

Construction demand in Singapore strong, set to hit up to S\$32b this year: BCA

Industry may have turned a corner; public construction demand expected to make up 60% of projected demand

Singapore

CONSTRUCTION demand is expected to remain strong this year due to sustained public sector contracts, as the industry continues to recover from a challenging three-year spell.

Total construction demand, which is the value of construction contracts to be awarded, is expected to be between S\$27 billion and S\$32 billion this year, despite additional cooling measures in the private property market and the delay in construction of the high-speed rail between Singapore and Kuala Lumpur last year.

Public construction demand, expected to be between S\$16.5 billion and S\$19.5 billion this year, is set to make up about 60 per cent of projected demand for the year.

An estimated S\$30.5 billion in contracts was awarded last year, according to the Building and Construction Authority (BCA). This is in line with the agency's estimate of between S\$26 billion and S\$31 billion for last year.

It represents a 23 per cent increase in construction demand compared with the year before, said Zaqy Mohamad, Minister of State for National Development and Manpower, at the BCA-Redas Built Environment and Property Prospects Seminar which was held on Jan 14 at the Grand Copthorne Waterfront Hotel. "Many firms have felt the pressure. Construction demand declined for three consecutive years from 2015 to 2017," Mr Zaqy said in a speech at the event, adding that the government's move to bring forward S\$1.4 billion in public projects to start between 2017 and early this year has helped firms ride out the downturn.

Public sector demand contributed



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S\$18.4 billion last year due to projects such as civil engineering works and institutional buildings. Private sector demand was S\$12.1 billion, supported by projects such as the redevelopment of en bloc sites, the sales of which were concluded in 2017 and the first half of last year. "We have also encouraged government agencies to parcel out large infrastructure projects to create more opportunities for local firms and to diversify risk," said Mr Zaqy.

Total construction demand is es-

timated to be between S\$27 billion and S\$34 billion per year for 2020 and 2021, and between S\$28 billion and S\$35 billion per year for 2022 to 2023.

BCA chief executive officer Hugh Lim said in his welcome address that 2018 "suggests that the built environment may have turned a corner in terms of construction demand".

Johnny Lim, executive director of construction firm Teambuild, said his company has seen an increase in the number of projects awarded from 2017 to last year, from about "two to

three" to "five to six". Teambuild is helping to build some residential developments as well as a nursing home.

But he emphasised that his firm's situation may not be representative of the entire industry, despite overall demand going up. "Some other local firms may still find it quite challenging, and there was some consolidation in the industry last year," said Mr Lim.

He added that many of the projects are infrastructural ones that usually go to bigger local players or over-

seas companies, and not to smaller local ones.

He revealed that he secured last year's projects through a more competitive tendering process, and expects the profit margins from Teambuild's latest projects to be lower. "Looking ahead, the global climate is challenging and expectations still need to be moderated," said Mr Lim, adding that his firm may look overseas for projects due to the limited size of the Singapore market.

The BCA also announced an enhancement of the Building Innovation

Panel (BIP), an inter-agency panel set up in 2011 to boost construction productivity by accelerating the regulatory clearance of technologies. Firms use the BIP as a single platform to work with relevant agencies instead of approaching different government agencies one by one.

From February, the scope of the BIP will be expanded to include areas such as advanced and sustainable building material, and green building technology. Previously, the BIP was limited to technology that raised construction productivity.