

## High Rise Living

The skyline of Cebu is evolving. From the proliferation of towering office buildings, the local property market has shifted its focus to high rise residential developments.

Over the last few years, Metro Cebu progressed as an alternative corporate destination for Outsourcing & Off-shoring companies. The Cebu Investments Promotion Center estimates the current share of Metro Cebu in the Philippine BPO industry to have grown to 12%, spurring economic expansion in the provincial economy. It established itself in the global investment community as a leading outsourcing hub, beating other cities in the Asian region. Just last year, it ranked ninth among emerged international BPO destinations after being recognized as the top emerging destination in the world twice in a row.

It is imperative for BPO companies to expand outside Metro Manila to utilize the labor pool in other cities in the country. Developers were prompted to create business districts in major cities in the provinces to respond to the needs of locators. The decentralization was actively manifested when the office

occupancy costs in the Makati CBD skyrocketed towards pre-1997 crisis levels while at the same time other business districts sharply raised their rental rates.



**Calyx Center**

Outsourcing gained momentum in Metro Cebu due to its superiority in fundamental requisites comprising the scale and quality of workforce, business catalyst, cost effectiveness, infrastructure and infrastructure support, risk profile and quality of life. When the financial crisis struck the world economy, the advantage of Metro Cebu in terms of lower operational costs became more apparent.

The profitability of constructing office buildings in the area attracted investors to develop BPO structures. Though lease rates are cheaper than

in most areas including Makati, Fort Bonifacio, Ortigas, Alabang, Bay Area and Quezon City, high office rental yields are maintained given the lower levels of land values.

Developments in the office sector particularly with the increasing demand for BPO facilities provided the motivation for residential investment activities. Residential condominium developments were previously concentrated within the fringe of the urban centers of Cebu City catering primarily to the housing requirements of expatriates. The demand for residential condominiums rose along with the rapid urbanization in the area as the fast changing lifestyle of the populace expanded the market for such projects. The market became more active with increasing acquisition interests from local buyers. While end-users initially comprised the bulk of buyers, the market for residential condominiums extended to investors who were keen to engage in the leasing market recognizing that the employee population is increasing.

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## OFFICE MARKET

The continued growth of the BPO industry in Metro Cebu has fueled the activities in the office market. Occupancy levels have gradually improved compared to previous levels amidst the growing requirements of expanding BPO companies. Rents were still cheaper compared with the major business districts in Metro Manila but have shown signs of an uptrend as demand continue to pick-up.

The lack of large continuous spaces within Cebu Business Park resulted to the sluggish take-up of office spaces particularly in BPO buildings. BPO buildings posted an average occupancy rate of 74.30%. Lease rates are relatively higher than in other areas with a weighted average rate of PhP475.49 psm/mo. On the other hand, the occupancy rate of headquarter-type office buildings remained high due to the favorable business environment in Cebu. Occupancy rate of traditional office buildings is at 87%. Weighted average rental rate have likewise improved and is now at PhP420.29 psm/mo.

Average rent in Cebu Business Park is at PhP448.32 psm/mo. At the aggregate, occupancy rate of buildings in Cebu Business Park is at 79.75%. The overall occupancy was affected by the recent addition of 18,586 square meters of



**Insular Life Business Center**

leasable space as a result of the completion of Insular Life Business Center. Moreover, the transfer of some tenants to owner-use buildings contributed to the decline in the occupancy level. An estimated 6,536 square meters of leasable office space will be added to the existing supply upon the completion of Apple One in the fourth quarter of 2012.

The concentration of BPO firms in Cebu is still in Asiatown IT Park given the availability of large continuous office spaces. Buildings in the Asiatown IT Park are all BPO-type and are highly responsive to the demand of outsourcing companies. Vacancy rate remained at single digit with a registered occupancy rate of 96.15%. Due to the higher demand, asking rents in the IT Park have started to inch up with a weighted average rent of PhP462.32 psm/mo.

The robust demand for office spaces in the Asiatown IT Park has encouraged the development of additional BPO buildings in the

area. A total of 32,645 square meters of leasable area is already in the pipeline with the completion of Skyrise 4 and E-Bloc 2 within the year. Calyx Center, a mixed-use development, and TGU Tower 2 are also expected to augment the supply in 2012, providing a total 33,200 square meters of additional BPO space.

In the Fringe Area, a total of 18,852 square meters of newly completed office space became available at the close of 2010. There is still a strong preference of office spaces within the business districts among locators particularly outsourcing companies. Double-digit vacancy rate was registered by BPO buildings. Occupancy rate of BPO buildings stood at 73.83%. Some BPO buildings were prompted to utilize certain office areas for warehouse operations to improve occupancy levels. Lease rates in the area are relatively lower. Weighted average lease rate of BPO buildings in the Fringe Area is at PhP376.27 psm/mo.

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### Office Stats

| District           | Vacancy |
|--------------------|---------|
| Cebu Business Park | 20.25%  |
| Asiatown IT Park   | 3.85%   |
| Fringe Areas       | 26.17%  |

Metro Cebu has emerged as the main economic center outside of Metro Manila. Comprised of seven key cities with Cebu, Mandaue and Lapu-Lapu being the most prominent, it has become the choice location for corporations, both local and foreign, and has become the primary hub to the whole of Visayas and Mindanao. The Cebu Business Park has been designated as the new central business district of Cebu.

**Cebu Business Park (CBP).** The Cebu Business Park, developed by Cebu Holdings Inc. (a subsidiary of Ayala Land Inc.), is a 50 hectare master-planned development which was the previous home of the Club Filipino Golf Course. CBP's main advantage is its integrated facilities for business, residential, sports, recreation and leisure of which, the 9 hectare Ayala Center shopping mall acts as a centerpiece. It is also prime office location in Metro Cebu to date.

**Asiatown IT Park (AITP).** The Asiatown IT Park is a 24 hectare IT economic zone and modern trading hub which was constructed to complement the Cebu Business Park. The first PEZA accredited IT park, AITP now hosts locators in the BPO-ITES industry like contact centers, software development, content development, hardware design, research and development services, computer-based support services and others. Once an operational domestic airport, its re-development began as a joint venture between the provincial government of Cebu and Ayala Land through Cebu Property Ventures and Development Corporation which is majority owned by Cebu Holdings, Inc..

**Downtown and Midtown Cebu City.** The Fringe Areas of the downtown and midtown Cebu City can best be described as the old central business district wherein most of the traditional businesses and retail establishments have set up their base of operations during the earlier period. Most of the government and institutional offices, such as the Provincial Hall, City Hall and the Cathedral, are located in the area and resembles the old downtown Manila with low to medium rise buildings tightly clustered and with a series of narrow roads forming a network that cuts across the entire district.

**Uptown Cebu City.** The Fringe Area covering uptown Cebu City can be characterized as the modern Cebu City outside of the CBP and AITP. It covers portions of Lahug and Banilad as well as the Talamban area. It is essentially an upscale area devoted mainly to residential and retail developments. Some portions of the area are currently occupied by low rise office building developments devoted mostly to traditional companies. Like most areas in Metro Cebu, it may eventually evolve to handle a wider array of commercial developments.

**Mandaue City.** Mandaue City's Fringe Area is mainly positioned in Banilad, North Reclamation and other pocket enclaves which are well-distributed in the locale. These particular locations provide an intense distribution of commercial and government offices which facilitate businesses to flourish and effectively expand. In addition, the presence of Cebu International Port, Mandaue - Mactan Bridge, and Marcelo Fernan Bridge provides the necessary volume of trade and traffic in and out of the city.

**Lapu-Lapu City.** Lapu-Lapu City's Fringe Area covers the Mactan Economic Processing Zone 1 and 2 which was primarily an export oriented economic zone but due to the existing demands for office spaces, the said zone has opened its doors for BPO-ITES operations in its area. This area allows flexible office space requirements due to its converted and refurbished buildings offering substantially sized floor plates and large lot parcels appropriate for Build-to-Suit (BTS) buildings.

The following are the most important features of office tenancy in the Philippine real estate market:

### BUILDING CLASSIFICATIONS

Premium, A, B, & C.

### SHORT-TERM LEASE

Typically 3 years.

### LONG-TERM LEASE

Typically 5 to 10 years.

### REQUIRED SECURITY DEPOSIT

3 months office rent refundable at the end of the lease period.

### REQUIRED ADVANCE RENTAL

3 months applicable to the first 3 months of the lease term.

### SUCCEEDING RENTS

Quarterly in advance.

### NET RENT

Electricity, water, A/C costs, insurance, association and building management fees are for the Tenant's account.

### SPACE MEASUREMENT

Leaseable" or "Semi-Gross" area includes areas constructed for individual tenants such as lift lobbies, passage ways, toilet areas, & pantry areas; but excludes the stairs, elevator shafts, and machine rooms, and all vertical shafts carrying services.

### TYPICAL USEABLE FLOOR AREAS

1,000 to 1,500 sqms (10,764 to 16,146 sf)

### PARKING ALLOCATION

1 slot per 100 sqms (1,076 sf) leased.

### BUILDING MANAGEMENT DUES

Generally covers the cost of building maintenance, common areas, staff salaries, and normal hours of air-conditioning operations.

## RESIDENTIAL MARKET

Recent diversification of the Cebu market has supported the proliferation of vertical residential developments within the urban center.

Condominium developments in previous years were primarily catering to expatriates but the dynamic growth of the domestic economy has expanded the market base of such housing facilities by changing the lifestyle and lodging preferences of the populace.



**Woodcrest Residences**

Condominium projects now have a strong market among young professionals, students, start-up families and OFWs. The growing BPO sector contributed to the rise of young professionals in the city looking for housing facilities near offices while the steady growth in OFW remittances has enabled the families of OFWs to purchase houses. The emerging secondary market has also encouraged the increased demand from investor-buyers as leasing requirements for such projects continue to pick-up.

Furthermore, the limited supply of land for residential subdivision developments and the rising prices of land within the city have made condominium projects the most viable developments for housing.

Aside from home-grown real estate players, major developers from Manila have also taken advantage of the rising need for condominium units in Metro Cebu. The entry of big ticket developers has manifested the confidence of the real estate players on the residential sector, providing the market with various residential options.

Condominium units in the Cebu Business Park are the highest priced developments in Cebu City as the area offers integrated facilities for business, residential, sports, recreation and leisure. Most of the towers have large unit cuts with only 21 studio units out of the total 441 units expected for turnover in the next four years. Condominium projects in the area are high-end developments primarily targeted to business executives, expatriates and the affluent families of Cebu.

In the Asiatown IT Park, condominium developments are mostly studio units. Of the total 1,371 residential units, 723 are studio units, 477 are one-

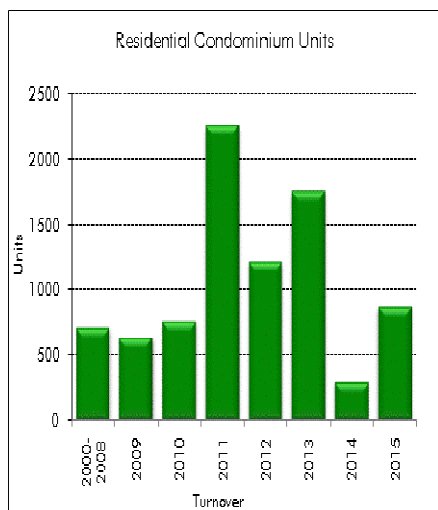
bedroom units, 132 are two-bedroom units and 39 are three-bedroom units. Condominium projects in the area mainly cater to the growing number of BPO employees and students. Developers have almost sold out all the residential units of condominium developments during the pre-selling stage. The fast take-up of condominium developments within the area has encouraged property developers to push through with the launch of more condominium projects ahead of schedule.

Vertical residential projects in the Fringe Areas are mid-end developments, providing more affordable housing options to the market. Approximately 1,968 studio units are up for completion with prices ranging from PhP64,000 per square meter to PhP80,000 per square meter. Meanwhile, prices of condominium projects in close proximity to the business centers are generally higher and can be considered high end developments with prices ranging from PhP85,000 per square meter to PhP130,000 per square meter. Condotel units are prevalent in the fringe areas taking advantage of the booming tourism industry. These developments are primarily targeted to investor-buyers looking for more lucrative condominium investments.

## RESIDENTIAL MARKET

On the other hand, horizontal residential developments have a strong market among expatriates. The emergent BPO sector has contributed to the large influx of expatriates and has pushed the volume of leasing transactions for high-end residential houses up.

Meanwhile, rich families from surrounding towns of Cebu remained to be the strong market for the sale of high-end residential subdivision units. Lots in exclusive villages around the metro are priced within the range of 5,000 to 15,000 per square meter. The inadequate supply of big properties for residential subdivision projects has limited the development of new subdivisions in Metro Cebu.



The residential sector is attracting an increasing number of investors. With Cebu progressing as one of the emerged global BPO destination in the world, the city is set to attract more BPO investors.

This is expected to spur the demand for residential units within the city. Real estate players have complemented the need for residential properties through the construction of condominium projects.

There are currently 6,362 residential condominium units expected for turnover within the year and in the next four years. Ten projects with a total of 2,253 units are expected for turnover this year. In 2012, six additional projects with 1,210 units will augment the supply in the market. Seven new developments are expected to add 1,752 units in 2013. For 2014 and 2015, the upcoming units are estimated to add 287 units and 860 units respectively. Market concentration is expected to be achieved within the next five years when there will be enough supply to be absorbed in the market.



**Club Ultima**

The following are the most important features of residential tenancy in the Philippine real estate market:

### Condo Classifications

Luxury, A, B, & C.

### Lease Term

**Typically 1 year.** Most landlords do not accept a lease term of less than a year.

### Rental Deposit

Two months gross rental as a security deposit.

### Rental Payment

**One year of rent** is normally paid up front but this is negotiable in some instances depending on how flexible the landlord is.

### Gross Rent

Inclusive of maintenance charges. Gross rent is usually broken up into rental of premises, common area maintenance dues/service or maintenance charge, & Value Added Tax (VAT).

### Stamp Duty

Stamp duty is paid on a lease agreement and the landlord is normally responsible for the payment of stamp duty.

### Value Added Tax (VAT)

12% of gross sale or lease price on the property. Normally, landlords are VAT-registered and pass on the tax liability to their tenants.

### Furnishings

Luxury housing landlords usually offer their premises for rent unfurnished. Tenants can expect condominium units to be either semi-furnished or furnished.

## HOSPITALITY MARKET

The surge of foreign tourist arrivals and the sustained inflow of intra-country tourists led to the recovery of the hospitality sector in Metro Cebu. Total tourist arrivals increased by 9.27% from 1,618,270 in 2009 to 1,768,234 in 2010. Of the total tourist arrivals, two thirds was bound for Cebu City and comprised primarily by business travelers. Visitors bound for Mactan which represents one third of total travelers are lodgers of either deluxe hotels or beach resorts and are generally leisure tourists.

South Koreans comprise 36.11% of total foreign arrivals and remained as the dominant market for deluxe hotel facilities, mostly located at the resort areas in Mactan. Average occupancy rate of deluxe hotels for 2010 is at 65.23% which is a ten percent rise from the occupancy level in the preceding year. The improvement in occupancy is mainly attributed to the 40% inflow growth of South Korean travelers.

With the completion of the Radisson Blu Hotel which brings the total number of deluxe rooms to 2,325, two deluxe hotels are now located outside of Mactan. Similar to the Marco Polo Hotel, Radisson Blu Hotel located at the North Reclamation area targets both foreign and local travelers by offering facilities intended for

leisure and business functions.

Average occupancy rate of first class hotels improved modestly from 59.01% in 2009 to 62.74% in 2010. The slight decline in the average vacancy rate of first class hotels is due to the stable demand for accommodations on casino hotels.



**Radisson Blu Hotel**

Standard and economy hotels cater to the majority of business tourists. Approximately one third of the market of standard hotels is comprised by foreign business tourists. For economy hotels, the bulk of lodgers are domestic tourists. Average occupancy rate of standard hotels in 2010 is at 50.98%, up from the 35.27% recorded in 2009. On the other hand, the average occupancy rate of economy hotels increased from the 46.61% registered in 2009 to 58.41% in 2010. Though the occupancy of standard and economy hotels rose given the uptick in tourist arrivals, total capacity is still significantly underutilized as a result of the

proliferation of unclassified hotels, pension houses and inns which has limited the rise in the occupancy rates of both standard and economy hotels.

Business tourism in Metro Cebu is sustained by the increasing inflow of investments in the office sector and the declining costs of travel and accommodation. The expansion in the outsourcing and traditional industries is anticipated to further increase the market of business hotels since heightened investment levels promote the influx of corporate executives. Intensified promotional discounts and cheaper airfares offered by airline companies encourage domestic travel for meetings and conferences and in turn strengthen the demand for hotels in Cebu City given the concentration of the required facilities in the area. Affordable airfares which stimulate the supply of business tourists are complemented by the abundance of budget hotels that accommodate the multiple demands for low-cost lodgings.

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### 2010 Average Room Occupancy

| Classification | Occupancy |
|----------------|-----------|
| Deluxe         | 65.23%    |
| First Class    | 62.74%    |
| Standard       | 50.98%    |
| Economy        | 58.41%    |

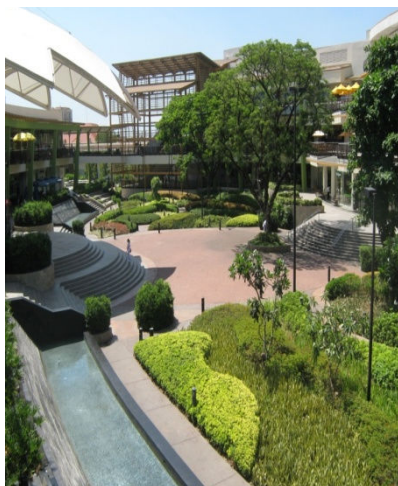
## RETAIL PROPERTY MARKET

The Metro Cebu retail sector remained active with the continued increase in consumer spending amidst the emergent labor market and the steady growth of OFW remittances. In addition, the strong rebound of the tourism industry has sustained the increase in retail sales with tourism bringing in customers with higher disposable incomes.

Developments in the office and residential sectors encouraged the expansion of retail facilities to accommodate the growing consumer base. The rapid urbanization in the area has prompted the proliferation of modern retail formats that is gradually replacing the traditional retail market. On the rise are mixed-use developments wherein retail and commercial establishments are incorporated on the ground floors of residential condominiums and office buildings, providing convenience to the increasingly on-the-go lifestyle of the public.

Major property developers are aggressive in expanding their retail operations, banking on the new opportunities in the under tapped market of Cebu. Regional mall developments are mostly located around the city center where an abundant supply of large open spaces is still

available. Meanwhile, existing malls are currently undergoing expansions and major renovations to accommodate the increase in foot traffic and to keep up with the upcoming developments.



**Ayala Center**

The dynamic growth of the local economy is expected to sustain the growth in the retail market. Like in the previous quarters, the BPO industry remains to be one of the main catalysts, ensuring a steady supply of employment opportunities in the region. The projected 9% increase in OFW remittances this year will further boost retail sales as households with OFWs spend more on consumer goods.

Even more retail projects will pour in Cebu as developers are scouting for other areas where consumer demand is strong. The proliferation of residential developments around the city is expected to spur investments for pocket retail developments such

as stand-alone supermarkets. Major supermarket chains are now looking at Cebu as a viable start-up market for their expansions in the Visayas and Mindanao.

Big-ticket mall developers have been rapidly expanding their presence in Cebu. SM has already launched their second and third mall in Consolacion and South Road Properties which will add an estimated 320,000 square meters of retail space. Meanwhile, Robinsons Land Corporation is set to launch another mall development in the last quarter of 2012. Robinsons Maxilom is expected to add 27,000 square meters of retail area. Pocket mall developments are also being developed in Metro Cebu with the Gaisano Grand Malls in Talamban and Poblacion, Mandaue and JMall in A.S. Fortuna Street.



**Parkmall**

## INDUSTRIAL PROPERTY MARKET

The strong full-year growth of the country in 2010 signaled the recovery of the industrial market from the global economic slump. Industry remains to be the top driver of economic growth, contributing 32.9% of total GDP. This was brought about by the accelerated increase in manufacturing due to the strong domestic demand and foreign trade.

Continued rise in external demand from major economies of the world contributed to the steady rise in exports. In the first two months of 2011, exports have grown by 10% y-on-y. The dynamic growth of the export sector has helped locators in economic zones recover from the previous year's weak showing. The increase in demand for merchandise exports has encouraged manufacturers to expand their operations in order to raise their productive capacity. Demand for industrial lots and standard factory buildings remained high due to the expansion of export-oriented companies involved in the manufacture of textiles, metal parts for motor vehicles, rubber and plastic products, and machineries. Furthermore, the continued recovery of the export market has encouraged the entry of a number of manufacturing companies in the textiles, fabricated metal products, and

wearing apparel industries in the industrial parks.

After several periods of industrial slowdown, major export industries in Cebu including the furniture industry have shown signs of picking-up as significant growth were realized at the start of the year. In January, export receipts from the furniture industry amounted to \$105.83 million, 36.5% higher than the figure posted a year ago. The operations of this industry have generally been outside the special economic zones and industrial parks.

The strong import and export trade performance has also benefitted the logistics distribution industry as additional facilities were needed to handle the growing number of imported and manufactured goods. This has spurred the demand for warehouse and storage facilities in industrial parks as the period witnessed the expansion and new entry of companies in logistics services.

The booming BPO industry and the sustained surge in remittances from OFWs have fueled the increase in local spending. The continued growth in demand for consumer products prompted both local and multinational companies to invest on additional production facilities to take advantage of the

growing consumer market.

Occupancy level in special economic zones and industrial parks has improved due to the steady recovery of various industries from the trade slump. The expansion and new entry of manufacturing firms has accelerated the demand for lots and factory buildings in the area. However, the abundant supply has constrained the increase of rental rates in the market as the additional demand was not enough to influence any rental movements.

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### TERMINOLOGY:

#### **LAND OWNERSHIP**

Generally (with some exceptions) only for Filipino citizens and corporations that have at least 60% of the capital owned by Filipinos.

#### **LAND LEASES**

Foreign companies investing in the Philippines can lease land for 50 years and renew the lease once for another 25 years.

#### **DTI**

The Department of Trade and Industry (DTI)

#### **BOI**

The Philippine Board of Investments (BOI)

#### **PEZA**

Philippine Economic Zone Authority

#### **BCDA**

Bases Conversion Development Authority

#### **CDC**

Clark Development Corporation

#### **SBMA**

Subic Bay Metropolitan Association

## High Rise Living (cont. from page1)

It should be noted that the Cebu BPO Industry sources labor from neighboring islands such as Bohol, Leyte, Negros Occidental and Samar. Newly grad and qualified labor pool explore employment opportunities in Cebu which is closer to home than Manila. In the process, upon securing jobs, they find residential accommodation within the city and closer to work. Thus, demand for small condominium units is being spurred by regional migrant workers. Needless to say, the labor demand expansion also applies to the other economic drivers of Cebu including the tourism industry.



**Asia Premier Residences**

From the fringe areas, residential condominium projects moved closer to the business districts and are now changing the landscape of the Asiatown IT Park and Cebu Business Park. Prices are generally increasing as the tower gets nearer the business districts.

There is however an apparent price differential between the business districts. At the Asiatown IT Park, prices range from PhP70,000 to PhP105,000 per square meter while at the Cebu Business Park, prices are at least PhP94,000 per square meter with certain three bedroom units breaching PhP150,000 per square meter.

In Cebu City alone, there are 29 upcoming residential condominium towers intended for turnover in the next four years starting this year. Thus far, this translates to an additional supply of 6,362 units in the residential market. The confidence of developers in constructing vertical residential projects reflects the strong market appetite for scaled down dwellings. Demand was sustained by the diversity of the market which earlier consisted mostly by expatriates and business executives and by now included employees, investors, start-up families, families of OFWs, frequent tourists and local residents looking for secondary homes.

There is market optimism in the growth of high rise residential condominium developments. Aside from the continued uptick in the labor markets, the tourism sector is expanding; OFW remittances stay resilient even with

uncertainties in the international political scene; and local residents are gaining increasing interests for vertical projects.

With the surge in the number of residential condominium units, the tables are now turned on the secondary market. As of 2010, 2,088 units were turned over within the cities of Cebu and Mandaue, notwithstanding the expected upcoming supply up to 2015. Residential leasing is starting to gain more ground and is broadening the opportunities for real estate services. The challenge now lies in upgrading the current practice in leasing especially in building landlord-tenant linkages.

Moving forward, transactions can be limited by the lack of representations for landlords looking for tenants and for tenants looking for units to lease. As the market treads the path to maturity, leasing demand is expected to intensify. Through an active participation of brokerage channels, landlords will be guided on prospects for yield which is tolerated by the market. Rents will be fine tuned based on unit features and demand which will serve as remedy to the current arbitrariness of landlords on lease rates.

**Office Market (cont. from page 2)**

More developments in the Fringe Area are underway. Gagfa IT Center in Mabolo and J Center in A.S. Fortuna Street will add a total of 32,918 square meters of leasable space. Aside from major developments in the fringe areas, buildings intended for BPO operations are also on the rise in nontraditional locations. Upcoming developments include BPO office buildings in Mactan which is the leisure and tourism hub of Cebu. The lack of commitments for BPO buildings in the Fringe Area coupled with presence of abundant supply is expected to limit the rise of lease rates on office space.

Further expansions of companies in the outsourcing industry are expected to sustain the momentum in the office sector. The growth in demand for office space can easily be supported by the upcoming developments in the business districts.

**Hospitality Sector (cont. from page 6)**

There is an indication that the share of foreign travelers on total visitor arrivals will further rise with the uptrend in the entry of visitors from East Asian and North American countries. The share of domestic travelers on total visitor arrivals has already slipped from 63% in 2009 to 60% in 2010. This upsurge in arrivals of inter-

country tourists bodes well for deluxe hotels and beach resorts in since foreign travelers consists a substantial proportion of the market for leisure tourism. In 2010, approximately 62% of foreign tourists bound for Metro Cebu were hosted on accommodations in Mactan Island.

Growth prospects on foreign arrivals may however be hampered by the recent natural disaster in Japan. The 8.9 magnitude earthquake and the ensuing tsunami that struck ravaged the island nation who is still into full recovery from the effects of the international financial crisis. Japanese tourists consistently accounted for almost 22% of total foreign tourist arrivals. A decline in the arrival of visitors from Japan would significantly influence leisure tourism in Metro Cebu.

The completion of new beach resort facilities and condominium hotel developments in Mactan are anticipated to cannibalize on the market share of deluxe hotels. On the other hand, the opening of new hotels in the cities of Cebu and Mandaue has started to impinge on the occupancy levels of standard and economy hotels. With the increase in the inventory of rooms, there is a reason to be cautious on the prospects for the profitability of hotels until the

short-term over supply is offset by a boost in tourist arrivals.

**Industrial Sector (cont. from page 8)**

Continued growth in the Cebu export market is expected as external demand from major economies of the world particularly the US, which is considered as the biggest market of Cebu's export products, continues to pick-up. Local exporters remain optimistic as they adopt new marketing strategies and tap the emerging markets of Africa, Middle East and India.

The strong start of the furniture industry will persist as the economy of the industry's largest market has gradually improved. The rise in exports is expected to spur the demand for additional industrial spaces outside the economic zones to support the increase in production.

Rapid urbanization has increased the requirements of power supply in the area. The recurring blackouts hamper the growth in the industrial sector as it discourage potential investors. To address the growing demand, plans for the establishment of new power plants are underway. This would support the further expansion of industries which are already on the uptrend.

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CB Richard Ellis is the largest, vertically integrated commercial real estate services firm in the world. With headquarters in Los Angeles, it has more than 356 principal offices in 58 countries worldwide and employs over 19,500 real estate professionals. In the Philippines, CB Richard Ellis is the leading real estate service provider offering the most comprehensive and highest level of professional services in the country.

At CB Richard Ellis, we are committed to using our extensive industry knowledge, consultative approach and vast pool of resources to help clients maximize the value of their real estate assets. We assist owners belonging to a range of sizes and classifications in developing solutions for office, residential, industrial, and commercial / retail assets. We provide a custom mix of products and services to deliver measurable returns.

The firm has established its position as the market leader in the commercial brokerage services and undertakes a large portion of Tenant Representation assignments for multi-national corporations who are entering or expanding operations in the Philippines. CBRE has also facilitated the take-up of over 250,000 sqms (2.7 million sf) of space for call center/BPOs. In addition, CBRE offers industrial and residential brokerage as an integral part of the full brokerage services offered to its clients.

The company is also aggressively expanding its involvement in Asset Services as it provides property management services for over 230,000 sqms (2.5 million sf) of prime commercial, residential, and mixed-use properties. This portfolio is spread over major areas in Metro Manila, including Makati City, Ortigas Center, the Bonifacio Global City, and the City of Manila. The company also renders Facilities Management services for over 20,000 sqms (215,000 sf) of real estate for corporate clients and other large occupiers.

The company specializes in disposing banks' and SPVs' ROPOAs through public auctions. Since 2003, the company had already conducted 43 auctions, successfully selling more than 1,500 properties nationwide amounting to over Php2 billion.

The Research and Consultancy Department has an excellent track record providing professional advisory services to: financial institutions, large domestic corporations, multinational corporations and government institutions, fund managers, international real estate funds, and investment banks.

CBRE offers a full range of services consistent with other Asian CB Richard Ellis offices and includes:

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- **Asset Services** — Asset Management, Facilities Management, Project Management, Lease Management and Administration, Project and Technical Consultancy.
- **Property Management Services** — Transaction Management, Project Management, Portfolio Management/Lease Administration, Corporate Real Estate Finance, Strategic Planning and Consulting, International Services.
- **Financial Services** — Research and Consulting, Project Valuation/ Appraisal, Feasibility Studies, Occupational Audit and Management, Portfolio strategies, Investment Advisory, Development Consultancy, Financial Due Diligence, Investment Banking Support, Public Auctions



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