



CDO, City of Awe



*Doing business
and investing in
Cagayan de Oro
City*

2018



Cagayan de Oro

Sublime. Tributary. Flow.

Cagayan de Oro (CDO) is a famous destination for outdoor water activities, which include whitewater river rafting, kayaking, sailing, and mountain waterfall spelunking. Apart from these outdoor adventures, the city offers another kind of flow. CDO has, in fact, become a competitive financial district, second to Makati in Metro Manila.

CDO's multilingual and multicultural society makes it conducive for setting up international companies that would boost the already productive landscape of the city. Massive road and highway projects are in progress, in order to prepare for the larger wave of retail, real estate and air travel expansion. Other opportunities for sanitation management and public safety abound as well.

CDO's IT professionals are largely independent. With people moving in and out of the city due to opportunities in Davao, Cebu, Manila, and even abroad, a large investment in IT and retail would definitely keep them ensconced at home and contributing to the local economy.

As the current administration's efforts open new development opportunities for Mindanao, CDO will benefit greatly with future infrastructure projects. New buildings soon to rise in the city will add to its promise as an investment center in Northern Mindanao. In due time, CDO will become a central Philippine hub to be reckoned with.

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PwC has taken the liberty of selecting Philippine cities of the Visayas and Mindanao to showcase their culture, progress and real potential as a place for investments. PwC has endeavored to package current local knowledge for prospective local and foreign investors.

This investment guide is part of the PwC Reimagining VisMin Collection — observed, analyzed, written by our own people, and published in the hopes of making a difference and reimagining the possible.

Alex B. Cabrera
PwC Philippines

The herald of Northern Mindanao

The City of Golden Friendship

Known for its vast rivers that yielded gold nuggets in centuries past, Cagayan De Oro is now the premier gateway of Northern Mindanao's commerce and industry. As the capital city of Misamis Oriental province, Cagayan de Oro is home to more than 600,000 Kagay-anons who are known to be hospitable, warm, and welcoming, hence its distinction as the "*City of Golden Friendship*".

Growing economic progress

Cagayan de Oro's access to regional and foreign markets presents golden opportunities to investors inside and outside the country. The city's abundant natural and man-made resources have made it much easier for economic progress to sprout within its borders. In 2014, it has been ranked by the National Competitiveness Council as the second most competitive city in the Philippines after Makati City, the country's premier financial district.

The city is at a new frontier in its economic progress as business establishments from outside its borders are coming its way. Known as the melting pot of Mindanao, Cagayan de Oro continues to take pride in its accessibility, business growth, and attractions.

The adventure never ends

While the city is becoming a commercial hub in the region, much of it is still preserved for its innate natural resources. This makes Cagayan de Oro an attractive tourist destination. The city is home to many extreme sports activities one can enjoy with the warmth of its people.

Cagayan de Oro has opened a myriad of adventures for travelers. It was featured on the *TTG Show Daily*, the official publication of the ASEAN Tourism Forum. With the city's tourism tagline – *the adventure never ends* – it offers a variety of tourist spots ranging from adventure parks, caves, and historical places to the latest paragliding and parasailing adventures.



CDO's milieu

Cagayan de Oro has evolved from a little city in Mindanao to a bustling modern city with tremendous economic and business opportunities for prospective investors.

The Limketkais and the Gaisanos took turns at opening their big malls along CM Recto in 1989 and 1990. When McDonald's and Jollibee opened at Limketkai Center, Kagay-anon kids were then the happiest and the jolliest around.

The largest structural progress in Cagayan de Oro for 2017 is the opening of the SM CDO Downtown Premier on 12 May 2017. The mall is the second SM Supermall in Northern Mindanao and 61st mall of the SM Group in the Philippines. Much is also anticipated when the SM BPO Tower becomes integrated with the retail center of the mall. This will open opportunities to the already sprouting BPO industry within the city.

Real estate developments are also prevalent as new condominium units, hotels, theme parks, and resorts are being cascaded for construction such as the Avida Towers Aspira, New Dawn Hotel Plus, The Loop North Tower, MesaVerte Residences, Primavera City, One Oasis Cagayan de Oro, Hugo Skye Lounge, Montierra, Seven Seas Waterpark and Resort, and Cove Garden Resort.

55% of Kagay-anons belong to the working age group



675,950 (2015)
+2.53% (2000-2015)

50.1% (Female)

49.9% (Male)

Fair weather all year round



23°C (June) ~
33°C (May)



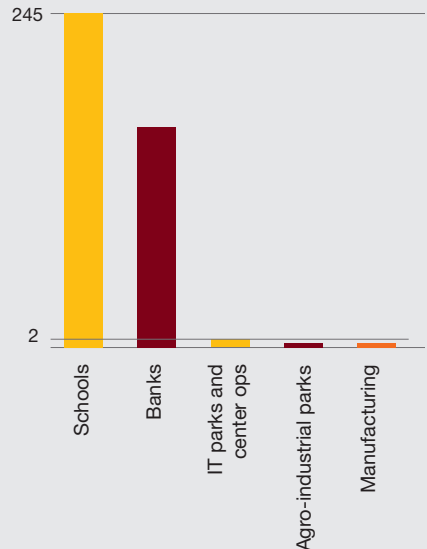
17.45mm (March) ~
193.54mm (June)

Mindanao Cebuano is the most widely spoken language in the city.



English is mainly used for business and in the academe.

There are 17,908 business establishments in Cagayan de Oro



Cagayan de Oro is the largest city in Northern Mindanao.

3.4% Territorial size of the region

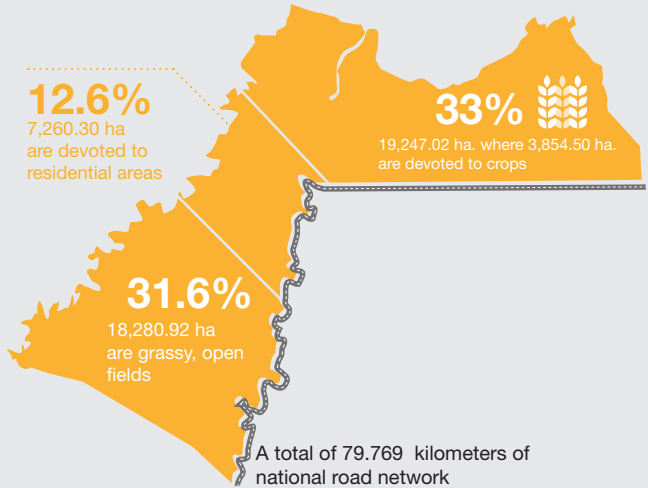
16% Territorial size of Misamis Oriental

Land area 578.5 km²
(57,851 hectares)



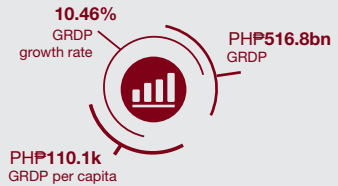
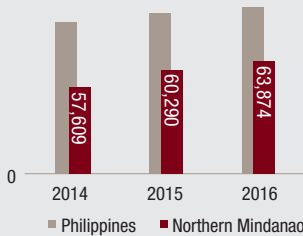
789 km

Distance from Manila
(Flight duration: 1h 30min)



Regional GDP per capita index registered stable growth

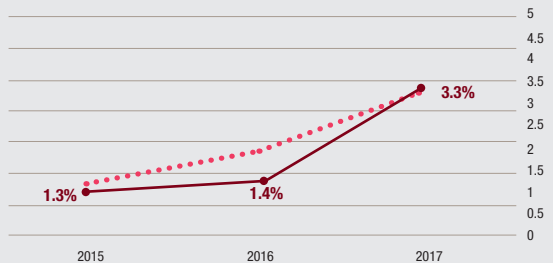
Per capita index, Northern Mindanao vs Philippines (2014-2016, at constant 2000 prices)



Northern Mindanao is supported by a relatively low inflation rate.

Inflation rate, Northern Mindanao vs Philippines (2015-2017)

— Inflation rate, Northern Mindanao
 ... Inflation rate, Philippines



GRDP - Gross Regional Domestic Product

Driving value

Automotive sector

Cagayan de Oro's car industry has flourished in past years. It has been dubbed as the automotive hub of Mindanao as world-renowned car companies have set up dealerships in the city.

Emerging technology lab

Information and communications technology sector

Business process outsourcing in Cagayan de Oro is booming, owing to an ample supply of human capital supported by available health, research, educational, and modern telecommunication facilities.

Its latest development in the IT sector is the opening of Teleperformance's newest business site. This paves the way to employment opportunities for the Kagay-anons as the BPO company plans to hire more than 1,300 call center agents for its 1,600-seat capacity facility.

Building blocks

Real estate sector

With its high-rise hotels and condominiums, one can consider Cagayan de Oro as one of the retail and residential market leaders in the country. Major real estate developers in the city include Ayala Land, Camella, Robinsons Home Inc., Filinvest Land Inc., and Megaworld.

Just recently, the city welcomed the opening of a new lifestyle-oriented shopping mall, which expanded SM Prime Holdings' business footprint in Mindanao. The latest shopping mall added to the vast abounding retail industry in the city offering local and imported products for the Kagay-anons.

From one place to another

Tourism

With its many go-to adventure places, the city has developed a knack for attracting tourists, both local and foreign. Natural surroundings make it an attractive destination, not only for commercial purposes but also for recreational activities.

Being the regional center and business hub of Northern Mindanao, the city is one of the most progressive and competitive in the Philippines. Cagayan de Oro fuels the region's growth due to its economic dynamism, government efficiency, and access to an enormous concentration of its markets.



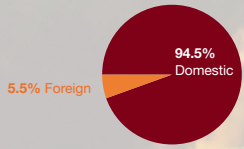
2 IT parks and center ops



245 Primary, secondary schools

Information and Communication
Technology Sector

640,092 tourist arrivals (2015)
+16% (2012)



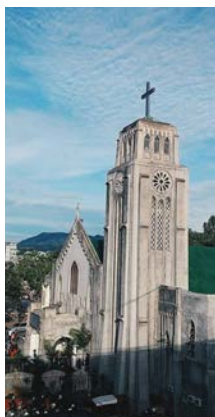
Tourism

You know you're in CDO...



1

...when, in August, the **Higalaay Festival** is celebrated to honor the feast day of the city's patron saint, St. Augustine.



2

...when you get to attend a Catholic Mass at the center of Christianity in the City, the **St. Augustine Cathedral**, which also offers tourist exquisite architectural designs and intricate stained glass windows.



3

...when the next thing you know, you're riding the great white rapids of the Cagayan de Oro river.

Cagayan de Oro is the **Whitewater Rafting Capital** of the Philippines.



4

...when you get to visit acres of botanical gardens with a wildlife collection of butterflies, birds, and deer in **Malasag Eco-Tourism Village** featuring tribal houses, museum, and an education center.



...when you get to visit the **Golden Friendship Park**, which consists of five islands featuring the monuments of the national hero Dr. Jose P. Rizal, President Ramon Magsaysay, and revolutionary leader Andres Bonifacio.

5



...when you celebrate the city's Charter Day and the country's independence day simultaneously in a week-long celebration known as **Himugso**.

6



...when you find yourself surrounded by Kagay-anons and a variety of food. The Kagay-anons are fond of festive activities, and their love for food never wanes.

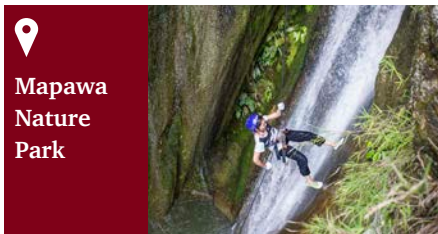
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The adventure never ends in CDO



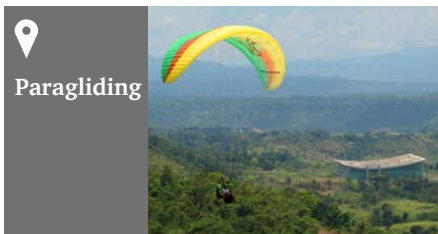
The province of Misamis Oriental is a paradise where nature-tripping is a never-ending possibility. Located along the northern coast of the Mindanao Island, it is bounded on the north by Macajalar Bay, Iligan Bay on the west, Bukidnon and Lanao del Norte on the south and southwest, and on the east by Agusan del Norte.

Cagayan de Oro has long been known as an adventure city. There are a number of creeks and rivers that run through the city. On the southern portion, hills, gorges, plateaus, and the mountain ranges of Bukidnon province dominate the scenery. With its famed whitewater rafting and kayaking adventures, nature treks at Mapawa, and jump-off points to major zip lining thrills in the region, CDO certainly demands that one be outdoors!



Mapawa Nature Park

Mapawa Nature Park is a vast property abundant with magnificent waterfalls, imposing views, and exciting activities nestled in the forest park of Barangay Cugman. Attractions include a 20-ft high water slide, 25-ft high cliff jump, and 65-ft rappel, which offer tourists a unique river trekking and canyoneering experience.



Paragliding

Paragliding is CDO's first aerial adventure. This gives sky riders a breathtaking view of Mother Nature's lush greens, a view of CDO's river to the west and a bit of the city's skyline in the north. A full view of Camiguin Island can also be seen.



Cagayan de Oro River



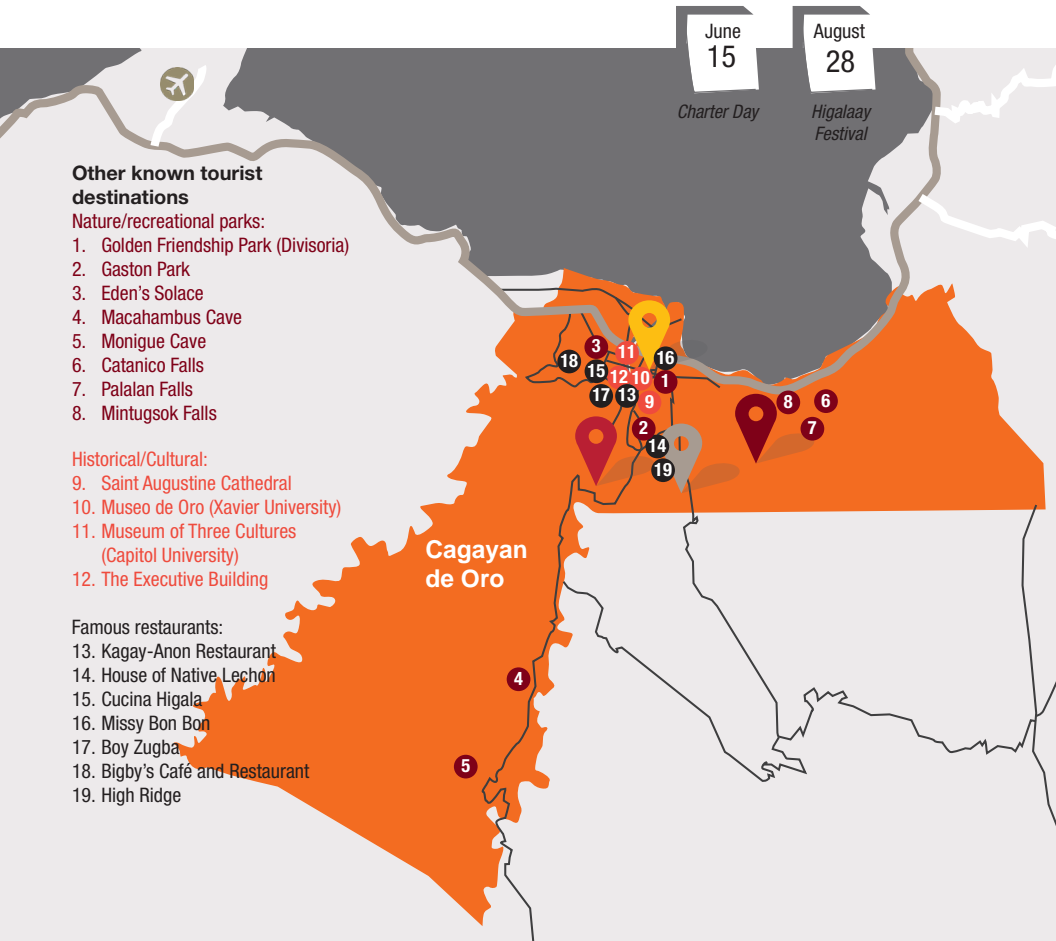
Known as the **Whitewater Rafting Capital** of the Philippines, CDO is the only city in the country that offers rafting year-round. Its river depth, incline, and rock formations make rafting in the Cagayan de Oro River a fun and exciting experience. Enthusiasts can select from several whitewater rafting operators and choose the level of thrill they seek from 'beginner' to 'advanced' to 'extreme'.



Vicente de Lara Park



Named after the former governor of Misamis Oriental (formerly Gen. Douglas MacArthur Park), it is located right in front of the Provincial Capitol. It includes the Heritage Monument and Press Freedom Monument.





Business prospects in CDO

Ease in doing business

The Cagayan de Oro Investment Incentives Code was passed and approved to provide local tax breaks to eligible businesses.

Real property tax (RPT)

1% residential, commercial, agricultural, industrial, real or other classes or properties
 or **2%**

Transfer tax

75% Commercial or industrial properties of **1%**
50% Residential, agricultural and other classes of **1%**

Franchise tax

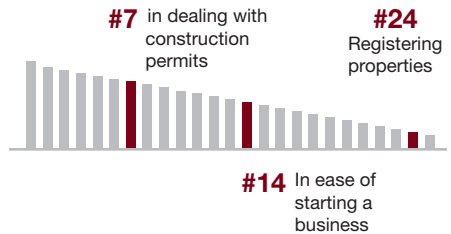
75% computed based on gross annual receipts of **1%**

Amusement tax

10% of the gross receipts of admission fees

Business registration

Registration and permits



Business One Stop Shop (BOSS) mechanism

Cagayan de Oro has established its Business One Stop Shop (BOSS) mechanism in 2010 to ease the business permit registration and renewal system for the transacting public.



processing time in registering business permits through the BOSS mechanism

★★★★★
 Best Anti-Illegal Drugs Special Operation Task Group, Highly-Urbanized City Level (2016), Philippine National Police

★★★★★
 Best CDRRMC, Highly-Urbanized City Category (2014-2016), Disaster Risk Reduction and Management

★★★★★
 e-Readiness Award for Business Process and Licensing System (2014), Department of Science and Technology

★★★★★
 Liveable Cities Design Challenge Winner, Government Evacuation Center Category (2014), National Competitiveness Council and United States Agency for International Development

★★★★★

Fiscal incentives

- Exemption from local licenses, fees, and dues within three years from the start date of the business operation
- Exemption from business tax for not more than six years starting from the approval date of business
- Exemption from RPT
- Exemption from RPT for Information and Communications Technology (ICT) equipment and other related facilities

All applicants shall pay a non-refundable filing fee of PHP1,000.00 to the City Treasurer's Office.

Non-fiscal incentives

- Online billing and payment for business applications (new and renewal), business permits, and real property tax
- Business one-stop shop
- Three-year validity period of Business Permit Registration Plate
- One-day processing time for RPT clearance used for the transfer of property ownership, loan and for verification purposes
- Two-day processing time for application business retirement or change of business ownership
- Setting up an effective 911-type emergency response

Labor force

Cagayan de Oro has an abundant supply of human resource equipped with skills capable of multitude fields of expertise. It is the top employment generator in agribusiness, cyber services, health and wellness, hotel and restaurant, mining, and construction, among others.



94.70%

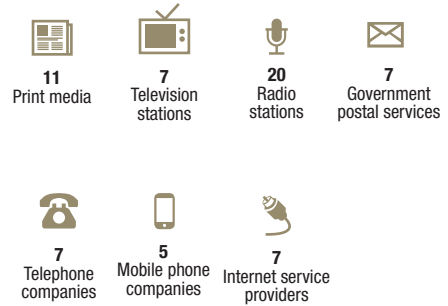
high employment rate (Region X)

66.50%

labor participation rate (Region X)

Efficient public utilities

Communication network



Competitive cost of doing business

Estimated land rate per sq m

PHP12,500 cost of land in Central Business District

Commercial space rentals (average per sq m)

PHP390/month cost of rent for commercial/office space

Daily minimum wages per sector in CDO

PHP318 Non-agriculture/Industrial/Commercial and Retail/Service employing more than ten workers

PHP306 Agriculture

Competitiveness

Based on the 2017 National Competitiveness Council (NCC) ranking of Cities and Municipalities Competitiveness Index (CMCI), among 33 highly urbanized cities in the Philippines, Cagayan de Oro City creates a stable ground as follows:



- 10th Most Competitive City
- 15th in Economic Dynamism
- 16h in Government Efficiency
- 5th in Infrastructure
- 22nd in Resiliency

Reimagining Cagayan de Oro

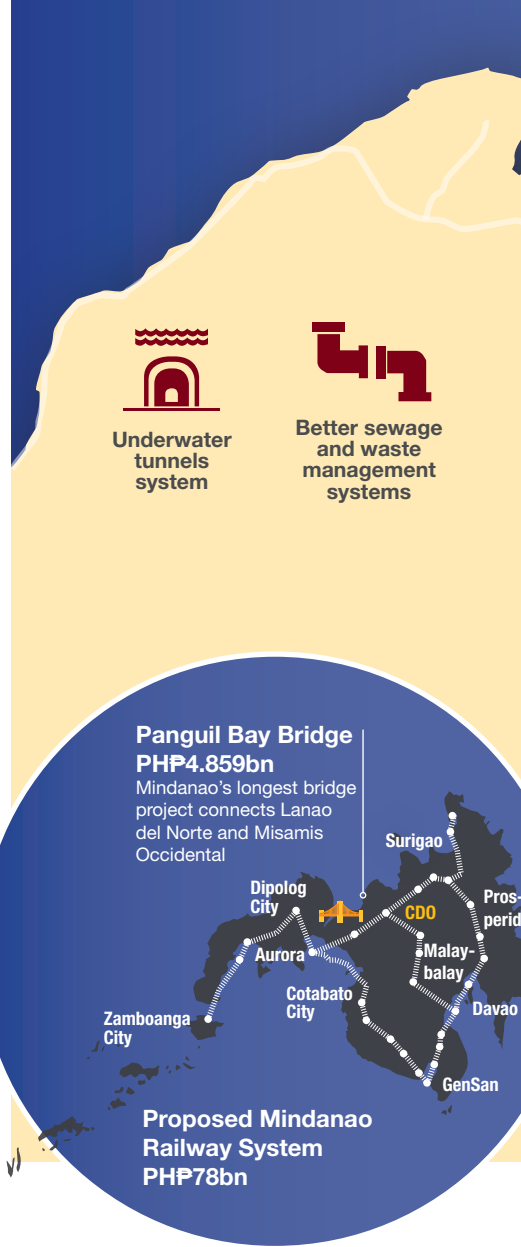
The Valley of Gold

El Dorado it was called in a poem by Edgar Allan Poe. The valley of gold, similar to the Holy Grail, was the place many warriors and pioneers set out to find—and call home. The people of CDO feel just as fortunate to be living in a valley so blessed with sunlight, so abundant with water. It is, just as well, a matter of concern in the 21st century, as global warming makes water levels rise. However, this predicament is also an opportunity for anyone whose expertise is in tunnel and ocean engineering.

Protecting the flow

Underwater tunnel engineering is more than a hundred years old. There are enough local experts and key Filipino engineers away from the Philippines who are well-acquainted with this century-old technology that's so essential to mass transport and people movement. London's first underwater and pedestrian tunnel from Rotherithe in South London to Limehouse in North London was completed by 1902. The year 1928 was the last year the streets of London were flooded by the River Thames: finally, the moving flood barrier structure at the mouth of the Thames River in Woolwich was completed.

The mouth of the Cagayan de Oro Bay is wide enough to be inundated by a deluge during the rainy season, but too narrow by the shore for this deluge to subside. A massive flood-control seawall could be a flood solution. With a sound public



and private sector arrangement, Filipino ingenuity can perfect flood control systems most appropriate for this country, where an average of 25 typhoons visit its territory every year.

Seven Seas Waterpark and Resort

The region's largest amusement park operator has started work on its bid to put Northern Mindanao on the global tourism map.



Auto flood-control sea wall

Carmen-Patag Road Passing Oro Housing PHP5m

Macasandig-Balulang Bridge

The two-lane bridge will link two southern villages of Cagayan de Oro City.



Mindanao Railway Project PHP55.47bn

The railway project which will link Cagayan de Oro, Iligan, Zamboanga City, Butuan, Surigao, Davao and General Santos.



CDO Sports Training Center

The proposed three-hectare sports center will feature state-of-the-art facilities. Its establishment is seen to elevate the performance of CDO's athletes in local and international sporting events.

The city stands

In the meantime, better sewage systems and waste management all over the metropolis would ensure public health and safety from canal bacteria. So while Cagayan de Oro invites property developers to build more skyscrapers and better visible urban infrastructure, forthcoming investments in tunnel and ocean engineering will concentrate upon managing the city's depths.

A seawall will keep the deluge at bay, while the economic deluge of Cagayan de Oro—with its low unemployment levels and high-achieving residents—can carry on and flow.

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