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Facilities Management in the Middle East

By Rami Elbadawi

GCC facilities management market growing fastest globally, says Hill official



1. How is the concept of facilities management changing over time and what role is technology playing in that?

The global facility management (FM) market is going through a major transformation, driven by technology innovation, new business models, and creative new service offerings, as value propositions are shifting to service outcomes, user experience, and business productivity. Businesses are increasingly using outsourced services to achieve strategic benefits like improving their competitive advantage and market share. Outsourcing is evolving rapidly across the world; a decade ago, the main objective of outsourcing was cost optimization, but today companies want to outsource FM

services to free up internal resources to deliver strategic value. They are pursuing these objectives by focusing on their core business activities and acquiring marketable benefits (or by gaining cost efficiencies) from strategic partners through outsourcing.

2. What are your thoughts about the current state of the FM industry in the GCC and which way is it headed?

The FM industry is evolving in the GCC countries. The current oil prices support capital expenditure, which means more new projects will be rolled out. As a result, the FM industry will continue to grow in the long run.

3. Which GCC country has the highest demand for FM services and why?

UAE used to lead the market in terms of demand. However, recently this was overtaken by Saudi Arabia due to the volume of mega projects that are ongoing in that country.

4. What are the current trends for FM services in the GCC and what factors are driving them? At what rate is the market growing?

The FM market is moving towards outsourcing the (FM) services with focus on technology and sustainability. The demand for FM services is expected to continue growing with an average of 10 percent CAGR driven by government initiatives and major construction projects in the region.

5. Could you talk about the value/pricing of FM contracts in the GCC and what does the market say in terms of going forward?

The market is currently under tough competition especially in the UAE. Too many players have entered the FM market in the recent past and that caused a downward pressure on FM contracts pricing. The market has also become more price driven due to budgetary constraints for owners and developers. However, in the long run, only quality FM providers will prevail due to more stringent key performance indicators being demanded by property owners. More and more focus is shifting to quality, technology and added value rather than pricing.

6. Talk about Hill's major FM capabilities and success stories in the region:

We have a broad range of FM services that we provide across the complete life cycle of any development, starting from the very early stages of design until

transition and handover and moving forward to the steady state of operation. I would like to emphasize that we successfully managed to transform multiple clients FM operations from a basic reactive maintenance approach into an integrated FM operation.

7. What are Hill's plans for growing the business in the region?

Being recognized as one of the global leaders in project and construction management, Hill International expanded its services to include facilities management globally over a decade ago. We recognize that 80 percent of the whole life cycle cost of a facility is distributed between maintaining, operating and repairing it across its entire life cycle. Most of these costs could be determined in the early stages of design. We make sure to bridge the gap between owners, developers, occupiers, and the builders in our planning of life cycle assets which shall reduce the cost and help our clients to operate more efficiently. We have been steadily growing during the last five years and we will continue to grow. We have a good base in the UAE and Saudi Arabia and are currently planning our expansion in the GCC.

8. In a global perspective, where does the FM market of the GCC stand? What are the growth prospects, which nation will lead that and how will that happen?

The Middle East, particularly the GCC, is the fastest-growing FM market in the world, driven by the focus on non-oil growth, investments in infrastructure and construction, and commitment to sustainability. The boom in construction activities and increasing focus on green building practices are creating demand for FM services. The GCC is heavily investing in mega infrastructure projects to diversify its economy. This is attracting investments across end user segments in Saudi Arabia, the UAE, Qatar, and other GCC countries.

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