

**HD**    **ROUNDUP INTERNATIONAL: Global mall scenario upbeat due to increase in demands**

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Since, experience is replacing location as retailing moves to the digital age, developers will need to ensure they invest in activities that will drive footfall and increase the dwell times. As these activities achieve lower rents, it will force the developers to become increasingly cost conscious. Shoppers in UAE still crave the physical store experience due to shopping being one of the major leisure activities in UAE. The physical store will continue to exist, but the developers will also need to invest in the infrastructure to support the new technologies.

## MIDDLE EAST TO BECOME THE NERVE CENTER OF PROMINENT RETAIL ACTIVITIES

The UAE has come a long way in the last few decades, from its traditional souk retail to modern retail formats. There are a variety of formats, ranging from strip retail and community centres to super-regional malls, with Dubai as the most mature market in the region. The impressive blend of shopping and entertainment has allowed Dubai to become one of the popular tourist destinations in the world. As the UAE's retail market advances, a ripple effect is more than likely to cause other Gulf countries to follow suit. The UAE has undergone substantial economic and infrastructure development along with population growth. It also possesses the financial capabilities to respond to retail demand and attract the attention of retailers worldwide. Several international brands have become prominent retailers with franchising agreements with various dominant retail groups (Landmark, Chalhoub, Apparel, Al Shaya, Al Tayer). The arrival of major developments such as The Dubai Mall and Mall of the Emirates, the Marina Mall, World Trade Center Mall and Galleria in Abu Dhabi has restructured the retail standard in the country. Old malls are working to reinvent themselves (BurJuman Centre and Wafi Mall) and new malls (Mall of the World and Yas Mall) are looking to provide a more innovative experience. The current saturation of the UAE retail market with super-regional malls, notably in Dubai, has forced developers to consider sophisticated retail formats as well as community-orientated centres to respond to various consumer needs and preferences. They are seeking opportunities to create value by delivering unique concepts such as the Beach by Meraas, as well as, announcing the construction of community centres in proximity to major planned **residential** projects (Akoya by Damac in Dubai). Retail trends popular in the Western world such as omni channel retailing, increasing digital and technological integration into marketing and advertising, and usage of big data systems are essential to effectively compete. Retailers worldwide are working to adapt to these changes through personalised in-store experiences, innovative store designs and promotions to keep the ever changing consumer engaged. However, these trends are still lacking in the Middle East. But as consumers in the UAE become more tech-savvy, real-time data orientated and demand faster response times, the adoption of these trends will be inevitable to effectively compete. Hence the increasing use of digital technology and multichannel retailing by retailers to better target their customers is being introduced. A popular example being ecommerce, where popular online websites such as Marka VIP and Sukar are providing consumers with the ability to **purchase** various branded products online. Since, experience is replacing location as retailing moves to the digital age, developers will need to ensure they invest in activities that will drive footfall and increase the dwell times. As these activities

achieve lower rents, it will force the developers to become increasingly cost-conscious. Shoppers in UAE still crave the physical store experience due to shopping being one of the major leisure activities in UAE. The physical store will continue to exist, but the developers will need to invest in the infrastructure to support the new technologies.

Abu Dhabi, seeking to capitalise on surging retail demand, has already opened two shopping malls in little more than a year as it attempts to match its glitzy neighbour Dubai. A funding deal is expected to be finalised by the end of January 2015, allowing building work to start by March or April. TDIC is partnering on The District with L Real Estate, a global property development and investment fund sponsored by LVMH, the French luxury goods company, according to TDIC's website. They are hoping to tap rising retail sales in the United Arab Emirates - up 5 per cent to \$66 billion in 2013, according to consultancy AT Kearney - boosted by a growing and youthful population and strong tourist numbers. Construction work on the project, which will hold more than 550 units across 269,000 square metres of leasable space, is scheduled to be completed by 2017, the website said. TDIC, which is also building branches of the Louvre and Guggenheim in Abu Dhabi, has - like other UAE companies - been taking advantage of low interest rates to raise fresh capital or refinance existing debt. In June, it secured bank financing to repay \$2 billion in maturing bonds this year and said it was in the process of finalising two separate financing agreements in 2014.

#### SWANKY MALLS ACROSS THE GLOBE TO ATTRACT HIGH STREET BRANDS

With a slew of new international labels, Pitt Street Mall in Sydney has regained its place in a top-five list of the most expensive locations in the world to rent a store. Pitt Street overtook Ginza in Tokyo and Bahnhofstrasse in Zurich in the 2014-15 edition Cushman & Wakefield's "Main Streets Across the World" survey, climbing back to fifth place globally after dropping to eighth in 2013. The survey ranks by rent 330 shopping destinations across 65 countries. Cushman & Wakefield Australia's managing director, David Woolford, said Pitt Street Mall's top-five ranking reinforced Sydney's status as a global commercial and retail centre. "The influx of some of the world's most recognisable retail brands has boosted Sydney's prime retail market and this has spread to the other major retail markets in Melbourne and Brisbane," Mr Woolford said in the report. New stores from big international names like Zara and more recently Uniqlo, as well as the pending arrival of H&M, Sephora, and Forever 21, helped Pitt Street leapfrog three places in the past year, thanks to an average 25 per cent increase in rents. Woolford said that the new arrivals were following an "interesting strategy" that emphasised big stores in "super prime areas" over a rollout across a number of locations. "Changing consumer behaviours and trends toward online shopping means these brands can focus on flagship outlets in premium, high-traffic areas. And they are willing to pay top dollar to do so," he said. According to the survey, by the world's biggest real estate firm, prime retail rents across the globe rose by 2.4 per cent in the 12 months to September. Cushman & Wakefield recorded Pitt Street Mall's average rent as \$12,496 per square metre, for the 2014-15 financial year. The world's most expensive strip, Upper Fifth Avenue in New York, averaged rents of \$43,844 per square metre. Melbourne's Bourke Street Mall, which also welcomed H&M and Zara in the past year, had average rent of \$4,500 per square metre. Hong Kong's Causeway Bay area dropped a rung to No. 2, followed by the Avenue des Champs Elysees in Paris. It is expected that the recent Occupy Central demonstrations will have an adverse impact on Hong Kong's future rankings, due to the disruptions caused to shoppers. London's New Bond Street, where rents rose 4.2 per cent, retained fourth position on the global ladder.

**IN** i6560011 : Shopping Malls/Superstores | i64 : Retail/Wholesale | i656 : Mixed Retailing | iretail : Retail

**NS** c335 : Franchises | gdemog : Demographics | c33 : Contracts/Orders | ccat : Corporate/Industrial News | gcat : Political/General News | gcom : Society/Community | ncat : Content Types | nfact : Factiva Filters | nfcipin : C&E Industry News Filter

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