

Department of Trade and Industry
CONSTRUCTION INDUSTRY AUTHORITY OF THE PHILIPPINES

2018 CONSTRUCTION INDUSTRY PERFORMANCE HIGHLIGHTS

IMPACT ON THE PHILIPPINE ECONOMY

The Philippine economy, measured by Gross Domestic Product (GDP) posted a 6.2 percent growth in 2018. A bit sluggish compared to 6.7 percent growth in 2017.

Among the major economic sectors, Industry recorded the fastest growth at 6.8 percent for 2018. This was followed by Service sector with a growth of 6.6 percent.

Among the Industry sector, Construction posted the highest year-on-year growth rate. It tripled at 15.9 percent for the year 2018, significantly higher than the previous year's growth of 5.3 percent. Meanwhile, Manufacturing grew by 4.9 percent, followed by Electricity, Gas and Water Supply by 5.3 percent growth. On the other hand, Mining &

Quarrying slowed down by 1.0 percent for the year 2018.

The Construction industry also substantially contributed 33.9 percent to overall capital investments or Gross Capital Formation (GCF) in the country.

The share of the construction industry to total employment of the country increased by 9.4 percent in the first nine months of 2018. It continued to provide job opportunities, employing on the average total of 3.848 Million workers.¹ The National Economic and Development Authority (NEDA) expects around 820,000 jobs to be generated with a number of infrastructure projects breaking ground for the year 2018.²

SELECTED MACROECONOMIC INDICATORS

(At Constant Prices, Base Year = 2000)

INDICATORS		2017	2018	Growth Rate (% increase/ Decrease)
Gross Domestic Product (GDP)	Total GDP (in Billion ₱)	8,665.7	9,203.1	6.2%
	GVA or Peso Contribution of Construction Industry to GDP (in Billion ₱)	539.3	625.2	15.9%
	% Share of Construction to GDP	6.2%	6.8%	-
Investment	Total Investment or Gross Capital Formation (GCF) (in Billion ₱)	2,504.5	2,852.3	13.9%
	Investments (GV) in Construction (in Billion ₱)	840.0	966.4	15.1%
	Public (in Billion ₱)	214.2	259.7	21.2%
	Private (in Billion ₱)	625.8	706.7	12.9%
	% Share of Construction to total investment or GCF	33.5%	33.9%	-
Employment*	Total Domestic Employment (In thousand workers)	40,335	41,103	-
	Average Construction Employment (In thousand workers)	3,537	3,848	-
	% Share of Construction to Total Employment	8.8%	9.4%	-

Source: Philippine Statistics Authority (As of January 2019)

Note: *2018 data reflects first to third quarter statistics on employment

CONSTRUCTION MARKET PERFORMANCE

The share of Construction industry to GDP grew to 6.8 percent for the year 2018 brought about by increases in both public and private construction activities.

The Construction output, as measured by the Gross Value Added (GVA) amounted to PhP 625.2 Billion in real terms in 2018, that's a 15.9 percent growth rate compared to last year's PhP 539.3 Billion.

¹ Data reflects first to third quarter 2018 statistics on employment

² National Economic and Development Authority. NEDA: PH must reap labor gains from 'Build, Build, Build'. June 18, 2018. <http://www.pna.gov.ph/articles/1038572>

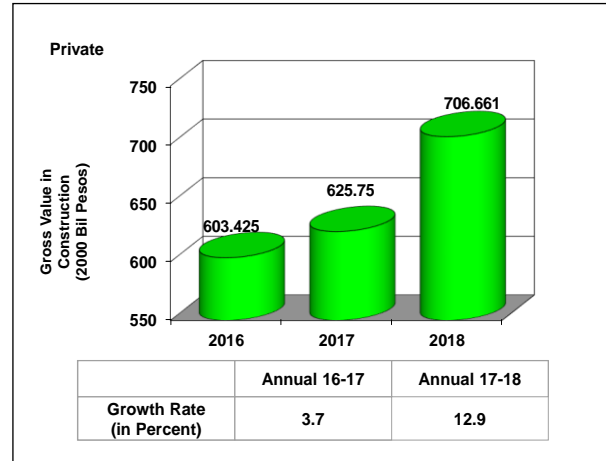
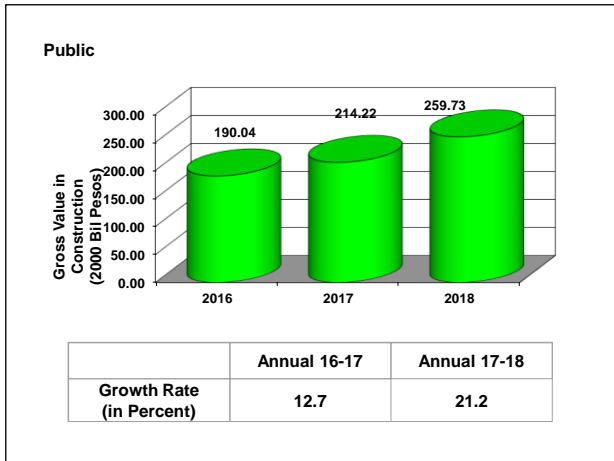
On the other hand, Construction investments, as measured by the Gross Value in Construction (GVC) valued at PhP966.4.0 Billion in real terms, a 15.1 percent expansion compared from the PhP840.0 Billion investment during the same period in 2017.

Government spending on infrastructure (valued at PhP259.7 Billion in real terms), accelerated by 21.2 percent. On the other hand, private construction activities (valued at

PhP706.7 Billion in real terms) expanded by 12.9 percent.

The double-digit increased on both was brought about by the implementation of government's Build! Build! Build! Infrastructure Program.

The Philippine is seen as one of the fastest growing construction market in the world.

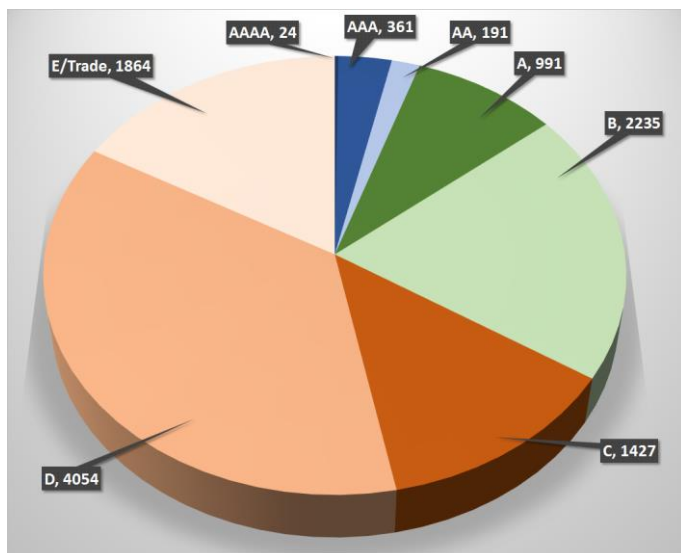


Contracting Sector

Domestic: As of 6 February 2019, the Philippine Contractors Accreditation Board (PCAB) issued a total of 11,147 contractors' licenses for the CFY 2018-2019, 88.1 percent of which were renewing contractors and 11.9 percent were new entrants.

In terms of size, large contractors (AAAA, AAA & AA) accounted for 5.2 percent of the total contracting population. Medium-sized contractors

(A & B) comprised 28.9 percent while small contractors (C, D, Trade/E) still remained the majority of licensed contractors at 65.9 percent. As to principal classification, General Engineering (GE) contractors accounted for 42.8 percent of the entire population. General Building (GB) contractors consisted of 33.5 percent. Specialty contractors constituted 9.0 percent while the remaining Trade contractors were 14.7 percent.



In terms of nationality, special licenses were issued to 28 foreign contractors. Majority of special licenses were issued to Chinese (10), Korean (5), French (2), Indian (2) and Japanese (2). Meanwhile, American, Australian, Dutch, Italian, Malaysian, Indonesian, and Spanish firm have one contractor each present in the Philippines.³

³Data as of 31 December 2018