

United Arab Emirates (UAE) Third-Party Logistics (3PL) - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The United Arab Emirates Third-Party Logistics Market size is estimated at USD 6.56 billion in 2024, and is expected to reach USD 9.13 billion by 2029, growing at a CAGR of 6.84% during the forecast period (2024-2029).

Key Highlights

The UAE government actively bolsters the 3PL and logistics market by implementing diverse initiatives, policies, and investment incentives. These measures entice stakeholders to invest in the country, fostering an expansion of logistics services for consumers. E-commerce has notably surged, transforming the market landscape. The increased volume of sales through online channels has prompted local vendors, retailers, wholesalers, and manufacturing units to focus on digital platforms to augment their sales.

The integration of automated material handling equipment and the surging popularity of GPS-enabled and RFID-based devices amplify the demand for logistic services. The government's substantial investments in revamping seaports, distribution centers, free zones, and freight terminals significantly stimulate this demand.

E-commerce stands out as a primary driver for the Third-Party Logistics (3PL) Market in the UAE. Statista data indicates a 1.10% increase in the UAE's e-commerce spending as a percentage of GDP since 2021, with an expected share of 7.0% of total retail spending in the current year. This shift has fundamentally reshaped the country's commercial landscape. Concurrently, the increasing integration of advanced technologies like AI, IoT, and blockchain in logistics fuels market growth.

In alignment with this trend, the UAE government employs various strategies to support the 3PL and logistics market. For instance, the Dubai Free Zones Council introduced the "Digital Silk Road" program, fortifying international e-commerce and solidifying the emirate's role as an industry hub. Moreover, legislative measures safeguard e-commerce platforms, promote secure online transactions, and protect consumer rights, cultivating greater trust in online shopping and propelling the industry's expansion.

UAE 3PL Market Trends

E-commerce Rise Supporting the Market

In 2022, the UAE will have the fastest-growing e-commerce industry in the world as global online sales continue to experience a meteoric rise. The Philippines tops Statista's list of the top 10 countries where people are most likely to buy on their mobile devices, with 70% of all e-commerce transactions taking place on a mobile device.

South Korea and Argentina are the second and third fastest-growing e-commerce markets in the world, respectively, after the United Arab Emirates. South Korea is ranked third with 66 percent, closely followed by China in second place with 69 percent.

It is obvious why the UAE ranks first in the analysis, given that its 1,448,471,400-strong online population is predicted to increase its e-commerce spending by an extra 22.32%. E-commerce spending in the nation has grown by 1.10% since just last year, and by 2022, it will account for 7% of all retail spending. The second and third fastest-expanding e-commerce markets for 2022 are South Korea and Argentina, respectively.

Growth of the Manufacturing Sector Driving the Market

A top official highlighted the accomplishments of the Ministry of Industry and Advanced Technology, stating that the industrial sector of the UAE contributed over AED 180 billion (USD 49 billion) to the country's national GDP, with exports reaching AED 174 billion (USD 47.37 billion) in 2022 (MoIAT). Over AED 180 billion is expected to have been contributed by the industrial sector.

In 2022, MoIAT granted 263 new licenses for industrial production, marking a 20% increase over 2021. Moreover, the national In-Country Value (ICV) program

successfully reinvested AED 53 billion, reflecting a 25% increase, into the economy.

To evaluate their compatibility with strategic sectors and estimate import volumes, MoIAT conducted a feasibility study on 47 products slated for local manufacturing. The findings were presented on the Make It in the Emirates platform to attract potential investors in high-priority industrial sectors. Additionally, the platform included several compelling statements offering incentives for manufacturers.

UAE 3PL Industry Overview

The market is highly competitive and partially fragmented, with a large number of local and international players, such as DHL Supply Chain, Al Hilal Transporting and Contracting Company, and RAK Logistics, actively competing for market share. The technological integration in the logistics sector is high, leading to the increasing dependence of logistics companies on digital players in the market. With the overall logistics infrastructure in the country developing rapidly the competition within the industry is expected to be powered.

Additional Benefits:

The market estimate (ME) sheet in Excel format

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