

Saudi Arabia Facility Management Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Saudi Arabian facility management market was valued at USD 7045.5 million in 2021, and it is expected to reach USD 12,393.9 million by 2027, registering a CAGR of 10.15% during the forecast period 2022-2027.

Key Highlights

The facility management market's scope consists of a vast range of services and solutions that impact businesses' efficiency. The facility management services across Riyadh, Jeddah, Makkah, and Dammam Metropolitan Area (DMA), have become a mature and growing market. With the rising infrastructure development projects across Saudi Arabia contributing to its economic growth, facility management services are also expected to grow to a considerable extent.

Saudi Arabia's residential real estate market is primarily concentrated across major cities such as Riyadh, Jeddah, Makkah, and Dammam Metropolitan Area (DMA). It is projected to grow further in the coming years, owing to the rising demand for housing units. Support is expected to primarily come from growth in the young population, rising income levels, and the introduction of a number of recent government reforms to ease access to mortgage finance. Similarly, the government is undertaking a variety of initiatives to increase the role of the private sector in meeting the demand for residential units. The Saudi residential market is projected to benefit in the longer term on account of the government's recent decision to exempt real estate deals from 15% VAT (Value Added Tax), continued efforts to expand the mortgage market, and implementation of large-scale housing programs. For instance, the Sakani scheme was initiated to tackle the affordability challenge and drive significant construction activity in the market. The Kingdom of Saudi Arabia's Ministry of Housing planned that more than 32,285 families would benefit from the options provided by its 'Sakani' scheme in January 2020. The scheme was an effort taken by the government to expand the mortgage sector to ease the pressure on this area. Through these government initiatives, the rising affordability is anticipated to boost the construction sector, creating opportunities for the country's FM market.

The lack of awareness about facilities management's importance poses a significant challenge in the market studied. Enterprises

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in the country are trying to focus on their core businesses, but they are reluctant to outsource FM activities as a part of the vision to focus on the core.

COVID-19 created both opportunities and disruptions in the FM industry. While payment delays and working capital issues afflicted the industry, it also witnessed a significant increase in cleaning and sanitization services demand. Cleaning, sanitization, and disinfection services witnessed the highest demand during the Covid-19 crisis. Heating, ventilation, audit, air conditioning, HVAC, and maintenance benefits also have the highest order.

Saudi Arabia developed public and private organizations to deal with the epidemic in response to COVID-19. Saudi authorities built a governance framework comprising competent committees to monitor national and worldwide updates, track contacts regularly, screen the population, raise awareness, and take appropriate measures to prevent the disease from spreading.

Saudi Arabia Facility Management Market Trends

Construction Boom Due To Growing Presence of Multinational Conglomerates

The Saudi Arabian construction industry benefits from private and public sector players' increased focus on reforms, and it supports the country's Vision 2030. Under this long-term vision, the government planned several economic, educational, and related reforms intending to innovate and diversify Saudi Arabia's landscape.

With continuing investment and technological enhancements, Saudi Arabia is investing in diverse projects. Saudi plans to invest approximately USD 1 trillion in its non-hydrocarbon sector by 2035. Some of the key projects include Qiddiya Entertainment City, King Abdullah Financial District, Neom, the Red Sea Project, and Amaala, to name a few.

Multinational players are also expanding their footprint in the country, further boosting its construction sector up to a certain extent. For instance, the United States construction company Bechtel announced that it had established Riyadh as its regional headquarters to cover the six nations of the Gulf Cooperation Council, namely Saudi Arabia, Oman, the United Arab Emirates, Qatar, Bahrain, and Kuwait.

Moreover, in 2021, Larsen & Toubro (L&T) announced that the renewable arm of its power transmission and distribution company received permission to start the construction of the 300 MW Jeddah Solar PV power plant in Saudi Arabia.

The increasing business opportunities in the country have also created possibilities for developing transportation projects. For example, the Riyadh Metro, a rapid transit system under construction in Riyadh, is a part of the Riyadh Public Transport Project, one of the major public transport projects.

Growing Demand For Soft FM Services

Soft services under facilities management include cleaning and sanitization services, security management, catering, and landscaping services. The FM players in the market are looking to automate tasks to increase productivity as soft services provide a mix of different elements, such as people, materials, tools and equipment, and technology.

The increasing demand from commercial entities in the country is further boosting the growth of the soft services segment. For instance, in August 2020, Musanadah Facilities Management Company signed a 5-year integrated facility management contract with Zain Telecom to provide its vast range of soft and other facility services. The FM player will offer combined services, ranging from janitorial, cleaning, and hospitality services, in addition to asset lifecycle management and sales center relocations.

At the time of the COVID-19 pandemic, the market observed a rising demand for soft services like cleaning and disinfection services. Municipalities in the country have stepped up the sterilization of public sites, markets, streets, and environmental sanitation campaigns to prevent the spread of COVID-19.

Players are also optimizing their operations with the help of cutting-edge technology solutions. For instance, in August 2020, Saudi

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Marafiq, a provider of soft services, catering, hospitality, and other FM services, signed a collaboration with FSI Middle East. As per the strategic partnership, FSI Middle East will provide Saudi Marafiq with a CAFM system that will be fully integrated into its internal processes. The work scope consists of adopting and integrating a computer-aided FM system within any projects or clients while providing detailed SLA/KPIs to assure consistency throughout each deal's life cycle.

During the pandemic, few international cleaning service providers have suspended their services, posing a significant challenge to the studied trend. For instance, in March 2020, Dubai-based cleaning services marketplace Matic, which offers different cleaning services to enterprises, temporarily suspended its operations across Saudi Arabia, Lebanon, Bahrain, Qatar, and the United Arab Emirates due to COVID-19.

Saudi Arabia Facility Management Market Competitor Analysis

The Saudi Arabian FM market comprises both local and international players possessing significant years of industry experience. The FM companies are incorporating technologies into their services, which are adding strength to their service portfolio. For instance, Enova has introduced digital tools for its 'Kinan' project, which has positioned it as a significant player in the technology landscape. Moreover, recently, a significant number of joint ventures/acquisitions were made in the wake of rising large-scale projects. Therefore, the intensity of competitive rivalry is high.

February 2022 - Khidmah, one of the leading facilities management and maintenance companies in the region, launched a new innovative digital platform Khidmah Home. Khidmah Home would be enabling residents and property owners to benefit from the company's professional maintenance services.

October 2021 - The UAE and Saudi Arabia (KSA) are adopting digital transformation strategies the fastest in the MENA region and will soon be home to green smart cities, according to ENGIE Solutions, an international leader in sustainable energy solutions.

Additional Benefits:

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

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