

PRESS RELEASE

Majid Al Futtaim 'State of the UAE Retail Economy' Report Reveals Retail Consumer Spending in the UAE jumped by 14% in Q1 2022

The UAE's pace of growth continues to pick up after gross domestic product (GDP) rose by 3.8% in 2021, surpassing pre-pandemic levels from 2019

State of the UAE Retail Economy report key findings:

- Online retail spending tripled in the first quarter compared with the first three months of 2019
- Hotels had the highest occupancy rate in the world for four straight weeks in February and March
- The non-oil economy is expected to grow by 3.9% this year, boosted by consumer spending and rising tourist numbers

Dubai, United Arab Emirates, 29 April 2022: Majid Al Futtaim, the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa and Asia, today launched the latest in a series of quarterly reports titled *State of the UAE Retail Economy*, uncovering key economic data, trends and insights into consumers' behaviour patterns, spending habits and sentiment in the UAE. The report highlights a 14% jump in Q1 2022 retail consumer spending in the UAE compared with the same period in 2019, indicating that the nation's post-pandemic economy continues to recover strongly.

The latest collection of data demonstrates that resilience, confidence and stability have returned, along with growth that exceeds pre-pandemic numbers. While the economic recovery is on a firm footing, challenges remain; foremost among them is inflation. However, rising prices have had little impact on consumer confidence in the economy, with 89% of respondents to a survey by Majid Al Futtaim's Happiness Lab expressing optimism. This same survey revealed that the month of Ramadan is expected to boost spending on food and beverages, with groceries topping the list of anticipated increased expenditures by households.

Indeed, the non-oil economy is expected to grow by 3.9% this year, as a result of consumer spending and rising tourist numbers, and the broader economy is forecast to expand by 6.2% in 2022. Online retail spending tripled in the first quarter compared with the first three months of 2019, led by the food and beverage and hypermarket/supermarket sectors. At the same time, e-commerce accounted for 11% of all retail spending in the quarter, up from 5% before the pandemic.

Similarly, the UAE's hotels enjoyed strong demand from October to March and improved performance on an average daily rate and revenue per available room, thanks in part to the success of EXPO 2020 Dubai. UAE hotels also had the highest occupancy rate in the world for four straight weeks in February and March, with 85% occupancy in mid-March.

The research further indicates that the forecasted growth in 2022 will be supported by the Government's ongoing focus on pandemic management and its introduction of a range of growth-friendly initiatives. The decision to adopt a more global Monday-to-Friday working week has further strengthened Dubai's status as a financial hub, and government reforms promoting business development also played a significant role in driving private-sector growth. This included a new law permitting full foreign ownership of companies boosting foreign direct investment, which increased to USD 20.7 billion in 2021, up 4% from the previous year.

Alain Bejjani, Chief Executive Officer at Majid Al Futtaim – Holding, said: “We must take stock of the tremendous economic recovery underway and acknowledge the transformation experienced over the last 24 months. While the UAE will still face some headwinds throughout the year, notably price pressures and the prospect of interest rates edging higher, the data shows the fundamentals are strong.

“The report also shows that industries, sectors and businesses have adapted swiftly to new working methods and have supplied new consumer trends and demands using ingenuity and innovation. The encouraging signs we witness from these past three months will lift the UAE towards a stronger economy.”

The first quarter for the year saw most sectors of the retail economy expand, with retail general categories, including food and beverage, pharmacy and health, hotels, duty-free, electronics and home furnishings, increase by 19% compared with the first three months of 2019. Additionally, hypermarket and supermarket spending rose by 10% in the first quarter from January-March 2019 and accounted for 24% of retail spending growth. And first-quarter fashion sales were up by 15% compared with three years earlier, boosted by spending on non-luxury categories and accessories, as well as on watches and jewellery.

The report also indicated the UAE real estate market is poised for expansion – with the total value of property sales in Dubai increasing to AED 16.4 billion (USD 4.5 billion) in February, up 124% from the same month in 2021, and more than 6,300 transactions recorded in the month, increasing 70% from a year earlier.

The full report can be accessed here: <https://maf.am/SOTREPR>

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Notes to the Editor: The legal name of this company is “Majid Al Futtaim” and should not be shortened or replaced by an acronym to avoid confusion with another business entity.

About Majid Al Futtaim

Founded in 1992, Majid Al Futtaim is the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa and Asia.

A remarkable business success story, Majid Al Futtaim started from one man’s vision to transform the face of shopping, entertainment and leisure to ‘create great moments for everyone, every day’. It has since grown into one of the United Arab Emirates’ most respected and successful businesses spanning 17 international markets, employing more than 41,000 people, and obtaining the highest credit rating (BBB) among privately held corporates in the region.

Majid Al Futtaim owns and operates 29 shopping malls, 13 hotels and four mixed-use communities, with further developments underway in the region. The shopping malls portfolio includes Mall of the Emirates, Mall of Egypt, Mall of Oman, City Centre malls, My City Centre neighbourhood centres, and five community malls which are in joint venture with the Government of Sharjah. The Company is the exclusive franchisee for Carrefour in over 30 markets across the Middle East, Africa and Asia, operating a portfolio of more than 400 outlets including City+, the region’s first checkout-free store, and an online store.

Majid Al Futtaim operates more than 600 VOX Cinemas screens as well as a portfolio of world-class leisure and entertainment experiences across the region including Ski Dubai, Ski Egypt, Dreamscape, Magic Planet, Little Explorers and iFLY Dubai. The Company is parent to a Fashion, Home and Specialty retail business representing international brands such as Abercrombie & Fitch, Hollister, AllSaints, lululemon athletica, Crate & Barrel, LEGO and THAT, a Majid Al Futtaim fashion concept store and app. In addition, Majid Al Futtaim operates Enova, a facility and energy management company, through a joint venture operation with Veolia, a global leader in optimised environment resource management.

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