RESIDENCES in Bridgetowne Destination Estate, Pasig City. From left to right: Advanced Foundation Construction Systems Corp. Managing Director Mario Rossi, RLC Residences Vice-President for Project Management Emmanuel Arce, RLC Residences Senior Vice-President and Business Unit General Manager John Richard Sotelo, RLC Residences Senior Director, Marketing Head and Chief Integration Officer Karen Cesario, and RLC Residences AVP and Business Development and Design Head Stephanie Anne Go.

RLC breaks ground for Le Pont Residences

RLC Residences recently broke ground for the first tower of its premium project Le Pont Residences in Bridgetowne Destination Estate, Pasig City.

"We are excited to start constructing Le Pont Residences and see how this development will unfold. This is RLC Residences' very own development in the premium category that we designed and thought of from the ground up," said John Richard B. Sotelo, senior vice-president and business unit general manager of RLC Residences.

The groundbreaking ceremony was attended by executives from Robinsons Land Corp.'s residential division, construction partner Advanced Foundation Construction Systems Corp., and architectural expert W.V. Coscolluela and Associates.

"For Le Pont Residences, we will be installing a diaphragm wall which we brought here in the country in 2012 and is present to different premium developments. This specific technology creates a barrier that provides strong soil and hydraulic support to control and protect the surrounding environment against settlement and water drawdown. It provides more protection against earthquakes and other outside forces because it is between 800 mm to 1200 mm thick," Advanced Foundation Construction System Managing Director Mario Rossi said.

Mr. Rossi noted that diaphragm walls allow for deeper basements, which means more parking for tenants.

Le Pont Residences offers units ranging from 46 to 380 square meters. This includes one-, two-, and three-bedroom units, as well as bi-level top-floor units with an iconic curved staircase connecting both floors.

The development's amenities include gyms, indoor and outdoor activity areas, swimming pools, private function rooms, a game room, and a work lounge.

"In designing Le Pont Residences, we took inspiration from the needs and lifestyle of our market. Because for us to provide a place where they can be their best every day, it's all about incorporating these things in their future home and be made accessible to them whenever they need it," Mr. Sotelo said.

Global house price downturn fades; markets may rise in 2024

BENGALURU — The recent downturn in global property prices is mostly over with average home prices in major markets now expected to fall less than anticipated at the start of the year and rise into 2024, according to a Reuters poll of property analysts.

Double-digit price falls that the analysts forecast earlier this year due to rising mortgage rates haven't materialized in full as higher household savings, tight supply and rising immigration limited declines.

Sharply higher mortgage rates, as a result of more than a year of interest rate rises by key central banks, haven't affected everyone, either.

Many homeowners who locked in cheap mortgages during a long period of near-zero rates, particularly in the United States, have decided to stay put. That has restricted supply and housing market activity.

But that's more bad news for aspiring first-time homebuyers left on the sidelines for years by tight supply and priced out during the COVID pandemic when existing homeowners outbid them, pushing up house prices at double-digit annual rates.

The latest poll results — particularly for economies with the fastest house price inflation in recent years such as the US, Canada, New Zealand and Australia — challenge the assumption the next move from most central banks will be to cut rates.

Indeed, much of the optimism around the unexpected early stabilization in these markets has stemmed from speculation interest rates have topped out and that as soon as the first half of next year, they'll be coming down again.

"Probably over the last two months there has been a little bit too much positive thinking around the impact of a peak rates scenario. I think we haven't really felt the full impact yet of higher rates. Fixed rate mortgages have meant many owners of property are being kind of shielded from the impacts," said Liam Bailey, head of research at Knight Frank.

"I think the reality is you've got very low supply and house building volumes in most markets because of COVID disruption and supply chain disruption ... You've also got quite strong demand in most Western markets. The fundamental point is strong demand meets weak supply."

That was already a serious challenge across global housing markets before the pandemic, which only a few markets like India missed.

The Aug. 14-31 Reuters poll of over 130 housing analysts covering property markets in the US, Britain, Germany, Australia, New Zealand and India showed analysts broadly upgrading their forecasts for this year and next. China is a notable exception to the optimism.

Average US house prices were forecast to stagnate this year and next. In the May and March polls, 2023 values were forecast to fall 2.8% and 4.5%, respectively.

New Zealand and Canadian home prices, which soared 40-50% during the pandemic, were predicted to fall around 5% this year and then rise about 5% and 2%, respectively, in 2024.

Those were upgrades from the 8%-9% drop expected in 2023 and a 2%-3.4% rise next year in the last poll.

In India, which did not have a pandemic boom, home prices are set to rise steadily over the coming years.

Average prices in the German housing market were forecast to fall 5.6% this year and flatline in 2024. UK home prices will drift down a modest 4% this year with no growth next year, according to the poll.

Affordability is set to remain a problem globally.

Overall, a majority of respondents, 55 of 103, who answered a separate question said purchasing affordability for first-time homebuyers would worsen over the coming year. The remaining 48 said it will improve.

"Mortgage rates have continued to rise, and that is putting increased pressure on affordability. Sales volume is low, which obscures exactly how bad the pressure is on home prices," said Brad Hunter of Hunter Housing Economics.

But with demand for housing outstripping supply, average rents were expected to rise and rental affordability to worsen.

A near two-thirds majority of analysts, 65 of 101, who answered an additional question said rental affordability would worsen over the coming year. The remaining 36 said it will improve. — ***Reuters***

Okada Manila's amenities to cater to wider audience

INTEGRATED casino hotel Okada Manila is expanding its services and amenities to cater to a wider audience.

Okada Manila recently unveiled its new branding campaign "Come Home to Harmony."

Victor Galzote, Okada Manila's director of property marketing and branding, said the hotel has crafted a seamless and integrated experience covering its business units — casino, hotel operations, food and beverage, retail, and spa.

"There will be more collaboration among our business units, cutting across all experiences and showing more synergy," he said during the brand launch at Okada Manila, Aug. 31.

Okada Manila has 993 hotel rooms, over 500 table games and more than 3,000 electronic gaming machines, a two-hectare dancing fountain, and over 50 luxury brands.

Alvaro Ramos, Okada Manila's head of retail and leasing, said the property welcomed around 20 to 30 restaurants over the last three years.

"For non-food, we really increased our offerings and pushed for a higher participation of stores in the rewards program," Mr. Ramos said.

Retail stores at Okada Manila are now integrated into Rewards Circle, a membership rewards program where guests can earn points that can be used for shopping, hotel stays, corporate event packages, and health services within the resort. — **B.H.Lacsamana**

Part of China's economic miracle was a mirage

BEIJING — Chinese President Xi Jinping's first major reform plans a decade ago were also his boldest, envisaging a transition to a Western-style free market economy driven by services and consumption by 2020.

The 60-point agenda was meant to fix an obsolete growth model better suited to less developed countries — however, most of those reforms have gone nowhere leaving the economy largely reliant on older policies that have only added to China's massive debt pile and industrial overcapacity.

The failure to restructure the world's second-largest economy has raised critical questions about what comes next for China.

While many analysts see a slow drift towards Japan-style stagnation as the most likely outcome, there is also the prospect of a more severe crunch.

"Things always fail slowly until they suddenly break," said William Hurst, Chong Hua Professor of Chinese Development at University of Cambridge.

"There is a significant risk in the short term of financial crisis or other degree of economic crisis that would carry very substantial social and political costs for the Chinese government. Eventually there's going to have to be a reckoning."

China came out of its Maoist planned economy in the 1980s as a largely rural society, badly in need of factories and infrastructure.

By the time the global financial crisis hit in 2008-09, it had already met most of its investment needs for its level of development, economists say.

Since then, the economy quadrupled in nominal terms while overall debt expanded nine times. To keep growth high, China in the 2010s doubled down on infrastructure and property investment, at the expense of household consumption.

That has kept consumer demand weaker as a portion of gross domestic product (GDP) than in most other countries and concentrated job creation in the construction and industrial sectors, careers increasingly spurned by young university graduates.

WIKIMEDIA COMMONS

SKYLINE OF BEIJING, CHINA

The policy focus also bloated China's property sector to a quarter of economic activity and made local governments so reliant on debt that many now struggle to refinance.

The pandemic, a demographic downturn and geopolitical tensions have exacerbated all these problems to the point that the economy has found it hard to recover this year even as China reopened.

"We're at a moment when we are seeing some structural shifts, but we should have seen these coming," said Max Zenglein, chief economist at MERICS, a China studies institute.

"We're just beginning to be confronted with the reality. We're in untested territory."

The end of China's economic boom will likely hurt commodity exporters and export disinflation around the world. At home, it will threaten living standards for millions of unemployed graduates and many whose wealth is tied up in property, posing social stability risks.

CRISIS VS STAGNATION

Aside from short-term solutions, which would likely only perpetuate debt-fueled investment, economists see three options for China.

One is a swift, painful crisis that writes off debt, curbs excess industrial capacity and deflates the property bubble. Another is a decades-long process in which China winds down these excesses gradually at the expense of growth. The third is switching to a consumer-led model with structural reforms that cause some near-term pain but help it re-emerge faster and stronger.

A crisis could unfold if the massive property market collapses in an uncontrolled way, dragging the financial sector with it.

The other high-stress point is local government debt, estimated by the International Monetary Fund at $9 trillion. China promised in July to come up with a "basket of measures" to address municipal debt risks, without detailing.

Logan Wright, a partner at Rhodium Group, says Beijing has to decide which portion of that debt to rescue, as the amount is too large to provide full guarantees of repayment, which the market currently regards as implicit.

"Crisis is going to occur in China when government credibility falters," he said.

"When all of a sudden funding is cut off for the remaining investments that seem subject to market risk, that's a huge moment of uncertainty in China's financial markets."

But given state control of many developers and banks and a tight capital account that limits outflows into assets abroad, that is a low risk scenario, many economists say.

Alicia Garcia Herrero, chief economist for Asia Pacific at Natixis, expects there would be plenty of buyers if Beijing consolidates debt given limited investment alternatives.

"I am more in the slow growth camp," she said. "The more debt is piled up for projects that are not productive, the lower the return on assets, particularly public investment, and that really means that China cannot grow its way out."

Avoiding a crisis by extending the adjustment period, however, has its own stability risks with youth unemployment topping 21% and around 70% of household wealth invested in property.

"One of China's biggest success stories, building a strong middle class, is also becoming its biggest vulnerability," said MERICS' Mr. Zenglein. "If you look at it from the perspective of a younger person, you are now at risk of being the first post-reform generation whose economic wellbeing might hit a wall. If the message is tighten up your belts and roll up your sleeves, that's going to be kind of a hard sell."

REFORMS, THIS TIME?

The third path, actively switching to a new model, is considered very unlikely, based on what happened to Mr. Xi's 60-point program.

Those plans have barely been mentioned since 2015 when a capital outflows scare sent stocks and the yuan tumbling and engendered an official aversion to potentially disruptive reforms, analysts say.

China has since backed away from major financial market liberalization while plans to rein in state behemoths and introduce universal social welfare never quite materialized.

"Right now is a time in which there's a potential for the train to change direction to a new model, and I think there's appetite to do that," said Mr. Hurst.

"But at the same time there's a great fear of the short-term political and social risk, especially of provoking an economic crisis." — ***Reuters***

Developing countries in the grip of debt problems

LONDON — The persistent and damaging debt problems gripping a number of developing world nations will be a core topic during the Group of 20 (G20) summit in Delhi next month.

Below is a look at countries currently facing problems.

ZAMBIA: Zambia was the first African country to default during the COVID-19 pandemic and after a long-awaited burst of progress in recent months finally looks to be closing in on a repair plan.

In June, it clinched a $6.3 billion debt rework deal with the "Paris Club" creditor nations and its other big bilateral lender China. The details are still being worked on, but the government also hopes to reach a deal in the coming months with the international funds that hold its unpaid sovereign bonds.

The progress has also been cheered as a success for the struggling G20 Common Framework initiative, which was set up during the pandemic to try to streamline debt restructurings but has been hard to make work in practice.

SRI LANKA: Sri Lanka announced a debt overhaul plan at the end of June and has continued to make progress since, albeit not everywhere.

Nearly all holders of its domestic, dollar-denominated Sri Lanka Development Bonds (SLDBs) agreed to exchange their bonds into five new Sri Lankan rupee-dominated notes that will mature between 2025 and 2033.

Another part of the domestic debt plan has faced delays, though, with a key deadline on a Treasury bond exchange delayed three times and now set for Sept. 11.

Central bank chief Nandalal Weerasinghe has said the country's big foreign creditors such as India and China are awaiting the conclusion of the domestic debt operation before continuing discussions.

He said negotiations will be held in parallel with the first review of its $2.9-billion International Monetary Fund (IMF) bailout programme due from Sept. 14-27. Failure to complete the domestic debt overhaul by then could result in delays both in terms of IMF disbursements and talks with creditors.

GHANA: Ghana defaulted on most of its external debt at the end of last year. It is the fourth country to seek a rework under the Common Framework and is aiming to reduce its international debt payments by $10.5 billion over the next three years.

Its progress has been relatively swift compared to the likes of Zambia. The government recently agreed to tackle roughly $4 billion of its domestic debt via a pension fund debt swap operation and a dollar-denominated bonds exchange.

It has sent a restructuring plan to its "official sector" — wealthier government — creditors and its finance minister has said he also expects to reach a deal with the country's bondholders by the end of the year.

The funds know it will require them to write off money but hope it could also include a "recovery instrument" that would mean Ghana pays back more of that money over time if its economy recovers quickly.

PAKISTAN: Pakistan needs upwards of $22 billion to service external debt and pay other bills for fiscal year 2024.

In June, it reached an 11th-hour deal with the IMF for a $3 billion bailout, and Saudi Arabia and the United Arab Emirates followed with $2-billion and $1-billion cash infusions. — ***Reuters***