

ISSUE NO. 85 | JUNE 2019

SINGAPORE REPORT

CONSTRUCTION MARKET
QUARTERLY UPDATE





KEY POINTS IN THIS ISSUE

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

- The Singapore economy is facing a sharp downturn for 2019 as its GDP shrank by 3.3% in the second quarter;
- The local construction sector continues its recovery with a 2.2% growth in the second quarter, supported by new building, civil and engineering infrastructure projects coming on-stream;
- The Government has recently announced five new significant projects on the horizon – the Changi Airport Terminal 5, the Tuas Megaport, the Greater Southern Waterfront, the redevelopment of Paya Lebar Airport and the Jurong Lake District;
- Tender prices for 2019 are projected to continue to show a slight increase, barring any unforeseen market circumstances;
- Construction tenders have remained generally competitive, given the tight tendering market;

We are pleased to report the recent completion and opening of the newly refurbished Raffles Hotel, a Singapore icon and gazetted national monument, where RLB is the Quantity Surveying consultant. Other key current commissions include the Mandai Park development, Woodlands Health Campus, Rochester Park, Changi Airport Terminal 2 A&A, Pan Pacific Orchard, SMU-X 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

RAFFLES HOTEL

SINGAPORE

CLIENT:	Katara Hospitality
ARCHITECT:	Aedas Pte Ltd
SERVICE:	Quantity Surveying
COMPLETION:	2019

The Raffles Hotel is a colonial-style luxury hotel in Singapore. In December 2017, the hotel commenced a three-phase restoration programme and reopened in August 2019.

The major refurbishing works comprise of refurbishing of the Suites, Rooms, Lobby, Restaurants, Bars, Jubilee Hall, Ballroom, Meeting Rooms, Museum, Shops, Spa, Arcade, Recreation Club, indoor and outdoor spaces, landscape with MEP Installations.

SINGAPORE ECONOMY

Singapore's open economy has been significantly impacted by the escalation of the US-China trade dispute, Hong Kong civil unrest, the Japan-South Korea trade dispute and the possibility of a no-deal Brexit by the United Kingdom.

In the light of the current gloomy global trade outlook, the Singapore economy is facing a sharp downturn for 2019 as its gross domestic product (GDP) shrank by 3.3% in the second quarter on a seasonally adjusted quarterly basis, after growing by 3.8% in the first quarter. The government's initial estimate of GDP growth of 1.5% to 3.5% earlier this year, has been revised to zero to 1% growth this year. Singapore will experience a technical recession in the event of two straight quarter-on-quarter declines occurring.

On a more positive note, there are significant growing business opportunities in the regional markets through ongoing trade and e-commerce initiatives from the ASEAN Economic Community, China's Belt and Road Initiative (and its Greater Bay Area plan), and potential trade and investment opportunities under the US Indo-Pacific Strategy. Such participation may include

financial services (especially green finance), insurance, security, transport, logistics, construction, engineering and technology solutions, and other professional services. Manufacturing businesses impacted by the trade war, including those dealing in electronic goods, engineering or security equipment, could participate in the development of smart city infrastructure. The ASEAN Smart Cities Network will create a demand for the construction of new digital and communications infrastructure in various regional cities.

Singapore has remained competitive internationally – in a recent study on world competitiveness conducted by a Swiss-based think-tank IMD, Singapore emerged as most competitive of 63 economies. Singapore attracted US\$ 35 billion of investments in 2018, according to a recent world investment report, and it managed to improve its standing from 8th to 6th position in the list of top ten foreign direct investment (FDI) host countries.



SINGAPORE CONSTRUCTION MARKET

According to the Ministry of Trade and Industry, Singapore's construction sector continued its year-on-year recovery with growth of 2.2% in the second quarter, after a 2.7% expansion before, on a rise in public works. However, on a quarterly basis, the sector was still down by 7.6%, reversing the earlier double-digit growth.

In the medium term, construction demand growth is supported from new building, civil and engineering infrastructure work coming on-stream from Changi Terminal 5, the two Integrated Resorts' second phase, MRT and highway projects, and other healthcare, hospitality, residential, commercial, and industrial developments. However, the construction sector faces risks of a slowdown, due to the poorer global economic outlook over the next few years, and may see a weakening of growth.

In his recent National Day message, Prime Minister Lee Hsien Loong spoke of the remaking and re-invention of the city of Singapore, citing the outstanding Jewel Changi Airport as an example of a successful project. He announced that five new significant projects are on the horizon - the Changi Airport Terminal 5, the Tuas Megaport, the Greater Southern Waterfront, the redevelopment of Paya Lebar Airbase and the Jurong Lake District.

Completing in 2030, Changi Airport Terminal 5 will promote Singapore's standing as a major global air hub, leading the way in automated processes and facilities, and the use of renewable energy technology. It will increase Changi's annual capacity of 50 million passengers to 70 million, and in later years, potentially serve up to 150 million passengers a year. Secondly, the Jurong Lake District will be a fully-integrated tourism development by 2026, with hotels, tourist attractions, F&B and the like. The district was to be originally planned as Singapore's second Central Business District (CBD), but it underwent a temporary setback with the postponement of the Kuala Lumpur-Singapore High-Speed Rail (HSR) project. The Tuas Megaport is scheduled to open in phases beginning 2021. It will have a capacity of 65 million twenty-foot equivalent unit (TEUs) of cargo, an upgrade from the existing capacity of 50 million TEUs. Work on the Greater Southern Waterfront is set to begin in 2030. This would include new development of Pulau Brani and merging Sentosa island to the waterfront. An eco-corridor will be built to connect the Gardens by the Bay to the island-wide network of green walkways, including the Rail Corridor and Southern Ridges. The

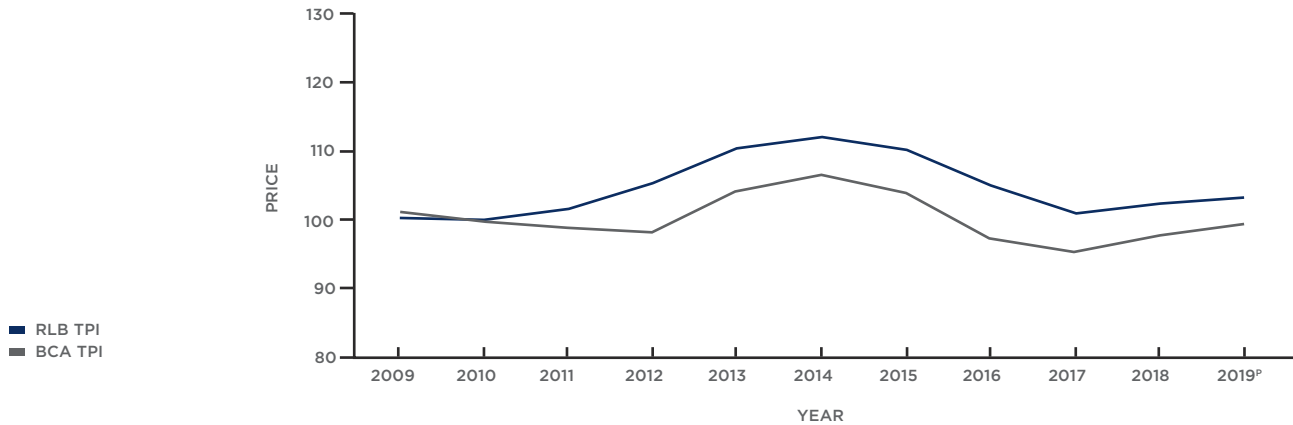
Paya Lebar Airbase shall be re-located to the expanded Tengah Airbase, and more living and working spaces, residential and industrial accommodation, and parks will be built at Paya Lebar vicinity.

Construction tenders have remained generally competitive, given the current tight tendering market.

Construction tender prices are currently still projected to see a slight increase over the duration of 2019, in the order of 0% to 1.5% as currently forecast by RLB. Commodity prices are reasonably stable within a small range. However, these may be affected by the present global economic downturn and uncertainties, which will impinge upon the overall demand levels for construction and building materials. Labour prices for skilled labour and tradesmen are anticipated to be on an upward trend as the volume of construction work picks up. As stated in the previous RLB market report, bored foundation piling prices have remained high over this period due to the large concurrent piling demand from private sector projects and public infrastructure projects, as well as the marked shortage of piling frames.

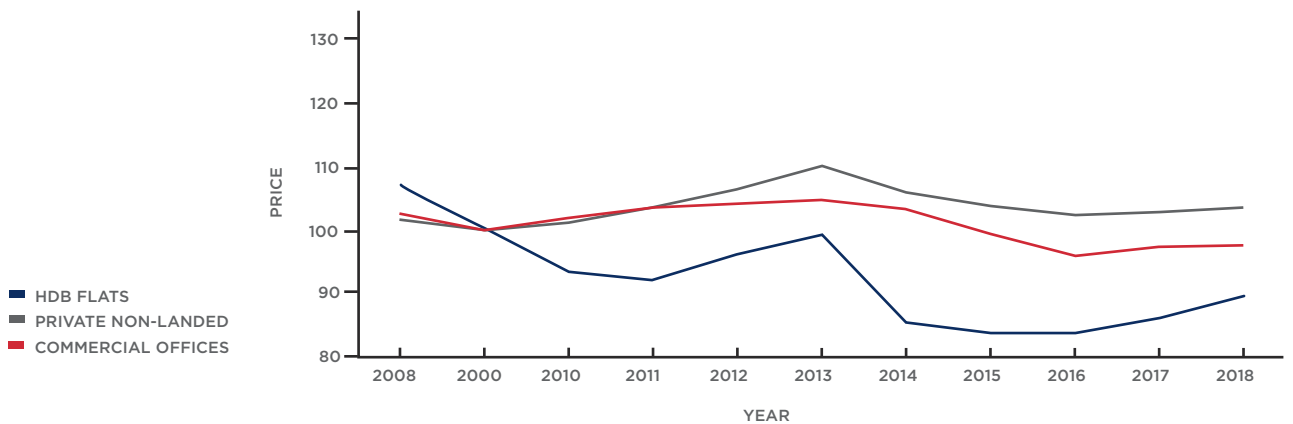
TENDER PRICE TRENDS

BUILDING TENDER PRICE INDICES



Data Sources: BCA and RLB
P: Preliminary

BCA TENDER PRICE INDICES



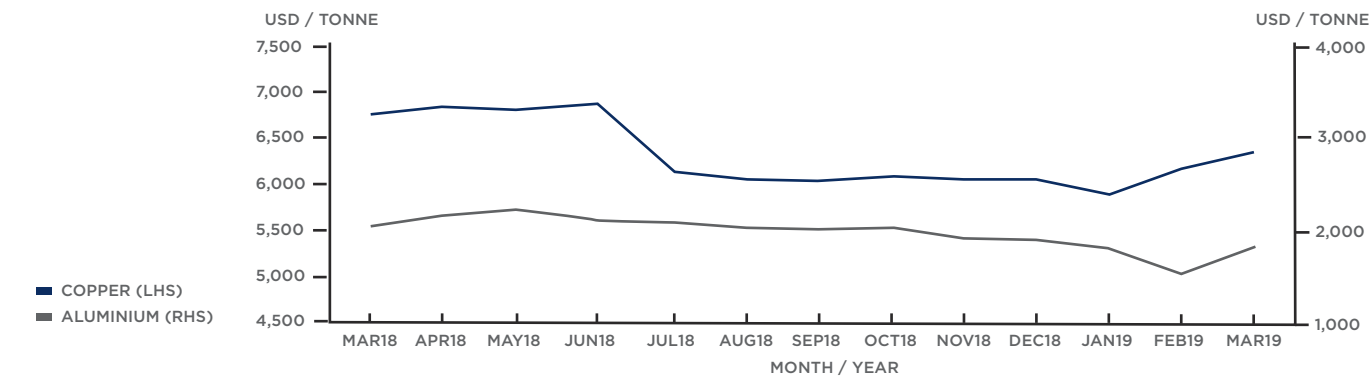
	Annual change 2019 ^P	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 ^P
HDB Flats	2.8% ↑	107.2	100.0	93.0	92.0	97.8	99.8	85.8	83.2	83.2	86.9	89.4
Private Non-Landed	0.7% ↑	101.9	100.0	101.7	103.5	108.0	110.1	107.6	104.7	102.3	103.1	103.8
Commercial Offices	0.7% ↑	102.0	100.0	102.5	103.5	106.3	107.0	103.7	99.9	97.8	98.2	98.9

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

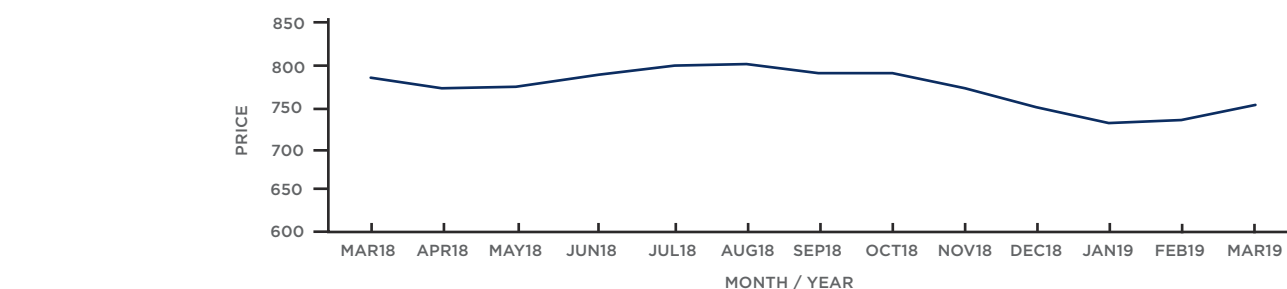
METAL PRICES



	AVG 4Q'18 / 1Q'19 CHANGE	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019
Copper	0.9% ↑	6795	6838	6821	6954	6247	6039	6019	6215	6192	6093	5931	6277	6450
Aluminium	-5.5% ↓	2076	2245	2290	2240	2098	2045	2022	2034	1937	1931	1845	1589	1872

Data Sources: London Metal Exchange (LME)

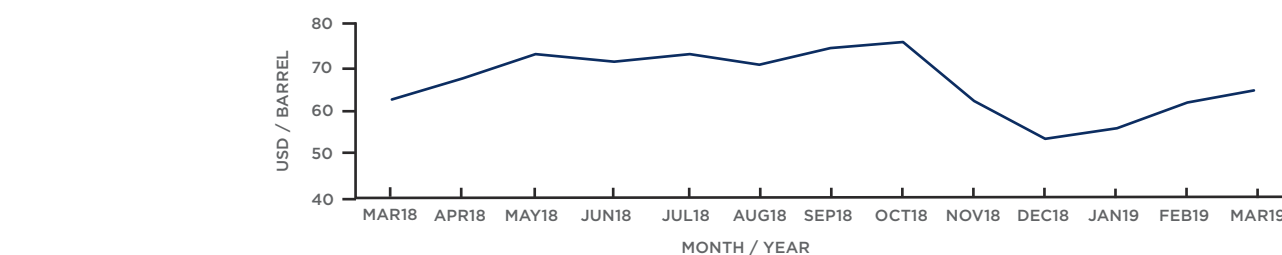
STEEL REINFORCEMENT (16 - 32MM HIGH TENSILE) SUPPLY PRICES



	AVG 4Q'18 / 1Q'19 CHANGE	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019
Steel	-3.2% ↓	790	780	781	794	800	802	796	795	775	751	746	747	753

Data Sources: BCA

CRUDE OIL PRICES

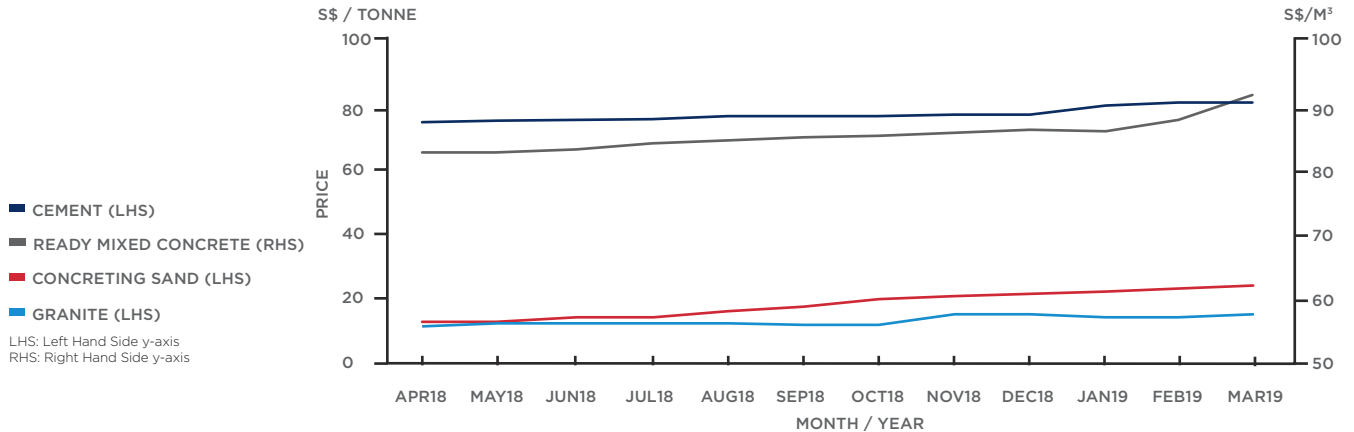


	AVG 4Q'18 / 1Q'19 CHANGE	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019
Crude Oil	-6.6% ↓	64	69	73	72	73	71	75	77	62	54	57	61	64

Data Sources: IndexMundi

MATERIAL PRICE TRENDS

BASIC CONSTRUCTION MATERIALS



			APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019
	AVG 4Q'18 / 1Q'19 CHANGE													
■ CEMENT	1.9%	↑	77.1	77.6	77.8	78.9	79.0	79.1	79.3	79.7	79.7	80.8	81.3	81.3
■ READY MIXED CONCRETE	3.3%	↑	84.3	84.3	84.9	85.0	85.2	85.5	86.5	86.8	87.4	87.3	89.8	91.8
■ CONCRETING SAND	12.1%	↑	17.5	17.5	17.6	17.6	18.7	19.0	20.0	20.9	21.2	21.9	23.3	24.3
■ GRANITE	1.1%	↑	16.9	17.4	17.4	17.4	17.4	17.2	17.2	17.6	17.6	17.5	17.5	17.8

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	OCT 18	NOV 18	DEC 18	JAN 19	FEB 19	MAR 19
Singapore Dollar	\$	SGD	1	1.38	1.38	1.37	1.36	1.35	1.35
Euro	€	EUR	1	0.87	0.88	0.88	0.88	0.88	0.88
U.K. Pound Sterling	£	GBP	1	0.77	0.78	0.79	0.78	0.77	0.76
Australian Dollar	\$	AUD	1	1.41	1.38	1.40	1.40	1.40	1.41
Chinese Yuan	¥	CNY	1	6.94	6.94	6.89	6.79	6.74	6.71
Malaysian Ringgit	RM	MYR	1	4.16	4.19	4.18	4.12	4.07	4.08
Japanese Yen	¥	JPY	100	112.78	113.38	112.57	108.92	110.35	111.21
Myanmar Kyat	K	MMK	100	15.84	16.06	15.75	15.41	15.16	15.10
Indonesian Rupiah	Rp	IDR	1000	15.17	14.73	14.50	14.18	14.04	14.20
Vietnamese Dong	đ	VND	1000	23.41	23.39	23.34	23.24	23.25	23.34

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 **1st 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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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.

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Capital Cost Allowances Assessment
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