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EXECUTIVE SUMMARY

In 2024, Malaysia's economy expanded by 5.1%, up from 3.6% in 2023, driven by strong domestic demand and increased public investment. The construction sector recorded its strongest performance in a decade, growing by 17.5%, supported by ongoing infrastructure and civil engineering works. A total of 16,178 construction projects valued at RM229.9 billion were awarded (2023: 14,111 projects; RM156.8 billion). The number of registered contractors rose by 0.9% to 138,873, while the construction workforce increased to 1.41 million. Labour productivity in the sector surged by 16.5% to RM47,223 per person (2023: RM40,555). Material costs were relatively stable, though certain items recorded increases such as paint (+16.7%), aggregate (+12.4%), and ready-mixed concrete (+2.7%), while steel reinforcement (-1.0%) and glass (-6.5%) saw price declines. Skilled construction personnel wages continued to rise, with daily wage growth ranging between 6.8% and 24.7%. The construction sector is expected to maintain positive momentum in 2025, underpinned by improved labour conditions, steady material prices, and continued progress of multi-year infrastructure projects, aligned with national strategies such as Budget 2024, NIMP 2030, and the NETR.

MACROECONOMIC REVIEW AND OUTLOOK

Main Economic Indicator 2024

The Malaysian economy expanded more strongly by 5.1% in 2024, compared to 3.6% in 2023. This improvement was largely supported by stronger domestic demand, bolstered by spending from both the private and public sectors. Public consumption grew by 4.7% in 2024, an improvement from 3.3% in 2023, mainly supported by the Federal Government's higher spending on emoluments and operational services. This increase was partly attributed to annual salary increments and new hirings in the public sector, which contributed to higher government operating expenditure.

At the same time, public investment recorded a robust growth of 11.1%, accelerating from 8.6% in the previous year. This was driven by increased fixed asset spending by the Government and the ongoing expansion by public corporations, particularly in transportation, oil and gas (O&G), and utilities. Major infrastructure projects continued to

gain traction, including the East Coast Rail Link (ECRL), Pan Borneo Highway Sabah, and the Johor Bahru–Singapore Rapid Transit System (RTS) Link, along with nationwide flood mitigation efforts. These developments reflect a strong public sector commitment to long-term economic infrastructure and strategic investment priorities. On the supply side, all major economic sectors experienced stronger growth in 2024, reflecting the positive spillovers from improved domestic and external conditions.

The construction sector recorded an impressive 17.5% growth, (2023: 6.1%). Its highest annual growth in a decade. This was led by strong performance in the civil engineering and special trade subsectors, underpinned by continued progress in multi-year infrastructure projects. These included major transport and utility developments, alongside industrial and commercial building activity in the non-residential segment and a recovery in residential housing projects supported by improved income and incentives. Meanwhile, the services sector grew by 5.4% (2023: 5.1%), driven primarily by business-related subsectors such as real estate and business services subsector, which benefited from robust construction activity. The manufacturing sector expanded by 4.2% (2023: 0.7%), while agriculture sector grew by 3.1% (2023: 0.7%), lastly, the mining and quarrying sector recorded modest growth of 0.9% (2023: 0.5%).

Malaysia's labour market continued to strengthen in 2024, playing a crucial role in supporting domestic demand and overall economic growth. Total employment rose by 2.6%, adding approximately 423,800 jobs to the economy (2023: 2.8%, +439,200 jobs). The labour force participation rate increased to a record-high of 70.5%, up from 70.0% in 2023, reflecting broader inclusion of both male and female workers. The unemployment rate fell further to 3.2% (2023: 3.4%) and placing it below pre-pandemic levels (2019: 3.3%). This decline indicates improving job creation and better absorption of new entrants into the Malaysia labour market.

In 2024, headline inflation in Malaysia continued on a downward trajectory, averaging 1.8%, compared to 2.5% in 2023. This moderation marked the second consecutive year of easing inflation and brought the rate below its long-term average (2011–2019 average: 2.2%). The decline was largely attributed to lower prices for fuel and food, as global commodity prices stabilised and domestic cost pressures eased. The overall inflation trend remained contained, with only limited impact from targeted policy measures such as diesel

subsidy rationalisation and increases in service tax rates, due to effective mitigation efforts by the Malaysia government.

In 2024, Overnight Policy Rate (OPR) maintained at 3.00%, reflecting its focus on maintaining price stability while continuing to support economic growth. Meanwhile, the ringgit appreciated by 2.7% against the US dollar, making it one of the few Asian currencies to record a positive performance in 2024

Table 1 Malaysia Main Economic Indicator

	2021	2022	2023	2024
GDP at constant 2015 Prices (RM Trillion)	1.39	1.52	1.57	1.65
GDP at current market prices (RM Trillion)	1.55	1.80	1.82	1.95
Real GDP at constant 2015 prices (%)	3.3	8.9	3.6	5.1
Agriculture	-0.1	1.3	0.7	3.1
Mining and quarrying	0.9	3.5	0.5	0.9
Manufacturing	9.5	8.1	0.7	4.2
Construction	-5.1	5.1	6.1	17.5
Services	2.2	11.0	5.1	5.4
Population (million persons)	32.6	32.7	33.4	34.1
Population growth rate (%)	0.4	0.4	2.1	2.1
Employment (million persons)	15.3	15.8	16.2	16.6
Unemployment rate (%)	4.7	3.9	3.4	3.2
Inflation rate (%)	2.5	3.3	2.5	1.8
Overnight interbank interest rate (%)	1.75	2.75	3.00	3.00
Commercial banks fixed deposit interest rate (%)				
3 months	1.56	1.95	2.72	2.61
12 months	1.72	2.11	2.83	2.74
Exchange rate at end of period (RM against USD)	RM4.18	RM4.41	RM4.60	RM4.59

Source: Central Bank of Malaysia

Malaysian Economy Outlook

Malaysia's economy expanded by 5.1% in the first quarter of 2025 (Q4 2024: 4.9%), driven by strong domestic demand and continued recovery in external trade. The agriculture sector returned to positive growth at 0.6% (Q4 2024: -0.7%), supported by higher output in selected crops. In contrast, the mining and quarrying sector contracted by -2.7% (Q4 2024: -0.7%) due to a decline in crude oil and natural gas production. The manufacturing sector remained supportive, growing by 4.1% (Q4 2024: 4.2%), driven by sustained momentum in both export- and domestic-oriented industries. The services sector continued to expand by 5.0% (Q4 2024: 5.5%), reflecting steady consumer spending and tourism-related activities. The construction sector recorded another strong performance, registering 14.2% growth (Q4 2024: 20.7%), supported by ongoing progress in infrastructure and civil engineering projects.

Looking ahead, Malaysia's economic growth for 2024 is projected to remain within the 4.5% to 5.5% range, supported by resilient private expenditure, improving labour market conditions, and a more favourable external environment.

Table 2 GDP Growth by Main Economic Activity (%)

Economic Sector	Q4 2024	Q1 2025	Annual (f)
Agriculture	-0.7	0.6	1.9
Mining and Quarrying	-0.7	-2.7	-0.1
Manufacturing	4.2	4.1	4.5
Construction	20.7	14.2	9.4
Services	5.5	5.0	5.5
Real GDP Growth	4.9	5.1	4.5 – 5.5

Source: Central Bank of Malaysia

OVERVIEW OF THE CONSTRUCTION INDUSTRY

Construction Project Review

In 2024, Malaysia recorded a total of 16,178 construction projects valued at RM229.9 billion, according to CIDB's record. This reflects a significant increase of 14.7% and 46.6% in value compared to 14,111 projects worth RM156.8 billion in 2023. The following analysis is based on the projects portfolio as recorded in the CIDB's project database. The figure will reflect the number and value of projects up to 30 June 2025. As normally the case, the database and final figure will be updated and tallied subject to new project declaration.

Projects are classified into four main categories which is residential, non-residential, infrastructure, and social amenities. Among these, infrastructure projects dominated in terms of value, accounting for RM88.0 billion (38.3%) from 6,095 projects. Non-residential projects followed closely with RM74.3 billion (32.3%) from 5,778 projects, while residential projects recorded RM59.2 billion (25.7%) across 3,084 projects. Social amenities made up the remaining RM8.4 billion (3.7%), from 1,221 projects.

Infrastructure projects are classified from transportation projects such as road, highways, bridges, rail, utility projects, drainage & sewerage and disaster prevention. Residential are categorised from apartment & condominiums, hotel & quarters, bungalows, semi-detached, terrace & other housing. Non-residential consist of commercial building, industrial, landscape, office space & tourism buildings. Social amenities are classified from education facilities such as schools, colleges, universities and training centres; healthcare facilities including hospitals, clinics and health centres; religious buildings such as mosques and other houses of worship; sports and recreational facilities including stadiums, complexes and community centres; as well as other public amenities.

A major share of the total value was attributed to the implementation of 10 large-scale projects, each valued above RM1 billion, collectively amounting to RM47.7 billion. These includes:

1. Provision of Engineering, Procurement, Construction and Commissioning (EPCC) for Oil & Gas Project in Sabah.
Award: December 2022; Expected completion: 2027
2. Sarawak – Sabah Link Road
Award: March 2024; Expected completion: 2029
3. EPCIC Alliance for Carbon Capture & Storage in Johor.
Award: November 2022; Expected completion: 2026
4. The Phase 1 Reclamation of Island A, in Pulau Pinang.
Award: June 2023; Expected completion: 2030
5. Factory Development in Penang.
Award: June 2021; Expected completion: 2026
6. Hydroelectric Project in Sabah
Award: October 2024; Expected completion: 2030
7. Onshore Gas Plant Project in Sarawak
Award: July 2022; Expected completion: 2025
8. Data Center, in Johor
Award: Jun 2024; Expected completion: 2025
9. Data Centre With 120MW, in Gelang Patah, Johor
Award: July 2021; Expected completion: 2026
10. Hydroelectric Project in Kelantan
Award: October 2021; Expected completion: 2026

Table 3 Value of Construction Projects Awarded by Sector and Type of Project

Project Category	2021		2022		2023		2024	
	Number	Value (RMb)						
Residential	2,603	34.6	2,736	41.6	3,190	52.6	3,084	59.2
Non Residential	3,960	52.6	4,175	70.2	5,076	52.0	5,778	74.3
Social Amenities	1,058	10.1	903	8.5	1,105	6.9	1,221	8.4
Infrastructure	4,004	38.1	4,137	47.3	4,740	45.3	6,095	88.0
Total	11,625	135.4	11,951	167.6	14,111	156.8	16,178	229.9

Note : As at June 2025

Source : CIDB Malaysia

Contractor Registration

In 2024, the number of contractors registered slightly increased by 0.9% to 138,873 (2023: 132,272 contractors). These contractors were categorised by grade, from Grade 1 (G1) to Grade 7 (G7). Grade G1 to G3 contractors forms the largest portion of contractors at 80.9% (112,332 contractors). Grade G4 and G5 contractors accounted for 9.6% (13,358 contractors), while grade G6 and G7 contractors comprise 9.5% (13,183 contractors) of the total registered contractors.

Table 4 Contractors Registered by Registration Grade

Grade	Bidding Limit	2021	2022	2023	2024
G1	Not exceeding RM200,000	61,709	65,939	66,066	68,050
G2	Not exceeding RM500,000	23,566	24,004	23,241	24,110
G3	Not exceeding RM1 million	17,664	18,172	17,965	20,172
G4	Not exceeding RM3 million	5,289	5,450	5,624	5,967
G5	Not exceeding RM5 million	6,491	6,655	7,591	7,391
G6	Not exceeding RM10 million	1,989	1,967	1,946	1,908
G7	Unlimited	8,776	8,907	9,839	11,275
Total		125,484	131,094	132,272	138,873

Note : As at June 2025

Source : CIDB Malaysia

Construction Labour Market

Total number of labour in the construction sector had an increase of 0.7% to 1.41 million people (2023: 1.40 million people).

Table 5 Labour Market in Construction Sector

	2021	2022	2023	2024
Number of employee ('000 persons)	1,386	1,387	1,403	1,410
% from total employee	8.9	8.7	8.6	8.5

Source: Central Bank of Malaysia

Construction Productivity

Malaysia's overall labour productivity per employment rose by 2.4% to RM99,265 in 2024 (2023: RM96,914), reflecting steady improvements in economic efficiency across key sectors. The growth suggests ongoing progress in optimising labour utilisation amid structural reforms and digital transformation efforts.

Within this context, the construction sector registered a strong rebound in productivity, increasing by 16.5% to RM47,223 per person employed (2023: RM40,555). This marks the highest year-on-year growth recorded by the sector in recent years, likely driven by improved project implementation, better coordination across value chains, and the gradual adoption of more efficient technologies.

Despite the notable gains, construction remained the least productive among the main economic sectors. In 2024, productivity levels were substantially higher in manufacturing (RM134,532), services (RM94,152), and especially in mining and quarrying (RM1.29 million).

Nonetheless, the construction sector continues to play a vital role in supporting national economic activity, given its strong multiplier effects on industries such as building materials, logistics, machinery, and engineering services. Moving forward, sustaining this upward trend in productivity will require greater emphasis on mechanisation, skilled labour development, and technology integration across the project lifecycle.

Table 6 Labour Productivity Performance

Main Economic Sector	RM			
	2021	2022	2023	2024
Agriculture	52,756	53,826	53,584	54,762
Mining and Quarrying	1,249,966	1,277,878	1,278,721	1,287,906
Manufacturing	128,618	133,937	131,147	134,532
Construction	36,696	38,668	40,555	47,223
Services	85,150	91,002	92,504	94,152
Labour Productivity	90,968	96,211	96,914	99,265

Source: Labour Productivity, Department of Statistics Malaysia

Construction Cost

Average Price of Major Construction Building Material

In general, almost all major building materials price recorded an increase in 2024 except steel reinforcement and glass. Price of steel reinforcement and glass decreased by -1.0% and 6.5% respectively. The prices of paint recorded the highest increase at 16.7%, followed by aggregate at 12.4%. The prices of ready-mixed concrete, bricks, and sand increased between 1.3% to 5.7%.

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Table 8 Average Prices of Major Construction Building Materials

Material	Unit	RM			
		2021	2022	2023	2024
Steel Reinforcement	tonne	3,129.70	3,485.40	3,318.10	3,285.50
Bricks	piece	0.42	0.44	0.53	0.56
Aggregate	tonne	39.70	41.70	44.40	49.90
Sand	tonne	42.15	43.30	47.70	49.30
Cement	50kg bag	16.70	18.90	22.90	23.20
Ready-mixed Concrete	m ³	257.70	278.10	323.40	332.30
Paint	litre	127.40	127.40	165.90	193.60
Glass	m ²	96.90	97.50	97.50	91.20

Source : CIDB Malaysia

Construction Industry Wage Rates

Construction Personnel Wage Rates

The average daily wage rates for skilled construction personnel in Malaysia experienced a clear upward trend, with increases ranging from 6.8% to 24.7%. The most significant wage growth was observed for Concretor, whose daily rate increased by 24.3%, from RM116.20 to RM144.40 per day. This was followed closely by General Construction Worker – Building, which saw a 24.2% increase, rising from RM85.50 to RM106.20 per day. In terms of daily earnings, Plumber – Reticulation and Steel Structure Fabricator stood out as the highest-paid occupations in 2024, earning RM145.40 and RM144.10 per day respectively. Electrical Wireman PW2 and PW4 were the only trades to register a decline in wages. PW2 experienced a 3.9% decrease in monthly salary, dropping from RM2,958.80 to RM2,843.70 per month. PW4 recorded a 2.6% decrease, from RM3,628.40 to RM3,533.30 per month. Overall, the data illustrates a healthy wage growth trend across most skilled construction occupations, with only minor exceptions.

Table 8 Average Daily Wage Rate for Construction Personnel

Worker Category	RM per day	
	2023	2024
General Construction Worker - Building	85.50	106.20
Concretor	116.20	144.40
Barbender	122.00	142.60
Carpenter-Formwork	127.20	140.60
Bricklayer	118.80	142.70
Roofer	128.10	140.20
Carpenter - Joinery	130.30	141.60
Steel Structure Fabricator	131.90	144.10
General Welder	126.30	138.40
Plumber - Building & Sanitary	126.00	141.50
Plumber - Reticulation	133.10	145.40
Electrical Wireman PW2 (RM Monthly)	2,958.80	2,843.70
Electrical Wireman PW4 (RM Monthly)	3,628.40	3,533.30

Worker Category	RM per day	
	2023	2024
General Construction Worker - Building	85.50	106.20
Scaffolder - Prefabricated	121.60	135.80
Scaffolder - Tubular	124.30	141.20
Plasterer	122.70	143.60
Tiller	129.90	146.30
Painter - Building	115.00	131.90
General Construction Worker - Civil	97.40	107.10

Source : CIDB Malaysia

Construction Machine Operator Wage Rates

The average daily wage rates for skilled construction machinery operators showed a consistent upward trend across all categories, with increases ranging from 10.3% to 21.3%.

The highest wage increase was recorded for Scrapper Operators, whose daily rate rose by 21.3%, from RM114.80 per day to RM139.30 per day. The data demonstrates strong and uniform wage growth across all machinery operator categories, with a notable number of roles seeing increases above 20% such as Roller Operators (20.8%), Slinger/Dogger Operators (20.6%), Wheel Loader Operators (20.4%), and Paver Operators (20.2%). Tower Crane Operators (12.3%) and Crawler Crane Operators (12.1%) remained among the highest paid, with daily wages of RM155.70 per day and RM148.10 per day, respectively.

Table 9 Average Daily Wage Rates for Local Construction Machinery Operator

Category of Operator	RM per day	
	2023	2024
Excavator	119.70	132.00
Pile Riggers	115.90	136.60
Off Road Truck Operators	109.90	129.90
Backhoe Loader Operators	114.00	129.90
Roller Operators	112.30	135.70
Roller/Compactor	114.75	136.50
Scrapper Operators	114.80	139.30
Motor Grader Operators	114.10	133.80
Wheel Loader Operators	112.10	135.00

Paver Operators	117.80	141.60
Mobile Crane Operators	131.70	146.80
Crawler Crane Operators	132.15	148.10
Tower Crane Operators	138.60	155.70
Forklift Truck Operators	108.90	125.20
Slinger/Dogger Operators	110.80	133.60

Source : CIDB Malaysia

Industrialised Building Installer (IBS) Installer Wage Rates

The average daily wage rates for skilled IBS installers in Malaysia increased across all categories, with growth ranging from 10.1% to 18.3%.

The IBS Precast Concrete Installers recorded the highest wage increase, rising by 18.3% (2023: RM167.30 per day; 2024: RM197.90 per day). Meanwhile, IBS Lightweight Panel Installers also saw a notable rise of 12.9%, with daily wages reaching RM179.30 per day. Other categories—including Lightweight Block Wall Installers, System Formwork Installers, and both types of Roof Truss Installers—experienced more moderate but consistent wage growth between 10.1% and 10.7%.

Table 10 Average Daily Wage Rate for Local IBS Installer

Category of IBS Installer	RM per day	
	2023	2024
IBS Precast Concrete Installers	167.30	197.90
IBS Lightweight Panel Installers	158.80	179.30
Lightweight Block Wall Installers	144.40	159.90
System Formwork Installers	143.90	158.70
Roof Truss Installers (wood)	143.75	158.80
Roof Truss Installers (light steel gauge)	147.10	161.90

Source : CIDB Malaysia

Export and Import of Construction Services

Based on Malaysia's Balance of Payments statement, the value of construction services imported, primarily representing projects awarded to foreign contractors, increased marginally by 3.0% to RM8.1 billion in 2024 compared to RM7.8 billion in 2023. Conversely, exports of construction services, which reflect Malaysian firms' involvement in overseas projects, grew modestly by 1.0% to RM9.0 billion in 2024 compared to RM8.9 billion in 2023.

Although the growth in export value slowed significantly compared to previous years, Malaysia continued to record a surplus in the trade of construction services amounting to RM949 million in 2024. This represents a slight decline from the RM1.2 billion surplus registered in 2023, indicating a narrowing trade balance despite sustained international engagement by Malaysian construction firms.

Among the key overseas projects undertaken by Malaysian companies were a Boulder Creek Wind Farm Project in central Queensland, Australia, Redevelopment for the 75 London Wall building in London, and METRONET High-Capacity Signalling Project.

On the domestic front, Malaysia's construction sector remained attractive to foreign contractors particularly from China, Singapore and Japan. These international firms were actively involved in the development of factories, commercial buildings, and infrastructure. Other contributors to domestic construction activities included contractors from the Korea, United Kingdom and Taiwan, which reflects continued foreign interest in Malaysia's built environment sector.

Table 11 Export and Import of Construction Services

	2021	2022	2023	2024
Export of Construction (RM million)	3,919	6,063	8,958	9,003
<i>% Export Change</i>	20.9%	54.7%	47.7%	1%
Import of Construction (RM million)	4,420	4,774	7,792	8,054
<i>% Import Change</i>	15.6%	8.0%	63.2%	3%
Net Trade: Export-Import(RM million)	-501	1,289	1,166	949

Source : Balance of Payment, Department of Statistics Malaysia

In 2024, Malaysia’s export of architectural, engineering and other technical services recorded a strong growth of 20%, reaching RM7.7 billion (2023: 6%, RM6.4 billion). This marks the highest annual growth over the past four years, indicating sustained demand for Malaysian technical expertise abroad.

However, imports of such services also continued to expand, increasing by 7% to RM10.9 billion (2023: 12%, RM10.2 billion; 2022: 26%, RM9.1 billion). Despite the relatively slower import growth, the import value remained significantly higher than exports.

As a result, Malaysia continued to register a net trade deficit in this category, amounting to -RM3.2 billion in 2024 (2023: -RM3.8 billion). This reflects a growing reliance on foreign technical services, particularly for high-value or specialised expertise, despite the improving export performance.

The trend underscores the importance of enhancing local capacity in technical professional services while leveraging existing international demand for Malaysian capabilities.

Table 12 Export and Import of Other Business Services

	2021	2022	2023	2024
Export of Architectural, engineering and other technical (RM million)	5,199	6,052	6,411	7,704
<i>% Export Change</i>	<i>-4%</i>	<i>16%</i>	<i>6%</i>	<i>20%</i>
Import of Architectural, engineering and other technical (RM million)	7,227	9,118	10,211	10,933
<i>% Import Change</i>	<i>14%</i>	<i>26%</i>	<i>12%</i>	<i>7%</i>
<i>Net trade: Export-Import (RM million)</i>	<i>-2,028</i>	<i>-3,066</i>	<i>-3,800</i>	<i>-3,229</i>

Source : Balance of Payment, Department of Statistics Malaysia

CONSTRUCTION INDUSTRY OUTLOOK FOR 2025

Malaysia's economy is projected to expand between 4.5% and 5.5% in 2025, driven primarily by resilient domestic demand and further supported by the recovery in external trade. The broad-based economic momentum is expected to be reflected across almost all major sectors, signalling continued resilience and confidence in the country's economic fundamentals.

The services sector is anticipated to remain the key contributor to overall growth, underpinned by strong performances in wholesale and retail trade, transportation, communication, and tourism-related industries. In the manufacturing sector, growth is projected to continue on a positive trajectory, supported by improved global demand, particularly in the electrical and electronics (E&E) segment. The construction sector is forecast to register stronger growth in 2025, following increased implementation of large-scale infrastructure and energy projects, as well as steady development in residential construction. This expansion is in line with the Malaysia government's strategic initiatives under the Budget 2024, the New Industrial Master Plan (NIMP) 2030, and the National Energy Transition Roadmap (NETR).