

Singapore Construction Equipment Market - Strategic Assessment & Forecast 2024-2029

Market Report | 2024-04-23 | 223 pages | Arizton Advisory & Intelligence

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Report description:

The Singapore construction equipment market is expected to grow at a CAGR of 5.84% from 2023-2029.

Increased Investment in Public Infrastructure Projects

- [] The Building and Construction Authority (BCA) has estimated that the total construction demand expected in Singapore for 2023 will range from USD 27 billion to USD 32 billion. This encompasses the projected value of construction contracts to be granted during that period.
- [] By 2030, Singapore aims to increase the railway system to approximately 360 km. This objective entails linking eight out of every ten households within a 10-minute of a train station. A 360-km rail network will position Singapore with a total railway span surpassing prominent cities like Tokyo or Hong Kong.
- [] The Land and Transport Authority (LTA) plans to launch a 'Friendly Streets' program to foster more inclusive and community-oriented commuting experiences within residential areas. This initiative will expand upon ongoing projects like Silver Zones, School Zones, Transit Priority Corridors, and other roads and support the growth of the Singapore construction equipment market.
- [] The Land and Transport Authority (LTA) aims to convert an 18-meter segment linking Taman Jurong Shopping Centre and Taman Jurong Market and Food Centre into a pedestrian-only zone. These locations are vital amenities for the entire Taman Jurong Community, and a noticeable influx of pedestrians has occurred between the two establishments.
- [] Singapore's Energy Market Authority (EMA) has given Conditional Approvals to five projects, enabling the importation of a collective 2 GW of low-carbon electricity from Indonesia into Singapore. These approvals represent a substantial stride in Singapore's objective of importing 4 GW of low-carbon electricity by 2035.
- [] The Land Transport Authority (LTA) has awarded a contract to Chye Joo Construction Pte Ltd for the construction of the Tengah Vehicular Interchange at Kranji Expressway (KJE), including the widening of Lam San Flyover and re-alignment/ widening of KJE to support the development of Tengah New Town in 2023.

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- The Singapore government planned nearly 60 projects in 2021. These have been identified as the means for roads to be possibly converted into footpaths, cycling paths, and bus lanes as part of efforts to make these modes of transport more convenient in 2023. Singapore is pressing ahead with plans to expand cycling paths from 460 km to 1,300 km by 2030. These government plans are projected to propel the Singapore construction equipment market.
- Ten private residential projects were announced for 2023 in December 2022. Five upcoming projects will be launched in the first quarter, offering approximately 1,800 units. This accounts for about 40% of the total units introduced from January to November 2022, per the URA, which reported 4,592 new units, excluding executive condos.

KEY HIGHLIGHTS

- Earthmoving equipment accounted for the largest market share of the Singapore construction equipment market in 2023. Excavators in the earthmoving segment accounted for the largest share in 2023. Rising investment in housing, port expansion, and public infrastructure projects is expected to drive the demand for excavators in the Singapore construction equipment market.
- City Developments and its joint venture partners secured the leading offer of USD 968 million for the residential plot on Toa Payoh, featuring its land reserves to meet the existing housing demand in Singapore.
- CDL will possess a 50% share in the project, while Frasers Property, led by Thailand billionaire Charoen Sirivadhanabhakdi, and Japan's Sekisui House will each have an equal 25% stake.
- IEWC (Industrial Electric Wire & Amp Cable) is significantly improving service levels for its multi-national and Southeast Asia customers with a new distribution center in Singapore. The new facility, located in the east region of Singapore, adds nearly 20,000 square feet of warehouse and office space to IEWC's footprint within Asia.
- According to the Singaporean government, the Port of Singapore produces a high amount of CO2. To restrict emissions, the government requires building new harbor vessels that are electric or compatible with biofuel. The process will also require the development of infrastructure for charging a battery capacity system.
- In 2023, the government planned to clear 7,331 hectares of secondary forest for the state's urban development master plan. Forest clearance is planned to construct public housing for the next 10 to 15 years. This project also includes constructing parks, commercial and business buildings, and sports and education centers.
- Singapore has long been acknowledged as one of the top three smart cities in the world. The city-state regularly tries out new urban development practices based on the ideas of innovation and sustainability. Singapore was the first city-state to be recognized as a "smart nation." with expanding opportunities through smart nation programs that involve construction to meet the future demands of citizens.

MARKET TRENDS & DRIVERS

Singapore's Investment in Hydrogen Fuel to Promote the Nation's Target to Achieve Net Zero Emissions

- Singapore has outlined crucial measures for executing its National Hydrogen Strategy. The country is set to engage in research and development efforts to progress hydrogen technologies, emphasizing hydrogen as a primary focus during Phase 2 of the Low Carbon Energy Research (LCER) program.
- Additionally, infrastructures will be established to import, store, and convert hydrogen into power, necessitating potential alterations to land use regulations and planning policies overseen by the Urban Redevelopment Authority (URA).
- Anticipated to finish construction by 2026, Keppel Corporation has significantly advanced its efforts for a more sustainable electricity supply by introducing a hydrogen-ready power plant on Jurong Island.

Various Programs Under the Green Building Initiative to Encourage the Demand for Compact and Electric Construction Equipment

By 2030, the Building & Construction Authority (BCA) hopes to increase the percentage of green buildings to 80% with the help of

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the Green Building Innovation Cluster (GBIC) program. Further, BCA will increase financing for the GBIC Programme by USD 45 million to advance the limits of energy efficiency in buildings. Through industry partnerships, the improved initiative, GBIC 2.0, will focus on essential demand drivers, including building owners and developers and their value chains, to co-create and accelerate solutions and commercialization.

Surge in Infrastructure Projects in the Country to Boost the Singapore Construction Equipment Market

According to the Building & Construction Authority (BCA), the total value of construction projects in 2023 will be between USD 19.8 and USD 23.5 billion. The public sector attracts the highest demand, contributing nearly 60% of total construction demand in 2023. This is supported by pipeline public housing projects and the Housing Development Board's ramping up of Build-To-Order flats.

Private sector construction demand is projected to be between USD 8.0 and USD 9.5 billion in 2023. Residential and commercial construction projects are expected to grow in 2023. Due to the rescheduling of some major projects from 2022 to 2023, the redevelopment of old commercial premises is expected to increase, further supporting the growth of the Singapore construction equipment market.

Augmentation of the Manufacturing Sector Due to Surge in Demand for Semiconductors

-□Manufacturing output rose by 2.5% in 2022. The main driver for the industry is the rise in demand for pharmaceutical, electronic, biomedical, and semiconductor products.

-□The electronic segment's manufacturing output grew by 5.1% in July 2023 compared to a year ago. The semiconductor and consumer electronics segments grew by 5.8% and 3.7%, respectively, in July 2023. The demand for semiconductors and electronics equipment is expected to increase due to its use in electric vehicle manufacturing.

-□Due to the continued shortfall of chips in the global market, several semiconductor companies have announced an expansion in Singapore. Most of the FDI investment will be directed to Lion City in 2023, propelling the growth of the Singapore construction equipment market.

Rise in Port Expansion Projects Drives the Singapore Construction Equipment Market

-□Singapore's port is one of the world's busiest ports, handling over 625 million tons of cargo annually. The government plans to expand this further when the Tuas Mega Port is completed in 2040.

-□In 2022, the Singapore government planned to invest USD 14 billion to build the world's largest automated port by 2040, having double the existing space features of drones and driverless vehicles.

-□In 2023, Singapore and Australia signed a Green Economy Agreement focusing on promoting trade and developing frameworks to support green sectors. The countries agree to establish a Green Shipping Corridor 2025.

INDUSTRY RESTRAINTS

High Dependency on Foreign Labor and Construction Site Accidents Can Hamper Industrial Output

A surge in accidents at construction and manufacturing sites also impacts the country's labor. The local workforce does not want to join the labor force due to increased workplace accidents. According to the Ministry of Manpower report, 87 and 80 major accidents at manufacturing and construction sites occurred in the first half of 2023, respectively. The rise in accident cases is due to low safety measures and a lack of skilled training to operate the equipment at work sites. Further, a high dependency on foreign laborers will harm the productivity of the manufacturing and construction industries. According to government data, construction projects were delayed, and labor costs increased by 30% in 2022.

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Surge in Building Material and Labor Cost Hampers Residential Sector

- Projects for 2024 indicate a sustained high cost, with the average tender price for construction projects in 2023 being around 8% higher than in 2022. Although a deceleration in the rate of increase is anticipated, a return to the pre-pandemic price level is not expected.
- Despite the construction sector's job vacancy rate dropping to 2.4% in Q1 2023 from 4.5% in Q1 2022, it still stands nearly twice as high as before the COVID-19 pandemic.
- Disruption in raw materials and labor supply and rising inflation are significant challenges in the Singapore construction industry in 2023.

Construction Contractors Are Holding Back Projects Due to Low-Profit Margin

Rising raw material costs push up the overall construction project cost, reducing the profit margin for contractors. Few Singapore contractors suffer from insolvency due to losses sustained during the pandemic and lockdown. Further, the project tender cost also increased in 2022 and is expected to grow further in 2023 due to rising inflation in the Singapore market. Some contractors are holding out the more significant projects in the pipeline and are keen to explore joint ventures and partnerships to minimize the risk caused by uncertainty in the market.

VENDOR LANDSCAPE

- Caterpillar, Hitachi Construction Machinery, Liebherr, Komatsu, SANY, Volvo CE, and XCMG are leaders in the Singapore construction equipment market. These companies have substantial market share and offer diverse sets of equipment.
- LiuGong, Mitsubishi Forklift Trucks, Terex, Toyota Material Handling, Kubota, Manitou, Takeuchi, Yanmar, and AIMIX are niche players in the Singapore construction equipment market. These companies offer low product diversification and have a strong presence in Singapore's local market.

Key Vendors

- Caterpillar
- Hitachi Construction Machinery
- Komatsu
- Liebherr
- Volvo Construction Equipment
- Kobelco
- Kubota
- Zoomlion Heavy Industry Science & Technology Co., Ltd.
- SANY
- Xuzhou Construction Machinery Group Co. Ltd. (XCMG)
- Hyundai Construction Equipment
- SUMITOMO CONSTRUCTION MACHINERY CO., LTD.
- Develon

Other Prominent Vendors

- Yanmar
- Tadano
- Takeuchi

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- []Manitou
- []Toyota Material Handling
- []AUSA
- []KATO WORKS CO., LTD.
- []Haulotte
- []GEHL
- []MERLO S.p.A.
- []Bobcat
- []Terex Corporation
- []Liugong
- []CNH Industrial
- []Aimix Group Co., Ltd.
- []Mitsubishi Forklift Trucks

Distributor Profiles

- []Sia & Yeo
- []TIONG LEE HUAT MACHINERY & CONSTRUCTION PTE LTD
- []PLS Machinery PTE Ltd
- []Ricon
- []LAND EQUIPMENT PTE LTD
- []SB Equipment
- []Aly Energy
- []KML Enterprise Pte Ltd

KEY QUESTIONS ANSWERED:

- 1.[]How big is the Singapore construction equipment market?
- 2.[]What is the growth rate of the Singapore construction equipment market?
- 3.[]Who are the key players in the Singapore construction equipment market?
- 4.[]What are the trends in the Singapore construction equipment market?
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Construction Equipment| Zoomlion| Sumitomo| DEVELON| Terex| LiuGong| Toyota Material Handling| Manitou| Kubota| Takeuchi| Yanmar| Tadano| Kato Works Co. Ltd.| GEHL|AUSA| Haulotte| Merlo Spa| CNH Industrial| Bobcat| AIMIX| Mitsubishi Forklift Trucks)

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