<table>
<thead>
<tr>
<th>City</th>
<th>PHP/sqm/mo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Makati City</td>
<td>1,700</td>
</tr>
<tr>
<td>Pasay City</td>
<td>1,300</td>
</tr>
<tr>
<td>Taguig City</td>
<td>1,200</td>
</tr>
<tr>
<td>Pasig City</td>
<td>1,200</td>
</tr>
<tr>
<td>Quezon City</td>
<td>950</td>
</tr>
<tr>
<td>Mandaluyong City</td>
<td>950</td>
</tr>
<tr>
<td>Paranaque City</td>
<td>900</td>
</tr>
<tr>
<td>Muntinlupa City</td>
<td>900</td>
</tr>
</tbody>
</table>

Notes: Rents are indicative rents of bare shell and select warm shell units. Rents do not include outlier rates and “special rates” offered for POGO takers. Source: JLL Research and Consultancy, Various owners and developers.
Residential.
About 12,000 units were added in 4Q19 bumping 2019 stock to more than 23,000 units. Around 91,900 units will be completed by 2022.
Quezon City lead market share for existing supply and future stock, which is mostly made-up of mid-segment developments.

EXISTING
383,500 units

EXCEPTED:
- Quezon City: 21%
- Makati City: 17%
- Manila City: 12%
- Taguig City: 13%
- Mandaluyong City: 10%
- Pasig City: 9%
- Parañaque City: 7%
- Pasay City: 6%
- Muntinlupa City: 3%
- Others: 2%

FUTURE
91,900 units

- Quezon City: 21%
- Makati City: 18%
- Taguig City: 14%
- Pasig City: 16%
- Mandaluyong City: 5%
- Manila City: 5%
- Parañaque City: 7%
- Pasay City: 6%
- Muntinlupa City: 2%
- Others: 2%

Notes: Completion dates may change as per the schedule of the developer. Future developments cover completions up to 2022.
Mid-segment is covered by price range of PHP 1.7M to PHP 10M
Source: JLL Research and Consultancy, Various developers
End-users and investors serve as major demand drivers.

**End-users**

End-users such as starting families, young urban professionals, and Overseas Filipino families are the major drivers of the mid-segment market.

**Investors**

Local high net-worth individuals (HNWIs) are the major profile for investor demand. Local HNWIs often enter upper-mid to luxury developments for resale or for leasing. Foreign investors also make up investor demand.
Vacancy Rate.

Average vacancy rate fell to 2.9% from 3.2% in 3Q19.

Notes: Vacancy rate is calculated from a market basket of existing mid-range to high-end developments by major developers and select boutique developers. 3Q19 figures for Quezon City cover low-end to high-end segments.

Source: JLL Research and Consultancy, Various developers and brokers

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Average rent grew by 1.9% q-o-q. Q-o-q growth is backed by demand from corporate leasing activity and renewals.
Existing supply prices reached PHP 500,000/sqm because of keen demand for property investment. Average selling prices grew at 3.6% q-o-q.

Notes: Selling prices of semi-furnished ST to 2BR units. Existing supply is covered by primary and secondary markets while future supply is covered by only primary markets. 
Source: JLL Research and Consultancy, Various developers and brokers
Retail.
Retail stock added in 2019 is the highest since 2014, the biggest contribution from Ayala Malls Bay Area in Parañaque City. Upcoming supply falls in 2020, with expected supply coming from mall expansions.
Majority of market share for existing stock and upcoming supply are contained in Quezon City attributed by expansions of mall developments within the area.

EXISTING
11.1 million sqm

FUTURE
962,000 sqm

Notes: Completion dates may change as per the schedule of the developer.
Future developments cover completions up to 2022.
Source: JLL Research and Consultancy, Various developers
Demand Drivers.

F&B continues to lead demand with three new foreign brands started operations, followed by fast fashion brands.

F&B Tenants

F&B Tenants remained the top demand driver in 2019 with notable openings of international F&B brands like Panda Express, Monga, and Meet Fresh in SM Megamall and The Podium. Another international brand, Shake Shack, expanded with its second branch in SM Megamall. Japanese brand Tokyo Milk Cheese Factory also opened their first full-service store in Ayala Malls Bay Area.

Fashion Brands

Fashion brands stood out as brands which are downsizing and closing internationally, specifically in the US, but are continuously opening and expanding in Philippines. These brands include; Forever 21, H&M, Zara, Gap, and Mango. Further, local company Golden ABC (GABC), is expanding its brands, namely Penshoppe, Oxygen, ForMe, Memo, Regatta and Tyler, to 150 more stores, which will take up around 25,000 sqm in various retail establishments. Aside from this, they also plan to open a fulfilment center which will feature the aforementioned GABC brands and will be finished by 2020.
Vacancy rate increased to 5.2% from 2.5% last quarter owing to the completion of newly built development expansion, along with delayed tenant openings.

- **OTHERS**
  - Vacancy: 6.4%

- **MANILA CITY**
  - Vacancy: 1.0%

- **MAKATI CITY**
  - Vacancy: 3.9%

- **PASAAY CITY**
  - Vacancy: 7.0%

- **PARAÑAQUE CITY**
  - Vacancy: 3.0%

- **QUEZON CITY**
  - Vacancy: 1.2%

- **MANDALUYONG CITY**
  - Vacancy: 1.7%

- **PASIG CITY**
  - Vacancy: 5.7%

- **TAGUIG CITY**
  - Vacancy: 1.4%

- **MUNTINLUPA CITY**
  - Vacancy: 2.9%

Notes: Vacancy refers to operational vacancy. Source: JLL Research and Consultancy, Various developers
Hospitality.
Total existing stock as of 2019 is at 40,350 rooms, with 1,100 added in 4Q19. Upcoming supply shows promising increase of serviced residences in the Metro, with 29% of future stock being serviced residences.
Bay Area and Makati City developments take up most of existing market share and extends to future supply.

**EXISTING**
- Makati City: 25%
- Manila City: 19%
- Pasay City: 18%
- Quezon City: 9%
- Parañaque City: 8%
- Pasig City: 8%
- Mandaluyong City: 3%
- Muntinlupa City: 5%
- Taguig City: 5%
- Others: 0.40%

**FUTURE**
- Makati City: 16%
- Parañaque City: 12%
- Pasay City: 21%
- Pasig City: 4%
- Mandaluyong City: 4%
- Quezon City: 13%
- Others: 4%

Notes: Completion dates may change as per the schedule of the developer. Future developments cover completions up to 2022E. Source: JLL Research and Consultancy, Various developers, operators.
Tourism and MICE continues to be hospitality demand drivers, with the SEA Games taking place in the Philippines providing a boost in 4Q19.

### SEA Games

The SEA Games affected the performance of hotels across the Metro, specifically those found in Pasay City, Manila City, Paranaque City, and Makati City. With the Philippines hosting the SEA Games last 2019, more international sporting events are set to take place in the country this 2020. Some of these big events include the Asean ParaOlympics 2020 set to take place on March 2020, as well as the ASEAN Football Federation Women's Championship on August 2020. On these months, occupancy rates of nearby hotels are expected to go up as athletes would be needing accommodation.

### MICE

Occupancy rates were also driven by MICE events, especially corporate plannings and seminars of local government units, along with festivities and celebrations of companies and organizations.
Tourism arrivals register at 7.4 million as of November 2019, up by 15.6% y-o-y, owing to continuous leisure tourism demand and continuous entry of the mainland Chinese market.
South Korea remains to be the top source market followed by Mainland China which has grown exponentially the past few years. Mainland China arrivals grew by 40% y-o-y.
Average occupancy registered at 72%, brought up in 4Q19 by the SEA Games, the holiday season, and the consistent performance of luxury Bay Area developments.
Room rates also grew by 13% q-o-q, some reaching the level of their rack rates, attributed to the movement of occupancy rates in 4Q19.

**Room Rate Range.**

<table>
<thead>
<tr>
<th>City</th>
<th>Room Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parañaque City</td>
<td>2,400</td>
</tr>
<tr>
<td>Pasay City</td>
<td>4,000</td>
</tr>
<tr>
<td>Taguig City</td>
<td>5,200</td>
</tr>
<tr>
<td>Manila City</td>
<td>1,600</td>
</tr>
<tr>
<td>Makati City</td>
<td>1,500</td>
</tr>
<tr>
<td>Mandaluyong City</td>
<td>1,900</td>
</tr>
<tr>
<td>Quezon City</td>
<td>1,900</td>
</tr>
<tr>
<td>Pasig City</td>
<td>2,100</td>
</tr>
<tr>
<td>Muntinlupa City</td>
<td>1,600</td>
</tr>
</tbody>
</table>

**Notes:** Room rates are discounted room rates of double occupancy standard and deluxe rooms, inclusive of breakfast. Source: JLL Research and Consultancy, Various hotel developments
Metro Cebu
property market overview
Around 80,500 sqm of leasable space was added in 2019, bumping the total existing stock to 1.1 million sqm. Upcoming developments are expected to add 417,600 sqm.
Majority of existing and upcoming developments are concentrated in Cebu City, with pockets of development in Mandaue City and Lapu-Lapu City. The latter cities are seen to have larger shares for future landscape.

**EXISTING**
1.1 million sqm

- Cebu City: 87%
- Mandaue City: 7%
- Lapu-Lapu City: 6%

**FUTURE**
417,600 sqm

- Cebu City: 78%
- Mandaue City: 11%
- Lapu-Lapu City: 11%

Note: Covers Grade “A” developments. Completion dates may change as per the schedule of the developer.
Source: JLL Research and Consultancy, Various owners and developers
Demand Drivers.

IT-BPM Tenants continue to be major demand driver for office space.

IT-BPM Tenants

Labor force in Metro Cebu is fit for IT-BPM locators as seen in business hubs such as Cebu Business Park and Cebu IT Park, where a number of BPO and KPO firms are located.

Source: JLL Research and Consultancy, Various owners and developers
Vacancy & Pre-commitment.

Average vacancy rate is at 9%, pulled up by the high vacancy in Mandaue City. Conversely, pre-commitment rate of Mandaue is highest is at 55%. 

Note: Covers developments for completion up to 2022E.
Source: JLL Research and Consultancy, Various developers
Monthly rent for existing developments is capped at PHP 1,100 per sqm per month, still supporting the growing and active office market in Cebu City while future developments command rent at PHP 800 per sqm, per month - from Cebu City.

**Existing Supply**

- **Cebu City**: 450 units at PHP 1,100 per sqm per month
- **Mandaue City**: 400 units at PHP 800 per sqm per month
- **Lapu-Lapu City**: 455 units at PHP 610 per sqm per month

**Future Supply (up to 2022E)**

- **Cebu City**: 450 units at PHP 1,100 per sqm per month
- **Mandaue City**: 400 units at PHP 800 per sqm per month
- **Lapu-Lapu City**: 455 units at PHP 525 per sqm per month

*Notes: Rents are asking rents of bare shell units.*
*Source: JLL Research and Consultancy, Various owners and developers*
Residential.
About 83% of completed units in 2H19 are located in Cebu City, followed by completions in Lapu-Lapu City. Top developer in terms of unit count during the period is Taft Property Venture Development Corporation with 22% share.
Majority of existing stock comes from Cebu City while Mandaue City is expected to outperform the former in terms of upcoming supply.

**EXISTING SUPPLY**
(AS OF 2019)

- Cebu City: 77%
- Lapu-Lapu City: 15%
- Mandaue City: 8%

**FUTURE SUPPLY**
(2020E-2022E)

- Cebu City: 45%
- Lapu-Lapu City: 6%
- Mandaue City: 49%

**EXISTING**
32,100 units

**FUTURE**
14,500 units

Notes: Completion dates may change as per the schedule of the developer. Future developments cover completions up to 2022E. Mid-segment is covered by price range of PHP 1.7M to PHP 10M. Source: JLL Research and Consultancy, Various developers.
Demand Drivers.

Investment potential drives residential condominium demand, with a stable lease rate and continuous capital value growth.

**Leasing Market**

The leasing market is primarily determined by both short-term and long-term rentals with respective drivers. Short-term rentals are positively correlated with the level of tourist arrivals from both foreign and domestic sources, through platforms such as AirBnB. Long-term rentals are attributed to corporate and staff housing provided by the Information Technology and Business Process Management (IT-BPM) and other multinational corporations (MNCs), student leasing, and employees looking for halfway homes for weekdays.

**Selling Market**

The selling market is dominated by investors rather than end-users. Most buyers are local high-net-worth individuals (HNWIs) and foreign investors who plan to enter their units in the leasing market or wait for capital appreciation and flip their properties. End-users form minority of the buyer profile and are mostly HNWIs from affluent families living in Cebu City.

Source: JLL Research and Consultancy, Various owners and developers
Cebu City leads in commanding highest rents, owing to an active market driven by corporate housing and employees looking for halfway homes.

- Cebu City: 400 sqm, $1,310
- Mandaue City: 770 sqm, $1,050
- Lapu-Lapu City: 400 sqm, $780

Note: Rents are asking rents and are based on 2BR semi-furnished units. Source: JLL Research and Consultancy, Various owners and developers.
Cebu City records highest prices for existing stock from upper-segment developments while Lapu-Lapu City has the highest prices for future supply from luxury seaside projects.

### Existing Supply

- **Cebu City**: 75,000 to 240,700 PHP / sqm
- **Lapu-Lapu City**: 84,200 to 191,000 PHP / sqm
- **Mandaue City**: 101,100 to 136,300 PHP / sqm

### Future Supply (up to 2022E)

- **Cebu City**: 127,800 to 239,200 PHP / sqm
- **Lapu-Lapu City**: 98,200 to 297,900 PHP / sqm
- **Mandaue City**: 129,400 to 146,700 PHP / sqm

**Note**: Selling prices are asking prices. Selling prices encompass 1T to 2BR units. Source: JLL Research and Consultancy, Various owners and developers.
Retail.
Around 62,700 sqm was added to the retail stock in 2H19. A thin pipeline is seen in the upcoming years with development geared towards Lapu-Lapu City.
Market Share.

Majority of existing stock is located in Cebu City due to large format “mega-malls” from major developers. Lapu-Lapu City dominates upcoming development market share through smaller formats.

EXISTING
1.0 million sqm

Cebu City
79%

Lapu-Lapu City
14%

Mandaue City
7%

FUTURE
22,700 sqm

Lapu-Lapu City
100%

Developments include shopping malls. Completion dates may change as per the schedule of the developer.
Source: JLL Research and Consultancy, Various developers and operators
Demand Drivers.

F&B tenants dominate retail developments, showcasing mostly local brands.

**F&B Tenants**

Local and foreign F&B tenants are the major drivers of the retail property market in Metro Cebu, taking up majority share in both shopping malls and commercial strips throughout the metro.

**Locals and Tourists**

Local residents and tourists (both foreign and local) make up the customer profile of the retail developments in Metro Cebu. Aside from the established mall market in Cebu City, commercial strips in Lapu-Lapu City are banking on the ever-increasing tourist arrivals, especially during the summer periods.
Vacancy rate averages at 7.2%, pulled by high vacancy recorded by newly completed developments in Cebu City and Lapu-Lapu City.
Hospitality.
Around 1,200 rooms were completed in 2019, bringing the total existing stock to around 16,900 rooms. Majority of the supply entered in Lapu-Lapu City, with the completion of Dusit Thani and Savoy Mactan.
While most existing and future supply is in Cebu City, the growing tourism in Lapu-Lapu has served as an opportunity for developers, with upscale and luxury hotels looking to enter the market.

**Market Share.**

**EXISTING**
- Cebu City: 55%
- Lapu-Lapu City: 30%
- Mandaue City: 15%

**FUTURE**
- Cebu City: 52%
- Lapu-Lapu City: 45%
- Mandaue City: 3%

Notes: Completion dates may change as per the schedule of the developer. Source: JLL Research and Consultancy, Various developers and operators.
Tourism and MICE market continues to be hospitality demand drivers.

Tourism

Experiencing the effect of the improvements of the Mactan-Cebu International Airport and banking on the growing tourism market, along with the timely closing of Boracay in 2018, Lapu-Lapu City has established itself as a strong foreign tourist destination with significant volume coming from Korean and Chinese tourists, especially during the summer seasons, peaking between March to September.

MICE

Occupancy rates were also driven by MICE events, especially festivities or celebrations from companies and organizations. Hotels that have key corporate accounts are able to expect annual events, while local government units are regular takers of hotels, especially in Downtown District of Cebu City.

Source: JLL Research and Consultancy, Various developments and operators
Average occupancy registered at 59%, with Cebu City and Lapu-Lapu City registering 60% and above. Being a secondary location, Mandaue City marginally pulled down the average level due to lower supply share of the district.
Room Rates.

Topline rates come from Lapu-Lapu City given the concentration of luxury hotel-resorts in the area. Highest room rates in Cebu City and Mandaue City are Radisson Blu and Bai Hotel, respectively.

- Lapu-Lapu City: 900 rooms at 21,820 PHP/room/night
- Cebu City: 825 rooms at 9,900 PHP/room/night
- Mandaue City: 940 rooms at 8,460 PHP/room/night

Notes: Room rates are discounted room rates of double occupancy standard and deluxe rooms, inclusive of breakfast. Source: JLL Research and Consultancy, Various hotel developments.
Metro Davao
property market overview
Office.
Construction delays and the recent earthquake push 2019 scheduled developments to 2020 completion. No upcoming supply reported yet post-2020 as slowdown in takeup during martial law put some announced buildings on hold.
Existing stock is mostly spread in the different districts, while the Central and Downtown Districts are set to increase their share as the focal point for commercial activity. West District is an upcoming market, controlling most of future supply.

**EXISTING**
- East District: 24%
- Central District: 31%
- West District: 27%

**FUTURE**
- Central District: 34%
- East District: 25%
- West District: 35%

Source: JLL Research and Consultancy, Various owners and developers
Demand Drivers.

O&O Firms

O&O firms remain as the big takers of office spaces in the area, leasing out several floors to whole office buildings. Some O&O firms have also expanded their operations from a single building, to multiple buildings within the same development, keeping vacancy rates and pre-commitment rates in the area where they are situated healthy.

The most recent large expansion of O&Os were in late 2018, when two prominent O&O firms each took up half of two separate buildings.
Davao city recorded an 11% vacancy rate as of end-2019, pulled up by East District hitting 42% vacancy rate with the bulk of the 18,000 sqm coming from the most recent office building to be completed. Other districts have vacancies of 0% to 4%.
Pre-commitment hit 25% as of end-2019, pulled down by the West and Downtown Districts which are without take-up despite completion within 2020.
Downtown District leads rents. Low vacancy rate for existing stock allow landlords to push rents higher, while rent premium for upcoming supply comes from Inspiria Tower and Diamond Tower.

### Existing Supply

- **Downtown District**: 700 PHP/sqm/month
- **East District**: 600 PHP/sqm/month
- **Central District**: 550 PHP/sqm/month
- **West District**: 500 PHP/sqm/month
- **North District**: 500 PHP/sqm/month

### Future Supply (up to 2022E)

- **Downtown District**: 800 PHP/sqm/month
- **East District**: 800 PHP/sqm/month
- **Central District**: 550 PHP/sqm/month
- **West District**: 500 PHP/sqm/month
- **North District**: 500 PHP/sqm/month

**Notes:** Rents are asking rents for bare and warm shell units. Source: JLL Research and Consultancy, Various owners and developers.
Residential.
Over 800 units were turned over in 2019, with slippages in completion pushing to 2020. The turnover of Dusit Thani Residences saw the completion of the first branded residence in Davao City.
While current supply is dominated by the Central District and Downtown District, future supply is seen to move outward to the East and West Districts, as pockets of development and townships are in the pipeline.
## Demand Drivers.

Various demand drivers for the lease and sale markets.

<table>
<thead>
<tr>
<th>Young Professionals</th>
<th>Families of Overseas Filipinos (OFs)</th>
<th>Student Tenants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand is observed from young professionals above entry-level employed in O&amp;O firms and MNCs, as well as young entrepreneurs looking to invest in residential assets. The demand stems within Davao City and the surrounding locations, as the city is seen as the main business hub in Mindanao.</td>
<td>OFs continue to acquire properties for investment purposes, mostly in the mid-segments. Units are either rented out, converted to AirBnB units, or held for resale.</td>
<td>The student population serves as a continuous market for leasing demand, due to the profile of students in Davao city being a mix of locals within the entire Mindanao and foreign students, mostly Indian, Korean, and Japanese.</td>
</tr>
</tbody>
</table>

Source: JLL Research and Consultancy, Various owners and developers
Rents in Downtown District pulled up by stronger leasing demand coming from students needing halfway homes.
Highest selling prices are commanded by developments in the Abreeza complex in Central District along with the newly completed Dusit Residences and upcoming Azuela Cove in East District.
Retail.
No developments were completed in 2019 due to construction delays. Limited pipeline with future supply addition in 2020, owing to carryover of 2019 delayed projects and projected completions beyond 2022.
Central District owns biggest market share due to the presence of large-size malls in Davao City while future market share is in Others district, suggesting that developers are moving outside the established districts of the City.
Demand Drivers.
Local F&B continue to lead demand in 2H19

Local Business Expansion

The retail landscape of Davao City is dominated by local businesses, as there is still limited foreign brand penetration in the city, mostly due to the lack of upcoming regional malls, coupled with the declaration of martial law.

F&B Tenants

F&B and Fashion continue to lead demand in Davao City attributed by expansions of existing local business owners for F&B, like Anniepie Bakery Cafe and Mandarin Tea Garden.
North District pulled up vacancy rate attributed to challenges in attracting tenants in the two recently completed developments, coupled with the still limited commercial activity in the district.
Around 684 rooms were completed in 2019, 546 of which were completed in the second half of the year, making the total supply at about 4,300 rooms. Majority of the completions came from the East District, with the opening of Dusit D2 Davao and Acacia Hotel.
While existing supply is dominated by East and Downtown Districts, in part due to the presence of convention centers for MICE activities, future supply is dominated by Hotel 101, which will bring over 500 rooms and a convention center into the West District.
Demand Drivers.

*MICE continues to be the major demand driver, with tourism also contributing during key periods.*

### TOURISM

In the second half of the year, the peak season of tourism was experienced during the Kadayawan festival, which brings high occupancy rates that can span from two to four weeks due to the month-long activities.

### MICE

MICE activity continues to bring up hotel occupancy, especially those with or near convention centers, greatly contributing to the East District and Downtown District's occupancy rates.

The city has also won the bid to host the MICE Conference 2020, which is expected to pull up occupancies during the tail end of the third quarter.
Tourists are still majority local, significantly impacted by MICE and investment activities.
USA has the largest share of arrivals, with Mainland China second due to the increase in direct flights to Davao City. Japan, Korea, and India are stable sources due to the already existing presence of these nationalities in the city.
Average occupancy registered at 52%, with the rate pulled up by the East District as the primary venue for MICE events, through SMX convention center in Davao. The surrounding hotels attain peak occupancy during key events in the district.
Upscale developments are lacking in West and North Districts, evident in topline room rates. The upper ranges of room rates come from Dusit D2 Davao, Marco Polo, and Seda Abreeza.

<table>
<thead>
<tr>
<th>District</th>
<th>Room Rate</th>
<th>PHP/room/night</th>
</tr>
</thead>
<tbody>
<tr>
<td>East District</td>
<td>1,688</td>
<td>9,300</td>
</tr>
<tr>
<td>Downtown District</td>
<td>587</td>
<td>8,552</td>
</tr>
<tr>
<td>Central District</td>
<td>832</td>
<td>7,900</td>
</tr>
<tr>
<td>West District</td>
<td>2,589</td>
<td>3,613</td>
</tr>
<tr>
<td>North District</td>
<td>2,000</td>
<td>2,400</td>
</tr>
</tbody>
</table>

Notes: Room rates are discounted room rates of double occupancy standard and deluxe rooms, inclusive of breakfast. Source: JLL Research and Consultancy, Various hotel developments.
Industrial property market overview
Batangas is expected to see more industrial park developments, supported by the expansion plans of LISP 3 and 4.
As of 2H19, majority of existing industrial parks are found in Batangas and Laguna with a combined 71% share of total supply. Meanwhile, more than half of upcoming developments will come from Batangas.
Production of fabricated metals and electronics are the notable newly registered activities with PEZA, along with development of facilities for lease.

### 2H19 Select New PEZA-Registered Activities

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Astec Consumer Power Product, Inc.</td>
<td>Electrical Machinery and Apparatus (EMA)</td>
</tr>
<tr>
<td>Base Wood Metro Factory Int. Corp.</td>
<td>Furniture</td>
</tr>
<tr>
<td>Cam Precision Technology, Inc.</td>
<td>Fabricated Metal Products (FMP)</td>
</tr>
<tr>
<td>Fourth Stripe Manufacturing Corp.</td>
<td>Tobacco Products</td>
</tr>
<tr>
<td>Furukawa Electric Thermal Management Solutions and Products, Inc.</td>
<td>FMP</td>
</tr>
<tr>
<td>Grandsun Advanced Electronics (Phils), Inc.</td>
<td>Radio, Television, and Communications Equipment (RTC)</td>
</tr>
<tr>
<td>Ibiden Philippines, Inc.</td>
<td>RTC</td>
</tr>
<tr>
<td>Lemtech Philippine Thermal Systems</td>
<td>FMP</td>
</tr>
<tr>
<td>RTI System Automation, Inc.</td>
<td>EMA</td>
</tr>
<tr>
<td>Yu San Wire and Cable, Inc.</td>
<td>EMA</td>
</tr>
</tbody>
</table>

### 2H19 Select New Warehouse Developers

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Warehouse Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronics-Property Co. Corp.</td>
<td>2-storey warehouse facility</td>
</tr>
<tr>
<td>CZL Entreprises, Inc.</td>
<td>1-unit warehouse facility</td>
</tr>
<tr>
<td>GKY Holdings &amp; Industrial Corp.</td>
<td>3 warehouse facilities</td>
</tr>
<tr>
<td>Hehuan Corp.</td>
<td>2-storey warehouse facility</td>
</tr>
<tr>
<td>Pacific Avelex Realty Corp.</td>
<td>2-unit warehouse facility</td>
</tr>
<tr>
<td>Pandora Land Development, Inc.</td>
<td>6-unit warehouse facility</td>
</tr>
<tr>
<td>Sino Shine International Corp.</td>
<td>1-unit warehouse facility</td>
</tr>
<tr>
<td>South Tanvite Management Corp.</td>
<td>1-unit warehouse facility</td>
</tr>
<tr>
<td>TW &amp; Co., Inc.</td>
<td>1-unit warehouse facility</td>
</tr>
<tr>
<td>Uniwamco Corp.</td>
<td>2 warehouse facilities</td>
</tr>
<tr>
<td>Windrunner Enterprise, Inc.</td>
<td>1-unit warehouse facility</td>
</tr>
</tbody>
</table>

Note: Based on PEZA registered activities as of Oct. 2019

Source: JLL Research and Consultancy, Various owners and developers
Laguna and Batangas warehouses ask for higher rates due to superior quality and better position along SLEX. Selling prices increased in 2H19 by up to 22% from 1H19.
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thank you.

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