

Facilities Management Role in Achieving Saudi Arabia's Vision 2030



رؤية
VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

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Saudi Arabia's Vision 2030



Saudi Arabia Vision 2030 aims to transform country's economy through diversification of economy by investing and promoting non-oil based sectors.

Key Goals and Objectives of Vision 2030

- Boosting government's revenue from USD159.99 billion in 2016 to USD1866.52 billion by 2030.
- To increase share of non-oil based exports from around 16% in 2016 to around 50% by 2030.
- To increase the share of Foreign Direct Investment (FDI) in GDP from 3.8% in 2016 to 5.7% by 2030.
- To increase the share of small and medium scale enterprises from 20% in 2016 to 35% by 2030.
- To increase the contribution of private sector to around 65% of GDP by 2030 thereby opening up different sectors of country for private sector player.

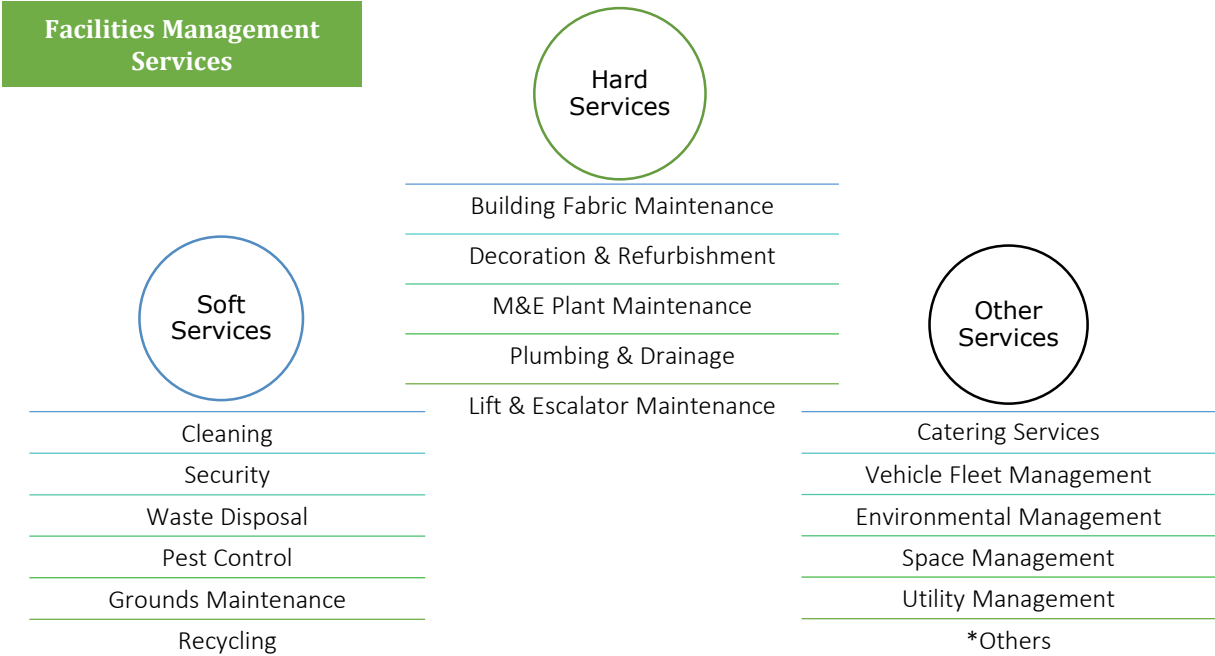
Key Initiatives to achieve Vision 2030

- The country aims to set up sovereign wealth fund amounting to around USD2 trillion to support the development projects associated with the Vision.
- FDI worth USD1.00 trillion between 2017-2032 is anticipated to flow in Saudi Arabia thereby boosting the growth of private sector.

Facilities Management Contribution to achieve Vision 2030

- Facilities Management companies will help commercial and industrial enterprises to focus on their core operations thereby enhancing the competitiveness of these enterprises.
- Expansion of small to medium scale facilities management providers would encourage the promotion of SME sector in the country.
- Capital infused by global facilities management companies would further catalyse growth in services sector, thereby boosting employment opportunities.

Saudi Arabia Facilities Management Market Overview



Highlights of Saudi Arabia facilities Management Services	Saudi Arabia facilities Management (FM) Market Structure
<ul style="list-style-type: none">Saudi Arabia is the largest market for facilities management services in the Gulf Cooperation Council (GCC) region.The facilities management market in Saudi Arabia is highly cost sensitive and people consider facilities management essentially as a preventive maintenance process.The total spending in construction sector in Saudi Arabia witnessed a growth rate of 5.10% p.a. during 2011-2015.The facilities management market in the region is highly dominated by demand for hard services.Rapid consolidation of facilities management market, with establishment of large number of new international facilities management companies would boost demand for soft services in the country by 2030.	<ul style="list-style-type: none">✓ Single Service Providers<ul style="list-style-type: none">✓ Tier III Companies<ul style="list-style-type: none">✓ Sub-Contractor to Tier I Companies✓ Commercial Complexes✓ Residential Sector✓ Bundled Service Providers<ul style="list-style-type: none">✓ Tier III Companies✓ Tier II Companies<ul style="list-style-type: none">✓ Commercial Complexes✓ Industrial Set-ups✓ Integrated Service Providers<ul style="list-style-type: none">✓ Tier II Companies✓ Tier I Companies<ul style="list-style-type: none">✓ Large Government Projects✓ Strategic Partnership

Facilities management market is broadly categorized into single service providers, bundled service providers and integrated service providers.

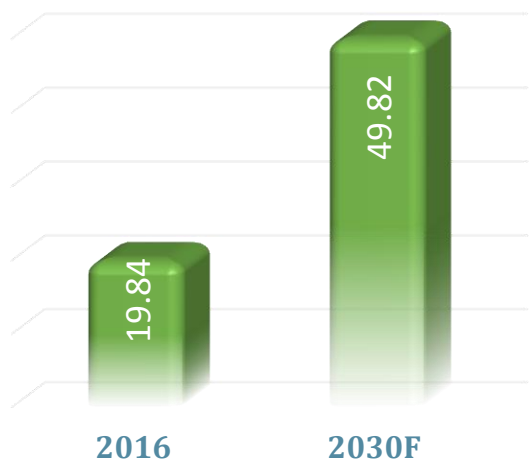
Single service providers are Tier III companies, which provide individual services, such as cleaning, security and maintenance, etc.

Bundled service providers offer two or more facility management services to consumers, and include Tier II or Tier III companies.

Integrated service providers are Tier I & Tier II companies, which provide almost all kind of FM services to the public as well as private entities.

Facilities Management Market in Saudi Arabia

Saudi Arabia Facilities Management Market Size, By Value, 2016 & 2030F (USD Billion)

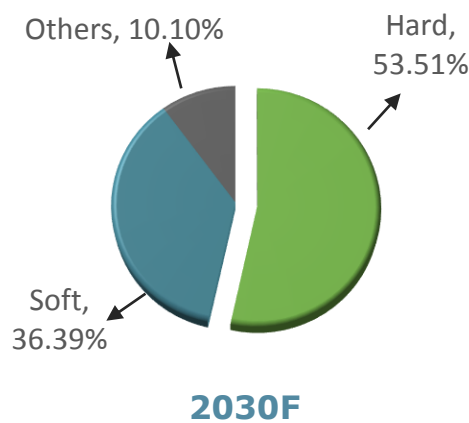
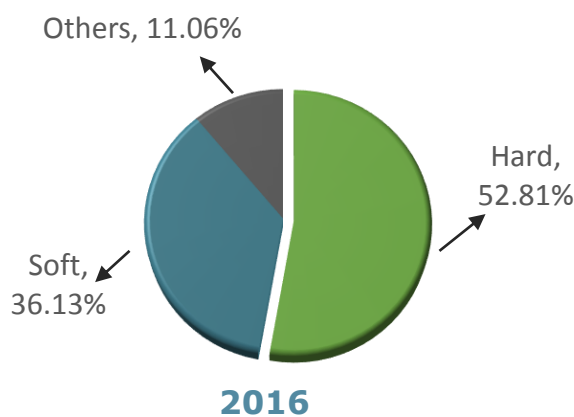


Source: TechSci Research



Saudi Arabia, being the largest market for facilities management services in the Gulf Cooperation Council (GCC) region accounted for a value share of about 55% in the region’s facilities management market in 2016. Saudi Arabia facilities management market is estimated to reach USD49.82 billion by the end of 2030. Under Saudi Vision 2030, sectors such as real estate, tourism and retail are expected to witness a major boost. Facilities management services would support these sectors by ensuring their smooth operational performance.

Saudi Arabia Facilities Management Market Share, By Service, By Value, 2016 & 2030F



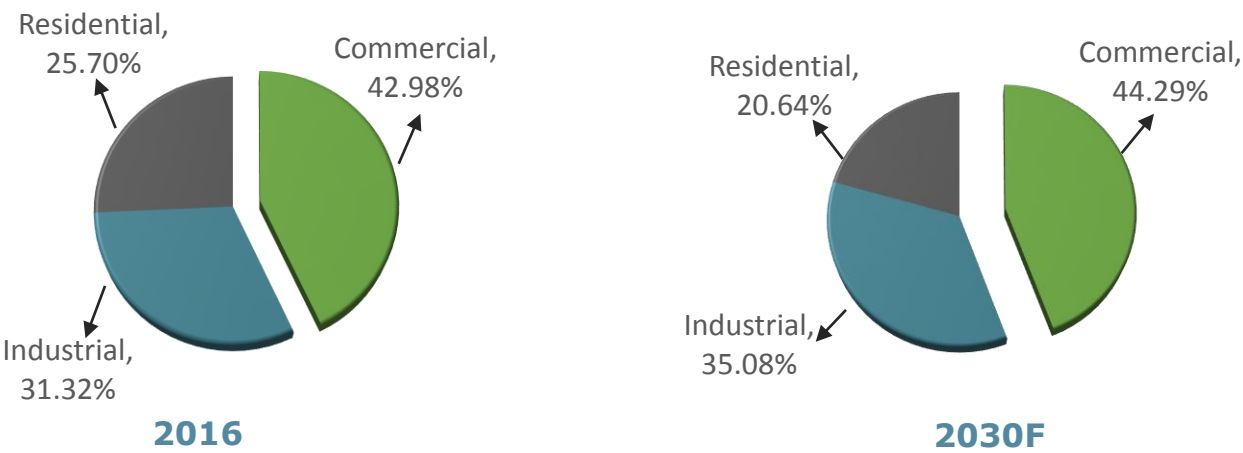
Others include Space Management, Contract Procurement, Utility Management, etc.

Source: TechSci Research

Facilities Management Market in Saudi Arabia

- Hard services are related to the operation and maintenance of mechanical and civil structures of a building. Basic hard facilities management services are MEP service, building fabric maintenance, HVAC maintenance, fire and security system, etc. Several ongoing mega construction projects are expected to directly influence the market for hard facilities management services.
- Soft facilities management services are best described as services that make environment more pleasant and secure to work. Soft services include cleaning, security,, pest control, and support, etc. Rapid consolidation of facilities management market, which is supported by the establishment of several new international facilities management companies in Saudi Arabia, is expected to boost demand for soft services in the country through the forecast period.

Saudi Arabia Facilities Management Market Size, By Application, By Value, 2016 & 2030F

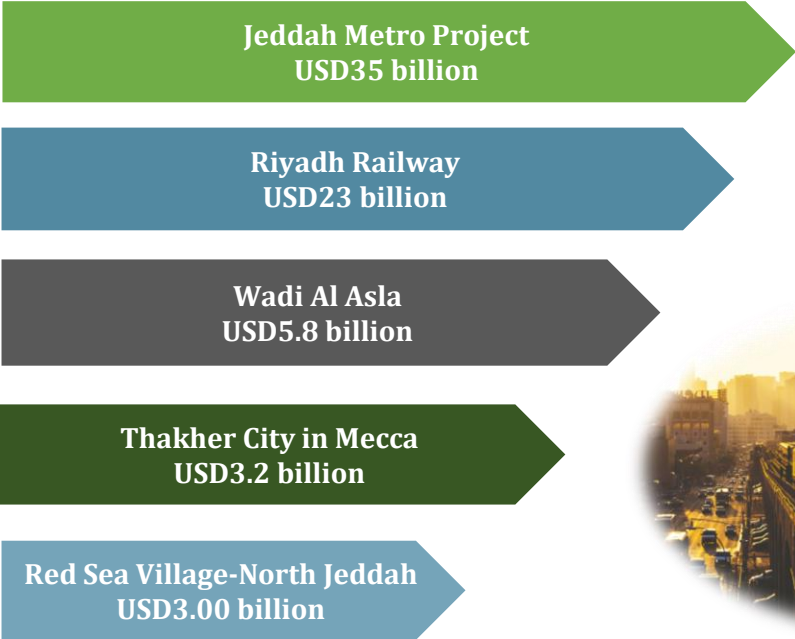


Source: TechSci Research

As of 2016, commercial sector dominated the Saudi Arabia facilities management market. In 2016, National Transformation Program, 2020 was initiated in 2016 in order to meet the interim targets of the Saudi Vision. For this, investment worth USD47.73 billion is expected to be spent during 2016-2020 for the development of private sector business in the country. A large number of facilities management service providers have started investing in Saudi Arabia to utilize these opportunities in order to strengthen their business by catering to the demand for industries such as retail, tourism, service sector, etc. This would encourage employment opportunities, thereby, meeting the core objective of the Vision 2030.

Facilities Management Market in Saudi Arabia

Saudi Arabia Major Upcoming Construction Projects, As of 2016



Source: IRENA, MEED Projects

Large scale construction projects aimed at serving the commercial purpose would promulgate the demand for facilities management services over the forecast period.

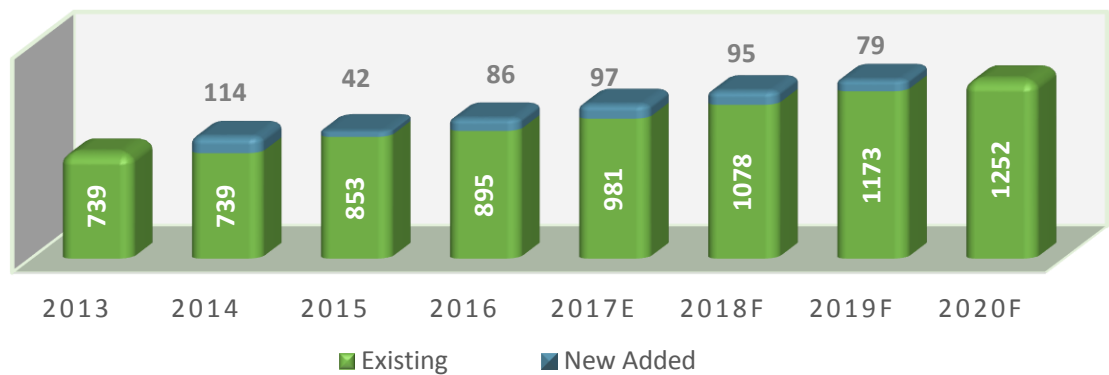
Riyadh Office Supply, 2013-2020F (Thousand Square Meter)



Source: TechSci Research, Saudi Arabia General Authority for Statistics

Facilities Management Market in Saudi Arabia

Jeddah Office Supply, 2013-2020F (Thousand Square Meter)



Source: TechSci Research, Saudi Arabia General Authority for Statistics

Riyadh and Jeddah are major commercial hubs of Saudi Arabia. Both the cities would continue to witness a major boost in the development of commercial centers aimed at catering the growing service sector. By 2020, the supply of office space in Riyadh would reach 3491 and 1252 thousand square meter respectively. This would offer business opportunity for facilities management services in giving FM services such as cleaning, security, landscaping, etc. to these office complexes.

Saudi Arabia Major Upcoming Real Estate Projects, As of October 2016

Project Name	Region	Cost of Project (USD Million)	Expected Completion Date
Mall of Saudi	Riyadh	3200	2022
Dahiyat Al Fursan Residential Project	Riyadh	20,000	2020
Heart of Jeddah	Jeddah	4200	2020
Kingdom Tower	Jeddah	1800	2020
New Taif City	Taif City	-	2020
Medical City	Riyadh	346.6	2019-2020
Cayan Mixed Use Project	Jeddah	320	2019
Riyadh Walk	Riyadh	-	2018
Lamar Towers	Jeddah	460	2018
Antara compound	Riyadh	520	2018
Jeddah Twin Towers	Jeddah	-	Dec-2017

Source: MEED Projects, TechSci Research

Facilities Management Market in Saudi Arabia

Saudi Arabia Upcoming Industrial Projects, As of October 2016

Project Name	Region	Cost of Project (USD Million)	Completion Date (Expected)
Ship Building Complex	Jubail	4300	2021
Seawater Reverse Osmosis Desalination (SWRO) Plant	Shuaibah	422	2020
Automobile Manufacturing Plant	Sudair Industrial City	1000	2018
Cement Production Plant	Riyadh	-	2018

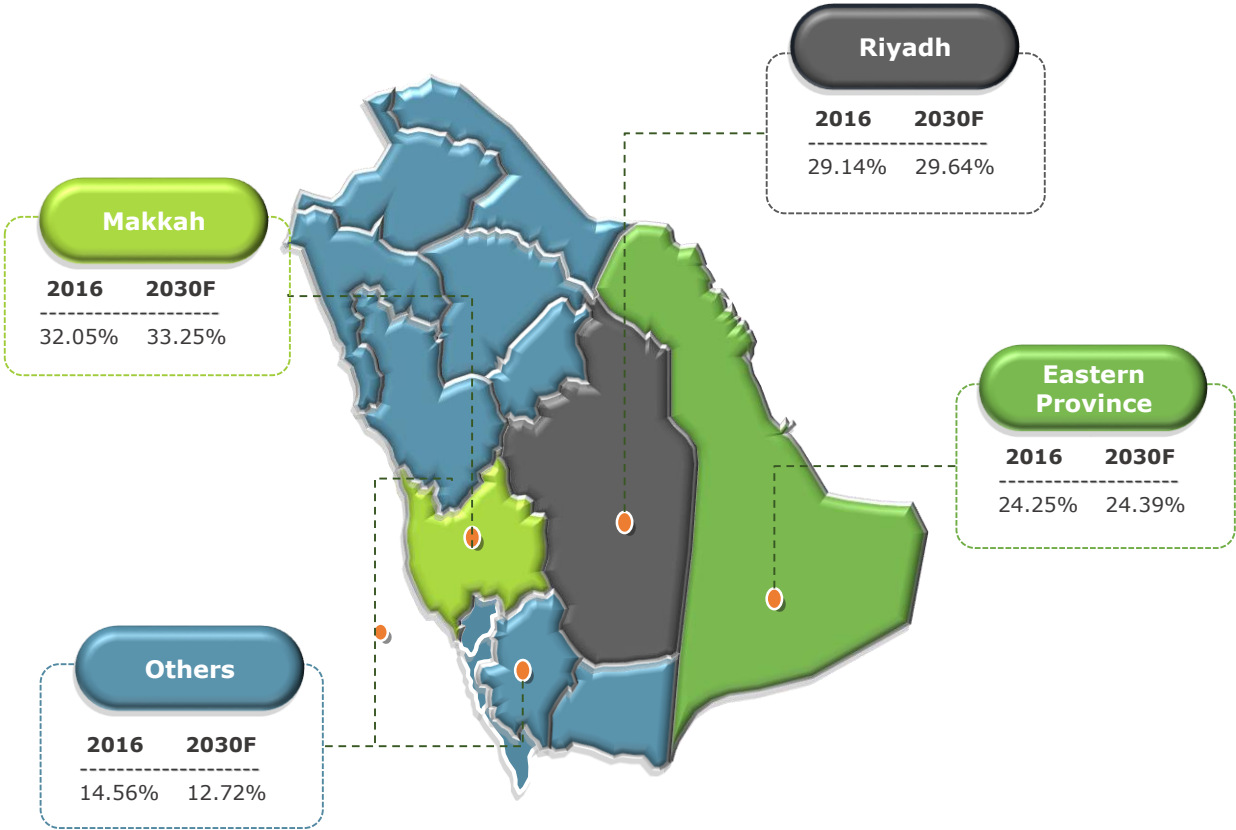
Source: MEED Projects, TechSci Research

- Diversification efforts under the Saudi Vision 2030 would require large scale participation from industrial sector which would aim to setting up of local manufacturing units, developing export oriented manufacturing centers, etc. By 2020, the industrial sector would account for around 24% of the country’s GDP. Expanding industrial base would promulgate the demand for support services such as manpower supply, support staff, etc. which would ensure smooth running of industrial plants as well as helping them to remain competitive.
- In a bid to cater the growing country’s population. Saudi Arabia, under its Vision 2030, has planned to develop housing units to enable 52% of its citizens to have their own houses by 2020. The rising number of housing delivery would necessitate the supply of facilities management services, both hard and soft, to ensure effective utilization of residential space.



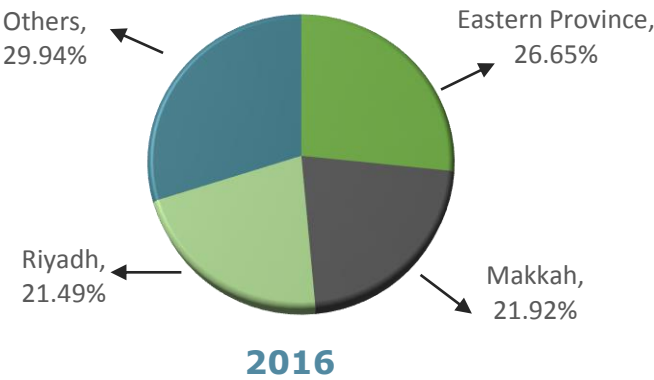
Facilities Management Market in Saudi Arabia

Saudi Arabia Facilities Management Market Share, By Region, By Value, 2016 & 2030F



Others include Al Baha Province, Asir Province, Hail Province, Jizan Province, Madinah Province, Najran Province, Northern Borders, Qassim Province and Tabuk Province
Source: TechSci Research

Saudi Arabia Population, By Region, 2016



Source: TechSci Research Estimates

Facilities Management Market in Saudi Arabia

- Makkah province boasts Mecca City, the holy pilgrimage site for Muslims, and Jeddah, which is considered as the commercial capital of Saudi Arabia. Increase in tourist footfall has made the region one of the prominent travel locations in the Middle East. As a result, out of the total 35,770 rooms, which are under construction as of 2017 in Saudi Arabia, 24,133 rooms are being constructed in the Makkah region. The development of these rooms is expected to boost demand for facilities management in the region which in turn would offer massive employment opportunity as envisaged in Vision 2030.

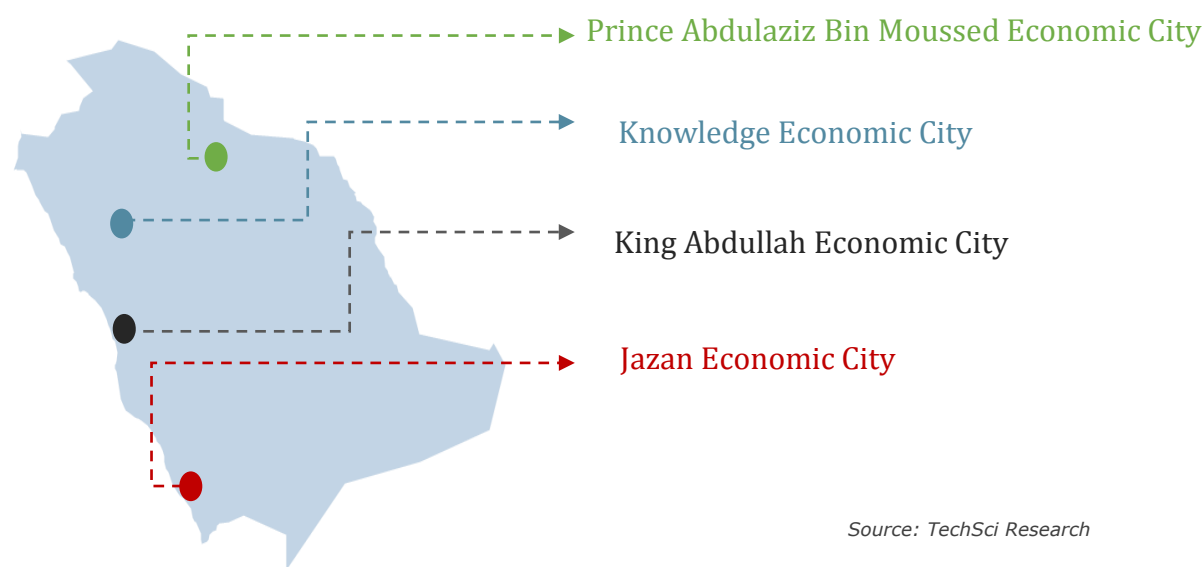
- Riyadh province is the second largest province in Saudi Arabia and includes Riyadh, the capital city of Saudi Arabia, which has some of the ambitious architectural structures such as King Fahad National Library, Museum of the Built Environment (MOBE), Princess Nora Bint Abdulrahman University (the largest girls' university in the world), among several others. Facilities management market is anticipated to experience a surge in demand during the forecast period, owing to the development of commercial projects and refurbishment of existing buildings in the province.

- Eastern Province is the largest province in Saudi Arabia. The major cities of the province include Dammam, which is also the capital city of the province, Al Ahsa (or Al Hasa which includes Al-Hofuf, Mubarratz, and Shaybah), Dhahran, Al Khobar, Jubail, Qatif, Khafji, Abqaiq, Hafar Al-Batin and Ras Tanura. Further, most of the (more than 50%) province is covered by the sand desert of Rub Al Khali. Eastern Province registers its demand for facilities management services mainly from industrial zones established near the eastern coast of the country. With rapid industrialization in the area, demand for facilities management is anticipated to increase in the forecast period.

- Others include Al Baha Province, Asir Province, Hail Province, Jizan Province, Madinah Province, Najran Province, Northern Borders, Qassim Province and Tabuk Province. These provinces are scarcely populated, and cumulatively accounted for a mere 14.56% value share in Saudi Arabia facilities management market during 2016.

Saudi Arabia Economic Cities

Geographical Locations of Saudi Arabia Economic Cities



Saudi Arabia Economic Cities are greenfield development projects having well developed clusters for residential, industrial and commercial settlement.

Saudi Arabia Economic Cities Details

Description	King Abdullah Economic City (KAEC)	Prince AbdulAziz Bin Mousaed Economic City (PABMEC)	Knowledge Economic City (KEC)	Jazan Economic City (JEC)
Date of Completion	2006–2029	2009–2025	2006–2020	2007–2037
Expected Population (million)	2.00	0.30	0.15	0.30
Investments (USD Billion)	93	8	7	27
Employment (persons)	1,000,000	55,000	20,000	100,000

Source: MEED Projects, TechSci Research

Saudi Arabia Economic Cities

- The growing population of Saudi Arabia has prompted the government to develop new cities and modernize the existing ones. Economic cities are the emerging centers which would cater to the emerging socio-economic needs of the country. Economic cities such as King Abdullah Economic City, Knowledge Economic City, Jazan Economic City, Prince Abdulaziz Bin Mousaed Economic City, together, offer investment opportunities of around USD135 billion. These cities will incorporate multiple projects such as industrial districts, Seaport, residential real estate development projects, resorts, educational zones, logistic and transportation centers, etc.

- King Abdullah City is the largest among all the planned economic cities. The project offers investment opportunities worth USD93 billion. An industrial district having an area of 64.8 square kilometers is being developed in the city. Integrated residential zone will have the capacity of accommodating 260,000 apartments and 56,000 villas. Additionally, around 70 hotels are expected to be constructed under the project. The project is estimated to be completed by 2029. Facility management services such as landscaping, cleaning, security, etc. would be required to ensure proper execution and performance of the upcoming city.

- Jazan Economic City (JEC) is another major economic city which would focus on heavy, secondary and labour-intensive units, agriculture enterprises and energy related projects such as power plants, refineries, etc. The project is expected to be completed by 2037. The industrial projects will require facilities management services in order to ensure their smooth operational activities.

- Knowledge Economic City aims to become the country's education hub by initiating projects such as technological and administrative colleges, Islamic civilization studies centre, campus for medical studies, biological sciences and health services. Additionally, the project would incorporate a business centre accommodating around 10,000 employees. All these projects would give a major thrust to the essential facilities management services.

- Prince AbdulAziz Bin Mousaed Economic City would focus on logistic, transportation and minerals business. A residential area with an investment worth USD2.7 billion is being developed to accommodate the potential housing requirements. This would necessitate the need for essential facilities management services such as cleaning, security, etc.

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