

Asia Pacific Architectural Services Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Asia Pacific architectural services market is expected to register a CAGR of approximately 4.2% during the forecast period. Rapid urbanization, increasing demand for smart homes, and rising commercial and industrial building infrastructural upgradation activities across the globe are among the significant factors driving market growth.

Key Highlights

Architectural planning witnessed a paradigm shift in the last few years due to computer software's emergence. Advancements in digital design tools, computer-controlled fabrication, computer-controlled connectedness, and interconnectedness have enabled a new phase of the designing and building processes.

Architectural services comprise a wide variety of processes, including feasibility studies, architectural programming, project management with the help of design, preparation of construction documents, and construction administration. The increasing demand for green buildings drives the architectural services market, as sustainable construction provides essential benefits and business opportunities. Moreover, the return on investment can be improved, along with the occupancy, thereby saving operating costs.

The Asia Pacific region is characterized by significant ongoing and upcoming infrastructural projects, particularly smart city projects, across Singapore, China, Japan, and India, which may create a demand for architectural services. According to the India Brand Equity Foundation (IBEF), the real estate sector in India is expected to reach a value of USD 1 trillion by 2030, which may account for over 13% of the country's GDP by 2025.

In the context of technology insertion, homes are adopting automation and transforming it into smart homes. New buildings are designed by keeping automation as the top priority. Automated systems aid in functions like security, temperature control, and lighting, which help control bills and positively impact the environment and the surroundings.

Furthermore, the architectural industry in the Asia Pacific region is growing considerably, with an increasing number of new

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architectural firms entering the market with innovative designs and software, thereby providing better services, such as enhancements in urban planning. These advancements are expected to increase the demand for upgraded design technology involving 3D models and high-end designing software. The entry of new players is backed by several investments from venture capital firms, which supports the growth of the studied market.

However, low awareness compared to the developed regions, along with higher costs involved and a shortage of qualified individuals with design and execution expertise, are among the most significant impediments to the growth of the studied market in the Asia Pacific region.

The COVID-19 pandemic negatively impacted firms offering architectural services, especially during the initial phase. The widespread lockdown imposed across various countries significantly reduced construction activities, bringing a slowdown in demand for architectural services. However, the market regained momentum as the condition improved and moved towards normalcy due to the widespread vaccination in the region. It is expected to follow a similar pattern during the forecast period.

APAC Architectural Services Market Trends

Residential Sector to Hold Significant Market Share

The residential sector is among the largest end-user segments for architectural services. The residential project stakeholders use different forms of architectural visualization to serve distinct needs. These architectural services provide various help, including interior design, in the residential sector to ensure a successful residential construction project. The operating firms work with trusted partners, suppliers, and service providers to help users achieve their project goals.

Rapid urbanization significantly boosts the Asia-Pacific region's residential architectural services market. In the Asia Pacific region, the urbanization rate is considerably higher in the East Asia and Pacific region, as about 61% of the population stays in urban areas. In South Asia, this number accounts for only 35%. (Source: World Bank). However, this rate is expected to increase with the growth of the industrial sector and will contribute significantly to the demand for housing, in turn, the studied market.

Furthermore, the growing urban population is driving the government to take several initiatives to ensure the sufficient availability of residential spaces. For instance, the Indian government recently introduced the Affordable Rental Housing Scheme (AHRC) to provide migrant workers with affordable rental housing. This, combined with the Maharashtra Chief Minister's introduction of the Maha Awas Yojana, a new rural housing project, is projected to propel India's residential construction sector forward.

Similarly, in Malaysia's 2021 budget, the government proposed several incentives to increase homeownership. For example, the Malaysian government declared that first-time property buyers in the country will be exempt from paying stamp duty until 2025. Several Malaysians who want to buy a home in the nation will profit from the stamp duty exemption.

In November 2022, Thailand's Government Housing Bank (GHB) sought approval from the cabinet and Finance Ministry for the third phase of the "One Million Home" project, which aims to provide housing to low income-earners. Initiatives such as these are expected to create many opportunities for architectural services in the residential arena.

China to Hold Significant Market Share

China's urbanization rate is among the highest in the Asia-Pacific region. According to the National Bureau of Statistics (NBS) of China, the degree of urbanization in China has increased from 61.5% in 2018 to 64.72% in 2021. The country plans to take the urbanization rate beyond 65% by 2025.

Rapid industrialization is among the significant factors driving the country's urban population count, as many workforces are required in industries. To support the urbanization growth, the government is taking several initiatives, such as investing in new residential and commercial spaces to ensure accommodation for inhabitants.

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For instance, according to the data from the American Institute of Architects (AIA) Shanghai reports, by 2025, China will have constructed the equivalent of 10 New York-sized cities since the 1990s. Furthermore, according to the NBS of China, in 2021, about 13.69 million units of apartments were sold by real estate developers in China.

China remains a site for architectural experimentation and attracts multiple companies to provide architectural services. Although, in the past development of China's construction industry, architectural design only profoundly participated in the subsequent building construction process after submitting design drawings, showing a state of fragmentation between architectural design and building construction, which has brought a series of drawbacks. The shortcomings of the traditional production model have promoted the development of new business models, such as general engineering contracting and whole-process engineering consulting, which are supporting the growth of the studied market.

Furthermore, China has registered rapid development of Leadership in Energy and Environmental Design (LEED) green buildings over the past few years, with first-tier cities remaining the most active players. As of April 2021, nearly 6,600 projects in China totaling more than 330 million square meters either received the Leadership in Energy and Environmental Design (LEED) certification or were working toward it, making it the second-largest market after the United States in terms of LEED certification, according to data by the US Green Building Council.

China is also massively investing in the digital transformation of its cities and has developed smart city infrastructure that has already been applied to many of its major metropolises and their industries. Furthermore, China's state-led initiatives in technological innovation and public-private enterprise involvement are further expected to drive the demand for architectural services during the forecast period.

APAC Architectural Services Market Competitor Analysis

The Asia Pacific architectural services market is moderately competitive and is growing in competition with the entry of an increased number of players. The market consists of a significant number of local and global players. The players focus on expanding their client base across the region and adopting organic and inorganic growth strategies. Some major players operating in the market include IBI Group Inc., AECOM Ltd., Aedas Architects Ltd, and HDR Architecture Inc., among others.

In December 2022, Zaha Hadid Architects and Architects 61 unveiled the design for the new Science Center in Jurong Lake District, Singapore. The 52,460 square meters complex aims to make science, technology, engineering, and mathematics (STEM) more accessible through educational programs, specialized amenities, and interactive experiences. According to the company, the building is expected to open in 2027.

In November 2022, the Department of Architecture, under the National University of Singapore College of Design and Engineering (NUS CDE), opened the new Architectural Conservation Laboratory (ArClab). It is a unique living laboratory housed in a conserved building. It will serve as a site for researchers, built heritage professionals, and graduate students to conduct a wide range of teaching and research activities on sustainable development of the built environment.

Additional Benefits:

The market estimate (ME) sheet in Excel format
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