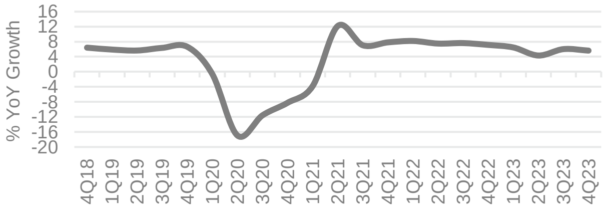
PROPERTY MARKET NEWS

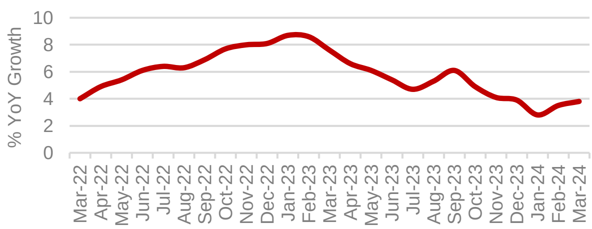
PHILIPPINES

MARCH 2024

5.6% YoY **4Q 2023 Real GDP**



3.8% YoY **Mar 2024 Headline Inflation**



Source: Philippine Statistics Authority

GENERAL PROPERTY

❑ With the aim of further lifting foreign ownership restrictions in the country that would promote FDI openness in public utilities, educational institutions and the advertising industry, the House of Representatives has approved on the second reading the economic 'Cha-cha'. In 2022, Southeast Asia's recorded FDI rose by 5.5% to USD 224 billion, of which only USD 9.2 billion was in the Philippines, significantly below that of Singapore with USD 141.2 billion, Indonesia with USD 22 billion, Vietnam with USD 17.9 billion, Malaysia with USD 17.1 billion and Thailand with USD 9.9 billion. Among the factors that contributed to investors being wary of the Philippines is the "risk of unconstitutional vagueness." Nonetheless, a think tank representative reiterated that in terms of economic openness, the country is already among the most open among its Southeast Asian peers, and that the part of the economy that still has restrictions, such as the public utilities, educational institutions and the advertising, only accounts for about 6% of the gross domestic product.
Read the original article

➢ *The country's power cost, which is considered among the highest in the region, is one of the factors that investors are looking into, especially for power-intensive industries such as data center and manufacturing. Promoting competitiveness in the sector is one way of removing a major investment roadblock which will create better investment opportunities in the long-term.*

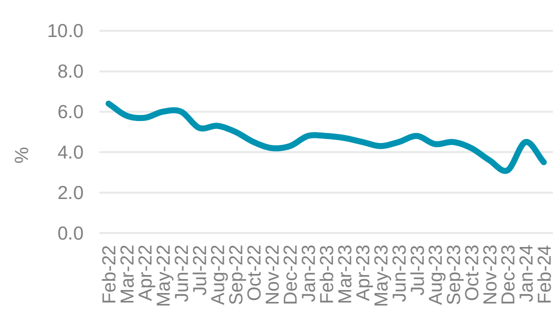
❑ *News article cited* ➢ *C&W Philippines Research view*

OFFICE

❑ The House Bill No. 9794, commonly known as the CREATE MORE (Maximize Opportunities for Reinvigorating the Economy) was passed by the House of Representatives on March 18, 2024. The bill seeks to cut the corporate income tax from 25% to 20%; allow domestic-market and export companies to have duty exemptions, value-added tax (VAT) exemptions on imports, and VAT zero-rating of local purchases; and harmonize the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act and its implementing rules and regulations (IRR). In the final bill, the business sector is also anticipating clearer policies on the work-from-home arrangements and the "grant of incentives and tax refunds." The House Bill No. 9794 also provides deduction for power costs incurred during the Income Tax Holiday period of up to 200%, as well as allow trade fairs, missions, or exhibitions to deduct 100% of their accrued expenses. Meanwhile, aside from concerns about CREATE MORE's impact on the revenue of the National Government, the bill is also seen to allow the investment promotion agencies (IPA) to grant text incentives, as opposed to the original economic criteria of CREATE which seeks rationalization of fiscal incentives.
Read the original article

➢ *Given that the outsourcing industry remains the main driver of office space demand and employment, setting well-defined policies towards remote work is crucial in attracting and retaining IT-BPM locators, as many global companies have currently moved past traditional work set-up and established hybrid work systems.*

3.5% **Feb 2024 Unemployment Rate**



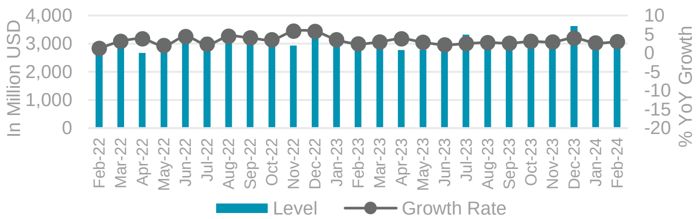
Source: Philippine Statistics Authority

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

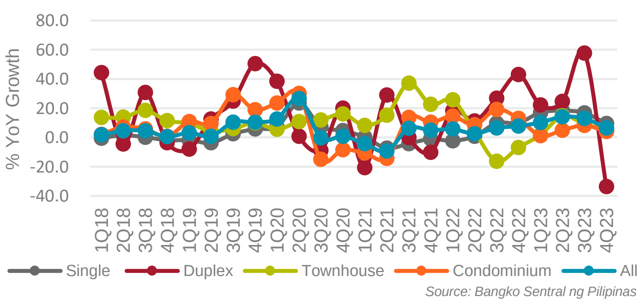
PHILIPPINES

MARCH 2024

3.0% YoY — Feb 2024 OF Personal Remittances



6.5% YoY — 4Q 2023 Residential Real Estate Price Index (Q1 2014 = 100)



Source: Bangko Sentral ng Pilipinas

RESIDENTIAL

- In the final quarter of 2023, the overall residential real estate prices grew by 6.5% year-on-year (YoY), slower than the recorded YoY growth of 7.7% in the same quarter last year and 12.9% in Q3 2023. On a quarter-on-quarter (QoQ) basis, the Residential Real Estate Price Index (RREPI) is a decline by 3.6%, from a growth of 3.4% last quarter and 2.2% last year. Prices of residential properties located outside Metro Manila grew at a faster rate of 7.8% YoY in Q4 2023, as compared to prices of properties in the capital region which grew by 4.3% YoY. In terms of growth by property type, prices of single detached/attached house soared by 9.5% YoY, followed by townhouses at 4.9% YoY and condominium units at 4.1%. The prices of duplex properties declined by 33.5% YoY. Meanwhile, the residential real estate loans (RRELs) in Q4 2023 for all types of new housing units increased by 30.5% YoY, with greater increase recorded in the RRELs in Metro Manila which grew by 38.5%, as compared to RRELs in areas outside the capital region at 26.6%. The Philippines' appraised value of new housing units increased by 19.1% YoY in Q4 2023 to an average of PHP 89,042 per sq.m. Metro Manila recorded an average appraised value of PHP 134,178 per sq.m., a 5.5% YoY increase whilst a decline by 14.3% QoQ. The average appraised value of properties outside Metro Manila also rose by 31.8% YoY and 18.1% QoQ to PHP 65,186 per sq.m.
  Read the original article

➢ *Consumers continue to be weighed by the persisting high bank lending rates which discourage homebuying decisions in the medium term, while housing inventory has continued to grow, especially in key areas along newly completed big infrastructure developments that enhance connectivity and accessibility to the major business hubs in the capital region.*

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

HOSPITALITY

- In a report by SiteMinder, a hotel commerce platform, overseas hotel booking in the Philippines is growing, with around 115 million hotel bookings in 2023 of which 67% of the total volume of arrivals are overseas travelers. The country's number of bookings is an increase by 33% from 2022, with growth in hotel arrivals seen from countries which include the United States, Australia and South Korea. Meanwhile, SiteMinder noted that direct bookings through hotel websites is only the third most popular booking sources for hotels in the country in terms of total gross revenue, next only to the popular booking platforms, namely, Booking.com and Agoda. SiteMider further noted the new era of travel with evolving travel behaviors, preferences and traveler profile. Also, the long-awaited rebound of Chinese tourist and other key source markets which include India, Japan and South Korea, should prompt hotel operators to revisit their marketing strategies in order to "reach the world's fastest-growing travel sources and gain intelligence on these potential customers to maximise their revenues."
  Read the original article

➢ *As the tourism market continues to grow at pre-pandemic levels, adopting flexibility in pricing and booking remains an attractive option to capture an increased share of travelers, along with strategies to enhance brand visibility to eager consumers that are still in a revenge travel mood.*

505.7 Th Persons — Mar 2024 Visitor Arrivals

Source: Department of Tourism

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

PROPERTY MARKET NEWS

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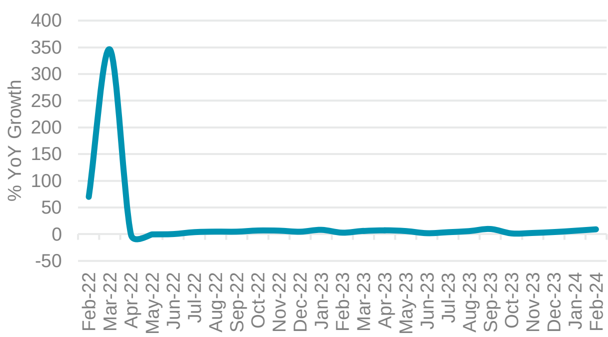
MARCH 2024

CUSHMAN & WAKEFIELD

INDUSTRIAL/LOGISTICS

8.9% YoY

Feb 2024 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

- ❑ As the global demand begins to pick-up and the tech sector downturn is nearing its end, the country's industrial production is seen to improve in H2 2024, according to Moody's Analytics. The country's industrial production increased by 1.9% YoY in January 2024 in volume terms and 0.9% YoY in value terms, lower than the recorded growths in December 2023 at 1.6% YoY and 2.2 YoY, respectively. Moody's further noted that while the country's headline inflation rate increased to 3.4% in February from 2.8% a month ago, core inflation declined to 3.6% from 3.8%. In contrast to other markets, core inflation is steady in South Korea while it increased in Taiwan. Meanwhile, the monetary board is not expected to deliver interest rate cuts soon as it is still premature to declare inflation as finally stable. Read the original article

- ➢ *Whilst the inflation rate is showing a downtrend in the Philippines, the global economy still grapples with the prevailing high level of prices and interest rates that continue to curb consumer demand growth. Nonetheless, the Philippines' favorable economic conditions should improve the foreign investment inflows in the manufacturing industry to further buoy activities in the sector, despite the continued global supply chain disruption amidst geopolitical conflicts.*

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

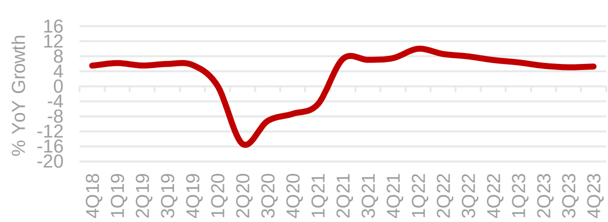
RETAIL

- ❑ In a report by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the Philippines ranked fifth in terms of internet traffic in East Asia, despite being the second most populous country among the surveyed markets. Topping the list in terms of e-commerce traffic share are South Korea (35%), Indonesia (27.2%), Vietnam (11.2%) and Thailand (8.7%). The Philippines, which only accounts for 7.5% of the total traffic, is ahead of Malaysia (6.1%), Singapore (3.8%), Mongolia (0.17%), Cambodia (0.14%), Brunei Darussalam (0.03%) and Lao People's Democratic Republic (0.02%). Contributing to the country's low share is the internet penetration in the country being comparably low at 56%, with only 41% of the population making online purchases, as well as the country's archipelagic location which complicates logistics and internet connectivity. Nonetheless, the country's e-commerce traffic has massively grown from 960 million visits pre-pandemic in 2019 to 1.7 billion visits in 2022. Read the original article

- ➢ *Despite the lower internet traffic in the Philippines as compared to other countries in the region, e-commerce has significantly grown to be a major trend in the Philippine retail scene, altering the behavior of a large consumer base even after transitioning to the post-pandemic. The current condition of the country's online economy signifies immense growth opportunities as it continues to gain popularity among local consumers.*

5.3 % YoY

4Q 2023 Real Household Spending



Source: Philippine Statistics Authority

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

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