The GCC stone market appears to be growing at a steady pace due to the high volume of construction activities in the region. As per the BNC Project Intelligence, there are an estimated 20,885 active construction projects in the GCC, of which approximately 50% are in the United Arab Emirates. The high number of construction projects is driving the demand for stone material. This report offers an overview of the GCC stone market. It also looks at the volume of active construction projects per country and offers a sector-wise analysis of the construction activities to identify the main growth markets for stone material.

The highlights of the report are as follows:

- The GCC accounts for 20% of the global stone market, which is expected to reach 19.6 billion metric tons by 2020.
- According to Global Industry Analysts, the MENA region is among the top three growth markets for stone demand.
- According to BNC Project Intelligence, the construction market is the main growth driver for the consumption of stone material. The urban construction sector accounts for 80% of all construction activities in the GCC.
- The United Arab Emirates has the highest number of construction projects, with several high-value projects currently underway including the Renaissance City in Abu Dhabi (USD 30 billion) and the Desert Rose Smart City in Dubai (USD 8.2 billion).
- There is a high usage of stone in the architectural designs for many active projects in the region.

The GCC stone market is worth over USD 5 billion and constitutes approximately 20% of the global demand in the stone market.¹ The market comprises of crushed stones and dimension stones.² The global demand for crushed stones is expected to reach 19.6 billion metric tons by 2020; the Middle East is among the biggest markets of crushed stone consumption due to the high volume of construction activities currently underway.³ Global Industry Analysts suggest that the MENA region is one of the top three growth markets for stone consumption.⁴ Within the dimension stones segment, granite accounts for the highest demand, followed by marble.⁵ Saudi Arabia is one of the top five countries that constitute over four-fifths of the global value of granite production.⁶ The consumption of stone material is expected to grow as the construction market starts to pick up.

The stone market is primarily driven by construction activities in the region. In preparation for hosting the FIFA World Cup 2022, Qatar imported a total of 25.5 million tons of crushed stones in 2014 to support the mega infrastructure projects currently underway.⁷ There are many applications of stones in different sectors. Ibda Design has completed the design work of Al Warqaa Mosque, a contemporary mosque in Dubai that uses Saudi sandstone for the outer walls and a central marble courtyard.⁸ The contrast of sandstone and white marble gives the design a bright glow and grand appeal.⁹ Al Maryah Central project, which is a 214,000 square meter shopping mall in Abu Dhabi, is scheduled for completion in 2018.¹⁰ The Natural Stone consultant Moser & Moser is working with designers and manufacturers to ensure that the right stone quality is supplied for the project, which includes marble in various patterns and of a different origin for interior flooring, as well as limestones and granites for the exterior cladding.¹¹ Similarly the King Abdullah Financial District in Riyadh is fitted with interior cladding and flooring along with beige marble.¹² There is a high usage of stone in architectural design in many construction projects.

The GCC construction market is expected to pick up in the latter half of 2017 and will continue to drive the demand for stone material. There are an estimated 20,885 active construction projects in the GCC; the major construction activities appear to be in the United Arab Emirates and Saudi Arabia, both of which constitute approximately 70% of all construction projects in the region.

Chart 1: Percentage of Active Construction Projects Per Country in the GCC

Source: BNC Project Intelligence

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There is a high volume of construction activities in the United Arab Emirates and Saudi Arabia. The construction market in Qatar is poised for growth as the country prepares for hosting the 2022 FIFA World Cup. There is also high growth potential in certain sectors of Kuwait, Bahrain and Oman. The favorable outlook of construction activities will drive the demand for stones in the region.

The United Arab Emirates

The United Arab Emirates has the largest number of active construction projects in the region contributing to a high demand for natural stones. According to BNC Project Intelligence, the UAE has 1,216 projects in the initial stages of construction (i.e. concept and design), with estimated value of USD 167 billion. Few of the notable projects include the Renaissance City in Abu Dhabi (USD 30 billion), the Desert Rose Smart City in Dubai (USD 8.2 billion) and the Firdous Sobha in Umm Al Quwain (USD 6.8 billion). It is also noteworthy to mention that all three projects are in the initial stages of construction (i.e. concept and design) and will contribute to the demand for natural stones in the near future. There are several factors that support a positive market outlook, such as the construction activities surrounding the Dubai Expo 2020 and the UAE Vision 2021, resulting in a strong pipeline of projects in the country.

Saudi Arabia

The Saudi construction market serves as a catalyst for growth in the non-oil sector. Many state-led initiatives aim to build a diverse and sustainable economy by setting up the necessary infrastructure to advance business and social activities. There are major urban construction projects currently underway in the country requiring natural stones such as mosques, luxury hotels, universities and museums. According to BNC Project Intelligence, Saudi Arabia has 885 projects in the initial stages of construction (i.e. concept and design), with estimated value of USD 210 billion. Some of the notable projects include the Grand Mosque Haram Mosque Expansion in Makkah (USD 12 billion) and Phase 1 of the Turbah University in Hail (USD 1 billion).

Qatar

Qatar has one of the fastest growing construction markets in the GCC. As the host country for the 2022 FIFA World Cup, Qatar is investing heavily in infrastructure, hospitality and leisure-recreation projects in preparation for the tournament. The country has an active construction market that has many types of projects requiring natural stones. According to BNC Project Intelligence, Qatar has 226 projects in the initial stages of construction (i.e. concept and design), with estimated value of USD 32 billion. Few of the high-value projects include Qatar Petroleum District in Barwa City (USD 1.8 billion) Vendome Shopping Mall in Lusail Entertainment City (USD 1.3 billion) and Doha Oasis Mixed Use Development in Msheireb (USD 1.2 billion).

Other Countries

There are other countries in the region contributing to the demand for stones. Oman is building up its industrial and transport sectors with the announcement of large-scale development projects such as the Mixed-Use Development Zone in Sino-Oman Industrial City (USD 2 billion). Bahrain is investing in hospitality and tourism for holiday and MICE travelers. Both countries have a growing need for natural stones to support ongoing construction projects. Kuwait has several large projects underway such as The South Saad Al Abdullah New City in Kuwait City (USD 4 billion), Nawaf Al Ahmad City in Sabriyah (3 billion) and the Mubarak Al Kabeer Seaport (Phase 3B & 3C) in Kuwait City (USD 1 billion). It is also noteworthy to mention that all three projects are in the initial stages of construction, and will contribute to the growing need for stone material in the near future.

GCC Construction Activities

The GCC construction market is expected to recover in the latter part of 2017, following a relatively sluggish performance in the previous year due to low oil prices. The gradual pick-up of construction activities is expected to spill over into the flooring market. The urban construction sector has approximately 16,411 active projects which account for nearly 80% of all construction activities in the region. The high volume of urban construction projects is driving the demand for flooring material.

The following analysis is based on data from the BNC Project Intelligence:
- The majority of urban construction projects are in the UAE, which constitutes approximately 54% of all urban construction projects in the GCC. The large scale additions of residential and commercial properties will likely create more opportunities for flooring and fit-out contracts.
- Saudi Arabia has the second largest market share of urban construction projects, which make up approximately 17% of all urban construction activities in the region. But when looking at this in dollar terms,
The Middle East flooring market is primed for growth due to the high volume of urban construction projects in the GCC. The UAE has the highest number of urban construction projects in the region followed by Saudi Arabia; Qatar is also growing rapidly with a high number of planned hotel rooms and retail outlets expecting to come on stream ahead of the 2022 FIFA World Cup. Many urban construction projects are supported by state-led urban development and planning programs, which are expected to drive the demand for flooring material over the next few years.

The value of urban construction projects in Saudi Arabia accounts for almost 32% of the total estimated value of urban construction investments in the region. The reason for the variance between the number and value of urban construction projects is due to several high-value projects that are currently underway in the country.

- An estimated 63% of urban construction projects are currently under construction, indicating a steady demand for flooring and fit-outs. It is also noteworthy to mention that an estimated USD 252 billion worth of urban construction values are in the initial stages of construction and will open up new demand for flooring material once projects are underway.

**Conclusion**

The Middle East flooring market is primed for growth due to the high volume of urban construction projects in the GCC. The UAE has the highest number of urban construction projects in the region followed by Saudi Arabia; Qatar is also growing rapidly with a high number of planned hotel rooms and retail outlets expecting to come on stream ahead of the 2022 FIFA World Cup. Many urban construction projects are supported by state-led urban development and planning programs, which are expected to drive the demand for flooring material over the next few years.