

Latin America Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

The Latin America Construction Market size is estimated at USD 675.99 billion in 2024, and is expected to reach USD 842.52 billion by 2029, growing at a CAGR of 5% during the forecast period (2024-2029).

The region's growing demand for real estate and infrastructure drives the market. Furthermore, government projects and policies easing the construction output drive the market.

Key Highlights

- The building sector is expanding quickly in Latin America. The area is home to various nations, each with a distinct political and economic climate. Despite this variation, the construction industry is expanding across the region due to several dynamics.
- Despite these factors encouraging expansion, Latin America's construction industry faces several obstacles. Lack of funding for construction projects is among the major problems. Large-scale construction projects are challenging to finance in many regions due to the lack of access to financing. Smaller construction companies, who may find it difficult to obtain finance from conventional lenders, may find this especially true.
- Lack of competent labor is another issue Latin America's construction sector is facing. A lack of skilled labor plagues many of the region's nations, especially in technical professions like engineering and architecture. It may be challenging to finish construction projects on schedule and within budget due to the lack of competent labor.
- Urbanization is one of the main factors boosting the Latin American construction industry. More people are relocating to cities for greater economic prospects, and the region is rapidly becoming more urbanized. Demand for new homes, businesses, and infrastructure projects like roads, bridges, and public transportation systems is being driven by this trend.
- 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

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confidence has risen as border restrictions and regional quarantine requirements 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 totaling 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

According to government and industry figures, Colombia's supply of urban housing has been increasing. 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 favorites. 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 its stability and low inflation rates, unusual in Latin America, a region accustomed to military coups, high inflation, and worthless currencies. The real estate industry thrives due to 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. 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 year's first quarter. Despite being low, activity in new occupations outpaced 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 will drive lodging demand and support supply growth in two years. 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 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 in two years.

Colombia has also seen significant supply increases due to 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 Industry Overview

The Latin America Construction Market is fairly fragmented, comprising mainly local and regional players, with few global players.

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The major players are Empresa I.C.A., S.A.B. de C.V., O.A.S. S.A., IDEAL, S.A.B. de C.V., Cyrela Brazil Realty S.A., Andrade Gutierrez S.A., and many more. The rise in tourism creates 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 market share.

Additional Benefits:

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

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