

A photograph showing a person's hand holding several colorful shopping bags (yellow, white, blue) with various colored handles (blue, pink, white). In the background, there are more shopping bags and a blue surface.

MENA

RETAIL MARKET SNAPSHOT

2013

Accelerating success.

INTRODUCTION

- The MENA region is categorised by two very diversified groups in terms of income and population;
 - The Arabian Gulf (GCC) countries, enjoy some of the highest per capita levels in the world with small population bases, and supported by the registered growth in their oil-based economies.
 - Conversely, there are other neighbouring countries in the region, some of which have undergone recent regime change, that are characterised by a large population base, low GDP per capita and significant segments of the population living below the poverty line.
- In this report, we take a quick snapshot of the following retail markets;
 - Dubai.
 - Abu Dhabi.
 - Cairo.
 - Muscat.
 - Doha.
 - Riyadh.
 - Jeddah.
- These markets have been acknowledged as the most active and promising across the region, in accordance with the existing dynamics pertaining to the *Retail Demand Drivers*.

RETAIL DEMAND DRIVERS

- The profitability of any retail offering is highly dependant on the level of demand for retail space in the targeted market.
- By "demand", we mean the amount of retail space required to absorb retailer's space requirements and fulfil the needs of customers within the targeted market.
- The spending potential and trends of the population residing within the vicinity of the catchment areas (Primary, Secondary and Tertiary), typically determine the majority of the demand for local retail goods and services.
- This demand can be modelled using various quantitative and qualitative methodologies, such as;
 - Population.
 - Income Levels.
 - Consumer Confidence.
 - Retail Trends & Product Penetration.
 - Investment Climate.
 - Existing Product.
- Apart from these local demand drivers, residents of others areas also compose and contribute towards the demand for retail in the any targeted market.

Colliers International Retail Snapshot provides a brief look at the key dynamics impacting the major retail markets within the MENA region and the pertinent future outlook.

482 offices in
62 countries on
6 continents

United States:	140
Canada:	42
Latin America:	20
Asia Pacific:	195
EMEA:	85

- \$2.0 billion in revenue
- More than 13,500 employees
- 5,100 brokers
- \$71 billion in transaction volume across more than 78,000 sale and lease transactions
- 1.1 billion square feet under management

SERVICES OFFERED BY COLLIER'S INTERNATIONAL

- Retail Development Consultancy.
- Retail Zoning & Mix Strategy.
- Tenant Coordination.
- Retail Leasing Services.
- Property Management.
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- Strategic & Business Planning.
- Economic Impact Studies.
- Market & Competitive Studies.
- Highest & Best Use (HBU) Studies.
- Market & Financial Feasibility Studies.
- Financial Modelling.



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Dubai

MARKET OVERVIEW

- Over the past decade, developers and retailers have aligned their growth with the concurrent expansion of the tourism market which saw the introduction of multiple regional and super-regional developments. As Dubai continues to deepen its tourism offer, we are witnessing a shift in the retail landscape to include new formats of shopping, entertainment and dining destinations.
- The new formats include “**Single Category Destinations**” co-locating in nodes or sub-districts adjacent to established retailing centres.
- The retail market in Dubai is expected to witness a continuation of new global brand penetration.

SUPPLY

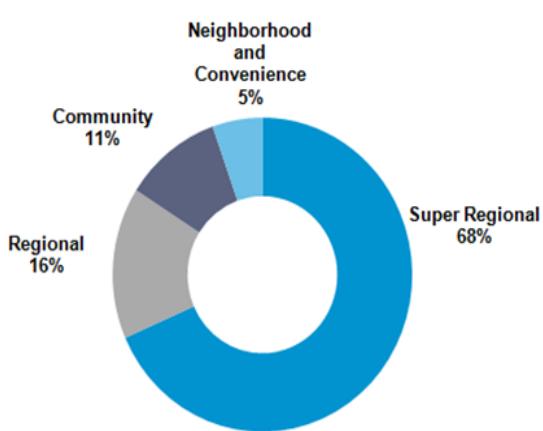
- The Dubai retail market is dominated by Super Regional malls, representing 68% of the existing supply within the market, whilst new developments have been focused on smaller formats such as community retail.
- Dubai's supply continues to be heavily focused on larger format destination shopping malls
- As of end of 2013 Dubai's cumulative shopping mall supply exceeded **2.5 million m²** of GLA, achieving an increase of 2% compared to 2012 supply figures, with the opening of City Walk and the expansion of Al Ghurair Centre.

Distribution of Shopping Malls in Dubai by Size - Current



Source: Colliers International

Retail Space Distribution in Dubai



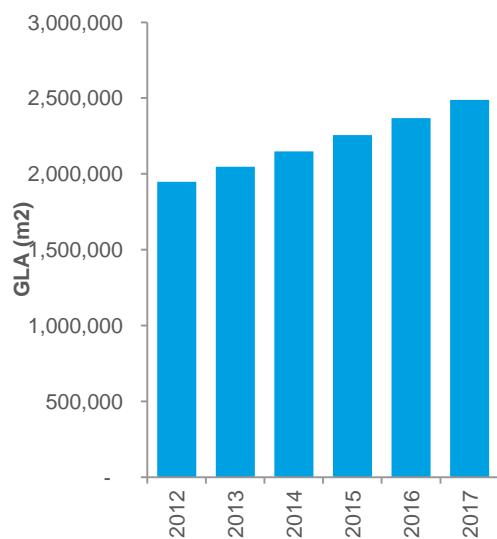
Source: Colliers International

- Key upcoming shopping malls include The Pointe at Palm Jumeirah Crescent, The Beach at JBR, and the expansion of Dubai Mall, collectively expected to increase the existing supply by approximately **369,000 m²** GLA by the end of 2015.
- Provided developer construction timelines are met, cumulative shopping mall supply is estimated to reach **2.8 million m²** GLA by 2014, an increase of 12% compared to 2013.

Source: Colliers International

Dubai Contd..

Retail Demand in Dubai

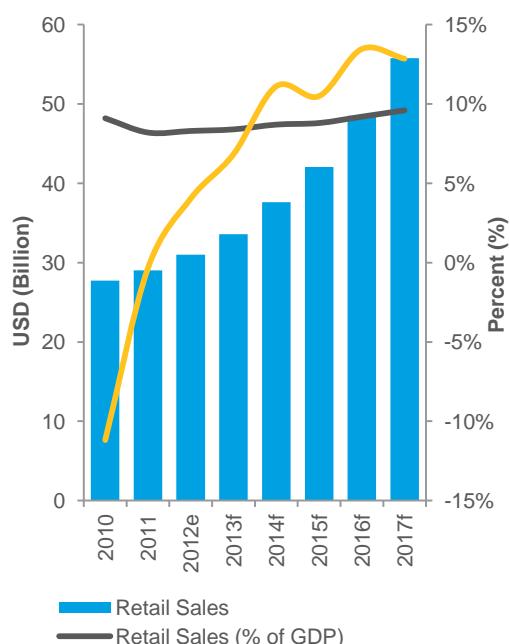


Source: Colliers International

DEMAND

- Total retail sales in UAE reached an estimated US\$ 33.59 Billion in 2013; achieving an increase of 8.3% compared to 2012. Although a breakdown for Dubai was not made available, it is Colliers view that the growth rate of Dubai exceeds that of the UAE.
- MasterCard Worldwide Index of Consumer Confidence shows that consumer confidence in the UAE is currently at 94.7 basis points which is considered as "extremely optimistic".
- In Dubai, demand for shopping mall space is primarily dependant on two factors:
 - Population
 - Tourism
- Apart from these two factors, demand for retail space is also influenced by income levels, consumer confidence, spending patterns and the overall investment climate present in the market.
- The market, based on the existing population in the city, can sustain up to **2 million m²** (GLA) Gross Leasable Area, increasing by 5% compared to 2012.
- Repeat visitations in Dubai's malls is higher than other international benchmarks due to several factors including climate and cultural considerations.

Size of Retail Sales in the UAE



Source: BMI 2013, Colliers International

PRICING

- The success enjoyed by retail malls in Dubai is reflected in the relatively high rental levels commanded by established malls, as compared to secondary malls.
- Annual rents for large anchor tenants average **USD 150 - USD 250 per m²**, whilst average rates for line stores range between **USD 490 - USD 2,700 per m²** per annum, the higher end of these ranges being achieved by primary malls.

OUTLOOK

- Although the retail sector remains buoyant; global benchmarking highlights an oversupply. However, this does not consider the significant contribution of tourism inflows.
- Consequently, Colliers research analysis suggests that shopping malls that are repositioning and certain new entrants are offering varying levels of tenants incentives and lease structures, recognizing retailers operational carrying cost.
- Over the short-medium term, we expect a suppression of base rates on non-primary retail destinations due to the supply-demand gap along with additional supply coming online in 2014.
- With the existing trend within the market, it is imminent that developers will continue to further explore new retail formats thus perpetuating the evolving Dubai retail landscape.





Abu Dhabi

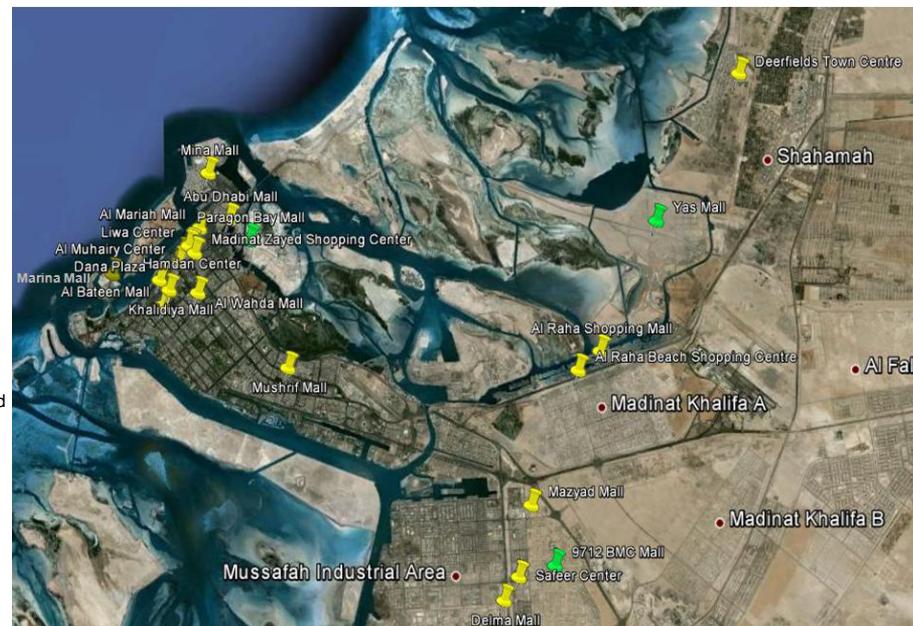
MARKET OVERVIEW

- Over the past 12 years Abu Dhabi has seen a marked change in its retail landscape, moving from a market with no larger format, Regional/Super-Regional developments to one with successful primary grade retail projects.
- Analysis of the Abu Dhabi's retail market reveals that the majority of retail space in Abu Dhabi currently consists of non-mall supply. Super regional malls account for only 8% of total supply, while regional malls contribute 21% to total supply, in accordance with the Urban Planning Council (UPC) classifications.

SUPPLY

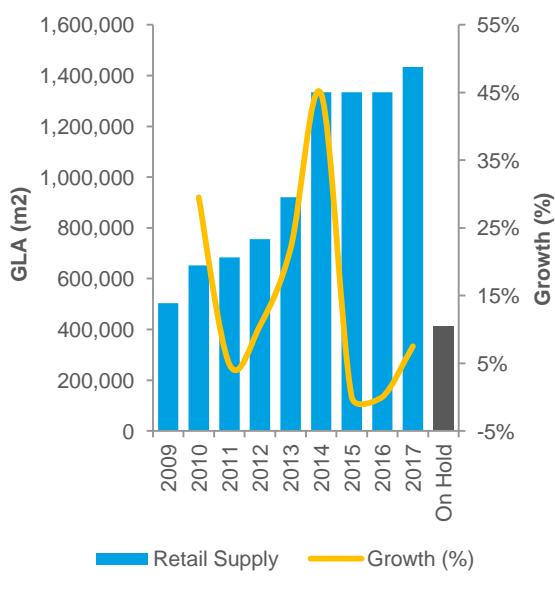
- Retail supply in Abu Dhabi is grouped under five broad categories (based on GLA and support population) by UPC; **Super Regional, Regional, Community, Neighborhood and Convenience** offering. Retail supply outside these categories is classified as “**non mall**” supply.
- The growth in supply over the past 5 years has been rapid, with the completion of various new malls such as Mushrif Mall and Dalma Mall and as well as the expansions carried out by existing malls such as Al Wahda Mall's expansion, which increased GLA from 56,000m² to 92,900m².
- As of end of 2013 Abu Dhabi's cumulative shopping mall supply exceeded **921,400 m²** of GLA, and is likely to reach **1.33 million m²** GLA by the end of 2014.
- When analysing the distribution of existing retail supply in Abu Dhabi, current regional and super regional retail space (over 30,000 m² GLA as per UPC guidelines) are concentrated on Abu Dhabi Island, with the exception of Dalma Mall in Mussafah and Bawabat Al Sharq in Baniyas.
- Key upcoming shopping malls include Emporium at Central Market, Capital Mall, and Yas Mall, collectively are expected to increase the existing supply by over **360,000 m²** GLA.

Distribution of Shopping Malls in Abu Dhabi



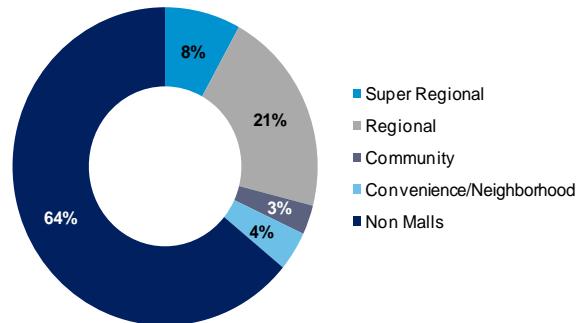
Source: Colliers International

Retail Supply in Abu Dhabi



Source: Colliers International

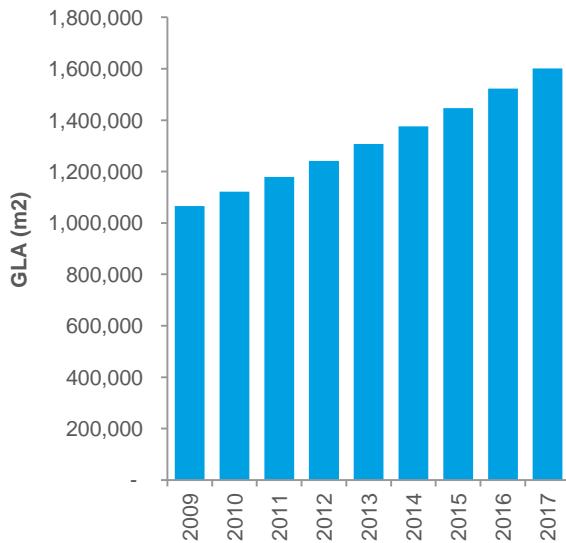
Retail Classification in Abu Dhabi



Source: Colliers International, UPC Classification

Abu Dhabi Contd..

Retail Demand in Abu Dhabi



Source: Colliers International

DEMAND

- After experiencing suppressed demand in 2009, where selectivity prevailed, the retail landscape in Abu Dhabi and UAE as a whole, has now shown positive signs of recovery.
- According to latest available estimates by Business Monitor International, total retail sales in UAE reached an estimated US\$ 33.59 Billion in 2013; achieving an increase of 8.3% compared to 2012. Although a breakdown for Abu Dhabi was not made available, it is Colliers view that a similar upward trend has been observed in the capital.
- Based on the existing population in Abu Dhabi city, the market can support up to **1.3 million m²** GLA of retail space. Supply, on the other hand, currently sits at **921,400 m²**

PRICING

- Annual base rents for large anchor tenants average **USD 162 – USD 235 per m²**, whilst average base rates for line stores range between **USD 515 - USD 1,032 per m²** per annum, the higher end of the these ranges being achieved by prime malls as opposed to secondary malls.
- Rental rates in Abu Dhabi remain lower than Dubai, however Colliers believe this current disparity may reduce with prime grade developments achieving rental rates closer to established Dubai venues.

Retail Classification in Abu Dhabi

Retail Classification		
Type of retail	GLA (m ²)	Minimum support population
Super Regional	50,000 – 150,000	300,000+
Regional	30,000 – 90,000	150,000+
Community	10,000 – 30,000	40,000 – 150,000
Neighbourhood	3,000 – 10,000	5,000 – 40,000
Convenience	Less than 3,000	Less than 5,000

Source: As categorized by Abu Dhabi's Urban Planning Council

OUTLOOK

- Although the retail sector is currently undersupplied in terms of formal retail space, given the number of shopping malls in the pipeline, supply is likely to exceed demand by the end of 2014 (provided developer construction timelines are met). The gap, however, is minor.
- Consequently, shopping malls that are set to become operational by the end of 2014 are expected to record higher absorption rates, as opposed to malls completed after this period, subject to aggressive operational and lease management.
- Despite the oversupply expected in 2014, Abu Dhabi is still considered to be scarce in terms of offering different retail formats and brand presence compared to Dubai.
- Colliers feels that there is a risk of geographical imbalance of over concentration of planned retail developments.



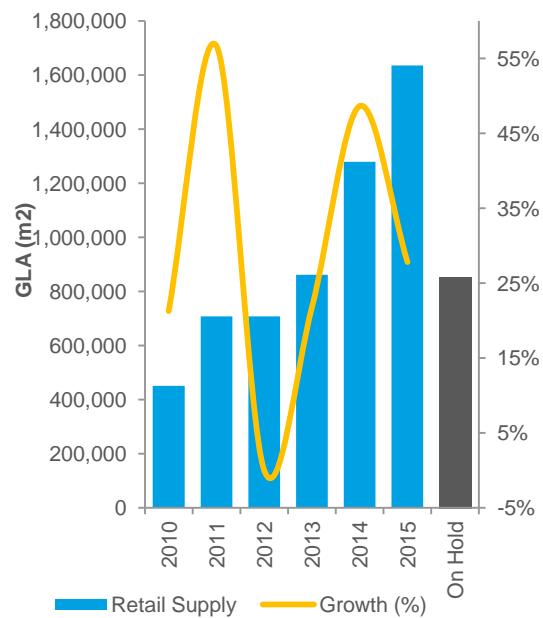


Cairo

MARKET OVERVIEW

- Although Cairo was first exposed to the shopping mall concept as far back as 1989, growth has been historically difficult, due to economic challenges including high tariffs and import restrictions.
- Over the past decade the retail market in Cairo has seen the development of new major shopping malls, the most significant of which has been the City Stars mall in Heliopolis, which represents the market's first multi-use development incorporating retail, leisure and recreational amenities.
- High street retail units still remain highly attractive due to lower rental rates and absence of service charges, and ease of access from dense residential areas.
- Following the political instability at the beginning of 2011, the number of new retail market entrants has significantly decreased in comparison to the period prior, with several existing retailers deferring their intended expansion plans until confidence is restored as opposed to exiting the market.
- The strong consumer base within the Egyptian market remains a primary determinant for retailers to continue their interest in brand growth strategies.

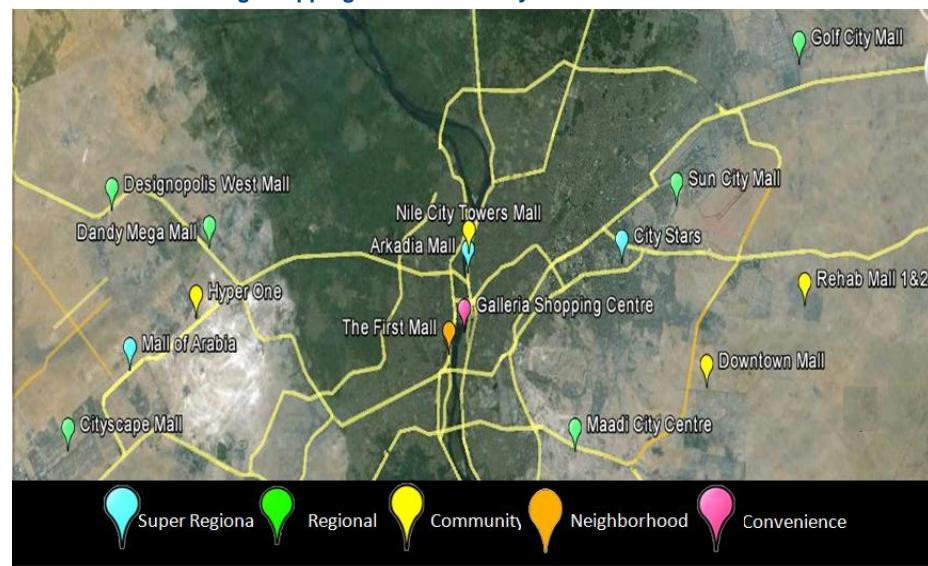
Retail Supply in Cairo



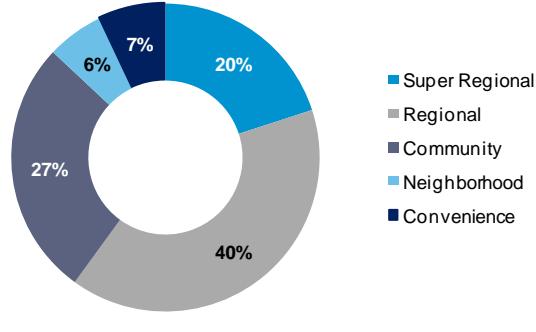
SUPPLY

- Retail supply in Cairo mainly consists of regional malls, which account for over 40% of the total market share
- Super regional malls have been gaining an increased market share over the past 5 years, and are expected to further increase with new entries, provided developers meet their construction timelines.
- There is over **850,000 m²** of retail supply currently on hold or in the design phase in Cairo. As of end of 2013 Cairo's cumulative shopping mall supply exceeded **861,000 m²** of GLA, with no change compared to 2012 supply figures.
- Key upcoming shopping malls in 2014 include Cairo Festival City, Sky Plaza, Capital Mall, collectively expected to increase the existing supply by approximately **389,000 m²** GLA. In addition to the proposed expansion of Mall of Arabia and construction of Mall of Egypt, the current supply is expected to increase by an additional **250,000 m²** GLA.
- Provided developer construction timelines are met, cumulative shopping mall supply is estimated to reach approximately **1.2 million m²** GLA by the end of 2014.

Distribution of Existing Shopping Malls in Cairo by Size

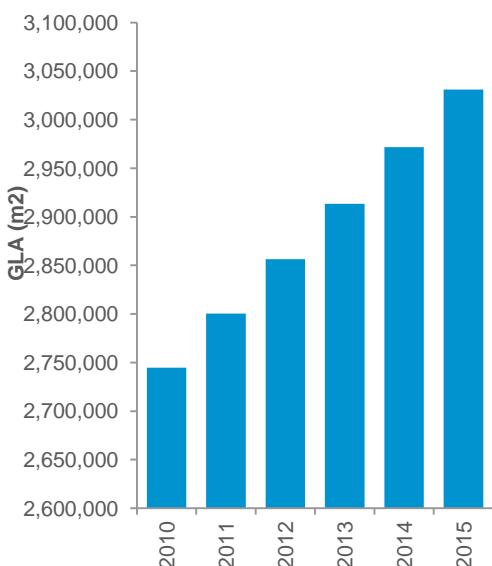


Retail Space Distribution in Cairo



Cairo Contd..

Retail Demand in Cairo



Source: Colliers International

DEMAND

- According to latest available estimates by Business Monitor International, total retail sales in Egypt reached an estimated US\$ 41.22 Billion in 2013; achieving an increase of 14.3% compared to 2012.
- Demand for shopping malls in Cairo, as of the end of 2013, is estimated by Colliers at more than **2.9 million m²** GLA. Demand has been estimated based upon higher income bracket of the population.
- The high occupancy rates achieved in Cairo prime malls, along with the existing spending patterns indicate an increasing demand for formal retail space within the city.
- A key demand factor for the growth of retail development in Cairo is the demographic profile, with approximately 63% of the population in Cairo below the age of 30 years.

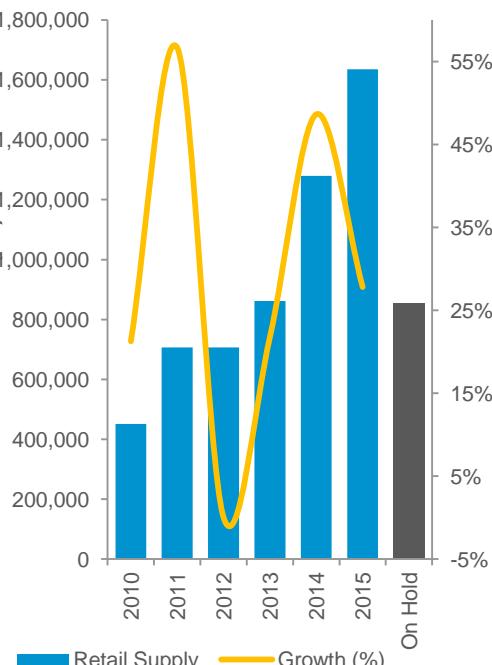
PRICING.

- Annual rents for anchor tenants in primary malls average **USD 250 – USD 315 per m²**, whilst average rates for line stores range between **USD 730 - USD 950 per m²** per annum, the higher end of these ranges being achieved by primary malls.
- Annual rents for large anchor tenants in secondary malls average **USD 200 – USD 250 per m²**, whilst average rates for line stores range between **USD 485 - USD 590 per m²** per annum, the higher end of these ranges being achieved by primary malls.

OUTLOOK

- The retail sector has been surprisingly stable despite the ongoing political unrest. Retail developers and occupiers remain optimistic about the opportunities that the local market presents.
- The market gap in Cairo is highly in favour of demand. All the planned and confirmed supply will not be capable of keeping up with the strong growth in demand, yet it is noteworthy that most of the demand for retail space is towards a value proposition that complements the income profile of the large majority of the population in Cairo.
- Colliers International expects that established prime malls will continue to achieve a higher gap in rental rates and occupancy levels, compared to secondary and future malls, considering the quality of retail offering, tenant profile and perceived professional mall management.
- Colliers International predicts a rise in demand for new flexible retail formats, such as Lifestyle Centers, Off-Price formats, Hybrid Developments and Outlet Malls; all of which are supported by the suitable climate, the growing expenditure trends and the pent up demand awaiting the resolution of the political situation in Egypt.

Size of Retail Sales in the Egypt



Source: BMI 2013, Colliers International Analysis





Muscat

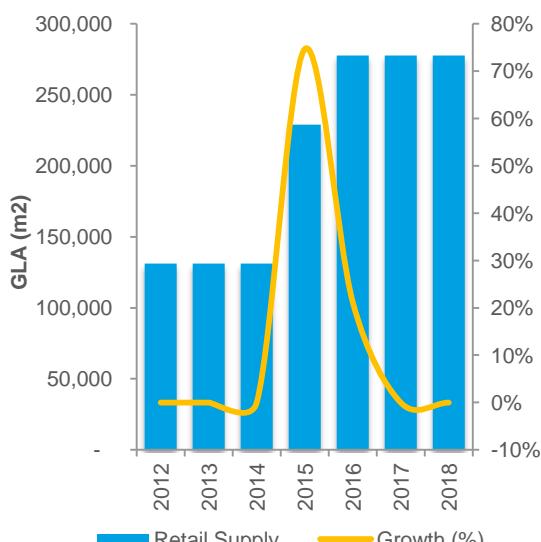
MARKET OVERVIEW

- Muscat retail landscape has witnessed a marked change, with the establishment of successful primary grade retail space.
- Prior to 2001, Muscat's retail offering was limited to a number of smaller secondary quality retail properties spread across the city, with GLA ranging between 1,500 m² and 13,000m², and 'high-street' outlets.
- Muscat's formal shopping mall supply is mainly concentrated in the areas of Qurum, Al Khuwair and Seeb is complemented by a number of traditional souks, mostly located in the Muttrah area adjacent to Port Sultan Qaboos.

SUPPLY

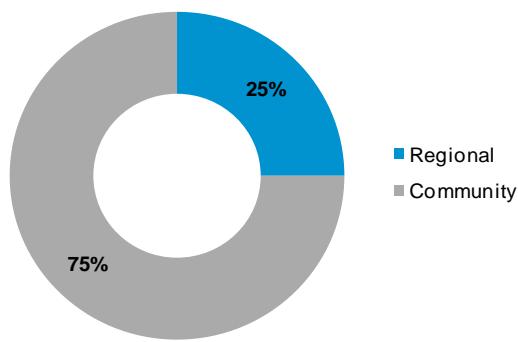
- There is a scarcity of larger retail formats in Muscat, with 75% of existing supply classified as Community mall with remaining share of 25% being larger format products.
- Although a number of smaller shopping complexes have emerged in the market, Muscat City Centre (Seeb) was until lately, regarded the only primary shopping mall of international standard, and is credited for introducing a regional retail benchmark within the market.
- As of end of 2013 Muscat's cumulative shopping mall supply exceeded **131,084 m²** of GLA, with no change compared to 2012 supply figures.
- Key upcoming retail projects are either expansion plans for existing malls such as Muscat City Centre, Qurum City Centre, or new developments such as Marsa Village in the Waves and Panorama Mall.
- Collectively they are expected to increase the existing supply by approximately 52,000 m² GLA, which in turn will increase the cumulative supply in Muscat to **229,000 m²** GLA by the end of 2015.
- In October 2013, Al Futtaim Group Real Estate announced their intention to develop the country largest shopping mall Muscat Festival City

Retail Supply in Muscat



Source: Colliers International

Retail Space Distribution in Muscat



Source: Colliers International

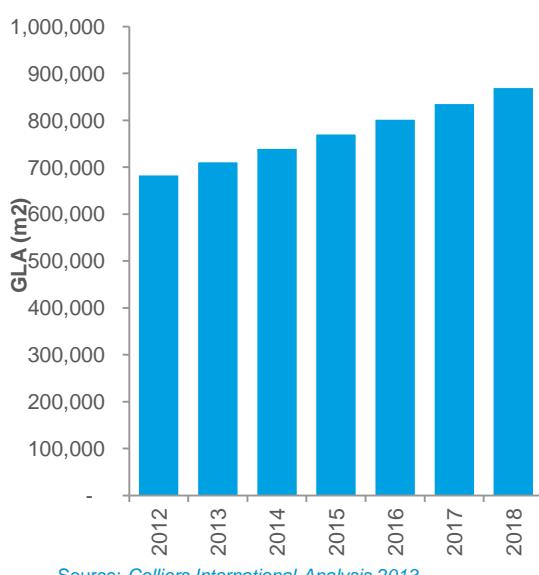
Distribution of Existing Shopping Malls in Muscat



Source: BMI 2013, Colliers International Analysis

Muscat Contd..

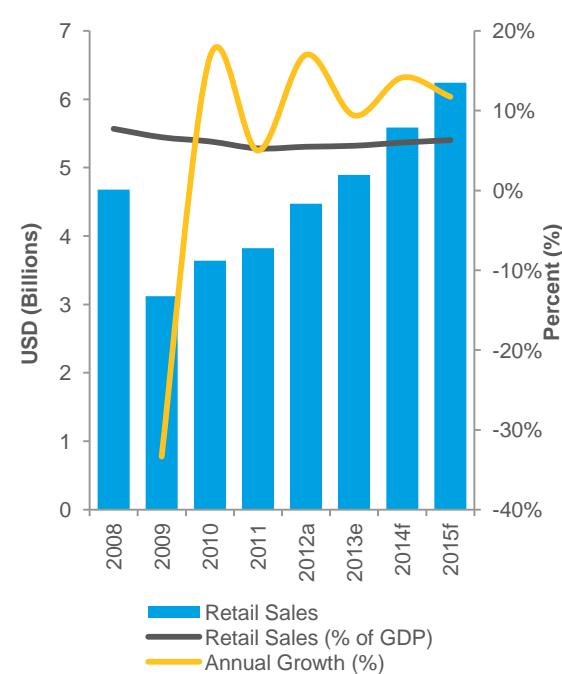
Retail Demand in Muscat



DEMAND

- According to latest available estimates by the National Centre for Statistics and Information, total retail sales in Oman reached an estimated US\$ 4.89 Billion in 2013; achieving an increase of 9.4% compared to 2012.
- High growth rates and stable macroeconomic conditions sustained by the Sultanate along with government led initiatives to increase wages in the last few years have increased consumers' disposable income and reinforced domestic demand.
- Demand for retail space in Muscat, as of the end of 2013, is estimated by Colliers at more than **710,000 m²** GLA.
- It is noteworthy that the majority of the population in Muscat continues to prefer conducting their shopping in neighboring cities such as Dubai, mainly due to the variety of entertainment options and broader brand offering.
- Approximately 69% of the population in Muscat is below the age of 34 years, which is a significant demand driver.

Size of Retail Sales in the Oman



PRICING

- During the 2008 – 2013 period, average rental rates in Muscat shopping malls achieved an increase of 66%; primarily due to the limited supply of retail space in the city.
- Annual rents for line stores range on average between **USD 564 - USD 936 per m²** per annum, the higher end of these ranges being achieved by established malls and smaller shop formats.

OUTLOOK

- The retail sector in Muscat is relatively stable compared to neighbouring GCC markets, with a gap between new brands entries and the growth of retail supply.
- The retail market in Muscat is considerably undersupplied in terms of formal retail, compared to the size of the market.
- Organised international-standard retail space in Muscat is currently operating at full capacity with the exception of Muscat Grand Mall, given its recent entry to market..
- Rental rates in Muscat are expected to remain stable over the short to medium term.





Doha

MARKET OVERVIEW

- Doha's market was historically dominated primarily by high-street shopping format until the opening of The Mall in 1997. Since this time additional modern shopping malls including Villaggio, Landmark and City Center have opened, maintaining a dominant market position and share.
- In the past two years there has been limited new additions to the market with the opening of Porto Arabia (The Pearl), Lagoona Mall and Ezdan Mall.

SUPPLY

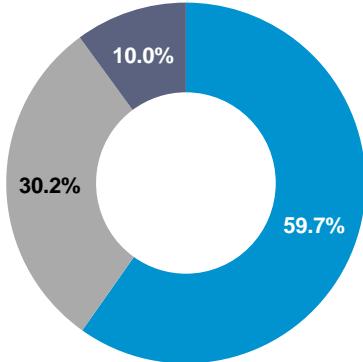
- Retail supply in Doha consists mainly of malls falling under the Super Regional format, with almost 60% of the total supply, with an apparent presence of Regional malls, contributing 30% of the total supply of malls in Doha, thus indicating an opportunity in the market to explore other retail formats.
- As of end of 2013 Doha's cumulative shopping mall supply exceeded **620,000 m²** of GLA, an increase of almost 15%, compared to 2012 supply figures.
- Established malls such as the City Centre, Landmark and Villaggio are fully occupied, with continued interest from potential tenants.
- Key upcoming retail projects between 2014 and 2016 include; Doha Festival City, Northgate, Mirqab Mall and Boulevard Mall, collectively expected to increase the existing supply by approximately **492,000 m²** GLA..
- Provided construction timelines set by developers are met, cumulative retail supply in Doha is estimated to exceed **1.5 million m²** GLA by the end of 2018.

Distribution of Shopping Malls in Doha



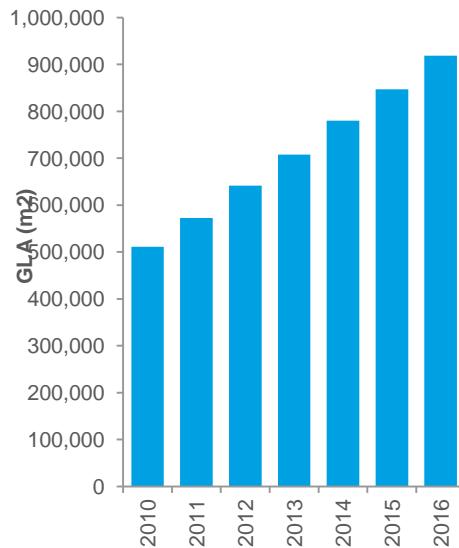
Source: Colliers International

Retail Space Distribution in Doha



■ Super Regional ■ Regional ■ Community

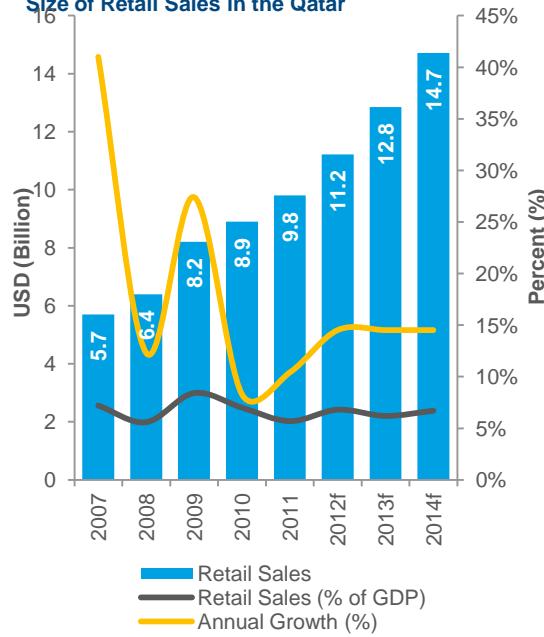
Source: Colliers International

Retail Demand in Doha**Doha Contd..****DEMAND**

- According to latest available estimates by the National Centre for Statistics and Information, total retail sales in Qatar reached an estimated US\$ 12.8 Billion in 2013; achieving an increase of 14.5% compared to 2012.
- The population in Doha has increased at a CAGR of 12% between 2004 and 2010 which is a key factor of demand for retail space.
- Qatar remains highly ranked in the MasterCard index for the MENA region, with a score of 96.4 which indicates a continuous high level of consumer confidence in the market.
- Qatar hosting of the FIFA World Cup 2022 remains a demand factor for future retail developments in Doha
- Demand for shopping malls in Doha, as of the end of 2013, is estimated by Colliers at almost **707,000 m² GLA..**

PRICING

- Annual rents for large anchor tenants average **USD 150 – USD 330 per m²**, whilst average rates for line stores range between **USD 346 - USD 1,154 per m²** per annum, the higher end of these ranges being achieved by prime malls as opposed to secondary malls.

Size of Retail Sales in the Qatar

Source: BMI 2013, Colliers International Analysis 2013

OUTLOOK

- Subject to developers meeting their deadlines, Colliers International anticipates a potential oversupply by the end 2016.
- There still remains demand from retailers for good quality/well located retail space to support the under representation of brands in Qatar. However, due to the size of the market, there is a risk that once demand is satisfied the market could perceivably face challenges of oversupply.
- As further supply is delivered, the market could become more tenant driven, resulting in a collaborative structure between retailers and developers. Keen retailer incentive strategies may cause a concentration of brand growth in very selected developments across Doha.



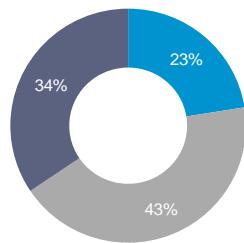


Riyadh

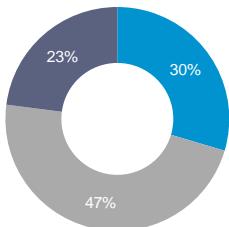
MKT OVERVIEW

- Riyadh's retail sector is dominated by secondary grade malls. These secondary malls typically have over 25,000 m² to over 60,000 m² of GLA with either non-hypermarket, hypermarket anchor stores or a combination of both.
- Due to Riyadh's limited entertainment offering, shopping malls remain the major destination focus for families on weekends.
- Destination malls are still relatively few in number within the city, with Al Faisaliyah, Kingdom Mall, Hayat Mall, Panorama Mall, Granada Mall and Riyadh Gallery leading the market.
- The tenant mix of secondary grade malls are largely characterized by local domestic retailers with a limited presence of international brands.
- Despite the variance in rental rates offered by Primary and Secondary retail malls, their current occupancies reflect strong performance in both categories.

GLA Supply Breakdown by Mall Format



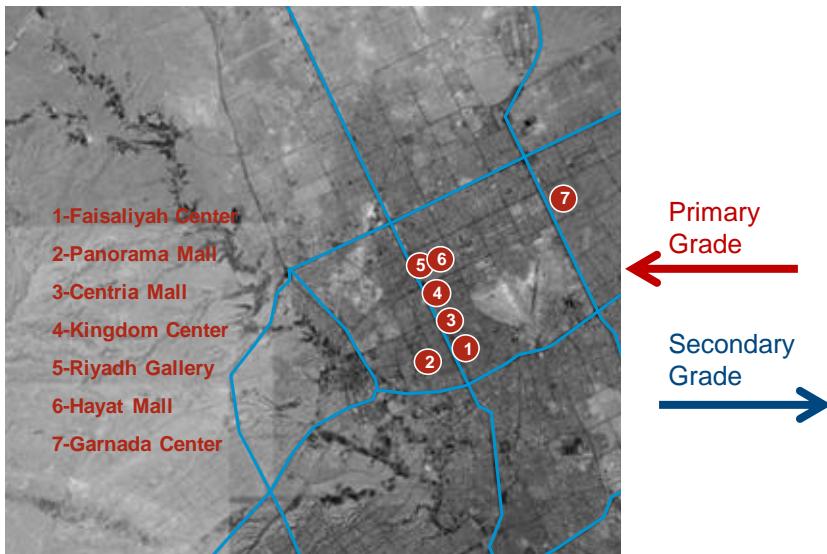
Supply Breakdown by Mall Grade



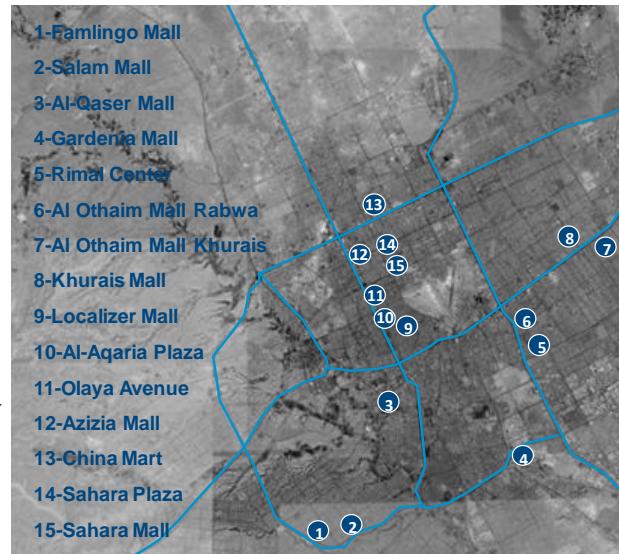
SUPPLY

- Supply of existing retail malls is estimated in excess of **1.5 million m²** of GLA in 2013.
- More than **310,000 m²** of retail GLA is expected to enter the Riyadh market between 2013 and 2017.
- Major Upcoming malls include Rafal Boutique Boulevard , Nakheel Mall and The King Saud Endowment Project Mall.
- Most of the primary grade malls are located in central Riyadh, while secondary grade malls are dispersed throughout the city.
- GLA/Capita estimates of Riyadh are expected to increase from the current of 0.37 to 0.39 in the coming five years

General Overview of Geographical Shopping Malls Distribution in Riyadh



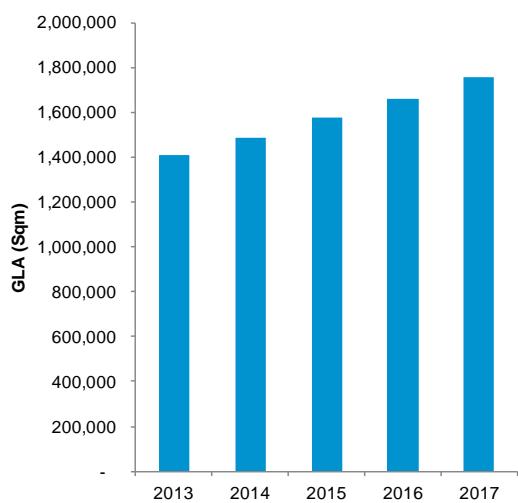
Source: Colliers International



Riyadh Contd..

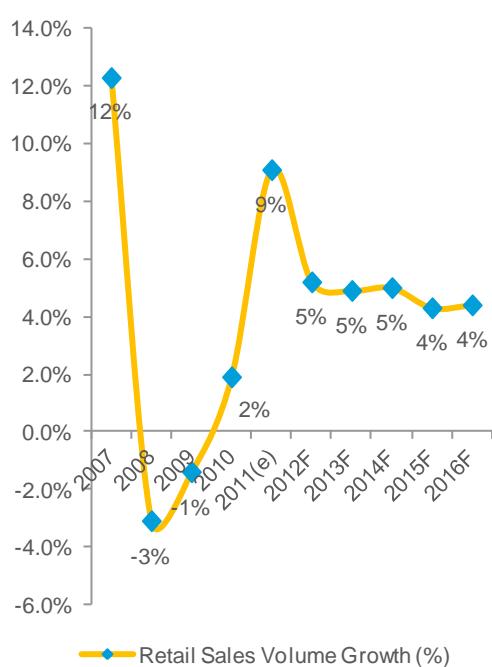
DEMAND

Retail Demand in Riyadh



Source: Colliers International

Growth Trend in Retail Sales Volume (%)



Source: EIU and Colliers International, 2013

PRICING

- The average lease rate of line shops within primary grade malls in Riyadh is **USD 879 per m²** with a range of **USD 627 to 933 per m²**.
- The average lease rate of line shops within secondary retail malls in Riyadh is **USD 560 per m²** with a range of **USD 453 - 666 per m²**.
- Anchor tenants within primary grade malls have an average lease rate of **USD 453 m²** while for secondary grade malls this drops to **USD 277 m²**.
- Primary malls are commanding, on average, a premium in lease rates of up to 46% over secondary malls and they are achieving higher occupancy rates due to a lack of competition in the primary mall submarket.

OUTLOOK

- Forthcoming primary malls will be located within newer and upcoming areas within north, west and east Riyadh. This will break their current concentration within central Riyadh.
- The volume of retail space that is under construction or in the planning process is notably lower than that which has been delivered and absorbed by the market in the last three years.
- Retail remains one of the few available recreational activities suggesting that the market may support a higher GLA per capita and higher average spend requirement than might otherwise be the case.
- The forthcoming supply of high quality malls will provide competition to Riyadh's typical non-descript shopping complexes of the past and is expected to bring them in line with international standards.
- The market in Riyadh demonstrates an opportunity for varying formats of retail destinations within upcoming areas within the city.
- Colliers believes that there exists untapped opportunities to deliver large scale super-regional malls with a high concentration of destination entertainment and family leisure options.





Jeddah

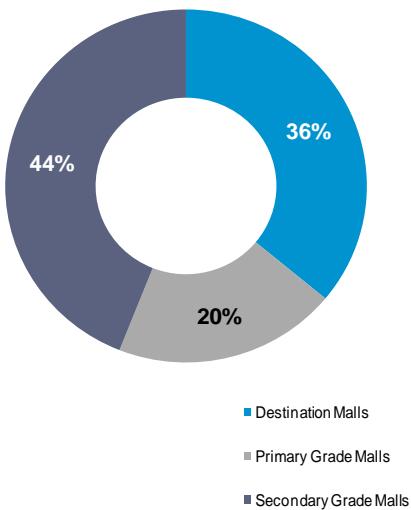
MARKET OVERVIEW

- The younger generation is more exposed to international brands through the global media and regular visits to premier regional retail destinations. Consequently, the retail industry in Jeddah has evolved at a fast pace and consumers have become increasingly sophisticated.
- During the early 2000s Jeddah retail market saw an exponential growth of international standard retail space with the introduction of more sophisticated components within shopping centres.

SUPPLY

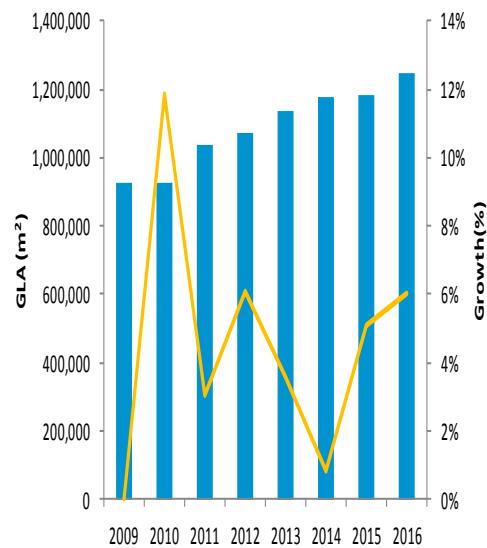
- As of 2013 Jeddah's formal retail supply has exceeded **1.1 million m²** of GLA, and is likely to reach **1.3 million m²** by the end of the forecast period.
- Located in a highly populated district in East Jeddah, Flamingo Mall represents the latest large format mall to enter the market.
- Key upcoming shopping malls include Le Prestige and The Lamar Mall, both of which are considered up-market community malls in prime locations.

Shopping Center Classification in Jeddah



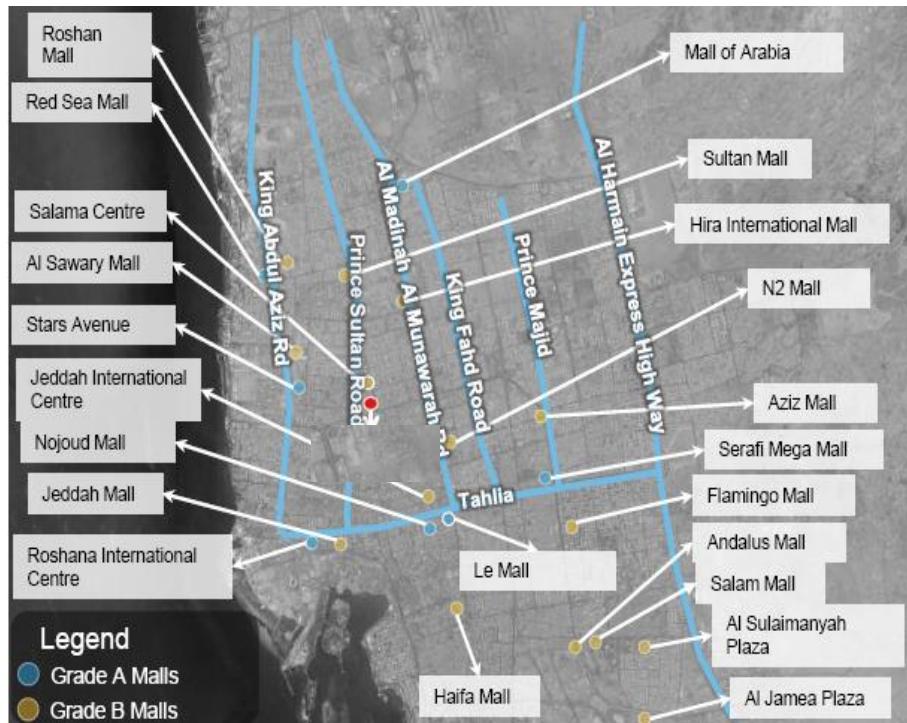
Source: Colliers International

Development of Retail Supply in Jeddah



Source: Colliers International

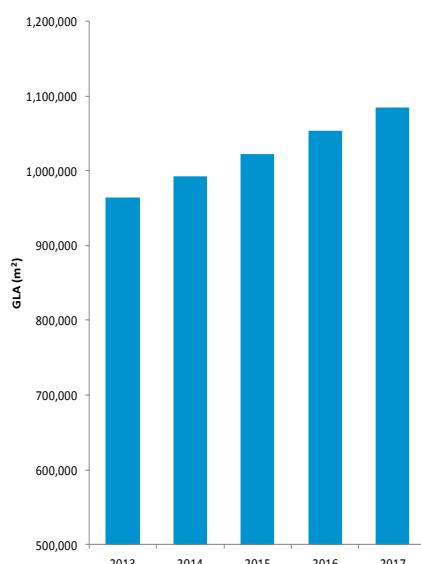
General Overview of Geographical Shopping Malls Distribution in Jeddah



Source: Colliers International

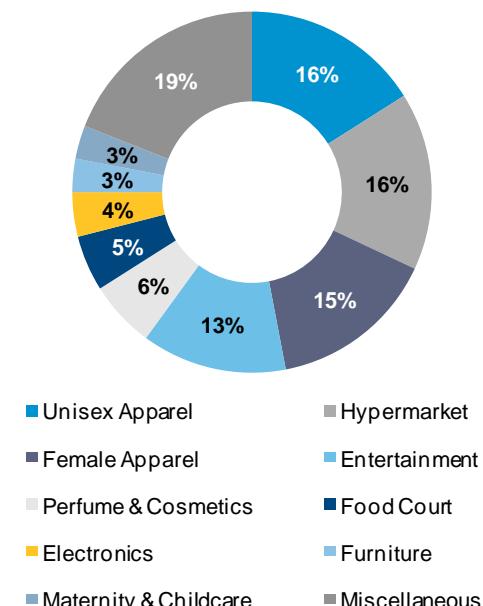
Jeddah Contd..

Retail Demand in Jeddah



Source: Colliers International

Typical Tenant Mix in Jeddah



Source: Colliers International

DEMAND

- The demand drivers in Jeddah are similar to those in Riyadh. However, additional demand stems from the following.
 - Jeddah is the most visited Saudi city by domestic tourists and is the country's top destination for leisure and shopping.
 - Being the major arrival hub for pilgrims, Jeddah's retail sector benefits from the high number of visitors throughout the year.
 - The Jeddah spring and shopping festival held along the Corniche remains an important factor for demand of retail space in Jeddah.
- Demand for retail in Jeddah is expected to exceed **970,000 m²** GLA by the end of 2013.

PRICING

- Primary grade malls as well as prime showroom space located in strategic commercial areas, enjoy relatively high rentals rates. Currently, Mall of Arabia and Khayat Centre dominate the top tier of the market in the shopping malls and street-front retail categories.
- Annual rents for anchors/larger space users average **USD 93 – USD 133 per m²**, whilst average rates for line stores range between **USD 480 - USD 1,065 per m²** per annum, the higher end of these ranges being achieved by prime malls as opposed to secondary malls.

OUTLOOK

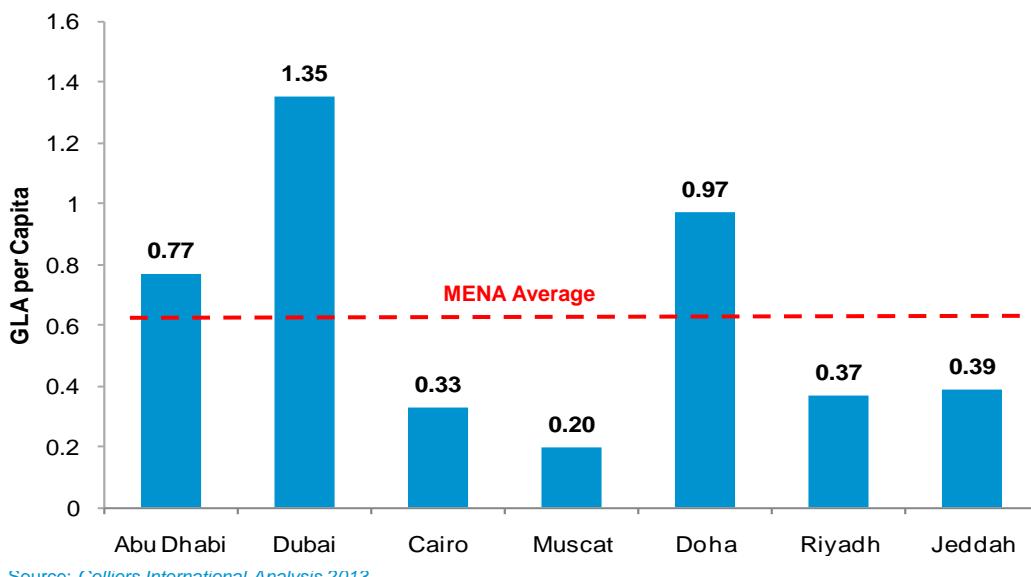
- Tahlia Street will continue to be the premier shopping destination in the city.
- As the residential market expands North towards Obhur, more opportunities will be found on Kings Road and in North and North East Jeddah.
- The market shows evidence of demand for large-scale destination malls with well-conceived entertainment and family facilities.
- There is still demand for well-positioned high-street and smaller format road-fronted retail units.
- Statistically, GLA per Capita in Jeddah is estimated at approximately 0.4 which is considered relatively low. However, where the opportunity lies is in the introduction of new retail formats suitable for the Jeddah climate and demographic.



3. Insights

- The exponential growth in population across the region is a key demand driver for retail growth, considering the demographic profile, which is mainly of a younger nature and usually falls under Generation X and Generation Y.
- Consumer confidence across GCC markets is currently at an all-time high, according to the MasterCard index, which indicates the strength of the market in terms of purchasing power and the consequent demand of retail space.
- The investment climate has significantly improved across the region over the past 2 years, with the economy signalling a strong rebound from the global economic crisis.
- Various developers have announced recommencement of construction work on many stalled projects across the region.
- The current GLA (m^2) per capita across the main markets in the region currently stands at an average of $0.67 m^2$. A breakdown of these markets is illustrated below;

GLA per Capita within the MENA region



Source: Colliers International Analysis 2013

- Dubai will continue to lead the entry market for retail penetration and the advent of new retail formats.
- Abu Dhabi is potentially facing the risk of geographical imbalance of over concentration of planned retail developments
- Cairo is expected to witness a significant increase in GLA per Capita over the next 5 years, subject to developers meeting their construction timelines.
- Muscat retail market is currently stable and likely to remain so going forward, however, the announcement of the proposed Al Futtaim development, could significantly affect the retail landscape.
- Doha's market is anticipated to expand significantly in terms of GLA with a potential shift from a landlord to a tenant market with heightened selectivity amongst retailers.
- Riyadh has untapped opportunities to deliver large scale super-regional malls with a high concentration of destination entertainment and family leisure options.
- Jeddah statistically has a relatively low GLA per Capita. The opportunity lies is in the introduction of new retail formats suitable for the Jeddah climate and demographic.

Colliers International has been providing Leading retail and property management solutions in the Middle East since 1996 and is now regarded as the largest and most experienced retail advisor operating throughout the Middle East and North Africa.

Our experience covers critical areas of Shopping Centre development and include various and critical disciplines such as Retail research and Market appraisal's, Design Consulting, Development Advice, Retail Merchandise Strategies (Tenant Mix), Retail Leasing Strategies, Retail Leasing, Shopping Centre Operations strategy through to Mall management. All these disciplines are regularly used by clients. Due to our varied and in demand retail services Colliers have carried out over **60 million sqft/6 million m²** of retail development since 2002 more than any other company from an outsourced platform. This experience has allowed us to grow with our clients and find solutions for new retail developments as well as turning around existing non-performing assets. Our staff have been with Colliers working in the retail environment, many from a Mall management background, for more than 15 years around the Middle East and have an in-depth knowledge of the UAE, GCC and MENA markets and the key retailers that bind the success of any project. Our retail teams have consistently outperformed client expectations and Market trends.

Due to our close relationships with over 5,000 retailers on our data base Colliers is often engaged directly by retailers within this region as well as internationally to seek suitable developments and shop space. This has allowed us to gain valuable insight into how retailers operate their units and the issues facing them within retail environments. This invaluable knowledge allows developers to produce Retail developments that match to the Market and essentially induce greater Retailer interest and long term viability.



In addition to their extensive experience in the retail sector, Colliers International has performed their services in a very professional manner

Hayssam Hajjar, Head of AKSAL malls
MOROCCO MALL



Marina Mall and Colliers International have shared a long and close relationship that we look forward to continuing

Nadeem Wajahat, General Manager
MARINA MALL



Colliers have been Instrumental in providing the Consultancy, Leasing and the Mall Management Strategy for SunCity Mall.

Marc Baden Powell, General Counsel
HNS GROUP MIDDLE EAST LTD

Marina Mall Phase	Location Abu Dhabi, UAE Area sq m 76000 Scope of project Feasibility Development consultancy Leasing Management
Morocco Mall	Location Casablanca, Morocco Area sq m 75000 Scope of project Design and Development Consultancy Tenant mix, Leasing
Mall of Arabia	Location Dubai, UAE Area sq m 1000000 Scope of project Development Consultancy Leasing Freehold sales Management
The Avenues	Location Kuwait Area sq m 1200000 Scope of project Development Consultancy Leasing
Al Reem mall	Location Abu Dhabi , UAE Area sq m 1772116 Scope of the project Feasibility
Mall of Tehran	Location Tehran, Iran Area sq m 2150000 Scope of project Development Consultancy Leasing Mall Management

482 offices
in 62 countries
across 6 continents

United States: 147
Canada: 37
Latin America: 19
Asia Pacific: 201
EMEA: 118

- **\$1.9 billion in annual revenue**
- **1.25 Billion square feet under management**
- **Over 12,300 employees**



City Centres & Airport Cities



Waterfronts & Ports



Hotels, Resorts, Spa, Marina & Golf Courses



Shopping Centers



Leisure, Tourism & Cultural Destinations



Complex Mixed -use Development & Experience Retail



Sports & Event Venues



Education & Healthcare

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COLLIERS INTERNATIONAL

Colliers International is a leading global real estate services organisation defined by our spirit of enterprise. Our 12,300 professionals in over 482 offices worldwide are dedicated to creating strategic partnerships with our clients, providing customised services that transform real estate into a competitive advantage.

COLLIERS INTERNATIONAL MIDDLE EAST

Colliers International has been providing leading advisory services in the Middle East and North Africa region since 1996, in Saudi Arabia since 2004. Regarded as the largest and most experienced firm in the region, Colliers International's expertise covers Hospitality, Residential, Commercial, Retail, Education and Healthcare sectors together with master planning solutions, serviced from the five regional offices.

Colliers Research Services Group is recognized as a knowledge leader in the real estate industry, providing clients with valuable market intelligence to support business decisions. Colliers research analysts provide multi-level support across all property types, ranging from data collection to comprehensive market analysis.

COLLIERS INTERNATIONAL - DEVELOPMENT SOLUTIONS

Colliers Development Solutions has a substantial track record in advising major clients on large and mixed use developments in towns and cities across the world and in the Middle East, on Greenfield sites and on brown-field sites. Our team has experience in working closely with architects and master planners and has undertaken extensive public consultation related to new developments within towns and cities. Colliers has a dedicated team located in UAE, particularly working with major developers and investors across all stages of planning and delivery for major real estate projects.

OUR SPECIALISATIONS



City Centres & Airport Cities



Waterfronts & Ports



Hotels, Resorts, Spa, Marina & Golf Courses



Shopping Centers



Leisure, Tourism & Cultural Destinations



Complex Mixed -use Development & Experience Retail



Sports & Event Venues



Education & Healthcare



Best Property Consultancy
Dubai 2013/2014



Voted Best Overall Advisors and Consultants MENA
Voted Best Research Advisor MENA
Voted Best Overall Investment Manager MENA



Voted Best Financial Advisor for PPP
Middle East and Africa, 2013



Voted Best Project Advisory Team for Infrastructure MENA
Middle East and Africa, 2013

