

On the road to recovery (Part 1):

Prices, rents recover as M. Manila condominium market rebounds

By Joey Roi Bondoc

COLLIERS PHILIPPINES believes that the residential market will greatly benefit from a strong rebound of the Philippine economy.

Equity analysts and private sector economists are projecting the Philippine economy to expand between 5.5-7% in 2023, after last year's 7.6% growth which was the fastest pace in more than 40 years. This optimism is supported by the bright outlook of the government's economic managers.

Colliers is optimistic that this pace of expansion bodes well for the Philippine property market and should ensure the segment's rebound after a disruptive two-year period (2020-2021).

In our view, a more optimistic forecast about business expansion and the entry of foreign investments will help drive the property sector, especially the residential market. According to the central bank, consumers and businesses are more optimistic and this should support further expansion of businesses and eventually, the acquisition of more properties, including residential units across the Philippines.

Over the next 12 months, developers are likely to be more cautious with their new launches; with landbanking likely to rely heavily on the government's massive infrastructure program. Colliers believes that the residential market is starting to see some recovery but this will mainly hinge on economic expansion, including the level of remittances and investments that will flow into the country.

RESIDENTIAL LEASING PICKS UP

Over the past six months, residential leasing has picked up, partly supported by demand from foreign employees of outsourcing firms, consular offices, and multi-lateral lending firms based in the Makati, Ortigas and Fort Bonifacio central business districts. These business hubs have also been benefiting from improving office space take-up.

The decline in residential vacancies has positively influenced rents and prices. In the pre-selling market, there has been an increase in launches and take-up in the first half.

What's positive for the residential market is that recovery is seen not just in the secondary but

also in the pre-selling market. We are still definitely far from pre-pandemic demand, especially since there is no longer demand from the offshore gaming sector which helped fuel the market's growth from 2017 to 2019.

COLLIERS INSIGHTS

Colliers believes that developers should be guided by the interest rate environment and future adjustments should have an impact on the promotions and payment schemes they will implement for the remainder of the year.

Given the compressing yields in the market, property firms should also continue highlighting the capital appreciation potential of condominium units, especially those located in masterplanned communities. Developers should zero in on the residential units' viability as a hedge against inflation.

In our view, developers should also explore the viability of launching more horizontal projects outside Metro Manila. As I previously noted, there is a strong end-user market outside of Metro Manila and developers are definitely banking on this demand. Hence, we are likely to see more masterplanned and hori-

zontal projects in the provinces moving forward.

MONITOR INTEREST RATE CHANGES

The country's inflation rate is decelerating but the central bank noted that it is unlikely to cut interest rates for the remainder of 2023.

Colliers believes that developers and investors need to constantly monitor inflation and interest rate changes and these indicators' eventual impact on mortgage rates. Interest rates remain at 6.25% as of June 2023 while average mortgage rates increased to 8.1% in Q2 2023 from 7.3% a year ago and from 7.4% in 2020.

Colliers encourages investors to proactively monitor interest and mortgage rates, particularly as these strongly influence the viability of condominium as a residential investment. Interest rates should guide developers with their promos and payment schemes and if it is already necessary for developers to revisit their rates, promos and payment schemes to reignite interest from investors and end-users.

Joey Roi Bondoc is the research director at Colliers Philippines.

Lifting moratorium on NCR ecozones seen to boost IT-BPM job creation

LIFTING the moratorium on new economic zones (ecozones) in the National Capital Region (NCR) is expected to attract new Information Technology and Business Process Management (IT-BPM) companies to the Philippines, according to Leechiu Property Consultants (LPC).

This as the Philippine Economic Zone Authority (PEZA) earlier said it expects Malacananang to lift the moratorium within the year.

"Opening up applications for new Metro Manila PEZA locations will encourage new tenants and hasten new employment," LPC said in a statement.

LPC said the move would help the IT and Business Process Association of the Philippines achieve its target of creating 1.1 million jobs by 2028, as well as another 3.3 million in indirect employment.

Issued by then-President Rodrigo R. Duterte in June 2019, Administrative Order (AO) No. 18 declared a moratorium on the approvals of new ecozones in the NCR in order to boost countryside development.

LPC noted the AO No. 18 "created a barrier to entry for new IT-BPM tenants preferring to locate in Metro Manila."

"IT-BPM companies have been the primary growth driver of Philippine real estate for more than 20 years. New IT-BPM entrants typically open their headquarters in the National Capital Region, which has about 70% to 75% of the industry headcount as of 2021, and only after will be willing to expand to the provinces," it said.

The Philippines is one of the few countries experiencing net positive absorption in the office sector, LPC said.

"The Philippines will be further boosting this growth by making available another 2.8 million square meters (sq.m.) of office space in the next 10 years; of which, 1.8 million sq.m. will be in Metro Manila. IT-BPM tenants will likely remain as the primary takers of this office space," it said.

Year to date, office demand has reached 554,000 sq.m., with LPC projecting another 500,000 sq.m. demand for the second half.

"While office absorption is moving towards pre-pandemic levels, the lifting of the moratorium will bolster further growth benefiting projects in Metro Manila, as well as in the provinces," LPC said.

Filigree launches 1001 Parkway Residences

LUXURY real estate property developer Filigree recently unveiled its latest residential project, 1001 Parkway Residences in Alabang. The two-tower high-rise is located in Filinvest City, which is a LEED (Leadership in Energy and Environmental Design) gold-certified neighborhood by the US Green Building Council.

"When we started Filigree, we envisioned it as a brand that represents understated luxury, with particular focus on quality, craftsmanship, and beauty. This vision continues with 1001 Parkway Residences," said Daphne Mae O. Sanchez, Filigree business head, at the July 26 launch.

Once completed, the residential condominium will have 41 storeys — becoming the tallest residential building in Filinvest City.

There has been an increase in residential buyers after the pandemic, Ms. Sanchez told *BusinessWorld*. She noted projects in Alabang, in particular, have gained traction over the past year.

The 1001 Parkway Residences is the newest addition to Filigree's collection of properties, including The Beaufort in BGC, The Enclave Alabang in Daang Hari, Bristol, Botanika Nature Residences Tower 1, and Two Botanika in Filinvest City, and Golf Ridge Private Estate in Filinvest Mimosas+ in Clark, Pampanga.

The new project is marketed towards young, successful individuals and starting families of the upper middle-income bracket. Each tower will have a total of 382 one- to three-bedroom units, ranging from 50 square meters (sq.m.) to 145 sq.m., and priced from about P14 million to P44 million.

Around 89% of 1001 Parkway Residences is composed of one-bedroom units.

"Compared to other CBDs (central business districts) in Metro Manila, it's reasonably priced and even offers a sophisticated, cosmopolitan lifestyle," said Ms. Sanchez. "It takes advantage of its location by seamlessly integrating Filinvest City's esteemed park system with the indoors."

Amenities include a Sky Lounge view deck, a 50-meter adult pool and kiddie pool, outdoor and indoor kids play areas, a gym and yoga studio, a dog park, and a pavilion for social gatherings.

"We wanted to combine the charm of nature and the beauty of structure," Ms. Sanchez added.

The property is scheduled for turnover by 2028. — **Brontë H. Lacsamana**

Upson to open new concept store in August

LISTED information technology retailer Upson International Corp. said on Monday that it is set to open a new store in SM North Edsa in line with its store network expansion goals.

In a regulatory filing, the company said that it is set to open a new TP-Link concept store by August this year.

"TP-Link has long been known for offering a portfolio of affordable and reliable consumer and business networking products, such as hubs, routers, switches, cables, and more," President and Chief Executive Officer Arlene Louisa T. Sy said.

"There are still a lot of product models aside from the ones that are popularly sold, and we would like to showcase those in a shopping space that is focused on their discovery," Ms. Sy added.

As of June 30, the company owns and operates a total of



OCTAGON outlet at SM Megamall

UPSON.COM.PH

11 concept stores for Acer, HP, Brother, and Silvertex brands.

"Upson has earned a reputation for integrity and fair dealing. We are eager to collaborate with them. With our shared ambition of enabling digital transformation and deeper customer connectivity, this store will bring an expanded range of

TP-Link merchandise including indoor and outdoor wireless and wired systems for small to large enterprise networks," TP-Link Philippines Country Manager Ben Chen said.

Mr. Chen added that the new location will also feature occasional exclusive models and offers.

Upson said earlier that proceeds from its P1.65-billion maiden offering would be used for its store network expansion.

It planned to open 250 stores from 2023 to 2027, or an additional retail space of 25,000 square meters.

The company offered about 625 million common shares apart from 62.5 million common shares as an over-allotment option. The offer shares are priced at P2.40 apiece.

Meanwhile, the company announced last week that it plans to open six new Acer concept stores beginning July 2023. The company said that it would only display Acer products in the concept stores, which carry the brand's full collection of PCs, monitors, and other devices.

On Monday, Upson shares fell by 4.23% or P0.09 to close at P2.04 each. — **Adrian H. Halili**



Republic of the Philippines
ANTI-MONEY LAUNDERING COUNCIL

NOTICE OF AMLC RESOLUTION NO. TF-69, SERIES OF 2023

The public, covered institutions as defined under Republic Act No. 10168, otherwise known as the Terrorism Financing Prevention and Suppression Act of 2012 (TFPSA), and all relevant government agencies, including the Land Transportation Office, Land Registration Authority, Maritime Industry Authority, and the Civil Aviation Authority of the Philippines are hereby informed that the Anti-Money Laundering Council (AMLC), consistent with the Philippines' international obligations to comply with binding terrorism-related resolutions, including United Nations Security Council (UNSC) Resolution No. 1373 pursuant to Article 41 of the United Nations Charter, issued Resolution No. TF-69, Series of 2023, embodying a Sanctions Freeze Order to take effect immediately against the following:

1. Teves Terrorist Group;
2. Congressman Arnolfo "Arnie" Alipit Teves, Jr.;
3. Pryde Henry A. Teves;
4. Marvin H. Miranda;
5. Rogelio C. Antipolo;
6. Rommel Pattaguan;
7. Winrich B. Isturis;
8. John Louie Gonyon;
9. Dahniel Lora;
10. Eulogio Gonyon, Jr.;
11. Tomasino Aledro;
12. Nigel Electona;
13. Jomarie Catubay; and
14. Hannah Mae Sumero Oray.

pursuant to their designation as terrorists by the Anti-Terrorism Council (ATC) by virtue of ATC Resolution No. 43 (2023) dated 26 July 2023, and directed freezing without delay of the following property or funds, including related accounts owned or controlled by the abovementioned designated terrorist group or individuals:

- a. property or funds that are owned or controlled by the subject of designation, and is not limited to those that are directly related or can be tied to a particular terrorist act, plot, or threat;
- b. property or funds that are wholly or jointly owned or controlled, directly or indirectly, by the subject of designation;
- c. property or funds derived or generated from funds or other assets owned or controlled, directly or indirectly, by the subject of designation; and
- d. property or funds of persons and entities acting on behalf or at the direction of the subject of designation;

All the above covered institutions and relevant government agencies are directed to submit to the AMLC a written return, pursuant to, and containing details required under, Rule 16.c of the Implementing Rules and Regulations of the TFPSA.

Any person, whether natural or juridical, including covered persons, private companies, government owned or controlled corporations, and government agencies and instrumentalities who:

1. deals directly or indirectly, in any way and by any means, with any property or fund that he knows or has reasonable ground to believe is owned or controlled by the individuals designated under Anti-Terrorism Council Resolution No. 43 (2023), including funds derived or generated from property or funds owned or controlled, directly or indirectly, by such designated group or individuals; or
2. makes available any property or funds, or financial services or other related services to said designated group or individuals,

shall be prosecuted to the fullest extent of the law pursuant to TFPSA.

All covered institutions are mandated to submit as Suspicious Transaction Reports all previous transactions of the designated persons within five (5) days from effectivity of the Sanctions Freeze Order.

All persons, organizations, associations or groups of persons whose property or funds, including related accounts, are frozen are hereby informed that they may avail of the remedies under Republic Act No. 11479, otherwise known as the Anti-Terrorism Act of 2020, its Implementing Rules and Regulations, and under the TFPSA and its Implementing Rules and Regulations.

A copy of the AMLC Resolution No. TF- 69, Series of 2023 and ATC Resolution No. 43 (2023) may be viewed and downloaded from the AMLC website: www.amlc.gov.ph.

For information and compliance.

31 July 2023, Manila.

Original Signed
MATTHEW M. DAVID
Executive Director
AMLC Secretariat