



Our Review of 2022

As 2022 draws to a close, we are pleased to see that the future of Hong Kong is looking brighter.

Quarantine restrictions have been lifted and we seem to be returning to a degree of normality, with the easing of restrictions and the resumption of international travel to and from Hong Kong.

As a number of existing projects progress towards completion, the West Kowloon Cultural District, Kai Tak, Tseung Kwan O Lam Tin tunnel, the third runway project at Hong Kong International Airport to name but a few, the outlook for future works in Hong Kong looks positive with a significant number of rail, road and hospital projects in the pipeline, not to forget the long-term future development of the Northern Metropolis and the Kau Yi Chau Artificial Islands. Meanwhile in Macau, there was positive news for integrated resort developments with all six existing concessionaires being granted extensions to their gaming licenses for another decade. We hope that the Macau market will be invigorated by these extensions and that many of the concessionaires will announce their future expansion plans in the not-too-distant future.

NEC continues to grow in popularity in the Hong Kong construction market and we believe that familiarisation with the administration of NEC and a more collaborative approach to complex projects, should improve the cost and time management of all projects in the long-term.

Further, we hope that after the introduction of Security of Payment provisions within selected Government Contracts, formal Legislation governing Security of Payments will take a positive step forward in 2023.

Technological and industry developments in construction were showcased at the recent CIC Construction Innovation Expo and continue to be a source of interest as the construction industry has for some time, borne the brunt of being an unpopular industry for young adults to enter, given the perception of long hours and working in a dirty outdoor environment. Over the past few years, the industry in Hong Kong has continued to face the challenges of the retirement and relocation of many experienced staff, migration of young professional staff seeking new opportunities overseas and the ever-aging Hong Kong construction workforce.

The Contracts Group Limited has and continues to be an integral part of the Hong Kong construction industry. We have vast experience on a diverse range of projects in Hong Kong and look forward to assisting clients in 2023, be it on matters concerning contract administration, claims, disputes or NEC projects.

We wish everyone a Merry Christmas and a healthy, happy and prosperous New Year.

HONG KONG CONSTRUCTION INDUSTRY STATISTICS

Census & Statistics Department's construction output statistics for the third quarter of 2022 ("Q3") show:

- The gross value of construction works performed by main contractors in Q3 of 2022 increased by 1.1% from a year earlier to HK\$59.3 billion. In real terms there was a 0.9% decrease for Q3 of 2022 after removing the effect of price changes.
- Private sector sites were up 1.6% for Q3 of 2022 from a year earlier at HK\$15.9 billion.
- Public sector sites increased by 0.9% for Q3 of 2022 to HK\$18.8 billion.
- Gross value of construction works at locations other than construction sites (maintenance, decoration, repair, electrical installations, etc.) was up 0.8% for Q3 of 2022 at HK\$24.7 billion.
- Residential Building projects accounted for the largest share in gross value for Q3 of 2022 at HK\$11.2 billion (down 7.3%) with transport projects coming in second at HK\$7.7 billion, down 17.7% from Q2 of 2022.

Project News

A HK\$2.6 billion contract has been awarded to Gammon Construction Limited for the redevelopment of the former Excelsior Hotel. They will construct an A-grade office building on the former site. The project scope includes construction of a 25-storey office building with a podium for retail, F&B shops. Footbridges will also be built to connect with World Trade Centre and the LAFORET shopping mall.

Gammon will also adopt smart construction throughout the project lifecycle, from design to handover, and create a common data environment accessible to all project participants enhancing collaboration and streamline the construction work processes. The project aims to achieve BEAM Plus Platinum rating as well as WELL platinum and LEED platinum certifications.

Works on the superstructure will commence in Q4 2022 and is expected to be complete in Q1 2025.

STAFF NEWS

We are pleased to welcome Sherman Wong, Phebe Tse and Samuel Yip to our team.

Samuel has joined us as a Project Quantity Surveyors, Sherman as a Quantity Surveyor, and Phebe as our Marketing Officer.

Sherman and Samuel are providing contracts administration services on the 3RS project at Hong Kong International Airport, and bring with them a range of QS experience from various disciplines and sectors of construction.

Phebe is an experienced marketing professional who is responsible for all of our marketing and social media activities.

We welcome them all to our growing team!

