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## A Pillar in the World Economy: The Lion's Share of Gulf Investments Are Channeled to the Logistics Sector



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### A Pillar in the World Economy: The Lion's Share of Gulf Investments Are Channeled to the Logistics Sector



The logistics sector has become a pillar in the world economy, providing the economies of some countries with a main source of revenue in the wake of the sharp decline in global oil prices. Thus, some countries and major companies are now launching considerable investments in the logistics industry, consistently seeking to solidify this sector on account of its positive impact on the local economy in the long run.

In a weekly report dedicated to the logistics and transport sector in the GCC and other regional states, Al Mazaya Holding stated that sound planning is a prerequisite for successful logistics projects. The report noted that ensuring diversity and engaging small and big investors alike in all planning and execution phases are requirements for success.



The report added that any developments in the logistics sector should come through the launch of more investment enterprises and the encouragement of the private sector to play more significant roles in expanding the sector. In addition, developing a robust mechanism to draw local and foreign investments to the logistics industry is essential to develop the sector.

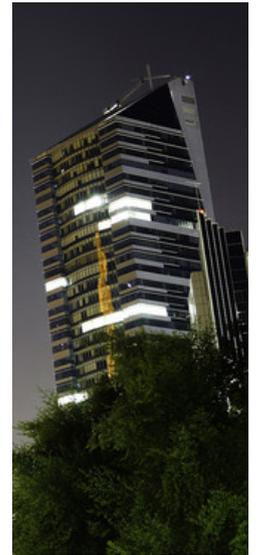


In Saudi Arabia, the logistics market is now gaining considerable momentum with the government closely setting up the logistics sector to cater to the country's mega-development projects and revenue-diversifying plans. Consistent efforts are exerted to merge the logistics industry with the industrial sector in alignment with the Saudi Vision 2030. The logistics sector is a significant platform that is capable of creating job opportunities, with logistics projects now considered to be an important driver for reducing the costs of non-oil imports and exports, which reached 160 million tons last year. This, in turn, will ultimately boost investment potential and draw foreign investment more seamlessly.

In the meantime, the logistics sector in Saudi Arabia is now regarded as an indicator for monitoring the government's expenditure on infrastructure projects and enhancing competitiveness over those strategic locations that are expected to solidify all economic sectors and increase their contributions to the country's Gross Domestic Product. KSA now has nine industrial and trading ports over the Red Sea and Arabian Gulf that all can solidify this sector. In addition, KSA is seeking to encourage the private sector to pump more direct investments to develop the industrial sector, reduce transportation costs and maximise economic efficiency.



In the UAE, the report said the logistics industry is witnessing an expansion, with the country coming first among GCC and regional states in terms of the volume of logistics investments. Consolidated with a resilient infrastructure, including 12 airports and seaports, roads, 310 quays and unloading docks and sophisticated means of transportation, the logistics industry in the UAE puts the country on top of the global scale in terms of the application of best practices in areas of border and customs management





The report noted that the lion's share of the Omani government's expenditure goes to logistics projects, including transportation and port construction enterprises, with the ultimate goal of developing the country's infrastructure in-line with the best international criteria. It added that Oman is relentlessly seeking to utilise all available investment opportunities and expand logistics and tourist services in order to survive any oil sector challenges in the future.

Furthermore, the UAE logistics market is expected to grow to \$27 billion with an annual growth rate of 4%, said the report, adding that the country boasts all potential conducive factors to attract logistics services providers, customs clearance agencies and shipping companies. The report also highlighted the advanced ranking of the UAE in terms of business incentives that ensure a foreign investment edge and better access to world markets.



In Oman, the report said that current expansion plans are part of an ambitious strategy aimed at diversifying the economy in-line with the 2040 Vision. According to the report, the government is planning to entrust the logistics sector with a major role in boosting GDP, enhancing the private sector's involvement in investment projects and increasing job opportunities in all fields.

In Bahrain, the report stated that the Kingdom has initiated a package of mega projects aimed at creating convenient investment opportunities for businessmen from all over the world. Highlighting the current financial and investment momentum in the Kingdom, the report noted that Bahrain already boasts a resilient investment environment and economic freedom that bolsters the logistics sector. The report expects the Bahraini logistics sector's contribution to the GDP to exceed 7% over the coming few years, thanks to the incentives offered to entrepreneurs, including business-attracting laws, measures and legislations.

In Qatar, the report noted that developing the logistics sector is part of the comprehensive plans now being implemented by the Qatari Government to diversify the economy and increase its business competitiveness regionally and internationally. Qatar, according to the report, is forging solid channels of partnership and cooperation between the private and public sectors in order to implement projects of high economic yields in the long run.



The ongoing developmental efforts in the Qatari logistics sector, including the expansion of storage areas and activities, will provide momentum to the sector. This will help build a competitive and sustainable economy. These developmental efforts include providing effective logistics services for small and medium-scale companies at competitive prices in order to improve investment conditions and reduce operating costs, which will ultimately have long-term positive impacts on the economy.

The report concluded that the logistics sector in the region is being impacted by the prevailing financial and economic conditions and the legislations enforced by the region's countries. Its success, according to the report, depends on the adoption of robust developmental plans, governments' expenditure and the ability of the private sector to contribute effectively. In addition, the logistics sector itself has to be buoyant enough to survive any fluctuations experienced by the world economy as a result of the unsteady oil prices and the concomitant impact on the oil-exporting countries' revenues.



As a result, the need has now arisen for robust strategic plans to be adopted by the private and public sectors in order to strengthen the capabilities of small investors and ensure the sustainable development of the logistics sector.

