



# The Philippine Property Market Situation 2004

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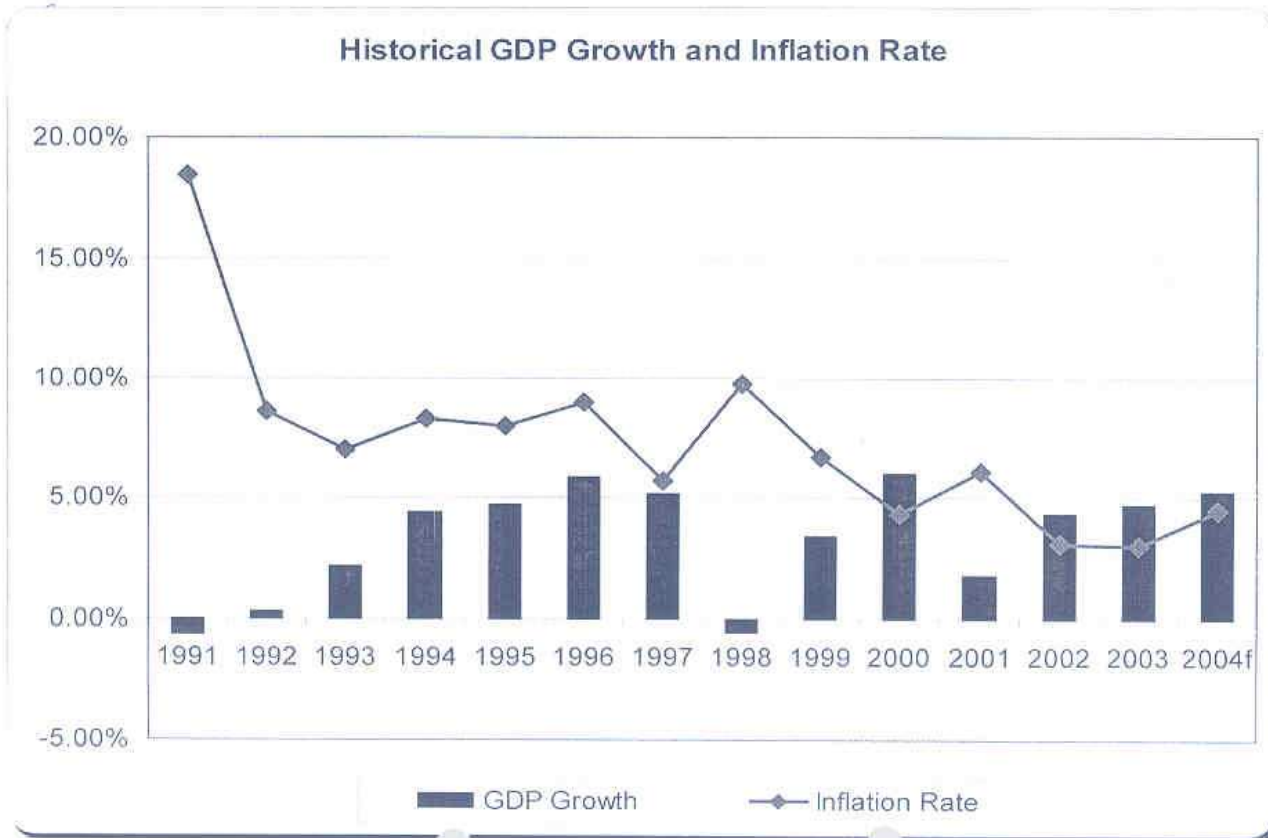
# A Fresh Mandate



# Uncertainties in 2003

- ◆ Iraq conflict
- ◆ High oil prices
- ◆ SARS epidemic
- ◆ Slow recovery in major industrial countries during the 1<sup>st</sup> half of 2003
- ◆ Failed military coup
- ◆ May 2004 elections (wait-and-see)

# GDP and Inflation



# GDP Growth Rates

| Year | Indonesia | Malaysia | Philippines | Singapore | Thailand |
|------|-----------|----------|-------------|-----------|----------|
| 2003 | 4.10      | 5.20     | 4.52        | 1.09      | 6.75     |
| 2002 | 3.69      | 4.12     | 4.43        | 3.29      | 5.41     |
| 2001 | 3.45      | 0.32     | 4.52        | -2.37     | 2.14     |
| 2000 | 4.92      | 8.55     | 4.38        | 9.41      | 4.76     |
| 1999 | 0.79      | 6.14     | 3.41        | 6.42      | 4.45     |
| 1998 | -13.13    | -7.36    | -0.59       | -0.86     | -10.51   |
| 1997 | 4.70      | 7.32     | 5.19        | 8.51      | -1.37    |
| 1996 | 7.82      | 10.00    | 5.85        | 7.71      | 5.90     |

# ASEAN Rebound 2004 GDP (ADB forecasts)

- ◆ Philippines – 4.8%
- ◆ Laos – 6.0%
- ◆ Malaysia – 6.5%
- ◆ Cambodia – 5.4%
- ◆ Indonesia – 4.6%
- ◆ Vietnam – 7.3%
- ◆ Thailand – 6.6%
- ◆ Singapore – 6.9%
- ◆ Brunei Darussalam – 4.0%
- ◆ Myanmar – 5.10% (2003)
- ◆ ASEAN – 5.8%

## Philippine Growth

“The Philippine economy has performed better than we expected in the first half...despite our belief that economic deceleration is already underway in the third quarter, we are raising our full year 2004 GDP growth forecast from 4.5% to 5.6%.”

Morgan Stanley

## Why the Resilience?

1. Private Consumption
2. Pickup in export earnings
3. Overseas workers' remittances
4. Election spending



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## Private Consumption (Growth)

- ◆ 5.1% (2003)
- ◆ 5.5% (2004f)

## Export Earnings 2003

- ◆ Total – 8.99%
- ◆ Electronic products – 6.92%
- ◆ Components/devices – 1.76%
- ◆ Electronic data processing – 15.62%
- ◆ Apparel/Clothing – (18.61%)
- ◆ Consumer electronics – 87.87%
- ◆ Coconut oil – 51.31%
- ◆ Products using imported materials – 43%

## Overseas Workers Remittances

\$7.6 Billion - 6.3% (2003)

7.5% of GDP

# Election-Related Spending

- ◆ Construction will grow from -0.4 percent in 2001 to 8.7 to 9.2 (or an average of 9.0) percent in 2004.
- ◆ Ownership of dwellings and real estate will grow from -1.8 percent in 2001 to 5.0 to 5.5 (or an average of 5.3) percent in 2004.

## Foreign Direct Investments (2003)

- ◆ 6 East Asian economies - \$60B
- ◆ China - \$53.5B
- ◆ Indonesia, South Korea, Malaysia, Philippines and Thailand - \$6.5B
- ◆ Philippines – less than \$1B

# Major Obstacles

- ◆ Highly protectionist
- ◆ Anti-market provisions

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## Competitive Edge

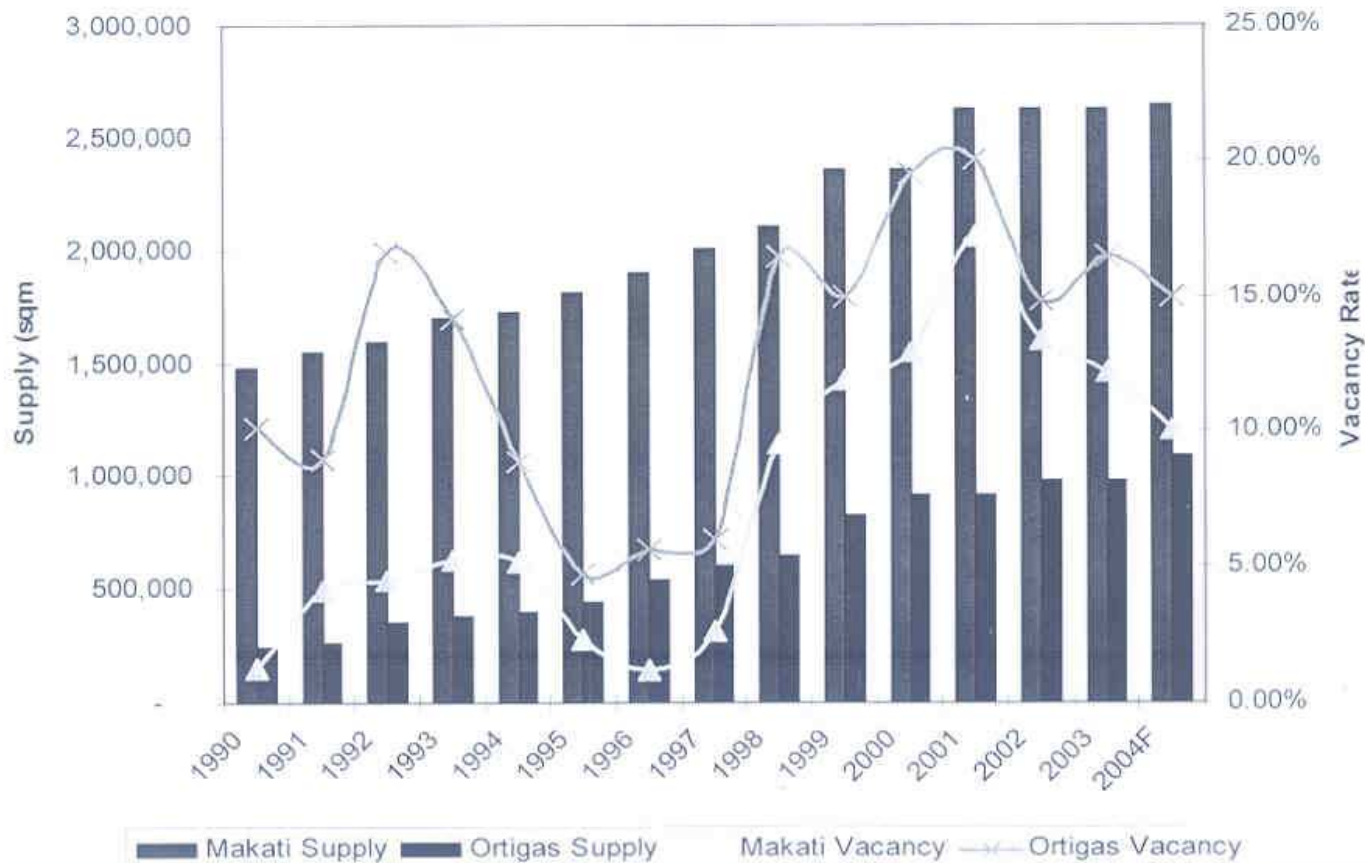
- ◆ Highly educated manpower
- ◆ Proficiency in the English language
- ◆ Ability to learn diverse languages
- ◆ Expanding labor force

# Investment Opportunities

1. Strong domestic market
2. Health & Wellness tourism
3. IT-enabled business operations
4. Logistics
5. Education
6. Medium-cost housing



# Supply and Vacancy Rates



# Office Rent

Average Monthly Rental Rate Per SQM  
(Makati and Ortigas CBD)

