

# ShelterTech Masterclass: Understanding the low-income housing sector in the Philippines

ShelterTech Masterclasses are lessons held by regional housing experts. Despite the growing demand, low-income families remain underserved by formal housing markets. In the Philippines, underprivileged homeowners build in increments, often with limited access to sound construction advice and quality, eco-friendly materials. On the supply side, there's a huge missed opportunity, as building products and services are not designed according to seasonal income streams, informal employment or lack of land tenure. The startup community can play a key role in piloting new products and approaches related to housing finance, construction materials, services and innovation to support the housing needs of low-income families.

## Masterclass highlights



70% of the world's population accesses shelter through incremental housing (owner-driven construction).



In the Philippines, owner-driven construction composes 55% of the unserved or "invisible segment" of the housing market, often not recognized by banks, developers and private actors.



To address the housing gap, the "invisible segment" calls for improved policies, investment and innovation.



## What is the "invisible" segment?

In the Philippines, it represents those who are part of the informal economy. **45%** belong to the poor segments (earning less than US\$5 per day). **55%** belong to the low-income segments (earning US\$5-15 per day).

## The "invisible segment" of families who rely on owner-driven construction:



Only have US\$138.4 million available for construction expenses.



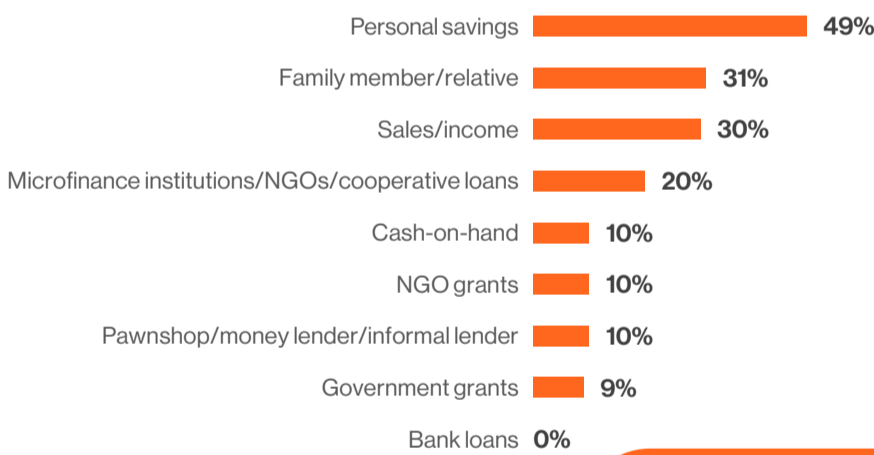
Have security of land tenure and homeownership that may start as temporary.



Are excluded from priority government housing programs, formal financial services, and other quality products and services from the private sector.

## Key figures

### Owner-driven construction sector — sources of funding



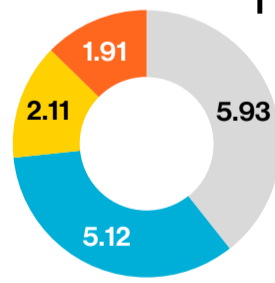
### Owner-driven construction segment in numbers

**13.2 million** Filipinos

**US\$13 billion** Market value

**US\$13 billion** GDP undercount

## Housing need in the Philippines (IN MILLIONS)



- Unserved = Invisible segment
- Socialized
- Economic
- Low-cost

## Takeaways for ventures in this sector

Address clients' limited purchasing power and infuse innovative financing mechanisms to ease the purchasing journey of the customer (e.g., where housing products and services are purchased in increments).

Shift thinking to "value conscious" rather than "price conscious" – use marketing to effectively communicate and influence this segment to appreciate long-term savings and unique value propositions.

High-volume, small transactions – build capacity to manage and serve large markets across various locations (through a larger supply chain) or focus on smaller transactions.

Look for unserved and promising markets – competition is limited in the owner-driven construction segment. Startups have a relative first-mover advantage. This also means higher risks and high returns.

## Source

*Clearing the Housing Backlog: An Updated Supply and Demand Study on the Owner-Driven Construction Segment in the Philippines*, by Habitat for Humanity's Terwilliger Center for Innovation in Shelter and the Center for Research and Communication Foundation, Inc.

## About

ShelterTech is the world's leading platform for affordable housing innovation. Find out more and join our ecosystem at [shelter-tech.org](https://shelter-tech.org).