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CAIRO

Retail Supply Outstripping all Others

Despite the gloom of 12 months ago the new decade is emerging with the MENA retail market relatively unscathed and in certain markets within this vast region on notes that indicate underlying buoyancy.

Notably the UAE continues to provide the bulk of future supply over the next five years, followed closely by the North African countries, especially Egypt.

The Annual Report 2010 by Retail International® reveals some 10.3 million square metres of mall Gross Leasable Area ('GLA') has been completed across the GCC - up from 9.5 million square metres a year ago. The total across the MENA region is approaching 12 million square metres with a further 8.5 million square metres under development or in the detailed planning stages.

Simon Thomson, Founder and Principal of Retail International® singles out Cairo as being the one city "that outstrips all others in real terms of projected new organized retail floor space" with over 1.9 million square metres due to be added to the existing stock by 2015. This represents an increase of some 400% from today's relatively low base of 622,000 sq. metres GLA to over 2.5 million sq. metres GLA within the next five years.

With a growing population of some 80 million with more than 15 million and 4 million in Cairo and Alexandria respectively, and an expanding economy it is no surprise that the retail spotlight is shining on the parched retail landscape of Egypt.

Latest forecasts suggest that Real GDP growth is projected to rise to 5.8% in 2010/2011, from around 5% in 2009/2010, based on nominal GDP of LE1198 billion (US\$219 billion) in 2009/2010 and LE1377 billion (US\$251 billion) in 2010/2011.

There is also encouragement from retailers such as Landmark Group announcing in April 2010 plans for a massive expansion drive in the MENA with the opening of an additional 150 stores in a \$150m plus expansion that includes an increased presence in Egypt.

East Cairo is set to take the bulk of the planned new shopping malls, with some 1.3 million sq. metres GLA under development or planned compared with some 700,000 sq. metres west of the Nile.

These include such projects as UpTown Mall, Cairo Festival City, Sorouh City and Cairo Financial Center in the East and Mall of Egypt, Mena Mall and Westtown in West Cairo.

Retail International® has advised SODIC, the leading Egyptian developer with regard to Westtown and its 'twin' Easttown located in Shk. Zayed City and Katameya respectively with a combined GLA of some 200,000 sq. metres.

Despite all this development the projected density of organised retail space in Cairo at 2015 is forecast to be only 14 sq. metres GLA per 100 head of population compared with Dubai at 191 sq. metres GLA per 100 head of population. This reflects the huge difference in spending power per head between the two cities but if real GDP continues to grow in Egypt the outlook for retailing in Cairo looks bright.

Retail International® is an independent retail and shopping centre development consultancy based in UK specialising in the Middle East and North Africa. Owned and founded in 1993 by Simon Thomson it has been producing reports regularly since then with a data base stretching back to the 1970s. Currently The Annual Report covers some 300 shopping centres in 13 countries.