

Kuwait Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

The Kuwait Construction Market size is estimated at USD 13.94 billion in 2024, and is expected to reach USD 18.59 billion by 2029, growing at a CAGR of 5.93% during the forecast period (2024-2029).

The major factor driving the Kuwait construction market was Kuwait's tax reforms encouraging foreign investors to invest in the country. They are giving benefits like income tax holidays and customs-free equipment importation. The country is hoping to attract more foreign investment.

Key Highlights

- The country is trying to diversify its oil-rich economy. The government is focusing on increasing oil production to generate greater revenue, and improving government finances will enable the government to increase public spending on infrastructure.
- Industry growth is supported by government programs that encourage the development of transportation and renewable energy infrastructure. Kuwait's priority to accelerate economic reforms and diversify its economy away from hydrocarbon dependence will also support the construction industry.
- With 5% of partnerships with the private sector in 2022, Kuwait has authorized more than USD 60 billion for infrastructure, health, environment, and energy projects. The projects include four partnership projects valued at nearly USD 3.2 billion and 14 significant public projects with a combined value of almost USD 59 billion.
- According to a government report cited by the Arabic language daily Alqabas, 12 big housing projects totaling nearly 10.2 billion (USD 33.66 billion) will receive the majority of the allocations. A total of 10 oil projects worth 5.8 billion dinars (USD 19 billion) and a handful of development projects worth 7 billion dinars (USD 23 billion) are also included in the plan.
- Additionally, to meet the demand of a rising population, the government is investing in substantial infrastructure projects related to electricity and water. The government is developing most of the projects through Public Private Participation (PPP) or

by inviting foreign companies to provide engineering, design, and construction capabilities.

Kuwait Construction Market Trends

Vision 2035 to drive the investments in the construction sector

The sustainable living environment axis in Kuwait Vision 2035 includes five pillars, the most prominent of which is to provide housing care to citizens through what is planned to ensure the provision of 65.5 thousand housing units through five projects costing about KWD 3.22 billion (USD 10.5 billion), the last of which ends in six years.

When these projects are implemented, the state will have met approximately 72% of the current housing requests, which is 91,000. The first project of the residential care plan revolves around the vision of Kuwait 2035 (New Kuwait) in the city of Jaber Al-Ahmad, which has a completion rate of 95% and will end at the end of 2022. The second project is in Al-Mutla'a, with a completion rate of 64%, to be completed by the end of the current year.

The third project is in the suburb of South Abdullah Al-Mubarak, which has a completion rate of 72% and will be completed by the end of 2025. The completion rate in the fourth project, the South Sabah Al-Ahmad, is about 14%, as it is still in the preparation stage and is expected to be completed in six years. This south of Saad Al-Abdullah has a completion rate of 13% as it is still in its preparatory phase and ends in six years.

Investments in Large-scale Projects to the boost the Construction Sector

Kuwait's infrastructure sector is a leading sector. The country's development plan (2020-2025) focuses on economic reform and implementation of numerous long-stalled megaprojects, with several large infrastructure projects estimated at USD 124 billion. It includes several infrastructure upgrades such as the USD 7 billion Kuwait City Metro, a rail project that will eventually link all GCC countries, a USD 4 billion new airport, five new planned cities, including Silk City/Northern Economic Zone, further development of the Mubarak Al-Kabeer Port on Boubyan Island, and a large number of mega oil projects, including a new refinery that is still under construction. The government is working on over USD 4 billion worth of hospital projects as part of its plan to boost the bed capacity of hospitals across the country.

Project implementation has seen frequent delays, especially with large infrastructure projects. The government acknowledged that only ten out of 135 projects included in the 2015-2020 five-year development plan were completed. With 81 projects delayed and four yet to be tendered, those projects were included in the five-year development plan (2020-2025).

Despite challenges like cost overruns and bureaucratic delays, the market is expected to increase, given the vital infrastructure, government, and policy support.

Kuwait Construction Industry Overview

The Kuwait construction market is highly competitive, with major international players. The market presents opportunities for growth during the forecast period, which is expected to drive market competition further. With a few players holding a significant share, the Kuwait construction market has an observable level of consolidation. Some major players include Hyundai Engineering and Construction, Marafie Group, Consolidated Contracting Company, SK Engineering & Construction, and M.A.Kharafi and Sons, amongst others.

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