

Developers Eye Abu Dhabi for Luxe Retail Opportunities

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Emirates Palace in Abu Dhab, United Arab Emirates.

Photo By Getty Images

NEW YORK — Look out, Dubai: Abu Dhabi is being primed to be the Gulf’s next retail mecca.

The Related Cos. is betting on Abu Dhabi with a mixed-use real estate venture with a strong focus on retail. Related has joined forces with Gulf Capital, a local asset management firm, to create Gulf Related, based in Abu Dhabi. Its mission: “To pursue marquee large-scale real estate development opportunities, initially in Abu Dhabi and the Kingdom of Saudi Arabia, followed by a Middle East and Northern Africa-wide regional expansion.”

“We are actively working on department store retailing,” said Kenneth Himmel, chairman and chief executive officer of Related Urban Development, a division of Related Cos. “We’re working on a project that’s three times the size of [Related’s] Time Warner Center and The Shops at Columbus Circle.

“Abu Dhabi has a very balanced development program,” Himmel said. “There’s master planning for the whole city. Mixed-used developments are in demand. We’re very bullish. There are no fashion or traditional department stores in Abu Dhabi yet. It’s the next frontier.”

For years, Abu Dhabi has stood in the shadow of its far more developed neighbor Dubai, where the world’s largest shopping center, the Dubai Mall with 1,200 stores, is part of the \$20 billion Burj Khalifa complex. It’s anchored by Bloomingdale’s, Galleries Lafayette, Debenhams and Marks & Spencer. Yet while Abu Dhabi lags Dubai in terms of retail development, it actually is by far the wealthier of the two given its oil deposits; the emirate recently bailed out Dubai’s investment arm, Dubai World, with a \$20 billion rescue package.

Marvin Traub, president of Marvin Traub Associates, played the role of matchmaker between Gulf Capital and Related. “There is an opportunity for world-class shopping centers in Abu Dhabi,” he said. “Dubai is world-class retailing today. Abu Dhabi is going to have great growth in the future.”

Traub, who was longtime chairman of Bloomingdale’s, represented Al Tayer Group in its Dubai Mall deal with Macy’s Inc., Bloomingdale’s parent. Bloomingdale’s on Monday unveiled two units at the Dubai Mall.

Himmel declined to discuss prospective tenants, saying, “We haven’t announced anything yet, but we’re getting close. By May, we’ll probably be announcing and actively leasing.”

Asked if Abu Dhabi is on his radar, Michael Gould, chairman and ceo of Bloomingdale’s, said, “I don’t want to speculate on anything. We’ve only been open [in Dubai] for four days, and the business has been absolutely terrific.” A spokeswoman for Saks Fifth Avenue had no comment. The venture could target department stores now in Dubai, including Carrefour and Harvey Nichols or those without a presence. Department stores in Dubai “tend to be more productive with higher than average [sales per square foot] than those in the U.S.,” Traub said, adding that retailers with stores in one market needn’t fear cannibalization. “Retailers there tend to be multimarket.”

Related’s Abu Dhabi project will likely follow Related’s model of hotel, residential and entertainment components with retail and restaurants. “The retail will be middle- to high-end, with an emphasis on high-end,” Traub said. “There’s much more than designer. There’s enormous growth in bridge and secondary designer lines.”

A study by A.T. Kearney said Dubai is on track to have the world’s highest retail space per capita this year. “While Dubai has recently been synonymous with retail expansion, Abu Dhabi is the rising star of the Emirates,” the study said. “It has remained well-insulated from the global economic crisis because of its oil reserves and sovereign wealth fund.”