

UAE Construction Equipment Market - Strategic Assessment & Forecast 2024-2029

Market Report | 2024-10-03 | 208 pages | Arizton Advisory & Intelligence

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Report description:

The UAE construction equipment market by volume is expected to grow at a CAGR of 5.70% from 2023 to 2029.

Increased Investment in Public Infrastructure Projects Across the UAE

- The government has also placed significant emphasis on developing public infrastructure. A key initiative in this effort is the UAE Vision 2021, which demonstrates a commitment to various sectors, including infrastructure, to build a robust economy. Significant investments have been made under the Dubai 2030 Urban Master Plan and in renewable energy projects.
- In the first half of 2024, the UAE's real estate sector continued to prosper, drawing significant investment due to the country's economic and financial stability and the launch of new world-class projects.
- In addition, the government increased investment in various railway projects across the country in 2023. For instance, the Dubai Metro Blue Line project was approved in November 2023. It features a 30 km metro route with 14 stations connecting critical areas in the Emirate. Such investments are projected to impact the UAE construction equipment market positively.
- Similarly, Etihad Rail announced the completion of the National Rail Network, initiating commercial freight operations in February 2023. This 1,200 km rail network links the seven emirates and will transport cargo and passengers across 11 hubs in the UAE. Additionally, in November 2023, it was agreed that the 2,117 km UAE railway project would be operational by December 2030.
- In April 2024, Abu Dhabi's culture and tourism department planned to invest over USD 10 billion in infrastructure by 2030 as part of its new tourism strategy. This investment will fund new theme parks, cultural sites, retail experiences, and hotels to boost the country's annual visitors. The plan seeks to increase the tourism sector's contribution to the UAE's GDP from USD 13.3 billion in 2023 to USD 24.5 billion in 2024.

KEY HIGHLIGHTS

- Earthmoving equipment accounted for the largest market share of the 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 UAE construction equipment market.

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- 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 Harbor. The project aims to improve traffic flow and reduce travel times, supporting Dubai Harbor's accessibility and easing traffic congestion.
- In July 2024, Raimondi Middle East deployed three MRT159 flat-top tower cranes to construct a 25-story residential building in Dubai's Jumeirah Village Circle. The project highlights Raimondi's operational efficiency and strong regional presence, with over 100 cranes installed in the UAE in 2023.
- In June 2024, Volvo Construction Equipment (CE) declared success with its electric wheel loader in the UAE construction equipment market. The machine was showcased in the region and received positive feedback for its performance, efficiency, and environmental benefits. This success marks a significant step in adopting electric construction machinery in the Middle East.
- Komatsu Middle East FZE, based in the UAE, is expanding aggressively in the region, driven by increased demand for construction and mining equipment. The company is leveraging the UAE's 2031 investment roadmap, which emphasizes infrastructure, tourism, and renewable energy projects. Komatsu is also pursuing smart technologies, such as AI, ICT machines, and autonomous systems, to meet the region's growing needs. The company partners with Galadari Brothers and is committed to achieving carbon neutrality by 2050.

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
- 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)

MARKET TRENDS & DRIVERS

UAE's National Hydrogen Strategy to Increase the Demand for Green Fuel-Integrated Construction Equipment

- The country approved its National Hydrogen Strategy in Nov 2023, targeting the annual production of 15 million tonnes of green

hydrogen by 2050. The UAE's National Hydrogen Strategy aims to position the country as a global leader in hydrogen production and export, aligning with its sustainability goals.

- The strategy focuses on developing a hydrogen economy, which could drive demand for hydrogen-fueled construction equipment. As the UAE invests in green energy and infrastructure, construction equipment powered by hydrogen fuel may increase in demand, particularly in projects supporting the country's environmental and energy transition goals.

Growing Demand for Cranes in the Country in Response to Various LNG Projects

- There is growing demand for LNG gas production projects in the UAE market. The demand for gas in the global market is expected to increase by 14% by 2030. Therefore, in 2024, Abu Dhabi National Oil Company (ADNOC) announced plans to expand the UAE LNG capacity to 126 million tons per year, increasing from 77 million tons by 2027.

- Additionally, in July 2024, Shell Overseas Holdings Limited agreed to invest in ADNOC's Ruwais LNG project, taking a 10% stake. The project includes two LNG liquefaction trains with a combined capacity of 9.6 million metric tonnes per annum (MMtpa).

Increasing Waste-To-Energy Projects Drive the Demand for Wheeled Loaders in the UAE Construction Equipment Market

- In 2024, several waste-to-energy projects, including the Al Warsan Waste to Energy Plant in Dubai and the Dubai Waste Management Centre, will be underway in the UAE.

- Al Warsan Waste to Energy Plant is a 220 MW biopower project expected to operate in 2024. The project aims to generate around 200 MW of electricity from 1.9 million tons of municipal waste accumulated in a year. This electricity will power over 120,000 households. The project also aligns with the UAE's ambitions to reduce its carbon footprint by 70% and increase its clean energy to 75% by 2050.

Investment Under Dubai Urban Master Plan 2040

- The Dubai 2040 Urban Master Plan, focusing on expanding urban areas, infrastructure, and sustainability, is expected to drive the UAE construction equipment industry.

- The investment is planned to double green spaces, increase commercial and residential development land, and expand transportation networks, likely resulting in higher construction machinery sales.

- In March 2024, Abu Dhabi approved 144 infrastructure projects with a budget of USD 17.97 billion, covering sectors like housing, education, tourism, and natural resources.

Growing Investment in the Renewable Energy Sector

- The UAE is transitioning from primarily natural gas-fired power generation to a more diverse strategy that includes renewable energy and nuclear power, supported by the Barakah power station. This shift, driven by government policies, is part of the UAE's Energy Strategy 2050, which aims for a 70% reduction in carbon emissions by 2050.

- As part of the UAE's Net Zero by 2050 initiative, Abu Dhabi's renewable energy projects, including the 5.6 GW Barakah nuclear plant and 2 GW Al Dhafra Solar PV project, are expected to achieve a total clean power generation capacity of 8.8 GW by 2025.

Robust Growth in the Development of Ports and Infrastructure Towers

- In 2023, AD Ports Group announced plans to expand Khalifa Port to include drydock services, enhancing its port and marine logistics offerings. This expansion follows the inauguration of Khalifa Port's recent upgrades, which included a significant investment of USD 1.0 billion, increasing the port's size and capacity. By 2030, the expansion will boost the port's container handling capacity to 15 million twenty-foot equivalent units (TEUs) annually.

- The Port of Salalah's USD 300 million expansion is on track. Four more ship-to-shore cranes will increase their capacity from 5

million to 6 million TEUs by 2024.

INDUSTRY RESTRAINTS

Shortage of Warehouse Space in Dubai

Dubai is experiencing a shortage of warehouse space due to a surge in new businesses and the ongoing expansion of existing companies. According to the Dubai and Abu Dhabi Industrial Markets Review, only 1.56 million square feet of warehouse space will be under construction in Dubai's industrial market in 2024. This acute shortage is projected to hamper foreign direct investments in the region, impacting construction equipment sales such as forklifts. Moreover, rising interest rates might reduce demand for industrial assets because of the higher cost of borrowing.

High Construction Cost in UAE

- High construction costs in the UAE, driven by inflation, material shortages, and regulatory changes, are expected to rise by 2-3% in 2024. This increase could hamper the UAE construction equipment market as developers and contractors face tighter budgets.
- To manage these costs, the industry may need to adopt new methods like modular construction and digital technologies, which could further impact the demand for traditional construction equipment.
- Since June 2023, the prices of raw materials, such as steel, cement, and concrete, have risen in the UAE. The increasing inflation rate adds pressure and construction companies are experiencing difficulties due to rising construction costs.

Skilled Labor Shortage and Regulatory Challenges in the Country's Construction Industry

- A major issue for the UAE's construction sector is the scarcity of skilled labor. Intense competition and a lack of skilled candidates in various specializations are causing significant challenges in the region's construction industry and hampering the UAE construction equipment industry.
- An aging workforce, inadequate investment in apprenticeship programs, and competition from other sectors exacerbate this issue. There is especially high demand for budget control/commercial management skills, technology, project management, and relationship building.
- Another challenge is the project delays. The complicated regulatory processes and the detailed nature of construction projects in the region can lead to extended timelines. These delays can significantly impact contractors in the UAE, forcing them to invest more resources and incur additional costs for labor and materials. Moreover, missing project deadlines can result in penalties and other contractual repercussions.

VENDOR LANDSCAPE

- Caterpillar, Komatsu, Liebherr, Volvo CE, XCMG, SANY, and Hitachi Construction Machinery are the front runners in the UAE construction equipment market. These companies have strong market share and offer diverse sets of equipment.
- Terex, Tadano, SDLG, Merlo Spa, Manitou, Yanmar, Yongmao, Bomag, and ElectroMech are niche players in the UAE construction equipment market. These companies offer low product diversification and have a strong presence in the country's market.

Key Vendors

- Caterpillar
- Komatsu
- Volvo Construction Equipment
- Hitachi Construction Machinery

- Liebherr
- SANY
- Xuzhou Construction Machinery Group Co. Ltd. (XCMG)
- JCB
- Kobelco
- Zoomlion Heavy Industry Science & Technology Co., Ltd.
- CNH Industrial
- HD 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

Distributor Profiles

- Abdulla Saeedi General Trading LLC
- Anwar Al Quds Machinery
- Kanoo Machinery
- Al-Futtaim Auto & Machinery Company (FAMCO)
- AL Mahroos
- East And West Trading Est.
- AL Waha Cranes
- AL Marwan
- Galadari Trucks & Heavy Equipments

KEY QUESTIONS ANSWERED:

- 1.□How big is the UAE construction equipment market?
- 2.□What is the growth rate of the UAE construction equipment market?

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3. Who are the key players in the UAE construction equipment market?
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5. Which are the major distributor companies in the UAE construction equipment market?

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