

The state of Philippine Real Estate

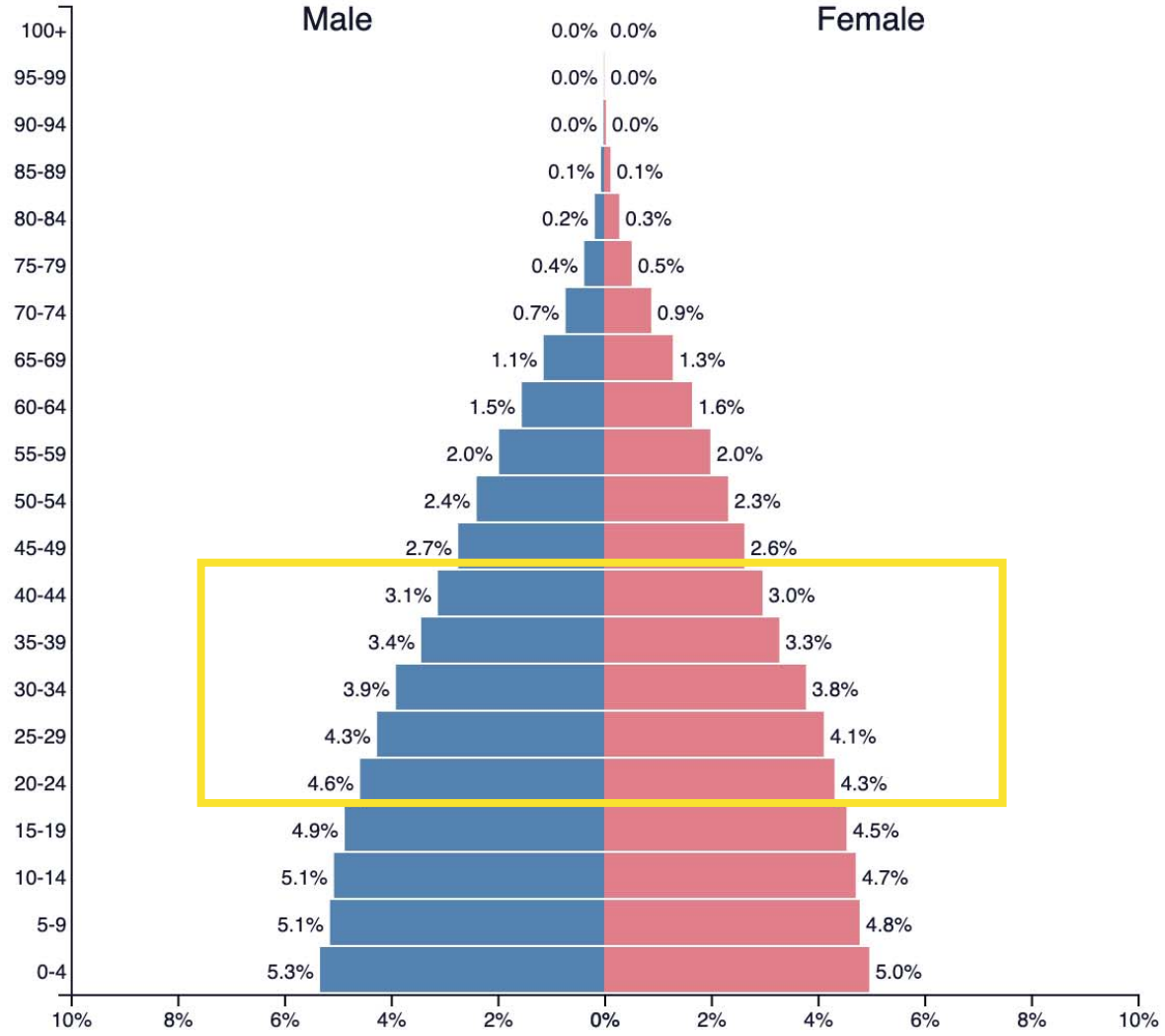
Resilience of Philippine Real Estate

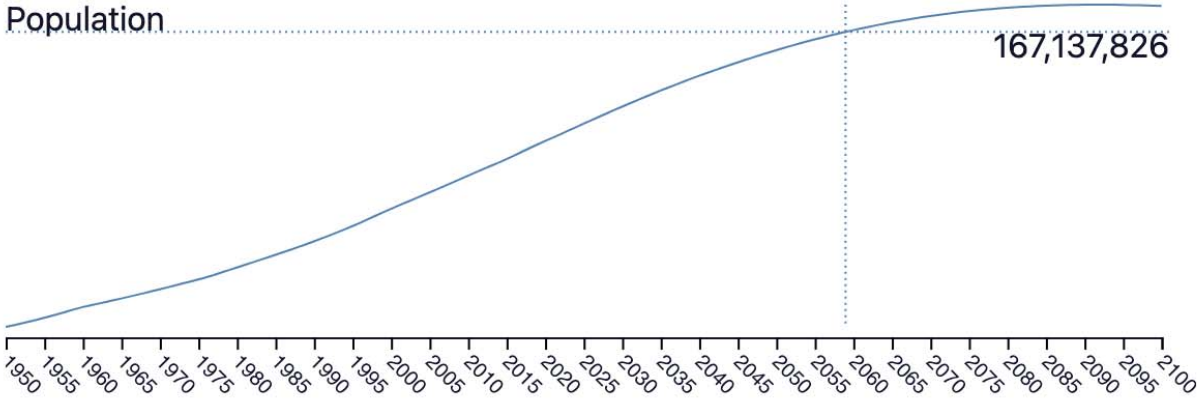
1.Strong Domestic Demand

Philippines

2023

Population: 117,337,367





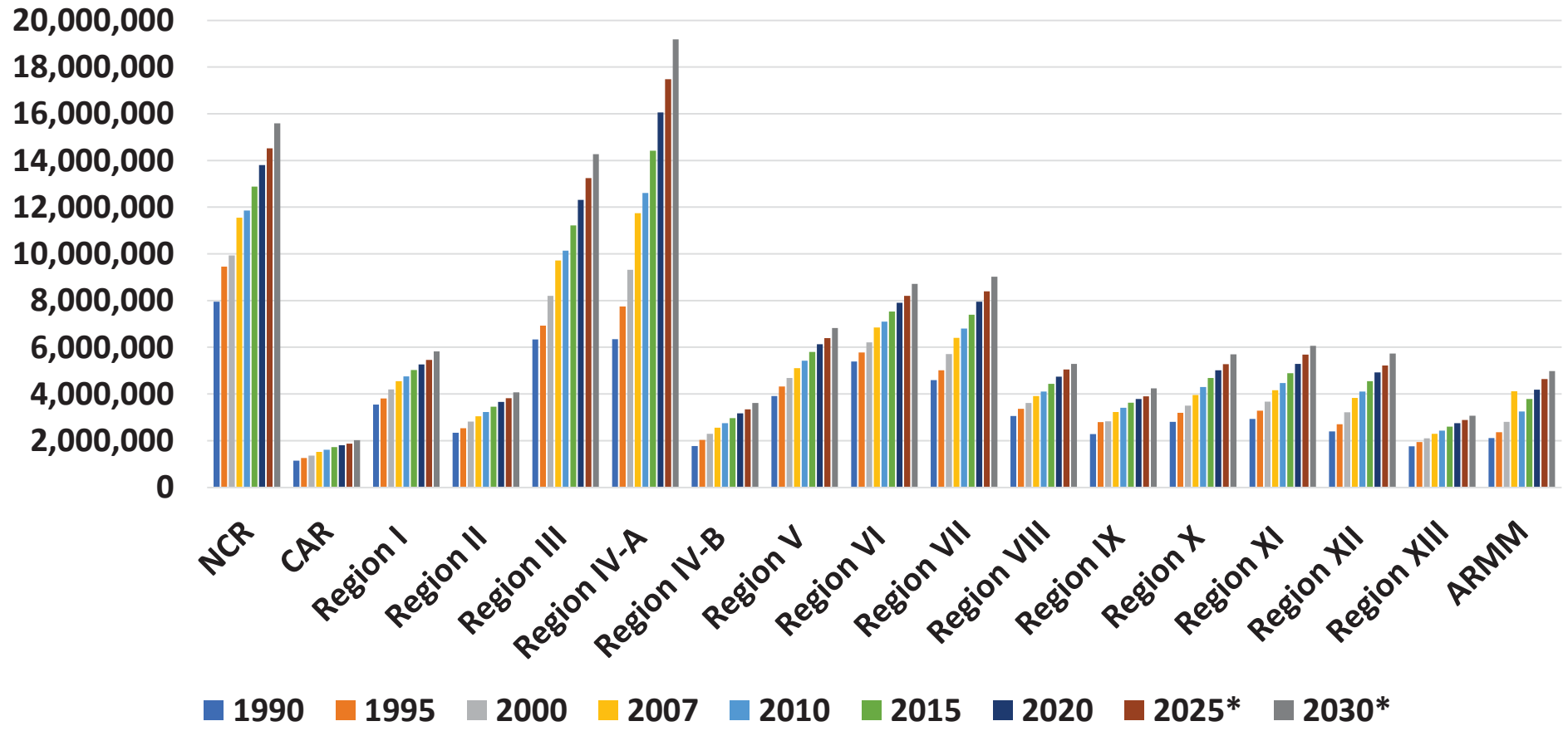
YEAR -5 -1 2023 +1 +5

COUNTRY A B C D E F G H I J K L M N O P Q R S T U V W Y Z

Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Poland
Polynesia
Portugal
Puerto Rico

PHILIPPINES

Population Growth By Region : 1990 to 2030



**Internal Projection*

Population still significantly comes from NCR+ :
Region IV-A (CALABARZON), NCR and Region III (Central Luzon).

Source: Philippine Statistics Authority

Resilience of Philippine Real Estate

1. Strong Domestic Demand
2. Infrastructure Development
3. Thriving Offshore Markets
4. Resilient Property Sectors
5. Interest Rates
6. Diversified Offerings
7. Sustainable Development

CURRENT REAL ESTATE CLIMATE

1. **Residential Sector:** The residential market in key urban centers like Metro Manila and Cebu continues to be robust, driven by demand from the growing middle class, OFW remittances, and (low)* interest rates on housing loans last year. The demand for the Ultra-luxury projects has proven to be strong even during the later part of the pandemic.
2. **Office Spaces:** The demand for office spaces slowed during the pandemic due to remote work arrangements. However, the country's BPO industry remains a key driver of office space demand, and recovery is expected as businesses adapt to the changing work landscape.
3. **Retail and Commercial Spaces:** The retail sector faced challenges due to lockdowns and restrictions. However, as the economy gradually reopens, there is optimism for recovery, especially in suburban areas with resilient consumer spending.

REGULATORY CHALLENGES

1.Land Titling and Documentation

2.Foreign Ownership Restrictions

3.Complex Permitting and Approval Procedures

PROPOSED REFORMS

1. **Land Administration and Titling Reform**: Simplifying and expediting land titling and registration processes through digitalization and automation can significantly reduce delays and improve efficiency.
2. **Foreign Investment Liberalization:** Proposals to ease foreign ownership restrictions for specific real estate assets, such as condominiums, have been discussed to attract more foreign direct investment (FDI).
3. **Online Permitting Systems**: Implementing online platforms for securing construction permits and approvals can streamline processes, minimize physical contact, and reduce bureaucratic bottlenecks.

PROPOSED REFORMS

4.Real Estate Investment Trust (REIT) Expansion: Enhancing the REIT law to include other property types beyond office buildings can broaden investment opportunities and attract more capital into the real estate market.

5.Tax Incentives: Providing tax incentives for developers and investors involved in affordable housing projects and infrastructure development can spur growth in these critical areas.

6.Public-Private Partnerships (PPP): Encouraging more PPP arrangements for infrastructure projects can help accelerate development and improve urban infrastructure.

HOW TO MAINTAIN THE MOMENTUM OF REAL ESTATE GROWTH

1. Embrace Digital Transformation
2. Focus on Resilient Market Segments
3. Enhance Health and Safety Measures
4. Reevaluate Supply Chains
5. Collaborate with Government and Industry Stakeholders
6. Promote Sustainable Development
7. Develop Hybrid Workspaces
8. Leverage Data Analytics
9. Invest in Infrastructure
10. Strengthen Customer Relations

IMPACT OF DIGITAL TECHNOLOGY

1.Business Growth and Efficiency:

- **Online Property Listings:** Digital platforms provide real estate companies with a broader reach and enable them to showcase properties to a global audience, resulting in increased inquiries and potential sales.
- **Virtual Tours:** Offering virtual property tours allows potential buyers to explore properties remotely, saving time and resources for both agents and clients.
- **Online Transactions:** Digital tools facilitate seamless and secure online transactions, making it easier for buyers and sellers to complete property deals efficiently.

IMPACT OF DIGITAL TECHNOLOGY

2. Innovation and Customer Experience:

- **AI-Powered Chatbots**: AI chatbots provide 24/7 customer support, answering inquiries, and guiding customers through the initial stages of property search, enhancing the overall customer experience.
- **Interactive Property Visualization**: Virtual reality (VR) and augmented reality (AR) technologies enable interactive property visualization, allowing buyers to experience properties in a more engaging and immersive way.
- **Data-Driven Personalization**: Digital technologies enable real estate companies to collect and analyze data to personalize property recommendations, marketing messages, and customer interactions.

IMPACT OF DIGITAL TECHNOLOGY

3.Enhancing Competitiveness:

- **Data Analytics:** Real estate firms can leverage data analytics to gain insights into market trends, buyer preferences, and investment opportunities, enabling them to make more informed decisions.
- **CRM Systems:** Customer relationship management (CRM) software enables real estate professionals to manage leads, automate follow-ups, and maintain strong customer relationships, contributing to a competitive advantage.
- **Online Marketing:** Digital marketing strategies, including social media advertising and search engine optimization, help real estate companies reach a wider audience and stand out in a competitive market.

OPPORTUNITIES FOR COLLABORATION IN THE DIGITAL SPACE

- **Public-Private Partnerships (PPPs):** The government can collaborate with real estate developers and tech companies to promote smart city initiatives, utilizing digital technologies to enhance urban planning and infrastructure development.
- **PropTech Startups:** Real estate companies can partner with PropTech startups to adopt innovative solutions such as blockchain-based property records, smart home technologies, and real-time market analysis tools.
- **Data Sharing and Industry Standards**: Collaboration among industry stakeholders to establish data-sharing protocols and industry standards will facilitate a more cohesive digital ecosystem and improve overall data-driven decision-making.

POTENTIAL INVESTMENT SECTORS & EMERGING REAL ESTATE INDUSTRIES

1. Residential Properties
2. Industrial and Logistics Facilities
3. Data Centers and BPO Offices.
4. Tourism and Hospitality
5. Retirement and Senior Living Facilities
6. Sustainable and Green Buildings

OPPORTUNITIES FOR PARTNERSHIPS BETWEEN FOREIGN & LOCAL BUSINESS

1. Joint Ventures
2. Infrastructure Development
3. Technology Integration
4. Affordable Housing Projects
5. Sustainable Development

ROLE OF FINANCIAL INSTITUTIONS

1. **Disaster Resilience and Risk Mitigation:** Financial institutions have developed strategies to assess and manage risks associated with calamities. They have introduced disaster risk insurance and contingency plans for real estate projects, providing a safety net for investors and developers.
2. **Increased Access to Financing**: Financial institutions have expanded access to real estate financing options, making it easier for developers and buyers to secure loans or mortgages. Their flexible lending terms and competitive interest rates have encouraged investment and homeownership, supporting the growth of the sector.
3. **Continuity of Funding during Crises:** Despite economic downturns or calamities, financial institutions have continued to extend credit to the real estate industry. This continuous flow of funding has allowed developers to continue projects and has maintained market activity, even during challenging times.

ROLE OF FINANCIAL INSTITUTIONS

4. Sector-Specific Financing: Financial institutions have tailored financial products to cater to specific real estate segments, such as affordable housing, green building projects, and infrastructure developments. This sector-specific financing stimulates growth in critical areas.

5. Real Estate Investment Trusts (REITs): Financial institutions have supported the introduction and growth of REITs in the Philippines. REITs provide a vehicle for investors to participate in real estate projects, diversifying investment portfolios and attracting both local and foreign capital.

6.Public-Private Partnerships (PPPs): Financial institutions have been active participants in PPP projects, collaborating with the government in infrastructure development. This partnership approach has accelerated real estate and urban development initiatives.

ROLE OF FINANCIAL INSTITUTIONS

7. **Investor Confidence:** The unwavering support of financial institutions during calamities and crises has bolstered investor confidence in the Philippine real estate market. Investors recognize the resilience of the sector and its potential for long-term growth, further attracting investment from both local and foreign sources.
8. **Sustained Economic Growth:** The consistent support from financial institutions has contributed to the sustained economic growth of the Philippines compared to its regional neighbors. The stability and growth of the real estate sector have been instrumental in the country's overall economic performance.
9. **Job Creation and Economic Impact:** The real estate sector's growth, enabled by financial institutions, has generated employment opportunities and contributed significantly to the country's GDP, positively impacting the overall economy.

IMPORTANCE OF DIRECT FOREIGN INVESTMENTS & BILATERAL TRADE AGREEMENTS

1. Capital Inflows and Investment Opportunities
2. Increased Demand for Commercial Spaces
3. Growth of Industrial and Logistics Facilities.
4. Boon for Tourism and Hospitality
5. Technological Advancements
6. Economic Stability and Attractiveness
7. Government Initiatives and Incentives
8. Employment Opportunities

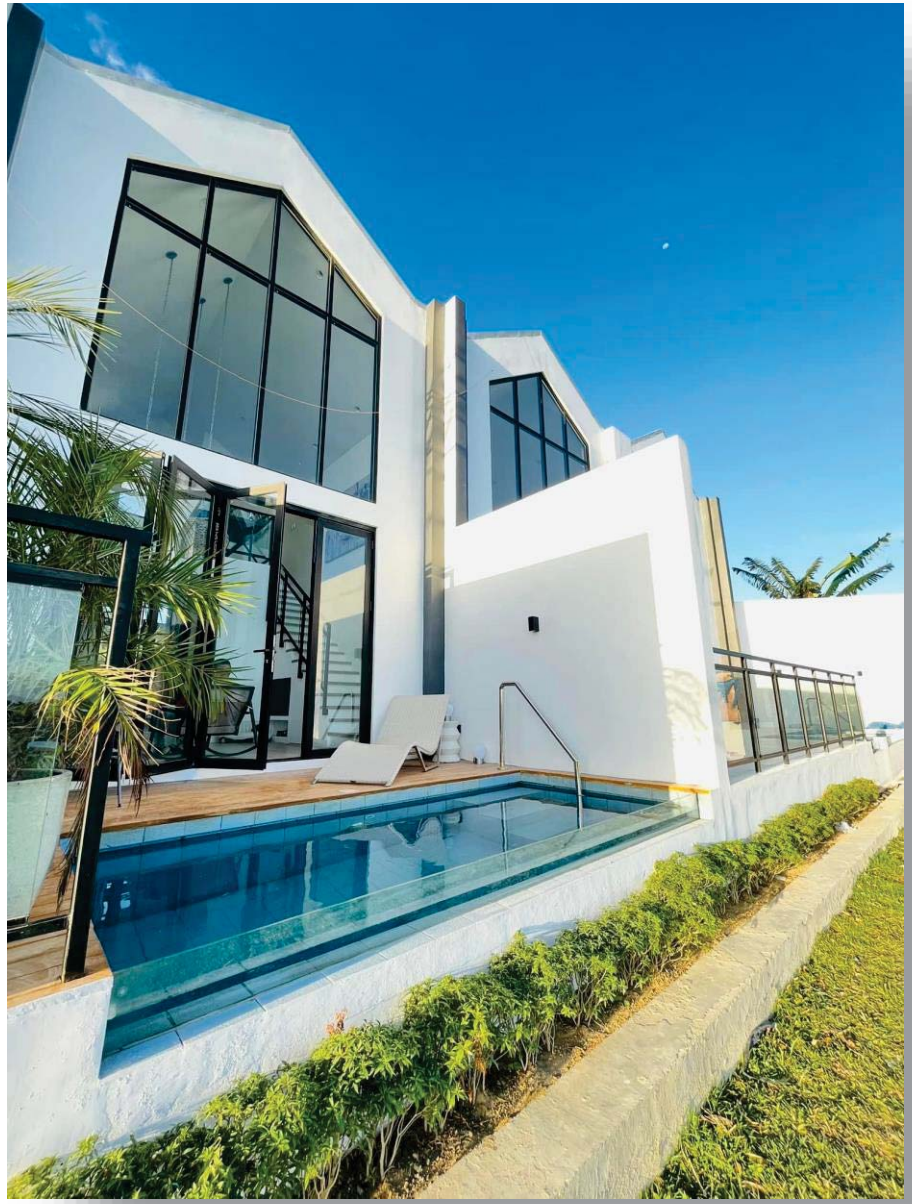
CHALLENGES IN ACCESSING FINANCE FOR REAL ESTATE BUSINESS

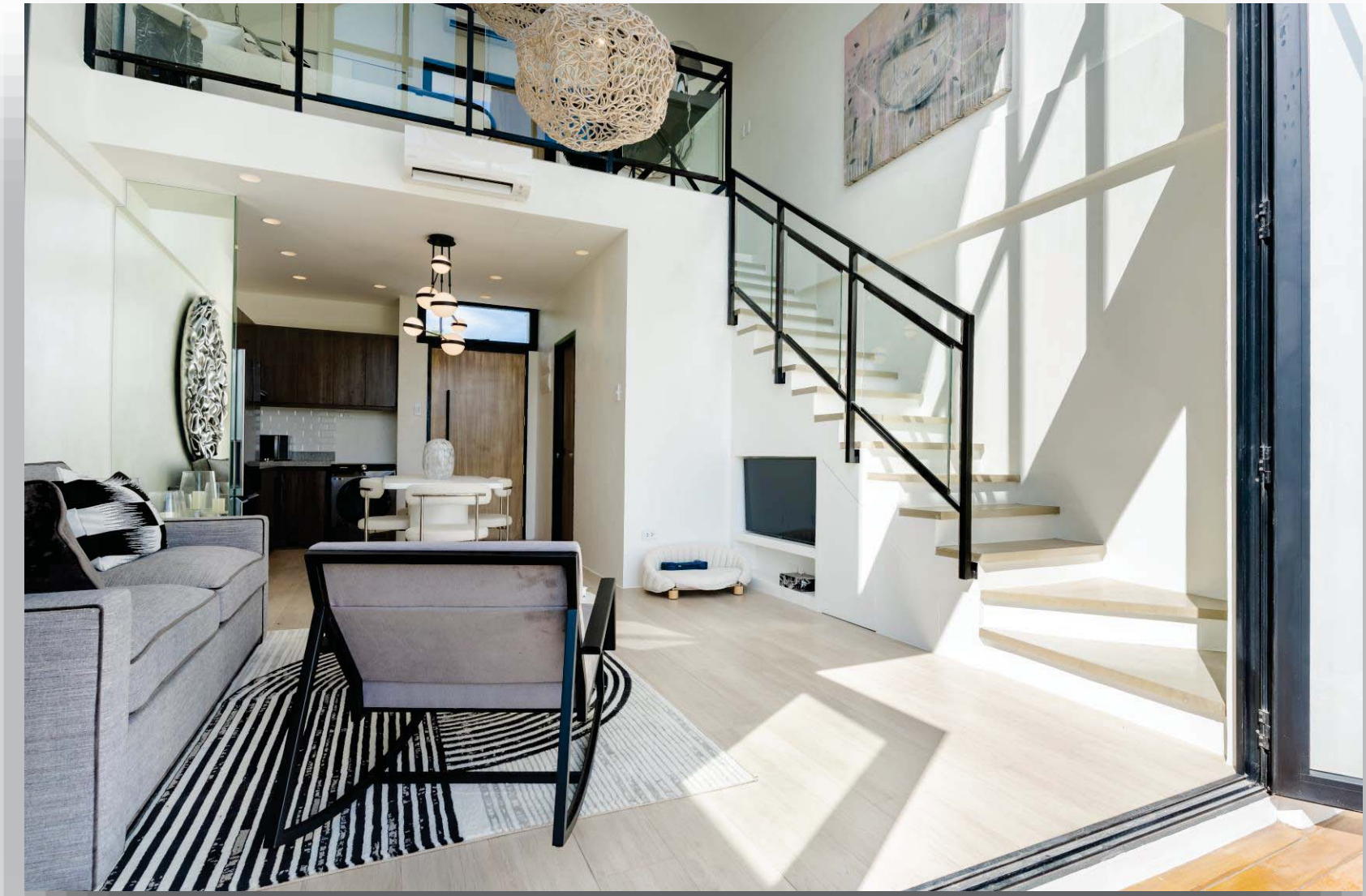
1. Stringent Lending Criteria
2. Collateral Requirements
3. High Interest Rates
4. Economic Uncertainties
5. Limited Credit History

INITIATIVES TO IMPROVE ACCESS TO CAPITAL

1. **Venture Capital and Private Equity**: Venture capital and private equity firms provide funding to startups and growing companies in exchange for equity stakes. These alternative funding sources offer capital for expansion without traditional loan requirements.
2. **Angel Investors:** Angel investors are individual investors who provide capital to startups and early-stage companies. They may offer mentorship and expertise in addition to funding.
3. **Peer-to-Peer (P2P) Lending:** P2P lending platforms connect borrowers directly with individual lenders, cutting out the intermediary banks. This model can offer more accessible financing options for businesses.










PARIS
GUIDE

INITIATIVES TO IMPROVE ACCESS TO CAPITAL

4. **Government Support:** Many governments offer financial support and incentives for businesses, including grants, subsidies, and low-interest loans to stimulate growth and expansion.
5. **Development Financial Institutions (DFIs):** DFIs are specialized financial institutions that provide long-term financing and support for development projects, including those in the real estate sector.
6. **Capital Market Reforms:** Reforms in capital markets can enhance access to funding through methods such as issuing bonds, commercial papers, and real estate investment trusts (REITs).

INITIATIVES TO IMPROVE ACCESS TO CAPITAL

7. **Fintech Solutions:** Financial technology (fintech) platforms provide innovative solutions for accessing finance, such as crowdfunding and digital lending.
8. **Credit Guarantee Schemes:** Governments or financial institutions may offer credit guarantee schemes to mitigate risks for lenders, encouraging them to provide loans to businesses with limited collateral or credit history.
9. **Business Incubators and Accelerators:** These programs not only provide mentorship and guidance but also offer funding opportunities to startups and emerging businesses.

FIVE-POINT AGENDA FOR HOUSING

Chamber of Real Estate & Builders' Associations, Inc.

3 MAJOR ISSUES TO BE ADDRESSED B Y THE 5-POINT AGENDA



LAND



FINANCE



GOVERNANCE

CREBA



TARGET:
500,000 HOUSING UNITS PER YEAR

A HOME FOR EVERY FILIPINO


OR 10 MILLION
HOUSING UNITS
IN 20 YEARS
A HOME FOR EVERY FILIPINO


Long-term and affordable funds for Socialized and Economic Housing
#1
CREBA


#2
Affordable Homes for Employees in Urban Areas through Balanced Housing and Transit-oriented Developments
CREBA


#3
Equitable Allocation of Lands for Residential, Commercial and Industrial Development through a National Land Use Act
CREBA


#4
Efficient Housing Regulations through Housing One-Stop Processing Centers (HOPC) and the Ease of Doing Business Law
CREBA


Government Focus on Housing under the Department of Human Settlements and Urban Development (DHSUD)
#5
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2 OF THESE OF AGENDA HAVE BEEN PASSED INTO LAW

- **AGENDA #2 – REPUBLIC ACT NO. 10884**
  - Changes in Balanced Housing Requirement for Developers of both Subdivisions (15%) and Condominiums (5%) make the program easier to comply with

- **AGENDA #5 – REPUBLIC ACT NO. 11201**
  - Creation of the Department of Human Settlements and Urban Development (DHSUD)

WHAT REMAINS TO BE DONE?

- **The establishment of the Comprehensive Home Financing Program (CHFP) by amending the CISFA Law** to provide affordable and long-term sources of financing in support of the current administration's determined and unprecedented target of producing 1 million homes each year until 2028;

WHAT REMAINS TO BE DONE?

- **Passage of the Valuation Reform Bill** to introduce reforms in real property valuation and assessment to do away with multiple, overlapping, and outdated valuations;

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WHAT REMAINS TO BE DONE?

- CREBA challenged the bill in Congress that would require all subdivisions to allot an area for telecom facilities for being violative of property rights of developers and landowners.



WHAT REMAINS TO BE DONE?

- Ensure that policies and regulations to implement the national housing program are fully consistent with the spirit of the law;

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WHAT REMAINS TO BE DONE?

- Ensure that the responsibility of the private sector to deliver housing is duly reciprocated with economic relief measures, fiscal incentives and sound business environment that will encourage more developers to participate in housing production

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WHAT REMAINS TO BE DONE?

- Serious efforts must be put in place to fast-track the processing and ease bottlenecks in the release of housing-related permits and licenses to spur real estate development activities.

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SOME CAUSE FOR CONCERN:
House Bill No. 6993

- **Proposed 25% Taxes on 'non-essential' or 'luxury' goods to include Residential Properties sold at P100,000 per square meter on top of VAT and capital gains tax**

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Habang hindi mo pa ako pinipili,
Patuloy lang akong nagmamahal...

-Real estate

