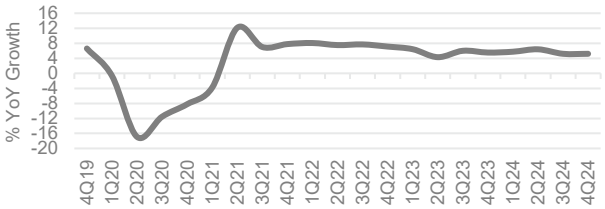
PROPERTY MARKET NEWS

PHILIPPINES

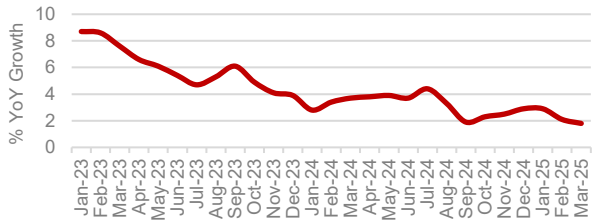
MARCH 2025

CUSHMAN & WAKEFIELD

5.2% YoY 4Q 2024 Real GDP



1.8% YoY Mar 2025 Headline Inflation



Source: Philippine Statistics Authority

GENERAL PROPERTY

- Capital Economics, an independent economic think tank, projects that despite the imposition of tariffs by the United States, the Philippines will maintain faster growth compared to other emerging markets. It forecasts that the country's gross domestic product will grow by 6% in 2025, in line with the government's target of 6% to 8%. This growth is partly supported by manageable inflation rates, with Capital Economics predicting an average of 3.2% this year, 2.9% in 2026, and 3% in 2027, all of which fall within the government's target range of 2% to 4%. Much of this stable growth is also attributed to the central bank's monetary policy easing, aimed at reducing interest rates by up to 100 basis points this year, bringing the key interest rate down to 4.75% by the end of 2025. Capital Economics stated that "slower growth will keep the emerging markets' monetary easing cycle going, led by Asian central banks. However, high inflation across Central and Eastern Europe and Latin America will limit the scope for rate cuts in those regions."
  Read the original article

- ➢ *The ongoing shifts in global trade dynamics present a vital opportunity for the Philippines to diversify its trade partnerships and deepen ties with emerging economies. At the same time, this is an ideal moment to invest in local industries and enhance the global competitiveness of domestic production.*

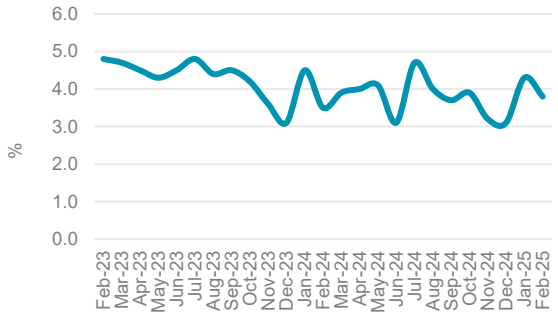
❑ *News article cited* ➢ *C&W Philippines Research view*

OFFICE

- The information technology and business process management (IT-BPM) industry recognized the need to enhance the value-added content of its offerings to mitigate the impact of U.S. protectionist reforms. During U.S. President Donald J. Trump's first administration, the Philippine offshoring industry experienced a sharp decline in growth, dropping from 12.3% in 2016 to 2.5% in 2017 and 3.9% in 2018. In a recent statement, the IT and Business Process Association of the Philippines (IBPAP) emphasized that, to sustain the industry's success, it must "navigate shifting global policies" and "double down on repositioning the country as a global leader in high-value services such as banking, financial services, healthcare, and digital transformation." IBPAP further called for broad-based representation in the association's leadership and highlighted the need for adaptation and innovation within the industry. Following this statement, IBPAP announced the election of its Board of Trustees for 2025 to 2027, which notably includes representatives from prominent companies and associations such as Concentrix, Accenture, and others.
  Read the original article

- ➢ *In addition to concentrating on high-value services such as healthcare, financial solutions, and digital transformation, sustaining global competitiveness also requires strengthening infrastructure and support systems. Moreover, it involves investing in employee development through upskilling programs that provide expertise in advanced digital technologies such as artificial intelligence (AI).*

3.8% Feb 2025 Unemployment Rate



Source: Philippine Statistics Authority

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

PROPERTY MARKET NEWS

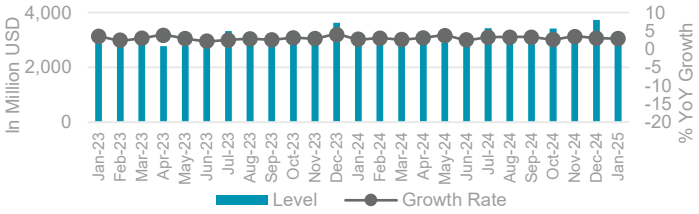
PHILIPPINES

MARCH 2025

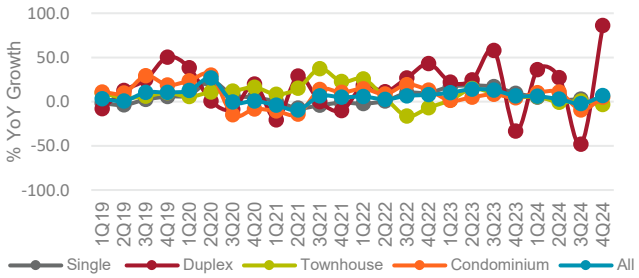
CUSHMAN & WAKEFIELD

RESIDENTIAL

2.9% YoY Jan 2025 OF Personal Remittances



6.7% YoY 4Q 2024 Residential Real Estate Price Index (Q1 2014 = 100)



Source: Bangko Sentral ng Pilipinas

- Residential real estate prices in the Philippines rebounded significantly in the last quarter of 2024, recovering from a year-on-year (YoY) contraction of 2.3% in the third quarter to a growth of 6.7% YoY in the fourth quarter. Home prices also experienced a notable turnaround on a quarter-on-quarter (QoQ) basis, rising by 5.3% in Q4 2024 after a 1.6% decline in the previous quarter. The price increase was particularly evident outside the National Capital Region (NCR), where residential property values grew by 9.3% YoY. In contrast, property prices in NCR saw a 0.4% contraction, marking an improvement from the previous quarter's sharp contraction of 14.6%. *Read the original article*

➢ *Although current mortgage rates remain elevated, opportunities may arise as they are expected to gradually decline with adjustments to short-term interest rates influenced by policy changes. This shift could create favorable conditions for households planning residential purchases. The Bangko Sentral ng Pilipinas (BSP)'s anticipated moves to stabilize the economic landscape further pave the way for improved market confidence, despite potential constraints on demand from remittance-reliant households.*

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

HOSPITALITY

- Ayala Land Hospitality (ALH) announced plans to invest a total of USD 500 million over the next five years to double its hotel room capacity to 8,000 by 2030. Currently, ALH operates over 4,000 rooms across brands such as Seda Hotels, El Nido Resorts, and Raffles Makati, among others. The expansion will feature a mix of homegrown local brands, international luxury brands, and various types of hotels to diversify its portfolio. This high-profile investment will be financed through a combination of debt and equity, with priority given to value-adding locations and areas with direct international flight access to leverage the Philippine government's projected target of 12 million tourist arrivals by 2028. While the privatization of Ninoy Aquino International Airport is an encouraging development for ALH, the company is also considering foreign tourist arrivals at regional airports in Cebu and Clark as part of its plans. *Read the original article*

➢ *Investors are increasingly drawn to the hotel industry as global tourism continues to expand. This growth unlocks opportunities for properties that can adapt to shifting traveler demands. Hotels are driving profitability by leveraging premium offerings, innovating personalized experiences, and committing to sustainable practices. However, local markets face challenges such as rising operational costs and competition, highlighting the need for strategic planning and differentiation to stay competitive within this thriving sector.*

486.1 TH Persons Mar 2025 Visitor Arrivals

Source: Department of Tourism

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

PROPERTY MARKET NEWS

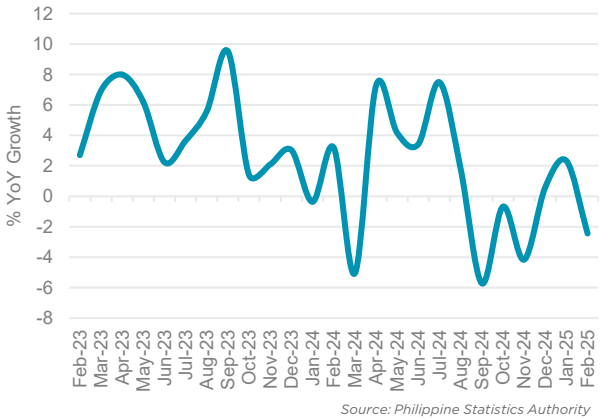
PHILIPPINES

MARCH 2025

CUSHMAN & WAKEFIELD

INDUSTRIAL/LOGISTICS

-2.4% YoY Feb 2025 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

- Net inflows of foreign direct investments (FDI) into the Philippines experienced slight growth in 2024, increasing by 0.1% to USD 8.93 billion from USD 8.925 billion in 2023, ending two consecutive years of declining inflows. Nonetheless, monthly data showed an 85.2% year-on-year (YoY) decline in December, reaching only USD 110 million—the lowest monthly tally in 11 years—amidst global trade uncertainties, according to the central bank. BSP data revealed that the four major sources of equity capital placements were Japan (38%), the United Kingdom (35%), the United States (10%), and Singapore (8%). These investments were channeled into three key industries: manufacturing (68%), real estate (12%), and information and communication (5%). Net investments in debt instruments fell by 4.7%, from USD 6.53 billion in 2023 to USD 6.23 billion in 2024. Similarly, reinvestment of earnings declined by 11.2%, from USD 1.31 billion to USD 1.17 billion. The BSP attributed this decline in FDIs to increased debt repayments made by local companies to their foreign investors, which may signal stricter financial priorities, i.e., firms are focusing on paying off debt. Additionally, uncertainties arising from U.S. protectionist policies, tensions between China and the Philippines, weather disturbances, and overall investor sentiment were also cited as factors negatively affecting FDI inflows.
  Read the original article

- ➢ *The rise of global logistics trends and evolving industrial demands presents significant opportunities for the local market. Despite certain external trade challenges, robust consumer spending continues to fuel demand for warehouse facilities, supported by the rapid growth of both traditional and online retail sectors. This underlines a critical need for investment in modern, efficient infrastructure to match the pace of industrial expansion and adapt to global requirements.*

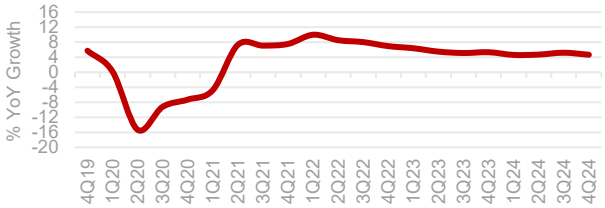
❑ *News article cited* ➢ *C&W Philippines Research view*

RETAIL

- Average daily foot traffic in SM Prime Holdings Inc.'s shopping malls reached an all-time high of 5.2 million last year, up from 4.9 million in 2023. The company attributes this new record to favorable economic conditions, mall and tenant expansions, as well as a strong mix of entertainment options and in-mall events. By the end of 2024, SM Supermalls had 22,579 tenant stores, 70% of which were micro, small, and medium enterprises (MSMEs), making their malls the largest marketplace for the Philippine MSME sector. This year, SM malls plan to continue attracting visitors through large-scale events, regular activities, and innovative attractions. Approximately PHP 21 billion has been allocated for the expansion of SM Supermalls' gross floor area (GFA) in 2025. These new developments will add 205,400 square meters of GFA, while 124,488 square meters of existing mall space will undergo renovation.
  Read the original article

- ➢ *Global shopping trends are pushing retailers to limit new investments, presenting shopping mall operators with an opportunity to support local retailers. By tailoring offerings to the demands and preferences of local markets, operators can increase foot traffic, foster higher engagement, and establish thriving retail ecosystems, even amidst evolving global challenges impacting the local retail sector.*

4.7 % YoY 4Q 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 2024, the firm reported revenue of $9.4 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.