

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 September 15, 2026

**“We Value
Your Worth”**

46 years in providing professional
asset valuation solutions

Prepared By
Cuervo Appraisers, Inc.
September 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 macroeconomic, financing, sentiment, supply, and price indicators into a single score 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 official 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.

Mortgage Rates

02

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

Why it matters: Financing cost shapes borrower qualification and monthly affordability. Higher 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 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 Contraction

20-39 Weak

40-59 Neutral

60-79 Growth

80-100 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, 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 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 policy context	Macroeconomic pressure
Mortgage Rates	20%	BSP Target RRP and official lending 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.

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

$$\text{September 2026: } (30 + 30 + 20 + 35 + 60) \div 5 = \mathbf{35}$$

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	Most indicators are unfavorable; caution is warranted.
0-19	Contraction	Severe market stress and significant downside risk.

Transparent calibration for September 2026

The framework defines equal 20% weights and five interpretation bands, but does not impose fixed raw-data-to-score conversion thresholds. Scores are calibrated transparently against the August profile, the direction of new official indicators, and their expected relevance to property demand, financing, supply, and prices.

Scoring discipline

A component changes only when a newly released official indicator materially improves or worsens conditions. Unchanged source data are carried forward rather than reinterpreted to create artificial movement.

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 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.

SEPTEMBER 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 **1 point below** the August reading of 36. A 25-basis-point BSP policy-rate increase tightened financing conditions, outweighing the marginal easing in headline inflation.

Component Scores Breakdown

Component	Score	Class	Current Assessment
Inflation	30	Weak	August headline inflation eased slightly to 6.1% from 6.2% in July, but remained above target.
Mortgage Rates	30	Weak	The BSP raised the Target RRP rate by 25 basis points to 5.0%, tightening financing conditions.
Consumer Confidence	20	Weak	The latest Q2 current-quarter confidence index remains deeply negative at -42.0%.
Building Permits	35	Weak	June residential permits fell 2.1% YoY; residential construction value declined 25.8% to ₱20.24 billion.
Property Prices	60	Growth	Nationwide residential property prices increased 4.5% YoY in Q1 2026; no newer release was available.

Key Observations

Principal constraint. The policy-rate increase directly worsened the financing component. Consumer confidence remains the weakest demand-side signal.

Construction activity. Permit volume improved versus May, but the sharp decline in residential construction value prevents an upgrade.

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

Overall reading. The market retains price momentum but lacks broad support from financing, confidence, and construction value.

Primary sources: Philippine Statistics Authority and Bangko Sentral ng Pilipinas. Latest official releases available as of September 15, 2026.

STAKEHOLDER IMPLICATIONS

7. Implications of the Current Score

A CPMSI score of **35 — Weak** indicates that the balance of market conditions remains restrictive. The score is above Contraction because prices continue to grow and inflation has eased slightly, but tighter policy rates, weak confidence, and lower residential construction value do not support a broad-based recovery.

For Developers

A weak score supports disciplined phasing, careful inventory monitoring, and stronger sensitivity testing for financing costs, sales velocity, project scale, and construction budgets.

For Investors

The current profile argues for selectivity. Positive nationwide price growth must be assessed alongside location, infrastructure delivery, asset quality, liquidity, and achievable cash flow.

For Banks & Lenders

The higher policy rate and weak confidence warrant continued monitoring of affordability, debt-service capacity, project sell-through, collateral performance, and borrower resilience.

For Homebuyers

Weak conditions can create room for negotiation, but higher financing costs may offset discounts. Buyers should compare total borrowing cost, repricing terms, equity requirements, and long-term affordability.

For Policymakers

The component profile identifies financing conditions, confidence, and residential construction value as principal concerns. Price stability and predictable credit access remain essential.

Market reading

The September CPMSI indicates resilient prices but weak breadth. A sustained recovery requires improvement in consumer confidence, financing affordability, and construction value—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 September 2026 scores apply five equal 20% weights and the latest official data available as of September 15, 2026. Normal reporting lags are disclosed; unchanged official series are carried forward rather than re-scored.

References: PSA, August 2026 Inflation — <https://psa.gov.ph/content/summary-inflation-report-consumer-price-index-2018100-august-2026> | BSP, August Monetary Policy Decision — <https://www.bsp.gov.ph/SitePages/PriceStability/PriceStability.aspx> | BSP, Q2 2026 Consumer Expectations Survey — https://www.bsp.gov.ph/Lists/Consumer%20Expectation%20Report/Attachments/25/CES_2qtr2026.pdf | PSA, June 2026 Building Permits — <https://psa.gov.ph/content/construction-statistics-approved-building-permits-june-2026> | BSP, Q1 2026 RPPI — https://www.bsp.gov.ph/Media_And_Research/RPPI/RPPI-Report-2026-Q1.pdf

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