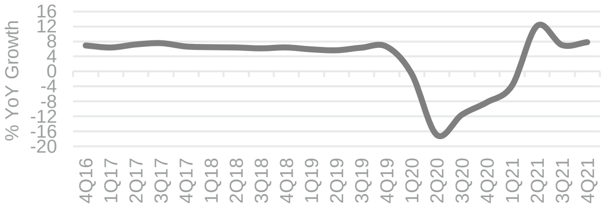
PROPERTY MARKET NEWS

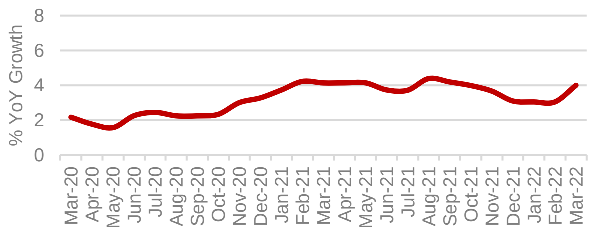
# PHILIPPINES

APRIL 2022

7.8% YoY 4Q 2021 Real GDP




4.0% YoY Mar 2022 Headline Inflation




*Source: Philippine Statistics Authority*

## GENERAL PROPERTY

- ❑ The recently released regional accounts by the Philippine Statistics Authority (PSA) revealed that Metro Manila's regional economy grew by 4.4% in 2021, a reversal from the 10% contraction recorded in 2020 albeit still below the region's pre-pandemic growth of 7% in 2019. The capital region's growth is below the recorded 5.7% annual growth for the Philippines last year and is also the third slowest among the 17 regions in the country, next to the regions of Bicol and MIMAROPA which grew by 4.3% and 3.3%, respectively. Meanwhile, regions that exhibited growth above the country average were CALABARZON (7.6%), Bangsamoro Autonomous Region in Muslim Mindanao (7.5%), Cordillera Administrative Region (7.5%), and Central Luzon (7.4%). The regions that performed fairly well than Metro Manila but also below the country average were Central Visayas (5.4%), Soccsksargen (5.2%), Cagayan Valley (5.1%), and the Ilocos Region (4.6%). To recall, Metro Manila had undergone the most stringent and prolonged lockdown in the country as it had the most number COVID-19 cases. Being the center of economic activities, the capital region covers 31.5% of the country's total output in 2021, followed by the regions CALABARZON (14.7%), Central Luzon (10.9%), and Central Visayas (6.5%).
  *Read the original article*

- ➢ The Philippines is seen to follow its economic recovery path despite the growing instability as the impacts of Russia's war on Ukraine reverberate globally. Whilst the geopolitical conflict may impact the pace of growth in the short to mid-term mainly due to its effects on petroleum prices and global supply chain disruptions, sustained growth will be buoyed by the strong domestic demand following the resumption of activities in various economic sectors. Construction and real estate activities in Metro Manila are also seen to increase as the property market players recommence their long-delayed and postponed projects.

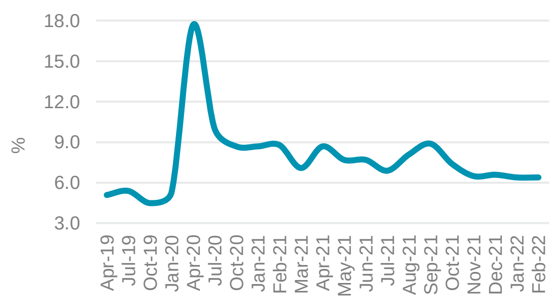
❑ *News article cited* ➢ *C&W Philippines Research view*

## OFFICE

- ❑ A PHP 50 billion worth of investments in a span of three years is being eyed by the Department of Information and Communications Technology (DICT) to further advance the Philippines' digital infrastructure. After the pandemic has highlighted the importance of digital infrastructure, the executive department is positive that it will be granted of eyed budget, of which bulk will be allocated to the "National Fiber Backbone program and the Accelerated Fiber Build through the regional and provincial ring." The DITC also pointed out the challenges it faced in setting up common cell towers to improve internet coverage, noting that out of the 50,000 towers that needed to be built, they have only materialized 2,000 towers in the past two years. The department also reiterated the need to attract foreign investment to foster a more competitive telecommunications and internet markets and deliver improved services to the public.
  *Read the original article*

- ➢ The observed reluctance of many companies and employees to implement a full return to office (RTO) scenario is a strong indication that the hybrid work model will continue to shape the future of office. As this happens, future locators will start to heavily link the country's ability to foster a successful hybrid workplace in their investment decisions. Along with crafting hybrid work friendly policies, advancing the Philippines' digital infrastructure is deemed crucial in the future of office and its main driver which is the Information Technology and Business Process Management (IT-BPM) sector.

6.4% Feb 2022 Unemployment Rate




*Source: Philippine Statistics Authority*

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

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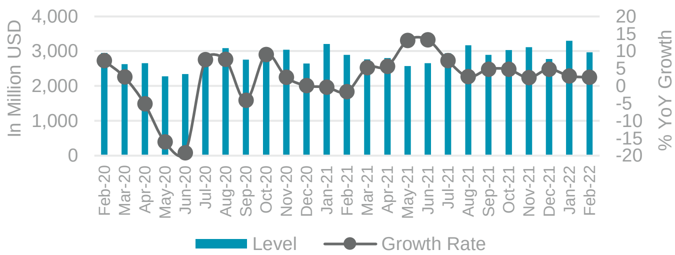
APRIL 2022

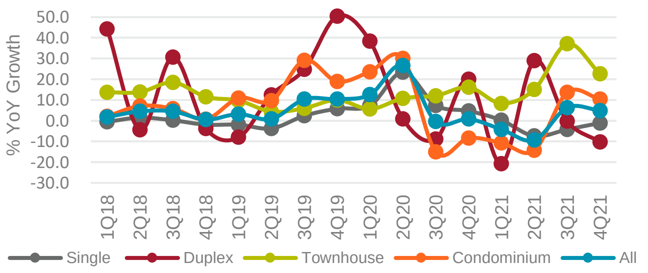
1.2% YoY

**Feb 2022 OF Personal Remittances**




4.9% YoY

**4Q 2021 Residential Real Estate Price Index (Q1 2014 = 100)**




*Source: Bangko Sentral ng Pilipinas*

## RESIDENTIAL

- ❑ The major CBDs in Metro Manila are attracting increased demand for residential and commercial properties following the return-to-office of many companies. Makati City, in particular, has attracted a quarter-on-quarter (q-o-q) increase in residential rental leads by around 40% in Q1 2022. The city has also generated the largest share of leads for office and retail space rental within the PHP 100,000 to P200,000 price range. Also, the cities of Pasig and Quezon exhibited the same momentum in terms of leads for commercial properties within the PHP 100,000 to P200,000 price range, with Quezon City recording a doubled number of leads q-o-q in Q1 2022. During the period, Lamudi further noted that overall leads for office spaces for lease outdid searches for warehouses while inquiries for residential properties for rent increased by 28% q-o-q. Meanwhile, Lamudi promotes adopting amenities that will nurture the work-life balance "such as daycare facilities that allow working mothers to bring their children to the workplace, and fitness centers that make it easy for professionals to embrace an active lifestyle" to attract employees back to offices. *Read the original article*

- ➢ The residential segment is finally seeing a gradual market correction after both the demand and new launches were postponed at the height of the pandemic. The segment will continue to build momentum along with the improving business environment, with the demand for properties in the provincial areas with strategic locations and infrastructure developments to remain robust.

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

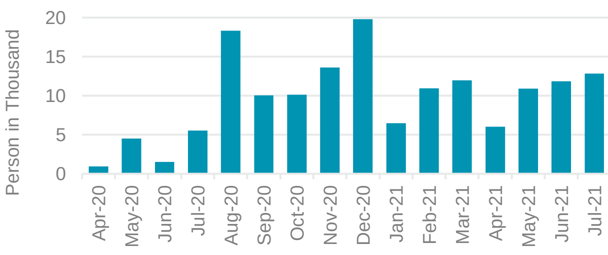
## HOSPITALITY

- ❑ Data from Travelport, a UK-based technology firm, revealed that the Philippines and Thailand had become Southeast Asia's (SEA) top travel destinations, attracting 51% of the total international flight bookings to the region in Q1 2022. The Philippines has recovered 42% of its pre-pandemic international bookings during Q1 2019, with Manila ranked first as a travel destination in Southeast Asia while Angeles and Mabalacat emerged in the tenth place. The technology firm noted a 294% surge in the Philippines' daily flight bookings months after it announced the planned reopening of the country's borders for vaccinated foreign travelers. To date, only Brunie has remained closed to foreign travelers while the rest of the countries in Southeast Asia have relaxed their travel restrictions in hopes of restarting the travel and tourism industry. *Read the original article*

- ➢ The country's prime tourist destinations are gradually seeing tourist visits close to pre-pandemic levels, providing much-needed stimulation to the travel and tourism industry. With international arrivals slowly picking up, accommodation establishments are anticipating better occupancies which can be further boosted by encouraging more activities from the meetings, incentives, conferencing, and exhibitions (MICE) market.

11.8 Th Persons

**Jul 2021 Foreign Visitor Arrivals**




*Source: Department of Tourism*

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

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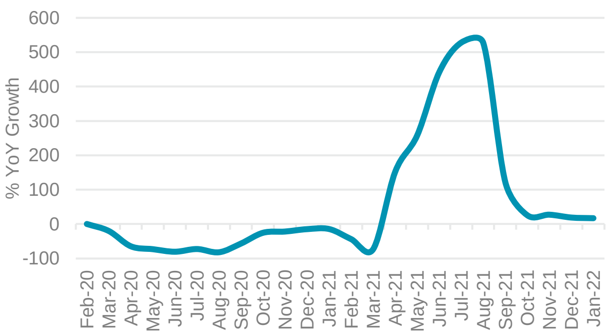
## INDUSTRIAL/LOGISTICS

84.3% YoY

**Feb 2022 Volume of Production Index (2018 = 100)**




*Source: Philippine Statistics Authority*

- ❑ FedEx Corp. is looking at further expanding its operation in Clark by about five times as it eyed having a transshipment base in the area. Currently, FedEx already has a massive 7,000 sq.m facility in Clark as part of Phase 1 of its project and it is already planning to kickstart Phase 2 in the same area. In the future, the company's transshipment base in Clark will include hub and spoke operations wherein the arriving packages in Clark will be reloaded to a different aircraft towards other regional destinations. Meanwhile, FedEx is seeking assistance from the Board of Investments (BoI) to negotiate clear and flexible rules with the Bureau of Customs that will allow its seamless operations wherein the transit goods coming into the Philippines will not be hurdled nor inspected. *Read the original article*

- ➢ The booming international logistics market could open to more foreign investments in the Philippines, especially from key global players that are trying to expand their market share. Adapting regulatory policies that will make the Philippine market more attractive for foreign logistics operations will help propel the local logistics industry's growth.

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

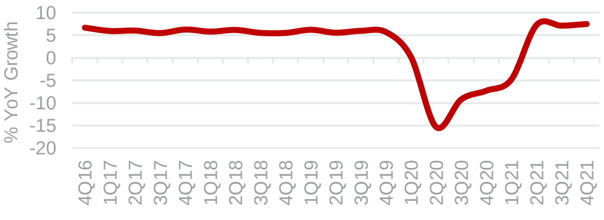
## RETAIL

- ❑ Despite the resurgence of COVID-19 cases in many host countries, overseas Filipino (OF) remittances continued to grow as shown by the increase in cash remittance by 1.3% YoY to USD 2.509 billion in February 2022, mainly due to the money sent home by OF workers from the United States, Japan, and Singapore. However, the recent growth marks the slowest pace since January 2021 when cash remittances contracted by 1.7% YoY. The country has yet to account for the effects of the ongoing Russia-Ukraine geopolitical conflict which may pose a greater impact on OF remittance once it escalates further to involve more European countries and the United States. *Read the original article*

- ➢ The sustained economic reopening has boosted the performance of the retail segment as it continues to attract greater sales and footfall count. Whilst consumer confidence has significantly improved, the external threats to OF remittance inflow as well as the rising inflation may tame the growth of household spending in the short to mid-term.

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

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