



U.S.-Saudi Business Council
مجلس الأعمال السعودي الأمريكي

Unlocking Opportunities in Saudi Arabia's *Construction Sector*

www.ussaudi.org

September 10, 2024



Housekeeping

How to Participate in Today's Webinar



U.S.-Saudi Business Council
مجلس الأعمال السعودي الأمريكي



Participants will receive the recorded presentation and slides by email



Questions will be taken by the Q&A feature, please send in questions often



U.S.-Saudi Business Council
مجلس الأعمال السعودي الأمريكي

Celebrating 30 Years

as the premier hub for U.S.-Saudi
business partnerships.

60+

*Business Development
Missions*

\$1B

*Supported Foreign Direct
Investments and Exports*

400+

Shared Success Stories

500+

*Bilateral Seminars and
Networking Events*

Council Services



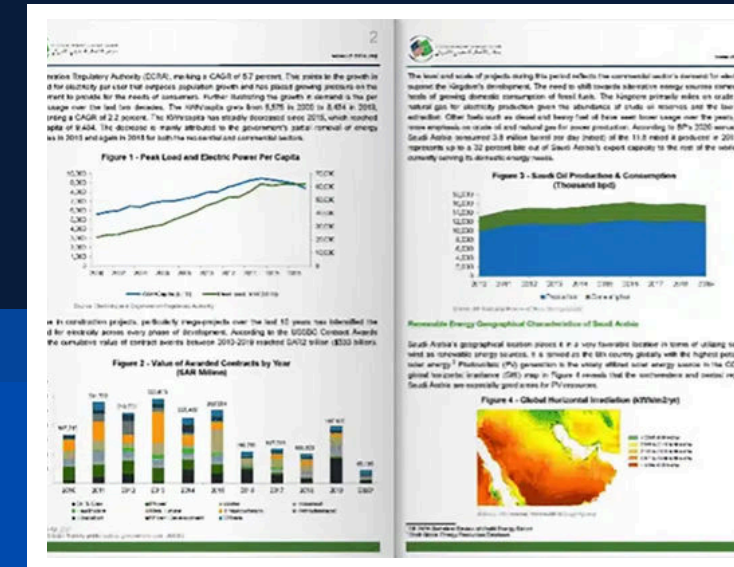
Business Advisory

- ✓ Partner identification and introduction
- ✓ Access to executive decision makers
- ✓ Customized strategic advice



Networking Events

- ✓ Business development missions to /from Saudi Arabia
- ✓ Sector specific business conferences, briefings, luncheons, and dinners



Research

- ✓ Weekly digest of top news in Saudi Arabia
- ✓ Exclusive monthly and quarterly market analysis
- ✓ Customized market research



Visas

- ✓ Expedited visa processing
- ✓ Invitation letters
- ✓ Document ratification and certification

Introduction

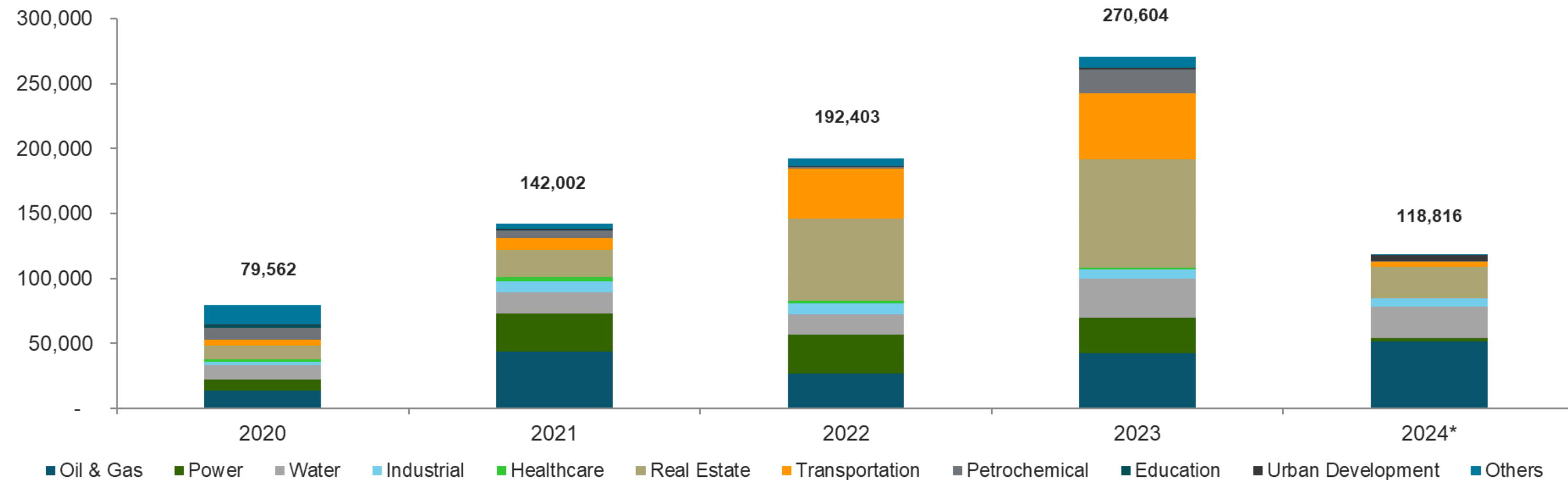
Objective: Provide strategic insights on Saudi Arabia's contract awards for Q1 2024

Key focus areas:

- ✓ Growth trends in key sectors
- ✓ Impact of Vision 2030 on construction activities
- ✓ Foreign investment and joint ventures key drivers of growth

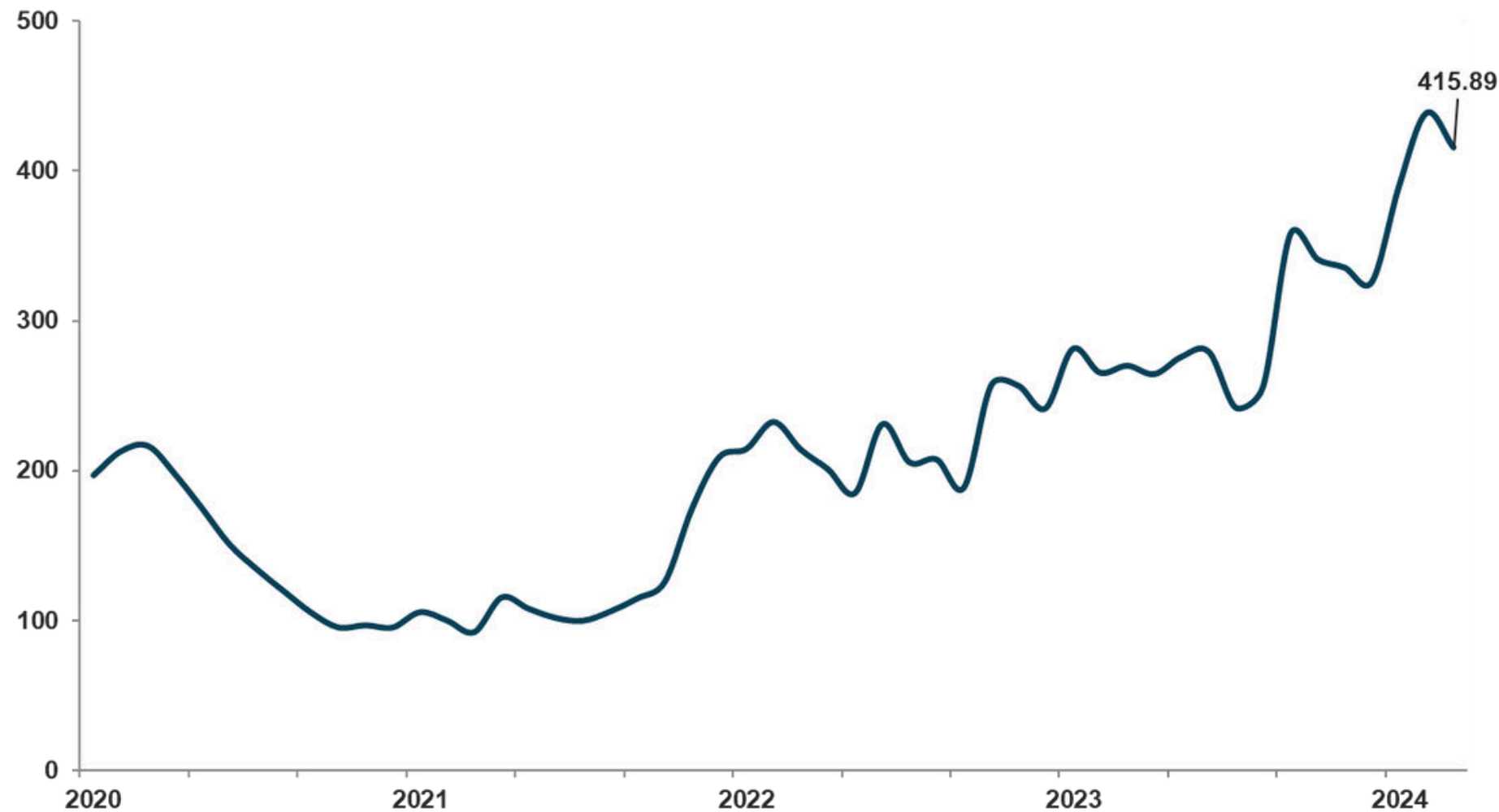
Contract Awards Growth Overview

Surge in awarded contracts during Q1 2024 with values reaching SAR119B (\$32 billion)



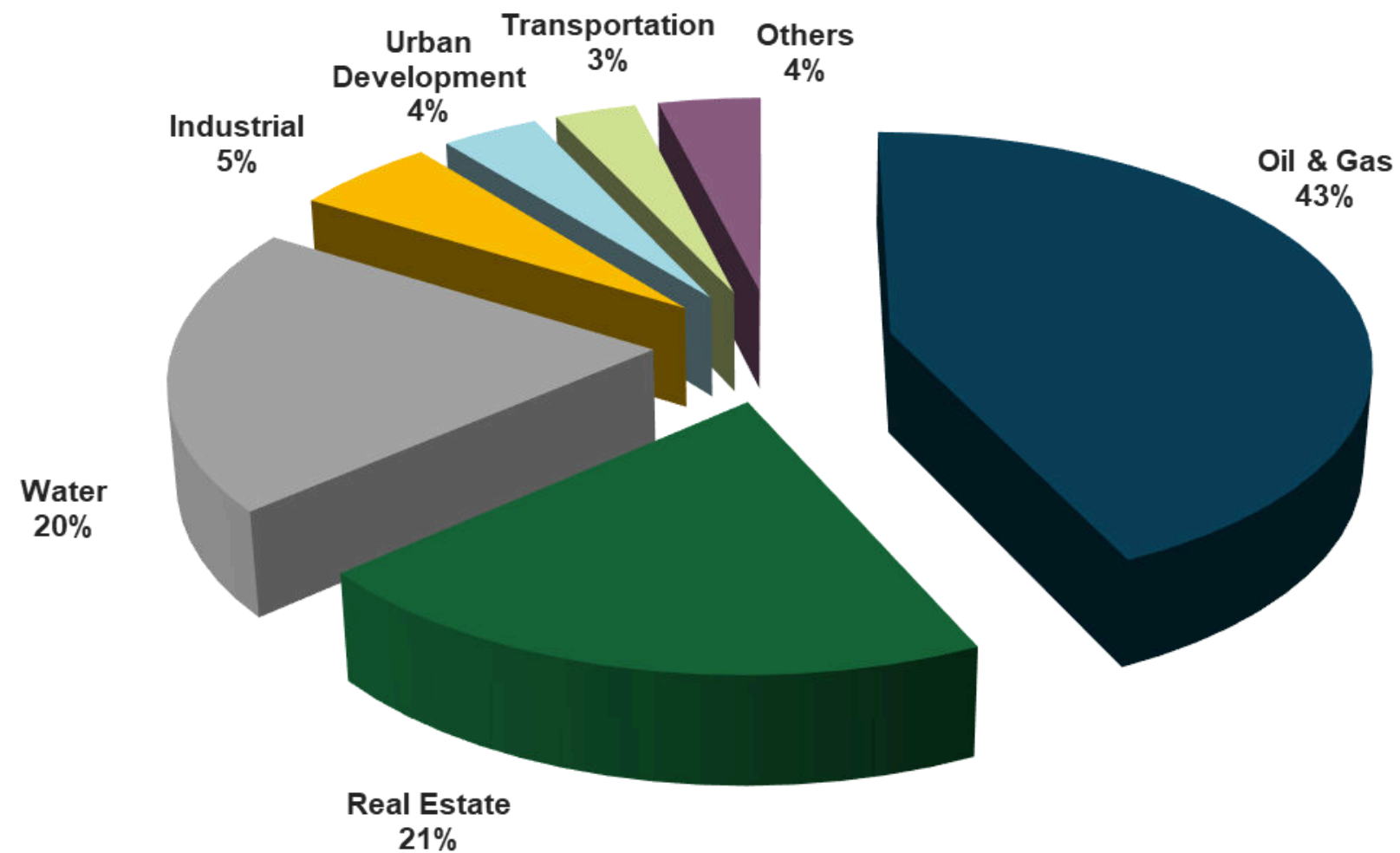
*Through Q1'24
Source: BNC, MEED Projects, Saudi Gulf Projects, public outlets, government data, USSBC

Contract Awards Index (CAI) Performance



- ✓ Reached 415.89 points
- ✓ Sustained above 200 points for 18 consecutive months; above 100 points for 36 consecutive months
- ✓ Major contributions from oil & gas, real estate, and water sectors
- ✓ CAI expected to hover between 300-400 points due to ongoing government and private sector projects

Sectoral Breakdown

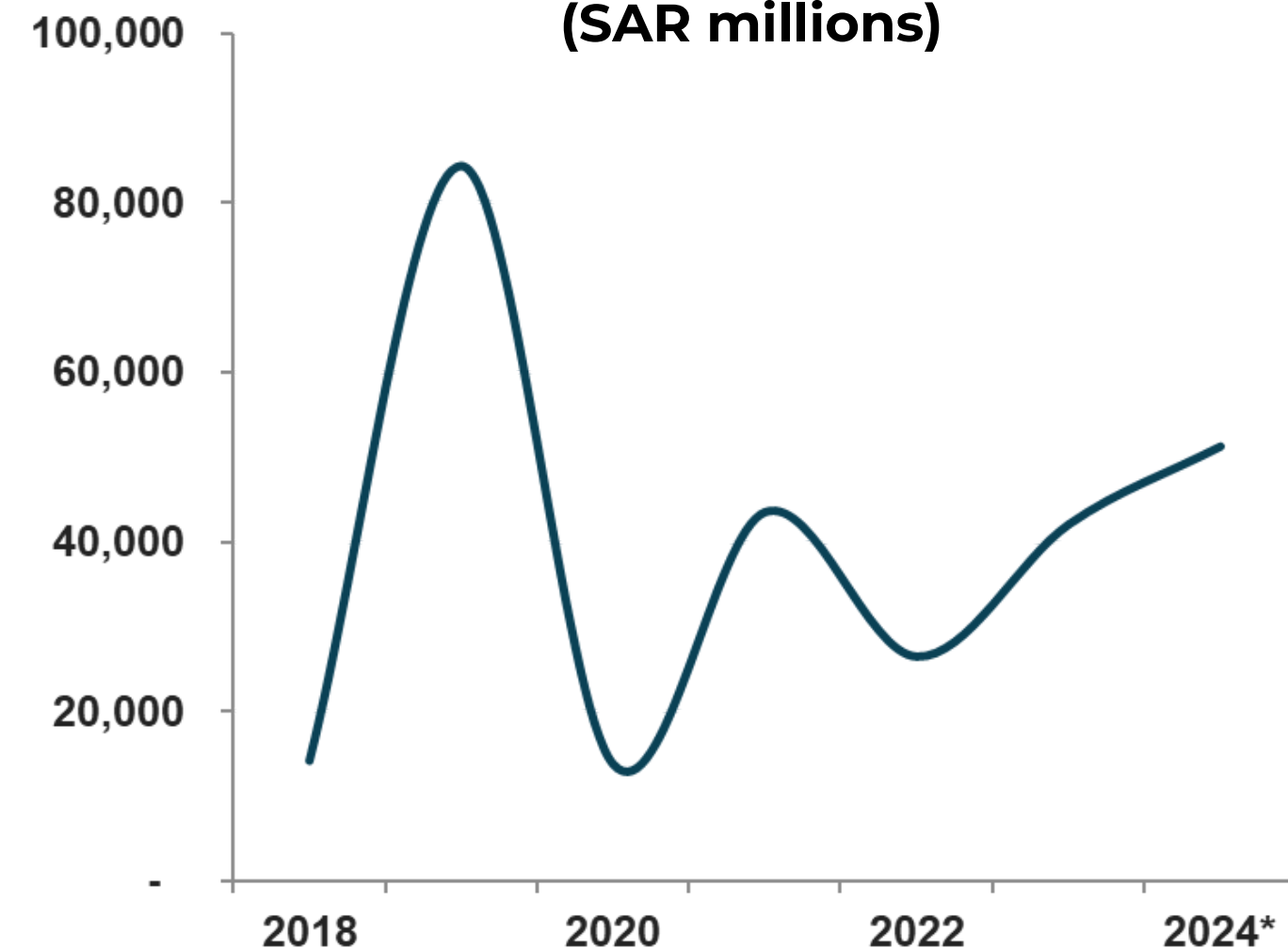


- ✓ Oil & gas sector resurgence- 43% of total
- ✓ Real Estate sector unrelenting- 21% of total
- ✓ Water sector boom- 20% of total

Sectoral Breakdown- Oil & Gas

- ✓ **Total value in Q1 SAR51 billion (\$14 billion)**
 - YoY Growth: SAR47 billion (\$13 billion)-- 1,059%
 - QoQ Growth: SAR44 billion (\$12 billion)- 577%
- ✓ **Key Projects:**
 - Jafurah Unconventional Gas Plant
 - Riyas NGL: SAR13 billion (\$3.5 billion)
 - Master Gas System Expansion
 - Phase 3: SAR37.5 billion (\$10 billion)
- ✓ **Major Contractors:**
 - European, Indian, and Chinese firms

**Value of Awarded Contracts in Oil & Gas
(SAR millions)**



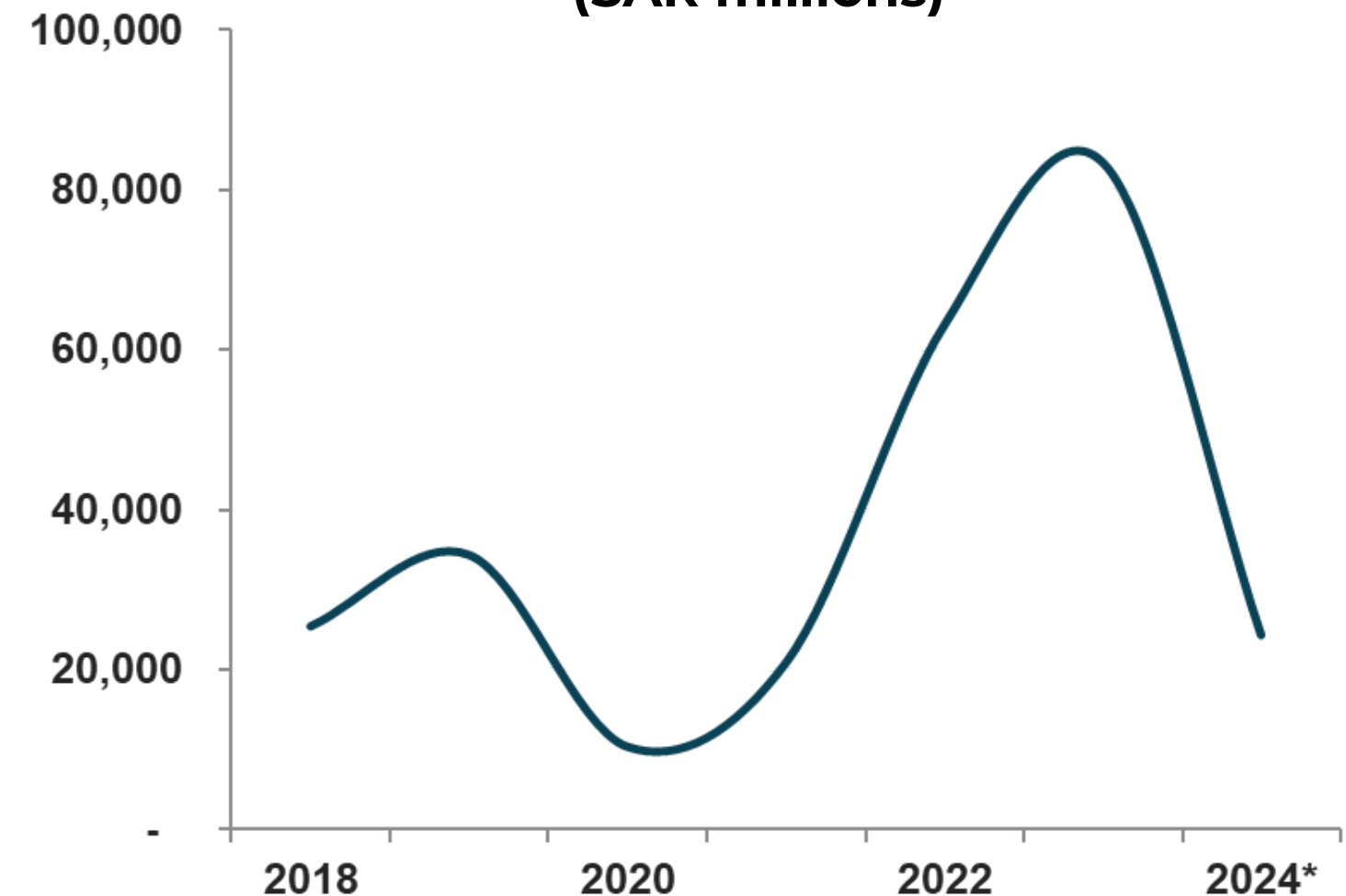
*Through Q1'24

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

Sectoral Breakdown- Real Estate

- ✓ **Total value in Q1 SAR24.4 billion (\$6.5 billion)**
 - YoY Growth: SAR9 billion (\$2.4 billion)-- 58%
 - QoQ Growth: SAR8 billion (\$2.2 billion)-- 50%
- ✓ **Key Areas:**
 - Commercial: SAR15 billion (\$4 billion)- 62% share
 - Hospitality: SAR5 billion (\$1.3 billion)- 20% share
 - Residential: SAR3.2 billion (\$850 million)- 13% share
 - Mixed-Use: SAR1.4 billion (\$371 million)- 5% share
- ✓ **Key Projects:**
 - Jeddah Central District Stadium: SAR4 billion (\$1.1 billion)
 - Dammam Stadium (Ettifaq FC): SAR3.6 billion (\$960 million)

**Value of Awarded Contracts in Real Estate
(SAR millions)**



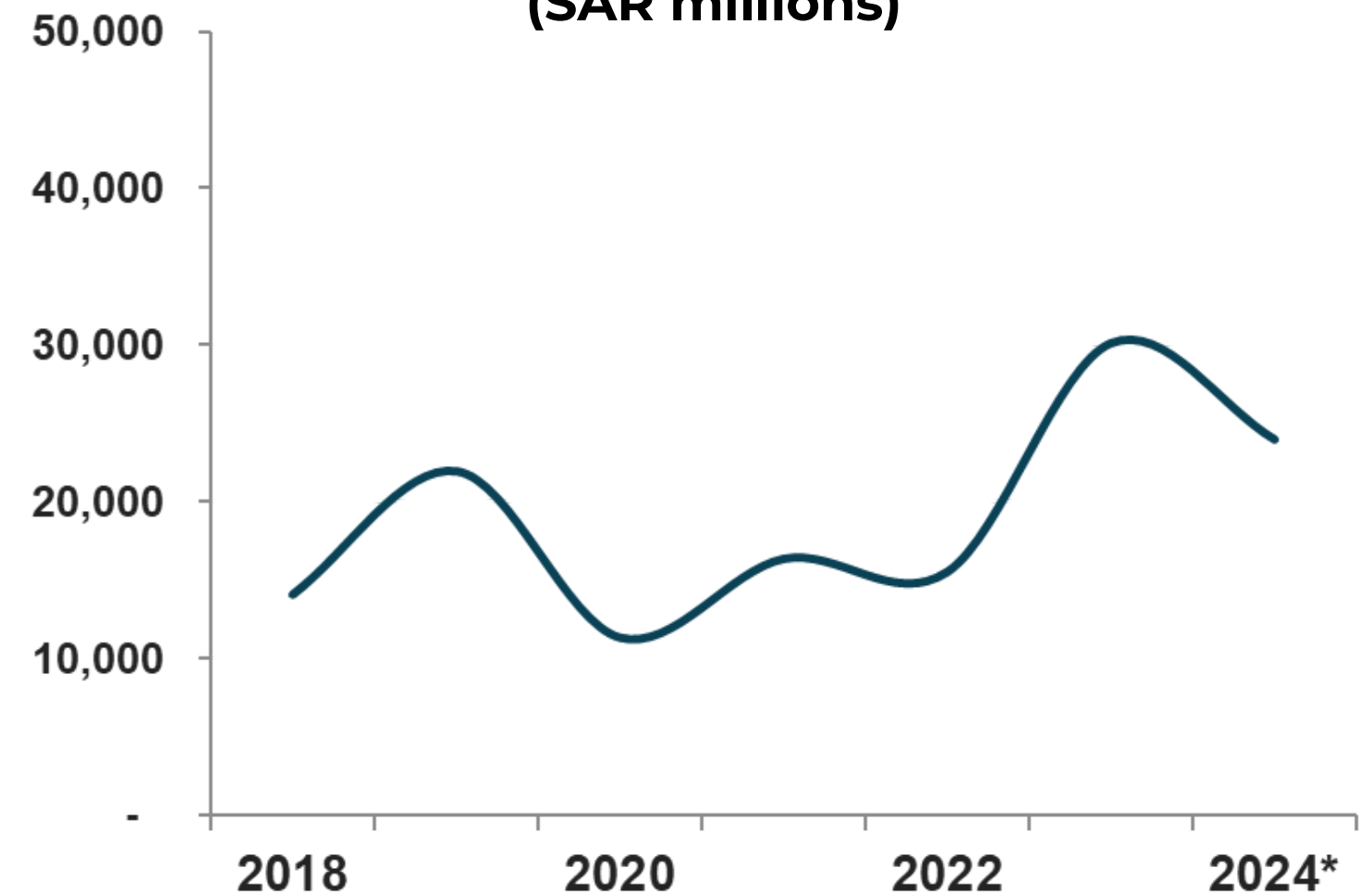
*Through Q1'24

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

Sectoral Breakdown- Water

- ✓ **Total value in Q1 SAR24 billion (\$6.4 billion)**
 - YoY Growth: SAR14 billion (\$3.8 billion)-- 143%
 - QoQ Growth: SAR10 billion (\$2.6 billion)-- 70%
- ✓ **Key Areas:**
 - Dam developments
 - Desalination plants
 - Water network expansion
 - Wastewater channels
- ✓ **Key Projects:**
 - Neom-Trojena mountain water dams: SAR18 billion (\$4.7 billion)
 - King Salman Park- Solid waste treatment plant SAR1.7 billion (\$450 million)

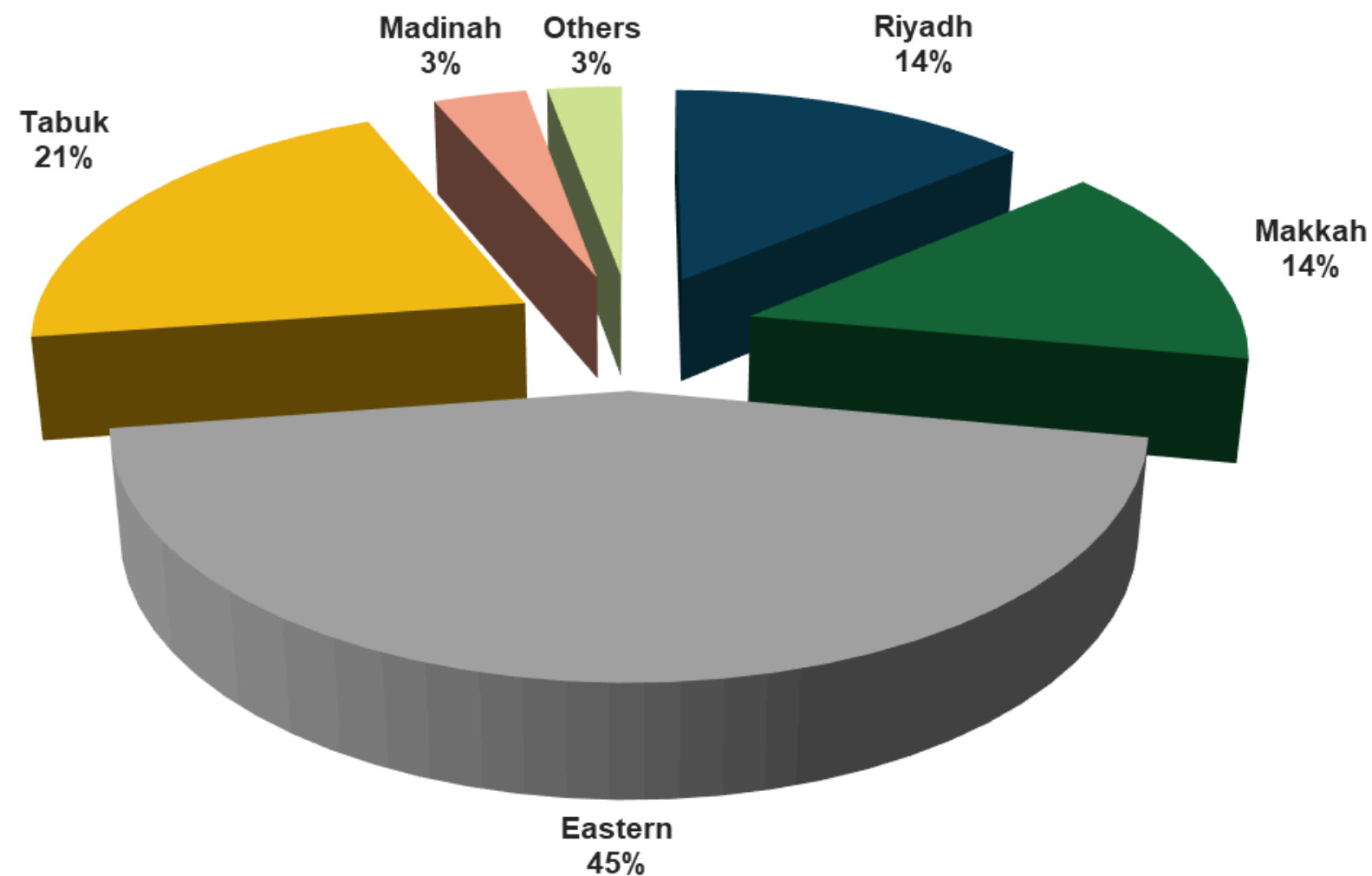
**Value of Awarded Contracts in Water
(SAR millions)**



*Through Q1'24

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

Regional Breakdown



- ✓ **Eastern Province- 45% share**
 - Dominated by oil & gas sector- 87% share
- ✓ **Tabuk-21% share**
 - Neom most active across numerous sectors- 96% share
- ✓ **Makkah- 14% share**
 - Ceer manufacturing plant at KAEC- SAR5 billion (\$1.3 billion)
- ✓ **Riyadh- 14% share**
 - Royal Commission for Riyadh City- City park- SAR4.8 billion (\$1 billion)

FDI in the Saudi Construction Sector

- ✓ **Construction attracts the highest number of investment licenses with robust growth**
- ✓ **U.S. companies acquired 96 licenses across all sectors during Q2 2024**
 - 33% growth YoY
- ✓ **Top countries obtaining licenses:**
 - Egypt- 789
 - India- 264
 - Yemen- 251

Activity	2023 Q2	2024 Q2	Growth Rate %
Manufacturing	279	469	68.1
Information and communication	161	232	44.1
Financial and insurance services	24	15	-37.5
Construction	558	737	32.1
Electricity, gas, steam & air conditioning	11	8	-27.3
Professional, scientific & technical activities	214	318	48.6
Administrative and support service	92	111	20.7
Mining and quarrying	11	34	209.1
Education	22	41	86.4
Arts, entertainment & recreation	17	30	76.5
Health and social activities	28	32	14.3
Transportation and storage	67	129	92.5
Real estate	28	44	57.1
Accommodation & food service	150	216	44.0
Wholesale & retail trade	109	214	96.3
Other services	19	40	110.5
Water supply, sewerage activities & waste management	17	26	52.9
Agriculture, forestry & fishing	16	31	93.8
Public administration and defense	1	1	0.0
Total	1,824	2,728	49.6

Source: MISA Economic and Investment Monitor Q2 2024

Mitigating the Construction Sector's Challenges

- ✓ **The Saudi construction sector has witnessed several challenges in recent years:**
 - Project delays
 - Recalibrations stemming from COVID-19 and oil price fluctuations
 - Dependence on foreign labor
 - Access to financing

- ✓ **Mitigation strategies the Kingdom has undertaken:**
 - Continued regulatory reform and incentives to attract FDI (i.e new investment law)
 - Focus on developing local talent and reducing project execution risks
 - Increase in the implementation of public private partnerships (PPP):
 - Saudi Water Partnership Company (SWPC):
 - Juranah Independent Strategic Water Reservoir project awarded to TAQA consortium worth SAR1.5 billion (\$400 million)
 - Al Haer 2 Independent Sewage Treatment Plant to SEPCO III consortium worth SAR900 million (\$240 million)



U.S.-Saudi Business Council
مجلس الأعمال السعودي الأمريكي

Q&A Discussion

Albara'a Alwazir

Director, Economic Research
alalwazir@ussaudi.org

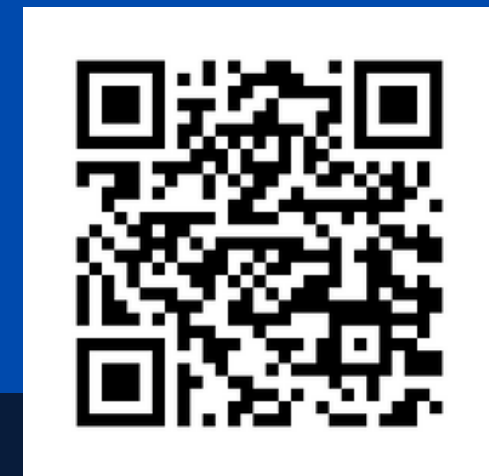


U.S.-Saudi Business Council
مجلس الأعمال السعودي الأمريكي

We hope to see you at our upcoming events

- [Webinar: The U.S. Saudi Trade Relationship](#)
 - Oct 10, 2024
- [U.S. Delegation to Saudi Arabia's Global Health Exhibition](#)
 - Oct 21 - 23, 2024
- [Advanced Technology Business Development Mission to Saudi Arabia](#)
 - Nov 11 - 13, 2024

**Subscribe to receive
event announcements
and reports**



Key Awarded Contracts During Q1 2024



U.S.-Saudi Business Council
مجلس الأعمال السعودي الأمريكي

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/Al Bawani	Dammam football stadium	3,600
	Tabuk	Neom	Al 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 Al Ula	Consolidated Contractors Company	Build Royal Commission for Al Ula HQ	1,400
Water	Tabuk	Neom	Webuild	Construct three dams at Trojena	17,625
	Riyadh	King Salman Park Foundation (KSPF)	WETICO/Al 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