

# SAUDI ARABIA

## CONSTRUCTION CHEMICALS INDUSTRY OUTLOOK



A Knowledge Paper Prepared for

**STONE & SURFACE**

SAUDI ARABIA المملكة العربية السعودية

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## GLOBAL CONSTRUCTION CHEMICALS MARKET OVERVIEW

- Construction chemicals are used extensively in construction of residential and commercial structures as well as infrastructural projects.
- Growth in global construction chemicals market during 2018-2023 is anticipated to be driven by rising urbanization and industrialization in major developing countries, implementation of stringent policies by the government and rising investments in the construction sector.
- Asia-Pacific dominated the global construction chemicals market in 2017 and is recognized as the fastest-growing regional market, due to increasing demand for construction chemicals in India, China, Japan and South Korea.
- North America and Europe are relatively mature markets for construction chemicals and are projected to grow at a lower CAGR in comparison to Asia-Pacific during the forecast period. China accounts for the largest share in Asia-Pacific construction chemicals market.
- In Middle East, GCC countries are the fastest growing markets for construction chemicals on account of rising investments by the government coupled with increasing participation by the private sector.
- BASF, GCP Applied Technologies, Sika, Fosroc, Dow MENAT Ashland Inc, Henkel and Chryso are few of the leading players in the global construction chemicals market.



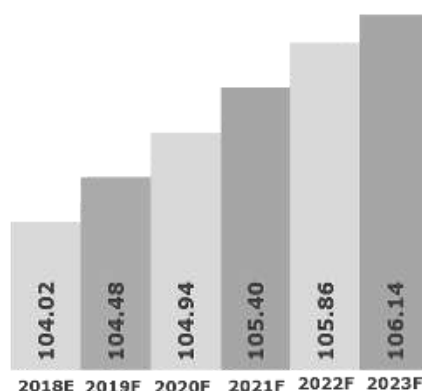
## SAUDI ARABIA

### CONSTRUCTION CHEMICALS DEMAND

The Saudi Arabia Construction Chemicals Market is anticipated to grow at a robust pace as the country is witnessing expanding infrastructural base, structural reforms and technological advancements. The rising economy of Saudi Arabia and abundance of oil reserves resulting in increased public investments for construction of economic cities and related infrastructure is offering massive growth opportunities for construction chemicals manufacturers in the nation.

Companies such as SABIC, BASF, Henkel etc. are actively serving wide range of construction chemicals in Saudi Arabia.

#### Saudi Arabia Construction Industry (USD Billion)



Source: TechSci Research

#### DRIVERS

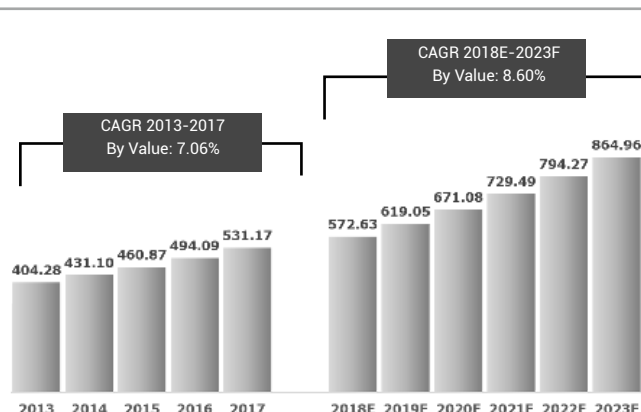
- Upcoming infrastructure megaprojects in different sectors of the economy, with special emphasis on renewable energy development projects
- Rising urbanization coupled with housing deficit to boost demand for construction chemicals in KSA
- Focus on economic diversification, introduction of PPP model and eased FDIs

#### CHALLENGES

- Delayed projects due to high initial investment cost, long contract awarding and execution process
- Depreciating foreign currency as a result of economic downturn and contracting FDI inflows

#### Saudi Arabia Construction Chemicals Market Size

By Value, 2013-2023F (USD Million)



Source: TechSci Research



## SAUDI ARABIA

### GOVERNMENT SCHEMES AND INFRASTRUCTURE PROJECTS

The Government of Saudi Arabia is keen on developing transport infrastructure, energy and utilities facilities and launch affordable housing programmes across the country, which are going to probe the demand for construction chemicals in the country. For instance;

- **National Transformation Program (NTP) 2020:** The government proposes to spend USD71.5 billion towards the development of Saudi Arabia's transport and tourism infrastructure.
- **Saudi Arabia Vision 2030:** The government plans to make Saudi Arabia a global trade hub by increasing the private sector's contribution from 40% of the country's GDP to 65% by 2030 and increasing foreign direct investment from 3.8% to the international level of 5.7% of GDP.
- **Saudi Railway Master Plan 2010 - 2040 (SRMP)** worth USD97.2 billion, to boost intra-regional trade and enhance export capacity, slated for completion by 2040.



The Riyadh Metro Project, which envisages a six-line driverless metro system, extending to a length of 176 Km across Saudi Arabia, covering 85 stations is scheduled to open 3 lines in 2018-19.



The Kingdom of Saudi Arabia is expected to finalize deals with South Korean and Chinese companies under a USD100 billion project to construct 1 million affordable housing units over the coming years.

## Saudi Arabia International Airports Planned Capacity Expansions

International Airports	Location	Forecast capacity post expansion plans
King Abdulaziz International Airport	Jeddah	80 million (by 2035)
King Fahd International Airport	Dammam	16 million (by 2038)
Prince Mohammed bin Abdulaziz International Airport	Medina	12 million (by 2019)

Source: MEED



As part of the Saudi Arabia Vision 2030 plan, the government is focusing extensively on building public-private-partnership deals. As a result, the country is planning to privatize all the airports by 2020 and has declared PPP (Public Private Partnerships) for airport projects at Yanbu, Taif, Qassim and Hail.

## Partial List of Saudi Arabia Ongoing Mega Construction Projects

By Year of Completion and Investment (As of 2017)

Projects	Location	Year of completion	Investment
Kingdom Tower	Jeddah	2019	USD1.2 billion
King Abdullah City for Atomic and Renewable Energy (KACARE)	Riyadh	2040	NA
Sudair Industrial City	Sudair	2029	USD33.4 billion
Arriyadh Development Authority (ADA)	Riyadh	Spanned over next 15 years	USD54.4 billion
Kingdom City	Jeddah	2018	USD20 billion
500,000 Housing Units in Saudi Arabia	Saudi Arabia	2025	USD68 billion
Red Sea Islands	Saudi Arabia	2022	34,000 sq. km

Source: Organisation for Economic Co-operation and Development

## Saudi Arabia Upcoming Mega Economic Cities

By Location and Year of Completion (As of 2017)

Economic Cities	Location	Year of Completion	Investment	Area
King Abdullah Economic City (KAEC)	Rabigh	2030	USD 74.5 billion	168 sq. km
Knowledge Economic City (KEC)	Madinah	2020	USD 6.67 billion	8 sq. km
Jazan Economic City (JEC)	Jazan	2035	USD 25 billion	100 sq. km
Prince Abdul-Aziz Bin Mousaed Economic City (PABMEC)	Ha'il	2025	USD 6.67 billion	156 sq. km
High Tech City (Next generation city) (NEOM)	Tabuk	2025	USD 500 billion	26,500 sq. km
Al-Faisaliah City project	Riyadh	2050	NA	2,450 sq. km

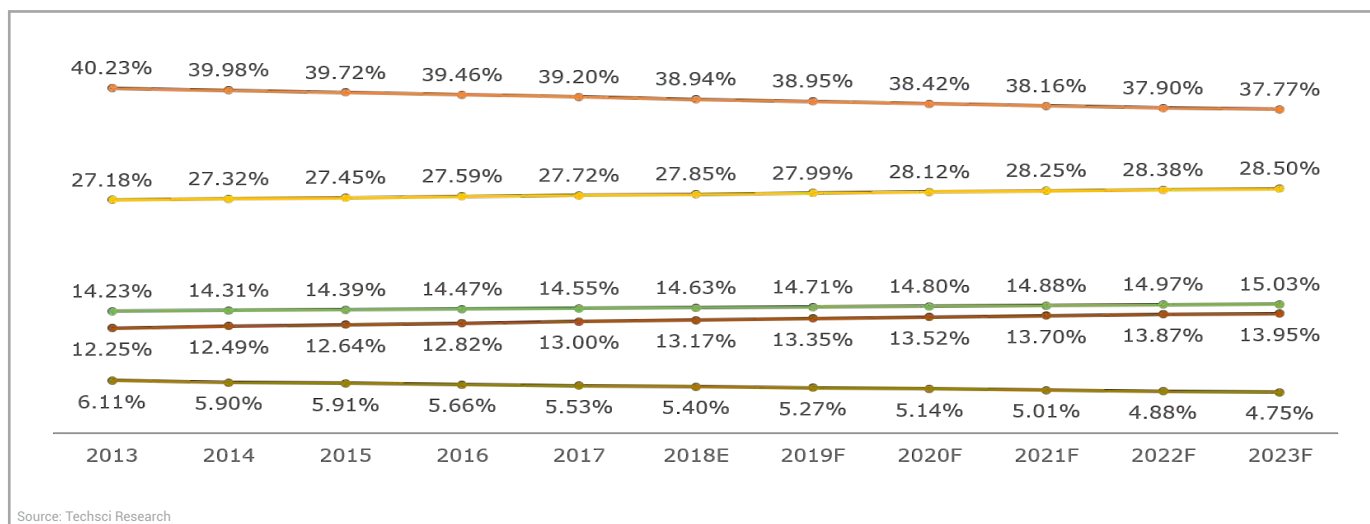
Source: Organisation for Economic Co-operation and Development



## SAUDI ARABIA CONSTRUCTION CHEMICALS MARKET, BY TYPE

### Saudi Arabia Construction Chemicals Market Share

By Type, By Value, 2012-2022F



	CAGR	
	2012 - 2017	2018E - 2022F
Concrete Admixtures	6.37%	7.94%
Protective Coatings	7.59%	9.10%
Waterproofing Chemicals	7.66%	9.19%
Adhesives and Sealants	8.66%	9.86%
Others	4.33%	5.85%

Others: Flooring Chemicals, Floor Hardeners, Grouts, Mortars, Repair Concrete, And Anti Corrosive Agents

Adhesives and sealants market in Saudi Arabia is growing at the fastest CAGR of 9.86% in value terms during 2018-2023, due to increasing applications for structural and decorative purposes and rising awareness levels

## Saudi Arabia Construction Chemicals Market, By Type

- Concrete admixtures accounted for the largest market share in Saudi Arabia construction chemicals market in 2017, as concrete is the cornerstone of various construction activities in the residential, commercial or infrastructure sectors. Increasing number of infrastructure and real estate projects is anticipated to stimulate demand for concrete admixtures thereby driving Saudi Arabia construction chemicals market during 2018-2023.
- Saudi Arabia protective coatings market is slated to grow at a robust pace owing to increase in use of these chemicals for prevention of corrosion in metal structures made of iron and steel such as bridges, power plants, dams, tunnels, pipes, etc.
- The rising demand for waterproofing chemicals to prevent leakage or seepage of water into walls and interior building structures is expected to propel the Saudi Arabia waterproofing chemicals market, during the forecast period.
- Others construction chemicals include flooring chemicals, grouts, repair concrete etc. The market for flooring chemicals in Saudi Arabia witnessed significant growth, owing to increase in construction of hospitals, schools, universities, colleges, laboratories in Saudi Arabia, that require use of specific type of flooring chemicals. Repair and rehabilitation of old structures use large amounts of construction chemicals, and this is driving Saudi Arabia other construction chemicals market.

### Saudi Arabia Construction Chemicals Market Size

By Type, By Value, 2013-2017 (USD Million)

Type	2013	2014	2015	2016	2017
Concrete Admixtures	162.64	172.35	183.06	194.97	208.22
Protective Coatings	109.88	117.78	126.51	136.32	147.24
Waterproofing Chemicals	57.53	61.69	66.32	71.49	77.29
Adhesives & Sealants	49.52	53.84	58.25	63.34	69.05
Others	24.70	25.43	26.68	27.97	29.37

Source: TechSci Research

### Saudi Arabia Construction Chemicals Market Size

By Type, By Value, 2013-2017 (USD Million)

Type	2018E	2019F	2020F	2021F	2022F	2023F
Concrete Admixtures	222.98	239.45	257.83	278.37	301.03	326.70
Protective Coatings	159.48	173.27	188.71	206.08	225.41	246.51
Waterproofing Chemicals	83.78	91.06	99.32	108.55	118.90	130.00
Adhesives & Sealants	75.42	82.64	90.73	99.94	110.17	120.66
Others	30.92	32.62	34.49	36.55	38.76	41.09

Source: TechSci Research

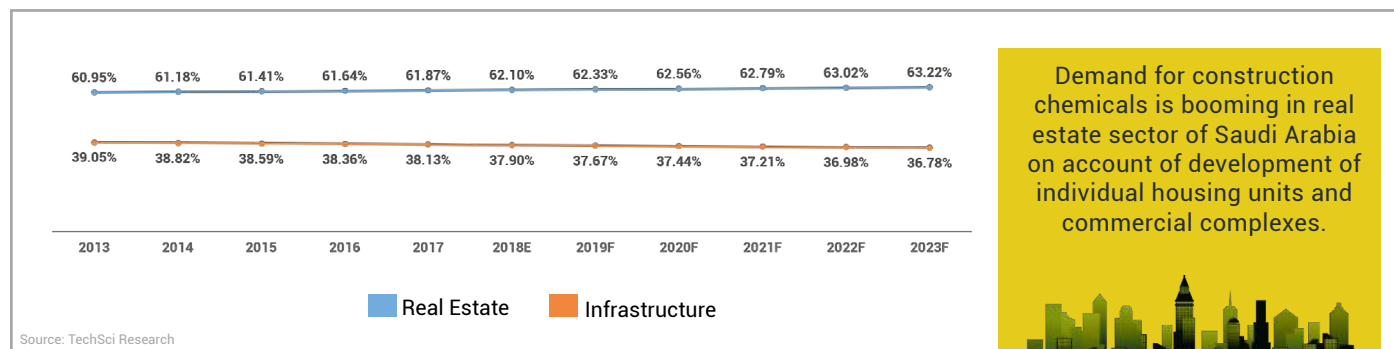




## SAUDI ARABIA CONSTRUCTION CHEMICALS MARKET, BY END USER

### Saudi Arabia Construction Chemicals Market Share

By End User, By Value, 2013-2023F



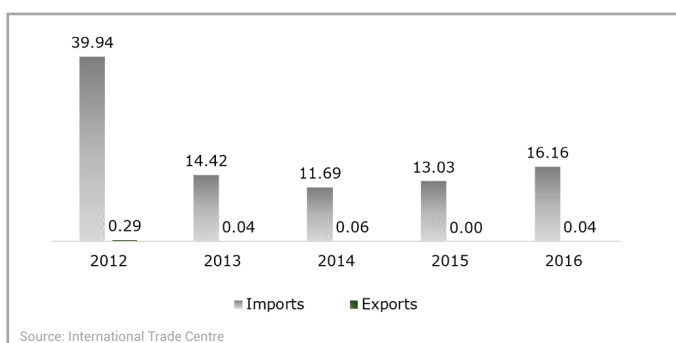
**Saudi Arabia represents the largest market for construction activities in the Middle East, due to rising capital investments from real estate and infrastructural projects, which is fueling the demand for construction chemicals in Saudi Arabia.**

- Ministry of Housing in Saudi Arabia is focusing on development of individual housing units. Real Estate Development Fund was established by the government for providing high quality housing, to address the rising demands of nationals and improve the living standards of citizens. This has resulted in an increase in demand for raw materials such as steel and cement, thus propelling growth of the construction chemicals market in the country. Government of Saudi Arabia is actively taking initiatives for construction of residential and commercial buildings including economic cities, industrial cities, skyscrapers and various housing projects across Saudi Arabia. Construction chemicals demand from the residential sector in Saudi Arabia is anticipated to benefit from these upcoming projects.
- The government is gradually shifting focus from oil sectors to develop and upgrade local roads, rail, ports and airports, in order to decrease the country's dependence on revenues from oil sector. Major efforts are being directed for the construction of inter-city and in-city roads to connect isolated villages with major cities. Consequently, such investments in construction sector is expected to contribute to the growth of construction chemicals market in Saudi Arabia.

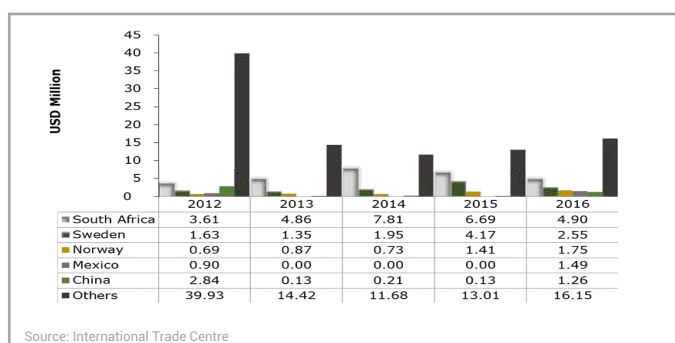


## SAUDI ARABIA IMPORT-EXPORT ANALYSIS

### Saudi Arabia Sodium Naphthalene Sulphonates Imports & Exports, By Value, 2012-2016 (USD Million)



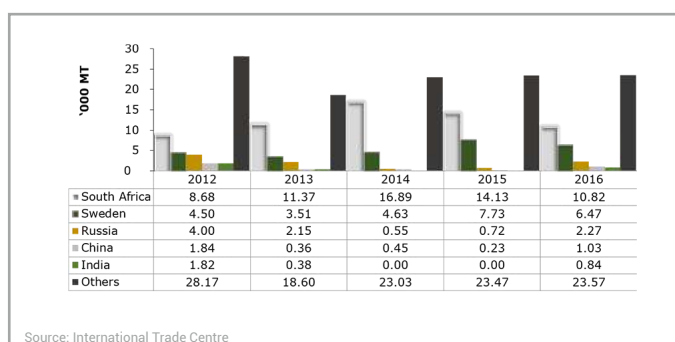
### Saudi Arabia Sodium Naphthalene Sulphonates Imports By Country, By Value, 2012-2016 (USD Million)



### Saudi Arabia Sodium Naphthalene Sulphonates Imports & Exports, By Volume, 2012-2016 ('000 Metric Tons)



### Saudi Arabia Sodium Naphthalene Sulphonates Imports By Country, By Volume, 2012-2016 ('000 Metric Tons)



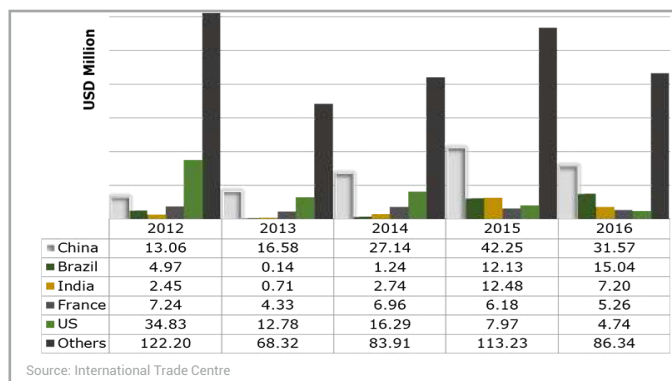
In 2016, Saudi Arabia imported 23.60 thousand metric tons of sodium naphthalene sulphonates, amounting to USD16.16 Million, wherein South Africa, Sweden, Norway, Mexico and China stood as the top 5 source of import. The country's import witnessed year on year growth of 24.03%, in value terms, in 2016.

## Import-Export Analysis

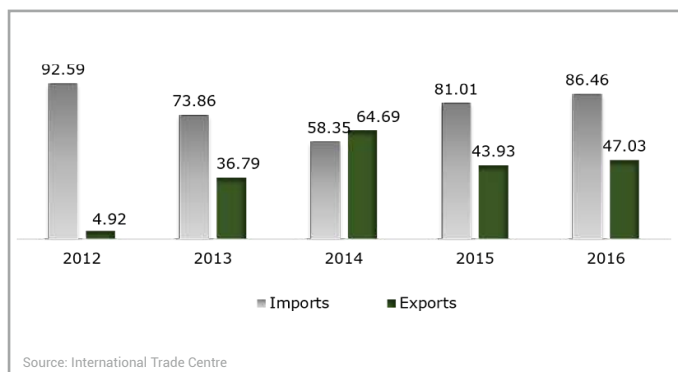
### Saudi Arabia Cement/Concrete Additives Imports & Exports, By Value, 2012-2016 (USD Million)



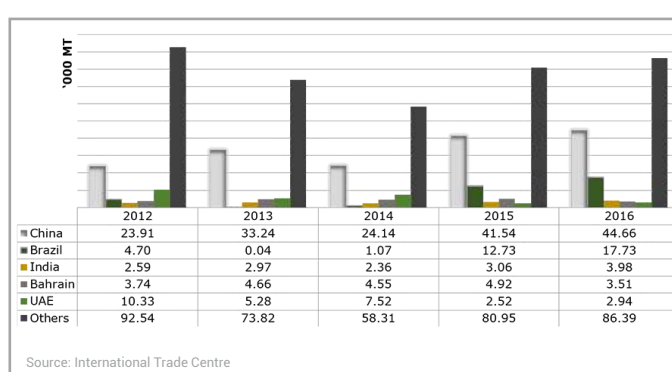
### Saudi Arabia Cement/Concrete Additives Imports, By Country, By Value, 2012-2016 (USD Million)



### Saudi Arabia Cement/Concrete Additives Imports & Exports, By Volume, 2012-2016 ('000 Metric Tons)



### Saudi Arabia Cement/Concrete Additives Imports, By Country, By Volume, 2012-2016 ('000 Metric Tons)



In 2016, Saudi Arabia imported 86.46 thousand metric tons of concrete additives, amounting to USD86.40 Million, wherein China, Brazil, India, France and US stood as the top 5 source of import. The country's import exhibited year on year growth of 6.72%, in volume terms, in 2016.

# MAJOR PLAYERS



## LEADING PLAYER IN GCC REGION

**BASF Middle East LLC**  
**Middle East Fosroc**  
**Sika GCC**  
**DOW Menat**  
**Chryso Gulf**  
**Saudi Basic Industries Corporation**  
**GCP Applied Technologies Inc.**  
**Ashland Inc.**  
**Henkel Arabia**  
**Jotun Saudia Co. Ltd.**

Other players operating in the Saudi Arabia Construction Chemicals Market are Construction Material Chemical Industries (CMCI), Saudi Basic Industries Corporation (SABIC), Sika Saudi Arabia, SODAMCO Industrial Co. for Construction Chemicals W.L.L., DowDuPont, Abdulhadi Hassan Taher & Partners Co. Ltd. CIC, Jotun Saudia Co. Ltd. and many more.

## LEADING PLAYERS IN SAUDI ARABIA

### BASF Construction Chemicals

Project Name	Year of Completion	Products Used
Harmain High Speed Railway Stations	2018	Wabo® Range MasterTop® Range MasterSeal® Range MasterFlow® Range MasterKure® Range MasterBrace® Range MasterProtect® Range MasterEmaco® Range MasterRheobuild® 858M MasterPozzolith® RMC4M MasterGlenium® Sky 506 MasterGlenium® SKY 504S
Umm Wu'al Phosphate Project	2016	MasterProtect 1801 MasterProtect 1822 MasterProtect P 1895 MasterProtect 1892
King Abdullah Financial district – KAFD	2015	MasterGlenium® 51 MasterGlenium® 110M

### Fosam Company Limited

Project Name	Year of Completion	Products Used
KAIA Airport	2035	Renderoc FC, TG Xtra, HS Xtra Nitobond AR
SWRO Desalination Plant Phase II	2014	Nitotile 489 Nitotile EP Grout
Al-Turki Business Park	2011	Proofex OGP Nitoflor EPU100 Dekguard E2000

### Henkel Polybit Industries Ltd.

Project Name	Year of Completion	Products Used
Dr. Sulaiman Al Habib Medical Group Hospital	2016	Polybit Watertite T5000 system Polycrrete MC Polygrout EY3000



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### **TechSci Research – North America**

708 Third Avenue, Manhattan,

New York, United States

Email: [sales@techsciresearch.com](mailto:sales@techsciresearch.com)

Tel: +1- 646- 360- 1656

### **TechSci Research – Europe**

54, Oldbrook, Bretton,

Peterborough, United Kingdom

Email: [sales@techsciresearch.com](mailto:sales@techsciresearch.com)

### **TechSci Research – Asia-Pacific**

B- 44, Sector -57, Noida,

National Capital Region, U.P. - India

Tel: +91-120-4523900

Email: [sales@techsciresearch.com](mailto:sales@techsciresearch.com)

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Discover the latest designs in natural stones, covering, flooring and other surface design products and innovative solutions – from marble, granite, tiles, ceramics, wall covering, flooring products, paints, carpets and other surface design materials at the show. Meet new suppliers from 18 countries and learn from over 30 hours of CPD accredited sessions at the conference and network with 5,000+ industry professionals such as architects, interior designers, developers, contractors, stone specialists and other procurement professionals in the region's most lucrative construction market.

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