

*Contents*

Executive Summary ..... 2

Stone Market Overview..... 2

GCC Construction Activities ..... 5

Conclusion ..... 7

## *Executive Summary*

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.
- 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.

## *Stone Market Overview*

The GCC stone market is worth over USD 5 billion and constitutes approximately 20% of the global demand in the stone market.<sup>1</sup> The market comprises of crushed stones and dimension stones.<sup>2</sup> 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.<sup>3</sup> Global Industry Analysts suggest that the MENA region is one of the top three growth markets for stone consumption.<sup>4</sup> Within the dimension stones segment, granite accounts for the highest demand, followed by marble.<sup>5</sup> Saudi Arabia is one of the top five countries that constitute over four-fifths of the global value of granite production.<sup>6</sup> The consumption of stone material is expected to grow as the construction market starts to pick up.

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<sup>1</sup> <https://www.thebig5hub.com/news/2015/march/gcc-accounts-for-20-of-the-global-market-for-natural-stone/>

<sup>2</sup> <http://www.strategyr.com/pressMCP-1590.asp>

<sup>3</sup> <http://www.strategyr.com/pressMCP-1590.asp>

<sup>4</sup> [http://www.strategyr.com/MarketResearch/Granite\\_Marble\\_Stone\\_Market\\_Trends.asp](http://www.strategyr.com/MarketResearch/Granite_Marble_Stone_Market_Trends.asp)

<sup>5</sup> <http://www.strategyr.com/pressMCP-1590.asp>

<sup>6</sup> <http://www.strategyr.com/pressMCP-1590.asp>

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.<sup>7</sup> 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.<sup>8</sup> The contrast of sandstone and white marble gives the design a bright glow and grand appeal.<sup>9</sup> Al Maryah Central project, which is a 214.000 square meter shopping mall in Abu Dhabi, is scheduled for completion in 2018.<sup>10</sup> 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.<sup>11</sup> Similarly the King Abdullah Financial District in Riyadh is fitted with interior cladding and flooring along with beige marble.<sup>12</sup> 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*

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<sup>7</sup> <https://www.thepeninsulaqatar.com/article/29/02/2016/Qatar-imported-gabbro-worth-QR1.41bn>

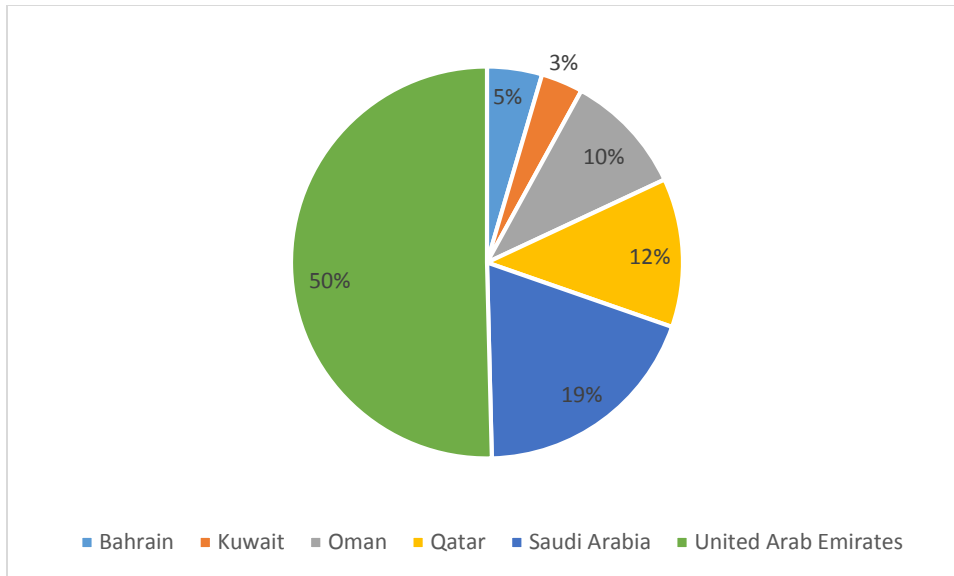
<sup>8</sup> <https://www.dezeen.com/2016/05/02/ibda-design-sandstone-marble-mosque-architecture-al-warqa-a-dubai-united-arab-emirates/>

<sup>9</sup> <https://www.dezeen.com/2016/05/02/ibda-design-sandstone-marble-mosque-architecture-al-warqa-a-dubai-united-arab-emirates/>

<sup>10</sup> <http://moserogmoser.dk/project-view/al-maryah-central-abu-dhabi/>

<sup>11</sup> <http://moserogmoser.dk/project-view/al-maryah-central-abu-dhabi/>

<sup>12</sup> <http://moserogmoser.dk/project-view/al-maryah-central-abu-dhabi/>



Source: BNC Project Intelligence

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.<sup>13</sup> Some of the mega urban construction 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

<sup>13</sup> <http://www.globalstoneportal.com/blog/markets-trends/middle-east-stone-market-trends>

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.<sup>14</sup> 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.<sup>15</sup> Several 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 2017, following a relatively sluggish performance in the previous year. Low oil prices have caused GCC governments to cut back on spending to curb rising budget deficits, which have resulted in construction projects to be canceled or put on hold. The slowdown in construction activities will also impact the consumption of stones. Despite the market slowdown, there is still a healthy number of projects advancing at different stages of the construction life-cycle (i.e. concept, design, tender and

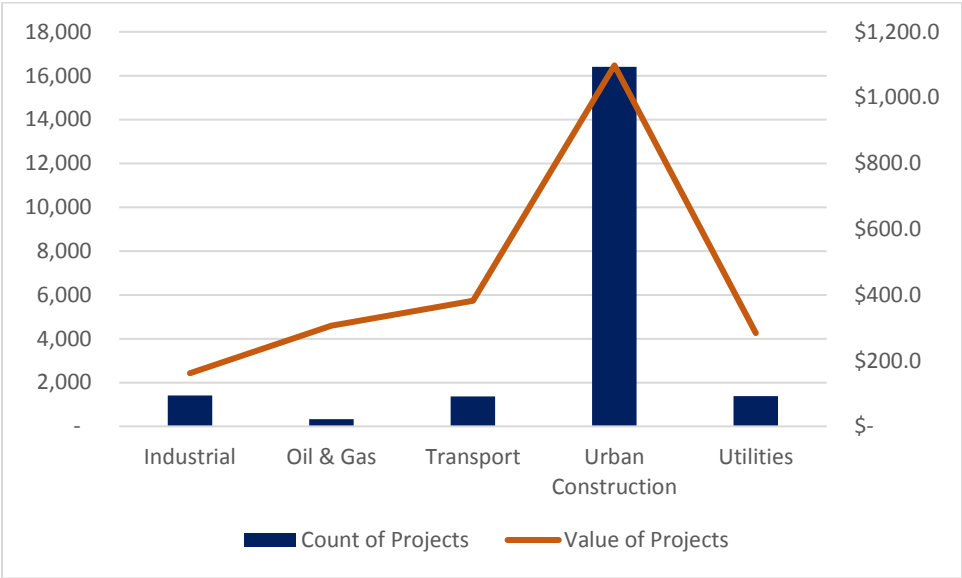
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<sup>14</sup> <http://www.globalstoneportal.com/blog/markets-trends/middle-east-stone-market-trends>

<sup>15</sup> <http://www.globalstoneportal.com/blog/markets-trends/middle-east-stone-market-trends>

under construction). These ongoing projects constitute approximately 80% of all active construction projects in the region.

Chart 2: Number and Value (in USD Billions) of Active Construction Projects Per Sector in the GCC



Source: BNC Project Intelligence

The following analysis is based on data from the BNC Project Intelligence:

- The GCC has approximately 20,885 construction projects with a total estimated value of USD 2.2 trillion. The United Arab Emirates and Saudi Arabia have a combined estimated value of nearly USD 1.5 trillion worth of projects, which constitute approximately 66% of all project values in the region.
- The total estimated value of projects in the urban construction sector constitutes approximately 50% of all active construction project values in the GCC. Of the 20,885 active projects in the region, nearly 80% are in the urban construction sector.
- The urban construction sector is made of office and residential buildings, mega-urban developments, religious buildings, education buildings, leisure and recreation facilities, hospitality buildings, healthcare facilities and retail facilities. Among the different project types, residential and office buildings make up approximately 74% of all urban construction projects in the region.
- The high number of active projects in the urban construction sector will continue to drive the demand for stone material.

## *Conclusion*

The outlook for the GCC stone market remains positive due to the high number of active construction projects in the region. According to the BNC Project Intelligence, there are approximately 20,885 active construction projects in the GCC, of which nearly 80% are in the urban construction sector. The United Arab Emirates constitutes approximately 50% of all construction activities with several mega developments currently underway. There is a wide application of stones in different construction projects. The stone market is expected to grow over the next few years as the volume of construction gradually picks up in the region.