



ISSUE NO. 87 | DECEMBER 2019

SINGAPORE REPORT

CONSTRUCTION MARKET
QUARTERLY UPDATE



KEY POINTS IN THIS ISSUE

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

- Singapore’s economy for 2019 grew by 0.7 per cent, according to advance estimate;
- The construction sector continues to grow for the fourth quarter by 2.1 per cent year on year, due to public sector construction activities;
- Total construction demand for 2020 is projected to remain strong at S\$28 billion to S\$33 billion;
- Prices of basic construction materials continue to increase from the last quarter;
- Construction tender prices are projected to increase for 2020, in the order of 2 per cent to 5 per cent escalation as currently forecast by RLB;

Our key commissions include the Bay East Garden/ Founders’ Memorial, New Science Centre, Mandai Park, Woodlands Health Campus, SGH Elective Care Centre and National Dental Centre Singapore, Changi Airport Terminal 2 A&A, Amber Park condominium and other projects of interest.

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

PARTNERS, RIDER LEVETT BUCKNALL, SINGAPORE

AMBER PARK ◀

SINGAPORE

CLIENT:	City Developments Limited
ARCHITECT:	SCDA Architects Pte Ltd
SERVICE:	Quantity Surveying
COMPLETION:	On-going

This freehold, luxury high-rise condominium by City Developments Limited comprises 592 units and is built on the site of Amber Park development on Amber Road.

SINGAPORE ECONOMY

Singapore's full-year gross domestic product (GDP) for 2019 grew by 0.7 per cent, according to advance estimates from the Ministry of Trade and Industry (MTI), down from 2018's 3.1 per cent growth. It is also Singapore's slowest economy growth in a decade, according to Bloomberg data.

In the fourth quarter, flash data shows Singapore's economy expanding by 0.8 per cent year-on-year (y-o-y), a slight uptick from the 0.7 per cent clocked in the previous quarter. On a quarter-on-quarter (q-o-q) seasonally-adjusted annualised basis, the economy grew at a slower pace of 0.1 per cent, significantly below the 2.4 per cent expansion achieved in the previous quarter.

For the year 2020, the MTI anticipates the Singapore economy to fare between 0.5 per cent and 2.5 per cent amidst a potential recovery in the manufacturing sector. Global uncertainties appear to ease for the new year as the United States is poised to sign the first phase of a trade deal with China and Britain set to leave the European Union on 31 January 2020.

Prevailing economic headwinds include the ongoing Hong Kong civil unrest, Japan-South Korea trade dispute and geopolitical tensions in the Middle East. Domestically, an impact to the Singapore economy is the first tightening of the Dependency Ratio Ceiling in services sector from 40 per cent to 38 per cent from 1 January 2020.

The 2019-nCoV, informally known as the Wuhan coronavirus, was first identified in December 2019 and declared a global health emergency by World Health Organisation (WHO) on 30 January 2020. While the economic impact of the outbreak is still unclear, economists opine that the impact could be more severe or at least similar to that of the 2002-2003 SARS, also a coronavirus.

Monetary Authority of Singapore (MAS) Core Inflation for 2019 came in at 1 per cent, easing from 1.7 per cent in 2018. Conversely, headline or all-item inflation inched up from 0.4 per cent in 2018 to 0.6 per cent in 2019, slightly above the forecast of 0.5 per cent. Headline inflation hit 0.8 per cent in December – its highest level since May 2019 – on the back of a faster increase in both private road transport and service prices.

For 2020, both the CPI Core Inflation and CPI-All Items inflation are expected to average between 0.5 per cent and 1.5 per cent. MAS projected that Core Inflation is to likely remain below its historical average over the next few quarters before rising gradually over the medium term.

The overall seasonally-adjusted unemployment rate has inched up to 2.3 per cent in the third quarter of 2019 from 2.2 per cent in the previous quarter.



Image Courtesy From Woodlands Health Campus

SINGAPORE CONSTRUCTION MARKET

The construction sector grew by 2.1 per cent on a y-o-y basis in the fourth quarter, slightly slower than the 2.4 per cent expansion in Q3. MTI has attributed the growth in the sector to public sector construction activities. On the q-o-q seasonally-adjusted annualised basis, the construction sector posted growth of 2.1 per cent, a turnaround from the 1.7 per cent decline in the previous quarter.

The overall preliminary construction demand (the value of construction contracts awarded) for 2019 was S\$33.4 billion, approximately S\$1.4 billion higher than the upper bound of the Building and Construction Authority's (BCA) 2019 forecast. It is also the highest construction demand in five years. This was due to the stronger than expected increase in industrial construction demand for petrochemical facilities. Preliminary demand for the public and private sectors was S\$19 billion and S\$14.4 billion respectively.

BCA projected the total construction demand to remain strong for 2020, ranging from S\$28 billion to S\$33 billion. Public sector construction demand is expected to make up 60 per cent of the projected demand, with 50 per cent of demand forecast from building projects. The total construction demand is further expected to hold steady over the medium term.

Private sector construction demand will continue to be supported by mega projects. These include recreational developments at Mandai Park, Changi Airport new taxiway and berth facilities at Jurong Port and Tanjong Pagar Terminal.

On the other hand, the government is restricting the supply of private residential units for the first-half 2020 Government Land Sales (GLS) Programme. The Ministry of National Development advised that the supply of private housing units in the pipeline "remains high" despite declining progressively over the past few quarters. The private sector construction market is slated to continue growing with the ongoing redevelopment of en-bloc residential sites acquired during the latest cycle.

The residential property market is expected to rise by between 1 per cent and 5 per cent in 2020 after registering a 2.5 per cent gain in 2019, as shown in Urban Redevelopment Authority's recent flash estimates. The price growth is moderated from the 7.9 per cent spike in 2018.

Following MAS's announcement on the launch of a US\$2 billion green investments programme (GIP) to accelerate the growth of Singapore's green finance ecosystem in November 2019, numerous property developers have since secured green loans to be used exclusively on green projects. Singapore is fast emerging as a hub for green and sustainable loan issuances, with more than US\$6 billion of loan issuances to date, according to MAS data.

Internationally, a report by the International Finance Corporation (IFC) projected that the investment potential of emerging markets' green building sector could be worth US\$24.7 trillion by 2030. Regionally, East Asia and the Pacific, which includes the ASEAN region, topped the charts with US\$16 trillion in commercial and residential investment opportunities. The numbers were based on future population growth forecasts and the finding that 60 per cent of the expected urban development in 2030 has yet to be built.

Commodity prices remain reasonably stable within a small range. Crude oil prices spiked over 4.4 per cent. Fresh geopolitical risks at the start of the new year could mean a sustained risk premium in the prices. Prices of basic construction materials have continued to increase q-o-q, with concreting sand increasing the most at 4.4 per cent. Smaller increments of 1.6 per cent, 1.2 per cent and 0.6 per cent were recorded for granite, cement, and ready mixed concrete respectively.

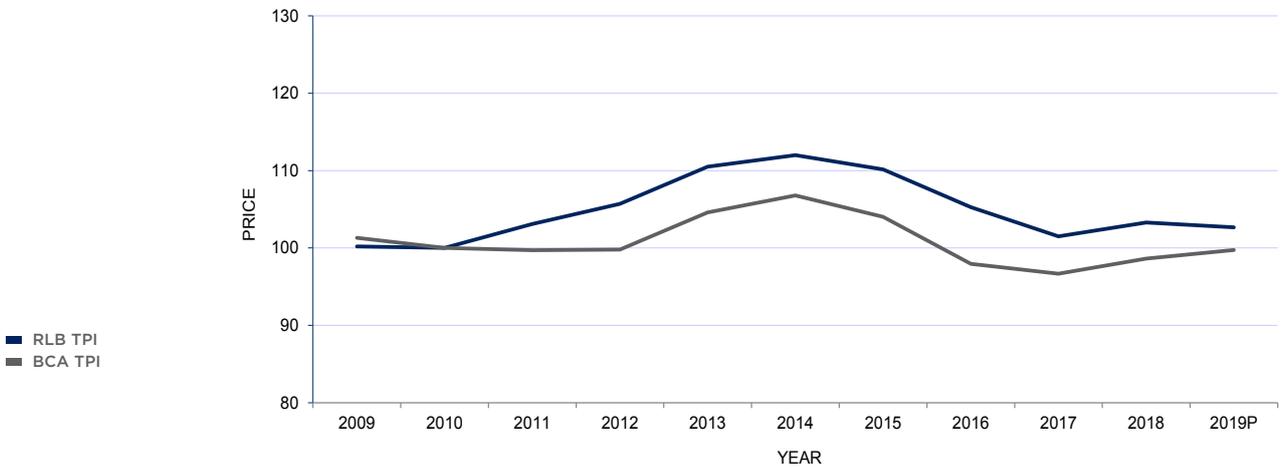
The Ministry of Manpower (MOM) announced on 28 January 2020 that all new work pass applications for foreign workers from Hubei, the Chinese province where the 2019-nCoV was first identified, will be rejected. BCA also issued an advisory for employers and firms in the built environment sector to safeguard employees and provide for business continuity.

Construction tenders have remained generally competitive in 2019, given the current tight tendering market. However, increase in building projects and a shortage of competent construction firms could push the overall tender prices up in 2020. Based on present cost and price trends, RLB estimates that construction tender prices are projected to see an increase in the order of 2 per cent to 5 per cent escalation for 2020.



TENDER PRICE TRENDS

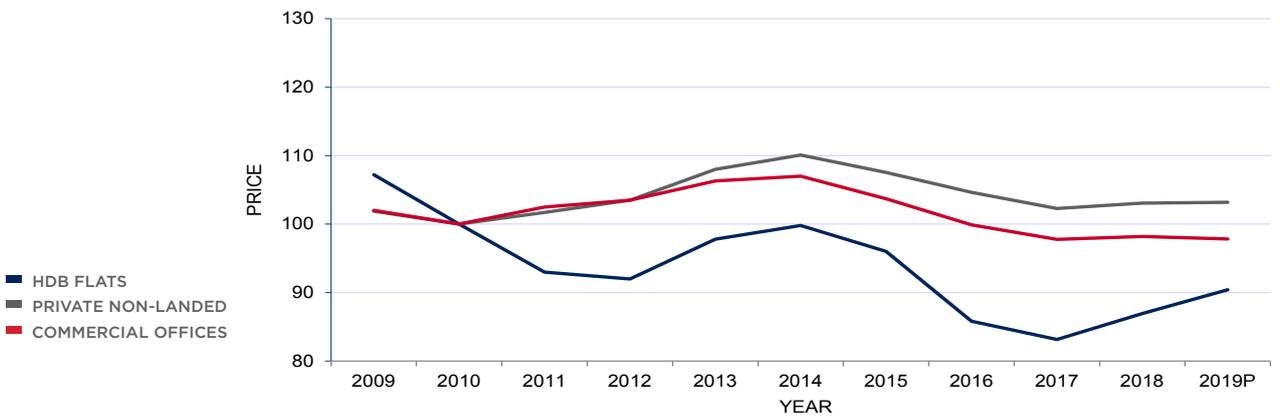
BUILDING TENDER PRICE INDICES



	Annual change 2019 ^P	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 ^P
RLB TPI	-0.6% ↓	100.2	100.0	103.1	105.7	110.5	112.0	110.2	105.3	101.5	103.3	102.7
BCA TPI	1.1% ↑	101.3	100.0	99.7	99.8	104.6	106.8	104.0	98.0	96.7	98.6	99.7

Data Sources: BCA and RLB
P: Preliminary

BCA TENDER PRICE INDICES



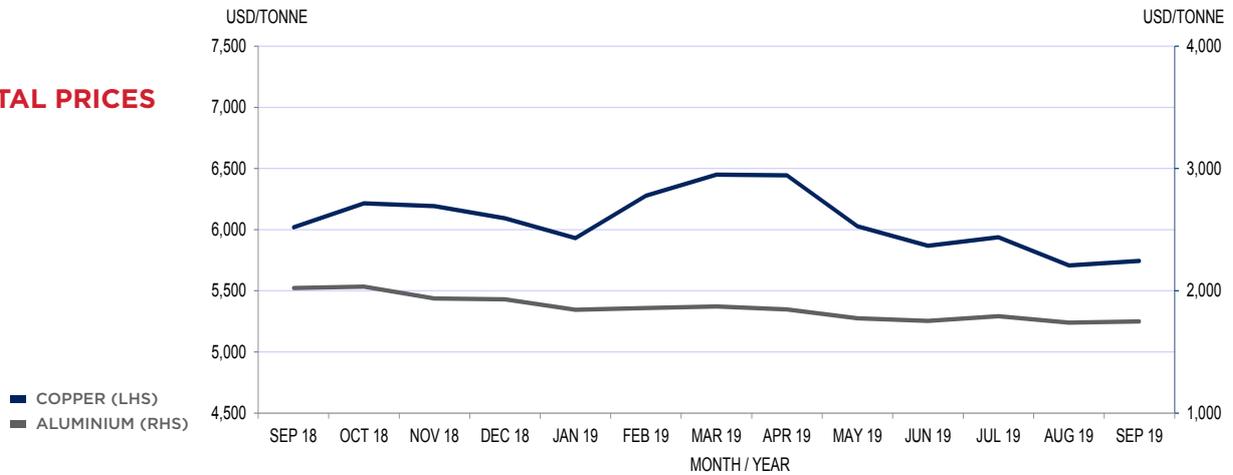
	Annual change 2019 ^P	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 ^P
HDB Flats	4.0% ↑	107.2	100.0	93.0	92.0	97.8	99.8	96.0	85.8	83.2	86.9	90.4
Private Non-Landed	0.1% ↑	101.9	100.0	101.7	103.5	108.0	110.1	107.6	104.7	102.3	103.1	103.2
Commercial Offices	-0.4% ↓	102.0	100.0	102.5	103.5	106.3	107.0	103.7	99.9	97.8	98.2	97.8

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

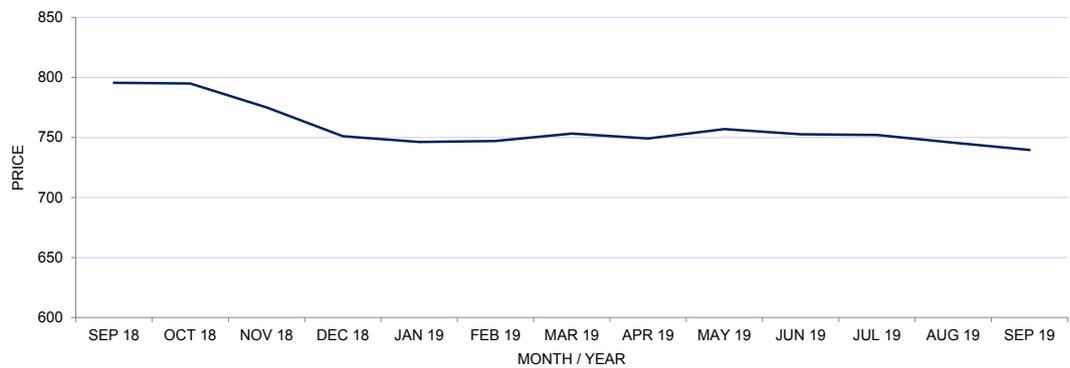
METAL PRICES



	AVG 2Q'19 / 3Q'19 CHANGE	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019	JUL 2019	AUG 2019	SEP 2019
Copper	-5.2% ↓	6019	6215	6192	6093	5931	6277	6450	6444	6027	5868	5939	5707	5745
Aluminium	-1.8% ↓	2022	2034	1937	1931	1845	1859	1872	1848	1775	1753	1792	1740	1749

Data Sources: London Metal Exchange (LME)

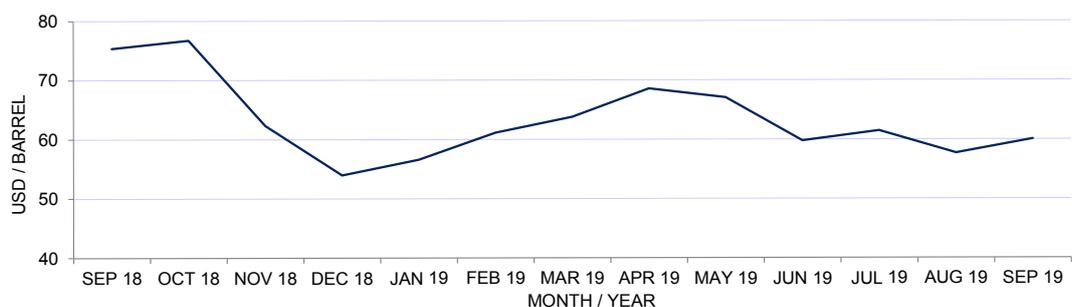
STEEL REINFORCEMENT (16 - 32MM HIGH TENSILE) SUPPLY PRICES



	AVG 2Q'19 / 3Q'19 CHANGE	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019	JUL 2019	AUG 2019	SEP 2019
Steel	-0.9% ↓	796	795	775	751	746	747	753	749	757	753	752	746	740

Data Sources: BCA

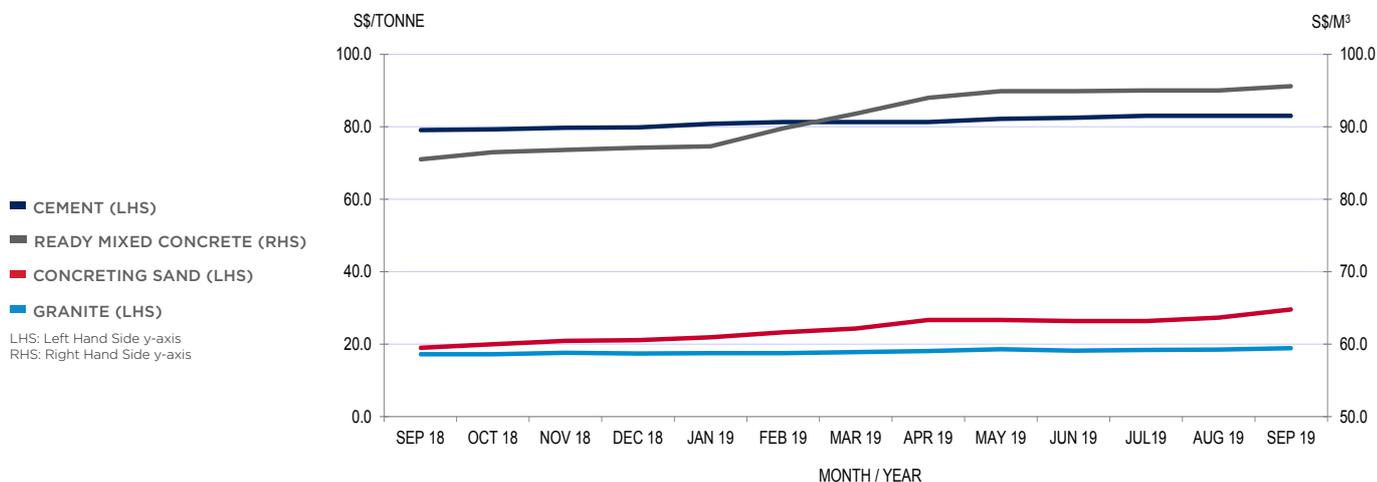
CRUDE OIL PRICES



	AVG 2Q'19 / 3Q'19 CHANGE	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019	JUL 2019	AUG 2019	SEP 2019
Crude Oil	-8.3% ↓	75	77	62	54	57	61	64	69	67	60	61	58	60

Data Sources: IndexMundi

BASIC CONSTRUCTION MATERIALS



	AVG 2Q'19 / 3Q'19 CHANGE	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019	JUL 2019	AUG 2019	SEP 2019
CEMENT	1.2% ↑	79.1	79.3	79.7	79.8	80.8	81.3	81.3	81.3	82.2	82.5	83.0	83.0	83.0
READY MIXED CONCRETE	0.6% ↑	85.5	86.5	86.8	87.1	87.3	89.8	91.8	94.0	94.9	94.9	95.0	95.0	95.6
CONCRETING SAND	4.4% ↑	19.0	20.0	20.9	21.1	21.9	23.3	24.3	26.7	26.7	26.4	26.4	27.3	29.6
GRANITE	1.6% ↑	17.2	17.2	17.6	17.4	17.5	17.5	17.8	18.1	18.6	18.2	18.4	18.5	18.9

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	APR 19	MAY 19	JUN 19	JUL 19	AUG 19	SEP 19
Singapore Dollar	\$	SGD	1	1.36	1.37	1.36	1.36	1.39	1.38
Euro	€	EUR	1	0.89	0.89	0.89	0.89	0.90	0.91
U.K. Pound Sterling	£	GBP	1	0.77	0.78	0.79	0.80	0.82	0.81
Australian Dollar	\$	AUD	1	1.41	1.44	1.44	1.43	1.48	1.47
Chinese Yuan	¥	CNY	1	6.72	6.87	6.90	6.88	7.06	7.12
Malaysian Ringgit	RM	MYR	1	4.11	4.17	4.16	4.12	4.19	4.19
Japanese Yen	¥	JPY	100	1.12	1.10	1.08	1.08	1.06	1.07
Myanmar Kyat	K	MMK	1000	1.50	1.51	1.50	1.49	1.49	1.51
Indonesian Rupiah	Rp	IDR	1000	14.12	14.36	14.22	14.03	14.23	14.09
Vietnamese Dong	đ	VND	1000	23.14	23.25	23.22	23.11	23.13	23.13

Data Sources: IMF, Oanda

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

SINGAPORE CONSTRUCTION PRICES

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 **3rd 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

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- Post-Contract Services
- Project Risk Management
- Financial Reporting and Management
- Final Accounts

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- Contract Administration
- Contract Administration
- Procurement Management

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Welwyn Garden City

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Belgium
Czech Republic
Finland
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