

Middle East and Africa Intelligent Building Market (2022)



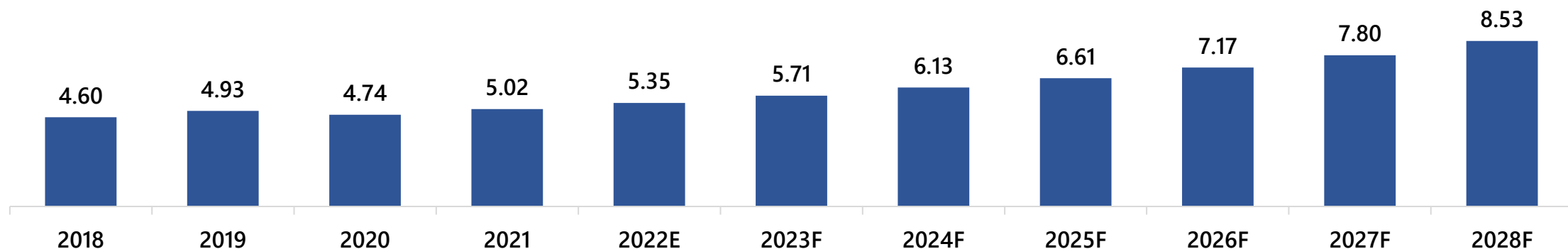
Middle East and Africa Intelligent Building Market Overview

Middle East and Africa Intelligent Building Market Revenues

"Growth in the Middle East Intelligent Building Market is attributed to rising demand for smart technologies and emergence of 5G technology coupled with initiatives by the governments such as Qatar National Vision 2030, Saudi 2030 Vision, South Africa National Development Plan 2030."

- The Middle East Intelligent Building market grew at a decent rate in 2018-2020 owing to a growing demand for IoT-enabled devices with IoT connections expected to reach 1.1 billion in 2025 from 396 million in 2018 registering a compound annual growth of 16 percent in the region.
- The market saw a decline in 2020 owing to the COVID-19 outbreak resulting in the temporary closure of construction projects. Also, most of the projects were delayed on account of lockdown imposition as companies were facing short-term operational issues due to supply chain constraints and lack of access to the site. However, the resumption of construction activities and the removal of lockdown restrictions led to the recovery of the market in the later part of the year.
- UAE's commercial sector is anticipated to witness significant growth over the coming years on account of the rising demand for office and retail space in the country. According to a report by Knight Frank, Abu Dhabi is estimated to see the delivery of over 680,000 square meters of retail space by 2023, a 36% increase from 2019. Similarly, in Dubai retail space is expected to increase by 56% from 2019 to 5.81 million square meters in 2025.
- Additionally, Egypt has a plan to build up to 17 new smart cities throughout the country. The country has already started building a massive \$58bn "New Administrative Capital" 30 miles east of Cairo. Once completed, the city is expected to have 2,000 educational institutions, a technology and innovation park, 663 hospitals and clinics, 1,250 mosques and churches, a 90,000-seat stadium, 40,000 hotel rooms, and a major theme park. An increase in infrastructure projects as well as growing awareness and acceptance of IoT systems would drive the demand for home and building automation solutions across the Middle East & Africa region in the coming years.

Middle East and Africa Intelligent Building Market Revenues, 2018-2028F (\$ Billion)



CAGR
2022-28F
8.1%

Middle East and Africa Intelligent Building Market Overview

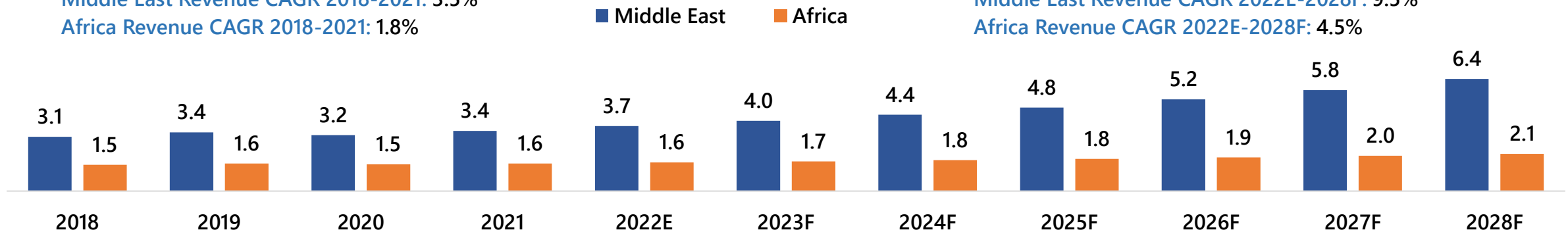
Middle East and Africa Intelligent Building Market Revenue Share, By Countries

"Egypt's market is well positioned to expand substantially in the future years since it is the only nation in the region whose economic growth is positive despite the Covid-19 impact in 2020 and has a pipeline of more than \$350 billion in construction projects. Further, the total value of GCC contracts awarded in Q2 2022 surged by 11.7% to hit \$22.8 billion over \$20.4 billion the same period last year"

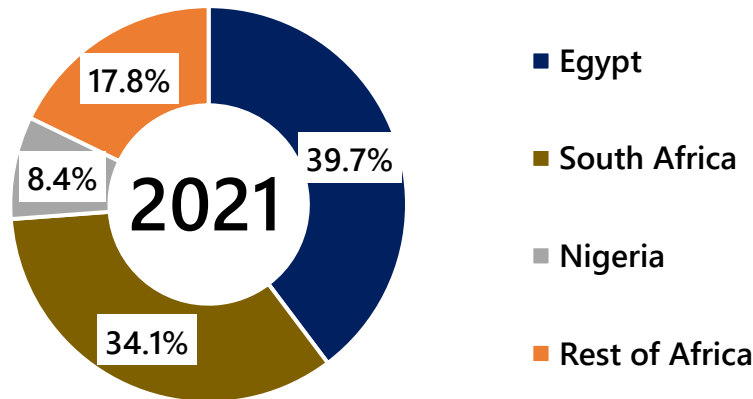
Middle East and Africa Intelligent Building Market Revenues By Countries, 2018-2028F (\$ Billion)

Middle East Revenue CAGR 2018-2021: 3.5%
Africa Revenue CAGR 2018-2021: 1.8%

Middle East Revenue CAGR 2022E-2028F: 9.5%
Africa Revenue CAGR 2022E-2028F: 4.5%

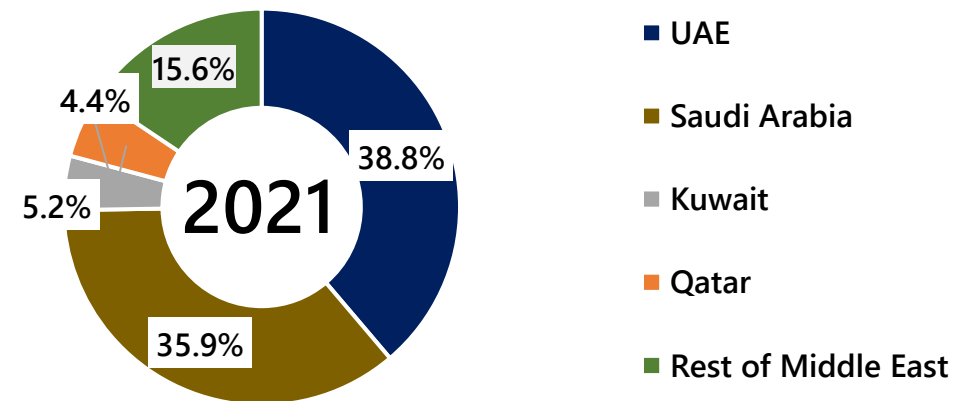


Africa Market Revenues Share By Countries, 2021



Note: Rest of Africa include, Ethiopia, Kenya, Tanzania, Morocco, and WECA region

Middle East Market Revenues Share By Countries, 2021



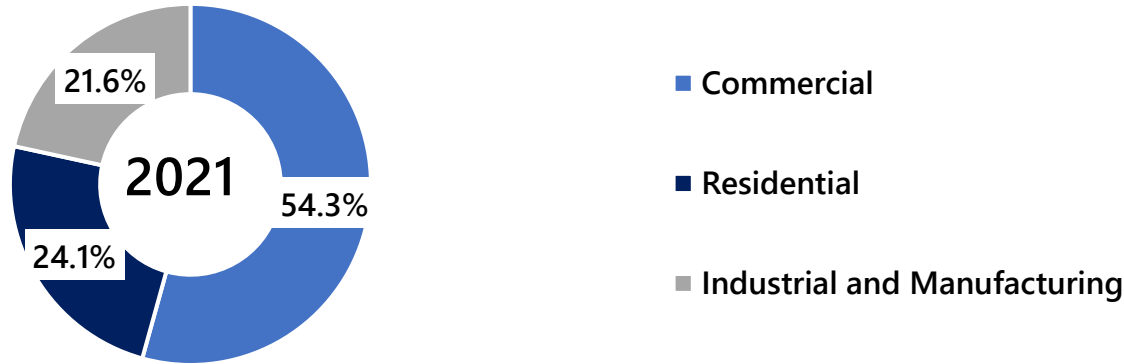
Note: Rest of Middle East include Turkey, Bahrain, Jordan, Iran and Iraq.

Middle East and Africa Intelligent Building Market Overview

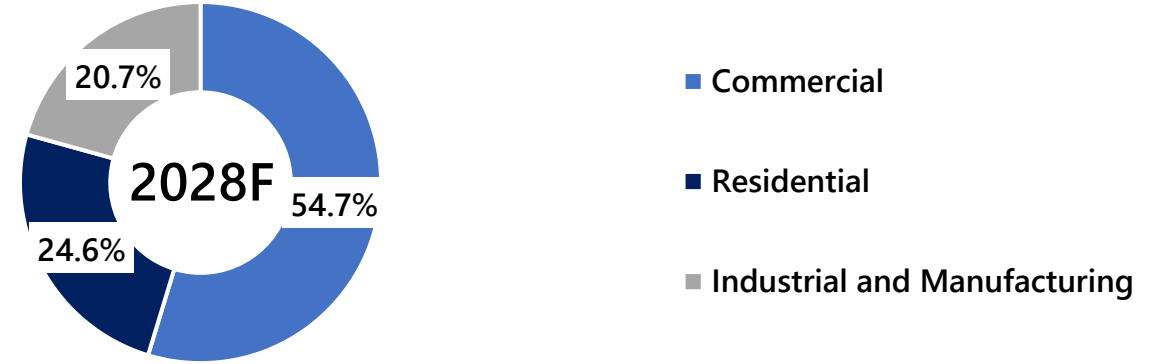
Middle East and Africa Intelligent Building Market Revenue Share, By Applications

"By applications, the commercial sector accounted for the highest revenue share, and the same is expected to continue in the upcoming years on account of the growing adoption of intelligent buildings in this sector. The sector remains positive on the back of increasing demand for office space from new local entrants and international brands, especially in Saudi Arabia & UAE."

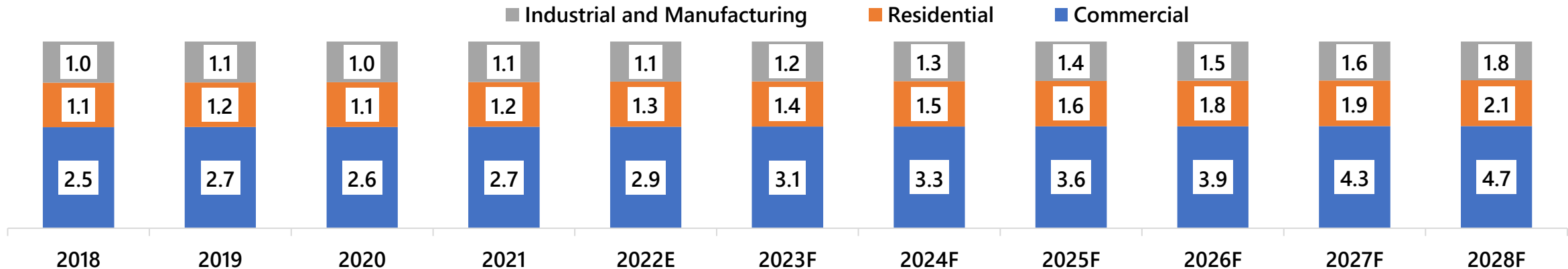
Middle East and Africa Intelligent Building Market Revenues Share By Applications, 2021



Middle East and Africa Intelligent Building Market Revenues Share, By Applications, 2028F



Middle East Intelligent Building Market Revenues By Applications, 2018-2028 (\$ Billion)

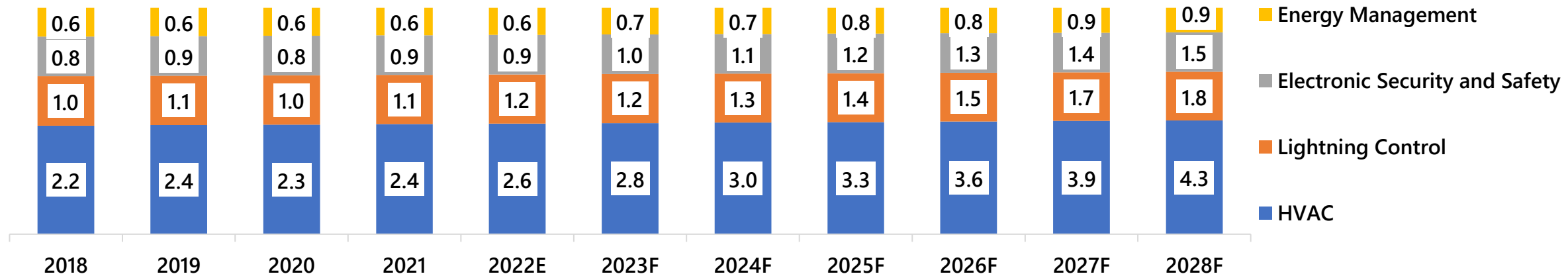


Middle East and Africa Intelligent Building Market Overview

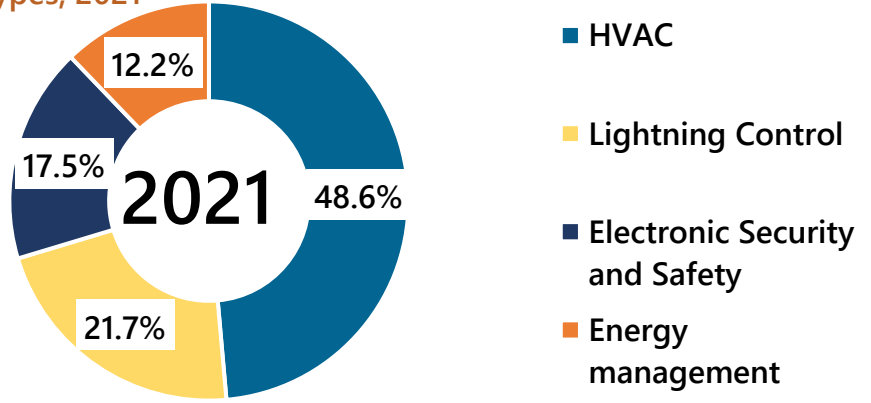
Middle East and Africa Intelligent Building Market Revenue Share, By Product Types

"By Product type, heating, ventilation, and air conditioning (HVAC) systems held the largest revenue share in 2021 in Middle East and Africa on account of stringent government regulations mandating the installation of such systems as they would enhance energy conservation, improve efficiency as well as provide comfortable occupancy"

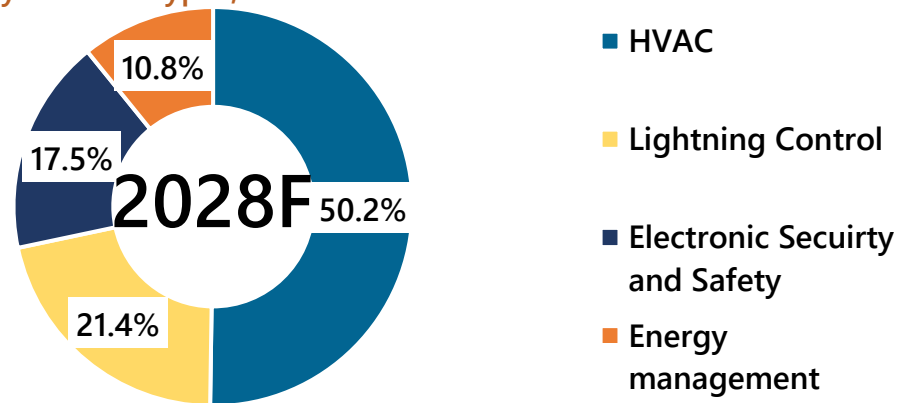
Middle East Intelligent Building Market Revenues By Product Types, 2018-2028F (\$ Billion)



Middle East and Africa Intelligent Building Market Revenues Share By Product Types, 2021



Middle East and Africa Intelligent Building Market Revenues Share By Product Types, 2028F



Middle East and Africa Intelligent Building Market Dynamics

Middle East Intelligent Building Market Drivers

Government Initiatives

"The government is promoting energy conservation and energy efficiency owing to rapid population growth, economic activity, and high consumption rates. For instance, the annual average of energy usage in the UAE increased by 4% in 2022 compared to 2021. Rising awareness towards energy conservation coupled with government initiative in the region is expected to drive the demand for intelligent building during the forecasted period as these would ensure efficient and sustainable use of energy and cut CO2 emissions."

Egypt 2030 Agenda

Egypt Vision 2030 was developed in alignment with the United Nations Sustainable Development Goals (SDGs). It is a unified long-term political, economic, and social vision which aims to reduce greenhouse gases (GHGs) by 10% from the energy sector, including oil and gas, by 2030.

Saudi Vision 2030

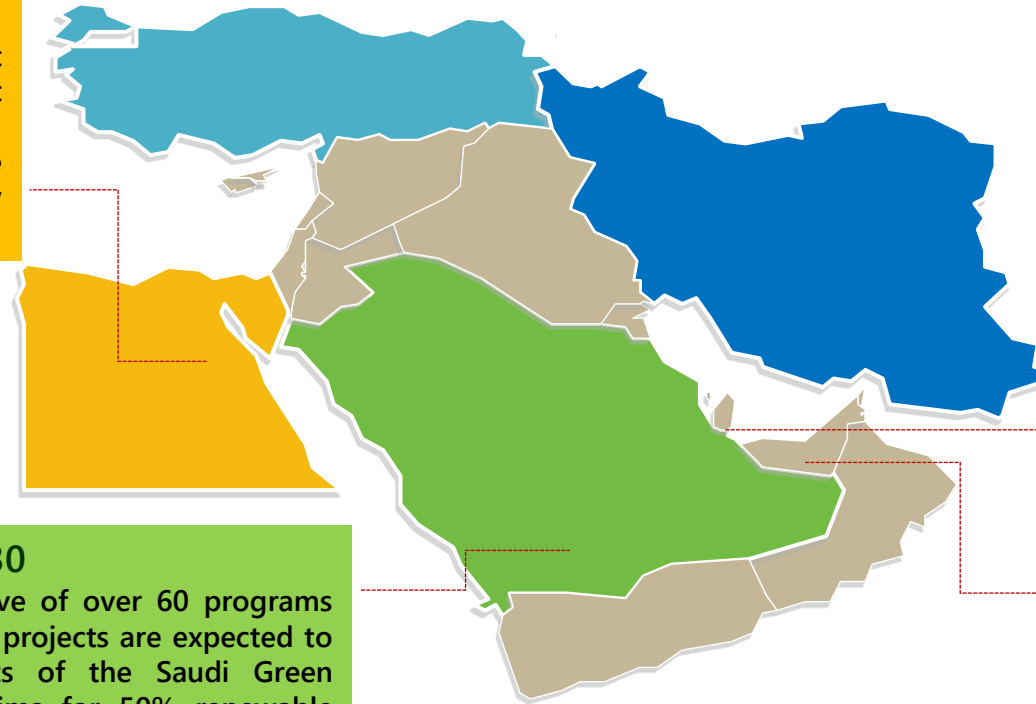
In 2021, Saudi announced the first wave of over 60 programs worth \$186 billion of investment. These projects are expected to contribute to the overarching targets of the Saudi Green Initiative. Furthermore, the strategy aims for 50% renewable energy by 2030 requiring huge investments in solar technologies.

Qatar Energy Strategy 2030

In August 2021, QE announced its intent to reduce its Green House Gas (GHG) emissions by 25 percent by 2030 and allocated \$170 million to this effort.

UAE Energy Strategy 2030

The UAE government aims to invest AED 600 billion by 2050 to meet the growing energy demand and ensure sustainable growth for the country's economy.



Middle East and Africa Intelligent Building Market Dynamics

Middle East Intelligent Building Market Drivers

Rising Smart City Projects

“Smart City Projects are growing in the Middle East and Africa region owing to several initiatives from the government that aim to become a trillion-dollar digital economy by 2025. Moreover, smart city projects offer sustainable urban development which is catalyzing the demand for connected energy, lighting, water, emergency and security services in buildings.”

Middle East and North America Investment in Smart City Sector, 2018-2022E (\$ Billion)



- Average annual investment in the smart city reached **\$2 billion** in 2021 for the Middle Eastern region. Further, Egypt is investing approximately **\$34 billion** in building 17 smart city projects and increasing the urban area from **7% to 14%**.
- Furthermore, the construction sector is undergoing a phase of improvements with smart cities gaining popularity. The smart city offers a better quality of life for its citizens through its design, construction, and operations with advanced automation and connected IoT platforms. Growth in smart city projects would translate into significant growth in the intelligent buildings market in the Middle East and Africa.

Major Middle East Upcoming Smart City Project

Emirate	Name of the Player	Description of the Project
Abu Dhabi	Dubai-Abu Dhabi Virgin Hyperloop	The Roads and Transport Authority (RTA) is launching the world’s first hyperloop in Abu Dhabi and Dubai will reduce travel time for Dubai-Abu Dhabi commuters from an hour to 12 minutes. The project is worth \$6 billion and is expected to be completed by 2030.
Abu Dhabi	Masdar City Square	The project is expected to be completed by 2024 which includes 29,000 square metres and comprises seven green buildings and supporting UAE’s carbon-neutrality goals.
Saudi Arabia	The Line	The project features a width of 200 meters, a height of 500 meters, and a length of over 170 kilometers and is expected to be home to 9 million people running purely on renewable energy.
Egypt	Residence Eight Project	The project would include both residential and commercial portions with \$26 million spending in 2022 and is expected to complete the first phase of construction by 2025.

Middle East and Africa Intelligent Building Market Dynamics

Middle East Intelligent Building Market Drivers Growing Number of Green Buildings

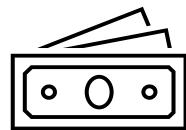
"Government initiatives such as Estidama regulations in Abu Dhabi, Green Building regulations in Dubai, Qatar's Global Sustainability Assessment System, and Saudi Arabia's green codes are boosting the growth of green buildings in the region."

- UAE government witnessed maximum LEED ((leadership in energy and environmental design) projects certifications in the Middle East and Africa region with **approximate 73 projects representing 13.7 million square feet of LEED space in 2021**. This growing certification demand is boosting the demand for energy-efficient and eco-friendly building designs.
- Furthermore, green buildings are expected to reduce energy consumption by **24 to 50 per cent** and CO2 emissions by at least **3 per cent**, thereby green buildings are gaining popularity in UAE, Qatar, Saudi Arabia, Kuwait and Egypt. With the growth in green buildings in the region, the market for intelligent buildings is expected to grow rapidly during the forecasted period.

Factors Contributing to the Growth of Green Buildings in the Region



The Middle East is warming at twice the global average and by 2050 it is expected to be 4 degrees Celsius warmer.



According to the World Bank climate-related, water scarcity is expected to cost Middle Eastern nations between 6 per cent and 14 per cent of their GDP by 2050.



GCC's water needs are expected to reach 33,733 cubic meters per year by 2050, but the region's projected future storage is only 25,855 cubic meters.



The Middle East GHG emissions per capita are among the largest in the world, with 13 tons of CO2 emitted per capita.

Number of Sustainable Buildings in the Middle East as of 2021

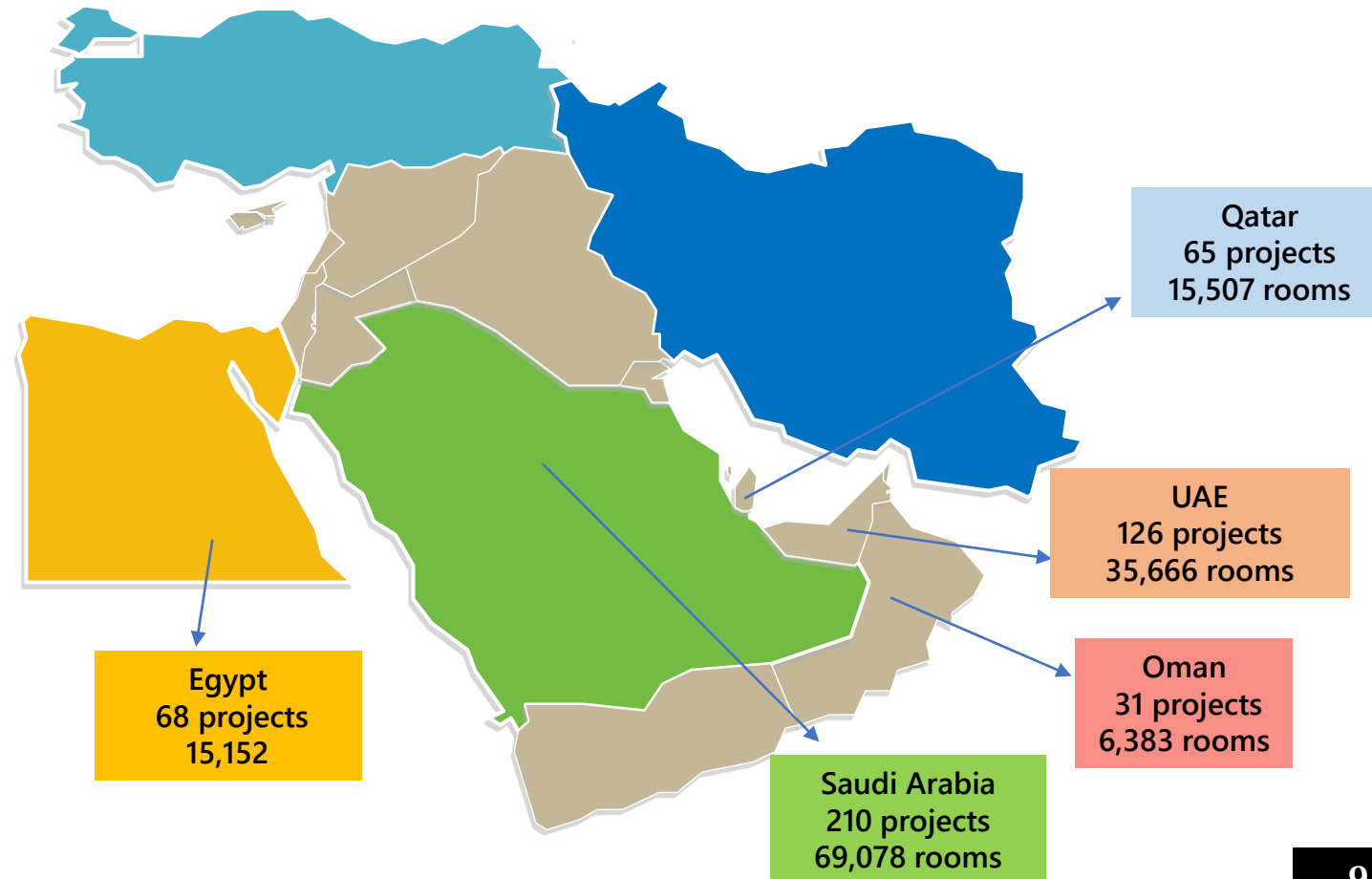


Middle East and Africa Construction Sector Outlook

"The rapidly growing construction sector of the Middle East and Africa with \$2.3 trillion worth of projects planned and un-awarded in the GCC along with Saudi having the highest share amounting to \$1.18 trillion would significantly boost the demand for intelligent buildings owing to the adoption of advanced security systems, increasing penetration of IoT, and energy efficiency.

- The construction sector in the country is anticipated to register substantial growth during the forecast period owing to various ongoing projects. For instance, 242 PPP projects worth \$223 billion are under development in the Middle East and North Africa region in 2022. Furthermore, Dubai continues to lead the construction pipeline in the United Arab Emirates with 93 projects/27,938 rooms in 2022.
- As of June 2022, there were 2,627 projects under phases of construction in the Middle East. Saudi Arabia & UAE had combined 336 projects under construction accounting for most of the Middle Eastern region.
- Moreover, the growth of the luxury retail industry would be one of the key drivers for intelligent buildings. In 2021, Saudi Arabia's luxury market increased rapidly with luxury retail sales witnessing an average annual growth rate of 7.2 per cent between 2019 and 2024 and is expected to reach \$22.2 billion by 2024. The growth of luxury retail sales would boost the intelligent buildings market in the commercial sector in the coming years.

Middle East and Africa Countries Projects in the Construction Pipeline ,2022



Middle East and Africa Intelligent Building Construction Outlook

Middle East and Africa Construction Sector Outlook

Middle East and Africa Upcoming Major Infrastructure Projects, 2022-2025


Emirate/Country	Name of the Project	Description of the Project
Riyadh	Riyadh Metro	The project aims to transform transportation in the kingdom's capital city. Riyadh Metro is scheduled to open in 2023 and consists of six autonomous train lines covering 176 kilometers (109 miles).
Dubai	AlJurf	The project features a private school, shops, restaurants, boutique hotels, parks, heritage sites and a canal adding eight kilometer of prime waterfront real estate and is expected to be completed by 2024.
Fujairah	Al Siniyah Island Development Project	A \$67 billion project would include 300 luxurious waterfront villas and mansions, 250 townhouses, 14 buildings with over 570 apartment units, two hotels, a wide array of shops, restaurants, recreational facilities, and community centres.
Riyadh	Amaalaa	The project would include 30 hotels and 3,000 hotel rooms and first phase is expected to be delivered by the end of 2024.
Medina	Al Ula	A 925 sq. km spread project including hospitality, residential, F&B, a luxury spa and a convention centre with first phase expected delivery by 2023.
Sharjah	Sharjah forest community	A Dh 8 billion project would feature 4,000 villas and townhouses with a "green spine" of 50,000 trees across 1.76 million square metres
Egypt	Residence Eight Project	The project would include both residential and commercial portions with \$26 million spending in 2022 and is expected to complete the first phase of construction by 2025.
Egypt	Yaru Project	A \$127 million project spread over 36-acre development includes 1,464 residential units, 79 hotel units and 34 commercial units with expected completion of construction by 2025.

UAE Residential Sector Outlook

“UAE has a strong residential sector with Dubai and Abu Dhabi being the largest urban agglomeration in the country. Furthermore, 18 new projects have been launched to provide 5,037 new housing in Abu Dhabi emirate, including Saadiyat Island, Yas Island, Al Reem Island, and Madinat Zayed which would provide more demand for intelligent buildings”

- The supply of new apartments in Dubai increased significantly in Q1 2022, with 6,250 units handed over, compared to less than 4,000 in the previous quarter. Additionally, In Abu Dhabi, approximately 3,800 residential units were delivered throughout Abu Dhabi in the first quarter of 2022, including Al Raha Beach, Reem Island, Yas Island, and Saadiyat Island. In addition, numerous residential and mixed-use projects located within the Investment Zones are expected to start construction in 2022.
- The growing population in UAE with Dubai’s population of 3.5 million people in 2022 and expected to increase to 5.8 million by 2040 is boosting the demand for residential space. Furthermore, UAE government initiatives such as the 2040 Urban Master Plan which aims to provide new apartment buildings, villas, and townhouses and renovate the emirate, and make it more sustainable and interconnected are further creating fresh demand for intelligent buildings in the forecasted period.
- UAE government introduced several measures to support the economy, including visas for retirees and professionals working remotely and the expansion of the 10-year golden visa initiative which is expected to contribute heavily towards the growth of residential sector in the country thereby encourage further releases of residential units, which is expected to boost the demand for intelligent buildings in the region in the coming years.

Dubai and Abu Dhabi Residential Supply, 2021-2022E (Units)

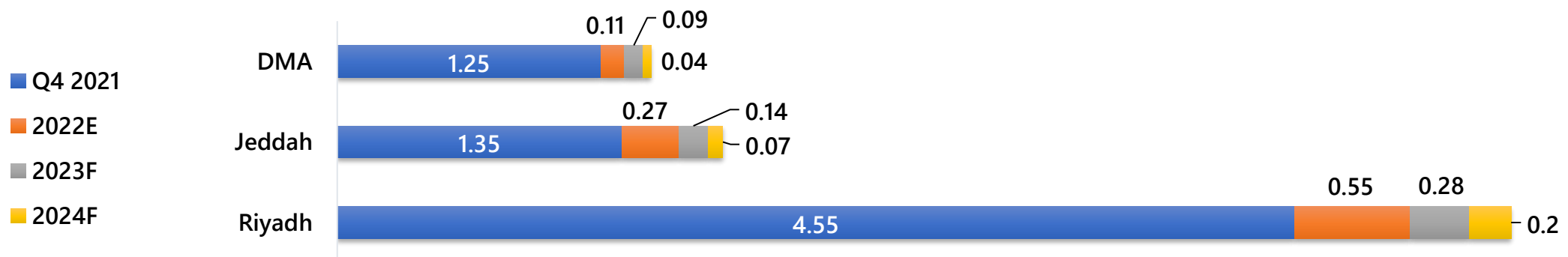
Dubai			
	2021	Q1 2022	Q4 2022E
Apartment 	15,625	6,000	26,000
Villa 	1,930	260	2,800
Abu Dhabi			
	2021	Q1 2022	Q4 2022E
Apartment 	7,000	3,800	4,700
Villa 	300	-	300

Saudi Arabia Commercial Sector Outlook

“Saudi Arabia’s Vision 2030 which includes investment amounting to \$ 1.1 trillion in infrastructure and real estate projects along with upcoming projects such as Riyadh Metro and At-Turaif District in Diriyah is expected to propel the demand for intelligent buildings.”

- The construction sector in the country is anticipated to register substantial growth during the forecast period owing to planned construction projects in the Kingdom being over 555,000 residential units, 275,000 hotel keys, over 4.3 million square meters of retail space, along with 6.1 million square meters of office space.
- The country is witnessing various giga projects in the region which include NEOM which is expected to house 9 million residents across 300,000 new homes, Diriyah Gate a \$20 billion project would provide 20,000 homes and is expected to be completed by 2027, an international airport worth \$147 billion, 19,000 hospital beds with planned investment for \$13.8 billion, 80 new educational institutions constructed for \$82 billion. These upcoming infrastructural projects is expected to boost the demand for intelligent Building in the coming years.
- Furthermore, Saudi Arabia, which is home to 12 startups that generated revenues worth \$520.4 million in 2022. Prosus NV are expected to invest \$170 million in Saudi Arabian food and beverage technology startup Foodics. The growing investment by government and various private partnership is giving a boom to entrepreneurs, which is fueling the demand for intelligent buildings across commercial sector.

Saudi Arabia Office Supply Space, Q4 2021-2024F (Million Sq.mt. GLA)



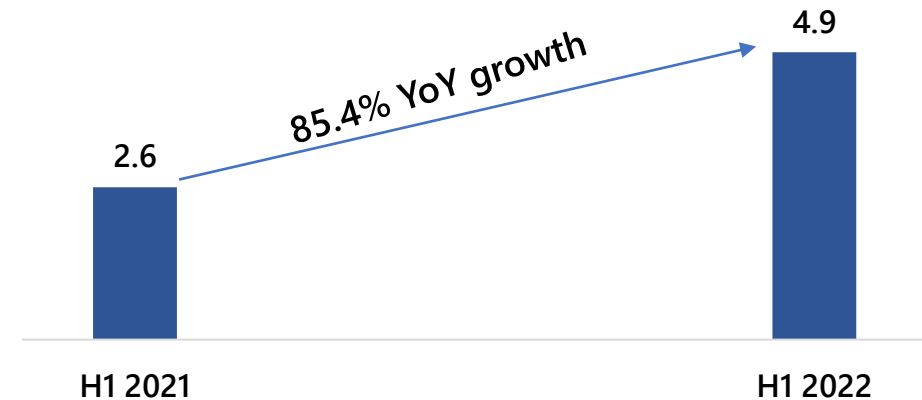
Egypt Commercial Sector Outlook

“Egypt is witnessing development in the construction sector with USD \$30 billion investments from government and private sector in infrastructural projects which would increase the demand of intelligent building in the forecasted period”

- The hotel occupancy in Cairo increased significantly in Q2 2022, with a 60% increase in Q2 2022, compared 32% increase in the previous quarter. Additionally, approximately 600 units of hotel keys are expected to be delivered throughout Egypt by the end of 2022.
- Additionally, the expected completion of the construction of the **Grand Egyptian Museum in 2022** coupled with the government’s efforts to boost tourism in the form of visa reforms and marketing campaigns is likely to pave the way for an influx of tourists and investors in the coming years.
- Furthermore, major upcoming hospitality projects such as **Entertainment District, Marriot International’s New Hotel Projects, Red Sea Hotels- The Grand Bay, Sahl Hasheesh, and Hilton Garden Inn Cairo East** are investing in new and renewable energy, thereby boosting the growth of intelligent buildings in the region.

Number of Tourist Visited Egypt 2021-2022 (Million Units)

“Egypt witnessed eight million tourists in 2021 compared to 3.7 million tourists visits in 2020 undergoing a 117.5-per cent increase in tourist visits and generating \$7.2 bn from tourism revenue.”



Egypt Major Retail & Logistics Projects

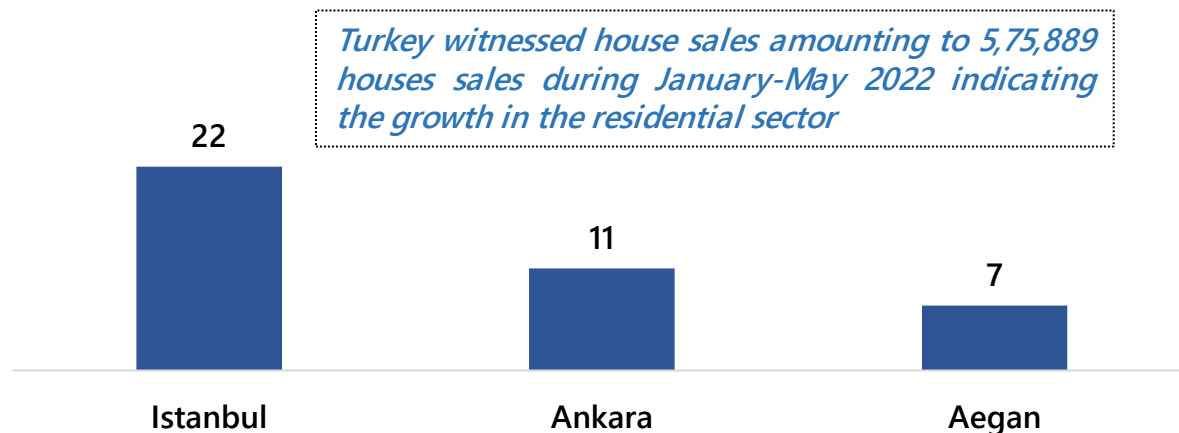
S.No.	Project Name	Description
1.	Lulu Group	The Lulu group would build 30 Hypermarkets, 100 mini-markets, logistics hubs and distribution centers with the help of ADQ (a holding company) the group aims to expand its operations in Egypt with \$1 billion.
2.	Egypt’s largest logistics project	The Egyptian transport ministry and European companies signed a MoU to launch logistics project. The project includes a container terminal, a railway line, a dry port and a cargo distribution area with a total investment of € 750 million. The terminal is scheduled to be completed by the end of 2022.

Turkey Infrastructure Investment Outlook

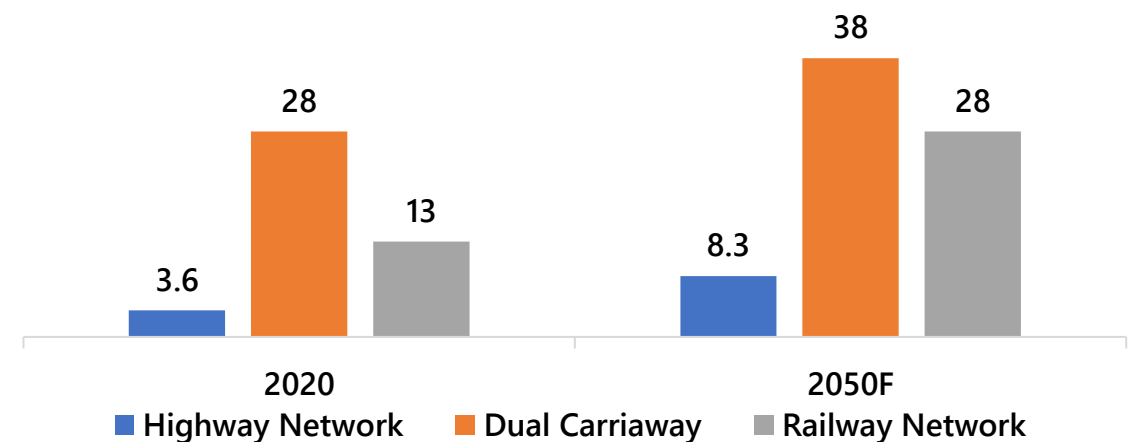
“Turkey would witness various upcoming infrastructural projects along with 320,063 house and apartments sale in Q2 2022 which is 21.7% higher than the houses sold within the same time period of the previous year, offers growth prospects for the intelligent building market.”

- The **introduction of the smart cities concept** in the country is the major driving force for the intelligent building market. The infrastructure segment includes development in the commercial sector such as the development of office buildings, working space, retail and others, which is further expected to boost the demand for intelligent buildings in the country.
- Turkey’s construction industry is **expected to reach \$230 billion in 2024**. The demand for housing in Turkey is estimated to have reached 800,000 units per year against the supply of 550,000 units in 2021 and is further expected to grow owing to the increasing number of foreigners buying properties in Turkey. Further growing Turkey's startup ecosystem which grew by **43% in the first quarter of 2022** compared to similar period in 2021, would boost the construction of new offices, thereby the necessity for intelligent buildings would remain an important aspect in developing commercial sector.

Turkey House Sale, By Major Cities, May 2022 (Thousand Units)



Turkey Transportation Infrastructure 2020-2050 (Thousand Kilometres)



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