



RICS Asia-Pacific construction sector insights Q2 2022

RESEARCH



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Foreword

The emerging macro story is how economies around the globe adjust to the shifting dynamics surrounding monetary policy. Key central banks are now turning their attention, with increasing vigour, to addressing the acceleration in inflation fuelled by the combination of higher commodity prices and supply chain constraints. This theme is prevalent in much, although not all, of the Asia-Pacific region (APAC) and is therefore having an influence not just on the prospects for economic growth, but more specifically on the outlook for the real estate sector across the region. The issues that policymakers in China and Hong Kong are grappling with at the moment are different but nevertheless equally significant in terms of their impact on business activity.

Feedback from RICS members throughout APAC as part of the Q2 Commercial and Construction Monitors highlights a circumspect tone if one were to focus on the aggregated numbers. The headline RICS Construction Activity Index for the region edged a little lower compared with the first three months of the year, albeit remaining in modestly positive territory. By way of contrast, the RICS Commercial Property Sentiment Index at the APAC level continues to produce a negative reading and one that is little different from the Q1 result.

Inevitably, there are significantly divergent trends at a country level across the region. In both surveys, contributors from Singapore and India appear particularly upbeat about both the current environment and future prospects. The picture is still relatively solid in Australia, but more mixed in Hong Kong and New Zealand according to the insight provided. The responses in all three cases are more optimistic around construction than for real estate. For China, contributors remain a little downbeat at present, albeit with a sense that the picture should stabilise in the near future.

Two other very clear themes emerge at an aggregate level. First, in terms of construction, infrastructure is driving activity at present and is likely to continue to do so over the course of the next twelve months. Secondly, when it comes to real estate, industrials/logistics and datacentres remain particularly sought-after assets, driving construction activity in these subsectors. But with almost half of respondents from APAC believing real estate to be in a downturn phase of the cycle, a measure of caution still appears justified at this point.

Construction organisations are taking particular note of these shifts in construction activities to plan their business activities for the next few years.

Simon Rubensohn, Chief Economist, RICS

Executive summary

The construction sector in APAC is facing an uncertain operating environment in 2022 – a trend seen in all markets around the globe. Components of this uncertainty – war in Europe, a seemingly never-ending health crisis, supply chain snarls, fixed-price contracts in a hyperinflationary environment, the shifting nature of the workforce and an emerging response to environmental and social challenges – are complex and require a holistic response from all industry stakeholders. This mid-year report uses the findings of the RICS Global Construction Monitor Q2 2022 and APAC Leaders' Forums to paint a picture of the emerging challenges and opportunities in the sector.

The APAC construction sector presents a mixed picture in the second quarter of 2022. While the overall sentiment is generally positive but subdued, there are some clear regional and sectoral pockets of growth. Investments and policy interventions in economic infrastructure and affordable housing are leading to positivity in some areas. Market drivers are pushing regional growth, especially in datacentres, logistics and warehousing. According to data captured by the Global Construction Monitor Q2 2022, the Construction Activity Index in India, Hong Kong and Southeast Asia shows an upward trend, while Oceania and China seem to be displaying downward or stagnating sentiment (see Figure 1).

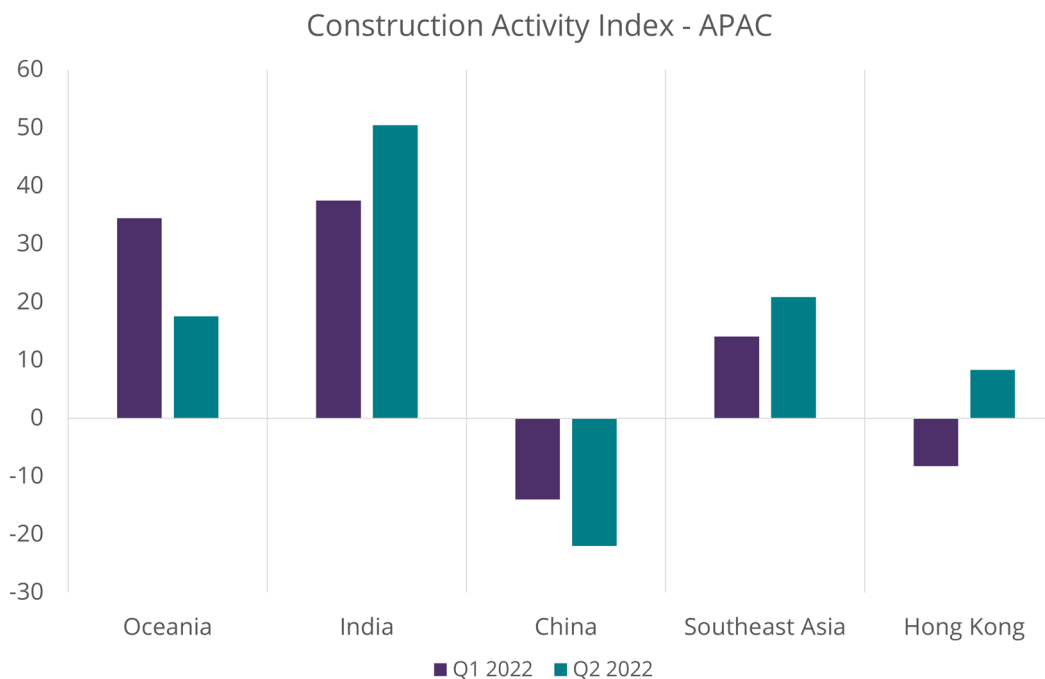


Figure 1: Construction Activity Index in APAC in Q1 and Q2 2022

Overall, regional leaders present the market outlook as ‘wait and watch’. The themes and sub-themes discussed by experts during these Leaders’ Forums are shown in Figure 2. Each theme and its respective sub-themes are colour-coded in the tree map; the size of each block representing a sub-theme is proportional to the number of times the sub-theme was discussed by the leaders.

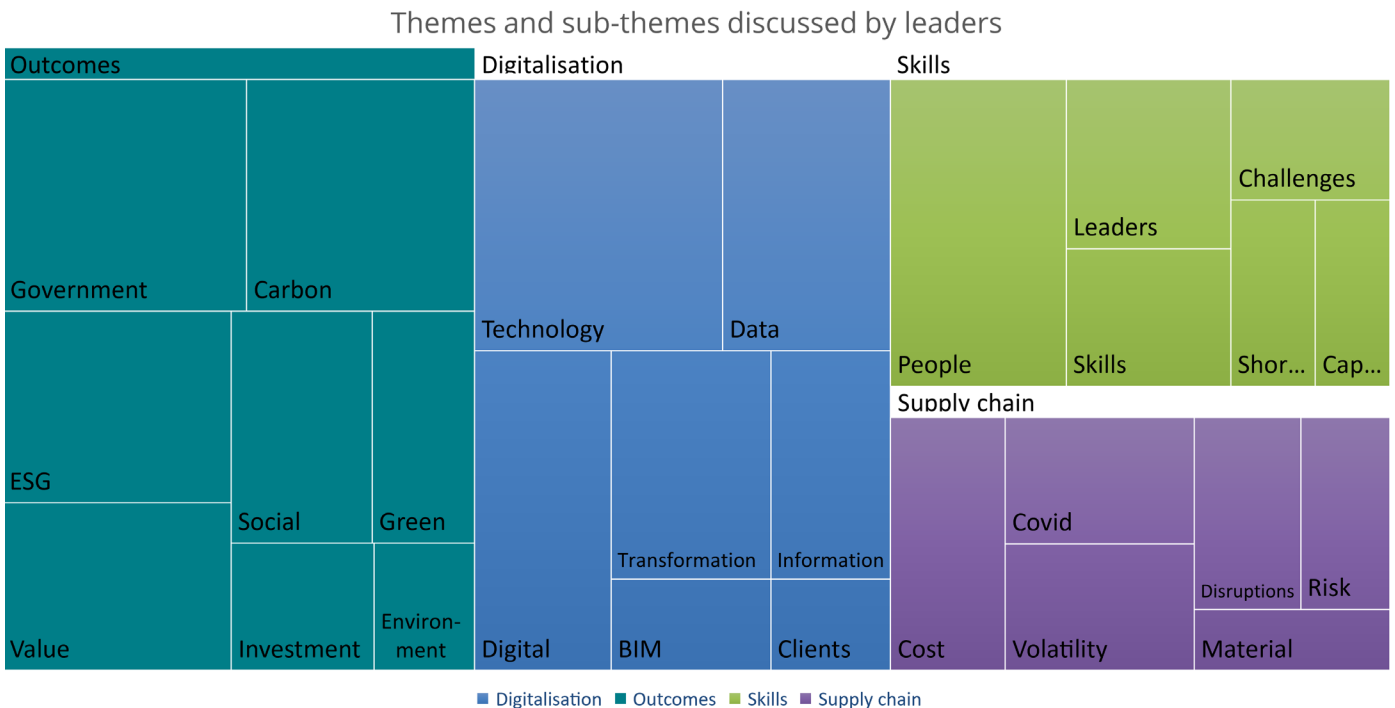


Figure 2: Leaders’ Forum themes and sub-themes

RICS members who participated in the Leaders’ Forum highlighted the importance of taking an outcomes-based approach to the delivery of constructed assets. Projects can no longer be delivered in a low-cost and adversarial regime. Environmental, social and governance (ESG) constructs must be engrained in delivery processes, and this will require policies and interventions from the government and the industry itself. In the forums, the importance of digital tools and practices was made evident, as most leaders mentioned that some demand-side pressures can only be handled by embracing digitalisation.

Two main challenges that emerged from these discussions relate to skills shortages and supply chain crises. There is clear evidence that skills and supply chain issues will not be resolved in the short term, and leaders will have to work hard to address these issues.

Anil Sawhney, Programme Lead, Construction, RICS

1 China market insights

1.1 Outlook based on Global Construction Monitor Q2 2022

The construction sector outlook in China is slightly downbeat, and feedback from respondents suggests that workloads are falling in all subsectors. Even in the infrastructure sector, momentum is currently perceived to be slackening. COVID-19 restrictions and geopolitical uncertainties are the primary causes of the slowdown in construction across China. Given the macro issues and the more specific challenges around real estate, this is not wholly surprising and is also reflected in many anecdotal remarks from contributors.

The Construction Activity Index shows that sentiment in China has become slightly more subdued, with a negative reading of -22, which has deteriorated from -14 in Q1 2022 (see Figure 3).



Figure 3: Construction Activity Index in China (Q3 2018 to Q2 2022)

The workload expectations picture (shown in Figure 4) has slightly improved but remains largely pessimistic, even for infrastructure projects. New business enquiries suggest little promise of near-term improvement, with a net balance of over 70% of respondents reporting a drop rather than an increase. This is also confirmed in the twelve-month expectations indicators: both private residential and non-residential metrics are in modestly negative territory at this time horizon, which points to a stabilising downward trend in these areas. The infrastructure read remains positive, which suggests that public sector investments and critical government assistance in infrastructure will act as a support for the broader economy.

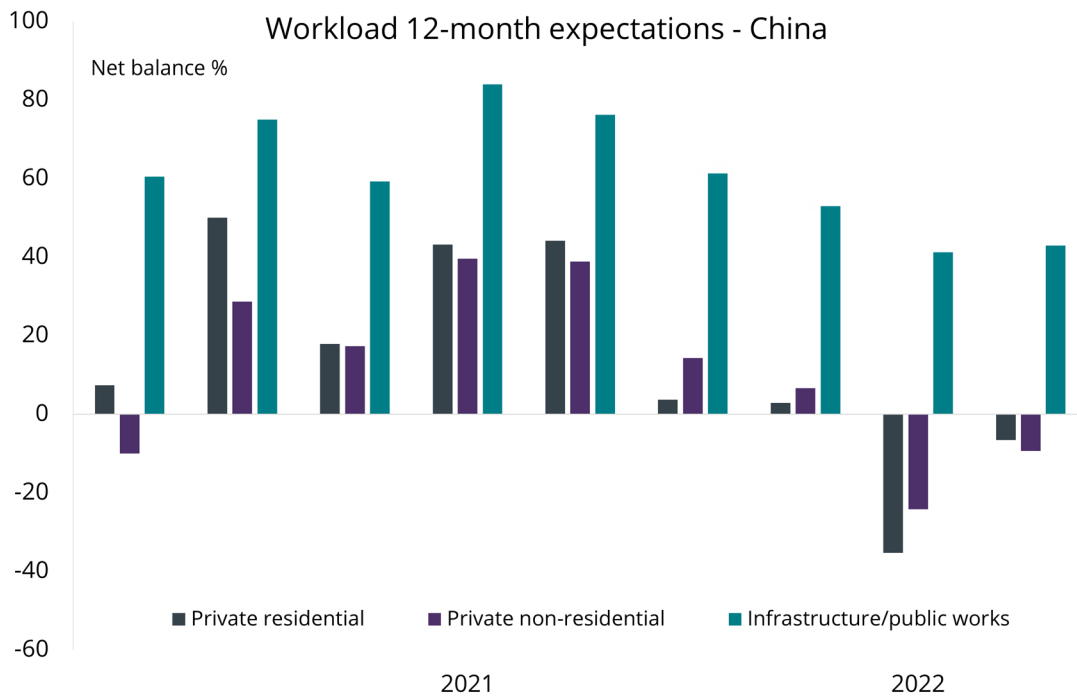


Figure 4: Workload 12-month expectation in China (Q2 2020 to Q2 2022)

For now, financial constraints are viewed as the key obstacle facing the construction sector, which is unsurprising given the pressure of debts is not expected to ease materially through into 2023 (see Figure 5). Interestingly, 'financial constraints' is now ranked the highest factor holding back activity, even above the previously highest-ranked 'cost of materials'.

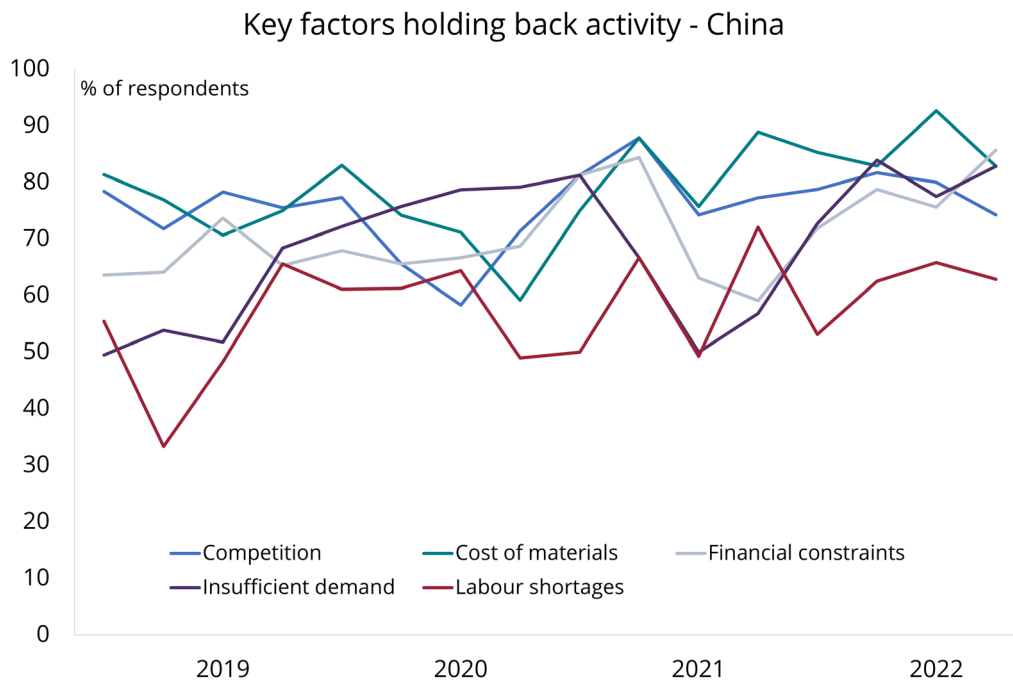


Figure 5: Key factors holding back activity in China (Q3 2018 to Q2 2022)

The gap between tender prices and construction costs has slightly decreased in Q2 2022 (see Figure 6).

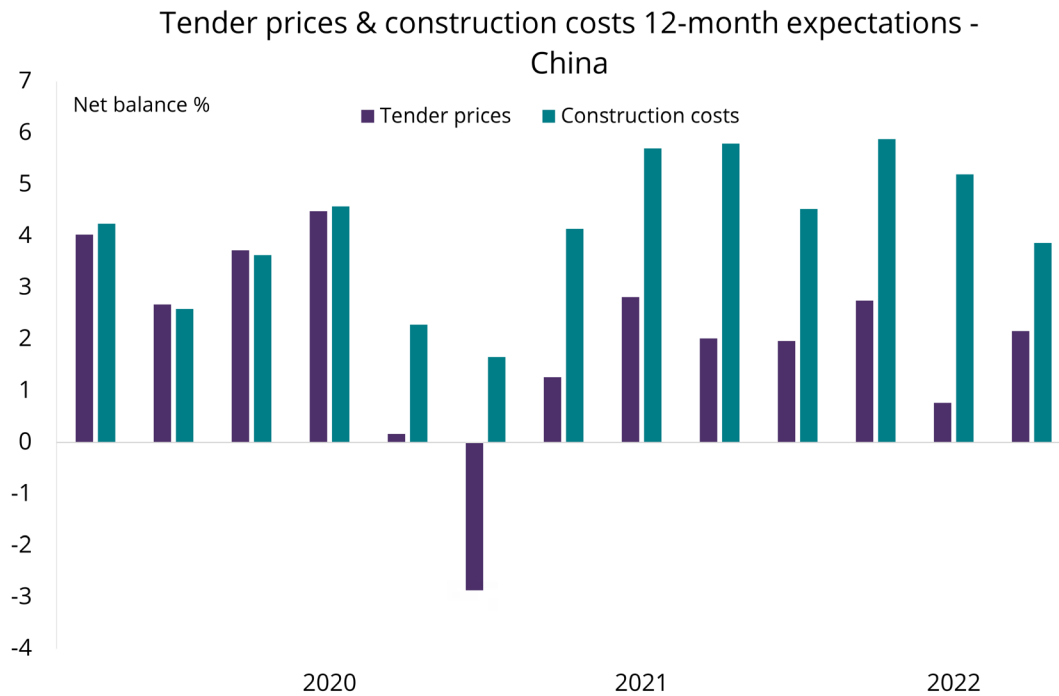


Figure 6: 12-month expectation of tender prices and construction costs in China (Q2 2019 to Q2 2022)

1.2 Insights from the Leaders' Forum

1.2.1 Challenges

Leaders' Forum participants from the Chinese construction sector felt the prospects for their industry are not yet clear. Stakeholders should therefore take a cautious approach and allocate reserves for upcoming volatility and much-needed transformation and upgrading. The blame fell squarely on the ongoing COVID-19 epidemic and the complicated political and economic situation at home and abroad, making the picture for the construction industry in 2022 unclear.

Participants felt that the real estate crisis would drag down many downstream construction enterprises, including material suppliers, labour subcontractors and small and medium-sized enterprises. There was also a fear of increased claims and disputes. Data collection, extensive documentation and active risk management were recommended as best practices.

As the challenges in building construction increase, most construction organisations will shift their focus to infrastructure projects. Some alignment in business models and practices will be required.

1.2.2 Opportunities

China's 'dual carbon' goals (sometimes referred to as the 30-60 targets: 2030 carbon peak and 2060 carbon neutral) could provide significant growth opportunities for the Chinese construction sector. Reducing carbon emissions in the construction sector is essential to achieving China's carbon peak and neutrality goals. Implementing green and dual carbon technologies can also bring significant value-added benefits to construction. There is a heavy reliance on government policy to minimise carbon emissions in the construction industry.

Digital transformation is a key driving force in reforming China's construction industry. Leaders felt that digitalisation was needed to improve efficiency, reduce costs and keep pace with the times. While larger organisations have made significant strides in adopting digital tools and practices, small and medium enterprises have not made as much progress. Building information modelling and model-centric working are needed to improve productivity and decision-making.

Industry leaders also mentioned that talent is indispensable in the process of digital transformation and business development, but that it is currently lacking in the industry. The sector cannot rely on colleges and universities only; enterprises should also cultivate interdisciplinary talents in their staff by integrating project management, engineering construction and information technology. This also requires the sector to embrace social value principles and focus on outcomes in procurement and project delivery processes.

2 Hong Kong market insights

2.1 Outlook based on the Global Construction Monitor Q2 2022

Figure 7 shows construction activity in Hong Kong has moved into positive territory, as captured by the Construction Activity Index, rising from -8 in Q1 2022 to +8 in Q2 2022. The less negative tone highlighted in the construction sector report is congruent with the commercial report for Q2. RICS members working in the construction sector in Hong Kong are cautiously optimistic about the remaining months of 2022. The improvement is visible in the current workload numbers, with both private residential and non-residential no longer declining, and infrastructure activity picking up speed. Tender prices and construction costs are also stable, as seen in the last two quarters.

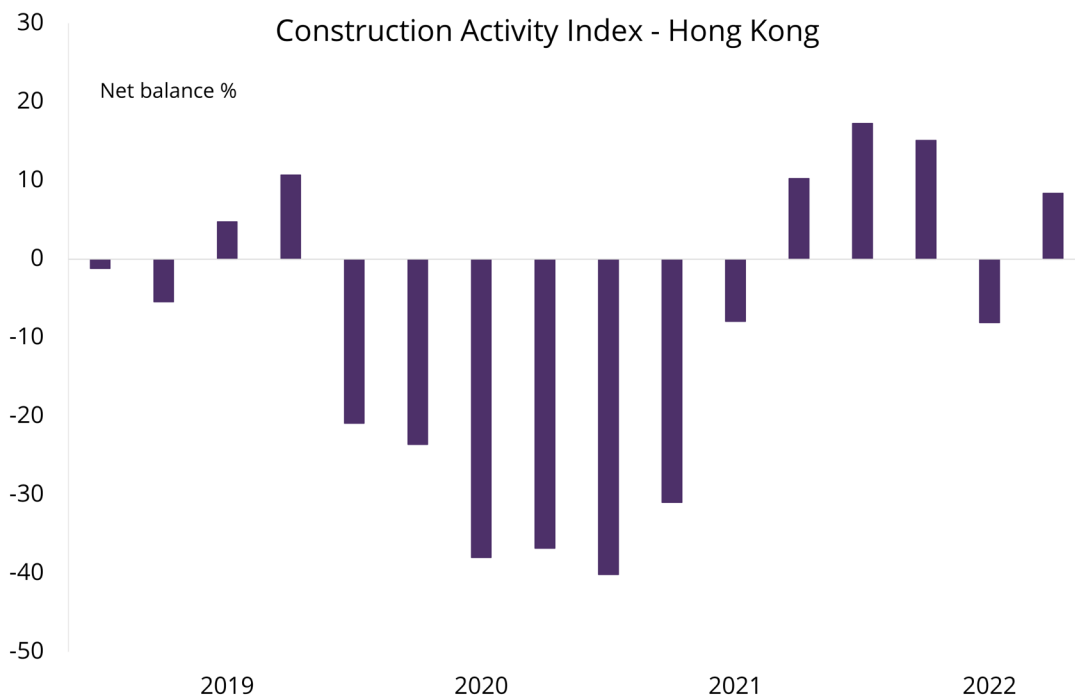


Figure 7: Construction Activity Index in Hong Kong (Q3 2108 to Q2 2022)

Other indicators in Hong Kong also pointing in the same direction are the less negative numbers for profit margin and hiring, although both were still pointing to falls in Q2. The infrastructure sector is poised to strengthen in 2022.

Twelve-month expectations point to a resumption in growth across the industry, with the market expectation of further support from the infrastructure segment (see Figure 8).

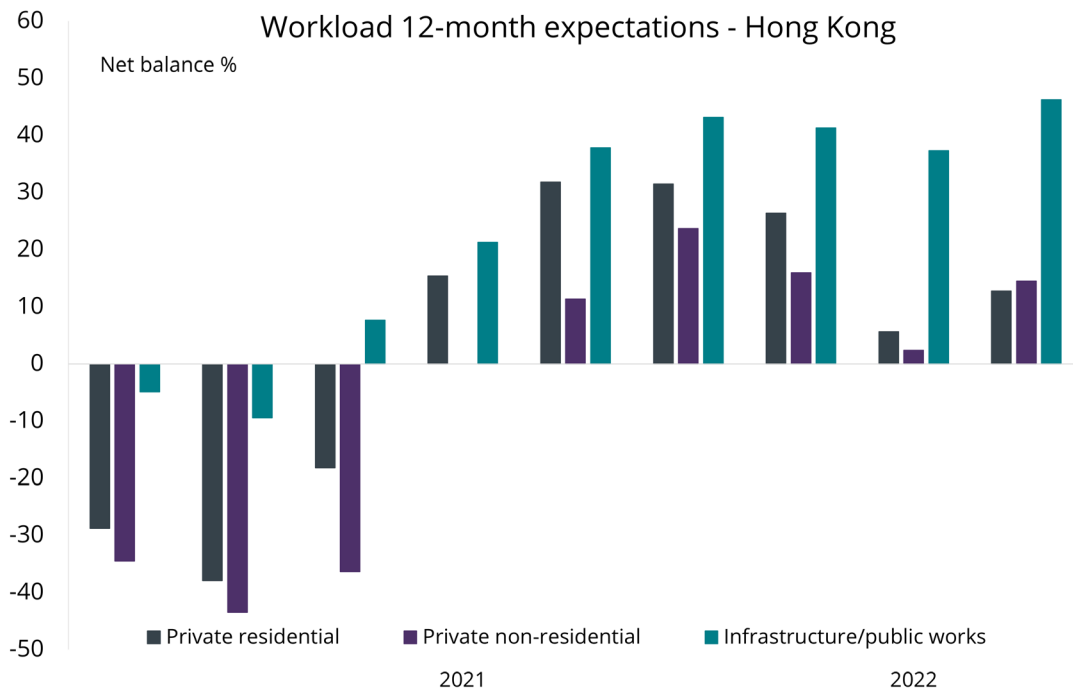


Figure 8: Workload 12-month expectation in Hong Kong (Q2 2020 to Q2 2022)

Figure 9 shows that 'cost of materials' and 'insufficient demand' are the top two key factors constraining construction activity, whereas 'financial constraints' ranked lowest among respondents. Construction sector recruitment is anticipated to rise, even if labour shortages are being highlighted as an issue by around three-quarters of respondents.

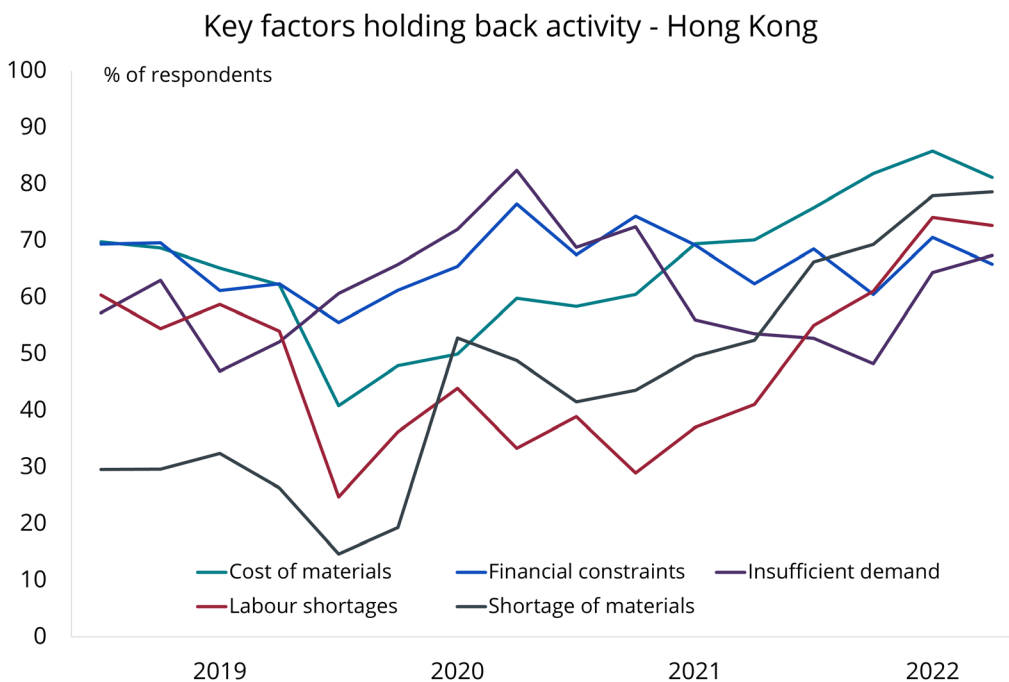


Figure 9: Key factors holding back activity in Hong Kong (Q3 2018 to Q2 2022)

For now, profits are seen as likely to remain under pressure over the next year, with higher material prices driving up construction costs (see Figure 10).

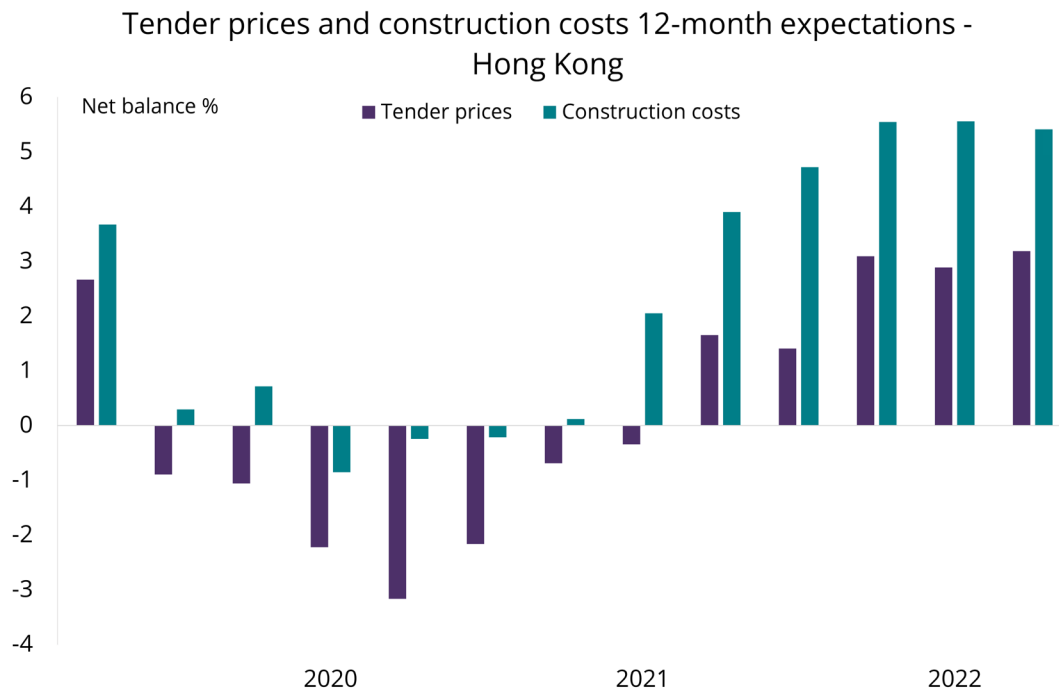


Figure 10: 12-month expectations of tender prices and construction costs in Hong Kong (Q2 2019 to Q2 2022)

2.2 Insights from the Leaders' Forum

2.2.1 Challenges

The construction sector in Hong Kong remained resilient in the face of challenges posed by the global health crisis and related issues. RICS members who participated in the Leaders' Forum were generally optimistic about the growth of the sector in 2022 and the important role it is playing in the recovery efforts. All participants expressed concerns about the construction sector's adoption of technology and innovation, and felt that the sector is slow to adopt such technologies and therefore cannot respond to the changing nature of the demands being placed on the sector. There are pockets of success, but mainstreaming innovative practices remains a challenge as a sector. There are many factors to consider, including lack of incentives from the government, return on investment and people's mindset.

The construction sector in Hong Kong is facing an ageing workforce, with over 40% of the active workforce due to retire in the next 10 years. Brain drain of construction professionals is a serious challenge. Participants suggested adopting a more digital approach to attract a younger generation to the industry. Adding to the workforce conundrum is the mental health crisis faced by the industry, and there is not adequate support available to the sector's constituents. Broadly, all leaders felt that government support for the sector is low or missing, especially concerning the net-zero carbon mandate for the built environment.

2.2.2 Opportunities

All participating leaders agreed that the construction sector has many opportunities and therefore has an important role to play in the region's economic growth. Highlighting the Northern Metropolis Development, participants were optimistic about the opportunities not only for the construction sector but also for residents.

Carbon, sustainability and ESG principles are important initiatives for the construction sector. As the Hong Kong government announces the 'Hong Kong Climate Action Plan 2050', the industry is ready to further implement ESG and carbon emissions reduction in their projects. Awareness of social value among sector stakeholders is good, but still lacks standardised measurement and reporting. Social value becomes an important factor in ESG consideration as the sector is tackling ageing workforces and gender equality, as well as other equality, diversity and inclusion factors.

Participants were also very vocal about the importance of digital technologies and modular integrated construction. Sustainability is another focus, and the sector is trying to achieve it by implementing technology and digitalisation, such as BIM and prefabrication. Special initiatives like the Northern Metropolis Development provide many opportunities to showcase innovative concepts like smart cities and digital twins.

Leaders also discussed the role of standards such as IBOS in addressing challenging-to-quantify aspects of social value, and there was interest in mapping and promoting existing standards.

3 India market insights

3.1 Outlook based on the Global Construction Monitor Q2 2022

The Indian construction sector is showing positive signs of growth. The headline Construction Activity Index, shown in Figure 11, grew from +38 in Q1 2022 to +50 in Q2 2022. Significant positive developments and good news for the sector support this sentiment. The steady growth in the Construction Activity Index over the last six quarters indicates that the sector is now in a positive environment.

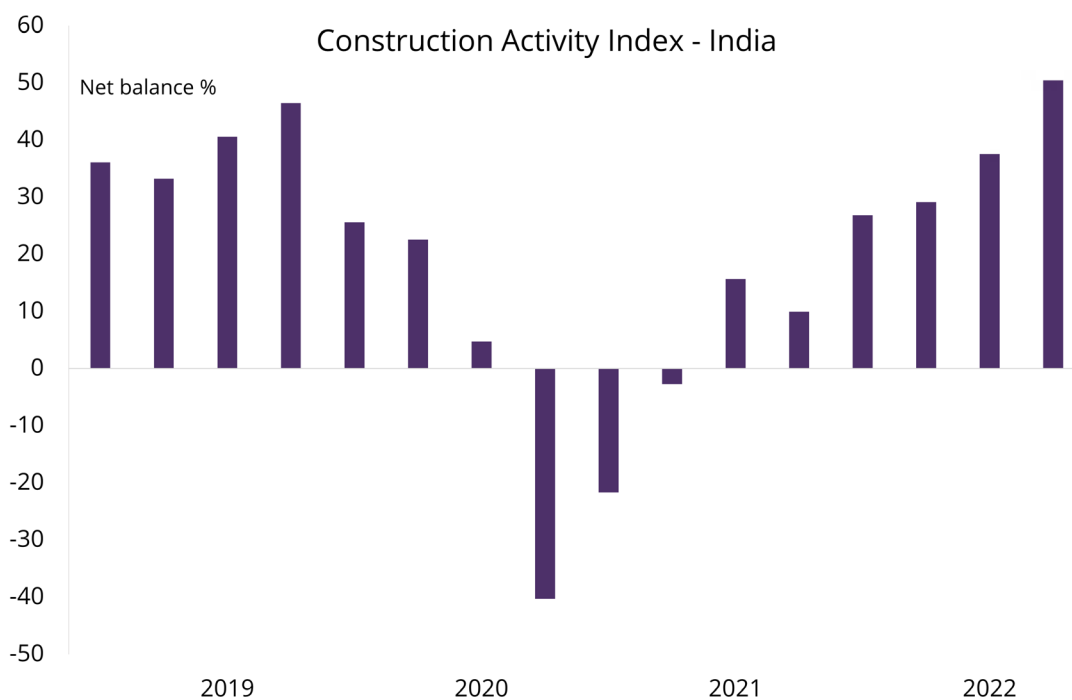


Figure 11: Construction Activity Index in India (Q3 2018 to Q2 2022)

Construction workloads also appeared to rise strongly across all sub-sectors, and new business enquiries are accelerating. The twelve-month expectations show additional strong anticipated workloads with a net balance of +64% in infrastructure, 61% in private non-residential and 51% in private residential.

Construction workloads in India are shown in Figure 12.



Figure 12: Workload 12-month expectations in India (Q2 2020 to Q2 2022)

It is promising to see the gap in the growth of tender prices and construction costs also narrow in Q2 2022, with tender prices likely to increase by 8% and construction costs by 7% (shown in Figure 13).

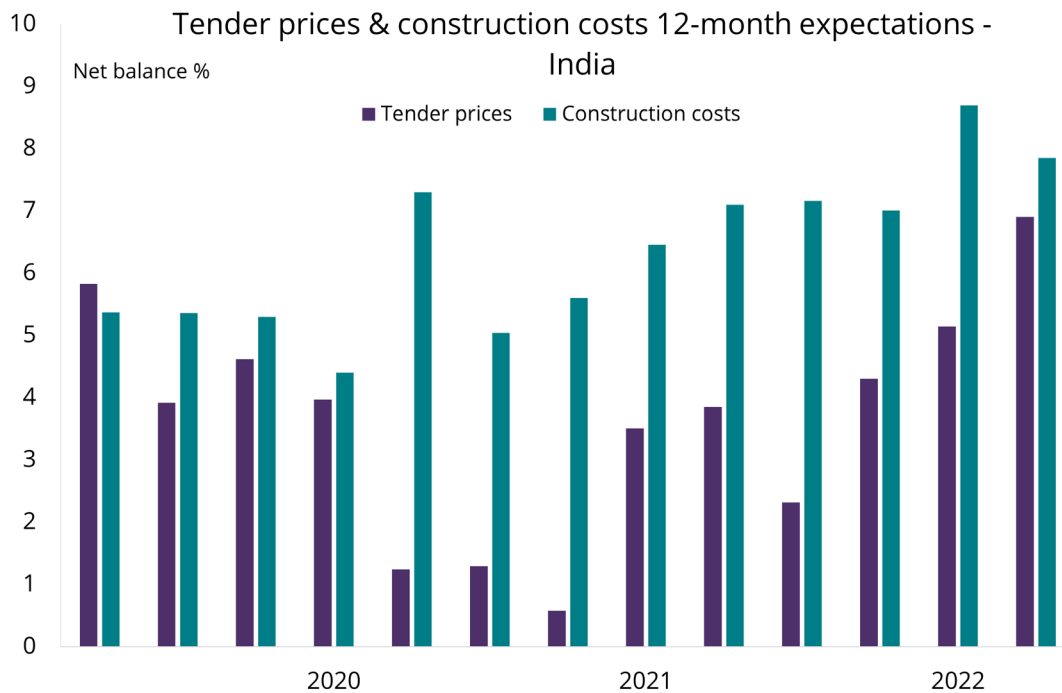


Figure 13: 12-month expectation of tender prices and construction costs in India (Q2 2019 to Q2 2022)

Recruitment and profit margins are also seen as likely to improve, with net balance reads of +55% and +39% respectively.

That said, respondents continued to voice concerns about both material costs and labour shortages. Almost two-thirds of contributors highlighted the recruitment of skilled labour as a problem, which is reflected in the expectation of rising wage costs (see Figure 14). The negative influence of the cost of materials has been growing over the last three quarters, and is expected to hold back construction activity in India.

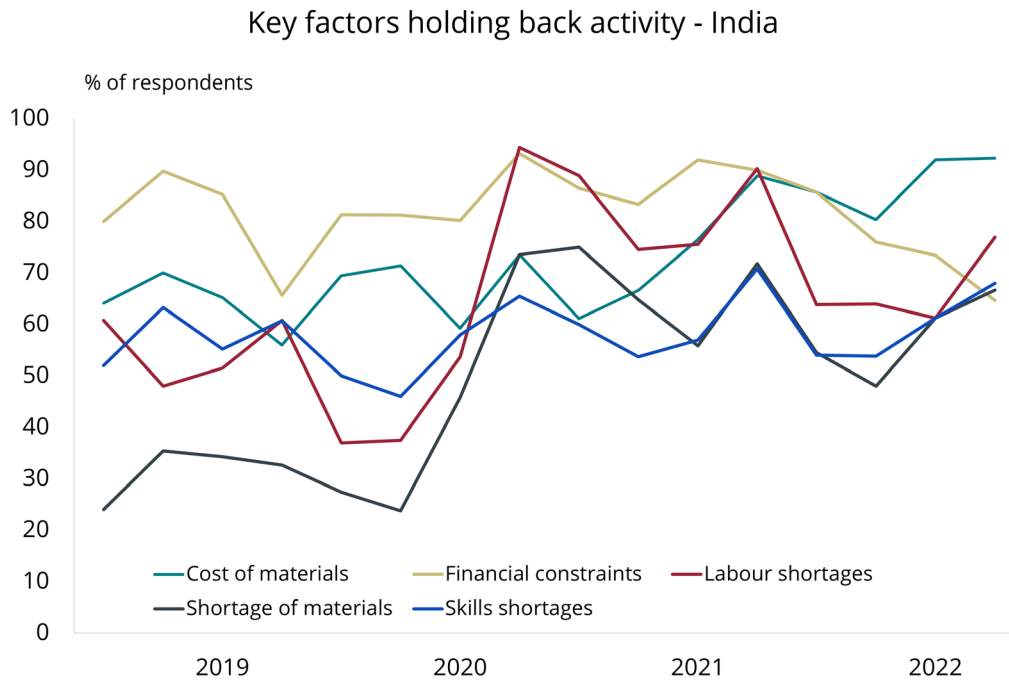


Figure 14: Key factors holding back activity in India (Q3 2018 to Q2 2022)

3.2 Insights from the Leaders' Forum

3.2.1 Challenges

In India, there is a significant shortage of skilled construction professionals. There is a reported shortage of over 100,000 qualified project managers in the residential, non-residential and infrastructure subsectors. Existing institutions are not enough to fill the gap, and greater collaboration between industry and academia is needed to overcome this challenge.

The construction sector is further hampered by low usage levels for automation and prefabrication. The use of digital tools is limited, especially among small and medium enterprises. Consultants, especially in specialist areas, and contractors do not adopt the latest technology.

Participants in the Leaders' Forum suggested that business processes are somewhat fragmented, and there is no clear vision for the sector's digital transformation.

Limited progress has been made on the decarbonisation front. The Indian construction sector can play a significant role in India's pledge to have a green, sustainable and carbon-neutral economy by 2070. However, detailed policies and implementation details are not yet available.

3.2.2 Opportunities

Estimates suggest that about 70% of India's 2030 urban infrastructure is yet to be built. This presents a significant opportunity for the sector.

Leaders felt that the digital transformation of the sector is a growth area that can lead to operational efficiencies, and it will also make the sector a more attractive employer. There are several positive initiatives taking place on this front. It was also suggested that the sector focus on training programmes for industry leaders regarding digitalisation, which will then have a cascade effect.

Reduction in embodied carbon emissions is a promising area that can be driven by clients, and government also has a significant role to play in this area. Building materials and other product manufacturers should also be involved in these initiatives. According to a recent analysis by Future Market Insights, the green building materials market size is likely to reach \$523.7bn by 2027, up from \$280.5bn in 2021. ESG principles can help the sector; participants suggested that project owners should be responsible for ESG.

4 Oceania market insights

4.1 Outlook based on the Global Construction Monitor Q2 2022

Overall, the construction sector is showing signs of slowing momentum in Oceania, although the infrastructure sector remains a bright spot (see the Construction Activity Index in Figure 15). In Australia, the Q2 2022 Global Construction Monitor results suggest that workloads are still growing. However, the momentum is slowing, particularly in the private residential and private non-residential subsectors. Respondents to the survey point to transport and energy as the key areas of infrastructure seeing strong activity trends. On the other hand, in New Zealand construction workload indicators generally remain positive, led by a strong result for infrastructure, but the residential sector is now flatlining according to the responses received.

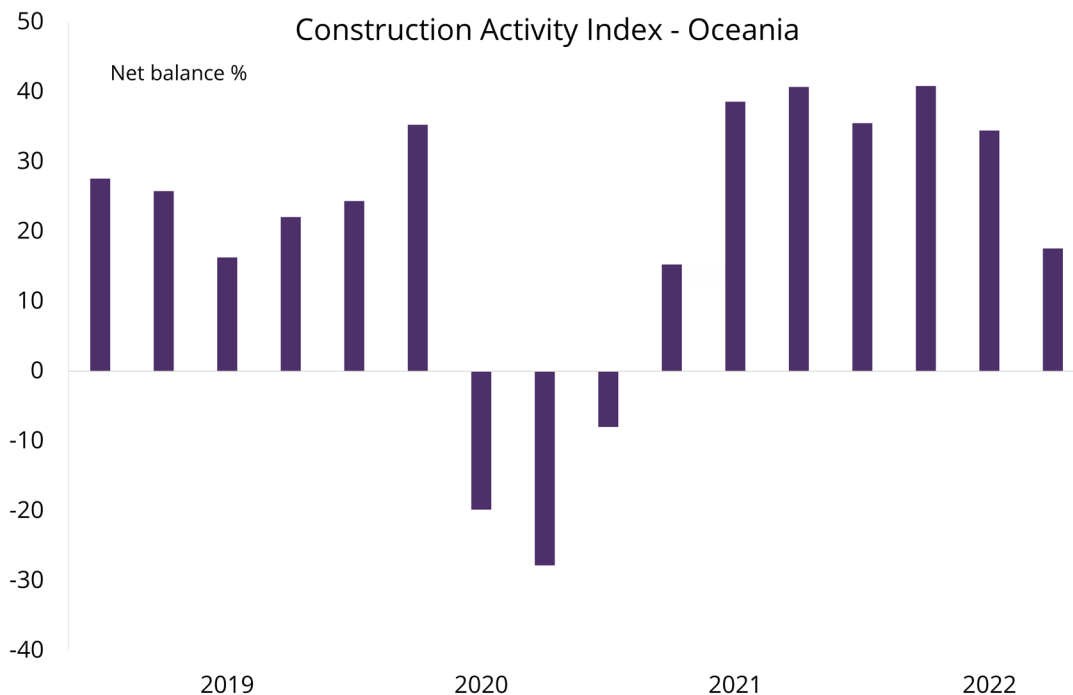


Figure 15: Construction Activity Index in Oceania (Q3 2018 to Q2 2022)

In Australia, the new business enquiries metric still points to increasing opportunities going forward, despite unease about the likely course of monetary policy. However, the twelve-month indicators suggest that the trend in workloads in both the private residential and non-residential sectors will only show very modest growth. In contrast, Australian infrastructure is likely to see workloads continue to rise strongly.

In New Zealand, respondents' twelve-month view of workloads remains similar to Q1 2022. Interestingly, the private residential projection is only mildly negative (-3% net balance) despite increasingly cautious news about the housing market.

The chart of 12-month workloads for Oceania is provided in Figure 16.

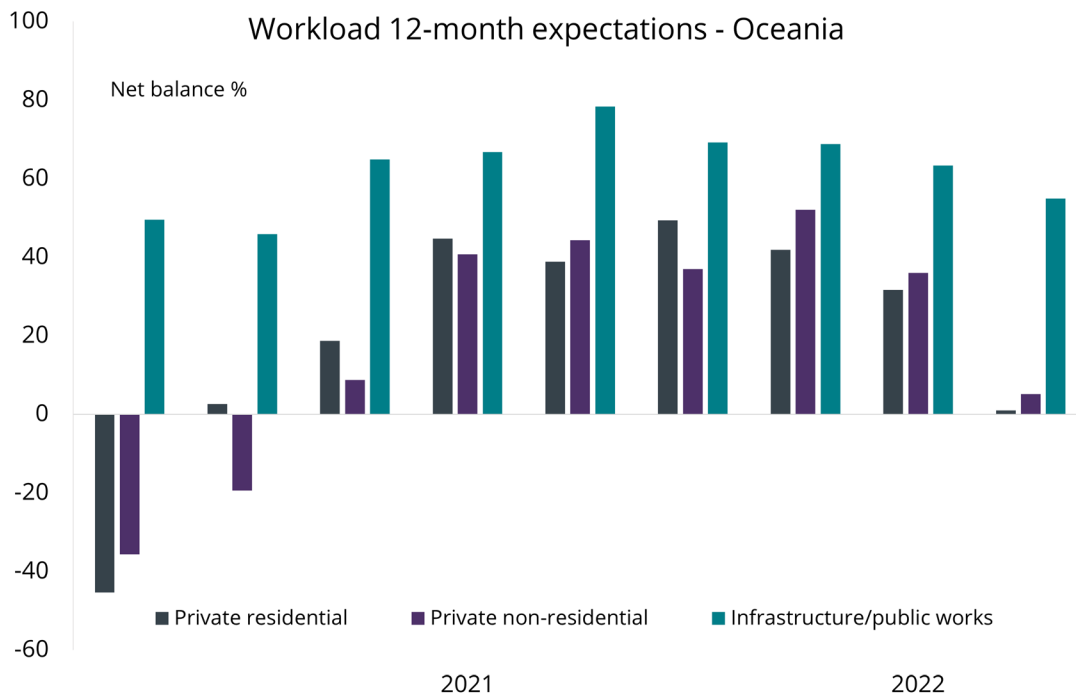


Figure 16: Workload 12-month expectation in Oceania (Q2 2020 to Q2 2022)

The Oceania region is impacted by shortages of labour and materials, and an increase in material costs (see Figure 17). In Australia, these major obstacles may be overshadowed by financial constraints, mainly due to the expectation of a rising interest rate. In New Zealand, issues around the recruitment of quantity surveyors were reported by almost all respondents. There is a general lack of available skilled tradesmen in both Australia and New Zealand (highlighted by over 80% of respondents) but around three-quarters also noted issues around the recruitment of quantity surveyors.

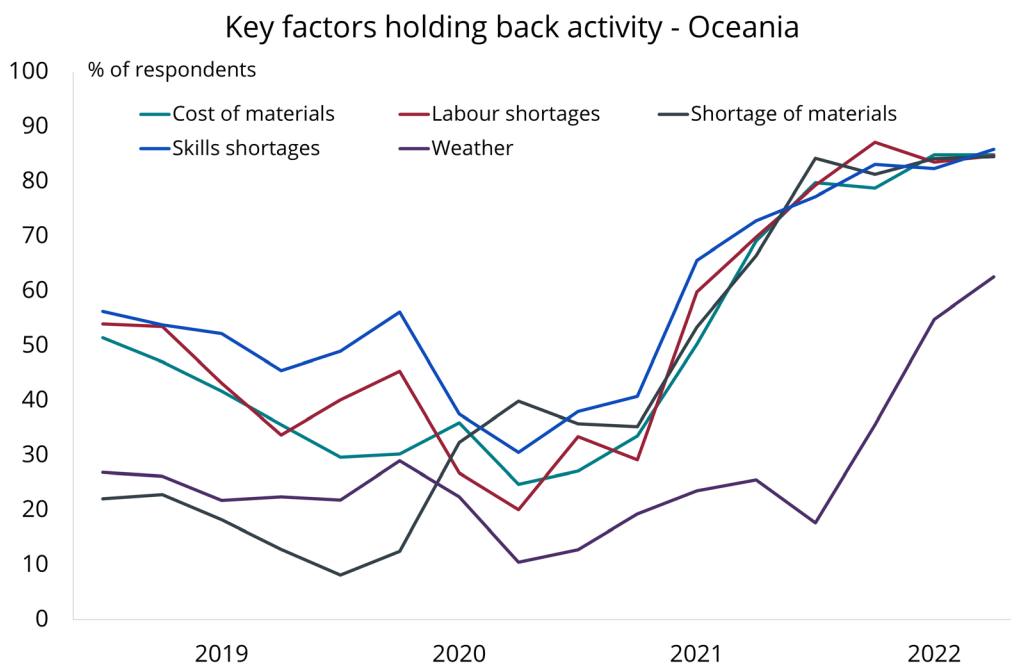


Figure 17: Key factors holding back activity in Oceania (Q3 2018 to Q2 2022)

There are severe delivery and capacity issues, especially on infrastructure projects, due to which headcounts will likely increase over the next year (net balance +30%) as the industry attempts to meet demand. In Australia, the profits outlook is seen as broadly flat on the indicators captured in the survey; the net balance read is -5% and tender prices are seen as rising at a similar pace to construction costs.

The New Zealand market will see tender prices rising strongly over the next year, but the perception of contributors is that they will still struggle to keep pace with the likely uplift in construction costs (see Figure 18).

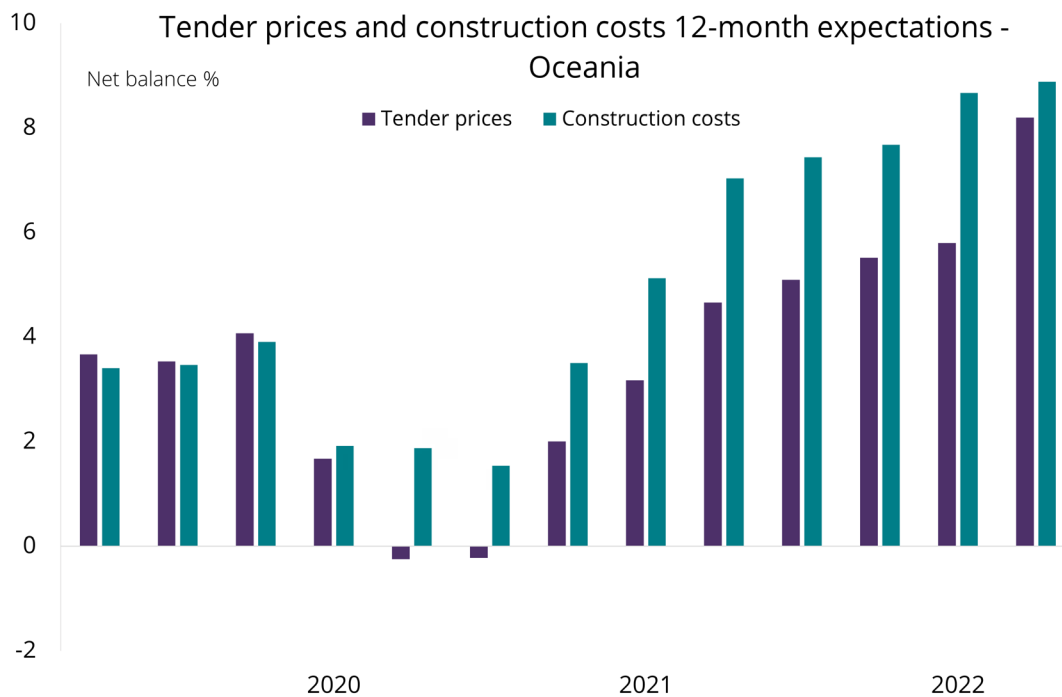


Figure 18: 12-month expectation of tender prices and construction costs in Oceania (Q2 2019 to Q2 2022)

4.2 Insights from the Leaders' Forum

4.2.1 Challenges

The discussion during the Leaders' Forum in Oceania primarily centred around skills shortages. Labour shortages, especially for trade contractors, are common in the region. While the industry has developed several training programs, attracting people to them is difficult; therefore, the pipeline of new hires is also limited. This makes trade contractors run at capacity and be unable to commit to additional work at reasonable prices.

Most leaders reported having trouble recruiting the right people for various job roles in their organisations. The government, as an employer, has become a competitor for highly experienced professionals. For example, project management skills are in short supply.

The global pandemic and the geopolitical challenges, including the war in Europe, have further increased uncertainty in the region's materials supply. A massive price escalation has been seen

across the region, and supply chain disruptions are common. There are reports of a 370% increase in shipping prices because of a shortage of containers.

The market is heating up as COVID-19 recedes, causing additional capacity constraints in the system. Inflation and escalation, especially of fixed price contracts, result in insolvencies. When large contractors go bust, they sometimes bring down subcontractors and suppliers with them.

4.2.2 Opportunities

Participants in the Leaders' Forum agreed that the sector also presents several opportunities. They felt there was a need to reimagine the industry, and that as construction professionals they can help define improved practices and workflows. The general consensus among participants was that industry leaders are trying to look at how to change the industry in order to improve capacity and attractiveness.

One area that can help the sector is an emphasis on sustainability and decarbonisation. This may mean bringing in professionals trained outside the profession, such as sustainability and circular economy experts. At the same time, construction technology and innovation can also play a crucial role. Innovation can be used to improve difficult and dangerous tasks, and makes construction more attractive. COVID-19 sped up the adoption of digital tools in order to help manage change efficiently.

Bringing advanced manufacturing principles into the sector may also help resolve some of the supply chain issues. Best practices in project delivery, especially collaborative contracting, can help the industry manage risks and deliver better value. Many participants felt that there is an excellent opportunity for RICS to work with organisations such as Infrastructure Australia and the Australian Construction Association to drive innovation.

5 Southeast Asia market insights

5.1 Outlook based on the Global Construction Monitor Q2 2022

The construction sector in Southeast Asia is showing signs of a moderate pick-up in activity, with the Construction Activity Index now positive and an uptick for the last three quarters. The Construction Activity Index for Southeast Asia is provided in Figure 19.

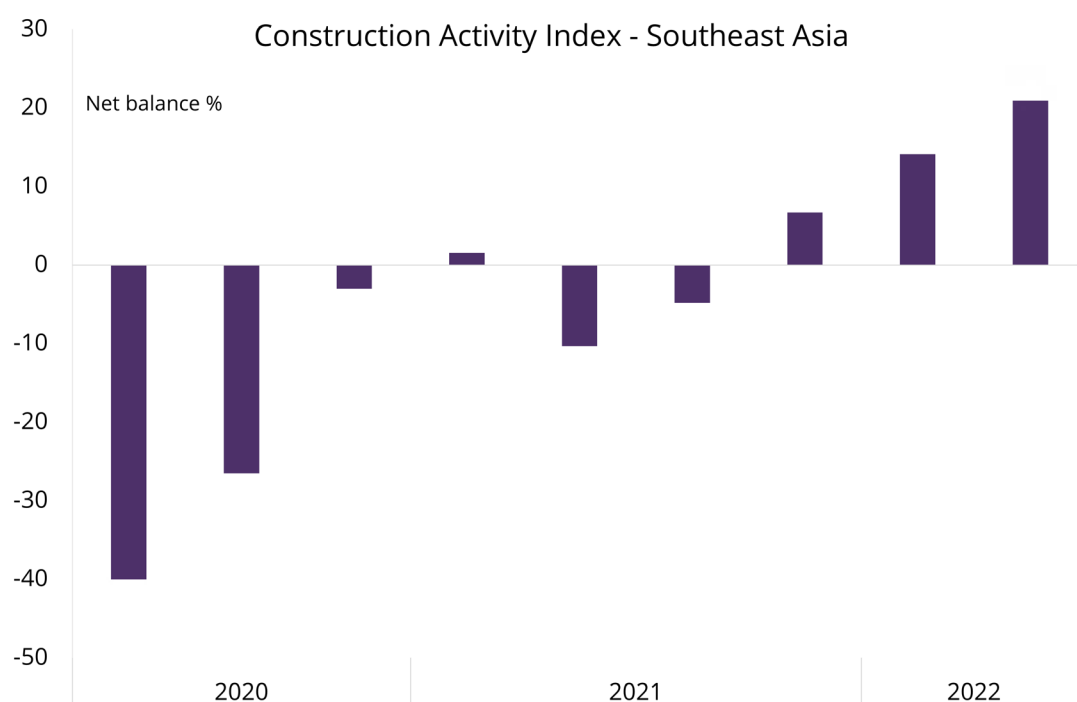


Figure 19: Construction Activity Index in Southeast Asia (Q3 2018 to Q2 2022)

Figure 20 shows the 12-month construction sector workloads in Southeast Asia. In Malaysia, there are signs of a moderate pick-up in construction workloads. This has accompanied the better tone of the economy, with infrastructure leading the way (net balance +11%) followed by private residential (+7%). This is the first positive read in the former since Q4 2019, and the best result for the latter since the inception of the series in 2018. The headline Construction Activity Index in Singapore has been in positive territory for three consecutive quarters and mirrors the better tone also captured in the Global Commercial Property Monitor. Malaysia is seeing improvement in all subsectors of infrastructure, particularly marked in the transport and energy subsectors.

According to respondents, workloads in Singapore appear to be rising in all three sectors, but the infrastructure subsector is again seen as showing the most robust growth. The acceleration was reported as being broadly based, although the digital subsector has the highest net balance read at +60%, followed by transport and energy.

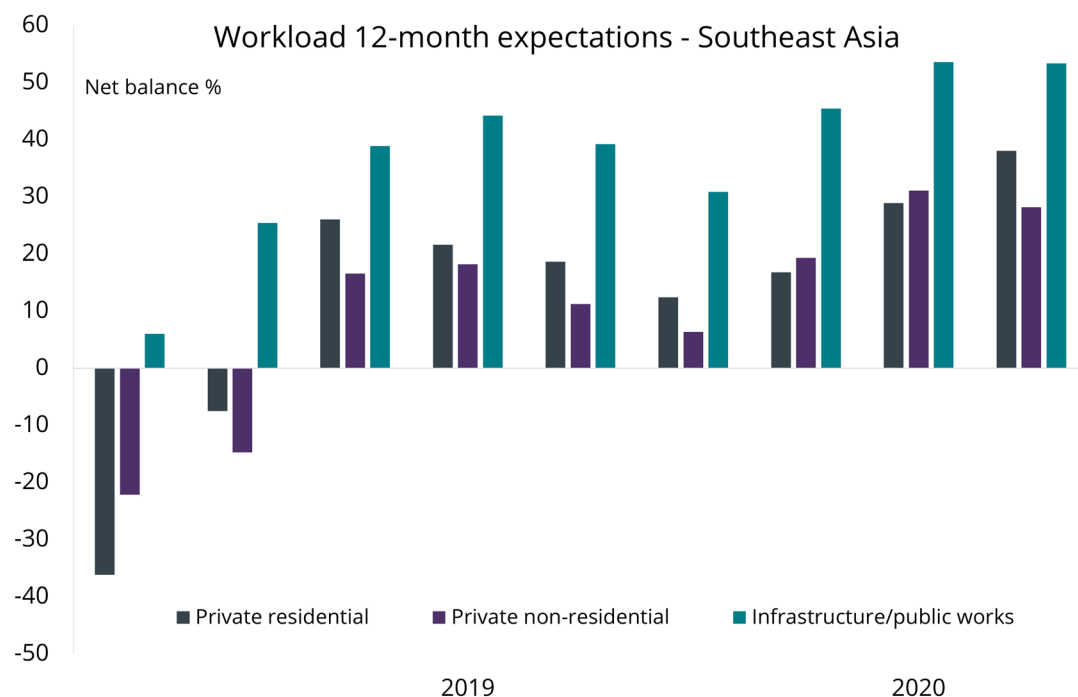


Figure 20: Workload 12-month expectation in Southeast Asia (Q2 2020 to Q2 2022)

As with elsewhere in the world, in Southeast Asia challenges around construction costs remain very much to the fore, with materials, labour and finance all repeatedly cited by respondents. Recruitment in the skilled trades appears to present the most significant problem, but despite this challenge, headcounts are seen as rising strongly over the next year to support upbeat development plans.

Figure 21 shows the key factors holding back construction activity in Southeast Asia.

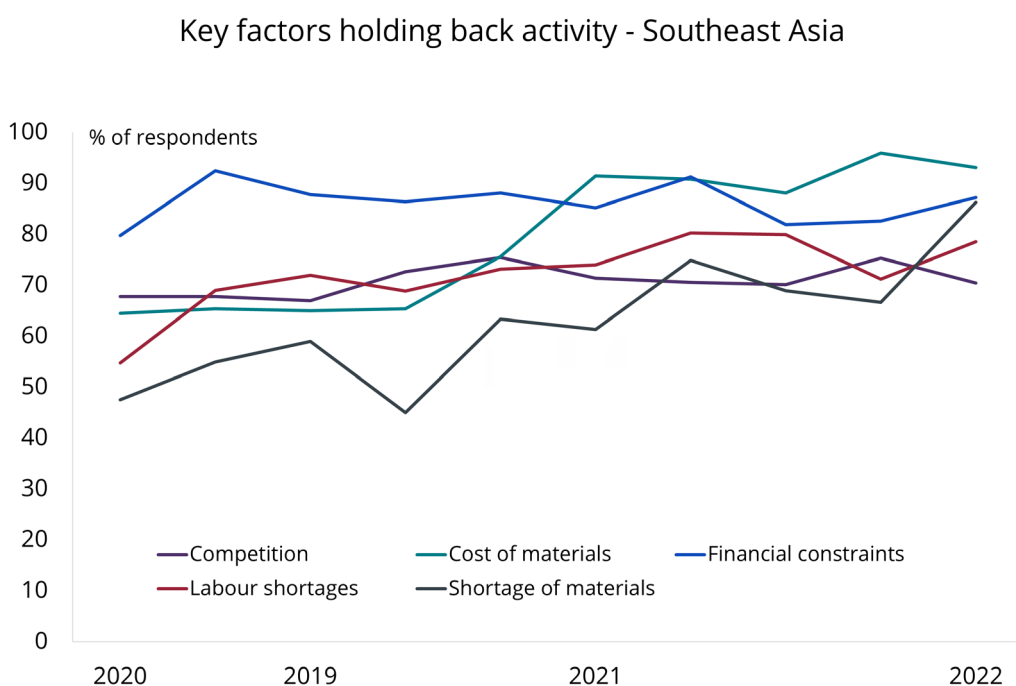


Figure 21: Key factors holding back activity in Southeast Asia (Q3 2018 to Q2 2022)

That said, profit margins still appear under some pressure, and new business enquiries in Malaysia have yet to return to positive territory. New business enquiries in Singapore are rising, evident in the twelve-month expectations for workloads which point to solid growth across the industry but are led by infrastructure (net balance +72%).

Notwithstanding these more cautious results, the twelve-month projections are encouraging, with workloads expected to gain momentum in all three sectors, including private non-residential. This is reflected in the suspicion that rebuilding profit margins will take a little longer to deliver, with tender prices anticipated to rise sharply to offset higher construction costs (see Figure 22).

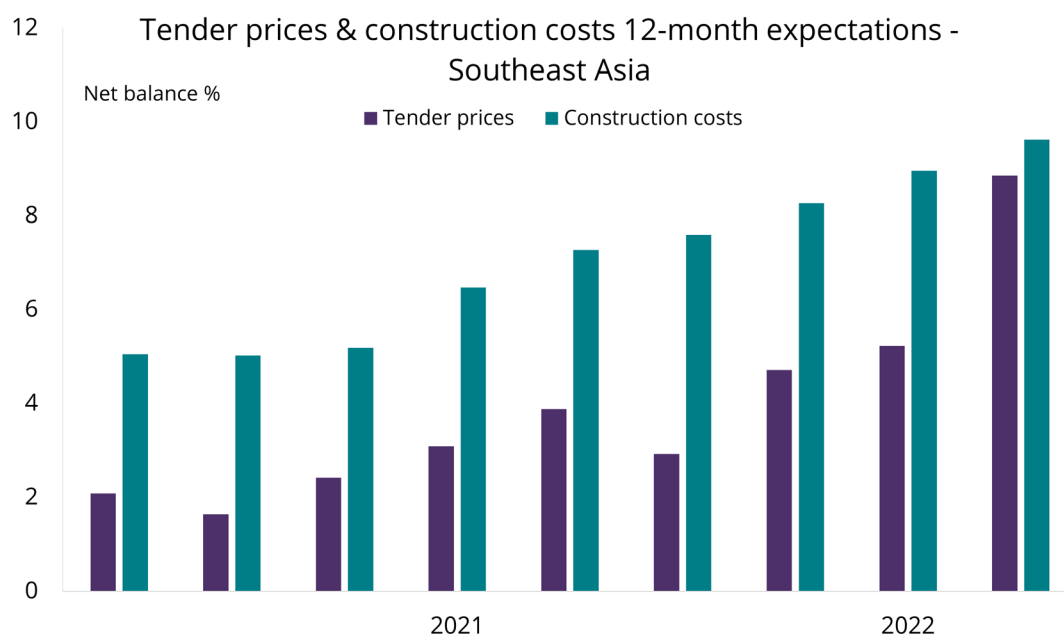


Figure 22: 12-month expectation of tender prices and construction costs in Southeast Asia (Q2 2019 to Q2 2022)

5.2 Insights from the Leaders' Forum

5.2.1 Challenges

The construction sector in Southeast Asia is facing several challenges driven by global issues such as the war in Europe and the COVID-19 pandemic. The leaders who participated in the Southeast Asia forum agreed that the sector will be operating in an uncertain environment for the rest of 2022, and perhaps into 2023.

The first set of issues that the sector is facing relates to construction materials and labour. The problem is so severe that project timelines and outturn costs are negatively impacted.

Skill drain to other well-paying regions – like the Middle East, where things are picking up fast – is impacting regional labour supply. The whole region is facing a shortage of site workers in most trades. In addition, construction professionals are also in short supply, including experienced project managers and quantity surveyors. The skills shortage debate has also tilted from a quantity-centric to a skills-centric need. Overall, the skill levels of the incoming workforce are inadequate. People take time to train up, and once trained they might move, so the attrition rate is high. Materials shortages and volatile materials prices are still causing disruptions.

Compounding the impact of issues related to workforce and materials is the fact that the industry is slow to innovate. For example, better management of waste and repurposing of recycled materials can be adopted to alleviate some of the constraints the sector is facing. Similarly, digital technologies have not been fully embraced by the sector, and data and technology can be used to streamline and improve operational efficiencies.

Leaders discussed some blockers to adopting innovative practices, including digital tools. The lack of data interoperability remains a challenge. Misalignment between government programs and policies and market needs was also discussed. There is also a disparity in resources between large organisations and small and medium enterprises; this impacts the adoption of innovation and technology. Demand from clients and emphasis on cost versus value also become barriers to implementation.

5.2.2 Opportunities

Leaders representing the Southeast Asia market were optimistic about the sector's future. Several forward-looking themes emerged in the discussions. Sustainability and ESG was the first area that could lead to improvements in the sector. While ESG, net-zero carbon and related initiatives are still not mainstream, they are seen as catalysts for much-needed change. The leaders clearly said ESG should not be seen as a tick-box exercise. Green steel, other low-carbon materials, whole-life considerations and efficient use of materials are all seen as helpful for the sector.

Data and technology are also considered levers to increase operational efficiencies, attract the next generation, and increase diversity in the sector. Digitalisation can enhance safety and provide data for ESG initiatives and risk management, supply chain efficiencies and better value. Digital tools can also be used to address waste and rework in the sector. Digitalisation requires new skill sets that the sector can acquire by working closely with other stakeholders, including universities. Together, the sector can overcome mindset issues and reluctance to change.

Collaborative contracting and related practices were also seen as beneficial to the sector. These practices will help address inflation, price volatility and risk management. Such practices help address the social and governance principles of common ESG frameworks.

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