RESEARCH & FORECAST REPORT

PHILIPPINE PROPERTY MARKET

MARKET INDICATORS

OFFICE	↑
RESIDENTIAL	↑
HOTEL & LEISURE	↑
INDUSTRIAL	–

Executive Summary

ECONOMY

The Philippine economy grew by 3.2% in the third quarter last year. Consumer spending, which remained a major growth driver, grew by 7.1% from the 2.4% recorded in 2010. In terms of production, the service industry contributed the most with a 5.3% growth. Currently, macroeconomic fundamentals are strong as against to a weak global growth outlook due to economic uncertainties. The Philippine economy is expected to remain sound this year albeit growing at a slower pace of 3.5 - 4.0% as forecast by most multilateral financial institutions.

OFFICE

Office development in the Makati CBD remains limited. In 2Q 2012, Zuellig Tower (57,000 sq m) remained the only new office building in the CBD for more than a decade. Consequently, office rental rates continue to increase quarter-on-quarter. Premium rental rates grew by 1.13% to P850 per sq m in 4Q 2011. Rental rates on Grade B buildings rose by 1.7% to average at P696 per sq m. While, increasing the highest were rents on Grade A buildings at 2.4% to P481 per sq m. Vacancy rate is expected to rebound at the sub-3% level in the next twelve months.

RESIDENTIAL

Across the major CBDs in Metro Manila, the added stock last year reached over 5,900 units and is 53% higher than in 2010. While in the first nine months of last year, condominium projects continue to surge all over the metro area with new launches translating to about 39,000 units. Currently, in Makati CBD, residential supply arrived to about 14,700 units while over 2,000 units are expected to be completed annually over the next two years. Luxury three-bedroom rental rates in the same district reached P630 per sq m while premium vacancy rate was the same at 6.2%.

HOTEL & LEISURE

Hotel room inventories in Metro Manila continue to increase annually with last year posting over 800 new units delivered. These hotels include Acacia Grove Hotel (262 rooms) in Alabang, F1 City Center (240) in Bonifacio Global City and the recently completed Remington Hotel (300 units) in New Port City. As of 2H 2011, overall hotel occupancy was at 65% while room rates for both five-star and four-star remain generally stable at US$255 to US$260 per night. Expectation on occupancy is to exceed 65% at the end of this year considering the increase in visitor arrivals particularly towards the holiday season.

INDUSTRIAL

As of August of last year, the area of the manufacturing economic zones registered with PEZA is unchanged at 3,800 hectare. Region IV vacancies remained at 12% while rental rates improved very minimally. As of the second half of 2011, land leasehold rates and lease rates for warehouses and standard factory buildings in the region experienced minor upticks of 1% and 0.51% to P22.46 and P163.76 per sq m respectively. Rental rates are expected to be stable over the 1H 2012 as demand remains constantly flat.

ECONOMIC INDICATORS										
	2007	2008	2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q2011	2Q 2011	3Q 2011
Gross National Product	7.8%	6.2%	3.0%	9.50%	7.90%	7.50%	6.70%	3.60%	1.90%	
Gross Domestic Product	7.3%	3.8%	0.9%	7.30%	7.90%	6.50%	7.10%	4.90%	3.40%	3.20%
Personal Consumption Expenditure	6.0%	4.7%	3.8%	5.90%	4.90%	4.20%	7.60%	4.90%	9.90%	11.30%
Government Expenditure	10.0%	3.2%	8.5%	18.50%	5.60%	-6.10%	-7.60%	-17.20%	9.20%	14.30%
Investments	9.3%	1.7%	-9.9%	24.30%	11.00%	15.60%	22.80%	37.60%	12.80%	-
Exports	3.1%	-1.9%	-14.2%	17.90%	27.40%	28.00%	21.10%	3.30%	-0.60%	-12.10%
Imports	-5.4%	2.4%	-5.8%	20.30%	23.90%	16.00%	21.80%	8.80%	8.00%	5.10%
Agriculture	5.1%	3.2%	0.1%	-2.50%	-3.00%	-2.50%	4.10%	4.20%	7.10%	10.30%
Industry	6.6%	5.0%	-2.0%	15.70%	15.80%	9.20%	6.50%	7.20%	-0.60%	3.70%
Services	8.7%	3.3%	3.2%	6.10%	6.40%	7.70%	6.40%	3.70%	9.40%	9.70%
Inflation (full year)	2.8%	9.3%	3.2%	4.40%	3.90%	3.80%	2.90%	4.30%	4.30%	4.40%
Budget Deficit (Billion Pesos)	P12.4	P68.1	P270	P132	P62	P63	P10	P26	P8.9 (+)	P 35.7
P : US$ (Average)	P46.1	P44.7	P47.6	P45.2	P45.3	P45.9	P43.7	P43.5	P42.57	P43.64
Average 91-day T-Bill Rates	3.4%	5.2%	4.0%	4.30%	3.90%	4.00%	2.60%	1.16%	1.45%	-

Source: National Statistical Coordination Board

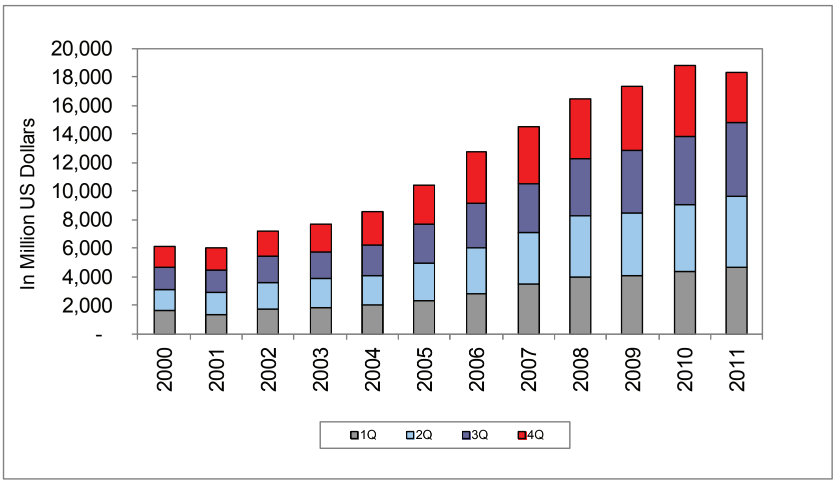
ECONOMY

The Philippine economy grew by 3.2% in the third quarter but decelerated for the third consecutive period in 2011. The sluggish growth has been attributed to the high cost of fuel, insufficient government spending and the reduced output from fishing caused by the series of storms that hit the country.

Nonetheless, the economy has continually drawn support from consumer spending which grew by 7.1% from the 2.4% recorded in 2010. In terms of production, the service industry contributed the most with 5.3% growth derived from the improved performances of the following sub-sectors: Real Estate, Renting and Business Activities (7.6%); Other Services, (7.0%); Public Administration and Defence; Compulsory Social Security Other Services (5.4%); Transport, Storage and Communications (4.9%); and Trade and Repair of Motor Vehicles, Motorcycles, Personal and Household Goods (3.8%).

Despite the weak global growth outlook due to uncertainties, the Philippine economy is expected to remain sound this year albeit growing at a slower pace of 3.5 - 4.0% as forecast by most multilateral financial institutions. Currently, macroeconomic fundamentals remain strong. Overseas Filipino Remittances increased to US$18.3 billion up 7% from January to November of last year. The inflation rate remains stable and has settled at 4.8% while lending rates ended at an average of 6.4% in December 2011.

OFW Remittances



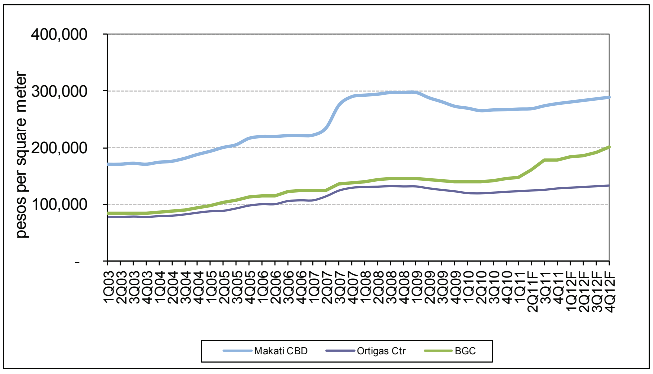
Source: Bangko Sentral ng Pilipinas

** As of November 2011*

LAND VALUES

As of 4Q 2011, implied land values in the Makati CBD increased by 1.4% to P277,850 per sq m. This translates to a price of P17,336 per developable area. In Ortigas Center, land values appreciated by almost 2% to an average of P128,850 per sq m – twice the increase seen over the third quarter last year. Both Makati and Ortigas land values are expected to increase by 4% in the next twelve months. However, Bonifacio Global City land values are expected to grow more by over 12% at the end of 2012 from the currently pegged P185,365 per sq m.

Makati CBD, Ortigas & Fort Bonifacio Average Land Values



Source: Colliers International Philippines Research

COMPARATIVE LAND VALUES					
PESOS / SQ M	4Q 2011	3Q 2011	% CHANGE (QoQ)	4Q 2012	% CHANGE (YoY)
MAKATI CBD	266,177 - 289,521	262,551 - 285,731	1.35%	276,842 - 301,102	4.00%
ORTIGAS CENTER	96,504 - 161,196	94,574 - 158,126	1.98%	100,364 - 167,644	4.00%
BGC	150,000 - 220,730	145,000 - 210,000	4.40%	162,225 - 253,816	12.00%

Source: Colliers International Philippines Research

LICENSES TO SELL

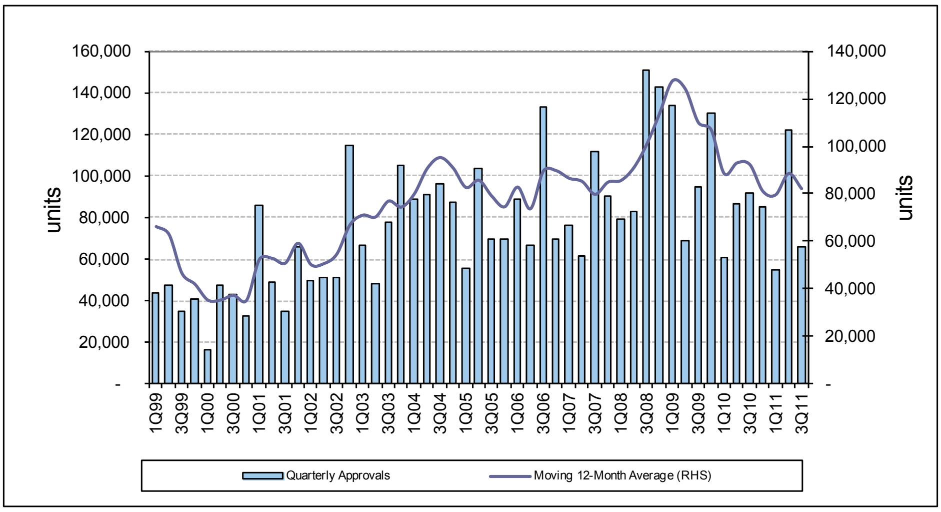
Total residential licenses issued by HLURB continue to decline annually with a 9% drop recorded as of October 2011. Licenses on socialized and economic segments contracted by 25.67% and 26.7% respectively but eased from the 28% recorded during the first nine months. In the same way, licenses on mid-income housing fell short by some 2,754 units which is 8% lower than the same period in 2010.

Developers remain geared towards residential condominiums as the licenses to sell in the same segment increased annually at an average of almost 50%. The latest data shows that there are some 44,570 issued high-rise residential licenses which is 37% higher than in the first ten months in 2010. Some of these include projects consisting of a high number of units: *Green Residences* in Manila (3,378 units), *Viceroy* in Taguig (1,240 units), *Amaia Skies Cubao Tower 1* in Quezon City (1,126 units) and *Solemare Parksuites Phase 2* in Paranaque (819 units). In the coming months, licenses will gradually increase in the high-rise residential segment since over 39,000 units of new projects were launched during the first nine months of 2011.

HLURB LICENCES TO SELL			
UNITS	JAN - OCT	JAN - OCT	% CHANGE YoY
	2011	2010	
Socialized Housing	30,821	41,440	-25.6%
Low-Cost Housing	38,539	52,572	-26.7%
Mid-Income Housing	29,356	32,110	-8.6%
High-Rise Residential	44,570	32,419	37.5%
Commercial Condominium	666	2,562	-74.0%
Farm Lot	444	174	155.2%
Memorial Park	103,888	87,389	18.9%
Industrial Subdivision	30	33	-9.1%
Commercial Subdivision	473	232	103.9%
Total (Philippines)	248,787	248,931	-0.1%

Source: Housing and Land Use Regulatory Board

HLURB Licenses



Source: Housing and Land Use Regulatory Board

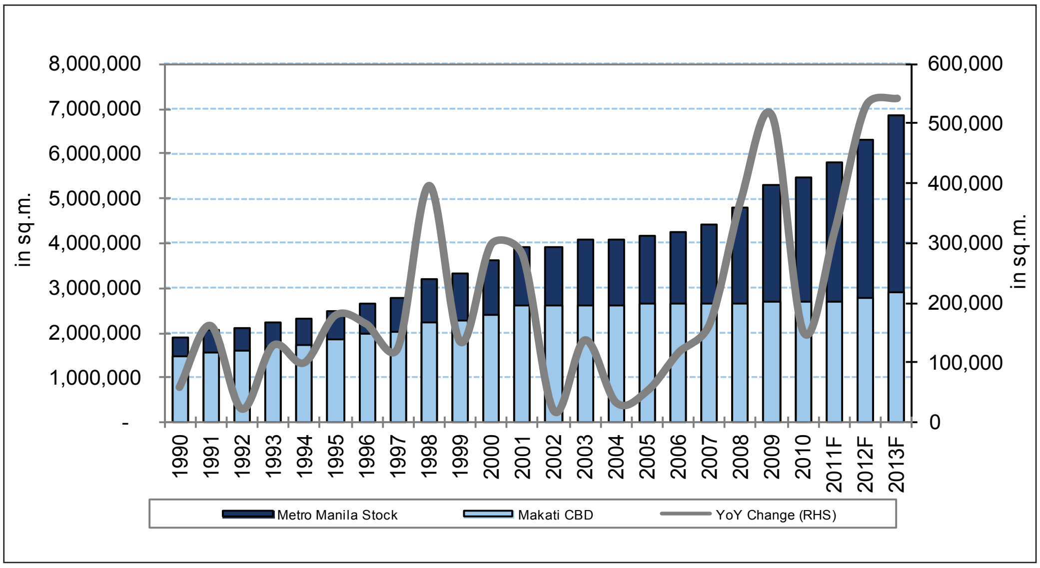
OFFICE SECTOR

Supply

The O&O industry remains the major source of growth in the commercial sector. According to the Business Processing Association of the Philippines, the industry's full-time employees are seen to number about 630,000 in 2011 which could absorb over two million square meters of office space. This reflects over 40% of the total office space in Metro Manila and may further build up as the number of employees is expected to reach over a million by 2016.

Following the completion of Science Hub 1 and BHS Central in Bonifacio Global City, Two E-com Center in Pasay, and Eton Centris 2 in Quezon City, over 100,000 sq m of net usable space was delivered in the fourth quarter last year. This brings the total office stock in Metro Manila to 5.7 million sq m which is expected to grow by a further 20% in a span of two years. Fort Bonfiacio carries the highest number of developments as registered in the pipeline. On the other hand, office development in the Makati CBD remains limited. In 2Q 2012, Zuellig Tower (57,000 sq m) remained the only new office building in the CBD for more than a decade. Other announced projects remain stalled except for the on-going construction of Alphaland Makati Tower (38,000 sq m) set to be completed in 2013.

Makati CBD vs. Metro Manila Office Stock



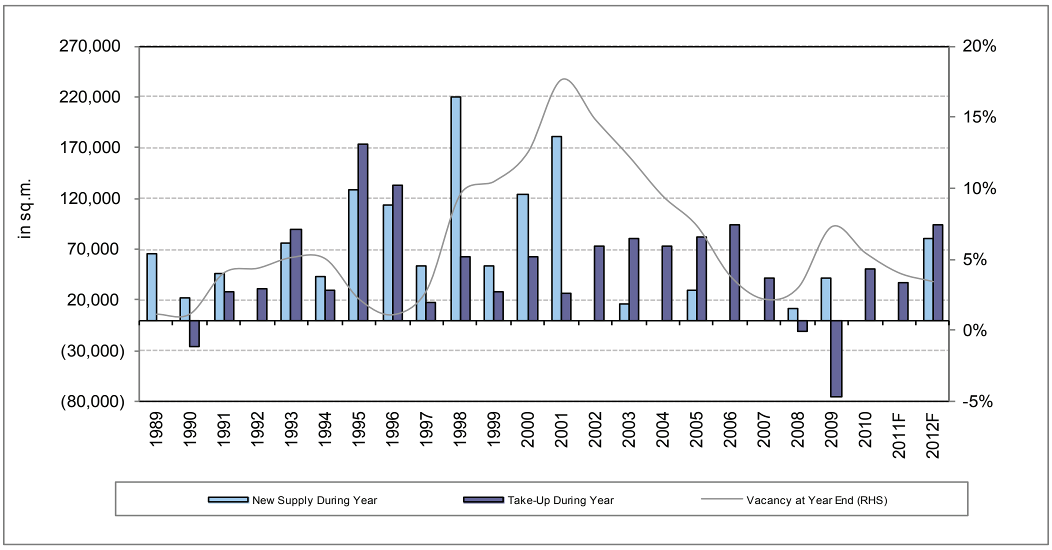
Source: Colliers International Philippines Research

OFFICE SECTOR

Demand

In 4Q 2011, the vacancy rate in the Makati CBD grew slightly to 4.08% from the 3.84% recorded over the previous quarter. This was derived mainly from the movement of Sun Life from Enterprise Center to its own office building in Bonifacio Global City. This has left an available space of some 10,000 sq m. Thus, the vacancy rate of premium buildings increased considerably from 1.90% to 5.52%. On the other hand, demand for Grade A and B offices remains strong with vacancy rates improving to 4.15% and 3.81% respectively. Despite the scarcity of commercial development sites and the threat of Bonifacio Global City (attracting back-offices and non-financial institutions), Makati, as a premiere location, is expected to continually pull vacancies down at the sub-3% level in the next twelve months. This amounts to over 93,000 sq m of net take-up which is more than twice the amount of 2011.

Makati CBD Office Supply and Demand



Source: Colliers International Philippines Research

MAKATI CBD COMPARATIVE OFFICE VACANCY RATES			
	4Q 2011	3Q 2011	4Q 2012F
PREMIUM	5.52%	1.90%	
GRADE A	4.15%	4.66%	
GRADE B & BELOW	3.81%	3.93%	
ALL GRADES	4.08%	3.84%	3.48%

Source: Colliers International Philippines Research

FORECAST OFFICE NEW SUPPLY				
LOCATION	End of 2010	2011	2012	2013
MAKATI CBD	2,699,696		80,353	115,082
ORTIGAS	1,126,018	19,332	37,930	69,720
FORT BONIFACIO	485,693	112,434	249,944	284,305
EASTWOOD	252,979	42,330	38,000	-
ALABANG	234,305	32,824	-	33,560
OTHER LOCATIONS*	685,362	81,007	142,910	23,000
TOTAL	5,484,053	287,927	549,137	525,667

Source: Colliers International Philippines Research
**Manila, Pasay, Mandaluyong, and Quezon City*

Rents

Landlord confidence towards the demand in the O&O industry pushed rental rates to consistently increase quarter-on-quarter. In the Makati CBD, premium rental rates averaged P850 per sq m in 4Q 2011 which was an increase of 1.13% quarter-on-quarter. Average rental rates for Grade A buildings grew by 1.7% to P696 per sq m and are starting to build-up to the P700 per sq m range similar to that in 2007. Grade B rental rates increased the highest by 2.4% to P481 per sq m on average and will eventually breach the P500 per sq m mark by mid-2012. Consequently, an average of an 8% year-on-year increase in rental rates is expected in the similar building type due to the continuous interest of contact centres relocating and expanding in the CBD.

COMPARATIVE OFFICE RENTAL RATES					
MAKATI CBD (BASED ON NET USEABLE AREA)					
PESOS / SQ M / MONTH	4Q 2011	3Q 2011	% CHANGE (QoQ)	4Q 2012F	%CHANGE (YoY)
PREMIUM	788 - 912	776 - 905	1.1%	832 - 950	4.8%
GRADE A	497 - 895	488 - 881	1.7%	535 - 947	6.3%
GRADE B	451 - 510	445 - 560	2.4%	501 - 543	8.8%

Source: Colliers International Philippines Research

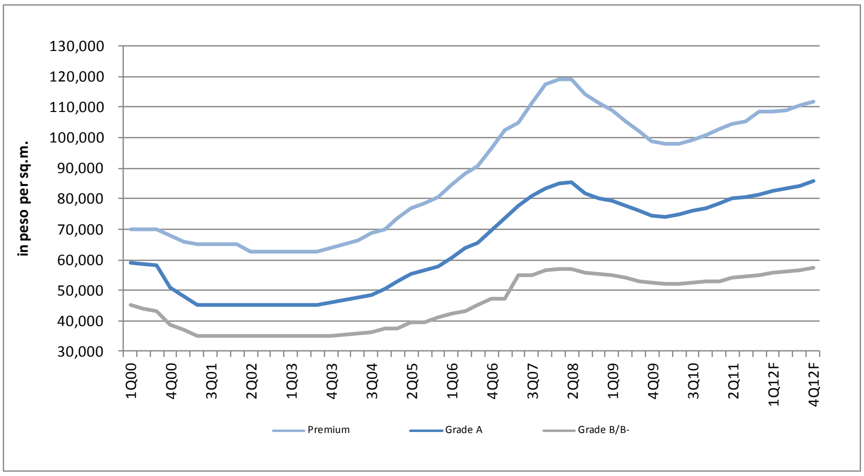
NOTABLE LEASING DEALS		
Building	Area	Size (sq m)
Two E-com Center Tower A	Pasay	2,678
One Corporate Centre	Pasig	7,545
Raffles Corporate Center	Pasig	3,343

Source: Colliers International Philippines Research

Capital Values

With the anticipated completion of Zeullig Tower, capital values for premium buildings started to increase drastically in 4Q 2011 to 3.49% or P108,800 per sq m– the highest quarter-on-quarter increase since 2009. By the time the building is completed, capital values are expected to peak at an average of P125,000 per sq m. Likewise, Grade A and B capital values increased by 1.4% and 0.9% respectively to an average of P81,400 and P55,000 per sq m.

Makati CBD Office Capital Values



Source: Colliers International Philippines Research

COMPARATIVE OFFICE CAPITAL VALUES					
MAKATI CBD (BASED ON NET USEABLE AREA)					
PESOS / SQ M	4Q 2011	3Q 2011	%CHANGE (QoQ)	4Q 2012F	%CHANGE (YoY)
PREMIUM	100,443 - 117,190	96,734 - 113,557	3.5%	117,112 - 131,530	14.2%
GRADE A	69,933 - 92,950	68,696 - 91,942	1.4%	71,978 - 99,847	4.9%
GRADE B	47,000 - 63,000	46,500 - 62,500	0.9%	48,992 - 65,806	4.1%

Source: Colliers International Philippines Research

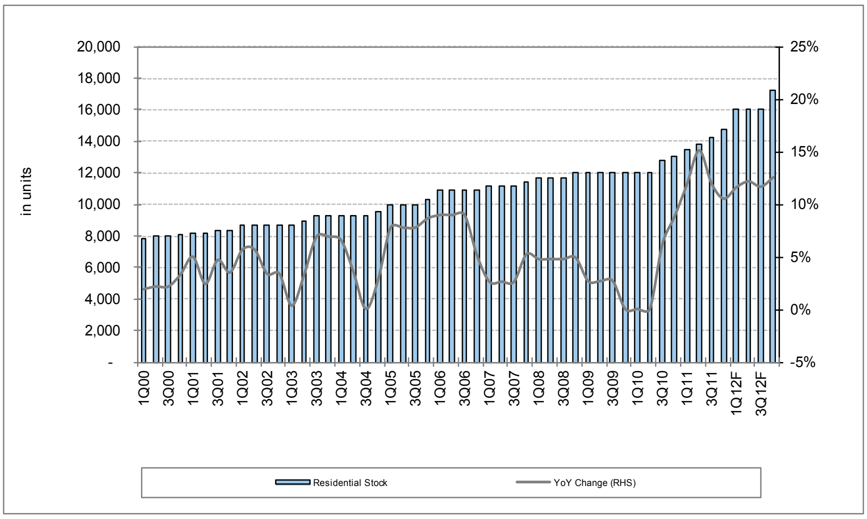
RESIDENTIAL SECTOR

Supply

High-rise residential condominiums continue to surge across Metro Manila with new launches translating to about 39,000 units in the first nine months of last year. The majority of these are in the mid-cost segment and are broadly located across the outskirts of the major business districts. Brisk sales from middle-income property developers last year imposes project launches to heighten in the succeeding months.

Across the major CBDs, the added stock in 2011 reached over 5,900 units and is 53% higher than in 2010. Some of the most recently completed buildings are Eton Emerald Lofts (540 units) and The Exchange Regency (785 units) in Ortigas, Greenbelt Excelsior (326 units) in the Makati CBD and One Rockwell West (504 units) in Rockwell Center. The completion of Raffles Residences, on the other hand, was moved to 2Q 2012. Currently, the total stock in the same district has reached about 14,700 units while over 2,000 units are expected to be completed annually over the next two years.

Makati CBD Residential Stock



Source: Colliers International Philippines Research

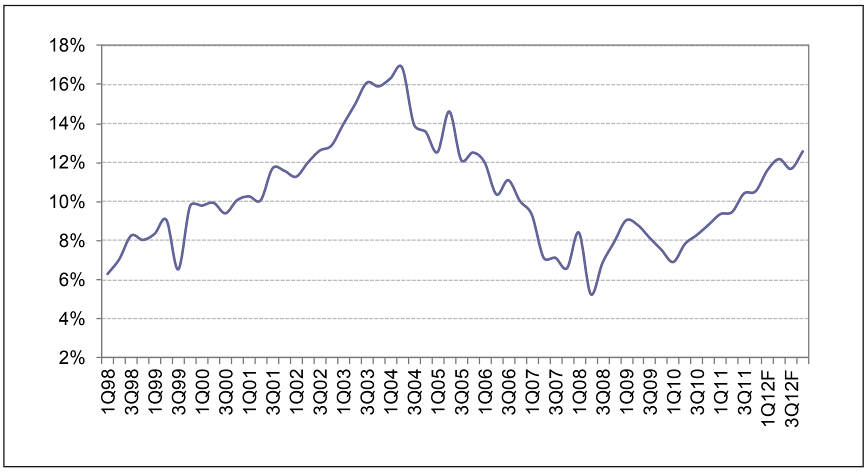
FORECAST					
RESIDENTIAL NEW SUPPLY					
LOCATION	(cumulative) 2010	2011	2012	2013	TOTAL
MAKATI CBD	13,076	1,659	2,483	2,105	19,323
ROCKWELL	2,382	1,336	-	-	3,718
FORT BONIFACIO	10,709	1,365	4,099	2,397	18,570
ORTIGAS	7,481	1,604	672	1,379	11,136
EASTWOOD	5,735	-	558	977	7,270
TOTAL	39,383	5,964	7,812	6,858	60,017

Source: Colliers International Philippines Research

Demand

Residential vacancies across all grades remained generally stable in 4Q 2011 at the sub-10% level. Premium vacancy was the same at 6.2% while Grade A slightly increased to 8.36% from the 8.09% recorded over 3Q 2011. Grade B vacancy remained the highest, yet dropped marginally by 13.41%. The same segment continues to have the highest number of units for lease which ended in a net take-up of some 230 units less than in 2011. Overall vacancies are expected to reach 12% in the next twelve months.

Makati CBD Residential Vacancy



Source: Colliers International Philippines Research

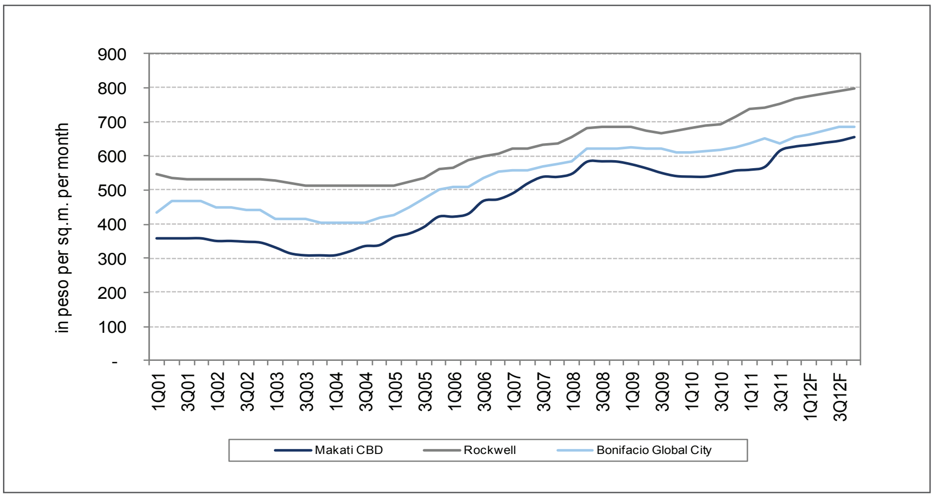
MAKATI CBD			
COMPARATIVE RESIDENTIAL VACANCY RATES			
	4Q 2011	3Q 2011	4Q 2012F
LUXURY	6.2%	6.2%	
OTHERS	10.9%	11.0%	
ALL GRADES	10.5%	10.4%	12.6%

Source: Colliers International Philippines Research

Rents

In 4Q 2011, luxury three-bedroom rental rates in the Makati CBD reached P630 per sq m or 1.94% higher than in the previous quarter. While expatriate demand continues to shift to Bonifacio Global City due to its newer residential buildings, rental rates in Makati are expected to increase by only 4.5% in the next twelve months against the 6% expected on the prior. Rental rates in Bonifacio Global City are currently at P655 per sq m which translates to P163,750 monthly rent for a premium 250-sq m unit. In Rockwell Center, luxury three-bedroom rental rates continue to rise by over 2.2%, as vacancy rates drop to the sub-2% level and while the supply remains constricted. Current rental rates average P770 per sq m and may breach the P800 per sq m range by the end of 2012.

Makati CBD, Rockwell, Bonifacio Global City
Prime 3BR Units Residential Rents



Source: Colliers International Philippines Research

METRO MANILA RESIDENTIAL CONDOMINIUM COMPARATIVE LUXURY 3BR RENTAL RATES					
PESOS / SQ M / MONTH	4Q 2011	3Q 2011	% CHANGE (QoQ)	4Q 2012F	% CHANGE (YoY)
MAKATI CBD	415 - 840	397 - 835	1.9%	451 - 860	4.5%
ROCKWELL	660 - 875	650 - 853	2.2%	687 - 911	4.1%
BONIFACIO GLOBAL CITY	543 - 768	537 - 755	1.5%	570 - 820	6.0%

Source: Colliers International Philippines Research

COMPARATIVE RESIDENTIAL LEASE RATES THREE-BEDROOM PREMIUM, SEMI-FURNISHED			
	MINIMUM	AVERAGE	MAXIMUM
Apartment Ridge / Roxas Triangle			
Rental Range	70,000	170,500	250,000
Average Size	230	270	350
Salcedo Village			
Rental Range	55,000	75,000	135,000
Average Size	170	190	320
Legaspi Village			
Rental Range	55,000	150,000	200,000
Average Size	170	120	230
Rockwell			
Rental Range	120,000	154,000	230,000
Average Size	180	250	330
Fort Bonifacio			
Rental Range	90,000	185,000	215,000
Average Size	130	250	300

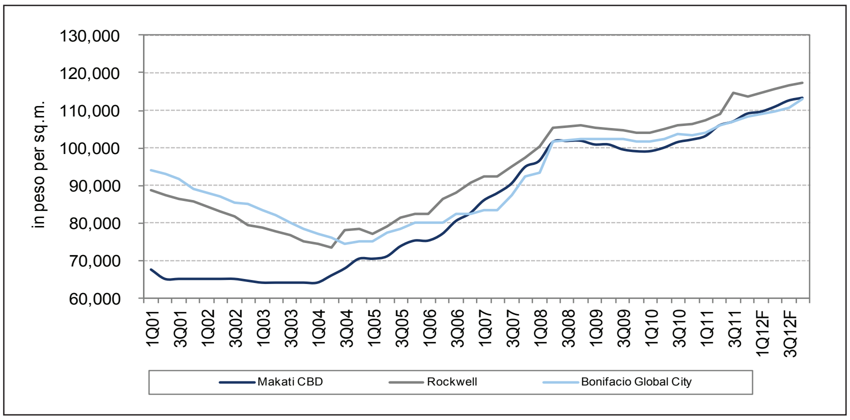
Source: Colliers International Philippines Research

Capital Values

Average capital values for a premium three-bedroom condominium unit in the Makati CBD have already exceeded that of Bonifacio Global City after being virtually the same at P107,000 per sq m. In the fourth quarter of last year, the Makati CBD capital values increased by almost 2% to an average of P109,215 per sq m, slightly higher than the P108,373 registered in Bonifacio Global City. Expectations on capital values in both locations are set to increase by 4% over the next twelve months.

In Rockwell Center, capital values rose by 1.4% to an average of P133,000 per sq m. This remains the highest across the CBDs. With limited project completions over the next two years, capital values are expected to grow sluggishly by just 3% until the end of 2012.

Makati CBD Residential Capital Values



Source: Colliers International Philippines Research

METRO MANILA RESIDENTIAL CONDOMINIUM COMPARATIVE LUXURY 3BR CAPITAL VALUES					
PESOS / SQ M	4Q 2011	3Q 2011	% CHANGE (QoQ)	4Q 2012F	%CHANGE (YoY)
MAKATI CBD	74,230 - 144,200	73,638 - 140,699	1.9%	76,629 - 150,349	3.9%
ROCKWELL	94,069 - 133,041	92,920 - 131,074	1.4%	96,251 - 138,167	3.2%
BONIFACIO GLOBAL CITY	89,212 - 127,533	88,514 - 125,724	1.2%	90,737 - 135,203	4.2%

Source: Colliers International Philippines Research

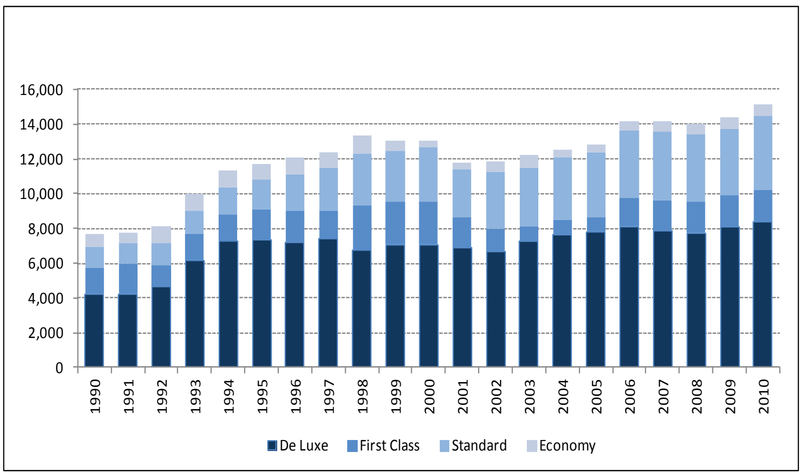
HOTEL & LEISURE

Supply

Investors are kept positive in their outlook on the hotel and leisure industry as key market scenarios had a favourable impact on the tourism sector last year. This includes the rise in business and leisure travel which was driven by competitive travel packages, discounted rates of different airlines and agencies, and heightened local tourism campaigns, over a backdrop of a generally stable economy. The latest government data shows that in the first eleven months of 2011, international arrivals reached 3,522,887 or a 12.6% increase over the same period a year ago, even topping the total arrivals of 3,520,471 recorded in the full year of 2010. Similarly, air passengers continued to increase by 14.1% to 14.03 million from January to September last year.

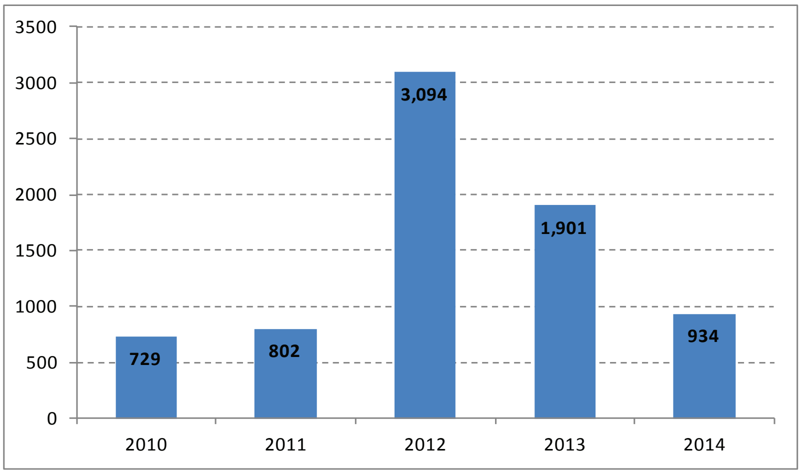
As a result, hotel room inventories in Metro Manila continue to increase annually with last year posting over 800 new units delivered. These hotels include Acacia Grove Hotel (262 rooms) in Alabang, F1 City Center (240) in Bonifacio Global City and the recently completed Remington Hotel (300 units) in New Port City. Over 20 more hotel developments are expected to be completed in the course of two to three years translating to almost 6,000 hotel rooms all over the metro area. Projects continue to be geared towards the boutique and budget types, businessman hotels, and particularly gaming hotels in anticipation of the development of the PAGCOR Entertainment City in Pasay.

Metro Manila Hotel Room Stock



Source: Department of Tourism

Forecast Hotel Room Supply



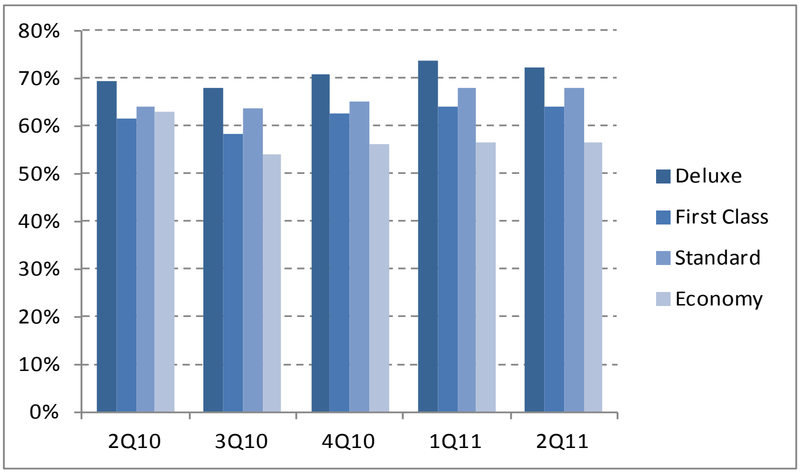
Source: Colliers International Philippines Research

Demand

As of the first 6 months of last year, overall hotel occupancy was at 65% and has managed to even out over the last two years. The highest occupancy level manifested across the deluxe-type rooms at an average of 73% followed by the standard, first-class and economy hotels with 68%, 64%, and 57% respectively. Furthermore, the length of stay slightly improved to 2.43 days from the 2.34 days over a year ago across all hotels. The longest stay was more than three days on average at the deluxe type.

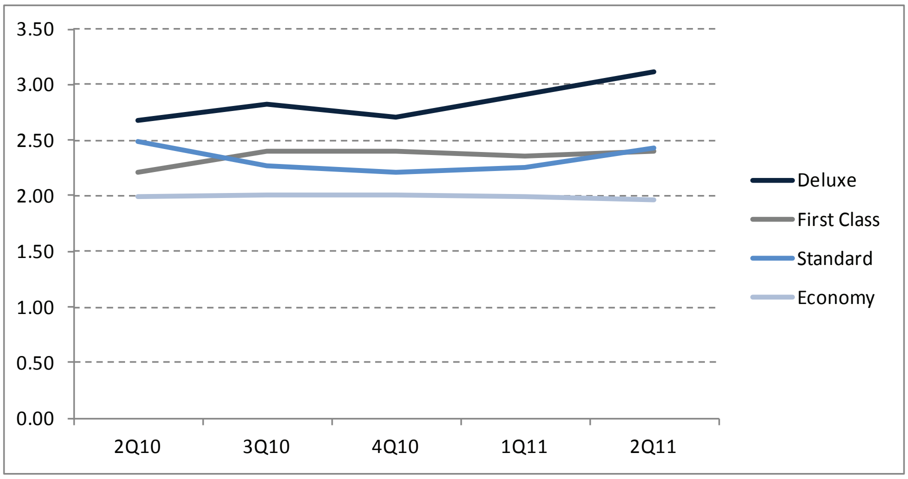
Expectation on occupancy is to exceed 65% at the end of this year considering the increase in visitor arrivals particularly towards the holiday season. Together with the new tourism campaign and continuous government efforts, ten million tourists are projected to visit the country in the span of five years. However, this remains insufficient to breach the 70% occupancy range or similar to the 2006 - 2008 level when the average number of international visitors reached over three million per year. Furthermore, considerations should continue to delve on the construction of quality hotel rooms, full implementation of the open sky policy, immediate development of key infrastructure (airports and major roads & highways), and further promotions of eco-tourism.

Metro Manila Hotels – Average Occupancy Rate



Source: Department of Tourism

Metro Manila Hotels – Average Length of Stay



Source: Department of Tourism

Rates

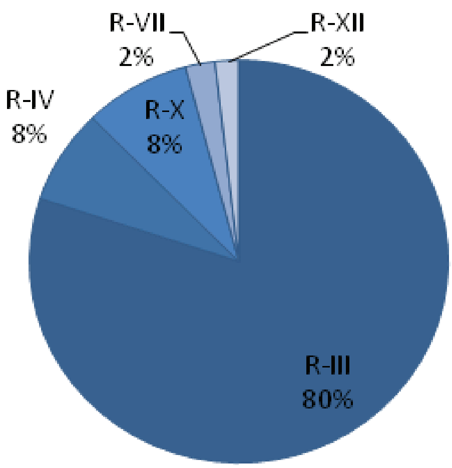
Average room rates in Metro Manila increased slightly by 0.78% to US$215. Both five-star and four-star hotels increased minimally by 1.2% and 0.8% to US$259 and US$257, respectively. On the other hand, average rates per night at three-star hotels remained the same at US$129 as occupancies dipped by almost 10% as of 1H 2011.

INDUSTRIAL

Supply

Among the 64 operational economic zones registered with the Philippine Economic Zones Authority (PEZA) almost half are located in Cavite, Batangas and Laguna – the nearest provinces to Metro Manila with major sources of processing and storage facilities. Over a year, there have been 63 approved economic zones in the region which translates to about 7,360 hectare. However, more than half of them are still in progress while only 38% have been declared operational. As of August of last year, the area of the manufacturing economic zones is unchanged at 3,800 hectare. Of these, all of the proclaimed sites failed to reach operational status while the number of PEZA-registered locators continues to weaken. This is similar to the case of Pampanga Export Processing Zone and the Poro Point Special Economic Zone. The others however, are in the construction phase including the following: South Coast Ecozone (195.54 ha), RLC Special Economic Zone (87.43 ha), First Batangas Industrial Park (53.81 ha), Cavite Productivity Economic Zone (116.22 ha), Cavite Eco-Industrial Estate, (104.95 ha), and Fil-Estate Industrial Park (80.62 ha).

*Philippine Industrial Supply Stock (Manufacturing)



** PEZA accredited economic zones*
Source: Philippine Economic Zone Authority

* INDUSTRIAL SUPPLY STOCK (MANUFACTURING)	
Region IV	Hectares
Batangas	1,004.63
Cavite	800.24
Laguna	1,023.43
Total	2,828.30

** PEZA accredited economic zones*
Source: Philippine Economic Zone Authority

Demand

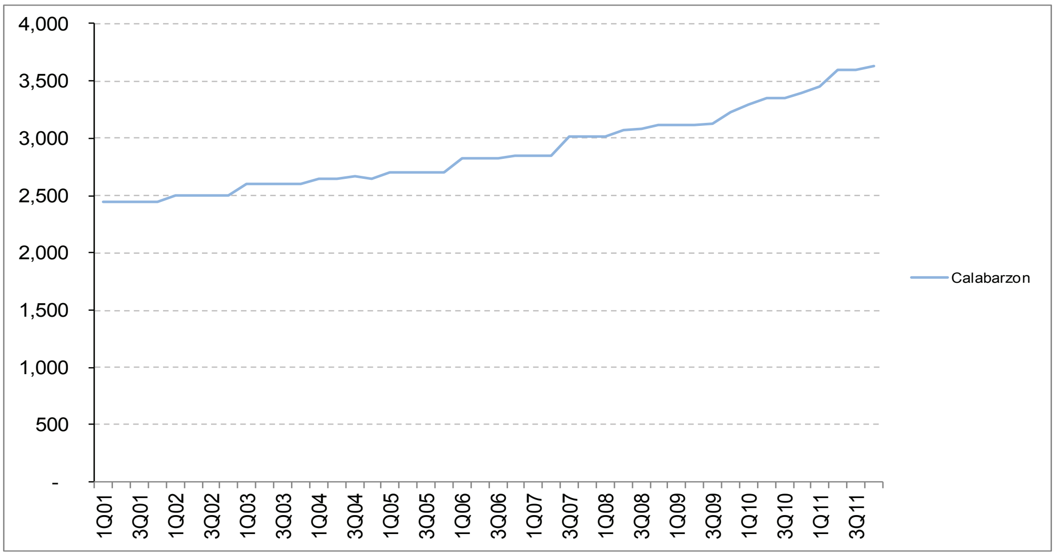
The tragedies which damaged major processing and storage facilities in Japan and Thailand have recently surface interests on manufacturers relocating to alternative countries such as the Philippines. However, most of these queries are yet to materialize and the industry continues to suffer from weaker global and domestic demand. The latest government data shows that the country's export revenue in November of last year dropped by 19.4% to US$3.342 billion compared to the US$4.088 registered over the same period in 2010. Similarly, export receipts on manufactured goods (which comprises 80% of total exports) decreased by almost 24% to US$2.703 billion.

Consequently, vacancies in Region IV remained at the 12% level with a minor uptick of 0.11% from the first to the second half of last year. Average vacancy in Batangas and Cavite is unchanged at 3% and 7% respectively, while in Laguna vacancies increased marginally to an average of 25% - the highest among the said provinces.

* INDUSTRIAL VACANCY RATES 1H11 (MANUFACTURING)	
Region IV	
Batangas	3.07%
Cavite	6.60%
Laguna	24.66%
Total	11.61%

** PEZA accredited economic zones*
Source: Colliers International Research

Region IV Industrial Land Values



Source: Colliers International Research

Rates

As of the second half of 2011, land leasehold rates and lease rates for warehouses and standard factory buildings in the region experienced minor upticks of 1% and 0.51% to P22.46 and P163.76 per sq m respectively. The outlook is that rates will be stable over 1H 2012 as demand remains constantly flat. Average land values appreciated by 1% quarter-on-quarter to end last year at P3,630 per sq m.

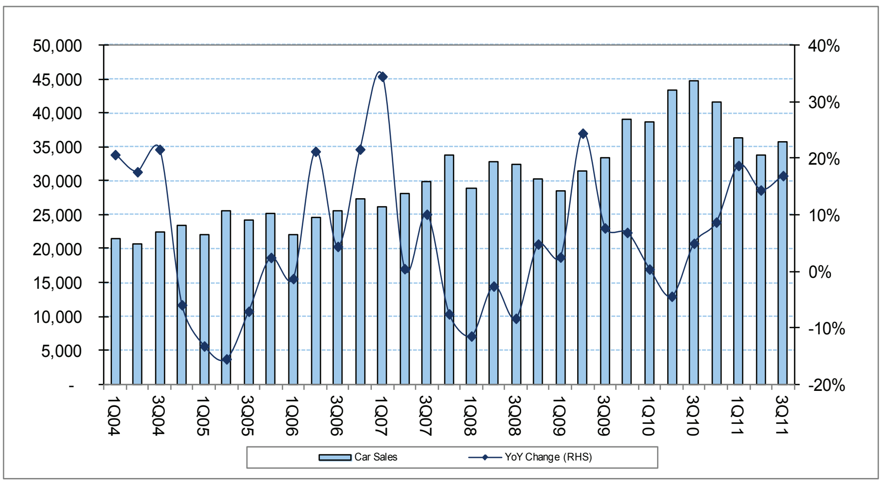
INDUSTRIAL LEASE RATES 1H11 (MANUFACTURING)	
Region IV	(Php/sq m/month)
Leasehold (Land)	22.46
Lease Rates (SFB)	163.76

**PEZA accredited economic zones*

Spending Indicators

With the normalization of Japan's auto industry, monthly car sales steadily improved towards November of 2011 to peak at over 13,400 units. However, due to the recent floods which hit Thailand, the disruption of supply has resulted in a drop in the recent numbers of car sales. The latest data from the Chamber of Automotive Manufacturers of the Philippines Inc. (CAMPI) shows that the total vehicles sold during the first 11 months of last year contracted to 131,242 units, down by 1.9% compared to 2010. Commercial vehicles were slightly affected posting a decrease of 0.04% to just 53,752 units sold. Suffering a bigger loss were passenger vehicles which fell short by some 2,463 units from the 44,252 units sold in 2010. A sales recovery is expected to be seen this year as the take-up gradually increases upon the quick normalization of vehicle production.

Quarterly Vehicle Sales



Source: Chamber of Automotive Manufacturers of the Philippines

Colliers International at a glance*

Revenues: $1.8 Billion
Countries: 62
Offices: 522
Professionals & Staff: More than 12,300
Square Feet Managed: 1,250 Million*

*Based on 2011 results

All statistics quoted in US dollars.
*The combination of Colliers International and FirstService results in 2.2 Billion under management - 2nd largest in the world.

COLLIERS INTERNATIONAL PHILIPPINES
10F Tower 2 RCBC Plaza
Ayala Avenue, Makati City
Philippines
TEL +632 888 9988
FAX +632 845 2312
www.colliers.com

Karlo Pobre
Research Analyst
Consultancy and Valuation Services
Main +632 888 9988 ext.4030
Fax +632 845 2612
Email Karlo.Pobre@colliers.com

Paul Vincent Chua
Associate Director
Consultancy and Valuation Services
Main +632 888 9988 ext.4024
Fax +632 845 2612
Email paul.chua@colliers.com

David A. Young
Managing Director, Philippines
Main +632 888 9988
FAX +632 845 2312
Email David.a.Young@colliers.com

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