

Thriving amidst global disruptions

▲ 20.3%

Vacancy Rate, Metro Manila

9.9k

SQM Net Absorption, Metro Manila

▼ 31.3k

SQM New Completions, Metro Manila

► Php380 – 2,200

Bare Shell Rental Rates, Metro Manila

Note: Arrows indicate change from previous quarter.

QUARTERLY HIGHLIGHTS

- Major developers continue to add new office supply in both Metro Manila and the provinces. In Metro Manila, the third installment of SM's North Towers in Quezon City was completed this quarter, adding approximately 30,000 sq.m. to the total supply, which now stands at 9.04 million sq.m. Elsewhere, Filinvest completed Towers 3 and 4 of Filinvest Cebu Cyberzone, while Megaworld delivered Pasudeco Tower 1 in Pampanga.
- The Philippine office market recorded transactions totaling 220,000 sq.m. this quarter. When combined with the previous quarter's transactions, this marks the strongest first half of the year since the onset of the pandemic. The IT-BPM sector accounted for 46% of the total demand, with notable activity from third-party outsourcing (3PO) firms such as IntouchCX, Concentrix, Teleperformance, Wipro, and HGS. Additionally, new companies including Cigna, Auctance, Gallagher, and VidaXL have recently established a presence in the country.
- Majority of this quarter's demand (77%) went to Metro Manila while the rest (23%) in provincial areas.
- 54% of the available office supply in Metro Manila are vacated spaces while 46% account for new and unleased spaces.

TABLE 1: Metro Manila Office Market – Quick Stats

	2024 Q2	2025 Q1	2025 Q2
Existing Supply (in '000 sqm)	8,839.9	9,005.9	9,037.2
New Supply (in '000 sqm)	18.6	54.6	31.3
Vacated Spaces (in '000 sqm)	81.3	141.2	112.9
Total Demand - New Leases (in '000 sqm)	205.8	161.5	168.3
Overall Vacancy	17.8%	20.1%	20.3%

Metro Manila Availability

Metro Manila's total office stock increased to 9.04 million sq.m. this quarter, driven by a new completion in Quezon City. Currently, 1.8 million sq.m. is available, with 54% being vacated, 44% unleased, and 2% new stock.

Bay Area has the highest availability among Metro Manila's six major subdistricts, primarily because of spaces left vacant by Philippine Offshore Gaming Operators (POGOs) following last year's ban. Although most of these vacancies occurred in the first half of the year, the office real estate market is expected to feel the lingering effects throughout the second half of the year.

Metro Manila Vacancy

Vacancy in Metro Manila rose slightly to 20.3%. Despite strong take-up in Quezon City, the new completion of office space there offset the gains, causing a net increase in vacancy. Bay Area experienced the largest jump in vacancy, as more Philippine Offshore Gaming Operators (POGOs) terminated their leases. In contrast, the remaining subdistricts of Metro Manila saw a decrease in vacancy this quarter, indicating improving conditions.

Philippine Demand

The Philippine office market continued its recovery in Q2 2025, with demand exceeding 200,000 sq.m. for the second consecutive quarter. This performance made the first half of the year the strongest since 2020. Of the total transactions, 73% occurred in Metro Manila and 29% in the provinces. The number of transactions increased from 156 to 173, while the average transaction size decreased to 1,268 sq.m.

The IT-BPM sector remains the primary driver of market activity, accounting for 45% of total transactions. Growth is concentrated in central business districts (CBDs) and key provincial hubs, as companies look to diversify their locations and optimize costs.

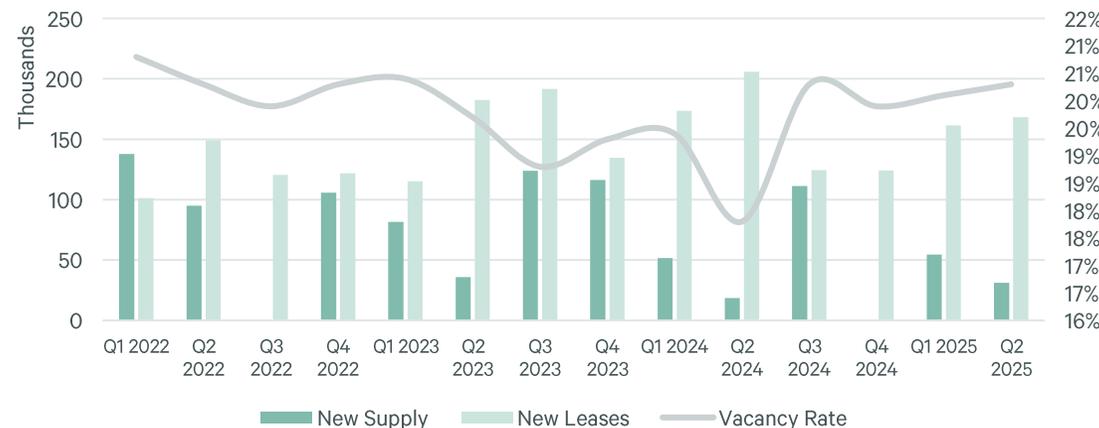
Fort Bonifacio led in total demand this quarter with 51,900 sq.m., followed by Quezon City (39,400 sq.m.) and Cebu (31,500 sq.m.).

TABLE 2: Metro Manila Office Market – Subdistrict Overview

	Total Existing Stock	Total Current Availability	Vacancy	Published Rent	Published CUSA
Makati CBD	1,772,500	362,900	20.5%	Php 650 – 2,200	Php 86 – 335
Fort Bonifacio	2,619,800	224,700	8.6%	Php 800 – 1,600	Php 160 – 300
Ortigas CBD	1,371,700	209,400	15.3%	Php 450 – 1,000	Php 150 – 220
Quezon City	1,432,600	371,600	25.9%	Php 600 – 900	Php 125 – 235
Bay Area	1,084,600	417,600	38.5%	Php 700 – 1,200	Php 147 – 200
Alabang	756,100	249,200	33.0%	Php 380 – 880	Php 113 – 200

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

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



Pipeline Supply

Approximately 235,000 sq.m. of new office supply is expected to be delivered across Metro Manila’s major subdistricts for the remainder of the year. Quezon City is projected to lead in new supply, largely driven by major township developments from Robinsons Land.

Looking ahead, a total of 689,900 sq.m. is scheduled for completion in Metro Manila, with an average of 230,000 sq.m. expected to be delivered annually until 2028. In the provincial markets, nearly 500,000 sq.m. is set for completion between 2025 and 2028. Iloilo is anticipated to see the newest completions, as it works to address the undersupply that could not meet demand in previous years. Starting in 2026, Davao is poised to dominate the provincial office landscape with a series of buildings nearing completion.

Rental Rates

Rental rates in Makati, North Bonifacio, and Ortigas slightly increased q-o-q while the rest of Metro Manila’s subdistricts rates decreased. Depending on the vacancies in their respective subdistricts with the exception of newly completed or premium buildings, landlords can be more competitive in terms of offerings while subdistricts with low vacancies tend to have higher rates as landlords have more leeway to increase rates.

Two major factors that led to a decrease in fair market rent in a particular location are: aggressive deal structures were offered for bigger take-ups (over 10,000 sq.m.) and longer lease terms (10 years), and landlords provide incentives and concessions to compensate for worn down handover condition of spaces especially POGO vacated spaces.

FIGURE 2: Philippines Office Market – Announced Pipeline by Area



TABLE 3: Metro Manila Rents

SUB-DISTRICT	PUBLISHED RATES IN PHP	FAIR MARKET RENT Q1 2025	FAIR MARKET RENT NOW	COMMON AREA CHARGES ²⁴ PHP
MAKATI PRIME	1,250 – 2,200	1,263. ⁹⁸	1,268. ⁹²	200 – 290
BGC	1,000 – 1,600	1,136. ⁵⁹	1,113. ⁸³	160 – 300
MAKATI A&B	650 – 1,600	929. ¹⁰	988. ¹⁰	86 – 335
NORTH BONIFACIO	1,000 – 1,600	944. ³⁷	960. ⁸⁵	170 – 252
ORTIGAS	450 – 1,000	790. ³⁹	816. ⁰⁶	150 – 220
MCKINLEY	800 – 1,200	712. ²⁹	690. ⁸²	170 – 200
QUEZON CITY	600 – 900	698. ⁸⁸	686. ⁷⁷	125 – 235
ALABANG	380 – 880	659. ³²	648. ⁸³	113 – 200
BAY AREA	700 – 1,200	665. ²⁴	583. ⁶⁴	147 – 200

Advisory & Transaction Services - Research



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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.



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