CBRE

Momentum continues even as vacancy reaches its highest level

▲ 20.8%
Vacancy Rate, Metro Manila

-5.9k
SQM Net Absorption, Metro Manila

▲ 87.4k
SQM New Completions, Metro Manila

▶ Php380 – 2,400
Bare Shell Rental Rates, Metro Manila

Note: Arrows indicate change from previous quarter.

QUARTERLY HIGHLIGHTS

- This quarter saw an increase in new office supply across both Metro Manila and Iloilo. In Metro Manila, the completion of the second phase of Robinsons Land's GBF Towers in Quezon City added approximately 60,000 sq. m. to the stock, along with smaller format buildings in BGC, Fort Bonifacio. These additions brought Metro Manila's total office stock to 9.1 million sq. m. Meanwhile, in provincial areas, Ayala Land's Atria Towers were completed in Iloilo, contributing around 20,000 sq. m. of new office spaces.
- The country's office market recorded a total of 248,100 sq. m. of transactions this quarter. This momentum made it the strongest quarter of 2025 so far. Demand was primarily fueled by the IT-BPM sector, though transactions from government entities also played a notable role, making up 18% of the total demand.
- This quarter saw a significant surge in activity, recording the largest quarterly transaction count with over 186 individual transactions. Furthermore, the average size of these transactions increased q-o-q, reaching 1,334 sq. m.
- Even as demand momentum continued, Metro Manila recorded its highest-ever vacancy level, largely driven by the vacation of spaces by POGO companies.

TABLE 1: Metro Manila Office Market – Quick Stats

	2025 Q1	2025 Q2	2025 Q3
Existing Supply (in '000 sqm)	9,005.9	9,037.2	9,124.6
New Supply (in '000 sqm)	54.6	31.3	87.4
Vacated Spaces (in '000 sqm)	141.2	112.9	136.2
Total Demand - New Leases (in '000 sqm)	161.5	168.3	181.2
Overall Vacancy	20.1%	20.3%	20.8%

Metro Manila Availability

New office completions in specific Metro Manila areas—namely Quezon City, Fort Bonifacio, and the Bay Area—pushed the total office stock up to 9.1 million sq. m. Of the almost 1.9 million sq. m. of available space, a significant majority is either vacated (56%) or unleased (41%), with only 3% constituting new supply.

The Bay Area maintains the highest total availability of office space in Metro Manila, and this area also features the highest concentration of newer buildings. In contrast, the most premium location, Makati, has the highest ratio of older buildings.

Metro Manila Vacancy

Vacancy in Metro Manila reached its highest level mainly driven by the POGO exodus. On a per subdistrict level, traditional companies moving out of older buildings in Makati led to an increase in vacancy rate. POGO exodus decimated gains from major government transactions in Bay Area. Fort Bonifacio's sustained demand further drove down vacancy even with completion of small-format buildings during the quarter. On the other hand, demand from Government and IT-BPM companies offset new building completions in Quezon City. Lastly, Alabang and Ortigas drove down vacancy due to strong performance by major and boutique developers.

Philippine Demand

The country's office market sustained its strong momentum in Q3 2025 by recording approximately 248,100 sq. m. of transactions. This makes it the strongest quarter of the year and the third consecutive quarter where demand surpassed 200,000 sq. m. Majority of this demand (73%) was concentrated in Metro Manila, with the remaining 27% occurring in provincial areas. Furthermore, both the number of deals and the average transaction size increased this quarter.

While the IT-BPM remains the primary driver of demand (42%), a significant amount of government transactions were also seen this quarter accounting to 18% of total demand.

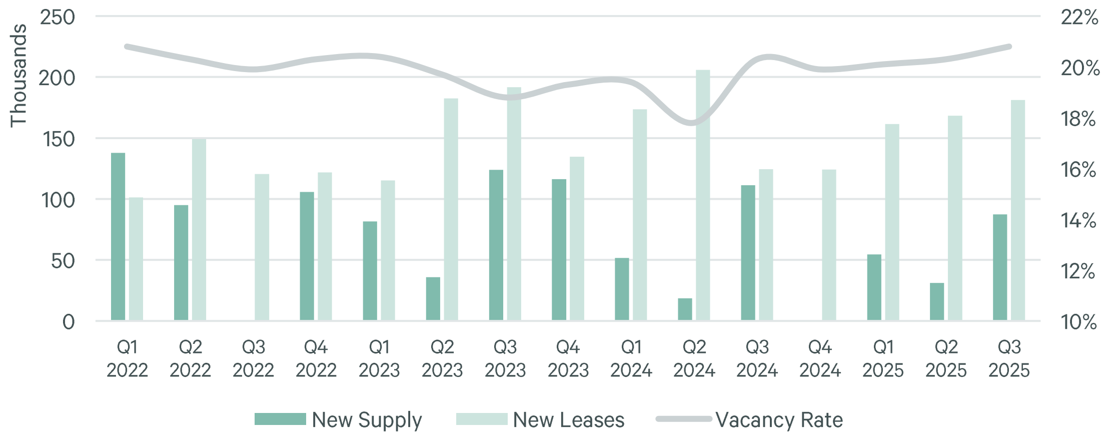
Fort Bonifacio led the market in transactions this quarter with over 47,800 sq. m., closely followed by Cebu (42,800 sq. m.) and the Bay Area (38,800 sq. m.).

TABLE 2: Metro Manila Office Market – Subdistrict Overview

	Total Existing Stock	Total Current Availability	Vacancy	Published Rent	Published CUSA
Makati CBD	1,772,500	375,800	21.2%	Php 550 – 2,400	Php 86 – 335
Fort Bonifacio	2,630,400	215,900	8.2%	Php 800 – 1,600	Php 160 – 300
Ortigas CBD	1,371,700	196,900	14.4%	Php 450 – 1,000	Php 95– 220
Quezon City	1,493,500	375,100	25.1%	Php 600 – 900	Php 125 – 235
Bay Area	1,100,500	492,800	44.8%	Php 550 – 1,200	Php 147 – 220
Alabang	756,100	241,400	31.9%	Php 380 – 900	Php 113 – 200

Note: Rent and CUSA are in PHP/sqm/month

FIGURE 1: Metro Manila Office Supply, Demand, and Vacancy



Pipeline Supply

An additional 135,000 sq. m. of new office supply is anticipated to be added to Metro Manila's stock before the end of the year, with new completions scheduled in the Bay Area, Quezon City, and Fort Bonifacio.

Looking forward, almost 870,000 sq. m. of upcoming inventory is expected to be completed in Metro Manila until 2028 with an average of 290,000 sq. m. per year. On the other hand, more than 500,000 sq. m. of new space is expected to be completed over the next five years in both Tier 1 and emerging locations. Cebu will lead this supply pipeline with about 200,000 sqm of upcoming inventory, followed by Davao and Pampanga. Emerging areas like Bohol and Dumaguete are also slated to see new completions starting later this year and into next year.

Rental Rates

Rental rates in prime buildings in Makati and BGC continues to decline while rate in Grade A & B buildings in Makati set a new high as aging buildings along Ayala Avenue get filled up again. There has been steady increase in Ortigas' rate as profile of availability shifts to buildings that are less than 5 years of age. On the other hand, Bay Area saw a spike in rate due to recent government transactions that are typically short-term renewable with fit-out participation.

Provincial rates are mostly steady and comparable to each other, making it a more competitive landscape compared to Metro Manila subdistricts and putting more focus on talent availability and retention.

FIGURE 2: Philippines Office Market – Announced Pipeline by Area

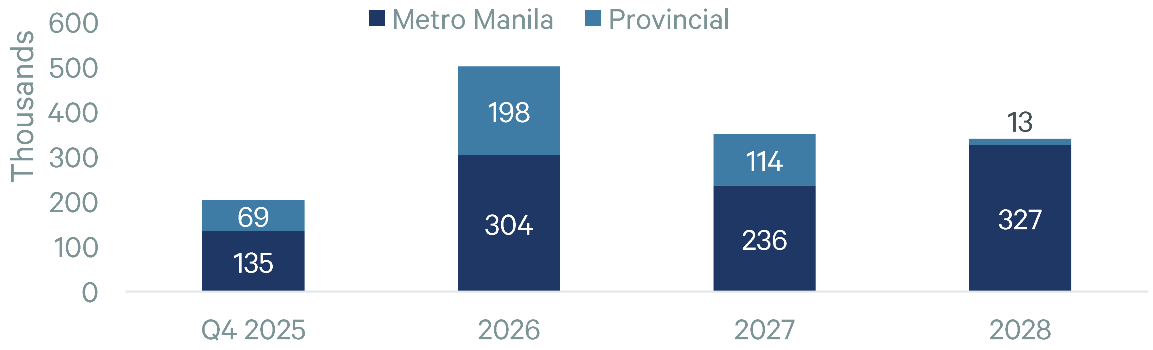


TABLE 3: Metro Manila Rents

SUB-DISTRICT	PUBLISHED RATES IN PHP	FAIR MARKET RENT Q2 2025	FAIR MARKET RENT NOW	COMMON AREA CHARGES IN PHP
MAKATI PRIME	1,250 – 2,400	1,268.92	1,249.04	200 – 290
BGC	1,000 – 1,600	1,113.83	1,098.26	160 - 300
MAKATI A&B	550 – 1,500	988.10	1,025.33	86 – 335
NORTH BONIFACIO	1,000 – 1,600	960.85	954.81	170 – 252
ORTIGAS	450 – 1,000	816.06	830.34	95 - 220
MCKINLEY	800 – 1,200	690.82	685.97	170 - 200
QUEZON CITY	600 – 900	686.77	668.72	125 – 235
BAY AREA	550 – 1,200	583.64	699.62	147 – 200
ALABANG	380 – 900	648.83	608.96	113 – 200

Advisory & Transaction Services - Research

The Philippine Quarterly Market Report is CBRE Philippines' flagship regularly recurring publication, with insights derived from the latest updates from data collection methods and market surveys conducted by the local Research team.

The Philippine Quarterly Market Report provides in-depth analysis on the Philippine real estate market, including office supply and demand dynamics, vacancy, rental trends, transaction insights, location in-focus activity, and industry sector overview.

Quarterly Market Reports

CBRE White Papers and Viewpoints are CBRE Philippines' reports that identify key market-shaping trends and insights observed in the market, aimed providing guidance to stakeholders in their decisions involving growth, recalibration, workplace strategy, or more.

The reports contain valuable information from industry experts on a wide variety of topics, including but not limited to costs, infrastructure, incentives, and processes that could impact their businesses and operations.

CBRE White Papers and Viewpoints

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