

RETAIL THOUGHTS
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VIEWPOINT
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ANALYSIS
GCC RETAIL TO GROW

FOOD WATCH
KAVA & CHAI

CEO TALKS
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Next big luxury shoppers



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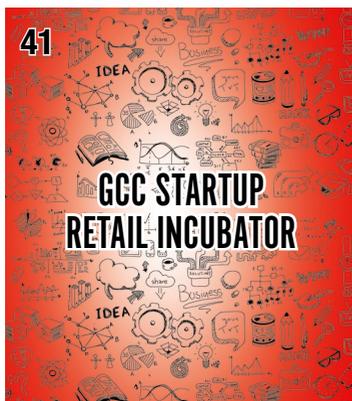


COVER STORY

International tourist arrivals will rise by an average of 43 million per year, reaching 1.8 billion tourist arrivals worldwide by 2030. The rising numbers are bound to result in a windfall for retail businesses, particularly in the luxury segment. Tourism arrivals in the GCC have grown considerably in recent years as the region continues to develop its retail, hospitality, entertainment, F&B and cultural offerings rapidly. Analysts observe this growth will only continue as more human and capital resources are invested, with the implications for retailers remaining vast.



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DEAR READER

Long-term residence visas, a positive move

The UAE last month added another feather to its cap with the launch of a permanent residency system called the 'Golden Card'. The card grants a long-term residency for investors, exceptional professionals in different fields.

His Highness Sheikh Mohammed Bin Rashid Al Maktoum, the Vice President and Prime Minister of the UAE and Ruler of Dubai, launched the permanent residency scheme on May 21, 2019. The first batch of beneficiaries includes 6,800 investors, whose total investments exceed AED100 billion.

"Today, we have launched the permanent residency scheme – 'Golden Card'. The Golden Card will be granted for distinguished individuals, exceptional talents and anyone who contributes positively to the success story of the UAE. We want them to be permanent partners going hand in hand with us in our journey. All residents in the UAE are our brothers and part of our great family in the UAE," Sheikh Mohammed wrote on his Twitter page.

The long-term visas are issued with 5-and 10-year validity. Indian business leaders Vasu Shroff and Khushi Khatwani became the first recipients of the 10-year resident visas. Shroff is the chairman of the Regal Group of Companies, while Khatwani is the managing director of the Khushi Group of Companies and Al Nisr Cinema Film.

Recently, Shura Council in Saudi Arabia – in a move to attract foreign investors and entrepreneurs – approved an initiative, similar to the Green Card in the US. The law regulates the issue of residence permits for highly skilled and high net worth foreign nationals without the need for a sponsor. According to initial announcements, eligible foreign nationals will be able to obtain a residence permit for up to one-year (renewable) or an unlimited period.

Bahraini citizenship law of 1963 stipulates granting of citizenship on request to a foreigner legally residing in Bahrain for at least 25 consecutive years (15 for Arab nationals) with other criteria.

The Sultanate Oman issues citizenships to long-term residents for a period of 20 or more years. The Kuwaiti lawmakers have approved a proposal to grant citizenship to about 4,000 people, including many professionals and social workers during the current year.



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Travellers Next big luxury shoppers

International tourist arrivals will rise by an average of 43 million per year, reaching 1.8 billion tourist arrivals worldwide by 2030. The rising numbers are bound to result in a windfall for retail businesses, particularly the luxury segment.

The above numbers arrived after adding an estimated extra billion to the world population by 2030 to the current figure of around 7.7 billion. A substantial number of these, about 20% of them will be travelling.

Tourism arrivals in the GCC have grown considerably in recent years as the region continues to develop its retail, hospitality, entertainment, F&B and cultural offerings rapidly. Analysts observe this growth will only continue as more human and capital resources are invested, with the implications for retailers remaining vast.

Earlier this year, a study from the United Nations World Tourism Organisation (UNWTO) reported that the number of tourist arrivals to the Middle East grew to a staggering 64 million. It was a 10% increase in year-on-year versus the worldwide average of 6%.

Over the next two decades, the Middle East is expected to more than double its number of arrivals, from 61 million to 149 million. It is driven, in part, by the region's focus on shifting away from oil dependence and diversifying its economy. Governments within GCC countries are creating a market environment for tourism to increase contribution to the national GDPs. These travel patterns mean a world, which is more mobile, more transient and more connected than ever before. It presents a huge opportunity for luxury goods and service providers, from hospitality to retailers.

Shifts in global travel and mobility provide luxury retailers with substantial opportunity, with travel and tourism contributing \$8.8 trillion to the global economy and supporting 319 million jobs globally. This number is only set to grow. The travel and tourism in the future is forecast to be responsible for one in every five new jobs and operating as the second-fastest growing market sector after the chemical industry.

Various studies have shown that travellers tend to possess higher levels of disposable

income. They are willing to spend it on goods and services that make their travel experiences more convenient and memorable. These travellers also want experiences that are culturally connected, unique, authentic, bespoke and possess a regionally relevant and personalised approach – the new definition of luxury.

Countries around the GCC are creating environments that are increasingly attractive to this new breed of visitor. Within this expanding luxury marketplace, there is a clear opportunity for luxury retailers – both of international fame and emerging niche brands – to grow their market presence through curated experiences.

The above excerpts are from the introduction in the white paper, the seventh in the series by the Chalhouh Group. This year, the group decided to provide a guide to the current market. It also offered a glimpse of what the GCC's luxury tourism sector looks like and share insights on how to adapt to the changing luxury ecosystem.

The report 'Luxury Travel & Retail – What does the future hold for the GCC?' delves into the market forces

affecting the inflow of tourism to the GCC and the changing demographics, preferences and desires of these visitors.

Key themes explored include the habits and demands of today's evolving traveller. These included aspirations of these luxury consumers, adaptation to create a positive tourism environment and what the future holds for both the luxury and hospitality landscape.

"The tourist is a captive audience for retailers since part of travel involves the discovery of new areas, engaging with the surroundings at leisure and possibly making a purchase. We, as luxury retailers, are already offering curated unparalleled services and experiences for our region. We aim to provide the same for visitors," states Patrick Chalhouh, CEO, Chalhouh Group.

A report by CBRE notes that hotels, to cater to this increasing demand for personalised experiences, are developing their F&B offerings. Investors are bringing in international chefs, as hotels are becoming lifestyle brands for global and local customers.



الأندلس العقارية Alandalus Property



Tilal Center



Al Jawharah Mall



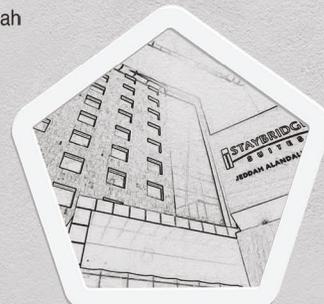
Dr. Suliman Alhabib Hospital - Jeddah



Yarmouk Center



Sahafa Center



Staybridge Suites



Al Andalus Mall



Hayat Mall



Dareen Mall





Al Marwa Center



الأندلس مول
ALANDALUS MALL



STAYBRIDGE
SUITES



حياة مول
HAYAT MALL



دارين مول
Dareen Mall



اليرموك
Yarmouk Center



المروة
Almarwa Center



سنتر
TILAL CENTER



د. سليمان الحبيب
DR SULAIMAN AL HABIB



سنتر
الصحافة
sahafa center



AL JAWHARA MALL
الجوهرة مول

Operational Arm
hamat

RIYADH

- Hayat Mall
- Sahafa Center
- Yarmouk Center
- Tilal Center

JEDDAH

- Al Andalus Mall
- Al Marwa Center
- Staybridge Suites

Under Development

- Dr. Suliman Alhabib Hospital - Jeddah
- Al Jawharah Mall

DAMMAM

- Dareen Mall

الصعود بثبات..
Steady Rising..

GCC retail sector forecast to grow despite the downtrend



Despite macro-economic downtrends and a slowing global economy, the GCC's retail sector is forecast to register growth. The industry is estimated to grow by 22% to \$308 billion in 2023 from 2018, with the UAE and Saudi Arabia accounting for the bulk of sales over the next five years.

The size of the GCC retail sector is expected to see 4% compounded annual growth rate (CAGR) until 2023, up from \$253.2 billion recorded in 2018. These are according to Dubai-based investment banking advisory firm, Alpen Capital, in its latest GCC Retail Industry report. Growth in population, tourism, per capita income and mega-events such as Expo 2020 Dubai and FIFA World Cup 2022 are primary drivers.

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