CONSTRUCTION MARKET QUARTERLY UPDATE

RIDER LEVETT BUCKNALL SINGAPORE AND REGIONAL REPORT

DECEMBER 2020 COVID-19 EDITION

Q4

RLB Rider Levett Bucknall

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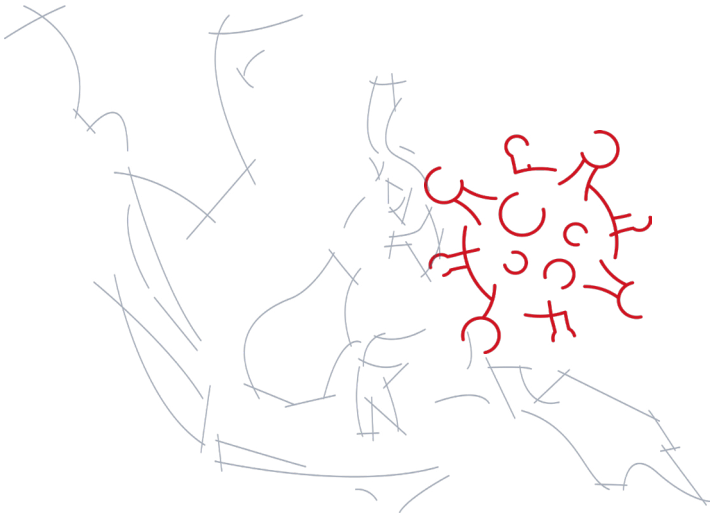


INTRODUCTION

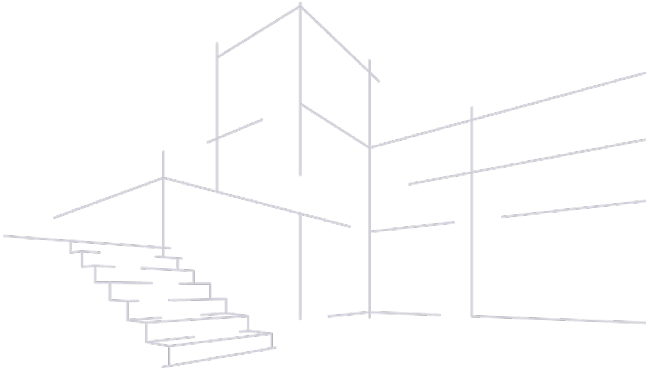
The Singapore and Southeast Asian markets remained significantly impacted by the COVID-19 pandemic in the second half of the year even as majority of the economies reported improvement by the fourth quarter of 2020. Governments carefully sought to balance between public health and economic recovery with lockdown relaxations, phased re-openings and travel green lanes.

Within the region, some countries fared better in controlling the spread of the virus while others experienced the second and third waves of infections before the end of year. Regardless, the pandemic has undeniably magnified many pre-existing weaknesses in the economic and social fabric, from rising income inequalities to a gaping digital divide, which a prolonged recession could further widen.

The Association of Southeast Asia Nations ("ASEAN") regional economy was estimated to have shrunk by 4.2 per cent overall for 2020, with the services sector – especially the tourism industry – hardest hit. While the full impact of the coronavirus on employment cannot be known for some time, every nation covered in this report have reported an increase in y-o-y unemployment rate for 2020.

However, not all was doom and gloom in 2020. The first COVID-19 vaccine was approved for use in December 2020, sparking hopes of a global vaccination campaign and herd immunity as catalysts to economic recovery in 2021. Among the Southeast Asian countries, Singapore was the first to embark on the mass inoculation exercise in the same month, with the other nations following suit in the following months.

The further easing of travel restrictions and increasing access to vaccine supplies are expected to contribute to the growth regionally and globally. At the same time, downside risks to growth globally remain. Countries that can strike a balance between keeping caseloads controlled and reopening the economy would bounce back faster than those that are unable to do so.



GENERAL MARKET OVERVIEW

The financial implications of the COVID-19 pandemic have exceeded the last severe shock from the global financial crisis of 2007-2008 as well as the Asian Financial Crisis of 1997-1998. The majority of the construction sectors have posted negative growth in 2020 despite the large government stimulus measures pumped in, as broken supply chains, escalating material and labour costs and prolonged delays at construction sites impacted industry players from property developers to material suppliers.

As borders remained closed for the rest of 2020, countries heavily reliant on foreign workers faced increasing resource shortages on existing projects, driving labour prices higher and productivity lower even as new project face labour shortages. In addition, renewed global demand for construction materials and a lack of supply in particular for metal ores have caused prices to soar as much as 50 per cent since April 2020. Crude oil prices have also more than doubled by December 2020 since the oil war and lack of demand drove prices down to an average of US$21/barrel in April 2020.

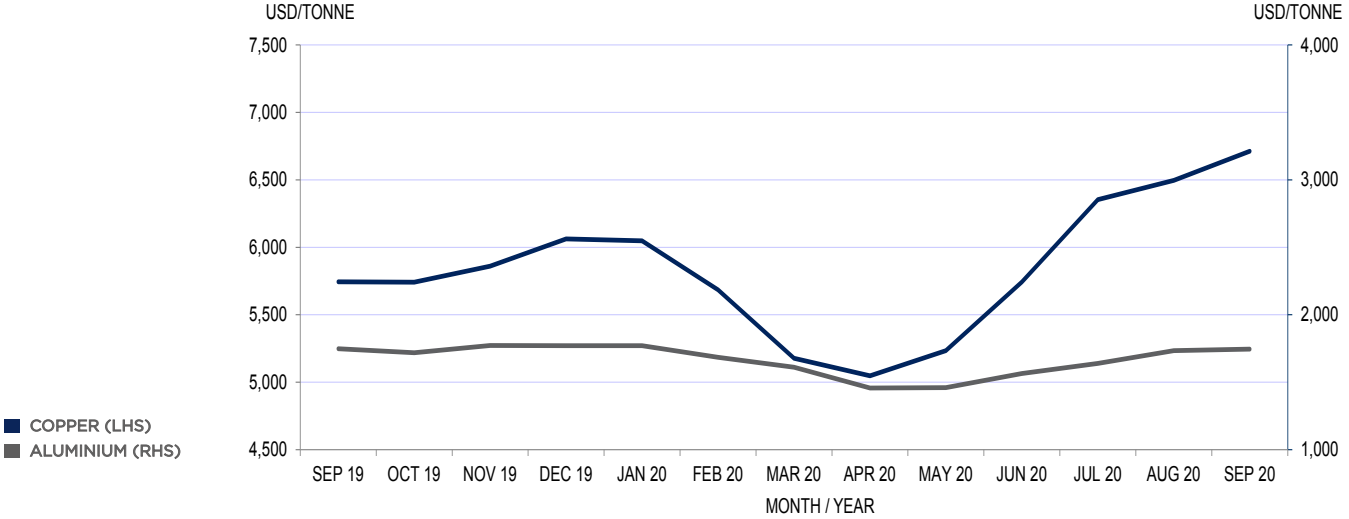
Compliance with physical distancing and safety measures at both worker dormitories and construction sites remained in place for the remaining of the year as crowded accommodation and working conditions enabled swift transmission of the virus.

Entering 2021, the construction industry is expected to rebound from its performance in 2020 as governments in the Southeast Asian region increased public spending on mega infrastructure works, public housing and energy production to revive the economy.

The ASEAN construction sector is expected to grow at 7.5 per cent for the year 2021, compared to the global growth of 3 per cent over the same period.

GENERAL MARKET OVERVIEW

METAL PRICES



	AVG 2Q'20/ 3Q'20 CHANGE	SEP 2019	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020	MAR 2020	APR 2020	MAY 2020	JUN 2020	JUL 2020	AUG 2020	SEP 2020
Copper	22.1% ↑	5745	5742	5860	6062	6048	5685	5178	5048	5234	5742	6354	6497	6712
Aluminium	14.2% ↑	1749	1718	1772	1770	1771	1685	1611	1457	1460	1564	1639	1734	1745

Data Sources: London Metal Exchange (LME)

GENERAL MARKET OVERVIEW

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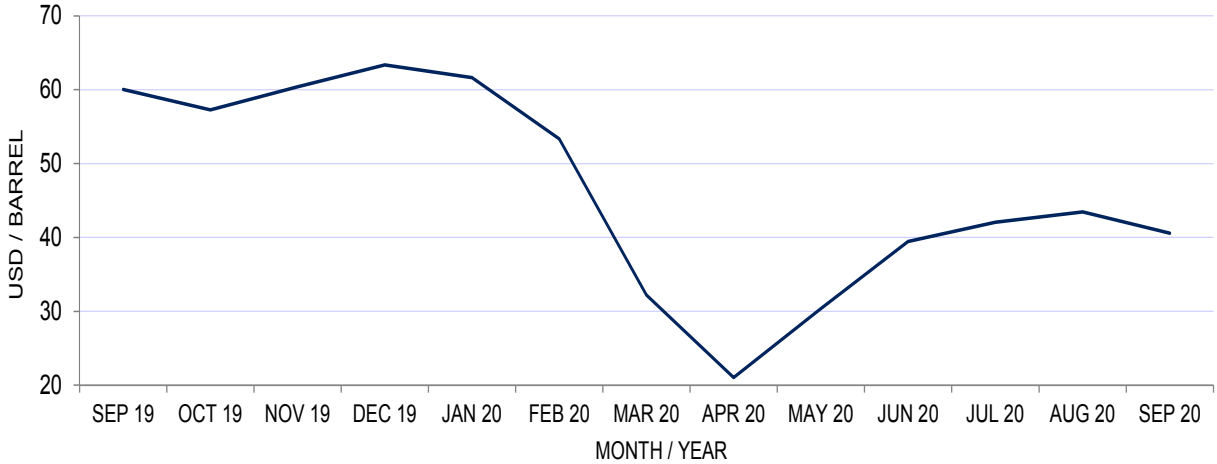
CRUDE OIL PRICES



	AVG 2Q'20 / 3Q'20 CHANGE	SEP 2019	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020	MAR 2020	APR 2020	MAY 2020	JUN 2020	JUL 2020	AUG 2020	SEP 2020
Crude Oil	38.8% ↑	60	57	60	63	62	53	32	21	30	39	42	43	41

Data Sources: IndexMundi

GENERAL MARKET OVERVIEW

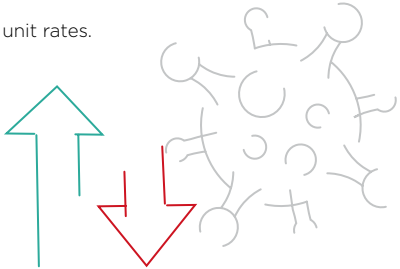
Rider Levett Bucknall

CURRENCY EXCHANGE RATES

CURRENCY			UNITS PER USD						
			UNIT	APR 20	MAY 20	JUN 20	JUL 20	AUG 20	SEP 20
Singapore Dollar	$	SGD	1	1.42	1.42	1.39	1.39	1.37	1.37
Euro	€	EUR	1	0.92	0.92	0.89	0.87	0.85	0.85
U.K. Pound Sterling	£	GBP	1	0.81	0.81	0.80	0.79	0.76	0.77
Australian Dollar	$	AUD	1	1.59	1.54	1.45	1.43	1.39	1.38
Chinese Yuan	¥	CNY	1	7.07	7.11	7.09	7.01	6.93	6.81
Malaysian Ringgit	RM	MYR	1	4.36	4.34	4.28	4.26	4.19	4.15
Japanese Yen	¥	JPY	100	1.08	1.07	1.08	1.07	1.06	1.06
Myanmar Kyat	K	MMK	1000	1.39	1.38	1.38	1.35	1.34	1.31
Indonesian Rupiah	Rp	IDR	1000	15.88	14.89	14.21	14.55	14.70	14.83
Vietnamese Dong	đ	VND	1000	23.43	23.28	23.17	23.10	23.14	23.14

Data Sources: IMF, Oanda

Note: Exchange rates above are expressed in terms of currency units per US Dollar; averaged monthly from daily unit rates.



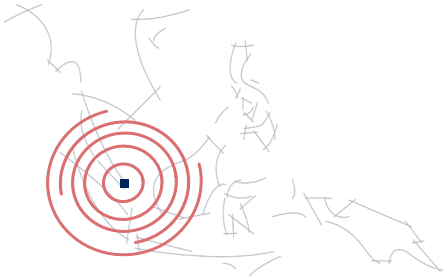
SINGAPORE

Singapore's gross domestic product ("GDP") expanded 3.8 per cent on a quarter-on-quarter ("q-o-q") seasonally adjusted basis in the fourth quarter, following a 9 per cent growth in the previous quarter. The Ministry of Trade and Industry attributed the strong GDP growth in the third quarter to the phased resumption of activities following the local "Circuit Breaker" lockdown measures which ended on 1 June 2020, as well as the rebound in activity in major economies during the quarter as they emerged from their lockdowns.

For the whole of 2020, the local economy contracted by 5.8 per cent year-on-year ("y-o-y"), down from the 1.3 per cent growth recorded in 2019. The figures reflected the devastating effects of the outbreak and global spread of the coronavirus COVID-19 arising from the implications of movement and travel restrictions. While Singapore entered Phase 3 of its re-opening on 28 December 2020 which allowed larger gatherings, many other countries grappled with the second or third wave of infections and lockdowns, demonstrating the long-lasting effects of the pandemic one year after the virus was first detected. The Singapore economy, however, is projected to rebound in 2021, with an expansion of 4 to 6 per cent, given the expected improved growth outlook for key external economies.

The Monetary Authority of Singapore ("MAS") reported that both the Consumer Price Index All-Items inflation and the MAS Core Inflation (which excludes costs of accommodation and private road transport) came in at -0.2 per cent for the whole of 2020. This is lower than their respective outturns of 0.6 per cent and 1 per cent in the previous year.

The overall inflation for 2021 is expected to average between -0.5 and 0.5 per cent, while core inflation is expected to increase between 0 and 1 per cent. The annual average overall unemployment rate rose to a preliminary 3 per cent in 2020, from 2.3 per cent in 2019, on the back of the economic recession caused by COVID-19.



The **construction sector** was the worst hit for the whole of 2020, shrinking 35.9 per cent y-o-y from the 1.6 per cent growth posed in 2019, due to declines in both the public and private sector construction activities. On a q-o-q seasonally adjusted basis, the sector expanded by 37.5 per cent in the third quarter and 55.6 per cent the following quarter. The double-digit growth in the second half of 2020 was due to the clearance of testing of all residents in foreign worker dormitories in August 2020, resulting in the increased resumption of construction activities.

The overall construction demand (the value of construction contracts awarded) for 2020 totalled S$21.3 billion (preliminary figures), within the revised forecast of S$18 billion to S$23 billion announced in September 2020 by Building and Construction Authority ("BCA"). Public sector work comprised 62 per cent of the total 2020 construction demand, while private sector work comprised 38 per cent.

SINGAPORE

BCA attributed this relatively lower private sector construction demand to market uncertainties amid the COVID-19-induced economic recession.

Prospects for construction demand is expected to improve in 2021 with total construction demand expected to range between S$23 billion and S$28 billion. The public sector is expected to continue to drive total construction demand, contributing about 65 per cent of the total, based on an anticipated stronger public housing and infrastructure projects demand. Total private sector construction demand is expected to remain comparable to 2020, although BCA reported that the sector has the potential to perform better, depending on the pace of economic recovery and business sentiments.

Non-site-based design, procurement and contract administrative work continued to operate on work-from-home arrangements. However, majority of the large-scale contract tenders continued to be pushed back to the first half of 2021 as developers adopted a wait-and-see approach due to the uncertainties during this period. These included the labour crunch, increasing construction material prices, metals in particular, and the uptrend of average rental rates (excluding operators) of mobile and tower cranes.

The real estate sector recorded largely polarising trends in 2020. Singapore's private residential property market rebounded after a slow first half of 2020. The number of private home resale transactions by November 2020 had surpassed the overall deals for the whole of 2019 and prices increased by 2.2 per cent for the whole of 2020. Demand for warehouses spiked on the back of storage demand and the e-commerce boom, tightening the vacancy rate from 12.0 per cent at end-2019 to 10.4 per cent at end-2020.

On the other hand, prices for office and retail spaces decreased by 10.7 and 4.5 per cent respectively y-o-y in 2020.

Demand for warehouses spiked on the back of storage demand and the e-commerce boom, tightening the vacancy rate from 12.0 per cent at end-2019 to 10.4 per cent at end-2020. On the other hand, prices for office and retail spaces decreased by 10.7 and 4.5 per cent respectively y-o-y in 2020.

With the roll-out of COVID-19 vaccination worldwide and gradual re-opening of borders, the economy is expected to recover in 2021. Analysts expect investors to remain interested in Singapore's office, retail and industrial assets with the potential for rent stabilisation by the end of the year. On the back of the steady decline of private residential units in the inventory and limited government land sales sites, there are speculations for a new en-bloc cycle to start in the new year.

Construction prolongation, disruption and loss in productivity in activities continue to affect the entire industry as do the consistent increase in selected construction material costs and the lack of sufficient incoming foreign labour workers. Against the backdrop of the volatile tendering market, and until mitigating measures are applied within the contract or industry, Singapore construction tender prices are projected to see an increase in the order of 5 to 10 per cent for the year of 2021.

MALAYSIA

Malaysia's economy expanded 18.2 per cent on a q-o-q seasonally adjusted basis in the third quarter of 2020 after a 16.5 per cent contraction in the preceding quarter. Growth moderated to a 0.3 per cent contraction in the last quarter of 2020. Its prior expansion was mainly lifted by manufactured exports before it was crippled by the tightening of movement restrictions due to the resurgence of COVID-19 infections and commodity supply disruptions due to labour shortages and facility closures. Overall, for Year 2020, the Department of Statistics Malaysia ("DOSM") reported that the Malaysian economy shrank by 5.6 per cent y-o-y, the biggest contraction since the 1998 Asian Financial Crisis.

The third wave of COVID-19 infections in the fourth quarter resulted in a tightening of Movement Control Period ("MCO") in certain states whereby interstate and district travels were restricted while the economy remained open but had to adhere to strict Standard Operating Procedure ("SOP"). The majority of the economic sectors suffered as a result, with the services, mining and construction sectors worst hit, as the economy continued to be supported by public consumption and net exports activities, albeit at a subdued pace. Unemployment rate rose to 4.5 per cent for the whole of 2020, the highest yet since 1993, according to DOSM.

Malaysia's central bank, Bank Negara Malaysia ("BNM"), further eased its overnight policy rate by 25 basis points to a record historic low of 1.75 per cent in July 2020. The BNM added in a statement that the rate cut was expected to provide additional policy stimulus to accelerate the pace of economic recovery. Going into 2021, the central bank forecast for Malaysia's GDP to grow by 5.5 per cent, underpinned mainly by the rebound in global growth and gradual normalisation in economic activity and labour market conditions.

The government also unveiled several economic stimulus packages worth approximately RM300 billion to weather the impact of COVID-19 in the coming year.

The **construction sector** recorded a negative growth of 19.4 per cent y-o-y for the whole of 2020 as a result of project delays partly due to labour shortages and COVID-19-related site closures. The sector is however expected to post strong earnings in 2021 as mega infrastructure projects and new "high multiplier" projects are slated to resume or rolled-out while a budget of RM69 billion is allocated for development expenditure in Budget 2021, representing a 38 per cent y-o-y increase. Projects include the Penang Transport Master Plan, East Coast Rail Link, West Coast Expressway and new Public-Private Partnership ("PPP") infrastructure projects.

Pre-tender projects have picked up pace towards the end of the year as there is optimism in the economy due to the successful vaccine trials. Developers are cautiously optimistic while moving forward with tender callings and expect to launch in the fourth quarter of 2021 or in 2022. Similarly, contractors have expedited their site work to overcome project delays in the second half of the year, given the relatively relaxed restrictions at site.

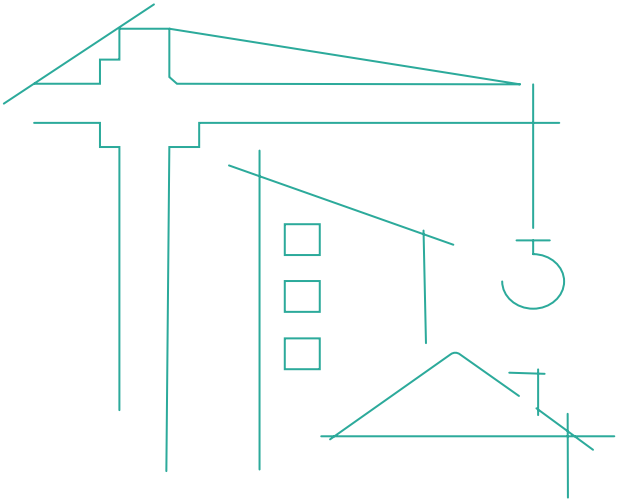
MALAYSIA

Construction sites have to abide with several SOPs including regularly COVID-19 testing for foreign workers and safe distancing measures to ensure a safe working environment.

The property market continued to face a triple whammy of oversupply, weak economy and the pandemic, which saw the closure of most sales galleries for months. However, transaction declines fared better than expected as factors such as low interest rates, an extended Home Ownership Campaign ("HOC") and aggressive marketing strategies encouraged property buyers. Experts expect pent-up housing demand to drive property recovery before the extended HOC ends on 31 May 2021.

Construction material costs, in particular steel reinforcement bar prices, increased in the second half of 2020 as economies opened up. Steel prices are on an uptrend, having increased by an approximate 20 to 25 per cent in the last quarter of 2020, due mainly to Malaysia imposing anti-dumping duties on flat-rolled products from China, South Korea and Vietnam as well as the inadequate supply of iron ore worldwide. The Malaysian government continued to temporarily limit the entry of foreign labour amid rising demand for foreign workers. This is on top of plans to enforce compulsory COVID-19 screening effective from 1 January 2021 due to the high rates of infections within construction sites.

With the rise of material costs and labour shortage, construction tender prices for Kuala Lumpur are anticipated to increase in the order of 3 to 5 per cent for the year of 2021.



INDONESIA

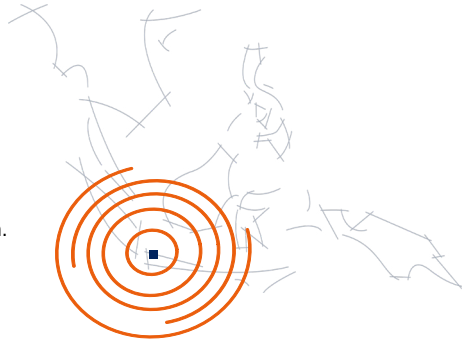
Indonesia's GDP recorded its first full-year contraction in over two decades at -2.1 per cent y-o-y for 2020 as the pandemic maintained a tight grip on consumption and business activities. Statistics Indonesia ("BPS") shared that all sectors of spending posted negative growth except for government spending but showed signs of improvement. Data showed household consumption, which accounts for over half of Indonesia's GDP, shrank more slowly in the fourth quarter of 2020 at 3.6 per cent y-o-y, compared to 4.1 per cent in the previous quarter, in line with greater public mobility. The nation is Southeast Asia's worst hit in terms of infection cases and death tolls.

Jakarta re-imposed large-scale social restrictions ("PSBB") between September 2020 and October 2020 due to a spike in caseload before re-entering the transitional period until the end of the year. However, COVID-19 clusters continued to rise in the capital city, with family clusters accounting for 41 per cent of all cases at one period in November 2020. In the latest figures published, the national unemployment rate rose to 7.1 per cent as of August 2020 while Jakarta suffered the worst unemployment rate of 11 per cent.

Bank Indonesia cut its key interest rates by a total of 125 basis points in 2020 to 3.75 per cent to soften the blow from the pandemic. The central bank has also pumped US$50 billion of liquidity into financial markets and pledged to use all policy instruments to support the economic recovery in 2021.

The government maintained its growth target of 5 per cent for the new year on the back of its vaccination campaign boosting business and consumer sentiment, with the aim of inoculating 66 per cent of its population by the end of the year.

The Organisation for Economic Co-operation and Development reported Indonesia as potentially one of the fastest-rising economies in the world in 2021 and second only to China.



The **construction sector** registered a shallower negative growth at the end of 2020 and is projected to rebound in 2021. As demand for construction projects far exceeded the supply, there are foreign and local developers who found the current climate a good opportunity to commence projects. Furthermore, the recently signed Jobs Creation Law, commonly referred to as the "Omnibus Law", was largely a welcomed change by businesses. The bill sought to ease the country's investment environment and create a more flexible labour market through the streamlining of business licenses.

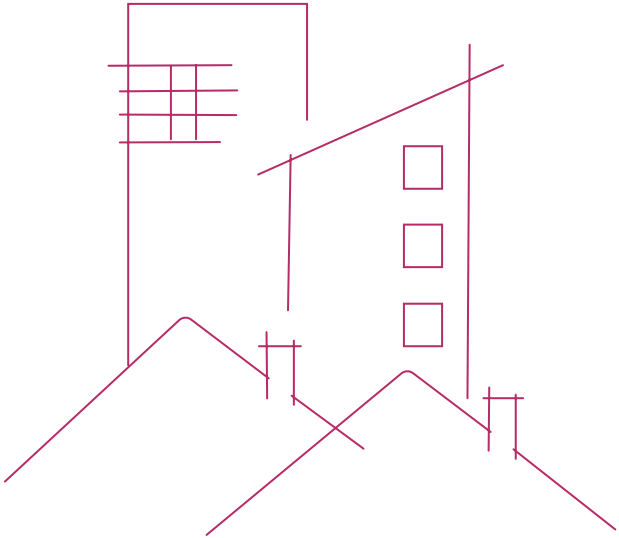
Meanwhile, contractors at existing construction sites remained committed to project completion despite the prolongation of project timelines. Contractors who have, at the beginning of the pandemic, chosen to adopt a wait-and-see approach to tendering for jobs have to now adapt to the "new normal" as the cash flows dwindled.

INDONESIA

Despite the upward trends of raw material prices and physical distancing measures in place, some contractors were willing to cut tender margins in order to secure projects for cash flow reasons.

The property market did not fare well during the economic recession. An analysis conducted by Indonesian Property Watch found that the sales for housing in Jabodetabek-Banten (which is used as a national housing benchmark) in year 2020 decreased by 31.8 per cent y-o-y. While surveys conducted reaffirmed interest in residential projects, sales dropped sharply during PSBB. The residential property market is expected to bounce back exponentially once the pandemic subsides, given pent-up demand for homes in satellite areas coupled with low interest rates for the Home Ownership Loan.

Based on the gradual resumption of construction activities and supply of new projects, stable foreign exchange rates, recovery of global supply chains but increased imported material costs due to supply shortage, tender prices are likely to increase slightly in the next year. Construction tender prices are projected to see an increase in the order of 2 to 4 per cent for the year of 2021.



VIETNAM

The Vietnam General Statistics Office ("GSO") reported an overall positive economic growth of 2.9 per cent y-o-y for 2020, one of few countries in the world to have reflected an expansion. While Vietnam's economy grew 2.7 per cent y-o-y in the third quarter of 2020 and 4.5 per cent in the subsequent quarter over the same period, the growths recorded were the slowest in their respective quarters in the last decade. The economic expansion was attributed to the relative success in containing the health and business risks of the pandemic and the ability to keep investors' confidence in the country.

The impact of the coronavirus on the economy was relatively small and controlled compared to the rest of the world. As of 31 December 2020, Vietnam had only 1,465 COVID-19 cases with 90.5% recovery rate achieved. The effective control of the crisis allowed most of the economy to remain open most of time. However, with border closure, international arrivals plunged 84.8 percent y-o-y and the services sector was negatively impacted. In response, the government announced plans for rolling out an assistance package totalling US$1.16 billion, including tax breaks, delayed tax payments and reduction in land lease fees. A credit support and fiscal package of US$12 billion were in the works as well.

From the monetary policy front, the State Bank of Vietnam, the country's central bank, cut their policy rate by a total of 200 basis points in 2020 to 4 per cent per to support economic recovery and boost growth. Interest rates reached an all-time low in the last two decades from 2000 to 2020, with analysts expecting rates to be further lowered in the new year. Moving into 2021, prospects continue to look robust, with the country's official growth target at 6 per cent.

The **construction sector** was among the best performing sectors for 2020 at 6.8 per cent growth from the year before and the best performing in the region. This was despite losing momentum as a result of the stringent measures taken to contain the spread of the virus during the pandemic and suffering a decline in construction industry in the order of 50 to 70 per cent. Foreign investments and the relocation of production lines away from China are expected to propel the sector's growth over the medium to long term. The adoption of a law regulating investment activities and attracting private investment under the PPP model is expected to aid the overall construction output growth.

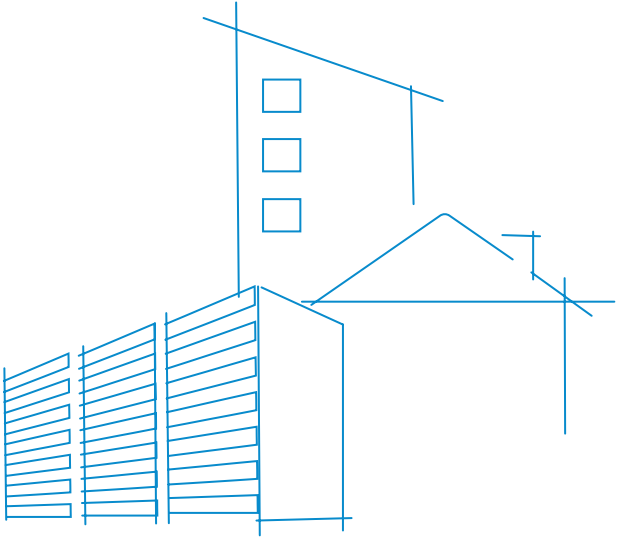
Steel prices spiked approximately 30 per cent in the second half of 2020 and is expected to increase given the increased demand in infrastructure and property development, according to the Ministry of Construction.

VIETNAM

Ongoing projects are expected to press ahead with completion despite time delays in the first half of the year. Projects in the planning stage were not adversely affected as demand for both residential and non-residential buildings remained unabated.

On the real estate front, the industrial real estate was a bright spot in the 2020 market, with average occupancy rate more than 70 per cent higher y-o-y. Demand for industrial buildings are expected to rise across Vietnam with the shift in manufacturing companies from China to the region as well as the establishment of a free trade agreement with the European Union. Most businesses in the sector re-commenced operations in the fourth quarter of 2020, with real estate developers offering unique solutions to attract investors and buyers.

The message is one of optimism for the construction industry as the construction ministry declared the most difficult period of the pandemic over and developers anticipating a busy year once restrictions are lifted. Based on the anticipated increase in supply of projects and a robust economy in the new year, construction tender price escalation for Ho Chi Minh City is projected at 3 to 5 per cent for the year of 2021.



MYANMAR

Myanmar's GDP grew 1.7 per cent in the fiscal year ("FY") of 2019/20 which ended in September 2020. Whilst growth may have slowed from the 6.8 per cent expansion in the preceding FY, they were one of only three nations in the Southeast Asia region to have avoided a recession. The World Bank attributed the slowdown to the pandemic and its associated measures to contain the situation, leading to weakened consumption and disrupted business operations. The economy took a further beating during the second wave of outbreak in late-August.

The economy is expected to further contract in the first quarter of FY 2020/21 to 1.5 per cent on the back of stay-at-home measures which will last from 21 September 2020 to 31 January 2021. Close to half of all surveyed firms in Yangon by the World Bank were temporarily closed in October 2020. The restrictions also put more households at risk of entering poverty, with poverty rates potentially increased from 22.4 per cent in FY 2018/19 to 27 per cent this FY. Interest rates have maintained since the last downward adjustment on 1 May 2020 while inflation rate dropped to 6.1 per cent in 2020 and is expected to remain in the same range for 2021.

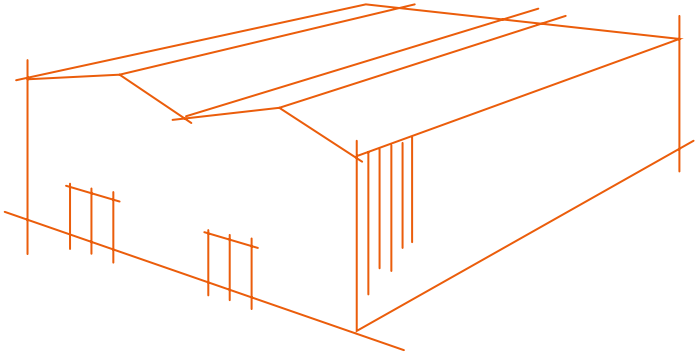
The **construction sector** was estimated to have expanded by 3.7 per cent in 2020 despite the imposition of strict lockdowns and travel restrictions. The industry is expected to be affected by disruptions in the short term, with recovery projected in 2021. The government is focusing on the transport infrastructure and energy production reviving the economy, in line with the Asian Development Bank's ("ADB") report that approximately US$120 billion in investment will be required in the next ten years to bridge the infrastructure funding gaps.

In addition, ADB also approved a loan of US$30 million in October 2020 for improving healthcare facilities. On the ground, projects in both pre-tender and post-contract stages were not actively moving during the lockdowns as project risks remained high, given the spread and evolution of the COVID-19 virus both locally and globally.

MYANMAR

The real estate industry continued its lacklustre performance in the pandemic climate, with the retail and hospitality sectors being the most vulnerable, compared to the office and residential sectors initially. With prolonged travel restrictions and social distancing measures in place, both local and foreign investors are biding their time until relative normality returns.

Based on the muted market demand, relatively stable labour and material construction costs, the estimated construction tender price escalation for Yangon is anticipated to remain flat at zero for 2021.



PHILIPPINES

The Philippine economy contracted by 9.5 per cent y-o-y for the whole of 2020, which is the biggest contraction on record. Strict COVID-19 restrictions pulled the economy into its first recession in the second quarter of 2020 and remained in the red for the subsequent two quarters. Private consumption remained weak as unemployment rates soared and consumers remained wary as COVID-19 cases increased in Southeast Asia's second-worst hit nation, with the lone bright spot for the economy being government spending.

The Philippine Statistics Authority ("PSA") reported the annual growth rates of the major economic sectors at -0.2 per cent for Agriculture, Forestry and Fishing, -9.1 per cent for Services and -13.1 per cent for Industry. On the expenditure side, for the full year of 2020, exports shrank by 16.7 per cent while imports shrank by 21.9 per cent.

The Philippines central bank, Bangko Sentral ng Pilipinas, cut its benchmark interest rate by a total of 200 basis points in 2020 to 2 per cent. The bank has also implemented credit relief and other liquidity measures to counter the economic slowdown amid limited fiscal stimulus. The average inflation rate for 2020 settled at 2.6 per cent, slightly higher than 2.5 per cent in the preceding year and within the target range of 2 to 4 per cent. However, inflation rates have been on an upward trend since the third quarter of 2020, accelerating to 3.5 per cent in December 2020.

The **construction sector** contracted by 26 per cent y-o-y for the whole of 2020. Construction activities were completely halted in the second quarter of 2020 while 15.8 per cent of infrastructure budget were re-allocated to address the public health crisis. The industry is projected to expand in 2021, given the increase in focus on infrastructure in the national budget, at an estimated growth of 13 per cent. The focal points would be on the water and transport infrastructure, to address the making good of damage caused by natural disasters over the past year.

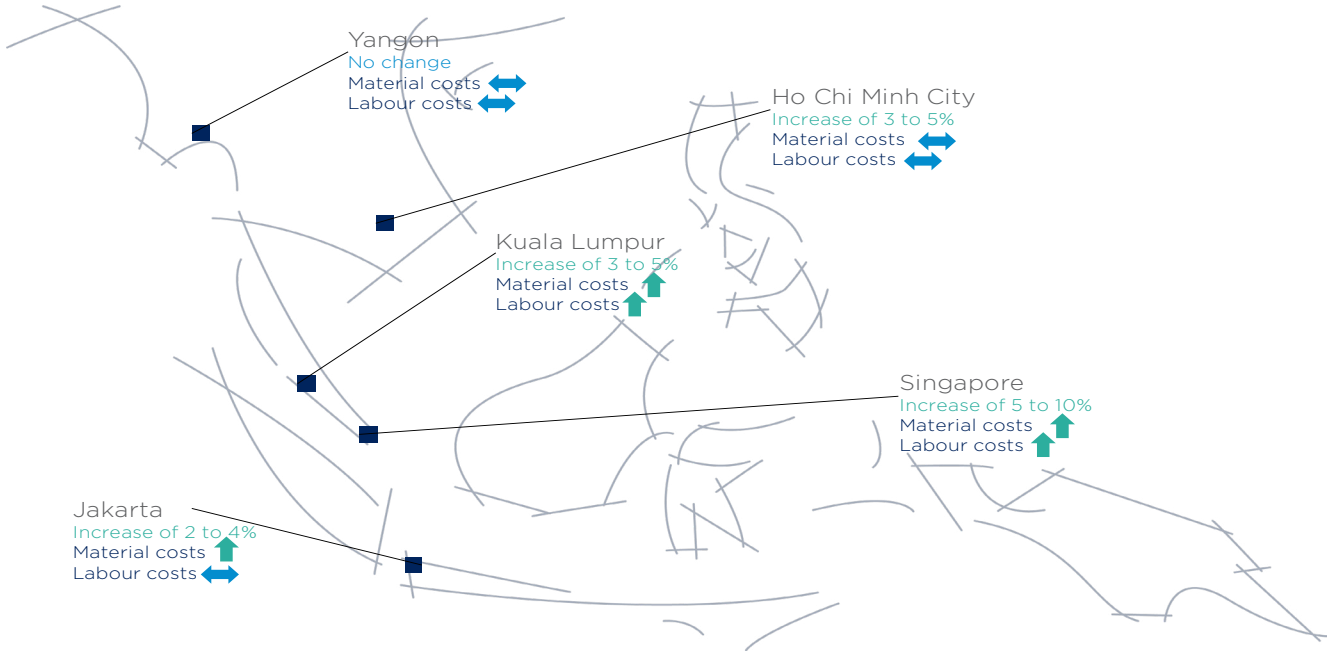
The property market is expected to remain soft in 2021 as the real estate market performance is linked to border restrictions and the rate of vaccination. Vacancy rates are projected to increased approximately 5.5 to 7 per cent while lease rates are projected to decrease by up to 17 per cent in Metro Manila. The condominium sector is faced with an oversupply of units, particularly in Manila North, the Bay Area, Pasig City and Quezon City North. However, low mortgage and interest rates might entice prospective homebuyers.

PHILIPPINES

The nation's policy makers and economists alike are touting a strong growth for the Philippines in 2021, between 6.5 per cent and 7.5 per cent, before the economy rebound to pre-COVID-19 levels in 2022. Interest rates are slated to remain low while inflation rates hover around 4 per cent for 2021. The recovery also hinges on the government's plan to vaccinate as many as two-thirds of the population by the end of 2021, although supply delays may jeopardise such plans.

REGIONAL PERSPECTIVE

The map below represents the views of our regional offices on tender price forecasts as a consequence of the COVID-19 crisis.



CONCLUSION

At the conclusion of the second half of 2020 and the year as a whole, the construction industries in the region faced major challenges from the start of the year, culminating to unprecedented social and economic lockdowns, movement and border restrictions in the second quarter before economies re-opened in phases over the next two quarters. Not all economies followed the same flow as some experienced resurgence of community cases which resulted in prolonged social lockdowns. However, governments were mindful of the economic repercussions of an extended lockdown and sought to localise the movement restrictions.

The majority of the construction sites reopened after the first lockdown and were able to resume their activities after the second quarter of 2020, although productivity was hampered by new social distancing measures, SOPs, lack of labour and the initial supply chain disruption. The pandemic facilitated the long overdue digital transformation within the sector as a "new normal" is realised with more online collaborations and digitalisation of work processes.

Risks taken on in the first half of the year prevailed in the second half even as a poor understanding of how the COVID-19 situation would evolve held developers and contractors alike back from taking on new projects. However, property shortages in the market and signs of economic recovery are likely to push the industry into renewed activity in the new year.

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RIDER LEVETT BUCKNALL (RLB) is an independent, global property and construction practice with over 3,900 people in more than 120 offices across Asia, Oceania, Europe, Middle East, Africa and the Americas, serving major local and international clientele. RLB's global expertise and significant project experience provides comprehensive services and solutions to the development and construction of the built environment, extending to building and civil infrastructure, commercial, residential and hospitality buildings, healthcare, industrial and civil engineering projects.

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