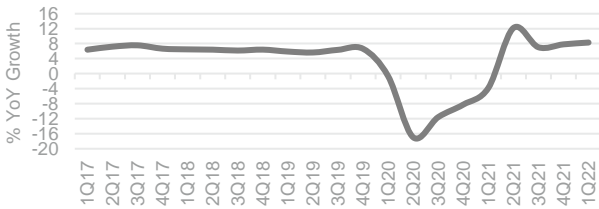




GENERAL PROPERTY

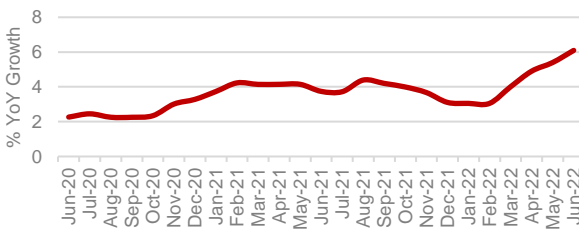
8.3% YoY

1Q 2022 Real GDP



6.1% YoY

Jun 2022 Headline Inflation



Source: Philippine Statistics Authority

□ The Philippine banks' exposure to the real estate segment grew from 22.01% in Q1 2021 to 23.3% in Q1 2022, whilst still within the real estate loan limit set by Bangko Sentral ng Pilipinas (BSP) which is at 25%. Investments and loans to the real estate segment reached PHP 2.85 trillion in end-March, up by 7.1% from its level during the same period in 2021. Loans to commercial real estate grew by 6.9% to PHP 1.55 trillion while loans to the residential property segment rose by 8% to PHP 908.65 billion. On the other hand, the gross non-performing loan (NPL) ratio to the real estate segment reached 5.04% from 4.79%, as the gross non-performing

real estate loans reached PHP 124.03 billion, an increase of 12.9% from its year-ago figure of PHP 109.84 billion. [Read the original article](#)

➤ *The elevated level of inflation in the short-term poses an increased possibility of default that could also further increase the gross non-performing loan (NPL) ratio in the short to medium term. Recent upward adjustments in the benchmark interest rates may also affect the level and accessibility for both retail and corporate bank financing.*

□ News article cited

➤ C&W Philippines Research view

OFFICE

□ In response to the government's challenge that firms enjoying tax perks can just forego their fiscal incentives to continue the work-from-home arrangements of their employees, the Information Technology and Business Process Association of the Philippines (IBPAP) noted that investors are unlikely to do so as they deemed these incentives as a crucial part of their investment decisions in the country. This is in contrast with the earlier statement by the Finance department that undermines the role of fiscal incentives after a BPO company – Concentrix, which is also one of the largest private employers in the country – decided to forego its fiscal incentives just to continue their hybrid work arrangement. The IBPAP argued that the difficult decision of

Concentrix was due to its strong urge to listen to the appeal of its employees who were mandated to fully work onsite after working from home for two years, and that incentives will remain vital in attracting and retaining investors.

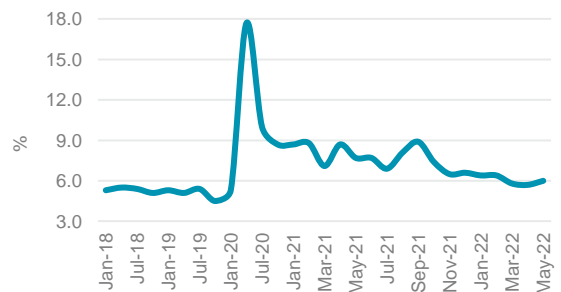
[Read the original article](#)

➤ *Fostering faster recovery of the office property sub-sector calls for up-to-date policies that will enhance its competitiveness. As many countries are now enabling flexibility and agility in their working arrangements, the local market should also work on the appropriate balance between remote and on-site work that would not discourage current and future locators but instead attract new ones.*



6.0%

May 2022 Unemployment Rate



Source: Philippine Statistics Authority

□ News article cited

➤ C&W Philippines Research view



RESIDENTIAL

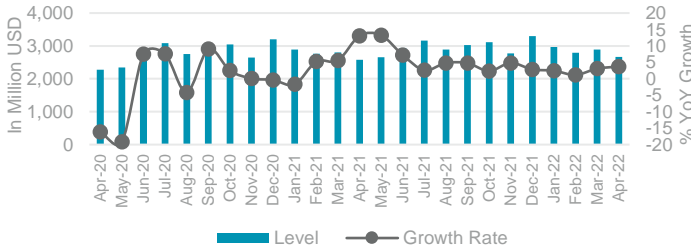
□ In the latest release of the BSP's Residential Real Estate Price Index (RREPI), residential property prices rose by 5.6% YoY in Q1 2022, faster than the recorded 4.9% YoY increase in Q4 2021 and a reversal from a contraction of 4.2% YoY in Q1 2021. In terms of property types, increases were observed in the prices of townhouses by 25.6% YoY, duplex housing units by 20.9% YoY, and residential condominiums by 14.7% YoY, while prices of single-detached/attached houses slid by 2.5% YoY. The latest RREPI is consistent with the results of the Q1 2022 Consumer Expectations Survey which also notes an increase in the number of consumers eyeing to purchase real estate property in Q1 2022. In the recent quarter, prices of

residential properties in Metro Manila grew faster by 9.5% YoY as compared to residential property prices in areas outside the capital region which rose by 5% YoY.
[Read the original article](#)

➤ *Residential prices in Metro Manila, particularly for condominium properties, are slowly bouncing back amidst the sustained reopening of the economy that allowed increased business activities in the capital region. However, the BSP's decision to raise the key policy interest rate to 3.25% and the higher level of overall prices could dent demand for residential real estate in the short to medium term.*

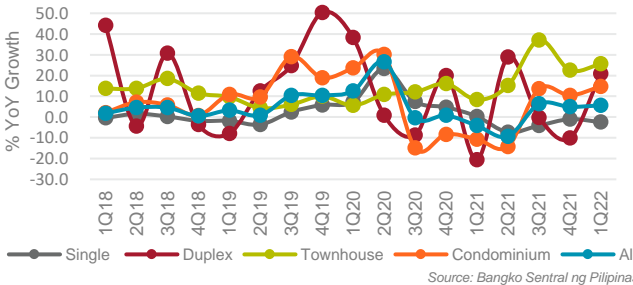
▲ 3.8% YoY

Apr 2022 OF Personal Remittances



▲ 5.6% YoY

1Q 2022 Residential Real Estate Price Index (Q1 2014 = 100)



Source: Bangko Sentral ng Pilipinas

□ News article cited

➤ C&W Philippines Research view

HOSPITALITY

□ The full recovery of the Philippine travel and tourism industry is eyed by 2024, according to the Philippine Hotel Owners Association (PHOA), citing reports from United Nations World Tourism Organization (UNWTO). The highly anticipated return of travel and tourism activities to pre-pandemic levels by 2024, however, remains highly vulnerable to the pandemic situation, global economic conditions, political and geopolitical situations, and other external factors. Without these major disruptions industry, stakeholders are optimistic that returning to pre-pandemic levels is possible by 2023, although the stakes are high due to the recent spike in fuel and food prices which may pose a challenge to the industry. In the past few months, hotel operators are seeing better occupancies with demand from

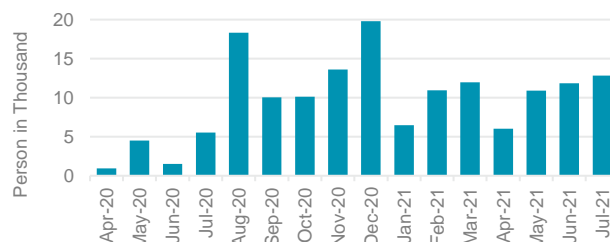
domestic travelers taking their summer vacations. Further, industry stakeholders are reiterating the big role of the successful containment of COVID-19 cases to sustain the industry's growth momentum, stressing the importance of vaccination and compliance with minimum health standards.
[Read the original article](#)

➤ *The country's travel and tourism industry largely hinges on demand from domestic travelers while international visitors are also coming back, albeit a little gradually. Whilst the ongoing pandemic and intermittent international border controls, as well as global geopolitical tensions, and inflation, remain as major threats, the increasing confidence to travel again signals that recovery is on track.*



▲ 11.8 Th Persons

Jul 2021 Foreign Visitor Arrivals



Source: Department of Tourism

□ News article cited

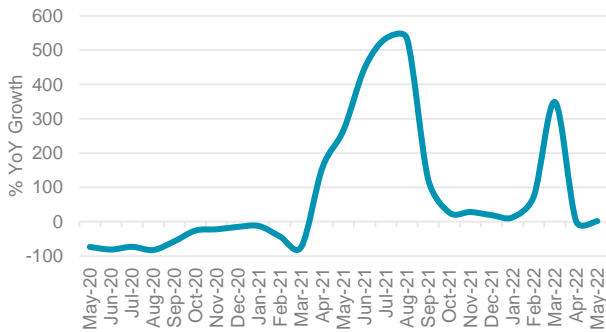
➤ C&W Philippines Research view



INDUSTRIAL/LOGISTICS

▲ 1.9% YoY

Apr 2022 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

□ AyalaLand Logistics Holdings Corp. (ALLHC) seeks to further expand its industrial real estate portfolio with its acquisition of a 55-hectare parcel of land in Batangas in the town of Padre Garcia. The site will be developed as Batangas Technopark, ALLHC's fifth industrial park which will cater to domestic and international light and medium, non-polluting industries. The future industrial park will also house ready-built and cold storage facilities under its industrial leasing brand, ALogis. The site in Padre Garcia town is ALLHC's second property in Batangas after its acquisition of the 4,000 sq.m ready-built facility in Sto. Tomas, Batangas earlier this year. In Q1 2022, the

company's warehouse leasing revenues rose by 54% YoY to PHP 191 million while unbooked reserved lots contributed to a decline in its industrial lot sales by 18% YoY to PHP 316 million.

[Read the original article](#)

➤ *The slowdown in global manufacturing and trade activities could be among the factors that contributed to slower demand for industrial lots. Nonetheless, investors in the industrial sub-sector pivoting to logistics and warehousing, which remains to be among the top performers of the real estate sector in the past few years, will continue to drive the industrial property boom in the market.*

□ News article cited

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RETAIL

□ In the 2022 research on digital disruption trends by the Carousel Media Group (CMG) and the Interactive Advertising Bureau Southeast Asia and India (IAB SEA+India), the younger generations, led by the millennial and Gen group, are fueling the resurgence of 'Recommerce'. In the Philippines, greater preference is given to sustainable and eco-friendly brands, according to 75% of the surveyed Filipino consumers. The bulk or 92% of the respondents also expressed their preference for products made from natural ingredients, while 90% prefer products made locally, driven by their decision to support the local economy and the perception that local products

are healthier and better options. Moreover, 55% of Filipino consumers have purchased or sold pre-loved items via the Carousel platform, noting some 25% prefer sustainability practices among sellers.

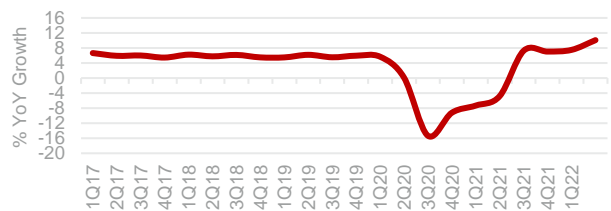
[Read the original article](#)

➤ *The rising trend of sustainability in consumer demand is seen to shape every aspect of the property sector. Whilst consumer convenience will remain a priority among shoppers, brands with consideration of environmental and social impacts in their business model will benefit with greater environmental, social, and governance (ESG) awareness among consumers.*



▲ 10.1 % YoY

1Q 2022 Real Household Spending



Source: Philippine Statistics Authority

□ News article cited

➤ C&W Philippines Research view

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