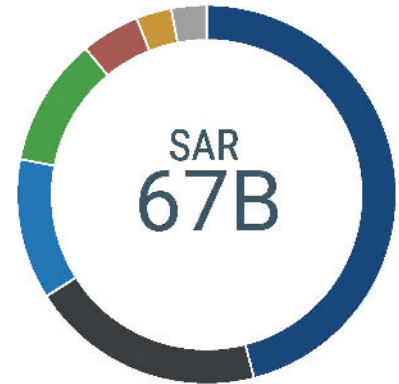
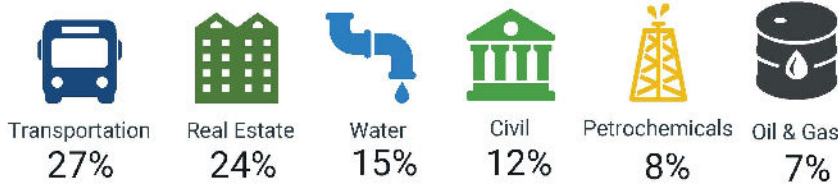




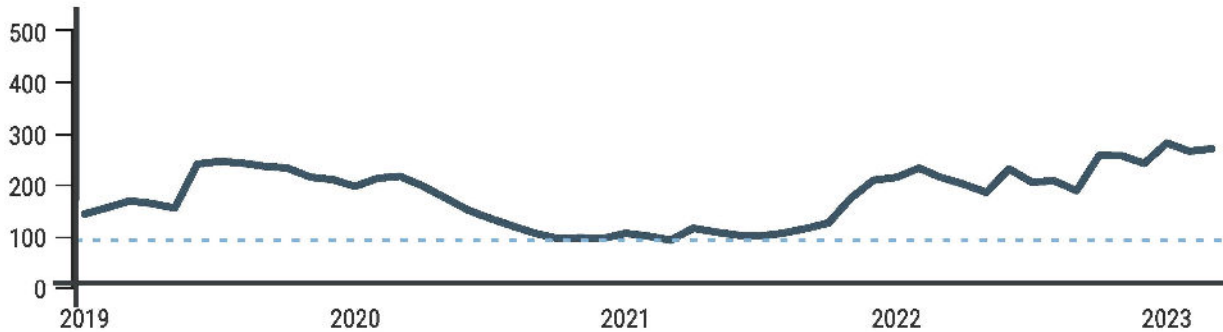
USSBC Contract Awards Index First Quarter 2023

Contracts Awarded by Sector



Transportation contributed the largest share of the value of awarded contracts in Q1 with 27 percent. Real Estate constituted 24 percent of the total value, followed by water at 15 percent, civil at 12 percent, petrochemicals at 8 percent, and oil & gas at 7 percent. Other categories accounted for the remaining 7 percent of the Q1 total.

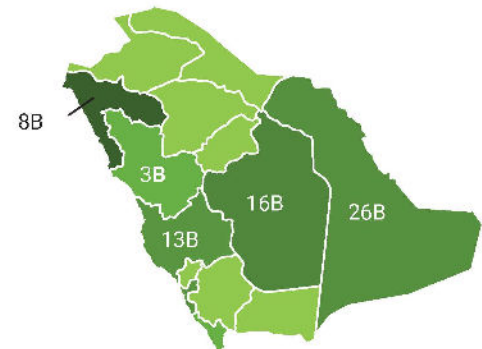
Contract Awards Index Over Time



The USSBC Contract Awards Index climbed to 270.15 points as the sector witnesses a resurgence in construction activity and elevating the CAI above the 200-point mark in two consecutive quarters.

Contract Awards By Province

The Eastern Province saw the highest value of contracts in Q1 2023, accounting for 39 percent of the total. Major transportation, petrochemicals, and real estate contracts were the primary drivers of the total. Riyadh was second with 24 percent of the total. Riyadh projects include the Riyadh Sport Boulevard development. Makkah followed with 20 percent of the Q1 total. Projects in Makkah included several real estate and transportation projects. Tabuk was the fourth largest source of contracts and constituted 12 percent of the total, including major contracts awarded by Neom with several local and international contractors. Red Sea Global awarded infrastructure and hospitality projects for the development of Amaala.



*All monetary values are in Saudi Arabian Riyals. \$1 = SAR3.75

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Highlights

1. The total value of awarded contracts continued unabated during the first quarter, reaching SAR67 billion (\$17.7 billion), marking a 41 percent jump compared to last year. However, the value decreased by 7 percent compared to last quarter.
2. The USSBC Contract Awards Index climbed to 270.15 points as the sector witnesses continued momentum, which has elevated the CAI above the 200-point mark for six consecutive months.
3. The transportation sector registered the highest value of awarded contracts with approximately SAR18 billion (\$4.8 billion).
4. The real estate sector climbed to the second spot as the value of awarded contracts reached approximately SAR16 billion (\$4.2 billion).
5. The water sector surged to reach the third highest value with approximately SAR10 billion (\$2.6 billion) worth of awards.

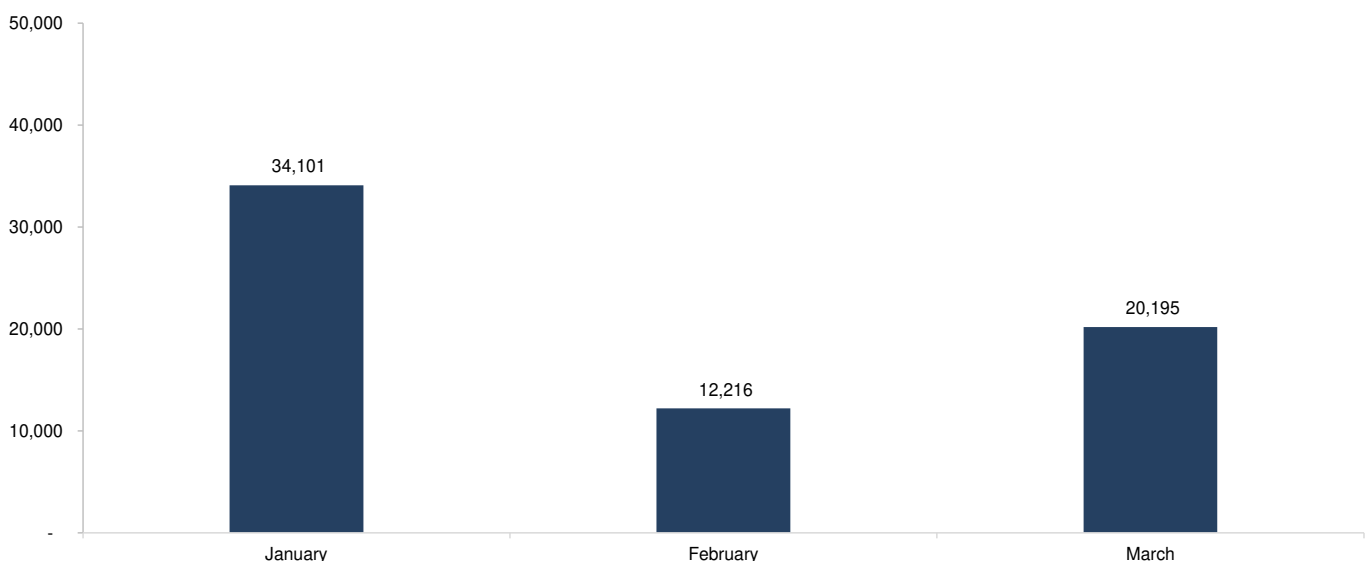
Key Takeaway:



This sustained momentum is not only reshaping the Saudi landscape but also providing numerous opportunities for economic development, job creation, and technological advancements, making it a critical driver of the Kingdom's transformation and a commitment to a competitive and sustainable future.



Value of Awarded Contracts During Q1 2023 (SAR Millions)



Source: BNC, MEED Projects, Saudi Gulf Projects public outlets, government data, USSBC

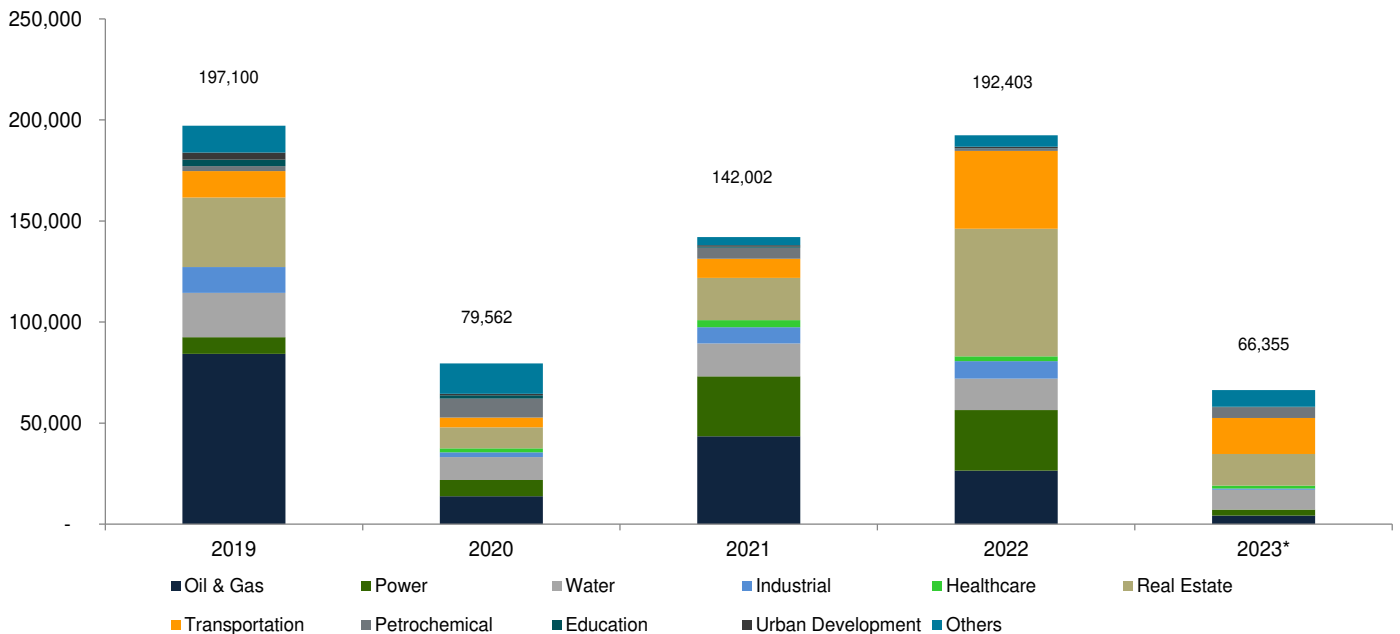


Overview of Awarded Contracts During Q1 2023

The value of awarded contracts continued to gain momentum during Q1'23 as the value reached SAR67 billion (\$17.7 billion). The value of awarded contracts during Q1'23 grew by 41 percent YoY and marks the highest value during the first quarter since Q1'15 , when it reached SAR89 billion (\$23.6 billion). On a QoQ basis, the value of awarded contracts declined 7 percent after reaching SAR71.5 billion (\$19.1 billion) during Q4'22. The Kingdom's economy grew by a solid 3.8 percent during Q1'23 as non-oil activities increased by 5.4 percent while oil activities rose by 1.4 percent. The Kingdom's largest initiatives such as growing home ownership to 70 percent by 2030 along with giga-projects developed by Neom, and the Royal Commission for Riyadh City (RCRC) have been instrumental in the sector's growth. Furthermore, the petrochemicals sector witnessed sizeable contracts pertaining to the SATORP Amiral Complex project.

The SAR67 billion (\$17.7 billion) in awarded contracts were led by the transportation, real estate, and water sectors, as they accounted for 65 percent of the total. The transportation sector accounted for 27 percent of the total alone as Neom awarded a number of sizeable work at the Oxagon Port. The real estate sector also witnessed sizeable contracts across the hospitality, residential, mixed-use, and commercial areas. Other contributing sectors that garnered large projects awards included civil, petrochemicals, and oil & gas.

Value of Awarded Contracts by Year (SAR Millions)



*Through Q1'23

Source: BNC, MEED Projects, Saudi Gulf Projects, public outlets, government data, USSBC

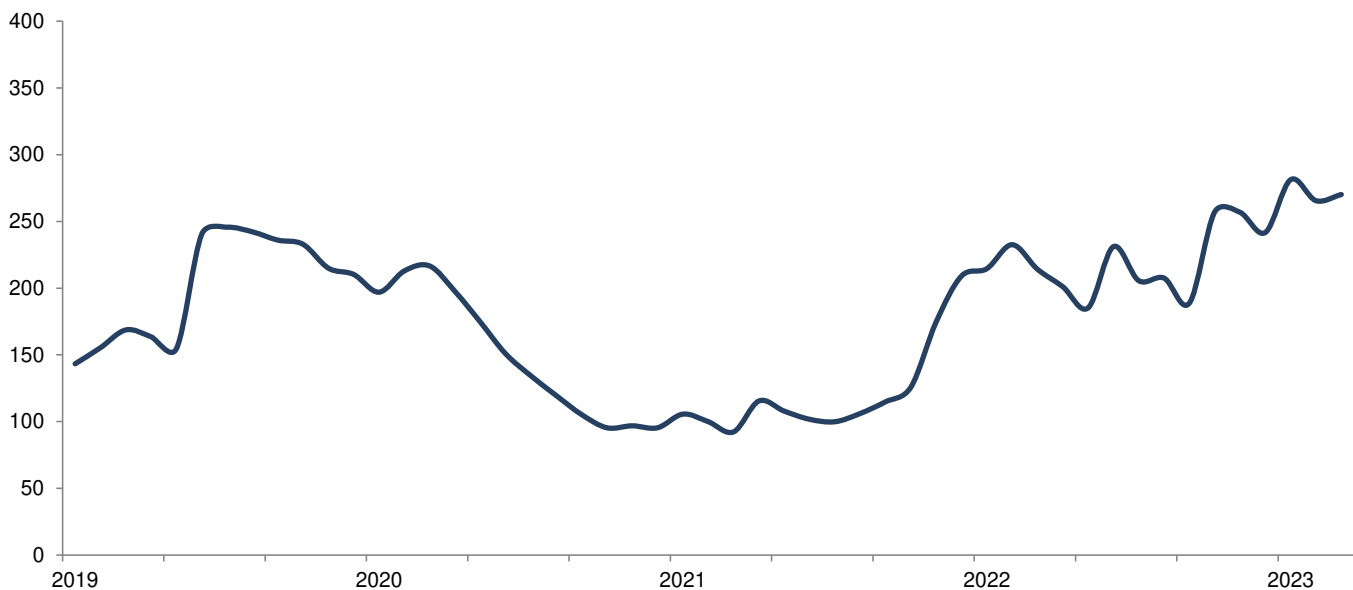


USSBC's Contract Awards Index Performance Through Q1 2023*

The USSBC Contract Awards Index (CAI) catapulted to 270.15 points at the end of the first quarter. This marks two quarters above 200-points. The CAI has elevated above the 100-point threshold for 20 consecutive months, indicating an expected increase in construction activity over the coming years. The CAI grew by 55.98 points or 26 percent YoY, and increased by 28.44 points or 12 percent QoQ. The CAI grew to 281.30 points in January, which was the highest since November 2015, when it reached 289.75 points. The CAI reached 265.53 points and 270.15 points during February and March, respectively.

The dramatic rise in the CAI, which bottomed out at 92.3 points during Q1'21 due to the pandemic, reflects the pace of ongoing projects in the execution phase as the surge in project spending followed significant inflows of oil revenues over the last two years. The CAI is anticipated to remain above the 200-point level for the remainder of the year as government led infrastructure projects coupled with growing contributions by the private sector will support the economy's growth. The role of the PIF will also continue to elevate the number and value of projects in the Kingdom across a wide spectrum of sectors and with domestic investments worth SAR150 billion (\$40 billion) annually.

USSBC Contract Awards Index Performance



Source: BNC, MEED Projects, Saudi Gulf Projects, public outlets, government data, USSBC

* The USSBC CAI is calculated using a 12 month exponential moving average. This calculation smoothens the data while reducing the effects of outliers within the observation period. The index aims to give our readers a sense of direction on construction activities that will transfer to the execution phase over the next 6 to 18 months. Thus, the CAI should be used as a forward looking tool to gauge the health of construction activities across all sectors. In general, a CAI reading of 100 points and above indicates an expansion while a sub-100 point reading indicates a possible contraction.



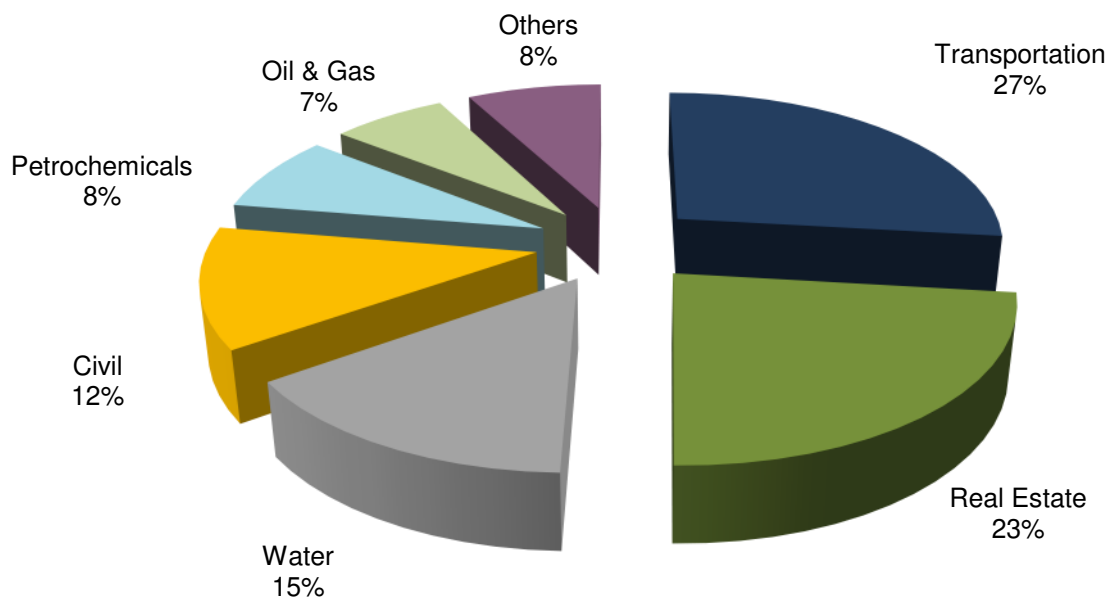
Overview of Awarded Contracts By Sector During Q1 2023

The transportation sector continued to lead all other sectors during Q1'22 as it accumulated its highest value of awarded contract in a first quarter on record. The transportation sector reached SAR18 billion (\$4.8 billion) or 27 percent of the total as large projects in ports by Neom and Mawani along with road network expansion developments by the Ministry of Transport aided in the pickup of awards. RCRC also awarded a sizeable SAR1.4 billion (\$373 million) related to the development of an highway underpass project.

The real estate sector remained a leading contributor to the growth of awarded contracts as it reached SAR16 billion (\$4.2 billion) or 23 percent of the total. This follows a strong 2022 for the sector when it attracted SAR63 billion (\$17 billion) in contract awards. The breakdown of the real estate sector revealed that residential real estate attracted SAR6 billion (\$1.6 billion) or 38 percent of all real estate projects. Hospitality registered the second highest with SAR4.7 billion (\$1.3 billion) or 30 percent, while mixed-use and commercial real estate garnered SAR2.5 billion (\$668 million) or 16 percent and SAR2.5 billion (\$666 million) or 16 percent, respectively.

The water sector registered the third highest value of awarded contracts with SAR10 billion (\$2.6 billion) or 15 percent of the total. Similar to the transportation sector, Q1'23 marked the highest value of awarded contracts for the water sector in a first quarter on record. The National Water Company (NWC), Neom, Saudi Aramco, and the Ministry of Environment, Water, and Agriculture made sizeable contributions during the quarter.

Value of Awarded Contracts by Sector During Q1 2023



Source: BNC, MEED Projects, Saudi Gulf Projects, public outlets, government data, USSBC



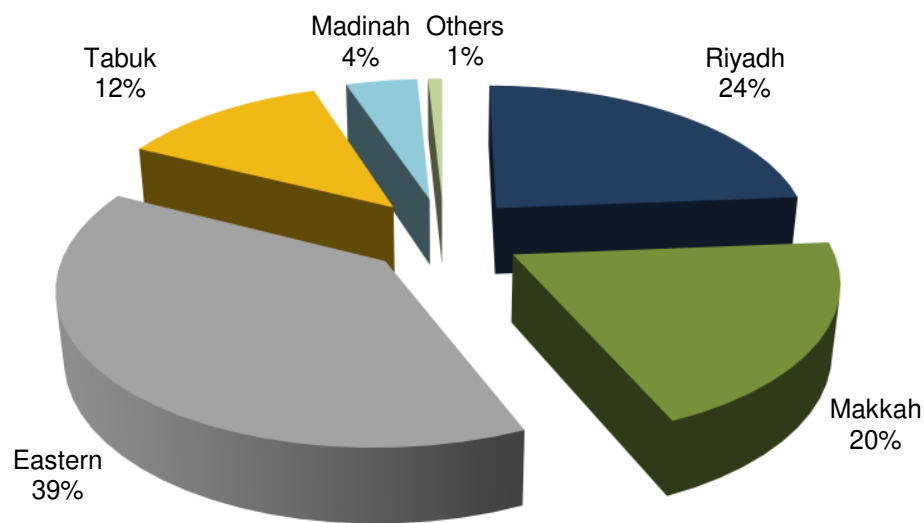
Overview of Awarded Contracts By Region During Q1 2023

The Eastern Province accounted for the highest share of awarded contracts during Q1'23 with SAR26 billion (\$7 billion) or 39 percent of the total. The transportation sector accounted for the highest share as seven contracts were awarded worth SAR7.5 billion (\$2 billion) or 29 percent of the Eastern Province's total. The water sector attracted 14 contracts worth SAR5.7 billion (\$1.5 billion) or 22 percent of the total. The petrochemicals sector witnessed three contracts worth SAR5.3 billion (\$1.4 billion) or 21 percent of the total. The remaining contracts were awarded to real estate, power, industrial, oil & gas, and education sectors.

The Riyadh region tallied the second highest value of awarded contracts with SAR16 billion (\$4.2 billion) or 24 percent of the total. The civil sector had the largest share of awarded contracts with SAR8.1 billion (\$2.1 billion) or 51 percent of the total. The real estate sector accounted for SAR3 billion (\$808 million) or 19 percent of the total. The transportation sector garnered SAR2.2 billion (\$582 million) or 14 percent of the total. The remaining sectors included industrial, education, military, healthcare, power, and water.

The Makkah region captured the third highest value of awarded contracts with SAR13 billion (\$3.5 billion) or 20 percent of the total. The real estate sector dominated the Makkah region as it accounted for SAR7.5 billion (\$2 billion) or 57 percent of the total. The transportation sector accumulated SAR4.3 billion (\$1.1 billion) or 33 percent of the total. The water sector reached SAR1.2 billion (\$330 million) or 9 percent of awarded contracts. Other sectors included power, education, and industrial.

Value of Awarded Contracts by Region During Q1 2023





Breakdown of Awarded Contracts Across Top Performing Sectors

Transportation

The transportation sector led all other sectors during Q1'23 as it awarded SAR18 billion (\$4.8 billion) on 25 contracts. Port developments attracted the highest share within the transportation sector as the project to upgrade King Abdulaziz Port in Dammam along with the construction of the Oxagon Port led the way. The transportation sector grew by SAR11.8 billion (\$3.2 billion) or 196 percent QoQ. On a YoY basis, the transportation sector grew by SAR11.1 billion (\$2.8 billion) or 163 percent. Impressively, the transportation sector has already achieved 46 percent of the total value of awarded contracts within the sector that was witnessed in 2022, which reached SAR38.6 billion (\$10.3 billion).

The largest contract by value in the transportation sector was awarded in January by Mawani to China Harbor Engineering Company for the development of the King Abdulaziz Port in Dammam. The project was awarded in the amount of SAR7 billion (\$1.9 billion) and entails upgrading terminal one and expanding terminal two at the port. The scope of work includes refurbishing berths and facilities across the first terminal and expand berths and overhaul the container yard in the second terminal to allow for higher volume of giant containerships within the Arabian Gulf. Additional works include a custom-built sandbox to test technologies prior to inauguration. King Abdulaziz Port in Dammam will attract 4,000 jobs and raise the port's capacity by 120 percent to 7.5 million TEUs.

The second largest contract was awarded in January by Neom to a consortium consisting of the local Modern Building Leaders, the Dutch Royal Boskalis, and the Belgian Besix Group. The value of the contract was SAR3 billion (\$800 million) and involves the upgrade and expansion of phase one of the existing port at the Oxagon industrial city in Neom. The scope of work will include the design and construction of more than three kilometers of quay walls. Additionally, the project will involve dredging activities, deepening and widening of the primary access channel, establishment of terminals and warehouses, development of rail delivery systems, infrastructure enhancements, and the implementation of a sustainable energy network. The project is expected to be completed by the first quarter of 2028.

A sizeable contract in the amount of SAR2.6 billion (\$700 million) was awarded by Saudi Airlines Real Estate Development Company to China Railway Construction Corporation. The project involves the construction of aircraft maintenance hangars and repairing and overhauling facilities on an area of 4.8 million square meters at King Abdulaziz International Airport. The project is expected to be completed by the first quarter of 2026.

The remaining contracts were mainly concentrated on road development, expansion of highway bridges, and port developments across the Kingdom as the Ministry of Transport, Neom, RCRC, and other project



owners awarded numerous contracts.

Real Estate

The real estate sector continued to witness numerous contract awards during Q1'23 as it reached SAR16 (\$4.2 billion). Despite declining by SAR23 billion (\$6.2 billion) or 37 percent QoQ after a remarkable Q4'22, the value of awarded contracts grew by SAR5 billion (\$1.3 billion) or 45 percent YoY. Residential real estate attracted SAR6 billion (\$1.6 billion), declining by SAR23 billion (\$6.2 billion) or 37 percent QoQ, but grew by SAR5 billion (\$1.3 billion) or 45 percent YoY. Hospitality registered the second highest with SAR4.7 billion (\$1.3 billion), growing by SAR3.6 billion (\$954 million) or 322 percent QoQ and by SAR3.7 billion (\$1 billion) or 374 percent YoY. However, mixed-use garnered SAR2.5 billion (\$668 million), a decline of SAR2.4 billion (\$635 million) or 49 percent QoQ, and by SAR3 billion (\$800 million) or 54 percent. Moreover, commercial real estate reached SAR2.5 billion (\$666 million) as it fell by SAR1.2 billion (\$321 million) or 41 percent QoQ and by SAR408 million (\$109 million) or 14 percent YoY.

A large contract was awarded in February for the residential real estate market pertaining to the continuing expansion of affordable housing developments, Sakani, across the Kingdom. The Ministry of Housing awarded a contract to the Malaysian MGB Berhad in the amount of SAR2.4 billion (\$635 million) for the Murooj Jeddah project. The project involves the construction of 10,000 housing units, including villas and townhouses. It will also include mosques, parks, and government agency offices. The project is expected to be completed by the forth quarter of 2026.

Another sizeable contract within residential real estate was awarded in January by Roshn for the development of 'ALFULWA' project in Hofuf. The SAR1.9 billion project (\$500 million) project will cover an area of more than 10.8 million square meters and will build more than 18,000 residential units to house over 100,000 residents. The project is estimated to be completed by the third quarter of 2026.

A large mixed-use real estate project was awarded in February by the Misk Foundation for the development of 'Al Mashraq' phase one at Prince Mohammed Bin Salman Nonprofit City. The SAR1.6 billion (\$424 million) project was awarded to the local Saudi Constructioners Ltd. The scope of the work includes the construction of retail spaces, incubator, residential, office, a 900-seat cinema, and 1,500 underground smart parking spaces that will be situated on 105,000 square meters. The project is expected to be completed by the fourth quarter of 2028.

Within hospitality, Emaar Economic City awarded a contract in January to the Turkish Sembol Construction in the amount of SAR1.5 billion (\$408 million). The project involves the construction of 'Rixos Emerald Shores,' which will be constructed on a total land area of 275,000 square meters with a 600-meter Red Sea beach stretch and a golf course. The resort is expected to be one of the largest



leisure and tourism destinations in the Kingdom, housing more than 500 rooms and 35 luxury hotel villas with direct views of the Red Sea coast. The project is expected to be completed by the fourth quarter of 2026.

Also within hospitality, a contract was awarded in January by Red Sea Global to the local Al Ayuni Investments & Contracting Co. in the amount of SAR1 billion (\$266 million). The project involves the implementation of primary infrastructure and utility works for the first phase of development at Amaala, an ultra-luxury tourism destination located along the Kingdom's north-western coast, across its Triple Bay master plan. The project is expected to be completed by the first quarter of 2026.

Water

The water sector surged during Q1'23 to reach SAR10 billion (\$2.6 billion) in awarded contracts from 34 deals. The water sector has already reached 64 percent of 2022's total value of awarded contracts due to a number of sizeable projects including desalination plants, water network expansion, wastewater channels, and reservoir developments. The water sector grew by SAR7 billion (\$1.9 billion) or 235 percent QoQ and by SAR6.7 billion (\$1.8 billion) or 208 percent YoY.

The largest contract in the water sector was awarded in January by Saudi Aramco to China's SEPCO Electric Power Construction Corporation for the Jafurah Independent Water Project (IWP). The project was awarded in the amount of SAR2.6 billion (\$693 million). The project involves the construction of a seawater reverse-osmosis desalination plant to desalinate seawater that can be injected underground into the Jafura basin to frack for shale gas. The plant in the Jafurah gas field will have a capacity of 80,000 cubic meters of water per day. The scope of work will also include the installation of high-pressure pumps, 200 km of pipelines, a membrane unit, pressure exchangers, related instrumentation, and associated facilities. The project is expected to be completed by the fourth quarter of 2025.

A water transmission line project was awarded in January by Neom to the local Al Rashid Trading & Contracting Co. in the amount of SAR750 million (\$200 million). The project involves the construction of a water transmission line from RE3 (a water source or treatment facility) to a mountain reservoir in Neom. The purpose of the water transmission line is to facilitate the transfer of water from the source to the mountain reservoir, which serves as a storage facility. The scope of work will involve the construction, procurement, and installation of water transmission pipelines and associated infrastructure designed to transport water efficiently and safely over the designated distance. The construction process will involve laying the pipelines, installing valves and control systems, and implementing measures for monitoring and maintenance. The project is expected to be completed by the first quarter of 2026.



Contract Awards Outlook

The Saudi construction sector has experienced unabated growth over the past two years, continuing to be a leader in the region's real estate and infrastructure development. Fueled by the Kingdom's ambitious Vision 2030 initiative, the construction industry has become a focal point for investment and innovation. With mega-projects such as NEOM, the Red Sea Development, and Qiddiya on the horizon, the sector continues to expand rapidly, drawing in both domestic and international players. This sustained momentum is not only reshaping the Saudi landscape but also providing numerous opportunities for economic development, job creation, and technological advancements, making it a critical driver of the country's transformation and a commitment to a competitive and sustainable future.

Looking ahead, a number of sizeable projects are expected to be awarded during the second quarter that will continue to propel the construction sector. The petrochemical sector is expected to continue awarding large projects pertaining to the Amiral Complex adjacent to the SATORP refinery in Al Jubail. Neom is also expected to continue developing its Oxagon project with emphasis on railways within the transportation sector. Neom will also develop residential dwellings across a number of villages along with associated physical infrastructure works.



Notable Contracts During Q1 2023

Sector	Region	Client	Contractor	Details	Value (SAR million)
Real Estate	Makkah	Emaar Economic City	Sembol Construction	Construction of Rixos Emerald Shores	1,529
	Tabuk	RSG	Al-Ayuni Investment	Infrastructure work related to the Amaala project	1,000
	Eastern	Roshn		Developing ALFULWA project in Hofuf	1,875
	Makkah	Ministry of Housing	MGB Berhad	Construction of 10,000 units as part of the Sakani program	2,381
	Riyadh	Misk Foundation	Saudi Constructioneers Ltd.	Mixed-use development at Prince Mohammed bin Salman Nonprofit City	2,625
	Makkah	Umm Al Qura	Arabian Construction Company	Masar-Package B construction of Hilton Garden Inn	2,438
Transportation	Tabuk	Neom	Royal Boskalis Westminister/Besix Group/Modern Building Leaders	Expansion of phase 1 of existing port at Oxagon	3,000
	Riyadh	RCRC		King Abdulaziz underpass packages 8 & 9	1,398
	Makkah	Mawani	Zamil Steel Construction Company	Multi-purpose warehouse and logistics yard at Jeddah Islamic Port	719
Water	Eastern	SEPCO	Saudi Aramco	Construct an IWP in Al Jafurah Oil Field	2,599
	Tabuk	Neom	Al Rashid Trading & Contracting Co.	Water transmission line	750
Civil	Riyadh	Sport Boulevard Foundation	Al Mabani	Construction of zone 6 of multiple packages	7,125
Petrochemicals	Eastern	SATORP		Package 4: Utility flare and interconnection	1,575
	Eastern	SATORP		Package 1: Mixed feed cracker	3,675

Source: BNC, MEED Projects, Saudi Gulf Project, public outlets, government data, USSBC



Disclaimer:

The sources used to obtain data in this report are derived from government/ministerial agencies, news outlets, interviews, subscription based databases, and other related sources. The awarded contract values are subject to change each month as a result of changes to the status of a contract. There may be situations in which previously reported contracts are delayed, cancelled, or otherwise altered in any way. The information contained in this document was gathered from sources believed to be accurate at the time, and the U.S.-Saudi Business Council accepts no liability from errors or omissions in any part due to human or mechanical error. The above information should not be taken as investment advice or as trading recommendation on behalf of the U.S.-Saudi Business Council.

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