

Bangladesh 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:

The Bangladesh construction market is estimated to witness a CAGR of approximately 6.5% during the forecast period.

The COVID-19 pandemic hurt various industries. Public construction was one of the few industries that were maintained to some extent. Although activity will likely continue in the short term, the work is expected to halt soon, given various factors, including supply chain disruption, shortage of subcontractors and materials, and the termination of contracts to control expenses.

Key Highlights

The construction industry is driven by infrastructure developments (which include small-and large-scale projects) and urbanization. Both sectors maintain GDP growth rates of almost 8% and 4%, thereby increasing the demand for raw materials such as steel and cement products.

For the next five years, the outlook for the infrastructure construction sector remains positive as the government seeks to attract more investment in the country's transportation infrastructure through public-private partnerships to help the economy.

To meet the country's increasing electricity demand, investment in power infrastructure will support forecast-period output in the energy and utility sector. Electricity demand is expected to reach 40 GW by 2030, prompting the government to seek USD 70 billion in investment in the sector by 2035.

Bangladesh Construction Market Trends

Recovery and Growth in Infrastructure Activities

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Bangladesh is witnessing huge growth in the infrastructure sector due to the construction of megaprojects that are spread across the country. For the fiscal year 2022, the Bangladesh government proposed a budget worth BDT 603,681 crore (USD 72.42 Billion), and BDT 225,324 crore (USD 26.28 Billion) is allocated for Annual Development Program (ADP). The Annual Development Program (ADP) includes the construction of some major projects nationwide, such as Rooppur Nuclear Power Plant, Matarbari ultra-supercritical coal-fired power plant, Padma Bridge, Hazrat Shahjalal International Airport, etc. The government aims to establish an integrated and undisturbed communication network through these mega infrastructure projects. The Padma Bridge is a multi-purpose road and railway bridge over the Padma River in Bangladesh. It is the largest bridge in Bangladesh and the first fixed river crossing for road traffic. It connects Ruhajon, Munshiganj, Shariatpur, and Madaripur and connects the southwestern part of the country with the northern and eastern regions. It was open to the public on June 2022. Bangladesh's first tunnel beneath the Karnaphuli river is still being built. Despite being affected by a labor shortage and a lack of construction materials during the COVID-19 period, 70% of the work has been completed. Despite being affected by the COVID-19 pandemic, which slowed down the timelines for mega project deliverables and planned infrastructure, Bangladesh's per capita income and GDP are expanding quickly. Those have now been adjusted, and development progress restarted.

Growing Demand in the Real Estate Sector

Significant growth is observed in the real estate and construction sector, which the government also backs by allowing untaxable income to purchase land and apartments. Also, reducing registration fees, land transfer tax, stamp duty, mutation costs, and digitization of land-related paperwork attract buyers to invest in this sector. Banks and NBFIs are now offering low-interest home loans. As a result, more people will be interested in buying apartments. This has already resulted in a significant increase in the demand for apartment purchases. A decrease in the registration cost of a property's pricing will encourage people to purchase apartments. The real estate sector is now working on 6,000 ongoing projects worth BDK 150,000 crores (USD 17.49 billion) investment. Yearly, 10,000-12,000 flats are delivered to the customers. As many people enter the middle class, demand for affordable housing rises, creating a huge business opportunity for private real estate companies. Currently, 68% of Dhaka's residents live in rented housing. Hence, there is a huge potential for real estate companies if the companies can provide apartments at a reasonable price. The current annual rate of urbanization is 5-6%. By the next few years, nearly 40% of the total population will live in urban areas. Only 40% of the population of Dhaka has access to adequate or substandard housing. As a result of the comparative analysis, experts predict that housing demand will continue to rise for a long time. Bangladesh's government has undertaken huge road and highway development projects throughout the country. Since transportation is crucial to the growth of any place, the government is making slow but steady progress in addressing this requirement. Therefore, real estate companies should concentrate on delivering new developments to Bangladeshi towns.

Bangladesh Construction Market Competitor Analysis

The report covers the major players operating in the Bangladesh construction market. The market is fragmented and expected to grow during the forecast period due to continued economic growth, an increase in demand for residential real estate in metropolitan cities, and a few other factors.

Some of the major players in the Bangladesh construction market are Western Engineering (Pvt.) Ltd, Mir Akhter Hossain Limited, Mazid Sons Constructions Ltd, etc. However, the market holds opportunities for small and medium players due to increasing

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government investments.

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