UAE CONSTRUCTION COST BENCHMARKING REPORT 2025

Stonehaven.ae

THE UNITED ARAB EMIRATES IN 2025

Pioneering Development and Sustainability

The United Arab Emirates (UAE) continues to cement its status as a global hub for innovation and growth. In 2025, the nation's real estate sector is set for substantial expansion, driven by visionary leadership and a commitment to sustainability. With over $590 billion in projects in the pipeline, the UAE construction industry is leading in efficiency, resilience, and innovation.

Preparing for a Transformative Future

In 2024, the UAE faced challenges in maintaining a steady supply of skilled labour and quality materials due to global supply chain disruptions. Rising costs have driven the need for innovative strategies to uphold project timelines and budgets. With labour costs comprising around 35% of total project expenses, effective workforce management and training remain vital for success.

Sustainability and Technology

The UAE's vision for 2025 revolves around achieving greater efficiency through advanced construction technologies and sustainable practices. Key innovations driving this transformation include:

Building Information Modelling (BIM):
Enhancing collaboration and reducing inefficiencies.

Modular Construction:
Accelerating project timelines and minimising waste.

AI-Powered Project Management Tools:
Streamlining resource allocation and mitigating risks.

Equally important is tackling labour challenges. Public and private stakeholders are prioritising upskilling initiatives to build a sustainable workforce capable of supporting the demands of large-scale developments.

Embracing Opportunities

To succeed in 2025, UAE real estate professionals must focus on comprehensive project management, thorough risk assessments, and sustainable procurement. These strategies are key to managing mega-project complexities and creating innovative, value-driven developments.

Driving Transformation Through Expertise

At Stonehaven, we bring our extensive expertise in project and cost management to support clients across the UAE's real estate and construction sectors. Together, we can build a sustainable and prosperous future.

Gordon Rodger
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UAE MARKET OVERVIEW AND TRENDS

Real Estate's Pivotal Role

The UAE's real estate sector has shown remarkable growth in recent years, highlighting its crucial role in the nation's economic diversification strategy. This growth in UAE awarded projects accelerated in 2024, where the total value of real estate transactions reached about $243 billion, encompassing over 331,300 transactions. Mortgage transactions alone surpassed $75.3 billion, demonstrating the sector's robust expansion.

This sustained growth reflects the UAE's steadfast commitment to developing resilient and future-ready infrastructure, solidifying its position as a global hub for property investments.

Key Segments Driving Growth:

Residential Developments : Constituting a significant portion of new projects, reflecting strong demand for high-quality housing.

Tourism and Leisure : Investments in world-class attractions and resorts continue to bolster the UAE's global appeal.

Regional Pipeline Highlights

The UAE's pipeline is worth $590 billion, which represents 15% of the total MENA pipeline. Key sectors include:

Breakdown of UAE's Pipeline Value

$230 BILLION
Transportation and Infrastructure

$360 BILLION
Construction (Assets)

These figures underscore the UAE's pivotal role in driving economic growth and innovation across the region.

COMMODITIES AND CONSTRUCTION COST DRIVERS

Global Commodity Price Trends

The World Bank anticipates a 5% decline in global commodity prices by 2025, while still projecting that prices will be approximately 30% higher than they were before the pandemic. This continued price shift presents both challenges and opportunities for industries like construction, where rising material costs may necessitate innovative approaches to budgeting. Even with the expected decrease, the ongoing inflationary pressures on commodity prices can inspire construction professionals to adapt their project planning and development strategies. By embracing these changes, the industry can build resilience and find ways to thrive in the evolving economic landscape.

UAE Market Dynamics:

Oil Prices: In 2024, the average price of Brent crude oil was approximately $80 per barrel. Forecasts for 2025 vary among experts in the field:

- The U.S. Energy Information Administration (EIA) projects an average price of $74 per barrel.
- J.P. Morgan anticipates an average of $73 per barrel and suggests that prices may conclude the year below $70.
- According to Reuters, analysts expect Brent crude to average approximately $74.57 per barrel in 2025.

These forecasts indicate a potential slight decline in oil prices for 2025 compared to 2024.

Base Metals: In 2024, base metal prices were expected to decline modestly by about 5%, following a nearly 10% drop in 2023. This trend is primarily due to weak demand from major economies and a gradual recovery in supply. By 2025, prices are projected to stabilise, with increases ranging from 2% for lead to 9% for aluminum.

These projections carry various risks, including geopolitical tensions, trade restrictions, and global economic fluctuations. Notably, the World Bank suggests that additional stimulus measures in China could strengthen demand for metals used in construction, such as iron ore.

Material Availability and Costs:

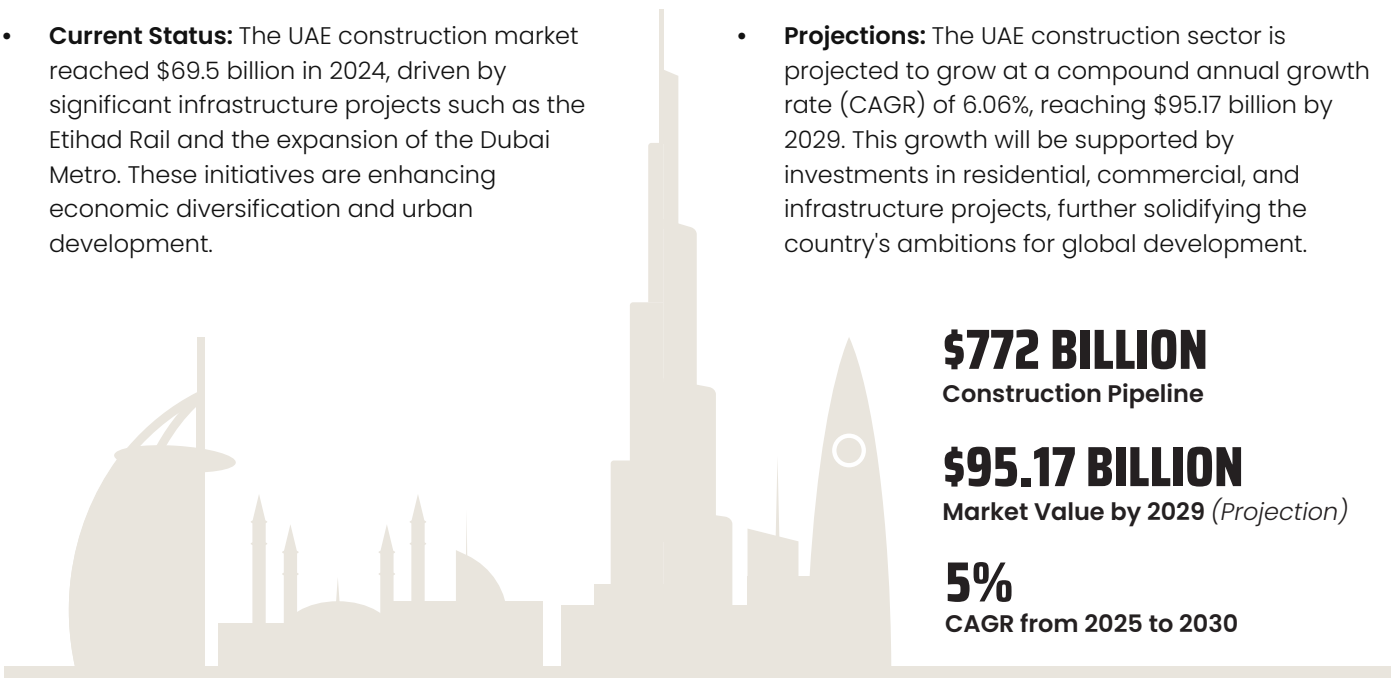
The United Arab Emirates is actively working to address the challenges posed by its reliance on imports for certain materials, despite having consistent local availability. To support the growth of large-scale projects, the country is strategically focusing on strengthening its local production capabilities. These initiatives will not only reduce dependency on external sources but also enhance supply chain resilience and foster long-term economic sustainability. This proactive approach positions the UAE to better leverage its resources and drive future development.

CONSTRUCTION MARKET DYNAMICS IN UNITED ARAB EMIRATES

The UAE construction market is experiencing significant growth, largely propelled by the strategic initiatives outlined in Vision 2021 and Vision 2040. Key elements driving this expansion include ambitious infrastructure projects, the creation of innovative smart cities, and enhancements in the tourism sector. Additionally, government investments in sustainable initiatives and the ongoing impact of Expo 2020 are contributing to a vibrant and dynamic construction landscape. As a result, the UAE is increasingly establishing itself as an influential leader in the global construction industry.

Market Growth:

- **Current Status:** The UAE construction market reached $69.5 billion in 2024, driven by significant infrastructure projects such as the Etihad Rail and the expansion of the Dubai Metro. These initiatives are enhancing economic diversification and urban development.
- **Projections:** The UAE construction sector is projected to grow at a compound annual growth rate (CAGR) of 6.06%, reaching $95.17 billion by 2029. This growth will be supported by investments in residential, commercial, and infrastructure projects, further solidifying the country's ambitions for global development.



$772 BILLION
Construction Pipeline

$95.17 BILLION
Market Value by 2029 *(Projection)*

5%
CAGR from 2025 to 2030

Material Availability and Costs:

As of February 2025, the construction industry in the United Arab Emirates is experiencing constructive trends in material availability and costs:

Material Availability

Supply Chain Stability: The UAE has effectively navigated global supply chain disruptions, ensuring a stable supply of construction materials. This stability is a result of strategic sourcing and well-developed logistics networks.

Local Manufacturing Initiatives: There is a strong emphasis on boosting local manufacturing initiatives, which is aimed at reducing dependence on imports and increasing self-sufficiency in the supply of construction materials.

Material Costs

Projected Cost Increase: Looking ahead, construction costs in the UAE are projected to increase by 2-5% in 2025. This anticipated rise is influenced by potential supply chain challenges and labor shortages, presenting an opportunity for stakeholders to adapt and innovate.

Economic and Geopolitical Factors: Factors such as growing protectionism, political fluctuations, and global conflicts may lead to unpredictability in material costs. Recognising these influences provides a chance for the industry to develop strategies that mitigate risks.

These trends emphasize the importance of proactive planning and effective risk management among stakeholders in the UAE construction sector. By embracing these challenges, they can seize opportunities for growth and resilience in the face of potential material supply and cost fluctuations.

Steel & Construction Global Production and Demand:

As of February 2025, the United Arab Emirates (UAE) is making impressive strides in its steel and construction sectors, fueled by strong demand and strategic investments that are paving the way for a prosperous future.

Steel Production and Demand

Market Growth: The structural steel fabrication market in the UAE is on a promising trajectory, expected to grow from USD 1.94 billion in 2025 to USD 2.87 billion by 2030, with a robust Compound Annual Growth Rate (CAGR) of 8.19%. This growth presents opportunities for enhanced manufacturing and innovation in the sector.

Capacity Expansion: Arabian Gulf Steel Industries (AGSI) is taking bold steps to double its monthly steel scrap consumption to approximately 100,000 tonnes by early 2025. This initiative reflects a strong commitment to boost domestic steel production and meet increasing market demands.

Construction Industry Trends

Market Expansion: The construction market in the UAE is poised for significant growth, projected to reach USD 108.7 billion by 2033, with a solid CAGR of 5.10% from 2025 to 2033. This promising outlook is bolstered by strategic investments in transportation, housing, and renewable energy projects that will strengthen the nation's infrastructure.

Sustainability and Innovation: A dedicated focus on sustainability and digital transformation is driving positive change in the construction sector. Innovative initiatives, including the integration of artificial intelligence (AI), modular construction techniques, and smart infrastructure development, are leading the way in creating a more efficient and sustainable industry.

Luxury Real Estate Development: In response to the growing demand for upscale properties, Dubai advanced plans to complete nearly 9,000 villas by the end of 2024, with an additional 19,700 slated for 2025. This expansion is fueled by an influx of ultra-high-net-worth individuals seeking luxurious residences, which in turn stimulates economic growth.

These developments underscore the UAE's dedication to enhancing its infrastructure and construction capabilities, establishing itself as a dynamic hub for innovation and sustainable development in the region. The future looks bright as these sectors evolve to meet the challenges and opportunities ahead.

UAE BUILDING ASSET COSTS & BENCHMARKING

Since the onset of the COVID-19 pandemic, the construction industry across the Middle East and Asia has faced significant cost increases. In 2025, construction costs in the Middle East are expected to remain elevated following a 4.0% increase in 2024. The UAE recorded cost increases of 2–3% last year, while Saudi Arabia experienced a rise of 5–7%. Similarly, in Asia, construction cost inflation averaged 3.9% in 2024 and is projected to continue at comparable levels in 2025.

Construction Cost Trends:

Construction costs in the UAE are projected to rise by 2-5% in 2025, driven by:

Supply Chain Disruptions : Affecting material availability and lead times.

Labour Shortages : Increasing competition and wages.

Inflation : Straining project budgets.

Despite these challenges, the Middle East and Asia continue to see a robust pipeline of projects in key sectors such as infrastructure, renewable energy, and high-tech manufacturing. This rapid development is adding pressure to existing supply chains, which may lead to further cost escalations and resource constraints in 2025.

Our Approach to Mitigating Risks

As RICS Chartered Quantity Surveyors, we work closely with our clients to establish clear design and budget objectives right from the start. Early planning is key to minimising the impacts of market volatility and ensuring project success.

Our strategies include:

- **Leveraging Project and Cost Management Expertise:** We guide clients in maintaining strict adherence to budgets and timelines, ensuring financial stability and project viability at every stage.
- **Maximising Value During the Design Phase:** By focusing on value engineering, we help optimise costs while preserving the quality and integrity of the project.
- **Customising Procurement and Contractual Strategies:** We tailor procurement methods to the specific needs of each project, enhancing efficiency, reducing risk, and achieving cost-effectiveness.

By aligning our expertise with your goals, we ensure that your projects remain resilient, value-driven, and built for long-term success.

UAE Construction Costs Benchmarking

Category	Low (AED / m²)	High (AED / m²)
Hospitality		
3-Star Hotel	7,000	9,450
4-Star Hotel	8,850	12,180
5-Star Hotel	12,000	17,500
Commercial		
Low-rise Office (Shell & Core)	4,900	6,000
Mid-rise Office (Shell & Core)	5,900	7,300
High-rise Office (Shell & Core)	7,100	9,500
Office Fit-out - Basic	3,050	5,900
Office Fit-out - Medium	5,900	7,200
Office Fit-out - High	7,100	10,000
Office Fit-out - Premium	10,000	13,000
Residential		
Low-rise Apartments (G+4)	4,200	6,000
Medium-rise Apartments (G+12)	5,500	7,200
High-rise Apartments (G+40)	7,100	9,700
Villas Standard	4,000	5,000
Villas Mid-Market	4,900	8,500
Villas Luxury	8,400	18,200
Villas Super Luxury	18,000	31,000
Retail		
Community Malls (Shell & Core)	4,800	6,600
Regional Mall (Shell & Core)	5,300	7,100
Large Regional Mall (Shell & Core)	6,000	8,650
Shop Fit-out - Basic	3,750	5,950
Shop Fit-out - Medium	5,800	7,450
Shop Fit-out - High	7,300	10,050
Shop Fit-out - Premium	8,100	11,250
Schools		
Traditional Design	6,000	7,900
Moderate Design	7,800	9,600
Progressive Design	9,250	12,500
Car Parking		
Multi Storey (BUA m²)	2,500	3,600
Basement (BUA m²)	3,600	4,500
Food & Beverage		
Restaurant Fit-out Standard	6,100	7,600
Restaurant Fit-out Mid-Market	7,500	10,650
Restaurant Fit-out High-End	10,550	12,300
Restaurant Fit-out Premium	12,200	18,500
Airport Lounges		
Lounge Fit-out Mid-Market	5,000	7,400
Lounge Fit-out High-End	6,700	8,300
Lounge Fit-out Premium	8,200	12,700
Landscape		
Public Parks Standard (based on total site area)	250	450
Public Parks Medium (based on total site area)	420	650
Public Parks High-End (based on total site area)	620	1,300
Industrial & logisitcs		
Light Industrial Unit	3,000	4,000
Logistics Warehouses Facility	5,500	8,600
Infrastructure		
Road Networks (Highways) AED/m	1,250	5,000
Bridges	8,028	15,645
Infrastructure / Utilities (based on total site area)	160	450
Data Centers		
Small (up to 500 m²)	16,737	28,191
Medium (up to 2,500 m²)	27,950	42,850
Large (up to 10,000 m²)	37,250	52,150

Definitions: Basis and Assumptions

- **Measurement Standards:** All square metre (m²) calculations are based on Gross Floor Area (GFA), unless otherwise specified.
- **Cost Ranges:**
    - Low Range: Reflects a low-to-medium specification standard, benchmarked against verified projects. Actual costs may vary.
    - High Range: Reflects a medium-to-high specification standard, similarly benchmarked.
- **Cost Influencers:** Factors such as project location, contract type, building design, economies of scale, and structural solutions significantly impact project costs.

Indicative Rates Disclaimer: The rates provided in this document are indicative only and should not be considered a substitute for a detailed, project-specific cost estimate.

General Exclusions

The following costs are typically excluded from baseline estimates:

Contributions to third parties, tenants, or authorities.

Client finance costs, insurance, VAT, and other taxes.

Land acquisition costs, municipality connection charges, and master infrastructure fees.

Developer legal fees, inflation costs, professional fees, and specific systems or finishes, such as TV/AV systems or loose furnishings.

General Inclusions

Specific notes for project cost inclusions are as follows:

Hospitality Projects: Excludes loose furniture, white goods, operating supplies and equipment (OS&E), artwork, and internal planting.

Landscaping Projects: Rates reflect a blended approach, encompassing hardscape, softscape, furniture, lighting, and associated mechanical, electrical, and plumbing (MEP) services.

Retail Projects: Tenant fit-out costs are excluded.

Industrial and Logistics Facilities: Assumes multi-purpose facilities, excluding racking systems and production equipment.

Conclusion

Overcoming the evolving challenges in the construction market demands foresight, expertise, and strong collaboration. By focusing on design clarity, strategic cost management, and tailored procurement strategies, we empower our clients to navigate complexities and achieve successful outcomes. As RICS Chartered Quantity Surveyors, we are committed to delivering value-driven solutions that meet the demands of an ever-changing industry, ensuring resilience, efficiency, and long-term success for every project.

Explore key construction statistics for the United Arab Emirates, highlighting growth in infrastructure, real estate, and major projects driving economic development, innovation, and sustainability in this dynamic market.

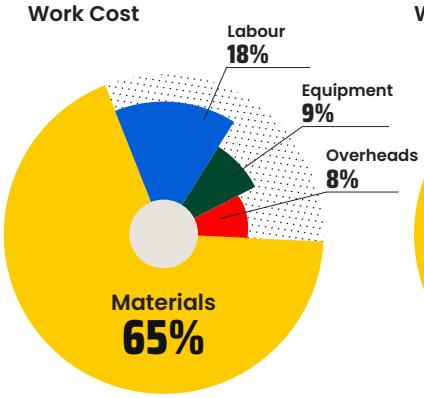
ELEMENTAL COST SPLIT FOR VARIOUS CONSTRUCTION DISCIPLINES

4-STAR HOTELS | LUXURY RESIDENTIALS | REGIONAL MALLS | LUXURY VILLAS

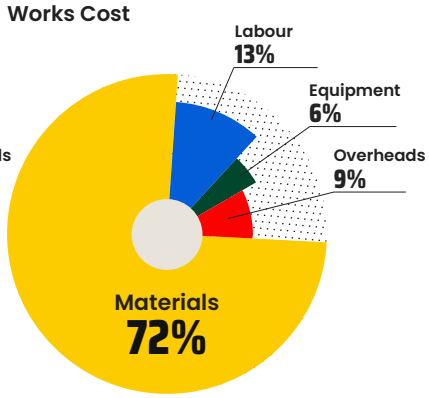
	4-STAR HOTELS	LUXURY RESIDENTIALS	REGIONAL MALLS	LUXURY VILLAS
Substructure	17%	5%	11%	8%
Superstructure	5%	12%	10%	13%
Building External Envelope	14%	16%	21%	23%
Internal Walls and Doors	4%	7%	4%	4%
Internal Finishes	12%	20%	11%	13%
Fittings, Furnishing & Equipments	11%	7%	2%	3%
Sanitaryware	2%	2%	1%	2%
Mechanical Services	8%	8%	14%	6%
Electrical Services	13%	11%	10%	7%
Conveying Systems	1%	2.5%	4%	1%
Landscaping & External Walls	5%	3%	9%	
General Requirements	9%	9%	9%	11%

COST DISTRIBUTION BY RESOURCE TYPE

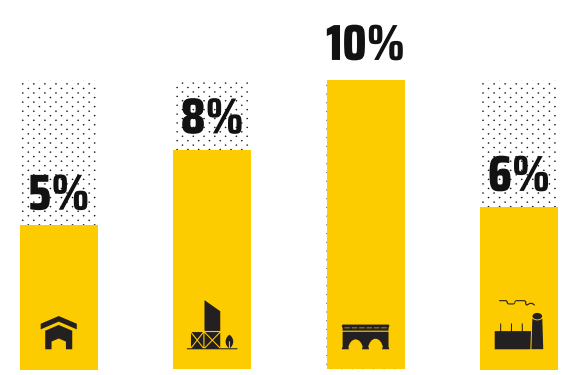
Concrete Work Cost

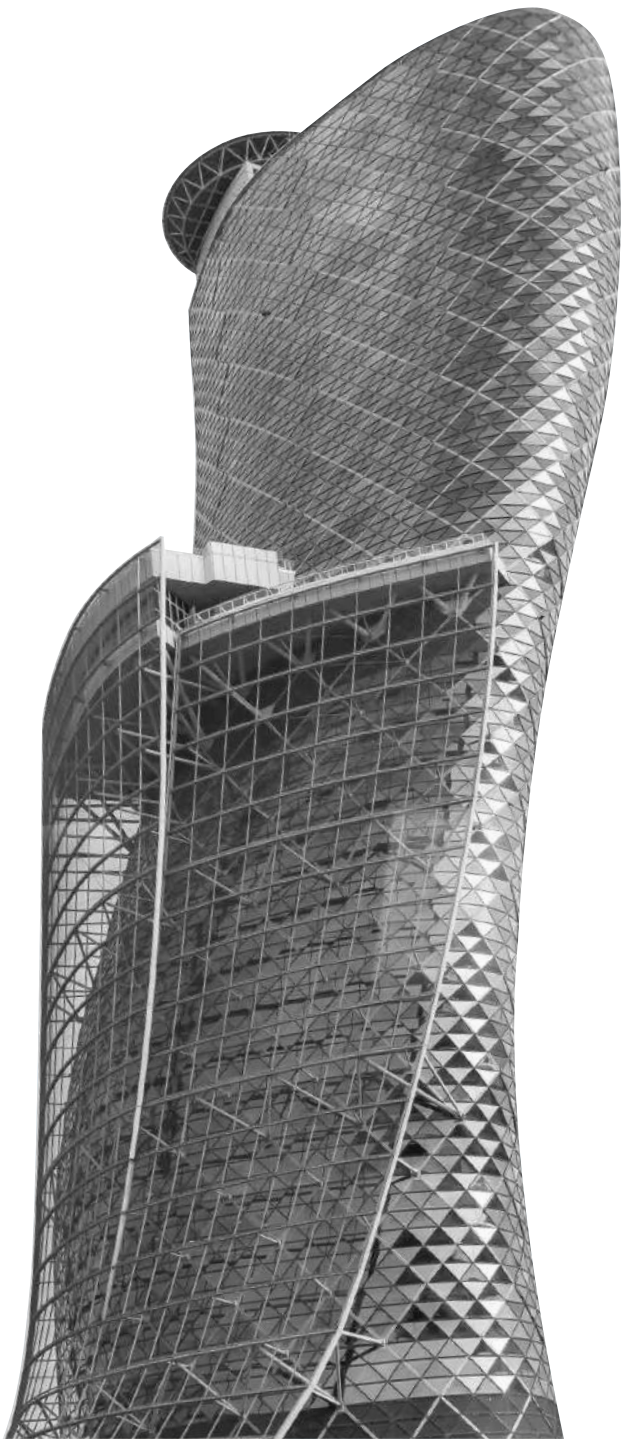


Steel Reinforcement Works Cost



MATERIAL WASTAGE PERCENTAGE BASED ON COST OF MATERIAL

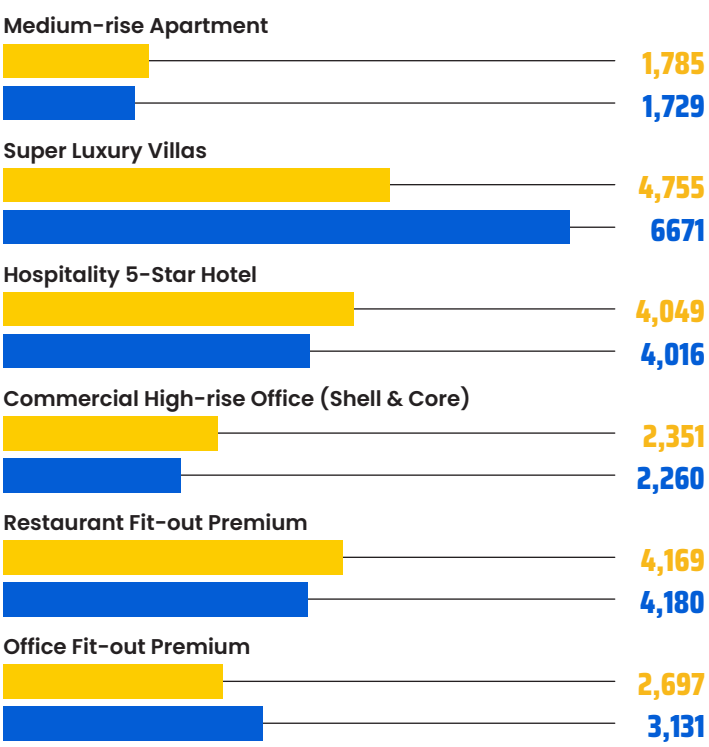




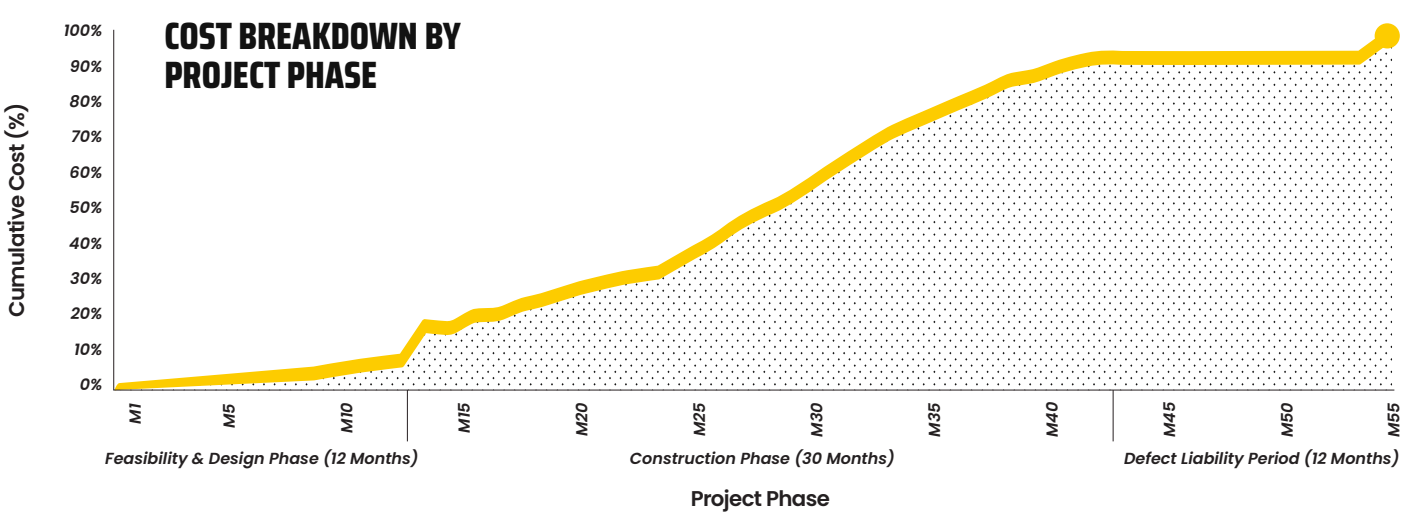
COMPARATIVE COST ANALYSIS BASED ON AED / M²

6,350	24,500	14,750
Medium-rise Apartment	Super Luxury Villas	Hospitality 5-Star Hotel
8,300	15,350	11,500
Commercial High-rise Office (Shell&Core)	Restaurant Fit-out Premium	Office Fit-out Premium

REGIONAL COST VARIATIONS BETWEEN KSA & UAE BASED ON USD / M²



COST BREAKDOWN BY PROJECT PHASE



World Bank Commodities Price Data 2024

Commodity	Unit	Jan-Mar 2024	Apr-Jun 2024	Jul-Sep 2024	Oct-Dec 2024
Timber					
Logs, Africa	$/cum	380	377	385	377
Logs, S.E. Asia	$/cum	201	191	200	196
Plywood	¢/sheets	368	351	367	360
Sawnwood, Africa	$/cum	608	605	623	618
Sawnwood, S.E. Asia	$/cum	691	688	709	703
Other Raw Materials					
Cotton	$/kg	2	2	2	2
Rubber, RSS3	$/kg	2	2	2	2
Rubber, TSR20	$/kg	2	2	2	2
Metals and Minerals					
Aluminum	$/mt	2,199	2,523	2,381	2,589
Copper	$/mt	8,444	9,751	9,198	9,305
Iron Ore	$/dmt	123	113	100	101
Lead	$/mt	2,074	2,166	2,034	2,011
Nickel	$/mt	16,627	18,416	16,235	16,245
Tin	$/mt	26,218	32,262	31,608	30,834
Zinc	$/mt	2,446	2,834	2,776	3,055
Energy					
Coal, Australia	$/mt	127	137	141	144
Coal, South Africa	$/mt	106	105	106	107
Crude Oil, Average	$/bbl	81	84	78	73
Crude Oil, Brent	$/bbl	83	85	80	75
Crude Oil, Dubai	$/bbl	82	85	78	74
Crude Oil, WTI	$/bbl	77	81	75	71
Natural Gas, Index (100=2010)	Index	77	81	89	98
Natural Gas, Europe	$/mmbtu	9	10	12	13
Natural Gas, U.S.	$/mmbtu	2	2	2	2
Liquefied Natural Gas, Japan	$/mmbtu	14	12	13	13

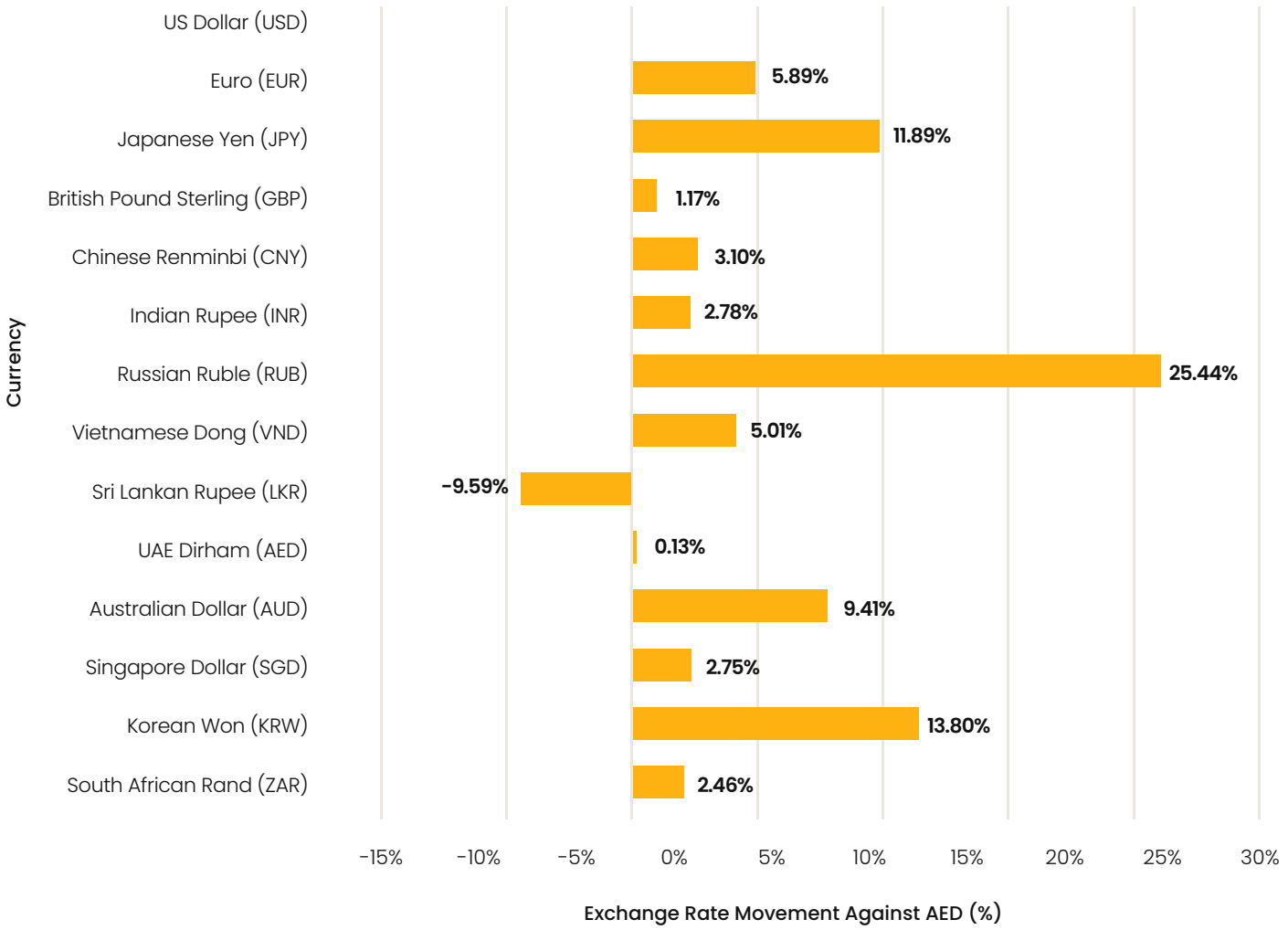
UAE Commodity Prices 2024

Commodity	Quarterly Averages							
	Jan-Mar 24 (AED)	Jan-Mar 24 % Diff.	Apr-Jun 24 (AED)	Apr-Jun 24 % Diff.	Jul-Sep 24 (AED)	Jul-Sep 24 % Diff.	Oct - Dec 24 % Diff.	Oct - Dec 24 % Diff.
Concrete (C40)								
Supplier A Supply rate per m³	235.00	2.17%	247.60	5.36%	253.00	2.18%	260.00	2.77%
Supplier B Supply rate per m³	238.00	3.48%	249.00	4.62%	256.00	2.81%	265.00	3.52%
Supplier C Supply rate per m³	240.00	4.35%	250.00	4.17%	254.00	1.60%	268.00	5.51%
Average	237.67	3.3%	248.87	4.7%	254.33	2.2%	2 64.33	3.9%
Steel Reinforcement (6-8) mm								
Supplier A Supply rate per ton	2,775.00	9.0%	2,644.00	-4.72%	2,532.50	-4.22%	2,610.00	3.06%
Supplier B Supply rate per ton	2,772.00	8.9%	2,646.00	-4.55%	2,538.00	-4.08%	2 ,612.00	2.92%
Supplier C Supply rate per ton	2,778.00	9.1%	2,650.00	-4.61%	2,540.00	-4.15%	2,615.00	2.95%
Average	2,775.00	9.0%	2,646.67	-4.6%	2,536.83	-4.1%	2,612.33	3.0%
Cement (OPC)								
Supplier A Supply rate per bag	11.75	11.90%	13.13	11.74%	13.18	0.38%	13.18	0.00%
Supplier B Supply rate per bag	12.20	10.91%	13.10	7.38%	13.25	1.16%	13.25	0.00%
Supplier C Supply rate per bag	12.40	11.71%	13.16	6.13%	13.30	1.06%	13.30	0.00%
Average	12.12	11.5%	13.13	8.4%	13.24	0.9%	13.24	0.00%
Diesel Fuel								
Online	3.13	-1.88%	3.24	3.51%	2.87	-11.42%	2.65	-7.67%

UAE Unit Rates 2025

Item	Unit	AED
Concrete Blinding	m3	430.00
Concrete, C40	m3	470.00
Concrete, C60	m3	490.00
Shuttering	m2	140.00
Reinforcing Bars	kg	4.70
Reinforcing Mesh	m2	35.00
Structural Steel	kg	22.00
Metal Deck	m2	200.00
Waterproofing	m2	60.00
Roof Insulation	m2	62.00
Blockwork, Solid, 100 mm Thick	m2	160.00
Blockwork, Solid, 200 mm Thick	m2	200.00
Blockwork, Hollow, 100 mm Thick	m2	100.00
Blockwork, Hollow, 200 mm Thick	m2	120.00
Lightweight Partitions, Gypsum Board / Timber Studs, 100 mm Thick	m2	200.00
Lightweight Partitions, Gypsum Board / Timber Studs, 150 mm Thick	m2	240.00
Lightweight Partitions, Gypsum Board / Timber Studs, 200 mm Thick	m2	280.00
Glazed Partitions	m2	1,400.00
Aluminium / Glazing, Stick System	m2	2,300.00
Aluminium / Glazing, Unitised	m2	2,400.00
Aluminium Louvers	m2	1,550.00
Aluminium Mashrabiya	m2	1,550.00
Plaster Finish	m2	52.00
Paint Finish	m2	30.00
Sand / Cement Screeds	m2	90.00
Gypsum Board Ceilings	m2	130.00
Suspended Ceiling System	m2	180.00
UPVC Drainage Pipe, 110 mm dia	Lm	110.00
UPVC Drainage Pipe, 160 mm dia	Lm	170.00
HDPE Rainwater / Waste Pipe, 80 mm	Lm	90.00
HDPE Rainwater / Waste Pipe, 110 mm	Lm	110.00
PPR Water Pipe, 15 mm dia	Lm	80.00
PPR Water Pipe, 25 mm dia	Lm	90.00
PPR Water Pipe, 75 mm dia	Lm	95.00
Copper Pipe, 54 mm dia	Lm	210.00
Copper Pipe, 67 mm dia	Lm	270.00
Copper Pipe, 108 mm dia	Lm	380.00
Black Steel, Chilled Water Pipe, 20 mm dia	Lm	95.00
Black Steel, Chilled Water Pipe, 50 mm dia	Lm	185.00
Black Steel, Chilled Water Pipe, 65 mm dia	Lm	205.00
Carbon Steel Chilled Water Pipe, 40 mm dia	Lm	170.00
Carbon Steel Chilled Water Pipe, 65 mm dia	Lm	210.00
Carbon Steel Chilled Water Pipe, 80 mm dia	Lm	270.00
Ductwork, Gauge 22	kg	33.00
Ductwork, Gauge 26	kg	38.00

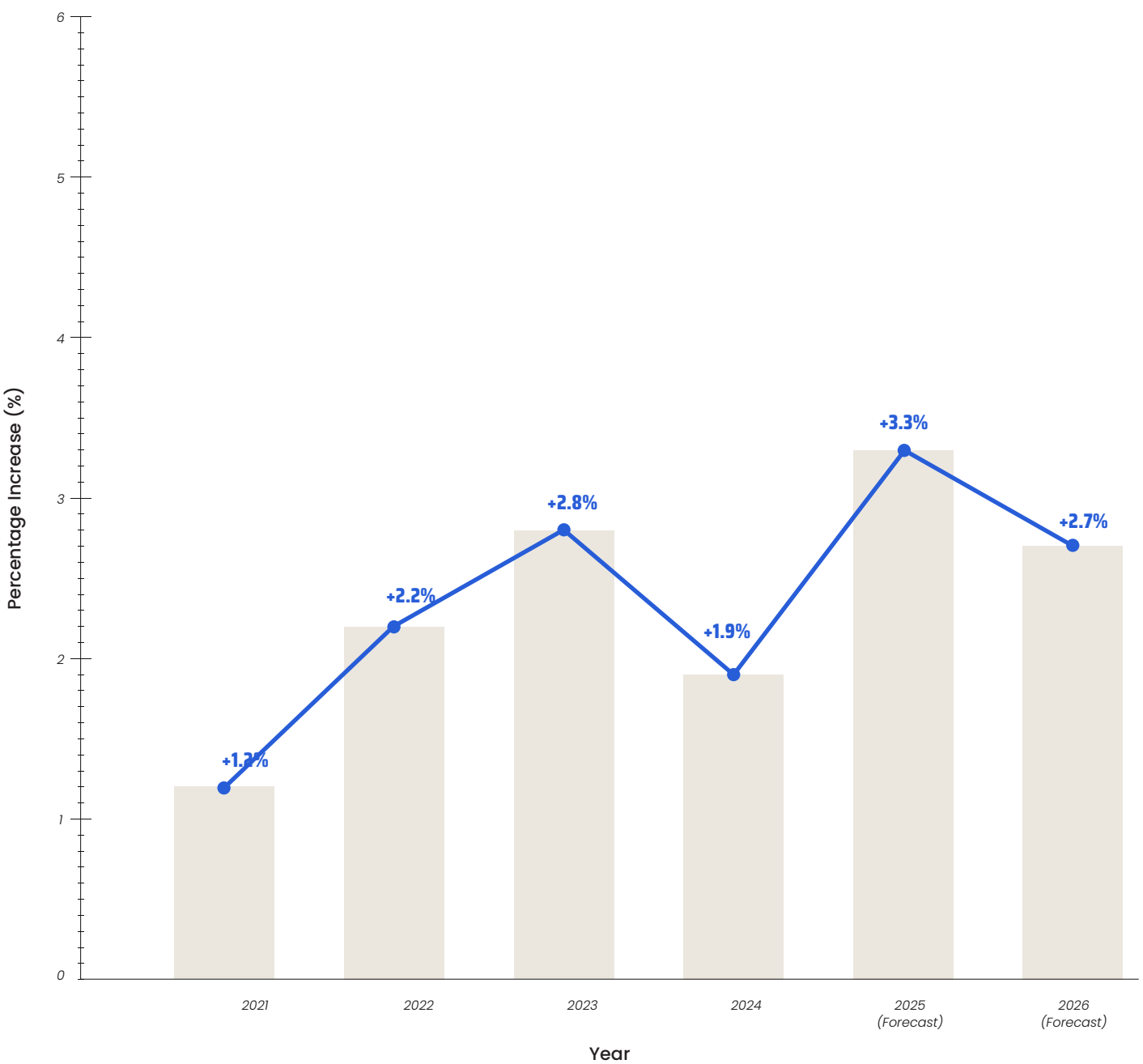
Currency Movements 2024



Tender Price Inflation Analysis for United Arab Emirates (2021-2026)

2018	2021	2022	2023	2024	2025 (Forecast)	2026 (Forecast)
Baseline	+1.2%	+2.2%	+2.8%	+1.9%	+3.3%	+2.7%

Annual Percentage Increase in Tender Price Inflation (2021-2026)



The outlook for Tender Price Inflation (TPI) in 2024 indicates an average of 1.9%, reflecting a moderation compared to the 2.8% recorded in 2023. Looking ahead, TPI is forecasted to rise by 3.3% in 2025, noting a moderate but steady escalation in construction costs.

Key Observations:

- **Vision 2030 as a Growth Driver:** Dubai 2040 Urban Master Plan and Abu Dhabi Economic Vision 2030 are accelerating construction activity across the Emirates. These projects drive demand for skilled labour, materials, and specialist services, directly impacting TPI growth.
- **Material Costs and Supply Chain Challenges:** Imported materials such as steel, concrete, and specialist equipment are seeing price volatility. This is compounded by supply chain disruptions and increased global demand.
- **Labor Market Dynamics:** Skilled labour shortages and wage inflation remain persistent challenges. The UAE's reliance on expatriate workers adds further complexity to labour cost management.
- **Observations:** While TPI has seen the pace of growth softened to 1.9% in 2024, forecasts indicate a slight rebound to 3.3% in 2025, suggesting a stabilising market environment supported by improved procurement strategies, local supply chain resilience, and better cost planning.

Recommendations for Stakeholders:

- **Vision 2030 as a Growth Driver:** As the UAE's construction sector evolves under Vision 2030, stakeholders must adopt strategic approaches to manage rising costs, regional inflation risks, and supply chain complexities effectively.
- **Regional Focus:** Cost escalation risks in high-activity zones such as Dubai South, Expo City, and the Etihad Rail corridor require close monitoring. Regional construction indices should guide procurement strategies.
- **Optimising Contracts:** Fixed-price contracts or escalation clauses can mitigate the impact of cost volatility. Collaboration with experienced Quantity Surveyors is critical for contract structuring.
- **Supply Chain Efficiency:** Early engagement with suppliers and contractors will help secure materials at competitive rates and reduce delays, particularly for critical components.

TECHNOLOGY INSIGHTS

Digital Transformation	• **Building Information Modelling (BIM):** BIM has become vital for enhancing collaboration, reducing rework, and improving overall project management. By offering a shared digital environment, BIM allows project stakeholders to visualise, plan, and execute more efficiently. • **AI-Powered Tools:** Artificial intelligence is revolutionising the construction sector with tools that optimise risk management, streamline cost planning, and allocate resources effectively, ensuring projects stay on time and within budget.
Modular Construction	• The rise of modular construction is reshaping how projects are delivered. By enabling faster timelines and minimising material wastage, this method is gaining traction, especially in giga-projects where efficiency and sustainability are paramount.
Data-Driven Decision-Making	• With the integration of advanced analytics and IoT, real-time data is becoming a game-changer in construction. From tracking material usage to monitoring project milestones, data-driven insights are empowering stakeholders to make informed decisions that enhance productivity and reduce risks.
Robotics and Automation	• Robotics and automation are addressing labour shortages while significantly boosting productivity. From autonomous machinery to robotic bricklayers, these technologies are improving precision and accelerating project delivery.
Technology Adoption Challenges	• While the benefits are clear, challenges remain. High upfront costs, the need for workforce training, and integration complexities can slow adoption. Overcoming these barriers requires a strategic focus on long-term value and industry-wide collaboration.

Conclusion

Technological advancements are no longer optional—they are essential for achieving Vision 2030 goals. By embracing innovation, the construction industry in the Middle East is poised to deliver sustainable, efficient, and value-driven practices that will define the future of construction.

SUSTAINABILITY INSIGHTS

Sustainable Construction	• Abu Dhabi's Estidama Pearl Rating System and Dubai's Green Building Regulations are embedded into planning and building codes, encouraging developers to lead the way in sustainability.
Carbon Footprint Tracking	• In line with the UAE Net Zero 2050 Strategy, developers and contractors can track and report embodied and operational carbon across the project life cycle, to align with ESG and international reporting standards.
Circular Economy Initiatives	• Lifecycle assessments (LCAs) are becoming more common during design stages, helping to reduce landfill usage in the UAE through recycling and reprocessing of demolition materials.
Green Certifications	• Certifications like LEED and Estidama certifications are viewed as competitive differentiators in both public and private sector developments, contributing to higher asset valuation and investor confidence.
Water and Energy Efficiency	• Initiatives such as greywater recycling, district cooling systems, and solar-integrated façades align with the UAE Energy Strategy 2050 and these initiatives reinforce the UAE's position as a regional sustainability leader.

Conclusion

Sustainability lies at the heart of the UAE's construction transformation. By prioritising innovative practices, the industry is building a greener, more resilient future.

YOUR 3-STEP GUIDE TO PROJECT SUCCESS

Step 1

COMPREHENSIVE PLANNING AND DESIGN

- Early-stage cost planning is critical for project success. Feasibility studies, value engineering, and robust risk assessments help establish a solid foundation. Integrating BIM during the design phase enhances clarity and reduces costly revisions, ensuring smoother execution.

Step 2

EFFECTIVE COST AND RESOURCE MANAGEMENT

- Implementing robust cost controls and efficient procurement strategies is essential to manage budgets effectively. Leveraging technology to optimise workforce allocation and addressing material availability and labour shortages proactively ensures smooth operations.

Step 3

COLLABORATIVE EXECUTION AND MONITORING

- AI-driven tools provide real-time monitoring and enable proactive resolution of potential issues. Collaboration between stakeholders is vital to maintain timelines and budgets, ensuring successful project delivery.

Conclusion

By following these three steps, strategic planning, efficient resource management, and collaborative execution, real estate professionals can confidently navigate the complexities of the UAE's mega-projects and deliver lasting success.

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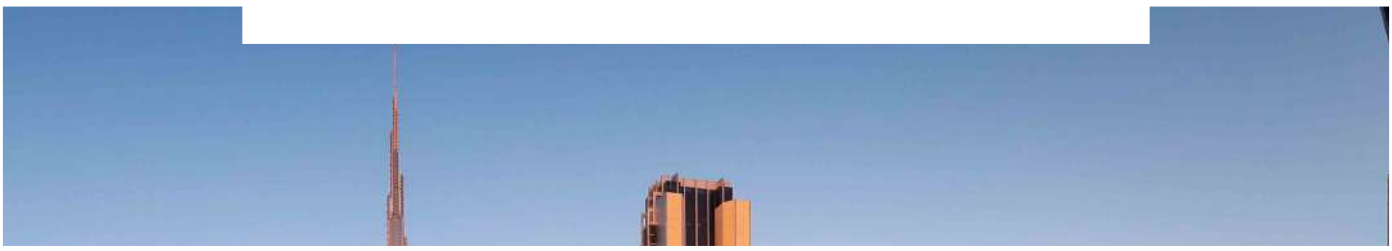

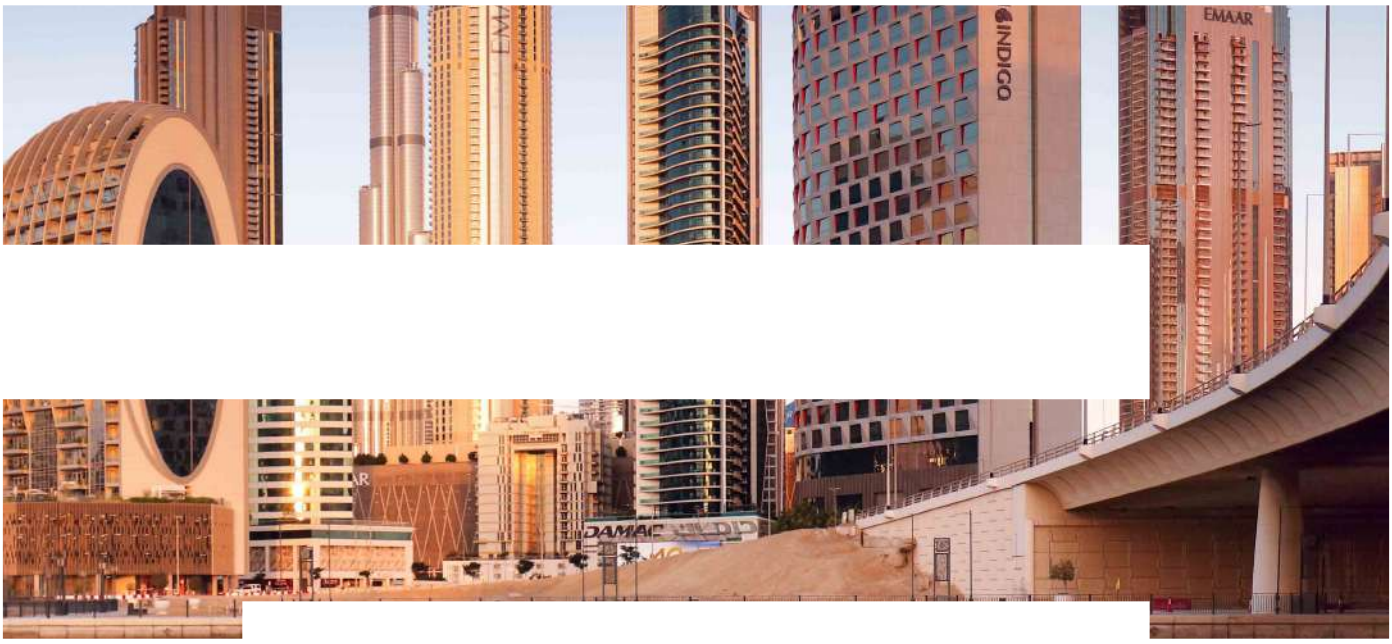

Stonehaven provides world-class cost management, project management, and advisory services across public and private sectors. We deliver value and certainty, helping clients create sustainable built environments. Our expertise spans the entire lifecycle of physical assets, from concept and construction to operation and deconstruction.

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