

## PRESS RELEASE

# State of the UAE Retail Economy Q4 Report Reveals Consumer Spending Growth of 19% in 2022

### Key findings from the report include:

- The UAE recorded its strongest GDP growth since 2006, actualising to 7.9%
- Increases in consumer spending were noted in the retail (13%) and non-retail economy (29%)
- E-commerce sales are on a strong upward trajectory, more than doubling to USD 6 billion in 2022 from USD 2.6 billion in 2019
- Online supermarket and hypermarket spending grew by 40% in 2022, while offline growth was at 7%
- Property sales were at a record-breaking 12-year high in terms of volume and value, with transactions leaping by 60% in comparison with 2021

**Dubai, United Arab Emirates, 17 March 2023:** Majid Al Futtaim, the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa and Asia, today released its 'State of the UAE Retail Economy' Q4 report, which revealed that overall consumer spending was up 19% in 2022 compared to the previous year.

There was a notable 13% growth in spending across the retail economy for the full year including, leisure and entertainment (29%), fashion (25%), hypermarkets and supermarkets (11%) and general retail (9%). This increase was driven by the rise in international visitors to the UAE, which more than doubled to 14 million in 2022, bolstered by major events including FIFA World Cup in neighbouring Qatar.

**Ahmed Galal Ismail, Chief Executive Officer at Majid Al Futtaim – Holding,** said: "The UAE's unwavering ability to triumph in times of economic adversity has led to the highest annual GDP growth since 2006. Majid Al Futtaim's latest State of the UAE Economy Report highlights the strength and resilience that underpins the country's position as a beacon of social and economic prosperity for the MENA region. Driven by its leaders' clear vision, progressive policies and a steadfast commitment to the long-term success of the Nation's people, the United Arab Emirates is well-placed to continue to deliver sustained growth for the long-term."

### Macroeconomic Trends

The UAE posted its strongest annual GDP growth since 2006, jumping to 7.9%, from 3.9% in 2021. The drivers of this boost were broad-based, across oil and non-oil sectors. As expected, oil remained the main component due to a rise of around 38% in the average oil price, causing the sector to rebound to 11.4% growth, after contracting by 0.7% the previous year.

The non-oil economy demonstrated robust growth at 6.6%, buoyed by government efforts to attract investments and boost the country's tourism sector.

### Consumer Behaviour Trends

The final quarter of 2022 saw people becoming more cautious with their spend, opting for discounts and deals for essential items, and cutting back on non-essential's such as electronics.

The average spend per transaction in hypermarkets and supermarkets was down 3% during the year, however overall spending in the segment was up 11% on the year prior, showing movement towards smaller basket value and more frequent transaction.

The extended 2.5-day weekend also influenced the increase in consumer spend, with weekend retail sales increasing by 11.3% versus the previous year. This translated to additional spending of approximately AED 5.5 billion according to Majid Al Futtaim Point of Sales (POS) data.

### **Consumer Sentiment**

Inflation was a reality in 2022 ending the year at 5.2%, however, it was still significantly less than elsewhere in the world. Consumer optimism remained high though, despite inflation. In Majid Al Futtaim's Happiness Lab survey, approximately 90% of respondents viewed the UAE's current economic situation positively. The Majid Al Futtaim POS data indicated that this optimism is evidenced by a peak in absolute consumer spending in the fourth quarter of 2022, which accounted for 29% of all retail economic activity during the year.

### **Burgeoning Digital Economy**

Analysis suggests that the UAE has the world's fastest-growing e-commerce market, with sales forecast to reach USD 9.2 billion by 2026. Spending in this area peaked in Q4 2022 and grew by 20% for the full year compared to 2021, with three-quarters of consumers saying that digital payment methods are the preferred option, according to Majid Al Futtaim POS data.

Fintech solutions such as buy-now-pay-later (BNPL) gained pace, with 45% of consumers using BNPL financing in the past year, up from 21% a year earlier.

A majority of online spending by residents was in the hypermarket and supermarket sector, which witnessed spending growth of 40% during the year.

### **UAE Property Market**

The real estate sector witnessed a record-breaking year, with property sales at a 12-year high in terms of volume and value. Transactions jumped 60% in comparison with 2021, with sales values climbing by 76% to AED 265 billion in 2022. The market hit its peak in Q4 at 27,000 transactions, up from 16,000 a year earlier.

- Ends -

## Notes to Editors

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 Q4 2022.

EN: <https://www.majidalfuttaim.com/en/media-centre/trends-and-insights#QuarterlyReports>

Majid Al Futtaim's Consumer and Business Insights (CBI) Initiative has 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 996 million POS transactions totalling more than AED 233 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.

## About Majid Al Futtaim

About Majid Al Futtaim Founded in 1992, Majid Al Futtaim is a diversified lifestyle conglomerate spanning 16 countries across the Middle East, Africa and Asia. The company employs 46,000 people representing 114 nationalities and welcomes 600 million customers to its shopping malls, communities, retail and entertainment destinations each year.

With owned assets valued at AED 66 billion, Majid Al Futtaim has the highest credit rating (BBB) among privately-held corporates in the region. The company is committed to becoming Net Positive in water and carbon by 2040.

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