GCC Construction Machinery Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

Currently, the GCC construction machinery market is valued at USD 3.89 Billion. It is expected to reach USD 6.01 Billion in the coming five years, registering a CAGR of 3.09% during the forecast period.

The COVID-19 pandemic hurt the market studied, primarily attributed to halted construction and manufacturing activities. In addition, governments across Middle East countries paused pipeline projects and reduced the workforce over the sites. This has led to a reduction in construction output. However, the market is anticipated to witness significant growth during the forecast period due to the increase in construction activities, which is likely to be primarily attributed to increasing government support and restoration of construction activities worldwide.

Over the medium term, the market is likely to grow due to the factors like the region's expanding construction industry, rising crane demand, and the growing trend toward automation and telematics for market expansion. However, the region's sales and growth of new construction equipment may be hampered by rising rental service demand.

Due to the numerous building and water projects underway in countries like Oman and the United Arab Emirates, cranes are anticipated to dominate the machinery market. After experiencing significant pressure as a result of a prolonged decline in oil prices, the construction industries in Saudi Arabia and the United Arab Emirates are now recovering. However, the construction industry is expected to benefit from the government's increased infrastructure investment and the launch of development projects in the upcoming years. Private sector developers may also be encouraged to advance their projects, which will raise the demand for construction machinery.

GCC Construction Machinery Market Trends

Crane Segment Dominated the Market

The Middle East's economies are recovering, resulting in investments in residential, commercial, and infrastructure projects. The region's crane market has experienced a brief decline.

The major ongoing projects have piqued the interest of domestic and international tower crane manufacturers in GCC construction projects. This is because these machines are in high demand locally, particularly in the United Arab Emirates.NFT, a tower crane supplier and Potain dealer based in the United Arab Emirates, currently rents 208 tower cranes from Abu Dhabi to Dubai and Sharjah.

Large-capacity luffing cranes like the Potain MR 418 are needed for highrise towers, which are very popular in the GCC countries. For example, over the past two years, ten MR 418s have been installed at the Royal Atlantis Residences. The Royal Atlantis construction site is the first in the United Arab Emirates to utilize the brand-new Potain machine as a result.

In addition to tower cranes, significant orders of mobile cranes have been placed as a result of the growing construction activity in the GCC nations. For instance, Sarens has deployed a fleet of 17 cranes to assist in the construction of one of the eight stadiums where the nation's World Cup championship matches will be held. Throughout 18 months, a total of 17 mobile and crawler cranes were brought to the site for this project.

Due to the high number of energy-related projects and industrial facility construction, high-capacity cranes are also in high demand in the GCC countries. For instance, Mammoet, a privately held Dutch company, has been involved in the expansion of a polypropylene plant on the Gulf Coast. This expansion will increase the site's annual production capacity by 450,000 metric tons.

The rise in the total number of cranes indicates that the GCC countries' construction market is expanding rapidly. Due to the fact that numerous cities in GCC nations continue to add to their list of proposed developments, it is anticipated that this growth may continue through the coming years.

United Arab Emirates is Expected to Witness the Fastest Growth Rate

The United Arab Emirates (UAE) construction machinery market is expected to witness the fastest growth rate among the middle-east countries as the construction market is a key driver for the UAE's economy. However, the sector has come under substantial pressure due to the prolonged slump in oil prices. Despite the prevailing climate, the construction industry remains resilient, and the outlook for the sector remains cautiously optimistic.

The government of the United Arab Emirates focuses on making investments in energy and infrastructure, such as utilities, transportation, decarbonization, the production of renewable and nuclear energy, and addressing the persistent shortage of water. In the United Arab Emirates, numerous projects and opportunities for engineering and construction firms are made possible by the government's significant commitment and resources. The Abu Dhabi National Oil Company's (ADNOC) Al-Nouf seawater treatment plant, the Dubai Municipality's plan to construct a strategic sewerage tunnel, the redevelopment of Mina Rashid in Dubai, and the Dubai International Financial Centre Expansion 2.0 are among the most recent major projects to be announced.

Experts predict that the construction industry in the United Arab Emirates will experience a robust recovery over the next five years, with the value of the industry increasing by 3.7% to 4.7%. The country's development plan, which focuses on expanding its energy, transportation, and industrial infrastructure, will drive growth. The UAE government announced plans to implement a series of projects as part of the Projects of the 50 initiative to accelerate the country's economic development and transform it into a comprehensive hub for all sectors to attract USD 149.8 billion in FDI over the next nine years.

The UAE must continue to develop its transportation and road infrastructure to meet the requirements of its expanding population and automobile fleet. This is consistent with the government's plans to boost tourism and urbanism in Dubai and Abu Dhabi. The USD 11 billion Etihad rail project, the USD 5.9 billion proposed hyperloop project between Dubai and Abu Dhabi, the USD 2.7 billion Sheikh Zayed double-deck road project, and many other projects are in the pipeline for the UAE's transportation and road infrastructure. Rail and road development will also be driven across the nation by the rising demand for urban transportation and the government's plans to boost tourism and expand transportation infrastructure.

The above trends in the country are anticipated to witness a positive demand for construction machinery during the forecast period.

GCC Construction Machinery Market Competitor Analysis

The GCC construction machinery market is mostly characterized by the presence of numerous international companies, resulting in a highly competitive market environment. The top-ten players in the market account for around 63% of the market share, and the remaining 37% of the market share is dominated by other players, such as Yanmar, JCB, Wirtgen Group, Terex, etc.

The market is a consolidated one, with Caterpillar being the leader, followed by Liebherr, Komatsu, Volvo Construction Equipment, and CNH Industrial.

Major players are investing considerably in their R&D departments to integrate innovation with performance excellence. The demand for high-performance, efficient, and safe handling equipment from the end market is expected to make the market more competitive over the forecast period. For instance, in April 2022, Bobcat (Doosan) introduced a new generation backhoe attachment for its skid-steer and compact track loaders in the Middle East. The new backhoe attachment transforms a Bobcat loader into a powerful excavator, allowing customers to increase machine versatility and return on investment.

Additional Benefits:

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

Table of Contents:

4.3.4 Threat of Substitute Products
4.3.5 Intensity of Competitive Rivalry

5 MARKET SEGMENTATION (Market Size in USD Billion)
5.1 By Machinery Type
5.1.1 Crane
5.1.2 Excavator
5.1.3 Loaders and Backhoe
5.1.4 Motor Graders
5.1.5 Telescopic Handlers
5.1.6 Other Machinery Types
5.2 By Application Type
5.2.1 Concrete Construction Equipment
5.2.2 Road Construction Equipment
5.2.3 Earth Moving Equipment
5.2.4 Material Handling Equipment
5.3 By Country
5.3.1 Saudi Arabia
5.3.2 United Arab Emirates
5.3.3 Kuwait
5.3.4 Qatar
5.3.5 Rest of GCC Countries

6 COMPETITIVE LANDSCAPE
6.1 Vendor Market Share
6.2 Company Profiles
6.2.1 Kobelco Construction Machinery
6.2.2 Hitachi Construction Machinery
6.2.3 Sumitomo Construction Machinery
6.2.4 CNH Industrial (Case Construction)
6.2.5 Caterpillar
6.2.6 Komatsu
6.2.7 Liebherr International AG
6.2.8 Mitsubishi
6.2.9 JCB
6.2.10 Volvo Construction Equipment Corp.
6.2.11 Doosan Infracore Construction Equipment
6.2.12 Wirtgen Group
6.2.13 Hyundai Construction Equipment

7 MARKET OPPORTUNITIES AND FUTURE TRENDS

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