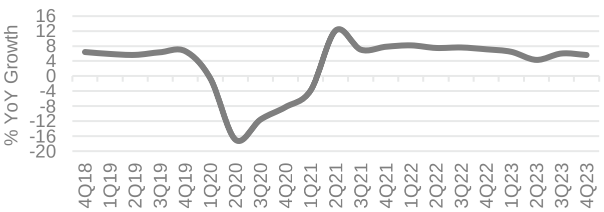
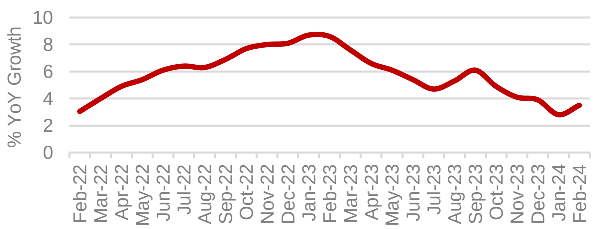
5.6% YoY **4Q 2023 Real GDP**



3.5% YoY **Feb 2024 Headline Inflation**



Source: Philippine Statistics Authority

GENERAL PROPERTY

- The Philippines' score in the 2024 Index of Economic Freedom declined by 0.3 point to 59 from a score of 59.3 in 2023, placing the country in the 88th spot out of 176 countries. The country's score continues to downgrade from 61.1 in 2022 and 64.1 in 2021, which makes the country to remain largely ''unfree'' in economic aspects. The country ranked below its competition, which includes Thailand which is in the 87th spot, Vietnam (59th), Indonesia (53rd), Malaysia (45th), and Brunei (43rd). Out of 39 countries in Asia-Pacific, the country is ranked 18th. The Index of Economic Freedom considered four main factors, namely: the rule of law, government size, regulatory efficiency, and market openness. The country's overall rule of law remains weak with its score for property rights declining by 0.3 point to 46, while judicial effectiveness improved by 16.4 points to 42.2. The score for government integrity is below the world average, dipping by 0.6 point to 33.8. Under the government size category, the country's score in tax burden dipped by 0.1 point to 78.2. The score for government spending declined by 2.1 points to 79.2 while the fiscal health score decreased by 18.9 points to 40.5. The score for business freedom, which is under the regulatory efficiency category, improved by 3.6 points to 69.7, which is above the global average, while the monetary freedom score declined by 2.5 points to 65.8.
Read the original article

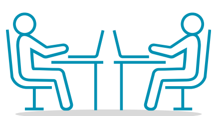
➢ *Whilst faced with structural challenges and other long-standing constraints such as insufficient infrastructure and pollical issues, the country has been making progress to promote investment attractiveness, such as promoting less strict foreign investment policies and a number of big-ticket infrastructures that are currently in the works. Buoyed by the relatively better growth prospects, the country should continue to attract future investments amidst external headwinds.*

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

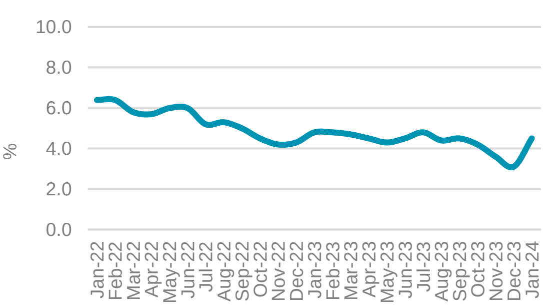
OFFICE

- The Committee on Games and Amusements unanimously approved the bill that seeks to ban and declare illegal the Philippine Offshore Gaming Operators (POGOs). Notably, POGO's economic benefits, in terms of tax collection, are declining while the industry is linked to various criminal activities. The POGO's contribution to the economy peaked at PHP 104 billion in 2019, while it only contributed PHP 53 billion in 2022, which is only 0.031% of the Philippine gross domestic product (GDP). Meanwhile, the Philippine Amusement and Gaming Corporation (PAGCOR) stated that appropriate measures that address POGO-related concerns are in place that have yielded positive results. To date, there are only around 75 operating POGOs, down from 300 licensees in 2019.
Read the original article

➢ *Amidst anticipated constrained office space demand from the offshore gaming industry, the traditional IT-BPM investments are expected to pick up in the medium-term to sustain the office market demand, while anticipating the full recovery of global corporate investment activities.*



4.5% **Jan 2024 Unemployment Rate**



Source: Philippine Statistics Authority

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

PROPERTY MARKET NEWS

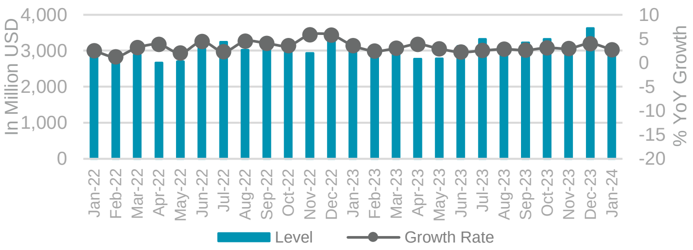
PHILIPPINES

FEBRUARY 2024

CUSHMAN & WAKEFIELD

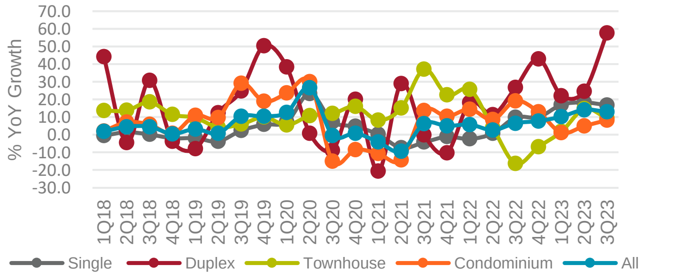
2.7% YoY

Jan 2024 OF Personal Remittances



12.9% YoY

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



Source: Bangko Sentral ng Pilipinas

RESIDENTIAL

- ❑ Building permit applications are on a decline attributable to the elevated interest rates and inflation, which affects consumers' decision in the construction of new homes and business buildings. In a report by the Philippine Statistics Authority (PSA), the number of constructions from approved building permits dropped by 10% YoY to 34,675 in Q4 2023, from 38,909 in the same period last year. Meanwhile, the value of constructions inched up by 2.6% to PHP111.14 billion, from PHP 108.28 billion in the same period in 2022. In terms of average construction cost (excluding expenses for alterations, repairs, and other non-residential purposes), per square meter cost stood at PHP 10,683.4, an increase by 5.6% from 10,113.94 a year ago. Residential building constructions declined by 16.3% to 23,009, from 27,482 last year, while non-residential constructions are recorded at 7,607, of which the bulk are constructions of commercial buildings. The region of CALABARZON accounts for the highest number of constructions among the Philippine regions at 8,655 constructions, followed by Central Visayas with 4,541 constructions.
  [Read the original article]

- ➢ *The rising cost pressures may restrict construction activity across the mid-end residential space, particularly by mid-scale residential property developers that are prominent in provincial areas.*

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

HOSPITALITY

- ❑ The travel and tourism industry is on track for a strong recovery in 2024 with tourist arrivals dramatically rising by around 50% to reach 8.21 million arrivals, close to the pre-pandemic level of 8.26 million arrivals in 2019. According to the BMI Country Risk & Industry Research, the recovery of tourist arrivals will be driven by the increased tourists from key source markets such as South Korea, China, and the United States. The BMI further noted that the medium term forecast for the country's tourist arrivals is on a positive trajectory attributable to its offering of relatively affordable destinations, benefiting from easy access and strong transport links with other markets. Nonetheless, BMI warned of the short-term risks to the Philippine tourism outlook which include the elevated inflation in key source markets.
  [Read the original article]

- ➢ *Whilst leisure travel remains the main driver of travel and tourism industry, specifically domestic travel, which has been resilient throughout the previous year, corporate travel, along with foreign tourist arrivals, are also poised to improve, amidst more stable economic conditions which is seen to prompt companies to resume postponed travel plans for business purposes.*

582.3 Th Persons

Feb 2024 Visitor Arrivals

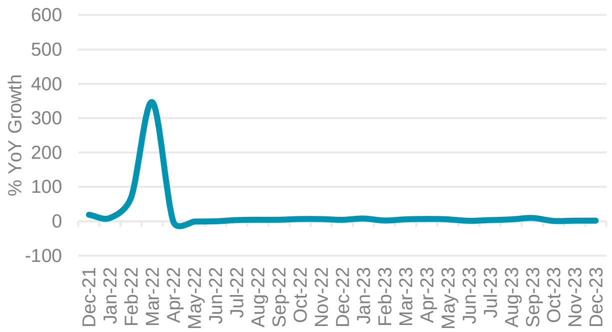
Source: Department of Tourism

❑ *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

- ❑ In a report by the BlueFocus Infrastructure Advisors (BIA) SL, a Spain-based transport and logistics service provider, the cost of shipping in the Philippines is higher as compared to other Southeast Asian countries, with more weight placed on destination charges. The study assessed that the logistics costs for an imported container in the country, from the Port of Loading up to logistics premises in Metro Manila, averaged at USD 5,300 or PHP 296,000. The bulk of this logistics cost is from maritime transport (38%), followed by customs clearance (35%), inland logistics (20%), and port charges (8%). [Read the original article]

- ➢ *With the increase e-commerce transactions prompting e-commerce and logistics companies to better manage inventories, which resulted in an increased demand for warehouse space within industrial estates, the logistics and warehousing segment remains buoyant post-pandemic. With the rapidly increasing logistics operations, significant infrastructure investments are needed to enable seamless transport, as well as enhance efficiency and cost-effectiveness in the segment.*

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

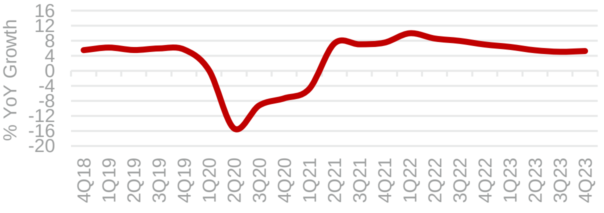
RETAIL

- ❑ Bain & Co. reported that the Philippines is among the top three most favorable markets for established consumer brands, along with Malaysia and India, as the country's retail market remains heavily driven by traditional trade with relatively low e-commerce penetration. Meanwhile, markets such as South Korea, Singapore, and China are seen as most conducive for rising consumer brands due to their "thriving e-commerce sector and well-established networks of third-party suppliers." Across 23 consumer product goods (CPG) categories considered in the study, traditional trade in the country accounted for around 53% of the retail values while e-commerce sales penetration is estimated at 2%. [Read the original article]

- ➢ *The improving business sentiment is seen to encourage international brands to seek retail space in emerging markets where traditional retail continues to thrive. Whilst the e-commerce sector is seen to further gain its growth momentum as online shopping continues to be popular among consumers, it is expected to compliment demand from traditional retail groups rather than replace it.*

▲ 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

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