

Latin America Construction Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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

AVAILABLE LICENSES:

- Single User License \$4750.00
- Team License (1-7 Users) \$5250.00
- Site License \$6500.00
- Corporate License \$8750.00

Report description:

The Latin America Construction Market is anticipated to register a CAGR of more than 5.4% over the forecast period. The growing demand for real estate and infrastructure in the region is driving the market. Furthermore, government projects and policies easing the construction output are driving the market.

Key Highlights

Construction output in Latin America is expected to increase. Brazil, the region's largest country, performed well in 2021, with levels higher than before the pandemic. It should also be noted that Argentina and Peru have performed well, whereas Mexico has been sluggish, with the country struggling to regain output lost in 2020. It will not reach pre-pandemic levels until 2025. Following a sharp drop in output, a low base effect, coupled with fiscal stimulus and accommodating monetary policy, fueled a strong recovery in construction output through 2021. The fiscal response to the pandemic largely separated countries in the region, as public works absorbed much of the private sector's losses. A large-scale fiscal response is being implemented in Brazil. In Mexico, on the other hand, the government attempted to control the deficit, resulting in a muted fiscal response and, as a result, a slow recovery in output. The global surge in commodity prices and supply-chain fragilities has resulted in rampant inflation in the region; inflation has reached double digits in major economies such as Brazil and Argentina, with Argentina's expected to exceed 50% by 2021. Steel, lumber, and concrete costs have weighed on the value chain, causing delays and cost increases. On the plus side, higher commodity prices have benefited much of Latin America; rising copper, lithium, and other base metal prices have resulted in increased export earnings and tax revenue, which bode well for a more positive investment climate. In Q2 2022, the region's total hospitality construction pipeline includes 555 projects and 90,496 rooms. Following nearly two years of uncertainty caused by the pandemic, the Latin American hotel industry is finally showing signs of recovery. Consumer confidence has risen as border restrictions and quarantine requirements across the region have been relaxed. Air passenger traffic to Latin American countries has increased significantly compared to the second quarter of 2021. In the region, 40 projects

Scotts International. EU Vat number: PL 6772247784

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

www.scottss-international.com

totalling 8,481 rooms began construction in the first half of 2022. In Q2 2022, new project announcements increased 57% year on year to 36 projects/6,208 rooms.

Latin America Construction Market Trends

Increase in residential construction driving the market

Colombia's supply of urban housing has been increasing, according to government and industry figures. However, it has not been sufficient to offset demand: according to official statistics, the country's housing stock is more than 1.3 million homes short. The government has implemented policies to meet the demand that encourages and subsidizes construction and housing investment. Colombia is experiencing the region's fastest-growing construction boom.

Because of its exceptional business conditions, Panama is on the minds of American, European, and Latin American investors. It's no secret that this tiny country is one of Mundo's favourites. It is the location where a group of consultants decided to establish Mundo some time ago. In recent decades, Panama has experienced a miraculous economic boom. We called it Panamanian Exceptionalism because of the country's stability and low inflation rates, which are unusual in Latin America, a region accustomed to military coups, high inflation, and worthless currencies. The real estate industry is thriving as a result of liberal economic policies and political stability. Over the last decade, investors from the United States, Colombia, and Asia have rushed to meet demand, pushing prices up by 5 to 10% per year.

The Brazilian economy recovered more solidly than expected, with indicators higher than in the first quarter, and despite a decrease in the volume of transactions and the vacancy of some spaces still, in process, the performance of the Class A office market in this market continues at a steady pace in this first semester. The availability rate is still stable but high at 35.37%, down from 35.45% in the first quarter of the year. Despite being low, activity in new occupations outpaced that of unemployment in most corridors of this important city.

Development of hospitality infrastructure driving the market

Despite economic pressures, the Latin American lodging market is undergoing a "significant economic transformation," according to a report by one of the industry experts. Consistent investment in existing and new hospitality projects is expected to drive lodging demand and support supply growth through 2025. With an existing hotel supply ratio (a measure of the estimated relevant hotel rooms in a country per 1,000 inhabitants) of 2.6, Mexico is the most advanced country in terms of its lodging market. Over the next decade, consistent business, tourism, and infrastructure investment will raise the hotel supply ratio to 3.8. Chile, widely regarded as one of the most stable economies in the region, is expected to see a 5.3% increase in supportable supply, bringing in an estimated 46,700 quality hotel rooms by 2025.

Colombia has also seen significant supply increases as a result of tourism, general economic growth, and special tax incentives. While the petroleum sector has suffered, Colombia is expected to attract consistent investment over the next decade as it continues to emerge as an appealing business and tourist destination. Peru has the highest growth rate among the profiled countries, with a high growth rate in quality lodging supply over the next decade, despite having a relatively small base of existing stock.

Latin America Construction Market Competitor Analysis

The Latin America Construction Market is fairly fragmented, comprising local and regional players mainly, with few global players. The major players are Empresa ICA, S.A.B. de C.V., OAS S.A., IDEAL, S.A.B. de C.V., Cyrela Brazil Realty S.A., Andrade Gutierrez

Scotts International. EU Vat number: PL 6772247784

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

www.scotts-international.com

S.A., and many more. The rise in tourism is creating opportunities for the construction and development of hospitality infrastructure. Also, companies complying with the emerging policies in the region have opportunities to gain a good share of the market

Additional Benefits:

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

Table of Contents:

1 INTRODUCTION

- 1.1 Study Assumptions
- 1.2 Scope of the Study

2 RESEARCH METHODOLOGY

- 2.1 Analysis Methodology
- 2.2 Research Phases

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

- 4.1 Current Economic and Construction Market Scenario
- 4.2 Technological Innovations in the Construction Sector
- 4.3 Impact of Government Regulations and Initiatives on the Industry
- 4.4 Key Exports & import statistics of construction materials
- 4.5 Impact of COVID - 19 on the market

5 MARKET DYNAMICS

- 5.1 Restraints
- 5.2 Opportunitites
- 5.3 Value Chain / Supply Chain Analysis
- 5.4 Porter Five Forces
 - 5.4.1 Bargaining Power of Suppliers
 - 5.4.2 Bargaining Power of Consumers / Buyers
 - 5.4.3 Threat of New Entrants
 - 5.4.4 Threat of Substitute Products
 - 5.4.5 Intensity of Competitive Rivalry

6 MARKET SEGMENTATION

- 6.1 By Type
 - 6.1.1 Residential
 - 6.1.2 Commercial
 - 6.1.3 Industrial
 - 6.1.4 Infrastructure
 - 6.1.5 Energy and Utilities

7 COMPETITIVE LANDSCAPE

Scotts International. EU Vat number: PL 6772247784

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

www.scotts-international.com

- 7.1 Market Concentration Overview
- 7.2 Company Profiles
 - 7.2.1 Empresa ICA, S.A.B. de C.V.
 - 7.2.2 OAS S.A.
 - 7.2.3 Somague-Engenharia, S.A
 - 7.2.4 IDEAL,S.A.B. de C.V.
 - 7.2.5 Cyrela Brazil Realty S.A.
 - 7.2.6 Andrade Gutierrez S.A.
 - 7.2.7 Construcciones el Condor S.A.
 - 7.2.8 Salfacorp S.A.
 - 7.2.9 Construtora Queiroz Galvao S.A.
 - 7.2.10 Odinsa S.A.
 - 7.2.11 Socovesa S.A.*

8 MARKET OPPORTUNITIES AND FUTURE TRENDS

9 APPENDIX

Scotts International. EU Vat number: PL 6772247784

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

www.scotts-international.com

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

Market Report | 2023-01-23 | 150 pages | Mordor 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 |
|----------------|--------------------------|-----------|
| | Single User License | \$4750.00 |
| | Team License (1-7 Users) | \$5250.00 |
| | Site License | \$6500.00 |
| | Corporate License | \$8750.00 |
| | | 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="2026-03-01"/> |
| | | Signature | |

Scotts International. EU Vat number: PL 6772247784

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

www.scotts-international.com

