

Philippine Stock Exchange index (PSEi)

6,728.22

▲ 20.97 PTS.

▲ 0.31%

MONDAY, FEBRUARY 5, 2024

BusinessWorld

PSEi MEMBER STOCKS

AC Ayala Corp. P671.00 -P1.00 -0.15%	ACEN ACEN Corp. P4.34 -P0.01 -0.23%	AEO Aboitiz Equity Ventures, Inc. P47.50 ---	AGI Alliance Global Group, Inc. P11.52 -P0.02 -0.17%	ALI Ayala Land, Inc. P33.60 +P0.10 +0.3%	BDO BDO Unibank, Inc. P148.60 +P0.10 +0.07%	BLOOM Bloomerry Resorts Corp. P11.30 -P0.04 -0.35%	BPI Bank of the Philippine Islands P115.00 -P1.10 -0.95%	CNPF Century Pacific Food, Inc. P35.20 +P1.10 +3.23%	CNVRG Converge ICT Solutions, Inc. P9.53 +P0.05 +0.53%
DMC DMCI Holdings, Inc. P10.70 -P0.10 -0.93%	EMI Emperador, Inc. P20.55 +P0.05 +0.24%	GLO Globe Telecom, Inc. P1,743.00 +P15.00 0.87%	GTCAP GT Capital Holdings, Inc. P683.00 +P25.50 +3.88%	ICT International Container Terminal Services, Inc. P255.80 +P7.80 +3.15%	JFC Jollibee Foods Corp. P261.20 +P1.40 +0.54%	JGS JG Summit Holdings, Inc. P40.00 +P0.50 +1.27%	LTG LT Group, Inc. P9.69 +P0.19 +2%	MBT Metropolitan Bank & Trust Co. P57.70 +P0.65 +1.14%	MER Manila Electric Co. P368.80 +P5.80 +1.6%
MONDE Monde Nissin Corp. P9.54 +P0.12 +1.27%	NIKL Nickel Asia Corp. P4.72 -P0.05 -1.05%	PGOLD Puregold Price Club, Inc. P27.70 +P0.30 +1.09%	SCC Semirara Mining and Power Corp. P31.30 +P0.10 +0.32%	SM SM Investments Corp. P900.00 -P14.00 -1.53%	SMC San Miguel Corp. P107.50 -P0.50 -0.46%	SMPH SM Prime Holdings, Inc. P33.90 +P0.30 +0.89%	TEL PLDT Inc. P1,275.00 -P11.00 -0.86%	URC Universal Robina Corp. P112.00 +P1.10 +0.99%	WLCON Wilcon Depot, Inc. P21.70 +P0.15 +0.7%

Vacancy rates seen to rise for capital's prime offices



VACANCY RATES for prime offices in Metro Manila are projected to rise this year due to the potential increase in flexible work arrangements in the information technology and business process management (IT-BPM) sector, according to global real estate services firm Cushman & Wakefield.

"With the large volume of office space expected to be completed in the first half of 2024, as well as the proposed amendments to legislation that will allow for the IT-BPM sector to operate on a more flexible work-arrangement, vacancies are projected to increase," Cushman & Wakefield Director and Head of Tenant Advisory Group Tetet Castro said in a statement on Monday.

The rules on remote work schemes should be clarified, or there is a risk of affecting office

space absorption, said Claro G. Cordero, Jr., Cushman & Wakefield director and head of research.

"The current confusion... will further stall expansion decisions of IT-BPM companies. These future growth plans will stimulate office space absorption in the local market," he said.

Under the CREATE to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) bill, the IT-BPM sector will be allowed to "conduct business under alternative work arrangements."

The Justice department issued a legal opinion on Jan. 3 regarding the applicability of tax incentives for registered business enterprises on remote work, saying that IT-BPM companies within economic zones

should work onsite to retain their tax perks.

Justice Secretary Jesus Crispin C. Remulla said that Section 309 of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) law "requires registered projects under an investment promotion agency (IPA) administering an ecozone or freeport to be exclusively conducted or operated within the geographical boundaries of the zone or freeport."

Meanwhile, Cushman & Wakefield reported that the vacancy of prime and Grade A office spaces in Metro Manila dipped slightly to 16.3% in the fourth quarter of 2023 from 16.8% in the previous quarter.

It added that the average asking rent declined in the last quarter, with the average asking rent

down by 1.8% to P1,023 per square meter (sq.m.) per month, down by 1.5% from the P1,038 per sq.m. in the same period in 2022.

"By end-Q4 2023, over 93,000 sq.m. of office space has been added to the supply bringing the overall stock of Prime and Grade 'A' office space in Metro Manila to roughly 9.5 million sq.m.," the company said.

According to Mr. Cordero, the return of global office space demand to 2019 levels is still far from fruition due to higher inflation rates.

"Despite inflation rates cooling down, global interest rates will remain elevated. As a result, the return to pre-pandemic global demand for office spaces from traditional sources remains distant," he said.

Cushman & Wakefield said that retail space demand could

improve amid rising activity levels and investments from international retailers. However, the demand could be hampered by high prices and interest rates.

"The near-term outlook of the other key drivers of industrial segment, particularly the manufacturing and trade industries, remain challenged amidst unfavorable global business climate whilst overall prospect for growth remains solid to cater to e-commerce supply chain requirements," Mr. Cordero said.

The real estate services firm also mentioned that demand and capital values in the residential market could improve due to anticipated rate cuts, resilient job market, and strong overseas Filipino remittances. — **Revin Mikhael D. Ochave**

Meralco says power bidding aimed at lowest-cost supply

MANILA ELECTRIC Co. (Meralco) on Monday denied claims of anticipated power rate increases resulting from closed bidding with generation companies that supply through gas-fired plants using imported liquefied natural gas (LNG).

In a statement, the power distributor said the conducted bidding aimed to secure enough power at the lowest cost.

Meralco closed the bidding for its 1,800-megawatt (MW) and 1,200-MW capacities for its baseload requirements last month.

"This is to minimize, if not avoid, dependence on the Wholesale Electricity Spot Market, where prices are known to be highly volatile especially during the dry season given the higher demand and the historically tight supply," Meralco said.

The power distributor responded to claims by the consumer group People for Power Coalition (P4P), which warned of additional power rate increases if Meralco's new contracts with generation companies using fossil fuels are approved.

"Meralco has already gone two for two with its worsening power prices. It seems to be hell-bent on making 2024 a year of expensive

electricity for consumers," P4P Convenor Gerry C. Arances said in a statement.

P4P cited the rate indication set by Meralco, which has projected an increase in February power rates, attributing the pressure on the generation charge to higher fuel prices, particularly on imported LNG used by gas-fired power plants.

"Meralco is set to begin its new contracts just as the country enters the summer, considered as the power industry's peak season. Previous years saw the surge of power prices and widespread outages of fossil fuel plants during that period," P4P said.

Meralco said that the conduct of competitive selection processes (CSPs) aimed "to benefit the public by ensuring sufficient and reliable energy at the most competitive cost" in accordance with the policies set by the Energy Regulatory Commission (ERC).

For the 1,800 MW baseload requirement, GNPowr Dinginin Ltd. Co., Mariveles Power Generation Corp., and Excellent Energy Resources, Inc. (EERI) submitted the lowest bids.

GNPowr, a partnership among Aboitiz Power Corp. through unit Therma Power, Inc., AC Energy and Infrastructure Corp., and

Power Partners Ltd. Co., owns a 1,336-MW coal-fired power plant in Mariveles, Bataan.

Mariveles Power has a coal-fired power project in Bataan while EERI is constructing an LNG combined cycle plant in Batangas. Both companies are subsidiaries of San Miguel Global Power Holdings (SMGPH), the energy arm of San Miguel Corp.

Meanwhile, South Premiere Power Corp. (SPPC), another subsidiary of SMGPH, is advancing to the post-qualification stage after its bid has been declared as the most favorable for the 1,200-MW bid.

SPPC is the administrator of the natural gas-fired power plant in Ilijan, Batangas.

All contracts resulting from the CSPs will be subject to the regulatory proceedings of the ERC.

Meralco's controlling stakeholder, Beacon Electric Asset Holdings, Inc., is partly owned by PLDT Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary Media-Quest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Sheldene Joy Talavera**

Megaworld targets to open 31-storey hotel in Pasig City by 2029

TAN-LED Megaworld Corp. announced on Monday that it is now building the 31-storey ArcoVia Hotel in Pasig City, scheduled for opening by 2029.

In a regulatory filing, the listed property developer said that ArcoVia Hotel, located in the ArcoVia City township along C5-Road, will have 339 hotel suites.

The hotel's room types and sizes will range from twin suites (up to 29 square meters [sq.m.]), queen suites (up to 27.5 sq.m.), junior suites (34 sq.m.), executive suites (up to 54 sq.m.), and presidential suites (108 sq.m.), the company said.

Megaworld Hotels & Resorts Managing Director Cleofe C. Albiso said that the ArcoVia Hotel will be the 21st property in its portfolio and the company's tallest hotel development to date.

"This hotel really suits the world-class vibe of ArcoVia City, and will even delight future guests with an unimpeded view of the iconic Arco De Emperador," she said.

ArcoVia Hotel will be situated across the Acro de Emperador and in front of the two-tower ArcoVia Palazzo and the 45-storey 18 Avenue de Triomphe condominium developments.

The hotel will feature a swimming pool, kiddie pool, pool deck with lounge and seating areas, outdoor lounge and

landscaped areas, kids club, wellness spa, wet and dry sauna, fitness center, and executive lounge, the company said.

It will also feature a business center with workstations, a ballroom, two function rooms, a meeting room, and an outdoor events area.

ArcoVia Hotel will also have four food and beverage outlets, gift shop, several retail establishments, bike racks, and electric vehicle charging stations.

According to Megaworld, ArcoVia City is a 12.3-hectare township that features residential condominiums, retail hub, office towers, and a lush landscape.

Out of the 20 hotel properties launched by Megaworld, 12 are operational with around 5,000 hotel room keys. These include Richmond Hotel Ortigas, Eastwood Richmond Hotel, Richmond Hotel Iloilo, Savoy Hotel Newport, Savoy Hotel Boracay, Savoy Hotel Mactan Newtown, and Belmont Hotel Manila.

Also included are Belmont Hotel Boracay, Belmont Hotel Mactan, Kingsford Hotel Manila, Twin Lakes Hotel in Laurel, Batangas near Tagaytay, and Hotel Lucky Chinatown in Binondo, Manila.

Shares of Megaworld rose by three centavos or 1.52% to P2 apiece on Monday. — **Revin Mikhael D. Ochave**

Converge ICT expects sustained streaming quality for its customers this year — CEO

LISTED internet service provider Converge ICT Solutions, Inc. on Monday said customers can expect sustained video streaming quality this year.

"Our customers can look forward to the same high-quality, lossless, and seamless video experience they've come to expect from Converge," Dennis Anthony H. Uy, Converge chief executive officer (CEO), said in a statement.

Converge, which has two million subscribers, recorded an average speed of 3.25 megabits per second (Mbps) for 2023, the company said, citing an internet service provider test conducted by streaming service platform Netflix.

Global network testing firm Ookla has declared Converge as the fastest internet service provider in the country, recording a download speed of 457.56 Mbps for the second half of 2023.

The company, according to Ookla, has also recorded a speed score of 123.18 for the second half.

Converge operates a fiber footprint of about 682,000 kilometers. It has deployed 7.9 million fiber ports, covering 77.85% of the country's population.

Earlier, the company announced that it is on track to complete and activate its submarine cable by 2024, a project designed to increase

bandwidth in the region and support the adoption of 5G in the Philippines.

For the nine months ending September 2023, the company recorded an attributable net income of P6.37 billion, 4.3% higher than the P6.11 billion profit registered in the same period last year, driven by higher revenues.

The company's combined revenues for the January to September period climbed by 7.2% to P26.25 billion from P24.48 billion previously.

At the stock exchange on Monday, shares in the company gained five centavos or 0.53% to end at P9.53 apiece. — **Ashley Erika O. Jose**

DFNN board approves increase in authorized capital stock to P1 billion

THE BOARD of listed gaming technology company DFNN, Inc. has approved an increase in its authorized capital stock to P1 billion.

In a stock exchange disclosure on Monday, DFNN said that its board approved on Feb. 2 an increase in its capital stock to P1 billion from P500 million.

Following this approval, the company will issue up to 500 million common shares as a subscription to the increase.

"The amendments will increase the authorized capital of DFNN which will allow DFNN to issue additional shares to potential investors," the company said.

In a separate disclosure, DFNN said the Bureau of Internal Revenue issued on Jan. 19 the certificate authorizing registration (CAR) for the sale of its subsidiary Nico Bayan, Inc. to Double Crown Holdings Corp.

According to the DFNN, the issuance of the CAR effectively

transfers the ownership of Nico Bayan to Double Crown Holdings.

The CAR is needed to finalize the disposition of shares.

Nico Bayan is a company that develops software solutions.

In September last year, DFNN's board authorized the

sale of Nico Bayan to Vanguard Investments for P2 million. Vanguard Investments then assigned any and all of its rights to purchase shares of Nico Bayan to Double Crown Holdings.

The company said the deal seeks to streamline its current

technology operations reporting, focusing on revenue generation and optimizing wholly owned resources and improving overall profitability.

Shares of DFNN rose improved by eight centavos or 2.68% to P3.07 each on Monday. — **Revin Mikhael D. Ochave**