

On the Upswing: Philippine GDP growth to outpace regional peers

The Asian Development Bank (ADB) raises its Philippine GDP growth projection for 2022 to 6%

- ▶ The ADB hiked its 2022 growth projection for the country by 50bps from its September forecast of 5.5%, citing the “impressive resilience” of the economy, supported by the government’s infrastructure investments and continued vaccination drive.
- ▶ This places the Philippines as the second-fastest growing economy in Southeast Asia after Vietnam, outpacing the region’s average growth rate of 5.1% for this year.

Industry Insight: IT-BPM sector to sustain growth trajectory & drive office space demand

The Department of Trade and Industry (DTI) expects the outsourcing sector to lead the diversification of exports

- ▶ DTI Secretary Ramon M. Lopez expects the Information Technology and Business Process Management (IT-BPM) sector to take a more prominent role in expanding the Philippines’ export base over the next five years. He highlighted the need to diversify exports given the significant concentration on electronic products and other manufactured goods, which accounted for over 60% of the country’s total exports in October 2021.
- ▶ According to the IT and Business Process Association of the Philippines (IBPAP), the industry is expected to post a revenue growth of 8% in 2022 to USD 31.1 billion.

Outsourcing firms are seen to drive office demand over the medium term

- ▶ According to Leechiu Property Consultants, IT-BPM firms will continue to drive the demand for office space over the next few years. Leechiu expects the local office market to register strong demand of 540,000 sqm in 2021 and 224,000 sqm in 1H 2022, with the IT-BPM sector accounting for 48% and 59% of total demand, respectively.

Typhoon Rai (Odette) disrupts Cebu’s IT-BPM sector

- ▶ 80% of IT-BPM firms in Cebu were down following the aftermath of typhoon Rai (local name: Odette), which made landfall on 16 December 2021, resulting in the loss of power and internet connectivity in the province.
- ▶ The Cebu IT-BPM Organization estimated daily losses of PHP 500 million (USD 10 million) due to the inability to operate, adding that these companies were preparing to return to their offices before the typhoon heavily damaged their facilities.

Emerging Industry: e-Commerce sector to post 17% annual revenue growth until 2025, attracts foreign funding

Philippine e-commerce sales are projected to hit USD 10.3 billion by 2025

- ▶ In a report by market research firm GlobalData, e-commerce sales in the Philippines are seen to reach USD 10.3 billion by 2025 from USD 4.8 billion in 2020, representing a compound annual growth rate of 17%. The growth is supported by shifting consumer preferences toward online shopping, an increasing number of online merchants, and the proliferation of alternative payment solutions.

IFC mulls USD 10 million investment in Philippine-based B2B e-commerce platform GrowSari

- ▶ World Bank Group member International Finance Corp. (IFC) disclosed on 31 December 2021 that it is considering an equity investment of up to USD 10 million in GrowSari to support the company’s growth in the Philippines.
- ▶ GrowSari, a digital retail distribution platform that connects informal retailers (i.e., sari-sari stores) to FMCG manufacturers / wholesalers, has raised over USD 30 million in two funding rounds last year from Robinsons Retail Holdings, Inc., JG Digital Equity Ventures, Wavemaker Partners, Pavilion Capital, Saison Capital, Tencent Holdings, and IFC.

Investor Interest: PSE named as best bourse in SEA for record deals in 2021

Philippine Stock Exchange (PSE) raised a record PHP 234.5 billion (USD 4.7 billion) last year

- ▶ Alpha Southeast Asia, an institutional investment magazine, has named the PSE as the Best Stock Exchange in Southeast Asia for 2021, citing its record number of equity offerings in terms of deal size and wide range of asset classes introduced.
- ▶ The PSE has broken its previous record for capital raised in the local stock market of PHP 228.3 billion (USD 4.6 billion) in 2012, following eight initial public offerings, 11 follow-on offerings, four stock rights offerings, and eight private placements last year. Daily average value turnover for 2021 was 23% higher year-on-year at PHP 9 billion (USD 180 million), while net foreign selling narrowed to PHP 2.3 billion (USD 46.4 million) from 2020’s PHP 128.6 billion (USD 2.6 billion).