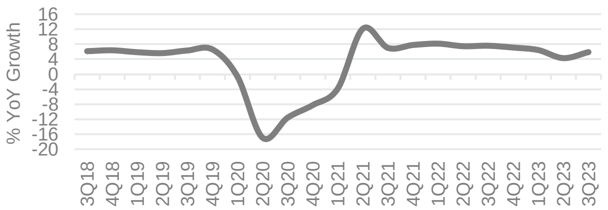
PROPERTY MARKET NEWS

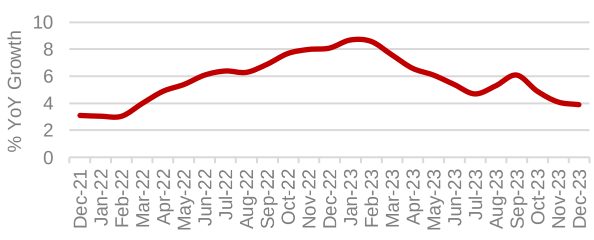
PHILIPPINES

DECEMBER 2023

5.9% YoY 3Q 2023 Real GDP



3.9% YoY Dec 2023 Headline Inflation



Source: Philippine Statistics Authority

GENERAL PROPERTY

❑ In a report by the Asian Corporate Governance Association (ACGA) called the 2023 CG Watch biennial survey, the Philippines remained at the bottom ranking at 11th spot out of 12 countries in Asia Pacific in terms of performance in corporate governance (CG) and environmental, social, and corporate governance (ESG). The country has maintained its ranking in the 2020 report whilst its overall score declined to 37.6 in 2023 from 39 in 2020, attributable to the Philippines' lacking policies focused on governance and ESG, as well as the lack of resources of the securities regulator. Of the seven categories considered in the ranking, the country performed better in government and public governance at 29 versus 28 in 2020; CG rules at 48 from 45; investors at 25 from 21; and auditors and audit regulators at 62 from 60. Meanwhile, lower scores were noted in terms of regulators at 25 from 27; listed companies at 48 from 55; and civil society and media at 33 from 36. Meanwhile, the country's Securities and Exchange Commission (SEC) countered that the country implements policies and regulations consistent with international best practices to promote corporate governance and protect minority investors, an effort recognized by domestic and international bodies as well as engagements with domestic and international stakeholders. Read the original article

➢ *In the past few years, many companies, including those in real estate, have sought to integrate ESG considerations into investment decision-making as it is deemed to create added value to property investments and attract locators that put high priority on ESG and sustainability. Improving the overall ESG credentials by allowing the regulation and enforcement of solid ESG principles will assist in attracting and retaining high-value investments.*

❑ *News article cited*

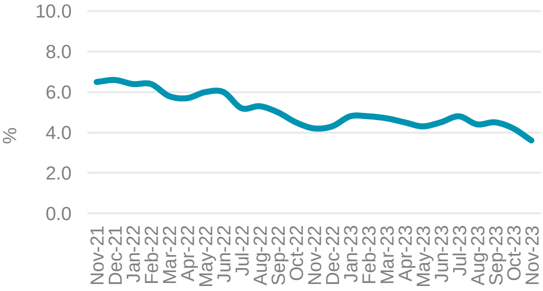
➢ *C&W Philippines Research view*

OFFICE

❑ As the IT and Business Process Association of the Philippines (IBPAP) aims at attaining a growth target of 7% to 8% in 2024 to reach a revenue of USD 39 billion and employment of 1.84 million, the agency promotes the amendments to the Corporate Recovery and Tax Incentives for Enterprises (CREATE) law. The measure which is dubbed as CREATE MORE (CREATE to Maximize Opportunities for Reinvigorating the Economy) was already approved by the House Ways and Means Committee in November 2023. The proposed amendments seek to extend the duty exemptions, VAT exemptions on imports, and VAT zero-rating of local purchases to domestic market-focused companies and exporters, which includes companies within ecozones and freeports. Whilst the BPO sector has implemented various remote work models in the past three years, its representative agency – IBPAP, also seeks clarification on the bill's work-from-home arrangements, especially for PEZA-registered enterprises. Read the original article

➢ *The strong macroeconomic fundamentals have attracted global industries such as the IT-BPM industry to continue to grow and expand in the Philippines. Among global companies, the commitment towards sustainability practices and discipline have been enshrined in their future growth plans. Developments which incorporates ESG principles are in the best position to serve this future office space demand.*

3.6% Nov 2023 Unemployment Rate



Source: Philippine Statistics Authority

❑ *News article cited*

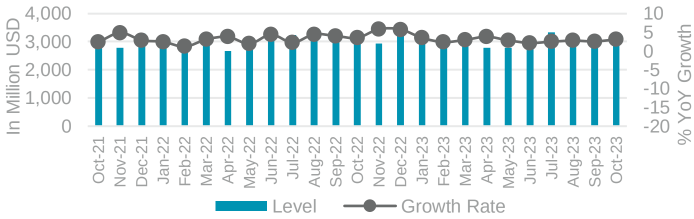
➢ *C&W Philippines Research view*

PROPERTY MARKET NEWS

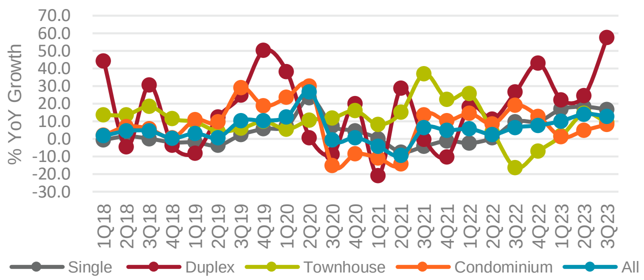
PHILIPPINES

DECEMBER 2023

3.1% YoY — Oct 2023 OF Personal Remittances



12.9% YoY — 3Q 2023 Residential Real Estate Price Index (Q1 2014 = 100)



Source: Bangko Sentral ng Pilipinas

RESIDENTIAL

- The Philippines overseas Filipino (OF) remittances is poised for a strong growth in 2024, buoyed by the sustained demand for migrant workers. According to the World Bank (WB), OF remittances is expected to grow by 5% to reach USD 42 billion, faster than WB's growth projection in June 2023 at 2.5%. The latest WB projection is also higher projected growth by the Bangko Sentral ng Pilipinas (BSP) for 2024 at 3%. In 2023, remittances to the Philippines is seen to reach USD 40 billion, a growth of 5% as compared to 4% in 2022. The country is also the second-largest recipient in the East Asia and Pacific region, next only to China. Excluding China, remittance inflows to the Philippines accounts for 48% of the total of the region. Notably, key sources of OF remittances are from source countries, which include Hong Kong, China, Korea, Singapore and the Middle East.
  Read the original article

➢ *Despite the widespread global uncertainty, residential real estate is poised for sustained growth amidst improving interest rates and inflation prospects, which is seen to bode well for the mid-market residential segment.*

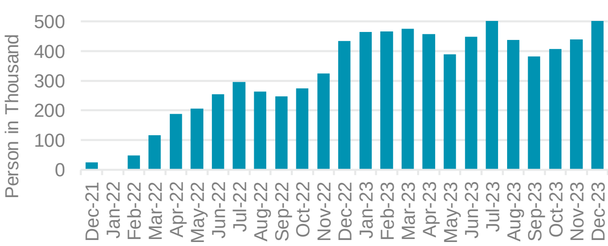
❑ *News article cited* ➢ *C&W Philippines Research view*

HOSPITALITY

- For 2024, visitor arrivals is aimed to reach 7.7 million, above the 4.8 million target set by the Department of Tourism (DOT) for 2023. Similarly, the target for tourism receipts is set at around PHP 440 billion to match the actual international receipts for the year 2023. Whilst the latest target for international arrivals is still below the pre-pandemic level of 8.2 million, the DOT is working closely with other relevant agencies to close the gap to pre-pandemic arrival figures. Meanwhile, the United Nations World Tourism Organization noted that the tourism industry of the Philippines has a recovery rate of 65.54%, above the 62% average recovery rate in Asia and the Pacific region. For 2023, the top sources of international arrivals to the country are South Korea (1.34 million), the US (836,694), Japan (285,655), China (252,171), and Australia (238,487).
  Read the original article

➢ *The hospitality sector is seen to defy the looming global economic headwinds as it is seen to post stronger room rates and improved occupancies in key hotel and accommodation markets in Metro Manila and other key business hubs, as leisure and business guests, both domestic and international, are poised to further recover at a faster face in 2024.*

565.4Th Persons — Dec 2023 Visitor Arrivals



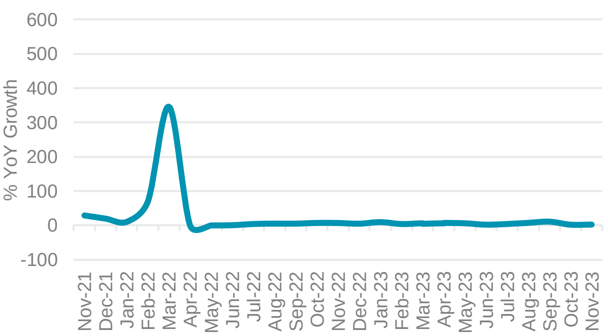
Source: Department of Tourism

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

INDUSTRIAL/LOGISTICS

1.9% YoY

Nov 2023 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

- ❑ The North-South Commuter Railway (NSCR) – a 147-kilometer network that connects Malolos, Bulacan with Clark International Airport, and Tutuban, Manila with Calamba, Laguna – is eyed to begin partial operation in 2027 with the opening of the segment from West Valenzuela to Malolos, while full operation is set on 2029. Similarly, the construction of the Tutuban-Malolos (N1) and Malolos-Clark (N2) segments are still on schedule with full operations expected in 2029. Notably, the right-of-way of four out of six stations of the NSCR project has already been confirmed. The PHP 873 billion NSCR project, co-financed by the Japanese International Cooperation Agency and the Asian Development Bank, is seen to reduce travel time between Clark and Calamba from the current 4.5 hours to only 2 hours.
  Read the original article

- ➢ *The completion of key infrastructure development signals new opportunities for developers and locators that will further spur business activities in areas that will largely benefit from improved connectivity and accessibility. Similarly, the industrial and logistics segment is seen to benefit from the improved road traffic flow, which will allow cost savings and timely deliveries that will further improve logistics operations.*

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

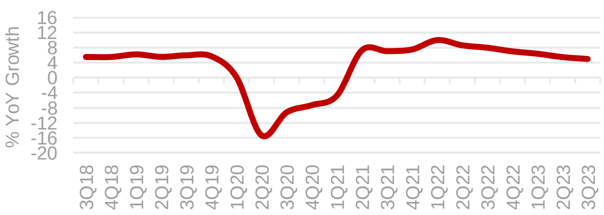
RETAIL

- ❑ Two of the biggest mall operators in the country have recorded a recovery in foot traffic and tenant sales in their shopping mall developments, buoyed by normalization of business operations and strong consumer spending. Similarity, occupancy rates have notably also improved close to pre-pandemic levels. In 2022, Ayala Malls has reportedly reached a footfall of 108% from pre-pandemic levels, while tenant sales improved to 110%. Rental revenues of Robinson Malls also increased by 32% in 2023, 6% higher than its pre-pandemic levels. Meanwhile, the shopping mall operators recognize the evolving shopping habits of consumers fueled by the upsurge in online transaction due to the pandemic-induced mobility restrictions that prompted the growth of various online platforms to complement physical retail spaces.
  Read the original article

- ➢ *The recovery of the retail segment in terms of foot traffic and occupancy level is seen to build momentum amidst the improved consumer outlook because of moderating inflation growth, better employment level, and overall growth prospect of the economy.*

5.0 % YoY

3Q 2023 Real Household Spending



Source: Philippine Statistics Authority

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

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