



2025 Philippine Property Market Report

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# Shifts and Pivots





# Executive Overview

The Philippine Property market continues to navigate through volatile economic and market conditions both domestically and globally. In 2025, strategic shifts and pivots were taken in order to maximize current opportunities, and to set the stage for sustainable growth.

Among the highlights of the year is the signing of the 99-year land lease for foreign investors in September 2025. This is a welcome development from the previous 50-year term with an option for a 25-year extension, making the country more attractive for investors that are eyeing longer-term projects such as those in the hospitality and industrial segments. Foreign developers may also find leasehold opportunities for residential projects more viable with the extended lease term.

The different segments of the Philippine real estate sector also showed shifts, positioning themselves for future growth:

- In the office segment, the Information Technology and Business Process Management (IT-BPM) continues to absorb office space from existing and new office projects in the absence of offshore gaming demand following the ban. A more decentralized expansion strategy continues to be observed through strong activity in provincial office markets.
- The oversupply fiasco in mid-market condominiums in Metro Manila has prompted developers to diversify in terms of locations, price points, and product types. The shift to provincial, to premium, and to horizontal projects have been observed year-round with many residential players.
- In the retail segment, a shift in retail mix is noted, favoring product offerings that are harder to digitize. Furthermore, strong provincial activity has also been recorded in the retail scene, with mall formats and retailers in provincial malls becoming increasingly similar to NCR malls.
- Despite the slower-than-expected recovery of international arrivals, strong domestic tourism positions the hospitality segment for continued growth. The concept of bleisure (business + leisure) hotels continues to gain popularity as demand from remote workers grow, and the meetings, incentives, conferences, and exhibitions (MICE) market recovers.
- The industrial segment has seen a shift from traditional warehouses to more specialized industrial facilities, seeing growing activity in high-tech manufacturing, smart logistics, cold storage, and data centers.

Despite continued headwinds and challenges, the Philippine property market continues to adapt, taking strategic shifts and pivots to meet the demands of an ever-evolving real estate landscape.

# Office

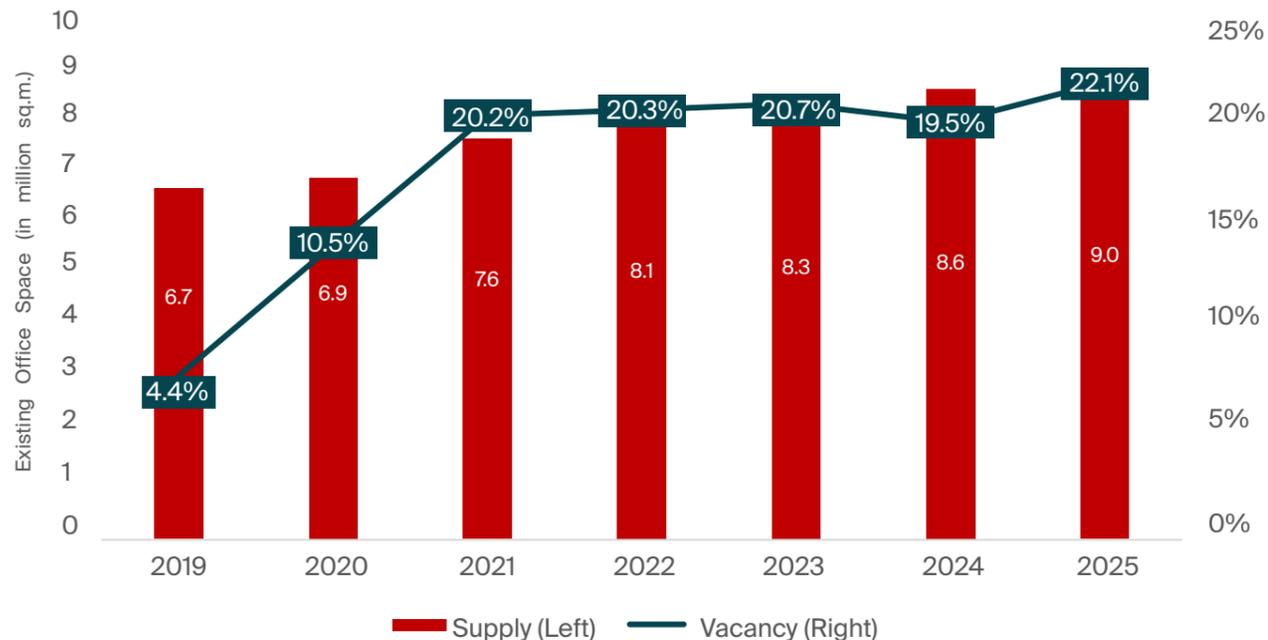
## Demand from the IT-BPM Sector Returns to Focus

On December 31, 2024, the total ban on Philippine Offshore Gaming Operators (POGOS) took effect – eliminating a major office demand driver. POGOs occupied over a million square meters (sq.m.) of office space in Metro Manila at their peak in 2019, but started to dwindle during the pandemic due to the implementation of stricter tax rules in 2021. In President Ferdinand Marcos’ state of the nation address in 2024, he declared a total ban on the sector which has been linked to rising criminality and threats to national security.

In a year without new leases from POGOs, the IT- BPM sector took center stage as the more stable source of office space demand. Santos Knight Frank’s Occupier Strategy & Solutions team noted over 460,000 sq.m. of gross office take-up, which largely came from new leases of IT-BPM companies. So, while Metro Manila’s office supply grew by 4.7% year-on-year to approximately 9 million sq.m., the vacancy rate only grew by 260 basis points to 22.1%.



Fig.1: Metro Manila Office Supply and Vacancy Rate



Vacancy rate in Metro Manila grew by 260 bps YoY to 22.1% driven by vacant spaces in recently completed buildings. In 2025, Metro Manila office supply grew by 404,000 sq.m. to approximately 9 million sq.m., a YoY growth of 4.7%.



Office demand in Laguna prompts SM Prime and Ayala Land to expand their office portfolio in the area with the launch of The Core Tower 3, and the 200-hectare Metro Nuvali which is envisioned to host office projects in its planned Central District.

## Provincial office markets continue to take center stage

Provincial office markets continued to shine in 2025, as a number of key transactions were recorded outside of Metro Manila.

In June, iQor added a 400-seat facility in Santa Rosa, Laguna to its portfolio, expressing confidence in the city’s ability to support the company’s growth. IT-BPM giant Concentrix launched its new site in Bacolod City in June, followed by its Naga City expansion in August, adding to its Philippine operations spread across 19 locations. US and India headquartered Fusion CX also expanded its local footprint with a new facility in Legazpi City, together with a

new site in Mandaluyong City in July. Also in July, Carelon Global Solutions inaugurated a new facility in Iloilo City, as part of its efforts to reach 10,000 employees in 2025.

Banking on this strong momentum in provincial locations, developers have also been beefing up their office portfolios in key growth areas outside of Metro Manila. In 2025, provincial office spaces came online in Bacolod, Cebu, Clark, and Iloilo, with more added to the pipeline in Laguna. SM Prime launched the third tower of its The Core project within its SM City Sta. Rosa complex. While Ayala Land launched the 200-hectare Metro Nuvali in November, a 40-hectare portion of that called Central District will be dedicated to office buildings.

# Residential



The Laurean Residences

## Premium launches continue, optimism for recovery of mid-market segment starting to grow

In response to the oversupply situation of mid-market condominium units in Metro Manila, the residential segment pivoted towards premium residential projects, capturing demand from affluent buyers.

In July 2025, SM officially entered the premium segment with their release of Signature Series by SM Residences; changing gears from mid-segment development for which the developer is known for. The brand's first project will be a luxury village in Susana Heights in Muntinlupa City, set to be launched soon.

In October, Ayala Land Premier launched the 65-storey, ultra luxury Laurean Residences in

Makati's Central Business District. The project, featuring a strong sense of sustainability by holding an Excellence in Design for Greater Efficiencies (EDGE) certification, features charging stations for electric vehicles, as well as EV-ready parking slots. Ayala Land, however, did express growing optimism in the recovery of the middle-income market as it said its inventory for its core residential market has gone down to comfortable levels, and would be launching under its Avida Land brand starting with a project in Katipunan in Quezon City.

Outside Metro Manila, Ayala Land Premier also unveiled premium horizontal projects with Enara in Laguna, and Virendo in Davao. Rockwell Land also expanded its presence by launching Lauan Ridges in Lipa, its first premium horizontal project in Batangas.

## Developers sustain aggressive expansion outside the National Capital region (NCR)

While residential activity in NCR remains tempered, activity outside NCR remains aggressive, even in the middle-income market. Demand can be seen in how residential real estate loans granted in areas outside of NCR (AONCR) grew by 14% in the first 9 months of 2025, as compared to the same figure in 2024. Meanwhile, that in Metro Manila only grew by 7%.

On a per product basis, loans for condos located in AONCR grew by 65% in 9M2025 as compared to 9M2024, while that for houses grew by

just 5%. In NCR, loans for condos grew by 14% in the same period, while those for houses declined by 23%.

Interesting is the 192% increase in condo loans granted in the Greater Manila Area (excluding NCR). This follows a growing diversification of product offerings being offered in locations that are usually dominated by horizontal projects (ie., house & lots and lots-only projects).

In January 2025, Famtech Properties (JV between Megawide's PH1 World Developers and Property Company of Friends, Inc) added a third tower to One Lancaster Park, the first condo project in Cavite first launched in 2022. The shift marks evolving consumer preferences that developers continue to adapt to.

Fig.2: Demand comparison for residential properties outside NCR

Location	9M24			9M25			Growth Rate		
	Condos	Houses	Total	Condos	Houses	Total	Condos	Houses	Total
NCR	6,074	1,384	7,458	6,913	1,059	7,972	14%	23%	7%
AONCR	2,991	15,537	18,528	4,949	16,246	21,195	65%	5%	14%
Greater Manila Area*	822	9,662	10,484	2,397	9,967	12,364	192%	3%	18%
Metro Cebu	841	869	1,710	1,122	1,014	2,136	33%	17%	25%
Metro Mindanao	634	1,002	1,636	675	1,076	1,751	6%	7%	7%
Other Areas	694	4,004	4,698	755	4,189	4,944	9%	5%	5%

Significant growth in residential loans in areas outside of NCR signifies strong unit take-up, particularly in the mid-market segment. The increase in granted loans between 9M25 and 9M24 in the Greater Manila Area and Metro Cebu shows demand for projects that are still accessible from metropolitan areas.

\*Batangas, Bulacan, Cavite, Laguna, Pampanga. Excludes NCR



Susana Heights

# Retail



## Food & beverage, personal care & wellness, and recreational activities taking up more mall spaces

In a continued shift towards more experiential retail offerings, there is a notable increase in the share of restaurants, gyms and fitness facilities, aesthetic clinics, and recreational activities within malls. These retail categories are considered “harder-to-digitize” as the product (or a key component of the product) cannot be experienced through online shopping. This keeps malls relevant despite the continued growth of e-commerce.

Overall, Metro Manila enjoys a healthy overall occupancy of 83%, but a handful of malls exhibited low occupancy driven by a number of reasons which include the lack of development in the retail mix and vacancy in attached/nearby office component, among others.

Fig.3: Estimated occupancy rates

City	Estimated Occupancy*
Las Piñas City	89%
Makati City	86%
Mandaluyong City	86%
Muntinlupa City	79%
Pasay City	80%
Quezon City	83%
Taguig City	85%
<b>Metro Manila</b>	<b>84%</b>

\*Occupied and operational in-line stores only. Excludes under-construction stores. On-going redevelopment and expansions are not included in the supply.

## Mall operators shifting to more upscale formats and retailers

Similar to the shift to premium observed in the residential segment, the retail segment is also experiencing an increasing focus on more upscale retail formats such as the opening of Opus Mall in 2024, as well as the renovations and redevelopment activities in a number of malls nationwide.

To support this, mall operators continue to bring in upscale retailers. In 2025, Alo, Sandro, Maje, and Alice + Olivia all opened up in Greenbelt, showing luxury fashion brands’ confidence in demand from Filipino buyers. Even the blind box craze can be considered an accessible luxury as these branded collectibles do come with considerable price tags.



Luxury brands continue to enter the Philippine market as mall operators also reinforces their upscale retail projects. Greenbelt

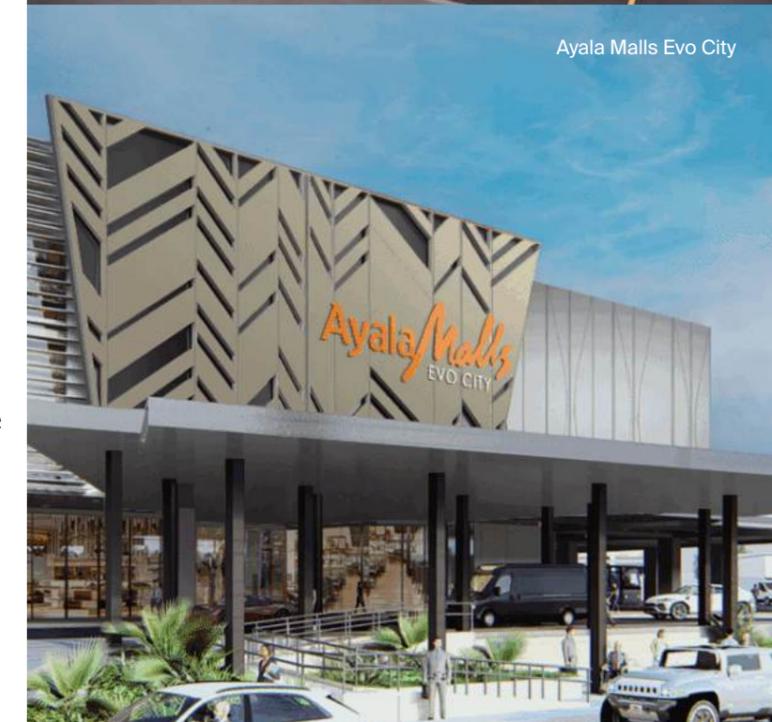
Despite economic challenges, the upscale market is considered less impacted, so properly positioned upscale brands continue to thrive. It also helps that the Philippines’ demographics involves a young population that is more likely to spend.

## Strong retail activity outside Metro Manila

In 2025, there was a notable shift of mall development outside Metro Manila. SM Supermalls completed the construction of SM City Laoag in Q2 2025, and SM City La Union in Q4. Meanwhile, Ayala also opened the 1st phase of Ayala Malls Evo City in Kawit, Cavite in Q4 2025.

This trend is expected to continue in 2026, with the mall pipeline for the year including SM Neo Verde in Laguna, Phase 2 of Ayala Malls Evo City, Filinvest Mimosa Mall in Pampanga, and SM Zamboanga in Mindanao.

It is worth noting that malls in the provinces are increasingly becoming similar to malls in key Metropolitan areas such as Metro Manila and Cebu City, housing more upscale retail brands, and also shifting to more experiential retail offerings.

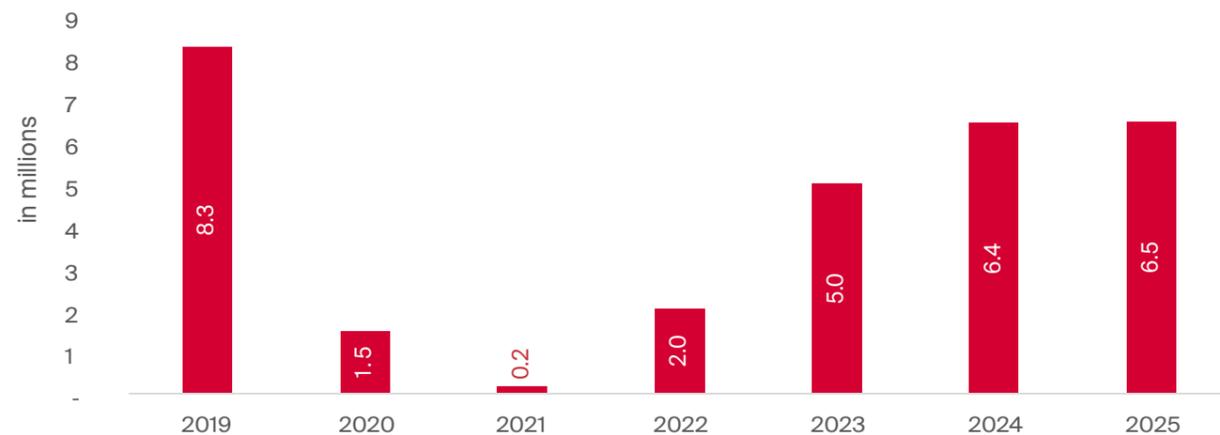


# Hospitality

## Government initiatives to boost the country's international arrivals

In 2025, 6.48million of international arrivals to the Philippines, less than 1% growth from the 6.44 million in 2024. This figure is still just 78% of 2019 levels, and is still considered behind Southeast Asian neighbors.

Fig.4: International Arrivals



International arrivals grew by less than 1% YoY to 6.48 million at the end of 2025.

With this, the government continues to come up with programs and policies that aim to make the country more attractive to tourists.

In March 2025, the Implementing Rules and Regulations (IRR) of Republic Act 12709 or the VAT Refund for Non-Resident Tourists was signed. The law aims to make the Philippines a more attractive shopping destination for foreign tourists, positively impacting both the tourism and retail sectors.

Other than the rehabilitation of tourist destinations and support infrastructure, the country also continues the strategic implementation of visa-free entry for foreign nationals. In November, Indian nationals can stay up to 14 days visa-free in the Philippines, extendable to 21 days.

## Domestic tourism supports growing Bleisure concept

While the international arrivals figure is seen to be growing, the tourism sector's recovery is considered to be largely tied to domestic tourism. The Department of Tourism's latest data on overnight travelers shows that in 2024, 56.8 million are domestic travelers, a growth of 21% as compared to the 4.64 million in 2019. The 88% share of domestic travelers in 2024 is also larger than the 82% recorded in 2019.

Continued revenue travel as well as the recovery of the MICE market is seen to be influencing the sustained growth of domestic tourism. This, together with continued growth of the Philippine digital economy and work-from-anywhere

population, supports the blurring line between business travel and leisure travel.

To support the growing bleisure concept, hotels and resorts continue to include function halls as a crucial part of their amenities to capture corporate and social events, but are also adding specialized amenities for remote workers stable Internet connectivity and dedicated co-working spaces. Ibis Styles Manila Araneta City, which was officially launched in February 2025, opened its 24/7 strEATs Co-working Café which can accommodate guests who need to work at anytime of the day. Meanwhile, the recently launched Hotel 101 Roxas Boulevard includes a dedicated co-working hub in its plans.



Philippine developers continue to partner with international hotel operators, leveraging on their operational expertise and unique concepts. Ayala Land partnered with Marriott International to open the 1st Moxy hotel in Circuit Makati. Meanwhile, Megaworld signed a deal with Accor to build the biggest Mövenpick globally in Westside City in Parañaque City.

## Partnerships with international hospitality giants continue

Local developers continue to partner with global hospitality leaders like Accor, International Hotel Group, and Marriott hotels, maximizing their operational expertise, as well as capitalizing on these groups' loyalty programs attracting their members to their facilities in the Philippines.

Marriott Hotels, in July 2025, introduced its Moxy Hotels line to the Philippines with its first project to be built in Circuit Makati. Then, In November 2025, Megaworld signed a deal with Accor to convert the former's Grand Westside Hotel into Mövenpick Manila Bay Westside targeted for completion in 2026.



Ibis Styles Manila - Araneta City, which had a grand launch in February 2025, opened strEATs Co-working Café that can accommodate guests who need to work.



# Industrial



## Central Luzon maintains growth momentum

The Cavite-Laguna-Batangas (CALABA) area continues to be considered the country's primary industrial epicenter, but the growth in Central Luzon continues. In 2025, expansions have been recorded in Cavite Technopark in Cavite, Lima Technology Center, and Batangas Technopark. Meanwhile, Aboitiz Group's Lima Land and Yuchengco Group's House of Investments entered into a joint venture

agreement to expand the industrial-anchored TARI Estate in Tarlac by 184-hectare for a total of 384 hectares.

Central Luzon's development is backed up by strong infrastructure push, with on-going construction of the North-South Commuter Railway, Subic-Clark Cargo Railway, the continued development of the Clark Freeport Zone, and the upcoming New Manila International Airport in Bulacan, among others.

## Spotlight shifts from traditional warehouses to more specialized industrial

Moving away from standard warehouses, the focus of industrial development has been on specialized industrial facilities such as cold storage and data centers. Notable activities in these industrial subsegments have been recorded in 2025 and are expected to continue.



Players in the cold chain segment continue to expand their cold chain capacities. Pioneer Group is redeveloping its 1967 facility to a new 5,000-pallet project set to operate by H2 2026.

### I. Cold Storage

Cold storage players continue to beef up their portfolios. Earlier in the year, the joint venture of Glacier Megafridge Inc., and Ayala Corporation's AC Logistics launched the first phase of its GMAC Davao project, adding 700-pallets, with over 10,000 pallets more slated for completion in early 2026. Meanwhile, Pioneer Group broke ground for a 5,000-pallet project near the Port of Manila, a redevelopment of its old facility originally built in 1967.

Strategic acquisitions also continue to be observed in the sector. Ayala Land Logistics Holding Corporation's Alogis Artico acquired 2 industrial facilities with cold storage facilities from 3M Properties: one in Pangasinan, and another in Iloilo.

Foreign participation into the Philippine cold chain sector also grew. In May 2025, the Philippine Competition Commission cleared the partnership between Singapore's Canopy Investments and Mets Cold Storage and other firms connected to Edward Tio's Mets Logistics Inc. In June, American private equity firm I

Square Capital agreed to acquire a controlling stake in Royale Cold Storage (RCS), leading to the groundbreaking of the expansion of RCS' Plaridel, Bulacan facility in October, with further expansions in line for its other locations.



### II. Data Centers

In the data center front, 2025 saw the launch of 3 projects: PLDT's Vitro Santa Rosa and A-FLOW's ML1 in Laguna, and Digital Halo's MNL 1 in Rizal. PLDT held a grand launch of its 50-MW Vitro Santa Rosa in April which was structurally completed in July 2024. Meanwhile, Digital Halo's 6.5-MW MNL 1 project, which is the first of a 3-building campus with a planned capacity of 70 MW, came online in June 2025. Then, in November 2025, the joint venture of AyalaLand Logistics and FLOW Digital Infrastructure launched its 6-MW ML1 facility, kickstarting its planned 36-MW campus.

More development in the data center scene is expected in the coming years. Globe Telecom and ST Telemedia's STT Fairview1 project, topped of in late 2024; onboarded Radius Telecoms and Source Telecoms in October 2025 as connectivity partners on top of Globe Telecom for its planned 124-MW, telco-neutral campus. The JV is also building a second site in Cavite to complement one of Globe's existing data centers. Full operations of both projects

were targeted for 2025 but seem to have slid to 2026.

Meanwhile, PLDT announced in September 2025 its plans for its 12th and largest data center to be built in General Trias in Cavite. Targeted for completion in 2028, the project has a planned capacity of 100 MW.



West Cebu Industrial Park



Victoria Industrial Park

## Draft Strategic Investments Priority Plan shows continued government push for key industrial activities

While the finalization of the Strategic Investments Priority Plan for 2025 to 2028 has been delayed, the draft shows continued government push for key industrial activities such the manufacture of pharmaceuticals, the semiconductors & electronics, and shipbuilding, among others. These target industries are also the focus of specialized economic zones that the government have been proclaiming such as the Victoria Industrial Park in Tarlac, West Cebu Industrial Park, and the Palawan Mega Ecozone.

The draft SIPP also includes food security-related activities in Tier 2, and in Data center facilities in Tier 3, supporting the continued efforts to grow not the cold storage and data center sub-segments.



*The Philippine property market recorded several strategic pivots across sectors in 2025—yet change is not an exception; it is a constant. What defines our market is not the shift itself, but its resilience and capacity to adapt to evolving economic conditions, consumer behavior, and global headwinds.*

*Real estate remains a fundamental pillar of the Philippine economy. With continued collaboration between government and private sector stakeholders, the focus is no longer solely on recovery, but on building a more sustainable and future-ready growth trajectory.*

*Despite AI's continued advancement, outsourcing remains on a strong growth path, with technology serving more as a productivity enhancer than a replacement for outsourced services.*

*Across sectors, momentum is broad-based. IT-BPM has re-emerged as the key driver of*

*office demand, hospitality is accelerating on the back of tourism growth and international-local partnerships, and industrial expansion remains strong. Data centers continue to have great potential. Residential activity is active in the secondary market, especially beyond Metro Manila, while retail continues to recover as global brands expand their footprint in the country.*

*These developments reinforce a clear narrative that the Philippine property sector is not merely reacting to change—it is positioning itself to lead through it.*

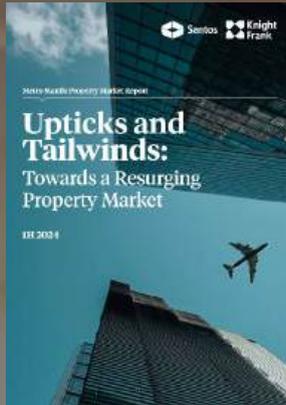
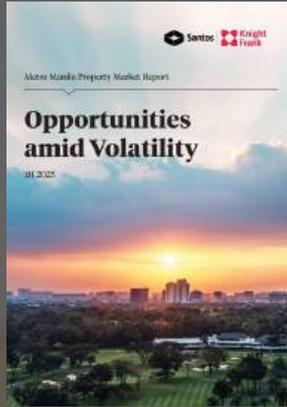


### Rick Santos

Chairman & CEO

ricksantosteam@santos.knightfrank.ph  
www.santosknightfrank.com

## Recent Publications



## International Awards



## Rick Santos

Chairman and CEO

Rick.Santos@santos.knightfrank.ph

## Occupier Strategy and Solutions

### Morgan McGilvray

Senior Director

Morgan.McGilvray@santos.knightfrank.ph

## Investments & Capital Markets

### Toby Miranda

Director

Toby.Miranda@santos.knightfrank.ph

## Residential Services

### Anjo Sumait

Director

Anjo.Sumait@santos.knightfrank.ph

## Valuations and Appraisal

### Mabel Luna

Director

Mabel.Luna@santos.knightfrank.ph

## Project Management

### Arsenio Waje

Associate Director

Arsenio.Waje@santos.knightfrank.ph

## Property Management

### Joseph Casas

Business Development Manager

Joseph.Casas@santos.knightfrank.ph

## Editorial Team

### Andrea Villadoz

Research & Consultancy Manager

### Leo Ruiz

Research Consultant

### Stephanie Barlam

Research Analyst

### Angela Villacastin

Research Analyst

## Marketing, PR & Corp Comm

marcomms@santos.knightfrank.ph

## Office

### Manila Office

10F, Ayala Tower One & Exchange Plaza

Ayala Avenue, Makati City, 1226

T: (632) 752-2580

F: (632) 752-2571

### Cebu Office

Santos Knight Frank

6F 2 Quad Building, Card.

Rosales Ave, Cebu Business

Park, Cebu City, 6000

T: (6332) 318-0070

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