

## **GCC Construction Equipment Market - Strategic Assessment & Forecast 2024-2029**

Market Report | 2024-08-22 | 337 pages | Arizton Advisory & Intelligence

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### **Report description:**

The GCC construction equipment market is expected to grow at a CAGR of 5.67% from 2023 to 2029.

#### **Increased Investment in Public Infrastructure Projects Across the GCC**

- In the 2023 budget, the Qatari government identified new projects valued at approximately USD 14.8 billion. In 2024, Qatar will spend significantly on infrastructure and building projects for the road network, stadiums, and facilities.

- Under the "Oman's Vision 2040" program, the government focuses on diversifying the economy, which depends on the oil & gas sector. In 2023, the government announced 130 projects mainly enabling manufacturing, tourism, logistics, labor market, business environment, fisheries, energy, and mining sectors.

- In 2023, Kuwait approved more than USD 60 billion worth of spending for infrastructure, health, environment, and energy projects, with 5% of partnerships with the private sector. The projects include 14 major public projects with an aggregated value of approximately USD 59 billion and four partnership projects worth around USD 3.2 billion.

- According to the Bahrain government, the country has recently received many foreign investments in construction and infrastructure. 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.

- The Qatar Public Authority (Ashghal) issued the design and build tender for Drainage Tunnel Works at the New District Doha project in the first quarter of 2023. The project aims to alleviate flooding and provide stormwater management infrastructure aligned with the 2030 Vision and Qatar Integrated Drainage Master Plan.

- The Kuwait government invested USD 6.8 billion in 2023 to develop the South Saad Al-Abdullah project. The project aims to develop an eco-friendly, smart city that meets international standards. It will be spread over 64.4 square kilometers and comprise more than 30,000 housing units to accommodate 400,000 people.

- Construction on one of the biggest rail projects in UAE is underway, the Etihad Rail, which is a 1,200 km railway infrastructure project. The railway line will run from the Saudi border across the UAE to Fujairah on the Indian Ocean coast. The estimated investment in the project is over USD 11 billion. Moreover, the rail network will connect the UAE with Saudi Arabia, Qatar, Kuwait,

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Bahrain, and Oman. The network will have a capacity to serve approximately 16 million passengers and 50 million tonnes of freight.

-□The Saudi Arabia Ministry of Transport planned road construction projects in 2023. Public infrastructure development will be a major focus in 2024. The government planned 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 2024.

## KEY HIGHLIGHTS

-□Earthmoving equipment accounted for the largest market share of the GCC construction equipment market in 2023. Excavators in the earthmoving segment accounted for the largest share in 2023. Rising investment in housing, port expansion, and public infrastructure projects is expected to drive the demand for excavators in the GCC construction equipment market.

-□Earthmoving equipment accounts for the largest market share in Saudi Arabia's construction equipment market. Excavators comprise nearly 60% of the market share in this segment. Due to its sandy terrain, crawler excavators are used mainly for construction projects in Saudi Arabia. Crawler excavators account for 90% of the total excavators sold in the country.

-□The 20-ton excavator is extremely popular in the Saudi Arabian market. It has a 50% industry share, followed by the 50-ton excavator, which has a 20% industry share.

-□In June 2024, XCMG expanded its operations in Saudi Arabia by opening a new service center in Dammam. This facility includes a transit warehouse, a component warehouse for key projects, and a training center. It joins existing Riyadh, Jeddah, and Tabuk service centers to boost regional service efficiency. XCMG is involved in major projects like the Red Sea, NEOM, and DGDA and aims to support Saudi Arabia's Vision 2030 and the Belt and Road Initiative.

-□In March 2024, Dubai's Roads and Transport Authority (RTA) awarded a USD 117.3 million contract to construct direct entry and exit points for Dubai Harbour. This includes building a two-lane bridge in each direction from Sheikh Zayed Road, spanning 1,500 meters and accommodating 6,000 vehicles per hour. The project aims to improve traffic flow and reduce travel times from 12 minutes to three minutes, supporting Dubai Harbour's accessibility and easing traffic congestion.

-□In Feb 2024, Terex Rough Terrain Cranes appointed Zahid Tractor & Heavy Machinery Co. Ltd as its authorized distributor in Saudi Arabia. Zahid Tractor will offer Terex's complete portfolio of rough terrain cranes and provide local parts, service, and technical support. This partnership aims to enhance customer care and support the development of Saudi Arabia's infrastructure.

-□As of 2023, Zoomlion is accelerating its growth in the GCC construction equipment market through strategic development and collaborative innovation. Key achievements include significant equipment contracts in the UAE and Saudi Arabia, with sales in Saudi Arabia rising over 170% year-on-year. Also, Zoomlion plans to invest further to establish an integrated sales, service, and parts hub. The company's strategy includes opening new subsidiaries in Qatar and Kuwait to strengthen its regional presence.

-□In Jan 2024, HD Hyundai Infracore secured contracts to supply 30 53-ton excavators and 50 42-ton wheel loaders for Saudi Arabia's NEOM City project. These deals were made with Al Najaz and Nesma & Partners Contracting Company. In 2024, Hyundai Infracore received orders for 846 excavators and wheel loaders in Saudi Arabia, a 51.6% increase from last year's 558 units.

## SEGMENTATION ANALYSIS

### Segmentation by Type

-□Earthmoving Equipment

o□Excavator

o□Backhoe Loaders

o□Wheeled Loaders

o□Other Earthmoving Equipment (Other loaders, Bulldozers, Trenchers, Motor Graders)

-□Road Construction Equipment

o□Road Rollers

o□Asphalt Pavers

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- 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 Mixer
  - o□Concrete Pump Truck

#### Segmentation by End Users

- Construction
- Mining
- Manufacturing
- Others (Power Generation, Utilities Municipal Corporations, Oil & Gas, Cargo Handling, Power Generation Plants, Waste Management)

#### Segmentation by Region

- Saudi Arabia
- UAE
- Qatar
- Kuwait
- Oman
- Bahrain

#### MARKET TRENDS & DRIVERS

##### Shift Toward Green Hydrogen Fuel-Based Economy to Reach Net-Zero Emissions Target

- Using green hydrogen in the GCC construction equipment market is part of a broader trend toward reducing carbon emissions in heavy industries. Companies like Caterpillar have already announced the development of hydrogen-powered equipment, which can operate on 100% green hydrogen.
- Masdar, Abu Dhabi's Future Energy Company, is significantly increasing its investments in green hydrogen. They have established a dedicated unit to develop specialized projects in this sector locally and internationally. This initiative will reinforce Masdar's position as a renewable and clean energy development leader.
- Moreover, The UAE's National Hydrogen Strategy 2050 aims to solidify the country's position as a leading producer and supplier of low-emission hydrogen by 2031.

##### Extensive Demand for Cranes in the GCC Construction Equipment Market in Response to Various LNG Projects

- Qatar Energy has finalized a cooperation agreement with China Petrochemical Corporation (Sinopec) for the North Field East (NFE) expansion in Qatar, which is the largest liquefied natural gas (LNG) project in history. In collaboration with SANY Heavy Machinery, Sinopec displayed three large-tonnage crawler cranes at the project site, completing the first lift in June 2023.
- As of Jan 2024, Saudi Aramco is partnering with China's Sinopec Engineering Group and Spain's Técnicas Reunidas to build a USD 3.3 billion liquefied natural gas (LNG) complex in Saudi Arabia. The project includes engineering, procurement, and construction tasks, aiming to establish distillation and joint facilities with a production capacity of 510,000 barrels per day.
- The first phase will take 46 months, and the second will take 41 months, reflecting the project's scale and complexity. This

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initiative strengthens Saudi Arabia's position in the global LNG market.

#### Rising Trend for Waste-To-Energy Projects Boost the Sales of Wheeled Loaders in the GCC Construction Equipment Market

-□The Saudi Investment Recycling Company (SIRC) has launched a significant waste-to-fuel project in Saudi Arabia, aiming to convert municipal solid waste into renewable energy. This initiative is part of Saudi Arabia's broader strategy to reduce landfill dependency and support the Kingdom's Vision 2030 goals.

-□The project will utilize advanced waste-to-energy technologies, such as gasification and pyrolysis, to transform waste into synthetic gas and other valuable products, which can generate electricity or produce chemicals and fuels. This approach supports sustainable waste management and contributes to reducing greenhouse gas emissions and creating a circular economy.

#### GCC's Increased Investments in Public Infrastructure and Real Estate Sector

-□GCC's construction sector is one of the fastest-growing sectors (energy, manufacturing, logistics, and power generation), with many projects in the pipeline. These projects include expanding the oil and gas sector's production capacity, new residential and commercial real estate, transport, power, and water systems upgrades, and major industrial developments. These projects support the growth of the GCC construction equipment market during the forecast period.

-□Saudi Arabia's Vision 2030 aims to diversify its economy through major infrastructure projects, which are significantly ahead of schedule. This plan includes the construction of Neom, a USD 500 billion megacity, and other ambitious developments like The Line.

-□These sectors' growth drives demand for construction equipment, significantly boosting the GCC construction equipment market. As large-scale projects continue, construction equipment sales are expected to rise due to the increased need for advanced machinery and technology to support these developments.

#### Surge in Renewable Energy Projects in the Region

-□Renewable energy will account for 18% of Qatar's power generation by 2030, up from the current 5%. This increase aligns with Qatar's National Renewable Energy Strategy, which aims to reach 4 GW from centralized projects and 200 MW from distributed projects.

-□Additionally, the Kuwaiti Ministry of Electricity & Water & Renewable Energy (MEWRE) oversees the development of the Shagaya Renewable Energy Park, a large-scale solar power project that will use a mix of photovoltaic (PV) and concentrated solar power (CSP) technologies. Kuwait also plans other renewable energy projects, including a 200-MW PV project at Al Abdaliyah.

-□Moreover, in July 2024, the UAE allocated over USD 163 billion to meet its goal of increasing the contribution of clean energy sources to 50% (44% renewable and 6% nuclear) by 2050. This aligns with the UAE's Vision 2021 strategic plan to generate 27% of its energy requirements from clean sources, including nuclear power.

#### Robust Growth in the Development of Ports to Boost the Sales of Overhead Cranes in the GCC Construction Equipment Market

-□Saudi Arabia's King Abdulaziz Port has increased its crane capacity by 9.7% through a USD 1.86 billion investment deal in June 2024. Operated by Saudi Global Ports Co., the port received three automated quay cranes and three rubber-tired gantry cranes, bringing the total to 18 quay cranes and 50 gantry cranes.

-□This upgrade improves the port's ability to handle large ships efficiently and supports workforce skill enhancement. The initiative aligns with the National Transport and Logistics Strategy to establish Saudi Arabia as a global logistics hub. Recent data shows a 12.48% annual increase in container handling and a 3.77% rise in tonnage at Saudi ports, reflecting significant infrastructure development efforts.

-□The expansion project at the Port of Salalah is progressing well and is expected to significantly enhance the port's capacity and capabilities. This development includes the construction of additional berths, which will allow the port to handle larger vessels and

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increase its cargo throughput.

## INDUSTRY RESTRAINTS

### High Construction Cost Across GCC Countries

- Construction costs are soaring globally, including in the GCC countries; factors driving the cost include inflation, which remains a primary concern for the industry despite some recent moderation towards the end of 2023. Such factors can potentially hamper the growth of the GCC construction equipment market.
- The stability of oil prices offers some reassurance, yet volatility persists, impacting developer confidence. Regulations on sustainability are tightening across the Gulf region, spurred by events like Dubai hosting COP 28. While these measures aim for long-term decarbonization and operational cost reductions, initial compliance costs are rising.
- The region also faces limited resources and skills challenges, exacerbated by intense competition for skilled labor between Saudi Arabia and the UAE. Since mid-2023, raw material costs like steel, cement, and concrete have surged in Saudi Arabia and the UAE, adding to construction expenses.

### GCC's Overdependency on Hydrocarbon Industry

- Oil prices are volatile and can be adversely impacted by several external factors, such as fluctuations in supply and demand, political conflicts and tensions among countries, and increasing global environmental concerns. Hence, overdependence on the oil and gas industry will likely hamper economic independence in the long run.
- According to government projections, energy prices will remain high for 2024 and gradually fall in the coming 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.

### Housing Crises in Saudi Arabia and Other Gulf Countries

- Rental prices in Riyadh have surged, particularly in northern neighborhoods, with an average increase of 23% for apartments in some areas last year. This surge in population and demand has strained existing residential stock, leading to challenges in finding affordable housing, especially for expatriates and middle-income families.
- Government initiatives to address this shortfall, like Sakani, are making gradual progress, but the gap remains significant, particularly for single male expatriates who face housing restrictions. Due to these pressures, the industry has seen increased investment and interest in real estate, promising long-term growth but highlighting ongoing supply and affordability challenges.

## VENDOR LANDSCAPE

- Caterpillar, Komatsu, Liebherr, Volvo CE, XCMG, SANY, and Hitachi Construction Machinery are the front runners in the GCC construction equipment market. These companies have a strong market share and offer diverse sets of equipment.
- Tadano, Terex, Manitou Group, SDLG, Merlo Spa, Yanmar, Yongmao, Bomag, and ElectroMech are niche players in the GCC construction equipment market. These companies offer low product diversification and have a strong presence in the market.
- Kubota, JCB, Kobelco, HD Hyundai Construction Equipment, CNH Industrial, LiuGong, Zoomlion, and DEVELON are emerging in the GCC construction equipment market. These companies are introducing new technologically advanced products to challenge the market share of market leaders in the GCC construction equipment market.
- Kato Works, AUSA, Wacker Neuson, Hidromek, Haulotte, Ammann, JLG, Toyota Material Handling, and Manitowoc have low product diversification in the GCC construction equipment market, and they are lagging in adopting new technologies.

### Prominent Vendors

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- [ ] Caterpillar
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- [ ] Volvo Construction Equipment
- [ ] Hitachi Construction Machinery
- [ ] Liebherr
- [ ] SANY
- [ ] Xuzhou Construction Machinery Group Co. Ltd. (XCMG)
- [ ] CB
- [ ] Kobelco
- [ ] Zoomlion Heavy Industry Science & Technology Co. Ltd
- [ ] Kubota
- [ ] CNH Industrial
- [ ] Hyundai Construction Equipment
- [ ] LiuGong
- [ ] DEVELON

#### Other Prominent Vendors

- [ ] Tadano
- [ ] Terex Corporation
- [ ] SDLG
- [ ] Manitou
- [ ] MERLO S.p.A
- [ ] Yanmar
- [ ] Fushun Yongmao Construction Machinery Co., Ltd.
- [ ] Bomag
- [ ] ElectroMech
- [ ] KATO WORKS CO., LTD.
- [ ] AUSA
- [ ] Wacker Neuson
- [ ] The Manitowoc Company, Inc.
- [ ] LG
- [ ] Ammann
- [ ] Toyota Material Handling
- [ ] Haulotte
- [ ] H?DROMEK

#### 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

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- []AL Mahroos
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- []AL Marwan
- []Qatar Tractor & Equipment Co.
- []Jaidah Heavy Equipment
- []Qatar Building Co. Heavy Equipment
- []Nasser Bin Khaled Heavy Equipment
- []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.[]What is the growth rate of the GCC construction equipment market?
- 2.[]How big is the GCC construction equipment market?
- 3.[]What are the trends in the GCC construction equipment industry?
- 4.[]Which are the major distributor companies in the GCC construction equipment market?
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### 11.3 Other Prominent Vendors

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