Philippines Facility Management - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019-2029

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Report description:

The Philippines Facility Management Market was valued at USD 3.4 billion in the previous year and is expected to register a CAGR of 6.31% during the forecast period to become USD 4.95 billion by the next five years. The market sizing estimates reflect the revenue generated by the market vendors of the country from their FM services, including both hard and soft services used by various end-user segments, such as commercial, institutional, public/infrastructure, and industrial segments, whichy. Facilities management is positioned for continuous growth and innovation, successfully influencing the future of the business environments in the Philippines as the country continues to prioritize robust, sustainable, and technologically advanced work environments.

Key Highlights
-The market's growth is supported by the infrastructural development in the country and the governmental support in building projects in the public-private partnership model because the country's newly developed infrastructure would require FM services for managing and maintaining the facilities.
-For instance, according to the country's National Economic and Development Authority, in January 2023, more than 3,600 infrastructure projects costing a combined USD 372 billion have been planned to be completed by 2028. In addition, the country has planned to add a total of 206 projects worth USD 159 billion, out of which 136 are related to physical connectivity, nine to digital connectivity, 42 to water resources, eight to health, and two to power and energy, and so on.
-Additionally, the country is witnessing several expansions by leading organizations, creating an opportunity for the soft and hard FM (facility management) market. For instance, in April 2023, SM Investment Corporation announced to invest approximately P 90 billion (USD 1.64 billion) in capital expenditure to propel its expansion of residential developments, malls, and retail stores. The company intends to open at least three malls in 2023.
-Similarly, in June 2023, The PLDT Group announced plans to build a 12th data center facility in the Philippines to deliver digital innovation and boost the country's regional competitiveness. Through this facility, the company aims to help the Philippines be

the next hyper-scaler hub of Asia and support the digital transformation journey.
-However, the lack of awareness of FM services and their benefits among the country's industrial sector of all sizes and types is the major challenge for the market's growth in the Philippines. For instance, a major portion of end users and small and medium-sized businesses continue to avoid FM because they are either unaware of or possibly skeptical of such long-term benefits, even though most multinational corporations operating in the country are aware of them.
-The organization's priorities in the cleaning services after the COVID-19 pandemic and the country's government initiatives supported the work-from-office trend in the country, which jointly created an opportunity for FM services in the post-pandemic time in the Philippines.

Philippines Facility Management Market Trends

In-house Facility Management Segment is Expected to Hold Significant Market Share

- In-house facility management services are provided by a dedicated resource employed by the client for performance monitoring and control. There is a rising demand for in-house facility managers in the Philippines to manage business-specific areas, including heavy burst-traffic zones and conference rooms used by busy executives. Additionally, in-house facility management provides training and required specialized certifications that a partner organization might not offer in their standard packages.
- In-house facility management involves recruiting specialized personnel to maintain and manage various functional attributes of a facility. Services such as cybersecurity assistance are often operated and monitored in-house to ensure the safety and integrity of the facilities. In the Philippines, Integrated Facilities Management (IFM) is witnessing rapid adoption due to the growing demands to manage end-to-end facility needs and to create consistent service levels. Integrated facility management is crucial to respond to potential disruptions proactively. It has emerged as a new approach to drive efficiencies in facility management, simplify workflows, and streamline operations.
- Commercial and residential infrastructural development is rising in the Philippines. A central bank survey revealed that in Q4 2022, 4.2% of the country's households intended to buy a house in the next 12 months, and 56% attributable to affordable housing demand. The development of significant infrastructure projects beyond Metro Manila and nationwide further drives the segment demand. Loan applications for PAG-IBIG, the Philippine government's home development mutual fund, have increased significantly since 2022. The government also looks to drive supply up for affordable housing with its 4 PH program focused on building a million houses annually until 2028.
- In the Philippines, in-house facility managers are growing in demand with the advent of Industry 4.0, further accelerating the need for a smart maintenance process to prevent equipment breakdown and optimize downtime. With advancements such as Artificial Intelligence (AI), automation, and the Industrial Internet of Things (IIoT), facility managers are striving to bring Maintenance 4.0 into practice quickly.
- In February 2023, a Manila Water Co. Inc. unit partnered with Damosa Land Inc. to manage water facilities for an industrial estate. Manila Water's subsidiary, Manila Water Philippines Ventures Inc. (MWPV), is spending about USD 2.20 million to operate and manage the water system of Anflo Industrial Estate (AIE), Damosa Land's industrial development for trade and agriculture. The partnership aims to meet the estimated demand of 2.6 million liters per day by integrating additional facilities into AIE's existing systems, generating demand for facilities management in the country.
- The Philippines is recognized as one of the most dynamic markets in Asia, whose fast-emerging economy consistently sustains its growth. The country's real estate industry is considered one of the most resilient. Its excellent financing services, capitalization, and pro-business climate drive the best in-house facility management solutions.

Commercial Segment is Expected to Hold Significant Share in the Market

- Commercial facilities in the Philippines need expert facility managers for cleaning, maintenance, and security management of commercial buildings. Commercial facility management firms coordinate between an organization's internal departments and external parties to provide services. The FM would negotiate vendor contracts, assign local vendors, and liaise between tenants and service providers.
- ?There has been a rise in adaptive commercial spaces in the Philippines recently, and according to a recent study by Cushman & Wakefield, the Philippines branch of Booking.com, an online travel agency, selected the service provider to find a new space for Booking.com's new office for further expansion. To fulfill the travel agency's aim of shifting to a new area in the Central Business District (CBD) of Makati, a city in the Philippines' Metro Manila region, Cushman & Wakefield identified an ideal space by negotiating with the owners to lease a small vacant space adjoining the client's current office. Booking.com was able to lease extra space with a 15% discount from the building's original rental rate, all due to the facility management services provided by Cushman & Wakefield.
- In the Philippines, Hard Facility Management is gaining significant growth for commercial spaces as they can provide businesses with access to expert services in HVAC, electrical, plumbing, and maintenance of a commercial area. For instance, the aviation industry in the country has become more connected, thereby augmenting the need to integrate data between systems to increase efficiency across the connected aviation ecosystem.
- In June 2023, AirAsia Philippines' parent company, Capital A, launched a logistics business and an aircraft maintenance, repair, and overhaul facility in the country. The engineering business of Capital A provides heavy maintenance, repairs, and overhaul (MRO) services for the group's commercial aircraft, propelling the market growth.
- Commercial facility operators in the country are looking to outsource the manaPhilippines'eir businesses to focus more time and attention on investments. A single-source facility management solution helps them streamline decision-making, creating economies of scale and identifying new opportunities for creating destination-worthy groups. Furthermore, having a partner with the know-how to meet critical goals is essential for commercial facility owners on their path to decarbonization.
- Overall, managing and maintaining a large commercial facility, including its systems and infrastructure, can take time and effort. Therefore, many commercial space operators in the Philippines use a third-party facility management service provider instead of building their dedicated IT workforce, propelling the market growth in the studied segment.

Philippines Facility Management Industry Overview

The Philippines facility management market is fragmented with the presence of major players like Atalian Global Services Philippines Inc., Servicio Filipino Inc., Meralco Industrial Engineering Services Corporation, SGS Philippines Inc., and Cushman & Wakefield PLC. Players in the market are adopting strategies such as partnerships, mergers, innovations, and acquisitions to enhance their product offerings and gain sustainable competitive advantage.

In June 2023, JLL Philippines received the ISO 41001:2018 certificate in Facilities Management from BQSR Certifications Inc., which is a globally recognized ISO certification body accredited by the International Accreditation Service.

In February 2023, Cushman & Wakefield PLC opened a Shared Services Center (SSC) in Manila, Philippines. The center is located on the 32nd floor of the BDO Ecotower along 9th and 32nd Street, Bonifacio Global City, Metro Manila.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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