

2024: Results

Retail

UAE | Dubai

Methodology

Starting in Q4 2024, Nikoliers has been using its own methodology to analyze the retail estate market of Dubai, which may cause discrepancy between its data and indices published by other companies or in other sources. Along with the market analysis, our company presents a more in-depth study of the five **key** SCs: Dubai Mall, Mall of the Emirates, Dubai Marina Mall, Dubai Hills Mall, Mirdif City Centre.

Key SCs are the shopping centres which are most popular among tenants and visitors, wielding a considerable influence on the Dubai market. Yet the given sample does not deny the fact that other modern conceptual retail facilities also exist in this Emirate.

Two categories stand out inside the sample of key SCs:

“Landmark malls”: Dubai Mall and Mall of the Emirates are world-renowned projects, cultural and commercial symbols geared towards the attraction of not only local residents, but tourists as well, luring visitors from all over the world. They are the largest retail facilities in the Dubai market.

“Top malls” - Dubai Marina Mall, Dubai Hills Mall and Mirdif City Centre - are large shopping centres boasting a professional concept, balanced tenant mix and high share of most popular international brands.

To calculate weighted average rental rates on the key SCs, transactions ranging from 200 to 10,000 sq ft are reviewed.



Trends on the Dubai retail estate market



In 2024 Dubai retained its attraction as a trade and business centre. The tourist activity and purchasing power are on the rise. Thus, one of the world’s most popular SCs Dubai Mall broke its own record, having received and entertained 111 million people in 2024.

The number of local and international brands keeps growing. Thus, in 2024 the well-known international retailer Primark shared its intention to enter the UAE market. At the present moment this brand runs about 450 shops in 17 countries.

In 2024 Russian brands went on their expansion to the UAE market, given that for many Russian operators Dubai is the key market and their success in that destination enhances a brand’s reputation, acclaim and opportunities for international expansion both in the Gulf states an in other regions.

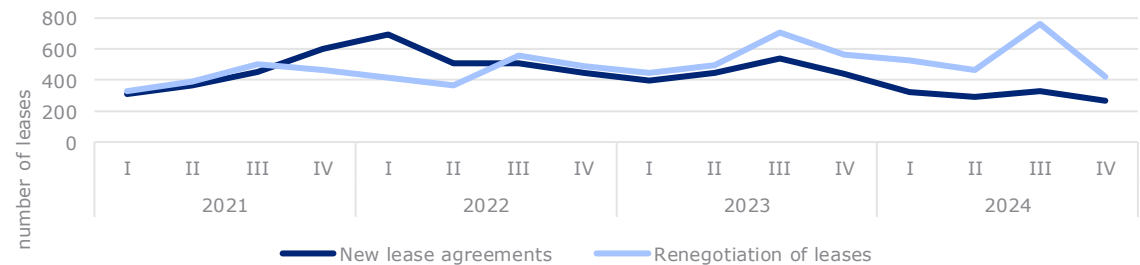
At the end of 2024, total rentable retail space in all of the Dubai malls had reached 47.3 million sq ft (4.2 million sq m). At the moment the supply (11 million sq ft or 1 million sq m) in the key SCs is notably limited, which is not conducive to satisfaction of the rapidly burgeoning demand for retail space rent. The opening of Nad Al Sheba Mall (GLA=47,000 sq m) is anticipated in 2025, whereas 2026 may see the opening of two shopping centres: Al Khail Avenue Mall (GLA=139,500 sq m) and Expo City Mall (GLA=36,000 sq m). The scarcity of top-quality assets remains one of the main challenges for the segment, which may send the rental rates in the Emirate’s shopping malls further up.

Demand

The number of lease agreements signed in all of Dubai’s shopping malls during 2024 totaled to more than 3,300, of which 36% fell to the share of new leases. Overall, 1,200 new lease agreements were signed, which is 34% less than a year before. In four recent years the greatest number of new leases were registered in 2022, which can be explained by the recovery of tenant activity after the pandemic, as well as by the launching of Dubai Hills Mall, which is one of the most popular shopping sanctuaries in Dubai at the moment. In the midst of restrained construction activity of recent years, the volume and share of new transactions is going down, whereas the renegotiation of existing leases is increasingly popular among the tenants.

Amid the expansion of international brands and a growing number of local players, as well as constant postponements of new SC openings, already now the shortage of quality retail space in the Emirate is quite obvious.

Dynamics of lease agreements signed at Dubai’s shopping centres, 2021-2024

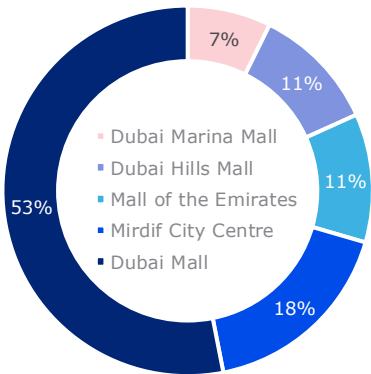


Key SCs of Dubai: demand and rental rates

In the segment of the Emirate’s key SCs as well as on the entire market we can see a drop of activity in signing new lease agreements. In total, 356 new leases were signed at Dubai’s key malls throughout 2024 (-36% versus 2023), with 53% of new transactions concluded in the world’s most popular SC, namely Dubai Mall.

In Q3 2024, the development company Emaar announced the mall expansion. Upon the completion of construction works, 240 new shops and restaurants will spring up in Dubai Mall. The level of investment will come to about AED 1.5 billion (in excess of USD 408 million). In the future this decision will enable to attract even more new tenants.

Structure of transactions in key SCs of Dubai

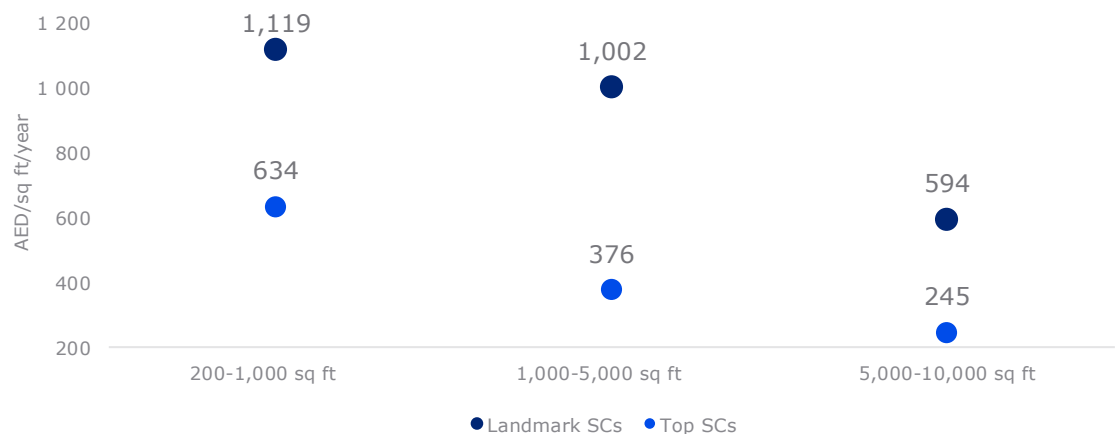


Rental rates

In 2024 the average rental rate for new leases in Dubai’s top SCs amounted to 370 AED/sq ft/year (1,075 USD/sq m/year), which is 20% higher than in 2023. This trend is triggered by the scarcity of quality retail space in the Emirate’s key SCs.

The highest growth of the weighted average rental rate on new lease agreements in Dubai’s top shopping centres, based on the results for 2024, could be observed for floor areas of 5,000-10,000 sq ft (+28% versus 2023), which is related to the conclusion of several major transactions in Dubai Marina Mall in April.

Ranges of rental rates in landmark and top SCs of Dubai in 2024, AED*/sq ft**/year (depending on the floor space)



* 1 AED = 0.27 USD

** 1 sq ft = 0.093 sq m

Rental rates

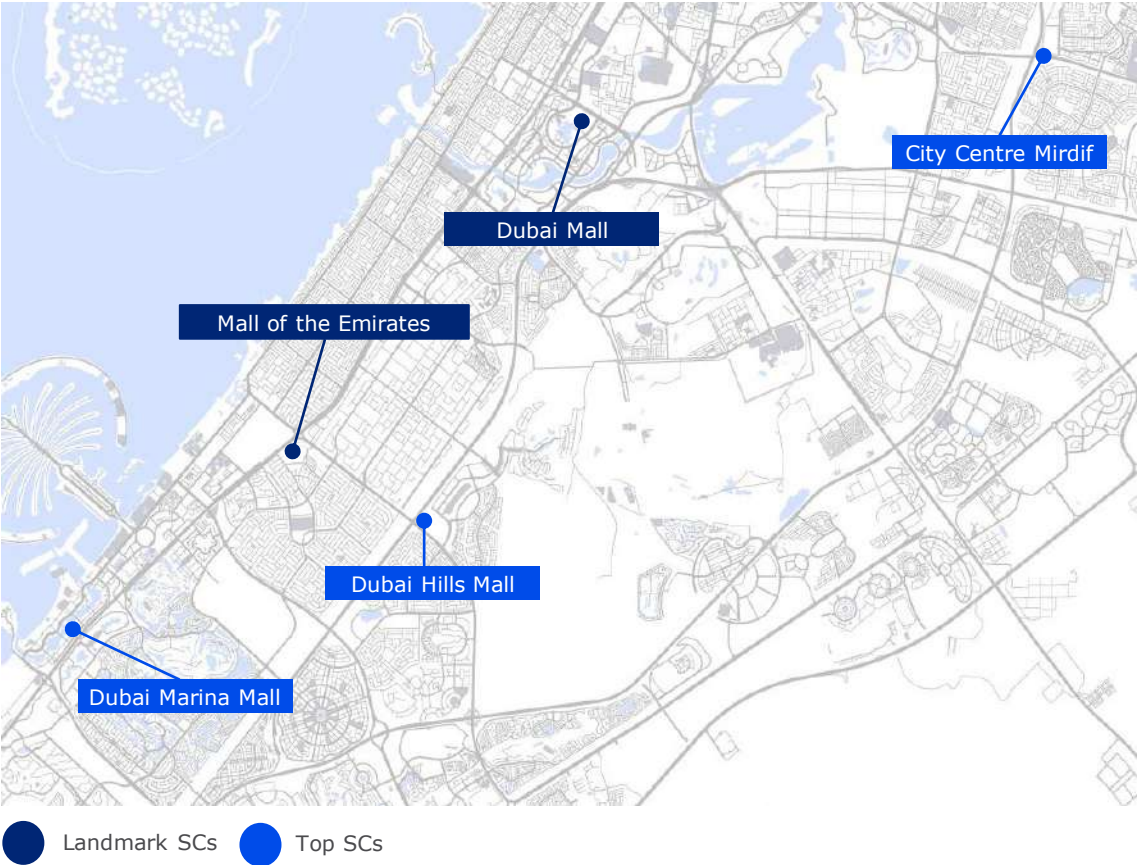
Shopping floor areas ranging from 1,000 to 5,000 sq ft accounted for the highest growth of rental rates on new lease agreements in the landmark malls. Throughout 2024, the rent grew by 8% on average. The biggest transaction was concluded in Mall of the Emirates last August.

At the moment there are waiting lists for quality retail space in the Emirate’s key malls. Property owners are getting more fastidious in how they pick tenants, which creates competition for vacant retail space and will be driving operators toward introducing innovative concepts and unique formats, capable of demonstrating the viability and success of brands.

Ranges of rental rates in landmark and top SCs of Dubai in 2024, USD/sq m/year (depending on the shopping floor area)

SC category	Average	Minimum	Maximum
Landmark	2 912	1 726	3 252
Top	1 093	712	1 843

The map of key SCs in Dubai

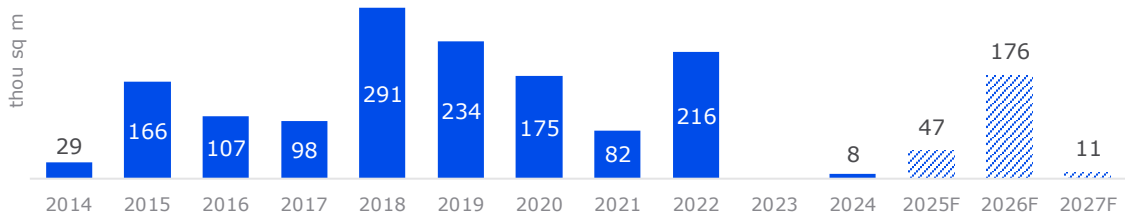


New development

128
thou sq m

Average annual commissioning of rentable retail space in Dubai's SCs (2014-2024)

Dynamics of retail space commissioning in Dubai's SCs, 2014-2027



Source: Nikoliers, REIDIN

Examples of future openings announced in 2024

Nad Al Sheba Gardens Mall

Developer: Meraas

Nad Al Sheba Gardens Mall will become a worthy addition to the new residential area Nad Al Sheba Gardens. Its two floors will house shops, restaurants and gyms.



Nad Al Sheba Gardens Mall

Sobha Hartland Mall

Developer: Sobha Realty

This mall will be developed in the residential area Sobha Hartland and will house shops, restaurants, a gym, children's fun venues and a city park on the floor area of 115,000 sq m. The mall's design was inspired by wild nature.



Sobha Hartland Mall

"The UAE retains its attractiveness in the eyes of retailers, which drives both the expansion of existing brands and the entry of new players to this market. Increased demand due to a favorable business environment and a growing consumer market results in a shortage of quality space in key shopping centers and, consequently, to a rise in rental rates. This situation forces the owners of shopping centers to take active measures, including reconception of existing facilities, in order to increase their attractiveness for tenants. In parallel new shopping centers scheduled for opening until 2030 are being built."

Andrey Kosarev
Partner
UAE



Gastronomic spaces

The gastronomic culture of Dubai is noted for unique diversity and dynamic evolution. In recent years the city has become a true centre of culinary innovations with international restaurant chains and local conceptual establishments represented here. However, the given sector never stops in its evolution and so new attractive locations and concepts show up all the time.

In January 2024 licensed restaurant courtyard named C2 on a floor area of around 2,000 sq m was presented in the City Walk neighborhood, with 11 diverse catering concepts on a pilot basis.

In Q3 2024 The Market Island Food Hall from the Russian operator Zemskiy Group opened its doors and became the largest one in Dubai, with a floor area of about 6,500 sq m, housing more than 50 gastro concepts from all over the world. It should be noted that so far there has been a limited choice of food halls in the Emirate and the ones available lack distinguished creative concepts normally developed by Russian restaurant groups. We expect further expansion of this format in the years to come.

The beach resort named J1 Beach with 13 various restaurant concepts was also opened in 2024. Gigi Rigoletatto from Rikas Group was the first establishment to open there. At the moment the Sakhalin restaurant from the Russian operator WRF is already operating at J1, as well as Sirene by Gaia, which became the world's largest beach restaurant, and others.

25 Jump Street announced the launch of a new project in Q4 2024. This will be an entire streets of bars, restaurants and night clubs in the area named One Central Dubai. And in the area of Dubai Harbour construction is under way on The Anchor mega project with four floors housing restaurants, a roof with a pool and panoramic views of the Persian Gulf.



Russian brands



LETOILE

In 2024 Russian Cosmetics & Perfumery retailers for the first time entered the Dubai market. Golden Apple launched its first online store, while their brick-and-mortar store is expected to open soon in one of Dubai’s key SCs.

A Letoile opened its store in Dubai Festival City Mall, which became the largest cosmetics and perfumery store in the UAE. Letoile expanded into the neighboring emirates as well, specifically Abu Dabi, Sharja and Ras Al Khaimah.



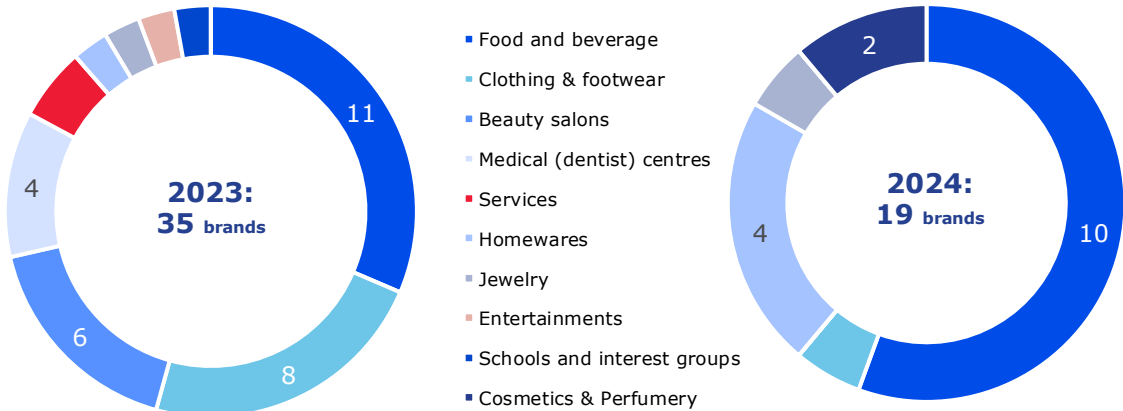
FIXprice BORK

Homewares switched into a high gear over the past 12 months, accounting for 25% of total openings.



In 2024 only one retailer from the Clothing and Footwear category entered the Dubai market. The clothing brand You Wanna opened a pop-up store in NE Store by Nikita Efremov in one of Dubai’s most popular SCs - Mall of the Emirates.

The number of Russian retailers that made their debut on the Dubai market



Source: Nikoliers

“The decline in the openings of new domestic brands in the Dubai market has been quite predictable, as the market experienced a real boom in 2023 with many retailers rushing to capitalize on the opportunities presented. However, in any industry, a period of high activity is followed by a period of stabilization. But this does not indicate a decline in interest: on the contrary, we see a very dynamic interest in the Dubai market among Russian retailers. The Catering segment is holding the lead, while Dubai shopping malls are waiting for Russian fashion operators to enter the market. Given that Russian retailers will soon have new opportunities to expand in the market due to the renovation of existing malls, as well as the implementation of new projects, 2025 seems to be a promising year for expansion.”

Vladimir Kalikin
Business Manager
Property Management Department



Russian brands

Catering operators are holding the lead in the structure of new openings, accounting for 50% of total openings since the beginning of 2024. Thus, the Sakhalin restaurant opened its doors in J1, whereas Ribambelle and Frank by Basta opened their outlets in the Bluewaters area. Russian catering operators are trendsetters for the UAE market and their entry to this region will definitely bring in new quality and service standards.

About 20 retailers and catering operators share their plans to enter the UAE market. Among the openings soon to be expected is the launch of the well-known restaurant chain Kofemania, which is going to open its first point of sale in Dubai Hills Mall, as well as Birch at The Ritz-Carlton Hotel in DIFC.

Examples of openings by Russian retail brands that made their debut on the Dubai market in 2024

Profile	Brand	Location
Perfumery and cosmetics	Golden Apple	Online store
	Letoile	Dubai Festival City Mall
Public catering	Frank By Basta	Bluewaters
	Nahate	DIFC
	Pinskiy&Co	Downtown Dubai
	Ribambelle	Bluewaters
	Sobremesa	Downtown Dubai
	Zemskiy Group	Dubai Festival City Mall
	Sakhalin	J1
	VASILCHUKI Chaihona №1 Floor	Dubai Marina DIFC
Homewares	Chistaya Liniya (Pure Line)	JBR
	Askona	Dubai Festival City Mall
	Bork	Dubai Mall
	KuchenLand	Dubai Hills Mall
Jewellery	Fix Price	Deira
Clothing and footwear	Poison Drop	Dubai Hills Mall
	You Wanna	Mall of the Emirates

*Only the first point of sale is indicated
Source: Nikoliers



**One of the most popular and frequented SCs of the world as well as a leader by the number of Russian retailers. Dubai Mall houses: 12Storeez, Angel Cakes, Arte, Belle YOU, Bork, Brusnika, Lichi, Pims, Roll&Boil, Fundamental Hospitality, Novikov Group, BlinBerry.

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