

**On the Upswing: Growth targets upgraded as GDP growth exceeds expectations**

**Philippine GDP expanded 7.1% year-over-year in 3Q 2021 led by strong household consumption**

- ▶ This exceeded median analyst estimates of 4.7% and brought growth in the first three quarters to 4.9%. The Economic Planning Secretary estimates that the economy can return to pre-pandemic levels by as early as 1Q 2022. Recent foot traffic in the capital region reflects the improvement in activity, with mall operators reporting traffic at 50%-80% of pre-pandemic levels.

**Goldman Sachs, Maybank, Fitch Ratings, and S&P Global Ratings raise 2021 and 2022 Philippine growth projections**

- ▶ Goldman Sachs and Maybank expect the Philippines to become the fastest growing economy among the ASEAN-5 in 2022, with growth projections of 7.3% and 7%, respectively, on the back of looser restrictions and accelerating public investment.
- ▶ For 2021, Goldman Sachs and Maybank peg growth at 4.9% and 5.5%, respectively, placing the Philippines as the second-fastest growing economy in the region after Singapore.
- ▶ Fitch Solutions raised its 2021 growth forecast to 5%-5.5% from 4.4% previously, while S&P Global Ratings hiked its estimate to 5% from 4.3% previously. The rating agencies highlighted the stronger-than-expected economic expansion in 3Q and resilience of household spending as key factors in their upgrades.

**Industry Insight: REITs bullish on the Philippine real estate market**

**REITs are looking to grow their portfolios and more REITs are expected to launch in the coming years**

- ▶ Filinvest REIT (FILREIT) announced plans to acquire three Grade A office buildings over the next year, bringing its portfolio to 20 buildings covering 403,000 square meters. FILREIT said it expects a strong economic recovery in 2022 driven by strength in the outsourcing industry. In January to September 2021, the company said it renewed 90% of all expiring leases in 2021.
- ▶ Robinsons Land Commercial REIT is looking to acquire 40,000-100,000 square meters of office developments within the next 18 months. It plans to acquire third-party real estate assets to boost growth in the next few years.
- ▶ The CEO of Megaworld-sponsored MREIT expects a total of five or six more REITs to launch in the coming years. The Philippines currently has five listed REITs with a cumulative floor area of about one million square meters.
- ▶ The Securities and Exchange Commission recently approved the initial public offering of Citicore Energy REIT Corp. (CREIT), which is slated to list on December 13. CREIT expects to use the over USD 60M in net proceeds from the primary offer for the acquisition of income-generating renewable energy real estate properties.

**Logistics on the Move: Acquisitions, investments, and expansions in the logistics space**

**Ayala Corporation's AC Logistics is acquiring a majority interest in Air21 and partnering with Glacier Megafridge**

- ▶ AC Logistics is acquiring a 60% interest in the Air21 Group for USD 119M. The Air21 Group operates companies involved in door-to-door services, freight forwarding, warehousing, and waste logistics management.
- ▶ AC Logistics and Glacier Megafridge signed a JV agreement to build a cold chain facility in the Southern Philippines designed to help address the country's cold storage needs for food and healthcare products. The project broke ground in November and is expected to start operations in 2022.

**LBC Express Holdings is investing up to USD 40M in its wholly owned subsidiary, LBC Express, Inc.**

- ▶ The investment will be used to refinance maturing obligations and support working capital. LBC Express, Inc. is a provider of courier and freight forwarding services and of non-bank domestic and inbound international remittance services.

**SM Group-backed logistics firm Airspeed is opening three new warehouses as e-commerce demand continues to rise**

- ▶ The hubs, which will be located in Metro Manila and south of Metro Manila, will be operated as fulfillment locations where Airspeed will receive and store inventory, process orders, and pack items.

**Emerging Industry: Philippine play-to-earn gaming startup attracts Andreessen Horowitz**

**Andreessen Horowitz (a16z) led the USD 4.6M investment in the Philippines' Yield Guild Games (YGG)**

- ▶ YGG is a blockchain-focused gaming startup that marks a16z's first investment in a Filipino-led company. The fresh funding will be used to continue YGG's investments in digital assets in games and virtual worlds across the play-to-earn ecosystem while expanding its global community of over 45,000 gamers.