

Saudi Arabia Third-Party Logistics (3PL) - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Saudi Arabia Third-Party Logistics Market size is estimated at USD 13.70 billion in 2024, and is expected to reach USD 18.67 billion by 2029, growing at a CAGR of 6.38% during the forecast period (2024-2029).

In Saudi Arabia, the third-party logistics sector is gaining much traction to manage the growing cross-border movement of commodities. Consumer preferences are changing, and there is an increasing desire for faster delivery times and more effective supply chain management; therefore, 3PL companies in the country are incorporating technology and automation into their supply chain services.

Saudi Arabia is a trade ally with many nations owing to its large oil reserves. Saudi Arabia lies at the crossroads of crucial international trade routes between three continents: Asia, Europe, and Africa. The accessibility to emerging markets brings significant trade advantages to the country and highlights the growing demand for 3PL.

In February 2024, DHL and Aramco launched ASMO. ASMO is planned, in line with Saudi Arabia's growing demand for more robust and efficient supply chain services and the region's increased market potential, to become a significant trading gateway in the energy, chemicals, and industrial sectors. DHL launched ASMO with a plan to evolve as the market leader in Saudi Arabia and the Middle East and North Africa region. It plans to offer comprehensive end-to-end supply chain services that will create value for its customers and enhance the resilience of its supply chain.

According to a business magazine in 2022, the Saudi Arabia 3PL market was mostly road-dominated and had around 40,000 trucks. The higher availability of trucks

indicated fierce competition among the players, giving low-cost trucking in the region an advantage. In addition, the government is investing in urban infrastructure undertakings such as the USD 22.5 billion Riyadh Metro and a Rapid Bus System to improve mobility throughout the country further.

Saudi Arabia 3PL Market Trends

Growth in E-commerce Boosting the Demand for 3PL Services

The expansion in the e-commerce business drove the growth of the 3PL market in Saudi Arabia. COVID-19 lockdown measures had a compelling impact on e-commerce. Even though sales were already strong throughout the last few years, limits and curfews prompted most businesses to shift from in-store to e-commerce to offset losses (due to the absence of in-store shopping). With the expansion of the supply chain and the emergence of new technologies, new businesses have evolved, and existing businesses have grown even more.

Saudi Arabia has the largest population in the GCC, with a growing tech-savvy young population, making it a key market player in the region. Over 90% of the population had internet services by 2023. In Saudi Arabia, these factors eased the adoption of e-commerce, with around 80% of active internet users being online shoppers compared to China.

According to a January 2024 report published by the International Trade Administration of the United States, e-commerce is becoming an increasingly viable sales channel for US companies in Saudi Arabia. Saudi Arabia is one of the world's top mobile phone users, with a 97% penetration rate, and ranks 10th in internet speed.

Increasing Maritime Trade in Saudi Arabia is Driving Demand for 3PL Services

The Saudi Arabian marine industry has been changing rapidly, making the country a regional logistic hub and an international participant in global trade as the region is at a key location in the international trade route.

In September 2023, Saudi Arabia and India merged with the European Union and the United States in venturing into the India-Middle East-Europe Economic Corridor and Partnership for Global Infrastructure and Investment (PGII). The project will improve

connectivity, reduce tensions, and promote trade among nations.

According to industry experts, the King Abdullah Port Project, which drew an investment of SAR 40 billion (USD 10.66 billion) in 2019, is contributing to increasing Saudi exports to more than SAR 600 billion (USD 159.96 billion) by 2030. King Abdullah Port is the first fully owned and operated private sector property. The port is known for its container handling capacity and is listed as one of the world's largest ports. King Abdullah Port witnessed a significant 2.3% growth rate in container traffic during the first quarter of 2023 compared to last year. This upward trend indicates the port's constant commitment to efficient TEU handling and its ability to respond to evolving industry needs.

Saudi Arabia 3PL Industry Overview

The market is fairly fragmented, with many domestic and international businesses competing. The major players are DHL, Almajdouie Logistics, Al-Futtaim Logistics, Wared Logistics, and Aramex. Top companies in the industry are focusing on strategic market initiatives to expand their product capabilities and market presence. The dry warehouse is the most common type of warehousing, and it has seen significant growth in recent years. Given the region's potential and the growing relevance of commercial ties, logistics and service organizations that currently have a huge foothold in Saudi Arabia are extending their operations.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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