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Country Report

MALAYSIA

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CONTENT

EXECUTIVE SUMMARY

The Malaysian economy grew by 5.0% in 2015, with the construction sector expanded at 8.2% (2014: 11.7%). The private sector continues to dominate with a huge share of 82.5% or equivalent to RM111.7 billion from the total value of projects awarded in 2015 (RM135.4 billion). The government sector contributes lesser at 17.5% or RM23.7 billion. Material prices for major building materials such as aggregate, sand, ready-mixed concrete and reinforcement iron mesh A10 increased marginally. Wages of construction personnel were also stable in 2015 showing the same upward trend. However, the number of registered construction workers decrease slightly. In 2016, the Malaysian economy is forecasted to grow moderately between 4.0% and 4.5%. It is estimated that the construction sector will continue to grow at a respectable 8.7%. In terms of projects awarded, CIDB estimated that the value may reach RM130.0 billion in 2016 and RM136.0 billion in 2017.

MACROECONOMIC REVIEW AND OUTLOOK

Main Economic Indicator 2015

In 2015, the Malaysian economy grew by 5.0% (2014: 6.0%). The growth was supported by continued expansion of domestic demand at 5.1% (2014: 5.9%), which was primarily driven by the private sector. Private consumption continue to expand by 6.0% (2014: 7.0%), as households adjusted their spending to the higher cost of living from the implementation of Goods and Services Tax (GST), adjustments in administrative prices, and the depreciation in Ringgit. Private investment registered a lower growth of 6.4% (2014: 11.0%), weighed down partly by the moderation in domestic demand and cautious business sentiments. In the public sector, public consumption recorded sustained growth of 4.3% (2014; 4.4%), reflecting the continued efforts by the government to provide support to the economy. Public investment managed to reduce the negative growth to -1.0% (2014: -4.7%) following the near completion of several large projects.

On the supply side, majority of the economic sectors registered moderate growth. In 2015, the construction sector grew at 8.2% (2014: 11.8%), due to the slower growth in the residential subsector. This was followed by the services sector at 5.1% (2014: 6.6%); manufacturing sector at 4.9% (2014: 6.2%), the mining and quarrying sector at 4.7% (2014: 3.5%); and the agriculture sector at 1.2% (2014: 2.1%).

Expansion in economic activity across all sectors drives the demand for labour. Labour force participation rate was stable at 67.6% (2014: 67.5%), while the unemployment rate rise to 3.2% (2014: 2.9%), as cautious business sentiments led to softer employment prospects.

The inflation rate decline to 2.1% (2014: 3.2%) as the impact of lower global energy and commodity price, coupled with the effects from a weaker Ringgit; the implementation of GST; and several upward adjustments in administrative prices. The Monetary Policy Committee (MPC) maintained the Overnight Policy Rate (OPR) at 3.3% throughout 2015, while the Base Lending Rate (BLR) of commercial banks remained at 6.8%. The Ringgit depreciated by 18.9% in 2015, and ended the year at RM4.29 against the US Dollar.

Table 1 Malaysia Main Economic Indicator

	2011	2012	2013	2014	2015
GDP at current market price (RM billion)	911.7	971.3	1,018.6	1,106.5	1,157.1
GDP growth by economic activity at 2010 chained price (RM billion)					
Agriculture	88.6	89.4	91.2	93.1	94.1
Mining and Quarrying	85.4	86.8	87.8	90.8	95.1
Manufacturing	203.0	211.9	219.2	232.8	244.2
Construction	29.5	34.9	38.6	43.1	46.6
Services	449.9	479.3	507.8	541.1	568.9
Real GDP	864.9	912.3	955.1	1,012.5	1,062.8
GDP growth by economic activity at 2010 chained price (%)					
Agriculture	6.8	1.0	2.0	2.1	1.2
Mining and Quarrying	-4.9	1.6	1.2	3.5	4.7
Manufacturing	5.4	4.4	3.4	6.2	4.9
Construction	4.6	18.1	10.6	11.7	8.2
Services	7.0	6.5	5.9	6.6	5.1
Real GDP Growth	5.3	5.5	4.7	6.0	5.0
Demographic Indicator					
Population (million persons)	29.1	29.5	30.2	30.6	31.0
Population growth rate (%)	0.7	1.4	2.4	1.3	1.3
Labour force (million persons)	12.3	12.7	13.2	13.5	13.8
Labour force growth rate (%)	-0.8	3.3	3.9	2.3	2.2
Unemployment rate (%)	3.1	3.0	3.1	2.9	3.2
Financial Indicator					
Inflation rate (%)	3.2	1.6	2.1	3.2	2.1
Fixed Deposit Commercial Bank Short term interest rate - 3 months (%)	2.99	2.97	2.97	3.13	3.13
Fixed Deposit Commercial Bank Long term interest rate - 12 months (%)	2.97	3.22	3.15	3.15	3.31
Exchange rate at end of period *(RM against USD)*	RM3.18	RM3.06	RM3.28	RM3.50	RM4.29

Source: Central Bank of Malaysia (www.bnm.gov.my)

Malaysian Economy Outlook

In the first half of 2016, the Malaysian economy expanded by 4.1% (1Q2016: 4.2%; 2Q2016: 4.0%). Private sector expenditure remained the key driver of growth and contributed towards the continued expansion in domestic demand. On the supply side, all sectors continued to expand except the agriculture sector. Construction sector grew by 8.4% in the first half of 2016, following a moderate growth at 7.9% in the first quarter and subsequent improvement at 8.8% in the second quarter of 2016. Other economic sectors posted a gradual increase in the second quarter, with the services sector at 5.4% (1Q2016: 5.1%; 2Q2016: 5.7%); the manufacturing sector at 4.3% (1Q2016: 4.5%; 2Q2016: 4.1%); and the mining and quarrying sector at 1.4% (1Q2016: -0.3%; 2Q2016: 2.6%). The only contraction happen in agriculture sector which fall to -0.6% (1Q2016: -3.8%; 2Q2016: -7.9%).

The Malaysian economy is expected to remain stable with a projected growth of between 4.0% and 4.5% in 2016; and between 4.0% and 4.5% in 2017. In 2016, all economic sectors are expected to grow moderately, except for the agriculture sector. As with the past few years, the growth will be led by the construction sector at 8.7%. The services and manufacturing sector are projected to grow at 5.6% and 4.0% respectively. The mining and quarrying sector is expected to grow at 1.1%, while the agriculture sector is expected to contract by 3.3%.

Table 2 GDP Growth by Economic Activity Malaysia Economic Outlook 2016

	2016		2017^f
	1H	$Annual^f$	
Agriculture	-6.0	-3.3	1.5
Mining and Quarrying	1.4	1.1	1.4
Manufacturing	4.3	4.0	4.1
Construction	8.4	8.7	8.3
Services	5.4	5.6	5.7
Real GDP Growth	4.1	4.0 – 4.5	4.0 – 5.0

Note: ^{f} Forecast

OVERVIEW OF THE CONSTRUCTION INDUSTRY

Construction Project Review

In 2015, the value of construction projects awarded declined by 21.5% to RM135.4 billion (2014: from RM172.5 billion). The number of projects also decline by 9.6% to 7,217 projects worth (2014: 7,983 projects). Based on trends, the actual number of projects is expected to grow more as more projects get reported and recorded into the CIDB's database, including those projects awarded earlier in 2015.

In terms of value, the private sector commands the larger portion of the construction projects at 82.5% (RM111.7 billion) compared to the government sector at 17.5% (RM23.7 billion). In terms of numbers, private sector secured 74.8% (5,395 projects) compared to 25.2% (1,822projects) by the government sector in 2015.

Overall, the largest portion of construction works came from the non-residential projects at 39.6% (RM53.5 billion); followed by residential projects at 36.7% (RM49.7 billion); infrastructure projects at 19.5% (RM26.4 billion); and social amenities projects at 4.2% (RM5.7 billion). A total of 92.5% (RM49.5 billion) of the non-residential projects were driven by the private sector, due to the high-value projects awarded under the industrial and commercial subsection.

The major impact to Malaysian construction projects in 2015 came from the implementation of 11 mega projects cost more than RM1.0 billion accounts for RM17.2 billion. 5 biggest projects are:

1. Mixed Development Project in Kuala Lumpur
   Award: October 2015; Expected completion: 2019

2. Independent Deepwater Petroleum Terminal in Pengerang, Johor
   Award: January 2015; Expected completion: 2019

3. Piping and Associated Facilities at PETRONAS LNG Complex in Bintulu, Sarawak
   Award: January 2015; Expected completion: 2017

4. Office Building Towers in Putrajaya
   Award: September 2015; Expected completion: 2018

5. Upgrading Facilities of Double Tracking Track Infrastructure in Klang Valley
   Award: March 2015; Expected completion: 2019

During the first half of 2016, a total of RM58.7 billion worth of projects and 2,179 projects were recorded. The private sector continues to lead with 85.3% (RM50.1 billion) worth of projects against 14.7% (RM8.6 billion) by the government sector. Concurrently, the number of private projects stands at 78.2% (1,705 projects) against 21.8% (474 projects) by the government sector. As the economy continued to grow, private investment activities took place and developers embarked on new construction projects. This is in line with the government's inspiration to push the private sector as the main driver of the economy.

Table 3 Value and Number of Construction Projects by Sector and Type

Sector and Type of Project	Value (RM million)			
	2013	2014	2015	1H 2016
Total Private Sector	**108,339.3**	**148,987.3**	**111,661.1**	**50,100.5**
Residential	35,701.5	45,304.5	47,322.3	12,407.6
Non-Residential	48,830.6	77,823.6	49,511.1	11,897.0
Social Amenities	4,475.7	4,728.8	2,872.3	1,408.6
Infrastructure	19,331.4	21,130.5	11,955.4	24,387.3
Total Government Sector	**22,699.2**	**23,511.3**	**23,690.5**	**8,571.2**
Residential	2,072.7	2,174.8	2,387.3	135.0
Non-Residential	3,476.0	3,851.0	4,027.7	751.7
Social Amenities	5,223.4	3,347.1	2,836.3	2,364.7
Infrastructure	11,927.1	14,138.4	14,439.2	5,319.8
Grand Total	**131,038.5**	**172,498.6**	**135,351.6**	**58,671.7**

Sector and Type of Project	Number			
	2013	2014	2015	1H 2016
Total Private Sector	**6,106**	**6,209**	**5,395**	**1,705**
Residential	2,157	2,249	1,928	593
Non-Residential	2,664	2,547	2,226	659
Social Amenities	236	248	215	89
Infrastructure	1,049	1,165	1,026	364
Total Government Sector	**1,934**	**1,774**	**1,822**	**474**
Residential	160	160	156	31
Non-Residential	347	337	448	102
Social Amenities	482	447	438	131
Infrastructure	945	830	780	210
Grand Total	**8,040**	**7,983**	**7,217**	**2,179**

Note : As at 30 June 2016
Source : CIDB Malaysia

Contractor Registration

In 2015, the number of contractors registered at CIDB increased by 5.8% to 72,246 (2014: 68,255 contractors). Each grade of contractors shows a gradual increase in the number of contractors registered. Small contractors grade G1 to G3 forms the largest pool of contractors at 77.3% (55,850 contractors). The number of medium contractors grade G4 and G5 accounted for 11.3% (8.154 contractors), while big contractors grade G6 and G7 comprises of 10.8% (7,795 contractors) of the total registered contractors. The number of registered foreign contractors does not show a significant change, accounting of only 0.6% (447 contractors) in 2015.

Table 4 Contractors Registered by Registration Grade

Grade	Bidding Limit	2013	2014	2015	1H 2016
G1	Not exceeding RM200 k	34,485	33,991	34,068	34,863
G2	Not exceeding RM500 k	9,268	10,441	12,407	14,636
G3	Not exceeding RM1 m	8,825	8,875	9,375	10,167
G4	Not exceeding RM3 m	3,038	3,093	3,408	3,669
G5	Not exceeding RM5 m	4,130	4,287	4,746	4,992
G6	Not exceeding RM10 m	1,594	1,528	1,589	1,674
G7	Unlimited	5,332	5,618	6,206	6,650
Foreign	Unlimited	373	422	447	422
Total		67,045	68,255	72,246	77,073

Note : As at 30 June 2016
Source : CIDB Malaysia

Construction Personnel

A total of 716,542 construction personnel were registered with CIDB Malaysia in 2015, a decrease of 12.5% (2014: 819,192 personnel). This includes the new and renewal registration of construction personnel.

Table 5 Registered Construction Personnel by Type

Category of Worker	2014		2015	
	Local	Foreign	Local	Foreign
Construction worker	333,078	172,292	295,711	136,004
Skilled construction worker	53,423	1,659	50,704	1,668
Manager and site assistant manager	55,634	1,929	51,410	1,462
Construction supervisor	56,923	420	50,933	272
Administrative personnel	141,688	2,146	126,716	1,662
Total	640,746	178,446	575,474	141,068

Source : CIDB Malaysia

Construction Productivity

Labour productivity measures economic output or the Gross Domestic Product (GDP) per unit of labour. The construction sector had the lowest productivity compared to the other economic sectors level but demonstrated promising growth of 5.5% in 2015. The value added per employee for the construction sector has been growing since 2006 reflecting improved productivity. Its low productivity level indicated that industries in this sector needed to be more aggressive in adopting modern mechanisation, automation and other advanced methods of construction to reduce its over-dependency on low-skilled labour.

Table 6 Labour Productivity Performance (RM)

Main Economic Sector	2013	2014	2015
Agriculture	33,006	54,881	53,540
Manufacturing	88,389	98,153	105,156
Construction	23,975	33,803	35,673
Services	63,753	64,259	66,346

Source: Malaysia Productivity Corporation (www.mpc.gov.my)

Construction Cost

Average Price of Major Construction Building Material

In general, the average price for major building materials does not vary much and was pretty much stable in 2015. The prices of aggregate, sand, ready-mixed concrete, BRCA10 and brick each recorded an increase of between 3.3% and 6.6%. In contrast, prices for other building materials such as cement and steel bars (the mild steel round bars and high tensile deformed bars) decreased by 0.4% and 9.6% respectively in 2015.

Table 7 Average Prices of Major Construction Building Materials (RM)

Category of Material	Unit	2013	2014	2015
Cement	Bag (50 kg)	17.19	18.62	18.54
Aggregate	Tonnes	39.14	42.07	43.47
Sand	Tonnes	28.79	35.88	38.91
Steel Bars	Tonnes	2,549.13	2,388.68	2,159.19
Ready-mixed Concrete	m^3	252.27	226.17	237.71
Reinforcement Iron Mesh A10 (BRC A10)	m^2	17.57	18.55	19.78
Bricks	unit	0.37	0.40	0.43

Source : CIDB Malaysia

Construction Industry Wage Rates

Construction Worker Wage Rates

Average daily wage rates for skilled construction workers were varied and registered an increase of 4.5% to a decrease of -8.0% in 2015. Steel structure fabricator (RM132.89 per day) and reticulation plumber (RM130.14 per day) were the highest earner in the skilled worker category.

While the average daily wage rates of semi-skilled construction workers changes between a high of 9.1% and a low of -2.5% in 2015. The highest earners in the semi-skilled category were the building wiring installer (RM117.38 per day) and plumber-reticulation (RM107.83 per day).

Table 8 Average Daily Wage Rate for Local Construction Worker (RM per day)

Category of Worker	Minimum/ Maximum Wage	Skilled		Semi-Skilled	
		2014	2015	2014	2015
General Construction Worker - Building	Minimum	50.96	53.77	-	-
	Maximum	81.47	82.03	-	-
Concretor	Minimum	71.53	74.37	59.53	60.70
	Maximum	112.06	109.42	87.23	90.66
Bricklayer	Minimum	75.87	78.98	59.44	61.63
	Maximum	110.89	111.15	87.22	90.05
Plasterer	Minimum	80.67	84.49	63.36	66.11
	Maximum	119.03	118.53	93.99	95.05
Tiler	Minimum	89.01	89.05	67.40	67.81
	Maximum	119.88	119.53	98.91	98.92
Barbender	Minimum	77.77	78.79	59.73	60.61
	Maximum	111.69	111.90	88.78	89.12
Carpenter - Formwork	Minimum	82.89	82.96	63.69	67.11
	Maximum	117.91	122.81	90.69	95.68
Carpenter - Joinery	Minimum	92.13	88.37	71.73	69.98
	Maximum	128.29	128.28	99.63	99.85
Roofer	Minimum	85.46	84.65	66.62	68.29
	Maximum	119.58	123.28	91.63	99.99
Steel Structure Fabricator	Minimum	89.72	88.54	70.90	74.01
	Maximum	128.76	132.89	101.36	108.19
General Welder	Minimum	82.75	86.43	66.98	70.36
	Maximum	122.40	124.14	96.52	104.98
Plumber - Building & Sanitary	Minimum	83.22	81.30	63.04	63.33
	Maximum	118.50	120.86	90.54	98.27
Plumber - Reticulation	Minimum	88.34	87.62	72.88	73.68
	Maximum	128.95	130.14	101.85	107.83
Building Wiring Installer	Minimum	-	-	82.08	84.29
	Maximum	-	-	112.04	117.38
Electrical Wireman PW2 (Monthly RM)	Minimum	1,850.51	1,931.33	-	-
	Maximum	3,075.31	2,829.53	-	-
Electrical Wireman PW4 (Monthly RM)	Minimum	2,536.61	2,502.37	-	-
	Maximum	3,592.34	3,906.04	-	-
Scaffolder - Prefabricated	Minimum	82.72	81.06	63.73	63.29
	Maximum	117.08	116.47	93.06	93.34
Scaffolder - Tubular	Minimum	83.19	80.53	62.97	62.45
	Maximum	112.60	119.56	88.54	95.05
Painter - Building	Minimum	75.38	78.68	59.56	63.31
	Maximum	105.73	107.71	85.46	89.24
General Construction Worker - Civil	Minimum	57.90	62.11	-	-
	Maximum	85.30	95.85	-	-

Source : CIDB Malaysia

Construction Machine Operator Wage Rates

In 2015, the average daily wages of skilled machine operator changes between a very high 25.7% to a lowly -6.0%. The highest wage earners were mobile crane machine operators (RM190.53 per day) and tower crane machine operators (RM156.46 per day).

For semi-skilled machine operator, the average wages changes between an increase of 15.2% and a decrease of -3.1%. The highest wage earners were tower crane machine operators (RM129.53 per day) and mobile crane machine operators (RM123.86 per day).

Table 9 Average Daily Wage Rates for Local Construction Machinery Operator (RM per day)

Category of Operator	Minimum/ Maximum Wage	Skilled		Semi-Skilled	
		2014	2015	2014	2015
Excavator Operators	Minimum	78.06	82.49	-	-
	Maximum	123.16	123.53	-	-
Pile Riggers Operators	Minimum	81.86	86.58	65.42	68.65
	Maximum	120.33	121.32	95.08	102.05
Off Road Truck Operators	Minimum	74.56	80.86	59.40	65.00
	Maximum	111.72	113.53	87.67	94.99
Backhoe Loader Operators	Minimum	80.39	81.74	-	-
	Maximum	116.31	133.21	-	-
Roller Operators	Minimum	76.97	79.83	61.87	65.36
	Maximum	111.39	116.04	84.21	95.51
Roller/Compactor Operators	Minimum	72.03	74.42	57.05	62.87
	Maximum	110.66	115.03	86.35	93.71
Scrapper Operators	Minimum	76.68	80.46	61.99	68.65
	Maximum	113.43	118.76	87.74	97.61
Motor Grader Operators	Minimum	79.53	80.88	-	-
	Maximum	115.15	119.03	-	-
Wheel Loader Operators	Minimum	79.12	80.32	63.94	65.82
	Maximum	116.26	117.49	88.29	95.68
Paver Operators	Minimum	85.68	84.68	62.28	64.95
	Maximum	117.58	117.68	91.99	98.08
Mobile Crane Operators	Minimum	98.88	99.41	75.27	75.41
	Maximum	148.90	190.53	115.66	123.86
Crawler Crane Operators	Minimum	98.49	98.86	73.92	76.32
	Maximum	135.57	149.59	104.20	119.40
Tower Crane Operators	Minimum	98.62	92.71	79.24	78.44
	Maximum	151.31	156.46	113.48	129.53
Forklift Truck Operators	Minimum	77.14	72.64	61.86	61.47
	Maximum	107.76	135.49	85.18	95.17
Slinger/Dogger Operators	Minimum	77.77	79.22	62.37	65.35
	Maximum	108.55	113.18	84.92	92.87

Source : CIDB Malaysia

IBS Installer Wage Rates

Average daily wage rates for IBS installer registered an increase between 1.5% and 8.3%. The highest wages were earned by skilled IBS precast concrete installer (RM150.67 per day) and system formwork installer (RM145.24 per day, 41.77 per day).

For semi-skilled IBS installer, the average daily wage rates also registered an increase of between 7.0% and 16.3%. The highest wages were earned by semi-skilled IBS lightweight panel installer (RM107.73 per day) and IBS precast concrete (RM104.88 per day).

Table 10 Average Daily Wage Rate for Local IBS Installer (RM per day)

Category of IBS Installer	Minimum/ Maximum Wage	Skilled		Semi-Skilled	
		2014	2015	2014	2015
IBS Precast Concrete Installers	Minimum	91.45	99.05	69.35	78.60
	Maximum	145.31	150.67	104.88	112.27
IBS Lightweight Panel Installers	Minimum	87.92	93.96	67.73	76.44
	Maximum	137.45	139.46	107.73	113.56
Lightweight Block Wall Installers	Minimum	85.72	90.38	63.37	71.83
	Maximum	121.64	128.03	91.97	102.96
System Formwork Installers	Minimum	82.58	87.95	64.87	75.44
	Maximum	134.29	145.24	99.76	111.05
Roof Truss Installers-(wood)	Minimum	85.03	91.87	62.24	71.65
	Maximum	123.42	131.12	94.49	105.51
Roof Truss Installers-(light steel gauge)	Minimum	86.65	91.19	63.08	72.27
	Maximum	130.84	139.04	101.40	110.13

Source : CIDB Malaysia

Export and Import of Construction Services

There is an increasing trend for both import and export of construction services. Based on the Malaysia's balance of payment statement, the value of projects awarded to the foreign contractor (imports) increased by 21.8%to RM10.6 billion in 2015 (2014: RM8.7 billion).While the involvement of Malaysian construction companies in foreign countries (exports) increased by 42.9%to RM4.0 billion (2014: RM2.8 billion) after two years of decreased value. Overall, this shows a deficit in construction services, which widened to RM6.6 billion in 2015 (2014: RM5.9 billion).

Among the biggest projects undertaken by Malaysian companies were the PETRONAS floating structure in Korea, highway projects in Jakarta, monorail system in Brazil and structural steel work for Abu Dhabi International Airport.

Comparatively, a large number of construction projects in the Malaysia domestic market were secured by contractors from China, Korea and Japan. They were mainly geared towards commercial and refinery projects. Other foreign contractors were from Hong Kong, Indonesia, Singapore, and Germany.

Table 11 Export and Import of Construction Services

	2013	**2014**	**2015**
Export of Construction (RM million)	3,239	2,796	4,024
% Export Change	*-11%*	*-14%*	*44%*
Import of Construction (RM million)	8,100	8,675	10,587
% Import Change	*9%*	*7%*	*22%*
Net Trade: Export-Import (RM million)	**-4,861**	**-5,879**	**-6,563**

Source : Balance of Payment, Department of Statistics Malaysia

Overall, the exports and imports of *architectural*, *engineering and other technical services* have increased since 2010. However, the statistics show the difference between the export and imports of *architectural*, *engineering and other technical services* has depreciates over the years. In 2015, the exports rose by 8.9% to RM6.8 billion against the double digit growth of the imports which grew by 30.5% to RM10.6 billion. The foreign technical services mainly came from United States, Singapore and United Kingdom, while the Malaysian technical services mainly went to Singapore, Japan, and Korea.

Table 12 Export and Import of Other Business Services

	2013	2014	2015
Export of Architectural, engineering and other technical (RM million)	6,439	6,297	6,856
% Export Change	*9.1%*	*-2.2%*	*8.9%*
Import of Architectural, engineering and other technical (RM million)	7,176	8,104	10,575
% Import Change	*22.1%*	*12.9%*	*30.5%*
Difference (Export-Import) (RM million)	***-737***	***-1,807***	***-3,719***

Source : Balance of payment, Department of Statistics Malaysia

CONSTRUCTION INDUSTRY OUTLOOK FOR 2016 AND 2017

Malaysia and other Asian countries appear to have buoyant view on the domestic market. The Malaysian economy is forecasted to grow for at least 4.0% in 2016 and 2017. Almost all sectors of the economy are projected to grow positively. The construction sector will continue to benefit from the rollout of mega infrastructure projects; the rapid development of township; and increase in private and public investment. The construction sector is expected to have a sustainable demand approximately at RM131.0 billion in 2016 and RM138.0 billion in 2017. The trend of high acquisition of construction works during the past 5 years will yield high productivity and enable rapid growth of the construction sector to reach 8.7% in 2016 and up to 8.3% in 2017.

COUNTRY REPORT MALAYSIA

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Presentation Flow

1

Macroeconomic Review and Outlook

2

Overview of the Construction Industry

3

Construction Industry Outlook

1

MACROECONOMIC
REVIEW AND OUTLOOK

MALAYSIA COUNTRY PROFILE

GEOGRAPHICAL

- Located in Southeast Asia
- Comprises the Peninsular Malaysia and the states of Sabah and Sarawak on Borneo
- 330,000 sq km in size

DEMOGRAPHIC INDICATOR

Population	31.0 mil
Population growth rate	1.3%
Labour force	13.8 mil
Labour force growth rate	2.2%
Unemployment rate	3.2%

FINANCIAL INDICATOR

Inflation rate	2.1%
Fixed Deposit Commercial Bank - 3 month	**3.13%**
Fixed Deposit Commercial Bank -12 month	**3.31%**
Exchange rate at end of period *(RM vs USD)*	**RM4.29**

EXTERNAL TRADE PRODUCT

EXPORT
- E&E product (36%),
- chemicals & chemical products (7%),
- Petroleum products (7%),
- LNG (6%)

IMPORT
- Industrial supplies(24%),
- Parts & accessories of capital goods (except transport)(21%),
- Capital goods(13%)

TRADE COUNTRIES

IMPORT
- China (20%),
- Singapore (11%),
- USA (8%)

EXPORT
- Singapore (15%)
- China (12%),
- USA (11%)

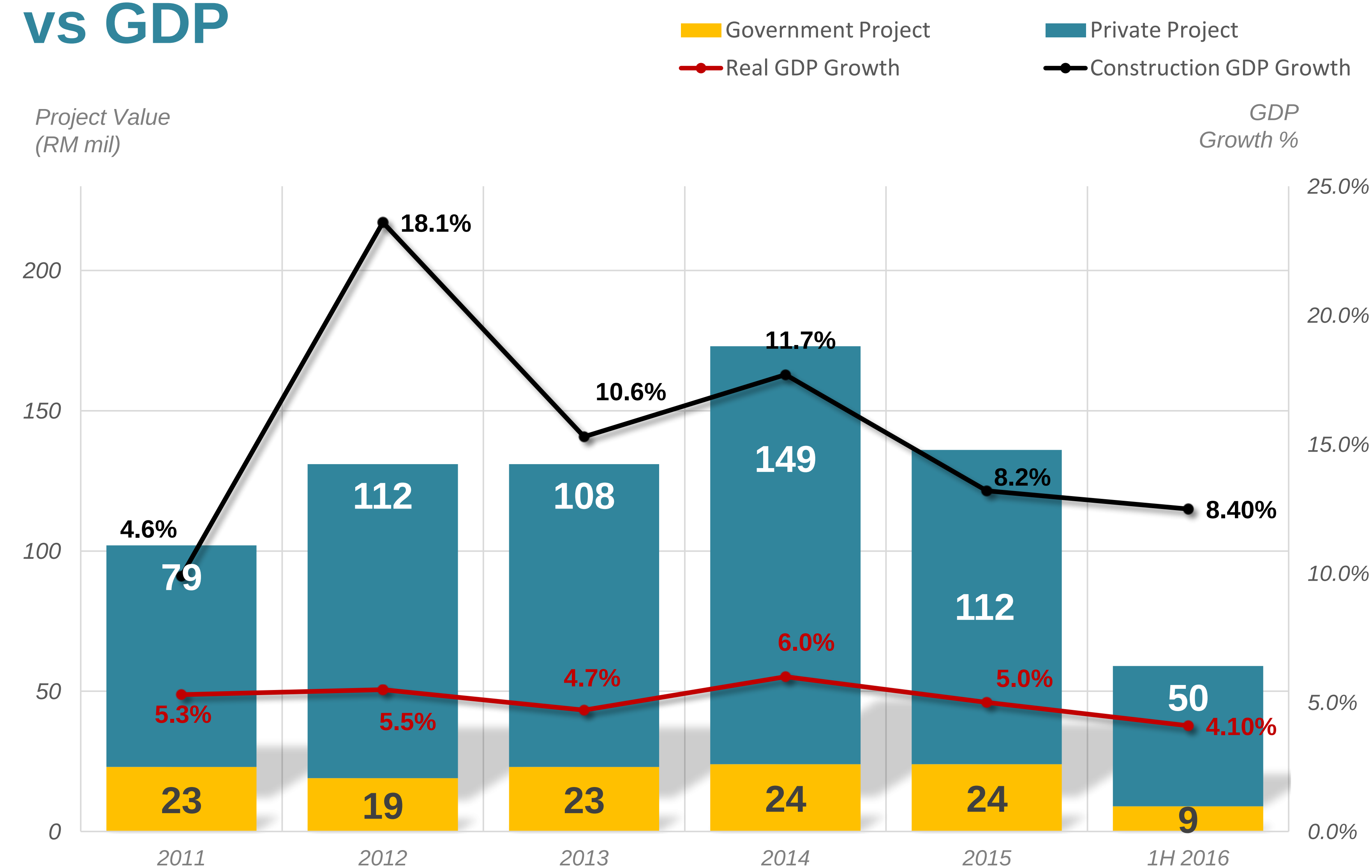
Source :
Central Bank of Malaysia
Department of Statistics Malaysia

Malaysia GDP by Sector
(Economic Activity)

	2011	2012	2013	2014	2015
GDP growth by economic activity at 2010 chained price (RM billion)					
Agriculture	88.6	89.4	91.2	93.1	94.1
Mining and Quarrying	85.4	86.8	87.8	90.8	95.1
Manufacturing	203.0	211.9	219.2	232.8	244.2
Construction	29.5	34.9	38.6	43.1	46.6
Services	449.9	479.3	507.8	541.1	568.9
Real GDP	864.9	912.3	955.1	1,012.5	1,062.8
GDP growth by economic activity at 2010 chained price (%)					
Agriculture	6.8	1.0	2.0	2.1	1.2
Mining and Quarrying	-4.9	1.6	1.2	3.5	4.7
Manufacturing	5.4	4.4	3.4	6.2	4.9
Construction	4.6	18.1	10.6	11.7	8.2
Services	7.0	6.5	5.9	6.6	5.1
Real GDP Growth	5.3	5.5	4.7	6.0	5.0

Source : Central Bank of Malaysia

Projects Awarded vs GDP



Source :
CIDB Malaysia
Central Bank of Malaysia

2

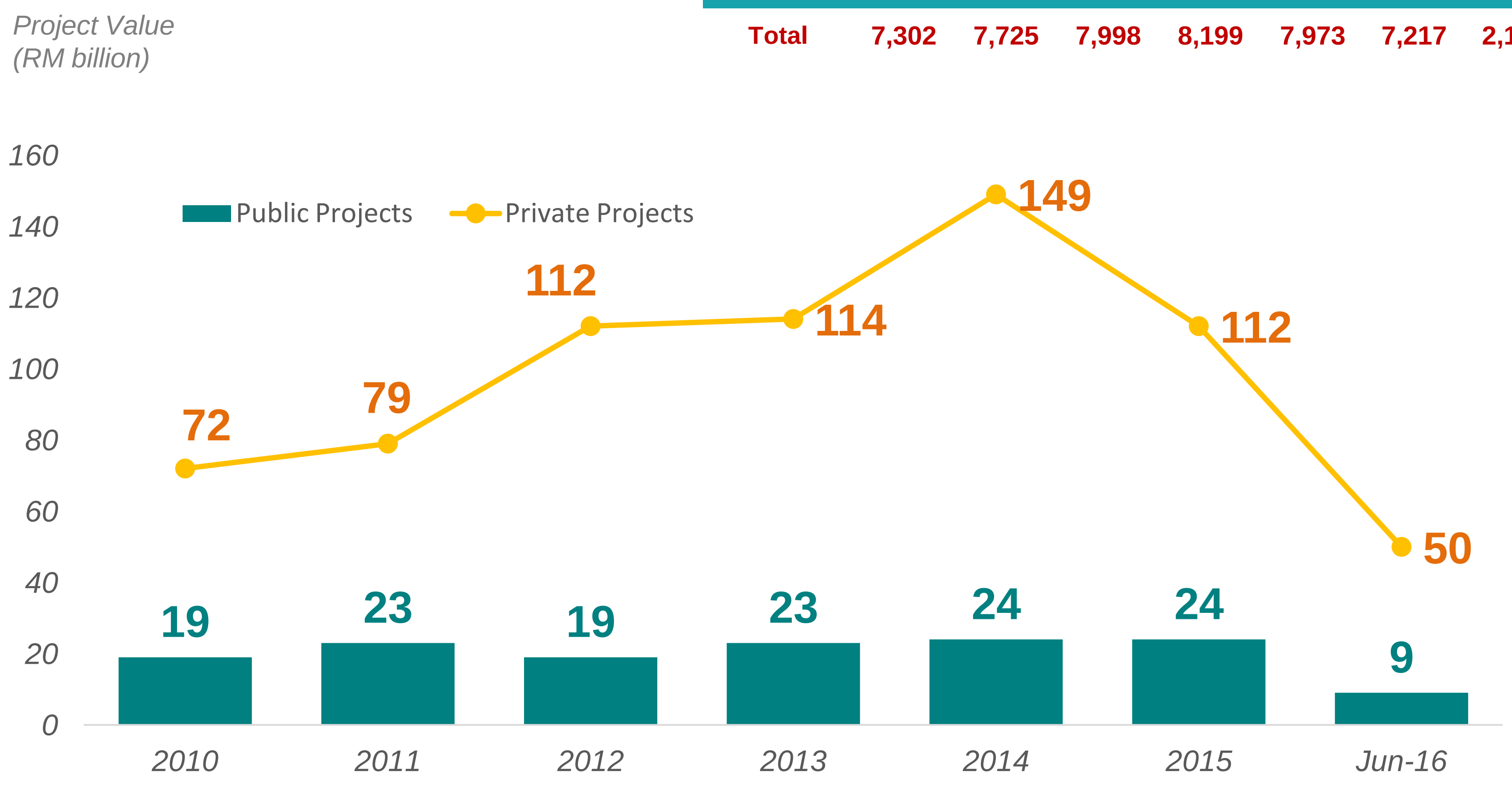
OVERVIEW

OF THE CONSTRUCTION INDUSTRY

Government and Private Projects

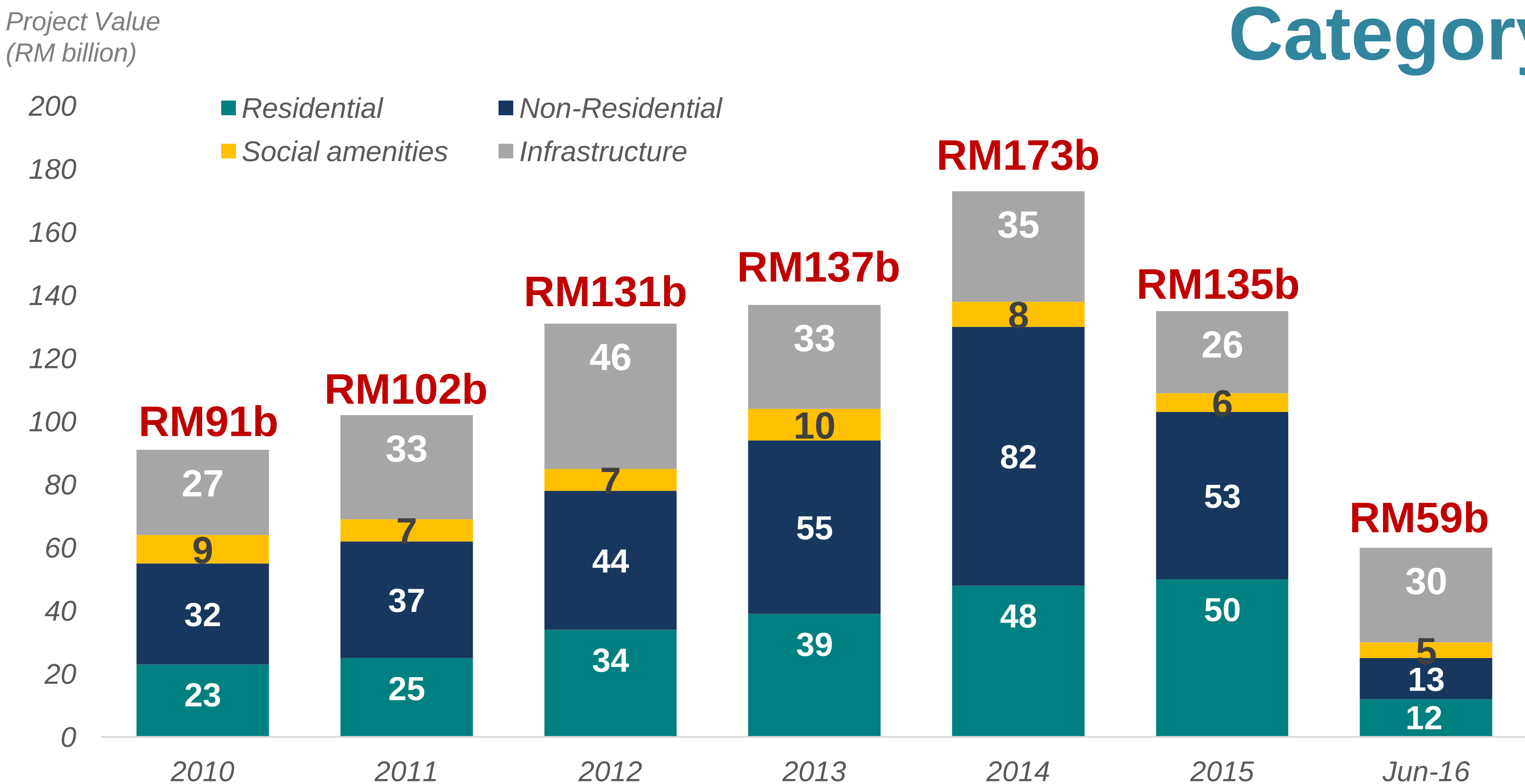
Number of Projects by Government & Private Sector

Sector	2010	2011	2012	2013	2014	2015	Jun-16
Government	1,878	1,954	2,001	1,971	1,772	1,822	474
Private	5,424	5,771	5,997	6,228	6,201	5,395	1,705
Total	7,302	7,725	7,998	8,199	7,973	7,217	2,179



Source : CIDB Malaysia

Project Awarded by Category



Number of Projects

Category	2010	2011	2012	2013	2014	2015	Jun-16
Residential	2,131	2,253	2,307	2,365	2,406	2,084	624
Non Residential	2,563	2,661	2,884	3,075	2,880	2,674	761
Social Amenities	857	820	918	731	693	653	220
Infrastructure	1,751	1,991	1,889	2,028	1,994	1,806	574
Total	**7,302**	**7,725**	**7,998**	**8,199**	**7,973**	**7,217**	**2,179**

Source : CIDB Malaysia

Contractors Registered by Registration Grade

Grade	Bidding Limit	2013	2014	2015	1H 2016
G1	*Not exceeding RM200 k*	34,485	33,991	34,068	34,863
G2	*Not exceeding RM500 k*	9,268	10,441	12,407	14,636
G3	*Not exceeding RM1 m*	8,825	8,875	9,375	10,167
G4	*Not exceeding RM3 m*	3,038	3,093	3,408	3,669
G5	*Not exceeding RM5 m*	4,130	4,287	4,746	4,992
G6	*Not exceeding RM10 m*	1,594	1,528	1,589	1,674
G7	*Unlimited*	5,332	5,618	6,206	6,650
Foreign	*Unlimited*	373	422	447	422
Total		**67,045**	**68,255**	**72,246**	**77,073**

Note: As at 30 June 2016

Source : CIDB Malaysia

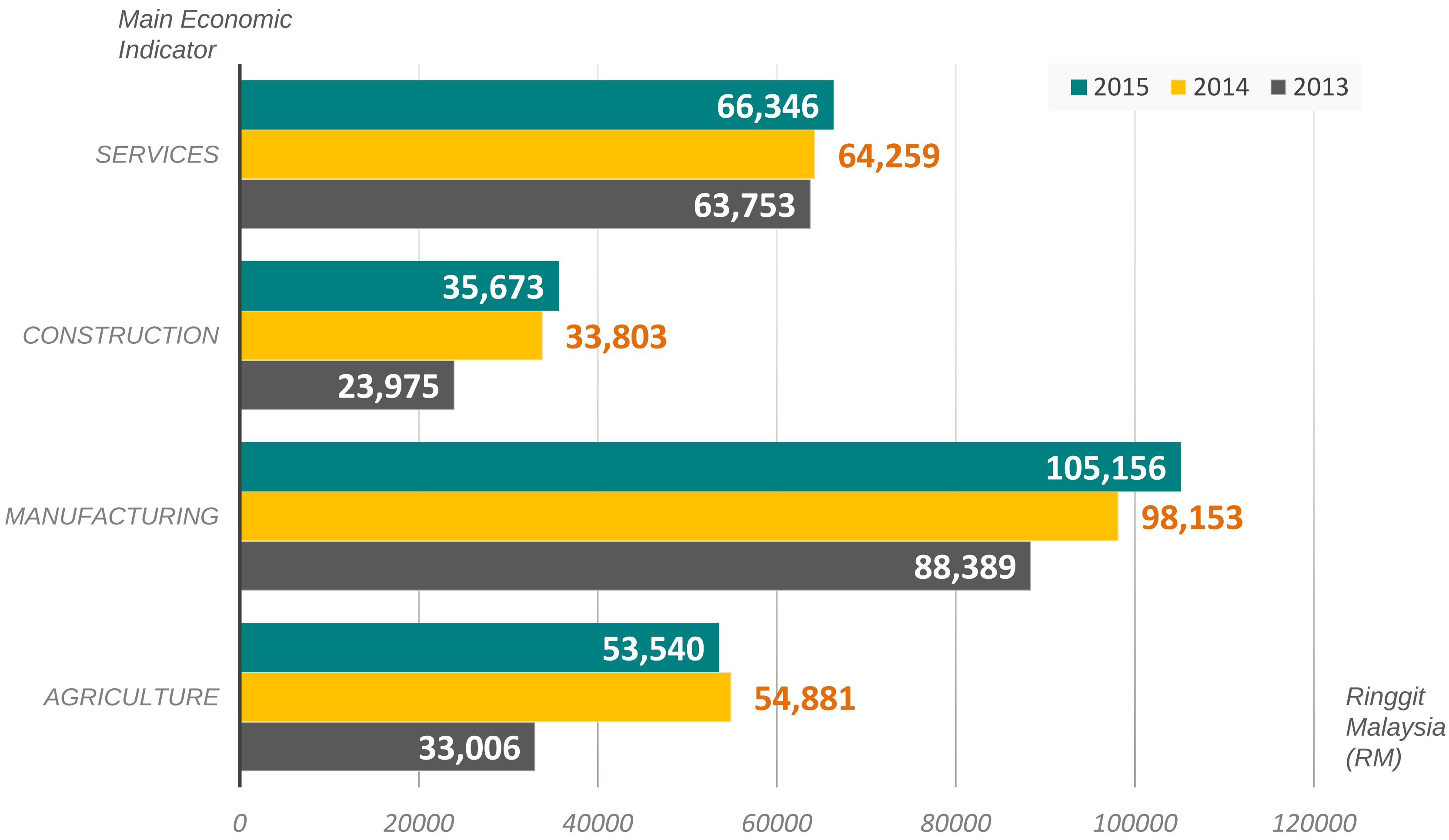
Contractor Personnel
REGISTERED

Category of Worker	2014		2015	
	Local	Foreign	Local	Foreign
Construction worker	333,078	172,292	295,711	136,004
Skilled construction worker	53,423	1,659	50,704	1,668
Manager and site assistant manager	55,634	1,929	51,410	1,462
Construction supervisor	56,923	420	50,933	272
Administrative personnel	141,688	2,146	126,716	1,662
Total	640,746	178,446	575,474	141,068

Source: CIDB Malaysia

Construction

Productivity



Source: Malaysia Productivity Corporation

Major Material
PRICES

Bag (50kg)

2013: RM17.19
2014: RM18.62
2015: RM18.54

Tonnes

2013: RM39.14
2014: RM42.07
2015: RM43.47

m3

2013: RM252.27
2014: RM226.17
2015: RM237.71

Tonnes

2013: RM28.79
2014: RM35.88
2015: RM38.91

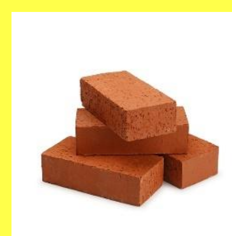
m2

2013: RM17.57
2014: RM18.55
2015: RM19.78

Tonnes

2013: RM2,549.13
2014: RM2,388.68
2015: RM2,159.19

Unit



2013: RM0.37
2014: RM0.40
2015: RM0.43

Source: CIDB Malaysia

Construction Worker
WAGE RATES

Category of Worker	Minimum/ Maximum Wage	Skilled		Semi-Skilled	
		2014	2015	2014	2015
General Construction Worker - Building	Min.	50.96	53.77	-	-
	Max.	81.47	82.03	-	-
Bricklayer	Min.	75.87	78.98	59.44	61.63
	Max.	110.89	111.15	87.22	90.05
Plasterer	Min.	80.67	84.49	63.36	66.11
	Max.	119.03	118.53	93.99	95.05
Carpenter - Formwork	Min.	82.89	82.96	63.69	67.11
	Max.	117.91	122.81	90.69	95.68
Steel Structure Fabricator	Min.	89.72	88.54	70.90	74.01
	Max.	128.76	132.89	101.36	108.19

Source: CIDB Malaysia

Highest Wages

Skilled:
- **Steel Structure Fabricator** (RM132.89/day)
- **Reticulation Plumber** (RM130.14/day)

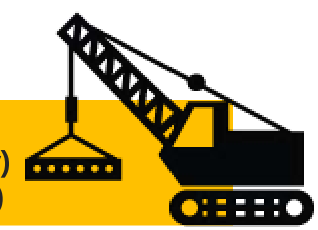
Semi-Skilled:
- **Building Wiring Installer** (RM117.38/day)
- **Plumber Reticulation** (RM107.83/day)

Construction Machinery Operator

WAGE RATES

Category of Operator	Minimum/ Maximum Wage	Skilled 2014	Skilled 2015	Semi-Skilled 2014	Semi-Skilled 2015
Excavator Operators	Min.	78.06	82.49	-	-
	Max.	123.16	123.53	-	-
Backhoe Loader Operators	Min.	80.39	81.74	-	-
	Max.	116.31	133.21	-	-
Roller Operators	Min.	76.97	79.83	61.87	65.36
	Max.	111.39	116.04	84.21	95.51
Mobile Crane Operators	Min.	98.88	99.41	75.27	75.41
	Max.	148.90	190.53	115.66	123.86
Tower Crane Operators	Min.	98.62	92.71	79.24	78.44
	Max.	151.31	156.46	113.48	129.53

Highest Wages



Skilled
- **Mobile Crane (RM190.53/day)**
- **Tower Crane (RM156.46/day)**

Semi-Skilled
- **Tower Crane (RM129.53/day)**
- **Mobile Crane (RM123.86/day)**

Source: CIDB Malaysia

IBS Installer

WAGE RATES

Category of IBS Installer	Minimum/ Maximum Wage	Skilled 2014	Skilled 2015	Semi-Skilled 2014	Semi-Skilled 2015
IBS Precast Concrete Installers	*Min.*	91.45	99.05	69.35	78.60
	Max.	145.31	150.67	104.88	112.27
IBS Lightweight Panel Installers	*Min.*	87.92	93.96	67.73	76.44
	Max.	137.45	139.46	107.73	113.56
Lightweight Block Wall Installers	*Min.*	85.72	90.38	63.37	71.83
	Max.	121.64	128.03	91.97	102.96
System Formwork Installers	*Min.*	82.58	87.95	64.87	75.44
	Max.	134.29	145.24	99.76	111.05
Roof Truss Installers-(wood)	*Min.*	85.03	91.87	62.24	71.65
	Max.	123.42	131.12	94.49	105.51
Roof Truss Installers-(light steel gauge)	*Min.*	86.65	91.19	63.08	72.27
	Max.	130.84	139.04	101.40	110.13

Highest Wages

Skilled:

- **IBS precast installer** (RM150.67/day)
- **System Formwork installer** (RM145.24/day)

Semi-Skilled:

- **IBS Lightweight Panel installer** (RM107.73/day)
- **IBS Precast Concrete** (RM145.24/day)

Source: CIDB Malaysia

Import & Export of
CONSTRUCTION SERVICES

2013

Export Change	-11%
Import Change	9%

2014

Export Change	-14%
Import Change	7%

2015

Export Change	44%
Import Change	22%

Net Trade: Export-Import (RM billion)

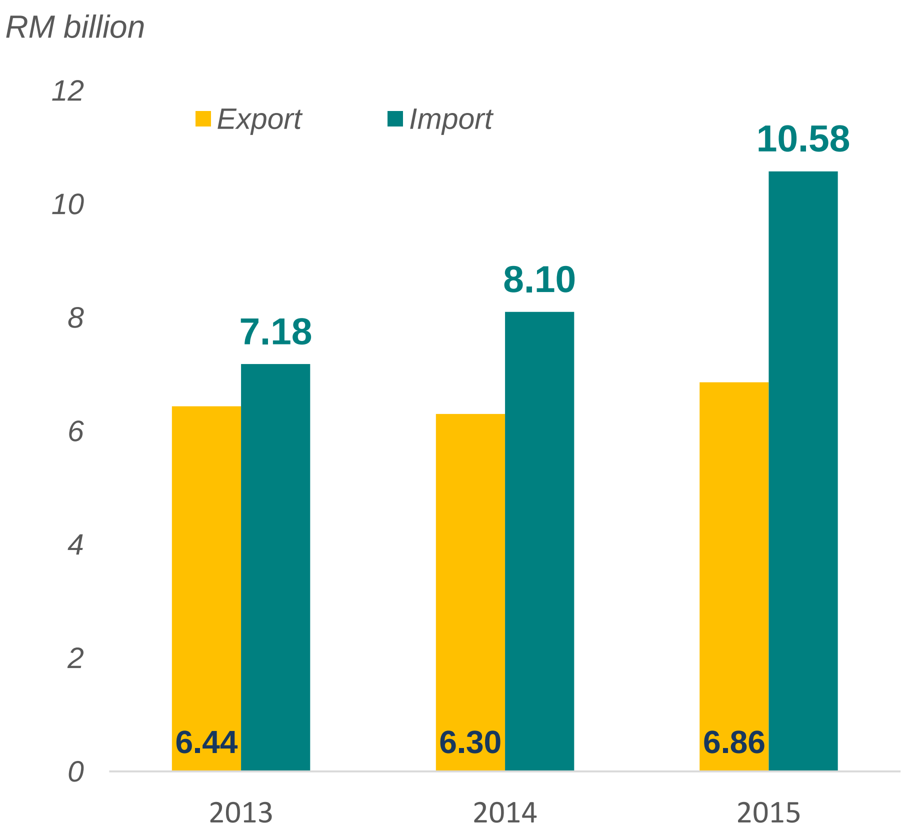
2013	2014	2015
-4.86	-5.88	-6.56

Source : Department of Statistics Malaysia

Import & Export of

OTHER BUSINESS SERVICES

(Architectural, Engineering & Other Technical)



Net Trade: Export-Import (RM billion)

-0.74	-1.81	-3.72

2013

Export Change	9.1%
Import Change	22.1%

2014

Export Change	-2.2%
Import Change	12.9%

2015

Export Change	8.9%
Import Change	30.5%

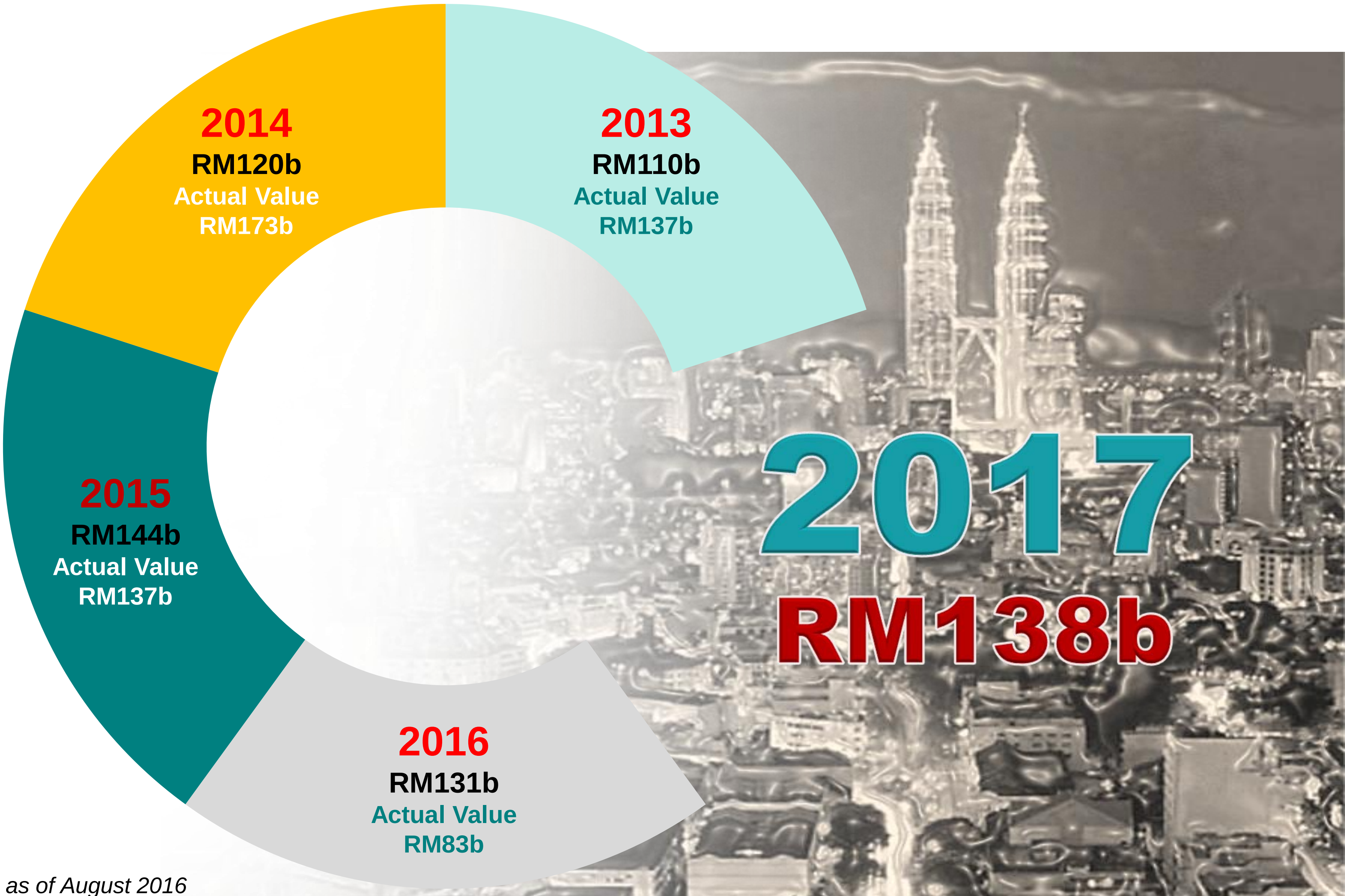
Source : Department of Statistics Malaysia

CONSTRUCTION INDUSTRY

Outlook

3

Projection New Construction Works by VOLUME



Data as of August 2016

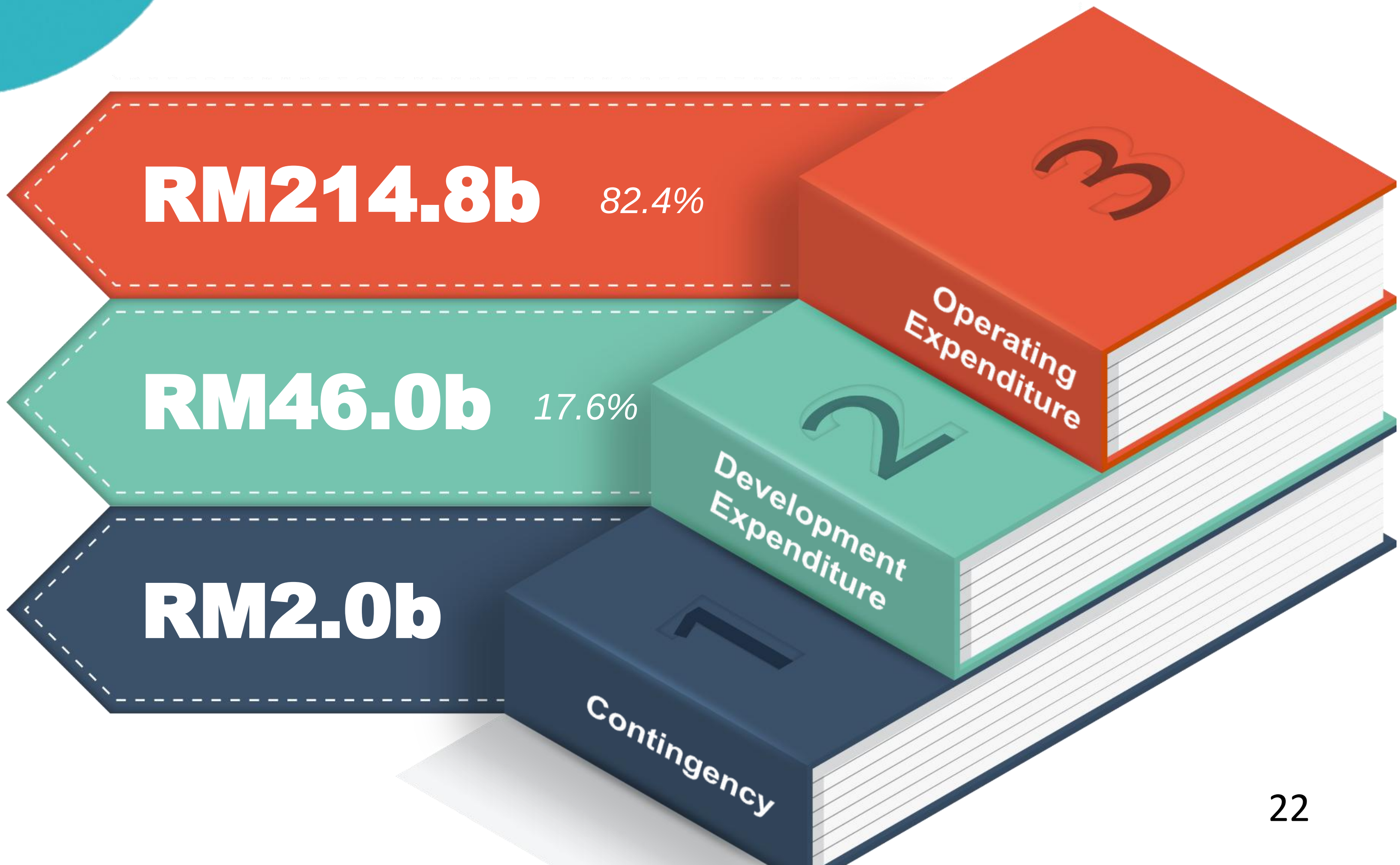
Malaysia
Economy Outlook

	2016		2017[f]
	1H	Annual[f]	
Agriculture	-6.0	-3.3	1.5
Mining and Quarrying	1.4	1.1	1.4
Manufacturing	4.3	4.0	4.1
Construction	**8.4**	**8.7**	**8.3**
Services	5.4	5.6	5.7
Real GDP Growth	4.1	4.0 – 4.5	4.0 – 5.0

Note: [f] Forecast

Source : Department of Statistics Malaysia

2017 BUDGET
Allocation

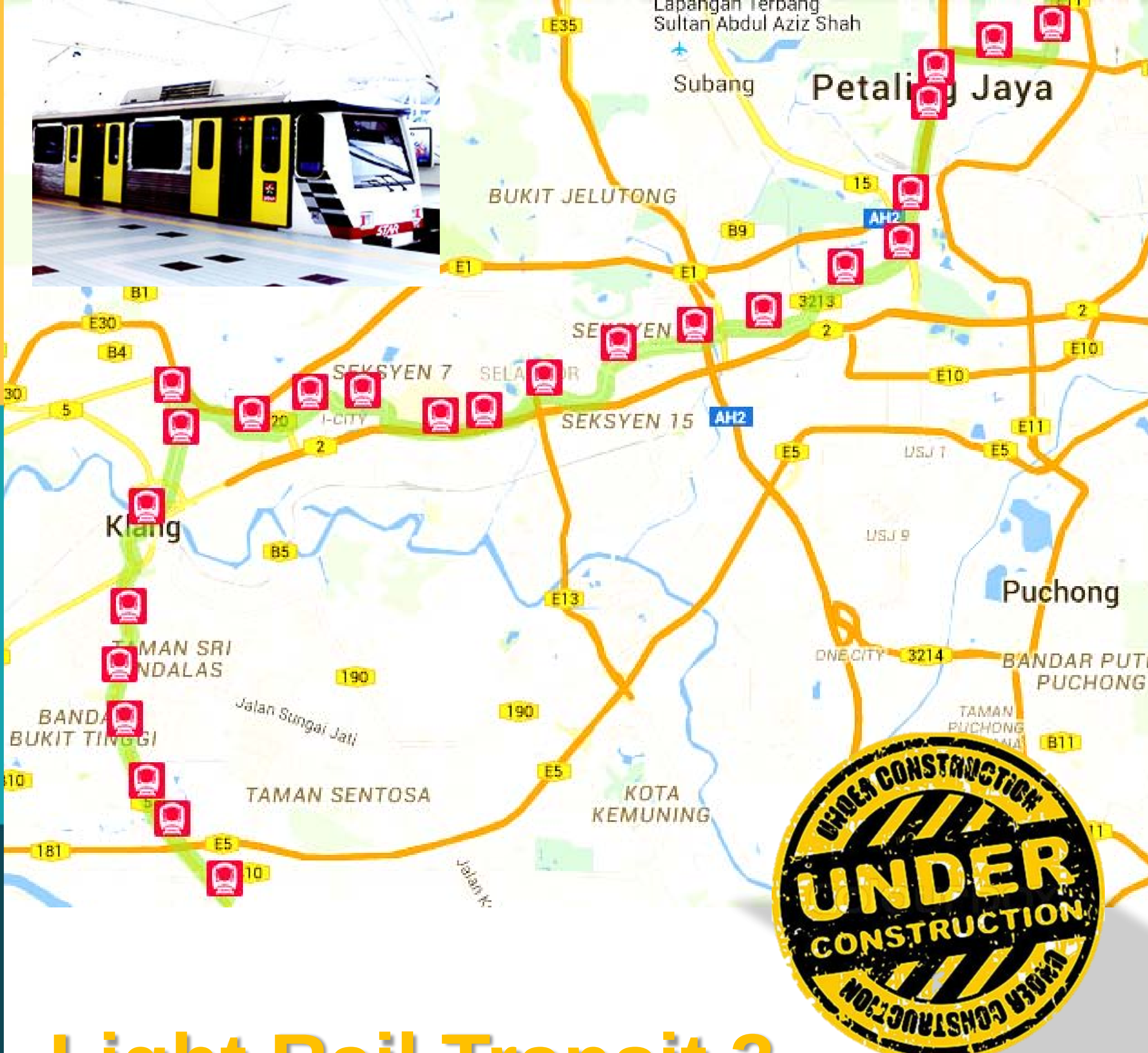


MEGA PROJECTS
Awarded

Mass Rapid Transit 2

Sungai Buloh – Serdang - Putrajaya

RM4b Development Cost	**Q2 2016** Construction starts
Q2 2022 Operation starts	**52.2 km** Length
38.7 km Elevated	**13.5 km** Underground
37 Stations	**2 million** Serves catchment population



RM9b
Development Cost

Q3 2020
Completion

37 km
Length

5
Integrated stations

26
Stations

Light Rail Transit 3

Bandar Utama – Johan Setia

RM29b
Construction cost

2022
Completion

2,300 km
Estimated total length

1,090 km
Sarawak section

1,236 km
Sabah section

Pan Borneo Highway

Sabah and Sarawak

West Cost Expressway (WCE)

Banting - Taiping

RM6b
Construction cost

Q3 2019
Completion

233 km
Length

Damansara – Shah Alam Elevated Expressway (DASH)

(Klang Valley)

RM11.5b	Q3 2020	20.1 km	12
Construction cost	Completion	Length	Interchange

RM2.2b
Construction cost

Q3 2019
Completion

36.2 km
Length

5
Interchange

East Klang Valley Expressway (EKVE)

(Klang Valley)

RM60b investment by 2020

Year 2035 to be a regional oil & gas hub

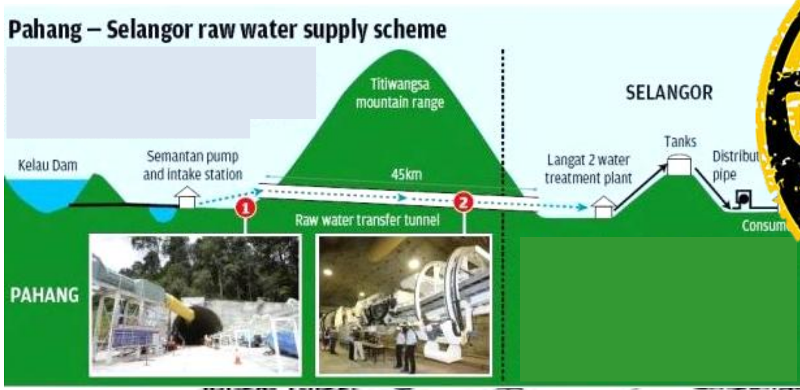
6,242 acre site

Refinery & Petrochemical Integrated Development (RAPID)

Johor

Langat Water Treatment Plant 2

Selangor



Year 2014
Start

1.89b liters
Raw water treated per day

Q4 2017
Completion

FUTURE MEGA PROJECTS
Awarded

RM40b – RM45b
Estimate project cost

Year 2026
Operation starts

350 km
Length

6
Transit location

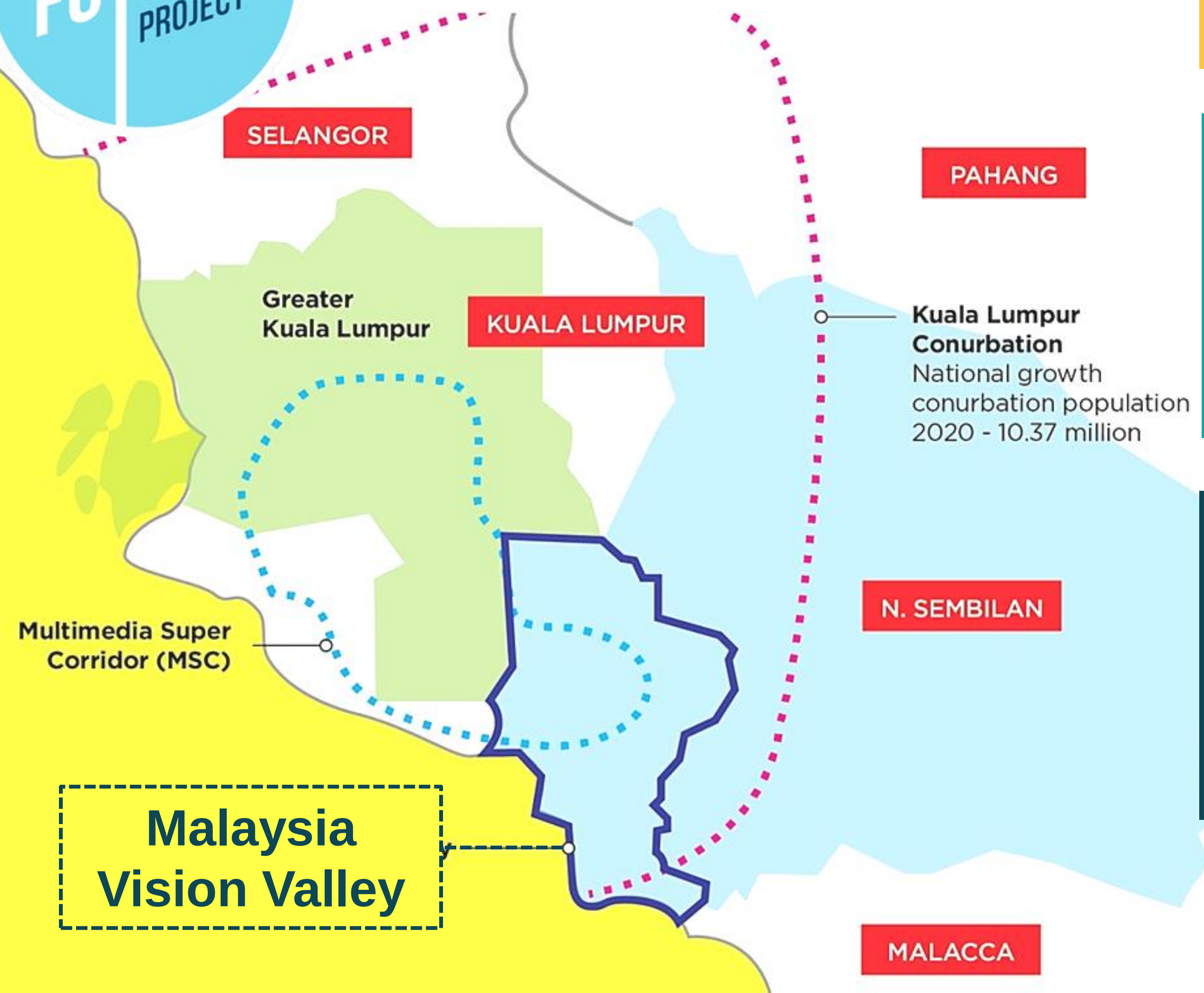
90 mins.
Journey time

High Speed Rail

Kuala Lumpur – Jurong East

Malaysia Vision Valley

Negeri Sembilan



Initial Investment forecast **RM5b**

Gross development value **RM640b**

108,000 ha
Land area

CONSTRUCTION

Cyberjaya City Centre

Cyberjaya

RM8b – RM10b
Gross development value
for over 15 years

53 ha
Land area

RM5b
Initial investment forecast

Equipment for plastic and metal industries

Automotive components

1,500 acres

Land area

Fiber cement board

Carbon fiber

Electric & Electronic (E&E)

Information Communication Technology (ICT)

Stainless steel products

RM9.7b

Investment attracted

Renewable energy

Year 2013

Launched

Kuantan Industrial Park

Melaka Gateway

THE FUTURE PROJECT

Year 2014
Launched

609 acres
Land Area

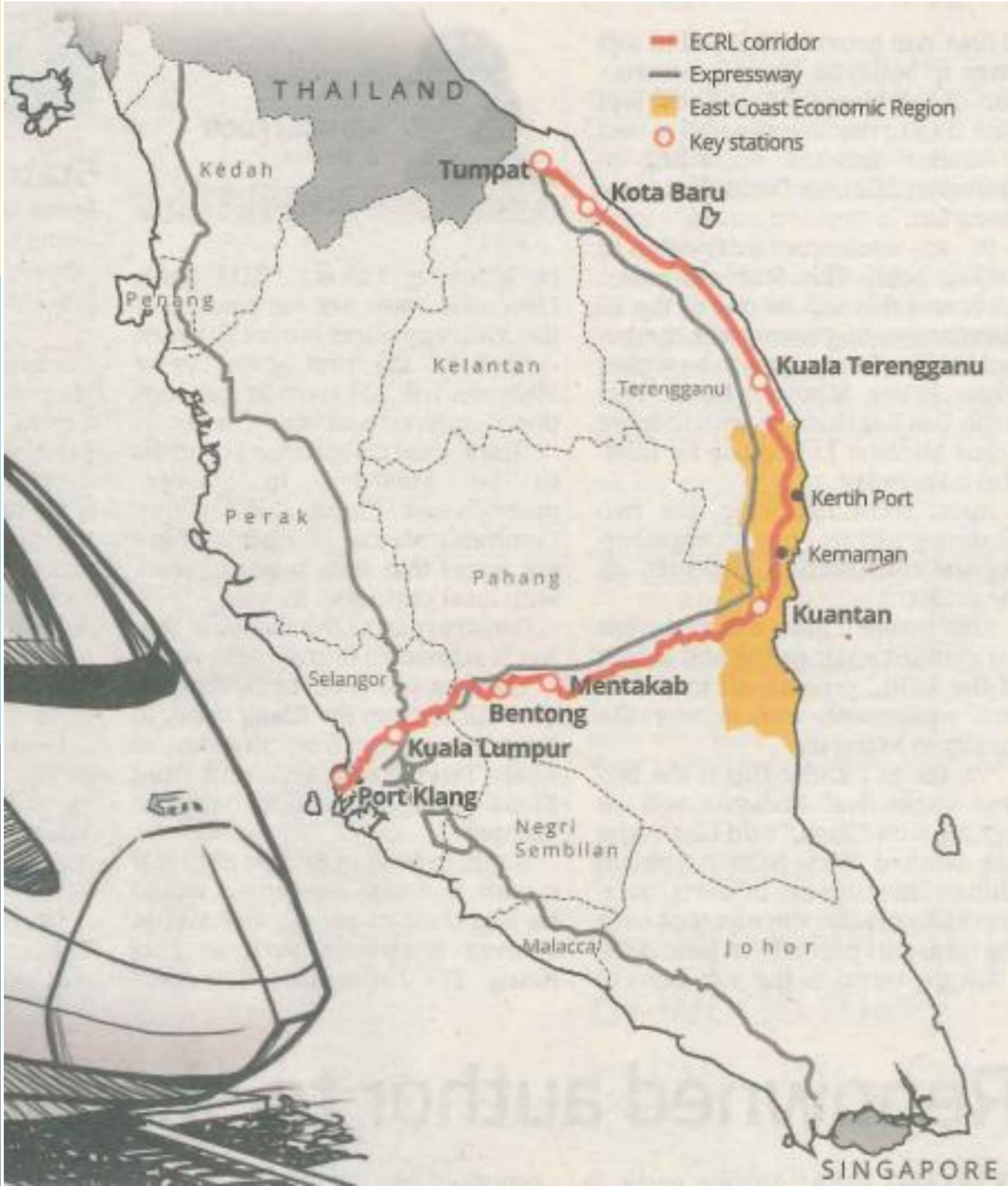
Year 2025
Complete

20–25 years
Development

5,000 unit
Affordable Homes

Bandar Malaysia

2017 Mega Project
Announced



RM55b
Construction Cost

Year 2017
Construction Starts

Year 2022
Completion

East Coast Rail Line

www.cidb.gov.my