

2022 Risk Radar: Infrastructure Sector

February 2022

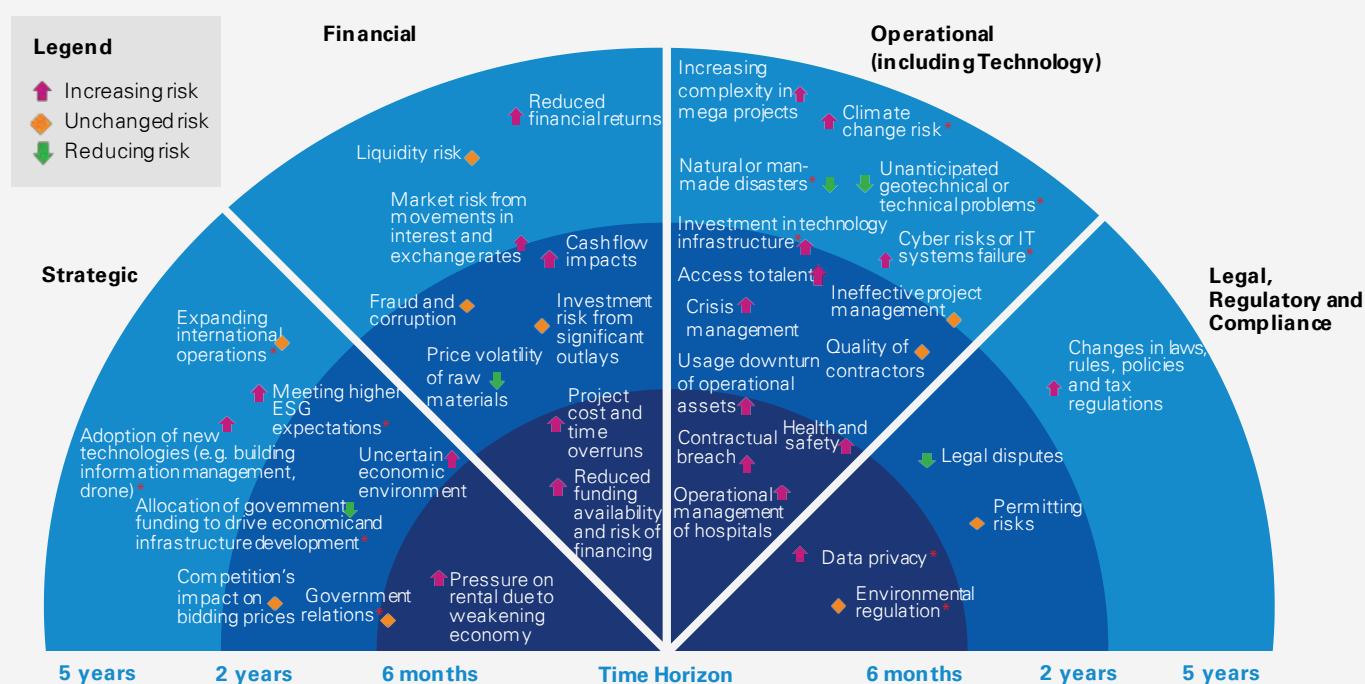


As the world continues to grapple with the COVID-19 pandemic, the market anticipates a cloudy short-term outlook but positive medium-term prospects for a broader post-pandemic economic recovery. Current volatility in the China real estate and construction markets present challenges for the construction supply chain and financing markets, however, the immense pipeline of infrastructure construction and investment opportunities in Hong Kong SAR and across Mainland China is expected to underpin growth and as we enter the next economic cycle.



Key trends observed in the market impacting the industry in the Greater China region:

- Following the severe disruption caused by the COVID-19 pandemic, the construction industry has played an important role in driving economic stability;
- At the time of writing in mid-February 2022, the Omicron outbreak in Hong Kong SAR is creating business and supply chain uncertainties across the territory;
- Financial solvency concerns continue to impact the real estate market in mainland China, creating uncertainties for the construction supply chain, lender exposures and residential buyer groups;
- ESG, digital transformation and the continued expansion in the Greater Bay Area are expected to be key trends that pick up pace and present attractive opportunities for investors, construction groups, consultants and the broader industry supply chain.



* Risks associated with ESG, Digital Transformation and the continued expansion in the Greater Bay Area, will have an impact on the industry as a whole.

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