

# Homeowners in Japan now facing an unfamiliar headache: higher mortgages

TOKYO — When salaryman Takayuki Nakamura bought his Tokyo home last year, he got a floating-rate mortgage at a rock-bottom 0.35% and an assurance from the real estate agent that rates weren't going anywhere. After this week, he's not sure. "On Tuesday, all of a sudden I'm hearing the interest rates are going up," said the 48-year-old father of two. "It's kind of obvious that I'm going to end up paying more." The Bank of Japan whipsawed global financial markets when it said on Tuesday

it would allow rates to rise a little more, signaling a potential end to ultra-low rates and easy money after decades of trying to revive the world's No.3 economy. Like Mr. Nakamura, many Japanese fear they may eventually start paying more for mortgages. While any increase is likely to be modest, it would be a further injury to households worn down by years of flat wages. "Even a small increase would have a big impact on consumer incomes," said

Masaaki Kanno, chief economist at Sony Financial Group and a former central bank official. Fixed-rates are seen rising first, because the central bank allowed 10-year yields to creep up. That means new borrowers could start paying more than they might have a year or two ago. The government-backed Japan Housing Finance Agency offers 35-year, fixed-rate mortgages as low as 1.65%. That compares with 1.33% in December

last year and is more than four times as high as some variable mortgage loans. Floating-rate mortgages aren't expected to move anytime soon as they are tied to short-term rates that are still stuck in negative territory. Nevertheless, the central bank's move has plenty of borrowers worried they will one day face higher payments. Sony Financial's Mr. Kanno reckons that as many as 80% or 90% of homeowners have opted for floating-rate mortgages, on the expectation that interest rates

wouldn't rise. Many of them are now likely looking to switch to fixed-rate loans, he said. **SERVER CRASHED** Mortgage comparison website Mogecheck.jp was flooded with traffic that sparked a server outage some 40 minutes after the Bank of Japan's announcement. It was the first such incident since the site launched in 2015, said Takashi Shiozawa, chief operating officer of

online mortgage broker MFS, Inc., which runs the site. Customer inquiries have more than doubled, with many asking if they should now consider getting a fixed-rate rather than a floating mortgage, Mr. Shiozawa said. — Reuters

**FULL STORY**  
Read the full story by scanning the QR code with your smartphone or by typing the link <bit.ly/Japan122722>

## Aiming for a strong finish:

# Philippine property recovery to spill over into 2023

By Joey Roi Bondoc

(This is the first of a two-part property market outlook by Colliers Philippines.)

THE Philippine property market is likely to finish strong this 2022, backed by improvement in office deals across the country; higher supply and demand in the Metro Manila pre-selling condominium market; a rebound in mall consumer traffic; and a rise in hotel occupancies and average daily rates (ADRs).

### COLLIERS INSIGHTS

We see this optimism persisting through 2023 as recovery prospects are boosted by strong macroeconomic fundamentals.

Office developers should take advantage of a rebound in leasing within and outside Metro Manila by constructing new office towers and offering more flexible workspaces.

Residential developers should launch new projects, integrating sustainable & green features, as the Metro Manila pre-selling condominium market recovers.

Mall operators should brace for more foreign and local retailers as consumer confidence and foot traffic pick up next year.

Industrial locators should look at available space and warehouses in northern and central Luzon, which are viable alternatives to industrial parks and facilities in southern Luzon.

**OFFICE: POSITIVE NET TAKE-UP** Colliers sees positive net take-up by the end of 2022. We forecast net absorption to reach 140,000 square meters (sq.m.) (1.5 million

square feet), a turnaround after negative net absorption in 2020 and 2021. We adjusted our forecast to a 19.5% vacancy in 2022 from our initial estimate of 18.2% due to muted pre-leasing in upcoming buildings.

In 2023, we see net take-up improving to 338,600 sq.m. (3.6 million sq.ft.). However, we expect vacancy to rise to about 20.5% as we project the delivery of 603,900 sq.m. (6.5 million sq.ft.) of new supply. Vacancy in Metro Manila will remain supply-driven.

Average office rents in Metro Manila have dropped by 35% since 2020. In our view, rents are likely to have declined by another 10% this year, before bottoming out in 2023.

Colliers is starting to see rents stabilizing in submarkets with declining vacancies such as Fort

Bonifacio and Makati central business districts (CBD).

Meanwhile, submarkets with significant amount of new supply and muted take-up are likely to see a further decline in rents in the next 12 months.

Colliers recommends that occupiers take advantage of the market conditions by implementing flight-to-quality measures as well as securing early renewals in business districts such as Ortigas CBD, Fort Bonifacio and Bay Area, where quality new supply is available.

From 2023 to 2026, we see the annual delivery of about 545,700 sq.m. (5.9 million sq.ft.) of new office space. Landlords should continue providing concessions (e.g. delayed escalations, extended fit-out) to attract new occupants and retain existing ones amid the completion of more options in the market.

Colliers is optimistic of greater office space absorption in the provinces as occupiers revisit their business continuity plans (BCP) and expand operations by tapping provincial talent.

Developers are keen on capturing this demand outside the capital region by building more office towers. Among key areas with substantial new supply up to 2024 include Cebu, Bacolod, Iloilo, and Davao.

### RESIDENTIAL: MORE INTEGRATED COMMUNITIES, SUSTAINABLE FEATURES

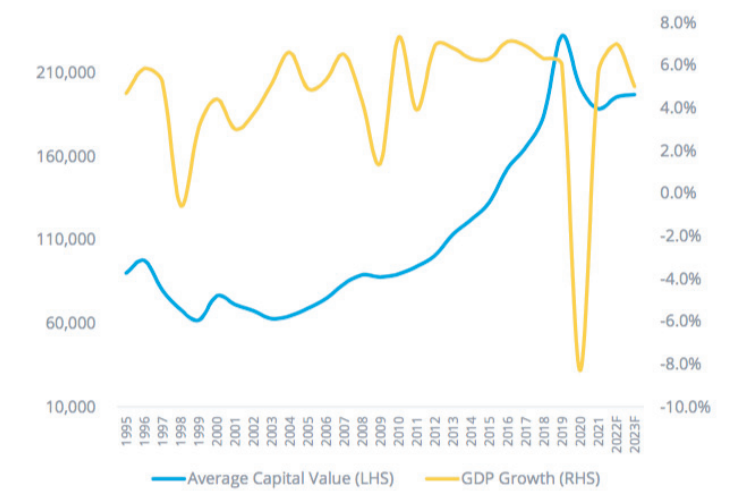
Colliers sees an annual average completion of 8,100 units from 2022 to 2024, from the 7,800 units completed yearly from 2019 to 2021. By the end of 2024, we project condominium stock in major business districts in Metro Manila to reach 166,400 units, a 17% increase from 142,200 units in 2021.

The Bay Area will likely overtake Fort Bonifacio as the biggest condominium market in the capital region in 2024, with 44,100 units or 27% of Metro Manila stock during the period.

We expect vacancy in the secondary market to drop to 17.1% in 2023 from 17.6% in 2022. Residential leasing should be supported by demand from expatriates and local employees looking for condominium units near their workplaces.

Meanwhile, Colliers saw a pick-up in demand in the pre-selling condominium market in Metro Manila. As of the first nine months of 2022, about 14,900 units were sold in the capital region, already outpacing full-year 2021 figures of 12,400 units.

## Metro Manila Residential: Nascent Recovery in the Offing



SOURCE: COLLIERS

While the mid-income market (P3.2 million to P6.0 million or \$54,200 to \$101,700) continued to dominate total take-up, we observed an increased demand for luxury projects (P8 million and above or \$135,600 and above). The segment accounted for about 28% of total take-up in the first nine months of 2022, up from -1.6% in the same period in 2021, a negative share which reflects net back out.

In our view, this market will remain resilient amid the rising interest and mortgage rates. Colliers believes that demand for luxury and ultra-luxury projects will likely be sustained as investors bank on these properties' potential for capital appreciation.

We also recommend that developers highlight amenities such as open spaces and green areas. Based on our third quarter 2022 Residential Survey, about 90% of respondents believe that having green and

sustainable features are important in purchasing a residential unit.

Moving forward, Colliers sees more developers securing green building certifications for their residential towers. We believe that this will play a crucial role in future-proofing residential projects.

Colliers also encourages developers to assess the viability of launching more master-planned communities to take advantage of the government's infrastructure projects. In the next 12 to 36 months, we see the completion of big-ticket projects including Metro Rail Transit Line 7, Light Rail Transit Line 1 Cavite Extension, North-South Commuter Railway and Cavite-Laguna Expressway (CALAX), raising the attractiveness of key provinces in Central and Southern Luzon for more township developments.

(In next week's Property section: Outlook for retail.)

# Is it time for a 'White Lotus' vacation?

FOR SOME FANS of *The White Lotus*, watching the show was not enough. They want the full experience.

Last month, Will Potter, an executive at Sotheby's who lives in New York City, booked a stay at San Domenico Palace, the Four Seasons resort hotel in Taormina, Sicily, where the show's second season was filmed.

"There's very few shows where, as I'm watching it, I'm going, 'This is so good,'" Mr. Potter, 38, said.

During the first season of the HBO series, which was set in Hawaii, Potter was especially taken with Tanya McQuoid, the bumbling heiress played by Jennifer Coolidge, he said. As he watched the second season with his wife on Sunday nights after they had put their two children to bed, he found himself falling for the show's idyllic Sicilian setting. Weeks before the murderous finale aired, he had booked a summer family vacation there.

"We were like, 'This looks amazing, to do a full adventure,'" Mr. Potter said. "It looks like a beautiful hotel."

He added that the family plans to go on side trips inspired by the show's characters' forays away from the hotel property.

"We were watching the Noto region episode," he said, "and we were like, 'What if we mix it up and explore that?' And then we ended up putting the exact itinerary together."

San Domenico Palace, a former Dominican monastery perched on the edge of a promontory overlooking the Ionian Sea, was converted into a hotel in 1896. Its guests have included Oscar Wilde, D.H. Lawrence, Greta Garbo, Audrey Hepburn and Sophia Loren.

After the second season of *The White Lotus* began airing in October, the hotel experienced "a spike in web visits from the US market, and the UK and Australia," Ilaria Alber-Glanstaetten, the resort's general manager, said.

Some of the \$4,200-a-night suites are still available in 2023, she added.

"Bookings have been affected, but the biggest impact has been on awareness," Ms. Alber-Glanstaetten said.



Like the majority of *White Lotus* characters, some guests have had stays that were less than tranquil. Elizabeth Taylor and Richard Burton, arguably the most headline-generating celebrity couple of the mid-20<sup>th</sup> century, became part of San Domenico lore after a dramatic argument on the terrace in 1963.

"Liz apparently broke a mandolin over Dick's head," Ms. Alber-Glanstaetten said. "The reason for the fight was allegedly jealousy."

The manager attributes the sometimes-stormy mood of the place to Mount Etna, the active volcano that is visible from many of the suites.

"It's hard to describe, but when you are there, you really feel it," she said.

Ida K. Mova, 37, a design consultant for Waterworks, a manufacturer of bath and kitchen fixtures, who lives in San Francisco, visited San Domenico Palace in August. After watching *The White Lotus*, she is up for a second trip. "I can't wait to go back," she said.

Expedia calls the trend of television- and film-related tourism "set-jetting." Nearly two-thirds of travelers who took part in a recent survey by the online travel giant reported having booked a trip inspired by a movie or TV show, the company said.

The first season of *The White Lotus* was filmed at Four Seasons Resort Maui at Wailea

in Hawaii. Like the San Domenico in recent months, that hotel had a spike in reservations last year, but it was hard to tell if it was because of the HBO series or because the pandemic lockdown had lifted soon after it aired.

"We strategically wanted to try and reopen after the filming had been done," Robert Delaney, resort manager at the Four Seasons Maui, said. He added that many guests ask about the Pineapple Suite, a room that exists only in the *White Lotus* universe, and the most ardent fans "talk about little intricacies of the characters in the show."

Mike White, creator of *The White Lotus*, has not always portrayed hotel staff members in the most flattering light. In the first season, the manager, Armond, went on a drug binge and had sex with another staff member in his office. In the second season, Valentina, manager of the Taormina resort, makes use of an unoccupied suite to have a fling with a prostitute.

Mr. Delaney said he found the depictions of hotel workers to be lacking in accuracy at times.

"The portrayal of some of the activities that the characters or the managers took part in was not a fair portrayal of what the everyday role is for someone like me, for example," he said. — © 2022 The New York Times

# Upson keeps prices uniform in all branches

Upson International Corp. ("Upson" or the "Company") is committed to maintaining uniform pricing at all of its branches nationwide, despite the current challenges of inflation, fluctuating foreign exchange rates, and logistics costs.

As the country's leading retailer of personal computers (PCs) and information technology (IT) products, Upson owns and manages a number of well-known retail stores, including Octagon, Micro Valley, Gadget King, and Octagon Mobile. The company also operates specialty and concept stores featuring brands such as Acer, Brother, HP, and Silvertec in select locations.

Upson President and CEO Arlene T. Sy has stated that the company is dedicated to maintaining uniform prices for all of its PC and IT products in all of its branches nationwide. This means that customers will pay the same price for a particular product, regardless of where they are located in the Philippines.

"At Upson, we believe that providing consistent pricing at all of our branches is important for our customers and demonstrates our commitment to their satisfaction," Sy said.

"Whether you are in Metro Manila, up North in Ilocos, or down South in General Santos, you can trust that you will pay the same price for the same product at any of our Upson retail stores. We are dedicated to providing the best possible customer experience and that includes keeping our prices uniform across all of our branches," she added.

Upson plans to expand its retail presence by adding 250 stores with approximately 25,000 square meters of additional retail space over the next 3 to 5 years. Coupled with a developed infrastructure on logistics, warehousing, delivery arrangements, and supply chain management, the company adequately manages the logistical cost differentials.

"As a retailer with a nationwide network of over 200 branches to date, we are proud to offer a wide selection of over 13,000 PC and IT products, some of which are exclusively available at our stores," Sy said.

"Our extensive and efficient supply chain infrastructure allows us to provide our customers with access to these products at uniform prices, no matter where they are located," she further said.