Insights into Abu Dhabi’s Maintenance Services Market
An upward trend in the maintenance service market

In a recent report we provided an overview of Abu Dhabi’s automotive aftermarket, highlighting the growth drivers and potential opportunities. Drawing on market insights and data provided by Knowledge Partner Frost & Sullivan, this report looks specifically at Abu Dhabi’s maintenance services market and how increased vehicle sales in the Emirate is driving growth.
Driven by the number of registered units in Abu Dhabi (circa 597,400), the Emirate’s total maintenance market is estimated to be worth approximately USD 787 million (AED 2,890 million) and is set to grow at a CAGR of between six and eight per cent to reach a market value of USD 1,211 million (AED 4,450 million) by 2020.

- Cars and pickups will be the biggest growth drivers, offering a total maintenance market of about USD 519 million (AED 1,907 million) in 2015.
- Both heavy and lightweight trucks come in next with a 5.6 per cent share in the number of units in operation. It is likely this segment contributed USD 201.5 million (AED 740 million) to the total maintenance market in 2015.
- Buses only cover 3.9 per cent of the number of vehicles in operation in Abu Dhabi, contributing USD 65.9 million (AED 242 million) to the maintenance market.

What is interesting to note here is that while light vehicles dominate the number of units in operation at 91.4 per cent, they only provide 66 per cent of the maintenance market value.

- Trucks, which are more expensive to maintain, contribute 25.6 per cent
- Buses, though they only make up 2.9 per cent of the units on the roads, contribute 8.4 per cent to the maintenance market.
- Light vehicles dominate the number of units in operation at 91.4 per cent, they only provide 66 per cent of the maintenance market value.

Frost & Sullivan research estimates that the average cost for maintaining a light vehicle such as private car, or taxi is AED 3,491 per annum. Rental cars have a lower per annum cost of maintenance at circa AED 3,000, possibly because rental companies sell these cars off after they have reached a certain mileage or age. These figures factor in three to four minor services a year plus one major service. Maintenance for private cars is more expensive than for taxis or...
Most of the rental and taxi companies in Abu Dhabi have fleet sizes of 1,000 plus, with Europcar owning the largest fleet by volume at circa 2,500 and National Taxi coming in next with the largest taxi fleet in the Emirate at circa 1,600. For the likes of Europcar, maintenance expenses are about USD 2.4 million (AED 8.8 million) per annum and for National Taxi they are about USD 1.5 million (AED 5.6 million).

For maintenance repair companies, securing contracts with these bigger fleet companies can bring lucrative business, but excellent customer service and added value such as limited warranty on spare parts and lubricant analysis for preventive and predictive maintenance is key to maintaining business loyalty.

For maintenance repair services, the fleet companies main requirements include:
- A one stop service
- A fast turnaround time to avoid losses related to vehicle downtime
- Lower cost spare parts, such as used or remanufactured, but that are still good quality
Bus Trends

This is a harder market to tap into for the maintenance repair sector as many of the bus companies operate their own workshops to manage costs. However, as they are not specialists in this area, maintenance repair workshops can potentially break into this market, particularly those who can offer competitive pricing and a superior service than the actual in house repair workshops can deliver.

Frost & Sullivan research estimated that there was circa 17,600 buses in operation in Abu Dhabi in 2014. These ranged from small to large school buses, to small and large private buses. Private buses made up the majority per centage of buses on the road at about 70 per cent and school buses made up the other 30 per cent.

The total maintenance market for the bus segment in 2014 was estimated at USD 66 million (AED 242.4 million) with the average cost of maintenance for a medium bus (15 – 30 passengers) USD 2,723 (AED 10,000) and the average cost of maintenance for a large bus USD 4,900 (AED 18,000). The biggest business for the maintenance repair market is in large private buses which is estimated to be worth USD 29.4 million (AED 108 million) accounting for 45 per cent of the market.

While information about bus fleets is not as readily available as other areas, Frost & Sullivan research shows that Abu Dhabi bus had a fleet size of 650 units in 2014 at a maintenance expense of approximately USD 1.8 million (AED 6.5 million) per annum. EuropCar is thought to have one of the biggest bus fleets with circa 1,000 units and an annual maintenance expense bill of USD 4 million (AED 14.8 million).

According to Frost & Sullivan insights, the major bus fleet companies demonstrate the following trends:

- They have their own workshops
- Third party operators for private school bus contracts
- Demand for high quality school bus maintenance in order to retain reliability
- Weekends are the busiest maintenance periods for school, staff and labour buses while tour operators tend to have their buses maintained mid week as weekends are their busiest operation times
Truck Trends

In line with the greater emphasis on Truck Competence which is being implemented across Automechanika exhibitions globally, Automechanika Dubai enjoyed a 15 per cent increase in exhibitors with Truck Competence within their portfolios in the 2015 edition. More than 50 per cent of exhibitors at Automechanika Dubai now have truck competence in their portfolios.

In Abu Dhabi there was an estimated 33,550 trucks in operation in 2014, with heavy trucks making up the vast majority at 80 per cent. The total maintenance market for trucks that year was circa USD 202 million (AED 740.2 million), with heavy trucks again making up the lion’s share of the market at 87.7 per cent. Frost & Sullivan estimates USD 6,535 (AED 24,000) as the average cost of maintenance per annum for heavy trucks.

Some of the trends in the truck market in Abu Dhabi include:
- Demand driven by heavy trucks due to the heavy oil industry. ADNOC and GASCO are the biggest end users with trade logistics and infrastructure development other major players
- Heavy truck owners are also in the business of heavy machinery leasing
- Trucks will remain on the road for a longer lifetime than cars, with an average truck use being ten years
- Al Rashid Transport is one of the biggest truck fleet operators
- Many truck operators run their own workshops as maintenance is a regular and costly activity
- Low downtime during maintenance is important to minimise losses due to downtime
With continued growth in the number of vehicles in operation on the Emirate of Abu Dhabi’s roads, it will continue to be an interesting marketplace for the maintenance repairs sector. From light vehicles to buses and heavy trucks, each segment offers potential. Repair workshops that can offer competitive rates and quality add-ons will benefit most when it comes to securing and maintaining bigger contracts with fleet operators.