



M A Z A Y A

AIM TO LEAD

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## Booming Gulf logistics sector offers outstanding opportunity for region's investors



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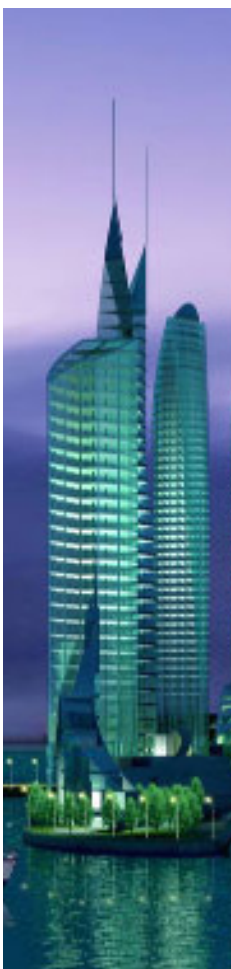
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## Booming Gulf logistics sector offers outstanding opportunity for region's investors



The ongoing development of the GCC's respective logistics sectors over the short, medium and long-term will play a vital role in the prosperity of the region's economies. All other sectors rely on the logistics sector for success. Likewise, strong government commitment, evidenced through investment, to large-scale infrastructure projects has played an important role in stimulating national economies over the previous two decades, creating jobs and ensuring liquidity flows throughout the system, impacting all sectors. Healthy economies always possess flourishing logistics sectors.

Currently in the GCC, several very large infrastructure projects are in development, demonstrating the sector's health and excellent long-term prospects. The Qatar 2022 World Cup project and the development of the Dubai 2020 World Expo facilities are the region's most high-profile logistics projects and are also emblematic of the region's commitment to delivering world-class infrastructure.

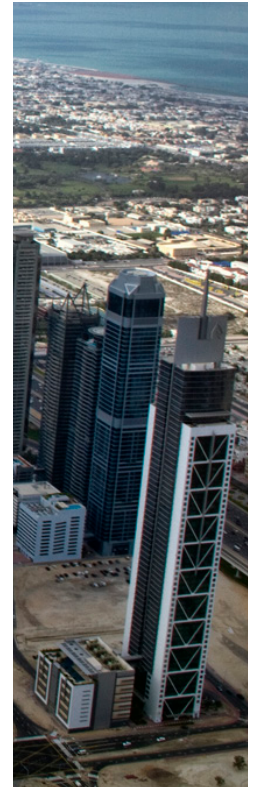
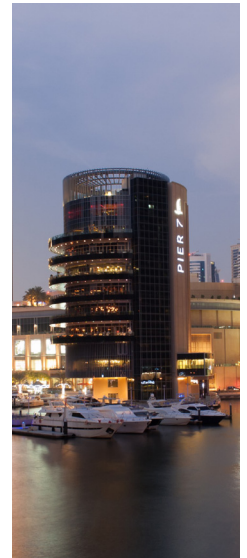
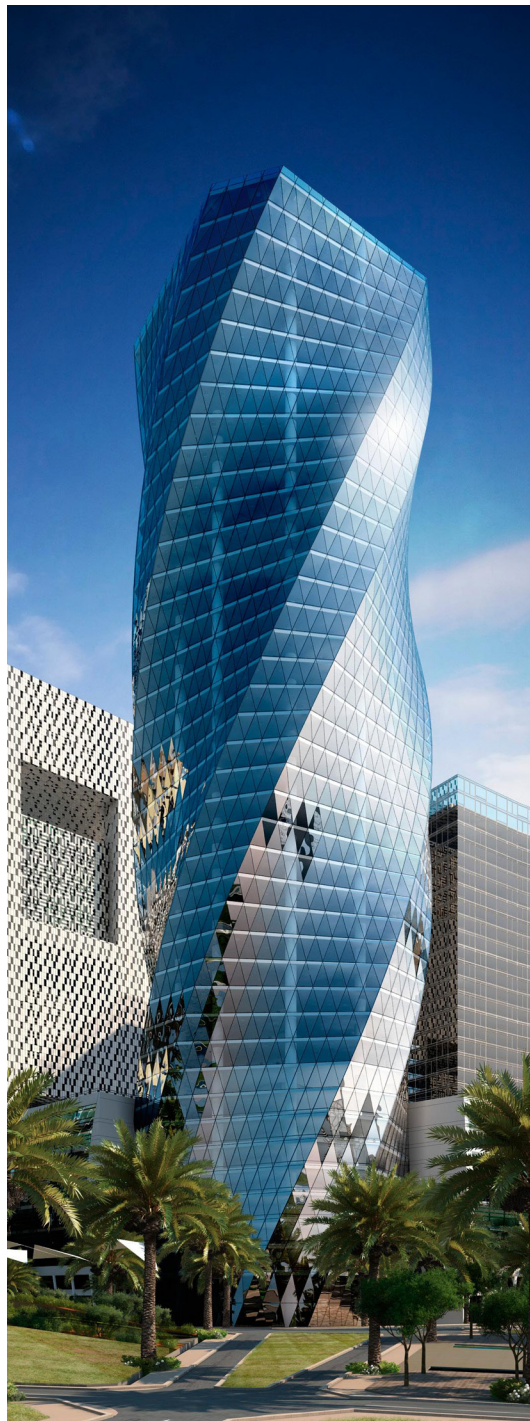


Al Mazaya Holding Company weekly report points out the GCC states undertook the Middle East's largest share of logistics contracts in 2013, thanks chiefly to strong economies that rebounded well in the wake of the global financial crisis. GCC logistics sectors are expected to grow at an average rate of seven percent in 2015 to serve trade and construction sectors that are growing rapidly. Demand for superb infrastructure is at an all time high in the Gulf.

There are many reasons for Gulf countries to continue to invest significantly in infrastructure and logistics, Al Mazaya Report believes. These include explosive population growth over the short and medium-term, the growth of the middle class, the requirements to provide excellent hospitals and schools, and the imperative to ensure Gulf economies remain characterised by dynamism in order to maintain their global status.

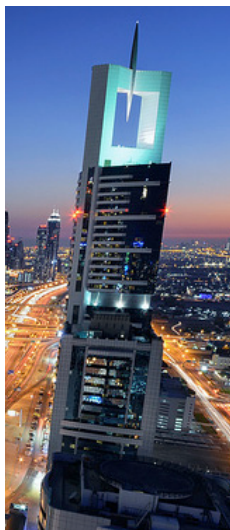


Likewise, in the region's other developing economies, the logistics sector typically grows healthily as governments remain mindful of the need for strong infrastructure to underpin long term economic and social plans, and therefore continue to invest significantly while ensuring labour and tax environments are conducive to sector growth.

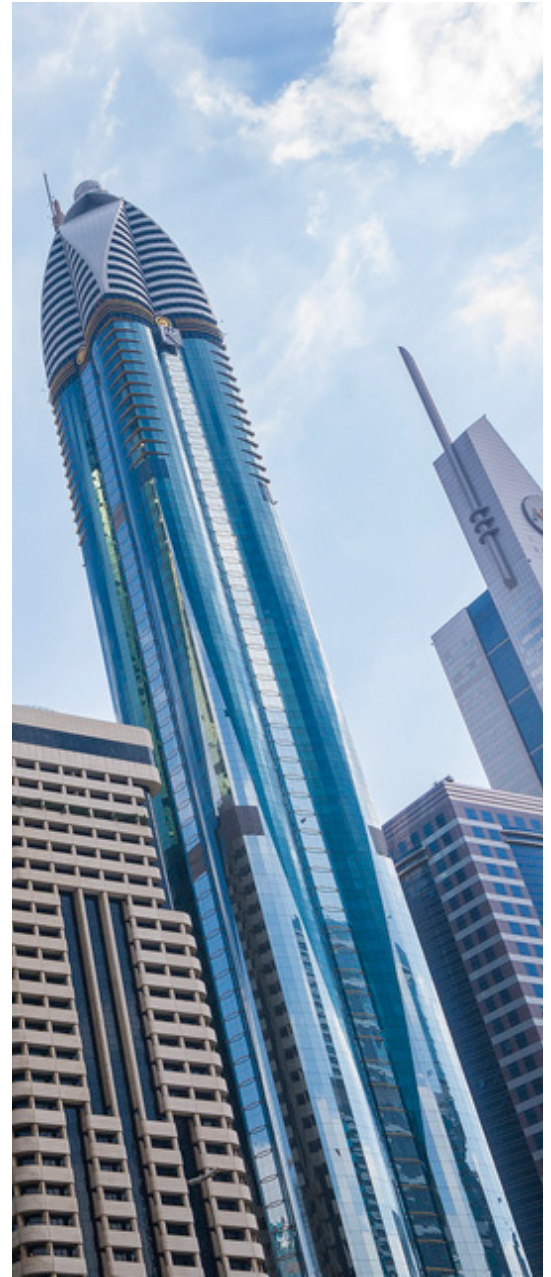




Several Gulf countries have in recent years established a thought leadership position within the global logistics industry by undertaking responsibilities such as the hosting of prestigious conferences. For example, the hosting of the Federation of National Associations of Shipbrokers and Agents (FONSBA) in Dubai demonstrated the emirate's willingness to listen to the needs of the industry while providing an important forum for information sharing and expression. Delegates left having formed a positive impression of Dubai's capabilities after seeing its impressive facilities. Likewise, at the start of 2015, Saudi Arabia hosted the Public Transport Projects Exhibition, establishing itself as a player in the future of the global freight industry.

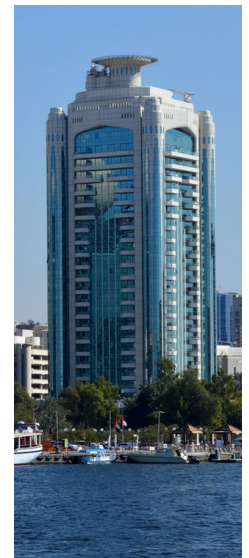


Al Mazaya report points out that hosting events like these is exactly the right direction in which Gulf countries should continue to move as they seek to showcase their logistics credentials and to influence the industry's powerbrokers.

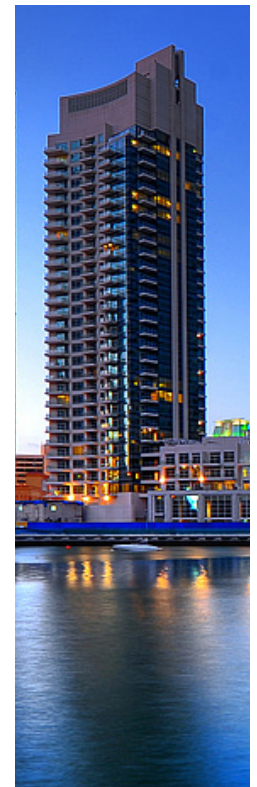


Al Mazaya report believes the Gulf logistics sector is ripe for investment: the previous six years have seen sustained growth and by the end of the current year we expect the industry to be worth a total \$27bn, with SR67bn of logistics activity in Saudi Arabia alone. In Qatar, a recently constructed logistics village will complement Hamad International Airport, Doha Port, the Third Economic Region and the country's ever increasing sports facilities in seeing the emirate's logistics activity grow exponentially. In Oman, the recently published Logistics Strategy 2020 document demonstrates the seriousness with which the government has addressed the need to proactively encourage the logistics sector to prosper.

Bahrain, as the 'gateway to the Gulf', has enjoyed sustained logistics sector growth in recent years thanks to enlightened government policies to ensure the sector is well incentivised to grow. Khalifa Port and Bahrain Logistics are two of the region's outstanding examples of logistics best practice, demonstrating the financially rewarding opportunities the industry presents, if managed correctly. Today, Bahrain seeks to proactively market its potential as a logistics hub worldwide, while simultaneously developing its sea and airfreight processing capabilities. These initiatives are to be applauded.



As a result of our confidence in the Gulf logistics market, Al Mazaya has in recent years made significant investments into the sector, for example with the opening of the Al Mazaya Logistics Project at Bahrain Investment Wharf (BIW) that boasts storage and industrial facilities worth some \$21m. We expect over the coming years to increase our investment in the logistics sector and to explore the opportunities presented by new geographies. These are exciting times for Gulf logistics.



Al Mazaya report believes the logistics sector in the Gulf has excellent prospects and offers governments an exciting option in terms of economic diversification away from reliance on the hydrocarbon sector. As demand for Gulf logistics has grown, so too has competition between the Gulf countries to supply the market in recent years. But we believe there is currently more than enough demand to go around, and that this will continue to be the case over the short-term future, at least.

