

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

35 **WEAK**

as of July 15, 2026

**“We Value
Your Worth”**

46 years in providing professional
asset valuation solutions

Prepared By
Cuervo Appraisers, Inc.
July 2026

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.

0-19Contraction

20-39Weak

40-59Neutral

60-79Growth

80-100Strong 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.

$$\text{CPMSI} = (\text{Inflation} + \text{Mortgage Rates} + \text{Consumer Confidence} + \text{Building Permits} + \text{Property Prices}) \div 5$$

$$\text{July 2026: } (25 + 35 + 20 + 35 + 60) \div 5 = \mathbf{35}$$

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.

Reconstructed calibration for July 2026

The supplied CPMSI framework defines five equal 20% weights and the five-band interpretation scale, but it does not prescribe fixed raw-data-to-score conversion bands. The July 2026 component scores are therefore a transparent reconstructed calibration anchored to the June 2026 edition, 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.

JULY 15, 2026 READING

6. Interpreting the Current Score

35
WEAK

The CPMSI stands at **35 out of 100**, placing the Philippine real estate market in the **Weak** category.

This is **3 points below** the June 2026 reference score of 38. The decline reflects weaker consumer sentiment and softer residential permitting, partly offset by firmer residential property price growth.

Component Scores Breakdown

Component	Score	Class	Current Assessment
Inflation	25	Weak	June headline inflation of 6.4% remains restrictive for purchasing power and construction costs.
Mortgage Rates	35	Weak	Lending and housing-finance proxies remain elevated, limiting affordability and qualification.
Consumer Confidence	20	Weak	Q2 current-quarter confidence deteriorated to -42.0 from -15.8 in Q1 2026.
Building Permits	35	Weak	February residential permits fell 5.8% YoY; residential value declined 12.0%.
Property Prices	60	Growth	Nationwide residential property prices increased 4.5% YoY in Q1 2026.

Key Observations

Principal constraints. Inflation, financing costs, consumer confidence, and permitting remain in the Weak band. Consumer confidence is the most adverse demand-side signal.

Forward activity. Lower permit count and construction value indicate softer near-term development momentum.

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

Overall reading. The market shows resilient prices but weak breadth; improvement requires stronger confidence, affordability, and development activity.

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

STAKEHOLDER IMPLICATIONS

7. Implications of the Current Score

A CPMSI score of **35 — Weak** indicates that the balance of market conditions remains restrictive. The index is above the Contraction band because prices continue to grow, but inflation, 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 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 Banks & Lenders

Elevated financing costs and weak confidence warrant continued monitoring of affordability, debt-service capacity, project sell-through, and collateral performance. The deterioration from June supports prudent portfolio review.

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 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.

Market reading

The July CPMSI indicates a market with resilient prices 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 July 2026 scores are a reconstructed calibration using the supplied June methodology, equal 20% weights, and the latest official data available as of July 15, 2026. Primary institutional sources are the Philippine Statistics Authority and Bangko Sentral ng Pilipinas.

References: PSA, Construction Statistics from Approved Building Permits, February 2026 — <https://psa.gov.ph/content/construction-statistics-approved-building-permits-february-2026> | BSP, Consumer Expectations Survey — <https://www.bsp.gov.ph/SitePages/MediaAndResearch/ConsumerExpectationSurvey.aspx> | BSP, Residential Property Price Index — https://www.bsp.gov.ph/Pages/MediaAndResearch/PublicationsAndReports/regular_RREPI.aspx

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