

MEDIA RELEASE

SUSTAINED CONSTRUCTION DEMAND IN 2022 SUPPORTED BY PUBLIC SECTOR PROJECTS

26 January 2022, Singapore – The Building and Construction Authority (BCA) projects the total construction demand (i.e. the value of construction contracts to be awarded) in 2022 to be between S\$27 billion and S\$32 billion.

2. The public sector is expected to contribute about 60 per cent of the total construction demand, between S\$16 billion and S\$19 billion. This is supported by the strong pipeline of public housing projects including those under the Home Improvement Programme, as well as healthcare developments and infrastructure works such as the Cross Island MRT Line (Phase 1).

3. The private sector construction demand is anticipated to reach between S\$11 billion and S\$13 billion in 2022, comparable with the volume in 2021. Given the latest property cooling measures, residential building demand is anticipated to moderate year-on-year amid more cautious market sentiments. However, commercial building demand is expected to increase as hotels and attractions undergo refurbishment to prepare for inbound tourism revival, and older commercial premises are earmarked for redevelopment to enhance their asset values. In addition, the private sector industrial building demand is expected to see some support from the construction of energy storage facilities and biopharmaceutical manufacturing plants.

Preliminary Actual Construction Demand in 2021

4. The preliminary total construction demand for 2021 increased by 42 percent to about S\$30 billion compared to the preceding year, largely driven by public housing and infrastructure projects as well as an improvement in investment sentiments. This

was about 7 per cent higher than the upper bound of BCA's earlier forecast of S\$23 billion to S\$28 billion, mainly due to increase in tender prices resulting from manpower and materials cost inflation.

5. The public sector construction demand increased from S\$12.2 billion in 2020 to S\$18.2 billion in 2021, underpinned by major projects such as the Cross Island MRT Line, Jurong Region MRT Line, Tuas Water Reclamation Plant and new Build-To-Order (BTO) units. Likewise, the private sector construction demand expanded from S\$8.9 billion in 2020 to S\$11.8 billion in 2021, supported by higher demand for residential, commercial and industrial building developments as the economy recovers.

Forecast for 2023 to 2026

6. Over the medium-term, BCA expects the total construction demand to reach between S\$25 billion and S\$32 billion per year from 2023 to 2026¹.

7. The public sector is expected to lead the demand and contribute S\$14 billion to S\$18 billion per year from 2023 to 2026. About half of the demand will come from building projects and the other half from civil engineering works. Besides public housing developments, there are also various major developments in the pipeline, such as MRT projects including the Cross Island Line (Phases 2 & 3) and its Punggol Extension and the Downtown Line Extension to Sungei Kadut, the Toa Payoh Integrated Development, redevelopment of Alexandra hospital and a new integrated hospital at Bedok.

8. The private sector construction demand is projected to remain steady over the medium-term, reaching about S\$11 billion to S\$14 billion per year from 2023 to 2026, in view of healthy investment appetite amid Singapore's strong economic fundamentals.

¹ The projection excludes Changi Airport Terminal 5 development and its associated infrastructure projects as well as the expansion of the two Integrated Resorts due to the uncertainty of the global pandemic that could affect construction schedules of such large projects.

Construction Output

9. The total nominal construction output (value of certified progress payments) is projected to increase to between S\$29 billion to S\$32 billion for 2022, from the preliminary estimate of about S\$26 billion for 2021. This is due to a steady level of construction demand and the backlog of remaining workloads that were affected by the COVID-19 pandemic since 2020.

Year	Construction demand* (S\$ billion)			Construction Output^ (Nominal) (S\$ billion)
	Public	Private	Total	Total
2021 p	18.16	11.78	29.94	25.9
2022 f	16 - 19	11 - 13	27 - 32	29 - 32
2023 – 2026 f	14 - 18 per year	11 - 14 per year	25 - 32 per year	

p: Preliminary; f: forecast

*Construction demand: Value of contracts awarded

^Construction output: Value of certified progress payments

Note: Construction demand forecast in 2023-2026 excludes any potential awards of construction contracts for the development of Changi Airport Terminal 5 and its associated infrastructure projects as well as the expansion of Integrated Resorts as their construction timelines are still under review due to the impact of the COVID-19 pandemic.

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About BCA

The Building and Construction Authority (BCA) champions the development and transformation of the built environment sector, in order to improve Singapore's living environment. BCA oversees areas such as safety, quality, inclusiveness, sustainability and productivity, all of which, together with our stakeholders and industry partners, help to achieve our mission to transform the Built Environment sector and shape a liveable and smart built environment for Singapore. For more information, visit www1.bca.gov.sg.