

Facility Management - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Facility Management Market size is estimated at USD 1.33 trillion in 2024, and is expected to reach USD 1.66 trillion by 2029, growing at a CAGR of 4.66% during the forecast period (2024-2029).

Key Highlights

- Facility management consists of multiple factors that influence the productivity and efficiency of organizations. The new management system standard, conforming with the best industry practices, constitutes a benchmark for developing and driving effective strategic, tactical, and operational FM principles across the globe.
- Services in the FM industry have been commoditized to a huge extent. Also, end-user industries are very price-sensitive, and contracts are thus aimed at shorter terms. Commercial real estate over-supply has been creating pressure on rent yields, thus leading the customers to cut costs on FM services.
- However, a late involvement of FM providers in the construction cycle, that is, post-construction led maintenance, was observed to reduce. FM players offering asset management have been involved in the early stages of infrastructure development and provide FM consultancy for preventive maintenance, longer asset life, and longer-term contracts. Enova seeks a digital omnipresence and customer service prominence for growth and modernization to support smart FM in the Middle East.
- With the increasing investments in healthcare infrastructure and the construction of healthcare facilities, the demand for FM services is rising. In recent times, infrastructure has become a crucial element in providing healthcare to the public. Hence, there has been an increased investment in the development of healthcare infrastructure across the world. Healthcare organizations are significantly investing in facilities to deliver advanced healthcare services.
- However, due to increased instances of data breaches and security threats requiring adequate skills is challenging. According to a Honeywell survey, 27% of building facilities managers surveyed had suffered a cyberattack on their OT systems in the past year, and 66% of respondents say maintaining Operation technology (OT) cybersecurity is one of their most challenging duties.

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-The outbreak of COVID-19 has had a mixed business impact on facilities management firms. The restrictions on the movement of people resulted in a decline in project work and a decreased level of activity across many customer sites. Significant players in the market studied, such as Mitie, CBRE Group, and others, were adversely affected due to the pandemic lockdown.

Facility Management Market Trends

Increasing Focus on Core Competencies to Drive the Market Growth

- The significance of focusing resources, time, and expertise on core competencies is becoming increasingly evident to organizations. Core competencies are specific abilities that offer businesses a competitive edge in their specialized industries. Organizations may concentrate on their core business operations by contracting with outside service providers for facility management functions, including product development, sales, marketing, and innovation. This strategic focus allows organizations to allocate their resources effectively and achieve higher levels of efficiency and productivity.
- In addition, facility management providers are expanding their service offerings beyond traditional tasks to provide value-added services that directly support the organization's core competencies. This may include strategic facility planning, space optimization, workplace design consulting, sustainability initiatives, and energy management programs. Companies are expected to support the organization's overall business goals, providing significant cost savings, and improve the user experience by providing these value-added services.
- Further, facility management providers are recognizing the importance of employee experience and its impact on productivity, engagement, and talent retention. As organizations focus on their core competencies, facility management providers would adapt their services to create environments promoting employee well-being, collaboration, and innovation. This may involve implementing ergonomic design principles, integrating technology for seamless workplace experiences, providing amenities and wellness programs, and ensuring a safe and comfortable work environment.
- According to a Cleaning & Maintenance Management (CMM) survey, in 2022, around 24 percent of facility management personnel in the United States replied to the question by claiming that they manage college or university buildings. While industrial environments, such as manufacturing and warehousing, were recorded to be the least managed facilities. The survey findings indicate that many facility management personnel in the United States are involved in managing college or university buildings. Such institutions are expected to benefit from specialized skills, affordable solutions and current standards in the industry by collaborating with facility management providers to ensure optimal facility operations and foster an environment that is favorable to study and research.
- Additionally, facility management service providers are adapting their products to reflect these changes as firms work to streamline their operations, integrate technology, supply value-added services, and build sustainable environments. Organizations are anticipated to get specialized knowledge, tailored solutions, and innovative techniques that support their overall success by concentrating on their core strengths and strategic alliances.

Middle East and Africa is Expected to Witness Significant Growth Rates

- Qatar and Saudi Arabia's facility management markets are witnessing significant growth, and companies need to innovate their offerings to keep growing and remain profitable. However, residential, commercial, industrial, and public infrastructure sectors are the primary sectors likely to drive the studied market.
- Moreover, according to the Ministry of Finance of Qatar, infrastructure projects are given QAR 74 billion (USD 20.33 billion), or around 36.0% of the state's interest. This amount is awarded to complete key development projects on schedule, particularly those associated with hosting the FIFA World Cup in Qatar in 2022. In addition, the ministry highlighted a specific focus on two

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emerging fields, education, and healthcare, which are anticipated to witness the growth of educational projects and initiatives as well as healthcare projects and programs. The health sector has received nearly QAR 20 billion (USD 5.49 billion) in funding, while education has received close to QAR 17.8 billion (USD 4.89 billion).

- Moreover, with the increasing number of building permits expected to be completed by 2022, the regional FM vendors' scope is expected to be high. Factors such as increased economic activity, consumer spending, and tourism activities 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.

- In recent years, healthcare facilities have increased in the country at a significant pace, creating substantial opportunities for facility management companies. Furthermore, several government-driven initiatives are changing the dynamics of the FM market, reshaping the healthcare landscape in Saudi Arabia, and creating a more robust institutional setup and effective regulatory frameworks to promote private sector investment in healthcare.

- Additionally, with increasing cases of COVID-19, the need for facility management to disinfect the surfaces and spaces increased. Many players in the Saudi Arabian market have adopted such technologies and services to combat the situation.

- Furthermore, South Africa is also one of the more developed markets in Africa because of its more favorable market environment and the presence of significant FM service providers. By actively participating in the local South African Facilities Management Association (SAFMA), industry members advocate for formal training and skill development, improve quality-of-service delivery, and promote FM outsourcing among local end customers.

Facility Management Industry Overview

The Facility Management Market is highly fragmented, with local and international players having decades of industry experience. The FM vendors are incorporating a powerful competitive strategy by leveraging their expertise. Also, they are spending a large chunk of the amount on advertising. The FM companies are incorporating technologies into their services, strengthening their service portfolio. A few prominent companies operating in the market include Cushman & Wakefield PLC, Jones Lang LaSalle Inc., Emeric Facility Services, SMI Facility Services, etc.

In May 2023, Planon and SAP established a strategic alliance to provide businesses with an integrated real estate and facilities management solution. Consequently, corporate entities and commercial real estate firms will gain from enhanced and more sustainable building performance as well as optimized portfolio management. The partnership provides enhanced integration of procedures and technology by combining Planon's substantial real estate and smart building management solution with SAP's superior ERP capabilities.

In April 2023, the BT Group expanded its arrangement with CBRE to include facilities and project management services for its UK portfolio, which includes more than 7,500 premises to assist more than 80,000 BT Group and Openreach employees. The contract extension extends the current cooperation until 2026 to provide an additional level of synergy and service delivery.

Additional Benefits:

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

Table of Contents:

1 INTRODUCTION

1.1 Study Assumptions and Market Definition

1.2 Scope of the Study

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2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

4.1 Market Overview

4.2 Industry Attractiveness-Porter's Five Forces Analysis

4.2.1 Bargaining Power of Suppliers

4.2.2 Bargaining Power of Buyers

4.2.3 Threat of New Entrants

4.2.4 Threat of Substitutes

4.2.5 Intensity of Competitive Rivalry

4.3 Assessment of Impact of COVID-19 on the Facility Management Industry

5 MARKET DYNAMICS

5.1 Market Drivers

5.1.1 Increasing Investments in Healthcare Infrastructure and the Construction of Healthcare Facilities

5.1.2 Requirement of Building Information Modeling (BIM) in Commercial Buildings Addresses the Growth

5.1.3 Increasing Focus on Core Competencies

5.2 Market Restraints

5.2.1 Increased instances of Data Breaches and Security Threats

5.2.2 Inadequate Standardization and Managerial Awareness

6 MARKET SEGMENTATION

6.1 By Type of Facility Management Type

6.1.1 In-house Facility Management

6.1.2 Outsourced Facility Management

6.1.2.1 Single FM

6.1.2.2 Bundled FM

6.1.2.3 Integrated FM

6.2 By Offerings

6.2.1 Hard FM

6.2.2 Soft FM

6.3 By End-Users

6.3.1 Commercial

6.3.2 Institutional

6.3.3 Public/Infrastructure

6.3.4 Industrial

6.3.5 Other End-Users

6.4 By Geography

6.4.1 North America

6.4.1.1 United States

6.4.1.2 Canada

6.4.2 Europe

6.4.2.1 United Kingdom

6.4.2.2 Germany

6.4.2.3 France

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- 6.4.2.4 Rest of Europe
- 6.4.3 Asia Pacific
 - 6.4.3.1 China
 - 6.4.3.2 Japan
 - 6.4.3.3 India
 - 6.4.3.4 South Korea
 - 6.4.3.5 Rest of Asia Pacific
- 6.4.4 Latin America
 - 6.4.4.1 Brazil
 - 6.4.4.2 Mexico
 - 6.4.4.3 Rest of Latin America
- 6.4.5 Middle East and Africa
 - 6.4.5.1 Qatar
 - 6.4.5.2 Saudi Arabia
 - 6.4.5.3 United Arab Emirates
 - 6.4.5.4 South Africa
 - 6.4.5.5 Egypt
 - 6.4.5.6 Rest of Middle East and Africa

7 COMPETITIVE LANDSCAPE

- 7.1 Company Profiles
 - 7.1.1 CBRE Group, Inc.
 - 7.1.2 Jones Lang LaSalle Incorporated
 - 7.1.3 Cushman & Wakefield PLC
 - 7.1.4 Emeric Facility Services
 - 7.1.5 SMI Facility Services
 - 7.1.6 Sodexo, Inc.
 - 7.1.7 AHI Facility Services, Inc.
 - 7.1.8 ISS Facility Services, Inc.
 - 7.1.9 Shine Management & Facility Services
 - 7.1.10 Guardian Service Industries, Inc.

8 INVESTMENT ANALYSIS

9 FUTURE TRENDS

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