PROPERTY MARKET NEWS

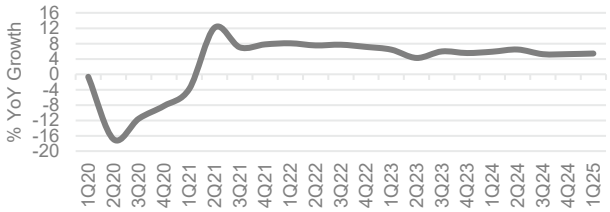
PHILIPPINES

MAY 2025

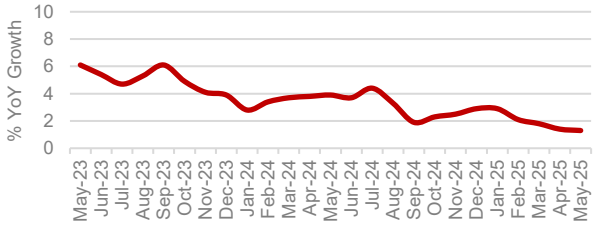
CUSHMAN & WAKEFIELD

GENERAL PROPERTY

5.4% YoY 1Q 2025 Real GDP



1.3% YoY May 2025 Headline Inflation



Source: Philippine Statistics Authority

- The recent Philippine midterm elections have reshaped the political landscape, weakening the Marcos administration's influence in the Senate while ushering in more senators allied with former President Rodrigo Duterte and Vice President Sara Duterte. Despite this shift, President Marcos Jr.'s allies retain a majority vote, indicating continued political tensions between rival camps. The Economist Intelligence Unit (EIU) anticipates ongoing economic reforms, although political uncertainties may slow progress in public-sector efficiency, causing disruptions rather than instability. Nonetheless, a weakened administration poses risks, such as increased pork-barrel lobbying, which could divert funds away from critical infrastructure and social services. President Marcos has previously proposed budget cuts in public healthcare, the military, and development aid counterpart funding, reallocating resources to sectors often linked to corruption concerns. Despite these challenges, the EIU expects the administration to remain committed to key economic reforms, including a new tax incentives regime, simplified value-added tax (VAT) refunds, and the Build Better More (BBM) infrastructure development program, aimed at improving the investment climate.
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  - *News article cited*

- *The overall market sentiment reflected several risks, including increased lobbying for projects which could potentially divert funds away from critical infrastructure and essential public services. Despite these challenges, the administration remains committed to key reforms—such as the implementation of a new tax incentives regime, the streamlining of VAT refund processes, and the continuation of the Build Better More program—all aimed at enhancing public-sector efficiency and improving the overall investment climate.*

  - *C&W Philippines Research view*

OFFICE

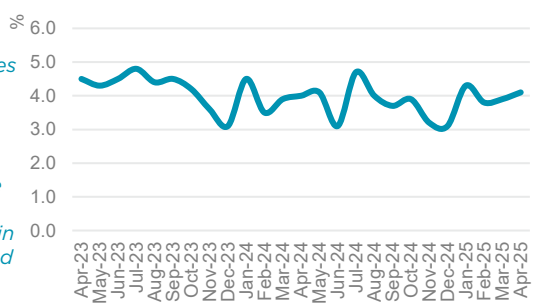
- The Philippines is strategically positioned to attract more foreign direct investments, emerging as a friendshoring destination for US businesses and a key secondary hub for China-based firms, according to HSBC Global Research. The temporary 90-day tariff pause offers the country an opportunity to negotiate lower rates, potentially driving export growth—particularly in semiconductors and electronics, where the US remains its second-largest trading partner. Additionally, the China+1+1 strategy, which encourages production diversification to two additional countries, presents further opportunities for the Philippines to expand its market share. HSBC underscores its strong US ties, favorable demographics, and established industrial infrastructure as critical advantages. With evolving global supply chains, the country stands to benefit from nearshoring and reshoring trends, solidifying its role in the regional tech sector while advancing toward higher-value exports. Despite these prospects, challenges persist, including insufficient government investment, a shortage of highly skilled workers, high electricity costs, and regulatory hurdles. Nevertheless, ongoing structural reforms are aimed at enhancing investment appeal and streamlining business operations, reinforcing the Philippines' position as a competitive investment destination.
  Read the original article

  - *News article cited*

- *Opportunities in the global supply chain segment lie in leveraging the temporary tariff pause to boost exports (i.e., semiconductors and electronics) and promoting the country as an effective diversified production hubs. However, challenges such as high electricity costs, regulatory issues, and a shortage of skilled workers need addressing. Ongoing structural reforms aim to make the Philippines more attractive for foreign direct investments will boost its position as a global leader in offshoring & outsourcing services and generally improve office space demand.*

  - *C&W Philippines Research view*

4.1% Apr 2025 Unemployment Rate



Source: Philippine Statistics Authority

PROPERTY MARKET NEWS

PHILIPPINES

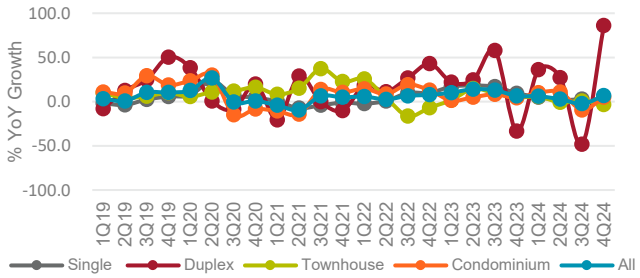
MAY 2025

CUSHMAN & WAKEFIELD

RESIDENTIAL

2.6% YoY Mar 2025 OF Personal Remittances

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



Source: Bangko Sentral ng Pilipinas

- To counter slowing demand in the mass housing market, the Philippines' top four property developers are accelerating their premium residential projects over the next two years. These developers, which account for 60% of the sector's market value and total revenue among listed real estate firms, have a combined market capitalization of approximately PHP 58 billion. Their shift toward high-end projects is driven by resilient demand in the premium residential sector, with S&P Global Ratings data showing that sales of high-end properties comprised 41% of total units launched in 2024, compared to 20% in 2023. This trend is expected to persist, as affluent homebuyers remain less affected by inflation and interest-rate hikes. Investment spending has returned to pre-pandemic levels, with a stronger focus on investment properties and land acquisitions, reflecting a growth-oriented strategy that leverages stable high-end property demand. Despite rising debt levels, presales continue to grow, and developers are expected to sustain investments without significant deleveraging. *Read the original article*

  - *The leading property developers are shifting focus to premium residential projects to address tapering demand in the mid-end segment. These developers, representing a significant portion of the sector's value, are leveraging steady demand for high-end developments that benefitted from the newly-minted infrastructure projects. This pivot highlights opportunities within the premium housing market, especially for growth-focused stakeholders targeting resilient customer segments.*

News article cited | C&W Philippines Research view

HOSPITALITY

- The Philippine wellness market experienced remarkable growth in 2023, expanding by 21% to USD 43.3 billion, up from USD 35.8 billion in 2019, according to the Global Wellness Institute (GWI). Ranking 8th among 45 Asia-Pacific wellness markets and 23rd globally, the sector contributed 9.9% to the national GDP, driven by spas (up 19.2%), physical activity (up 21.4%), and wellness real estate (up 14%), with wellness tourism seeing the most substantial rise—growing 61.4% to USD 3.61 billion. The Department of Tourism continues to promote wellness tourism, incorporating the Filipino value of kapwa, which emphasizes interconnectedness between the soul, body, and mind, alongside a strong sense of community. The country's holistic wellness approach, supported by industry collaborations, cultural heritage, and economic trends, cements the Philippines as a premier wellness destination in Asia, offering a distinct mix of traditional healing practices and modern innovations that attract global travelers and investors. *Read the original article*

  - *The rise of sustainable wellness tourism is evident as leading property developers incorporate these elements into major projects, establishing premium wellness retreats and adapting business strategies to meet the increasing consumer demand for holistic health experiences. Efforts rooted in community values and industry collaboration attract global interest, creating opportunities for sustainable growth and investment. More than actively promoting this new segment, the government should also focus on the development of critical infrastructure to support its long-term success and viability.*

450.5TH Persons Apr 2025 Visitor Arrivals

Source: Department of Tourism

News article cited | C&W Philippines Research view

PROPERTY MARKET NEWS

PHILIPPINES

MAY 2025

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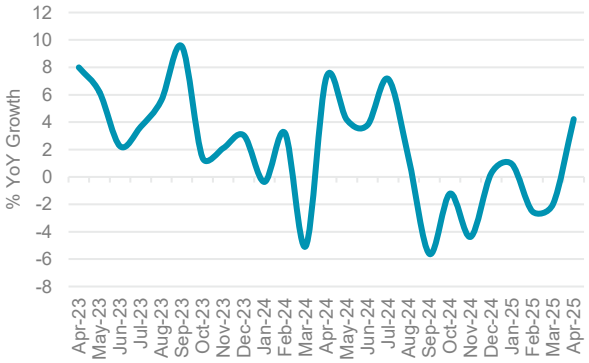
INDUSTRIAL/LOGISTICS

4.2% YoY

Apr 2025 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

- Advisory firm Climate Smart Ventures remains confident that the Philippines can achieve its sustainable energy transition goals, leveraging innovative financing mechanisms and corporate sustainability commitments. While the country's energy mix remains fossil-fuel dependent, its ambitious targets aim to increase renewable energy's share to 35% by 2030 and 50% by 2040. To facilitate this transition, Climate Smart Ventures analyzes market conditions and regulatory frameworks to develop business models that enable the shift from coal to renewable energy. Transition credits, a key financing tool, utilize carbon finance to accelerate the retirement of fossil-fuel assets while ensuring a just transition. Beyond financial strategies, Philippine energy firms are making progress in decarbonization and clean energy adoption. A key driver of this transformation is the Philippines-Singapore memorandum of understanding, which seeks to develop carbon credit mechanisms under Article 6 of the Paris Agreement, offering local firms insights into global carbon markets and best practices. This international collaboration, combined with the Philippines' decision to open its renewable energy sector to full foreign ownership, strengthens its appeal to global investors, positioning the country as a key player in sustainable energy development.
  Read the original article

- ➢ *Transitioning to sustainable energy offers significant advantages for the Philippines, which faces the highest power costs in the region. Expanding the share of renewables will enhance energy security, reduce costs, and boost economic competitiveness. These improvements are especially attractive to energy-intensive industries like data centers, which prioritize reliable and affordable clean energy.*

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

RETAIL

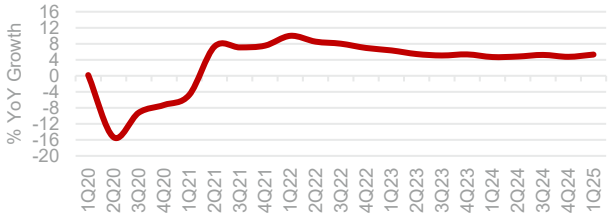
- Philippine economic growth is expected to improve in the second quarter of 2025, driven by increased household spending amid easing inflation, according to ASEAN+3 Macroeconomic Research Office (AMRO) Country Economist Andrew Tsang. In the first quarter, the country's gross domestic product grew by only 5.4%, falling short of the government's 6-8% target, reflecting economic uncertainty caused by US Liberation Day tariffs. Based on this data and relevant global policies, Tsang projects that GDP growth will remain below 6%, despite predicting a rebound in household consumption as inflation continues to slow. First-quarter data supports this, with household final consumption expenditure rising from 4.7% in the fourth quarter of 2024 to 5.3% in early 2025, while headline inflation eased from 1.8% in March to 1.4% in April as food and transport costs declined. Beyond household consumption, Tsang also attributes growth projections to Philippine net exports, as manufacturers capitalized on the US reciprocal tariff pause by ramping up production early to mitigate future risks. While external uncertainties—such as the monsoon season affecting crop production—persist, he expects growth to accelerate in the second half of the year.
  Read the original article

- ➢ *Despite persistent global headwinds, affluent consumers continue to drive demand for luxury goods, personalized shopping, and digital retail innovation. With inflation easing and interest rates declining—at least on a global scale—retailers have a timely opportunity to refine their strategies and deliver value-added experiences that align with evolving consumer expectations in an increasingly volatile economic landscape.*

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

5.3 % YoY

1Q 2025 Real Household Spending



Source: Philippine Statistics Authority

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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