

Construction Players Eyeing More Infra Projects From Govt This Year

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RHB Investment Bank Bhd (RHB Research) has maintained its OVERWEIGHT call on the construction sector for 2026, highlighting Gamuda, Sunway Construction and Kerjaya Prospek as top picks.

The research house expects the year to be one of execution, translating into earnings delivery for contractors following the contracts secured in 2025.

RHB Research also anticipates steady contract flows in 2026, as it marks the first year of the 13th Malaysia Plan, with a planned gross development expenditure of RM81 billion, slightly higher than the revised estimate of RM80 billion for 2025.

Data from the Construction Industry Development Board showed that contracts awarded in 2025 totalled RM202.5 billion, down 12.6% from RM231.6 billion in 2024.

The house noted that the decline was from a high base, with 2024 being the highest since 2016, at RM241 billion. Government contracts fell 22.5% year-on-year, while private contracts dipped only 9%.

Within subcategories, non-residential contracts actually grew 6% year-on-year to RM159.6 billion, largely driven by data centre projects. Key awards included Gamuda's RM2.1 billion Eco Business Park V project and IJM Corp's RM2.1 billion Elmina Business Park package.

The research house noted one remaining work package in Elmina 2 could be worth RM2 billion, while additional data centre projects may emerge from Pearl Computing Malaysia's 389-acre land in Springhill, Negeri Sembilan.

Infrastructure contracts, mostly government-led, fell 44% to RM24 billion from RM44 billion in 2024.

RHB Research expects a rebound in 2026, with planned awards including Penang Light Rail Transit Segment 2, the Perak-Penang water transfer project and the Johor Bahru Elevated Autonomous Rapid Transit. Mass Rapid Transit 3 projects are expected to begin in 2027.

The house cautioned that a potential multi-tiered foreign worker levy could increase labour costs and pose risks to the sector.