

# Middle East Megatrends: Transforming our region

Understanding the impact of megatrends in the Middle East



## Rapid urbanisation

Just 2% of people lived in cities around the world in 1800. Now it is more than half, and growth rates suggest that, by 2050, some two-thirds of the global population will be urbanised. Put another way, one and half million people are moving to cities each week.

The Middle East has seen the fastest growing urban populations in the world for the past 50 years and longer – with growth consistently higher than in China or Africa. As a result, over 70% of people live in urban areas across the region, bringing it to the level of Europe. The GCC is one of the most highly urbanised parts of the world with 85% of the population living in cities today, expected to rise to 90% by 2050.

The years of sky-rocketing population expansion are over. While growth rates are still above the world average, forecasts show African and even Indian city populations growing faster than the Middle East. The focus now is on how to make urban spaces function optimally so they add to quality of life and productivity rather than becoming centres of crime and instability. Infrastructure development has been rapid, but European cities took centuries to evolve, while our cities have grown rapidly over just a few decades. So we still need significant progress in schools, healthcare facilities, public transport, pollution control, police forces and so on.




## Cairo: 10th largest city

Cairo is the 10th largest city in the world, with 20million people<sup>1</sup>

The region's largest city by far is Cairo, with a population of around 20 million and massive infrastructure development and public service needs. The GCC's smaller cities – Riyadh is the largest at around 6 million people – face fewer extreme social problems, but many are struggling to manage populations that have doubled within the past two decades and are still growing.



**Building cities in the desert is limited by water scarcity - it's a long-term story, but we need to think about it today.**



The GCC is one of the most highly urbanised regions in the world<sup>2</sup>

85%

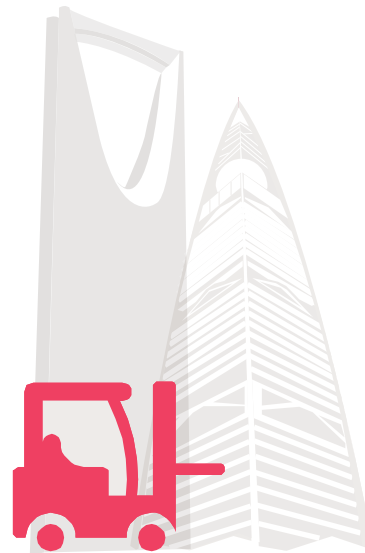
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**Municipalities need to think about how future growth can be sustainable.** Jeddah, for example, faces fatal flash floods when it rains, a shortage of affordable housing and traffic jams throughout the day. Dubai has started to tackle its growth bottlenecks with the introduction of more public transport, city-wide digital services and solar roof panels, but its intensive use of desalination to provide water for its growing population is already creating problems.

**Spending on urban infrastructure is a key driver of economic growth throughout the region.** While government spending plans are now being reassessed or cut in response to 'lower for longer' oil prices, demand for everything from water and electricity to housing and public transport is still rising strongly. As a result, municipal authorities are starting to tap private funding sources, opening up a wide range of opportunities for investors.



In its Vision 2030, Saudi aims to have three 'top-100' cities by 2030<sup>3</sup>



**\$4 trillion**

There are over US\$4 trillion worth of projects planned or under construction in the Middle East and North Africa<sup>4</sup>

**Several new cities are in planning or under construction in the Middle East – but progress has been significantly slower and more difficult than anticipated.** King Abdullah Economic City in Saudi Arabia, started in 2006, is the most advanced of the country's four planned new cities, but is little more than 15% complete. Abu Dhabi's Masdar City houses the campus of the Masdar Institute of Science & Technology, with plans for residential buildings on hold for now. Egypt announced in 2015 that it would build a new capital city, east of Cairo, to house the government and five million people within seven years – but a key UAE investor has withdrawn and the project is being led by the public sector.



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**Sources:**

1 Demographia World Urban Areas 2016. 2 UN. 3 Saudi Arabia Vision 2030. 4 MEED.