

Singapore Construction Market Review and Outlook 2026



Macroeconomics

While global Gross Domestic Product growth is projected to remain resilient at 3.3 per cent in 2026, the International Monetary Fund has cautioned that a sustained conflict could disrupt energy markets, dampen investor sentiment, and impede global growth.



On 28 February 2026, the United States and Israel launched joint aerial strikes against Iran, prompting retaliatory attacks by Iran on neighbouring Gulf states. Within a week, Iran escalated the conflict by targeting US military assets as well as key oil and energy infrastructure across the region. It also closed the Strait of Hormuz – a narrow, 20-mile-wide maritime chokepoint linking the Gulf’s largest oil producers to the Gulf of Oman and the Arabian Sea.

As one of the world’s most vital oil transit routes, the strait accounts for about 20 per cent of global oil and gas consumption. Singapore is particularly exposed to disruptions in this corridor: about 70 to 75 per cent of its crude oil imports originate from the Middle East, and 35 to 40 per cent of its total energy imports – including oil and Liquefied Natural Gas (LNG) – pass through the Strait of Hormuz. With tensions spreading across the Middle East, a swift resolution to the conflict appears unlikely.

The economic repercussions are expected to be severe, both globally and domestically. While global Gross Domestic Product (GDP) growth is projected to remain resilient at 3.3 per cent in 2026, the International Monetary Fund (IMF) has cautioned that a sustained conflict could disrupt energy markets, dampen investor sentiment, and impede global growth – exacerbated by a newly imposed 15% global tariff announced by US President Trump just days before the outbreak of hostilities.

The economic downturn is anticipated to impact a wide range of industries, with the petrochemical sector being particularly vulnerable. As a critical pillar of Singapore’s export-driven economy, the energy and chemicals industry contributes approximately 2 to 3 per cent of the nation’s GDP and accounts for around 23 per cent of total manufacturing output.

Despite significant headwinds from the trade tariffs, Singapore’s economy grew by 5.0 per cent in 2025. According to the Ministry of Trade and Industry (MTI), the GDP growth last year was mainly driven by the manufacturing sector, buoyed by robust demand for artificial intelligence (AI)-related semiconductors and electronic products. Prior to the outbreak of the Iran conflict, Singapore’s GDP growth forecast for 2026 has been revised from 1 to 3 per cent to 2 to 4 per cent.

Singapore’s Minister for Trade and Industry, Gan Kim Yong, stated that the Government is closely monitoring the situation and will reassess GDP and inflation projections if necessary. In a joint statement on the Consumer Price Index, the Monetary Authority of Singapore (MAS) and MTI noted that rising tensions in the Middle East have pushed up global energy prices, with Singapore’s import cost pressures likely to rise in the near term. MAS currently forecasts core and average inflation between 1 to 2 percent for 2026.

Construction Demand in 2025

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Following a strong performance in the private residential sector in the previous year, a total of sixteen Government Land Sales (GLS) sites were awarded in 2025, along with three Executive Condominium (EC) sites and one mixed-use site at Chencharu Close. The tender for the maiden GLS site in the new Bukit Timah Turf City estate attracted strong interest with nine bids.

Private home prices rose by 3.4 per cent in 2025, while new home sales reached their highest level since 2021. The white site at Marina Gardens Crescent remains unsold, whereas another white site at Town Hall Link – carved out from the Jurong Lake District Master Developer site – has been released for sale. The Town Hall Link project will add at least 40,000 to 200,000 square metres of office space within the Jurong Lake District.

In 2025, the Housing and Development Board (HDB) completed about 19,600 flats across 28 housing projects. HDB flat resale prices growth slowed to 2.9 per cent, down from 9.7 per cent in 2024. The collective sales market remained generally subdued. Notably, the High Court approved the S\$810 million sale of Thomson View condominium.

The real estate investment market ended 2025 on a strong note, with total investment sales hitting S\$34.12 billion – an increase of 27 per cent from the previous year – according to a report by Savills Singapore. Low interest rates and borrowing costs have spurred buyer activity, which includes the one-third sale of Marina Bay Financial Centre Tower 3 and the S\$809 million acquisition of The Clementi Mall.

Market Outlook

Construction demand forecast for Singapore in 2026 by the Building and Construction Authority ranges from S\$47 to S\$53 billion.



Residential

As in 2025, the Building and Construction Authority (BCA)'s construction demand forecast this year ranges from S\$47 billion to S\$53 billion. Overall, the residential sector (both public and private) continues to account for more than one-fifth of the annual construction demand.

After recording a peak of S\$9.2 billion last year, construction demand in the public residential sector is expected to dip to an upper bound of S\$6.8 billion in 2026. Similar to last year, HDB is set to launch approximately 19,600 Build-To-Order (BTO) flats in 2026 to address heightened housing demand and remains on track to deliver about 55,000 flats from 2025 to 2027.

In the private sector, construction demand is also expected to moderate slightly to S\$5.5 billion. However, the overall private housing supply in the GLS programme for H1 2026 will remain elevated, comparable to that in H2 2025. With fourteen land parcels under the Schedule of Confirmed List Sites and a further six on the Reserve List, the H1 2026 GLS programme is expected to yield more than 9,000 units.

HDB has also launched three EC sites for application. Developers remain cautious in the collective sale market, although potential changes to the en bloc sales framework could be on the horizon.

As part of an ongoing review of policies under the Land Titles (Strata) Act, authorities are examining the approval threshold required for a collective sale to proceed. The Ministry of Law has confirmed that the review is in process, and any amendments will be announced in due course. Industry stakeholders have called for the majority consent threshold to be reduced from 80 per cent to 70 per cent to facilitate the redevelopment of ageing properties.

Just recently, Loyang Valley Condominium was acquired for S\$880 million, marking the largest residential collective sale since the S\$810 million Thomson View transaction in 2025. The freehold 15-storey Tan Boon Liat Building has been relisted for collective sale at a lower reserve price of S\$1 billion, down from S\$1.15 billion when it was first launched in February 2025. Although the site drew expressions of interest, the sale ultimately closed without a successful deal. According to the Urban Redevelopment Authority (URA), the site has been earmarked for potential rezoning from industrial to residential with commercial components. Other sizeable properties that have similarly faced difficulty securing buyers include Elias Green condominium in Pasir Ris, Hillcrest Arcadia, and Roxy Square.

In an announcement on 5 March 2025, the Government revealed plans to extend Additional Buyer's Stamp Duty (ABSD) remission timelines for complex projects. Meanwhile, property agencies and developers have called for a measured easing of cooling measures, particularly the 60 per cent ABSD imposed on foreigners purchasing high-end properties. Among other proposals in the Budget 2026 wish list, industry players have also advocated for higher loan limits for buyers of increasingly expensive ECs.

The Government has raised average Land Betterment Charge (LBC) rates across most real estate sectors in its latest half-yearly review, reflecting strong GLS activity and optimistic buyer demand. From 1 March 2026, LBC rates for non-landed residential use were increased by 4.1 per cent – the sharpest rise since September 2022 – while rates for commercial use recorded a modest uptick of 0.5 per cent.

Commercial

The commercial sector contracted sharply to S\$2.2 billion last year, coming in approximately 40 per cent below earlier projections. The demand is expected to grow this year, rising to between S\$6.1 billion and S\$6.7 billion, boosted by the expansion of Marina Bay Sands (MBS), as well as projects at HarbourFront Centre and Tanglin Shopping Centre.

The MBS expansion, which held its groundbreaking ceremony last year, has appointed its main contractor, with completion targeted for June 2030 and an official opening expected in January 2031, subject to government approval. The expansion will include a 55-storey all-suite hotel tower comprising 570 suites, a multi-storey rooftop attraction featuring restaurants, gardens, and a new gaming area. It will also offer expanded premium retail, dining, and wellness facilities, along with approximately 200,000 square feet of meeting space. Adjacent to the hotel tower, a 15,000-seat entertainment arena is also planned.

Slated for closure and demolition in the second half of 2026, HarbourFront Centre will be redeveloped into a 33-storey tower, with the main contractor expected to be appointed between Q1 and Q2 2026. The project will deliver 123,000 square metres of Gross Floor Area (GFA), comprising 26 levels of Grade A offices and five storeys of retail space.

The redevelopment of Tanglin Shopping Centre is currently on-going. The freehold 68,512 square feet site is zoned "Commercial" under the 2019 Master Plan, with an allowable gross plot ratio of 4.2 and a height control of up to 20 storeys. Adjacent developments including Forum The Shopping

Mall, VOCO Orchard Singapore, and HPL House are slated for future redevelopment into a 1.23 million square feet mixed use project. However, no construction activity is expected to commence this year, given that the tenants are still occupying the properties and VOCO Orchard continues operations.

Rejuvenation works at the former Hotel Miramar Singapore have commenced, and upon completion the property will be rebranded as a DoubleTree by Hilton hotel. Meanwhile, a new 200-key Avani Hotels & Resorts property has broken ground at the former Nehsons Building on Peck Seah Street. Carried over from H2 2025, hotel sites at River Valley Road and Telok Ayer Street remain on URA's Reserve List. Therme Group, an international developer and operator of wellness destinations, has secured a tender from the Singapore Tourism Board (STB) to develop a new wellness attraction in Marina South, with completion targeted for 2030.

The retail sector recently saw an uptick in investment activities. Besides The Clementi Mall, Holland Piazza, and Orchard Shopping Centre, the rear block of The Centrepoint was transacted for S\$391.9 million – the largest collective sale so far in 2026. This acquisition provides the buyer with greater flexibility to rejuvenate the wider site, including the potential to consolidate with the front plot already in its ownership.

Following this collective sale, Cuppage Terrace was also launched for sale via an expression of interest exercise. Comprising 17 adjoining Peranakan conservation shophouses, it is expected to be one of the largest conservation shophouse offerings in Singapore.

A stone throw's away, a tender will be launched in the coming months to transform the former site of the Singapore Chinese Girls' School at 37 Emerald Hill into a mixed-use development comprising hotel concepts, lifestyle offerings and community and public spaces. Other sizeable properties in the collective sales market include Upper Serangoon Shopping Centre, Singapore Shopping Centre, and City Plaza.

Two office towers at 78 Shenton Way have recently changed hands, although sources suggest the new owner may not pursue immediate redevelopment. The 56-year leasehold property is eligible for additional GFA under the Central Business District (CBD) Incentive Scheme, potentially allowing up to 30% more space for residential use.



Industrial

According to MTI, Singapore's manufacturing sector posted a 15 per cent year-on-year growth in Q4 2025, driven by output expansions in the electronics and biomedical manufacturing clusters. Overall factory activity rose to 50.5 in January, a 10-month high, as regional manufacturers benefited from sustained demand for AI-related products. After recording S\$7.1 billion worth of industrial projects in 2025, construction demand is expected to moderate to between S\$4.6 billion and S\$5.4 billion this year.

Based on data from the Jurong Town Corporation (JTC), overall occupancy rate for the industrial property market remains strong in 2025. While overall occupancy dipped slightly, prices of industrial spaces rose 5 per cent and rents increased 2.4 per cent. For the year, six single-user sites and four multiple-user sites were awarded under the industrial GLS programme, ramping up construction activities in the sector.

Singapore attracted S\$14.2 billion in Fixed Asset Investment (FAI) commitments in 2025, in which more than a third were in electronics. This was 5.3 per cent higher than the FAI secured in 2024. Of the total, about S\$12.1 billion came from manufacturing-related projects.

Micron Technology broke ground earlier this year on an advanced wafer fabrication facility located within the company's existing NAND (short for "Not AND," referring to the logic structure within the memory cell) manufacturing complex in Singapore. This new facility represents a planned S\$31 billion investment over 10 years and is designed to ultimately provide 700,000 square feet of cleanroom space. Wafer output is scheduled to begin in H2 2028, supporting growing market demand for NAND technology driven by the rapid expansion of AI and data-centric applications.

The recently announced US tariffs on semiconductors are expected to have minimal impact on Singapore's chip industry for now, given that the tariffs apply to a narrow category of semiconductors not currently manufactured in Singapore, according to the MTI.

The Government has also announced a series of AI-focused initiatives under Budget 2026, including the development of an AI park at One-North, the establishment of a new National AI Council to drive the nation's AI agenda, the expansion of the Enterprise Innovation Scheme to include qualifying AI expenditure, and broader support under the Productivity Solutions Grant for digital and AI-enabled solutions.

After awarding 80MW of capacity to four data centre (DC) operators through the pilot Data Centre – Call for Application (DC-CFA) exercise in 2023, the Economic Development Board (EDB) and the Infocomm Media Development Authority (IMDA) have launched the second Data Centre – Call for Application (“DC-CFA2”) as part of continued efforts to support the sustainable growth of DCs in Singapore. At least 200MW of new DC capacity will be made available, with additional capacity potentially unlocked through innovative green energy solutions.

Bridge Data Centres recently announced plans to invest up to S\$5 billion in artificial intelligence technology development in Singapore, including initiatives such as Singapore's first floating hydrogen power generation solution. The barge-based structure is intended to power future AI data centres. Singapore is set to establish a 700MW low-carbon DC park on Jurong Island, covering approximately 20 hectares. This will be the nation's largest DC development to date and is expected to raise total DC capacity by nearly 50 per cent, building on Singapore's current live capacity of around 1GW.



Infrastructural and Institutional

With a slew of projects in the pipeline, civil engineering construction demand is expected to strengthen to between S\$11.6 billion and S\$13.4 billion this year. In Q1 2026 alone, the Land Transport Authority (LTA) has already awarded more than S\$1.2 billion worth in contracts for the design and construction of tunnels and stations under the Downtown Line 2 Extension (DTL2e). Earlier this year, LTA called a tender for the design and construction of tunnels between Sungei Bedok station and the future Changi Airport Terminal 5, which will provide a direct rail link between the city centre and the future airport terminal.

Two major construction contracts were awarded for Terminal 5 by Changi Airport Group: a S\$3.8 billion contract for substructure works, including foundations and basements; and a S\$950 million contract for airside infrastructure comprising remote aircraft stands, taxi lanes, and ancillary support facilities; such as substations and an airfield lighting control centre. Meanwhile, the superstructure, ground transport centre, and landside infrastructure works have been put out to tender, with contract awards anticipated to be in 2026/2027.

Phase 1 of the Greater Sentosa Masterplan has commenced under the Sentosa Development Corporation, including the development of a new transport hub linking Sentosa and Pulau Brani. The Sentosa Express monorail that connects Sentosa Island to the mainland will also be replaced to improved connectivity, along with beach rejuvenation works and coastal protection enhancements.

In the institutional sector, main construction works at Alexandra Hospital have begun since December 2025. The Ministry of Health (MOH) has also awarded an S\$82 million contract for advance infrastructure works for Singapore General Hospital Phase 2A Development, with Phase 2B development program underway and the main contract tender for Tengah General and Community Hospital currently in progress. In addition to on-going hospital projects, MOH has announced two new developments: a 55,542 square metres office building within the SGH campus to house MOH and its agencies, and a 22,800 square metre site near Paya Lebar MRT station earmarked for a health and medical care development.

Other upcoming institutional projects include integrated developments under the Kallang Alive Masterplan, featuring an 18,000-seater indoor arena, as well as a new city campus for the Singapore University of Social Sciences, which will be located at the former Rochor Centre site.

Tender Price Movement

The BCA Tender Price Index for 2025 increased marginally by 1.01 per cent year-on-year.



The BCA Tender Price Index for 2025 increased marginally by 1.01 per cent year-on-year. Overall, raw material prices remained relatively stable, except for cement, which rose by more than 13 per cent compared to early 2025 levels, while steel reinforcement prices continued a downward trend.

The impact of the Middle East conflict on Singapore's construction industry remains uncertain and largely depends on its duration. The closure of the Strait of Hormuz has already disrupted global energy markets, pushing oil prices to over US\$100 per barrel – their highest level in over two years. Stock markets have been equally volatile. The disruption has also affected global supply chains, resulting in delays and higher freight and logistics costs for imported materials into Singapore. Given Singapore's reliance on imported crude oil and LNG from the Middle East, a prolonged closure of the Strait of Hormuz is likely to sustain elevated global oil prices, thereby increasing domestic energy costs and adding inflationary pressure across the broader Singapore economy.

Aluminium and copper prices have become increasingly volatile, driven by a combination of supply-and-demand and energy-related factors, leading to heightened price risks for Mechanical & Electrical (M&E) equipment and aluminium products imported into Singapore. A prolonged conflict, similar to the Russia–Ukraine war, could further exacerbate the global supply deficit. The slight weakening of the Singapore dollar against the US dollar may also place further upward pressure on the cost of imported materials into Singapore.

In the short term (over the next three months), the ongoing Middle East conflict is expected to continue exerting upward pressure on global oil prices, leading to higher fuel costs for plant and machinery, particularly for piling and excavation trades. The Singapore Contractors Association Limited has observed that construction material prices have risen by approximately 5 to 15 per cent or more, driven by escalating geopolitical tensions in the Middle East.

With a prolongation of these tensions and assuming a 20 per cent price escalation in key construction materials such as concrete, reinforcement, M&E equipment, and architectural finishes, overall construction cost pressures for a typical residential project in Singapore are expected to increase by around 2 to 4 per cent.

Should the situation further develop into a sustained oil crisis accompanied by rising inflation and slowing economic growth – potentially leading to a stagflationary environment – there may be a need to recalibrate construction demand to reflect a softer macroeconomic outlook.

The Government has introduced several changes to its foreign worker policies, including higher qualifying salary thresholds for Employment Pass and S Pass holders, increases in Foreign Worker Levy (FWL) rates for selected sectors, and adjustments to the Local Qualifying Salary for local employees. For the construction sector, however, FWL rates remain unchanged for now, and the Dependency Ratio Ceiling (DRC) remains relatively high at 83.3 per cent (equivalent to a quota of one local employee to five Work Permit holders).

In addition, worker dormitory rents are expected to rise amid on-going upgrading works under the Dormitory Transition Scheme. The Singapore Crane Association has also noted that demand for cranes has increased significantly over the last five years, with rental rates rising by up to 10 per cent.

Assuming Middle East tensions ease over the coming months, and under sustained construction demand of S\$47 to S\$53 billion in 2026 and an average of S\$39 to S\$46 billion over the next few years, business costs are still expected to rise, driven in part by a persistent talent shortage in the industry. Overall preliminary cost escalation for 2026 is projected to be in the range of 2 to 5 per cent.



Strengthening Singapore's Built Environment Professions

From 1 December 2025, government contracts in the sector must include a clause that limits a consultant's contractual liability, to ensure more effective and equitable risk-sharing between government agencies and consultants.



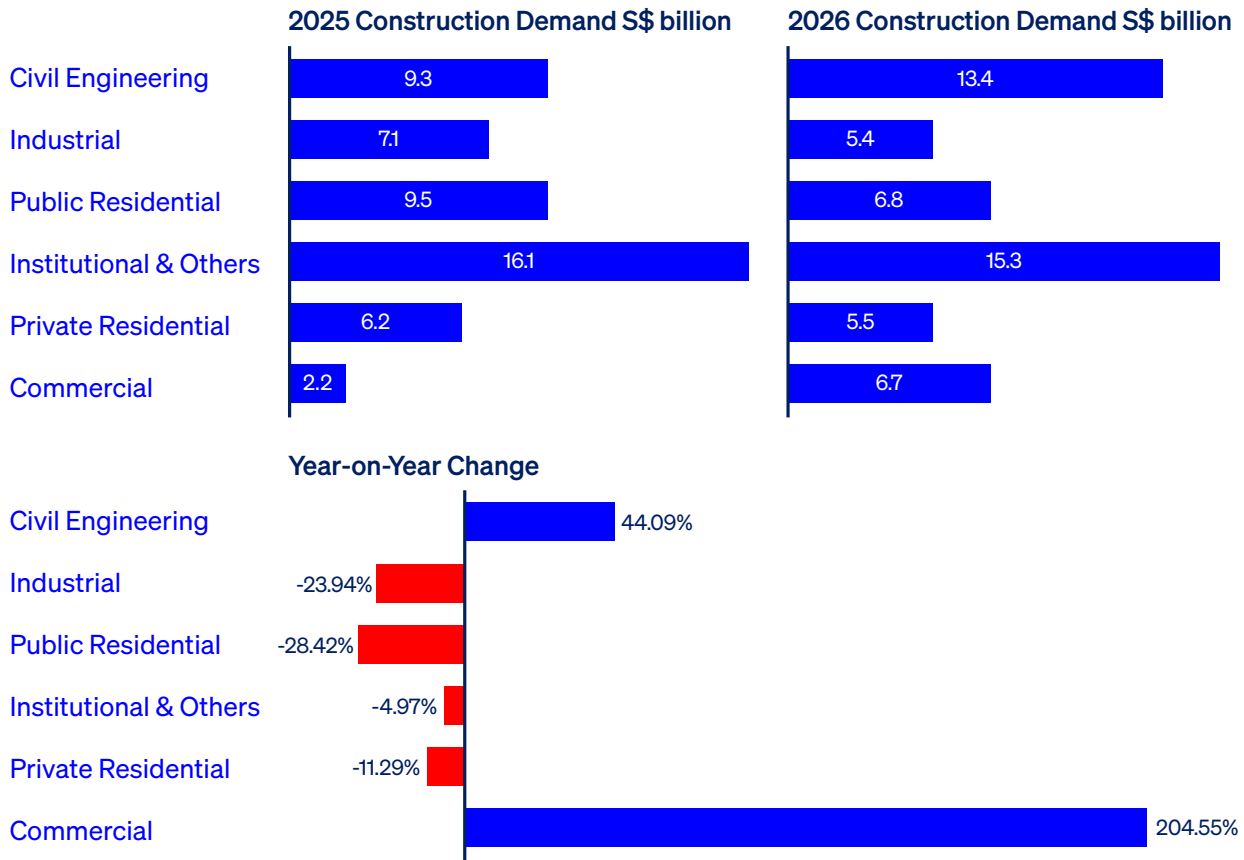
Given the persistent resource gap between construction demand and output, alongside a high DRC, enhancing productivity is essential for the Built Environment (BE) sector to sustain growth. Accelerating investments in technology and digitalisation – particularly through the adoption of artificial intelligence, greater standardisation in design, and wider implementation of modular construction methods – will be critical in improving efficiency.

At the same time, strengthening project management capabilities is critical in effectively controlling time, cost, quality, and safety across upcoming complex projects. This should be complemented by the adoption of collaborative contracting models that foster trust and enable equitable risk-sharing, particularly in managing price fluctuations and procurement challenges. Collectively, these strategies will enhance industry resilience in navigating supply chain uncertainties amid ongoing geopolitical tensions and an evolving global economic landscape.

BCA is working with the BE sector to strengthen the BE professions. From 1 December 2025, government contracts in the sector must include a clause that limits a consultant's contractual liability, to ensure more effective and equitable risk-sharing between government agencies and consultants. To discourage fee undercutting, the Reduced Fee Score has been expanded to cover public sector projects of up to S\$100 million. Both public and private sector service buyers are also reviewing the Fit for Purpose clauses in Design & Build contracts to ensure that risks are more insurable and aligned with project complexity.

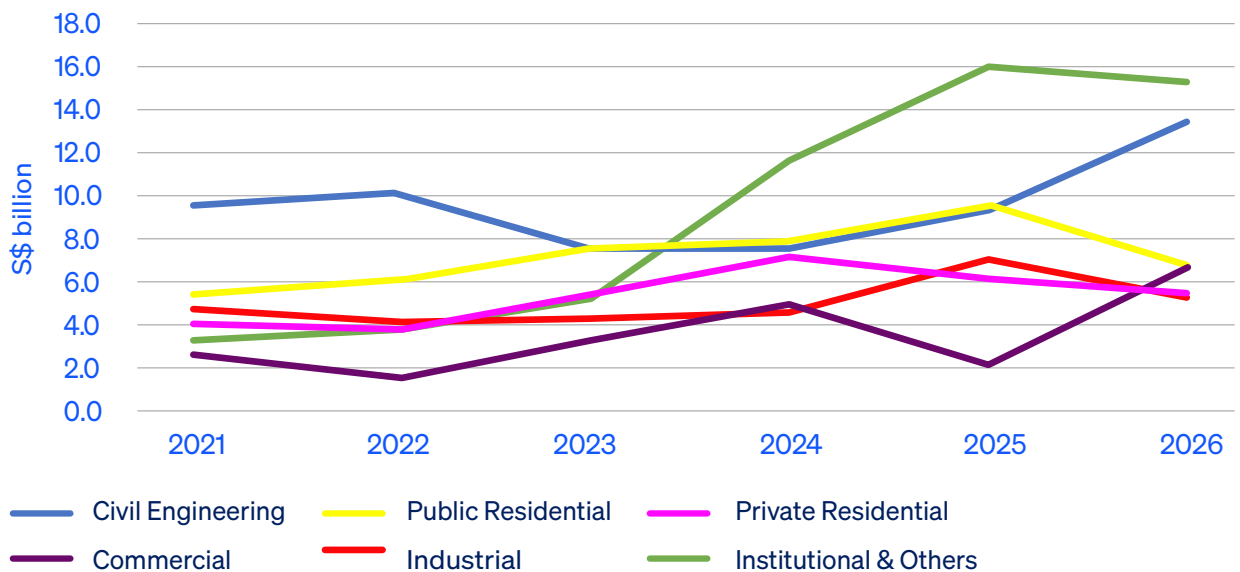
The Government is partnering the industry to uplift the Quantity Surveying profession. To support this, BCA has established a dedicated workgroup comprising industry representatives, service buyers, Institutes of Higher Learning, and relevant agencies to study and propose recommendations to strengthen the profession by leveraging emerging technologies, enhancing talent pipelines and professional competencies as well as increasing the value that quantity surveyors bring to project teams.

Annex A: Construction Demand



Annex A.1: Construction Demand, 2025 vs 2026
 2026 based on projection (upper bound)
 Source: Building Construction Authority, Singapore

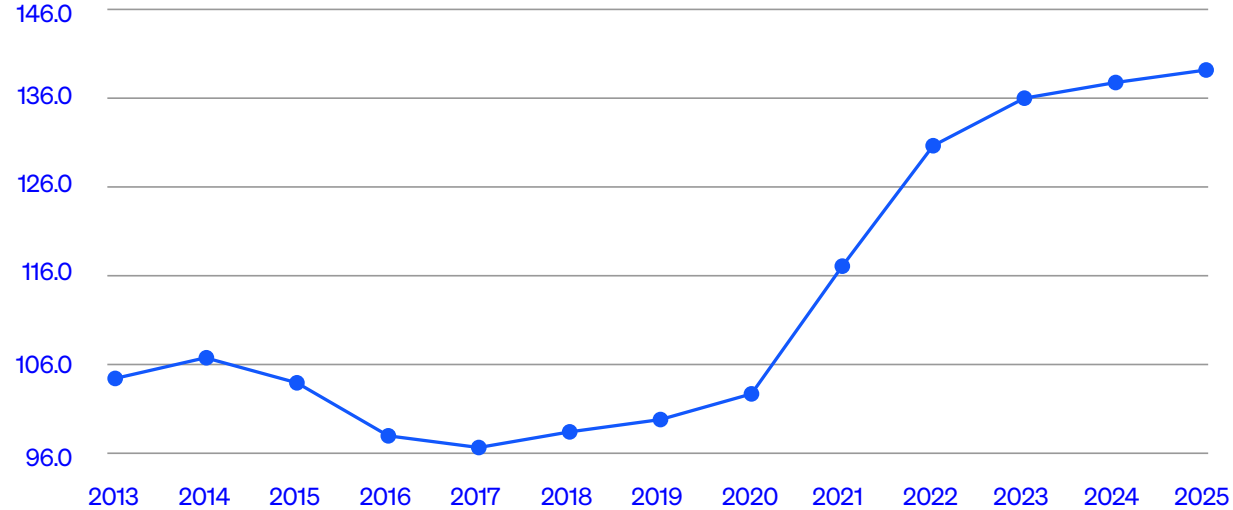
Construction Demand: 2021-2026



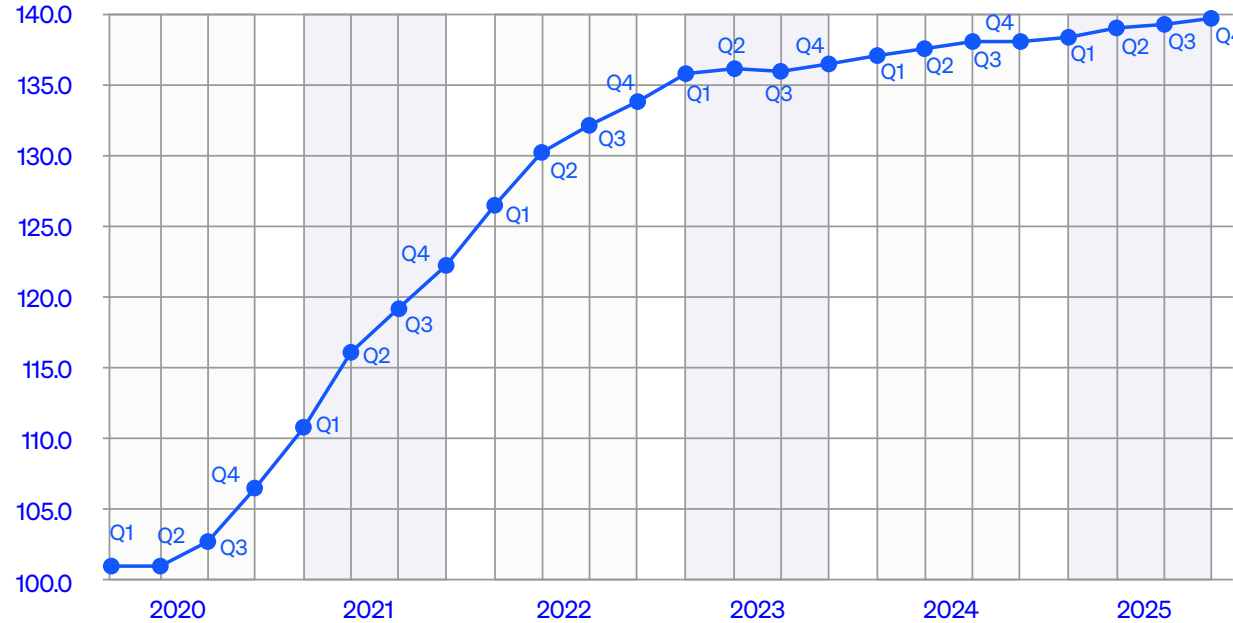
Annex A.2: Construction Demand, 2021-2026
 2026 based on projection (upper bound)
 Source: Building Construction Authority, Singapore

Annex B: Tender Price Movement

BCA's Tender Price Index



BCA's Tender Price Index



Annex B: Tender Price Index Movement, Annual/Quarter
 Source: Building Construction Authority, Singapore

Singapore Construction Prices

(as at 4Q 2025 prices)

Development Type	Cost Per CFA S\$/m ²
Carpark	
Above Ground	1,400 – 1,800
Basement (not more than 2 levels and exclude bad soil conditions)	1,800 – 2,500
Residential	
Mass Market	3,250 – 3,500
Good Quality	3,500 – 4,200
High End	4,600 – 5,500
Office	
Grade A	4,000 – 5,000
Grade B	3,500 - 4,000
Retail	
Mass Market	3,500 – 4,000
High End	4,000 - 5,000
Industrial	
Light	2,000 – 2,300
Heavy	2,300 – 2,800
Hotel	
4-star	5,000 – 5,500
5-star	5,800 – 6,200
Institutional	
Nursing Home	2,500 – 3,200
Primary School Secondary School	2,500 – 3,200

List of Exclusions:

- Land costs
- Development charges/differential premium
- Authority submissions fees
- Finance charges
- Site staff cost
- Professional fees
- Tenancy fit-out works
- FF&E (Furniture, Fittings and Equipment)
- Green Mark
- Contingency
- Escalation
- Goods and Services Tax

CFA – Construction Floor Area

Construction Floor Area is the area of all the building's enclosed covered spaces measured to the outside face of the external wall, including covered basement carpark and above ground carpark areas

Notes: The price ranges stated herein are indicative only, and may vary subject to design, specifications, site conditions, size, nature, and location of projects.

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