

South Korea Construction Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 150 pages | Mordor Intelligence

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Report description:

The South Korean construction market is expected to register a CAGR of over 4% during the forecast period of 2022-2027.

COVID-19 had a significant impact on the construction industry in South Korea, with supply chain issues, a halt to planning and inspection timelines, and new measures to ensure worker health and safety. Following a 1.4% decline in 2020, the South Korean construction industry is expected to contract by 1.4% in 2021. The downward revision is due to an increase in COVID-19 infection rates, a drop in construction output in the first three quarters of 2021, and disruptions in construction activity.

The construction industry's value add decreased by 0.9% year on year (Y-o-Y) in real terms in the third quarter of 2021, according to the Korean Statistical Information Service (KOSIS), following a decline of 3.4% in the second quarter and growth of 3.2% in the first.

In February 2021, the government announced that it would build 830,000 houses across the country over the next four years, with 323,000 in Seoul and 293,000 in nearby Gyeonggi Province and Incheon.

In 2022, the industry is expected to recover, growing by 4.1%, due to significant spending outlined in the proposed Budget for 2022 and the implementation of planned energy projects.

South Korea Construction Market Trends

Increase in Construction Permits Driving the Market

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The vast majority of the 232 thousand construction permits issued in South Korea in 2021 were used for residential and commercial buildings. They are far ahead of other permit uses, with 82.86 thousand and 85.1 thousand permits, respectively. Educational and social use buildings received the fewest building permits, with only 8,527 issued.

In total, 545.4 thousand housing construction permits were issued in South Korea in 2021. About 45% of housing construction permits were for homes ranging in size from 60 to 85 square meters.

With over 186 thousand housing units, Gyeonggi province had the most housing construction permits in South Korea.

In total, there were 17 thousand unsold housing units in South Korea in 2021, down from around 19 thousand the year before. With over 4.3 thousand unsold housing units, Gyeongnam province had the highest number of unsold housing units among South Korea's metropolitan cities and provinces that year.

The total cost of general construction in South Korea in 2020 amounted to around USD 186.7 billion. The sector dealing with site preparation and foundation work had the highest costs in the specialized construction field, at around USD 39.8 billion.

Growth in the Real Estate Sector Boosting the Construction Industry

South Korea's real estate sector generated a real gross domestic product (GDP) of around USD 110 billion in 2021. South Koreans regarded real estate as one of their most valuable investment assets.

The number of commercial building transactions in South Korea in October 2021 was around 31 thousand, slightly down from around 34 thousand the month before.

South Korea's commercial building stock reached 1.32 million units in 2020, up from 1.29 million the previous year. In the last decade, the number of commercial buildings in South Korea has steadily increased.

With around 268 thousand units, Gyeonggi province in South Korea had the most commercial buildings in 2020. With about 126 and 121 thousand units, Seoul and Gyeongbuk came in second and third, respectively.

In 2020, South Korea had around 286 real estate investment trusts (REITs), up slightly from the previous year. In recent years, the number of REITs has steadily increased. The total assets of REITs amounted to around USD 50.18 billion in 2020, up from around USD 41 billion the previous year.

South Korea Construction Market Competitor Analysis

The report covers the major players operating in the South Korean construction market. The market is moderately fragmented, with some of the major players like Samsung C&T, Hyundai E&C, GS E&C, Daewoo E&C, etc. In 2021, the revenues of major players Samsung C&T and Hyundai E&C were USD 28.07 billion and USD 14.66 billion, respectively. The market size of Korea's local construction has grown significantly, mainly due to a significant increase in private residential construction by contractors.

Additional Benefits:

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

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