

Saudi Arabia Prefabricated Buildings Industry - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 189 pages | Mordor Intelligence

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Report description:

The Saudi Arabian prefabricated buildings industry (henceforth, referred to as the market studied) was valued at USD 2,873.96 million in 2021, and it is expected to reach USD 4,695.46 million by 2027, registering a CAGR of 8.53% during the forecast period.

The COVID-19 pandemic has caused considerable economic damage. The nationwide lockdown globally has halted construction and impacted the labor-intensive sector. This is due to the migrant workers being stranded at construction sites, and the halted construction activities are hampering the growth prospects across the world.

The increase in demand for prefabricated housing in the region, including manufactured housing, modular housing, precut housing, and panelized housing, is driven by continued gains in housing demand across the country.

The growth in the prefabricated buildings market is majorly due to the increasing construction activities across the country and the lack of affordable houses for expatriates working for the ongoing development projects in Saudi Arabia.

The growth of modular construction is high in remote and rural areas, which is expected to impact the overall market growth during the forecast period significantly.

The residential construction industry in Saudi Arabia is facing a shortage of affordable housing as a result of a growing population and an influx of expatriates. This has encouraged the demand for prefabricated homes, as they are cost-effective and time-efficient. Furthermore, prefabricated buildings are more eco-friendly than conventionally constructed buildings, as they do not generate any on-site waste. This is projected to positively influence the market demand in the upcoming years. Moreover, energy efficiency, design flexibility, and faster completion are some of the other advantages of prefabricated buildings, which are

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anticipated to drive market growth.

Backed by the Ministry of Housing, the modular construction undertaking is used to help Saudi Arabia's homeownership strategy, which predicts 70% of residents owning homes by 2030. Moreover, Saudi Arabia's recent budget shows that the government is focusing on infrastructural reforms as per the 2030 vision.

In Saudi Arabia, the housing shortfall is growing rapidly. To address this deficit, the government established a Real Estate Development Fund, which developed various financing schemes to increase homeownership rates. It also consolidated government land under the Ministry of Housing to accelerate the delivery of the 500,000 units announced through a royal decree. The Ministry of Housing recently started a PPP program to complement other housing delivery initiatives.

The growth of modular construction is high in remote and rural areas, which is expected to have a significant impact on the overall market growth during the forecast period.

Saudi Arabia Prefabricated Buildings Market Trends

Metal Holds the Major Share in Prefab Buildings Industry

Metal is one of the most widely used construction materials across the world in both traditional and modern construction processes.

Prefabricated metal structures are widely used in the construction of commercial buildings, skyscrapers, warehouses, and infrastructure developments.

Companies, such as Zamil Steel, have been playing a major role in the prefabricated metal buildings industry in Saudi Arabia over the past few years.

Metal has been used as an alternative to concrete and other construction materials in the modern construction process, owing to its high durability and reliability in several ways. Additionally, metal prefabricated buildings are estimated to save construction costs up to ~60% in the Middle East, as compared to traditional construction.

Structural steel is a highly important material utilized for framing structures in the building and construction industry. Prefabrication of steel bridges forms an important part of transportation infrastructure projects.

Prefabricated or pre-engineered steel buildings provide many advantages over other building materials, such as customization, speed of construction, decreased maintenance, and insurance costs. The components are created from steel at a manufacturing plant and delivered to the job site. Warehouses, retail spaces, event centers, and homes are ideal steel projects for prefabrication.

In the country, Neom (the Kingdom's flagship project), the Red Sea Project, and Qiddiya (the capital of entertainment) are some of the key mega projects shaping the infrastructure and construction roadmap.

A rebound in project activity in Saudi Arabia, following a relative lull due to the spread of COVID-19, boosted steel prices by over 6% in January 2022. From around SAR 3,558 (USD 948.8) in December 2021, the price of one ton of steel grew to nearly SAR 3,790 (USD 1,010.6) in January 2022. The increase in steel prices was due to an upturn in project activity, higher domestic demand, and an increase in steel exports. Moreover, there also has been a steady increase in the construction of private houses following the introduction of new mortgage facilities.

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Governments' Investments and Plans in Residential Housing to Boost the Prefab Industry

Factors such as are growing construction activities, demand for affordable housing, social change, and a need to support the population with access to more plentiful and better-quality accommodation are expected to drive the growth of the market in Saudi Arabia during the forecast period. Additionally, the rising trend of providing housing facilities to migrant blue-collar laborers working on ongoing construction and industrial projects is also expected to boost the demand for modular construction during the forecast period.

The unavailability of affordable housing, owing to population growth, along with an influx of expatriates, has encouraged the demand for prefabricated homes in Saudi Arabia. Rapid urbanization and upcoming infrastructural projects are projected to further provide a thrust to the market for prefabricated structures in Saudi Arabia during the forecast period.

According to the Saudi Arabian housing ministry, an estimated 1.5 million houses must be built by 2030 to address the housing shortage in the country. The government is taking significant steps in addressing the shortage of affordable housing revenues from the While Land Tax, which is expected to contribute toward the funding of affordable housing projects.

Similarly, the Ministry of Housing's 'ESKAN' project aims to add 500,000 units to the total stock of the country's affordable housing. King Salman urged the Housing Ministry to build suitable and affordable housing for citizens, as it is a government priority. The government issued legislation and has set aside a huge allocation in the budget for housing. Several important housing schemes are planned by the Ministry of Housing during the forecast period to build and support affordable housing, namely ETNAM and WAFI.

Population growth, urbanization, and tourism are expected to drive growth in the building sector, especially in the residential and leisure markets.

Saudi Arabia Prefabricated Buildings Market Competitor Analysis

The Saudi Arabian prefabricated building industry is moderately consolidated, with the major players having a significant share influencing the market.

Some of the major players in the Saudi Arabian market for prefabricated buildings are Red Sea Housing, Zamil industries, United Company for Caravans and Prefab Houses, Al-Shahin Metal Industries, and Kirby Building Systems, who are involved in both manufacturing and contracting activities of the prefabricated building market industry.

Apart from the top players, some major domestic companies provide prefabricated building systems in major cities across the country, such as Zamil Industrial investment Co., Unifab United Company for caravans and prefab houses, and Al-Shahin Metal Industries. There is intense competition in the market due to various American and Chinese building systems, which offer fast construction of prefabricated buildings at a lower cost than traditional building systems.

Additional Benefits:

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

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