

'OVERWEIGHT' CALL ON SECTOR

'Wage hike to barely lift construction costs'

KUALA LUMPUR: The revised minimum wage is expected to have limited impact on construction costs, as prevailing wages for general and skilled workers in key states are already above the new threshold, according to RHB Investment Bank Bhd (RHB Research).

"We do not think the increase in the minimum wage will have a material impact on construction costs," said RHB Research analyst Loong Kok Wen.

Citing RHB Research construction analyst Adam Mohamed Rahim, Loong said data from the Construction Industry Development Board (CIDB) showed that general workers in civil works were already earning about RM2,400 a month in Selangor, Johor and Penang, while skilled workers earned around RM3,100.

These wages are above the revised minimum wage, she said.

In a separate note, Adam maintained an "overweight" rating on the construction sector, with Gamuda Bhd, Sunway Construction Group Bhd and Kerjaya Prospek Group Bhd as his top picks.

Adam said the increase in the minimum wage from RM1,700 to RM2,000, effective June 2027, was manageable for the sector.

The Statistics Department data showed that median monthly wages for the construction sector rose 2.7 per cent year-on-year to RM3,082 in March.

"With general construction workers likely being considered as low-skilled/unskilled workers, their wages should be lower compared with semiskilled and skilled workers."

Semi-skilled and skilled con-

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ADAM MOHAMED RAHIM
RHB Research
construction analyst

struction trades include bricklayers, carpenters, tilers, welders, roofers, scaffolders, painters and plumbers.

For example, CIDB data showed that a skilled foreign worker employed as a formwork carpenter earned an average minimum daily wage of RM125.

"Therefore, we think that the average minimum daily wage for foreign semi-skilled workers should be between that of low-skilled workers and skilled workers, which is between RM100 and RM125.

"Taking the midpoint of an RM112.50 daily wage for a semi-skilled worker and assuming a six-day workweek, the monthly salary would be about RM2,700. This is above with the minimum wage of RM2,500 introduced for semi-skilled workers," he added, adding that graduate wages are also above the minimum threshold.

He cited Gamuda as an example, noting that the company raised entry-level salaries in 2022 for engineering graduates from RM3,300 to RM3,500 and for non-engineering graduates from RM3,000 to RM3,200.