

Project spending in the GCC

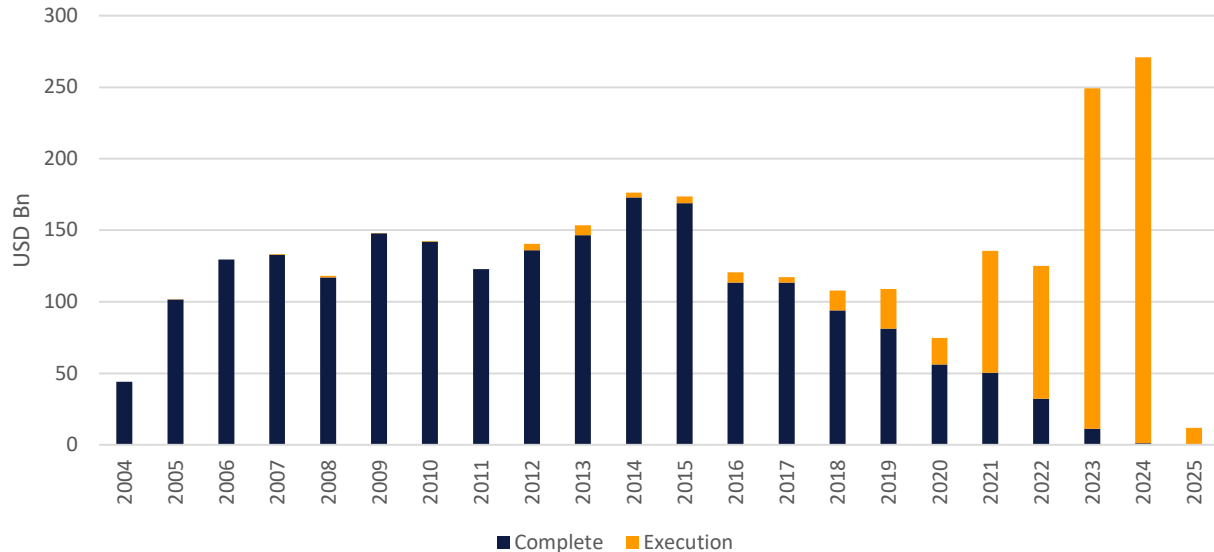
Sector economics | 27 January 2025

Project spending to support growth

Project spending across the region is expected to support growth in 2025, and beyond, as countries build on recent progress made in working towards their ambitious development, diversification and net-zero targets.

Project-level data, from MEED, provides a detailed view of the scale of spending on large projects in the region, and suggests that the value of contracts awarded across the GCC rose nearly 9% in 2024 to a value of USD 271bn, expanding on the rapid growth of more than 99% y/y recorded in 2023.

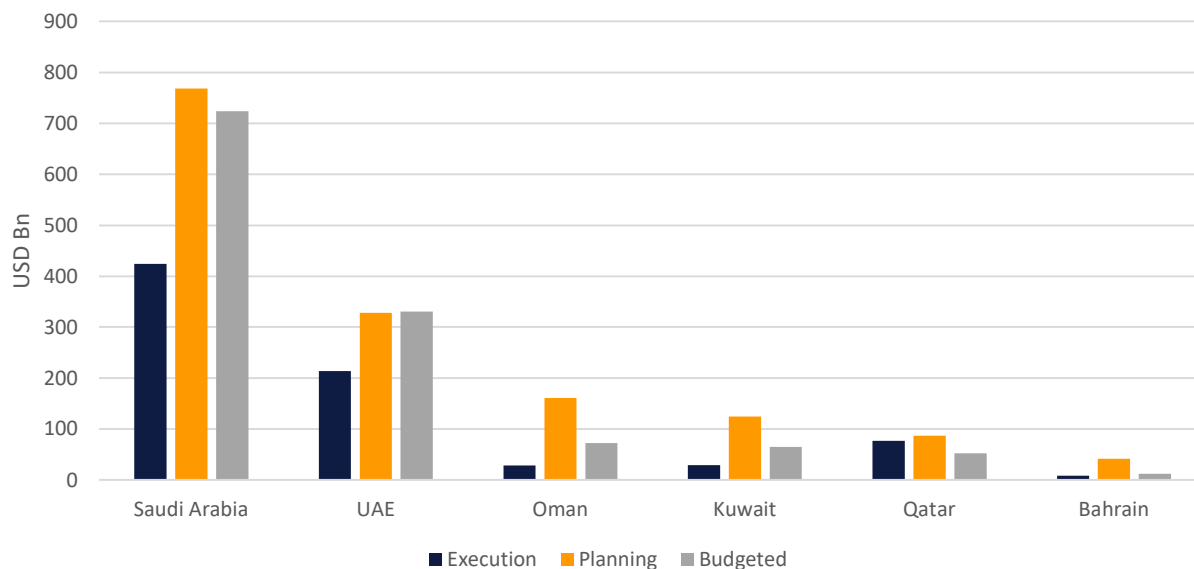
Value of GCC project awards, by year of award



Source: MEED, Emirates NBD Research

In addition to the contracts awarded in 2024, there is still a sizeable number of projects for which contracts were awarded in earlier years but where construction activity is ongoing. At the time of writing there is around USD 790bn worth of projects currently in execution across the GCC. Of these projects, the majority (53%) are in Saudi Arabia, with a further 28% taking place in the UAE. Almost 77% of this spending is being driven by governments, with 23% attributable to the private sector.

Value of GCC infrastructure projects, by country and stage



Source: MEED, Emirates NBD Research

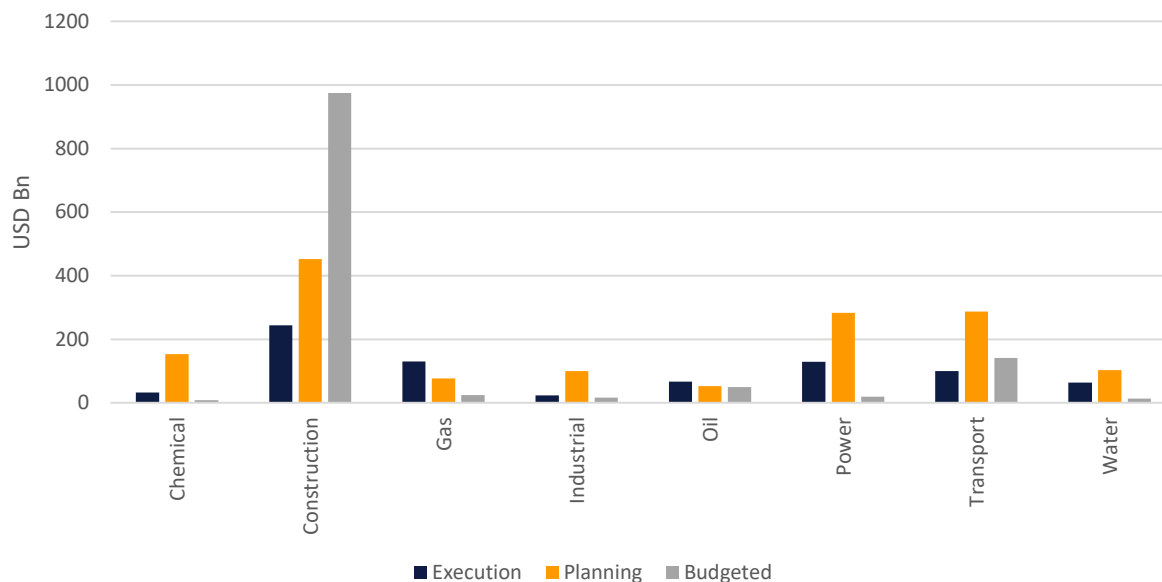
Pipeline of projects is large

In addition to projects currently in execution, there is also a significant pipeline of projects across the region, including projects that have been allocated a budget as part of a master plan but have yet to be meaningfully defined in any other way, as well as projects that are currently in a defined planning phase.

Projects that have been budgeted as part of a master plan amount to USD 1.25tn, while those that are still in planning include another USD 1.5tn worth of projects. Again, Saudi Arabia and the UAE have the largest potential project spending pipelines.

Across all stages (execution, planning and budgeted) the construction sector dominates, with over USD 244bn worth of projects currently in execution, and a further USD 1.43tn in the pipeline. The transport and power sectors are the next largest in terms of the cumulative spending on current and future projects.

Value of GCC infrastructure projects, by sector and stage



Source: MEED, Emirates NBD Research

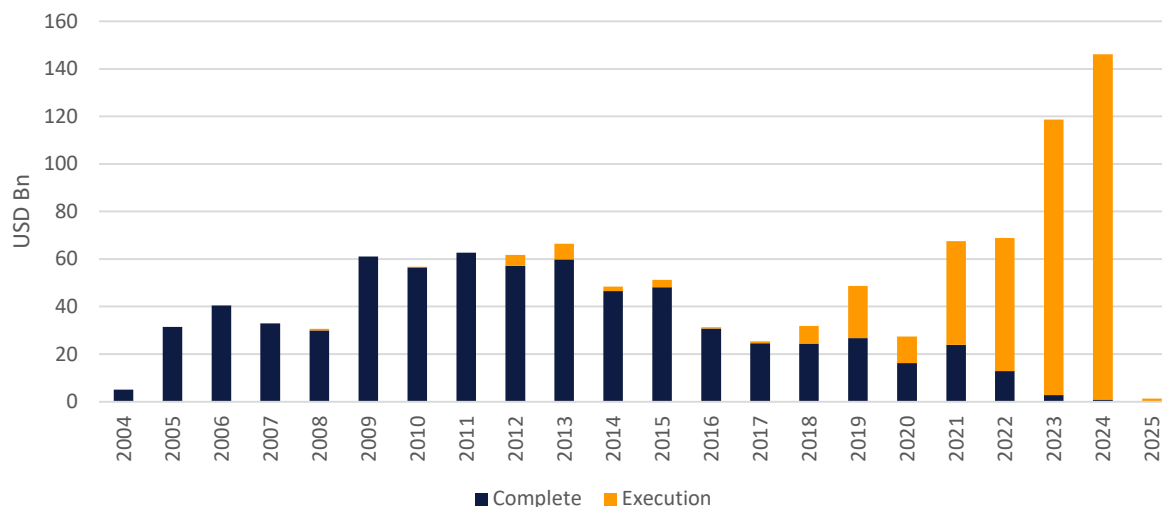
The government of Saudi Arabia drives investment

Saudi Arabia had a record year in 2024 with the value of contracts awarded in the kingdom growing 23% y/y to reach a value of USD 146bn. With a significant number of projects, awarded in earlier years, still being executed there is over USD 421bn worth of projects currently being completed in the Kingdom. The construction and power sectors account for the bulk of projects in execution, with 27% and 23% of the value of projects, respectively. Some of the largest value projects in these sectors include USD 8.5bn awarded in 2021 for the development of a 4000MW renewable energy project, USD 3bn awarded by the National Housing Corporation for the construction of 20,000 residential units across the country, and USD 3.2bn awarded for the construction of residential units for the Saudi National Guard.

Saudi Arabia has a further USD 768bn in planning stages, with construction and power once again dominating, accounting for 35% and 24% of projects, respectively. In addition, the country has a further USD 700bn worth of projects for which budgets have been allocated but no further detailed planning has been conducted.

The government owns the majority of projects currently in execution as well as those in the pipeline, accounting for 88% and 87% of projects, respectively.

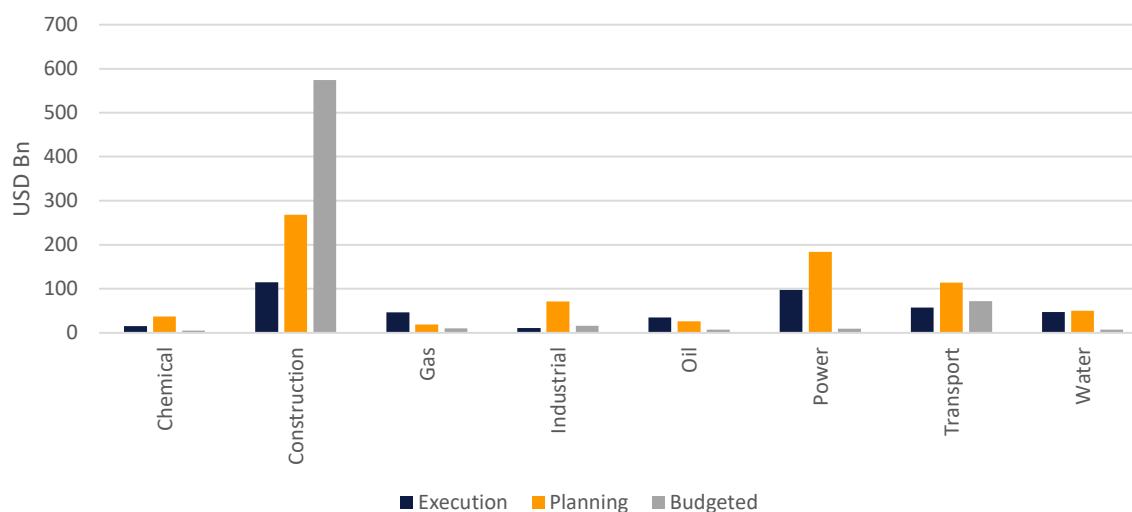
Value of Saudi project awards, by year of award



Source: MEED, Emirates NBD Research

The private sector is responsible for USD 53bn worth of projects currently in execution, with 57% of this falling into the construction sector. One of the largest private sector construction project currently in execution is the building of the Jeddah Tower, a mixed used build, with a USD 2bn contract value. The construction sector also features heavily in private sector pipeline projects, accounting for almost 58% of the value of potential private sector projects.

Value of Saudi infrastructure projects, by sector and stage



Source: MEED, Emirates NBD Research

Giga projects remain a key destination for investment

Saudi Arabia's Giga projects have received significant attention in recent years, following the announcement of the development of NEOM in 2017. While NEOM is undoubtedly the most significant of the Saudi Giga projects, there are a further 18 across the country, according to MEED's classification.

With several years remaining in the development of these Giga projects, a relatively small share of the budgeted value of these projects has actually been awarded. To date only USD 95bn worth of contracts have been awarded for Giga projects, amounting to just over 10% of the total budget.

| Saudi Giga projects | | | |
|-----------------------------------|-------------------------|-----------------------|-------------------------|
| | Estimated Budget (\$bn) | Contract Value (\$bn) | Project Description |
| NEOM | 500.0 | 45.9 | Mixed use |
| Diriyah | 63.9 | 10.4 | Mixed use |
| New Marabba | 50.0 | 0.1 | Mixed use |
| ROSHN | 47.2 | 4.9 | Residential real estate |
| Rua Al-Madinah | 37.0 | 1.2 | Mixed use |
| King Salman International Airport | 30.0 | 0.1 | Airport |
| Red Sea Project | 27.6 | 6.5 | Tourism |
| Qiddiya | 25.0 | 7.4 | Mixed use |
| Jeddah Central | 20.0 | 1.5 | Mixed use |
| Al-Ula | 15.5 | 1.3 | Toursim |
| Saudi Entertainment Ventures | 13.3 | 4.9 | Entertainment |
| Soudah | 13.3 | 0.1 | Tourism |
| Other | 35.7 | 10.8 | |
| Total | 878.5 | 95.1 | |

Source: MEED, Emirates NBD Research

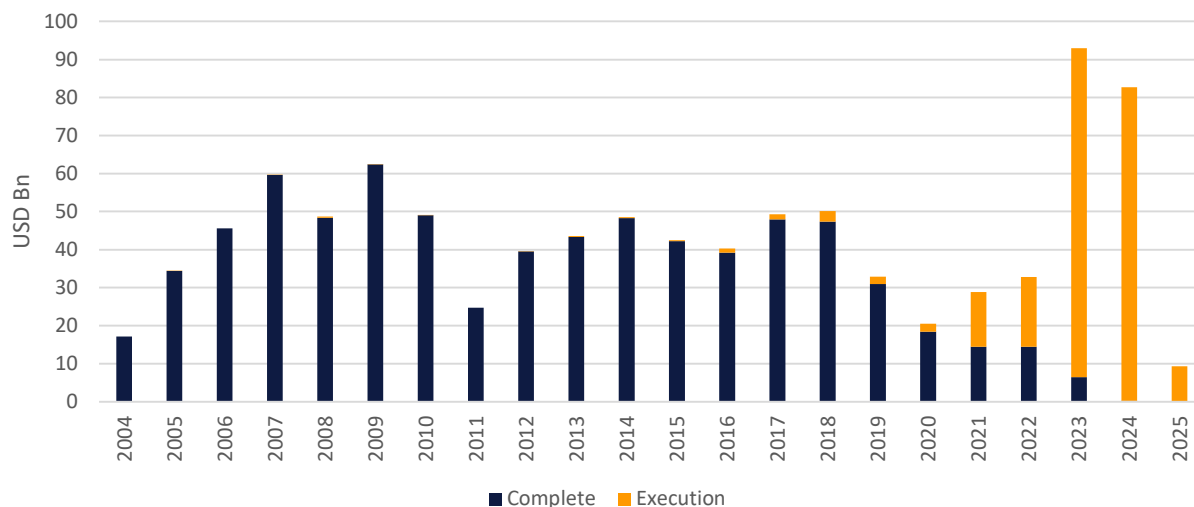
These Giga projects are expected to drive a significant portion of the pipeline of total future projects, accounting for over 52% (USD 761bn) of its value. The construction sector remains key amongst the planned Giga projects, making up 77% of projects in the pipeline.

UAE infrastructure skewed towards construction

The value of UAE project investment remained robust in 2024, with contracts worth USD 83bn being awarded over the course of the year. This comes on top of the USD 93bn awarded in 2023.

There are currently USD 222bn worth of projects underway in the UAE, with a potential further USD 659bn in the pipeline (USD 336 in budgeted projects and USD 323bn in planning phases).

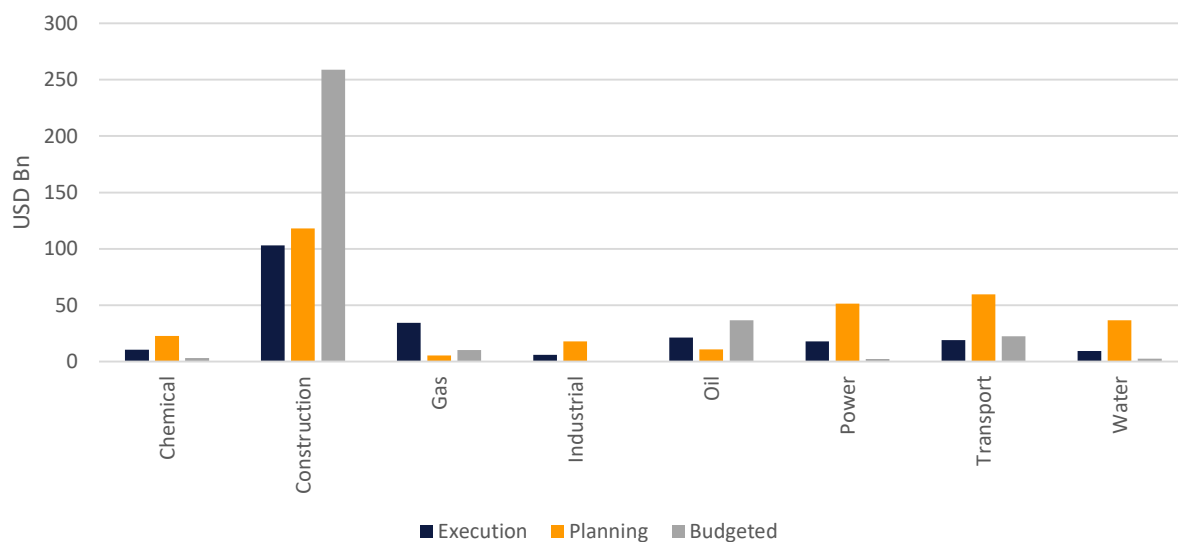
Value of UAE project awards, by year of award



Source: MEED, Emirates NBD Research

Current and future spending is heavily concentrated in Abu Dhabi and Dubai. These two emirates account for 87% of all projects currently in execution (Abu Dhabi has a 49% share valued at USD 109bn and Dubai has a 38% share worth USD 83bn). There are, however, significant differences in the profile of which sectors these projects are taking place in, with projects in Dubai heavily skewed to construction activity. Projects currently in execution in Abu Dhabi are far more distributed across sectors, with the largest shares in gas, construction, and oil.

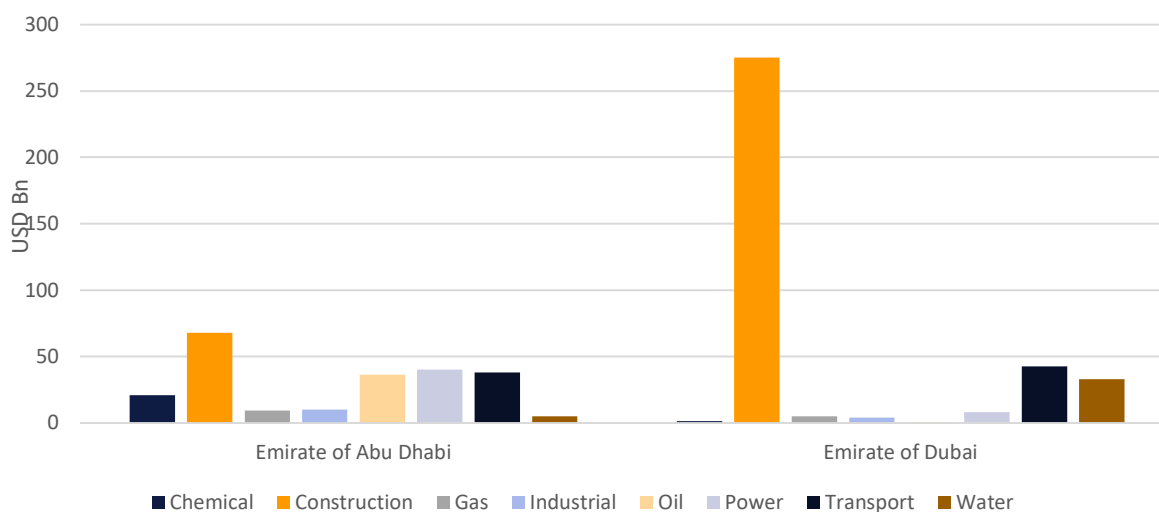
Value of UAE infrastructure projects, by sector and stage



Source: MEED, Emirates NBD Research

Some of the largest projects currently in execution include the ADNOC Hail and Ghasha Sour Gas development (USD 16bn), the construction of a solar power project by Emirates Water & Electricity Company and Masdar (USD 6bn) and the blue line expansion of the Dubai metro (USD 5.8bn).

Value of Abu Dhabi and Dubai pipeline projects, by sector



Source: MEED, Emirates NBD Research

Furthermore, these two emirates account for 90% of all projects in the pipeline. Here too we see a distinction between the two emirates in terms of how potential future projects are distributed across sectors. Once again, future projects in Dubai are largely in the construction sector, while in Abu Dhabi the pipeline is distributed more evenly across sectors.

Consistent with this split across sectors, projects in Dubai (concentrated in construction) tend to be driven by the private sector. In Dubai 74% of projects currently in execution and 65% of pipeline projects are attributable to the private sector. In contrast, Abu Dhabi project spending skews more heavily towards the public sector, with only 23% of projects currently in execution and 27% of pipeline projects falling under the private sector. In the UAE in aggregate, however, spending between the private and public sector is fairly evenly spread.

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