

Guatemala Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Guatemala Construction Market size is estimated at USD 3.5 billion in 2024, and is expected to reach USD 5.10 billion by 2029, growing at a CAGR of 7.87% during the forecast period (2024-2029).

Key Highlights

Although the Guatemalan economy had weathered the inflation shock better than its neighbors in 2022, higher energy prices had impacted domestic consumption significantly, constituting 85% of GDP in 2022. Economic activity was expected to remain resilient in 2023 despite the deterioration in US economic conditions. Firstly, declining remittances from the United States (30% of household disposable income and 16% of GDP in 2022) and import inflation (just above the central bank's 4% target) did not reduce domestic consumption.

The expansion of fuel, food, and electricity subsidies for households (0.8% of GDP in 2022) certainly sustained them, resulting in a projected growth in spending of 2.6% in 2023 compared to 2.4% in 2022. Secondly, investment was expected to slow slightly.

Public investments under the National Long-Term Development Strategic Plan for 2022-2024 focus on infrastructure development to combat climate change, with the aim of benefiting the construction sector.

Many Government Regulations and initiatives, Mergers and acquisitions, and Technical Advancements in the construction sector have been fuelling the market growth in Guatemala country. For instance, to support a sustainable and inclusive medium-term

growth model with higher growth potential, the government will strengthen the implementation of transformative infrastructure agendas, promote human capital and social policies, and ensure legal certainty.

It is essential to strengthen, although the global outlook is challenging, the current economy also offers ample opportunities to push ahead with reforms to take advantage of demographic dividends, improve the business environment, and attract foreign investment. Fiscal policy lines should remain cautious in the medium-term (MT) Strategies that include growth-enhancing fiscal sustainability goals. Receive Increased tax revenues needed to fund the country's structural needs. Managing heavy investments in infrastructure, human capital, and social needs requires process streamlining. A clear communication strategy should accompany larger bond issuances to fund this need.

Investment in large-scale infrastructure projects is one of the key strategies of Guatemala to fuel economic growth. The government's effort to improve the country's infrastructure to sustain growth in the manufacturing sector and expand municipal utilities will contribute to the growth in construction spending. Rising personal income levels, household growth, and population migration from rural to urban areas will augment the need for better construction facilities and road infrastructure developments in the country.

Increasing public investments in Guatemala's commercial construction sectors will be a key market opportunity for the companies operating in the construction and infrastructure industry. The presence of a huge customer base is resulting in strong FDI (foreign direct investment) inflows into the country. Further, increasing investments in real estate and infrastructure sectors result in the growth of construction activities.

Guatemala Construction Market Trends

Increasing residential construction in the country is driving the market growth

There is a massive demand for affordable housing in many parts of the country, propelled by rapid urbanization. Apart from this, there is a significant increase in demand for big housing spaces due to the need for better lifestyles.

The Element Building, currently under construction in Guatemala City, is a 14-story building that will house commercial space, corporate offices, and eight-story studio apartments. The building is not only for its stunning appearance but also for being the

first building in Guatemala City to be constructed using seismic isolation solutions to protect against earthquakes that could affect this part of the world. Stand out.

Meanwhile, it already provides numerous seismic isolation solutions for buildings in other regions of Latin America. The building is seismically protected from violent ground movements by 27 of the LASTO LRB isolator bearings on which the building is built. These reed rubber mounts range in diameter from 850 mm to 1,200 mm and have a maximum vertical load rating of 20,000 kN.

These isolators work in conjunction with seven RESTON®SLIDER bearings, each with a rated vertical load capacity of 3,450kN. Both types of seismic devices allow up to 300 mm of horizontal displacement in any direction during an earthquake. Pininfarina, a global Italian design icon, is pleased to announce the groundbreaking of the Torre Cala luxury residential high-rise project in Guatemala City. Working with leading Guatemalan residential developer Grupo San Siro, the project is expected to be completed in 2024.

According to the World Bank, the remittances in the country rose to a record-high USD 1,592.5 million in May 2021, with annual growth accelerating to 28.8% year on year in the month (April: +23.1% yoy) 2021. Furthermore, on a 12-month rolling basis, remittances rose to 28.5% year on year in May 2021, down from April's 29.7% rise. Remittances are one of the key sources of income for families in Guatemala that tend to follow labor market trends in the United States, where the majority of remittances originate. The rise in income from the US economy is expected to continue supporting remittances and household spending in Guatemala.

Household consumption spending in the country increased by 15.4% in the second quarter of 2021, which is associated with higher income from family remittances and the retrieval of thousands of jobs, according to a report by the Bank of Guatemala. On the other hand, the central bank report indicates that the number of contributors and salaries of the Guatemalan Social Security Institute (IGSS) during the second quarter of 2021 showed a growth of 10.8% and 11%, respectively, which would be associated with the normalization process and the gradual reopening of economic activities.

Rise in investment among energy and transport sector

The sustainable construction industry in Guatemala experienced one of its best years in 2022. The Guatemala Green Building Council (GGBC), an institution devoted to

implementing sustainable practices in construction in the country, reported that 10 projects obtained sustainable construction certification, a record number for the Central American country.

As part of the Zacapa Solar Project in Guatemala, Solar Delivered the first fixed tilt mounting system to the Central American market. The 9MW distributed solar power project was developed by Kruger Energy. This backdoor project in Zacapa, Guatemala, is now operational and will provide paper companies with more reliable and affordable energy at a given cost for the next 35 years.

The project faced several challenges, including many steep hills with gradients over 15%. Solar FlexRack's experienced in-house engineering team helped Zacapa Solar overcome the site's challenging terrain with design assistance and a proven front-to-rear drive piling system.

About 40% of Guatemala's electricity comes from fossil fuel-based power plants. Electricity charges from power companies fluctuate greatly from day to day. Renewable energy projects like the Zacapa Solar Project can help ensure financial and environmental sustainability by reducing dependence on expensive, polluting, and unpredictable energy sources. As part of the Zacapa Solar Project in Guatemala, Solar Delivered the first fixed tilt mounting system to the Central American market. The 9MW distributed solar power project was developed by Kruger Energy.

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Guatemala Construction Industry Overview

Guatemala's construction market is consolidated in nature, with regional leading construction companies having a good presence in the Honduran construction market. There are other key players in the market who provide construction services. Key players in the market include Construcciones de Guatemala, Constructora Aicsa SA, Metro Proyectos, SA, CVG Itsa S.A, and Corporacion San Francisco S.A. are a few names among the industry. Like the other countries in Central America, Guatemala's construction market is also mainly driven by residential projects. However, construction for public services is also on the rise with the government's investment plans. According to industry sources, technology adoption is still at an infant stage in THE Guatemala construction sector. It is observed that most of the companies in the construction sector are not investing much in research and development activities.?

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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