



MARKET OPPORTUNITY KOREA

Construction & Building Technologies



OVERVIEW

- Contracts tendered for the construction industry reached a record high in 2015, reflecting a steady increase in the market volume for this sector: from Korean Won (KRW) 91.3 billion (2013) to 107.5 billion (2014) and 158 billion (2015).
- Growth has been led by low interest rates and the recovery of the housing market. Tenders from the private sector are currently at KRW 113.3 billion, with the housing market and non-residential building projects having grown at KRW 62.5 billion and 35.9 billion, respectively.

Seoul
(10.4 mm)

4.4 % increase
in investment in
2016

Private sector-led
growth of the
housing market

Business Opportunities for EU companies

- 1 Finishing materials coming from Europe have a high brand value. Several distributors and importers of European construction materials operate in Korea.
- 2 Government-set energy-saving building standards have increased the demand for green buildings and use of renewable energies like geothermal. PV (Photo Voltaic) panels in buildings are now mandatory for the approval of building permits.
- 3 Although Korea has a strong track record in Engineering Procurement and Construction, the local engineering design capacity is not very competitive.
- 4 Mergers & Acquisitions deals with Korean construction companies may be a viable option to enter the market.
- 5 Korean construction companies rank 5th in the world for winning international projects. Collaboration with these companies could open a window to other markets such as China, South East Asia, the Middle East and North Africa.

Sector Characteristics

- Construction projects are public- or private sector-based and the type of work may be residential or industrial. Construction work is further classified into civil work (cities), plants (production plants, factories, industrial parks), and architectural work (design-related).
- Social infrastructure and public housing projects are typically managed by a public entity, such as Korea Land & Housing (LH).
- Within the private sector, the demand is highest for building residential apartments.
- The construction market is led by engineering and construction groups under major *chaebeols* like Samsung and Hyundai.
- In terms of scope, most Korean construction companies cover both general contracting and housing development.
- The Korean Ministry of Land, Infrastructure and Transport (MOLIT) annually publishes the ranking of construction companies based on evaluation standards for the companies' construction abilities.
- Construction companies that develop residential apartments may have their own brand name, e.g. "RAEMIAN" or "I-Park". These brand names are oftentimes more recognised than the companies themselves.
- Construction Material companies tend to have their own portfolio, with a range of offers from basic construction material up to complicated building systems.



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Key sub-sectors:

Cement/Remicon
Curtain wall
Window
Flooring
Glass
Building insulation
Interior materials
Paint
Bathroom faucets & tiles
Wood
Plants
Molds
Industrial machinery

Key players in the construction & building sector

(Unit: KRW)

SAMSUNG Group (total revenue: 24.9 billion)

Samsung CNT (11.5 billion)
Samsung Engineering (6.6 billion)
Samsung Heavy Industry (0.16 billion)

HYUNDAI Affiliate Group

Hyundai Engineering & Construction (12.2526 trillion)
Hyundai Engineering (3.7096 trillion)
HDC-Ipark (3.2291 trillion)
Hyundai ASAN (159.8 billion)
Hyundai Heavy Industries (4.6184 trillion)

POSCO Group

POSCO E&C (7.1304 trillion)
POSCO Engineering
DAELIM
DAEWOO ENC

Construction machinery

Doosan Group: Doosan Heavy Industries & Construction, Doosan DST, Doosan Engine, Doosan Infracore

Hyundai Group: Hyundai Rotem (railway, heavy equipment, plants), Hyundai Elevator (elevator, general purpose machinery), Hyundai Heavy Industries (engine & machinery, construction equipment)

Samsung Group: Samsung Engineering (plants, industrial machinery), Samsung Heavy Industries (shipbuilding, construction)

Plant

Posco Plantec, BHI, Daegyung, KC Cottrell

Molds, industrial machinery

Taewoong, A Tech Solution, SIMPAC, TMS Tech

Construction & building materials

Cement/Remicon

1. Ssangyong Cement (594.9 billion)
2. Dongyang Cement (412.2 billion)
3. Dongyang Remicon (730.2 billion)
4. Hanil Cement (975.4 billion)
5. Larfarge Halla Cement (322.9 billion)

Curtain walls, windows, flooring, glass, building insulation, interior materials

1. LG Hausys (2.1367 trillion)
2. EAGON (142 billion)
3. Hanglass (240.6 billion)
4. Byucksan (317.2 billion)

Paint

1. KCC (2.5231 trillion)
2. Noroo Paint (351.8 billion)
3. Samhwa Paint (399.2 billion)

Bathroom faucets/ tile

1. Daelim Bath (105.9 billion)
2. IS Dongseo (597 billion)
3. Kelim (92.7 billion)
4. Wanli (198.7 billion)

Wood

1. Unid (506.2 billion)
2. Donghwa (422.8 billion)
3. Eagon (179.9 billion)
4. Hanssem (947.2 billion)