

RLB

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SECOND QUARTER 2024

PHILIPPINE REPORT

CONSTRUCTION MARKET
QUARTERLY UPDATE





Project Polaris

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MARKET SUMMARY

THE PHILIPPINE ECONOMY

Philippine Economy Grows by 5.6% in Q4 2023

The Philippine Gross Domestic Product (GDP) posted a growth of 5.6 percent in the fourth quarter of 2023.

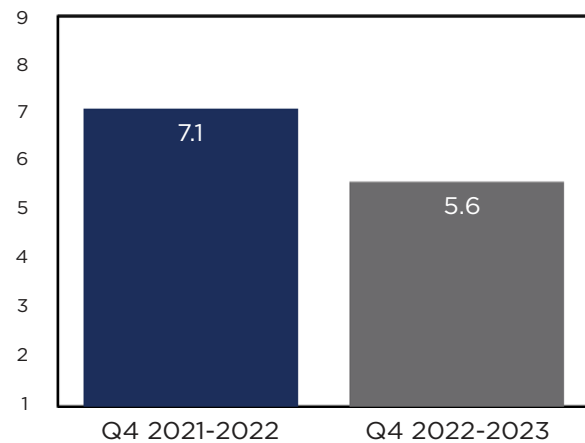
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles; Financial and Insurance Activities ; and Construction were the main contributors of growth for the quarter.

Among the major economic sectors, Agriculture, Forestry and Fishing, Industry and Services all posted positive growths in the fourth quarter of 2023 with 1.4 percent, 3.2 percent, and 7.4 percent, respectively. For the full year of 2023, AFF, Industry, and Services also posted growths in 2023 at 1.2 percent, 3.6 percent, and 7.2 percent, respectively.

On the demand side, Household Final Consumption Expenditure (HFCE) grew by 5.3 percent in the fourth quarter of 2023.

Net Primary Income (NPI) grew by 97.7 percent and 96.6 percent for the annual 2023. Gross National Income (GNI) grew by 11.1 percent for the fourth quarter of 2023 bringing the full-year 2023 growth to 10.5 percent.

GROSS DOMESTIC PRODUCT
Year-on-Year Growth Rates (%),
Q4 2021-2022 and Q4 2022-2023



Data source: PSA

PHILIPPINES IN FIGURES

Population (as of May 2020)	109.04M
Gross National Income (as of Fourth Quarter 2023)	11.1%
Gross Domestic Product (as of Fourth Quarter 2023)	5.6%
Inflation Rate (as of Fourth Quarter 2023)	3.9%
Total Exports (as of Fourth Quarter 2023)	\$5.78B
Total Imports (as of Fourth Quarter 2023)	\$9.79B
Balance of Trade (as of Fourth Quarter 2023)	-\$4.01B
Employment Rate (as of Fourth Quarter 2023)	96.9%
Unemployment Rate (as of Fourth Quarter 2023)	3.1%
Underemployment Rate (as of Fourth Quarter 2023)	11.9%
Labor Force Participation Rate (as of Fourth Quarter 2023)	66.6%

Data source: PSA; World Population Review

MARKET SUMMARY

FOREIGN DIRECT INVESTMENTS

Committed FI Reached P394.45B in Q4 2023

Total foreign investments (FI) approved in the fourth quarter of 2023 amounting to PhP 394.45 billion, an increase of 127.2 percent from the PhP 173.61 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 (AFAB), Board of Investments (BOI), Clark Development Corporation (CDC), Philippine Economic Zone Authority (PEZA), and Subic Bay Metropolitan Authority (SBMA). No foreign investment approvals were reported by the Bases Conversion and Development Authority (BCDA), BOI-Bangsamoro Autonomous Region in Muslim Mindanao (BOI-BARMM), Cagayan Economic Zone Authority (CEZA), Clark International Airport Corporation (CIAC), John Hay Management Corporation (JHMC), Poro Point Management Corporation (PPMC), Tourism Infrastructure and Enterprise Zone Authority (TIEZA), and Zamboanga City Special Economic Zone Authority (ZCSEZA).

The top three prospective investing countries for the fourth quarter of 2023 are Netherlands, Japan and Singapore. Pledges from Netherlands reached PhP 345.76 billion or 87.7 percent of the total FI during the quarter while Japan and Singapore committed PhP 31.37 billion and PhP 4.99 billion, or 8.0 percent and 1.3 percent of the total approved FI, respectively.

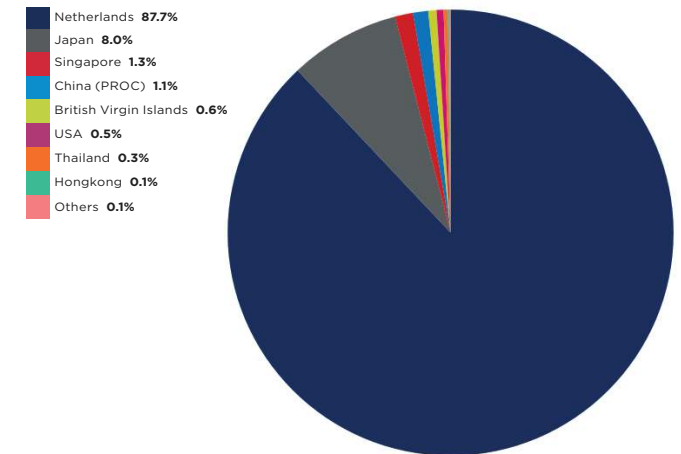
Electricity, Gas, Steam, and Air Conditioning Supply bested all other industries as it stands to receive PhP 335.87 billion or 85.1 percent of the total FI pledges. Manufacturing came in second with investment commitments valued at PhP 48.96 billion or 12.4 percent share, followed by Administrative and Support Service Activities with PhP 5.70 billion or 1.4 percent FI contribution.

The biggest approved foreign investments in the fourth quarter of 2023, amounting to PhP 162.92 billion or 41.3 percent, would be intended to finance projects in Bicol Region. This was followed by Eastern Visayas with PhP 108.30 billion or 27.5 percent and Ilocos Region with PhP 58.52 billion or 14.8 percent.

Total amount of projects by Foreign and Filipino investors in the fourth quarter of 2023 are expected to generate 28,529 jobs. Out of these total employment, 23,596 employments would be absorbed by foreign investment projects.

TOTAL APPROVED FOREIGN INVESTMENT BY COUNTRY OF INVESTOR

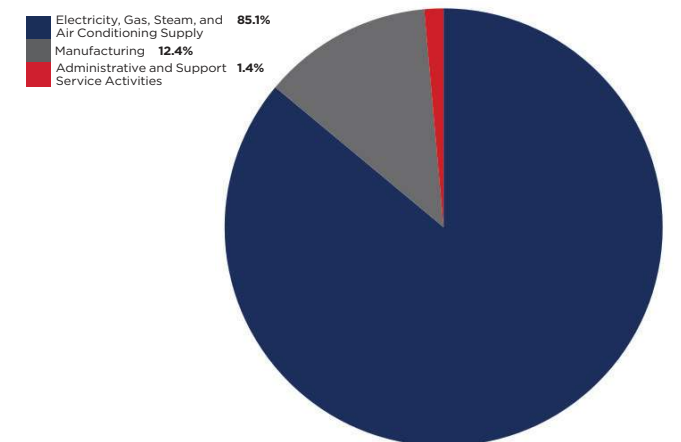
Fourth Quarter 2023



Data source: PSA

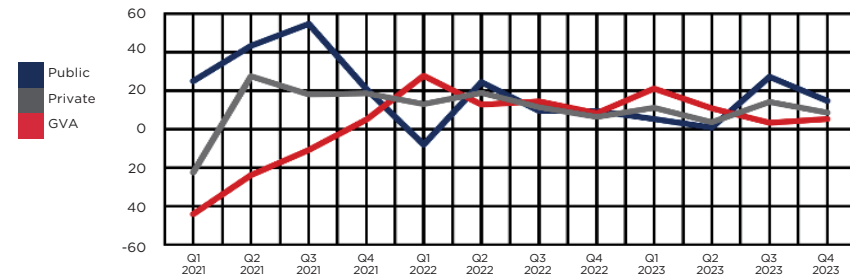
TOTAL APPROVED FOREIGN INVESTMENT BY INDUSTRY

Fourth Quarter 2023



Data source: PSA

MARKET SUMMARY PHILIPPINE CONSTRUCTION



GROSS VALUE ADDED IN CONSTRUCTION

Q1 2021 - Q4 2023 at Constant 2018 Prices, in Percentage

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Public	24.9	43.2	54.6	20.7	-8.0	24.4	9.5	9.4	5.1	0.7	27.2	14.7
Private	-44.3	-23.9	-10.8	5.0	27.6	12.8	14.5	8.3	20.9	10.7	3.2	5.2
GVA	-22.6	27.4	18.0	18.6	13.1	18.7	11.4	6.2	11.1	3.6	14.2	8.5

Data source: PSA

Construction Industry Grows by 8.5%

The Construction recorded growth of 8.5 percent during the period, compared with the 6.2 percent growth in the same quarter of the previous year.

Private Construction, which accounted for 5.2 percent of total construction investments, decreased by 3.1

percent from 8.3 percent of during the fourth quarter of 2023. Meanwhile, Public Construction increased by 14.7 percent.

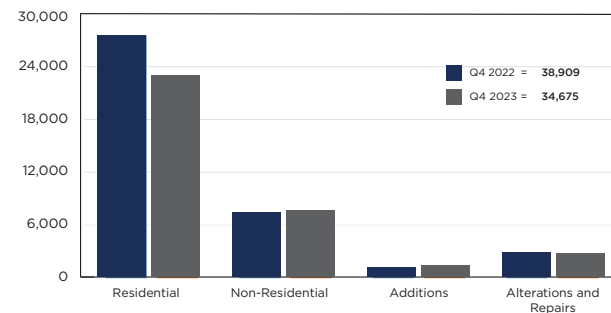
Construction Activities Declined by 10.9%

According to the preliminary data released by the Philippine Statistics Authority (PSA), indicates an annual decrease of 10.9 percent. Total number of constructions reached 34,675 in the fourth quarter of 2023 compared to 38,909 recorded in the same period in 2022.

The surge in construction activities was driven by the increase in building permits approved. Residential Buildings still reported the highest number of 23,009 constructions or 66.4 percent of the total number of constructions during the quarter. This type of construction indicates an annual decrease of 16.3 percent compared with the 27,482 constructions in the same quarter of the previous year. Majority of the total residential constructions were single-type houses with 19,200 projects. Meanwhile, non-residential constructions with 7,607 projects or 21.9 percent ranked second during the quarter. It shows an increase at an annual rate of 2.8 percent compared with the same period of 2022. Commercial buildings mostly contributed to the increase with 5,201 or 68.4 percent.

NUMBER OF CONSTRUCTION PROJECTS BY TYPE

Fourth Quarter, Year 2022 and 2023



Data source: PSA

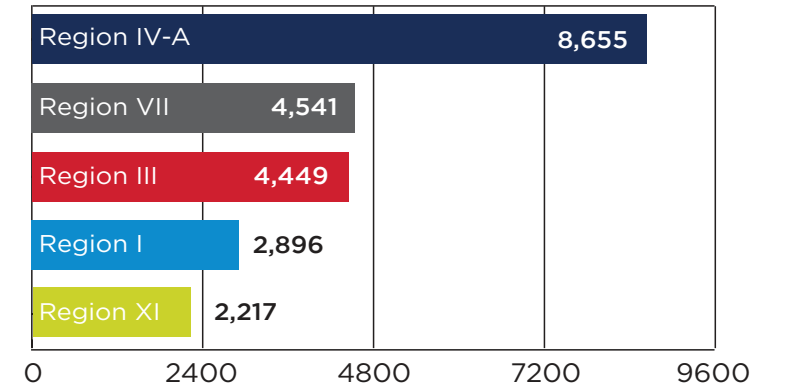
Likewise, additions to existing structures increased to 1,435 projects with a share of 3.8 percent. Combined number of alterations and repairs had a share of 2,951 projects or 7.9 percent.

MARKET SUMMARY PHILIPPINE CONSTRUCTION

TOP 5 REGIONS WITH THE HIGHEST NUMBER OF CONSTRUCTION PROJECTS

Fourth 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 fourth quarter of 2023. The region recorded 8,655 construction projects or 25.0 percent of the total. Region VII (Central Visayas) ranked second with 4,541 projects or 13.1 percent of the total.

Region III (Central Luzon) ranked third with 4,449 construction projects or equivalent of 12.8 percent of

the total, while Region I (Ilocos Region) and Region VI (Western Visayas) occupied the fourth and fifth spots with 2,896 projects or 8.35 percent of the total and 2,217 projects or 6.39 percent of the total, respectively.

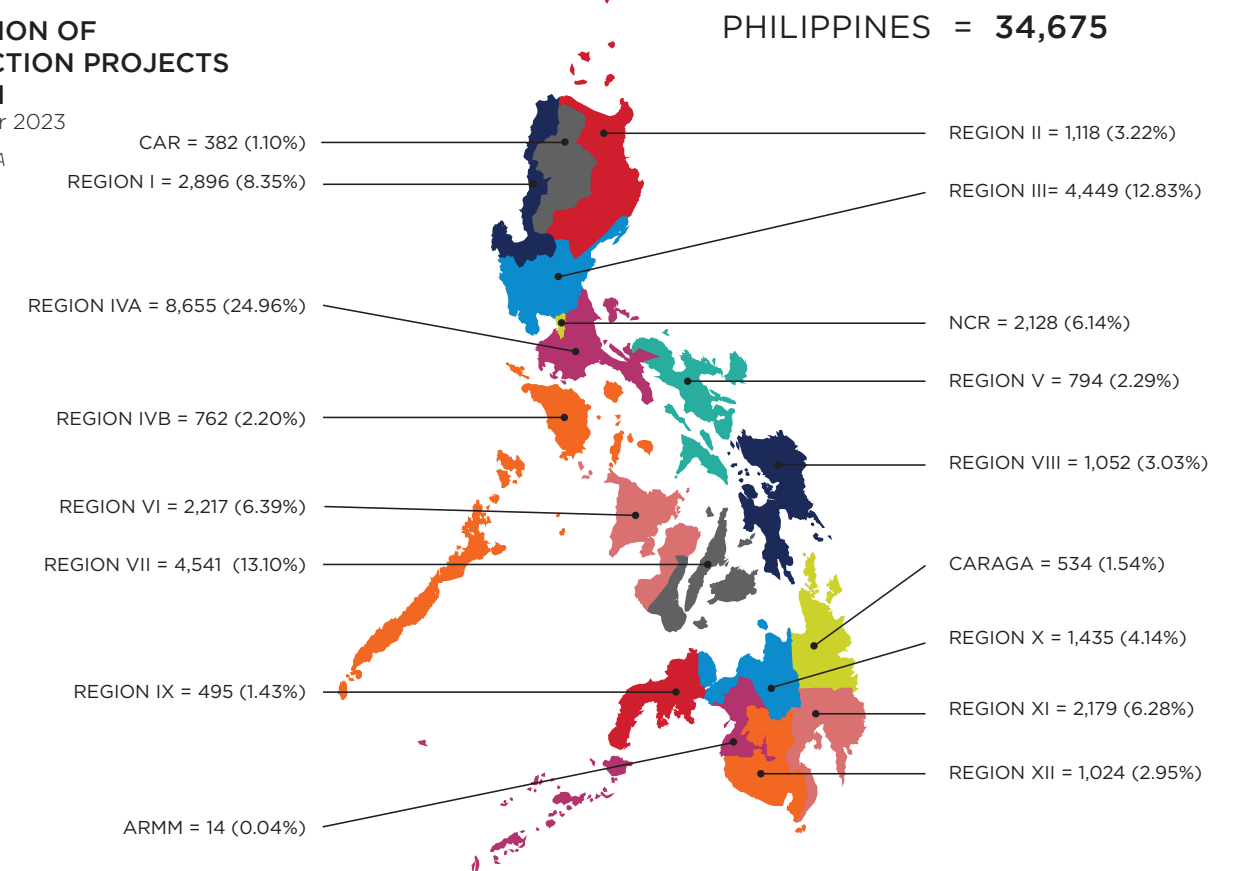
The construction projects for the reference period were equivalent to 9.70 million square meters of space and were valued at P111.13 billion.

CONSTRUCTION MARKET ACTIVITY

DISTRIBUTION OF CONSTRUCTION PROJECTS BY REGION

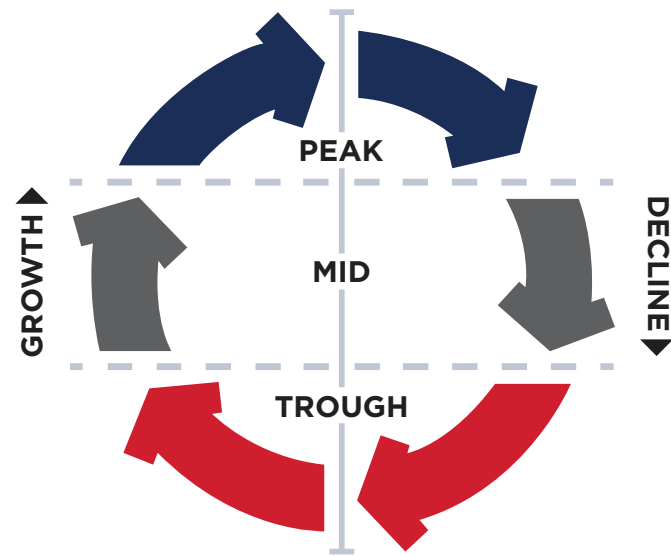
Fourth Quarter 2023

Data source: PSA



CONSTRUCTION MARKET ACTIVITY

CONSTRUCTION MARKET ACTIVITY CYCLE



RLB CONSTRUCTION MARKET ACTIVITY CYCLE

Fourth 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.

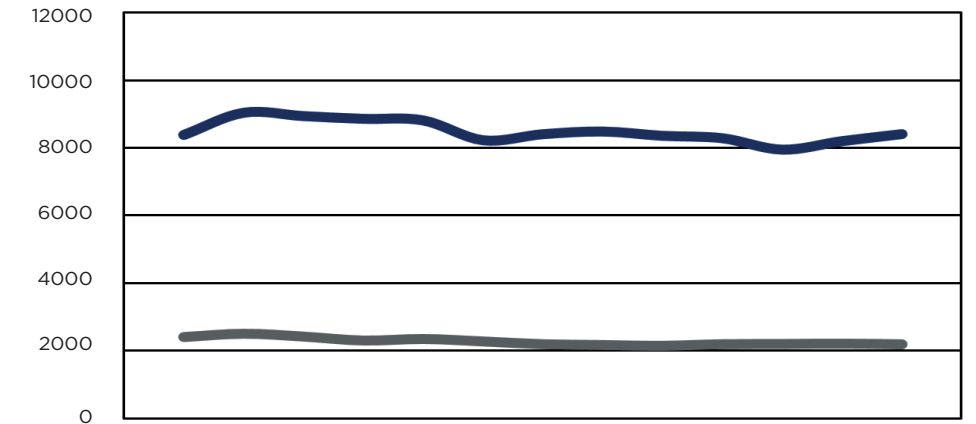
KEY CITIES	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL
METRO MANILA	▲	▲	▲	▲	▼	▲
CLARK	▼	▼	▲	▲	▼	▼
LAGUNA	▼	▼	▲	▼	▼	▲
ILOILO	▲	▲	▼	▲	▲	▲
BACOLOD	▼	▼	▲	▼	▼	▲
BOHOL	▼	▲	▲	▲	▼	▼
CEBU	▼	▼	▲	▲	▼	▼
CAGAYAN DE ORO	▲	▲	▲	▲	▲	▲
DAVAO	▼	▲	▼	▲	▼	▼

COMMODITY PRICE TRENDS

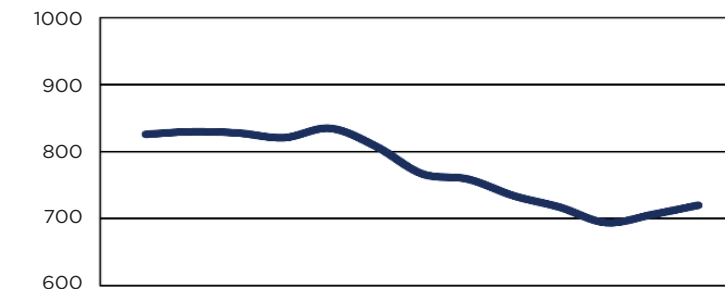
METAL PRICES

METAL PRICES
December 2022 - December 2023

Data Source: World Bank and MEPS



METAL	DEC 2022	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUN 2023	JUL 2023	AUG 2023	SEP 2023	OCT 2023	NOV 2023	DEC 2023
Copper	8,375	9,038	8,937	8,856	8,809	8,217	8,397	8,477	8,349	8,277	7,937	8,190	8,400
Aluminum	2,402	2,502	2,416	2,296	2,343	2,269	2,185	2,160	2,137	2,185	2,192	2,202	2,182



STEEL REINFORCEMENTS

STEEL REINFORCEMENTS
December 2022 - December 2023

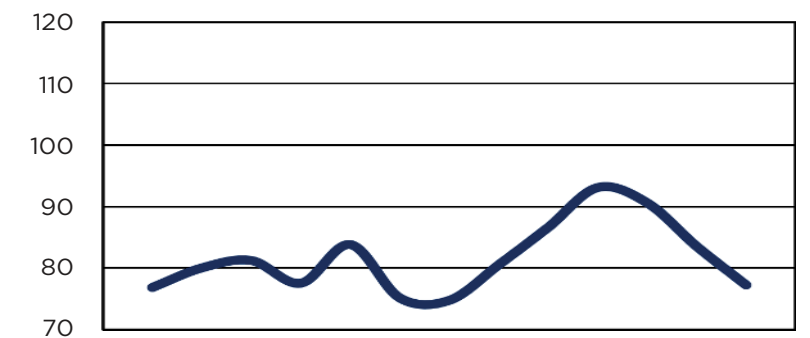
Description: Rebar (concrete reinforcing bars) (Japan) producers' export contracts (3 to 12 months terms) fob mainly to Asia, US Dollars per Tonne.

METAL	DEC 2022	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUN 2023	JUL 2023	AUG 2023	SEP 2023	OCT 2023	NOV 2023	DEC 2023
Steel	826	830	828	821	835	808	767	759	734	717	694	706	720

CRUDE OIL PRICES

CRUDE OIL PRICES
December 2022 - December 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	DEC 2022	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUN 2023	JUL 2023	AUG 2023	SEP 2023	OCT 2023	NOV 2023	DEC 2023
Crude Oil	76.8	80.0	81.2	77.5	83.8	75.1	74.7	80.5	86.6	93.1	90.6	83.5	77.2

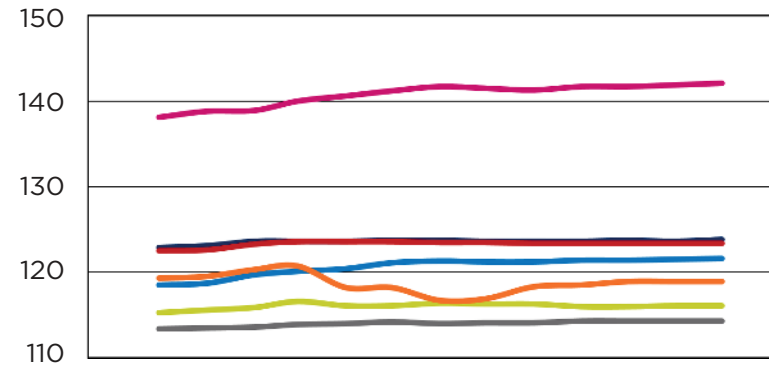
MATERIAL PRICE TRENDS

RETAIL PRICE INDEX

RETAIL PRICE INDEX OF SELECTED CONSTRUCTION MATERIALS IN THE NATIONAL CAPITAL REGION

December 2022 - December 2023

Data Source: PSA



MATERIALS	DEC 2022	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUN 2023	JUL 2023	AUG 2023	SEP 2023	OCT 2023	NOV 2023	DEC 2023
Carpentry	122.9	123.1	123.6	123.6	123.6	123.7	123.7	123.6	123.6	123.6	123.7	123.6	123.8
Electrical	113.4	113.5	113.6	113.9	114.0	114.2	114.0	114.1	114.1	114.3	114.3	114.3	114.3
Masonry	122.5	122.6	123.3	123.6	123.6	123.6	123.5	123.5	123.4	123.4	123.4	123.4	123.4
Painting	118.5	118.7	119.7	120.1	120.4	121.1	121.3	121.2	121.2	121.4	121.4	121.5	121.6
Plumbing	115.3	115.6	115.9	116.6	116.1	116.1	116.4	116.3	116.3	116.0	116.0	116.1	116.1
Tinsmithry	138.1	138.8	138.9	140.0	140.6	141.2	141.7	141.5	141.3	141.7	141.7	141.9	142.1
Miscellaneous	119.3	119.5	120.3	120.7	118.2	118.2	116.7	116.9	118.3	118.5	118.9	118.9	118.9

CURRENCY EXCHANGE RATES

CURRENCY	UNIT	UNITS PER USD													
		DEC 2022	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUN 2023	JUL 2023	AUG 2023	SEP 2023	OCT 2023	NOV 2023	DEC 2023	
Philippine Peso	₱	1	55.13	54.55	55.31	54.43	55.74	55.99	55.36	54.85	56.70	56.84	56.90	55.33	55.69
Singapore Dollar	\$	1	1.35	1.31	1.35	1.33	1.33	1.35	1.36	1.33	1.35	1.36	1.37	1.33	1.33
UK Pound Sterling	£	1	1.21	1.23	1.21	1.24	1.25	1.24	1.26	1.29	1.27	1.24	1.22	1.26	1.27
Australian Dollar	\$	1	0.67	0.70	0.67	0.67	0.66	0.65	0.66	0.67	0.65	0.64	0.63	0.66	0.68
Canadian Dollar	\$	1	1.36	1.34	1.36	1.35	1.36	1.36	1.32	1.32	1.35	1.35	1.39	1.36	1.33
Japanese Yen	¥	1	132.65	130.41	136.29	133.48	134.05	140.22	144.88	140.92	146.07	147.50	149.45	146.98	141.91
Korean Won	₩	1	1,276.10	1,228.70	1,317.40	1,303.80	1,339.90	1,325.60	1,312.80	1,280.00	1,321.40	1,327.60	1,352.80	1,289.00	1,303.80
Thailand Baht	฿	1	34.80	32.77	35.14	34.10	34.13	34.81	35.60	34.26	34.93	35.68	36.02	34.96	34.68
Netherlands Euro	€	1	1.06	1.08	1.06	1.09	1.10	1.07	1.09	1.10	1.09	1.07	1.06	1.09	1.10

Data source: IMF

BUILDING CONSTRUCTION PRICES

Fourth Quarter 2023

DEVELOPMENT TYPE	LOW	HIGH	DEVELOPMENT TYPE	LOW	HIGH
OFFICE BUILDINGS	PHP/m²		INSTITUTIONAL	PHP/m²	
With Fit-out	90,500	261,600	Schools	54,300	85,400
Without Fit-out	43,600	139,200	Hospitals with FF&E	49,900	116,300
BPO	PHP/m²		RETAIL - SHOPPING MALLS	PHP/m²	
With Fit-out	49,500	58,700	Shopping Mall with retails / supermarkets	45,100	68,700
Without Fit-out	29,200	49,300	Supermarkets / retails	38,000	63,500
MIXED-USED BUILDING	PHP/m²		RESIDENTIAL	PHP/m²	
BPO and Retail	57,300	69,700	Hi-End Residential Building	66,000	107,900
Office and Retail	55,000	92,900	Mid-End Residential Building	52,900	64,800
Residential, BPO and Retail	72,400	110,100	Low-End Residential Building	40,800	52,000
Hotel and Office	79,600	115,100	Rowhouse (1 - 4storeys)	26,300	84,300
HOTELS incl. FF&E	PHP/m²		Single Detached (mid/high end)	59,000	93,500
Five Star	109,100	256,500	Single Detached (low end)	31,700	42,500
Four Star	83,200	117,200	CLUBHOUSE	PHP/m²	
Three Star	67,700	96,500	Clubhouse	75,900	372,700
Resort	46,900	113,600	CARPARKS	PHP/m²	
INDUSTRIAL	PHP/m²		Open Parking	10,900	17,900
Warehouse and Cold Storage	74,400	161,100	Steel Parking Building	46,800	55,600
Distribution / Manufacturing	42,600	230,200	Concrete Parking Building	21,300	38,200
Data Centre / Data Hosting Centres	210,100	617,300	Mechanical Parking (cost platform and system only)	73,000	259,600

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

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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 2C, Amio Place Building, Bel-Air, Sta. Rosa City, Laguna, 4026 Philippines
M: +63 917 886 9332
E: rlb.starosa@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

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: rlbdivao@ph.rlb.com

CAGAYAN DE ORO OFFICE:

Unit 4, RMT Building C.M. Recto Avenue, 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 Street, Mandalagan, Bacolod City Negros Occidental, 6100 Philippines
M: +63 929 336 4180
E: rlb@ph.rlb.com

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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Durban
Pretoria
Gaborone
Maputo
Stellenbosch
Hulhumalé
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Lagos
Luanda
Windhoek

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Denmark
France
Germany
Greece
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Montenegro
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Auckland
Christchurch
Hamilton
Palmerston North
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Tauranga
Wellington

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