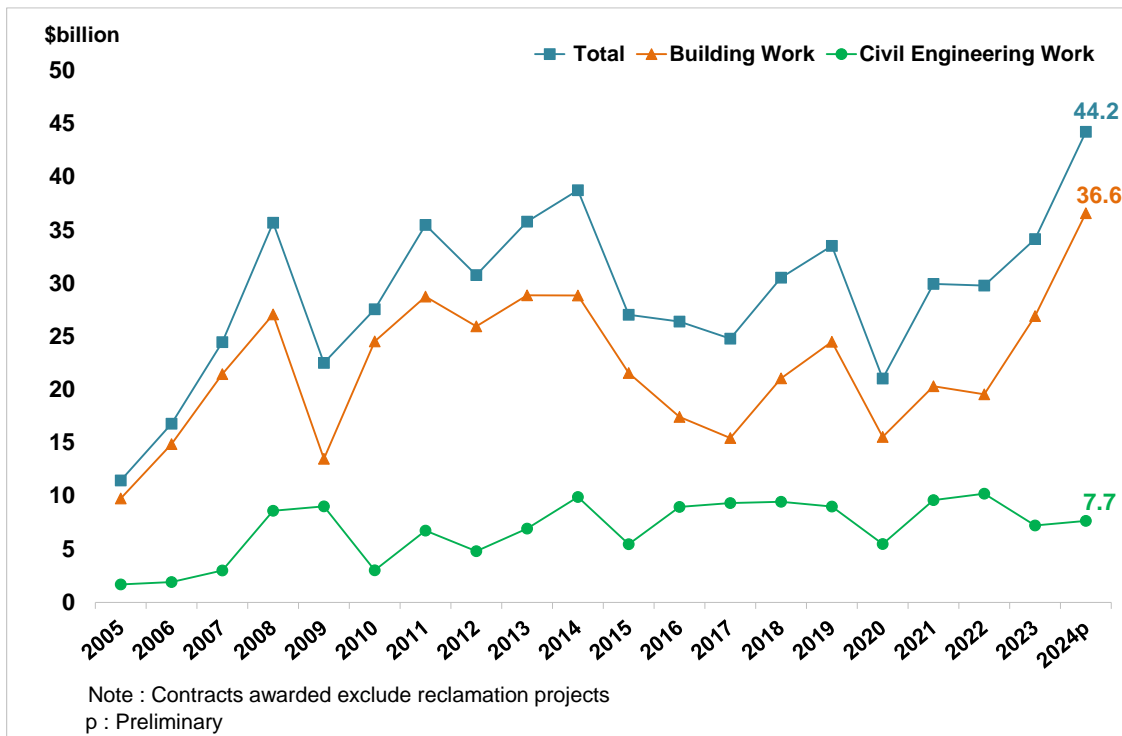


# SINGAPORE CONSTRUCTION PROSPECTS 2025<sup>1</sup>

## REVIEW OF CONSTRUCTION DEMAND<sup>2</sup> IN 2024

1. In 2024, preliminary total construction demand reached \$44.2 billion (Chart 1), exceeding BCA's mid-year revised forecast of between \$35 billion and \$41 billion. The increase was primarily attributed to the rolling out of more public institutional projects, steady supply of HDB's public housing projects, expediting of private residential construction awards, and higher awarded contract costs than earlier reported.

**Chart 1: Construction Demand (Contracts Awarded), 2005-2024p**



2. About 80% of the demand was driven by building work, which included key projects such as new Built-To-Order (BTO) units, polyclinics with nursing homes, foundation works for Eastern Integrated Health Campus and Alexandra Hospital redevelopment, Founders' Memorial, New Health Sciences Authority Building,

<sup>1</sup> All currencies stated in this paper are in nominal Singapore dollars unless otherwise stated.

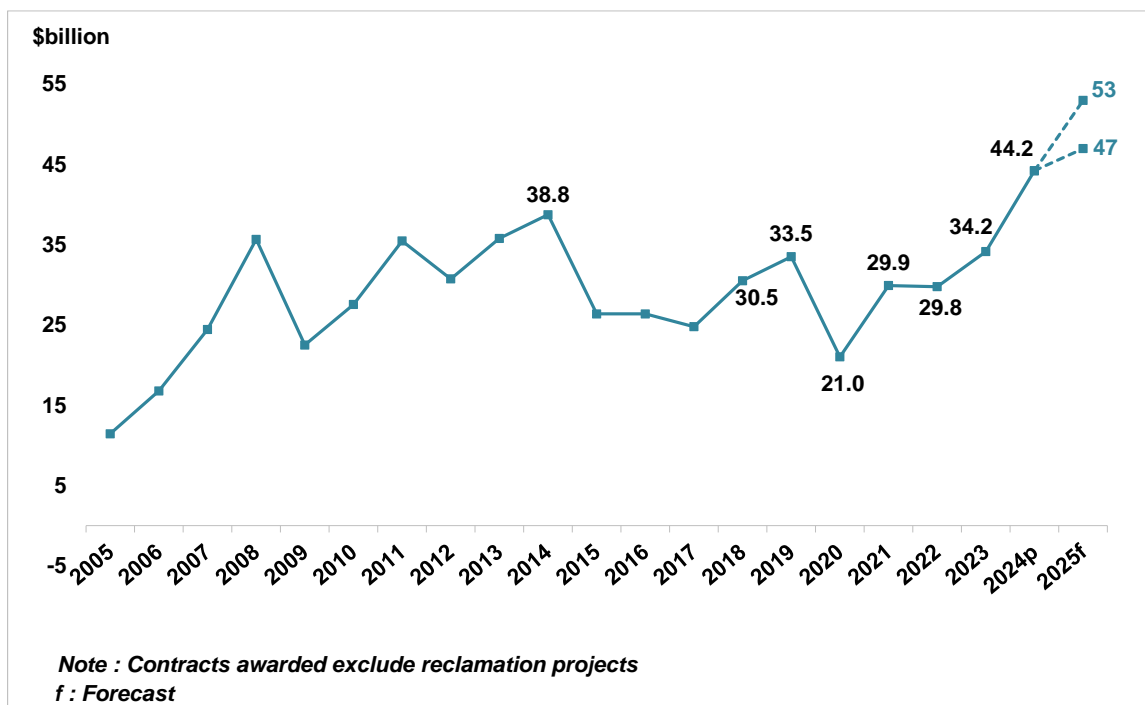
<sup>2</sup> Construction demand is measured by the total value of construction orders or contracts awarded. Reclamation contracts are excluded from this paper unless otherwise stated.

New Science Centre, Bukit Timah Integrated Development, Resorts World Sentosa’s expansion (RWS 2.0), and various private residential and mixed/integrated developments. The remaining demand was attributed to civil engineering work, primarily comprising contracts under the Cross Island MRT Line (Phase 2) and infrastructure works at Bulim.

## CONSTRUCTION DEMAND OUTLOOK IN 2025

3. Based on the latest Oct-Nov 2024 Development Plans Survey (DPS) returns, the projected total construction demand is expected to range between \$47 billion and \$53 billion<sup>3</sup> in 2025, higher than the preliminary estimate of 2024 demand at \$44.2 billion (Table 1 and Chart 2). The strong construction demand in 2025 is mainly due to the expected awards of large-scale projects such as expansion of Marina Bay Sands Integrated Resort (MBS IR2) and development of Changi Airport Terminal 5 (T5).

**Chart 2: Construction Demand (Contracts Awarded), 2005-2025f**



<sup>3</sup> In view of worldwide downside risk arising from heightened uncertainties over global trade policies and potential escalation of geopolitical conflicts, the forecast may be subject to significant revision. BCA will review and update the forecast again during the mid-year review in Aug 2025.

## **Residential Construction Demand**

### **Public Housing**

4. Total public residential construction demand is expected to stay strong in 2025, ranging from \$8.2 billion to \$9.2 billion, higher than the \$7.9 billion in 2024. Apart from HDB's ongoing efforts to build more BTO units and expand the Home Improvement Programme (HIP) to rejuvenate the existing housing estates, the buoyant demand is also expected to be supported by development of a student hostel and a purpose-built dormitory.

### **Private Housing**

5. Private residential construction demand is anticipated to moderate from \$7.2 billion in 2024 to between \$5.5 billion and \$6.0 billion in 2025. Despite the anticipated softening of demand due to lower land stock from past en-bloc sales sites, it remains higher than the annual levels seen in 2015-2023, amid the launch of more Government Land Sales (GLS) sites. Projects earmarked for development include two condominiums at Zion Road, with one integrating the pilot of long-stay serviced apartments, an executive condominium at Plantation Close, two suburban residential developments at Canberra Crescent and Jalan Jurong Kechil, redevelopment of Robertson Walk to apartments as well as new phases of Luxus Hills for landed housing.

## **Commercial Construction Demand**

6. Total commercial building construction demand is projected to range between \$3.6 billion and \$5.1 billion, with the upper bound expected to be comparable to the volume at \$5.0 billion in 2024, should the award of the main contract for MBS IR2 encompassing a fourth hotel tower, an entertainment arena and more convention space proceed as scheduled. Furthermore, other key projects such as MBS' ongoing hotel transformation and refurbishment project of the existing towers, coupled with the slated redevelopment of Tanglin Shopping Centre and other mixed-used developments are poised to drive the commercial construction demand in 2025.

### **Industrial Construction Demand**

7. Total industrial building construction demand is projected to range between \$5.1 billion and \$5.6 billion in 2025, up from the volume at \$4.7 billion in the previous year. The anticipated firm demand is likely to be supported by more high-specification industrial building developments such as biomedical/ pharmaceutical plants, semiconductor chip plant, data centres, onshore facilities for the second liquefied natural gas (LNG) terminal and various water reclamation facilities under the Deep Tunnel Sewerage System (Phase 2) and Changi NEWater Factory 3.

### **Institutional & Other Building Construction Demand**

8. Total institutional & other building construction demand is expected to continue its growth momentum, increasing from \$11.7 billion in 2024 to between \$15.6 billion and \$17.0 billion in 2025. The exceptionally high demand is expected to be driven by a few construction packages for T5 Development, a strong pipeline of educational developments including Goh Keng Swee Centre for Education and redevelopment of various Junior Colleges, healthcare facilities including main contracts for Eastern Integrated Health Campus and Alexandra Integrated Hospital, Toa Payoh Integrated Development, Woodlands Checkpoint extension (Phase 1), as well as bus depot development and upgrading.

### **Civil Engineering Construction Demand**

9. Likewise, total civil engineering construction demand is projected to strengthen from \$7.7 billion in 2024 to between \$9.0 billion and \$10.0 billion in 2025. Sizeable projects underpinning the demand are likely to come from MRT's M&E contracts for Thomson-East Coast Line Extension (TEL) and Cross Island Line (CRL) (Phase 1), new MRT stations at Sungei Kadut connecting the Downtown Line (DTL) and the North-South Line (NSL), road projects, sewerage and drainage works, as well as extensive infrastructure works in preparation for the development of Woodlands Checkpoint extension, Tuas Port and T5.

## **CONSTRUCTION OUTLOOK FOR 2026-2029**

10. Over the medium-term<sup>4</sup>, total construction demand is projected to reach an average of between \$39 billion and \$46 billion per annum in 2026-2029, extending the strong construction demand since 2024. Medium term construction demand is anticipated to be supported by major notable developments such as the continuous T5 Development, ongoing public housing developments, MRT projects including Cross Island Line (Phase 3) and Downtown Line Extension to Sungei Kadut, Integrated Waste Management Facility (Phase 2), Tengah General and Community Hospital, Siglap South Integrated Development, Woodlands North Coast industrial estate, redevelopment of various Junior Colleges, commercial building redevelopments at Shenton Way area and other urban rejuvenation developments.

11. While medium-term construction demand appears robust, schedules and phases of key projects may still undergo significant changes, particularly due to potential unforeseen downside risks arising from an uncertain global economic climate. Furthermore, as the T5 Development is an exceptional project during the medium term, industry demand could eventually moderate after this period, reverting to a level similar to those in the pre-COVID era.

## **IMPACT ON CONSTRUCTION OUTPUT <sup>5</sup>**

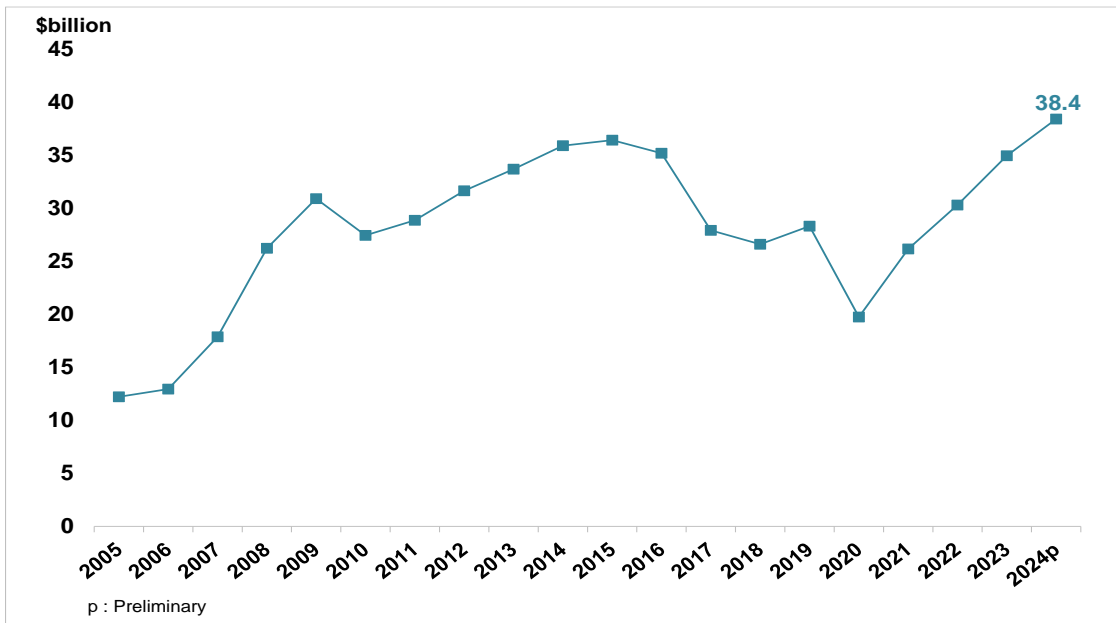
12. Taking into account contracts awarded in recent years and the construction demand forecast for 2025, total nominal construction output is projected to rise to between \$39 billion and \$42 billion in 2025, up from the preliminary estimate of about \$38.4 billion in 2024 (Chart 3). This anticipated upward trend is expected to be bolstered by strong construction demand over the past few years and the projected increase in 2025. While the estimated 2025 nominal construction output is expected to be higher than the pre-COVID 2019 level by an average of 43%, its real or deflated value (excluding the impact of construction cost inflation) is likely to be comparable to that of 2019.

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<sup>4</sup> BCA projects the medium-term construction demand by making reference to the public sector's survey returns for medium term pipeline projects and taking into account the impact of latest economic outlook on private sector construction demand.

<sup>5</sup> Construction output is measured by the total value of certified progress payments for all projects.

**Chart 3: Construction Output (Certified Progress Payments), 2005-2024p**



### KEY CONSTRUCTION MATERIALS

13. In 2024, the higher market demand and operating cost led to an increase in average market price of the commonly used Grade 40 pump ready-mixed concrete. On the other hand, the average rebar price registered a steady decline since beginning of the year, amidst softened global steel demand.

#### Ready-Mixed Concrete

14. Total demand for ready-mixed concrete in 2024 increased to about 13.34 million m<sup>3</sup>, from 12.27 million m<sup>3</sup> in 2023 (Table 2). For 2025, the demand for ready-mixed concrete is expected to be between 13.0 million m<sup>3</sup> and 14.5 million m<sup>3</sup>.

15. Based on preliminary survey returns, the average market price of Grade 40 pump ready-mixed concrete<sup>6</sup> was \$120.4 per m<sup>3</sup> in December 2024, an increase of 4.3% year on year. For 2025, market prices of ready-mixed concrete are likely to continue to be influenced by increase in market demand.

<sup>6</sup> The market prices are based on contracts with non-fixed price and market retail price.

## **Precast Concrete**

16. Similarly, total volume of precast concrete consumed by the construction sector increased to an estimated 1.6 million m<sup>3</sup> in 2024, from 1.5 million m<sup>3</sup> in 2023. Taking into consideration the projected construction activities, the precast concrete demand for 2025 is estimated to expand to between 2.3 million m<sup>3</sup> and 2.4 million m<sup>3</sup>. From 2026 to 2027, the annual demand for precast concrete is expected to grow further to between 2.5 million m<sup>3</sup> and 2.8 million m<sup>3</sup>, largely contributed by the steady supply of HDB's building programme. The demand for precast concrete is likely to continue to remain strong beyond 2027, as Design for Manufacturing and Assembly (DfMA) continues to be the default mode of construction for large projects.

## **Reinforcement Bars (Rebars)**

17. The total net imports plus local production (without factoring in stock levels) of rebars was about 1.6 million tonnes in 2024. The main import sources in 2024 were Malaysia (57%), China (17%), Vietnam (11%) and Qatar (10%). For 2025, the net imports plus local production (without factoring in stock levels) for rebars is estimated to grow to between 1.6 million and 1.9 million tonnes.

18. The average market price of rebars<sup>7</sup> in Singapore continued its downtrend and declined by 10.2% from \$819.7 per tonne in December 2023 to about \$ 736.0 per tonne in December 2024. Generally, the average rebar price saw a steady decline throughout the year, primarily due to the ongoing weak global steel demand.

19. The outlook for steel bars in 2025 is expected to remain cautious. While the World Steel Association<sup>8</sup> forecasts that the worldwide steel demand could see a recovery of 1.2% in 2025, several challenges including international economic uncertainty, likely persistent weak global demand conditions and

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<sup>7</sup> The prices refer to 16mm to 32mm High Tensile rebar and are based on fixed price supply contracts with contract period 6 months or less.

<sup>8</sup> The Worldsteel Association: Worldsteel Short Range Outlook October 2024, 14 October 2024

expected excess capacity issues faced by the EU steel market are anticipated to impact demand and prices in the year ahead.

### **Plant & Equipment**

20. The indicative average rental rates for construction tower cranes (excluding operators) in 2024 dipped by about 14% primarily due to an oversupply in the global market. Conversely, the rental rates for mobile cranes (including operators) remained relatively stable as compared to a year ago. Looking ahead to 2025, local suppliers have mixed views on the rental cost outlook. Some suppliers foresee rental rates could soften on the back of an anticipated crane fleet expansion in response to sustained construction demand, while others expect the rising non-machine related costs, such as manpower and warehouse expenses, to exert upward pressure on rental rates.

### **CONSTRUCTION COSTS**

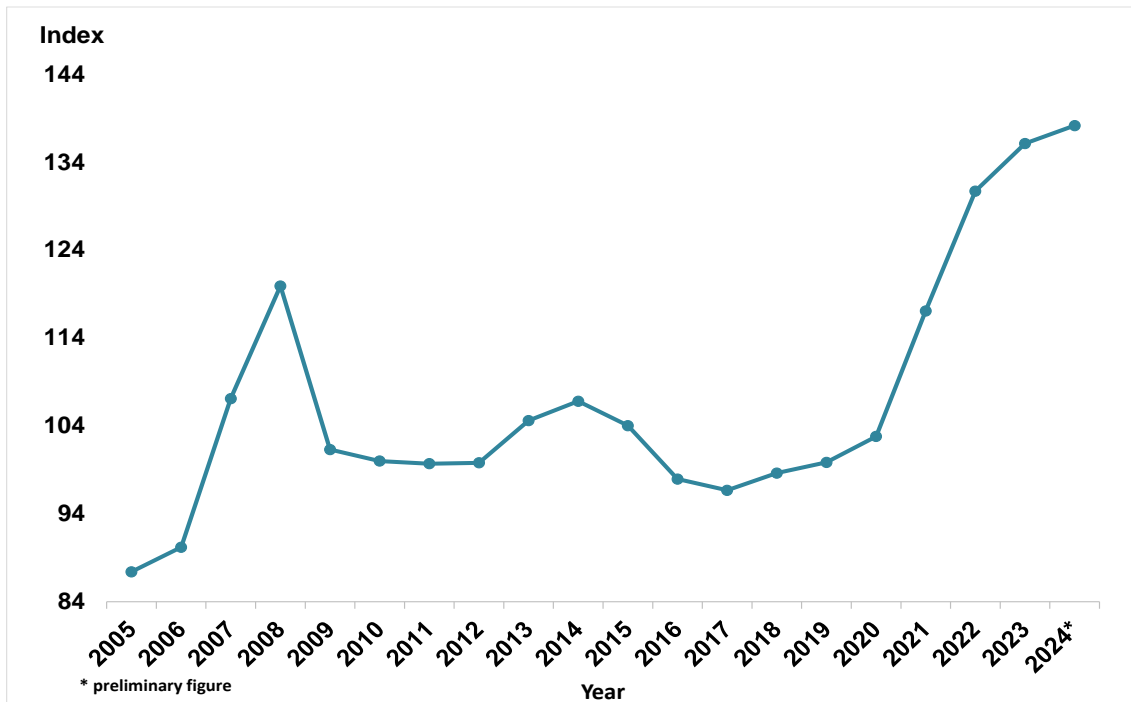
21. BCA's Building Works Tender Price Index (TPI)<sup>9</sup> remained relatively stable and is estimated to have increased by 1% to 2% year-on-year in 2024 (Chart 4). Looking ahead, while construction cost outlook is expected to remain volatile amid increased global economic uncertainties, domestic construction tender prices are likely to be supported by anticipated abundant tendering opportunities over the medium-term.

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<sup>9</sup> *BCA TPI excludes piling works, sub-structure works and mechanical & electrical works as these cost items are either project specific or not feasible to compile due to lack of data.*



**Chart 4: Annual BCA's Tender Price Index for Building Works, 2010 = 100**



## CONCLUSION

22. Singapore's construction demand demonstrated strong performance, expanding from \$34.2 billion in 2023 to \$44.2 billion in 2024. The robust performance, driven by a diverse range of projects across building developments and civil engineering works, has set a positive tone for the industry this year. Total construction demand is expected to grow further to between \$47 billion and \$53 billion in 2025. Despite lingering downside risks and disruptions stemming from potential protectionist trade measures, heightened geopolitical tensions and the uncertain pace of monetary policy easing, the anticipated buoyant construction demand underpinned by abundant tendering opportunities, is expected to cushion the market volatility caused by these external headwinds. Over the medium term, a steady stream of infrastructure projects, ongoing public housing construction, large-scale institutional building developments, and vibrant urban rejuvenation projects are poised to provide significant impetus to the construction landscape.

23. To capitalise on these emerging opportunities, industry stakeholders are encouraged to adopt sustainable and technologically advanced building methods

and embrace collaborative practices to foster industry transformation. This forward-thinking mindset extends to workforce development through structured lifelong learning, equipping workers with crucial skills and advanced technologies. Through these concerted efforts in technological adoption, collaborative initiatives and workforce upskilling, companies can enhance their ability to adapt, innovate and open up new avenues for long-term growth. Ultimately, companies embracing these strategies to enhance their competitive edge will be better equipped to thrive during the current boom and remain resilient in the face of any future market fluctuations.

**Table 1: Contracts Awarded (Excl. Reclamation) by Type of Work**

Billion Dollars

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 (Preliminary)	2025 (Forecast)
<b>Both Sectors</b>	<b>27.03</b>	<b>26.40</b>	<b>24.80</b>	<b>30.54</b>	<b>33.52</b>	<b>21.04</b>	<b>29.93</b>	<b>29.79</b>	<b>34.16</b>	<b>44.2</b>	<b>47.0 - 53.0</b>
Building Work	21.56	17.43	15.45	21.07	24.51	15.55	20.32	19.57	26.92	36.6	38.1 - 43.0
<i>Residential</i>	7.77	6.48	6.25	9.02	8.57	5.44	9.23	9.19	13.24	15.1	13.8 - 15.2
<i>Commercial</i>	2.18	2.96	1.86	1.46	1.84	1.62	2.76	1.65	3.60	5.0	3.6 - 5.1
<i>Industrial</i>	5.78	3.68	4.18	4.81	7.51	4.70	4.99	4.44	4.59	4.7	5.1 - 5.6
<i>Institutional &amp; Others</i>	5.83	4.31	3.17	5.79	6.59	3.78	3.35	4.29	5.49	11.7	15.6 - 17.0
Civil Engineering Work	5.47	8.97	9.35	9.46	9.02	5.49	9.61	10.22	7.24	7.7	9.0 - 10.0

Source : Building and Construction Authority, Singapore, as at 23 Jan 2025

**Table 2: Basic Construction Materials**

<b>Demand</b>		
<b>Year</b>	<b>Ready-Mixed Concrete (Mil m<sup>3</sup>)</b>	<b>Steel Rebars (Mil tonnes)*</b>
2023	12.27	1.52
2024 (p)	13.34	1.59
2025 (f)	13.0 - 14.5	1.6 - 1.9
<b>Current Market Prices</b>		
<b>Year</b>	<b>Ready-Mixed Concrete (Grade 40 Pump) (\$ per m<sup>3</sup>)</b>	<b>Steel Rebars (16-32mm) (\$ per tonne)</b>
Dec 2023	115.4	819.7
Dec 2024 (p)	120.4	736.0

\*: This refers to net imports plus local production (without factoring in stock levels)

p: Preliminary figures

f: Forecast

Source: BCA as at 23 Jan 2025