CONSTRUCTION MARKET QUARTERLY UPDATE

RIDER LEVETT BUCKNALL SINGAPORE AND REGIONAL REPORT

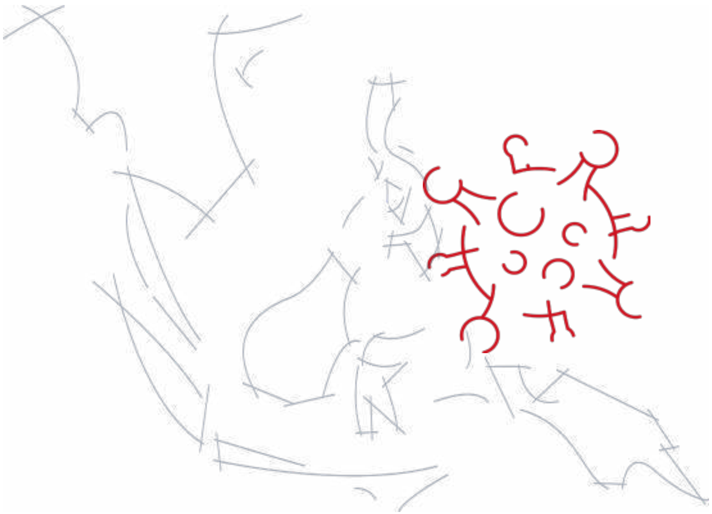
JUNE 2020 COVID-19 EDITION

Q2

RLB Rider Levett Bucknall

CONTENTS

Introduction	1
General market overview	2
Singapore	6
Malaysia	8
Indonesia	10
Vietnam	12
Myanmar	14
Philippines	16
Global perspective	18
Regional perspective	19
Conclusion	20
Our offices	21



INTRODUCTION

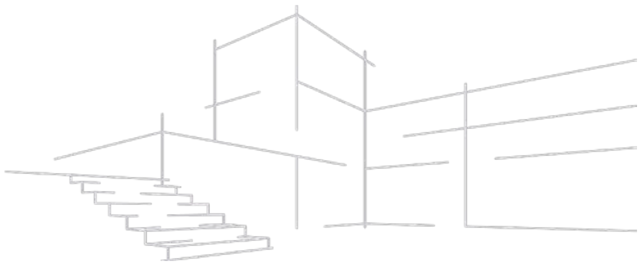
The Singapore and Southeast Asian markets have been significantly impacted by the COVID-19 pandemic in the beginning of the second quarter of 2020. As the region moves to re-open their economies, albeit in phases, its main concerns are now centred on its economic recovery.

As the pandemic spread grew exponentially, countries all over the world implemented varying degrees of lockdown from the restriction of movement to the closure of workplaces, commercial buildings, institutions of learning, and construction sites. Majority of the countries in the region have, in entering the month of June, gradually eased lockdowns amidst fears of a possible second virus wave.

Most countries also announced significant pandemic financial relief budgets to mitigate the financial and commercial implications of population lockdowns and safe distancing and other measures imposed. To date, Singapore has allocated a total budget of US$65.3 billion, compared with Malaysia at US$59.7 billion, Indonesia US$43.4 billion, Vietnam US$2.6 billion, Myanmar US$1.2 billion and Philippines US$27.5 billion. in the fight against COVID-19 and its economic consequences. Nevertheless, according to analysts, the ASEAN-6 region consisting of Indonesia, Vietnam, the Philippines, Thailand, Malaysia and Singapore could see about 7 per cent, or 20.7 million jobs axed in the looming recession.

The worsening of the pandemic at the start of the second quarter has also negated the idea that the virus-related economic impact and volatility will be short term. As countries in the region started to re-open at the end of the second quarter, economists had to review and adjust their forecasts for economic growth, the length of recession and pace of recovery.

Consensus among majority of the economists worldwide point to a contraction in global gross domestic product (GDP) in 2020 and the deepest global recession in decades despite the efforts of governments to counter the downturn with fiscal and monetary policies. However, opinions differ on the duration of economic headwinds beyond 2020 as factors such as the outbreak and containment of new infections, and the imposition of authority restrictions on travel and immigration entry, people movement and physical distancing remain largely unpredictable.



GENERAL MARKET OVERVIEW

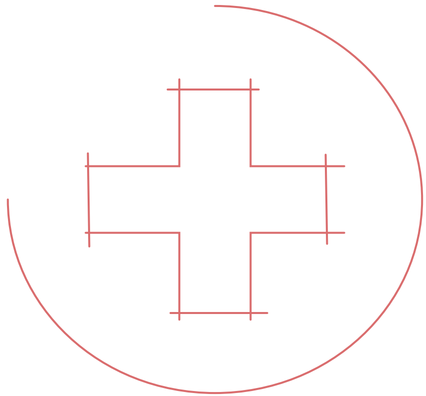
The last severe shock to the construction industry was during the global financial crisis of 2007-2008 (GFC). Studies undertaken on impact of the GFC showed that with the stimulus measures introduced by governments, the impact for both material suppliers and construction companies was relatively moderate but especially severe for the more leveraged property developers and real estate investment trusts (REITs).

However, the COVID-19 pandemic and the GFC are not comparable as the current crisis is healthcare-related and has led to nations shutting their borders, limiting exports and halting economic activities to fight the spread of the coronavirus. Domestically in many countries, construction sites were closed. Lockdowns and travel restrictions implemented worldwide disrupted supply chains and delayed the return of foreign workers, adversely affecting potential output and labour productivity.

Compliance with new physical distancing and safety measures at both worker dormitories and construction sites will effectively reduce labour productivity, thereby increasing the costs of foreign workers. Concurrently, construction material prices in the short term have been affected by a combination of supply chain disruptions, volatile foreign exchange rate movements and the historic collapse in oil demand and oil prices.

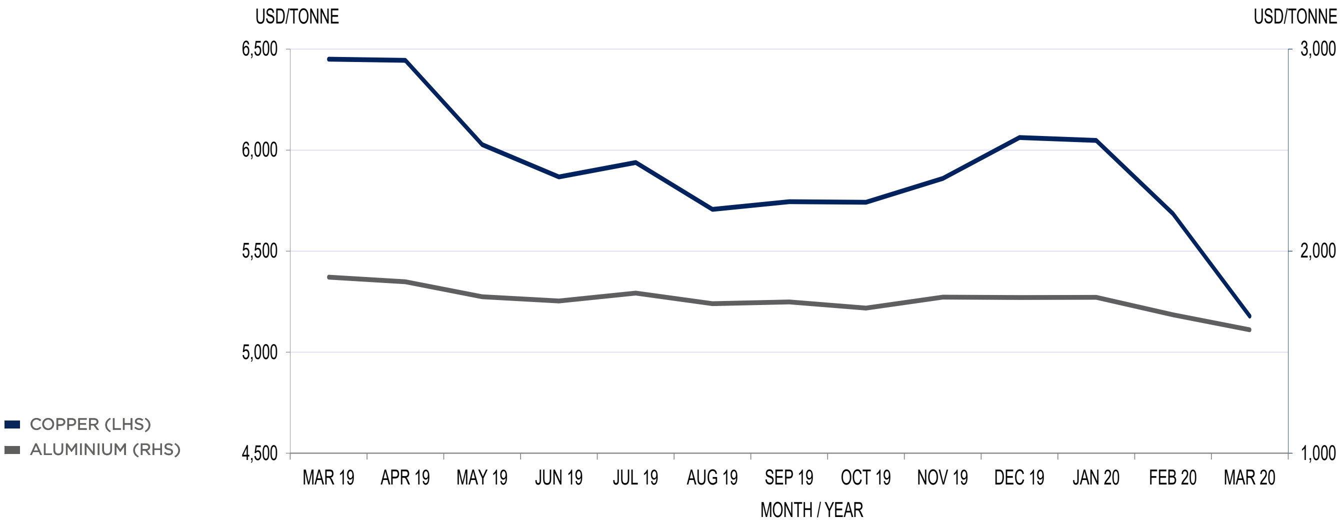
In times of uncertainty where supply chains are disrupted, with restrictions on imported labour supply, and fluctuating raw material prices, the risks assumed by contractors tendering for new projects are multiplied. This is exacerbated by the Singapore economy entering a recession this year.

As it stands, numerous mega infrastructure projects in the region have been either delayed or postponed. These include the relocation of the Indonesia capital to East Kalimantan, the Kuala Lumpur-Singapore High Speed Rail and Changi Airport Terminal 5.



GENERAL MARKET OVERVIEW

METAL PRICES



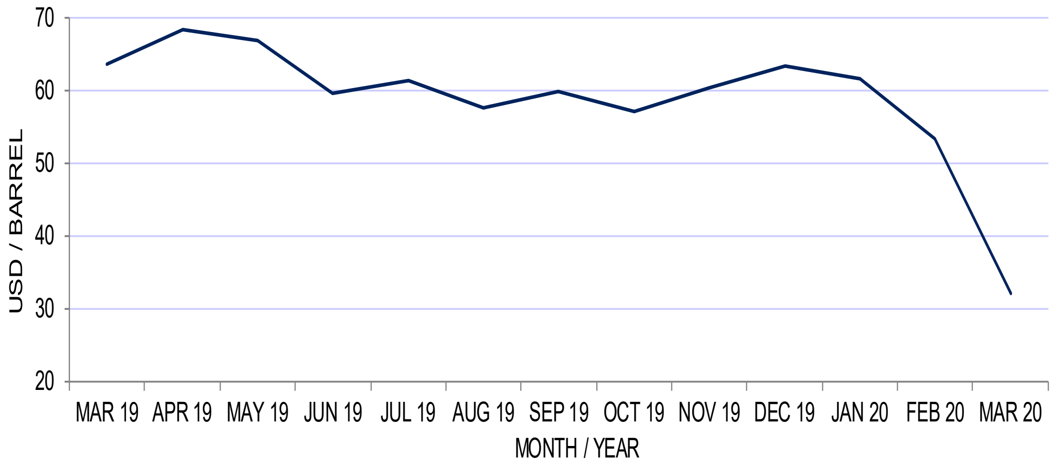
	AVG 4Q'19/ 1Q'20 CHANGE	MAR 2019	APR 2019	MAY 2019	JUN 2019	JUL 2019	AUG 2019	SEP 2019	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020	MAR 2020
Copper	-4.3%	6450	6444	6027	5868	5939	5707	5745	5742	5860	6062	6048	5685	5178
Aluminium	-3.7%	1872	1848	1775	1753	1792	1740	1749	1718	1772	1770	1771	1685	1611

Data Sources: London Metal Exchange (LME)

GENERAL MARKET OVERVIEW

Rider Levett Bucknall

CRUDE OIL PRICES



	AVG 4Q'19 / 1Q'20 CHANGE	MAR 2019	APR 2019	MAY 2019	JUN 2019	JUL 2019	AUG 2019	SEP 2019	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020	MAR 2020
Crude Oil	-18.7% ⬇	64	69	67	60	61	58	60	57	60	63	62	53	32

Data Sources: IndexMundi

GENERAL MARKET OVERVIEW

CURRENCY EXCHANGE RATES

CURRENCY			UNITS PER USD						
			UNIT	**OCT 19**	**NOV 19**	**DEC 19**	**JAN 20**	**FEB 20**	**MAR 20**
Singapore Dollar	$	SGD	1	1.37	1.36	1.36	1.35	1.35	1.42
Euro	Û	EUR	1	0.91	0.90	0.90	0.90	0.92	0.90
U.K. Pound Sterling	£	GBP	1	0.79	0.78	0.76	0.76	0.77	0.81
Australian Dollar	$	AUD	1	1.47	1.46	1.45	1.45	1.50	1.60
Chinese Yuan	´	CNY	1	7.08	7.02	7.02	6.92	7.00	7.02
Malaysian Ringgit	RM	MYR	1	4.19	4.16	4.15	4.08	4.16	4.30
Japanese Yen	´	JPY	100	1.08	1.09	1.09	1.09	1.10	1.07
Myanmar Kyat	K	MMK	1000	1.51	1.50	1.48	1.45	1.43	1.39
Indonesian Rupiah	Rp	IDR	1000	14.12	14.06	14.01	13.73	13.77	15.11
Vietnamese Dong	đ	VND	1000	23.10	23.11	23.09	23.09	23.14	23.18

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") contracted by 12.6 per cent year-on-year ("y-o-y") in the second quarter of 2020, according to flash estimates from the Ministry of Trade and Industry ("MTI"). On a seasonally adjusted annualised basis, Singapore's economy shrank sharply by 41.2 per cent quarter-on-quarter ("q-o-q"), compared to the 3.3 per cent contraction in the preceding quarter. Singapore has therefore entered a technical recession, defined by economists as two consecutive q-o-q contractions, after just narrowly escaping the same in the third quarter of 2019.

The figures reflect the results of weak external demand and local Circuit Breaker measures introduced in the first week of April. Circuit Breaker measures extended over a period of two months from 7 April to 1 June 2020, followed by Safe Re-opening measures in three phases. Singapore entered Phase 2 of the re-opening on 19 June 2020 which allowed retail shops to re-open and restaurants to resume dine-ins while observing strict physical distancing. During this period, manufacturing was the only sector that saw growth y-o-y of 2.5 per cent. The MTI has further downgraded Singapore's GDP growth forecast for 2020 to between -7 per cent and -4 per cent, marking the third revision in slightly more than three months.

To date, the government has pledged a total of four support packages amounting to S$99.9 billion (US$65.3 billion), or nearly 20 per cent of Singapore's GDP, to combat the impact of COVID-19. The measures include wage support for affected employers, such as the Jobs Support Scheme, workforce training grants and cash pay-outs to adult Singaporeans.

The **construction sector** continued to be the worst hit in the second quarter, contracting 54.7 per cent y-o-y after the first quarter's 1.1 per cent fall. On a q-o-q basis, the sector nose-dived 95.6 per cent, attributed by the mandatory suspension of most construction activities during the Circuit Breaker period and the first month of the Safe Reopening period, and other measures such as movement restrictions at foreign worker dormitories, which brought about manpower disruptions. This effectively brought the construction sector to an abrupt standstill as the industry is almost completely dependent on foreign workers residing in dormitories and project delays of six months or more are anticipated for many projects.

SINGAPORE

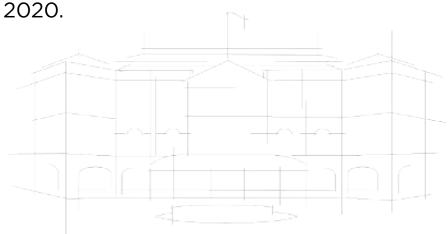
On the other hand, non-site-based design, procurement and contract administrative work have continued on a work-from-home mode. Even with the first phase of Safe Reopening in place from 2 June 2020 which allowed employees to return to their workplaces while observing strict physical distancing, employees who were able to continue with the work-from-home arrangements were encouraged to continue doing so. As such, projects in the pre-tender stages were able to proceed with design development during the Circuit Breaker period. Due to the uncertainty during this period, many large main contract tenders originally slated for the first half of this year have been delayed to the last quarter of the year or later.

Property investment sales in Singapore fell 45 per cent in the first half of the year from the same period a year ago. The investment volume remained stable in the second quarter after the 37 per cent fall in the first three months of 2020 – with the visible absence of big-ticket commercial deals of the first quarter. The residential and hospitality sectors underperformed due to the absence of government land sales sites closing and as buyers waited on the sidelines while the COVID-19 crisis drags on, delaying the return of tourism to pre-pandemic levels.

The overall price index for private homes shrank 1.1 per cent q-o-q, as compared with the 1.1 per cent drop in the previous quarter, based on flash estimates released by the Urban Redevelopment Authority.

The continued price decline in the second quarter was well within expectations as developers were told to suspend all showflat galleries during the Circuit Breaker period and only re-opened in Phase 2 of the Safe Reopening, with physical distancing guidelines.

Following the spike in COVID-19 infections in Singapore, 90 per cent of which were accounted by the outbreak in the worker dormitories, new pilot programme standards for dormitories and mandated health regulations for travelling arrangements to construction sites were introduced. The enhanced health standards for the foreign workers translate into labour cost increments, despite the cost relief brought about from the rebate of foreign worker levy which is extended until next year. Against the backdrop of the pandemic and the resultant global economic demise, and current cost and price trends, Singapore construction tender prices are projected to see an increase in the order of 2% to 5% for the year of 2020.



MALAYSIA

Malaysia's economy unexpectedly expanded by 0.7 per cent y-o-y in the first quarter of 2020, and exceeded expectations. However, its economy is expected to contract y-o-y in the second quarter as curbs on movement and businesses due to the pandemic extended into June. Bank Negara Malaysia (BNM) forecast the GDP for the year to be between -2.0 and 0.5 per cent, with a potential loss of up to RM17.3 billion due to the impact of the COVID-19 pandemic.

The economy continued to be supported by private consumption, which grew 6.7 per cent y-o-y in the first quarter while unemployment rose to 3.5 per cent in the same quarter due to six weeks strict restriction on social activities. Almost every sector of the economy had been shut down and production was only permitted for essential goods and services during the Movement Control Period ("MCO"). The labour-intensive construction sector alone recorded losses of approximately RM11.6 billion in MCO Phase 1. Economists pointed out that the government should therefore speed up large-scale infrastructure projects and reopen the economy to mitigate the effects of weaker external demand.

BNM also slashed its overnight policy rate by a total of 100 basis points to a historic low of 2.00 per cent and loosened liquidity rules to support the banking system in several aggressive pre-emptive moves in the first half of the year. The rate cuts are expected to reduce the debt burden of households and businesses and aid expansion going into the second half of 2020.

In the **construction industry**, non-critical construction activities were suspended. The government subsequently issued a standard operating procedure ("SOP"), the Prevention of COVID-19 on Construction Sites, and re-opened construction sites in Phase 2 of the MCO. The re-opening of construction sites was subject to the approval of the Ministry of International Trade and Industry and compliance to strict SOP requirements as the government tried to balance the health of the economy with the healthcare concerns of the population. As a result of the imposed restrictions, majority of the existing construction projects suffered delays in delivery.

In terms of pre-tender projects, developers remain cautious in the present economic climate, with majority of launches pushed back to the new year. However, consultants and contractors continue to stay occupied with design development and tender bidding respectively, with construction activities poised to re-commence with the recovery of the economy.

MALAYSIA

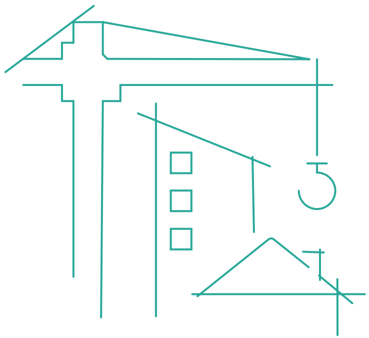
The property market as a whole is facing the onset of an economic recession and the government has introduced several measures in an effort to rehabilitate the market. The Home Ownership Campaign ("HOC") has been reintroduced under the Short-Term Economic Recovery Plan to act as a catalyst to spur the property sector. Secondly, Real Property Gains Tax ("RGPT") is exempted for disposal of up to 3 residential homes per individual from 1 June 2020 to 31 December 2021. Lastly, stamp duty is exempted on the instruments of transfer (limited to first RM1 million) and loan agreements for the purchase of residential homes priced between RM300,000 and RM2.5 million.

In addition to interest rates cuts by the central bank, bank loan interest rates have similarly declined and this is anticipated to encourage the purchase of properties as lower monthly repayments take effect. The primary property market is expected to stage a slow recovery in the fourth quarter of 2020, with the secondary market to follow suit next year, on the premise of the political scene remaining stable.

While it is still too early to assess the impact of COVID-19 on the material and labour cost escalation, there may be a slight increase in labour cost as the government has temporarily frozen the importation of new foreign workers until December 2020.

However, tenders originally scheduled to be called in the second quarter were delayed due to the MCO and Conditional MCO.

Based on a scarcity of projects in the market and fierce competition among contractors struggling to stay afloat, any cost escalation due to labour shortage is likely to be largely mitigated, with construction tender prices for Kuala Lumpur anticipated to fall. Furthermore, uncertainties in employment and business stability will cause demand for properties to drop drastically which will invariably affect developers' confidence to initiate new developments.

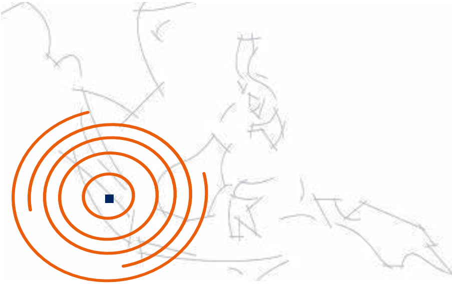


INDONESIA

Indonesia's GDP grew 2.97 per cent y-o-y in the first quarter of 2020, which was weaker than the central bank's initial projections. This was the weakest economic expansion in 19 years, as household spending and investment growth slowed amid the coronavirus outbreak. Economists warn that the weak growth signals just the beginning of the weakest growth since the 1998 – 1999 Asian Financial Crisis. The Indonesian Finance Minister has further flagged a risk of recession and a full-year GDP contraction of 0.4 per cent.

Household consumption, which accounts for over half of GDP, registered growth of just 2.84 per cent while investment, the second-largest contributor, grew 1.7 per cent y-o-y in the first quarter. These figures contrast with the 5.01 per cent and 5.03 per cent growth respectively recorded over the same period in 2019. The GDP growth for the second quarter is expected to contract by 3.8 per cent as the prolonged pandemic limits the social movements and activities.

Around 2.8 million people had been laid off as of mid-April, according to the Manpower Ministry and the Workers Social Security Agency, with nearly 13 million, or 9.2%, projected to be unemployed by the end of 2020. Banks also see many requiring restructuring their financial and loan commitments as they have no alternative sources of incomes. The Indonesian President has also instructed for the ministries to speed up the distribution of its social assistance in the second quarter in hopes of easing the pressure on households and businesses, particularly small and medium businesses.



The capital city of Jakarta is currently in its "transition period" from the large-scale social restrictions ("PSBB") to the re-opening of the city. The re-opening allows public transportation, shopping centres and offices to operate at 50 per cent capacity; this will result in the main street economy improving as malls re-open even as COVID-19 infections spike. Nonetheless, the situation is considered as "under control" in Jakarta, as East Java emerges as the new epicentre instead of the capital city.

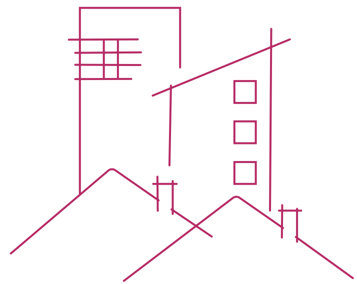
For the **construction industry**, developers are generally not in a hurry to award nor launch new projects amidst economic uncertainties while competition among contractors is fierce as they strive to stay afloat. Contractors at construction sites, on the other hand, have to pay extra attention to good hygiene practices and COVID-19 risk management plans to prevent the spread of the coronavirus within and across work sites. As a result of the lack of workers and imported materials, the majority of existing construction projects have suffered delays in delivery and are claiming for extension of time to project completions.

INDONESIA

While investments for the new capital city to East Kalimantan has been put on hold as the country re-allocated most of its spending to contain the public health crisis, the Planning Ministry is going ahead with a tender for the masterplan of the new city. Seen as key to the revival of the economy, the new capital city set to occupy 256,000 hectares is expected to create hundreds of thousands of jobs and to have broad multiplier effects on the economy.

Similar to Malaysia, the property market could be facing an oncoming economic recession with massive furloughs and worker layoff forcing buyers who are unable to finance their purchase to cancel or default on their mortgage payments. However, demand for homes away from city centres have increased as many have taken to working from home as a consequence of physical distancing measures which may become the new normal. The government's plan to boost home ownership in Indonesia through public housing savings programmes could also see more sales in residential properties in the future.

Based on the scarcity of new projects in the market, tendering competitiveness as contractors struggle to stay afloat, high labour unemployment rates, increased local and imported material costs due to unfavourable exchange rates and market conditions, any cost escalation is likely to be cancelled out. The estimated construction tender price escalation for Jakarta, based on present situation, is anticipated to be zero for the year of 2020.



VIETNAM

Rider Levett Bucknall

Leading international organisations have lowered the growth forecasts for Vietnam this year with the World Bank estimating a growth of 4.9 per cent and the International Monetary Fund a growth of 2.7 per cent. This is in comparison with earlier forecasts of as high as 6.7 per cent. Vietnam's economy grew by 3.82 per cent and 0.36 per cent y-o-y in the first and second quarters of this year, the latter being its slowest pace in decades.

The Vietnam General Statistics Office ("GSO") said in a statement that the services sector contracted 1.76 per cent y-o-y, while the industrial sector rose 1.38 per cent in the same period. With only 355 COVID-19 cases and zero related deaths as at 30 June 2020, Vietnam is seeking to resume economic activities after exports in the first half of the year fell 1.1 per cent from a year earlier while imports were down 3 per cent. Unemployment rates are the highest in five years while y-o-y income growth rate of labour is nearly half the growth rate in the first quarter of 2019. Approximately 76 per cent of enterprises have announced the intention to reduce the number of employees while 10 per cent of which will cut over 50 per cent of workforce.

The **construction industry** registered a growth of 4.4 per cent y-o-y in the first quarter, the slowest growth registered since 2016. In contrast, the y-o-y growth has hovered close to 9 per cent in the first quarter for the past two years.

The largest contractors in Vietnam's construction industry have seen revenues fall in the first quarter of 2020 as the COVID-19 crisis slowed the economy. A GSO survey on the construction industry found half of the respondents citing business difficulties in the first half of the year. This was mostly attributed to both a slowdown in the real estate market, and dwindling foreign investments.

Construction projects at the pre-tender and post-contract stages require more online engagements during the pandemic – from tender submissions to site meetings. Authority submissions have also shifted to the electronic mode, which required a longer lead time for approvals, affecting the scheduling of projects.

VIETNAM

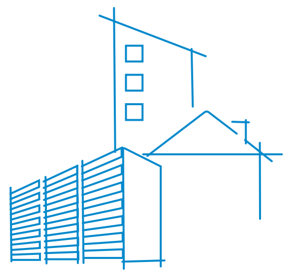
At construction sites, the rising costs of materials and labour due to the closure of borders, and physical distancing directives have led to projects reporting delays in project delivery and requests for extensions of time. Supply chain disruptions caused by the worldwide lockdowns have forced developers to either seek costlier alternatives or endure construction delays, while difficulties in acquiring skilled labour translated to increased labour rates. However, projects that are in the advanced planning stages, awarded and ongoing projects are expected to proceed to execution, completion and delivery under the new normal.

On the real estate front, the Vietnam property market has reported underwhelming performance data as well. The hospitality sector had the weakest first quarter performance on record, with significant falls in occupancy due to restrictions and lockdown measures while the retail sector, one of the worst hit by the pandemic, have seen mass shutdowns. Developers have also greatly reduced new residential launches, with many projects postponing their launches due to physical distancing measures and decreased demand.

The Hanoi Department of Construction reported 1,300 successful residential transactions out of 8,900 apartment units in the market while in Ho Chi Minh City, the market saw 1,400 transactions out of 8,400 available units in the first quarter.

The domestic property market is expected to remain stagnant in the second quarter and only mainly in the affordable and mid-grade segments.

Despite the challenging circumstances in the industry, contractors remain optimistic about the upcoming recovery period due to the line-up of potential work and the government's focus on expending public investment to support and revive the sector. Based on impact of the coronavirus on the construction industry and given the resultant market uncertainties, construction tender price escalation for Ho Chi Minh City is anticipated to be in the range of 1 per cent and 3 per cent for the year of 2020.



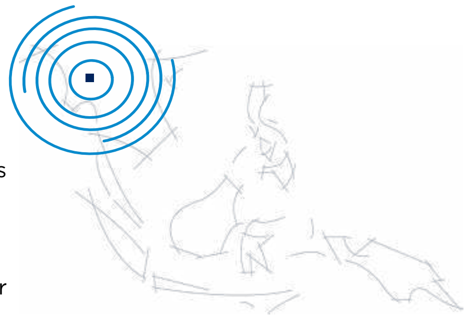
MYANMAR

Myanmar's strong start in the fiscal year ('FY") of 2019/20 is expected to aid the economy in avoiding a recession, albeit narrowly. With the disruption caused by the COVID-19 pandemic, Myanmar's economic expansion is estimated to fall significantly from 6.8 per cent in FY2018/19 to 0.5 per cent in FY2019/20. The World Bank report published in June 2020 reported that the shock of the pandemic poses a risk to Myanmar's "hard-won macroeconomic stability", although "economic policy in recent years has built some resilience". In fact, the government's ability to maintain their low debt in recent years has allowed the nation to borrow externally today to finance its response to the crisis.

While Myanmar's increased imports and exports have in recent years amplified its economic exposure to the pandemic, its trade openness could also speed up its recovery as external demands revives. Domestically, mandatory mobility restrictions, curfews, physical distancing requirements and the closure of international borders to slow the spread of infections, have curtailed domestic consumption patterns as the population stayed indoors.

The Central Bank of Myanmar ("CBM") slashed interest rates three times since COVID-19 was declared a global pandemic on 11 March 2020, by a total of 300 basis points, and effective from 1 May 2020. CMB bank deposit rates in Myanmar will be reduced to a minimum of 5 per cent and lending rates will not exceed 10 per cent for collateralised loans.

The reduction is expected to provide some relief to borrowers and help support the economy through enabling higher liquidity for businesses.

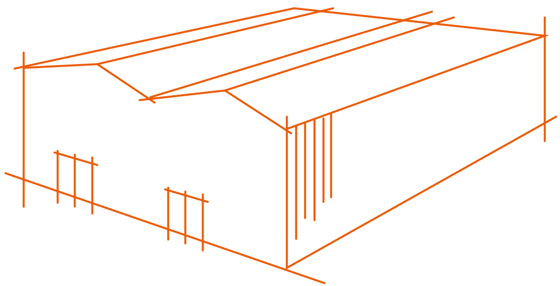


The **construction sector** is expected to contract by an estimated 1.3 per cent in FY 2019/20 despite its high growth potential as declining demand and investment slowed activities. The number of construction permits issued declined from April 2020 and many planned construction projects had been suspended. While large infrastructure projects were launched in the first half of FY 2019/20, the falling demand for non-essential projects such as offices and entertainment venues has caused construction activities to decline by an estimated 30 per cent in the financial year. Construction activities were also temporarily suspended but the majority of the public projects have re-started following the announcement of guidelines for the prevention and control of COVID-19, issued by the Ministry of Health and Sports.

MYANMAR

The real estate sector in Yangon also saw a sharp decline in transactions at the beginning of April 2020 due to COVID-19-related restrictions. Residential properties largely remained unsold while the only 10 per cent of properties in the rental market have been leased out as condominiums are heavily reliant on foreign tenants, many of whom have since returned home. While the reduced interest rates are expected to encourage more to invest in real estate assets, uncertainties resulting from the pandemic and upcoming year-end elections may see tenants and investors adopting a wait-and-see attitude until relative normality is achieved.

Based on lacklustre market demand, a competitive tendering market with global supply chain disruptions causing material shortages and price spikes, albeit a relatively stable labour supply, the estimated construction tender price escalation for Yangon is anticipated to remain in the order of -5 per cent and -3 per cent for 2020.



PHILIPPINES

Philippines' economy shrank by 0.2 per cent y-o-y in the first quarter of 2020, surprising many as it was the first contraction in over twenty years. Economists expect the GDP to slid sharply in the second quarter y-o-y as an extended lockdown in the capital – one of the world's strictest and longest community quarantines – extended up to end May. The Philippines chief economic manager forecast the GDP for the year to contract by up to 4 per cent, marking the deepest recession since 1985.

The Philippine Statistics Authority ("PSA") reported that the main contributors to the decline were manufacturing, transportation and storage and accommodation and food service activities. Disruptions from the Taal Volcano eruption and early effects on supply chains and business decisions stemming from the coronavirus were reflected in the contraction in investments, exports and imports. Household consumption posted a mere 0.2 per cent expansion, as the lockdown implemented on 15 March 2020 forced the population into home quarantine, shuttering approximately 75 per cent of the economy. Government spending was the only exception at 7.1 per cent growth.

The Philippines central bank, Bangko Sentral ng Pilipinas ("BSP"), has cut its key interest rate four times in the last six months by a total 175 basis points to counter the economic slowdown bought on by the pandemic.

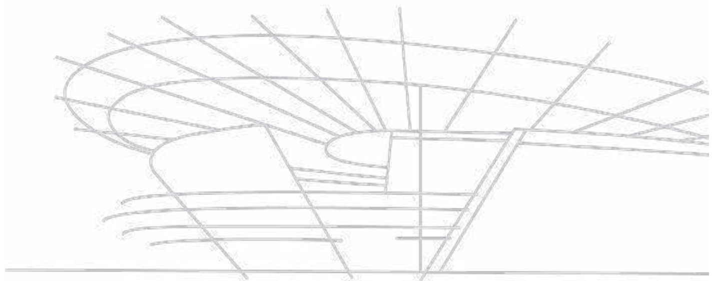
The central bank governor announced in the last interest rate cut that the decision was made amidst a benign inflation environment and is expected to help mitigate the downsides risks to growth and boost market confidence, reflecting sentiments of the region's central banks.

The **construction industry** contracted by 1.8 per cent y-o-y in the first quarter. Prior to the COVID-19 outbreak, the construction sector was expected to outperform itself in 2020 due to ongoing infrastructure investment and the launch of the Philippine Construction Industry Roadmap 2020-2030. However, all construction projects were suspended under the enhanced community quarantine ("ECQ") and were only gradually allowed to resume from 15 May 2020. Furthermore, budget for the construction sector has been reduced amid the government's fight to contain the pandemic, delaying government-funded construction and infrastructure projects.

PHILIPPINES

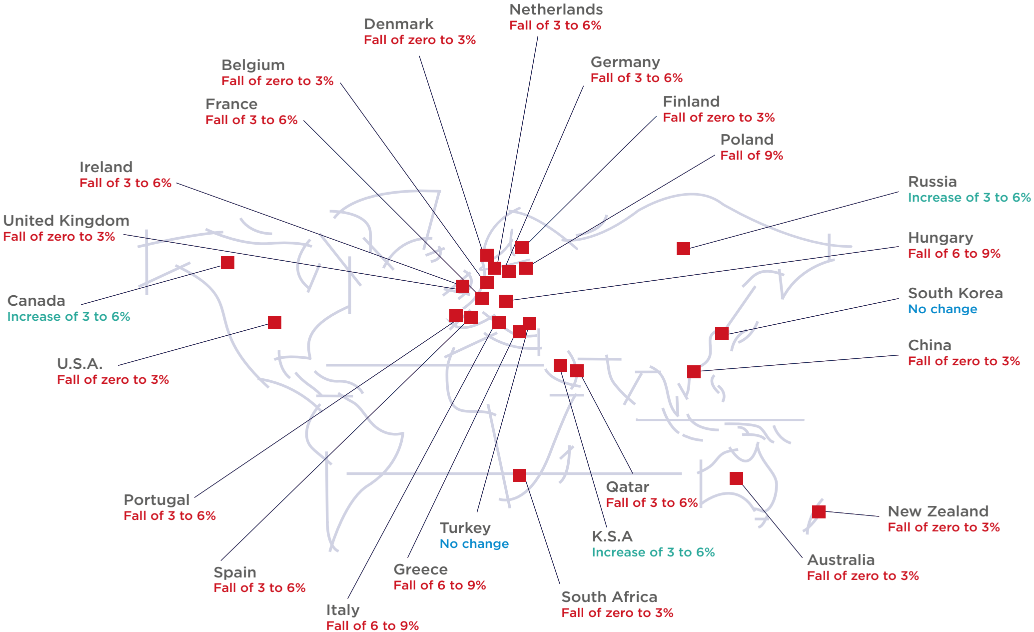
The property market has taken a backseat during the ECQ as the nation prioritised essential goods and services over new homes and office spaces. Despite the muted demand, Manila still led the world rankings for price growth for the first quarter of 2020 at 22 per cent y-o-y growth in international property consultant Knight Frank's Global Residential Cities Index.

Philippines' woes may be short term as economists and the nation's policy makers alike are confident of a strong rebound in 2021 of at least 7.1 per cent expansion.



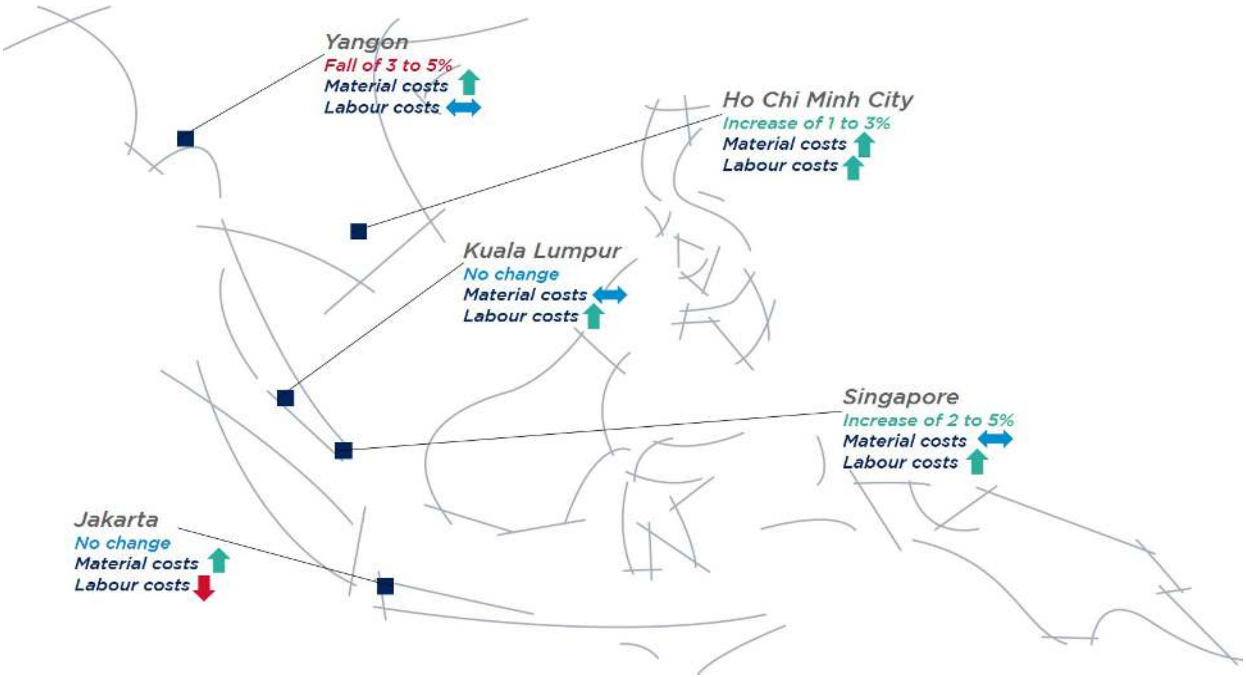
GLOBAL PERSPECTIVE

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



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 first half of 2020, the construction industries of the South East Asia region are facing major challenges, as early as January 2020 as one of the first regions to be hit with imported COVID-19 cases – from global lockdowns curtailing the flow of imported materials and equipment, international border closures restricting the movement of foreign workers, to the closure of construction sites. This pandemic has facilitated a long overdue shake-up of the standard operating procedures and working norms in today's technology-driven times, to mitigate the risks of similar major disruptions within the sector as "new normal" is realised.

As construction sites resume work activities, mandatory conformance with newly introduced safe physical distancing measures on sites within the region could mean a reduction in reliance on manual labour, an increase in investment on technologies to increase efficiency and productivity. Given the diversity of the regional construction markets, the projected tender price escalation across the Southeast Asian countries is a reflection of the state of local construction market environment.

Risks taken on by contractors tendering for jobs have multiplied this year, exacerbated by economic recessionary trends, and a poor understanding on how the COVID-19 situation could evolve globally. Procurement strategies adopted and the allocation of risks in the present situation, will also play an important part in determining the state of the construction tendering markets in the respective Southeast Asian economies.

OUR OFFICES

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.

As a multi-disciplinary group, RLB offers a full range of services required by clients in the property and construction industry, ranging from cost consultancy and quantity surveying, project management, advisory services and market research. RLB Research's expertise in economic and market studies, industry participation and research publications position us as the choice consultant for advice on construction cost trends and market updates for the regional construction markets. The extensive range of professional consultancy provided by RLB covers the following core services:

QS and Cost Consultancy	Project Management
- Feasibility Studies - Cost Planning and Estimating - Cost Management - Value Engineering - Contract Procurement and Delivery - Tender and Contract Documentation - Post-Contract Services - Variation Valuation - Value Management - Financial Reporting and Management - Final Accounts - Life-Cycle Costing - Green Building Costing - Risk Management Support	- Client Representation - Contract Administration - Construction Management - Development Management

Advisory Services	Research
- Asset Advisory - Transaction Review - Technical Due Diligence - Replacement Cost Assessment - Capital Expenditure Forecasting - RElifing of Assets - Whole Life-Cycle Costing - Facilities Management Consulting - Litigation Support - Risk Mitigation - Procurement Strategies	- Construction Market Research - Cost Escalation and Cost Benchmark in by Sector - Industry Trend Analysis

OUR OFFICES

Please contact our offices across the Southeast Asian region to discuss how the tender prices may affect your project or programme.

SINGAPORE

Rider Levett Bucknall LLP
911 Bukit Timah Road, Level 3, Singapore 589622
T: +65 6339 1500 | F: +65 6339 1521 | E: rlb@sg.rlb.com | W: www.rlb.com | Contact: Colin Kin, Silas Loh

RLB REGIONAL PRACTICES

INDONESIA

PT. Rider Levett Bucknall

Jl. Jend. Sudirman, av. 45-46, Sampoerna Strategic Square,
South Tower Level 19,
Jakarta 12930, Indonesia
T: +62 21 5795 2308
E: rlb@id.rlb.com
Contact: Clara Andjarwati

MALAYSIA

RL Bersepadu Sdn Bhd

B2-6-3 Solaris Dutamas,
No. 1 Jalan Dutamas 1,
50480 Kuala Lumpur
Malaysia
T: +60 3 6207 9991
F: +60 3 6207 9992
E: rlb@my.rlb.com
Contact: Lai Kar Fook

MYANMAR

Rider Levett Bucknall Limited

Union Business Centre,
Nat Mauk Road,
Bo Cho Quarter,
Bahan Township,
Suite 03-02,
Yangon 11121, Myanmar
T: +95 1 860 3448
Ext 4004
E: rlb@mm.rlb.com
Contact: Serene Wong

VIETNAM

Rider Levett Bucknall Co. Ltd

Centec Tower,
16th Floor,
Unit 1603, 72-74,
Nguyen Thi Minh Khai Street,
Ward 6 District 3
Ho Chi Minh City, Vietnam
T: +84 83 823 8070
F: +84 83 823 7803
E: rlb@vn.rlb.com
Contact: Ong Choon Beng
Serene Wong

CAMBODIA

Rider Levett Bucknall (Cambodia) Co., Ltd

5th Floor of C2 Building of the Olympia City,
Project Street Preah Monireth (N217) and Street Oknha Tep Phan (N182), Sangkat Veal Vong, Khan 7Makara
Phnom Penh City
T: +65 6339 1500
F: +65 6339 1521
E: rlb@sg.rlb.com
Contact: Teoh Wooi Sin

PHILIPPINES

Rider Levett Bucknall Philippines, Inc.

Building 3, Corazon Clemeña Compound,
No. 54 Danny Floro Street, Bagong Ilog, Pasig City,
1600, Philippines
T: ++63 2 234 0141/
+63 234 0129
+63 2 87 1075
F: +63 2 570 4025
E: rlb@ph.rlb.com
Contact: Corazon Clemeña Ballard

RLB.com

AFRICA | AMERICAS | ASIA | EUROPE | MIDDLE EAST | OCEANIA

RLB
Rider
Levett
Bucknall