



## House View

# GCC Supply Chain Resilience and the Impact on Industrial & Logistics Real Estate

How the GCC's Ports, Corridors, and Logistics Networks Kept Trade Flowing

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## Foreword

The hostilities that affected shipping volumes across the Hormuz Strait from late February 2026 onward represents the most severe maritime chokepoint disruption in modern GCC history. Daily vessel transits collapsed almost entirely, severing direct access to key Arabian Gulf ports such as Jebel Ali, Khalifa Port, Dammam, Jubail, and Shuwaikh Port for mainstream commercial traffic.

Despite this acute shock, GCC logistics supply chains demonstrated exceptional resilience. No widespread shortages of food, consumer goods, pharmaceuticals, or industrial inputs materialised across the region. Cargo flows were rapidly rerouted to alternative UAE ports on the Gulf of Oman and Saudi Arabian Red Sea gateways, supported by bonded trucking, feeder services, airlifts, and accelerated multimodal corridors.

Across the GCC, ports, logistics operators, and governments responded with speed and coordination, activating alternative corridors through the UAE's eastern ports, the Dubai-Oman passage, regional airports, and Saudi Arabia's Red Sea gateways.

GFH Partners is a long-term investor in GCC industrial and logistics. The portfolios we manage and advise comprise 33+ assets across key logistics and industrial hubs in the UAE and the KSA, spanning 3.6 million square feet, and serving the infrastructure needs of 135 tenants operating in the logistics, cold storage, and light manufacturing sectors.

Operationally, our portfolios continue to operate at near 100% occupancy without any interruptions to our tenants' businesses, or any accumulation of rental arrears.

GFH Partners' portfolios continue to provide mission critical infrastructure to our tenants and enable logistics functionality across the GCC.

GFH Partners believes the GCC industrial and warehousing sector continues to exhibit strong structural characteristics. Proven resilience,

government-backed diversification, and Saudi Arabia's leadership have strengthened the long-term investment case for well-positioned logistics assets pan-GCC.

Our long-term conviction stems from government-led economic diversification (Vision 2030, UAE Industrial Strategy), structural demand drivers beyond oil (e-commerce, cold chain, pharma at 5.4% CAGR), and supply scarcity in prime locations (land costs up 38% since 2019), all anchored to the US\$ 170+ billion GCC logistics market forecast.

**Recent events are a live stress test that validates three investment dynamics:**

**1) the shift from just-in-time to buffer-stock inventory models**

**2) the re-pricing of resilience as tenants pay premium rents for facilities that stayed operational, and**

**3) the acute shortage of capital-intensive cold-chain logistics infrastructure, necessary for food, pharma, and other essential goods.**

Opportunities in the alternative corridors on the Red Sea coast of Saudi Arabia, Fujairah/Khor Fakkan on the Eastern coast of the UAE, and emerging logistics zones overlooking the Sultanate of Oman's Arabian Sea coast offer an entry opportunities driven by sustained demand growth.

The team and I remain available to share on-the-ground facts, our strategic views, and our tactical positioning.

**Nael Mustafa**  
CEO  
GFH Partners Ltd.

### Key Takeaways:

- **Hormuz impacted, but GCC supply chains held.** The strait's effective closure from late February 2026 severed access to all major Arabian Gulf ports, yet no widespread shortages materialised. Years of multi-port redundancy, national reserves (UAE held 4–6 months of essentials), and rapid multimodal rerouting kept goods flowing.
- **The GCC activated a network of alternative corridors.** Khor Fakkan and Fujairah on the UAE's eastern coast absorbed diverted vessel calls; the Dubai–Oman passage enabled bonded overland flows; regional airports handled priority cargo; and Jeddah Islamic Port on Saudi Arabia's Red Sea coast provided critical additional gateway capacity, with a 500,000+ truck fleet creating land bridges to every GCC country.
- **Industrial real estate is re-pricing along a three-tier split.** Surge beneficiaries (Jeddah corridor, Fujairah/Khor Fakkan) are seeing rents increasing. Established hubs like JAFZA/KEZAD hold steady. Hormuz-exposed locations (Dammam, secondary Dubai) face structural risk as 15–25% of cargo may permanently reroute.
- **Cold-chain logistics is the standout gap. Already undersupplied pre-crisis, temperature-controlled facilities are now critically scarce** — commanding rent premiums driven by food-security mandates, pharma growth, and longer

rerouted supply lines for perishables.

- **GFH Partners' portfolio proved resilient and is well positioned to benefit from upcoming trends.** Near-100% occupancy across 33+ assets and 135 tenants with zero interruptions or arrears. The firm is now targeting acquisitions along the alternative corridors — Jeddah, Fujairah/Khor Fakkan, and Oman — focused on build-to-suit facilities for essential-goods tenants.

## 1 Geopolitical Backdrop and Transmission Channels

### 1.1 Recent Geopolitical Developments

At the end of February 2026, hostilities severely that affected shipping volumes across the Hormuz Strait. Insurance markets withdrew coverage, risk premiums became prohibitive, and fears rendered the 21-mile-wide chokepoint unusable for mainstream shipping.

Major lines including Maersk, MSC, and CMA CGM suspended direct Hormuz transits; container vessels originally bound for inner Arabian Gulf ports diverted or held position.

- *Jebel Ali handled approximately 15–20% of regional container throughput.*
- *Approximately 70% of GCC food imports and significant industrial inputs arrived via Hormuz-dependent ports.*

### 1.2 Impact on GCC Supply Chains

- **Shipping route disruptions:** Diversions via the Gulf of Oman and Red Sea added 12–14 days of transit time and US\$3,000–5,000 per container in

incremental costs. Insurance and freight premiums surged.

- **Critical Imports:** Concentration risk in certain supplier countries; implications for critical imports of food, pharmaceuticals, and industrial inputs, with approximately 70% of GCC food imports previously arriving via Hormuz-dependent ports.
- **Energy and commodity price volatility:** Pass-through to input costs and inventory strategies, partially mitigated by Saudi Arabia’s East–West Petroline ramping flow to a record 5.9 mb/d.

## 2 How GCC Supply Chains Responded

### 2.1 Structural Resilience and Policy Support

The region’s response highlighted years of strategic investment in multi-port redundancy and multimodal connectivity. Government-led infrastructure investment across ports, free zones, logistics corridors, and industrial zones proved instrumental. National strategies to localise production and build strategic reserves — UAE reserves covered 4–6 months of essential goods — prevented panic buying or rationing across the region.

### 2.2 Immediate Supply Chain Adaptations

#### Eastern UAE Gateways (Fujairah / Khor Fakkan)

Vessels converged on these Gulf of Oman ports, bypassing Hormuz entirely. DP World’s fast-track green corridor service — bonded trucking from Khor Fakkan and Fujairah to Jebel Ali requiring nil transit declarations — preserved 60–70% of normal throughput within weeks. The UAE land haulage effort scaled 10x in three days, running 24/7 and facilitating 800 –1,000 truck trips per day.



Trucking platforms scaled dramatically (e.g., TruKker from 60 to 500+ daily moves), while cold-chain and perishables were prioritized via airlifts and priority yard allocation.

Port operator Gulftainer further strengthened the corridor by launching the Khor Fakkan Inland Corridor, linking Khor Fakkan Port with the Sajaa Bonded Dry Port (approximately 70 km), a facility spanning around 180,000 sqm integrating full-container-load storage, customs clearance, and container handling.

#### Oman Southern Corridor (Sohar/Salalah/Duqm)

Emerged as a key southern entry for Asia-origin cargo, with bonded transit to UAE and Saudi markets. Dubai Customs, cooperating with the General Directorate of Customs in Oman, activated a formal “Green Corridor” between Omani ports and Dubai for sea and air cargo shipments, with streamlined procedures including expedited customs clearance at the Hatta border crossing.

#### Multimodal and Overland Surge

Cross-border trucking (Oman–Saudi–UAE), rail-feeder combinations, and staging in India/Pakistan for onward feeders were all deployed.

DP World commenced rail operations alongside its trucking ramp-up. Freight systems strengthened connectivity on the Europe–Oman–Dubai gateway.

CMA CGM launched emergency corridors explicitly bypassing the Strait, combining sea,

road, and rail solutions with entry gateways at Khor Fakkan, Fujairah, Sohar, and Jeddah.

A.P. Møller–Maersk alone began preparing for the overland movement of 7,000+ containers over a two-week window, prioritising food supplies and medical items.

*These adaptations combined into a de facto GCC-wide network, proving logistics resilience through redundancy rather than single-port dependence. The level of coordination at emirate, federal, and pan-GCC levels is unparalleled.*

### 2.3 Emerging Patterns in Trade and Logistics Flows

- The role of GCC as a regional consolidation, trans-shipment, and distribution hub for MENA, Africa, and South Asia became more apparent than ever.
- Saudi Arabia’s western coast—long a secondary trade gateway—emerged as a cornerstone of stability because it sits outside the Hormuz vulnerability.
- The re-routing of cargo through specific GCC hubs, fundamentally alters the relative importance of major ports and logistics clusters.

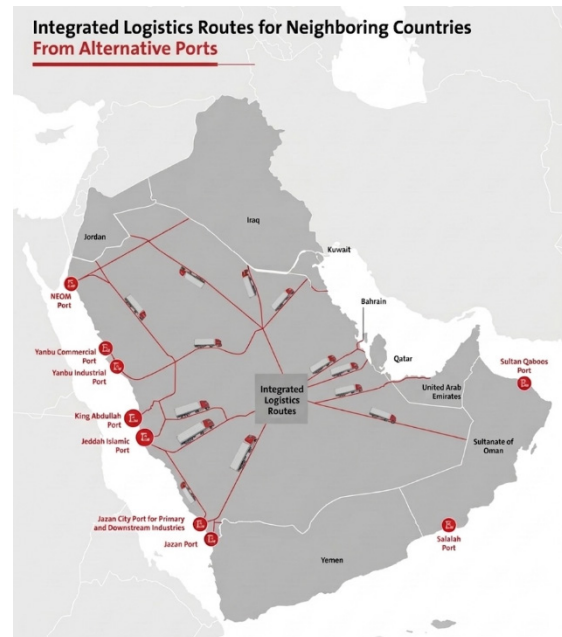
## 3 Saudi Arabia’s Role: The Red Sea Gateway

### 3.1 Activation of the Jeddah Land-Bridge

Mawani launched the “Logistics Corridors Initiative,” adding five new shipping services (total approximately 63,594 TEU capacity) with major carriers including MSC, CMA CGM, Maersk, and Hapag-Lloyd. Jeddah Islamic Port—10.2 million TEU annual capacity, expandable—absorbed significant diverted flows with minimal congestion.

The west coast (including King Abdullah Port) offers more than 18 million TEU total capacity

across seven Red Sea ports, with a combined handling capacity exceeding 500 million tonnes.



Road corridors now connect Jeddah directly to Dammam (~1,400 km), Riyadh, UAE, Qatar, Bahrain, Kuwait, and Iraq. This effectively created a Saudi land-bridge bypassing Hormuz entirely.

What differentiates Saudi Arabia is the ability to connect this maritime infrastructure to land-based logistics corridors reaching into GCC countries—presenting immense untapped potential for regional integration. The government’s swift activation of logistics zones and cross-border routes during the crisis underscores a clear commitment to safeguard global trade flows and reinforce the Kingdom’s position as a logistics powerhouse under Vision 2030.

- Saudi Arabia activated a national fleet exceeding 500,000 trucks to strengthen road freight capacity and safeguard freight mobility across the Gulf region.
- This created “land bridges” from Saudi Arabia’s red seaports (Jeddah, King Abdullah Port, and Yanbu) to Riyadh and further to all GCC countries.

- *The land transport system operates through 18,500 licensed companies supporting large scale cargo distribution across Saudi Arabia and neighbouring GCC markets.*
- *A digital directory of licensed truck freight carriers was introduced to allow cargo owners and logistics operators to identify approved transport providers.*

### 3.2 Broader Regional Connectivity

Saudi Arabia transitioned from a partial Hormuz-dependent market to the GCC's primary alternative entry/exit point for non-oil cargo, complementing the UAE eastern port network and the Dubai–Oman corridor.

Carriers routed Iraq-bound cargo via Jeddah with onward trucking; UAE/Qatar/Bahrain importers utilised Jeddah as a pivot. The accelerated Saudi Landbridge rail project (Jeddah–Riyadh–Dammam) is gaining urgency, with road trucking currently delivering viable 5–10 day transit additions.

### 3.3 Oil Supply Context

Oil bypass via the East–West Petroline (Abqaiq–Yanbu) ramped to a record 5.9 mb/d, sustaining approximately 50–70% of Saudi exports and supporting regional stability.

This energy resilience indirectly bolstered logistics by preventing fuel-price spikes that could have compounded trucking and air-freight costs.

*The 2026 Hormuz disruption tested — and validated — GCC logistics supply chain resilience. Through rapid rerouting, multimodal innovation, and the coordinated activation of UAE eastern ports, the Dubai–Oman passage, regional airports, and Saudi Arabia's Red Sea gateways, the Arabian Peninsula maintained trade continuity for essentials under extreme pressure.*

## 4 Impact on Industrial and Logistics Real Estate

### 4.1 Demand Dynamics

The supply-chain rerouting has triggered immediate and likely durable re-pricing in Gulf industrial and logistics assets. Elevated demand is observed across multiple segments:

- **Modern logistics facilities near key ports and airports**, particularly along the Eastern UAE and Jeddah corridors.
- Large-format regional **distribution centres and fulfilment hubs for e-commerce** and third-party logistics operators.
- **Cold storage and specialised storage for food, pharmaceuticals, and critical materials** — undersupplied pre-crisis and now critically scarce.

### 4.2 Long-term Trends in Occupier Behaviour and Leasing Trends

Performance divergence between prime, institutional-grade assets and secondary stock has widened sharply in rents, occupancy, and lease terms. Occupier demand is tilting towards larger facilities with “slack” to fill-up during disruptions, rather than to-the-pallet optimized and rigid configuration spaces. Recent enquiries are for:

- Greater emphasis on network redundancy: multi-node distribution strategies across key GCC markets.
- Longer leases and increased pre-leasing for build-to-suit and mission-critical facilities.
- Higher specification requirements: ceiling heights, floor loading, automation readiness, and ESG and energy-efficiency standards.

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### 4.3 Logistics Corridor Bifurcation into Three Tiers

#### Tier 1 — Surge Beneficiaries

- **Cold-chain remains the defining theme** — undersupplied pre-crisis, now critically scarce.
- **KSA Red Sea (Jeddah Corridor):** We expect Grade A and cold storage rents to rise resulting in capital value upswings.
- **UAE Eastern Corridor** (Fujairah / Khor Fakkan): Shortage of Grade-A stock will cause all rents to rise and supply shortages will keep occupancy near 100%.

#### Tier 2 — Resilient Regional Hubs

- JAFZA / KEZAD Grade A with essential tenants: potential for marginal rental pressure, high 90's occupancy maintained via established multi-modal access and bonded trucking corridors.

#### Tier 3 — Arabian Gulf Exposure

- Structural risk: 15–25% of cargo may permanently shift to Jeddah corridor.
- Dammam/Jubail and secondary Dubai areas may face rental pressure and challenged for occupancy.

Government and sovereign capital are surging toward Tier 1 assets, targeting food-security and multimodal infrastructure.

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## 5 GFH Partners' GCC Industrial & Logistics Strategy

### 5.1 Portfolio Positioning and Performance

GFH Partners' current exposure to GCC industrial and logistics assets is strategically aligned with the corridors that have benefited most from the supply-chain reconfiguration.

Recent performance drivers include strong occupancy, above-trend rental growth, successful re-lettings, and lease-term extensions across the portfolio.

With cold storage investments in Saudi Arabia and the UAE, our portfolios continue to feature a strategic allocation to high-quality cold chain logistics.

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## 6 Key Conclusions

The GCC has demonstrated robust supply-chain resilience, aided by strong infrastructure, policy support, and its role as a regional trade hub. The crisis has revealed an exceptional depth of institutional coordination across customs authorities, port operators, hauliers, and government agencies at emirate, federal, and pan-GCC levels.

Geopolitical risks have raised the strategic value of high-quality industrial and warehousing assets, particularly those serving essential goods and regional distribution. The corridor bifurcation —between surge beneficiaries and exposed locations — represents a durable structural shift.

GFH Partners continues to monitor opportunities aligned with these market developments and is approaching opportunities through a focused industrial and logistics strategy, disciplined capital deployment, and active asset management.

For investors, GCC industrial and logistics real estate continues to offer a combination of income resilience and structural growth. This crisis has not undermined Gulf logistics real estate—it has re-rated it. Strategic corridors will capture enduring upside, while careful asset selection and risk management remain essential.

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