

Investment in the cargo village in King Fahad
International Airport
Logistics Special Economic Zones Sector

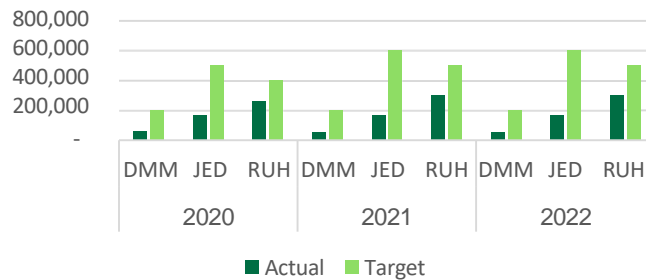
Investment in the cargo village in King Fahad International Airport

OPPORTUNITY DESCRIPTION: Spaces for commercial investment in Dammam Airport (freight agents, private warehouses, freight operators, transit area,)

DEMAND

MARKET SIZE, USD

Total Volume



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected Investment size
 - First line: 3M SR
 - Second line: 30-60 M SAR
 - Third line: 34-33 M SAR
- Warehousing capacity: 0.65M tons
- Location (Region): Dammam, KFIA

VALUE PROPOSITION

- Dammam is one of the main cities in which air cargo traffic must be supported.
- DMM warehousing is at under capacity; room for increased investment
- Cargo villages will support volume increases and attract air cargo ecosystem players as outlined by NASS.
- Increase of connectivity to 250 destination from 99 destinations will drive volume growth.
- Planned shorter time frames of handling and logistics from 12-48 hours to 1-8 hours via revamped regulations and air cargo community charters
- DMM strategic location (prox. To GCC countries, oil refineries, and industrial cities) is a key trade and demand driver.

KEY DEMAND DRIVERS

- Proximity to Industrial cities (Aramco, Jubail, etc)
- Proximity to GCC countries
- Air connectivity program

MARKET READINESS AND COMPETITOR ANALYSIS

- DMM cargo village readiness in terms of warehouse and land availability for incoming investments is exponentially higher than RUH and JED.
- To achieve NASS targets to increase air cargo volumes, there is a need to increase the efficiency and competitiveness of air cargo in the Kingdom through firm regulation on provided services, differentiation between handlers and integrator and activate the untapped areas in Air Cargo and Logistics across the air gateways in KSA by initiating regulation, imposing high standard time posts, and creating end-end seamless processes for import/export/transit of air cargo.
- Singapore Model uses a three lane model (Ramp Area, Cargo Village, Special Economic Zone) as a full logistics chain that compliments each others main activities. This aids in facilitating imports, exports, and transit activities.
- KSA cargo villages will be similar to Singapore model, feasibility of establishing an SEZ in DMM is currently being studied

MARKET OVERVIEW

GLOBAL TRENDS

- Pandemic has highlighted need for establishment of seamless processes and integrated solutions to ensure supply chain continuity
- Kingdom's ambition to diversify economy and become a global logistics hub.
- Global oil, gas , and petrochemical demands station DMM as a hub for such activities.

Logistics Special Economic Zones Sector

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[Current Opportunity life Cycle Stage]

SUPPLY

SCALABILITY AND LOCALIZATION

- The first Cargo Village of its kind in the Kingdom with just under 2M Sqm with a developed footprint with an additional 500,000 Sqm as a logistic support zone that provides the best logistics services all in one strategic location.
- KFIA acts as a gateway to the kingdom of Saudi Arabia receiving Land, Sea & Air cargo with options like Bonded Storage, onsite 24/7 clearance or bonded transit to multiple borders within the Kingdom utilizing the available of spaces & easy non-restrictive road network

Grade: Low Medium **High**

IMPORT DEPENDENCY

- KSA only captures 0.3M tons (7%) of the total ME air cargo transit market of 4.5 M tons (UAE 1.4 M tons, Qatar 1.9 M tons, turkey 0.9 M tons)
- Demand for air cargo transported goods is 1.5 M tons; 0.5 M tons captured by KSA, 0.95 M tons leaked via UAE, 0.05 M tons leaked via other neighboring countries

VALUE CHAIN ANALYSIS

Regulatory Environment

- New air cargo regulations need to be set in place and implemented (WIP)
- Pricing structures of land leasing, cargo handling, etc. needs to be regulated (WIP)

Processes and Procedures

- Time frames of handling and logistics process need to be improved (WIP)
- Governance of Air Cargo Community System needs to be implemented at the airport, at present each entity wants to bring their own system without integration.

Infrastructure

- DMM cargo village is underutilized. Infrastructure is set in place, actual volumes need to increase to match capacity.
- The new infrastructure increases the cargo village ability to handle air, land & sea logistics more efficiently and supports new potential investments

KEY STAKEHOLDERS



ENABLING FACTORS

ENABLERS

- Subsidization and governmental support (ease of access to licensing, etc.) to competitors entering the market
- Regulated competition in the ground handling market will reduce prices and increase quality and efficiency
- Restructure of warehouse/land leasing price models

COST OF DOING BUSINESS IN KSA

Factor	Ranking amongst regional peers
Electricity tariffs for industrial players	<div><div></div><div></div><div>\$48 /MWh</div><div></div><div></div></div>
Productivity adjusted wages	<div><div></div><div></div><div></div><div>\$3.3 /hour</div><div></div></div>
Logistics Performance Index (1-5)	<div><div></div><div></div><div>3.2</div><div></div><div></div></div>
Construction Costs (Indexed to US, % 0 is cheapest)	<div><div></div><div></div><div>74</div><div></div><div></div></div>
Ease of getting credit (0-100)	<div><div></div><div></div><div></div><div>50</div><div></div></div>

Bottom 25% Top 75% Top 50% Top 25%

DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Business drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Global trends	Latest business developments within the sector/product category
7	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
8	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
9	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
10	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
11	Enablers	Factors that enable investment in the underlying opportunity
12	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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