

PRESS RELEASE

Majid Al Futtaim: New report reveals spending increased by 22% in H1 2022 from the same period last year

Steady growth of the UAE economy was boosted by increased spending across all areas despite growing inflation concerns and external geopolitical turbulence

State of the UAE Retail Economy report key findings:

- Overall spending increased by 22% in the first half of 2022 from the same period last year
- Growth of 16% in retail spending and 31% in non-retail sectors led consumer spending
- The number of visitors to Majid Al Futtaim's shopping malls rose by 15% in the first half of 2022 compared with last year
- Two-thirds of people in the UAE are somewhat or very concerned about inflation

Dubai, United Arab Emirates, 8 August 2022: The latest State of the UAE Retail Economy report has been released by Majid Al Futtaim, the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa and Asia revealing overall spending increased by 22% in January to June 2022 from the same period last year, driven by growth of 16% in retail spending and 31% in non-retail sectors.

Although the nation is not immune to the effects of market volatility, supply chain stress, rising fuel costs and inflation, the latest research shows signs of optimism that point to a continued economic rebound. In the first half of 2022, the retail general category was up by 15% from the same period in 2021, contributing 44% growth to the overall retail economy. Spending increased on food and beverages (15%), hotels (14%) and pharmacy and health (14%).

While rising prices have not put a brake on consumer spending, they have influenced what people buy and where they spend their money, according to an analysis of Majid Al Futtaim's point-of-sale transactions. In Q2, spending on fashion & accessories and watches & jewellery rose by 20% compared with the first three months of the year, driven mainly by seasonal discounts and Ramadan promotions.

Indeed, as spending continues to grow across the retail sector, shopping in stores and online is rising. The research further reveals that omnichannel shopping remains consumers' preferred way to buy, with e-commerce spending increasing by 41% in the first half of this year from the same period in 2021 and online sales now accounting for 11% of the overall retail economy. Perhaps unsurprisingly, clothing and fashion topped the omnichannel list, with 54% of shoppers saying they make purchases in this category on and offline, whilst 54% also stated that they prefer to go in-store when shopping for groceries.

The hypermarket and supermarket sector also demonstrated growth, increasing by 12% in the first half compared with the first six months of 2021. However, consumer purchases have shifted towards

lower value and higher frequency, with the average transaction value down by 12% compared with the first half of 2021.

Alain Bejjani, Chief Executive Officer at Majid Al Futtaim – Holding, said: “In testament to the inherent resilience of its economy, the UAE has continued to demonstrate sustainable growth through the first six months of the year. Despite the gathering global headwinds, data from the Q2 State of the UAE Retail Economy report confirms an ongoing, steady rebound. Bolstered by Government-driven diversification initiatives that focus on strengthening the non-oil economy, boosting productivity, and creating the best environment for foreign investment, the UAE retail economy looks set to continue on a positive trajectory. While the country is not immune to wider macroeconomic challenges and inflationary pressures, the intrinsic strength and stability of its foundations offer fertile ground for lasting economic growth.”

Dubai’s property market is also returning with gusto, demonstrated by property sales increasing 60% in the first half compared with the same period in 2021, representing more than 43,000 transactions. However, rising prices are becoming a concern for UAE residents, as evidenced in a recent poll conducted by Majid Al Futtaim’s Happiness Lab, revealing that 70% of respondents express concern regarding real estate and rent increases and most respondents noted they have no plans to change residences in the next 12 months.

Finally, despite a global economic slowdown, scheduled international commercial travel continues to increase in the emirates as visitors are returning and consuming more in the country, evidenced by the increasing spend by tourists in the first half, with the average spend per card up by 34% compared with the first six months of 2019. Data from Majid Al Futtaim’s Happiness lab also reported that 72% of the UAE population plans to travel at least once this year.

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 Q2 2022.

EN: <https://maf.am/SOTRe-Q222>

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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 41,000 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 400 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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