



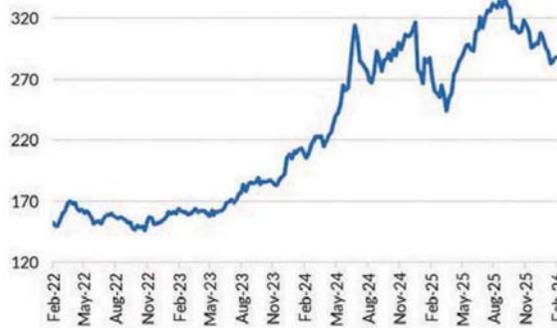
13 MAR, 2026
Construction

The Sun, Malaysia



Construction Overweight

Bursa Malaysia Construction Index's performance



Source: Bloomberg

DATA centre (DC) space to remain active. According to Tenaga Nasional, it has seven DC projects with electricity supply agreements (ESAs) as of end Dec 2025 in the country with a combined maximum electricity demand of 1.2GW. Assuming a conservative power usage effectiveness ratio of 1.4, this should translate to around 857MW of DC capacity (which could be worth RM17 billion of construction value, based on a RM20 million construction cost per MW benchmark). While the federal government wants to restrict the entry of new DCs that are not artificial intelligence (AI)-related – this move will potentially attract high-quality DC investments in general, in our view.

The outcome of tenders related to the Penang Light Rail Transit (LRT) system works (estimated at RM3-4 billion) and the Segment 2 of the Penang LRT – connecting KOMTAR and Penang Sentral (estimated at RM5-6 billion) – could see awards being announced in 2H'26. Meanwhile, the Johor state government proposed in February that the Autonomous Rapid Transit project, which may cost RM6-7 billion, to be implemented on important alignments first if the project receives approval from the federal government.

A prolonged impact from the Middle East conflict could exert further upward pressure on cement prices from a logistical cost angle in terms of fuel prices. Recall that cement prices already faced an increase amid the crackdown on heavy vehicles. For example, cement players such as Hume Cement provided incentives to drivers and raised its ASP by 10% to offset the logistical cost increase to manage the additional trips required. –

RHB Research, March 12