

An aerial photograph of Singapore, featuring the Marina Bay Sands hotel with its iconic three towers and skybridge, the Esplanade - Theatres on the Bay, and the modern skyscrapers of the Central Business District. The image is taken from a high angle, showing the city's layout, green spaces, and the surrounding water. The sky is blue with scattered white clouds.

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SINGAPORE REPORT

CONSTRUCTION MARKET
QUARTERLY UPDATE



KEY POINTS IN THIS ISSUE

Our Singapore Report for the first quarter of 2019 highlights a number of encouraging trends in the Singapore construction market in the face of a global as well as local economic slowdown.

- Total construction demand (value of contracts awarded) for 2019 is projected at S\$27 billion to S\$32 billion, remaining comparable with the last year;
- This augurs well for the market as the demand decline from 2015 to 2017 appears to have abated; demand is anticipated to stabilize leading up to 2023, off the back of major public housing and mega infrastructure work;
- Construction tenders remain generally competitive with tight contracting margins as reflected in recent tender returns;
- Tender prices for 2019 are projected to increase between 0% to 1.5%, barring any unforeseen market events;
- Construction labour and material prices are relatively stable, albeit there are be signs of a slight upturn;

We are pleased to report the recent completion and official opening of two major projects – the Sengkang Hospital (SKH) Campus and Frasers Tower – on which RLB serviced as the consultant project manager and quantity surveyor respectively. Our key current project commissions include the Mandai Park Development, Woodlands Health Campus, Rochester Park, Raffles Hotel A&A, Changi Airport T2 A&A, Pan Pacific Orchard, SMU-X and other projects of interest.

We look forward to be of service to you and your organisations in Singapore, and regionally in Indonesia, Malaysia, Vietnam, Myanmar and Cambodia.

PARTNERS, RIDER LEVETT BUCKNALL, SINGAPORE

FRASERS TOWER ◀

SINGAPORE

| | |
|-----------------------|---|
| CLIENT: | Frasers Property Aquamarine Trustee Pte Ltd |
| ARCHITECT: | DP Architects Pte Ltd |
| SERVICE: | Quantity Surveying |
| PROJECT VALUE: | SGD 300 Million |
| COMPLETION: | 2018 |

Fraser Tower is an exclusive 38-storey Premium Grade A office development, situated within Singapore's core Central Business District. The 235-metre tall building features indoor and outdoor working areas surrounded by lush greenery and a 3-storey cascading retail podium.

Photo courtesy of DP Architects

SINGAPORE ECONOMY

The Singapore economy grew by 3.2% in 2018, although growth decreased considerably from the 2.2% year-on-year in the third quarter, and slowing from the 4.1% growth in the previous quarter. The economy performed well below the government's initial estimate and general market expectations.

For 2019, the Ministry of Trade and Industry anticipates the Singapore economy to fare between 1.5% and 3.5%, owing to the impact of the ongoing US-China trade conflict, and the slowdown of the Chinese economy affecting import demand, weaker manufacturing, wholesale, retail and financial services demand.

Lastly, the risk that the UK will exit the EU without a withdrawal agreement presently remains very high.

Monetary Authority of Singapore (MAS) in December 2018 reported that the Consumer Price Index CPI-All Items inflation and the MAS Core Inflation (which excludes costs of accommodation and private road transport) are expected to come in at 0.5% and 1.7%, respectively for 2018. For 2019, the CPI-All Items inflation is expected to go up to 1.3%, while MAS Core Inflation is expected to be 1.8%. The unemployment rate remains at 2.1% as at the end of 2018.



SINGAPORE CONSTRUCTION MARKET

The construction sector contracted by 1.0% year-on-year, which is a more gradual decline as compared with the 2.3% contraction in the third quarter of 2018. Construction revenue output was weighed down by the weakness in volume of public sector works.

After three years of decline between 2015 and 2017, the Building and Construction Authority (BCA) anticipates the total construction demand (the value of construction contracts awarded) for 2019 to remain comparable with current levels, and to range from S\$27 billion to S\$32 billion.

The overall preliminary estimated construction demand for 2018 is S\$30.5 billion of which public sector work comprises S\$18.4 billion, or 60.3% of the total, based on the awards of major public housing and institutional building projects and infrastructure works. Private sector construction demand grew in 2018, supported by new private residential developments, redevelopment of en-bloc sale sites, data centres, industrial plants, and the new Bird Park at Mandai. This growth is achieved notwithstanding the imposition of additional cooling measures on the private property market in mid-2018 and the deferment of the Singapore - Kuala Lumpur high speed rail project. By comparison, for the year 2019, public sector construction demand is expected to remain at 60% of the total demand, at between S\$16.5 billion and S\$19.5 billion; while private sector construction demand is projected to be between S\$10.5 billion and S\$12.5 billion.

BCA anticipates that over the next 5 years, total construction demand will remain fairly consistent up to 2023, at an estimated S\$28 billion to S\$35 billion on the back of public housing work and the mega infrastructure projects of Jurong Lake District, Changi Airport Terminal 5, MRT Cross Island, Thomson- East and Jurong Region Lines.

The residential property market is likely to remain flat in 2019, arising from the impact of the upward adjustments to the Additional Buyer's Stamp Duty (ABSD) rates and the new limits on the Loan-to-Value for residential purchases made. It should be noted that within the period of 12 months between mid-2017 and mid-2018, private residential prices had increased more than 9%.

The Government also anticipates that price increases will carry on, albeit at a slower pace, as recent developers' bids for Government Land Sale (GLS) sites appears to be bullish based on developers' expectations of a continuing increase in property prices. These recent cooling measures were implemented to moderate home prices and ensure that they do not run ahead of economic fundamentals.

Based on present cost and price trends, construction tender prices are projected to see a slight increase over 2019, in the order of 0% to 1.5% as currently forecast by RLB. Commodity prices are reasonably stable within a range as reflected in the recent prices of cement, concreting sand, steel reinforcement, copper, and aluminium although a slight upturn in prices is observed for some of these key materials. Labour prices, in particular for skilled workers and tradesmen, are on the rise, given the limited supply, cost of levies, accommodation and other related costs, as well as regulatory compliances. Bored foundation piling prices have also increased very significantly in recent months due to the large concurrent piling demand from the MRT and other public infrastructure projects, and the marked shortage of piling frames.

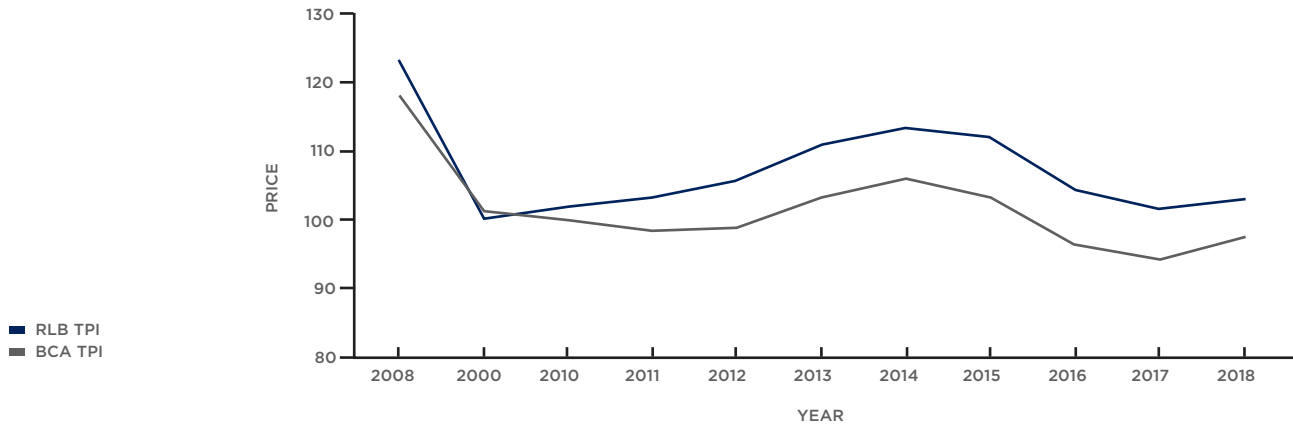
The Government has laid out a number of transformative initiatives for the Singapore built environment to improve site productivity, work and energy efficiency and stakeholders' collaboration. These include the Construction Industry Transformation Map (ITM) in 2017, Design for Manufacturing and Assembly (DfMA), Green Buildings Super Low Energy (SLE) Programme, and Integrated Digital Delivery (IDD). Private sector developments are currently utilising more Prefabricated Prefinished Volumetric Construction (PPVC), and realising the DfMA objectives of the local industry. The Housing Development Board is targeting its usage of PPVC to a third of all its projects for 2109. These initiatives will facilitate a positive change throughout the value chain of the Singapore built environment, from design, procurement, construction, maintenance and operations over the whole development life cycle.

◀ SENGKANG GENERAL HOSPITAL
SINGAPORE

Photo courtesy of Penta-Ocean Construction Co. Ltd

TENDER PRICE TRENDS

BUILDING TENDER PRICE INDICES



| | Annual change 2018 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| ■ RLB TPI | 1.8% ↑ | 123.2 | 100.2 | 100.0 | 103.1 | 105.7 | 110.5 | 112.0 | 110.2 | 105.3 | 101.5 | 103.2 |
| ■ BCA TPI | 2.0% ↑ | 119.9 | 101.3 | 100.0 | 99.7 | 99.8 | 104.6 | 106.8 | 104.0 | 98.0 | 96.7 | 98.6 |

Data Sources: BCA and RLB

BCA TENDER PRICE INDICES



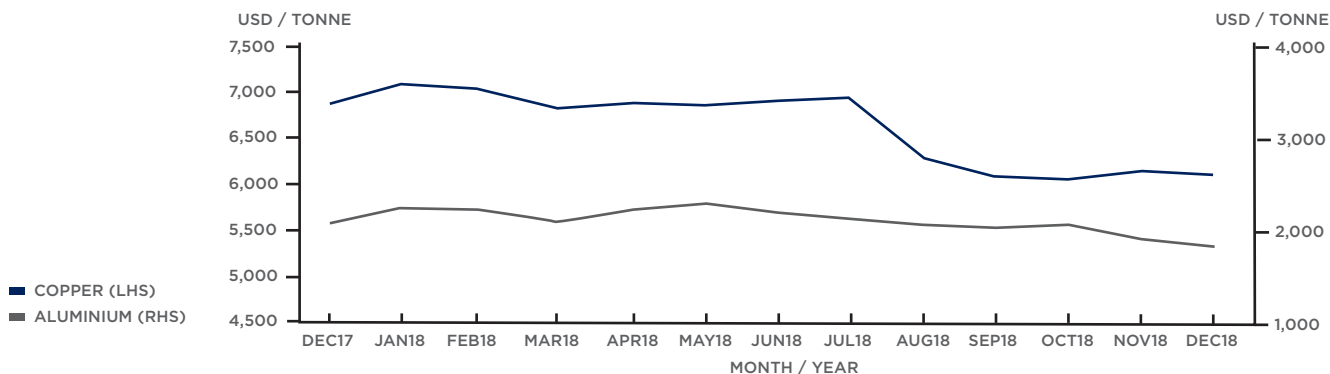
| | Annual change 2018 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| ■ HDB Flats | 4.5% ↑ | 124.3 | 107.2 | 100.0 | 93.0 | 92.0 | 97.8 | 99.8 | 85.8 | 83.2 | 83.2 | 86.9 |
| ■ Private Non-Landed | 0.8% ↑ | 120.0 | 101.9 | 100.0 | 101.7 | 103.5 | 108.0 | 110.1 | 107.6 | 104.7 | 102.3 | 103.1 |
| ■ Commercial Offices | 0.4% ↑ | 118.4 | 102.0 | 100.0 | 102.5 | 103.5 | 106.3 | 107.0 | 103.7 | 99.9 | 97.8 | 98.2 |

Data Sources: BCA

NOTE: Variances between the RLB and the BCA Tender Price index arise from differences in the index derivation methodology, the basket of items and weightages used for each index and the variety of building projects utilised. The index basket here excludes piling works and Mechanical & Electrical services. **Base Year 2010 = 100**

COMMODITY PRICE TRENDS

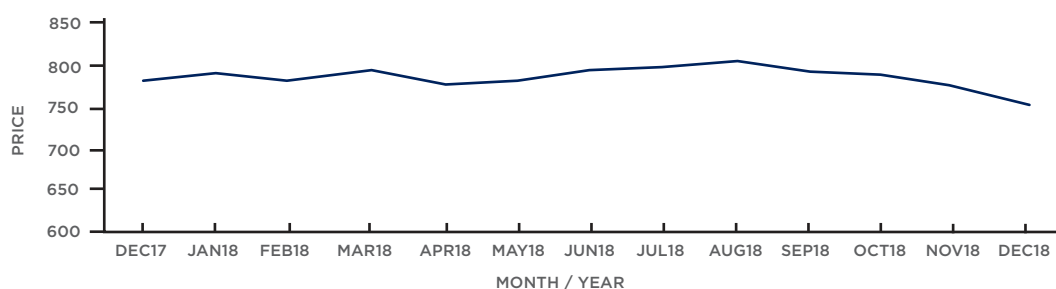
METAL PRICES



| | AVG 3Q'18 / 4Q'18 CHANGE | DEC 2017 | JAN 2018 | FEB 2018 | MAR 2018 | APR 2018 | MAY 2018 | JUN 2018 | JUL 2018 | AUG 2018 | SEP 2018 | OCT 2018 | NOV 2018 | DEC 2018 |
|-----------|--------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Copper | 1.1% ↑ | 6800 | 7079 | 7001 | 6795 | 6838 | 6821 | 6954 | 6247 | 6039 | 6019 | 6215 | 6192 | 6093 |
| Aluminium | -4.3% ↓ | 2070 | 2214 | 2184 | 2076 | 2245 | 2290 | 2240 | 2098 | 2045 | 2022 | 2034 | 1937 | 1931 |

Data Sources: London Metal Exchange (LME)

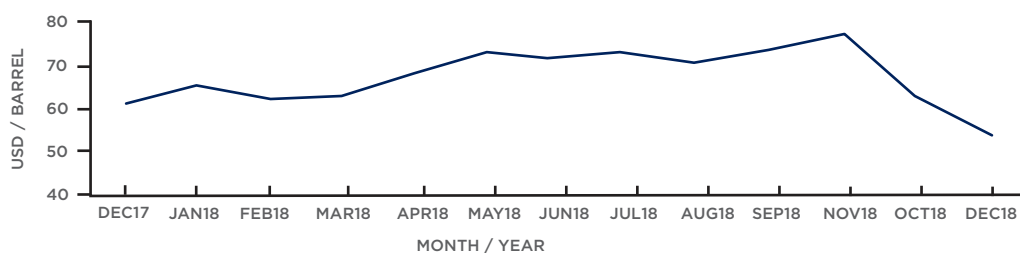
STEEL REINFORCEMENT (16 - 32MM HIGH TENSILE) SUPPLY PRICES



| | AVG 3Q'18 / 4Q'18 CHANGE | DEC 2017 | JAN 2018 | FEB 2018 | MAR 2018 | APR 2018 | MAY 2018 | JUN 2018 | JUL 2018 | AUG 2018 | SEP 2018 | OCT 2018 | NOV 2018 | DEC 2018 |
|-------|--------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Steel | -3.2% ↓ | 783 | 790 | 784 | 790 | 780 | 781 | 794 | 800 | 802 | 796 | 795 | 775 | 751 |

Data Sources:BCA

CRUDE OIL PRICES

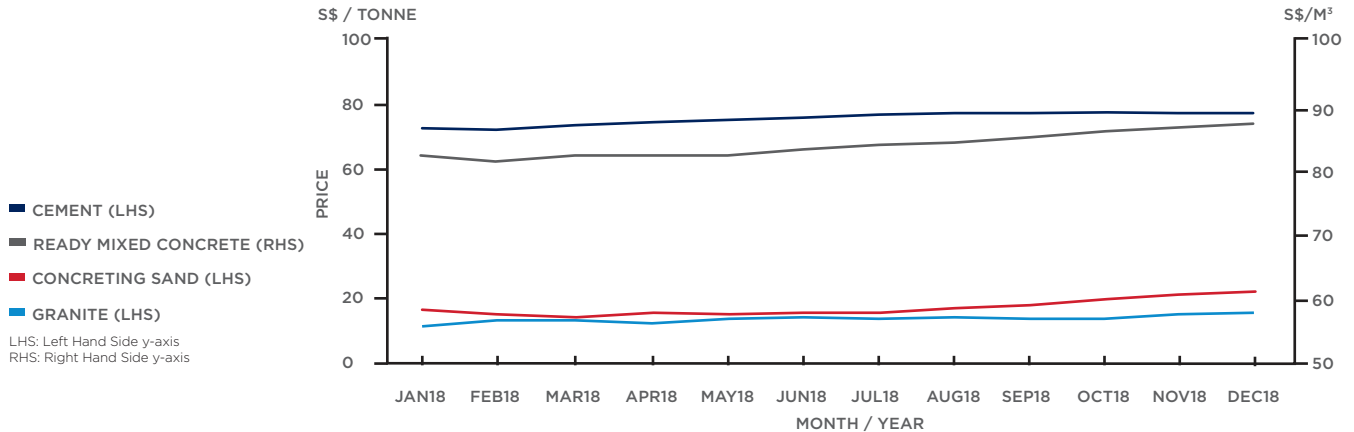


| | AVG 3Q'18 / 4Q'18 CHANGE | DEC 2017 | JAN 2018 | FEB 2018 | MAR 2018 | APR 2018 | MAY 2018 | JUN 2018 | JUL 2018 | AUG 2018 | SEP 2018 | OCT 2018 | NOV 2018 | DEC 2018 |
|-----------|--------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Crude Oil | -11.9% ↓ | 61 | 66 | 63 | 64 | 69 | 73 | 72 | 73 | 71 | 75 | 77 | 62 | 54 |

Data Sources:IndexMundi

MATERIAL PRICE TRENDS

BASIC CONSTRUCTION MATERIALS



| | | AVG 3Q'18 / 4Q'18 CHANGE | JAN 2018 | FEB 2018 | MAR 2018 | APR 2018 | MAY 2018 | JUN 2018 | JUL 2018 | AUG 2018 | SEP 2018 | OCT 2018 | NOV 2018 | DEC 2018 |
|-------------------------|------|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Cement | 0.7% | ↑ | 76.1 | 75.7 | 76.9 | 77.1 | 77.6 | 77.8 | 78.9 | 79.0 | 79.1 | 79.3 | 79.7 | 79.7 |
| READY MIXED CONCRETE | 2.0% | ↑ | 84.2 | 83.7 | 84.3 | 84.3 | 84.3 | 84.9 | 85.0 | 85.2 | 85.5 | 86.5 | 86.8 | 87.4 |
| CONCRETING SAND | 0.7% | ↑ | 18.0 | 17.8 | 17.5 | 17.5 | 17.5 | 17.6 | 17.6 | 18.7 | 19.0 | 20.0 | 20.9 | 21.2 |
| GRANITE | 0.8% | ↑ | 16.6 | 17.0 | 17.0 | 16.9 | 17.4 | 17.4 | 17.4 | 17.4 | 17.2 | 17.2 | 17.6 | 17.6 |

Data Sources: BCA

Note:

- Prices of rebar other than 16-32mm dimensions may be subject to surcharge.
- Prices of granite and concreting sand exclude local delivery charges to concrete batching plants.
- The market prices of rebar (without cut & bend) are based on fixed price supply contracts with contract period 6 months or less.
- The market prices of ready mixed concrete are based on contracts with non-fixed price, fixed price and market retail price for Grade 40 Pump.

CURRENCY EXCHANGE RATES

| CURRENCY | | | UNITS PER USD | | | | | | |
|---------------------|----|-----|---------------|--------|--------|--------|--------|--------|--------|
| | | | UNIT | JUL 18 | AUG 18 | SEP 18 | OCT 18 | NOV 18 | DEC 18 |
| Singapore Dollar | \$ | SGD | 1 | 1.36 | 1.37 | 1.37 | 1.38 | 1.38 | 1.36 |
| Euro | € | EUR | 1 | 0.86 | 0.87 | 0.86 | 0.87 | 0.88 | 0.88 |
| U.K. Pound Sterling | £ | GBP | 1 | 0.76 | 0.78 | 0.77 | 0.77 | 0.78 | 0.79 |
| Australian Dollar | \$ | AUD | 1 | 1.35 | 1.36 | 1.39 | 1.41 | 1.38 | 1.40 |
| Chinese Yuan | ¥ | CNY | 1 | 6.72 | 6.85 | 6.86 | 6.94 | 6.94 | 6.89 |
| Malaysian Ringgit | RM | MYR | 1 | 4.05 | 4.09 | 4.16 | 4.16 | 4.19 | 4.18 |
| Japanese Yen | ¥ | JPY | 100 | 1.11 | 1.11 | 1.12 | 1.13 | 1.13 | 1.13 |
| Myanmar Kyat | K | MMK | 100 | 14.39 | 15.07 | 15.74 | 15.84 | 16.06 | 15.75 |
| Indonesian Rupiah | Rp | IDR | 1000 | 14.42 | 14.56 | 14.87 | 15.17 | 14.73 | 14.50 |
| Vietnamese Dong | đ | VND | 1000 | 23.16 | 23.37 | 23.37 | 23.41 | 23.39 | 23.34 |

Data Sources: IMF, Oanda

Note: Exchange rates above are expressed in terms of currency units per US Dollar; averaged monthly from daily unit rates.

SINGAPORE CONSTRUCTION PRICES

| DEVELOPMENT TYPE | COST PER CFA | COST PER GFA |
|-----------------------------------|--------------------|--------------------|
| | S\$/m ² | S\$/m ² |
| OFFICE | | |
| Standard (outside CBD) | 2,000 - 3,200 | 2,500 - 4,100 |
| Standard (within CBD) | 2,050 - 3,300 | 2,950 - 4,350 |
| Prestige (within CBD) | 2,950 - 4,150 | 4,100 - 5,400 |
| HOTEL (INCLUDING FF&E) | | |
| Serviced Apartment | 3,050 - 3,550 | 4,050 - 4,650 |
| Three Star | 3,250 - 3,650 | 4,050 - 4,750 |
| Four Star | 3,550 - 4,400 | 4,650 - 5,800 |
| Five Star | 4,250 - 5,500 | 5,400 - 7,300 |
| RETAIL | | |
| Medium Quality | 2,000 - 2,850 | 3,000 - 3,600 |
| Good Quality | 2,950 - 3,350 | 3,700 - 4,400 |
| CONDOMINIUM | | |
| Medium Quality Condominium | 1,950 - 2,600 | 2,600 - 3,350 |
| Good Quality Condominium | 2,500 - 3,150 | 3,350 - 4,300 |
| Luxury Quality Condominium | 3,200 - 4,350 | 4,350 - 5,900 |

| DEVELOPMENT TYPE | COST PER CFA |
|--------------------------------|--------------------|
| | S\$/m ² |
| LANDED RESIDENTIAL | |
| Terrace House | 2,300 - 2,700 |
| Semi-detached House | 2,400 - 3,250 |
| Detached House | 3,400 - 5,600 |
| Cluster Housing | 2,400 - 2,950 |
| INSTITUTIONAL | |
| Institution of Higher Learning | 2,750 - 3,450 |
| Medical Institution | 4,000 - 5,450 |
| INDUSTRIAL | |
| Single Storey Warehouse | 1,100 - 1,600 |
| Light Industrial Building | 1,200 - 1,700 |
| Heavy Industrial Building | 1,450 - 2,000 |
| CAR PARK | |
| Above Grade Car Park | 700 - 1,400 |
| Basement Car Park | 1,500 - 2,250 |
| HEALTHCARE | |
| Nursing Home | 1,700 - 3,150 |
| Medical Centre | 2,900 - 3,300 |
| Hospital | 3,500 - 3,800 |

All Singapore construction prices stated herein are as at **4th Quarter 2018**, and include a general allowance for foundation, carpark and external works. The price ranges herein are indicative and due consideration should be given to the impact of varying design, specifications, size, location and nature of each project when utilising this information. Prices described here may not fully reflect the extent of current market forces and tendering conditions on any specific project.

Note:

CFA: Construction Floor Area is the area of all building enclosed covered spaces measured to the outside face of the external walls including covered basement and above ground car park areas.

GFA: Gross Floor Area is the area of building enclosed covered spaces excluding car park and driveway areas calculated for purposes of planning submissions.

Exclusions: • Land cost • Legal and professional fees • Development charges • Authority fees • Finance costs • Loose furniture, fittings and works of art (unless otherwise stated) • Tenancy work • Site infrastructure work • Diversion of existing services • Green Mark cost premiums • Resident site staff cost • Models and prototypes • Future cost escalation • Goods and Services Tax

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