

# The International Conference 2010

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## Housing and Real Estate Market Development – Worldwide Experience and Options for Vietnam

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SINGAPORE

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COUNTRY REPORT

## **SINGAPORE-COUNTRY REPORT**

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SINGAPORE

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### **EXECUTIVE SUMMARY**

The Singapore economy staged an exceptional strong recovery in the first half of 2010 following the 1.3% contraction of GDP growth last year as a result of the global financial crisis. All major economic sectors turned in positive growths in the first half of this year, in particular the manufacturing sector. Likewise, the construction sector also expanded by around 11% during the same period, underpinned by the growth momentum in public sector construction activities. Nevertheless, amid concern on the sovereign debt problem and weak financial sector in many advanced economies, downside risks to the global recovery have intensified. The Ministry of Trade and Industry has therefore expected the Singapore economy to grow at a slower pace in the second half. Together with the strong growth in the first half of 2010, the Singapore's GDP growth forecast for the full year of 2010 is projected to reach around 15%.

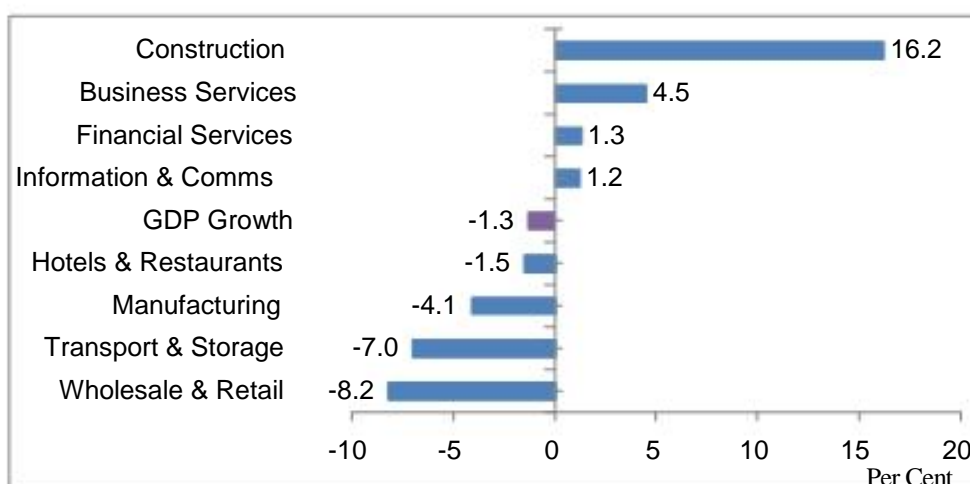
Total construction demand in 2009 dropped to \$21 billion from the record high of \$35.7 billion in 2008, with the continual strong public sector construction demand contributing 64% to the industry's demand. On the other hand, total private sector construction demand was weakened significantly owing to the global financial debacle, particularly during the first half of 2009. Boosted by the buoyant economic growth in the first half of this year and a strong rebound in construction demand from the private sector, total construction demand is on track to reach the projected \$21 billion to \$27 billion in 2010.

## 2.1 Macro Economic Review and Outlook

### 2.1.1 Overview of the Singapore Economy in 2009<sup>1</sup>

In 2009, the Singapore economy contracted by 1.3% (Chart 2.1.1), down from a 1.8% growth in 2008. The construction sector continued to lead the growth with a 16.2% expansion, following a 20.1% growth in 2008. The service producing industries contracted by 1.4%, compared to an expansion of 4.8% in 2008. This was due to a contraction of all major services sectors, with the exception of business and financial services, information & communications and the other services sector. The manufacturing sector contracted by 4.1% in 2009, similar to the contraction of 4.2% in 2008. Other sectors also contracted, ranging from 1.5% for hotels & restaurants to 8.2% for wholesale & retail trade.

**Chart 2.1.1: GDP and Sectoral Growth Rates in 2009**



### 2.1.2 Economy in the First Half of 2010<sup>1</sup>

The Singapore economy expanded remarkably by about 18% year-on-year in the first half of 2010, underpinned by the broad-based growths across all key economic sectors, particularly the manufacturing sector. While the private sector construction activities moderated due to the weakened private sector construction orders in 2009, the fall was largely offset by the strengthened public sector construction activities, which led to about 11% year-on-year expansion of the construction sector in the first half of 2010.

Despite the strong growth in the first half of 2010, the Ministry of Trade and Industry (MTI) views that the growth momentum may not continue into the second half of the year amidst slower pace of global economic recovery. Nevertheless, MTI expects the growth of Singapore economy to remain healthy and maintains its economic growth forecast for 2010 at around 15%.

<sup>1</sup> Source: Economic Survey of Singapore, 2009 and second quarter 2010, Ministry of Trade and Industry Singapore.

## 2 Main Economic Indicators

Year	2005	2006	2007	2008	2009
<b>GDP and Components</b>					
GDP at real prices (Base Year=2005) (S\$Million)	208,764	226,803	246,162	250,550	247,334
GDP at current market prices (S\$Million)	208,764	230,509	266,405	273,537	265,058
GDP growth (%)	10.4	8.6	8.5	1.8	-1.3
Manufacturing sector (Base Year=2005) (S\$Million)	53,464	59,838	63,393	60,739	58,227
% growth	9.5	11.9	5.9	-4.2	-4.1
Wholesale & Retail Trade Sector (Base Year=2005) (S\$Million)	34,441	37,674	40,765	42,035	38,592
% growth	9.6	9.4	8.2	3.1	-8.2
Transport & Storage Sector (Base Year=2005) (S\$Million)	20,797	22,136	23,604	24,116	22,433
% growth	6.6	6.4	6.6	2.2	-7.0
Financial Services (Base Year=2005) (S\$Million)	21,379	24,004	27,406	28,973	29,342
% growth	8.9	12.3	14.2	5.7	1.3
Business Services (Base Year=2005) (S\$Million)	20,799	22,636	25,782	28,193	29,459
% growth	8.2	8.8	13.9	9.4	4.5
Construction sector (Base Year=2005) (S\$Million)	6,275	6,439	7,514	9,024	10,486
% growth	0.8	2.6	16.7	20.1	16.2
<b>Demographic Indicators</b>					
Population – Singapore Residents <sup>1</sup> (‘000)	3,467.8	3,525.9	3,583.1	3,642.7	3,733.9
Population growth rate (%)	1.6	1.7	1.6	1.7	2.5
Total labour force (‘000)	2,367.3	2,594.1	2,710.3	2,939.9	3,030.0
Labour force growth rate (%)	1.1	9.6	4.5	8.5	3.1
Unemployment rate (%) – Seasonally adjusted as in June	3.3	2.7	2.3	2.2	3.2
<b>Financial Indicators</b>					
Savings deposits (%) (Average quotes from 10 leading banks)	0.26	0.25	0.25	0.22	0.15
Prime lending rates (%) (Average quotes from 10 leading banks)	5.30	5.33	5.33	5.38	5.38
Changes in consumer price index (Base period = 2009, % change over previous year)	0.5	1.0	2.1	6.6	0.6
Annual average exchange rate with \$US (S\$ Per US\$)	1.66	1.59	1.51	1.41	1.45

Sources: Singapore Department of Statistics, Ministry of Trade and Industry and Ministry of Manpower Singapore.

<sup>1</sup>Singapore resident population comprises Singapore citizens and permanent residents.

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## 2.2 External Trade

### 2.2.1 Annual Imports and Exports

In 2009, Singapore's total trade declined by 19% to \$747 billion, compared to the previous year's \$928 billion as a result of global financial crisis. This decline in total trade was the largest since records started in 1964, and it brought the level of total trade in 2009 below that of 2006 (Table 2.2.1). Despite the slowdown in both imports and exports, the trade balance in 2009 still registered a positive growth of about 35%.

Nevertheless, the external trade has turned around since early 2010, with both imports and exports improving significantly with year-on-year growths of 27% and 29% respectively during the second quarter of this year.

**Table 2.2.1: External Trade at Current Prices**

	2006	2007	2008	2009
<b>Total Trade (S\$Million)</b>	<b>810,483</b>	<b>846,607</b>	<b>927,655</b>	<b>747,417</b>
<b>Balance Of Trade (S\$Million)</b>	<b>52,635</b>	<b>54,648</b>	<b>25,870</b>	<b>34,819</b>
Imports (S\$Million)	378,924	395,980	450,893	356,299
<i>Y-O-Y Percentage Change (%)</i>	14	5	14	-21
Exports (S\$Million)	431,559	450,628	476,762	391,118
<i>Y-O-Y Percentage Change (%)</i>	13	4	6	-18

Source: International Enterprise Singapore

### 2.2.2 Major External Trading Partners in 2009

In 2009, both import and export volumes with most external trading partners dropped, owing to the global economic slowdown (Table 2.2.2). Total trade volume with US, Europe and Asia dropped by 23%, 15% and 20% year-on-year respectively in 2009. Asia remained the largest trading partner, contributing 71% of total exports and 66% of total imports.

**Table 2.2.2: External Major Trading Partners**

Region/Country	Exports 2009		Imports 2009		Trade Balance 2009
	S\$Million	% Change Over Previous Year	S\$Million	% Change Over Previous Year	S\$Million
<b>Total</b>	<b>391,118</b>	<b>-18</b>	<b>356,299</b>	<b>-21</b>	<b>34,819</b>
<u>Selected Region/Country</u>					
United States	25,485	-24	41,436	-22	-15,950
Europe	40,660	-22	60,379	-10	-19,719
Australia	15,317	-22	5,804	-10	9,513
Asia, of which	278,060	-17	235,455	-24	42,606
China	38,125	-13	37,585	-21	540
Hong Kong	45,274	-9	3,894	-21	41,379
Taiwan	12,600	-6	18,577	-20	-5,977
Japan	17,804	-24	27,148	-26	-9,343
Korea, Republic of	18,219	5	20,339	-20	-2,119
India	13,429	-20	8,157	-32	5,273
Indonesia	37,858	-25	20,659	-17	17,199
Malaysia	44,809	-22	41,336	-23	3,472
Thailand	14,613	-21	11,907	-25	2,706
Vietnam	10,114	-18	3,299	-2	6,814

Source: International Enterprise Singapore

**2.2.3 Major External Trading Commodities in 2009**

In 2009, the largest non-oil imported commodities were machinery & transport equipment (which comprised mainly of electronics and non-electronics products), constituting 48% of total imports. Furthermore, the machinery & transport equipment also contributed significantly to the total exports, accounting for 52%, followed by oil products (20%) and chemicals & chemical products (12%) (Table 2.2.3).

**Table 2.2.3: Imports and Exports By Commodity At Current Prices**

	Exports 2009		Imports 2009	
	S\$ Mil	% Change Over Previous Year	S\$ Mil	% Change Over Previous Year
<b>TOTAL</b>	<b>391,118</b>	<b>-18</b>	<b>356,299</b>	<b>-21</b>
Oil	78,398	-32	89,001	-31
Non-Oil	312,720	-13	267,299	-17
Food, Beverages & Tobacco	7,543	-4	10,798	-6
Crude Materials	2,266	-26	3,593	7
Animal & Vegetable Oils	593	-33	705	-31
Chemicals & Chemical Products	46,598	-4	21,444	-10
Manufactured Goods	16,836	-25	26,079	-26
Machinery & Transport Equipment	203,295	-16	170,767	-19
Miscellaneous Manufactured Articles	27,502	-8	24,810	-15
Miscellaneous Transaction Articles	8,089	33	9,103	12

Source: International Enterprise Singapore

### 3.1 Overview of the Construction Industry (Table 3.1)

#### 3.1.1 Construction Demand Review for 2009

The construction demand<sup>2</sup> dropped from the peak of \$35.7 billion in 2008 to \$21 billion in 2009. The private sector construction demand in 2009 was weakened significantly by the effects of the global financial crisis, particularly during the first half of 2009. This, fortunately, was mitigated by the continued strong public sector construction demand which contributed 64% to the overall demand in 2009, led by various major civil engineering projects.

##### Public Sector

Total public sector construction demand in 2009 slowed down slightly from the record high of \$15.5 billion in 2008 to \$13.5 billion, due to moderation in residential and institutional building construction demand which traditionally dominated the building construction in this sector.

Public residential construction demand dropped to \$2.8 billion in 2009, due to a slowdown in new public housing construction. Institutional construction demand also softened to \$2.4 billion owing to slower school rebuilding/improving programme. In contrast, public civil engineering construction reached a new historical high of \$8.1 billion in 2009, fuelled by major contracts awarded for the MRT Downtown Line Stage 2, Marina Coastal Expressway (Marina Wharf), Jurong Rock Cavern (Phase 1), and International Cruise Terminal (Marine Structures).

##### Private Sector

The effects of global financial crisis which started in September 2008 and the subsequent Singapore economic recession wore down market confidence, resulting in a sharp drop in private sector construction demand from \$20.2 billion in 2008 to \$7.5 billion in 2009.

Residential construction demand dropped by almost half to \$3.5 billion as developers tread with caution amid looming uncertainty particularly during early 2009. Likewise, commercial construction demand shrank from a high of \$8.3 billion in 2008 to \$1.2 billion, battered by declines in occupancy rates and rental values as well as high statistical base in 2008 on account of the major construction contracts awarded for the development of the two Integrated Resorts and the Marina Bay Financial Centre.

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<sup>2</sup> Construction demand is measured by total value of construction contracts awarded. All construction demand figures in this paper exclude reclamation projects.

The weak manufacturing output in the first half of 2009 dampened demand for industrial space. Industrial construction demand thus turned soft on the back of challenged economic environment, falling to \$1.5 billion in 2009.

### **3.1.2 Construction Demand Forecast for 2010**

Based on feedback from developers and public sector agencies on their development plans as well as the performance up till September 2010, total construction demand is on track to reach the projected \$21 billion to \$27 billion in 2010.

About 45% or \$9.1 billion to \$12.1 billion of the total expected industry demand in 2010 is expected to be contributed by the public sector. The private sector demand is expected to be more upbeat than the preceding year's level, amounting to between \$11.9 billion and \$15.0 billion, bolstered by the turnaround in market sentiment in response to improved economic fundamentals.

#### **Residential Construction Demand**

##### **Public Housing**

To meet the growing public housing demand due to higher population, public residential construction demand is projected to increase to between \$2.8 billion and \$3.2 billion in 2010. Lift Upgrading Programme, Home Improvement Programme and Neighbourhood Renewal Programme are anticipated to collectively contribute to about \$1 billion to construction demand.

##### **Private Housing**

In response to the Government's recent cooling measures and the uncertainty triggered by the Eurozone debt crisis, most developers have turned more cautious in future construction investment. Nevertheless, the robust government land sales in the early part of the year and the strong economic growth have strengthened market confidence and led to a rebound in new residential construction demand. Private residential construction demand is projected to almost double to between \$6.2 billion and \$6.7 billion in 2010, with many major condominium developments around the island.



### **Commercial Construction Demand**

Total commercial construction demand is expected to increase to between \$2.0 billion and \$3.9 billion in 2010 in response to buoyant office space demand as a result of rental pick up and capital value appreciation amidst improving business environment. Furthermore, the revival in visitor arrivals and improvement in consumer confidence lifted overall market sentiment which prompted a number of new retail as well as hotel developments.

### **Industrial Construction Demand**

The improved manufacturing output and the brighter market outlook are likely to encourage industrialists to expand their foothold as Singapore economy bounces back. Total industrial construction demand in 2010 is anticipated to increase to between \$3.0 billion and \$3.3 billion. The construction of the first Liquefied Natural Gas (LNG) terminal by the Energy Market Authority (EMA) and industrial facilities at Seletar Aerospace Park by JTC Corporation are likely to propel the public industrial construction demand to a high level of close to \$1 billion. Private industrial construction demand is projected to reach between \$2.0 billion and \$2.3 billion with support from various Engineering, Procurement and Construction (EPC) contracts.

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

Total institutional & other building construction demand is forecast to remain firm in 2010, ranging between \$4.0 billion and \$5.8 billion. MOE is expected to beef up their upgrading programme for existing schools and building both new primary and secondary schools in 2010. Further support to this category also comes from the development of the Singapore Sports Hub, campus expansion of various Institutes of Higher Learning (IHLs) and development of new healthcare facilities in both public and private sectors.

### **Civil Engineering Construction Demand**

Civil engineering construction demand is expected to be lower in 2010 at between \$3.0 billion and \$4.2 billion, as compared to close to \$9 billion per annum in the last two years. The lower demand was mainly due to re-scheduling of some rail projects to next year. Nevertheless, several strategic projects remained on track to proceed this year to expand Singapore's road networks and infrastructure. These included widening of Keppel Viaduct, interchange at TPE and road connection to Seletar/Sengkang and Common Services Tunnel Phase 3B at Marina Bay.

**Table 3.1: Breakdown of Construction Demand**  
**Contracts Awarded by Sector and Type of Work (2002 to 2010\*)**  
(excluding Reclamation Works)

	2002	2003	2004	2005	2006	2007	2008	2009	2010 Forecast (in \$b)	
<b>Total</b>	<b>14,486.55</b>	<b>10,018.35</b>	<b>10,287.38</b>	<b>11,456.15</b>	<b>16,796.69</b>	<b>24,459.88</b>	<b>35,684.05</b>	<b>21,007.23</b>	<b>21.0</b>	<b>- 27.0</b>
Building Work	11,082.28	8,691.57	7,503.90	9,762.50	14,877.86	21,453.79	27,065.86	12,240.28	18.0	- 22.9
Residential	3,611.82	2,993.96	3,863.48	3,724.02	5,298.38	7,361.04	11,073.60	6,297.57	9.1	- 9.9
Commercial	1,249.78	536.08	1,128.01	1,009.01	2,372.71	5,230.25	8,455.54	1,290.18	2.0	- 3.9
Industrial	2,441.80	2,046.18	1,046.75	3,119.07	5,510.63	6,967.52	3,741.10	1,712.94	3.0	- 3.3
Institutional & Others	3,778.88	3,115.35	1,465.66	1,910.40	1,696.14	1,894.98	3,795.62	2,939.59	4.0	- 5.8
Civil Engineering Work	3,404.27	1,326.78	2,783.48	1,693.65	1,918.83	3,006.09	8,618.19	8,766.95	3.0	- 4.2

Source : BCA as at 21 July 2010  
\* forecast

### 3.2 Construction Companies

The total number of companies registered under BCA Contractors Registry has been on an uptrend and reached 8,578 firms by end June 2010. Of these, 66 firms were A1 contractors with unlimited tendering limit for public sector projects.

**Table 3.2: Trend of Registered Contractor**

Year (calendar)	2003	2004	2005	2006	2007	2008	2009	2010*
No. of registered contractors	4739	5167	5621	5942	6346	7021	7975	8578

Note: Firm with multiple workheads registered is considered as a single registered entity. \*No. of registered contractors as at 30 June 2010

### 3.3 Construction Manpower

Growth momentum of construction employment has started to slow down since beginning of 2010, in tandem with the lower construction output amidst moderated construction demand since 2009. According to the latest employment statistics released by MOM, construction employment grew by 1,600 in the first half of 2010 to 386,700 as at June 2010. This brings total employment gains in the construction sector since 2007 to a significant 131,200 jobs.

### 3.4 Productivity

Due to the strengthened construction activities in 2009, the labour productivity of the construction sector (in terms of value-added per employee) improved by 3.2% in 2009. Likewise, the site productivity for overall building construction increased slightly from 2.65 manday per square metre in FY2008 to 2.62 manday per square metre in FY2009.

**Table 3.4.1: % Change in Labour Productivity in Construction Sector**

	2004	2005	2006	2007	2008	2009
Construction Sector	-0.4	0	-3.5	4.3	-0.8	3.2

Note : Based on Gross Value Added at 2005 Basic Prices

Source: Singapore Department of Statistics

**Table 3.4.2: Average Manpower Usage, Manday per Sqm**

Type of Project	FY2005	FY2006	FY2007	FY2008	FY2009
Public Housing (HDB Projects)	1.68	1.60	1.59	2.22	2.20
Private Residential (landed)	5.38	5.33	5.32	5.21	5.22
Private Residential (non-landed)	3.34	3.13	3.15	3.27	3.15
Commercial	3.04	2.73	2.74	3.02	3.03
Industrial	2.04	2.02	2.00	2.01	1.98
Institutional	2.22	2.10	2.11	2.18	2.20
Overall Average	2.56	2.55	2.55	2.65	2.62

Source: Building and Construction Authority

### 3.5 Construction Costs

#### 3.5.1 Tender Price Index

BCA Building Works Tender Price Index<sup>3</sup> decreased by 15.6% year-on-year in 2009. The downward trend, following an unprecedented aggravation of the global financial crisis, was largely contributed by the decline of major construction material prices such as concrete, reinforcement, steelwork as well as considerable fall in prices of mechanical and electrical components. The decline in the construction costs had moderated towards the second half of 2009 as concrete and reinforcement prices stabilized.

In tandem with the economic recovery and improved construction market, BCA's TPI reversed the downtrend and has increased by about 2% since bottoming out in fourth quarter of 2009. Generally, the construction tendering market remains competitive.

#### 3.5.2 Average Construction Material Prices

##### Concrete

Despite the rising volume of construction activities, demand for ready-mixed concrete softened by 2% in 2009, likely due to the lower volume of building structural works as a result of the near completion of a number of large building projects (Table 3.5.2a). On the other hand, the demand

<sup>3</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.

for cement in 2009 rose by 7%. The import sources for cement in 2009 were Japan (55%), Malaysia (24%), Taiwan (14%), Thailand (6%), and China (1%).

The average market price for Grade 35 pump ready-mixed concrete reduced by about 24% year-on-year to \$93 per cubic metre in Dec 2009. Similarly, the average market price for cement (bulk) was at \$93 per tonne in Dec 2009, down by 22% compared to Dec 2008.

The estimated demands for cement and ready-mixed concrete are expected to decrease by 9% and 7% respectively this year in view of the projected reduction in on-site construction activity.

### **Reinforcement Bars (Rebars)**

Demand for rebars in 2009 declined by about 23% to 1.03 million tonnes as suppliers slowed down their stocking up amidst economic uncertainty and steel price volatility particularly in the first half of 2009 (Table 3.5.2a). The key import sources in 2009 included Turkey (38%), Malaysia (22%), Korea (16%) and other countries like Taiwan, China and Japan etc. For 2010, the demand for rebars is projected to soften by another 3% in tandem with the likely moderation in construction output.

With the reduction in global steel demand, average market prices of rebar<sup>4</sup> continued to drop from \$861.5 per tonne in Jan 2009 to about \$719 per tonne by mid-year, then rebounded to about \$790 per tonne in Aug/Sep before softening again to \$722 per tonne in Dec 2009. Looking ahead, higher scrap and iron ore prices coupled with mills' output control are likely to strengthen steel prices in 2010, which have already increased to around \$840 per tonne in Oct this year.

### **3.5.3 Construction Industry Salaries and Wages**

In tandem with the slowdown in manpower demand growth in 2009, construction professionals such as engineers and associate professionals and technicians enjoyed smaller increases of wages last year (Table 3.5.3b). Compared to most other economic sectors, the average monthly earnings per employee in the construction industry remained relatively low (Table 3.5.3c).

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<sup>4</sup> The prices refer to 16mm to 32mm High Tensile rebar and are based fixed price supply contracts with contract period 6 months or less.

Table 3.5.3a: Basic Construction Materials

Demand						
Year	Cement (Mil tonnes)	% Change	Ready-Mixed Concrete (Mil m <sup>3</sup> )	% Change	Steel Bars (Mil tonnes)	% Change
2008	4.55		9.96		1.33	
2009	4.84	7%	9.75	-2%	1.03	-23%
2010(F)	4.40	-9%	9.10	-7%	1.0	-3%
Current Market Prices						
Year	Cement (S\$ per tonne)	% Change	Ready-Mixed Concrete (S\$ per m <sup>3</sup> )	% Change	Steel Bars (S\$ per tonne)	% Change
Dec 2008	\$120.40		\$121.90		\$861.5 *	
Dec 2009	\$93.40	-22%	\$93.30	-24%	\$722.5	-16%
Sep 2010	\$88.60	-5%	\$ 92.30 #	NA	\$834.6	16%

F: Forecast

\*Based on Jan 2009 price

# From Jan 2010 onwards, the market prices of ready mixed concrete are based on Grade 40 Pump instead of Grade 35 Pump previously.

Table 3.5.3b: Mean Monthly Gross Wages in Construction

Category	2005	2006	2007	2008	2009
Professionals (S\$/month)	3,155	3,237	3,400	3,737	3,871
Associate Professionals and Technicians (S\$/month)	2,565	2,646	2,736	2,808	2,830

Source: Report on Wages in Singapore, various years, Ministry of Manpower

Table 3.5.3c: Average Monthly Earnings Per Employee (S\$ per month)

Industry	2005	2006	2007	2008	2009
Average	3,444	3,554	3,773	3,977	3,872
Manufacturing	3,495	3,618	3,764	3,955	3,966
<b>Construction</b>	<b>2,513</b>	<b>2,517</b>	<b>2,646</b>	<b>2,861</b>	<b>2,948</b>
Wholesale and Retail Trade	3,017	3,101	3,262	3,441	3,418
Transport and Storage	3,507	3,525	3,797	3,989	3,914
Hotels & Restaurants	1,360	1,381	1,442	1,504	1,463
Information & Communications	4,553	4,745	5,018	5,304	5,253
Financial Services	5,949	6,291	6,768	7,153	6,890
Retail Estate and Leasing Services	2,732	3,053	3,355	3,513	3,273
Community, Social & Personal Services	3,704	3,831	4,074	4,168	3,857

Source: Yearbook of Statistics Singapore, 2009.

### **3.6 Conclusion**

Following an exceptional strong expansion in the first half, the growth momentum of the Singapore economy began to show signs of moderating in the middle of 2010. Nevertheless, economists at the Monetary Authority of Singapore (MAS) expect the level of economy activity to remain high across a board of industries but it could ease further in the near term. For 2010 as a whole, MTI expects Singapore's GDP to be on track to grow by around 15% while in 2011, Singapore economy will continue to expand but at a more sustainable rate at 4% to 6% in line with its growth potential.

Given the resilience in the Singapore economy and the relatively sanguine regional economic outlook, the construction demand in Singapore is expected to remain healthy over the next few years. Based on BCA's last projection, the average construction demand in 2011 to 2012 is likely to sustain at between \$18 billion and \$25 billion per annum<sup>5</sup>. Public sector construction demand, in particular civil engineering projects, is expected to be one of the key drivers to industry construction demand at least over the medium-term, in view that the Government has already lined up a number of new MRT lines and road projects for implementation over the next ten years.

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<sup>5</sup> This forecast will be fine-tuned again in January 2011.