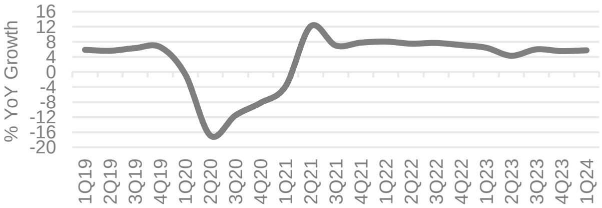
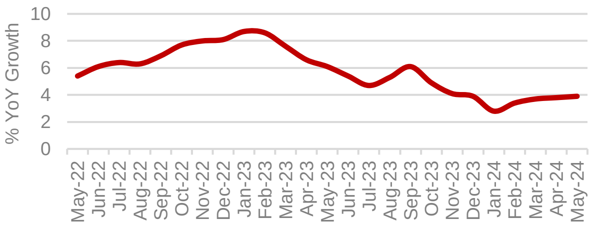
PROPERTY MARKET NEWS
PHILIPPINES
APRIL 2024

5.7% YoY 1Q 2024 Real GDP



3.9% YoY May 2024 Headline Inflation



Source: Philippine Statistics Authority

GENERAL PROPERTY

❑ Given the Philippines' healthy demographics, and strong and resilient domestic market, the country is attracting interest from investors, particularly investors in the United States, Europe, Japan and China, although they remain "cautiously optimistic" in the country amidst the persisting geopolitical and macro headwinds. Notably, the Philippines' consumer-driven economic growth was among the top performers in the region last year. Boosting government spending, specifically on big impact infrastructure projects, is seen to further drive the economy given its multiplier effect on growth. Further, the country is encouraged to boost investments in the manufacturing sector and further open up opportunities by streamlining processes and improving the ease of doing business. Taking best practices from Singapore, the government should also push to broaden the capital markets and increase liquidity to entice foreign investors to engage in equity and in the local bonds market.
[Read the original article]

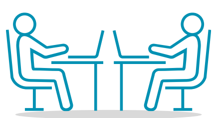
➢ *The ASEAN region has become a favored relocation hub for companies that seek to move out of China, as well as investors that aim to bank on the region's healthy demographics and rising middle-income class. While the Philippines has lagged in attracting foreign investments, it is in a strong position to benefit from the presented investment opportunities by making its investment policy environment more competitive.*

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

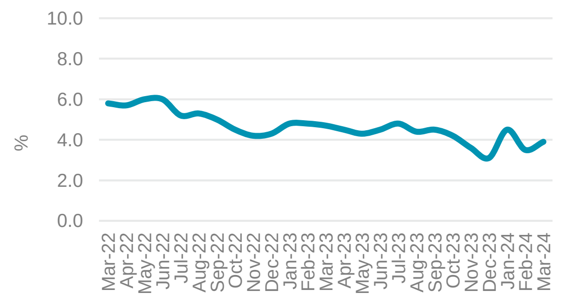
OFFICE

❑ The country's information technology and business process management (IT-BPM) is seen to benefit from the free trade agreement (FTA) between the Philippines and the European Union (EU). As more companies are looking for back-end office solutions such as call centers and data centers, the country's English-speaking population is among its competitive advantages which will help attract EU companies. The FTA is also seen to attract companies that engage in financial and digital services to establish presence in the country, given that it is a part of ASEAN, a region which has a population of around 650 million and a thriving digital economy. In the Philippines alone, the digital economy is forecast to grow between USD 80 billion and USD 150 billion in gross merchandise value by 2030. The negotiations for an FTA resumed in March this year, and it is seen to grow bilateral trade by 6 billion Euros.
[Read the original article]

➢ *Strengthening regional economic cooperation, aside from crafting much-needed programs to reskill and upskill the local labor pool, are seen to create new opportunities to further propel the services sector and assist in realizing the potential for further advancement of the country's outsourcing industry.*



3.9% Mar 2024 Unemployment Rate



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

Source: Philippine Statistics Authority

PHILIPPINES

APRIL 2024

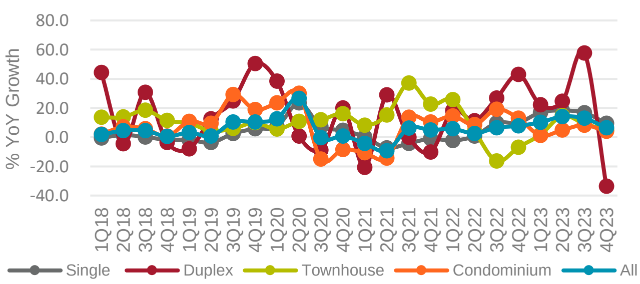
RESIDENTIAL

2.6% YoY

Mar 2024 OF Personal Remittances

6.5% YoY

4Q 2023 Residential Real Estate Price Index (Q1 2014 = 100)



Source: Bangko Sentral ng Pilipinas

❑ In order to address the country's worsening traffic situation that results in at least PHP 3.5 billion in opportunity losses per day in the capital region alone, according to a study by the Japan International Cooperation Agency (JICA), the current administration is fast-tracking the railway projects as the eyed immediate solution. The railway projects will serve as a mass transit system, shifting from the current primary modes of transport such as buses, jeepneys, and private cars. As of the report in April 2024, the rate of completion for the highly anticipated infrastructure projects is at 41% for the Metro Manila Subway; 50% for the Tutuban-Malolos and Malolos-Clark sections of the 147-kilometer North-South Commuter Railway (NSCR) Project; 38% for the South Extension of the NSCR which will run from Manila to Calamba, Laguna; 80% for the Light Rail Transit (LRT) Line 1 Cavite Extension; 85% for the rehabilitation and maintenance of the Metro Rail Transit (MRT) Line 3; 83% for the Unified Grand Central Station; and 67% for the MRT Line 7. Meanwhile, President Marcos cited that the deadline for franchise consolidation under the government's Public Utility Vehicle Modernization Program (PUVMP) will no longer be extended.
Read the original article

➢ *The anticipated significant improvement in transport links is expected to catalyze an increase in property values in the non-central areas adjacent to Metro Manila, as it is seen to further drive demand for landed properties outside the capital region.*

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

HOSPITALITY

❑ In the first quarter of 2024, the Philippines recorded more than two million international visitor arrivals, of which 94.2% were foreigners and 5.8% were overseas Filipinos. Visitor arrivals were mainly from South Korea (27.2%), the United States (15.6), China (6.5%, Japan (6.2%), Australia (4.2%), Canada (4.0), and Taiwan (3.4%). Meanwhile, the Department of Tourism (DOT) maintains the target for 2024 at 7.7 million foreign tourist arrivals. Tourism receipts for Q1 2024 were recorded at PHP 157.62 billion, higher by more than 20% as compared to the same period last year at PHP 130.59 billion.
Read the original article

➢ *Whist the travel and tourism industry has gained traction, the hotel segment is seen to continue to navigate through the complexities of uneven recovery of travel demand among major source markets, soaring travel costs, and operational challenges associated with the rising input costs and evolving travel-related preferences.*

459.5 Th Persons

Apr 2024 Visitor Arrivals

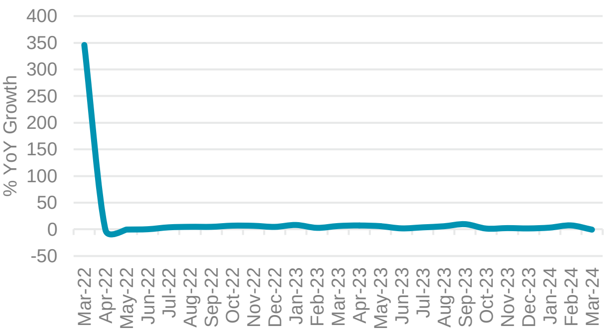
Source: Department of Tourism

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

INDUSTRIAL/LOGISTICS

-0.8% YoY

Mar 2024 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

- ❑ Ayala Land's logistics arm, AyalaLand Logistics Holdings Corp. (ALLHC), plans on doubling its cold storage capacity to cater to the growing demand from the institutional market and importers. The ALLHC currently has a combined capacity of 10,300 pallet positions from its two facilities in Laguna and Cebu. The company's expansion plan aligns with the forecast that the country's cold storage capacity will grow by 8-10% annually beginning in 2024. The company, which entered the cold storage business in 2021, aims at doubling its current capacity to reach 20,300 positions by 2025. Meanwhile, its two upcoming cold storage facilities in Santo Tomas and Mabalacat are expected to add 5,000 pallet positions by 2024. Read the original article

- ➢ *The cold storage industry, as well as the demand for modern warehouses, is poised for a notable growth as the evolving consumption habits of the growing population and challenges brought about by the disruptions due to climate change require modern storage and transport solutions. The increased urbanization, brought about by the creation of new growth hubs in the provinces, will further increase demand for the burgeoning asset class.*

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

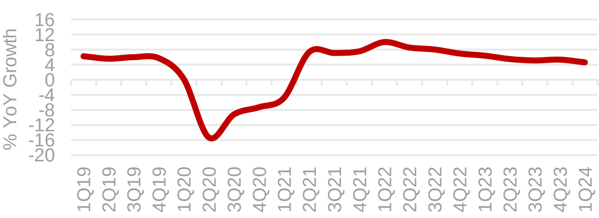
RETAIL

- ❑ With the persistent high inflation rate, the pressure to further delay benchmark interest rate cuts is seen to slow economic growth in the short-term as the higher borrowing cost dampens investment flows and consumer spending. If high inflation continues, a possible rate cut is now eyed in the first quarter of 2025, whilst the "the "central scenario" targets monetary policy easing in the final quarter of this year. Economic managers made downward adjustments to the gross domestic product (GDP) growth target to 6-7% in 2024, from 6.5-7.5% previously. Meanwhile, the central bank forecasts inflation to average 3.8% this year, whilst it is expected to breach the 2-4% target band over the second and third quarters. Read the original article

- ➢ *The external backdrop weighs on demand from international retailers while the continued inflation pressures reduce the spending power of consumers. Whilst consumer traffic in major retail establishments continues to normalize, the return to pre-pandemic levels of occupancy in malls is expected to be slower than expected.*

4.6 % YoY

1Q 2024 Real Household Spending



Source: Philippine Statistics Authority

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

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