

South Korea Construction Equipment Market - Strategic Assessment and Forecast 2022-2028

Market Report | 2022-07-06 | 111 pages | Arizton Advisory & Intelligence

AVAILABLE LICENSES:

- Single User License \$2200.00
- Team License \$2500.00
- Enterprisewide \$3000.00

Report description:

South Korea construction equipment market is expected to grow at a CAGR of 4.13% during 2022-2028.

The market for construction equipment in South Korea is expected to grow during the forecast period due to South Korea's electricity market reforming to net-zero and factors such as growth in the e-commerce sector and government efforts to promote public and private investments in the country.

KEY INSIGHTS INTO THE SOUTH KOREAN CONSTRUCTION EQUIPMENT MARKET

- In 2021, the material handling equipment segment was the largest in the South Korean construction equipment market, followed by earthmoving and road construction equipment. The forklift was the largest segment by type. The investment in the logistics industry, such as the expansion of fulfillment centers, the opening of new logistics centers, etc., has boosted the demand for forklifts in South Korea.
- In terms of end-users, the construction industry is expected to generate the highest demand for construction equipment and is anticipated to dominate the market during the forecast period further.
- The increasing demand for construction equipment is attributed to investments by favorable government policies. Foreign multinationals invest in South Korea, upcoming industrial developments in the construction industries, and government initiatives.
- By switching to intelligent systems driven by IoT and data analysis for service, networking, and sustainability, the construction equipment market is transitioning to a more innovative industry.

Distributors Profile

- SOOSAN CSM
- HAEIN Corporation
- Daijeon Machinery

Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com

www.scotts-international.com

Earthmoving Equipment:

- Excavator
- Backhoe Loaders
- Motor Graders
- Other Earthmoving Equipment (Other loaders, Bulldozers, Trenchers)

Road Construction Equipment

- Road Rollers
- Asphalt Pavers

Material Handling Equipment

- Crane
- Forklift & Telescopic Handlers
- Aerial Platforms (Articulated Boom Lifts, Telescopic Boom lifts, Scissor lifts)

End Users

- Construction
- Manufacturing
- Mining
- Others

Solid exports back South Korea's economy

COVID-19's outbreak triggered a global health and economic crisis in 2020, like many other countries worldwide. South Korea was adversely affected by the pandemic. However, due to the government's economic policies and fiscal support, COVID-19 had little impact on the country's GDP. According to the IMF, South Korea's GDP declined by 0.8% in 2020.

According to the IMF, South Korea's GDP increased by 9.8% in 2021 due to solid consumer spending and rising exports. In 2021, merchandise exports hit a new high of \$645 billion, up 25.8% Y-o-Y. Strong export growth, increased business investment, and governmental support is projected to carry South Korea's economy forward. According to the latest IMF statistics, South Korea's GDP is expected to grow by 0.3% in 2022, 6.4% in 2023, and 5% in 2024.

Construction equipment demand in South Korea is expected to increase owing to planned investments in the construction and manufacturing sectors and ongoing infrastructure projects.

Reforming South Korea's electricity market to net-zero will spur the demand for construction equipment.

The 9th Basic Plan for power supply and demand in South Korea plans to expand renewable energy's proportion of installed capacity to 40% by 2034, up from 15.1% in 2020. According to the plan, all coal-based power facilities with 30-year operational life cycles will be shut down by 2034.

From 2020 through 2034, the plan includes 15-year electricity supply and demand predictions and electricity facility plans. Evaluation of the previous program; Long-term supply and demand prediction; Demand management target; Power generation and transmission/substation facility plan; Expansion of distributed power supply; Greenhouse gas and acceptable dust reduction plan are among the primary objects of the project.

Over the forecast period, there will be considerable demand for construction equipment to build the infrastructure needed to

Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com

www.scotts-international.com

reform the South Korean power system. Infrastructure, such as power plants and greenhouses, will drive demand for material handling and the total construction equipment industry in South Korea.

Demand for forklifts and telescopic handlers will increase as the e-commerce sector grows.

South Korea has many internet users (96.5% of the population in 2020) and increased by 1.1% in 2021, owing to the deployment of modern technology (such as the 5G Network), which has fuelled the country's e-commerce sector growth.

Some e-commerce firms are also expanding their business in the country. For instance, Una Brands has partnered with KlickBrands to access the South Korean e-commerce sector. Furthermore, companies in South Korea are expanding their logistics centers, such as Hines, which announced the development of Iljuk Logistics Centre to expand its logistical capacity. CJ Logistics announced that the construction of fulfillment centers worth \$621 million would increase demand for forklifts.

As a result, the expansion of South Korea's e-commerce sector is benefitting the region's forklift market. The surge in trade at the region's seaports also supports the demand for forklifts and telescopic handles (South Korea has an export-dependent economy with ~52% exports of overall business). Forklifts and telescopic handlers are used for loading and unloading and material handling at seaports. The need for forklifts has increased due to increased freight flow at ports.

Government's efforts to promote investment fuels growth in construction equipment

To promote public investment, the government focuses on improving transportation and logistics systems and building intelligent buildings, zero energy buildings, smart cities, etc. The government has announced a \$20 billion budget for 2021.

Additionally, the government is also promoting private investment, for which the government has announced a \$31.2 billion worth of budget for 2021. These efforts to encourage investments mainly reduce the unemployment rate, as unemployment is one of the significant challenges South Korea faces after the COVID-19 pandemic. To overcome the same, the government invested ~\$17 billion (which includes start-up support programs, programs for middle-aged workers, etc.) in 2021 to create 360,000 jobs.

To reduce unemployment, the government also focuses on strengthening major manufacturing industries (such as machinery and equipment, mobile phones, automobiles, machinery including computers, household electronics, machine tools, and so on) and services by constructing digital clusters and upgrading intelligent factories, among other things. This will enhance the demand for construction equipment in all the major industries (Construction, Manufacturing, Mining, etc.) in South Korea.

High labor costs and increases in construction material prices reduce profit margins for OEMs

Due to the high standard of labor rights in South Korea, the construction industry is having difficulty hiring experienced workers. Workers in South Korea can operate technologically advanced machinery.

On the other hand, construction companies must pay high wages to workers to accomplish the work on time and efficiently. Furthermore, construction materials are expensive in South Korea. Prices of raw materials such as iron ore, steel, copper, etc., have risen sharply since the COVID-19 outbreak. For instance, in January 2022 average price of scrap iron increased ~113% (almost double) compared to the price in 2020.

In 2021, the average profit margins of construction industry companies had shrunk by ~40% compared to 2020 due to these added costs. As a result, most construction companies prefer to rent equipment rather than buy new equipment. Such trends are having a negative influence on construction equipment sales.

Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com

www.scotts-international.com

Unsold housing units and a population decline are expected to affect the demand adversely.

In 2020, there were more deaths than births (275,800 babies were born and 307,764 people died) in South Korea. Additionally, according to CIA World Factbook, South Korea is one of the top three countries in the world with the lowest birth rate (6.89) in 2021. In 2021, South Korea's total population also declined by 57,300 from 2020.

These factors and high prices resulted in ~17,000 unsold housing units in South Korea for 2021.

With the declining population and rising unsold housing units, the construction of new housing units is expected to be adversely affected, restricting the demand for construction equipment in South Korea over the forecast period.

Due to labor shortage, construction equipment with automation and intelligent operation technology is highly demanded.

Following the COVID-19 epidemic, South Korea is experiencing severe labor shortages in the construction, manufacturing, and mining industries. Due to a labor crisis, new technologies in construction equipment are in high demand to improve worker efficiency and reduce labor dependency.

Hitachi, for instance, has introduced wheel loaders and excavators with automation, intelligent operating technology, and the Concise Hitachi Comprehensive Machine Management support system. Other major construction equipment manufacturers, such as Hyundai and Volvo, follow similar patterns and introduce new technologies such as 5G, AI, advanced analytics (IoT), etc., into their equipment to address labor shortages in construction and mining industries, respectively.

VENDOR LANDSCAPE

-□The construction equipment market is captured by Hyundai CE being the leader, followed by Hyundai Doosan Infracore, Komatsu Group, Caterpillar, Hitachi CM, and Volvo Construction Equipment. In 2021, these companies will have nearly ~60% share of the total South Korean construction equipment market.

-□Yanmar has served the customers of the South Korea region for more than 70 years. However, it lags behind Liebherr in innovations, though Liebherr has less than 25 years of experience. In 2022, Liebherr introduced Hydrotreated Vegetable Oils (HVO) as an alternative fuel for construction machines.

-□In March 2022, Hyundai Construction Equipment introduced its new excavator model, "HX320A," with high fuel efficiency and eco-friendly engines.

Key Vendors

- Hyundai Construction Equipment
- Komatsu
- Caterpillar
- Hitachi
- Volvo Construction Equipment
- XCMG
- SANY
- John Deere
- Kubota

Other Prominent Vendors

- Liebherr
- Kobelco Construction Machinery
- Yanmar
- Zoomlion

Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com

www.scotts-international.com

KEY QUESTIONS ANSWERED

1. WHAT IS THE GROWTH RATE OF THE CONSTRUCTION EQUIPMENT MARKET IN SOUTH KOREA?
2. WHO ARE THE KEY PLAYERS IN THE SOUTH KOREA CONSTRUCTION MACHINERY MARKET?
3. WHAT ARE THE MARKET OPPORTUNITIES FOR PLAYERS IN THE SOUTH KOREA CONSTRUCTION EQUIPMENT INDUSTRY?
4. WHAT ARE THE LATEST TRENDS IMPACTING THE GROWTH OF THE SOUTH KOREA CONSTRUCTION EQUIPMENT MARKET?
5. HOW WILL EARTHMOVING EQUIPMENT CONTRIBUTE TO THE GROWTH IN THE SOUTH KOREAN CONSTRUCTION EQUIPMENT INDUSTRY?

Table of Contents:

Section 1 - Introduction

- Market Snapshot
- Executive Summary

Section 2 - Market Overview

Economic Scenario, Foreign Direct Investment

Section 3 - Market Landscape

South Korea Construction Equipment (Type & Application)

3.1 South Korea Construction Equipment Market by Type (Volume & Value)

3.1.1 Material Handling Equipment

1. Forklift and Telescopic Handler
2. Aerial Platform (Articulated Boom lifts, Telescopic Boom lifts, Scissor Lifts, etc)
3. Crane

3.1.2 Earth Moving Equipment

1. Excavator
2. Backhoe Loader
3. Motor Grader
4. Other Earth Moving Equipment (Other Loaders, Bulldozer, Trencher, etc.)

3.1.3 Road Construction Equipment

1. Road Roller
2. Asphalt Paver

3.2 South Korea Construction Equipment Market by Application (Volume & Value)

1. Construction
2. Manufacturing
3. Mining
4. Others (Power Generation, Utilities Municipal Corporation, Oil & Gas, Cargo Handling, Power Generation Plants, Waste Management, etc.)

Section 4: Market Dynamics

Market Drivers, Restraints, Trends, Advantage South Korea, Key Economic Regions, Import/Export Trend Analysis, Supply chain Analysis, COVID-19 Impact

Section 5: Technology Development

Advent of New Technology

Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com

www.scotts-international.com

Section 6 - Competitive Landscape

1. Competitive Landscape Overview

2. Major Vendors (Hyundai Construction Equipment | Hyundai Doosan Infracore | Komatsu Group | Caterpillar | Hitachi Construction Machinery | Volvo Construction Equipment | XCMG Group | SANY Group | John Deere | Kubota | Liebherr Group | Kobelco | Yanmar | Zoomlion | JCB)

3. Other Prominent Vendors

4. Distributor Profiles

Section 7-Quantitative Summary

Section 8 - Report Summary

1. Key Insights

2. Abbreviations

3. List of Graphs

4. List of Tables

Section 9 - Report Scope & Definition

1. Research Methodology

2. Market Definition, Inclusion & Exclusion

South Korea Construction Equipment Market - Strategic Assessment and Forecast 2022-2028

Market Report | 2022-07-06 | 111 pages | Arizton Advisory & Intelligence

To place an Order with Scotts International:

- ☐ - Print this form
- ☐ - Complete the relevant blank fields and sign
- ☐ - Send as a scanned email to support@scotts-international.com

ORDER FORM:

| Select license | License | Price |
|--------------------------|---------------------|-----------|
| <input type="checkbox"/> | Single User License | \$2200.00 |
| <input type="checkbox"/> | Team License | \$2500.00 |
| <input type="checkbox"/> | Enterprisewide | \$3000.00 |
| | | VAT |
| | | Total |

*Please circle the relevant license option. For any questions please contact support@scotts-international.com or 0048 603 394 346.

☐ ** VAT will be added at 23% for Polish based companies, individuals and EU based companies who are unable to provide a valid EU Vat Numbers.

| | | | |
|---------------|----------------------|-------------------------------|---|
| Email* | <input type="text"/> | Phone* | <input type="text"/> |
| First Name* | <input type="text"/> | Last Name* | <input type="text"/> |
| Job title* | <input type="text"/> | | |
| Company Name* | <input type="text"/> | EU Vat / Tax ID / NIP number* | <input type="text"/> |
| Address* | <input type="text"/> | City* | <input type="text"/> |
| Zip Code* | <input type="text"/> | Country* | <input type="text"/> |
| | | Date | <input type="text" value="2025-05-08"/> |
| | | Signature | |

Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com

www.scotts-international.com



Scotts International. EU Vat number: PL 6772247784

tel. 0048 603 394 346 e-mail: support@scotts-international.com
www.scotts-international.com