

# M. Manila running out of office space

By Doris C. Dumlao

METRO Manila will likely run out of leasable office space in the next three to four years due to robust demand especially from the business process outsourcing (BPO) sector, according to the Philippine unit of international property consulting firm Jones Lang LaSalle.

Rental prices for office property will continue to rise, and this will attract new investments, said David Leechiu, country head of JLL.

"We'll see a deficit in office space in the next three to four years," Leechiu said in a briefing Wednesday.

He explained that the additional capital to be poured into office development would eat up space in major central business districts like Makati, Ortigas and Quezon City.

Leechiu identified the areas that could absorb more development, such as the FTI complex, now known as Arca South, and Circuit City, both being developed by Ayala Land.

Also, the Mall of Asia complex, as well as redevelopment projects on Roxas Boulevard and in Pasig City, may yield more office space, he said.

Assuming a steady takeup of

at least 400,000 square meters of new office space a year, JLL said supply would fail to meet demand by 2016.

In the first half of this year, JLL estimated that 168,000 square meters of office space in Metro Manila had been committed to tenants. Some represent new lease contracts (86,300 square meters) while the rest (81,700 square meters) are commitments to lease even before completion.

"We're not seeing any bubble in office market because what's being supplied is rented. Buildings are mostly committed even before they are completed," said Shiela Lobien, JLL director and head of project leasing.

Bonifacio Global City (BGC) is said to be the most attractive among tenants looking for office space. In the first half, JLL said, BGC cornered the most property deals, followed by McKinley Hill and Quezon City.

Monthly office rent at BGC stands at P700 to P900 per square meter compared to Makati's P600-P1,200 per square meter.

Overall, JLL estimated that average rent across Metro Manila's business district had risen by 9 percent to P575-P750 per square meter from June 2012.

Rental rates in other business districts are: P550-P650 per square meter in Mandaluyong and Ortigas; P550-P700 per square meter in Quezon City; P500-P600 per square meter in Bay City, Mall of Asia, and P500-P600 per square meter in Alabang.

Meanwhile, average monthly rent in the provinces ranges from P375 to P475 per square meter, said Lizanne Tan, JLL national director for markets.

Average monthly office rental rates per square meter are: in Bacolod, P350-P475; in Baguio, P385-P500; in Cebu P400-P550; in Cavite, P425-P475; in both Clark and Davao, P375-P450; and in Iloilo, P300-P450.

On the residential property segment, JLL expects economic growth to sustain market demand. From 2013 to 2018, JLL sees 149,920 new residential units in the pipeline.

SM Development Corp. had the biggest share of the market with 23 percent. It was followed by Megaworld, which accounted for 17 percent, and Ayala Land with 11 percent.

Majority of these residential units are priced below P3 million.

## Rice output slightly up year-on-year

By Ronnel W. Domingo

RICE production in the first semester improved by at least one percent year-on-year to reach a volume of between 8 million and 8.1 million metric tons, according to the Department of Agriculture.

Agriculture Undersecretary Dante S. Delima said in an interview that the increase was mainly due to better weather conditions as well as heightened procurement activities of the National Food Authority.

Delima, who is coordinator of the national rice program, added that the use of high-yield seeds and the expansion of irrigated areas also contributed to improved production.

Also, Delima refuted data from the International Rice Research Institute which suggest that rising consumption and population growth were compromising the government's food self-sufficiency thrusts.

## BTr may shorten retail bond offer period

"The population of the