

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

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Report description:

The Qatar construction market is expected to register a CAGR of more than 10% during the forecast period. The COVID-19 pandemic had a negative impact on the Qatari construction sector. As the pandemic's epicenter shifted from China to mainland Europe and the United States, the Qatar construction sector faced shortages of materials from these regions.

Key Highlights

For mechanical, electrical, and plumbing items, Qatari contractors, are particularly dependent on European suppliers and manufacturers; hence, a European supply deficit forced Qatari contractors to look for alternate suppliers. This affected the prices of the goods and raised questions about the cancellation of purchase orders and the termination of existing contracts. As a result of its commitment to hosting the 2022 FIFA World Cup, its commitment to its National Vision 2030, and its ambition to host the Asian Games in 2030, Qatar is undertaking an impressive array of infrastructure and industrial projects. The current Emir (in power since July 2013) focuses on the country's domestic welfare by implementing the Second National Development Strategy. Launched in March 2018, the Second National Development Strategy sets national priorities aimed at transforming Qatar into a knowledge-based economy through infrastructural investments, economic diversification, private sector development, natural resources management, human development, sustainable social development, and sustainable environmental development. This strategy is being driven by expectations of growth for the economy through activities within the non-oil and gas sector, especially in the areas of merchandise and traded services.

Qatar Construction Market Trends

Government's Focus on the Construction Sector

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Government spending will play a crucial role in boosting the construction sector's growth. According to Qatar's 2021 budget, new projects worth QAR 53.9 billion (USD 14.80 Billion) were identified. These infrastructure-related projects will be awarded from 2021 to 2023.

The government aims to develop infrastructure and diversify the economy by moving away from its dependence on the oil and gas sector. In efforts to diversify the economy, Qatar has opened economic free zones attracting companies from around the world.

The endorsement of new laws regulating public-private partnerships (PPPs) is expected to attract private sector investment in developing infrastructure, educational institutes, and healthcare projects, hence supporting industry growth during the forecast period. Investments in transportation infrastructure projects will also support growth during the forecast period. State-run Qatar railways plan to begin construction of a rail line linking Qatar and Saudi Arabia later this year.

In addition to building stadiums specifically to host World Cup matches, Qatar has been investing and continues to invest in modernizing its infrastructure. The goal is to develop into a more significant global transportation hub. Top priorities are the development of airports, a more extensive metropolitan network, and upgraded roadways and emerging cities.

While some projects will have a long-term impact, the government already has many initiatives with concrete short-term benefits. The Qatari government has identified several urgent projects for the medium term, earmarking QAR 54 billion (USD 15 billion) for these. In the second quarter of 2021, spending on major infrastructure projects totaled QAR 15 billion (USD 4 billion), or 20.8% of the state's spending budget.

Booming Realty Helping the Construction Sector

The construction and realty sector prospects are brighter, especially outside the capital of Qatar. According to official statistics, compared to an overall decline at the national level, there was a significant year-on-year increase in the number of building permits issued in five municipalities in October 2021.

The overall number of building licenses issued in the nation in October 2021 decreased by 6.3% from the previous year. However, Umm Slal, Al Khor, Al Shahaniya, Al Wakra, and Al Shamal all had higher growth rates, with Umm Slal recording the highest growth of 42.9%, followed by Al Khor (25%), Al Shahaniya (20%), Al Wakra (16.7%), and Al Shamal (14.3%). In the case of Al Daayen, Doha, and Al Rayyan, there was a decrease of 28.7%, 22%, and 13.8%, respectively, in the period studied.

As per figures released by the Planning and Statistics Authority (PSA), Qatar issued a total of 685 building permits in October 2021, with Al Rayyan, Al Wakra, and Al Daayen municipalities together constituting as much as 65% of the total.

On a monthly basis, there was a decrease of 7% in the number of building permits issued, with Al Daayen registering a 35% plunge, followed by Al Shamal (33%), Doha (21%), Al Shahaniya (17%), and Al Rayyan (1%). Meanwhile, there was a 31% increase in the case of Al Wakra, 18% in Al Khor, and 11% in Umm Slal. The building permits data is of particular importance as it is considered an indicator of the performance of the construction sector, which in turn, occupies a significant position in the national economy.

Qatar Construction Market Competitor Analysis

The Qatari construction market is fragmented in nature, with the presence of both local and regional players. Some of the key players in the market include QD-SBG Construction, Gulf Contracting, HBK Contracting, and AlJaber Engineering. Major and specialized companies have witnessed unprecedented stability and growth in the Qatari construction market. The country has undertaken large-scale infrastructure projects of various types and invited the participation of international companies.

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Many construction service providers and facility management companies are racing to enter the Qatari market for services. Companies are partnering with developers to offer after-construction services. The country's facility management industry is anticipated to experience exponential growth over the following years as towers, low-rise structures, stadiums, and malls are constructed and nearing completion.

Additional Benefits:

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

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