CUSHMAN & WAKEFIELD

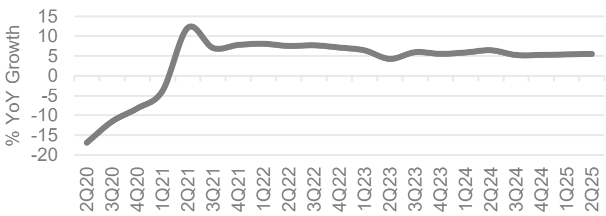
PROPERTY MARKET NEWS

PHILIPPINES

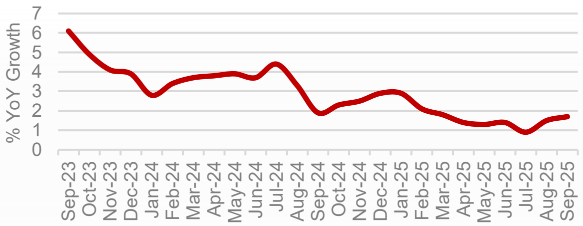
SEPTEMBER 2025

GENERAL PROPERTY

5.5% YoY 2Q 2025 Real GDP



1.7% YoY Sep 2025 Headline Inflation



Source: Philippine Statistics Authority

❑ The country faces heightened economic risks amid recent corruption scandals involving flood control projects, where key political figures and major contractors allegedly colluded to inflate costs and pocket kickbacks of up to 30%. Despite a strong infrastructure pipeline, the PHP 545 billion allocated to these projects since 2022 has come under scrutiny, with many found to be either non-existent or substandard, amplifying concerns about corruption. Deutsche Bank Research warns of persistent downside risks to growth, noting that while the central bank sees a policy rate "sweet spot," the current 5% benchmark rate remains high. Given fiscal constraints and weak economic sentiment, this suggests room for further monetary easing, especially as the real interest rate stands at 3.5%, above the central bank's 2% target. Additionally, U.S. tariffs threaten electronic exports, which account for approximately 60% of total exports, while the budget deficit is projected to rise to 5.4% in 2026 due to slower fiscal consolidation.
Read the original article

➢ *As recent corruption scandals involving flood control projects have heightened public, buyers and occupiers are likely to become more cautious, favoring developments proven resilience to climate-related risks. To protect long-term value and viability, real estate developers must embed resilience across all stages of the development lifecycle.*

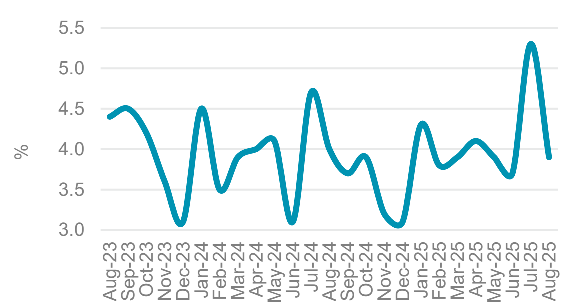
❑ *News article cited* ➢ *C&W Philippines Research view*

OFFICE

❑ The Philippine information technology and business process management (IT-BPM) industry is expected to continue its growth, generating 80,000 new jobs and an additional USD 2 billion in revenue in 2025. By 2026, revenue is projected to balloon to USD 42 billion, with employment reaching 1.97 million—consistent with projections in the IT-BPM Roadmap 2028. While core segments such as banking, financial services, and healthcare will remain key growth drivers, the country is also positioning itself as the next hub for Global Capability Centers (GCCs), which are offshore units of multinational corporations providing specialized services such as finance, IT, and customer support for global operations. The faster growth anticipated in GCCs is partly due to their lower base and increasing interest from prospects in the United States, Australia, and Europe. GCCs are expected to grow by around 10% annually from the current count of only 170 centers, still far behind India's approximately 2,000 GCCs. Given that GCCs have different needs compared to traditional BPM providers, the IT and Business Process Association of the Philippines (IBPAP) emphasizes the need for specific policies to support their growth—similar to the Regional Operating Headquarters (ROHQ) law, which has since been deprioritized in favor of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.
Read the original article

➢ *As the digital economy continues to gain prominence, the IT-BPM industry will remain a key driver of growth. However, competition has shifted from cost-cutting to value creation, requiring greater innovation and strategic differentiation.*

3.9% Aug 2025 Unemployment Rate



Source: Philippine Statistics Authority

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

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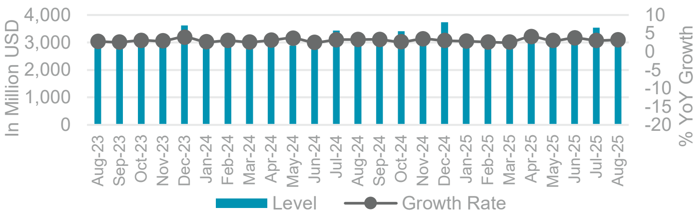
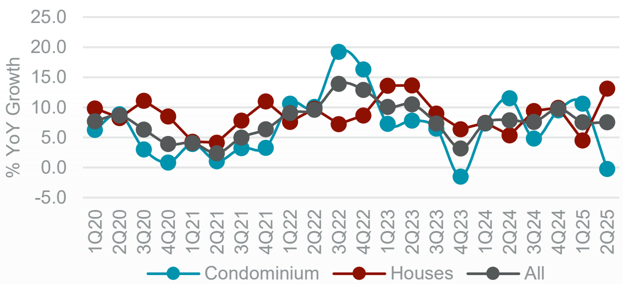
3.2% YoY Aug 2025 OF Personal Remittances



7.5% YoY 2Q 2025 Residential Property Price Index (2019= 100)



Source: Bangko Sentral ng Pilipinas

RESIDENTIAL

- Residential condominium prices in Metro Manila continue to decline, recording their slowest growth in a year and a half with a 2.2% YoY contraction in Q2 2025—a reversal from the 13.7% YoY growth last year, and the first contraction since the end of 2023 when prices fell by 4.8% YoY. The overall Residential Property Price Index (RPPI) in Metro Manila grew by 2.4% YoY, a significant downgrade from the 9.3% YoY growth in the same period last year, driven by the 14.3% growth in landed house prices during the quarter. Countrywide RPPI posted slower growth at 7.5% YoY in Q2 2025, the weakest since the 7.4% YoY recorded in Q1 2024. Residential prices in the Greater Manila Area (GMA), however, posted the fastest YoY growth of 13.2% since Q1 2020, driven by strong growth in house prices at 15.3% YoY, offsetting the 2.7% YoY contraction in condominium prices. Other areas also posted growth rates faster than the national average, including Metro Cebu at 11.5% YoY, Metro Mindanao at 7.7% YoY, and other regions in the Philippines at 8.8% YoY. Meanwhile, Residential Real Estate Loans (RRELs) as of June 2025 increased by 11.5% to PHP 1.16 trillion from PHP 1.04 trillion a year ago.
  Read the original article

➢ *Short-term demand for residential real estate may soften as households adopt more cautious spending habits, prompting many potential buyers to delay purchases amid ongoing economic pressures and possible remittance impacts from U.S. policy changes.*

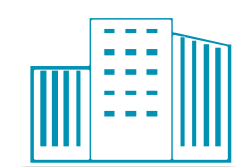
❑ *News article cited* ➢ *C&W Philippines Research view*

HOSPITALITY

- The Meetings, Incentives, Conventions, and Exhibitions (MICE) sector continues to underperform, as international delegates account for only about 1% of total tourist arrivals in the country—seven years after the Department of Tourism (DOT) launched the MICE Roadmap 2030. International tourist arrivals in the Philippines reached 5.95 million in 2024, yet only 60,000 were attributed to MICE events, while business travelers accounted for 469,455. The Tourism Promotions Board (TPB) attributed the dismal MICE numbers to safety and security concerns, while lawmakers stressed that these issues were beyond the tourism industry bodies' control. They emphasized that the MICE sector presents a clear opportunity for growth, suggesting there is no reason the Philippines should not be attracting a larger number of delegates. In the 2024 ICCA global rankings, Singapore was the top MICE destination in Southeast Asia with 152 in-person meetings, placing 21st globally. Thailand followed with 143 meetings (26th), Malaysia with 104 (33rd), Indonesia with 68 (40th), and the Philippines with 58 (42nd).
  Read the original article

➢ *Beyond infrastructure and connectivity, building a strong international reputation and ensuring robust security are seen as the most critical factors as event organizers prioritize safety and reliability when selecting destinations for major international conferences and exhibition.*

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



368.9TH Persons Sep 2025 Visitor Arrivals

Source: Department of Tourism

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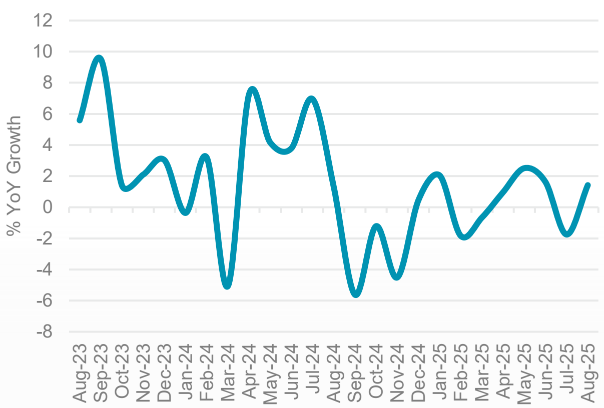
INDUSTRIAL/LOGISTICS

1.4% YoY

Aug 2025 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

- As part of a broader strategy to meet the increasing demand for industrial spaces and logistics services, AyalaLand Logistics Holdings Corp. (ALLHC) is further expanding its industrial parks and logistics facilities footprint in Southern Luzon through the development of its existing Technoparks in Cavite and Batangas. Phase 2B of Cavite Technopark will cover 20.2 hectares and include 14 industrial lots not registered under PEZA, as ALLHC responds to growing interest from both domestic and international businesses seeking accessible and sustainable industrial spaces. Meanwhile, Phase Two of Batangas Technopark will add approximately 20.6 hectares and 38 industrial lots registered with the Board of Investments (BOI), aimed at meeting the demand for industrial spaces beyond Metro Manila. Read the original article

➢ *While the CALABA corridor continues to be a key industrial hub, long-term growth will hinge on diversifying geographic focus and leveraging strategic infrastructure as the major corridors show emerging signs of market saturation. The highly anticipated infrastructure projects which include Subic-Clark-Manila-Batangas (SCMB) Freight Railway project, the New Manila International Airport, and the Bataan-Cavite Interlink Bridge are seen to promote opportunities for industrial growth beyond immediate periphery of the capital region.*

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

RETAIL

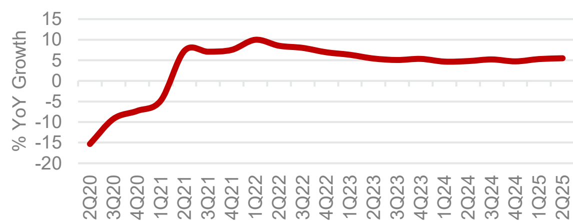
- Following an already tempered growth pace in 2025, ANZ Research projects a further slowdown in the Philippine economy for 2026, linked to subdued global demand for exports, ongoing trade restrictions, and uncertainties in economic policies. Growth is estimated at 5.2% in 2026, down from the 5.4% forecast for 2025, which itself is a decline from the 5.7% growth recorded in 2024—falling short of the Philippine government's targets of 5.5% to 6.5% for 2025 and 6% to 7% for 2026. Further, ANZ highlights the widening fiscal deficit, which increased by 24.7% year-on-year in August to PHP 1.56 trillion, emphasizing the need for fiscal policies to meet the 2025 budget goals. While consumer spending remains a key growth driver, it is observed to increasingly depend on credit cards and salary loans rather than rising incomes. ANZ also notes that weak productivity has dampened private investment, keeping gross fixed capital formation sluggish. Additionally, banks have yet to fully pass on previous rate hikes, limiting the impact of monetary policy. Inflation is projected to stay within the 2–4% target range, with ANZ forecasting 1.8% in 2025 and 3% in 2026. Despite stable prices for essentials, household consumption remains weak due to uncertain wage growth and pandemic-depleted savings. Read the original article

➢ *The increased reliant on credit cards and salary loans rather than rising incomes highlights a structural vulnerability in the discretionary retail segment. While stable inflation can help maintain purchasing power for essential goods, stagnant wage growth amid economic uncertainty and pandemic-depleted savings will continue to curb purchases in non-essential spending.*

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

5.5 % YoY

2Q 2025 Real Household Spending



Source: Philippine Statistics Authority

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