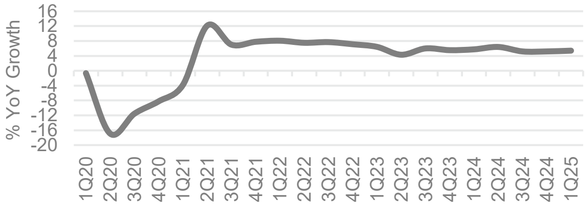
PROPERTY MARKET NEWS

# PHILIPPINES

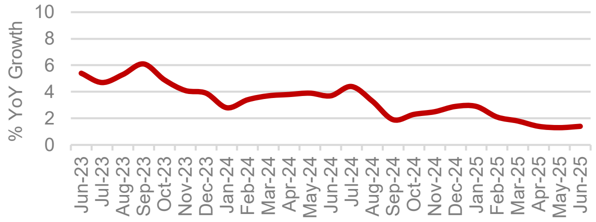
JUNE 2025

CUSHMAN & WAKEFIELD

▲ 5.4% YoY — 1Q 2025 Real GDP




▲ 1.4% YoY — June 2025 Headline Inflation




*Source: Philippine Statistics Authority*

## GENERAL PROPERTY

❑ The Philippines moved up slightly to 51st place in the 2025 World Competitiveness Yearbook by the IMD, but it still ranks near the bottom in Asia—13th out of 14 regional economies and last among the five ASEAN countries assessed. The index evaluates competitiveness across four key areas: economic performance, government efficiency, business efficiency, and infrastructure. Experts point to infrastructure as a major drag on the country's performance. This includes not only physical assets like roads and ports but also education, healthcare, and digital capabilities. Delays and inefficiencies in project implementation continue to hold back progress. While the Philippines benefits from a large and skilled labor force, experts warn that without adapting to global trends, its competitive edge could erode—highlighting the need to invest in human capital. Inconsistent policy enforcement and regulatory uncertainty also discourage foreign investment, while political instability adds to economic risk. Although the government has introduced reforms like the Ease of Doing Business Act and amendments to the Public Service Act, their impact remains limited without effective implementation at the operational level. Overall, while the Philippines has made progress, its regional peers are advancing more rapidly and effectively.
*Read the original article*

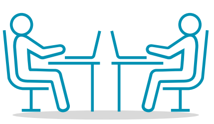
➢ *Achieving alignment between infrastructure and national goals requires coordinated action from investors, developers, and occupiers, working together in partnership with the public and private sectors. Persistent deficits and regulatory uncertainty are driving operational friction, financial risk, and stalled pipelines. Without decisive reforms, logistics, utilities, and digital projects will face delays, cost overruns, and eroding investor confidence. Focus on clear regulations, reliable funding, and disciplined execution to ensure stable returns and drive faster delivery.*

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

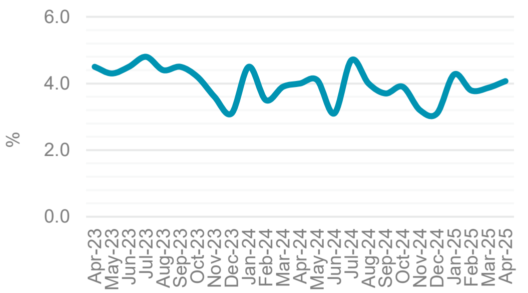
## OFFICE

❑ The Philippine IT-BPM sector is on track to outperform global growth in 2025, especially in job creation and export earnings, according to the IT & Business Process Association of the Philippines (IBPAP). The industry is expected to hit 1.9 million jobs and generate around USD 40 billion in export revenues by the end of the year—marking a 4–5% increase, which is well above the global average of 3%. While these numbers beat the industry's baseline targets, they still fall slightly short of the more aggressive goals outlined in the IT-BPM Roadmap 2028. The IBPAP identified challenges such talent availability, ease of doing business, and overconcentration in major cities need to be addressed to sustain momentum. Despite the rollout of the CREATE MORE Act, some local government units (LGUs) are still interpreting incentives differently, which creates friction for businesses. The growing importance of Global Capability Centers (GCCs) is also highlighted, which now contribute 20% of industry revenues and offer higher-value jobs. The industry is also expanding beyond Metro Manila, with 32% of the workforce now based in the provinces—a figure expected to reach 40% by 2028. Metro Manila and Cebu remain revenue leaders with the highest concentration of GCC operations.
*Read the original article*

➢ *Philippine GCCs are shifting from cost arbitrage to high-value innovation and enterprise operations. Now is the time to invest in enabling infrastructure and office real estate. Leverage government incentives and expand into emerging cities to diversify risk, lower occupancy costs, and capture sustained growth—for investors, developers, and occupiers seeking strategic advantage in the region.*



▲ 4.1% — Apr 2025 Unemployment Rate




*Source: Philippine Statistics Authority*

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

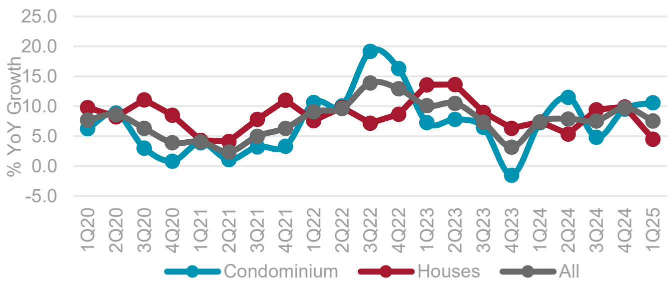
PROPERTY MARKET NEWS

# PHILIPPINES

JUNE 2025

**4.1% YoY** Apr 2025 OF Personal Remittances


**7.6% YoY** 1Q 2025 Residential Property Price Index (2019= 100)




Source: Bangko Sentral ng Pilipinas

# RESIDENTIAL

- The Bangko Sentral ng Pilipinas (BSP) cut its key interest rate by 25 basis points to 5.25%, marking its second straight rate cut this year. The move aims to support economic growth as inflation continues to ease. Rates for overnight deposit and lending facilities were also reduced to 4.75% and 5.75%, respectively. The central hinted the possibility of another rate cut is likely before the end of 2025, depending on how the economy performs. Inflation dropped to 1.3% in May—the lowest in over five years—prompting the BSP to lower its full-year inflation forecast to 1.6%. However, it slightly raised its projections for 2026 and 2027 due to potential risks from rising oil prices, electricity rates, and rice tariffs. Despite the peso weakening to PHP 57.45 per USD, the BSP remains focused on managing inflation rather than intervening in the currency market. With GDP growth at just 5.4% in Q1, below the government's 6–8% target, the BSP is trying to strike a balance between stimulating the economy and keeping inflation at bay. Read the original article

➢ *Cooling price growth shows buyers are becoming more selective—prioritizing location, build quality, and long-term value. While mortgage rates have yet to reflect recent policy cuts, demand remains resilient for well-designed assets in prime corridors. For investors and developers, the focus should be on highlighting product differentiation, prioritizing sustainability, and leveraging locational advantages. These strategies are key to ensuring consistent demand and maintaining competitive pricing.*

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

# HOSPITALITY

- In 2024, the Philippine tourism sector contributed 8.9% to the country's GDP—the highest in five years—according to the Philippine Statistics Authority. Tourism Direct Gross Value Added (TDGVA) reached PHP 2.35 trillion, up 11.2% from the previous year. Although growth slowed compared to 2023's sharp rebound, the sector still showed strong performance. Tourist spending was led by shopping, which made up 21.8% of total expenditures, followed by services and accommodations. Domestic tourism remained the main growth driver, with local spending rising 16.4% to PHP 3.16 trillion. Outbound travel increased by 37.5% to PHP 345.68 billion, while inbound tourism grew slightly by 0.4% to PHP 699.99 billion. Tourism-related jobs rose 6.1% to 6.75 million, accounting for 13.8% of total employment. Most jobs were in wellness, accommodations, food services, and transport. Whilst lower inflation supports tourism activity, international arrivals remained below target, and early 2025 recovery has been slow. Read the original article

➢ *The Philippines boasts premier destinations but lacks the infrastructure, accessibility, and systems investors expect. Strategic upgrades—modern transport and digital networks, streamlined travel processes, and support for local operators—can accelerate visitor growth and competitiveness. For hospitality developers and institutional buyers, this presents a timely opportunity to catalyze demand, de-risk projects, and capture market share as the country trails ASEAN peers in foreign arrivals.*

**450.5TH Persons** Apr 2025 Visitor Arrivals


Source: Department of Tourism

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

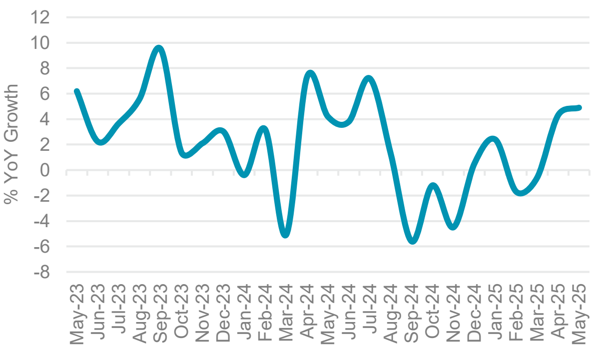
# PHILIPPINES

JUNE 2025

## INDUSTRIAL/LOGISTICS

**4.2% YoY**

Apr 2025 Volume of Production Index (2018 = 100)




*Source: Philippine Statistics Authority*

- Business confidence in the Philippines declined in the second quarter of 2025, according to the Bangko Sentral ng Pilipinas (BSP). The Business Expectations Survey showed that the confidence index fell to 28.8%, down from 31.2% in Q1 and 32.1% a year earlier. The drop in sentiment was mainly due to concerns over a potential 17% tariff on Philippine exports to the U.S. Although the tariff was temporarily reduced to 10% for 90 days, businesses remain cautious about global trade risks. Expectations for the next quarter and the next 12 months also weakened, with confidence indices at 39.3% and 51%, respectively. Firms cited slower manufacturing activity, reduced demand following the midterm elections, and the seasonal sugar off-milling period as key factors. The employment outlook also softened. The hiring index for Q3 dropped to 15.4%, and to 26.9% for the next year. Fewer firms also plan to expand operations. This cautious outlook is not limited to the Philippines. Business sentiment also declined in key trading partners such as China, Thailand, Vietnam, Taiwan, and the U.S. Meanwhile, firms in Australia, the euro area, and Hong Kong were less pessimistic, while South Korea remained cautious.
  [Read the original article]

➢ *Despite tariff-driven volatility in export-led sectors, the Philippines is positioned to gain share: U.S. duties on its exports are lower than for many ASEAN peers. This advantage, combined with a skilled, English-speaking workforce and cost-efficient operations, strengthens its appeal as a manufacturing hub—particularly for electronics, data infrastructure, and consumer goods—supporting investors and developers seeking globally competitive industrial capacity.*

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

## RETAIL

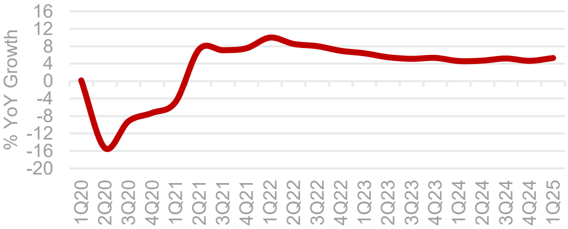
- The Philippines could lose USD 100 million (PHP 5.66 billion) in remittances next year if the U.S. Congress passes the "One, Big, Beautiful Bill Act," which includes a 3.5% tax on money sent abroad by noncitizens. According to the Department of Finance, this would reduce the projected USD 36.5 billion in remittances by 0.3%, with minimal impact on the country's overall economic output. Although 41% of remittances are routed through the U.S., not all originate from Filipinos based there due to banking channels. Finance officials say the bill, approved by the U.S. House and now under Senate review, poses a concern for the Philippines. Remittances are vital to the economy, supporting household spending and foreign reserves. A USD 100 million drop could reduce consumer spending and weaken the peso, especially as the central bank diverges from U.S. monetary policy. However, some economists believe the impact will be minimal, noting that the amount is small relative to the country's current account and foreign exchange market. Cash remittances rose 4% in April and 3% in the first four months of 2025, showing continued growth despite external risks.
  [Read the original article]

➢ *Remittance declines will likely curb household spending, pressuring discretionary and premium categories and softening demand for international brands. Essential goods and value retailers should remain resilient as consumers pivot to affordability and utility. Overall macro impact appears limited, but portfolio exposure to mid-to-high ticket retail warrants caution; overweight defensibles, monitor pricing power, and prioritize formats aligned to cost-conscious behavior.*

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

**5.3 % YoY**

1Q 2025 Real Household Spending




*Source: Philippine Statistics Authority*

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