

Current trends in the Saudi sustainability market and future outlook



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CURRENT TRENDS IN SAUDI SUSTAINABILITY MARKET & FUTURE OUTLOOK

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SAUDI

WHO AM I?

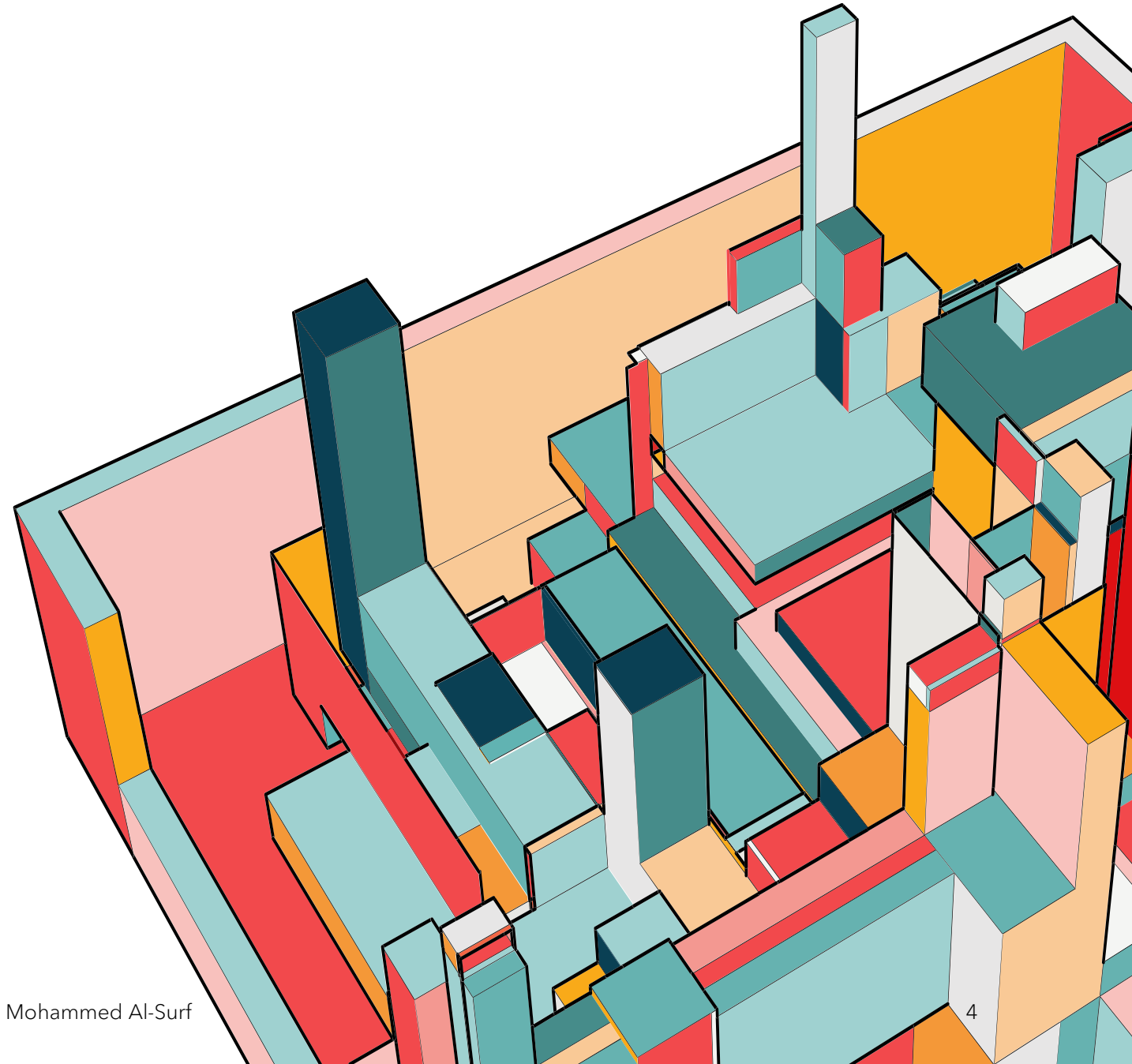
Dr. Mohammed Al-Surf

- PhD degree from Queensland University of Technology, Australia in 2014.
- Masters' degree in Project Management, Queensland University of Technology, Australia 2010
- Bachelors' degree in Architecture, KFUPM 2007
- USGBC Faculty since 2015
- LEED AP BD+C, Env SP, ISSP SEA, TRUE Advisor, Mostadam AP.
- Global Sustainability Ambassador
- Assistant Professor of Architecture
- Authorized trainer from the Saudi Council of Engineers
- Former Regional Manager for the U.S. Green Building Council (2018-2022)
- First Saudi as an ISSP Sustainability Excellence Associate and TRUE Advisor
- Author of the Book "10 Steps to Become a Sustainability Professional"
- President of Green Building Chapter at Saudi UMRAN



WHAT?

- Why & How is Sustainability getting more momentum in the Saudi market?
- The tools you need to be part of the Sustainability movement in the Saudi Market
- Sustainability trends in Saudi Projects
- What to expect in 2030 and beyond for a Sustainable Saudi



WHY?

MARKET NEED

More and More buildings are adopting sustainability measure in Design, Construction and O+M

CLIENTS

25% increase of buildings that are energy efficient proves that there's consumer interest for more green building design

REGULATION

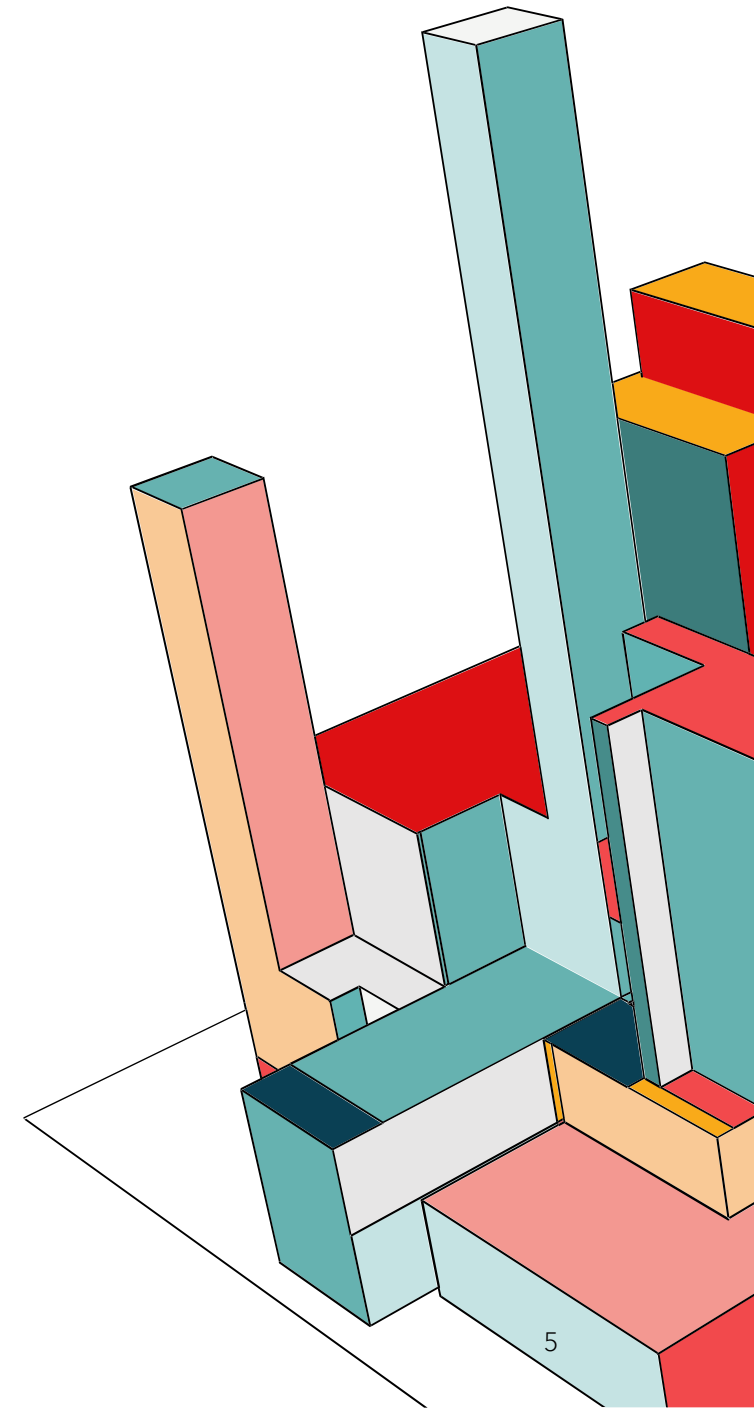
Wide use of Building Codes and 3rd party certifications such as LEED and Mostadam make the application of sustainability easier and more accessible

COSTS

Building Materials & Know-How are proving the application of sustainability in the construction market is worth the investment

USABILITY

Clients want their spaces to be stylish, but also energy efficient





HOW?

CLOSE THE GAP

Offering more access to sustainable material and expertise in the Saudi Construction market at affordable costs.

EDUCATION & AWARENESS

Increase education efforts and awareness sessions

COST SAVINGS

Reduce expenses for building through whole life cycle approach

EASY TO USE

A simple building and healthy that gives clients the space they need without the high cost of building maintenance

MARKET OVERVIEW

“Solar and wind energy are expected to be the most popular forms of renewable energy, due to their relatively low cost and high efficiency. [...] hydroelectricity and geothermal energy are also expected to play a significant role in meeting the world’s energy needs.” Adam Smith, founder and CEO of Eco Energy Geek



MARKET OVERVIEW

“Around 40% of global emissions come from buildings, and most of these result from the ways we heat our homes and businesses. Switching to cleaner, low-carbon options will play a critical role in tackling climate change.”

[Nationalgrid.com](https://www.nationalgrid.com)



MARKET OVERVIEW

- Given the choice to commit to 10-15 years of fossil fuel emissions by installing a standard [gas boiler](#), or installing a heat pump, **which instantly reduces carbon emissions by around 80%**, it's a decision which will have a significant impact on climate change around the world.
- In addition, a heat pump will operate 3 times more efficiently than a boiler, so it can also save huge amounts of money on energy bills.



GOING GREEN BENEFITS



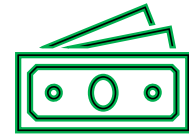
Healthy
Buildings to Live
and Work in



Creates spaces
for community
interactions



Reduces carbon
footprint



Reduces
Building
Lifecycle Cost

Global Sustainability Trends 2023

Recycling

An increase in recyclable products and packaging will lead to higher levels of recycling globally.

Renewable Energy Sources

Use of solar and wind energy is set to increase, particularly in the home.

Transport Transformed

Electric vehicles and fuelless transport, such as bikes, will become more popular.

Reuse and Repurpose

More people and businesses will upcycle, buy/sell second hand and reuse items before buying new.

Reducing Food Waste

Preventing food waste from going to landfill will become an increasing priority.

Permanent Remote Working

With a reduction in carbon emissions, and business costs, remote home working is here to stay.

Standardised Sustainable Materials

Industries will focus on replacing and standardising sustainable methods and materials.

Brand Responsibility & Transparency

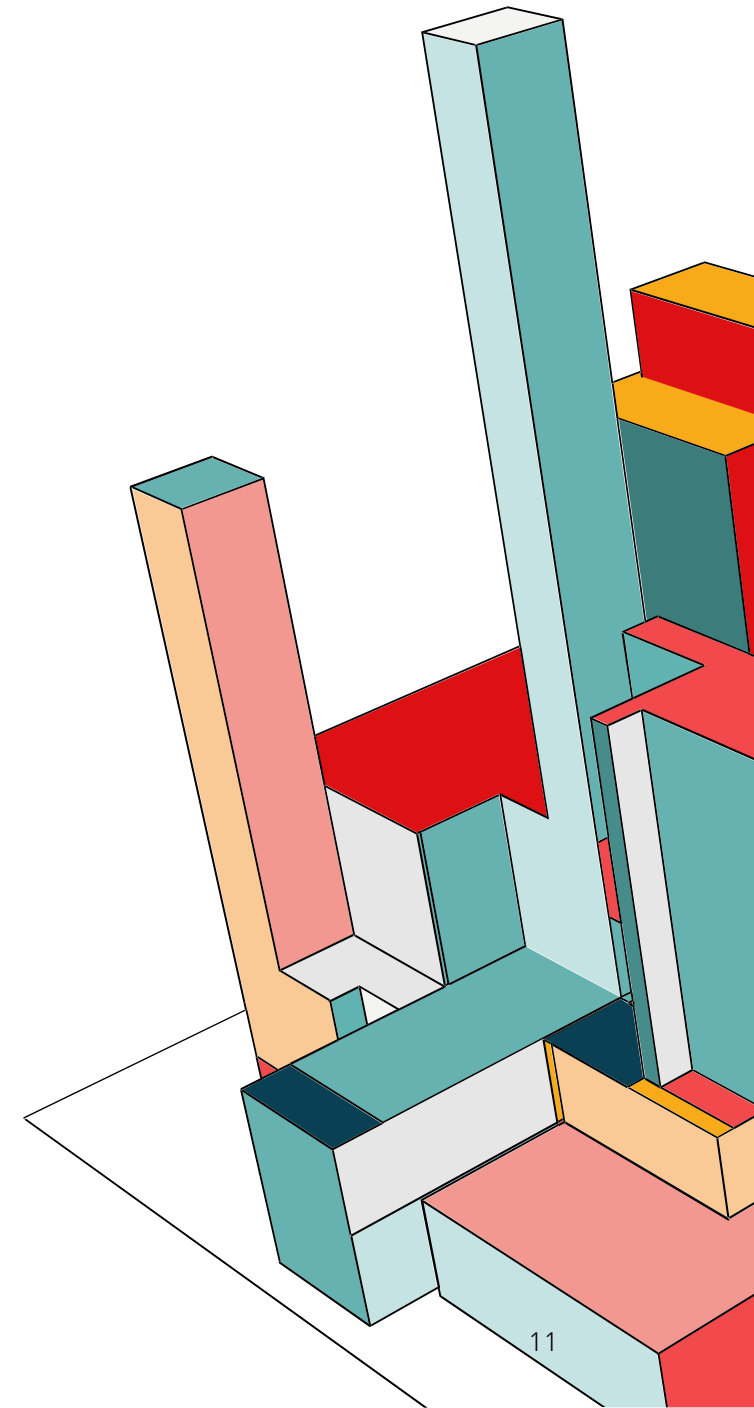
Public scrutiny on green policies will lead to a demand for transparency from brands and corporate businesses.

Plant-based Diets

Many are becoming food conscious, with plant-based and alternative foods set to become the more popular choice.

Increase in Efficiency Technology

Technological advances will further improve the efficiency and user control of many more appliances.



In 2023,
a **push-and-pull dynamic** could be
a hallmark of
sustainability
discussions and
decisions.



Source: S&P Global

THE TOP 5 SUSTAINABILITY AND CLIMATE TRENDS TO WATCH IN 2023

1



Net Zero & Energy:
The recent focus on scope 3, carbon credits and carbon removal is set to accelerate.

2



Resilience & Adaptation: There will be further progress on loss and damage and the global adaptation goal.

3



Circular Economies: There will be momentum on tackling plastic and chemical pollution

4



Ecosystems & Resources: A new global biodiversity framework will set the stage for rising global scrutiny and collaboration on nature

5



Social Sustainability:
The cost-of-living crisis intensifies, but offers opportunities for more-inclusive climate action

CHALLENGES & OPPORTUNITIES

- The challenge to reduce scope 3 emissions (ie, indirect emissions by suppliers or consumers in an organization's value chain) will accelerate in 2023 as companies focus on their supply-chain partners and on how their products and services are used by customers.
- Scope 3 typically accounts for the vast majority of emissions, so reducing those that companies have direct control over (scope 1 and 2) can only go so far in reaching net zero.

CHALLENGES & OPPORTUNITIES

- The market for carbon credits will continue to evolve in 2023.
- The We Mean Business Coalition and the Voluntary Carbon Markets Integrity Initiative have continued moving towards better regulation and standards for carbon credits.
- And the search for high-quality carbon credits, including those based on marine natural capital (so-called “blue carbon” such as seagrass, mangroves and tidal marshes), will accelerate.
- Results-based climate finance was presented by the World Bank and others as an effective method to drive financing to projects that could generate such credits.

CHALLENGES & OPPORTUNITIES

- The need to draw down greenhouse gases already in the atmosphere will continue to gain momentum in 2023, with technological carbon-removal solutions—in addition to nature-based ones—seeing unprecedented investment
- Collaboration between government, financiers and innovators will be key to scale up these solutions.

CHALLENGES & OPPORTUNITIES

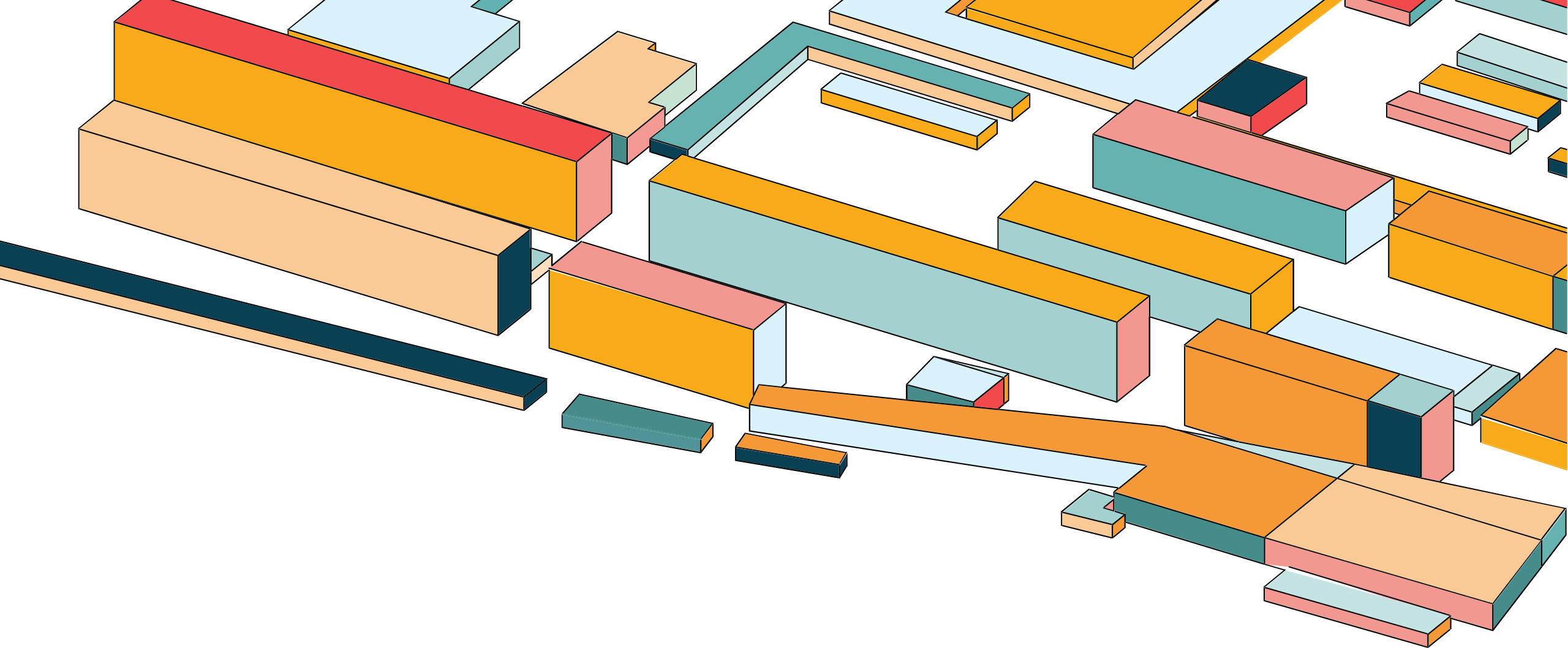
- At COP27 countries finally made progress on establishing a framework for a Global Goal on Adaptation (GGA).
- Established under the Paris agreement, the GGA aims to create an adaptation equivalent to the global mitigation goal of limiting the global temperature rise to 1.5°C.
- A series of workshops under the Glasgow Sharm El-Sheikh Work Programme (GlaSS) during 2023 aims to pave the way for adoption of the framework at COP28 in Dubai in late 2023.

CHALLENGES & OPPORTUNITIES

- Collaboration will also be needed to accelerate the building of circular economies.
- Therefore, 2023 will be crucial in building on the agreement by 175 countries in 2022 to establish a legally binding treaty to end plastic pollution.
- The Intergovernmental Negotiating Committee (INC) will hold workshops over the course of 2023, with the aim of adopting the treaty in 2024.

CHALLENGES & OPPORTUNITIES

- Water is likely to play a central role on the global agenda in 2023 following major water-related disasters such as the floods in Pakistan and the droughts in Europe.
- Building on the key insights from World Water Week 2022, the UN Water Conference in March will focus on the water-climate nexus.



CONSTRUCTION MARKET TRENDS IN KSA

SAUDI CONSTRUCTION MARKET TRENDS

- Saudi Arabia's construction industry continues to lead the MENA region despite macroeconomic conditions impacting the sector globally, according to JLL's Q4 2022 KSA Construction Market Intelligence Report.
- The Kingdom witnessed the highest value of project awards in 2022, demonstrating its commitment to driving economic diversification and transforming the country in line with its Vision 2030.

SAUDI CONSTRUCTION MARKET TRENDS

- Saudi Arabia has maintained its position as the strongest market across the MENA region with the highest total value of project awards for four consecutive years.
- As of October 2022, Saudi Arabia holds a 35 percent market share with a recorded \$31 billion worth of contract awards against an overall MENA total of \$87 billion as tracked by MEED Projects.

SAUDI CONSTRUCTION MARKET TRENDS

- Saudi Arabia's pipeline value of unawarded (pre-execution) projects is estimated at \$1.1 trillion, which includes projects from the study stage through to the main contractor bid.
- Approximately 70 percent comprise 'construction' sector projects with residential, cultural, leisure, and hospitality as sub-sector leaders, which is the driving force behind the Vision 2030 strategy.

SAUDI CONSTRUCTION MARKET TRENDS

- According to MEED Projects, the total value of projects awarded in Saudi Arabia between 2021 and 2025 will reach \$569 billion, with a total of \$85 billion (15 percent) awarded to date across 2021 and 2022 (October end).
- This highlights the need for a greater supply of skilled contractors in the local market to meet the ambitious goals of Vision 2030 and the associated Giga project program.

WHAT WE NEED TO FOCUS ON



RESEARCH

Conduct rigorous research to define gaps in the supply chain and address them immediately



DESIGN

People need healthy & energy efficient buildings, so let's provide it to them



ABSTRACT

Minimalist design and easy to build such as modular construction or pre-fabricated

SAUDI CONSTRUCTION MARKET OUTLOOK





MAJOR OBSTICLES

- 10% of all metal and plastic waste in the GCC is recycled, reused or recovered, well below the global average of 32%.
- Some 43% of respondents to a 2022 research attributed this to a lack of recycling bins or collection sites, while 35% cited a lack of recycling companies.

FACT!

Applying Green Building Strategies, It is a demanding process that requires significant investment and time, it is crucially important when setting goals and measurable key performance indicators designed to lead to tangible results. Without this, talk of sustainability falls into greenwashing.

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WHAT'S NEXT?

- In a few years, almost all companies around the world will have adopted mandatory sustainability reporting standards – either because they were obliged to by law or because they can no longer resist stakeholder pressures.
- Board members and top executives can make a choice today between just complying with the new standards and using this one-time change in mandatory reporting as an opportunity to prioritize sustainability even more as a key component of their strategies.



WHAT'S NEXT?

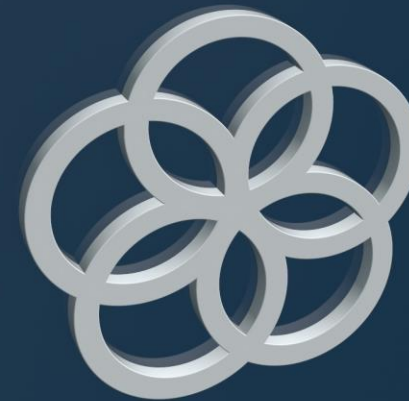
- The following issues are key in that discussion:
 - What are material sustainability issues for your company above the standard setters' guidelines?
 - What are the new sustainability KPIs that are at the heart of your strategy execution?
 - How do you incentivize the C-level and senior managers?
 - What kind of regulation forecast mechanism is needed to be prepared for changes in standard setting at different levels (ISSB, EU regulation, etc.)?
 - What is your plan to transition into the low-carbon era under different scenarios?



WHAT'S NEXT?

- The challenges of transitioning to the circular economy are such that one single actor cannot tackle them alone.
- Collaboration within and outside ecosystems in circular economy solutions is central to unlock benefits that organizations cannot achieve on their own.
- Yet collaborations are difficult to orchestrate as they demand systemic changes in clear contrast with the linear and profit-driven mindset prevailing in business.

17 PARTNERSHIPS
FOR THE GOALS



CASE STUDIES

- Successful examples include multi-stakeholder platforms like the [Global Commitment](#), led by the Ellen MacArthur Foundation and the United Nations Environment Program, through which 500 signatories such as Nestlé, PepsiCo, Coca-Cola, Unilever, Mars, and L'Oréal – which together utilize 20% of all plastic packaging produced globally – have committed to ensuring that all plastic packaging is reusable, recyclable, or compostable by 2025, among other circularity goals.



**ELLEN
MACARTHUR
FOUNDATION**

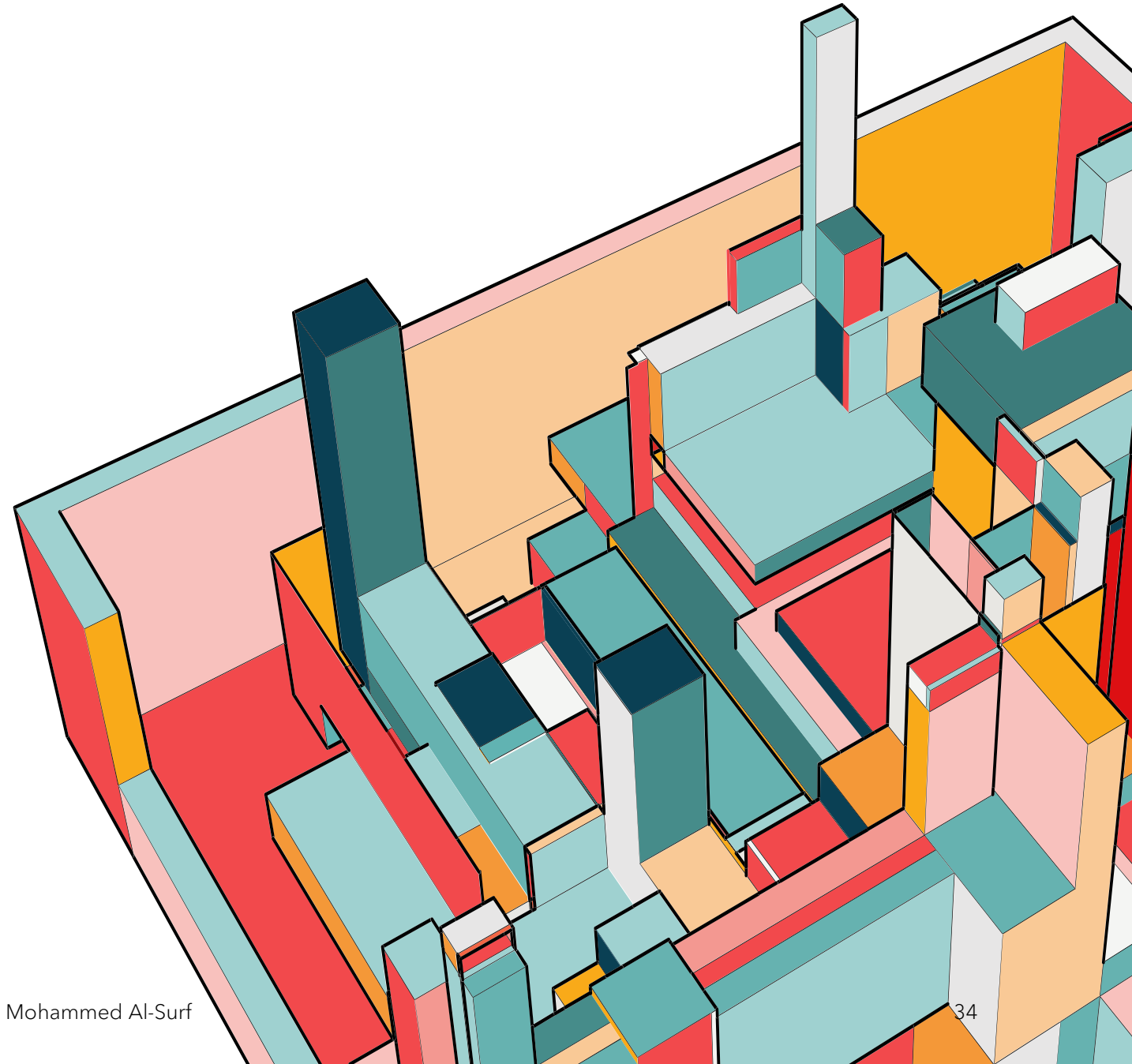
USING AI

- Artificial Intelligence, and specifically certain deep learning models such as those designed to process human language, requires huge amounts of energy.
- By their nature, they process huge amounts of data, and all those data centers carrying out storing and processing tasks require a lot of energy for cooling.
- The good news is that AI can also help with better conservation of natural resources through better prediction, managing agriculture yield or managing the demand and supply of energy in energy grids.



FINAL THOUGHTS

A recent study by [McKinsey](#) estimated that the transition to net zero alone will provide business opportunities of \$12trn per year. Beyond capturing new markets, transforming your business towards sustainability is also a way to address changing customer and investor needs, as well as to attract and retain talent.



GOING FORWARD

How to GREEN our future

Education & Awareness

- Educate yourself and others on ways to become more sustainable in all your daily life habits.
- Don't underestimate professional development skills

Invest for the Long-term

Think Circular and Eliminate the linear process we are used to starting from the 3 R's, Reduce, Reuse Recycle.

Act Now

Act Glocal from now and take tiny steps that will accumulate over time.

SUMMARY

- The benefits of sustainability are numerous and far-reaching. Perhaps most importantly, sustainable practices can help reduce our impact on the environment, preserving natural resources for future generations.
- Additionally, sustainability can help improve the efficiency of our operations, saving money and reducing greenhouse gas emissions.
- And by engaging in sustainable practices, businesses can often gain a competitive advantage, attracting eco-conscious consumers who are willing to pay more for green products and services.
- Ultimately, sustainability is about creating a better world for all of us - and that's something everyone can get behind.

THANK YOU

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