

Chapter 6.2

CONSTRUCTION

OVERVIEW

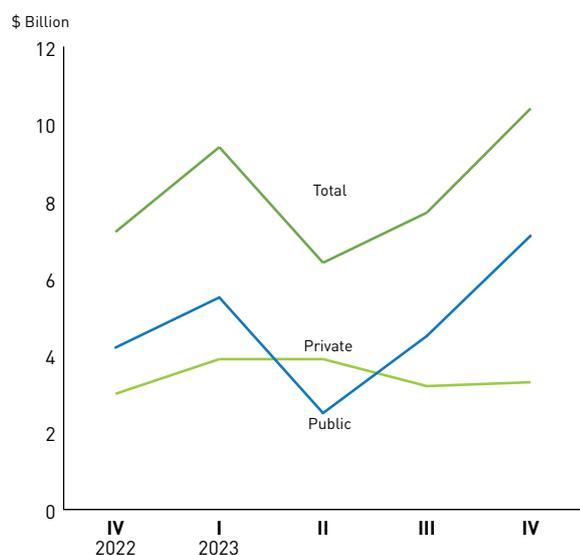
The construction sector grew by 5.2 per cent year-on-year in the fourth quarter of 2023, faster than the 3.7 per cent expansion in the previous quarter.

For the whole of 2023, the sector expanded by 5.2 per cent, faster than the 4.6 per cent growth in 2022.

CONSTRUCTION DEMAND

Construction demand (contracts awarded) increased by 43.8 per cent year-on-year to \$10.4 billion in the fourth quarter, supported by expansions in both public and private sector construction demand (Exhibit 6.3).

Exhibit 6.3: Contracts Awarded



For the full year, total construction demand expanded by 13.5 per cent to \$33.8 billion (Exhibit 6.4), backed by increases of 12.8 per cent in public sector construction demand and 14.4 per cent in private sector construction demand.

Exhibit 6.4: Contracts Awarded, 2023 (\$ Billion)

	Total	Public	Private
Total	33.8	19.5	14.3
Residential	13.0	7.6	5.4
Commercial	3.4	0.0 ¹	3.4
Industrial	4.6	0.5	4.1
Institutional & Others	5.5	4.8	0.6
Civil Engineering Works	7.3	6.5	0.8

Public Sector

In the fourth quarter, public sector construction demand grew by 67.2 per cent year-on-year to \$7.1 billion. Except for commercial building construction demand which registered a contraction of -26.2 per cent, demand for all development types registered growth, ranging from 9.4 per cent for civil engineering works to 472 per cent for industrial building developments.

¹ In 2023, public commercial building's contracts awarded was 45 million.

For the full year, public sector construction demand increased by 12.8 per cent to \$19.5 billion (Exhibit 6.4). The expansion was supported by an increase in contracts awarded for public institutional & others (64.4 per cent), industrial (55.0 per cent) and residential building (43.0 per cent) projects. Some of the major projects awarded during the year include (i) MINDEF's NS Square; (ii) MND's Bay East Garden with a visitor centre; (iii) SLA's Chong Pang Integrated Development; and (iv) PUB's Tuas Water Reclamation Plant Contract 4B.

Private Sector

In the fourth quarter, private sector construction demand increased by 10.6 per cent year-on-year to \$3.3 billion. Except for industrial and institutional & others building projects, which registered contractions of 35.3 per cent and 63.1 per cent respectively, demand expanded for all other types of projects, ranging from 11.1 per cent for residential building projects to 249 per cent for commercial building projects.

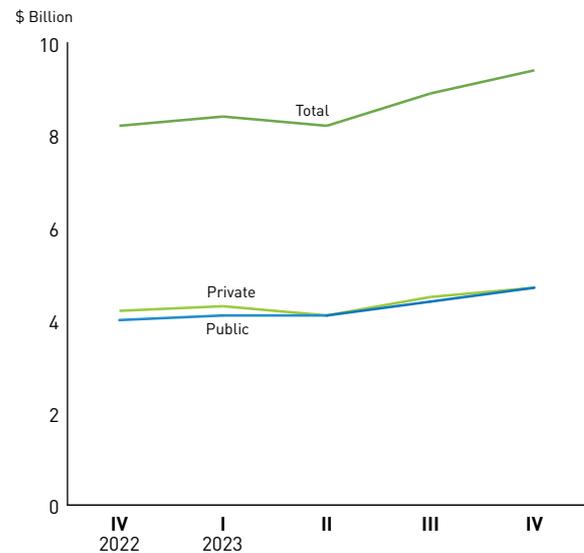
For the full year, private sector construction demand grew by 14.4 per cent to \$14.3 billion, on the back of higher demand for private commercial (120 per cent) and residential building (39.9 per cent) projects (Exhibit 6.4). Major projects awarded in 2023 include (i) redevelopment of various office premises such as Clifford Centre and PIL Building; (ii) major hotel refurbishment works at Marina Bay Sands and Resorts World at Sentosa; and (iii) development of various past en-bloc sales and GLS sites.

CONSTRUCTION OUTPUT

Construction output (or nominal certified payments) rose by 14.9 per cent year-on-year to \$9.4 billion in the fourth quarter, supported by expansions in both public and private sector construction outputs (Exhibit 6.5).

For the full year, construction output increased by 15.4 per cent to \$34.9 billion, extending the 15.8 per cent growth in 2022.

Exhibit 6.5: Certified Payments



Public Sector

Public sector construction output rose by 18.3 per cent year-on-year to \$4.7 billion in the fourth quarter. With the exception of public commercial building works, construction output for all types of works expanded, supported by public industrial (42.3 per cent), institutional & others (16.0 per cent), residential building (14.1 per cent) and civil engineering (19.3 per cent) works.

For the full year, public sector construction output increased by 14.3 per cent to \$17.3 billion, underpinned mainly by public residential (22.6 per cent), institutional & others (21.4 per cent), industrial building (13.0 per cent) and civil engineering (6.8 per cent) works. Major projects supporting the growth include (i) MOH's Woodlands Health Campus, SGH Elective Care Centre/National Dental Centre and SGH Emergency Medicine Building; (ii) SIT Campus@Punggol (Plots 1 & 2); (iii) Sport Singapore's Punggol Regional Sports Centre (iv) JTC's Punggol Digital District and Bulim Square; (v) PUB's Tuas Water Reclamation Plant for the Deep Tunnel Sewerage System (Phase 2); and (vi) LTA's Cross Island MRT Line, Jurong Region MRT Line, East Coast Integrated Depot and North South Corridor.

Private Sector

In the fourth quarter, private sector construction output increased by 11.6 per cent year-on-year to \$4.7 billion, as all types of private sector construction works, except for institutional & others building works, expanded. These include private civil engineering (28.7 per cent), commercial (21.4 per cent) and industrial building (19.5 per cent) works.

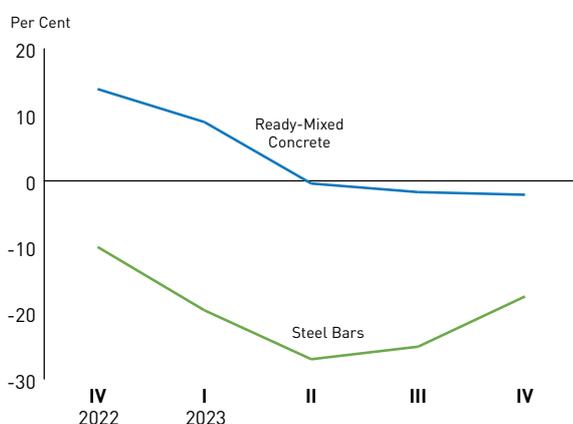
For the full year, private sector construction output increased by 16.4 per cent to \$17.6 billion. All types of private sector construction output expanded, led by private commercial (39.4 per cent), industrial (19.3 per cent) and residential building (10.7 per cent) works. Major ongoing projects include (i) mixed-used integrated developments; (ii) refurbishment of existing hotels and development of new hotels; (iii) data centres; (iv) semiconductor production plants; (v) cogeneration plants; and (vi) the redevelopment of past en-bloc sales sites and development of Government Land Sales (GLS) sites.

CONSTRUCTION MATERIALS

In tandem with the rise in construction output, total consumption of steel rebars² rose by 31.0 per cent year-on-year to 1.5 million tonnes in 2023. Similarly, the total consumption of ready-mixed concrete increased by 4.9 per cent in 2023 to 12.3 million m³.

The average market price of Grade 40 pump ready-mixed concrete³ decreased by 2.1 per cent to about \$115.7 per m³ in the fourth quarter, amid easing freight and fuel costs coupled with diversified import sources of raw materials. Likewise, the average market price of steel rebars⁴ fell by 17.5 per cent to around \$824.7 per tonne in the fourth quarter, due to softening of global steel demand (Exhibit 6.6).

Exhibit 6.6: Changes in Market Prices of Construction Materials



2 Rebar consumption is estimated from net imports plus local production (without factoring in stock levels).

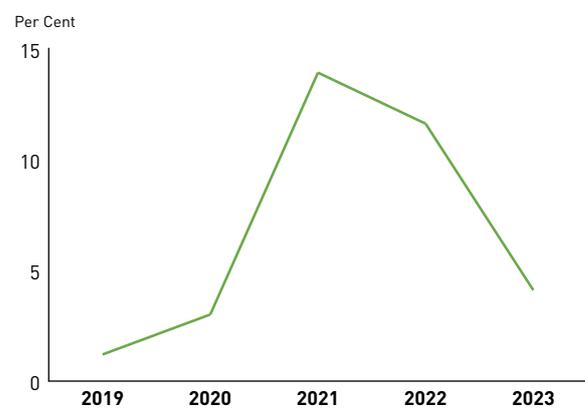
3 The market prices are based on contracts with non-fixed price and market retail price.

4 The market prices refer to 16mm to 32mm High Tensile rebars and are based on fixed price supply contracts with a contract period of 6 months or below.

CONSTRUCTION COSTS

Based on BCA's Building Works Tender Price Index (TPI), tender prices increased by about 4.1 per cent year-on-year in 2023, a decline from the 11.6 per cent growth in 2022, following the easing of some key input costs (e.g., construction material costs) and of global inflation (Exhibit 6.7). However, there are several factors that could put upward pressure on the TPI in 2024. These include likely tighter manpower and sub-contracting resources, amid anticipated strong construction activities over the medium-term, and the possibility of a resurgence in global inflation.

Exhibit 6.7: Changes in Tender Price Index



CONSTRUCTION OUTLOOK IN 2024

According to BCA, total construction demand is projected to be between \$32.0 billion and \$38.0 billion in 2024 (Exhibit 6.8). Demand from the public sector is expected to stay strong at between \$18.0 billion and \$21.0 billion, supported by a continued strong pipeline of public housing, institutional building and infrastructure projects. Meanwhile, total private sector construction demand is projected to be between \$14.0 billion and \$17.0 billion in 2024, bolstered by an anticipated increase in commercial building developments including the expansion of the two Integrated Resorts (IRs). Key upcoming projects in 2024 include (i) continued ramp-up in Build-To-Order HDB flats; (ii) development of new major mixed-used properties; (iii) high-specification industrial premises such as biomedical plants and fuel storage facilities; (iv) major public institutional building developments such as relocation of Singapore Science Centre and construction of Founders' Memorial Building and (v) remaining contracts for Cross Island MRT Line (Phase 2).

Total construction output in 2024 is projected to increase to between \$34.0 billion and \$37.0 billion, in tandem with the recovery in the construction demand since emerging from the COVID-19 pandemic.

Exhibit 6.8: Projected Construction Demand in 2024

	\$ Billion
Public Sector	18.0 – 21.0
Building Construction Sub-total	10.7 – 12.8
Residential	6.6 – 7.6
Commercial	0.1 – 0.1
Industrial	0.5 – 0.7
Institutional & Others	3.6 – 4.4
Civil Engineering Works Sub-total	7.3 – 8.2
Private Sector	14.0 – 17.0
Building Construction Sub-total	13.4 – 16.3
Residential	3.7 – 4.5
Commercial	5.8 – 6.6
Industrial	3.0 – 4.0
Institutional & Others	0.9 – 1.2
Civil Engineering Works Sub-total	0.6 – 0.8
TOTAL CONSTRUCTION DEMAND	32.0 – 38.0