

## Construction Sector Profile

The construction industry plays an important role in Bahrain's economic growth. As the fastest growing non-oil sector, the sector's expansion over the past decade (+24% in sector GVA) has benefited from the Kingdom's population growth and economic diversification and is supported by a surge in investment into infrastructure, manufacturing and real estate.

The construction sector is the third largest employer in Bahrain's labor market, following Retail and Trade and Manufacturing, employing 24% of the private sector labor force. The sector contributed 7.6% towards the Kingdom's real GDP in 2021; with a GVA of BHD 944.3 million. The sector grew at an annual rate of 0.8% due to the improvement in oil prices, coupled with several investments in infrastructure projects.

The industry slightly contracted due to the pandemic in 2020 but is now showing strong signs of growth with the resumption of the Kingdom's construction projects and Bahrain Economic Recovery Plan which saw the announcement of upcoming infrastructure projects such as the King Hamad causeway, Bahrain Metro, and Northern Link road.

Bahrain's construction sector is diverse in its activities as it includes commercial, industrial, residential, and infrastructure construction, as well as energy and utilities construction. Covering a wide range of general and specialized construction activities for buildings and civil engineering works, the erection of prefabricated buildings or structures on the site and construction of a temporary nature.

## Construction Sector Activities

MOIC - ISIC4

### Construction of buildings

#### Civil Engineering:

- Construction of roads and railways
- Construction of utility projects
- Construction of other civil engineering projects

### Specialized construction activities:

- Demolition and site preparation
- Demolition
- Site preparation
- Electrical, plumbing and other construction installation activities
- Electrical installation
- Plumbing, heat and air-conditioning installation
- Other construction installation
- Building completion and finishing
- Other specialized construction activities

## Key Market Trends

- Several investments will contribute to the growth in the construction sector such as the large pipeline of infrastructure projects and increased funding options, such as Public Private Partnerships (PPP). Major infrastructure projects worth BHD 711.9 million were placed under construction across Bahrain during the first quarter of 2022 alone.

Major projects include:

- The wastewater treatment plant for King Abdulla Medical City
  - Bahrain International Exhibition and Convention Center
  - King Hamad Causeway transportation infrastructure project
  - Bahrain's Metro Project
  - A new \$355 Million gas processing plant
  - Major housing and resort projects estimated at \$2.2 Billion.
- Investments as part of the Economic Recovery Plan will contribute to new building work. Hence, the industrial construction sector is expected to expand in real terms in 2022. This will be supported by improvement in manufacturing and export activities, coupled with increasing inward FDI.
  - Demand for housing in Bahrain is increasing due to the Kingdom's young and fast-growing population.
  - Green building features, such as improved lighting, better air quality, and greenery have been proven to positively impact health and wellbeing, and this agenda has gained increasing momentum over the last few years

## Sector Opportunities

- **Green Building:** Increase energy efficiency and the share of renewable energy in terms of the total energy mix will boost investment in renewable energy infrastructure. There are significant opportunities in Bahrain's construction sector for the following:
  - Prefabrication and modular construction – A shift towards off-site construction: Prefabricated buildings are widely durable and dynamically constructed, which enhances and increases its efficiency and usability. Modular construction is also often commended for energy efficiency and sustainable construction.
  - Energy efficient architecture and construction which includes district cooling
- **Urban Planning:** The increasing urban population in Bahrain increases the need for more housing, commercial buildings, and social spaces. Opportunities can be found in repurposing older buildings and rehabilitating established communities, thereby creating more sustainable construction and communities.
- **Data and advanced analytics:** Businesses are increasingly looking to deploy and integrate Industry 4.0 technologies to enable data-driven decisions, drive dynamic scheduling, and reduce budget and schedule variances, often across multiple sites. These technologies range from Building Information Modelling (BIM), additive construction (3D Printing) to remote project monitoring.

## Construction Sector Economic Indicators

iGA-National Accounts, Q4-2021



**BHD**  
**944.3 M**  
GVA, 2021

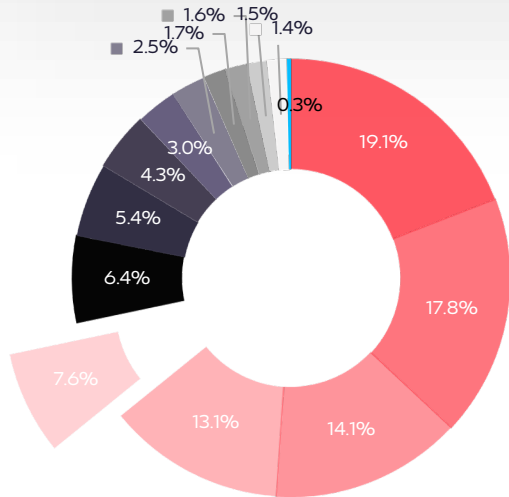


**0.8%**  
YoY Growth  
in GVA, 2021

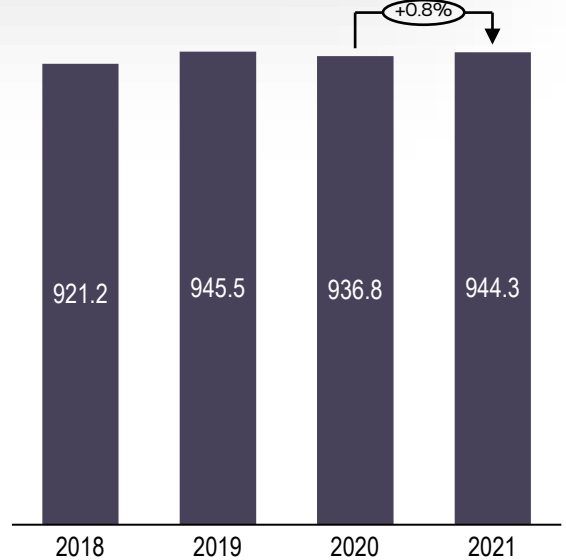


**7.6%**  
Contribution to  
Real GDP, 2021

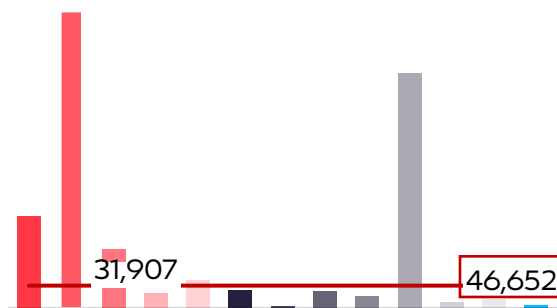
Sectors' Contribution to Real GDP (% , 2021)



Construction Sector  
GVA\* (BHD, M)



GVA per Company (BHD, Q1 2021)



- Mining & Quarrying
- Manufacturing
- Construction
- Real Estate
- Tax / Import Duties
- Other Social & Personal Services
- Accommodation and food services
- Others\*\*
- Average GVA per company
- Financial Services
- Government Services
- Transportation & Communication
- Sale/Trading
- Private Education
- Electricity & Water
- Private Healthcare
- Agriculture

\*Gross Value added (GVA) is the measure of the value of goods and services produced in an area, industry or sector of an economy

\*\*Other includes Government Services, Private Non-Profit Institutions, Households with Employed Persons

## Construction Sector Enterprises

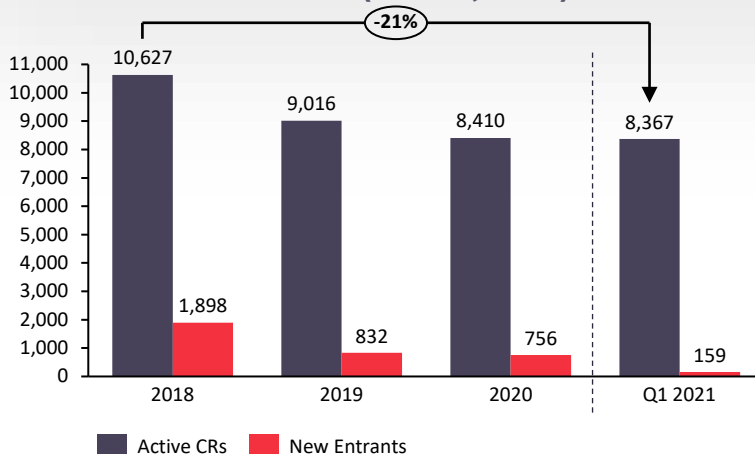
LMRA, Q1 2021 - BLMI



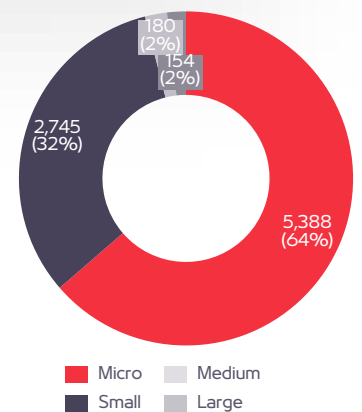
**8,367**  
Active CRs

**13.7%**  
of total Active  
CRs in Bahrain

Construction Sector  
Active CRs (2018 - Q1 2021)



Construction Sector  
by Enterprise Size (% , Q1 2021)



## Construction Private Sector Employment

LMRA, Q1 2021 – BLMI / iGA-National Accounts



**123,862**  
Total Employees

**24%**  
(% of Labor Market)



**6,033**  
Total Female Employees

**9%**  
(% Female in Labor Market)



**117,829**  
Total Male Employees

**26%**  
(% Male in Labor Market)



**9%**  
Bahrainization  
Ranked 16/18 Sectors



**10,807**  
Bahraini Employees

**12%**  
(% of Total Bahraini Employees)



**113,055**  
Non-Bahraini Employees

**27%**  
(% of Total Non Bahraini Employees)



**BHD 422**  
Average Wage of Bahrainis



**BHD 158**  
Average Wage of Non-Bahrainis



**BHD 2,155**  
Labor Productivity  
Ranked 11/13 sectors\*

\*13 sectors as per ISIC 3 / National Accounts, iGA



Bahraini Female Participation

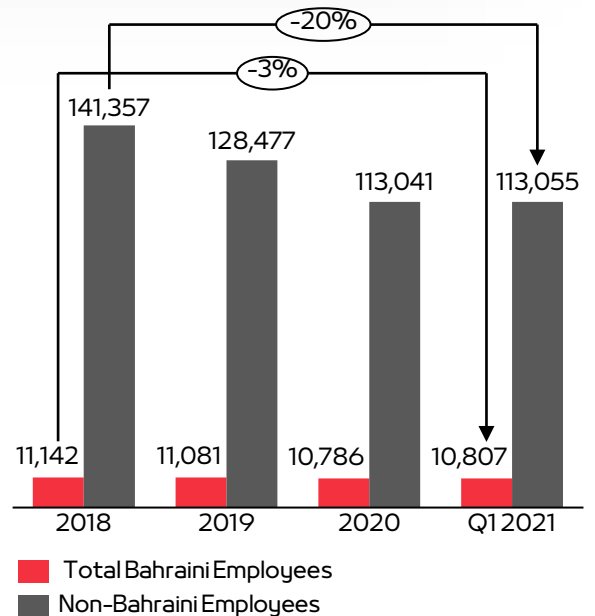
**3%**  
(% of Labor Market)  
Ranked 15/18 sectors



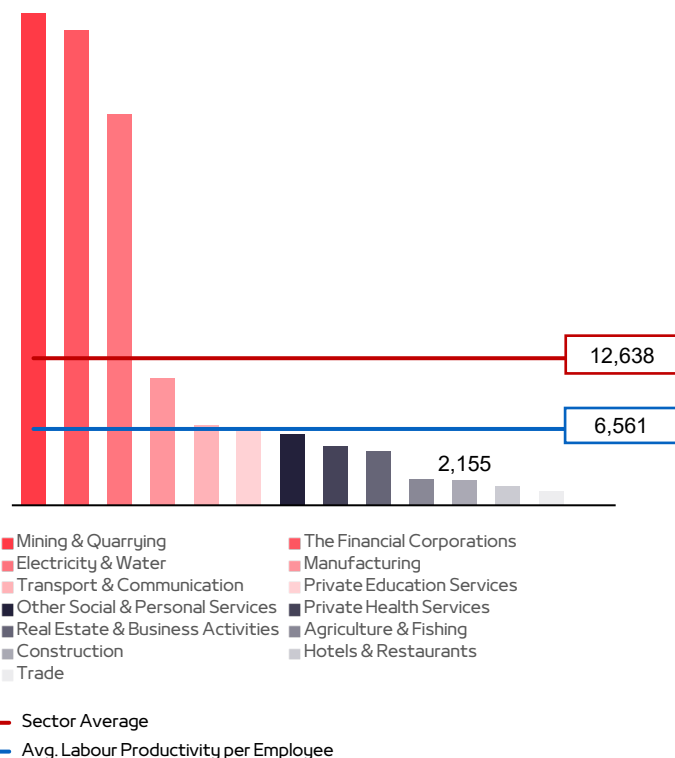
Bahraini Male Participation

**6%**  
(% of Labor Market)  
Ranked 15/18 sectors

### Construction Sector Employees by Citizenship (2018 – Q1 2021)



### Construction Sector Labor Productivity by Sector (BHD per employee, Q1 2021)



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