

Q2 2025 Philippine  
Property Market Report

# Opportunities Taking Shape

JULY 10, 2025

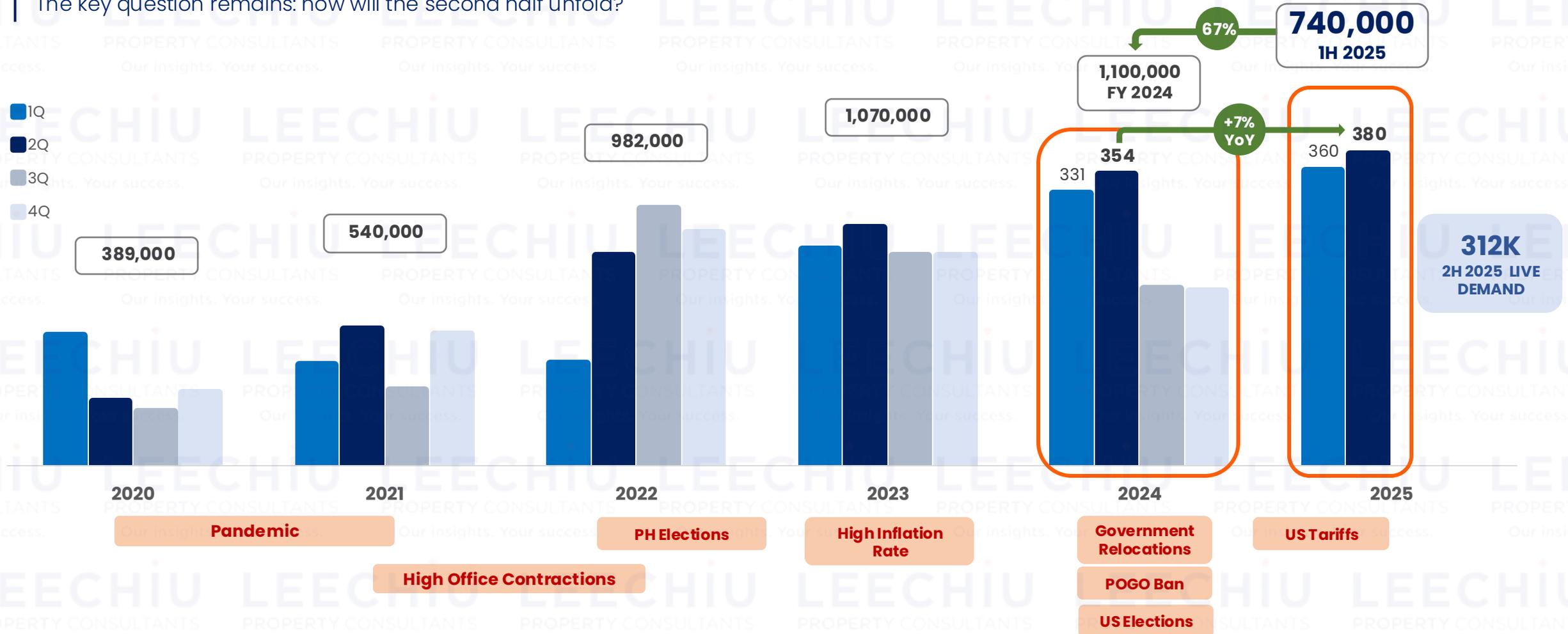
OFFICE MARKET

# From Vacant to Vibrant: Office Market on the Move

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# Strong Momentum: Can It Be Sustained?

The first half of the year delivered strong results, with demand already hitting 67% of the full-year 2024 overall demand. The key question remains: how will the second half unfold?

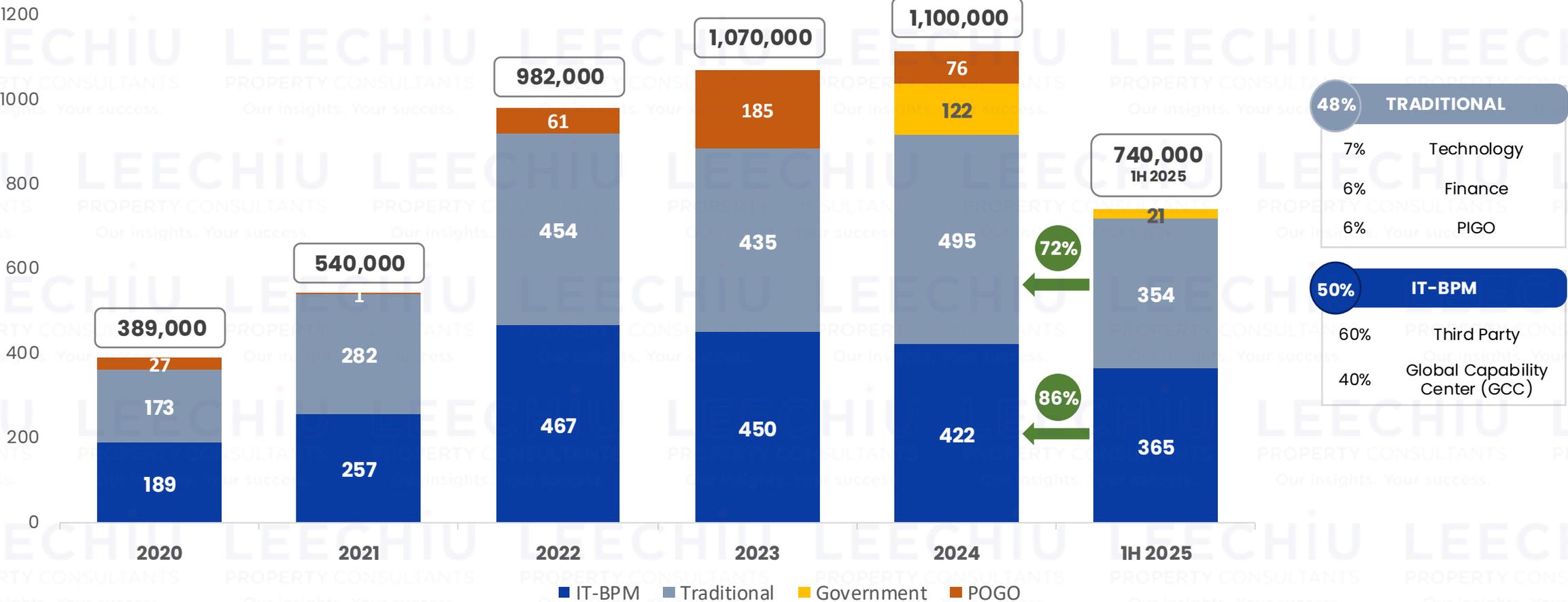


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# IT-BPM Sector: Backbone of the Office Market

IT-BPM and Traditional industries take up bulk of the office demand in the first half of 2025.

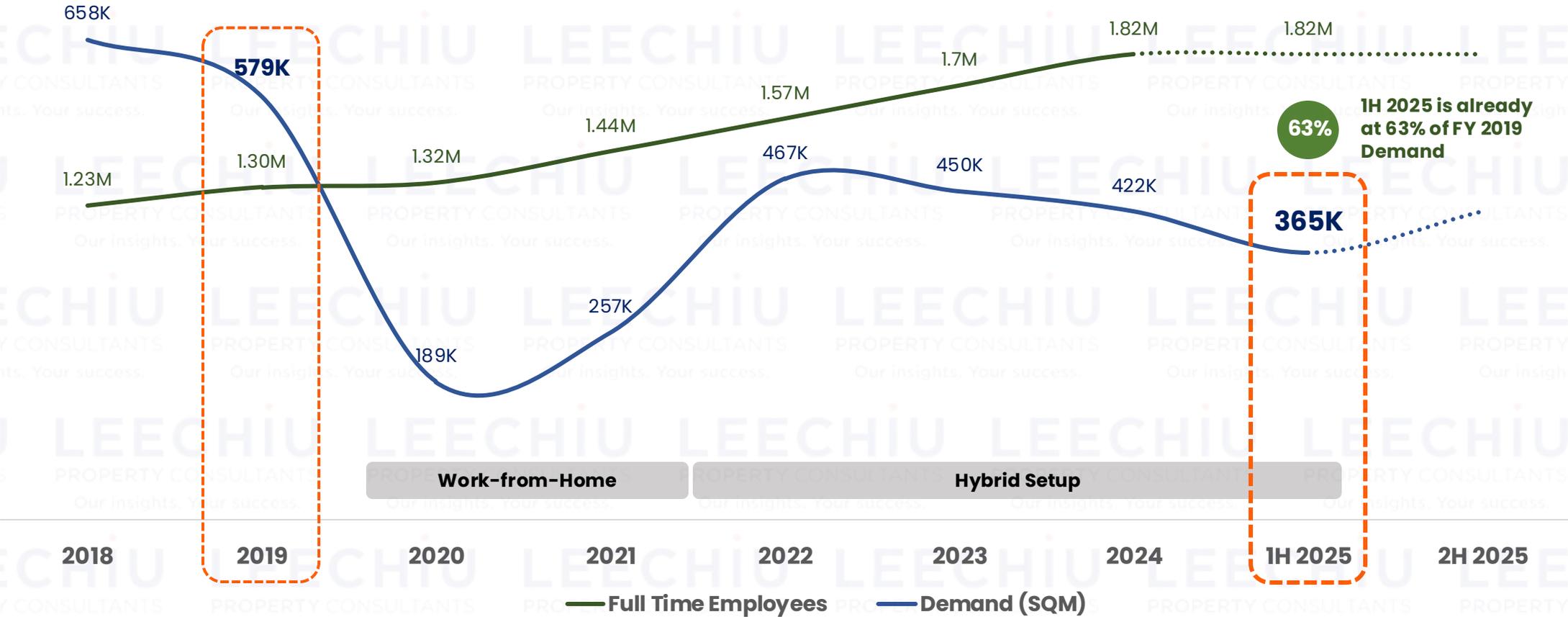
The IT-BPM industry has reached 86% of the 2024 annual total within the first six months, indicating accelerated growth.



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# Tracking the IT-BPM Footprint

IT-BPM demand in the first half of 2025 is gaining traction and could signal a return to pre-pandemic levels.

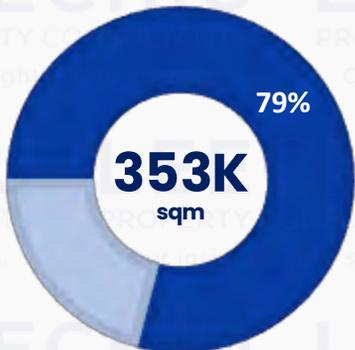


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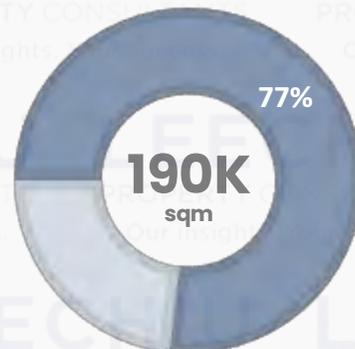
# Industry Trends | Transactions above 1,000 sqm

Beyond flight to quality, tenants are now shifting gears from relocation to expansion.

## Behavior



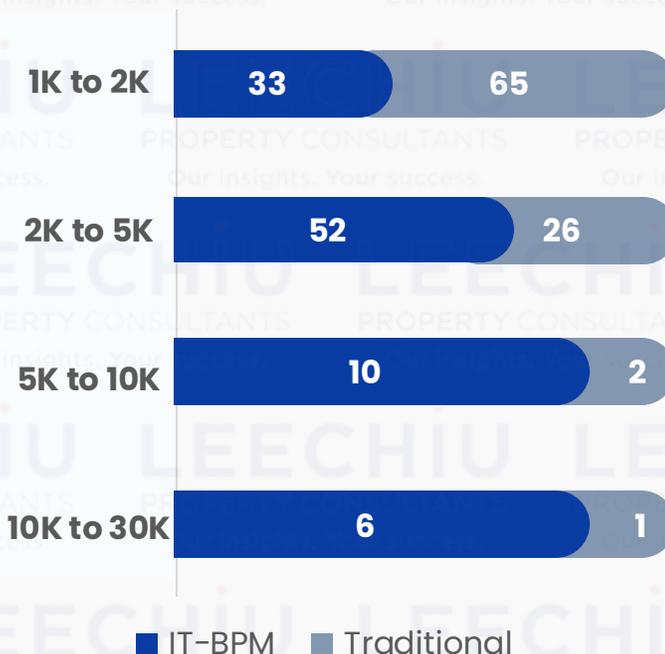
**IT-BPM**  
EXPANSION  
278,000 sqm



**Traditional**  
EXPANSION  
146,000 sqm

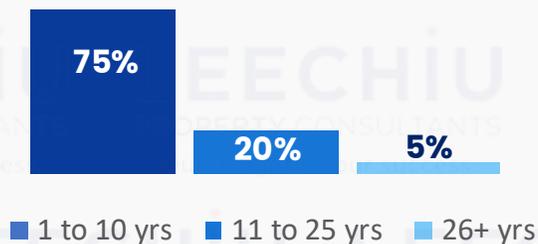
## Sizes

### 195 Total Transactions



## Preference

### Building Age



**64%**



**Building Grade**

**41%**



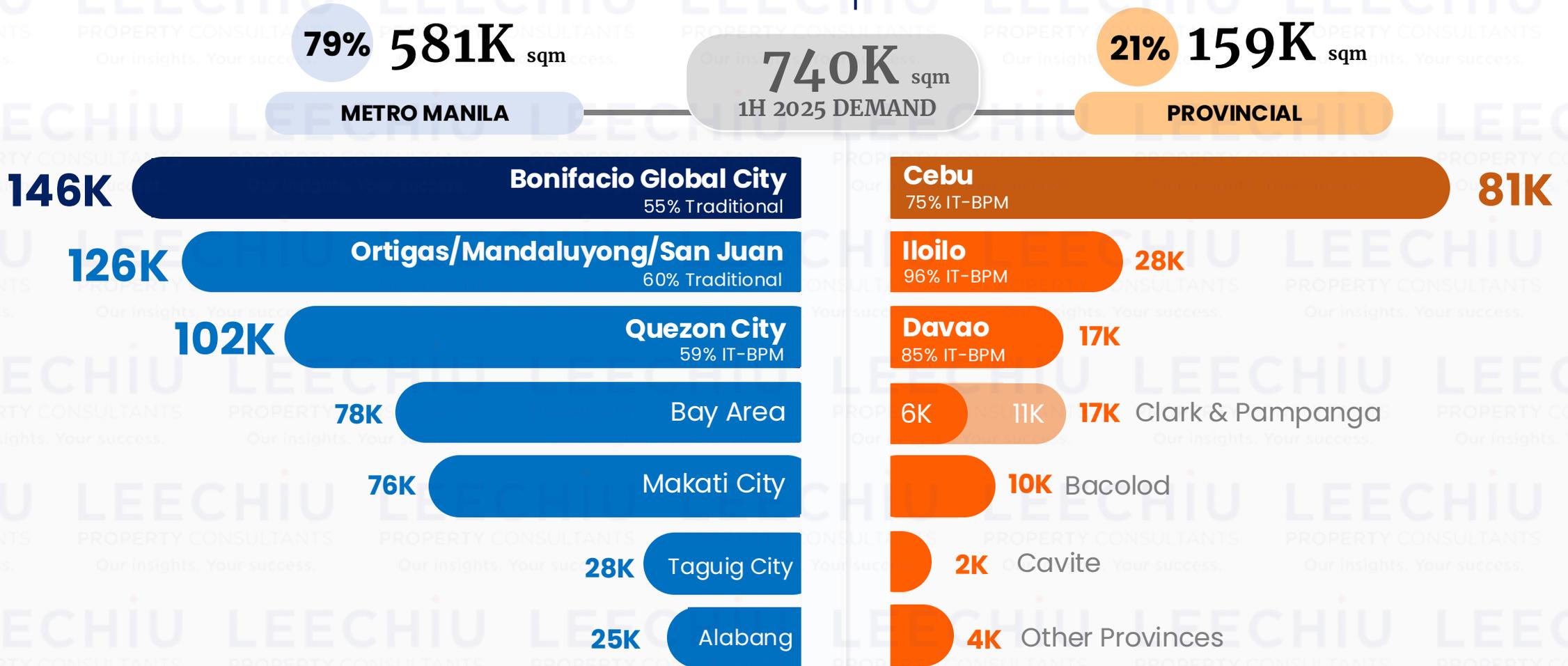
**Green Certification**

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# Demand Breakdown by Location

Bonifacio Global City for the first half of this year represents 116% of FY 2024 demand (126K sqm).

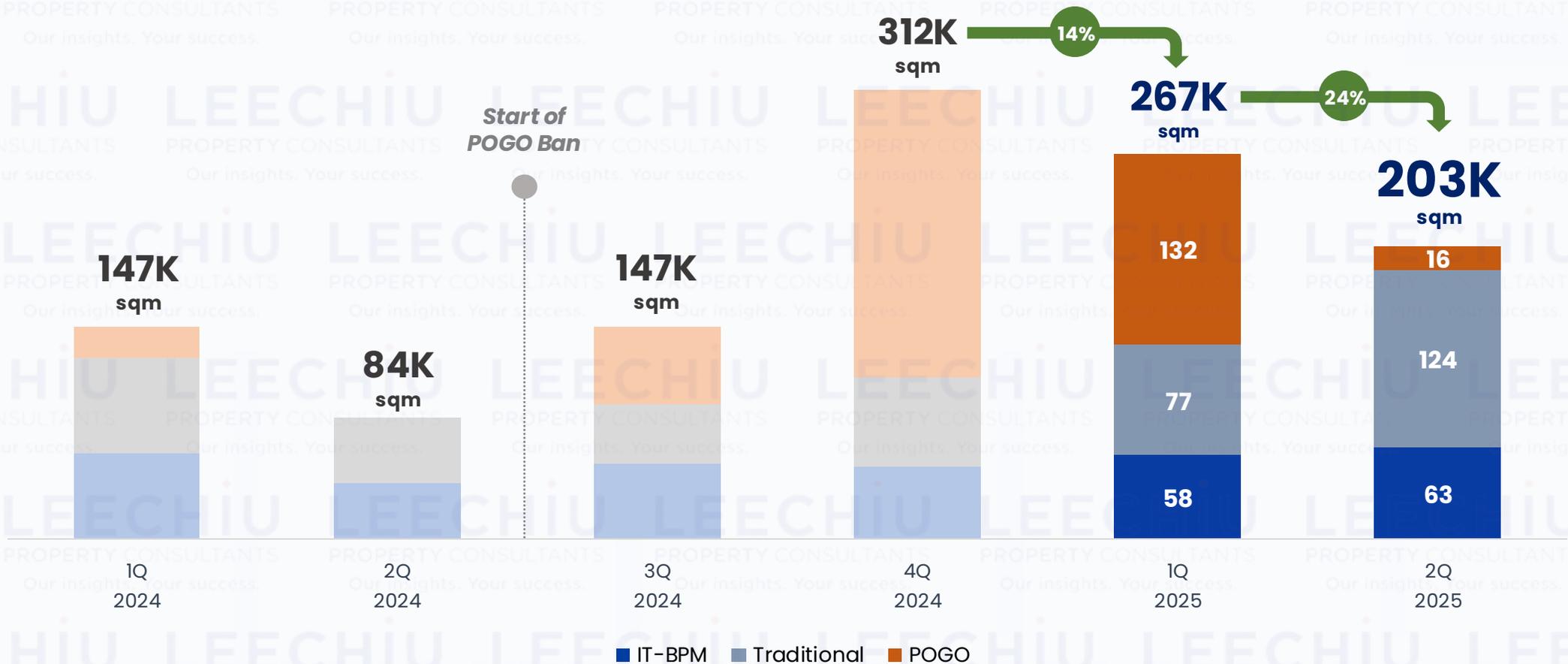
Cebu remains the front-runner for provincial demand, covering 51% of the entire take-up outside of Metro Manila.



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# 1H 2025 Vacated Spaces

Tenant exits have continued to decline for two consecutive quarters.



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# 1H 2025 PH Vacancy

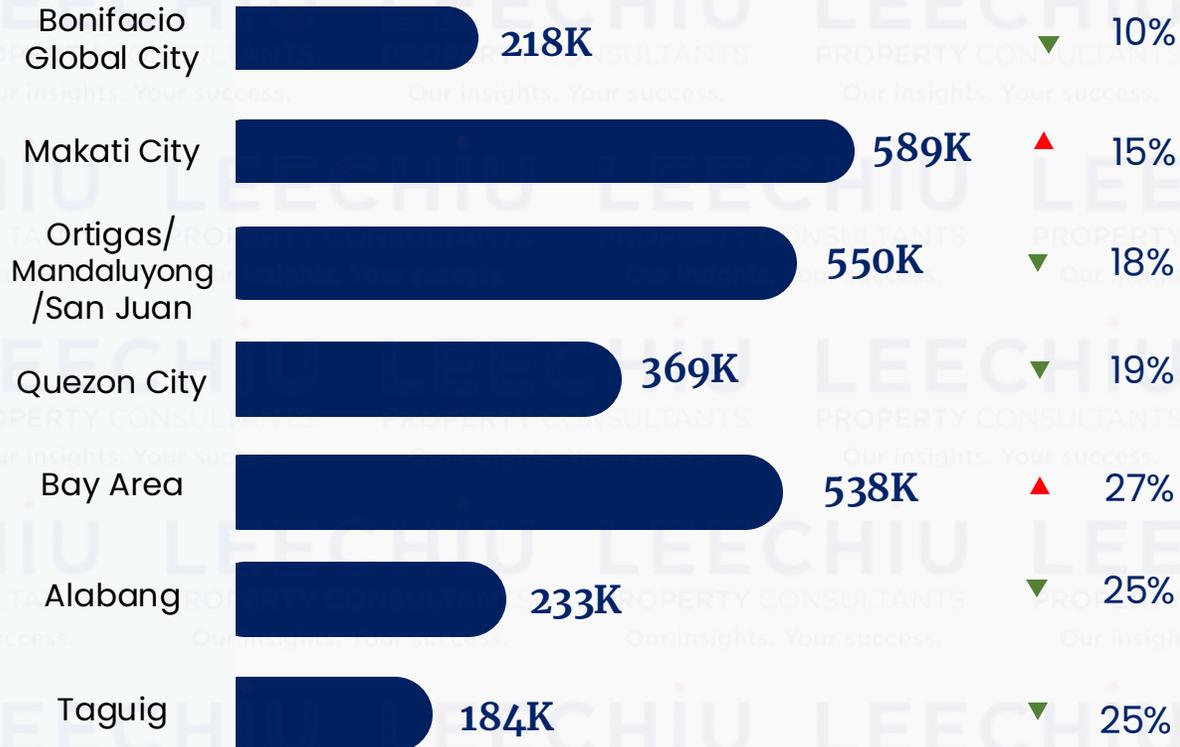
**3.2M** sqm  
PH SUPPLY

**18%**

**Metro Manila – 2.7M**

**18%**

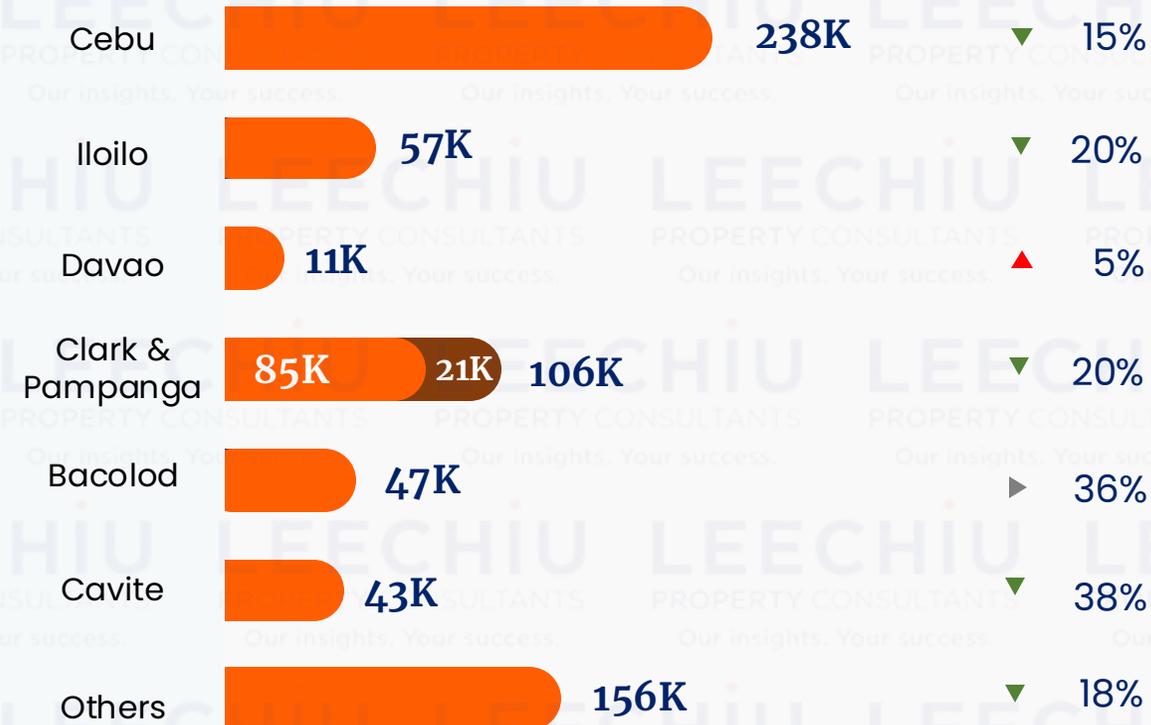
**Vacancy Rate**  
From 1Q 2025



**Provincial – 615K**

**17%**

**Vacancy Rate**  
From 1Q 2025



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# Unpacking Metro Manila's Office Vacancy

Simulation of districts with office buildings offering at least 5,000 sqm or more of contiguous space.

**918K** sqm  
Contiguous Vacant Spaces



9 Bldgs.  
203K



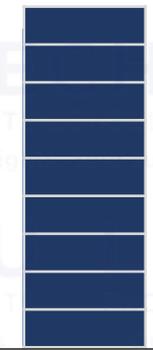
10% 218,000  
Bonifacio Global City

4 Bldgs.  
44K



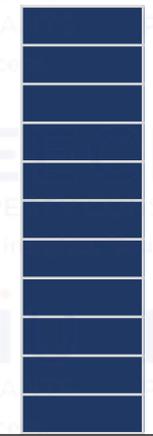
18% 550,000  
Ortigas/Mandaluyong/San Juan

13 Bldgs.  
142K



19% 369,000  
Quezon City

16 Bldgs.  
190K



27% 538,000  
Bay Area

16 Bldgs.  
248K



25% 233,000  
Alabang

9 Bldgs.  
91K



5 Bldgs.

2 Bldgs.

6 Bldgs.

13 Bldgs.

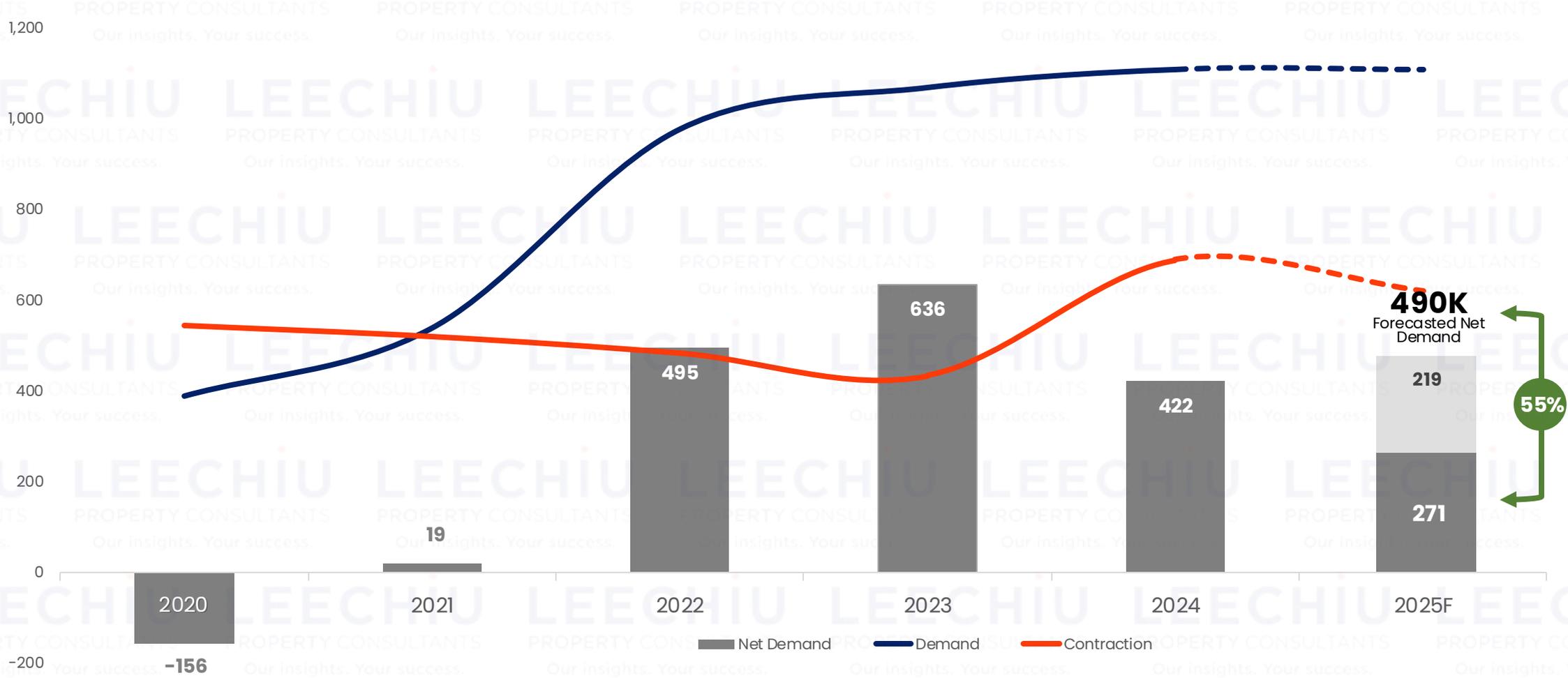
6 Bldgs.

4 Bldgs.

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# Full-Year 2025 Office Market Outlook

A strong start in 2025 brings us to 55% of the projected target for the year.



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# Highlights

- The demand for the first half of the year reaches 67% of the total for full-year 2024.
- The IT-BPM sector makes up a significant portion of office demand.
- As contractions start to taper, and demand continues to show momentum, we are on track to reaching the projected target for 2025.



RESIDENTIAL MARKET

# Tempered Growth

# Key Drivers of Residential Demand Remain Silent

In March 2025, OFW remittances increased by 2.6% YoY.

International tourism receipts surged by 71.4% to USD 1.1 billion compared to January 2024.

## Gross Domestic Product



## OFW Remittances



## IT-BPM Revenue



## International Tourism Receipts

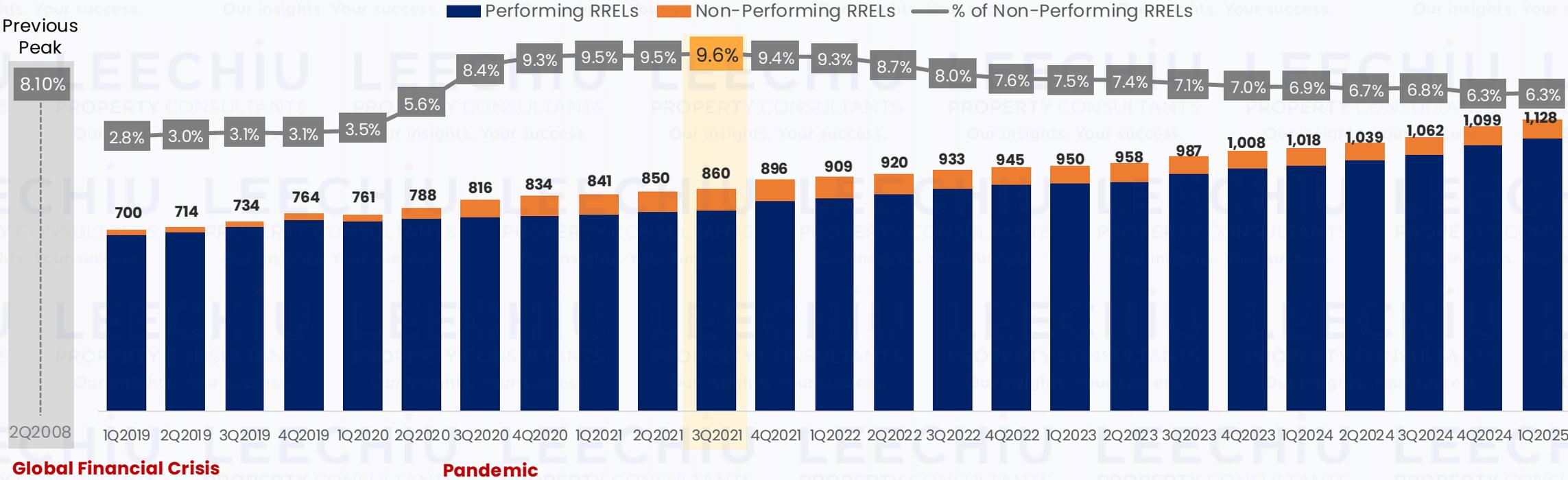


# Easing Policy Rates Support Borrower Activity

Non-performing RREs peaked in 3Q 2021 at 9.64% and the ratio has been on a downward trend since. In 2008, Non-performing RREs reached 8.10%.

Non-performing RREs held steady at 6.3% from 4Q2024.

## Residential Real Estate Loans (In Billions, PHP)



RESIDENTIAL MARKET

# Tempered Demand



## 764,100

Total Condominium Units  
in Metro Manila

**RFO: 619K units** (95% sold)

**Pre-selling: 145K units** (62% sold)



## 82.8K UNITS

### Available Supply

Across 638 Actively Selling Buildings

### DEMAND

**6,643**  
units ▲ **2%**  
QoQ

### NEW LAUNCHES

▲ **31%**  
QoQ **1,761**  
units

**37 months or**  
**3 years supply**

### RENT SUMMARY

LOCATION	2Q2025 Average Price/sqm (PHP)	% Growth (1Q2025 vs 4Q2024)	% Growth (2Q2025 vs 1Q2025)	% Growth (2Q2025 vs 1Q 2020)
MAKATI	931	-4%	-4%	-14%
BGC	1,151	-9%	-2%	4%
TAGUIG	767	-3%	-	24%
ALABANG/ MUNTINLUPA	792	-4%	1%	-38%
ORTIGAS/ MANDALUYONG	737	-2%	-2%	-24%
BAY AREA/ PASAY	856	-2%	-6%	-50%

Note: Tracking approximately 899 listings across the same 222 buildings since 1Q2020 (basis for pre-pandemic rents)

RESIDENTIAL MARKET

# Steady Take-up for Q2 2025

Buyer activity held consistent for 6 consecutive quarters.

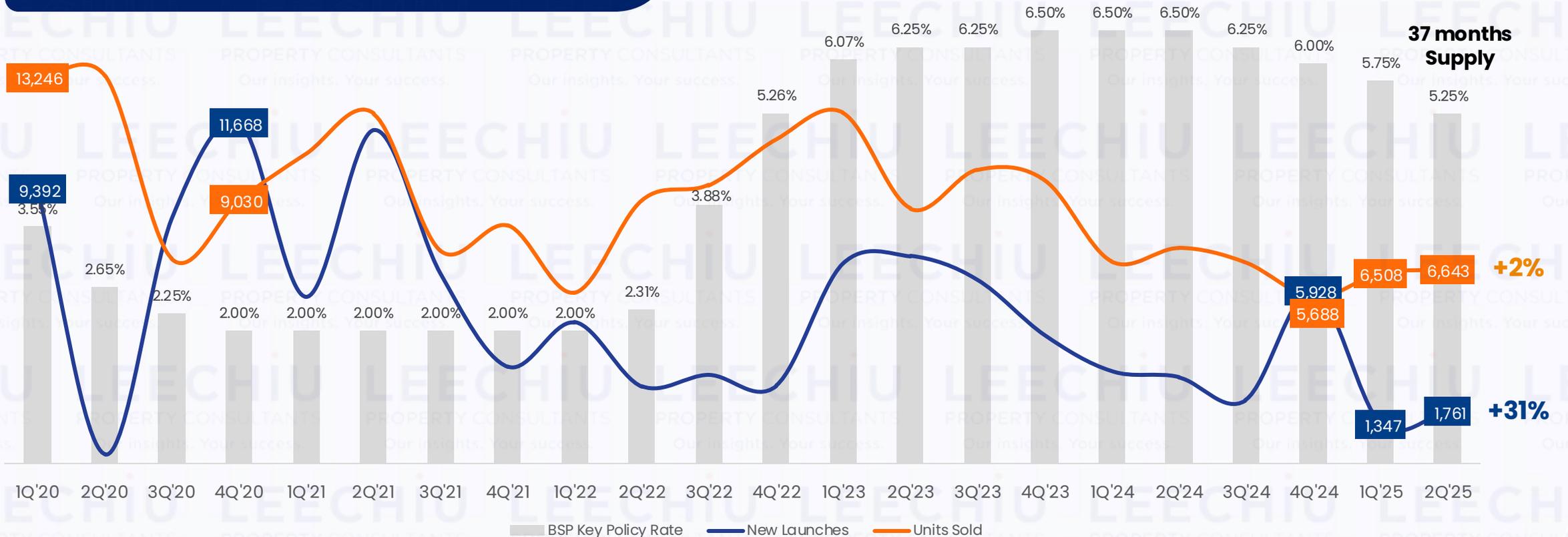
New launches rose to 1,761 units, with more launches anticipated in the coming quarters.

Percentage Sold:

- The Estate 73%
- Aurelia 90%
- Park Villas 51%

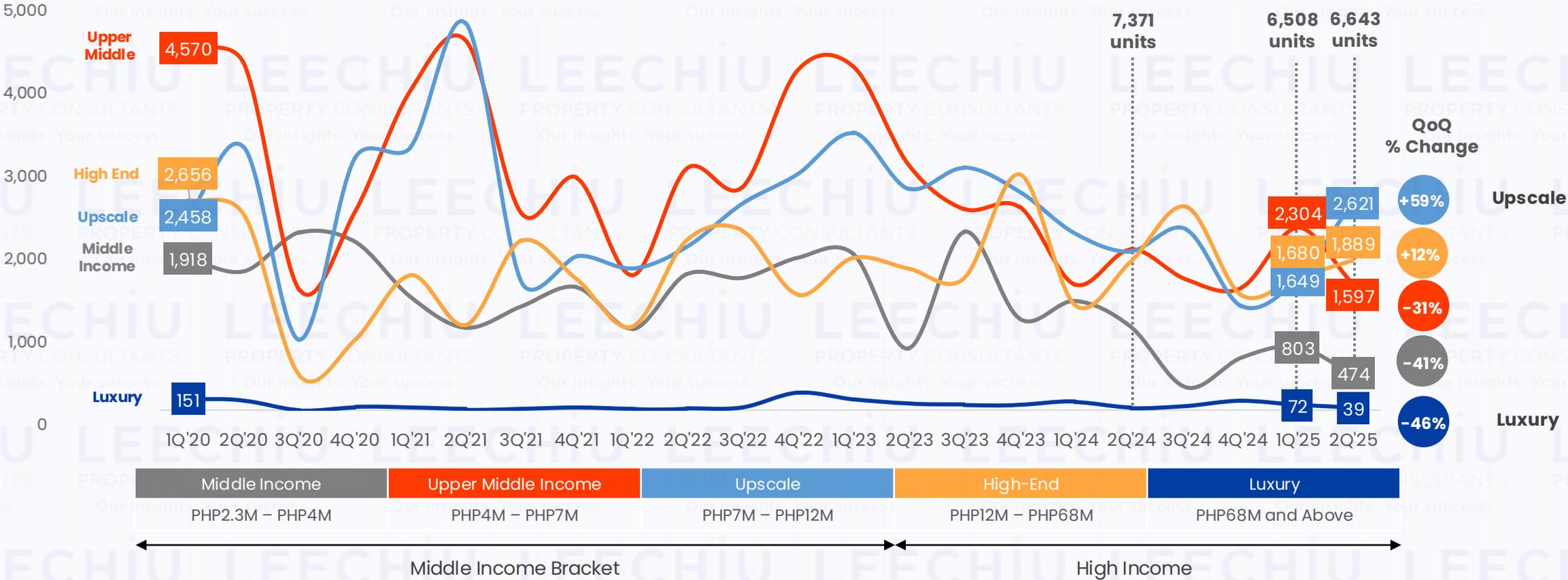
- Eluria 50%;
- Park Central Towers 99%
- Edades West 91%
- Laurean Residences–New launch

## Metro Manila Primary Residential Condominium Units



# Strong Take-up for Upscale and High-End

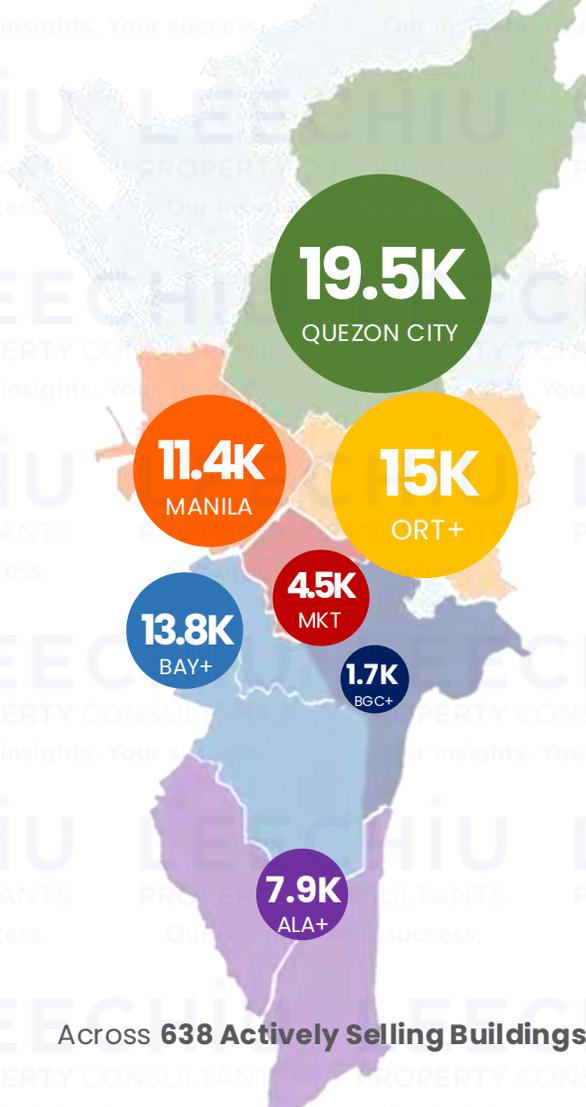
**Sales Performance per Price Segment**



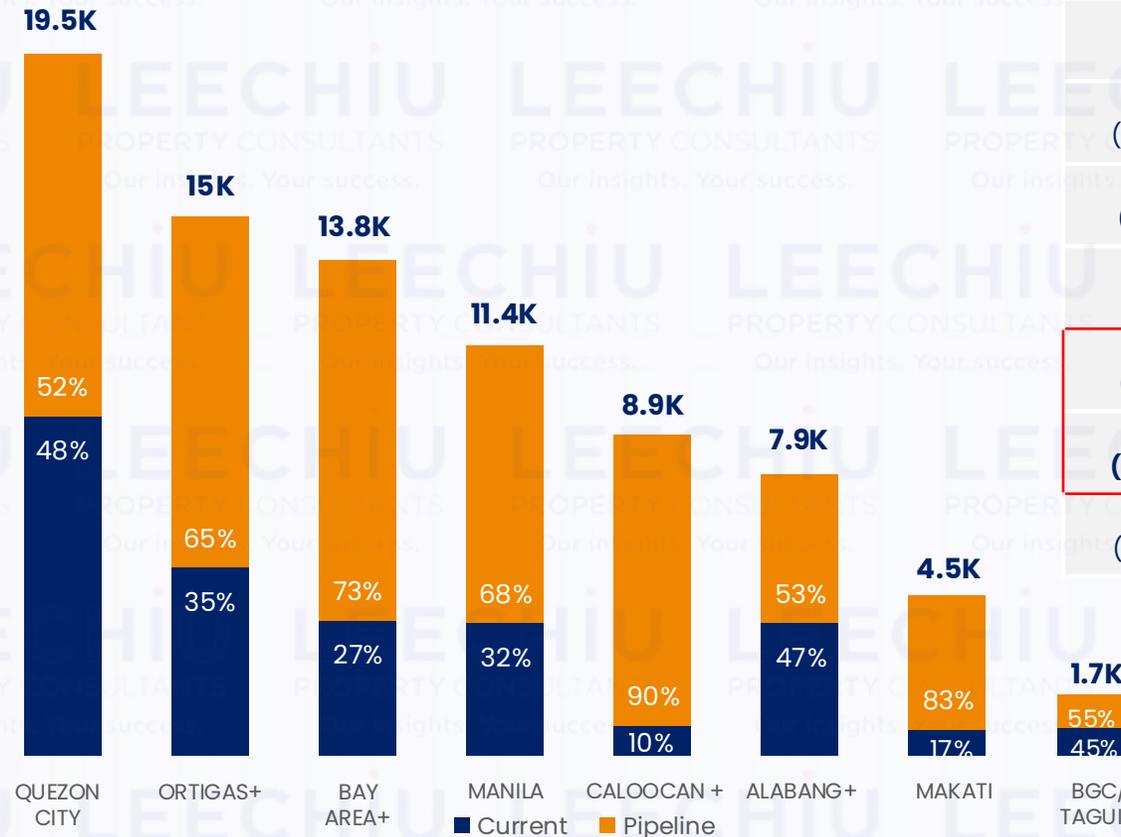
RESIDENTIAL MARKET

# Current Inventory Level: 37 Months

## Total Metro Manila Unsold Supply



Across **638 Actively Selling Buildings**



82.8K UNITS UNSOLD	
Low Income (Below PHP600K)	<1%
Lower Middle (PHP1.8Mn – PHP2.3Mn)	5%
Middle Income (PHP2.3Mn – PHP4Mn)	10%
Upper Middle (PHP4Mn – PHP7Mn)	31%
<b>Upscale (PHP7Mn – PHP12Mn)</b>	<b>37%</b>
<b>Highend (PHP12Mn – PHP68Mn)</b>	<b>16%</b>
Luxury (PHP68Mn and Above)	1%

Note: Includes retrospective adjustments

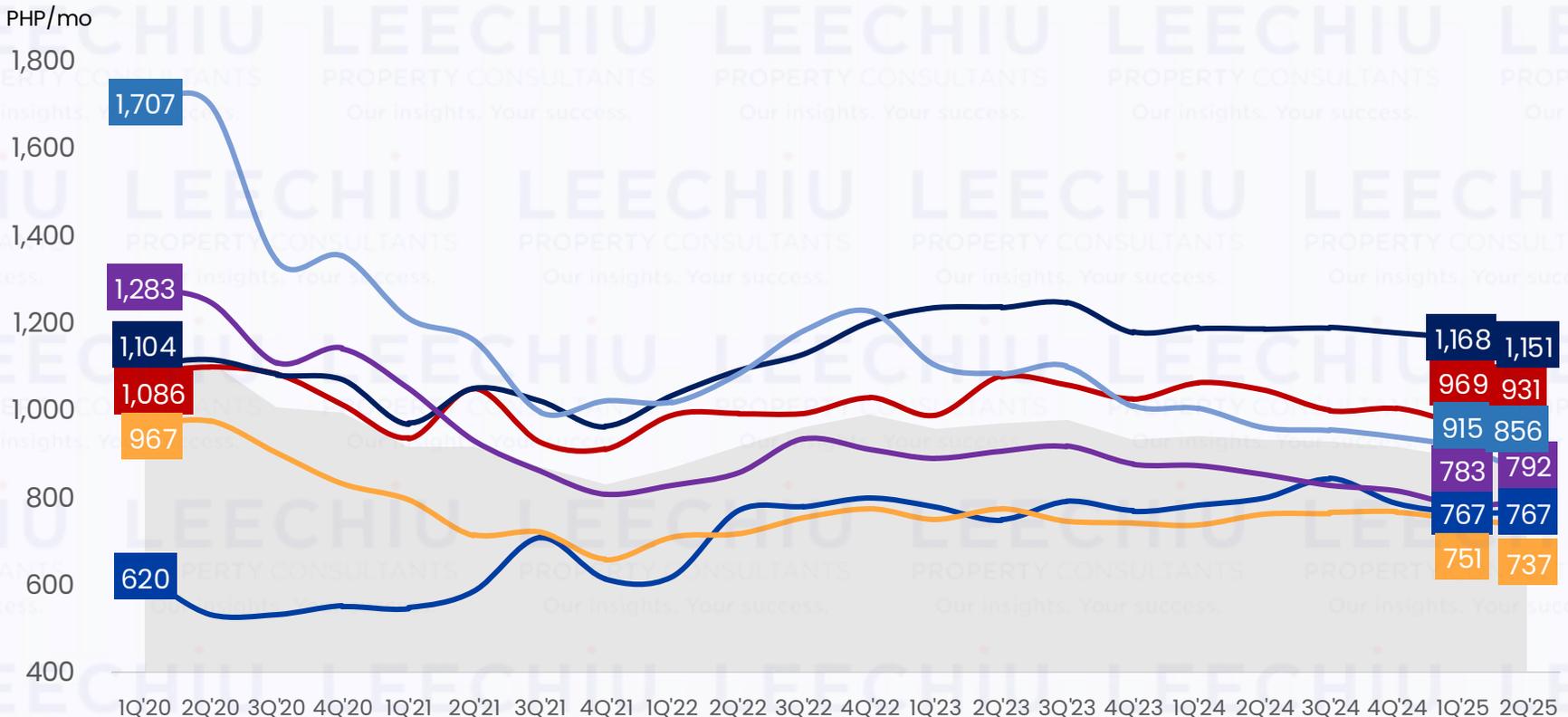
RESIDENTIAL MARKET

# Rents Still on Downward Trajectory

Rental rates remained weak despite the recovery seen in sales.

Significant decline of 50% in Bay Area/Pasay compared to pre-pandemic levels, and a 6% drop QoQ.

**Average Rent Per SQM**



DISTRICT	% Growth (QoQ)	% Growth (2Q'25 vs 1Q'20)
<b>BGC</b>	-2%	4%
<b>MAKATI</b>	-4%	-14%
<b>BAY AREA/PASAY</b>	-6%	-50%
<b>ALABANG/MUNTINLUPA</b>	1%	-38%
<b>TAGUIG</b>	-	24%
<b>ORTIGAS/MANDALUYONG</b>	-2%	-24%

Note: Tracking approximately 899 listings across the same 222 buildings since 1Q2020 (basis for pre-pandemic rents)

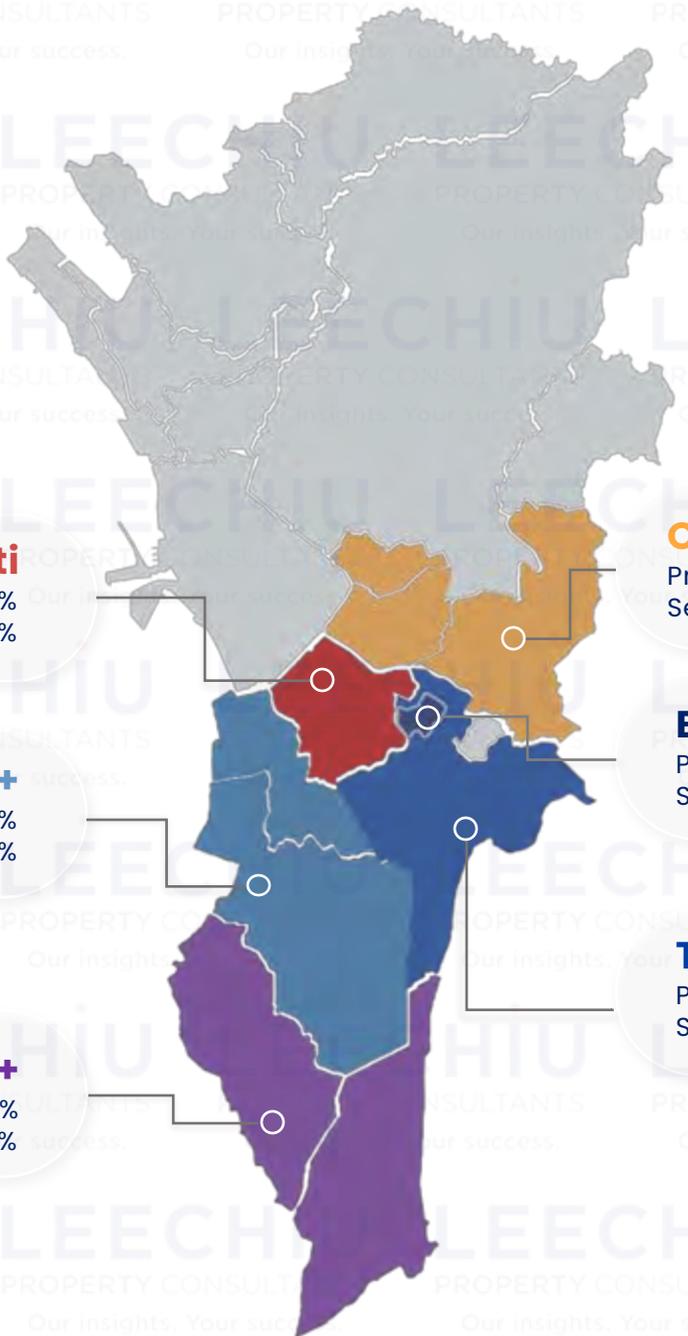
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# Rental Yields

Rental yields range from 2% to 8%, reflecting relatively modest returns for property investors.

**AVE. HOUSING LOAN  
INTEREST RATE  
(APR - JUN)**

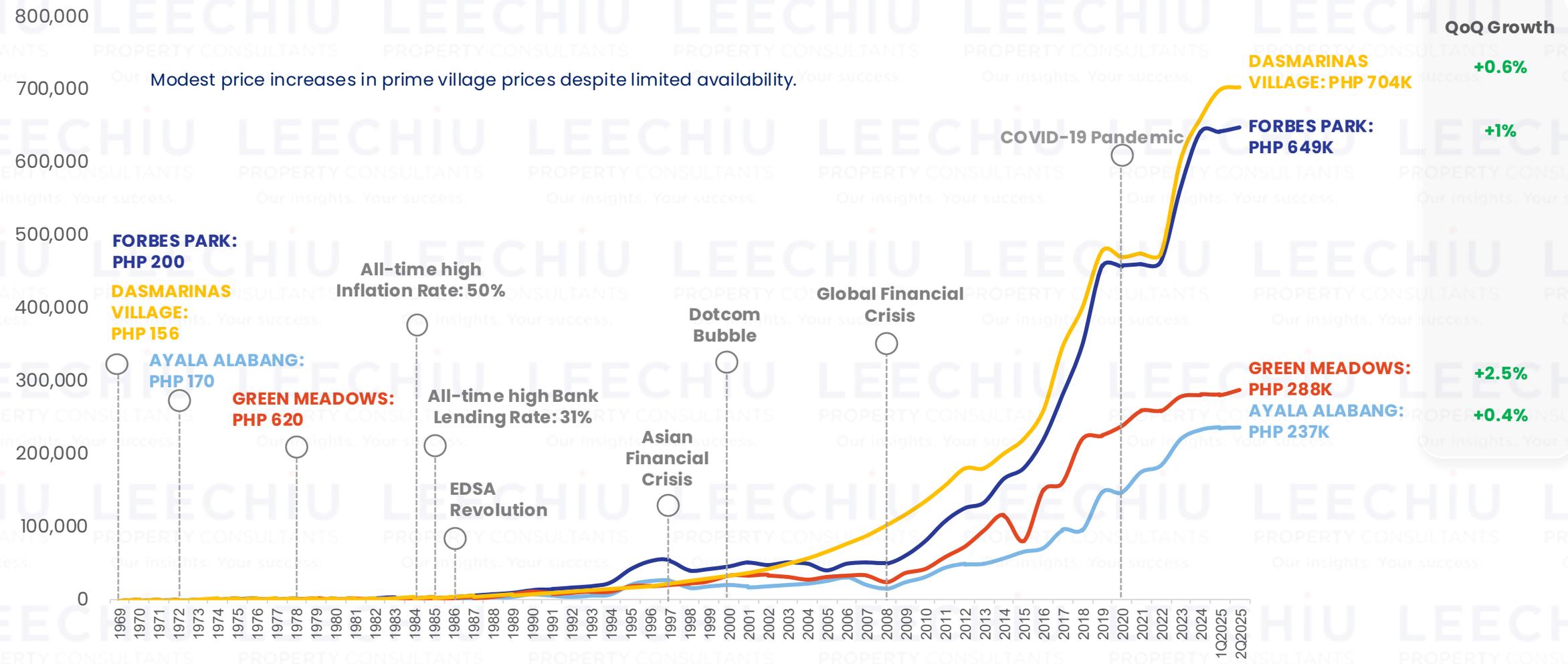
**6.3% - 10.5%**



RESIDENTIAL MARKET

# Prime Villages

Modest price increases in prime village prices despite limited availability.



# Prime Village Prices Down South Reach 63% of Makati

## DASMARINAS VILLAGE

**PHP704K**

2Q 2025 Price Per SQM

## FORBES PARK

**PHP649K**

2Q 2025 Price Per SQM

## SAN LORENZO VILLAGE

**PHP374K**

2Q 2025 Price Per SQM

### AYALA ALABANG

**PHP237K**

2Q 2025 Price Per SQM

Ayala Alabang

**34%** of Dasmaringas

Ayala Alabang

**36%** of Forbes Park

Ayala Alabang

**63%** of San Lorenzo

### SOUTHLINKS ESTATE

**PHP157K**

2Q 2025 Price Per SQM

Southlinks Estate

**22%** of Dasmaringas

Southlinks Estate

**24%** of Forbes Park

Southlinks Estate

**42%** of San Lorenzo

### AYALA SOUTHVALE

**PHP126K**

2Q 2025 Price Per SQM

Ayala Southvale

**18%** of Dasmaringas

Ayala Southvale

**19%** of Forbes Park

Ayala Southvale

**34%** of San Lorenzo

# Select Residential Lots South of Metro Manila

**7,400**

Total Open Lots  
**87% Sold**

240 lots sold QoQ

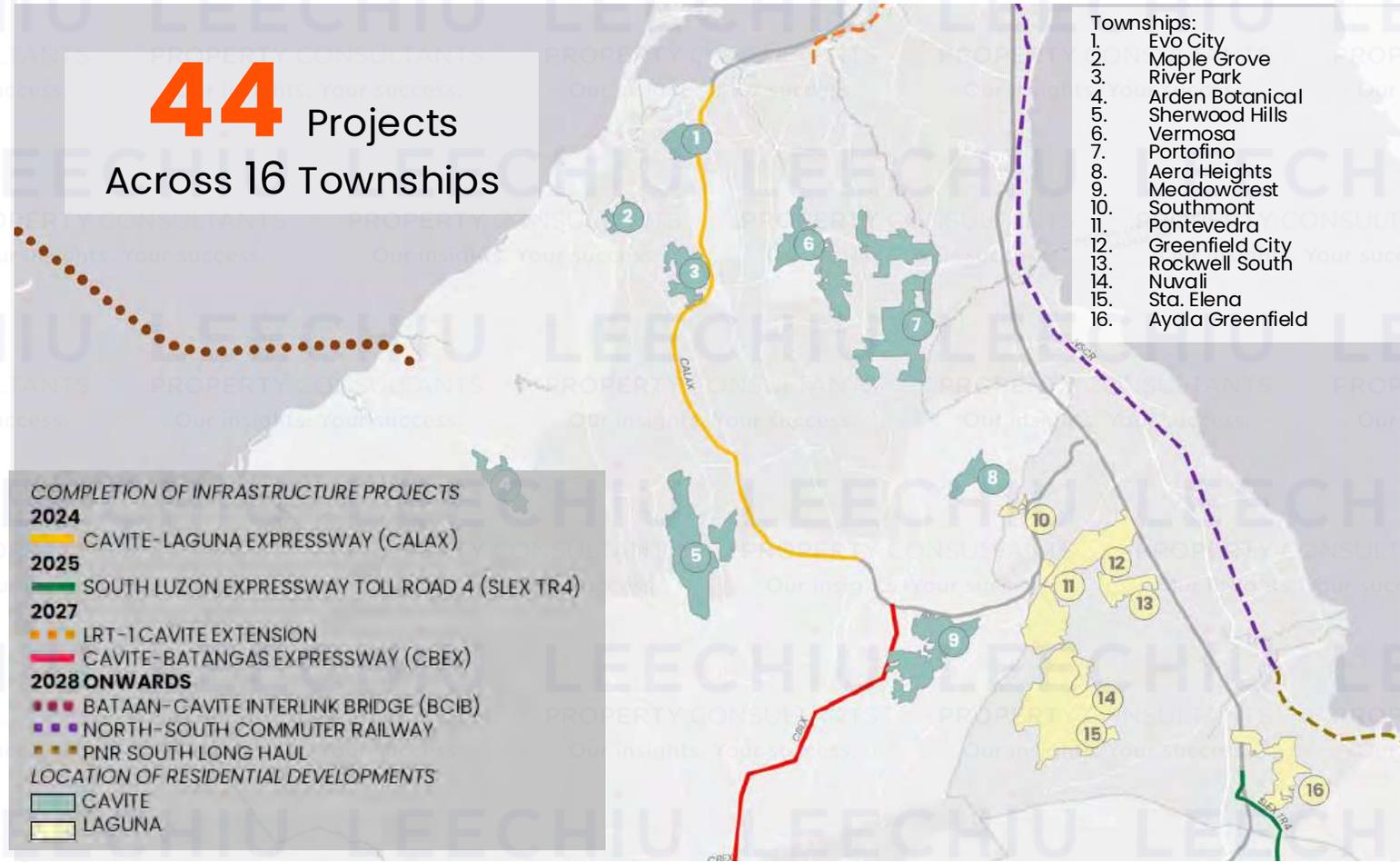
**972**

(PHP27Bn)  
Total Remaining Open Lots

**1,360**

Lots Launched in 2024 - 2Q2025

## INFRASTRUCTURE-DRIVEN GROWTH: SELECT RESIDENTIAL DEVELOPMENTS SOUTH OF METRO MANILA



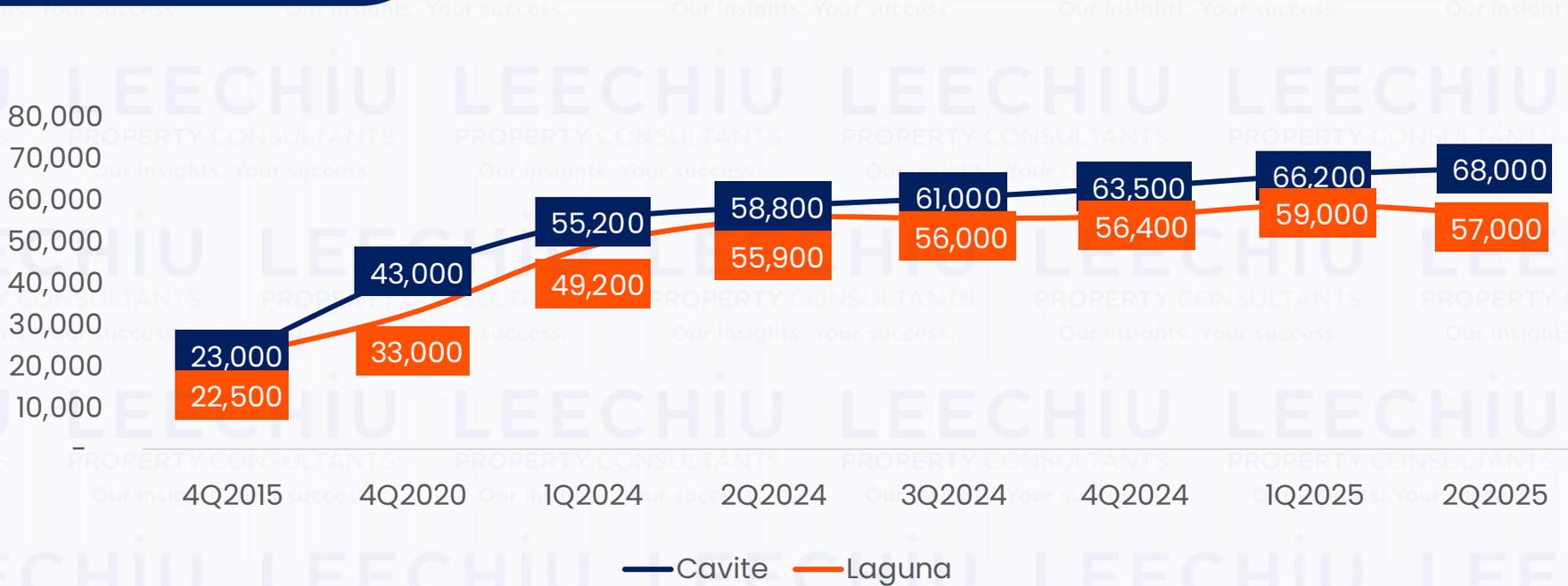
RESIDENTIAL MARKET

# South of Metro Manila Residential Lots: Steady Price Growth

Modest but steady price increase in South of Metro Manila showing sustained attractiveness for residential investment.

Current land prices per sqm in Cavite range from PHP46K to as high as PHP137K in the Daang Hari area, while in Laguna, prices range from PHP45.6K to a peak of PHP147K.

## Average Price Per SQM

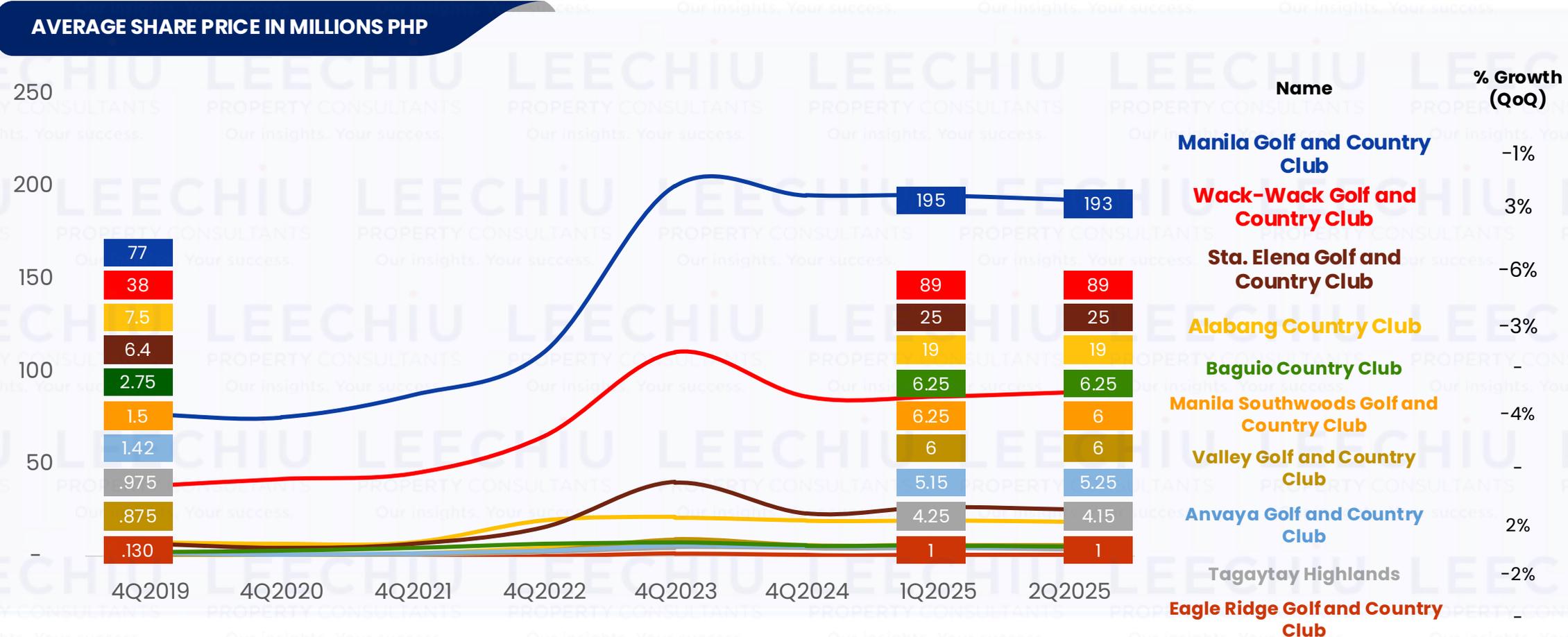


% Growth (QoQ)	% CAGR (1Q2024 - 2Q2025)	10-year CAGR
3%	4%	12%
-3%	3%	10%

RESIDENTIAL MARKET

# Golf and Country Club Pricing Overview

Golf and country club shares surged up to 669% from pre-pandemic levels, though slight QoQ dips shows market slowdown after hitting its peak in end 2023.



# Upcoming Golf Estates South of Metro Manila



**Marina Estates**  
Nasugbu, Batangas  
Hamilo Coast | 200 has



**Nascala Coast**  
Nasugbu, Batangas  
Megaworld | 116 Has



**Lialto Beach  
and Golf Estate**  
Lian, Batangas  
Megaworld (GERI) | 150 Has



**Rockwell Lian**  
Lian, Batangas  
Rockwell Land | 200 Has



**Arillo**  
Nasugbu, Batangas  
Ayala Land | 62 Has

# Metro Cebu Condominium Market 1H Snapshot

## 107,200

Total Condominium Units in Metro Cebu

**RFO: 75K units (96% sold)**  
**Pre-selling: 32K units (70% sold)**

Demand: 2.8K units  
**-15%**  
1H2025 vs 2H2024

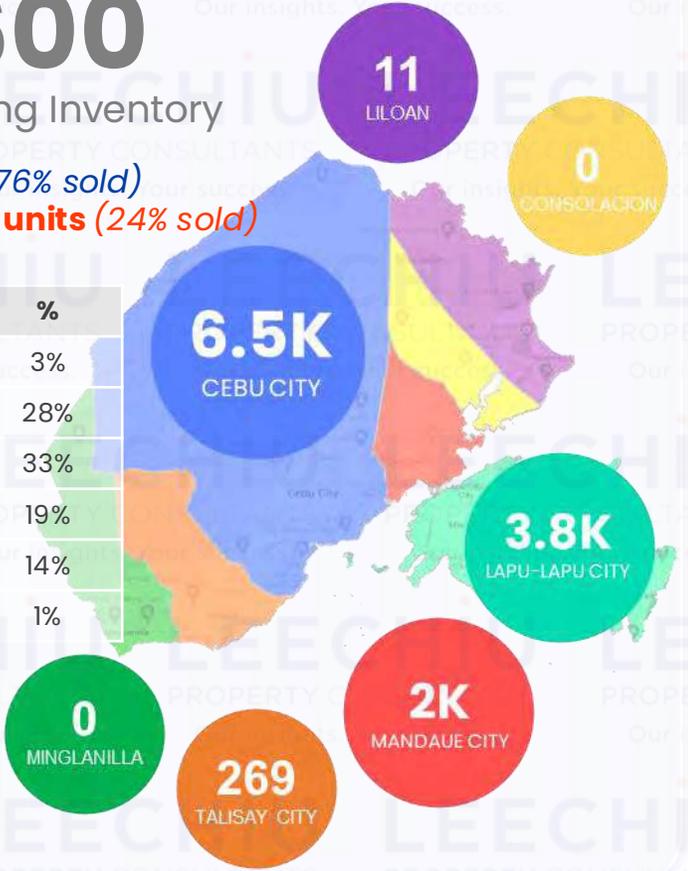
New Launches: 3.2K units  
**+14%**  
1H2025 vs 2H2024

## 12,600

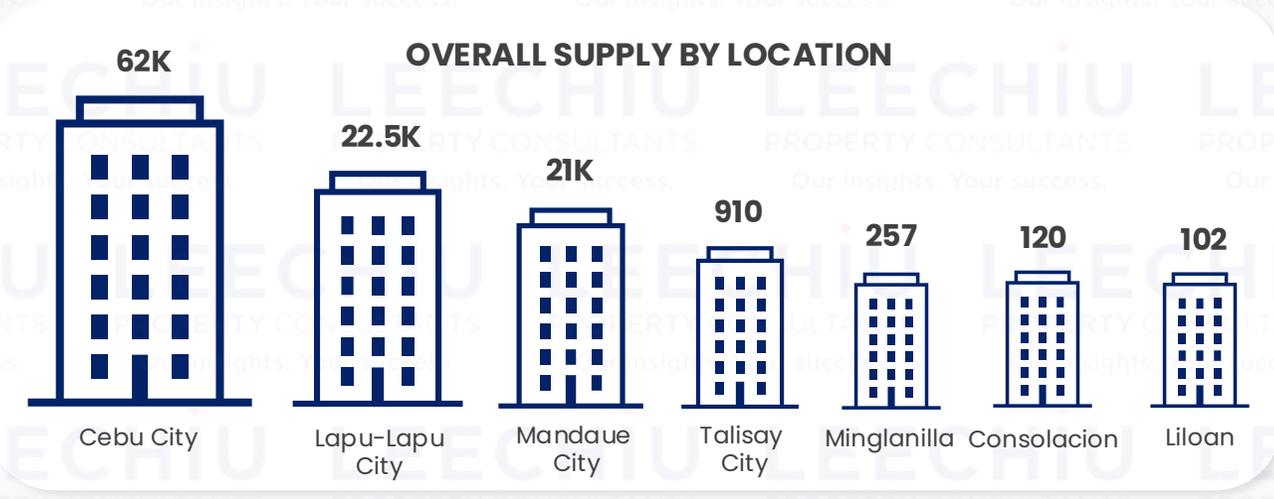
Total Remaining Inventory

**RFO: 9.4K units (76% sold)**  
**Pre-selling: 3.2K units (24% sold)**

Price Segment	%
Lower Middle	3%
Middle Income	28%
Upper Middle	33%
Upscale	19%
High End	14%
Luxury	1%



**27**  
Months supply



RESIDENTIAL MARKET

# Metro Cebu Condominium Market Prices

Cebu City holds the highest price/sqm at PHP485K per sqm.

Some projects in Cebu and Lapu-Lapu City are priced at similar levels to those in major Metro Manila districts.

## 1H2025 METRO CEBU PRICE PER SQM



### Percentage Sold (Select Projects High-End-Luxury)

- Aruga Resort and Residences 84%
- Horizon 101 94%
- 32 Sanson Rockwell-The Sillion 97%
- Solinea-Cerule 63%
- Rize at Monterrazas 48%
- Shang Bauhinia Residences 14%-New Launch

RESIDENTIAL MARKET

# Highlights

- Buyer activity increased over two consecutive quarters following the POGO exit.
- Rental rates and yields continue its downward trend.
- Despite improving financing conditions due to slight declined home rates, buyers remain cautious.
- However, the recent announcements of 2 more rate cuts will likely feed demand in the next quarters.

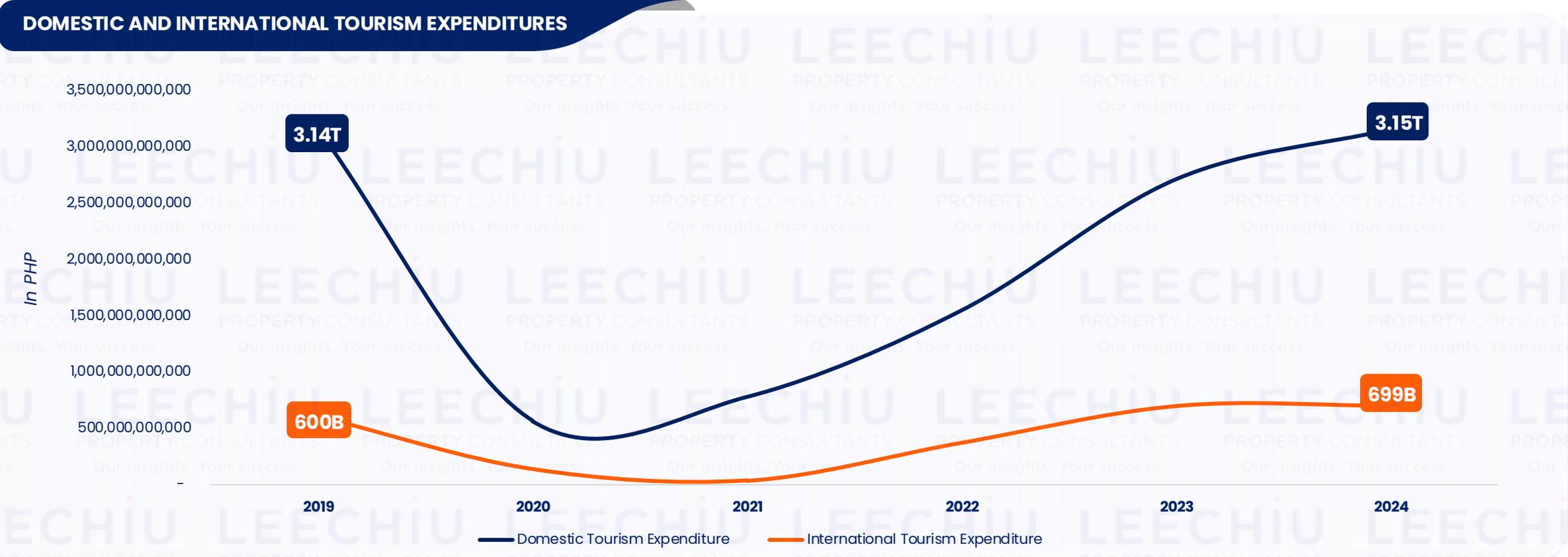
HOTELS, TOURISM, AND LEISURE

# Domestic Strength Sustains Tourism Recovery

# Domestic Travel Expenditures Power Industry Recovery

Domestic travel continues to fuel the industry's recovery, with post-pandemic activity reaching record-high receipts, highlighting strong local demand and resilience in the face of global travel headwinds.

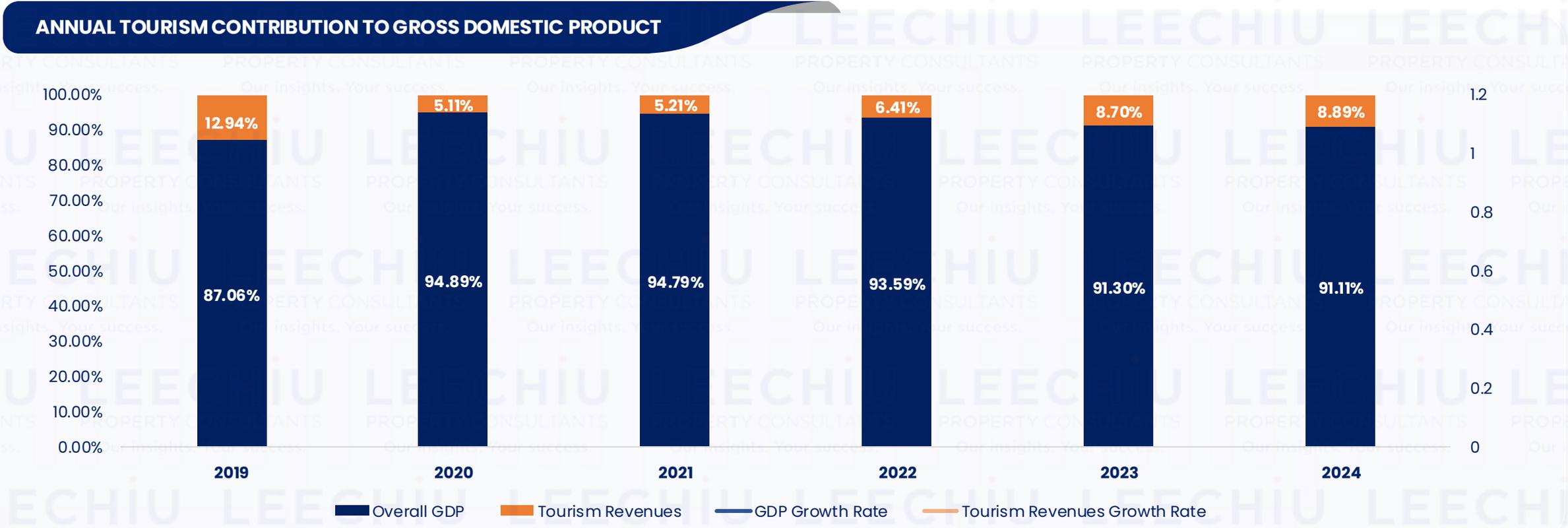
While inbound arrivals remain below pre-pandemic levels, overall tourism receipts are rising as higher-spending tourists stay longer and spend more during their visits.



# Tourism's Growing Economic Impact

The Philippine tourism industry is growing faster than the overall economy, underscoring its resilience and expanding role as post-pandemic travel demand surges.

LPC projects that the tourism industry will continue to grow and account for as much as 15% to 20% of GDP in the coming years, solidifying its role as a key economic driver.

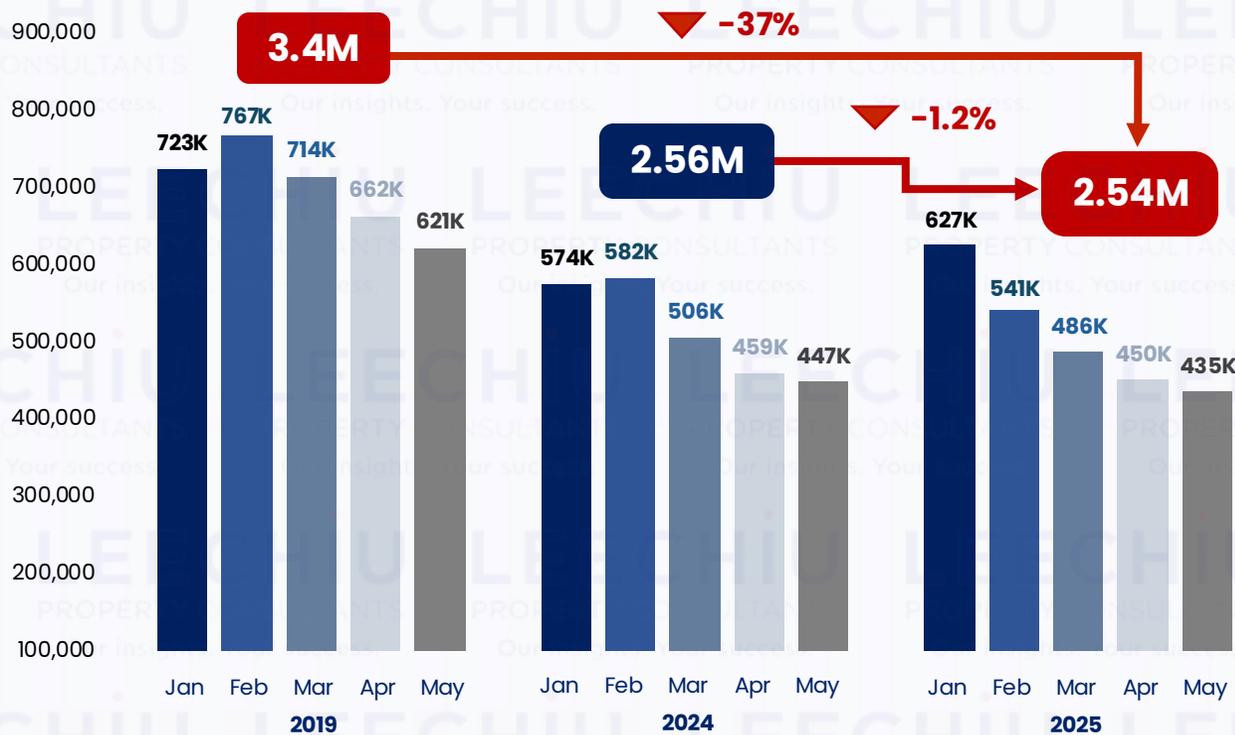


# Long-Haul Tourists Offset Korean Decline

Tourist arrivals from long-haul source markets are increasing, with additional routes and flight frequencies expected to sustain this upward momentum.

The decline in South Korean arrivals is linked to safety and security concerns, following the issuance of two travel advisories in the last quarter about robberies.

## HISTORICAL 5-MONTH FOREIGN TOURIST ARRIVALS



## TOP 5 SOURCE MARKETS

1		<b>South Korea</b> -19%	5M 2025: <b>552K</b> VS 5M 2024: <b>682K</b>
2		<b>USA</b> +9.6%	5M 2025: <b>442K</b> VS 5M 2024: <b>403K</b>
3		<b>Japan</b> +19%	5M 2025: <b>189K</b> VS 5M 2024: <b>158K</b>
4		<b>Australia</b> +19.4%	5M 2025: <b>134K</b> VS 5M 2024: <b>112K</b>
5		<b>Canada</b> +18.6%	5M 2025: <b>120K</b> VS 5M 2024: <b>101K</b>

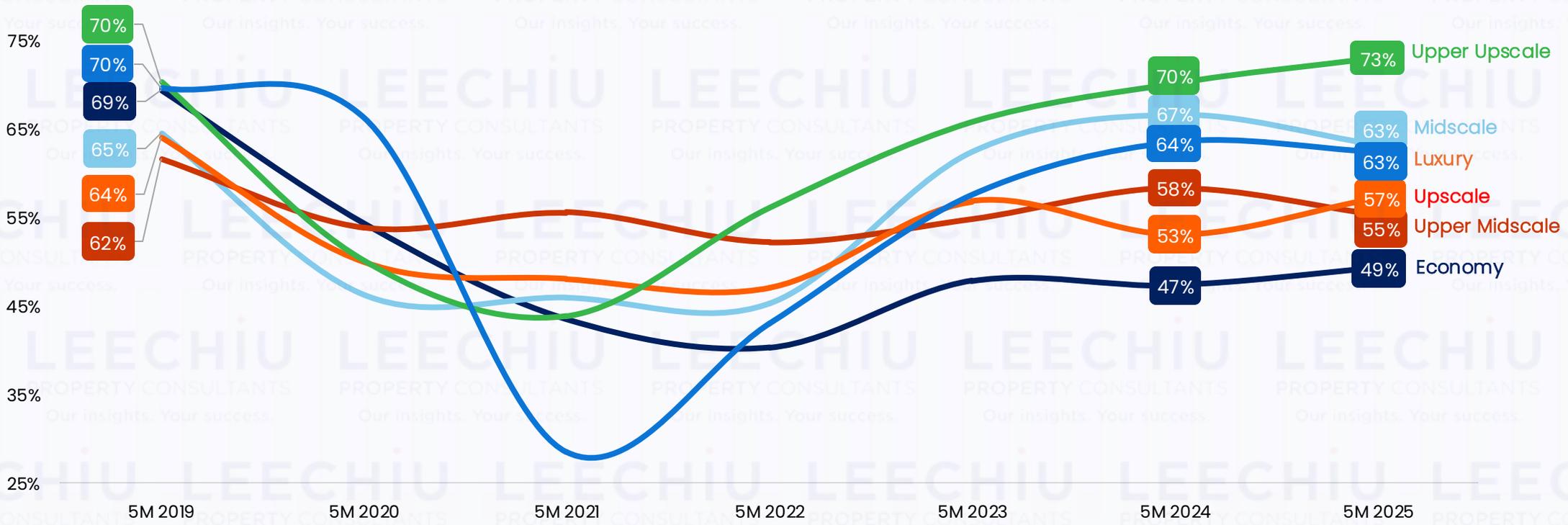
# Occupancy Rebound Concentrated in High-End Hotel Market

Following the pandemic, higher scale hotel segments have a more pronounced recovery vs mid-tier and economy scale.

Higher-income travelers and corporate business segments continue to drive the occupancy recovery across the upper hotel market segments.

Lower-tier hotels face stiffer competition from informal accommodations (e.g., short-term rentals) and remain more vulnerable to the tightening affordability issues and high inflation.

**OCCUPANCY RATES IN THE PHILIPPINES BY SEGMENT**



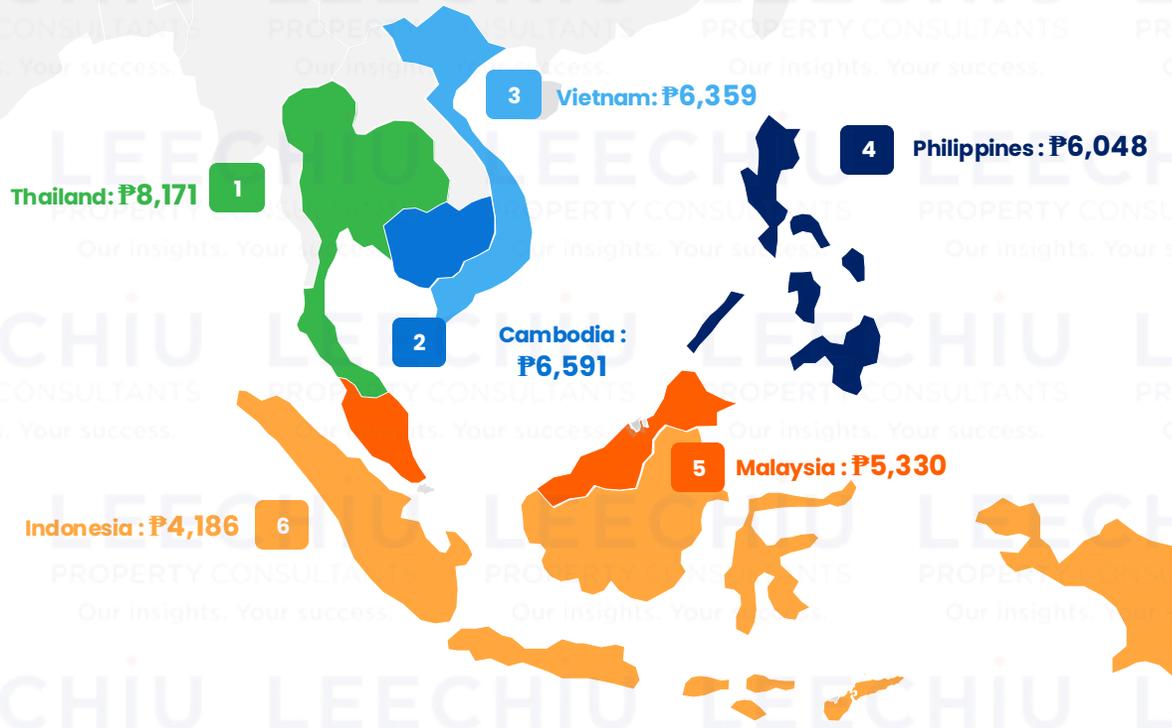
HOTELS, TOURISM, AND LEISURE

# Philippines Affordability

Addressing some of the news coverage regarding affordability of tourism in the Philippines, when comparing hotel average daily rates against ASEAN neighbors and competitors, the Philippines ranks in the middle of the pack.

Although hotel rates are on PAR with SEA neighbors, transportation is likely where much of the difference is felt. Being an archipelago, domestic flights are frequently necessary to hop between islands, which without significant scale tend to be more costly.

## 5M 2025 HOTEL AVERAGE DAILY RATES IN SOUTHEAST ASIA



HOTELS, TOURISM, AND LEISURE

# Highlights

- Domestic travel continues to drive the industry's recovery, while rising receipts from longer-staying, higher-spending tourists offset still-lagging international arrivals.
- Tourism industry set to play a growing role in the country's long-term economic development.
- Long-haul arrivals grow as Korean visits dip over safety concerns.
- The Philippines holds a mid-range, value-for-money position, with strong demand in upscale hotels and varied performance in lower tiers.

CAPITAL MARKETS

# BSP's Monetary Easing: The Needed Boost For A Slow Market

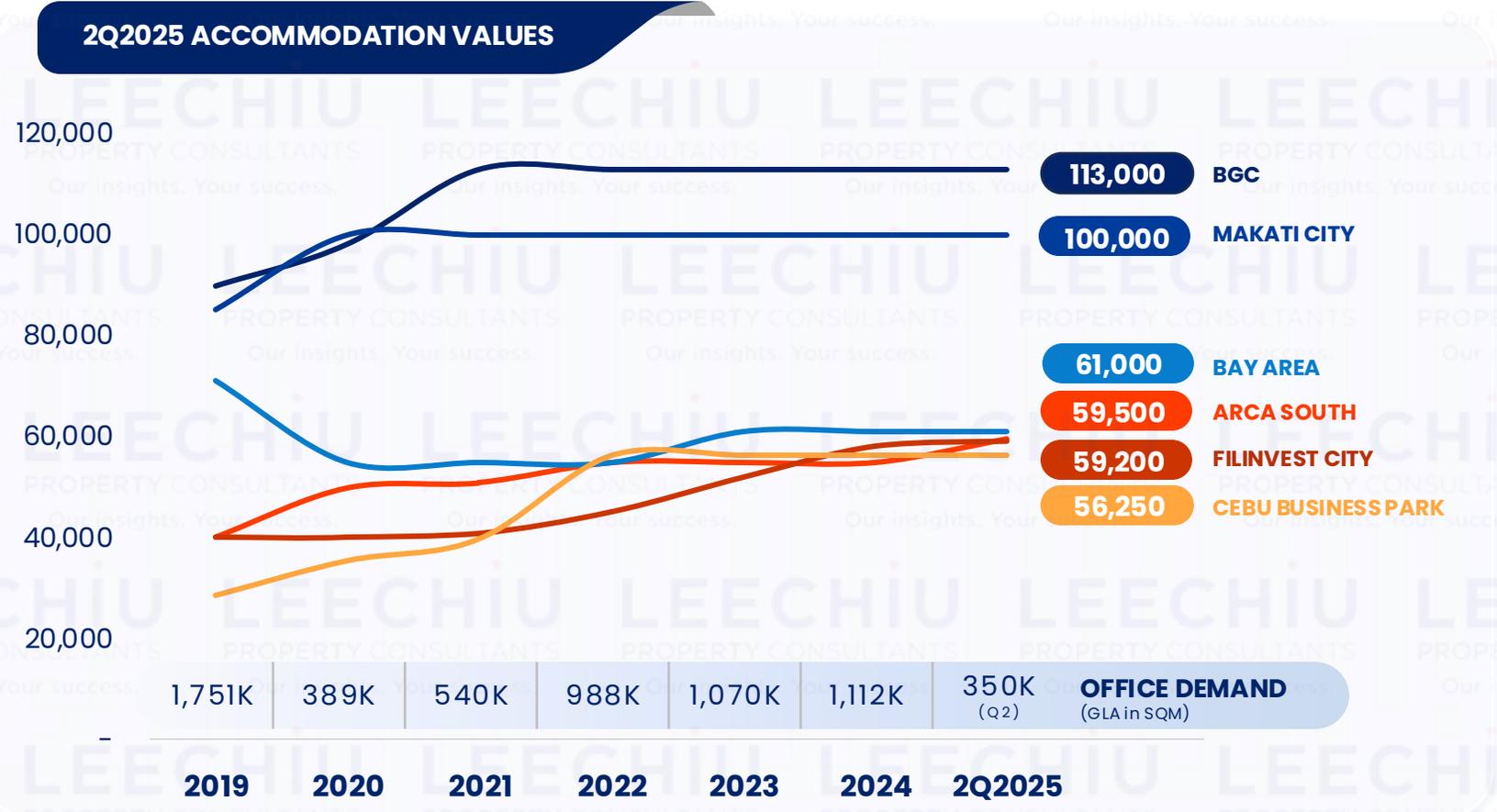
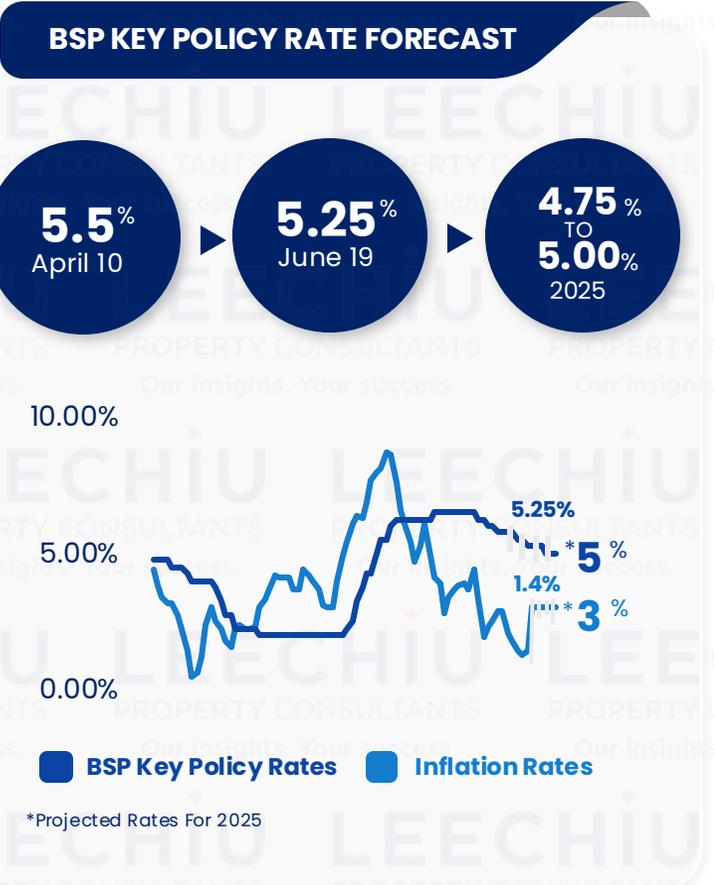
CAPITAL MARKETS

# 2<sup>nd</sup> Rate Cut of 25 BPS for 2025: Another 50 BPS Cut Expected in FY2025

The BSP delivered a 2nd rate cut in a row this year by another 25BPS in the last June 19 meeting, further aligning with its gradual easing strategy.

By the end of 2025, the policy rate is projected to decline further, potentially reaching 4.75% to 5%, enabling further market resiliency and much needed stimulus.

Inflation rate rose to 1.4% in June from May's 1.3%, but still within BSP's target of 1.6 to 2.4% FY2025.



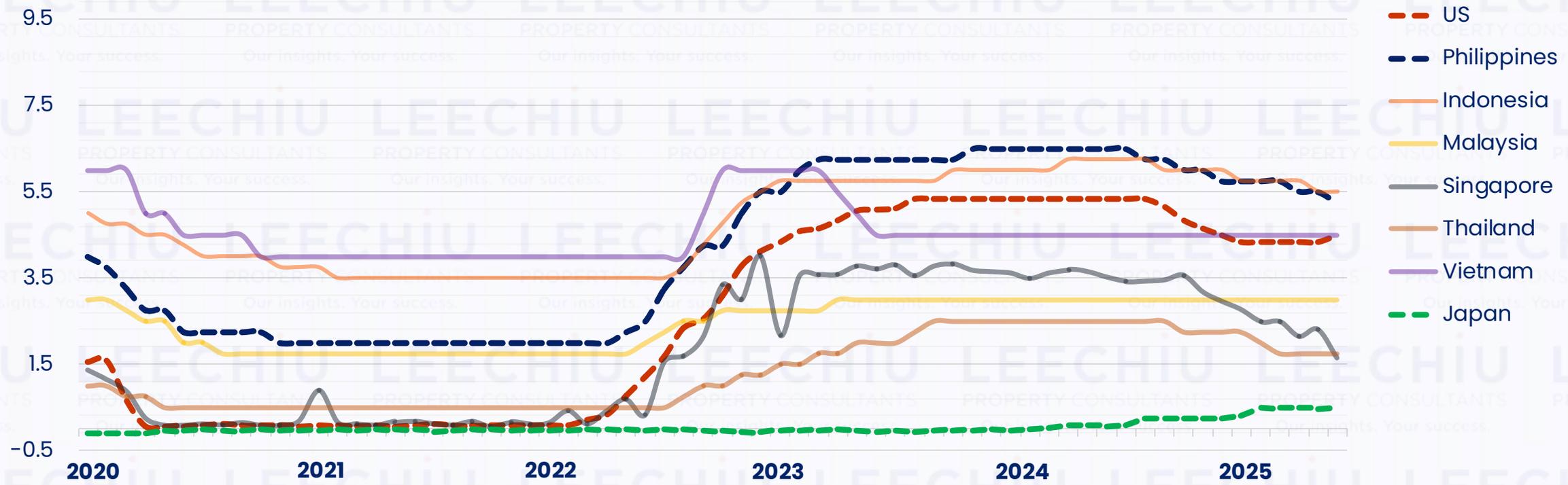
# Interest Rate Movement of ASEAN Countries, Japan, & U.S. (2020-2025)

Amid post-pandemic, ASEAN central banks and the U.S. aggressively raised interest rates in 2022-2023, with the Philippines reaching 6.5% and the U.S. over 5%.

The U.S. led sharp rate hikes (reaching 5%+), influencing global financial conditions. The synchronized hikes were aimed at cooling overheated economies.

With inflation cooling, central banks are expected to ease rates. BSP forecasts a cut to 4.75%-5%, signaling a shift toward economic stimulus.

**INTEREST RATE MOVEMENT (2020-2025)**



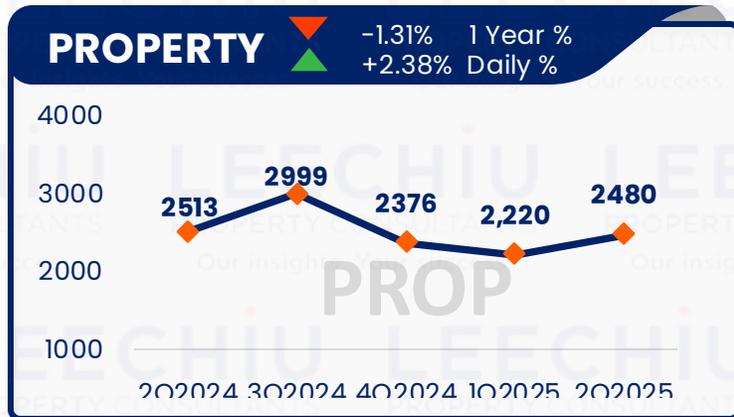
CAPITAL MARKETS

# PH Index, Prop Index, & REITS (as of JULY 9, 2025)

REITS OUTPERFORM BROADER MARKETS IN ROUGH TIMES:  
REITS UP 22.5% YoY vs PSEi UP +1.64% YoY

PSEi inched higher closing at +1.64% 1-year increase due to surge in economic activity. While majority of the REITs are up from 9% to 44% in the same 1-year period.

REITs shine as a solid hedge in current conditions, providing stability in the face of the ongoing market crash in the form of solid valuation bases and high single digit returns.

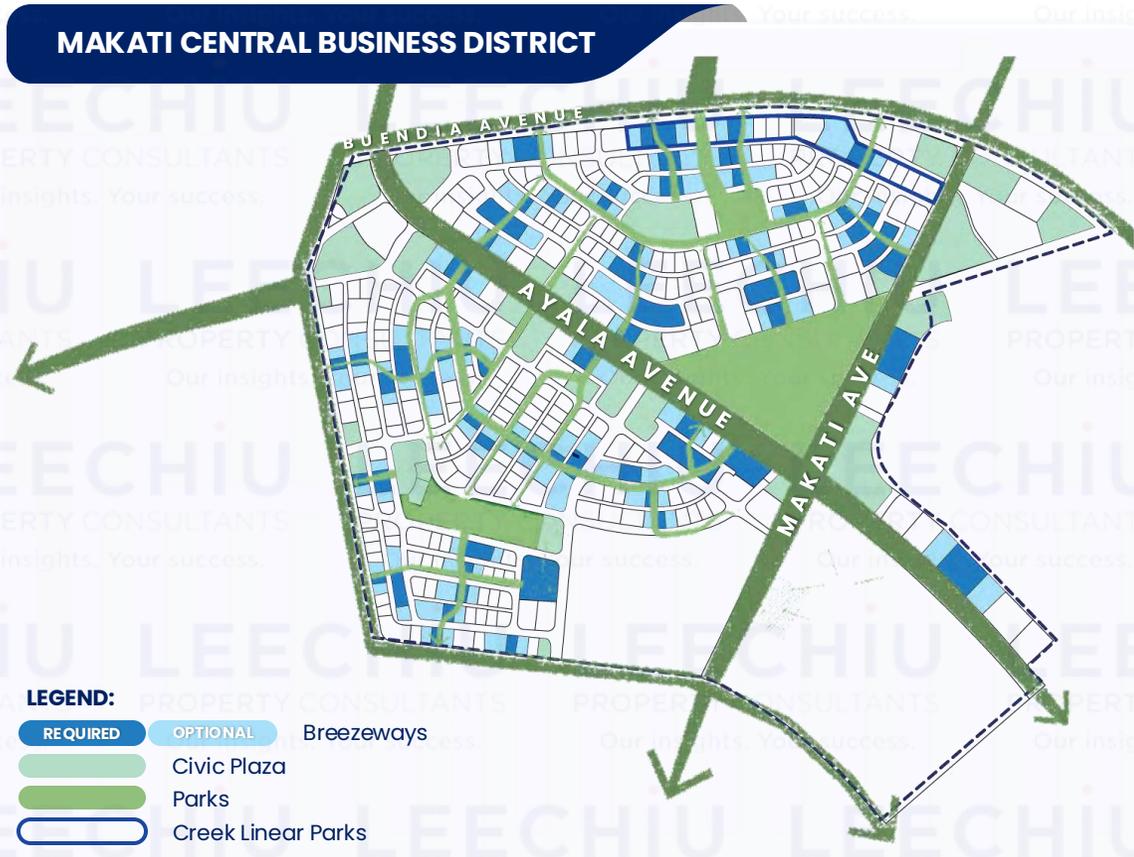


# Unlocking Makati's Growth: Revised Zoning Laws

**Boosted Development Potential:**  
Higher Floor Area Ratios (FAR) and zoning rules unlock greater density and mixed-use developments.

**Rising Property Values:**  
Demand for land and high-end developments is expected to surge, driving up prices and positioning Makati as a more competitive urban hub.

**Increased Investment Appeal:**  
Enhanced zoning flexibility and expanded allowable uses attract both local and global investors.



CATEGORY	BEFORE	NEW MAKATI CBD ZONING
ZONING TYPE	Mixed-use limited by zone	All lots allowed as Mixed-Use
MCBD FAR LIMITS	Residential (FAR 16) Retail (0.5-1)	Unified FAR 16 for mixed-use Retail up to FAR 3 for all lots and FAR 7 retail for TOD lots
OFFICE SPACE FAR IN LEGAZPI & SALCEDO	FAR 8	FAR 10
RESIDENTIAL ON AYALA AVENUE	Not allowed (office-only zone with the exception of Apartment Ridge)	Now allowed
BONUS FAR	No standardized bonus FAR	Incentive FAR of 1.5 for breezeways and civic plazas that are open to the public 24/7
TRANSIT-ORIENTED DEVELOPMENT	No specific provisions	Active Retail and Civic Plazas required around MRT stations
TRANSFER OF DEVELOPMENT RIGHTS (TDR)	Lot-based zoning, limited TDR flexibility	Superblock-based with 5 TDR zones

CAPITAL MARKETS

# Highlights

- BSP's dovish stance and second 25 bps rate cut on June 19 positions the Philippine real estate market to navigate externally driven headwinds.
- REITs outperform broader markets underscoring their importance on any well-balanced portfolio for retail and institutional investors seeking resilient, stable cashflows from tangible assets.
- A strong post-pandemic recovery, combined with a growing working demographic, positions the Philippines for high growth potential among ASEAN countries, allowing the PH to be a key emerging market in the coming years.
- The 2<sup>nd</sup> revised MCBD zoning laws allows Makati to be a relevant CBD for tomorrow; mixed-use redevelopment, better mobility, greener public spaces, and a more modernized livable urban design. These efforts are critical to long term capital value, sustainability, and growth.



Q2 2025

# Opportunities Taking Shape

## Philippine Property Market Report

# Thank You

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