



GENERAL PROPERTY

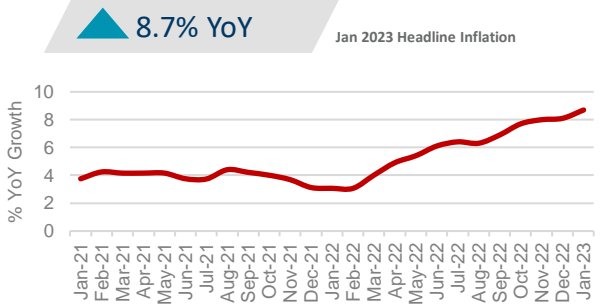
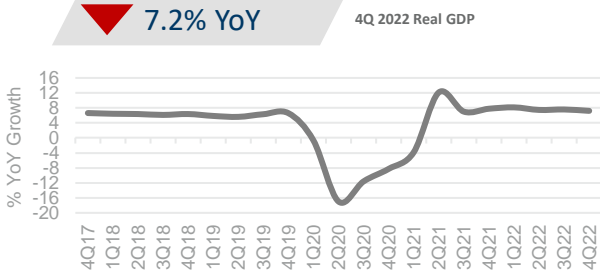
□ The Board of Investments (BOI) and the Provincial Government of Ilocos Norte (PGIN) have forged a memorandum of agreement (MOA) to position the Province of Ilocos Norte as a key commercial hub in the Northern Philippines. Specifically, the MOA seeks to foster a business-friendly environment that will bring highly desirable investments in the province, with a focus on the sectors of agriculture, tourism, renewables, infrastructure, and services. Among the highlighted strength that will position Ilocos Norte as a “prime gateway to East Asia and a major commercial hub in Northern Philippines” is the province’s thriving renewable energy sector, being the host to the Burgos Wind Farm which is considered as Southeast Asia’s largest wind power project. Moreover, the province also boasts its strategic geographical

location, investment readiness, and forward-looking leaders. [Read the original article](#)

➤ *The trend towards decentralization is one of the enduring effects of the COVID-19 pandemic on the real estate sector. As the development of new communities and the trend towards hybrid work continue to gain traction, the improvements in the infrastructure framework of urban centers will further enhance inter and intra-regional connectivity. Along with new and improved road networks, enhanced internet and digital connectivity will contribute to the advancements of these regions as investment destinations that will attract investments in the growing sectors of manufacturing, IT-BPM, and data centers.*

□ [News article cited](#)

➤ [C&W Philippines Research view](#)



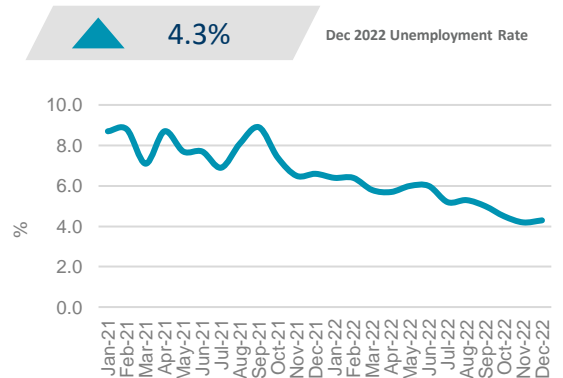
Source: Philippine Statistics Authority

OFFICE

□ To be propelled by the sustained economic reopening, the real estate investment trusts (REITs) is seen to further flourish, whilst the exodus of Philippine offshore gaming operators (POGO) and the wide implementation of flexible work arrangements pose impediments to its momentum. The demand for office space will negatively be impacted by the stricter regulations on POGO, which are seen further reduce their business activities in the country, and the allowed 100% adoption of work-from-home arrangement for information technology and business process management (IT-BPM) companies under the Resolution No. 026-22 which permits the transfer of registration from Philippine Economic Zone Authority (PEZA) to BOI. Meanwhile, the increased economic activities will assist in improving the occupancy and rental rates of office and retail REITs. The Philippine Stock Exchange, Inc. anticipates 14 maiden listings in

2023 of which 11 will be companies and REITs that will list on the main board. With the exceptions of AREIT and PREIT, the other REITs in the country closed below their offer prices by end of 2022, whilst REITs is seen to remain vital in diversifying fund sources and investment prospects in the property sector. [Read the original article](#)

➤ *Given the bleak outlook on the global economic situation, which poses uncertainties to many companies, organizations shift to outsourcing to reassess operational costs. Meanwhile, instead of putting further downward pressure on demand, the continued growth momentum of hybrid work arrangements is seen to alter the purpose of the office spaces, enabling configurations that will allow conducive space to both remote and in-office work, such as allowing a collaborative environment and further digitization.*



Source: Philippine Statistics Authority

□ [News article cited](#)

➤ [C&W Philippines Research view](#)



RESIDENTIAL

The inflow of overseas Filipino (OF) remittances is seen to transcend the negative implications of the anticipated global economic downturn with the Fitch Group seeing a growth of 5% in 2023, from the projected growth of 3.5% in 2022. The OF remittances is among the major contributor to the country's economic growth, comprising roughly 10% of the Philippines' Gross Domestic Product (GDP) in the last decade. The Fitch Group's projected growth is above the central bank's projection for the year of 4%. Along with the BPO sector, tourism receipts, and exports, OF remittance is also the country's major dollar source which boosts the gross international reserves (GIR). Meanwhile, the Philippine

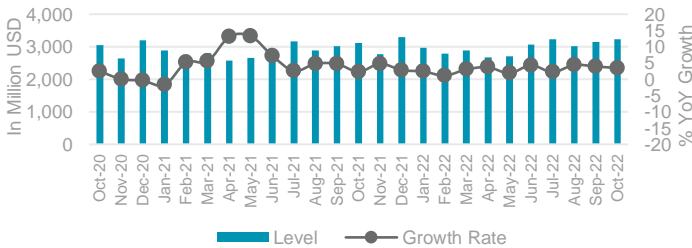
peso closed at PHP 55.755 against USD in 2022, 9.3% weaker than the 2021 closing whilst a significant improvement from the recorded all-time high of PHP 59 against USD in October 2022.

[Read the original article](#)

➤ *Whilst the anticipated economic global downturn, elevated prices, and rising borrowing costs create affordability challenges that dampen homebuyer sentiments, the sustained economic reopening, rebound of overseas Filipino remittances, and more stable labor market will mitigate the negative impacts of these external challenges and risks.*

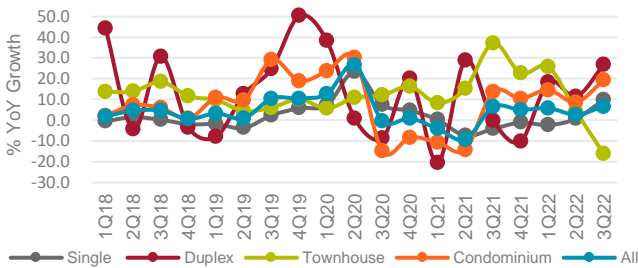
▲ 5.8% YoY

Nov 2022 OF Personal Remittances



▲ 6.5% YoY

3Q 2022 Residential Real Estate Price Index (Q1 2014 = 100)



Source: Bangko Sentral ng Pilipinas

□ News article cited

➤ C&W Philippines Research view

HOSPITALITY

□ The Philippine government is eyeing to implement a value-added tax (VAT) refund program for foreign tourists by 2024 as it seeks to boost tourism activities in the country. The move has already been observed in other countries to encourage increased spending of tourists upon their arrival to the country. The government is also eyeing to scrape the health pass requirement, as well as implement the rollout of e-visas this year with priorities given to visitors from China and India. Notably, the Department of Tourism (DoT) estimates around 2.65 million international visitor arrivals in 2022 which brings around PHP 209 billion in tourism revenues. Whilst the recent tourist arrivals figure is a significant improvement from 163,879 recorded in 2021, it is still below the pre-pandemic level of

around 8.6 million in 2019. For 2023, the DOT targets around 4.8 million foreign arrivals with the continued easing of travel restrictions.

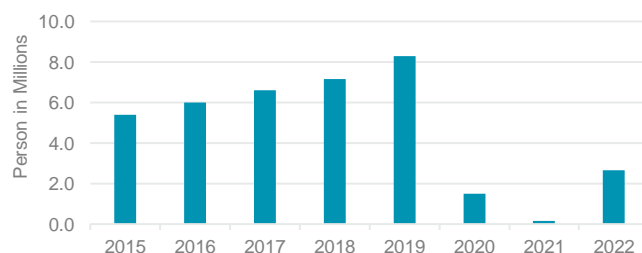
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➤ *As the travel and tourism market fully recovers, the hospitality industry is beset with a shortage of skilled workers. Coupled with the adoption of marketing strategies focused on boosting confidence among domestic and international tourists, addressing the current need will speed up the recovery of the country's hospitality market. As the global hospitality industry re-emerges, the relevant stakeholders – hotel owners, education institutions, and government – must prepare programs to upskill the labor force and improve the working conditions and industry practices.*



▲ 2.65 Mn Persons

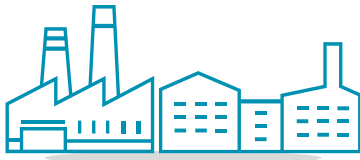
Annual 2022 Visitor Arrivals



Source: Department of Tourism

□ News article cited

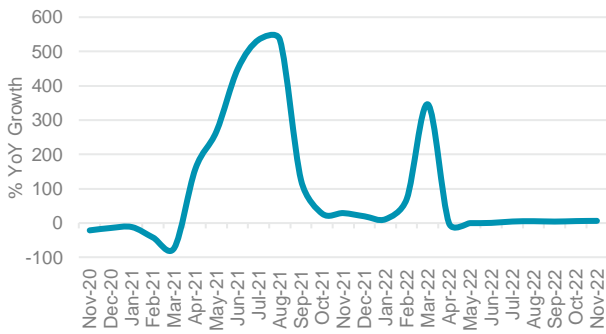
➤ C&W Philippines Research view



INDUSTRIAL/LOGISTICS

5.9% YoY

Nov 2022 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

To be bolstered by the accelerated adoption of e-commerce, population growth, and economic recovery, the country's cold chain industry is seen to grow by around 8-10% in terms of capacity in 2023, which translates to an additional 50,000 pallet positions and maintains the industry's growth momentum which is recorded at 10% in 2022. The industry's growth will also be driven by spending on food-related items which also accounts for 45% of consumer spending. Whilst the country's cold storage capacity is deemed inadequate should the government tries to address the crisis in perishable goods by building up reserves, the imbalance between demand and capacity can be better

addressed with proper government interventions such as providing loan support for the industry.
[Read the original article](#)

Driven by pandemic circumstances, the online grocery market in the country has gained steam along with faster growth of e-commerce. As the crisis in agricultural produce reoccurs, encouraging the development of cold storage facilities will answer the demand for effective warehousing. While these industries create further demand for cold storage facilities, the existing supply needs to catch up, making cold storage a potential investment segment in the industrial and logistics sub-sector.

News article cited

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RETAIL

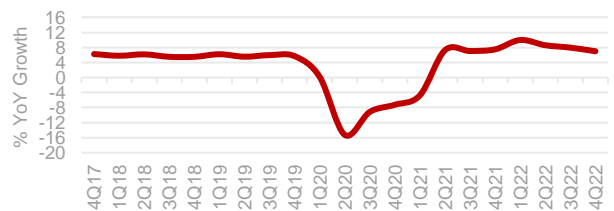
One of the country's biggest shopping mall operators, SM Investments Corporation, remains optimistic about the Philippines' growth prospects as it aims to further expand its retail footprint, particularly in the provincial areas in Northern Luzon, Visayas, and key cities in Mindanao. SM has been recognizing the faster growth in the local economies of provincial areas as it directs investments in these locations. In 2022, SM Prime opened four new shopping centers which were in the provinces, bringing its total inventory to 82 malls of which 58 are in provincial areas and 24 are in the capital region.

The retail industry has steadily improved since the significant loosening of mobility restrictions in 2022, especially with the return-to-office and back-to-school scenarios, which prompted consumers to return to retail establishments. The prospects remain bright, while the ongoing cost of living crisis may limit spending in the short term and dent the full recovery of footfall.



7.0% YoY

4Q 2022 Real Household Spending



Source: Philippine Statistics Authority

News article cited

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