

GCC Projects Market Update

January-2025

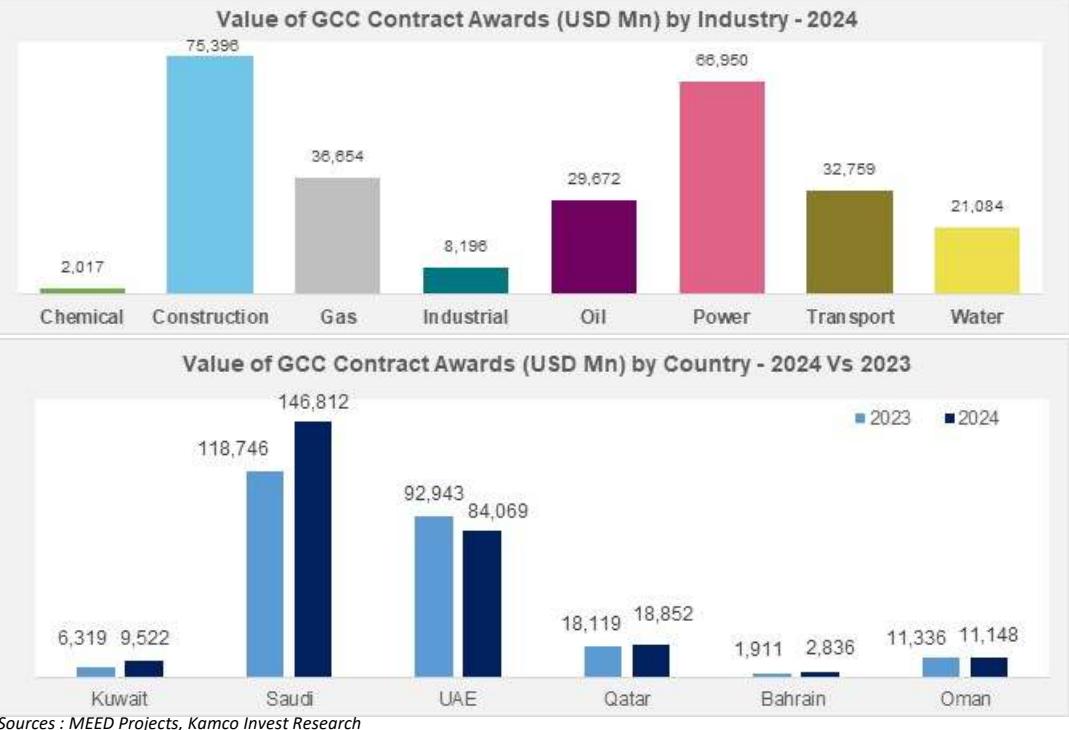
Renewables drive GCC project awards to new highs...

The total value of contracts awarded in the GCC reached a new record in 2024. GCC project awards saw a 9.6% y-o-y increase in 2024, reaching USD 273.2 Bn, compared to USD 249.4 Bn in 2023. This growth in contract awards was primarily driven by the exceptional increase in project awards in Saudi Arabia, coupled with strong performance from the UAE despite recording a y-o-y dip in the value of contract awards. The Power and Oil sectors led the growth of project awards in the GCC during 2024, recording USD 67.0 Bn and USD 29.7 Bn in contract awards, respectively. Within the renewable energy sector, Saudi Arabia has signed contracts for 25 renewable energy projects, distributed across various regions that are collectively generating approximately 23 gigawatts of electricity during 2024. The growth in projects in the renewable space is attributed to the determination to fulfill the Vision 2030 goals that aim to achieve optimal energy mix for electricity generation in the Kingdom. On the other hand, the GCC Construction sector remained the largest sector with USD 75.4 Bn in contract awards during 2024.

In terms of quarterly performance, total GCC project awards reached USD 74.8 Bn in Q4-2024, the highest quarterly mark in over six years. Total contracts awarded in Saudi Arabia increased by 16.3% y-o-y during Q4-2024 to reach USD 40.4 Bn, compared to USD 34.7 Bn in Q4-2023. On the other hand, aggregate projects awarded in Kuwait jumped by 237.4% y-o-y during Q4-2024 to reach USD 4.0 Bn, compared to USD 1.1 Bn in Q4-2023. Comparatively, contract awards in the UAE declined by 37.4% y-o-y in Q4-2024, reaching USD 20.9 Bn, down from USD 33.4 Bn in Q4-2023.

Growth in GCC contract awards was broad-based in 2024, with three of the six GCC countries experiencing at least double-digit y-o-y growth in the total value of contracts awarded, while four out of the six countries saw y-o-y increases in the value of projects awarded during the year. Kuwait witnessed the highest percentage growth in the region, recording 50.7% y-o-y growth in the total value of contracts awarded, reaching USD 9.5 Bn, up from USD 6.3 Bn in 2023.

The outlook for 2025 remains bright for the GCC projects market with more than USD 120 Bn worth of projects already in the bid evaluation stage, that would mostly translate into awards, according to MEED Projects. Near-term forecast also remains positive for the region mainly driven by Saudi Arabia's Construction and Power sectors mostly related to the NEOM giga projects.



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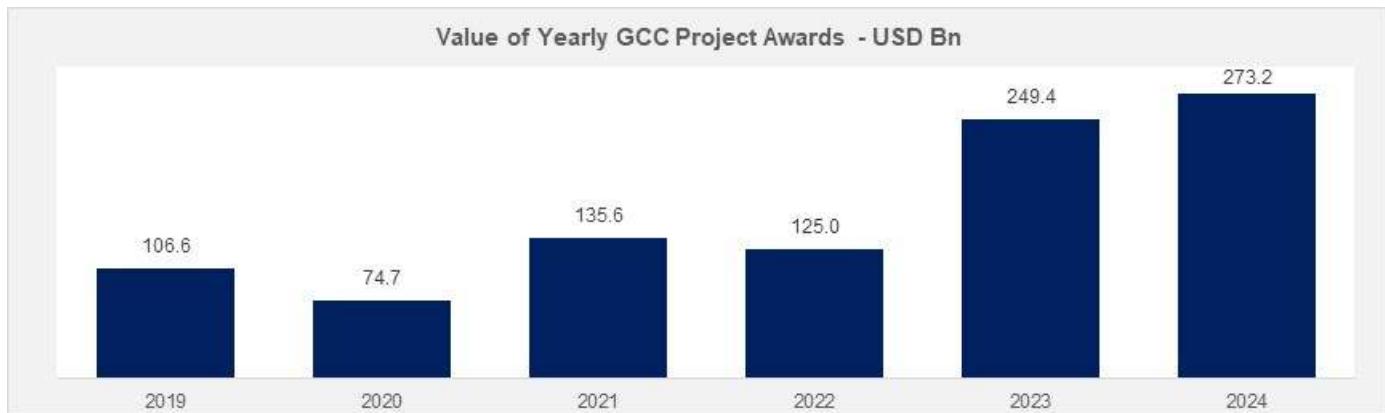
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Saudi Arabia

Total yearly contracts awarded in Saudi Arabia reached the highest ever mark for the second consecutive year at USD 146.8 Bn during 2024 as compared to USD 118.7 in 2023. The Kingdom represented over 53.8% of total GCC projects awarded during the year. The increase in project awards in the Kingdom was primarily driven by the Power, Gas and Oil sectors, with notable growth in contract awards for renewable energy projects. Despite moderate economic growth in 2024, attributed to ongoing oil production cuts, the Saudi projects market demonstrated resilience, sustaining robust annual growth. This performance was largely supported by the Kingdom's Vision 2030 plan and the array of giga projects in the Kingdom.

In terms of sectors, the Kingdom's Power sector overtook the Construction sector as the largest sector in terms of value of projects awarded during the year. Total value of projects awarded in the Saudi Power sector more than doubled during 2024 reaching USD 55.0 Bn in 2024 against USD 25.0 Bn in 2023. Similarly, total value of contract awards in the Kingdom's Gas sector nearly doubled during 2024 reaching USD 19.1 Bn as compared to USD 9.9 Bn in 2023. On the other hand, project awards in the Kingdom's Construction sector dipped 10.6% y-o-y during 2024 to reach USD 28.4 Bn against USD 31.8 Bn in 2023. The National Housing Company's USD 3 Bn project to construct 2000 homes was the largest project awarded in the Construction sector during the year.

Seven out of the ten largest valued projects awarded in the GCC during 2024 that were over USD 2 Bn in value were awarded in Saudi Arabia. The NEOM Trojena Valley Cluster Dam project was the largest contract awarded in the Kingdom and the third largest in the GCC during 2024. The project which is estimated to be worth USD 4.7 Bn was awarded and commissioned to Webuild to construct three dams to develop a freshwater lake for a ski resort in the Trojena mountain destination.



Sources : MEED Projects, Kamco Invest Research

Some other major and notable contracts awarded in the Kingdom during the year include the USD 3.73 Bn contract to construct two major High Voltage Direct Current (HVDC) Over transmission line (OHTL) projects with the aim of connecting Eastern Operating Area (EOA) to Central Operating Area (COA). Furthermore, the Saudi Aramco - Fadhili Gas Plant Expansion: Gas Processing Plant Package 1 which is valued at estimated USD 3.2 Bn was another major project awarded in the Kingdom during 2024 as part of the USD 7.7 Bn Fadhili gas plant expansion contracts by Aramco. The project is expected to raise the Fadhili gas plant's processing capacity from 2.5 billion cubic feet a day to up to 4 billion cubic feet per day.

UAE

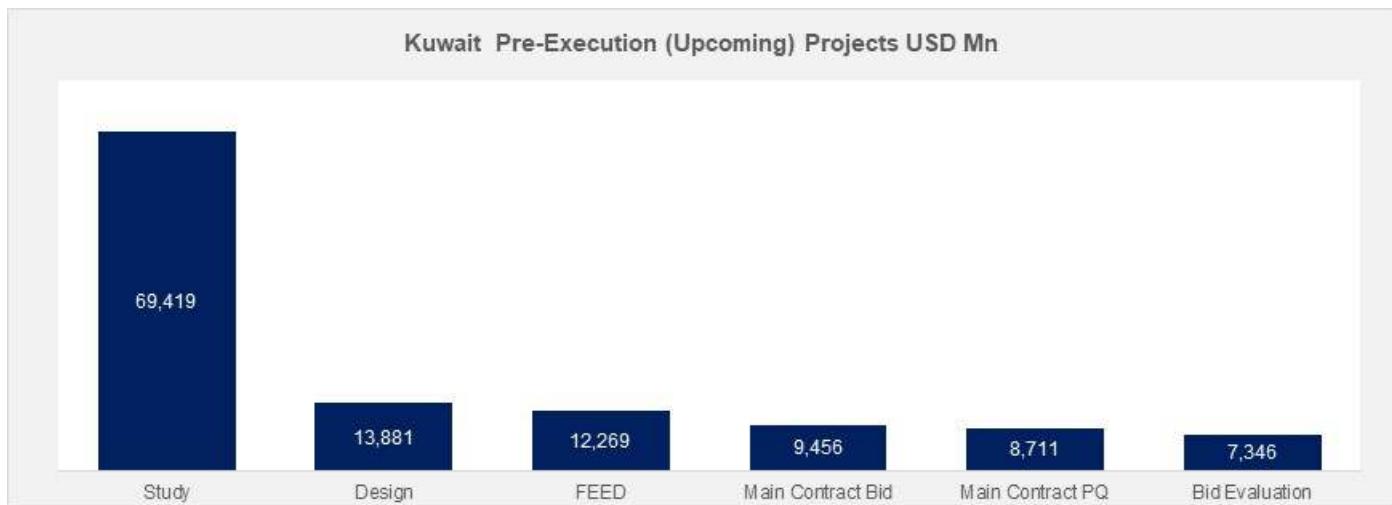
Total value of projects awarded in the UAE declined by 9.5% y-o-y (nearly USD 9 Bn) to reach USD 84.1 Bn in 2024 as compared to USD 92.9 Bn in 2023. The fall in the value of contracts awards was underpinned by the broad-based decline in y-o-y project awards for five out of the eight sectors during 2024 led by the Gas sector which recorded 54.7% y-o-y fall in contracts awarded to reach USD 8.8 Bn against USD 19.4 Bn in 2023. The Emirates' projects market once again maintained its spot as the second biggest projects market in the GCC during 2024 managing to increase its share of total GCC projects, from 26.2% in 2023 to 37.3% in 2024. Despite the dip in the overall aggregate of yearly project awards, the two largest projects in the GCC were in the UAE, namely the USD 5.6 Bn Dubai Metro's Blue Line and the USD 5.5 Bn Ruwais Low Carbon LNG Terminal Project.

In terms of sectors, the Construction Sector once again comprised the biggest pie of new project awards in the UAE representing 47.5% of total projects in the UAE during 2024 which reached USD 40.0 Bn as compared to USD 44.4 Bn awarded in 2023. However, the Emirate's Oil sector recorded 179.4% y-o-y increase of value projects awards during 2024, the largest absolute growth in value of contract awards during the year, to reach USD 14.2 Bn against USD 5.1 Bn in 2023. Contract awards in the Transport sector improved 133.5% y-o-y during 2024 to reach USD 11.7 Bn up from USD 5.0 Bn in 2023 while aggregate value of projects awarded in the Chemical sector tumbled 81.7% y-o-y to reach USD 958 Mn during the year.

Other notable projects awarded in the UAE during 2024 include the USD 2.4 Bn West to East Pipeline project awarded by ADNOC and the Phase II of Umm Shaif Field Long-Term Development Plan by ADNOC Offshore. ADNOC awarded the engineering, procurement and construction contracts for the UAE sales gas pipeline network enhancement project, called Estidama, to NMDC Energy and Galfar Engineering & Contracting. The project entails the expansion of the pipeline network from 3,200 kilometers to over 3,500 kilometers to increase the transport of higher volume of natural gas to the northern regions of the country.

Kuwait

Total yearly projects awarded in Kuwait during 2024 reached the highest level in six years to reach USD 9.5 Bn vs. USD 6.3 Bn in 2023. Kuwait witnessed nearly 50% y-o-y gain in the value of contracts awarded during 2024, the biggest y-o-y percentage growth in aggregate contracts awarded among the GCC countries during the year. Growth in Kuwait's contract awards was mainly driven by infrastructure investment which are one of the key pillars in Kuwait's Vision 2035 plan led by projects to modernize the Oil, Power and Construction sectors. Aggregate value of projects awarded in the Construction sector jumped more than six times to reach USD 4.0 Bn in 2024 against USD 644 Mn in 2023 mainly fueling the robust growth in overall contracts awarded during the year. In context, the total sum of projects awarded in the Construction Sectors represented 42.5% of the total value of projects awarded in Kuwait during the year. Comparatively, total projects awarded in Kuwait's Power sector improved 23.9% y-o-y to reach USD 2.7 Bn against USD 2.2 Bn in 2023 while Transport projects awarded during the same period fell 48.1% y-o-y to reach USD 1.4 Bn as compared to USD 2.7 Bn in 2023.



Sources : MEED Projects, Kamco Invest Research

Some of the notable projects awarded in the country during the year include the USD 142 Mn Kuwait substation contract awarded to the Kuwait branch of Saudi Arabia's National Contracting Company (NCC) to build 10 power substations in Sabah Al-Ahmad City. According to MEED Projects, the Sabah Al-Ahmad City project encompasses an area of 6,150 hectares and is located 70 kilometers south of Kuwait City. It is planned to accommodate 52 schools and 70 mosques, in addition to thousands of residential units, upon completion. Another contract awarded in the country during the year was the USD 146 Mn project for maintenance works in Mubarak Al-Kabeer governate awarded by Kuwait's Ministry of Public Works. According to MEED Projects, Kuwait's construction and infrastructure projects market recorded an impressive recovery during the first half of 2024, with the value of contract awards rising to over USD 2.1 Bn – more than double the approximately USD 1 Bn worth of contracts awarded in H1-2023.

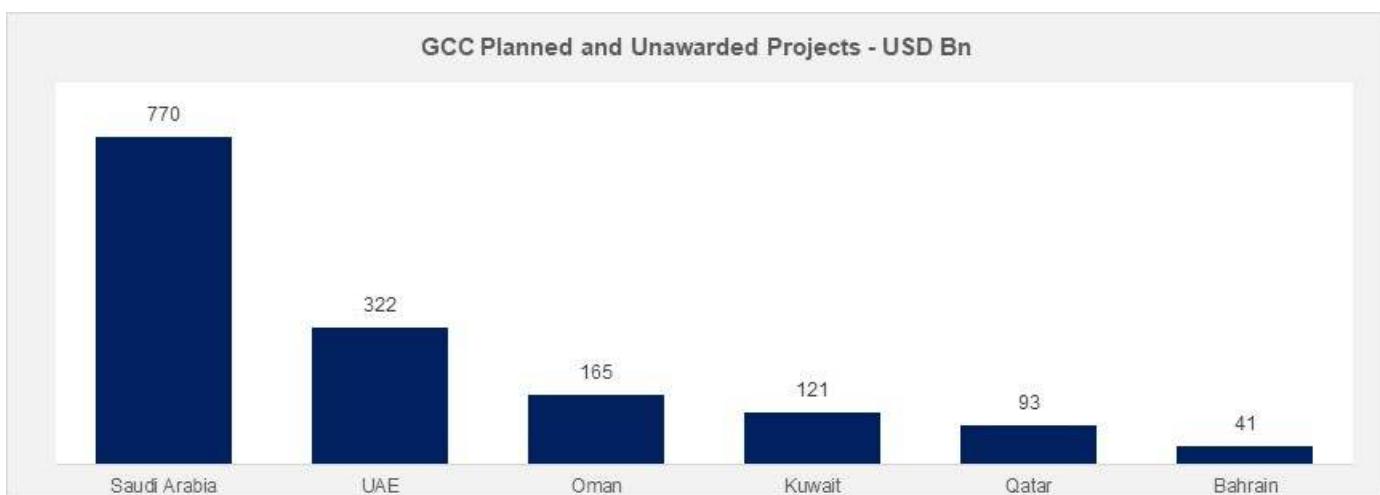
Qatar

The total value of contracts awarded in Qatar witnessed a moderate increase of 4.5% year-on-year, reaching USD 18.9 Bn in 2024 compared to USD 18.1 Bn in 2023, according to data from MEED Projects. This growth in contract awards was primarily attributed to a significant rise in the value of projects within Qatar's Oil Sector, which recorded an almost eightfold increase to reach USD 6.3 Bn in 2024, up from USD 809 Mn in 2023. The Oil Sector accounted for 33.5% of the total contracts awarded in the country during the year. Conversely, Qatar's Gas Sector, typically the largest in terms of project value, witnessed a 49.5% year-on-year decline, falling to USD 6.0 Bn in 2024 compared to USD 11.8 Bn in 2023. Meanwhile, the Power Sector saw a substantial surge, with the total value of contracts awarded increasing 7.5 times to USD 3.4 bn, up from USD 448 million in 2023. This represented the second largest absolute growth in project value within the country. Qatar also witnessed several major project awards during the year, with two of the largest contracts making into the top 20 projects in the GCC region.

These included the USD 4.0 Bn QatarEnergy LNG - North Field Production Sustainability: Phase 2 project and the USD 2.1 Bn NOC - Al Shaheen Oil Field Development: Ruya Development: EPC-11. The Ruya Development contract is a subcontract of the significant North Oil Company expansion project at the Al-Shaheen offshore oil field. In this context, Qatar's North Oil Company has awarded USD 6 Bn worth of EPC contracts for a project aimed at increasing oil production by approximately 100,000 barrels per day from the Al-Shaheen Oil Field.

GCC Projects Market Outlook

The outlook for the GCC project market for 2025 is expected to remain strong. Following a record-breaking year for project market awards, the region is poised for another year of significant contract awards. There are a lot of positive factors in the GCC that are expected to support the project market activity in 2025. These includes a thriving economic activity, government's resolve to execute projects before the deadlines, a supportive and strong banking sector, expected fall in interest rates, stability in regional geopolitical scenario, elevated oil prices and supportive government policies for private sector participation. However, concerns remain especially regarding global supply chain issues that are exacerbated by uncertain policies from the new US government regarding international trade and tariffs. In addition, there is the broader global concern about elevated interest rate levels and limit financing and new investments. A virtual cap oil revenues is also a key concern, mainly led by the OPEC+ quotas, that is limiting the government's ability to invest in projects, especially in larger markets like Saudi Arabia.



Sources : MEED Projects, Kamco Invest Research

Overall, there are approximately USD 1.5 trillion worth of contracts in the pre-execution stage within the GCC, with Saudi Arabia holding the majority. Some of these contracts are expected to be awarded over the next 6-12 months, suggesting that 2025 could match or exceed the contract award figures of 2024, according to analysis by MEED Projects. The largest proportion of these projects, approximately 35.3%, are in the design stage, while around 8% are in the bid evaluation stage. In terms of country-specific project pipelines, Saudi Arabia has an estimated USD 770.5 Bn of projects in the pre-execution stage, followed by the UAE (USD 322.5 Bn), Oman (USD 165 Bn) and Kuwait (USD 121.1 Bn), respectively.

In terms of opportunities in specific sectors, we believe that the Industrial sector would benefit from the efforts to increase regional materials processing and manufacturing capacity. There were reports that both TMSC and Samsung had expressed interest in building chip-manufacturing facilities in the UAE. Under capacity in the power sector should drive projects in the utilities sector in the near term. The sector could also see contract awards for capacity building for the water and wastewater treatment facilities. The region also intends to capture the emerging trends like AI and as a result, we expect to see announcements related to investment in related projects as well as data centers.

Some of the largest planned and un-awarded GCC projects out to bid during the first half of 2025 include the USD 5.0 Bn Taziz Industrial Chemicals Zone -Phase II project, the USD 3.7 Bn National Grid Battery Energy Storage Systems 2500 MW and the USD 3.0 Bn Taweelah C Combined Cycle Gas Turbine (CCGT) IPP 2500 MW. On the other hand, there are currently USD 56 Bn worth of projects currently in pre-execution status (bid evaluation, design, feed, main contract bid) led by the USD 5.0 Bn Madinat Al-Hareer (City of Silk) followed by the USD 4.0 Bn Kuwait City Metropolitan Rapid Transit (MRT).

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