



HOME GUARANTY CORPORATION

MACRO ECONOMIC REPORT

2009 First Quarter



FIRST QUARTER 2009 NATIONAL INCOME ACCOUNTS

The impact of the global financial crisis has significantly weighed down on the country's economy. Gross Domestic Product (GDP) growth was almost flat at 0.4 percent during the first quarter of 2009. Growth in Gross National Product (GNP) slowed down to 4.4 percent compared to that of the first three months of 2008. The difference in first quarter 2009 performance of these two measures was accounted for by the Net Factor Income from Abroad (NFIA) which is largely comprised of remittances from the Overseas Filipino Workers (**Table 1**).

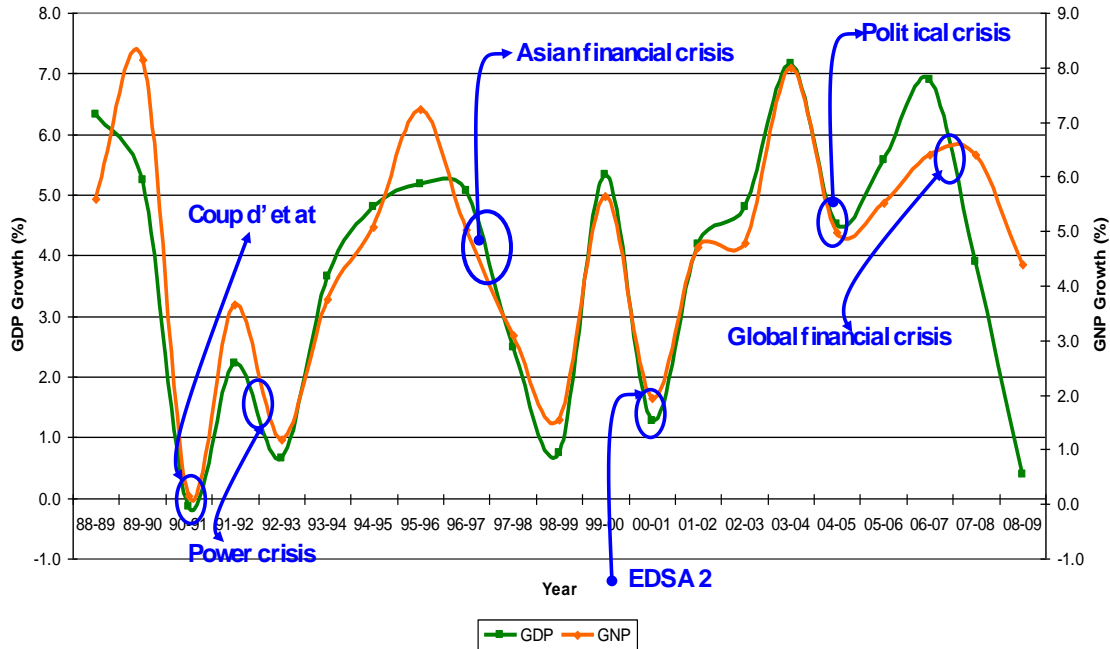
Table 1. First Quarter Economic Performance (at Constant 1985 Prices).

National Account	Amount (PhP Mn)		Growth (%)	
	Q1 2008	Q1 2009	Q1 2007-08	Q1 2008-09
GNP	369,494	385,912	6.4	↓ 4.4
GDP	332,890	334,376	3.9	↓ 0.4
NFIA	36,603	51,536	36.2	↑ 40.8

Source: National Statistical Coordination Board (NSCB)

Figure 1 illustrates the historical economic performance of the Philippines from 1988 to 2009. As can be seen, the economy falters every time there is a crisis, political or economic, every six to seven years. But beginning 2000, the boom-bust cycle has become shorter, completing its phase every two to three years.

Figure 1. Annual Growth Rates of Real GDP and Real GNP, Philippines: 1989 to 2009.



Source of basic data: NSCB

With an estimated population of 91.56 million expanding by 2.0 percent and a slowing domestic economy, per capita GDP fell by 1.5 percent. The National Statistical Coordination Board (NSCB) notes that this decline was the first since the third quarter of 2001. Per capita GNP still improved but at a slower rate of 2.4 percent, while per capita Personal Consumption Expenditure (PCE) went down by 1.1 percent (**Table 2.1**).

Table 2. 1 First Quarter Per Capita GDP, GNP and PCE, Philippines (at Constant 1985 prices).

Per Capita	Amount (PhP Mn)		Growth (%)	
	Q1 2008	Q1 2009	Q1 2007-08	Q1 2008-09
GDP	3,707	3,652	1.9	↓ (1.5)
GNP	4,115	4,215	4.4	↓ 2.4
PCE	2,826	2,794	3.1	↓ (1.1)
Population (Mn persons)	89.80	91.56	2.0	↔ 2.0

Source: NSCB

At current prices, per capita GDP, GNP and PCE growth rates are all positive. On the average, Filipinos spent about PhP13,851.00 for consumption during the first three months of 2009 (**Table 2.2**). This would translate to about PhP4,617.00 a month or PhP154.00 a day allotment by every Filipino for consumption. This figure would be just enough if the average Filipino will only spend for food. But there are also other expenditure items such as electricity and rent, among others which need to be spent on.

Table 2.2 First Quarter Per Capita GDP, GNP and PCE, Philippines (at Current 1985 prices).

Per Capita	Amount (PhP Mn)		Growth (%)	
	Q1 2008	Q1 2009	Q1 2007-08	Q1 2008-09
GDP	18,489	19,003	6.9	↓ 2.8
GNP	20,361	21,825	9.3	↓ 7.2
PCE	12,967	13,851	8.9	↓ 6.8
Population (Mn persons)	89.80	91.56	2.0	↔ 2.0

Source: NSCB

As expected, economic performance for the first three months of the year was down as seen from the output figures of the each of the three major industries, Agriculture, Fishery & Forestry (AFF), Industry, and Services.

Industry posted a negative growth of 2.1 percent. AFF fared fairly well with a growth of 2.1 percent during the first quarter of 2009 from 2.8 percent a year ago. By historical standards this is good enough. Services have always been the growth sector. But during the first three months of the year, it grew by a meager 1.4 percent from a sturdy 5.2 previously (**Table 3**).

Table 3. First Quarter Economic Performance, By Major Industries, Philippines (Growth Rates in Percent).

Major Industries	Amount (PhP Mn)		Growth (%)	
	Q1 2008	Q1 2009	Q1 2007-08	Q1 2008-09
AFF	64,401	65,784	2.8	↓ 2.1
Industry	104,152	101,941	2.7	↓ (2.1)
Services	164,337	166,337	5.2	↓ 1.4

Source: NSCB

The National Income Accounts based on expenditure type would show the growth performance in private consumption, government spending, investments, exports and imports.

Based on the national accounts, Personal Consumption was down, posting only a 0.8 percent growth rate in the first quarter of 2009 from 5.1 percent the previous year.

For the period, Government Consumption also grew by 3.8 percent from 0.3 percent. Expectedly, government should be spending more but it turns out, not so high; thus, the small contribution to growth of 5.3 percent.

In the first quarter of 2008, growth in Gross Domestic Capital Formation fell by 1.7 percent. It further slid by 16.5 percent in the first three months of 2009. There was no expansion of capacity and no inventory production.

While growth in Construction was up by 9.9 percent, spending on Durable Equipment was down by 17.9 percent. Breeding Stock & Orchard Development was slightly up by 1.2 percent.

From these, we can see how the financial crisis has impacted the Philippine economy. Consumption and Gross Domestic Capital Formation growth rates were down.

On the external side, growth in Exports, as expected was down by 18.2 percent. While growth in Non-Factor Services showed it posted a positive growth rate of 4.9 percent contributing to economic growth by 9.4 percent. Transportation and Insurance grew by 4.6 and 85.6 percent, respectively. Travel, as expected, fell by 14.3 percent. The Miscellaneous Services, which includes the BPO-type of services, grew by 24.5 percent.

If Imports are negative, then we must all think positive for the purposes of national income accounting. So, when growth in Imports is negative, the contribution to economic growth is positive. By this logic, however, as seen on **Table 4.a**, while the BPO sector has brought in a lot of dollars, it has also brought out a lot.

Table 4.a. National Income Accounts, by Expenditure Type, Philippines: First Quarter of 2009 (at constant 1985 prices).

Expenditure Type	Growth Rates		Contribution to Growth (Q1 2009)
	Q1 2008	Q1 2009	
Personal Consumption	5.1	↓ 0.8	12.5
Government Consumption	(0.3)	↑ 3.8	5.3
Capital Formation	(1.7)	↓ (16.5)	(66.3)
Construction	(4.1)	↑ 9.9	14.6
Durable Equipment	9.6	↓ (17.9)	(36.4)
Breeding Stock & Orchard Dev't	(2.3)	↑ 1.2	0.3
Exports	(7.7)	↓ (18.2)	(160.8)
Total Merchandise Exports	(10.9)	↓ (24.6)	(170.2)
Non-Factor Services	5.5	↓ 4.9	9.4
Transportation ¹	(23.0)	↑ 4.6	1.2
Insurance	28.1	↑ 85.6	0.8
Travel	8.7	↓ (14.3)	(12.1)
Government	37.0	↓ 16.6	0.5
Miscellaneous Services ²	15.4	↑ 24.5	19.1
Imports	(2.6)	↓ (19.2)	169.4
Total Merchandise Imports	(3.4)	↓ (22.6)	183.4
Non-Factor Services	7.7	↓ 18.9	(14.0)
Transportation	28.4	↓ (3.2)	0.4
Insurance	2.2	↓ (37.6)	0.2
Travel	10.8	↓ (0.6)	0.2
Government	61.8	↓ 2.3	(0.1)
Miscellaneous Services	(0.9)	↑ 66.7	(14.8)
Gross Domestic Product	3.9	↓ 0.4	91
Gross National Product	6.4	↓ 4.4	100.0

Source of basic data: NSCB

¹ Includes passenger & other transportation services; e.g. cargo handling, storage & warehousing, packing services

² Includes IT-enabled services e.g. contact centers, medical transcription, software development, etc.

The National Income Accounts showed that in terms of industrial origin, Mining & Quarrying output expanded 16.1 percent.

Construction growth was flat, posting a growth rate of 16.7 percent during the first quarter of 2009 from an expansion of 16.8 percent the previous year. It accounted for 12.8 percent of the GDP growth from January to March 2009. The period also saw Public Construction growth become less negative, from a decline of 10.9 percent in 2008 to negative 4.4 percent this year. Private Construction on the other hand, was still up. This is a bright spot because it is expected to go down because of the crisis. This can be explained by the fact that a lot of real estate developments went on because during a down turn, prices of construction materials are low.

Table 4.b. National Income Accounts, by Industrial Origin, Philippines: First Quarter of 2009 (at constant 1985 prices).

Industry	Growth Rates		Contribution to Growth (Q1 2009)
	Q1 2008	Q1 2009	
Agri., Fishery, Forestry	2.8	↓ 2.1	8.4
Industry	2.7	↓ (2.1)	(13.5)
Mining & Quarrying	12.3	↑ 16.1	6.4
Manufacturing	2.4	↓ (7.3)	(33.3)
Construction	16.8	↔ 16.7	12.8
<i>Public</i>	(10.9)	↑ (4.4)	(2.2)
<i>Private</i>	(0.2)	↑ 17.3	16.9
Elect., Gas and Water	9.4	↓ 1.0	0.7
Service	5.2	↓ 1.4	14.1
Transport, Comm., Storage	5.6	↓ 4.1	7.7
Trade	1.1	↓ (0.2)	(0.8)
Finance	12.2	↓ 0.2	0.2
<i>Banks</i>	15.8	↓ 2.0	2.1
<i>Non-Banks</i>	1.8	↓ (9.4)	(0.9)
<i>Insurance</i>	2.8	↓ (4.0)	(1.0)
O. Dwellings & R. Estate	7.2	↓ 1.8	1.8
<i>Real estate</i>	21.3	↓ (0.5)	(0.1)
<i>Ownership of dwellings</i>	1.9	↑ 2.7	1.9

**Table 4.b. National Income Accounts, by Industrial Origin, Philippines:
First Quarter of 2009 (at constant 1985 prices).**

Industry	Growth Rates		Contribution to Growth (Q1 2009)
	Q1 2008	Q1 2009	
Gross Domestic Product	3.9	↓ 0.4	91
Gross National Product	6.4	↓ 4.4	100.0

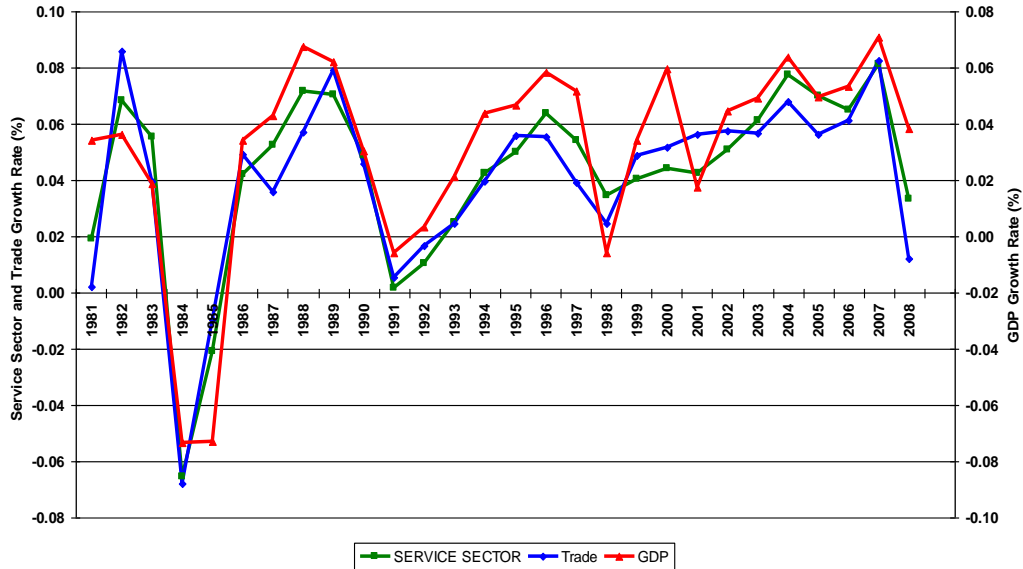
Source of basic data: NSCB

Services growth figures during the first quarter of 2009 are a typical. For example, this is the first time that growth rates of Wholesale and Retail trade is down, probably in 13 years.

Finance, being the epicenter of the global crisis, is expectedly down to 0.2 percent growth. Looking at the sub-sectors of Finance, we can glean that output from Banks slowed down with a growth rate of 2.0 percent from a peak of 15.8 percent previously. Unfortunately, Non-Banks and Insurance sub-sectors slid with negative 9.4 percent and negative 4.0 percent growth rates, respectively. This may be attributed to the current crisis of confidence in quasi-banks and insurance companies.

While Real estate growth fell to negative 0.5 percent, the housing sector expanded by 2.7 percent from 1.9 percent growth rate the previous year. As it is, housing's contribution to the economy remains at a meager 1.9 percent.

Figure 2. Annual Growth Rates of the Service Sector, Trade and GDP, Philippines: 1981 to 2008 (at 1985 Constant Prices).

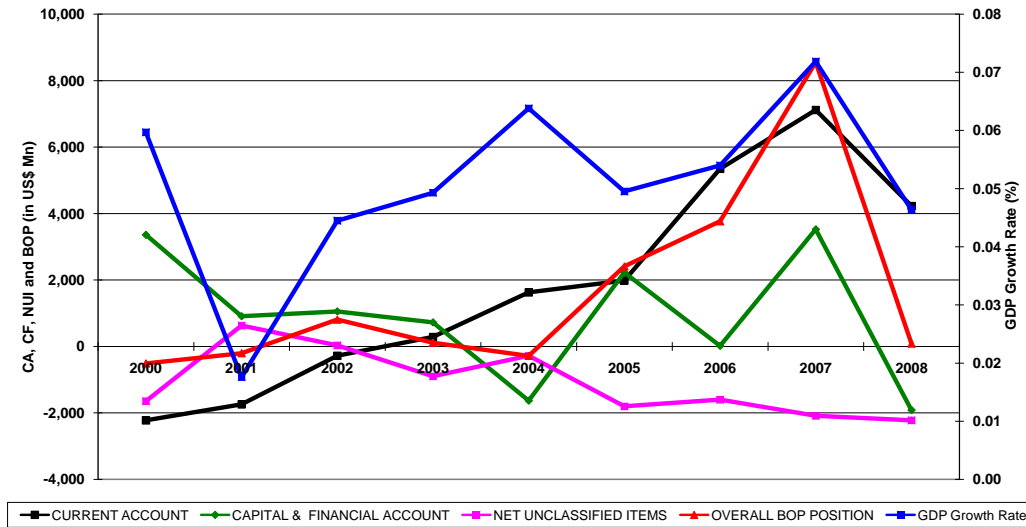


Source of basic data: NSCB

Figure 2 offers some historical growth figures of the Services sector, trade and the GDP. It can be observed that the 1.4 percent growth in the Services sector for the first quarter of 2009 was at its lowest since 1998. Since then, it grew above 4.0 percent until ten years later when it slid below 2.0 percent.

Figure 3 illustrates the severity of the crisis, which has affected even the previously resilient sectors of the economy. In 2007, the country's Balance of Payment (BOP) position is over US\$8 billion. Historically, our BOP has been improving since 2005 until in 2008 when it fell by half to \$4 billion. This was the rallying point of the strong peso in the previous years.

Figure 3. Overall Balance of Payment Position & GDP Annual Growth Rates, Philippines: 2000 to 2008 (at 1985 Constant Prices).



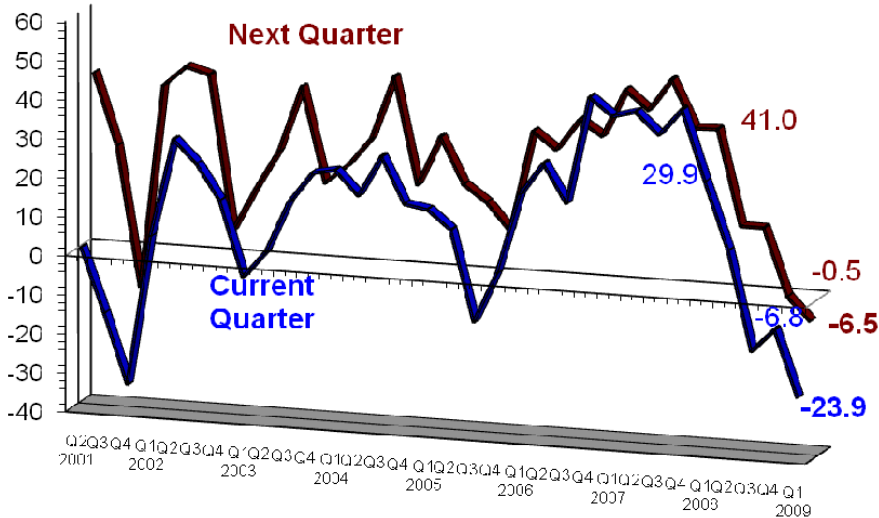
Source of basic data: Bangko Sentral ng Pilipinas (BSP) and NSCB

What are the contributors to our strong BOP position? The current account has been improving since 2003. Current account is exports minus the imports, plus the Net Factor Income from Abroad, minus the amount we have been paying to service our national debts. It is the current account that has been supporting the peso.

With that, business confidence and consumer outlook figures offer some optimism in the coming months. The Bangko Sentral ng Pilipinas (BSP) reported that during the first three months of the year, business sentiment was negative. But it is expected to make a rebound towards the third quarter of 2009 (**Figures 4 and 5**).

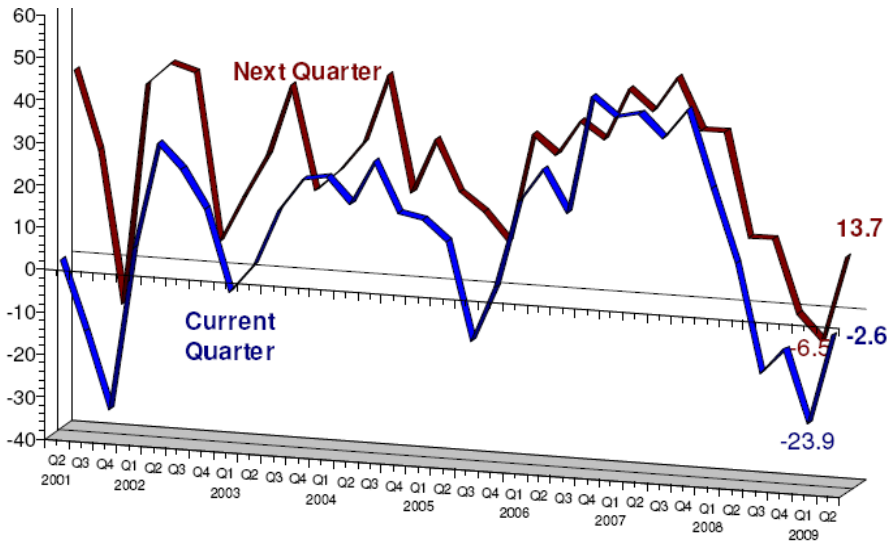
Likewise, **Figure 6** illustrates that consumers are taking a more optimistic view that the economy will improve towards the latter part of the year and will continue in the next 12 months.

Figure 4. Overall Business Confidence Index, Philippines: Q2 2001 to Q1 2009.



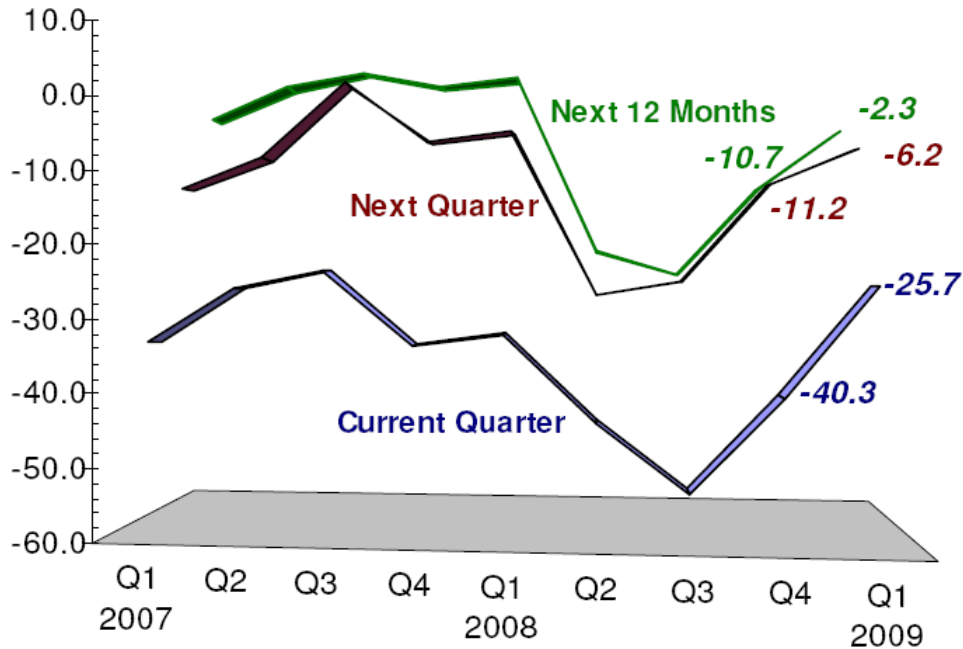
Source of basic data: BSP

Figure 5. Overall Business Confidence Index, Philippines: Q2 2001 to Q2 2009.



Source of basic data: BSP

Figure 6. Overall Consumer Outlook Index, Philippines: Q1 2007 to Q1 2009.



Source of basic data: BSP

Observations of the Bangko Sentral ng Pilipinas

1. General weakening of economic conditions
2. Inflation decelerated and is well-anchored
3. Peso weakened YTD
4. Domestic liquidity continued to strengthen
5. Decline in domestic interest rates
6. Economic turnaround expected in Q3 2009

BSP: Why the Economy Should Hold Up in 2009

1. Strong domestic demand
2. Vulnerability to trade relatively modest
3. Remittances to drive consumption
4. BPO to push growth further
5. Lower prices to support demand
6. Monetary easing to enhance demand
7. Higher public spending
8. Banking system remains stable
9. Construction a key growth driver
10. Real estate to remain resilient

BSP: RP Better-Prepared Than Before

1. External balances strengthened
2. Forex reserves increased
3. Public debt burden reduced
4. Banking supervision improved

According to the Philippine Stock Exchange, we are now in a better position compared during the 1997 Asian financial crisis. **Table 5** reveals that the country's external payment position has improved and the banking sector has achieved a higher degree of stability.

The country's current account as a percentage of GDP during the 1997/1998 crisis was negative 5.1 percent, now it is positive 2.5 percent. Our vulnerability has likewise been lessened since our external debt as a percentage of GDP is down at 32.0 percent, compared to 70.8 percent during the Asian financial crisis. In the same manner, we are in a comfortable position right now with our gross international reserves at six months of import cover than the three-month cover previously.

The banking sector also proved resilient during the global financial crisis with a lower non-performing loan ratio of 3.7 percent from a high of 11.0 percent a decade ago. In the same manner, returns on equity and assets have also improved at 8.7 percent and 1.0 percent, respectively.

Table 5. Selected Philippine External & Banking Sector Indicators, Philippines: 1997 to 1998 and 2008 to 2009.

Selected Philippine External & Banking Sector Indicators		
	1997/1998	2008/2009
External sector		
Current account, in % of GDP	(5.1) ^a	2.5 ^c
External debt, in % of GDP	70.8 ^b	32.0 ^c
Gross International Reserves (GIR) in months of import cover	3.08 ^b	6.28 ^e
Banking sector		
Non-performing loan (NPL) ratio, in %	11.0 ^b	3.7 ^d
Return on equity (ROE), in %	5.9 ^b	8.7 ^c
Return on assets (ROA), in %	0.8 ^b	1.0 ^c

^a 1997

^b 1998

^c 2008

^d February 2009

^e April 2009

Source of basic data: Bangko Sentral ng Pilipinas (BSP)

What Others are Saying?

1. RP in brink of recession – World Bank

According to the World Bank, the country is in a recession. Critics like former Secretaries Benjamin Diokno and Cielito Habito, as well as opposition-leaning press agree to this since our GDP grew by a meager 0.4 percent. They point that government has not been spending enough. But if it does, it will borrow from the domestic market at the expense of the private sector, which will find it hard to borrow due to the high interest rates. If not for the OFW's, the country, with its reeling export sector, will definitely suffer a recession.

2. US recovery talk is overplayed

The performance of the US stock market is a leading indicator of its economic health. But its erratic capital markets make it difficult to say if the US will really recover in the near term. Usually, the stock market reflects what people expect to happen six or seven months ahead. So if the talks about recovery are true, we should be seeing signs of it by now.

3. Doubts on governments' stimulus packages

Speculations over the stimulus packages are going around. Actually, we are not the only ones overly cautious on how it will be spent. Even the international press has tagged the American Troubled Asset Relief Program (TARP) a "crony capitalist package." There are debates, even among economists, on how to best stimulate the economy.

4. Resort to Samurai bonds

We expect that the government will borrow from Japan as it is cheaper to do so. This will be a prudent move since there is a danger to crowd out the private sector if the government borrows domestically.

Summary of Observations

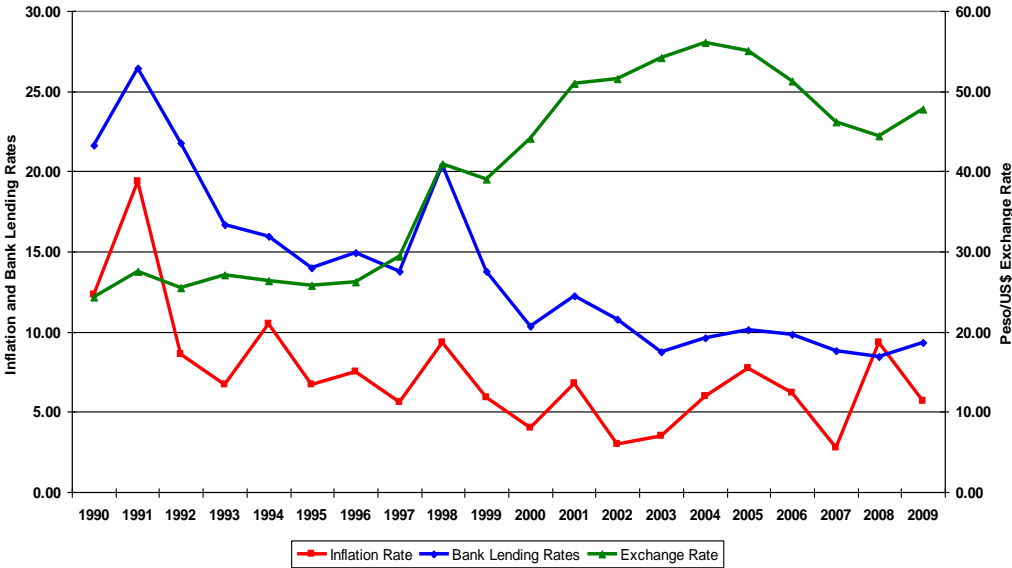
1. Interest rates unlikely to go down further
2. Not good for the equities market
3. Concerns on government deficit spending
4. Possible decline in private sector spending
5. "Wait and see" attitude
6. Election effects
7. Crowding out of private capital

What to Expect in the Third Quarter of 2009?

1. Q3 inflation rates to go down further but not enough to pull down interest rates
2. Upward pressure on domestic interest rates if gov't continues to borrow locally
3. Q3 waiting for clear signals from the US
4. Global commodity prices will follow US' pronouncement that they are out of the recession
5. Housing sector: no spike in rates

**UPDATES OF SELECTED VARIABLES AFFECTING
HOUSING & REAL ESTATE**

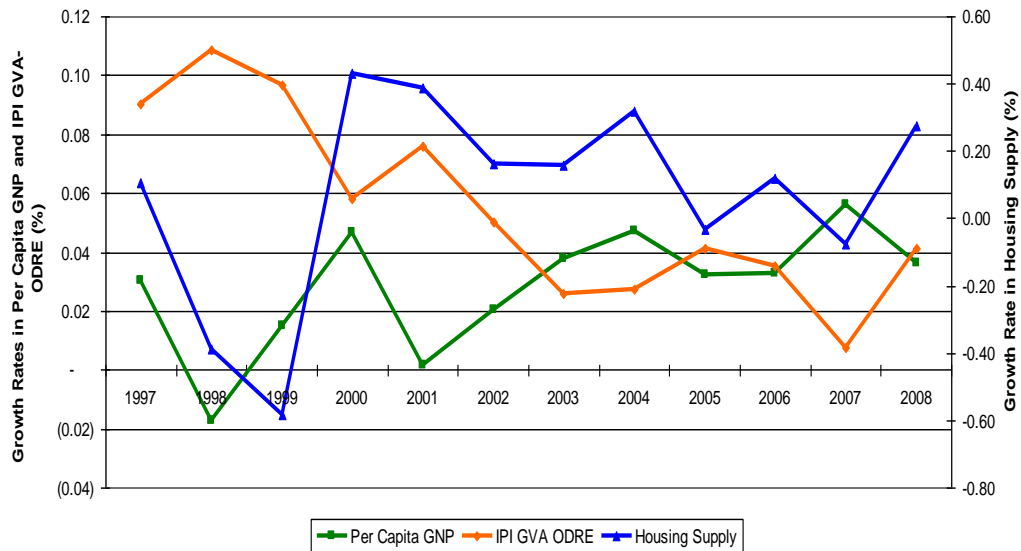
Figure 7. Inflation, Exchange Rates and Bank Lending Rates, Philippines: 1990 to 2009.



Source of basic data: BSP

Inflation is going down. Not until the US is out of the economic mess it is in right now, prices of commodities are expected to remain down. Once the US regains its momentum and starts demanding again for foreign products, prices will surge. Bank lending rates are keeping up with the trend in exchange rates. The peso is weakening but as noted earlier, prices will continue to fall (**Figure 7**).

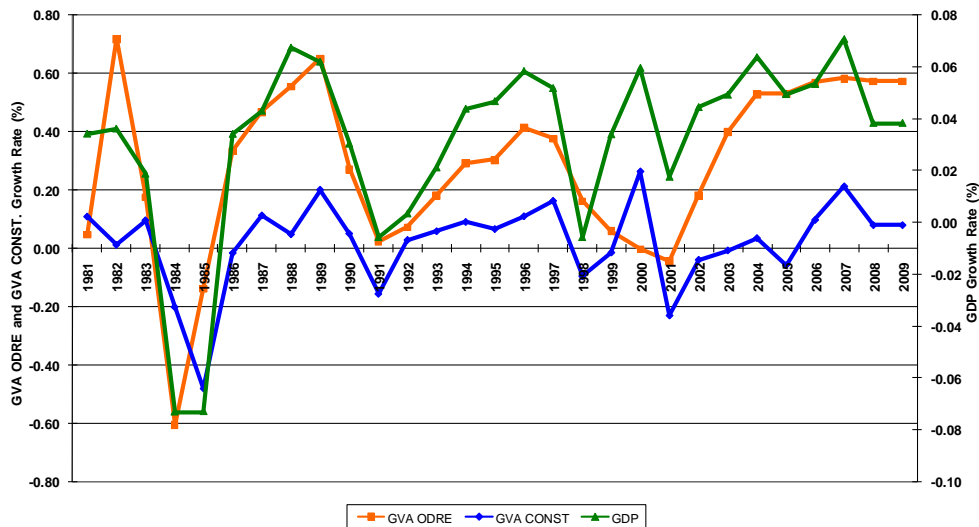
Figure 8. Growth Rates of Per Capita GNP, IPI-GVA ODRE and Housing Supply, Philippines: 1997 to 2008.



Source of basic data: NSCB and HLURB

Figure 8 shows that housing supply follows per capita GNP; thus when per capita GNP grows, housing supply also grows. There is a tendency for developers to over produce, which results in a gap in the system that brings house prices down. This has been happening since the Asian financial crisis. But of late, house prices have begun to pick up and therefore, home buyers are advised to start buying because prices are going up.

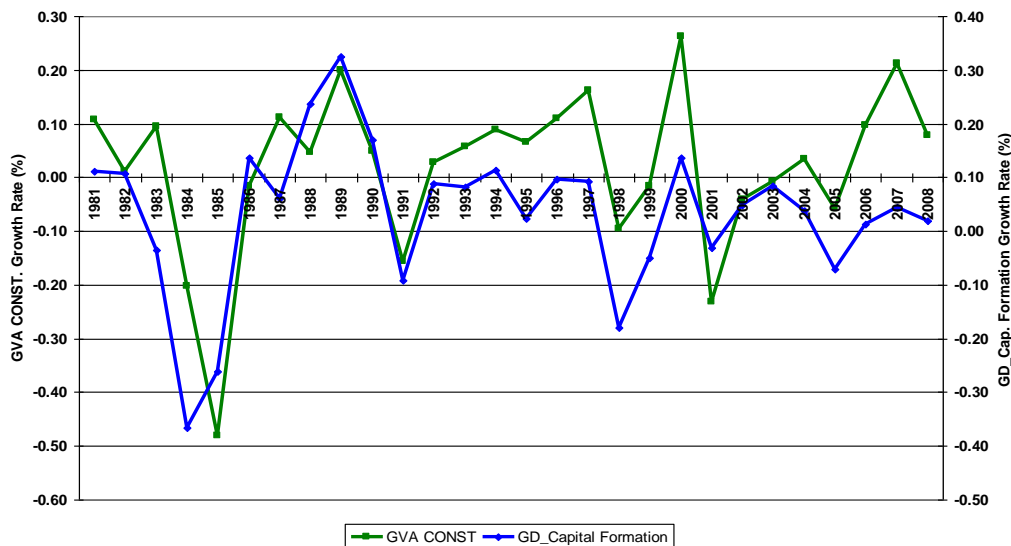
Figure 9. Growth Rates of GVA ODRE, GVA Construction and GDP, Philippines: 1981 to 2009.



Source of basic data: NSCB

Figure 9 plots the growth rates of the gross value added in real estate, construction and GDP from 1981 to 2009. For the period 1984-1985 until the Asian financial crisis of 1997, output figures from these three parameters have followed the same trend. But after that, growth in real estate and housing took a path of its own, expanding faster and being more stable.

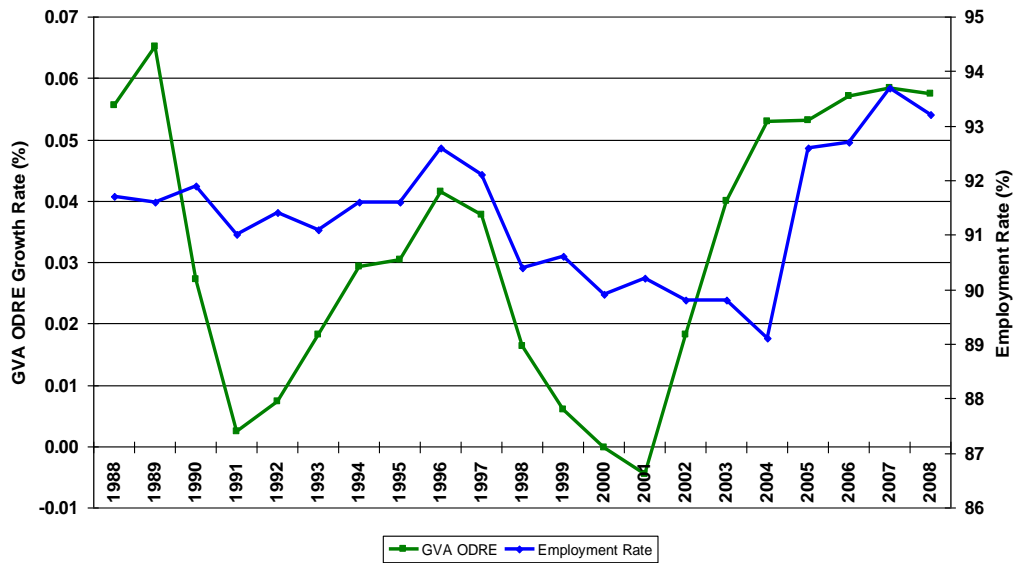
Figure 10. Growth Rates of GVA Construction and Gross Domestic Capital Formation, Philippines: 1997 to 2008.



Source of basic data: NSCB

Using Gross Domestic Capital Formation as proxy measure for political instability, allows us to see that in the absence of instability in the country's political front, investments are up. **Figure 10** illustrates the sensitivity of construction growth to the expansion in investments.

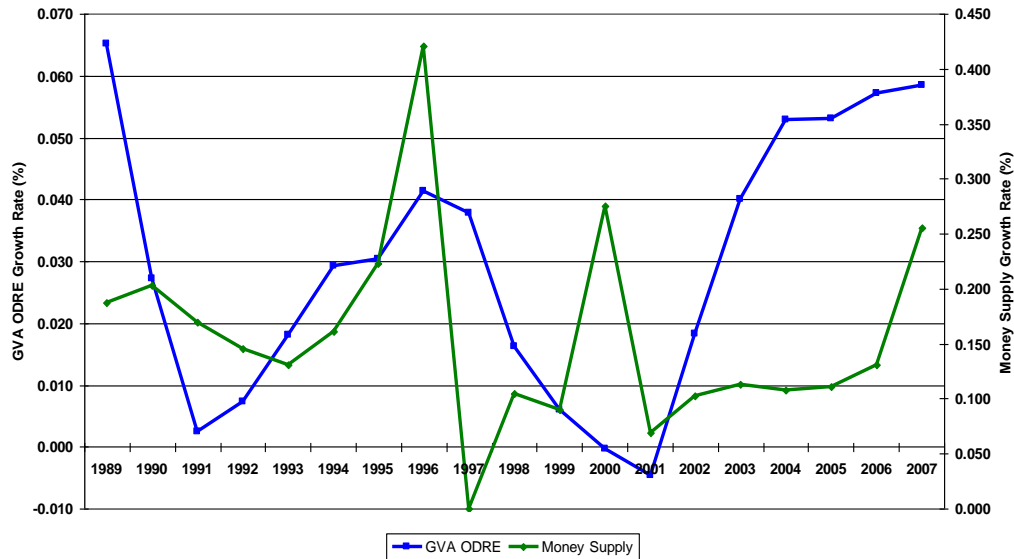
Figure 11. Growth Rates of GVA ODRE and Employment Rate, Philippines: 1998 to 2008.



Source of basic data: NSCB

Figure 11 simply shows that when employment is up, real estate is also upbeat.

Figure 12. Growth Rates of GVA ODRE and Money Supply, Philippines: 1989 to 2007.

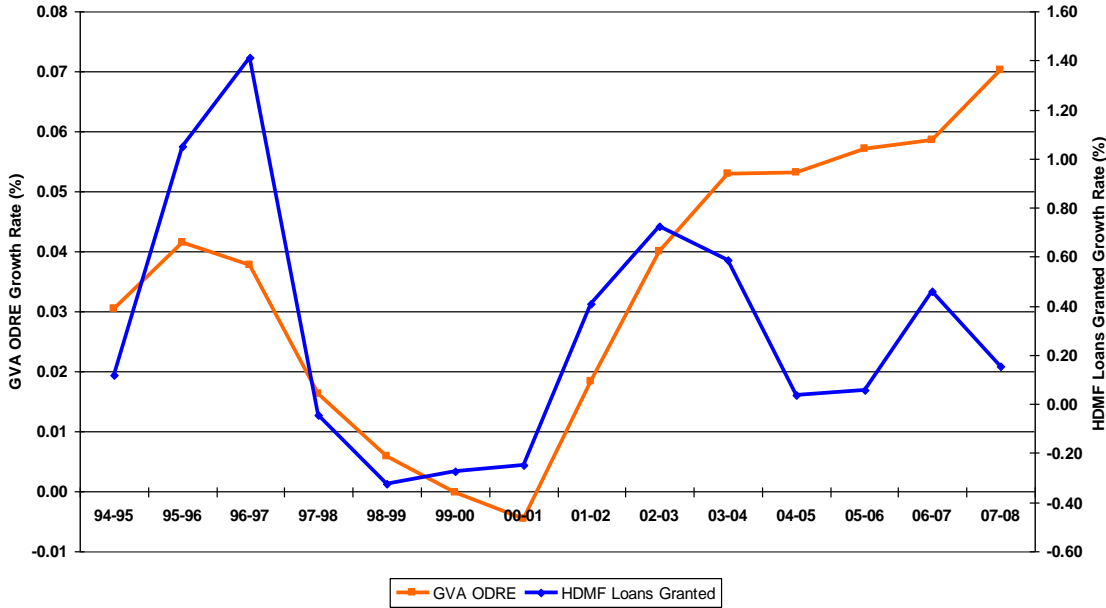


Source of basic data: NSCB

Generally, it is good for real estate when there is ample liquidity in the system as can be seen in **Figure 12** which plots the growth rates of the gross value added in Ownership of Dwellings and Real Estate against the growth in money supply. Indeed, the BSP, SSS, GSIS and Pag-IBIG have supplied the needed liquidity into the system.

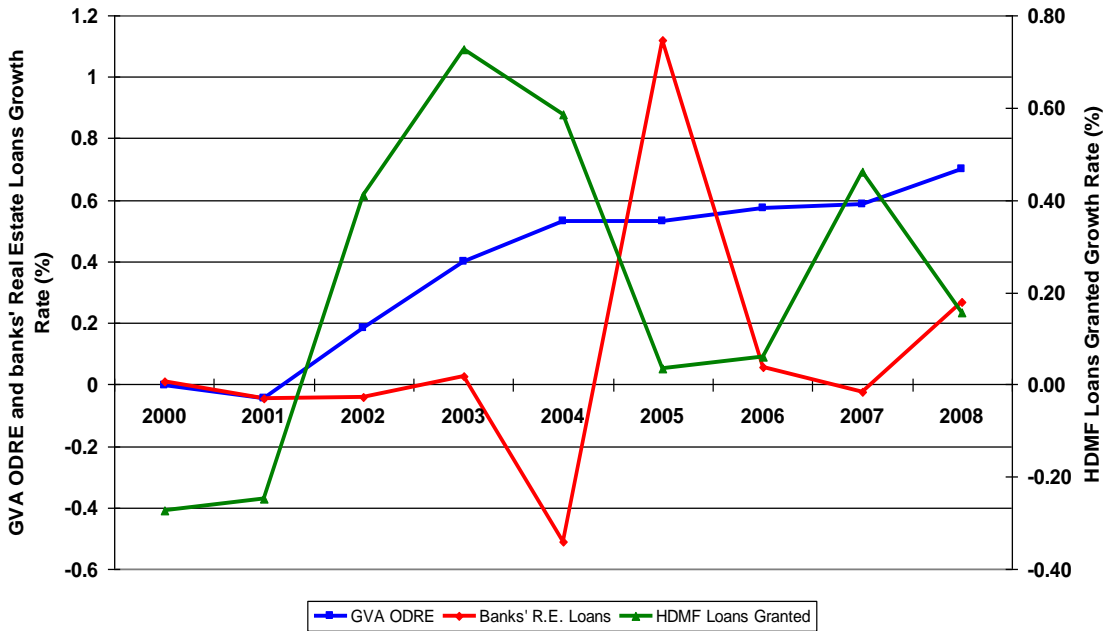
Figure 13 shows that the real estate sector grows along with HDMF loans. For the period 2004 to 2006, HDMF loans granted slowed down. Nevertheless, real estate continued to grow. Fortunately, the banking sector made up for the 2004 to 2006 “plateau” of HDMF loans growth (**Figure 14**).

Figure 13. Growth Rates of GVA ODRE and HDMF Loans Granted, Philippines: 1994 to 2008.



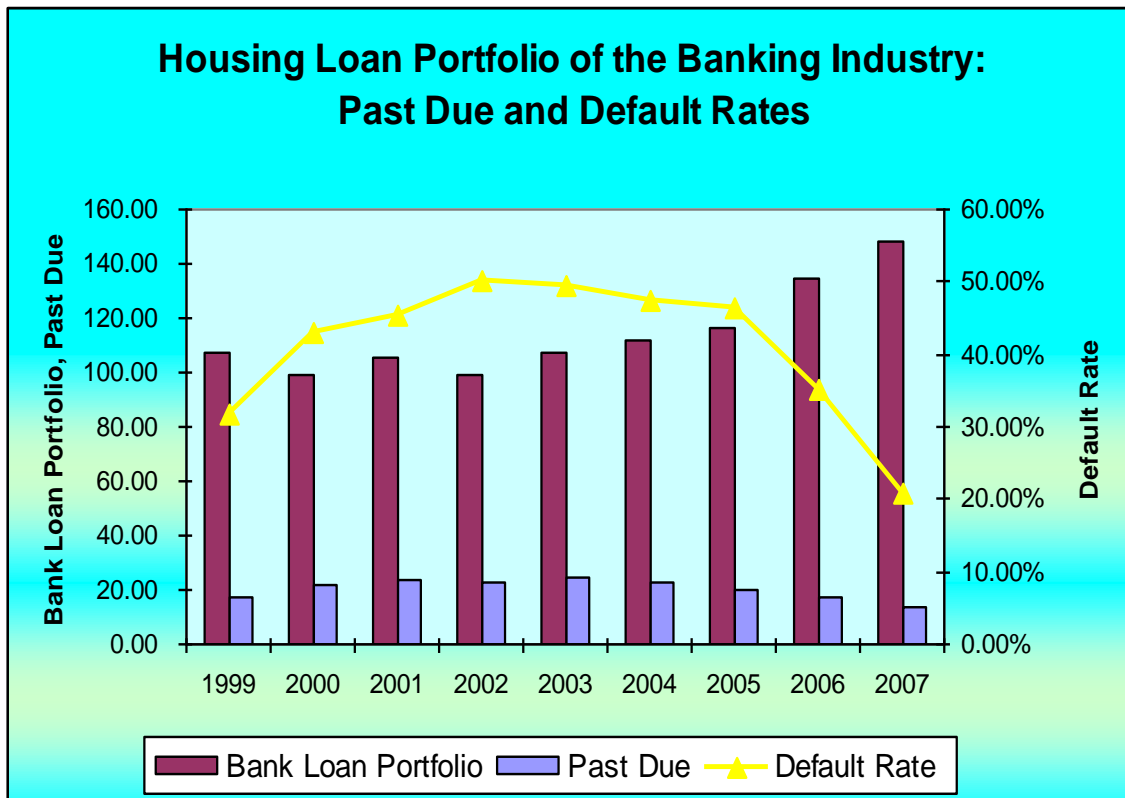
Source of basic data: NSCB and HDMF

Figure 14. Growth Rates of GVA ODRE, Banks' Loans to Real Estate, and HDMF Loans Granted, Philippines: 2000 to 2008.



Source of basic data: NSCB and HDMF

Figure 15. Housing Loan Portfolio of the Banking Industry: Past Due and Default Rates, Philippines: 2000 to 2008.

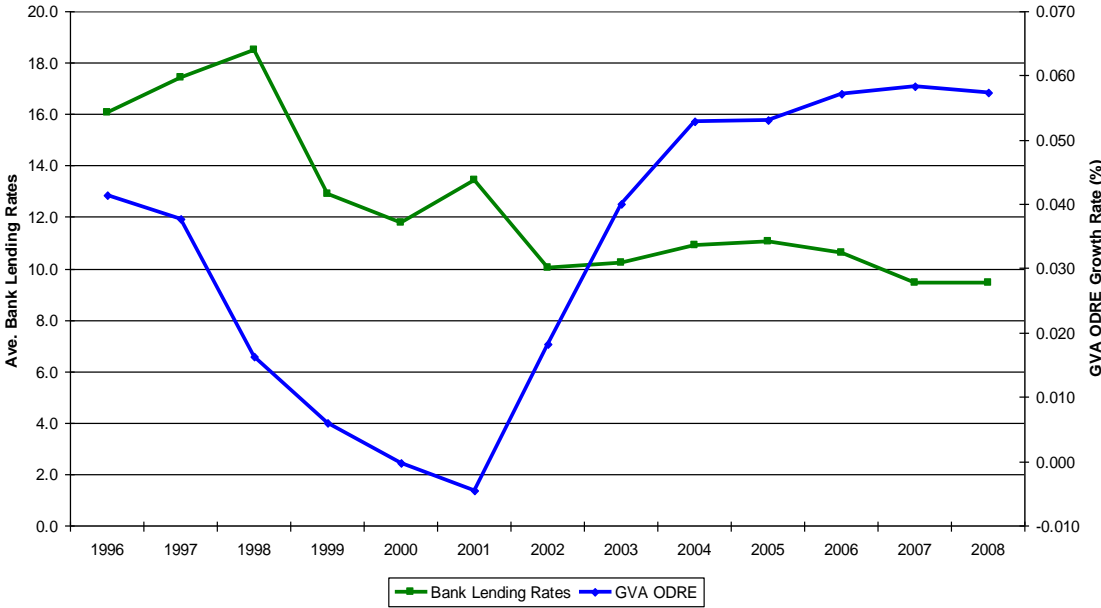


Source of basic data: BSP

Figure 15 clearly points to another reason for the resilience of housing and real estate. The declining housing loan default rates and past due accounts explain the sustained increase in banks' real estate loan portfolio. The sector has been insulated from political instabilities in a way. Add to this, the discipline that has been developed by borrowers and lenders alike since the Asian financial crisis of 1997.

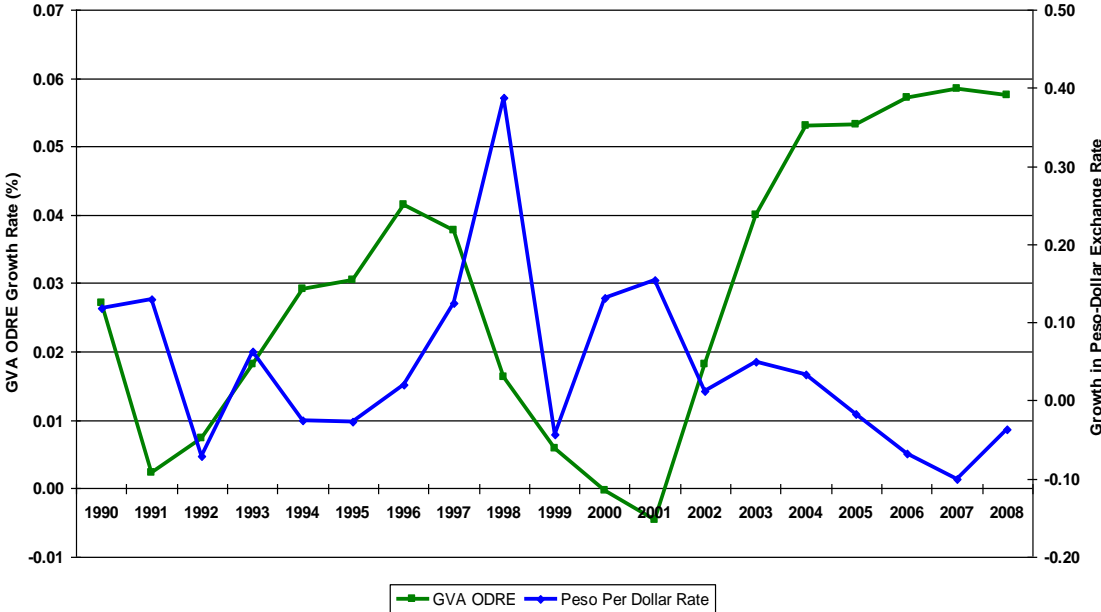
Figure 16 also explains the growth in the housing and real estate due to the regime of low bank lending rates for the past ten years. Needless to say, it offers a favorable climate for borrowing.

Figure 16. Bank Lending Rates and Growth Rates of GVA ODRE, Philippines: 1996 to 2008.



Source of basic data: NSCB and BSP

Figure 17. Growth Rates in Peso-Dollar Rates and GVA ODRE, Philippines: 1990 to 2008.



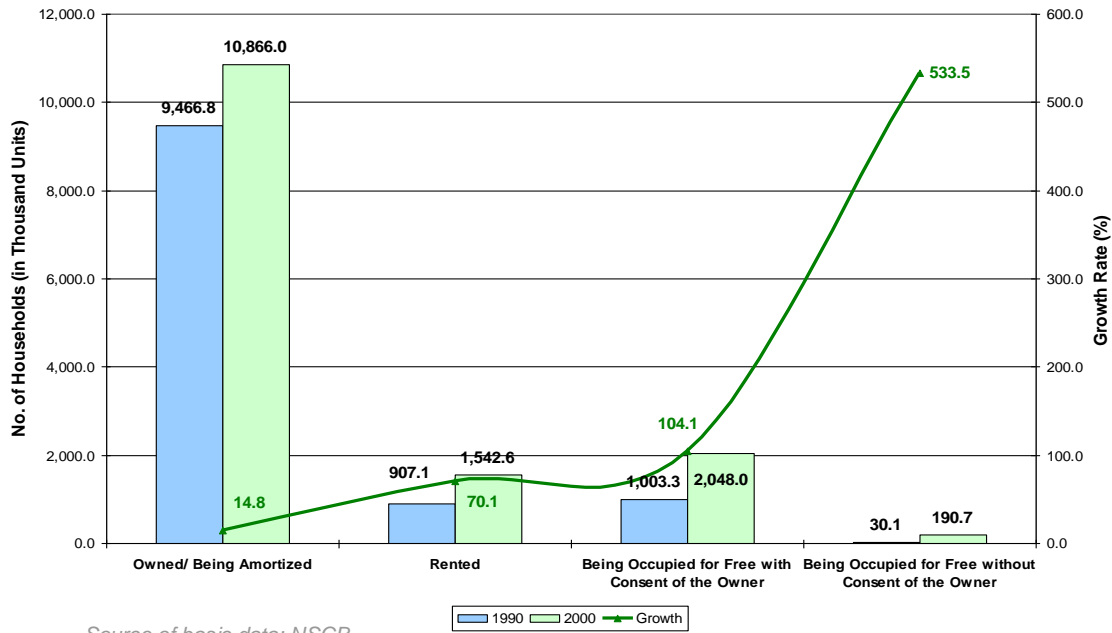
Source of basic data: NSCB and BSP

Finally, the real estate's resilience can also be attributed to the support that a strong peso offers. But it is not necessarily the strength of the peso that has been favoring the sector *per se*. It is the stability in the peso-dollar exchange rates over the previous years that have been keeping real estate upbeat.

We offer the above explanations why housing and real estate is still up despite the global financial crisis and its ripple effects that have reached our shores. We remain optimistic even if the whole economy is experiencing some weakness.

NOT-SO-POPULAR HOUSING STATISTICS

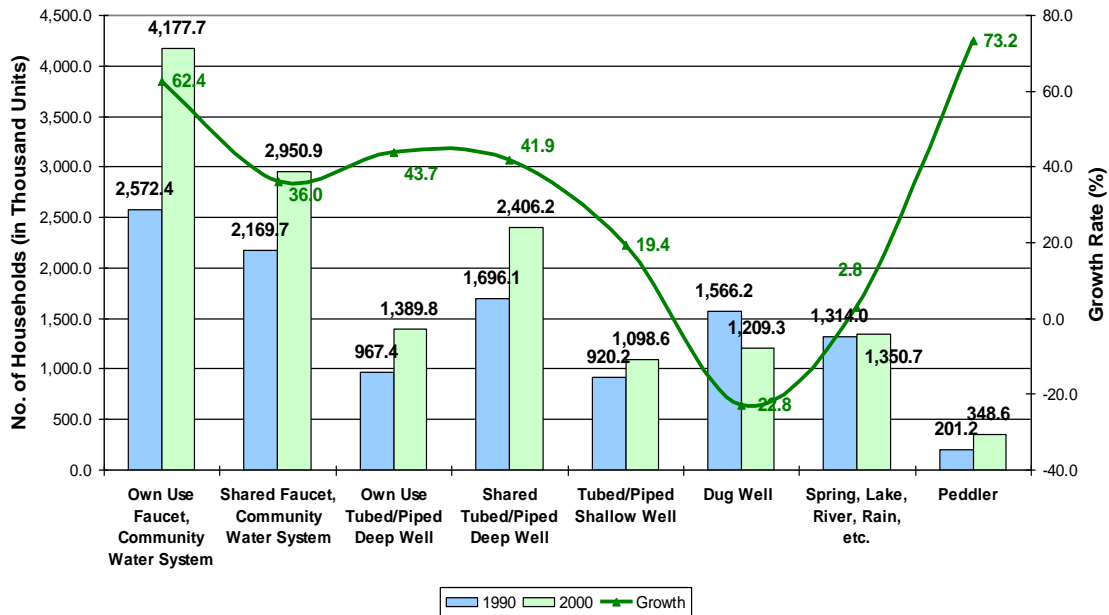
Figure 18. Households' Occupied Housing/Dwelling Units, Philippines: 1990 and 2000.



The following graphs illustrate various housing-related statistics that we gathered from the National Statistical Coordination Board (NSCB) and the National Statistics Office (NSO).

Figure 18 shows the types of dwelling units occupied by Filipino households from 1990 to 2000. Dwelling units **owned/being amortized** posted a growth of 14.8 percent for the ten-year period. Units **rented** also expanded but by 70.1 percent and units **occupied for free with the consent of owner** by 104.1 percent. The latter is largely composed of agricultural farmland tenants. Alarming, the highest growth was observed in units **occupied without the consent of owner** which skyrocketed by 533.5 percent from 1990 to 2000. This figures paint a gloomy picture for all us in the housing sector, since it reflects the rise of the informal and illegal settlers and occupants.

Figure 19. Households' Source of Water Supply, Philippines: 1990 and 2000.



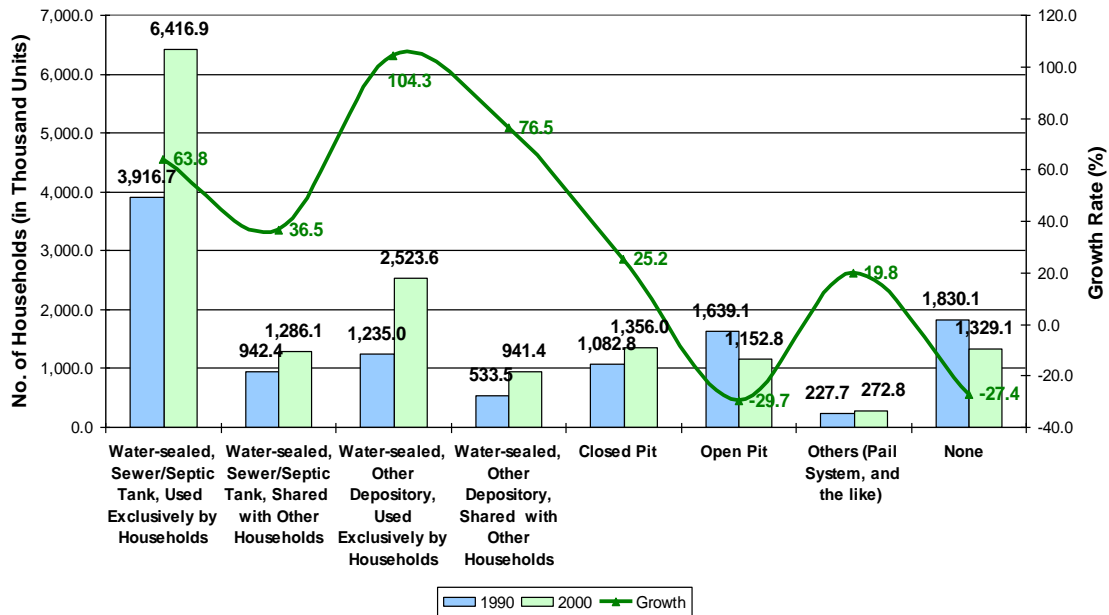
Source of basic data: NSCB

Figure 19 exhibits Filipino households' sources of water supply. Over the ten-year period from 1990 to 2000, **own use, faucet, community water system** in households went up by 62.4 percent, **shared faucet, community water system** grew by 36.0 percent, **own use tubed/piped deep well** expanded by 43.7 percent, **shared tubed/piped deep well** climbed by 41.9 percent, and **tubed/piped shallow well** rose by 19.4 percent.

There remains fraction of the populace that use **dug well** as a source of water and it posted a 22.8 percent growth rate from 1990 to 2000. Surprisingly, there is also a slight 2.8 percent growth in the use of **spring, lake, river, rain, etc.** as a source of water.

It is noteworthy that Filipino households have increasingly become dependent on **peddlers** as their source of water, specifically for drinking purposes. The use of these water distributors have grown by a stunning 73.2 percent during the ten-year period.

Figure 20. Households' Kind of Toilet Facility, Philippines: 1990 and 2000.



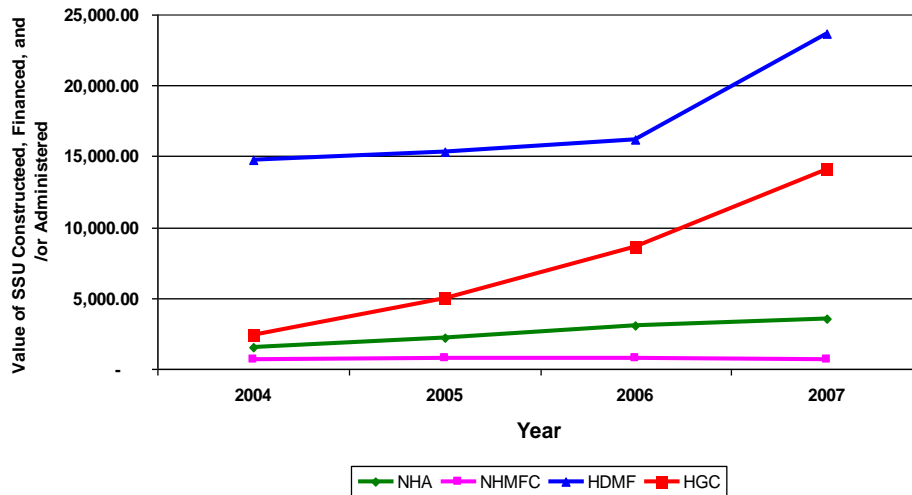
Source of basic data: NSCB

Figure 20 sheds light on the type of toilet facility used in Filipino households from 1990 to 2000. The more formal types include **water-sealed, sewer/septic tank used exclusively by households** and those **shared with other households** posted growth rates of 63.8 percent and 36.5 percent, respectively.

A faster growth of 104.3 percent in the use of toilet facilities that are **water-sealed, other depository used exclusively by households** was also observed during the period. This type of facility uses no septic tank. Of this type, there are also those that are **being shared with other households** and which likewise gained in terms of use by 76.5 percent.

Other toilet facility types listed include **close pit** and the **pail system and the like** which continues to be in use. There is an observable decline in the use of **open pit** by 29.7 percent and those with **no toilet facility** at all by 27.4 percent.

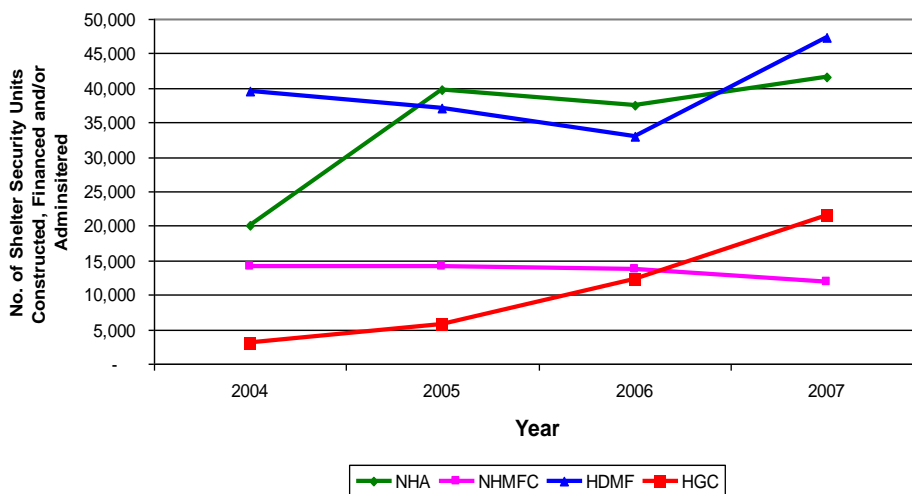
Figure 21. Value of Shelter Security Units, Philippines: 2004 to 2007.



Source of basic data: NSO

Figure 21 and Figure 22 reflect the statistics generated by the Key Shelter Agencies (KSAs) and submitted to the Housing and Urban Development Coordinating Council (HUDCC). The NSO reports the value and number of Shelter Units Constructed, Financed or Administered, in their effort to account for the accomplishments of the KSAs. Comparability issues remain, however.

Figure 22. Number of Shelter Security Units, Philippines: 2004 to 2007.



Source of basic data: NSO

Table 6. Total Housing Expenditure & Percent to Total Family Expenditure by Income Decile, Philippines: 1997 to 2000.

Region / Income Decile	Total Housing Expenditure (in P1,000)		Percent to Total Family Expenditure					
			Total Housing Expenditure		Rent/Rental Value of House and Lot		Maintenance and Minor Repair	
	1997	2000	1997	2000	1997	2000	1997	2000
Philippines	215,802,014	272,311,759	15.3	15.1	14.2	14.2	1.1	0.9
First Decile	2,521,231	3,362,998	7.8	8.4	7.1	8.0	0.6	0.5
Second Decile	3,843,252	5,370,532	7.9	8.7	7.1	8.1	0.9	0.7
Third Decile	5,003,674	6,976,480	8.3	9.1	7.4	8.4	1.0	0.7
Fourth Decile	6,813,353	9,430,695	9.5	10.1	8.4	9.4	1.1	0.8
Fifth Decile	9,079,412	12,345,649	10.5	11.0	9.6	10.3	0.9	0.8
Sixth Decile	12,289,276	17,553,761	11.5	12.8	10.6	12.0	0.9	0.8
Seventh Decile	17,133,395	23,017,987	12.8	13.4	11.7	12.6	1.1	0.8
Eight Decile	23,696,937	30,374,080	14.2	14.1	12.9	13.4	1.3	0.7
Ninth Decile	34,744,516	42,742,188	15.3	14.9	14.1	14.1	1.2	0.7
Tenth Decile	100,676,969	121,137,387	21.0	19.9	20.0	18.8	1.0	1.1

Source: National Statistics Office.

Table 6 shows the Filipino households' **total housing expenditure** and its **percent to total family expenditure by income decile** in 1997 and 2000. This clearly illustrates that well-off households spends more for housing than the financially constrained households. In 2000, the total housing expenditures of Filipinos went up by 26.18 percent to PhP272Bn from PhP216Bn in 1997.

As a percent of total family expenditure, the average Filipino family spends about 15 percent of its income on housing, either by renting or amortizing it. Using this figure, let us analyze who can afford a socialized housing unit, which at present has a value of PhP400,000.

The annual amortization for a socialized housing at six percent would be PhP24,000. If this amount is the 15 percent of a family's income, the family should be earning more than PhP160,000 a year. Dividing this figure by 12 months would yield PhP13,000. Therefore, the average Filipino household should be earning PhP13,000 a month for it to cover its housing expenditures.

Using the same computation above for the poorest 10 percent of the population would show a dismal state of affairs that led us to conclude that socialized housing is only affordable to the top 13 percent of the population.

Table 7. Number of Occupied Housing Units by Construction Materials of Outer Walls and Roof, Philippines: 2000.

Construction Materials of the Outer Walls	Total Number of Occupied Housing Units	Construction Materials of the Roof							
		Galvanized Iron/Aluminum	Tile/Concrete/Clay Tile	Half Galvanized Iron/Half-Concrete	Wood	Cogon/Nipa/Anahaw	Makeshift Salvaged/Improvised Materials	Asbestos/Others	Not Reported
Philippines	14,891,127	10,066,730	138,050	689,226	306,121	3,315,374	107,786	57,300	210,540
Concrete/brick/stone	4,587,978	4,323,530	100,987	67,627	10,657	73,176	2,934	9,067	-
Wood	3,381,339	2,263,524	10,670	70,193	227,549	786,637	12,031	10,735	-
Half concrete/brick/stone and half wood	2,816,272	2,146,675	17,607	483,460	23,369	137,000	3,995	4,166	-
Galvanized iron/aluminum	144,234	118,741	1,307	13,389	3,827	6,159	539	272	-
Bamboo/sawali/cogon/nipa	3,399,180	1,044,744	5	43,592	35,625	2,238,453	15,775	20,852	134
Asbestos	8,823	5,623	1,321	493	262	-	-	1,121	3
Glass	4,895	3,594	669	260	121	-	-	249	2
Makeshift/salvaged/improvised materials	181,769	66,216	15	3,030	1,212	38,497	70,817	1,884	98
Others/not reported	352,293	85,186	4,536	6,466	2,948	33,167	1,129	8,634	210,227
No walls	14,344	8,897	933	716	551	2,285	566	320	76

Source: National Statistics Office.

Table 7 presents the number of occupied housing units by construction materials of outer walls and roof for the year 2000. Of the 15 million households, at least 10 million occupied housing units have **galvanized iron / aluminum** roofs, three million have **cogon / nipa / anahaw** roofs, 689,226 have **half galvanized iron / half concrete**, 306,121 use **wood**, 138,050 use **tile / concrete / clay tile**, and 107,786 use **makeshift / salvaged / improvised materials**. Alarming, 57,300 occupied housing units still use **asbestos** for roofing, a known carcinogenic.

In terms of construction materials of outer walls, over four million households have **concrete / brick / stone**, more than three million use **wood**, and another three million use **bamboo / sawali / cogon / nipa**.

Other materials used for the construction of outer walls of occupied housing units include **half concrete / brick / stone and half wood**, which is used almost three million households all over the country. **Galvanized iron / aluminum** and **makeshift / salvaged / improvised materials**, **asbestos**, and **glass** are also being used for outer wall construction.

Table 8. Number of Households by Type of Fuel Use and by Region, Philippines: 2000.

Region	Total No. of Households	Type of Fuel Used for Lighting				
		Electricity	Kerosene	LPG	Oil	Others
Philippines	15,278,808	10,421,197	4,153,917	188,109	21,384	494,201
NCR National Capital Region	2,132,989	1,976,739	32,304	37,051	920	85,975
CAR Cordillera Administrative Region	263,851	162,477	86,695	4,574	346	9,759
I Ilocos Region	831,549	659,464	142,397	8,219	1,008	20,461
II Cagayan Valley	554,491	349,995	188,175	5,774	860	9,687
III Central Luzon	1,632,047	1,426,030	143,857	16,433	944	44,783
IV Southern Tagalog	2,413,043	1,875,057	429,735	30,317	2,422	75,512
V Bicol Region	893,833	486,640	377,884	6,552	1,022	21,735
VI Western Visayas	1,211,804	691,538	457,873	9,690	1,931	50,772
VII Central Visayas	1,133,767	683,407	401,273	9,288	1,643	38,156
VIII Eastern Visayas	715,070	339,931	335,115	9,605	1,851	28,568
IX Western Mindanao	595,831	255,965	309,807	10,905	1,758	17,396
X Northern Mindanao	542,071	315,747	209,525	3,403	521	12,875
XI Southern Mindanao	1,066,199	626,927	399,447	12,483	1,593	25,749
XII Central Mindanao	501,870	248,033	233,824	6,232	1,493	12,288
XIII Caraga	393,362	211,172	169,389	3,544	287	8,970
ARMM Autonomous Region in Muslim Mindanao	393,269	108,769	236,450	13,992	2,785	31,273

Source: National Statistics Office.

Table 8 provides information on the type of fuel used for lighting by Filipino households as of 2000. Of the 15 million households, more than 10 million households have electricity. Largely, households in the National Capital Region, Central Luzon, and Southern Tagalog account for those who use electricity.

Other fuels used for lighting include kerosene which is used by about four million households; LPG, which is used by 188,109 households; and oil, which is used by 21,384 households.

About half a million households all over the country use other fuel sources for lighting purposes aside from those cited above.

Table 9. Number of Households by Usual Manner of Garbage Disposal and by Region, Philippines: 2000.

Region	Total Number of Households	Usual Manner of Garbage Disposal						
		Picked-up by Garbage Truck	Dumping in Individual Pit	Burning	Composting	Burying	Feeding to Animals	Others
Philippines	15,278,808	4,958,967	1,580,937	7,037,621	601,061	468,416	520,559	111,247
NCR National Capital Region	2,132,989	1,910,139	65,181	112,380	8,646	11,677	7,839	17,127
CAR Cordillera Administrative Region	263,851	71,956	48,711	95,182	13,564	5,312	27,305	1,821
I Ilocos Region	831,549	91,435	103,680	552,444	40,666	25,905	15,818	1,601
II Cagayan Valley	554,491	54,937	61,770	365,664	27,298	17,360	26,709	753
III Central Luzon	1,632,047	593,266	116,638	832,738	24,096	44,091	16,830	4,388
IV Southern Tagalog	2,413,043	995,845	142,288	1,134,021	45,007	58,476	29,819	7,587
V Bicol Region	893,833	122,161	89,201	517,172	30,617	50,706	79,216	4,760
VI Western Visayas	1,211,804	174,331	126,762	701,117	55,017	54,614	94,463	5,500
VII Central Visayas	1,133,767	252,241	126,249	609,406	62,251	32,544	45,655	5,421
VIII Eastern Visayas	715,070	99,739	139,304	313,645	39,029	23,188	90,331	9,834
IX Western Mindanao	595,831	72,477	116,305	307,466	52,104	22,458	12,788	12,233
X Northern Mindanao	542,071	104,687	69,921	298,329	35,262	17,296	12,552	4,024
XI Southern Mindanao	1,066,199	255,902	155,661	515,106	70,221	47,033	14,553	7,723
XII Central Mindanao	501,870	80,962	76,967	271,454	32,337	19,779	15,986	4,385
XIII Caraga	393,362	61,860	64,527	186,595	43,727	15,738	15,166	5,749
ARMM Autonomous Region in Muslim Mindanao	393,269	14,401	77,666	224,085	21,210	22,057	15,529	18,321

Source: National Statistics Office.

Table 9 shows the usual manner of garbage disposal by Filipino households in 2000. Of the 15 million households, a third disposes their garbage through a **garbage truck**, 1.5 million households dump their garbage in **individual pits**, seven million households burn their waste materials, 601,061 households employ composting, less than half a million households bury their garbage, and a little over than half a million feed their garbage to animals.