



Member Middle East Council of Shopping Centres

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Middle East Shopping Centre Report - Overview

Special points of interest:

- 9.4 million sq. metres potential Gross Leasable space
- US\$8 billion sales requirement in Dubai.
- Re-emergence of Beirut
- Based upon published data and informed sources from more than 200 shopping centres

The timing of the rise in crude oil prices in the past 12 months could not have been more fortuitous. Fuelling a boom in the GCC economies this has coincided with the largest burst in construction that the region has seen in years. A drive through any of the Gulf's cities will reveal frenetic activity across all sectors of the industry – not least in the retail sector, where work proceeds at a desperate pace to complete projects ahead of the competition.

Across the GCC as a whole at the date of this survey of shopping centres some 3.8 million sq.m (approx. 41 million sq. ft) has already been completed. With 2.2 million sq.m (approx. 24 million sq.ft) 'under development', plus 600,000 sq.m (approx. 6.5 million sq.ft) 'probable' and a further 2.8 million sq.m (approx. 30 million sq.ft) 'possible'. Overall this would provide a total potential of some 9.4 million sq.m, equivalent to around 101,000,000 sq.ft.

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The main concentrations presently are, Dubai (631,000 sq.m. / 6.8 million sq. ft), Jeddah (595,000 sq.m. / 6.4 million sq. ft), Abu Dhabi (460,000 sq.m. / 4.9 million sq. ft) and Riyadh (411,000 sq.m. / 4.4 million sq. ft).

By 2009, based on the more certain projects already under way and probable, a conservative forecast, Dubai will offer over 2 million sq.m. followed by Jeddah (over 750,000 sq.m. / 8.0 million sq. ft), Riyadh (over 600,000 sq.m. / 6.5 million sq. ft) and Abu Dhabi at around 550,000 sq.m / 5.9 million sq. ft.



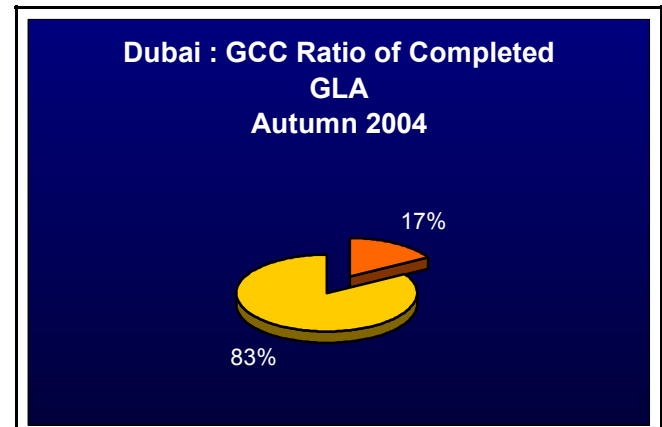
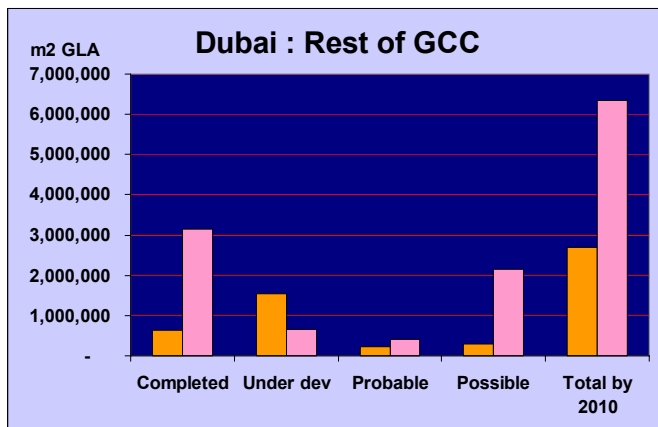
The Dubai Mall – model



Dubai

Nowhere is the race fiercer than in Dubai. The city has five mega malls simultaneously under development. No city with a population the size of Dubai has challenged itself to deliver so much mall footage in so concentrated a period. By 2010 1.5 million sq.m (over 16 million sq.ft.) will have been added to the existing stock of 600,000 sq.m. (approx. 6.5 million sq.ft.). With a further 900,000 sq.m (9.7 million sq.ft.) potentially possible the total looks set to rise to 3 million sq.m. or over 32 million sq.ft.

Already comprising 17% of the total GCC footage this massive increase will double Dubai's share to 34% within five years.



Source: Retail International®

The Dubai Mega Malls

Trailed to be the largest mall in the world is The Mall of Arabia, set to be the centre piece of 'Dubailand', the emirate's answer to Disney World, is expected to exceed 600,000 sq.m. (approx. 6.5 million sq. ft.). This will be followed by The Dubai Mall the retail segment of the Burj Dubai project being developed by Emaar Properties as the tallest tower in the world. Well under way for completion during 2005 is Mall of the Emirates, the latest offering by MAF Investments at 400,000 sq.m. (approx. 4.3 million sq.ft) and incorporating the first 'real snow' ski slope in the region as well as the largest Carrefour hypermarket in the UAE. Within a few kilometres, also due for completion in 2005, is The Gardens Mall at 300,000 sq.m (approx. 3.2 million sq.ft) being developed by Al Nakheel. This will be anchored by amongst others the first Géant in the UAE, the hypermarket brand of French owned Casino, plus the largest cinema entertainment centre in the Middle East, the core of which will be the region's first IMAX theatre. Dubai Festival City being built by the Al-Futtaim Group entails the development of 1,600 acres on the banks of the Dubai Creek and is the Middle East's largest privately funded mixed use real estate project. Waterfront Centre the retail and entertainment element will comprise 250,000 sq.m (approx. 2.7 million sq.ft.) and be anchored by 10 large format international flagship brands including an IKEA mega store.

Dubai Mega Malls	Estimated GLA sq.m.
The Mall of Arabia	+600,000
The Dubai Mall	500,000
Mall of the Emirates	400,000
The Gardens Mall	300,000
Waterfront Centre, Dubai Festival City	250,000

THE REST OF THE GULF

Overshadowed by so much activity in Dubai it is easy to overlook that shopping centre development continues to proceed across the remainder of the region. Much of it especially in **Saudi Arabia** is hypermarket led, mimicking the successful pattern established in the UAE by MAF Investments with the Carrefour franchise.

Now being imported into The Kingdom, Carrefour will anchor the 200,000 sq.m. Granada Center in Riyadh, typical of a number of similar projects including Al Azizia Mall (43,000 sq. m), Riyadh being developed nation-wide by various developers including Savola Group and their Panda brand. Other projects across The Kingdom include Dhahran Shopping City, Al Khobar by Al Hokair Group, Mall of Arabia (150,000 sq.m.) and Serafi Mega Mall (100,000 sq.m.) both on Jeddah, the latter anchored by Danube hypermarket.

Géant, the hypermarket fascia of Casino, a compatriot company and main competitor of French owned Carrefour, is embarking on a roll out programme across the region. With an initial store in Bahrain, Géant are opening up in Saudi Arabia, UAE and Lebanon amongst others.

- ◆ **Abu Dhabi:** work is proceeding on the second phase of Marina Mall an estimated 30,000 sq.m expansion to provide new department stores and a ski slope.
- ◆ **Kuwait:** the Al Kout and Al Manshar complexes will add a further 80,000 sq.m to the existing supply plus an estimated 150,000 sq.m from future phases of the Waterfront redevelopment and the Al Rai scheme.
- ◆ **Oman:** enlargement of Muscat City Centre will add an estimated 10,000 sq.m to the existing centre.
- ◆ **Qatar:** several projects incorporating leisure elements are in the pipeline in the West Bay area of Doha that can be expected to add some 65,000 sq.m to the market.
- ◆ **Bahrain:** expansion of the 1970's Bahrain Commercial Complex has commenced which although predominantly offices, will lead to enhancement of the retail complex.

News...News...New

◆ *Not to be overlooked in Dubai is the stunning BurJuman 2 (50,000 sq.m.) opening soon and anchored by Saks Fifth Avenue.*



◆ *Also Reef Mall (25,000 sq.m.) nearing completion anchored by the Landmark Group.*

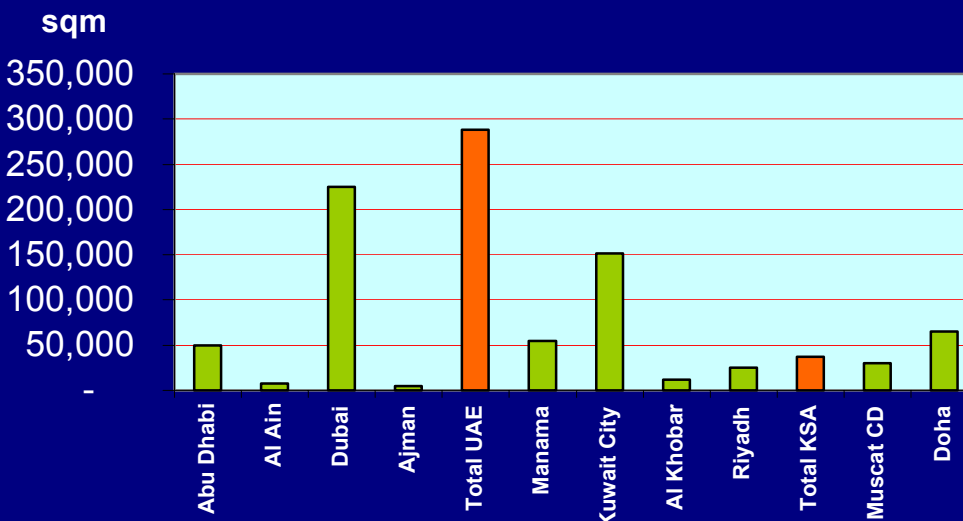


◆ *The Lals Group plan to open a second store in Dubai in 2006 and in KSA next year.*

In terms of Gross Leaseable Area ('GLA') per head of population at current population levels Dubai will provide some 27 sq. ft per head followed by Doha (Qatar) 7 sq. ft per head, Manama (Bahrain) at 6 sq. ft per head, Abu Dhabi at 5.5 sq. ft per head and Sharjah at 4.5 sq. ft per head.

Kuwait at under 1.0 sq. ft per head and a wealthy population would appear to offer the best prospects for developers and retailers with a major population across the border in Iraq on its door step.

GCC Shopping Centres - Probable Autumn 2004



CAIRO & BEIRUT

Cairo and Beirut seem set to become the key regional retail destination centres outside the GCC in the next five years. The two cities will be "running neck and neck" with a retail offer expected to reach 500,000 sq. m. to 600,000 sq.m. (approx. 6.5 million sq. ft) by 2009. With a population outstripping the GCC and dwarfing Lebanon and its immediate neighbours, Egypt remains something of a slumbering giant in retail terms with enormous latent potential.

Beirut, for so long racked by civil strife, is at last beginning re-emerge into the fabulous city it used to be. Much of this is driven by Solidere at the heart of the restoration of Beirut. Much still hangs on completion by that company of The Souks that will provide 100,000 sq.m. (approx. 1.1 million sq. ft) of retail and entertainment in the downtown core of the city. In the interim shopping centres such as Dora Regional Centre a 60,000 sq.m. (approx. 646,000 sq. ft) mall being developed by Admic on the northern coastal highway on the periphery of the city to be anchored by hypermarket Géant (11,000 sq.m.) and the newly opened 42,000 sq.m. (approx. 452,000 sq. ft) Beirut Mall, developed and anchored by leading Lebanese department store chain ABC, are filling the vacuum.

Commentary by Simon Thomson :

"The Gulf has a rapidly growing population that fortunately will absorb much of the increasing supply in retail footage. With buoyant economies and increasing international and internal tourism the future for retailers and shopping centre owners looks secure.

Complacency however would be dangerous. In Dubai alone, by 2009 nearly US\$8 billion of sales will need to be rung up each year to support the amount of expected space. This is a frighteningly 50% of today's GDP for Dubai. This assumes average sales of \$3,500 per sq.m. - well within industry 'norms' in the developed markets of North America and Europe. Equally, the rapid rise of wealth in, notably China and India, but also Russia, is concentrating the attention of world retailers. So much so, that within a matter of a few years even the remotest villages in these enormous countries will be within easy reach of the leading global brands. This is from where the competition of the future will come".

Note: The views expressed in this document are those of Retail International and no liability can be accepted for any errors of fact or opinion.

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Retail International® is an independent retail consultancy boutique owned by Simon Thomson offering specialist professional services to the retail industry.

- ◆ *Simon Thomson is an International Retail Consultant and a Fellow of The Royal Institution of Chartered Surveyors. He is a member of The Counselors of Real Estate, Chicago, an active member of the International Council of Shopping Centres based in New York and was a founding director of The Middle East Council of Shopping Centres, of which he continues to belong.*
- ◆ *Simon Thomson enjoys a distinguished career spanning more than 30 years in the international shopping centre and retail business having been and continuing to be involved with the development of leading shopping centres and the establishment of cross border retailers in Central Europe, the Middle East, Australia, USA, Western Europe.*

Typical recent projects, clients and assignments include:

Gulf Finance House Bahrain	Solidere SAL Beirut
Edifice Dubai	HSBC Bank Dubai
Mercato Shopping Centre Dubai	Emaar Properties PJSC Dubai
Markaz Al Bahja Shopping Centre Muscat	Al Ghurair Retail Dubai
CB Richard Ellis London	Brooke International Hong Kong
Oncor International Poland	Reform Plaza Warsaw
Olsztyn Centre Poland	Dalston Cross Shop. Centre London