

Strong Demand Sustains Philippine Property Boom – CBRE News Centre, Nov 25th 2010

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Strong demand, investments sustain boom in Philippine property market

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By BERNIE CAHILES-MAGKILAT

MANILA, Philippines – The good days of the property sector are back, the best since the Ramos era, driven by strong demand and investments as the Philippines becomes one of the top favorites of investors in the region, declared a property management group.

Rick M. Santos, chairman and founder of property management group CB Richard Ellis Philippines, said that take up of office spaces this year is placed at 250,000 square meters and is expected to improve by a conservative 10 percent next year with Fort Bonifacio and Ortigas leading the preferred choice for office spaces.

“The Philippine real estate sector is back, the best since the Ramos administration,” Santos said. Driving the growth is the strong demand for office spaces particularly for BPO spaces.

“Due to strong demand, developers continue to churn out new office, retail, hotel and residential projects. The Philippines is benefiting from the Aquino administration’s good infrastructure, good governance leadership stance,” Santos said.

The banks are also lending and the real estate corporations are showing impressive earnings and growth.

“The good days are back, the market is back because we have very good economic fundamentals since 1996 feels like it is Ramos time,” Santos added. He said the Philippines is an investors' choice along with Vietnam and Indonesia.

According to Santos, the most dominant areas for office spaces are no longer limited to Makati, but Global City, Ortigas, Eastwood, Cebu Business Park, Clark and other cities in the regions that are hosting BPO operations. While other areas like Global City, Ortigas and Alabang have lots of new buildings coming up next year, there is only one premium building coming up in Makati next year and that is the LEED-certified Zuellig Building along Paseo de Roxas.

There are an estimated 6.7 million square meter of existing office supply in Metro Manila and 397,000 square meters in 2010.

This could put an upward pressure for rental rates in Makati after a drop in rentals in 2008. The prevailing rental rates in Makati is P850 per square meter, but the Zuellig building could fetch as much as P900 to P1,100 per square meter.