

Edge Weekly

Construction industry in the doldrums

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KUALA LUMPUR (Feb 5): Malaysia's construction sector has seen better days over the last decade, when players benefited from the influx of huge infrastructure jobs across the country.

But things have taken a turn since 2019. Despite many proposals to roll out more megaprojects prior to that, fiscal constraints faced by the federal government, and later the Covid-19 pandemic, slowed down some plans and brought others to a screeching halt.

This includes the High Speed Rail, the Mass Rapid Transit (MRT) Circle Line, the Rapid Transit System Link and the Pan Borneo Highway.

As past contracts near completion, players have come out with many proposals in recent years to circumvent the government's fiscal challenges and keep the job flow coming.

Several projects like the MRT 3 are seeing signs of revival, but multiple delays and discussions over the execution methods have kept investors on the sidelines, with the Bursa Malaysia Construction Index near its lowest since April 2020.

The smaller pool of projects have also resulted in more competition, particularly when foreign players have entered the picture and as the industry faces other pandemic challenges, such as rising costs and labour shortages.

Further, the federal government — which has changed three times in three years — also has to balance the development of East and West Malaysia, and to ensure projects that have started can be completed.

What is the outlook for the sector and what are the actions taken by the government and contractors to revitalise the industry? And with construction stocks out of love, have they come down to levels that are deemed attractive?

To find out more, grab a copy of *The Edge Malaysia* weekly's Feb 7 edition.