

# Unlocking value:

Growth opportunities in Saudi Arabia's facility management sector

# Foreword



Sustainable facility management plays a critical role in addressing environmental concerns by reducing greenhouse gas emissions, conserving resources and minimising waste through energy-efficient systems. Beyond environmental responsibility, it also delivers economic benefits such as cost savings and increased property value.

At PwC Middle East, we recognise the critical importance of facility management in driving sustainable urban development and enhancing the quality of life for citizens and residents in Saudi Arabia. As the Kingdom continues on its ambitious Vision 2030 journey, the integration of advanced facility management practices will play a pivotal role in realising the government's innovation objectives. Our active participation in the International Facility Management Conference reflects our commitment to sharing valuable insights and fostering collaboration within the industry.

We believe that by leveraging technology, embracing best practices and focusing on sustainable solutions, organisations can effectively navigate the complexities of facility management. This co-branded report with the Saudi Facility Management Association (SFMA) highlights key trends, opportunities and challenges within the sector, providing valuable guidance for stakeholders as they work to enhance the Kingdom's built environment.

Together, we can inspire innovation, drive impactful change, and contribute to a prosperous, sustainable future for the Kingdom.

**Mohamed Salah**

Asset Lifecycle Management and Valuation (ALMV) - Partner, PwC Middle East



As the Saudi Facility Management Association (SFMA), we are dedicated to advancing the facility management sector in Saudi Arabia and fostering a collaborative environment for knowledge sharing and innovation. The International Facility Management Conference serves as a testament to our commitment in bringing together industry leaders, practitioners and stakeholders to discuss the challenges and opportunities in our sector.

In line with Vision 2030, that has sustainability as one of its goals, adopting modern facility management practices that prioritise sustainability, efficiency and technological integration is essential for long-term success and resilience.

This event provides a unique platform to explore new ideas and strategies, ensuring that our sector evolves in line with the Kingdom's aspirations. Our goal is to equip industry professionals with the tools and insights needed to enhance operational excellence and drive value creation across diverse facilities.

We look forward to engaging in meaningful discussions, encouraging collaborative efforts and reshaping the future of facility management in Saudi Arabia, ensuring it remains at the forefront of innovation.

**Aiyd Awadh Alqahtani**

Saudi Facility Management Association Chairman

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# 01. Executive summary

Non-financial assets constitute the majority of public wealth in most countries and the Kingdom of Saudi Arabia is no exception. Since the launch of Vision 2030, the Kingdom has seen real estate and infrastructure projects worth **US\$1.3 trillion**, with contracts awarded totalling **US\$164 billion**.<sup>1</sup>

**These investments are pivotal to achieving ambitious Vision 2030 targets, such as:**



Increasing non-oil government revenue to **SAR 1 trillion**



Boosting the Public Investment Fund's assets to more than **SAR 7 trillion**



Having three Saudi cities recognised in the top-ranked **100 cities** in the world



Raising Saudi Arabia global ranking in the Logistics Performance Index to **25**



Enhancing the Kingdom's logistics and aviation capacities to attract **100 million** visitors annually



**99.5%** of population centres (including rural areas) covered with healthcare services

As these transformative projects come to life, the effective management of these assets becomes critical to realising their full value. This is where Facility Management (FM) plays a pivotal role. By integrating people, places, and processes in the built environment, FM ensures the operational efficiency, service quality, and longevity of these investments, strengthening sustainable urban development in the Kingdom.

As an organisational function, FM integrates people, places, and processes in the built environment to improve quality of life and core business productivity. It enhances operational efficiencies, service quality and asset longevity, ensuring sustainable, long-term value from Saudi Arabia's extensive infrastructure investments.<sup>2</sup>

In this context, the Saudi Facility Management Association (SFMA) hosted the International Facility Management Forum and Conference in Riyadh from 8 to 10 September, 2024. This first-of-its-kind event gathered institutions, experts, academics, and decision-makers across sectors to exchange insights and global best practices in FM. Participants explored the latest advancements in the sector, focusing on digital transformation and strategies to enhance sustainability, efficiency, and performance.



## 02. Global trends in facility management and impact on the Saudi market

Facility management (FM) is undergoing a significant transformation globally, driven by advancements in technology, sustainability priorities, customised service models, and workplace optimisation strategies. These trends have also influenced the Saudi FM market, as the Kingdom embraces innovative approaches to manage its rapidly expanding infrastructure.

### 2.1. Technology solutions revolutionising FM operations

Globally, advancements in technology and innovation are driving a shift in FM operations from low-cost, low-skilled labour to a skilled, adequately compensated workforce. This transition is crucial for the market's maturity, as it improves service delivery and encourages investment in talent development, all while maintaining control over operational expenditure.

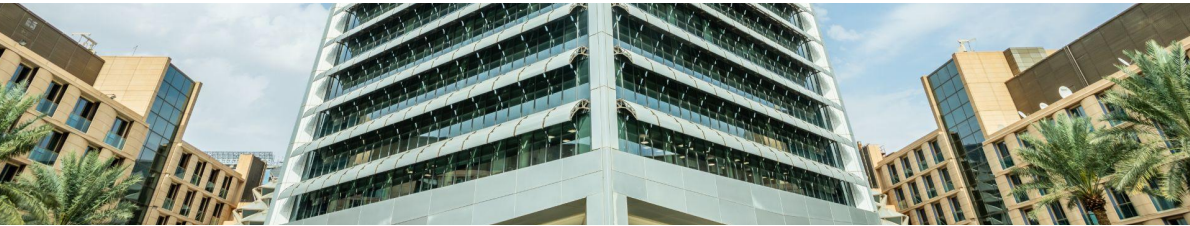
- **Mobile applications and cloud-based platforms:** These include solutions such as computer-aided facility management (CAFM), integrated workplace management systems (IWMS), and mobile tools enable real-time access to critical data, streamlined work order management, and improved communication.
- **Building Management Systems (BMS):** BMS provides centralised monitoring and control of building systems including Heating, Ventilation and Air Conditioning (HVAC), lighting, security, and access control, increasing efficiency and reducing operational costs.
- **Internet of Things (IoT) devices and remote sensing:** Embedded within buildings, IoT technology gathers real-time data on energy consumption, occupancy levels, and equipment functionality, as well as enabling smart condition monitoring systems. This data is crucial for proactive maintenance and resource optimisation.
- **Drones:** Drones can facilitate FM services including high-rise window cleaning and building inspections, reducing manual inspection cost and time while improving safety.
- **Digital twins:** This technology creates a virtual replica of physical assets and has been used by FM teams for future-proofing operations and maintenance as well as running scenario analysis for different elements relating to facility management.
- **Predictive analytics and AI:** These tools are capable of analysing vast datasets, anticipating equipment failures, predicting maintenance needs, optimising energy consumption patterns, and performing comprehensive studies of end-user habits, consumption, and satisfaction.

## ▲▲▲ 2.2. Sustainability and the role of FM in environmental responsibility

Sustainability is a significant global driver in the FM industry. A study by the International Energy Agency found that the operations of buildings account for 30% of global final energy consumption and 26% of global energy-related emissions.<sup>3</sup>

Facility managers are increasingly implementing different initiatives and seeking internationally recognised certifications aiming at bringing efficiencies in the form of green building practices and climate-neutral design concepts, including water and electricity conservation technologies, renewable energy sources, and recycling programmes. These initiatives align with global environmental goals, reduce operational costs, and enhance environmental stewardship. The UN's Sustainable Development Goals (SDGs) are supporting this transition, and infrastructure appears both as an explicit goal and an implicit means of implementing and achieving other SDGs.

Effective FM directly contributes to the lifespan of buildings, infrastructure, and assets, which will positively impact sustainability in general, including through the reduction of embodied carbon.



## ▲▲▲ 2.3. Evolution of customised FM procurement and service contracting models

The global FM market is shifting towards more advanced delivery models tailored to the unique operational environments and strategic goals of organisations. Traditional, one-size-fits-all models are being replaced by bespoke solutions that cater to the specific complexities of each asset portfolio.

A critical trend emerging in FM procurement is the increased focus on performance-driven contracts and success-based fees. Organisations now demand measurable outcomes that are directly tied to asset performance, cost efficiency, and sustainability. This shift has led to the widespread adoption of contracts built around clear Service-Level Agreements (SLAs) and Key Performance Indicators (KPIs), ensuring that FM services contribute to asset value preservation and long-term life cycle cost optimisation.

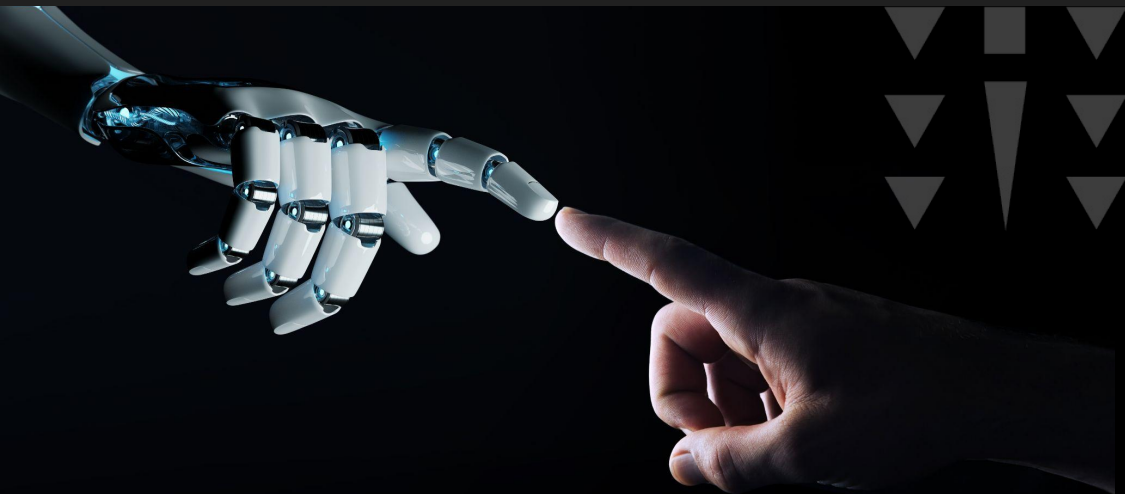


## 2.4. Workplace optimisation and the role of FM in productivity

FM teams are playing an increasingly key role in creating productive work environments, collaborating closely with information and communications technology and human resources to optimise performance through the integration of people, technology, and workspace. Workplace optimisation starts with the people strategy, including the key FM initiatives and services that support a workplace that values well-being for its key customers, ie (employees)



As global FM trends reshape the industry, Saudi Arabia is rapidly adopting these practices to position its FM market as a leader in the region, driving long-term value and efficiency across its expanding infrastructure.



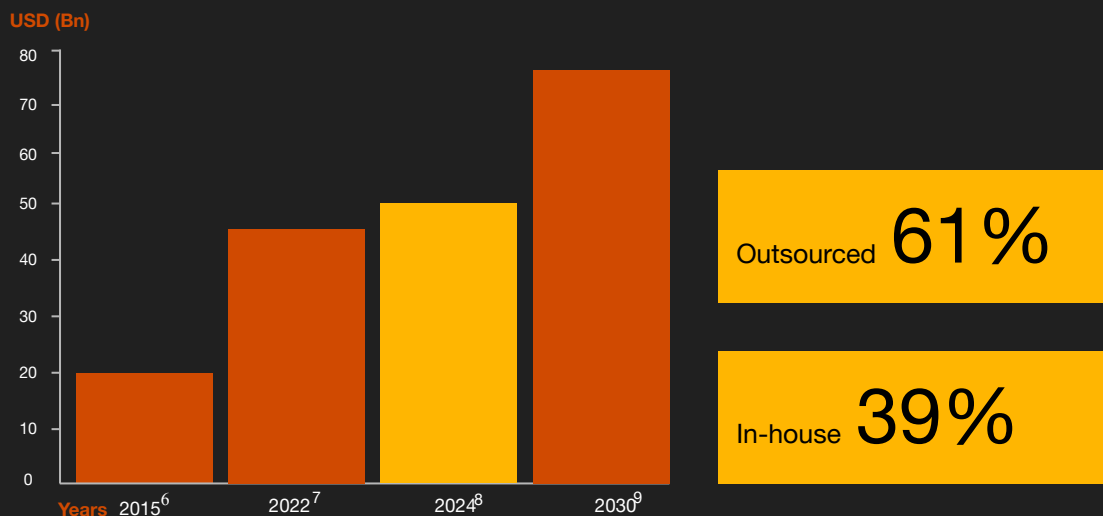
### 03. Rapid growth of the Saudi FM sector

The rapid expansion of the Kingdom's facility management sector was a key discussion point at the conference. In 2025, the industry in Saudi Arabia is expected to surpass US\$50 billion across all segments and includes all types of services, highlighting the sector's critical role in business operations across the Kingdom.<sup>4</sup>

Saudi Arabia's facility management sector is expanding rapidly, with market growth projected at an compound annual growth rate (CAGR) of 7% between 2024 and 2032.<sup>5</sup>

Factors driving this growth include population growth, urbanisation, upcoming global mega-events such as Riyadh Expo 2030 and the 2034 FIFA World Cup, industrialisation, and the expansion of the tourism, hospitality, and healthcare sectors.

Figure 1: Estimated market size of the Saudi facility management sector







### 3.1. A growing reliance on outsourced FM

The market is increasingly seeking mature & compressive models, moving toward Integrated FM, which aims to enhance operational efficiency and strategic alignment, providing a more streamlined and effective facility management solution.<sup>10</sup>

Bundled FM services

dominate at **44%**

Integrated  
FM

**19%**

Single FM

**37%**



### 3.2. FM sub-sectors: Rising demand for advanced hard FM services

Hard facility management, focused on technical services related to building structures, while soft FM, covers non-technical services that create a comfortable and safe environment.<sup>11</sup>

Soft facility management

**33%**



Hard facility management

**67%**

Saudi Arabia's increasing focus on sustainability and energy efficiency is driving demand for advanced hard facility management services, aided by technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), and data analytics, which lead to cost savings and improved service delivery. Demand for hard FM is also rising due to the increasing sophistication of buildings, both those currently under construction and in the design phase.

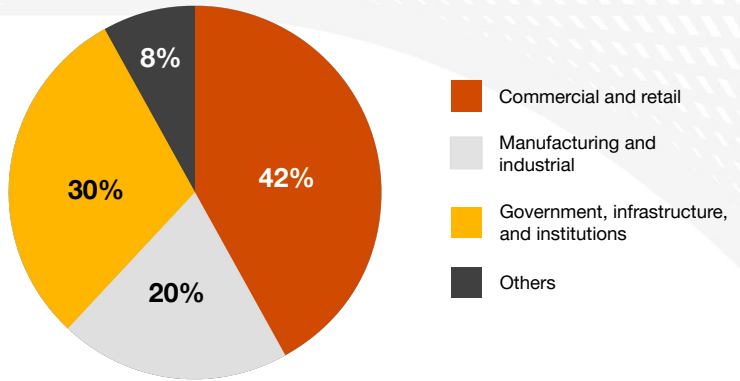
Soft FM services, though currently a smaller segment of the Saudi FM market, are experiencing rapid growth, driven by the expansion of the KSA market with key growth drivers including prioritization of end-user experience, development of entertainment and leisure projects and increased demand on value-adding customer-facing services.



### 3.3. End-use segments

The Saudi FM market is shaped by varying sector demands, with commercial and retail driving growth due to expanding business districts and retail hubs. Government, infrastructure, and institutions follow closely, fueled by public sector investments and large-scale projects. Manufacturing and industrial sectors demand specialized FM services to support operational efficiency, while emerging sectors continue to diversify the market. This breakdown underscores the evolving landscape and opportunities for FM providers to tailor solutions to sector-specific needs.<sup>12</sup>

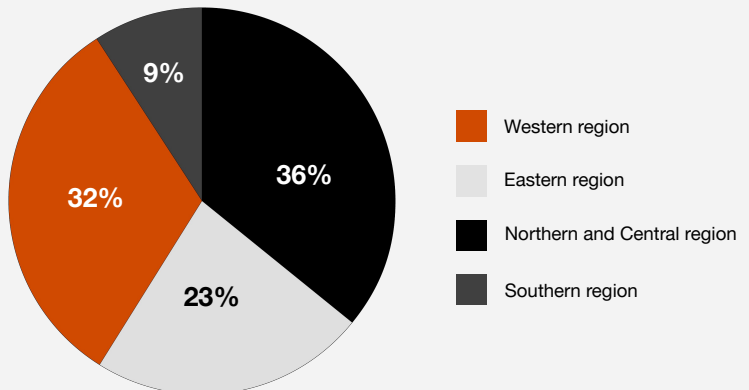
Figure 2: End-use segments breakdown in Saudi FM market



### 3.4. Regional breakdown

The Saudi FM market is regionally diverse, with the Northern and Central regions leading due to high urbanization, government headquarters, and economic hubs. The Western region, driven by tourism, hospitality, and megaprojects, follows closely. The Eastern region benefits from industrial and petrochemical activity, requiring specialized FM solutions. Meanwhile, the Southern region has a smaller share but presents growth potential as infrastructure and development initiatives expand. This regional distribution highlights the varying demand drivers and opportunities for FM providers across the Kingdom.<sup>13</sup>

Figure 3: Regional breakdown of Saudi FM market



## 04. A turning point for the sector in Saudi Arabia

The Kingdom's FM sector has gained momentum over the past 15 years. In 2011, a council of ministers decision established a national committee within the Saudi Council of Engineers to standardise operations and maintenance practices, assessing the current state, developing standards, guidelines, procedures and modern methods to ensure quality and cost-effectiveness. The committee also launched strategic training and qualification programmes while coordinating with relevant internal and external entities.

A study by the committee found that while the cost of operation and maintenance work in the Kingdom exceeded international standards by 20%, the level of quality was lower by approximately 60%. While this has potentially improved, further work is required, especially as the major part of the KSA market is still attributable to operations and maintenance manpower supply and support services for operations.

That committee no longer exists but many other entities are actively involved in regulating and supporting the sector. The Ministry of Municipalities and Housing (MOMAH) licences all construction and facility management companies and has a classification system for registered contractors based on criteria including financial activities, employee training, degree of Saudisation, wages, and quality of service offerings. MOMAH has also issued regulations and standards, though these are not operations-and-maintenance-specific. For example, the Saudi Building Code is focused on the construction phase; although it tackles operational requirements, it primarily focuses on design and space functionality perspectives.

Expenditure and Projects Efficiency Authority (EXPRO) launched the national manual for assets and facilities management, a comprehensive reference for enhancing quality, efficiency, and sustainability in the management of assets and facilities in government entities. Developed in partnership with experienced members from several government entities, the manual aims to standardise procedures for managing public facilities and extend asset life cycles. It is considered the first of its kind in KSA at the national and regional level.

**The chapters in the manual are shown below:**

### National Facility Management Manual (17 volumes)

1. Introduction	2. Asset management	3. Assessment of assets	4. Financial planning	5. Operation management
6. Maintenance management	7. Work control	8. Inventory management	9. Contract Management	10. HSSE management
11. Quality management	12. Risk management	13. Document management	14. Emergency management	15. Performance monitoring
16. Construction project interface	17. Sector specific process			

## A turning point for the sector in KSA

The Real Estate General Authority proposes bylaws and policies related to non-public sector real estate activities. Last year the authority began work on introducing facility management regulations specific to the housing sector. On the other hand, the public sector regulations are the responsibility of the State Property General Authority (SPGA), which allocated 4 billion square metres of real estate assets to various public entities. Clause 17 in the SPGA mandate is: Setting standards and specifications for operating, developing, managing and maintaining state properties.

Other entities involved in the sector include the General Court of Audit, Civil Defence, Saudi Standards, Metrology, and Quality Organisation, Saudi Accreditation Centre, National Centre for Waste Management, National Centre for Environmental Compliance, National Centre for Performance Measurement, National Risk Council, General Court of Audit, Saudi Contractors Authority, Ministry of Energy, Ministry of Transport and Logistics, and the Ministry of Human Resources and Social Development.

### • **Despite the efforts of all of these entities, there is a need for better coordination to address the many challenges faced by the sector, including:**

- ❖ Lack of FM-specific regulation.
- ❖ Difficulties faced by organisations in transforming from input-based procurement to output-based and performance driven asset and facility management contracts.
- ❖ Fragmented market with many service providers with no specific grading or classification system, leading to inconsistent service quality.
- ❖ Poor public awareness of holistic FM practices, leaving stereotypes associated with traditional FM activities unchallenged.
- ❖ Lack of a qualified workforce, particularly within specialised sectors such as health and hospitality, as FM is not perceived as an attractive career.
- ❖ Limited technology adoption and little room for localisation.
- ❖ Focus of decision makers on the initial cost of an asset during the construction phase with little regard to life cycle cost of an asset.
- ❖ Minimal consideration is given to FM operations and maintenance requirements during the design phase, with such requirements often viewed as a financial burden rather than an investment in minimising the total cost of ownership.
- ❖ As sustainability targets increase, it is more challenging to apply sustainability-led modifications to existing brownfield facilities than greenfield projects in the design stage.



## 05. Key insights and major takeaways from the conference

The growing significance, scale, and transformation of Saudi Arabia's facility management sector were key reasons behind SFMA's organisation of the first International Facility Management Conference and Exhibition. This event centred on themes of sustainable FM, smart FM, and innovation through digital transformation. As a knowledge partner, PwC Middle East participated in presentations and panel discussions, engaging with stakeholders on the sector's current challenges and future potential.

**Here are some of the major takeaways and recommendations from the conference:**

- ❖ **Youth engagement:** Strong interest in Asset and Facility Management (AFM) among Saudi youth, who show enthusiasm for advancing the sector.
- ❖ **SME opportunities and challenges:** Saudi Small and Medium-sized Enterprises (SMEs) are keen to enter the AFM market. However, to succeed, they need to transform from manpower supply providers into value-adding service providers. This is a great opportunity but also poses a risk due to the lack of regulations and barriers for unqualified entrants.
- ❖ **Technology and localisation:** The focus on technology and innovation as drivers of the future was evident in the conference. However, more needs to be done to localise technology and accelerate the adoption of digital transformation and automation.
- ❖ **Transition support:** Client entities seek structured guidance for transitioning assets from construction to operational phases. This proactive approach to meeting long-term performance expectations requires better guidance and structured support in transitioning assets from the construction phase to operational readiness.
- ❖ **Performance-based models:** There is a strong demand for greater clarity and guidance around performance-based operating models. Stakeholders need support in defining SLAs and KPIs, in addition to structuring, administering, controlling, and contracting these models to ensure that they deliver measurable outcomes and long-term value to asset owners and operators.
- ❖ **Future event focus:** Annual conferences with sector-specific themes, like industrial, sports, entertainment and healthcare FM, are recommended.



## 06. Future outlook and opportunities

The growth of the Saudi FM sector is fueled by a synergy of international trends and local factors, including rapid urbanisation, large-scale upcoming events, and efforts to diversify revenue streams, particularly through tourism and industrialisation.

The competitive landscape in Saudi Arabia is evolving, shifting away from fragmented tactical service providers towards strategic mergers and joint ventures. This trend is especially pronounced as international firms increasingly consider entering the Kingdom's FM market. The sector's transformation is also creating opportunities for technology companies and consulting firms to introduce specialised offerings tailored to the FM industry.

Growth factors such as ESG goals and cost-reduction initiatives are interlinked and heavily reliant on advanced technology. As a result, there is a growing demand for innovative solutions such as IoT, AI-powered analytics, and automation to enhance operational efficiency and sustainability. Additionally, the market has seen a rising need for special matter experts to act as client representatives in managing FM suppliers, particularly as end users work to build their in-house capabilities.

Effective FM practices play a crucial role in improving end-user experiences, optimising energy performance, and ensuring resource efficiency. These enhancements not only help attract and retain tenants but also boost rental income and property valuations, underscoring the value of high-quality FM services in the Kingdom's rapidly evolving real estate landscape.



## 07. Our recommendations

**Policymakers, decision-makers, and industry experts in Saudi Arabia's FM sector should focus on several key areas to fully capture the industry's potential:**

- ❖ **Enhanced coordination:** Strengthen collaboration among regulatory and government entities to address sector challenges effectively.
- ❖ **Standardised regulations:** Establish industry-wide regulations to ensure consistent quality, transparency, and accountability. Key priorities include governing owners' associations to promote sustainable, effective community management and clear service charge protocols.
- ❖ **Strategic direction:** Develop frameworks and best practices that align FM with Vision 2030, providing organisations with a roadmap for sustainable, value-driven strategies.
- ❖ **Improved standards:** Enhance codes of practice to support sustainability and operational efficiency in FM management.
- ❖ **Comprehensive guidelines:** Issue guidelines on SLAs, KPIs, budgeting principles, and technology evaluations to support informed decision-making and efficiency.
- ❖ **Sustainable asset development:** Incorporate AFM strategies from the master planning phase to optimise long-term operational and sustainability goals.
- ❖ **Grading for contractors:** Implement a grading system for FM contractors to ensure qualified service providers and minimise service-related risks.
- ❖ **Resource optimisation:** Shift towards a skilled labour model, supported by advanced digital tools, to increase efficiency despite rising manpower costs.
- ❖ **Professional development:** Introduce a training, development, and certification programme to elevate industry professionalism and expand local employment.
- ❖ **Community engagement:** Establish communities of practice and nationwide FM events to encourage knowledge-sharing, creativity, and innovation across the industry.
- ❖ **Industry recognition:** Launch annual awards to celebrate organisational and individual achievements in innovation and operational excellence.

**These initiatives provide a cohesive framework for realising the full potential of the facility management sector in Saudi Arabia.**



## Sources

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<sup>2</sup>[ISO 41001](https://www.iso.org/standard/41001.html)

<sup>3</sup>[The International Energy Agency, https://www.iea.org/energy-system/buildings](https://www.iea.org/energy-system/buildings)

<sup>4</sup>["Saudi Arabia Facility Management Market: Report by Type of Facility Management, Offering Type, End Use Industry, and Region," IMARC Group, 2024](#)

<sup>5</sup>["Saudi Arabia Facility Management Market: Report by Type of Facility Management, Offering Type, End Use Industry, and Region," IMARC Group, 2024](#)

<sup>6</sup>[AL-Bivadh \(2016\) "توقعات بارتفاع قيمة سوق إدارة المرافق إلى 30 مليار دولار في 2017"، AL-Bivadh, 20 November, p.19](#)

<sup>7</sup>[KSA Facilities Management Market Report, MEFMA, 2023](#)

<sup>8</sup>["Saudi Arabia Facility Management Market: Report by Type of Facility Management, Offering Type, End Use Industry, and Region," IMARC Group, 2024](#)

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<sup>11</sup>["Saudi Arabia Facility Management Market: Report by Type of Facility Management, Offering Type, End Use Industry, and Region," IMARC Group, 2024](#)

<sup>12</sup>["Saudi Arabia Facility Management Market: Report by Type of Facility Management, Offering Type, End Use Industry, and Region," IMARC Group, 2024](#)

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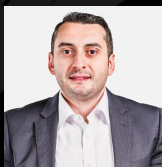
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