



CONSTRUCTION MARKET UPDATE

RIDER LEVETT BUCKNALL SINGAPORE AND REGIONAL REPORT

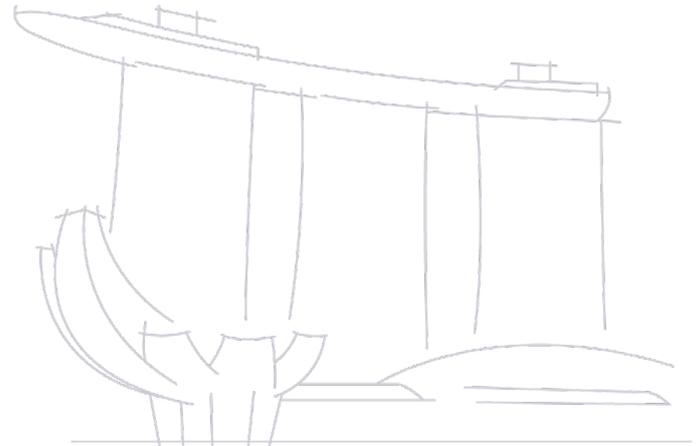
JUNE 2023

2023
H1

RLB
Rider
Levett
Bucknall

CONTENTS

Introduction	1
Highlights	2
Markets	
Singapore	5
Cambodia	7
Indonesia	9
Malaysia	11
Vietnam	13
Philippines	15
Japan	17
Commodity Price Trends	20
Currency Exchange Rates	20
Construction Prices in the Region	21
Professional Services	23
Our Offices	24



INTRODUCTION

General Market

In 2022, the global gross domestic product grew by an estimated 3.5%, beating the 2.9% projection. While the global economy has shown resilience, growth is slowing and the outlook remains weak. Global growth is expected to moderate to a modest 3.0% in 2023, largely reflecting the economic impact of the rise in global central bank policy rates to fight inflation in 2022.

The International Monetary Fund projected in their recent report that global headline inflation is expected to fall from 8.7% in 2022 to 6.8% in 2023 while core inflation is forecast to decline more gradually. The risks to global growth remain tilted to the downside, however. The intensification of the war in Ukraine and China's real estate woes could further shock the global economy.

On the upside, global borders have reopened after three years of COVID, possibly paving the way for a faster-than-expected recovery. The priority for most economies remains achieving sustained disinflation while ensuring financial stability, which could be facilitated by improvements to the supply-side economics.

Construction Industry

The global construction industry is not spared from the risks associated with high inflation rates, including subdued project commencements and increasing financial vulnerabilities. According to our global survey on construction costs escalation issues published in the Second Quarter

2023 International Report, concerns about material costs, supply chain logistics and reduced anti-pandemic measures have plateaued. However, higher wages and the general inflation have increased their influence. Similarly, the trends are reflected in the Southeast Asia region (page 3).

In this report, majority of the region's construction industry continue reflect largely stabilised material cost in the first half of 2023, as 5 of 7 cities covered reflected no change or decrease in material costs. However, increase in labour costs have been reported in 4 of the cities, as is also reflected in the increase in influence in our escalation survey. Regions covered in this report remain upbeat despite challenges identified.

Tender price movements are expected to continue escalating in 2023, with some upward revisions on the back of elevated material costs and a chronic lack of skilled labour. The tendering climate is expected to remain competitive as contractors seek to secure cash flow post-pandemic.

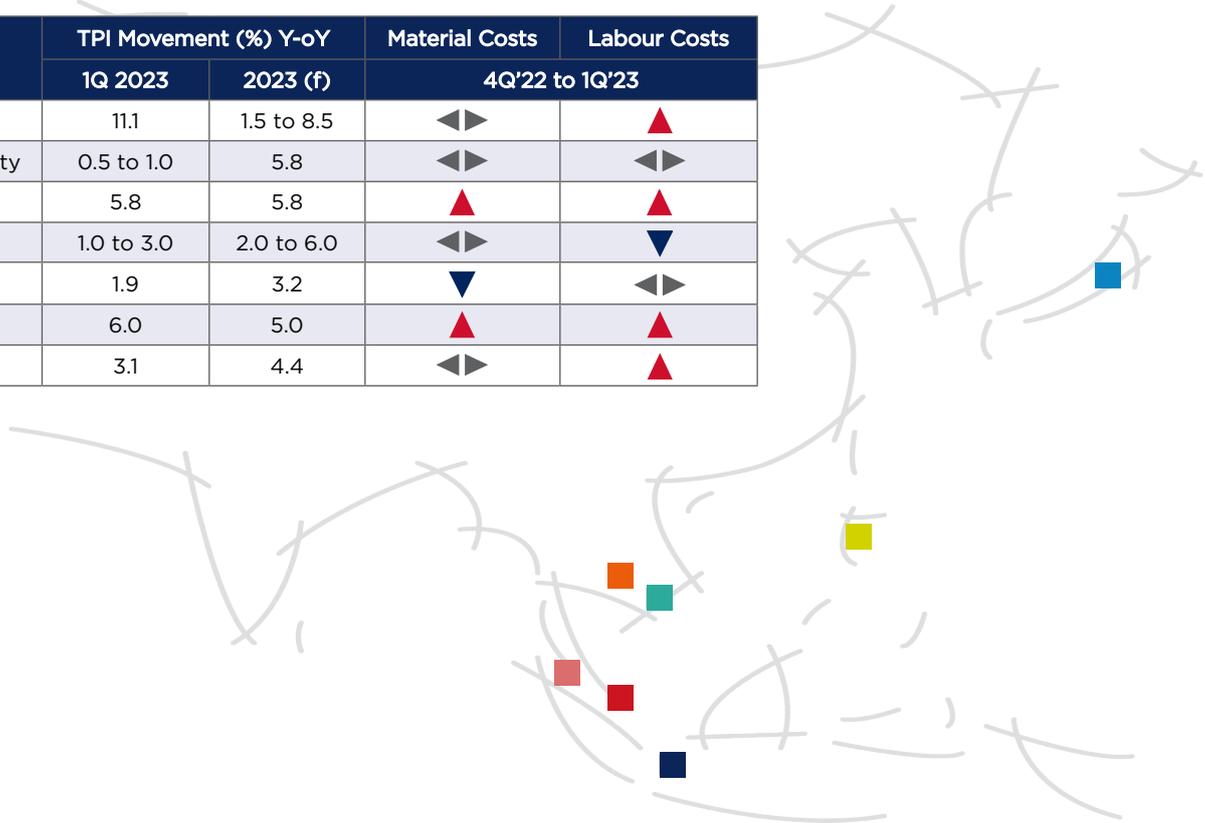
HIGHLIGHTS

	TPI Movement (%) Y-o-Y		Material Costs	Labour Costs
	1Q 2023	2023 (f)	4Q'22 to 1Q'23	
Singapore	11.1	1.5 to 8.5	◀▶	▲
Ho Chi Minh City	0.5 to 1.0	5.8	◀▶	◀▶
Jakarta	5.8	5.8	▲	▲
Kuala Lumpur	1.0 to 3.0	2.0 to 6.0	◀▶	▼
Phnom Penh	1.9	3.2	▼	◀▶
Manila	6.0	5.0	▲	▲
Tokyo	3.1	4.4	◀▶	▲

f: forecast

Legend:

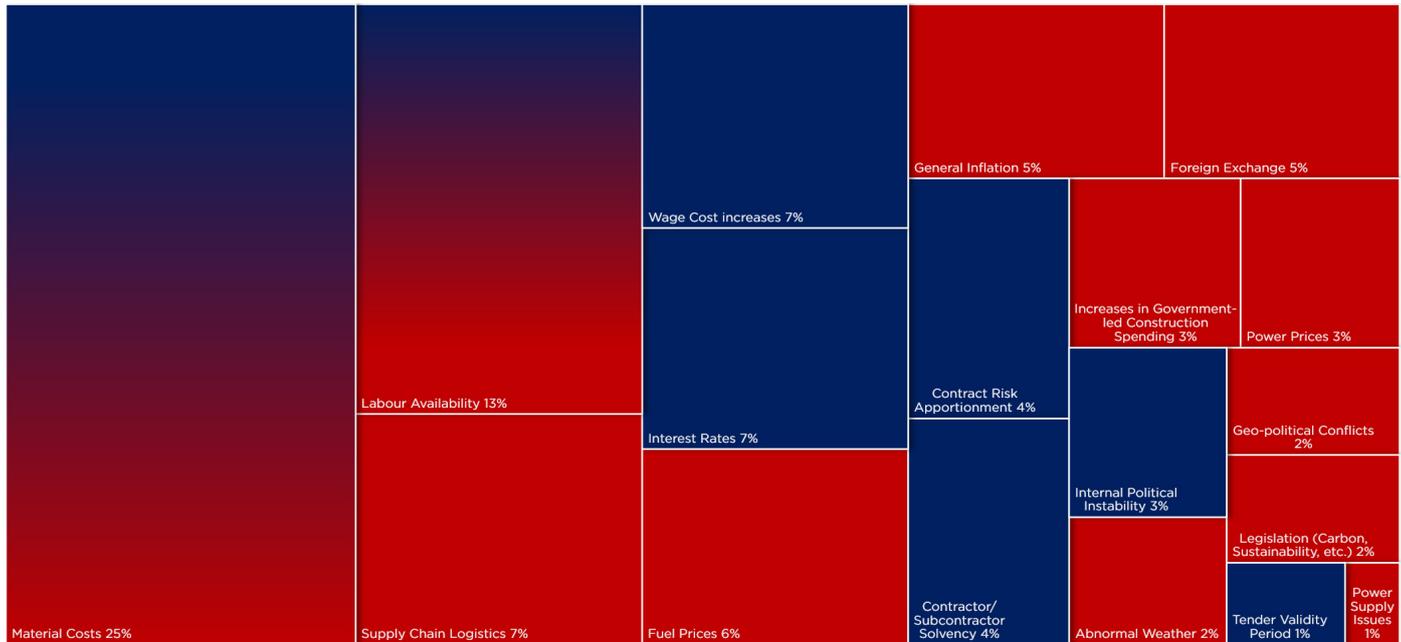
- ▲ Increased
- ◀▶ Remained
- ▼ Decreased



HIGHLIGHTS

REGIONAL* CONSTRUCTION INDUSTRY INFLUENCES ON ESCALATION

EXTERNAL AND INTERNAL IMPACTS ON REGIONAL CONSTRUCTION ESCALATION
 RED = EXTERNALLY CONTROLLED BLUE = INTERNALLY CONTROLLED



Note: Percentages in the tree map indicates the weightage of each influence on construction cost escalation.

* Participating countries: Cambodia, Indonesia, Malaysia, Philippines, Singapore and Vietnam.



Cinnamon College, Singapore

SINGAPORE

Construction Market



S\$27b - S\$32b
Construction demand 2023
forecast
S\$9.1b as at 1Q 2023
S\$29.8b in 2022



1.5% - 8.5%
TPI 2023 forecast
11.1% Y-o-Y in 1Q 2023
10.4% Y-o-Y in 2022



**Price movement
from 4Q 2022 to
1Q 2023**
Construction material ◀▶
Labour ▲



S\$30b - S\$33b
Construction output 2023
forecast
S\$8.2b as at 1Q 2023
S\$30.3b in 2022

Economy Indicators



0.5% - 2.5%
GDP 2023 forecast
0.4% Y-o-Y in 1Q 2023
3.6% Y-o-Y in 2022



5.5% - 6.5%
Inflation 2023
forecast
6.1% Y-o-Y in
1Q 2023
6.1% Y-o-Y in 2022



2.1%
Unemployment rate
2023 forecast
1.8% in 1Q 2023
2.1% in 2022



Key construction policies introduced

- Removal of requirement to obtain in-principle acceptance for PBU and PPVC systems from 1 Apr 2023
- Requirement to provide basic accessibility in existing non-barrier-free buildings from 1 Jun 2023



New measures for sustainable workplace health and safety

- Exit from heightened safety period (HSP) on 31 May 2023, with workplace fatality rate outperforming target
- Initiative set up during the HSP to remain in force, with new measures to be implemented over 2023 and 2024



Tender prices remain on upward trend

- Labour costs expected to continue increasing
- High interest rates worldwide to combat spiralling inflation translate to rising prices in the near term

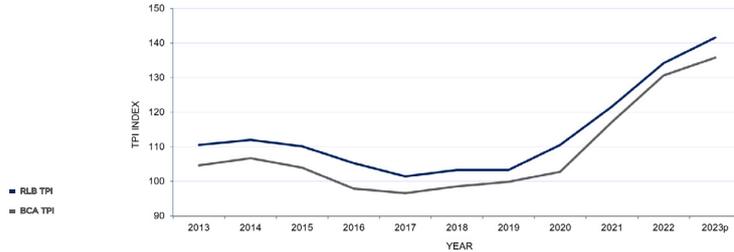


Bullish property market

- Pent up demand for housing remain unabated as expatriates return and housing still face shortfalls
- Housing demand high despite property cooling measures introduced

SINGAPORE

BUILDING TENDER PRICE INDICES

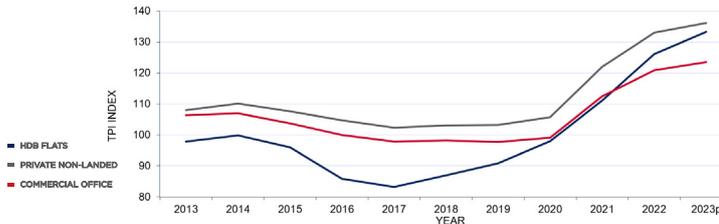


	ANNUAL CHANGE 2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023p	
RLB TPI	5.5%	↑	110.5	112.0	110.2	105.3	101.5	103.3	103.3	110.5	121.6	134.2	141.6
BCA TPI	3.9%	↑	104.6	106.8	104.0	98.0	96.7	98.6	99.9	102.8	117.1	130.7	135.8

Data Sources: BCA, RLB
p: preliminary

Note: Variances between the RLB and BCA Tender Price Index arise from the differences in index derivation methodology, the basket of items and weightages used for each index and the variety of building projects utilised. The index basket here excludes piling works and Mechanical & Electrical services. Base Year 2010 = 100

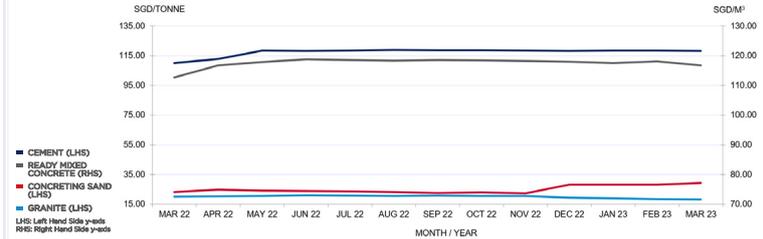
BCA TENDER PRICE INDICES



	ANNUAL CHANGE 2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023p	
HDB Flats	5.7%	↑	97.8	99.8	96.0	85.8	83.2	86.9	90.9	97.9	111.1	126.0	133.2
Private Non-Landed	2.4%	↑	108.0	110.1	107.6	104.7	102.3	103.1	103.2	105.7	121.9	133.0	136.1
Commercial Office	2.1%	↑	106.3	107.0	103.7	99.9	97.8	98.2	97.7	99.1	112.5	120.9	123.4

Data Source: BCA
p: preliminary

BASIC CONSTRUCTION MATERIALS



	AVG 1Q'23/4Q'22 CHANGE	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23
Cement	-0.1%	↓	110.00	112.70	116.80	118.30	118.50	119.00	118.60	118.40	118.30	118.50	118.40	118.20
Ready Mixed Concrete	-0.6%	↓	112.70	116.80	117.90	118.80	118.60	118.30	118.60	118.20	118.00	117.60	118.10	116.80
Concreting Sand	16.5%	↑	23.20	24.70	24.20	23.80	23.60	23.20	22.50	23.00	22.40	28.10	28.20	29.20
Granite	-7.3%	↓	20.10	20.30	20.60	20.90	20.70	20.50	20.80	20.40	20.50	19.30	19.00	18.30

Data Source: BCA

Note:

- Prices of granite and concreting sand excluded local delivery charges to concrete batching plants.
- The market prices of ready mixed concrete are based on contracts with non-fixed price, fixed price and market retail price for Grade 40 pump.

CAMBODIA

Construction Market



3.4%
Construction
sector growth
2023 forecast
3.4% Y-o-Y in 1Q
2023
9.1% Y-o-Y in 2022



3.2%
TPI 2023 forecast
1.9% Y-o-Y in 1Q
2023
5.3% Y-o-Y in 2022
(Phnom Penh)



**Price movement
from 4Q 2022 to
1Q 2023**
Construction material ▼
Labour ◀▶
(Phnom Penh)

Economy Indicators



5.5%
GDP 2023 forecast
5.5% Y-o-Y in 1Q 2023
5.2% Y-o-Y in 2022



3.0%
Inflation 2023
forecast
3.0% Y-o-Y in 1Q
2023
5.3% Y-o-Y in 2022



2.0%
Unemployment rate
2023 forecast
2.0% in 1Q 2023
2.0% in 4Q 2022



Construction-related measures announced in 1H 2023

- Developers of Borey (gated housing communities) projects holding a real estate business license exempted from phased taxation until the end of 2024
- Government support to address stalled investment projects in Sihanoukville, a major investment hub, due to construction delay and/or lack of investment and business activities



Construction industry expected to slow

- Foreign investments slow down but domestic demand for affordable real estate grows
- Ongoing impact and uncertainty from the pandemic continue to weigh on the sector but outlook expected to remain positive as investors return



Real estate a buyer's market

- Foreign investors focused on tier-one areas
- High-rise residential developments (borey and condominiums) experiencing oversupply

CAMBODIA

CONSTRUCTION MATERIAL PRICES

MATERIAL	UNIT	AVERAGE SUPPLY RATE (KHR)			
		2Q 2022	3Q 2022	4Q 2022	1Q 2023
Concreting Sand	m ³	31,476	31,676	31,981	31,590
Stone Aggregate (20mm)	m ³	72,757	73,218	73,924	73,020
Ordinary Portland Cement	kg	413	416	407	402
Reinforced Concrete (Grade 30 MPA)	m ³	264,643	266,322	268,887	265,602
Reinforced Concrete (Grade 40 MPA)	m ³	292,711	294,568	297,405	301,820
High Tensile Steel Bars (10-32mm)	kg	2,807	2,825	2,852	3,099
Mild Steel Round Bars (10-25mm)	kg	2,687	2,704	2,730	2,737
Structural Steelwork (U-beam, stanchions)	tonne	7,217,539	7,263,330	7,333,282	7,243,678
Plywood Formwork (2,400x1,200x12mm)	m ²	28,723	28,723	28,723	28,723
Clay Bricks (100mm thick brickwall)	m ²	20,390	20,519	20,063	20,519

Data Source: Market sources

Exclusions: • Plant and Equipment • Transport • Wastage • Overheads and Profit • Tax Expenses (VAT)

Notes: All supply prices stated above are only applicable for building construction projects in Phnom Penh. Specific cost consultancy should be sought for your particular factual situation prior to utilising this information.

Exchange rate assumption (1Q 2023): 1 USD = 4,024 KH

LABOUR PRICES

SELECTED OCCUPATIONS	UNIT	AVERAGE LABOUR RATE (KHR)			
		2Q 2022	3Q 2022	4Q 2022	1Q 2023
General Worker	Day	72,800	73,200	73,900	73,000
Concretor (Skilled - Local)	Day	72,000	72,500	73,200	72,300
Brick Layer (Skilled - Local)	Day	97,000	97,700	98,600	97,400
Plasterer (Skilled - Local)	Day	95,000	95,600	96,600	95,400
Tiler (Skilled - Local)	Day	87,800	88,300	89,200	88,100
Steel Bar Worker (Skilled - Local)	Day	78,300	78,800	79,500	78,600
Carpenter (Formwork) (Skilled - Local)	Day	96,400	97,000	97,900	96,700
Carpenter (Joinery) (Skilled - Local)	Day	96,400	97,000	97,900	96,700
Roofer (Skilled - Local)	Day	105,600	106,300	107,300	106,000
Structural Steel Worker (Skilled - Local)	Day	99,400	100,000	101,000	99,700
General Welder (Skilled - Local)	Day	83,200	83,700	84,500	83,500
Plumber (Skilled - Local)	Day	86,500	87,000	87,800	86,800
Painter (Skilled - Local)	Day	97,000	97,700	98,600	97,400
Scaffolder (Skilled - Local)	Day	96,400	97,000	97,900	96,700
Electrician (Semi-skilled - Local)	Day	96,000	96,700	97,600	96,400

Data Sources: Market sources

Exclusions: • Plant and Equipment • Transport • Wastage • Overheads and Profit • Import Tax • Value Added Tax (VAT)

Notes: All labour rates stated above are only applicable for building construction projects in Phnom Penh.

INDONESIA

Construction Market



Rp 647t
Construction demand 2023 forecast
Rp 320t as at 1Q 2023
Rp 613t in 2022



5.8%
TPI 2023 forecast
5.8% Y-o-Y in 1Q 2023
5.0% Y-o-Y in 2022 (Jakarta)



Price movement from 4Q 2022 to 1Q 2023
Construction material ▲
Labour ▲ (Jakarta)



Sustained recovery of the construction industry expected in 2023

- Construction demand expected to increase by 5.8% from the previous year
- Budget allocated for infrastructure increased by 7.8%, high-rise and commercial developments slower in comparison
- Election in 1Q 2024 expected to affect certainty of investment and new construction projects as much as 6 months prior as developers adopt a wait-and-see approach



Steps taken to accelerate development of new capital city

- Strategic steps outlined in Presidential Regulation on Government Works Plans
- High demand for infrastructure works, urban development and strengthening of supply chains



Construction tender prices to trend upwards in 2023

- Increase in crude oil prices and raw construction materials prices contribute to price inflation

Economy Indicators



4.8%
GDP 2023 forecast
5.0% Y-o-Y in 1Q 2023
5.3% Y-o-Y in 2022



3.3% to 3.8%
Inflation 2023 forecast
4.3% Y-o-Y in 1Q 2023
4.2% Y-o-Y in 2022



5.3%
Unemployment rate 2023 forecast
5.5% in 1Q 2023
5.9% in 2022

INDONESIA

CONSTRUCTION MATERIAL PRICES

MATERIAL	UNIT	AVERAGE SUPPLY RATE (IDR)			
		2Q 2022	3Q 2022	4Q 2022	1Q 2023
Concreting Sand	m ³	280,000	280,000	280,000	290,000
Stone Aggregate (20mm)	m ³	230,000	230,000	230,000	240,000
Ordinary Portland Cement	kg	68,000	65,000	65,000	72,000
Reinforced Concrete (Grade 30 MPA)	m ³	770,000	770,000	770,000	800,000
Reinforced Concrete (Grade 40 MPA)	m ³	860,000	900,000	900,000	900,000
High Tensile Steel Bars (10 - 40mm)	kg	10,700	9,900	9,900	10,300
Mild Steel Round Bars (6 - 20mm)	kg	10,500	9,700	9,700	10,100
Structural Steelwork (U-beam, stanchions)	tonne	18,000,000	17,500,000	17,500,000	17,800,000
Timber Sawn Formwork	m ²	185,000	185,000	185,000	190,000
Clay Bricks (100mm thick brickwall)	m ²	130,000	135,000	135,000	140,000

Data Source: Market sources

Exclusions: • Plant and Equipment • Transport • Wastage • Overheads and Profit • Tax Expenses (VAT)

Notes: All supply prices stated above are only applicable for building construction projects in Jakarta. Specific cost consultancy should be sought for your particular factual situation prior to utilising this information.

Exchange rate assumption (1Q 2023): 1 USD = 15,225 IDR

LABOUR PRICES

SELECTED OCCUPATIONS	UNIT	AVERAGE LABOUR RATE (IDR)			
		2Q 2022	3Q 2022	4Q 2022	1Q 2023
General Workers	Day	120,000	125,000	125,000	135,000
Carpenter (General)	Day	180,000	185,000	185,000	195,000
Tiler	m ²	75,000	80,000	80,000	85,000
Concretor	m ³	120,000	125,000	125,000	135,000
Steel bar worker	Kg	2,700	2,800	2,800	3,000
Formworker	m ²	85,000	90,000	90,000	95,000
Bricker Layer	m ²	48,000	50,000	50,000	55,000
Plasterer	m ²	55,000	60,000	60,000	65,000
Painter	m ²	33,000	33,000	33,000	35,000
Glazer	m ²	270,000	275,000	275,000	290,000
Plumber	Day	195,000	200,000	200,000	210,000
Electrician	Day	195,000	200,000	200,000	210,000

Data Sources: Public Works Department Indonesia (Jakarta), market sources

Exclusions: • Plant and Equipment • Transport • Wastage • Overheads and Profit • Import Tax • Value Added Tax (VAT)

Notes: All labour rates stated above are only applicable for building construction projects in Jakarta.

MALAYSIA

Construction Market



2.0% to 6.0%
Construction output
2023 forecast
5.0% to 9.0% Y-o-Y in
1Q 2023
8.8% Y-o-Y in 2022



2.0% to 6.0%
TPI 2023 forecast
1.0% to 3.0% Y-o-Y
in 1Q 2023
10.0% to 15.0% Y-o-Y
in 2022
(Kuala Lumpur)



**Price movement
from 4Q 2022 to
1Q 2023**
Construction material ◀◀
Labour ▼
(Kuala Lumpur)

Economy Indicators



4.1% to 4.5%
GDP 2023 forecast
2.5% to 3.5% Y-o-Y
in 1Q 2023
8.7% Y-o-Y in 2022



3.1% to 3.5%
Inflation 2023
forecast
3.6% Y-o-Y in 1Q
2023
3.4% Y-o-Y in 2022



3.5% to 3.8%
Unemployment rate
2023 forecast
3.5% in 1Q 2023
3.8% in 2022



Slower economic growth expected in 2023

- Absence of new mega infrastructure projects, translating to a lack of new funds injected into the construction market
- Slowdown in technology sector, one of the major contributors to Malaysia's GDP, as expansions held back
- Unemployment rate closer to pre-pandemic levels, supporting household consumption



Shift in construction demand post-pandemic

- Increase in demand for industrial buildings, e.g. factories and warehouses
- Residential property glut translate to slower increase in new construction and planned supply



Tender prices expected to increase marginally in 2023

- Improvement in labour supply in terms of arrival of foreign workers
- Rise in raw material costs to produce construction materials expected to keep material cost elevated

CONSTRUCTION MATERIAL PRICES

MATERIAL	UNIT	AVERAGE SUPPLY RATE (MYR)			
		2Q 2022	3Q 2022	4Q 2022	1Q 2023
Concreting Sand	tonne	59.70	57.90	39.00	41.80
Stone Aggregate (20mm)	tonne	33.20	35.00	39.00	42.50
Ordinary Portland Cement	kg	18.85	18.60	20.00	21.50
Reinforced Concrete (Grade 30 MPA)	m ³	200.00	200.00	240.00	253.00
Reinforced Concrete (Grade 40 MPA)	m ³	225.00	225.00	265.00	278.00
High Tensile Steel Bars (10 - 32mm)	kg	3.30	3.10	3.00	3.20
Mild Steel Round Bars (10 - 25mm)	kg	3.30	3.10	3.00	3.30
Structural Steelwork (200 x 200mm U-beam)	tonne	4,100.00	3,900.00	4,000.00	4,200.00
Plywood Formwork (4000x8000x12mm)	pc	60.00	58.00	58.00	58.00
Clay Bricks (100mm thick brickwall)	pc	0.44	0.42	0.40	0.40

Data Source: Market sources

Exclusions: • Plant and Equipment • Transport • Wastage • Overheads and Profit • Import Tax • Goods and Services Tax (GST)

Notes: All supply prices stated above are only applicable for building construction projects in Kuala Lumpur. Specific cost consultancy should be sought for your particular factual situation prior to utilising this information.

Exchange rate assumption (1Q 2023): 1 USD = 4.39 MYR

LABOUR PRICES

SELECTED OCCUPATIONS	UNIT	AVERAGE LABOUR RATE (MYR)			
		2Q 2022	3Q 2022	4Q 2022	1Q 2023
General Worker (Foreign)	Day	72.00	72.00	70.00	70.00
Concretor (Skilled - Local)	Day	127.00	127.00	122.00	122.00
Brick Layer (Skilled - Local)	Day	130.00	130.00	125.00	125.00
Plasterer (Skilled - Local)	Day	132.00	132.00	127.00	127.00
Tiler (Skilled - Local)	Day	153.00	153.00	145.00	145.00
Steel Bar Worker (Skilled - Local)	Day	129.00	129.00	124.00	124.00
Carpenter (Formwork) (Skilled - Local)	Day	144.00	144.00	139.00	139.00
Carpenter (Joinery) (Skilled - Local)	Day	145.00	145.00	140.00	140.00
Roofer (Skilled - Local)	Day	127.00	127.00	122.00	122.00
Structural Steel Worker (Skilled - Local)	Day	127.00	127.00	122.00	122.00
General Welder (Skilled - Local)	Day	160.00	160.00	150.00	150.00
Plumber (Skilled - Local)	Day	140.00	140.00	135.00	135.00
Painter (Skilled - Local)	Day	133.00	133.00	130.00	130.00
Scaffolder (Skilled - Local)	Day	124.00	124.00	120.00	120.00
Electrician (Semi-skilled - Local)	Day	124.00	124.00	120.00	120.00

Data Sources: Construction Industry Development Board (CIDB)

Exclusions: • Plant and Equipment • Transport • Wastage • Overheads and Profit • Import Tax • Value Added Tax (GST)

Notes: All labour rates stated above are only applicable for building construction projects in Kuala Lumpur.

VIETNAM

Construction Market



2.0% to 5.0%
Construction demand 2023
forecast
1.0% Y-o-Y in 1Q 2023
5.0% Y-o-Y in 2022



5.0%
Construction output 2023
forecast
-0.4% Y-o-Y in 1Q 2023
7.8% Y-o-Y in 2022



5.8%
TPI 2023 forecast
0.5% to 1.0% Y-o-Y in 1Q 2023
4.5% Y-o-Y in 2022
(Ho Chi Minh City)



**Price movement
from 4Q 2022 to
1Q 2023**
Construction material ◀▶
Labour ◀▶
(Ho Chi Minh City)

Economy Indicators



6.5%
GDP 2023 forecast
3.3% Y-o-Y in 1Q
2023
8.0% Y-o-Y in 2022



4.0%
Inflation 2023
forecast
3.3% Y-o-Y in 1Q
2023
2.6% Y-o-Y in 2022



2.5%
Unemployment rate
2023 forecast
2.3% in 1Q 2023
2.3% in 2022



Notable regulations introduced in 1H 2023

- Amending and supplementing guidance on construction contracts contents, including handling of establishments that are non fire safety compliant
- Approval of roadmap for the application of BIM in construction activities



Challenges in the construction sector

- Downward price trends in 4Q 2022 short-lived as material prices have increased and remained elevated in 1H 2023
- Increased loan rates add to financial difficulties for businesses
- Number of new FDI outpace growth in registered capital as investors remain cautious in expansion plans



Focus on overcoming real estate stagnation in 2H 2023

- Slow recovery in real estate market in the beginning of 2023 despite slashing lending rates
- Construction ministry pledge to remove legal bottlenecks and address housing supply shortage

CONSTRUCTION MATERIAL PRICES

MATERIAL	UNIT	AVERAGE SUPPLY RATE (VND)				
		1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023
Concreting Sand	m ³	370,000	388,500	407,000	485,000	485,000
Stone Aggregate (20mm)	m ³	310,000	325,500	341,000	383,000	383,000
Ordinary Portland Cement (PCB40)	kg	1,650	1,730	1,820	1,820	1,820
Reinforced Concrete (Grade 30 MPA)	m ³	1,300,000	1,365,000	1,430,000	1,500,000	1,500,000
Reinforced Concrete (Grade 40 MPA)	m ³	1,360,000	1,428,000	1,496,000	1,600,000	1,600,000
High Tensile Steel Bars (10 - 40mm)	kg	19,500	19,500	15,500	15,200	15,100
Mild Steel Round Bars (6 - 20mm)	kg	19,700	19,700	15,700	15,400	15,100
Structural Steelwork (U-beam, stanchions)	tonne	26,700	25,100	21,850	20,800	20,750
Timber Sawn Formwork	m ²	165,000	165,000	165,000	165,000	165,000
Clay Bricks (100mm thick brickwall)	m ²	115,000	115,000	115,000	115,000	115,000

Data Source: Ho Chi Minh City Construction Department, market sources

Exclusions: • Plant and Equipment • Transport • Wastage • Overheads and Profit • Tax Expenses (VAT)

Notes: All supply prices stated above are only applicable for building construction projects in Ho Chi Minh City. Specific cost consultancy should be sought for your particular factual situation prior to utilising this information.

Exchange rate assumption (1Q 2023): 1 USD = 23,566 VND

PHILIPPINES

Construction Market



7.8%
Construction demand 2023
forecast
2.1% Y-o-Y in 1Q 2023
16.5% Y-o-Y in 2022



7.0%
Construction output 2023
forecast
14.1% Y-o-Y in 1Q 2023
13.4% Y-o-Y in 2022



5.0%
TPI 2023 forecast
6.0% Y-o-Y in 1Q 2023
7.0% Y-o-Y in 2022
(Manila)



**Price movement
from 4Q 2022 to
1Q 2023**
Construction material ▲
Labour ▲
(Manila)

Economy Indicators



4.8%
GDP 2023 forecast
6.4% Y-o-Y in 1Q 2023
7.6% Y-o-Y in 2022



4.8%
Inflation 2023
forecast
8.3% Y-o-Y in 1Q
2023
5.8% Y-o-Y in 2022



6.7%
Unemployment rate
2023 forecast
4.8% in 1Q 2023
5.4% in 2022



New construction sector policies

- Revision of rules of procedure governing construction arbitration by the Construction Industry Arbitration Commission (CIAC)



Current market trends and observations

- Inflationary pressures pushing construction costs upwards
- Business confidence on the rise, evident from increase in requests for project proposals
- Increase in demand for data centre developments



Business sentiments amid post-pandemic recovery

- Inflation rate expected to ease in the near term
- Upbeat sentiments on the back of higher demand for goods and services and full reopening of the economy
- Concerns in 2023 include the perceived slower rollout of public infrastructure projects, in survey results released by the Department of Economic Statistics, Bangko Sentral ng Pilipinas

PHILIPPINES

CONSTRUCTION MATERIAL PRICES

MATERIAL	UNIT	AVERAGE SUPPLY RATE (PHP)			
		2Q 2022	3Q 2022	4Q 2022	1Q 2023
Concreting Sand	m ³	900	980	2,250	2,250
Stone Aggregate (20mm)	m ³	1,400	1,550	2,200	2,200
Ordinary Portland Cement	kg	248	239	242	235
Reinforced Concrete (Grade 30 MPA)	m ³	5,280	5,080	5,230	6,050
Reinforced Concrete (Grade 40 MPA)	m ³	5,670	5,450	5,620	6,464
High Tensile Steel Bars (10 - 32mm)	kg	50	43	44	45
Mild Steel Round Bars (10 - 25mm)	kg	50	43	44	44
Structural Steelwork	tonne	104,240	66,540	97,538	70,443
Plywood Formwork (2438x1219x20mm)	pc	1,779	1,211	891	891
Clay Bricks (100mm thick brickwall)	pc	35	35	39	41

Data Source: Market sources

Exclusions: • Plant and Equipment • Transport • Wastage • Overheads and Profit • Tax Expenses (VAT)

Notes: All supply prices stated above are only applicable for building construction projects in Manila. Specific cost consultancy should be sought for your particular factual situation prior to utilising this information.

Exchange rate assumption (1Q 2023): 1 USD = 54.85 PHP

LABOUR PRICES

SELECTED OCCUPATIONS	UNIT	AVERAGE LABOUR RATE (PHP)			
		2Q 2022	3Q 2022	4Q 2022	1Q 2023
Concretor (Skilled - Local)	Day	1,325	1,408	1,407	1,412
Brick Layer (Skilled - Local)	Day	1,325	1,408	1,407	1,412
Plasterer (Skilled - Local)	Day	1,325	1,408	1,407	1,412
Tiler (Skilled - Local)	Day	1,325	1,408	1,407	1,412
Steel Bar Worker (Skilled - Local)	Day	1,325	1,408	1,407	1,412
Carpenter (Formwork) (Skilled - Local)	Day	1,325	1,408	1,407	1,412
Carpenter (Joinery) (Skilled - Local)	Day	1,325	1,408	1,407	1,412
Roofer (Skilled - Local)	Day	1,325	1,408	1,407	1,412
Structural Steel Worker (Skilled - Local)	Day	1,325	1,408	1,407	1,412
General Welder (Skilled - Local)	Day	1,476	1,561	1,561	1,567
Plumber (Skilled - Local)	Day	1,325	1,408	1,407	1,412
Painter (Skilled - Local)	Day	1,325	1,408	1,407	1,412
Scaffolder (Skilled - Local)	Day	1,325	1,408	1,407	1,412
Electrician (Semi-skilled - Local)	Day	1,212	1,366	1,366	1,212

Data Sources: Market sources

Exclusions: • Plant and Equipment • Transport • Wastage • Overheads and Profit • Import Tax • Value Added Tax (VAT)

Notes: All labour rates stated above are only applicable for building construction projects in Manila.

JAPAN

Construction Market



2.6%
Construction demand 2023
forecast
0.6% Y-o-Y in 2022



-0.5%
Construction output 2023
forecast
6.2% Y-o-Y in 1Q 2023
1.9% Y-o-Y in 2022



4.4%
TPI 2023 forecast
3.1% Y-o-Y in 1Q 2023
6.9% Y-o-Y in 2022
(Tokyo)



**Price movement
from 4Q 2022 to
1Q 2023**
Construction material ◀▶
Labour ▲
(Tokyo)

Economy Indicators



1.5%
GDP 2023 forecast
1.7% Y-o-Y in 1Q 2023
0.4% Y-o-Y in 2022



2.0%
Inflation 2023
forecast
4.4% Y-o-Y in 1Q
2023
2.3% Y-o-Y in 2022



2.3%
Unemployment rate
2023 forecast
2.6% in 1Q 2023
2.6% in 2022



New construction sector policies

- Priority plan for infrastructure development formulated to promote the implementation of said projects in an effective and efficient manner to accomplish objectives



Significant opportunities despite challenges

- Increase in government spending on infrastructure works
- Expanded use of emerging technologies, lean construction and green building practices to improve efficiency and reduce environmental impact
- Government support for mainly small and medium-sized contractors



Optimistic sentiments within the construction industry

- Medium to long term growth remain intact despite near term challenges of supply chain disruptions and rising energy costs
- Construction industry expected to grow by 4.6% to reach JPY 35.5 billion in 2023
- Overall construction investment to increase compared to 2022

CONSTRUCTION MATERIAL PRICES

MATERIAL	UNIT	AVERAGE SUPPLY RATE (JPY)			
		2Q 2022	3Q 2022	4Q 2022	1Q 2023
Concreting Sand	m ³	4,850	5,150	5,150	5,150
Stone Aggregate (20mm)	m ³	4,550	4,850	5,050	5,050
Ordinary Portland Cement	kg	11,000	12,000	13,000	13,000
Reinforced Concrete (Grade 30 MPA)	m ³	15,850	16,050	18,850	18,850
Reinforced Concrete (Grade 40 MPA)	m ³	18,700	18,900	21,700	21,700
Reinforcing Steel (SD295A D16)	tonne	102,000	121,000	114,000	115,000
Reinforcing Steel (SD345A D32)	tonne	106,000	122,000	120,000	121,000
Structural Steelwork	tonne	110,000	124,000	126,000	126,000
Plywood Formwork (1800x900x12mm)	pc	1,980	2,200	2,200	2,150
Bricks (230x76x25mm)	m ²	7,200	7,200	n/p	n/p

Data Source: Market sources,
n/p = not published

Exclusions: • Plant and Equipment • Transport • Wastage • Overheads and Profit • Tax Expenses (VAT)

Notes: All supply prices stated above are only applicable for building construction projects in Tokyo.

Specific cost consultancy should be sought for your particular factual situation prior to utilising this information.

Exchange rate assumption (1Q 2023): 1 USD = 132 JPY

LABOUR PRICES

SELECTED OCCUPATIONS	UNIT	AVERAGE LABOUR RATE (JPY)			
		2Q 2022	3Q 2022	4Q 2022	1Q 2023
General Worker (Local)	Day	22,300	22,300	22,300	22,600
Brick Layer (Skilled - Local)	Day	25,300	25,300	25,300	27,600
Plasterer (Skilled - Local)	Day	28,100	28,100	28,100	29,500
Steel Bar Worker (Skilled - Local)	Day	28,100	28,100	28,100	29,000
Carpenter (Formwork) (Skilled - Local)	Day	26,600	26,600	26,600	27,500
Carpenter (Joinery) (Skilled - Local)	Day	24,300	24,300	25,600	27,600
Structural Steel Worker (Skilled - Local)	Day	25,700	25,700	25,700	26,500
General Welder (Skilled - Local)	Day	31,300	31,300	31,300	32,400
Plumber (Skilled - Local)	Day	24,100	24,100	24,100	25,700
Painter (Skilled - Local)	Day	30,300	30,300	30,300	31,300
Scaffolder (Skilled - Local)	Day	27,900	27,900	27,900	29,900
Electrician (Skilled - Local)	Day	26,700	26,700	26,700	28,800

Data Sources: Market sources

Exclusions: • Plant and Equipment • Transport • Wastage • Overheads and Profit • Import Tax • Value Added Tax (VAT)

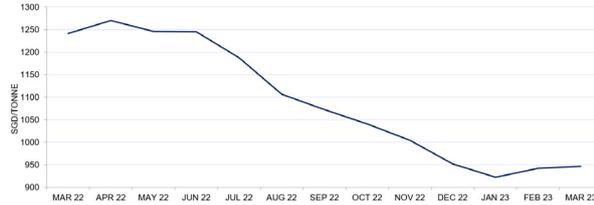
Notes: All labour rates stated above are only applicable for building construction projects in Tokyo.



Nexus International School, Singapore

COMMODITY PRICE TRENDS

STEEL REINFORCEMENT (16 - 32MM HIGH TENSILE) SUPPLY PRICES



	AVG 1Q 23/ 4Q 22 CHANGE	MAR 22	APR 22	MAY 22	JUN 22	JUL 22	AUG 22	SEP 22	OCT 22	NOV 22	DEC 22	JAN 23	FEB 23	MAR 23
Steel	-6.2%	1,242	1,271	1,246	1,246	1,188	1,106	1,073	1,041	1,005	952	923	942	947

Data Source: BCA

Note:

- Prices of rebar other than 16-32mm dimensions may be subject to surcharge.
- With effect from Jan 2015, the market prices of rebar (without cut & bend) are based on fixed price supply contracts with contract period 1 year or less.

CRUDE OIL PRICES



	AVG 1Q 23/ 4Q 22 CHANGE	MAR 22	APR 22	MAY 22	JUN 22	JUL 22	AUG 22	SEP 22	OCT 22	NOV 22	DEC 22	JAN 23	FEB 23	MAR 23
Crude Oil	-7.3%	112	103	110	117	105	96	88	90	87	78	80	80	76

Data Source: IndexMundi

METAL PRICES



■ COPPER (LHS)
■ ALUMINIUM (RHS)
LHS: Left Hand Side y-axis
RHS: Right Hand Side y-axis

	AVG 1Q 23/ 4Q 22 CHANGE	MAR 22	APR 22	MAY 22	JUN 22	JUL 22	AUG 22	SEP 22	OCT 22	NOV 22	DEC 22	JAN 23	FEB 23	MAR 23
Copper	11.5%	10,236	10,182	9,361	9,031	7,528	7,960	7,733	7,619	8,028	8,366	8,999	8,954	8,834
Aluminium	3.2%	3,537	3,256	2,826	2,562	2,401	2,431	2,229	2,243	2,335	2,394	2,488	2,416	2,289

Data Source: London Metal Exchange (LME)

CURRENCY EXCHANGE RATES

CURRENCY	UNITS PER USD							
	UNIT	OCT 22	NOV 22	DEC 22	JAN 23	FEB 23	MAR 23	
Singapore Dollar	\$ SGD	1	1.42	1.39	1.35	1.33	1.33	1.34
Euro	€ EUR	1	1.02	0.98	0.95	0.93	0.93	0.94
U.K. Pound Sterling	£ GBP	1	0.89	0.85	0.82	0.82	0.83	0.82
Australian Dollar	\$ AUD	1	1.57	1.51	1.48	1.44	1.45	1.50
Chinese Yuan	¥ CNY	1	7.23	7.18	6.98	6.80	6.84	6.90
Malaysian Ringgit	RM MYR	1	4.70	4.64	4.41	4.33	4.38	4.47
Philippine Peso	₱ PHP	1	58.81	57.71	55.70	54.99	54.76	54.80
Japanese Yen	¥ JPY	100	1.47	1.43	1.35	1.30	1.33	1.34
Myanmar Kyat	K MMK	1,000	2.08	2.08	2.08	2.08	2.08	2.08
Cambodian Riel	៛ KHR	1,000	4.08	4.08	4.07	4.06	4.03	3.98
Indonesian Rupiah	Rp IDR	1,000	15.41	15.64	15.57	15.26	15.13	15.28
Vietnamese Dong	₫ VND	1,000	24.28	24.82	23.78	23.47	23.63	23.60

Data Sources: IMF, Oanda

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

CONSTRUCTION PRICES IN THE REGION

DEVELOPMENT TYPE	Singapore		Ho Chi Minh City	Jakarta	Kuala Lumpur	Manila	Tokyo
	SGD/m ² CFA	SGD/m ² GFA	VND ('000)/m ²	IDR ('000)/m ²	MYR/m ²	PHP/m ²	JPY ('00)/m ²
OFFICE							
Good Quality, 10 to 25 storeys	2,590 - 4,250	3,180 - 4,900	25,360 - 27,760	10,900 - 11,400	1,900 - 2,600	29,170 - 48,840	3,900 - 6,420
Good Quality, 26 to 40 storeys	3,800 - 4,910	4,660 - 5,660	26,600 - 25,310	13,800 - 15,200	2,300 - 3,400	35,640 - 56,350	4,030 - 7,160
Prestige, 10 to 25 storeys	3,950 - 4,480	4,840 - 5,190	27,570 - 30,150	16,200 - 17,800	2,700 - 3,700	56,340 - 84,420	2,370 - 3,740
Prestige, 26 to 40 storeys	4,000 - 5,400	5,190 - 6,520	28,930 - 30,630	19,800 - 20,400	3,000 - 4,200	76,570 - 140,520	2,490 - 3,930
HOTEL	(including FF&E)				(including FF&E)	(including FF&E)	
Three Star	4,150 - 5,050	5,110 - 6,560	27,250 - 32,030	15,800 - 17,400	2,700 - 3,900	69,620 - 85,160	3,260 - 4,030
Four Star	5,000 - 6,100	6,610 - 8,020	34,900 - 37,610	23,200 - 24,500	4,000 - 5,400	85,680 - 111,300	4,140 - 5,020
Five Star	5,900 - 7,300	7,460 - 9,700	38,780 - 42,290	24,800 - 26,400	5,500 - 9,500	112,350 - 263,550	5,930 - 8,180
COMMERCIAL							
Retail/ Shopping Mall	2,700 - 4,450	4,190 - 6,130	22,470 - 26,420	12,400 - 12,900	2,500 - 3,800	49,370 - 62,880	2,570 - 4,320
RESIDENTIAL							
Good Quality Condominium	3,450 - 4,300	4,600 - 5,880	17,370 - 18,360	13,400 - 13,800	2,000 - 3,200	40,410 - 69,970	2,190 - 3,280
Luxury Condominium	4,250 - 5,850	5,820 - 8,210	18,830 - 23,250	18,500 - 19,100	2,800 - 4,800	63,200 - 108,940	3,610 - 5,080
INDUSTRIAL							
Warehouse	1,550 - 2,200	NA	7,460 - 8,980	6,200 - 6,800	1,200 - 2,000	73,710 - 161,150	1,300 - 2,380
Factory	1,950 - 2,650	NA	7,810 - 9,360	7,100 - 7,800	1,400 - 2,500	53,800 - 230,180	2,530 - 4,680
CAR PARK							
Multi Storey	950 - 1,700	NA	8,930 - 13,750	5,800 - 6,000	800 - 1,300	46,290 - 54,810	1,220 - 2,250
Basement, outside CBD	2,000 - 2,900	NA	16,540 - 23,720	8,900 - 9,200	1,300 - 3,000	38,160 - 72,280	NA
Basement, CBD	2,100 - 3,000	NA	18,350 - 25,850	9,600 - 9,800	1,700 - 4,000	38,160 - 72,280	NA

Sources: RLB and its affiliates

Notes:

Construction Floor Area (CFA) - The area of all building enclosed covered spaces measured to the outside face of external walls including covered basement and above ground car park areas.

Rates are in local currency per square metre of CFA as described above unless otherwise stated.

All construction prices stated herein are as at 1st Quarter 2023, and include a general allowance for foundation, car park, external works and preliminaries. The price ranges herein are indicative and due consideration should be given to the impact of varying design, specifications, size, location and nature of each project when utilising this information. Prices described here may not fully reflect the extent of current market forces and tendering conditions on any specific project.

Phnom Penh construction prices are not available in this issue.

Separate construction prices for external works within project development for Kuala Lumpur: 350,000 - 550,000 MYR/acre

Construction prices for Tokyo has been advised by courtesy of Sato Facilities Consultants, Inc., Japan. Enquiries can be directed to Takayoshi SATO at asksfc@sfc-net.co.jp

Exclusions:

• Land cost • Legal and professional fees • Development charges • Authority fees • Finance costs • Loose furniture, fittings and works of art (unless otherwise stated) • Tenancy work • Site infrastructure work in master development • Diversion of existing services • Green Mark/ LEED/ green building cost premiums • Resident site staff cost • Models and prototypes • External Works within project development (Kuala Lumpur only) • Future cost escalation • Service Provider Fees • Taxes, including Goods and Services Tax/ Value Added Tax (VAT)/ Import Tax

Disclaimer: While Rider Levett Bucknall Consultancy Pte Ltd ("RLB") has endeavoured to ensure the accuracy of the information and materials in this report (the "Materials"), it does not warrant its accuracy, adequacy, completeness or reasonableness and expressly disclaims liability for any errors in, or omissions therefrom. RLB shall not be liable for any damage, loss or expense whatsoever arising out of or in connection with the use or reliance on the Materials. The Materials are provided for general information only. Professional advice should be obtained for your particular factual situation before making any decision. The Materials may not, in any medium, be reproduced, published, adapted, altered or otherwise used in whole or in part in any manner without the prior written consent of RLB.



The Era Duta North, Malaysia

PROFESSIONAL SERVICES



RIDER LEVETT BUCKNALL (RLB) is an independent, global property and construction practice with over 4,000 people in more than 140 offices across Asia, Oceania, Europe, Middle East, Africa and the Americas. RLB serve major local and international clientele in Singapore and regionally. Our global expertise and significant project experience provide 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 research advice on construction cost trends and market updates for the Singapore and regional construction markets. The extensive range of professional consultancy provided by RLB covers the following core services:

QS and Cost Consultancy	Project Management	Advisory Services	Research
<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - Client Representation - Contract Administration - Construction Management - Development Management 	<ul style="list-style-type: none"> - Asset Advisory - Transaction Review - Technical Due Diligence - Replacement Cost Assessment - Capital Expenditure Forecasting - RElifying of Assets - Whole Life-Cycle Costing - Facilities Management Consulting - Litigation Support - Risk Mitigation - Procurement Strategies 	<ul style="list-style-type: none"> - Construction Market Research - Cost Escalation and Cost Benchmark in by Sector - Industry Trend Analysis

OUR OFFICES



Contact our offices across the Southeast Asian region for any enquiries.

SINGAPORE

Rider Levett Bucknall Consultancy Pte Ltd

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

CAMBODIA

Rider Levett Bucknall (Cambodia) Co., Ltd

The Fortune Tower (C7),
Unit #2211
Oknha Tephorn Street (182)
and Street 161, Phum 7
Sangkat Veal Vong, Khan
7 Makara,
120307 Phnom
Penh, Cambodia
T: +855 239 02298
E: rlb@sg.rlb.com
Contact: Benson Chua
T: +65 6339 1500

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: Fadli Aulia

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

c/o Rider Levett Bucknall Consultancy Pte Ltd

911 Bukit Timah Road,
Level 3,
Singapore 589622
T: +65 6339 1500
E: rlb@sg.rlb.com
Contact: Colin Kin,
Silas Loh

VIETNAM

Rider Levett Bucknall Co. Ltd

Centec Tower, 19th Floor,
Unit 1904B
72-74 Nguyen Thi Minh
Khai Street
Vo Thi Sau Ward
District 3
Ho Chi Minh City, Vietnam
T: +84 83 823 8070
F: +84 83 823 7803
E: rlb@vn.rlb.com
Contact: Serene Wong

PHILIPPINES

Rider Levett Bucknall Philippines, Inc.

Bldg. 3, Corazon Clemena
Compound,
No. 54 Danny Floro St.,
Bagong Ilog,
Pasig City 1600,
Philippines
T: +63 2 234 0141/
+63 917 548 1313
F: +63 2 477 3856
E: rlb@ph.rlb.com
Contact: Corazon Ballard

We thank our long-time collaborator, Sato Facilities Consultants, Inc., for their invaluable contribution of data and information on Tokyo, Japan in this report.

RLB.com

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

