

# Philippine property sector on the cusp of recovery

By Paul Vincent Ramirez MRICS

RISING LAND VALUES across Metro Manila's major business districts indicate recovery in the property market. Although our data show that land values corrected by between 1.7% and 9.8% in 2020, this is attributable to developers holding off on acquiring new parcels of land given the disruptions in the property market.

For 2022, we project land values to rise by 5.1%, which is indicative of a property market that is bound for rebound. We are starting to see a spike in interest in developable land and this bodes well for the property market. Acquiring parcels of land within and outside Metro Manila

will be crucial in developers' pipeline of new projects beyond 2022 as they capture market demand post-pandemic.

All property indicators — from office, residential condo, retail to hotels — are still correcting, but because of scarcity of developable land in Metro Manila's major business districts, land values, while slightly down from 2019 peak, remain relatively stable and is expected to pick up starting this year barring any severe coronavirus disease 2019 (COVID-19) outbreaks.

We urge real estate developers to remain agile and be mindful of the economy's recovery prospects beyond the pandemic. They should also be more strategic with their land-banking initia-

tives if they are to capture pent-up demand.

Furthermore, we believe that the implementation of infrastructure projects will be a major driver of economic growth beyond 2022. We emphasized in a previous report that the completion and upgrading of railways, toll roads, and airports across the Philippines should contribute to higher land and property values; therefore, these projects will play an important role in dictating the development strategies of property firms beyond the pandemic.

## BULACAN ON THE RISE

One of the provinces that property developers, end-users, and investors should take a close look at is Bulacan given that two ma-

major infrastructure projects are scheduled to be completed in the province from the near to the medium term.

First is the Metro Rail Transit (MRT) Line 7 project, which should contribute to boosting Bulacan's attractiveness as a residential investment destination. Once completed, this 22.8-kilometer, 14-station railway project is expected to reduce travel time between North Triangle in Quezon City and San Jose del Monte in Bulacan from about 2-3 hours to just 35 minutes, and it can service 300,000 passengers daily once fully operational by the fourth quarter of 2022 (although this target might not be reached right away due to pandemic-related social distancing protocols).

The second infrastructure project that will push up prop-

erty prices in the province is the Bulacan Airport, or New Manila International Airport. This airport will cover 2,500 hectares of an envisioned 12,000-hectare township and is expected to help decongest Ninoy Aquino International Airport. It is designed to have an initial capacity of 35 million passengers per year, and a target of 100 million passengers per year once fully complete. It is likely to be completed by 2025.

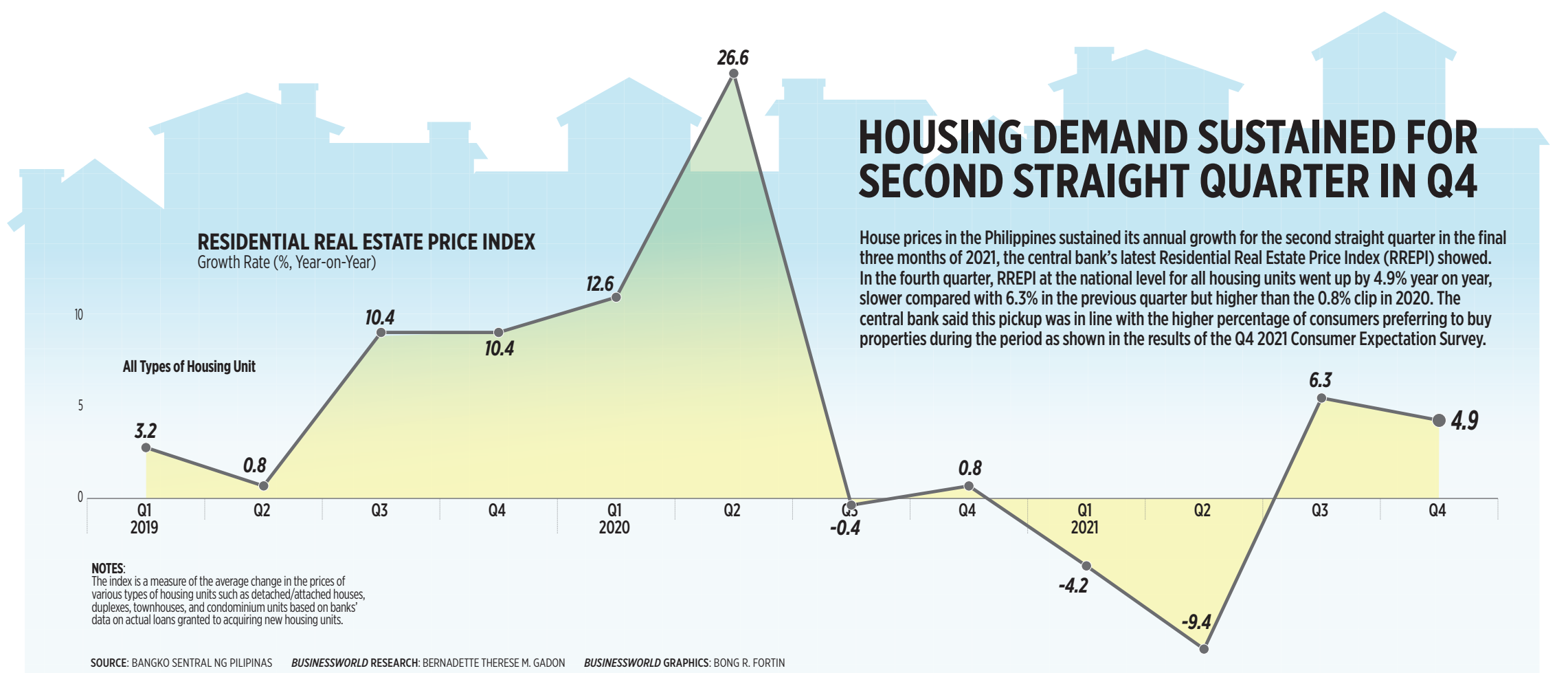
Major government infrastructure projects, especially in sparsely developed areas, have the potential to really unlock property values. Once these projects are completed, these infrastructure corridors are ripe for transit-oriented developments, but as early as now, developers are already starting to position themselves in these

areas, which has been observed to have already caused an uptick in land prices.

We expect developers to be more aggressive and strategic now with their land-banking initiatives, especially as they plan to take advantage of the government-projected economic recovery.

And as they seize opportunities, they should also take into consideration key business and economic policies such as the implementation and direction of new infrastructure projects and decentralization initiatives, which should spur more economic opportunities outside Metro Manila.

Paul Vincent Ramirez is Colliers Philippines' senior director and head of valuation services.



## LIMA Tower One looks to attract BPO companies

LIMA Tower One is set to become the first office tower registered with the Philippine Economic Zone Authority (PEZA) within the 794-hectare LIMA Estate in Lipa-Malvar, Batangas.

Aboitiz InfraCapital recently appointed Leechiu Property Consultants (LPC) as the exclusive broker of the 11-storey office tower.

Currently under construction, LIMA Tower One offers a gross leasable area of 23,000 square meters. It will be the first of seven towers in LIMA's emerging Central Business District.

Rafael P. Fernandez de Mesa, president of LIMA Land, Inc. and head of Aboitiz InfraCapital Economic Estates, said the towers are designed to host business process outsourcing (BPO) companies.

"LIMA Estate is within a 10-kilometer radius of 23 colleges and universities. Their

graduates represent a fresh untapped labor pool for BPOs whom we hope to attract to LIMA Tower One," he said in a statement.

LPC Chief Executive Officer David Leechiu noted that BPOs have continued to drive office space demand even during the pandemic.

"For as long as outsourcing remains an attractive solution for companies in the West, office take-up will keep expanding in the Philippines especially in PEZA-accredited locations outside Metro Manila like LIMA Estate," Mr. Leechiu said.

Aboitiz InfraCapital also partnered with the Philippine Green Building Council in securing BERDE certifications for its buildings, including LIMA Tower One. It will also be involved in a pilot program for district certification for the entire LIMA Estates.

## Future Ready Data Center soon to rise in Light Industry & Science Park IV Malvar, Batangas



will serve the growing demand for cloud computing services and solutions in Greater Manila area.

Strategically located a few hundred meters from the Southern Tagalog Arterial Road (STAR) Toll Exit, LISP IV is fully equipped to accommodate data center developments as it can provide reliable and ample supply of power through a 100MVA substation, designed to have a dual 69kV source from the national grid and an in looped configuration of the feeder lines; and multiple source fiber optic connectivity with bandwidth speeds of up to 10Gbps

Science Park of the Philippines, Inc. (SPPI) announces the data center to be established in Light Industry & Science Park IV (LISP IV), a 170-hectare industrial park in Malvar, Batangas which is part of a mixed-use development called Malvar Cybergreen with commercial and residential components. LISP IV's latest locator, YCO Global Cloud Centers (YCC) is eyeing a total capital investment of about USD 500 M over the next three years in multiple projects, starting with their flagship venture in LISP IV.

YCC is a partnership between JJ Ynchausti Ventures, Inc. whose business focuses on investing in digital infrastructure in the Philippines, and the California-based Cloud Centers, LCC. YCC will build YCO Manila Digital 1, a world-class data center that

Further, LISP IV provides an integrated water system; centralized wastewater treatment process in compliance with the Clean Water Act; and flood-resistant systems such as natural and engineered drainage system complemented by a series of detention ponds to catch storm water and regulate its discharge to the river to avoid any flash floods in the neighboring areas. These features are supported by an on-site management team composed of full-time professional staff with proven competence and experience in industrial park management.

YCC aims to finish its first data hall in the second quarter of 2023, while talks are ongoing for future projects in LISP IV and in another industrial park of SPPI.



## PropertyGuru launches PHL awards, adds more categories

PROPERTYGURU recently launched the 10<sup>th</sup> edition of its property awards in the Philippines, which includes new categories.

The PropertyGuru Philippines Property Awards will be held on Oct. 7, 2022 at the Fairmont Makati, but will also be livestreamed on digital platforms.

It is now open to entries from eligible developers and projects, and nominations from the public.

The submission of entries will close on Aug. 5. Physical site inspections will be scheduled from Aug. 22 to Sept. 9, while virtual site inspections will be from Sept. 5-9. Final judging will be on Sept. 14.

New award categories include: Best Luxury Developer, Best Completed Condo Development, Best Completed Housing Development, Best Connectivity Condo Development, Best Connectivity Housing Development, Best Waterfront Condo Development, Best Waterfront Housing Development, Best Branded Residential Development, Best Integrated WFH (Work From Home) Development, Best Pet-Friendly Residential Development, Best Health and Wellness Development, Best Eco-Friendly Condo Development, Best Eco-Friendly Housing Develop-

ment, Best Eco-Friendly Commercial Development, and Best Smart Building Development.

Eligible entries are selected by an independent panel of judges, which includes industry experts in real estate consultancy, architecture and design, green building and sustainable development.

"The Philippine real estate market may see improvement this year behind the increased vaccination rate as well as the country's reopening policies. This is led by the logistics and industrial sector, as well as the imminent arrival of hyperscalers and data center operators," Philip Mareschal, head of property and asset management at JLL Philippines, and a member of the independent judging panel, said in a statement.

The awards program is chaired by Cyndy Tan Jarabata, president of TAJARA Leisure & Hospitality Group, Inc.

Main award winners may qualify to compete for regional hours at the 17<sup>th</sup> PropertyGuru Asia Property Awards Grand Final on Dec. 9 in Bangkok, Thailand.

Nominations and entries are being accepted at <https://www.asiapropertyawards.com/en/nominations/>.