



GENERAL PROPERTY

accommodation and food service sector (13.5%), and the manufacturing sector (8.5%). Meanwhile, whilst the committed investments are showing a downward trend, the central bank recorded an upward trend in actual foreign direct investment (FDI) flows which reached a 26-months high of USD 1.364 billion in February 2024, a growth by 29.3% YoY.

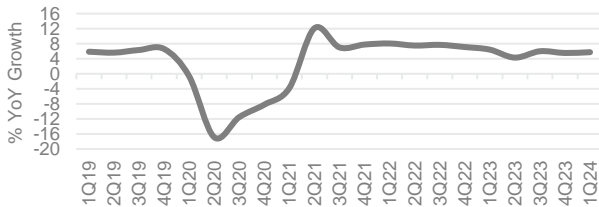
[Read the original article](#)

➤ *Despite the downtrend in investment volumes which mirrors the regional markets, largely attributable to the growing concerns about global growth prospects and geopolitical instabilities, the buoyant economic outlook of the Philippines compared with other markets is seen to boost competitiveness and encourage investment inflows in the medium-term.*

□ Due to persisting global economic challenges, foreign investment pledges dipped by 63.6% YoY and 63.4% QoQ in Q1 2024 as many investors maintain a cautious investment approach in emerging markets such as the Philippines. The value of foreign commitments approved by investment promotion agencies (IPAs) for the period is recorded at PHP 148.43 billion, from PHP 408.22 billion in the same period last year and PHP 394.45 billion in Q4 2023. In Q1 2024, the country's biggest source of approved investment pledges is Singapore which is worth PHP 70.06 billion (47.2%), followed by the Netherlands (26.2%) and South Korea (13.6%). The bulk of approved investment pledges are directed towards the energy industry (73.6%), followed by the

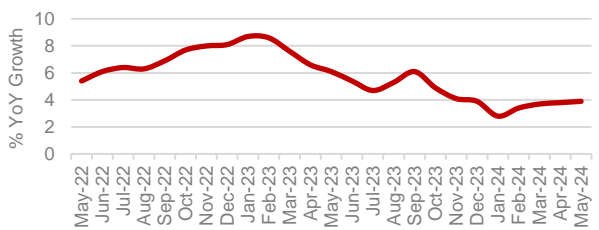
▲ 5.7% YoY

1Q 2024 Real GDP



▲ 3.9% YoY

May 2024 Headline Inflation



Source: Philippine Statistics Authority

□ News article cited

➤ C&W Philippines Research view

OFFICE

□ Nine cities of the Philippines were included in the 2024 Global Cities Index by Oxford Economics' 1,000 global urban economies, an index which provides insights into urban environments worldwide based on five categories: economics, human capital, quality of life, environment, and governance. Manila (not specified as the City of Manila or the Metropolitan Manila) ranks 256th, which is considered above average whilst not among the top-performing cities, led by New York (1st), London (2nd), San Jose (3rd), Tokyo (4th), and Paris (5th). Manila ranked high in the human capital category at 101st spot, economics at the 150th spot and the environment at 238th. Meanwhile, it ranked low in the categories of quality of life (461) and governance (614).

Other Philippine cities that were named in the report are the cities of Cebu which ranked 436th globally, Cagayan de Oro (487), Davao City (500), Angeles City (502), Bacolod (538), Dagupan (604), Zamboanga (695) and General Santos (723).

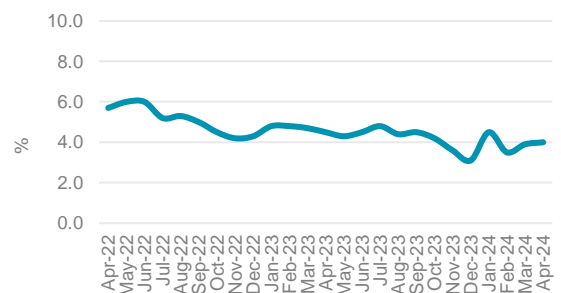
[Read the original article](#)

➤ *Addressing the lingering issues surrounding the country's governance and regulatory weaknesses, which are among the most pressing concerns that prohibit maximizing economic activities and attracting international companies, specifically in cities that are being geared as the next BPO hubs, will further open opportunities and expand the sector's growth in these emerging urban areas.*



▲ 4.0%

Apr 2024 Unemployment Rate



Source: Philippine Statistics Authority

□ News article cited

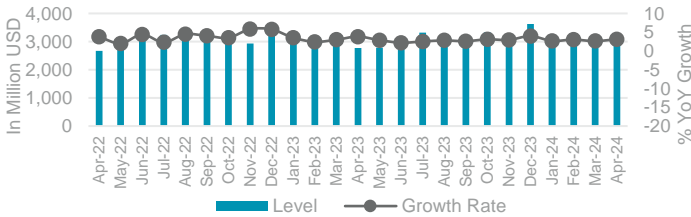
➤ C&W Philippines Research view



RESIDENTIAL

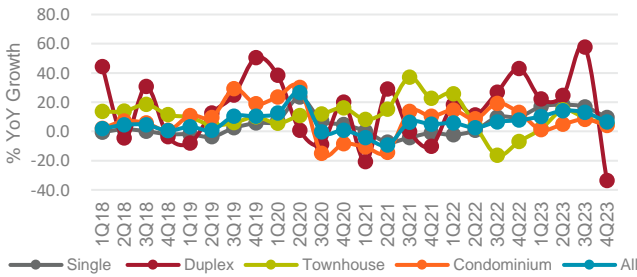
▲ 3.1% YoY

Apr 2024 OF Personal Remittances



▼ 6.5% YoY

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



□ If the country maintains its growth momentum this year, the National Economic and Development Authority (NEDA) is positive that it will finally attain upper middle-income economy status by 2024. Currently, the country is classified as a lower middle-income country with a gross national income (GNI) per capita of USD 3,950, a status given by the World Bank to the Philippines since 1987. In order to reach the upper middle-income status, the (GNI) per capita should be within the range of USD 4,466 to USD 13,845. In Q1 2024, the Philippines' GDP growth is at 5.7%, slightly above the recorded 5.5% in the previous quarter.

For the economy to reach the government's 6-7% growth target, GDP growth should average 6.1% in the next three quarters. Meanwhile, the World Bank's growth forecast for the country is set at 5.9% and although it is seen as the fastest-growing economy in Southeast Asia, it still falls behind the target set by the government.

[Read the original article](#)

➤ *Given the presence of a young and highly-urbanizing demographic profile of the Philippines, a more inclusive economic development will underpin the continued growth of the residential sector's long-term demand.*

□ News article cited

➤ C&W Philippines Research view

HOSPITALITY

□ Trip.com Group, a Singapore-based travel booking service, noted a 54% increase in hotel bookings in the Philippines in Q1 2024, still driven by "impulse travel" as influenced by the consumers' enthusiasm in social media. Overall, the country also recorded more than 100% growth in hotel bookings in Southeast Asia, whilst the fairly lower performance for the quarter is attributable to base effects as the volume and gross merchandise value of hotel and flight bookings in the Philippines tripled in 2023 compared a year prior. The platform

noted that impulse purchases are more prominent among young Filipinos, which prompted the company to launch campaigns that will allow consumers greater flexibility in their bookings, to further accommodate the impulse purchase needs.

[Read the original article](#)

➤ *Digitization and experiential travel are among the major trends that will continue to play crucial roles in attracting tourism market share as the local and international travel market is poised for a sustained growth.*



▼ 447.4 Th Persons

May 2024 Visitor Arrivals



Source: Department of Tourism

□ News article cited

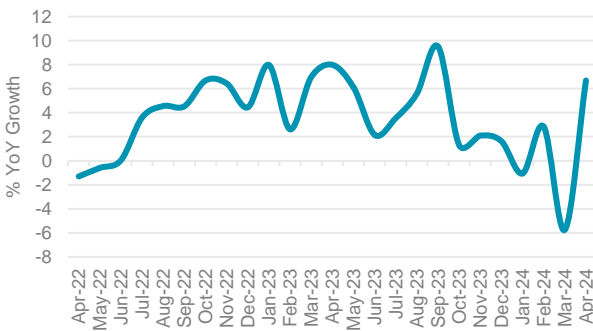
➤ C&W Philippines Research view



INDUSTRIAL/LOGISTICS

6.7% YoY

Apr 2024 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

□ The country is prompted to address the persisting issues in the semiconductor and mining sectors to further boost foreign direct investments (FDI). Whilst there is an observed supply chain relocations of companies in ASEAN countries, the Philippines has not fully benefited from this despite the electronics sector contributing to around 60% of the country's total exports. Among the factors that hinder the sector's growth is its basic operations in terms of assembly, testing and packaging semiconductors that require high import content, thereby causing the electronics trade surplus to stagnate over the past years. Meanwhile,

the Philippines' elevated transport and logistics costs, which are relatively high due to high power rates and lacking infrastructure, are among the factors that drag down the manufacturing sector, causing a decline in its share in total output. Meanwhile, Namura still sees opportunities in industrial park developments with interest from Chinese and other global companies. [Read the original article](#)

➤ *Providing essential infrastructure to support manufacturing operations will help attract companies that are looking at reshoring and diversifying manufacturing operations, further creating demand for industrial space.*

□ News article cited

➤ C&W Philippines Research view

RETAIL

□ Household spending is seen to be dampened by the downtrend in growth of remittance inflows, which grew by 4.6% YoY in peso terms in March, slower than the recorded growth of 4.6% last month. Whilst the QoQ growth of 4.9% in 1Q 2024 is significantly faster than the 0.9% QoQ increase in 4Q 2023, this is highly attributable to currency effects, while growth in peso terms is "below the historical average for a 10th consecutive month." Household spending, which accounts for about three-fourths of the Philippine economy, is heavily influenced by cash remittances which increased by 2.5% to USD

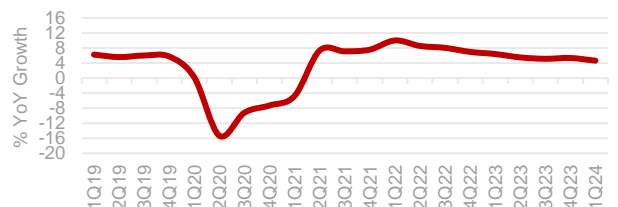
2.74 billion in March this year, the slowest since 2.1% growth in June 2023. [Read the original article](#)

➤ *The decline in OF remittances and the elevated inflation will prompt consumers to spend with caution and hamper the growth of discretionary spending in the medium term. Demand from global retailers is seen to remain soft as the weak global economic sentiment persists.*



4.6 % YoY

1Q 2024 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.