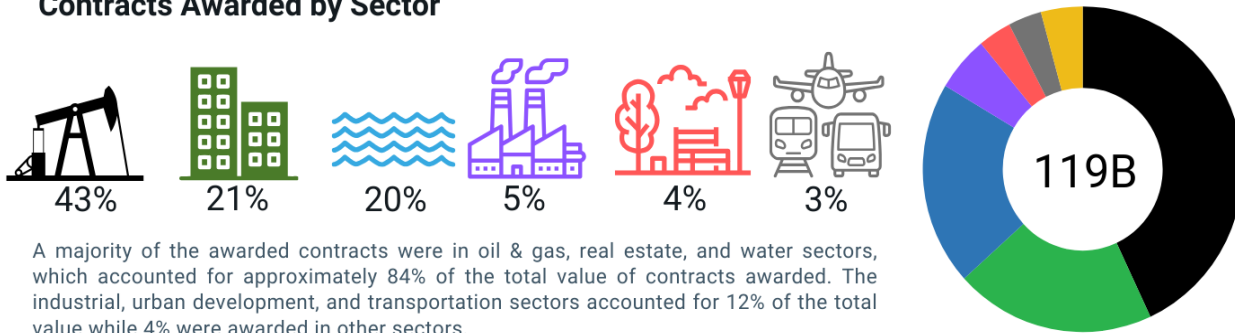




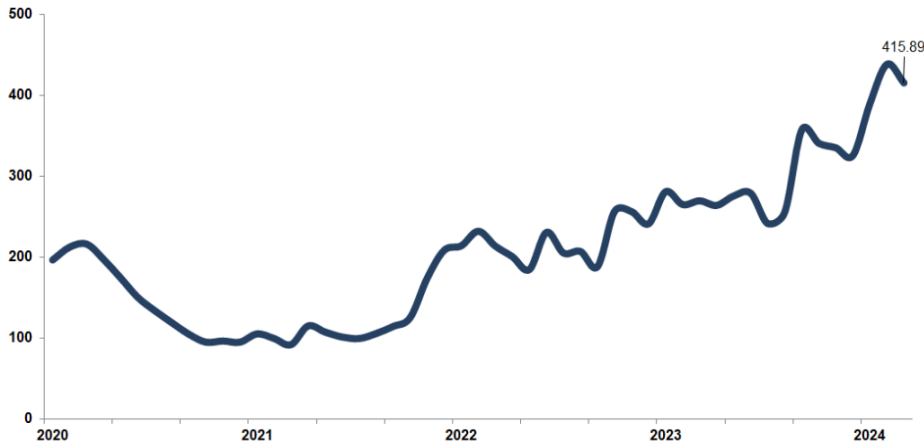
# USSBC Contract Awards Index First Quarter 2024

## Contracts Awarded by Sector



A majority of the awarded contracts were in oil & gas, real estate, and water sectors, which accounted for approximately 84% of the total value of contracts awarded. The industrial, urban development, and transportation sectors accounted for 12% of the total value while 4% were awarded in other sectors.

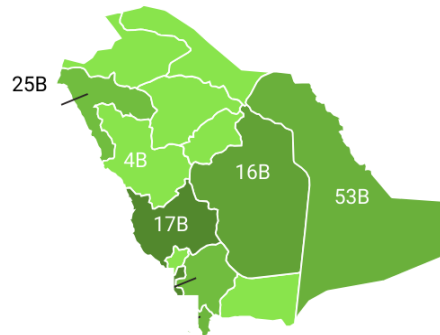
## Contract Awards Index Over Time



The USSBC Contract Awards Index (CAI) hit 415.89 points at the end of the first quarter of 2024, the highest in eleven years dating back to the third quarter of 2013.

## Contract Awards By Province

The majority of contracts were awarded in the Eastern Province (45%) and led by Saudi Aramco's MGSE and NGL work; Tabuk (21%) led by Neom's Trojena project; Makkah (14%) led by the Downtown Jeddah Project and Ceer's auto plant; Riyadh (14%) led by the real estate sector. Other notable regions included Madinah (3%) led by the real estate sector and Jizan (1%) led by oil & gas sector. The remaining contract awards were distributed across the remaining regions.



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



## Highlights

1. The total value of awarded contracts soared during the first quarter, reaching SAR118.8 billion (\$31.7 billion), marking a 79 percent jump compared to last year. On a QoQ basis, the value of contracts grew by 35 percent.
2. The USSBC Contract Awards Index ascended to 415.89 points as the sector witnesses a surge in contract values, which has elevated the CAI above the 200-point mark for 18 consecutive months.
3. The oil & gas sector registered the highest value of awarded contracts with approximately SAR51.2 billion (\$13.7 billion).
4. The real estate sector climbed to the second spot as the value of awarded contracts reached approximately SAR24.4 billion (\$6.5 billion).
5. The water sector placed the third highest value with approximately SAR24 billion (\$6.4 billion) worth of awards.

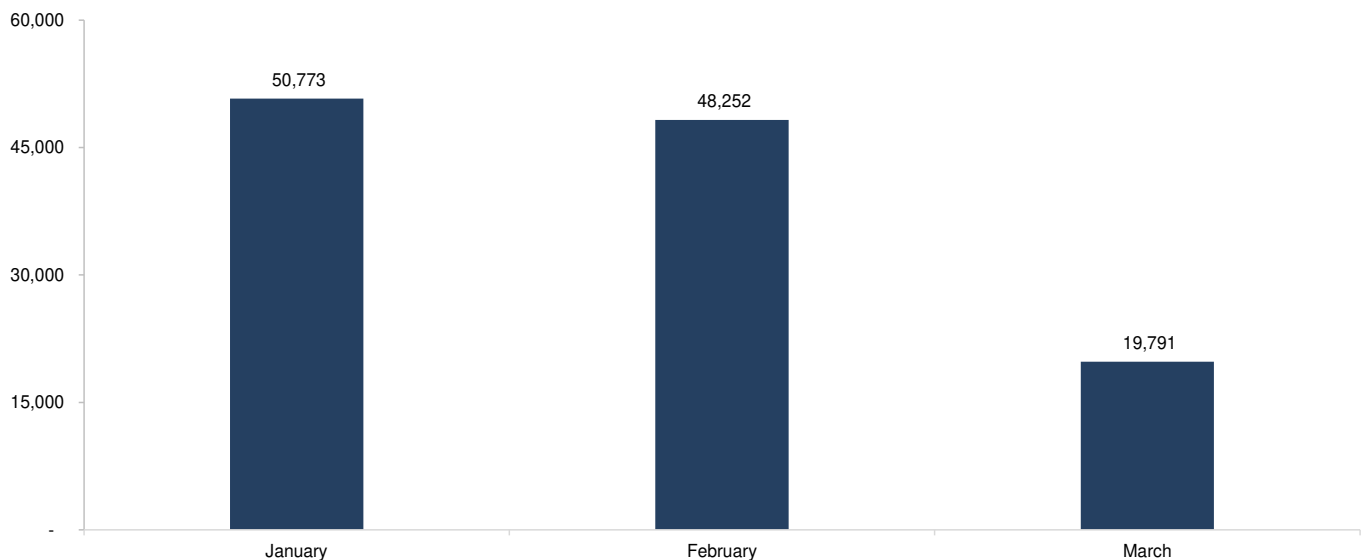
## Key Takeaway:



Overall, Saudi Arabia's construction sector is poised for continued growth, supported by substantial investments in infrastructure, robust performance in the oil & gas sector, and significant contributions from the private sector. The sustained high levels of the CAI and ongoing mega-projects under Vision 2030 will further propel the sector, ensuring long-term economic diversification and development.



### Value of Awarded Contracts During Q1 2024 (SAR Millions)



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

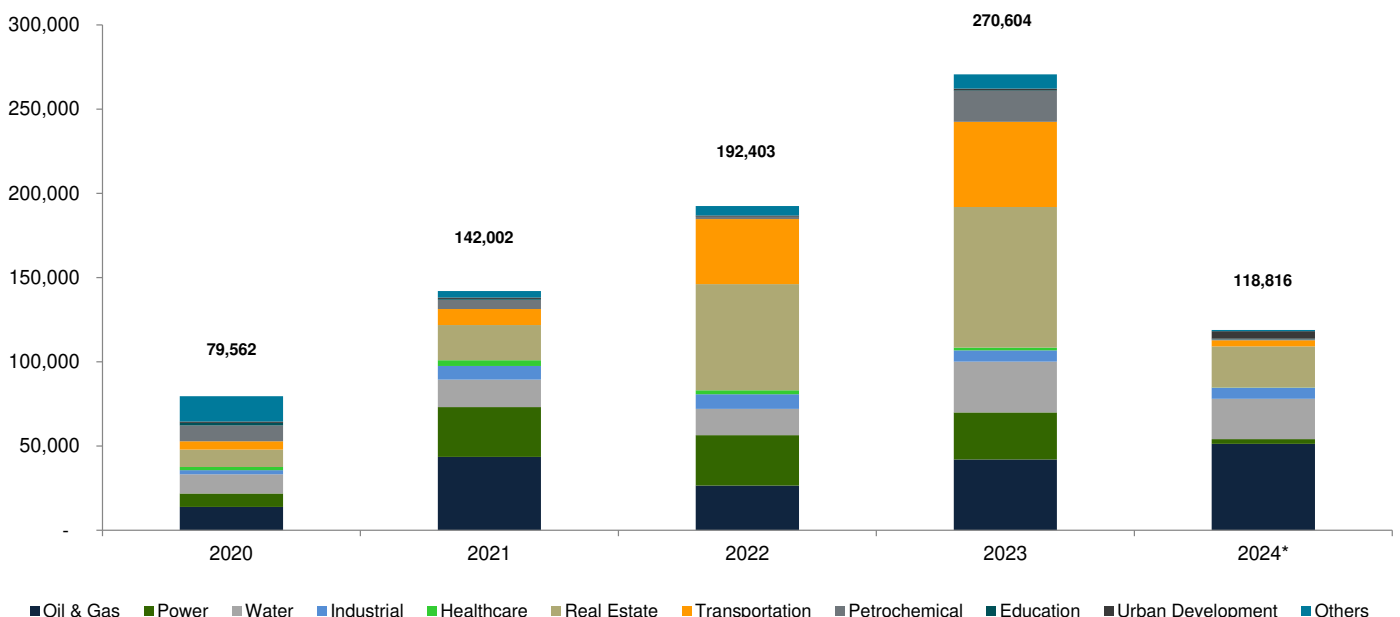


## Overview of Awarded Contracts During Q1 2024

The value of awarded contracts witnessed an astounding surge during Q1'24 as the value reached SAR118.8 billion (\$31.7 billion). This continues the impressive pace that was witnessed in 2023, which finished the year with SAR270.6 billion (\$72.2 billion) in awarded contracts. The value of awarded contracts during Q1'24 grew by 79 percent YoY and marks the second highest value during a quarter on record since Q3'15, when it reached SAR147.1 billion (\$39.2 billion). On a QoQ basis, the value of awarded contracts jumped 35 percent after reaching SAR56.5 billion (\$15.1 billion) during Q4'23. Despite the Kingdom's GDP declining by 1.7 percent during Q'24 on the back of continued oil production cuts, the non-oil economy grew by a solid 3.1 percent. The private sector's contribution in the growth of the Kingdom's non-oil economy was evidenced by a 3.4 percent increase. The construction sector's GDP growth stood at 2.4 percent. The Kingdom's oil & gas sector, led by Saudi Aramco, spearheaded the increase, while Vision 2030 giga-projects such as Neom and the Red Sea development contributed substantially.

The SAR118.8 billion (\$31.7 billion) in awarded contracts were led by the oil & gas, real estate, and water sectors, as they accounted for 84 percent of the total. The oil & gas sectors accounted for 43 percent of the projects alone. 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 industrial, urban development, and transportation.

### Value of Awarded Contracts by Year (SAR Millions)



\*Through Q1'24

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

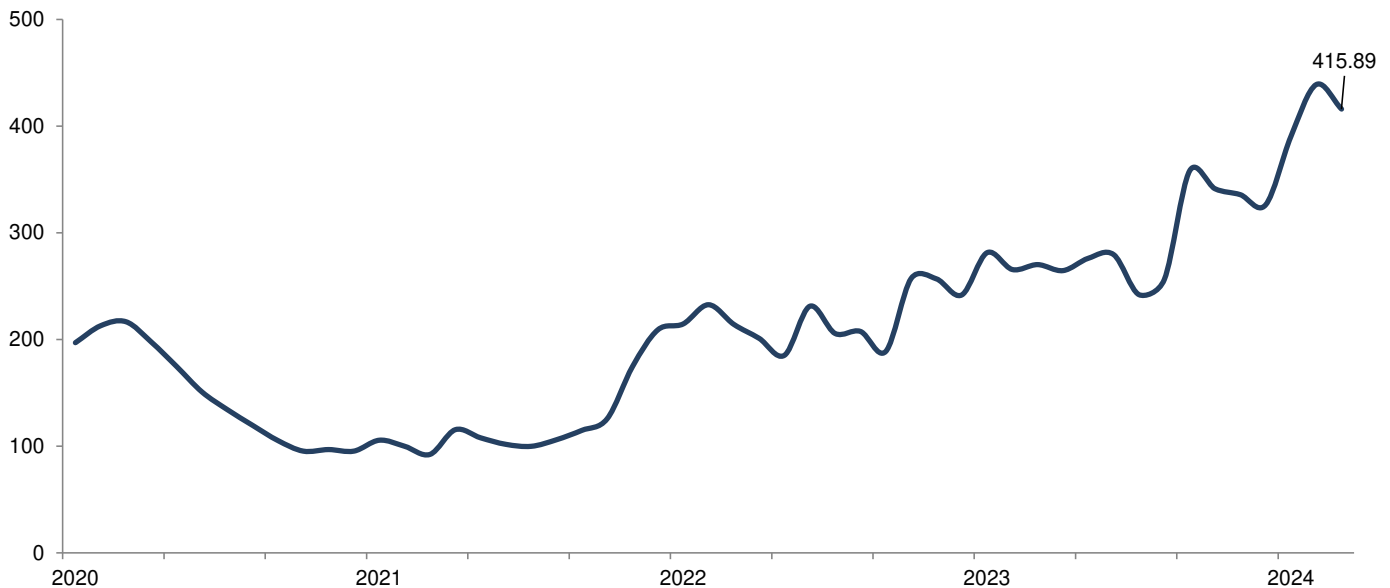


## USSBC's Contract Awards Index Performance Through Q1 2024\*

The USSBC Contract Awards Index (CAI) propelled to 415.89 points at the end of the first quarter. This marks seven consecutive quarters above 200 points. The CAI has elevated above the 100-point threshold for 36 consecutive months, indicating an expected increase in construction activity over the coming years. The CAI grew by 145.74 points or 54 percent YoY, and increased by 89.80 points or 33 percent QoQ. The CAI grew to 390.24 points in January, 438.85 points in February, before settling at 415.89 points in March. This CAI eclipsed the 400-point mark for the first time since September 2013 when it reached 419.42 points.

The dramatic rise in the CAI is anticipated to keep the index in the 300 to 400-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. Despite the government's recalibration on a number of Vision 2030 projects necessitated by lower oil revenues, the pace of awards remains robust.

### 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.



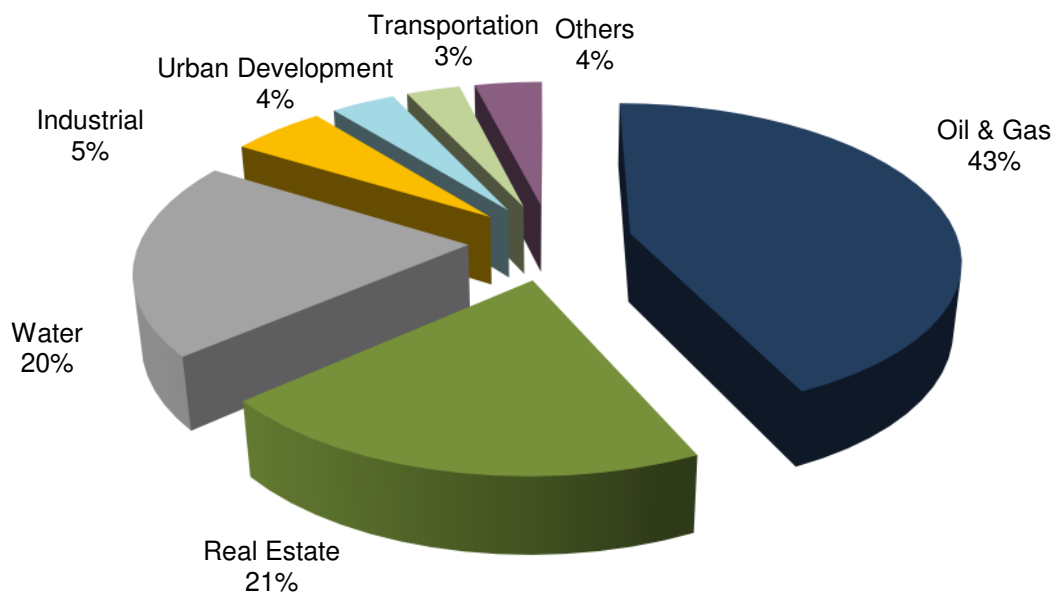
## Overview of Awarded Contracts By Sector During Q1 2024

Oil & gas lead all other sectors during Q1'24 as it accumulated its highest value of awarded contract in a quarter on record. The oil & gas sector reached SAR51.2 billion (\$13.7 billion) or 43 percent of the total and was led by large projects at the Jafurah Unconventional Gas Plant, the Master Gas System Expansion, and pipeline expansion work. European, Indian, and Chinese contractors were the main recipients of the project awards, while local contractors contributed to smaller projects.

The real estate sector remained a leading contributor to the growth of awarded contracts as it reached SAR24.4 billion (\$6.5 billion) or 21 percent of the total. This follows a strong 2023 for the sector when it attracted SAR83.5 billion (\$22.3 billion) in contract awards, the second highest on record. The breakdown of the real estate sector revealed that residential real estate attracted SAR3.2 billion (\$853 million) or 13 percent of all real estate projects. Hospitality registered SAR4.8 billion (\$1.3 billion) or 20 percent in awarded contracts. Mixed-use garnered SAR1.4 billion (\$371 million) or 6 percent. Commercial real estate captured the largest share, reaching SAR15 billion (\$4 billion) or 61 percent.

The water sector registered the third highest value of awarded contracts with SAR24 billion (\$6.4 billion) or 20 percent of the total. This marks the highest value of awarded contracts for the water sector in a quarter on record. Significant investments by Neom to construct dams as part of the infrastructure development plan lead the push. A number of water treatment developments along with increasing water interconnectivity contributed to the sector's growth.

### **Value of Awarded Contracts by Sector During Q1 2024**



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



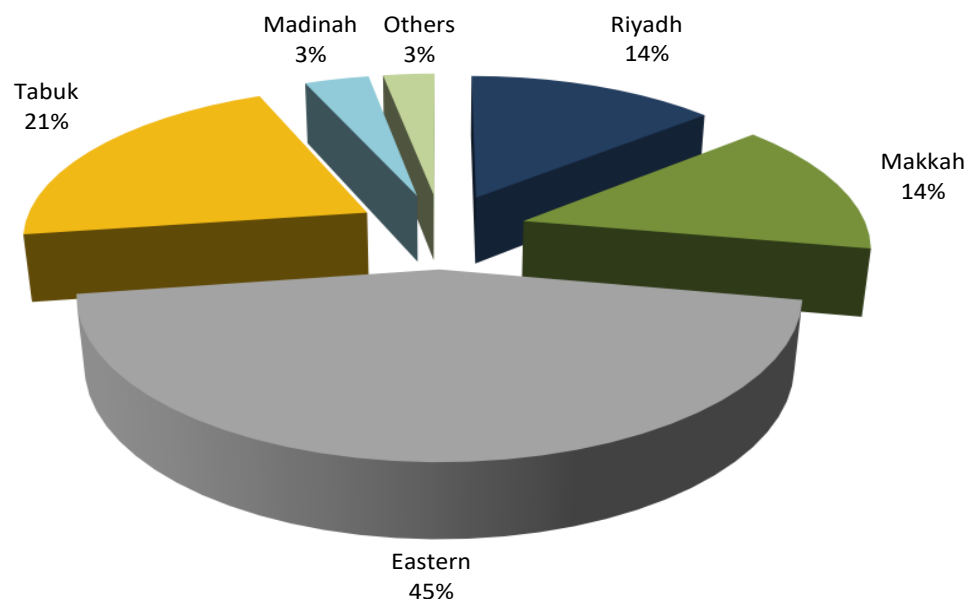
## Overview of Awarded Contracts By Region During Q1 2024

The Eastern Province accounted for the highest share of awarded contracts during Q1'24 with SAR53.1 billion (\$14.2 billion) or 45 percent of the total. The oil & gas sector accounted for the highest share as 12 contracts were awarded worth SAR46.1 billion (\$12.3 billion) or 87 percent of the Eastern Province's total. The real estate sector attracted 12 contracts worth SAR4.2 billion (\$1.1 billion) or 8 percent of the total. The industrial sector witnessed six contracts worth SAR1.2 billion (\$310 million) or 2 percent of the total. The remaining six contracts worth SAR1.6 billion (\$437 million) or 3 percent were awarded to the water, power, and petrochemical sectors.

The Tabuk region captured the second highest value of awarded contracts with SAR24.9 billion (\$6.6 billion) or 21 percent of the total. There were 13 contracts awarded in Tabuk, which was dominated by Neom across numerous sectors. Neom awarded seven contracts worth SAR24 billion (\$6.4 billion), while Red Sea Global awarded three contracts worth SAR671 million (\$179 million). The water sector accounted for the highest share with SAR17.6 billion (\$4.7 billion) or 71 percent of Tabuk's total.

The Makkah region tallied the third highest value of awarded contracts with SAR16.7 billion (\$4.5 billion) or 14 percent of the total. The real estate sector had the largest share of awarded contracts with 21 projects worth SAR8.7 billion (\$2.1 billion) or 52 percent of the total. A single contract worth SAR5 billion (\$1.3 billion) was awarded in the industrial sector pertaining to the construction of Ceer's auto manufacturing plant. The water sector witnessed two contracts worth SAR2 billion (\$528 million). The remaining sectors included oil & gas and power.

**Value of Awarded Contracts by Region During Q1 2024**



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



## **Breakdown of Awarded Contracts Across Top Performing Sectors**

### **Oil & Gas**

The oil & gas sector surged to unprecedented levels during Q1'24 as it reached SAR51.2 billion (\$13.7 billion) on 19 contracts. The oil & gas sector already surpassed last year's total of SAR42 billion (\$11.2 billion), and represents the highest tally for a quarter on record. On a YoY basis, the sector grew by SAR46.8 billion (\$12.5 billion) or 1,059 percent, whereas it grew by SAR43.6 billion or 577 percent QoQ. Saudi Aramco awarded projects at a number of its developments such as the Riyas NGL complex, and multiple packages for its Master Gas System Expansion (MGSE) across the Eastern Province. Furthermore, of Saudi Aramco's 17 contracts, 14 were above SAR1 billion (\$267 million).

Saudi Aramco awarded two large contracts in the amount of SAR6.6 billion (\$1.8 billion) each in January as part of the Riyas NGL development at the Jafurah Unconventional Gas Plant. Both contracts were awarded to a joint venture between Spain's Tecnicas Reunidas and China's Sinopec Engineering Group for work on packages one and two of phase two. According to BNC, package one will include the construction of fractionation trains with the objective of processing 510 thousand barrels per day of NGL from two trains. Each of the two train will process 255 MBD and incorporate fractionation, treatment, dehydration, and refrigeration units. Package two will include constructing common facilities that will provide feed and product surge storage, chemical storage, and utilities. Package one is expected to be completed by the fourth quarter of 2027 while package two is expected to be completed by the second quarter of 2027.

The next largest contract awarded by Saudi Aramco was in the amount of SAR6.4 billion (\$1.7 billion) to China Petroleum Engineering & Construction Corporation (CPECC) in February. The contract calls for the development of package one within phase three of Saudi Aramco's MGSE. According to BNC, the project will include the installation of eight compression trains, with designated booster gas compression stations. It will also include the expansion of permanent accommodation facilities at east-west pump stations. The project is expected to be completed by the second quarter of 2028.

Package two of phase three for Saudi Aramco's MGSE was awarded to China's SEPCO Electric Power Construction Corporation. The project was awarded in the amount of SAR5.6 billion (\$1.5 billion) in February. According to BNC, SEPCO will construct a new booster compression station along the western side of the east-west pipeline corridor. Upon completion, the pipeline's daily gas transmission capacity will grow from 12 billion to 17.5 billion cubic feet. The project is expected to be completed by the second quarter of 2028.

Packages four and ten were awarded in the amount of SAR3.8 billion (\$1 billion) each in February.



Package four was awarded to Turkey's Mapa Construction Company and calls for the construction of 56-inch east-west gas pipelines, known as EWG 3.4 pipelines and covering a distance of 300 kilometers. The project is expected to be completed by the fourth quarter of 2029. Package ten was awarded to a joint venture between Italy's SICIM Saudi Arabia and the local Nesma & Partners Contracting Company also in February. The project will also include the installation of 56-inch EWJZG-1 pipeline from Sector one to Sector two, covering a distance of 310 kilometers. The project is expected to be completed by the fourth quarter of 2029.

The remaining 11 packages of phase three of Saudi Aramco's MGSE project involve the construction and installation of 56-inch gas pipelines to local and foreign contractors that will span an additional 3,000 kilometers.

## Real Estate

The real estate sector witnessed approximately 105 contract awards during Q1'24 as it reached SAR24.4 (\$6.5 billion). On a YoY basis, the real estate sector grew by SAR9 billion (\$2.4 billion) or 58 percent, while growing by SAR8.1 billion (\$2.2 billion) QoQ. Commercial real estate captured the highest value of awarded contracts with SAR15 billion (\$4 billion) on 40 projects. On a YoY basis, commercial real estate grew by SAR11.3 billion (\$3 billion) or 305 percent, while surging by SAR13.5 billion (\$3.6 billion) or 885 percent QoQ. Hospitality was the second highest real estate category as it reached SAR4.8 billion (\$1.3 billion). On a YoY basis, hospitality declined by SAR1.4 billion (\$382 million) or 23 percent but grew by SAR3 billion (\$800 million) or 168 percent QoQ. Residential real estate garnered SAR3.2 billion (\$850 million). Residential declined by SAR2.8 billion (\$741 million) or 47 percent YoY and dropped SAR3.5 billion (\$934 million) or 52 percent QoQ. Lastly, mixed-use real estate reached SAR1.4 billion (\$371 million) for the quarter. Mixed-use declined by SAR1.1 billion (\$297 million) or 44 percent YoY and by SAR4.8 billion (\$1.3 billion) QoQ.

The largest contract was awarded in January within commercial real estate and pertained to the construction of a sports stadium in the Jeddah Central District. The contract was awarded by the Jeddah Central Development Company to a joint venture between the local Sama Construction for Contracting and China Railway Construction Corporation in the amount of SAR4.1 billion (\$1.1 billion). The stadium is expected to seat 45,000 people and have a roof that will feature technology to regulate sunlight and indoor temperatures. The project is expected to be completed by the second quarter of 2026.

Another contract to develop a sports stadium was awarded in February in the amount of SAR3.6 billion (\$960 million). The Saudi Arabian Football Federation awarded the contract to a joint venture between Belgium's BESIX and the local Al Bawani Co. Ltd. The project calls for the construction of the Dammam football stadium in Dammam Sports City and is expected to seat 45,000 people. According to BNC, it will



also include developing six buildings covering 548 square meters and will be the home stadium of Ettifaq FC. The project is expected to be completed by the fourth quarter of 2027.

Within hospitality, Neom awarded a contract to the local Al Bawani Co. Ltd. in the amount of SAR1.9 billion (\$507 million) in March. The project calls for the development of steel structure works for Trojena Ski Village. The project will be the Kingdom's first outdoor ski resort and will be spread over 57 square kilometers with elevation ranging from 1,500 meters to 2,600 meters. The project is expected to be completed by the fourth quarter of 2028.

The Jeddah Central Development Company awarded two additional contracts for the development of an opera house and an oceanarium and coral farm building. Both contracts were awarded to the local Modern Building Leaders with the opera house netting SAR1.8 billion (\$480 million) and the oceanarium SAR1.5 billion (\$400 million). The opera house is expected to host up to 2,400 people of which 1,500 seats will be in the main theater, 700 in the medium theater, and 200 in the training hall. The opera house is expected to be completed by the fourth quarter of 2027. The oceanarium will contain a research laboratory and visitor attraction center that will accommodate 500 marine species. It is expected to be completed by the fourth quarter of 2026.

A sizeable contract was awarded by the Misk Foundation in January for the development of the 'Ilmi' Science and Technology Center in the amount of SAR1.5 billion (\$400 million). The project involves the construction of a science, technology, reading, engineering, arts, and mathematics (STREAM) learning center in Misk City covering a span of 27,000 square meters. The project was awarded to the U.A.E.'s ALEC Engineering & Contracting. It is expected to be completed by the fourth quarter of 2027.

## Water

The water sector surged during Q1'24 to reach SAR24 billion (\$6.4 billion) in awarded contracts from 14 deals. The water sector has already reached 80 percent of 2023's total value of awarded contracts due to a number of sizeable projects including dam developments, desalination plants, water network expansion, and wastewater channels. It also marks the highest tally in a quarter on record for the water sector. The water sector grew by SAR14.1 billion (\$3.8 billion) or 143 percent YoY and by SAR9.9 billion (\$2.6 billion) or 70 percent QoQ.

The largest contract in the water sector was awarded in January by Neom to Italy's Webuild Group for the development of water dams at Trojena mountain in the amount of SAR17.6 billion (\$4.7 billion). According to SGP, Webuild will construct three dams to form a freshwater lake for the ski resort that will employ over 10,000 people. The main dam will be made of roller-compacted concrete (RCC) and will be 145 meters high, 475 meters long, and a volume of approximately 2.7 million square meters. The second dam will



also be made of RCC, while the third will be in rock, with a volume of 4.3 million square meters. The artificial lake will cover an area of 1.5 square kilometers and will have an island reserved for botanical dives and walks.

A large contract was awarded in March by the Royal Commission for Riyadh City to a joint venture between local companies Water & Environment Technologies Company and Al Bawani Co. Ltd. in the amount of SAR1.7 billion (\$450 million). According to BNC, the project will include the construction of a sewage treatment plant boasting a design capacity of 29,850 cubic meters per day (cm/d), along with a treated sewage effluent (TSE) facility capable of processing 160,000 cm/d. The plant will handle approximately 40,000 cm/d of water sourced from the National Water Company. Additionally, the project will encompass the construction of storage tanks for TSE, brine, and treated water, with a combined volume totaling 491,226 cubic meters. The project is expected to be completed by the first quarter of 2028.

The Saudi Water Partnership Company (SWPC) awarded a contract in January to the U.A.E.'s TAQA in the amount of SAR1.5 billion (\$400 million). According to BNC, the project is located at the Juranah Independent Strategic Water Reservoir and will involve building, owning, and operating the Juranah reservoir. The strategic tanks will have a total storage capacity of 2 million cubic meters along with an operational tank with a capacity of 500,000 square meters to support the potable water distribution system.

## **Contract Awards Outlook**

Saudi Arabia's construction sector is experiencing exponential growth, marked by significant developments in social and physical infrastructure, enhanced quality of life, and substantial foreign direct investments (FDI). In the first quarter of 2024, the sector witnessed an astounding surge in the value of awarded contracts, reaching SAR118.8 billion (\$31.7 billion). This continues the impressive momentum from 2023, which concluded with SAR270.6 billion (\$72.2 billion) in awarded contracts. The value of awarded contracts in Q1'24 grew by 79 percent YoY and 35 percent QoQ, despite a 1.7 percent decline in the Kingdom's GDP due to continued oil production cuts. Notably, the non-oil economy grew by 3.1 percent, with the private sector contributing significantly with a 3.4 percent increase, and the construction sector's GDP growth standing at 2.4 percent.

Central to this growth is the Kingdom's Vision 2030, which aims to diversify the economy away from oil dependency. Key projects such as Neom and the Red Sea development have been pivotal, driving substantial investments in infrastructure. The oil & gas, real estate, and water sectors accounted for 84 percent of the total awarded contracts in Q1'24. The oil & gas sector alone represented 43 percent of the



projects, with significant developments at the Jafurah Unconventional Gas Plant and the Master Gas System Expansion.

Foreign direct investment (FDI) has been instrumental in diversifying the economy and driving the construction sector's growth. Reforms to business regulations and various incentives have made it easier for foreign investors to enter the market. FDI brings in much-needed capital, technology, and expertise, fostering joint ventures and partnerships with local firms, which enhances project execution capabilities and promotes technology transfer.

Foreign contractors have significantly enhanced the construction sector by bringing advanced construction techniques and project management skills. In Q1'24, foreign contractors partnered with local players in large project awards across numerous sectors. These collaborations are vital for the successful execution of large-scale developments and the training of local workers, thereby enhancing the skills of the Saudi labor force.

The private sector's contribution to the economy is also growing, driven by increased participation in various construction projects. Public-private partnerships (PPPs) have been effective in mobilizing resources and expertise. Private companies are introducing innovative construction technologies and practices, improving efficiency and quality. The growth of the private sector is creating numerous job opportunities, addressing unemployment, and boosting economic activity.

Overall, Saudi Arabia's construction sector is poised for continued growth, supported by substantial investments in infrastructure, robust performance in the oil & gas sector, and significant contributions from the private sector. The sustained high levels of the CAI and ongoing mega-projects under Vision 2030 will further propel the sector, ensuring long-term economic diversification and development.



## Notable Contracts During Q1 2024

Sector	Region	Client	Contractor	Details	Value (SAR million)
Oil & Gas	Eastern	Saudi Aramco	Tecnicas Reunidas/Sinopec	Package 1 of Phase 2 at Riyas NGL	6,523
	Eastern	Saudi Aramco	Tecnicas Reunidas/Sinopec	Package 2 of Phase 2 at Riyas NGL	6,523
	Eastern	Saudi Aramco	CPECC	Package 1 of Phase 3 of MGSE masterplan	6,371
	Eastern	Saudi Aramco	SEPCO	Package 2 of Phase 3 of the MGSE masterplan	5,625
	Eastern	Saudi Aramco	Mapa Construction Company	Package 4 of Phase 3 of MGSE masterplan	3,750
	Eastern	Saudi Aramco	Nesma/SICIM	Package 10 of Phase 3 of MGSE masterplan	3,750
	Eastern	Saudi Aramco	Max Streicher GmbH	Package 11 of Phase 3 of MGSE masterplan	3,000
	Eastern	Saudi Aramco	Larsen & Toubro	Package 8 of Phase 3 of MGSE masterplan	3,000
Real Estate	Makkah	Jeddah Central Development Company	CRCC/Sama Construction	Sports stadium in Jeddah Central District	4,125
	Eastern	Saudi Arabian Football Federation	BESIX/AI Bawani	Dammam football stadium	3,600
	Tabuk	Neom	AI Bawani	Steel structure works at Trojena	1,900
	Makkah	Jeddah Central Development Company	MBL	Jeddah Opera House	1,800
	Makkah	Jeddah Central Development Company	MBL	Jeddah Oceanarium & Coral Farm	1,500
	Riyadh	Misk Foundation	ALEC Engineering & Contracting	Build a STREAM learning center	1,500
	Madinah	Royal Commission for AI Ula	Consolidated Contractors Company	Build Royal Commission for AI Ula HQ	1,400
Water	Tabuk	Neom	Webuild	Construct three dams at Trojena	17,625
	Riyadh	King Salman Park Foundation (KSPF)	WETICO/AI Bawani	Water & sewage treatment plant at KSP	2,400
	Riyadh	SWPC	TAQA	Juranah ISWR-1 project	1,532
Industrial	Makkah	Ceer	MBL	Auto manufacturing plant	5,000

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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