

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

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Report description:

The Saudi Arabia Facility Management Market size is estimated at USD 28.87 billion in 2024, and is expected to reach USD 50.31 billion by 2029, growing at a CAGR of 11.75% during the forecast period (2024-2029).

Key Highlights

-The facility management market's scope consists of a vast range of services and solutions that impact businesses' efficiency. The facility management services across Riyadh, Jeddah, Makkah, and Dammam Metropolitan Area (DMA) have become a mature rising infrastructure development projects across Saudi Arabia contributing to its economic growth, facility management services are also expected to grow considerably.

Key Highlights

-Saudi Arabia's residential real estate market is primarily concentrated across major cities such as Riyadh, Makkah, Jeddah, and the Dammam Metropolitan Area (DMA). It is projected to grow further in the coming years, owing to the rising demand for housing units. Support is expected to primarily come from growth in the young population, rising income levels, and the introduction of several recent government reforms to ease access to mortgage finance. Similarly, the government is undertaking various initiatives to increase the role of the private sector in meeting the demand for residential units. The Saudi residential market is projected to benefit in the longer term on account of the government's recent decision to exempt real estate deals from 15% VAT (Value Added Tax), continued efforts to expand the mortgage market, and implementation of large-scale housing programs.

-For instance, the Sakani scheme was initiated to tackle the affordability challenge and drive significant construction activity in the market. The Kingdom of Saudi Arabia's Ministry of Housing planned that more than 32,285 families would benefit from the options provided by its 'Sakani' scheme in January 2020. The scheme was an effort the government made to expand the mortgage sector to ease the pressure on this area. Through these government initiatives, the rising affordability is anticipated to boost the

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construction sector, creating opportunities for the country's FM market.

- The need for more awareness of facilities management's importance poses a significant challenge in the market studied.

Enterprises in the country are trying to focus on their core businesses, but they are reluctant to outsource FM activities as a part of the vision to focus on the core.

- COVID-19 created both opportunities and disruptions in the FM industry. While payment delays and working capital issues afflicted the industry, it also witnessed a significant increase in cleaning and sanitization services demand. Cleaning, sanitization, and disinfection services were most demanded during the COVID-19 crisis. Heating, ventilation, audit, air conditioning, HVAC, and maintenance benefits also have the highest order.

- Saudi Arabia developed public and private organizations to deal with the pandemic in response to COVID-19. Saudi authorities built a governance framework comprising competent committees to monitor national and worldwide updates, track contacts regularly, screen the population, raise awareness, and take appropriate measures to prevent the disease from spreading.

Saudi Arabia Facility Management Market Trends

Infrastructure Development and Growing Real Estate Sector may Drive the Market Growth

- The Saudi Arabian construction industry benefits from private and public sector players' increased focus on reforms and supports the country's Vision 2030. Under this long-term vision, the government planned several economic, educational, and related reforms to innovate and diversify Saudi Arabia's landscape.

- With continued investment and technological enhancements, Saudi Arabia invests in diverse projects. Saudi Arabia plans to invest approximately USD 1 trillion in its non-hydrocarbon sector by 2035. Some of the key projects include Qiddiya Entertainment City, King Abdullah Financial District, Neom, the Red Sea Project, and Amaala, to name a few.

- Multinational players are also expanding their footprint in the country, further boosting its construction sector to a certain extent. For instance, the United States construction company Bechtel announced that it had established Riyadh as its regional headquarters to cover the six nations of the Gulf Cooperation Council, namely Saudi Arabia, the United Arab Emirates, Oman, Bahrain, Qatar, and Kuwait.

- Moreover, Larsen & Toubro (L&T) recently announced that the renewable arm of its power transmission and distribution company received permission to start the construction of the 300 MW Jeddah Solar PV power plant in Saudi Arabia.

- The increasing business opportunities in the country have also created possibilities for developing transportation projects. For example, the Riyadh Metro, a rapid transit system under construction in Riyadh, is a part of the Riyadh Public Transport Project, one of the major public transport projects.

- Further, according to the Central Department of Statistics and Information's Saudi Arabia database, Saudi Arabia's GDP from construction grew from SAR 30.170 billion (USD 8.04 billion) in the third quarter of 2022 to 30.735 billion SAR (USD 8.19 billion) in the fourth quarter. Moreover, according to a recent analysis by the Arab Monetary Fund (AMF), Saudi Arabia's construction sector made the most considerable contributions to the GDPs of Arab countries, amounting to USD 45.5 billion in 2021. Such significant contributions to the GDP might provide numerous growth opportunities in the country with an increased focus on capturing growth.

Increasing Outsourcing Trend and Supporting Government Initiatives may Drive the Market Growth

- Businesses in Saudi Arabia are increasingly outsourcing non-core functions to focus on their core competencies. Facility management services are among the most commonly outsourced activities. Outsourcing facility management allows organizations to benefit from specialized expertise, reduce costs, and improve service quality.

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- As businesses and organizations focus on their core competencies, they increasingly outsource non-core functions like facility management to specialized service providers. This trend is expected to continue in Saudi Arabia, driving the demand for professional facility management companies that can provide comprehensive and efficient services.
- Facility management service providers are often at the forefront of industry innovation, leveraging emerging technologies and practices to enhance service delivery and efficiency. By outsourcing, organizations can benefit from these innovations without investing in research, development, and implementation.
- Further, the Saudi government has been actively working to diversify its economy beyond oil and gas. Initiatives like Vision 2030 aim to develop the tourism, entertainment, manufacturing, and technology sectors. As these sectors grow, the need for professional facility management services increases to support the operation and maintenance of the associated facilities.
- Furthermore, according to the Ministry of Finance, the budget allocation for housing, infrastructure, and transportation sectors in FY 2023 was reported to be around SAR 34 billion (USD 9.06 billion). Moreover, in the sector allocation, the government accounts for supporting more than 120,000 families through the national housing scheme Sakani. Such considerable budget allocations from the government would create substantial opportunities for facility management vendors operating in the country.

Saudi Arabia Facility Management Industry Overview

The Saudi Arabia facility management market is fragmented due to local and international players possessing significant years of industry experience. The FM companies are incorporating technologies into their services, strengthening their portfolio. Therefore, the intensity of competitive rivalry is high.

In October 2022, the agreement between Edgenta Arabia Limited and Mohammed I. Alsubeaei & Sons Investment Company (MASIC) was finalized to acquire a 60% equity stake and provide capital for growth in MEEM for Facilities Management Company (MEEM). The 60% acquisition of MEEM enabled UEM Edgenta to strengthen its presence in the Kingdom of Saudi Arabia. Both organizations were expected to concentrate on projects involving smart integrated facilities management and healthcare in the KSA market. A few prominent players in the country include Initial Saudi Arabia Ltd., SETE Energy Saudia for Industrial Projects Ltd. (SETE Saudia), Emcor Saudi Company Limited, Almajal G4S (G4S Limited), Zamil O&M, etc.

In July 2022, SNC-Lavalin, a professional services and project management company, was awarded the facilities management (FM) services contract as a member of a consortium that also included Vision Invest, Al Omran Group, and SNC-Lavalin, and as part of the Wave 2 Schools Project of the Ministry of Education in Saudi Arabia. Wave 2 is a public-private partnership (PPP) program that aims to finance, design, construct, and manage 60 public schools in Medina, western Saudi Arabia, for 20 years.

In February 2022, Khidmah, a prominent management and maintenance company, launched a new digital platform, Khidmah Home. Khidmah Home would benefit residents and property owners from the company's professional maintenance services.

Additional Benefits:

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

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