

RLB

Rider  
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FIRST QUARTER 2024

# RIDER LEVETT BUCKNALL PHILIPPINES REPORT

## CONSTRUCTION MARKET QUARTERLY UPDATE





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**MARKET SUMMARY**  
**THE PHILIPPINE ECONOMY**

Philippine Economy Grows by 5.9% in Q3 2023

The Philippine Gross Domestic Product (GDP) posted a growth of 5.9 percent in the third quarter of 2023.

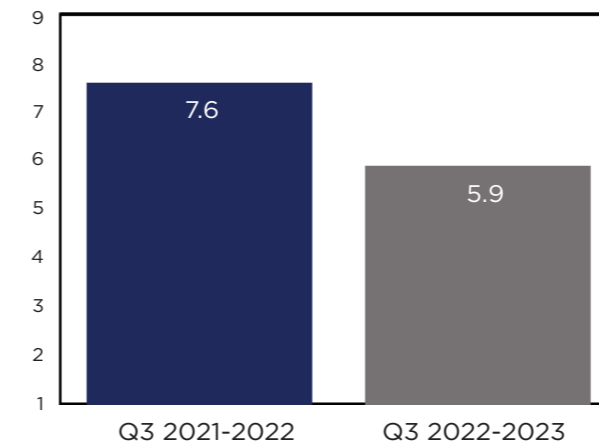
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles; Financial and Insurance Activities ; and Construction were the main contributors of growth for the quarter.

Among the major economic sectors, Agriculture, Forestry and Fishing, Industry and Services all posted positive growths in the third quarter of 2023 with 0.9 percent, 5.5 percent, and 6.8 percent, respectively.

On the demand side, Household Final Consumption Expenditure (HFCE) grew by 5.0 percent in the third quarter of 2023.

Net Primary Income (NPI) grew by 112.5 percent bringing the Gross National Income (GNI) to grow by 12.1 percent for the third quarter of 2023.

**GROSS DOMESTIC PRODUCT**  
Year-on-Year Growth Rates (%),  
Q3 2021-2022 and Q3 2022-2023



Data source: PSA

**PHILIPPINES IN FIGURES**

<b>Population</b> (as of May 2020)	109.04M
<b>Gross National Income</b> (as of Third Quarter 2023)	12.1%
<b>Gross Domestic Product</b> (as of Third Quarter 2023)	5.9%
<b>Inflation Rate</b> (as of Third Quarter 2023)	6.1%
<b>Total Exports</b> (as of Third Quarter 2023)	\$6.73B
<b>Total Imports</b> (as of Third Quarter 2023)	\$10.24B
<b>Balance of Trade</b> (as of Third Quarter 2023)	-\$3.51B
<b>Employment Rate</b> (as of Third Quarter 2023)	95.5%
<b>Unemployment Rate</b> (as of Third Quarter 2023)	4.5%
<b>Underemployment Rate</b> (as of Third Quarter 2023)	10.7%
<b>Labor Force Participation Rate</b> (as of Third Quarter 2023)	64.1%

# MARKET SUMMARY

## FOREIGN DIRECT INVESTMENTS



### Committed FI Reached P59.09B in Q3 2023

Total foreign investments (FI) approved in the third quarter of 2023 amounting to PhP 27.30 billion, an increase of 109.3 percent from the PhP 13.05 billion total FI in the same quarter of 2022. These investments were pledges from the following Investment Promotion Agencies (IPAs), namely: Authority of the Freeport Area of Bataan, Board of Investments (BOI), Clark Development Corporation, Cagayan Economic Zone Authority, Philippine Economic Zone Authority, Subic Bay Metropolitan Authority, and Zamboanga City Special Economic Zone Authority. No foreign investment approvals were reported by the BOI-Bangsamoro Autonomous Region in Muslim Mindanao (BOI-BARMM), Clark International Airport Corporation (CIAC), Poro Point Management Corporation, and Tourism Infrastructure and Enterprise Zone Authority. The Bases Conversion and Development Authority and John Hay Management Corporation, which are the latest addition to the list of IPAs covered by this report, also had no approved FI in the third quarter of 2023.

The top three prospective investing countries for the third quarter of 2023 are Singapore, Taiwan and United Kingdoms. Pledges from Singapore reached PhP 13.04 billion or 47.8 percent of the total FI during the quarter while Taiwan and United

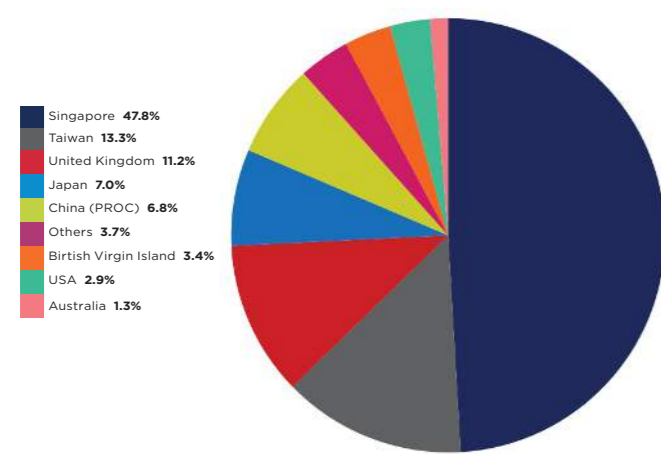
Kingdoms committed PhP 3.63 billion and PhP 3.06 billion, or 13.3 percent and 11.2 percent of the total approved FI, respectively.

Manufacturing bested all other industries as it stands to receive PhP 16.43 billion or 60.2 percent of the total FI pledges. Administrative and Support Service Activities came in second with investment commitments valued at PhP 4.28 billion or 15.7 percent share, followed by Real Estate Activities with PhP 4.22 billion or 15.5 percent FI contribution.

The biggest approved foreign investments in the third quarter of 2023, amounting to PhP 14.56 billion or 53.3 percent, would be intended to finance projects in CALABARZON. This was followed by Central Luzon with PhP 6.13 billion or 22.4 percent and Central Visayas with PhP 3.87 billion or 14.2 percent.

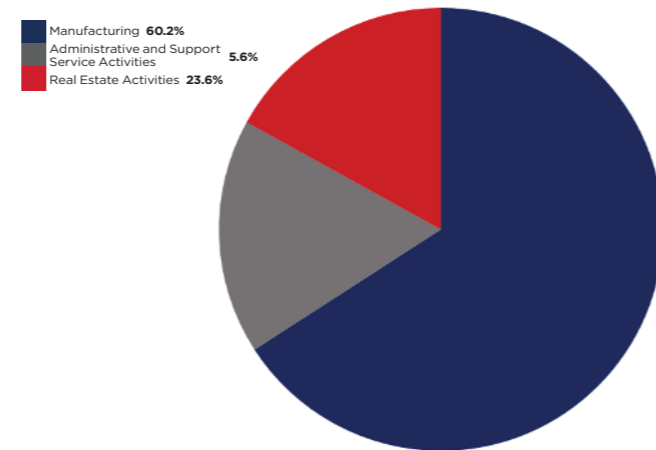
Total amount of projects by foreign and Filipino investors in the third quarter of 2023 are expected to generate 22,571 jobs. Out of these total employment, 85.0 percent would be absorbed by foreign investment projects.

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



Data source: PSA

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



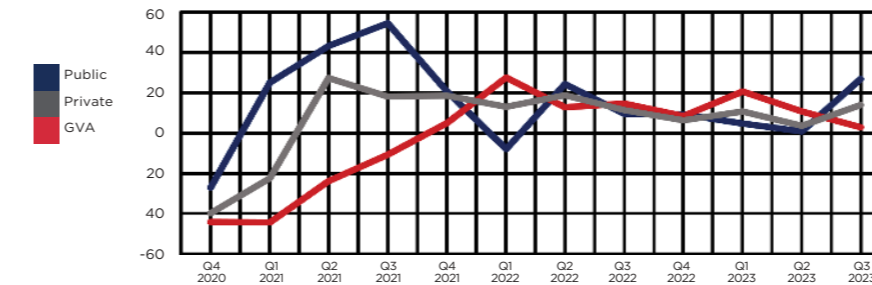
Data source: PSA

# MARKET SUMMARY

## PHILIPPINE CONSTRUCTION



**GROSS VALUE ADDED IN CONSTRUCTION**  
Q4 2020 - Q3 2023 at Constant 2018 Prices, in Percentage



**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.

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Public	-27.1	-17.7	24.9	43.2	54.6	20.7	-8.0	24.4	9.5	9.4	5.1	0.8
Private	-44.1	-50.7	-44.3	-23.9	-10.8	5.0	27.6	12.8	14.5	8.3	20.9	10.2
GVA	-39.7	-26.8	-22.6	27.4	18.0	18.6	13.1	18.7	11.4	6.2	11.1	3.5

### Construction Industry Grows by 12.4%

The Construction grew by 12.4 percent during the period, compared with the 11.4 percent growth in the same quarter of the previous year.

Private Construction, which accounted for 2.8 percent of total construction investments, decreased by 7.9 percent from 10.7 percent of during the third quarter of 2022. Meanwhile, Public Construction increased by 26.9 percent.

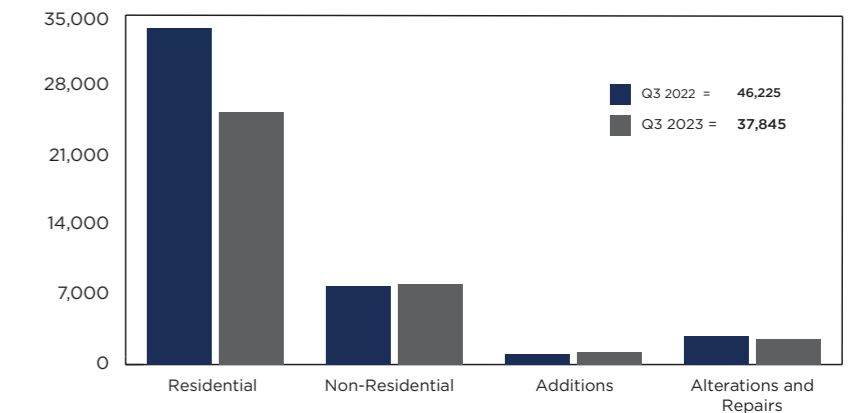
### Construction Activities Declined by 18.1%

According to the preliminary data released by the Philippine Statistics Authority (PSA), indicates an annual decrease of 18.1 percent. Total number of constructions reached 37,845 in the third quarter of 2023 compared to 46,225 recorded in the same period in 2022.

The surge in construction activities was driven by the increase in building permits approved. Residential constructions reached 25,411 or 67.1 percent of the total number of constructions during the quarter. This type of construction indicates an annual decrease of 24.8 percent compared with the 33,796 constructions in the same quarter of the previous year. Majority of the total residential constructions were single-type houses with 21,735 projects. Meanwhile, non-residential constructions with 8,273 projects or 21.9 percent ranked second during the quarter. It shows an increase of 3.1 percent compared with the same period of 2022. Commercial buildings mostly contributed to the increase with 5,890 or 71.20 percent.

Likewise, additions to existing structures increased to 1,399 projects with a share of 5.3 percent. Combined number of alterations and repairs had a share of 2,762 projects or -10.2 percent.

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

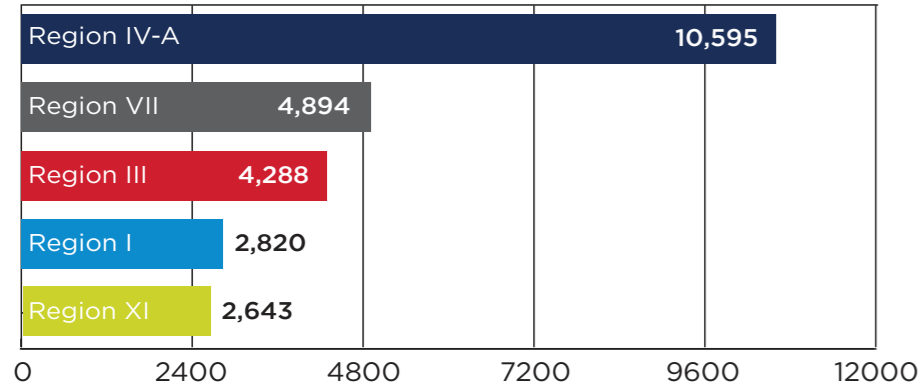


Data source: PSA

# MARKET SUMMARY PHILIPPINE CONSTRUCTION



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



Data source: PSA

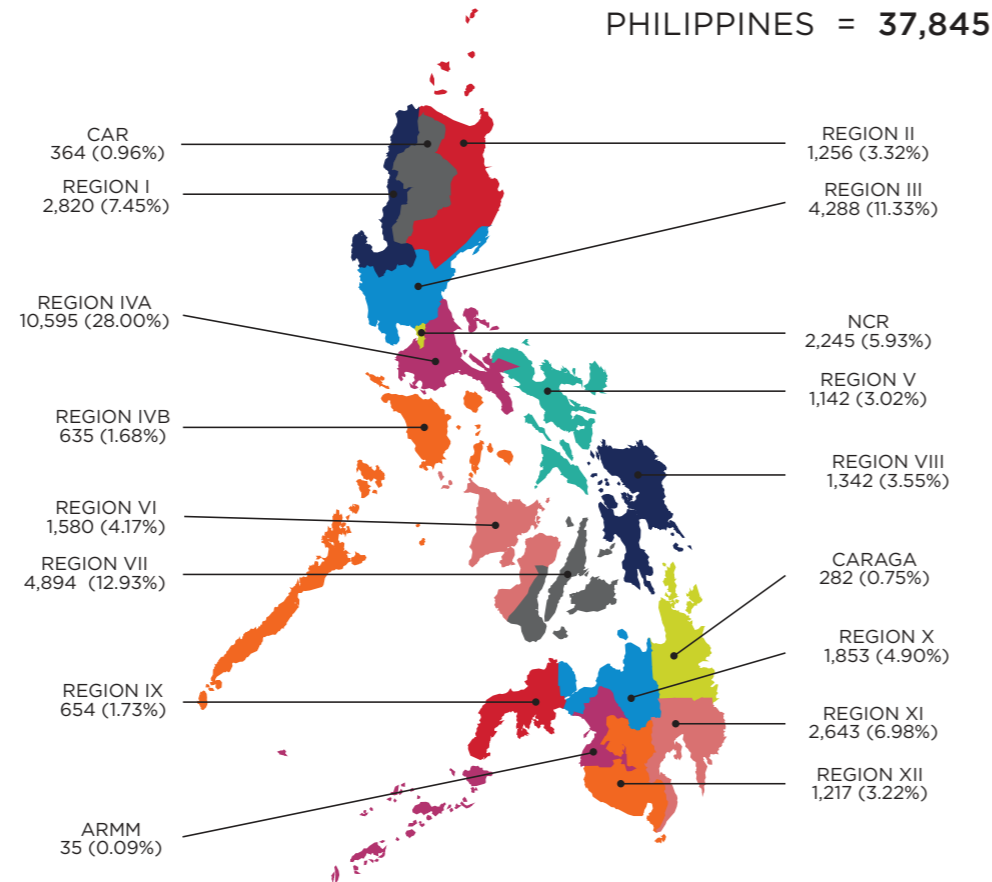
Region IV-A (CALABARZON) continued to lead the list of the top five regions with the highest number of construction projects during the third quarter of 2023. The region recorded 10,595 construction projects or 28.0 percent of the total. Region VII (Central Visayas) ranked second with 4,894 projects or 12.9 percent of the total.

Region III (Central Luzon) ranked third with 4,288 construction projects or equivalent of 11.3 percent of the total, while Region I (Ilocos Region) and Region XI (Davao Region) occupied the fourth and fifth spots with 2,820 projects or 7.45 percent of the total and 2,643 projects or 6.98 percent of the total, respectively.

The construction projects for the reference period were equivalent to 10.59 million square meters of space and were valued at P114.01 billion.

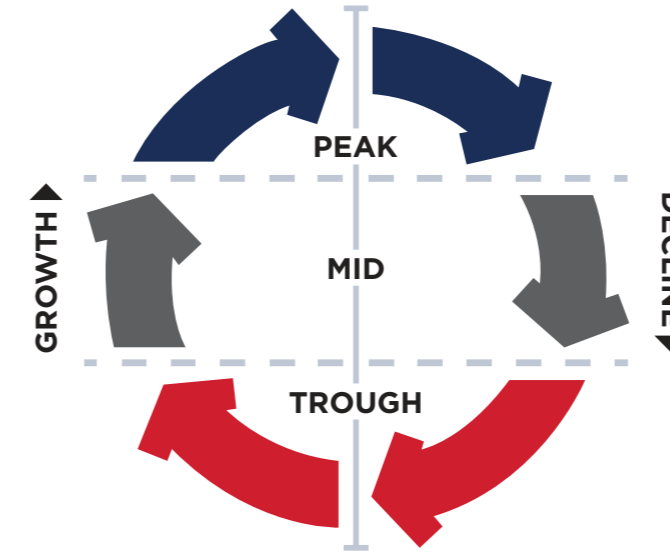
## CONSTRUCTION MARKET ACTIVITY

DISTRIBUTION OF CONSTRUCTION PROJECTS BY REGION  
Third Quarter 2023



Data source: PSA

# CONSTRUCTION MARKET ACTIVITY CONSTRUCTION MARKET ACTIVITY CYCLE



RLB CONSTRUCTION MARKET ACTIVITY CYCLE  
Third Quarter 2023

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

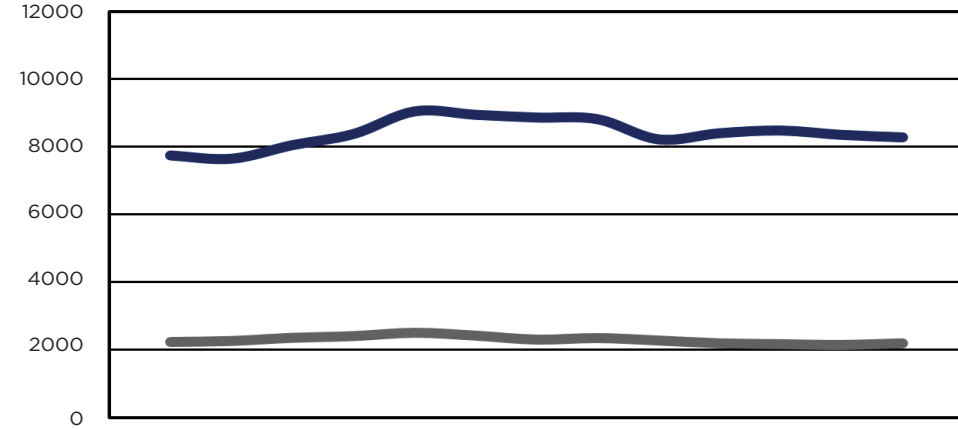
The RLB Construction Sector Activity Cycle represents the construction development activity cycle. The chart below shows the relative level of activity for various sectors of the construction industry in each RLB Philippines' main and satellite offices in the country.

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  
September 2022 - September 2023

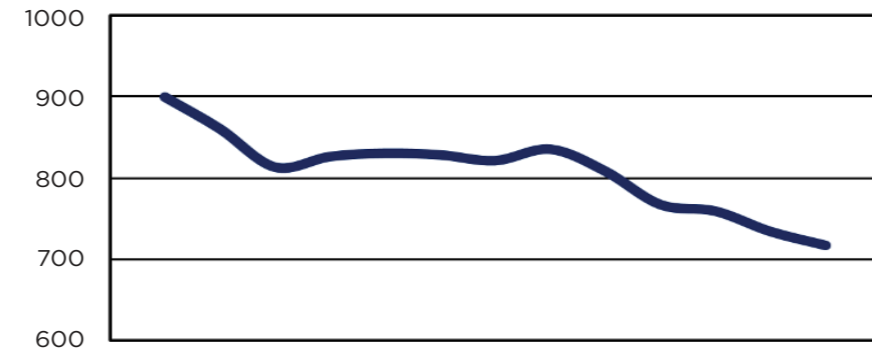
Data Source: World Bank and MEPS

METAL	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUN 2023	JUL 2023	AUG 2023	SEP 2023
Copper	7,746	7,651	8,050	8,375	9,038	8,937	8,856	8,809	8,217	8,397	8,477	8,349	8,277
Aluminum	2,225	2,256	2,351	2,402	2,502	2,416	2,296	2,343	2,269	2,185	2,160	2,137	2,185

## STEEL REINFORCEMENTS

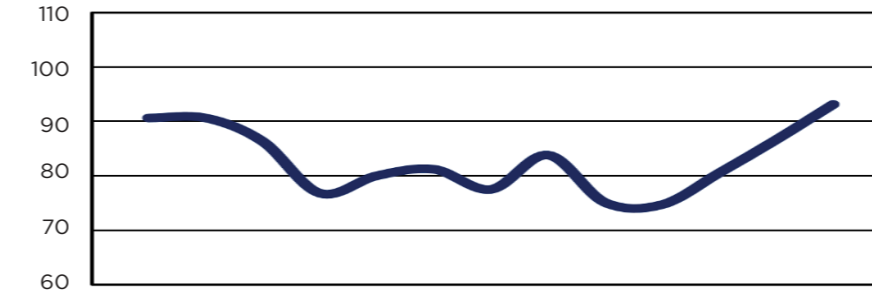
STEEL REINFORCEMENTS  
September 2022 - September 2023

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



METAL	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUN 2023	JUL 2023	AUG 2023	SEP 2023
Steel	899	860	813	826	830	828	821	835	808	767	759	734	717

## COMMODITY PRICE TRENDS



### CRUDE OIL PRICES

CRUDE OIL PRICES  
September 2022 - September 2023

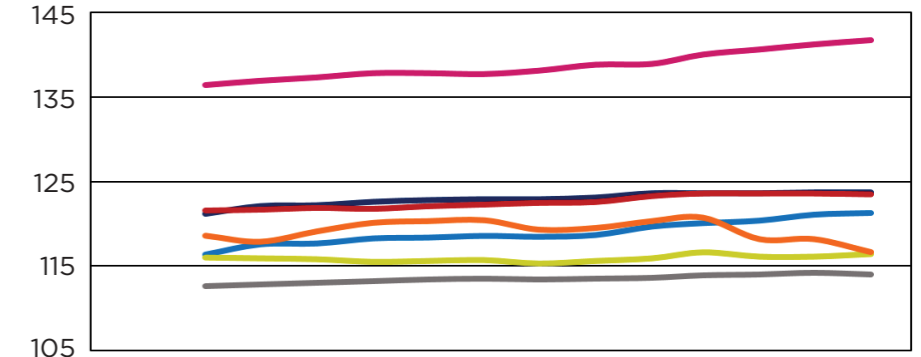
Description: Crude Oil (petroleum), simple average of three spot prices; Dated Brent, West Texas Intermediate, and the Dubai Fateh, US Dollars per Barrel

METAL	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUN 2023	JUL 2023	AUG 2023	SEP 2023
Crude Oil	90.6	90.6	86.3	76.8	80.0	81.2	77.5	83.8	75.1	74.7	80.5	86.6	93.1

## RETAIL PRICE INDEX

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

Data Source: PSA



MATERIALS	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUN 2023	JUL 2023	AUG 2023	SEP 2023
Carpentry	122.6	122.8	122.9	122.9	123.1	123.6	123.6	123.6	123.7	123.7	123.6	123.6	123.6
Electrical	113.2	113.4	113.5	113.4	113.5	113.6	113.9	114.0	114.2	114.0	114.1	114.1	114.3
Masonry	121.8	122.1	122.3	122.5	122.6	123.3	123.6	123.6	123.6	123.5	123.5	123.4	123.4
Painting	118.3	118.4	118.6	118.5	118.7	119.7	120.1	120.4	121.1	121.3	121.2	121.2	121.4
Plumbing	115.5	115.6	115.7	115.3	115.6	115.9	116.6	116.1	116.1	116.4	116.3	116.3	116.0
Tinsmithry	137.8	137.8	137.7	138.1	138.8	138.9	140.0	140.6	141.2	141.7	141.5	141.3	141.7
Miscellaneous	120.1	120.3	120.4	119.3	119.5	120.3	120.7	118.2	118.2	116.7	116.9	118.3	118.5

## CURRENCY EXCHANGE RATES

CURRENCY		UNITS PER USD													
		UNIT	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUN 2023	JUL 2023	AUG 2023	SEP 2023
Philippine Peso	₱	1	58.91	58.89	56.80	55.13	54.55	55.31	54.43	55.74	55.99	55.36	54.85	56.70	56.96
Singapore Dollar	\$	1	1.43	1.41	1.37	1.35	1.31	1.35	1.33	1.33	1.35	1.36	1.33	1.35	1.36
UK Pound Sterling	£	1	1.11	1.15	1.20	1.21	1.23	1.21	1.24	1.25	1.24	1.26	1.29	1.27	1.23
Australian Dollar	\$	1	0.65	0.64	0.67	0.67	0.70	0.67	0.67	0.66	0.65	0.66	0.67	0.65	0.65
Canadian Dollar	\$	1	1.37	1.36	1.35	1.36	1.34	1.36	1.35	1.36	1.36	1.32	1.32	1.35	1.35
Japanese Yen	¥	1	144.74	148.24	138.8	132.65	130.41	136.29	133.48	134.05	140.22	144.88	140.92	146.07	149.44
Korean Won	₩	1	1,434.80	1,419.30	1,331.50	1,276.10	1,228.70	1,317.40	1,303.8	1,339.90	1,325.60	1,312.80	1,280.00	1,321.40	1,344.80
Thailand Baht	฿	1	37.92	38.02	35.35	34.80	32.77	35.14	34.10	34.13	34.81	35.60	34.26	34.93	36.54
Netherlands Euro	€	1	0.97	0.99	1.04	1.06	1.08	1.06	1.09	1.10	1.07	1.09	1.10	1.09	1.06

## CONSTRUCTION PRICES

DEVELOPMENT TYPE	LOW	HIGH
<b>OFFICE BUILDINGS</b>	PHP/m <sup>2</sup>	
With Fit-out	89,600	259,000
Without Fit-out	43,200	137,800
<b>BPO</b>	PHP/m <sup>2</sup>	
With Fit-out	49,000	58,100
Without Fit-out	28,900	48,800
<b>MIXED-USED BUILDING</b>	PHP/m <sup>2</sup>	
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
<b>HOTELS incl. FF&amp;E</b>	PHP/m <sup>2</sup>	
Five Star	108,000	254,000
Four Star	82,400	107,000
Three Star	67,000	81,900
Resort	46,400	112,500
<b>INDUSTRIAL</b>	PHP/m <sup>2</sup>	
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
<b>INSTITUTIONAL</b>	PHP/m <sup>2</sup>	
Schools	53,800	84,600
Hospitals with FF&E	49,400	120,000
<b>RETAIL - SHOPPING MALLS</b>	PHP/m <sup>2</sup>	
Shopping Mall with retails / supermarkets	44,700	68,000
Supermarkets / retails	37,600	62,900
<b>RESIDENTIAL</b>	PHP/m <sup>2</sup>	
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
<b>CLUBHOUSE</b>	PHP/m <sup>2</sup>	
Clubhouse	75,100	369,000
<b>CARPARKS</b>	PHP/m <sup>2</sup>	
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



**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

#### CLARK OFFICE:

Units 211 Baronesa Place Bldg., Mc Arthur Hi-way Dau, Mabalacat City, Angeles, Pampanga  
M: +63 917 569 5258  
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

#### 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

#### 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

#### 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

#### 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

#### 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

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Wuhan  
Wuxi  
Xian  
Zhuhai  
Bacolod  
Bohol  
Cagayan de Oro  
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Belgium  
Bulgaria  
Croatia  
Czech Republic  
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Darwin  
Gold Coast  
Melbourne  
Newcastle  
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