

# GCC CONSTRUCTION MARKET

PREPARED BY VENTURES ONSITE FOR HARDWARE + TOOLS MIDDLE EAST APRIL 2019

## CLASSIFICATION OF THE GCC CONSTRUCTION MARKET

The construction industry for this report is classified into the building, infrastructure, and energy sectors, which are further classified as follows:



BUILDING	INFRASTRUCTURE	ENERGY
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Building construction includes residential, commercial, mixed use, airports, sports facilities, hotels and recreational facilities, healthcare, education facilities and industrial projects

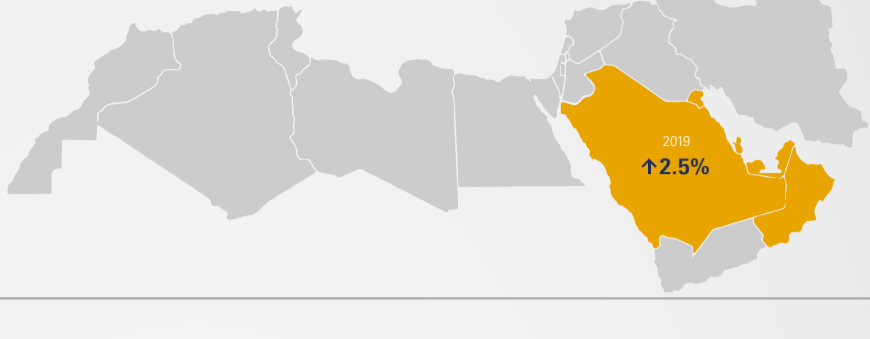
Infrastructure construction includes roads, bridges, railways, ports, wastewater and sewerage

Energy construction includes oil and gas, and power and water

## GCC CONSTRUCTION SECTOR OVERVIEW

The GCC economies are likely to lead the Middle East and North Africa (MENA) region's economic growth in 2019 through events and mega projects such as the Dubai Expo 2020, Qatar's FIFA World Cup 2022 and Al Qiddiya, Red Sea and Neom projects in Saudi Arabia (KSA).

According to the Mena Research at Emirates NBD, the GCC is expected to register average growth rate of 2.5% in 2019.



<b>US\$ 120.2 Bn</b> GCC / 2018	<b>US\$ 138.5 Bn</b> GCC / 2019	<b>US\$ 69 Bn</b> Construction Sector / 2019	<b>US\$ 47.2 Bn</b> Energy Sector / 2019	<b>US\$ 22.2 Bn</b> Infrastructure Sector / 2019
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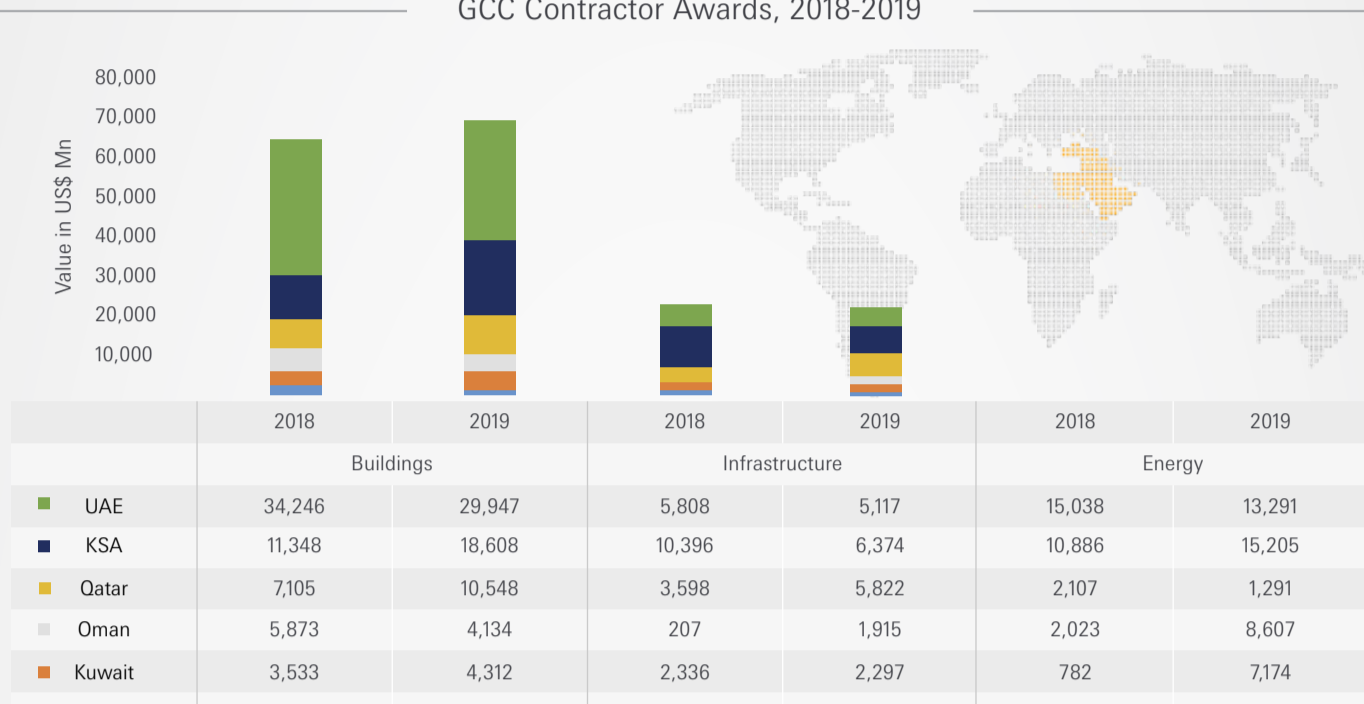
The GCC construction contractor awards across the building, infrastructure and energy sectors

Most GCC countries are continuing economic diversification and reforms that are required to improve business environments and encourage foreign direct investment. Buoyant oil prices, strong resurgence in the GCC's economic and population growth prospects are expected to bolster growth across the region's construction industry. According to Pinsent Masons'

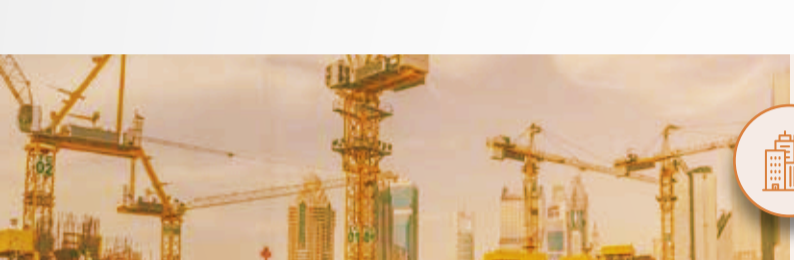
GCC Construction Survey, the regional construction sector is among the major indicators of economic development, which has improved over the last two years by approximately 7% (from 32% to 39%).

GCC construction contractor awards split by sector and country from 2018 to 2019

### GCC Contractor Awards, 2018-2019



Note: KSA: Kingdom of Saudi Arabia. Source: Ventures ONSITE Projects Intelligence Platform: www.venturesonsite.com

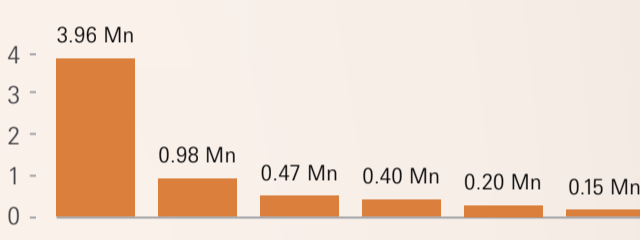


## GCC BUILDING CONSTRUCTION MARKET OUTLOOK

<b>US\$ 64.5 Bn</b> GCC / 2018	<b>US\$ 69 Bn</b> GCC / 2019	<b>US\$ 29.9 Bn</b> UAE / 2019	<b>US\$ 18.6 Bn</b> KSA / 2019	<b>US\$ 10.5 Bn</b> QATAR / 2019
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The GCC building construction contractor awards forecast

The outlook for the GCC building construction market remains largely positive, with a growing young local and expat population, and rapid diversification away from oil. This is evident in GCC economies retaining expenditures on key sectors such as hospitality to promote tourism, education, affordable housing, and healthcare. Rapid economic development and demographic changes due to rise in expat population has resulted in an increase in the demand for residential units across the GCC region.



A study by Marmore Research has predicted that the GCC will need 6.16 Mn housing units by 2022

The GCC hospitality market is projected to reach

**US\$ 32.5 Bn**  
GCC / 2022

due to the Expo 2020 and FIFA World Cup 2022, according to Alpen Capital.



The GCC governments are also making significant investments into the development of tourism and hospitality including airport expansions to increase the handling

capacity of anticipated visitor inflow. By 2020, the GCC countries are set for major growth in the healthcare market, presenting a range of challenges and opportunities for those

in the region. The private sector, together with government authorities, are expected to continue to be a key partner in the long-term development of the healthcare industries.



## GCC INFRASTRUCTURE CONSTRUCTION MARKET OUTLOOK

<b>US\$ 23.2 Bn</b> GCC / 2018	<b>US\$ 22.2 Bn</b> GCC / 2019	<b>US\$ 6.3 Bn</b> KSA / 2019	<b>US\$ 5.8 Bn</b> QATAR / 2019	<b>US\$ 5.1 Bn</b> UAE / 2019
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The GCC infrastructure construction contractor awards forecast

Expenditure on infrastructure has been one of the key drivers for GCC's economic growth over the past ten years. Increasing population, urbanisation, and rise in tourism are expected to propel growth of the infrastructure sector in the coming years. Large-scale infrastructure projects form a key part of economic and social diversification.

It aims to reduce the GCC countries' dependence on oil and gas revenues by investing in new industries that will also provide employment for the population. The GCC governments are increasingly turning towards public private partnerships (PPPs) to fill the budgetary gaps for public transport infrastructure development. A PAN-GCC rail network is on track to be operational by 2023-end, according to a top government official.



## GCC ENERGY CONSTRUCTION MARKET OUTLOOK

<b>US\$ 32.4 Bn</b> GCC / 2018	<b>US\$ 47.2 Bn</b> GCC / 2019	<b>US\$ 15.2 Bn</b> KSA / 2019	<b>US\$ 13.2 Bn</b> UAE / 2019	<b>US\$ 8.6 Bn</b> OMAN / 2019
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The GCC energy construction contractor awards forecast

While deployment in the UAE and, more recently, KSA, stands out, interesting projects are also seen in Kuwait, Oman and Qatar. According to IRENA, led by the UAE, Oman and Kuwait, a total of nearly 7 GW in renewable power generation capacity is planned to come online by the early 2020s. According to the World Energy Council, the GCC will require 100 GW of additional power over the next 10 years to meet demand. The GCC power sector will require about US\$ 50 Bn of investment in new power generating capacity and US\$ 20 Bn in desalination.

The GCC is among the most attractive regions in the world to develop large-scale solar and wind energy projects as a result of resource abundance and a favourable policy environment.



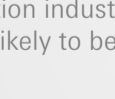
## GCC CONSTRUCTION MAJOR PROJECTS

Name	Country	Project Value (US\$ Mn)	Client
Ethihad Rail (Emirates Railway Project) – Stage 2	UAE	5,600	Ethihad Rail, Abu Dhabi Department of Transport (DOT), Abu Dhabi General Services PJSC (Musanada)
Gasoline and Aromatics Project (GAP)	UAE	3,200	ADNOC Refining
Dubai Creek Harbour – The Tower	UAE	1,500	Emaar Properties, Dubai Holding
The Avenues Riyadh – Phase 1	KSA	600	Shomoul Holding Company
Seven City JLT	UAE	354	Seven Tides Development, Golf Views Ltd, Dubai
Mall & Hotel Apartments at Asian Village (Asian Mall)	Qatar	300	Ariane Real Estate

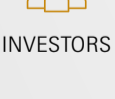
## CONCLUSION

2019 has been a good year for the GCC construction industry, which is expected to continue to remain largely positive backed by government visions to help attract more investors into the market. The UAE, KSA and Qatar are likely to remain the top markets for construction industry investors and developers. While Dubai is likely to benefit significantly economically from

the Expo 2020, other emirates are expected to register robust construction activity going forward mainly due to economic diversification. Among the sectors, residential, education, healthcare, transport and renewable energy are expected to emerge as sectors with lucrative opportunities for investors, developers and contractors in the coming years.



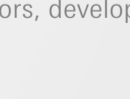
INVESTORS



TRANSPORT



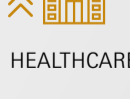
ENERGY



EDUCATION

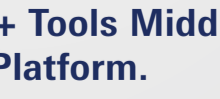


HEALTHCARE



RESIDENTIAL

This report was created for Hardware + Tools Middle East by Ventures ONSITE Project Intelligence Platform.



Hardware+Tools Middle East is the region's only dedicated trade fair for Tools, Hardware, Materials and Machinery. The show represents vital aspects of this ever-growing industry to network with manufacturers and suppliers, find a variety of brands across cost ranges and evaluate the market.

Ventures ONSITE, a product by Ventures Middle East, has been a market leader in tracking construction projects across the MEA region for more than 15 years. Ventures ONSITE provides you with accurate and detailed information on completed, current and future construction projects.

The 2018 edition, concluded a successful three days of busy networking featuring 117 exhibitors and 2,127 exporters / importers, distributors, retailers, contractors, fabricators, consultants and industry professionals.

Ventures ONSITE's comprehensive databank will not only help you find and select the right projects for your business, but also provide a chance to explore project opportunities in new countries or industries.

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