

Facility Management - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Facility Management Market size is estimated at USD 1.33 trillion in 2024, and is expected to reach USD 1.66 trillion by 2029, growing at a CAGR of 4.66% during the forecast period (2024-2029).

Key Highlights

Facility management consists of multiple factors that influence the productivity and efficiency of organizations. The new management system standard, conforming with the best industry practices, constitutes a benchmark for developing and driving effective strategic, tactical, and operational FM principles across the globe.

The demand for facility management personnel has been increasing as more companies, especially from the sectors that are heavily associated with manpower, such as IT and IT services, switch from remote and hybrid work models to traditional office routines across all their facilities in technology hubs.

Businesses across various industries are increasingly using outsourcing of FM services as a strategy to achieve strategic advantages such as improving their competitive advantage and achieving market dominance. Outsourcing has been evolving rapidly worldwide for the past several years to achieve cost optimization as organizations are increasingly emphasizing adopting FM services to free up internal resources to deliver strategic value and focus on their core business activities, thereby increasing the demand for FM services.

Smart buildings are at the forefront of the facility management landscape worldwide and are leveraging advanced technologies such as artificial intelligence (AI), Internet of

Things (IoT), and automation to improve energy efficiency, improve comfort for occupants, and simplify operations. As the focus shifts to sustainability and energy performance, smart buildings will play an increasingly important role in meeting environmental objectives and reducing carbon emissions that drive demand for facility management solutions.

However, with the rise of digital innovation, i.e., increasing demand for keeping technological systems and processes updated and ensuring improved outcomes, the need for skilled labor is growing significantly. As a result, the shortage of skilled laborers for facility management is hampering market growth.

Facility Management Market Trends

Increasing Focus on Core Competencies to Drive Market Growth

The significance of focusing resources, time, and expertise on core competencies is becoming increasingly evident to organizations. Core competencies are specific abilities that offer businesses a competitive edge in their specialized industries. Organizations may concentrate on their core business operations by contracting with outside service providers for facility management functions, including product development, sales, marketing, and innovation. This strategic focus allows organizations to allocate their resources effectively and achieve higher levels of efficiency and productivity.

In addition, facility management providers are expanding their service offerings beyond traditional tasks to provide value-added services that directly support the organization's core competencies. This may include strategic facility planning, space optimization, workplace design consulting, sustainability initiatives, and energy management programs. Companies are expected to support the organization's overall business goals, providing significant cost savings and improving the user experience by providing these value-added services.

Further, facility management providers are recognizing the importance of employee experience and its impact on productivity, engagement, and talent retention. As organizations focus on their core competencies, facility management providers would adapt their services to create environments promoting employee well-being, collaboration, and innovation. This may involve implementing ergonomic design principles, integrating technology for seamless workplace experiences, providing amenities and wellness programs, and ensuring a safe and comfortable work environment.

According to a Cleaning & Maintenance Management (CMM) survey, in 2022, around 24% of facility management personnel in the United States replied to the question by claiming that they manage college or university buildings. Industrial environments, such as manufacturing and warehousing, were recorded as the least-managed facilities. The survey findings indicate that many facility management personnel in the United States are involved in managing college or university buildings. Such institutions are expected to benefit from specialized skills, affordable solutions, and current standards in the industry by collaborating with facility management providers to ensure optimal facility operations and foster an environment that is favorable to study and research.

Additionally, facility management service providers are adapting their products to reflect these changes as firms work to streamline their operations, integrate technology, supply value-added services, and build sustainable environments. Organizations are anticipated to get specialized knowledge, tailored solutions, and innovative techniques that support their overall success by concentrating on their core strengths and strategic alliances.

Middle East and Africa is Expected to Witness Significant Growth Rates

The Qatari and Saudi Arabian facility management markets are witnessing significant growth, and companies need to innovate their offerings to keep growing and remain profitable. However, residential, commercial, industrial, and public infrastructure sectors are the primary sectors likely to drive the market studied.

Moreover, according to the Ministry of Finance of Qatar, infrastructure projects are given QAR 74 billion (USD 20.33 billion), or around 36.0% of the state's interest. This amount is awarded to complete key development projects on schedule, particularly those associated with hosting the FIFA World Cup in Qatar in 2022. In addition, the ministry highlighted a specific focus on two emerging fields, education and healthcare, which are anticipated to witness the growth of educational projects and initiatives and healthcare projects and programs. The health sector has received nearly QAR 20 billion (USD 5.49 billion) in funding, while education has received close to QAR 17.8 billion (USD 4.89 billion).

The demand for sustainable buildings (green buildings) in the region is increasingly rising from end-users and investors, but the lack of knowledge and high initial costs are

preventing the region's green infrastructure from reaching net-zero targets. According to the Royal Institute of Chartered Surveyors (RICS), end users and investors' demand for green real estate in the Middle East and Africa increased in 2022 and was more than the global average at 51%. This growth is expected to drive demand for hard FM services in the region.

In recent years, healthcare facilities have increased in the country at a significant pace, creating substantial opportunities for facility management companies. Furthermore, several government-driven initiatives are changing the dynamics of the FM market, reshaping the healthcare landscape in Saudi Arabia, and creating a more robust institutional setup and effective regulatory frameworks to promote private sector investment in healthcare.?

Furthermore, South Africa is also one of the more developed markets in Africa because of its more favorable market environment and the presence of significant FM service providers. By actively participating in the local South African Facilities Management Association (SAFMA), industry members advocate for formal training and skill development, improve quality-of-service delivery, and promote FM outsourcing among local end customers.

Facility Management Industry Overview

The facility management market is highly fragmented, with local and international players having decades of industry experience. The FM vendors are incorporating a powerful competitive strategy by leveraging their expertise. They spend a large chunk of the money on advertising. The FM companies are incorporating technologies into their services, strengthening their service portfolio. A few prominent companies operating in the market include Cushman & Wakefield PLC, Jones Lang LaSalle Inc., Emeric Facility Services, and SMI Facility Services.

February 2024 - CBRE Group Inc. announced an agreement to acquire J&J Worldwide Services, a provider of engineering services, base support operations, and facilities maintenance for the US Federal government, from private equity firm Arlington Capital Partners.

January 2024 - Leadec, a global provider of factory life cycle services, expanded into Spain and Portugal, bringing its total number of countries served to 16. Through the

expansion, industrial companies in the Iberian Peninsula will have access to Leadec's extensive experience and technical expertise. An international technology and services company has awarded Leadec a multi-year contract for integrated facility management in Spain and Portugal, beginning in 2024 and spanning six countries in total. A customized suite of technical and infrastructure facility management services is included in the contract, allowing clients to concentrate on their core skills while Leadec maintains the seamless operation of their facilities.

December 2023 - The India arm of British multinational group Compass Group PLC, which manages large office complexes and food services for corporates, planned to expand its facility management business from 2 million sq. ft to 10 million sq. ft as employees returned to offices and corporates continued to lease larger office spaces.

Additional Benefits:

The market estimate (ME) sheet in Excel format

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