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## Slowdown signs - Value of Gulf contracts spiraling down

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MEED reported that Saudi Arabia is the only market to buck the trend as the Gulf construction sector is hit by slowdown. The value of construction contracts awarded in the Gulf so far this year has plunged by nearly half compared with the first half of 2008, as developers continue to shelve plans for new projects.

The only market to register consistent gains since the start of 2009 is Saudi Arabia, which has registered nearly USD 18 billion of contract awards so far. That marks a 230% increase on the first 6 months of 2008 and a 174% rise on the H2 of 2008.

The strong gains have been due to multi billion dollar awards on government backed projects to develop social, transport and defence infrastructure. The other five GCC countries performed poorly as the sharp fall in real estate prices led developers to shelve major contracts that were set to be awarded this year in the UAE, Qatar and Bahrain.

According to Gulf projects tracker, contracts awarded in the first 5 months of 2009 totaled USD 32 billion in value, a 46% drop from the USD 60 billion during the H1 of 2008 and 28% down on the USD 45 billion of awards in the H2 of 2008. Contractors and consultants are desperate for new contracts to replace the USD 387 billion of projects now on hold across the Gulf.

In the UAE, the value of contracts has fallen by 72% so far this year compared with the first six months of 2008, and 65% compared with the H2 of 2008, when the world economic crisis began to hit the construction sector. Within the UAE, Dubai's figures show the greatest fall. The total value of construction contracts awarded in the emirate during the first 5 months of this year was USD 4 billion an 82% fall on the first 6 months of 2008. The value of contracts would have been even lower without the USD 1.3 billion deal that was awarded to the local Alec to build concourse 3 at Dubai International airport in April. The contract had originally been awarded to a JV of South Africa's Murray & Roberts Contractors, Japan's Takenaka Corporation and the local Al-Habtoor Engineering Enterprises in December 2008.

Qatar recorded a 92% drop in the value of construction contracts to USD 950 million compared with USD 13 billion in the H1 of 2008. The fall in Qatar has been exaggerated by the large value of contract awards made in early 2008 on projects such as the Sidra Medical & Research Centre, a specialty teaching hospital and the Qatar & Bahrain Causeway. The fall compared with the H2 of 2008 was less severe, at 23%.

In Bahrain, the value of contracts awarded in the first 5 months of 2009 dropped to USD 100 million an 86% fall in value when compared with USD 707 million of deals signed during the H1 of 2008 and an 89% fall in value compared with the H2 of 2008.

Oman and Kuwait registered a more mixed picture. In Oman, the total value of contracts awarded so far this year is USD 889 million up 7% on the first 6 months of 2008 but down 81% on the H2 of 2008.

In Kuwait, USD 372 million of contracts have been awarded this year, down 70% on the first 6 months of last year, but a rise of 125% on the H2 of 2008.

A regional contractor said that "Ask any contractor and he will tell you there is less work available this year. It is a big problem. We need more work, especially as ongoing projects are completed and other projects put on hold."

(Sourced from MEED)

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