



GENERAL PROPERTY

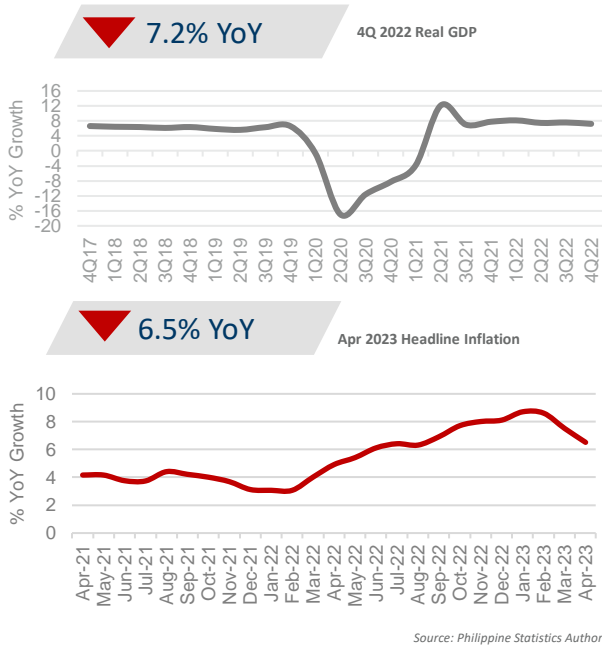
□ The March 2023 construction materials retail price index (CMRPI) which gauges the growth of construction materials retail price in Metro Manila exhibited its slowest growth in over a year at 4.1% YoY, easing from 5.4% a month prior and 4.8% a year ago. The recent CMRPI marks the seventh consecutive month of tamer growth and is also the lowest since the recorded growth of 3.3% YoY in February 2022. According to the Philippine Statistics Authority (PSA), the slowdown was attributable to the significant easing of price growth in miscellaneous construction materials to 6.2%YoY from 9.3 %YoY last month, plumbing materials to 2.2% YoY from 4% YoY, and tinsmithry materials to 4.7% YoY from 5.9% YoY. Furthermore, the successive slower growth in CMRPI was also the result of the decline in global

commodity prices and the strengthening local currency against the US dollar in recent months which tamed the import price growth. In addition, the restrained investments and overall demand due to the high inflation and interest rates also calmed construction activities. [Read the original article](#)

➤ *Recovering from a prolonged slowdown and complete halt in construction activities, the surge in construction material prices previously has caused completion delays in some real estate projects as some developers have yet to recover from the grave financial impacts of the pandemic. The recent pause in sharp increases in construction materials cost presents an opportune time to kickstart postponed projects, especially for mid- to small-scale local developers.*

□ News article cited

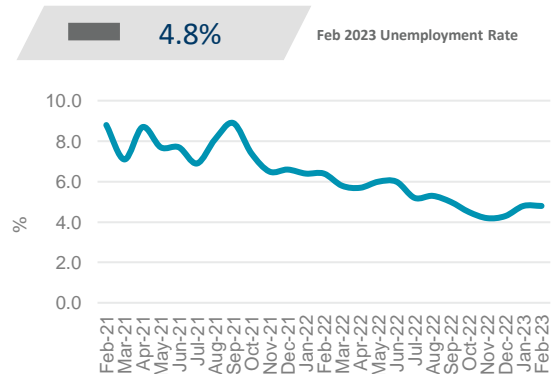
➤ C&W Philippines Research view



OFFICE

□ The Contact Center Association of the Philippines (CCAP) sees that work arrangements will eventually balance out the current ratio of 60% onsite and 40% work from home (WFH) as the future of the workplace is geared towards hybrid work with industries configuring future business operations. Notably, CAAP cited that some industries such as tech support and travel companies are already implementing the 100% work arrangement. Also, amidst the global economic headwinds, the CAAP sees sustained growth in the IT and business process outsourcing industry as investors tap outsourced services in the Philippines. [Read the original article](#)

➤ *Becoming a trend in the past few years, many employees have become adamant about flexible work set up. Nonetheless, many companies and employees have also viewed remote work to be daunting due to technological challenges and personal preference that includes finding comfort in an office environment and social interactions. Companies are seen to continuously rationalize office space requirements to also balance out employee preferences and productivity requirements.*



□ News article cited

➤ C&W Philippines Research view



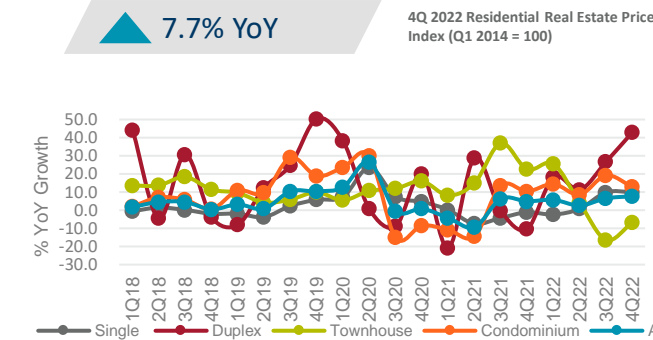
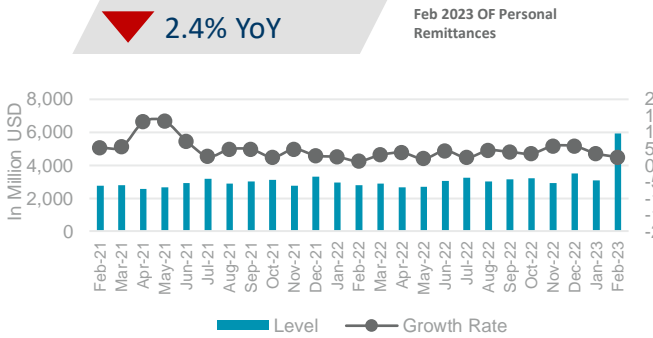
RESIDENTIAL

The country's Residential Real Estate Loans (RRELS) contracted by 10.3% YoY in Q4 2022 with a greater decline recorded in the availment of housing loans in Metro Manila by 22% YoY, as compared to areas outside the capital region by 3.4% YoY. Notably, RRELS granted in Metro Manila are predominantly for the purchase of condominium units whilst loans granted for areas outside Metro Manila are for single-detached/attached residential purchase. Meanwhile, overall RRELS also posted a contraction of 4.5% on a quarter-on-quarter (QoQ) basis due to the greater contraction on loans granted in Metro Manila by 23.5% QoQ, offsetting the posted growth in RRELS in areas outside NCR at 8.5% QoQ. The granted residential loan availments in

Q4 2022 are mostly for the purchase of new housing units (81.1%) while in terms of property types, the bulk of the loans were for the acquisition of single-detached/attached houses (47.2%), condominium units (33%), and townhouses (18.9%).

[Read the original article](#)

The clouded outlook for interest rates due to lingering inflation and the Federal Reserve's ongoing rate increases is seen to negatively affect the growth of demand for consumer loans in the medium term while economic conditions are still recovering. Whilst residential demand will still likely improve amidst better consumer income and improved overall economic sentiment, the growth is likely tamer due to ongoing financial market uncertainties.



Source: Bangko Sentral ng Pilipinas

News article cited

C&W Philippines Research view

HOSPITALITY

SM Hotels & Conventions Corp. (SMHCC) and the Radisson Hotel Group (RHG) have forged a master development agreement that aims to expand RHG's real estate portfolio in the country to 20 by 2028. The partnership also revealed that the 14 new hotels are set to be developed in the next five years with SMHCC having the exclusive development rights to expand the Park Inn Radisson brand of RHG in the Philippines for a total investment of not more than PHP 15 billion. The SMHCC noted that the partnership is very timely as the hotel sector enters the recovery phase with occupancy rates in RHG's current portfolio surpassing the pre-pandemic levels. The developer is also optimistic about the surge in tourist arrivals in various destinations as the number of flights increases for both local and

international. The new partnership eyes to build the first hotel in Cebu City which will house 516 rooms and is set to open in 2027. Other eyed locations include Isabela, Olongapo, Laoag, Fairview, Dasmariñas, and Sta Rosa.

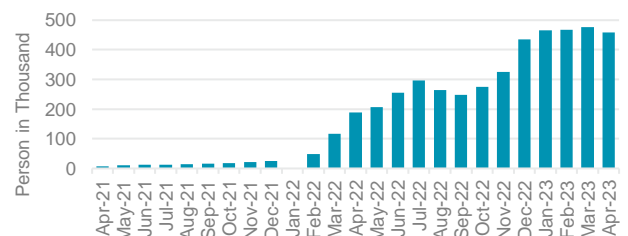
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While visitor arrivals are still far from pre-COVID-19 levels, major hotel operators are already observing healthy hotel market fundamentals which presents a favorable time for investments. As occupancy rates are reverting to pre-pandemic levels with the gradual revival of international tourists and the strong domestic travel demand, the sector should carefully assess the ongoing challenge of skilled labor shortage as it also defines the level of consumer experience.



458.1 Th Persons

Apr 2023 Visitor Arrivals



Source: Department of Tourism

News article cited

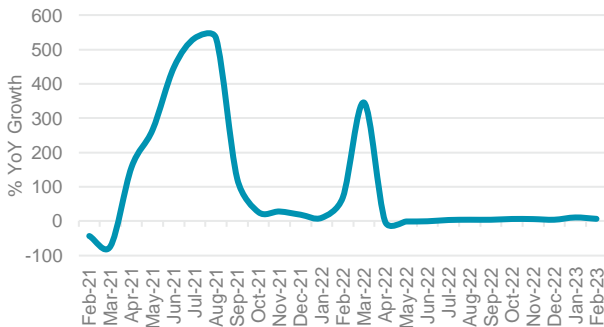
C&W Philippines Research view



INDUSTRIAL/LOGISTICS

7.2% YoY

Feb 2023 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

□ Batangas Technopark, AyalaLand Logistics Holdings Corp.'s (ALLHC) newest industrial estate located in Padre Garcia, is eyed to be completed by Q2 2025. Registered with the Board of Investments (BoI), the industrial estate will cover around 55 hectares targeted for light and medium, non-polluting industries. Batangas Technopark is set to be a mixed-use project that will have other amenities such as a chapel, restaurants, transport terminal, gas station, and an agricultural wholesale market to complement the ALogis dry warehouse and ALogis Artico cold storage facilities. Moreover, a portion of the estate which covers roughly 1.3 hectares is set for parks and

open spaces. The property is about an hour drive from the Batangas Port while the completion of the Lipa-Padre Garcia Bypass Road which will traverse Barangay Talisay in Lipa and Barangay Bawi in Padre Garcia is seen to further boost its accessibility.

[Read the original article](#)

➤ *Industrial real estate continues to thrive with vibrant activities in warehouse leasing which is met with the growth in the new supply entering the market. Demand for industrial lots remains equally buoyant with strong interest from various sectors tied with the e-commerce industry which include warehousing and logistics, as well as distribution and fulfillment centers.*

□ News article cited

➤ C&W Philippines Research view

RETAIL

□ With the unprecedented growth of e-commerce, the country is becoming a global hub for e-commerce support outsourcing. The Philippines' competent workforce, competitive labor costs, and technological innovation are attracting international online retailers for outsourced services which include customer support, order management, inventory control, and data analysis. Business process outsourcing (BPO) solutions for the e-commerce industry aim at providing exceptional service and creating a seamless shopping experience for global customers. Moreover, online retailers can also leverage employing data analytics to analyze customer

behavior and purchase patterns that will provide valuable insights on how to formulate business strategies.

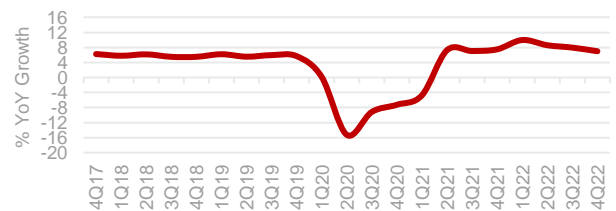
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➤ *While the growth of e-commerce and the online economy remains promising, the retail sub-sector is also facing better prospects with retail sales and footfall improving amidst sustained improvement in the mobility of people and reopening of various industries. The brewing global economic slowdown, however, may continue to delay expansions and entry of international retailers as they continue to reassess the market environment.*



7.0 % YoY

4Q 2022 Real Household Spending



Source: Philippine Statistics Authority

□ News article cited

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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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