

MEDIA RELEASE

SINGAPORE'S CONSTRUCTION DEMAND TO REMAIN STRONG IN 2023

- *Total construction demand in 2023 is projected to range between S\$27 billion and S\$32 billion, similar to last year's projection*
- *Memorandums of Understanding signed to step up transformation efforts across the Built Environment value chain*

Singapore, 12 January 2023 – The Building and Construction Authority (BCA) projects the total construction demand in 2023 (i.e. the value of construction contracts to be awarded) to range 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 a continued strong pipeline of public housing projects amid Housing Development Board's (HDB) ramping up of Build-To-Order (BTO) flats supply. Industrial and institutional building construction is expected to contribute strongly to public sector demand, with more projects for the construction of water treatment plants, educational buildings and community clubs. Civil engineering construction demand is anticipated to stay firm with continued support from MRT line construction and other infrastructure works.

3 Private sector construction demand is projected to be between S\$11 billion and S\$13 billion in 2023, comparable with 2022 figures. Both residential and industrial building construction demand are expected to be similar to last year's level, underpinned by the development of new condominiums and high-specification industrial buildings. Due to the rescheduling of some major projects from 2022 to 2023 as well as the redevelopment of old commercial premises to enhance asset values, commercial building demand is anticipated to increase.

Preliminary Actual Construction Demand in 2022

4 The preliminary total construction demand for 2022 reached S\$29.8 billion, within BCA's earlier forecast of S\$27 billion to S\$32 billion and similar to the S\$29.9 billion recorded in 2021. The continued firm demand was largely supported by residential and infrastructure projects in both public and private sectors.

5 Public sector construction demand improved slightly from S\$17.8 billion in 2021 to S\$17.9 billion in 2022, underpinned by major projects such as the Cross Island MRT Line (Phase 1), Jurong Region MRT Line, the Ministry of Health's (MOH) healthcare facilities and new Build-To-Order (BTO) units. On the other hand, while the private sector construction demand moderated slightly from S\$12.1b in 2021 to S\$11.9b in 2022 amid various economic downside risks, demands for private residential and industrial building developments remained resilient.

Forecast for 2024 to 2027

6 Over the medium-term, BCA expects the total construction demand to reach between \$25 billion and \$32 billion per year from 2024 to 2027¹.

7 The public sector will continue to lead demand and is expected to contribute S\$14 billion to S\$18 billion per annum from 2024 to 2027, with about 60% of demand made up by building projects and the rest by civil engineering works. Besides public housing developments, public sector construction demand over the medium term will be supported by various major developments such as MRT projects including the Cross Island Line (Phases 2 & 3), Downtown Line Extension to Sungei Kadut and Brickland North South Line station, Toa Payoh Integrated Development and Woodlands Checkpoint redevelopment.

¹ The projection excludes Changi Airport Terminal 5 development and its associated infrastructure projects as well as the two Integrated Resorts' (IRs) expansion in view that the confirmed details such as award timelines and construction phasing for both mega developments are still unavailable at this point in time.

8 Private sector construction demand is projected to remain steady over the medium-term, reaching approximately S\$11 billion to S\$14 billion per annum from 2024 to 2027, in view of healthy investment commitments amid Singapore's strong economic fundamentals.

Construction Output

9 The total nominal construction output (value of certified progress payments) is projected to increase to between S\$30 billion to S\$33 billion in 2023, from the preliminary estimate of about S\$30.2 billion for 2022. This is due to a steady level of construction demand and some backlog of remaining workloads impacted by the COVID-19 outbreak since 2020.

Year	Construction demand* (S\$ billion)			Construction Output^ (Nominal) (S\$ billion)
	Public	Private	Total	Total
2022 p	17.9	11.9	29.8	30.2
2023 f	16 – 19	11 – 13	27 – 32	30 – 33
2024 – 2027 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 2023-2027 excludes any potential awards of construction contracts for expansion of the two Integrated Resorts as well as the development of Changi Airport Terminal 5 and its associated infrastructure projects as the confirmed details such as award timelines and construction phasing for both mega developments are still unavailable at this point in time.

Stepping Up Built Environment (BE) Value Chain Collaboration

10 With strong construction demand projected for the year, the Built Environment (BE) firms are also stepping up transformation efforts to seize these opportunities by developing stronger and longer-term relationships with their value chain partners. Four developers — CapitaLand Development, City Developments Limited, GuocoLand Limited and UOL Group Limited — have signed Memorandums of Understanding (MOUs) with their respective value chain partners (builders, consultants and sub-

contractors), to support one another on this transformation journey and collectively achieve best-in-class outcomes to improve productivity, reduce foreign labour and build resilience against unprecedented crises. These firms will be jointly applying for BCA's Growth and Transformation Scheme (GTS), which was announced in March 2021, and other relevant grants. To receive support in the transformation journey, the firms are required to demonstrate that their proposed business plans and initiatives will meet outcomes under five categories:

- Strategic Collaboration/Business Growth
- Human Capital Development
- Productivity
- Digitalisation
- Sustainability

(See Annex A for more information on Transformation across the BE Value Chain and Annex B on Expected Benefits of Collective Transformation).

11 BCA will continue to support all stakeholders across the BE value chain in transformation efforts. This will enable BE stakeholders to be better equipped to meet an increased construction demand.

Issued by the Building and Construction Authority on 12 January 2023

Factsheets:

Annex A – Transformation across the BE Value Chain

Annex B – Expected Benefits of Collective Transformation

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 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.