



**Asia-Pacific
Housing Forum
Manila**



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Overview on Low - Cost Housing Finance

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BPI

Residential condominium growing **FAST** for all segments

Near-term prospects now rated FAIR for the high-rise residential condominium sector due to faster inventory life across all segments.

	2016	2017	2018*
Affordable	1.0	1.2	0.6
Mid-end	3.1	1.1	0.7
High-end	2.3	1.8	0.7
Luxury	1.2	0.9	0.4

Growth of affordable and mid-end segments are driven by the strong and intensified buying and investing appetite of foreigners, especially mainland Chinese.

Supply of affordable homes in PH has not kept up with demand

While there is a glut for mid- and high-end housing

Housing demand and supply profile, 2001-2011

Market Segment	Housing demand	Housing supply	Surplus (Deficit)
Socialized Housing	1,143,048	479,765	(663,283)
Economic Housing	2,503,990	541,913	(1,962,077)
Low Cost Housing	704,406	242,246	(462,160)
Mid Cost Housing	72,592	322,995	250,403
High End Housing	18,235	242,246	224,011

Backlog: **3,087,520**, excluding **832,046** households that can't afford

Only 15% of the population has access to Bank Loans

Who services C2 to E sector? *Government, Micro-finance, Coop*

Socio-economic Class	Cluster	Monthly Household Income Bracket	Population Share
A	Rich	At least Php 190,400	0.4%
B	Upper Income	Between Php 114,240 to Php 190,400	1%
C1	Upper Middle Income	Between Php 66,640 to Php 114,240	3.6%
C2	Middle Middle Income	Between Php 38,080 to Php 66,640	10%
C3	Lower Middle Income	Between Php 19,040 to Php 38,080	27%
D	Low Income	Between Php 9,520 to Php 19,040	36%
E	Poor	Less than Php 9,520	22%

Traditional credit requirements are main barriers to entry for low-cost home financing

- Sufficient income (at least 40,000 per month) whereas average monthly income of a Filipino is Php 10,000 to 20,000
- Putting up equity (or down-payment for the property) upfront, amounting to Php150,000 to 300,000
- Sale-ability and economic life of a low-cost housing unit
- Limited coverage and resources in regional and remote areas

Opportunities Ahead

- We rely on the successful completion of the government’s “Build, Build, Build” program. This will spur better infrastructure and equal distribution of resources geographically, paving the way for more mass-based and sustained economic growth.
- New cities will rise and will result in the establishment of businesses that create jobs and increase financial inclusion.
- The Bangko Sentral ng Pilipinas (BSP) is optimistic that more Filipinos will benefit from financial inclusion in light of recent regulations that will boost opening of bank accounts and the acceptance of digital payments.



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