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Feeling the chill

The future of the commercial refrigeration market in the region – by Dania Shehadeh, Research Analyst, BNC

BNC is looking at major projects in the refrigeration sector. Among other things the pandemic has taught the region, is to manufacture more and store more when it comes to essential items and particularly food and medicine. While 2021 is off to a slow start the future for commercial refrigeration in the region is bright.

Commercial refrigeration applications fall under two major sectors, Urban Construction which includes shopping malls and the Industrial sector which includes the infrastructure for the manufacturing, storage and distribution of items such as food and medicines.



The macro industry level analysis of the project market size of these two key sectors in 2020 vs 2019 can be extrapolated to the underlying industries and provides some insights into work that the region has to offer.

	Urban Construction	Industrial
UAE	👇 -5%	👇 -2%
Saudi Arabia	👆 1%	👆 11%
Qatar	👇 -1%	👇 -1%
Kuwait	👇 -3%	👆 1%
Oman	👇 -3%	👆 2%
Bahrain	👇 -3%	👆 0%
GCC	👇 -2%	👆 5%

Key 👆 >=5% 👇 <5% to 0% 🟡 <0% to >-5%

The GCC industrial projects market grew by an estimated 5% YoY due to the strong contribution by Saudi Arabia and to a lesser degree by Kuwait and Oman, compensating for the contraction in the UAE and Qatar. The Urban Construction market however has contracted 2% YoY across the GCC with every country's market shrinking, other than Saudi Arabia's.

The retail industry has been one of the hardest hit sectors due the economic fallout of the pandemic adversely affecting the need for commercial refrigeration. The overall need for commercial refrigeration however is expected to grow with the development of food processing plants and distribution centres to support the logistics infrastructure that the region is building to support e-commerce and to secure its place in the global supply chain.

Even though the retail projects pipeline in the GCC were heavily impacted by the pandemic, some major retail construction projects are now back in progress. One of the largest retail projects currently under construction is the Traders Market project in Dubai. Also known as the Yiwu Market, the project is being developed by the China-based Zhejiang China Commodity City Group (CCC) and is a key initiative to embed Dubai in the supply chain that originates in China.

The multi-billion Dollar project is to be a one-stop purchasing destination that will allow trading in bulk and retail, either online or offline. It will open doors to businesses from all around the world and allow them to have access to wholesale discounts with reduced supply chain costs. The market will consist of two purpose-built sections, the first section will have 1,600 showrooms and parallel to them

will be 324 bonded warehouses that will host traders from several sectors including food and beverages.

Dubai's upcoming Yiwu Market is a replica of the Chinese Yiwu Market and aims to bring the success this mega-market has in China to the region. Despite the challenges that were brought by the pandemic in 2020 the under-construction project is expected to adapt to the new changes and grow since the first phase of the market is to be completed around the same time of Expo 2020 which is also located directly opposite the exhibition area.

Another remarkable project also being built in Dubai that will require commercial refrigeration is a Kosher production facility announced by Emirates airline group after the UAE and Israel agreed to normalise ties. The project which is currently in progress aims to serve Jewish customers in the aviation, hospitality, F&B, and events sector including the upcoming Expo 2020. Elsewhere, a Food Techno Park is under design in Oman which is to cater all aspects of the food industry, ensuring high-quality and safe food is available in the country. Also, in Oman, plans for a Central Fruits & Vegetables Market is underway in Khazaen Economic City providing wholesale outlets and retail shops, in addition to complete warehousing and cold storage logistics solutions for multiple products such as fruits, vegetables, fish, and meat.

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Industry Networks offers the construction industry state-of-the-art sales automation systems deeply integrated with constantly updated project information.

BNC intelligence, our project intelligence service, is the largest construction database in the MEA region, with 28.500+ live construction projects estimated at 11,1t USD (40,8t AED). The BNC intelligence database spans the urban construction, oil & gas, transportation, utilities, and industrial sectors.

BNC intelligence is used by thousands of business leaders and construction industry professionals every day, to track developments, gain insight on projects, and do business in the MEA construction industry.