OFFICES AROUND THE WORLD

AFRICA
Botswana
Gaborone
Mauritius
Quatre Bornes
Mozambique
Maputo
South Africa
Cape Town
Durban
Johannesburg
Pretoria
Stellenbosch

ASIA
North Asia
Beijing
Chengdu
Chongqing
Guangzhou
Guiyang
Haikou
Hangzhou
Hong Kong
Macau
Nanjing
Nanning
Seoul
Shanghai
Shenyang
Shenzhen
Tianjin
Wuhan
Wuxi
Xian
Zhuhai

South Asia
Bacolod
Bohol
Cagayan de Oro
Cebu
Clark
Davao
Ho Chi Minh City
Iloilo
Jakarta
Kuala Lumpur
Laguna
Metro Manila
Phnom Penh
Subic
Singapore
Yangon

AMERICAS
Caribbean
St. Lucia
North America
Boston
Calgary
Chicago
Denver
Hilo
Honolulu
Kansas City
Las Vegas
Los Angeles
Maui
New York
Phoenix
Portland
San Francisco
San Jose
Seattle
Toronto
Tucson
Waikoloa
Washington DC

EUROPE
United Kingdom
Birmingham
Bristol
Cumbria
Leeds
Liverpool
London
Manchester
Sheffield
Thames Valley
Warrington

RLB | Euro Alliance
Austria
Belgium
Bulgaria
Croatia
Czech Republic
Denmark
France
Germany
Greece
Hungary
Ireland
Italy
Luxembourg
Montenegro
Netherlands
Norway
Poland
Portugal
Romania
Russia
Serbia
Spain
Sweden
Turkey

MIDDLE EAST
Oman
Muscat
Qatar
Doha
Saudi Arabia
Riyadh

United Arab Emirates
Abu Dhabi
Dubai

OCEANIA
Australia
Adelaide
Brisbane
Cairns
Canberra
Coffs Harbour
Darwin
Gold Coast
Melbourne
Newcastle
Perth
Sunshine Coast
Sydney
Townsville

New Zealand
Auckland
Christchurch
Hamilton
Palmerston North
Queenstown
Tauranga
Wellington
According to Rider Levett Bucknall’s Tender Price Index, which measures tender price movements of builder’s works in the private sector in Hong Kong, there was a drop of 1.5% in tender prices in the second quarter of 2020. On a year-on-year basis, the tender price decreased by 5.0%.

The following are the second quarter year-on-year tender price movements of builder’s works in the private sector in the past five years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Tender Price Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 - 16</td>
<td>+1.2%</td>
</tr>
<tr>
<td>2016 - 17</td>
<td>-0.6%</td>
</tr>
<tr>
<td>2017 - 18</td>
<td>-2.3%</td>
</tr>
<tr>
<td>2018 - 19</td>
<td>-4.4%</td>
</tr>
<tr>
<td>2019 - 20</td>
<td>-5.0%</td>
</tr>
</tbody>
</table>

Hong Kong’s economy contracted by 9.0% year-on-year in real terms in the second quarter of 2020, compared with the 9.1% decrease in the first quarter of 2020. On a seasonally adjusted quarter-to-quarter comparison basis, real GDP declined by 0.1% in the second quarter of 2020 over the previous quarter. According to the Composite Consumer Price Index, overall consumer prices dropped by 0.4% in August 2020 over the same month a year earlier, following a y-o-y decrease of 2.3% in July 2020. The seasonally adjusted unemployment rate stood at 6.1% in June - August 2020, the same as that in May - July 2020; meanwhile, the underemployment rate increased from 3.5% to 3.8% in the same period.

In June, the Legislative Council expedited the approval of new capital work projects which would provide positive support to the construction industry in the near future. However, Hong Kong’s economy remained weak in the second quarter of 2020 as the impacts brought about by the social instability and COVID-19 pandemic persisted. The heavily-weighted business sentiments further subdued construction investment in private commercial projects, as evidenced by several land bids failing to meet the auction reserve prices set by the government. With the social distancing / isolation strategies taken by the public health officials to slow down the spread of COVID-19, the delays and disruptions to land supply, approval of new building plans and operation of construction sites are inevitable during the pandemic period. With the foreseeable reduction in number of private construction investment in the short term, contractors are keen to submit very competitive bids in order to maintain their order books. The tender price index is anticipated to follow a downward trend in the coming months.

**MACAU**

Macau’s Gross Domestic Product fell by 67.8% year-on-year in real terms in the second quarter of 2020. Sharper fall in the city’s export of gaming and tourism services was observed as visitor arrivals to Macau continued to drop due to ongoing travel restrictions. The general unemployment rate for May - July 2020 increased from 2.5% to 2.7% as compared with that in April - June 2020; and the underemployment rate mildly dropped by 0.1% to 3.3%.

Under the impact of COVID-19, private construction investment declined 9.7% as compared with previous quarter due to the reduction in domestic demand and the pessimistic investor sentiment. The recent construction output in Macau was mainly contributed by the public construction investment owing to the increased expenditure on infrastructure projects by the government. While the global pandemic continues, it is expected that the tender prices in Macau will continue to fall.
TENDER PRICE INDICES IN HONG KONG

RLB = Rider Levett Bucknall (Private Sector)
ASD = Architectural Services Department (Public Sector)

Graph showing cost trends in the construction industry in Hong Kong based on Tender Prices for Builder’s Works.
# COMMON UNIT RATES IN HONG KONG

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit</th>
<th>3Q2019</th>
<th>4Q2019</th>
<th>1Q2020</th>
<th>2Q2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinforced concrete Grade 40</td>
<td>m³</td>
<td>1,080.00</td>
<td>1,100.00</td>
<td>1,150.00</td>
<td>1,130.00</td>
</tr>
<tr>
<td>Sawn formwork</td>
<td>m²</td>
<td>380.00</td>
<td>380.00</td>
<td>370.00</td>
<td>370.00</td>
</tr>
<tr>
<td>Deformed high yield steel bar reinforcement</td>
<td>kg</td>
<td>9.00</td>
<td>8.90</td>
<td>8.70</td>
<td>8.60</td>
</tr>
<tr>
<td>105 mm Solid concrete block wall</td>
<td>m²</td>
<td>280.00</td>
<td>280.00</td>
<td>275.00</td>
<td>275.00</td>
</tr>
<tr>
<td>Mastic asphalt roofing overall 20 mm thick (2-coat work) on horizontal surfaces</td>
<td>m²</td>
<td>167.00</td>
<td>166.00</td>
<td>163.00</td>
<td>161.00</td>
</tr>
<tr>
<td>20 mm (Finished) Timber strip flooring including plywood sub-floor, sanding and wax polishing</td>
<td>m²</td>
<td>770.00</td>
<td>770.00</td>
<td>760.00</td>
<td>750.00</td>
</tr>
<tr>
<td>Timber skirting 100 mm high x 13 mm thick</td>
<td>m</td>
<td>117.00</td>
<td>116.00</td>
<td>114.00</td>
<td>112.00</td>
</tr>
<tr>
<td>50 mm Solid core flush door faced both sides with 5 mm timber veneered plywood including door frame, architrave, mouldings and painting (excluding ironmongery)</td>
<td>No.</td>
<td>6,100.00</td>
<td>6,100.00</td>
<td>6,000.00</td>
<td>5,900.00</td>
</tr>
<tr>
<td>Galvanised mild steel in balustrades, railings and general welded and framed work</td>
<td>kg</td>
<td>32.00</td>
<td>31.00</td>
<td>30.00</td>
<td>30.00</td>
</tr>
<tr>
<td>Structural steelwork - standard sections</td>
<td>kg</td>
<td>31.00</td>
<td>30.00</td>
<td>29.00</td>
<td>29.00</td>
</tr>
<tr>
<td>Fluorocarbon coated aluminium windows - frame and hardware including clear float glass and glazing (single-glazed windows)</td>
<td>m²</td>
<td>2,690.00</td>
<td>2,670.00</td>
<td>2,620.00</td>
<td>2,580.00</td>
</tr>
<tr>
<td>20 mm Cement and sand (1:3) paving</td>
<td>m²</td>
<td>103.00</td>
<td>103.00</td>
<td>101.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Coloured unglazed ceramic mosaic floor tiling</td>
<td>m²</td>
<td>280.00</td>
<td>280.00</td>
<td>275.00</td>
<td>270.00</td>
</tr>
<tr>
<td>Marble slab flooring (mid-range, European origin)</td>
<td>m²</td>
<td>3,090.00</td>
<td>3,070.00</td>
<td>3,020.00</td>
<td>2,970.00</td>
</tr>
<tr>
<td>Two coats internal lime cement plaster to soffit and beams</td>
<td>m²</td>
<td>100.00</td>
<td>100.00</td>
<td>98.00</td>
<td>98.00</td>
</tr>
<tr>
<td>Metal panel suspended ceiling</td>
<td>m²</td>
<td>640.00</td>
<td>635.00</td>
<td>625.00</td>
<td>615.00</td>
</tr>
<tr>
<td>Ceramic / homogeneous wall tiling; internal work</td>
<td>m²</td>
<td>555.00</td>
<td>550.00</td>
<td>540.00</td>
<td>530.00</td>
</tr>
<tr>
<td>Ceramic mosaic external wall tiling; adhesive fixed (45 x 45 or 45 x 95 mm tiles)</td>
<td>m²</td>
<td>420.00</td>
<td>420.00</td>
<td>410.00</td>
<td>400.00</td>
</tr>
<tr>
<td>Alkali resistant primer and two coats of emulsion paint on plastered walls and ceilings</td>
<td>m²</td>
<td>62.00</td>
<td>62.00</td>
<td>61.00</td>
<td>61.00</td>
</tr>
</tbody>
</table>

**Notes:**
- The unit rates above are for general guidelines of likely tendered rates obtained by competitive tendering for lump sum fixed price contracts with a normal contract period.
- The rates are also based on normal site conditions, locations and normal working hours.
### Approximate Order of Construction Costs in Hong Kong and Selected Cities in China

**Type of Building**

<table>
<thead>
<tr>
<th>Location</th>
<th>Type of Building</th>
<th>2020 Q2 Costs (RMB per Square Metre)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>Office (Basement; up to 2 Levels)</td>
<td>21,700 - 30,900+</td>
</tr>
<tr>
<td></td>
<td>Residential (High Quality)</td>
<td>26,900</td>
</tr>
<tr>
<td></td>
<td>Hotel (including FF&amp;E)</td>
<td>32,000 - 39,700+</td>
</tr>
<tr>
<td></td>
<td>Industrial</td>
<td>26,900 - 31,500+</td>
</tr>
<tr>
<td></td>
<td>Carpark</td>
<td>18,800 - 24,700+</td>
</tr>
</tbody>
</table>

**NOTES:**
- The construction costs are based on prices obtained by competitive tendering for a normal contract period and are based on normal site conditions and locations. Extra costs should be allowed for projects with fast-track programmes, non-traditional procurement approaches and multi-phasing completion, etc. 
- The costs are average square metre unit costs only and not based on any specific design or design.
- The standards for each type of building in selected cities in China do not necessarily follow those in Hong Kong due to local design practices and choice of materials.

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**2020年第2季中国主要城市单方造价指标**

**Cost per Square Metre Construction Floor Area at 2nd Quarter 2020 Prices**

<table>
<thead>
<tr>
<th>City</th>
<th>Type of Building</th>
<th>Costs (RMB per Square Metre)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>Office （地下室; 不超过2层）</td>
<td>21,700 - 30,900+</td>
</tr>
<tr>
<td></td>
<td>Residential (优质)</td>
<td>26,900</td>
</tr>
<tr>
<td></td>
<td>Hotel (含家具及设备)</td>
<td>32,000 - 39,700+</td>
</tr>
<tr>
<td></td>
<td>Industrial</td>
<td>26,900 - 31,500+</td>
</tr>
<tr>
<td></td>
<td>Carpark</td>
<td>18,800 - 24,700+</td>
</tr>
</tbody>
</table>

**NOTES:**
- 建筑物的建设成本不含家具, 装修及设备（包括酒店/服务公寓/俱乐部）, 建筑材料及外面服务, 以及与工程有关的费用, 如拆除工程, 其他费用等。
- 建筑物的建设成本不含家具, 装修及设备（包括酒店/服务公寓/俱乐部）, 建筑材料及外面服务, 以及与工程有关的费用, 如拆除工程, 其他费用等。
- The costs are average square metre unit costs only, not based on any specific design or design.
HONG KONG REPORT
SEPTEMBER 2020

LABOUR COST TRENDS

AVERAGE DAILY WAGES OF WORKERS ENGAGED IN PUBLIC SECTOR CONSTRUCTION PROJECTS

Average Daily Wages in HK$ per day

<table>
<thead>
<tr>
<th>Selected Occupations</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11</td>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td>Bar Bender and Fixer</td>
<td>2,185.0</td>
<td>2,186.8</td>
<td>2,216.2</td>
</tr>
<tr>
<td>Concretor</td>
<td>1,960.6</td>
<td>1,911.7</td>
<td>1,941.6</td>
</tr>
<tr>
<td>Carpenter (formwork)</td>
<td>1,912.3</td>
<td>1,922.8</td>
<td>1,994.7</td>
</tr>
<tr>
<td>Painter and Decorator</td>
<td>1,188.2</td>
<td>1,176.1</td>
<td>1,184.3</td>
</tr>
<tr>
<td>Plasterer</td>
<td>1,334.7</td>
<td>1,299.9</td>
<td>1,326.3</td>
</tr>
<tr>
<td>Metal Worker</td>
<td>2,722.4</td>
<td>1,251.1</td>
<td>1,258.1</td>
</tr>
<tr>
<td>Plumber</td>
<td>1,418.7</td>
<td>1,388.8</td>
<td>1,387.4</td>
</tr>
<tr>
<td>General Workers</td>
<td>997.8</td>
<td>995.8</td>
<td>996.2</td>
</tr>
</tbody>
</table>

(Source: Census and Statistics Department)
MATERIAL COST TRENDS  
AVERAGE WHOLESALE PRICES OF SELECTED BUILDING MATERIALS

<table>
<thead>
<tr>
<th>Building Materials</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11</td>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td>Sand ($/10 t)</td>
<td>2,700</td>
<td>2,670</td>
<td>2,790</td>
</tr>
<tr>
<td>Bitumen ($/t)</td>
<td>7,883</td>
<td>7,850</td>
<td>7,583</td>
</tr>
<tr>
<td>Portland Cement ($/t)</td>
<td>706</td>
<td>707</td>
<td>717</td>
</tr>
<tr>
<td>Sawn Hardwood 50x75 ($/m³)</td>
<td>6,303</td>
<td>6,303</td>
<td>6,303</td>
</tr>
<tr>
<td>Mild Steel Round Bars ($/t)</td>
<td>5,730</td>
<td>6,103</td>
<td>6,065</td>
</tr>
<tr>
<td>High Tensile Steel Bars ($/t)</td>
<td>4,991</td>
<td>4,628</td>
<td>4,894</td>
</tr>
</tbody>
</table>

(Source: Census and Statistics Department)
Cost Model – Wet Laboratories in Educational Institutes

Wet laboratory provides a controlled environment for conducting scientific research and experiment. It requires special design in building service installation to ensure the health and safety of the users, such as fume extraction, chemical waste neutralization and disposal, etc. Apart from the building services, wet laboratory is equipped with extensive built-in furniture, such as shelves and cabinets. Also, anti-slip vinyl flooring sheet and acoustic ceiling are common finish provisions to laboratory.

Our cost model for wet laboratories in educational institutes with Biosafety Level 1 and 2 in Hong Kong indicates that the unit cost range is from HK$ 32,600 to HK$ 44,000 per m2 of Construction Floor Area (CFA) at 2nd Quarter 2020 price level.

The variance in unit costs is mainly due to the building size, storey height and shape, number of storeys, requirements of laboratory supporting facilities, provision of building services, especially specialist services installation, etc. The difference in Biosafety Level is also a key factor affecting the unit cost.

The following items are excluded:
1. Site formation and demolition of existing building, if any.
2. Basement construction, if any.
3. External works and landscaping.
5. Loose furniture and equipment.
6. Consultancy fees, legal, financial and marketing expenses.

Cost Range (at 2nd Quarter 2020 Price Level)

<table>
<thead>
<tr>
<th>Item</th>
<th>Range (HK$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Foundation and Substructure</td>
<td>3,100 - 4,100+</td>
</tr>
<tr>
<td>2. Structural Frame and Slabs</td>
<td>3,500 - 5,000+</td>
</tr>
<tr>
<td>3. External Façade</td>
<td>3,400 - 4,300+</td>
</tr>
<tr>
<td>4. Architectural, Builders’ Work and Finishes (ABWF)</td>
<td>8,600 - 10,600+</td>
</tr>
<tr>
<td>5. Building Services Installations</td>
<td>10,500 - 14,000+</td>
</tr>
<tr>
<td>6. Laboratory Furniture</td>
<td>3,500 - 6,000+</td>
</tr>
</tbody>
</table>

Total: 32,600 - 44,000+

Remarks:
* The World Health Organization (WHO) classifies different laboratory types with respective Biosafety Level as below table:

<table>
<thead>
<tr>
<th>Biosafety Level</th>
<th>Laboratory Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic - Biosafety Level 1 (BSL-1)</td>
<td>Basic teaching, research</td>
</tr>
<tr>
<td>Basic – Biosafety Level 2 (BSL-2)</td>
<td>Primary health services; diagnostic services, research</td>
</tr>
<tr>
<td>Containment – Biosafety Level 3 (BSL-3)</td>
<td>Special diagnostic services, research</td>
</tr>
<tr>
<td>Maximum Containment – Biosafety Level 4 (BSL-4)</td>
<td>Dangerous pathogen units</td>
</tr>
</tbody>
</table>

Source: Laboratory Biosafety Manual, World Health Organization (WHO)

The cost model should be regarded as guidelines to indicate the likely range of laboratory costs for early stage cost planning. Actual costs will depend, among others, on the final design and the eventual selection of materials.