# 'Residential buyers holding back'

SEAN POLLOCK/UNSPLASH

THE RESIDENTIAL property sector saw a slight decline in total residential real estate loans (RRELs) in the first quarter of 2024, attributed to fewer project launches by developers and cautious buyer behavior due to interest rates and inflation, according to Leechiu Property Consultants.

"The overall decline in loans can be attributed to both developers introducing less projects and buyers holding back on purchases because of the interest rate situation and inflation, which have been elevated for some time already," Leechiu Director of Research Roy Amado L. Golez, Jr. told *BusinessWorld* via an e-mailed statement over the weekend.

On July 11, Leechiu reported that the total granted RREL fell 9% to 9,064 for the first quarter of 2024 from 9,975 loans in the fourth quarter of 2023, citing Bangko Sentral ng Pilipinas data.

In the first quarter, single-detached houses accounted for 43% of the RRELs granted by housing type, followed by condominiums at 34.7%, townhouses at 22%, and duplexes at 0.3%.

Meanwhile, RRELs outside Metro Manila showed a 2% increase, while RRELs in Metro Manila went down 31%.

"For the growth of loans outside of Metro Manila, this shows the strength of the affordable and middle-income housing market," he said.

Mr. Golez said townhouses and single-detached houses are products of affordable housing in projects outside of Metro Manila. The existing demand, especially in the Calabarzon region and Central Visayas, is due to jobs created by increased economic activity due to infrastructure development and industry.

"Cavite-Laguna Expressway (CALAX) will open a big part of northern and central Luzon to development. Right now, most of the projects that are being built by big developers or townships are hovering in Clark and Angeles City," he said.

Condominium units saw the largest decline in granted RRELs, dropping 19%.

Mr. Golez said that in the short term, the share of condos will likely remain below average as inventory levels of condominiums are still elevated.

"But as new condominium launches start coming in because jobs created are still primarily in the Metro Manila area, this share will start to rise again."

In the second quarter, the ready-for-occupancy units in Metro Manila totaled 578,000, with a 97% sales rate. Pre-selling units numbered 159,000, achieving a 69% sales rate.

Quezon City led in supply with 127,000 units, followed by Ortigas, Mandaluyong, and San Juan collectively offering 100,000 units. The Bay Area contributed 92,000 units to the market.

Manila added 83,000 units to the supply, while Makati and Taguig followed closely with 81,000 and 64,000 units, respectively.

Mr. Golez noted a 30% increase in condo project launches across Metro Manila to 3,530 units compared to the previous quarter, with new developments introduced in Alabang, Manila, and Quezon City.

Similarly, sales rose by 6.5% in the second quarter of this year.

Mr. Golez said he expects developers to continue to maintain a cautious stance regarding the introduction of new projects but hopes to see new projects in the second half of the year from the biggest developers. — **A.R.A. Inosante**

SAM CLARKE/UNSPLASH

# Construction e-commerce platform BuildHub PH expects growth in Visayas

BUILDHUB PH, an online marketplace focused on construction, expects that 70% of its growth will come from the Visayas market, its top officials said.

The platform, operated by technology company Buildmart PH Technologies, Inc., offers the first online marketplace for construction materials, hardware supplies, and home improvement needs.

The company is also strategizing to expand its presence into Mindanao, said Andre Bernardo, co-chief executive officer of BuildHub PH.

"We are confident in replicating our success in other regions, including Mindanao," he said in an e-mailed statement on July 11.

BuildHub PH also targets offering financial and logistical solutions in both the Visayas and Mindanao regions.

"Our goal is to provide innovative solutions that enhance operational efficiency and promote sustainable development," Mr. Bernardo said.

The company said that expanding into the Visayan and Mindanao regions is projected to double its user base, in line with its growth strategy to achieve profitability by 2025.

The platform also provides financial backing to pre-approved builders and hardware stores at interest rates ranging from 1% to 3% for terms spanning 30 to 60 days.

According to the company, it aims to foster financial stability and offer growth opportunities to small- and medium-sized entrepreneurs in the construction sector.

"The Visayas region, with its established supplier loyalties, has traditionally proven difficult for market penetration and sales growth. This is why we have introduced BuildHub.ph and BuildCredit to revolutionize the construction industry," said Marika Laciste, chief business officer of BuildHub PH.

"These services boost operational efficiency and promote sustainable development for hardware stores and suppliers in key Visayan cities," she added. — **A.R.A. Inosante**

**GOCCs,**
*from S1/1*

Initially, the Executive branch requested only P281.91 billion in unprogrammed funds in the then-proposed 2024 national budget.

But in the 2024 General Appropriations Act (GAA) or the final version of the national budget that President Ferdinand R. Marcos, Jr. signed in December 2023, unprogrammed funds ballooned to P731.45 billion, prompting several legislators to file a case before the Supreme Court. The case is still ongoing.

From the usual three sources of unprogrammed funds such as excess revenue collections, new revenues from tax or nontax sources, and approved loans for foreign-assisted projects, the 2024 GAA also included fund balance of GOCCs with consideration of their disbursement in previous years.

"Those funds were appropriated for a reason. The solution to poor spending is not to keep taking out the funds but to improve the capacity of institutions to efficiently deliver their respective mandates," Ms. Suzara said.

She noted tapping the funds of the GOCCs is very similar to what legislators initially wanted to do in the original version of the Maharlika Investment Fund, which received seed funding from the Land Bank of the Philippines and the Development Bank of the Philippines.

"This is in fact worse than the earlier version of Maharlika because it gives blanket authority to the National Government to do a cash sweep of just about any GOCC that's unable to disburse funds," she explained "At least in Maharlika, the GOCCs were identified in the bill."

Ms. Suzara said if GOCCs continue to underspend, then it is very likely that they will remit more funds to the Treasury to finance the long list of items under unprogrammed appropriations in the 2024 budget.

"It is ironic that budget items in the unprogrammed appropriations appear to be more of a priority as election nears when in reality, the unprogrammed appropriations is supposed to be just a standby fund for things that aren't funded in the programmed appropriations," she added.

"If this is left unchallenged, then we can expect this to continue as the national budget grows annually."

Economic managers are proposing a P6.352-trillion national budget for 2025, a 10% increase from this year's P5.768-trillion budget.

Cielo D. Magno, a professor at the University of the Philippines School of Economics who had served as Finance undersecretary under the Marcos Jr. administration, said what the Congress did at the bicameral conference for the 2024 national budget was "unconstitutional" because it was in effect "trying to amend existing laws and charters of GOCCs by inserting a provision in the GAA to finance the unappropriated portion of the GAA."

"Congress expanded the budget significantly through the unappropriated portion and tried to find the money to finance it by getting the GOCCs' reserved fund," she said in an e-mail. "This happened during the bicameral meeting, not during the actual deliberation/consultation of the proposed 2024 budget."

The move shows the "opaqueness" of the budget process, the opportunities for abuse, and the lack of accountability, she noted.

In line with this year's GAA, the DoF last February issued Circular 003-2024 which set the guidelines for financing unprogrammed appropriations sourced from the fund balance of GOCCs.

Citing the circular and the GAA, the DoF asked the PhilHealth to remit its unutilized funds worth P89.9 billion to the Treasury.

The landmark Universal Health Care (UHC) Act mandates the state insurer to use its excess funds to boost the benefits of its members and reduce the amount of their annual contributions.

"No portion of the reserve fund or income thereof shall accrue to the general fund of the national government or to any of its agencies or instrumentalities, including government-owned or controlled corporations," according to Section 11 of the UHC law.

**'DOES NOT AFFECT VIABILITY'**

The DoF defended the move to transfer funds from PhilHealth and PDIC to finance unprogrammed appropriations.

"The move does not affect the viability of participating corporations. It does not impair their delivery of services," it said.

The DoF said PhilHealth and PDIC's respective boards "approved" the return of excess and unused funds. "The result promotes the common good, based on the list of recipients identified in the national budget."

It also noted that in the case of PhilHealth, "unused government subsidies are not part of its reserve funds, nor income that is being restricted by the UHC Act to be used by the National Government as a general fund."

Former Department of Health advisor Antonio J. Leachon said in a statement that excess PhilHealth funds that will be returned to the unprogrammed fund of the national budget are revenues from taxes on tobacco, vapes, alcohol, and sugar-sweetened beverages, "which are specifically earmarked for health programs."

"It is alarming that despite having excess funds, PhilHealth has yet to comply with the provisions in Section 11 of RA 11223," he said.

PhilHealth's reserve fund hit P463.7 billion in 2023.

Ms. Suzara said that in the case of PhilHealth, private hospitals as well as direct and indirect contributors are affected by the NG's use of its excess funds.

Most vulnerable are indirect contributors such as indigents, beneficiaries of the government's conditional cash transfer program or the Pantawid Pamilyang Pilipino Program, senior citizens, persons with disabilities, those sponsored by local governments and other Filipinos aged 21 years old and above without capacity to pay premiums, Ms. Magno noted.

Ms. Magno said PhilHealth beneficiaries are supposed to be getting expanded services from the state insurer but it's not happening "because instead of pressuring and reforming PhilHealth, we are defunding it."

Lawmakers who were able to insert their pet projects for funding under unprogrammed appropriations are the gainers, she added.

Ms. Magno described the NG's act of depriving GOCCs of their excess funds as "populist," saying it has refused to look for other sources of revenues while "reducing the budget for important programs like PhilHealth."

"But [it has] continuously increased programs and projects that shouldn't have been prioritized like the confidential and intelligence funds, and the insertions of congressmen and senators," she said.

**Meralco,**
*from S1/1*

Distribution charge has remained unchanged at P0.0360 per kWh since August 2022.

Lawrence S. Fernandez, Meralco's vice-president and head of utility economics, said that there is a possibility of lower rates in August as demand further declines.

"We saw in the spot market that because the rainy season has started, demand also went down and the reserve levels in the spot market have improved, so the price in the spot market also went down. So hopefully, this will continue, and this is reflected in the August generation charge," Mr. Fernandez said in mixed Filipino and English.

Data from the Independent Electricity Market Operator of the Philippines showed that as of June 25, the initial average WESM price for the entire country went down by 25.2% to P6.15 per kWh.

Meanwhile, Mr. Zaldarriaga said this month's bills would be delayed as Meralco sought the guidance from the ERC on the implementation of July rate adjustment.

"Rest assured that Meralco will adjust the due dates to give our customers enough time to settle their bills," he said in a statement.

Meralco's controlling stakeholder, Beacon Electric Asset Holdings, Inc., is partly owned by PLDT Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls.

**Think tank,**
*from S1/1*

to severely aggravate existing agricultural productivity issues) are other potential threats on the horizon," the think tank said.

The CPBRD expects growth momentum to continue in the second and third quarters, before decelerating in the fourth quarter.

In a low-growth trajectory, the think tank sees gross domestic product (GDP) expanding by 5.05% in the second quarter, 5.7% in the third quarter and 3.56% in the fourth quarter.

"The low-growth trajectory can be viewed as the expected scenario if inflation accelerates and begins eroding productivity — sooner rather than later," it said.

On the other hand, the CPBRD's high-growth scenario sees GDP expanding by 6.3% in the second quarter, 7.04% in the third quarter and 5.35% in the fourth quarter.

"While the Philippine economy faces significant headwinds, it also has the potential for robust and inclusive growth. The path forward necessitates a balanced approach that addresses immediate challenges while laying the foundation for long-term sustainable development," the CPBRD said.

The think tank said a strong partnership between the government and the private sector can help the Philippines realize its full economic potential.

The Philippine economy faces both challenges and opportunities in the current global economic landscape, it said.

"Exploiting its strengths in services, manufacturing, and agriculture, the country can position itself as a competitive player in emerging regional markets — and eventually the global market," it said.

"This, however, requires a collaborative effort from both the public and private sectors to build robust markets, foster innovation, and leverage emerging technologies."

Meanwhile, Security Bank Corp. Chief Economist Robert Dan J. Roces said the government's 6-7% GDP growth target is not out of reach despite elevated interest rates and high inflation.

"Rising remittances and a potential infrastructure spending boost offer promising signs," he said in a Viber message.

**FULL STORY**

Read the full story by scanning the QR code with your smartphone or by typing the link
<tinyurl.com/25x4wtuw>

**Remittances,**
*from S1/1*

In the first five months, the United States accounted for 40.9% of total remittances.

This was followed by Singapore (7.2%), Saudi Arabia (6.1%), Japan (5.1%), the United Kingdom (4.7%), the United Arab Emirates (4%), Canada (3.4%), Korea (2.8%), Qatar (2.8%) and Taiwan (2.7%).

"This 3.6% increase (in May), reaching $2.58 billion, suggests a combination of positive factors. Economic growth in key remittance source countries like the US, Saudi Arabia, and Singapore might be putting more money in the pockets of OFWs," Security Bank Corp. Chief Economist Robert Dan J. Roces said in a Viber message.

Mr. Roces said that rising wages of OFWs could also be another factor behind faster remittance growth.

"Finally, favorable exchange rates incentivize sending more money back as it translates to a bigger bump in Philippine pesos received," he added.

In May, the peso sank to the P58-per-dollar level for the first time since November 2022.

"The continued growth nevertheless is still a good signal for the overall economy as an important growth driver, especially in terms of consumer spending, which accounts for about 74% of the Philippine economy," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

Mr. Ricafort also noted there was a seasonal increase in remittances due to the summer holiday.

Meanwhile, personal remittances rose by 3.7% to $2.88 billion during the month from $2.78 billion. This brought personal remittances at end-May to $14.89 billion, higher by 3% from $14.46 billion in the same period a year ago.

"The increase in personal remittances in May 2024 was due to remittances from land-based workers with work contracts of one year or more and sea- and land-based workers with work contracts of less than one year," the BSP added.

For the coming months, Mr. Ricafort said he expects modest growth in remittances as OFW families "still need to cope up with relatively higher prices locally that would require the sending of more remittances."

For the first six months of the year, headline inflation averaged 3.5%. This was slightly higher than the central bank's 3.3% full-year forecast.

Mr. Ricafort also noted there is a seasonal increase in remittances during the July-August period due to the need to pay for school tuition payments.

The central bank expects cash remittances to grow by 3% this year.