



GENERAL PROPERTY

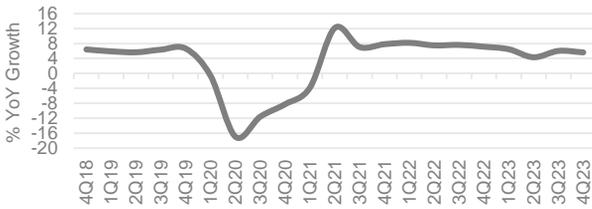
□ The Philippine central bank maintained that a policy rate cut is unlikely in the coming month as the lingering inflationary risks require tight monetary response, keeping the benchmark interest rate at the high level of 6.5%. The Bangko Sentral ng Pilipinas (BSP) noted that the rising tension in the Red Sea and the ongoing El Niño episode in the country are among the upside risks to inflation which could lead to further supply chain disruptions. Meanwhile, the projected slowdown in China’s economy is seen to cloud the country’s growth outlook for 2024, as China is among the country’s major trading partners, as well as a key source of investments and foreign tourists. Notably, China is the third top destination of locally made products in November, which accounts for 13.2% of the total, and the main source of

imported products, which is around 24%. China is also an important source of foreign direct investment (FDI) which is vital in infrastructure development. [Read the original article](#)

➤ *Whilst the cycle of monetary policy tightening seemed to have peaked, the persisting risks to inflation may further delay monetary policy easing. The anticipated rate cuts will further pump-up economic recovery and ease financing pressure, which is crucial in improving the overall real estate demand that has yet to return to pre-COVID-19 vibrancy.*

▼ 5.6% YoY

4Q 2023 Real GDP



▲ 3.5% YoY

Feb 2024 Headline Inflation



Source: Philippine Statistics Authority

□ News article cited

➤ C&W Philippines Research view

OFFICE

□ Jobstreet by SEEK, an employment platform in Southeast Asia, is observing a decline in the use of the key word ‘work from home’ in the online platform’s job descriptions, as companies are still trying to refine the best flexible work approach that is best suited for them. Transitioning to post-pandemic, SEEK noted the “continuously evolving” dynamics of flexible work where going hybrid is an increasingly viable option. Moreover, companies and jobseekers are balancing the set-up that will work best in consideration of the nature of the companies’ industry, given that more employees are keen on continuing the hybrid work arrangement. Meanwhile, the

IT and Business Process Association of the Philippines (IBPAP) observed a “gradual uptick” of BPO companies that are resuming in-office work, noting an aggregate figure of around 60% that are currently working on-site.

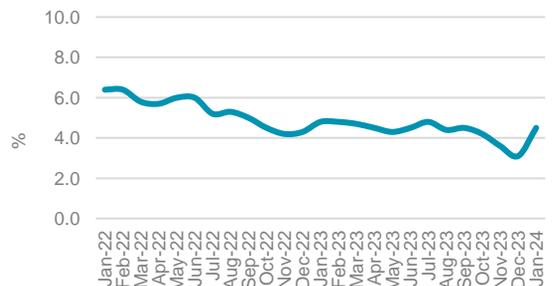
[Read the original article](#)

➤ *As business operations normalize, many companies are trying to bring employees back to full-time in-office work. Nonetheless, remote or hybrid work arrangements remain popular, specifically for demographic groups that demand flexibility in their work arrangements, which has proven to work for them during its wide implementation.*



▲ 4.5%

Jan 2024 Unemployment Rate



□ News article cited

➤ C&W Philippines Research view

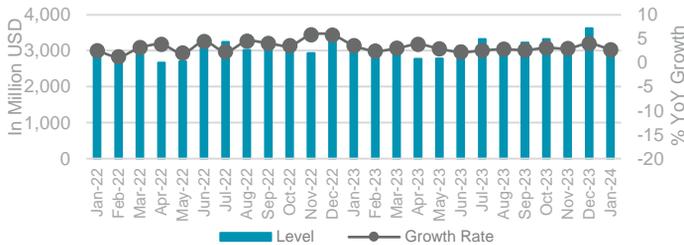
Source: Philippine Statistics Authority



RESIDENTIAL

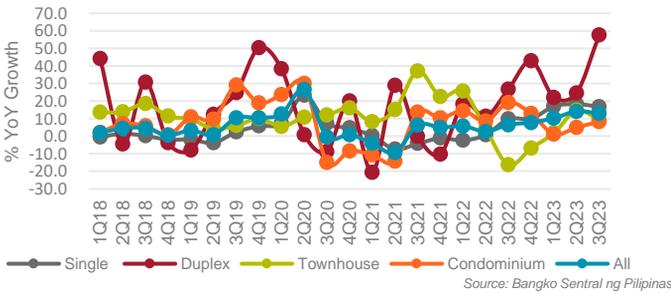
▼ 2.7% YoY

Jan 2024 OF Personal Remittances



▼ 12.9% YoY

3Q 2023 Residential Real Estate Price Index (Q1 2014 = 100)



□ The threshold for house and lot purchases that is exempted from the 12% value-added tax (VAT) was increased to not more than PHP 3.6 million, from a ceiling of PHP 3.2 million previously. The amendment was in accordance to Section 109(P) of the National Revenue Code which orders the Bureau of Internal Revenue (BIR) to adjust the price ceiling every three years based on the inflation figures. Residential developers previously voiced concerns when the threshold was lowered to PHP 2 million during the Duterte-era Tax Reform for Acceleration and Inclusion or Train, as it could discourage home buyers. It was in November 2023 when the Subdivision and Housing Developers Association and

National Real Estate Association consulted the Marcos administration to increase the VAT exemption cap in order to address the affordability issues of housing units and in consideration of current economic conditions.

[Read the original article](#)

➤ *The adjusted price ceiling of tax-exempt residential properties is seen to mitigate the rising cost of purchasing housing units due to higher mortgage rates brought about by the higher-for-longer interest rate environment, boosting demand for mid-end residential properties.*

□ News article cited

➤ C&W Philippines Research view

HOSPITALITY

□ Domestic tourism drives the country's tourism receipts, accounting for around 80% of the total. The greater activities of domestic travelers than of the international tourist is considered a unique characteristic of the Philippine tourism industry. Also, after having been restricted at the height of the pandemic, it is observed that local travelers are "moving towards travel experience that is educational." The Philippine Statistics Authority (PSA) recorded about PHP 1.5 trillion tourism spending attributable to domestic tourism of the total PHP 1.87 trillion in 2022.

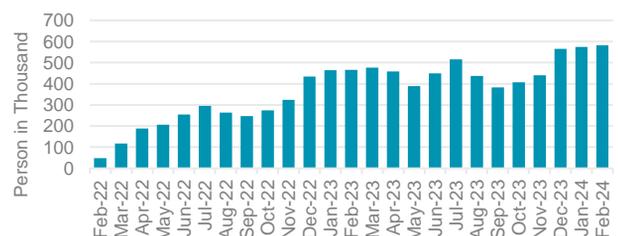
[Read the original article](#)

➤ *Over recent years, the travel and accommodation sector has benefited from a surge in demand as the revenge travel phenomenon continues to hold strong post-pandemic. Local and international tourists are seen to continue unleashing pent-up travel demand as the global tourism market normalizes.*



▲ 582.3 Th Persons

Feb 2024 Visitor Arrivals



Source: Department of Tourism

□ News article cited

➤ C&W Philippines Research view



INDUSTRIAL/LOGISTICS

2.0% YoY

Dec 2023 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

□ To accommodate more logistics companies, the Bases Conversion and Development Authority (BCDA) is eyeing further expansion of the facilities of Clark International Airport (CIA), the country's only economic zone with its own international airport. The planned overall expansion will cover around 70 hectares that will accommodate at least eight logistics companies. Meanwhile, the BCDA is currently finalizing agreements with three global logistics companies for an investment of more than USD 1 billion and is expected to cover around 20 hectares of the expanded area. These companies are targeting to start operations in two years, which prompts BCDA to

complete within two years the construction of an apron and taxiway that will give the locators access to the runway. [Read the original article](#)

➤ *Central Luzon, particularly the Clark-Subic corridor, are the prospective areas of strong industrial and logistics sector growth as an alternative to the mature industrial segment in the CALABA corridor. Strengthening the collaboration between the government and agency sectors to establish the area's attractiveness for foreign investment will bolster activities across real estate sub-sectors, especially upon the completion of big-ticket infrastructure in the Central Luzon region.*

□ News article cited

➤ C&W Philippines Research view

RETAIL

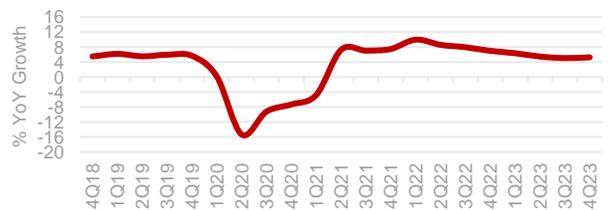
□ The Philippines' major retail real estate player maintains optimism about the sector's growth, buoyed by the sustained growth in household consumption that has proven to withstand past market disturbances which include the Asian financial crisis. In particular, consumption activities are led by discretionary spending, which include spending on fashion, food and beverages, and entertainment. Household spending is also buoyed by overseas Filipino (OF) remittances, as well as activities in the BPO industry, which supports employment and increases spending power among the younger population. [Read the original article](#)

➤ *The improving labor market conditions and slowing inflation will prop up consumer spending and retail sales in shopping centers, aided by the anticipated strong rebound in visitor arrivals and buoyant economic growth prospects.*



5.3 % YoY

4Q 2023 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**About Cushman & Wakefield**

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

This report has been produced by Cushman & Wakefield for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield shall not be liable to any reader of this report or any third party in any way whatsoever. Cushman & Wakefield shall not be held responsible for and shall be released and held harmless from any decision made together with any risks associated with such decision in reliance upon any expression of opinion in the report. Our prior written consent is required before this report can be reproduced in whole or in part.