

THIRD QUARTER 2023

RIDER LEVETT BUCKNALL PHILIPPINES REPORT

CONSTRUCTION MARKET QUARTERLY UPDATE

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MARKET SUMMARY
THE PHILIPPINE ECONOMY

Philippine Economy Grows by 6.4% in Q1 2023

The Philippine Gross Domestic Product (GDP) posted a growth of 6.4 percent in the first quarter of 2023.

Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles, Financial and Insurance Activities were the main contributors of growth for the quarter.

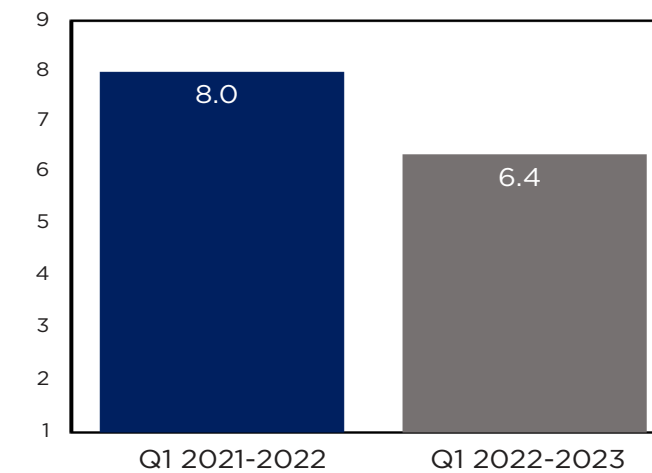
Among the major economic sectors, Agriculture, Forestry and Fishing, Industry and Services all posted positive growths in the first quarter of 2023 with 2.2 percent, 3.9 percent, and 8.4 percent, respectively.

On the demand side, Household Final Consumption Expenditure (HFCE) grew by 6.3 percent in the first quarter of 2023.

Net Primary Income (NPI) grew by 81.2 percent bringing the Gross National Income (GNI) to grow by 9.9 percent for the first quarter of 2023.

GROSS DOMESTIC PRODUCT

Year-on-Year Growth Rates (%),
Q1 2021-2022 and Q1 2022-2023



Data source: PSA

PHILIPPINES IN FIGURES

Population (as of May 2020)	109.04M
Gross National Income (as of First Quarter 2023)	9.9%
Gross Domestic Product (as of First Quarter 2023)	6.4%
Inflation Rate (as of First Quarter 2023)	7.6%
Total Exports (as of First Quarter 2023)	\$6.53B
Total Imports (as of First Quarter 2023)	\$11.63B
Balance of Trade (as of First Quarter 2023)	-\$5.10B
Employment Rate (as of First Quarter 2023)	94.2%
Unemployment Rate (as of First Quarter 2023)	5.8%
Underemployment Rate (as of First Quarter 2023)	15.8%
Labor Force Participation Rate (as of First Quarter 2023)	65.4%

MARKET SUMMARY FOREIGN DIRECT INVESTMENTS



Committed FI Reached P172.70B in Q1 2023

Total foreign investments (FI) approved in the first quarter of 2023 amounting to PhP 172.70 billion was higher compared from PhP 8.98 in the same quarter of 2022. These investments were pledges from the following Investment Promotion Agencies (IPAs), namely: Board of Investments (BOI), Clark Development Corporation (CDC), Philippine Economic Zone Authority (PEZA), and Subic Bay Metropolitan Authority (SBMA). No foreign investment approvals for the quarter were reported by Authority of the Freeport Area of Bataan (AFAB), BOI-Bangsamoro Autonomous Region in Muslim Mindanao (BOI-BARMM), Cagayan Economic Zone Authority (CEZA), Poro Point Management Corporation (PPMC), Tourism Infrastructure and Enterprise Zone Authority (TIEZA), and Clark International Airport Corporation (CIAC).

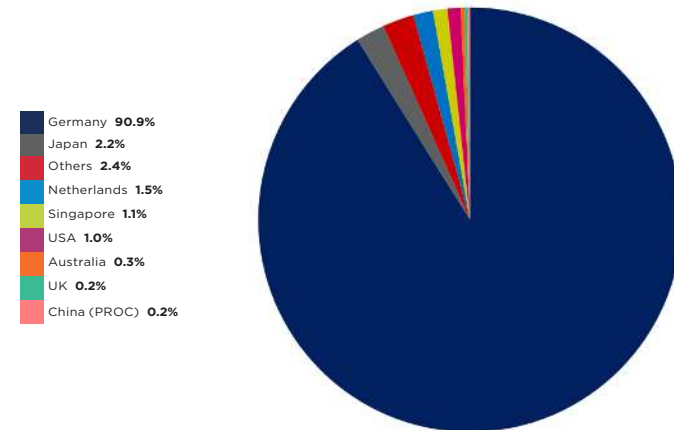
The top three prospective investing countries for the first quarter of 2023 are Germany, Japan and Netherlands. Pledges from Germany reached PhP 156.96 billion or 90.9 percent of the total FI during the quarter while Japan and Netherlands committed PhP 3.82 billion and PhP 2.65 billion, or 2.2 percent and 1.5 percent of the total approved FI, respectively.

Electricity, Gas, Steam, and Air Conditioning Supply bested all other industries as it stands to receive PhP 156.96 billion or 90.9 percent of the total FI pledges. Manufacturing came in second with investment commitments valued at PhP 10.49 billion or 6.1 percent share, followed by Administrative and Support Service Activities with PhP 3.59 billion or 2.1 percent FI contribution.

The biggest approved foreign investments in the first quarter of 2023, amounting to PhP 117.38 billion or 68.0 percent, would be intended to finance projects in Western Visayas Region. This was followed by CALABARZON with PhP 47.47 billion or 27.5 percent, Central Luzon with PhP 3.28 billion or 1.9 percent and Central Visayas with PhP 1.90 billion or 1.1 percent.

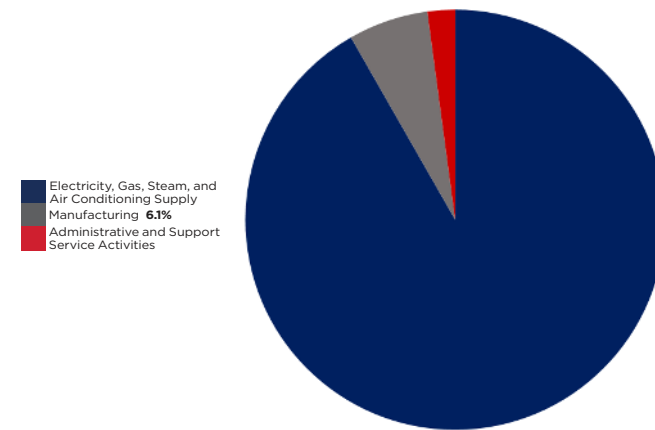
Total amount of projects by foreign and Filipino investors in the first quarter of 2023 are expected to generate 25,453 jobs. Out of these total employment, 76.3 percent would be absorbed by foreign investment projects.

**TOTAL APPROVED FOREIGN INVESTMENT
BY COUNTRY OF INVESTOR**
First Quarter 2023



Data source: PSA

**TOTAL APPROVED FOREIGN INVESTMENT
BY INDUSTRY**
First Quarter 2023

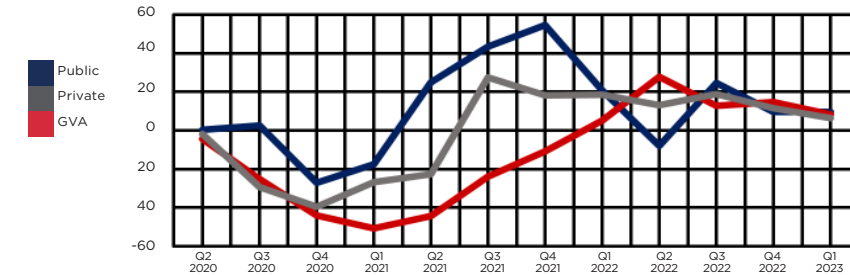


Data source: PSA

MARKET SUMMARY PHILIPPINE CONSTRUCTION



GROSS VALUE ADDED IN CONSTRUCTION
Q2 2020 - Q1 2023 at Constant 2018 Prices, in Percentage



Data source: PSA

Gross Value Added (GVA) refers to the total payment to factors of production, namely: wages, interest, profits and rents. It also includes capital consumption allowance and indirect taxes. It is also estimated by deducting from gross value of output the sum of non-factor cost such as raw materials and supplies, containers and packing materials, fuel, advertising and other non-industrial overhead cost.

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Public	2.4	-27.1	-17.7	24.9	43.2	54.6	20.7	-8.0	24.4	9.5	9.4	4.7
Private	-25.4	-44.1	-50.7	-44.3	-23.9	-10.8	5.0	27.6	12.8	14.5	8.3	20.6
GVA	-29.4	-39.7	-26.8	-22.6	27.4	18.0	18.6	13.1	18.7	11.4	6.2	10.8

Construction Industry Grows by 10.8%

The Construction recorded a slower growth of 10.8 percent during the period, compared with the 13.1 percent growth in the same quarter of the previous year.

Private Construction, which accounted for 20.6 percent of total construction investments, decreased by 7.0 percent from 27.6 percent of during the first quarter of 2022. Meanwhile, Public Construction decreased by 6.3 percent.

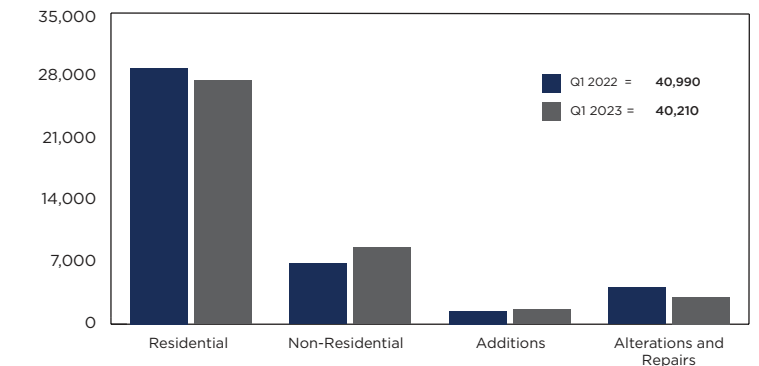
Construction Activities Declined by -1.9%

According to the preliminary data released by the Philippine Statistics Authority (PSA), indicates an annual decline of -1.9 percent. Total number of constructions reached 40,210 in the first quarter of 2023 compared to 40,990 recorded in the same period in 2022.

The surge in construction activities was driven by the increase in building permits approved. Residential constructions reached 27,489 or 68.4 percent of the total number of constructions during the quarter. This type of construction indicates a decline of -5.2 percent compared with the 28,995 constructions in the same quarter of the previous year. Majority of the total residential constructions were single-type houses with 23,849 projects. Meanwhile, non-residential constructions with 8,553 projects or 21.3 percent ranked second during the quarter. It shows an increase of 24.2 percent compared with the same period of 2022. Commercial buildings mostly contributed to the increase with 6,168 or 72.1 percent.

Likewise, additions to existing structures increased to 1,338 projects with a share of 3.3 percent. Combined number of alterations and repairs had a share of 2,830 projects or 7.0 percent.

**NUMBER OF CONSTRUCTION
PROJECTS BY TYPE**
First Quarter, Year 2022 and 2023



Data source: PSA

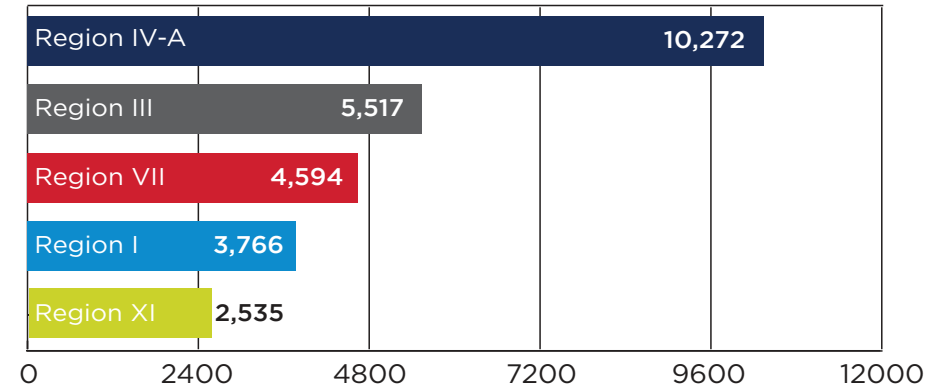
MARKET SUMMARY PHILIPPINE CONSTRUCTION



CONSTRUCTION MARKET ACTIVITY CONSTRUCTION MARKET ACTIVITY CYCLE



TOP 5 REGIONS WITH THE HIGHEST NUMBER OF CONSTRUCTION PROJECTS
First Quarter 2023



Data source: PSA

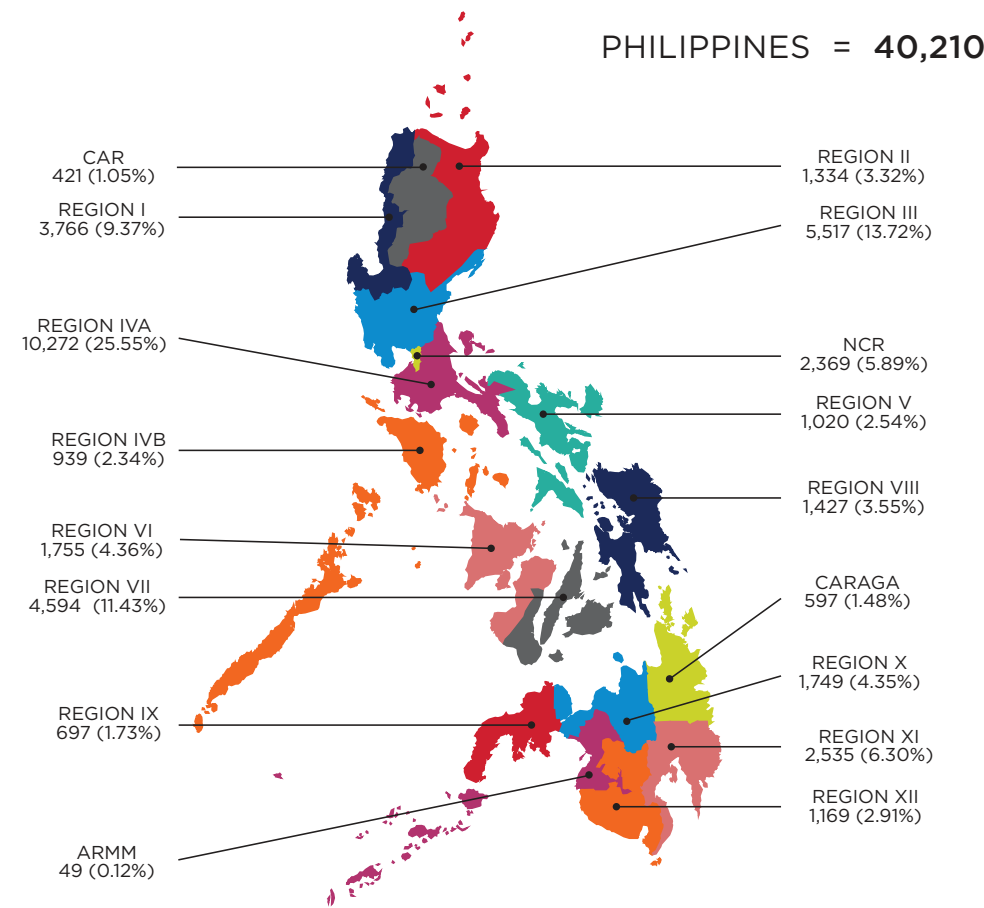
Region IV-A (CALABARZON) continued to lead the list of the top five regions with the highest number of construction projects during the first quarter of 2023. The region recorded 10,272 construction projects or 25.5 percent of the total. Region III (Central Luzon) ranked second with 5,517 projects or 13.7 percent of the total.

Region VII (Central Visayas) ranked third with 4,594 construction projects or equivalent of 11.4 percent of the total, while Region I (Ilocos Region) and Region XI (Davao Region) occupied the fourth and fifth spots with 3,766 projects or 9.37 percent of the total and 2,535 projects or 6.30 percent of the total, respectively.

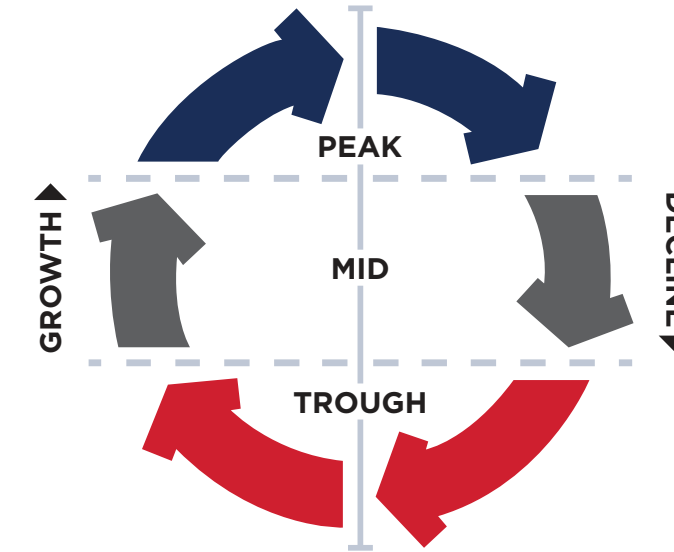
The construction projects for the reference period were equivalent to 8.70 million square meters of space and were valued at P101.66 billion.

CONSTRUCTION MARKET ACTIVITY

DISTRIBUTION OF CONSTRUCTION PROJECTS BY REGION
First Quarter 2023



Data source: PSA



RLB CONSTRUCTION MARKET ACTIVITY CYCLE
First Quarter 2023

Activity within the construction industry traditionally has been subject to volatile cyclical fluctuations.

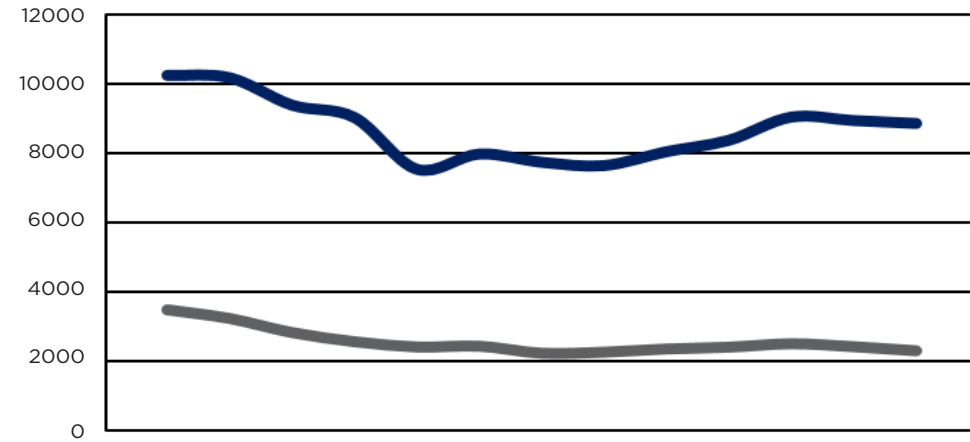
The RLB Construction Sector Activity Cycle represents the construction development activity cycle. The chart below shows the relative level of activity for various sectors of the construction industry in each RLB Philippines' main and satellite offices in the country.

Each sector is categorised by three positions within the cycle; Peak, Mid and Trough. Within each position, activity is further defined by either declining or growing within that sector.

The "up" and "down" arrows highlight the current status within the three positions of the cycle by means of the three colours identified in the cycle diagram below.

KEY CITIES	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL
METRO MANILA	▼	▼	▲	▼	▲	▲
CLARK	▲	▼	▲	▲	▲	▲
LAGUNA	▲	▼	▼	▲	▲	▲
ILOILO	▼	▼	▼	▲	▼	▼
BACOLOD	▲	▼	▲	▲	▲	▲
BOHOL	▲	▼	▼	▲	▲	▲
CEBU	▲	▼	▲	▲	▼	▼
CAGAYAN DE ORO	▲	▲	▲	▲	▲	▲
DAVAO	▼	▲	▼	▲	▲	▲

COMMODITY PRICE TRENDS



METAL PRICES

METAL PRICES
March 2022 - March 2023

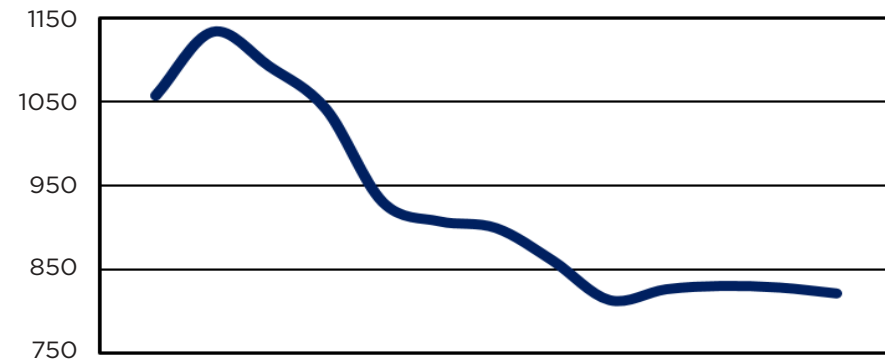
Data Source: World Bank and MEPS

METAL	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023
Copper	10,231	10,161	9,377	9,024	7,545	7,982	7,746	7,651	8,050	8,375	9,038	8,937	8,856
Aluminum	3,498	3,244	2,830	2,563	2,408	2,431	2,225	2,256	2,351	2,402	2,502	2,416	2,296

STEEL REINFORCEMENTS

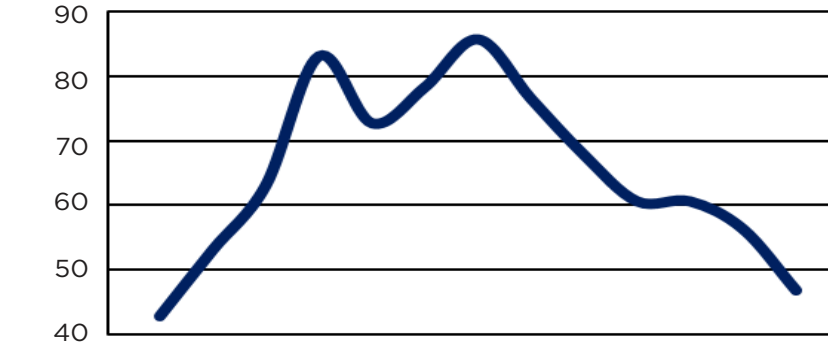
STEEL REINFORCEMENTS
March 2022 - March 2023

Description: Rebar (concrete reinforcing bars) (Japan) producers' export contracts (3 to 12 months terms) fob mainly to Asia, US Dollars per Tonne.



METAL	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023
Steel	1057	1133	1092	1041	930	907	899	860	813	826	830	828	821

COMMODITY PRICE TRENDS



CRUDE OIL PRICES

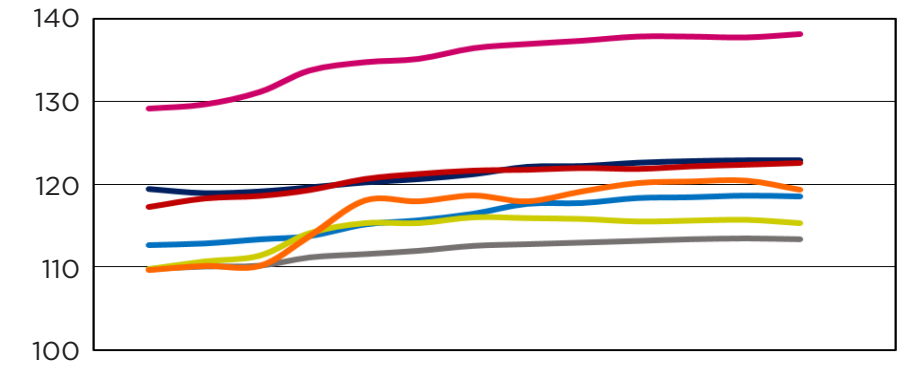
CRUDE OIL PRICES
March 2022 - March 2023
Description: Crude Oil (petroleum), simple average of three spot prices; Dated Brent, West Texas Intermediate, and the Dubai Fateh, US Dollars per Barrel

METAL	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023
Crude Oil	113.1	102.7	108.3	115.7	106.5	97.8	90.6	90.6	86.3	76.8	80.0	81.2	77.5

RETAIL PRICE INDEX

RETAIL PRICE INDEX OF SELECTED CONSTRUCTION MATERIALS IN THE NATIONAL CAPITAL REGION
March 2022 - March 2023

Data Source: PSA



MATERIALS	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023
Carpentry	119.6	120.2	120.6	121.2	122.1	122.2	122.6	122.8	122.9	122.9	123.1	123.6	123.6
Electrical	111.2	111.6	112.0	112.6	112.8	113	113.2	113.4	113.5	113.4	113.5	113.6	113.9
Masonry	119.3	120.6	121.2	121.6	121.7	121.9	121.8	122.1	122.3	122.5	122.6	123.3	123.6
Painting	113.7	115.1	115.66	116.4	117.6	117.7	118.3	118.4	118.6	118.5	118.7	119.7	120.1
Plumbing	114.1	115.3	115.3	116.0	115.9	115.8	115.5	115.6	115.7	115.3	115.6	115.9	116.6
Tinsmithry	133.7	134.7	135.1	136.4	136.9	137.3	137.8	137.8	137.7	138.1	138.8	138.9	140.0
Miscellaneous	113.7	118.0	117.9	118.6	117.9	119.1	120.1	120.3	120.4	119.3	119.5	120.3	120.7

CURRENCY EXCHANGE RATES

CURRENCY		UNITS PER USD													
		UNIT	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023
Philippine Peso	₱	1	51.96	52.16	52.24	55.02	55.64	56.24	58.91	58.89	56.80	55.13	54.55	55.31	54.43
Singapore Dollar	\$	1	1.35	1.38	1.37	1.39	1.38	1.40	1.43	1.41	1.37	1.35	1.31	1.35	1.33
UK Pound Sterling	£	1	1.31	1.26	1.26	1.21	1.22	1.16	1.11	1.15	1.20	1.21	1.23	1.21	1.24
Australian Dollar	\$	1	0.75	0.71	0.72	0.69	0.70	0.69	0.65	0.64	0.67	0.67	0.70	0.67	0.67
Canadian Dollar	\$	1	1.25	1.28	1.26	1.29	1.28	1.31	1.37	1.36	1.35	1.36	1.34	1.36	1.35
Japanese Yen	¥	1	122.40	129.90	128.20	136.63	133	138.61	144.74	148.24	138.8	132.65	130.41	136.29	133.48
Korean Won	₩	1	1,210.80	1,269.40	1,245.80	1,292.90	1,304	1,347.50	1,434.80	1,419.30	1,331.50	1,276.10	1,228.70	1,317.40	1,303.8
Thailand Baht	฿	1	33.37	34.34	34.19	35.29	36.82	36.50	37.92	38.02	35.35	34.80	32.77	35.14	34.10
Netherlands Euro	€	1	1.11	1.05	1.07	1.04	1.02	1.00	0.97	0.99	1.04	1.06	1.08	1.06	1.09

CONSTRUCTION PRICES

DEVELOPMENT TYPE	LOW	HIGH
OFFICE BUILDINGS	PHP/m ²	
With Fit-out	89,600	259,000
Without Fit-out	43,200	137,800
BPO	PHP/m ²	
With Fit-out	49,000	58,100
Without Fit-out	28,900	48,800
MIXED-USED BUILDING	PHP/m ²	
BPO and Retail	56,700	69,000
Office and Retail	54,500	92,000
Residential, BPO and Retail	71,700	109,000
Hotel and Office	78,800	114,000
HOTELS incl. FF&E	PHP/m ²	
Five Star	108,000	254,000
Four Star	82,400	107,000
Three Star	67,000	81,900
Resort	46,400	112,500
INDUSTRIAL	PHP/m ²	
Warehouse and Cold Storage	73,700	161,000
Distribution / Manufacturing	42,200	230,000
Data Centre / Data Hosting Centres	208,000	617,000

DEVELOPMENT TYPE	LOW	HIGH
INSTITUTIONAL	PHP/m ²	
Schools	53,800	84,600
Hospitals with FF&E	49,400	120,000
RETAIL - SHOPPING MALLS	PHP/m ²	
Shopping Mall with retails / supermarkets	44,700	68,000
Supermarkets / retails	37,600	62,900
RESIDENTIAL	PHP/m ²	
Hi-End Residential Building	63,200	106,800
Mid-End Residential Building	50,000	63,100
Low-End Residential Building	40,400	51,900
Rowhouse (1 - 4storeys)	26,000	83,500
Single Detached (mid/high end)	58,400	92,600
Single Detached (low end)	31,400	42,100
CLUBHOUSE	PHP/m ²	
Clubhouse	75,100	369,000
CARPARKS	PHP/m ²	
Open Parking	10,800	17,700
Steel Parking Building	46,300	55,000
Concrete Parking Building	21,100	38,000
Mechanical Parking (cost platform and system only)	72,300	257,000

PROFESSIONAL SERVICES

QUANTITY SURVEYING

- Full Quantity Surveying from start of project to finish
- Budgetary Estimates and Cost Estimate Preparation
- Preparation of Priced Bills of Quantities
- Bid Documentation, Bidding and Award of Contracts
- Contract Documentation and Administration
- Project Cost Control
- Financial, Physical and Quality Audit of Construction
- Contractual Advice
- Contractual Claims Preparation and Adjudication
- Dispute Management
- Builders Quantities Preparation
- Replacement Cost Estimates
- Assistance in Arbitration, and/or Litigation
- Secondment of Staff

PROJECT MANAGEMENT / CONSTRUCTION MANAGEMENT

- Project / Construction Management and Supervision
- Value Engineering Services
- Project Close-out Services
- Quality Assurance and Quality Control (QA/QC) Services

SPECIAL SERVICES

- Financial Audit of Construction
- Physical Audit of Construction
- Quality Audit of Construction
- Verification of Loan Amounts
- Verification of Monies Spent
- Contractual Advice
- Contractual Claims Preparation and Adjudication
- Builders Quantities Preparation
- Replacement Cost Estimates after Disaster; Fire; Typhoon etc.
- Expert Witness in Arbitration, and/or Litigation
- Secondment of Staff



AFRICA

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Stellenbosch
Hulhumalé
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Palmerston North
Queenstown
Tauranga
Wellington



A Quarterly Publication from the Research and Development of:

RLB | Rider Levett Bucknall

Rider Levett Bucknall Philippines, Inc.

MAIN OFFICE:

Building 3, Corazon Clemeña
Compound, No. 54 Danny Floro
Street, Bagong Ilog, Pasig City,
1600 Philippines
T: +63 2 8365 1060 / +63 2 8365 7252
E: rlb@ph.rlb.com

STA. ROSA, LAGUNA OFFICE:

Unit 303, Brain Train Center,
Lot 11 Block 3, Sta. Rosa Business
Park, Greenfield, Brgy. Don Jose,
Sta. Rosa City, Laguna,
4026 Philippines
M: +63 917 886 9332
E: rlb.starosa@ph.rlb.com

ILOILO OFFICE:

Unit 2F-17, The Galleria,
Jalandoni Street, Jaro, Iloilo City
5000 Philippines
M: +63 917 528 5616
E: rlb@ph.rlb.com

BOHOL OFFICE:

Cascajo, Panglao Island,
Bohol, 6340 Philippines
M: +63 917 548 1313
E: rlb@ph.rlb.com

CEBU OFFICE:

Unit 2-901, 9th Floor, OITC 2,
Oakridge Business Park,
880 A.S. Fortuna Street, Banilad,
Mandaue City, Cebu
6014 Philippines
T: +63 32 268 0072 / +63 32 231 0811
E: rlbcebu@ph.rlb.com

DAVAO OFFICE:

4th Floor Units 404-405
Cocolife Building, Claro M. Recto
Corner Palma Gil Streets
Davao City 8000 Philippines
T: +63 82 225 9093
M: +63 929 336 4180
E: rlbldavao@ph.rlb.com

BACOLOD OFFICE:

2nd Floor, Paseo Verde, Lacson St.,
Mandalagan, Bacolod City
Negros Occidental, 6100 Philippines
M: +63 929 336 4180
E: rlb@ph.rlb.com

CAGAYAN DE ORO OFFICE:

Unit 4, RMT Bldg., C.M. Recto Ave.,
Lapasan Highway, Brgy. Lapasan,
Cagayan De Oro City, Misamis
Oriental 9000 Philippines
M: +63 929 336 4180
E: rlb.cdo@ph.rlb.com

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