

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

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### **Report description:**

The MEA Facility Management Market size is estimated at USD 53.73 billion in 2024, and is expected to reach USD 74.59 billion by 2029, growing at a CAGR of 6.78% during the forecast period (2024-2029).

Several private and public projects, including construction, infrastructural, energy projects, etc., are creating a huge demand for FM services.

#### Key Highlights

- Driven by the growing emphasis on cleaning, disinfection, and space management practices, and with several ongoing infrastructural projects, the facility management market is anticipated to grow steadily over the forecast period. The extreme climatic conditions have further necessitated hard and soft FM services in the region. The regional market is characterized by the integration of various technologies, like computer-aided facility management (CAFM) and building management systems (BMS), which are expected to take center stage alongside the penetration of Remote Monitoring, Internet of Things, Mobile Solutions, Robotics, Artificial Intelligence to ensure the viability of FM contracts, especially for outsourced FM Services. The COVID-19 pandemic has further accelerated the adoption of technology processes to continue with remote FM services in the region.
- Saudi Arabia, the United Arab Emirates, and Qatar can be identified as key areas of growth for the facility management market in the region, owing to their increasing demand for commercial real estate. The intensifying competition between Dubai and Saudi to host global companies has resulted in relaxing taxation and ensuring the provision of a supportive business ecosystem in the region. According to October 2021 reports, the Royal Commission of Riyadh City announced that the country plans to host 7,000 new businesses, making Saudi Arabia its regional headquarters. With the influx of businesses, the region is expected to see a boost in demand for FM services.
- Furthermore, the economic development of countries like Nigeria has positively influenced the studied market. Current market

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dynamics indicate the increasing demand for outsourcing FM services, moving away from in-house services. Favorable government support to induce large-scale infrastructural development through monetary aid and policy changes is predicted to steer the demand for FM services. However, the region's high unemployment rate is attributed to the lack of skills, which has posed a significant challenge for the growth of the facility management market.

-With the regional regulatory bodies outlining real estate owners and developers to optimize their real estate assets, the demand for FM services is rising. However, with a lack of skilled workforce and the cost of hiring rising, the market players are engaging in partnerships and acquisitions to pool talent and deliver long-term contractual obligations.

-The COVID-19 pandemic highlighted the need for cleaning and sanitation services as part of the hygiene protocol across healthcare institutes, which led to strong demand for soft facility management services. The demand side dynamics presented a new opportunity for leading several companies to redesign their policies and further tailor their service offerings to include hygiene maintenance and COVID-19 safety provisions.

## MEA Facility Management Market Trends

### Outsourced Facility Management is Driving the Market Growth

- The Middle East and African outsourced facility management sectors are still in the growth stage compared to more established and mature markets. The increasing emphasis on adopting green buildings across developing sectors, such as retail and real estate, is expected to stimulate the growth of outsourced facility management in the region. For instance, EchoStone announced has planned to build 182,000 affordable, certified green buildings in Lagos, Nigeria, by 2023.

- The growing application of facility management in commercial buildings, infrastructure, and industrial projects drives the market's growth for outsourced FM, including soft services. One of the major factors driving the facility management market is growing construction activity. For instance, Saudi Arabia is invested heavily in constructing ports, railways, roads, and airports. For large-scale projects, outsourced facility management services will bring new opportunities to the market.

- Outsourced Facility management services across the region are growing owing to several megaprojects currently being undertaken. KSA is working on most development projects in the country's commercial sector. With continuing investment and technological enhancements, Saudi Arabia invests in diverse projects. Saudi plans to invest approximately USD 1 trillion in its non-hydrocarbon sector by 2035. Some key projects include Qiddiya Entertainment City, King Abdullah Financial District, Neom, the Red Sea Project, and Amaala.

- Qatar National Vision (QNV) 2030 is a long-term economic development plan which has included the preparations for the 2022 FIFA World Cup. Qatar invests heavily in infrastructure programs focused on its non-oil and gas sectors. The Ministry of Transport and Communications (MoTC) functions as the main regulator of the transportation sector, overseeing the work of individual transport operators and project owners, and creates an opportunity for the vendors' out sourced FM services.

- Additionally, in collaboration with its government and private sector, Qatar is working on major rail and expressway projects, the recent opening of the new commercial seaport and significant capacity upgrades at Hamad International Airport (HIA), logistics flows, and multimodal transportation networks are being developed at a remarkable pace. To support these construction projects, facility management services need to be outsourced. This will drive new growth opportunities in the facility management market.

### Commercial Segment to Dominate The Market

- The Middle-East and Africa facility management services market is fragmented as significant local players enter the commercial sector. For instance, the market is dominated by local players such as EFS Facilities Services Group, Emrill Services LLC, Farnek Services LLC, Sodexo, Inc., etc. And the local players are offering competitive pricing in the market, which reduces the suppliers'

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bargaining power and thus gives the buyers an option to quickly switch their facility management vendors with minimal switching costs. Local players with fewer international relationships are leading to less adoption of technically advanced FMS services such as robotics used for cleaning practices which will be a major threat with a long-term effect.

- The inflow of investments from foreign companies in different sectors has positively attributed to the growing need for offices boosting the commercial real estate sector. Furthermore, the demand for the commercial real estate sector in the region translates to a higher requirement for facility management services for maintenance and cleaning, among others. As regional companies recover from the pandemic and instruct employees to return to the office, the vacancy rate is expected to decline in commercial spaces. With a special focus on cleaning services to disinfect office spaces and maintain hygiene protocols, the region's demand for soft FM services has witnessed a large spike.

- Moreover, the increase in office buildings also demands facilities management. For instance, Reem Mall in Abu Dhabi marks one of the megaprojects to boost the commercial retail sector by facilitating more than 450 stores for retail, a hypermarket, a multiplex cinema, and two food courts, supporting the commercial food outlets, too. Several such projects are under construction in the GCC and Northern African countries.

- Kuwait is a fast-emerging IT hub within the Middle East and Africa region. With the country's 2035 Vision, the nation is poised to become a financial and commercial center within the region. The rapid development of IT hubs in the country is directly influencing the demand for FM services in the country.

- Cairo continues to be the center of primary activity in terms of the development of the commercial real estate sector in Egypt. The lift of lockdown restrictions had added to the mobility of the people and organizations, allowing them to re-convene work from the office, which is also set to increase the occupancy rate in the country. Furthermore, the entry of several foreign organizations into the Greater Cairo region has boosted the office space demand. It is expected to hold a strong positive impact on the facility management services.

## MEA Facility Management Industry Overview

The Middle East and African 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. Additionally, they are spending a large chunk of the amount on advertising.

- June 2022 - EmrillServices announced the expansion of its in-house offerings by introducing rope access cleaning to its broad range of services. The company would add Industrial Rope Access Trade Association (IRATA)-certified rope access cleaning to its existing facade cleaning services, utilizing scaffolding and building maintenance units to access buildings' external windows and facades.

- February 2022 - A two-year Total Facilities Management (TFM) contract has been given to Farnek by PID Owners Association Management LLC (PIDOAM), a division of Dubai Investments PJSC. According to the agreement, Farnek would assign more than 100 workers to the Green Community and DIP communal spaces for the maintenance of the mechanical, electrical, and plumbing (MEP), cleaning, and security services.

### Additional Benefits:

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

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