

Saudi Arabia Construction Equipment Market - Strategic Assessment & Forecast 2023-2029

Market Report | 2023-04-06 | 169 pages | Arizton Advisory & Intelligence

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Report description:

The Saudi Arabia construction equipment market is expected to grow at a CAGR of 5.47% during 2022 to 2029

KEY HIGHLIGHTS

- Earthmoving equipment accounted for the largest market share of 47.7% in Saudi Arabia construction equipment market in 2022. Excavators in the earthmoving segment accounted for the largest share; further, the rising investment in infrastructures, development of roadways, & other waste management projects in 2023 is expected to drive the demand for hydraulic excavators.
- The Saudi government is proactively investing in transforming the country into a global logistics hub. Saudi Arabia has made significant budgetary allocations to develop transportation infrastructure such as airports, railroads, highways, and ports. In July 2021, the Saudi Ports Authority invited private sector players to build 8 new terminals (terminals in Jeddah Islamic Port, King Abdulaziz Port in Dammam, Ras Al-Khair Port, Jizan Port, Yanbu Commercial Port, King Fahad Industrial.
- The region is witnessing a surge in investment in the gold mining industry, and the government aims to increase gold and phosphate production. Investment is directed toward the construction of new gold extraction mines. Hence, growth in the mining industry is expected to drive the sale of large excavators in the Saudi Arabia construction equipment market.
- Saudi Arabian government in waste management projects in 2023 is expected to drive demand for loaders, excavators, and dump trucks in the country. The government aims to eliminate 82% of waste generated by 2030. Therefore, government fund is also allocated for constructing new waste management facilities across the country in 2023.
- Investment in renewable energy projects across the country in 2023 is expected to drive demand for mini excavators, cranes, and aerial platforms in the Saudi Arabia construction equipment market.

SEGMENTATION ANALYSIS

Segmentation by Type

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- Earthmoving Equipment
 - o□Excavator
 - o□Backhoe Loaders
 - o□Motor Graders
 - o□Other Earthmoving Equipment (Other loaders, Bulldozers, Trenchers)
- Road Construction Equipment
 - o□Road Rollers
 - o□Asphalt Pavers
- Material Handling Equipment
 - o□Crane
 - o□Forklift & Telescopic Handlers
 - o□Aerial Platforms (Articulated Boom Lifts, Telescopic Boom lifts, Scissor lifts)
- Other Construction Equipment
 - o□Dumper
 - o□Tipper
 - o□Concrete Mixer
 - o□Concrete Pump Truck
- End Users
 - o□Construction
 - o□Mining
 - o□Manufacturing
 - o□Others

MARKET TRENDS & DRIVERS

Investment in Infrastructure Projects

Saudi's goal 'Vision 2030' plans to build over 555,000 residential units, over 275,000 hotels, 4.3 million square meters of retail space, and over 6.1 million square meters of office space by 2030. Saudi Arabia is building a new smart city, 'NEOM,' valuing USD 500 billion. The mega project will include several cities, resorts, and other projects. NEOM will build around an area of 25,600 sq. km. in north-western Saudi Arabia, and it will consist of ten projects built across four regions - the Line, Oxagon, Trojena, and Sindalah. The Line includes a 170-km linear city, which expects to encompass 9 million people. The city will also entail two parallel 500-meter-high skyscrapers. Similarly, another region, Oxagon, will consist of an octagon-shaped port city, which will be constructed on the Red Sea.

A Surge in Renewable Energy Projects

In line with its goal to achieve net zero emissions by 2060, the Saudi government launched several renewable energy projects nationwide under the National Renewable Energy Program (NREP). In 2023, the government announced ten renewable energy projects. The country aimed to enhance the power generated from solar and wind sources and reduce the dependency on fossil fuel & oil for electricity generation. These ten renewable energy projects' total power generation capacity will be 7 GW. In addition, the government launched three wind energy projects and two solar energy projects with 3,300 megawatts of energy capacity in 2022.

Extensive Application of Hydraulic Crawler Excavators in Saudi Arabia

In December 2022, Kanoo Machinery received an order of 10 XCMG XE490D excavators in Saudi Arabia. These hydraulic

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excavators will be delivered in the Tabuk region, which will help the country in its NEOM project. In May 2022, Hyundai Doosan Infracore earned orders for 75 mid to large excavators from Saudi Arabia. These machines would be used at the construction site of Neom City in Saudi Arabia. Further, the government is taking measures to reduce the waste dumped in landfills and seas. It has initiated several waste management projects to reduce solid waste generation and promote recycling.

Shift Toward Green Hydrogen Fuel-Based Equipment

The government has taken several initiatives to develop green hydrogen fuel. For instance, in 2021, new projects in the energy sector included renewables and hydrogen fuel (USD 5 billion Helios Green Fuels hydrogen project). The country is also building one of the world's major green hydrogen projects, a joint venture among NEOM, Air Products, and ACWA Power. The project will combine 4 GW of solar and wind energy to generate 650 tons of hydrogen daily. The project is scheduled to be operational in 2025.

INDUSTRY RESTRAINTS

Labor Shortage in the Construction Industry

The Saudi Arabia construction equipment market is presently facing a labor force shortage. To overcome this challenge local construction industry often relies heavily on foreign workers hired on contracts from other countries. It is a major challenge faced by the construction & mining industries in Saudi Arabia. As these industries are highly labor intensive, hiring skilled laborers is one of the contractors' biggest challenges.

Overdependency on the Hydrocarbon Industry

The economy of Saudi Arabia heavily depends on its hydrocarbon industry. Saudi Arabia earns 80% of its export income from oil, making around 40% of Saudi gross domestic products in 2022. Despite government efforts to promote non-hydrocarbon sectors, the country's economy highly relies on the oil & gas industries. The economic growth of Saudi Arabia depends on the performance of the oil & gas industry, which is entirely influenced by oil prices in the global market. For instance, in 2020, a decline in oil prices in the global market adversely affected the country's oil & gas industry export. There was a 4% decline in natural gas demand in the Saudi market in 2020.

VENDOR LANDSCAPE

- Prominent vendors in the Saudi Arabia construction equipment market are Caterpillar, Volvo Construction Equipment, Liebherr, Komatsu, Hitachi Construction Machinery, Kobelco, CNH Industrials, JCB, XCMG, and SANY.
- Other prominent vendors are Hyundai Doosan Infracore, Yanmar, Manitou, Kubota, & Zoomlion.

Key Vendors

- Caterpillar
- Komatsu
- Xuzhou Construction Machinery Group Co. Ltd. (XCMG)
- Liebherr
- Volvo Construction Equipment
- Hitachi Construction Machinery
- JCB
- SANY

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- []CNH Industrial
- []Kobelco

Other Prominent Vendors

- []Yanmar
- []Manitou
- []Kubota
- []Zoomlion Heavy Industry Science & Technology Co., Ltd.
- []Hyundai Doosan Infracore

Distributor Profiles

- []Kanoo Machinery
- []Al-Futtaim Auto & Machinery Company
- []Arabian Truck & Construction Equipment Co.
- []Arabian Auto Agency
- []Al-Qahtani Vehicle & Machinery Company

KEY QUESTIONS ANSWERED

- 1.[]How big is the Saudi Arabia construction equipment market?
- 2.[]What is the growth rate of the Saudi Arabia construction equipment market?
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