

Marmore Industry Report

2015

Kuwait Contracting

An Industry Building A Nation

Research Highlights

Profiling and analyzing the Kingdom of Kuwait Contracting sector, while highlighting the demand drivers, current trends, key challenges for the sector and the future outlook.

Research

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Table of Contents

1.	Executive Summary	6
2.	Overview	8
	Industry Overview.....	8
	Industry Architecture.....	11
	Economic overview of Kuwait.....	14
3.	Construction sector in Kuwait	16
	Sector wise analysis of construction industry	16
	STEEPLED Analysis of Kuwait construction sector	31
4.	Key Demand Drivers	35
	Economic growth (non-oil private sector)	35
	Government spending	36
	Rise in Per Capita Income	37
	Favorable Demographics	38
5.	Key Challenges	40
	Global economic uncertainties	40
	Government regulations	40
6.	Business Environment in Kuwait	41
	Economic freedom score.....	41
	Ease of doing business in Kuwait.....	42
	Possibility of Residency cap bill.....	42
	Rising Cost of Construction	43
	Project delays.....	43
	Increased Competition.....	43
7.	Key Players Analysis	45
8.	Major Stakeholders	54

Public Authority for Housing Welfare (PAHW)	54
Ministry of Electricity and Water (MEW)	55
Ministry of Health (MoH).....	56
Ministry of Public Works (MPW).....	57
Ministry of Education (MoE)	58
Major projects in Kuwait	58
9. Outlook.....	61
10. Appendix	62
Kuwait and GCC Construction industry	62
Construction Materials	65

Tables and Charts

Tables		Charts (Contd)	
2.1	Kuwait Economic performance and outlook	2.1	Construction Contract awarded across all sectors (in USD million) from 2012-14.
3.1	Top 10 ongoing Oil and Gas projects	2.2	Sector wise project awarded (% of total value) in 2014
3.2	Kuwait Top 10 ongoing Roadways projects	2.3	Construction Contract awarded for buildings and infrastructure Projects (in USD million)
3.3	Kuwait Ongoing Airport projects	2.4	Construction expenditure breakdown in Real Estate
3.4	Kuwait Ongoing Rail projects	2.5	Contracting Network
3.5	Total length of the GCC railway line in each GCC country	2.6	EPC Framework
3.6	Kuwait Ongoing Metro Rail projects	3.1	Total value of ongoing standalone projects and number of projects in infrastructure sector
3.7	Ongoing Ports projects	3.2	Total value of ongoing standalone projects and number of projects in infrastructure sector
3.8	Ongoing projects for Education infrastructure	3.3	Total value of ongoing standalone projects and number of projects in infrastructure sector
3.9	Ongoing projects for Healthcare Infrastructure	3.4	Total value of ongoing standalone projects and number of projects in infrastructure sector
3.10	Top Ongoing projects -Power Generation	4.1	Kuwait GDP growth forecasts
3.11	Top Ongoing projects –Alternative energy	4.2	Kuwait GDP per capita Income based on PPP (USD)
3.12	Top Ongoing projects -Water	4.3	Kuwait population forecast (2014-2020) in Millions
3.13	Top Ongoing Real Estate projects –Residential	4.4	Kuwait lending rate (2010-2014)
3.14	Top Ongoing Real Estate projects –Commercial	6.1	Economic Freedom Comparison
3.15	Kuwait’s top 10 ongoing public building project	6.2	Change in net margins of key players during 2010-14
3.16	Summary of STEEPLD analysis	10.1	GCC construction pie (country wise)
4.1	Kuwait Selected large projects	10.2	Construction contract awarded in GCC by country (USD mn) during 2012-14
6.1	The Ten Economic Freedom score	Tables Cont...	
6.2	Kuwait ease of doing business	7.10	Combined group contracting company ongoing projects
7.1	Key Financials - Mushrif Trading and Contracting	7.11	Kharafi group ongoing projects
7.2	Key Financials - Mushrif Trading and Contracting	8.1	Top 10 ongoing projects under PAWH
7.3	Combined group contracting company ongoing projects	8.2	Top 10 ongoing projects under Ministry of Electricity and Water
7.4	Key Financials - Mabanee Company	8.3	Top 10 ongoing projects under MoH
7.5	Key Financials - Mabanee Company	8.4	Major Ongoing projects
7.6	Key Financials - Kuwait Company for Process Plant Construction and Contracting	8.5	Ongoing projects under Ministry of Education
7.7	Key Financials - Kuwait Company for Process Plant Construction and Contracting	8.6	Top 10 construction projects in Kuwait (based on project value)
7.8	Kuwait Company for Process Plant Construction and Contracting - ongoing projects		
7.9	Key Financials - Combined Group Contracting Co		

1. Executive Summary

Kuwait was the fourth largest construction sector in the GCC region in 2014.

Kuwait was the fourth largest construction sector in the GCC region in 2014 and held a 6% share of the total project value in the GCC region in 2014. The construction sector grew at a CAGR of 9.30% during the 2009-2013 periods and is estimated to have grown by 3.4% in 2014¹.

The Kuwait government has set aside a budget of USD 79.6 billion for 2015, out of which USD 7.2 billion would be spent on construction. The country has recently unveiled its 2015-2020 national development plan. The latest development plan sets aside USD116 billion for a broad range of projects, including 45,000 new housing units, a metro and railway system and a new refinery.

The construction sector is estimated to have grown by 3.4% in 2014.

The oil and gas sector accounted for 65% of the total value of the project awarded in 2014. Al Zour refinery facility with a budget of USD 15bn is the largest ongoing project in the oil and gas sector. Ministry of Public Works handles the construction and maintenance of public buildings and key infrastructure projects such as roads, bridges, hospitals and sewage networks. The government plans to invest around USD 6.2bn in various motorway construction projects with an approximate length of 550 km for developing the road infrastructure. The airport expansion project will boost Kuwait airport's passenger handling capacity from approximately eight million to 25 million annually and is set to accommodate 50 million passengers after future expansion. GCC Railway project is the largest ongoing project in the railway sector valued at USD 15.4 billion. The real estate sales increased 18.5% in 2014 to USD 14.3 bn. Tamdeen Group's Al Khiran Commercial and Residential Complex project is the largest ongoing real estate project in the commercial space with a budget of USD 0.7 billion. In the power sector Kuwait Institute for Scientific Research has awarded the Al Shakaaya Renewable Energy project having a budget of USD 7.7 bn. The Al Shakaaya renewable energy park will house a 2000 MW renewable energy plant which will reduce the dependence on fossil fuels and will also lead to reduced carbon dioxide emissions. Kuwait government has

¹ Deloitte

Kuwait's government is set to build eight new hospitals by 2016.

launched a number of social infrastructure projects to meet the education and healthcare requirements of a growing population.

The Kuwait population is forecasted to grow at a CAGR of 2.7% over the 2015-2020 periods. Kuwait's construction industry is set to grow in 2015 driven by demand for housing and infrastructure for a growing population. The key challenge for the construction sector would be to maintain profitability by optimization of input costs.

Social infrastructure will be a key driver for the construction sector as Kuwait's government is set to build eight new hospitals by 2016. Kuwait is set to award about USD 47.2 billion of projects in 2015, almost double the value of those awarded in 2014

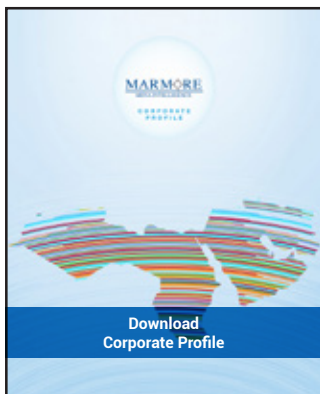
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