RESEARCH

Santos Knight Frank

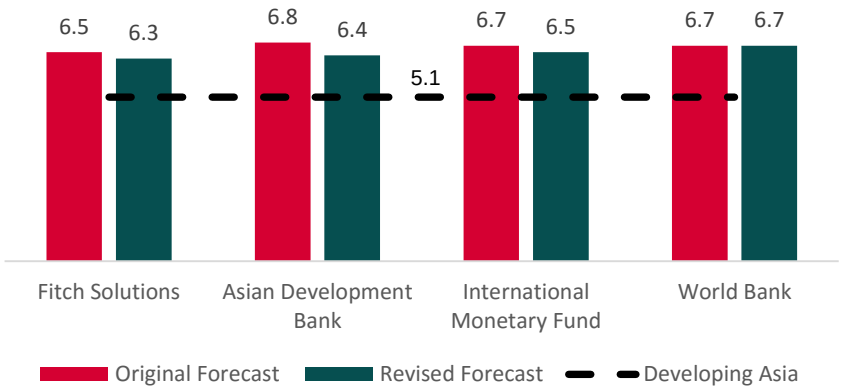
METRO MANILA

MARKET UPDATE Q3 2018

PHILIPPINE COMPETITIVENESS AND GNI PER CAPITA ON A CONSTANT RISE

COVER | Local firms benefitting from the country's economic growth and planned infrastructure programs

Figure 1
Philippine GDP Growth Rate Forecasts for 2018



Rising to the 5th spot among ASEAN (Association of Southeast Asian Nations) countries, the Philippines once again proved itself as a rising economic powerhouse on the world stage. The World Economic Forum recently published the World Competitiveness Report 2018 using a new metric called the New Global Competitiveness Index 4.0. Additional categories were created and used in ranking the 140 economies. New drivers of productivity and long-term growth during the era of the Fourth Industrial Revolution were added. In the report, the Philippines' strongest suits were its Market Size, Labor Market, Financial System, Business Dynamism and Macroeconomic Stability.

The Philippines is envisioned to become an upper middle-income country by the end of 2019. The country's current Gross National Income per capita is just below $3,900, which is slightly lower than the World Bank's $3,956 to $12,235 metric for upper middle-income countries. The Philippines needs to grow 4.4% next year in order to make it to the upper middle-income bracket. The present Gross Domestic Product (GDP) growth levels of the country render the goal of moving up highly attainable.

Global economists predict that the Philippines will be able to attain a GDP growth rate that is above 6% in 2019. Economists of both the First Metro Investment Corporation (FMIC) and the University of Asia and the Pacific (UA&P) remain optimistic of an economic rebound in the second half of 2018, due to the rising national government disbursements and capital outlay for infrastructure projects, higher peso equivalent of remittances, and increasing volume of exports.

Several local companies wish to take advantage of the Philippine's competitive market and rising income per capita by expanding their respective businesses. One of the country's biggest conglomerates, San Miguel Corporation (SMC), is prepping for a group-wide expansion program that will cost around PhP742 billion. Ginebra San Miguel, one of the SMC subsidiaries, reported plans of building 4 new plants in various locations across the country and launching new products, adding to its existing wide array of manufactured beverages.

Continued on page 11. . .

SNAPSHOTS

Economic Indicators

6.1% ▼
GDP
Q3 2018

6.7% ▲
Inflation Rate
September 2018

2.5% ▼
OFW Remittances
August 2018

6.15% ▼
Avg. Bank Lending
September 2018

3.35% ▲
91-Day T-Bill
September 2018

53.94 ▼
Avg. PhP-USD
September 2018

MANILA OFFICE SECTOR SUSTAINS MARKET OPTIMISM

OFFICE | Tighter vacancies and higher lease rates noted despite introduction of additional supply

The Metro Manila office market sustained momentum in the third quarter of 2018. The overall vacancy rate continued to decline despite additional office stock from newly completed developments, indicating robust demand for office space. Q3 2018 vacancy dipped to 3.96%, coming from 4.51% in the previous quarter. Moreover, net absorption picked up remarkably at 154,855 square meters, the highest figure yet recorded for the year. The value more than offsets the 133,000 square meters of leasable area added to Metro Manila's total office supply, upon completion of 6 new office buildings.

Various construction activities and project launches further fortify the office market of Metro Manila. About 1.3 million square meters of office space is expected to be available by the end of 2018. Majority of these spaces are already pre-leased and the remaining vacant stock will cater to the growing firms and new entrants from the PAGCOR-enabled companies.


Four E-com Center

Rental rates in Metro Manila continued to escalate albeit at a more gradual pace. Overall weighted average asking lease rate grew 0.81% quarter-on-quarter and 9.72% year-on-year. Headline rent for the third quarter was noted at PhP1,018.32 per square meter per month. The continuous growth in rates supports the positive market outlook on the office sector.

Makati's weighted average lease rate remains the highest headline rent among Metro Manila's Central Business Districts (CBD). The rents in Makati was pegged at an average of PhP1,377.03 per square meter per month, slightly higher than last quarter's PhP1,362.05 per square meter per month. With an additional Gross Leasable Area (GLA) of 10,407 square meters from newly operational M1, Makati office supply expanded to about 930,000 square meters. By the end of 2018, another 286,317 square meters of office space is expected to add to the existing office stock in the area.

In Fort Bonifacio, the newly turned over One Bonifacio High Street added 28,992 square meters of GLA to the area's total supply, increasing Fort Bonifacio's vacancy rate to 3.34% from 3.24% last quarter. In terms of weighted average lease rate, Fort Bonifacio came in second to Makati, with office rents pegged at PhP1,111.59 per square meter per month.

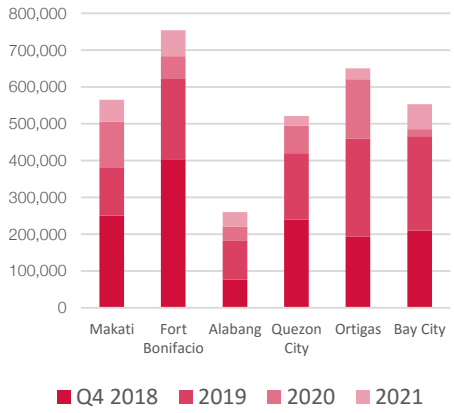
Quezon City further expanded its supply of office spaces with the

TABLE 1
Q3 2018 OFFICE DATA

Area	Weighted Avg Lease Rates (PhP/sq.m./mo.)	Vacancy Rate
Makati	1,377.03	3.42%
Fort Bonifacio	1,111.59	3.34%
Alabang	782.16	2.52%
Quezon City	895.99	8.09%
Ortigas	682.67	4.09%
Bay Area	765.94	1.42%
METRO MANILA	1,018.32	3.96%

Source: Santos Knight Frank Research

FIGURE 2
Upcoming Supply (in sq.m.)



Source: Santos Knight Frank Research

completion of two prime office buildings in the third quarter: Zeta Tower (35,000 square meters in GLA) and Skysuites Corporate Tower (8,273 square meters in GLA). Upcoming office building Centris Cyberpod Five (42,336 sq.m. in GLA), targeting expanding BPO companies and multinational companies in the area, is expected to commence operations before the end of the year.

In the Bay Area, Nexgen Tower and Aseana 3 went online in Q3 2018, adding a total of 50,329 square meters or 8.7% to the total stock in the business district. Weighted average asking lease rates for Quezon City and Bay Area went up in the third quarter of the year to PhP895.99 per square meter per month and PhP782.16 per square meter per month, respectively.

The largest change in vacancy rate was recorded in Ortigas, coming down to 4.09% from 6.41% last quarter. Alabang also exhibited tighter vacancies at an average of 2.52% of the total office stock. No new office buildings were turned over in the aforementioned markets. However, a total of 192,467 square meters and 76,332 square meters of GLA are expected to add to the Ortigas and Alabang office supply, respectively.

The Philippines remains an attractive investment destination for BPO companies amidst uncertainties caused by the country's tax reform program. Information Technology and Business Process Association of the Philippines (IBPAP) reported that existing investors continuously expand and new entrants are likewise expected to come in. The Philippines continues to capitalize on its young, highly educated and English-speaking labor force, as well as infrastructure developments that will spur investment and business activities in the country.

Recent Philippine Economic Zone Authority (PEZA) data show an 8.82% percent growth in the number of investment pledges from IT-BPO companies. The BPO industry continues to expand its services to include animation, data analytics, legal research and analysis, game development and accounting, among other things. Artificial Intelligence (AI) is seen as an opportunity to move the industry up the value chain and present new roles to the Filipino workforce. Despite the looming threat of automation and AI, the IT-BPO sector is still expected to flourish in the next three to five years as evidenced by the growing number of office leasing transactions.

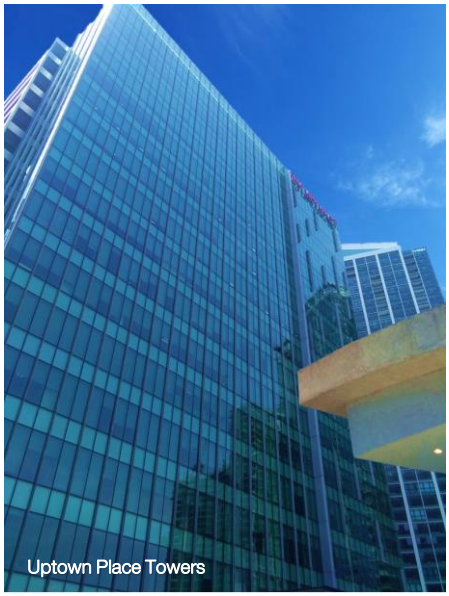
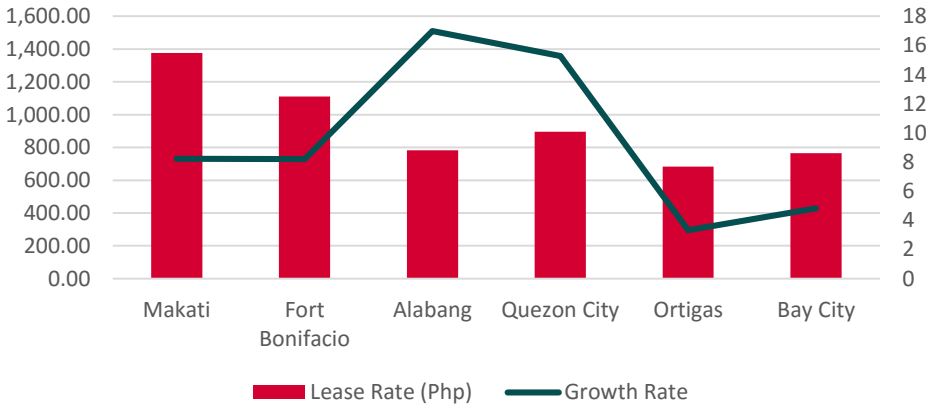

Uptown Place Towers

FIGURE 3
Weighted Average Lease Rate (in PhP) and Year-on-Year Growth Rate (in %)



Source: Santos Knight Frank Research

MANILA RESIDENTIAL DEMAND DRIVEN BY INFRASTRUCTURE PROGRAMS AND CREATION OF MIXED-USE DEVELOPMENTS

RESIDENTIAL | Infrastructure projects key to the identification of project sites and investment opportunities

Real estate developers continue to capitalize on the present government's Build! Build! Build! program by acquiring land and master-planning projects relative to the reported location of the planned infrastructure projects. Developers likewise highlight the completion of the infrastructure projects as an important and effective selling strategy.

Access to Ayala Land's Arca South will greatly improve following the completion of the on-going 7.7-kilometer C5 Southlink Project, which connects Taguig to the NAIA terminal 3. The Metro Manila Expressway Project, also known as, "C6", is another project that increases the attractiveness of Arca South projects: Avida Vireo, Avida Towers One Union Place, Alveo Arbor Lanes, and Alveo Park Cascades. The Taguig Integrated Terminal Exchange tops the list of infrastructure projects that is expected to add value to Arca South. It is considered as a landport terminal for people going in and out of Metro Manila.

Ortigas & Company's developments inside Capitol Commons (The Maven, The Imperium, The Royalton, and The Connor) are described to be within walking distance from a future Mega Manila Subway station while SMDC's Trees Residences and Avida's Avida Astrea projects in Fairview (Quezon City) boast of proximity to the MRT Line 7 station.

Planned infrastructure projects paved the way to the development of various business district fringe areas. The scarcity of developable land within the CBDs forces developers to look for properties outside the city core and develop them into independent mixed-use developments.

The infrastructure projects support these developments by bringing down the travel time from the Central Business Districts (CBD) to the fringe areas. Several residential projects are located outside the CBDs, such as The Vantage by Rockwell Primaries, Empire East's Kasara Urban Resort Residences and DMCI's Kai Garden Residences and Prima Residences.

TAKE-UP & ABSORPTION

Residential condominiums in the Metro Manila CBDs continue to enjoy high take-up rates. Makati and Alabang registered significant increases in take-up from the second quarter to the third quarter of 2018. Average residential take-up in Makati was pegged at 33.3 units per month in the third quarter, which is a significant increase from the 22.8 units per month take-up noted in the previous quarter. The take-up of residential projects in Alabang almost doubled in Q3 2018, with an average take-up rate of 16.4 units per month compared to the 9.9 units per month in Q2 2018.

Studio Units continue to be the most marketable type of condominium unit, with average monthly take-up increasing to 14.09 units in the third quarter from 11.04 units in the second quarter. Buyers of Studio Units are mostly investors targeting lessees working within the CBDs and PAGCOR-enabled companies with the intention of using the units for employee housing.

As of the third quarter of 2018, about 95% of the floated condominium inventories in Metro Manila has been sold. Makati and Taguig (including Bonifacio Global City) both exhibited high absorption levels. Century City and Circuit Makati are notable performers in Makati.

The emerging Arca South in Taguig is generating considerable interests from investor. Most of the residential projects in Arca South are 97 to 100% sold as of the third quarter of 2018. The newest project, Park Cascades 2 (launched April 2018), is approximately 75% sold. Taguig's average absorption rate is 97.96% to-date.

TABLE 2
Q3 2018 Residential Condominium Sales Market Statistics

Area	Units Sold (%)	Avg. Monthly Take-up
Makati City	97.71%	33.30
Taguig City	97.96%	11.70
Quezon City	91.50%	21.20
Ortigas*	93.86%	24.40
Alabang	95.88%	16.40
Bay Area	94.91%	40.20
METRO MANILA	**94.75%**	**23.21**

SELLING PRICE

Prices of residential units in Metro Manila continue to escalate, driven by the high demand created by future infrastructure projects and convenience of living in a walkable urban development. The rising number of PAGCOR-enabled enterprises likewise continues to influence the movement of residential prices.

Bay Area recorded the highest year-on-year growth in selling price (per square meter) among the

Metro Manila CBDs. Bay Area in Pasay displayed a 64% year-on-year growth rate. The average selling price in Bay Area, Pasay is presently pegged at PhP 240,606 per square meter.

Main financial districts and Philippine headquarters, Makati and Taguig both experienced 20% year-on-year growth in condominium selling prices as of the third quarter of 2018. The average selling price of a residential condominium in Taguig is PhP 214,491 per square meter while the average selling price in Makati is PhP 205,452 per square meter.

Current selling prices of middle-income developments in Metro Manila average PhP 147,975 per square meter, an 11% increase from the previous quarter's PhP 133,100 per square meter and a 20% increase from last year's PhP 122,355 per square meter.

UPCOMING DEVELOPMENTS

In the third quarter of 2018, four new condominium developments were launched (under the pre-selling stage), which added another 4,336 units to the overall inventory of residential projects in Metro Manila.

Shang Properties and Avida Land recently introduced Shang Residences at Wack-Wack and Avida Towers: Verge in Mandaluyong City. Shang Residences at Wack-Wack is a 50-storey resort-type high-end development of Shang Properties located at the vicinity of Wack-Wack Golf and Country Club.

Avida Towers: Verge, on the other hand, is a 34-storey middle-income condominium project along Reliance St. that caters to young professionals working in nearby CBDs. The two projects are scheduled to be turned over by 2023.


Shang Residences at Wack-Wack
Source: Shang Properties, Inc.

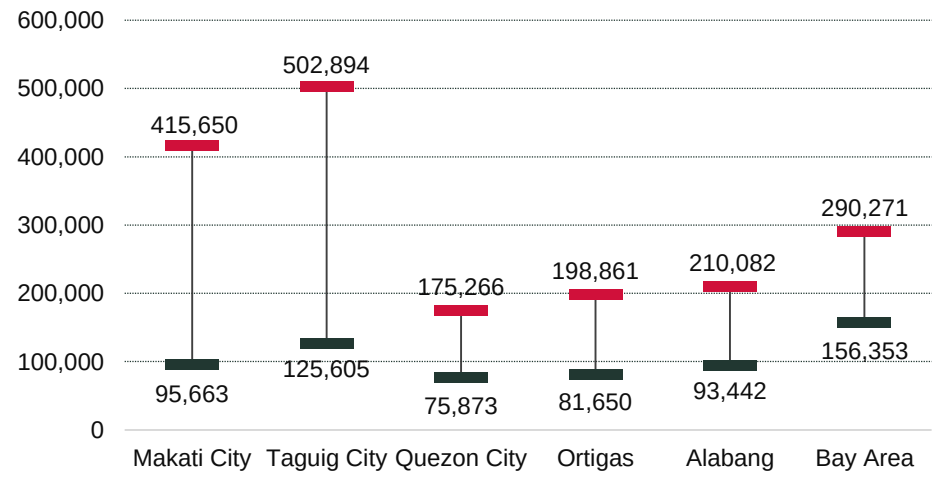

Avida Towers: Verge Tower 1
Source: Avida Land

Avida Towers: Makati Southpoint is another notable project of Avida Land. The project is located along Chino Roces Avenue in Makati City and targets the Makati workforce.

Completing all of Megaworld's residential projects in Uptown BGC is the Uptown Arts Residences. Uptown Arts Residences is a 45-storey high-end condominium project set to be completed by the year 2024.


Uptown Arts Residences
Source: Megaworld

FIGURE 4
Indicative Average Selling Prices per Area (PhP/sq.m.)



SUSTAINED INDUSTRIAL GROWTH OPENS NEW DOORS

INDUSTRIAL | Local Companies taking on the underserved logistics market

Data from the Philippine Statistics Authority show that the contribution of the Industry sector to the Philippine's Gross Domestic Product (GDP) has been steadily rising in the past 5 years. Q2 2018's industry growth was recorded at 6.3%, with largest contributions coming from Construction and Manufacturing, growing at rates of 13.5% and 5.6%, respectively. Manufacturing was boosted by the further strengthening of the retail market while Construction was supported by the booming property sector and various government infrastructure projects.

Expansions in the Logistics Industry

Driven by the continuous expansion of the Philippine Economy, the logistics industry is expected to capitalize on the country's economic momentum. The industry is envisioned to grow despite challenges due to the country's archipelagic landscape, worsening traffic situation and rising fuel costs.

According to a study made by Ken Research, the Philippine's Logistics and Warehouse market is forecasted to reach over PhP970 billion by the year 2023, led by the automotive, electronic products, apparel & accessories, chemicals and pharmaceuticals sectors. Moreover, the Department of Trade and Industry (DTI) crafted a National Logistics Master Plan, with the main objective of advancing the Philippine's global competitiveness through the creation of an efficient transport and logistics system.

Realizing an opportunity in the logistics industry, Ayala Corporation acquired Zalora's last mile delivery system, seeking to convert it to a full-service courier and freight-forwarding firm. Ayala will be allotting PhP700 million to expand the operations of its new acquisition

SM Investments Corporation debuted in 2017 with the acquisition of a 34.5% stake in the Negros Navigation Company, Inc., the parent company of the country's largest logistics provider, 2GO Group, Inc. SM is presently negotiating with another local logistics provider, Airspeed, for the acquisition of a 35% stake in the company.

Metro Pacific Investments Corp. (MPIC) has likewise acquired a 12% stake in Air21. Together with its wholly owned subsidiary, Metropac Movers, Inc., MPIC currently has equity on two companies that are engage in logistics.

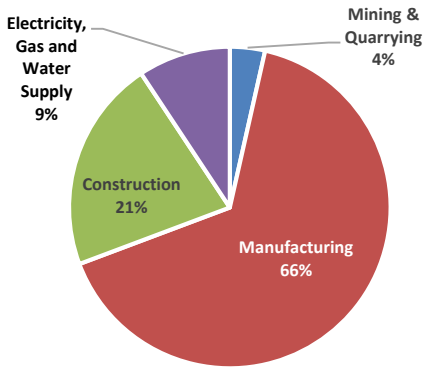
In addition, the International Container Terminal Services Inc. (ICTSI) has increased its stake in Manila North Harbor Port Inc. to 50%. The move is expected to significantly lower costs and inefficiencies in the transport of goods.

Logistics firms and retailers enter joint venture agreements for faster and wider distribution of products and services. Grab Philippines recently requested Bangko Sentral ng Pilipinas approval to launch a cashless payment system for groceries and food delivery. Grab also partnered with Shopee, an online shopping platform in Southeast Asia and Taiwan, offering same-day delivery services of Shopee products anywhere in Metro Manila.

Notable New Entrants and Acquisitions

Most industrial properties (warehouse, standard factory buildings and land) for lease within Metro Manila are located in the northern district commonly known as the CAMANAVA (Caloocan, Malabon, Navotas, Valenzuela). A number are likewise situated in the fringes of the Makati and Ortigas Central Business Districts. Lease

FIGURE 5
Industry Sector Composition (Q2, 2018)



rates of warehouses typically range from PhP150 to more than PhP500 per square meter per month. Newer, well-maintained and better-situated properties command the higher prices as supply dwindles and demand intensifies. Scarcity of developable land for industrial use within Metro Manila continue to push developers to nearby provinces.

Double Dragon Properties Corp. (DD) is a notable new entrant with the opening of its first industrial warehouse in Tarlac. DD has plans of constructing seven more of the same template throughout the country, bringing its overall industrial portfolio to 1.2 million square meters of leasable spaces by 2020.

Metro Pacific Investments Corp. through its logistics arm, Metropac Movers Inc., recently bought a 20-hectare land in Cavite from Property Company of Friends, Inc. (Pro-Friends). 141,000 square meters of the acquired portion will be developed into a covered warehouse for consumer goods, consumer durables, automotive and e-commerce products. This will add to the company's existing aggregate warehouse space of 207,000 square meters scattered throughout the country.

ACCOMMODATION INVENTORIES SURGE AS TOURIST ARRIVALS INCREASE

HOSPITALITY | Luxury and budget hotels go hand-in-hand in catering to market demand

January to September 2018 foreign tourist arrivals recorded an impressive 8.32% increase, in comparison to the same period of last year. Visitor arrivals reached a whopping 5.36 million visitors year-to-date as of the end of the third quarter of the year. Demand remained driven by arrivals from South Korea, China and USA, with China displaying the fastest growth at a rate of 34.9%, way ahead of the two other countries. USA had an increase of 7.94% while South Korea decreased by 1.19%.

The Philippines constantly improves its reputation as a MICE (meetings, incentives, conferences and exhibitions) destination, according to the Department of Tourism (DOT) Secretary Wanda Tulfo-Teo. Businessmen accounted for 8% of the total tourist arrivals, corresponding to a 3% year-on-year increase. When it comes to conferences, foreign companies consider holding them in the Philippines because of the country's competitive hotel rates and high-quality deliverables (rooms, amenities and other features) that are at par with international standards.

The influx of businessmen created a demand for co-working spaces inside hotels. Exercising the trend is Savoy Hotel by local property developer, Megaworld, which opened last June 2018 at Newport City. Savoy's designated co-working space is called The Squares, which is situated in various hotel floors. Several power outlets and a high-speed internet are accessible in The Squares. Having co-working spaces close to the place of accommodation fosters collaboration. Moreover, the allotted budget for renting out an office space during the businessmen's stay in the country, could then be used for other purposes.

The Staycation trend is further booming with 60 million locals visiting different parts of the country each year. Majority of them are from urban areas, aspiring for a break from their hectic work lives, spending quality time with family and bonding time with friends. Affordable hotel rates and competitive room packages are factors enabling an increasing number of individuals to check-in to hotels just for a staycation. In an attempt to attract the growing staycation market, hotels are likewise improving hotel amenities and attractions, adding to the number of activities that could be done without leaving the hotel premises.


Source: When in Manila

The Squares at Savoy Hotel

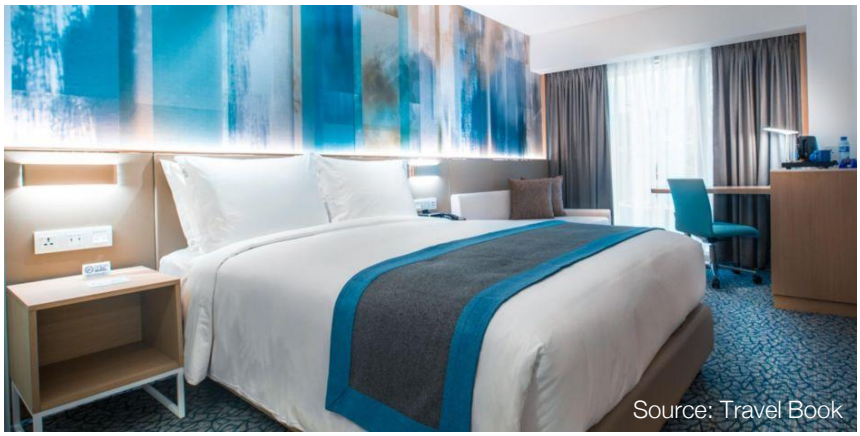
Newport City has the most expensive daily rate, averaging PhP5,700 per night for a Standard Room, PhP15,900 per night for a Deluxe Room and PhP28,800 per night for a Suite. Hotels in the Entertainment City (Bay Area) are closely priced at PhP5,200 per night for a Standard Room, PhP7,600 per night for a Deluxe Room and PhP17,000 per night for a Suite. These Integrated Resorts and Casinos merge hotels, casinos, retail outlets and performance theaters together in order to offer guests a whole new level of experience in what is known as the Las Vegas of the Philippines.

Unlike hotels in the Entertainment City, hotels in the major business districts cater to a totally different market. Budget hotels are mushrooming to serve the frequent business-related travelers. The average daily rates of budget hotels pull down the overall hotel rates in the various cities.

Standard Rooms in Makati hotels have an average daily rate of PhP2,800 per night. In Quezon City, a Standard Room costs PhP2,100 per night at an average. In Ortigas, the average daily rate of Standard Rooms is PhP2,000 per night. Moreover, the average costs of Suites are PhP11,000, PhP9,500, and PhP7,700, in Makati, Quezon City and Ortigas, respectively.

Standard Rooms in Alabang cost PhP200 less than a Deluxe Room, which is priced at PhP4,400 per night. In BGC, the cheapest room is a Deluxe Room which is priced at PhP9,000 per night. A Hotel Suite in BGC is about PhP3,400 more expensive per night than a Deluxe Room.

Due to the high demand for hotel rooms, local developers are aggressively competing for a larger share in the hospitality market. Leading property developers are taking part of the hospitality limelight. Seda Hotel, the hospitality brand of Ayala Land Inc., announced four new branches underway: two in Makati, one in



Remington Hotel rebranded as Holiday Inn Express opened last July with newly refurnished rooms.

Crimson Alabang

Taguig and one in Bay Area. Rockwell Land is another developer that has entered the hospitality field, with homegrown brand, Aruga, that has a branch in Makati and two upcoming branches: a boutique hotel in Makati and an outside-of-Manila forerunner in Mactan.

The Metro Manila hospitality sector is to experience further expansion with the continuing hotel construction boom. Metro Manila is expecting a total of 7,473 additional hotel rooms in the remainder of the year until 2023. 24 hotels are in the Metro Manila hotel supply pipeline, representing both new entrants and planned expansions. Majority of the rooms will be launched in Megaworld's Newport City and Westside City, where 6 new hotels are scheduled to be unveiled in the next 5 years. Hotel Okura Manila, Okura in Westside City, Sheraton Manila, Hilton Manila, Grand Westside Hotel, and Kingsford Hotel will have a combined total of 2,703 new rooms. Part of New Port City's development plan is the rebranding of Maxims Hotel into Ritz Carlton.

In the next 5 years, Makati will be welcoming 1,713 new hotel rooms from Ayala North Exchange, Seda Circuit Makati, Mandarin Oriental, Aruga Boutique Hotel, Somerset Salcedo Village, Somerset Valero, and Citadines Benavidez. Novotel Suites, Westin Hotel, and Citadines Greenhills will make 893 rooms available within the vicinity of the Ortigas CBD. 1,284 rooms will be launched in Taguig, coming from Seda Arca South, Dusit D2 The Fort and Red Planet The Fort in BGC. Quezon City will boast of 200 additional rooms by Citadines Roces and Hop Inn Tomas Morato. Adding to the Bay Area hotel supply are Seda Bay Area and Red Planet Entertainment City, with a combined total of 680 rooms.

FIGURE 6
Average Daily Rate for 5-Star Hotels

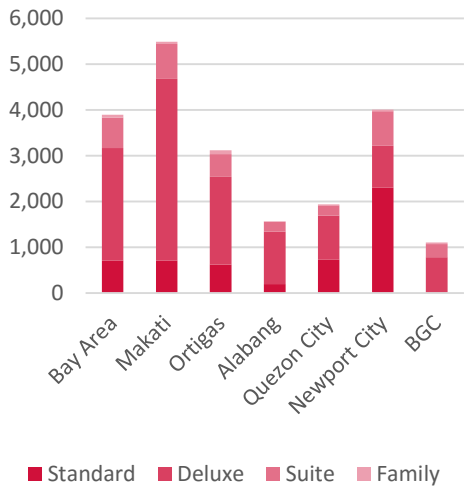
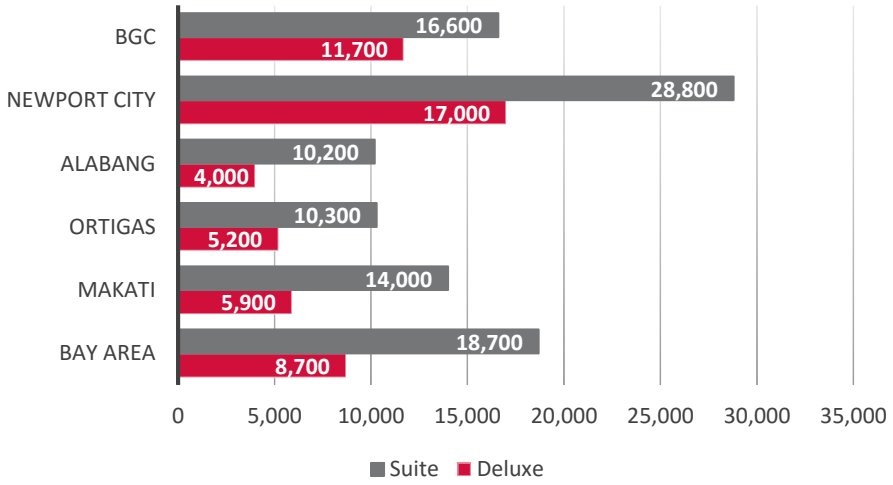


FIGURE 7
Average Daily Rate for 5-Star Hotels



INCREASING DEVELOPMENT ACTIVITIES AND INNOVATIVE TRENDS BOOST MANILA'S RETAIL SECTOR

RETAIL | Developers mull over consumer volume and preferences in transforming the retail experience

OPENINGS & EXPANSIONS

New mall openings and expansions depict a robust retail market in Q3 2018. The main objective remains unchanged, which is to cater to the growing consumer demand while providing a better retail experience to each mall guest.

Ayala Malls Circuit was opened to the public on July 27, 2018. It is situated within Ayala's mixed-use development in Circuit Makati (formerly Sta. Ana Race Track) and adjacent to the existing Circuit Lane. The shopping mall occupies 57,000 square meters of Gross Leasable Area (GLA). Retail brands in Ayala Malls Circuit include Anello, Banapple, Bench, Mang Inasal, Mesa, Macao Imperial Tea, Nike, Penshoppe, Regatta and Sbarro.

Duty Free Philippines Corp. launched the Luxe, a 3,000 square meter duty free retail outlet that aims to cater to *balikbayans*, tourists and travelers. The Luxe is located at the SM Mall of Asia complex in Pasay City. It is one of Duty Free's world class outlet stores in the Philippines, showcasing prestigious international brands such as Coach, Chanel, Michael Khors, Dior, Lancôme, Bobbi Brown and Jo Malone. It also houses local brands such as GoLokal and other Pinoy delicacies and *pasalubongs*.

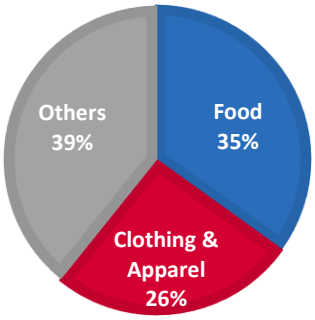
Aside from shopping mall expansions, distinguished brands continue to grow their presence in the country. Uniqlo Manila was recently unveiled in Glorietta 5 (Makati City). The store covers 4,100 square meters of retail space and is labelled as "The Largest Flagship Store in the Philippines". It features the biggest UT (Graphic Tee) collection in the country and boasts of a gaming space, where guests could play Jump Force (the latest BANDAI NAMCO Entertainment game), in line with their new JUMP X Uniqlo UT collection.

Luxe Duty Free
Source: SM Mall of Asia Official Facebook Page

Uniqlo Manila
Source: Spot.ph

As of the third quarter of 2018, there are 232 upcoming brands in leading retail establishments in Metro Manila. 26% of such is composed of clothing and apparel, accessories such as eyewear and timepieces, and footwear. Another 35% is made up of food businesses such as restaurants, coffee shops and tea shops. The remaining 39% consists of cosmetics, health clinics, gym, technology stores, concept stores, and school and office supply.

FIGURE 8
UPCOMING RETAIL SUPPLY PER RETAIL CATEGORY



Source: Santos Knight Frank Research

TRENDS

The in-store café concept made its way to Metro Manila. Compared to full-serviced coffee shops, these cafes are less expensive in terms of operation and construction. In-store cafes aid in the branding and overall marketing of retail stores as they capitalize on giving customers a unique shopping experience, which differentiates them from their competitors. Moreover, it helps brick and mortar operators to continually grow in a digital market. In-store cafes in Metro Manila include Craft Central in Ayala Malls Vertis North (Quezon City), Biblio in Ayala Malls Circuit (Makati) and Dark Specialty Coffee in SM North EDSA (Quezon City).

Source: Spot.ph

Craft Central is a specialty store that sells art materials such as brushes, inks, paints, stickers and other DIY kits.

Source: Circuit Makati Web Page

Biblio in Ayala Malls Circuit is a specialty bookstore and café that sells a variety of imported pre-owned books and novelty merchandises like posters *and art materials.*

Source: SM North EDSA Official Facebook Page

Dark specialty coffee in SM North EDSA is linked to Onesimus (a formal wear shop where one can purchases suits and barongs).

Retail establishments are likewise becoming pet-friendly in order to suit the lifestyles of the pet-owning mall-goers. Notable malls such as Ayala Malls Circuit, Ayala Malls The 30th, Bonifacio High Street, Eastwood Mall, Estancia, Evia Lifestyle Center, Greenbelt, Powerplant, SM Aura Premier, The Podium, Trinoma, UP Town Center, Uptown Mall, Venice Grand Canal Mall and Vertis North give pets access to the shopping mall premises provided that the owners apply for a pet ID and follow set house rules. Century City Mall in Makati City specifically has an elevator allotted for customers who are mall hopping with pets.

Source: When In Manila

Bark Central located at Eastwood Mall is the first indoor off-leash dog park in Metro Manila. Bark Central offers other services such as grooming, doggie party and a café where customers and their pets can dine.

Source: When In Manila

Bark Yard located in UP Town Center is an outdoor off-leash dog park where customers can play, train, and exercise with their pets.

SUPERMALLS NKG NEW KINPO GROUP

Source: SM Official Web Page

In addition, Artificial Intelligence (AI) is penetrating the retail sector as SM Prime Holdings announced a partnership with Cal-Comp Technology Philippines and the Taiwan-based technology company, New Kinpo Group, in launching what is regarded as the "First Ever In-Mall Smart Customer Service Robot". The robot will serve as a go-to guide that will provide mall directions, deals, promos, and other new happenings to watch out for at SM. The newest interactive mall attendant will debut at SM Megamall in the 1st quarter of 2019.

VACANCY AND RENTS

In the third quarter of 2018, Metro Manila's overall average lease rate was pegged at PhP1,341.61 per square meter per month while overall vacancy rate was estimated at 1.36%. Alabang posted the highest vacancy rate at 2.20% while Fort Bonifacio's vacancy rate was 0.57%, lowest amongst all Metro Manila CBDs.

Makati's retail rents range from PhP900 to PhP1,850 per square meter per month. Rents in Taguig malls fall within PhP1,200 to PhP1,800 per square meter per month. In Ortigas, mall rents average PhP800 to PhP2,000 per square meter per month.

Continued from Page 2 Cover

SMC is likewise expanding its poultry and piggery facilities, setting up a new glass packaging plant to be operational by the first quarter of 2019. Mindanao Corrugated Fibreboard, Inc., another SMC subsidiary, is presently increasing its capacity with expansions to other areas in Visayas and Mindanao for other packaging materials such as glass and plastic.

The present infrastructure boom in the country, which is in line with the administration's Build Build Build program, has resulted to an increased demand for construction materials, such as steel. In 2017 alone, the Philippines was reported to have imported steel worth $4 billion. To address the huge supply backlog, SteelAsia Manufacturing Corp. will be investing over PhP100 billion for its expansion plans, which is targeted to be completed within the next five years.

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