

Dammam Commercial Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Dammam Commercial Construction Market size is estimated at USD 250 million in 2024, and is expected to reach USD 356.5 million by 2029, growing at a CAGR of 6.09% during the forecast period (2024-2029).

Key Highlights

The development of the new energy project is a significant step toward increasing economic contribution from different sectors in the industrial and logistics hub of the Kingdom. Dammam is one of the leading contributors to Saudi Arabia's oil GDP, with diversification in this area a key factor for attracting foreign investments and developing development opportunities.

The development of the logistics sector is an important component in Saudi Arabia's overall efforts to expand its road transport sector. In line with its commitment to strengthening and modernizing transport infrastructure, the Kingdom intends to invest more than SAR 500 billion (USD 123 billion by 2030) in this expansion.

The demand is directed toward retail developments with solid entertainment and F&B offerings. Tenants want to maintain a presence in well-managed developments or secure space in new developments.

There are currently 12,700 keys available in the total quality hotel supply. By 2025, with around 2,000 keys set to enter the market, assuming no additional delays and taking into account only projects that have already taken place, overall supply is projected to increase by 17%. The largest source of new supply will be the InterContinental

Dammam (289 keys).

Dammam Commercial Construction Market Trends

The Demand for Office and Retail Space is Increasing

The Dammam metropolitan area witnessed positive office performance. In the last 12 months, a healthy demand and positive economic sentiment in the Eastern Region led to an 8% increase in Grade A office space rents. The rent went up from SAR 930 psm (USD 247.755 psm) to SAR 1,000 psm (USD 266.403 psm). At the same time, the occupancy rate increased to 81%, up from 75% last year.

In 2023, the average occupancy of Grade B space increased by 2.2% to 68.6%. Average rents for Grade A space increased by 7.5% to USD 253 per square foot in Dammam. On the other hand, the rent for Grade B increased by 4.8% to USD 147 per square foot.

The office stock amounted to around 1.3 million square meters, with over 46,000 square meters built in the first six months of 2023. By 2025, an additional 262,000 square meters are expected to be installed, representing a 25% increase.

The retail market in Dammam is somewhat subdued. The rental rate increased marginally by 0.5% to approximately SAR 2,300 per square foot (USD 612.727 psf) in the second quarter of 2023, while the demand for regional and super-regional malls continued to be maintained. The occupancy rate increased slightly by 1% during the same period, rising from 89% to 90%.

More Logistics Hubs are Being Constructed

Saudi Arabia announced an ambitious master plan to build 59 advanced logistics centers nationwide. As Saudi Arabia sets its sights on becoming a central global logistics hub, this strategic initiative is critical to the broader national transport and logistics strategy.

In H1, the indicators of hospitality market performance in Dammam were mixed. Occupancy increased to around 60%, up 10% from the previous year. The RevPAR increased by 8% and reached an average of SAR 242 (USD 64.46) during the same

period of the previous year.

Saudi Arabia's Vision 2030 is built on infrastructure development, with exciting plans and substantial investment. The Kingdom's strategic geographical location, situated at the crossroads of Asia, Europe, and Africa, positions it as a vital hub for international trade.

The new partnership agreement with Dammam Airport Company, providing logistics services from King Fahd International Airport in Saudi Arabia's Eastern Province, was concluded by AJEX Logistic Services, which is considered to be one of the most experienced express distribution and shipping solutions specialists in the Middle East.

Dammam Commercial Construction Industry Overview

There are several international players in Dammam's commercial construction market, which is fragmented and highly competitive. The market is expected to provide opportunities for growth over the forecast period, which will likely increase the competition. Some significant players include Zamil Steel Holding Company Limited, Red Sea Housing Services, Al-Suwaidi Holding Company, M.M. Alharbi & Partners CO. LTD, and H. K. Al-Sadiq Sons Contracting Co. Ltd.

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