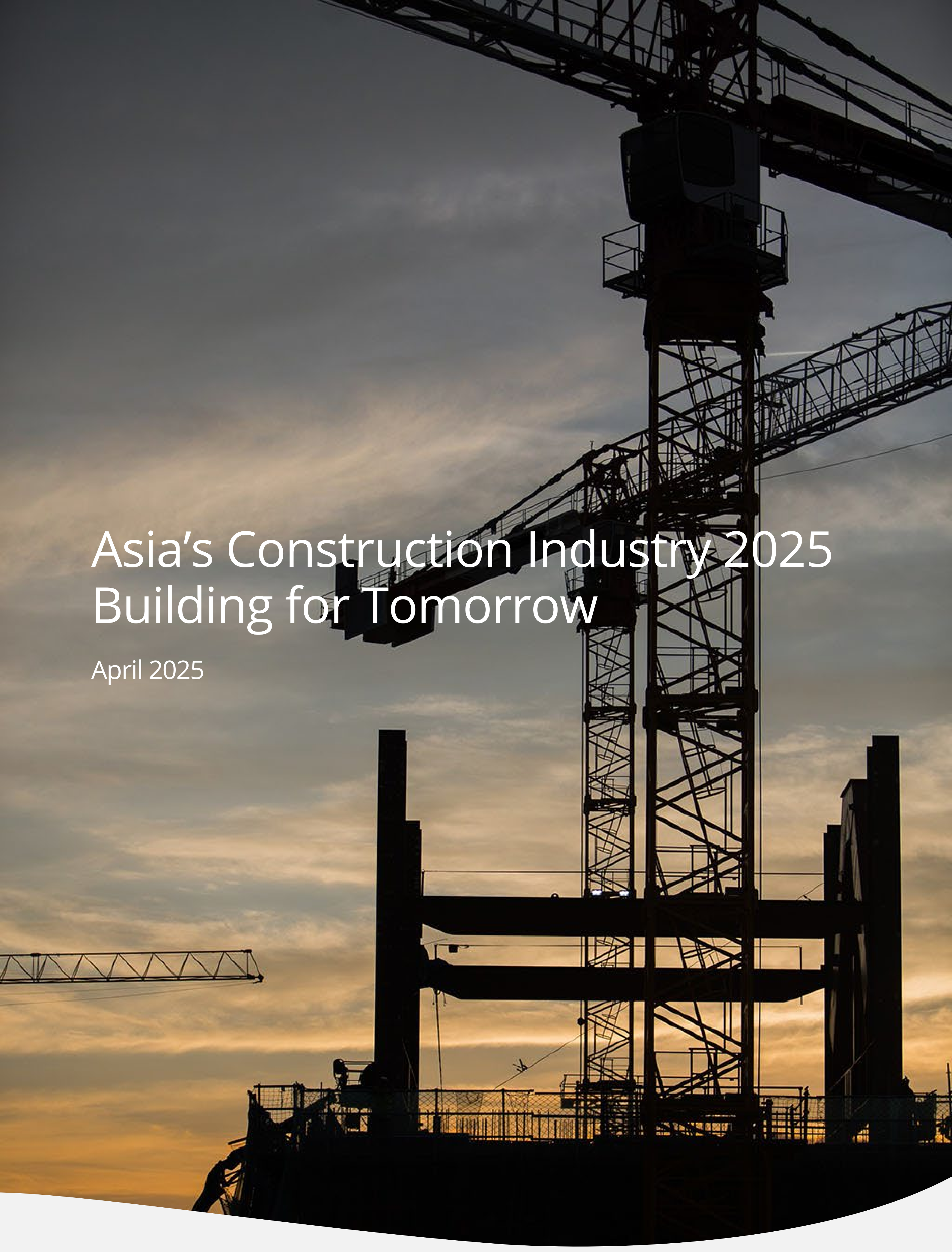

Asia's Construction Industry 2025
Building for Tomorrow

April 2025

ASIAN INSIDERS
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Contents

1. Introduction

It is remarkable to see how much has been built in Asia since 2000. Countless skyscrapers have sprung up throughout the region. Infrastructure projects, including roadways, public transport systems, airports and railways, have been completed at a rapid pace. Urban development here has been extraordinary, fuelling growth across the construction sector in the process.

Yet, there is so much work that remains. Many Asian countries have made massive infrastructure investment commitments with many Southeast Asian countries leading the charge. Taiwan is redoubling construction efforts and has a long track record of partnerships with overseas contractors and companies to get projects completed.

With most of Asia having climate pledges in place, sustainable building solutions of all shapes and sizes will be required. This is taking on greater significance since pollution is now a top-of-mind issue in most large cities.

Skilled labour shortages are an issue hampering construction efforts in some Asian markets. To that end, automation and robotics are expected to make meaningful contributions to the industry moving forward. It is a similar story for innovations that can improve efficiency and speed up processes.

For some time now, overseas firms have played a vital role in Asian construction efforts. This has come in different shapes and sizes, spanning everything from providing materials to consulting and design. These are partnerships that will continue to flourish. For companies considering entrance or expansion, there remains no time like the present to explore opportunities.

This overview from Asian Insiders explores some of the construction industry opportunities that exist for European entities, offers information on challenges, spotlights a few key markets and goes over what it takes to win in Asia.

From all of our partners and associate partners, we hope you find it informative. Should you wish to know more, please reach out.

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2. Opportunities in Asia's Construction Sector

The Asian construction sector has a lot of positive momentum as 2025 progresses. Vast amounts of government support for infrastructure projects are spurring activities across the region. Economic headwinds and geopolitical uncertainty do pose a threat but seem unlikely to derail the industry in the coming years.

The Asia-Pacific Construction Market reached a market value of slightly over USD 5 trillion in 2023. This is to increase to more than USD 8 trillion by 2030 with the sector seeing a compound annual growth rate of 7.2 percent during that span.

Infrastructure investment is driving much of this growth. China set aside USD 4.2 trillion for transportation and urbanisation projects as part of its 14th Five-Year Plan. The upcoming 15th Five-Year Plan will likely have a substantial focus on this area as well.

In India, the launch of the National Infrastructure Pipeline in 2020 was explicitly done to speed up infrastructure development. The government continues to pour more money into these projects and the country's construction industry is expected to be the third largest globally. There are a number of different segments spurring growth, such as the rise of Smart Cities and rapid urbanisation efforts.

A government push in Taiwan has led to growth in the construction sector and a positive outlook for the future. The country is making significant investments in infrastructure and energy while focusing on housing and urban renewable projects.

Southeast Asian countries continue to spend heavily on infrastructure projects as well. Indonesia, Malaysia, The Philippines, Singapore, Thailand and Vietnam are building up rapidly. Each has unique needs and unique market challenges that must be understood before entrance.

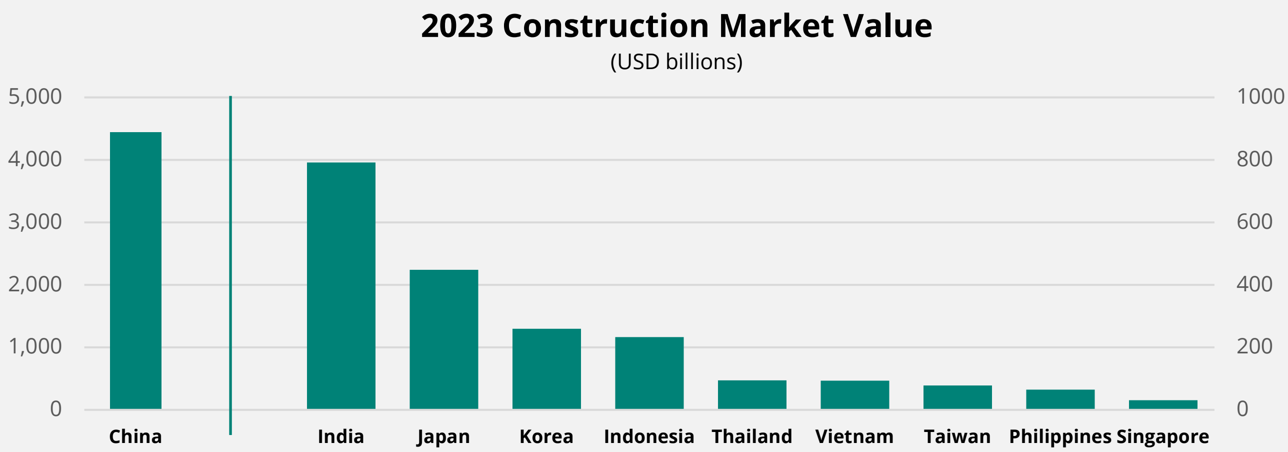

Figure 1: 2023 Construction Market Value. Sources: NextMSC, Global Data

To fully appreciate the potential of Asia's construction sector in the coming years, one only needs to look back at what has been accomplished over the past two decades. The sheer volume of significant projects to be completed is staggering.

Skylines in cities such as Bangkok, Kuala Lumpur, Jakarta and Manila are now flush with new skyscrapers. Modern international airports can be found across the continent. Rail links, seaports, public transport systems and roadways have either been built from scratch or significantly expanded upon.

Much of this work required partnerships and foreign investment, a trend expected to continue. That will see an uptick in opportunities across the region. New challenges in the shape of labour shortages and sustainability targets require new solutions.

Asia unquestionably wants to build quickly but is still developing local capabilities. That means expertise, skills, machinery and materials will be needed from overseas. At present, there are several areas where this is needed most.

Sustainable construction solutions
Reducing or eliminating construction-related emissions is critical for Asian countries as they look to fulfil various climate pledges. That has positioned sustainable construction solutions as the region's top demand from international partners.
Environmentally friendly building materials, such as recycled metals, low-carbon concrete and sustainable wood products, are being sought after. Usage of these is increasing and should continue to grow due to regulatory and rising public awareness.

There is more interest in modular construction and 3D printing, given the various benefits these can provide. However, usage and interest do vary by country due to multiple factors, including price and concerns over reliability.

Robotics
Construction robots are seen as a potential solution to dwindling talent pools. Technologies capable of automated wall panel installation, wall painting, or otherwise speeding up labour-intensive tasks are sought after. Japan and China are leading the way in their usage, but more countries are expected to invest heavily in technology moving forward.

With a shortage of skilled workers and a need to speed up projects, robotics can ensure countries don't fall behind. That being said, robotics must prove to be a cost-effective alternative, limiting its potential in some markets.

Digitalisation
Digitalisation is widely seen as a way to improve both efficiency and sustainability. Yet, tools have not been widely adopted in most Asian markets. More countries are exploring how they can be used. BIM modelling and design, smart inspections and remote supervision are among other technologies under consideration.

Artificial intelligence solutions capable of improving supply chain management, efficiency improvements and process optimisation are also of interest.

Smart technology
There is an increasing desire to incorporate Smart technologies into projects as a way to improve certain aspects of sustainability. Energy management systems will continue to be in demand as these are proven to lessen power consumption. Automation systems are also increasingly being utilised.

Urban renewal and refurbishment
Innovations related to urban renewal and building refurbishments are becoming sought after in some Asian markets. The former is a priority among governments as they look to raise the standard of living in certain areas. However, work needs to be carried out with minimal disturbances, creating opportunities for outfits that specialise in this.

Meanwhile, as buildings begin to age, refurbishment is seen as a better solution to complete teardowns. This covers everything from structural improvements and safety modernisation to the creation of value-add elements, making these developments more attractive from a usage standpoint.

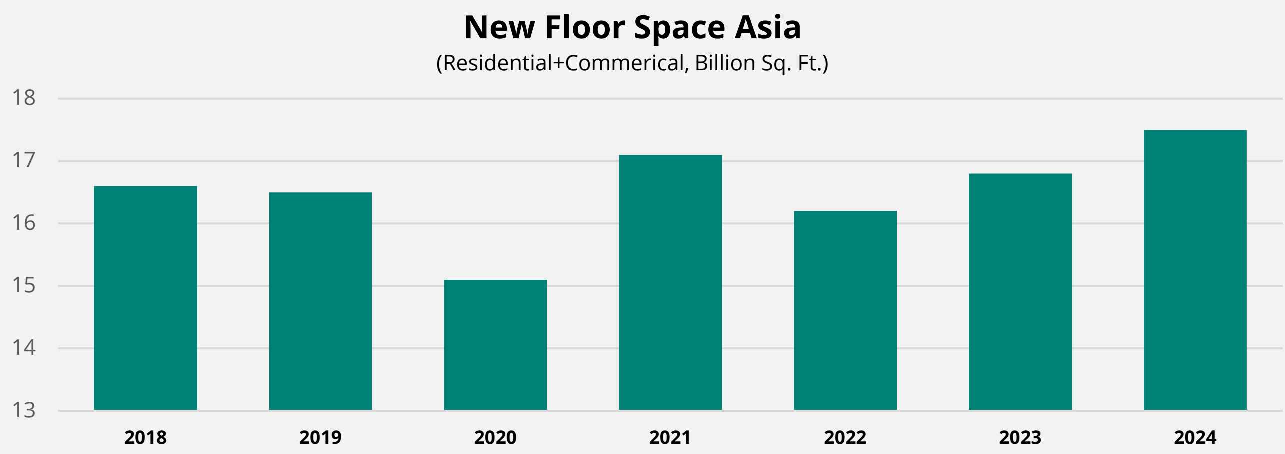

Figure 2: New floor space available in Asia. Source: Mordor Intelligence

3. Challenges in the Asian Construction Industry

Challenges in the Asian construction industry are similar to those found elsewhere globally. Even with growth projections in most countries trending positively, continued labour shortages and the rising costs of materials are major concerns.

Starting with the former, finding suitable candidates for advanced roles is more difficult than ever before. In Southeast Asia alone, more than one million skilled workers are required this year to meet demand for ongoing projects. Efforts to upskill and build the workforce are in place, but closing this gap will remain a challenge moving forward.

There is also increased competition for labour coming from elsewhere globally which adds to the difficulties some countries are facing when it comes to filling advanced positions. Without investment in training and innovation, delays could be possible in some markets.

As for material price fluctuations and supply chain disruptions, both issues have been prevalent for years now. There have been some instances of shortages slowing down project delivery. That, of course, can have a knock-on effect on vendors and other partners.

Uncertainty surrounding interest rates and global trade has many in the region worried about project financing and profit margins. This is something for overseas firms to monitor. On the plus side, many construction activities are led by governments who remain committed to reaching specific targets.

It should be noted that regulations in Asia vary drastically by market. This is influencing the drive for sustainability and green building. The majority of countries have made climate pledges, but affordability is still a very real concern.

More advanced markets will be willing to pay a premium when it comes to sustainable construction practices. Other countries may not yet have the budget to go all in on sustainability and instead look to balance these efforts with cost-effective solutions.

Finally, climate change is having an impact in some places, with extreme weather events, such as typhoons, flooding and extreme heat, increasing in frequency. This has and will continue to impact the construction sector across the region.

4. Market Spotlight: Singapore

The major players in Singapore's construction sector have made it known they are looking for innovations to overcome existing challenges, including a pressing labour shortage. Robotics, digitalisation tools and sustainability advancements are just a few of the solutions being sought.

Singapore's construction sector is forecasted for solid growth of 6.5 percent in 2025, driven both by large projects, such as Changi Airport Terminal 5, major hotel expansions as well as 150 concurrently built Built-To-Order (BTO) projects by the Housing Development Board (HDB).

Looking ahead, a compound annual growth rate of at least five percent is projected between 2026 and 2028. Modest estimates have Singapore's construction market surpassing USD 43 billion by 2030. The government has already rolled out several building-related aimed at revitalising the tourism sector and securing the country's spot as leader in data centre and logistics development.

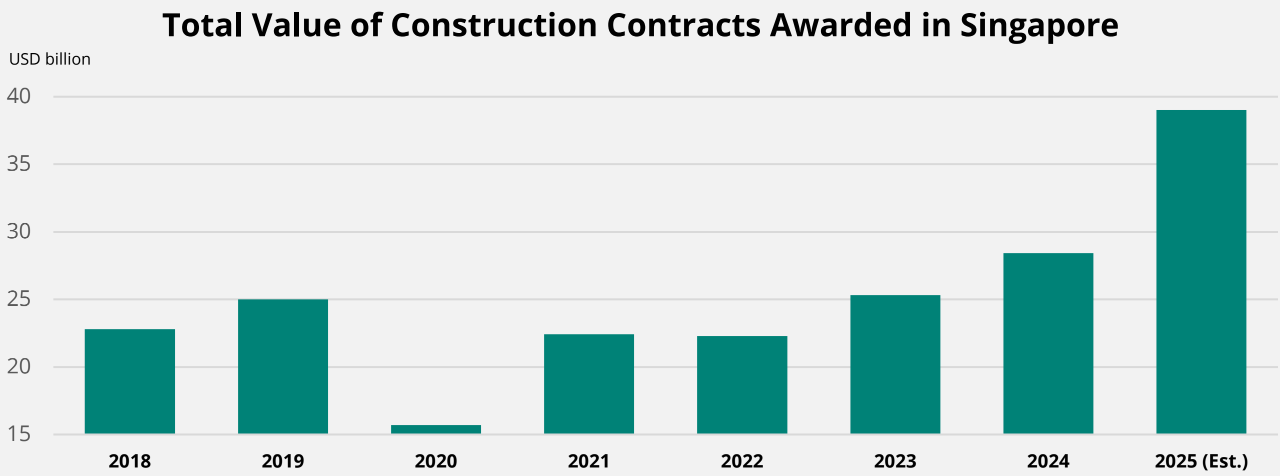

Figure 3: Total value of construction contracts awarded in Singapore. Source: Building & Construction Authority (BCA)

Sustainability remains a focus area for the sector. The Singapore Building and Construction Authority (BCA) aims to ramp up decarbonisation efforts across the industry, including the development of low emissions buildings and districts powered by efficient building management.

Any innovation that will assist Singapore in achieving its 80-80-80 in 2030 plan to green 80 percent of all buildings, have 80 percent of new developments certified Super Low-Energy and reach 80 percent improvement in energy efficiency is being considered. Low carbon materials and self-repairing concrete are just a few of the potential opportunities available.

The industry's ongoing labour shortage remains an obstacle for Singapore as it looks to build. The pressure is most acutely felt when it comes to skilled labour. In particular, specialised roles have become harder to fill.

The country believes the solution may be found through innovation. Construction robots could help shore up certain activities where an ongoing worker shortage may otherwise slow down efforts. Technologies capable of automated wall panel installation, wall painting, or otherwise speeding up labour-intensive tasks are sought after. Some technology in this area has been trialled by the HBD and the early results have been positive. There is now a desire to scale up the use of robotics further.

Finally, Singapore remains one of the best countries to do business in for overseas companies. It maintains favourable business policies in addition to detailed Intellectual Property protection. The country also offers attractive conditions and incentives for companies who choose Singapore as a regional headquarters, research and development hub, or both potentially.

Despite the competitive labour market, Singapore's workforce is highly educated and productive with several world-class universities and research centres preparing the sector's next generation. Simply put, the positives far outweigh the negatives for overseas firms considering market entrance.

Know Before You Go: Insights from Alessandro Corbi, Asian Insiders Partner Singapore

Time. Costs. Sustainability. While the order of these may change depending on the project and potential partner, they are unquestionably what is needed across the Singapore construction industry. Anything that can get projects completed faster is in demand. With land costs in Singapore being high and labour costs increasing, there is a desire to leverage technology capable of reducing man hours and total building time. In other words, productivity solutions are paramount.

Speaking of labour, Singapore has long relied on foreign labour in its construction industry. Still, changes in immigration policies of countries like Japan and South Korea, as well as competition from projects in the Middle East, are shifting market dynamics. Leveraging technology is one way to offset limitations.

Another interesting development in Singapore comes in the refurbishment/urban renewal market, where you are seeing some firms opting to revamp instead of tear down and rebuild. Low-disturbance building technology can provide an edge in this space.

As mentioned elsewhere, firms boasting sustainability innovations should look at Singapore. Strong commitments to environmental pledges and a willingness to spend more on green technology make the market appealing.

5. Market Spotlight: Taiwan

Taiwan may not have the largest construction market in Asia, but it is one that appears primed for growth due to a few different initiatives. The market has historically been welcoming of overseas firms. In fact, the transformation infrastructure development of the 1990s under the Six-Year Development Plan was supported by significant foreign investments.

While current efforts may not be as big, they will still provide opportunities, nonetheless. The cabinet designated more than USD 100 billion in domestic and overseas capital for infrastructure projects. Separately, the National Development Council (NDC) announced it was looking to bring in USD 21 billion in private capital for public infrastructure projects.

Last year, the Ministry of Transportation and Communications approved plans for Taichung’s Blue Line, the second part of a public transit system in the city. Planning for a third line is underway. Other tentative plans in Taiwan call for the building of water environments that combat climate change events and green energy infrastructure.

The market size of Taiwan’s construction sector reached USD 79 billion in 2023. Annual growth rate estimates vary. Most experts cite a three to four percent increase yearly as the most likely outcome between now and 2028, although this could be revised upward should more infrastructure investments come to fruition.

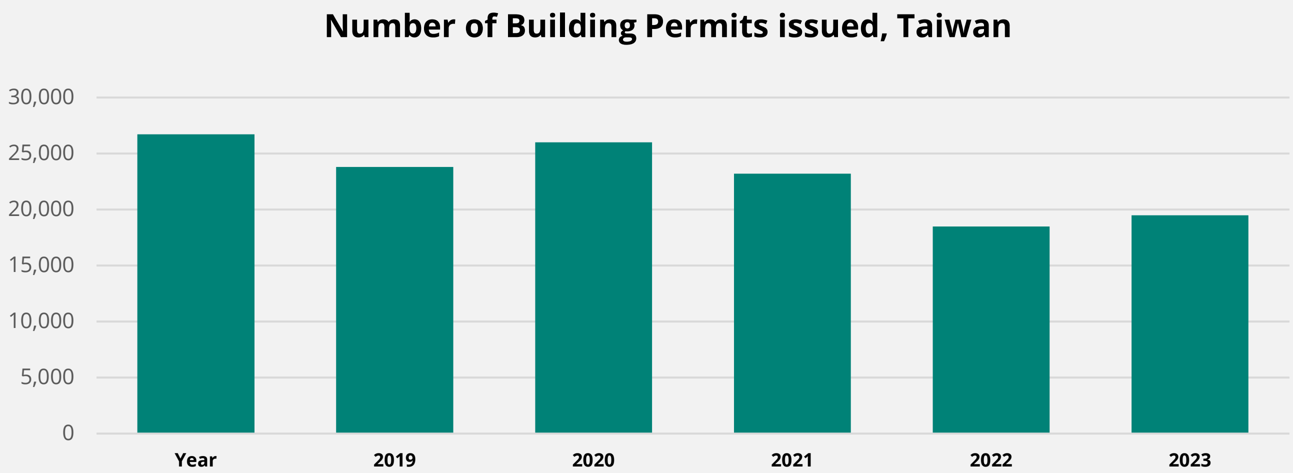

Figure 4: Number of Building Permits issued in Taiwan. Source: Ministry of the Interior

The most significant challenge facing the construction industry is a lack of labour. The local talent pool continues to shrink while Taiwan’s restrictions on migrant workers make it difficult to fill open positions. Some notable projects, such as the MRT Wanda Line in Taipei, have been delayed with a lack of labour cited among the reasons why.

Digitisation tools offer a prominent opportunity in Taiwan. Building Information Modelling is being widely adopted with other innovations capable of improving efficiency across the construction industry also of interest.

Elsewhere, those operating in the sector are required to lessen carbon emissions during the building process. Taiwan was a pioneer in the space when it launched the Green Building Promotion Program in 2001. Projects, regardless of type, are expected to meet stringent environmental requirements. This means Taiwan continues to seek the most advanced green technologies and materials.

Know Before You Go: Insights from Mika Sahlström, Asian Insiders Partner Taiwan

When considering market entrance, there are three main areas to explore. The first is focused development. Taiwan is located on the Pacific Ring of Fire, making it highly prone to earthquakes. As a result, its construction industry follows strict seismic codes and uses advanced earthquake-resistant technologies. Due to limited land availability, construction in Taiwan focuses on high-rise buildings and urban renewal projects.

Second, the government is driving infrastructure projects and smart, green building. The Taiwanese government plays a major role in the construction sector, investing heavily in high-speed rail, metro systems, highways, and smart cities.

Additionally, Taiwan is a global leader in green construction, with a strong push towards eco-friendly materials, energy-efficient buildings, and smart technology integration.

Finally, Taiwan faces issues related to aging infrastructure, requiring heavy investment in renovation. The construction workforce is also aging, leading to labour shortages and increased reliance on automation and foreign workers.

6. Market Spotlight: The Philippines

The most significant Philippine investment opportunities in the construction sector are those capable of solving the country's age-old problem: getting people and things to their final destination faster. There is a sense of urgency to make progress on infrastructure as it will improve business efficiency along with tourism, a sector the government is keen to grow.

Road construction and maintenance, rail-related investments and airport development remain priorities. This is creating opportunities for overseas firms offering building materials, construction products, electrical and mechanical equipment, connected technologies and consulting services.

Other factors driving the country's construction sector are the country's housing boom, a push for renewable energy and greater investment in social infrastructure. The former is a growing issue that will likely require innovative solutions to solve.

Last year saw the construction industry in the Philippines expand by almost 11 percent in real terms. Meanwhile, the annual average growth rate is projected to surpass 7 percent annually between 2025 and 2028.

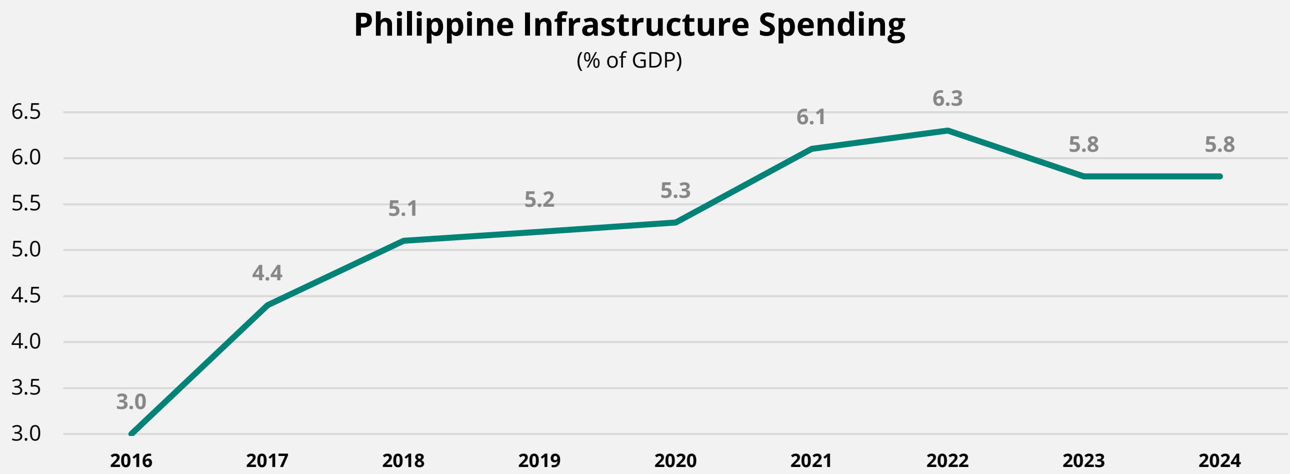

Figure 5: Philippine Infrastructure Spending, % of GDP. Sources: Philippine Department of Budget & Management, IMF

President Ferdinand Marcos Jr unveiled the Build Better More infrastructure programme shortly after taking office. The far-reaching plan includes signature projects, such as the Metro Manila Subway project, the Mega Bridge Program and New Manila International Airport. In total, 185 planned developments spanning all parts of the country have been announced.

Some funding support has come from the Asian Development Bank (ADB) and the Japan International Cooperation Agency as well as through Public-Private Partnerships (PPP). In 2024, the government budget allocated nearly USD 26 billion to infrastructure with the figure roughly the same this year.

Build Better More is a continuation of the previous administration's Build! Build! Build! Programme. The ambitious plan committed to spending a minimum of five percent of the country's annual GDP on infrastructure. This was a massive shift from the previous decades in which funding was less than half of that on average.

The country’s economy continues to perform strongly, recording a 5.6 percent increase last year. Most forecasts expect at least six percent growth in 2025. The positive outlook should ensure domestic funding remains in place.

A lot of work has been done to improve the foreign investment climate, which was once highly restrictive. These days, total foreign ownership of airports, seaports, railways and renewable energy projects is permitted. Many other construction-related sectors are open as well.

That being said, difficulties remain for overseas firms considering entering the Philippines. Certain parts of the process may be unclear and, overall, some steps take longer here than in other countries. The political situation is something to monitor as well.

Know Before You Go: Insights from Germain Thomas, Asian Insiders Managing Partner Philippines

When it comes to the Philippines' construction sector, it is essential for potential entrants to understand their addressable market. Assessing this beforehand will ensure you know the potential and fit. There is a lot of building happening in the country, but not everything is suitable for your organisation.

Having a grasp of how developments are financed is crucial as well. Projects are funded by either the local authorities, local private developers, or international financial institutions. Their respective budgets, payment terms and compliance requirements are very different from one another. This is something firms need to be prepared for ahead of time to avoid any unwanted surprises.

The Philippines' construction sector is ruled by a handful of local powerful families. As you may expect, a certain level of exclusivity may be expected from you. It can be difficult for a supplier or contractor to work with all of them. Strategic choices must be made in order to build strong and sustainable partnerships.

Successfully navigating these will provide you access to a market committed to building. Construction has been identified as a way for the Philippines to maintain its robust economic growth and the opportunities here are massive.

7. Three Keys to Win in Asia

Asia is home to diversity. You’ll encounter a wide range of languages, cultures, economies and business approaches. What works in one market may not work in a neighbouring market. What’s needed can vary greatly from country to country.

This can derail foreign investors considering entering Asia or expanding to other countries in the region. It is easy to fall into the trap of preconceived notions. This can be in the form of seeing a competitor succeed in a market or simply believing an opportunity exists because it seems like it should exist.

For businesses, winning in Asia requires a lot more than casual observations or gut feelings. After all, these are not enough to make decisions in home markets. With that in mind, here are three keys to win in Asia.

Choose the best market
This sounds simple. To win in Asia, you must have an offering that has unique features capable of adding value for customers. But the reality is far more complex. You need to factor in need, pricing and market sophistication.

The only way this can be accomplished is through market research, testing and validation. Yet, too many companies place the cart before the horse and invest in entry before understanding the needs and expectations of potential customers. If you want to choose the best market, take the time to understand it. In other words, know before you go.

Develop your sales channel
After you have found the right market in Asia, the next step is to develop your sales channel. Understand the addressable market size and market behaviours. Create a detailed strategy to reach targeted customers in different business segments. Fine tune the product and value proposition so it is tailored for the market.

Select the right partner
Only when you have set expectations for a potential partner can you begin searching for the right one. Too often, businesses considering market entry in Asia focus so much on locating the “best” partner that they neglect to address how that partner will succeed.

You should know how potential partners will work with you and if they have the skills required to close deals via your sales channel. The right partner is one that shares similar business values, understands your product, knows the target market and can ultimately help you win.

8. Further Reading

APAC sees new construction opportunities emerge
Even as many countries in Asia and globally cope with ongoing labour shortages, there remain opportunities in the region. One driver of this is the rise of nearshoring activities which have opened up new construction opportunities for key emerging markets in Asia. Other growth areas are being fuelled by Asia's increasing population and wealth with much greater demand for leisure and hospitality construction as well as investment in new education and healthcare facilities.
https://bdcmagazine.com/2024/06/asias-construction-market-evolves-as-new-opportunities-emerge/

Asia's construction industry seeks innovation to solve challenges
Increased labour shortages, higher material costs, and global construction supply chain disruptions are just some of the challenges facing construction businesses across the region. This means that leaders in the construction and engineering industries are having to seriously rethink their tools, workforce skill needs, and how they engage with clients and contractors across their projects.
https://futureiot.tech/embracing-innovation-amid-evolving-challenges/
https://www.autodesk.com/blogs/construction/asia-pacific-construction-industry-sees-rapid-rise-of-ai/

Infrastructure investment remains on track, providing a boon to the Philippines' real estate sector
According to the Philippine Department of Budget and Management, spending on infrastructure development through the Build-Better-More Program continues to reach agreed-upon levels. The impact this has had on the country's real estate sector, and in particular the residential segment, has been huge and should keep growing in line with future investment in transportation-related projects.
https://www.dbm.gov.ph/index.php/management-2/3029-pangandaman-infrastructure-spending-on-track-to-meet-growth-targets
https://www.bworldonline.com/corporate/2025/01/14/646449/phl-real-estate-to-soar-with-major-infrastructure-projects-analysts/#google_vignette

Rebuilding Taiwan's construction industry starts with labour
As Taiwan focuses on its massive semiconductor industry, a lack of emphasis on the construction sector has allowed certain issues to fester. Most notably, a labour shortage is hindering development and potentially delaying major infrastructure projects in the country. Solving this challenge will be crucial for Taiwan moving forward.
https://www.taipeitimes.com/News/feat/archives/2024/07/22/2003821139

BCA believes construction demand in Singapore could near USD40 billion in 2025
Singapore's Building and Construction Authority (BCA) is seeing building demand in the country grow as more public institutional projects are being rolled out alongside public and private housing projects. Prominent developments include Changi Airport Terminal 5 and the expansion of the Marina Bay Sands Integrated Resort.
https://www.businesstimes.com.sg/singapore/construction-demand-singapore-range-between-s47-billion-and-s53-billion-bca

9. About Asian Insiders

Asian Insiders is an Asia-Wide Market Entry and Business Development network of in-country business experts providing the inside track to entering and succeeding in business in Asia. Each Asian Insiders’ member partner has a long-standing record of engagement within their territory, allowing an extensive in-country network amongst local business leaders, industry experts and government officials. Collectively, Asian Insiders has completed 1,000+ projects for client companies ranging from start-ups to global conglomerates from all over the world.

Asian Insiders offers comprehensive, consistent advisory support across most Asian markets. Supporting market feasibility and investigation, strategy development and implementation, channel development and improving market penetration for sustainable business success.

10. About this Report

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