

Department of Trade and Industry
CONSTRUCTION INDUSTRY AUTHORITY OF THE PHILIPPINES

2016 CONSTRUCTION INDUSTRY PERFORMANCE HIGHLIGHTS

IMPACT ON THE PHILIPPINE ECONOMY

According to the Philippine Statistics Authority (PSA), the Philippine economy posted a 6.6% growth in 2016. Gross Domestic Product (GDP) grew by 6.8%. The drivers of GDP growth was brought about by the accelerated performances of the industry sector (8.0%) and service sector (7.5%).

Growth in the industry sector was brought about by the strong performances of construction at 12.6%, utilities at 9.6% and manufacturing at 7.0%.

Construction industry also substantially contributed 35.9% to overall capital investments or Gross Capital Formation (GCF) in the country.

The share of the construction industry to total employment of the country is 8.2% in 2016. It continued to provide job opportunities, employing on the average a total of 3.372 Million workers in 2016, up by 25.0% as compared to the 2.697 Million workers in 2015.

SELECTED MACROECONOMIC INDICATORS

(At Constant Prices, Base Year = 2000)

INDICATORS		2015	2016	Growth Rate (% increase/ Decrease)
Gross Domestic Product (GDP)	Total GDP (in Billion ₱)	7,593.8	8,113.2	6.8
	GVA or Peso Contribution of Construction Industry to GDP (in Billion ₱)	447.8	504.0	12.6
	% Share of Construction to GDP	5.9	6.2	-
Investment	Total Investment or Gross Capital Formation (GCF) (in Billion ₱)	1,805.2	2,180.8	20.8
	Investments (GV) in Construction (in Billion ₱)	688.5	781.9	13.6
	Public (in Billion ₱)	143.3	185.0	29.0
	Private (in Billion ₱)	545.2	596.9	9.5
	% Share of Construction to total investment or GCF	38.1	35.9	-
Employment	Total Domestic Employment (In thousand workers)	38,741	40,873	5.5
	Average Construction Employment (In thousand workers)	2,697	3,372	25.0
	% Share of Construction to Total Employment	7.0%	8.2%	-

Source: Philippine Statistics Authority, Department of Labor and Employment

CONSTRUCTION MARKET PERFORMANCE

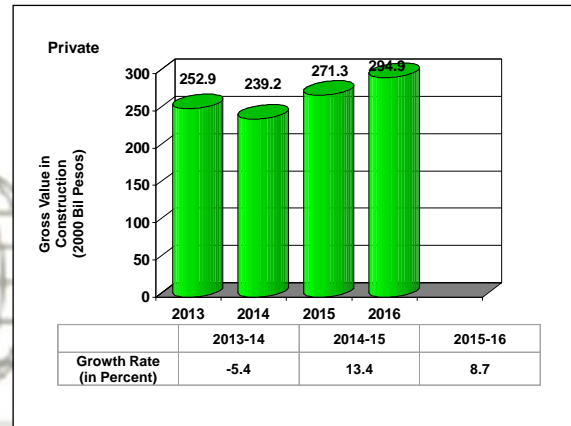
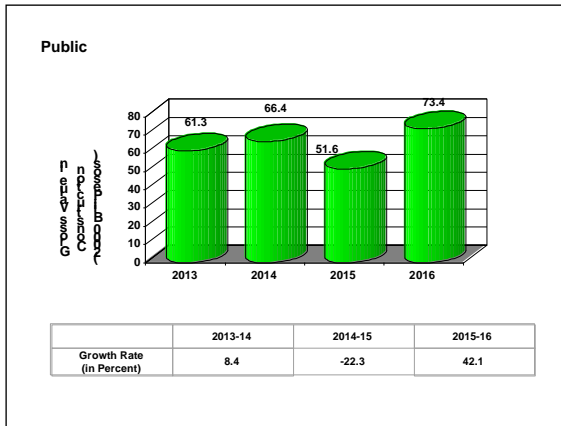
For 2016, Construction output, as measured by the Gross Value Added (GVA) amounted to PhP 504.0 Billion in real terms, registered an increase by 12.6% from PhP447.8 Billion in 2015. The growth was due to the acceleration in both public and private construction activities.

On the other hand, Construction investments, as measured by the Gross Value in Construction (GVC) valued at PhP781.9 Billion in real terms, expanded by 13.6% in 2015.

Government infrastructure investments (valued at PhP185 Billion in real terms), increased by 29.0% because of the increase in government spending as it fast tracks implementation of

infrastructure projects of the Aquino Administration and the Golden infrastructure projects of the Duterte Administration. On the other hand, Private construction activities (valued at PhP596.9 Billion in real terms) accelerated by 9.5% as there is an increase demand for high rise residential and commercial buildings.

This is attributed to high consumer confidence, modest inflation and interest rates, and improving labor market conditions. The industry sector is seen to stay vibrant. The construction industry, in particular, will be in the limelight following the government's aggressive commitment to approve and implement complex infrastructure projects.



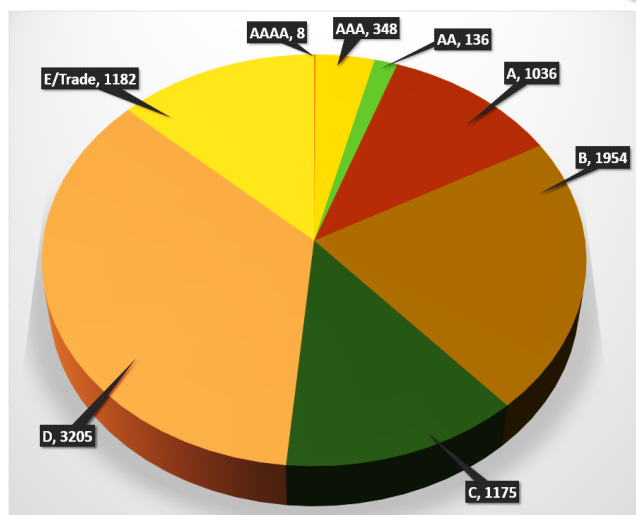
Contracting Sector

Domestic: As of 24 March 2017, the Philippine Contractors Accreditation Board (PCAB) issued a total of 9,044 contractors' licenses for CFY 2016-2017, 84.8% of which were renewing contractors and 15.2% were new entrants.

In terms of size, large contractors (AAAA, AAA & AA) accounted for 5.4 percent of the total contracting population. Medium-sized contractors (A & B) comprised 33.1 percent while small contractors (C, D, Trade/E) still remained the majority of licensed contractors at 61.5 percent.

As to principal classification, General Engineering (GE) contractors accounted for 44.9 percent of the entire population. General Building (GB) contractors consisted of 34.3 percent. Specialty contractors constituted 9.1 percent while the remaining Trade contractors are 11.7 percent.

In terms of nationality, special licenses were issued to 20 foreign contractors. Majority of special licenses were issued to Chinese (7), Japanese (4), and Korean (4) firms.



Overseas. For the year 2016, the number of POCB-registered contractors and consultancy firms is 32 firms. There are about 7 outstanding service contracts. About 1,540 overseas Filipino construction workers were deployed, a 22.3 percent decline from same period in 2015.

On the other hand, about 1,894 construction workers are presently employed on-site by Filipino overseas contractors, representing a decline of 8.8 percent compared to the 2,076 manpower-on-site in the same period of 2015.