

# Water-related jobs to sustain construction sector growth

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PETALING JAYA: Budget 2027 is expected to provide steady support for Malaysia's construction sector through ongoing infrastructure development and water-related projects, although the lack of major new flagship announcements could limit fresh contract opportunities.

Contractors are likely to focus on securing selective infrastructure awards and managing rising labour costs as the government balances development spending with fiscal consolidation.

CIMB Research, BIMB Research and RHB Research have differing assessments of the budget's impact, with BIMB Research viewing it as slightly positive and RHB Research maintaining an "overweight" rating on the sector.

The government has allocated RM83bil for gross development expenditure (DE) in 2027, up 2.5% from an estimated RM81bil in 2026, while the fiscal deficit is projected to narrow to 3.3% of gross domestic product from 3.6%. BIMB Research said: "We assess Budget 2027 as slightly positive for construction despite the absence of major new flagship infrastructure project announcements."

Selected construction-related allocations covering transport, healthcare, the environment, trade and industry, energy and public utilities, and housing will increase 4.2% to RM36bil, raising their share of DE to 43.4% from 42.7% in 2026, it added.

These allocations would sustain ongoing project execution, complemented by RM11bil in public-private investment and continued private data-centre spending.

CIMB Research said infrastructure spending was largely directed towards small and medium-sized projects, with few new large-scale announcements.

Meanwhile, RHB Research said the increase in minimum wage is not expected to pose significant burden to the sector.

"The government's move to increase the minimum wage to RM2,000 from RM1,700, effective June, under Budget 2027 is something we view to be manageable for the construction sector," it highlighted.

The research house noted that median monthly wages in construction rose 2.7% year-on-year to RM3,082 in March.

"Assuming a six-day work week, this translates into a monthly salary of RM2,400, which is well above the new minimum wage of RM2,000," it explained.

Both RHB Research and BIMB Research named Gamuda, [Sunway Construction Group Bhd](#)  and [Kerjaya Prospek Group Bhd](#)  as their preferred stock picks.

CIMB Research, which remained neutral on the sector, said Gamuda and [Malayan Cement Bhd](#)  as its preferred Budget 2027 infra plays.

One analyst told StarBiz while Budget 2027 could provide a steady pipeline of construction opportunities, earnings growth would ultimately depend on the pace of project awards and execution.

"The main challenge for contractors will be balancing new project opportunities with rising labour and material costs, making cost control crucial to protecting margins," he explained.