



Flash | Manila | 11 April 2022

An opportune time to revivify

Property stakeholders prepare for economic reopening

Insights & recommendations

The results of our latest property market briefing poll reveal that property developers and investors are aggressively and proactively looking for opportunities especially now that the Philippine economy is reopening. Landlords are completing projects according to schedule as more employees are encouraged to work on-site. Residential developers are launching more horizontal projects outside Metro Manila as key areas in north and south Luzon remain preferred investment destinations. Local tourism is gathering pace while global travel continues to sail through uncharted waters.¹ In the office market, we recommend landlords keep an eye on tenants' return-to-office arrangements. National residential players should look at viable price points and payment schemes for units outside Metro Manila. Meanwhile, hoteliers should treat this time as an opportunity to train staff, implement digitization upgrades, and boost omnichannel marketing strategies to capture *revenge travel* opportunities.



Office

When is your company planning to return-to-office?



67% of respondents said that their employers are already executing back-to-office plans. In our opinion, this should support office leasing recovery beyond 2022.

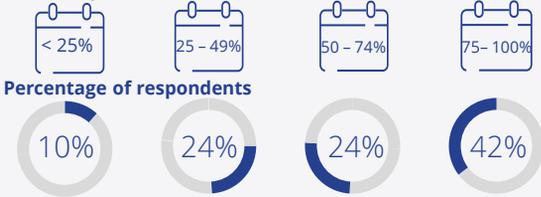
Colliers recommends that tenants renovate their offices to support their back-to office and hybrid plans. We encourage occupiers to rethink their office design and layout that will improve collaboration among employees while still complying with social distancing protocols.

Meanwhile, about 16% of respondents answered that they have no definite date yet for their return-to-office (RTO). In our view, flexible workspaces will still be a popular option among tenants that are still in wait-and-see mode. Colliers recommends that flexible workspace operators highlight their offerings that differentiate themselves from traditional offices, including short-term leases and scalable office spaces.²

Note: 1 sq m = 10.76 sq ft. USD1 = PHP51 as of the end of 2021. Traditional occupiers includes companies in various sectors such as legal, engineering and construction, government agencies and flexible workspace operators. ¹[Be part of the fun! Welcome to the DOT Corporate Site \(tourism.gov.ph\)](#); ²[Ep. 02: What's in store for the office market in 2022 - Colliers Insights Podcast | Podcast on Spotify](#)

What percentage of your workforce will be required to report to the office?

Percentage of workforce



About 42% of respondents answered that more than 75% of their workforce is already required to report on-site. In our view, the easing of mobility restrictions in Metro Manila should enable more employees to report back to their traditional offices. As of March 1, 2022, Metro Manila has downgraded its quarantine classification to Alert Level 1.³ Colliers believes that the return of more employees on site

should support office space absorption in 2022. Colliers projects net absorption to rebound to 307,400 sq metres (3.3 million sq feet) in 2022 from -273,100 sq metres (-2.9 million sq feet) in 2021.

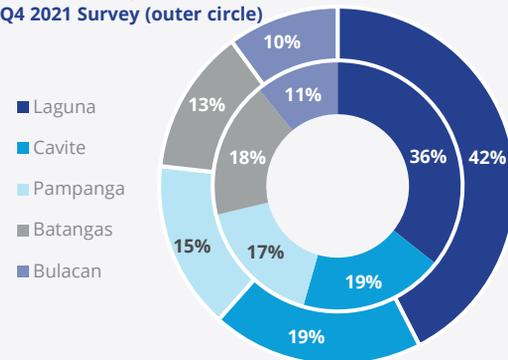
Meanwhile, 48% of the respondents said that only 25% to 74% of their employees will be required to report on-site. Earlier, the Fiscal Incentives Review Board (FIRB) has denied the petition of outsourcing firms to extend the work-from-home (WFH) arrangement until September 2022. This despite a survey conducted by the IT and Business Process Association of the Philippines (IBPAP) showing that 80% of Filipino employees prefer a hybrid work model over purely on-site. The survey also revealed that about 90% of employees are more productive in a hybrid model.⁴



Which location will you choose for your House & Lot or Lot Only investment?

Legend:

Q2 2020 Survey (inner circle)
Q4 2021 Survey (outer circle)

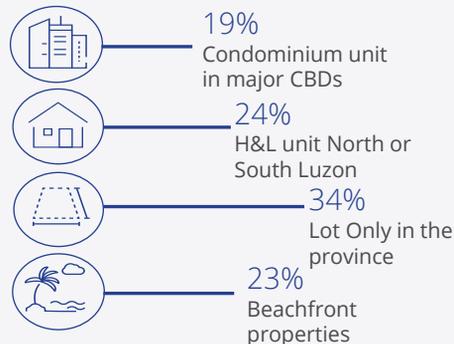


74% of respondents chose Laguna, Cavite or Batangas for their next horizontal unit investment. In our opinion, Southern Luzon remains to be an attractive residential investment destination outside Metro Manila. In 2021, Colliers recorded about 11,900 house-and-lot (H&L) and lot-only units sold in Laguna, Cavite and Batangas, down 31% YOY. These provinces accounted for 26% of total provincial horizontal market take-up in 2021.

Meanwhile, 26% of respondents are eyeing to

buy residential units in Pampanga or Bulacan. In our view, the growing residential demand in Northern Luzon should be supported by national players expanding their presence in key provincial locations including Pampanga and Bulacan. Colliers believes these provinces will be popular residential hotspots with the expansion of Clark International Airport and completion of the New Manila International Airport. Colliers has observed that projects which are in proximity to upcoming infrastructure developments and are within or near townships have recorded strong take-up in the Northern Luzon H&L market in 2021.

What will be your next residential investment?



³GUIDE: Alert Level 1 rules as Philippines enters 'new normal'; ⁴IBPAP: Request for extension of Work-From-Home (WFH) / Work-From-Anywhere (WFX) arrangement for the IT-BPM industry.

About 58% of respondents are likely to acquire house-and-lot (H&L) or lot-only units North or South Luzon as their next residential investment. This is an increase from the 46% who said that they are planning to acquire a horizontal residential unit in provincial locations during our Q2 2021 survey.

Meanwhile, 23% of respondents would prefer to buy a beachfront property and 19% are likely to invest in a condominium unit in a major central business district (CBD).

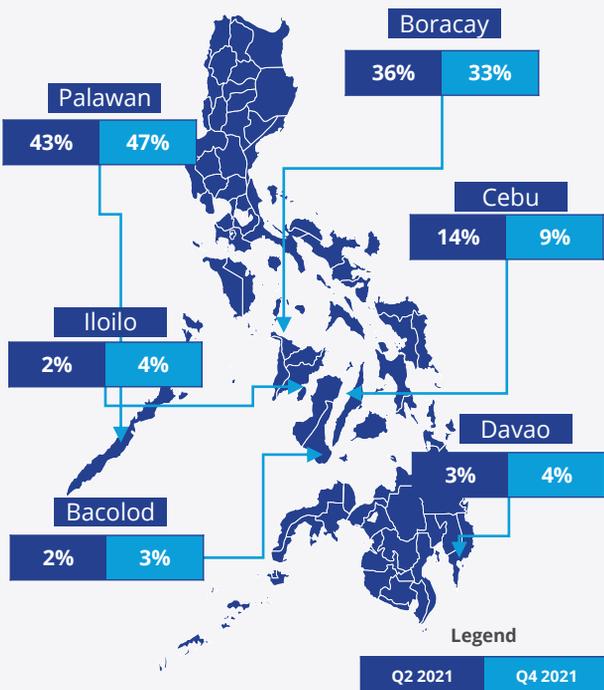
In 2021, Colliers recorded a total of 44,970 units sold in the horizontal market in Luzon, Visayas and Mindanao, down 14% from 2020. Albeit a

decline, this is a less adverse impact compared to the 69% drop in take-up in the Metro Manila pre-selling condominium market, which only reached 11,700 units in 2021. Colliers believes that the shift in residential demand could be attributed to buyers' growing preferences for less dense locations which provide larger living spaces.

In our view, remittances from Overseas Filipino Workers (OFWs) will likely continue to drive demand in the horizontal market, particularly projects that are within the affordable to mid-income (PHP1.7 to PHP6 million) price segments. The central bank projects remittances to grow by 4% in 2022.



Where do you plan to travel once the government lifts all travel restrictions and requirements?



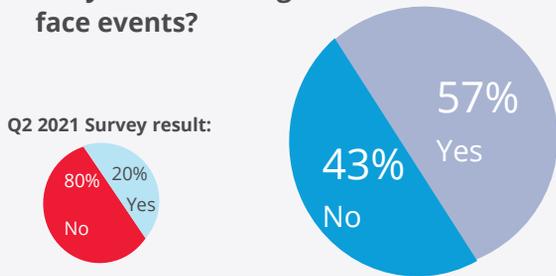
47% of respondents chose Palawan as their top travel destination, followed by Boracay (33%). In February, the World Health Organization (WHO) and the United Nations World Tourism Organization (UNWTO) called for the lifting of travel restrictions as these only contribute to "social and economic stress."⁵

To further attract tourists and restore travel confidence, the Philippine Department of Tourism (DOT) and the Tourism Promotions Board (TPB) expanded its RT-PCR⁴ subsidy program to tourists who plan to travel in Central Luzon. The Inter-Agency Task Force (IATF)⁴ also announced that it will be lifting the arrival quota for unvaccinated passengers in all ports of entry as well the resumption of visa processing starting April 1.⁶ Data from the DOT show that as of March 9, 2022, there were about 76,736 arrivals (56% foreign, 44% *balikbayans*⁷) to the country since the reopening of the borders on February 10, 2022. Meanwhile, DOT expects domestic trips to reach 84.8 million in 2022 from the estimated 36.5 million trips in 2021.⁸

⁴DOT's RT-PCR subsidy expands to Central Luzon as PH opens doors to foreign tourists ;⁷Returning OFW or a former Filipino citizen ;⁸Domestic tourism's recovery in 2022 at earliest, 2024 at worst.

⁵UNWTO & WHO Call on Lifting of Travel Restrictions, Claim They're Proven to Be Ineffective; RT-PCR = Reverse Transcription Polymerase Chain Reaction; IATF = Inter-Agency Task Force

More than 2 years into the pandemic, are you now willing to attend face-to-face events?

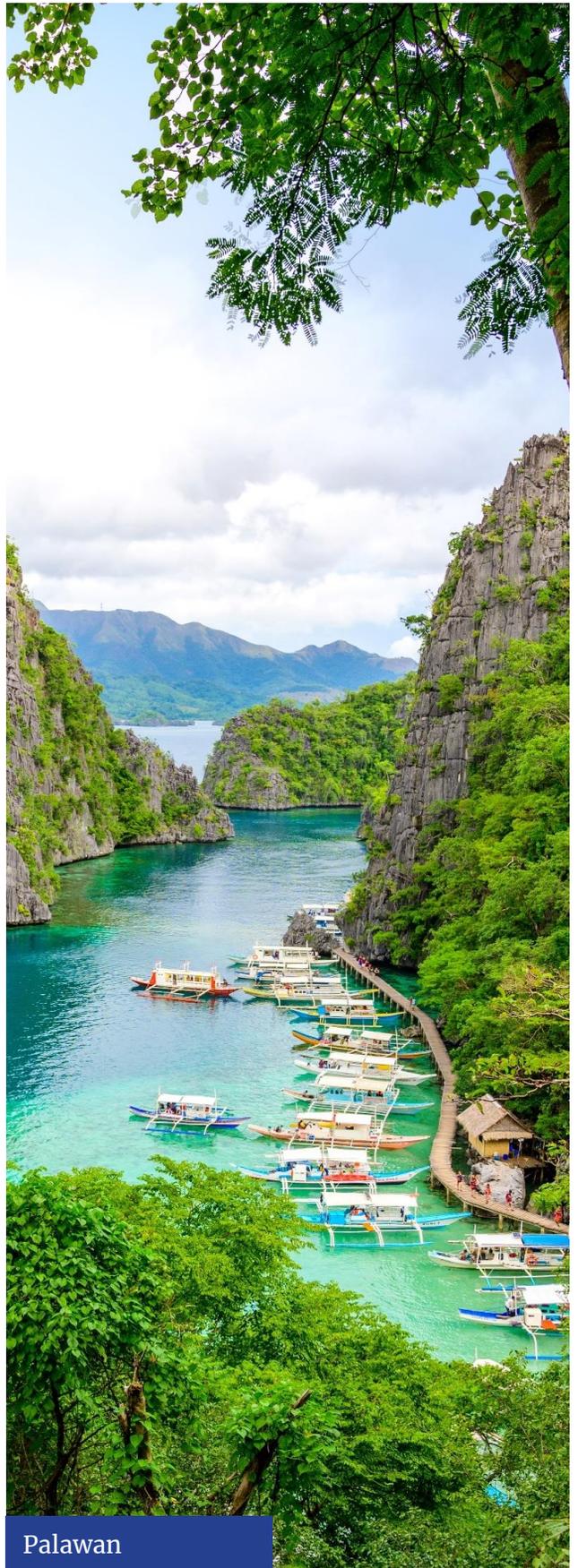


About 57% of the respondents are now willing to attend a face-to-face convention. This is an improvement from only 20% during our Q2 2020 survey. Aside from enhancing health and safety protocols, Colliers recommends that MICE (Meetings, Incentives, Conferences and Exhibitions) organizers actively monitor relevant travel data (profile of arriving nationalities and purpose of travel) and promote their events to key stakeholders through enhanced digital marketing campaigns (e.g. social media). Colliers believes that the government-projected rebound in tourist arrivals as well as the MICE activities in 2022 highlight the need for organizers to innovate and incorporate new technologies for the new normal.⁸

Average hotel occupancies in Metro Manila and foreign arrivals, 2016 - 2021



Source: Colliers; Department of Tourism (DOT)



Palawan

⁸[Five steps for any destination looking to attract MICE travel in 2022 | City Nation Place](#)

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