Global Corporate Real Estate Guide - Philippines

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# Authors

# Real Estate Law

## What is included in the term “real estate”?

Under the Civil Code of the Philippines (the "Civil Code") the term “real estate” covers the following:

Land, buildings, roads and constructions of all kinds adhered to the soil

Trees, plants and growing fruits, while they are attached to the land or form an integral part of immovable property

Everything attached to immovable property in a fixed manner, in such a way that it cannot be separated from said immovable without breaking the material or deterioration of the object

Statues, reliefs, paintings or other objects for use or ornamentation, placed in buildings or on lands by the owner of the immovable property in such a manner that it reveals the intention to attach them permanently to the land or its structures

Machinery, receptacles, instruments or implements intended by the owner of the tenement for an industry or works which may be carried on in a building or on a piece of land, and which tend directly to meet the needs of the said industry or works

Animal houses, pigeon houses, beehives, fish ponds or breeding places of similar nature, in case their owner has placed them or preserves them with the intention to have them permanently attached to the land, and forming a permanent part of it (the animals in these places are included)

Fertilizer used on a piece of land

Mines, quarries and slag dumps, while the matter thereof forms part of the bed, and waters either running or stagnant

Docks and structures which, though floating, are intended by their nature and object to remain at a fixed place on a river, lake or coast

Contracts for public works, and servitudes and other real rights over immovable property

## What laws govern real estate transactions?

There are a number of laws that govern real estate transactions in the Philippines, including the following:

Real estate transactions are generally governed by the Civil Code.

Registration of title over private land, as well as registration of any interest in registered land that is less than ownership (such as mortgages and leases), are governed by Presidential Decree No. 1529, or the Property Registration Decree.

Real estate transactions involving alienable or disposable land of the public domain are governed by various laws, including the Commonwealth Act No. 141 or the Public Land.

The development of and ownership of units in condominium projects are governed by Republic Act No. 4726 or the Condominium Act.

Lease of private land by foreign investors is governed by the Foreign Investors’ Lease Act.

Homebuyers planning to buy property from real estate developers or contractors that offer installment schemes for payment are covered by the Realty Installment Buyer Protection Act.

## What is the land registration system?

The Philippines uses the Torrens system of land registration. Under this system, a Torrens title is conclusive against third parties, including the government. A holder of a Torrens title in good faith is guaranteed that his/her title is indefeasible, unassailable and imprescriptible. (For purposes of the discussion below, “registered land” refers to land that is registered under the Torrens system).

To bring unregistered land into the Torrens system and obtain original registration of title to the land, the owner of the unregistered land must apply for registration with the proper court. If, after a hearing, the court finds that the applicant has title proper for registration, a decree of confirmation and registration is entered to bind the land and quiet the title to the land. The Land Registration Authority (LRA) will then issue the corresponding decree, which is subsequently transcribed by the relevant register of deeds as an “Original Certificate of Title.”

When the registered land becomes the subject of a sale, mortgage, lease or other registrable transaction, the instrument evidencing the transaction is filed with the relevant register of deeds for registration. In case of a sale or any form of transfer of ownership, the original certificate of title is cancelled and a new one, a Transfer Certificate of Title, is issued. In case of a lease, mortgage or any other type of encumbrance, the transaction is merely annotated on the Original Certificate of Title.

There is no separate registration with respect to title to real property other than land. However, an owner of a building or other improvements standing on registered land (pursuant to a lease or some other right on the land) that is owned by another person may annotate his/her ownership of the building or other improvements on the certificate of title covering the land. Such annotation constitutes notice that the building or structure is owned by the person named in the annotation, and not by the landowner. Without such annotation, there is a rebuttable presumption that the landowner owns the buildings or improvements standing on his land.

## Which authority manages the registration of titles?

The application for (original) registration of title to land under the Torrens system is made with the regional trial court having jurisdiction over the place where the land is located.

The LRA issues decrees of registration pursuant to final judgments of the courts in land registration proceedings and causes the issuance by the registers of deeds of the corresponding certificate of title. It exercises supervision and control over all registers of deeds.

The office of the Register of Deeds constitutes a public repository of records and instruments affecting registered or unregistered lands in the province or city where such office is situated. It is the duty of the Register of Deeds to immediately register an instrument presented for registration dealing with real property which complies with all the requisites for registration.

## What rights over real property are required to be registered?

Registration of unregistered land under the Torrens system is voluntary on the part of the landowner. However, to be able to enjoy the protection afforded by the Torrens system, landowners must register their title under this system. Registration of a transaction involving registered land (such as sale, mortgage or lease) is also not compulsory. However, as in the case of landowners opting to register their title under the Torrens system, persons dealing with registered land generally register their interests under the Torrens system. The registration of such interests with the relevant register of deeds constitutes constructive notice of such interests to all persons. Proof of the registration is the annotation of the interests on the certificate of title covering the land.

## What documents can landowners use to prove ownership over real property?

Ownership of registered land is evidenced by either an original or transfer certificate of title issued by the relevant register of deeds.

Ownership of a condominium unit is evidenced by a condominium certificate of title.

With respect to real property other than land and condominium units, there is no system that is equivalent to the Torrens system for registration under which a document is issued to evidence the owner’s title.

## Can a title search be conducted online?

The LRA recently launched an online portal which makes it possible to obtain a certified true copy of a certificate of title covering a parcel of land located anywhere in the Philippines from any Register of Deeds.  However, the portal is not yet fully operational and the process of centralizing and digitizing the records of all Registers of Deeds is ongoing. Currently, there are still certain areas in the Philippines that are not yet part of the centralized records system. For those areas, title search is still done by going to the Register of Deeds of the city or municipality where the land is located and applying for a certified true copy of the certificate of title.

## Can foreigners own real property? Are there nationality restrictions on land ownership?

Ownership of land

Foreigners cannot own land in the Philippines. Land may be owned only by a Philippine citizen, or a domestic partnership or association wholly owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines at least 60% of the capital stock outstanding and entitlement  to vote of which is owned and held by Philippine citizens.

Ownership of condominium units

The Condominium Act imposes restrictions on foreign ownership of units in a condominium project. “Condominium” is defined as an interest in real property consisting of a separate interest in a unit in a residential, industrial or commercial building and an undivided interest in common, directly or indirectly, in the land on which it is located and in other common areas of the building. As the ownership of a condominium unit includes an undivided interest in common in the land on which the condominium project stands, the Condominium Act mirrors the foreign restriction on ownership of land in the Philippines. Thus, under the Condominium Act, there is also a 40% foreign equity restriction, computed as follows:

If the common areas in the condominium project are to be owned by the owners of the separate units as co-owners, then units in the condominium project may be owned only by Philippine citizens or corporations at least 60% of the capital stock of which belongs to Philippine citizens

On the other hand, if the common areas in a condominium project are to be held by a condominium corporation (in which owners of units automatically become members), then foreigners may own units in the condominium project, provided that such ownership will not cause the foreign shareholding in the condominium corporation to exceed 40%

Ownership of other types of real property

The foregoing restrictions on ownership of land and condominium units do not apply to ownership of other types of real property (e.g., buildings or other improvements on land). Foreigners can own such other types of real property.

## Can the government expropriate real property?

Yes, the Philippine government may expropriate private property (including real property) for public use, subject to compliance with due process of law and the payment of just compensation. The taking of private property for expropriation may be validly done only if there is a genuine necessity that is public in character.

## How can real estate be held?

Usually, an interest in real property is held by any of the following means:

Freehold

Leasehold

Significantly, pursuant to Republic Act No. 11231, or the Agricultural Free Patent Reform Act, agricultural free patents are now considered as titles in fee simple and shall not be subject to any restriction on encumbrance or alienation.

## What are the usual structures used in investing in real estate?

The usual structure used in investing in real estate is the corporation.

## How are real estate transactions usually funded?

Depending on the type and size, real estate transactions are usually funded through loans obtained from banks, shareholder loans, and/or equity.

Banks typically require security arrangements on the real estate and related assets (e.g., mortgage, pledge and assignments of leases and rents).

## Who usually produces the documentation in real estate transactions?

Generally, the buyer’s lawyer will prepare the initial draft of the purchase agreement.

## Can an owner or occupier inherit liability for matters relating to the real estate even if they occurred before the real estate was bought or occupied?

As a general rule, a registered owner receiving a certificate of title pursuant to a court-issued decree of registration, or a subsequent purchaser of registered land taking a certificate of title for value and in good faith, holds the title free from all encumbrances except those annotated on the certificate of title and any of the following encumbrances that may subsist:

Liens, claims or rights arising or existing under the laws and the Constitution of the Philippines, which are not by law required to appear of record in the Registry of Deeds to be valid against subsequent purchasers of encumbrancers of record

Unpaid real estate taxes levied and assessed within two years immediately preceding the acquisition of any right over the land by an innocent purchaser for value, without prejudice to the right of the government to collect taxes payable before that period from the delinquent taxpayer alone

Any public highway or private way established or recognized by law, or any government irrigation canal or lateral thereof, if the certificate of title does not state that the boundaries of such highway or irrigation canal or lateral thereof have been determined

Any disposition of the property or limitation on the use thereof by virtue of, or pursuant to, any law on agrarian reform

## Does a seller or occupier retain any liabilities relating to the real estate after they have disposed of it?

A seller can retain liabilities relating to the real estate even after they have disposed of it. For example, liability for any violation of environmental law or regulation attaches to the person indicated as the project owner in the applications for the relevant environment permits. It is therefore important that the relevant government agencies are notified of any transfer of ownership of the project to avoid liability arising from still being the owner on record of the project.

# Acquisition of Real Property

## What are the usual documents involved in such transactions?

The following are the usual documents in a real estate acquisition:

Letter of intent

The letter of intent (also commonly referred to as the memorandum of agreement) is usually the first document signed in a real estate acquisition. The main purpose of this document is to provide an exclusivity period in favor of the buyer during which the seller may not solicit any sale proposal from third parties. The purpose of the exclusivity period is to allow the buyer to conduct due diligence, and negotiate the terms of the sale with the seller.

The letter of intent will also include the basic terms of the sale, but such terms will generally not be binding on the buyer and seller, except for the provision on exclusivity.

Sale and purchase agreement

The sale and purchase agreement documents the parties’ agreement for the sale and purchase of the real estate on a specified date, upon the occurrence/satisfaction of certain conditions. It contains, among others: (i) the description of the real estate subject of the sale and purchase; (ii) the commercial terms of the sale and purchase (e.g., the purchase price, the schedule of payment of the purchase and which party shall bear what types of taxes); (iii) any pre-closing, closing and post-closing conditions/deliverables; and (iv) the representations and warranties of each party.

Due diligence report

Either before or after the signing of the sale and purchase agreement, the buyer and its advisors (legal, environment, technical) will have commenced due diligence on the real estate.

Deed of sale

The deed of sale is the document under which the seller transfers the real estate to the buyer. This document is fairly straightforward, sets out the basic terms of the transaction and cross-refers to the sale and purchase agreement for the other terms. This is the document that is submitted to the tax authorities when paying the applicable taxes, and in case of sale of land, to the Register of Deeds when applying for a transfer certificate of title to be issued to the buyer.

## What are the warranties given by a seller to a buyer?

A seller usually gives the following representations and warranties:

Land

The seller is the absolute, legal and beneficial owner of the land, possesses good and marketable title to the land, and has the absolute right, title and interest to sell, transfer and convey the land to the buyer

The land is free and clear of all claims, charges, mortgages, liens, encumbrances, leases, tenancies, licenses or other rights of occupation, options, rights of pre-emption, rights of first refusal and other agreements affecting the same and the seller has exclusive and unfettered possession of the land

All outstanding taxes, fees, charges and assessments in respect of the land have been paid

Commencing on closing date, the buyer shall have valid and legal title and shall enjoy full and peaceful possession of the land

There are no covenants, restrictions, burdens, stipulations, easements, grants, conditions, terms, overriding interests, rights or licenses affecting the land which are of an unusual or onerous nature or which adversely affect the use or intended use of the land, and there are no matters which adversely affect the value of the land

None of the facilities necessary for the enjoyment and use of the land or any part of them are enjoyed on terms entitling any person to terminate or curtail the same

The present use of the land is the permitted use under zoning and planning laws and regulations

Environmental matters

The seller and any present occupier or user of the land have not engaged in or permitted any operations or activities upon the land involving the use, storage, handling, release, treatment, manufacture, processing, deposit, transportation or disposal of any hazardous substance, or any substance regulated by environmental law

In relation to the land, there have not been nor are there any threatened or pending civil or criminal actions, notices of violations, investigations, administrative proceedings or written communications from any regulatory authority under any environmental laws against the seller, so far as the seller is aware, there are no facts or circumstances which may give rise to the same

Litigation

The seller is not engaged whether as plaintiff or defendant or otherwise in any civil, criminal or arbitration proceedings or any proceedings before any tribunal in relation to the land, and there are no proceedings threatened or pending against the seller in relation to the land, and there are no facts which are likely to give rise to any such litigation or proceedings

Taxation matters

The seller is not involved in any dispute with any tax authority concerning any matter likely to affect the land and no such dispute is likely

There is no unsatisfied liability for tax relating to, affecting, or for which a lien is created on, the land

The seller has not received notice that any examination or audit with respect to any tax on or affecting the land is in progress, nor any notice from any tax authority of its intention to commence such examination

## When is the sale legally binding?

For land and other types of real property, the sale becomes legally binding on the parties on the date specified in the deed of sale. In most cases, the sale becomes binding on the parties upon the execution of the deed of sale (i.e., the parties sign the deed of sale only when all the conditions to closing have been complied with).

In the case of land, under the Torrens system, the sale will bind third parties only upon its registration with the Register of Deeds.

## When is title transferred?

For sale of land and other types of real property, as between the parties, title is transferred from the buyer to the seller on the date specified in the deed of sale. In most cases, title is so transferred upon the execution of the deed of sale (i.e., the parties sign the deed of sale only when all the conditions to closing have been complied with).

In the case of sale of land, under the Torrens system, from the perspective of third parties, title is transferred from the buyer to the seller only upon registration of the deed of sale with the Register of Deeds.

## What are the costs usually shouldered by the parties?

The seller is the statutory taxpayer of the following types of taxes due in a real estate sale:

Income tax

Value-added tax (which, being an indirect tax, may be passed on by the buyer to the seller)

Local transfer tax

Capital gains tax

The law does not designate which between the seller and the buyer is the statutory taxpayer for the documentary stamp tax.

In addition to the foregoing taxes, the other costs arising from a real estate sale are the registration fees assessed by the Register of Deeds and notarization fees.

In almost all sale transactions, the seller bears the income tax and the local transfer tax. With respect to the other taxes and costs, there is no uniform practice as to which party shoulders them.

# Leases

## What are the usual forms of leases?

Private land leases

Public land leases

Office/retail space leases

Residential leases

## Are lease provisions regulated or freely negotiable?

Except for (i) leases of public land and (ii) leases of land by foreign investors under the Investors’ Lease Act, lease provisions are generally not regulated and are freely negotiable.

## Is there a maximum term for leases? Can these be extended?

Lease of private land to Philippine citizens and corporations that are at least 60% owned by Philippine citizens, as well as lease of any other type of real property (except public land) to Philippine citizens, foreigners and foreign-owned corporations, can have a term of as long as 99 years.

As a rule, lease of private land to foreigners and foreign-owned corporations can have a maximum term of only 25 years, renewable for another 25 years upon mutual agreement of the landlord and tenant. However, a lease under the Investors’ Lease Act may have a period of 50 years, extendible once for a period of not more than 25 years. A lease under this law must be registered with the Department of Trade and Industry’s (DTI) Board of Investments and is subject to the following conditions:

A stipulation as to the purpose of the investment for which the long-term lease agreement is being entered into

A stipulation by the parties recognizing the unequivocal authority of the secretary of the DTI to terminate or cancel the long-term lease agreement:

if the investment project is not initiated within three years from the signing of the lease agreement;

in case of withdrawal of approved investment;

in case of use of the leased area for purposes other than that authorized by the DTI; or

in case of violation by the parties of any of the provisions of the Investors’ Lease Act and its implementing rules and regulations.

## What are the usual lease terms?

Lease terms generally vary depending on the type of property involved.

Generally, the maximum term for a lease of private land to foreigners and foreign-owned entities is 25 years, renewable for another period of 25 years upon the parties' agreement, for an aggregate of 50 years. However, by way of exception, the Investors' Lease Act allows foreign investors to lease private land for industrial or commercial purposes for a term not exceeding 50 years, which is renewable once for another 25 years upon the parties' agreement, for a maximum aggregate term of 75 years. Land leases under the Investors' Lease Act require the Board of Investments' prior approval.

Leases of commercial and retail space are normally for a shorter term, such as three, five or 10 years.

Leases of residential properties are normally for even shorter periods, such as one or two years.

## Are there instances where tenants may demand an extension of the lease?

No. However, an implied new lease will set in for the periods provided under the Civil Code when the following requisites are found to exist: (a) the term of the original contract of lease has expired; (b) the landlord has not given the lessee a notice to vacate; and (c) the tenant continued enjoying the thing leased for fifteen days with the acquiescence of the landlord.

## On what grounds may a lease be terminated?

Lease provisions (including the ground for termination) are generally not regulated and are freely negotiable. A lease agreement would typically provide the following grounds for the landlord’s termination of the lease:

Tenant’s breach of the terms of the lease agreement

Tenant’s insolvency, bankruptcy, etc.

Tenant’s abandonment of the leased premises

## Must rents be paid in local currency?

The parties may agree on the currency in which rent shall be paid. In the event that rent is paid in foreign currency, the parties will usually agree on the exchange rate to be used for purposes of computing the applicable taxes.

## Is rent paid on a monthly basis? Is it required to be paid in advance?

This will depend on the agreement of the parties. Depending on the type of property involved (land, or residential, commercial or office space, etc.), rent is usually paid monthly or quarterly, at the beginning of the month /quarter (as the case may be).

In addition, it is common for the landlord to require the payment of advance rent equivalent to three months’ rent to be applied to the first three months of the lease term.

## How is rent reviewed? Are there limits to the increase in rent?

Rent is usually fixed for the initial term. Rent for renewals or extensions may also be fixed or may be adjusted to reflect the market value at the time of renewal or extension.

A maximum allowable annual percentage increase in rent is fixed for certain residential leases.

## What are the basic obligations of landlords and tenants?

The following are usually required of landlords:

Unless otherwise prevented by force majeure, maintain the tenant in peaceful possession of the leased premises for the entire lease term

Repair and maintain the following in good order, condition and repair: (a) the foundations, exterior walls and roof of the building; (b) the electrical, mechanical, plumbing, heating and air conditioning systems, facilities and components located in the building which are concealed and used in common by all tenants; and (c) the common areas

The following are usually required of tenants:

Pay rent on time

Use the leased premises only for the purpose/activity specified in the lease agreement

Keep and maintain the leased premises (including all non-structural interior portions, systems and equipment; interior surfaces of exterior walls, interior moldings, partitions and ceilings; and interior electrical, lighting and plumbing fixtures) in as good order, condition and repair as they were on the start of the lease period — reasonable wear and tear and damage from fire and other casualties excepted

Obtain landlord’s consent before making any alterations, additions or improvements involving either the structural, mechanical, electrical, plumbing, fire/life safety, heating, ventilating or air conditioning systems of the leased premises

Ensure that all alterations are constructed in a good and workman-like manner and in compliance with all applicable laws

## What provisions or restrictions typically apply to the transfer of the lease by the tenant? May a tenant sublet the leased premises?

Unless the lease agreement provides otherwise, the tenant must obtain the consent of the landlord before assigning his rights under the lease agreement to another person.

Unless the lease agreement contains a prohibition, the tenant may sublease the leased premises, in whole or in part, without prejudice to his/her responsibility for the performance of the lease agreement toward the landlord.

## What happens in the event of destruction of the leased premises?

Unless the lease agreement provides otherwise, the following apply:

If the lease premises is totally destroyed by a fortuitous event, the lease is terminated

If the destruction is partial, the tenant may choose between proportional reduction of rent and a rescission of the lease

## Who is usually responsible for insuring the leased premises?

The landlord is usually responsible for insuring the leased premises.

## Will the lease survive if the owner sells the leased premises?

No, it will not, unless (a) the lease of land is registered (i.e., annotated on the certificate of title covering the land) and the sale occurs subsequent to such registration, (b) there is a stipulation to the contrary in the contract of sale, or (c) the purchaser knows of the existence of the lease.

## Will the lease survive if the leased premises are foreclosed?

If the lease of land is registered and the mortgage of the land was annotated subsequent to the annotation of the lease, then the lease will have to be respected by the buyer in the foreclosure sale.

# Planning and Environmental Issues

## Who has authority over land development and environmental regulation?

Presidential Decree No. 957, otherwise known as the Subdivision and Condominium Buyers’ Protective Decree, as well as its Implementing Rules and Regulations, require every registered owner or developer of a parcel of land that wishes to convert the same into a subdivision project to obtain a certificate of registration from the Housing and Land Use Regulatory Board (HLURB). Additionally, the owner or the real estate dealer interested in the sale of lots or units in a subdivision project should obtain a license to sell from the HLURB. “Subdivision project” is defined as “a tract or a parcel of land registered under Act No. 496 which is partitioned primarily for residential purposes into individual lots with or without improvements thereon, and offered to the public for sale, in cash or in installment terms. It shall include all residential, commercial, industrial and recreational areas, as well as open spaces and other community and public areas in the project.”

For tourism development projects, the Department of Tourism (DOT) evaluates such projects for the issuance of permits and the grant of incentives by appropriate government agencies.

The Department of Environment and Natural Resources (DENR) is the lead agency in environmental protection and administration. The DENR is assisted in the formulation and implementation of environmental policies by attached agencies such as the Environmental Management Bureau (EMB) and the Laguna Lake Development Authority (LLDA), local government units, and other governmental agencies and departments.

## What environmental laws affect the use and occupation of real estate?

The use and occupation of real estate are subject to various Philippine laws and regulations that are promulgated for the protection of the environment.

Presidential Decree No. 1586 (“PD 1586”) established the Philippine Environmental Impact Statement (EIS) System. An environmental impact assessment is part of project planning and is conducted to identify and evaluate important environmental consequences, including social factors that may occur if a project will be undertaken. Measures to eliminate or minimize these impacts are incorporated into project design and operations. PD 1586 requires proponents of environmentally critical projects (ECP) and projects within environmentally critical areas (ECA) to obtain an environmental compliance certificate (ECC) prior to the commencement of the project. An ECP is a project or program that has high potential for significant negative environmental impact, while an ECA is an area delineated as environmentally sensitive such that significant environmental impact is expected if certain types of proposed projects or programs are located, developed or implemented in it.

The ECC is a document certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact. The ECC also certifies that the proponent has complied with all the requirements of the EIS System and has committed to implementing its approved Environmental Management Plan. The ECC contains specific measures and conditions that the project proponent has to undertake.

The use and occupation of real estate are also subject to the provisions of the Philippine Clean Water Act of 2004 (the “Clean Water Act”) and its implementing rules and regulations. Pursuant to the Clean Water Act, a project owner is required to secure a wastewater discharge permit, which authorizes it to discharge liquid waste and/or pollutants of specified concentration and volume from the property into any water or land resource for a specified period of time. The DENR is responsible for issuing discharge permits and monitoring and inspection of the facilities of the grantee of the permit.

The provisions of the Philippine Clean Air Act and its implementing rules and regulations are likewise applicable to the use and occupation of real estate. The Clean Air Act provides that before any business may be allowed to operate facilities and equipment which emit regulated air pollutants, the establishment must first obtain a Permit to Operate Air Pollution Source and Control Installations. The DENR issues permits to operate air pollution source and control installations, and it also monitors and inspects the facilities of the grantee of the permit.

The following regulatory environmental laws and regulations are also applicable: (i) the Water Code, which governs the appropriation and use by any entity of water within the Philippines; and (ii) the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 and its implementing rules and regulations, which requires waste generators to register with the DENR.

The costs of compliance with such environmental laws and regulations varies on a case-to-case basis, depending on the location of the project, the type of project and the extent of environmental impact as determined in the EIS.

## What main permits or licenses are required for building or occupying real estate?

In addition to environment permits, building permits and related permits that are issued by the local government having jurisdiction over the area where the real estate is located, must be obtained for building and occupying real estate.

Furthermore, a registered owner or developer of a parcel of land that wishes to convert the land into a subdivision project must obtain a certificate of registration from the HLURB. Additionally, the owner or the real estate dealer interested in the sale of lots or units in a subdivision project should obtain a license to sell from the HLURB.

For tourism development projects, the DOT evaluates such projects for the issuance of permits and the grant of incentives by appropriate government agencies.

## Can an environmental cleanup be required?

Yes, environmental cleanup may be required by authorities.

## Are there minimum energy performance requirements for buildings?

Under Republic Act No. 11285 or the Energy Efficiency and Conservation Act, new building construction and retrofit of buildings are required to comply with the minimum requirements specified in the Guidelines of Energy Conserving Design on Buildings issued by the Department of Energy (DOE)(DOE Guidelines).

Adopted by the DOE in 2020, the DOE Guidelines prescribe guidelines and minimum requirements for the energy conserving design of new buildings and major renovation of existing buildings with at least 112.5 kVA of total connected electrical loads or has at least 10,000 square meters total gross floor area.

## Are there other regulatory measures that aim to improve the sustainability of newly constructed and existing buildings?

There are none as of this writing.

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