

Emerging role of FM in GCC construction landscape



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INDUSTRY INSIGHT

DESPITE SLUGGISH market sentiments and slower economic growth, the mega project announcements in the UAE are creating a positive impact on the overall industry landscape. Emaar Properties' recent announcement to build a tower in the emirate to surpass the Burj Khalifa, currently the world's tallest building, made global headlines in April. The \$1 billion skyscraper is likely to be completed before Dubai hosts the World Expo in 2020. From a macro perspective, it is also a clear sign of a resurgence in the GCC's appetite for new large scale projects.

Contracts worth \$12.8 billion were awarded in the wider Mena region in March, according to the Middle East Economic Digest, or Meed, with UAE and Saudi leading the surge. Saudi Arabia and the UAE account for \$1.5 billion and \$1.3 billion of wins respectively. Aiding the push is robust spending from Gulf governments on strategic infrastructure projects, and bullish demographic trends. Dubai's population alone is set to

double to five million by 2030. With diversification on the top of the GCC's economic agenda, these mega projects ranging from airport expansions, hospitals to much-needed housing units are critical to accelerate the transition from oil receipts driven fiscal growth.

For the Facilities Management market, new construction means significant growth prospects. The sector is closely aligned to the construction industry and has historically risen in tandem with building booms. While governments continue to press ahead with infrastructure projects, Gulf States are pushing more than ever to ensure these projects are sustainable. It is the Gulf's pursuit of a more sustainable prosperity—in contrast to the exponential explosive economic growth seen before 2009

\$1b

skyscraper in Dubai to be completed by 2020

— that will really put FM companies at the fore of this rebound. Additionally, the building owners are seeking to cut overheads wherein FM is fast becoming a tool to cut operating costs whilst also bringing service efficiencies.

For many, this will mean bringing FM on the driving seats and its true benefits to full use. Efficient maintenance, life cycle management that augments asset longevity, stronger regulatory compliance, HSEQ regime and aligning service levels costs to output specs are the inherent FM elements that best achieve the aforesaid goal of costs reduction and sustainability.

Another benefit of adopting an integrated FM service through sustainable, proactive, preventive and planned maintenance is the extension of asset longevity. At EFS, we have embarked on a Sustainability Pyramid programme that encompasses three key elements namely operational excellence, commercial prudence and sustainability. There is fledgling recognition of the primary role played by FM firms in a sustainable construction market, but much more is required.

FM's biggest challenge in the recent past has been the poor standards of construction adopted in



For facilities management market, new construction means significant growth prospects. — KT file

regional properties. These properties are a big burden to both landlords and tenants and can drive maintenance costs up by 20 per cent or more; resulting in higher energy bills, maintenance woes, and greater manpower needs. A further Gulf-wide push for greener buildings means enforcement of stricter laws and new codes aimed at trimming energy use and promoting green building construction. The new paradigm will call for retrofitting old, badly planned

buildings in order to comply with increasingly complex codes which will further influence the overall costs associated with assets. The proper approach to avoiding this outcome begins at the design stage of real estate development. Alongside developers, FM companies must have a seat at the table if the goal of efficient, green and cost-effective facilities — the aim of both public and private sector actors — is to be achieved.

For this wave of construction,

early FM support will be critical to helping governments and businesses meet their environmental targets. EFS oversees a large portfolio of properties across the Middle East, offering sustainable maintenance solutions from the point of design, to handover and beyond. For both facility owners and developers — for whom longevity of assets is vital — such integrated support will increasingly be of primary concern.

Another factor accelerating the FM prospects in the GCC — and the UAE particularly — has been its emergence as the regional springboard for global multinationals and its position as a global hub; a lynchpin between east and west able to offer a dynamic, tax-free climate to foreign businesses at ease. This is working as more and more multinationals have made UAE as their regional base. FM costs are gradually being incorporated in the overall cost of doing business and the ability to provide a high-end, cost-efficient buildings services will be influential in determining their competitiveness against rival business hubs.

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