

GCC Projects Market Update

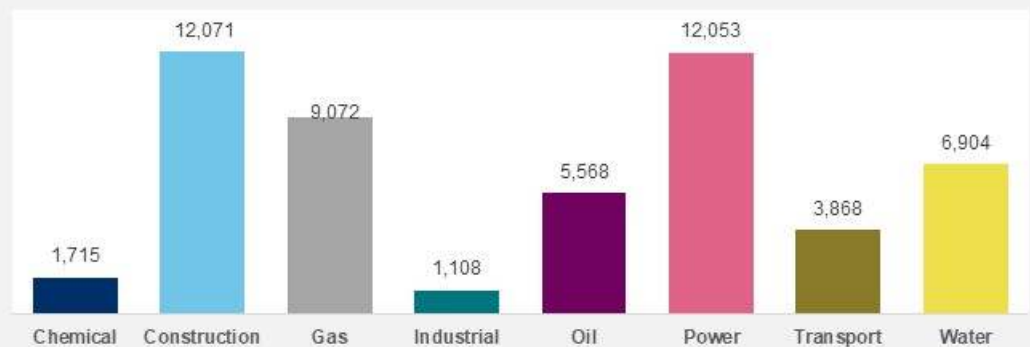
April-2025

GCC contracts decline driven by slump in Saudi contract awards...

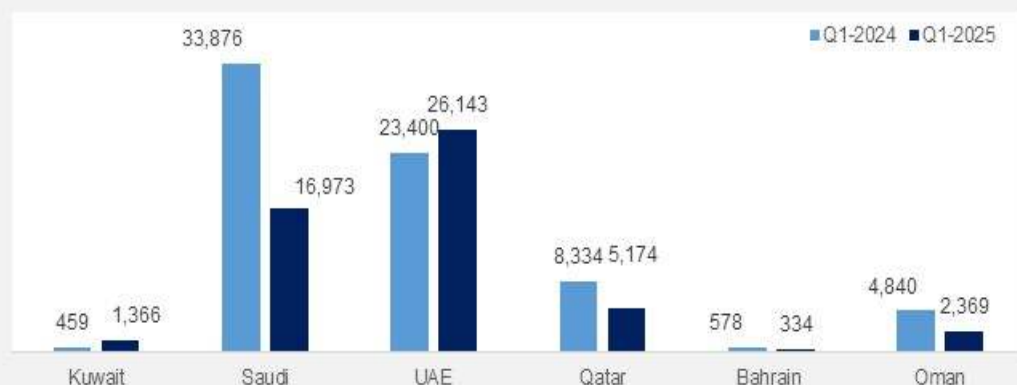
The total value of contracts awarded in the GCC declined after three of the five member countries recorded y-o-y declines in project awards during Q1-2025. Total value of contracts awarded in the GCC fell by 26.8% y-o-y in Q1-2025, totaling USD 52.4 Bn—the lowest figure in the past eight quarters—compared to USD 71.5 Bn in Q1-2024. This downturn was primarily attributable to a sharp contraction in Saudi Arabia's project awards, despite resilient performance from the UAE, which saw a moderate y-o-y growth. The Power and Construction sectors were the main contributors to the decline in Qatar, Bahrain, and Saudi Arabia during Q1-2025. However, despite the significant y-o-y drop in Q1-2025, GCC project awards are projected to align with 2024 levels. MEED Projects estimates that approximately USD 235 Bn worth of contracts are currently tendered or under bid evaluation across the GCC, with Saudi Arabia accounting for nearly two-thirds of this pipeline.

On a quarterly basis, Saudi Arabia's total contract awards plummeted by 49.9% y-o-y in Q1-2025 to USD 17.0 Bn, down from USD 33.9 Bn in Q1-2024. In contrast, Kuwait's aggregate project awards surged by 197.6% y-o-y in Q1-2025, reaching USD 1.4 Bn versus USD 459.0 Mn in Q1-2024. Meanwhile, the UAE posted an 11.7% y-o-y increase in contract awards during Q1-2025, totaling USD 26.1 Bn, up from USD 23.4 Bn in Q1-2024. In terms of sector performance, six of the eight key GCC industries experienced y-o-y declines in contract awards during Q1-2025. The GCC Construction sector saw a 50.4% y-o-y drop, with awards falling to USD 12.1 Bn in Q1-2025 from USD 24.3 Bn in Q1-2024, followed by the Oil Sector, which recorded a 54.6% y-o-y decline to USD 5.6 Bn (down from USD 12.3 Bn in Q1-2024). Despite anticipated lower oil prices which is projected to offset revenues this year, Saudi Aramco plans to sustain capital expenditures and remains committed to projects expanding high-value petrochemical production.

Value of GCC Contract Awards (USD Mn) by Industry - Q1-2025



Value of GCC Contract Awards (USD Mn) by Country - Q1-2025 Vs Q1-2024



Sources : MEED Projects, Kamco Invest Research

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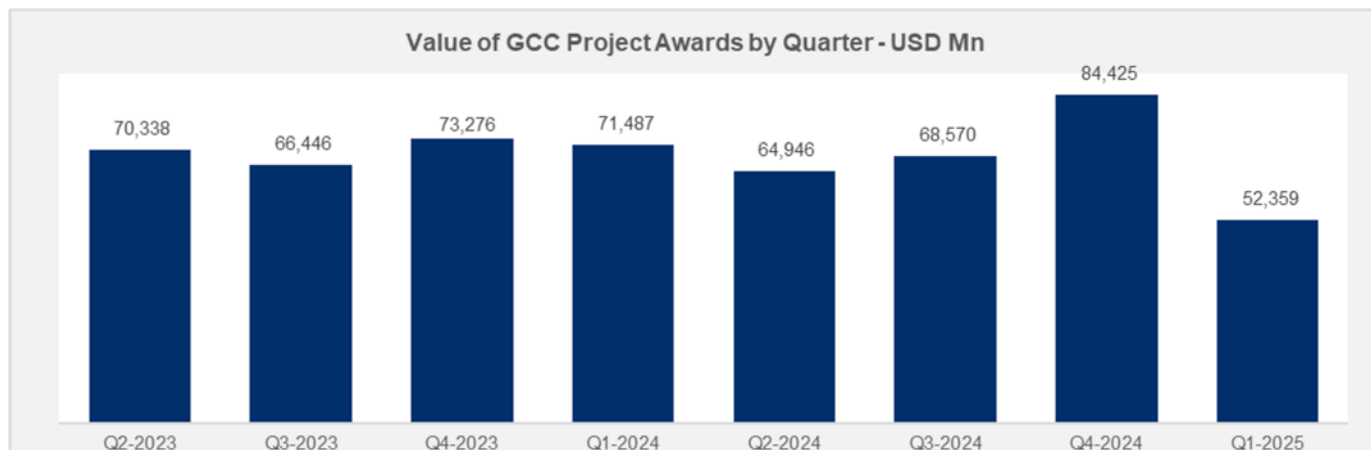
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Saudi Arabia

Total contract awards in Saudi Arabia recorded a substantial 49.9% y-o-y decline during Q1-2025, decreasing to USD 17.0 Bn compared to USD 33.9 Bn in Q1-2024. This significant contraction positioned the Kingdom's contribution to overall GCC project awards at 32.4% for Q1-2025, marking a notable decrease from its 47.4% share during Q1-2024. The pronounced reduction in contract awards primarily reflects ongoing challenges within Saudi Arabia's oil sector, which has faced persistent headwinds throughout the reporting period. The Kingdom's economic growth during the first quarter of 2025 was further constrained by moderated oil production levels and continued pricing pressures in global energy markets. However, economic analysts maintain an optimistic outlook for the non-oil sector's performance throughout 2025, anticipating it will substantially compensate for the current economic deceleration.



Sources : MEED Projects, Kamco Invest Research

In sector-specific terms, the Construction sector retained its position as the highest-value segment despite experiencing a considerable 41.7% y-o-y contraction, with awarded projects totaling USD 5.5 Bn compared to USD 9.5 Bn in the corresponding period of 2024. Contrasting this downward trend, another key sector demonstrated resilience with a 26.7% y-o-y improvement, reaching USD 3.1 Bn in Q1-2025 versus USD 2.5 Bn during the same quarter of the previous year. Saudi Arabia's Power Sector currently maintains an exceptionally active project pipeline valued at over USD 90 Bn under execution, establishing 2025 as potentially the most productive year in the sector's history. According to detailed analysis from MEED Projects, approximately two-thirds of these active projects involve conventional and renewable power generation facilities, while the remaining third consists of transmission and distribution infrastructure projects. The Gas Sector experienced particularly severe contraction, with aggregate contract awards plummeting 72.6% y-o-y to USD 1.9 Bn from USD 6.8 Bn in Q1-2024.

Among the most significant contracts awarded during the quarter, Siemens Energy secured a USD 1.6 Bn agreement to supply combined-cycle gas turbine units for the Rumah 2 and Nairiyah 2 independent power projects. These advanced facilities, each designed with 1,800 megawatts generation capacity, will replace aging oil-fired power stations and are projected to reduce carbon dioxide emissions by up to 60% compared to traditional oil-based generation methods. Another noteworthy development was the awarding of a USD 301 million construction contract for the second phase of the Avenues Riyadh project, an expansive mixed-use development covering approximately 390,000 square meters with total built-up area reaching 1,870,000 square meters. These major projects underscore Saudi Arabia's continued commitment to infrastructure development and energy transition despite current market challenges.

UAE

The UAE distinguished itself as one of only two GCC member states to achieve y-o-y growth in contract awards during Q1-2025. The total value of projects awarded in the Emirates increased by 11.7% compared to Q1-2024, representing an absolute rise exceeding USD 2.7 Bn to reach USD 26.1 Bn. This positive performance was underpinned by broad-based expansion across five of eight major economic sectors, with particularly exceptional growth in the Power Sector which recorded a 215.2% y-o-y surge in contract awards to USD 7.9 Bn from USD 2.5 Bn in Q1-2024. The UAE's projects market achieved a significant milestone during Q1-2025 by surpassing Saudi Arabia to become the largest in the GCC region. The Emirates increased its share of total GCC project awards from 32.7% in Q1-2024 to 49.9% in the current reporting period. This notable expansion reflects the successful implementation of comprehensive structural reforms and strategic, targeted investments designed to accelerate economic diversification. Key initiatives driving this growth include Abu Dhabi's ambitious USD 10 Bn commitment to tourism infrastructure development and ADNOC Gas' substantial USD 13 Bn five-year investment plan to expand both domestic and international gas operations.

Detailed sectoral analysis reveals the Construction Sector accounted for 23.3% of total project awards in the UAE during Q1-2025, valued at USD 6.1 Bn, though this represented a decline from USD 12.7 Bn awarded in Q1-2024. The Oil Sector demonstrated particularly robust performance with a 22.1% year-on-year increase in awarded projects. Conversely, the Chemical Sector showed remarkable expansion with awards reaching USD 1.7 Bn compared to just USD 218 Mn in the first quarter of 2024.

In contrast, the Transport Sector experienced a 36.9% y-o-y reduction in contract awards, decreasing to USD 1.8 Bn from its previous level. This mixed performance across sectors highlights the evolving composition of the UAE's project market as it continues its transition toward a more diversified economic model. The UAE's ability to maintain positive momentum in its projects market despite regional challenges underscores the effectiveness of its economic diversification strategy and the resilience of its non-oil sectors.

Kuwait

Total yearly projects awarded in Kuwait during Q1-2025 surged nearly 200% to USD 1.4 Bn, compared to USD 459 Mn in Q1-2024. Kuwait registered the highest y-o-y percentage growth in total contracts awarded among GCC countries in Q1-2025. The rise in Kuwait's contract awards was primarily fueled by infrastructure investments, a key component of Kuwait's Vision 2035 plan, with major initiatives targeting modernization in the Oil, Power, and Transport sectors.

The total value of projects awarded in the Transport sector increased over twenty-threefold, reaching USD 847 Mn in Q1-2025 from USD 36 Mn in Q1-2024, significantly contributing to the sharp growth in total annual contract awards. Notably, Transport sector projects represented 62% of Kuwait's total awarded project value during the year. Meanwhile, total awards in Kuwait's Power sector climbed 412% y-o-y to USD 415 Mn versus USD 81 Mn in Q1-2024, while Gas projects awarded in the same period reached USD 63 Mn.



Sources : MEED Projects, Kamco Invest Research

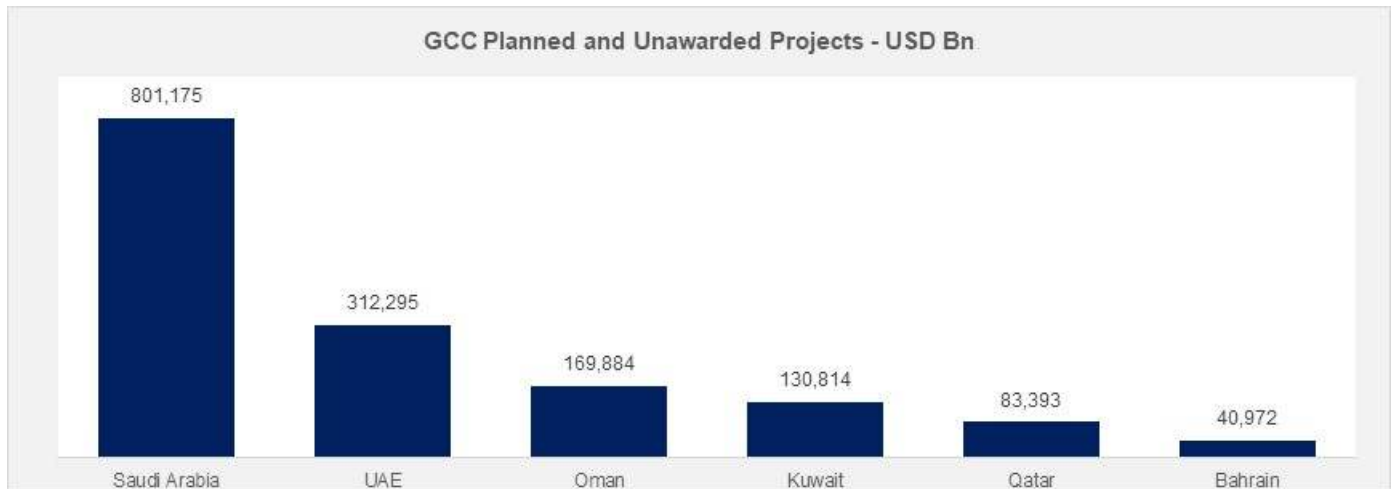
Kuwait's projects market is projected to experience strong growth in the short and long term. As reported by MEED projects, Kuwait's construction sector is forecast to expand at an annual average rate of 7.1% over 2025–28, driven by investments in renewable energy, transport, and oil and gas sectors, alongside developments under the New Kuwait 2035 National Development Plan. As part of this vision, the government aims to invest KWD 350 Mn (USD 1.1 Bn) to develop multiple sports projects nationwide. Furthermore, the residential construction segment is expected to grow annually by 3.8% during 2025–28, supported by plans to deliver 65,500 housing units by 2029 through five separate projects.

Several major projects are anticipated for award in Kuwait during 2025, including the Dorra Field Development Program, estimated at USD 5.0 Bn, which is expected to be awarded by mid-2025. The project is planned to produce 1 billion cubic feet of natural gas daily and 84,000 barrels per day of condensates. Additionally, a notable project awarded during the quarter was the USD 290 Mn South Saad Al-Abdullah City infrastructure development, granted to a local Kuwaiti firm. This contract also covers construction of an irrigation tank and substation works at South Saad Al-Abdullah.

Qatar

The total value of contracts awarded in Qatar declined by 37.9% y-o-y to USD 5.2 Bn in Q1-2025, down from USD 8.3 Bn in Q1-2024, according to data from MEED Projects. This drop in contract awards was mainly due to a sharp decrease in the value of projects awarded in Qatar's Transport, Water, and Construction sectors. Notably, there were no contracts awarded in the Transport, Water, Chemical, and Industrial sectors of Qatar during Q1-2025. In addition, total contracts awarded in Qatar's Construction sector fell by 64.6% y-o-y in Q1-2025 to USD 401 Mn, compared to USD 1.1 Bn in Q1-2024. Conversely, total contract awards in Qatar's Gas sector surged 19-fold y-o-y in Q1-2025 to USD 4.3 Bn, up from USD 230 Mn in Q1-2024.

According to MEED, QatarEnergy LNG has recently selected India's Larsen & Toubro Energy Hydrocarbon (LTEH) for a USD 4 Bn to USD 5 Bn package covering the engineering, procurement, construction, and installation (EPCI) contract under the second phase of its North Field Production Sustainability (NFPS) project. This includes construction and installation of two major gas compression systems—CP8S and CP4N—each weighing 25,000–35,000 tonnes. The scope of the project also involves building compression platforms, flare gas platforms, and other related structures.



Sources : MEED Projects, Kamco Invest Research

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 awards, the region is projected to see another year of substantial contract activity. Numerous favorable factors across the GCC are anticipated to support project market momentum in 2025. Among them is notable growth in GCC Hospitality projects during the year. As per MEED Projects, healthcare contracts worth over USD 3 Bn are currently out-to-bid, signaling a strong project pipeline. Saudi Arabia leads with 51% of the total value of the GCC healthcare pipeline in 2025. In comparison, the UAE has USD 6.8 Bn in contracts under planning and execution, while Kuwait has USD 3.6 Bn in hospitality projects under similar stages. Saudi Arabia's USD 450 Mn project—King Faisal Medical City in Asir: Phase 2—ranks as the largest planned and unawarded GCC healthcare project out-to-bid, followed by Qatar's USD 300 Mn Ashghal - Hamad General Hospital (HGH) Safety Improvements (Packages 1, 2 & 3).

Overall, the GCC holds around USD 1.54 trillion in contracts at the pre-execution stage, with Saudi Arabia accounting for the largest share (52.1%). A number of these projects are anticipated to be awarded within the next 6–12 months, indicating that 2025 could rival or surpass the award volumes of 2024, according to MEED Projects. Roughly 34.3% of these contracts are in the design phase, while about 8.1% are currently under bid evaluation. Looking at country-specific pipelines, Saudi Arabia leads with USD 801.2 Bn in pre-execution stage projects, followed by the UAE (USD 312.3 Bn), Oman (USD 169.9 Bn), and Kuwait (USD 130.8 Bn), respectively.

Impact of US Tariffs on GCC Projects Market

On the surface, there appears to be no immediate threat of US tariffs impacting the GCC projects market, as most GCC countries have limited trade exposure to the US on both the import and export fronts. According to MEED Projects, only Bahrain sends more than 5% of its exports to the US. Furthermore, the US maintains trade surpluses with five of the six GCC markets, and as a result, a basic tariff of 10% has been imposed. In addition, hydrocarbons—the primary export commodity of GCC nations—are among the goods exempted from tariffs. However, declining oil prices, driven by negative global economic sentiment linked to US tariff effects on trade, may have an impact on GCC revenues and consequently their project funding capabilities. Reduced oil prices lead to lower government income across the GCC, which in turn may result in reduced spending on projects.

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