

# The Philippine Housing Industry in Perspective: Residential Real Estate Price Index (RREPI) for the Philippines

**25<sup>th</sup> SHDA National Developers Convention  
22 September 2016**



**BANGKO SENTRAL NG PILIPINAS**

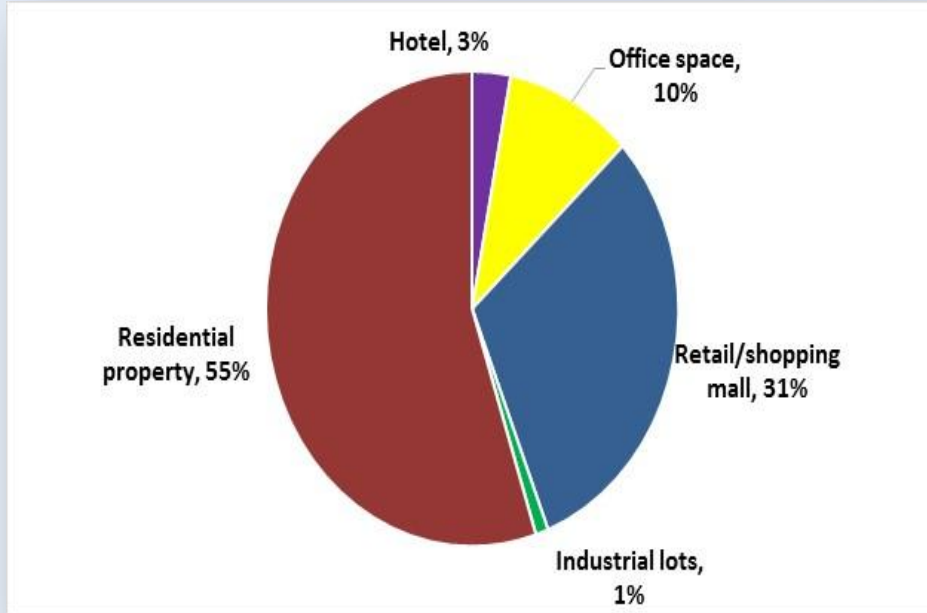
# Outline

1. Aide Memoire
  - Background
  - Survey Template
  - RREPI Formula
  - Coverage
2. Highlights of the Results
  - Robustness Checks
3. Frequency of Publication and Date of Release



# 1. Aide Memoire - Background

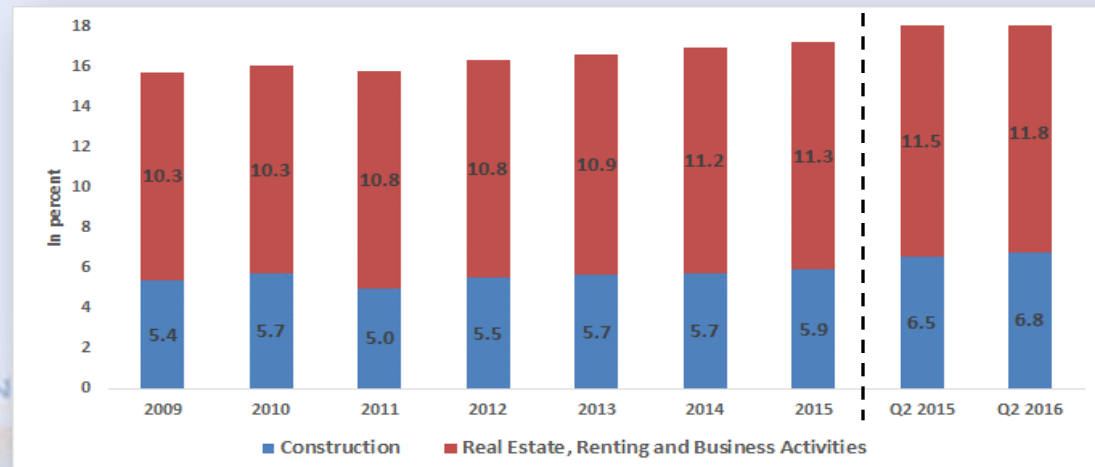
Figure 1. Philippine Real Estate Market by Revenue Shares, 2013



***Residential property revenues higher than commercial in 2013***

Source: Philippine Economic Update May 2013 of the World Bank.

Figure 2. Construction and Real Estate Shares in Real GDP (in real 2000 prices)



***Construction and RERBA shares to GDP growing since 2011***



Source: Philippine Statistics Authority

# 1. Aide Memoire - Background

- RREPI measures changes in the prices of housing units e.g., single-detached, townhouses, apartments, and condominiums in a given period
- BSP developed a methodology for compilation/generation of RREPI for the Philippines
  - ❑ *RREPI is one of the information gaps identified in the G-20 report .*
  - ❑ *RREPI is part of the Special Data Dissemination Standard (SDDS) Plus categories under the Financial Soundness Indicators which IMF member countries should adhere to by 2019.*
- A first in the Philippines and is expected to provide a valuable tool in assessing the real estate and credit market conditions in the country



# 1. Aide Memoire - Background

- Circular No. 892 on 29 October 2015 requires all universal/ commercial banks and thrift banks in the Philippines to submit quarterly reports on Residential Real Estate Loans (RRELs) granted both in the National Capital Region (NCR) and Areas Outside the National Capital Region (AONCR) for the generation of RREPI.

<b>Due date</b>	<b>Coverage</b>
29 December 2015	2Q – 3Q 2015
29 January 2016	4Q 2015
28 April 2016	1Q 2016



# 1. Aide Memoire – Survey Template

Line No.	Month of Loan Granted/ Booked	LOCATION OF PROPERTY				Type of Property	HOUSING UNIT					
		Region - Province - City/ Municipality	Barangay	Street	Subdivision Name or Project Name		Type of Housing Unit	Appraised Value (pesos per sq m)	Floor Area (sq m)	No. of Floors	No. of Bed-rooms	Effective Age (years)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1												
2												
3												

Line No.	LOT		Total Appraised Value of Property (pesos)	Housing Segment	Acquisition Cost (pesos)	Name of Developer	Name of Other Developer (not in the list)
	Appraised Value (pesos per sq m)	Area (sq m)					
(1)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
1							
2							
3							

# 1. Aide Memoire - Formula

$$RREPI_{t,k} = \prod_{s=1}^t I_{s,k} \times 100$$

where

$$I_{s,k} = \prod_{i=1}^2 \left( \frac{P_{t,i,k}}{P_{t-1,i,k}} \right)^{\frac{1}{2} \left[ \frac{Q_{t-1,i,k}}{\sum_{i=1}^2 Q_{t-1,i,k}} + \frac{Q_{t,i,k}}{\sum_{i=1}^2 Q_{t,i,k}} \right]}$$

and  $P_{t,i,k}$  and  $Q_{t,i,k}$  refer to the average appraised value per square meter and total floor area of the  $k^{th}$  type of housing unit in  $i^{th}$  area at time  $t$ , respectively.



# 1. Aide Memoire - Coverage

**Response Rates by Type of Bank, Q1 2016**

	Total		U/KBs		TBs	
	No.	%	No.	%	No.	%
No. of Banks	109		41		68	
No. of Responding	93	85.3	40	97.6	53	77.9
Of which:						
With RREL	45	48.4	18	45.0	27	50.9
Without RREL	48	51.6	22	55.0	26	49.1

- Coverage: National Capital Region (NCR) and Areas outside NCR (AONCR)
- *Note: Only collateralized RREs on new housing units are included.*





## 2. Highlights of the Results

### RREPI Year-on-Year Growth Rate

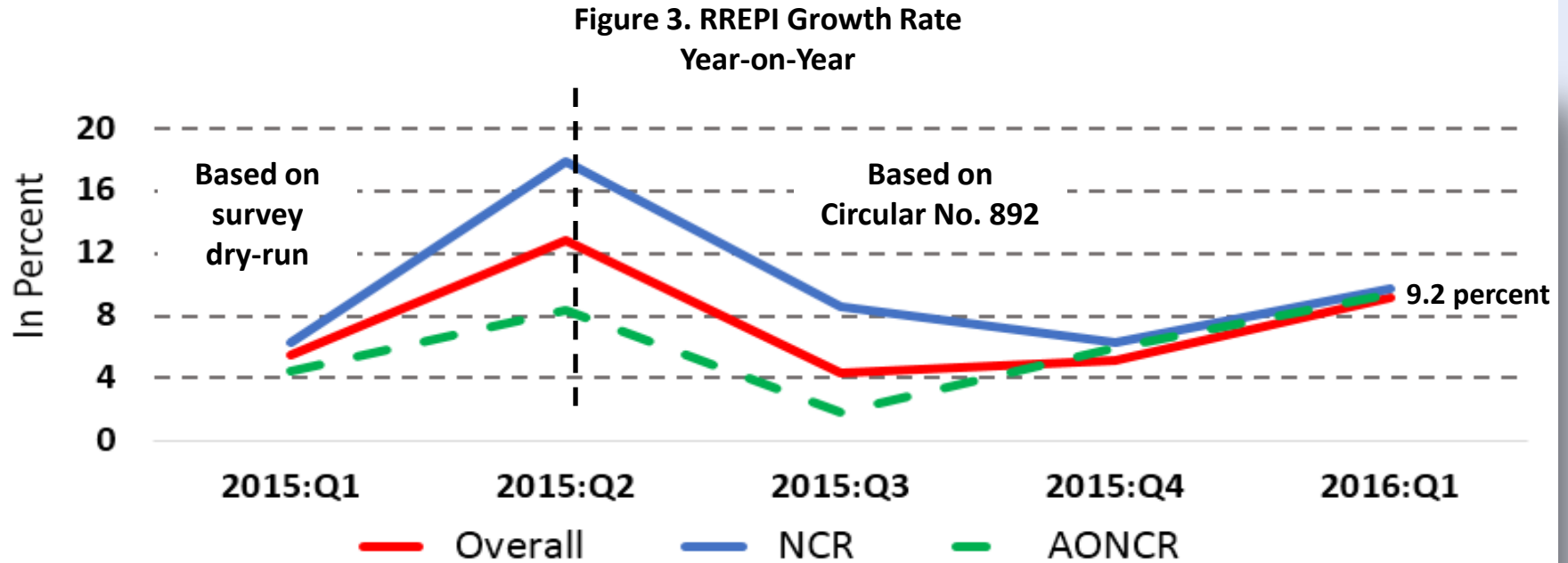


Table 1A. RREPI Growth Rate (% , year-on-year)

By Area	2015				2016
	Q1	Q2	Q3	Q4	Q1
Overall	5.5	12.8	4.3	5.1	9.2
NCR	6.3	17.9	8.6	6.3	9.7
AONCR	4.4	8.3	1.8	5.9	9.4

## 2. Highlights of the Results

Figure 4. RREPI Growth Rate by Type of Housing Unit  
(%, year-on-year)

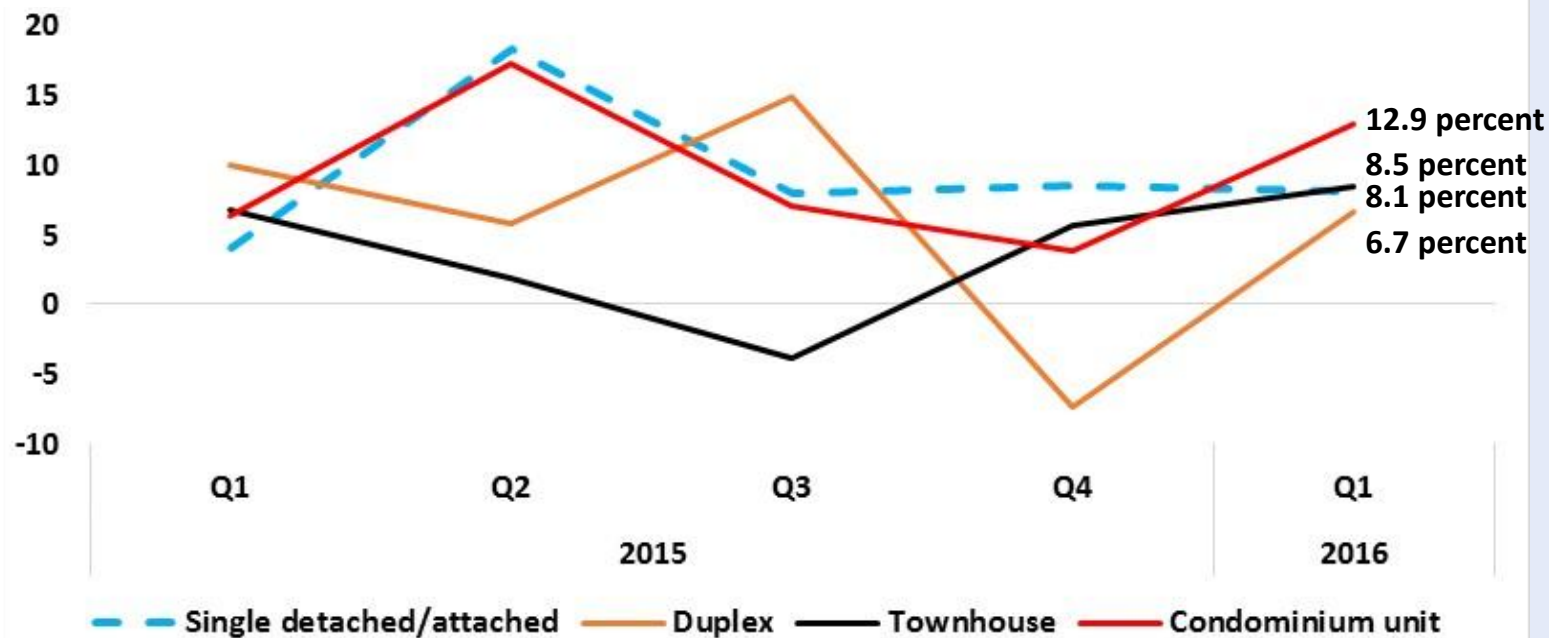


Table 1B. RREPI Growth Rate (% , year-on-year)

By Type of Housing Unit	2015				2016
	Q1	Q2	Q3	Q4	Q1
Single detached/attached	4.1	18.4	7.9	8.5	8.1
Duplex	10.0	5.8	14.9	-7.4	6.7
Townhouse	6.8	1.9	-3.8	5.6	8.5
Condominium unit	6.3	17.3	7.1	3.9	12.9

# 2. Highlights of the Results

## RREPI Quarter-on-Quarter Growth Rate

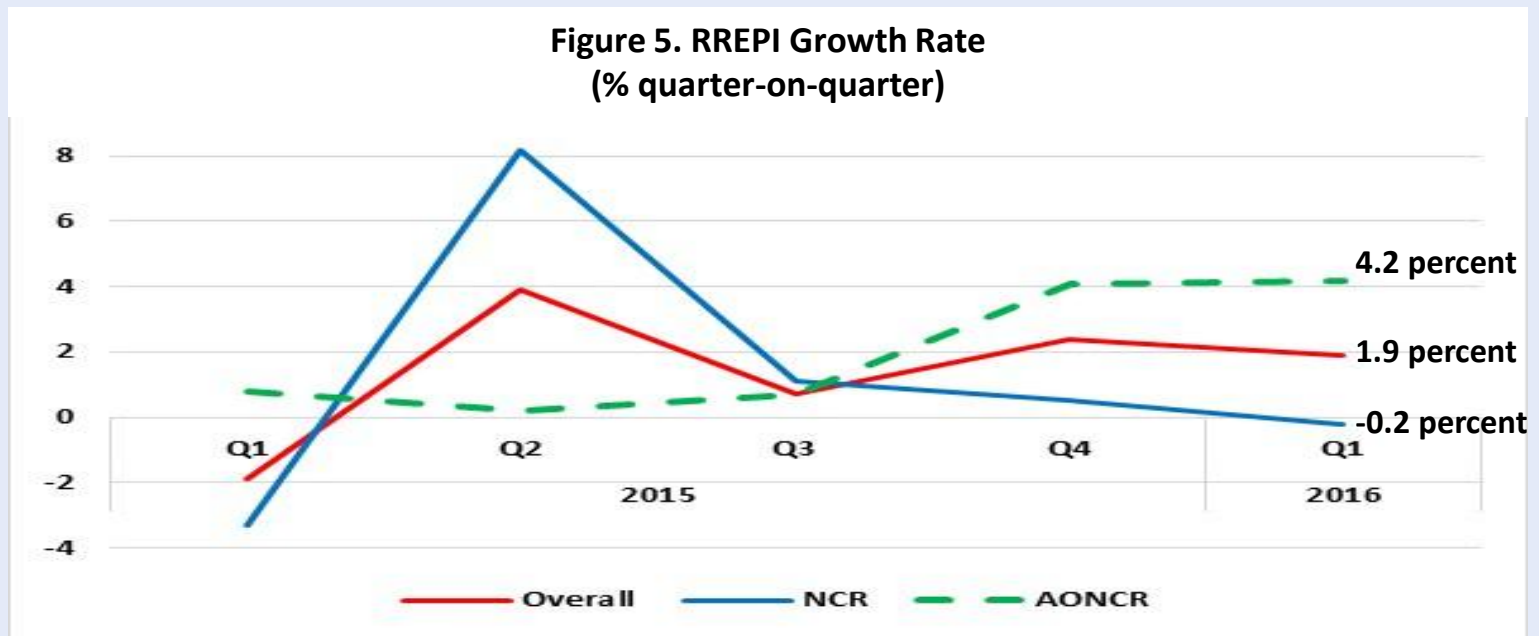


Table 1C. RREPI Growth Rate (%, quarter-on-quarter)					
By Area	2015				2016
	Q1	Q2	Q3	Q4	Q1
Overall	-1.9	3.9	0.7	2.4	1.9
NCR	-3.3	8.2	1.1	0.5	-0.2
AONCR	0.8	0.2	0.7	4.1	4.2

## 2. Highlights of the Results

Figure 6. RREPI Growth Rate by Type of Housing Unit  
(%, quarter-on-quarter)

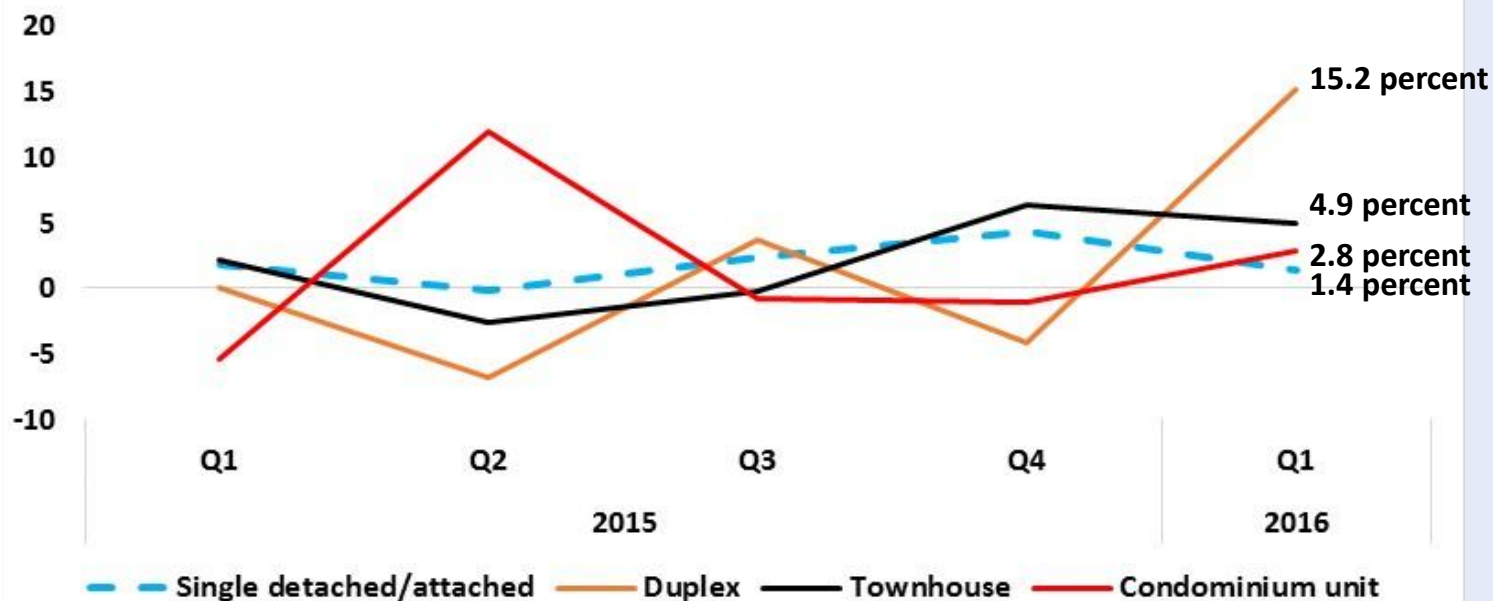
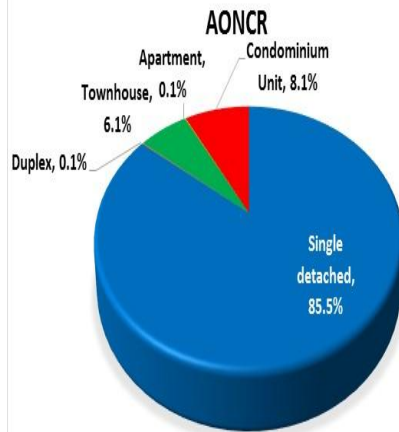
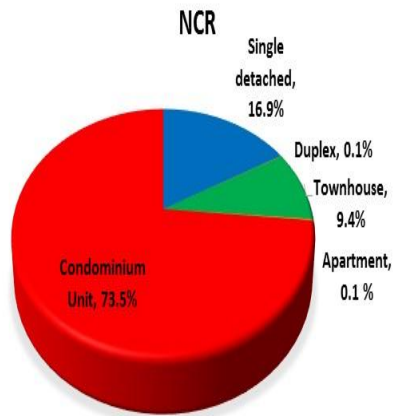


Table 1D. RREPI Growth Rate (%, quarter-on-quarter)

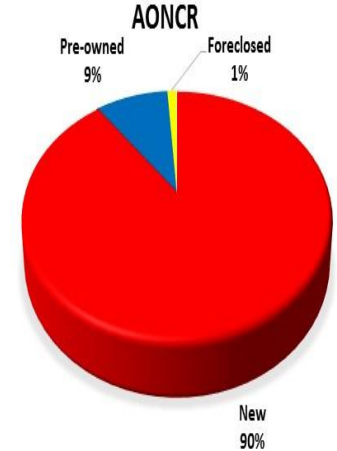
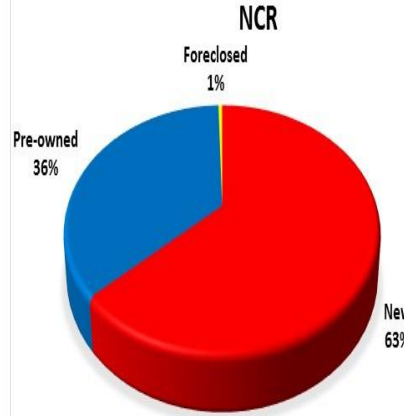
By Type of Housing Unit	2015				2016
	Q1	Q2	Q3	Q4	Q1
Single detached/attached	1.8	-0.1	2.3	4.3	1.4
Duplex	0.0	-6.8	3.7	-4.2	15.2
Townhouse	2.1	-2.6	-0.2	6.4	4.9
Condominium unit	-5.4	11.9	-0.8	-1.1	2.8

# 2. Highlights of the Results

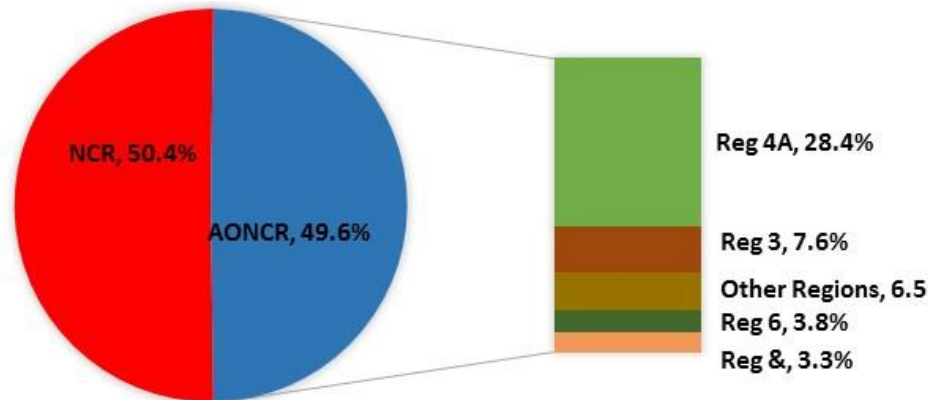
**Figure 7**  
**% Distribution of Loans Granted by Type of Housing Unit (Q1 2016)**



**Figure 8**  
**% Distribution of Loans Granted by Area and by Type of Property (Q1 2016)**

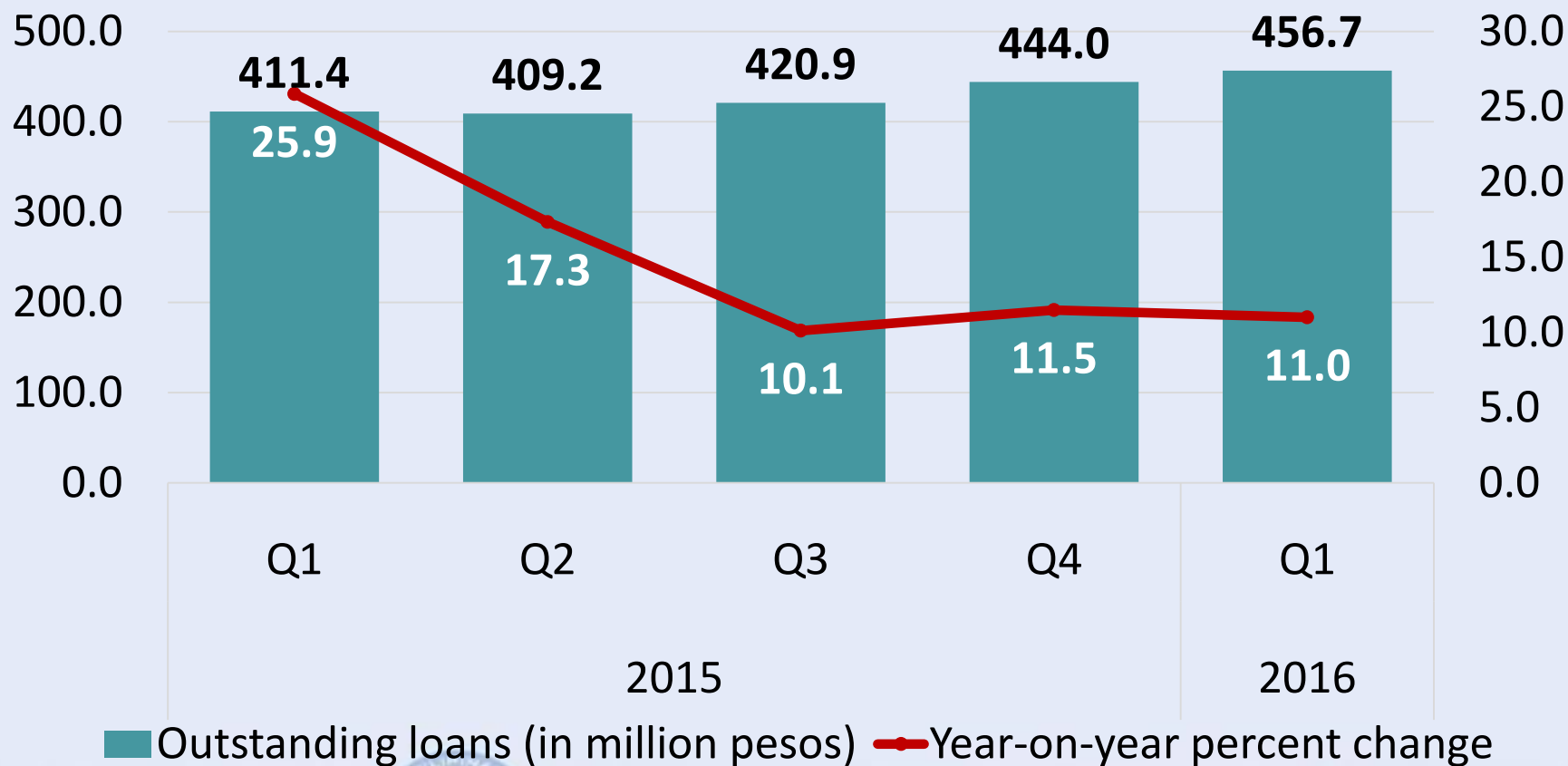


**Figure 9**  
**% Distribution of Loans Granted by Area and by Top Four AONCR, Q1 2016**



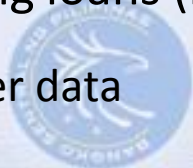
## 2. Other Property Market Indicators

### Residential Real Estate Loans to Households



Note: end-of-quarter data

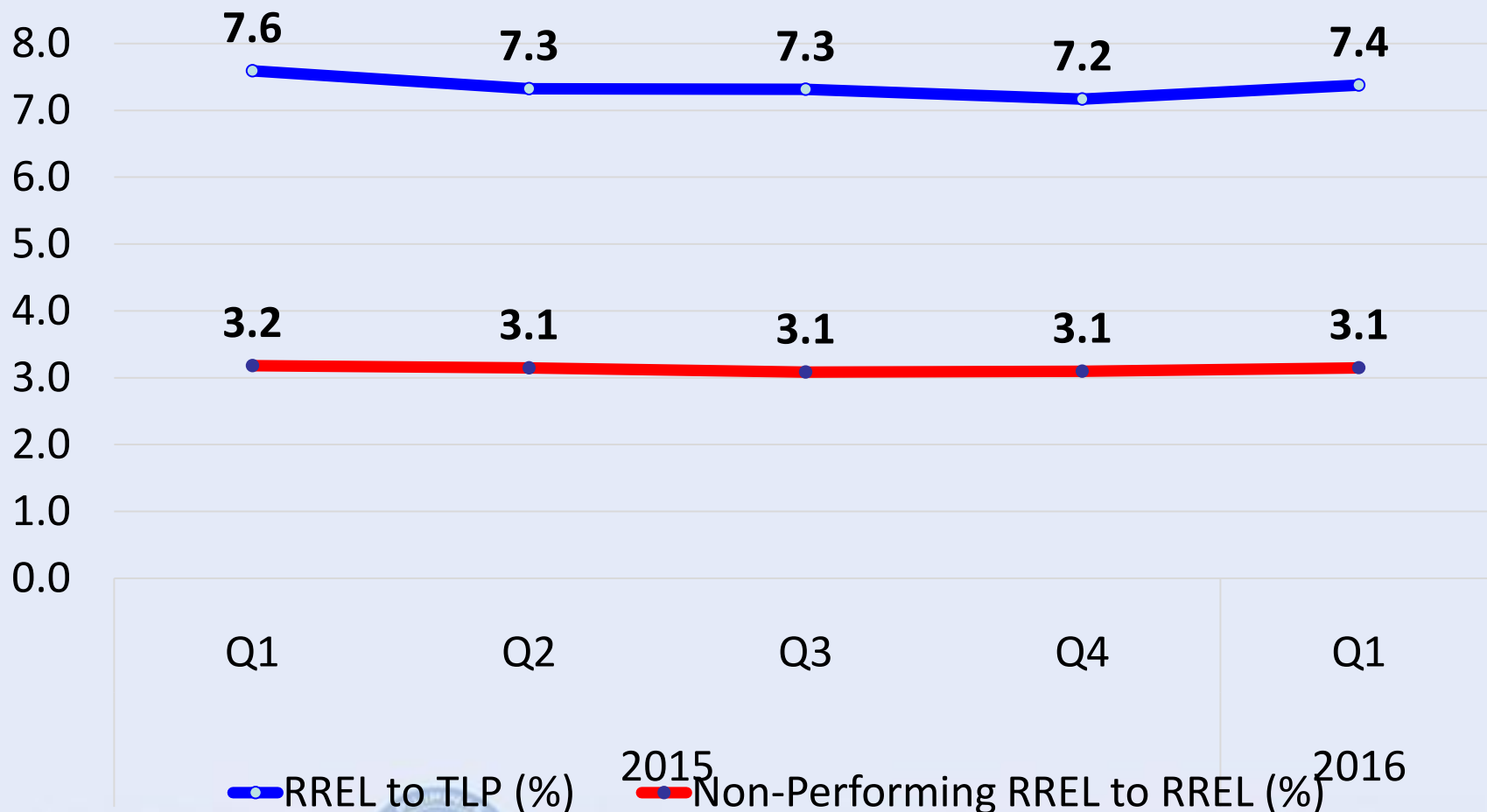
Source: BSP



BANGKO SENTRAL NG PILIPINAS

## 2. Other Property Market Indicators

### Residential Real Estate Loans (RRELs) Ratios



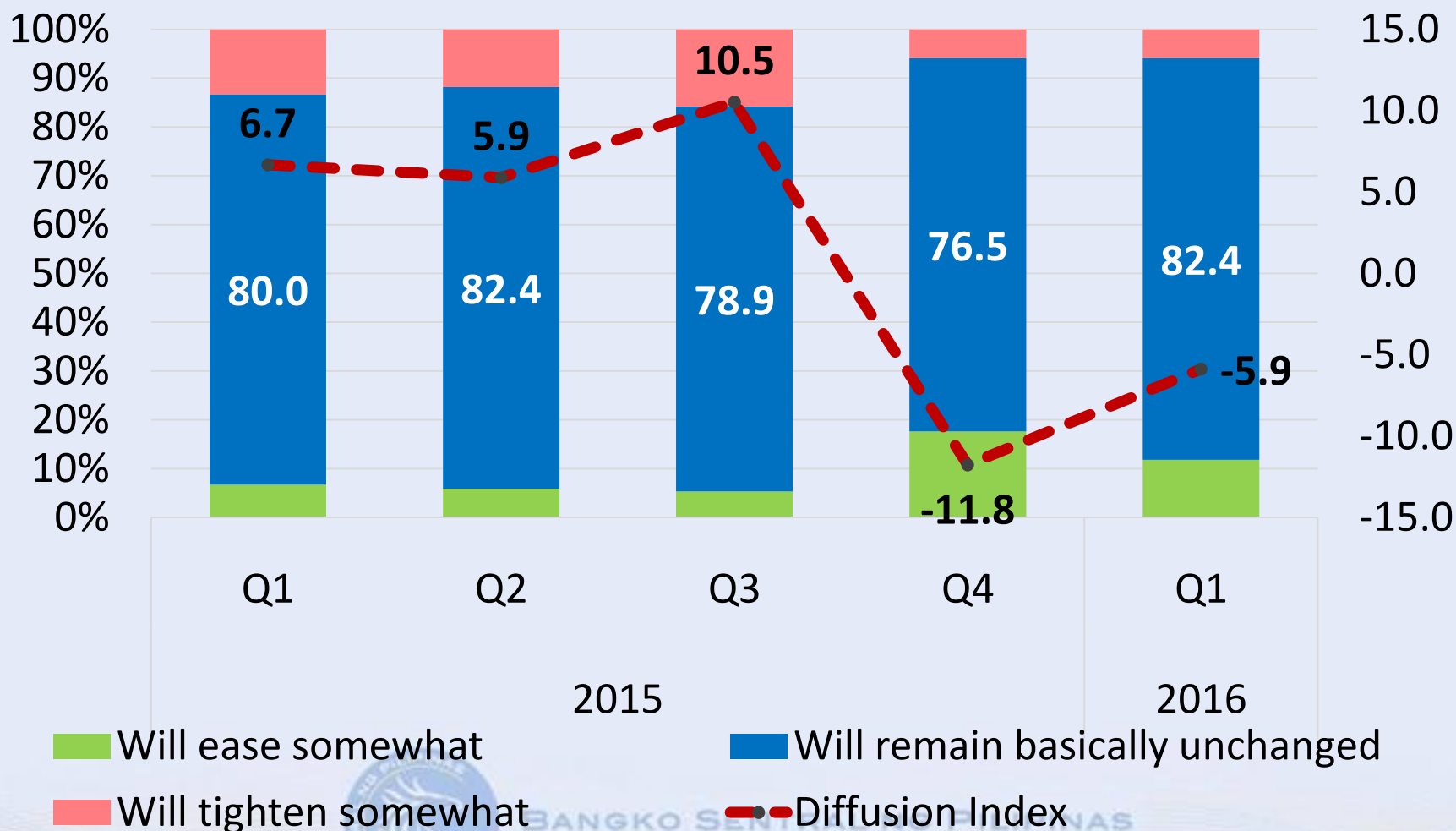
Note: end-of-quarter data

Source: BSP

BANGKO SENTRAL NG PILIPINAS

## 2. Other Property Market Indicators

### Credit Standards for Housing Loans



Source: Senior Bank Loan Officers' Survey, BSP



## 2. Robustness Checks

- RREPI registered a slower increase at 4.3 percent year-on-year in Q3 2015 compared to Q2 2015.
- Residential property prices grew at a slower pace of 0.7 percent quarter-on-quarter in Q3 2015 compared to Q2 2015.
- Housing rentals and maintenance and repairs of dwellings registered a 2 percent and 1.6 percent increase in prices year-on-year, respectively, for Q1 2016. RREPI increased much faster for the same period by about 4.6 times the price of housing rentals, and 5.8 times that of maintenance and repairs.
- Quarterly growth rates of residential capital values for condominium units in Makati City in Q1 to Q4 2015 are generally similar to the RREPI growth rates of condominium units for NCR, except for Q2 2015.



### 3. Frequency of Publication and Date of Release

Frequency	Quarterly
Timeliness	One quarter after the reference quarter
Available at	BSP Website

*Available quarterly series are from second quarter of 2015 to first quarter of 2016*



BANGKO SENTRAL NG PILIPINAS

# The Philippine Housing Industry in Perspective: Residential Real Estate Price Index (RREPI) for the Philippines

**25<sup>th</sup> SHDA National Developers Convention  
22 September 2016**



**BANGKO SENTRAL NG PILIPINAS**