

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

Market Report | 2023-01-23 | 121 pages | Mordor Intelligence

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Report description:

The Chile facility management market is expected to grow at a CAGR above 4.26% during the forecast period. The government-led construction boom and surging emphasis on green building practices increase Chile's demand for facility management. More IT-based facility management companies are expected to grow in the future and enormous growth in the tourism and healthcare industries in the region.

Key Highlights

The demand for the country's commercial and industrial sectors, where market players met customers' needs for both hard services and soft services, as well as increased investor activity, cost control initiatives, increased demand from numerous end-user sectors, adoption of sustainable practices, and technological advancements are analyzed to contribute to the market growth.

Business services such as corporate offices of manufacturers, IT and communication companies, and other service providers are included in the commercial end-user sector. Commercial investments frequently offer better returns on investment and show bigger cash flow potential. Commercial buildings are a lucrative market with appealing investment opportunities, which may drive the expansion of the facility management market over the forecast period.

High-profile projects in North America and Europe frequently dominate smart city initiatives in Latin America. However, smart city efforts are now finding new momentum throughout Latin America as the world recovers from the pandemic, climate change, and public health ascends the legislative agenda.

Low awareness of the country's demand for integrated facility management has been observed. The presence of the local business environment is regarded as a significant challenge to lead them to a shift from managing facilities from an in-house model to depending on professional firms.

The COVID-19 pandemic has substantially altered the function of FMs, giving them greater responsibility. The past two years have

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brought attention to how crucial FMs are and the work they accomplish behind the scenes. Building occupants currently anticipate FMs to establish a secure working environment by effectively managing all hazards, taking proactive measures to address any maintenance issues, and maintaining building compliance.

Chile Facility Management Market Trends

In-House Facility Management Type to Hold Major Share

In-house facility management refers to services provided by a dedicated resource directly employed by the client organization. In this type of facility management, monitoring and control of the performance are usually conducted under the terms of a conventional employee/employer relationship.

In-house facility management majorly deals with recruiting specialized personnel to maintain and manage various functional attributes of a facility or area. These days most of the generic services are outsourced to third-party service providers. However, some services, such as security services or cybersecurity assistance, are still operated and monitored in-house to ensure the safety and integrity of the facilities.

Currently, a sizeable portion is still maintained in-house to maintain tight control over the quality of the services. Industry sectors, like retail and hospitality, have partially supported in-house personnel for un-specialized services. However, organizations and industrialists in developing nations still turn to contractors for specialist work, such as lift, HVAC, and specialized MEP work. With a growing need arising across these sectors, skill development in such activities has to be adhered to, leading to the development of unique delivery models. These models aim to gain certified expertise, leading to the movement from workforce outsourcing to contractual service delivery.

Factors such as increased economic activity, consumer spending, and tourism have increased the occupancy of large residential layouts/projects, hotels, and commercial spaces. This has, in turn, increased the need for better management of the facilities. Furthermore, the decline of Chilean tourism due to the pandemic can be revived if the hospitality sector adopts in-house facility management, which would provide instant facility service before other tourists check in at the hotel. Such steps are expected to positively impact the tourists and increase the inflow in the country. The hospitality sector can significantly contribute to the growth of the country.

In-house facility management services provide organizations to manage the team and regulate the smooth flow of the work. Instead, outsourcing decreases team control because it takes more time for the consultant to comprehend the problem, the company, and how the team operates. Such benefits would allow in-house facilities to grow during the forecast period.

Public/Infrastructure End-user Segment to Witness Significant Growth

The public/infrastructure end-user segment includes FM applications in federal, state, and local office buildings. It also covers justice departments, office buildings for administrative work, and other such projects. The infrastructure comprises facilities covering water and land transportation.

Various buildings use services such as fire alarms and safety, energy management solutions, CCTV monitoring services, and other integrated facility management services. Construction projects in multiple sectors are expected to develop rapidly, which is anticipated to create a considerable influx of investments toward infrastructure and public building structures, thereby driving the growth of the market studied.

The Chilean government is making significant strides to boost infrastructure development in various sectors to stimulate the economy and attract private investment, thereby positively impacting the market's growth. For instance, in March 2021, Chile's Public Works Ministry (MOP) announced the 2021-2025 five-year plan of concessions worth more than USD 15 billion for highways,

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orbital roads, hospitals, airports, cablecars and re-tenders for jails, public buildings, and the O'Higgins Park Covered Stadium. As of March 2022, Chile has 91.3% prison occupancy, with over 230,000 prisoners.

According to the Public Works Minister, roadwork projects alone are worth over USD 11 billion. New initiatives also include the call for bids for the Santiago South Orbital Highway, a road plan worth USD 210 million. In 2024, the Public Works Ministry plans to launch the Santiago Northwest Orbital Highway (USD 477 million) tender process.

Furthermore, in September 2022, the Chilean government launched a new plan called "Let's Invest in Chile" plan to stimulate investment in Chile. Under the new plan, the government is making significant strides to improve public investment. Moreover, under this plan, the Chilean government is also looking forward to attracting foreign investment and participation in this program, with the government working hard to encourage public-private partnerships.

Among other initiatives in the proposed plan, the government aims to promote investment through public-private work. Four public-private working groups will be convened in sectors such as construction, transport, energy, and mining to create a set of measures that would reduce the number of stalled construction projects and create more favorable conditions for forthcoming projects. Such developments would result in high investments in public sector infrastructure in the country, thus creating opportunities for facility management market vendors.

Chile Facility Management Market Competitor Analysis

The Chile Facility Management Market is competitive with the presence of diverse firms of different sizes. This market is anticipated to encounter several partnerships, mergers, and acquisitions as organizations continue to invest strategically in offsetting the present slowdowns they are experiencing. The clients in this region are employing FM services to increase the ease of their business operations. The market comprises key solutions and service providers, such as CBRE Group, JLL Limited, and ISS Chile.

October 2022 - The global ESG and Sustainability plan, Better Tomorrow 2025, managed by Sodexo, which is aligned with the 17 Sustainable Development Goals of the United Nations, offered integrated food services and facilities management solutions. This approach, which aims to benefit individuals, small communities, and the environment, includes the company's Chilean business. Sodexo has introduced its "Supply Chain Inclusion Program" in Chile. It creates inclusive business models by assisting small and medium-sized businesses before integrating their output into Sodexo's supply chains countrywide.

January 2022 - JLL Limited has announced the acquisition of Sacramento-based Hank. This AI-powered virtual engineering platform automatically optimizes commercial building management systems to offer more comfort, greater air quality, and energy savings.

January 2022 - Aramark announced that it entered into a strategic partnership with Patient Engagement Advisors (PEA), whose technology platform connects patients with transition specialists to help them navigate social determinants of health issues and solve patient needs that extend through post-discharge care.

Additional Benefits:

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

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