

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

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Report description:

The Oman Construction Market is anticipated to register a CAGR of more than 5% over the forecast period. Pouring investment in the country is one of the major factors driving the market. Furthermore, government initiatives and projects demanding construction megaprojects are also driving the market.

Key Highlights

The Sultanate of Oman's real estate market is anticipated to continue moving forward strongly and favorably as a result of the shifting trends that seem to indicate that investors are once again paying attention to the market. The real estate market has had an upturn since the third quarter of the previous year, supported by a strong structural base and an increase in demand after the pandemic dampened demand.

The Oman government's new ownership plan, which permits foreigners to buy properties outside of integrated tourism complexes (ITC), along with a plethora of choices and actions, is anticipated to draw capital investments in the real estate market. At the end of July 2022, the overall traded value of real estate activity exceeded Omani Rial (OMR) 1.3 billion (USD 3.38 Billion), while the total traded value of the property increased only by 27.4% from June 2022 to July 2022, reaching OMR 213.1 million (USD 553.45 Million).

The affordability and accessibility of housing are more important priorities for the Omani government. The campaign for "Homes for All Citizens" increased demand for inexpensive housing, which in turn created much-needed liquidity in the industry. Following the success of its first integrated housing development project in Barka based on the Public-Private Partnership (PPP) model, Oman's Ministry of Housing and Urban Planning has announced plans for five new buildings totalling 4,800 housing units, catering to an estimated 24,000 people.

The Oman government's ministry has announced new opportunities for domestic and international real estate companies and institutions that specialize in real estate development to submit "Expressions of Interest" to compete which is expected to

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increase investment in the country's construction market.

Oman Construction Market Trends

Sultanate's Economic Diversification Plan (Vision 2040) has Been a Key Growth Factor in the Construction Sector

As an economy that relies heavily on revenue from oil, a shift is required to diversify sources of income by promoting investments in targeted sectors. The government has focused on pursuing this objective by boosting the contribution of the five target sectors in the Ninth Five-Year Plan, including logistics, manufacturing, tourism, fisheries, and mining, as well as moving forward with key strategic projects.

The Sultanate of Oman is executing a successful model of economic diversification, notably, the country's trade liberalization in goods and services. Oman pursued an active plan of development that focuses on diversification, manufacturing, and privatization to diminish the contribution of the oil sector to the GDP by 9%. The tourism and hydrocarbon industries have become the main components of the government's economic diversification strategy.

One of the catalysts for the first phase of the executive plan is the National Program for Investment and Export Development. With 135 projects included in the dashboard, it is strongly related to the "Economy and Development" pillar of Oman Vision 2040 and is regarded as the greatest national program in terms of project number. The "private sector, investment, and international collaboration" prioritizes strategic objectives to strengthen and enable the private sector's role in driving economic development, informed the introduction of the program in March 2021.

Within logistics, the Oman government is positioning Duqm as a major industrial and business zone in the region. One of the objectives of the Special Economic Zone Authority in Duqm is to develop the central arid region of the country and create ample space for international and local investors to build world-class projects. This will help achieve promising growth in the Oman's economy, and at the same time, strengthen the country's position at the international level.

Tourism is Expected to Drive the Commercial Construction Sector in Oman

Due to its ideal location for outdoor activities throughout the winter, Oman is anticipating a significant influx of foreign tourists. In addition to having excellent weather, the country is anticipated to receive more tourists as a result of the FIFA World Cup, which will begin in Doha, Qatar, in November 2022. Before the event, Oman Air, the national airline, and Qatar Airways had already agreed to work together. As a result of this deal, 21 flights per day will be run between Muscat and Doha.

With COVID-19 restrictions in force, just 113,000 people visited Oman in the first five months of 2021. With 794,000 visitors traveling to the sultanate this year, the figure increased by 602%. Extensive marketing initiatives and trade fairs held in other nations have also increased Oman's attractiveness abroad.

By 2040, Oman hopes to diversify its economy away from oil and expects to generate more than OMR 9 billion (USD 22.5 billion) per year from tourism. One of the economic goals of Oman's 2040 Economic Vision is to get more money from tourists. In 2021, the tourism industry contributed 2.4% to the GDP; by 2030 and 2040, the government wants that percentage to rise to 5% and 10%, respectively. By investing USD 51 billion, the target visitor count is expected to rise to 11.7 million by 2040.

Oman Construction Market Competitor Analysis

The Oman Construction Market is fragmented and highly competitive with the presence of major international players. Some of

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the key players are Bechtel, Bouygues, CB&I LLC, Daewoo Engineering & Construction Co. Ltd, Hyundai Engineering & Construction Co. Ltd, and many others. The market may present opportunities for growth during the forecast period, which is expected to further drive market competition. With a few players holding a significant share, the Oman construction market has an observable level of consolidation.

Additional Benefits:

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

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