

# Philippine Institute of Certified Quantity Surveyors (PICQS)



## Update on the Construction Industry (Philippines)

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**Chair and Founder, PICQS**



# COVID-19 CASES UPDATE

**TOTAL CASES**  
**202,361**  
**(0.19% of**  
**Population)**

**ACTIVE CASES**  
**65,764**  
**(32.50%)**

**RECOVERIES**  
**133,460**  
**(66%)**

**DIED**  
**3,137**  
**(1.6%)**



# IMPACT OF COVID-19 TO THE ECONOMY

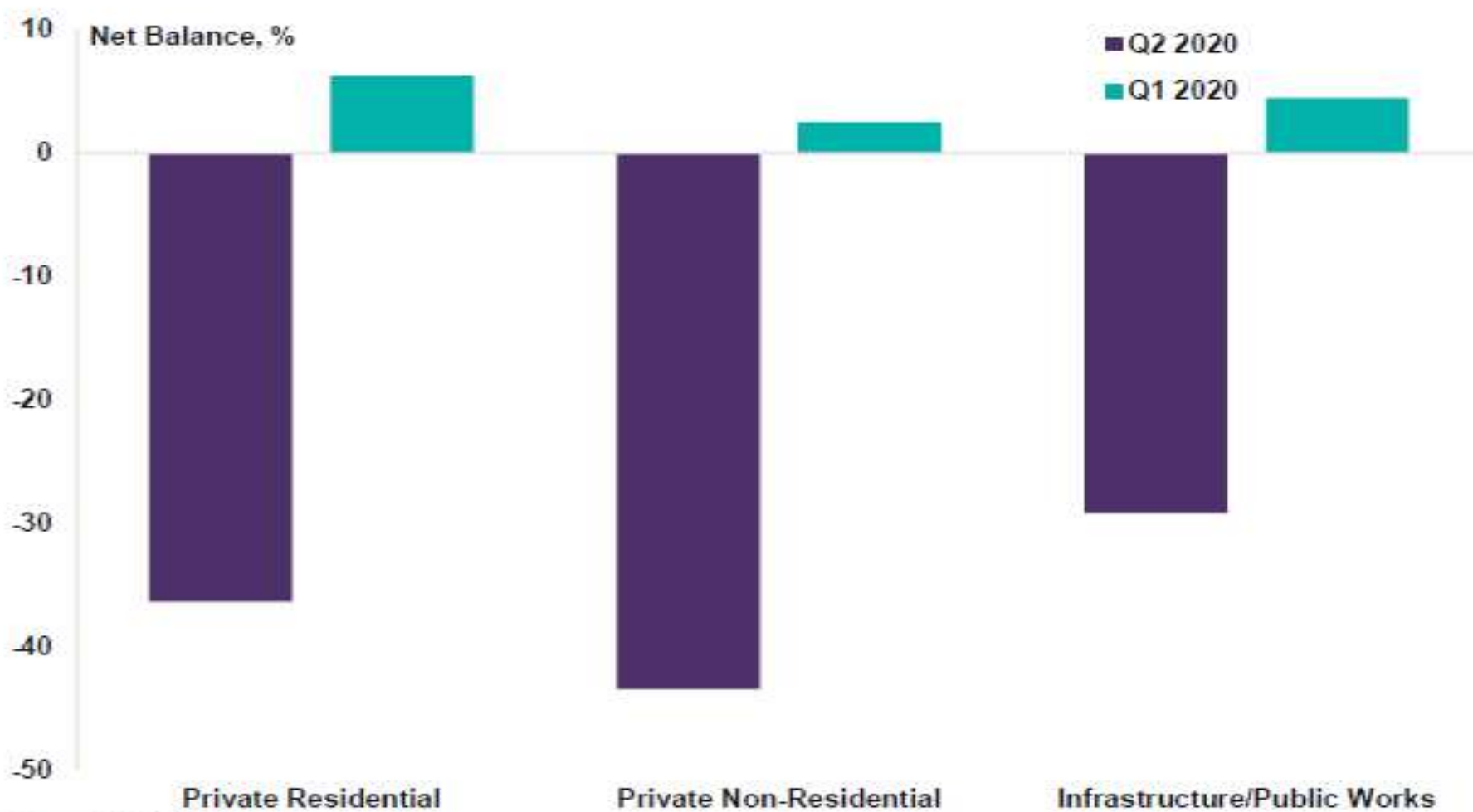
## KEY ECONOMIC INDICATORS

- GDP Growth Q2 2020: **-16.5%** vs 5.5% in Q2 2019
- Unemployment Rate in Q2 2020: **17.7%** vs 5.3% in January 2020
- Tourist Arrival Growth from Jan – June 2020: **-68%**, a drop of over 5.6M visitors from 2019

# IMPACT OF COVID-19 TO THE CONSTRUCTION INDUSTRY

- 4.2M local construction workers **stopped** work (10% of the total workforce)
- 88% are micro, small and medium Enterprises
- 36% of the projects were put **on hold**
- The Construction Activity Index fell from + 26 in Q1 to **-9** in Q2
- Construction Industry **contracted** by 9.8%
- Digital Transformation has been accelerated

## Workloads, past 3 months



Source: RICS, PICQS

# Conditions, past 3 months





SECTOR	IMPACT	REASON
OFFICE	<b>SURGES DESPITE HEALTH CRISIS</b>	DRIVEN BY IT-BPM and POGOS
RESIDENTIAL	<b>SLOW SALES; BOOST IN LEASE</b>	DEMAND PULLBACK FROM FOREIGNERS AND OFWs; DUE TO IT-BPM
RETAIL	<b>SALES ARE PLUMMETING; HARDEST HIT</b>	SHIFT TO ONLINE ACTIVITY; RENT CONDONATION
INDUSTRIAL AND LOGISTICS	<b>50% REDUCED CAPACITY FOR MANUFACTURING BUT BALANCED OUT WITH INCREASED ONLINE DELIVERIES</b>	INCREASE IN USE OF FOOD PANDA, GRAB AND LALAMOVE
HOSPITALITY	<b>60% OCCUPANCY – Q2 43% OCCUPANCY – Q1</b>	BUDGET HOTELS HAVE 100% OCCUPANCY AS THESE WERE USED FOR IT-BPM OCCUPIERS/OFW ON QUARANTINE



# MAJOR INFRASTRUCTURE PROJECTS

- North Luzon Expressway Harbor Link
- Cavite-Laguna Expressway
- Metro Manila Skyway Stage 3
- Subic Freeport Expressway Project
- R-1 Bridge Project



# RICS Consensus Tender Prices and Construction Costs (Next 12 months)

PERIOD	Tender Price		Construction Cost		
	Building	Infra	Commercial	Residential	Total
Q1 2020	+ 6.6%	+6.8%	+6.8%	+6.9%	+7.2%
Q2 2020	+ 4.4%	+4.6%	+4.3%	+3.8%	+4.6%

Q2 2020 Construction and Infrastructure Survey by RICS

## 9% GDP growth in 2021

Metro Pacific

If Virus is contained, Construction GDP  
growth returns to pre- crisis level, in 2022

Mckinsey Report

**THANK YOU**