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 SECTORAL 
REPORT

 Qatar

Sector: Infrastructure

April 2021

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Contents

1. Sector Overview	3
2. Transport	7
3. Energy and Utilities.....	10
4. Residential & Non-Residential Buildings	12
5. Competition.....	14
6. Sources.....	17

For further information

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1. Sector Overview

1.1 Market Overview

The Infrastructure in Qatar is estimated to grow at a CAGR of approximately 7% during the forecast period.

Qatar has a budget of 210.5 billion Qatari Riyal (USD 58 billion) to complete infrastructure projects, including facilities for the 2022 World Cup. It was the gas-rich Gulf state's biggest budget in five fiscal years and follows years of heavy spending on infrastructure projects. For next year, the world's largest exporter of liquefied natural gas plans to spend 90 billion riyals (USD 25 billion) on major projects a 0.6% increase and the largest share of the overall budget.

Main infrastructure projects include the completion of highways, expansion of water and electricity networks, and the launch of the Sharq Crossing Project, linking the Ras Abu Aboud area of Doha and the West Bay Highway District, which is expected to be completed within four years.

1.2 Key Forecasts And Latest Updates

Following a contraction in growth during 2020 due to the impact of Covid-19, it is expected to have a moderate return to growth in 2021 and 2022, with limited areas of project activity in completing projects in time for the World Cup to drive growth. In 2023 it is expected to have a decline of 5.7% y-o-y, reflecting the notably thinner project pipeline.

The transport sector in Qatar has been a key beneficiary of public investment that has sought to enhance services and connectivity in the run-up to the 2022 FIFA World Cup. The sector is set for a period of much slower growth over the next decade as major projects required for hosting the event are completed.

It is forecasted to have a modest growth in Qatar's energy & utilities sector over the next decade, although this will outperform other infrastructure sectors. Investment will primarily be concentrated on water development, with potential for renewables-related infrastructure projects. In the immediate aftermath of the World Cup, analysts expect a decline in growth in the residential/non-residential sector due to the completion of large-scale projects. An economic diversification strategy is in place, and is expected to see greater efforts to invest in secondary cities outside of Doha in the latter half of the forecast period. This will build on World Cup-related developments. For instance, converting stadiums and World Cup facilities for local use. However, this will not be sufficient to sustain the levels of growth the sector has seen over the last decade.

Table 1: Infrastructure- Construction Industry Forecast (Qatar 2020-2030)

INFRASTRUCTURE - CONSTRUCTION INDUSTRY FORECASTS (QATAR 2020-2030)												
Indicator	2020e	2021f	2022f	2023f	2024f	2025f	2026f	2027f	2028f	2029f	2030f	
Construction industry value, QARbn	92.6	93.5	94.5	88.8	88.2	88.6	89.2	90.2	91.6	93.1	94.8	
Construction industry value, real growth, % y-o-y	-1.5	2.6	1.2	-5.7	-0.4	0.9	1.3	1.7	1.9	2.1	2.3	
Construction industry value, % of GDP	16.5	15.4	14.5	13.3	12.4	11.6	11.3	11.1	10.9	10.7	10.6	

Source: Qatar Statistics Authority, Fitch Solutions

1.3 SWOT Analysis

Strengths

- Large hydrocarbons revenues have, historically, allowed the Qatari government to develop an ambitious and well-funded infrastructure development plan.
- Construction of large-scale transport infrastructure projects is under way, a move that will ease the strain on existing infrastructure.
- Construction of social and residential infrastructure is proliferating, and the involvement of large foreign firms underscores the attractiveness of the market.
- Openness to foreign private sector involvement through a range of investment mechanisms, especially following a June 2020 law on public-private partnerships.

Weaknesses

- A reliance on foreign construction workers has led to international criticism regarding living conditions.
- The processes for project management are not mature, which is leading to project implementation delays.
- A lack of private sector investment leaves the sector vulnerable to declines in government spending, which are likely as hydrocarbons prices remain low.

Opportunities

- Qatar is developing its non-oil sector, thereby supporting infrastructure development in areas such as healthcare and education, ports and roads.
- The resumption of relations with the rest of the Gulf Cooperation Council (GCC) following the blockade presents opportunities for renewed co-operation with GCC states, GCC development funds and construction companies.

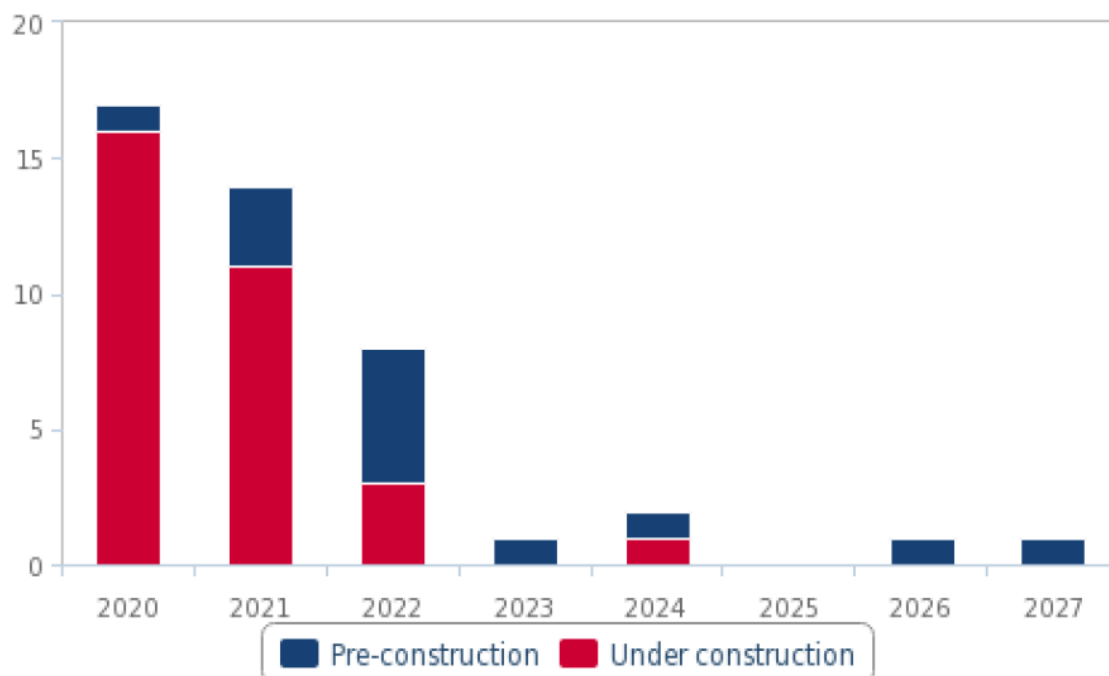
Threats

- A lack of project opportunities following the 2022 World Cup will weigh on construction growth, particularly in the non-residential and transport sectors.
- Regional security threats are heightened owing to GCC involvement in the conflicts in Iraq, Syria, Yemen and Libya.

1.4 Structural Trends

The Qatari construction sector will struggle to return to growth following the completion of World Cup-related projects. The need to build a comprehensive range of transport, stadiums, hotels and other tourist infrastructure from scratch in order to host the 2022 World Cup has driven rapid but unsustainable growth in Qatar's construction sector. The total value of projects directly related to the hosting of the World Cup exceeds USD10bn, according to Fitch's Key Projects Database (KPD), which represented nearly 40% of Qatar's construction industry value in 2020. As construction work on this vast range of projects comes to an end, the market will see a sharp correction.

*Graph 1: Construction Pipeline To Thin Out After 2022
Qatar - All Construction Projects By Time Frame End & Status (2020-2027)*



Source: Fitch Solutions Infrastructure Key Projects Database

Little Need For Further Rail and Road Construction

Qatar will see the completion of several-high value road and rail transport projects over the next two years to increase connectivity and tackle the problem of high-congestion around Doha in the run-up to the 2022 FIFA World Cup. Fitch's KPD shows that all road developments and construction projects, excluding the Sharq Crossing Project in Doha, are scheduled to be completed before 2022. It is expected to see the completion of Doha's metro railway system, and the associated LRT system as part of the Qatar National Vision 2030. This completion will likely be the end of such projects in the next decade, as the Doha Metro system is comprehensive and reaches new planned cities such as Lusail. The Blue Line expansion to the Doha Metro is expected to be completed by 2026 and is sponsored by Qatar Railways Company. Both the Lusail LRT system in Al Daayeen, a municipality close to Doha, and the Doha People Mover System are also under construction and are expected to be completed in 2021. Following the completion of the Doha Metro, the rail pipeline will face significant decline.

Energy Sector To Outperform: Energy & utilities sector is expected to be the least impacted by the post-World Cup slump, with demand for energy and water to rise in line with Qatar's population growth. The water infrastructure sector will outperform as Qatar continues to face water scarcity, with strong average annual growth of 4.8% in the forecast period. Qatar has also set an ambitious goal of having 20% of its power generation supplied by solar power by 2030, which presents opportunities for growth in related infrastructure.

Diversification To Prompt Investment Outside Of Doha, With Tourism Focus: Following the World Cup, investment will continue in areas outside of Doha. This is part of the National Vision 2030 goal to diversify the economy away from hydrocarbon production, with much of the new developments related to luxury tourist experiences. In light of ongoing urban redevelopment, there is potential in the latter half of the decade for greater growth in residential/non-residential construction. Lusail is a planned city 23km north of Doha and is expected to eventually have the infrastructure to accommodate 450,000 people. The Lusail Iconic Stadium will be repurposed as a community hub, including schools, shops, cafes and sporting facilities. Doha's Metro Red Line runs through it, providing quick access to the capital. Currently, the Lusail Gold Residential Development, Place Vendome and the luxury Katara Towers are under construction. Similarly, the Al Bayt stadium is expected to contribute to their generation of Al Khor City. The stadium will be adapted to have a smaller capacity of 32,000 to fit local needs, and the upper concourse of the stadium will be converted into a five-star hotel. A shopping centre, food court and gym will also be incorporated into the venue. In November 2020, UrbaCon Trading and Contracting signed a deal to build two residential projects worth USD1.37bn in Al Wakra, Qatar's second biggest city and home to Al Janoub football stadium.

PPP Law To Energise Private Sector Participation: The Qatari government's decision to introduce a new law governing public-private partnerships (PPPs), approved by the cabinet in April 2019, is a positive signal for further opportunities to gain access to the country's booming infrastructure market. The publishing of the law in July 2020 marks the most recent milestone for the law, with the government set to focus on harnessing private sector involvement in social infrastructure, specifically the respective education and healthcare sectors, as the urban population grows. The government has spoken of its intentions to introduce PPPs in education to build around 40 new schools at a cost of USD1bn. The 2021 state budget released in December 2020 shows an 3.9% increase in government expenditure compared with the final estimates for 2020. This will feed through to investment in infrastructure projects related to the FIFA World Cup 2022 and the expansion of the North Field (a natural gas field).

2. Transport Infrastructure

2.1 Overview

Qatar will see the completion of several high-profile transport projects in the next year in order to enhance connectivity in the run-up to the 2022 FIFA World Cup. Following the event, it is expected to see much slower growth over the next decade as major projects are completed and demand remains minimal.

2.2 Latest Developments

The forecast for transport infrastructure real growth shows an uptick of 3.3% y-o-y in 2021, following sluggish growth of 0.9% in 2020, which was dampened by the impact of Covid-19 on construction works. This growth in 2021 is primarily accounted for by road and rail upgrades in the run-up to the 2022 FIFA World Cup. In all sub-sectors there will be a decline in the project pipeline over the next decade, leading to negative growth territory in 2023, as large-scale

projects related to the 2022 World Cup are completed. The announcement of plans to further expand the Hamad International Airport represents what it is expected to be an increasingly rare large-scale transport project in Qatar's infrastructure sector. The project will help support construction activity in the near term. There is limited activity in the port sub-sector, as Qatar aims to solidify Hamad port and the secondary Al Ruwais port.

Table 2: Transport Infrastructure Industry (Qatar 2020-2030)

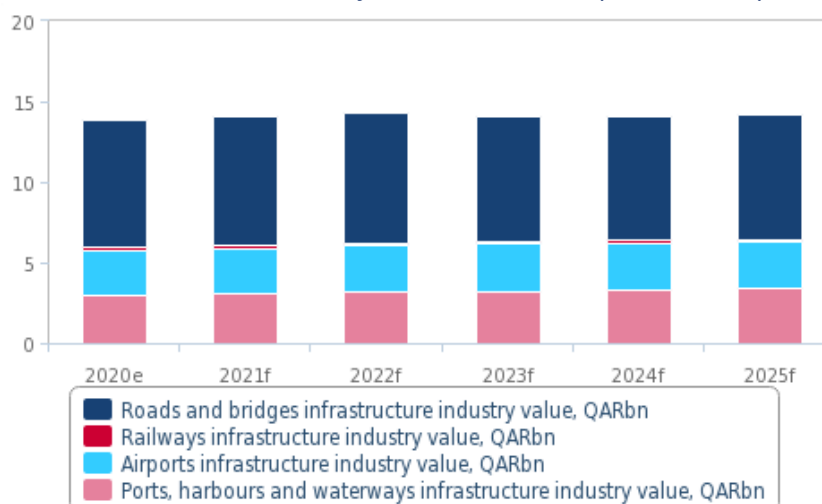
TRANSPORT INFRASTRUCTURE INDUSTRY DATA (QATAR 2020-2030)											
Indicator	2020e	2021f	2022f	2023f	2024f	2025f	2026f	2027f	2028f	2029f	2030f
Transport infrastructure industry value real growth, % y-o-y	0.9	3.3	1.8	-1.3	0.0	1.7	1.5	1.5	1.6	1.8	1.9
Roads and bridges infrastructure industry value real growth, % y-o-y	0.4	3.3	0.5	-3.5	-1.1	1.9	2.0	2.1	2.2	2.3	2.4
Railways infrastructure industry value real growth, % y-o-y	1.8	3.2	1.5	0.5	1.1	1.2	1.3	-0.5	-0.6	0.8	2.2
Airports infrastructure industry value real growth, % y-o-y	2.0	2.9	2.9	-0.2	-0.2	-0.1	0.0	0.1	0.3	0.5	0.7
Ports, harbours and waterways infrastructure industry value, real growth, % y-o-y	1.2	3.6	4.1	3.2	2.7	2.6	1.8	1.7	1.7	1.7	1.7

Source: Qatar Statistics Authority, Fitch Solutions

2.3 Structural Trends

Roads and bridges account for the majority share of the transport infrastructure industry value in Qatar, accounting for close to 45% of the total transport share, according to Fitch's Key Projects Database. However, these road developments are all due to be completed in or before 2022, excluding the Sharq Crossing Project in Doha.

Graph 2: Roads Infrastructure Accounting For Bulk Of Industry Value Qatar - Transport Infrastructure Industry Value, QARbn (2020-2025)



Source: Qatar Statistics Authority, Fitch Solutions

Hamad International Airport To Undergo Further Development: Doha's Hamad International Airport is to undergo further expansion to improve the passenger experience before the 2022 World Cup, however, it is expected this to be part of an increasingly rare large-scale transport project in Qatar. By 2022 Hamad Airport's capacity will be expanded to more than 60mn, from 35mn in 2018, with an expansion of the hub between concourses D and E, as well as a refurbishment to create a luxury airport. Following the completion of this project, the airport sub-sector is expected to enter negative growth territory, and there are no anticipations about further airport project demands, with tourism demand being met by the expansion of Qatar's sole international airport. The expansion efforts take place amid a diverse construction competitive landscape, with no single domestic firm holding dominance in the sector. The airport expansion will be led by a joint venture comprising Qatar-based Midmac Contracting, Turkey-based TAV Construction and Japan-based Taisei Corporation. The project will also see involvement from the Germany-based construction company Beumer Group and Greek-based Consolidated Contractors Company, and it is designed by UK-based Foster & Partners.

Doha Metro Rail Nearing Completion: It is expected to see the completion of Doha's metro railway system, and the associated LRT system as part of the Qatar National Vision 2030. This completion will likely be the end of such projects in the next decade, as the Doha Metro system is comprehensive and reaches new planned cities such as Lusail. The Blue Line expansion to the Doha Metro is expected to be completed by 2026 and is sponsored by the Qatar Railways Company. In November 2020, the LRTC Consortium, which is composed of Alstom and QDVC, completed the first phase of the Lusail LRT system in Lusail, a planned city currently under construction near Doha. The Doha People Mover System in the Education City complex is expected to be completed in 2021. Following the completion of the Doha Metro, the rail pipeline will face significant decline. Qatar Long Distance Railway Project is excluded from Fitch's industry forecasts. The project aims to provide freight and passenger services within Qatar as well as provide links to Saudi Arabia and Bahrain. Similarly, it is noted a significant hurdles standing in the way of the completion of the transnational Gulf Cooperation Council (GCC) Railway Network, which had an original completion date of 2018. After successive delays, the current end year for this project is 2030.

Continued Investment in Port Infrastructure: Qatar is heavily reliant on ports for trade, especially after the blockade by Saudi Arabia, which at the time closed its only land border. Ports currently make up almost 20% of transport infrastructure pipeline, with the expansion of Hamad port and the Al Ruwais port expansion in Al Shamal. Al Ruwais port is sponsored by Public Works Authority (Ashghal) and the Qatar Ports Management Company (Mwani), with the latter also sponsoring expansion at Hamad port. The opening of the first phase of the Hamad port was crucial in mitigating the negative economic impacts associated with the June 2017 blockade and saw imports double with the opening of the port. This has changed Qatari reliance on imports passing through other regional GCC ports. Nevertheless, as the ports expansions are completed, growth in the port sub-sector will tail off, and over the latter part of the forecast period is expected much slower growth in port infrastructure industry value.

Table 3: Qatar Major Transport Infrastructure Projects

Project Name	Sub - Sector	Value (USDmn)	Companies	Time Frame End	Status
Sharq Crossing Project, Doha	Roads and bridges	12,000	Cowi[Consultant/Project Management]{Denmark}, Qatar Ministry of Transport and Communications[Sponsor]{Qatar}, Fluor Corporation[Consultant/Project Management]{US}, Telleborg[Equipment]{Sweden}, Qatar Islamic Bank[Financier]{Qatar}, Qatar Ministry of Transport and Communications[Sponsor]{Qatar}, MEDCO	2024	Under construction
New Doha Port Project (Hamad Port), Mesaieed, Al Wakrah	Port	7.408	Construction[Construction]{US}, AECOM[Consultant/Project Management]{US}, Cansult Maunsell[Consultant/Project Management]{UAE}, Cowi[Consultant/Project Management]{Denmark}, WorleyParsons[Design/Architect]{Australia}, Scott Wilson Group[Design/Architect]{UK}, Royal Haskoning[Consultant/Project Management]{Netherlands}, New Port Project Steering Committee[Sponsor]{Qatar}, China Harbour Engineering Company[Construction]{China}, Qatar Navigation[Sponsor]{Qatar}, Qatar Ports Management Company (Mwani)[Sponsor]{Qatar}	NA	At planning stage
Qatar Long Distance Railway Project	Rail	3,456	Systra[Design/Architect], Parsons Corporation[Design/Architect], Qatar Railways Company[Operator]	2030	At planning stage

Source: Fitch Solutions Infrastructure Key Projects Database

3. Energy and Utilities

3.1 General Overview

A modest growth is expected in the energy and utilities sector over the next decade, with investment primarily in desalination facilities, as well as improvements to the distribution grid.

Growth is expected to slow significantly after 2022 due to Qatar's mature and well-developed power sector and limited projects in the pipeline.

3.2 Latest Developments

Qatar's energy and utilities sector is predicted to grow by 2.8% in 2021, remaining stable from 2020 levels, which remained relatively insulated from the economic impact of Covid-19. Beyond this, it is expected an average annual real growth of 2.7% between 2021 and 2030, outperforming the broader construction sector, with water-related infrastructure making up the bulk of the project pipeline. Growth it is expected to slow significantly after 2022 due to its mature and well-developed power sector and limited projects in the pipeline. In March 2021, Qatar Petroleum awarded a USD2bn engineering, procurement and construction contract to Samsung C&T Corporation for the USD28.7bn North Field liquified natural gas (LNG) expansion project in Qatar. The contract covers the construction of three LNG tanks and three LNG loading berths for North Field East, including options for two LNG tanks and one LNG berth for North Field South, along with associated pipes and loading lines.

In February 2021, Qatar's public works authority selected Egis to provide consultancy services regarding design, construction, operation and maintenance of the first phase of the Qatari Integrated Industrial Waste Water Treatment Plant.

Table 4: Energy and Utilities Infrastructure Data.

ENERGY AND UTILITIES INFRASTRUCTURE DATA (QATAR 2020-2030)											
Indicator	2020e	2021f	2022f	2023f	2024f	2025f	2026f	2027f	2028f	2029f	2030f
Energy and utilities infrastructure industry value real growth, % y-o-y	2.4	2.8	2.7	2.4	2.3	2.4	2.8	3.3	3.0	2.8	3.5
Power plants and transmission grids infrastructure industry value real growth, % y-o-y	1.3	1.7	1.7	1.4	1.5	1.6	1.7	1.7	1.7	1.8	1.8
Oil and gas pipelines infrastructure industry value real growth, % y-o-y	2.0	2.9	3.2	1.8	1.8	1.9	2.0	2.1	2.1	2.2	2.2
Water infrastructure industry value real growth, % y-o-y	4.9	5.0	4.8	4.3	3.9	3.9	5.0	6.1	5.3	4.5	6.3

Source: Qatar Statistics Authority, Fitch Solutions

3.3 Structural Trends

The energy and utilities sector is a major target for investment by the Qatari government. Qatar has some of the highest per capita electricity and water consumption levels in the world, although recently completed projects have been commissioned to ease the strain ahead of the World Cup. For example, the Al Heedan Substation has been built with the Al Bayt Stadium to provide power for it, and the Al Qikair Substation is located near the Al Wakrah Stadium in Doha. Qatar's electricity infrastructure is well developed and currently able to meet domestic needs. The pipeline is expected in the next decade to be dominated by water-related infrastructure projects as Qatar deals with the risk of water scarcity.

Desalination Capacity to Grow and Dominate Pipeline: According to Fitch's Key Projects Database, water-related infrastructure projects make up 75% of the energy & utilities pipeline, with projects primarily being desalination and re-sewerage projects. Water infrastructure will carry the energy and utilities construction industry, with forecasts showing a strong average annual growth of 4.7% between 2021 and 2030. Qatar is currently one of the most water-stressed nations, with demand from agriculture, municipalities and industry using more than 80% of the available freshwater supply, making Qatar vulnerable to even temporary shifts in rainfall patterns. Water desalination and recycling wastewater remain the most significant ways to preserve water in Qatar, with such projects in the pipeline:

- Inner Doha Re-sewerage Implementation Strategy, Doha
- Al-Thakira (Dhakhira) Sewage Treatment Plant, Al Khor
- Najma Area Sewerage Network Restoration, Doha
- Umm Al-Houl Independent Water and Power Plant Expansion (desalination project), Doha

Potential For Investment In Underdeveloped Renewables: Qatar has set an ambitious renewable energy goal to have 20% of its total power generation needs covered by solar power by 2030, from negligible levels at present. The country's original goal was for solar power to generate 20% of its total power requirements by 2020, but this goal was unachievable, and the latest target is reportedly 2% of the energy mix accounted for by solar power by 2022, rising to 20% by 2030. Both wind power and solar power have great potential in Qatar. In January 2020, a consortium led by France-based Total and Japan-based Marubeni Corp was announced as the winning bid to build a 800MW solar plant at the Al-Kharsaah area of Doha, under the initial 700MW Siraj Energy capacity launch. The plant will be owned by a joint venture led by Qatar Petroleum and Kahramaa under a public-private partnership agreement. The power generated here will be sold to Kahramaa under a 25-year power purchase agreement.

However, much higher end-user power prices would be needed to justify the high construction costs of further renewable energy plants. Owing to this fact, the forecasts do not expect renewable energy sources to feature heavily in the Qatari power generation mix for the foreseeable future. Over time, Qatar has the potential to establish itself as a solar hub within the Gulf states and is investing in several different solar power initiatives, including solar desalination plants, solar-powered manufacturing plants and large-scale solar power plants, which will help to build up the necessary infrastructure to eventually develop a strong solar power sector.

Table 5: Major Energy and Utilities Infrastructure Projects

QATAR - MAJOR ENERGY AND UTILITIES INFRASTRUCTURE PROJECTS				
Project	Value (USDmn)	Companies	Time End frame	Status
Siraj 1 Al Kharsaah Solar Power Project, Al-Shahaniya	462	Japan Bank for International Cooperation[Financier](Japan), Total S.A.[Sponsor](France), Marubeni Corporation[Sponsor](Japan), Qatar Petroleum[Sponsor](Qatar), Qatar General Electricity and Water Corporation (Kahramaa)[Sponsor](Qatar), Mizuho Bank Ltd[Financier](Japan)	2022	At Planning Stage
Al-Thakira (Dhakhira) Sewage Treatment Plant, Al Khor	408	Mace Group[Sponsor](United Kingdom), Public Works Authority (Ashghal)[Sponsor](Qatar), Hyundai Rotem[Construction](South Korea), Aqualia[Financier](Spain)	2020	Under construction
Mesaimeer Surface and Ground Water Tunnel Project - Phase II, Al Rayyan	252	Porr[Construction](Austria), Hamad Bin Khalid Contracting Company[Construction](Qatar), Public Works Authority (Ashghal)[Sponsor](Qatar), Mott MacDonald[Consultant/Project Management](United Kingdom)	2021	Under construction
Doha West Sewage Treatment Works - Fifth Expansion, Doha	215	Marubeni Corporation[Construction](Japan), Public Works Authority (Ashghal)[Sponsor](Qatar), Suez Environnement[Construction](France), Egis Group[Consultant/Project Management](France)	2017	Under construction

Source: Qatar Statistics Authority, Fitch Solutions

4. Residential & Non-Residential Buildings

4.1 General overview

After the 2022 FIFA World Cup, long-term growth prospects are poor as large projects wind down. An economic diversification strategy is in place, which will require the construction of social, educational, health and industrial buildings, but it will not be sufficient to sustain the levels of growth in the sector seen over the last decade.

Table 6: Residential and Non-Residential Buildings.

RESIDENTIAL AND NON-RESIDENTIAL BUILDING INDUSTRY DATA (QATAR 2020-2030)											
Indicator	2020e	2021f	2022f	2023f	2024f	2025f	2026f	2027f	2028f	2029f	2030f
Residential and non-residential building industry value real growth (%)	-2.9	4.2	-0.5	-3.4	-0.5	0.3	0.8	1.3	1.6	2.0	2.0
Residential Building Industry Value Real Growth (%)	-1.2	2.8	-6.3	-3.7	0.4	0.8	1.1	1.6	1.8	2.0	2.2
Non-residential Building Industry Value Real Growth (%)	-3.6	2.3	3.2	-10.4	-1.9	0.1	0.7	1.1	1.5	1.9	1.9

Sources: Qatar Statistics Authority, Fitch Solutions

4.2 Latest Developments

Preparations for hosting the 2022 FIFA World Cup have been a major source of growth in the industry, especially commercial construction, but as projects are being completed, there is little

in the pipeline to replace it. It is predicted a growth of 4.2% y-o-y in 2021 as projects move to completion and to make up for Covid-related delays in 2020, which saw an estimated decline of 2.9%.

A negative growth is expected to see immediately after 2022, with the completion of high-value projects. However, it is expected an increase in developments in the latter years as part of the Qatar National Vision 2030. The World Cup and the building of stadiums in secondary cities will act as a catalyst for development, for instance in the city of Lusail. While there are a number of projects in the pipeline, they will not be able to sustain the levels of growth prior to the World Cup.

4.3 Residential Buildings

Slower growth in commercial construction as 2022 FIFA World Cup approaches despite delays caused in construction by Covid-related social distancing, projects related to the World Cup, including hotels and stadiums, are coming to an end in 2021 and 2022. The end of such projects will leave a void in the residential/non-residential construction pipeline after 2022. Many key projects such as Al Bayt Stadium and Education City Stadium have been completed, and much of the remaining World Cup related pipeline is expected to wrap up in 2021 and 2022.

Projects that are under way and are expected to reach completion before the World Cup include:

- **Al Thumama Stadium:** The Turkish-Qatari consortium of Al Jaber Engineering and Tekfen Construction has indicated that the stadium is almost ready after facing Covid-related delays. Its proposed completion date was September 2020.
- **Lusail Stadium:** The project is in the final stage of construction and is expected to be completed in early 2021.
- **Place Vendome:** The mixed-use development in Lusail City, which will include luxury hotels, retailers and entertainment centres, is expected to open in 2021, ready for the anticipated influx of tourists in 2022.

Expansion of New Cities Presents Opportunities: Following the World Cup, investment will likely continue in areas outside of Doha. This is part of the Vision 2030 goal to diversify the economy away from hydrocarbon production, with many of the new developments related to luxury tourist experiences. In light of ongoing urban redevelopment, there is potential in the latter half of the forecast period for greater growth in residential/non-residential construction.

Lusail is a planned city 23km north of Doha and is expected to eventually have the infrastructure to accommodate 450,000 people. The Lusail Iconic Stadium will be repurposed as a community hub, including schools, shops, cafes and sporting facilities. Doha's Metro Red Line runs through it, providing quick access to the capital. Currently, the Lusail Gold Residential Development, Place Vendome and the luxury Katara Towers are under construction. Similarly, the Al Bayt stadium is expected to contribute to the regeneration of Al Khor City.

The stadium will be adapted to have a smaller capacity of 32,000 to fit local needs, and the upper concourse of the stadium will be converted into a five-star hotel. A shopping centre, food

court and gym will also be incorporated into the venue. In November 2020, UrbaCon Trading and Contracting signed a deal to build two residential projects worth USD1.37bn in Al Wakra, Qatar's second biggest city and home to Al Janoub football stadium. While there are some prospects of commercial construction independent of the World Cup, tourism in the short term will peak in 2022, and Qatar may struggle to sustain this demand in the long term, therefore, a decline in growth is expected after the World Cup, followed by very sluggish demand caused by such expansion projects.

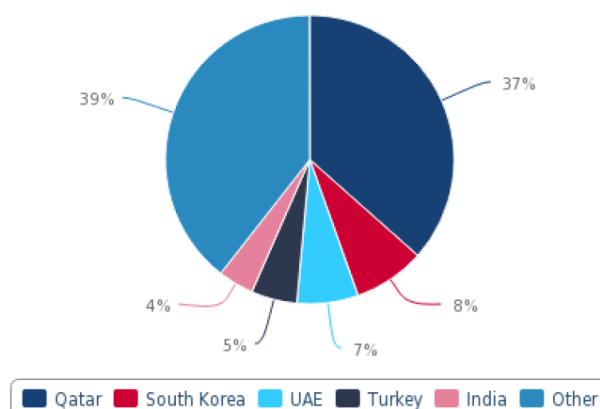
5. Competition

5.1 General Overview

Domestic contractors play a key role in Qatar's competitive landscape, with numerous foreign construction companies operating in the sector, although none occupy a share of roles close to that which is held by Qatari companies. Islamic financial institutions play a major role in the financing of infrastructure in Qatar's construction sector, with domestic banks accounting for the majority of financier roles.

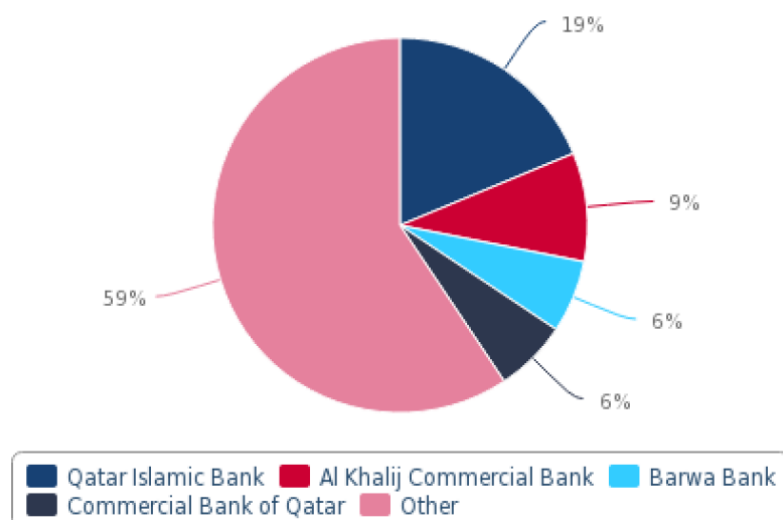
Qatar's construction sector hosts a variety of both domestic and foreign contractors in its competitive landscape, although domestic companies occupy a significant portion of roles in the sector. Data from our Key Projects Database show that Qatari companies occupy 37% of construction roles in the country's project pipeline, while South Korean, UAE and Turkish companies occupying less than 10% each respectively. Bin Omran Trading and Contracting, Qatar Building Company and QDVC stand out as notably active construction companies, with the latter being a joint venture (JV) involving France-based Vinci. In particular, the JV is currently involved in the Lusail Light Rail Transit Project, which is set for completion during 2020 and also involves France-based Alstom in its construction, US-based AECOM in its project management and the UK-based Atkins project design. JVs appear frequently in Qatar's construction sector and demonstrate the potential for partnerships between domestic and foreign companies to offer a viable point of entry into the sector.

Graph. 3: Sizable Share Of Construction Roles By Domestic Contractors Qatar - Share Of Construction Roles By Company Nationality, %



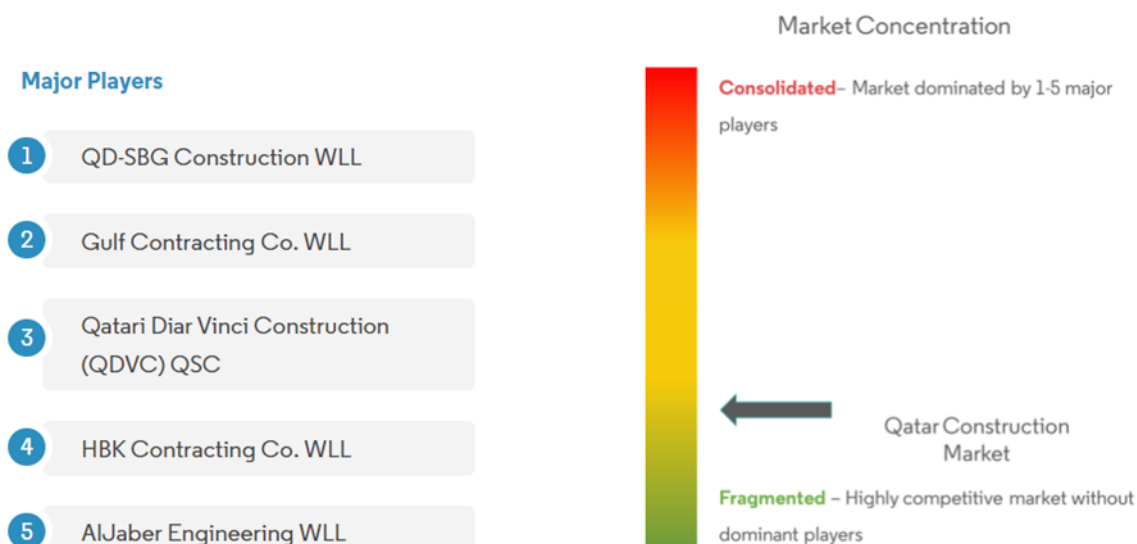
Notable South Korea-based companies undertaking construction roles in Qatar include SK Engineering & Construction, Daewoo Engineering & Construction Company and GS Engineering & Construction Corporation, which are companies that maintain a presence across construction sectors globally. Other multinationals, such as UAE-based BIC Contracting and Italy-based.

Graph. 4: Domestic Banks Key For Infrastructure Financing Qatar - Share Of Financier Roles By Entity, %



Given the Qatari government's vast financing capacity, it remains the predominant driver of infrastructure funding, although there is also a role for the private sector. Domestic financial institutions are key financiers in Qatar's construction sector, with a cluster of domestic banks meeting most of the financing needs of projects. Domestic financiers occupy over 56% of financing roles in the sector's project pipeline, with banks including Qatar Islamic Bank, Al Khalij Commercial Bank and the Commercial Bank of Qatar appearing frequently in project roles. Their funding has been key to projects such as the New Doha Port Project, Doha Metro's Gold Line and the Umm Al-Houl Combined Cycle Power Plant. The 2.5GW power plant was inaugurated in early 2019 and is one of the largest water desalination and power generation plants in the region, with the plant currently owned by QWEC, Mitsubishi-TIBCO and the Qatar Foundation. Although their ability to shift the financing landscape significantly remains limited for the time being, public-private partnerships have become an increasingly common fixture in Qatar's project pipeline. Umm Al-Houl Combined Cycle Power Plant utilised an independent water and power plant framework, attracting multiple Japanese financiers. In the medium term it is expected to see continued efforts to attract foreign financing sources in the country's efforts to diversify away from a reliance on government financing for infrastructure.

Figure 1: Major Players - Qatar Infrastructure



Source: Mordor Intelligence

6. Sources

- BMI Research, Fitch Group
- Mordor Intelligence

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