



GCC BUILDING CONSTRUCTION MARKET

This Ventures ONSITE report on GCC Building Construction Market with a focus on smart cities. The report covers the classification of the GCC Building Construction Market, an overview of the GCC Construction, GCC Smart building Construction Market.

CLASSIFICATION OF THE GCC BUILDING CONSTRUCTION MARKET

The building construction market in this report is classified as follows:



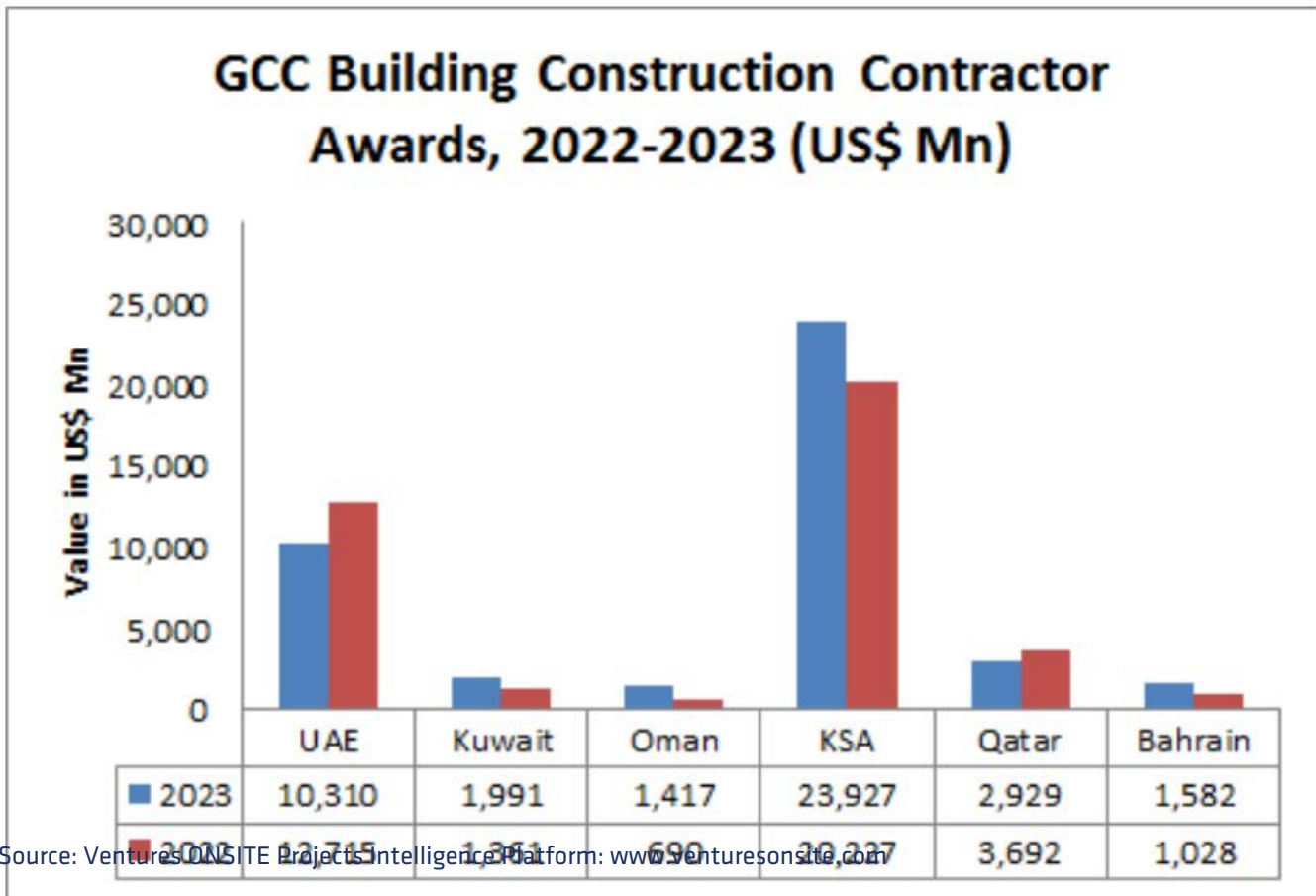
Building sector:
residential, commercial, mixed use, airports, sports facilities, hotels & recreational facilities, healthcare, education facilities and industrial projects

OVERVIEW OF THE GCC BUILDING CONSTRUCTION MARKET

As economies in the GCC continue to grow throughout 2023, regional investors' appetite for global real estate investment is likely to grow. According to industry experts, the GCC construction sector is poised for a period of strong growth in the short and medium term, outperforming the broader economy, expecting growth in the region of 3.5-4% annually on average in 2023-2024. Investors in the GCC have significantly increased activity in the building sector. With residential investments now comprising one-third of global investments, the sector is expected to become a more significant part of its portfolios, benefiting the multi-housing/build-to-rent, student housing, and seniors housing sectors.

The range of future opportunities is widespread and largely concentrated in KSA and the UAE. The GCC construction contractor awards across the building sector are forecast to be worth US\$ 41,462 mn in 2023. In 2023, KSA is likely to have the highest contractor awards in the building sector worth US\$ 23,927 Mn followed by the UAE (US\$ 10,310 Mn) and Qatar (US\$ 2,929 Mn) (refer to Figure 1). KSA will need one million residential units to cater to the growing demand in the capital Riyadh and its other largest cities Jeddah and Dammam and Al Khobar (DAK), by 2030.

Figure 1 represents the GCC building construction contractor awards from 2022 to 2023 in US\$ Mn.



Source: Ventures Onsite Projects Intelligence Platform: www.venturesonsite.com

GCC SMART BUILDING CONSTRUCTION MARKET OUTLOOK

The GCC countries are forging ahead with smart city plans driven by ambitions to become a trillion-dollar digital economy by 2025. Regional governments are enacting plans for buildings as the GCC countries are looking to diversify their economies away from oil and forge a sustainable future.

The smart city approach has long been pioneered by the GCC countries to rapidly address the region's challenges of population growth and increased consumption while unlocking economic and sustainability benefits.

Mastercard, Smart Dubai, and Expo 2020 Dubai launched the Building the cities of the future report in 2021. The survey revealed that the top three resident expectations of a smart city were environmentally friendly business practices, paperless government services, and fast, affordable, city-wide internet connectivity.

The GCC governments have put the next-generation technologies that power smart cities – such as AI, blockchain, and the internet of things (IoT) at the heart of their national strategic visions.

Automation of resources with AI and IoT technologies utilized by smart cities reduces costs significantly, smart city sensors ensure resources are used efficiently, while robust connectivity serves to improve the city's performance, which in turn can attract an inflow of talent and lead to the rise in the overall economy of the city.

GCC governments are embracing smart buildings

The GCC governments are embracing smart buildings wherein smart lighting is a key component that comes with the benefit of maintaining energy consumption for building security.

Smart buildings are fundamentally shifting the real estate market, forcing building owners and landlords to re-evaluate functionalities ranging from user productivity and well-being to environmental impact, according to Saeed Al Abbar, CEO at AESG.

The need for public-private partnerships in smart-city projects is increasing at a rapid rate across the GCC countries. Moreover, the number of heavy investments across the GCC countries is escalating rapidly for smart city projects.

Increasing investments by leading players in research and development

In KSA, the increasing investments by leading players in research and development, ongoing projects such as Qiddiya entertainment city, Makkah Grand Mosque, and King Abdullah Bin Abdulaziz Medical Complexes, and rising disposable incomes, are further contributing to the market growth. NEOM is on its way to becoming a smart city powered by robotics and AI.

The leading players operating in the market are Siemens Saudi Arabia, Johnson Controls, Schneider Electric Saudi Arabia, IBM Corporation, Honeywell Automation, Inc., ABB Saudi Arabia, L&T Electrical & Automation Saudi Arabia Company Ltd., Hitachi Saudi Arabia, Ltd., Intel Corporation, and Telit, among others.

In October 2022, Honeywell signed an MoU with King Abdullah Financial District (KAFD) for implementing its innovative solutions to optimize operations and help create a sustainable smart city experience at the prime business and lifestyle destination in KSA.

UAE and Saudi Arabia sign MoU to promote sustainable built environments

The strategic MoU is aimed at supporting the kingdom's Vision 2030 objectives related to smart city development and advancing technology adoption to create energy-efficient, intelligent buildings. The UAE government aims to ensure sustainable development while preserving the environment and to achieve a perfect balance between economic and social development.

The focus on promoting sustainable built environments also complements the vision of the government to achieve net-zero emissions, underpinned by the Net Zero by 2050 Strategic Initiative. Smart cities aim to reduce environmental burdens in urban areas.

As Dubai plans to cut carbon emissions by 30% by the end of 2030 as part of a broader strategy to achieve carbon neutrality by 2050 in the UAE, ongoing smart city projects are therefore crucial. Abu Dhabi and Dubai are planning and developing several smart sustainable cities. Abu Dhabi's Economic Vision 2030 aims to shift the base of its economy from natural resources to knowledge, innovation, and the export of cutting-edge technologies.

This would result in the diversification of the economy by finding a number of new economic alternatives. A major step forward in this strategy is to develop a smart city. Developing appropriate infrastructure, while preserving the environment, forms the third priority area in Abu Dhabi Economic Plan 2030.

The government will ensure the development of a professionally designed and well-managed urban environment in the emirate's towns and cities, complete with world-class traffic and transport systems. Masdar City is one such example of a smart sustainable city, regionally and globally. AESG is set to lead the smart building revolution in the UAE.

Sustainable community groundbreaking in Abu Dhabi

In February 2023, Abu Dhabi's Masdar City announced the groundbreaking of its 30,000-sq-m sustainable community, The Link. The project calls for the construction of sustainable five mixed-use commercial buildings on Plot No. B02 in Masdar City, Abu Dhabi. The project will be built in a net zero carbon impact construction technology. All buildings will have LEED, WELL, and Estidama 4 Pearl ratings as required by the Sustainable City criteria.

The project is a 30,000-sq-m sustainable community featuring the region's first net-zero energy-shared living and working facility. It will boast four low-carbon buildings with event spaces as well as retail options, recreational facilities, and outdoor plazas, that is expected to create over 2,000 jobs in the UAE.

A multi-use hall and visitor center, spanning 3,300 sq m, will host conferences, exhibitions, and live performances, and will have a retail precinct on the ground floor as well as a restaurant on the first level, explained Baerschmidt. The flexible auditorium will seat 300 and feature state-of-the-art technology and equipment, stated the top designer.

The World's First 3D-Printed Mosque Is Coming to Dubai

In January 2023, Dubai's Islamic Affairs and Charitable Activities Department (IACAD) mentioned that they were all set to build the world's first 3D-printed mosque at Bur Dubai, one of the oldest neighborhoods in the emirate. Unveiling the plan, IACAD said the work on the mosque will begin this October and it will be completed in Q1 2025.

The cost of building the mosque will be 30% more than the normal way because it is the first of its kind in the world. KSA's PIF has signed a joint collaboration agreement with a key unit of Korean construction and engineering company Samsung C&T Corporation - Engineering & Construction Group.

Under this, the PIF will explore opportunities for joint collaboration in adopting and developing innovative technologies that support its real estate and construction projects.

Why the Sultanate of Oman is developing three smart cities

In October 2022, the Sultanate of Oman's Ministry of Housing & Urban Planning launched an innovative initiative to develop three smart cities in different parts of the country. It invited international urban engineering consultancy firms to tender for the design and construction of smart cities in Suhar, Nizwa, and Salalah.

The initiative is known as the landmark Oman National Spatial Strategy (ONSS) and is part of the Oman Vision 2040. The ONSS sets out a broad framework for urban growth over the next 20 years. It also seeks to ensure that key national cities remain competitive with the UN Goals for Sustainable Development 2030. Kuwait is planning a 1,600-hectare development that will provide residential units, jobs, and amenities for 100,000 residents.

Aims to promote a sustainable lifestyle with high standards of living, yet a low impact on the environment

Developed by URB, the ambitious project aims to promote a sustainable lifestyle with high standards of living, yet a low impact on the environment. The masterplan for the smart city is designed to optimize density and amenities distribution to create a walkable city, while also optimizing the green space ratio. This will help mitigate the effects of rising temperatures and the urban heat island effect. The green transportation systems and dedicated cycling tracks will make this a car-free city, apart from a ring road that allows for limited vehicular access.

The city also promotes a circular economy that aims to provide food and energy security for the residents. Construction of the world's largest sustainable community is scheduled to start in 2024. Ooredoo Qatar, the national provider of ICT, has signed a Memorandum of Understanding with Siemens and Microsoft to develop digital, IoT, and software analytics solutions to drive smart city solutions across Qatar. The solutions will be used primarily to serve smart infrastructure applications in different market segments, typically in buildings.

The development of smart cities is a key priority for the state of Qatar and the advancement of the country's digital economy in general. According to a statement, a number of solutions including IoT, cloud computing, augmented reality, AI, edge, and blockchain, as well as other innovations and cutting-edge technologies will be developed as part of the agreement. Solutions will be used in line with building a smarter Qatar through smart street lighting and smart buildings.

What is Bahrain's National Real Estate Plan 2021-2024?

Bahrain's National Real Estate Plan 2021-2024 encourages developing smart and environmentally friendly real estate projects. There is ongoing dialog in Bahrain on topics of smart and sustainable cities among the public sector, private sector, technology providers, and NGOs to implement the Smart Real Estate concept in real estate projects.

The table below lists some of the major GCC smart building projects:

Name	Country	Project Status	Client	Contractor	Project Value (US\$ Mn)
Neom Business City	KSA	Construction	Public Investment Fund (PIF)	MOBCO Civil Construction Arabian Internet & Communications Services Co	500,000
Sharjah Sustainable City (SSC)	UAE	Construction	Diamond Developers, Dubai Sharjah Investment and Development Authority (Shurooq) Sharjah Investment	Jeet Building Contracting	544

			and Development Authority (Shurooq)		
Al Nama Smart City in Riyadh	KSA	Design	URB Tech District	--	500
Sustainable City in Yas Island	UAE	Design	Diamond Developers, Aldar Properties		490
Maimoon Gardens in Jumeriah Village Circle	UAE	Design	Fakhruddin Properties	--	120
The Link in Masdar City - Plot No. B02	UAE	Design	Masdar (Abu Dhabi Future Energy Company)	Dutco Construction Company (DBB Contracting) L.L.C.	100

Source: Ventures ONSITE Projects Intelligence Platform: www.venturesonsite.com

Name	Country	Project Status	Client	Project Value (US\$ Mn)
New Passenger Terminal Building II - Package 3	Kuwait	Tender for Construction	Ministry of Public Works (MPW), Kuwait	700
New Hospital Complex for Sheikh Khalifa Medical City (SKMC)	UAE	Tender for Construction	Seha - Abu Dhabi Health Services, Abu Dhabi General Services PJSC (Musnada)	680
Al Ula Development - District 2 - Dadan	KSA	Design	Royal Commission of Al Ula	500
Al Ula Development - District 3 - Jabal Ikma	KSA	Design	Royal Commission of Al Ula	500
Luxury Hotel and Mixed Use Development at Viva Bahriya - VB 01	Qatar	Tender for Construction	Ushaiger Holding LLC	375
Al Ula Eco Tourism Schemes - Sharaan Resort & Nature Reserve	KSA	Tender for Construction	Royal Commission of Al Ula	300
Qiddiya City in Riyadh - Motion Core	KSA	Design	Qiddiya Investment Company (QIC)	300
Qiddiya City in Riyadh - Green Buffer	KSA	Design	Qiddiya Investment Company (QIC)	300
W Residences Dubai – Downtown	UAE	Tender for Construction	Dar Al Arkan Development Company	272
InterContinental Hotel in Al Khobar	KSA	Design	Dana Bay Tourism Company	250
Tilal Al Ghaf (D4) - The Hive	UAE	Tender for Construction	MAF, Majid Al Futtaim Group	245
Falcon Island Residential Development - Phase 1	UAE	Tender for Construction	Bonyan Emirates Properties, Dubai (Bonyan Holding)	200

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This report is prepared by Ventures Onsite on behalf of Light Middle East 2023