

Two Potain MC310 slewing cranes support the construction of a Shangri-La in Ulaanbaatar.



ABOVE AND BEYOND

A look at the market for tower cranes in the GCC from the perspective of dealers and manufacturers

Tower cranes lie at the very heart of a great many projects in the GCC, as both metaphorical and literal pillars of the vertically-oriented designs that the region is so fond of. For decades now, tower cranes have been used as an industry bellwether etched into the very skyline of the Gulf's cities — and temporarily, with their frequent stillness in the immediate aftermath of 2008, as a visual queue as to the relative activity or inactivity of projects.

Today things are not so dark, though they may still be down. Nagham Al Zahlawi, marketing manager for the Abu Dhabi-based NFT Specialised in Tower Cranes, notes: "Due to the global slowdown, contractors are becoming more reserved. As a result, the trend is more focused on rental at the expense of sales. Nonetheless, the GCC remains one of the strongest regions for the construction industry when comparing global

markets. Consequently, as other developed regions become saturated, manufacturers are looking at the GCC as a source of hope. This has created a surge of options for contractors. It's a buyer's time and there is a plethora of choices for contractors to choose from."

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Nagham Al Zahlawi, NFT

One individual with a singularly financial perspective on the segment is Shimmy Mathew, chief financial officer for Dubai-based KBW Investments, which owns Italian heritage crane manufacturer Raimondi Cranes.

He comments: "Rider Levett Bucknall's *Crane Index* indicates that in terms of tower cranes, there has been more activity year-on-year in Dubai, Abu Dhabi and Doha. In Dubai, this is attributed to the residential and hospitality projects, whereas in Abu Dhabi it is residential and industrial segments that are responsible for the increase in cranes seen working in the emirate. The obvious reason behind Doha's increased activity is the 2022 FIFA World Cup, and the index supports that — as infrastructure and transportation projects are reported to account for 30% of the more than 500 cranes at work."

Mariano Echávarri, communications and marketing manager for Linden Comansa,

“During H1 2016 in the region, 35 Raimondi cranes were sold. We’ve projected 60 cranes by year’s end earmarked for clients in Saudi Arabia and Qatar and we want to make that projection happen.”

Shimmy Mathew, KBW

comments: “In general, the tower crane market has been getting tougher for Linden Comansa over the last two or three years, especially due to the entry of new competitors from China. Rental prices are also lower than before, so it takes more time to amortise quality machinery like our tower cranes.

“However, having an agile service and a fast supply of spare parts is very important in the region; this is something that we are strong in, and which not all other manufacturers care as much about.”



Two Potain cranes supplied by NFT on a jobsite.

Mathew adds that while there is a market-wide lack of confidence that has also been reflected in the media, Raimondi’s sales numbers suggest otherwise and its sales teams are consistently fielding requests for product information.

He adds: “From a manufacturing perspective we are fairly comfortable, as regional dips are generally balanced out by peaks in other markets. Over the first two quarters in the Middle East, 35 Raimondi cranes were sold. We’ve projected 60 cranes by year’s end earmarked for clients in Saudi Arabia and Qatar and we want to make that projection happen.”



A Raimondi crane on display at Project Qatar.

MEET THE CRANES

To discuss what customers are demanding on the product side, Nawar Al Zahlawi, business development manager for NFT, steps in and says: “It depends on the project’s requirement. For example, high-rise towers, which are very popular here, require luffing cranes with a big capacity. Luffing cranes are specifically designed to allow you to manoeuvre in tight spaces when you are surrounded by neighbouring buildings.”

Indeed, there are currently a number of Potain luffing jib cranes readily visible on Emaar projects in Downtown Dubai as you pass by the area on Sheikh Zayed Road.

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Shimmy Mathew, CFO, KBW Investments.



A series of Raimondi cranes are temporarily suspended over a river as part of a bridge expansion.

"However, our most popular model in the region is the Potain MC310 K12, which has a 70m jib and can lift 3t at the tip and 12t maximum. The crane is considered large in Europe, but standard in the GCC. Indeed, the Middle East is quite unique when it comes to special requirements for heavy capacity cranes: 20t, 32t and 40t. Our region definitely has the highest population of such cranes."

Mathew also emphasises the great variability in customer requirements in terms of height, jib length and maximum capacity from project to project, adding that Raimondi has a full range of heavy lifting machinery and has executed a number of custom projects for its clients — as have its agents.

However, he offers: "Raimondi customers in the Middle East gravitate towards the MRT294, without question. It is, of course, in the interests of our clients that we put forward a best-fit suggestion based on a company's short- and long-term objectives and we do, but we still see a marked preference for the MRT294."

The MRT294 is Raimondi's largest hammerhead crane with maximum lift of 16t up to 30m and a jib length of 76m, and is deemed particularly suitable for larger sites using concrete panel construction.

Mathew continues: "Investments in heavy machinery need to pay for themselves, and we often partner clients directly with our engineers to discuss where and how cranes will be put to use once an immediate project goal is completed. In Algeria, there are eight Raimondi MRT294s installed as part of a

large-scale project, and these cranes will have considerable work going forward, so it was a sound investment for the company.

"Both models that Raimondi released this year, the topless MRT159 and the luffing LR213, did well sales-wise, but the MRT294 still eclipses nearly every other model in the MENA region in terms of client interest and actual hard numbers."

“We have 14 units of the 40t machine, which is the largest in the world, in our fleet. In the UAE, we also have a handful of MD1100 working at the moment, and we expect more demand.”

Nawar Al Zahlawi, NFT

Luffing jib cranes are also a strong area of interest for Linden Comansa, and Echávarri highlights: "We are getting requests to provide luffing jib tower cranes for high-rise developments from 200m to 300m high. These are usually 18t luffers, and the LCL280 is quite often requested for high-rise projects in Dubai.

"The average flat-tops in the region usually need to load up to 24t or 30t, have a jib length from 70m to 80m and heights of 70m or 80m."

"Our most popular example is the 21LC550 with maximum load of 25t, but the 16LC260 with maximum load of 12t is also quite popular."

GROWING SEGMENTS

Beyond existing business and contemporary trends among contractors, there are also some segments that NFT is actively working to develop. Nawar Al Zahlawi adds: "While we supply all types of cranes, we do face far less competition in two segments. The first is self-erecting cranes, which are overlooked by contractors. We are the sole supplier of large self-erectors with jibs from 45m to 50m jib, a height of 30m and 8t to 10t capacities.

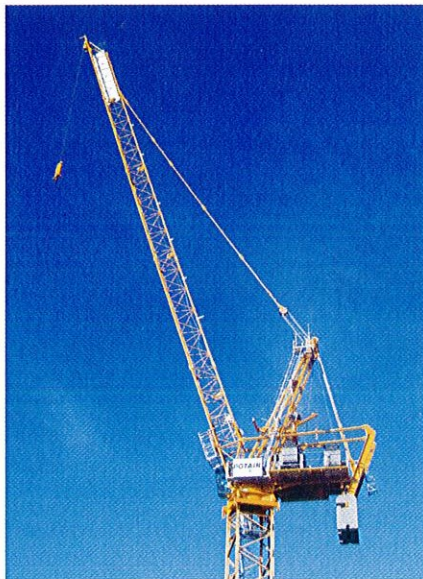
"We also have a reputation for being specialised in 40t giant cranes, and a lot of other tower crane companies around the world consult us for our expertise. We have recently sent over a supervisor to help a Korean customer dismantle an MD1100 in Malaysia.

"We have 14 units of the 40t machine — which is the largest in the world — in our fleet. In the UAE, we also have a handful of MD1100 units working at the moment, and we expect more demand for such cranes in the near future, especially for industrial and pre-cast construction. We also have in our fleet a couple of giant tower cranes with a maximum capacity of 64t, such as the MD3200."

Christophe Simoncelli, VP of sales for Asia and the Middle East at Manitowoc Cranes, comments: "We generally get requests for machines that are bigger and those that are suited for working in constrained spaces."



■ Raimondi cranes on the Doha Metro in Qatar.



■ A Potain MR418 luffing jib crane fully vertical.



■ A Raimondi LR60 luffer at Great Scotland Yard.

He continues: "For countries in the GCC, we are selling more big machines, and our dealer NFT has played a significant role in that. The capacity of these machines ranges from 20t up to 40t. For projects in open areas — especially where the use of bigger pre-cast elements or prefabricated prefinished volumetric construction (PPVC) is more common — there is higher demand for these bigger machines.

"For projects in constrained spaces, we see an increased demand for luffing jib cranes. These cranes require less space. When working on high-rise buildings in built-up areas for example, luffing jib cranes are good solutions as they can manoeuvre in tight spaces. Cranes such as the MR418, MR608 or MR618 that combine the ability to carry heavy loads with manoeuvrability in tight spaces are also in great demand, and we see this in the Middle East."

Picking up on the gap in the market that Nawar Al Zahlawi mentioned for self-erecting cranes, Simoncelli notes that the segment is already doing very well in Europe and that demand is rising in other parts of the world.

OWNERS VS RENTAL

The other question mark hanging over the tower crane segment is the extent to which the depression in oil prices has influenced liquidity in the markets, the cash flow of contractors and subsequently, the ratio of crane ownership to rental arrangements.

Nagham Al Zahlawi, who mentioned a trend towards rental and away from sales, continues: "Our business was 60% in sales

and 40% in rental up until 2009, when those shares were switched. The majority of our business today is in rental. Understandably, contractors are more risk averse and prefer to invest in a tower crane on a project to project basis. As a partner and not just a supplier, we try our best to support our customers by giving them the backing they

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Christophe Simoncelli, VP of sales – ME, Manitowoc Cranes

need: morally, by providing superior after-sale service and issuing quality and safety checks when needed; and financially, by being sympathetic and flexible. NFT offers a range of financial and commercial options, including buy-back, long-term financing options and flexible payments terms."

Finance ties into the problem mentioned by Echávarri of lower rental prices proving problematic for paying off costly equipment.

Continuing on the subject of the oil price, he adds: "Due to this situation, the investment and the number of projects dropped.

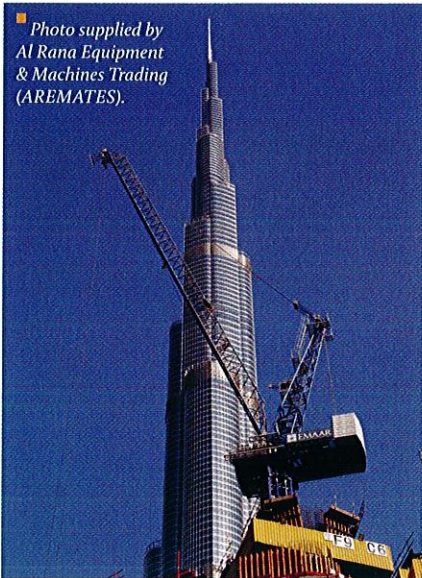
This caused the drop of the rental prices, which allowed the entry of new and cheap competitors. In this region, the tower crane market has always been mostly rental. Even for long-term projects, many contractors prefer to rent instead of buying and creating their own fleet, so they can concentrate on construction."

LOOKING FORWARD

In general, the volume of business for tower crane manufacturers in the Gulf continues to be well worth their attention, and Nagham Al Zahlawi adds: "In the Middle East, Dubai stands out. Indeed, while the whole Middle East market is down, Dubai is having one of its best years. The deadline of Expo 2020 and Dubai's ambition to be a global hub will bring significant growth to the construction sector for the next few years. Kuwait also has a lot of potential due to its significant fiscal reserves."

As an operator, NFT is optimistic about the future and believes that the plans of the GCC governments will guarantee the improvement of the segment for the next five years at least. Nagham Al Zahlawi adds: "The region has so much more potential to grow and is far from saturation. Our general strategy is to closely watch what type of equipment is needed and to anticipate the demand. We buy an average of 150 new tower cranes every year and our competitive advantage is our ability to supply any project, no matter how challenging it is."

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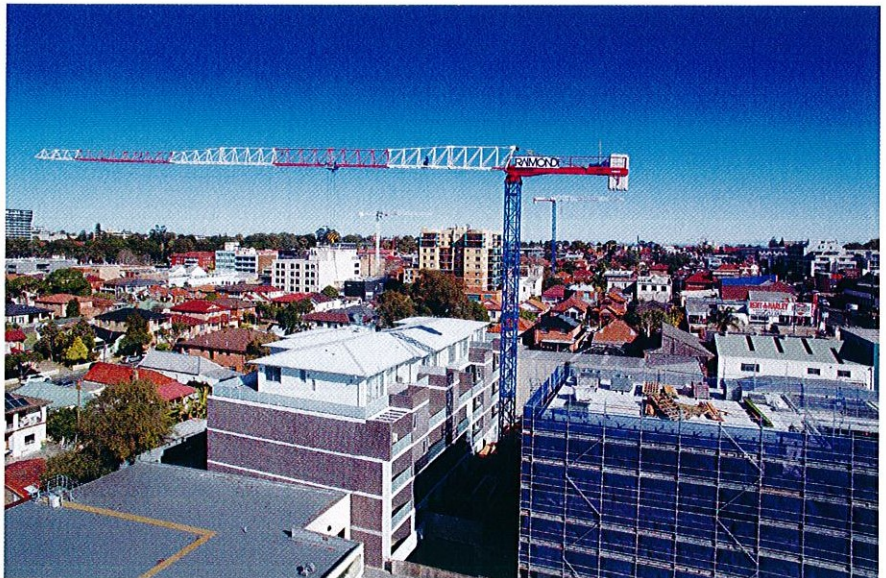
■ A Linden Comansa luffing jib on an Emaar site.

As the representative of a comparatively smaller player in the region, Echávarri notes that Linden Comansa is pushing to increase its market share. He says: “We believe we have the right product for the Middle East, and we can support our customers with after sales service and spare parts — something that other manufacturers forget after the deal.

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Mariano Echávarri, marketing manager, Linden Comansa

“We expect both Dubai and Qatar to be strong in the following years, because of the Dubai Expo in 2020 and the 2022 World Cup in Qatar. Saudi Arabia should also start quite strong even if the oil prices are still low, because of the ambitious Vision 2030 plan. In terms of strategy, we will be very demanding in the search of new distributors, as we need companies that can offer a good service and spare parts to the final users of our cranes.



■ A Raimondi MRT294 topless crane supplied by Strictly Cranes on an urban jobsite in Australia.

Linden Comansa has also just signed new dealers in Saudi Arabia and Iran, and hired a new area sales manager, Andrea Bristot, for the Middle East. Bristot has 18 years of experience in tower cranes, in both technical and sales, and according to Echávarri, knows the markets well, having worked with region for eight years and lived in Dubai for the last five years.

One large player not already mentioned is Liebherr, which continues to enjoy significant market share in the region. According to the estimates of Jens Kotzurek, the sales director for the tower crane division in the Middle East, Liebherr has 70% to 80% market share in Qatar, and around 700 cranes in the region.

Kotzurek adds: “The Liebherr share of the whole population exceeds 50% easily, and the market over the last years has been clearly dominated by Liebherr — some 90% of the machines being top slewing cranes, followed by luffing jib cranes and self-erectors plus one MK mobile construction crane unit.”

He concurs that the average cranes in the region are those with 12t capacity, while projects with pre-cast elements and heavy steel elements will need 40t or 50t cranes.

All is not lost, however, because despite Liebherr's significant strengths, it is currently sharing Saudi Arabia's flagship Jeddah Tower, with its smaller German rival Wolfkran. When PMV spoke to Wolfkran earlier this year, Habib Mikati, MD of the local operation noted that the deciding factor was Wolfkran's ability to offer custom elements and strong aftersales support — words to the wise. **PMV**

ASCOREL ME

An interesting secondary trend in the market is the development of safety technology. This subject was brought into sharp focus earlier this year when KBW Investments formed a strategic partnership with French technology firm Ascorel with the intention of incorporating a local joint venture.

Mathew notes: “The heavy machinery market is, unfortunately, still not fully sold on the need for safety technology. We're working to change that from a grassroots level via education sessions.

“We partnered with Ascorel of France to form Ascorel Middle East, and we are constantly educating existing and prospective clients on the need for anti-collision technology on challenging multiple crane worksites.

“If you're about to invest in machinery then build in insurance by upping the safety mechanisms. The adoption of safety technology is still quite nascent in the MENA region, and we cannot stress enough how implementing this into your fleets is an integral part of the safety of crane operators.”