

Demand improved y-o-y even with a lackluster Q4

▼ 20.3%

Vacancy Rate, Metro Manila

74.6k

SQM Net Absorption, Metro Manila

▼ 37k

SQM New Completions, Metro Manila

► Php380 – 2,400

Bare Shell Rental Rates, Metro Manila

Note: Arrows indicate change from previous quarter.

QUARTERLY HIGHLIGHTS

- The office market recorded a total of 165,500 sq. m. of transactions this quarter. Looking into full year performance, office demand grew 8% y-o-y. While demand remained steady in Metro Manila and provincial areas y-o-y, transactions in Cebu doubled in 2025, signaling continuous growth trajectory.
- While the IT-BPM sector remains the primary driver of demand, a shifting trend has emerged: transaction count for the sector has slowed for the 4th consecutive year.
- Total transactions for this quarter increased to 647 while average transaction size decreased to 1,262 sq. m.
- With the POGOs gone, vacated spaces dipped to 15,300 sq. m. this quarter.
- Major developers delivered new completions in Quezon City and Cavite this quarter, signaling continued expansion in key growth hubs. In Quezon City, the inventory saw an increase of approximately 37,000 sq. m. with the completion of the 4th installment of SM North Towers. Also, Ayala Land expanded its footprint in the south, delivering roughly 24,000 sq. m. of office supply through its Evo City development in Kawit, Cavite.

TABLE 1: Metro Manila Office Market – Quick Stats

	2025 Q2	2025 Q3	2025 Q4
Existing Supply (in '000 sqm)	9,037.2	9,124.6	9,161.6
New Supply (in '000 sqm)	31.3	87.4	37.0
Vacated Spaces (in '000 sqm)	112.9	136.2	15.3
Total Demand - New Leases (in '000 sqm)	168.3	181.2	117.0
Overall Vacancy	20.3%	20.8%	20.3%

Metro Manila Availability

With the completion of SM North Tower 4 in Quezon City, Metro Manila's total stock reached 9.16 million sq. m. 56% of the 1.86 million sq. m. that are currently available are still vacated spaces, with the remaining spaces being new and unleased.

Bay Area remains the subdistrict with the highest total availability. Looking into the age of available spaces per subdistrict, developers with relatively newer buildings in certain markets such as Ortigas and Fort Bonifacio will start charging a premium while others will continue to be aggressive and wait a little longer to recover.

With the POGOs essentially gone, newly vacated spaces dipped this quarter from an average of 100,000 sq. m. realized in the prior quarters.

Metro Manila Vacancy

Metro Manila vacancy slightly improved at 20.3% this quarter. On a subdistrict basis, strong leasing activity in Quezon City especially from IT-BPM sector was offset by building completions, resulting to an uptick in vacancy. Downward trend in vacancy in Ortigas was accelerated by robust demand from traditional companies. On the other hand, sustained demand in Fort Bonifacio especially in BGC and North Bonifacio continues to drove down vacancy. Following the cessation of newly vacated POGO spaces, vacancy improved in Bay Area. Lastly, Makati and Alabang also saw improvement in vacancy.

Philippine Demand

The office market recorded a total of 165,500 sq. m. of transactions this quarter. Looking into full year performance, office demand grew 8% y-o-y. While demand remained steady in Metro Manila and provincial areas y-o-y, transactions in Cebu doubled in 2025, signaling continuous growth trajectory. 71% of the total demand was in Metro Manila while the remaining in provincial areas.

While the IT-BPM sector remains the primary driver of demand, a shifting trend has emerged: transaction count for the sector has slowed for the 4th consecutive year.

Total transactions for the year increased to 647 while average transaction size decreased to 1,262 sq. m.

Fort Bonifacio is still the best performing subdistrict this quarter with around 27,600 sq. m. of transactions followed by Ortigas (24,300 sq. m.), and Cebu (22,600 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	373,500	21.1%	Php 550 – 2,400	Php 86 – 335
Fort Bonifacio	2,630,400	202,700	7.7%	Php 800 – 1,600	Php 160 – 300
Ortigas CBD	1,371,700	182,000	13.3%	Php 450 – 1,000	Php 95– 220
Quezon City	1,530,500	399,200	26.1%	Php 600 – 900	Php 125 – 235
Bay Area	1,100,500	479,400	43.6%	Php 550 – 1,200	Php 147 – 220
Alabang	756,100	223,500	29.6%	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

Almost half a million sq. m. of new office supply is anticipated to be added to Metro Manila’s stock this year. 62% of this year’s upcoming stock are off-center with completions in Arca South, Bay Area, Manila, Alabang, and Quezon City.

For the succeeding years, around 550,000 sq. m. of pipeline is expected to be added to Metro Manila’s office stock from 2027-2028. Looking into provincial areas, almost 370,000 sq. m. of supply will be completed over the next three years.

Rental Rates

Rental rates in Metro Manila are mostly steady this year especially in Makati, Fort Bonifacio, and Ortigas. Bay Area is starting to increase its rates following the strong performance of SM developments. On the other hand, Quezon City also improved in terms of rates with strong performance from newer buildings. Lastly, Mckinley rates continue to decline because of its high vacancy and quality of spaces in the area, forcing landlords to offer more competitive terms to attract and retain tenants.

FIGURE 2: Philippines Office Market – Announced Pipeline by Area

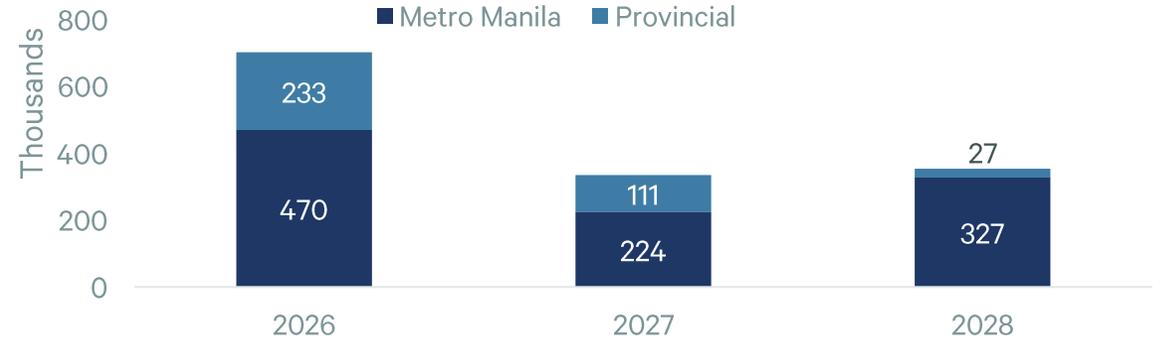
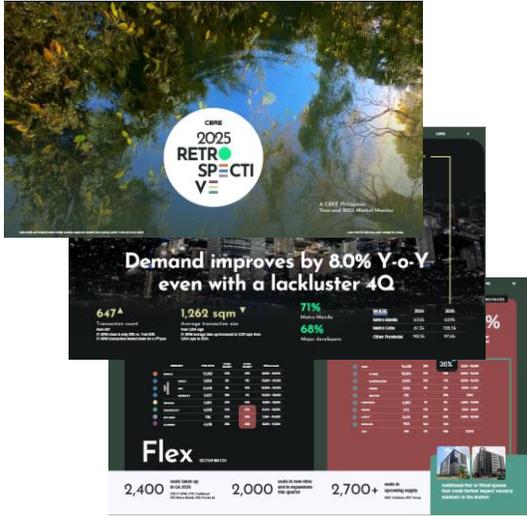


TABLE 3: Metro Manila Rents

SUB-DISTRICT	PUBLISHED RATES IN PHP	FAIR MARKET RENT Q3 2025	FAIR MARKET RENT NOW	COMMON AREA CHARGES ⁱⁱⁱ PHP
MAKATI PRIME	1,250 – 2,400	1,249. ⁰⁴	1,195. ⁴¹	200 – 290
BGC	1,000 – 1,600	1,098. ²⁶	1,107. ²⁶	160 – 300
MAKATI A&B	550 – 1,500	1,025. ³³	986. ⁴⁵	86 – 335
NORTH BONIFACIO	1,000 – 1,600	954. ⁸¹	959. ³²	170 – 252
ORTIGAS	450 – 1,000	830. ³⁴	814. ⁶²	95 – 220
MCKINLEY	800 – 1,200	685. ⁹⁷	652. ⁹⁰	170 – 200
QUEZON CITY	600 – 900	668. ⁷²	657. ⁶⁷	125 – 235
BAY AREA	550 – 1,200	699. ⁶²	706. ¹⁴	147 – 200
ALABANG	380 – 900	608. ⁹⁶	606. ⁹⁷	113 – 200

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