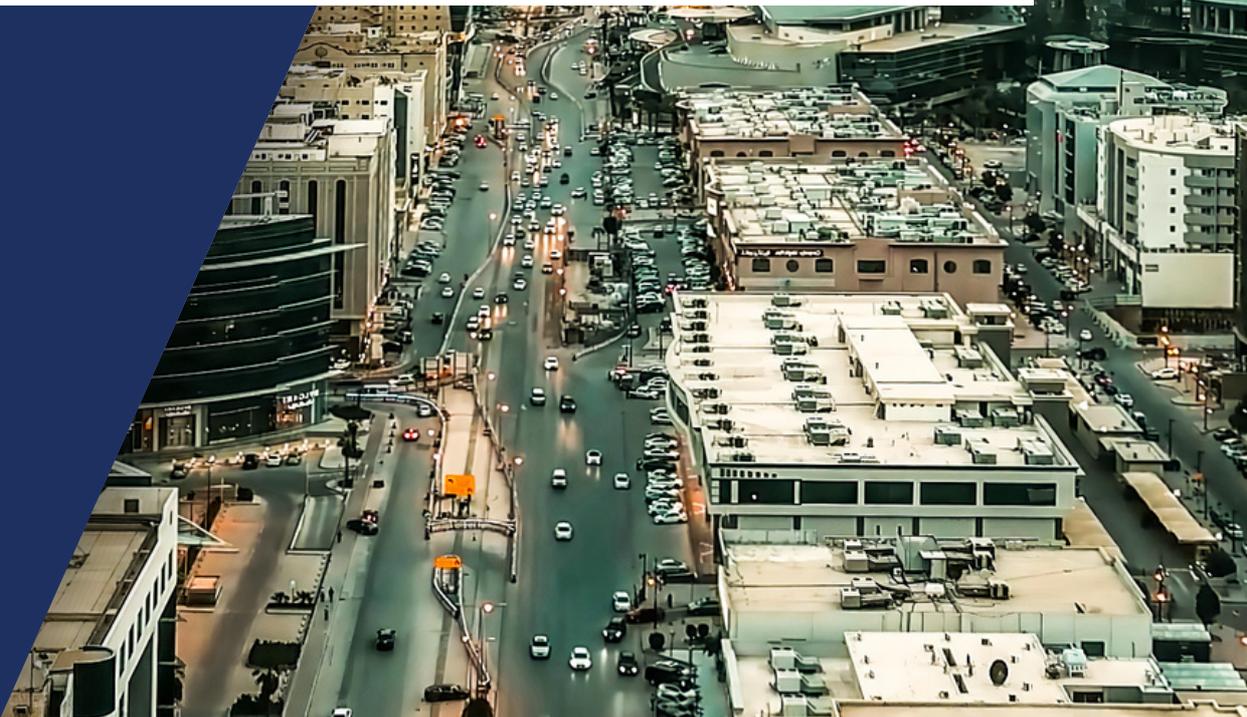


KSA Construction Market



Overview of KSA Economy

KSA has undergone a huge transformation over the years and the country's Public Investment Fund (PIF) is crucial to the government's economic reform initiative as it looks to wean the economy off its heavy reliance on oil revenues as part of its Vision 2030.

The International Monetary Fund (IMF) cut its 2023 GDP growth projection for KSA to 1.9% in its latest World Economic Outlook update, to reflect the impact of prolonged oil production cuts. The IMF revised its growth forecast for the world's top oil exporter from 3.1% projected in its May regional outlook; in June, it said growth could ease to 2.1% in 2023.

The downgrade for KSA for 2023 reflects production cuts announced in April and June in line with an agreement through OPEC+ whereas private investment, including from mega-project implementation, continues to support strong non-oil GDP growth, the IMF said in its report.

The economy grew 8.7% last year, as high oil prices boosted revenue and led to the kingdom's first budget surplus in almost 10 years. However, global macroeconomic worries and an uncertain demand outlook have weighed on prices, pushing growth projections lower.

The bigger-than-expected slowdown in growth this year will also weigh on overall growth in the Middle East and Central Asia region, which is projected to decline to 2.5% in 2023, from 5.4% last year, added the IMF.

According to World Bank, following a stellar GDP expansion of 8.7% in 2022, economic growth is projected to decelerate to 2.2% in 2023. A fall in oil production – as KSA abides by OPEC+ agreed production cuts – will contract the oil sector GDP by 2%.m

However, with oil prices remaining at relatively high levels, loose fiscal policy and robust private credit growth are expected to cushion the contraction in the oil sector. Consequently, non-oil sectors are anticipated to grow by 4.7% in 2023.

2023 Budget Highlights

KSA announced a US\$ 296 billion budget for 2023, with expectations for US\$ 301 billion in revenue and US\$ 4.26 billion in surplus, or 0.4% GDP. The kingdom's planned expenditures for 2023 are as follows:

- Military: US\$ 69 billion
- Security and regional administration: US\$ 28 billion
- Infrastructure and transportation: US\$ 9.06 billion
- Education: US\$ 50.4 billion
- Health and social development: US\$ 50.4 billion
- Municipal services: US\$ 16.8 billion
- Economic resources: US\$ 19.2 billion
- Public administration: US\$ 9.86 billion
- General items: US\$ 44 billion

The 2023 budget reflects the kingdom's commitment to structural reforms financially and economically (private sector participation along with the PIF to develop the real economy). The stringent goal of diversifying away from volatile oil revenues through establishing quantitative controls within a structural expenditure ceiling will aid in providing buffers for future economic shocks.

The Ministry of Finance forecasts GDP to be steady at 3.1% in 2023 after witnessing a significant boost of 8.5% in 2022. Stabilised oil prices coupled with a growing non-oil sector will improve the economy in 2023. Oil demand in 2023 will rise by 2.25 million barrels per day (bpd), or about 2.3%, according to the OPEC, after growth of 2.55 million bpd in 2022.

KSA's construction industry ranks high among the world's largest construction markets. The government continues to maintain its commitment to its Vision 2030 goals, especially in sectors such as the housing program, infrastructure, renewables, and water projects.

Classification of the Construction Sector in KSA

The construction industry for this report is classified into the following sectors and subsectors:

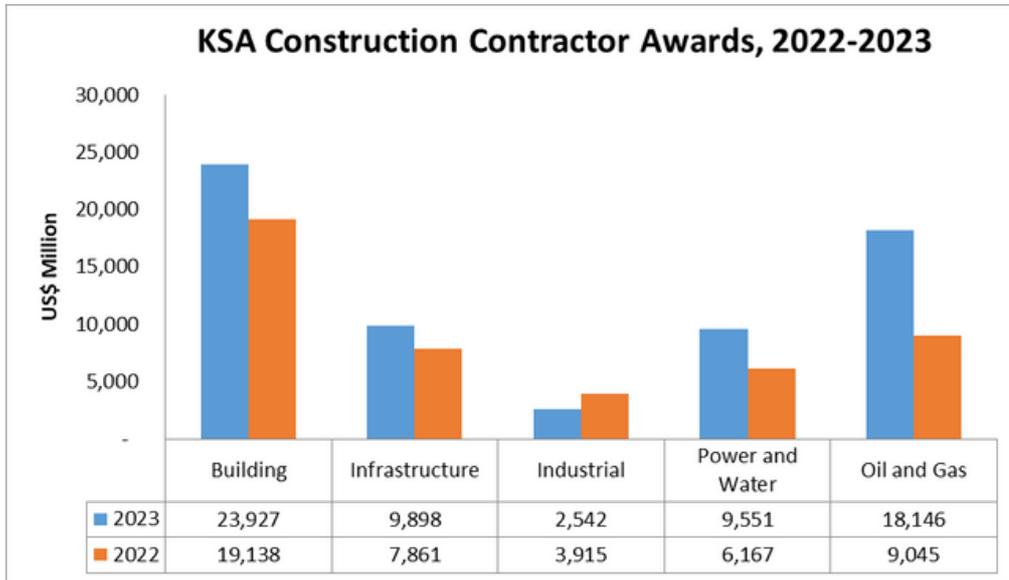
- Building construction includes residential, commercial, mixed-use, airports, sports facilities, hotels and recreational facilities, healthcare, education facilities, and industrial projects
- Infrastructure construction includes roads, bridges, railways, ports, wastewater and sewerage
- Industrial construction
- Power and water construction
- Oil and gas construction

Construction Industry Overview

The construction sector plays an important role in the economy and attracts both domestic and foreign investment, contributing to economic growth and positioning KSA as a regional powerhouse. The PIF announced in February 2023 that it was investing US\$ 1.3 billion into local construction firms. Major public projects are underway in the kingdom including Neom, the Diriyah Gate Project, and the Red Sea Project.

The total construction contractor awards across all sectors are expected to increase from US\$ 46,126 million in 2022 to US\$ 64,064 million in 2023. In 2023, the building sector registered the highest contractor awards worth US\$ 23,927 million followed by the oil and gas sector (US\$ 18,146 million) (refer to Figure 1).

Figure 1 represents KSA construction contractor awards from 2022 to 2023 in US\$ Mn.



Source: Ventures ONSITE Projects Intelligence Platform: www.venturesonsite.com

Building Market Overview

The government has introduced several measures to quicken home ownership among nationals and boost the residential sector. The government has set a target of having home ownership at 70% by 2030; right now, that number is mid-60%, according to Faisal Durrani, partner and head of Middle East research at Knight Frank.

Knight Frank is tracking around 555,000 residential units that are under construction in the kingdom and are all due to be developed by the end of the decade. The demand for housing is expected to increase by over 50% to reach 153,000 houses by 2030, according to industry experts.

In a recent announcement, 100 million sq. m. of land was allocated to the residential sector in the capital and other cities to control the increase in land and residential prices. PwC Middle East data shows demand for 1.2 million of new Saudi housing units by 2030 and the additional homes will raise housing stock to 4.96 million by 2030.

Saudi-based Retail Urban Development Company has joined hands with the National Housing Company for the launch of its first residential project, Nesaj Sadayem, in Jeddah featuring more than 320 housing units within the 98,000-sq-m Sadaym suburb development.

According to JLL, KSA's office market is expected to sustain its positive momentum. As Riyadh is being positioned as the new commercial center, the government is expected to put in more effort towards substantially improving the infrastructure to cater to its increasing popularity.

KSA has emerged as one of the most competitive markets for the hospitality industry. The kingdom's hotel segment is projected to generate US\$ 2.51 billion in revenue in 2023 and is expected to reach US\$ 3.02 billion by 2027 according to Statista.

According to Knight Frank, under Vision 2030, the hotel sector is expected to grow further and have 310,000 hotel rooms by 2030 with an investment size of US\$ 110 billion.

Committed to positioning KSA as a leading global hub, the government is continuing to work in close proximity with the private sector to develop world-class hotels and resorts across the kingdom, including the development of giga-projects such as Red Sea Global, Amaala, Neom, Diriyah Gate and Qiddiya.

According to JLL, an additional 3,000 keys are scheduled to enter the market in 2023 in both cities combined. Of this, around 2,000 keys are expected to enter in Riyadh, and the remaining 1,000 keys in Jeddah. Since the announcement of Vision 2030 in 2016, KSA is driving its ambitious giga- projects through the PIF.

Several giga-projects were launched to provide a focal point for whole new sectors, driven by technology, innovation, and sustainability, to stimulate broader economic growth and develop the kingdom's digital infrastructure that will significantly transform the economy, according to industry experts.

These projects are needed to drive foreign investments and increase spending in the economy, as the kingdom is expecting US\$ 7 trillion in investment and government spending to materialise by the end of the decade.

Red Sea Global (RSG) had announced exceptional progress with regard to the first phase of its mega Red Sea development, thus creating exquisite resorts and best-in-class, sustainable infrastructure in a remote location. KSA's healthcare spending is expected to increase to US\$ 160 billion by 2030, according to industry experts.

With the introduction of several legal and economic incentives, including 100% foreign ownership, the healthcare sector is amongst the most attractive sectors in the kingdom offering numerous opportunities for private operators and investors.

Mall investment continues to expand with a heavy focus on entertainment to drive footfall – around 50% of space in new mall developments is devoted to entertainment.

Industry experts predict the retail sector to grow to US\$ 159 billion by 2024. In April 2023, Saudi-based National Company for Learning and Education (NCLE) announced that it plans to build major educational complexes in the Qurtubah, Al Narjis, and Hetteen districts of the capital Riyadh at a total investment of US\$ 43 million. Work on the project will begin in Q3 and is expected to be completed during the fourth quarter of the fiscal year 2023/2024.

Saudi Entertainment Ventures (SEVEN), under its mandate to enhance the quality of life for millions of people in KSA by improving the choice and quality of entertainment offerings, is investing US\$ 13 billion in the development of 21 entertainment destinations across 14 cities.

SEVEN is a wholly-owned subsidiary of KSA's PIF. It has now started building its first entertainment destination in the Al Hamra district of Riyadh. Overall, it will create 21 entertainment destinations, two theme parks, and 50 cinemas across the kingdom.

Infrastructure Market Overview

KSA is investing heavily in its infrastructure to move away from oil and become a global hub for investment and logistics, in line with its Vision 2030. Key projects such as the Riyadh Metro, railway links, and airport upgrades will be critical to achieving the country's growth ambition.

KSA's Riyadh Metro project will be completed by the end of 2023, or by the beginning of 2024. The announcement was made by Riyadh's mayor, Prince Faisal Bin Abdulaziz Bin Ayyaf. With six lines and 84 stations, the metro will play a critical role in alleviating Riyadh's traffic woes where 90% of trips currently rely on cars.

In a move to transform KSA's mountainous Aseer region into a global tourist destination, the local authority is planning to launch a new road project that will elevate the infrastructure in and around the region's capital city Greater Abha.

The kingdom is improving its road connectivity as part of its strategy to become a tourism and logistics hub, in line with the goals outlined in Vision 2030. The 321km project, which is expected to launch in 2024, will have 13 routes, 196 stops, 55 buses, 150 bus drivers, and 18 operational hours.

KSA is set to host the Middle East's first luxury train after Saudi Arabia Railways signed a memorandum of understanding with Italy's Arsenale Group. The MoU comes amid efforts to boost the Kingdom's tourism sector in line with the goals of the Vision 2030 reform plan to diversify its economy away from reliance on fossil fuels.

A joint venture of Webuild and Shihb Al Jazira Contracting Company (SAJCO) signed a contract to design and build 57km of high-speed railway in Neom. The proposed railway, the Connector, will traverse the north Red Sea coast and will connect two of the planned mega-cities of Neom, The Line and Oxagon.

The King Abdulaziz Public Transport Project began its very first phase of operations in March 2023. The management services contract for the King Abdulaziz Public Transport Project in Riyadh Public Transport has been awarded. The contract was awarded to SNC-Lavalin by Royal Commission for Riyadh City (RCDC). The contract covers the operations and maintenance (O&M) of the transport network system. In addition, it covers the management of all assets related to the automatic vehicle management (AVM) system.

Moreover, the contract also includes the management of automatic fare collection (AFC) systems as well as intelligent infrastructure through a computerized maintenance management system (CMMS). As a whole, King Abdulaziz Public Transport Project in Riyadh involves the building, operation as well as development of a world-class rapid transport network for the city. Furthermore, the project strives to provide affordable, time-saving, and comfortable mobility options for all residents in Riyadh.

Red Sea International Airport (RSI) is being built in Hanak, Tabuk. It will boast big sustainable credentials by running entirely on renewable energy. The kingdom also achieved another milestone in line with its National Aviation Strategy by launching a project to develop and expand Al-Ahsa International Airport and expand its capacity by 250% to reach 1 million passengers annually.

KSA plans to build over King Khalid International, which has a capacity of about 25 million passengers a year, and replace it with the massive King Salman International will mean that Riyadh city will be able to accommodate 120 million passengers a year by 2030.

While King Salman International will be smaller in size than KSA's own King Fahad International in Dammam, it will be among the biggest in the world and will be far busier than King Fahad, and is expected to bring in an additional US\$ 7.18 billion annually to the kingdom's non-oil GDP.

BESIX announced in a statement that, through its local subsidiary Six Construct, in partnership with Modern Building Leaders (MBL) and Boskalis, has been awarded a contract by NEOM for the first phase of the improvement and expansion plans for the Port of NEOM located on KSA's Red Sea coast.

The total contract is valued at around US\$ 0.80 billion, with BESIX-MBL joint venture covering approximately 50% of the scope. Strategically located near the Suez Canal, the port will be ambitiously transformed to become a fully integrated port and supply chain that will service NEOM's Oxagon City and become a gateway for world trade and a catalyst for regional development.

Industrial Market Overview

KSA has been spending heavily on expanding its industrial and manufacturing base. It has also launched multibillion-dollar industrial and mining projects to spur non-oil economic growth, boost local consumption, and create jobs.

The Ministry of Industry and Mineral Resources issued 46 new mining licenses during January 2023, including 31 exploration licenses, 14 building materials quarry licenses, and an excess mineral ores license, according to the report of the Ministry's National Center for Industrial and Mining Information.

The Ministry of Industry and Mineral Resources aims to develop the mining sector in line with the objectives of the Kingdom's Vision 2030 and the National Industry Development and Logistics Program, with the goal of making mining the third pillar of the national industry. With mineral resources estimated to be worth around US\$ 1.33 trillion, there is great potential for the sector to contribute significantly to the country's economy.

In February 2023, KSA invited bids from international and local companies for the pre-qualification stage of the licensing for five exploration sites in the country. The Saudi Ministry of Industry and Mineral Resources (MIM) said local and international mining companies could participate in the licensing round to obtain exploration licenses.

The kingdom offers several incentives, including financial incentives such as co-funding up to 75% of capital expenses through the Saudi Industrial Development Fund (SIDF), a five-year royalty holiday for miners, and royalty discounts for downstream projects to attract investors qualified to deliver value for the mining sector and the entire value chain.

According to Hays, KSA's industrial sector is expected to dominate the employment market in 2023, driven by the creation of new jobs through mega-projects such as Neom and a rise in the number of organisations setting up operations in the kingdom.

Power and Water Market Overview

The government has taken significant steps in recent years to address the challenges and encourage the development of renewable energy projects. These efforts include the establishment of the Saudi Renewable Energy Project Development Office to oversee the development of renewable energy projects and the launch of the Solar Energy Plan, which aims to install 27.5 GW of solar capacity by 2030. Additionally, the kingdom plans to launch the greenhouse gas certificates market in 2023 as part of its efforts to reduce carbon emissions.

The total generating capacity of the National Renewable Energy Program projects in the kingdom is expected to reach approximately 56 million megawatt-hours, with clean electricity generation capacity increasing to around 58.7 GW by 2030. Of this, 40 GW will come from solar energy, 16 GW from wind energy, and 2.7 GW from other renewables. KSA is actively working to increase the use of renewable energy as part of its goal to reduce reliance on fossil fuels and achieve net zero carbon emissions by 2060.

According to MESIA's Solar Outlook, around 16 projects are in the plans for the kingdom including the launch of five Energy Projects Totalling 3,300 MW including two solar projects (1,500 MW), distributed in Al Hanakiya – 1,100 MW and Tabarjal – 400 MW.

The kingdom, by leveraging its unique geographical and climatic characteristics, is creating an environment economically favorable for renewable energy sources have become economically attractive. By diversifying the country's energy mix, KSA's renewable market is becoming more competitive and achieving the world's lowest prices for renewable energy projects.

Saudi-based Arabian Electrical Transmission Line Contracting (Aetcon) has secured a contract to build a high-voltage direct current (HVDC) transmission line within the kingdom's futuristic city NEOM. The US\$ 155 million contract, a part of the 'Saudi Neom-Yanbu 525kV HVDC Transmission Line Construction Project,' was awarded by the Saudi Electricity Company. The scope of work includes the expansion of the power network by constructing an HVDC transmission line over a total distance of 605 km from Yanbu, a power production hub on the western coast of KSA, to the new city of NEOM. The completion of the project is expected in July 2027.

Larsen & Toubro (L&T) said its Power Transmission & Distribution Business has secured a major order from KSA for the construction of a $\pm 525\text{kV}$ high-voltage direct current (HVDC) transmission segment. Confirming the order, which is in the range of US\$ 122 million to US\$ 305 million, L&T said this link is part of a large capacity, voltage source converter (VSC)-based HVDC system that connects Neom Industrial City and Yanbu city in western Saudi Arabia.

Green hydrogen is produced using renewable energy to split water into hydrogen and oxygen. It is a clean and emissions-free fuel that has the potential to decarbonise a wide range of sectors, including transportation, industry, and power generation. KSA's NEOM Green Hydrogen Company (NGHC) has signed financial documents with 23 local, regional, and international banks and investment firms on a green hydrogen production facility at a total investment value of US\$ 8.4 billion.

The company also said it concluded a US\$ 6.7 billion agreement with Air Products (APD.N) for the plant's engineering, procurement, and construction (EPC). NGHC, a joint venture between ACWA Power, Air Products, and NEOM, will produce 600 tonnes a day of carbon-free hydrogen by the end of 2026 using 4 GW of solar energy. Siemens has identified 46 viable green hydrogen projects in the region with a combined value of US\$ 92 billion.

KSA has ambitious plans to develop the green hydrogen sector as part of its efforts to diversify its economy and reduce its reliance on oil. The country has abundant renewable resources, including solar and wind power that can be used to produce green hydrogen. The MoU between ENGIE and PIF is a significant step forward for the development of the green hydrogen sector in Saudi Arabia.

Saudi Arabia's National Water Company (NWC) said it has awarded a Long-Term Operation and Maintenance (LTOM) contract worth over US\$ 426 million to Alkhorayef Water and Power Technologies Company for the rehabilitation, operation, and maintenance of sewage treatment plants (STPs) in Riyadh.

The 15-year-long deal is likely to contribute to the objectives of the National Water Strategy which is mainly aimed at achieving environmental sustainability, increasing investments in the water sector, and opening up partnership opportunities for the private sector. Through these contracts, NWC aims to support the national economy by enabling expansion and growth in the water sector and creating opportunities and long-term partnerships with local and international private sector companies.

Oil and Gas Market Overview

Vision 2030 aims at diversifying away from hydrocarbons, a plan which has led to significant project announcements across various corporate sectors but the energy sector will remain a substantial contributor to the government's revenues.

Saudi Aramco is reportedly focusing on upstream and downstream investments including expanding its crude oil production capacity to 13 million barrels per day (mmbpd) by 2027 and boosting gas production by more than 50% by 2030.

The key upstream oilfield expansion projects, which are likely to attract significant capital expenditures include the country's Dammam, Berri, Marjan, Zuluf, and Safaniyah expansion programs. The oilfields will collectively contribute to Aramco's vision of a maximum sustainable capacity of 13 million bpd by 2027.

At least 75,000 bpd incremental capacity is likely to come from the Dammam field, another 250,000 bpd from Berri, 300,000 bpd from Marjan, up to 600,000 bpd from Zuluf and an additional 700,000 bpd from the Safaniyah expansion in the coming years around 60% of the capital expenditure is likely to remain focused on the upstream sector in the short term, with the remaining 40% is expected to be shared between downstream, low carbon and other key domains.

Over the longer term, Aramco expects that its spending would be about 50% for the upstream sector and the balance 50% for downstream, low carbon, and other key projects, according to Aramco chief executive Amin Nasser.

On the gas front, Aramco said it is poised to commission its Haradh, Hawiyah, and Tanjaib gas plans later this year, with a combined compression capacity of 1.3 billion cubic feet per day of gas and an integrated processing capacity of 3.7 Bcfd. Sizeable volumes of unconventional gas are also likely to come on stream in the coming years from the kingdom's massive Jafurah unconventional program.

According to Fitch Solutions, the kingdom is also investing to expand its maximum sustainable production capacity by 1mn b/d 2026-2027, up from around 12mn b/d currently, and has recently initiated the largest capital spending program in its history, targeting capital expenditures in a range of US\$45-55 billion in 2023.

The rapid increase in natural gas demand for power generation and industrial development in past decades has put pressure on the natural gas supply in KSA. For its natural gas developments, compression projects at the Haradh and Hawiyah fields began commissioning activities. Full capacity is expected to be reached this year.

Construction at the Hawiyah Unayzah Gas Reservoir Storage, the first underground gas storage project in the kingdom is at an advanced stage and has commenced injection activities. The program is designed to provide up to 2.0 Bcf/d of natural gas for reintroduction into the kingdom's Master Gas System by 2024.

KSA is building a US\$ 5 billion plant called Helios to make green fuel for export and decrease the country's dependence on petrodollars. The 4-gigawatt plant will be completely powered by wind and solar energy. All of the zero-carbon fuel it produces will be shipped to international buyers in the form of ammonia. Helios should be fully operational by 2025 and produce 650 tons of hydrogen a day by means of electrolysis – enough for conversion to 1.2 million tons per year of green ammonia.

The price of hydrogen is expected to be in the range of US\$ 1.50 per kilogram in 2030; the price of ammonia is not yet disclosed. KSA is setting its sights on becoming the world's largest supplier of hydrogen – a market that BloombergNEF estimates could be worth as much as US\$ 700 billion by 2050.

Major Projects

The table lists the major ongoing and planned construction projects.

| Name | Project Status | Client | Est. Project Value (US\$ Mn) |
|--|-------------------------|---|------------------------------|
| Neom Business City | Construction | Public Investment Fund (PIF) | 500,000 |
| The New Murabba Project in Riyadh | Planned | Public Investment Fund (PIF) | 150,000 |
| Jeddah Central Project - Jeddah | Construction | Jeddah Central Development Company (JCDC) | 20,000 |
| Al Diriyah Festival City (Addiriyah Gate) | Construction | Kayannat Real Estate Co., Al Futtaim Group Real Estate | 20,000 |
| The Red Sea Project | Construction | Red Sea Global (RSG) (former The Red Sea Development Company - TRSDC) | 16,000 |
| Al Ula Development | Tender for Construction | Royal Commission of Al Ula | 15,000 |
| Rua Al Madinah Project | Construction | Public Investment Fund (PIF) | 10,400 |
| Qiddiya City in Riyadh | Construction | Qiddiya Investment Company (QIC) | 8,000 |
| Amaala - The Riviera of The Middle East | Construction | Red Sea Global (RSG) (former The Red Sea Development Company - TRSDC) | 6,000 |
| The Avenues Riyadh | Construction | Shomoul Holding Company | 3,567 |

Source: Ventures ONSITE Projects Intelligence Platform: www.venturesonsite.com

The table lists some of the major projects announced in 2023 till date.

| Name | Project Status | Client | Est. Project Value (US\$ Mn) |
|---|-------------------------|---|------------------------------|
| The New Murabba Project in Riyadh | Feasibility Study | Public Investment Fund (PIF) | 150,000 |
| Jafurah Phase 2 | Tender for Construction | Saudi Aramco | 6,000 |
| Fadhili Gas Pant Expansion | Tender for Construction | Saudi Aramco | 4,000 |
| Konoz (Box of Treasures) in Riyadh | Design | Abdullah Al Othaim Real Estate Investment and Development Company | 1,860 |
| PP15 Combined Cycle Independent Power Plant - Al Khafji | Tender for Consultancy | Saudi Power Procurement Company(SPPC) | 1,000 |
| Warefa Residential Community in Riyadh | Feasibility Study | Roshn Real Estate | 1,000 |
| Neom Business City - Shushah Island | Design | Public Investment Fund (PIF) | 800 |
| Infiniti - Al Khobar | Tender for Construction | Ajdan Real Estate Development | 500 |
| InterContinental Hotel & Residences in Riyadh | Design | Al Ajlan Company | 200 |
| Al-Haer Independent Sewage Treatment Plant (ISTP) - Riyadh | Tender for Construction | Saudi Water Partnership Company (SWPC) | 200 |

Source: Ventures ONSITE Projects Intelligence Platform: www.venturesonsite.com

The table lists some of the major projects announced in 2023 till date.

| Name | Client | Contractor | Est. Project Value (US\$ Mn) |
|---|---|--|------------------------------|
| Amiral Petrochemical - Mixed Feed Cracker - Package 1 | Saudi Aramco Total Refining & Petrochemical Company (Satorp) | Hyundai Engineering & Construction Company Ltd. | 3,000 |
| Neom Business City - TROJENA - The Lake | Public Investment Fund (PIF) | Al Ayuni Investment & Contracting Company, Limak, Turkey, Power Construction Corporation of China (PowerChina), Webuild (former Salini Impregilo) | 2,000 |
| Neom Business City - The Line - South Rail Line Connector | Public Investment Fund (PIF) | Webuild (former Salini Impregilo), Shibh Al Jazira Contracting Company (Shibh al-Jazira Establishment), Land Laboratories | 2,000 |
| Amaala - Triple Bay - Yacht Club | Red Sea Global (RSG) (former The Red Sea Development Company - TRSDC) | Saudi Arabian Baytur | 1,600 |
| Renewable Energy Program - 2,000 MW Solar Plant <u>Ar Rass 2</u> - Qassim province | Public Investment Fund (PIF), Renewable Energy Project Development Office (REPDO) | Larsen & Toubro | 1,500 |
| Amaala - Triple Bay | Red Sea Global (RSG) (former The Red Sea Development Company - TRSDC) | Al Saad General Contracting Ltd., BEC Arabia, HASCO (Hasan Al-Harbi Corp.), Hassan Allam Construction, Rawabi Specialized Contracting (RSC), MAS Engineering & Contracting | 1,000 |
| Marjan Gas Field - Phase 3 (CRPO 124) | Saudi Aramco | Saipem S.P.A. | 1,000 |

Source: Ventures ONSITE Projects Intelligence Platform: www.venturesonsite.com

The table lists some of the major projects awarded to contractors in 2023 till date.

| Name | Client | Contractor | Est. Project Value (US\$ Mn) |
|---|--|--|------------------------------|
| Amiral Petrochemical - Mixed Feed Cracker - Package 1 | Saudi Aramco Total Refining & Petrochemical Company (Satorp) | Hyundai Engineering & Construction Company Ltd. | 3,000 |
| Neom Business City - TROJENA - The Lake | Public Investment Fund (PIF) | Al Ayuni Investment & Contracting Company, Limak, Turkey, Power Construction Corporation of China (PowerChina), Webuild (former Salini Impregilo) | 2,000 |
| Neom Business City - The Line - South Rail Line Connector | Public Investment Fund (PIF) | Webuild (former Salini Impregilo), Shibh Al Jazira Contracting Company (Shibh al-Jazira Establishment), Land Laboratories | 2,000 |
| Amaala - Triple Bay - Yacht Club | Red Sea Global (RSG) (former The Red Sea Development Company - TRSDC) | Saudi Arabian Baytur | 1,600 |
| Renewable Energy Program - 2,000 MW Solar Plant Ar Rass 2 - Qassim province | Public Investment Fund (PIF), Renewable Energy Project Development Office (REPDO) | Larsen & Toubro | 1,500 |
| Amaala - Triple Bay | Red Sea Global (RSG) (former The Red Sea Development Company - TRSDC) | Al Saad General Contracting Ltd., BEC Arabia, HASCO (Hasan Al-Harbi Corp.), Hassan Allam Construction, Rawabi Specialized Contracting (RSC), MAS Engineering & Contracting | 1,000 |
| Marjan Gas Field - Phase 3 (CRPO 124) | Saudi Aramco | Saipem S.P.A. | 1,000 |
| Renewable Energy Program - Al Kahfah 1,425 MW Solar Plant - Eastern province | Renewable Energy Project Development Office (REPDO), Public Investment Fund (PIF) | Larsen & Toubro | 950 |
| Rabigh 4 Independent Water Project (IWP) - Makkah | Saudi Water Partnership Company (SWPC), Ministry of Environment, Water & Agriculture, Saudi Arabia | Haji Abdullah Alireza & Co., Ltd., Almoayyed Contracting, SEPCO III Electric Power Construction Corporation, Wetico | 677 |
| Al Arous Community in Jeddah - Infrastructure - Phase 1A | Roshn Real Estate, Public Investment Fund (PIF) | ABR Contracting | 600 |

The table lists some of the major project owners who announced new projects in 2023 till date.

| | |
|----|---|
| 1 | Saudi Aramco |
| 2 | Public Investment Fund (PIF) |
| 3 | Sarh Airport Development and Real Estate Investment |
| 4 | Saudi Aramco Total Refining & Petrochemical Company (Satorp) |
| 5 | ACWA Power International |
| 6 | Renewable Energy Project Development Office (REPDO) |
| 7 | Abdullah Al Othaim Real Estate Investment and Development Company |
| 8 | Roshn Real Estate |
| 9 | National Water Company (NWC) |
| 10 | Red Sea Global (RSG) |

Source: Ventures ONSITE Projects Intelligence Platform: www.venturesonsite.com

The table lists some of the major contractors who bagged new contracts in 2023 till date.

| | |
|----|--|
| 1 | Hyundai Engineering & Construction Company Ltd. |
| 2 | Larsen & Toubro |
| 3 | Maire Tecnimont |
| 4 | Saudi Arabian Baytur |
| 5 | ABR Contracting |
| 6 | Gulf Consolidated Contractors (GCC) |
| 7 | Saipem S.P.A. |
| 8 | Sinopec Engineering (Group) Saudi Co. Ltd |
| 9 | Shandong Electric Power Construction Corporation (SEPCO) |
| 10 | Al Ayuni Investment & Contracting Company |

Source: Ventures ONSITE Projects Intelligence Platform: www.venturesonsite.com

Conclusion

KSA's construction Industry ranks high among the world's largest construction markets and is expected to witness an average annual growth rate (AAGR) of 4% or more during 2023-2026, according to industry experts.

This impressive growth will be fuelled by investment in transport, renewable energy, housing, and tourism projects, according to Vision 2030 – an ambitious initiative that aims to transform the country's economy over the next decade. The government continues to maintain its commitment to its Vision 2030 goals, particularly in sectors such as the housing program, infrastructure, renewables, and water projects.

KSA is witnessing unprecedented construction supported by giga projects such as Neom, Red Sea, Roshn, the Line, Qidiya, and Diriyah funded by the PIF. One of the major challenges in the construction industry in the kingdom is acute labor shortages as the industry heavily relies on foreign workers, who are hired on contracts from abroad.

However, despite the challenges, it is important to know that it is arguably the best time to become a part of the construction industry in the kingdom and grow businesses by leaps and bounds in the years to come.

According to Jadwa Investment, as highlighted in the recent budget statement, the annual rise in capex stems from the government's plan to move forward with spending on mega-projects, growing sectors such as tourism, manufacturing and mining, and other infrastructure projects around the kingdom.

The government is also giving more importance to strengthening private sector participation in these projects. Overall, the construction industry in KSA is expected to boom in the coming years.



This report is prepared by Ventures Onsite
KSA Construction Market

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