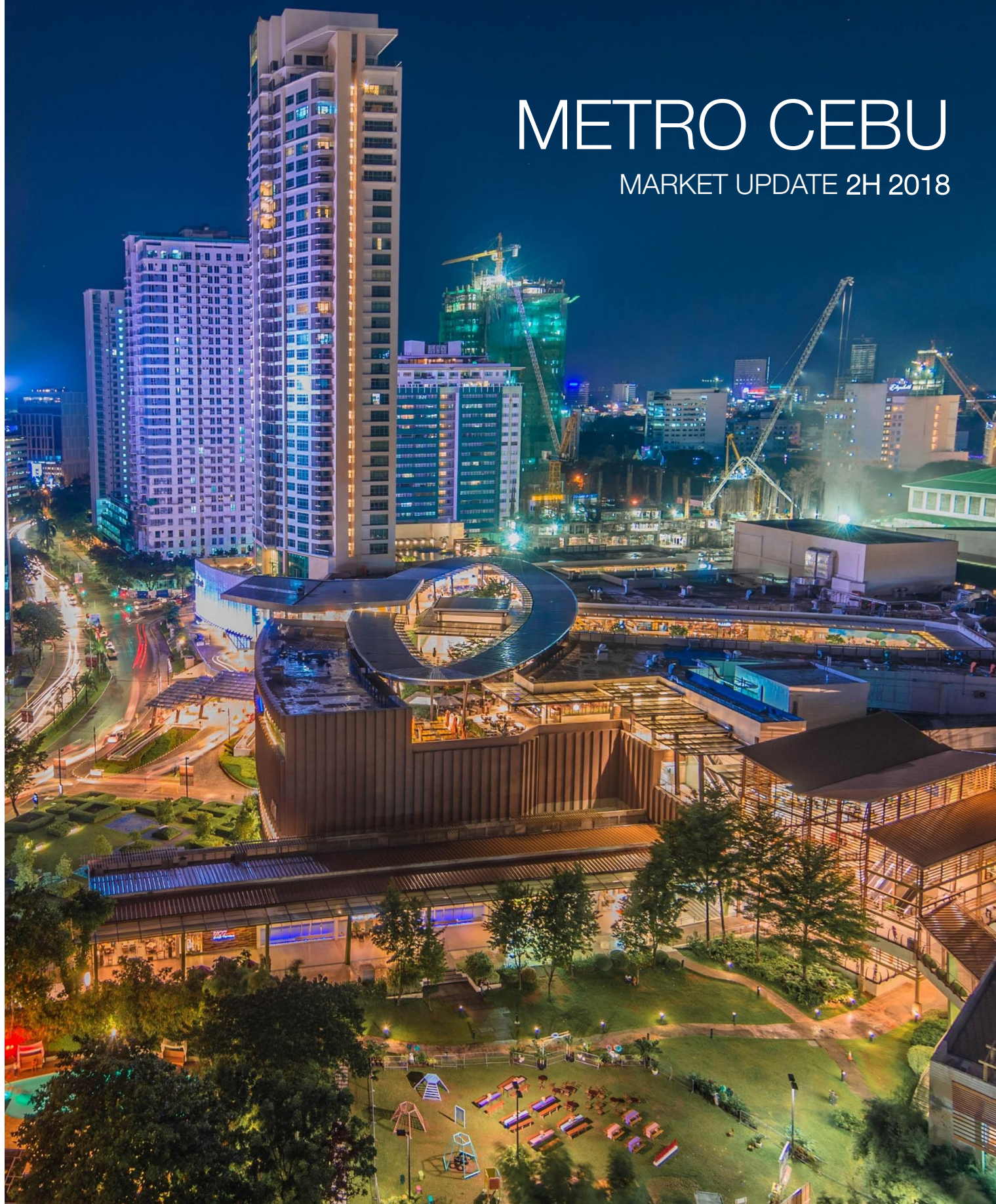


RESEARCH



METRO CEBU

MARKET UPDATE 2H 2018



CEBU REGAINS ATTRACTIVENESS AS A GO-TO SPOT FOR BUSINESS AND LEISURE ACTIVITIES

COVER | Investments and Tourism further drive Metro Cebu's growth in the second half of 2018

Heavy business and construction activities in Metro Cebu are primarily observed in three of the area's major cities, Cebu City, Mandaue City and Lapu-Lapu City. Cebu City has consistently been one of the preferred outsourcing destinations in the world. Coming from the 12th spot in 2017, Cebu City rose a level up to the 11th spot of the latest Top 100 Super Cities list released by Tholons, a renowned international strategic advisory firm. The competitive talent pool and cheap labor cost remain as major considerations in choosing Cebu City over other locations. Moreover, the digital transformation of Cebu led by the local IT-BPM sector and the lined-up infrastructure developments were significant factors in the city's improved positioning.

Cebu City demand has caused severe congestion in the city core such that an increased level of

investments is noted in the fringes and surrounding cities. A great deal of business and investments activities have been detected in Mandaue City in particular. The property sectors in Mandaue were perceived to be growing at a remarkable rate, following the low vacancies and almost full saturation of Cebu City.

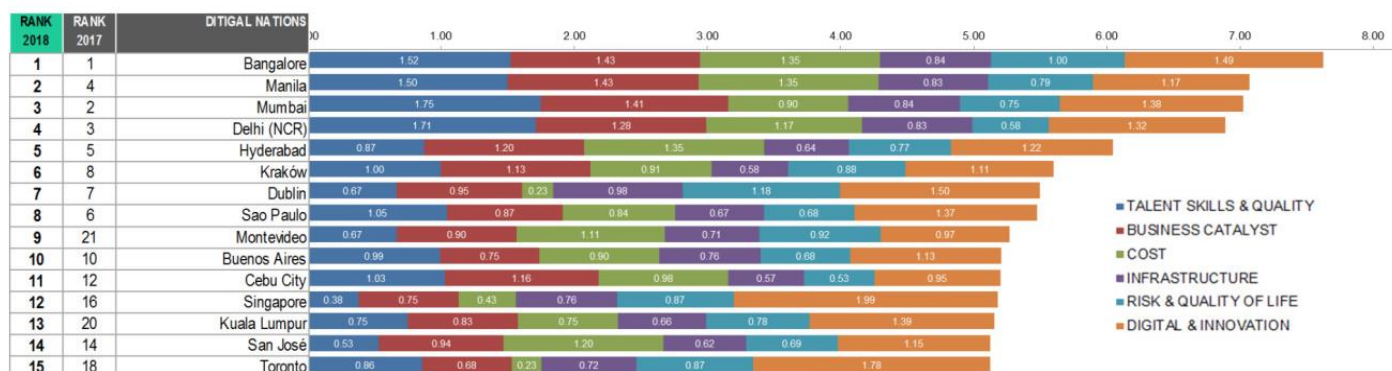
Aside from boasting of a good business environment, Cebu continues to attract local and foreign tourists with the various leisure activities that could be done in the area, especially in Lapu-Lapu City where the picturesque beaches and resorts are located. In addition, to complement the growing number of hotels, resorts and other forms of accommodations, lifestyle shopping centers rise in volume to meet demand by local and foreign guests for added recreation, shopping, and dining options.

Exciting investment prospects about Metro Cebu, backed by the continuously growing local and regional economy, newly opened Mactan-Cebu International Airport (MCIA) and other proposed government infrastructure developments. Bridges designed to connect Cebu to the other nearby islands, such as Bohol and Negros, are expected to further enhance the ease of doing business between Metro Cebu and adjacent areas. In addition, road networks in the pipeline will facilitate a smoother travel experience from Danao City in the north and Naga City in the south, to Metro Cebu, which will result to faster and more efficient business transactions. Investors are therefore highly encouraged to take advantage of the many opportunities and become an essential contributor to the ever-developing Metro Cebu property market.



Tholons Services Globalization CITY INDEX - 2018

TOP 100 SUPER CITIES



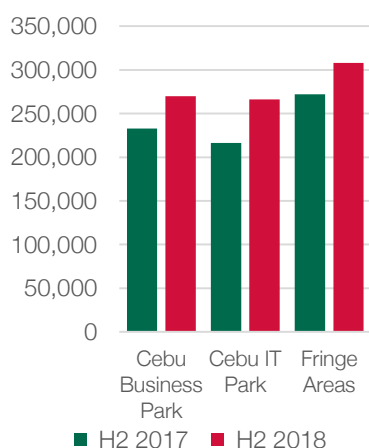
Source: Tholons

CEBU OFFICE SECTOR ENDED 2018 ON ANOTHER HIGH NOTE

Office | Investors displayed sustained optimism in the office market

Numerous construction works, influx of new office space supply, and growing modern trends characterized the Metro Cebu office market as it closed 2018. Investors are looking forward to the large office supply for completion in the coming years.

FIGURE 1
Total Metro Cebu Office Stock (sq.m.)



Source: Santos Knight Frank Research

NEW SUPPLY

Recent building completions and handovers resulted to a 14.40% or 106,253-square meter increase in Metro Cebu's total office stock (from the first half of 2018). As of the end of 2018, Metro Cebu's aggregate supply was recorded at 844,377 square meters of office Gross Leasable Area (GLA). 12.58% of this was identified as new supply.

In Cebu Business Park (CBP), three new buildings went online in the second half of 2018, adding 36,993 square meters of office space to the total GLA in the area. MDCT Building and Tech Tower launched a combined total of 20,228 square meters of office space, specifically suited for Business Process Outsourcing (BPO) companies. On the other hand, BPI Cebu Corporate Center, with a GLA of 16,765 square meters caters to traditional office occupiers.

The total office stock in Cebu IT Park (CITP) increased by 40,203 square meters, following the completion of Filinvest Cebu Cyberzone 2 and HM Tower. The two office buildings targets BPO companies.

Areas in the fringes of CBP and CITP likewise documented an increase in total office supply. New buildings in the fringes added 29,056 square meters of GLA to the total office stock outside the major business districts of Metro Cebu. Newly completed buildings in the fringe areas include The Space along AS Fortuna and Northpark Building along UN Avenue in Mandaue City, and Pacific World Tower in Megaworld Corporation's Mactan Newtown in Lapu-Lapu City.

VACANCY & ABSORPTION

Office vacancy in Metro Cebu remained below 10% in the second half of 2018, despite the significant increase in office supply. The 7.87% vacancy rate signifies a healthy demand for office space, which is mainly driven by BPO companies. Moreover, the Metro Cebu vacancy rates have been on a downward trend for the past 3 years, notwithstanding the constant increase in office stock summing up to 258,531 square meters since the 1st half of 2016.

CBP's vacancy rate was remarkable at 2.35%, as it retains its position as the leading business district in Metro Cebu. The vacancy rates of CITP and fringe areas were 8.5% and 12.16%, respectively. Although above 10% in the second half of 2018, the vacancy rate of office buildings in the fringe areas essentially dropped from 17.32% in the first half of 2018.

During the second half of 2018, Metro Cebu's net absorption was recorded at 101,141 square meters. The net absorptions of office buildings in CBP and fringe areas were a few square meters short of 40,000 at 39,885 square meters and 39,945 square meters, respectively. CITP's net absorption, on the other hand, was 21,311 square meters, significantly higher than 8,884 square meters in the first half of 2018.

LEASE RATES

Metro Cebu's overall weighted average asking lease rate passed the Php600-mark in the second half of 2018. Rents in Metro Cebu rose to 11.82% half-on-half (h-o-h) and 14.20% year-on-year (y-o-y) to Php613.15 per square meter per month. Developers and landlords were able to command higher rents due to the robust office demand and dwindling supply in Metro Cebu. Moreover, the superior quality, innovative design and better handover conditions of leasable spaces enabled a number of lessors to exact higher rents, pulling up the weighted average rents in the area. Handover condition of units vary from bare-shell to warm-shell, extending to fully-fitted spaces.

CBP continued to record the highest weighted average lease rate among the Metro Cebu business districts at Php689.16 per square meter per month. Rents in CBP grew 9.82% from the first half of 2018 and 16.19% from the same period last year.

Cebu IT Park documented a weighted average lease rate of Php632.99 per square meter per month, corresponding to escalations of 11.65% h-o-h and 14.47% y-o-y.

Rents in the fringe areas remained most affordable at a weighted average of PhP529.39 per square meter per month. Although recording the cheapest weighted average lease rate in Metro Cebu, rents in the fringe areas continued to increase at rates of 13.17% semi-annually and 8% annually.



UPCOMING OFFICES

Approximately 520,000 square meters of office space will be added to the Metro Cebu office supply within the next 3 years. Several mixed-use developments will be highlighting new office developments, boosting Metro Cebu's office stock to more than 1,000,000 square meters by the end of 2019. About 170,000 square meters of office GLA will be completed within the vicinity of CBP. Notable Grade A developments such as Latitude Corporate Center, One Montage, JEG Tower, Johndorf Tower, 1Nito Tower, and PNB Cebu Tower are presently in the CBP office pipeline.

Developments by Ayala Land, Skyrise and Arthaland will create 192,000 square meters of leasable office space in CITP. Skyrise Realty's Skyrise 4 Tower B and Ayala Land's Central Bloc Tower 1 are scheduled to be completed

within 2019. Central Bloc Tower 1 will rise above the Ayala Malls Central Bloc to maximize the use of the roughly 2.5-hectare land inside CITP.

RISE OF MIXED-USE DEVELOPMENTS

Since Metro Cebu's major business districts are almost at full capacity, property developers shift to the fringe areas and develop mixed-use projects that are self-sufficient and sustainable.

Base Line Center of Cebu Landmasters, Inc sits on a 1.6-hectare land along Juana Osmeña Street. Base Line HQ is a 21-storey office development that will offer 4,700 square meters of office GLA and 5,900 square meters of leasable retail.

Soon to rise in Mandaue, Astra Corporate Center will introduce 28,000 square meters of office GLA to the market. It is the office component of a 1.2-hectare mixed-use development, Astra Centre, which is situated along AS Fortuna Street.

In the North Reclamation Area, Robinsons Land Corporation has the 18,848-square meter Cybergate Galleria Cebu in the present pipeline. It will complete the 4.7-hectare Robinsons Galleria Cebu Complex of integrated components such as existing BPO offices, Summit Hotel Cebu and Galleria Residences Cebu.

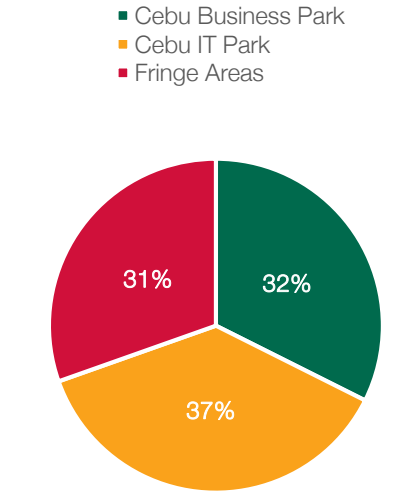
Ayala Land and Aboitiz Land's joint venture development, Gatewalk Central, is a well-anticipated project in Mandaue City. To be situated beside the upcoming Ayala Malls Gatewalk Central is the 20,000-square meter Gatewalk Central BPO building.

Megaworld Corporation's Mactan Newtown is the main business area in Lapu-Lapu City. The 28.8-hectare mixed-use development

will be comprised of a shopping mall, an educational institution, hotel developments, residential condominiums, and a series of office buildings, which are already catering to BPO as well as PAGCOR-enabled occupiers. All existing office projects in Mactan Newtown are completely leased out to international occupiers. Furthermore, Megaworld plans to construct 2 additional office buildings in the remaining 6,000 square meters of vacant land within the development.



FIGURE 2
Upcoming Office Supply in Cebu as of H2 2018



Source: Santos Knight Frank Research

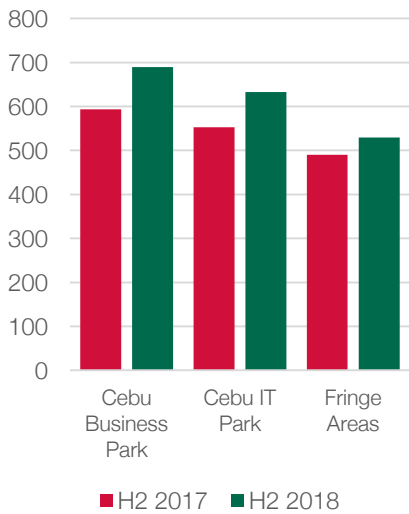
GROWING CO-WORKING MARKET

The market for shared office and co-working space has developed in Metro Cebu. Various international co-working players already set foot in Metro Cebu. ASpace, Regus, and iiOffice, which are known workspace solutions providers in Metro Manila, continue supplying shared office spaces in CBP, CITP and fringe areas, respectively. Moreover, well-known international co-working player, “WeWork”, announced expansion plans in Megaworld’s Mactan Newtown.

The Company from Fukuoka, Japan is a new co-working player, opening a branch in the newly-operational HM Tower in CITP. A day pass in The Company is priced at PhP400 per seat.

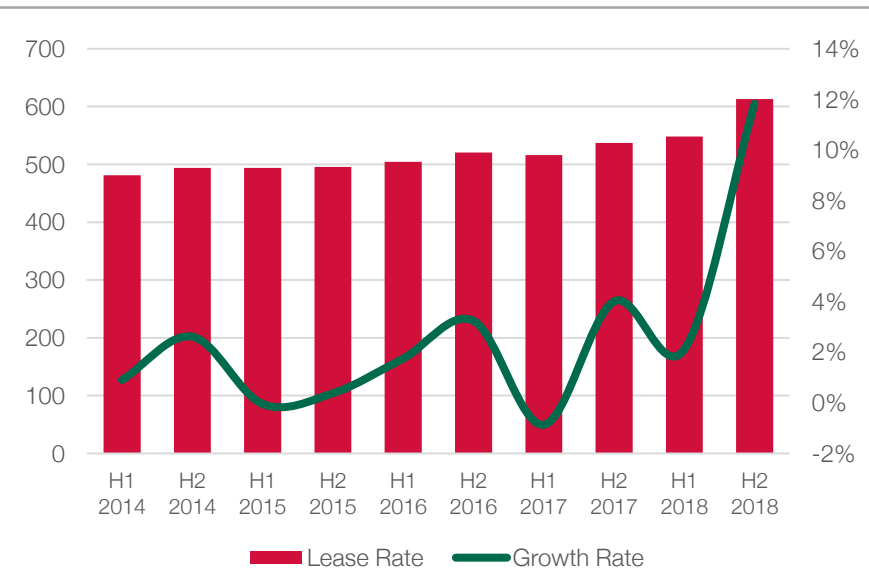
Local and homegrown players, such as King Properties, started providing co-working options to business start-ups, freelancers, and young professionals. Avant Offices in Avenir Building, located along Archbishop Reyes Avenue, has launched co-working spaces with daily rates starting at PhP700 per seat.

FIGURE 3
Weighted Average Lease Rate per CBD (PhP/sq.m./mo.)

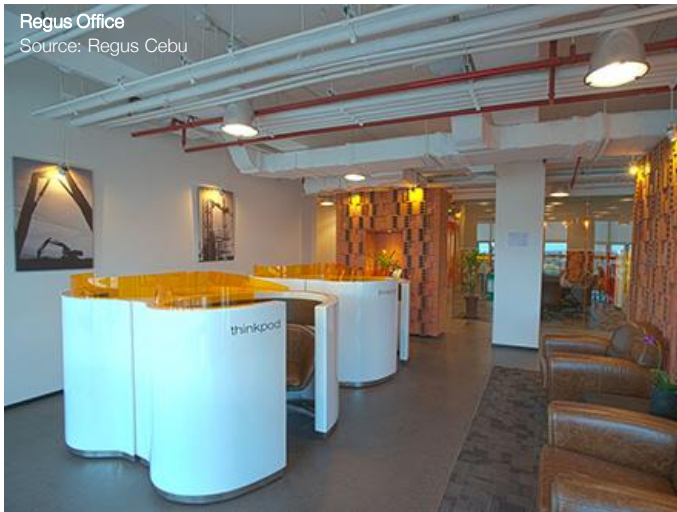


Source: Santos Knight Frank Research

FIGURE 4
Weighted Avg. Lease in Metro Cebu Rate (PHP) vs. Rental Growth Rate (%)



Source: Santos Knight Frank Research



INVESTOR-DRIVEN DEMAND FORTIFIED CEBU'S RESIDENTIAL SECTOR

Residential | Industrial projects seen to propel demand

The Metro Cebu residential sector continued to exhibit optimistic market sentiments in the second half of 2018, as evidenced by the robust demand coming from both local and foreign investors. The thriving IT-BPO industry and expanding PAGCOR-enabled companies resulted to an influx of expatriates looking for employee housing in Cebu. Overseas Filipino Workers (OFWs), who are looking for retirement options and investment opportunities in real estate properties, likewise contributed to a faster residential take-up. Overall take-up rate in Metro Cebu reverted to double digits at 11.8 units per month, coming from 9.4 units per month in the previous half. Of the total units floated in the market, 92.5% were absorbed as of the end of 2018, higher than the 88.7% in June 2018.

TAKE-UP AND ABSORPTION RATES

Mandaue City realized the highest take-up rate in Metro Cebu at an average of 51.1 units per month. The city is getting renewed attention from investors and end-users with the construction of various infrastructure projects. The first phase of the proposed Metro Cebu Expressway, which is scheduled to be completed by 2022, will traverse Mandaue City and Cebu City. The second underpass project along UN Avenue is another infrastructure development in the pipeline, designed to minimize travel time from Mandaue City to Mactan-Cebu International Airport (MCIA).

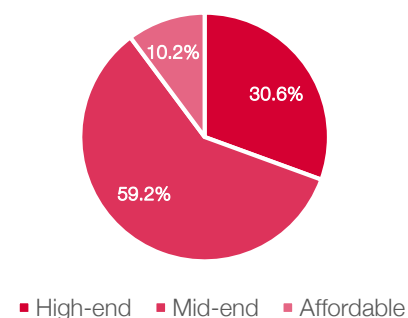
Cebu City followed Mandaue City in terms of take-up rate. The average take-up of residential projects in Cebu City was pegged at 7.7 units per month. Of the 31,875 units floated, 91.9% were already sold.

Given the limited available supply of residential units in Lapu-Lapu City, the take-up rate in the area has slowed to an average of 3.5 units per month. Nevertheless, the demand should strengthen as the market looks forward to the Cebu-Cordova Link Expressway, the third bridge connecting Cebu City to Mactan Island. The road infrastructure is set to be operational by 2021. New project launches are expected in order to cater to the generated demand from improved accessibility upon completion of the new expressway.

Property developer Primeworld Land has stated the company's intention to invest in the city by master planning a new residential complex to be named Primeworld District. The project will feature 7 residential condominiums and 36 private villas that will add 2,023 units to the total residential stock in Lapu-Lapu City.

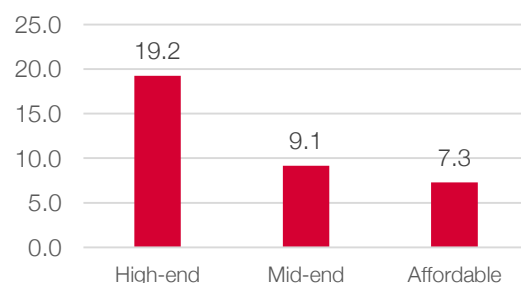
In addition, affordable residential projects are less common in Metro Cebu at present. Property developers chose to compete in the high-end playing field, where the market has been identified.

FIGURE 5
Allocation of Condominiums per Classification



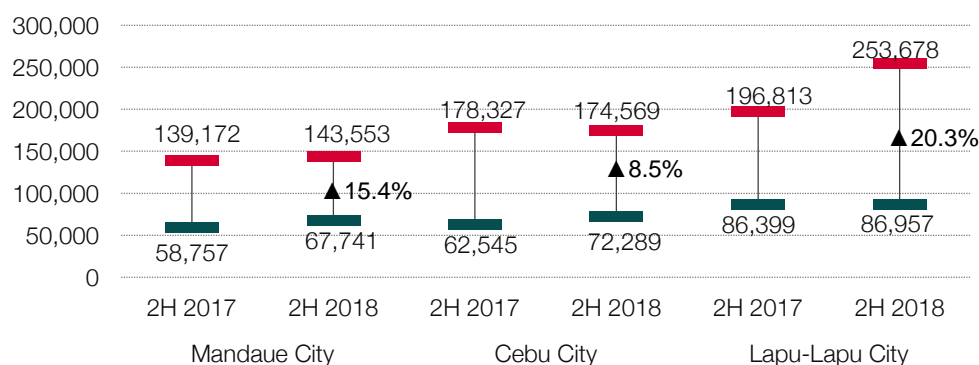
Source: Santos Knight Frank Research

FIGURE 6
Average Monthly Take-Up Rates per Classification (Units)



Source: Santos Knight Frank Research

FIGURE 7
Indicative Average Prices per Area (PhP/sq.m.)



Source: Santos Knight Frank Research

High-end absorption rate rose to 98.3% in the second half of 2018 from 80.8% in the previous half. High-end developments continued to have the highest take-up rate, averaging at 19.2 units per month.

In terms of unit type, studio units remained the preferred unit type, especially by investors capitalizing on the sizable rental market in Metro Cebu.

SELLING PRICE

The robust demand for residential units enabled property developers to increase the selling prices across Metro Cebu. Mandaue City experienced the highest half-on-half growth in prices at 14.9%, following the remarkable take-up rate of residential projects in the area. The performance of the newer projects significantly pulled up the selling prices in Mandaue. The less than 1% growth from the 2nd half of 2017 to the 1st half of 2018 soared to an almost 15% growth from the 1st half of 2018 to the 2nd half of 2018. Selling prices in Mandaue currently range from PhP67,741 to PhP143,553 per square meter.

Although Mandaue documented the highest h-o-h growth, y-o-y growth was greatest in Lapu-Lapu, where y-o-y price escalation was at 20.3%. Lapu-Lapu demand remained strong while supply continued to dwindle, allowing considerable price increases. Selling prices in Lapu-Lapu City ranged from PhP86,957 to PhP253,678 per square meter.

Cebu City maintained a steady increase in prices in the second half of 2018, growing 8.5% y-o-y and 2.2% h-o-h. Minimum price in the city was pegged at PhP72,289 per square meter while maximum price was recorded at PhP174,569 per square meter.

NEWLY-LAUNCHED PROJECTS

The booming residential market in Metro Cebu led to a number of new project launches. In the second half of 2018, homegrown developer Priland Development Corporation launched projects in Lapu-Lapu City and Cebu City. Paseo Grove in Lapu-Lapu City targets employees from export processing zones and industrial parks. In Cebu City, Vertex Central added 701 residential units to the total supply in the area. The project will be constructed along Archbishop Reyes Avenue. The building completion is slated in 2022.

Moreover, Cebu Landmasters, Inc. started the pre-selling of One Astra Place within the Astra Centre in Mandaue City. Fifteen floors of the mixed-use development will be residential floors, offering a total of 478 units.

Furthermore, after completely selling out its first residential project, Cebu-based developer Sunkai Land recently launched Sun Park Royal Hotel and Residences. The mixed-use tower is located along Juan Luna Avenue in Mandaue City. A total of 448 units, to be comprised of studio, one-bedroom, and two-bedroom units, will be available upon its completion in 2022.



Sun Park Royal
Source: SunKai Land

NOTABLE TREND

Similar to Metro Manila, township developments and mixed-use projects have gained popularity in Metro Cebu. Due to the further worsening traffic situation in Cebu's major cities, residents started seeking the convenience of living proximate to the workplace and retail establishments. Several mixed-use components are being included in the master planning of projects to create a sustainable township.

To be continued on page 12



Mandani Bay Quay Towers
Source: Mandani Bay

CEBU RETAIL SECTOR REMAINS ROBUST WITH INCREASED ACTIVITIES IN THE AREA

RETAIL | Consumer demand heightens as Cebu welcomes more local and foreign guests

As Metro Cebu continues to attract tourists, investors and firms, the local retail industry experienced sustained growth in the second half of 2018. Metro Cebu's retail sector remains mainly comprised of neighborhood malls and commercial strips. However, it presently boasts of 3 regional shopping centers, with a combined GLA of approximately 850,000 square meters.

Holdings Inc., a subsidiary of Ayala Land Inc (ALI).

In Mandaue City, Gateway Central is a much-awaited mixed-use development that will include a shopping mall as one of its major components. Ayala Malls Gateway Central will add 115,000 square meters of mall GLA to Metro Cebu's present retail supply. The Landmark Department Store,

Ayala Center Cebu is within CBP, which is Metro Cebu's leading business district, while SM City Cebu is in one of the busiest parts of Cebu City's North Reclamation Area. Retail demand is primarily generated from the local workforce and business travelers. Robinsons Cybergate and Robinsons Fuente, along the Fuente Osmeña Circle, likewise commanded rents from PhP1,000 per square meter per month to PhP1,200 per square meter per month. The large number of visiting guests staying in various hotels and local residents in the area created a strong retail demand.

The lease rates of Robinsons Galleria Cebu and SM Seaside, which are located in other parts of Cebu City, started from PhP800 per square meter per month and went as high as PhP1,000 per square meter per month. Moreover, the average lease rates of shopping malls in Mandaue City ranged from PhP800 per square meter per month to PhP900 per square meter per month.

VACANCY RATES

Robinsons Galleria Cebu had the highest vacancy rate among all the Metro Cebu shopping malls at 11.74% in the second half of 2018. Nevertheless, it has the largest number of interesting upcoming brands, comprised of restaurants and eyewear shops such as Savory, Max's, Wingers Unlimited, Sunnies Studios and Sarabia Optical, foreseen to draw mall goers and subsequently attract additional mall tenants.

Ayala Center Cebu, which came in second in terms of vacant spaces,

To be continued on page 12



UPCOMING MALLS

Metro Cebu anticipates the opening of additional shopping malls in 2019 and the coming years. A new shopping haven is set to rise in the heart of IT Park this 2019. The Ayala Malls Central Bloc will have five floors of retail space complete with an indoor activity center, a supermarket, four cinemas, and various food choices. The features and layout of the mall are similar to the Ayala Malls in Manila. Ayala Malls Central Bloc will be adding 45,000 square meters of leasable space to the retail portfolio of Cebu

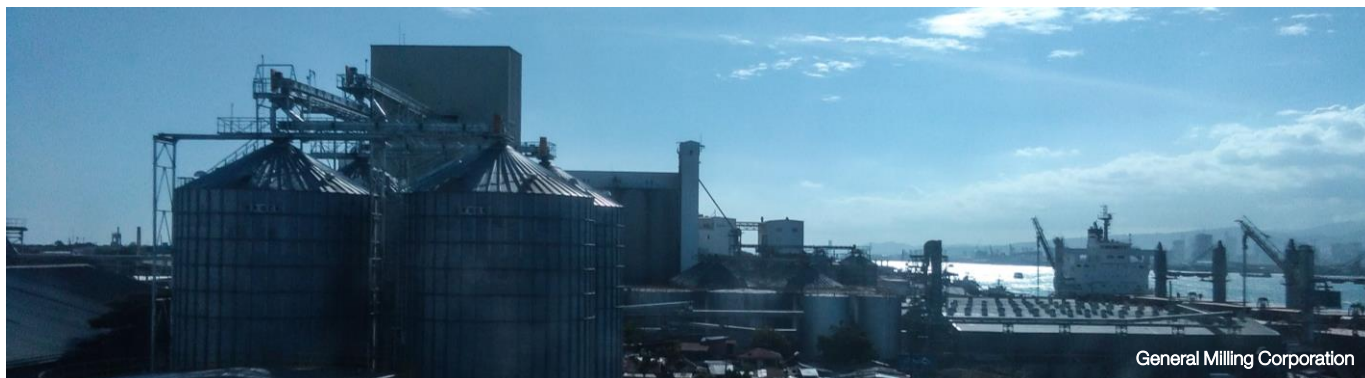
with known branches in Ayala Center (Makati), Trinoma (Quezon City) and Festival Mall (Alabang), will serve as the mall's main anchor.

LEASE RATES

The lease rates of Ayala Center Cebu and SM City Cebu were among the highest of the Metro Cebu shopping malls, ranging from PhP1,000 per square meter per month to PhP1,200 per square meter per month. Both malls displayed the highest foot traffic in Cebu due to their strategic location and variety of brands available.

NEW DEVELOPMENTS TO SUSTAIN THE GROWING CEBU INDUSTRIAL SECTOR

Industrial | Developers seek new opportunities by operating industrial hubs



The Philippine economy posted a 6.1% growth as of the fourth quarter of 2018. The industrial sector contributed 34.8% to the country's GDP. Under the sector, manufacturing grew by 3.2% year-on-year, with food manufactures as the main contributor, growing 4.3%.

Cebu is recognized as one of the major producers of goods in the country. Cebu is known for industrial parts assembly, food processing, and manufacturing of furniture, stonecraft, garments, fashion accessories, electronics, camera and camera paraphernalia, gifts and housewares (GTH), electrical equipment manufacturing, coal, and dolomite mining.

Metro Cebu contains 12% of the Philippine Economic Zone Authority's operating economic zones in the country. It has one agro-industrial economic zone, thirty-five IT Parks and Centers, seven manufacturing economic zone, and two tourism economic zones. Cebu Light Industrial Park, and Mactan Economic Zones 1 and 2 are three of the major economic zones located in Lapu-Lapu City. They have a combined total area of 253 hectares and currently houses

247 locators. 43,133.46 square meters of Standard Factory Building space are available for lease in these economic zones as of the end of 2018.

Due to the limited number of available spaces in Metro Cebu, asking rents of industrial properties outside economic zones increased from a maximum of Php250 per square meter per month in the 1st half of 2018 to a ceiling of PhP700 per square meter per month in the 2nd half of 2018.

In addition, the short supply of leasable industrial space has urged property developers to invest in the development of industrial hubs.

Priland Development Corporation plans to diversify its real estate portfolio and develop a 42-hectare property in Consolacion, Cebu into an industrial park. The project will house factories, warehouses for lease and lots for sale.

CentralHub Industrial Centers, Inc. (CICI), a subsidiary of DoubleDragon Properties, announced the construction of its 3rd industrial hub in Cebu. Future sites previously identified include CentralHub Cebu and CentralHub Iloilo. The newest location will have an initial area of 5.2 hectares and 27,212 square meters of industrial warehouse capacity.



CEBU HOSPITALITY SECTOR ENHANCED BY BOOM IN THE LOCAL TOURISM INDUSTRY

Hospitality | Rising guest arrivals created significant demand for lodging and accommodation

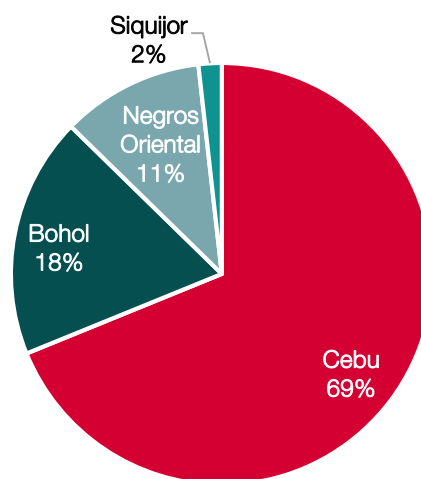
In the full year of 2018, Central Visayas recorded a 16% year-on-year growth in visitor arrivals. The region welcomed roughly over 8 Million guests compared to 2017's 6.9 Million local and foreign guests. Introduction of additional direct flights and increase in overall passenger capacity were results of the opening of the Cebu Mactan International Airport in July and the Bohol-Panglao International Airport in November. The extensive marketing efforts put forth by the country's Department of Tourism (DOT) and other independent organizations are likewise considered factors to the rise in visitor arrivals.

The Province of Cebu contributed 77% of the foreign guests that arrived in Central Visayas in 2018. Cebu is well-known for festivities such as the Sinulog Festival, religious tourist areas such as the Simala Shrine and Basilica Minore Del Sto. Niño, dive spots such as Oslob and historical sites such as the Magellan's Cross.

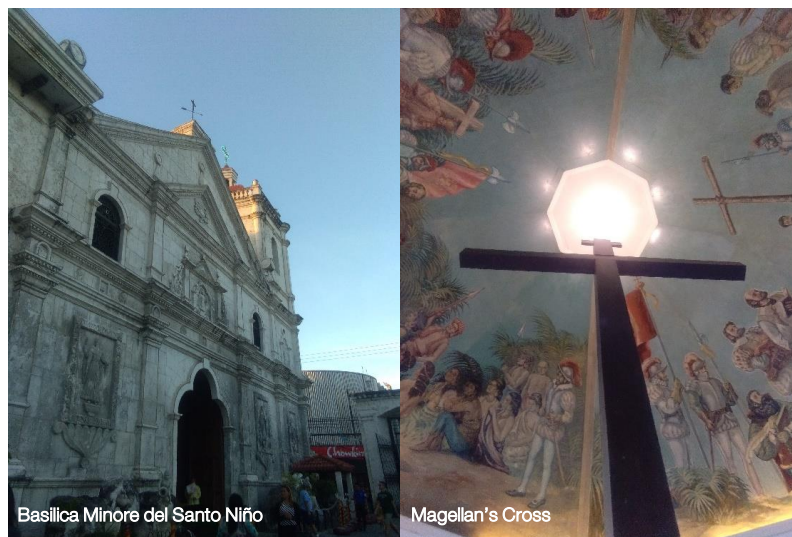
Cebu's visitor arrivals amounting to 2,805,115 guests is a far outcry from Bohol's 646,082, Negros Oriental's 116,310 and Siquijor's 66,738. Cebu Province likewise led in terms of domestic visitor arrivals, accounting for roughly 62%, equivalent to 2,770,781 visitor arrivals, of the local travelers that entered the region. The rest of the Central Visayas provinces collectively comprised the remaining 38% or 1,685,270 visitor arrivals.

Cebu international visitor arrivals remained dominated by South Koreans, with 1,344,154 arrivals in 2018. Chinese arrivals rose

FIGURE 8
CV Distribution of Tourists in 2018



Source: Santos Knight Frank Research



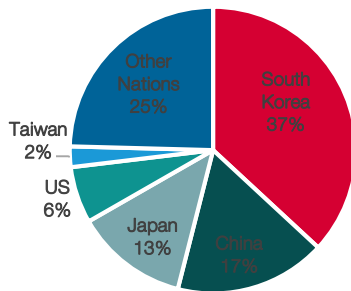
45% in 2018, increasing from 429,306 visitor arrivals in 2017 to 621,993 visitor arrivals in 2018. Other notable visitor arrivals were from Japan, US and Taiwan.

The cities of Cebu and Lapu-Lapu placed first and second, respectively, in terms of foreign and local visitor arrivals in

Central Visayas. A combined total of 4,276,680 visitor arrivals were noted in the 2 cities. Lapu-Lapu had a larger ratio of foreign to local travelers at 7:2, which is in contrast to Cebu's 1 foreigner for every 2 local guests.

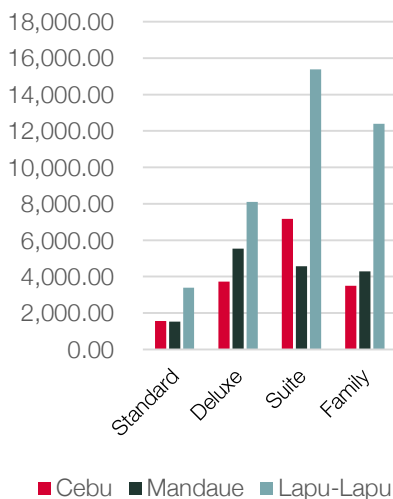
DOT forecasts an influx of 8.2 million foreign visitors in the Philippines in 2019, with approximately 800,000

FIGURE 9
Foreign Tourist Arrivals in CV



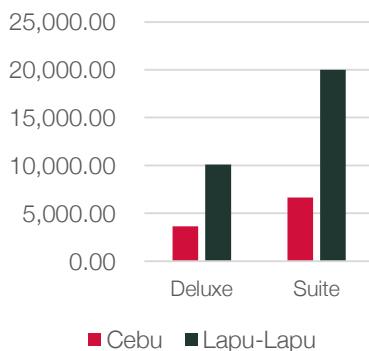
Source: Santos Knight Frank Research

FIGURE 10
Metro Cebu Room Average Daily Rate (PhP)



Source: Santos Knight Frank Research

FIGURE 11
Metro Cebu 5-Star Average Daily Rate (PhP)



Source: Santos Knight Frank Research



coming from Japan. Various airlines recognized the growing volume of passenger demand and proposed strategies to take advantage of the foreseen business opportunities.

Cebu Pacific, a Philippine-based budget airline, maps additional international routes from Cebu to Japan and vice versa, considering the 1.1 million passenger volume reported in 2018. The airline presently offers flights to 21 domestic and 5 international destinations from Cebu that includes Narita.

Philippine Airlines, the country's flag carrier, plans to expand Cebu operations by increasing the frequency of its Cebu-Nagoya route from 4 flights per week to daily schedules.

Air Asia Philippines, another Philippine-based budget airline, is launching Cebu-Macau direct flights in February 2019 as part of the company's long-term expansion plan of promoting Cebu as an important hub for tourism and business.

HOSPITALITY SECTOR'S HEYDAY

Metro Cebu's hospitality sector targets vacationing tourists and participants of Meetings, Incentives, Conventions and Exhibitions/Events (MICE). In October, a 90s boyband held its 20th Anniversary "Reunion" Tour Concert in Waterfront Cebu City Hotel & Casino. In November, the Asian Carriers Conference 2018 was held at Shangri-La Mactan Resort and Spa.

A huge supply of hotels and other forms of accommodation cater to the demand originating from the tourism boom in Metro Cebu. Cebu has a wide variety of accommodations available, from budget-friendly inns and taverns, luxurious 5-Star hotels and relaxing resorts with access to the Mactan beaches. With more than 12,000 accommodation rooms spread across the cities of Cebu, Mandaue and Lapu-Lapu, Metro Cebu prides itself of being a major player in the country's hospitality market.

Overall weighted Average Daily Rates (ADR) in Cebu and Mandaue ranged from PhP3,300 to PhP3,900 across all room types. The ADR of standard rooms was more than PhP1,500 while the ADR of suite rooms averaged from PhP4,600 to PhP7,100.

Hotel rooms in Lapu-Lapu commanded a higher tariff, with an ADR of more than PhP9,500. Standard rooms in Lapu-Lapu had an ADR of more than PhP3,300 while the ADR of suite rooms was pegged at PhP15,400.

In Cebu City, deluxe and suite rooms of 5-Star hotels had a weighted ADR of PhP3,600 and PhP6,700, respectively. In Lapu-Lapu, however, deluxe and suite rooms reached a weighted ADR of PhP10,100 and PhP20,000, respectively.

To be continued on page 12

Mactan Newtown, Megaworld Corporation's first major development outside Metro Manila, carries a "LIVE-WORK-PLAY-LEARN and BEACH" concept. Aside from offices, hotel, lifestyle mall, and educational institution, residents can also enjoy the development's exclusive beachfront. 8 Newtown Boulevard, One Manchester Place, and One Pacific Residence are high-end condominiums that form the residential component of the township.

To address the rising demand for residential units in the area, Megaworld Corporation recently introduced another high-end tower in Mactan Newton. La Victoria Global Residences was inspired by the Spanish Galleon that Ferdinand Magellan used to circumnavigate the earth. The 20-storey tower will offer 181 units of varying cuts, starting from studio to three-bedroom units.

City di Mare is a notable existing township located along South Road Properties in Cebu City and is the first township developed by Filinvest in the Visayan Region. This 50-hectare coastal township includes existing residential towers, an upcoming shopping mall and lined-up office buildings. Two multi-tower residential projects are selling in City di Mare at present. Sanremo Oasis is a midrise condominium complex offering studio and two-bedroom units. Amalfi Oasis, on the other hand, sells fewer units per floor and larger unit cuts in order to target high-end buyers.

Mandani Bay is another much-awaited mixed-use project in Metro Cebu. It is a joint venture project of Hong Kong Land and Taft Properties, Inc. in the North Reclamation Area of Mandaue. The development is already on its second phase. Mandani Bay Quay cluster, which is composed of 3 residential buildings and an office tower, commenced construction in 2018.

had a vacancy rate of 4.18%, less than half of Robinsons Galleria Cebu's vacancy rate.

Metro Supermarket, which suffered a devastating fire during the early months of 2018, is scheduled to reopen on the first month of 2019. Metro Retail Stores Group, Inc. (MRSGL) plans to initially open the supermarket and targets the reopening of the rest of Metro Ayala Cebu by mid-2019.

NOTABLE EXISTING BRANDS AND PLANNED EXPANSIONS

The Cebuanos continued to support homegrown brands while foreign guests wished to try out Cebu original brands and products. Supplying the region's caffeine fix is Bo's Coffee, founded in 1996 by a Cebu local, Steve Benitez. It now has over 100 branches all over the country, mostly in Visayas and Mindanao. Bo's Coffee imports coffee beans from Sagada, Benguet, Mt. Kitanglad, Mt. Matutum, and Mt. Apo. The brand is common in Cebu shopping centers to the point of having more than 1 store in a single shopping mall.

Another brand with a well-established presence in Cebu is Bubble Tea Station. It was founded by a Cebuana, Meyan Lim Young. Bubble Tea Station has stalls in Robinsons Galleria Cebu, SM City Cebu, and SM Seaside City. The remarkable Milk Tea phenomenon has extended to Cebu with numerous store launches in various shopping malls.

It is likewise common for popular brands in Manila to expand to Metro Cebu and experience the same level of popularity, acceptance and patronization from the local and foreign market. After the good public reception when it was launched in Manila last August of 2018, Sunnies Face, the cosmetics line of Sunnies Studios and Specs, is opening two branches in Cebu. One will be in Ayala Center Cebu and the other store will be in SM City Cebu.

UPCOMING HOTEL SUPPLY

The hospitality sector in Cebu will continue to expand as local and international hotel brands are constantly introduced across the Metro. Brgy. Punta Engaño in Lapu-Lapu, where a number of resorts are located, is set to see another 1,600 rooms within the next 5 years. Some of the upcoming hotels in the area include Dusit Thani Mactan, owned by Robinsons Land and managed by Dusit Hotels & Resorts, Udenna Development's Emerald Resort and Casino, Sheraton Cebu Mactan Resort by Apple One Properties and Rockwell Land's Aruga Resorts and Residences Cebu.

Megaworld's Mactan Newtown is scheduled to open more than 500 rooms, with the launching of Savoy Hotel Mactan Newtown within 2019. Another 550 additional rooms are anticipated in the next 2 years with the unveiling of Mactan Belmont Luxury Hotel.

In addition, Cebu City will be embracing its own ring of hotels in various parts of the city, including the Holiday Inn Cebu (InterContinental and Erawan Groups) and Minore Centre & Hotel (Duros Land Properties) in CBP, Dusit Princess Cebu and Sun Park Royal Hotel in the North Reclamation Area and Citadines Cebu (Cebu Landmasters Inc.) in the Fuente Osmeña area.

Moreover, Mandaue will be welcoming a well-known hotel brand inside the Astra Centre. Radisson Red, operated by the Radisson Hotel Group, is set to open its doors in 2021 with 146 rooms. The brand marketing is directed towards the millennial market.

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