

# GCC Smart Home Market Outlook to 2025

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The publication titled “GCC Smart Home Market Outlook to 2025 - Smart Entertainment Systems and Smart Lighting Solutions to support Market Growth” undertakes an analysis of GCC Smart Homes Industry, changing customer perception and preferences, possible expansion strategies, current technologies, brand comparisons, future outlook & trends expected to become a reality in near future. The IT sector as a whole has taken a major leap across the GCC. With Saudi Arabia and the UAE leading the charge, GCC is improving and accepting technology at a strong pace. Smart Homes within GCC households have a much larger scope for penetration but the receptions of such services have improved since 2017 when talks of creating Smart Cities came into play in the GCC. Saudization 2030 and Dubai 2020 expo are some major events and plans to lead the charge for creating smart cities in the GCC. With 5G services also emerging, supportive technologies have become more potent and scope for Smart Homes in the GCC has become more potent.

## The GCC Smart Home Market Overview

The GCC Smart Home market is in its nascent stage with fragmented competition and an import dominated setup. The market is supported by improving technological infrastructure, governments taking efforts to move away from oil-based industries, and taking efforts to create smart cities and a rising youth population. Recently the governments of UAE and Saudi Arabia have amended their ICT policies and created regulations for Smart Device manufacturers, to comply with quality and data security rules. Demand is focused on wireless technology, as it is friendlier for smaller residential spaces. The number of apartments has been on the rise, for instance, the number of apartments rose by 2.6% as compared to the number of villas (1.9%) in Saudi Arabia from 2017-2018

## GCC Smart Homes: Target Addressable Market

The Smart Home adoption in the GCC is extremely low, with less than 10% using smart devices and smart solutions at home. Saudi Arabia and UAE form the majority of the market, with other GCC countries, slowly increasing the adoption towards Smart Home Devices. While Energy Savings is a primary factor motivating

consumers to opt for Smart home devices, their extremely high cost acts as a deterrent in their adoption. Smart TV is the most commonly used Smart Devices in the GCC, but adoption towards other smart devices such as Smart Lighting Solutions, Smart Speaker and Switches are extremely low.

### GCC Smart Homes: Market Segmentation

The Smart Home solutions have penetrated into Lighting Control, HVAC, Security & Access Control, Entertainment Control Systems, Smart Kitchens, Smart Fridges, Smart Security Cameras among others. Predominantly the market is dominated by HVAC Devices and Entertainment systems. Increasing the working population and the rising tide of streaming services have increased the preference and adoption of smart entertainment systems. Nearly about 80% of the people own a smart TV at home. Out of all other countries, UAE indicated strong adoption towards technology and smart home solutions. The popularity of wireless devices over wired devices is also increasing owing to the convenience and limited spaces in apartments and homes. Future Growth is higher in Bahrain and Oman as compared to other countries in the GCC.

### Customer Preference

Customer knowledge and acceptance regarding smart homes is improving, turn offs for smart homes devices include, data privacy issues, lack of knowledge regarding the benefits of smart devices, higher costs of international branded smart devices, the difficulty of installation and troubleshooting and others, however, the need for energy savings, the convenience provided and the social status offered by Smart devices are positive factors that influence purchase decisions in the GCC market. Demand for Smart Lighting and HVAC solutions is higher as temperature regulations and indoor lighting is the key energy consumption areas in a house, apart from which demand for security services is growing a strong rate owing to the need for remote surveillance rising in the GCC countries.

### Country Snapshot-United Arab Emirates Smart Home Market

The UAE Smart Home Market is expected to grow at a CAGR of more than 17% in the future. The market runs on a traditional model, where minor and DIY purchases are made online and major projects are accomplished through Integrators or Real Estate developers. Segments such as Smart Entertainment Systems and Smart Security Solutions are more preferred in the UAE. Differential pricing of Electricity is a major driving force towards Smart Energy Solutions. UAE will play host to multiple events to promote the adoption of smart devices, such as IoT expo 2020, Middle East Smart Lighting & Energy Summit and others. The rollout of 5G had begun 2019 onwards from companies such as du and Etisalat, making the supporting technology for smart devices more efficient and faster.

### Country Snapshot-KSA Smart Home Market

Saudi Arabia Smart Home Market is expected to grow at the same rate as the UAE. As the gaming and streaming trend increases across Saudi Arabia, demand for entertainment systems is expected to rise with customers relying on Local Integrators to offer an optimum brand combination. Under Saudi 2030 vision, the smart city project, NEOM, is intended to integrate data AI using smart devices into modern living. The \$500.0 Bn development project will kick off in 2020. More and more smart city projects are expected to come up thereby driving the demand for Smart Home Solutions in the future. Currently, Smart Home Integrators dominate the market in Saudi with the majority coming from Retail sales.

### GCC Smart Homes Market Competition

The overall market across the GCC is an import dominated market with Saudi Arabia and UAE having the majority share. The market is highly fragmented and local integrators play a major role in the market. The market is dominated by Smart Home Manufacturers, which includes a number of international players and

Smart Home Integrators which include domestic companies that offer setup and installation services. Major International players include Control4, Siemens, Johnson Controls, Honeywell, HDL, LG, HikVision and others. Major Integrators include DOTS Technology, Greentec Automation DMCC, Apex Smart Home Automation, Alayoubi Technologies, and others. Productions Units are still scarce in the market but few global players have started plans to create production facilities in the GCC. The international companies enter into strategic partnerships with local integrators and distributors to strengthen their supply chain, in order to expand their reach and disrupt the market.

#### GCC Smart Homes Market Future

The future of the market is expected to witness strong growth owing to factors like the introduction of 5G in almost each GCC country and each government trying to adopt a smart city concept, central to which are smart homes. Acceptance of smart devices is also expected to improve as devices become more DIY and easy to install and use. Customer knowledge is also increasing regarding smart homes and as the number of options increases, customers will have a larger selection of brands, qualities, and features to choose from. Major Smart Home Device production sites are in countries like China, Europe, the USA, and South Korea, countries severely impacted by the virus, thus slowing the production process. Large parts of the supply chains are slowed down due to lockdowns and social distancing in said countries, the Supply in the GCC import driven market will be affected.

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