Cuervo Appraisers, Inc.
Asset Valuation Solutions

PHILIPPINE REAL ESTATE MARKET HEALTH INDICATOR

CUERVO PROPERTY MARKET SENTIMENT INDEX (CPMSI)

A comprehensive guide to understanding the direction, strength, and balance of Philippine real estate market conditions.

CURRENT CPMSI SCORE

36 **WEAK**

as of August 15, 2026

"We Value Your Worth"

46 years in providing professional asset valuation solutions

Prepared By
Cuervo Appraisers, Inc.
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UNDERSTANDING THE INDEX

1. What is the CPMSI?

The **Cuervo Property Market Sentiment Index (CPMSI)** is a proprietary composite indicator developed by Cuervo Appraisers, Inc. It measures the overall health and direction of the Philippine real estate market by synthesizing five critical macroeconomic, financing, sentiment, supply, and price indicators into a single score ranging from **0 to 100**.

A market barometer for Philippine real estate

The CPMSI helps developers, investors, lenders, homebuyers, and policymakers interpret whether the operating environment is expanding, stable, weakening, or contracting. It combines market signals that are often reviewed separately into one consistent analytical framework.

2. Why Was the CPMSI Created?

The Philippine property market generates extensive information on inflation, financing, household sentiment, construction activity, and prices. Interpreting these series separately can obscure how the forces interact and whether they are collectively supportive or restrictive.

Drawing on **46 years of professional asset valuation experience**, Cuervo Appraisers developed the index to provide a clear, repeatable, and evidence-based market reading.

Simplify market complexity
Translate multiple data series into an accessible headline measure without losing the underlying component view.

Provide an early signal
Highlight material changes in financing, confidence, supply, and prices before they become broadly visible.

Enable consistent assessment
Apply the same five-component framework across reporting periods to improve comparability over time.

Support informed discussion
Create a common language for stakeholders while encouraging location- and asset-specific due diligence.

The CPMSI is an analytical market-monitoring framework. It does not replace asset-specific valuation, feasibility, credit, legal, tax, or investment due diligence.

FIVE EQUALLY WEIGHTED SIGNALS

3. CPMSI Components

Each component is scored from **0 to 100** and carries an equal **20% weight**. Together, the five indicators capture the principal forces influencing property demand, affordability, supply, and price performance.

Inflation 01

What it measures: The effect of the general price level on purchasing power, construction costs, investment returns, and real estate affordability.

Why it matters: High inflation raises material, labor, utility, and financing costs while reducing real household purchasing power. Moderate and stable inflation improves planning visibility.

Mortgage Rates 02

What it measures: The accessibility and cost of housing finance using the latest official lending-rate and housing-loan proxies.

Why it matters: Financing cost shapes borrower qualification and monthly affordability. Persistently high rates can defer purchases and slow transaction velocity.

Consumer Confidence 03

What it measures: Household willingness and optimism toward major purchases, based on the BSP Consumer Expectations Survey.

Why it matters: Property purchases are long-duration commitments. Confidence affects willingness to borrow, deploy savings, and proceed with major acquisitions.

How to read the components

A higher score indicates a more supportive condition for the property market. A lower score indicates a more restrictive or adverse condition. The headline index should always be read together with the five-component profile because offsetting changes can leave the overall score broadly stable.

0-19	20-39	40-59	60-79	80-100
Contraction	Weak	Neutral	Growth	Strong Expansion

FIVE EQUALLY WEIGHTED SIGNALS

3. CPMSI Components — continued

Building Permits 04

What it measures: The volume and value of residential construction reflected in approved building permit statistics.

Why it matters: Permits are a forward-looking indicator of development activity and future supply. Rising activity can signal confidence and expanding inventory, while declines can indicate caution or project deferrals.

Property Prices 05

What it measures: The direction and rate of change in residential prices using the BSP Residential Property Price Index.

Why it matters: Prices provide a direct nationwide signal of market valuation momentum. Rising prices can reflect resilient demand and constrained supply; weakening prices can indicate stress.

Component Summary

Component	Weight	Primary Source / Indicator	Analytical Role
Inflation	**20%**	PSA headline inflation; BSP context	Macroeconomic pressure
Mortgage Rates	**20%**	BSP and official lending / housing-loan proxies	Financing affordability
Consumer Confidence	**20%**	BSP Consumer Expectations Survey	Demand sentiment
Building Permits	**20%**	PSA approved building permits	Forward supply activity
Property Prices	**20%**	BSP Residential Property Price Index	Price and demand momentum

Balanced weighting

Equal weights prevent one indicator from determining the index. The CPMSI therefore captures whether supportive conditions are broad-based or concentrated in only one part of the market.

TRANSPARENT COMPOSITE CALCULATION

4. Scoring Methodology

Each component is independently scored from **0 to 100**, where higher values indicate more favorable conditions. The overall CPMSI is the simple average of five equally weighted component scores.

CPMSI = (Inflation + Mortgage Rates + Consumer Confidence + Building Permits + Property Prices) ÷ 5

August 2026: (30 + 35 + 20 + 35 + 60) ÷ 5 = 36

CPMSI Scoring Scale

Score	Classification	Market Interpretation
80–100	**Strong Expansion**	Broad-based strength and highly supportive market conditions.
60–79	**Growth**	Positive momentum and generally supportive conditions.
40–59	**Neutral**	Mixed signals, consolidation, or transition.
20–39	**Weak**	Majority of indicators unfavorable; caution warranted.
0–19	**Contraction**	Severe market stress and significant downside risk.

Transparent calibration for August 2026

The CPMSI framework defines five equal 20% weights and the five-band interpretation scale, but does not prescribe fixed raw-data-to-score conversion bands. The August 2026 component scores are therefore a transparent calibration anchored to the July 2026 profile, the direction of the latest official indicators, and their relevance to real estate performance.

Scoring considerations

The assessment considers the latest absolute level, direction of change, historical context, and expected transmission to real estate demand, financing, supply, and prices.

Interpretation discipline

The CPMSI is a market-level signal. It should be supplemented with location-specific, asset-specific, and transaction-level evidence before any property decision.

A COMMON LANGUAGE FOR MARKET CONDITIONS

5. Why Monitor the CPMSI?

The CPMSI consolidates multiple official data streams into one comparable indicator. Monitoring the index and its components helps stakeholders identify whether risks are broadening, whether positive momentum is becoming more balanced, and which underlying forces are driving the headline score.

Stakeholder	How the CPMSI Helps
Real Estate Developers	Supports project-timing, inventory, pricing, and phasing discussions by showing whether financing, confidence, supply, and prices are moving in a supportive direction.
Property Investors	Provides disciplined market-level context for entry, holding, and asset-allocation analysis while emphasizing the need for asset-specific valuation and due diligence.
Banks & Lenders	Offers an early-warning perspective for real estate credit monitoring by combining borrower sentiment, financing conditions, construction momentum, and price direction.
Homebuyers	Explains whether affordability, confidence, supply, and price momentum are collectively becoming more or less favorable.
Policymakers	Provides a composite view of how inflation, monetary conditions, household sentiment, development activity, and prices are transmitting to housing and real estate.

Why the component profile matters

A stable headline score can conceal meaningful changes within individual indicators. The CPMSI is most informative when the overall reading is reviewed together with each component’s score, classification, and direction of change.

The index supports structured market discussion; it does not predict the performance of a specific property, location, developer, loan, or investment.

AUGUST 15, 2026 READING

6. Interpreting the Current Score

36
WEAK

The CPMSI stands at 36 out of 100, placing the Philippine real estate market in the **Weak** category.

This is **1 point above** the July 2026 reading of 35. Easing headline inflation provides a modest improvement, but deeply negative consumer confidence and weaker residential permitting still prevent a broader recovery.

Component Scores Breakdown

Component	Score	Class	Current Assessment
Inflation	30	Weak	July headline inflation eased to 6.2% from 6.4% in June, but remains restrictive for purchasing power and construction costs.
Mortgage Rates	35	Weak	The BSP Target RRP was 4.75% on August 14, unchanged from the July cut-off; affordability remains constrained.
Consumer Confidence	20	Weak	The latest Q2 current-quarter confidence index remains deeply negative at -42.0%.
Building Permits	35	Weak	May residential permits fell 15.5% YoY, while residential construction value rose 1.3% to ₱24.73 billion.
Property Prices	60	Growth	Nationwide residential property prices increased 4.5% YoY in Q1 2026.

Key Observations

Principal constraints. Consumer confidence remains the most adverse demand-side signal, while inflation, financing, and permits remain in the Weak band.

Forward activity. May permit volume declined materially; the small rise in construction value only partly offsets the softer near-term pipeline.

Principal offset. Property Prices remain the only component in the Growth band, indicating continued nationwide price resilience.

Overall reading. Easing inflation lifts the index by one point, but stronger confidence, affordability, and development activity are needed for a classification change.

Official indicator sources: Philippine Statistics Authority; Bangko Sentral ng Pilipinas Daily Key Statistics, Consumer Expectations Survey, and Residential Property Price Index. Latest available releases as of the August 15, 2026 cut-off.

STAKEHOLDER IMPLICATIONS

7. Implications of the Current Score

A CPMSI score of **36 — Weak** indicates that the balance of market conditions remains restrictive despite a modest improvement from July. The index is above the Contraction band because prices continue to grow and inflation has eased slightly, but financing conditions, consumer confidence, and permitting activity do not yet support a broad-based recovery.

For Developers

A weak score supports disciplined phasing, careful inventory monitoring, and sensitivity testing for construction costs, sales velocity, and financing assumptions. Clear end-user demand and staged capital deployment remain important.

For Homebuyers

Weak conditions can create room for negotiation, but higher financing costs may offset lower prices or promotions. Buyers should compare total borrowing cost, repricing terms, property quality, documentation, and long-term affordability.

For Investors

The current profile argues for selectivity rather than a uniform market view. Positive nationwide price growth must be assessed alongside location, tenant demand, infrastructure delivery, asset quality, liquidity, and achievable cash flow.

For Policymakers

The component profile identifies inflation, confidence, and development activity as principal concerns. Better price stability, household confidence, supply efficiency, and financing access would help broaden support beyond price resilience.

For Banks & Lenders

Unchanged policy conditions, weak confidence, and softer permits warrant continued monitoring of affordability, debt-service capacity, project sell-through, and collateral performance. Current conditions support prudent portfolio review.

Market reading

The August CPMSI indicates a market with resilient prices and slightly easing inflation, but weak breadth. A sustained recovery would require improvement in consumer confidence, permitting activity, and financing affordability—not only continued property price growth.

These implications are general analytical observations and are not recommendations concerning a specific property, loan, development, or investment.

Cuervo Appraisers independently publishes historical capital value trend studies based on infrastructure and urban development patterns across Philippine growth corridors.

Request for Proposal / More Information

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Methodology and Source Note

The CPMSI is a proprietary market-monitoring framework of Cuervo Appraisers, Inc. The August 2026 scores are a transparent calibration using the equal 20% weights, the five-band interpretation scale, and the latest official data available as of August 15, 2026. Primary institutional sources are the Philippine Statistics Authority and Bangko Sentral ng Pilipinas.

References: PSA, Summary Inflation Report: July 2026 — https://psa.gov.ph/content/summary-inflation-report-consumer-price-index-2018100-july-2026 | BSP, Daily Key Statistical Indicators, August 14, 2026 — https://www.bsp.gov.ph/statistics/keystat/keystat.aspx | BSP, Consumer Expectations Survey Q2 2026 — https://www.bsp.gov.ph/Lists/Consumer%20Expectation%20Report/Attachments/25/CES_2qtr2026.pdf | PSA, Approved Building Permits: May 2026 — https://psa.gov.ph/content/construction-statistics-approved-building-permits-may-2026 | BSP, Residential Property Price Index — https://www.bsp.gov.ph/Statistics/Prices/RPPI.aspx