SM Prime eyes premium residences in Metro Manila, Cebu

SY-LED property developer SM Prime Holdings, Inc. said it plans to develop its first premium residential properties in Metro Manila and Cebu.

"We plan to enter Metro Manila, hopefully within the year, but we also have properties ready for development in key cities like Cebu," SM Prime Holdings Executive Vice-President and Premium Residential Line Head Jose Juan Z. Jugo said in an interview aired on *Money Talks with Cathy Yang* on One News on Monday.

"If things go as planned, you'll be seeing a lot of activity from us, robust activity from the premium line in Metro Manila, in Luzon, and in Cebu."

Last year, SM Prime announced plans to expand its residential portfolio to include high-end horizontal and vertical principal homes.

The company also said it aims to launch its first upscale residential project this year, a master-planned subdivision with sustainability, convenience, and community features.

According to Mr. Jugo, SM Development Corp. (SMDC) will continue to serve the mid-market segment, while pricing for its entry-level premium product will start at P15 million.

"Then, we plan to produce premium residential units, probably in the P25 to P30 million range, all the way to luxury units in the P50 to P60 million range," he said, adding the company's openness to venturing into the ultra-luxury segment.

The high-end residential segment, which is priced between P12 million and P68 million, saw a 15% quarter-on-quarter increase in sales in the January-March period, according to property consultancy firm Leechiu Property Consultants.

"Despite all the challenges the industry as a whole has faced, this segment has performed quite well," Mr. Jugo said.

He added that the country's declining inflation and strong economic growth prospects would make the high-end residential market attractive to foreign investors.

"The Philippines has performed ahead of the curve, which means that this opens the door for investors overseas to choose our country to put their money into rather than put it somewhere else," Mr. Jugo said.

"So, it's a good time to enter a very stable and very progressive market."

Headline inflation averaged 2.2% in the first quarter, well within the Bangko Sentral ng Pilipinas' 2-4% target. Meanwhile, the Philippine economy is projected to grow between 6-8% this year.

SM Prime, the real estate subsidiary of Sy-led conglomerate SM Investments Corp., has launched over 185,000 residential units. Its portfolio also includes 87 local malls and 22 office towers.

For 2025, SM Prime has earmarked P100 billion in capital expenditures for its malls, residences, and integrated property developments.

The listed property firm's consolidated net income rose by 14% to P45.6 billion in 2024, as revenue increased by 10% to P140.4 billion.

On Monday, SM Prime shares declined by 0.62% or P0.15 to P24.05 apiece. — **Beatriz Marie D. Cruz**

Metro Manila office vacancy seen below 20% by yearend

By Beatriz Marie D. Cruz
Reporter

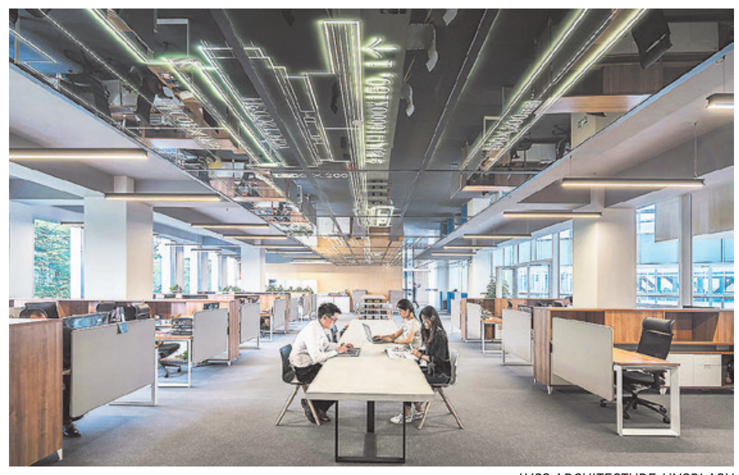
OFFICE VACANCY in Metro Manila is expected to fall below 20% by the end of this year, as most Philippine offshore gaming operator (POGO) occupiers have left the market, with vacancies offset by demand from the information technology and business process management (IT-BPM), healthcare, and banking industries, according to real estate services and investment firm CBRE.

"I think we're going to definitely go below 20% by the end of the year, as we will see less vacated spaces from the POGO sector," CBRE Philippines Country Head Jie C. Espinosa told *BusinessWorld* on the sidelines of the CBRE Philippines Start of the Year 2025 Market Monitor, a forum held last week.

"The main reason why vacancy had increased in the past two quarters is primarily because of the POGO ban, but now that we've seen the bulk of it, I think that the situation will be better, provided that the demand figures will be sustained as well."

Office vacancy in Metro Manila rose to 20.1% in the first quarter from 19.9% in the third and fourth quarters of 2024, after President Ferdinand R. Marcos, Jr. banned POGOs in August last year.

Demand from the IT-BPM, healthcare, and banking, financial services, and insurance sectors helped absorb the vacancies left by POGO move-outs, Mr. Espinosa said.



LYCS ARCHITECTURE-UNSPLASH

The Metro Manila office market saw a 7% year-on-year decline in demand to 161,500 square meters (sq.m.) amid the absence of POGOs, CBRE said.

Office vacancy in Metro Manila climbed to a record-high 966,700 sq.m. from January to March — the highest in three years, or since the 960,140 sq.m. recorded in the first quarter of 2022. This also accounted for 53% of the available supply in the market.

POGOs accounted for 42% of move-outs in the first quarter, followed by the IT-BPM sector (35%) and traditional offices (23%).

By submarket, the highest number of vacated spaces was recorded in Makati at 226,600 sq.m., followed by the Bay Area at 210,000 sq.m., and Quezon City at 204,700 sq.m.

As of the first quarter, Metro Manila had a total office supply of 1.81 million sq.m., with 822,700 sq.m. in unleased space and 24,600 sq.m. in new supply.

For Metro Manila, CBRE expects about 389,600 sq.m. of new office supply in 2025, 332,900 sq.m. in 2026, 168,400 sq.m. in 2027, 188,500 sq.m. in 2028, and 211,000 sq.m. in 2029.

Meanwhile, the industrial and logistics sector recorded lackluster demand at 54,130 sq.m., plunging by 53.34% from the 116,000 sq.m. posted in the fourth quarter of 2024. It also fell by 45.32% from the 99,000 sq.m. in the same period last year.

This mainly covers the industrial and logistics hubs of Cavite, Laguna, and Batangas (CALABA), CBRE said.

The overall vacancy rate for the CALABA industrial submarkets rose to 9.6% in the first quarter from 9.2% in the fourth quarter last year, Zoilo L. Paras, senior manager for capital markets and investments at CBRE, said.

"We already noted some large manufacturing clients of ours that paused or deferred their requirement, primarily because they were waiting for what's going to happen after [US President Donald J.] Trump takes office," Mr. Paras said after the briefing.

As of end-March, the CALABA industrial market had 619,510 sq.m. of total available warehouse space. Of this, 270,575 sq.m. are in Laguna, 188,470 sq.m. in Batangas, and 160,466 sq.m. in Cavite.

In the coming months, the industrial and logistics sector may benefit from the Philippines' relatively lower US tariff rate of 17%, the second lowest among the Association of Southeast Asian Nations countries.

Mr. Trump in April announced a 90-day pause on reciprocal tariffs with the United States' trading partners but retained a 10% levy on most US imports.

"The Philippines is poised to benefit from all the regional shifts happening in the manufacturing sector across the region brought about by the reciprocal tariffs," Mr. Paras said. "However, our limited and aging inventory could cause us to miss out on this opportunity."

For instance, a typical manufacturing facility relocating from China would require 15,000 to 30,000 sq.m. of space. However, many of the country's available spaces range from 3,000 to 5,000 sq.m. and are mostly over 10 years old, Mr. Paras noted.

To attract foreign investors, industrial and logistics developers must also incorporate modern and sustainability features in their facilities, he added.

About 79,669 sq.m. of upcoming industrial space is expected this year, CBRE said, with most of the supply coming from Laguna at 65,994 sq.m., followed by Cavite (7,486 sq.m.) and Batangas (6,189 sq.m.).

Wilcon expects recovery in second half after lower Q1 profit

LISTED home improvement and construction finishing supply retailer Wilcon Depot, Inc. expects to recover in the second half of the year following a decline in first-quarter (Q1) net profit.

"Despite the drop in net earnings, which was mainly driven by lower sales in the first two months of the year, we are expecting a turnaround especially in the second half given the encouraging average daily sales right before and right after the long Easter holidays in April," Wilcon President Lorraine Belo-Cincochan said in a regulatory filing on Monday.

"Should this sales trend continue and especially if it improves further, we expect to reverse the decline in net earnings in this quarter later in the year," she added.

Wilcon posted a 27.5% decline in its first-quarter net income to P536 million from P740 million a year earlier.

Gross profit fell by 1.7% to P3.26 billion due to a lower margin rate across non-exclusive, exclusive, and in-house brand categories.

Operating expenses, including lease-related interest expense, rose by 7.8% to P2.66 billion, primarily due to depreciation from new store buildings and lease-related interest expenses for new branches.

Net sales increased by 1.2% to P8.41 billion from P8.31 billion in the same period last year, driven by contributions from new stores.

Wilcon now operates 102 branches after opening two new stores in the first quarter — one depot in North Luzon and one smaller-format Do-It-Wilcon (DIW) store in Metro Manila. — **Revin Mikhael D. Ochave**

FULL STORY
Read the full story by scanning the QR code or by typing the link
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Pag-IBIG Fund seeks more developer partnerships this year

THE Home Development Mutual Fund, or Pag-IBIG Fund, said it hopes to partner with more housing developers this year to broaden the availability of housing units and meet its target of extending P156.86 billion in housing loans in 2025.

"We intend to tap new developers, those who are not yet accredited. There are thousands of development projects around the country," Alexander H. Aguilar, deputy chief executive officer of the member services cluster at Pag-IBIG Fund, told *BusinessWorld* on the sidelines of the Real Estate International Summit and Expo 2025, a forum held on Thursday.

Currently, Pag-IBIG Fund has around 467 partner developers. It plans to engage 250 more this year.

"We started talking to small, upcoming, emerging developers, and I hope that they will also bring more numbers," Mr. Aguilar said.

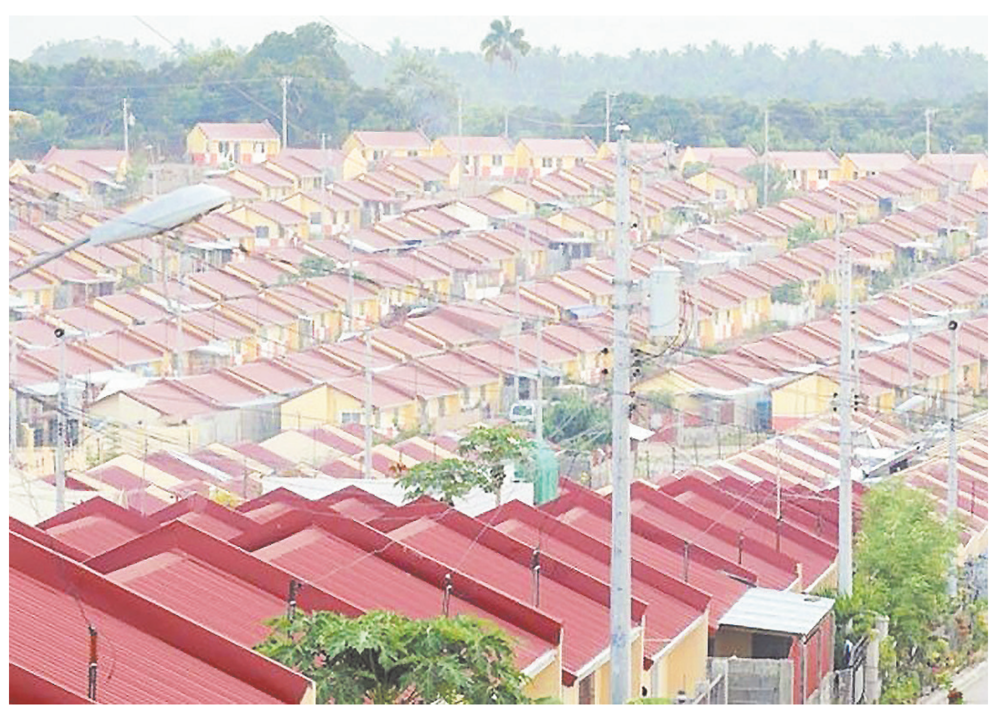
For 2025, Pag-IBIG Fund aims to extend P156.86 billion in housing loans to its members, 21% higher than the P129.73 billion released last year.

This year's target is also equivalent to 111,648 housing units, Pag-IBIG Chief Executive Officer Marilene C. Acosta said in April.

Last year, Pag-IBIG fell short of its P143-billion home loans target by 10%.

According to Mr. Aguilar, the housing industry is still reeling from the ill effects of the pandemic.

"There were not many socialized housing units built in 2024. So, that led to missing our target," he said.



To meet this year's housing loan target, Pag-IBIG is also set to launch housing caravans for overseas Filipino workers, who account for about 20-25% of its accounts.

It is also looking to reach out to more potential borrowers through increased advertisements and companies' fund coordinators.

Last year, Pag-IBIG Fund's net income climbed by 36% to a record P67.52 billion from P49.79 billion in 2023, driven by higher loans, collections, and investment returns.

Pag-IBIG ended 2024 with about 17 million members. It is looking to add at least 1.5 million new members this year, Ms. Acosta said. — **Beatriz Marie D. Cruz**