

MEDIA RELEASE

PUBLIC SECTOR CONSTRUCTION DEMAND IS EXPECTED TO STRENGTHEN THIS YEAR

11 January 2018 – The Building and Construction Authority (BCA) projects **the total construction demand i.e. the value of construction contracts to be awarded this year to range between \$26.0 billion and \$31.0 billion, up from the \$24.5 billion (preliminary estimate) awarded in 2017.**

2. The projected higher construction demand is due to an anticipated increase in public sector construction demand, which is expected to ***grow from the \$15.5 billion in 2017 to between \$16 billion and \$19 billion this year***, contributing to about 60% of 2018's total projected demand. Public construction demand is expected to be boosted by an anticipated increase in demand for institutional and other buildings such as healthcare facilities, and civil engineering works as well as a slate of smaller government projects that have been brought forward in response to the slowdown in the previous years.

3. The ***private sector's construction demand is similarly expected to improve from \$9 billion in 2017 to between \$10 billion and \$12 billion in 2018***, on the back of a strengthened overall economic outlook and the upturn in property market sentiment.

4. Projects slated to be awarded this year include:

- **Residential projects** - a steady pipeline of new public housing construction, upgrading works for HDB flats, and a number of upcoming sizeable condominium projects earmarked for development at Shunfu Road, Stirling Road, Hougang Avenue 7 and Upper Serangoon Road;
- **Commercial projects** - major upcoming office building projects slated for development are likely at locations such as Central Boulevard and Harbour Drive;

- **Industrial projects** - an automotive hub at Jalan Terusan and a multi-storey recycling facility in Northern Singapore;
- **Institutional and other building projects** - more healthcare facilities such as the redevelopment of National Skin Centre at Mandalay Road and Woodlands Integrated Health Campus, various educational facilities for Institutes of Higher Learning (IHL) as well as private sector investments in developing nature based attractions and recreational facilities for tourists at Mandai Park;
- **Civil engineering projects** - major contracts for the North-South Corridor, new MRT works and Deep Tunnel Sewerage System (DTSS) phase 2 as well as rolling out of the remaining package for Runway 3 by Changi Airport Group.

5. Last year's total construction demand was lower than expected as there was a re-scheduling of a few major public sector infrastructure projects, such as for the North-South Corridor, to 2018. Longer preparation times were required to implement these large-scale and complex projects. Despite the shortfall from the forecast, total preliminary public sector construction demand last year was \$15.5 billion – a level slightly higher than in 2016- whilst the preliminary private sector construction demand of \$9.0b was within the original forecast range of \$8.0 billion to \$11.0 billion.

6. With sustained emphasis on construction productivity and quality improvement, projects prescribing Design for Manufacturing and Assembly (DfMA) technologies have become more prevalent in recent years. The table below shows the expected number of upcoming DfMA projects in Singapore with construction tenders expected to be called in 2018 and 2019. The number of DfMA projects to be put up for tender is expected to increase in 2019 as more of such projects are firmed up. These latest numbers are being shared to enable industry to better size the upcoming demand for these new technologies.

DfMA Technologies	≤\$40m	\$40m < X ≤\$85m	\$85m < X ≤ \$150m	\$150m < X ≤ \$300m	>\$300m	Total
Prefabricated Prefinished Volumetric Construction (PPVC)	2	3	12	13	4	34
Mass Engineered Timber (MET)	5	1	2	0	0	8
Structural Steel	17	1	0	4	4	26
Hybrid/ Multi-tech	1	3	2	2	5	13
Total	25	8	16	19	13	81

Disclaimer: The above information is provided to the best of BCA's knowledge. All figures in the above table, including project values, are **indicative only, and subject to change** without notice. BCA will not be liable for any loss or damages (including any special, indirect, incidental or consequential damages) which may be incurred from any use of or reliance on the information contained in the above table.

Forecast for 2019 to 2022

7. BCA **anticipates a steady improvement in construction demand over the medium term.** Demand is projected to reach between **\$26 billion and \$33 billion per annum for 2019 and 2020 and could pick up to between \$28 billion and \$35 billion per annum for 2021 and 2022.**

8. The **public sector will continue to lead demand and is expected to contribute \$16 billion to \$20 billion per annum in 2019 to 2022** with similar proportions of demand coming from building projects and civil engineering works. Besides public housing developments and healthcare and educational facilities, public sector construction demand over the medium-term will continue to be supported by major infrastructure projects which include various developments for Changi Airport Terminal 5 and land transport projects such as the Cross Island Line, Jurong Regional Line, Rapid Transit System and High Speed Rail.

9. In addition, we expect **private sector construction demand to also increase gradually in the medium term, boosted by the redevelopment of en-bloc sale sites and the spill-over benefits generated by the improved performance and outlook in other economic sectors.**

Construction Output

10. Based on the contracts awarded in the past few years and taking into account the construction demand forecast for 2018, **total nominal construction output in 2018 is projected to remain subdued at between \$26 billion and \$28 billion as compared to the estimated \$28 billion in 2017.** This is due to the continued drag from the significant slowdown in private sector construction demand since 2015. Looking ahead at the improved market outlook in the next few years, construction output is anticipated to strengthen over the medium term. The industry should take the opportunity to build up its capabilities in the area of construction quality excellence through the adoption of effective and productive construction methods such as DfMA. BCA will continue to work with tripartite partners to transform the industry and realise the vision of the Construction Industry Transformation Map (ITM).

Year	Construction demand (Value of contracts awarded)			Construction Output (Value of Certified Progress Payments)
	Public	Private	Total	Total
2017p	\$15.5 billion	\$9.0 billion	\$24.5 billion	~\$28 billion
2018 f	\$16 – 19 billion	\$10 – 12 billion	\$26 – 31 billion	\$26 – 28 billion
2019 – 2020 f	\$16 – 20 billion (50% from building projects and 50% from civil engineering projects)	-	\$26 – 33 billion	
2021 – 2022 f			\$28 – 35 billion	

p: Preliminary f: forecast

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