



ISSUE NO. 86 | SEPTEMBER 2019

SINGAPORE REPORT

CONSTRUCTION MARKET
QUARTERLY UPDATE

RLB

Rider
Levett
Bucknall



Dentistry

KEY POINTS IN THIS ISSUE

Our Singapore Report for the third quarter of 2019 highlights trends in the Singapore construction sector within the present economic slowdown experienced both locally and globally.

- The Singapore economy grew by 0.1 per cent in the third quarter, flash estimates show;
- Chinese investment returns to ASEAN amid the ongoing trade tensions with the United States;
- The construction sector continues to grow for the third quarter by 2.7 per cent year on year, due to a pickup in both public and private sector construction activities;
- The Government has cut the supply of private residential housing from confirmed sites under the government land sales programme for the second half of the year by 15 per cent in view of high supply and muted demand of private homes;
- Construction tender prices have been relatively flat for 2019, in the order of -0.5 per cent to 1 per cent escalation as currently forecast by RLB;

We are pleased to report the recent completion of High Park Residences, a 1,390-unit private residential development with a wide range of unit mix from studio apartments to bungalows, where RLB is the Quantity Surveying consultant. Other key commissions include Bay East Garden/Founders' Memorial, new Science Centre, the Mandai Park, Woodlands Health Campus, SGH Elective Care Centre and National Dental Centre Singapore, Changi Airport Terminal 2 A&A and other projects of interest.

We look forward to be of service to you and your organisations in Singapore and regionally in Indonesia, Malaysia, Vietnam, Myanmar and Cambodia.

PARTNERS, RIDER LEVETT BUCKNALL, SINGAPORE

NATIONAL UNIVERSITY CENTRE FOR ORAL HEALTH ◀

SINGAPORE

CLIENT:	National University Hospital (S) Pte Ltd
ARCHITECT:	Architects 61 Pte Ltd
SERVICE:	Quantity Surveying
COMPLETION:	2018

The National University Centre for Oral Health, Singapore (NUCOHS), officially opened in July 2019, is the NUHS' third national specialty centre and the second national facility in Singapore to offer specialised dental health services.

The new centre is equipped with patient-centred facilities to manage the oral health needs of patients from young children to the elderly as well as those with special needs and co-existing medical conditions. NUCOHS also supports an increasing demand for specialist dental treatment.

SINGAPORE ECONOMY

The Singapore gross domestic product (GDP) grew by 0.1 per cent year on year (y-o-y) in the third quarter, flat on the meagre expansion of 0.1 per cent posted in the previous quarter. On a quarter on quarter (q-o-q) seasonally-adjusted annualised basis, the GDP was up by 0.6 per cent, a turnaround from the previous quarter's 2.7 per cent contraction.

Based on the flash estimates from the Ministry of Trade and Industry (MTI), the city-state economy may just have narrowly avoided a technical recession, defined as two consecutive quarters of q-o-q economic decline.

Global uncertainties from prolonged US-China conflict, possible extension of Brexit if no deal is reached by 31 October 2019, the escalating Hong Kong civil unrest and Japan-South Korea trade disputes have resulted in a sluggish growth worldwide – disproportionately so for small, open economies like Singapore's.

Small and medium-size enterprises (SMEs) have reported lower growth expectations in the short term while the Purchasing Managers' Index (PMI) recorded a three-year low in manufacturing sentiment in September, marking the index's fifth month in negative territory.

MAS Core Inflation fell significantly to an average of 0.8 per cent y-o-y in July – August 2019, from 1.4 per cent in first half of the year. Conversely, consumer price index (CPI) eased by a smaller extent over the same period, from 0.6 per cent to 0.4 per cent, as higher private road transport costs and a slower decline in imputed rental on owner-occupied accommodation partially offset the moderation in core inflation.

Regionally, there has been a return of Chinese investment to ASEAN amid the ongoing trade tensions with the United States. China's investment and construction contracts in ASEAN rebounded to US\$11 billion for the first six months of 2019, doubling the amount in the prior six months, according to Maybank Kim Eng data. The revival of the Belt & Road Initiative (BRI) in Malaysia is expected to boost Chinese investment in 2020.

On the technology front, Singapore has clinched top spots in numerous rankings – from being the most prepared for the next wave of technology disruption from artificial intelligence to the smartest city in the world. Furthermore, Singapore has also retained its position as the world's second most digitally competitive country.



SINGAPORE CONSTRUCTION MARKET

The construction sector grew by 2.7 per cent on a y-o-y basis in the third quarter, extending the 2.8 per cent expansion in the previous quarter. MTI has attributed the movement to “a pickup in both public and private sector construction activities”. This is in line with the Minister for National Development (MND) Lawrence Wong’s pledge of “a healthy pipeline of public sector projects” at the annual MND Huddle. However, on the q-o-q seasonally-adjusted annualised basis, the sector was still down by 1.1 per cent, continuing the reversal of the double-digit growth in the first quarter of the year.

High supply and muted demand of private homes present a challenging market situation. Based on Urban Redevelopment Authority (URA) data, 35,500 private residential units in the pipeline remained unsold at the end of the first half of 2019. As a result, the Government has cut the supply of private residential housing from confirmed sites under the government land sales (GLS) programme for the second half of the year by 15 per cent. Analysts concurred that such reduction is appropriate given the increasingly bearish economic and business outlook. Given the slower pace of take-up rate, experts estimate it would take four to five years for the market to absorb the units in the pipeline, further reinforcing the bleak outlook for private residential projects.

On a more positive note, real estate investment deals continue to be relatively healthy, as is the demand for office space.

In a blueprint unveiled by national planners, phase 1 of the redevelopment of Sentosa island and Pulau Brani will start by end of the year. The redeveloped islands will feature five distinct zones, each expected to deliver its own unique experience. In the first phase, the iconic Merlion tower will make way for a new double-level thoroughfare which will connect the mainland-facing Resorts World Sentosa with the beaches in the south.

Changi Airport Terminal 2 is slated to undergo a multimillion-dollar major facelift starting in the last quarter of this year as well. Renovations will expand the terminal’s current capacity by 5 million passengers per year, up from 23 million passengers per year. It will also increase the retail and Food & Beverage (F&B) areas by 20 per cent.

In the long term, Prime Minister Lee highlighted in his National Day Rally speech that it could cost upwards of S\$100 billion to implement climate change mitigation strategies and to combat rising sea levels in the low-lying city state. These include building a second pump house at the Marina Barrage and the possibility of constructing polders as a “serious option”.

Other initiatives include the Carbon Pricing Act 2018 which came into operation on the first day of 2019, Zero Waste Master Plan 2019 and on the financial front, green financing which Singapore will invest US\$2 billion. The carbon tax rate of S\$5 per tonne will be levied on all facilities that emit more than 25,000 tonnes of greenhouse gas annually for the next five years.

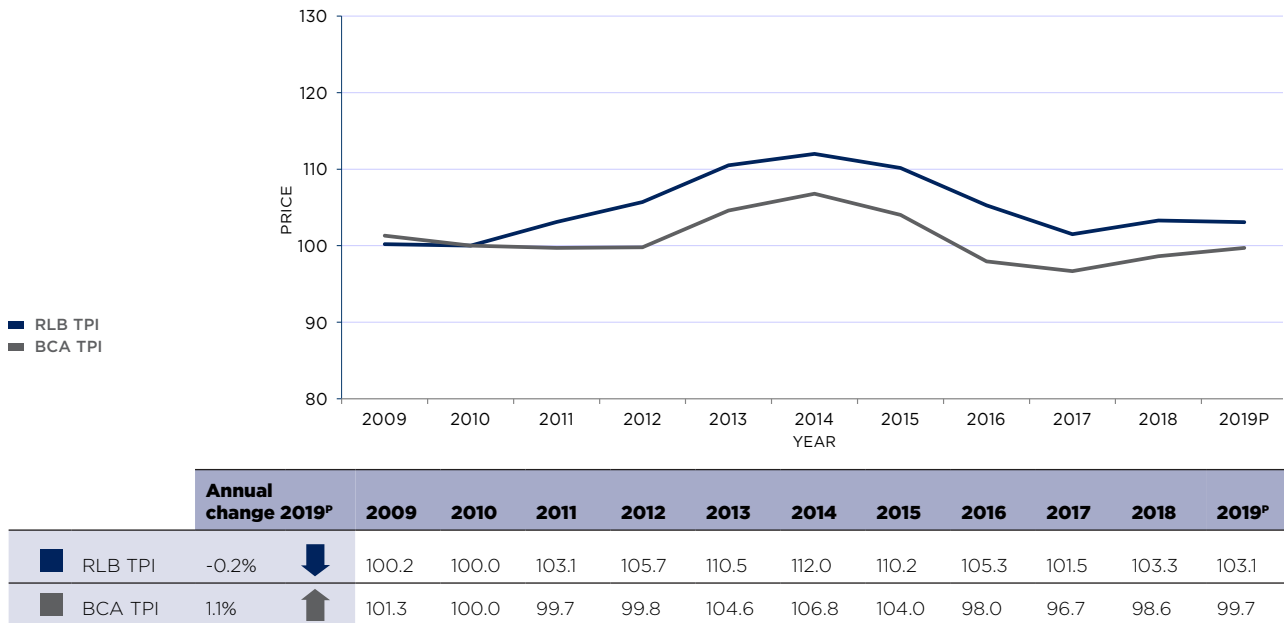
In terms of safety, the construction industry saw one less fatal injury in 1H 2019 compared to 1H 2018 but remained the top contributor of fatal injuries, making up 35 per cent of the total workplace fatal injuries. In contrast, workplace injuries have increased by 22 per cent in the same period with slips, trips and falls and being struck by moving objects as the most common type of incidents. The Ministry of Manpower (MOM) also warned that it will publish injury statistics of construction companies starting from 2020 so that “safer companies will stand a better chance at securing business”.

Commodity prices remain reasonably stable within a small range. However, recent attacks on the Saudi Arabia oil fields and processing facilities could negatively impact the oil prices in the second half of the year. Prices of basic construction materials have largely increased, with a 14.8 per cent spike in concreting sand from the previous quarter and smaller increments of 1.1 per cent, 4.0 per cent and 5.5 per cent for cement, granite and ready mixed concrete respectively.

Construction tenders have remained generally competitive, given the current tight tendering market. Construction tender prices have been revised to see a flat over the duration of 2019, in the order of -0.5 per cent to 1 per cent as currently forecast by RLB. This is despite the tight construction demand compared to resources.

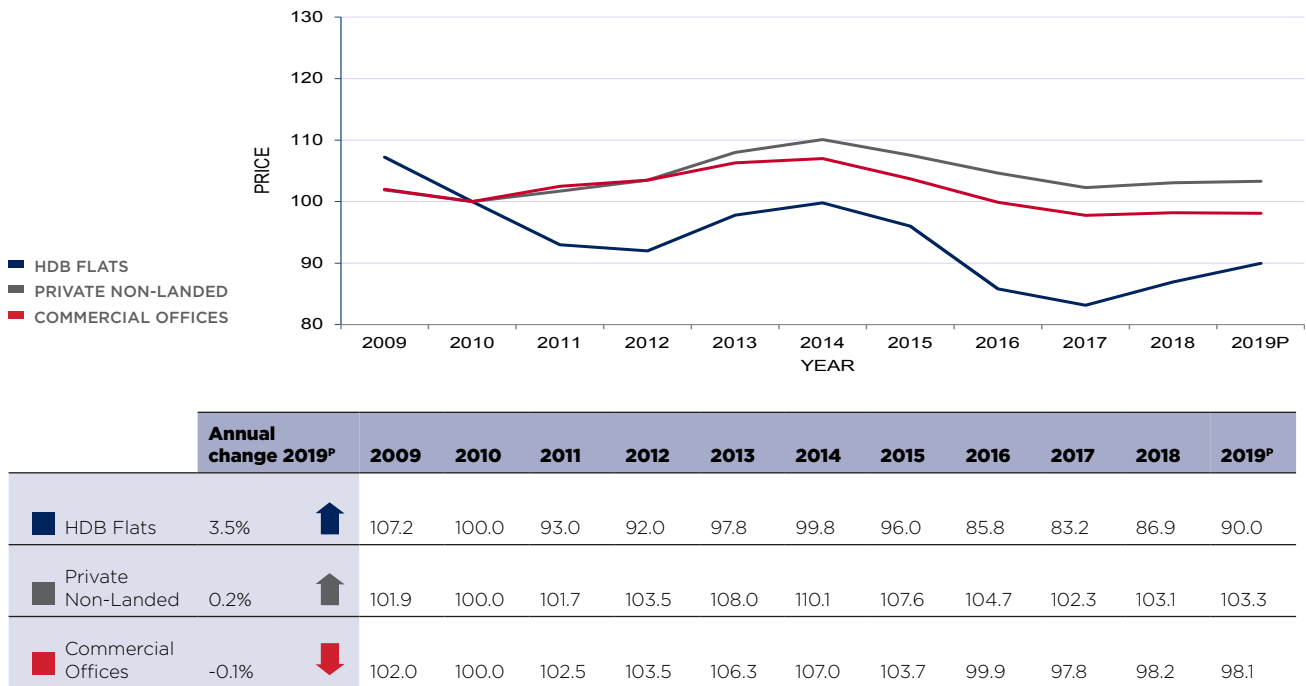
TENDER PRICE TRENDS

BUILDING TENDER PRICE INDICES



Data Sources: BCA and RLB
P: Preliminary

BCA TENDER PRICE INDICES

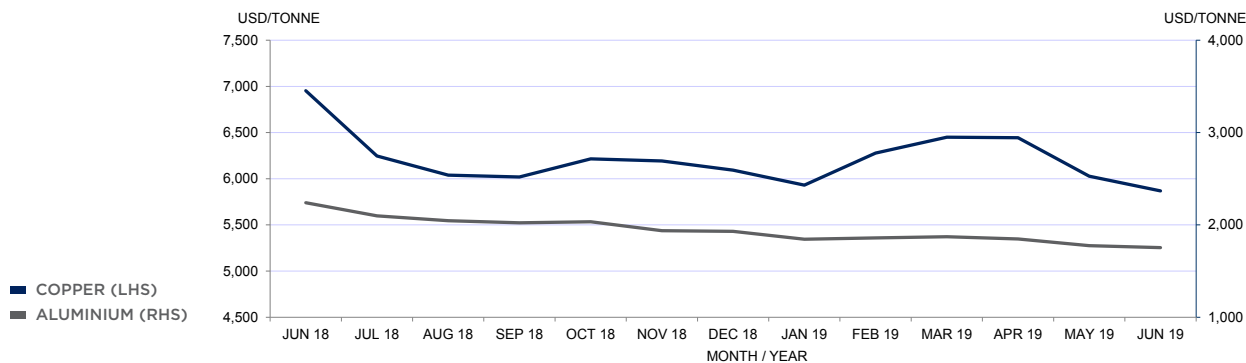


Data Sources: BCA
P: Preliminary

NOTE: Variances between the RLB and the BCA Tender Price index arise from differences in the index derivation methodology, the basket of items and weightages used for each index and the variety of building projects utilised. The index basket here excludes piling works and Mechanical & Electrical services. **Base Year 2010 = 100**

COMMODITY PRICE TRENDS

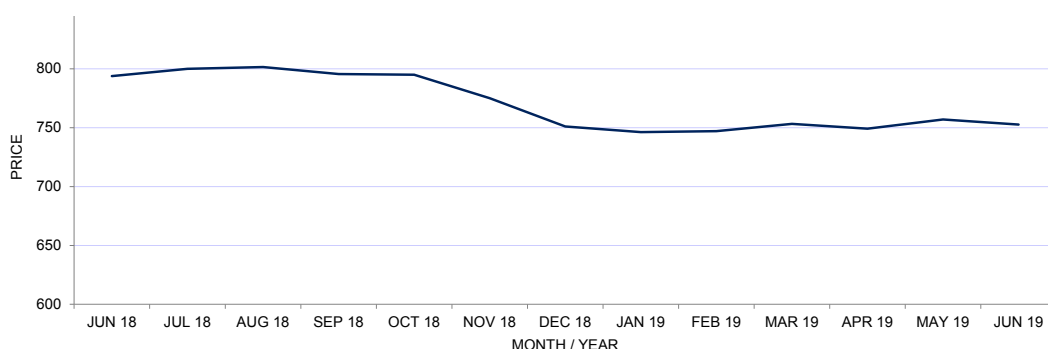
METAL PRICES



	AVG 1Q'19 / 2Q'19 CHANGE	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019
Copper	-1.7% ↓	6954	6247	6039	6019	6215	6192	6093	5931	6277	6450	6444	6027	5868
Aluminium	-3.6% ↓	2240	2098	2045	2022	2034	1937	1931	1845	1859	1872	1848	1775	1753

Data Sources: London Metal Exchange (LME)

STEEL REINFORCEMENT (16 - 32MM HIGH TENSILE) SUPPLY PRICES



	AVG 1Q'19 / 2Q'19 CHANGE	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019
Steel	0.5% ↑	794	800	802	796	795	775	751	746	747	753	749	757	753

Data Sources: BCA

CRUDE OIL PRICES

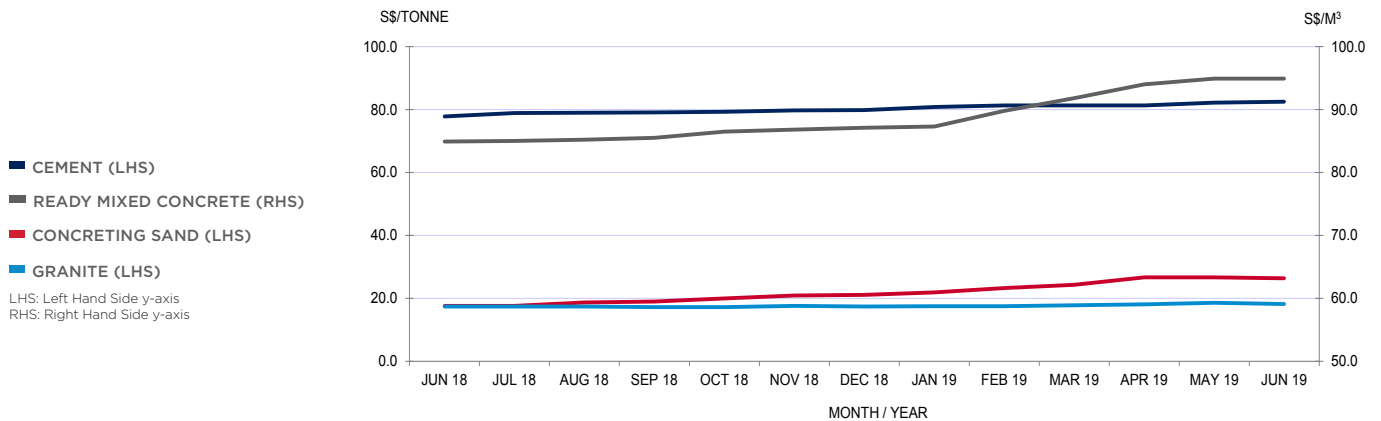


	AVG 1Q'19 / 2Q'19 CHANGE	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019
Crude Oil	7.7% ↑	72	73	71	75	77	62	54	57	61	64	69	67	60

Data Sources: IndexMundi

MATERIAL PRICE TRENDS

BASIC CONSTRUCTION MATERIALS



		AVG 1Q'19 / 2Q'19 CHANGE	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019
CEMENT	1.1%	↑	77.8	78.9	79.0	79.1	79.3	79.7	79.8	80.8	81.3	81.3	81.3	82.2	82.5
READY MIXED CONCRETE	5.5%	↑	84.9	85.0	85.2	85.5	86.5	86.8	87.1	87.3	89.8	91.8	94.0	94.9	94.9
CONCRETING SAND	14.8%	↑	17.6	17.6	18.7	19.0	20.0	20.9	21.1	21.9	23.3	24.3	26.7	26.7	26.4
GRANITE	4.0%	↑	17.4	17.4	17.4	17.2	17.2	17.6	17.4	17.5	17.5	17.8	18.1	18.6	18.2

Data Sources: BCA

Note:

- Prices of rebar other than 16-32mm dimensions may be subject to surcharge.
- Prices of granite and concreting sand exclude local delivery charges to concrete batching plants.
- The market prices of rebar (without cut & bend) are based on fixed price supply contracts with contract period 6 months or less.
- The market prices of ready mixed concrete are based on contracts with non-fixed price, fixed price and market retail price for Grade 40 Pump.

CURRENCY EXCHANGE RATES

CURRENCY			UNITS PER USD						
			UNIT	JAN 19	FEB 19	MAR 19	APR 19	MAY 19	JUN 19
Singapore Dollar	\$	SGD	1	1.36	1.35	1.35	1.36	1.37	1.36
Euro	€	EUR	1	0.88	0.88	0.88	0.89	0.89	0.89
U.K. Pound Sterling	£	GBP	1	0.78	0.77	0.76	0.77	0.78	0.79
Australian Dollar	\$	AUD	1	1.40	1.40	1.41	1.41	1.44	1.44
Chinese Yuan	¥	CNY	1	6.79	6.74	6.71	6.72	6.87	6.90
Malaysian Ringgit	RM	MYR	1	4.16	4.07	4.08	4.11	4.17	4.16
Japanese Yen	¥	JPY	100	1.09	1.10	1.11	1.12	1.10	1.08
Myanmar Kyat	K	MMK	1000	1.54	1.51	1.51	1.50	1.51	1.50
Indonesian Rupiah	Rp	IDR	1000	14.18	14.04	14.20	14.12	14.36	14.22
Vietnamese Dong	đ	VND	1000	23.24	23.25	23.24	23.14	23.25	23.22

Data Sources: IMF, Oanda

Note: Exchange rates above are expressed in terms of currency units per US Dollar; averaged monthly from daily unit rates.

DEVELOPMENT TYPE	COST PER CFA	COST PER GFA
	S\$/m ²	S\$/m ²
OFFICE		
Standard (outside CBD)	2,000 - 3,200	2,500 - 4,100
Standard (within CBD)	2,050 - 3,300	2,950 - 4,350
Prestige (within CBD)	2,950 - 4,150	4,100 - 5,400
HOTEL (INCLUDING FF&E)		
Serviced Apartment	3,050 - 3,550	4,050 - 4,650
Three Star	3,250 - 3,650	4,050 - 4,750
Four Star	3,550 - 4,400	4,650 - 5,800
Five Star	4,250 - 5,500	5,400 - 7,300
RETAIL		
Medium Quality	2,000 - 2,850	3,000 - 3,600
Good Quality	2,950 - 3,350	3,700 - 4,400
CONDOMINIUM		
Medium Quality Condominium	1,950 - 2,600	2,600 - 3,350
Good Quality Condominium	2,500 - 3,150	3,350 - 4,300
Luxury Quality Condominium	3,200 - 4,350	4,350 - 5,900

DEVELOPMENT TYPE	COST PER CFA
	S\$/m ²
LANDED RESIDENTIAL	
Terrace House	2,300 - 2,700
Semi-detached House	2,400 - 3,250
Detached House	3,400 - 5,600
Cluster Housing	2,400 - 2,950
INSTITUTIONAL	
Institution of Higher Learning	2,750 - 3,450
Medical Institution	4,000 - 5,450
INDUSTRIAL	
Single Storey Warehouse	1,100 - 1,600
Light Industrial Building	1,200 - 1,700
Heavy Industrial Building	1,450 - 2,000
CAR PARK	
Above Grade Car Park	700 - 1,400
Basement Car Park	1,500 - 2,250
HEALTHCARE	
Nursing Home	1,700 - 3,150
Medical Centre	2,900 - 3,300
Hospital	3,500 - 3,800

All Singapore construction prices stated herein are as at **2nd Quarter 2019**, and include a general allowance for foundation, car-park and external works. The price ranges herein are indicative and due consideration should be given to the impact of varying design, specifications, size, location and nature of each project when utilising this information. Prices described here may not fully reflect the extent of current market forces and tendering conditions on any specific project.

Note:

CFA: Construction Floor Area is the area of all building enclosed covered spaces measured to the outside face of the external walls including covered basement and above ground car park areas.

GFA: Gross Floor Area is the area of building enclosed covered spaces excluding car park and driveway areas calculated for purposes of planning submissions.

Exclusions: • Land cost • Legal and professional fees • Development charges • Authority fees • Finance costs • Loose furniture, fittings and works of art (unless otherwise stated) • Tenancy work • Site infrastructure work • Diversion of existing services • Green Mark cost premiums • Resident site staff cost • Models and prototypes • Future cost escalation • Goods and Services Tax

Disclaimer: While Rider Levett Bucknall ("RLB") has endeavoured to ensure the accuracy of the information and materials in this report (the "Materials"), it does not warrant its accuracy, adequacy, completeness or reasonableness and expressly disclaims liability for any errors in, or omissions therefrom. RLB shall not be liable for any damage, loss or expense whatsoever arising out of or in connection with the use or reliance on the Materials. The Materials are provided for general information only. Professional advice should be obtained for your particular factual situation before making any decision. The Materials may not, in any medium, be reproduced, published, adapted, altered or otherwise used in whole or in part in any manner without the prior written consent of RLB.

RIDER LEVETT BUCKNALL (RLB) is an independent, global property and construction practice with over 3,500 people in more than 120 offices across Asia, Oceania, Europe, Middle East, Africa and the Americas, serving major local and international clientele.

RLB's global expertise and significant project experience provides comprehensive services and solutions to the development and construction of the built environment, extending to building and civil infrastructure, commercial, residential and hospitality buildings, healthcare, industrial and civil engineering projects.

As a multi-disciplinary group, RLB offers a full range of services required by clients in the property and construction industry, ranging from cost consultancy and quantity surveying, project management, advisory services and market research.

RLB Research's expertise in economic and market studies, industry participation and research publications position us as the choice consultant for advice on construction cost trends and market updates for the regional construction markets.

The extensive range of professional consultancy provided by RLB covers the following core services:

QS AND COST CONSULTANCY

Feasibility Studies
Cost Planning and Estimating
Value Engineering
Life Cycle Cost Planning
Tender & Contract Documentation
Contract Procurement and Delivery
Cost Management
Progress and Variation Valuations
Post-Contract Services
Project Risk Management
Financial Reporting and Management
Final Accounts

PROJECT MANAGEMENT

Client Representation
Project Management Services
Development Management
Contract Administration
Contract Administration
Procurement Management

ADVISORY AND RESEARCH

Asset Advisory
Transaction Review
Technical Due Diligence
Replacement Cost Assessment
Capital Cost Allowances Assessment
Building RELifing® Services
Facilities Management Consulting
Litigation Support
Risk Mitigation and Due Diligence
Procurement Strategies
Auditing Services
Construction Market Research
Industry Trend Analysis
Cost Escalation and Cost Benchmarking by Sectors

For enquiries, please contact:

SINGAPORE

Rider Levett Bucknall LLP

911 Bukit Timah Road, Level 3, Singapore 589622

T: +65 6339 1500 | F: +6 6339 1521 | E: rlb@sg.rlb.com | W: www.rlb.com | Contact: Colin Kin, Silas Loh

RLB REGIONAL PRACTICES

INDONESIA

PT. Rider Levett Bucknall

Jl. Jend. Sudirman Kav. 45-46
Sampoerna Strategic Square,
South Tower Level 19
Jakarta 12930, Indonesia
T: +62 21 5795 2308
E: rlb@id.rlb.com
Contact: Widadito Puntoadi

MALAYSIA

RL Bersepadu Sdn Bhd

B2-6-3 Solaris Dutamas
No. 1 Jalan Dutamas 1
50480 Kuala Lumpur
Malaysia
T: +60 3 6207 9991
F: +60 3 6207 9992
E: rlb@my.rlb.com
Contact: Lai Kar Fook

MYANMAR

Rider Levett Bucknall Limited

Union Business Centre
Nat Mauk Road, Bo Cho Quarter,
Bahan Township,
Suite 03-02, Yangon 11121,
Myanmar
T: +95 1 860 3448 Ext 4004
E: rlb@mm.rlb.com
Contact: Serene Wong

VIETNAM

Rider Levett Bucknall Co. Ltd

Centec Tower, 16th Floor
Unit 1603, 72-74
Nguyen Thi Minh Khai Street
Ward 6 District 3
Ho Chi Minh City, Vietnam
T: +84 83 823 8070
F: +84 83 823 7803
E: rlb@vn.rlb.com
Contact: Ong Choon Beng
Serene Wong

OFFICES AROUND THE WORLD

AFRICA

BOTSWANA

Gaborone

MAURITIUS

Saint Pierre

MOZAMBIQUE

Maputo

South Africa

Cape Town
Johannesburg
Pretoria

ASIA

NORTH ASIA

Beijing
Chengdu
Chongqing
Dalian
Guangzhou
Guiyang
Haikou
Hangzhou
Hong Kong
Jeju
Macau
Nanjing
Nanning
Qingdao
Seoul
Shanghai
Shenyang
Shenzhen
Tianjin
Wuhan
Wuxi
Xiamen
Xian
Zhuhai

SOUTH ASIA

Bacolod
Bohol
Cagayan de Oro
Cebu
Davao
Ho Chi Minh City
Iloilo
Jakarta
Kuala Lumpur
Laguna
Metro Manila
Singapore
Yangon

AMERICAS

CARIBBEAN

Barbados
Cayman Islands
St. Lucia

NORTH AMERICA

Austin
Boston
Calgary
Chicago
Denver
Guam
Hilo
Honolulu
Las Vegas
Los Angeles
Maui
New York
Orlando
Phoenix
Portland
San Francisco
Seattle
Toronto
Tucson
Waikoloa
Washington DC

EUROPE

UNITED KINGDOM

Birmingham
Bristol
Cumbria
Leeds
London
Manchester
Sheffield
Thames Valley
Warrington/Birchwood
Welwyn Garden City

RLB | Euro Alliance

Austria
Belgium
Czech Republic
Finland
Germany
Hungary
Ireland
Italy
Luxembourg
Netherlands
Norway
Poland
Portugal
Russia
Spain
Sweden
Turkey

MIDDLE EAST

OMAN

Muscat

QATAR

Doha

SAUDI ARABIA

Riyadh

UNITED ARAB EMIRATES

Abu Dhabi
Dubai

OCEANIA

AUSTRALIA

Adelaide
Brisbane
Cairns
Canberra
Coffs Harbour
Darwin
Gold Coast
Melbourne
Newcastle
Perth
Sunshine Coast
Sydney
Townsville

New Zealand

Auckland
Christchurch
Hamilton
Palmerston North
Queenstown
Tauranga
Wellington

RLB.com

AFRICA | AMERICAS | ASIA | EUROPE | MIDDLE EAST | OCEANIA

