

Big real estate players post robust growth despite industry slowdown

PROPERTY DEVELOPERS included in the Top 1000 continue to post stellar earnings growth in 2018 despite the industry's nine-year low expansion pace during the period.

The real estate, renting and business sector's gross value added (GVA) amounted to P1.05 trillion in 2018, 4.7% higher than the industry's P999.42 billion in 2017.

Last year's growth marked the sector's slowest in nine years or since 2009 when it posted a 4.1% growth. Consequently, its contribution to economic growth was reduced to 0.55 percentage point in 2018 from 2017's 0.85 percentage point and 2016's one percentage point.

The real estate subsector grew by 8.7% last year compared to 9.5% in 2017; while GVA from renting and

other business activities grew by 3.6%, down from 9.4%.

Ownership of dwellings accelerated to 3.2% during the period versus its 2.9% growth rate previously.

Despite the industry's slowdown, real estate firms included in the Top 1000 ranking posted 15.3% growth last year to P482.57 billion.

Taking the lead among real estate developers are SM Prime Holdings, Inc. (No. 28) and Ayala Land, Inc. (No. 37). SM Prime posted P68.09 billion in gross earnings, up by 13.7% from 2017. Ayala Land is second as it grossed P55.61 billion, higher by 6.5%. At a distant third is Megaworld Corp.'s P35.06-billion gross revenue, 8.1% higher from the year prior.

Accounting for the bulk of SM Prime's revenues last year was its

shopping mall unit. The firm said it benefited from the malls it opened in the provinces during the year, particularly SM CDO Downtown Premier, SM City Puerto Princesa, and SM Center Tuguegarao Downtown, among others.

Meanwhile, Ayala Land benefited from the sale of office spaces in its projects in Vertis North in Quezon City, Circuit Makati, and Bonifacio Global City. The opening of new malls, office spaces, and new hotel and resort rooms further improved its commercial leasing revenues.

For Megaworld, its growth was supported by its residential segment, particularly its launch of 25 projects valued at about P106 billion. It had also been aggressively expanding its commercial projects, with the opening of the Festive Walk Mall in Iloilo Business Park, as well as the 25-storey Philippine Global Service Center with the latter being developed for JPMorgan Chase Bank, which signed a long-term lease.

Other top performances are Robinsons Land Corp. (No. 79); SM Development Corp. (No. 81); and DMCI Project Developers, Inc. (No. 116). — **Edwin C. Aruta, Jr.** ■



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SECTOR AT A GLANCE

YEAR	GROSS REVENUE % change	NET SALES % change	NET INCOME P billion	TOTAL ASSETS % change	TOTAL LIABILITIES % change	STOCK-HOLDERS' EQUITY % change	RETURN ON EQUITY	RETURN ON SALES	DEBT-TO-EQUITY RATIO
2014	24.1	17.6	101.10	15.8	17.8	13.9	0.1	0.4	1.0
2015	4.4	5.5	100.55	13.5	18.7	8.7	0.1	0.4	1.0
2016	8.9	11.4	112.13	11.4	11.8	10.9	0.1	0.4	1.0
2017	14.4	15.5	118.48	8.8	9.1	8.5	0.1	0.3	1.0
2018	15.3	13.5	141.17	11.6	13.8	9.6	0.1	0.3	1.0

Source: Financial statements from the SEC and companies included in the Top 1000

GROSS VALUE ADDED

