Construction in Iraq - Key Trends and Opportunities to 2023

Summary
Following three years of contraction, Iraq’s construction industry is expected to recover in 2019, with the industry’s output expected to register a growth of 25% in real terms that year. The growth momentum is expected to continue throughout the forecast period (2019-2023), driven by a recovery in crude oil prices, coupled with government’s investment towards new oil and gas projects, as well as water and sewage infrastructure. Furthermore, the government’s plan to redevelop war-affected transport infrastructure and houses in the country is expected to support the industry’s output over the forecast period.

In July 2019, the government allocated IQD2.6 trillion (US$2.2 billion) to redevelop the country’s damaged infrastructure. Previously in 2018, the government announced plans to attract over IQD118.4 trillion (US$100 billion) by 2027 through foreign investment to redevelop the damaged energy and transport infrastructure across the country. According to the World Bank’s Iraq Reconstruction and Investment Report in 2018, due to the war with ISIS, a total IQD75.3 billion (US$45.7 billion) of houses, power plants, roads and other infrastructure in the country was damaged. Of the total, IQD19 trillion (US$16 billion)-worth of houses and IQD8.3 trillion (US$7 billion) of power plants were damaged during the war with ISIS until 2018. In order to reconstruct the overall infrastructure in war-affected areas, the United Nations launched the Iraq Recovery and Resilience Program, under which it announced plans to invest IQD1.3 trillion (US$1.1 billion) until 2020 to implement various reconstruction projects in the country.

In real terms, the industry’s output value is expected to post a forecast-period compound annual growth rate (CAGR) of 15.75%, compared to -25.89% during the review period (2014-2018).

Key Highlights
- GlobalData expects the residential construction market to record a forecast-period CAGR of 18.77% in nominal terms in 2023, driven by government’s plan to rebuild destroyed houses across the country. In March 2018, the government announced its plan to spend IQD11.9 billion (US$10 billion) to rebuild damaged houses under the Al-Rashid City scheme. The government also allocated IQD7.1 trillion (US$6 billion) for the development of 85,000 residential units in the country.
- Infrastructure construction market’s growth over the forecast-period will be driven by the government’s focus on the development of rail projects in the country. In July 2019, the government announced its plan to start the construction of Iran-Iraq railway project in next few months with a total investment of IQD178.2 billion (US$150 million). Moreover, in 2018, the government announced plans to build Musaab-Karbala-Najaf-Semawa rail line, Baghdad-Baquba-Kirkuk-Erbil-Mosul rail line, Mosul-Duhuk-Zalho-Turkey rail line and the Baghdad-Kut-Umara-Basra rail line.
- GlobalData expects the energy and utilities construction market to record a forecast-period CAGR of 27.48% in nominal terms in 2023, driven by the government plans to increase the energy production. In December 2018, the government signed contract with Schlumberger to drill 40 wells in Majnoon. In January 2019, the government signed contract with state owned Iraq Drilling Company to drill wells to extract crude oil. The government plans to spend IQD9.9 billion (US$5 billion) in the Basra region by 2021.
- The industrial construction market is expected to grow at a compound annual growth rate (CAGR) of 25% in real terms that year. The growth momentum is expected to continue throughout the forecast period (2019-2023), driven by a recovery in crude oil prices, coupled with government’s investment towards new oil and gas projects, as well as water and sewage infrastructure. Furthermore, the government’s plan to redevelop war-affected transport infrastructure and houses in the country is expected to support the industry’s output over the forecast period.
- Industrial construction market’s growth over the forecast-period will be driven by the government’s focus on manufacturing activity to diversify the country’s economy. The government aims to generate IQD3.1 trillion (US$2.6 billion) from manufacturing sector by 2022, compared to IQD1.5 trillion (US$1.3 billion) in 2015, by focusing on the development of chemicals, textiles, leather, construction materials, fertilizer and food processing production plants. Under the National Development Plan 2018-2022, the government plans to spend IQD4.9 trillion (US$4.1 billion) on the development of industrial infrastructure by 2022.
- The total construction project pipeline in Iraq - as tracked by GlobalData, and including all mega projects with a value above US$25 million - stands at IQD251.4 trillion (US$211.6 billion). The pipeline, which includes all projects from pre-planning to execution, is heavily skewed to late-stage projects, with 81.5% of the pipeline value in the pre-execution and execution stages as of September 2019. GlobalData’s Construction in Iraq - Key Trends and Opportunities to 2023 report provides detailed market analysis, information and insights into the Iraqi construction industry, including:
- The Iraqi construction industry’s growth prospects by market, project type and construction activity
- Critical insight into the impact of industry trends and issues, as well as an analysis of key risks and opportunities in the Iraqi construction industry
- Analysis of the mega-project pipeline, focusing on development stages and participants, in addition to listings of major projects in the pipeline.
Scope
This report provides a comprehensive analysis of the construction industry in Iraq. It provides:
- Segmentations by market, project type and construction activity
- Analysis of the mega-project pipeline, including breakdowns by development stage across all sectors, and projected spending on projects in the existing pipeline.
- Listings of major projects, in addition to details of leading contractors and consultants
- Reasons to buy
- Identify and evaluate market opportunities using GlobalData’s standardized valuation and forecasting methodologies.
- Assess market growth potential at a micro-level with over 600 time-series data forecasts.
- Understand the latest industry and market trends.
- Formulate and validate strategy using GlobalData’s critical and actionable insight.
- Assess business risks, including cost, regulatory and competitive pressures.
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