

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

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Abstracts

The Saudi Arabia Facility Management Market size is estimated at USD 27.58 billion in 2024, and is expected to reach USD 49.66 billion by 2029, growing at a CAGR of 12.48% during the forecast period (2024-2029).

The International Facility Management Association (IFMA) defines facility management as combining a physical workplace with an organization's workforce and work, including equipment upkeep, space planning, and portfolio forecasting. These services include leadership and strategy, real estate and property management, project management, quality, human aspects, emergency planning and business continuity, and environmental sustainability.

Key Highlights

There are various trends that may propel facility management in the Saudi region. For example, the Internet of Things (IoT) encompasses physical equipment and sensors that leverage the Internet to communicate with Facility Management (FM) teams. These devices produce performance data, serving as an early warning system for facility managers. This allows FMs to oversee and manage equipment, providing real-time operational insights remotely. When integrated with FM software, like a computerized maintenance management system (CMMS), IoT may swiftly identify issues (e.g., office temperature discrepancies), autonomously generate and allocate work orders, and monitor their completion.

For instance, in March 2024, SIERRA unveiled its eFACiLiTY Enterprise Facility Management Software, touted as the most comprehensive computer-aided facilities

management (CAFM) and integrated workplace management system (IWMS) globally. The software operates on a Software as a Service (SaaS) subscription model hosted on Microsoft Azure. It also offers the eFACiLiTY Virtual Assistant, an advanced multilingual AI/ML solution that leverages the Maintenance Guru. This intelligent feature diagnoses issues by navigating through our knowledge base and streamlines the creation of precise work orders with a single click.

The Saudi Arabian government is rapidly investing in infrastructure projects to diversify the economy. These projects include air transport, urban planning, logistic centers, tourism, and several others. This creates fertile ground for facility management services as they are required to maintain these facilities and any new infrastructure.

Outsourced FM has been successfully used in various industries, including the public sector, retail, professional services, healthcare, technology, logistics, manufacturing, and education. The areas covered by FM services vary widely, mainly depending on the type and size of the company and the sector in which it operates.

The lack of awareness of the importance of facility management poses a significant challenge to the market studied. Enterprises in the country are trying to focus on their core businesses, but they are reluctant to outsource FM activities as a part of the vision to focus on the core. Talent retention and acquisition pose considerable challenges in the Saudi facility management market. The demand for skilled facility management professionals, including technicians, engineers, and skilled laborers, continues to grow with the growing infrastructure and real estate sectors. However, retaining and attracting talent in a competitive job environment may be difficult.

According to the International Monetary Fund (IMF), the country's GDP amounted to USD 833.54 billion in 2021. It is expected to cross USD 1,072.44 billion by the end of 2027. Facility management services are also expected to grow significantly as infrastructure development projects heavily contribute to the country's economic growth.

Saudi Arabia Facility Management Market Trends

In-house Facility Management to be the Fastest-growing Type of FM

In-house facility management refers to a wide range of tasks and responsibilities related to maintaining and operating a company's buildings, equipment, and infrastructure by a dedicated team of employees hired directly by the company instead of outsourcing to external vendors.

Government initiatives such as Saudi Vision 2030 focus on diversifying the economy and infrastructure development, fueling the growth of construction projects requiring facility management services.

According to the Ministry of Finance, the budget allocation for housing, infrastructure, and transportation sectors in FY 2023 was reported to be around SAR 34 billion (USD 9.06 billion). Increasing investments in commercial buildings and mega-projects like NEOM are expected to drive demand for in-house facility management services to maintain and operate buildings, utilities, and other infrastructure needs.

Government regulations in the healthcare and finance sectors emphasize an increased focus on facility control, making in-house management a strategic consideration for compliance.

Several factors, such as increased economic activity, consumer spending, and tourism activities in Saudi Arabia, have increased the occupancy of hotels and commercial spaces. This has increased the need for better management of the facilities, thus driving the growth of the segment. In June 2023, the Minister of Tourism stated that the tourism sector's contribution to Saudi Arabia's GDP reached 4.45%, and the country would invest over USD 800 million in the upcoming ten years. This growth and plans of investment in the tourism sector are likely to benefit the facility management industry with demand for in-house facility management services.

The growing number of companies looking to consolidate in the facility management market and rising investments in large-scale infrastructure projects are expected to drive the demand for in-house facility management services in the country. Saudi Arabia is home to many Muslim holy sites, resulting in many visitors and travelers each year and creating opportunities in the hospitality and construction industry.

Overall, factors such as increased economic activity, consumer spending, and tourism activities have led to an increase in the occupancy of large residential layouts/projects, hotels, and commercial spaces, resulting in an increased need for better facility management.

Manufacturing and Industrial Industry is Expected to Witness Significant Growth

The manufacturing and industrial sector covers major applications across the manufacturing industry, such as food and beverage, electronics, automotive, mining, and oil and gas industries.

The Saudi Arabian manufacturing sector stands out as one of the region's fastest-growing, driven by pivotal government projects, favorable tax rates, and regulations that promote automation and sector advancement. The nation, eyeing a transition from its oil-centric economy, is collaborating with Jordan and Egypt on a monumental venture: a USD 500 billion industrial zone, NEOM, powered entirely by renewable energy. NEOM's strategic focus on energy, water, biotechnology, food, and advanced manufacturing is set to significantly boost the demand for facility management services across the country.

Several projects are spearheading the integration of advanced control systems and automation in infrastructure development. The manufacturing sector's pivot towards Industry 4.0 underscores a proactive stance in embracing advanced technologies to enhance production efficiency and quality, propelling the country's FM market growth. A case in point, in November 2023, the Vedanta group, via its subsidiary Malco Energy Limited, inaugurated a new copper unit in Saudi Arabia, investing SAR 1 million. In an official filing, the group revealed the new entity's name as Vedanta Copper International (VCI) Business Limited.

In October 2023, South Korean automaker Hyundai announced that it teamed up with Saudi Arabia's Public Investment Fund (PIF) to establish an automobile manufacturing factory in Saudi Arabia. PIF would own 70% of the company, and Hyundai would own 30%. This facility aims to establish an annual production capacity of roughly 50,000 automobiles. Production at this factory is expected to start by 2025.

Based on the type of offering, the manufacturing and industrial sector in Saudi Arabia is expected to witness increased demand for soft FM, driven by the need for efficient facility management, workplace safety, and adherence to environmental regulations.

Thus, the Saudi manufacturing and industrial facility management sector is characterized by a resilient, innovative, and adaptable environment. According to Tophotelprojects.com, in Saudi Arabia 2022, 24 out of 167 planned development of hotel projects were expected to be completed by the year-end. Forty projects, which means 24% of total hotel projects, are due to be completed by 2025 at the earliest. The strategic significance of facility management services in preserving operational effectiveness, safety, and sustainability is expected to become even more apparent

within this vital and dynamic industry as the nation continues on its trajectory of industrial growth.

Saudi Arabia Facility Management Industry Overview

The Saudi Arabian facility management market is fragmented, with the presence of major players like Initial Saudi Group (Alesayi Holding), EMCOR Saudi Company Limited, Almajal G4S (Allied Universal), SETE Energy Saudia for Industrial Projects Ltd (Sete Saudia), and Zamil Operations and Maintenance Company (Zamil Group). Players in the market are adopting strategies such as partnerships and acquisitions to enhance their product offerings and gain sustainable competitive advantage.

November 2023 - In a strategic sustainability partnership with Enova, Saudi Arabia's National Energy Services Company, TARSHID, launched energy-saving guarantee projects in public sector buildings. Spearheading this initiative, TARSHID collaborates with Enova to conduct audits and enhance energy efficiency at various sites, including those of the Saudi Standards, Metrology, and Quality Organization (SASO) and the Ministry of Municipal, Rural Affairs, and Housing (MOMRAH).

September 2023 - AlesayiHolding Group strived toward growth and diversification by acquiring 85% of Initial Saudi Group, a leading facilities and workforce management group with over 40 years of operating experience. The agreement was signed by AlesayiHolding Group CEO and Initial Saudi Group's board member. Initial Saudi Group operates through its two major firms, Initial Facilities Management and Workforce Saudia. With over 25,000 associates, Initial provides various services across Saudi Arabia, including cleaning, security, engineering, support, pest control, and landscaping. The acquisition is driven by AlesayiGroup's primary focus on extending and diversifying its service offerings to cater to the growing demand for workforce services for the rising industries and emerging possibilities within the Saudi Vision 2030 framework, along with enabling seamless integration between the Group's sectors and companies.

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