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KUALA LUMPUR: Nippon Paint Malaysia Sdn Bhd expects slow growth for the Malaysian construction sector in 2023 as labour supply issues and increased cost of operations stemming from the effects of the Covid-19 pandemic and global economic uncertainty continue to affect profitability.

According to World Bank, unless supply disruptions and labour-market pressures subside, the economic pressure, especially rising inflation and interest rates globally, is unavoidable, which is feared to lead to a global economic slowdown.

On that note, Kenanga, a research house,

said the tightening financial conditions, global economic slowdown and the rising cost of living may exert downward pressure on sales activity in the next few months.

Despite challenges, Nippon Paint Malaysia continues to fortify its position as the leading brand for coating and construction through its Total Coating and Constructions Solutions (TCCS) initiative, foresees that the construction and property industry will be mainly focused on maintenance while there will be less private infrastructure development to spur earnings.

"As it is imperative for companies to adapt, we suggest market players to consider all options for a smooth sailing year. We always must be on our toes and be alert to changes in consumer patterns," said Nippon Paint Malaysia group managing director Yaw Seng Heng.

In line with that, Nippon Paint has set a target to increase its market share in business-to-consumer (B2C) and business-to-business (B2B) segments to 46% and 42% respectively despite the ongoing labour shortage, delayed real estate development, and significant price hikes in raw materials.

"While there might be challenges, we foresee opportunities in providing service to people's housing and ongoing infrastructure works by the government. The focus shifted to the services

due to the supply chain issues that we have been dealing with this year and the expected economic downturn in 2023," said Yaw.

Meanwhile, for the B2B market, he added, "We aim to widen our footprint in providing refurbishment solutions for residential, industrial, and commercial use as this is one of the ways to increase our revenue. Regardless of the market outlook, building refurbishment will not be affected as sinking fund will be collected by joint management body and management committee for future expenditures such as large-scale maintenance on a building."

The Department of Statistics Malaysia said the value of construction work done in the third quarter of 2022 surged 23.2% compared with the same quarter of 2021, amounting to RM30.5 billion. The expansion was driven by non-residential buildings (37.7%), special trades (32.2%), residential buildings (17.8%) and civil engineering (14.6%) subsectors.

Nevertheless, Nippon Paint is poised to help the professionalism and workmanship of newly built or refurbishment projects while giving homeowners and developers the assurance of a high-quality finishing as it acts as a one-stop solution which will lead to time and cost-savings as well as effective manpower utilisation for better productivity.

