

FIRST QUARTER 2023

# PHILIPPINE REPORT

CONSTRUCTION MARKET  
QUARTERLY UPDATE



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# MARKET SUMMARY

## THE PHILIPPINE ECONOMY

### Philippine Economy Grows by 7.6% in Q3 2022

The Philippine Gross Domestic Product (GDP) posted a growth of 7.6 percent in the third quarter of 2022.

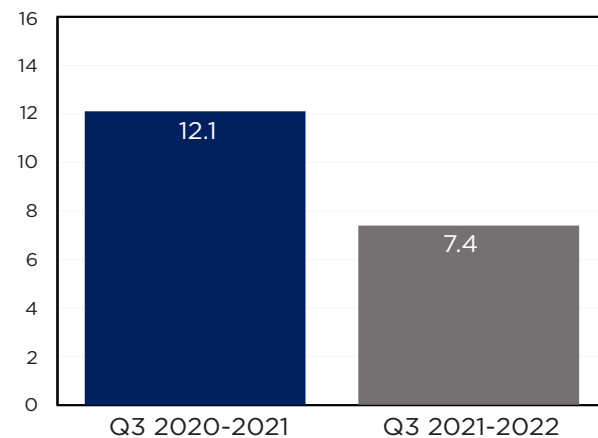
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles, Financial and Insurance Activities were the main contributors of growth for the quarter.

Among the major economic sectors, Agriculture, Forestry and Fishing, Industry and Services all posted positive growths in the third quarter of 2022 with 2.2 percent, 5.8 percent, and 9.1 percent, respectively.

On the demand side, Household Final Consumption Expenditure (HFCE) grew by 8.0 percent in the third quarter of 2022.

Net Primary Income (NPI) grew by 94.6 percent bringing the Gross National Income (GNI) to grow by 10.5 percent for the third quarter of 2022.

**GROSS DOMESTIC PRODUCT**  
Year-on-Year Growth Rates (%),  
Q3 2020-2021 and Q3 2021-2022



Data source: PSA

PHILIPPINES IN FIGURES	
<b>Population</b> (as of May 2020)	109.04M
<b>Gross National Income</b> (as of Third Quarter 2022)	10.5%
<b>Gross Domestic Product</b> (as of Third Quarter 2022)	7.6%
<b>Inflation Rate</b> (as of Third Quarter 2022)	5.0%
<b>Total Exports</b> (as of Third Quarter 2022)	\$7.16B
<b>Total Imports</b> (as of Third Quarter 2022)	\$11.98B
<b>Balance of Trade</b> (as of Third Quarter 2022)	-\$4.82B
<b>Employment Rate</b> (as of Third Quarter 2022)	95.0%
<b>Unemployment Rate</b> (as of Third Quarter 2022)	5.0%
<b>Underemployment Rate</b> (as of Third Quarter 2022)	15.4%
<b>Labor Force Participation Rate</b> (as of Third Quarter 2022)	65.2%

Data source: PSA; World Population Review

# MARKET SUMMARY

## FOREIGN DIRECT INVESTMENTS

### Committed FI Reached P13.05B in Q3 2022

Total foreign investments (FI) approved in the third quarter of 2022 amounting to PhP 13.05 billion is lower by -22.4 percent compared with PhP 16.82 billion reported in the same quarter of 2021. The total approved FI were from four out of nine 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 were reported from Poro Point Management Corporation (PPMC), Authority of the Freeport Area of Bataan (AFAB), BOI-Bangsamoro Autonomous Region in Muslim Mindanao (BOI-BARMM), Cagayan Economic Zone Authority (CEZA), and Tourism Infrastructure Economic Zone Authority (TIEZA).

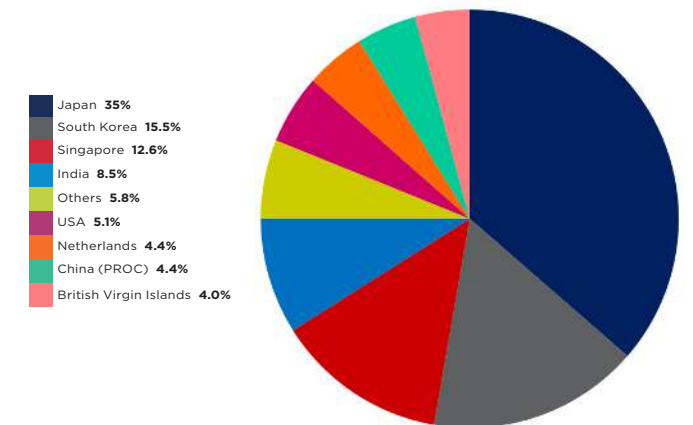
The top three prospective investing countries for the third quarter of 2022 are Japan, South Korea and Singapore. Pledges from Japan reached PhP 4.50 billion or 34.5 percent of the total FI during the quarter while South Korea and Singapore committed PhP 2.02 billion and PhP 1.64 billion, or 15.5 percent and 12.6 percent of the total approved FI, respectively.

Manufacturing bested all other industries as it stands to receive PhP 7.20 billion or 55.2 percent of the total FI pledges. Administrative and Support Service Activities came in second with investment commitments valued at PhP 3.38 billion or 25.9 percent share, followed by Real Estate Activities with PhP 1.35 billion or 10.3 percent FI contribution.

The biggest approved foreign investments in the third quarter of 2022, amounting to PhP 6.60 billion or 50.6 percent, would be intended to finance projects in CALABARZON. This was followed by Central Luzon with PhP 3.02 billion or 23.1 percent and National Capital Region with PhP 2.24 billion or 17.1 percent.

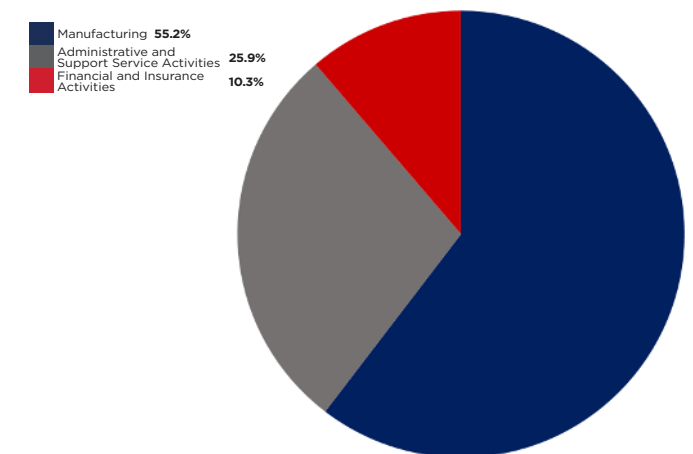
Total amount of projects by foreign and Filipino investors in the third quarter of 2022 are expected to generate 28,139 jobs. Out of the total anticipated employment for the period, approved projects with foreign interest were projected to generate 17,994 employment based on the reports of IPAs.

**TOTAL APPROVED FOREIGN INVESTMENT BY COUNTRY OF INVESTOR**  
Third Quarter 2022



Data source: PSA

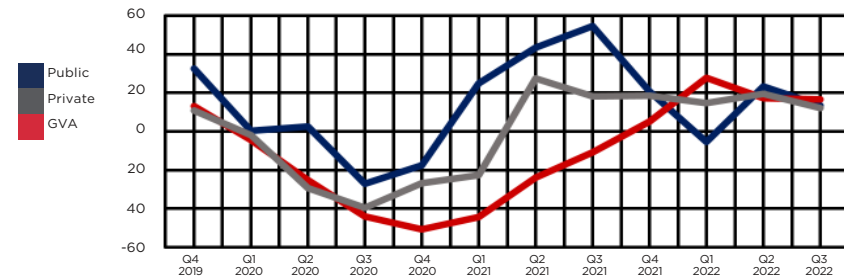
**TOTAL APPROVED FOREIGN INVESTMENT BY INDUSTRY**  
Third Quarter 2022



Data source: PSA



# MARKET SUMMARY PHILIPPINE CONSTRUCTION



**GROSS VALUE ADDED IN CONSTRUCTION**  
Q4 2019 - Q3 2022 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.

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Public	32.4	0.3	2.4	-27.1	-17.7	24.9	43.2	54.6	20.7	-5.4	23.2	13.4
Private	12.9	-4.4	-25.4	-44.1	-50.7	-44.3	-23.9	-10.8	5.0	27.7	17.1	16.5
GVA	10.7	-1.8	-29.4	-39.7	-26.8	-22.6	27.4	18.0	18.6	14.7	19.5	12.2

Data source: PSA

## Construction Industry Grows by 11.8%

The Construction industry grew by 11.8 percent in the third quarter of 2022. The growth continues to increase driven by the Private Construction.

percent from 17.1 percent of during the third quarter of 2022. Meanwhile, Public Construction decreased by 9.8 percent.

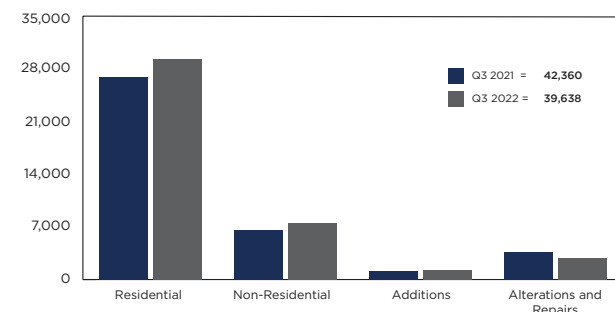
Private Construction, which accounted for 16.5 percent of total construction investments, decreased by 0.6

## Construction Activities Rose by 7.1%

According to the preliminary data released by the Philippine Statistics Authority (PSA), indicates an annual increase of 7.1 percent. Total number of constructions reached 40,384 in the third quarter of 2022 compared to 37,704 recorded in the same period in 2021.

The surge in construction activities was driven by the increase in building permits approved. Residential constructions reached 29,208 or 72.3 percent of the total number of constructions during the quarter. This type of construction expanded at an annual rate of 9.2 percent compared with the 26,754 constructions in the same quarter of the previous year. Majority of the total residential constructions were single-type houses with 24,725 projects or 84.7 percent. Meanwhile, non-residential constructions with 7,287 projects or 18.0 percent ranked second during the quarter. It shows an increase of 14.9 percent compared with the same period of 2021. Commercial buildings mostly contributed to the increase with 68.2 percent.

**NUMBER OF CONSTRUCTION PROJECTS BY TYPE**  
Third Quarter, Year 2021 and 2022



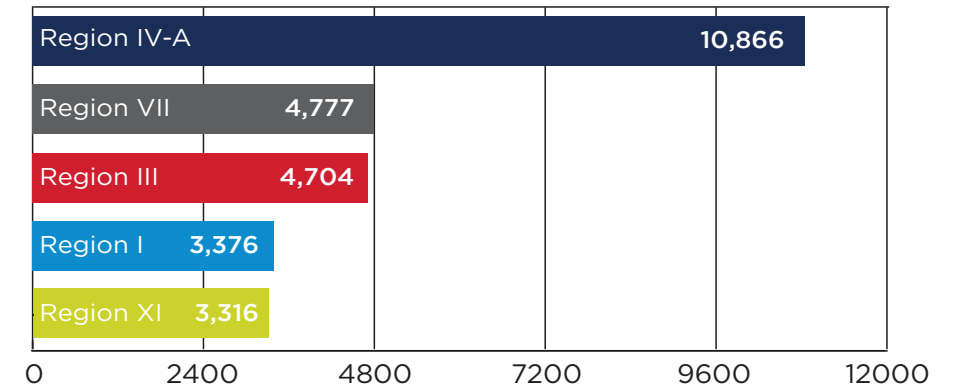
Data source: PSA

Likewise, additions to existing structures increased to 1,227 projects with a share of 3.0 percent. Combined number of alterations and repairs had a share of 2,662 projects or 6.6 percent.

# MARKET SUMMARY PHILIPPINE CONSTRUCTION

**TOP 5 REGIONS WITH THE HIGHEST NUMBER OF CONSTRUCTION PROJECTS**  
Third Quarter 2022

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 2022. The region recorded 10,866 construction projects or 26.9 percent of the total. Region VII (Central Visayas) ranked second with 4,777 projects or 11.8 percent of the total.

construction projects or equivalent of 11.6 percent of the total, while Region I (Ilocos Region) and Region XI (Davao Region) occupied the fourth and fifth spots with 3,376 projects or 8.4 percent of the total and 3,316 projects or 8.25 percent of the total, respectively.

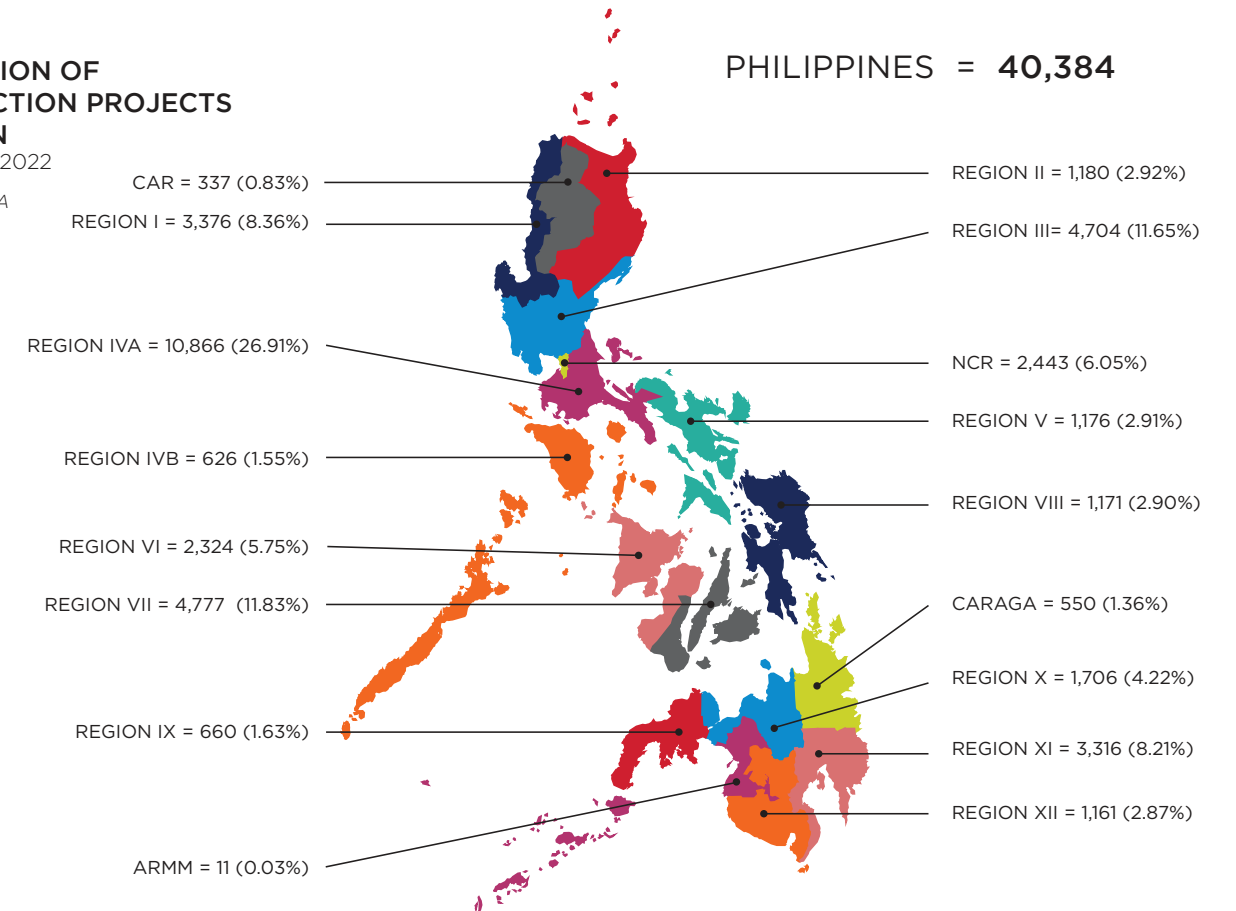
The construction projects for the reference period were equivalent to 8.62 million square meters of space and were valued at P106.06 billion.

Region III (Central Luzon) ranked third with 4,704

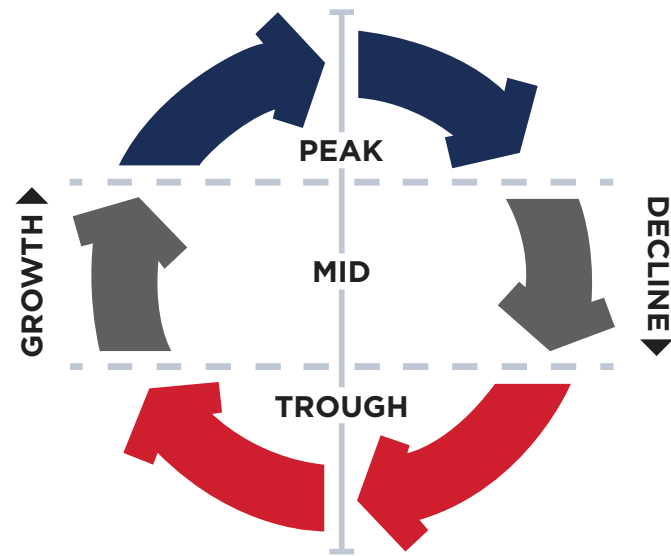
## CONSTRUCTION MARKET ACTIVITY

**DISTRIBUTION OF CONSTRUCTION PROJECTS BY REGION**  
Third Quarter 2022

Data source: PSA



# CONSTRUCTION MARKET ACTIVITY CONSTRUCTION MARKET ACTIVITY CYCLE



## RLB CONSTRUCTION MARKET ACTIVITY CYCLE

Third Quarter 2022

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	▲	▲	▲	▲	▲	▲

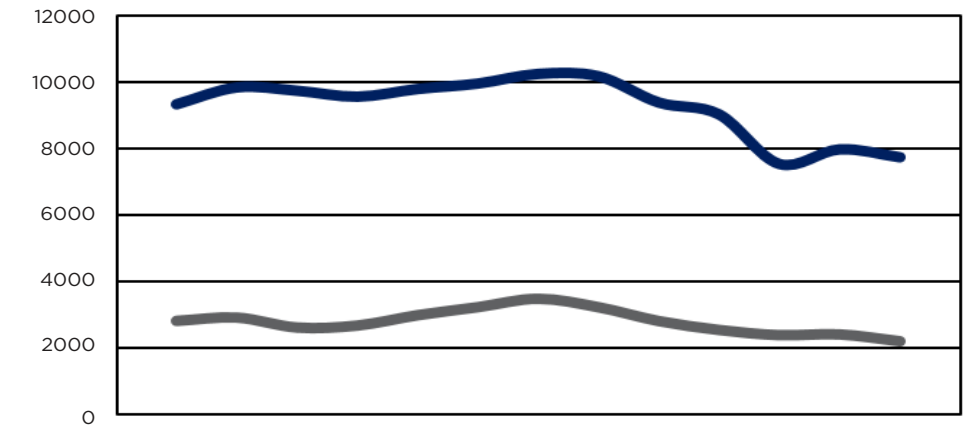
# COMMODITY PRICE TRENDS

## METAL PRICES

### METAL PRICES

September 2021 - September 2022

Data Source: World Bank and MEPS



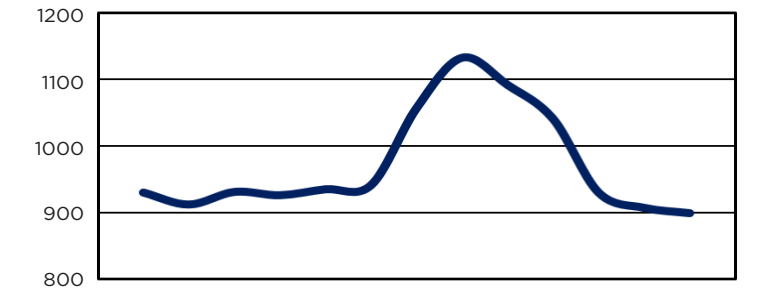
METAL	SEP 2021	OCT 2021	NOV 2021	DEC 2021	JAN 2022	FEB 2022	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022
Copper	9,325	9,829	9,729	9,551	9,782	9,943	10,231	10,161	9,377	9,024	7,545	7,982	7,746
Aluminum	2,835	2,934	2,636	2,696	3,006	3,246	3,498	3,244	2,830	2,563	2,408	2,431	2,225

## STEEL REINFORCEMENTS

### STEEL REINFORCEMENTS

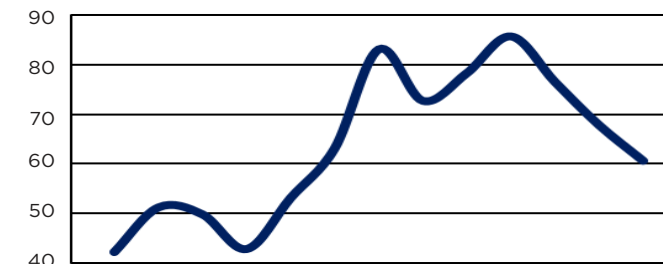
September 2021 - September 2022

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



METAL	SEP 2021	OCT 2021	NOV 2021	DEC 2021	JAN 2022	FEB 2022	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022
Steel	930	912	931	926	935	941	1057	1133	1092	1041	930	907	899

## CRUDE OIL PRICES



### CRUDE OIL PRICES

September 2021 - September 2022

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 2021	OCT 2021	NOV 2021	DEC 2021	JAN 2022	FEB 2022	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022
Crude Oil	72.2	81.2	79.8	72.8	83.1	93.1	113.1	102.7	108.3	115.7	106.5	97.8	90.6

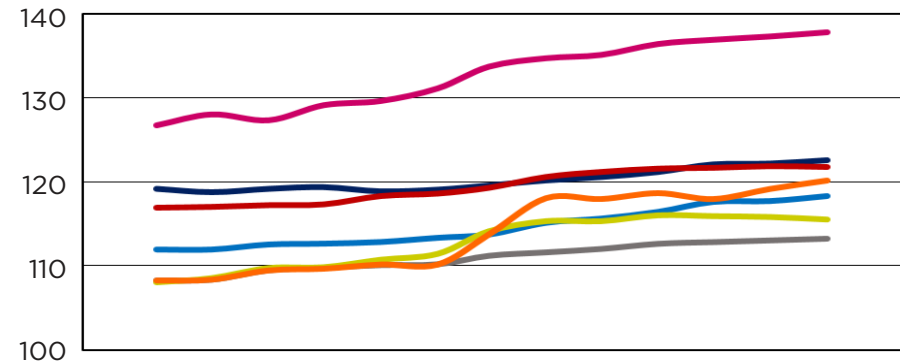
## MATERIAL PRICE TRENDS

### RETAIL PRICE INDEX

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

September 2021 - September 2022

Data Source: PSA



MATERIALS	SEP 2021	OCT 2021	NOV 2021	DEC 2021	JAN 2022	FEB 2022	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022
Carpentry	119.2	118.8	119.2	119.4	118.9	119.1	119.6	120.2	120.6	121.2	122.1	122.2	122.6
Electrical	108.3	108.4	109.5	109.8	110.1	110.2	111.2	111.6	112.0	112.6	112.8	113	113.2
Masonry	116.9	117.0	117.2	117.3	118.3	118.6	119.3	120.6	121.2	121.6	121.7	121.9	121.8
Painting	111.9	111.9	112.5	112.6	112.8	113.3	113.7	115.1	115.66	116.4	117.6	117.7	118.3
Plumbing	108.0	108.5	109.7	109.8	110.7	111.4	114.1	115.3	115.3	116.0	115.9	115.8	115.5
Tinsmithry	126.7	128.0	127.3	129.1	129.6	131.1	133.7	134.7	135.1	136.4	136.9	137.3	137.8
Miscellaneous	108.2	108.3	109.4	109.6	110.1	110.1	113.7	118.0	117.9	118.6	117.9	119.1	120.1

### CURRENCY EXCHANGE RATES

CURRENCY	UNIT	UNITS PER USD													
		SEP 2021	OCT 2021	NOV 2021	DEC 2021	JAN 2022	FEB 2022	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022	
Philippine Peso	₱	1	50.96	50.77	50.46	50.04	51.27	51.29	51.96	52.16	52.24	55.02	55.64	56.24	58.91
Singapore Dollar	\$	1	1.36	1.34	1.36	1.36	1.36	1.36	1.35	1.38	1.37	1.39	1.38	1.40	1.43
UK Pound Sterling	£	1	1.34	1.38	1.33	1.34	1.34	1.34	1.31	1.26	1.26	1.21	1.22	1.16	1.11
Australian Dollar	\$	1	0.72	0.75	0.71	0.72	0.70	0.72	0.75	0.71	0.72	0.69	0.70	0.69	0.65
Canadian Dollar	\$	1	1.27	1.24	1.28	1.29	0.70	1.27	1.25	1.28	1.26	1.29	1.28	1.31	1.37
Japanese Yen	¥	1	111.91	113.65	113.80	114.21	115.43	115.55	122.40	129.90	128.20	136.63	133	138.61	144.74
Korean Won	₩	1	1,184.90	1,171.70	1,193.40	1,191.20	1,202.40	1,202.70	1,210.80	1,269.40	1,245.80	1,292.90	1,304	1,347.50	1,434.80
Thailand Baht	฿	1	33.90	33.18	33.72	33.59	33.43	32.72	33.37	34.34	34.19	35.29	36.82	36.50	37.92
Netherlands Euro	€	1	1.16	1.16	1.14	1.13	1.12	1.12	1.11	1.05	1.07	1.04	1.02	1	0.97

Data source: IMF

## CONSTRUCTION PRICES

DEVELOPMENT TYPE	LOW	HIGH
<b>OFFICE BUILDINGS</b>	PHP/m <sup>2</sup>	
With Fit-out	88,700	249,000
Without Fit-out	42,800	136,400
<b>BPO</b>	PHP/m <sup>2</sup>	
With Fit-out	48,200	54,700
Without Fit-out	28,600	43,000
<b>MIXED-USED BUILDING</b>	PHP/m <sup>2</sup>	
BPO and Retail	45,500	70,500
Office and Retail	54,500	92,000
Residential, BPO and Retail	71,700	109,000
Hotel and Office	75,000	114,000
<b>HOTELS incl. FF&amp;E</b>	PHP/m <sup>2</sup>	
Five Star	110,000	259,000
Four Star	84,000	109,000
Three Star	68,300	83,500
Resort	47,300	108,000
<b>INDUSTRIAL</b>	PHP/m <sup>2</sup>	
Warehouse and Cold Storage	63,800	137,000
Distribution / Manufacturing	41,800	195,000
Data Centre / Data Hosting Centres	208,000	550,000

DEVELOPMENT TYPE	LOW	HIGH
<b>INSTITUTIONAL</b>	PHP/m <sup>2</sup>	
Schools	45,700	83,800
Hospitals with FF&E	46,300	120,000
<b>RETAIL - SHOPPING MALLS</b>	PHP/m <sup>2</sup>	
Shopping Mall with retails / supermarkets	48,400	60,300
Supermarkets / retails	33,300	52,300
<b>RESIDENTIAL</b>	PHP/m <sup>2</sup>	
Hi-End Residential Building	70,600	100,000
Mid-End Residential Building	60,100	70,000
Low-End Residential Building	36,200	55,100
Rowhouse (1 - 4storeys)	42,200	79,500
Single Detached (mid/high end)	56,100	81,000
Single Detached (low end)	31,100	41,200
<b>CLUBHOUSE</b>	PHP/m <sup>2</sup>	
Clubhouse	62,500	307,000
<b>CARPARKS</b>	PHP/m <sup>2</sup>	
Open Parking	10,700	17,500
Steel Parking Building	33,600	40,000
Concrete Parking Building	20,000	36,000
Mechanical Parking (cost platform and system only)	39,500	94,700

# 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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Shenyang  
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Bohol  
Cagayan de Oro  
Cebu  
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Manchester  
Sheffield  
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Croatia  
Czech Republic  
Denmark  
France  
Germany  
Greece  
Hungary  
Ireland  
Italy  
Luxemburg  
Montenegro  
Netherlands  
Norway  
Poland  
Portugal  
Romania  
Serbia  
Spain  
Sweden  
Turkey

## MIDDLE EAST

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Riyadh  
Abu Dhabi  
Dubai

## OCEANIA

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Cairns  
Canberra  
Coffs Harbour  
Darwin  
Gold Coast  
Melbourne  
Newcastle  
Perth  
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Townsville  
Auckland  
Christchurch  
Hamilton  
Palmerston North  
Queenstown  
Tauranga  
Wellington

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