



MBAM

COUNTRY REPORT

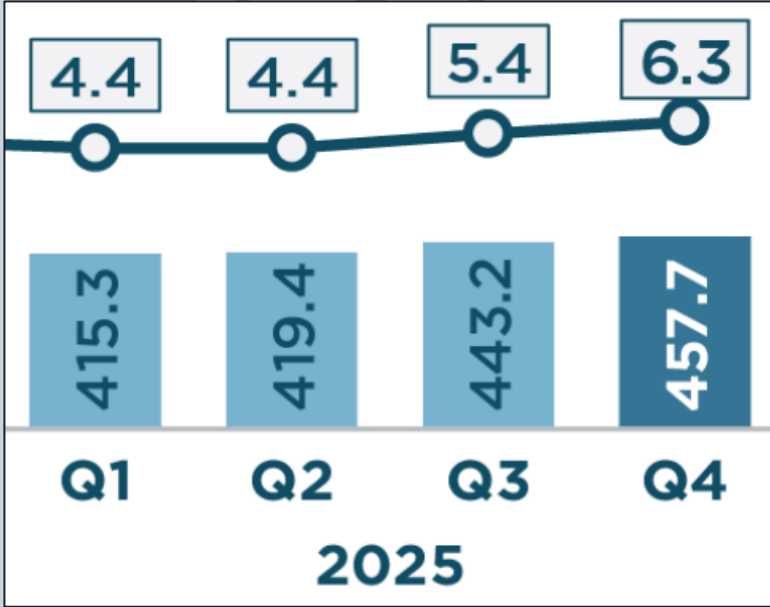
**PRESENTED BY:
MASTER BUILDERS ASSOCIATION MALAYSIA**

DATUK ASTAMAN ABDUL AZIZ, MBAM SECRETARY-GENERAL

**58TH ACF COUNCIL MEETING
10TH APRIL 2026
BOHOL, PHILIPPINES**



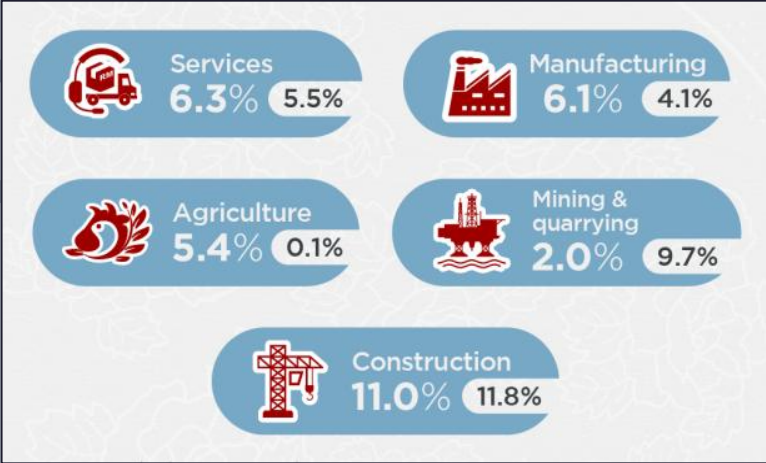
CONSTRUCTION SECTOR IN MALAYSIA – Q4 2025



Malaysia's Gross Domestic Product (GDP) in the fourth quarter of 2025 grew by **6.3 per cent** as compared to **5.4 per cent** in the third quarter of 2025.

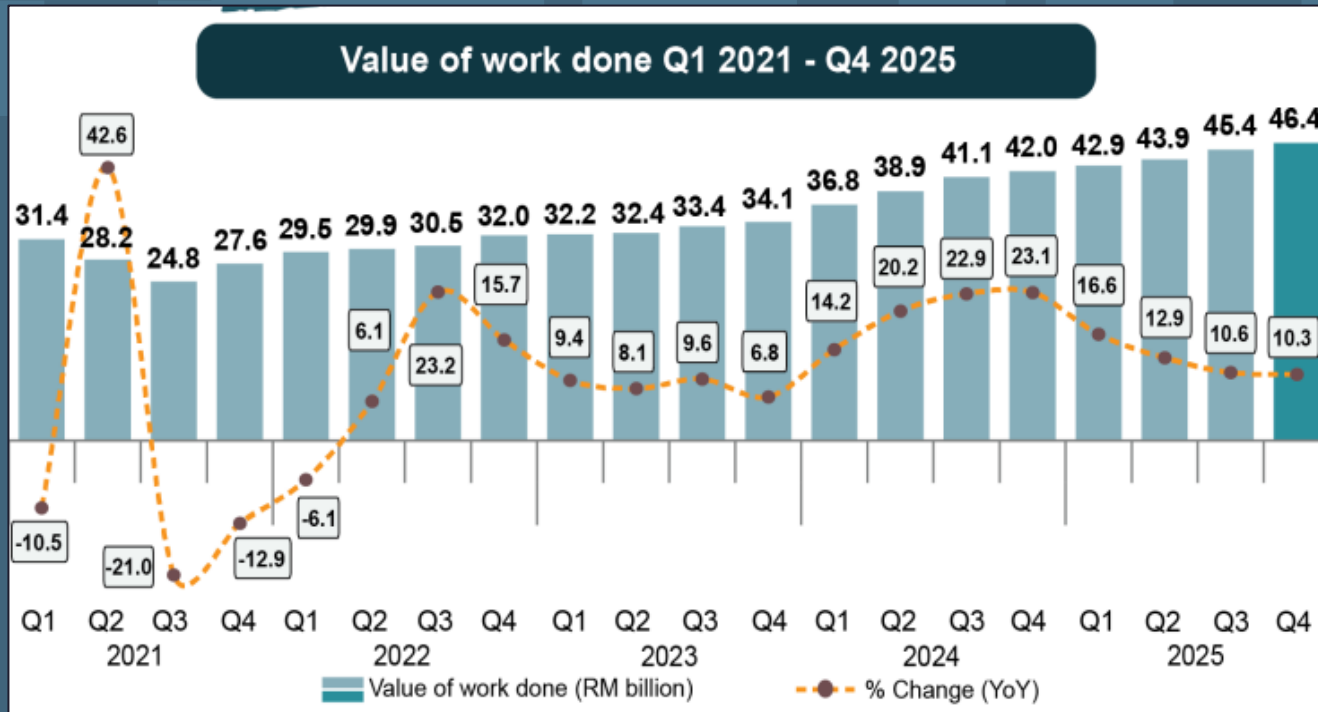
The **Construction sector** remained strong with growth of **11.0 per cent** (Q3 2025: 11.8%) attributed by positive performance across all segments.

The sector's robust performance was led by **Non-residential buildings** and **Specialised construction activities**, recording double digit growth of **17.6 per cent** and **13.7 per cent** respectively.



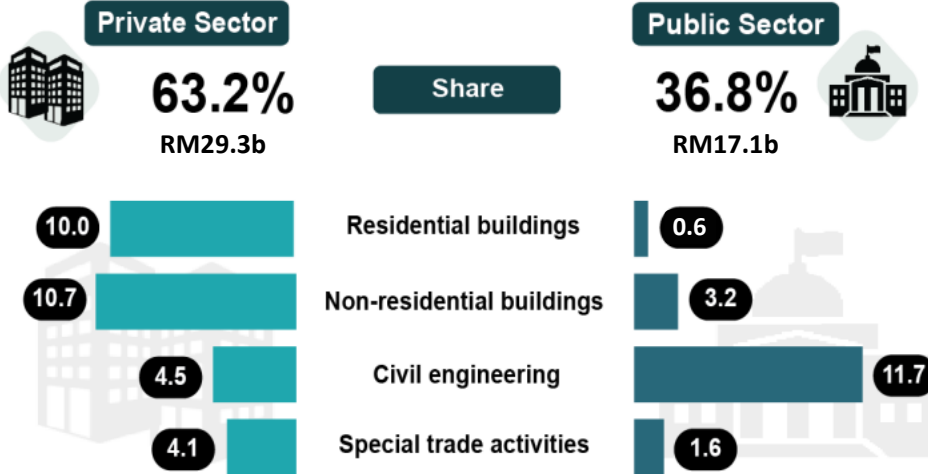
CONSTRUCTION SECTOR IN MALAYSIA – Q4 2025

The Construction sector expanded by 12.5 per cent in 2025 to reach RM178.6 billion (USD 44.09 billion) in work done value, while maintaining positive momentum in the fourth quarter with a 10.3 per cent increase.



CONSTRUCTION SECTOR IN MALAYSIA – Q4 2025

Value of work done by project owner



Private Sector remained the main impetus to the growth of the Construction sector in Q4 2025

Private Sector as Main Growth Driver:

- Contributed RM 29.3 billion (USD 7.23 billion)
- Accounted for 63.2% of total value of work done

Continued Positive Momentum:

- Overall private sector growth: +8.6%

Key Sub-Sectors Supporting Growth:

- Special Trade Activities: +23.8%
- Non-Residential Buildings: +10.5%

MALAYSIA BUDGET 2025 HIGHLIGHTS



1

Basic Rural Infrastructure - Total allocation: RM3.3 billion
(USD 814.8 million)

- For village and solar street lighting.
- Primary focus remain on enhancing accessibility in rural Sabah and Sarawak.

2

Public Transport and Airport Networks Total allocation: RM2.3 billion
(USD 567.9 million)

- For the expansion of Penang International Airport (PIA) and upgrades to Tawau and Miri airports.

MALAYSIA BUDGET 2025 HIGHLIGHTS



3 **Flood Mitigation Projects – Total allocations:** RM2.2 billion (**USD 543.2 million**)

- Allocated for 43 high-priority flood mitigation projects, including ongoing phases at Sungai Langat and Kuala Nerus.

4 **Highways & Road Networks**

- Continuation of the **Sabah Pan Borneo Highway** remaining phases (RM1.67 billion – **USD 412.3 million**) and the Southern Link Transmission Line in Sabah

5 **Water & Utility Infrastructure – Total allocations:** RM3.0 billion (**USD 740.7 million**)

- Under the National NRW Program for the replacement of 820km of aging pipes to reduce non-revenue water loss.

CURRENT CONSTRUCTION PROJECTS IN MALAYSIA



PAN BORNEO HIGHWAY

Sarawak: Phase 1 is 100% complete and open to the public.

Sabah: Phase 1A is 80% complete, targeting 2026 completion. Phase 1B is in early construction stages, targeting 2029.

WEST COAST EXPRESSWAY

Most sections are open, final sections in Selangor and Perak are being completed.

CURRENT CONSTRUCTION PROJECTS IN MALAYSIA



SARAWAK- SABAH LINK ROAD

Implementation of Phase 2 started at the end of 2023 and is expected to complete within 5 years.

JOHOR-SINGAPORE SPECIAL ECONOMIC ZONE (JS-SEZ)

Implementation and development of specialized zones underway.

RMK13 (THE 13TH MALAYSIA PLAN)



1

Introduction to RMK13:

- The 13th Malaysia Plan (RMK13) is set for 2026-2030 and focuses on reshaping the country's development with the theme "**Melakar Semula Pembangunan.**"
- RMK13 aims to address the challenges posed by economic changes, geopolitical shifts, and environmental concerns.

2

Vision and Strategy:

- The goal is to elevate Malaysia to a leading economic power in Southeast Asia.
- Emphasis on strengthening Malaysia's economy through digital transformation, innovation, and the adoption of advanced technologies like AI.
- The implementation of a robust social system based on values of integrity and accountability.

RMK13 (RANCANGAN MALAYSIA KE 13)

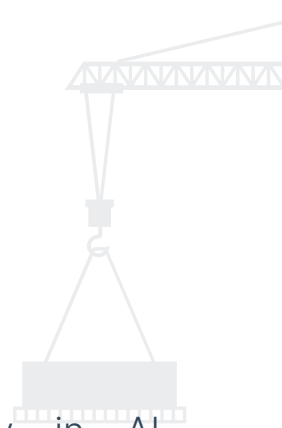


3

RMK13 in Constructions

- Government's proposal to make the **mandatory build-then-sell model** for property developers. This model would amend the Housing Development Act 1966 to ensure that developers can only sell homes after they have been built, as opposed to the current sell-then-build model.
- **Higher development expenditure** for the construction sector, with a total allocation of **USD135.77 b** (RM611 billion), of which **USD95.55 b** (RM430 billion) will be allocated to the construction sector. This is an **8% increase** from the USD88.88 b (RM400 billion) allocated in the 12th Malaysia Plan (12MP).

RMK13 (RANCANGAN MALAYSIA KE 13)



4

Global Integration:

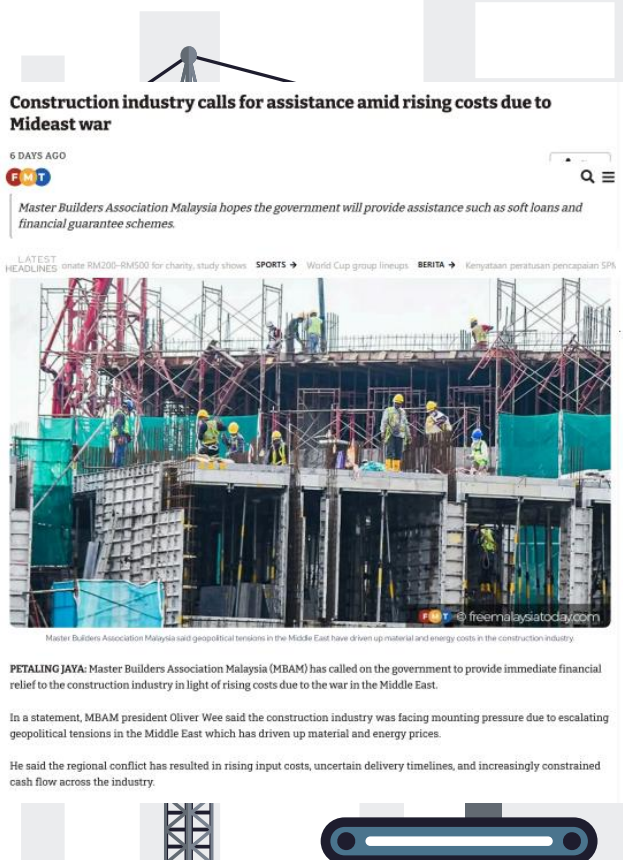
- Expanding Malaysia's role in international markets, especially in AI, semiconductors, and renewable energy.
- Strengthening Malaysia's position as a global leader in Islamic finance and halal industries.

5

AI Nation Aspiration:

- Malaysia aims to be a regional leader in AI by 2030, integrating AI across all sectors of the economy and society.
- The use of AI will drive innovation, productivity, and competitiveness, especially in agriculture and renewable energy sectors.

INDUSTRY CHALLENGES




Construction industry calls for assistance amid rising costs due to Mideast war

6 DAYS AGO

Master Builders Association Malaysia hopes the government will provide assistance such as soft loans and financial guarantee schemes.

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Master Builders Association Malaysia said geopolitical tensions in the Middle East have driven up material and energy costs in the construction industry.

PETALING JAYA: Master Builders Association Malaysia (MBAM) has called on the government to provide immediate financial relief to the construction industry in light of rising costs due to the war in the Middle East.

In a statement, MBAM president Oliver Wee said the construction industry was facing mounting pressure due to escalating geopolitical tensions in the Middle East which has driven up material and energy prices.

He said the regional conflict has resulted in rising input costs, uncertain delivery timelines, and increasingly constrained cash flow across the industry.

A SALES AND SERVICE TAX (SST)

The introduction of 6% Service Tax (SST) to the construction industry is increasing the cost of development, particularly in the commercial and mixed-use segments.

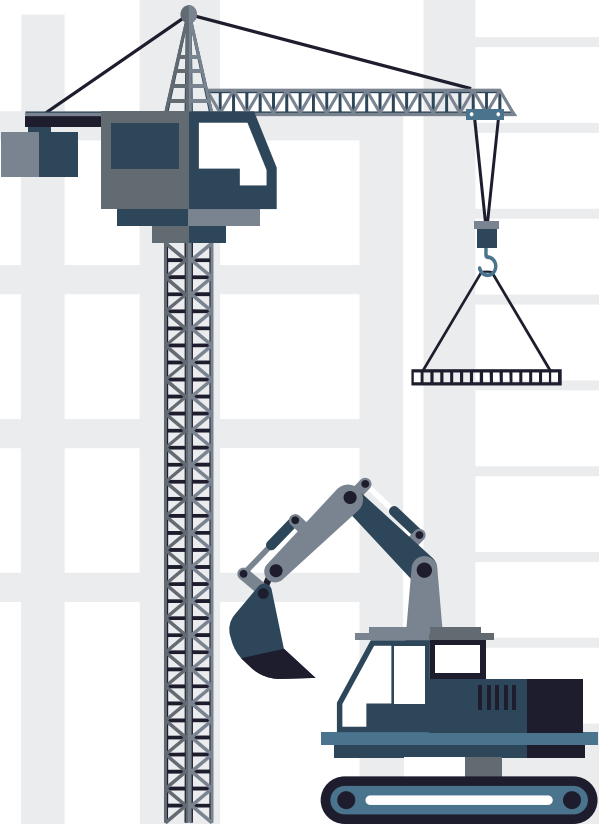
B RISING CONSTRUCTION COST

Costs for essential materials like cement, sand and concrete are driving up prices. Rising geopolitical tensions in the Middle East drive unprecedented material and energy price hikes, resulting in volatile input costs and strained project cash flows.

C LABOR SHORTAGES

Suffers from a severe shortage of skilled local workers, resulting in a heavy reliance on foreign labor. This dependency has led to productivity issues, quality concerns, and project delays.

INDUSTRY CHALLENGES



D ENVIRONMENTAL REGULATIONS

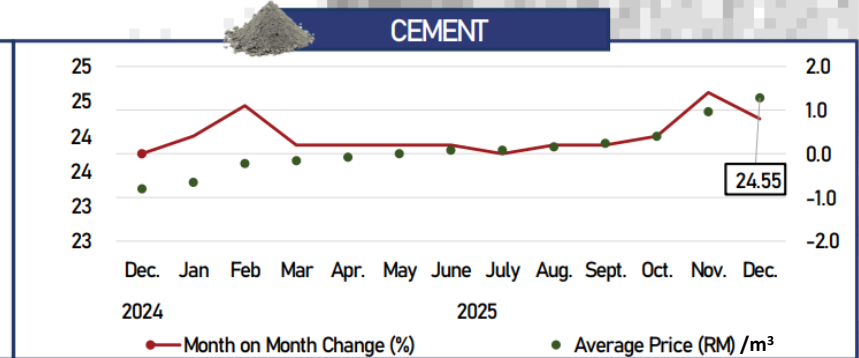
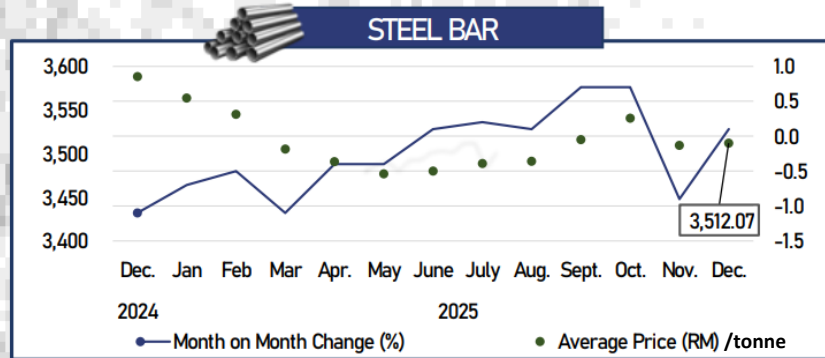
The growing demand for sustainable building practices and green technology will likely influence construction practices. There is a push for environmentally friendly designs, and contractors will need to comply with new sustainability standards.

E CYBERSECURITY THREATS IN DIGITAL CONSTRUCTION

As the construction industry becomes more reliant on digital technologies like BIM and smart building systems, the risk of cyberattacks increases. Construction companies need to invest in robust cybersecurity measures to protect sensitive project data, intellectual property, and operational systems from cyber threats.

BUILDING MATERIAL PRICES

TIME SERIES OF PRICES OF SELECTED BUILDING MATERIALS, MALAYSIA DECEMBER 2024 - DECEMBER 2025



STEEL BAR

The unit price index for steel bars dropped by 0.1%-1.0% month-on-month.

CEMENT

Prices increased across all regions, with significant monthly hikes.

ACTIONS TAKEN BY MBAM

01 ENGAGEMENT WITH GOVERNMENT AUTHORITIES

MBAM courtesy visit to **YB Liew Chin Tong, Deputy Minister of Finance Malaysia** on 18th March 2026.



ACTIONS TAKEN BY MBAM

02

ENGAGEMENT WITH INDUSTRY MEMBERS

Constant engagement with members and affiliates to update on the latest news and information surrounding the industry.

The latest **Construction Industry Dialogue 2025 in collaboration with CIDB on 1 August 2025** discussed issues such as:

- 1.Regulatory Enforcement.
- 2.Skill development, and strategic approaches to overcome issues such as market competition, labour shortages, SST, and unstable material prices.



03

PRESS RELEASE BY MBAM ON CALLS FOR URGENT SUPPORT AND COLLECTIVE ACTION AMID ESCALATING COST PRESSURES

1. Escalating Costs and Supply Disruptions. The Middle East conflict has spiked material and energy prices, triggering supply chain bottlenecks and severe cash flow constraints across the construction sector.

2. Urgent Need for Financial and Fiscal Relief. The industry is seeking immediate government intervention through soft loans, tax deferrals including SST, and continued diesel subsidies to protect project viability and prevent closures.

3. Demand for Contractual Safeguards. MBAM is advocating for mandatory Variation of Price (VOP) clauses and Extension of Time (EOT) entitlements to mitigate the risks of war-related cost hikes and delays.

ACTIONS TAKEN BY MBAM

04 FOSTER MORE DIGITALISATION AND AI EFFORTS

We also believe that increased digitalization and the integration of AI are crucial for the long-term sustainability of the industry.

MBAM is currently collaborating with software providers to develop a program designed to support smaller contractors in embarking on their digital and AI transformation journey.



ACTIONS TAKEN BY MBAM



05 PROMOTE ESG COMPLIANCE

While Environmental, Social, and Governance (ESG) issues have gained significant attention in the construction sector, particularly in the post-pandemic era, it is undeniable that some developers and contractors still hesitate to fully embrace ESG principles and values.

To address this, we consistently organize ESG-focused programs and engage in dialogues that strengthen our efforts in shaping a sustainable future for the construction industry.



CONCLUSION

1. MBAM is hopeful that the groundwork for the projects outlined in Budget 2026 and RMK13 will be implemented as planned by the government.
2. We also anticipate the establishment of a strong monitoring and evaluation framework to regularly track project progress, identify potential challenges, and make necessary adjustments to ensure successful outcomes.
3. At the same time, MBAM remains committed to driving sustainable change within the construction industry.



MBAM