ABSTRACT

Previous studies have shown that well-developed regression models can accurately forecast future construction demand. However, the process of developing the demand model is a long and tedious one as it is always necessary to first draw up a “long list” of variables that have an impact on construction demand. This “long list” of variables will be a set of potential independent variables, which will eventually be reduced to a “short list” to be used for the development of the demand model. During this process, large amount of secondary data would have to be collected first based on the “long list” in order for the analyst to produce the “short list”. This data collection process is tedious and time-consuming especially when there are a lot of variables involved. Time and effort is wasted to collect data that may not be eventually be used at all.

This study thus seeks to establish whether economic indicators that can effectively predict the level of construction demand for a country can also be use to predict the same for another country such that time and effort used on data collection for the “long list” can be saved. In this study, the pre-selected indicators based on the Singapore residential construction demand model are applied to Hong Kong and the results evaluated. It was found that the construction demand model of a country could be directly applied to another similar country to produce a well-fitted model. However care should be taken when using the formulated model to predict future construction demand.

Keywords: Construction demand, regression models, forecasting accuracy.