

PRESS RELEASE

Majid Al Futtaim 'State of the UAE Retail Economy' Q3 2022 Report Reveals UAE on Track to Record Strongest Annual GDP Growth in Over a Decade

The latest economic report confirms that quarter-on-quarter economic growth continues - with all areas of the economy contributing

State of the UAE Retail Economy Q3 2022 report key findings:

- The UAE's growth remains on track despite global economic turbulence
- Retail economy spending rose by 15% from January to September vs the same period a year ago
- The non-retail economy showed substantial growth of 29% from January to September vs the same period in 2021
- Dubai's real estate market continues to break records - transactions leapt 60% for January to September vs the same period last year
- E-commerce sales continue to rise at a rapid pace and are projected to increase by 22% this year to reach USD 6 billion

Dubai, United Arab Emirates, 07 November 2022: The latest in a series of quarterly economic reports released by Majid Al Futtaim, the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa and Asia, reveals the UAE economy is on track to record its strongest annual GDP growth since 2011 – with Oxford Economics predicting growth of 6.8% for 2022 – a significant increase in the recorded actual growth of 3.8% in 2021.

According to the Q3 2022 State of the UAE Retail Economy report, the oil and non-oil sectors both played essential roles – with the biggest GDP driver being the oil sector, which saw a 13.4% increase driven by crude oil prices hovering around USD 100 per barrel for most of the third quarter. The non-oil economy also demonstrated robust growth, buoyed by the Government's moves to create an investor-friendly environment, with a strong focus on both digital and creative industries, the results of which are reflected in the S&P Global UAE Purchasing Managers' Index – which hit a three-year high in August.

While inflation remains top of mind for many consumers, there has been a decrease in the level of concern over the quarter, with 92% of residents still expressing some concern but saying they are adjusting to the new norm by practising caution in their purchasing. This is evidenced by the economic data showing that increasing results are being achieved across all key sectors of the economy.

The sharp rise of e-commerce continues, with sales projected to rise by 22% this year, exceeding USD 6 billion and putting the market on track to reach USD 9.2 billion by 2026. Spending in this area increased 34% in January-September compared with the same period a year earlier, with sales now accounting for 11% of total retail economy sales.

The UAE's strong economic indicators and investment-focused policy updates continue to attract international interest, while the ESG agenda continues to increase in public and private sectors' strategic viewpoints. The introduction of the new laws has seen plastic bag usage at Majid Al Futtaim retail outlets fall by 85% in the first three months, despite a 10% increase in customer visits. Reaching net zero by 2050 will put the UAE ahead of nearly every other nation in the region. The outcome is a robust and resilient retail economy, and a real estate market has defied global economic gravity.

Alain Bejjani, Chief Executive Officer at Majid Al Futtaim – Holding, said: “Another strong quarter for the UAE retail economy showcases notable sector-wide resilience and reinforces the country’s steady march towards a return to sustainable growth. The continuation of forward-thinking government initiatives underpinning this progress is making the UAE highly attractive to international businesses – as are the Government’s steps to become a sustainability leader in the MENA region. With all indicators pointing to a strong fourth quarter this year, and the lifting of COVID-19 restrictions, the UAE has put the pandemic-related turbulence firmly in the rear-view. We only need to consider the ongoing opportunity, security, and safety this nation offers to see why the world continues to flock to the region to build their future here.”

Travel and tourism visitors have returned and are now spending more than before the pandemic-induced turbulence. As restrictions continue to ease, the pent-up demand for travel has been unleashed – with Dubai experiencing a 182% year-on-year rise in international visitors between January to August. Hotels have been a big beneficiary of increasing tourist arrivals, with the number of occupied room nights rising by 28% on the year in January to August and 17% above pre-COVID-19 levels from 2019, at just under 24 million.

The research also indicates that business continues to boom for the UAE real estate market, with Dubai recording the most robust performance between January and September since 2011. Transactions saw a 60% jump compared with a year earlier and a 14% rise in the quarter to 25,500, climbing by 77% to AED 184 billion this year, setting new records for both metrics.

Majid Al Futtaim’s Consumer and Business Insights (CBI) Initiative authored the report, drawing on The Happiness Lab – Majid Al Futtaim’s market research online community in three main markets (the UAE, Saudi Arabia and Egypt), in addition to over 797 million point-of-sale (POS) transactions totalling more than AED 182 billion from over five million shoppers from multiple sources (Majid Al Futtaim’s own data and POS data), and reports by respected third-party analysts and organisations.

Please visit the link below for an explanation of the methodology and sources relating to the data quoted and to read the State of the UAE Retail Economy report for Q3 2022.

EN: <https://maf.am/SOTRE-Q322E>

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Notes to the Editor: The legal name of this company is “Majid Al Futtaim” and should not be shortened or replaced by an acronym to avoid confusion with another business entity.

About Majid Al Futtaim

Founded in 1992, Majid Al Futtaim is the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa and Asia.

A remarkable business success story, Majid Al Futtaim started from one man’s vision to transform the face of shopping, entertainment and leisure to ‘create great moments for everyone, every day’. It has since grown into one of the United Arab Emirates’ most respected and successful businesses spanning 17 international markets, employing more than 43,000 people, and obtaining the highest credit rating (BBB) among privately held corporates in the region.

Majid Al Futtaim owns and operates 29 shopping malls, 13 hotels and four mixed-use communities, with further developments underway in the region. The shopping malls portfolio includes Mall of the Emirates, Mall of Egypt, Mall of Oman, City Centre malls, My City Centre neighbourhood centres, and five community malls which are in joint venture with the Government of Sharjah. The Company is the exclusive franchisee for

Carrefour in over 30 markets across the Middle East, Africa and Asia, operating a portfolio of more than 450 outlets including City+, the region's first checkout-free store, and an online store.

Majid Al Futtaim operates more than 600 VOX Cinemas screens as well as a portfolio of world-class leisure and entertainment experiences across the region including Ski Dubai, Ski Egypt, Dreamscape, Magic Planet, Little Explorers and iFLY Dubai. The Company is parent to a Fashion, Home and Specialty retail business representing international brands such as Abercrombie & Fitch, Hollister, AllSaints, lululemon athletica, Crate & Barrel, LEGO and THAT, a Majid Al Futtaim fashion concept store and app. In addition, Majid Al Futtaim operates Enova, a facility and energy management company, through a joint venture operation with Veolia, a global leader in optimised environment resource management.

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