



## Q2 2020: Asia Pacific Construction Monitor

# Construction market contracts sharply amid coronavirus lockdowns

- Conditions remain negative across construction markets in Asia Pacific
- Stronger recovery in China, Philippines and Sri Lanka expected than in other markets
- A quarter of projects put on hold as a result of Covid-19; productivity expected to fall 13%

Conditions in Asia Pacific construction markets continued to deteriorate in Q2 of 2020, according to respondents to the RICS Global Construction Monitor. The Construction Activity Index\* was -26 in Asia Pacific in Q2, in line with the global weighted average of -24 (Chart 1). However, there is a high degree of dispersion in readings across markets, ranging from -8 in China to -65 in Malaysia. Although this does indicate a deterioration across all markets tracked by the Monitor, it also suggests that some markets are substantially more subdued than others.

### Demand contracts in Q2

Survey participants across all markets in Asia Pacific reported a sharp contraction in new business enquiries in the second quarter. Perhaps unsurprisingly, the degree of the decline appears to be related to the timing of lockdowns in respective markets. In China, the first market to enter (and leave) lockdown, the pullback in new demand was less severe than what was reported in Q1. In countries that did not fully enter lockdown until Q2, such as India and the Philippines, a sharp drop in new business enquiries was noted.

Workloads across Asia Pacific were also said to have contracted during the second quarter. In most countries, infrastructure workloads were more resilient than other market segments. In Australia and New Zealand, the level of work on infrastructure projects was said to be similar to what was

reported in Q1. Contributors in China reported an increase in infrastructure workloads during the second quarter, in line with an increase in fixed asset investment in China's Q2 GDP release.

### Prospects for recovery uneven

Across the Asia Pacific, survey participants had varying expectations as to how workloads would change over the next twelve months (Chart 2). China, the Philippines and Sri Lanka were the only Asia Pacific markets expected to see workloads increase over the next twelve months. At the other end of the spectrum, contributors in Singapore and Malaysia expect further sharp declines in workloads, while more modest declines are expected elsewhere.

Similar to current workloads, levels of activity in infrastructure markets are expected to rebound more strongly than private residential and non-residential workloads. Only respondents in Malaysia, Singapore and Hong Kong do not expect infrastructure workloads to increase over the next twelve months. In net balance terms, infrastructure workloads in Asia Pacific are expected to increase at a faster pace than those in the Americas, Europe and the Middle East and Africa. This is largely a result of a strong recovery expected for the Australian and Chinese infrastructure markets.

Chart 3 shows that current and expected headcounts largely

Chart 1: RICS Construction Activity Index\*

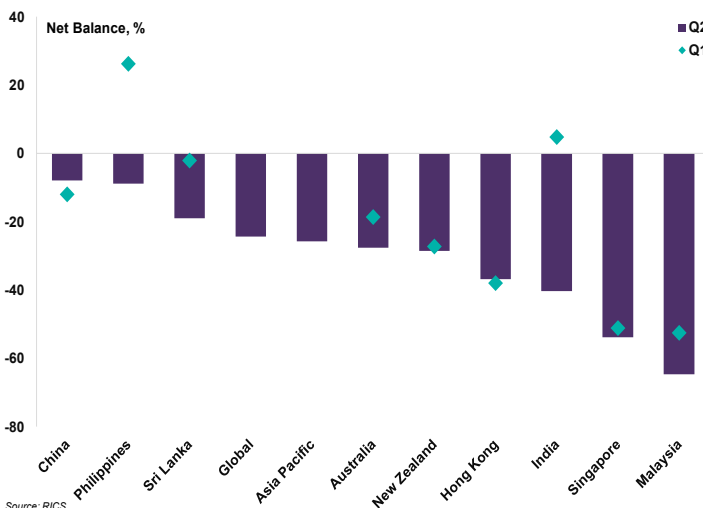


Chart 2: Workloads



\*The Construction Activity Index is a weighted composite measure encompassing variables on current and expected market activity as well as margin pressures.

mirror workload expectations. Aggregate headcounts were reported to have been cut across Asia Pacific in Q2, with further cuts expected over the next twelve months.

**Margins remain under pressure**

Against this backdrop, respondents reported an acute deterioration in margins during Q2, which is expected to persist for the next twelve months. Chart 4 gives some indication of this, as construction cost inflation is expected to outpace that of tender prices over the next twelve months. Across Asia Pacific, construction costs are expected to rise 300 basis points more than tenders over the next twelve months. This is more than what was observed in the Americas (240 basis points) and Europe ex-UK (230 basis points), but less than the Middle East and Africa (540 basis points).

Cost inflation appears to be driven by increases in the price of materials, as labour costs are expected to remain subdued. A majority of survey participants in India, the Philippines,

Singapore and Sri Lanka highlighted material shortages as an obstacle, early indications of supply chain bottlenecks.

**A quarter of projects remain on hold**

Half of respondents in Asia Pacific reported consistently receiving tender bids below estimated costs, with the average underbid at 7.8%. Underbidding was particularly evident in Hong Kong, where two-thirds of respondents noted they were consistently receiving bids below cost.

Nearly 24% of projects were said to be put on hold since the start of the Covid-19 outbreak across the region, just shy of the global average of 25%. However, this share ranged from 17% in Hong Kong to 58% in Singapore. Lockdowns have also been a significant hit to activity, with onsite productivity expected to fall 13% across Asia Pacific (vs a global average of 11%). Respondents in India, Malaysia, Sri Lanka and Singapore expect onsite productivity to fall more than 20% as a result of Covid-19.

Chart 3: Headcount

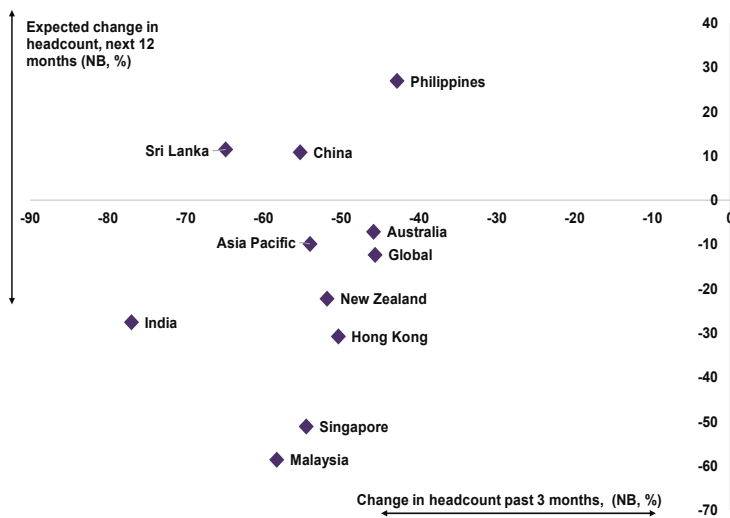


Chart 4: Expectations, next 12-months

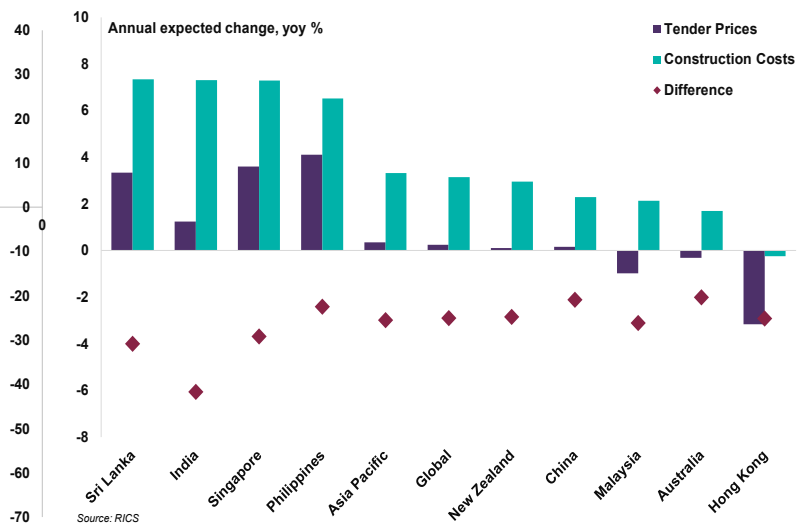
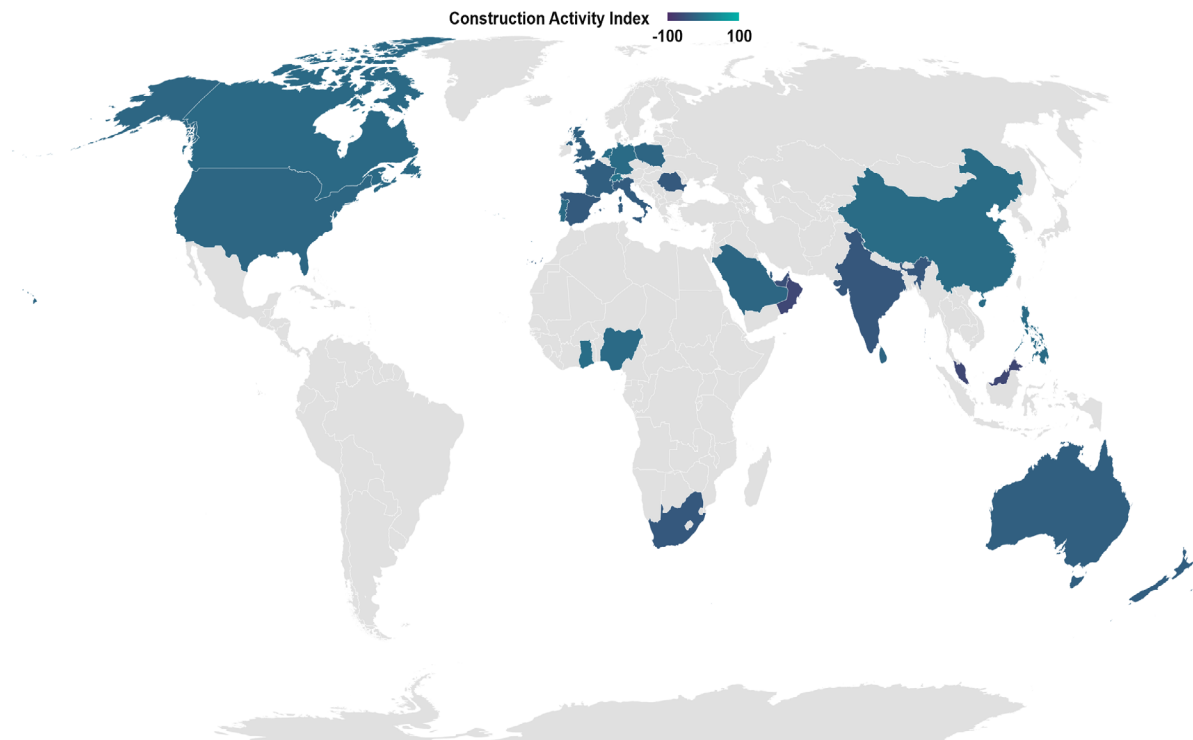


Chart 5: Construction Activity Index by country



# Australia

The construction industry remained under pressure in Q2 of 2020, according to feedback from RICS professionals. The Construction Activity Index fell from -19 in Q1 to -28 in Q2 amid a dearth of market activity and subdued expectations.

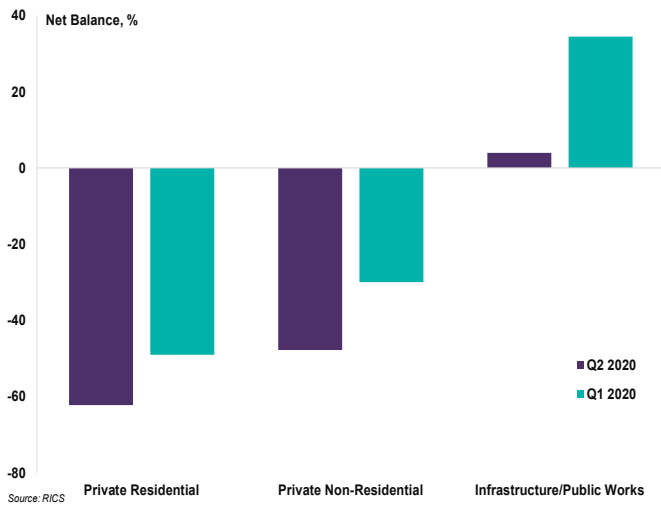
The level of workloads was generally seen to have declined during the second quarter. This was confined to private residential and non-residential workloads, however, as respondents noted no change in work levels on infrastructure projects. The reported pullback in activity for residential and non-residential construction exceeded that reported during Q1 (in net balance terms).

With regards to infrastructure, survey participants saw little change in the level of activity on ICT, energy, water and waste projects. A decline in work on social and agribusiness infrastructure appears to have been offset in aggregate by more work on transport projects.

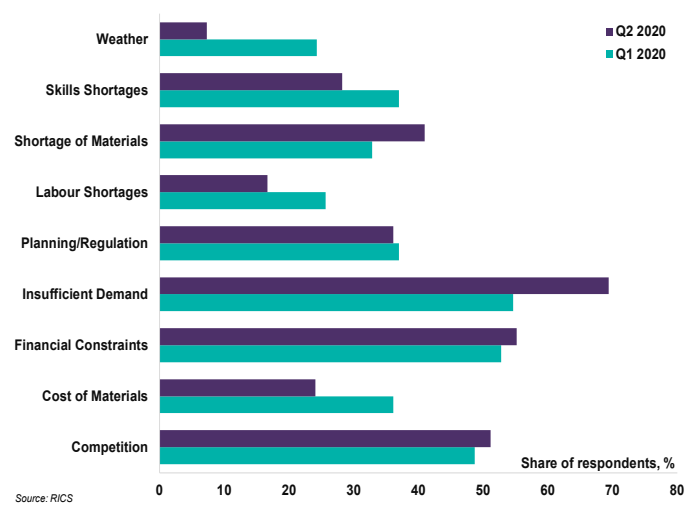
Perhaps unsurprisingly, a lack of demand was highlighted as the main constraint on activity. More than two-thirds (69%) of respondents highlighted this as a drag as new demand was also seen to have declined. Headcounts were said to have been cut significantly as margins remained under acute pressure. This appears likely to continue for the next twelve months given tenders are expected to be little changed while the cost of materials drives overall construction costs higher.

Further declines are expected in the level of activity on private residential and non-residential projects. Work on infrastructure projects is expected to drive activity in the sector. Although margins remain under pressure, headcounts are not expected to be cut further. A bright spot for the industry is that since the onset of the Covid-19 pandemic there appears to be fewer projects put on hold than elsewhere in the world.

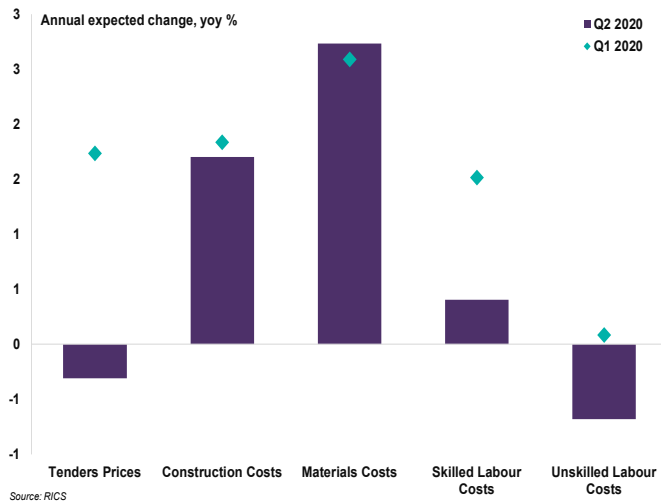
## Workloads, past 3 months



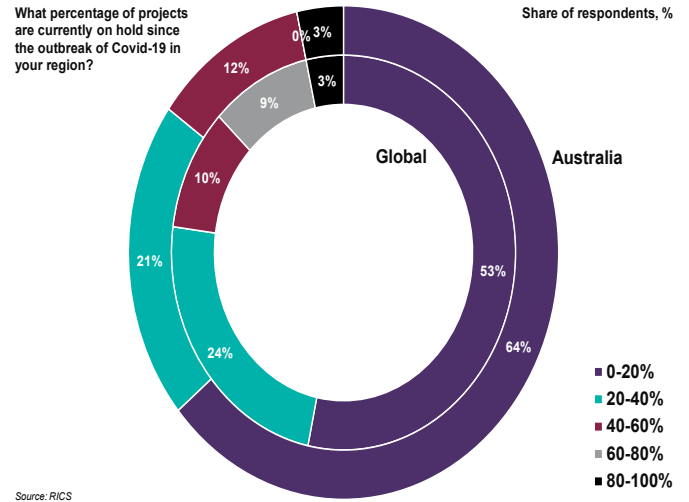
## Factors holding back activity, past 3 months



## Expected cost escalations, next 12 months



## Share of projects on hold since Covid-19



# China

Respondents in China reported a modest improvement in construction market conditions in Q2 of 2020. The Construction Activity Index rose modestly from -12 to -8 in the second quarter. Although still negative, the latest reading appears to indicate a somewhat more stable trend emerging across the market.

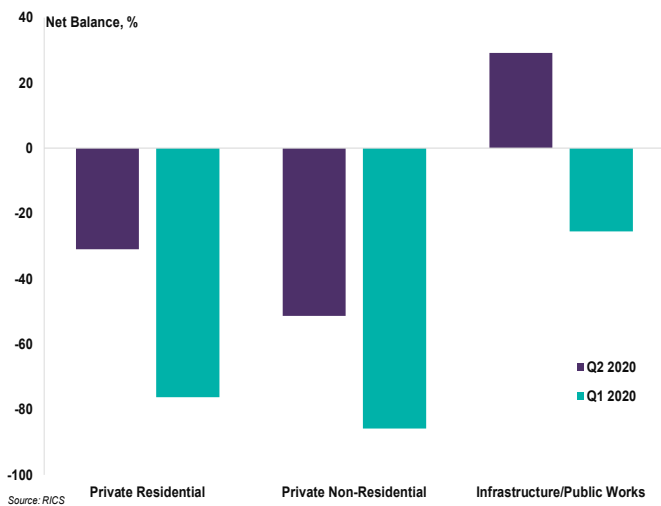
Overall workloads were mixed in Q2. Private residential and non-residential workloads were said to have contracted over the quarter, though in net balance terms the decline occurred at a substantially slower pace than during the first quarter.

After declining in Q1, infrastructure workloads were seen to have increased during the second quarter. This appears to be primarily driven by an increase in work on information and communications technology projects, as activity on all other segments of the infrastructure market appears to have been little changed during Q2.

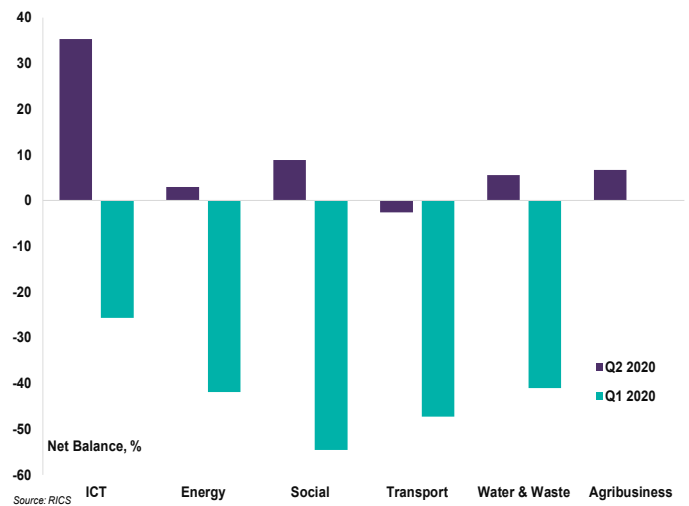
Insufficient demand, financial constraints and competition continue to be seen as three of the largest constraints on activity. Perhaps unsurprisingly, profit margins remain under acute pressure while new business enquiries fell and payment delays increased. More than half (52%) of respondents noted that they were consistently receiving bids below cost. This is expected to continue as the increase in tenders over the next twelve months is not anticipated to keep pace with the increase in construction costs.

Respondents expect work over the next twelve months to be driven by a robust increase in infrastructure activity. Workloads elsewhere are expected to be little changed, and headcount is seen stabilizing after declining over the past three quarters. On a slightly more uplifting note, professionals in China expect a greater share of projects that had been put on hold to restart immediately.

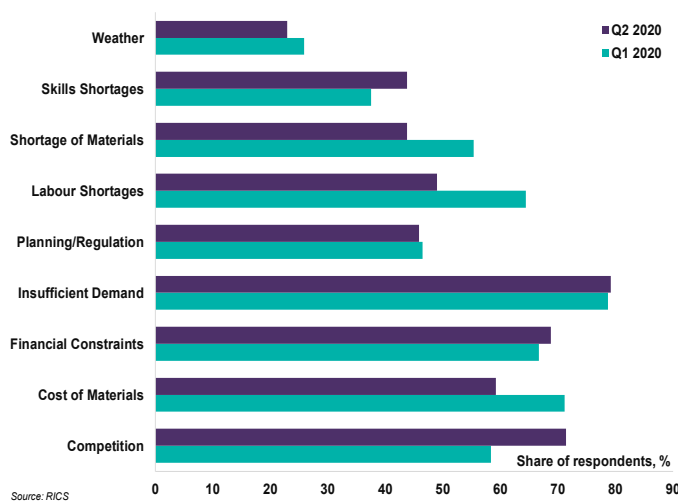
## Workloads, past 3 months



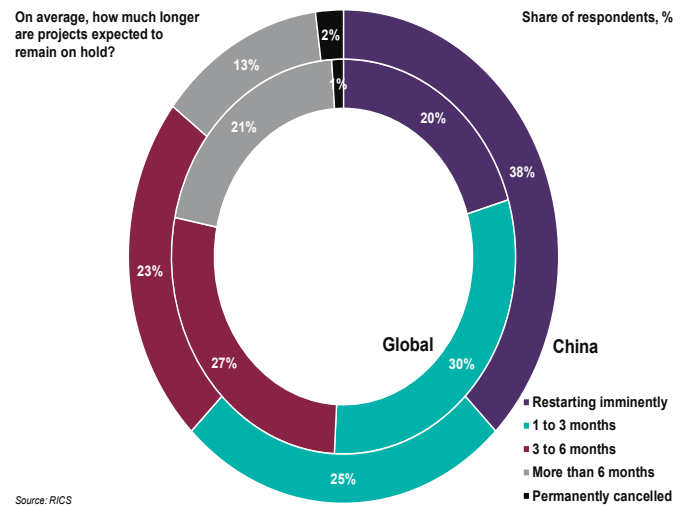
## Infrastructure workloads, past 3 months



## Factors holding back activity, past 3 months



## Duration of projects on hold



# Hong Kong

The Hong Kong construction market remained under acute pressure in Q2, according to feedback from RICS professionals. The Construction Activity Index remained firmly in negative territory (-37 Q2 vs -38 in Q1), an indication that the market has yet to see any substantial form of relief.

Workloads were said to have declined across the board during the second quarter, though the pullback in non-residential workloads and infrastructure workloads was at a modestly slower pace than in Q1 (in net balance terms). New business enquiries, profit margins and headcount were all said to have contracted sharply during the quarter. There does not appear to be a substantial change in fortunes expected as further declines are envisaged over the next twelve months (though infrastructure workloads are expected to stabilize somewhat).

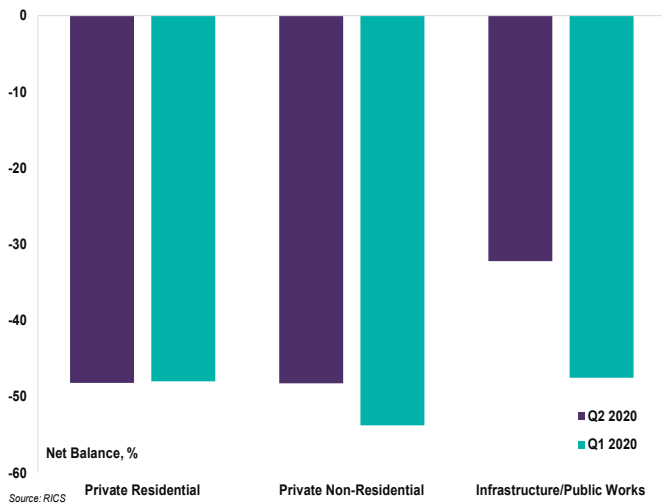
Akin to several global markets, financial constraints

and a lack of demand were seen to hold back activity. These were cited as constraints by 77% and 82% of respondents, respectively. Competition was also highlighted by a majority of respondents (69%), as was the cost of materials (60%) as some contributors highlighted supply bottlenecks in their comments.

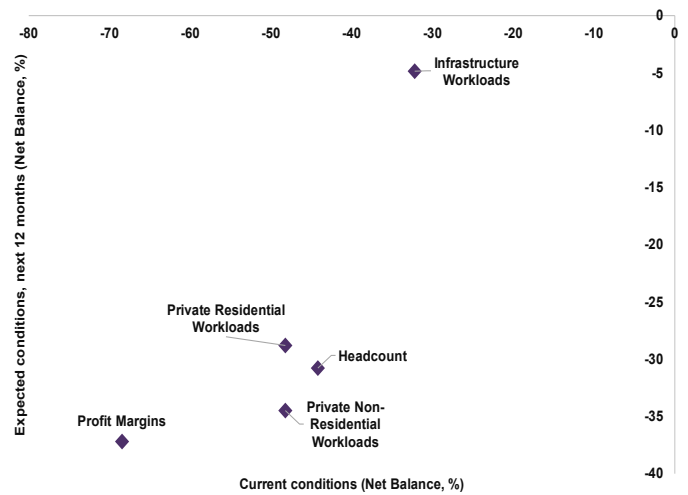
Firms finances are likely to remain under pressure over the next year. Tenders are expected to decline more than 3% over the next twelve months. Meanwhile, construction costs are expected to be little changed as a modest increase in the cost of materials will offset the decline in labour costs (both on a per-unit basis and given further expected declines in headcount).

A greater share of professionals in Hong Kong also noted they were consistently receiving bids below cost than the global average. Two-thirds of respondents in Hong Kong reported this, compared to 44% globally.

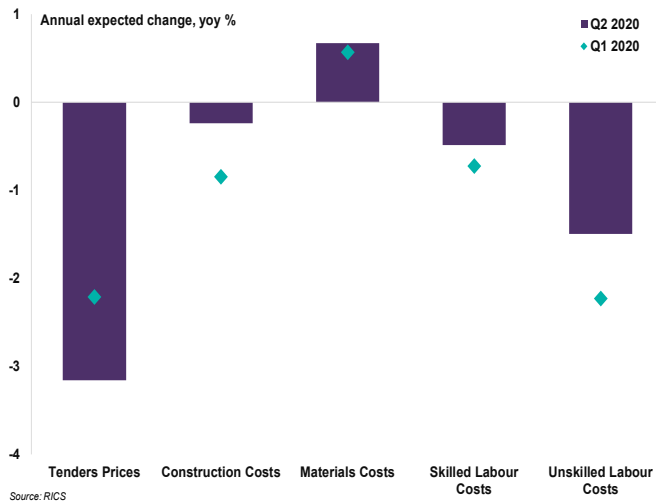
## Workloads, past 3 months



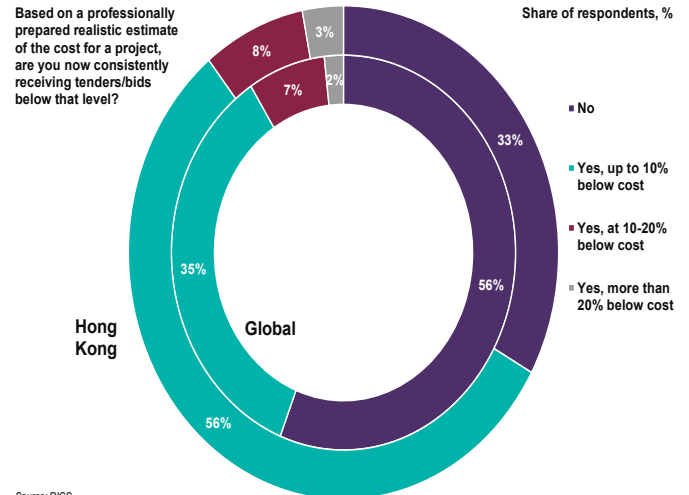
## Past 3 months vs next 12 months (expected)



## Expected cost escalations, next 12 months



## Underbidding



# India

The full brunt of the Covid-19 lockdown was felt in Q2 of 2020, according to RICS professionals responding to the Construction Monitor. The Construction Activity Index fell from +5 in Q1 to -40 in Q2.

After reporting a relatively mild impact on workloads in Q1, activity was seen to have contracted sharply in the second quarter across all segments of the market. Respondents also noted a significantly higher share of projects on hold, 41% vs a global average of 25%. The lockdown in India appear to have had a greater impact on productivity than most markets globally. Covid-19 is expected to reduce onsite productivity by an estimated 20%, vs a global average of 12%.

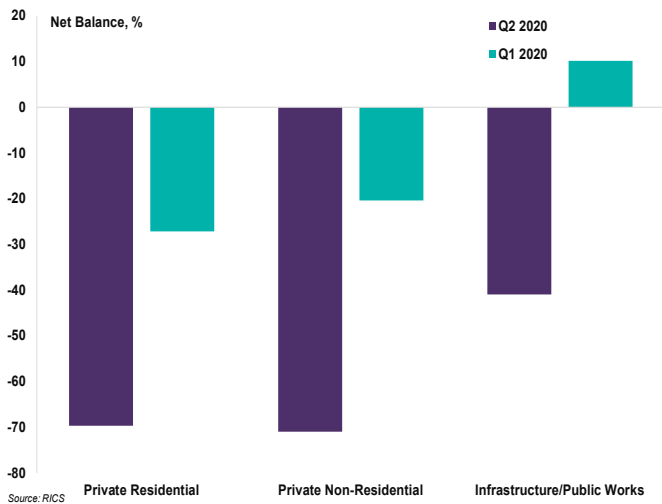
One of the largest constraints on activity during Q2 appeared to be a shortage of labour, which 94% of respondents cited as being an obstacle. This seems to be linked to the lockdowns, as several respondents commented that they were unable to source the

migrant labour which is so integral to construction work in India. 86% of respondents reported a shortage of unskilled labour, and a further 65% reported a shortage of skilled trades. Headcounts were also said to have been reduced substantially (in net balance terms) during the second quarter.

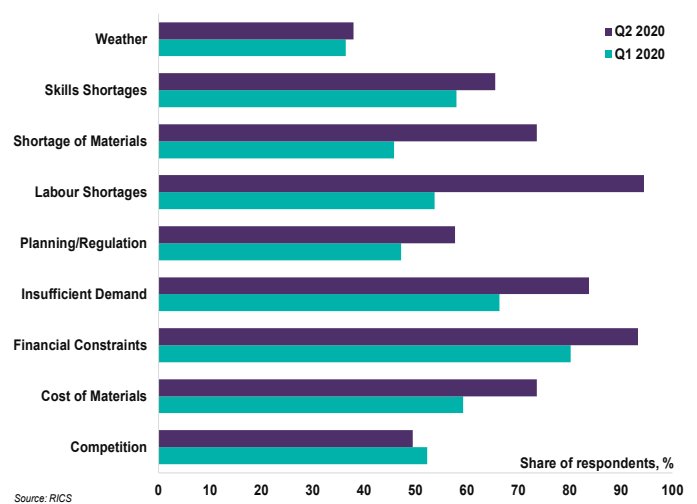
A net balance of 83% of respondents noted a decline in new business enquiries. Workloads for infrastructure projects are expected to increase modestly over the next twelve months, though are seen declining further in other segments of the market. Headcounts are expected to be cut further in overall terms.

Profit margins, which a net balance of 90% of respondents said deteriorated over the last three months, are expected to tighten further as tender prices are expected to rise 1.2% over the next year, against a 7.3% expected increase in construction costs.

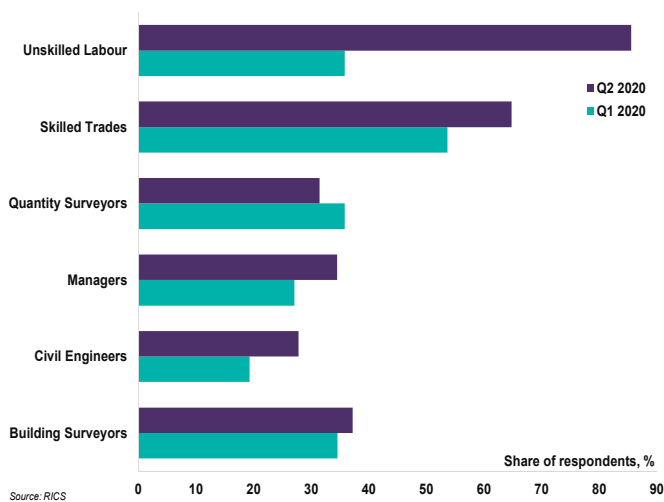
## Workloads, past 3 months



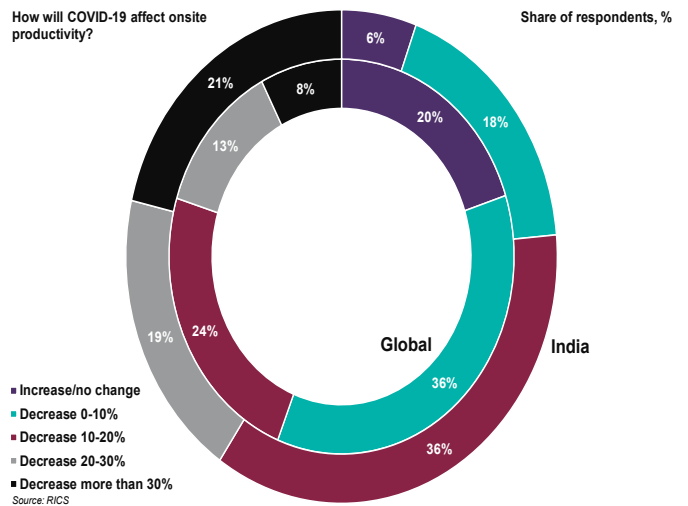
## Factors holding back activity, past 3 months



## Skills shortages, past 3 months



## Covid-19 expected impact on productivity



# Malaysia

RICS professionals continued to report that the Malaysian construction industry is under intense pressure. The Construction Activity Index fell from -52 in Q1 to -65 in Q2. This is the lowest level recorded globally by any country tracked by the Monitor.

Workloads continued to contract across the board, and are seen doing so for the next twelve months. Though the level of activity on infrastructure projects is expected to decline less than non-infrastructure workloads (in net balance terms). New business enquiries, profit margins, and headcount all declined sharply during the second quarter, with the latter two expected to see extended declines over the next twelve months.

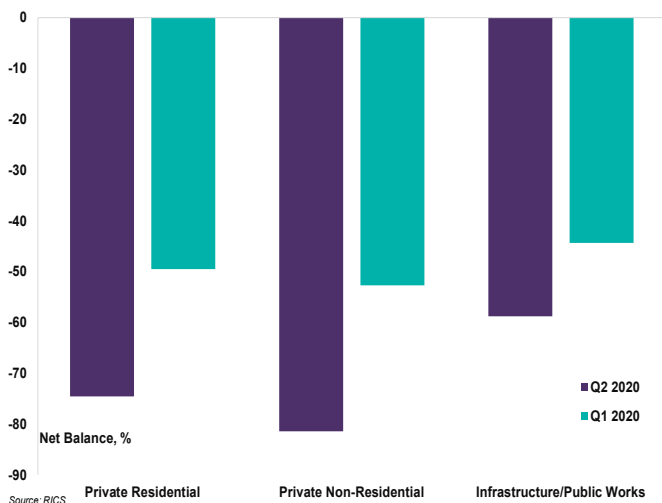
Margin pressure is likely to be driven by declining tender prices, which are expected to fall 1% over the next year, and rising construction costs, which are expected to rise 2.1% over the same period. 54%

of respondents in Malaysia reported consistently receiving bids below cost during Q2, above the global average of 44%. The average underbid was 8.4% below costs, again above the global average of 6.9%.

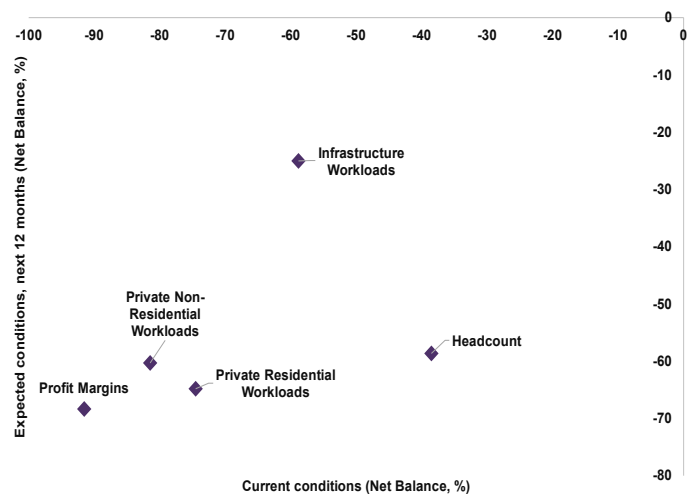
Respondents in Malaysia also reported a higher share of projects being put on hold than their global peers (31% in Malaysia vs 25% globally), and these projects are expected to remain on hold for a longer period of time (estimated 192 days in Malaysia vs 131 days globally). Productivity is also expected to see a sharper decline in Malaysia. Respondents expect Covid-19 to reduce onsite productivity by 22% in Malaysia vs an average of 12% globally.

Several factors were highlighted as constraints on activity by a majority of respondents in Malaysia. These included a lack of demand, financial constraints, competition, planning and regulation, and labour shortages.

## Workloads, past 3 months



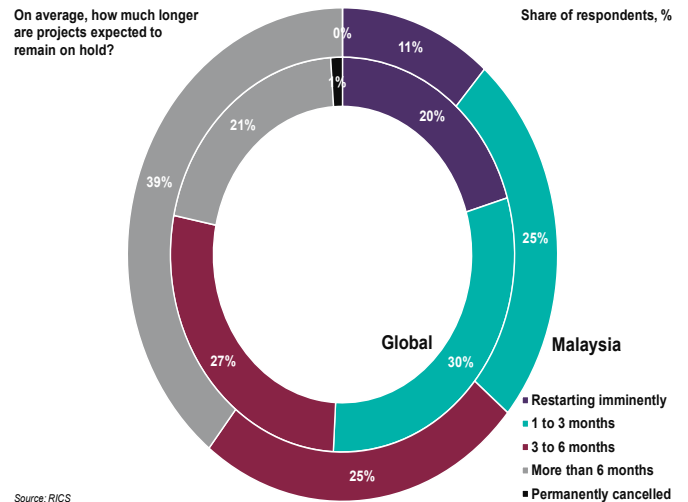
## Past 3 months vs next 12 months (expected)



## Expected cost escalations, next 12 months



## Duration of projects on hold



# New Zealand

Survey participants in New Zealand continued to report downbeat conditions in the construction market during Q2. The Construction Activity Index was little changed at -29 (vs -27 in Q1) as private residential and non-residential workloads were seen to have contracted, and work on infrastructure projects was said to be little changed. This appears to be a result of increased work on water and waste projects for the second consecutive quarter offsetting more subdued activity around ICT, social and energy infrastructure.

In net balance terms, new business enquiries and profit margins contracted at a quicker pace than during Q1 as the full impact of government mandated lockdowns came into effect. After being little changed during Q1, headcount also appeared to be cut during the second quarter.

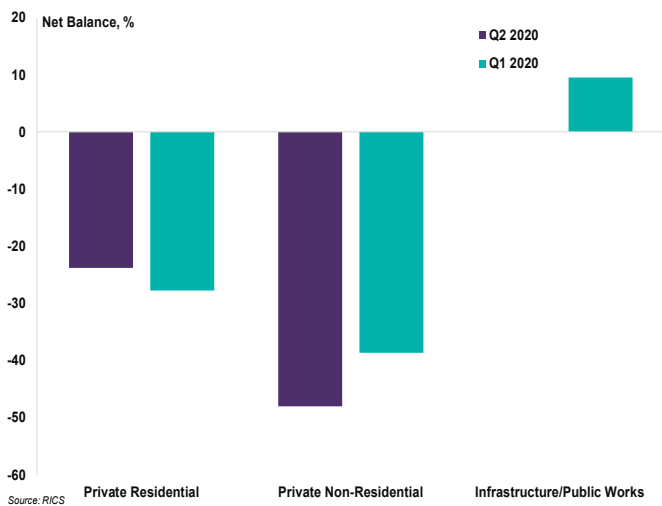
As in many jurisdictions, a lack of demand and financial constraints were cited as the two main drags

on activity. Skills shortages appear to be confined to a shortage of skilled trades people.

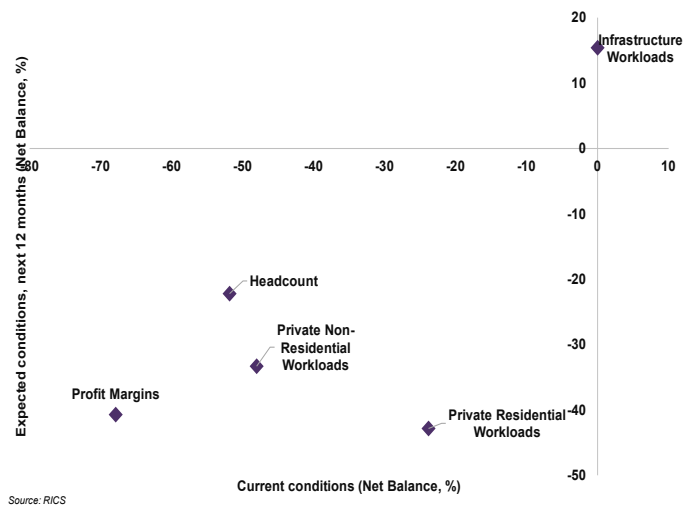
Materials costs continued to increase in Q2, and are likely driving expectations for a 3% increase in overall construction costs over the next twelve months. Given tender prices are not expected to change, it is perhaps unsurprising that margin pressures are expected to persist over the next year. One bright spot is that 77% of respondents said they have not consistently been receiving bids below cost in Q2, well above the global average of 56%. The productivity loss from Covid-19 is also expected to be well below the global average (5% in New Zealand vs 12% globally).

Although the bulk of headcount cuts appear to have occurred during Q2, more reductions are expected over the next twelve months. Although infrastructure workloads are expected to increase modestly, activity elsewhere in the market is seen contracting further.

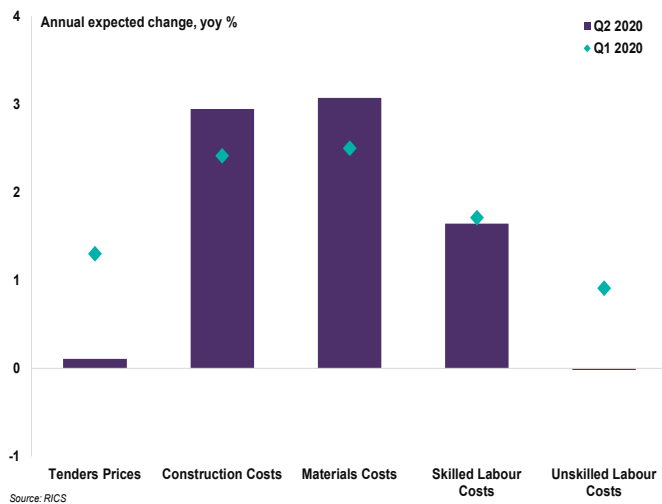
## Workloads, past 3 months



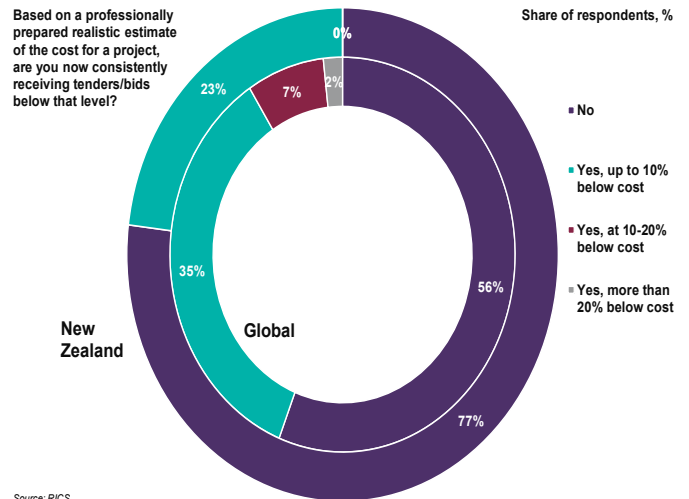
## Past 3 months vs next 12 months (expected)



## Expected cost escalations, next 12 months



## Underbidding







# Philippines

Feedback gathered by RICS and PICQS in the Philippines noted a sharp turnaround in sentiment during Q2 of 2020. The Construction Activity Index fell from +26 in Q1 to -9 in Q2. Although this indicates that conditions in the Philippines are not as subdued as other Asia Pacific markets, it does mark a sharp turnaround following Covid-19 lockdowns.

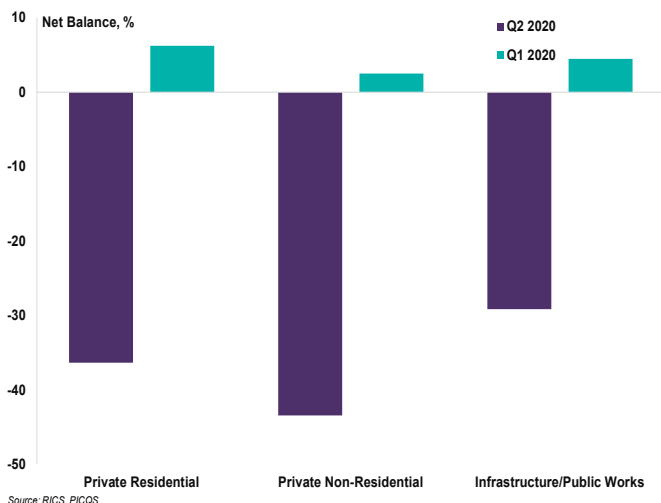
After reporting a modest expansion in workloads during Q1, respondents saw the level of construction activity fall across all market segments during the second quarter. New business enquiries contracted, and margins came under more acute pressure than in Q1 as the cost of materials increased. Perhaps in response to this, headcounts were also trimmed.

The outlook for the construction market in the Philippines is much more upbeat than for other Asia Pacific markets. Workloads are expected to rebound over the next twelve months, led higher by private

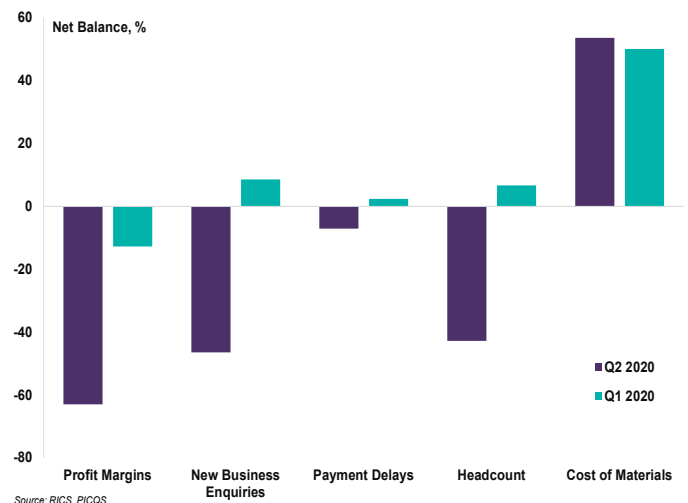
non-residential and infrastructure workloads. Private residential workloads are expected to increase at a more modest pace meanwhile. Despite tenders not being expected to keep up with overall construction costs, profit margins are expected to expand. Hiring is expected to resume as well over the next year.

Nevertheless, the impact on the market from Covid-19 has been significant. Participant feedback suggests that 36% of projects have been put on hold, above the global average of 25%. Although respondents do not see any projects as having been permanently cancelled as a result of the pandemic, half of respondents expect that projects currently on hold will remain so for more than six months, well above the global average of 21%. On average, projects that are on hold in the Philippines are estimated to remain on hold for an additional 214 days, by far the longest globally (the next closest is Malaysia at 192 days).

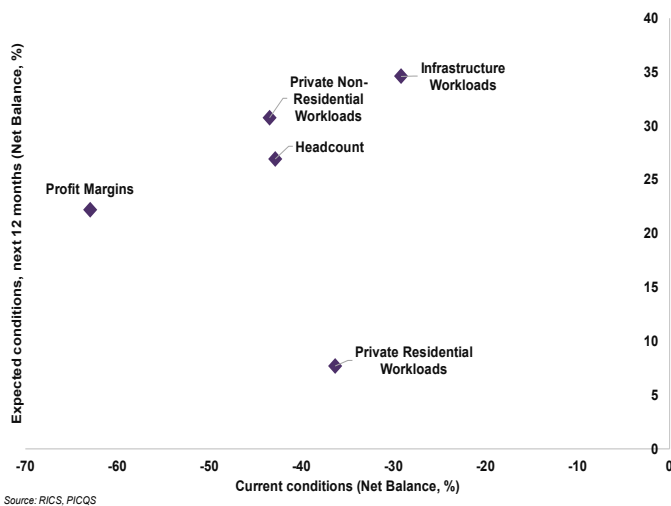
## Workloads, past 3 months



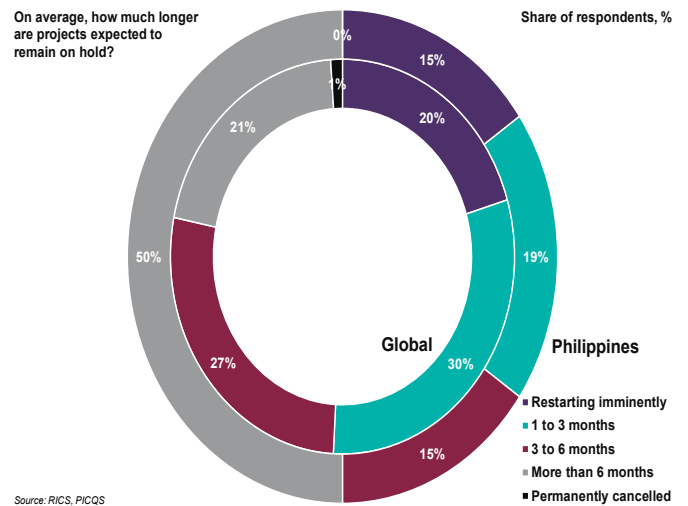
## Conditions, past 3 months



## Past 3 months vs next 12 months (expected)



## Duration of projects on hold



# Singapore

The construction industry in Singapore remained under acute pressure in Q2 following a 'second wave' of Covid-19 outbreaks in migrant workers' dormitories. The Construction Activity Index fell from -51 in Q1 to -54 in Q2. Although the decrease is modest, this is the third lowest reading recorded globally in Q2 (only trailing Malaysia at -65 and Oman at -64).

For the second consecutive quarter, workloads declined across the board. In net balance terms, this occurred at a faster pace than in Q1, with private residential workloads experiencing a particularly acute decline. Profit margins, headcount, and new business enquiries were all seen to have been cut substantially while material costs were said to have increased. Further decreases in private residential and non-residential workloads, headcounts and profit margins are expected over the next twelve months.

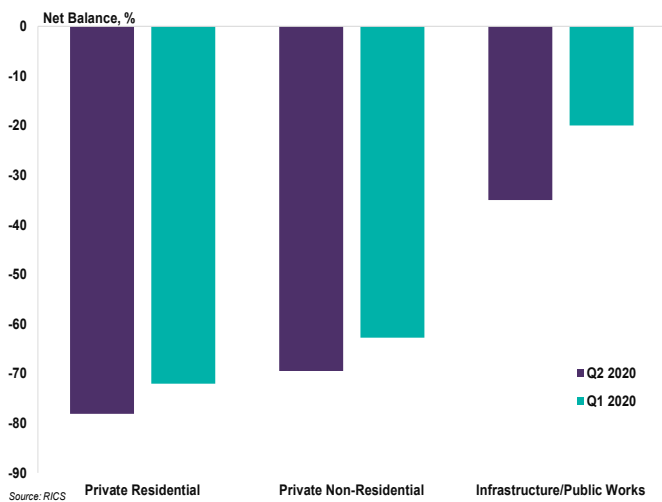
Unsurprisingly given the outbreaks of Covid-19 were

largely in migrant labour dormitories, respondents highlighted a shortage of unskilled labour and skilled trades during the second quarter. Shortages of labour were just one of many factors highlighted as holding back activity by respondents during Q2.

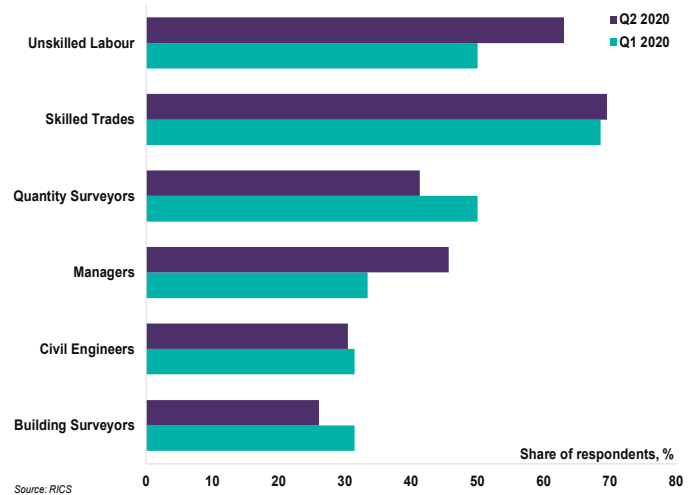
Feedback from RICS professionals in Singapore suggests that it was one of the hardest hit markets by lockdowns. An estimated 58% of projects were put on hold, the highest share globally by a margin (the next closest were India and Sri Lanka at 42%, and the global average was 25%). As a result of Covid-19, onsite productivity is expected to decline by 26%, again the most of any country included in this survey and well above the global average of 12%.

A further 44% of respondents said they were receiving bids consistently below cost; tenders are only expected to rise half as fast as overall construction costs over the next year.

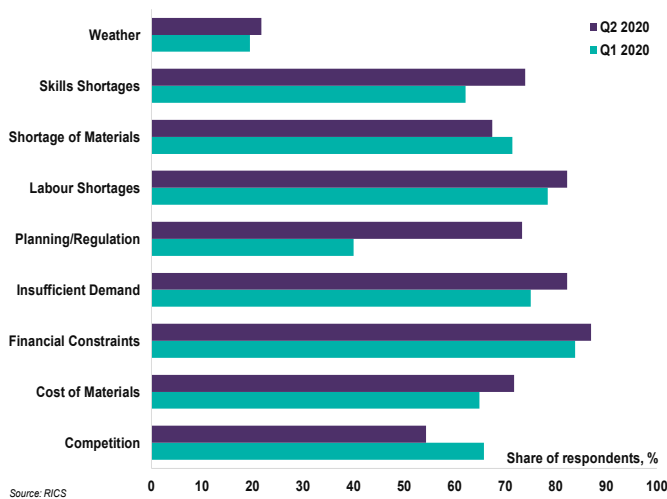
## Workloads, past 3 months



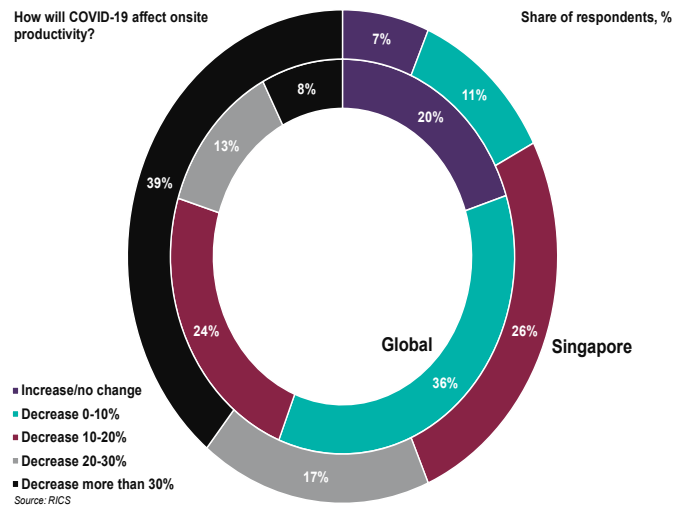
## Skills shortages, past 3 months



## Skills shortages, past 3 months



## Covid-19 expected impact on productivity



# Sri Lanka

Conditions in the Sri Lankan construction industry deteriorated in Q2, according to survey respondents. The Construction Activity Index fell from -2 in Q1 to -19 in Q2, indicating a deterioration in conditions.

Survey participants reported declining workloads across the board for the second consecutive quarter. In net balance terms, contributors noted a particularly sharp drop in the level of private non-residential workloads. Although work on infrastructure projects declined in aggregate, respondents reported a modest rise in work on ICT and agribusiness infrastructure projects.

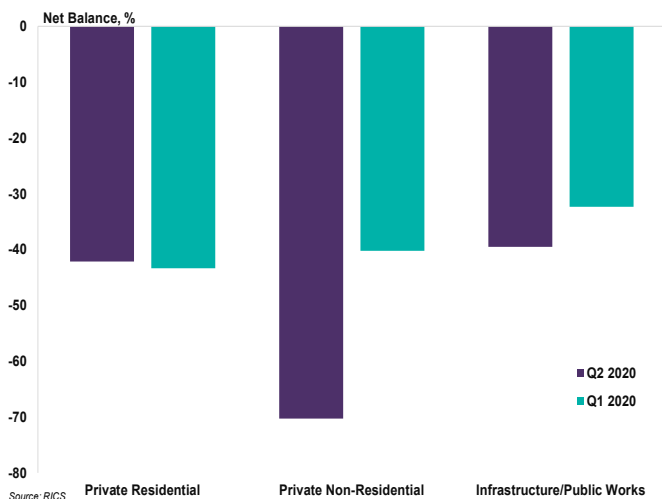
Nevertheless, business enquiries, headcounts and profit margins were all said to have contracted sharply. Contributors highlighted several factors that were holding back activity in Q2. Competition, financial constraints, a lack of demand, the cost of materials, shortages of materials, labour and skills, as well as

planning and regulation were all cited as constraints by at least half of survey participants.

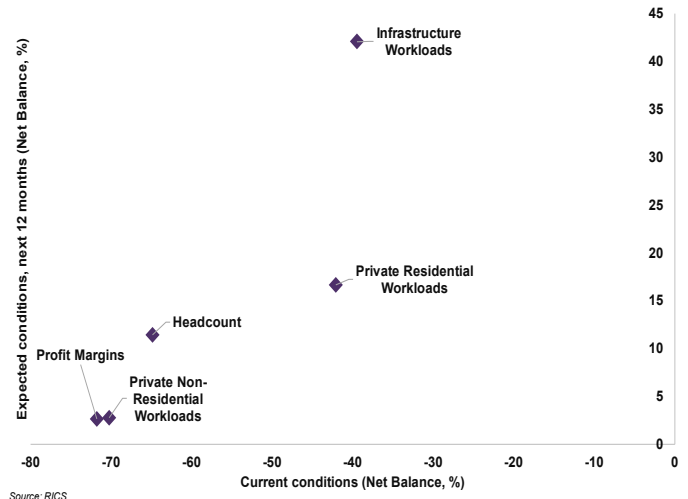
Private residential and infrastructure workloads are expected to rebound over the next twelve months, while the recovery in headcounts is seen being more subdued. Non-residential workloads are not expected to see a substantial pick-up over the next year. Profit margins are set to remain challenged as increases in construction costs are seen outpacing tender prices over the next twelve months.

Respondents in Sri Lanka noted that 42% of projects had been put on hold since the start of Covid-19, above the global average of 25%. However, projects that are on hold are only expected to remain on hold for an additional 108 days, below the global average of 131. The pandemic is expected to reduce onsite productivity by 21%, vs the global average of an 11% reduction.

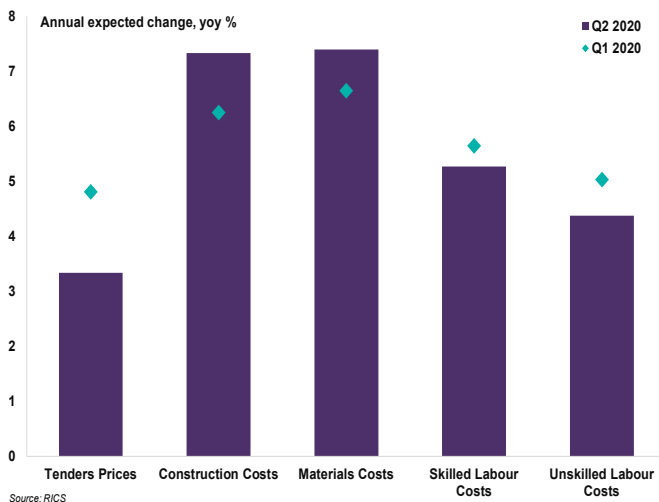
## Workloads, past 3 months



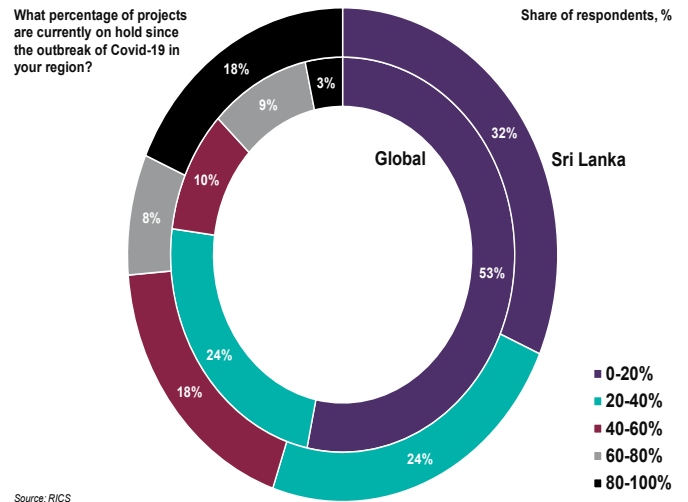
## Past 3 months vs next 12 months (expected)



## Expected cost escalations, next 12 months



## Share of projects on hold since Covid-19



# Regional Comments from Survey Participants in Asia Pacific

## Australia

Some construction companies appear to have used Covid-19 as an excuse to lighten overheads. -*Brisbane*

Anticipated escalation rate would be high during the Covid-19 recovery period. -*Darwin*

State and national border closures are a huge issue as construction is classed as non essential by Tasmania. -*Hobart*

Clients' revenue streams have dried up and that is impacting construction projects. -*Sydney*

Increased risk awareness for pandemic provisions, utility authority risk remaining with clients. -*Sydney*

Site set up costs have increased up to 50%, productivity output will decrease. -*Sydney*

## Brunei

Due to a border lockdown as a result of the pandemic, this will affect shortage of workers and materials.

## Cambodia

All country lockdown is causing construction materials delay. -*Phnom Penh*

## China

The international projects of Chinese companies going global are seriously affected by the epidemic. Basically, the projects are either stagnant or controversial. The international engineering field (especially the One Belt One Road project) is affected by the global political situation. Whether the previously planned projects can continue to proceed is extremely uncertain. -*Beijing*

The epidemic has delayed construction and increased costs. -*Beijing*

At the beginning of the outbreak (about 2 months), construction projects were basically stopped due to various controls. After the epidemic was under control, the company resumed work and the project gradually resumed. If the epidemic ends later, the delayed construction period will gradually come back. Of course, if the epidemic breaks out again, it will still have an adverse effect on the construction market. -*Chengdu*

Surplus construction materials and shortage of labor force in the region. -*Chengdu*

After the epidemic, economic stimulus requirements will lead to increased investment. Demand for building materials, especially floor materials, will increase. The prevention and control requirements will increase

personnel costs, strengthen monitoring, and increase the use of machinery and reduce the use of labor; ecological and environmental protection requirements increase the requirements for measures, floor materials prices, and engineering costs (Such as waste residue, etc.). Full consultation, BIM, appraisal, etc. -*Chongqing*

The reduction in foreign trade has a significant impact on Guangzhou, which has caused some internal demand to decline, affecting the economy and thus the construction industry. -*Guangzhou*

There are many projects, and a shortage of labour. -*Shaoxing*

The government needs to increase investment to support enterprises and institutions to maintain operations and ensure the employment rate in the labor market. -*Shenzhen*

The epidemic will have an impact on project start, project employment, and project cost. -*Wuhan*

The epidemic affects production, and some construction costs rise. -*Xi'an*

## Hong Kong

Sick leave, medical appointments and healthcare are increased due to outbreak of Covid-19.

Not much effect on projects currently on site. New projects put on hold

especially retail and hospitality.

Since most of the workforce comes from mainland China, labour shortage is the problem.

Political uncertainty in Hong Kong. Google bypassing Hong Kong as a cable landing post.

Most of the material supplied is by PRC where the closure of the factories have seriously affect projects.

Overseas skilled labours and expertise in the field cannot come to Hong Kong.

## India

Health and safety is the utmost priority and concern. -*Ahmedabad*

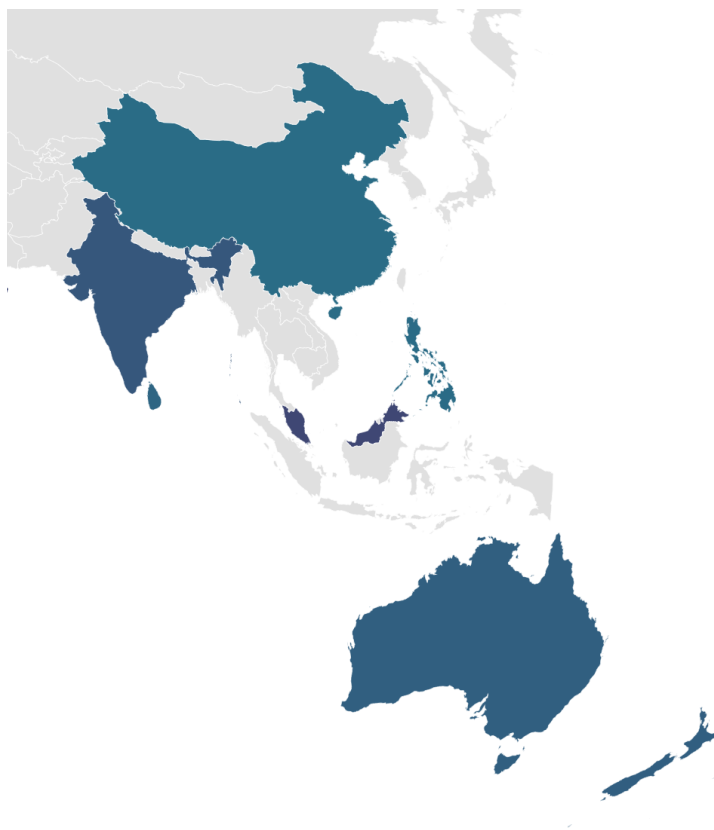
Due to working from home policy, office space demand has gone down hence no new projects are coming up. -*Bengaluru*

Shortage of skilled and unskilled labour will impact the completion time of ongoing projects. -*Bengaluru*

Due to Covid-19 restrictions, shortage of labour will remain for another couple of months. -*Bengaluru*

Relocation of migrant labourers to their hometowns has resulted in a major shortage of construction labourers. -*Chennai*

Government policies, like GST, are



# Regional Comments from Survey Participants in Asia Pacific

restricting the industry. -*Chennai*

Resource shortages, mainly tradesmen and unskilled labourers. Restricted cash flow due to uncertainty. -*Chennai*

Continuity in construction work has become uncertain due to the Covid-19 surge. -*Delhi*

There has been an exodus of skilled and unskilled labour. -*Gurugram*

The pandemic has severely affected new enquiries as well as project execution. -*Gurugram*

Shortage of labour increased price of material and demand cuts have severely affected construction work. -*Haldwani*

There is abundance of engineers and managers. The projects now need labour. -*Hyderabad*

Availability of skilled and unskilled labour is a challenge especially in urban areas. -*Mumbai*

The uncertainty surrounding the pandemic is deferring project investment plans. -*Mumbai*

There are no new projects because of fund unavailability. -*Mumbai*

Not able to employ full work force on sites, client is not having good flow of money. -*Noida*

Material demand has soured but supply is poor restricting work flow just before the monsoon. -*Patna*

## Indonesia

"Cold War" between China and the USA and allies is having a positive impact locally. -*Jakarta*

## Japan

Procurement of materials and equipment from overseas an issue. -*Tokyo*

## Macau

Reduction of foreign workers to ensure employment of locals.

Shortage of imported labor from PRC to Macau.

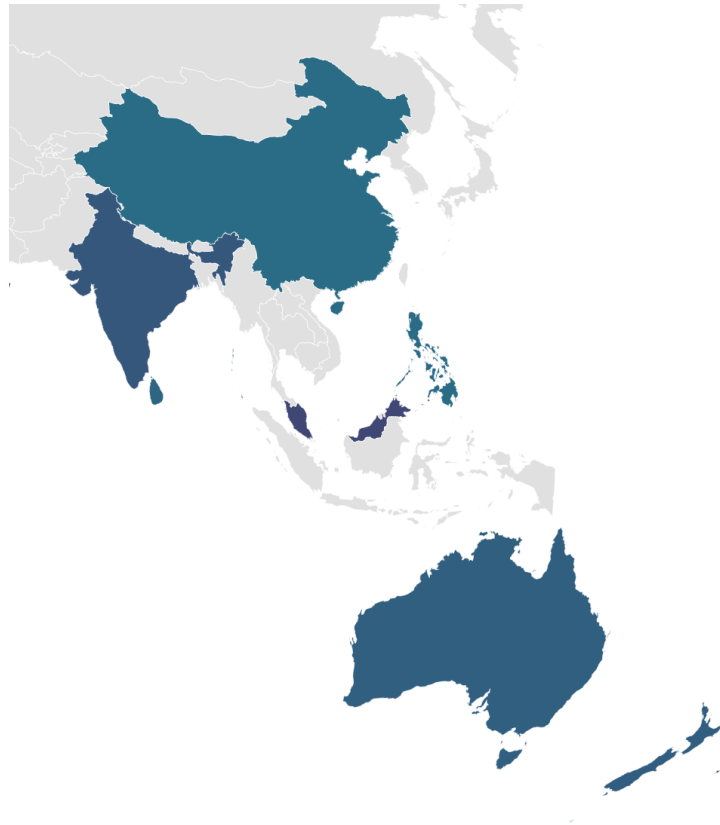
## Malaysia

International travel restrictions affect tourism which is one of the drivers of construction market. -*Kota Kinabalu*

It is difficult to get skilled laborers as currently the nation border is closed. -*Kota Kinabalu*

Strict SOPs at site; Less legal foreign workers due to illegal workers detained by authorities. -*Kuala Lumpur*

Due to the SOP implemented by the government, there is an huge impact in terms of cost and time. -*Kuching*



Additional SOPs to be adhered to which results in reduced productivity. -*Sengai Buloh*

## Myanmar

Myanmar has less exposure to Covid-19, however productivity declined due to safety precautions. -*Yangon*

## New Zealand

There is uncertainty coming out of Covid-19 and the threat of a second wave or move back to lockdown. -*Auckland*

Quite a few investors have withdrawn projects due to Covid-19. -*Auckland*

Takes longer to get and less likely to get sub pricing, those pricing is cautiously higher. -*Cambridge*

Lockdown ended and things have really started to get going again as they were before. -*Nelson*

## Philippines

Covid-19 has shutdown most construction for 3 months or more. -*Manila*

Prelims increase, contractors already include Covid-19 test in their prelims. -*Manila*

## Singapore

Health protection measures and manpower, materials, will drive up

cost.

Due to liquidity problems, many construction companies will go belly up.

Only 10% of labour force permitted to return to work. Non-Singaporean staff similarly restricted.

## South Korea

Shortage of skilled workers, need to improve construction management ability -*Seoul*

## Sri Lanka

Due to the restrictions imposed on immigration considerable numbers of skilled workers are not available. -*Anuradhapura*

Already raised PO's won't be affected by Covid-19. However the clients won't raise new PO's. -*Colombo*

Covid-19 pandemic is a big problem for all projects. Some contractors loosing their profits. -*Oluvil*

## Thailand

Closure of airports preventing foreign travel and foreign investment. -*Bangkok*

## Vietnam

Sales are slow so investors will take a longer time to make the investment decision. -*Ho Chi Minh City*

## RICS Consensus 12-month Expectations

	Tender Prices	Construction Costs	Materials Costs	Skilled Labour*	Unskilled Labour*
<b>Global</b>	<b>+0.2%</b>	<b>+3.1%</b>	<b>+3.4%</b>	<b>+3.0%</b>	<b>+1.6%</b>
<b>Americas</b>	<b>+0.5%</b>	<b>+2.9%</b>	<b>+3.1%</b>	<b>+2.6%</b>	<b>+1.1%</b>
Canada	+1.3%	+4.1%	+4.3%	+3.1%	+2.1%
USA	+0.0%	+2.4%	+2.6%	+2.9%	+0.9%
<b>Asia Pacific</b>	<b>+0.3%</b>	<b>+3.3%</b>	<b>+3.2%</b>	<b>+4.1%</b>	<b>+2.7%</b>
Australia	-0.3%	+1.7%	+2.7%	+0.4%	-0.7%
China	+0.2%	+2.3%	+2.0%	+4.0%	+2.2%
Hong Kong	-3.2%	-0.2%	+0.7%	-0.5%	-1.5%
India	+1.2%	+7.3%	+6.8%	+7.2%	+7.0%
Malaysia	-1.0%	+2.1%	+2.4%	+2.6%	+1.5%
New Zealand	+0.1%	+2.9%	+3.1%	+1.6%	-0.0%
Philippines	+4.1%	+6.5%	+7.2%	+4.4%	+3.4%
Singapore	+3.6%	+7.3%	+6.3%	+6.9%	+5.9%
Sri Lanka	+3.3%	+7.3%	+7.4%	+5.3%	+4.4%
<b>Europe ex-UK</b>	<b>-0.1%</b>	<b>+2.1%</b>	<b>+3.2%</b>	<b>+1.4%</b>	<b>-0.0%</b>
France	+1.5%	+3.0%	+3.0%	+1.5%	+1.1%
Germany	+1.0%	+2.6%	+3.3%	+2.0%	+1.8%
Italy	+0.9%	+3.0%	+3.9%	+2.3%	-0.1%
Netherlands	-1.0%	-0.9%	-0.8%	-0.6%	-1.3%
Poland	+0.3%	-1.8%	+1.3%	+0.7%	-1.1%
Portugal	-2.8%	+2.0%	+2.6%	+0.2%	-2.7%
Romania	+3.2%	+4.7%	+4.8%	+3.2%	+2.6%
Spain	-2.4%	-0.6%	+0.7%	-0.4%	-1.5%
Switzerland	+0.0%	+0.0%	+0.9%	+1.1%	-0.3%
<b>Middle East &amp; Africa</b>	<b>-0.1%</b>	<b>+0.4%</b>	<b>+0.1%</b>	<b>+0.0%</b>	<b>+0.0%</b>
Ghana	-0.5%	+6.0%	+6.6%	+5.3%	+4.7%
Nigeria	+4.2%	+7.5%	+8.6%	+3.8%	+2.7%
Oman	-3.3%	-0.6%	+0.7%	+0.3%	+0.1%
Qatar	-0.9%	+2.7%	+3.7%	-0.1%	-0.7%
Saudi Arabia	+1.4%	+6.5%	+6.5%	+4.4%	+3.0%
South Africa	+1.7%	+6.2%	+6.7%	+4.0%	+3.3%
UAE	-4.1%	-0.1%	+1.8%	-2.3%	-2.2%

\*Skilled and unskilled labour are expected changes of per unit skilled and unskilled labour costs

# Information

## Global Construction Monitor

RICS' Global Construction Monitor is a quarterly guide to the trends in the construction and infrastructure markets. The report is available from the RICS website [www.rics.org/economics](http://www.rics.org/economics) along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the rural land market.

## Methodology

Survey questionnaires were sent out on 10 June 2020 with responses received until 23 July 2020. Responses from the Philippines were received until 27 July 2020. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook. A total of 1816 company responses were received globally, 408 of which were from the UK. Responses in Canada were collected in conjunction with the Canadian Institute of Quantity Surveyors. Responses in the United States were collected in conjunction with the Association for the Advancement of Cost Engineering. Responses from the Philippines were collected in conjunction with the Philippine Institute of Certified Quantity Surveyors.

Net balance = Proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100. A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline.

RICS Construction Activity Index is constructed by taking an unweighted average of current and 12-month expectations of four series: residential workloads, non-residential workloads, infrastructure workloads and profit margins. Global and regional series are weighted using the World Bank's GDP PPP (2017 constant prices) data series. Current responses were weighted using the prior years GDP (e.g. the 2020 responses were weighted using 2019 GDP data). Where responses are not sufficient to form a national-level sample, they are binned together to fill in any gaps in regional coverage.

## Disclaimer

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Responses were gathered in conjunction with the following organisations:



Canadian Institute of  
Quantity Surveyors

Institut canadien des  
économistes en construction



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