



## GENERAL PROPERTY

Real estate stakeholders are urging the passage of the National Land Use Act into law in order to ensure that future infrastructure projects will serve not only the established business hubs but also the surrounding communities. The proposed legislation will formulate a framework plan of utilization and management of the land and other physical resources at the national and sub-national levels, creating a clearer delineation of the four land-use categories which are the protection land use, production land use, settlement development, and infrastructure development. Moreover, the bill passage will facilitate the creation of a “National Mapping and Spatial Data Infrastructure Program” that will take charge of building base and

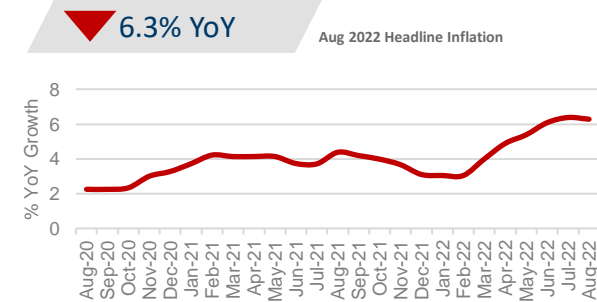
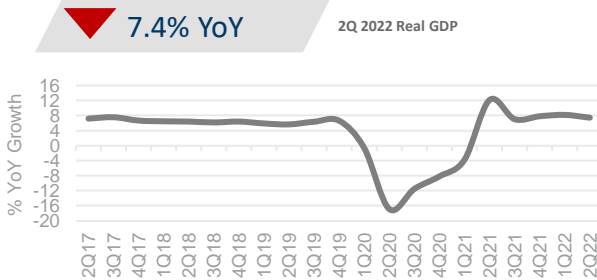
decision maps and associated spatial databases for all planning levels.

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➤ *The Philippines has long been battling the congestion woes in highly-urbanized areas that are seen to further worsen as economic expansion remains concentrated in the major business hubs. Formulating an efficient land use plan is critical in the sustainable development of the country as the appropriate utilization of land resources will maximize the economic benefits of future infrastructure projects, allowing for the creation of transit-oriented communities and guiding real estate developers to spur developments in the provinces.*

News article cited

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Source: Philippine Statistics Authority

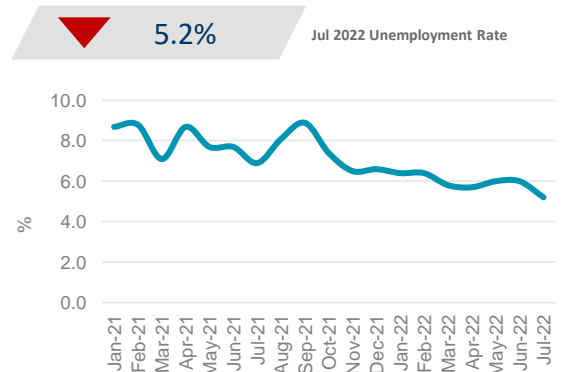
## OFFICE

The IT-business process management (IT-BPM) industry reports strong numbers in 2021 as the industry thrived in the implementation of work-from-home arrangements, noting that no sacrifices were made in terms of productivity even when employees work remotely. In 2021, the industry reported an increase in employment to 1.44 million, a 9.1% increase from last year which translates to around 120,000 new jobs created. Similarly, the industry’s revenue rose by 10.6% to PHP 29.49 billion in 2021. The IT and Business Process Association of the Philippines (IBPAP) further noted that around 30% of the industry’s total workforce has relocated to the countryside which presents an opportune time for the establishment of new BPO hubs in these areas. Encouraging the development of new BPO hubs in the countryside and in the provinces is seen to not only decongest the major business districts but will also

foster the growth of the BPO industry across the country.

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➤ *Promoting business opportunities in the countryside is key to the country’s pursuit of inclusive growth. Nonetheless, encouraging business hub creation in the countryside remains a challenge with inadequate infrastructure and services that entail investment priorities, as well as the creation of investment incentive schemes to attract local and global players.*



Source: Philippine Statistics Authority

News article cited

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## RESIDENTIAL

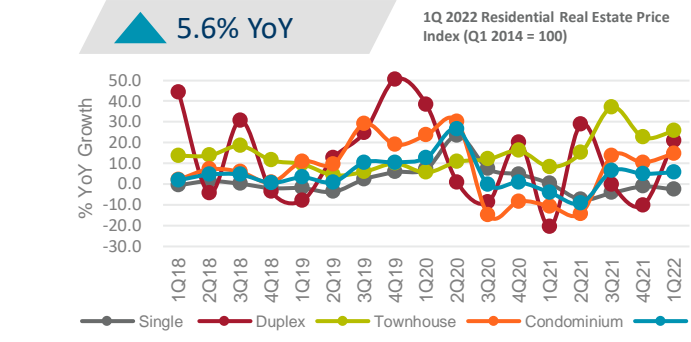
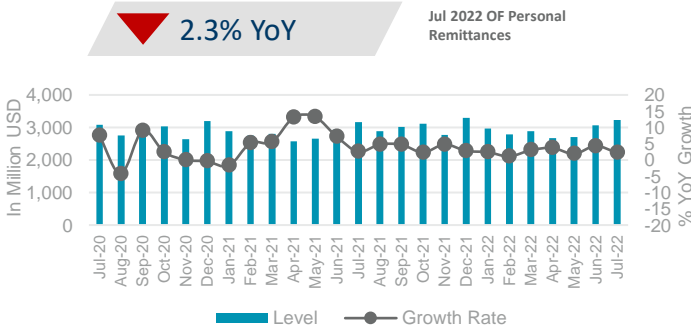
In a recent study by the Philippine Institute for Development Studies (PIDS), the 30% income standard used to gauge housing affordability may be unachievable for low-income households, noting that even the families belonging to this income class were given a 20% down payment subsidy to avail the socialized housing, they will still not be able to sustain the amortization payments. The study further noted that most households, including those who live in highly urbanized cities and those with large families, can only afford socialized housing which, in most cases, is in areas away from employment or livelihood centers. The 30% income standard, as outlined in Section 2 of Batas Pambansa 220 (BP 220), dictates that socialized and economic housing developments should be within the 30% of gross family income, which is considered the affordability level, as determined by the National Economic and Development Authority (NEDA). The PIDS, however, challenges the validity of this standard as they argued that it has not been fully established in the

Philippines and that with this method, housing stress will be felt by only 8% of families in urban areas, as opposed to the estimates using the Residual Income Method which show that housing stress is being experienced by 21% of these families. With these findings, PIDS further noted that a number of families that should benefit from socialized housing will be left out should the government revises the socialized housing price ceiling based on the 30% standard.

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➤ *The long-standing affordable housing dilemma in the country arises from the deficient framework and inadequate participation of the private sector which is mainly due to the lack of profitability in this segment. Tackling the affordable housing issues demand careful policy deliberation that will consider both the "low-income" status of many households that should benefit from these developments while also encouraging more private sector engagement in this area.*

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Source: Bangko Sentral ng Pilipinas

News article cited

## HOSPITALITY

Data from Civil Aeronautics Board (CAB) noted an increase in air passenger traffic volume in domestic and international flights by more than 400% from 2.95 million in 1H 2021 to 13.2 million in 1H 2022, whilst still below the pre-pandemic level which was at 30.5 million in 1H 2019. Domestic passengers continue to drive traffic volume, increasing by 385% to 9.69 million passengers in 1H 2022 from only 2 million a year ago. As the travel restrictions were continuously eased in the country, air passengers for domestic flights grew by 97% quarter-on-quarter (QoQ) in Q2 2022, while air passengers for international flights grew by 264% QoQ. Notably, the International Air Transport Association revealed that Asia-Pacific airlines recorded a 492% YoY increase in June 2022 traffic as

the region slowly opens to international travelers.

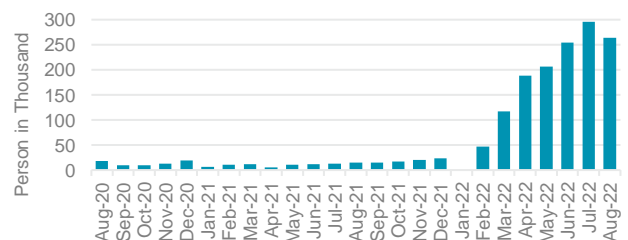
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➤ *The massive increase in air passenger traffic volume indicates that the recovery of the hospitality industry is underway, buoyed by local tourism activities. Whilst the full recovery path may not be linear as the travel and tourism industry still faces a challenging economic environment, the segment could work on the increasing need for digital technologies adoption while anticipating the resurgence of international visitors.*



**263.5 Th Persons**

Aug 2022 Visitor Arrivals



Source: Department of Tourism

News article cited

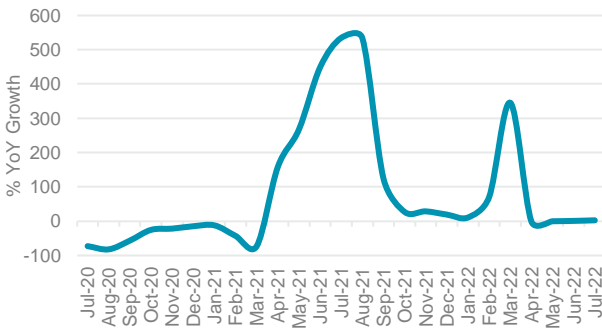
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## INDUSTRIAL/LOGISTICS

**2.5% YoY**

Jul 2022 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

□ The PLDT group plans on further expanding its data center facility footprint by about 1,500 racks by the end of Q4 2022 and another 1,500 racks by end of 2023, concurrent with the completion of its 11th Vitro Data Center facility located in Sta. Rosa, Laguna. The PLDT group’s network of data centers has a current total rack utilization rate of 74%. The group expects to buoy its data center operations with the growing need of enterprises “to digitize their operations in order to drive business agility”, catering to the demand of both local enterprises and hyperscalers. The group’s expansion of its

data center facilities portfolio is seen to promote the government’s endeavor to encourage hyperscaler companies in locating to the country.  
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➤ *The data center real estate is seen to sustain its growth post-pandemic as the other segments of the property sector embrace digitalization. Data center boom in the Philippines is expected in the medium-term as traditional offices evolve to adopt hybrid operations, e-commerce platforms require seamless business operations, and enterprises welcome modernization..*

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## RETAIL

□ During the height of the pandemic, shopping mall operators have decided to defer or reduce rental rates to assist tenants from business disruptions. As mobility and operations of businesses gradually resume normalcy, shopping mall operators have also started to impose the previously deferred or reduced rental payments, thus, adding pressure to traditional retailers that are still trying to recover from the pandemic impacts. Moreover, physical stores are seen to face tighter competition with the proliferation of online shopping. The country’s wholesale and retail industry reported the greatest number of job losses which totaled

around 1.2 million jobs of which 192,000 are jobs from supermarkets and department stores, 189,000 from hardware stores, and 144,000 jobs from online or direct sales.

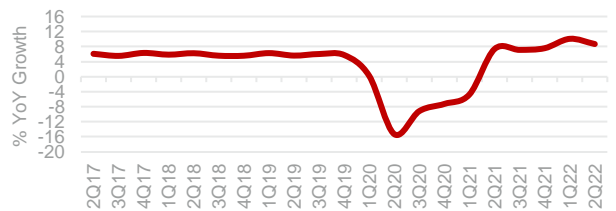
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➤ *Despite the increasing pressure on the general prices of goods and services, the retail segment will continue to thrive in the upcoming months as retail sales will likely surge during the holiday season. Nonetheless, the skyrocketing inflation may pose a threat to the segment’s long-term growth as the rising cost eventually affects small enterprises and most consumers.*



**8.6 % YoY**

2Q 2022 Real Household Spending



Source: Philippine Statistics Authority

□ News article cited

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