

El Salvador Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2024 - 2029

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Report description:

The El Salvador Construction Market size is estimated at USD 1.92 billion in 2024, and is expected to reach USD 2.60 billion by 2029, growing at a CAGR of 0% during the forecast period (2024-2029).

Key Highlights

- Salvadoran builders adapted to the digital era with automation procedures that let them maximize resources, enhance quality, and keep track of a project's complete life cycle. During his remarks at the most recent Casalco awards event for the most outstanding in the sector, Luis Dada, the president of the Salvadoran Chamber of Construction (Casalco), reaffirmed this. According to data from Casalco, in the second quarter of 2022, the construction sector reported a growth of 12.1%, contributing 5.4% to the country's Gross Domestic Product (GDP).
- The need for El Salvadorian construction and infrastructure enterprises is being boosted by rising government spending on environmentally friendly infrastructure development and ongoing investments in such assets. The government also supports businesses that prioritize technical development and standardize contemporary building practices. Industrialization and urbanization trends around the world are boosting demand for client-driven construction and infrastructure projects as well as investments in utilities such as water, power, and transportation infrastructure. In El Salvador's construction and infrastructure market, there is an increasing demand for building information modeling, modular construction, and building materials.

El Salvador Construction Market Trends

Rise in road investment projects

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2023 looks set to be another big year for road construction in El Salvador. Bukele said virtually the country's entire network of cobbled roads needs rehabilitation and blamed previous governments for neglecting the national infrastructure over the past thirty years. Last month, his government announced that the Ministry of Public Works and Transport (MOP) would embark on dozens of large-scale road construction projects this year. One of the most controversial upcoming road projects is the continuation of work on the 15 km (9 mile) extension of the Los Chorros Highway between the communities of Coln and La Libertad, a portion of the Panamericana Highway that spans North and South America. The multi-million dollar project will widen the road to six or eight lanes in various areas, requiring the eviction of 199 families. Public infrastructure projects are expected to remain an important driver of growth, with a focus on improving transport infrastructure, mainly in the roads sub-sector. The rail flagship project, Pacific Train, could also pick up speed in the coming quarters. In addition to the demand for new retail and industrial space, private investment is likely to focus on housing to address a persistent deficit. The El Salvador Coastal Roads Project will help fund the construction of an all-weather road stretching 306 km along the country's Pacific coast. The project will develop a region with large agricultural resources that are currently under-exploited due to insufficient roads. Its components are 1) construction of the coastal road; 2) construction of feeder and secondary roads; 3) main and local road maintenance; 4) Strengthening of the personnel, facilities, and methods of its maintenance organization; 5) Obtaining technical support from consulting engineers; and 6) employment of qualified contractors. These improvements will boost agricultural production in an underdeveloped area, providing an outlet for the settlement of the population, and promoting a better balance between food production and food needs in El Salvador.

Rise in pipeline projects driving the construction market

El Salvador's Wrtasil announced the installation and successful operation of a Floating Storage and Regasification Unit (FSRU, Figure 1) that will provide fuel for the 378 MW Energa del Pacifico (EdP) power plant. The Port of Acajutla facility is a three-part project that includes the thermal power plant, the liquefied natural gas (LNG) regasification terminal, and the transmission line. The project was developed and is operated by Invenergy. The combined cycle power plant includes 19 Wrtasil 18V50SG natural gas-fired piston engines, each rated at 18.9 MW, and a 28 MW Wrtasil steam turbine generator set that runs on steam recovered from the heat contained in the exhaust gases of the individual engines is recovered. The power project, which took shape in 2013, is important to El Salvador because it offers cleaner power generation, replacing heavy fuel oil for power generation while providing the flexibility the country needs to support adding more renewable energy sources to the national power grid.

Invenergy, the world's largest private developer, owner, and operator of sustainable solutions, achieved commercial operation of the Energa del Pacifico (EDP) LNG-to-Power project at the Port of Acajutla in El Salvador. The completion of EDP represents a significant increase in electrical reliability and reduced emissions from the Central American region's natural gas supply. The project represents the country's largest private foreign direct investment to date and will provide clean and reliable electricity to meet up to 30% of El Salvador's energy needs. By converting a significant portion of its electricity supply to natural gas, EDP is reducing El Salvador's reliance on diesel and heavy oil-fired power generation, offsetting 600,000 tons of carbon emissions per year. It is also providing grid support to enable further adoption of renewable energy, diversifying the country's energy mix.

El Salvador Construction Industry Overview

The market is fragmented and expected to grow during the forecast period due to the increase in construction investments and upcoming major projects in the country. However, the market provides chances for small and medium-sized businesses due to the rising government spending in the industry. During the forecast period, the El Salvador construction market includes the potential for expansion, which may increase market competitiveness.

The key players in the El Salvador construction market are Construcciones Nabra S.A. de C.V., Salazar Romero, Sociedad Anonima de Capital Variable, Inversiones Roble S.A. de C.V., American Industrial Park S.A. de C.V., and Profesionales En Terraceria SA de CV.

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Additional Benefits:

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

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