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Kuwait Luxury Retail

In the lap of luxury



Research Highlights:

Analyzing the major segments of luxury retail in Kuwait, their different formats and retail infrastructure. The report also highlights the fundamental growth drivers and challenges for luxury retail in the region.



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Executive Summary

Kuwait is the thirteenth richest country in the world, in terms of average per capita income. High GDP, increasing population and high per capita income makes Kuwait a popular destination for the luxury retailers.

The major segments of luxury retail in Kuwait are Consumer Electronics, Automobiles, Apparels, Watches & Jewellery, Footwear & Handbags and Cosmetics. Luxury brands like Chanel, Gucci, Dior and Louis Vuitton operate in multiple segments such as Apparels, Footwear, Handbags, Cosmetics and Fragrances and have their presence here. Higher average incomes and various subsidies make it easier for consumers to choose top brands and large sports utility vehicles, compared to Europe and many Asian markets. In Kuwait luxury segment, high-end fashion and accessories enjoy a bigger share of the overall market.

Luxury retail operates through malls, hypermarkets and online shopping. Malls offer a unique proposition of entertainment plus shopping, and continue to be the choice destination for shoppers as it offers a wholesome experience. Demand for retail space is increasing and occupancy rates in prime malls reached to about 93 per cent, with average lease rate estimated around USD 49.55 per sq. m per month. Estater reports state that by the end of 2019, Kuwait had around 5.14 million sq. m retail space, of which 16% is of the luxury retail malls and the remaining 84% includes other retail properties, coops, souks., etc. Kuwait currently has about 702,000 sq. m retail space, and is expected to have an additional 207,500 sq. m retail space by 2022.

Growth in the online retail segment is supported by a high penetration of Internet among the population, with around 99.5 per cent of the population using internet stated according to World Bank sources. The e-commerce market size in Kuwait is expected to be about USD 1.9 billion by 2020. The user penetration in the Kuwait e-commerce market is expected to be 58.3% in 2021 and expected to grow to hit 61.1% with the expected amounted of 2.8 million users by 2025.

Table 1.1: Prominent malls in Kuwait

Project	Retail Space (in Sq m)
Avenue Mall	250,000
360 Kuwait	130,000
Al Kout	83,300
Gate Mall	65,250
Marina Mall	35,472
Al Hamra Luxury Centre	24,000

Source: Company Websites, Marmore Research

Lockdowns and social distancing to contain the spread of COVID-19 have affected luxury retail sector in terms of decline in sales and consumer spending, labor availability, thrust to e-commerce etc.

Affluent population, higher disposable income, grand malls, growing population and rising number of tourists act as growth drivers for luxury retail. However volatile oil prices, counterfeiting, changing trends, increasing competition and room for improvement in the business environment are few challenges the sector is facing.

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