
Dubai's retail spending to cross Dh27.8b by 2009.

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ABU DHABI, JUNE 19, 2004 (WAM) - With increased tourism traffic and massive retail and commercial development taking shape, Dubai's retail spending could cross Dh27.89 billion (US\$7.6 billion) by the end of 2009, **according to Retail International. The company released a comprehensive study on the Middle East's retail developments recently, which places Dubai far ahead of the rest.**

By 2009, retail activities in shopping centres would contribute about 50 per cent to **Dubai's GDP**. By 2009, Abu Dhabi's retail spending will reach Dh7.19 billion, the same in Sharjah to cross Dh2.36 billion. In total, retail spending in the UAE will reach almost Dh37.44 billion per year by 2009, if the current projections are to be taken seriously. At the same time, per capital gross leasable area (GLA) is expected to shoot up to 27.26 square feet in **Dubai**, 5.35 square feet in Abu Dhabi and 4.04 square feet in Sharjah from their respective current levels. In total, the UAE's per capita GLA is expected to reach 4.38 square feet, third among the GCC.

Despite having a smaller population compared to Saudi Arabia, the UAE is expected to better its retail spending compared to its largest neighbour, due to its status as a strong tourism, transportation, logistics and trading hub. The number of completed retail units in the GCC to date is 13,806, spreading across 3.77 million square metre GLA. There are 2.2 million square metres GLA is currently under development involving a further 3,520 retail units. With the announced projects, the total number of shop units will cross 27,000, involving 9.42 million square metres of GLA.

Among the GLA under development, more than 3 million square metres are taking place in Dubai. This represents about one third of the total retail development in the GCC. These include the Mall of Arabia covering 600,000 square metres, followed by the Dubai Mall with 500,000 square metres, Mall of the Emirates having 400,000 square metres, the Gardens Shopping Mall with 300,000 square metres and the Waterfront at the Dubai Festival City covering 250,000 square metres GLA.

Dubai's GLA accounts for 17 per cent of the total GCC's GLA. However, with the massive retail development, Dubai is expected to increase its share by double, to 34 per cent by 2010. Retail spending during the first five months have recorded a 40 per cent growth over the same period of last year, according to a top Dubai government official.

Dubai has been targeting a market of 1.5 billion people with a **GDP** of US\$1.1 trillion from the Middle East, South Asia and the entire Caspian region. "While for 300 million people in the US, there are a number of hubs, for 300 million people in the Middle East, there is only one hub ~ **Dubai**," he said. "Moreover, **Dubai** caters to over 1.5 billion people who are less than two hours flying time away. So, as a hub, as we gear up to serve a wider number of consumers in and beyond the region, we will need more malls." Retail International, the independent London-based shopping centre consultants specialising in the Middle East, also echoes the same: "With growth in **GDP** by 24 per cent in four years to an average of US\$19,000 per head, the number of visitors to the city increased by 54 per cent over the same period and an uplift in population by 23.8 per cent this may help to allay any concern that may exist at the expected doubling in retail 'footage' in **Dubai** over the next five years." Analysing some of its surveys, Retail International's principal Simon Thomson says: "**Dubai** is on course to become possibly the most densely shopped city on the planet. "Our surveys reveal that some 3.55 million square metres of space has been completed in shopping malls across the six GCC countries. With a further 1.24 million square metres currently under construction and 3.5 million square metres in the planning stage the total is set to top 9.4 million square metres within five years.

However, the big question is: will the region be able to sustain this level of growth in the retail sector, year

after year? And for how long? "At current demographic levels the available retail facilities would require every man, woman and child in Dubai to spend around US\$7,800 annually to sustain an overall average sales figure of US\$3,500 a square metre a year in more than 25 or so shopping malls in Dubai. This compares with an annual spend requirement of under US\$600 in Kuwait, a recent report by Retail International said.

"Given recent economic growth levels in Dubai, this may not be so hard to achieve by 2008. However, every additional dollar or dirham spent in its shopping malls by the 1.6 billion market targeted by Dubai is likely to prove more than welcome to the city's retailers and mall operators."

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