

CONSTRUCTION

OVERVIEW

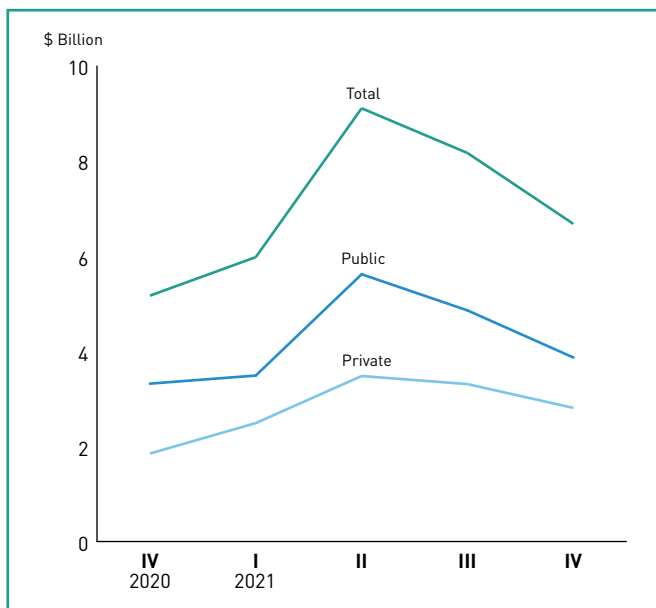
The construction sector grew by 2.9 per cent year-on-year in the fourth quarter of 2021, slower than the 69.9 per cent expansion recorded in the previous quarter.¹

For the whole of 2021, the sector grew by 20.1 per cent, a sharp reversal from the 38.4 per cent contraction in 2020.

CONSTRUCTION DEMAND

Construction demand (contracts awarded) increased by 29.1 per cent year-on-year to \$6.7 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 rose by 42.2 per cent to \$29.9 billion (Exhibit 6.4), driven by public residential and infrastructural projects as well as private commercial, industrial and residential projects.

Exhibit 6.4: Contracts Awarded, 2021 (\$ Billion)

	Total	Public	Private
Total	29.9	17.8	12.1
Residential	9.2	5.3	3.9
Commercial	2.8	0.1	2.7
Industrial	5.0	0.9	4.1
Institutional & Others	3.4	2.3	1.0
Civil Engineering Works	9.6	9.2	0.5

Public Sector

In the fourth quarter, public sector construction demand grew by 16.6 per cent year-on-year to \$3.9 billion. This could be attributed to higher demand for public civil engineering (87.3 per cent) and commercial building (118 per cent) works. These increases were partially offset by declines in contracts awarded for public residential building (-23.6 per cent), institutional & others building (-40.5 per cent) and industrial building (-18.4 per cent) works.

¹ The strong growth of the construction sector in the third quarter of 2021 was mainly due to low base effects given the slow resumption of construction activities after the Circuit Breaker in 2020.

For the full year, public sector construction demand increased by 46.6 per cent to \$17.8 billion. The expansion was due to a rise in contracts awarded for public civil engineering (95.5 per cent) and residential building (103 per cent) works. Some of the major projects awarded during the year include (i) LTA's MRT contracts for the Cross Island Line and the Jurong Region Line, as well as its Integrated Transport Hub; (ii) NEA's Integrated Waste Management Facility (IWMMF) (Package 2); and (iii) PUB's contracts for the Deep Tunnel Sewerage System (DTSS) (Phase 2).

Private Sector

Private sector construction demand increased by 51.5 per cent year-on-year to \$2.8 billion in the fourth quarter, supported by higher demand for private industrial building (115 per cent) and residential building (27.6 per cent) works. These increases were moderated by declines in contracts awarded for private civil engineering (-79.2 per cent), commercial building (-22.1 per cent) and institutional & others building (-25.5 per cent) works.

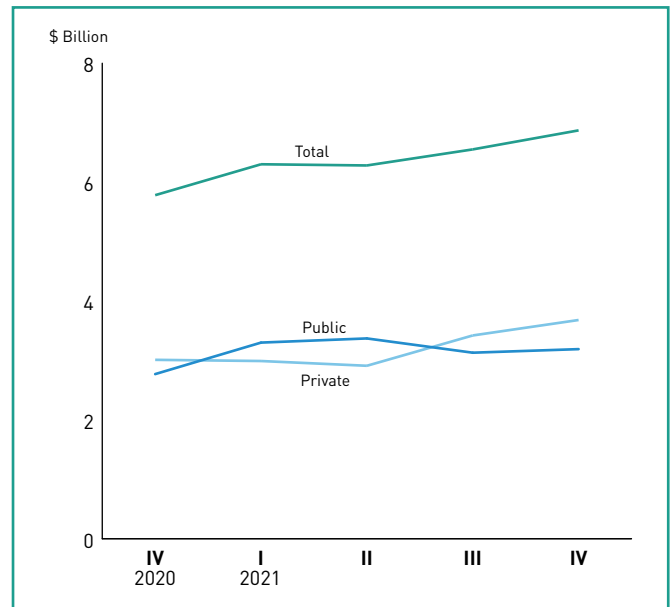
For the full year, private sector construction demand grew by 36.3 per cent to \$12.1 billion, on the back of higher demand for private commercial building (114 per cent), industrial building (50.9 per cent) and residential building (38.2 per cent) projects. Major projects awarded in 2021 include (i) commercial building developments at Hoe Chiang Road and Beach Road; (ii) industrial building developments for GlobalFoundries and Siltronic; and (iii) integrated developments such as Pasir Ris 8 and Canninghill Piers.

CONSTRUCTION ACTIVITIES

Construction output (or certified payments) rose by 18.9 per cent year-on-year to \$6.9 billion in the fourth quarter, backed by expansions in both public and private sector construction output (Exhibit 6.5).

For the full year, construction output increased by 31.7 per cent to \$26.0 billion, a significant turnaround from the 30.2 per cent contraction in 2020 when most construction activities were suspended during the Circuit Breaker period.

Exhibit 6.5: Certified Payments



Public Sector

Public sector construction output rose by 15.1 per cent year-on-year to \$3.2 billion in the fourth quarter. With the exception of public residential building works, construction output for all types of works expanded, driven by public civil engineering (20.0 per cent) and industrial building (47.8 per cent) works.

For the full year, public sector construction output increased by 28.5 per cent to \$13.0 billion, driven by expansions in public civil engineering (36.0 per cent) and residential building (34.1 per cent) works. Major projects supporting public sector construction output include (i) LTA's East Coast Integrated Depot, Thomson-East Coast MRT Line, Circle MRT Line 6 and Rapid Transit System (RTS) Link; (ii) MOH's Woodlands Health Campus; (iii) JTC's business park development at the Punggol Digital District; (iv) ICA's New Annex Building; and (iv) PUB's DTSS (Phase 2).

Private Sector

In the fourth quarter, private sector construction output grew by 22.4 per cent year-on-year to \$3.7 billion, as all types of construction works expanded, including private industrial building (18.7 per cent) and residential building (24.2 per cent) works.

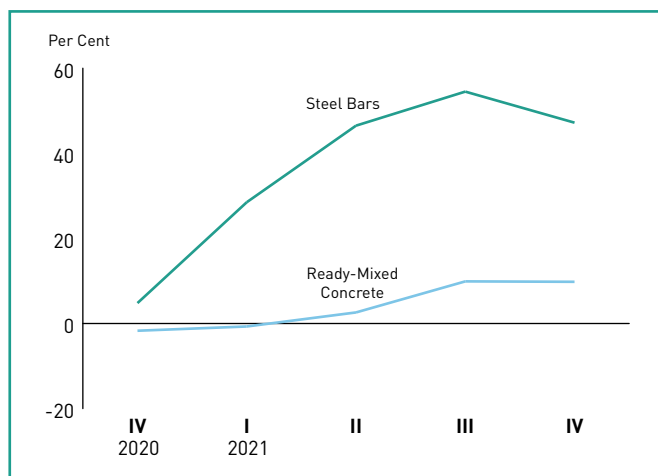
For the full year, private sector construction output increased by 35.1 per cent to \$13.0 billion. All types of construction output rose, led by private industrial building (29.5 per cent) and residential building (42.6 per cent) works. Major ongoing projects which contributed to private sector construction output include (i) redevelopments of past en-bloc sales sites, chemical and refining facilities at Jurong Island; (ii) semiconductor fabrication facilities; (iii) data centres; (iv) Changi Airport Terminal 2 expansion; and (v) island-wide cable installation projects.

CONSTRUCTION MATERIALS

In tandem with the pickup in construction output, total consumption of ready-mixed concrete rose by 58.9 per cent to 11.6 million m³ in 2021. Similarly, the total consumption of steel rebars² grew by 7.1 per cent to 0.9 million tonnes in 2021.

The average market price of Grade 40 pump ready-mixed concrete³ increased by 9.8 per cent year-on-year to about \$104 per m³ in the fourth quarter of 2021 (Exhibit 6.6). Likewise, the average market price of steel rebar⁴ rose by 47.2 per cent year-on-year to around \$1,110 per tonne in the fourth quarter, due to the higher costs of raw materials and tighter supply of steel in the global market.

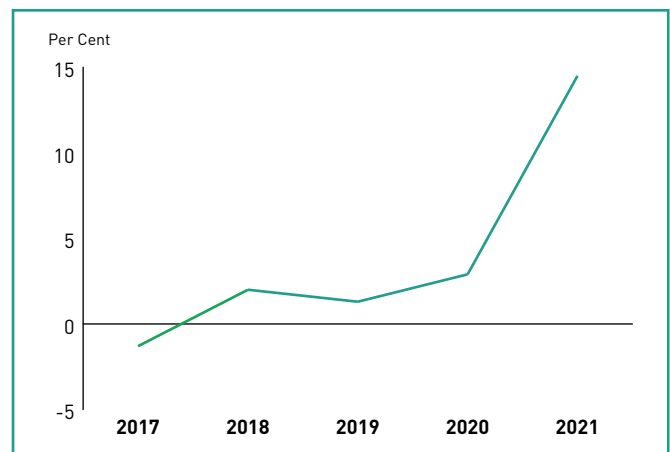
Exhibit 6.6: Changes in Market Prices of Construction Materials



CONSTRUCTION COSTS

Based on BCA's Building Works Tender Price Index (TPI), tender prices in the construction sector rose by 14.5 per cent in 2021, mainly due to significant increases in the cost of manpower and key construction materials (Exhibit 6.7). Tender prices are likely to stay elevated in the first half of 2022, on the back of manpower and material cost inflation amidst continued disruptions caused by the COVID-19 pandemic.

Exhibit 6.7: Changes in Tender Price Index



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, fixed price and market retail price.

⁴ The market prices refer to 16mm to 32mm High Tensile rebar and are based on fixed price supply contracts with a contract period of 12 months or below.

CONSTRUCTION OUTLOOK IN 2022

According to BCA, total construction demand is projected to be between \$27.0 billion and \$32.0 billion in 2022 (Exhibit 6.8). In particular, demand from the public sector is expected to stay firm at between \$16.0 billion and \$19.0 billion, with strong demand especially for public housing and major infrastructural projects. Meanwhile, total private sector construction demand is projected to be between \$11.0 billion and \$13.0 billion in 2022. This demand is expected to be supported by (i) the redevelopment of some previously transacted en-bloc sales sites; (ii) the Central Business District (CBD) Incentive Scheme on conversion to residences; (iii) commercial redevelopments such as hotel refurbishments; and (iv) construction of high-specification industrial buildings.

Total construction output in 2022 is projected to increase to between \$29.0 billion and \$32.0 billion, supported by a steady level of construction demand and the backlog of construction works disrupted by the COVID-19 pandemic since 2020.

Exhibit 6.8: Projected Construction Demand in 2022

	\$ Billion
Public Sector	16.0 – 19.0
Building Construction Sub-total	8.0 – 9.3
Residential	4.8 – 5.1
Commercial	0.1 – 0.1
Industrial	0.6 – 1.0
Institutional & Others	2.5 – 3.1
Civil Engineering Works Sub-total	8.0 – 9.7
Private Sector	11.0 – 13.0
Building Construction Sub-total	10.4 – 12.2
Residential	3.5 – 4.0
Commercial	2.6 – 3.1
Industrial	3.5 – 4.1
Institutional & Others	0.8 – 1.0
Civil Engineering Works Sub-total	0.6 – 0.8
TOTAL CONSTRUCTION DEMAND	27.0 – 32.0