

QATAR - BUILDING MATERIALS SECTOR OVERVIEW & FORECAST

THOUGHT LEADERSHIP SERIES

January 2019

Developed by D&B Qatar Research & Advisory Services team

dun & bradstreet

Executive Summary

While the overall Construction sector in Qatar is estimated to reach ~USD 29 Bn by 2022, the Building Materials sector will account for ~USD 11 Bn by 2022

Macro economy of Qatar



Nominal GDP
(2017)
USD 167 Bn



Oil Share in GDP
2014: 53%
2017: 33%



Ranked FIRST in
terms of GDP
per capita



Population
(2017)
2.7 Mn

Construction sector



Construction sector
GDP (2017)
USD 25 Bn



Construction sector GDP
2013: 5.4% of GDP
2017: 15% of GDP



Ranked FIRST in GCC in
terms of Gross Value Add
from Construction sector

Key Growth Drivers



Qatar is investing ~ USD 200 Bn to develop the wider infrastructure required to host the FIFA World Cup 2022



Stadiums



Expressways

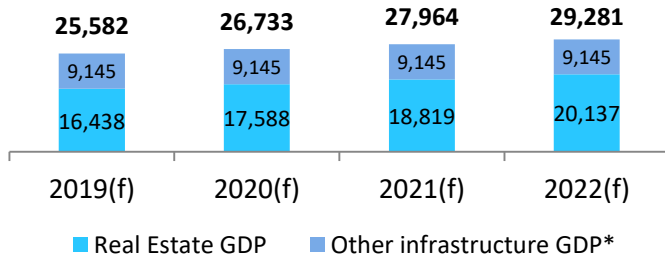


Metro

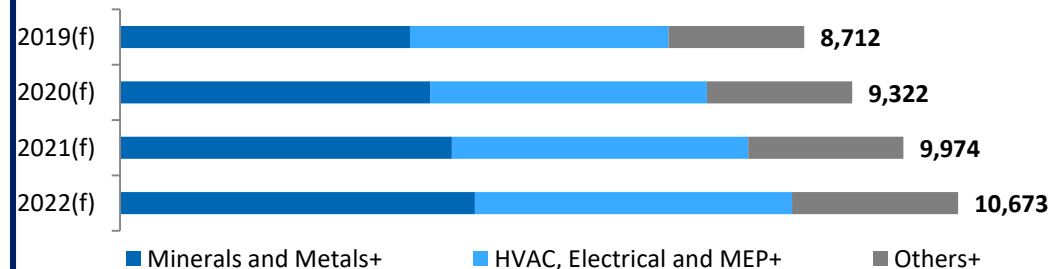


Urban Infrastructure

Construction sector Forecast (USD Mn)



Building Materials sector Forecast (USD Mn)



* Other infrastructure includes road, railways, energy sector etc.

+ Minerals and metals include Aluminum, Iron & Steel, Limestone, Bronze, gypsum etc.; Others include Cement, wood, glass and tiles

Agenda

Qatar - Strategic Overview

Construction & Building Materials Sector in Qatar

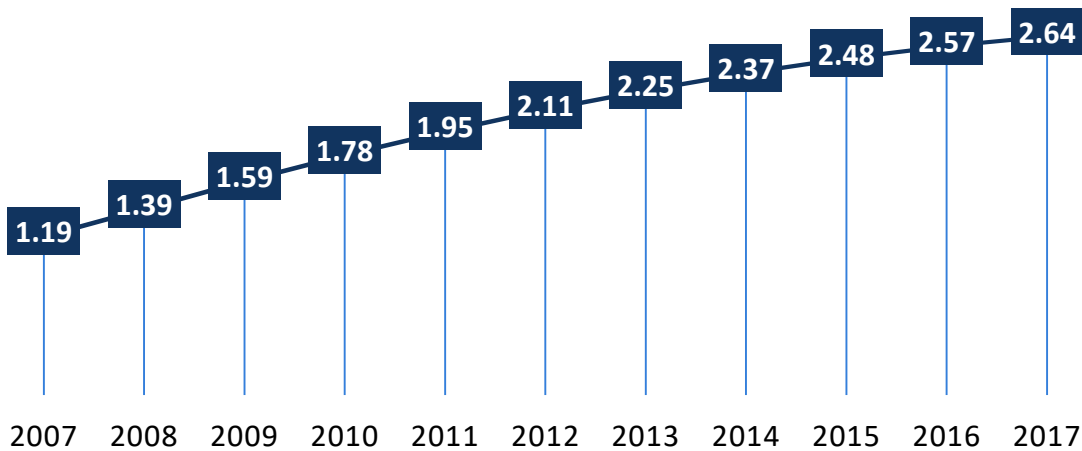
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Qatar - Population Demographics

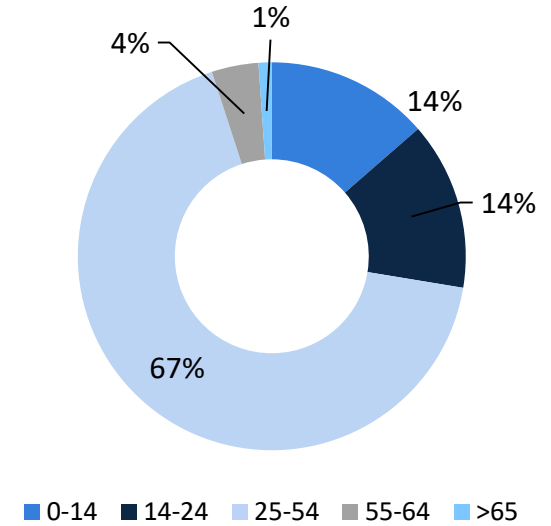
Population in Qatar has doubled in the last 10 years to reach 2.6 Mn in 2017

Population in Qatar and Age Structure

Population in Qatar (Mn)



Age structure (years)



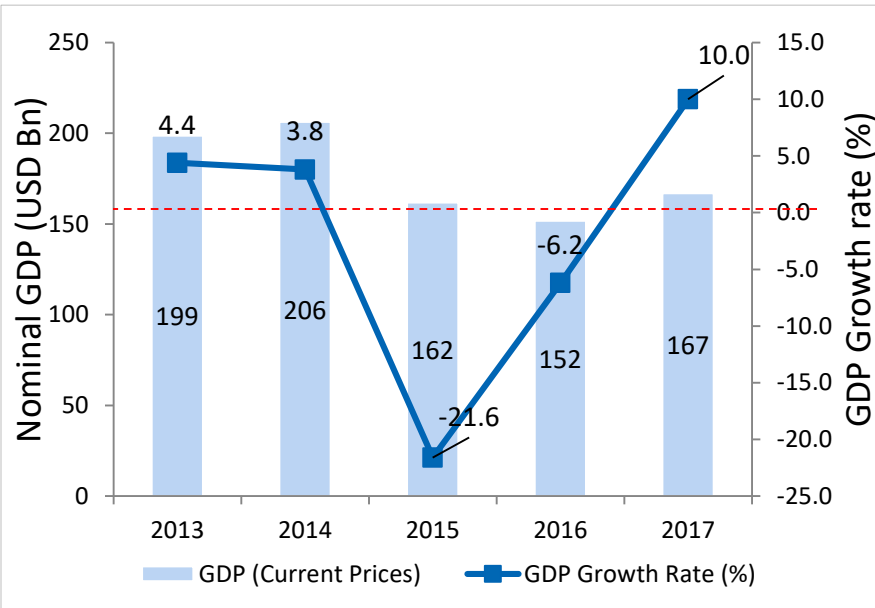
- Qatar's population has doubled in the past 10 years to reach 2.6 Mn in 2017, increasing at a CAGR of 8%
- ~70% of the population is in the working age group of 25-54 years (median age: 30)
- The United Nations Population division estimates that the population is expected to reach 3.23 million by 2030
- Administratively, Qatar is divided into eight (8) municipalities – Doha, Al-Daayen, Al Khor, Al Wakrah, Al Rayyan, Al Sheehaniya, Al Shamal and Umm Slal (further divided into 92 zones), with a total area of ~11,586 sq. Km

Source(s): Ministry of Development Planning and Statistics, World Bank, United Nations

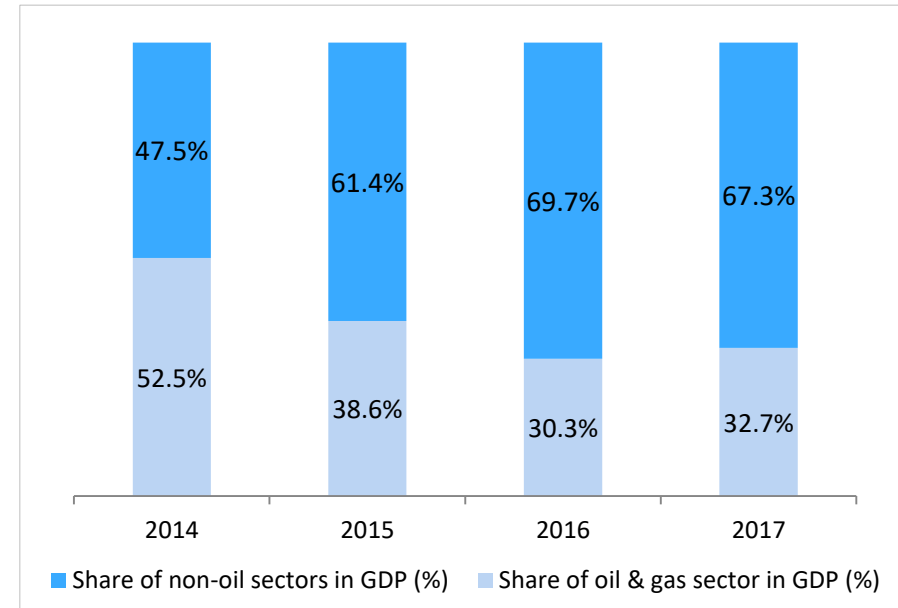
Qatar - GDP and GDP Growth Rate

Qatar's GDP has grown at a rate of 10% in 2016-17, after two years of decline owing to fall in global oil prices; During this period, the share of hydrocarbon sector to GDP has reduced substantially

Nominal GDP (USD Bn) and Growth Rate (%), 2013-17



Contribution of Oil and non-oil sectors in GDP, 2014-17 (%)



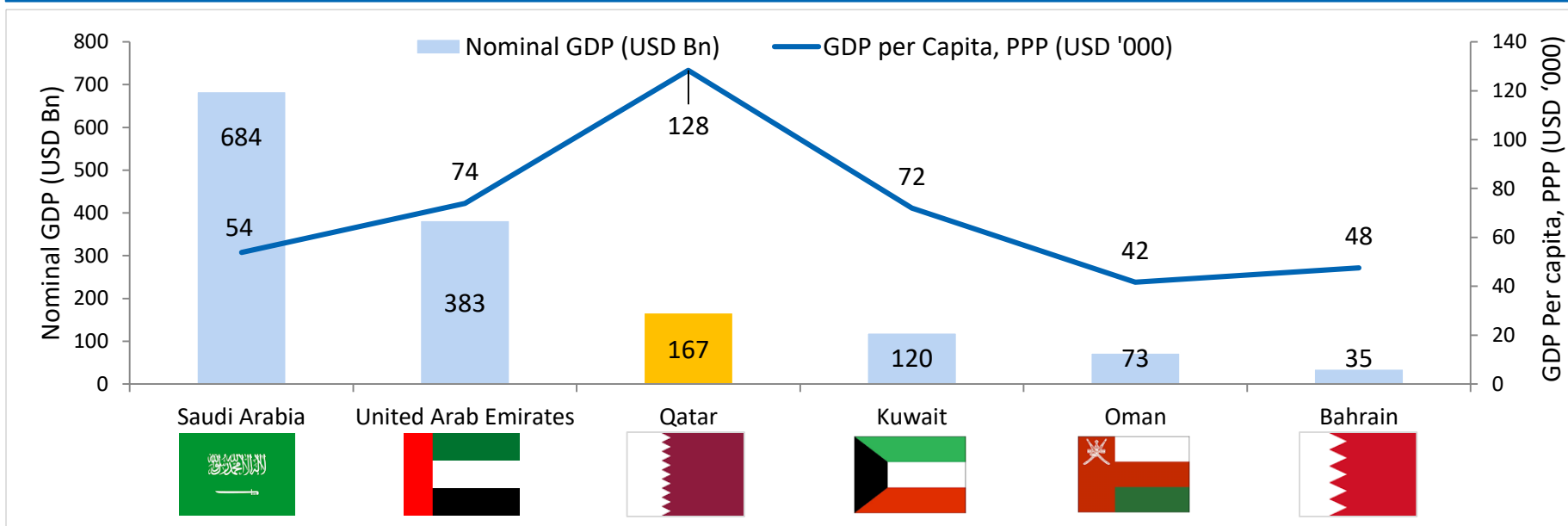
- Qatar's GDP grew at CAGR of 5.07% from USD 187 Bn in 2012 to USD 206 Bn in 2014, and then declined in 2015 and 2016 due to the fall in global oil prices.
- Strong recovery in global energy prices, aided by supply cut and rise in global demand, resulted in improved domestic growth performance, with a nominal GDP growth rate of ~10% in 2016-17
- **During this period, the share of Hydrocarbons in the GDP reduced from 52.5% in 2014 to 32.7% in 2017, which shows the shift in focus of the Government to non-oil revenues**

Source(s): Ministry of Development Planning and Statistics, Qatar Central Bank

GDP of GCC nations

Qatar is the richest country in the world in terms of GDP per capita (PPP); It is the third largest country in the GCC region, in terms of Nominal GDP

Nominal GDP (USD Bn) & GDP per Capita, PPP in 2017 (USD '000) - comparison with other GCC nations



- Qatar is the third largest country in the GCC region, in terms of nominal GDP, behind Saudi Arabia and UAE
- However, in terms of per capita GDP (PPP), Qatar is the richest country in GCC and in the World. The five richest countries in the world, in terms of GDP per capita in PPP terms, are Qatar, Macao, Luxembourg, Singapore and Brunei Darussalam (2017)

Source(s): World Bank

Qatar National Vision



Qatar National Vision, 2030 has been formulated based on four pillars: (a) Human Development, (b) Social Development, (c) Economic Development and (d) Environmental Development

Qatar National Vision, 2030

- Qatar National Vision was formulated in 2008, which aims to transform Qatar into an advanced country by 2030, capable of sustaining its own development and providing a high standard of living for its population and future generations



Human Development

- Development of Qatar's residents and citizens to enable them to sustain a prosperous society



Social Development

- Development of a just and caring society based on high moral standards, and capable of playing a significant role in the global partnership for development



Economic Development

- Development of a competitive and diversified economy capable of meeting the needs of, and securing a high standard of living for, all its people for the present and for the future



Environmental Development

- Management of the environment such that there is harmony between economic growth, social development and environmental protection

Agenda

Qatar - Strategic Overview

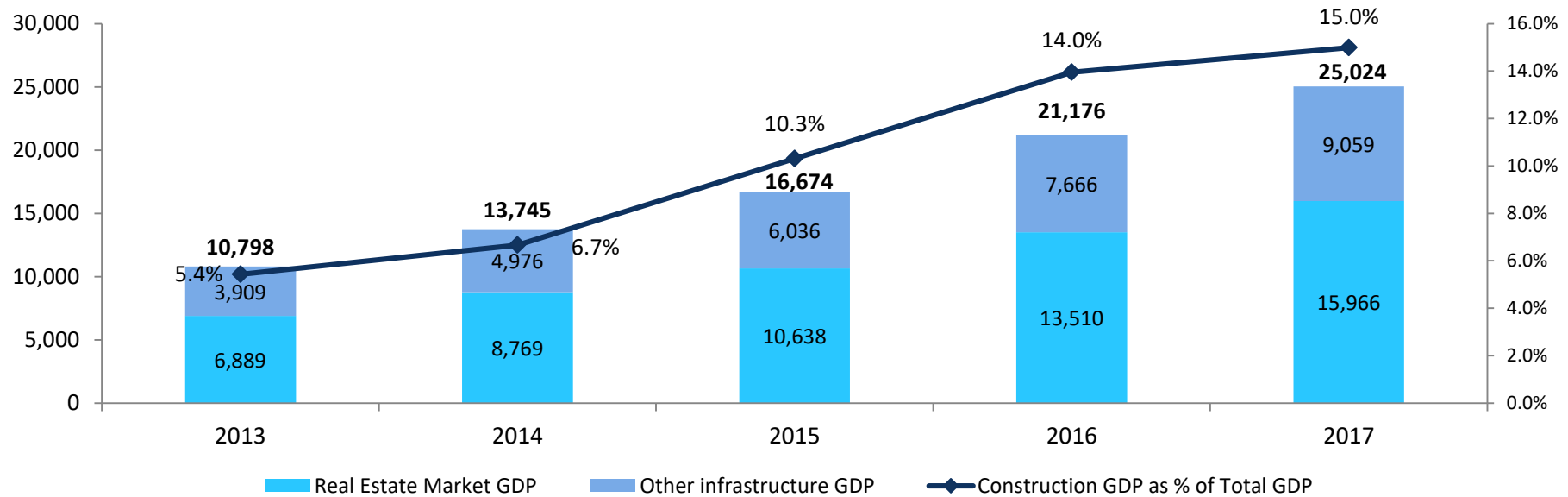
Construction & Building Materials Sector in Qatar

About D&B

Qatar Construction Sector Overview

Qatar's construction sector's contribution to the country's GDP has almost tripled from 5.4% in 2013 to 15% in 2017; The construction has grown continuously even in the years where GDP has fallen

Real Estate and Other Infrastructure GDP (USD Mn) and Construction GDP as % of GDP, 2013-17









- The construction sector GDP has increased continuously from USD 10.8 Bn in 2013 to USD 25 Bn in 2017, indicating a CAGR of 18% during this period
- The construction sector has grown continuously even in years where the overall GDP has fallen (2015 and 2016). This indicates the strong focus of Government of Qatar in the construction sector
- The real estate market (which comprises residential and non-residential buildings, sports facilities etc.) contributes to ~63.8%* of the construction sector GDP; The remaining 36.2% is contributed by other infrastructure like road, railways, energy sector etc.

* Derived based on actual number of contracts awarded in the construction sector

Source(s): Ministry of Development Planning and Statistics

Construction sector – Qatar vs other countries

The Gross Value Added from Construction is highest in Qatar, among the benchmarked nations

						
	Qatar	Oman	Kuwait	UAE	Pakistan	Malaysia
<i>GDP 2017 (Current USD Mn)</i>	167,605	72,643	120,126	382,575	304,952	314,500
<i>GDP per capita 2017 (Current USD)</i>	63,506	15,668	29,040	40,699	1,548	9,945
<i>Population 2017 (Mn)</i>	2.6	4.6	4.1	9.4	197.0	31.6
<i>Gross Value Added from Construction 2016 (USD Mn), % of GDP</i>	17,794 (11.7%)	4,157 (6.2%)	2,489 (2.2%)	35,352 (9.9%)	4,445 (1.6%)	13,056 (4.4%)
<i>Import of building materials, 2017 (USD Bn)</i>	Iron & Steel*: 0.42 Wood*: 0.21 Cement*: 0.03	Iron & Steel: 0.8 Wood: 0.17 Cement: 0.21	Iron & Steel: 0.94 Wood: 0.25 Cement: 0.15	Iron & Steel: 4.43 Wood: 1.21 Cement: 0.06	Iron & Steel: 3.42 Wood: 0.21 Cement: 0.02	Iron & Steel: 5.21 Wood: 0.68 Cement: 0.1

* HS Codes – Iron & Steel – 72; Wood – 44; Cement – 2523 & 6810

Source: World Bank, United Nations, ITC Trade Map



FIFA World Cup related investments in Qatar

Qatar is investing about USD 200 Bn to develop the wider infrastructure required to host the FIFA World Cup 2022

Investment in Construction sector in light of FIFA World Cup 2022

Qatar is investing ~ USD 200 Bn to develop the wider infrastructure required to host the FIFA World Cup 2022. A few important investments are showcased below:

Stadiums



- 9 state-of-the-art football stadiums across Qatar, each with a seating capacity more than 40,000
- **Estimated Investment: USD 10 Bn**

Expressways



- A large number of expressways like Doha Expressway, Lusail Expressway etc. in order to improve connectivity
- **Estimated Investment: USD 3 Bn in 2018**

Metro



- An integrated rail network of more than 300 km connecting all the world cup stadium locations
- **Estimated Investment: USD 36 Bn**

Lusail City



- A futuristic city designed to accommodate 450,000 people containing residential areas, commercial districts etc.
- **Estimated Investment: USD 45 Bn**

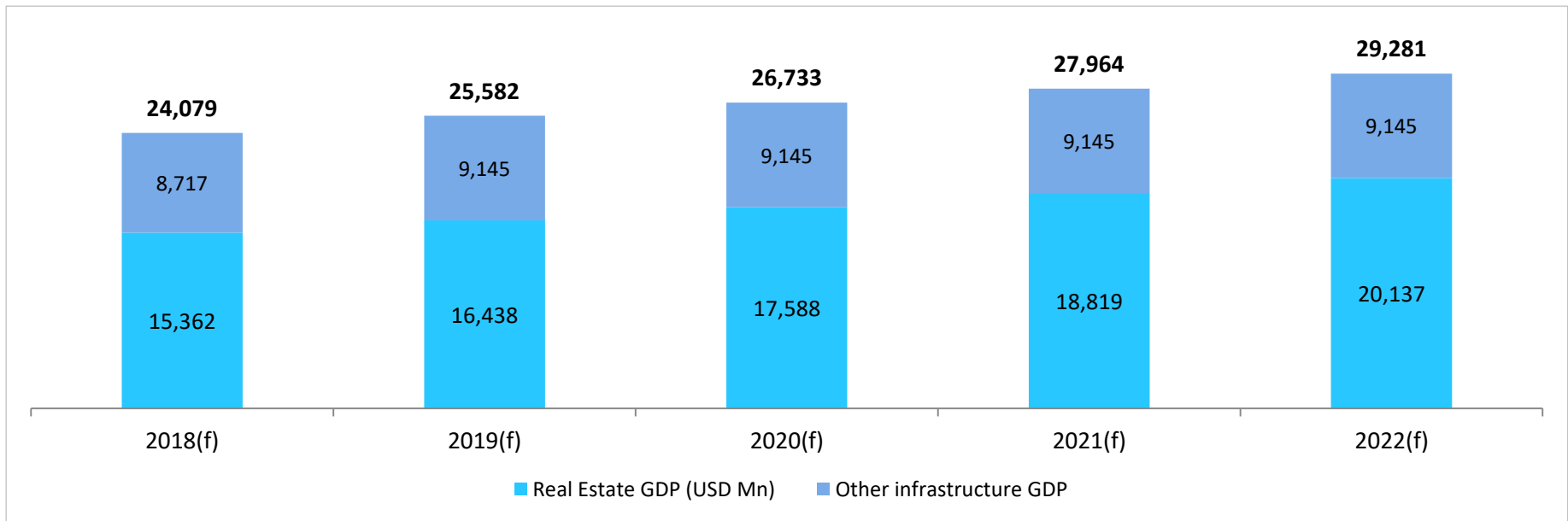
- In addition to the above, there are a lot of other infrastructure projects like Drainage projects, Sewage projects, Port Development etc. being carried out as part of the wider infrastructure required to host FIFA World Cup 2022

Source(s): Supreme Committee for Delivery and Legacy; Ashghal; Qatar Rail

Construction Sector forecast

The estimated annual investment in construction sector is expected to be ~USD 24 Bn in 2018, which is expected to increase to USD 29 Bn in 2022, at a yearly growth rate of 7%

Construction Sector GDP (USD Mn) forecast, 2018-22



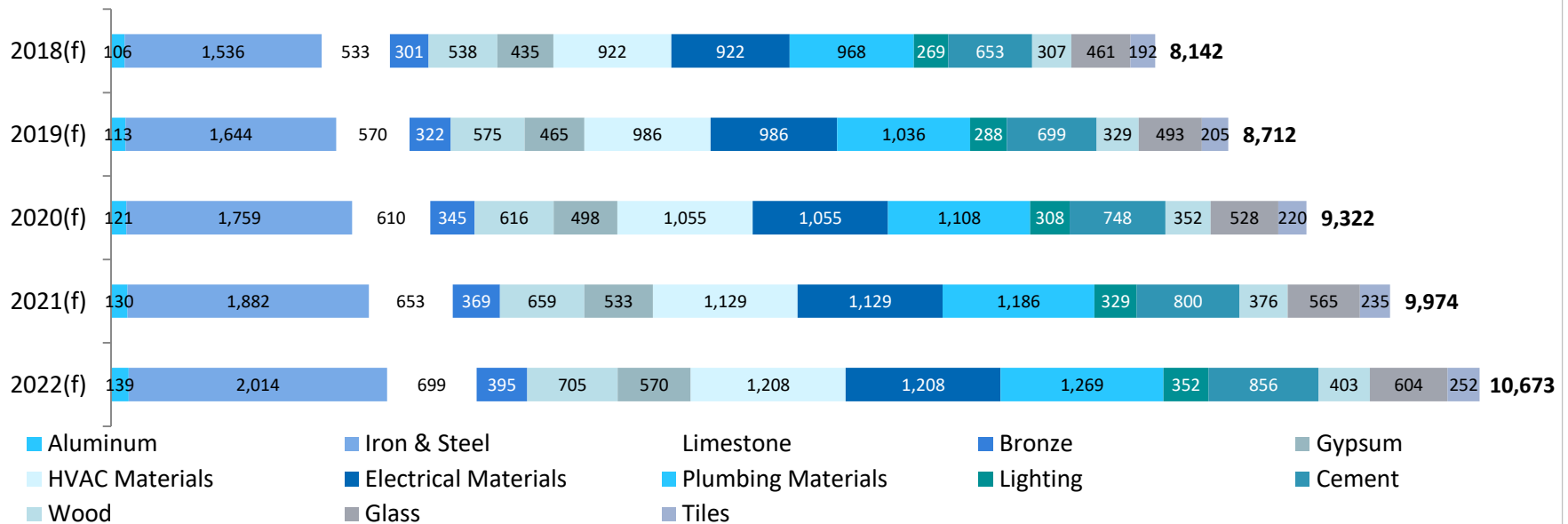
- The estimated annual investment in construction is expected to be ~USD 24,000 Mn in 2018, and is expected to increase to ~29,000 Mn by 2022
- The investment in construction sector is expected to increase at a rate of 7% per annum; However, it is expected to decrease post 2022 owing to the fact that there will be lesser number of new construction projects once the World Cup is completed

Source: SAK Holding Report

Building Materials sector forecast

Building Materials market accounts for ~53% of the total investment in real estate/ building construction segment, among which Iron & Steel, HVAC, Plumbing materials etc. account for max share

Building Materials sector forecast (USD Mn)



- Building Materials market accounts for ~ 53% of the investment in the real estate/ building construction segment; It is expected to increase from ~USD 8,100 Mn in 2018 to ~USD 10,673 Mn in 2022
- Iron & Steel, HVAC materials, Plumbing Materials etc. accounts for maximum share of investment among various Building Materials that are used in construction sector in Qatar
- **Majority of the building materials demand in Qatar is met through imports, while there exists local manufacturing capacity in case of certain building materials like cement**

Source: D&B Research

Market data for individual building materials

Market data for individual building materials

Market data for individual building materials

- In this section, market data for select individual building materials has been assessed.
- This includes the analysis of the trade data and a high level assessment of the local manufacturing capacity and local market trends (subject to data availability)
- The import data for each of the building materials have been captured from ITC Trade Map, it needs to be validated based on the data provided by Ministry of Data Planning and Statistics (MDPS) Qatar
- This exercise has been carried out for the following seven building materials:



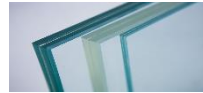
1. Iron & Steel



2. Cement



3. Wood



4. Glass



5. Marble



6. Granite



7. Lighting

- The local market trends have been captured based on primary and secondary research

Building Materials Sector – Top Trade Partners

China, Italy, UAE, Germany and Spain feature in the top countries of import of various building materials (by value) in 2017

Top five Exporters (by value) of select building materials to Qatar in 2017

Country	1. Iron & Steel	2. Cement	3. Wood	4. Glass	5. Marble	6. Granite	7. Lighting
China	✓	✓	✓	✓	✓	✓	✓
Italy	✓		✓		✓	✓	✓
UAE	✓	✓		✓			
Germany		✓	✓				✓
Spain					✓	✓	✓
India	✓					✓	
Japan	✓						
Iran		✓					
Austria			✓				
Malaysia			✓				
USA				✓			
Bahrain				✓			
Kuwait				✓			
KSA		✓					
Turkey					✓		
Greece					✓		
Brazil						✓	
United Kingdom							✓

This list has been compiled based on analysis of HS Codes for the building materials specified above, from ITC Trade map and MDPS

Source: ITC Trade Map, MDPS

Building Material 1 – Iron & Steel

Qatar imported Iron & Steel worth ~ USD 2,050 Mn in 2017; Top countries of import includes China, UAE, India, Italy and Japan etc.

Import data of main HS codes under the category – ‘Iron & Steel’

HS Code	Explanation	Total Import, USD Mn (2016)	Total Import, USD Mn (2017)
2601	Iron ores and concentrates; including roasted iron pyrites	375.73	577.53
7308	Structures of iron or steel and parts thereof; plates, rods, angles, shapes, sections, tubes and the like, prepared for use in structures	437.45	333.18
7307	Tube or pipe fittings (e.g. couplings, elbows, sleeves), of iron or steel	217.34	124.43
7304	Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel	92.20	86.52
7303	Tubes, pipes and hollow profiles, of cast iron	268.92	73.77
7210	Iron or non-alloy steel; flat-rolled products, width 600mm or more, clad, plated or coated	55.74	69.51

- Analysis of import data for all the HS codes related to Iron & Steel indicates a total import of ~USD 2,050 Mn in 2017
- Qatar imported Iron & Steel products from a total of 71 countries in 2017; Top countries of import includes China (16%), UAE (14%), India (9%), Italy (6%), Japan (5%) etc.

Building Material 2 - Cement

Qatar imported cement and related products worth ~ USD 40 Mn in 2017; Top countries of import includes UAE, Iran, Germany, China and KSA etc.

Import data of main HS codes under the category – 'Cement'

HS Code	Explanation	Total Import, USD Mn (2016)	Total Import, USD Mn (2017)
2523	Cement, including Cement clinkers	53	21
6810	Articles of cement, concrete or artificial stone, whether or not reinforced	24	17

- Qatar imported cement and related articles worth ~USD 40 Mn in 2017
- Main countries of import were UAE, Iran, Germany, China and KSA etc.
- Qatar has local manufacturing capacity for cement production: Qatar National Cement Company (QNCC) is a major producer of Ordinary Portland Cement, Sulphate Resistant Cement, Hydrated Lime, Calcined lime and Washed Sand in State of Qatar
- QNCC produced ~ 3.7 Mn Tonnes each of both Ordinary Portland Cement and Sulphate Resistant Cement in 2016

Building Material 3 - Wood

Qatar imported Wood and related products worth ~ USD 215 Mn in 2017; Top countries of import includes China, Austria, Germany, Malaysia and Italy etc.

Import data of main HS codes under the category – ‘Wood’

HS Code	Explanation	Total Import, USD Mn (2016)	Total Import, USD Mn (2017)
4412	Plywood, veneered panels and similar laminated wood	81.28	65.47
4407	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6mm	64.47	56.23
4418	Builders' joinery and carpentry of wood, including cellular wood panels, assembled flooring panels, shingles and shakes	41.76	29.34
4411	Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances	21.59	19.50
4410	Particle board, oriented strand board (OSB) and similar board (e.g. waferboard) of wood or other ligneous materials, whether or not agglomerated with resins or other organic binding substances	8.93	8.98
4421	Wooden articles n.e.c. in heading no. 4414 to 4420	8.03	8.77

- Analysis of import data for all the HS codes related to wood indicates a total import of USD 215 Mn in 2017
- Qatar imported wood and related articles from a total of 83 countries in 2017; Top countries of import includes China (28%), Austria (12%), Germany (8%), Malaysia (7%), Italy (6%), Indonesia (5%) etc.

Building Material 4 - Glass

Qatar imported Glass and related products worth ~ USD 130 Mn in 2017; Top countries of import includes China, UAE, USA, Bahrain and Kuwait etc.

Import data of main HS codes under the category – 'Glass'

HS Code	Explanation	Total Import, USD Mn (2016)	Total Import, USD Mn (2017)
7019	Glass fibres (including glass wool) and articles thereof (e.g. yarn, woven fabrics)	56.29	38.05
7005	Glass; float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked	22.36	20.28
7013	Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (other than of heading no. 7010 or 7018)	20.35	15.94
7008	Glass; multiple-walled insulating units of glass	13.22	11.05
7007	Safety glass, consisting of toughened (tempered) or laminated glass	10.48	10.53
7016	Glass; paving blocks, slabs, bricks, tiles etc, of pressed, moulded glass, whether or not wired, glass smallwares for decorative purposes leaded lights and the like; multicellular or foam glass	6.85	9.97

- Analysis of import data for all the HS codes related to glass indicates a total import of USD 130 Mn in 2017
- Qatar imported glass and related articles from a total of 60 countries in 2017; Top countries of import includes China (23%), UAE (9%), USA (8%), Bahrain (6%), Kuwait (5%) etc.

Building Material 5 - Marble

Qatar imported Marble worth ~ USD 87 Mn in 2017; Top countries of import includes Italy, Spain, Turkey, Greece and China etc.

Import data of main HS codes under the category – ‘Marble’

HS Code	Explanation	Total Import, USD Mn (2016)	Total Import, USD Mn (2017)
680221	Marble, travertine and alabaster; simply cut or sawn, with a flat or even surface	82.14	70.68
680291	Marble, travertine and alabaster; articles thereof, (other than simply cut or sawn, with a flat or even surface)	14.11	11.80
251512	Marble and travertine; merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape, having a specific gravity of 2.5 or more	0.82	3.30
251741	Stones; of marble, in granules, chippings and powder, whether or not heat-treated	0.53	0.65
251511	Marble and travertine; having a specific gravity of 2.5 or more, crude or roughly trimmed by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape	0.82	0.27

- Analysis of import data for all the HS codes related to Marble indicates a total import of ~USD 87 Mn in 2017
- Qatar imported marble from a total of 27 countries in 2017; Top countries of import includes Italy (30%), Spain (17%), Turkey (12%), Greece (11%), China (8%) etc.

Building Material 6 - Granite

Qatar imported Granite worth ~ USD 30 Mn in 2017; Top countries of import includes China, India, Italy, Brazil and Spain etc.

Import data of main HS codes under the category – ‘Granite’

HS Code	Explanation	Total Import, USD Mn (2016)	Total Import, USD Mn (2017)
680293	Granite; articles thereof, (other than simply cut or sawn, with a flat or even surface)	18.77	16.39
680223	Granite; articles thereof, simply cut or sawn, with a flat or even surface	21.57	12.99
251612	Granite; merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape	0.43	1.10
251611	Granite; crude or roughly trimmed	0.53	0.01

- Analysis of import data for all the HS codes related to Granite indicates a total import of ~QAR 30 Mn in 2017
- Qatar imported granite from a total of 15 countries in 2017; Top countries of import includes China (62%), India (29%), Italy (5%), Brazil (1.9%), Spain (1.8%) etc.

Building Material 7 - Lighting

Qatar imported Lamps and Lighting fixtures worth ~ USD 217 Mn in 2017; Top countries of import includes China, Italy, Germany, UK and Spain etc.

Import data of main HS codes under the category – ‘Lighting’

HS Code	Explanation	Total Import, USD Mn (2016)	Total Import, USD Mn (2017)
9405	Lamps and lighting fittings, incl. searchlights and spotlights, and parts thereof	241.48	216.76

- The total imports for lamps and lighting fixtures in Qatar was ~USD 217 Mn in 2017
- China, Italy, Germany, UK and Spain accounted for major portion (71%) of the imports
- There are two local manufacturers in Qatar – Al Bayan Lighting and Al Shams Lighting
- LEDs account for major portion of the lighting segment in various categories like residential and non-residential buildings, and other infrastructure (like roads etc.)
- There is high regulatory focus on LED lighting applications

Agenda

Qatar - Strategic Overview

Construction & Building Materials Sector in Qatar

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