

Philippine Stock Exchange index (PSEi)					6,609.24	▲ 119.89 PTS.	▲ 1.84%	THURSDAY, JULY 11, 2024 BusinessWorld		
PSEI MEMBER STOCKS										
AC Ayala Corp. P580.00 +P7.00 +1.22%	ACEN ACEN Corp. P4.77 +P0.19 +4.15%	AEV Aboltiz Equity Ventures, Inc. P36.95 +P0.50 +1.37%	AGI Alliance Global Group, Inc. P8.70 +P0.09 +1.05%	ALI Ayala Land, Inc. P29.50 +P0.45 +1.55%	BDO BDO Unibank, Inc. P143.80 +P2.80 +1.99%	BLOOM Bloomerry Resorts Corp. P9.35 +P0.15 +1.63%	BPI Bank of the Philippine Islands P121.90 +P0.40 +0.33%	CNPF Century Pacific Food, Inc. P34.00 +P0.30 +0.89%	CNVRG Converge ICT Solutions, Inc. P11.40 +P0.42 +3.83%	
DMC DMCI Holdings, Inc. P11.22 +P0.30 +2.75%	EMI Emperador, Inc. P18.42 +P0.08 +0.44%	GLO Globe Telecom, Inc. P2,150.00 +P50.00 +2.38%	GTCAP GT Capital Holdings, Inc. P599.00 +P14.00 +2.39%	ICT International Container Terminal Services, Inc. P360.00 +P3.60 +1.01%	JFC Jollibee Foods Corp. P227.20 +P5.20 +2.34%	JGS JG Summit Holdings, Inc. P27.70 +P1.40 +5.32%	LTG LT Group, Inc. P9.62 +P0.12 +1.26%	MBT Metropolitan Bank & Trust Co. P66.45 +P1.10 +1.68%	MER Manila Electric Co. P385.00 +P8.00 +2.12%	
MONDE Monde Nissin Corp. P9.85 +P0.34 +3.58%	NIK1 Nickel Asia Corp. P3.67 —	PGOLD Puregold Price Club, Inc. P25.50 +P1.05 +4.29%	SCC Semirara Mining and Power Corp. P33.60 +P0.40 +1.2%	SM SM Investments Corp. P870.00 +P23.50 +2.78%	SMC San Miguel Corp. P100.00 +P0.40 +0.4%	SMPH SM Prime Holdings, Inc. P29.00 +P0.60 +2.11%	TEL PLDT Inc. P1,532.00 +P42.00 +2.82%	URC Universal Robina Corp. P116.50 +P1.00 +0.87%	WLCON Wilcon Depot, Inc. P17.30 -P0.08 -0.46%	

Office space demand up 24% in first half — Leechiu Property

FIRST-HALF office space demand increased by 24% year on year to 685,000 square meters (sq.m.), driven by expansions in the information technology-business process management (IT-BPM), traditional corporate, and government sectors, Leechiu Property Consultants said on Thursday.

“Transactions for IT-BPM have increased by 13% from the first half (1H) of 2023 to the 1H of 2024,” Leechiu Property Director for Commercial Leasing Mikko Barranda said during a briefing.

“Leasing activity for government agencies increased by over sevenfold from 1H 2023 to 1H 2024,” he added.

Transactions for Philippine offshore gaming operators (POGOs) declined by 15% to 75,000 sq.m. from 88,000 sq.m. in the first half of 2023.

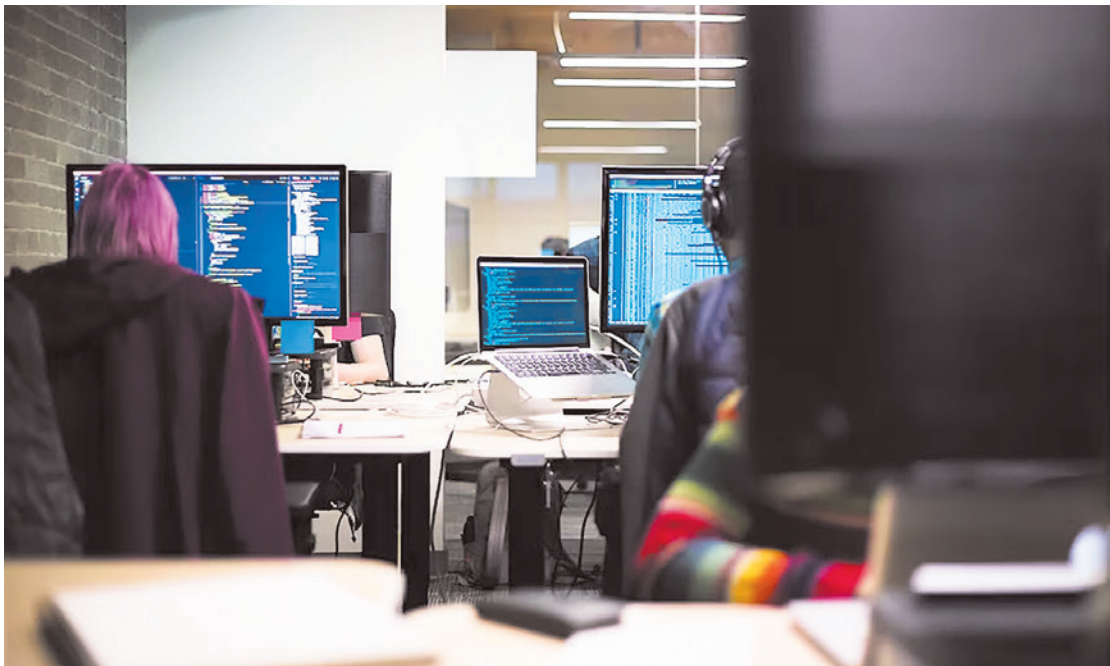
This is far from its peak in 2019, when POGO take-up reached 242,000 sq.m. in the first half of the year, and its full-year office take-up soared to 738,000 sq.m.

Second-quarter office demand increased by 22%, rising to 354,000 sq.m. from 290,000 sq.m. in the corresponding period last year.

VACANCY

Leechiu Property reported a 1% decline in vacancy rate to 17% in the second quarter, with an available supply of 18.2 million sq.m. and 3.1 million sq.m. remaining unoccupied.

According to Leechiu Property, the second quarter saw an addition of 125,000 sq.m. of newly



UNSPASH

completed buildings to the office space supply.

“Only 98,000 sq.m. were added to vacancy due to pre-commitments of spaces,” it added.

Makati City had the highest supply at 3.8 million sq.m. during the second quarter, with 466,000 sq.m. vacant. Bonifacio Global City followed with 2.2 million sq.m. of supply and 195,000 sq.m. vacant.

Ortigas, Mandaluyong, and San Juan collectively had a supply of 3.2 million sq.m. during the period, with 545,000 sq.m. vacant. Quezon City saw 1.9 million sq.m. of supply and a vacancy of 377,000 sq.m.

The Bay Area offered 2.1 million sq.m. of supply with

301,000 sq.m. vacant, while Alabang had a supply of one million sq.m. and 246,000 sq.m. vacant.

POGO EXIT

The Bay Area, where most of the POGO are concentrated, led the demand breakdown in Metro Manila, increasing by 35% to 98,000 sq.m. in the second quarter of 2024.

This increase was attributed to POGOs, while government offices saw a 68% increase, Leechiu Property’s Mr. Barranda said.

“If they abandon the office completely, the existing footprint they have, that is a large contraction that we will need to find ways to somehow fill

up because they’re still quite heavy in terms of the amount of space they have in the market,” he added.

The firm noted a 42% decrease in contractions to 84,000 sq.m. in the second quarter, down from 147,000 sq.m. in the previous semester. This decline was attributed to the absence of contractions resulting from the POGO industry.

Meanwhile, Leechiu Research and Consultancy Director Roy L. Golez said that for the residential segment, the Bay Area will experience a softening of prices, with units expected to be sold at a “discount” once POGOs have completely vacated the area. — **A.R.A.Inosante**

Globe Business taps US firm to combat rising cyberthreats

GLOBE Business, a unit of Globe Telecom, Inc., has partnered with US-based security cloud provider Zscaler, Inc. to enhance data protection for enterprises, the company announced on Thursday.

“We understand the immense challenges businesses face in navigating the evolving cybersecurity landscape amid rapid digital adoption,” Globe Business said in a statement.

Globe Business is the business-to-business arm of listed telecommunications company Globe.

It provides identity and access management security, which is an essential part of

IT security for secured user connections to internet resources and private applications.

It is a provider of uninterrupted monitoring, threat detection, and incident response through its security operations center.

Under this partnership, Globe Business will use Zscaler’s cloud security platform and its security solutions while also delivering comprehensive endpoint, cloud, identity, and data protection, the company said.

“Cybersecurity is a top priority for modern enterprises, and we are excited to partner with Globe Business to deliver our industry-leading cloud security services in the Philippine market,” said Foad Farokhnia, Zscaler

vice-president for Asia-Pacific and Japan’s channel and alliances.

The collaboration between the two companies is expected to transform business through the adoption of cloud and mobility, Globe said.

“These solutions offer advanced threat prevention, data protection, and secure access for users across any device, location, or network while reducing the cost and complexity of running a secure enterprise-class network,” Globe Business said.

At the local bourse on Thursday, shares in the company closed P50 or 2.38% higher to end at P2,150 apiece. — **Ashley Erika O. Jose**

Meralco unit energizes Japanese firm’s solar facility

MSPECTRUM, Inc., the wholly owned solar subsidiary of Manila Electric Co. (Meralco), has energized the solar rooftop facility of Japanese manufacturer Citizen Finedevice Philippines Corp. in Batangas province.

The solar project has a capacity of 726 kilowatt-peak, which was put up at Citizen Finedevice’s manufacturing facility in Sto. Tomas, the company said in a media release on Thursday.

It is expected to generate approximately 1.055 gigawatt-hours of clean energy annually.

“With this partnership, we commit to providing Citizen Finedevice with the necessary

support they will need from us to continue to move forward towards becoming a more sustainable business,” MSpectrum Chief Operating Officer Patrick Henry T. Panlilio said.

Citizen Finedevice Philippines President Tomoya Koyama said that they are seeing their partnership with MSpectrum as “the catalyst of our green energy journey.”

“Our partnership with MSpectrum, has led to significant energy savings, and carbon footprint reductions. Through this partnership, we are now prepared to go even further in our sustainability journey,” he said.

Citizen Finedevice is a manufacturing company focused on the production and sale of precise metal machined components for various gadgets and devices.

MSpectrum’s solar rooftop portfolio of ongoing and operating capacity reached 70 megawatts as of June 2024. Of this, commercial and industrial clients account for 98% of the installed capacity.

In its presence, these are a result of partnerships with major international and local companies. The majority of its solar installations are in Luzon.

Backed by Meralco’s energy expertise and proven safety

track record, MSpectrum offers tailor-fit solutions for industrial, commercial, and residential customers through an in-depth understanding of energy consumption behaviors and strategic partnerships with world-class technology partners.

Meralco’s majority owner, Beacon Electric Asset Holdings, Inc., is partly owned by 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. — **Sheldeen Joy Talavera**

Saavedra’s Megawide lists P5-billion bonds

By Ashley Erika O. Jose
Reporter

MEGAWIDE Construction Corp. raised P5 billion through its fixed-rate bond offering as part of its capital-raising activities, the engineering and infrastructure company announced on Thursday.

“The successful outcome of the bond offering is a vote of confidence in our ability to get back on our feet and sustain our growth momentum as we deliver on our existing and upcoming projects,” Megawide Group Chief Financial Officer Jez G. Dela Cruz told the stock exchange on Thursday.

It said the P5 billion raised consisted of P3.1 billion series C maturing in three years from the issued date; P1.1 billion series D maturing in five years; and P819.2 million maturing in seven years.

The company said it received interest from investors, leading to a total bid worth P6.4 billion, which was 1.6x oversubscribed from the base amount.

Mr. Dela Cruz said this is part of the company’s long-term liability management program, as it aims to strengthen its balance sheet in line with its sources and uses of funds.

“Our thrust to grow into more scalable platforms that offer synergies within our internal value chain paves the way for new opportunities,” said Megawide Chairman and Chief Executive Officer Edgar B. Saavedra.

RCBC Capital Corp., SB Capital Investment Corp., and PNB Capital and Investment Corp. were Megawide’s joint issue managers, joint lead underwriters, and bookrunners for the bond

offering with RCBC Trust and Investments Group as trustee.

For Chinabank Capital Corp. Managing Director Juan Paolo E. Colet, the high interest rates of Megawide’s bonds attracted fixed-income investors trying to lock-in “generous yields” amid the expectations of rate cuts in the coming months.

“As interest rates decline, future bond issuances are likely to have lower coupons, so recent high yielding bonds have seen a lot of demand,” Mr. Colet said.

“Megawide’s successful P5-billion bond offering reflects strong investor confidence in the company’s robust business model and strategic vision. This capital will likely expand their infrastructure projects, aligning with the government’s push for development,” Seedbox Securities, Inc. Equity Trader Jayniel Carl S. Manuel said in an e-mail.

Proceeds from this bond offering will allow Megawide to optimize its capital structure by refinancing its existing debts and improving its overall financial stability.

“For investors, this offering signifies enhanced growth prospects and reflects positively on the company’s management, potentially leading to higher stock valuations, increased confidence, and reduced investment risks,” Mr. Manuel said.

For the first quarter, Megawide recorded P183.4 million in consolidated net income, a turnaround from the P7.4-million net loss last year. Consolidated revenue increased by 19% to P5.2 billion.

At the local bourse on Thursday, shares in the company went up by seven centavos or 2.43% higher to end at P2.95 apiece.

ERC sees delay in resumption of reserve market operations

THE Energy Regulatory Commission (ERC) is seeing a delay in the resumption of the billing and settlement of amounts in the reserve market as the regulator still has to consult the stakeholders on the proposed price cap.

“We have already received many comments. It looks like it will be a long discussion, which may impact the timeline for the resumption of the reserve market because we definitely want the resumption to happen only when we have the offer floor and price cap,” ERC Chairperson and Chief Executive Officer Monalisa C. Dimalanta told reporters on Wednesday.

Ms. Dimalanta said that they have tracked “more than 100 comments from stakeholders” that they need to sort out.

She earlier said that the ERC is eyeing the reserve market to return to full operations on July 26, as it is tied to the billing cycle.

In a draft resolution, the ERC has proposed setting a floor price of P0 per megawatt-hour and a ceiling price of P19 per kilowatt-hour for trading power reserves.

The ERC has called on all interested parties to submit com-

ments on or before July 8, with a public consultation set for July 11.

The reserve market allows the system operator to procure power reserves from the Wholesale Electricity Spot Market (WESM) to meet the reserve requirements of the energy system.

In March, the ERC suspended the operations of the billing and settlement of the price determination methodology for the implementation of the co-optimized energy and reserve market in the WESM.

It said that the Independent Electricity Market Operator of the Philippines reported significant price increases in reserve costs for March compared to February.

The regulatory body ordered the settlement of 30% of the amounts due on the reserve market transactions during the March billing month to allow power generators to partially recover their costs.

Citing simulations, the ERC projected the partial payments to be worth P1.7 billion, which has already been recovered during the June electricity billing.

The reserves traded for the March period were valued at P5.7 billion. — **Sheldeen Joy Talavera**