RLC plans 2-4 more project launches this year

CEBU CITY — RLC Residences is planning to launch two to four more projects this year, as it sees continued growth in demand for residential condominiums.

John Richard B. Sotelo, senior vice-president and business unit general manager of RLC Residences, said the company is looking to launch the new projects in Metro Manila.

"We're planning to launch anywhere from two to four more projects depending on how the market responds," he told reporters at the sidelines of the launch of its new premium condominium project Mantawi Residences, Friday.

Mantawi Residences is a four-tower premium condominium located along Ouano Avenue in Mandaue City.

This is the third project launched this year by RLC Residences, the residential brand of listed developer Robinsons Land Corp. (RLC). Earlier this year, it unveiled Le Pont Residences in the Bridgetowne estate and the fourth tower of Sierra Valley Gardens in Cainta, Rizal.

Despite rising interest rates, Mr. Sotelo said there appears to be sustained demand for residential projects, as evidenced by the growing pre-reservation sales as reported by listed property companies, including RLC.

The Bangko Sentral ng Pilipinas' policy-setting Monetary Board has raised borrowing costs by 425 bps since May last year, bringing the benchmark rate to 6.25%, the highest since 2007.

"We are not experiencing a slowdown at least in the residential business. We have a couple of clients worried about bank loans but when we tell them that they will only need a bank loan in seven years, they say '*oo nga pala*' (Yes, that's true). For now, we're pretty confident that the market for residential condominiums will continue to grow," Mr. Sotelo said.

RLC has reported its residential business, which includes RLC Residences and Robinsons Homes, posted a 44% increase in revenues to P9.1 billion in 2022. Full-year net residential pre-sales rose 57% year on year.

Asked where RLC Residences is looking at expanding, Mr. Sotelo said it is easier to expand in an area where RLC already has a presence, whether a mall, hotel, or office building.

"Montclair (RLC's destination estate in Porac, Pampanga). I'm very interested to launch there. It's just a matter of timing," he said.

Aside from high interest rates, the rising prices of construction materials is also a concern for property developers like RLC.

Mr. Sotelo noted prices spiked last year due to the Russia-Ukraine war but has "settled down."

"It is still higher pre-pandemic. Electricity and oil prices are more expensive. Labor costs also went up," he said.

Retail price growth of construction materials in Metro Manila slowed to 4.1% year on year in March, the Philippine Statistics Authority (PSA) reported on Friday. This is the slowest rate of growth in over a year, according to PSA data.

Based on preliminary PSA data, the construction materials retail price index was up 5% in the first quarter, from 3.7% during the same period a year ago. — **Cathy Rose A. Garcia**

IMF,

from S1/1

However, elevated inflation is still a concern as it has remained above the 2-4% target range of the Bangko Sentral ng Pilipinas (BSP) for a year, Mr. Panth said.

"Headline inflation eased a little bit in March on a year-to-year basis. But it's also important to keep in mind that it has been above the upper end of the Bangko Sentral's target range for 12 months now," he said.

Inflation slowed to 7.6% in March from 8.6% in February, bringing the first-quarter average to 8.3%. This is still way above the central bank's full-year forecast of 6% and the 2-4% target range.

Mr. Panth noted that inflation in the Philippines has become more broad-based due to rising prices in the services sector.

"We do expect headline inflation to rise to about 6.3% on average in 2023, from 5.8% in 2022, and that's because of the inflation that's already built up in the system, including the fact that it's become more broad-based," he said.

Mr. Panth said the Philippine central bank has done a "very commendable job in terms of acting early and acting decisively."

To tame inflation, the Monetary Board has raised policy rates by 425 basis points (bps) since May last year, bringing the benchmark rate to 6.25% — the highest since 2007.

"We think that this (rate hike) should help anchor inflation expectations going forward," Mr. Panth said.

Due to the BSP's policy actions, the IMF expects inflation to start easing back to the 2-4% target range either by end of this year or by early next year.

By 2024, the IMF sees Philippine inflation averaging 3.2%, slightly higher than the central bank's full-year projection of 2.9%.

Asked if he thinks more tightening from the BSP is on the table, Mr. Panth said the Monetary Board's decision at its next meeting on May 18 would have to be very data dependent.

"If necessary, [the BSP may] continue to raise rates until [they] actually have inflation well under control. But, because there were actions that were taken pretty early, [the BSP] need to allow that to work its way through the economy," he said.

Last week, BSP Governor Felipe M. Medalla hinted that the Monetary Board may keep interest rates on hold at its next meeting if inflation further slows in April.

PHILIPPINE STAR / KJ ROSALES

TOURISTS enjoy sightseeing and shopping along Calle Crisologo in Vigan, Ilocos Sur. Consumer spending is still expected to drive economic growth this year.

Mr. Medalla also said the BSP may cut borrowing costs this year if inflation continues to ease in the next six months.

SUSTAINING GROWTH

Prudent management of the economy, both on the fiscal side and monetary policy side, is crucial to further sustain the Philippines' growth momentum, Mr. Panth said.

Even though the Philippines was not exposed from the recent banking turmoil in the US and Europe, he said the incidents warrant continued vigilance to ensure financial stability.

"As soon as risks arise, (regulators should) start looking at where they may arise, be a little proactive in trying to identify risks, and then make sure that you have the necessary regulatory instruments to be able to intervene, if necessary," Mr. Panth said.

For 2024, the IMF lowered its growth projection for the Philippines to 5.8%, from 6% previously. This is below the government's 6.5-8% GDP growth target for 2024.

"Because the global economy is not at a very comfortable place, we would not be surprised if growth came down slightly," Mr. Panth said.

The IMF trimmed its global growth forecast for 2023 to 2.8% (from the 2.9% given in January) and for 2024 to 3% (from 3.1%).

Still, the IMF sees the Philippines' long-term potential GDP growth between 6% and 6.5%. This may allow the country to achieve a higher upper middle-income class soon, Mr. Panth added.

The Philippines is currently aiming to become an upper middle-income economy by 2024 or 2025.