

BUILDING THE FUTURE IN ASEAN

Explore the evolving opportunities in dynamic construction markets

ASEAN's booming construction sector offers vast opportunities for foreign companies, driven by urbanisation, infrastructure projects, and smart city initiatives. Key areas include transport, energy, and sustainable building solutions, with strong government support and rising demand for advanced technologies and expertise.



Building your Footprint in ASEAC Construction Sector

With a combined population of over 680 million and a growing middle class, ASEAN nations are investing significantly in smart cities, transportation networks, and sustainable housing to meet current demand and to future-proof their dynamic economies - offering tremendous opportunities to investors.

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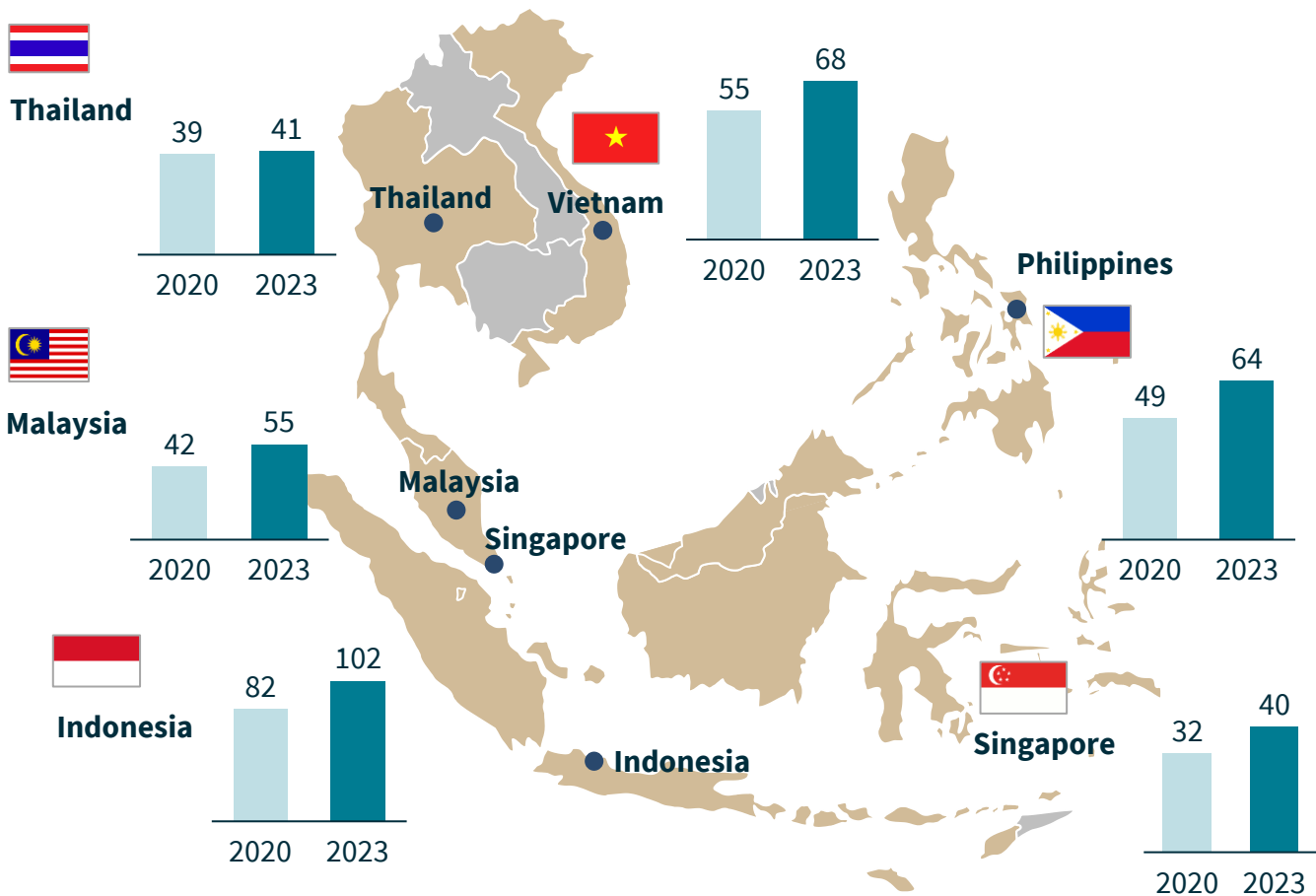


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ASEAN Construction Industry Overview

ASEAN's construction sector sees steady growth, fuelled by **population growth, rapid urban expansion,** and **significant government-led infrastructure developments,** despite challenges such as skilled labour shortages, regulatory barriers and economic volatility.

GROWTH IN ASEAN CONSTRUCTION MARKETS (IN BLN EUR)



Source: EAC Research, Euromonitor, BSP-Statistics Indonesia

- ❖ **Singapore:** The construction sector grew at an annual rate of 8% from 2020 to 2023, relying on foreign labour, technology, and an increasing focus on lowering emissions
- ❖ **Malaysia:** Among the region's fastest growing construction sectors (9% p.a., 2020-23), driven by megaprojects, commercial projects and a rising number of public-private projects
- ❖ **Indonesia:** ASEAN'S largest construction sector (8% p.a., 2020-23), driven by rapid urbanisation, housing demand, large-scale infrastructure projects

- ❖ **Thailand:** Construction industry remains stable (1% p.a., 2020-23), with fluctuating material costs and labour shortages inhibiting higher growth potential
- ❖ **Vietnam:** Construction sector is experiencing strong growth driven by FDI, industrial parks, and urban expansion, with growth of 7% p.a.
- ❖ **Philippines:** 9% rise in construction activity from 2020 to 2023, fuelled by government's "Build, Build, Build" incentive and a growing demand for residential & commercial space

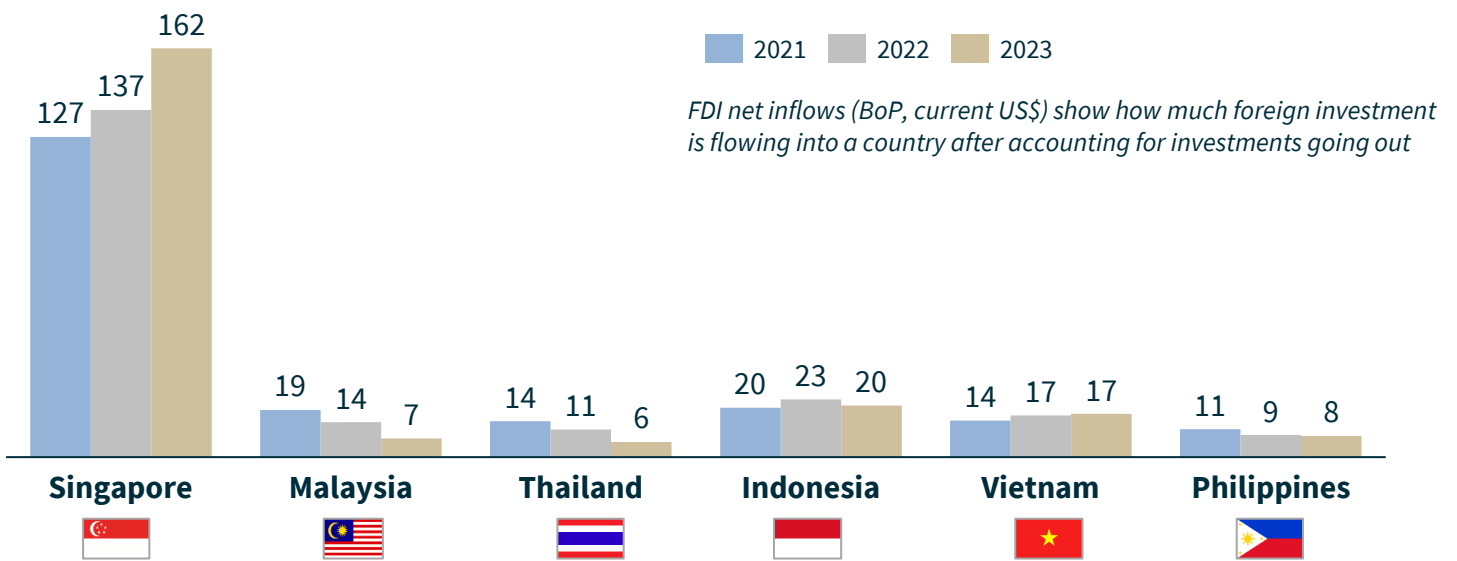


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FDI to ASEAN & Construction Sector's Contribution to GDP

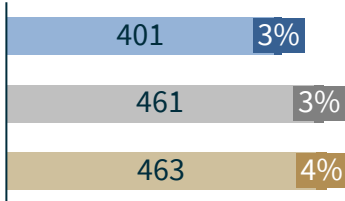
As a regional financial hub, **Singapore attracts substantial FDI**. However, the construction sector remains a relatively minor segment. In 2023, **Vietnam (339 mio EUR) and Indonesia (271 mio EUR) led FDI inflows** into the construction sector. In terms of sectoral GDP contribution, construction sector accounted for **6% of Indonesia's GDP (72 Bln EUR)** and **9% of Vietnam's GDP (34 Bln EUR)**.

FDI NET INFLOWS (BLN EUR)

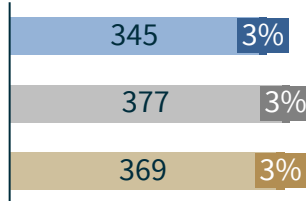


TOTAL GDP (BLN EUR) & CONSTRUCTION SECTOR GDP (%)

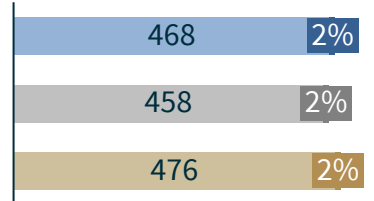
Singapore
(GDP AGR* 5.0%)



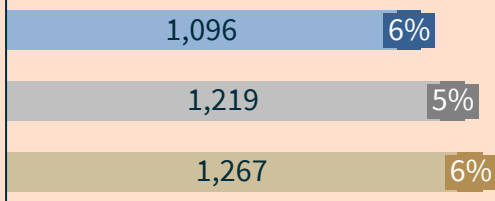
Malaysia
(GDP AGR* 5.0%)



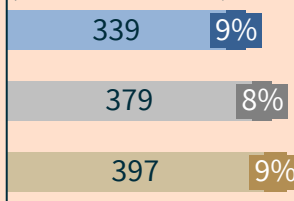
Thailand
(GDP AGR* 3.2%)



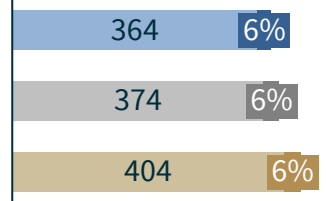
Indonesia
(GDP AGR* 5.0%)



Vietnam
(GDP AGR* 7.6%)



Philippines
(GDP AGR* 5.2%)



*AGR: annual growth rate, 2024

Source: EAC Research, Department of Statistics Singapore, Department of Statistics Malaysia, World Bank, Trading Economics



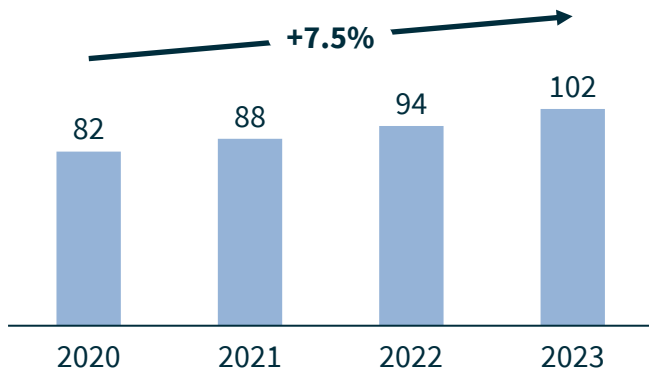
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Construction Market Insight: Indonesia

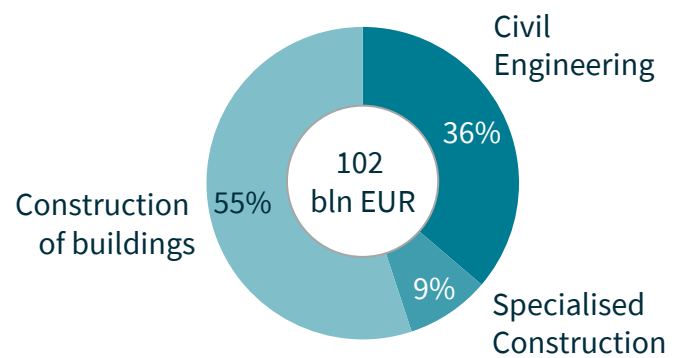


Indonesia's construction industry experienced strong growth despite the pandemic, with a CAGR of 7.5%. Drivers include a housing backlog prompted by increasing urbanisation and population growth, government infrastructure investments and a rapidly growing middle-class.

INDONESIA CONSTRUCTION MARKET (BLN EUR)

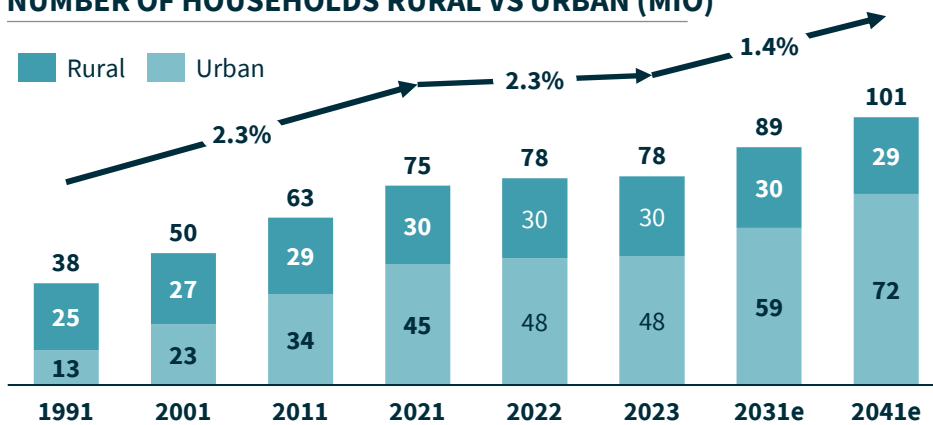


CONSTRUCTION PROJECT SEGMENTS 2023

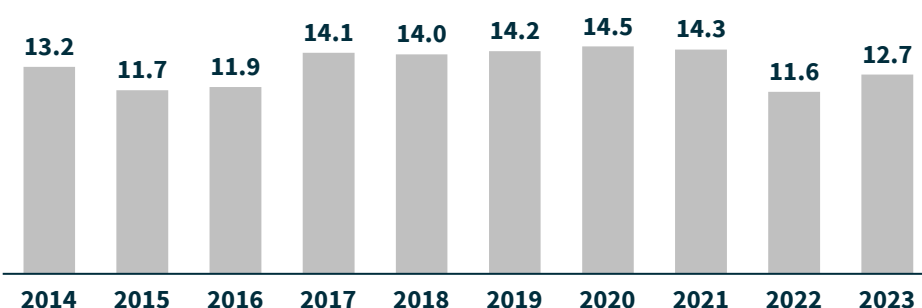


In 2023, Indonesia recorded a total of 190,677 construction projects, with an 8.6% growth in the output value and -3.2% decrease in number of construction projects compared to 2022. Construction projects in Indonesia are still dominated by building construction – both residential and commercial. Engineering contributes significantly and is expected to continue to grow in line with advanced building techniques.

NUMBER OF HOUSEHOLDS RURAL VS URBAN (MIO)



ANNUAL HOUSING BACKLOG PER YEAR (MIO)



Government infrastructure and energy construction spending is set to double to over 476 mio EUR by 2030. Commercial and retail construction is recovering, with increased adoption of green building certifications.

The government aims to add 3 million housing units annually to meet demand, while strong investor interest drives growth in low, mid, and high-class developments.

The significant housing backlog presents both challenges and opportunities for addressing unmet demand and expanding affordable, sustainable housing.



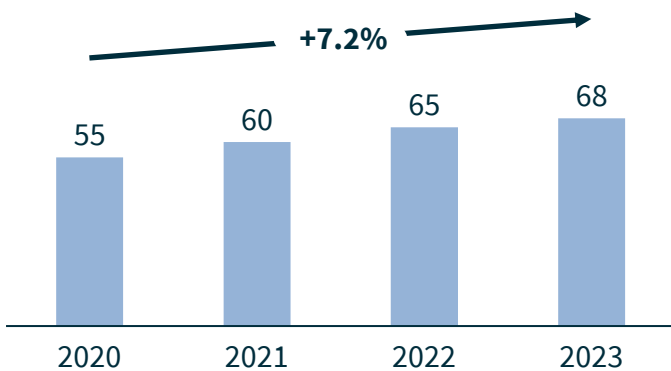
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Construction Market Insight: Vietnam

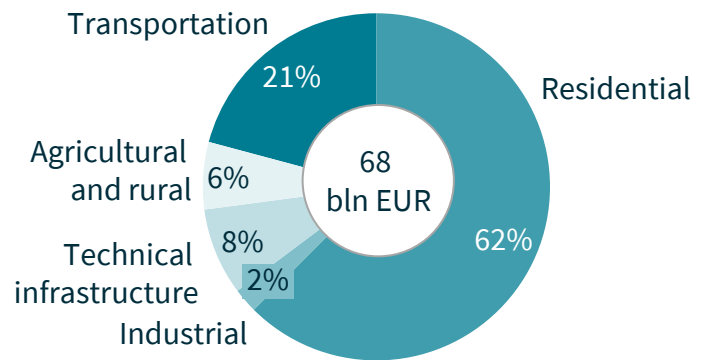


Construction contributed 6-7% of Vietnam's GDP over the past decade, demonstrating significant sensitivity to economic conditions in the mid-long term, the country's robust economy and rapid urbanisation continues to fuel residential construction growth, while sustaining FDI as key driver for growth of industrial construction projects.

VIETNAM CONSTRUCTION MARKET (BLN EUR)

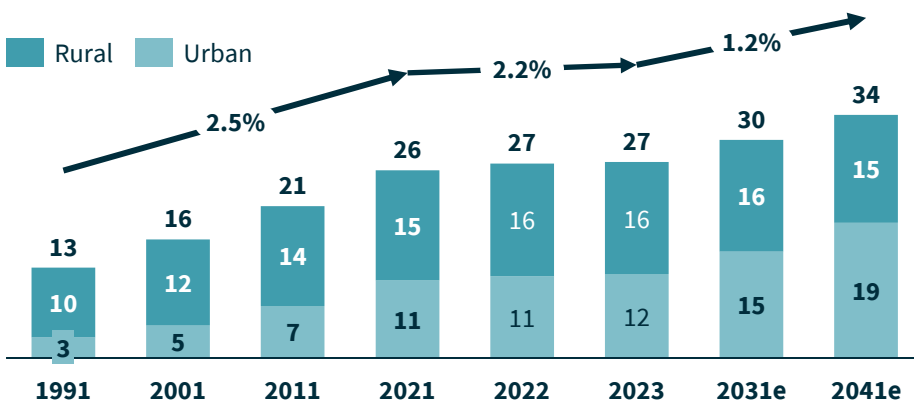


CONSTRUCTION PROJECT SEGMENTS 2023



In 2023, Vietnam recorded a total of 65,399 new construction projects (NCP), the volume of construction works grew over 17%, compared to 2022. Growth is driven primarily by residential buildings followed by transportation which includes both public and private expenditure on ports, airports and key road and rail networks (both upgrades and new builds).

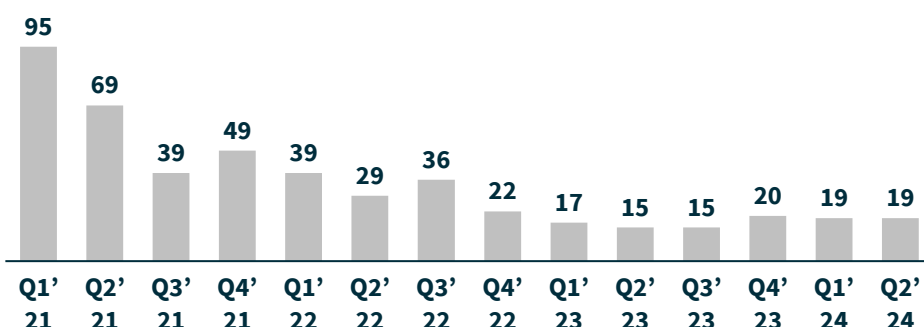
NUMBER OF HOUSEHOLDS RURAL VS URBAN (MIO)



Urban Vietnam is expected to add 400,000 houses annually until 2041, driven by rural-to-urban migration. The residential construction market is anticipated to gradually recover alongside the housing market.

However, the number of approved projects remains significantly below pre-COVID levels, due to liquidity issues and more stringent approval processes. At the same time, this presents opportunities for developers to meet the growing demand by addressing housing shortages and capitalising on urbanisation trends.

NUMBER OF NEW RESIDENTIAL PROJECTS APPROVED





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Building & Construction trends Indonesia and Vietnam

Neither Indonesia nor Vietnam will be immune to fluctuating commodity prices and continued labour shortages. However, the **near to mid-term outlook presents strong opportunities supported by key trends** incl. enhanced building techniques and moves towards sustainable practices & renewable energy.



RESIDENTIAL

Continued focus on affordable **landed houses**, with apartments (especially luxury) increasingly developed with foreign partners

Earthquake proof, climate-resilient buildings: Emphasis on cost-effective climate building for low-cost and high-end sectors

Low-carbon materials: Greater adoption of sustainable materials, such as green cement and fly-ash bricks, to reduce emissions



ENERGY

Oil, gas and mining: Development of large-scale integrated CCUS (Carbon Capture, Utilisation, and Storage) complexes

Renewable energy: Indonesia aims to raise the share of renewables in its energy mix from 12% to 40% by 2030, requiring significant investments in solar and wind projects. PLN plans to invest USD 172 billion to boost renewable energy capacity



INFRASTRUCTURE

Significant investments in roads, railways, and ports, with the government allocating USD 26 billion in 2024



COMMERCIAL BUILDINGS

Large buildings exceeding 5,000sqm must comply with national Green Building Regulation 16/2021 on energy efficiency, water management and sustainable materials. Stricter regulations and increased shareholder pressure likely



RESIDENTIAL

Revised laws on land use and housing are expected to **ease construction applications**. **Recovered liquidity and growing confidence**, combined with strong demand for urban apartments supported by public spending on affordable housing

Sustainability: expected to increasingly adopt energy-efficient technologies and advanced construction techniques, such as BIM* and prefabrication, as part of its efforts to achieve a 27% emissions reduction target by 2030



ENERGY

Energy infrastructure expansion will continue under Vietnam's Power Development Plan VIII, with USD 135 billion allocated through 2030



INDUSTRIAL PARKS

Industrial parks development and upgrades will focus on smart warehousing, logistics, and ready-built factories to meet growing demand



COMMERCIAL BUILDINGS

The government's Building Material Development Strategy 2030 emphasises reducing greenhouse gas (GHG) emissions and promoting alternative, sustainable materials, particularly in the cement sector. Commercial real estate developers are increasingly pursuing green building certifications



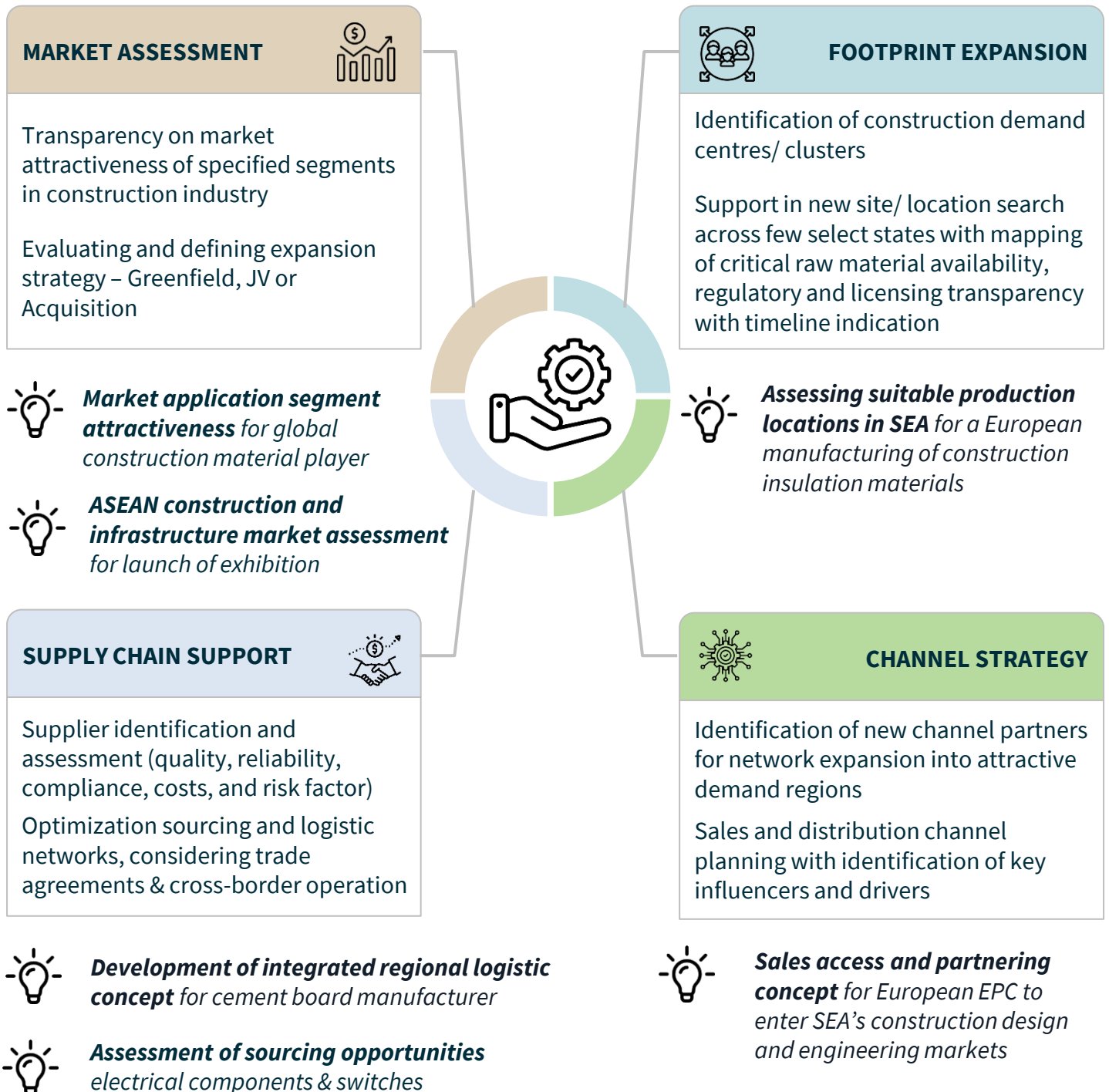
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Case References & EAC Support Option

EAC supports clients in assessing and implementing growth strategies across ASEAN's construction industries, optimizing market entry, partnerships, and operational efficiency.



EAC SUPPORT OPTIONS







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