Summary: Construction & Contracting Industry Insider

Coverage
The objective of the report is to provide a detailed analysis of the UAE construction industry, including an up-to-date analysis of the market and its segments along with funding insights. The report focuses on the industry dynamics, value chain, segment and geographical distribution patterns, characteristics of the sector and the competitive landscape.

Report coverage

| Market data | Historical and forecast market size figures from 2014–2016 and 2017–2021 |
| Segment Distribution | Key market insights on construction activity in the residential, infrastructure, office, retail, hospitality, leisure and healthcare sectors |
| Geographical distribution | Distribution patterns of construction and contracting, construction product and machinery companies, distribution by large and SME companies and revenue pattern by geography |
| Material market | Detailed construction material market analysis in addition to import and export information of key products |
| Characteristics of the industry | Detailed analysis of the opportunities, threats, trends, legal structure and understanding of the characteristics of construction entrepreneur in the country |
| Funding insights | Financial funding and investment analysis in a range of options including self-funded, bonds, loans and others |
| Others | Key industry insights including PEST analysis, competitive landscape and industry outlook |

Summary of report

Overview
The UAE construction sector has recovered from the 2009 financial crisis and the Dubai debt crisis, driven by a relative increase in oil and gas prices, an expanding tourism sector and rising exports. The sector has a positive outlook because of continued growth/development of the tourism industry, international events such as Expo 2020 and major government investment in transportation infrastructure. The construction sector in the UAE was valued at USD44.5bn in 2016 and contributed 10.9% of the country’s GDP; the figure is expected to increase to 12.0% in 2017. The residential segment generates the maximum revenue, followed by infrastructure and office. Further, most of the sector’s revenue is generated by two cities: Abu Dhabi and Dubai.

As of May 2017, construction and contracting companies in Dubai and Abu Dhabi accounted for about 47.6% and 22.8%, respectively, of the total number of construction and contracting companies in the UAE. This is likely due to a high concentration of construction activities and urbanisation in these two cities.

Material market analysis
The construction sector consists of three elements, which are essentially required for construction activity: Inputs (raw material and product manufacturing), construction process (design and engineering, and construction) and outputs (operations and maintenance). A majority of the raw material is sourced locally; however, raw materials such as timber, marble, natural stones and sand are majorly outsourced.

Characteristics of the sector
- Opportunities include a positive outlook for the sector, a growing entertainment and tourism sector along with a growing focus on renewable energy
- Threats include changing climate conditions, growing competition, cash flow constraints, proposed VAT and uncertainty over oil prices
- The key trends include the growing popularity of 3D printing, demand for green buildings and positive FDI flows

Funding and investment
Construction and contracting projects in the UAE are funded through self-financed modes, bank loans, non-banking financial institutions, private equity and venture capitals, private placements, bonds, and M&A. Besides self-funded sources which includes support from family member and friends, bank loans are the most preferred way to fund construction projects.
Summary: 
Construction & Contracting Industry Insider

Competitive landscape
The construction market, which comprises of more than 6,000 companies, is fragmented and constitutes many domestic and foreign players. The companies are primarily located in Dubai and Abu Dhabi, as construction activity is mainly located in these emirates. The major companies in the country’s construction and contracting sector include Orascom Construction Ltd, Dubai Holding Commercial Operations Group LLC, Arabtec Holding, Damac Real Estate Development Ltd, National Petroleum Construction Co, Al Hamra Construction Co, Al Naboodah, Dutco Construction, HLG Contracting LLC and Al Fara’s General Contracting Co.

Outlook
The outlook for the UAE construction sector appears to be positive; the sector is expected to increase at a CAGR of 7.5% over 2016–21. Its contribution to the country’s GDP is also expected to increase from 10.9% in 2016 to 12.7% in 2021. The sector is expected to benefit from new construction projects and further development of existing projects, majorly due to international events such as Expo 2020 and government investment in transportation, infrastructure and tourism. In March 2017, Moody’s Investors Service changed the rating outlook on the Government of UAE from negative to stable.

Table of content

Content

1. Executive summary
2. Sector overview
   a. Snapshot
   b. Market size
   c. Segment distribution
d. Geographical distribution
3. Construction material market analysis
   a. Value chain analysis
   b. Construction raw material market
c. Construction material price index
d. Distributors and logistics providers
4. Characteristics of sector
   a. Opportunities
   b. Threats
c. Trends and drivers
d. Legal structure
e. Characteristics of entrepreneurs
5. Key insights – Funding and investment
   a. Financial funding and investment
6. PEST analysis
   a. Political factors
   b. Economic factors
c. Social factors
d. Technological factors
7. Outlook
8. Competitive landscape
   a. Arabtec Construction LLC
   b. Al Naboodah Construction Group LLC
c. Dutco Construction LLC
d. HLG Contracting LLC
e. Al Fara’a General Contracting Co LLC

List of Figures
✔ Construction industry value, USD bn (2014–21F)
✔ Revenue distribution by segment (2017)
✔ Dubai residential supply (2013–18F)
List of Figures Continued...

- Abu Dhabi residential supply (2013–18F)
- Dubai office supply (2013–18F)
- Abu Dhabi office supply (2013–18F)
- Dubai retail supply (2013–18F)
- Abu Dhabi retail supply (2013–18F)
- Dubai hotel supply (2013–18F)
- Abu Dhabi hotel supply (2013–18F)
- Geographical locations of construction and contracting companies (2017)
- Revenue breakdown by geography (2017)
- Geographical locations of construction product and machinery companies (2017)
- Sourcing of construction raw material (2017)
- Construction material, whose prices increased in Q1 2017
- Construction material, whose prices declined in Q1 2017
- Construction material suppliers / traders / distributors by region
- Construction material logistics service providers by region
- Dubai crude oil prices: May 2012–May 2017 (USD / barrel)
- Projects currently under LEED certification process (as on August 2016)
- FDI in construction (2010–15)
- UAE gross credit vs bank deposits (Dec 16–Apr 17)
- Breakdown of bank credit to UAE residents by economic activity, Q1 2017 (ending Mar 2017)
- Bank credit to UAE residents for construction and real estate activity (Mar 15–Mar 17)
- Real estate-related lending by category (2014–16)
- Real estate-related lending by borrower type (2014–16)
- Real estate-related borrowing by type of property (2014–16)
- Breakdown of private equity deals by sector (2007–17)
- Breakdown of private equity deals by state/province (2007–17)
- Total number of M&A deals announced (2013–17)
- Number of deals by acquirer country (2013–17)
- Number of deals by acquirer state in UAE (2013–17)
- Number of deals by target company state (2013–17)
- Number of deals by sector (2013–17)
- Urban and rural population (2005–30F)

List of tables

Table 1: Large residential projects that are under construction
Table 2: Large infrastructure projects that are under construction
Table 3: Large office projects that are under construction
Table 4: Large retail projects that are under construction
Table 5: Large hotel projects that are under construction
Table 6: Large healthcare projects that are under construction
Table 7: Construction Material Price Index for various construction materials during Q1 2016–Q1 2017
Table 8: Global ranking of the UAE in different areas of doing business
Table 9: Some of the major construction M&A deals in the UAE from 2016

How this report can be leveraged

- Gain understanding of the legal, social, political, economic and technological environment with regard to the construction sector in the country
- Understand industry trends, growth opportunities and competitive landscape
- Formulate internalisation or expansion strategies, i.e., how to enter the UAE construction industry or to increase market share

END OF TEXT