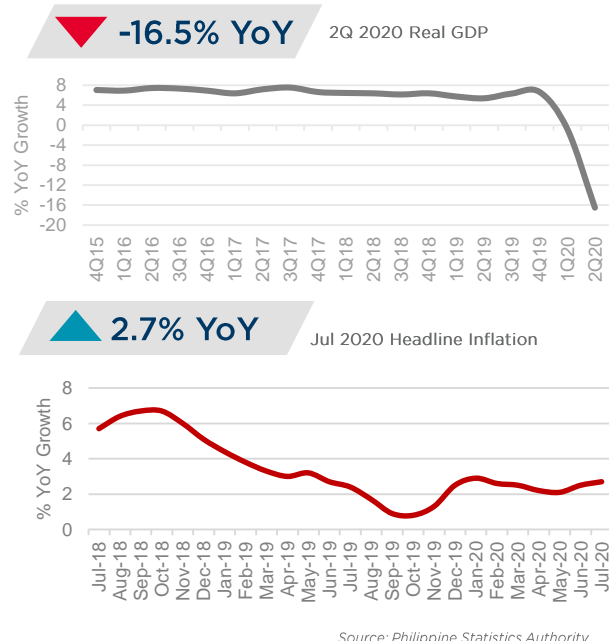




## GENERAL PROPERTY

Over the past six years, the country's property stocks performed better than the main-share Philippine Stock Exchange index (PSEi) until the COVID-19 pandemic drags its performance to its worst first-half since 2008. Now faring below PSEi, the property index crashed by roughly 27% during the first half of 2020. Faced with pandemic induced uncertainties and weakening demand for real estate, the sector took a 30% slash to its USD 36 billion market capitalization. [Read the original article](#)

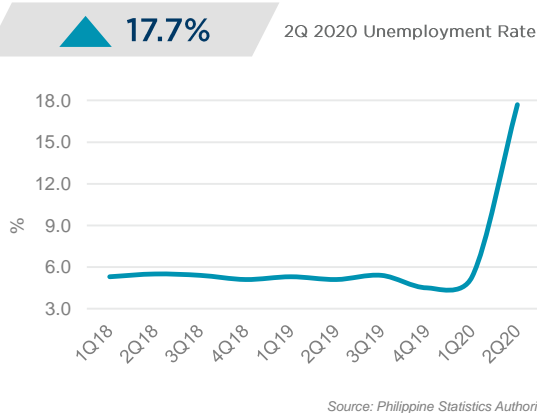
C&W believes that the continued surge of infections and indefinite length of the crisis will continue to batter the performance PSE's property gauge. With the absence of a strong market stimulus, investors will remain cautious especially with the dimmed outlook on the hospitality and retail sub-segments and mixed sentiment in office and residential sub-sectors.



## OFFICE

As businesses adopt flexible working spaces as part of their long-term business continuity plan, WeWork Philippines recorded a 10% increase in member enterprises since the onset of the community quarantine, between the period of March to July, wherein flexible working arrangements are widely implemented. Member enterprises include those with heavy IT and security requirements that are likely to commit to a longer-term, as well as enterprises that are trying to move to smaller spaces to minimize real estate costs. [Read the original article](#)

While the boost in demand for flexible working spaces is seen to persist even in the post-pandemic era, C&W sees that the return to workplace will evolve in a varied ecosystem, where core office hubs and sub-urban spokes will manage to co-exist. This trend is expected to persist as work arrangements are expected to remain flexible, as some of the workforce will choose to remain in the work-from-home mode. Meanwhile, the strict observance of health and safety measures in workplaces is expected to continue and be highlighted even post-pandemic period.





## RESIDENTIAL

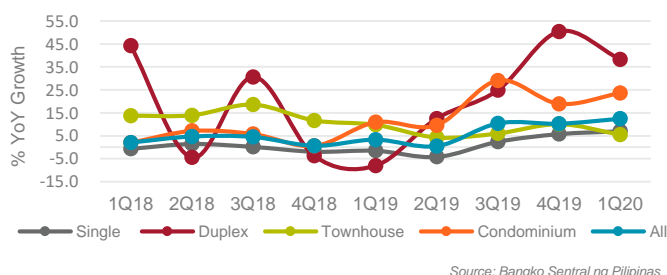
USD 2.74B

Jun 2020 OF Personal Remittances



12.4% YoY

1Q 2020 Residential Real Estate Price Index (Q1 2014 = 100)



Source: Bangko Sentral ng Pilipinas

- The demand for residential real estate is pointed towards areas outside the central business districts (CBDs) as the seekers are trying to avoid places with high crowd concentration. Moreover, given the limitations in the availability of public transportation, seekers of residential property give preference to locations that are in close proximity to their workplaces. While this preference shift is deemed transitory, the pandemic prompts seekers to rethink home buying considerations. Lamudi also noted a significant reduction in website leads for vertical residential developments while leads for house and lot are gaining traction. [Read the original article](#)
- The COVID-19 situation clearly presents new alternatives in making home-buying decisions. Especially with the mobility restrictions that arise from this pandemic, it stresses the advantage of integrated developments where there is easy access to the dwelling and the workplace. Workplace location preferences will continue to vary but there is likely to be an increase in "home first" preference. C&W believes that this crisis will encourage the creation of new growth areas outside the CBD's, reinforced with the completion of various infrastructure developments that improve the overall connectivity to and from major markets.

## HOSPITALITY

- Following the travel restrictions since the onset of the lockdown period that led to zero tourist arrivals recorded from April to July this year, the 7-month period foreign visitor arrival is registered at only 1.3 million, a 73% drop from 4.64 million recorded in the same period last year. Similarly, the revenue generated from tourism activities is down by 72% to only PHP 81 billion from PHP 289 billion during 7-month period last year. The country's tourism sector is now betting on the revival of domestic tourism, which could start under the modified general community quarantine, to reboot the business activities of the hotel and resort segments. Citing a

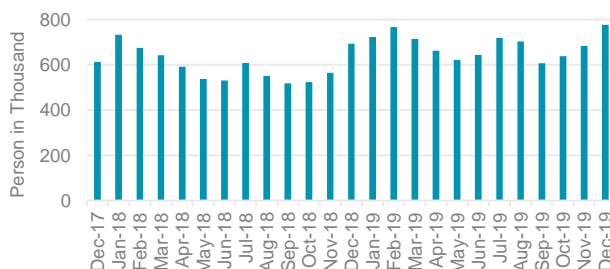
survey conducted by DOT, around 77% of surveyed Filipinos are willing to travel even with the absence of a vaccine. [Read the original article](#)

- The hospitality sector, which is heavily reliant in tourist arrival growth, is undoubtedly among the hardest hit property sector of the pandemic. While full recovery remains uncertain, developers of hotel and tourism developments can consider repurposing their assets to other uses, as some major developers have already done in many parts of the country – among them, converting hotel spaces to office space or flexible workplaces.



776,798 Person

Dec 2019 Foreign Visitor Arrivals



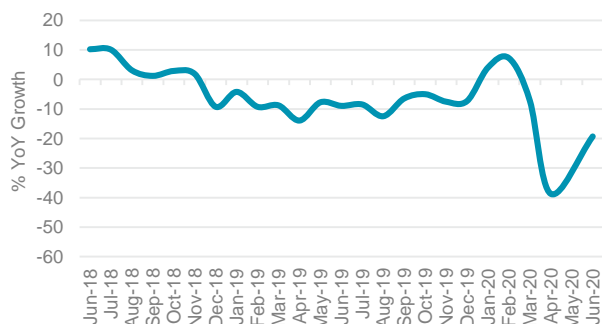
Source: Department of Tourism



## INDUSTRIAL/LOGISTICS

**-19.33% YoY**

Jun 2020 Volume of Production Index



Source: Philippine Statistics Authority

- A courier company recognizes the relevance of automation in keeping up with the country's logistics challenges. Focusing on communicating tech logistics solutions to the market, MrSpeedy, presents the following solutions to assist the growing e-commerce community: (1) API Integration allows the direct linkage between an e-commerce app or website and the MrSpeedy network to carry out the logistics requirement of an online transaction; (2) E-commerce Modules allow the ability for online store management even with unfamiliarity in technical knowledge or skills; and (3) ChatGenie allows

online checkout experience on Facebook messenger by integrating an existing Facebook page with MrSpeedy.

[Read the original article](#)

- The unprecedented growth of e-commerce during the community quarantine lockdowns paved the way for opportunities in the country's logistics and warehousing market. Among the factors that will further drive this growth is the continued enhancement in digital infrastructure and transport system that will allow seamless and efficient logistics solutions.

## RETAIL

- Megaworld Corporation has unveiled the pilot product of its PHP 250 million digitization investment, a start-up brand called PICK.A.ROO which is also the first homegrown lifestyle delivery mobile app. PICK.A.ROO targets to gather around 300 local and international merchants for a variety of product offerings including food, gadgets, hardware, and personal care. The new mobile app aims to assist retailers to have a seamless transition to the digital platform especially during situations similar to the current pandemic that took a huge hit in the retail sector. The real estate company announced the establishment of its digital subsidiary, AGILE Digital

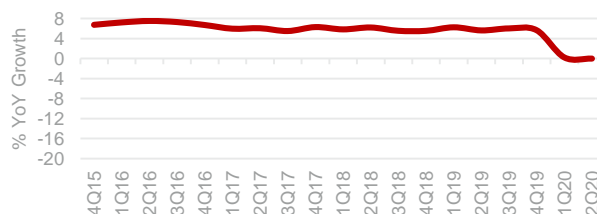
Ventures, to handle technology startup investments in F&B, retail, and hospitality industries. [Read the original article](#)

- E-commerce saw an accelerated boost in demand during the length of the pandemic as consumers consider going online as a better option than going to brick-and-mortar establishments. Hence, adopting digitization is seen as very crucial for retailers to thrive in a challenging environment. Meanwhile, the heavily weighed down consumer sentiment dampens recovery prospects of the retail sector, as consumers avoid unnecessary expenditures.



**-15.5 % YoY**

2Q 2020 Real Household Spending



Source: Philippine Statistics Authority





# Contacts

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