



The Abu Dhabi Retail Experience

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This Macy's will be unlike any other," said Ken Himmel, comanaging partner of Gulf Related, the developer behind Al Maryah Central, which will feature Macy's as one of its anchor tenants. The department store will be entering the market in a franchise partnership with the Al Tayer Group, who also brought Bloomingdale's overseas for the first time in Dubai. "Khalid Al Tayer and his team have been planning this for three years with us. They have a willingness to invest the money, pick innovative designers and build in elements like cutting-edge technology which have to be planned well in advance. This department store is all about the experience."

Creating an experience is what Himmel's projects are centered upon. Al Maryah Central is being developed as a mixed-use development reminiscent of other projects he has undertaken in the U.S., including Hudson Yards and the Time Warner Center. But he believes this project will have its own unique identity. "Every single project is bespoke. There is no such thing as a model and prototype," explained Himmel.

Al Maryah Central features several distinct districts, lush open-air parks and playgrounds, a premium waterfront promenade lined with restaurants, five-star hotels including Rosewood Abu Dhabi and Four Seasons Abu Dhabi and residential towers. It will also seamlessly link to The Galleria, a luxury mall also developed by Gulf Related, which opened in 2013. Together they offer more than 2 million square feet of retail space and 400 stores, including anchors Macy's as well as a second Bloomingdale's location in the United Arab Emirates.

"In the Middle East, the experience of shopping for luxury usually works best in an environment where you're not in a frenzied high traffic experience. We have painstakingly put together and crafted our project, so if you are going to shop luxury, there will be a different experience altogether." But he said, there will also be high-street zones for those who seek a more buzzy environment.

Aside from creating a unique experience, a second major component to the success of a project is the location. Al Maryah Central sits at the center of the larger Al Maryah Island development, located in the center of Abu Dhabi, a natural archipelago. The island is slated to be home to the city's new financial center called Abu Dhabi Market Square, as well as an outpost of the renowned Cleveland Clinic medical center.

While Abu Dhabi has an older generation of malls, this project is set to transform the emirate's retail landscape, which has been historically underserved compared to its glitzier neighbor, Dubai. Retail spending in the UAE is forecast to increase by 7 percent to \$53.7 billion during this year, according to projections from Euromonitor International. This has led to a sustained demand for retail space across the UAE. And as the well-known malls in Dubai continue to have long wait lists, Abu Dhabi is an increasingly attractive point of entry.

Abu Dhabi, however, is a different type of customer than Dubai, according to Kevin Ryan, chief executive officer of Gulf Related. "Thirty to 45 percent of mall traffic comes from tourists in Dubai. Ours will be 5 to 10 percent tourist and 90 percent local residents."

Although it only represents a small portion of projected mall visitors, the tourism sector, which has long been outshined by Dubai, is offering a lot of promise with the development of several cultural and entertainment offerings as well as a new airport, which should help stimulate visitor numbers. Projects in development include a \$1 billion Warner Bros. theme park scheduled to open in 2018 as well as the \$650 million Louvre Abu Dhabi slated to open at the end of this year. In the first quarter of this year, Abu Dhabi's hotels saw guest numbers increase by 11 percent according to the Abu Dhabi Tourism and Culture Authority.

Despite a slump in oil prices, the retail outlook for Abu Dhabi and Dubai, UAE, remains positive on the long term. Both cities have ranked among the top 17 of the most active cities for shopping center development, according to CBRE's latest Global Shopping Centre Development report.

Retail rents in Abu Dhabi have remained stable and vacancy rates within its major shopping malls is low. Average store rents in well-located malls on Abu Dhabi Island were steady at \$820 per square meter, while average store rents in off-island locations remained unchanged at \$500 per square meter, according to Jones Lang Lasalle.

Real estate advisory firm CBRE reported that occupancy rates for major malls in Abu Dhabi stood at more than 95 percent. According to Daniel Parry, commercial managing director for Al Maryah Central, 55 percent of the project's space has already been spoken for and they expect that number to increase to 75 percent by the end of the year.