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**Middle East Real Estate Predictions
2024 | Dubai market review**

10th Anniversary Edition



Contents

| | |
|---------------------------------------------|----|
| Executive summary | 04 |
| Dubai real estate market performance | |
| Hospitality market | 08 |
| Residential market | 10 |
| Office market | 12 |
| Retail market | 14 |
| Industrial and logistics market | 16 |
| Middle East Real Estate market trends | 18 |
| Key contacts | 26 |

Executive summary

The Dubai real estate market performance has been robust across all sectors fueled by the preferred safe haven status of the Emirate, amidst geopolitical and economic headwinds in other global investment markets. Key economic and demographic statistics also indicate growth compared to the previous year. As of June 2023, Dubai's population has crossed 3.6 million, marking a 1.4% year-to-date increase compared to the prior year. The number of tourist arrivals also saw an increase of 19.9% from January to November 2023, reaching 15.4 million tourists. Moreover, the gross domestic product (GDP) for the first half of 2023 exhibited a growth of 3.2%, totaling AED 223.8 billion. Among industries, the transport and storage sector notably outperformed others, experiencing a 10.5% expansion during this period.

Residential

The residential market has sustained an upward trajectory, marked by unprecedented transaction levels in 2023 along with an increase of 18% and 26% Y-o-Y for sales prices and rents respectively as of 2023. Villa price growth has outpaced prices for apartments, while rent growth has moved in tandem when compared to pre-pandemic levels. This trend is expected to continue during 2024, albeit the pace of growth may stabilise further as new supply is launched.

Office

Office rents have exceeded pre-pandemic levels, registering an increase of 17% in 2023 compared to the same period last year. The forecasts for economic growth in Dubai and continued initiatives for ease of doing business are positive factors for the office market performance going forward.

Hospitality

The hospitality market's recovery strengthened throughout 2023, as key performance indicators tracked higher than the previous year, including total visitor numbers which surpassed pre-pandemic levels. FY 2023 occupancy in Dubai averaged 77% compared to 72% for the same period in 2022, while the average daily rate (ADR) over this period has increased by 0.2% Y-o-Y to AED692. This is higher than the majority of the regional and international markets.

Retail

Malls continue to be the dominant retail format in Dubai, persisting despite the global surge in online shopping. This is largely due to preference among tourists to visit retail and leisure destinations. The outlook for Dubai's retail sector remains optimistic with retail sales projected to grow by 6% between 2025 and 2027.

Industrial and logistics

Warehouse rents in Dubai rose Y-o-Y, driven by strong demand from various industries including manufacturing, third-party logistics (3PL) and e-commerce. Growth opportunities are expected to continue for industrial properties in Dubai, supported by economic forecasts, particularly with the expansion in the transport and storage sector, which outperformed other sectors during the first half of 2023.

Dubai's hospitality market

The hospitality market's recovery strengthened throughout 2023, as key performance indicators tracked higher than the previous year, including total visitor numbers which surpassed pre-pandemic levels.

Review of 2023 performance

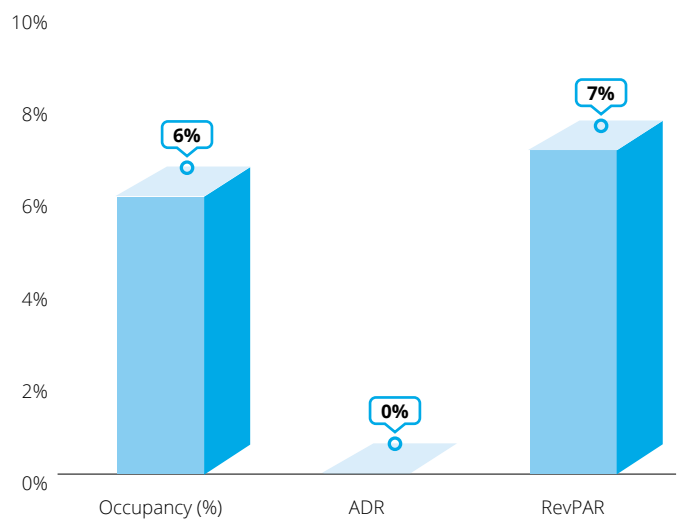
Dubai welcomed 15.4 million overnight visitors for the first 11 months of 2023, with the highest number of international guests from Western Europe at 19%, followed by Southeast Asia at 18%. International visitors have surpassed pre-pandemic levels by 2% and shown a 20% Y-o-Y growth.

In FY 2023, Dubai's hospitality sector exhibited solid performance, with the average occupancy rate standing at 77%, peaking at 88% in February, before dropping to 68% in July. This represents a 6% Y-o-Y increase in occupancy rates, indicative of a rebound in the travel sector, as illustrated in the adjacent graph.

ADR remained consistent with the previous year, showing only a 0.2% increase, which demonstrates pricing stability amid market recovery. RevPAR experienced a notable 7% rise, particularly with a 23% surge in December due to festive events such as Christmas, the New Year celebration, the Dubai Shopping Festival and favourable weather. This positive shift in Dubai's hospitality sector performance can be attributed to recent strategic government initiatives aimed at enhancing Dubai's appeal as a global tourism hub.

Dubai hotel performance percentage change, FY 2023 vs FY 2022

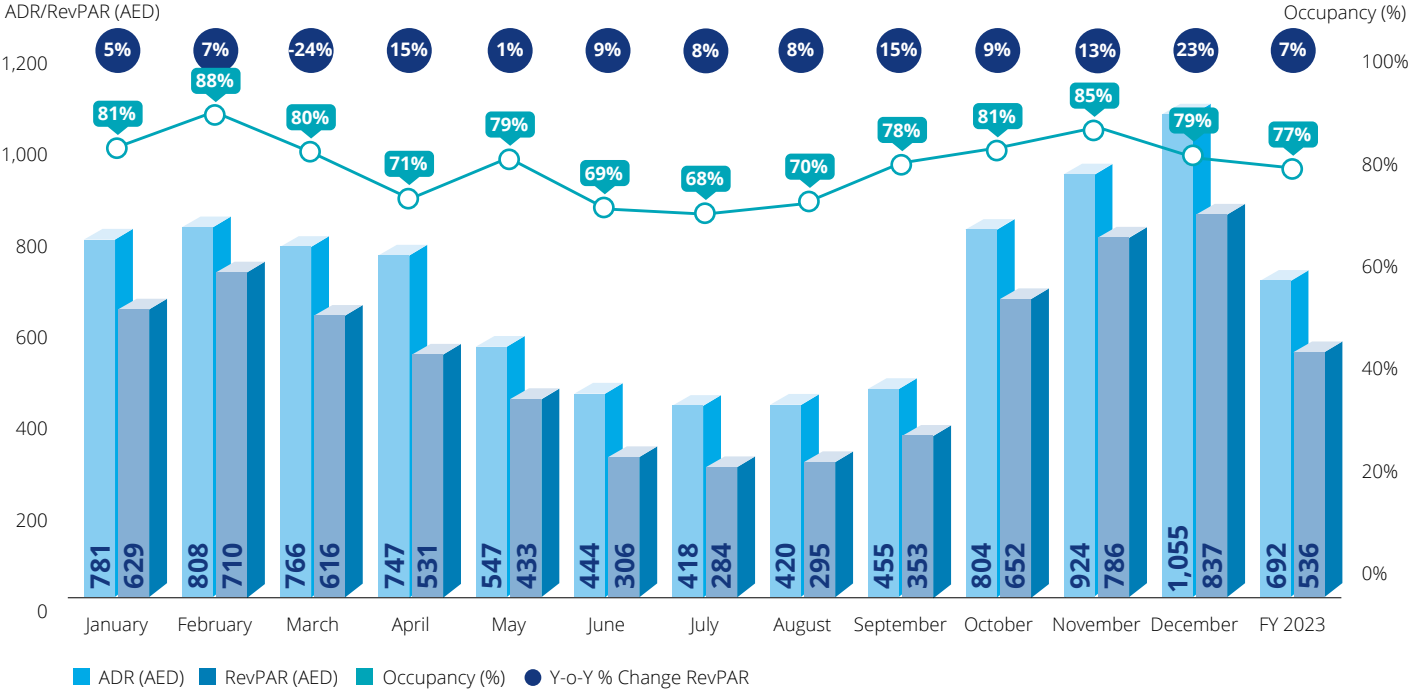
Y-o-Y change from 2022



Source: STR Global



Dubai hotel market performance, FY 2023



Source: STR Global



Post-pandemic recovery

The FY 2023 data from STR shows all performance metrics are surpassing 2019 levels with the exception of city-wide occupancy. In addition to international visitors, activity from residents has supported the recovery of the hospitality sector in Dubai.

ADRs are currently 27% higher than the levels observed in 2019, resulting in a 32% increase in revenue per available room compared to 2019 figures.

Data from the Department of Tourism and Commerce Marketing (DTCM) shows an increase in the average length of stay, which was 3.5 nights in 2022 and has increased to 4.0 nights over the same period in 2023.

UAE Tourism Strategy 2031

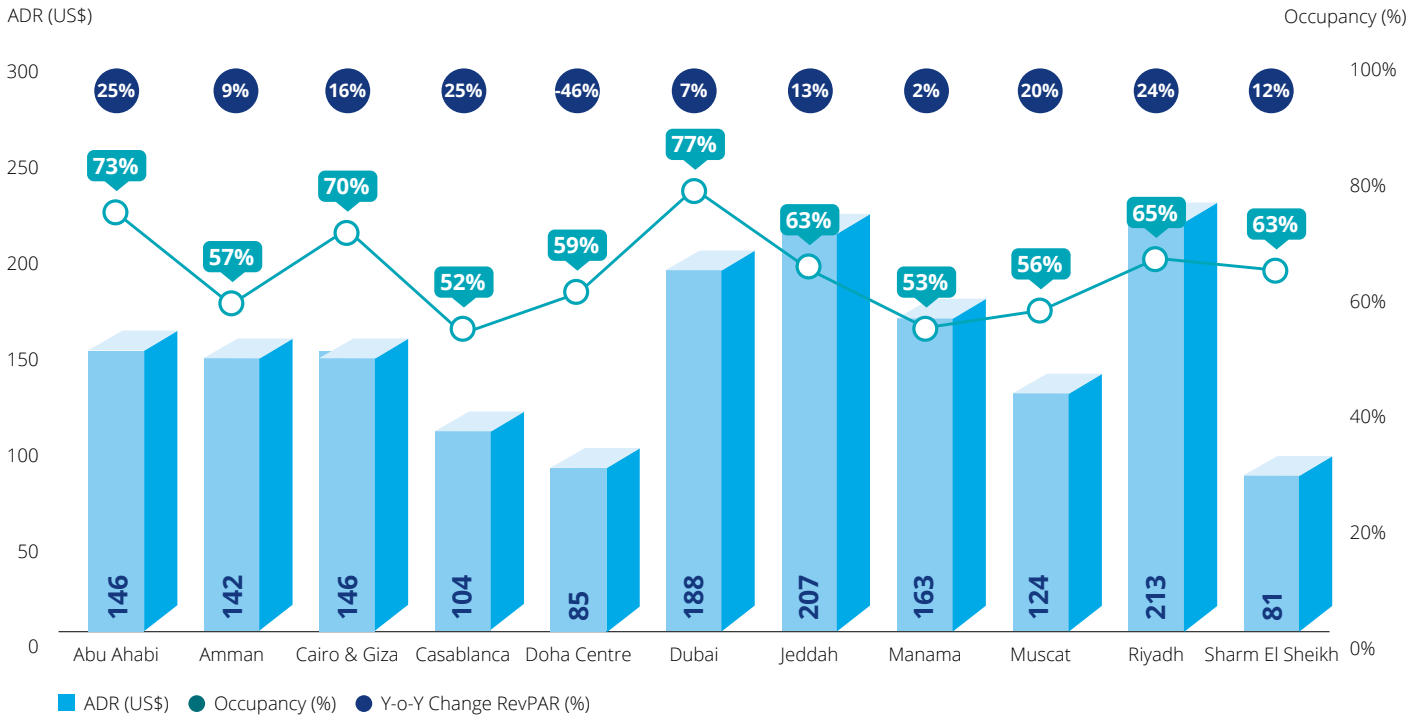
In mid-November 2022, His Highness Sheikh Mohammed bin Rashid Al Maktoum launched the UAE Tourism Strategy 2031, aiming to strengthen the position of the UAE as one of the world's premier tourism destinations.

The goal is to enhance the country's global competitiveness in tourism by attracting an additional AED 100 billion in tourism investments and hosting 40 million hotel guests by 2031.

The strategy includes 25 initiatives and policies to support the development of the tourism sector in the country, with a targeted GDP contribution of AED 450 billion in 2031, representing an annual increase of AED 27 billion.

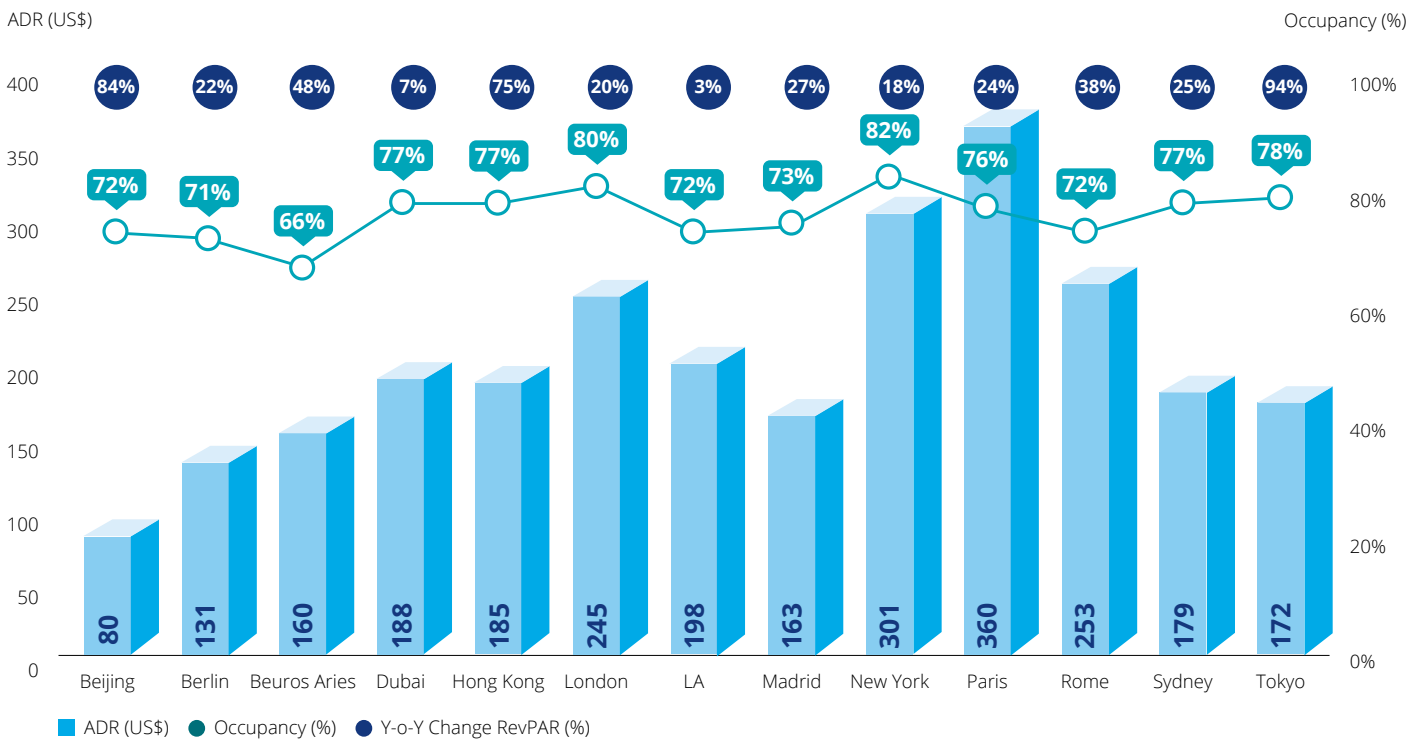


Dubai ADR and occupancy vs regional markets, FY 2023



Source: STR Global

Dubai ADR and occupancy vs international markets, FY 2023



Source: STR Global

Dubai's residential market

The residential market has sustained an upward trajectory, marked by unprecedented transaction levels in 2023 along with an increase of 18% and 26% Y-o-Y for sales prices and rents respectively.

Review of 2023 performance

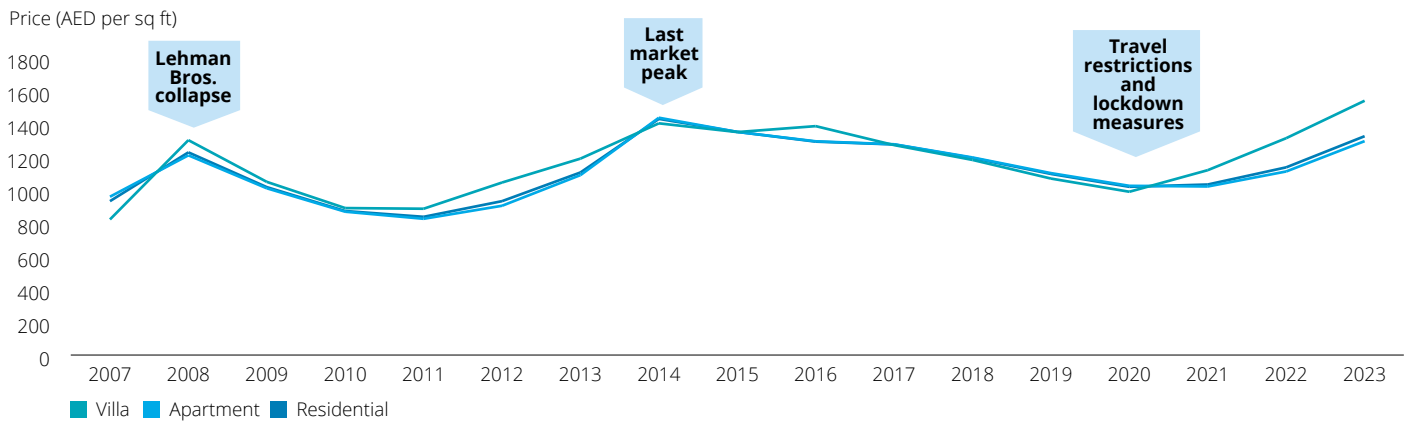
The average sales prices for residential property in Dubai increased by approximately 18% between 2022 and 2023, reaching AED 1,332 per sq ft. Average rents have also increased by approximately 26% over the same period, rising to AED 92 per sq ft as of December 2023. Gross yields reflect 7.2% compared to 6.8% in 2022 as rental growth has outpaced growth in prices.

Palm Jumeirah apartments, Dubai South and MBR City were the top three areas for sales price growth Y-o-Y against Palm Jumeirah Villas, Dubai Sports City and Dubailand which are locations with the highest price declines.

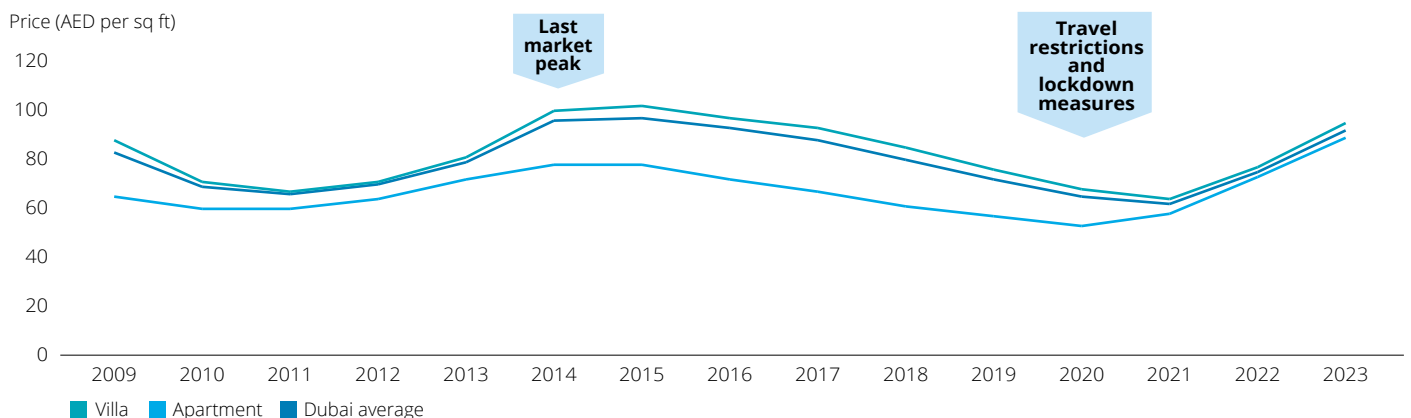
By comparison, rent increases were highest in DIFC, Jumeirah and Dubailand Residence complex ranging from 36% to 39%, while the lowest increase was in International City at 8%. Transaction volumes have increased by 29% in 2023 when compared to 2022. Secondary market properties constituted 41% of the total transactions in 2023, with Business Bay, Downtown and Jumeirah Village Circle recording the highest number of transactions.

The market continues to be dominated by cash buyers while demand for affordable villas and townhouses from residents has driven rental activity in this segment. Villa price growth has outpaced prices for apartments while rent growth has moved in tandem when compared to pre-pandemic levels as shown below. This trend is expected to continue during 2024, albeit the pace of growth may stabilise further as new supply is launched.

Dubai residential sales prices, Q1 2007 to Q4 2023

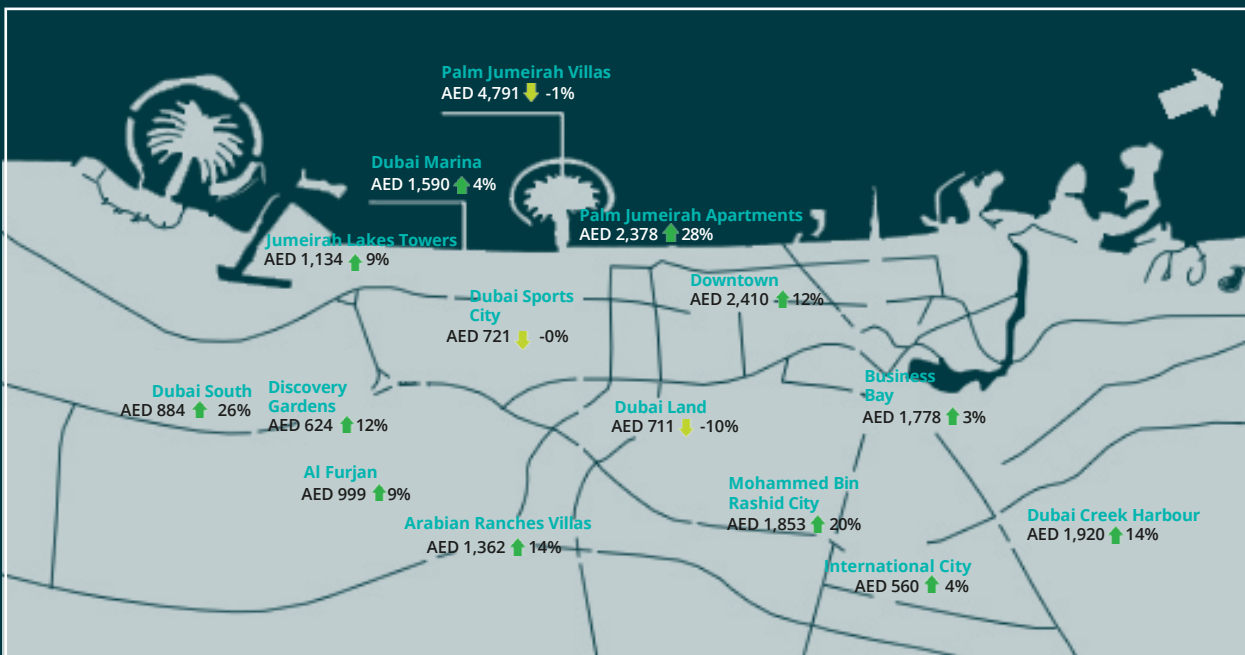


Dubai residential rents, Q1 2009 to Q4 2023



Source: REIDIN

Dubai residential sales prices by location, Q4 2023



Positive ↑ Neutral → Negative ↓

Source: REIDIN

Note: Sales prices are quoted in AED per sq ft with Y-o-Y change in %

| Metric | Apartment rent (AED per sq ft per year) | Apartment sales price (AED per sq ft) | Villa rent (AED per sq ft per year) | Villa sales price (AED per sq ft) | Dubai average rent (AED per sq ft per year) | Dubai average sales price (AED per sq ft) |
|-------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|---------------------------------------------|-------------------------------------------|
| 2022 | AED 74 | AED 1,105 | AED 70 | AED 1,302 | AED 73 | AED 1,129 |
| 2023 | AED 95 | AED 1,302 | AED 89 | AED 1,547 | AED 92 | AED 1,332 |
| Y-o-Y trend | 29% ↑ | 18% ↑ | 28% ↑ | 19% ↑ | 26% ↑ | 18% ↑ |

Dubai's office market

Office rents have exceeded pre-pandemic levels registering an increase of 17% in 2023 compared to last year. Demand for Grade A office space remains strong, with premium towers such as ICD Brookfield in DIFC maintaining higher than 95% occupancy.

Review of 2023 performance

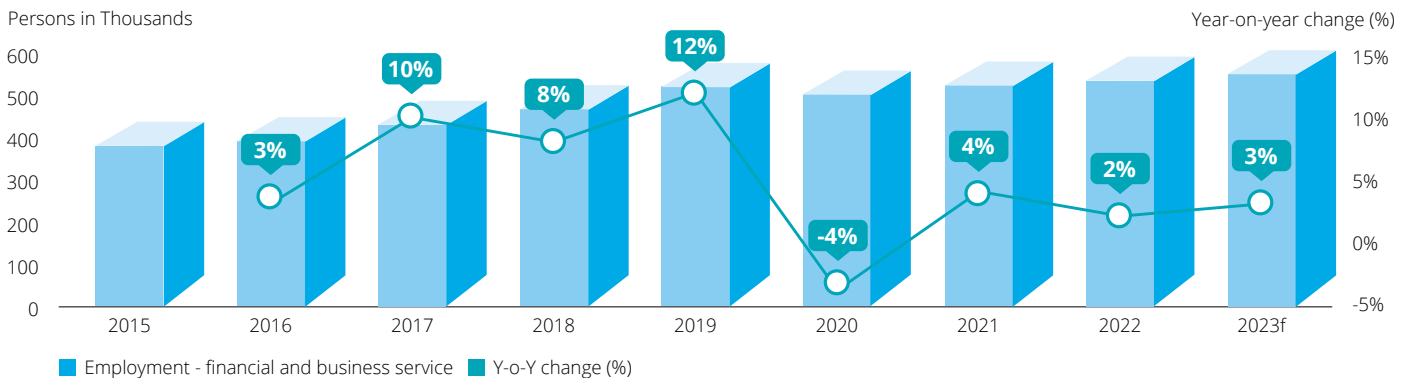
Office rents in 2023 have increased by 17% and have surpassed pre-pandemic levels (2019) by 20%, reflecting Dubai's robust position as a preferred destination among global corporations looking for a regional footprint. Despite the introduction of corporate tax in 2023, the impact on occupier requirements and office market performance has been limited, which remained strong in 2023.

The Dubai Government has approved a budget of AED 246.6 billion from 2024 to 2026, with a focus on expenditure for economic growth, social benefits and development. 42% of the 2024 budget is targeted at the infrastructure and transport sector, which is expected to increase hiring levels in this segment, while maintaining office space requirements.

In response to the increasing focus on sustainability reporting and following the COP28 event hosted in Dubai in December, it is anticipated that commercial buildings in the city may be required to begin measuring climate impact indicators. These include metrics such as electricity costs, losses caused by critical risk events i.e. heatwaves and flooding, and overall scenario modelling for expected operating risks. Global multinational occupiers will increasingly prefer buildings that are LEED certified and/or promote green building design and operations.

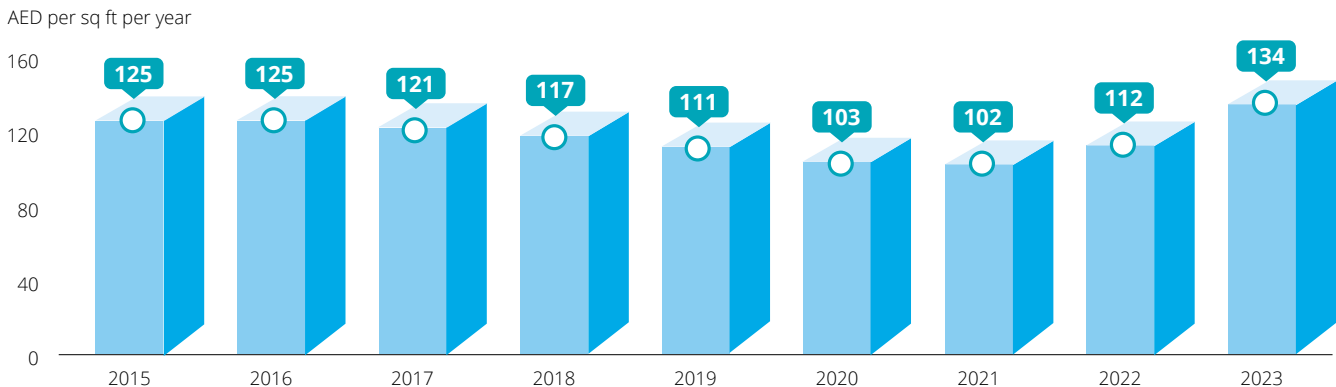
Despite heightened competition from Abu Dhabi and Riyadh, which are targeting similar regional and international occupiers as Dubai, the forecasts for economic growth in Dubai and continued initiatives for ease of doing business are positive factors for the office market performance going forward.

Dubai employment in financial and business services, 2015 to 2023f



Source: Oxford Economics; Note: f:forecast

Dubai average office rents, 2015 to Q4 2023



Source: REIDIN
Note: Rents quoted above exclude service charge



Rents are quoted AED per sq ft per year
 Rents are average achieved rents for shell and core offices exclusive of service charges
 *Jumeirah Lakes Towers
 **World Trade Centre/Sheikh Zayed Road

| Area | DIFC | Bur Dubai | Al Garhoud | Deira | WTC/SZR | Al Barsha | Business Bay | Downtown | TECOM | JLT | Dubai average |
|-------------|------|-----------|------------|-------|---------|-----------|--------------|----------|-------|-------|---------------|
| 2021 | 216 | 82 | 69 | 80 | 109 | 75 | 87 | 164 | 167 | 72 | 102 |
| 2022 | 259 | 87 | 76 | 83 | 126 | 82 | 105 | 202 | 165 | 81 | 114 |
| Y-o-Y trend | 4% ↑ | 9% ↑ | 8% ↑ | 5% ↑ | 15% ↑ | 13% ↑ | 28% ↑ | 26% ↑ | 2% ↑ | 40% ↑ | 17% ↑ |
| 2023 | 270 | 95 | 82 | 87 | 145 | 92 | 134 | 255 | 168 | 114 | 134 |

Dubai's retail market

The outlook for Dubai's retail sector remains optimistic with retail sales projected to grow by 6% between 2025 and 2027.

Review of 2023 performance

The retail sector in Dubai is a major driver of the economy which can be attributed to a multitude of factors including, increased tourism, government initiatives, Dubai's strategic location and a business-friendly environment.

Total retail expenditure is expected to expand, projecting a compound annual growth rate (CAGR) of 5.7% from 2022 to 2027. This is largely driven by the expected rise of residents and tourists in Dubai by 2030.

The future outlook remains optimistic with retail sales in the UAE and specifically in Dubai expected to reach AED 428 billion and AED 102 billion, respectively, by 2027. This growth is driven by Dubai's ability to attract consumer goods companies looking to launch brands and products, particularly in electronics, clothing, and cosmetics/toiletries categories.

These trends align with the objectives of the 'D33' agenda, aiming to elevate the value of domestic demand for goods and services from AED 2.2 trillion in the past decade to AED 3 trillion in the coming decade, in line with Dubai's vision to enhance its vibrant trading sector and diversify the economy.

Despite the global surge in online shopping, malls continue to maintain their dominance as the primary retail format in Dubai. This preference is mainly attributed to tourists favoring these retail and leisure destinations.

Retail sector trends

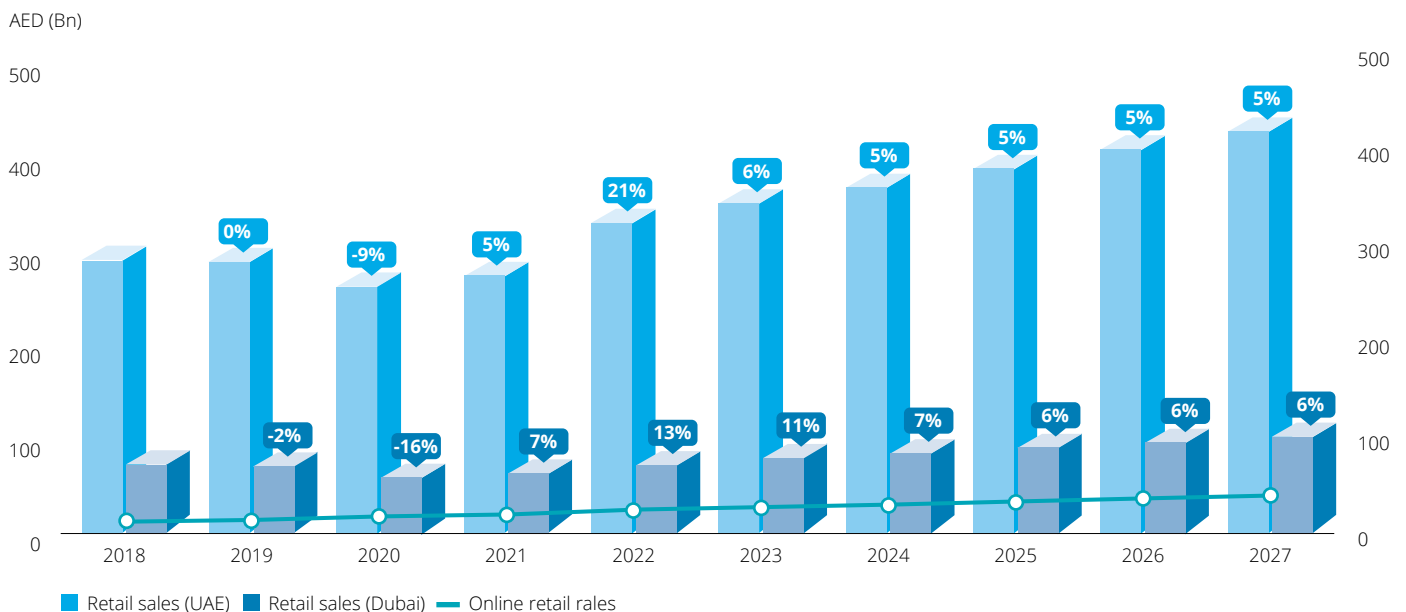
In the post-pandemic world, the dynamics of the retail market have undergone fundamental changes, with digital transformation emerging as a key factor. This transformation necessitates a shift from the traditional retail business model.

Shopping malls face two primary challenges: the surge in e-commerce and a shift in consumer preference from product-focused to experience-driven retail. The rapid growth of e-commerce is affecting foot traffic and exerting pressure on profit margins, especially for malls lacking experience-based retail offerings.

The digital consumer prefers sensorial experiences over product ownership. The long-term success of operators hinges on their ability to leverage digital technology for uncovering consumer insights and curating a seamless omnichannel experience.

Moreover, the pandemic has accelerated the trend toward flexible retail spaces. Instead of relying on traditional anchor stores, mall operators are catering to changing consumer behaviour by exploring alternative options: incorporating revolving pop-up stores/kiosks, highlighting niche and local retailers, and implementing reconfigurable coworking/shared spaces.

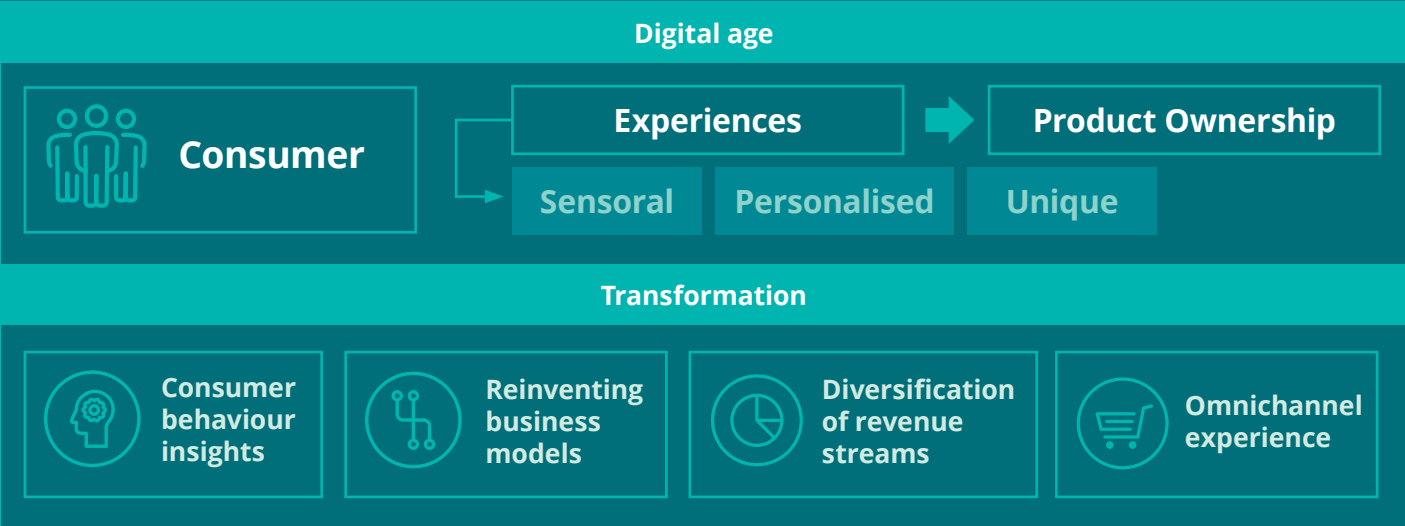
UAE and Dubai retail sales, 2018 – 2027F



Source: EIU

Note: Retail sales (UAE) for 2018/19 are based on actual data while the remaining figures are estimates.

Changing consumer preferences



Dubai's industrial market

Warehouse rents in Dubai rose Y-o-Y underpinned by strong demand from various industries, including manufacturing, third-party logistics (3PL) and e-commerce.

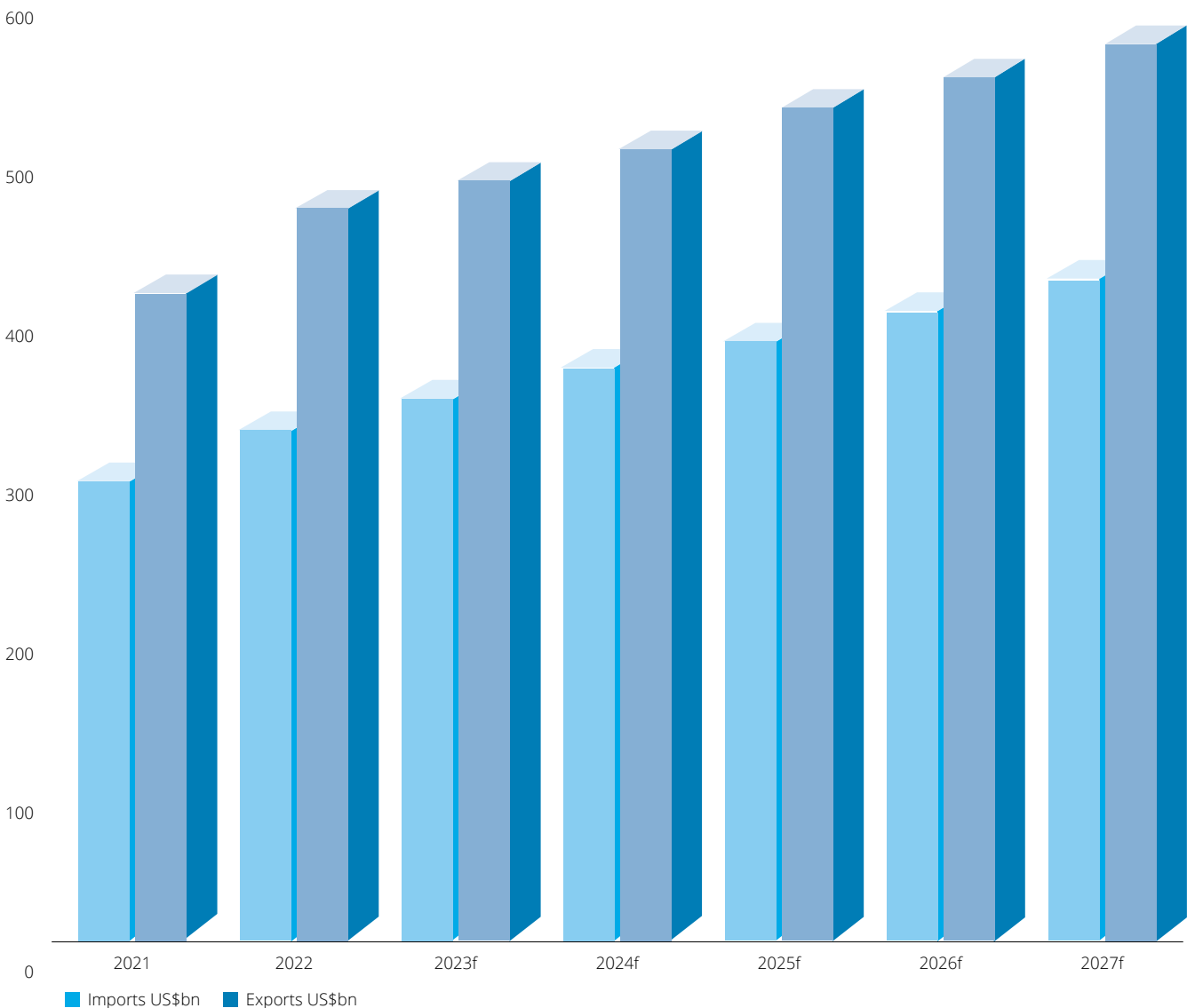
Review of 2023 performance

UAE imports and exports witnessed an increase of 6% and 4% respectively Y-o-Y. This moderate expansion is reflected in the high occupancy levels within the Dubai industrial sector. Institutional grade stock is almost fully occupied, and a constrained supply pipeline is supporting rental growth across key warehouse locations.

Traditionally strong markets such as Al Quoz and Ras Al Khor have limited potential for expansion and have recorded strong occupier demand from both existing and new market entrants. Meanwhile, existing occupiers in locations such as JAFZA, Dubai South and Dubai Commercity continue to expand their footprint.

UAE imports and exports, 2021 to 2027f

US\$ billion



Source: STR Global

Dubai key logistics indicators, 2022 vs 2023 (millions)

| Metric | DWC cargo throughput | DXB cargo throughput | Jebel Ali tonnage throughput | Road freight tonnes |
|-------------|----------------------|----------------------|------------------------------|---------------------|
| 2022f | 1.0 m | 2.7 m | 7.15 m | 31.69 m |
| Y-o-y trend | 3.0% | 2.2% | 0.8% | 1.9% |
| 2023f | 1.03% | 2.76% | 7.21% | 32.30% |

Source: Fitch Solutions f: forecast

Dubai average warehouse rents, Q4 2023



Rents are quoted AED per sq ft per year
 Rents are average achieved rents for purpose built warehouses exclusive of service charges
 Source: Deloitte



Executive summary

Middle East real estate market trends

Building more sustainable cities with a systems approach

When it comes to addressing the critical sustainability challenges we face today, cities are a crucial part of the solution. On the one hand, adopting the necessary solutions is difficult when cities have such complex and interlinked systems. On the other, a systems approach can provide a more impactful, longer lasting, and, over the long run, less expensive outcome. As we tackle our world's sustainability challenges, we need to unpack and understand these systems in order to rebuild them in more sustainable ways.

Funding and financial readiness

Given the ongoing stream of giga-projects and the continuation of 'business as usual' developments in the Middle East, financing is emerging as a critical matter requiring attention from project sponsors, executive management and boards. The existing capacity of domestic capital markets and their historic allocations to construction activities will likely be stretched by the scale of demand in the coming years. Consequently, international capital will play a crucial role in addressing the funding and financing gap and aligning with wider government strategic objectives to boost Foreign Direct Investment (FDI).

Shaping the future of Middle East retail

The retail sector is set for significant growth in the near future. Areas such as online retail, cross-border commerce and direct-to-customer services are expected to emerge as key drivers of this growth for retailers. Additionally, new technology such as generative AI can be implemented across various functions of the business resulting in an increase in the overall efficiency of organisations.

Building more sustainable cities with a systems approach

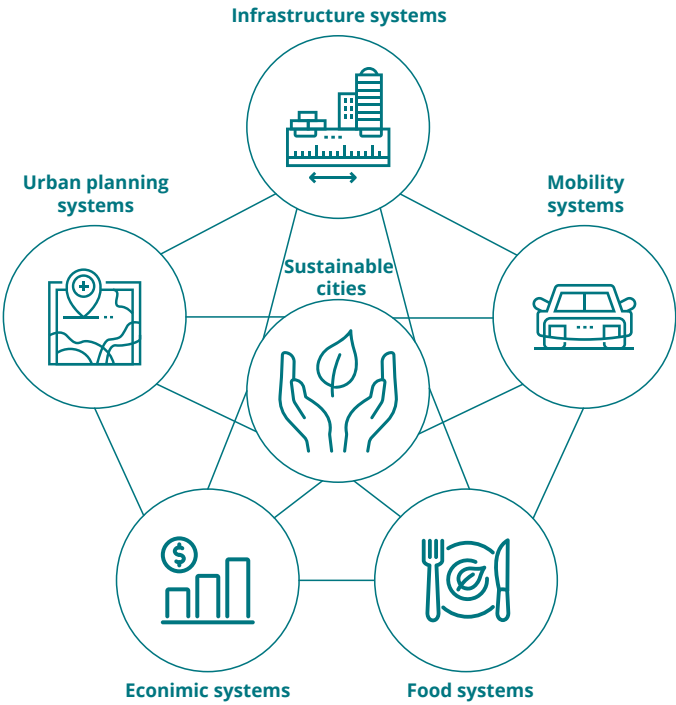
Cities are a key piece of the puzzle for delivering solutions to the sustainability challenges we face today.

Cities account for approximately 75% of global emissions¹ and produce 10 billion tonnes of waste annually.² Urban areas have grown at an average of 2% each year from 1990 to 2020, which has led to the loss of biodiversity and natural habitats.³ Around 70% of all food produced is intended for urban consumption, further contributing to deforestation and the loss of natural green spaces.⁴

To tackle these challenges effectively, it is imperative to examine the systems that govern a city's operations, unpack them and

understand their functionality. By acquiring this insight, we can rebuild them in more sustainable ways.

While numerous different systems dictate daily activities in a city, there are a few that are absolutely critical to determining how sustainable a city is: infrastructure systems, mobility systems, food systems, economic systems, and urban planning systems. Each of these systems present opportunities to reconsider how we manage our cities in more sustainable ways.



Infrastructure systems

Our built environment is the most fundamental aspect of our cities. The buildings, utility networks, roads and sidewalks, and public spaces define our lives as urban residents. As one of the most enduring features shaping our cities, it is crucial that our infrastructure is constructed in the most sustainable way possible.

Transitioning to more sustainable infrastructure design

Buildings contribute to 30% of global emissions⁵; embracing opportunities to decrease emissions across the lifecycle of our buildings is essential. This can include using more sustainable materials, adopting smarter heating and cooling systems, and managing maintenance and renovation to reduce wastage. Solutions already exist in all these areas; the challenge will be establishing standards which ensure they are being used.

Investing in infrastructure upgrades and avoiding infrastructure destruction

By older standards, our buildings today are incredibly fleeting. It is imperative to re-establish the importance of building not for a season or a lifetime, but for an age. Using longer-lasting materials and designing buildings to allow for easier upgrading over time will be key.

Source: ¹UNEP; ²UNEP; ³UN; ⁴FAO; ⁵IEA

Mobility systems

Any city that aspires to become more sustainable must address mobility. This includes private cars transporting individuals from suburban homes to city jobs, lorries facilitating daily product movements, and airplanes connecting cities. Transforming these local, regional and national mobility systems is vital.

Improving public transportation

In modern cities, a fast, reliable and cost-effective network of public mobility is essential. Various options such as electric trolleys or trams, wider subway networks, or even maglev trains are available. Of course, all these infrastructure expansions will entail emissions themselves, which must be taken into account and mitigated. However, over time, investment in this infrastructure is crucial.

Creating more walkable and bikeable neighbourhoods

The shift to more localised communities within cities (the '15 minute city' concept) is important, but it isn't sufficient on its own to ensure people opt for walking or cycling. Essential factors include efficient spatial planning to establish practical routes,

cultivating a comfortable and inviting environment, and prioritising safety to promote walking and cycling as the preferred choices.

Shifting to more sustainable private transport

As some will prefer private transport for convenience, speed or privacy, promoting a complete transition to Electric Vehicles (EVs) will require substantial infrastructure investments and government initiatives to incentivise the change. This includes measures such as reducing or removing tolls, subsidised EV charging stations, EV purchase support, etc. Moreover, private sharing options need to be enhanced beyond just traditional ride-sharing. This could include, for example, automated individual car 'pods' which can be programmed to facilitate tasks such as taking an elderly person to their doctor's appointment.

Food systems

Food is one of the most fundamental human needs, making it integral to addressing our sustainability challenges. The severe impacts of climate change, such as droughts, floods,

heatwaves and extreme weather, which directly impact global food systems, combined with the persistent issue of insufficient food for many around the world, mean that urgent solutions are required.

Promoting urban agriculture offers numerous benefits by utilising urban land for farming purposes

This approach can notably reduce or eliminate emissions linked to food transportation, decrease the environmental footprint of food production on biodiversity and natural surroundings, generate economic prospects for local communities, and enhance access to nutritious food. Actions such as dedicating urban land to agriculture, constructing vertical farms, providing financial incentives to urban agriculture enterprises, advocating for individual/family/community vegetable gardens, and encouraging a shift towards more plant-based diets, can all contribute.

Efforts to reduce and manage food waste are critical

Despite the fact that 70% of the global food supply is allocated for urban consumption, a substantial portion ends up discarded. Issues such as inadequate planning, improper storage or packaging, and a lack of concern about food wastage contribute to this problem. Implementing practices like increased composting, establishing food redistribution programmes, deploying AI-powered food management systems, integrating blockchain for transparent food supply chains and raising public awareness e.g. through 'green nudging', are existing solutions that can be expanded within cities.

Source: ⁶World Bank

Economic systems

Cities drive economic growth, contributing over 80% of the global gross domestic product (GDP).⁶ However, our economic growth often conflicts with sustainability objectives. The continuous consumption, expansion and extraction to fuel this growth negatively impacts our environment, yet maintaining or enhancing the quality of life for billions worldwide requires economic advancement and equitable opportunities. Reassessing how the economic systems within cities balance these two imperatives is crucial.

Valuing natural capital and directing investment accordingly

National and city-level economic measures such as GDP fail to account for our natural or social capital; business profit metrics overlook these aspects as well. Adjusting these metrics

to incorporate the full spectrum of positive and negative value

creation becomes essential to steer investments towards areas

that are creating true value.

Developing green skills and ensuring an equitable transition

Building human capital capable of supporting sustainable transitions is paramount. This begins with educating the younger generation on sustainability, but it also necessitates retraining and upskilling older individuals who are already in the workforce. This approach ensures they can integrate sustainability into their professions and secures robust economic prospects for those whose livelihoods may be disrupted by the shift towards sustainability.

Urban planning systems

As cities continue to expand, their exposure to climate and disaster risks also increases. A new approach to urban planning, which embeds sustainability in every facet of the city, is needed. Sustainability should be a core consideration alongside all other decisions made by city governments, balancing the city's needs with the environmental and societal impacts of those needs.

Bring the city closer to nature

This could include initiatives such as creating more city parks, integrating plant life into buildings, and preserving biodiversity within and around the city. Regardless of the solution, additional green spaces offer not just aesthetic appeal but also may improve air quality, mitigate urban temperatures, encourage physical activity and enhance mental health.

Build greater community engagement

Making a city more sustainable will require individuals to participate in and support the change. Whether it involves enhancing waste management, adopting more conscientious consumption, opting for the greener transport model, or otherwise living in more sustainable ways, city governments can engage with their communities to build and drive this change.

Strengthen local resilience and adaptation

Cities need to protect their residents from the escalating effects of floods, droughts, heatwaves, extreme weather and more. Upgrading infrastructure, enhancing disaster response and recovery plans, safeguarding emergency relief budgets and adopting traditional or native environmental management measures, all contribute to cities safeguarding their residents and enhancing resilience in the process.

In addressing the current climate challenge, cities play a significant role in the solution. Fortunately, numerous opportunities exist for change and innovation. Reimagining the functionality of our city systems and enhancing their sustainability will contribute to the well-being, prosperity and satisfaction of urban citizens.

Author

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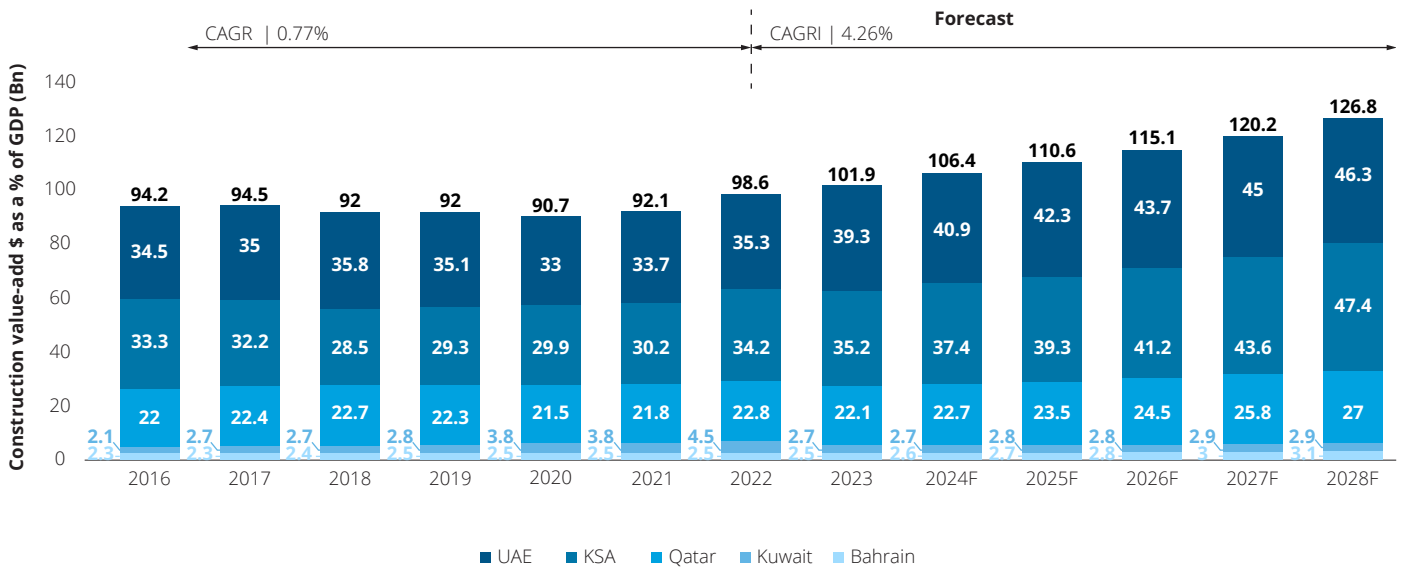
Deloitte Middle East

Funding and financing readiness: Navigating the regional and global capital landscape

Given the ongoing stream of giga-projects and the continuation of ‘business as usual’ developments in the Middle East, financing is emerging as a critical matter requiring attention from project sponsors, executive management and boards. The existing capacity of domestic capital markets and their historic allocations to construction activities will likely be stretched by the scale of demand in the coming years. Consequently, international capital will play a crucial role in addressing the funding and financing gap and aligning with wider government strategic objectives to boost Foreign Direct Investment (FDI).

This shift will require a change in private sector involvement and FDI trends, with a focus on alternative delivery models and innovative funding and financing solutions, offering a number of benefits:

- **Unlocking investment:** Facilitating mega-projects and driving economic value creation
- **Enhancing equity returns:** Maximising returns and enabling the efficient recycling of capital
- **Risk transfer and performance incentives:** Instilling accountability, performance incentives and monitoring through private sector partnerships



Source: EIU

However, in a highly-competitive funding and financing marketplace, only the most well-developed schemes and structured deals will secure optimal terms. Meeting the level of scrutiny from international institutional investors and lenders will require mature and advanced business plans as well as delivery

arrangements. This in turn will support successful outcomes. Achieving these financial and non-financial benefits requires that in-flight projects are future-proofed to meet the demands of international capital.

Strategic considerations for achieving 'market readiness'

Preparation to attract third-party capital involves addressing internal challenges arising from large, fast-paced and dynamic programmes.

Some of these challenges include:

Business planning maturity: Frequently, business planning frameworks lack clear definition. Even where defined, they might be implemented differently across various segments of a development, leading to difficulties in presenting an integrated and holistic business plan that meets investor and lender expectations.

Single source of the truth: Basic documentation required by investors and lenders may be scattered among multiple individuals, teams or organisations. The absence of a consolidated set of programme assumptions across the development lifecycle can result in inefficiencies and challenges in maintaining a clear view of the investment case.

Integrated planning: Overcoming siloed work practices and managing connections between various inter-dependent aspects of a development e.g. arrangements for the provision of infrastructure assets and services.

Beyond internal and organisational challenges, meticulous documentation and planning are imperative to meet the standards set by international capital.

Key business plan components should be considered early in the development process and consistently refined, including:

Demand and pricing feasibility: Demand expectations and pricing strategies for specific assets and services, accompanied by suitable independent evidence, particularly in the context of competing and ongoing developments.

Financial feasibility: Strong business plans developed at asset and consolidated levels for funding and financing, underpinned by rigorous independent costings, and clearly demonstrating sensitivity and robustness to key risks. Clear financing strategy which matches opportunities to capital pools based on their risk/reward characteristics, but provides a clear overall view of the impact of different strategic choices.

Commercial feasibility: Capacity and capability of the market to deliver the project within set timelines, costs and quality standards. Innovative development schemes and novel construction techniques introduce a variety of market, demand and technological risks that require detailed and structured approaches to attract top-tier investors and supply chains.

Development feasibility: Phasing and packing of the programme is often a key input to manage peak funding requirements and optimise the requirements for third-party capital. A clear and robust development plan is critical to any investors and lenders.

Organisational plans: Clarity on corporate structure, governance and operating models.

Legal and regulatory framework: Clarity on permits, licenses and property regulations.

Strategic delivery: A critical imperative for C-suite leadership

A steadfast focus on funding and financing readiness is becoming increasingly pivotal, beginning from project inception through master planning and asset development phases. Senior C-suite sponsorship is essential to drive this process, mitigating risks associated with the potential requirements of international investors and lenders, thereby enhancing project delivery.

Author

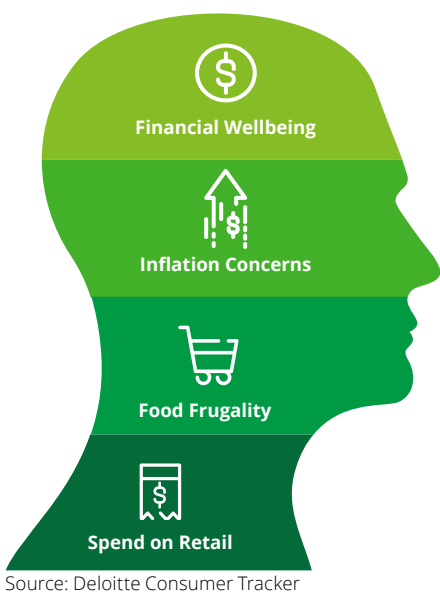
Toby Robinson

Director | Government and Infrastructure

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Shaping the future of Middle East retail

There is not a lot of difference in consumer behaviour across UAE and KSA; however, the trends vary when compared to other geographies in the world.



Source: Deloitte Consumer Tracker

77%
 Consumers in the UAE felt their finances improved in last one year

48%
 Consumers in the UAE are concerned about inflation

15%
 Consumers in the UAE are concerned about inflation

27%
 Consumers in the UAE are concerned about inflation

75%
 Consumers in KSA felt their finances improved in last one year

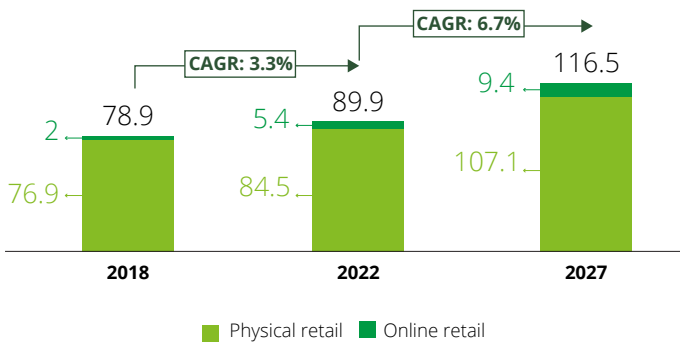
45%
 Consumers in KSA are concerned about inflation

13%
 Consumers in KSA bought low-cost ingredients

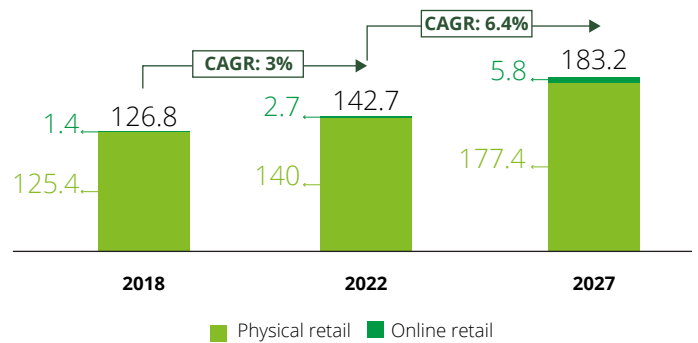
30%
 Of the total money spent by KSA consumers on retail purchases

The retail sector is poised for strong growth in the near future, with online retail, cross-border commerce, and direct-to-customer sales emerging as some of the key growth areas for retailers. Physical retail will remain the dominant channel and as online grows, there will be increased demand for warehouses and logistics facilities.

Retail sales in UAE, US\$ billion (2018 - 2027)



Retail sales in KSA, US\$ billion (2018 - 2027)

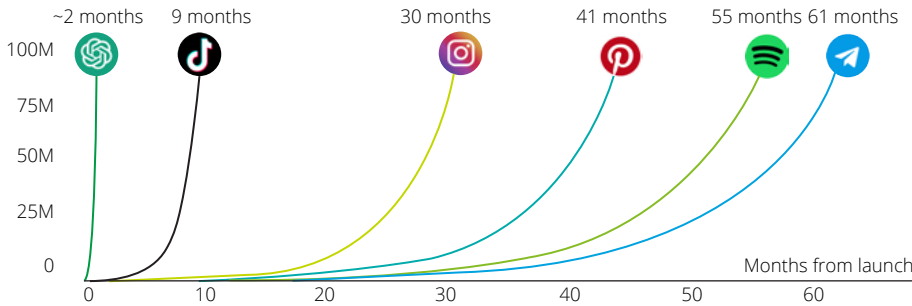


Source: Economist Intelligence Unit (EIU); Mukatafa Report

New technology – Generative AI

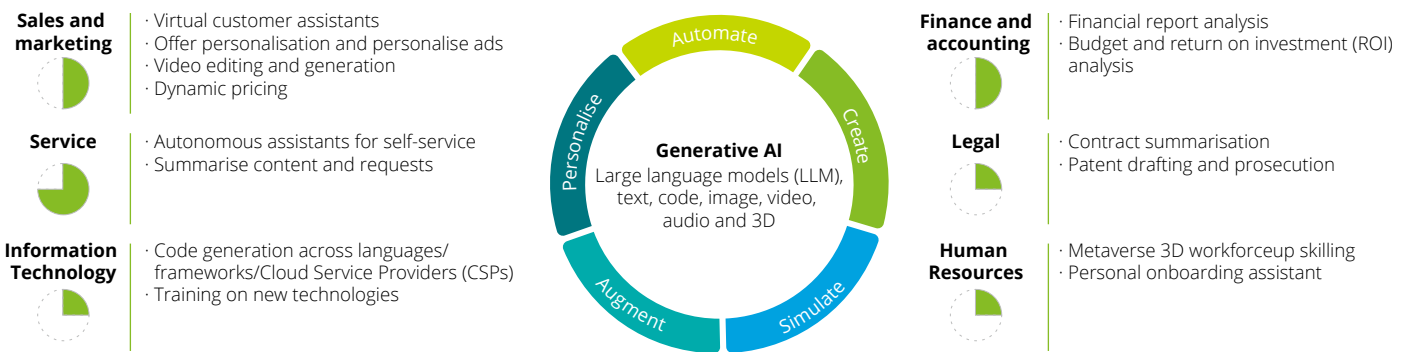
Generative AI has captured the imagination of a wide spectrum, from school students to C-suite executives. Retailers are also capitalising on this technological wave.

Path to 100 million users



Generative AI has reached **USD 1 billion,** in revenue from startups alone

Implementing Generative AI across various business functions can significantly increase the overall efficiency of the organisation.



In addition to the above, Sustainability and Environmental, Social and Governance (ESG) as well as People and Leadership are key pillars for retail sector growth in the Middle East. The retail industry and its supply chains contribute to 25% of global greenhouse gas emissions. By managing energy consumption, decarbonising transport and adopting sustainable practices such as circular fashion in the value chain, retailers can enhance efficiencies and align with global best practices in sustainability.

Meanwhile, the People pillar needs particular attention and it is imperative to lead and motivate colleagues in a time of significant

change and challenge. This can include:

- 1. Improving the employee experience:** Reimagining reward strategies, Diversity, Equity and Inclusion (DEI).
- 2. Future skills:** Developing the right skills for future-proof organisation including Data Literacy and AI.
- 3. Leadership:** Embedding 'purpose' at the core of all leadership decision-making.
- 4. Facilities Management:** Retailers have large networks of stores and warehouses and there is opportunity and increasing regulatory and consumer demand to make efficient use of energy.

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