



The total retail space in Dubai is now around 31.24m sq feet

Community centres

Lifestyle and shopping convenience converge in new facilities

While Dubai may be renowned for its numerous large-scale shopping centres, a number of the emirate's big developers are shifting some of their efforts to retail community centres. Indeed, convenience and proximity to residential areas are the value proposition for a number of new retail developments.

While Nakheel's Mall on the Palm will be a 1m-sq-foot complex aimed at luxury shoppers and high-end diners, its Jumeirah Park Pavilion is a very different proposition from the same company. Anchored by a Géant Easy supermarket, the 113,000-sq-foot neighbourhood centre has 28 shops, restaurants and cafes. The target customers are residents of Nakheel's Jumeirah Village, Jumeirah Islands and Jumeirah Park.

At the opening ceremony in September 2014, Nakheel's chairman, Ali Rashid Lootah, explained the concept. "Jumeirah Park Pavilion is a place to meet, dine and socialise, as well as a 'one-stop-shop' for everyday conveniences and facilities," he said. The company is building five centres around the same concept, with a 94,000-sq-foot Pavilion at Discovery Gardens, and new developments taking place at Al Furjan, International City, Jumeirah Islands and Badrah. It says it plans to build more in the future.

RECURRING REVENUES: The Jones Lang LaSalle (JLL) Dubai Real Estate quarterly report for early 2014 said, "Some developers are shifting their focus to community and neighbourhood centres that capture the attention of residents and generate additional recurring revenues as opposed to cyclical residential sales."

The report stated that the development of community centres has increased the total retail space in Dubai to 31.24m sq feet and that secondary sites such as these, away from prime retail locations, were fetching an average rent of Dh25,833 (\$7031) in the first quarter 2014, up from Dh18,568 (\$5054) in the third quarter of 2013, a 39% increase.

Also eyeing these recurring revenues is Emaar Malls, which has plans to complete two community malls to serve residential settlements. Arabian Ranches 2 will

be a 129,963-sq-foot mall in the development east of Dubai, and The Springs is a re-development in Emirates Hills with 217,644 sq feet of gross leasable area (GLA) to be completed in June 2016. JLL estimates a rental value of Dh22.9m (\$6.23m) a year for Arabian Ranches 2 and Dh43.4m (\$11.81m) for The Springs.

OLDER COMMUNITY MALLS: The two latest community malls being built by Emaar Malls are not the company's first examples of this type of development. Meadows Mall, with 18,398 sq feet of GLA, opened in 2006 and has 100% occupancy, including a Spinneys supermarket, Grand Optics, Brooklyn Melodies, Marble Slab Creamery, Champion Cleaners Centre, Costa Coffee, Qasis Nutrition and a Hayya health club with a swimming pool. The Meadows Mall has a gross passing rent of Dh3.7m (\$1.01m), according to JLL.

Arabian Ranches 1 was opened a year earlier in 2005. It has 47,508 sq feet of GLA and had 99% occupancy in June 2014. The mall's stores and eateries include Géant Easy, Burger King, Costa Coffee, Books Plus, Pets Delight, Medi Link Pharmacy, Early Learning Centre and Prime Travel. Other facilities on site include the Emaar Medical Centre. The mall has a gross passing rent of Dh9.3m (\$2.53m), according to JLL.

There are also other communities around Dubai served with retail facilities such as the gated Green Community at Motor City, which has convenience stores and a supermarket on a site with 11,044 sq feet of GLA. Uptown Motor City is a mall with 125,000 sq feet of GLA serving 14,000 residents of this part of Dubai. The anchor tenant is a 65,000-sq-foot Spinneys.

SMALL ATTRACTIONS: For David Macadam, CEO of the Middle East Council of Shopping Centres (MEC-SC), there are some ideal features of a good community mall. "What you are looking for is a way to get in and out of that shopping centre quickly and easily and still find things that are fresh and new, good-quality food products, for instance, that you can get without getting stuck in traffic," he told OBG. He said the communities they serve want to be able to visit a Spinneys

Secondary sites such as community centres, away from prime retail locations, fetched an average rent of \$7031 in the first quarter of 2014, up from \$5054 in the third quarter of 2013, a 39% increase.



Community malls aim to provide more than just a place to shop

Community malls are also particularly suited to serve the needs of families, and the growth of a more family-oriented foreign population could fuel the development of community-focused centres.

or a Carrefour for their food and to have a dry cleaner, a medical or dental clinic and decent parking so that they would not have to drive around the block several times before they can get in. "These malls can be enclosed or just open air, but largely, I see them being small, enclosed malls," he added.

The general manager of Pan Arab Research Centre, Sami Raffoul, said some community malls can also serve as social centres. "There are those mid-size malls and neighbourhood malls, which have the gym facility of your choice and so you could eventually do as you would do in a social club," he told OBG. "You could have your sport and your gym, and you can choose the place where you have coffee or a meal with friends. The mall actually is a club concept in which commerce and recreation come together," he said.

Majid Al Futtaim Property has launched a new concept called MyCity in Sharjah, with plans to open more across the UAE, although the company has yet to open one in Dubai. MyCity Nasseriya has 56,000 sq feet of

GLA anchored by one of the company's Carrefour stores. The centre, which opened in 2014, includes a dry cleaner, a bakery, a pharmacy and coffee shops.

"Fundamentally when we build our malls, we are creating hubs for visiting, for socialising, as well as hubs for retail," George Kostas, CEO of Majid Al Futtaim Properties, told OBG. "This is a region that is undergoing substantial urbanisation. Its cities do not typically have the piazzas and town squares that other cities around the world have, and therefore when we create our assets, big or small, we are creating those things and we therefore provide so much more than just places to shop."

COMMUNITY ROOTS: Community malls are also particularly suited to serve the needs of families, whether they are from the UAE or abroad. Ajai Kumar Dayal, CEO of Tridayle Consult, says members of the expatriate population are becoming increasingly keen to put down roots in the community.

"This is a big change that has happened in Dubai," Dayal told OBG. "I have been here 26 years and the level of transience [when I arrived] was much higher than it is today. At that time anybody who came in as an expatriate had these horizons of two to three years, but as time has passed the horizon has expanded and people now stay for 10, 15 or 20 years. Moreover, people have also started buying their own houses, which was not allowed before."

The growth of a family-oriented foreign population could fuel the development of more community-focused centres. "What is really interesting is the development of more socially oriented precincts. Whereas in the past most, if not all, have been enclosed assets, what we are now seeing is more open-air malls, more retail properties specifically catering to the lifestyle, activity, and food and beverage sectors," Kostas said.

That understanding could still be in the works. There remains an overall shortage of information on consumers in the GCC region, which is imperative for retailers of fast-moving consumer goods to better understand what brings customers to their brands.