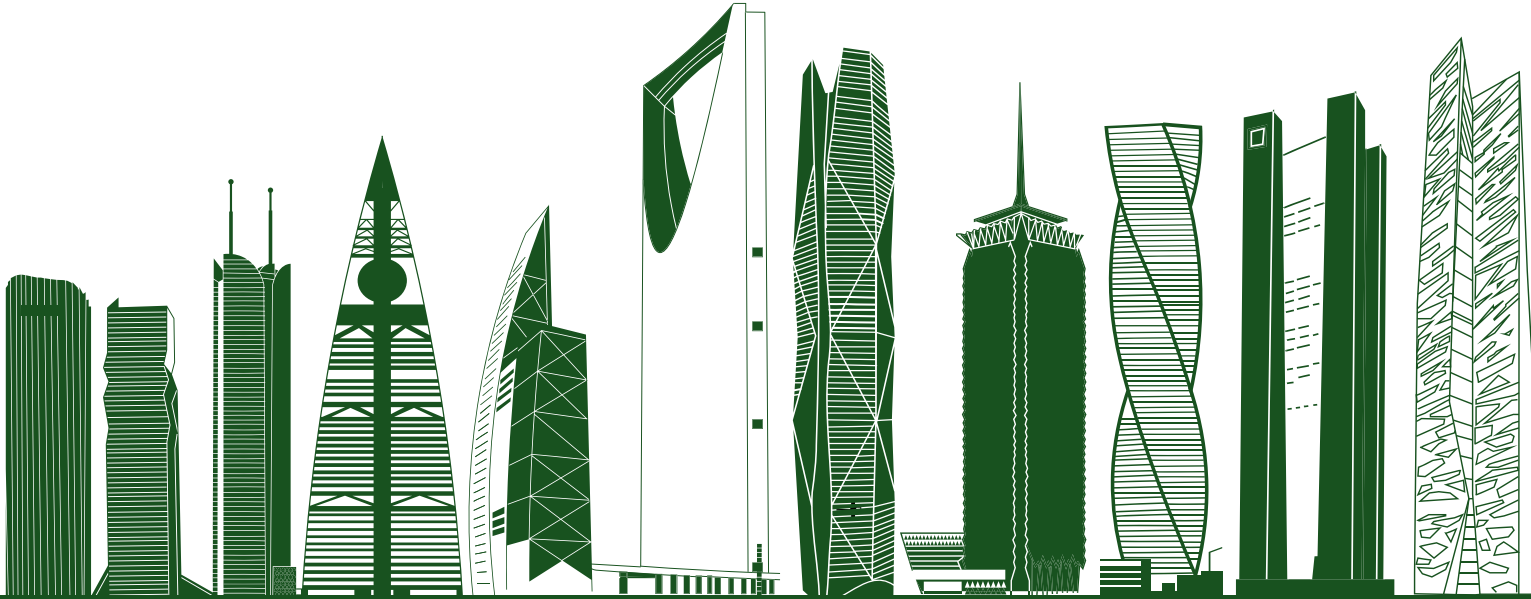


# Potential Fastener Market: Saudi Arabia

## 潛在扣件市場-沙烏地阿拉伯



### Introduction

Saudi Arabia has a population of 35.3 million, and the nation's economic landscape is robust and diverse. The GDP, measured at purchasing power parity (PPP), stood at an impressive US\$2.2 trillion, reflecting a remarkable growth rate of 8.7% in 2023. Over the past five years, the average growth rate has been a steady 2.4%, contributing to a high per capita income of US\$66,836. Despite this economic vigour, the country faces a 7.4% unemployment rate, highlighting ongoing challenges in the labour market. Inflation, however, remains controlled at 2.5%, suggesting stable consumer prices. Foreign Direct Investment (FDI) inflow reached US\$7.9 billion, indicating a strong international investment appeal. Public debt is relatively low, comprising 23.8% of the GDP, positioning the nation favourably in terms of fiscal health. Saudi Arabia, a cornerstone of the Middle East, is undergoing a transformative economic and industrial revolution. This metamorphosis is creating a burgeoning market for fasteners, components essential to construction, manufacturing, and automotive sectors.

### The Saudi Arabian Landscape

Saudi Arabia's economy is undergoing a profound shift, driven by "Vision 2030", a comprehensive plan aimed at diversifying the economy beyond oil. This ambitious initiative is fuelling investments in various sectors, including infrastructure, manufacturing, and renewable energy. Consequently, the demand for fasteners, of construction and industrial projects, is on the rise.

#### Key Drivers of Market Growth

##### The Scale of the Opportunity

To put the fastener demand in perspective, consider these figures:

**Total construction value:** Saudi Arabia's construction sector is projected to reach US\$250 billion by 2025.

**Fastener consumption per project:** A typical construction project can consume anywhere 150 kilograms of fasteners per square meter. (In a typical 100 square meters house, the use of fasteners, including nails and screws, is substantial. For instance, around 44,120 nails and 1,076 screws are estimated to be used. When

converted to weight, these figures amount to approximately 145.59 kilograms of nails and 4.85 kilograms of screws, totalling about 150.44 kilograms of fasteners.

Some of the mega projects of construction in Saudi Arabia:

**1- Mega Infrastructure Projects:** Saudi Arabia is undertaking massive infrastructure projects, such as the futuristic NEOM city, which requires a vast array of fasteners for buildings, bridges, and transportation systems.

• **NEOM, The Epitome of Fastener Demand:** NEOM, a planned US\$500 billion megacity, stands as a testament to Saudi Arabia's audacious vision. Envisioned as a hub for innovation and technology, NEOM will require an estimated 4 million metric tons of fasteners during its construction phase alone. This staggering figure underscores the scale of the fastener demand generated by such projects. Estimating the total amount of fasteners needed for the NEOM project is a complex task due to its immense scale and the variety of construction types involved. NEOM encompasses several ambitious projects, such as



THE LINE, Oxagon, and Trojena, with a construction workforce expected to exceed 200,000 by next year. For a standard residential building, approximately 1.5 kg of fasteners are required per square meter. Given NEOM's extensive construction area, if we assume that 10% of its 26,500 square kilometer area (2,650 square kilometers or 2.65 billion square meters) is actively under construction, this leads to an estimated need for around 3.975 billion kg of fasteners. This estimate illustrates the massive scale of resources needed for NEOM, emphasizing the project's unprecedented demands on construction materials and labour (WIRED Middle East<sup>1</sup>) (NEOM: Made to Change<sup>2</sup>).

- **Beyond NEOM:** Other megaprojects across the kingdom are driving substantial fastener demand:

- o **Red Sea Project:** This luxury tourism development will encompass over 50 islands and require extensive construction, including hotels, resorts, and infrastructure.

- o **Qiddiya:** Positioned as a global entertainment, sports, and culture hub, Qiddiya will feature theme parks, sports stadiums, and residential areas, all of which will necessitate a vast array of fasteners.

- o **Riyadh Metro:** This ambitious public transportation project alone is expected to consume thousands of tons of fasteners for its tracks, stations, and supporting structures.

**2- Manufacturing Boom:** The government's focus on industrialization is leading to the establishment of manufacturing hubs across the country, boosting demand for fasteners in various industries. Some manufacturing project in Saudi Arabia are:

- **Automotive Industry Growth:** The expanding automotive sector, both in terms of production and sales, necessitates a steady supply of fasteners for vehicle assembly and repair. **Saudi Arabia's automotive sector is experiencing a period of robust expansion, driven by a combination of factors including rising incomes, a growing population, and government initiatives to stimulate domestic manufacturing.** This surge in automotive activity has created a significant demand for fasteners, essential components in vehicle assembly and repair.

- o **Booming Vehicle Sales:** New car sales in Saudi Arabia have witnessed substantial growth in recent years. Saudi Arabia Motor Vehicles Sales recorded 758,791 units in Dec 2023, compared with 616,491 units in the previous year. Saudi Arabia Motor Vehicles Sales is updated yearly, available from 2005 to 2023, with an average number of 562,900 units.

- o **Domestic Manufacturing:** The Saudi Arabian government is actively promoting the development of a domestic automotive manufacturing industry. Initiatives

like the National Industrial Development and Logistics Program (NIDLP) aim to attract global automotive manufacturers to set up production facilities within the country. This localization push will further amplify the demand for fasteners.

- o **Aftermarket Growth:** The existing vehicle fleet in Saudi Arabia is also expanding, leading to a thriving aftermarket for spare parts and repairs. This segment creates consistent demand for a variety of fasteners used in vehicle maintenance and repair operations.

- **Renewable Energy Push: Saudi Arabia's commitment to renewable energy involves constructing solar and wind farms,** creating opportunities for fastener manufacturers in this sector.

## Last Word

The Saudi Arabian fastener market is poised for substantial growth, driven by the country's ambitious economic transformation. While challenges exist, the opportunities are immense for businesses that can navigate the market effectively. By understanding the market dynamics, addressing challenges proactively, and leveraging strategic partnerships, companies can position themselves for success in this promising market. While the Saudi Arabian fastener market presents immense potential, several challenges must be addressed:

- **Supply Chain Disruptions:** Global supply chain vulnerabilities can impact the availability and cost of raw materials and finished products.
- **Competition:** The market is becoming increasingly competitive with both domestic and international players vying for market share.
- **Localization Requirements:** To succeed, businesses may need to establish local production facilities or partnerships to comply with government regulations.
- **Quality Standards:** Adherence to stringent quality standards is crucial for gaining customer trust and market share.

Despite these challenges, the opportunities are abundant:

- **Localization and Value Addition:** Businesses can capitalize on the government's focus on localization by setting up manufacturing facilities or assembly plants.
- **Technological Advancements:** Adopting advanced technologies for production, quality control, and supply chain management can provide a competitive edge. ▣

<sup>1</sup> <https://wired.me/technology/how-saudi-arabias-ai-powered-neom-megacity-will-actually-be-built/>

<sup>2</sup> <https://www.neom.com/en-us/newsroom/neom-hosts-global-contractor-forum-to-shape-future-projects>