

PHL economic gains to trickle down to property

By Joey Roi Bondoc

THE Philippine economy posted its fastest pace of growth in more than 40 years in 2022. This is a positive signal for the property market which, over the past decades, mirrored the boom-bust cycle of the country's economic output. This economic expansion should support positive net take-up of office space in 2023 and continued rebound in Metro Manila's pre-selling and secondary residential markets.

An aggressive stance taken by the National Government in attracting manufacturing investments should result in greater absorption of industrial space across the country. The personal consumption-led economic growth should also spur retail and hotel demand.

To cash in on the sustained growth, developers should line up more projects in key growth areas outside of Metro Manila. Developers of industrial parks and facilities should also prepare for greater take-up as manufacturing investments

committed with investment promotion agencies take up industrial space and warehouses.

FASTEST GDP GROWTH IN 46 YEARS

In 2022, the country's economy grew by 7.6%, exceeding the government's target of between 6.5%-7.5% for the year and the fastest since 1976. The 2022 GDP print also surpassed most forecasts of economic analysts. The Philippines was also one of the fastest growing economies in Asia last year, only behind Vietnam's 8% growth.

In 2023, economic output is likely to grow at a slower pace of between 6%-7% as elevated inflation and a possible global economic recession are likely to temper the country's expansion.

OFFICE DEMAND TURNS AROUND

In 2022, office transactions in Metro Manila reached 603,800 square meters (6.5 million square feet), up 43% from the 422,400 sq.m. (4.5 million sq.ft.) recorded in 2021.

Meanwhile, provincial transactions nearly doubled to 222,800 sq.m. (2.5 million sq.ft.) from 113,100 sq.m. (1.2

million sq.ft.) a year ago. Outsourcing firms accounted for nearly 70% of total provincial deals. Cebu, Davao and Pampanga covered nearly 90% of total provincial transactions in 2022.

Colliers recorded the completion of 750,300 sq.m. (8.1 million sq.ft.) of new office space in 2022. From 2023 to 2026, we expect the annual delivery of about 555,000 sq.m. (6.0 million sq.ft.), the same level of new supply that Colliers recorded from 2013 to 2016 (450,000 to 550,000 sq.m.), prior to the entry of POGOs.

Meanwhile, vacancy as of end-2022 reached 18.8%, higher than the 15.7% recorded in 2021. In 2023, we see vacancy rising further to 20.2% on the back of completion of 641,100 sq.m. (6.9 million sq.ft.) of new supply. Net take-up in 2022 reached 110,500 sq.m. (1.2 million sq.ft.), lower than our initial forecast of 140,000 sq.m. (1.5 million sq.ft.) but still a reversal from the negative net absorption that we recorded from 2020 to 2021.

RESIDENTIAL TAKE-UP PICKS UP

Colliers recorded the completion of 9,000 condominium units in 2022, a mere 3% rise year on year. This brings Metro Manila's condominium stock to 151,200 units as of end-2022. From 2023 to 2025, we project the annual average delivery of 6,700 units. By 2024, we expect Bay Area's condominium stock to overtake Fort Bonifacio's aggregate supply.

Demand in the pre-selling market rebounded as we recorded about 20,000 units sold in 2022, from a take-up of 13,300 units in 2021. Meanwhile, full-year launches reached 24,200 units, down 19% year on year.

In our view, the rising interest and mortgage rates, as well as the increasing prices of construction materials likely tempered condominium launches in 2022. New launches have yet to revert to pre-COVID levels.

In 2022, the share of the luxury and ultra-luxury market (P8 million and above per unit) to total condominium take-up reached 34%, from only 5% in 2021. Colliers believes that

take-up for this segment will likely be sustained by demand from the affluent market banking on luxury and ultra luxury residential properties' capital appreciation potential.

REVENGE TRAVEL ACROSS PHL

Data from the Department of Tourism (DoT) showed that foreign arrivals reached 2.65 million in 2022, 1,519% higher than the 163,879 arrivals in 2021. The 2022 figure exceeded the Tourism department's initial target of 1.7 million for the year. Among the country's top source markets in 2022 include the United States, South Korea and Australia.

With renewed optimism, the DoT now expects foreign arrivals to reach 4.8 million in 2023. However, this year's projection remains below the record-high 8.2 million international arrivals recorded in 2019.

In 2022, Colliers recorded an average hotel occupancy of 51%, up from 44% in 2021 and 20% in 2020. We attribute the improvement in occupancy to holiday-induced spending, return of more Filipinos working abroad, and the surge in Meet-

ings, Incentives, Conferences and Exhibitions (MICE) activities. The latter indicates that business travelers are back and in-person events are gradually returning.

In 2023, we project average hotel occupancy in Metro Manila to breach 60% due to the influx of more foreign visitors and continued growth from the local staycation market. We also see the resurgence of in-person events lifting the demand for MICE facilities and business hotels.

Colliers Philippines is optimistic that a strong economic rebound will rebound to Philippine property. Developers and investors need to be more agile as they reap gains in the market.

The Philippine property is bound for rebound, is turning a corner, and seeing light at the end of the proverbial tunnel. All these point to the Philippine property market finally roaring back after two consecutive years of slump.

Joey Roi Bondoc is associate director and head of research at Colliers Philippines.

Rockwell names Padilla its new board chairman

ROCKWELL Land Corp. appointed its president and chief executive officer Nestor J. Padilla as the chairman of the board.

Mr. Padilla has been with Rockwell Land since it was incorporated in 1995. He succeeds Ambassador Manuel M. Lopez, who passed away on Jan. 12.

"Rockwell Land would not be where it is today without the guidance of the late Ambassa-

dor Lopez and Mr. Padilla. As such, it is fitting to have him continue to lead the company to even greater heights. We look forward to further milestones with Mr. Padilla at the helm, while he continues to drive the company as an innovative, trend-setting force in the real estate sector," the company said.

Rockwell Land is the real estate subsidiary of Lopez-led First Philippine Holdings Corp.

Robinsons offers early bookings amid 'revenge' travel

By Brontë H. Lacsamana
Reporter

ROBINSONS Hotels and Resorts (RHR) is offering flexible check-in and check-out times and year-in-advance hotel bookings in several Go Hotels, amid an anticipated rise in business and leisure trips driven by "revenge travel."

The hospitality arm of Robinsons Land Corp. introduced GO24/7, which lets travelers choose which time to check in and out, and GO365, which allows bookings from 15 up to 365 days in advance on their website.

GO24/7, only applicable for bookings three days before the stay, will be initially available in 7 Go Hotels properties: Dumaguete, Iloilo, Lanang-Davao, Mandaluyong, Otis-Manila, Puerto Princesa, and Tacloban.

The GO365 offer will be available across Go Hotels, Go Hotels Plus, Summit Hotels, and Grand Summit.

These services are being launched in time for an anticipated increase in both business and leisure travel this 2023, said Joy de Mesa, RHR's group director of sales and marketing, in a media briefing on Feb. 27.

"Travelers will be able to avail 10% savings on the best available

rates without having to worry about not being able to book rooms and to take advantage of discounts or special offers at the time of booking," she said.

"We thought of these offers as a good way to pair up with similar seat sale offers that airlines have," Ms. De Mesa added. "Guests just have to pre-pay to avail of them."

This initiative is a step towards making RHR's booking platform more convenient and all-encompassing, with various features integrated to meet all travelers' needs. This is why both GO24/7 and GO365 are only available via direct booking.

Meanwhile, GO Online is a chat option that RHR will be introducing on its online platform by end of March. It will allow guests to explore various packages through instant messaging.

Ms. De Mesa told *BusinessWorld* that they hope to fully roll out what they've dubbed the "GO, GO, GO" program in all their hotels before April, to take advantage of the high tourist traffic in the summer.

"We're still ironing out GO Online so in the future we can easily integrate it with other resorts and airlines," she said. "Our target will be both leisure and business travelers."

SM Investments sets 2GO tender offer price at P14.64 per share

THE board of directors of SM Investments Corp. has set the tender offer price of 2GO Group, Inc. shares at P14.64 per common share, the companies both disclosed to the stock market on Monday.

2GO's common share price was based on the fairness valuation report issued by BPI Capital Corp.

The company also said that it is setting the tender offer period from March 15 to April 28, 2023; while its payment and settlement of the tendered shares were set from May 2 to 10, 2023.

In an earlier disclosure, SM Investments said that its board of directors approved the tender offer for 2GO shares for up to 378,817,279 common shares, which constituted 15.39% of the issued and outstanding common capital stock of the subsidiary.

The tender offer was subject to an independent third-party fairness opinion under BPI Capital as the independent third-party valuation provider. The company also tapped BDO Securities Corp. as the tender offer agent.

The offer prompted 2GO to voluntarily suspend trading activities under the approval of the Philippine Stock Exchange (PSE) on Feb. 28, 2023. The trading suspension was from March 1, 9 a.m. to the next day at 9 a.m.

Additionally, 2GO's board of directors approved the voluntary delisting of shares from the main board of the PSE.

Meanwhile, in a separate disclosure from 2GO, the exchange approved another request from the subsidiary to suspend trading on Monday as SM Investments released its valuation for the share price.

2GO has requested for voluntary suspension of the trading of its shares at the PSE during all trading hours of March 6, 2023, "to allow the investing public equal access to and consideration of this information," 2GO said in a disclosure to the stock market.

On the stock market on Monday shares in SM Investments rose by 1.12% or P10 to close at P886 apiece. — **Adrian H. Halili**

Atlas Mining's income slips 17% to P3B on higher operating costs

ATLAS Consolidated Mining and Development Corp. on Monday reported a net income of P3.22 billion in 2022, down by 16.6% from P3.86 billion a year earlier, due to higher prices of fuel and energy.

In a stock exchange disclosure, the mining firm said the "unprecedented spikes" in prices resulted in higher operating and production costs. It also cited the lower production levels in company-owned Carmen Copper Corp. due to heavy rainfall.

Gross revenues were down by 4.4% to P17.68 billion from P18.5 billion.

According to Atlas Mining, the price of copper metal decreased by 6% to \$4.02 per pound last year from \$4.26 per pound in 2021. The price of gold per ounce rose slightly to \$1,804 from \$1,802 previously.

The company's earnings before interest, tax, depreciation, and amortization decreased by 44.5% to P5.41 billion compared to P9.77 billion recorded in the previous year.

In the summary of its financial results for 2022, the listed mining company posted a cash cost of P12.40 billion, up by 38% from P8.95 billion a year earlier.


Meanwhile, Atlas Mining said its subsidiary Carmen Copper recorded a decline in gold and copper metal production and shipment last year.

Carmen Copper's gold production was down by 11.3% to 22,339 ounces while copper output was down by 9.7% to 74.45 million pounds.

The unit's gold shipments were 7.6% lower in volume to 21,117 ounces, while copper metal shipments declined by 5.5% to 78.34 million pounds.

"[Carmen Copper] was also able to pay its loan obligations amounting to \$97.6 million coming from internally generated cash," the company said in its press release.


At the stock exchange on Monday, Atlas Mining shares increased by eight centavos or 1.92% to close at P4.25 apiece. — **Sheldeen Joy Talavera**



CENTURY PROPERTIES
Creating New Generation Real Estate

3-YEAR FIXED RATE BONDS DUE 2026	5-YEAR FIXED RATE BONDS DUE 2028	7-YEAR FIXED RATE BONDS DUE 2030
INTEREST RATE Gross Per Annum		
6.5760%	7.4054%	7.6800%
Issue Size	Php 2.0 Billion with an oversubscription option of up to Php 1.0 Billion	
Offer Period	March 6 to 10, 2023	
Issue Date	March 17, 2023	
Coupon Payment Dates	Quarterly every March 17, June 17, September 17, and December 17	

*For any inquiries, please contact the
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