

South Korea Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

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Report description:

South Korea Construction Market Analysis

The South Korea construction market is expected to grow from USD 179.41 billion in 2025 to USD 185.51 billion in 2026 and is forecast to reach USD 219.27 billion by 2031 at 3.4% CAGR over 2026-2031. Political uncertainty following the 2025 impeachment of President Yoon Suk Yeol has not derailed spending plans because both the central government and large corporations continue to prioritize transport upgrades, semiconductor fabs, and clean-energy assets. Construction cost inflation and labor shortages are forcing contractors to embrace Building Information Modelling, prefabrication, and modular approaches, which increase speed and mitigate waste. Growing foreign direct investment, record semiconductor outlays, and easier redevelopment rules in Seoul's older districts are stimulating demand across residential, infrastructure, and industrial segments. Medium-term prospects also benefit from a national pledge to finish all GTX high-speed rail corridors and the USD 44.8 billion 2025 public works budget that accelerates housing delivery and transport modernization.

South Korea Construction Market Trends and Insights

Large Infrastructure Upgrades Drive Public Construction Momentum

Mega rail, airport, and port programs anchor public spending and multiply activity across the South Korea construction market. GTX-A started passenger service in December 2024 and cut the Paju-Seoul commute in half, demonstrating the network's city-pair impact. Work on the GTX-B corridor is underway with a USD 5.3 billion budget and a completion target of 2030, signaling

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continuity despite leadership change at the Blue House. Hyundai E&C is also the sole bidder for the USD 10.5 billion Gadeok Airport, revealing capacity constraints yet underlining long-term project certainty. Tunnel breakthroughs, such as the 50 km Yulhyun bore, showcase domestic engineering strengths that can be exported regionally. Together, these undertakings reinforce stable order books for large contractors and suppliers.

Industrial and Energy Projects Expand with Tech Sector Demand

Record chip spending drives unprecedented industrial construction. Samsung's USD 471 billion cluster in Gyeonggi and SK Hynix's USD 15 billion Yongin fab demand vast cleanroom, power, and water infrastructure. The 11th Basic Plan pushes nuclear back to 35.2% of the electricity mix by 2038, reviving work on Shin-Hanul Units 3-4. Gas-fired power, typified by the 1.05 GW Yongin plant, supplies interim energy for semiconductor foundries. Parallel data-center pipelines, including a 1 GW AI site by SK Group and AWS, require specialist cooling and resilience design. This pipeline compels contractors to upskill in high-specification industrial delivery.

Labor Shortages and Rising Wages Delay Projects

Rapid demographic ageing and restricted immigration have squeezed construction labor pools. OECD data show construction vacancies topping historic norms, while average site wages climbed in tandem with a 6.7% jump in ready-mix concrete costs during early 2024. Semiconductor fabs need cleanroom specialists that take months to certify, extending schedules at Yongin and Pyeongtaek. Contractors try to offset gaps with modular production lines, yet this shift demands retraining that small firms defer. Wage premiums and benefit upgrades preserve delivery timetables but compress margins and discourage bid participation on lower-value tenders.

Other drivers and restraints analyzed in the detailed report include:

Urban Redevelopment Accelerates in Seoul and Major Cities
Targeted Government Funding Supports Infrastructure Amid Economic Headwinds
Volatile Material Prices and Import Disruptions Strain Budgets

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Infrastructure's 3.88% CAGR positions it as the fastest-expanding slice of the South Korea construction market, even though residential still held 35.05% of 2025 revenue. Transport upgrades like the GTX corridors, ongoing motorway widening, and the USD 10.5 billion Gadeok Airport supply a stable pipeline that attracts global engineering partners. Nuclear restarts and renewable capacity expansions further lengthen backlogs for specialist contractors, while public guarantees reduce counterparty risk. Residential momentum now tilts towards high-value rebuilds rather than greenfield sprawl, with tower replacements in Apgujeong and Jamsil setting benchmark premiums. Luxury demand and urban infill bolster contractor margins yet tether exposure to regulatory cycles and mortgage policy adjustments.

The commercial subset remains two-speed. Prime office completions stay limited, lifting occupancy and rents, whereas legacy retail format projects pivot towards mixed-use repositioning. Industrial and logistics construction thrives on semiconductor cluster suppliers and e-commerce consolidation. Collectively, these shifts underline a portfolio effect where infrastructure growth compensates for more cyclical housing swings, giving the South Korea construction market diversified resilience across macro environments.

New builds contributed 72.85% of 2025 spending, but renovations' 3.95% CAGR is the higher trajectory segment. Fast-track rules

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that waive certain safety inspections for complexes over 30 years can influence 950,000 households by 2027, unlocking a deep pipeline for retrofit specialists. Renovation also faces fewer land acquisition battles, making it attractive in dense districts where plots are scarce and expensive. Developers still battle resident consensus and temporary relocation logistics, yet streamlined approvals shrink overall cycle times and release capital sooner, enticing institutional investors.

South Korea construction market size for renovation is therefore set to rise faster than that for new builds. Nevertheless, greenfield campuses for semiconductors, EVs, and petrochemicals assure large-ticket new-construction awards. The twin track suggests that contractors that bundle engineering, procurement, and refurbishment capabilities can capture a broader opportunity set and hedge portfolio risk as credit conditions shift.

The South Korea Construction Market Report is Segmented by Sector (Residential, Commercial, and Infrastructure), by Construction Type (New Construction and Renovation), by Construction Method (Conventional On-Site and More), by Investment Source (Public and Private) and by Key Cities (Seoul and Rest of South Korea). The Market Forecasts are Provided in Terms of Value (USD).

List of Companies Covered in this Report:

Samsung CandT Corporation Hyundai EandC GS EandC Daewoo EandC DL EandC (Daelim) POSCO EandC Hyundai Engineering Lotte EandC HDC Hyundai Development Co. Hoban Construction SK Ecoplant Korea Land and Housing Corp. KCC EandC Kolon Global Ssangyong EandC Hanwha EandC Taeyoung EandC Dongbu Corp. Daewon Plus Construction Seoyoung EandC

Additional Benefits:

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

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