

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

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Abstracts

The Saudi Arabia Construction Market size is estimated at USD 70.33 billion in 2024, and is expected to reach USD 91.36 billion by 2029, growing at a CAGR of 5.37% during the forecast period (2024-2029).

Key Highlights

As Saudi Arabia grows, the construction market will continue to grow due to increasing government and private partnership investments. In addition, the development of Mecca, Medina, and projects in a pilgrimage city have gained momentum as part of Vision 2030, with large sums spent to expand the Great Masjid of Mecca.

The construction sector plays a crucial role. Saudi Arabia is at the forefront of big city construction, with more than 5,200 projects with an estimated value of USD 819 billion.

In response to emerging trends and ambitious initiatives, Saudi Arabia's construction landscape is transforming dynamically. The line, NEOM's intelligent city initiative launched in 2020 near Riyadh, is one of the most critical projects. It is said that urban life and sustainability will be redefined by the groundbreaking USD 500 billion linear town. This development, covering a total of 170 km, is intended to prioritize nature and human well-being and to commit to renewable energy and advanced transport systems in the future.

A USD 1.5 billion contract for constructing a high-speed rail line in the NEOM region has been awarded to a joint venture between Italy's Webuild and Saudi Arabia's Sajco. The line will be connected to Oxagon, the industrial center of NEOM, by a 57 km high-speed

connector train. The 70/30 split of the joint venture agreement for the railway line shall be between WeBuild.

Automated solutions are becoming more and more common for contractors in the country. Robotics bricklayers and drones, with artificial intelligence assistance, are becoming more common, lowering costs, saving time, and ensuring that safety standards are respected.

The Saudi National Industrial Strategy further emphasizes achieving global leadership in high-technology manufacturing and development, launched as part of the 2030 Vision. This includes a range of technologies, such as artificial intelligence, robotics, and 3D printing, which potentially change Saudi Arabia's construction industry and other parts of its economy.

Saudi Arabia is shaping its future through the construction sector and transformative projects such as NEOM to diversify its economic landscape. This kind of venture plays a key role in catapulting it to the global stage, and there is no slowdown in the pipeline of ambitious construction projects.

Saudi Arabia Construction Market Trends

Increase in Commercial Construction is Dominating the Market

Saudi Arabia's construction sector has projects worth SAR 8 trillion (USD 2.1 trillion) in the pipeline for the next eight years. With 184,000 square meters of new retail developments centered on food and beverage outlets, entertainment facilities, or the public realm planned to be completed by 2025, Riyadh and Jeddah are at the forefront of a lifestyle shopping revolution transforming Saudi Arabia's retailing landscape.

With more than USD 1.25 trillion in infrastructure and property projects underway, Saudi Arabia is expected to be one of the world's most important construction centers. The Saudi Giga Projects report noted that the total value of completed infrastructure and real estate projects has reached USD 250 billion.

A hotel development portfolio of over USD 110 billion is available in Saudi Arabia. As a result, by 2030, there will be approximately 310,000 hotel rooms, with 42,033 currently under construction. With only more Chinese and US buildings, Saudi Arabia is ranked third in the world market for hotel construction. First-class four-star properties account for 77 projects and 30,229 rooms - 46% of the total, with the remaining 54% in the five-

star luxury segment, equating to 90 builds comprising 33,524 keys.

An unprecedented demand surge has been observed in the office sector, with occupancy rates rising to 97 % for Grade A offices at commercial centers such as Riyadh. In Saudi Arabia, the office sector in its three main cities, Riyadh, Jeddah, and Dammam, sees a steady increase in demand. The real star of the market is Riyadh, a business hub with unprecedented demand and occupancy in Grade A and B office space at 97% and 85%, respectively.

Increase of New Port Development Leading the Market

As a sign of the Kingdom's success in developing its maritime sector, Saudi ports increased their annual container handling by 9% to 11,380,302 units in 2023. This represented an increase of 10,439,620 containers compared to the 2022 total. From 2023 to 2022, Mawani achieved a 12.07% annual increase in container handling, totaling 8,443,746 compared with 7,534,307 that year. The body's cruise ship containers also saw a yearly increase of 8.96%, reaching 3,237,490 in 2023.

In 2023, Mawani signed agreements to establish five new logistics parks and centers with an investment exceeding SAR 4 billion (USD 1.06 billion). These agreements included the development of logistics parks at King Abdulaziz Port in Dammam, an integrated warehousing facility at Jeddah Islamic Port, and a comprehensive bunkering station at King Fahad Industrial Port in Yemen.

By adding 28 new maritime services connecting Saudi ports to eastern and western seaports, Mawani has continued its efforts to support global trade. The authority has entered into 16 partnership agreements with several international ports and national entities in the public and private sectors. These are to improve the status of the Kingdom's ports internationally and regionally in marine transport.

In December 2023, EDECS announced that it was awarded significant infrastructure and road works for the Jeddah South Container Terminal in Saudi Arabia with DP World Jeddah. In support of the Kingdom's maritime logistics and transport strategy, this project will increase the capacity of the port to handle containers.

The scope of the work undertaken by EdECS is to carry out infrastructure works covering a total area of 100,000 m², which include earthworks, pavement surfaces,

road markings, electrical grids, sewage networks, fire protection networks, and reefer grants.

Saudi Arabia Construction Industry Overview

The Saudi Arabian construction market is fragmented and highly competitive, with the presence of major international players. The Saudi Arabian construction market will present opportunities for growth during the forecast period, which is expected to further drive the competition in the market. With a few players holding a significant market share, the Saudi Arabian construction market has an observable level of consolidation. Some of the key players include JGC Corp., SNC-Lavalin, Fluor Corp., Van Oord Dredging & Marine Contractors BV, and VINCI. The government's focus on creating general infrastructure and energy and utility construction projects to diversify its economy away from the oil industry is anticipated to help the construction industry's output.

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