

FOURTH QUARTER 2023

RIDER LEVETT BUCKNALL PHILIPPINES REPORT

CONSTRUCTION MARKET QUARTERLY UPDATE

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MARKET SUMMARY

THE PHILIPPINE ECONOMY

Philippine Economy Grows by 4.3% in Q2 2023

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

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

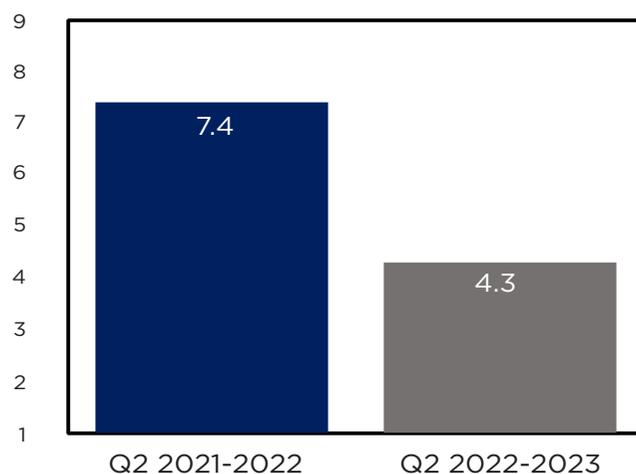
Among the major economic sectors, Agriculture, Forestry and Fishing, Industry and Services all posted positive growths in the second quarter of 2023 with 0.2 percent, 2.1 percent, and 6.0 percent, respectively.

On the demand side, Household Final Consumption Expenditure (HFCE) grew by 5.5 percent in the second quarter of 2023.

Net Primary Income (NPI) grew by 90.6 percent bringing the Gross National Income (GNI) to grow by 8.6 percent for the second quarter of 2023.

GROSS DOMESTIC PRODUCT

Year-on-Year Growth Rates (%),
Q2 2021-2022 and Q2 2022-2023



Data source: PSA

PHILIPPINES IN FIGURES

Population (as of May 2020)	109.04M
Gross National Income (as of Second Quarter 2023)	8.6%
Gross Domestic Product (as of Second Quarter 2023)	4.3%
Inflation Rate (as of Second Quarter 2023)	5.4%
Total Exports (as of Second Quarter 2023)	\$6.71B
Total Imports (as of Second Quarter 2023)	\$10.62B
Balance of Trade (as of Second Quarter 2023)	\$-3.92B
Employment Rate (as of Second Quarter 2023)	95.5%
Unemployment Rate (as of Second Quarter 2023)	4.5%
Underemployment Rate (as of Second Quarter 2023)	12.0%
Labor Force Participation Rate (as of Second Quarter 2023)	66.1%

MARKET SUMMARY

FOREIGN DIRECT INVESTMENTS

Committed FI Reached P59.09B in Q2 2023

Total foreign investments (FI) approved in the second quarter of 2023 amounting to PhP 59.09 billion, an increase of 27.8 percent from the PhP 46.26 billion total FI in the same quarter of 2022. These investments were pledges from the following Investment Promotion Agencies (IPAs), namely: Board of Investments (BOI), BOI-Bangsamoro Autonomous Region in Muslim Mindanao (BOI-BARMM), Clark Development Corporation (CDC), Clark International Airport Corporation (CIAC), Philippine Economic Zone Authority (PEZA), and Subic Bay Metropolitan Authority (SBMA). No foreign investment approvals were reported by the Authority of the Freeport Area of Bataan (AFAB), Cagayan Economic Zone Authority (CEZA), Poro Point Management Corporation (PPMC), and Tourism Infrastructure and Enterprise Zone Authority (TIEZA). The Zamboanga City Special Economic Zone Authority (ZCSEZA), which is the latest addition to the list of IPAs covered by this report, also had no approved FI in second quarter of 2023.

The top three prospective investing countries for the second quarter of 2023 are Japan, Singapore and Cayman Islands. Pledges from Japan reached PhP 20.36 billion or 34.4 percent of the total FI during the quarter while Singapore and Cayman Islands

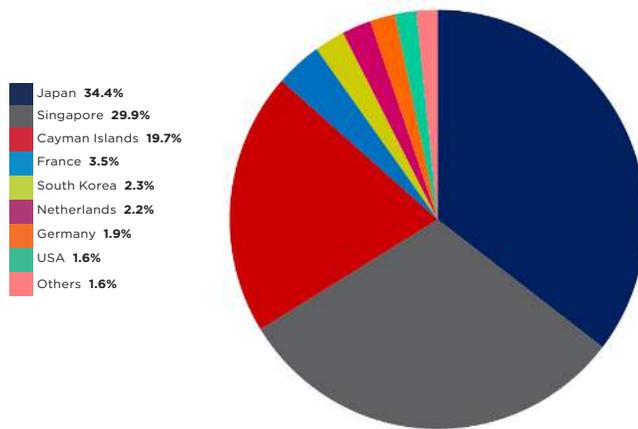
committed PhP 17.65 billion and PhP 11.63 billion, or 29.9 percent and 19.7 percent of the total approved FI, respectively.

Manufacturing bested all other industries as it stands to receive PhP 35.07 billion or 59.3 percent of the total FI pledges. Information and Communication came in second with investment commitments valued at PhP 13.92 billion or 23.6 percent share, followed by Administrative and Support Service Activities with PhP 3.33 billion or 5.6 percent FI contribution.

The biggest approved foreign investments in the second quarter of 2023, amounting to PhP 19.39 billion or 32.8 percent, would be intended to finance projects in SOCCSKSARGEN. This was followed by CALABARZON with PhP 14.64 billion or 24.8 percent and National Capital Region with PhP 3.12 billion or 5.3 percent.

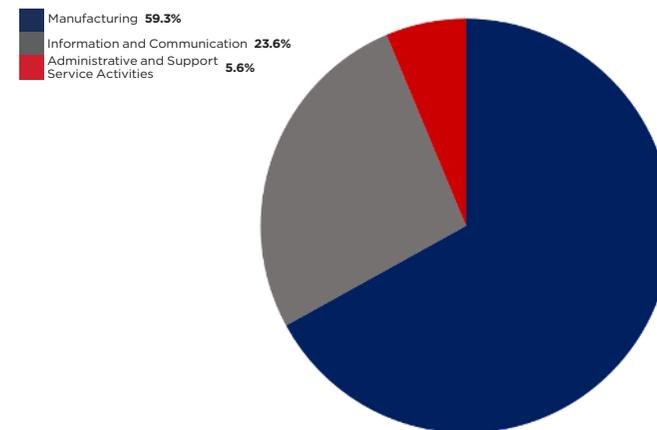
Total amount of projects by foreign and Filipino investors in the second quarter of 2023 are expected to generate 31,218 jobs. Out of these total employment, 67.9 percent would be absorbed by foreign investment projects.

TOTAL APPROVED FOREIGN INVESTMENT BY COUNTRY OF INVESTOR
Second Quarter 2023



Data source: PSA

TOTAL APPROVED FOREIGN INVESTMENT BY INDUSTRY
Second Quarter 2023



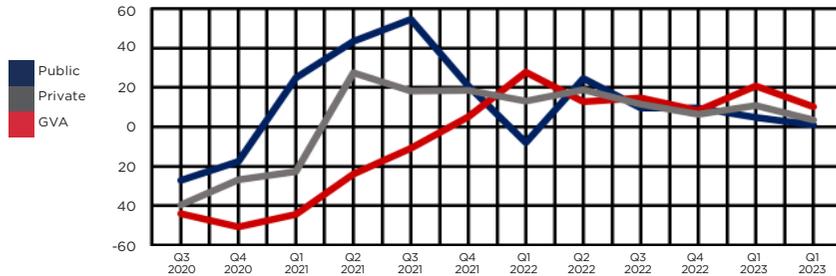
Data source: PSA

MARKET SUMMARY

PHILIPPINE CONSTRUCTION

GROSS VALUE ADDED IN CONSTRUCTION

Q3 2020 - Q2 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 3.5%

The Construction recorded a slower growth of 3.5 percent during the period, compared with the 18.7 percent growth in the same quarter of the previous year.

Private Construction, which accounted for 10.2 percent of total construction investments, decreased by 2.6 percent from 12.8 percent of during the second quarter of 2022. Meanwhile, Public Construction decreased by 0.8 percent.

Construction Activities Declined by -14.9%

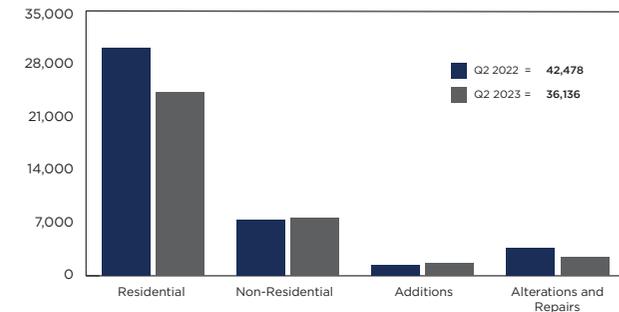
According to the preliminary data released by the Philippine Statistics Authority (PSA), indicates an annual decrease of -14.9 percent. Total number of constructions reached 36,136 in the second quarter of 2023 compared to 42,478 recorded in the same period in 2022.

The surge in construction activities was driven by the increase in building permits approved. Residential constructions reached 24,175 or 66.9 percent of the total number of constructions during the quarter. This type of construction indicates a decline of -20.0 percent compared with the 30,221 constructions in the same quarter of the previous year. Majority of the total residential constructions were single-type houses with 21,942 projects. Meanwhile, non-residential constructions with 7,928 projects or 21.9 percent ranked second during the quarter. It shows an increase of 10.1 percent compared with the same period of 2022. Commercial buildings mostly contributed to the increase with 5,645 or 71.20 percent.

Likewise, additions to existing structures increased to 1,553 projects with a share of 4.3 percent. Combined number of alterations and repairs had a share of 2,480 projects or 6.9 percent.

NUMBER OF CONSTRUCTION PROJECTS BY TYPE

Second Quarter, Year 2022 and 2023

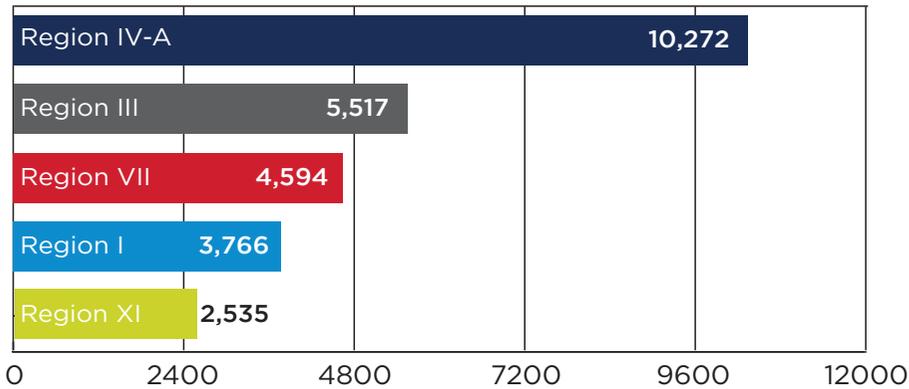


Data source: PSA

MARKET SUMMARY

PHILIPPINE CONSTRUCTION

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



Data source: PSA

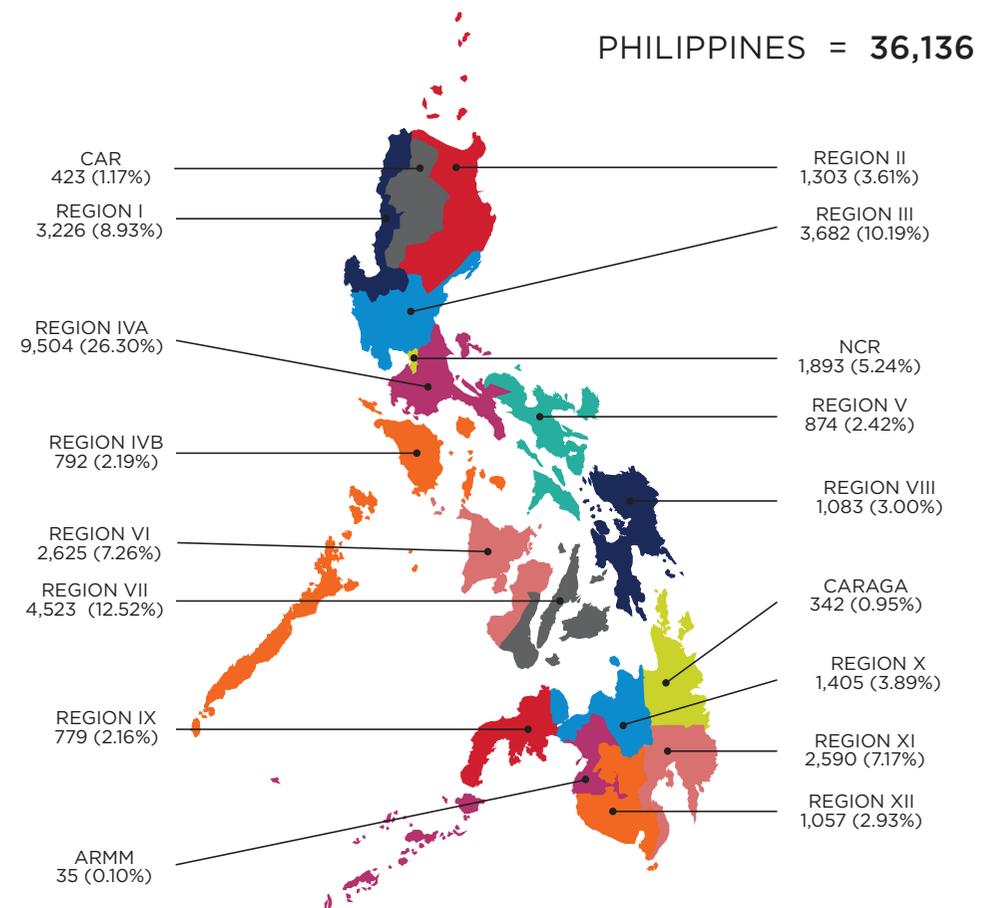
Region IV-A (CALABARZON) continued to lead the list of the top five regions with the highest number of construction projects during the second quarter of 2023. The region recorded 9,504 construction projects or 26.3 percent of the total. Region VII (Central Visayas) ranked second with 4,523 projects or 12.5 percent of the total.

Region III (Central Luzon) ranked third with 3,682 construction projects or equivalent of 10.2 percent of the total, while Region I (Ilocos Region) and Region VI (Western Visayas) occupied the fourth and fifth spots with 3,226 projects or 8.93 percent of the total and 2,625 projects or 7.26 percent of the total, respectively.

The construction projects for the reference period were equivalent to 7.24 million square meters of space and were valued at P87.83 billion.

CONSTRUCTION MARKET ACTIVITY

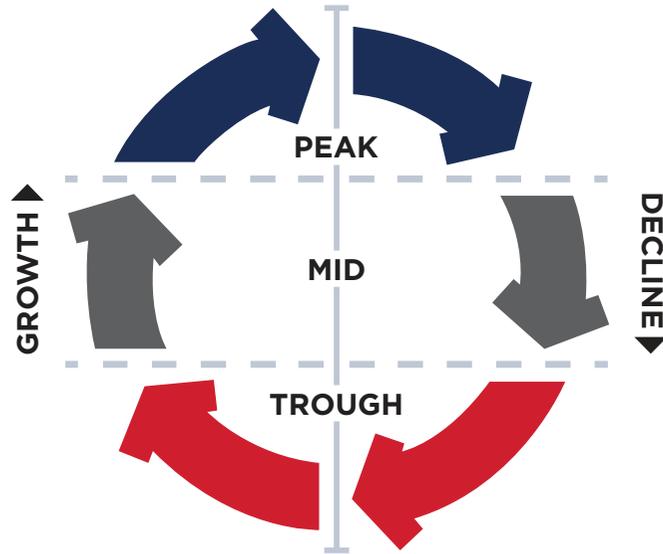
DISTRIBUTION OF CONSTRUCTION PROJECTS BY REGION
Second Quarter 2023



Data source: PSA

CONSTRUCTION MARKET ACTIVITY

CONSTRUCTION MARKET ACTIVITY CYCLE



RLB CONSTRUCTION MARKET ACTIVITY CYCLE

Second Quarter 2023

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

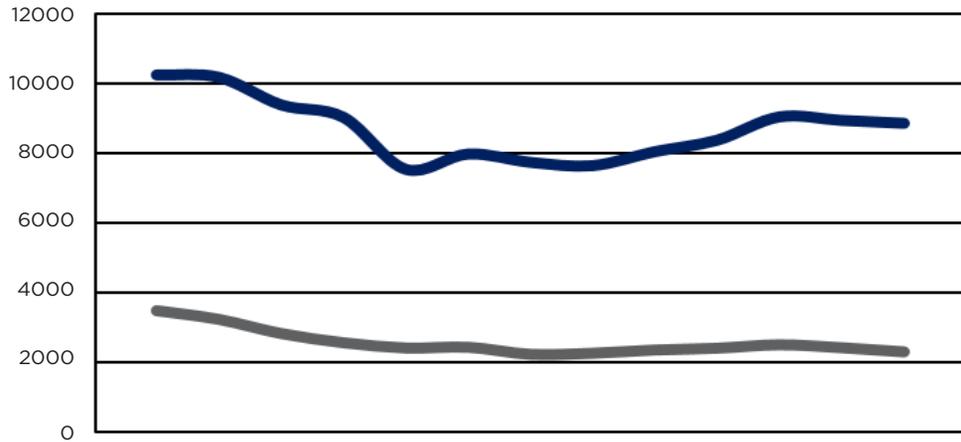
The RLB Construction Sector Activity Cycle represents the construction development activity cycle. The chart below shows the relative level of activity for various sectors of the construction industry in each RLB Philippines' main and satellite offices in the country.

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
June 2022 - June 2023

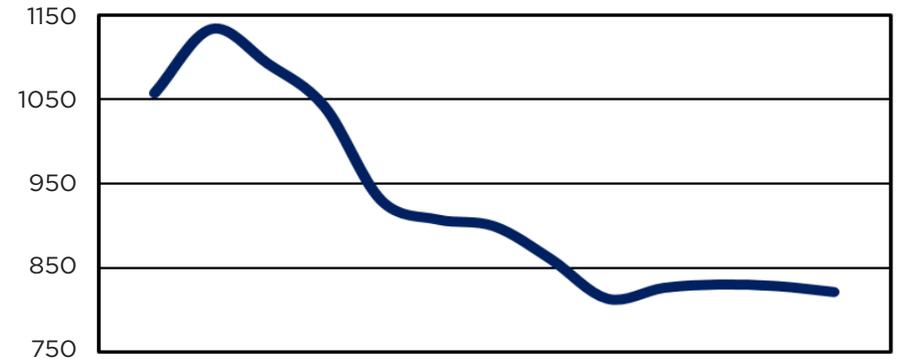
Data Source: World Bank and MEPS

METAL	JUN 2022	JUL 2022	AUG 2022	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUN 2023
Copper	9,024	7,545	7,982	7,746	7,651	8,050	8,375	9,038	8,937	8,856	8,809	8,217	8,397
Aluminum	2,563	2,408	2,431	2,225	2,256	2,351	2,402	2,502	2,416	2,296	2,343	2,269	2,185

STEEL REINFORCEMENTS

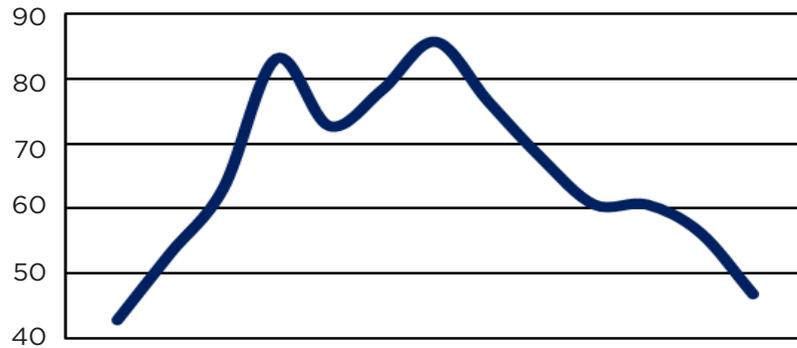
STEEL REINFORCEMENTS
March 2022 - March 2023

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



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

COMMODITY PRICE TRENDS



CRUDE OIL PRICES

CRUDE OIL PRICES

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

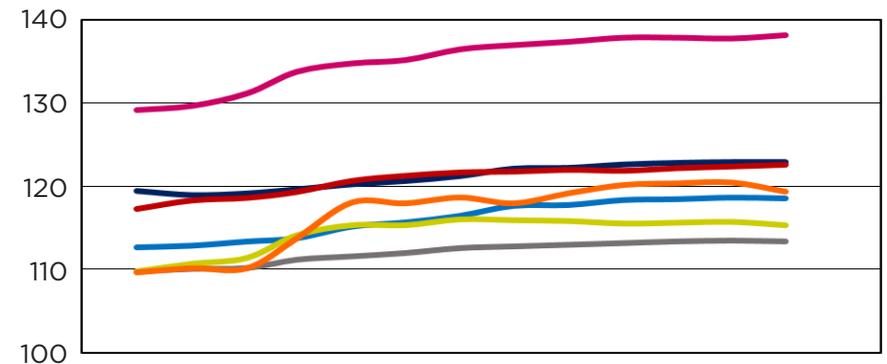
METAL	JUN 2022	JUL 2022	AUG 2022	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUN 2023
Crude Oil	115.7	106.5	97.8	90.6	90.6	86.3	76.8	80.0	81.2	77.5	83.8	75.1	74.7

RETAIL PRICE INDEX

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

June 2022 - June 2023

Data Source: PSA



MATERIALS	JUN 2022	JUL 2022	AUG 2022	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUN 2023
Carpentry	121.2	122.1	122.2	122.6	122.8	122.9	122.9	123.1	123.6	123.6	123.6	123.7	123.7
Electrical	112.6	112.8	113	113.2	113.4	113.5	113.4	113.5	113.6	113.9	114.0	114.2	114.0
Masonry	121.6	121.7	121.9	121.8	122.1	122.3	122.5	122.6	123.3	123.6	123.6	123.6	123.5
Painting	116.4	117.6	117.7	118.3	118.4	118.6	118.5	118.7	119.7	120.1	120.4	121.1	121.3
Plumbing	116.0	115.9	115.8	115.5	115.6	115.7	115.3	115.6	115.9	116.6	116.1	116.1	116.4
Tinsmithry	136.4	136.9	137.3	137.8	137.8	137.7	138.1	138.8	138.9	140.0	140.6	141.2	141.7
Miscellaneous	118.6	117.9	119.1	120.1	120.3	120.4	119.3	119.5	120.3	120.7	118.2	118.2	116.7

CURRENCY EXCHANGE RATES

CURRENCY		UNITS PER USD													
		UNIT	JUN 2022	JUL 2022	AUG 2022	SEP 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	JUN 2023
Philippine Peso	₱	1	55.02	55.64	56.24	58.91	58.89	56.80	55.13	54.55	55.31	54.43	55.74	55.99	55.36
Singapore Dollar	\$	1	1.39	1.38	1.40	1.43	1.41	1.37	1.35	1.31	1.35	1.33	1.33	1.35	1.36
UK Pound Sterling	£	1	1.21	1.22	1.16	1.11	1.15	1.20	1.21	1.23	1.21	1.24	1.25	1.24	1.26
Australian Dollar	\$	1	0.69	0.70	0.69	0.65	0.64	0.67	0.67	0.70	0.67	0.67	0.66	0.65	0.66
Canadian Dollar	\$	1	1.29	1.28	1.31	1.37	1.36	1.35	1.36	1.34	1.36	1.35	1.36	1.36	1.32
Japanese Yen	¥	1	136.63	133	138.61	144.74	148.24	138.8	132.65	130.41	136.29	133.48	134.05	140.22	144.88
Korean Won	₩	1	1,292.90	1,304	1,347.50	1,434.80	1,419.30	1,331.50	1,276.10	1,228.70	1,317.40	1,303.8	1,339.90	1,325.60	1,312.80
Thailand Baht	฿	1	35.29	36.82	36.50	37.92	38.02	35.35	34.80	32.77	35.14	34.10	34.13	34.81	35.60
Netherlands Euro	€	1	1.04	1.02	1.00	0.97	0.99	1.04	1.06	1.08	1.06	1.09	1.10	1.07	1.09

CONSTRUCTION PRICES

DEVELOPMENT TYPE	LOW	HIGH
OFFICE BUILDINGS	PHP/m²	
With Fit-out	89,600	259,000
Without Fit-out	43,200	137,800
BPO	PHP/m²	
With Fit-out	49,000	58,100
Without Fit-out	28,900	48,800
MIXED-USED BUILDING	PHP/m²	
BPO and Retail	56,700	69,000
Office and Retail	54,500	92,000
Residential, BPO and Retail	71,700	109,000
Hotel and Office	78,800	114,000
HOTELS incl. FF&E	PHP/m²	
Five Star	108,000	254,000
Four Star	82,400	107,000
Three Star	67,000	81,900
Resort	46,400	112,500
INDUSTRIAL	PHP/m²	
Warehouse and Cold Storage	73,700	161,000
Distribution / Manufacturing	42,200	230,000
Data Centre / Data Hosting Centres	208,000	617,000

DEVELOPMENT TYPE	LOW	HIGH
INSTITUTIONAL	PHP/m²	
Schools	53,800	84,600
Hospitals with FF&E	49,400	120,000
RETAIL - SHOPPING MALLS	PHP/m²	
Shopping Mall with retails / supermarkets	44,700	68,000
Supermarkets / retails	37,600	62,900
RESIDENTIAL	PHP/m²	
Hi-End Residential Building	63,200	106,800
Mid-End Residential Building	50,000	63,100
Low-End Residential Building	40,400	51,900
Rowhouse (1 - 4storeys)	26,000	83,500
Single Detached (mid/high end)	58,400	92,600
Single Detached (low end)	31,400	42,100
CLUBHOUSE	PHP/m²	
Clubhouse	75,100	369,000
CARPARKS	PHP/m²	
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

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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: rlb.davao@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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