

Philippine Stock Exchange index (PSEi)					7,136.10	▼6.86 PTS.	▼0.09%	MONDAY, NOVEMBER 4, 2024 BusinessWorld		
PSEi MEMBER STOCKS										
AC Ayala Corp. P690.00 —	ACEN ACEN Corp. P4.90 -P0.07 -1.41%	AEV Aboltiz Equity Ventures, Inc. P35.20 +P0.30 +0.86%	AGI Alliance Global Group, Inc. P9.16 -P0.05 -0.54%	ALI Ayala Land, Inc. P33.00 +P0.30 +0.92%	BDO BDO Unibank, Inc. P151.50 -P1.30 -0.85%	BLOOM Bloomerry Resorts Corp. P7.70 —	BPI Bank of the Philippine Islands P141.70 -P1.50 -1.05%	CNPF Century Pacific Food, Inc. P41.90 -P0.10 -0.24%	CNVRG Converge ICT Solutions, Inc. P15.38 -P0.72 -4.47%	
DMC DMCI Holdings, Inc. P11.22 +P0.02 +0.18%	EMI Emperador, Inc. P18.56 -P0.08 -0.43%	GLO Globe Telecom, Inc. P2,146.00 —	GTCAP GT Capital Holdings, Inc. P720.00 —	ICT International Container Terminal Services, Inc. P405.00 +P9.00 +2.27%	JFC Jollibee Foods Corp. P264.20 -P1.00 -0.38%	JGS JG Summit Holdings, Inc. P24.35 +P0.05 +0.21%	LTG LT Group, Inc. P10.28 -P0.02 -0.19%	MBT Metropolitan Bank & Trust Co. P75.50 -P0.50 -0.66%	MER Manila Electric Co. P487.00 -P3.00 -0.61%	
MONDE Monde Nissin Corp. P10.92 +P0.02 +0.18%	NIKL Nickel Asia Corp. P3.37 -P0.05 -1.46%	PGOLD Puregold Price Club, Inc. P31.65 -P0.95 -2.91%	SCC Semirara Mining and Power Corp. P32.40 -P0.10 -0.31%	SM SM Investments Corp. P959.00 +P18.00 +1.91%	SMC San Miguel Corp. P88.75 -P0.05 -0.06%	SMPH SM Prime Holdings, Inc. P29.60 -P1.05 -3.43%	TEL PLDT Inc. P1,400.00 -P30.00 -2.1%	URC Universal Robina Corp. P98.05 +P0.35 +0.36%	WLCON Wilcon Depot, Inc. P15.98 -P0.12 -0.75%	

AI adoption may slow office space demand — Cushman & Wakefield

THE adoption of artificial intelligence (AI) among businesses, especially in the information technology-business process outsourcing (IT-BPO) industry, may slow the growth in demand for office spaces, according to real estate services firm Cushman & Wakefield.

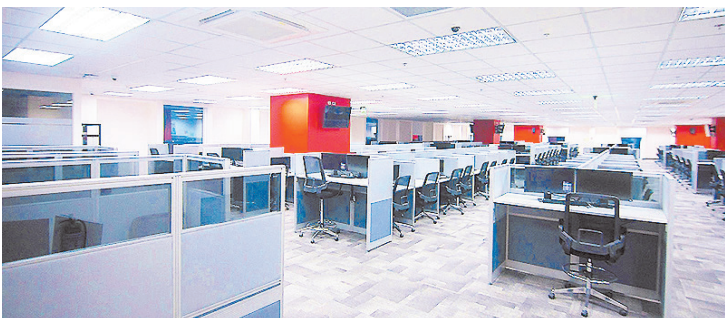
“The increasing use of AI advancements, especially in the IT-BPM industry, could potentially limit the demand growth for office spaces in key markets if stakeholders do not fully adapt to these changes,” Claro dG. Cordero, Jr., director and head of research, consulting & advisory services at Cushman & Wakefield, said in a report released on Monday.

“AI-driven technologies like virtual assistants, chatbots, and automated customer service interfaces have replaced human roles due to their improved efficiency, service quality, and cost-effectiveness,” he added.

Despite AI advancements, Mr. Cordero also said, human intervention is needed for data analytics and complex customer service.

Last month, BMI, a unit of Fitch Solutions, said the Philippines’ BPO industry might shrink as AI use in workplaces grows.

AI helps companies bring call centers back to developed countries at a lower cost, BMI Head



IN THE THIRD quarter, the market saw an influx of 114,000 square meters of new office space.

of Asia Country Risk Darren Tay said in a webinar.

“It is crucial for industry stakeholders to develop policies and programs that equip and upskill workers...with the necessary technical skills,” Mr. Cordero said.

AI is just one of the key factors disrupting the market, alongside global geopolitical events, according to Cushman & Wakefield.

In the Philippines, the immediate challenges are the total ban on Philippine Offshore Gaming Operators (POGOs) and the implementation of the CREATE MORE Bill, which supports flexible work arrangements and will likely result in more vacant spaces, according to the real estate services firm.

By the end of the third quarter, the vacancy rates for prime and

grade “A” office buildings in Metro Manila increased by 280 basis points (bps) from the previous quarter and by 136 bps year over year, Cushman & Wakefield said.

The average vacancy rate hit 18.2%, the highest recorded by Cushman & Wakefield Research since the second quarter of 2004, reflecting a rise of over 1,380 bps since the second quarter of 2020.

In the third quarter, the market saw an influx of 114,000 square meters (sq.m.) of new office space.

Coupled with a substantial amount of office space being vacated as major corporations reassessed their office requirements, this has led to an increase in the overall volume of vacant office space, the consultancy firm said.

Average asking rents for prime and grade A office spaces saw a slight decline in the third quarter, continuing a trend of four consecutive quarters of decreases.

The average headline rent for these developments in Metro Manila settled at P1,003 per sq.m. per month, down by 67 bps from P1,010 per sq.m. per month in the previous quarter, and by 363 bps from P1,041 per sq.m. per month in the same quarter last year, the firm said.

“The Metro Manila office market is exhibiting a slower-than-expected recovery in Q3 2024. Overall vacancy rates have steadily increased and average headline rents have marginally declined again this quarter, making the market more favorable for tenants,” said Tetet Castro, director and head of Tenant Advisory Group at Cushman & Wakefield.

“The initial effects of the total POGO ban and amendments to the CREATE Bill are already being felt in Q3 2024. Several returns of office space are observed, this coupled with the completion of new developments, have resulted in the increase in overall vacancies. In the medium term, elevated vacancy rates and lower headline rents in the Metro Manila office market are expected.” — **B.M.D. Cruz**

Alternergy directs P2.9B to wind, solar projects

ALTERNERGY Holdings Corp. (ALTER) has injected capital amounting to P2.9 billion as of September to finance the ongoing construction of its two wind power projects and a solar power project.

Broken down, a total of P1.5 billion has been infused into Alternergy Tanay Wind Corp. for the 128-megawatt (MW) Tanay Wind Power Project in Rizal province and P1.1 billion into Alabat Wind Power Corp. for the 64-MW Alabat Wind Power Project in Quezon province, the company said in a statement on Monday.

For the 28-megawatt-peak Hermosa Solar Power Project in Bataan, a total of P342 million has been infused into Solana Solar Alpha, Inc.

Alternergy owns 100% of the three companies created as special purpose vehicles for the said projects.

“With the capital infusion so far, ALTER is keen to ensure timely completion of the three projects,” Alternergy President Gerry P. Magbanua said.

The Tanay and Alabat Wind Power Projects are expected to be completed by the end of 2025, based on the committed delivery date under the government’s green energy auction program last year.

The Hermosa Solar Power Project is slated for completion by the second quarter of 2025.

The initial equity infusions for the three projects as of September partly came from the use of proceeds from the initial public offering and the P2-billion green finance loan secured from BDO Unibank, Inc.

Mr. Magbanua said that additional funds from its project lenders under the signed omnibus loan and security agreement are expected to flow immediately following draw-downs.

The Tanay Wind Power Project secured P8 billion in syndicate project finance from the Bank of the Philippine Islands and Security Bank Corp.

The Alabat Wind Power Project, on the other hand, obtained P5.3 billion in project finance from Rizal Commercial Banking Corp.

The three projects are part of Alternergy’s target to reach 500 MW of generating capacity by 2026 as it continues to beef up its pipeline of projects beyond the target.

At the local bourse on Monday, shares in the company closed at P0.94 apiece. — **Sheldeen Joy Talavera**

IMI trims losses on rightsizing

LISTED Integrated Micro-Electronics, Inc. (IMI) trimmed its attributable net loss for the third quarter to \$467,000 from \$1.6 million a year ago, following rightsizing efforts and lower operating expenses.

Revenue from July to September dropped by 19.2% to \$275.21 million from \$340.75 million last year, IMI said in a statement to the stock exchange on Monday.

Operating expenses fell by 26.9% to \$21.75 million from \$29.74 million in 2023.

IMI also reduced its nine-month attributable net loss by 89.2% to \$9.24 million from \$85.26 million a year ago, which included restructuring expenses and other non-operational one-offs.

“While securing order demand remains a challenge, we have managed to mitigate the impact of the headwinds we face. Through targeted rightsizing initiatives, we have been able to reduce core fixed overhead and selling, general, and administrative expenses, which will result in approximately a \$25 million annualized reduction for the year,” IMI Chief Executive Officer Louis Sylvester Hughes said.

Revenue for the January to September period went down by 18.6% to \$841.02 million from \$1.03 billion in 2023 due to rightsizing efforts and lower utilization.

The company’s operating expenses also decreased by 9.5% to \$73.48 million from \$81.16 million a year ago.

“The automotive market’s continued uncertainty, coupled with industrial customers’ rightsizing of inventory levels, has led to reduced ordering patterns and pushouts of new product ramp-ups. These have resulted in lower utilization across multiple IMI sites, affecting profitability for the company,” IMI said.

VIA optronics AG, in which IMI has a 50% stake, saw a 37% decline in revenue to \$83 million as of September due to a weaker laptop business, loss of orders from some automotive customers, and the bankruptcy of another customer in the mobility camera segment.

IMI said VIA is implementing restructuring initiatives to boost profitability. In April, VIA notified the New York Stock Exchange of the planned voluntary delisting of its American depositary shares.

“By operating more efficiently with a flatter, leaner support structure, we are positioning ourselves to enhance profitability as customer ordering patterns normalize. Furthermore, we are increasingly more selective of the projects we pursue, focusing on businesses that align with our core competencies,” Mr. Hughes said.

“IMI is actively exploring all opportunities to address the issues we face from non-core activities. Our prolific sales team is also actively looking to grow our industrial segment and bring better balance to the portfolio concentration within our business,” he added. — **Revin Mikhael D. Ochave**

DITO CME Holdings board approves Summit Telco’s potential investment

DITO CME Holdings Corp.’s board of directors has approved potential investment from Summit Telco Corp. Pte. Ltd., the listed holding company of DITO Telecommunity Corp. said.

In a stock exchange disclosure on Monday, DITO CME said it had executed a subscription framework agreement for Summit Telco, an existing shareholder of DITO CME, to subscribe to up to nine billion primary common shares, pending execution of subscription agreements.

“The implementation of Summit Telco’s potential investment under the Subscription Framework Agreement, along with other equity-raising efforts, forms part of the Company’s business plan to improve its equity positions as previously disclosed,” the company said.

With this, the company said its board of directors also authorized DITO CME Chairman Dennis A. Uy and President Donald Patrick



L. Lim to fix, negotiate, and finalize the terms of the investment.

Its top executives were also authorized to negotiate and final-

ize the final amounts, timing, and tranches of the subscription and sign necessary agreements for the investments, DITO CME said.

Cagelco II clarifies refund balance as P20 million

THE Cagayan II Electric Cooperative, Inc. (Cagelco II) said the outstanding refund balance to its member-consumers as of March was P20 million.

This clarification came after Energy Regulatory Commission (ERC) Chairperson Monalisa C. Dimalanta said in July that the refund balance amounted to P20 billion.

In a letter from the ERC dated Aug. 6, signed by Ms. Dimalanta and provided by Cagelco II to *BusinessWorld* on Monday, the company had an outstanding balance of P20.42 million as of March.

This was part of the P27.27-million refund directed by the ERC after approving, with modifications, Cagelco II’s filings for over/under recoveries from January 2011 to December 2016, totaling P37.78 million.

“The Commission has verified Cagelco II’s submission and compliance with the decision. As of March 2024, the outstanding balance to be refunded was P20 million and not P20 billion,” Ms. Dimalanta said.

As of June, Cagelco II is implementing its refund process and has a remaining balance

of around P10.25 million for refund to its member-consumers.

Cagelco II, one of two electric cooperatives in Cagayan, covers the northern municipalities of Aparri, Camalaniugan, Lallo, Abulug, Ballesteros, Gattaran, Allacapan, Lasam, Sta. Ana, and Gonzaga.

The areas also include Buguey, Sta. Teresita, Sta. Praxedes, Sanchez Mira, Pamplona, Claveria, and parts of Sto. Niño. It also provides electricity services to the lone districts of the municipality of Apayao. — **Sheldeen Joy Talavera**