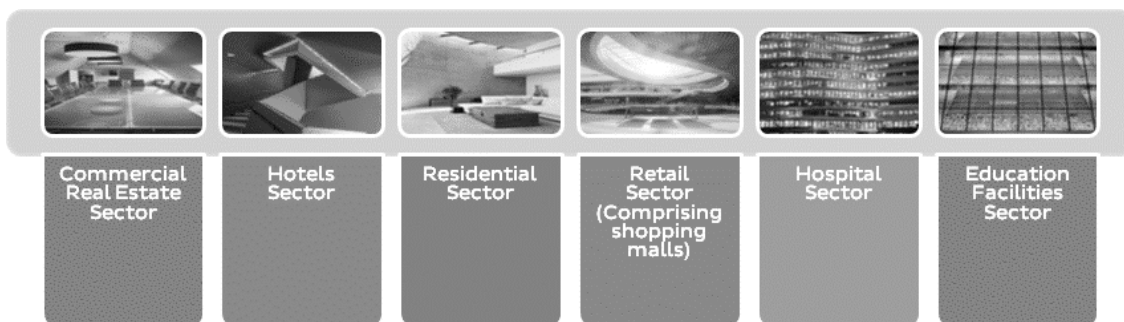


REPORT HIGHLIGHTS

- The overall budgeted spending of the GCC countries (excluding Bahrain) increased to US\$ 430 bn in 2018 from US\$ 411 bn in 2017, registering 7% growth rate.
- The main focus will continue to be on residential and hotel projects with some of the Expo 2020 related fit-out works only starting by 2018-end or early 2019.
- The interior fit-out market in the UAE is one of the GCC's fastest growing industries and is expected to be worth US\$ 973.4 mn by 2022.
- The UAE and KSA have undertaken major renovation and refurbishment programmes, respectively, to upgrade old public buildings using sustainable products and smart technology.

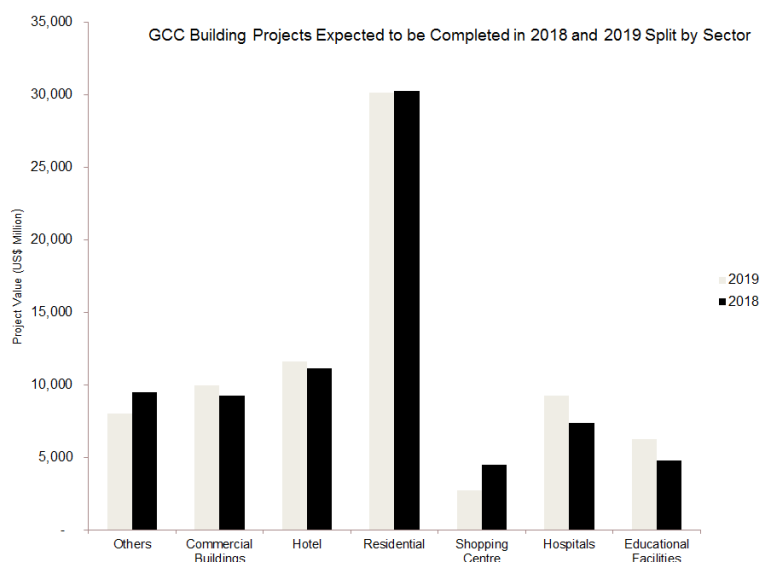
The report analyses the building construction as well as the fit-out and interiors markets with a main focus on the following sectors in the entire GCC:



The value of completed and awarded construction projects represents a definite potential for interiors and fit-outs as interior projects are usually contracted during the second half of project execution. A surge in construction activities influences growth in the GCC interiors and fit-out market, which constitutes approximately 10 to 22% of the average construction project value. The GCC building construction projects expected to be completed across all sectors are forecast to increase from US\$ 76,788 mn in 2018 to US\$ 77,964 mn in 2019 (refer Figure 1).

In February 2018, the GCC governments have announced increased budgets for 2018 for sectors such as healthcare and education, and also budgeted to go on a large-scale construction spending. According to *Ubhar Capital*, the overall budgeted spending of the GCC countries (excluding Bahrain) increased to US\$ 430 bn in 2018 from US\$ 411 bn in 2017, registering 7% growth rate.

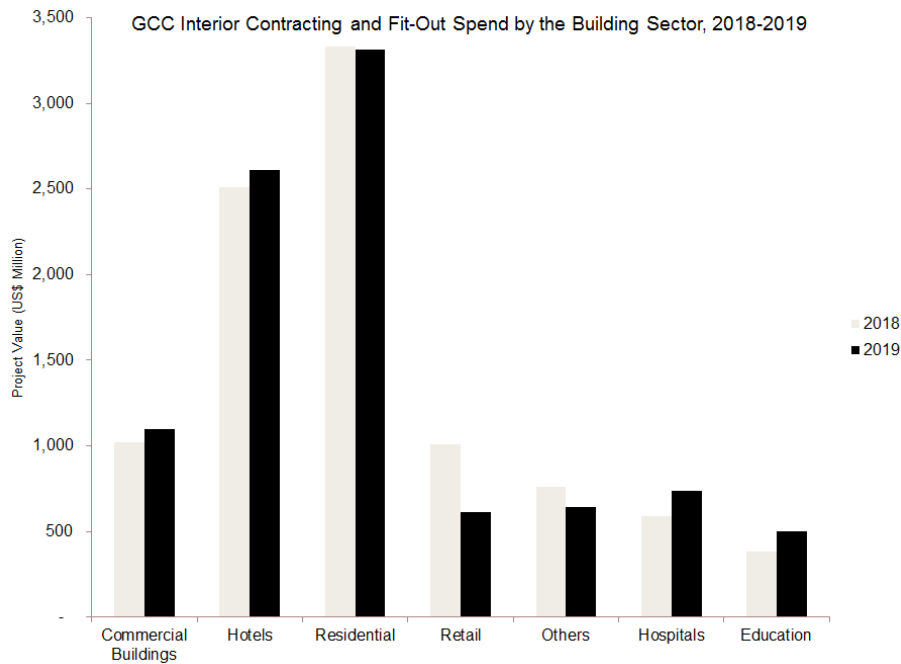
Figure 1: GCC Building Construction Projects Expected to be Completed in 2018 and 2019 Split by Sector (US\$ Mn)



Note: Figures are as of 27th May 2018. Others segment includes airports, recreational facilities, sports facilities and others. Source: Ventures ONSITE Project Intelligence Platform: www.venturesonsite.com

The increase in construction will dramatically have a positive impact on the region’s interiors and fit out industries. As of 27th May 2018, the overall GCC interior contracting and fit-out spend across all sectors is expected to decrease from US\$ 9,597 Mn in 2018 to US\$ 9,519 Mn in 2019 due to the drop in the retail sector projects. With mega events such as Expo 2020 and FIFA World Cup 2022 events drawing near, developers and consultants are focusing towards providing high-quality refurbishments to their existing projects.

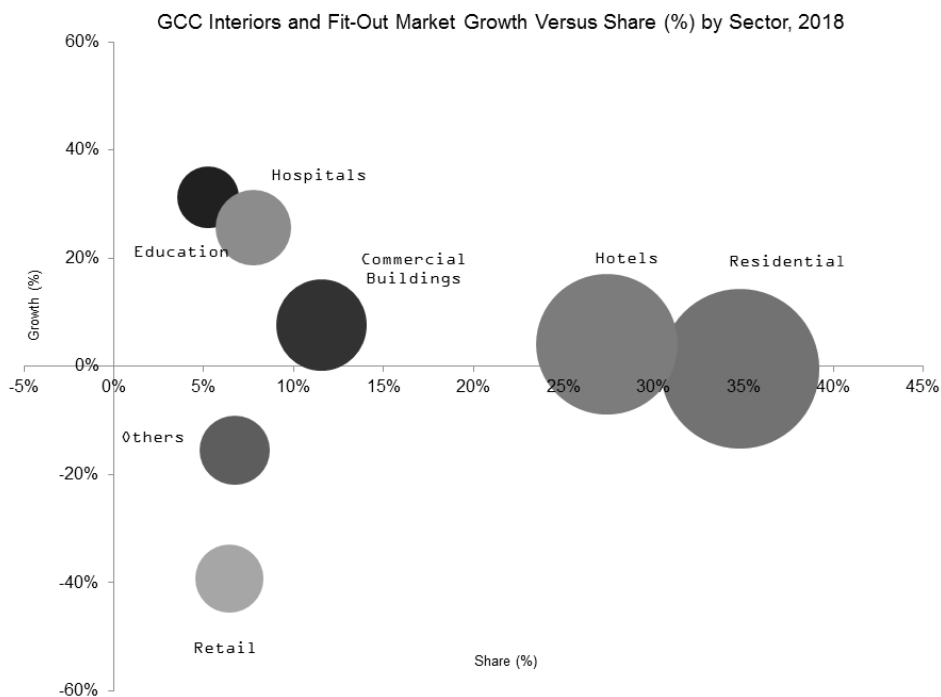
Figure 2: GCC Interior Contracting and Fit-Out Spend by the Building Sector, 2018-2019 (US\$ Mn)



Note: Figures are as of 27th May 2018. Others segment includes airports, recreational facilities, sports facilities and others. Source: Ventures ONSITE Project Intelligence Platform: www.venturesonsite.com

In 2018, the residential (35%) sector is expected to register the highest share in interior design and fit-out spending followed by the hotel (27% share), and commercial (12%) sectors (refer Figure 3). The main focus will continue to be on residential and hotel projects with some of the Expo 2020 related fit-out works only starting by 2018-end or early 2019, according to market experts. Thereby resulting in more market for fit-out and interior firms along with new real estate projects and refurbishment of existing and facilities in the two sectors.

Figure 3: GCC Interior and Fit-Out Spend, Growth versus Share by Sector, 2018



Note: Others segment includes airports, recreational facilities, sports facilities and others. Source: Ventures ONSITE Project Intelligence Platform: www.venturesonsite.com.

The UAE (41%) continues to clearly be spearheading the interiors and fit-out spend in the GCC region followed by the Kingdom of Saudi Arabia (KSA) (32%) and Qatar (14%). According to *Faithful+Gould's* report, the interior fit-out market in the UAE is one of the GCC's fastest growing industries and is expected to be worth US\$ 973.4 mn by 2022. Growth in the UAE market is attributed to booming commercial sector and rising number of hospitals, retail and residential projects in the country.

The UAE and KSA have undertaken major renovation and refurbishment programmes, respectively, to upgrade old public buildings using sustainable products and smart technology. KSA would also remain a highly attractive market, as the kingdom's 2018 budget is deemed the largest ever and the government is expected to spend US\$ 261 bn