Metro Manila office vacancies seen peaking at 21% this year

THE vacancy rate for Metro Manila office property in the first quarter is expected to peak later in the year, with rents under pressure because of evolving workplace practices and additional supply coming onto the market, Colliers Philippines said.

"Despite more optimistic forecasts from industry groups, headwinds continue to pose challenges to the office market, which could further derail our projected recovery in terms of net absorption, vacancy, and lease rates," Colliers said.

In a report, Colliers said vacancies in the first quarter were little changed at 18.7% from 18.8% in the fourth quarter of 2022. Colliers expects vacancies to hit 21% by year's end, exceeding its previous estimate of 20.2%, due to slow take-up.

Demand for condominium units is improving due to better take-up from professionals and expatriates.

"Rents and prices are still recovering. We saw a contraction in 2020 and 2021 due to the impact of the pandemic. We will likely see slower completion or muted deliveries of new residential units over the next 12 months," Joey Roi Bondoc, research director at Colliers, said during a briefing on Thursday.

In its report, Colliers said vacancies in the Metro Manila secondary market was little changed to 17.4% from 17.6% a quarter earlier.

Colliers expects vacancies in the secondary market to drop to 16.8% this year as business sentiment improves.

"Upscale to luxury developments will likely remain popular and developers should explore forging joint venture deals for condominium projects that cater to an affluent and discerning market," Colliers said. — **Ashley Erika O. Jose**

Palay output growth estimated at 5.7% in Q1

OUTPUT of palay (unmilled rice) is estimated to have risen 5.7% year on year in the first quarter, running below initial forecasts, according to the Philippine Statistics Authority (PSA).

In a report, the PSA estimated palay production at 4.79 million metric tons (MT), based on the standing crop as of Feb. 1.

The estimate is 1.1% lower than the initial forecast of 4.84 million MT issued on Jan. 1.

During the quarter, the agency projected the area planted to rice to have increased 3.3% to 1.18 million hectares, with an assumed yield per hectare of palay at 4.06 MT, up 2%.

"About 236 thousand hectares or 20% of the 1,117.85 thousand hectares updated harvest area as of standing crop had been harvested as of Feb. 1, 2023," the PSA said.

Farmers are expected to have harvested 917.59 thousand MT of palay across 236.06 thousand hectares of farmland.

Of the standing crop, 7.6% is in the vegetative stage, 48.1% in the reproductive stage, and 44.3% in the maturing stage.

The PSA also reported that corn output in the first quarter likely reached 2.56 million MT, up 4.9% from a year earlier.

According to a forecast issued on Jan. 1, corn output is expected to fall 0.1% to 2.56 million MT.

The estimated area planted to corn during the quarter is estimated to have fallen 2.9% year on year to 690.72 thousand hectares, with an assumed yield per hectare of 3.71 MT.

"From the area harvested as of Feb. 1, 2023 of 206.38 thousand hectares, actual production was recorded at 709.74 thousand metric tons," the agency said.

Of the standing corn crop planted across 484.35 thousand hectares, 5% is at the vegetative stage, 49.9% at the reproductive stage, and 45.1% at the maturing stage. — **Sheldeen Joy Talavera**

Commercial farms deemed best placed to lead hog repopulation

BACKYARD HOG growers will find the government's swine repopulation program too burdensome to implement, while commercial farms will require minimal investment to comply with new biosecurity rules, an industry official said.

"*Ibigay sa maraming mga* private commercial farms *kasi* (the bulk of the repopulation program should go to commercial farms because) they already have the facilities, so all they need to invest on is the retrofitting," according to Alfred Ng, vice-president of Hog Farmers, Inc., speaking on the sidelines of the 29th National Hog Convention.

Mr. Ng said that the federation issued a position paper last month proposing a focus on commercial farms to accelerate the repopulation effort.

"What we are suggesting is 70% goes to commercial farms while 30% goes to the backyard because they also need to help them," he said.

The government's repopulation program is known as the Integrated National Swine Production Initiatives for Recovery and Expansion program, run by the Department of Agriculture. The program will issue grants of P10 million per farm, recently raised from P5.5 million.

Eligible for the grants are qualified farmer cooperatives and associations with a minimum of 2,000 square meters to establish a new biosecure facility.

The grants allocate P6 million for facilities, which must include a perimeter fence, climate-controlled animal house, waste management systems, and other equipment.

Some P2.4 million will go towards the procurement of 300 animals, P1.5 million for feed and biological support, and P100,000 for other items such as disinfectants.

Apart from piglets, Mr. Ng said that the program should also include distribution of breeders to deter farmers from engaging in flip sales of piglets.

Mr. Ng said many backyard farms cannot afford to maintain such facilities due to energy costs. — **Sheldeen Joy Talavera**

Palace calls NSCR an engine for job creation, regional dev't

PRESIDENT Ferdinand R. Marcos, Jr. touted the job-creation potential of the 147-kilometer (km) North-South Commuter Railway (NSCR) project, after witnessing the contract signing on Thursday.

He was speaking at the ceremonial signing of the North-South Commuter Railway Project-South Commuter Section Contract Packages (CPs) S-02 and S-03B at the Palace.

CP S-02 involves the construction of track and stations along España, Sta. Mesa and Paco, Manila, while CP S-03B involves building a tunnel linking the NSCR with the Metro Manila Subway Project.

CP S-02 is a component of the South Commuter Railway Project (SCRP), a section of the NSCR.

"As the civil works for these contract packages commence, we expect not only the generation of more than 2,000 jobs, but also the creation of other opportunities and livelihood during its construction," Mr. Marcos said in his speech.

The completion of the full NSCR project will lead to the "decongestion of our main thoroughfares, especially within Metro Manila," he said.

Mr. Marcos said the railway system will also spur economic activity in the connected regions. It will also "promote environmental sustainability and public health."

The P873-billion NSCR project, which is being co-financed by the Japanese International Cooperation Agency, connects Clark in Central Luzon and Calamba City, Laguna.

The line will have 35 stations and three depots, according to the Presidential Communications Office (PCO).

"CPs S-02 and S-03b are part of the SCRP," it said. CPs S-02 and S-03b, which will be financed by the Asian Development Bank, were awarded on Feb. 17 and Feb. 20, respectively.

Upon completion in 2029, the NSCR system will carry 800,000 passengers daily, cutting the travel time between Clark International Airport and Calamba City, Laguna, to two hours from four.

The 55.6 km-SCRP, on the other hand, will have 19 stations and one depot at Barangay Banlic, Calamba City.

It will reduce travel time between Blumentritt, Manila and Calamba City, Laguna to one hour and 12 minutes from two hours and 30 minutes. — **Kyle Aristophere T. Atienza**

House committee approves land use bill

A HOUSE panel approved a bill on Thursday which seeks to systematically identify and determine the best use of land.

The proposed National Land Use Act will guide "communities to make informed decisions about how their land is used," Nueva Ecija Rep. Rosanna V. Vergara, who chaired the technical working group that made adjustments to the bill, told the committee.

She added that the bill will help local governments and land users "identify and prioritize land use policies and projects that align with their unique needs and aspirations."

The unnumbered substitute bill seeks to create the National Land Use Commission (NLUC) under the office of the President. It will have the authority to resolve land use conflicts between or among agencies, branches, or levels of government. The NLUC will take over the current powers of the National Land Use Committee, which will be abolished.

The NLUC is tasked with drafting the National Physical Framework Plan (NPFP), which will guide the planning and management of the country's land and other physical resources. It will contain "broad spatial direction and policy guidelines on settlements development, production and protection land use, social services and utilities, transmission line corridor, and transportation and communication," according to the bill.

The NPFP is to have a 30-year time horizon and will be updated every 10 years.

The bill covers all land and natural resources whether public, private, government-owned, or owned by any person, whether natural or juridical.

It calls for a 5% idle land tax on any person or entity that causes irrigated land to go idle or remain unproductive for more than a year. If the land remains unproductive for two years, it will revert to the State.

Local government units (LGUs) are directed to create their own Comprehensive Land Use Plan (CLUP), which must contain maps to serve as a guide for future use of land and natural resources. LGUs are liable to sanction and penalty if they fail to implement their CLUPs.

Mary Ann De Vera, chief for policy research and legal office of the League of Municipalities of the Philippines, said that measure should "take into consideration the individual situations of these LGUs," and how they are "not similarly situated in terms of finances, manpower and resources."

Congress may authorize the reversion of alienable and disposable land in the public domain to forest land, unless they are covered by title or are occupied.

Robert Nomar V. Leyretana, officer-in-charge administrator of the Land Registration Authority, said the bill must list the rights of owners of private property. "What will be the consequential right of these private property owners?" he told the committee. "It always has to be subject to (their) vested right."

Mr. Leyretana proposed the creation of a single base map for the Philippines. "Conflicts in land rights largely stem from boundary conflicts because all agencies have their own base maps," he said.

Special areas of concern listed in the bill are forest land and watersheds, coastal zones, settlement development sites, National Integrated Protected Areas System sites, agricultural land, energy resources, industrial development areas, tourism development areas, and infrastructure.

Cities or municipalities must also designate adequate land for housing or residential use "for the immediate and future needs of the local population as well as the underprivileged and homeless in their territory," according to section 48 of the bill.

In a statement, Assistant Minority Leader and Gabriela Party-list Rep. Arlene D. Brosas said she sees the possibility of heightened conversion of lands into subdivisions or corporate housing projects instead of ensuring that land will be used for food production.

The bill protects agricultural land necessary for attaining food security will be protected from conversion, subject to review by the Department of Agriculture every six years. Conversion of land for use in basic services such as power and irrigation will be allowed on the recommendation of the Secretaries of Agriculture and Agrarian Reform.

In his State of the Nation Address, President Ferdinand R. Marcos, Jr. said the measure "holds owners accountable for making these lands productive and sustainable."

The bill is included in the Legislative Executive Development Advisory Council's common legislative agenda. The House of Representatives aims to pass the bill on second reading when session resumes on May 8. — **Beatriz Marie D. Cruz**

Revised JV guidelines outline rules for adjusting tolls, fees

THE National Economic and Development Authority (NEDA) has released the revised guidelines for joint venture (JV) agreements between government and private entities, which set the rules for approving proposed adjustments to tolls and fees.

Under the revised guidelines, tolls, fees, rentals, tariffs that a JV may charge for the use of a facility or service will be subject to regulatory approval, guided by a formula agreed upon in the joint venture contract.

"The tolls, fees, rentals, tariffs, and charges may be subject to adjustment during the life of the JV agreement, based on an approved formula/adjustment schedule in the approved JV Agreement," according to the new guidelines.

The regulator or local government unit must also consult the regulator or seek approval, or both, for the formula.

"The monitoring of the consistency of the proposed adjustments of tolls, fees, rentals, tariffs, and charges with the prescribed rate of return, if any, shall be undertaken by the appropriate regulatory body or the government entity," it added.

In case the regulator does not approve the toll or fee adjustment, the agency or local government unit may allow the project proponent to recover the difference between the tolls or fees stipulated in the JV agreement and the amount approved by the regulator through measures allowed in the JV agreement and consistent with the applicable laws.

NEDA Secretary Arsenio M. Balisacan said that the revised guidelines will improve the regulatory environment for investment.

"The amendments have been designed to enhance competition for projects under joint ventures, enhance the performance of private sector participants, and strengthen checks and balances to ensure the technical and financial viability of government projects. These changes aim to address recurring issues that have been observed in past JV projects," he said in a statement.

The guidelines came into effect on April 25. In March, the NEDA Board approved the latest revision. The rules were last revised in 2013.

The amendments are also aligned with the amended implementing rules and regulations of the Build-Operate-Transfer (BOT) Law and the proposed amendments to the BOT Law, according to NEDA.

Under the revised guidelines, a government entity may enter a JV if it is deemed better value for money for the government than if the project were pursued via other modes of delivery.

"Open and fair competition will be observed during the JV selection process and award," it added.— **Luisa Maria Jacinta C. Jocson**

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <bit.ly/JVGuidelines042823>

Fuel import savings from nuclear seen lowering power costs, raising competitiveness

By Beatriz Marie D. Cruz
Reporter

A SHIFT to nuclear power will save on fuel import costs and lower power bills, making the Philippines a more competitive destination for investors, a legislator said.

"(Foreign investors) want to build [manufacturing companies] using Filipino labor, but their savings are wiped out by high energy costs," House Nuclear Energy Committee and Pangasinan Rep. Mark O. Cojuangco told *BusinessWorld* on the sidelines of a tour of the Philippine Nuclear Research Institute (PNRI) in Quezon City on Tuesday.

Mr. Cojuangco said legislators will not need to propose incentives to build nuclear facilities, saying that "the incentives are already built in."

He said among the expected savings will be the cost of bringing in conventional fuel in bulk.

"You can fly nuclear fuel on a single airplane and get rid of the massive shipping infrastructure for fossil fuels," he said.

Alberto Dalusung III, Energy Transition Advisor of the Institute for Climate and Sustainable Cities, said via e-mail, "Nuclear's advantage is that it has a very high fuel energy density. Thus, its transport cost will be much lower."

Mr. Dalusung added, "Most renewables, including solar, wind and hydro, do not have a fuel cost since they are indigenous and readily available."

Khevin A. Yu, Energy Transition Campaigner at Greenpeace Philippines, said there is no assurance that harnessing nuclear energy will be cost-efficient.

"Government cannot intervene and would have to rely on private sector investment that is now focused on transitioning to renewable energy," Mr. Yu said via chat.

The Japanese government spends an estimated 1 trillion yen annually on damage caused by the Fukushima Daiichi Nuclear Power Plant meltdowns following the 2011 earthquake.

Asked about nuclear plant safety given the Philippines' vulnerability to natural disasters, Mr. Cojuangco said these concerns can be addressed by a geological site evaluation.

"Locate the plant high enough so that it's tsunami proof then you engineer the seismic design to be strong enough to withstand any possible earthquake in the Philippines," he said.

He added that the Bataan Nuclear Power Plant (BNPP) was built at 18 meters above sea level, higher than the Fukushima Daiichi Nuclear Power Plant, which was built at 10 meters above sea level.

Preciosa Corazon B. Pabroa, Nuclear Services Division chief of the PNRI, said a regulator would be tasked with safe nuclear energy use, noting the expected mandate of the proposed Philippine Atomic Energy Regulatory Authority (PhilATOM).

"It won't be dangerous as long as it is managed... this is why we need a regulator to make sure nuclear power plants are safe," Ms. Pabroa told *BusinessWorld*.

House Bill No. 7049 seeks to create PhilATOM, which will have "sole and exclusive jurisdiction to exercise regulatory control for the peaceful, safe, and secure uses of nuclear energy and radiation sources in the Philippines." The measure was approved by the House Nuclear Energy Committee on March 22.

Under the bill, PhilATOM will oversee the construction and operation of nuclear or radiation facilities. It will also acquire, manufacture, import, export, store, and dispose of nuclear and radioactive materials in accordance with safety standards set by the International Atomic Energy Agency.

The regulator will collect a fee not exceeding P0.02 per kilowatt-hour (kWh) to support its operations. Funding will also come from the budget, and contributions, grants, bequests, and donations from domestic or foreign sources.

The measure also allocates P0.06 per kWh of electricity generated to the Radioactive Waste Management Fund, which will finance the disposal of spent fuel. The fund will be held in trust by the Development Bank of the Philippines.

According to the bill, the minimum elevation of Emergency Diesel Generators serving nuclear power plants was also set at 18 meters above sea level.

PhilATOM's council will be composed of a radiation expert, engineers, a nuclear lawyer, and either a physicist, geologist, or chemist, according to the bill.

The National Disaster Risk Reduction and Management Council must also create a national emergency plan in the event of a nuclear or radiological emergency.