

Facility Management Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Facility Management Market was valued at USD 1129.39 billion in 2021 and is expected to reach USD 1505.26 billion in 2027, registering a CAGR of 4.66% over the forecast period (2022-2027).

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.

Services in the FM industry have been commoditized to a huge extent. Also, end-user industries are very price-sensitive, and contracts are thus aimed at shorter terms. Commercial real estate over-supply has been creating pressure on rent yields, thus leading the customers to cut costs on FM services.

However, a late involvement of FM providers in the construction cycle, that is, post-construction led maintenance, was observed to reduce. FM players offering asset management have been involved in the early stages of infrastructure development and provide FM consultancy for preventive maintenance, longer asset life, and longer-term contracts. Enova seeks a digital omnipresence and customer service prominence for growth and modernization to support smart FM in the Middle East.

With the increasing investments in healthcare infrastructure and the construction of healthcare facilities, the demand for FM services is rising. In recent times, infrastructure has become a crucial element in providing healthcare to the public. Hence, there has been an increased investment in the development of healthcare infrastructure across the world. Healthcare organizations are significantly investing in facilities to deliver advanced healthcare services.

However, due to increased instances of data breaches and security threats requiring adequate skills is challenging. According to a Honeywell survey, 27% of building facilities managers surveyed had suffered a cyberattack on their OT systems in the past year, and 66% of respondents say maintaining Operation technology (OT) cybersecurity is one of their most challenging duties.

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The outbreak of COVID-19 has had a mixed business impact on facilities management firms. The restrictions on the movement of people resulted in a decline in project work and a decreased level of activity across many customer sites. Significant players in the market studied, such as Mitie, CBRE Group, and others, were adversely affected due to the pandemic lockdown.

Facility Management Market Trends

Integrated Facility Management to Witness Higher Growth Rate

There is a paradigm shift in the market as multiple industries are transforming from utilizing a single FM outsourcing type of model to an integrated services model that can meet all customers' core needs on a large scale. In addition, with newer technology transforming the way organizations work, integrated facility management has become the key to smart buildings and work environments.

It consolidates the organization's office- and property-related services and processes under a single contract and management team. It is a one-stop shop for all the FM needs of an organization. A company could forego multiple, confusing vendor contracts favoring just one service agreement. This would also involve placing multiple responsibilities handled individually by different teams under a single umbrella.

For Large corporations, IFM has been away for streamlined and efficient work and task management. The concept has primarily resulted in fewer contracts, teams, and resources to juggle and a single integrated view of all the management-related tasks. Compared with overseeing each independent stakeholder and every task multiple times, IFM offers increased visibility that leads to effective management of teams, reduced operation costs, quicker responses to requests, less downtime for employees, and a greater focus on the bigger picture. Implementing large changes across multiple sites and services is much easier using an IFM service provider.

In 2021, Serco was recognized by the Ministry of Defence in the United Kingdom through a seven-year contract to provide integrated FM to the UK's defense capability, maintaining nationally important assets and buildings across its estate with responsibility for greater than 200 sites and 19,000 buildings. The services include reactive and planned maintenance, mandatory safety checks through asset replacement, etc.

Moreover, according to The Q2 2021 RICS UK Facilities Management Survey, approximately 28% of the respondents believed that the Integrated FM sector is going to witness the highest growth in the next 12 months in Feb 2021, and the response rate witnessed a slight decrease to 27% of the respondents believed Integrated FM to witness the highest growth in May 2021. In Q1 2021 and Q2 2021, bundled FM and in-house services received a higher percentage of responses for growth rate. However, the integrated FM service was significantly ahead of the single FM service in the survey. Back in February 2020, Imdaad, via its commitment to the UAE Vision 2021 National Agenda, launched FARZ, an advanced facility of its kind. FARZ was established in line with the company's commitment to contributing to the National Agenda's goals of the UAE Vision 2021, which undertook to divert 75% of all municipal solid waste away from landfills by 2021.

Middle East is Expected to Witness Significant Growth

Qatar and Saudi Arabia's 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 studied market.

According to Qatar's Ministry of Finance, infrastructure projects are allocated QAR 74 billion, which is approximately 36.0% of the state's interest in accomplishing the major development projects on schedule, especially those related to hosting the FIFA World Cup Qatar 2022. Furthermore, the ministry emphasized special focus on two key sectors, namely education and healthcare, which

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is expected to witness the development and expansion of schools and educational institutions and healthcare projects and programs. Nearly QAR 17.8 billion has been earmarked for education, while about QAR 20 billion has been allocated for the health sector.

Moreover, with the increasing number of building permits expected to be completed by 2022, the regional FM vendors' scope is expected to be high. Factors such as increased economic activity, consumer spending, and tourism activities have increased the occupancy of large residential layouts/projects, hotels, and commercial spaces. This has, in turn, increased the need for better management of the facilities.

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.

Additionally, with increasing cases of COVID-19, the need for facility management to disinfect the surfaces and spaces increased. Many players in the Saudi Arabian market have adopted such technologies and services to combat the situation.

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 Market Competitor Analysis

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. Also, they are spending a large chunk of the amount on advertising. The FM companies are incorporating technologies into their services, strengthening their service portfolio.

February 2022 - Farnek, an innovative green facilities management (FM) firm based in the United Arab Emirates, created a new smart FM technology solutions company. The HITEK solution 4.0, developed in-house, was initially launched in Q3 last year, connecting people, assets, and spaces from multiple remote sites, using intelligent analytical platforms for cleaning, security, and maintenance, so they could be smartly centrally managed and monitored by leveraging the Internet of Things (IoT), Building Management Systems (BMS), Cloud, Machine Learning (ML), and Artificial Intelligence (AI) based technologies.

September 2021 - Disrupt-X, a Dubai-based IoT development company, has announced a collaboration with Imdaad, a Dubai-based group of companies that provides integrated, sustainable Facilities Management (FM) services that improve operational efficiencies of physical assets, to introduce IoT technology to enhance FM services in the United Arab Emirates.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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