



GENERAL PROPERTY

Due to a combination of factors which include the Russia-Ukraine war, global oil price instability, rising interest rates, and the wait-and-see stance of investors on the policies of the Marcos administration, the level of approved foreign investment pledges declined to PHP 13.05 billion in Q3 2022, 22.4% lower than the recorded PHP 16.82 billion in Q3 2021. Nonetheless, the PHP 68.28 billion total foreign investment pledges in the first nine months of the year is a growth of 15.6% compared to last year's PHP 59.08 billion. In terms of foreign investments by country of investor, pledges were led by Japan (34.5%), South Korea (15.5), and Singapore (12.6%). In Q3 2022, the bulk of investment

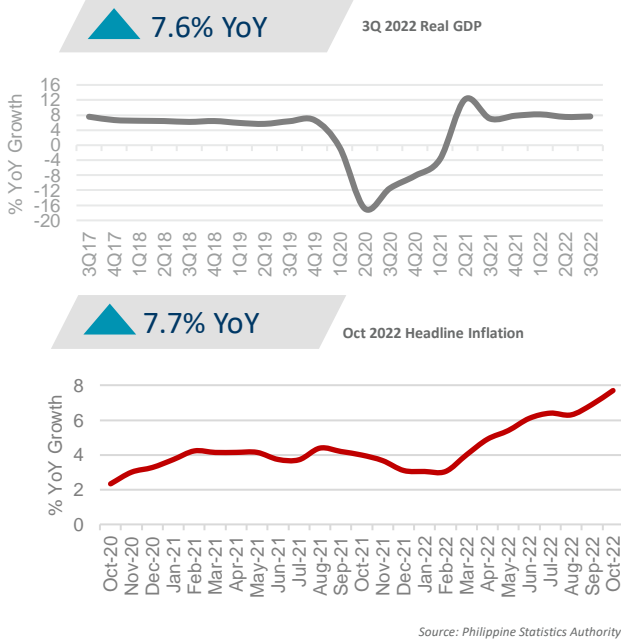
pledges was through the Philippine Economic Zone Authority (PEZA), which accounts for 70.9% of the total investments, while the Board of Investments (BoI) and Clark Development Corp., (CDC) account for 16.5% and 10.5%, respectively.

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➤ *Investment flow in real estate may be dampened by the expected slowdown in global economic growth amidst simultaneous benchmark rate hikes, geopolitical pressures, and other eternal headwinds. The unstable global market could lead to a less optimistic view by foreign investors as they become more selective of investment property deals or totally hold off investment decisions while waiting for the market to stabilize.*

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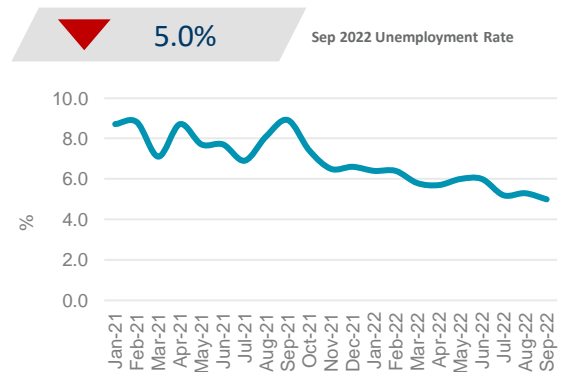
OFFICE

The demand for flexible workspace in Metro Manila is estimated to grow by 112% of the pre-pandemic level in 2022, according to The Instant Group, a global workspace innovation firm. In contrast to the declining trend observed in other key cities in Asia, the increased adoption of hybrid working models in various industries, which include the Information Technology and Business Process Management (IT-BPM), has sustained demand for flexible workspaces in the country. The sustained demand resulted in an increase in the average monthly desk rates which could be as much as USD 291 in the City of Manila, USD 273 in Taguig, USD 264 in Ortigas, USD 235 in Makati, and 216 in Quezon. The Instant Group noted that with the country becoming an attractive destination

for multinational companies, the increase in demand not only entails real estate solutions that address the need for flexibility and cost reduction but also real estate solutions that will attract employees given the increasingly competitive labor market.

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➤ *Flexible workspaces are seen to become an integral component of workplace strategies are geared towards a more remote and hybrid setup. The demand for talent will supplement this growth, as flexibility in work setup becomes a global trend. The growth of flexible workspaces is expected as it continues to attract interest among local and foreign developers and occupiers.*



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RESIDENTIAL

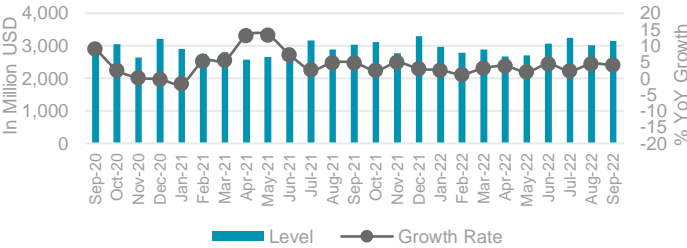
□ In the next three years, Carousel – an online marketplace – sees that the Millennials and Generation Z will lead property sales on the platform. More specifically, Carousel forecasts Millennials to account for 47% of property buyers while Gen Z will account for 40%. As compared three years prior, Carousel observed that property buyers in the platform are composed of 65% Millennials and 20% Gen Z. While the higher percentage attributed to the Millennials is due to the generation's improvement in purchasing power as this group becomes more affluent in their careers, the increase in number attributable to Gen Z is due this group's increased participation to the workforce. The property segment is among Carousel's top segments, and the platform recorded an annual increase in searches across property types by 42% in house & lot and a 24% increase in apartments.

➤ *The millennial age group's residential demand is further strengthened by the popularity of flexibility of work as they are no longer constrained to renting places that are accessible to workplaces in CBDs – where purchasing their own house is an uneconomic option to many. Nonetheless, the rising interest rate environment creates new challenges for many potential young homebuyers, considering the expected global economic slowdown, possibly affecting the rise in unemployment risk.*

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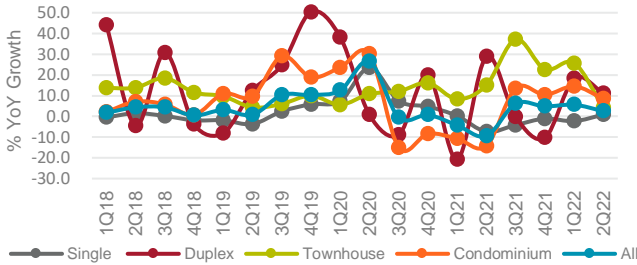
▼ 4.0% YoY

Sep 2022 OF Personal Remittances



▼ 2.6% YoY

2Q 2022 Residential Real Estate Price Index (Q1 2014 = 100)



Source: Bangko Sentral ng Pilipinas

□ News article cited

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HOSPITALITY

□ Notwithstanding the surge in global oil prices and personnel shortages, a report by Mastercard Economics Institute's Shifting Wallets expects travel spending in the Asia Pacific region to remain solid. Moreover, growth in key spending categories such as retail, travel, and entertainment were observed, particularly in retail which grew by 150% its pre-pandemic levels as of the first half of 2022. The travel demand in the region was led by Singapore which recorded a 10% increase in June 2022 as compared to its 2019 level. Also, Australia recorded a 92% growth in long-haul flight bookings in August this year as compared to August 2019 while

also noting a 155% increase in short-haul flight bookings in the same period. The research attributed the significant improvements in travel spending to "revenge travel" as consumers look forward to finally being able to travel after the pandemic constraints.

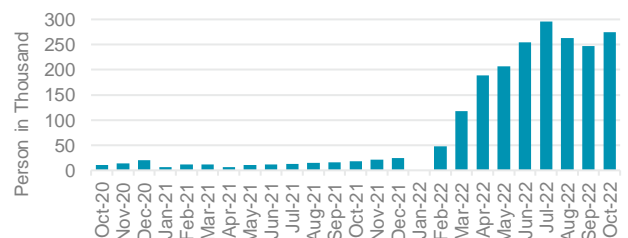
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➤ *Strong demand from both local and foreign travelers is expected to boost the local hospitality market. The growth momentum is seen to accelerate with the safe reopening of international borders albeit risks associated with the highly volatile global business environment will persist.*



▲ 274.8 Th Persons

Oct 2022 Visitor Arrivals



Source: Department of Tourism

□ News article cited

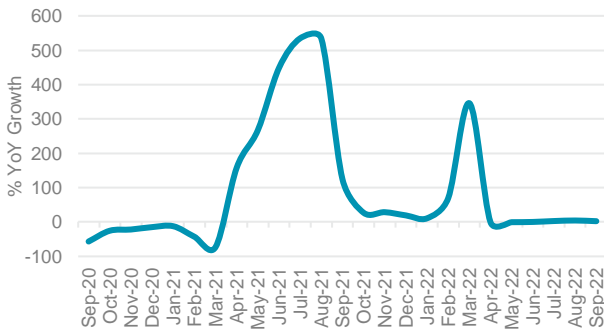
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INDUSTRIAL/LOGISTICS

▼ 2.4% YoY

Sep 2022 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

□ Moller-Maersk will be adding around 100,000 sq.m to its warehousing footprint in the country upon the completion of its new project in Calamba, Laguna by the end-2023. The new site will have a capacity of 75,000 pallet storage and it will be operated by its newly created omnichannel-fulfillment team upon its acquisition of LF Logistics. The facility will feature distribution center technologies which include pallet shuttles, automated sortation, put-to-light, yard management systems, and track-and-trace capabilities as it aims to serve companies in retail, pharmaceutical, and e-commerce.

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➤ *E-commerce remains the major driver of industrial real estate demand, sustaining the sub-sector amidst a heightened level of economic and financial market uncertainty. The segment will continue to attract new developments of quality industrial real estate facilities in strategic locations to facilitate seamless and efficient e-commerce operations.*

□ News article cited

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RETAIL

□ Fitch Solutions is expecting a slowdown in household spending in the next three years, averaging a growth of 5.1% for periods 2023 to 2026, from an estimated growth of 7.6% in 2022. Whilst consumer confidence has improved over the past two years, it is still considered low. A report from the Bangko Sentral ng Pilipinas (BSP) revealed that the consumer confidence index in Q3 2022 further fell to -12.9%, as compared to -5.2% in Q2 2022, albeit still a major improvement from -54.5% in Q3 2020. Accounting for around 70% of the country's Gross Domestic Product (GDP), the household consumption pattern was altered by the pandemic due to high unemployment and

reduced economic activities. While the pandemic has prompted consumers to avail of credit and government aid, this started to decline when restrictions were gradually lifted. Also, another major driver of consumption which is the overseas family (OF) remittances is also faced with a number of risks which include the escalating tensions in Europe.

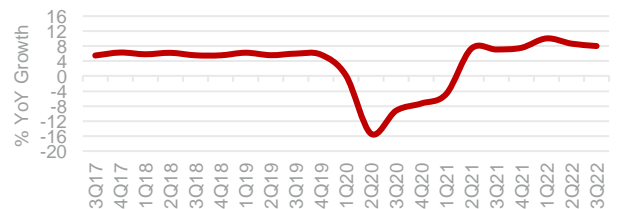
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➤ *The high level of prices is seen to undermine holiday spending whilst brick-and-mortar establishments will continue to record high levels of footfall as consumers rush to these establishments for holiday-related needs.*



▼ 8.0 % YoY

3Q 2022 Real Household Spending



Source: Philippine Statistics Authority

□ News article cited

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