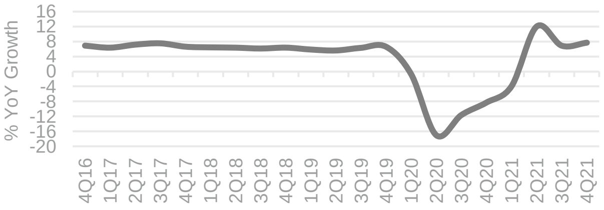
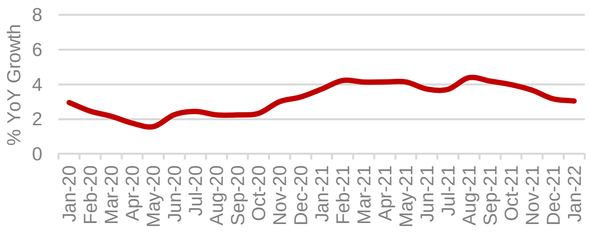
PHILIPPINES

FEBRUARY 2022

7.7% YoY — 4Q 2021 Real GDP



3.0% YoY — Jan 2022 Headline Inflation



Source: Philippine Statistics Authority

GENERAL PROPERTY

- ❑ The Bangko Sentral ng Pilipinas (BSP) forecast that the country's output gap will close in 2H 2022, as the result of the less restrictive mobility regulations, improved vaccination rate, and recovering global economy. At the same time, BSP is also eyeing the possible normalization of policy support to kick off towards that period. Whilst there are risks to faster inflations such as the food supply shortages, higher oil prices, and the rise in demand as the economy improves, BSP is positive that the overall increase in the level of prices will stay within the 2-4% target range. The BSP's inflation forecast is set at 3.7% for 2022 and 3.3% for 2023. Also, whilst there is no definite timeline of the start of the BSP's 'exit strategy', as the growth outlook remains highly uncertain, the central bank noted the preparations have already started based on positive indications of the stabilizing financial markets, such as the decline in the BSP's new transfer of advances to the National Government to PHP 300 billion in January 2022 from PHP 540 billion in December 2021.
  Read the original article

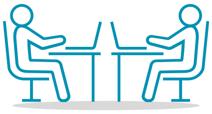
- ➢ In 2021, the BSP has prioritized assisting economic growth over inflation as the country remains highly susceptible to COVID-19 related disturbances. Whilst the anticipated macroeconomic rebound is widely anticipated for 2022, global unrests that could affect the behavior in the oil prices and influence the country's general level of prices will also be a factor in the timing of the planned monetary policy normalization.

❑ *News article cited* ➢ *C&W Philippines Research view*

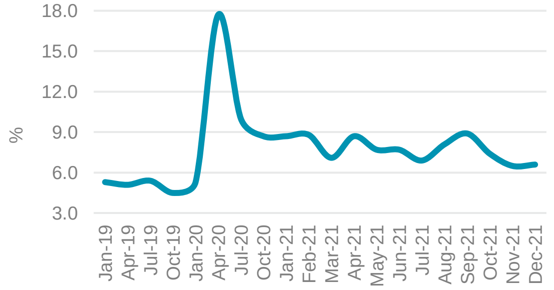
OFFICE

- ❑ Certain chapters in the Regional Comprehensive Economic Partnership (RCEP) trade deal that promotes "unified rules on trade in services through e-commerce, and supports investment by protecting intellectual property", factors that are relevant for digitization, are seen to benefit the Philippine's IT-BPM industry. The RCEP trade deal, which is considered the world's largest, will facilitate a stable regulatory environment and adherence to common international standards and will, therefore, encourage investments in the IT-BPM industry. As of January 1, 2022, RCEP started to take effect in Brunei, Cambodia, Laos, Singapore, Thailand, Vietnam, Australia, China, Japan, New Zealand, and South Korea. In the Philippines, the trade deal was signed by President Rodrigo R. Duterte on September 2, 2021, although its ratification faced delay in the Senate.
  Read the original article

- ➢ Fast-tracking digital innovations that will enhance IT-BPM operations such as the capabilities in carrying out back-office operations will capture the increase in demand from companies as they begin to scale up operations along with the improvements in global economic situations.



6.6% — Dec 2021 Unemployment Rate



Source: Philippine Statistics Authority

❑ *News article cited* ➢ *C&W Philippines Research view*

PROPERTY MARKET NEWS

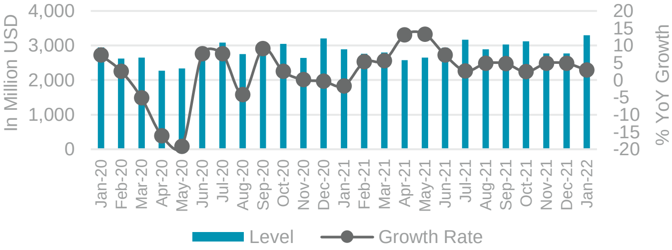
PHILIPPINES

FEBRUARY 2022

CUSHMAN & WAKEFIELD

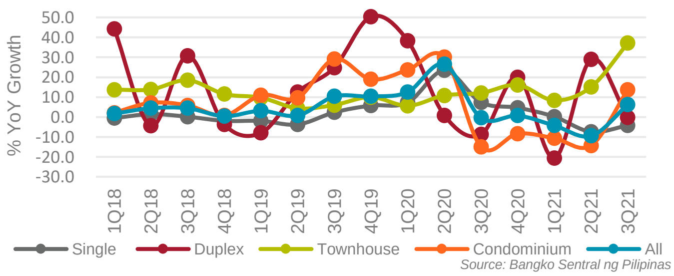
2.9% YoY

Jan 2022 OF Personal Remittances



6.3% YoY

3Q 2021 Residential Real Estate Price Index (Q1 2014 = 100)



Source: Bangko Sentral ng Pilipinas

RESIDENTIAL

- ❑ During the initial period of the COVID-19 pandemic in the Philippines, the residential segment faced a major slowdown as the restrictions in business activities has resulted in massive job losses that prompted consumers to forego residential demand. The Department of Human Settlements and Urban Developments (DHSUD), however, noted the segment's gradual recovery starting by end-2020 through 2021, hinting that some developers may have recovered around 50% to 75% of their pre-pandemic demand in 2021. The DHSUD maintains a positive outlook that the residential segment will sustain its recovery momentum as housing demand in the "new normal" will partly be driven by the wide implementation of the work-from-home setup, as buyers prefer having their own home in order to properly observe physical distancing and have a better working environment. The leasing category of the housing segment is also seen to continuously thrive with demand coming from employees who want to avoid long commutes to work and from students coming from provinces. *Read the original article*

- ➢ The favorable interest rate environment will help drive residential demand in the short- to mid-term while its sustained growth will be supported by the economic rebound and the ongoing infrastructure developments.

❑ *News article cited* ➢ *C&W Philippines Research view*

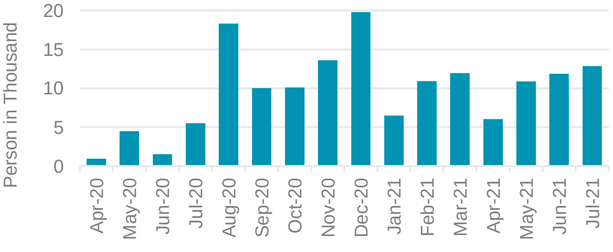
HOSPITALITY

- ❑ Whilst the Philippines has already allowed fully vaccinated foreigners to travel in the country for leisure or business purposes, the hotel industry is calling for a stimulus program that would assist operators in the next six to twelve months, to provide support to the hotel players as their revenue from serving quarantine guest were cut-off. Beginning on February 10, eligible foreign tourists from visa-free countries have been allowed entry to the country without having had to isolate themselves in hotels. Nonetheless, the Tourism Secretary noted that quarantine hotels can still tap the overseas Filipino workers (OFW) as they prepare to go abroad, unvaccinated returning OFWs, long-staying guests, and corporate accounts. The Secretary also noted that many quarantine hotels are now very keen on shifting from quarantine hotels, recording some 76 hotels that already submitted their application for the shift. *Read the original article*

- ➢ The hotel and accommodations industry will see an uptick in domestic and foreign guests as both the local and international borders were partially reopened and the restrictive quarantines were waived. However, travel hesitancy is still seen to persist due to health risk woes, resulting in a rather slower-than-usual occupancy rebound.

11.8 Th Persons

Jul 2021 Foreign Visitor Arrivals



Source: Department of Tourism

❑ *News article cited* ➢ *C&W Philippines Research view*

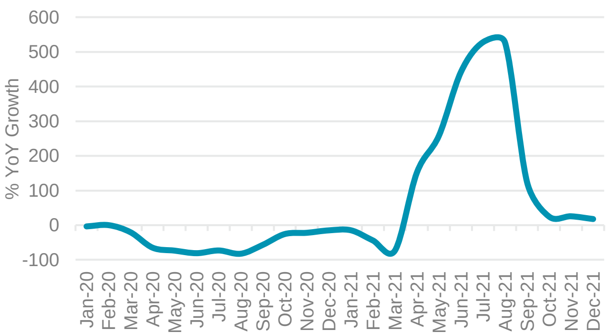
PHILIPPINES

FEBRUARY 2022

INDUSTRIAL/LOGISTICS

17.9% YoY

Dec 2021 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

- ❑ A study conducted by GlobalData, a data analytics and consulting company, revealed that the Philippines' cloud industry is headed to become a USD 2.8 billion market by 2025, from just USD 1.8 billion in 2020, as it sees a large inclination of enterprises to migrate workloads to cloud. GlobalData added that around 20% of cloud platform consumers have anticipated having their corporate data migrated to cloud by end of 2021. The domestic market for cloud solutions will be driven by the increased adaption of hybrid operations and network expansions such as "5G and domestic and international fiber networks". These factors are seen to attract global hyperscalers to expand their operation in the country as they leverage on "their wide range of services, speed to release new features, and overall technical prowess" to attract consumers.
  Read the original article
- ➢ Data centers and cloud-based services are presented with immense growth opportunities and will attract new players to enter the Philippines market, with their growth driven by accelerated cloud adaptiveness in various industries such as e-commerce, manufacturing, outsourcing, and remote work.

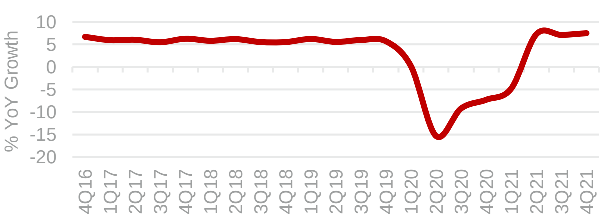
❑ *News article cited* ➢ *C&W Philippines Research view*

RETAIL

- ❑ The country's biggest shopping mall operator is seeing a better retail environment in 2022 with a full recovery of its retail segment expected by 2023. The occupancy of SM Prime Holdings, Inc.'s retail arm remained at a healthy rate of 85% to 90% with new tenants still opening despite the pandemic. SM's revenue in 2020 was cut by around 50% during the peak of the pandemic but the operator saw a double-digit year-on-year (YoY) growth in 2021 as the restriction eased. With the imposition of Alert Level 2 in Metro Manila until the end of February, a 50% indoor capacity and 70% outdoor capacity are allowed of shopping mall establishments.
  Read the original article
- ➢ Footfall in retail will significantly increase as the capital region shifts to Alert Level 1, the least restrictive COVID-19 alert, beginning on March 1 to allow full capacity operations of establishments including gyms and restaurants, with adherence to minimum public health standards. As the pandemic has instilled altered consumer habits, retail operators should continue accelerating their online and physical store integration to capture the boost in consumer demand.

7.5 % YoY

4Q 2021 Real Household Spending



Source: Philippine Statistics Authority

❑ *News article cited* ➢ *C&W Philippines Research view*

Contacts

Claro dG. Cordero Jr., MSc
Director & Head
Research, Consulting & Advisory Services
m: +63 998 518 5158
e: Claro.Cordero@cushwake.com

CUSHMAN & WAKEFIELD PHILS., INC.
11th Floor Ecotower, 32nd Street corner 9th Avenue
Bonifacio Global City, Taguig City, Metro Manila
Philippines 1630
t: +63 2 8554 2926
cushmanwakefield.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and approximately 60 countries. In 2021, the firm had revenue of $9.4 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.