Metro Manila office space vacancy slips

MIGUEL DE GUZMAN/THE PHILIPPINE STAR

THE office space vacancy rate in Metro Manila slipped to 19.9% in the third quarter, from 20.6% in the second quarter, as rates eased in all business districts for the first time since the pandemic, according to real estate services and investment firm CBRE.

"In the past two years, I would say new entrants would be 10-15% of overall demand in the market. Though transactions for the last two quarters have been quite low, we've seen more inquiries from our US office than we did at the start of the pandemic," said Jie C. Espinosa, CBRE Philippines' country head, at a briefing on Friday.

CBRE data showed all Metro Manila business districts saw easing vacancy rates for the first time since the coronavirus disease 2019 (COVID-19) pandemic started in early 2020.

As of the third quarter, there is around 1.69 million square meters (sq.m.) of available office supply in Metro Manila.

The Bay Area, covering Pasay and Parañaque cities, had the biggest amount of vacant office space at 367,000 sq.m., followed by Makati City with 359,000 sq.m. and Ortigas in Pasig City with 341,000 sq.m.

Quezon City had 263,000 sq.m. in vacant office space, followed by Alabang with 191,000 sq.m. and Fort Bonifacio in Taguig City with 162,000 sq.m.

"Fort Bonifacio vacancy approaching pre-pandemic levels, buoyed by strong demand, with 85% of its transactions done in vacated spaces," CBRE said.

Office space demand reached 502,000 sq.m. as of the third quarter, surpassing the full-year demand of 455,000 sq.m. seen in 2021.

The information technology and business process management sector has driven the demand for office space, making up for the exodus of Philippine Offshore Gaming Operators (POGOs).

Around 41% of the vacant spaces, mostly in the Bay Area and Makati, were previously occupied by POGOs.

CBRE data showed POGO take-up is still nowhere near the pre-pandemic level of 38% in the last quarter of 2019. Only 3% of the office space demand is from POGOs as of the third quarter this year.

CBRE noted developers are now looking at more stringent requirements in accepting POGO occupiers, such as six months' worth of deposits and background checks on the company. — **B.H.Lacsamana**

Cyberscape Gamma is PHL's 1st EDGE-certified REIT building

ROBINSONS Cyberscape Gamma has become the first EDGE-certified real estate investment trust (REIT) building in the Philippines, according to RL Commercial REIT (RCR).

In a statement, RCR said Cyberscape Gamma was given the EDGE (Excellence in Design for Greater Efficiencies) certification by the Philippine Green Building Initiative (PGBI), after an assessment of its audit report.

Cyberscape Gamma is a 37-storey Philippine Economic Zone Authority-registered office tower located along Topaz and Ruby Roads, within the Ortigas central business district in Pasig City.

"Our assessment confirms the auditor's report that Robinsons Cyberscape Gamma's resource-efficient design will result in reductions of 34% in energy, 31% in water and 69% in materials' embodied energy compared to a local base case," PGBI Vice-Chairman Ar. Amado de Jesus, Jr. said.

EDGE is an internationally recognized green building certification system created by the International Finance Corp. (IFC), a member of the World Bank Group. It seeks to promote resource efficiency in buildings by adopting designs that help reduce materials, water, and electricity consumption.

"This is an important milestone for Robinsons Offices and especially for RCR," Robinsons Land Corp. (RLC) Senior Vice-President and General Manager for Offices and RCR President Jericho Go said.

RLC is looking at boosting the impact of its sustainability initiatives, "while delivering value to the business by incorporating sustainable development features in all its properties to fight climate change," Mr. Go added.

The EDGE certificate shows that Cyberscape Gamma has successfully reduced energy consumption because of its lower window-to-wall ratio, use of high-performance glass, fresh air pre-conditioning system, efficient lighting, and power factor correction.

The building also features water-efficient faucets and urinals and a rainwater harvesting system. It also uses material-efficient floor and roof slabs, window-glazing, and interior and exterior walls.

"Together with IFC, we rely on the expertise of those in the industry so that we are continuously advancing the capabilities of EDGE and increasing our standard in marketplaces around the world," Mr. De Jesus said.

The Global Real Estate Sustainability Benchmark (GRESB) includes EDGE as a qualifying certification system for improved scoring for the GRESB Real Estate Assessment and the GRESB Developer Assessment. GRESB is the global standard for environmental, social and governance (ESG) benchmarking and is used by investors to obtain data on the ESG performance of real assets.

The International Capital Markets Association recognizes EDGE as a qualifying certification system in its green bond principles, which are a set of guidelines recommended for issuing a green bond.

The Climate Bonds Initiative includes EDGE as a qualifying certification system to achieve the Climate Bonds Standard and Certification Scheme. EDGE certification fulfills both residential and commercial requirements for the allocation of proceeds from green bonds.

"RLC continues to engage green-certified contractors and/or consultants, as well as establish guidelines on landscaping, to achieve carbon neutrality and improve resiliency," Mr. Go said.

RLC has crafted its roadmap towards achieving a net zero carbon by 2050, in line with the global efforts to limit global warming to within 1.5 degrees Celsius.

Robinsons Offices is also planning to use clean power in all its current and future office projects, as part of its goal to shift power requirements to renewable energy sources by 2035. — **CRAG**

Landco developing The Premier District in Batangas

A NEW residential community will rise within Landco BeachTowns' Club Laiya, San Juan, Batangas.

The Premier District is the latest property development launched by Landco Pacific Corp.

"The residential area in the Laiya resort setting is a little more inland yet within walking distance to and from the beach," Landco said in a statement.

The Premier District is offering 250 lots with an average size of 300 square meters). Property owners will enjoy mountain views, mini-parks, forest trail as well as access to its swimming pool with an area exclusive for lot owners.

Residents and guests will have access to roving transport that will bring them to Club Laiya's Seaside District.

"Unlike other residential developments, Landco allows lot owners of the Premier District to build their dream beach home which can double as a bed and breakfast, vacation rental or unique homes that can be signed up for popular travel apps like Airbnb," the company said.

Fully paid and amortizing lot owners of the Premier District will also enjoy special discounts to Club Laiya's leisure facilities managed by Millennial Resorts.

Landco is a subsidiary of Metro Pacific Investments Corp. (MPIC). MPIC is one of three Philippine units of Hong Kong-based First Pacific Co. Ltd., the others being Philex Mining Corp. and PLDT, Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls.

Chinese carmakers eye more European sales with 5-star EVs

SOLIHULL, England — Chinese electric vehicle (EV) makers have set their sights on winning over European drivers and large corporate customers with more affordable cars that come with top safety ratings and lots of high-tech features.

In the last few months, several Chinese EVs have received five-star European New Car Assessment Program (NCAP) ratings — an achievement that requires loading vehicles with active and passive safety features that go well beyond legal requirements.

More are coming.

"All Chinese EV makers want to achieve Euro NCAP five-star ratings in order to be more competitive in the European market," said Brian Gu, president of Chinese EV maker Xpeng.

Mr. Gu said Xpeng has spent the last three years building stores and service centres in Denmark, the Netherlands, Norway and Sweden — with some initial sales in Norway — before an official launch next year of its electric P7 sedan and G9 sports-utility vehicle (SUV) in the four countries.

Chinese EV makers have recognized that safety plays an incredibly important part of the sales process, said Matthew Avery, director at Thatcham Research, a British car research center funded by insurers and a Euro NCAP board member.

Five-star Euro NCAP ratings are seen as key to overcoming residual European concerns over the quality of Chinese-made cars, after awful crash test failures in 2006 and 2007 created an impression that cars from China were unsafe.

Perhaps more importantly for sales, high safety ratings also open up the potentially huge corporate car fleet market for Chinese EV makers.

Fleet sales make up about half of all car sales in major markets including Germany, France and the United Kingdom, and many corporate buyers put a premium on safety.

AMAROK

"Fleet sales are very important and a lot of fleets have a mandatory five-star rating for buying cars," Mr. Avery said.

CAR RENTAL COMPANIES

What's more, many fleets want to switch to EVs fast to meet sustainability goals. But corporate fleets have struggled to get enough EVs in Europe as supply chain issues have pushed waiting times for some models to more than 12 months.

High demand for electric cars amid supply chain shortages has allowed European carmakers to raise EV prices and focus more on retail clients, rather than customers such as car rental firms that have traditionally been less profitable for them.

That has created a window of opportunity for Chinese EV makers that have already stolen a march on most foreign rivals in China, by far the world's biggest market for EVs.

In October, for instance, German car rental company Sixt said it would buy about 100,000 EVs from BYD, starting with its Atto 3 SUV which received the coveted Euro NCAP five-star rating the same month.

China's Great Wall Motors (GWM) received five-star ratings in September for its WEY brand Coffee 01 hybrid SUV and its ORA brand Funky Cat electric sedan.

European carmakers are also pursuing five-star ratings for their EVs and hybrids, from BMW's iX to Volkswagen's ID.4 and ID.5. In October, Mercedes got the top rating for its EQE sedan and its driver-assistance features received the highest marks to date from Euro NCAP.

Chinese EV maker Aiways has yet to put its U6 electric crossover through its NCAP paces but it too is shooting for the highest rating on offer, said Alexander Klose, who heads the carmaker's operations outside China.

He said Aiways has invested in extra safety features for the U6 to open up opportunities for sales to European fleets, including rental car firms, when it goes on sale next year.

"There will be a natural demand for vehicles like ours that are fully equipped and come at very competitive prices," he said, adding that Aiways hopes to sell 30,000 EVs in Europe in 2023, up from about 5,000 this year.

BASIC REQUIREMENT

French auto consultancy Inovev said about 155,000 Chinese-made cars were sold in Europe in the first nine months of 2022, or 1.4% of the market. Chinese firms are on track to hit 150,000 cars this year, nearly double the 80,000 sold in 2021.

But almost half the Chinese cars sold were EVs, according to Inovev, giving them a 5.8% share of Europe's fully-electric vehicle market.

Inovev vice-president Jamel Taganza said all Chinese cars sold in Europe would be EVs within a few years, with more lower-cost models on the way.

By 2030, Inovev estimates EVs will make up 40% of Europe's new car sales and that Chinese brands will represent between 12.5% to 20% of that fully-electric market, with sales of between 725,000 and 1.16 million vehicles.

"This is a conservative forecast," Taganza said. "But it could increase more rapidly, especially if European carmakers do not answer the needs in Europe of affordable EVs."

Getting a five-star rating is expensive for automakers because it means investing in additional safety features from extra airbags to collision avoidance, driver-assistance and driver-monitoring systems.

Thatcham's Mr. Avery said Chinese EV makers have actively engaged with Euro NCAP and were eagerly making the investments necessary to land top ratings.

"Forget what you might think that Chinese means lower quality or lower safety performance," he said. "Their quality is now better than others."

BYD is launching three cars in a handful of European markets and will add more models and markets next year, all of which should have top safety ratings, said Michael Shu, managing director of BYD Europe.

"We think a five-star rating should be a very basic requirement," he said.

'LEVERAGING THAT ADVANTAGE'

Great Wall Motor's (GWM) ORA Funky Cat, meanwhile, will launch in Britain, Germany, Ireland and Sweden later this year.

Starting around £32,000 ($36,330) in Britain, or about £5,000 cheaper than VW's ID.3, the Funky Cat's features include facial recognition to store seating preferences, driver-assistance systems, reverse camera and wireless phone charging.

Toby Marshall, UK sales and marketing director for GWM's ORA brand, said if a car is well made, laden with features, has a high safety rating and is competitively priced, it no longer matters where it was built.

"Those are the key ingredients that matter to car buyers," Mr. Marshall said, while showing off the Funky Cat at his office in Solihull in England's midlands.

Bill Russo, head of consultancy Automobility Ltd. in Shanghai, said the problem for many international carmakers with was that they ceded the advantage to Chinese rivals when it comes to building lower-cost EVs.

"The one place on the planet you'll find an affordable EV today is China," said Mr. Russo. "And they're leveraging that advantage." — ***Reuters***

TSMC planning advanced chip production in Arizona

TAIPEI — Taiwanese chipmaker TSMC is planning to produce chips with advanced 3-nanometer technology at its new factory in the US state of Arizona but the plans are not completely finalized yet, the company's founder Morris Chang said on Monday.

Taiwan Semiconductor Manufacturing Co. Ltd (TSMC), a major Apple, Inc. supplier and the world's largest contract chipmaker, is constructing a $12-billion plant in Arizona.

Last year, Reuters reported TSMC's plans to build more chipmaking factories in Arizona, including discussions about whether its next plant should be more advanced which could make chips with 3-nanometer technology compared to the slower, less-efficient 5-nanometer chips that will be churned out when the facility begins production.

Mr. Chang, speaking to reporters in Taipei after returning from the APEC summit in Thailand, said the 3-nanometer plant would be located at the same Arizona site as the 5-nanometer plant.

"Three-nanometer, TSMC right now has a plan, but it has not been completely finalized," said Mr. Chang, who has retired from TSMC but remains influential in the company and the broader chip industry.

TSMC, Asia's most valuable listed company, declined to comment.

The company is holding a "tool-in" ceremony in Arizona on Dec. 6. — ***Reuters***