

MEDIA RELEASE

CONSTRUCTION DEMAND FOR 2014 TO REMAIN STRONG

9 January 2014 – Contracts for the built environment industry could reach between \$31 billion and \$38 billion¹ this year, driven by strong public housing demand and anticipated higher construction demand for institutional developments and major infrastructure projects. This comes on the heels of the sector’s strong performance in 2013, where total construction demand reached a historical high of \$35.8 billion, exceeding the upper-bound projection of \$34 billion in 2013 by about 5%.

Table: Review and Outlook for Construction Demand & Output

Year	Construction Demand (Value of Contracts Awarded)			Construction Output (Payment made for Work Done)
	Public	Private	Total	
2013 ^p	\$14.8 billion	\$21.0 billion	\$35.8 billion	≈ \$33 billion
2014 ^f	\$19 to 22 billion	\$12 to 16 billion	\$31 to 38 billion	\$34 to 36 billion
2015 ^f	\$14 to 18 billion per year (60% from building projects & 40% from civil engineering projects)	-	\$25 to 34 billion per year	\$29 to 37 billion per year
2016 ^f				

p : Preliminary f: Forecast

2. Public sector projects are expected to contribute to the bulk of the industry’s total demand at close to 60%, or between \$19-22 billion. The expansion will be fuelled by an anticipated higher volume of contracts to be awarded for institutional and civil engineering construction works.

¹ Construction demand is measured by total value of construction contracts awarded. All construction demand figures stated here exclude reclamation projects.

3. Meanwhile, private sector demand is expected to moderate to \$12-16 billion in 2014, compared to \$21 billion last year. The less favourable outlook is in view of the current market volatility amid the Government's multi-pronged approach to stabilise the property market, the substantial supply of completed housing units coming on-stream over the next few years, as well as the scaling back of new Government land sales for the first half of 2014. *(Please refer to Annex A for details on construction demand)*.

4. For 2015 and 2016, average construction demand is projected to be sustained at between \$25–34 billion² per annum. 60% of the total demand is forecasted to come from building projects while the remaining 40% is expected to come from civil engineering projects.

5. Total construction output³, or payment for work done, was estimated to be about \$33 billion for 2013, supported by stronger on-site activities from the construction of the Marina Coastal Expressway, Downtown MRT Line Stages 2 & 3, and both public and private residential developments. Outlook for on-site construction activities in the following years remains bright at between \$34-36 billion for 2014, and \$29-37 billion annually for 2015 and 2016, given the high level of contracts awarded since 2011.

6. These figures were released by the Building and Construction Authority (BCA) at the annual BCA-REDAS Built Environment and Property Prospects seminar held at the Grand Copthorne Waterfront hotel today. At the event, Guest-of-Honour Mr Lee Yi Shyan, Senior Minister of State for National Development and Trade and Industry, launched BCA's "Quality Mark Homes" mobile application to allow home owners to search for residential developments that are certified under the BCA Quality Mark scheme, a voluntary scheme launched in 2002 to set the standard for workmanship quality in homes *(more details in Annex B)*. Under the scheme, every unit of a residential development is assessed to meet a high standard of construction workmanship before the developers hand over the units to the homeowners. More than 64,000 homes in 283 private residential developments have been assessed or committed for assessment since the launch

² Demand forecast beyond the immediate one year will be done on a rolling basis to take into account subsequent changes in economic outlook and other pertinent factors.

³ Construction output is measured by total value of certified progress payments.

of the scheme. In 2012, 60% of the private residential units launched that year were committed for the Quality Mark certification.

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About BCA

The Building and Construction Authority (BCA) of Singapore champions the development of an excellent built environment for Singapore. BCA's mission is to shape a safe, high quality, sustainable and friendly built environment, as these are four key elements where BCA has a significant influence. In doing so, it aims to differentiate Singapore's built environment from those of other cities and contribute to a better quality of life for everyone in Singapore. Hence, its vision is to have "a future-ready built environment for Singapore". Together with its education arm, the BCA Academy of the Built Environment, BCA works closely with its industry partners to develop skills and expertise that help shape a future-ready built environment for Singapore. For more information, visit www.bca.gov.sg.

Annex A: Construction demand

Contracts Awarded (Excl. Reclamation) by Sector & Type of Work

Billion Dollars

	2009	2010	2011	2012	2013 (Preliminary)	2014 (Fore cast)	
Both Sectors	22.52	27.56	35.49	30.76	35.84	31.0	- 38.0
Building Work	13.50	24.54	28.75	25.95	29.09	22.1	- 27.7
<i>Residential</i>	6.73	11.49	15.30	11.85	16.54	9.0	- 10.7
<i>Commercial</i>	1.65	3.24	4.21	2.99	3.99	2.5	- 3.2
<i>Industrial</i>	2.04	4.79	6.22	6.42	4.97	4.3	- 6.2
<i>Institutional & Others</i>	3.07	5.03	3.02	4.70	3.59	6.4	- 7.6
Civil Engineering Work	9.02	3.02	6.74	4.81	6.75	8.9	- 10.3
Public Sector	13.90	8.55	15.28	9.52	14.84	19.0	- 22.0
Building Work	5.67	6.36	9.15	7.40	9.51	10.8	- 12.7
<i>Residential</i>	2.81	2.81	6.23	3.33	6.58	5.2	- 5.5
<i>Commercial</i>	0.07	0.18	0.05	0.10	0.10	0.1	- 0.1
<i>Industrial</i>	0.21	1.07	0.48	0.31	0.33	0.7	- 1.5
<i>Institutional & Others</i>	2.58	2.30	2.38	3.66	2.51	4.7	- 5.6
Civil Engineering Work	8.23	2.19	6.13	2.12	5.33	8.3	- 9.3
Private Sector	8.62	19.02	20.21	21.24	21.00	12.0	- 16.0
Building Work	7.83	18.18	19.60	18.55	19.58	11.4	- 15.0
<i>Residential</i>	3.93	8.68	9.07	8.51	9.96	3.7	- 5.2
<i>Commercial</i>	1.58	3.06	4.16	2.89	3.90	2.4	- 3.1
<i>Industrial</i>	1.83	3.72	5.74	6.11	4.64	3.5	- 4.8
<i>Institutional & Others</i>	0.50	2.73	0.64	1.04	1.09	1.7	- 2.0
Civil Engineering Work	0.79	0.83	0.61	2.69	1.42	0.6	- 1.0

Source : Building and Construction Authority, Singapore, as at 9 Jan 2014

ANNEX B – FACTSHEET FOR NEW QM APP

About the BCA Quality Mark (QM) Home Mobile Application **NEW!**

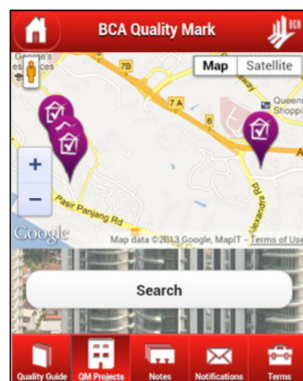
The new Quality Mark Home mobile application allows homeowners to access information on acceptable construction workmanship and Quality Mark projects at their fingertips.

The application consists of:

- an e-book '**Quality Homes: A Homeowner's Guide**',
- a **map for users to search for residential developments certified under the Quality Mark**
- a **function for note-taking.**

i) E-book - 'Quality Homes: A Homeowner's Guide'

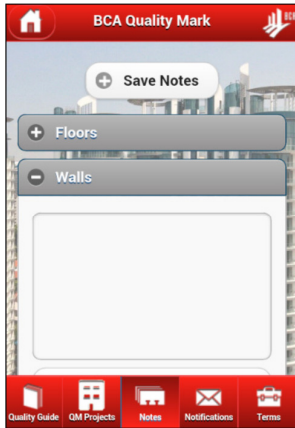
The homeowner's guide provides details on acceptable workmanship quality standards under CONQUAS/QM. The details in the guide are broken down into different components of a building so specific information on a selected topic can be easily accessible.



ii) Map of QM projects

The locations of all private residential developments that are certified or being certified under the Quality Mark are highlighted on the map to provide an overview of where these developments are in Singapore.

Information on these residential developments, such as the developer, the contractor, the number of units in the development and the status of the project, is available for users to browse through and consider before they make a purchase.



iii) **Self-check on Quality**

There is a function for homeowners to take down notes when they inspect their own properties while cross referencing to the quality standards in the homeowners' guide.

About the BCA Quality Mark (QM) for good workmanship scheme



BCA QUALITY MARK

The BCA Quality Mark (QM) for good workmanship scheme was launched in 2002 to meet the rising expectations of homeowners for quality homes. It sets the standard for workmanship quality in homes. Since its implementation, more than 64,000 residential units/homes have been assessed or committed for assessment.

The QM scheme is open to all new private residential projects e.g. condominium, cluster housing, terrace housing, bungalow, and residential units in a mixed development, etc. Participation by developers in the scheme is voluntary.

For more information on the BCA Quality Mark, please visit:
<https://www.bca.gov.sg/QM/quality.html>

Benefits of Quality Mark

The homeowner can generally expect better quality homes if the project is QM certified compared to non-certified homes. A QM home provides the assurance that the unit has been thoroughly assessed and meets the minimum standards of good workmanship as specified under the scheme.

Quality Mark - Scope of Assessment

The QM scheme measures the quality of workmanship in each newly completed residential unit. The assessment covers all internal finishes like floor, wall and ceiling finishes, architectural components and fittings like doors, windows, wardrobes, kitchen cabinets, vanity tops, bathtubs, water closets, shower screens and basins, and M & E fittings and switches. In addition the assessment will include water ponding test for bathrooms. Water –tightness tests on windows are optional.

Those units that meet the minimum workmanship quality standard will each be issued a Quality Mark (QM) certificate. Any unit that fails to do so will not be issued the certificate. The QM certificate certifies the condition of the unit at the time of inspection. The assessment does not cover quality of material or issues of design or aesthetic preferences.

Quality Mark - Assessment Criteria

The assessment is based on a combination of visual assessment and measurement by tools to verify compliance to tolerances and standards set in the set out in the manual -- "CONQUAS -- The BCA Construction Quality Assessment System".

A QM-certified unit does not mean that there is zero defect. A unit needs to score at least 80 points (out of 100) to qualify for a QM certificate. This means there may still be some defects, albeit minor, in the unit. Major defects, e.g. leakages in the toilets/bathrooms and functionally deficient doors/windows, if any, would have been addressed before a unit is issued the QM certificate.

About the BCA Construction Quality Assessment System (CONQUAS)

CONQUAS was developed by the Building and Construction Authority in 1989 with major public sector agencies and various leading industry professional bodies to measure workmanship quality in public and private building projects. CONQUAS is the de facto national quality yardstick for the industry and has been fine-tuned periodically to keep pace with changes in technology and quality demands.

CONQUAS was designed to:

- Have a standard quality assessment system to benchmark quality of construction projects.
- Measure quality of constructed works against workmanship standards and specification.
- Improve quality standards of Singapore's construction industry.

CONQUAS covers three main components of building works:

- Structural works – this covers the structural integrity and helps to safeguard building users' safety.
- Architectural works – this deals with the aesthetics of the building such as finishes and components. This is the part where the quality and standard of workmanship are most visible.
- Mechanical & Electrical works – this concerns performance of selected mechanical and electrical services and installations to ensure building users' comfort.