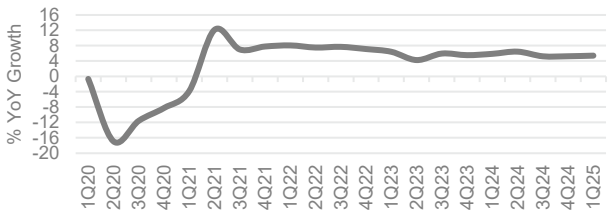
PROPERTY MARKET NEWS

PHILIPPINES

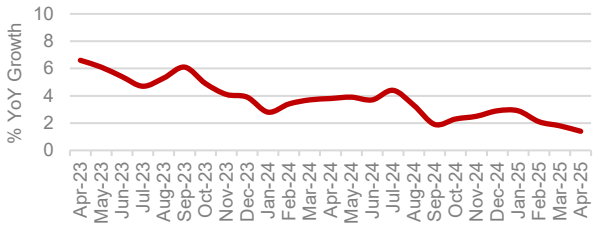
APRIL 2025

CUSHMAN & WAKEFIELD

5.4% YoY 1Q 2025 Real GDP



1.4% YoY Apr 2025 Headline Inflation



Source: Philippine Statistics Authority

GENERAL PROPERTY

- Philippine construction experts predict that building material costs are likely to remain stable despite ongoing economic uncertainty. Current market assessments suggest that the price and supply of raw steel will remain steady, with no significant changes expected in the base cost of steel-based materials throughout 2025. Analysts also note that the construction materials wholesale price index tends to move in step with the inflation rate, indicating that any price adjustments will reflect broader economic trends. Supporting this, the Bangko Sentral ng Pilipinas reported a 2.2% headline inflation rate and a modest 0.1% increase in the wholesale price of construction materials in Metro Manila during the first quarter of 2025, compared to 1.1% in the same period last year. However, escalating tensions in Europe, the Middle East, or Asia could disrupt global trade routes and supply chains, potentially increasing transport costs and limiting material access. Still, some analysts believe that recent U.S. tariffs may redirect steel supply toward Asia, creating favorable pricing opportunities for the Philippines.
  Read the original article

➢ *Rising costs of imported raw materials and ongoing market volatility continue to place significant pressure on construction budgets and schedules. Nevertheless, construction activity is expected to accelerate, largely due to sustained demand for urban development that aligns with government infrastructure programs. These initiatives form part of a broader strategy aimed at improving connectivity, fostering economic growth, and alleviating congestion in key urban areas.*

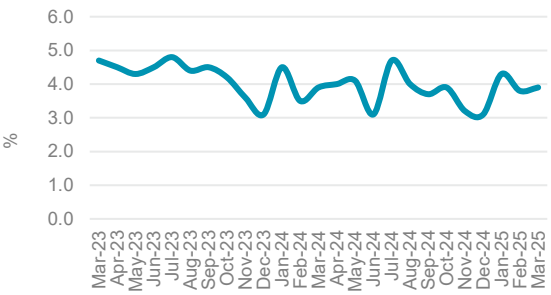
❑ *News article cited* ➢ *C&W Philippines Research view*

OFFICE

- The Philippine real estate sector is at a crossroads, facing both challenges and growth opportunities, according to Cushman & Wakefield Philippines. Office vacancy rates remain high—exceeding 2 million square meters—primarily due to the shift toward remote work and the exit of Philippine Offshore Gaming Operators (POGOs). While easing inflation and interest rates create a more favorable investment climate, uncertainties persist, particularly regarding the impact of digitalization on employment and capital flows. Nevertheless, the outlook remains promising. As a global leader in outsourcing, the Philippines is well-positioned to benefit from the rise of Global Capability Centers (GCCs), considered "one of the brightest prospects" for the property market. Demand is also increasing for flexible workspaces, including coworking hubs, serviced offices, and hybrid setups—driving innovation in the office segment. To ensure long-term growth, developers are urged to adopt data-driven strategies and invest in technological innovation. Policymakers are also encouraged to strengthen financial oversight and implement proactive anti-fraud measure.
  Read the original article

➢ *The Philippines offers a strong value proposition for Global Capability Centers (GCCs) operated by large and mid-sized U.S. companies. The country's advantages include competitive labor costs, a digitally-proficient workforce, and ongoing improvements in technology infrastructure. Together, these factors make the Philippines a strategic option for organizations focused on driving greater operational efficiency and elevating service delivery.*

3.9% Mar 2025 Unemployment Rate



Source: Philippine Statistics Authority

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

PROPERTY MARKET NEWS

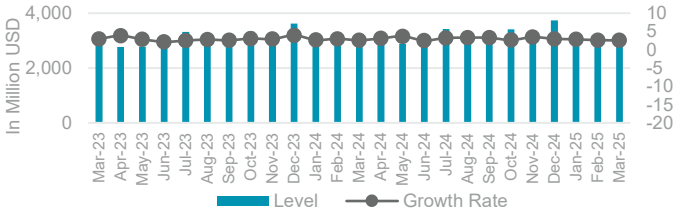
PHILIPPINES

APRIL 2025

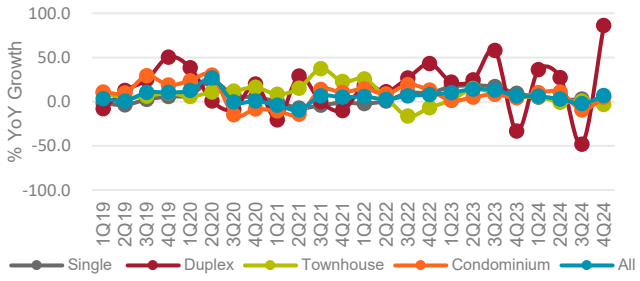
CUSHMAN & WAKEFIELD

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

- The real estate market in Davao City has slowed due to an unpredictable business climate affecting both residential and commercial properties. The Chamber of Real Estate and Builders' Associations–Davao Chapter (CREBA) attributes this slowdown to a broader global economic downturn, rather than solely to local political uncertainty. While CREBA notes that the country has "yet to be affected" by the U.S. Liberation Day tariffs, it identifies market saturation in mid-rise and high-rise condominiums, along with negative consumer sentiment following multiple earthquakes in 2023, as key factors behind the decline in sales.
- Despite government efforts to promote mid-rise housing as a more affordable option, high raw land costs continue to make low-cost housing less viable for developers. Increased competition has led to lower rental rates for studio-type condominium units, while residential lots are priced between PHP 50,000 and PHP 75,000 per sq.m, and commercial spaces can reach up to PHP 300,000 per sq.m. Upcoming infrastructure projects—such as the Davao City Bypass Road, Davao Coastal Road, Mindanao Railway, and the expansion of Davao International Airport—are expected to revitalize the real estate market in the coming years.
  Read the original article

➢ *Recent trends in residential demand suggest a widening gap between ongoing housing developments and the realities of market requirements. This disconnect indicates a need for developers to closely assess and adapt to shifting consumer preferences. Prioritizing affordability, adaptability, and resilience in new projects could better address current demand patterns. Additionally, developers may benefit from strategically leveraging anticipated infrastructure improvements to support sustainable, long-term sector growth. By recalibrating their approach with these considerations, developers can more effectively position their offerings in an evolving marketplace.*

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

HOSPITALITY

- Hospitality brands in the Philippines are ramping up their sustainability initiatives and workcation-friendly amenities in response to growing international tourist demand. Industry experts note a rising interest in eco-conscious, nature-themed accommodations and flexible spaces that support remote work. With 5.95 million foreign visitors in 2023—primarily from South Korea and the U.S.—hotels are increasingly customizing their offerings to suit diverse cultural expectations. Robinsons Hotels and Resorts is expanding into key tourist destinations and catering to niche markets such as Indian weddings. Discovery Hospitality Corp. is enhancing its properties to accommodate hybrid work setups, MICE events, and wellness-focused travel. Meanwhile, The Ascott Limited is leveraging its serviced residences and event facilities to attract long-stay and experience-driven guests, with new projects like Citadines Bacolod City in the pipeline. Across the industry, there's a clear shift toward personalized, tech-enabled, and environmentally responsible travel experiences.
  Read the original article

➢ *The Philippines is well-positioned to capture the growing market of eco-conscious and mobile travelers. Rising demand for sustainable, wellness-focused stays is driving hospitality providers to enhance green features and workcation-ready amenities. The country's robust offering of extended-stay accommodations, such as serviced residences, continues to attract digital nomads and guests seeking longer-term lodging. This combination of sustainability and flexible accommodations positions the Philippines as a noteworthy option within the competitive regional hospitality market.*

450.5TH Persons Apr 2025 Visitor Arrivals

Source: Department of Tourism

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

PROPERTY MARKET NEWS

PHILIPPINES

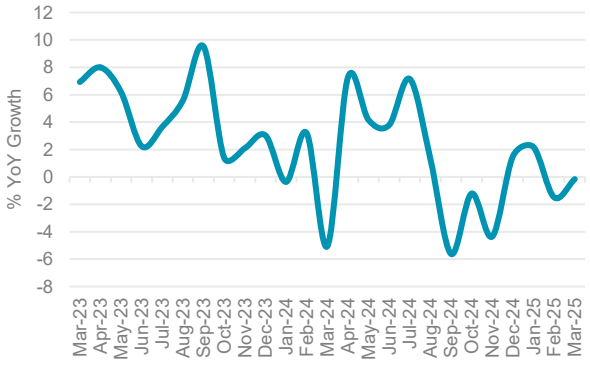
APRIL 2025

CUSHMAN & WAKEFIELD

INDUSTRIAL/LOGISTICS

-0.2% YoY

Mar 2025 Volume of Production Index (2018 = 100)



Source: Philippine Statistics Authority

- The Philippine digital economy grew by 7.6% in 2024, down from 8.8% in 2023, following the country's previous records of elevated inflation and interest rates. This downturn in growth reflected on the economy as a smaller contribution to the country's overall gross domestic product (GDP). Of the four digital economy components, E-commerce growth was the only one that declined significantly from 31.8% to 10.2%, which is attributed to high inflation and borrowing costs. In contrast, digital infrastructure grew from 6.4% to 7.3%, digital content and media growth increased from 4.4% to 5.1%, and government digital services rebounded with a 2.3% growth after a 37.5% contraction in 2023. However, moving forward, the Philippine digital economy's growth is still projected to remain strong, especially since it bolsters a robust employment impact: the digital economy employed 11.30 million workers in 2024, up by 4.8% from 2023, accounting for 23.1% of total national employment. More than this, growth in the digital economy is in a strong position, with key drivers like digital finance, health technology, and artificial intelligence pushing it at the heels. To reinforce this, the government could play a more active role by pushing forward more digitalization initiatives, particularly in tax collection. *Read the original article*

- *The digital economy has expanded considerably in recent years, with much of this growth attributed to the rise of e-commerce. Sustaining this momentum and extending market reach will depend on ongoing improvements to the security and convenience of online payment systems. This is particularly important for building trust among traditional consumers who may prefer face-to-face transactions and remain cautious about digital alternatives.*

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

RETAIL

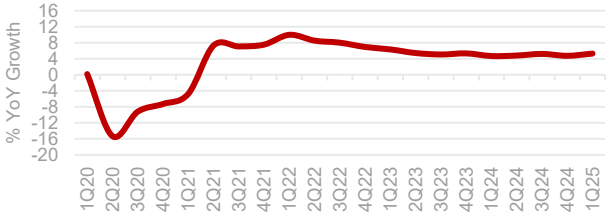
- SM Prime Holdings Inc. is leveraging its strong mall presence to expand into integrated property developments (IPDs) beyond Metro Manila. Branding itself as a "developer of developers," focusing on the creation of mixed-use spaces that incorporate residential, commercial, and public utilities such as schools, parks, hotels, and convention centers. To achieve this vision, the company will launch residential developments in key locations across the Philippines outside Metro Manila. Its flagship IPD proof-of-concept, the Mall of Asia complex, sets the stage for future projects. The Manila Bay reclamation project will be master-planned and launched as an IPD, while the Pasay City IPD is scheduled for completion in 2025, with horizontal development expected by 2027. To diversify its portfolio, SM Prime plans to launch residential projects in key provinces, introducing premium primary residences while stimulating regional economies. The company has also pledged PHP 15 billion to a five-year expansion program for hotels and convention centers, further strengthening its presence in the sector. *Read the original article*

- *Recent data indicates a marked shift in consumer expectations, particularly among younger and digitally connected demographics. Given this trend, it is increasingly important for real estate developers to pursue innovation beyond traditional construction methods. The adoption of smart and sustainable community development is no longer a mere differentiator but emerges as a critical factor for maintaining competitiveness in the current real estate market.*

❑ *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

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.

This report has been produced by Cushman & Wakefield for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield shall not be liable to any reader of this report or any third party in any way whatsoever. Cushman & Wakefield shall not be held responsible for and shall be released and held harmless from any decision made together with any risks associated with such decision in reliance upon any expression of opinion in the report. Our prior written consent is required before this report can be reproduced in whole or in part.

© 2025 Cushman & Wakefield All rights reserved