

## Mall magnate ventures beyond US for chance to tap Abu Dhabi growth

April 26, 2016 | by Frank Kane



Ken Himmel knows a thing or two about malls: he knows how to build them, and he knows how the new breed of “super malls” can re-energise the urban landscape around them.

He knows because he has built upmarket developments in American cities from San Francisco to New York and from Chicago to Miami.

In Manhattan, he built the twin-towered Time Warner Centre on the edge of Central Park, and is in the process of constructing Hudson Yards, a project that Fortune magazine called “the largest real estate development in US history”.

All these projects by his Related Urban company have proved to be game changers for the urban environments they occupy, and have the same essential characteristics – mixed-use developments combining high-end retail, hotel, food-and-beverage and residential facilities.

Mr Himmel has been called “the mall magnate”, but in view of the scale and grandeur of the projects, it barely does them justice to call them “malls”. Fortune, again, called Hudson Yards “a city within the city”.

Now, in his first project outside the US, the 69-year-old American has teamed up with Mubadala, the Abu Dhabi Government-owned investment group, and private equity firm Gulf Capital to work the same magic on Al Maryah Island, the site in the capital chosen as the home for its new financial centre, Abu Dhabi Global Market.

He was in the UAE on one of his regular trips a couple of weeks ago, and proved to be a star attraction at the World Retail Congress in Dubai.

“There are a lot of malls in the world, and a lot of retail. But how much quality retail? How much exciting retail, how much good architecture, how much great merchandising, how much good family entertainment and how much good food and beverage exists in these projects?” he asked.

Quality retail is what he is promising with the centrepiece of the new development, Al Maryah Central, being built by the Gulf Related joint venture.

The promotional literature gushes: “Al Maryah Central is the new shopping, dining and entertainment destination that is changing the face – and the cultural heart – of downtown Abu Dhabi. More than just a shopping mall, it is place to gather, to make and meet friends, to discover a side of the city that you never knew and a place that will become the centre of Abu Dhabi’s social life.”

Mr Himmel sums it up: "We have to make sure the trip to Al Maryah is worthwhile. We want it to be experiential."

He says that the development is in a part of the capital that is "surrounded by wealth", and points to forecasts of annual retail spending in Abu Dhabi of more than US\$12 billion in 2018, and about \$14bn by 2020.

It is "much more than a central business district. It's a global waterfront destination", he says.

Al Maryah, and the ADGM at its centre, will be a residential district with 4,500 apartments, about 35,000 office workers and 1,000 hotel rooms. And throw in another 364 hospital beds at the Cleveland Clinic.

A large chunk of the Al Maryah project is already complete. The Galleria – the huge underground development that links ADGM to two hotels and the rest of the office buildings in ADGM Square – has been up and running for some time.

It is a deluxe shopping and leisure venue, connected with the Rosewood hotel and the soon-to-open Four Seasons that sprawl along the waterfront.

With swanky restaurants and Michelin-starred chefs, it is as glitzy as you would expect from the heart of the capital.



Work on Al Maryah Central is well advanced, with an opening date of March 2018 scheduled. It is to house Abu Dhabi's first locations for Macy's and Bloomingdale's, two upmarket American department stores, as well as another international five-star hotel.

A deal has been done with a global hotel operator, but Mr Himmel declined to reveal the identity of the partner ahead of an imminent formal announcement. Al Maryah Central also has family and sports facilities, as well as the Market Place – a luxury food hall with some of the best-known brands in the food-and-beverage business.

The project is impressive, but it was designed when oil was above \$100 per barrel. Now that circumstances are more straitened, does Mr Himmel think there will still be the demand for Al Maryah Central?

"We haven't seen any negative effect from the oil price yet. All the signs from Galleria are good. What we're seeing is a flight to quality. Footfall has increased and that's before the Four Seasons has even opened. It will get even busier as the office space in ADGM Square gets taken up," he says.

But the development is not entirely dependent on the success of ADGM. "It will draw from the whole of Abu Dhabi and the UAE. I expect big growth from the new airport, from Etihad [Airways'] expansion, and from the big cultural projects Abu Dhabi is building," he says.

The footfall forecasts are for 17 million visitors in 2018, rising to 25 million in 2020 and about 29 million by 2022, even allowing for increased competition from the facilities at the nearby Reem Mall.

Mr Himmel has chosen the best of local partners. In addition to Mubadala (which owns Al Maryah) and Gulf Capital, he has also allied with Patrick Chalhoub, the Lebanese specialist in luxury merchandising, and Al Tayer Group, which runs retail and other upmarket trading outlets in the region.

These partners will demand to see a return on their investment, and Mr Himmel is equally driven by the bottom line. "We're not doing this for practice, I already have a lot of that. But for money," he says. He estimates a 10 per cent return on investment, slightly higher than in the US.

Ultimately, he wants to do similar developments in Saudi Arabia, but for the time being Al Maryah project is his priority. "The limitation on projects like this is not the capital, it's the people. I'm not going to take my eye off this. It's too complex and too much work to be distracted," he says.

Might he be lured by the bright lights up the road in Dubai?

"I don't think so. People in Dubai have already asked me, and I've said no."