

## **GCC Construction Equipment Market - Strategic Assessment & Forecast 2023-2029**

Market Report | 2023-09-22 | 327 pages | Arizton Advisory & Intelligence

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### **Report description:**

The GCC construction equipment market is expected to grow at a CAGR of 5.42% from 2022 to 2029.

### **KEY HIGHLIGHTS**

- Earthmoving equipment accounted for the largest GCC construction equipment market share in 2022. Excavators in the earthmoving segment accounted for the largest share in 2022. Rising investment in housing, warehouse expansion, and public infrastructure projects is expected to drive the demand for excavators in the GCC construction equipment market.
- The Saudi Arabia Ministry of Transport planned road construction projects in 2022. In 2023, public infrastructure development is a major focus, and the government plans 1,000 infrastructure and road construction projects. The ministry allocated a USD 160 billion fund to transform the country and improve its transport infrastructure in 2022.
- The logistics sector witnessed a surge in investment in Saudi Arabia in 2023. For instance, Investcorp plans to invest USD 1 billion in the real estate market across Gulf Cooperation Council countries over the next five years, focusing on Saudi Arabia as the country's logistics industry has robust growth due to the expansion of warehouses.
- In May 2022, Oman's Public Establishment for Industrial Estates announced 30 consultancy works and infrastructure projects distributed over 11 industrial cities across the sultanate at a total cost of over USD 518 million. The company also attracted 130 industrial, commercial, and service projects in 2022.

### **SEGMENTATION ANALYSIS**

#### **Segmentation by Type**

- Earthmoving Equipment
  - o□Excavator
  - o□Backhoe Loaders
  - o□Wheeled Loaders

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- 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 Mixture

- o□Concrete Pump Truck

- End Users

- o□Construction

- o□Mining

- o□Manufacturing

- o□Others (Power Generation, Utilities Municipal Corporations, Oil and gas, Cargo Handling, Power Generation Plants, Waste Management)

#### Increased Investment in Public Infrastructure Projects

- According to the Bahrain government, the country has recently received many foreign investments in its construction and infrastructure sector. The country's 2021 Economic Recovery Plan stimulated the sector with 22 strategic infrastructure projects worth over USD 30 billion. Moreover, Bahrain announced investments in improving housing and public sector projects in its Kingdom's Vision 2030 economic development strategy.

- Under the "Oman's Vision 2040" program, the government focuses on diversifying the economy, which depends on the oil & gas sector. In 2021, the government announced 130 projects mainly enabling manufacturing, tourism, logistics, labor market, business environment, fisheries, energy, and mining sectors. The program will support the GCC construction equipment market growth during the forecast period.

- The Hamad International Airport (HIA) City Development will spread over 10 square kilometers in Qatar. It will be a township that will create a boundary between Doha City and the new Hamad International Airport. The master plan will include developing a series of 4 districts along HIA runways. The project has an estimated value of \$4.4 billion.

#### MARKET TRENDS & DRIVERS

##### GCC's Increased Investments in Public Infrastructure to Propel the GCC Construction Equipment Market

- GCC's construction sector is one of the fastest growing among other sectors (energy, manufacturing, logistics, and power generation), having a huge number of projects in the pipeline, including expansions to oil and gas sector production capacity, new residential and commercial real estate, upgrades to transport, power, and water systems and major industrial developments. The growing number is projected to impact the GCC construction equipment market positively.

- GCC's construction output is majorly dependent on Saudi Arabia and UAE owing to their fastest-growing economy and massive wealth. GCC recorded contracts worth USD 100 billion in 2021, and the pipeline projects were estimated at USD 2.6 trillion in June 2022.

- Saudi's goal 'Vision 2030' plans to build over 555,000 residential units, more than 275,000 hotels, 4.3 million square meters of retail space, and over 6.1 million square meters of office space by 2030.

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## A Surge in Renewable Energy Projects in the Region Will Propel the Demand for Material Handling Equipment

- The government of Abu Dhabi and Dubai has planned several renewable energy projects. An investment of USD 3.9 billion was made by the government in 2021 for the development of several projects in Dubai, such as 950 MW of hybrid projects, 700 MW of concentrated solar power projects, and 250 MW of photovoltaic projects.
- Qatar's Energy Sustainability Strategy 2021 had been set to achieve various targets such as a methane intensity of 0.2% by 2025, carbon reduction intensity of 15% from upstream and 25% from the Liquefied Natural Gas (LNG) facilities by 2030, and add 2-4 GW of renewable energy by 2030.
- The Kuwaiti government planned to build a 5GW solar power complex in the north. In addition, 280 GW of solar capacity will be installed at Shagaya by 2030 with an investment of USD 20 million.

## The Robust Growth in the Development of Ports to Boost the Sales of Overhead Cranes in the Region

- In July 2021, the Saudi Ports Authority invited the private sector 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 Port in Jubail, King Fahad Industrial Port in Yanbu, and Jubail Commercial Port).
- In Oct 2022, Kuwait's transport & logistics minister, Saleh Al-Jasser, launched an innovative economic zone for the logistics sector in Riyadh. The logistics zone will span 3 million square meters and be strategically located to serve Africa, Asia & Europe.
- Kuwait's Port Authority (KPA), in March 2023, launched the first phase of the Shuwaikh Port Redevelopment Project at USD 160 million. The project scope includes redevelopment and rehabilitation of the docks of the 1.3 km long Shuwaikh port and maintenance work for the western dock of the port and the suspended part of dock 8.

## INDUSTRY RESTRAINTS

### GCC's Over-Dependency on the Hydrocarbon Industry Can Impact Region's Growth Negatively

Oil prices are volatile and can be adversely impacted by several external factors, such as fluctuations in supply and demand, political conflicts & tension among countries, and increasing global environmental concerns. Hence, overdependence on the oil and gas market will likely hamper economic independence in the long run. According to Oman government projections, energy prices are expected to remain high over half of 2023 and then gradually fall in the coming few years. Falling oil prices may drive Oman to curtail or postpone government investment, restricting the construction industry's expansion and resulting in lower demand for construction equipment.

### Increasing Building Material Prices to Restrict the Sales of Construction Equipment in the Region

The copper prices in the UAE have risen tremendously post the Russia-Ukraine conflict, and the robust demand is expected to keep the prices high over the next few years. Additionally, the cost of steel also showed an upward trend during 2022, and the major steel producers in the country are pushing the prices due to planned infrastructure development projects. According to Dubai Statistics, in Q1 2022, in Dubai, the Construction Cost Index 2022 went up by 2.77%, with the materials cost rising by 4.81% compared to 2021. Moreover, the tender price inflation increased by 3.5% in 2022 compared to 2021.

## VENDOR LANDSCAPE

- Caterpillar, Volvo CE, Komatsu, Liebherr, Hitachi Construction Equipment, and XCMG are front runners in the GCC construction equipment market. These companies have a strong market share and offer diverse sets of equipment.
- In 2019, XCMG hosted a new product release ceremony in Muscat, Oman, to introduce the new Middle East series, including

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cranes, truck cranes, crawler cranes, tower cranes, and aerial work platforms.

#### Prominent Vendors

- [ ]Caterpillar
- [ ]Komatsu
- [ ]Liebherr
- [ ]Xuzhou Construction Machinery Group Co. Ltd. (XCMG)
- [ ]Volvo Construction Equipment
- [ ]Hitachi Construction Machinery
- [ ]Zoomlion Heavy Industry Science & Technology Co. Ltd
- [ ]CB
- [ ]SANY

#### Other Prominent Vendors

- [ ]Hyundai Construction Equipment
- [ ]Kobelco
- [ ]Liu Gong
- [ ]Tadano
- [ ]CNH Industrial
- [ ]Terex Corporation
- [ ]SDLG
- [ ]MERLO Group
- [ ]Hyundai Doosan Infracore
- [ ]Yanmar
- [ ]Manitou
- [ ]Fushun Yongmao Construction Machinery Co., Ltd.
- [ ]Kubota
- [ ]ElectroMech

#### Distributor Profiles

- [ ]KANOO MACHINERY
- [ ]Al-Futtaim Auto & Machinery Company
- [ ]Arabian Truck & Construction Equipment Co.
- [ ]Arabian Auto Agency
- [ ]Al-Qahtani Vehicle & Machinery Company
- [ ]Abdulla Saeedi General Trading LLC
- [ ]Anwar Al Quds Machinery
- [ ]AL Mahroos
- [ ]East & West Trading Est.
- [ ]AL Marwan
- [ ]Qatar Tractor & Equipment Co.
- [ ]Jaidah Heavy Equipment
- [ ]Qatar Building Co. Heavy Equipment
- [ ]Nasser Bin Khaled Heavy Equipment

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- Mannai Trading Co. WLL
- Arabian Agencies Company L.L.C
- International Heavy Equipment (IHE)
- HOE For Construction Equipment & Machinery Trading Co. LLC
- Mohamed Abdulrahman Al-Bahar
- International Integrated Equipment LLC
- General Engineering Services LLC
- Alghanim Equipment
- EMDAD
- Arab Group for Equipment & Construction (AGECO)
- EQUIP
- RIHAM
- Boodai Trading Co. Ltd. WLL

#### KEY QUESTIONS ANSWERED:

- 1.□How big is the GCC construction equipment market?
- 2.□What is the growth rate of the GCC construction equipment market?
- 3.□Who are the key players in the GCC construction equipment market?
- 4.□What are the trends in the GCC construction equipment industry?
- 5.□Which are the major distributor companies in the GCC construction equipment market?

#### Table of Contents:

- 1.□Research Methodology
- 2.□Research Objectives
- 3.□Research Process
- 4.□Introduction
  - 4.1.□Market Coverage
  - 4.2.□Report Scope
- 5.□Market at a Glance
  - 5.1.□Market Snapshot
- 6.□Executive Summary
- 7.□Market Landscape
  - 7.1.□PESTLE Analysis
  - 7.2.□Economic Scenario
  - 7.3.□Key Projects
  - 7.4.□Market Dynamics
  - 7.5.□Import & Export Analysis
  - 7.6.□Supply Chain Analysis
- 8.□Segmentation
  - 8.1.□By Equipment Type
    - 8.1.1.□Equipment Definition (Earthmoving)
      - 8.1.1.1.□Earthmoving Equipment (Volume & Value)
      - 8.1.1.2.□Excavators

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- 8.1.1.3. □ Backhoe Loaders
- 8.1.1.4. □ Wheeled Loaders
- 8.1.1.5. □ Other Earthmoving Equipment (Other Loaders, Bulldozers, Trenchers, etc.)
- 8.1.2. □ Equipment Definition (Road Construction)
  - 8.1.2.1. □ Road Construction (Volume & Value)
  - 8.1.2.2. □ Road Rollers
  - 8.1.2.3. □ Asphalt Pavers
- 8.1.3. □ Equipment Definition (Material Handling)
  - 8.1.3.1. □ Material Handling Equipment (Volume & Value)
  - 8.1.3.2. □ Cranes
  - 8.1.3.3. □ Forklifts & Telehandlers
  - 8.1.3.4. □ Aerial Platforms
- 8.1.4. □ Equipment Definition (Other Equipment)
  - 8.1.4.1. □ Other Equipment (Volume & Value)
  - 8.1.4.2. □ Dumpers
  - 8.1.4.3. □ Tippers
  - 8.1.4.4. □ Concrete Mixers
  - 8.1.4.5. □ Concrete Pump Trucks
- 8.2. □ By End-users
  - 8.2.1. □ End-user Definition
  - 8.2.2. □ Construction
  - 8.2.3. □ Manufacturing
  - 8.2.4. □ Mining
  - 8.2.5. □ Others (Waste Management, Agriculture, Oil & Gas Extraction, Utilities & Energy, Power Generation, Disaster Management and Water Management)
- 8.3. □ Construction Equipment Market by Country (Volume & Value)
  - 8.3.1. □ Saudi Arabia
  - 8.3.2. □ UAE
  - 8.3.3. □ Qatar
  - 8.3.4. □ Kuwait
  - 8.3.5. □ Oman
  - 8.3.6. □ Bahrain
- 9. □ Geographical Analysis
- 10. □ Technological Development
- 11. □ Competitive Landscape
  - 11.1. □ Competitive Landscape Overview
  - 11.2. □ Vendors (Caterpillar | Liebherr | Volvo CE | Hitachi Construction Machinery | XCMG | Zoomlion | Komatsu | Kobelco | HD Hyundai Construction Equipment | JCB | SANY | CNH Industrial | Liugong | Terex | Merlo SPA | Tadano | SDLG | Yongmao | Hyundai Doosan Infracore | Kubota | ElectroMech | Manitou | Yanmar)
  - 11.3. □ Other Prominent Vendors
  - 11.4. □ Distributor Company Profiles
- 12. □ Report Summary
  - 12.1. □ Key Insights
  - 12.2. □ Abbreviation
  - 12.3. □ Exhibits

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- 12.4. Related Report
- 12.5. Database
- 12.6. Global Reach
- 12.7. Offerings

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