

# United Arab Emirates Retail Report Q2 2011

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Description Country United Arab Emirates  
Capital Abu Dhabi  
Area(km2) 83600  
Population (Million) 5.06  
Density(/km2) 60.53  
Languages Arabic (official), Persian, English, Hindi, Urdu  
GDP Nominal (billion) \$301.88  
GDP Nominal Per Capita \$59716.85  
GDP PPT Base (billion) \$246.8  
GDP PPT Base Per Capita \$48820.86  
Economic Growth 3.23%  
Currency U.A.E. dirham  
Export \$174 billion (2009 est.): crude oil 45%, natural gas, reexports, dried fish, dates.  
Import \$141 billion (2009 est.): machinery and transport equipment, chemicals, food.  
2010Y

## **Abstract**

The Q211 BMI UAE Retail report forecasts that the country's retail sales will grow from an estimated AED79.35bn (US\$21.61bn) in 2011 to AED105.47bn (US\$28.72bn) by 2015. Key factors behind the forecast are strong underlying economic growth (despite the recent problems in Dubai), increasing household consumption, growing acceptance of modern retailing concepts and expatriate wealth.

The UAE's nominal GDP in 2011 is predicted to be US\$295.3bn, with growth of 3.0% predicted for the year. BMI predicts average annual GDP growth of 3.6% between 2011 and 2015. With the population increasing from an expected 4.8mn in 2011 to an estimated 5.2mn by 2015, GDP per capita is forecast to rise 22.1% by the end of the forecast period, to US\$74,999.

Average household spending power in the UAE stands at US\$14,400 per annum, according to property consultant Colliers International. Emirati households account for the lion's share of this spending with an average of US\$23,000, while Western, other Arab and Asian households have annual spending power of US\$19,500, US\$13,500 and US\$10,000 respectively.

While Emiratis contribute to retail sales, the buying power of the country's expatriate residents is the major source of success, according to a study by Indian research firm RNCOS. Tourism is also a massive factor in stimulating retail growth, with the UAE expecting the number of tourists to have totalled more than 11mn in 2010.

Growing urbanisation is another factor in the buoyancy of the retail sector. Abu Dhabi in particular is highly urbanised, with the Urban Planning Council (UPC) projecting that Abu Dhabi City's population will rise to 1.3mn by 2013. In 2005, 85.5% of the UAE's population was classified by the UN as urban and this is forecast to have increased to 86.3% in 2010.

The UN describes 73% of the UAE population in 2005 as economically active, forecast to rise to 78.6% by 2015. In 2005, more than 30% of the population was in the 20-44 age range crucial for retail sales, and this is expected to hit 56% by 2015.

Retail sub-sectors predicted by BMI to show strong growth over the forecast period include over-the-counter (OTC) pharmaceuticals, with sales expected to increase by more than 23% from a forecast US\$0.30bn in 2011 to US\$0.37bn by 2015.

Automotive sales are forecast to rise by a little less than 50%, from an expected 403,296 units in 2011 to 600,672 units by 2015, largely as a result of growth in the luxury car market.

Sales of consumer electronics are expected to increase from a forecast US\$3.14bn in 2011 to US\$3.97bn by 2015, a rise of more than 26%. The UAE's consumer electronics market is one of the largest in the Gulf, accounting for close to 40% of regional spending and serving a potential market of almost 2bn people across Asia and the Middle East.

Food sales, forecast to be worth US\$7.71bn in 2011, are expected to increase by 34.0% to US\$10.33bn by 2015. The UAE's mass grocery retail (MGR) sector is one of the Gulf region's largest by value, with sales forecast at US\$5.33bn in 2011 and accounting for 69.1% of the total food and drink market. The value of the UAE's MGR sector is forecast to rise to US\$7.55bn by 2015, when it should account for 73.1% of the overall food and drink market.

Retail sales for our set of Middle East and Africa (MEA) countries in 2011 are predicted to amount to US\$204.60bn, based on the varying national definitions. Total consumer spending for the region based on BMI's macroeconomic database is forecast at US\$722.41bn. In 2011, BMI predicts that South Africa and Israel will together account for an estimated 56.3% of regional retail sales, with Egypt accounting for a further 14.8%; by 2015, the combined share of South Africa, Israel and Egypt is expected to reach 72.3%. For the UAE, the estimated 2011 market share of 10.6% is expected to reduce to 9.9% by 2015.