

Philippine real estate poised for growth — Cushman & Wakefield

REAL ESTATE services firm Cushman & Wakefield said it expects the Philippines to attract investments in the medium term despite global economic challenges.

The economic outlook for the Philippines remains buoyant compared to other markets, Cushman & Wakefield said in a statement on Thursday last week.

In the office sector, the firm cited the 2024 Global Cities Index by Oxford Economics, which featured nine cities from the Philippines out of 1,000 global urban economies. Some of these cities, such as Manila, landed in 256th place, Cebu ranked 436th, and Cagayan de Oro and Davao City placed 487th and 500th, respectively.

Cushman & Wakefield said that addressing weaknesses in the country's regulatory policies and governance aspects would help improve the Philippines' attractiveness for foreign investment, especially in regions identified as "next business process outsourcing hubs."

Meanwhile, in the hospitality sector, Cushman & Wakefield noted that digitalization and experiential travel are among the major trends that will attract the tourism market.

"Given the presence of a young and highly urbanizing demographic profile of the Philippines, a more inclusive economic development will underpin the continued growth of the residential sector's long-term demand," the report said.

Singapore-based travel booking service Trip.com noted a 54% increase in hotel bookings in the Philippines in the first quarter of 2024 buoyed by "impulse travel" as influenced by social media.

About 447,400 visitor arrivals were recorded in May 2024 by the Department of Tourism.

"Providing essential infrastructure to support manufacturing operations will help attract companies that are looking at reshoring and diversifying manufacturing operations further creating demand for industrial space," the report said.

Household spending is dampened by the downtrend in the growth of remittance inflows, which increased by 4.6% year on year in peso terms in March, slower than the 5.3% growth recorded in February.

The report also noted that demand from global retailers is expected to remain soft as weak global sentiment persists.

HOTEL OWNERS, OPERATORS

Philippine hotel owners and operators are also bullish on the growth of the hospitality industry but wary of infrastructure limitations and the untapped potential of the Filipino workforce.

According to the Philippine Hotel Investment Outlook Survey, 89% of hotel owners and operators are optimistic about the hospitality sector's prospects in the medium term. Respondents indicated that 95% of the 10,000 hotel keys in the industry foresee thriving conditions over the next three years.

At the Philippine Tourism and Hotel Investment Summit on June 21, George C. Aquino, CEO of Ayala Land Hotels and Resorts Corp., said the hospitality sector has significant growth potential, anticipating a steady increase in tourist arrivals over the next five years.

Department of Tourism (DoT) Secretary Christina G. Frasco said that in 2023, domestic tourism expenditure rose to P2.67 trillion, while inbound tourism expenditure reached P697.46 billion, which is on par with 2019 numbers.

Total tourist receipts also increased by 47.9% to P2.09 trillion in 2023, while total tourism investment reached P509 billion in the same year.

"We have quite the vast opportunities, from our beach markets, our lodge markets, to our urban markets...and it's untapped. I think we're presenting it in our infancy, as far as development," Mr. Aquino said, noting the quality of Filipino hospitality workers.

Filinvest Hospitality Corp. Senior Vice-President Francis Gotianun said he is looking forward to tourism growth and the development of incoming airport infrastructure, highlighting advancements at Clark International Airport and Bohol-Panglao International Airport.

"The idea takeover that will be happening in September, I believe that things will improve, the accessibility of the country will improve," he said, referring to the rehabilitation and turnover of the Ninoy Aquino International Airport to the private proponent consortium led by San Miguel by September.

Meanwhile, Robinsons Hotels and Resorts (RHR) Senior Vice-President and Business Unit General Manager Barun Jolly said that the country has 100,000 municipalities and cities with highly trainable workforces, decent infrastructure, and undiscovered landscapes.

He added that these places should be tapped to provide employment to the local workforce and attract customers to hotels that offer a differentiated, distinctive, but localized experience.

Mr. Jolly also mentioned the positive reception of RHR's homegrown brands, agreeing with the sentiment of 39% of respondents who see the upper midscale segment emerging as

the most attractive opportunity due to the surge of developer activity in second-tier growth cities and township developments.

Cleofe Albiso, managing director at Megaworld Hotels and Resorts, referenced the closure of Boracay as a cautionary example, suggesting that similar considerations should be applied to opening areas outside of the usual, such as Palawan.

ROOM GAP

The country should build 80,000 rooms to compete with regional hotels in Asia, said Philippine Hotel Owners Association (PHOA) President Arthur M. Lopez.

In line with this, Tourism Infrastructure and Enterprise Zone Authority (TIEZA) Assistant Chief Operating Officer Karen Mae Sarinas-Baydo said the agency recognizes the room gap in the Philippines as identified in the 2009 Tourism Act. She added that TIEZA has existing properties available for investment.

TIEZA is renovating properties like the Banaue Hotel and is interested in partnering with the private sector to introduce new designs, she said.

Mr. Aquino said that developers are optimistic but stressed the importance of infrastructure and public-private sector partnerships evolving alongside their plans due to lingering concerns.

Ms. Frasco said that the Philippine Hotel Industry Strategic Action Plan is set to launch soon, aiming to establish a framework for hotel infrastructure expansion and address current challenges and support systems.

This plan will encompass soft infrastructure, skill matching, digitalization, competitiveness, and measures to enhance the hotel industry's resilience against headwinds and external shocks.

— **Aubrey Rose A. Inosante**



Apores Group aims to elevate Mati City with premier hotel offering

MATI CITY — Adelina Hotel and Suites, the first premier hotel in Mati City and the entire province of Davao Oriental, is strategically positioned to enhance the city's status as a MICE (meetings, incentives, conferences, and exhibitions) destination, a hotel official said.

Owned by the Apores Group, the hotel features 94 guestrooms, a ballroom, an outdoor garden, two meeting rooms, and a rooftop party bar adjacent to the poolside.

"The hotel has addressed the need of the city to showcase a more decent accommodation that can house national and international guests. The hotel also complements the city's famous cultural heritage and beautiful scenery, both land and sea," said Girlie Alagano, marketing and sales manager of Adelina Hotel and Suites, told *BusinessWorld*.

Adelina Hotel and Suites is expected to support Mati City, a renowned beach destination, in attracting the MICE market, she noted.

The city has also become a prime destination for surfers and skimboarders.

Additionally, Mati City is celebrated among environmentalists, ecologists, and nature lovers for being home to renowned protected areas such as the Mount Hamiguitan Range Wildlife Sanctuary and Pujada Bay.

"Adelina Hotel and Suites is built to be a home-away-from-home for these travelers. It is also a perfect place for local government units and agencies' stay-in seminars,

live-out meetings, corporate and non-government agencies gatherings, and team-building activities, including consortiums, those who wish to conduct their activities outside Davao City. And of course, families and 'barkadas' who want comfortable accommodation when in Mati City," Ms. Alagano said.

The hotel targets visitors not only from Davao Oriental and other provinces within the Davao Region but also from international markets.

Adelina Hotel and Suites, established on Aug. 8, 2023, was founded with the owners' aim to contribute to the development of Mati City, Ms. Alagano said.

"It has been our family's fondest dream to build something for our beloved Mati. Thus, when Mati became a city, we believed that the time was ripe to give back to her the love and kindness she has shown to us," said Francisco "King" Mijares III, chief executive officer and president of Apores Group.

Mr. Mijares said that when they decided to build the hotel, the country was then reeling from the COVID-19 pandemic, and work had to be put on hold.

"Nevertheless, there was a fire that continued to burn within us, a fire that could not be extinguished. Even during those difficult times, we felt the heartbeat of Mati City. We heard the whisper of the wind telling us that the time had come for Mati City to have a luxury of its own," he said.

— **Maya M. Padillo**

US envoy says cyber resilience best achieved via partnerships

THE PHILIPPINES needs to work with partners who share its "core values" to bolster its defenses against cyberattack, the US ambassador said.

"Digital solidarity is a valuable principle for centering international technology efforts because it aligns our national interests with those of partners who share our core values in key diplomatic areas, governance, combating transnational crime and building resilience," US Ambassador to the Philippines MaryKay L. Carlson said.

She was speaking at the Center for a New American Security and Stratbase ADR Institute event on Monday, billed as "Safeguarding the Indo-Pacific: Strengthening Partnerships to Meet Emerging Cybersecurity Threats."

Ms. Carlson noted that the Philippines recently joined the Counter Ransomware Initiative, a platform of over 50 countries that share information to counter emerging threats in real time.

According to Information and Communications Technology Secretary Ivan John E. Uy,

the Philippines was once reckoned as among the most cyberattacked nations in Southeast Asia and tenth globally.

Mr. Uy's department responded to 3,210 of 3,9025 reported cyber incidents as of May 2024, mitigating and closing 82% of these cases with an average resolution time of 30 days.

"The Philippines and the US can and must find greater opportunities to collaborate and cooperate in cyber related exercises, training and education, in talent development, in technology transfer, and in joint cyber defense," John Allen, former commander of the NATO International Security Assistance Force in Afghanistan, said.

Mr. Allen was formerly the principal director of Asia and Pacific Affairs at the US Defense department.

Ms. Carlson noted that last year's Balikatan joint military exercise included a cyber defense component for the first time.

She added that in a few weeks, the US will host the first US-Philippines Cyber and Digital Dialogue. — **Aubrey Rose A. Inosante**

Reserve market operations could resume in July — ERC

THE Energy Regulatory Commission (ERC) said it is expecting the reserve market to return to full operations next month.

"Most likely by next month or sooner we can resume commercial operations," ERC Chairperson and Chief Executive Officer Monalisa C. Dimalanta said on the sidelines of a forum last week.

Last month, the ERC approved the partial settlement of 30% of the amounts due for payment covering transactions on the reserve market for the billing month of March, valued at around P1.7 billion.

The remaining 70% or around P4.02 billion will be collected once the reserve market fully resumes operations.

In its suspension order in March, the regulator said that "significant price increases" were reported in reserve costs for March compared to February.

Ms. Dimalanta said that the cost to consumers needs to be considered by the ERC in order to minimize the impact on power rates.

"That will be resolved once we finalize the approval for the pending case," she said via Viber.

She was referring to the application of the Independent Electricity Market Operator of the Philippines to approve the market's price determination methodology.

The reserve market allows the system operator to procure power reserves from the spot market to meet the reserve requirements of the energy system.

On electricity rates, Ms. Dimalanta said that she is hoping for the rates at the Wholesale Electricity Spot Market to fall during the cooler months.

"I hope there will be more breathing space for rates, unlike what happened during the dry months," she said. — **Sheldeen Joy Talavera**

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