

## **Kuwait Construction Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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### **Report description:**

The Kuwaiti construction market is projected to register a CAGR of approximately 6% during the next five years. The COVID-19 pandemic and the drop in oil prices took a severe toll on Kuwait's economy and construction industry in 2020. The major factor driving the Kuwait Construction Market was Kuwait's tax reforms encouraging foreign investors to invest in the country. They are giving benefits like income tax holidays and customs-free equipment importation. The country is hoping to attract more foreign investment.

#### **Key Highlights**

The country is trying to diversify its oil-rich economy. The government is focusing on increasing oil production to generate greater revenue, and an improvement in government finances will enable the government to increase public spending on infrastructure. Industry growth is supported by government programs that encourage the development of transportation and renewable energy infrastructure. Kuwait's priority to accelerate economic reforms and diversify its economy away from hydrocarbon dependence will also support the construction industry.

In June 2021, the government approved the Financial Year 2021-22 state budget, which allocated KWD 19.6 billion (USD 64.6 billion) to 19 strategic projects, including the Sabah al-Salem Kuwait University City, Kuwait International airport expansion, Al-Mutlaa residential city project, and the railway network plans, among others.

Additionally, to meet the demand of a rising population, the government is investing substantially in infrastructural projects related to electricity and water. A majority of the projects are being developed by the government through Public Private Participation (PPP) or by inviting foreign companies to provide engineering, design, and construction capabilities.

#### **Kuwait Construction Market Trends**

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## Vision 2035 to drive the investments in the construction sector

The sustainable living environment axis in Kuwait Vision 2035 includes five pillars, the most prominent of which is to provide housing care to citizens through what is planned to ensure the provision of 65.5 thousand housing units through five projects costing about KWD 3.22 billion (USD 10.5 billion), the last of which ends by 2029.

When these projects are implemented, the state will have met approximately 72% of the current housing requests, which stands at 91,000. The first project of the residential care plan revolves around the vision of Kuwait 2035 (New Kuwait) in the city of Jaber Al-Ahmad, which has a completion rate of 95% and will end at the end of 2022. The second project is in the city of Al-Mutla'a, with a completion rate of 64%, to be completed by the end of 2023.

The third project is in the suburb of South Abdullah Al-Mubarak, which has a completion rate of 72% and will be completed by the end of 2025. The completion rate in the fourth project, which is the South Sabah Al-Ahmad, is about 14%, as it is still in the preparation stage, and it is expected to be completed in 2029. This south of Saad Al-Abdullah has a completion rate of 13% as it is still in its preparatory phase and ends in 2029.

## Investments in Large-scale Projects to boost the Construction Sector

Kuwait's infrastructure sector is a leading sector. The country's development plan (2020-2025) focuses on economic reform and implementation of numerous long-stalled megaprojects, with several large infrastructure projects estimated at USD 124 billion. It includes a number of infrastructure upgrades such as the USD 7 billion Kuwait City Metro, a rail project that will eventually link all GCC countries, a USD 4 billion new airport, five new planned cities, including Silk City/Northern Economic Zone, further development of the Mubarak Al-Kabeer Port on Boubayan Island, and a large number of mega oil projects, including a new refinery that is still under construction. The government is working on over USD 4 billion worth of hospital projects as part of its plan to boost the bed capacity of hospitals across the country.

Project implementation has seen frequent delays, especially with large infrastructure projects. The government itself acknowledged that only 10 projects out of 135 projects included in the 2015-2020 five-year development plan were completed. With 81 projects delayed and four projects yet to be tendered, those projects were included in the five years development plan (2020-2025).

Despite the challenges such as cost overruns, and bureaucratic delays, the market is expected to witness robust growth given the strong infrastructural, government, and policy support.

## Kuwait Construction Market Competitor Analysis

The Kuwaiti construction market is highly competitive, with major international players. The market presents opportunities for growth during the forecast period, which is expected to drive market competition further. With a few players holding a significant share, the Kuwaiti construction market has an observable level of consolidation. Some major players include Hyundai Engineering and Construction, Marafie Group, Consolidated Contracting Company, SK Engineering & Construction, and M.A.Kharafi and Sons, amongst others.

## Additional Benefits:

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

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