

# 2030

## Facilities Management and Cleaning Market

in Saudi Arabia



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# Saudi Vision 2030



**Saudi Vision 2030 aims to diversify the country's economy by investing in and promoting non-oil-based sectors.**

## Key Goals and Objectives of Vision 2030

- To increase the public investment fund's assets from USD159.89 billion in 2016 to USD1,865.40 billion by 2030.
- To increase the share of non-oil-based exports from 16% in 2016 to 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 private sector contribution from 40% in 2016 to 65% of GDP by 2030, thereby opening different sectors for private sector players.

## Key Initiatives to Achieve Vision 2030

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

## 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 catalyze growth in the service sector, which in turn would boost employment opportunities.

# Saudi Arabia Facilities Management Market Overview

## Facilities Management Services

### Hard Services

- Building Fabric Maintenance
- Decoration & Refurbishment
- M&E Plant Maintenance
- Plumbing & Drainage
- Lift & Escalator Maintenance

### Soft Services

- Cleaning
- Security
- Waste Disposal
- Pest Control
- Grounds Maintenance
- Recycling

### Other Services

- Catering Services
- Vehicle Fleet Management
- Environmental Management
- Space Management
- Utility Management
- \*Others

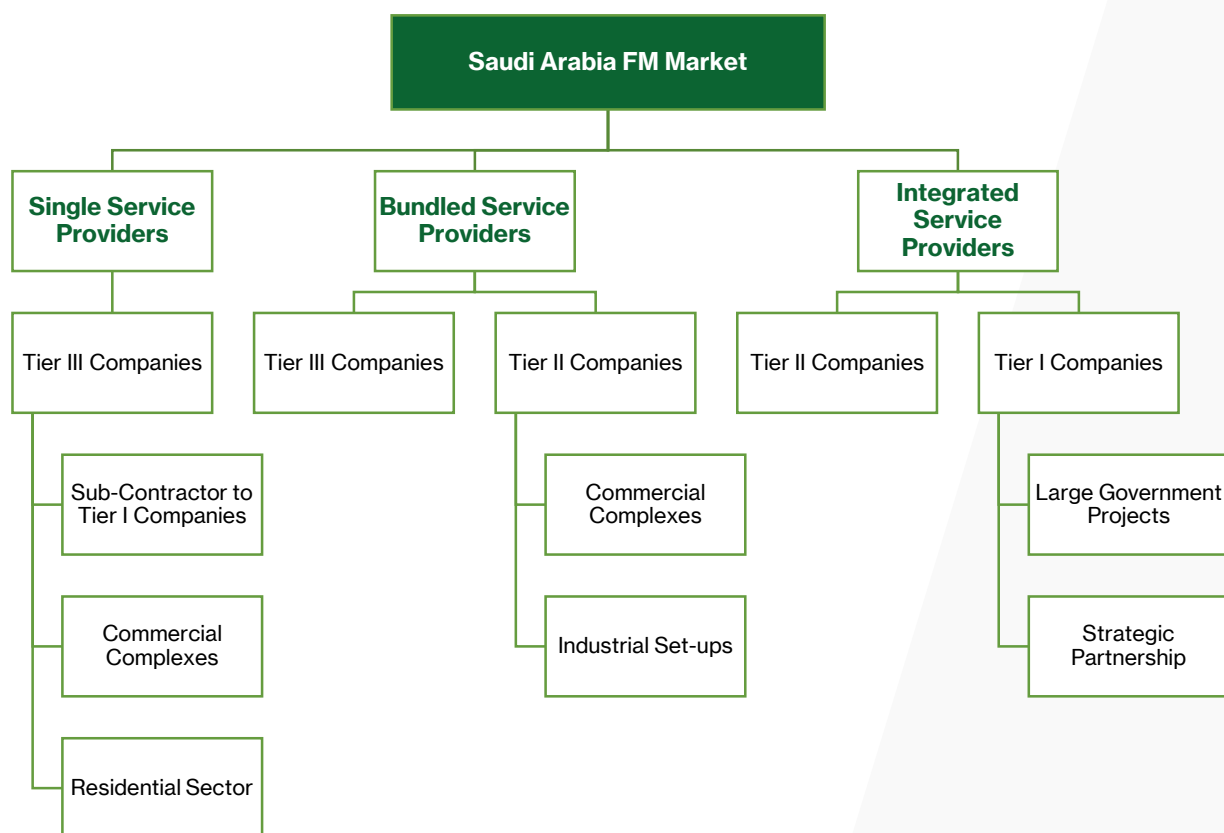
*\*Others include move management, pace planning, benchmarking, printing services, postal services, contract procurement, etc.*



## Highlights of Saudi Arabia Facilities Management Market

- Saudi Arabia is the largest market for facilities management services in the Gulf Cooperation Council (GCC) region.
- Facilities management market in Saudi Arabia is highly cost sensitive, as people/organization consider facilities management as a preventive maintenance process.
- Total spending in Saudi Arabia construction sector witnessed an annual growth rate of about 17% during 2017-2018.
- Facilities management market in the country is dominated by demand for hard services.
- Rapid consolidation of facilities management market, with the establishment of a large number of new international facilities management companies, would boost demand for soft services in the country by 2030.

## Saudi Arabia Facilities Management (FM) Market Structure

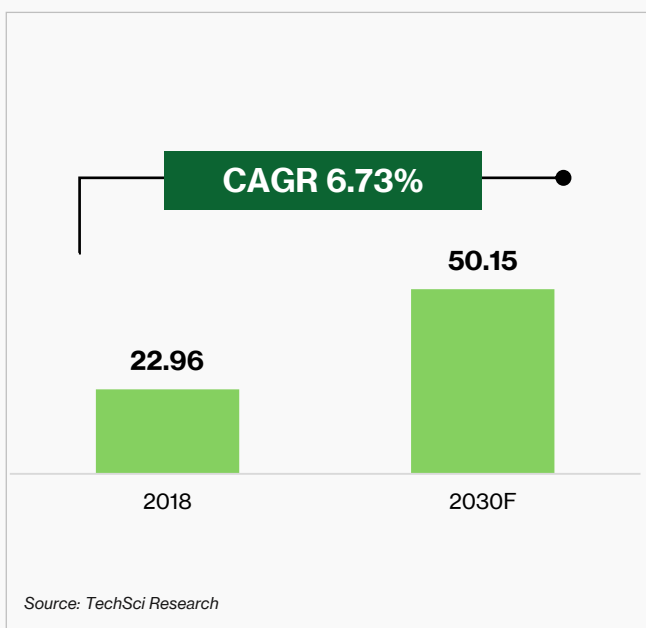


- Facilities management market is broadly categorized into single service providers, bundled service providers and integrated service providers.
- Single service providers are Tier III companies, which provide individual services, such as cleaning, security and maintenance.
- Bundled service providers offer two or more facility management services to consumers and include Tier II or Tier III companies.
- Integrated service providers are Tier I and Tier II companies, which provide almost all kind of FM services to the public as well as private entities.
- Bundled and integrated service providers outsource the cleaning services to sub-contractors, depending upon the size and complexity of the project.

# Facilities Management

## Market in Saudi Arabia

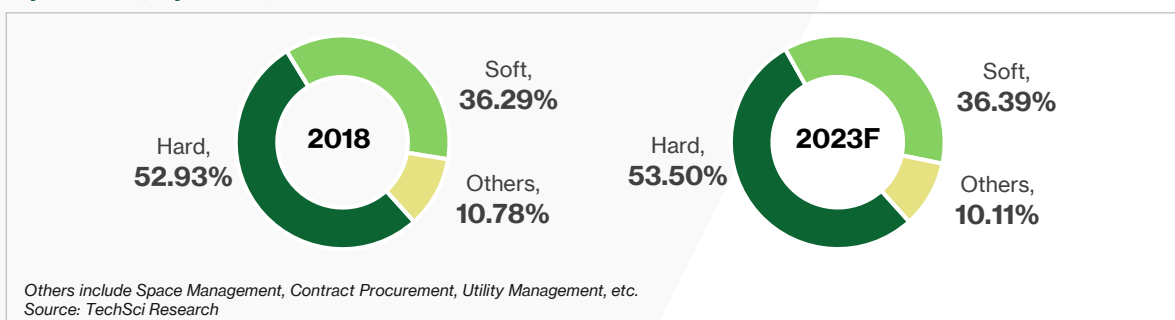
**Saudi Arabia Facilities Management Market Size,  
By Value, 2018 & 2030F (USD Billion)**



Saudi Arabia, being the largest market for facilities management services in the Gulf Cooperation Council (GCC) region, accounted for a value share of more than 50% in the GCC facilities management market in 2018. Saudi Arabia facilities management market is projected to reach USD50.15 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 during the forecast period. Facilities management services would support these sectors by ensuring their smooth operational performance.

**Saudi Arabia Facilities Management Market Share,  
By Service, By Value, 2018 & 2030F**



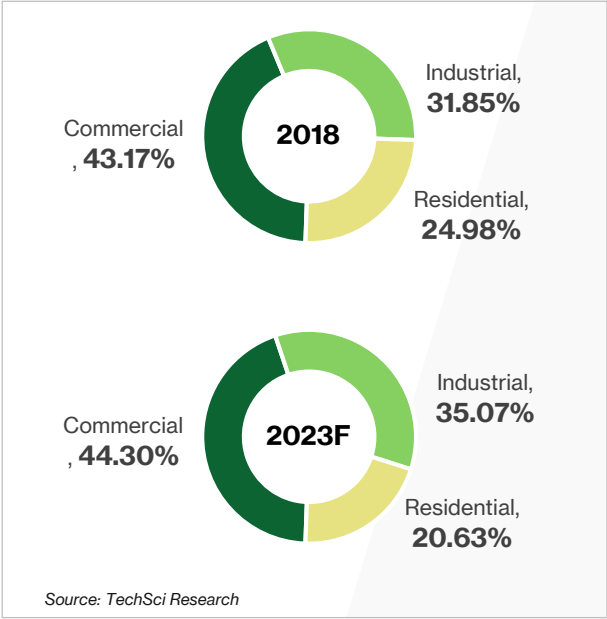
**Hard services** are related to the operation and maintenance of mechanical and civil structures of a building. Basic hard facilities management services are MEP service, building fabric maintenance, HVAC maintenance, fire and security system, etc. Several ongoing mega construction projects are expected to directly influence the market for hard facilities management services in the country.

**Soft facilities** management services are best described as the services that make environment more pleasant and secure to work. Soft services include cleaning, security, pest control, 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 during the forecast period.





**Saudi Arabia Facilities Management Market Share, By Application, By Value, 2018 & 2030F**



As of 2018, commercial sector dominated Saudi Arabia facilities management market. In November 2018, Saudi Arabia’s King Abdullah Economic City (KAEC) awarded construction and development contracts worth USD319 million.

A large number of facilities management service providers have started investing in Saudi Arabia to utilize such opportunities in order to strengthen their business by catering to the demand from industries such as retail, tourism, service sector, etc. This would encourage employment opportunities, thereby meeting the core objective of the National Transformation Program 2020 and Vision 2030.

**Saudi Arabia Annual Service Wise Operation & Maintenance Cost Range, By Type of Facility, By Service, SAR/SQM**

Expense	Sales Office	Office Buildings
Cleaning	10.4-11.5 (USD 2.77-3.07)	10.4 - 10.6 (USD 2.77-2.83)
Security	4.7-4.9 (USD 1.25-1.31)	4.8 - 5.0 (USD 1.28-1.33)
Landscaping	4.5-4.7 (USD 1.20-1.25)	4.6 - 4.8 (USD 1.23-1.28)
Elevator	1.8-2.2 (USD 0.48-0.59)	1.8 -2.3 (USD 0.48-0.61)
HVAC	2.5-2.6 (USD 0.67-0.69)	2.5 - 2.6 (USD 0.67-0.69)
Electrical	1.8-1.9 (USD 0.48-0.51)	1.8 - 1.9 (USD 0.48-0.51)
Plumbing	0.4-0.8 (USD 0.11-0.21)	0.4 - 0.8 (USD 0.11-0.21)
Fire Safety	0.8-0.9 (USD 0.21-0.24)	0.9 - 1.0 (USD 0.24-0.27)
Miscellaneous	7.9-8.1 (USD 2.11-2.16)	8.0-8.4 (USD 2.13-2.24)

Source: TechSci Research  
Miscellaneous includes interior & exterior building maintenance, structural/roofing maintenance, waste management, parking lot maintenance, etc.  
Abbreviation- SAR/SQM: Saudi Riyal per Square Meter

**Saudi Arabia Major Upcoming/Ongoing Real Estate Projects,**  
 As of December 2018

Project Name	Region	Cost of Project (USD Million)	Expected Completion Date
Al Faisaliah City	Makkah	25,000	2050
Arriyadh Development Authority (ADA)	Riyadh	54,400	2033
Al Ruwais Redevelopment	Jeddah	13,300	2030
Sudair Industrial City	Sudair	33,400	2029
500,000 Housing Units in Saudi Arabia	Saudi Arabia	68,000	2025
New Jeddah Downtown	Jeddah	5,000	2022 (Phase-1)
Mall of Saudi	Riyadh	3,200	2020
Dahiyat Al Fursan Residential Project	Riyadh	20,000	2020
Heart of Jeddah	Jeddah	4,200	2020
Kingdom Tower	Jeddah	1,800	2020
New Taif City	Taif City	-	2020
Telal Alghoroob	Jeddah	1,200	2020 (Phase-1)
Medical City	Riyadh	346.6	2019-2020
Cayan Mixed Use Project	Jeddah	320	2019

**Saudi Arabia Upcoming Industrial Projects, As of 2017**

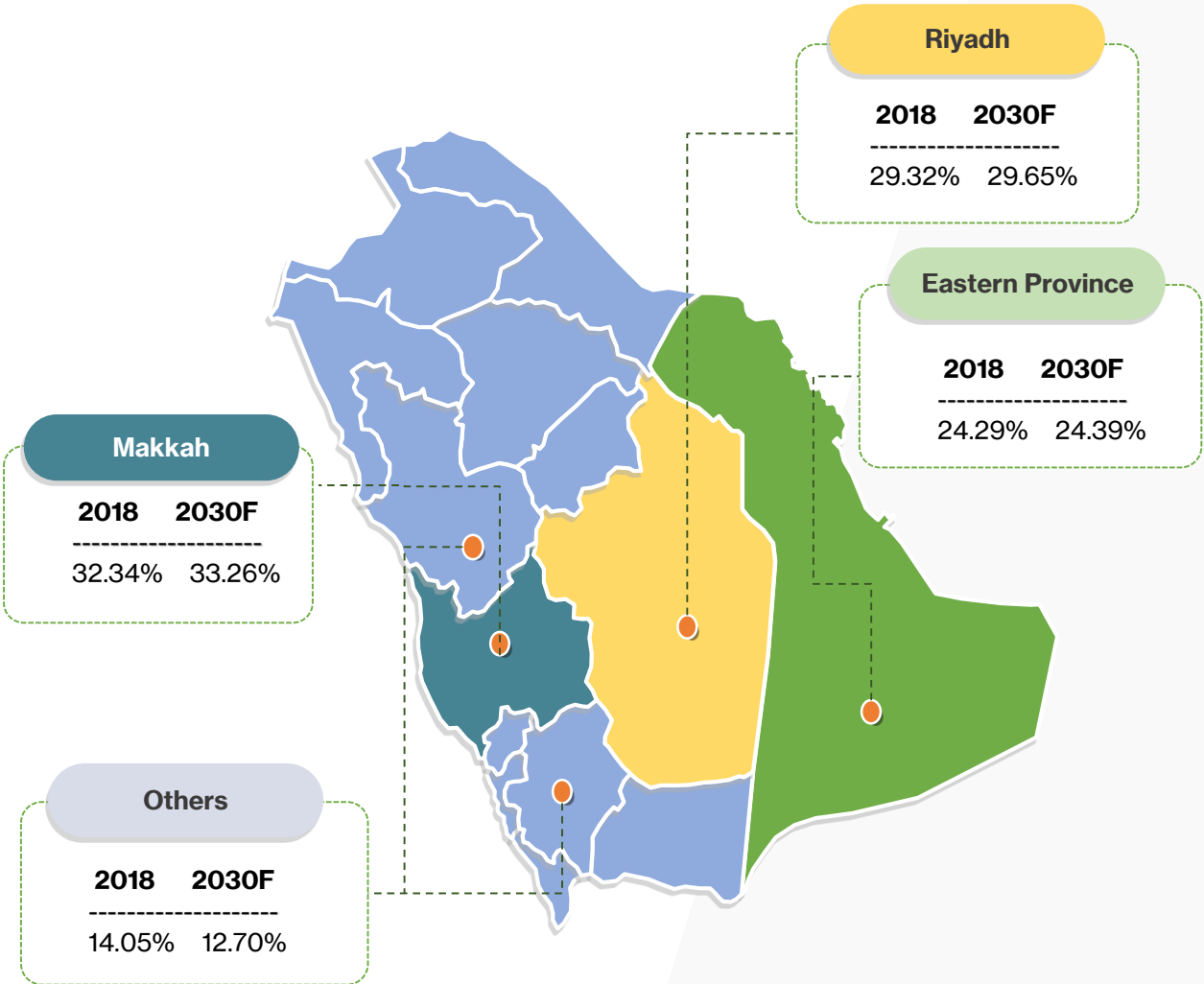
Project Name	Region	Cost of Project (USD Million)	Completion Date (Expected)
Wa’ad Al Shamal	Turaif, Northern Borders Province	35,600	-
Ship Building Complex	Jubail	4,300	2021

*\*Note: This is not an exhaustive list.*  
 Source: MEED Projects, TechSci Research

Diversification efforts under the Saudi Vision 2030 would require large-scale participation from the industrial sector, aimed at establishing 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 is expected to boost demand for support services such as manpower supply and support staff, which would ensure the smooth running of industrial plants as well as help them to remain competitive.

In a bid to cater to its rising 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.

Saudi Arabia Facilities Management Market Share,  
By Region, By Value, 2018 & 2030F

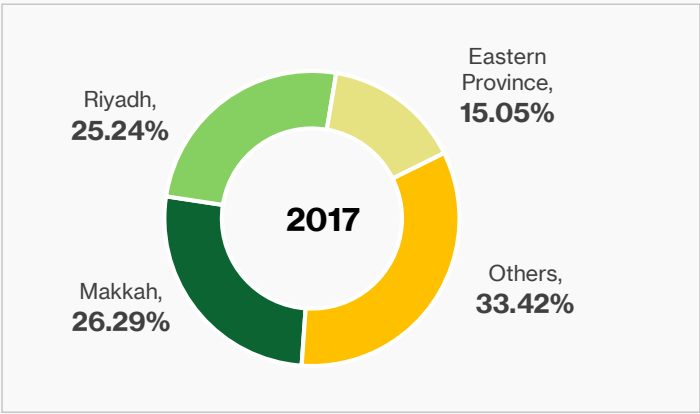


Others include Al Baha Province, Asir Province, Hail Province, Jizan Province, Madinah Province, Najran Province, Northern Borders, Qassim Province and Tabuk Province

Source: TechSci Research

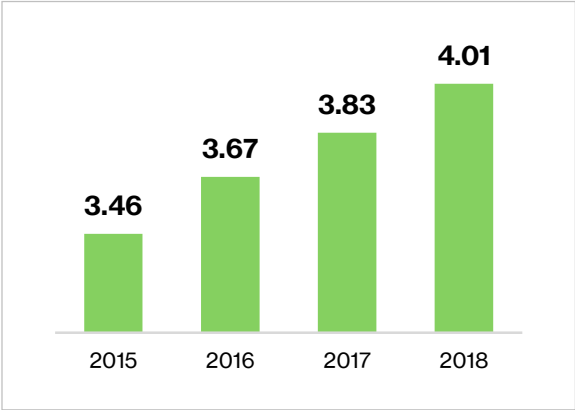


**Saudi Arabia Population, By Region, 2017**

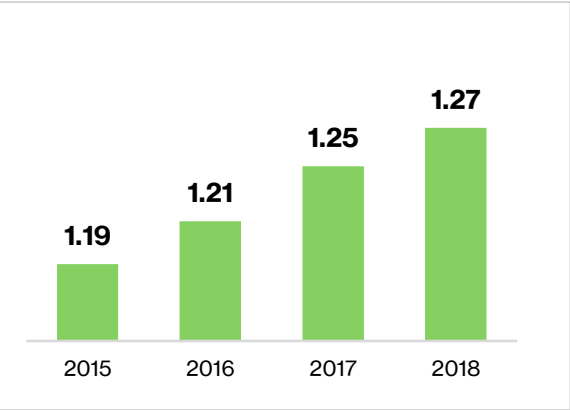


- Makkah province boasts Mecca City, the holy pilgrimage site for Muslims, and Jeddah, which is considered as the commercial capital of Saudi Arabia. Increase in tourist footfall has made the region one of the prominent travel locations in the Middle East.
- Riyadh province, the second largest province in Saudi Arabia, 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) and Princess Nora Bint Abdulrahman University (the largest girls' university in the world). Facilities management market in the country is anticipated to experience strong demand during the forecast period, owing to the development of commercial projects and refurbishment of existing buildings in the province.
- 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 and Jeddah would collectively reach about 5 million square meters. This would offer business opportunities for facilities management services companies in providing FM services such as cleaning, security and landscaping to these office complexes.
- 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 coming years.
- As of January 2018, more than 180 hotel projects with more than 60,000 rooms are under development in the country. The development of these rooms is expected to boost demand for facilities management in Saudi Arabia, which in turn would offer massive employment opportunities as envisaged in Vision 2030.

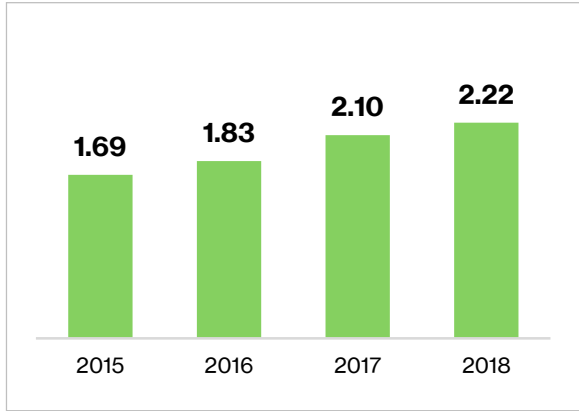
**Riyadh Office Supply, 2015-2018**  
(Million Square Meter of GLA)



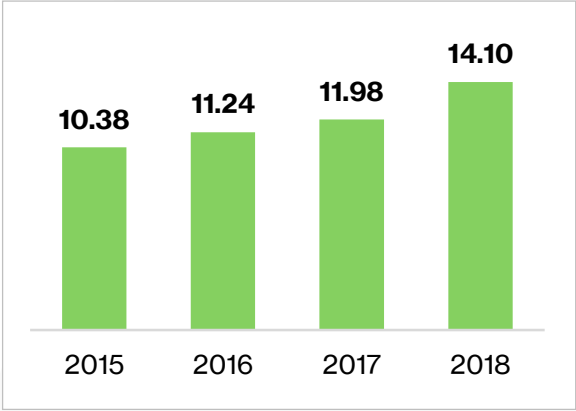
**Riyadh Residential Supply, 2015-2018**  
(Million Units)



**Riyadh Retail Supply, 2015-2018**  
(Million Square Meter of GLA)



**Riyadh Hotel Supply, 2015-2018**  
(Thousand Rooms)

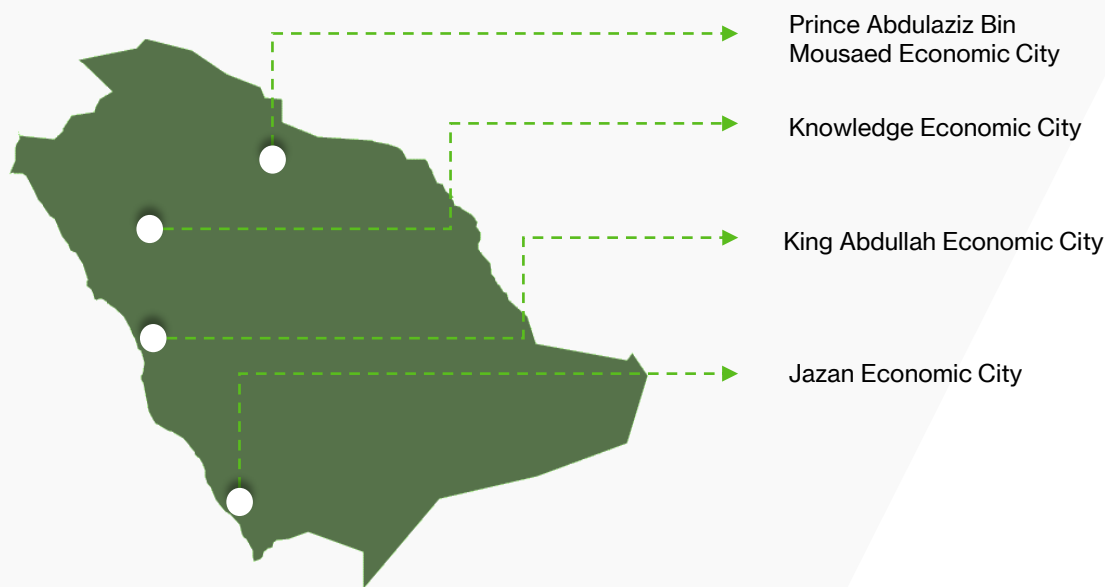


Source: TechSci Research  
Abbreviation- GLA: Gross Leasable Area  
Source: TechSci Research

# Saudi Arabia

## Economic Cities

### Geographical Locations of Saudi Arabia Economic Cities



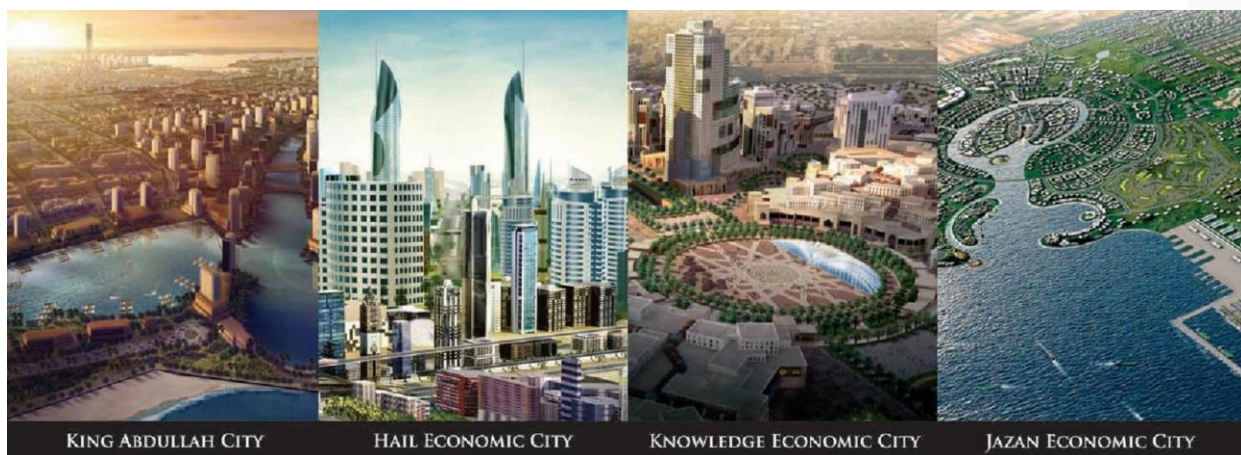
Saudi Arabia Economic Cities are greenfield development projects, with well developed clusters for residential, industrial and commercial settlement.

### 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
Investment (USD Billion)	93	8	7	27
Employment (Persons)	1 million	55,000	20,000	100,000

Source: MEED Projects, TechSci Research

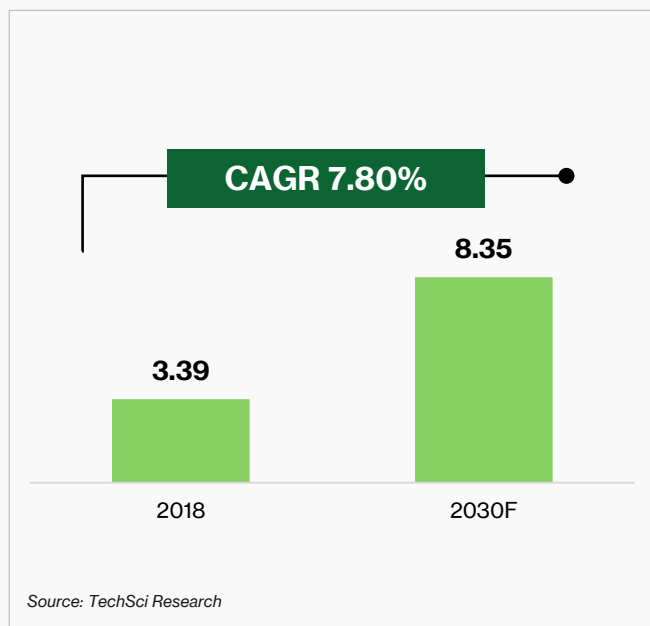




- Growing population of Saudi Arabia has prompted the government to develop new cities and modernize the existing ones. Economic cities are the emerging centers, which would cater to the emerging socio-economic needs of the country. Economic cities such as **King Abdullah Economic City, Knowledge Economic City, Jazan Economic City and Prince Abdulaziz Bin Mousaed Economic City** offer total investment opportunities of around USD135 billion. These cities will incorporate multiple projects such as industrial districts, seaports, residential real estate development projects, resorts, educational zones, and logistics and transportation centers.
- **King Abdullah Economic City** is the largest among all the planned economic cities. The project offers investment opportunities worth USD93 billion. An industrial district covering 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, which is estimated to be completed by 2029. Facility management services such as landscaping, cleaning and security would be required to ensure the proper execution and performance of the upcoming city.
- **Jazan Economic City (JEC)** is another major economic city, which would focus on heavy, secondary and labor-intensive units, agriculture enterprises and energy related projects such as power plants and refineries. 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, and a campus for medical studies, biological sciences and health services. Additionally, the project would incorporate a business center accommodating around 10,000 employees. All these projects would give a major thrust to the essential facilities management services in the country.
- **Prince Abdulaziz Bin Mousaed Economic City** would focus on logistics, transportation and minerals business. A USD2.7 billion residential area is being developed to accommodate the potential housing requirements. This would necessitate the need for essential facilities management services such as cleaning and security.

# Saudi Arabia Cleaning Service Market Outlook

**Saudi Arabia Cleaning Service Market Size, By Value, 2018 & 2030F (USD Billion)**



Saudi Arabia is the largest market for facilities management services in the Gulf Cooperation Council (GCC) region. Saudi Arabia cleaning service market is estimated to reach USD8.35 billion by 2030. Under Saudi Vision 2030, sectors such as real estate, tourism and retail are expected to witness a major boost in the coming years. Cleaning service providers offering construction type and/or contract type cleaning services to residential and commercial developments are expected to witness growth during the forecast period.

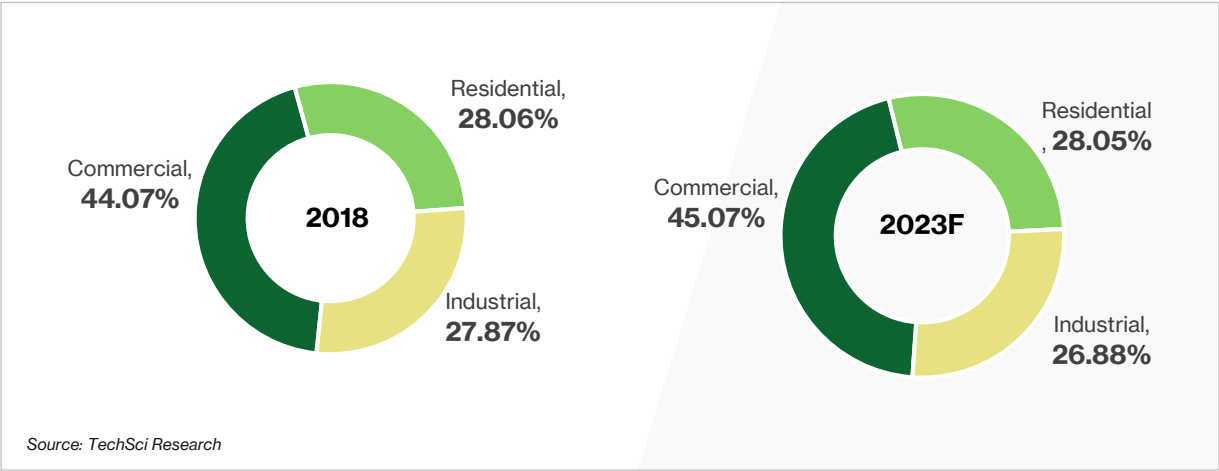
Under Saudi Vision 2030, construction of economic cities in the country has been planned with a provision for tourism, industrial and logistics sectors. These facilities would require soft services for ensuring the smooth operation of infrastructure development projects. Soft facilities management services are best described as services that make the environment more pleasant and secure to work. Soft services include cleaning, security, pest control, support, etc. Cleaning services would include a wide range of services such as floor maintenance, window cleaning, supply management and recycling. Large-scale construction projects aimed at serving the commercial and residential purposes would promulgate the demand for cleaning facilities management services in Saudi Arabia during the forecast period.

**Saudi Arabia Cleaning Service Cost\*,**  
By Type (SAR per Year)



*\*Note: The Service Cost is estimated for Commercial Complex with a Gross Leasable Area in range of 5,000-20,000 Sq. ft.  
Source: TechSci Research Estimates*

**Saudi Arabia Cleaning Service Market Share,**  
By Application, By Value, 2018 & 2030F





As of 2018, commercial sector dominated the Saudi Arabia cleaning facilities management service market. In 2017, Saudi Arabia announced plans for transforming 50 islands with a coverage area of 34,000 square kilometers into a tourist destination. Public Investment Fund will develop the project, which is located between Umluj and Al Wahj cities and is likely to attract luxury travelers from around the globe. The project is expected to start by 2019 and the first phase will be completed by 2022. Such commercial development projects would increase the demand for cleaning facilities management services in the country in coming years.

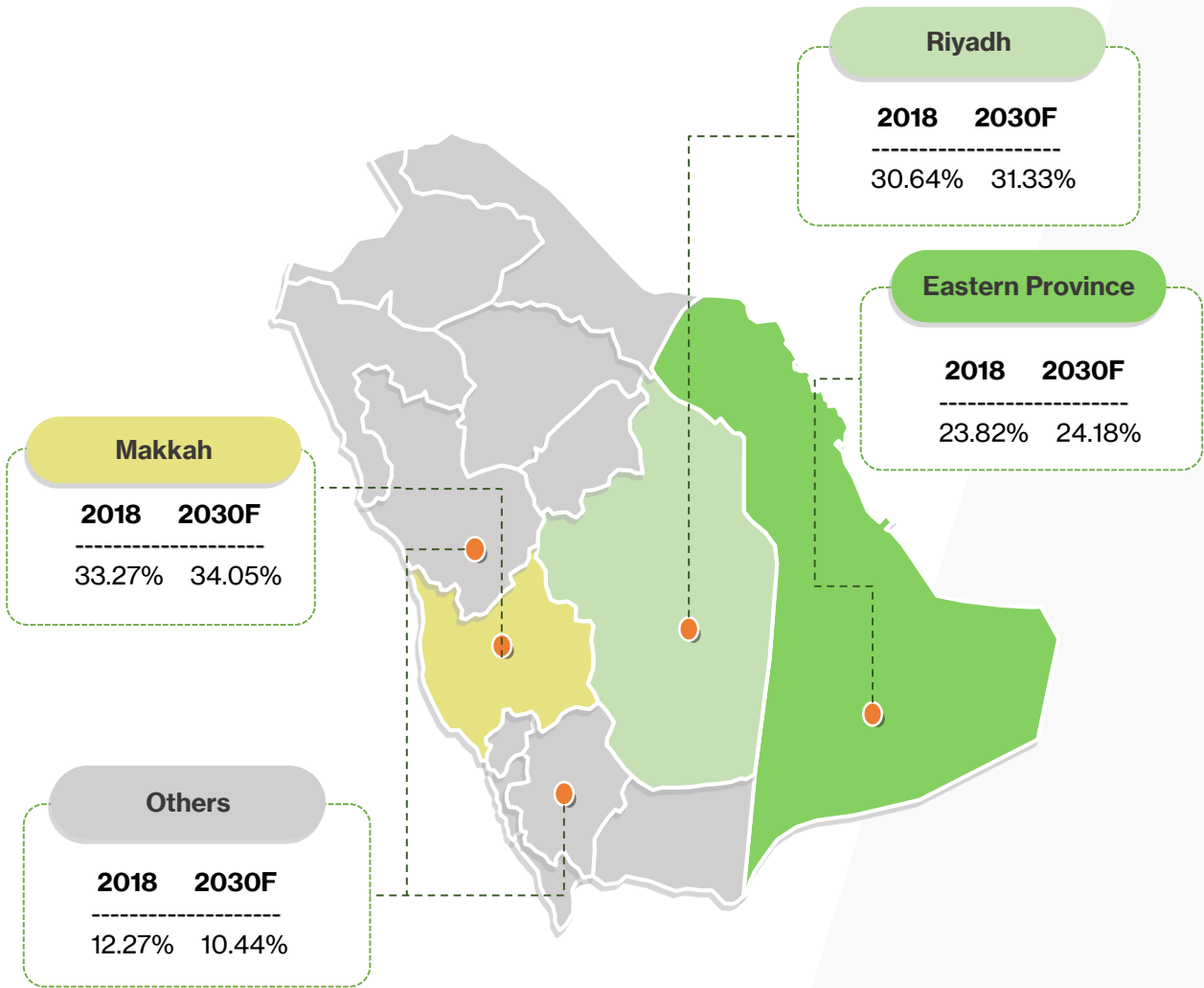


**Saudi Arabia Major Upcoming Real Estate Projects, As of 2018**

Project Name	Region	Cost of Project (USD Million)	Expected Completion Date
Mall of Saudi	Riyadh	3,200	2022
Dahiyat Al Fursan Residential Project	Riyadh	20,000	2020
Heart of Jeddah	Jeddah	4,200	2020
Kingdom Tower	Jeddah	1,800	2020
New Taif City	Taif City	-	2020
Medical City	Riyadh	346.6	2019-2020
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Source: MEED Projects, TechSci Research

Saudi Arabia Cleaning Service Market Share,  
By Region, By Value, 2018 & 2030F



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

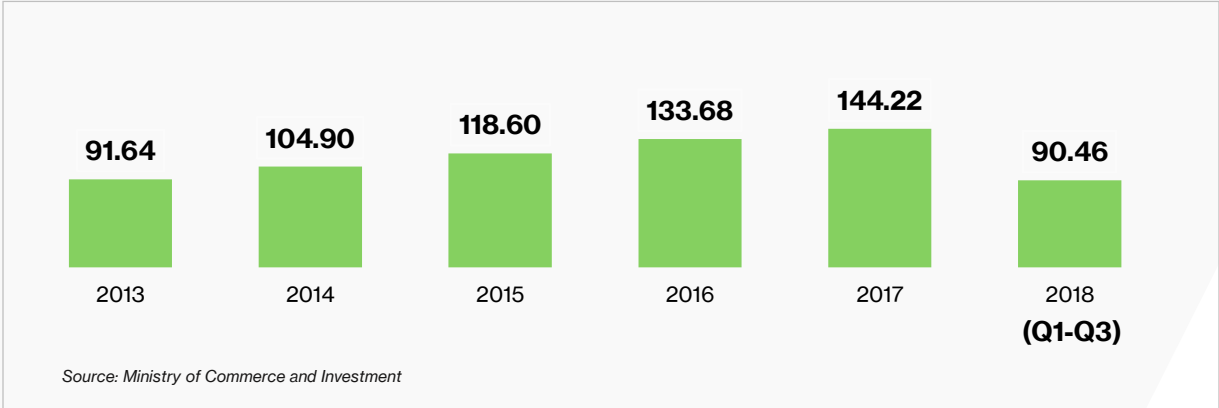
Source: TechSci Research

Saudi Arabia Healthcare Facilities &  
Resources, By Region, 2017

Region	Primary Health Care Centers	Polyclinics	Hospitals	Beds
Riyadh	436	1,028	102	18,780
Makkah	340	642	104	15,694
Eastern	255	367	74	13,474
Rest of Saudi Arabia	1,330	730	204	25,033
Total	2,361	2,767	484	72,981

Source: Ministry of Health

**Saudi Arabia Commercial Company Registrations, 2013-2018 (Thousand)**

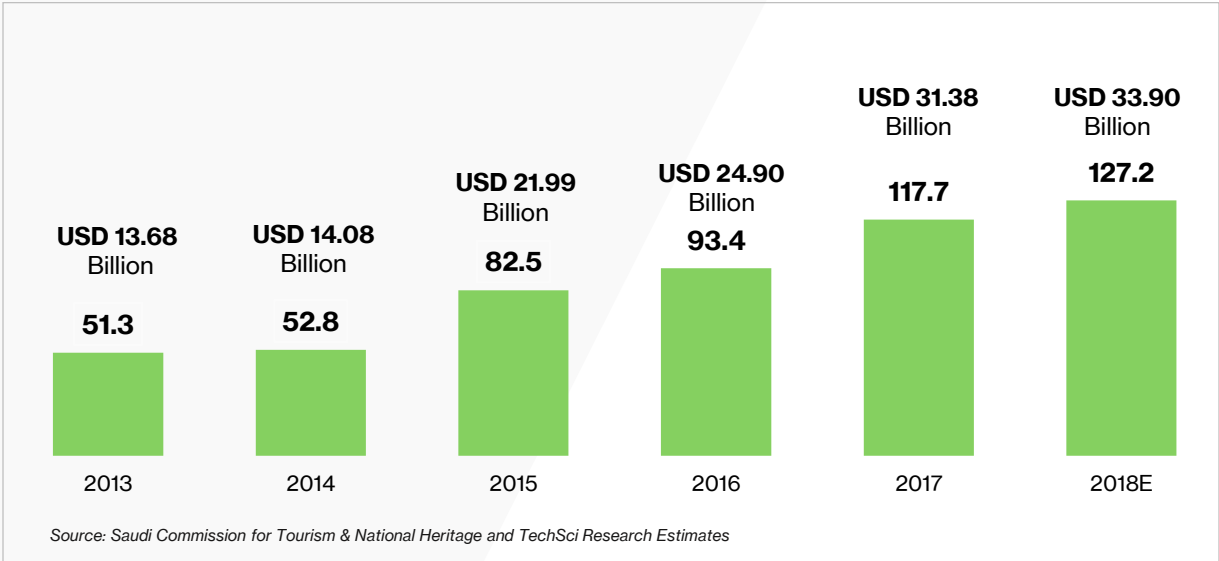


**Saudi Arabia Labor Force Breakdown, By Nationality, 2013-2018 (Million)**

Nationality	2013	2014	2015	2016	2017	2018 (2 <sup>nd</sup> Quarter)
Saudi	5.34	5.58	5.62	5.88	6.02	6.08
Non-Saudi	6.02	6.16	6.54	7.69	7.86	8.08
Total	11.36	11.74	12.16	13.57	13.88	14.16

Source: Ministry of Labor

**Saudi Arabia Total Expenditure on Inbound Tourist Trips, 2013-2018E (SAR Billion)**





# Market Dynamics

## Driver

- Booming Construction Industry due to Implementation of Saudi Vision 2030
- Booming Hospitality & Tourism Sector
- Extreme Climatic Conditions



## Challenge

- Volatility in Oil Prices
- Geo-political Turmoil in Saudi Arabia



2030

Facilities Management  
and Cleaning Market  
in Saudi Arabia



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