

## **Malaysia Construction Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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### **Report description:**

Malaysia Construction Market is expected to grow at a CAGR of approximately 6% during the forecast period 2022-2027. During COVID-19, the construction industry in Malaysia was severely affected.

#### Key Highlights

Most construction work, except those classified as critical or essential services, was halted throughout the Movement Control Order (MCO). Even after the MCO was lifted, contractors continued to encounter disruption, such as having to incorporate stringent standard operating procedures on health and safety measures ("SOPs") for construction sites. Such disruption has prevented them from carrying out their work as initially and normally envisaged.

The construction industry is expected to register growth driven by investment in large-scale transport and energy projects. In September 2021, the Government announced its plan to establish the Public Private Partnership (PPP) 3.0 model, a specialized mechanism to fund infrastructure projects in the 12th Malaysia (12MP) plan between 2021 and 2025.

In December 2021, the Malaysian parliament passed the government's budget for 2022, approving an expenditure of MYR 332.1 billion (USD 81.8 billion). The budget includes an allocation of MYR 75.6 billion (USD 18.6 billion) for development expenditure, along with several incentives to improve employment rates and support businesses.

#### Malaysia Construction Market Trends

##### Investments in Infrastructure Sector to Boost Construction Activity

The Malaysian Government has made considerable progress in expanding and modernizing its infrastructures throughout the

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country. This effort is evident in the five-year centralized economic development plan known as the Malaysia Plan. In these plans, the public sector infrastructure development consistently holds the most significant funding portion.

Among the revived mega infrastructure projects is the 640 km-long East Coast Rail Link project, which resumed work on July 25, 2020, after a year-long suspension. In July 2022, The bulk of domestic demand for Malaysian steelmakers will likely come from the construction of the 20 stations planned for the rail project, as there is no rail maker in Malaysia. In addition to ECRL, other projects such as the Light Rail Transit 3, Mass Rail Transit 2, Electrified Double Track Gemas-Johor Bahru, Klang Valley Double Track Phase 2, Central Spine Road, Pan Borneo Highway, and Coastal Highway in Sarawak are expected to boost Malaysia's construction segment.

As of October 2021, the ECRL project is on track for completion by the end of 2027. The construction industry expanded in 2021 as major infrastructure, and affordable housing projects were revived and accelerated to meet deadlines. Most of the growth is expected to be fuelled by domestic investments. State investments and developments in Penang, Johor, and Negeri Sembilan also contributes to boost the construction industry in 2022.

#### Increase in Residential Constructions To Drive the Construction Market

In 2021, construction work in Malaysia was valued at approximately MYR 111.98 billion, indicating a decrease from prior years due to the pandemic. In 2021, residential building construction by the public sector in Malaysia was valued at approximately MYR 1.02 billion. However, Malaysia's public residential building construction market has been observing strong growth until 2019, when it was valued at MYR 1.9 billion, rising from MYR 1.46 billion. In 2021, the value of residential building construction by the private sector in Malaysia was valued at approximately MYR 25.22 billion, down from MYR 27.26 billion in 2020.

The previous government had announced a total of 300,000 housing units through its various housing programs, such as the Malaysia Civil Servants Housing project (PPA1M), which aimed to build 175,000 affordable housing units across the country, First House Deposit Financing, Program Rumah Mesra Rakyat, People's Housing Program (PPR), and Syarikat Perumahan Negara Berhad. These projects boost residential construction markets during the forecast period.

#### Malaysia Construction Market Competitor Analysis

The Malaysian construction market is less competitive due to major international players holding a large share of the total market. Furthermore, the residential and transport construction sectors have a huge potential for growth in the forecasted period which stimulates opportunities for other market players. Some of the major players in Malaysia Construction Market are YTL Corporation Berhad, IJM Corporation Berhad, Gamuda Berhad, UEM Group Berhad and Malaysian Resources Corporation Berhad.

#### Additional Benefits:

The market estimate (ME) sheet in Excel format  
3 months of analyst support

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