GCC Projects Market Update

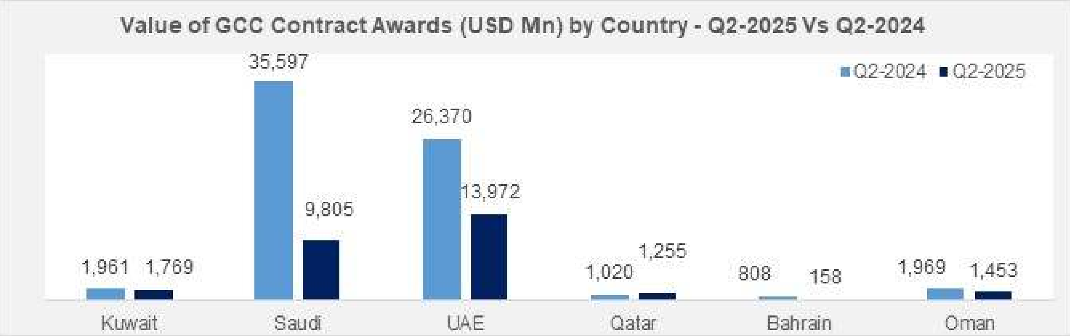
July-2025

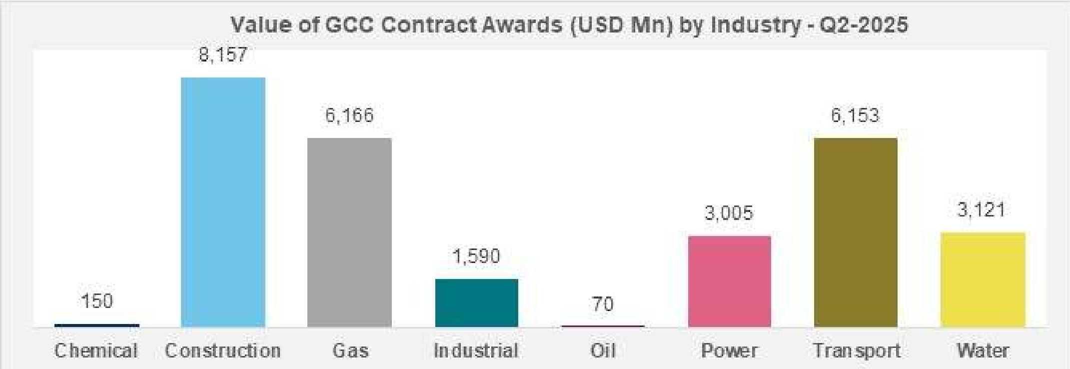
GCC contract awards nosedive in Q2-2025 led by broad-based slowdown…

The total value of contracts awarded in the GCC declined after five of the six member countries recorded y-o-y decreases in project awards during Q2-2025. The overall value of contracts awarded in the region fell by 58.0% y-o-y in Q2-2025, totaling USD 28.4 Bn, the lowest figure recorded in the past fourteen quarters, compared to USD 67.7 Bn in Q2-2024. This downturn was primarily driven by a sharp contraction in project awards in Saudi Arabia, accompanied by a similarly weak performance in the UAE, which experienced a significant y-o-y decline in contract awards during the period. Similarly, in terms of first half of the year performance, overall GCC contract awards during 1H-2025 declined by 38.9% y-o-y to reach USD 86.0 Bn, compared to USD 140.7 Bn in 1H-2024, largely due to the substantial reduction in project activity in Saudi Arabia during the period. Every market, with the exception of Qatar, recorded a y-o-y decline in contract awards during Q2-2025. Conversely, during 1H-2025, all GCC countries except Kuwait posted y-o-y decreases in awarded contracts. This sharp reduction in project activity in the GCC follows two years of record spending, during which the region invested heavily in large-scale oil and gas developments along with USD 1 trillion-plus GIGA projects program.

From a sectoral perspective, seven of the eight key GCC industries registered y-o-y declines in contract awards during Q2-2025. The GCC Construction sector recorded a 60.0% y-o-y drop, with awards falling to USD 8.2 Bn in Q2-2025 from USD 20.4 Bn in Q2-2024. This was followed by the Oil Sector, which saw a 98.4% y-o-y decline to USD 70 Mn, down from USD 4.5 Bn in Q2-2024. The Construction and Oil sectors were the primary contributors to the overall decline in GCC project awards during the quarter. Notably, the Chemical Sector was the only industry to record a y-o-y increase in contract awards during Q2-2025, while the remaining seven sectors experienced declines across Qatar, Bahrain, and Saudi Arabia. Given the sharpness of the decline, there are growing concerns that full-year contract awards in 2025 may fall short of the total value recorded in 2024.

On a quarterly basis, Saudi Arabia's total contract awards plummeted by 72.5% y-o-y in Q2-2025 to USD 9.8 Bn, compared to USD 35.6 Bn in Q2-2024. In contrast, Kuwait recorded a relatively modest 9.8% y-o-y decline in aggregate project awards, reaching USD 1.8 Bn versus USD 2.0 Bn in Q2-2024. Meanwhile, the UAE posted a 47.0% y-o-y drop in contract awards during Q2-2025, totaling USD 14.0 Bn, down from USD 26.4 Bn in the corresponding period of 2024.





Sources : MEED Projects, Kamco Invest Research

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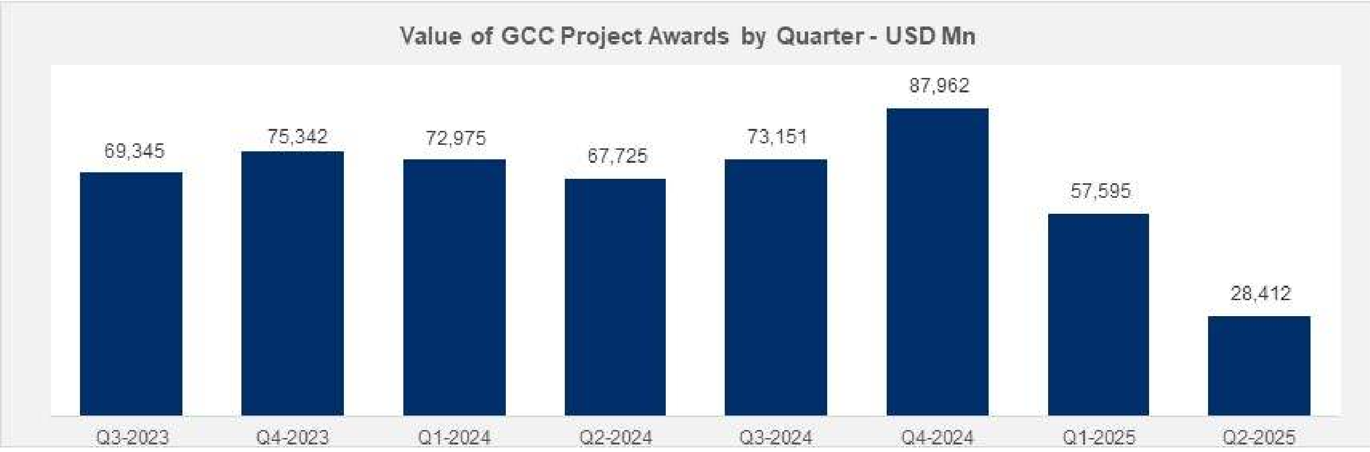
Saudi Arabia

Total contract awards in Saudi Arabia recorded a substantial 72.5% y-o-y decline during Q2-2025, falling to USD 9.8 Bn compared to USD 35.6 Bn in Q2-2024. This sharp contraction reduced the Kingdom's contribution to overall GCC project awards to 34.5% in Q2-2025, down notably from 52.6% in Q2-2024. The significant drop primarily reflects persistent challenges within Saudi Arabia's Construction sector, which continued to show mixed performance, weighed down by a downward trend in residential and hospitality-led contract awards. According to CBRE's latest market review, a combination of affordability concerns, financing constraints, and evolving global economic conditions adversely affected contract awards in the Kingdom's Construction sector during Q2-2025.

Despite these challenges, Saudi Arabia's economic outlook for 2025 and the medium term presents a blend of flexibility, ongoing structural reforms, and headwinds related to global oil markets and geopolitical uncertainties. According to MEED Projects, by the end of June 2025, the total value of Saudi Arabia's project market stood at over USD 1.98 trillion. Of this, USD 912.3 Bn was in the design stage, USD 419.3 Bn in execution, USD 351.1 Bn in various stages of tendering, USD 251.5 Bn in the study stage, and USD 55 Bn in the FEED (front-end engineering design) stage.



Sources : MEED Projects, Kamco Invest Research

At the sectoral level, the Construction sector lost its position as the highest-value segment to the Transport and Power sectors, after experiencing a considerable 59.7% y-o-y decline. Awarded projects in the Construction sector totaled USD 2.3 Bn, compared to USD 5.8 Bn in Q2-2024. In parallel, the Oil Sector reported no contract awards during Q2-2025, a sharp drop from USD 1.7 Bn in the same quarter of the previous year. The Transport Sector led with the highest value of awarded contracts at USD 3.0 Bn, though still down from USD 5.9 Bn in Q2-2024. The Water Sector followed, registering a 29.2% y-o-y decline in awarded contracts to USD 2.5 Bn during Q2-2025.

Among the most notable contracts awarded during the quarter was a USD 2 Bn backlog or reservation agreement with US multinational General Electric. The agreement includes multiple initiatives aimed at accelerating Saudi Arabia's energy transition through the use of US technology and expertise. These initiatives feature a deal between the Saudi Electricity Company (SEC) and GE Vernova for the supply of US-made gas turbines, synchronous condensers, and balance of plant equipment. Additionally, Aramco and GE Vernova announced a collaboration to provide maintenance services, repairs, and spare parts to support the operations of various power plants across the Kingdom. Another prominent project awarded in Q2-2025 was a USD 378 Mn contract to develop a residential project in the city of Al-Khobar. This followed a USD 131 Mn contract awarded to Building Construction Company (BCC), a subsidiary of Retal, for the construction of 371 residential units and related infrastructure within the Sedra housing community in Riyadh, a GIGA project being developed by Roshn.

UAE

The UAE emerged as the largest projects market in the GCC during Q2-2025, despite experiencing a 47.0% y-o-y decline in total contract awards to reach USD 14.0 Bn, down from USD 26.4 Bn in Q2-2024. This milestone was achieved as the UAE surpassed Saudi Arabia in Q1-2025 to become the leading projects market in the region. Moreover, the UAE's share of total GCC project awards expanded significantly from 38.9% in Q2-2024 to 49.2% in the current reporting period. This notable shift reflects the successful implementation of wide-ranging structural reforms and carefully targeted investments aimed at accelerating the country's economic diversification agenda.

In terms of first-half performance, total contracts awarded in the UAE during 1H-2025 declined by 12.1% y-o-y to USD 44.4 Bn, compared to USD 50.6 Bn in 1H-2024. The contraction was driven by broad-based declines across six of the eight major economic sectors.

The most significant decline was observed in the Construction sector, the largest segment, which saw a 61.6% y-o-y drop in awarded contracts during Q2-2024, falling to USD 4.9 Bn down from USD 12.9 Bn in the corresponding quarter of the previous year. During Q2-2025, the Gas Sector emerged as the UAE's top-performing segment in terms of the absolute value of contracts awarded, followed by the Construction Sector (USD 4.9 Bn) and the Transport Sector (USD 1.7 Bn). A more detailed sectoral analysis shows the Gas Sector accounted for 37.6% of the UAE's total project awards in Q2-2025, with awards valued at USD 5.3 Bn, despite a year-on-year decline of USD 300 Mn. In contrast, the Industrial Sector showed strong performance, recording a 35.8% y-o-y increase in awarded contracts. The Chemical Sector also witnessed a notable resurgence, with contract awards rising to USD 150 Mn after recording zero awards in Q2-2024.

Key contracts awarded during the quarter included a three-year USD 400 Mn agreement awarded to ADNOC Gas to supply LNG to Europe. The deal with Germany's SEFE (Securing Energy for Europe) entails the delivery of 0.7 million tonnes of LNG. Separately, ADNOC Gas announced the final investment decision for the first phase of its USD 5 Bn Rich Gas Development Scheme. The initial tranche, worth USD 2.8 Bn, was awarded to UK-headquartered Wood for the development of the Habshan facility. Wood later confirmed that the contract includes pass-through revenue and that the company expects to recognize approximately USD 400 Mn in revenue from EPCm services. The remaining two tranches of the Rich Gas Development Scheme include a USD 1.2 Bn award for the Das Island liquefaction facility and a USD 1.1 Bn award for the Asab and Bu Hasa facilities, these contracts have been granted to UK-headquartered Petrofac and Dubai-based Kent, respectively.

Kuwait

Kuwait recorded the smallest y-o-y decline in project awards in Q2-2025 that reached USD 1.8 Bn down 9.8% as compared to USD 2.0 Bn in Q2-2024. On the other hand, Kuwait stood out as the only GCC country to post y-o-y growth in total projects awarded during 1H-2025, reaching USD 3.3 Bn, up from USD 2.4 Bn in 1H-2024. This growth was primarily driven by infrastructure investments aligned with Kuwait's Vision 2035, which emphasizes modernization across the Oil, Power, and Transport sectors.

From a sectoral perspective, the Gas Sector recorded a significant uptick in activity, with total awarded projects valued at USD 422 Mn in Q2-2025, compared to zero contracts in Q2-2024, making it one of only two sectors to register growth during the period. However, the Transport Sector led in absolute terms, accounting for the largest value of contract awards at USD 651 Mn, despite experiencing a 27.8% y-o-y decline from Q2-2024 levels. According to MEED Projects, Kuwait awarded USD 70 Mn worth of contracts in the Oil Sector during Q2-2025, again up from zero in the corresponding period of 2024. This reflects Kuwait's ongoing upstream expansion, which is integral to its strategic target of producing 4 million barrels per day (b/d) by 2035. As of Q2-2025, Kuwait's production capacity stands at approximately 2.9 million b/d, with a short-term goal of reaching 3.2 million b/d by the end of 2026. In alignment with this strategy, Kuwait has also extended bidding deadlines for four strategic oil projects, collectively estimated at USD 1.5 Bn.

Sources : MEED Projects, Kamco Invest Research

Among the most notable contracts awarded during the quarter was a USD 200 Mn deal secured by US-based National Energy Services Reunited Corporation (NESR). The five-year contract involves the development of a 180,000-square-meter manufacturing facility, to be constructed in four phases. Known as the NESR Spark facility, the project is expected to incorporate advanced technologies focused on drilling optimization, well intervention, production enhancement, and sustainability solutions.

Qatar

The total value of contracts awarded in Qatar increased by 23.0% year-on-year to USD 1.3 Bn in Q2-2025, compared to USD 1.0 Bn in Q2-2024, according to data from MEED Projects. This growth was primarily driven by significant increases in project awards within Qatar's Power, and Transport sectors. Notably, no contracts were awarded in the Oil, Gas, Chemical, and Industrial sectors during Q2-2025. Meanwhile, Qatar's Construction Sector experienced a 87.0% y-o-y decline in contract awards during Q2-2025, falling to USD 69 Mn from USD 562 Mn in the same quarter of 2024. Conversely, the Power Sector saw a substantial surge, with contract awards reaching USD 834 Mn, up from USD 25 Mn in Q2-2024. However, total projects awarded in Qatar during 1H-2025 declined by 31.1% to USD 6.7 Bn from USD 9.7 Bn in 1H-2024. Looking ahead, Qatar's project market is expected to rebound. MEED reports that Qatar's Public Works Authority (Ashghal) recently announced a USD 22 Bn five-year project plan covering a wide array of infrastructure developments scheduled for execution between 2025 and 2029. A flagship initiative within this plan is the strategic outfalls project, slated for launch in 2025, which aims to reuse stormwater for irrigation and cooling across northern and southern parts of Doha.

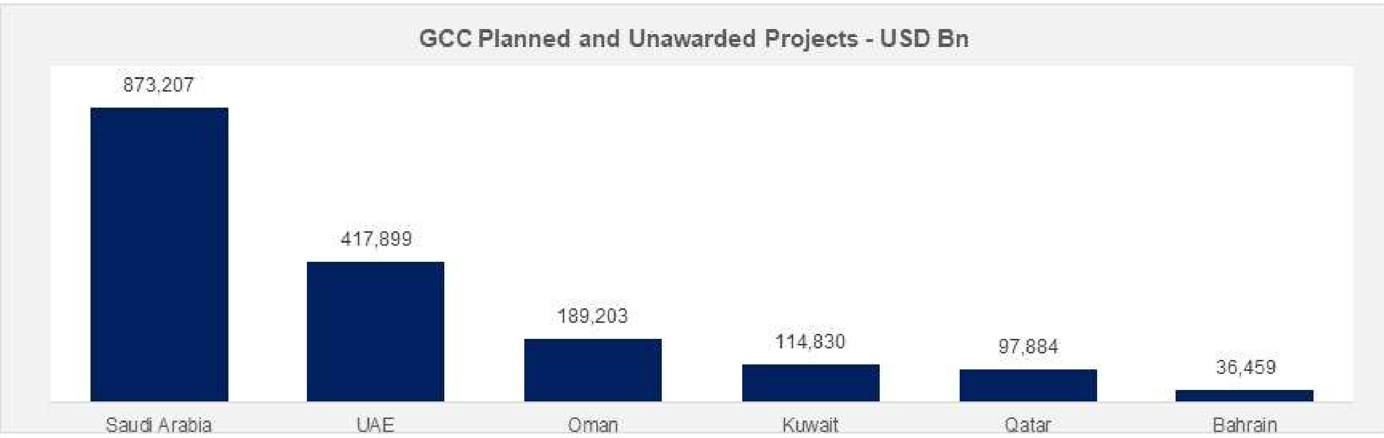
Notable projects during the quarter included the Ashghal has selected India's Larsen & Toubro Energy Hydrocarbon (LTEH) for a USD 4 Bn to USD 5 Bn engineering, procurement, construction, and installation (EPCI) contract as part of the second phase of the North Field Production Sustainability (NFPS) project. This contract encompasses the construction and installation of two major gas compression systems—CP8S and CP4N—each weighing between 25,000 and 35,000 tonnes. The scope further includes building compression platforms, flare gas platforms, and associated infrastructure. Additionally, Ashghal's plan outlines several public-private partnership (PPP) projects, including infrastructure works for over 5,500 residential plots across multiple locations.

GCC Projects Market Outlook

Despite a sharp decline in contract awards during the first half of the year, the outlook for the GCC project market in 2025 remains positive. Contract awards are expected to gain momentum in the second half of the year, driven primarily by Saudi Arabia. Following a record-breaking year in project activity, the region is well-positioned for another period of robust contract awards. Multiple positive factors across the GCC are anticipated to support and sustain this momentum throughout the remainder of the year. Among these, notable growth is anticipated in Saudi Arabia's project awards during the second half of 2025. According to MEED Projects, Saudi Arabia accounts for approximately USD 873.2 Bn or over 50% of the GCC's upcoming pre-execution projects. The UAE ranks second with USD 417.9 Bn, representing 24.2% of the GCC's total upcoming contracts.

Saudi Arabia's leading planned but yet un-awarded project in 2025, currently in the bidding stage, is the USD 80 Bn CARE nuclear power reactor project under King Abdullah City for Atomic & Renewable Energy. Additionally, the top planned and un-awarded projects in Saudi Arabia that are in the design or FEED (front-end engineering design) stage include a USD 10 Bn battery energy storage system contract owned by the Saudi Power Procurement Company.

Overall, the GCC's pipeline of pre-execution stage contracts totals approximately USD 1.73 trillion. Kuwait holds the fourth-largest share of this pipeline at 6.6%, equivalent to USD 114.8 Bn. The upcoming GCC contract pipeline is segmented as follows: USD 586.0 Bn in the design stage, USD 625.5 Bn in the study stage, USD 133.9 Bn in the main contract pre-qualification stage, USD 106.3 Bm in the main contract bidding stage, USD 162.6 billion in the bid evaluation stage, and USD 115.2 Bn in the FEED stage.



Sources : MEED Projects, Kamco Invest Research

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