# Pueblo de Oro allocates P18B for new projects

PUEBLO DE ORO Development Corp. is allocating P18 billion to expand in key locations, including Cagayan de Oro, Batangas, and Cebu.

In a statement, the property development arm of the ICCP Group said it is developing new housing projects as it seeks to capitalize on the "ongoing resurgence" of the real estate market in several regions.

"As these regions undergo economic revitalization and grapple with the persistent housing backlog, Pueblo de Oro anticipates a surge in demand for both residential and commercial properties. The company's foresight aligns with its dedication to meeting the evolving needs of the market," the company said.

Earlier this year, Pueblo de Oro officials said it was planning to invest P13.5 billion in projects in Cagayan de Oro, including Masterson Mile Towers.

Masterson Mile Towers is a high-end, high-rise condominium project comprising five buildings. The company tapped Gensler and Associates from Singapore, and Casas+Architects for the project.

The company is also set break ground on the 31-hectare Southridge development, which is patterned after Silicon Valley in California.

The company is also expanding in Batangas with the P1.8-billion Pueblo de Oro Courtyards Lipa and P1.7-billion Pueblo de Oro Westwoods Heights Batangas City. These projects will offer single detached and single attached houses for the middle-income market.

In Cebu province, Pueblo de Oro is earmarking P1.2 billion for PDO Townhomes Carcar. The economic housing community is scheduled to be launched in October 2024.

Pueblo de Oro is the residential development arm of the ICCP Group, which has business interests in financial services and property management.

# NREA to introduce new officers

THE National Real Estate Association (NREA) will introduce its new officers at a meeting on Dec. 7.

**RED J. ROSALES, president of the National Real Estate Association**

NREA's new national president Red J. Rosales will deliver speech outlining his plans and programs for 2024.

Aside from Mr. Rosales, the association's officers-elect for 2024 include Imelda C. Magtoto, board chair; Ruth Marie Atienza, board vice chair; Ma. Lorena Sales, executive vice-president; Jovi Francis Tupaz, VP-internal; Ador Tolentino, VP-external; Zeny Fruto, VP-chapters; Loudette Carlos, secretary general; Nicole Choa, treasurer; Jeffrey Bongat, auditor; and Christian Mulingbayan, PRO.

Rafael M. Fajardo, board member of the Professional Regulatory Board for Real Estate Services, will be the special guest and resource speaker at the meeting.

The meeting will be held from 11 a.m. to 2 p.m. at the Makati Sports Club in Salcedo Village, Makati City.

# Luxury residential price growth in Manila now faster than in Dubai

PRICES of luxury residential units in Metro Manila grew by 21.2% this year, the fastest in the world, according to Knight Frank's Prime Global Cities Index.

Rick Santos, chairman and chief executive officer of Santos Knight Frank, said investor confidence in the Philippines under the Marcos administration has lifted the real estate market despite high interest rates.

"The luxury residential space is one of several sectors where we're seeing encouraging market activity. Pent-up demand for prime properties, the return of the residential leasing market, and the tight supply of developments have contributed to significant price appreciation especially in central business districts," he said in a statement.

Knight Frank's Prime Global Cities Index showed prime residential prices in Metro Manila surged by 21.2% year on year, and by 19% in the last six months.

This is faster than Dubai, where luxury residential prices increased by 15.9% in the 12-month period and 12.3% in the six-month period.

In Shanghai, prices jumped 10.4% in the 12-month period while prices went up by 6.5% in Mumbai and 5.5% in Madrid.

Prices have not been dampened by the Philippine central bank's aggressive tightening campaign that brought interest rates to a 16-year high.

According to Santos Knight Frank data, the most expensive residential project in Metro Manila is Banyan Tree Residences by TransAsia at P800,000 per square meter (sq.m.). Balmori Suites by Rockwell Land is the second-most expensive at P600,000 per sq.m.

At the same time, Santos Knight Frank said local buyers are expected to continue looking for second homes, mostly in leisure properties in Metro Luzon.

As of the third quarter, 41% of condominium units sold in Luzon were leisure developments mostly in tourist destinations such as Tagaytay, and Batangas.

The remaining 59% were traditional condominium units in urban areas in Luzon.

# Amplifying office recovery (part 2)

**By Kevin Jara**

**COLLIERS INSIGHTS**

*This is the second of a two-part article. Read the first part here:* https://tinyurl.com/yqt6mpyk

**Q3 TRANSACTIONS UP 15%**

As of the first nine months of 2023, office space deals in Metro Manila reached 501,200 square meters (5.4 million square feet), up 2% year on year. We recorded 227,300 sq.m. (2.4 million sq.ft.) of office transactions from traditional occupants followed by outsourcing companies with 185,100 sq.m. (2.0 million sq.ft.) of closed deals.

In the third quarter of 2023 alone, we recorded 196,600 sq.m. (2.1 million sq.ft.) of office deals, up 15% quarter on quarter. Companies that employed flight-to-value strategies accounted for more than a third of closed deals during the quarter followed by expansion and new set-ups.

The Bay Area, Ortigas central business district (CBD) and Makati CBD dominated transactions in the nine-month period, accounting for 56% of total office deals in Metro Manila. Among the notable deals in the third quarter of 2023 include spaces occupied by Philippine Amusement and Gaming Corp. (PAGCOR) and TSA Group in the Bay Area, Bytedance in Fort Bonifacio, Greatwork in Ortigas CBD and Singa Ship Management in Makati CBD.

**SUSTAINED PROVINCIAL DEALS**

We continue to record office space deals outside of Metro Manila. In the third quarter of 2023, office transactions reached 66,200 sq.m. (712,300 sq.ft.), higher than the 56,100 sq.m. (603,600 sq.ft.) of deals posted in the second quarter of 2023. As of the first nine months of 2023, provincial deals reached 148,500 sq.m. (1.6 million sq.ft.), up 3%. Cebu accounted for nearly half of the total deals outside of the capital region followed by Pampanga (22%) and Laguna (8%).

Some of the notable transactions outside Metro Manila during the quarter include office space taken up by Foundever, Sansan Global Development and Kuehne & Nagel in Cebu, Ubiquity Global Services in Bacolod, and Afni Philippines in Laguna, the company's first foray outside Metro Manila.

**SUPPLY-DRIVEN VACANCY**

The vacancy rate as of the third quarter of 2023 rose to 18.7%, up from 18.4% in second quarter of 2023 as we recorded the completion of 202,100 sq.m. (2.2 million sq.ft.) of new office space and new lease terminations from Philippine Offshore Gaming Operators (POGO).

By end-2023, we expect vacancy to rise to 21.2% as we still project the delivery of about 276,400 sq.m. (3.0 million sq.ft.) of new supply in the fourth quarter of 2023. In 2024, vacancy is still likely to remain elevated as we project new supply to continue outstripping demand.

Net take-up in the third quarter of 2023 reached 17,200 sq.m. (185,100 sq.ft.). Net absorption as of the first nine months of 2023 reached 154,000 sq.m. (1.7 million sq.ft.), up 50% from 102,500 sq.m. (1.1 million sq.ft.) a year ago. Colliers retains its projection of 220,000 sq.m. (2.4 million sq.ft.) net take-up in 2023.

**RENTS TO DROP BY 2% IN 2023**

In the third quarter of 2023, average office lease rates in Metro Manila dropped by 0.5% quarter on quarter.

While some business districts (i.e., Fort Bonifacio and Makati CBD) continue to see a recovery in rents, other submarkets with significant amount of available spaces such as the Bay Area and Alabang are likely to experience further decline in rents.

In 2023, we projected rents to drop by another 2%, after plunging by 37% from 2020 to 2022. Rental behavior is still dependent on a variety of factors including but not limited to building occupancy, landlord portfolio vacancy, size of the requirement, lease term etc.

KEVIN JARA is associate director for office services – tenant representation at Colliers Philippines.