



GENERAL PROPERTY

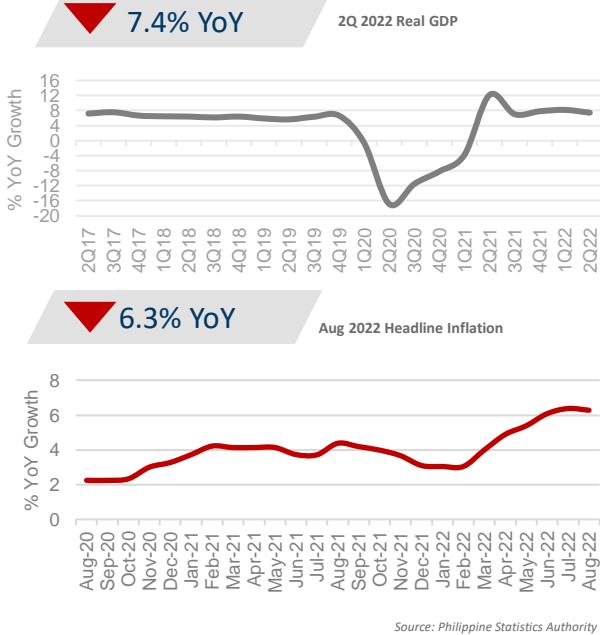
As the surge in inflation persisted, the Bangko Sentral ng Pilipinas (BSP) raised the policy rate for the fifth time this year to 4.25%, after the most recent 50 basis points (bps) increase and a total of 225 bps since May 2022. The BSP’s move followed the recent 75 bps hike by US Fed that pushed the peso and the Philippine stocks to tumble, as the Fed signaled more future rate hikes. The inflation rate is seen to average at 5.6% this year, breaching the government’s 2-4% target range, while the forecast for 2023 is marked higher to an average of 4.1% due to increasing global oil prices and fare hike pressures, before easing to 3% by 2024. The BSP noted the local economy can still

accommodate reasonable monetary stance tightening as demand is generally stable with improved employment and adequate liquidity and credit. Nonetheless, nonmonetary interventions by the government are highly encouraged to address the supply-side pressures on food and other commodity prices. [Read the original article](#)

➤ *The aggressive contractionary monetary policy stance by the BSP which is in sync with other central banks, prompted by the rallying prices, may slow down the global recovery, as well as delay the expected real estate market recovery in the short-term as local and global locators, assess the elevated uncertainties.*

□ News article cited

➤ C&W Philippines Research view

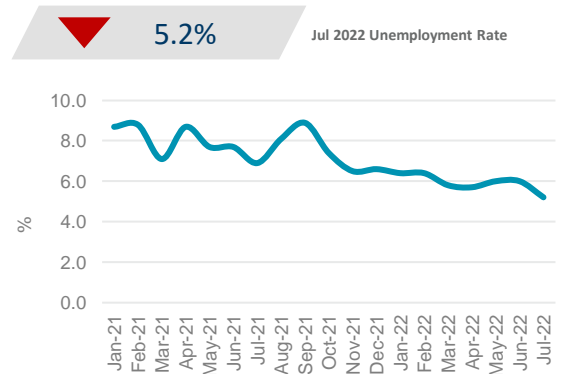


OFFICE

The bill filed to prohibit online gambling in the Philippines is gaining support from a number of senators, citing the reported crimes associated with Philippine offshore gaming operators (POGOs) in the country. Senators are weighing the social cost vis-à-vis the economic gains of POGO and noted the former outweighs the latter as criminal activities, which involve the kidnappings and killings of POGO employees, are seen to eventually cause a great disruption to the country’s peace and order, as well increases the risk of bringing into the country the “undesirable foreigners”. Whilst, attracting foreign investors to the country remains a priority, the issues surrounding POGO operations – that evolved from taxes, mass migration, and real estate bubble, to the

emergence of more serious crimes such as human trafficking, kidnapping, prostitution, and torture – are posing a greater risk to the security of Filipinos. [Read the original article](#)

➤ *The IT-BPM and POGO industries have accelerated the growth momentum of the office segment pre-pandemic, with many developers banking on the POGO vibrancy in their investment decisions. Over the last two years, however, several POGO companies have already exited the market and the industry size contracted significantly. On the other hand, the government needs to ensure that the business environment will continue to attract other growth industries such as data center hyperscalers and IT-BPM companies.*



□ News article cited

➤ C&W Philippines Research view



RESIDENTIAL

Overseas Filipino (OF) cash remittances reached the highest level since December 2021, recording a 2.3% YoY increase to USD 2.92 billion in July 2022. Whilst OF remittances are usually higher in the months of December, the recent uptick is attributable to the growth in receipts from land-based and sea-based workers by 2.5% YoY and 1.3%, respectively. Nonetheless, the YoY growth in July was the slowest since the 1.8% in May as Filipino migrants remain constrained by the global headwinds, including the crisis in Europe. Moreover, the elevated inflation globally is also seen to reduce the savings OF workers and challenge their ability to send more money to the Philippines. Whilst cash remittances in July benefited from the depreciating local currency which increased its

peso value, OF workers may still have to increase their remittances as the overall prices in the Philippines are also surging. In terms of cash remittances by country source, the United States (41.4%) ranks first followed by Singapore (6.9%), Saudi Arabia (5.9%), Japan (5%), and the United Kingdom (4.9%).

[Read the original article](#)

➤ *The affordable and mid-market housing segments are seen to be stirred up by the higher price for borrowing as the result of the several hikes in the benchmark interest rate. Households forming demand in the affordable and mid-market housing segment are expected to be impacted by the real income squeezes due to high inflation levels in the short-term to mid-term.*

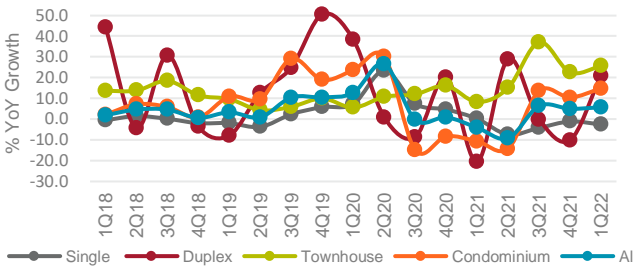
2.3% YoY

Jul 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

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HOSPITALITY

A 750-hectare Balesin International Gateway (BIG) in Patnanungan Island is currently being developed by Alphaland Corp., a high-end property developer. The BIG is located 21 nautical miles from the members-only resort called Balesin Island Resort and it will soon feature an international airport, golf course, up to ten hotel developments with an average of 200 rooms per hotel, and around 3,000 residential lots. The BIG development will be opened to the public, targeting the international market with the completion of its international airport. The initial phase of BIG will feature the Alpha Beach Club (ABC) which will cater to day-time visitors when it starts its operations by end of the year.

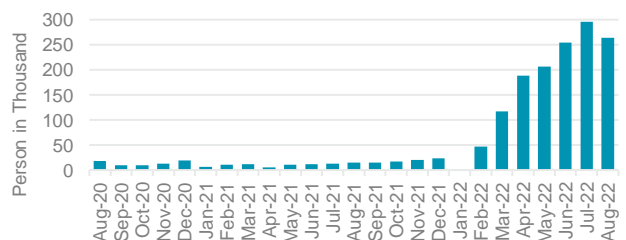
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➤ *The recent uptick in visitor arrivals has aided the strong domestic travel appetite in increasing the recovery pace of the hospitality segment from its turbulent period during the COVID-19 crisis. The long-term outlook for the hospitality segment hinges on the sustained easing of international travel restrictions, whilst the global inflation crisis may dampen international tourism flows in the short-term.*



263.5 Th Persons

Aug 2022 Visitor Arrivals



Source: Department of Tourism

News article cited

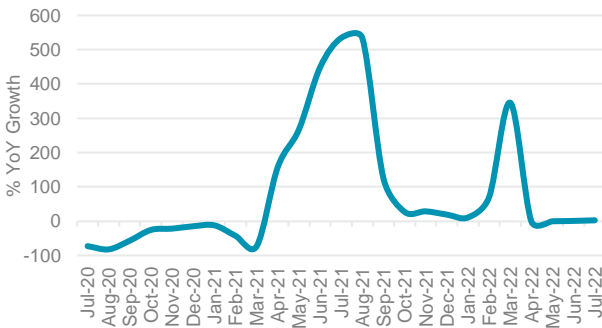
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INDUSTRIAL/LOGISTICS

▲ 2.5% YoY

Jul 2022 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

□ The country's economic zone (ecozone) industry continues to be buoyed by Japanese investors, bringing over PHP 8 billion worth of Philippine Economic Zone Authority (PEZA) approved foreign direct investment (FDI) in the first eight months of 2022. Despite the uncertain global business environment, investments from Japan have been steadily increasing to account for 27.2% of the total ecozone FDI. Meanwhile, the total PEZA-approved FDI in the first eight months which is at PHP 31.129 billion is a significant improvement from the PHP 22.489 billion in the first seven months. To further increase the contribution of Japanese FDI in the country are the new ecozone development projects involving Japanese investors which are currently awaiting Presidential proclamations of eligibility for tax incentives, and the expansion of existing

Japanese ecozone locators involved in chemicals, automotive and automotive parts, computer and optical products, and transport and logistics industries. Around PHP 735.9 billion of total investments and around 350,486 local employments are being generated by the 903 PEZA-registered locator companies with Japanese equity.

[Read the original article](#)

➤ *Whilst current growth drivers of the industrial segment include the growing e-commerce industry, the ability of the country's industrial property segment to sustain the inflow of foreign capital can be largely attributable to attractive investment schemes, infrastructure developments that link established and emerging growth centers, and the country's competitive labor force.*

□ News article cited

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RETAIL

□ The weak performance of the Philippine peso against US dollars alarms local retailers and supermarkets as it increases the cost of imported products, putting pressure on them to also increase the prices by around 10% to an exceptional high of 40% for food products. Aside from the depreciating local currency, an industry stakeholder noted that totally imported products, products with components that are partially imported, and products with components sourced overseas have already ramped up prices in response to the increase in production cost by foreign manufacturers, scarcity in raw materials on the production side, increase in logistical cost, customs

duties uncertainties, and unstable demand. Nonetheless, a number of retailers are carefully considering the implementation of price increases as the local consumers are also reeling from the impacts of burgeoning inflation that diminish consumers' purchasing power.

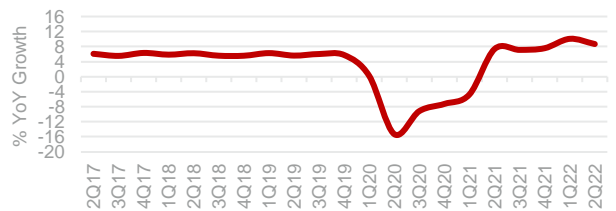
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➤ *The increase in the number of employees that have returned to work in the office, as well as the return to face-to-face classes of many educational institutions, are seen to buoy the recovery of the retail segment amidst the rising prices of consumer goods.*



▼ 8.6 % YoY

2Q 2022 Real Household Spending



Source: Philippine Statistics Authority

□ News article cited

➤ C&W Philippines Research view

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