

*The 28<sup>th</sup>*

*ASIA CONSTRUCT CONFERENCE*

# Country Report

## : Economic and Construction Trends in Korea

Prepared by **KRIHS**

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# Table of Contents

<b>1. Executive Summary .....</b>	<b>5</b>
<b>2. Overview of the Korean Economy and Outlook.....</b>	<b>7</b>
<i>2.1. Overview of Korean Economy.....</i>	<i>7</i>
<i>2.2. Outlook .....</i>	<i>13</i>
<b>3. Overview of the Construction Industry .....</b>	<b>14</b>
<i>3.1. Construction Investment and Contract Amount .....</i>	<i>14</i>
<i>3.2. Number of Construction Contractors and Market Shares .....</i>	<i>16</i>
<i>3.3. Labor Market.....</i>	<i>18</i>
<i>3.4. Productivity.....</i>	<i>22</i>
<i>3.5. Overseas Construction .....</i>	<i>23</i>
<b>References .....</b>	<b>25</b>



## **1. Executive Summary**

The Korean economy recorded modest growth between 2020 and 2024, with real GDP rising from KRW 2,073 trillion to KRW 2,247 trillion. Services and manufacturing were the main growth drivers, while construction output remained stagnant and agriculture contracted slightly. On the expenditure side, consumption expanded steadily, exports and imports both grew, and facilities investment proved resilient. In contrast, construction investment declined, reflecting persistent weakness in the domestic building market. Inflation peaked in 2022 before moderating, while financial markets experienced sharp volatility in interest rates, exchange rates, and equities as monetary policy tightened and then partially reversed. Demographic shifts, particularly population aging and the shrinking youth cohort, continued to shape the labor market, although employment indicators improved overall with higher participation and lower unemployment.

The construction sector's share of GDP has steadily declined, falling from 16.6% in 2017 to 12.7% in 2024. Private-sector weakness, especially in residential building investment, has weighed heavily on the industry, though public works and civil engineering projects provided partial support. The number of contractors has grown but shifted toward general contractors due to regulatory changes, while employment in construction has begun to contract, with the workforce aging and increasingly reliant on foreign labor. Wages have risen steadily, yet productivity in construction has lagged behind that of manufacturing and services, underscoring structural inefficiencies. Overseas construction markets remained an important source of activity, with demand concentrated in the Middle East and Asia alongside some diversification into new destinations such as the United States and Egypt.

Looking ahead, both the Bank of Korea and the Korea Development Institute project slower economic growth in 2025, with construction investment expected to contract further before recovering in 2026. Inflation is anticipated to ease, but demographic pressures, labor shortages, and structural issues in construction will remain pressing concerns. For the construction industry, sustaining competitiveness will require enhancing productivity, diversifying markets, and developing new growth drivers such as smart construction technologies and service-oriented business models.

The current conditions of the Korean construction sector can be summarized as follows:

1. **Construction Investment:** Real construction investment declined from KRW 313 trillion in 2020 to KRW 290 trillion in 2024, with its share of GDP falling from 15.2% in 2020 to 12.7% in 2024. Private construction, particularly in the residential sector, weakened steadily, while public investment provided partial support.
2. **Number of Contractors:** The total number of contractors fell from a peak of 88,208 in 2023 to 84,140 in 2024. General contractors continued to expand, while specialty contractors declined.
3. **Employment:** Construction employment decreased from 2.12 million in 2022 to 2.07 million in 2024, and further to 1.92 million as of mid-2025, reducing the sector's share of total employment to 6.6%. The workforce is aging, with employees aged 60 and over rising to 21.9% in 2023, while the proportion of younger workers remained stagnant.
4. **Foreign Workers:** The number of foreign employees across all industries rose to 1.01 million in 2024, with construction employing about 108,000. While this was slightly below the 2023 level, reliance on foreign labor remains a defining feature of the sector.
5. **Productivity:** Labor productivity in construction fell from its 2017 peak and stood at 95.3 (2020=100) in 2024, in contrast to steady gains in manufacturing (112.9) and services (113.4). This highlights persistent inefficiencies relative to other industries.
6. **Overseas Construction:** Overseas construction contracts recovered to USD 37.1 billion in 2024, driven mainly by large industrial facility projects. Korea's overseas markets remain concentrated in the Middle East and Asia, with diversification into the United States and Egypt in recent years.

## 2. Overview of the Korean Economy and Outlook

### 2.1. Overview of the Korean Economy

Korea's real GDP increased from KRW 2,073.0 trillion in 2020 to KRW 2,247.2 trillion in 2024 (Table 2.1). Annual growth rates were -0.7% in 2021, 4.6% in 2022, 2.7% in 2023, and 1.6% in 2024. By industry, manufacturing grew from KRW 539.8 trillion in 2020 to KRW 585.8 trillion in 2024, and services from KRW 1,176.7 trillion to KRW 1,303.1 trillion. Agriculture, forestry, and fishing declined slightly, while construction remained near KRW 110 trillion throughout the period.

Table 2.1. | GDP Indicators

Year	(Trillion KRW, Real)				
	2020	2021	2022	2023	2024
GDP	2073.0 (2.3)	2058.5 (-0.7)	2153.4 (4.6)	2212.2 (2.7)	2247.2 (1.6)
■ Agriculture, Forestry, and Fishing	34.8 (2.9)	32.5 (-6.7)	33.6 (3.4)	33.9 (0.8)	33.2 (-1.8)
■ Manufacturing	539.8 (0.5)	529.0 (-2.0)	563.3 (6.5)	577.2 (2.5)	585.8 (1.5)
■ Construction	110.7 (-1.7)	110.3 (-0.4)	109.3 (-0.9)	110.3 (0.9)	109.6 (-0.6)
■ Services	1176.7 (3.8)	1171.7 (-0.4)	1222.6 (4.3)	1269.1 (3.8)	1303.1 (2.7)

Note: Figures in parentheses indicate annual growth rates; prices are chained to 2020-year values

Source: The Bank of Korea

From the expenditure perspective (Table 2.2), final consumption expenditure rose from KRW 1,333.7 trillion in 2020 to KRW 1,497.1 trillion in 2024. Within this, private consumption increased from KRW 984.1 trillion to KRW 1,097.0 trillion, and government consumption from KRW 349.6 trillion to KRW 400.1 trillion. Gross fixed capital formation remained broadly unchanged overall, with facilities investment increasing from KRW 194.2 trillion to KRW 216.5 trillion, while construction investment decreased from KRW 313.0 trillion to KRW 290.2 trillion. Exports expanded from KRW 712.5 trillion to KRW 906.3 trillion, and imports from KRW 636.7 trillion to KRW 771.4 trillion.

Table 2.2. | Expenditure on GDP

(Trillion KRW, Real)					
Year	2020	2021	2022	2023	2024
Expenditure on GDP	2058.5 (-0.7)	2153.4 (4.6)	2212.2 (2.7)	2247.2 (1.6)	2292.2 (2.0)
■ Final Consumption Expenditure	1333.7 (-2.2)	1390.2 (4.2)	1448.2 (4.2)	1477.1 (2.0)	1497.1 (1.4)
◆ Private	984.1 (-4.6)	1020.9 (3.7)	1063.9 (4.2)	1085.4 (2.0)	1097.0 (1.1)
◆ Government	349.6 (5.2)	369.3 (5.6)	384.2 (4.0)	391.7 (1.9)	400.1 (2.1)
■ Gross Fixed Capital Formation	639.0 (2.8)	666.6 (4.3)	665.4 (-0.2)	663.8 (-0.2)	658.7 (-0.8)
◆ Construction Investment	313.0 (1.7)	312.3 (-0.2)	301.4 (-3.5)	300.0 (-0.5)	290.2 (-3.3)
◆ Facilities Investment	194.2 (4.3)	213.9 (10.2)	213.2 (-0.3)	212.8 (-0.2)	216.5 (1.7)
◆ Intellectual Property Products	131.8 (3.0)	140.4 (6.5)	151.4 (7.8)	151.6 (0.2)	153.4 (1.2)
■ Exports	712.5 (-1.7)	789.4 (10.8)	820.3 (3.9)	848.3 (3.4)	906.3 (6.8)
■ Imports	636.7 (-3.3)	701.5 (10.2)	730.7 (4.2)	752.7 (3.0)	771.4 (2.5)

Note: Figures in parentheses indicate annual growth rates; prices are chained to 2020-year values  
Source: The Bank of Korea

At the 2020 base year (2020=100), Korea's overall Consumer Price Index (CPI) increased from 100.0 in 2020 to 114.2 in 2024, with annual growth rates of 0.5% in 2020, 2.5% in 2021, 5.1% in 2022, 3.6% in 2023, and 2.3% in 2024 (Table 2.3). Among the major categories, food and non-alcoholic beverages rose from 100.0 in 2020 to 122.9 in 2024, recording annual increases above 3% each year. Housing, water, electricity and other fuels increased from 100.0 to 114.5 over the same period, with a 5.5% rise in 2022 and a 5.1% rise in 2023. Transport recorded the largest annual increase in 2022 at 9.7%, followed by a 3.4% decline in 2023 and a 1.4% increase in 2024. Other notable movements include clothing and footwear, which rose from 100.0 in 2020 to 114.3 in 2024, and furnishings, household equipment and routine maintenance, which increased from 100.0 to 114.8. Health and communication showed relatively small changes over the period, with index levels of 104.3 and 101.3 in 2024, respectively.

Table 2.3. | Consumer Price Index

(Consumer Price Index, 2020 = 100)

Year	2020	2021	2022	2023	2024
Consumer Price Index by Major Components					
Total item	100.0 (0.5)	102.5 (2.5)	107.7 (5.1)	111.6 (3.6)	114.2 (2.3)
■ Food and non-alcoholic beverages	100.0 (4.4)	105.9 (5.9)	112.2 (5.9)	118.3 (5.5)	122.9 (3.9)
■ Alcoholic beverages and tobacco	100.0 (0.3)	100.4 (0.4)	102.6 (2.2)	103.6 (1.0)	104.6 (0.9)
■ Clothing and footwear	100.0 (0.7)	100.6 (0.6)	103.7 (3.1)	110.7 (6.7)	114.3 (3.3)
■ Housing, water, electricity and other fuels	100.0 (0.5)	101.6 (1.6)	107.2 (5.5)	112.6 (5.1)	114.5 (1.7)
■ Furnishings, household equipment and routine household maintenance	100.0 (0.0)	101.9 (1.9)	106.8 (4.8)	112.6 (5.4)	114.8 (2.0)
■ Health	100.0 (1.5)	99.9 (-0.1)	100.8 (0.8)	102.4 (1.6)	104.3 (1.9)
■ Transport	100.0 (-1.8)	106.3 (6.3)	116.7 (9.7)	112.7 (-3.4)	114.3 (1.4)
■ Communication	100.0 (-2.1)	99.1 (-0.9)	100.0 (0.9)	101.0 (1.0)	101.3 (0.3)
■ Recreation and culture	100.0 (-1.0)	100.4 (0.4)	103.3 (2.8)	107.1 (3.7)	108.6 (1.4)

Note: Figures in parentheses indicate annual growth rates  
Source: The Bank of Korea

Between 2020 and 2024, Korea's financial market indicators reflected significant fluctuations, largely influenced by global monetary policy shifts, domestic economic conditions, and external uncertainties. The Bank of Korea's base rate underwent a marked tightening cycle during the period. Starting at 0.50% in 2020, the policy rate doubled to 1.00% in 2021 and then surged to 3.25% in 2022 as inflationary pressures intensified. A further, albeit modest, increase to 3.50% in 2023 was followed by a rate cut to 3.00% in 2024, marking a partial reversal of the previous tightening stance. Market interest rates moved broadly in line with the policy rate trajectory. The yield on 3-year government bonds rose from 0.99% in 2020 to a peak of 3.57% in 2023, before easing to 3.11% in 2024. Similarly, the 3-year AA- corporate bond yield climbed from 2.13% in 2020 to 4.39% in 2023, before retreating to 3.68% in 2024.

The Korean won's exchange rate against the U.S. dollar showed a depreciating trend over the period, moving from KRW 1,180.05/USD in 2020 to KRW 1,363.98/USD in 2024. In contrast, the won strengthened against the Japanese yen, with the rate per 100 yen falling

from KRW 1,105.07 in 2020 to KRW 900.36 in 2024. This decline indicates that fewer won were needed to purchase 100 yen, reflecting a relative appreciation of the won against the yen over most of the period.

Korean equity markets experienced pronounced volatility. The KOSPI surged from 2,220.07 in 2020 to a record 3,111.31 in 2021 (+40.1%), buoyed by strong retail investment flows and global liquidity. However, it fell sharply to 2,522.25 in 2022 (-18.9%), before stabilizing and modestly recovering to 2,632.17 in 2024. The KOSDAQ followed a similar path, rising to 996.02 in 2021 (+32.3%) before declining to 803.62 in 2024.

Table 2.4. | Financial Market Indicators

Year	2020	2021	2022	2023	2024
Bank of Korea Base Rate (%)	0.50 (-60.0)	1.00 (100.0)	3.25 (225.0)	3.50 (7.7)	3.00 (-14.3)
<b>Market Interest Rate (%)</b>					
■ Government Bond (3-year) Yield	0.99 (-35.4)	1.39 (40.9)	3.20 (129.8)	3.57 (11.7)	3.11 (-13.0)
■ Corporate Bond (3-year, AA-) Yield	2.13 (5.2)	2.08 (-2.1)	4.16 (99.5)	4.39 (5.8)	3.68 (-16.3)
<b>Exchange Rate</b>					
■ KRW per USD	1180.05 (1.2)	1144.42 (-3.0)	1291.95 (12.9)	1305.41 (1.0)	1363.98 (4.5)
■ KRW per 100 JPY	1105.07 (3.3)	1041.45 (-5.8)	983.44 (-5.6)	931.24 (-5.3)	900.36 (-3.3)
<b>Stock Market</b>					
■ Stock Market Index (KOSPI)	2220.07 (5.4)	3111.31 (40.1)	2522.25 (-18.9)	2498.85 (-0.9)	2632.17 (5.3)
■ Stock Market Index (KOSDAQ)	753.05 (10.4)	996.02 (32.3)	816.32 (-18.0)	835.16 (2.3)	803.62 (-3.8)

Note: Figures in parentheses indicate annual growth rates

Source: The Bank of Korea

The total population declined slightly from 49.03 million in 2020 to 48.78 million in 2024, reflecting gradual demographic contraction. Both female and male populations saw small decreases, with males showing slightly more fluctuation. By age group, younger cohorts—particularly those under 15—continued to shrink, with annual drops of over 3% in most years. The working-age population in the 20–39 range also trended downward, except for the 30–34 group, which showed modest growth. In contrast, the 60+ population grew steadily, especially in the 65–69 and 85+ categories, underscoring a clear pattern of population aging.

Table 2.5. | Population

	(Million)				
Year	2020	2021	2022	2023	2024
Total Population	49.03 (0.7)	49.06 (0.1)	48.88 (-0.4)	48.87 (0.0)	48.78 (-0.2)
<b>By Gender</b>					
■ Female	24.83 (0.7)	24.79 (-0.1)	24.73 (-0.3)	24.71 (-0.1)	24.67 (-0.2)
■ Male	24.20 (0.7)	24.27 (0.3)	24.16 (-0.5)	24.16 (0.0)	24.11 (-0.2)
<b>By Age Group</b>					
■ Less than 15	6.16 (-2.2)	5.99 (-2.7)	5.76 (-3.8)	5.53 (-4.1)	5.32 (-3.7)
■ 15-19	-0.05 (-2.4)	-0.12 (-5.4)	-0.06 (-2.6)	0.01 (0.3)	0.01 (0.6)
■ 20-24	2.79 (4.3)	2.67 (-4.3)	2.43 (-9.2)	2.31 (-4.9)	2.17 (-5.9)
■ 25-29	3.38 (2.9)	3.40 (0.6)	3.34 (-1.8)	3.27 (-2.1)	3.17 (-3.2)
■ 30-34	3.04 (0.6)	3.09 (1.6)	3.19 (3.1)	3.28 (3.0)	3.35 (2.2)
■ 35-39	3.60 (-4.9)	3.42 (-5.0)	3.23 (-5.7)	3.10 (-4.0)	3.05 (-1.6)
■ 40-44	3.75 (1.5)	3.83 (2.1)	3.89 (1.5)	3.91 (0.5)	3.79 (-3.1)
■ 45-49	4.18 (-2.6)	4.00 (-4.3)	3.89 (-2.7)	3.76 (-3.4)	3.69 (-1.7)
■ 50-54	4.22 (1.3)	4.34 (2.7)	4.37 (0.8)	4.34 (-0.8)	4.28 (-1.2)
■ 55-59	4.06 (-1.8)	3.96 (-2.6)	3.94 (-0.4)	4.02 (2.0)	4.15 (3.1)
■ 60-64	3.76 (5.2)	3.99 (5.9)	4.07 (2.0)	4.13 (1.6)	4.09 (-1.0)
■ 65-69	2.66 (9.4)	2.90 (9.1)	3.07 (5.6)	3.29 (7.2)	3.49 (6.3)
■ 70-74	1.98 (4.9)	2.04 (3.1)	2.15 (5.0)	2.20 (2.7)	2.31 (5.0)
■ 75-79	1.54 (-0.3)	1.53 (-0.7)	1.55 (1.4)	1.62 (4.7)	1.71 (5.5)
■ 80-84	1.03 (3.1)	1.09 (5.8)	1.20 (10.0)	1.24 (3.2)	1.25 (0.8)
■ More than 85	0.65 (7.6)	0.71 (10.0)	0.78 (9.4)	0.84 (7.5)	0.90 (7.4)

Note: Figures in parentheses indicate annual growth rates

Source: Statistics Korea

The working-age population (aged 15–64) grew modestly from 44.79 million in 2020 to 45.57 million in 2024, while the economically active population increased from 28.01 million to 29.40 million, driven mainly by a rise in employment from 26.90 million to 28.58 million. Unemployment declined from 1.11 million to 0.82 million over the period, despite a slight uptick in the final year, and the economically inactive population fell from 16.77 million to 16.17 million.

Labor market indicators improved overall during the period, with the labor force participation rate climbing from 62.5% in 2020 to 64.5% in 2024, indicating that a larger share of the working-age population was either employed or actively seeking work. The unemployment rate fell from 4.0% to 2.8%, showing that job seekers were increasingly able to find employment, even as the labor force expanded. Similarly, the employment rate rose from 60.1% to 62.7%, underscoring steady job creation that kept pace with, and in some years outstripped, growth in the working-age population. These gains suggest that labor demand remained robust across the period, helping to absorb both new entrants and re-entrants into the workforce, despite underlying demographic shifts such as population aging.

Table 2.6. | Labor Force

	(Million)				
Year	2020	2021	2022	2023	2024
A. Working-age population (aged 15-64)	44.79 (0.6)	45.08 (0.7)	45.26 (0.4)	45.41 (0.3)	45.57 (0.4)
B. Economically active population	28.01 (-0.6)	28.31 (1.1)	28.92 (2.2)	29.20 (1.0)	29.40 (0.7)
■ B-1. Employed	26.90 (-0.8)	27.27 (1.4)	28.09 (3.0)	28.42 (1.2)	28.58 (0.6)
■ B-2. Unemployed	1.11 (4.2)	1.04 (-6.4)	0.83 (-19.7)	0.79 (-5.5)	0.82 (4.6)
C. Economically inactive population	16.77 (2.8)	16.77 (0.0)	16.34 (-2.6)	16.20 (-0.8)	16.17 (-0.2)
Labor Force Participation Rate (B/A, %)	62.50	62.80	63.90	64.30	64.50
Unemployment Rate ((B-2)/B, %)	4.00	3.70	2.90	2.70	2.80
Employment Rate ((B-1)/A, %)	60.10	60.50	62.10	62.60	62.70

Note: Figures in parentheses indicate annual growth rates

Source: Statistics Korea

## 2.2. Outlook

Table 2.7 presents the economic outlook for 2024–2026 based on projections from the Bank of Korea (BOK) and the Korea Development Institute (KDI). Both institutions forecast real GDP growth of 2.0% in 2024, slowing to 0.8% in 2025 before recovering to 1.6% in 2026. Private consumption is expected to grow modestly, with rates between 1.1% and 1.3% in 2025, followed by a gradual improvement in 2026.

Construction investment is projected to contract sharply in 2025 (–6.1% for BOK, –8.1% for KDI) after a decline in 2024, before returning to positive growth in 2026. Facilities investment is anticipated to maintain modest positive growth throughout the forecast period, while investment in intellectual property products is expected to accelerate in 2025 before easing slightly in 2026.

Goods exports are projected to remain largely stagnant in 2025, while goods imports are expected to grow slightly. Headline CPI inflation is forecast to moderate from 2.3% in 2024 to around 1.8–1.9% in 2025–2026, with core inflation following a similar trajectory. Employment growth is expected to slow from 160,000 persons in 2024 to between 60,000 and 100,000 persons in 2026, while the unemployment rate is projected to edge up from 2.8% in 2024 to around 3.0% in 2026.

Table 2.7. | Economic Outlook

Year	2024		2025		2026	
	BOK	KDI	BOK	KDI	BOK	KDI
GDP Growth Rate (%)	2.0	2.0	0.8	0.8	1.6	1.6
■ Private Consumption	1.1	1.1	1.1	1.3	1.6	1.5
■ Construction Investment	-3.0	-3.3	-6.1	-8.1	2.8	2.6
■ Facilities Investment	1.6	1.7	1.8	1.8	1.0	1.6
■ IPP Investment	0.7	1.2	3.2	2.2	2.5	2.1
■ Goods Exports	6.3	6.4	-0.1	0.2	0.7	0.2
■ Goods Imports	1.2	1.3	0.2	0.7	1.5	0.7
Headline CPI Inflation (%)	2.3	2.3	1.9	1.8	1.8	1.8
■ Core Inflation	2.2	2.2	1.9	1.9	1.8	1.9
Change in Number of Employed Person (10,000 persons)	16	16	12	11	10	6
■ Unemployment Rate (%)	2.8	2.8	2.9	2.9	3.0	-0.1

Notes: IPP denotes Intellectual Property Products; BOK stands for the Bank of Korea, and KDI refers to the Korea Development Institute; The outlook figures were released in May 2025 by BOK and in August 2025 by KDI.

Source: The Bank of Korea, KDI

### 3. Overview of the Construction Industry

#### 3.1. Construction Investment

Table 3.1 shows real construction investment in relation to real GDP from 2015 to 2024. Over this period, Korea’s real GDP rose from KRW 1,840 trillion in 2015 to KRW 2,292 trillion in 2024, while real construction investment increased from KRW 274 trillion to KRW 290 trillion. Although construction investment grew slightly in absolute terms, its pace of expansion lagged behind overall economic growth, resulting in a declining share of GDP.

The ratio of construction investment to GDP reached its peak at 16.6% in 2017, supported by robust housing activity and infrastructure projects. Since then, however, the share has fallen steadily, reaching 12.7% in 2024. This downward trend reflects the slowdown in real construction activity compared with other sectors of the economy.

Overall, the data indicate that construction investment, even when measured in real terms, has lost relative importance within the Korean economy. While it remains a significant contributor, its declining share points to structural adjustments in the industry and the need to identify new growth drivers beyond traditional investment.

Table 3.1. | Construction Investment (Real)

(KRW, Trillion)

Year	GDP (A)		Construction Investment (B)		Proportion (% , B/A)
2015	274.0	(7.5)	1840.2	(2.9)	14.9
2016	302.3	(10.3)	1898.6	(3.2)	15.9
2017	325.4	(7.6)	1963.7	(3.4)	16.6
2018	311.8	(-4.2)	2026.1	(3.2)	15.4
2019	307.7	(-1.3)	2073.0	(2.3)	14.8
2020	313.0	(1.7)	2058.5	(-0.7)	15.2
2021	312.3	(-0.2)	2153.4	(4.6)	14.5
2022	301.4	(-3.5)	2212.2	(2.7)	13.6
2023	300.0	(-0.5)	2247.2	(1.6)	13.3
2024	290.2	(-3.3)	2292.2	(2.0)	12.7

Note: Figures in parentheses indicate annual growth rates

Source: The Bank of Korea

Table 3.2 provides a breakdown of real construction investment by sector and type for the period 2020 to 2024. Total construction investment declined from KRW 313.0 trillion in 2020 to KRW 290.2 trillion in 2024, recording negative growth in most years. By sector, public construction decreased from KRW 66.6 trillion in 2020 to KRW 57.8 trillion in 2022 but rebounded thereafter, reaching KRW 63.2 trillion in 2024. Private construction edged up in 2021 but then declined steadily, ending at KRW 226.9 trillion in 2024.

By type, building construction remained dominant but declined from KRW 218.4 trillion in 2020 to KRW 207.2 trillion in 2024. Within this category, residential investment fell consistently, from KRW 112.8 trillion in 2020 to KRW 99.2 trillion in 2024. Non-residential buildings expanded until 2022, reaching KRW 117.1 trillion, but contracted in the following two years to 108.1 trillion in 2024. Civil engineering investment decreased sharply between 2020 and 2022 but recovered modestly in 2023 and 2024, reaching 82.9 trillion.

Taken together, the figures reveal that construction investment in Korea has been under pressure in recent years, with private-sector weakness outweighing gains in public works. The persistent decline in residential building investment stands out as a key structural challenge, while modest growth in civil engineering underscores the role of government spending in sustaining construction activity.

Table 3.2. | Construction Investment by Sector and Type

(KRW, Trillion)

Category	Construction Investment				
	2020	2021	2022	2023	2024
Total	313.0	312.3	301.4	300.0	290.2
	(1.7)	(-0.2)	(-3.5)	(-0.5)	(-3.3)
<b>By Sector</b>					
■ Public	66.6	62.1	57.8	62.2	63.2
	(2.0)	(-6.8)	(-6.9)	(7.7)	(1.6)
■ Private	246.3	250.2	243.6	237.7	226.9
	(1.7)	(1.6)	(-2.6)	(-2.4)	(-4.6)
<b>By Type</b>					
■ Buildings	218.4	225.1	223.6	218.2	207.2
	(0.3)	(3.1)	(-0.7)	(-2.4)	(-5.0)
- Residential Buildings	112.8	114.9	106.5	105.3	99.2
	(1.0)	(1.9)	(-7.3)	(-1.2)	(-5.8)
- Non-Residential Buildings	105.6	110.1	117.1	113.0	108.1
	(-0.3)	(4.3)	(6.3)	(-3.5)	(-4.3)
■ Civil Engineering	94.6	87.2	77.8	81.8	82.9
	(5.0)	(-7.8)	(-10.7)	(5.0)	(1.3)

Note: Figures in parentheses indicate annual growth rates  
Source: The Bank of Korea

## 3.2. Number of Construction Contractors and Market Shares

### 3.2.1. Number of Construction Contractors

Table 3.3 presents the annual number of construction contractors in Korea from 2016 to March 2025, categorized into general contractors and specialty contractors. Over the period 2016–2022, both categories recorded steady increases, with general contractors rising from 11,220 in 2016 to 14,264 in 2022, and specialty contractors from 50,093 to 73,245. This upward trend reflects sustained growth in overall construction activity and the expansion of market capacity during the period, supported by stable demand and continued entry of new firms into the industry.

In 2023, the number of general contractors surged to 18,887, while specialty contractors declined to 69,321, bringing the total to 88,208. This shift was driven by a policy change under which the license for facility maintenance business was abolished, prompting many firms previously classified as specialty contractors in this category to obtain general contractor licenses instead. In 2024, general contractors continued to increase to 19,516, but specialty contractors fell further to 64,624, resulting in a total of 84,140. As of March 2025, general contractors numbered 19,122 and specialty contractors 66,966, with the combined total standing at 86,088.

Table 3.3. | The Number of Contractors

Year	General	Specialty	Total
2016	11,220	50,093	61,313
2017	11,579	51,545	63,124
2018	12,028	53,627	65,655
2019	12,651	56,023	68,674
2020	13,050	59,273	72,323
2021	13,566	63,616	77,182
2022	14,264	73,245	87,509
2023	18,887	69,321	88,208
2024	19,516	64,624	84,140
2025.03	19,122	66,966	86,088

Source: Construction Association of Korea (CAK)

### 3.2.2. Market Shares

Table 3.4 presents the market shares of construction contract amounts by license type from 2019 to 2023. Over the period, general contractors consistently accounted for the vast majority of contract value, rising from 82.9% in 2019 to a peak of 87.5% in 2022, before easing to 85.7% in 2023. Specialty contractors held a comparatively smaller share, ranging from 12.5% to 17.1%, with most subsectors individually representing less than 4% of the total contract amount.

Within the specialty category, the largest subsector was machinery and gas facility construction, which expanded its share from 3.6% in 2019 to 4.0% in 2023. Interior architectural work followed with a share of around 2.6%–3.1% during the period. Other subsectors such as site formation and pavement work (1.1%–1.4%), painting, wet construction, waterproofing, and stone work (0.8%–1.2%), and waterworks and sewerage works (0.7%–1.3%) maintained relatively stable proportions. Most remaining categories, including metal windows and roof assembly, reinforced concrete work, and landscape planting, each accounted for less than 1% annually.

Table 3.4. | Market Shares by License Type

License Type	Share of Contract Amounts (%)				
	2019	2020	2021	2022	2023
Total	100.0	100.0	100.0	100.0	100.0
■ General	82.9	86.3	87.0	87.5	85.7
■ Specialty	17.1	13.7	13.0	12.5	14.3
- Site Formation and Pavement Work	1.3	1.2	1.1	1.2	1.4
- Interior Architectural Work	3.1	2.8	2.7	2.6	3.1
- Metal Windows and Roof Assembly Construction	1.5	1.1	0.9	0.9	1.1
- Painting, Wet Construction, Waterproofing, and Stone Work	1.2	0.9	0.8	0.8	1.2
- Landscape Planting and Facility Construction Work	0.8	0.7	0.7	0.7	0.9
- Reinforced Concrete Work	1.3	0.7	0.8	0.7	1.0
- Scaffolding and Structure Demolition	0.4	0.3	0.4	0.4	0.4
- Waterworks and Sewerage Works	1.3	0.8	0.7	0.7	0.9
- Railroad Track Construction Work	0.1	0.1	0.1	0.0	0.1
- Steel Structure Construction Work	0.1	0.1	0.1	0.1	0.1
- Underwater and Dredging Work	0.1	0.1	0.1	0.1	0.1
- Elevator and Cable Construction	0.1	0.1	0.1	0.0	0.1
- Machinery and Gas Facility Construction	3.6	2.9	3.1	3.3	4.0
- Gas Heating Construction	2.2	1.9	1.5	1.0	0.0

Note: Nominal contract amounts were KRW 210.0, 240.8, 266.8, 287.8 and 246.5 trillion for 2019 through 2023, respectively

Source: Statistics Korea

### 3.3. Labor Market

#### 3.3.1. Number of Construction Employees

Table 3.5 presents the number of employees in all industries and in the construction industry from 2016 to July 2025, along with the construction sector's share of total employment. Over the period 2016–2022, total employment in all industries increased steadily from 26.41 million to 28.09 million, while construction employment rose from 1.87 million to 2.12 million. During this time, the proportion of construction employment relative to total employment fluctuated within a narrow range of 7.08% to 7.66%, indicating that the construction sector generally maintained its relative labor market position despite cyclical changes in the broader economy.

In 2023, construction employment declined slightly to 2.11 million, and in 2024 it fell further to 2.07 million. This contraction accelerated in 2025, with the number of employees in the sector dropping to 1.92 million as of July. Over the same period, employment in all industries continued to expand, reaching 29.03 million by July 2025. As a result, the construction sector's share of total employment decreased from 7.44% in 2023 to 6.62% in July 2025.

Table 3.5. | The Number of Employees in the Construction Industry

Year	All Industries (Million)	Construction (Million)	Proportion (%)
2016	26.41	1.87	7.08
2017	26.73	1.99	7.44
2018	26.82	2.03	7.58
2019	27.12	2.02	7.45
2020	26.90	2.02	7.49
2021	27.27	2.09	7.66
2022	28.09	2.12	7.56
2023	28.42	2.11	7.44
2024	28.58	2.07	7.23
2025.07	29.03	1.92	6.62

Source: Statistics Korea

### 3.3.2. Demographic Characteristics of Construction Employees

The composition of construction employees by gender indicates a modest but steady increase in female participation, with the share of women rising from 10.2% in 2019 to 12.4% in 2023, while the share of men declined correspondingly. By age group, the data highlight a clear aging trend in the workforce. The proportion of employees aged 60 and over increased markedly from 16.9% to 21.9% over the period, while the shares of those in their 30s and 40s declined consistently, from 15.7% to 14.3% and from 27.1% to 23.8%, respectively. The proportion of workers aged 15–29 remained relatively unchanged at around 7%, suggesting limited inflow of younger employees. Meanwhile, employees in their 50s continued to comprise the largest group, accounting for about one-third of the total workforce throughout the period.

Table 3.6. | Construction Employees by Gender and Age Group

Category	Proportion (%)				
	2019	2020	2021	2022	2023
Total	100.0	100.0	100.0	100.0	100.0
By Gender					
■ Female	10.2	10.5	11.3	12.5	12.4
■ Male	89.8	89.6	88.7	87.5	87.6
By Age Group					
■ 15-29	7.4	7.4	7.5	7.1	7.1
■ 30-39	15.7	15.2	14.4	13.9	14.3
■ 40-49	27.1	26.3	25.1	24.1	23.8
■ 50-59	33.0	32.3	32.8	33.4	33.0
■ Over 60	16.9	18.8	20.3	21.5	21.9

Source: Statistics Korea

### 3.2.3. Wages

The daily wage of construction employees has exhibited a steady upward trend over the past decade. For all work types combined, the average daily wage rose from KRW 162,287 in 2016 to KRW 260,213 in 2024, reflecting an annual growth of around 5–8% until 2019, followed by moderate increases in the 2020s. In the first half of 2025, the wage reached KRW 264,277, a 1.6% rise from 2024, suggesting a slowdown compared to earlier years.

For ordinary workers, the daily wage increased more sharply than the overall average, rising from KRW 97,110 in 2016 to KRW 166,313 in 2024, with an additional increase to KRW 169,804 in the first half of 2025. Growth was particularly pronounced in 2019 (12.2%) and 2020 (8.4%), before stabilizing at around 3–6% in subsequent years. Despite a recent deceleration, the long-term trend highlights significant wage improvements, especially for ordinary workers.

Table 3.7. | Daily Wage of Construction Employee

(KRW)

Year	All Work Type		Ordinary Workers	
	Daily Wage	Growth Rate (%)	Daily Wage	Growth Rate (%)
2016	162,287	6.7	97,110	9.5
2017	172,902	6.5	104,737	7.9
2018	185,918	7.5	113,975	8.8
2019	200,894	8.1	127,846	12.2
2020	212,173	5.6	138,640	8.4
2021	221,356	4.3	142,789	3.0
2022	234,025	5.7	151,091	5.8
2023	248,883	6.3	159,463	5.5
2024	260,213	4.6	166,313	4.3
2025.1H	264,277	1.6	169,804	2.1

Source: Construction Association of Korea (CAK).

### 3.3.4. Foreign Construction Employees

The number of foreign employees in Korea decreased slightly during 2020–2022 before recording a sharp rebound in recent years. After falling from 848,000 in 2020 to 843,000 in 2022, the total rose to 923,000 in 2023 and reached 1.01 million in 2024, with annual growth of 9.5% and 9.4%, respectively. This trend suggests that demand for foreign labor, which had weakened during the early 2020s, has recovered strongly since 2023.

By gender, male foreign workers consistently outnumbered females, accounting for roughly two-thirds of the total. The number of male employees declined until 2022, then rose significantly to 689,000 in 2024, posting double-digit growth in the past two years.

Female employment showed steadier gains, increasing from 274,000 in 2020 to 322,000 in 2024, with annual growth of 4.9% in 2023 and 7.8% in 2024.

By industry, employment remained concentrated in manufacturing and construction, which together accounted for the largest shares of foreign workers. Manufacturing employment recovered from 370,000 in 2022 to 460,000 in 2024, while construction employment grew from 86,000 in 2020 to 112,000 in 2023 before slightly declining to 108,000 in 2024. Agriculture, forestry and fishing also showed a strong rebound, nearly doubling from 46,000 in 2022 to 84,000 in 2024. Employment in wholesale and retail trade, hotels and restaurants expanded steadily to 191,000 in 2024, while business, personal, and public services also grew modestly. In contrast, utilities, transport, communication, and finance recorded fluctuations, and the “others” category remained stable at around 140,000.

Table 3.8. | The Number of Foreign Employees

Category	Number of Foreign Employee				
	2020	2021	2022	2023	2024
Total	848	855	843	923	1,010
	(-1.8)	(0.9)	(-1.4)	(9.5)	(9.4)
<b>By Gender</b>					
■ Female	274	282	285	298	322
	(-3.1)	(3.0)	(0.9)	(4.9)	(7.8)
■ Male	574	573	559	625	689
	(-1.1)	(-0.2)	(-2.6)	(11.8)	(10.2)
<b>By Industry</b>					
■ Agriculture, Forestry and Fishing	57	61	46	61	84
	(9.2)	(7.2)	(-24.9)	(33.2)	(37.0)
■ Mining & Manufacturing	380	370	370	412	461
	(-5.0)	(-2.4)	(0.0)	(11.2)	(11.9)
- Manufacturing	378	369	370	411	460
	(-5.3)	(-2.4)	(0.4)	(11.1)	(11.8)
■ Construction	86	102	103	112	108
	(-10.0)	(19.4)	(0.5)	(9.0)	(-3.8)
■ Wholesale & Retail Trade, Hotels & Restaurants	164	162	157	170	191
	(-0.1)	(-1.7)	(-2.7)	(8.1)	(12.4)
■ Electricity, transport, communication & finance	19	21	26	25	23
	(37.1)	(7.8)	(24.6)	(-2.7)	(-8.0)
■ Business, personal, public service & Others	142	140	141	143	144
	(2.9)	(-1.9)	(1.1)	(1.5)	(0.4)

Note: Figures in parentheses indicate annual growth rates

Source: Statistics Korea

### 3.4. Productivity

The labor productivity index for all industries, based on value-added with 2020 as the base year, exhibited moderate fluctuations over the past decade. After climbing to 105.3 in 2018, the index declined to 100.0 in 2020 before recovering steadily to 108.8 in 2024. This trajectory reflects the short-term productivity slowdown around 2020 followed by a gradual rebound in subsequent years.

Across industries, manufacturing and services were the main drivers of productivity growth. Manufacturing rose consistently from 90.6 in 2015 to 112.9 in 2024, with accelerated gains after 2020, while services advanced from 102.5 in 2015 to 113.4 in 2024, showing resilience and stable improvements. In contrast, construction productivity was volatile, peaking at 130.8 in 2017 but declining thereafter to 95.3 in 2024, suggesting persistent structural inefficiencies. Overall, the data highlight a widening productivity gap between the service and manufacturing sectors on one hand and the construction sector on the other.

Table 3.9. | Labor Productivity Index (Value-Added)

(2020 = 100)

Year	Labor Productivity Index			
	All Industries	Manufacturing	Construction	Services
2015	100.7	90.6	110.8	102.5
2016	102.4	93.2	116.9	103.8
2017	105.0	96.2	130.8	105.1
2018	105.3	97.4	124.5	105.8
2019	104.1	97.7	119.5	104.6
2020	100.0	100.0	100.0	100.0
2021	104.1	108.4	88.9	104.9
2022	106.6	109.0	88.4	108.5
2023	108.6	107.7	99.2	111.7
2024	108.8	112.9	95.3	113.4

Note: The agriculture industry is excluded from all industry indices

Source: Korea Productivity Center

### 3.5. Overseas Construction

#### 3.6.1. Value of Overseas Construction

Table 3.10 presents overseas construction contracts secured by Korean contractors between 2015 and 2024. The total value of contracts showed significant fluctuations over the period, shaped by global market cycles and investment conditions. After reaching USD 46.1 billion in 2015, overseas orders fell to USD 22.3 billion in 2019, before recovering to USD 37.1 billion in 2024.

A breakdown by construction type indicates that industrial facilities have been the dominant driver of overseas orders. In 2024, contracts in this category surged to USD 24.3 billion, accounting for nearly two-thirds of the total, primarily reflecting large-scale plant and energy-related projects. Civil engineering and building contracts, in contrast, recorded USD 1.7 billion and USD 5.2 billion, respectively, underscoring their relatively modest contributions in recent years. Electrical works displayed notable variability, peaking at USD 3.1 billion in 2021 before stabilizing at around USD 2.0 billion in 2024. Meanwhile, telecommunication projects remained minimal throughout the decade, whereas service contracts expanded sharply to USD 3.8 billion in 2024, reflecting growing demand for engineering services, consulting, and project management.

Table 3.10. | Overseas Construction Contracts

(USD, Millions)

Year	Total	Contract by Construction Type					
		Civil Engineering	Building	Industrial Facilities	Electrical	Telecom	Services
2015	46,144	8,504	7,110	26,490	855	184	3,001
2016	28,192	6,444	5,330	13,245	1,477	4	1,692
2017	29,006	5,139	2,409	19,913	730	-20	836
2018	32,116	7,159	5,382	18,377	358	21	819
2019	22,327	4,539	4,913	10,870	719	78	1,209
2020	35,131	9,838	5,029	18,636	685	89	855
2021	30,580	5,859	4,096	16,399	3,089	29	1,109
2022	30,981	5,851	8,659	13,100	1,296	103	1,972
2023	33,314	1,896	12,149	15,784	1,800	18	1,667
2024	37,114	1,725	5,239	24,295	1,991	54	3,810

Source: International Construction Association of Korea (ICAK)

### 3.6.2. Top 5 countries for construction export

Table 3.11 shows the top five countries for Korea’s overseas construction contracts between 2020 and 2024. In 2020, the United Arab Emirates was the largest market, followed by Vietnam, Russia, Singapore, and Saudi Arabia. The ranking changed in 2021, when Indonesia emerged as the leading destination, with Saudi Arabia, China, Vietnam, and Poland also ranking among the top five. In 2022, Iraq became the largest market, reflecting renewed demand for energy and infrastructure projects, while Mexico, Panama, Vietnam, and Algeria also recorded significant contracts.

Saudi Arabia re-emerged as the dominant market in 2023, securing USD 5.7 billion in contracts, followed by the United Arab Emirates, Australia, Qatar, and Singapore. In 2024, Indonesia returned to the top position, while Saudi Arabia and the United States ranked closely behind, alongside Egypt and Qatar.

Overall, the data suggest that Korea’s overseas construction markets remain concentrated in the Middle East and Asia, with occasional diversification into regions such as Latin America, Africa, and advanced economies. Saudi Arabia, Indonesia, and Vietnam have been consistently important markets, while the United States and Egypt appeared more recently, reflecting evolving opportunities in both traditional and emerging destinations.

Table 3.11. | Top Five Countries for Overseas Construction

(USD, Millions)

Rank		1	2	3	4	5
Year						
2020	Country	United Arab Emirates	Vietnam	Russia	Singapore	Saudi Arabia
	Value	5,337	4,404	3,141	2,584	2,405
2021	Country	Indonesia	Saudi Arabia	China	Vietnam	Poland
	Value	3,744	3,020	2,365	1,650	1,535
2022	Country	Iraq	Mexico	Panama	Vietnam	Algeria
	Value	4,471	3,710	2,849	2,747	2,474
2023	Country	Saudi Arabia	United Arab Emirates	Australia	Qatar	Singapore
	Value	5,693	2,878	2,412	2,233	1,972
2024	Country	Indonesia	Saudi Arabia	United States	Egypt	Qatar
	Value	3,669	3,482	3,463	2,776	1,650

Source: International Construction Association of Korea (ICAK)

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