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GCC Freight and Logistics - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2017 - 2029

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Report description:

The GCC Freight and Logistics Market size is estimated at USD 50.72 billion in 2024, and is expected to reach USD 66.61 billion by 2029, growing at a CAGR of 5.60% during the forecast period (2024-2029).

Rising value of infrastructure sector in GCC led by Saudi Arabia, leading to overall demand of freight market

- GCC announced that it had committed USD 121.3 billion to schemes focused on improving land transportation infrastructure, such as road, bridge, and railway projects. This cash injection will benefit Dubai, Saudi Arabia, Qatar, Kuwait, Oman, and Bahrain. With an expanding population, a strengthening economy, and two of the world's largest events - the World Cup 2022 and the World Expo 2020 - organized in the GCC countries, there was a need to improve the capacity and efficiency of the region's transportation network.
- The value of the infrastructure sector in the GCC region was the highest in Saudi Arabia, which recorded a value of about USD 6.4 million in 2019. The GCC region was expected to lead the economic development of the Middle East and North African region in 2019 due to its diversification and business development reforms. The GCC region has undertaken various preparations for significant projects during the period, such as the Dubai Expo 2020 and the FIFA World Cup 2022 in Qatar. As of 2022, around USD 50 billion of social infrastructure work is under execution, while around 70 billion is in various stages of planning. Out of this, USD 71 bn is located in Saudi Arabia, followed by Kuwait (USD 33 bn), Qatar (USD 5.7 bn), UAE (USD 4.7 bn).
- Public and private sectors in the GCC require a combined USD 1.6 trillion in capital to upgrade and build infrastructure during 2020-2025. The requirement is for infrastructure projects not included under the category of mega-developments. While the private sector across the GCC has emerged as a key player in contributing the resources required to ease the burden on governmental sectors, national governments need to bridge the gap with the private sector's investments of USD 600 billion.

Government Initiatives and rising oil production are Driving the GCC freight market led by Saudi Arabia

- In 2022, Qatar's freight and logistics market was valued at USD 2.17 billion. It is projected to reach USD 3.19 billion by 2029. Ports in Qatar saw a growth in cargo handling, with a total of 1,828 ships reported at Hamad Port, Doha Port, and Ruwais Port in 2019, thus boosting the country's maritime industry. The country's maritime industry saw a growth in transshipment volumes in 2022, as about 116,000 TEUs (20-foot equivalent units) and more than 142,000 tons of general cargo were handled at its ports. In 2022, Qatar Airways reported a 25% increase in the cargo handled by 3.3 million tons of goods. The airline transported more than 600 million doses of COVID-19 vaccines.
- The UAE freight and logistics industry is mainly driven by the growth of the e-commerce and pharmaceutical sectors across the region. The revenue generated from the e-commerce sector in 2021 accounted for around USD 11.49 billion. The country's recent efforts at economic diversification have facilitated fast adoption and innovation, enabling the growth of e-commerce in the United Arab Emirates. The e-commerce sector is expected to generate a revenue of around USD 19.83 billion, and the number of users is anticipated to reach 6.9 million by 2027.
- Saudi Arabia leads oil production in the Arab region and is also a leader in global markets. It is the largest oil-producing member of OPEC and ranks second in the world in terms of oil production after the United States. Its transport and logistics industry is expected to account for 10% of the Saudi Arabian GDP by 2030, up from 6% in 2021, following the implementation of the Kingdom's new strategy. The Saudi Arabian freight and logistics market is expected to generate a revenue of USD 16.52 billion by 2029.

GCC Freight and Logistics Market Trends

GCC's booming logistics sector, investing billions in infrastructure, fuels economic growth and development

- In 2022, Saudi Arabia's logistics industry was valued at USD 18 billion, making it a highly appealing emerging market in the GCC. The sector's revenue is projected to grow at a 6.7% CAGR as the government focuses on development. In 2021, around USD 15 billion was invested in Saudi Arabia's infrastructure and transportation projects. The UAE possesses advanced transportation and infrastructure, including roads, metro networks, and maritime facilities, fueling economic growth, business, and tourism.
- The Logistics Areas Project in Qatar's southern region is set to attract QAR 30 billion (USD 8.17 billion) in direct investments for development, aiming to establish a regional hub for investments and logistics services. Saudi Arabia's ambitious plan involves investing USD 147 billion in transport and logistics infrastructure over eight years, aiming to make the country a major global aviation hub, with around 35% funded by the government and the rest from the private sector.
- The GCC Railway appears to be reviving, which could transform trade and connectivity across the Gulf. The railway's construction improved regional connectivity significantly by reducing transportation times and costs between major GCC cities and ports, improving trade flows across the bloc, and attracting investments. In 2021, the Saudi Arabian government constructed a new rail infrastructure and invested around SAR 562.66 billion (USD 149.83 billion) in transport and logistics. Saudi Arabia's ongoing rail project is the 1,300 km Land Bridge, which will connect the country's ports on the Red Sea coast to those on the Arabian Gulf. It is expected to cost between USD 7 billion and USD 26 billion when completed in 2026.

Approximately 30% of the Middle East's natural gas reserves are held by Qatar

- In 2022, diesel pump prices in the United Arab Emirates rose by 35%, with a liter costing USD 0.69. This high fluctuation in diesel prices in the United Arab Emirates is due to currency exchange rates, international crude oil prices, and demand. In Qatar, from June 2022 to May 2023, diesel and super-grade petrol prices remained stable, while premium petrol prices fluctuated between QAR 2.05 (USD 0.5) and QAR 1.90 (USD 0.51) per liter. The price increase for diesel has been matched by additional price increases at the gas pump for gasoline blends, including a new price for the well-known Super 98 gasoline, which will now cost 4.15 USD/liter, a 36% increase.
- The weighted average cost of gas production across the GCC increased by one-third to two-thirds between 2015 and 2030, from USD 1.50 to USD 4.50 per thousand cubic feet in 2015 to USD 2.00-USD 7.00 per thousand cubic feet in 2030. Qatar holds 11% of the world's proven natural gas reserves and almost 30% of the Middle East's reserves. With reserves of crude oil estimated at 25.2 billion barrels in January 2023, Qatar held the 6th largest reserves in the Middle East and the 14th largest in the world.
- Saudi Arabia has relied heavily on its vast oil reserves as a significant energy source and revenue source. However, the country has recognized the importance of diversifying its energy mix and incorporating renewable sources of energy. In July 2022, Saudi Arabia, the world's largest oil exporter, set a cap on local gasoline prices to help alleviate rising living costs and boost the economy. However, the government has been working to bring domestic fuel prices in line with international levels, part of reforms aimed at easing the burden of subsidies on state finances, improving energy efficiency, and cutting consumption.

GCC Freight and Logistics Industry Overview

The GCC Freight and Logistics Market is fragmented, with the top five companies occupying 32.53%. The major players in this market are BAHRI, Deutsche Post DHL Group, DP World, DSV A/S (De Sammensluttede Vognm□nd af Air and Sea) and Kuehne + Nagel (sorted alphabetically).

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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