

Malaysia's construction sector set to gain in 2026 as projects translate into earnings — RHB

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- The private sector remains a key driver for the non-residential category specifically within data centre (DC) job flows, which grew by 6% to reach RM159.6 billion in contract value in 2025.

KUALA LUMPUR (Jan 5): The construction sector remains attractive despite a decline in total contract value last year, said RHB Investment Bank Bhd, citing 2026 as the year of "execution" where contracts get translated into earnings.

In a report on Monday, RHB maintained an 'overweight' momentum on the construction sector, with Gamuda Bhd (KL:[GAMUDA](#)) (target price: RM7), Kerjaya Prospek Group Bhd (KL:[KERJAYA](#)) (target price: RM3.45), and Sunway Construction Group Bhd (KL:[SUNCON](#)) (target price: RM7.32) being its top picks to buy.

Despite a 12.6 % year-on-year decline in value of contract from RM231.6 billion in 2024 to RM202.5 billion in 2025, RHB views this to not be a major issue for the construction (sector), as 2024 was the highest contract value awarded since 2016.

The research house expects major contractors to translate their order books into an actual earnings delivery in 2026.

"We expect 2026 to be a year of execution which trickles down to earnings delivery for most contractors in light of the contracts secured in 2025."

RHB added that the construction sector remains steady as the government had planned a gross development expenditure of RM81 billion, implying 2026 as the first year of the 13th Malaysia Plan (2026–2030).

"We envisage upcoming infrastructure awards to take place in 2026, namely the systems package and Segment 2, also Mass Rapid Transit 3 is likely to take place in 2027 after the land acquisition process," highlighted RHB in its report.

The analysts highlighted some key infrastructure project pipelines in 2026, including the Penang Light Rail Transit (LRT) Mutiara Line, Sungai Klang Link with an estimated value of RM 8–10 billion, Trans-Borneo Railway in third quarter of 2026, [Johor Bahru](#) Elevated Autonomous Rapid Transit, and the water infrastructure project in Perak–[Penang](#) and [Kedah](#).

According to the report, the private sector remains a key driver for the non-residential category specifically within data centre (DC) job flows, which grew by 6% to reach RM159.6 billion in contract value in 2025.

RHB recollect major DC contract awards to Gamuda in Eco Business Park V for RM2.1 billion and IJM Corp Bhd (KL:[IJM](#)) in Elmina Business Park for RM2.1 billion in 2025.

"A key risk is the potential roll-out of the multi-tiered foreign worker levy, which could increase labour costs for contractors," added RHB in the report.