

PHILIPPINES

REVIEW OF OPERATIONS

Metro Manila - SM-KS Towers

SM-KS Towers is a proposed mixed-use development on a two-hectare site in Ortigas. It is within walking distance from major offices, shopping malls and hotels and when completed, will be one of the tallest landmarks in Ortigas. The development will comprise two 55-storey office towers and one 70-storey serviced apartment/hotel tower inter-linked with a six-storey retail podium. So far, the six basement levels of Phase 1 have been constructed up to the first basement and is expected to be completed by the third quarter of 1998. The development will be completed in phases according to market demand. Meanwhile, on part of the development site, is the existing Benguet Centre which is a six-storey office building. It has 9,160 sm of office space and remains fully let.



SM-KS Towers in Ortigas, is a mixed development comprising two intelligent 55-storey office towers and a 70-storey serviced apartment/hotel tower.

MARKET REVIEW

Pent-up demand for new office space

Due to the limited supply of new office space in Metro Manila over the last few years, the demand for good quality and modern office space remained strong in 1997. In Ortigas, vacancy rates averaged 6% in 1997 with only one office project offering 10,500 sm of office space completed in the second half of 1997. The vacancy rate in Ortigas is, however, expected to increase to 15% over 1998 with new supply of office space in 1998 projected at 191,000 sm. These are mostly "B" grade office space. Capital values have been steady at P62,500 to P68,000 for "A" grade space in Ortigas, but a modest decline is expected in 1998 with the new supply coming onstream.