



H2 2013
DUBAI LOGISTICS AND
INDUSTRIAL
Market update

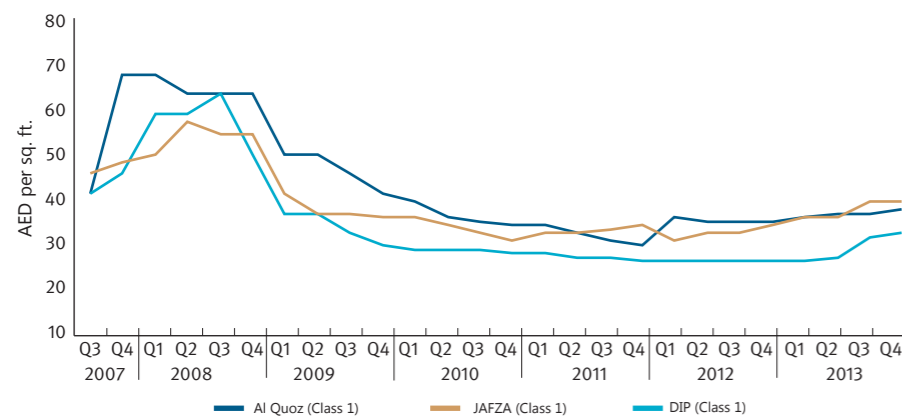
HIGHLIGHTS

- Emirates Sky Cargo began construction of its designated 800,000 sq. ft. cargo terminal at Dubai World Central (DWC).
- General Electric announced the build of its new 120,000 sq. ft. engineering facility in JAFZA's South Zone. The project will be developed by Economic Zones World's Customised Solutions Department.
- IKEA invited tenders for the construction of a 1,000,000 sq. ft. distribution facility as part of its expansion plans.
- Al Futtaim opened the UAE's first automotive parts centre for Hino. The facility is situated in JAFZA and has a built up of c. 60,000 sq. ft.

Market comment

- In the second half of 2013, average rents for Class 1 industrial and logistics property were up 18% year-on-year to AED 35 per sq. ft.
- Over the same period, the best performing Class 1 districts were Dubai Investments Park (DIP) and JAFZA, where rents rose by 30% and 19%, respectively. By comparison, rental values in Al Quoz saw a relatively moderate annual increase of 9% to AED 38 per sq. ft.
- Enquiries for 50,000 – 120,000 sq. ft. distribution facilities rose in the second half of 2013. However, due to high absorption rates in the preceding six months, there was little availability for units of this size.
- In the first half of 2013, the number of enquiries for industrial and logistics property weakened across all sectors, with the exception of pharmaceuticals where they held steady. Not surprisingly, interest was strongest from light industrial/manufacturing and third party logistics firms, with the two sectors accounting for 33% and 25% of total enquiries. At 17%, food and beverage firms also showed a decent level of interest (up from 8% in the preceding six months).

Figure 1
Class 1 Industrial rents H2 2007- H2 2013



Source: Knight Frank

AVIATION FOCUS

- Between January and November 2013, aircraft movements at Dubai International Airport rose by 7.6% year-on-year to 337,121. On the same basis, cargo volumes rose by 6.7% to 2,217,429 tonnes.
- In November, the Dubai Airshow was held at Al Maktoum International Airport DWC for the first time, where the aviation industry saw AED 757 billion worth of orders being placed, the largest in any airshow history.
- Danzas DHL, Kuene & Nagel, Hellman Logistics and Mohebi Logistics have all seen construction starts on their respective facilities at DWC.
- Emirates SkyCargo has announced plans to shift its operations from Dubai International Airport to Dubai World Central Al Maktoum Airport. The new airport will become home to its freighter operations from April 2014 onwards.

Figure 2
Key market indicators

	Rents	Trending
Class 1 Rents JAFZA	36 per sq. ft.	▲
Class 1 Rents DIP	30 per sq. ft.	▲
Most enquired size requirement	100,000 sq. ft.	▲
Free zone sq. ft. leased by Knight Frank in 2013	920,000 sq. ft.	▲

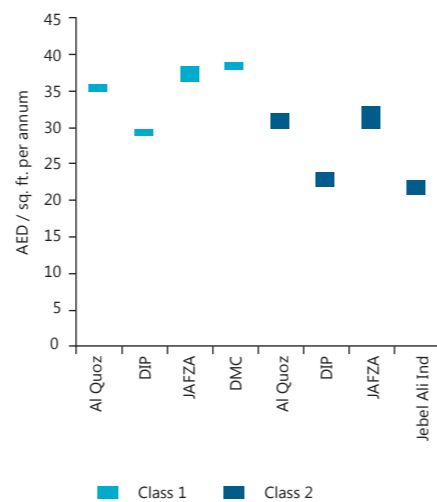
Source: Knight Frank

Figure 3
Total cargo (metric tonnes)



Source: Various

Figure 4
Dubai industrial rents – H2 2013



Source: Knight Frank

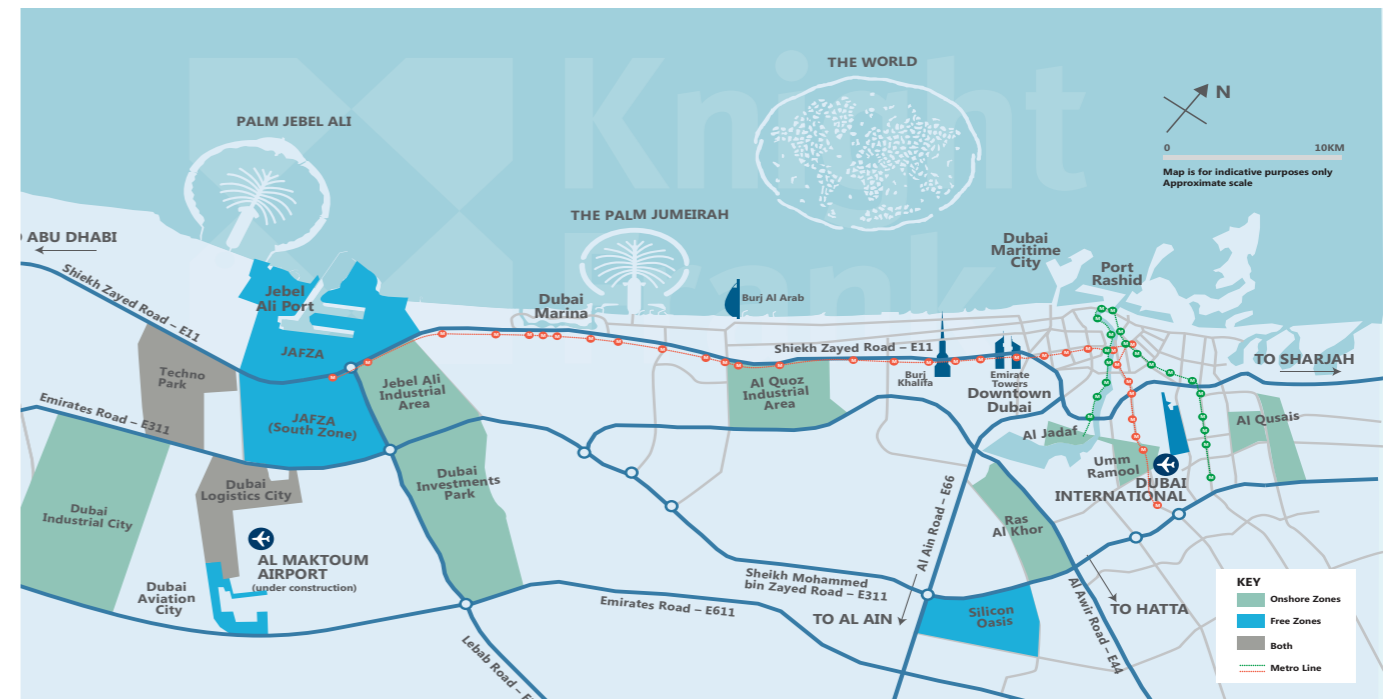
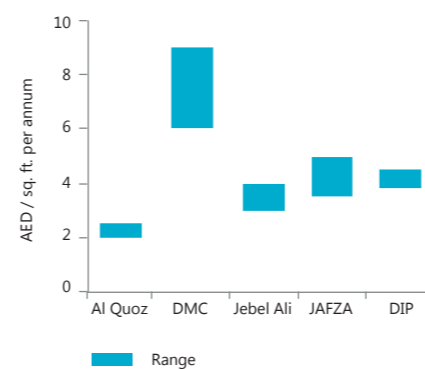


Table 1
Geographic locations of focus

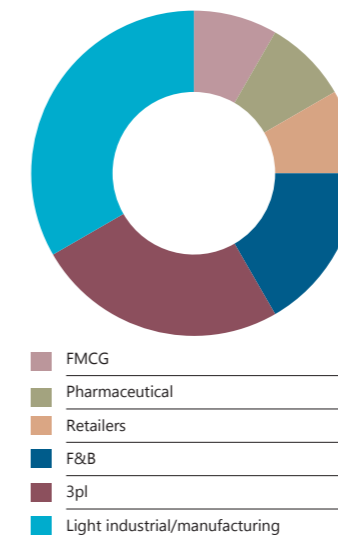
	Age	Size (sq km)	Developed	Status
Al Quoz	1973	27	95%	On shore
Dubai Investments Park (DIP)	1997	32	80%	On shore
JAFZA	1985	56	75%	Free Zone
Jebel Ali Ind	1995	22	60%	On shore
Ras Al Khor	1976	12	95%	On shore
Dubai Maritime City (DMC)	2007	2.27	70%	Free Zone
Dubai World Central (DMC)	2006	140	15%	Free Zone & on shore

Figure 5
Dubai ground rents – H2 2013



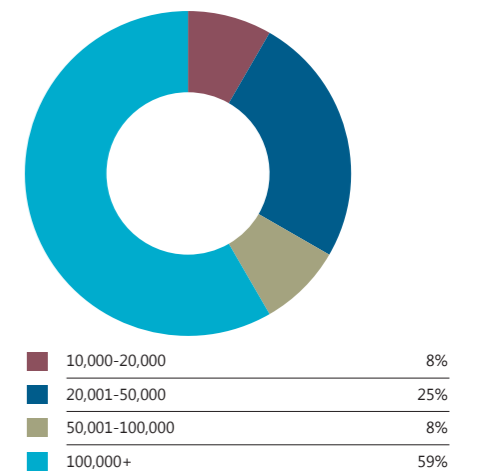
Source: Knight Frank

Figure 6
Industrial property demand by sector



Source: Knight Frank

Figure 7
Size requirement (sq. ft.) in H2 2013



Source: Knight Frank

FREEZONE FOCUS - DWC

- The occupancy rate at DWC Freight Houses remains above 95%, with agents reporting strong levels of enquiries for this type of airside accommodation.
- CEVA Logistics became the first multi-national logistics company to take office accommodation at DWC's Business Park in the second half of 2013.
- Dubai World Central (DWC) has announced a Memorandum of Understanding (MoU) with Emaar to develop the residential components of the DWC master development.
- Dubai Logistics City at DWC witnessed strong land plot absorption in H2 2013 following the announcement of Dubai Expo 2020.

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Technical Note

- Warehouse accommodation has been sub-divided into Class 1 and Class 2, reflecting high and low quality respectively. Whilst subjective, this categorisation is based on an assessment of each property's age, specification, quality of build, location, situation, site coverage and operational efficiency.
- European specification and quality although subjective indicates that the building is consistent with what has become the institutionally acceptable investment standard for logistics and warehouse accommodation across Western Europe. Industry standard specifications would generally include raised dock entry set at approx. 1.3m, 1 dock per 10,000 sq. ft. of warehouse floor area, 2 level entry doors, 10% office content, 10m clear internal height, a site density not exceeding 50%, floor tolerances to allow free movement fork lift truck (FLT) operation according to height of building, temperature control, fully insulated external roofing and cladding system and a minimum 10 percent roof lights.

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