

# Foodservice in Dubai & Abu Dhabi

Market Trends & Insights







## Macroeconomic impact on UAE's F&B sector

Over the past 18 months or so, the UAE's food & beverage (F&B) sector – like many others – was impacted by measures designed to prevent the spread of COVID-19. But more recently, there has been a renewed sense of optimism. This has been underpinned by a number of factors, including the success of the country's vaccine roll-out programme (in September, it topped the global rankings of nations administering vaccine doses per 100 people), Dubai lifting restrictions on the number of people permitted to sit together at public dining tables and the emirate's hotels being given the go-ahead to run at full capacity once again.

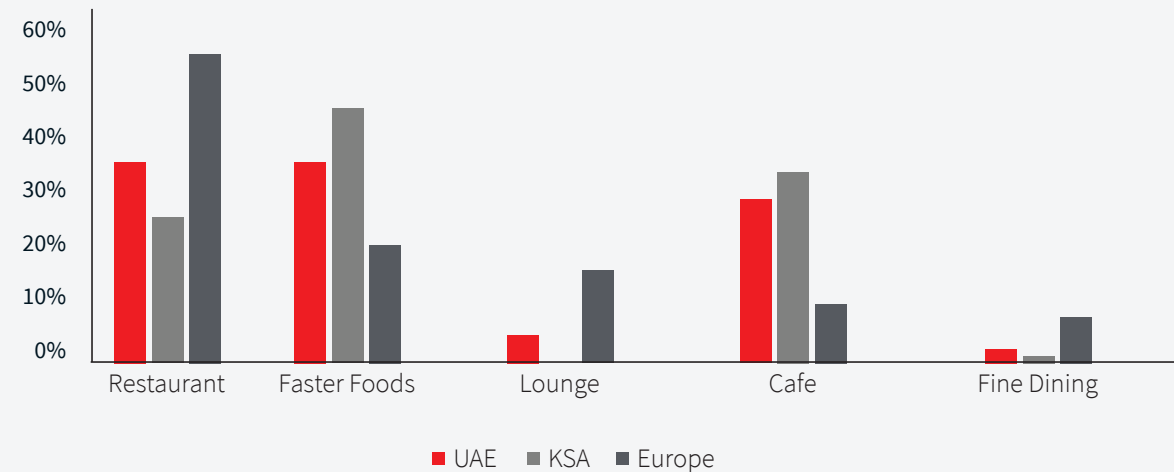
Going forward, the recovery in the emirate's F&B sector is predicated on a combination of factors:

- Higher levels of overseas visitors as travel restrictions continue to ease globally.
- Improving consumer confidence among the resident population, which in turn should translate into higher levels of private consumption.
- Dubai's population growth returning to positive territory over 2021-2022.

Indeed, projections from Euromonitor show that the country's consumer foodservice industry will largely reverse the contraction seen last year by posting strong growth over 2021-2023 – of around 26%. In the early part of this forecast period, the postponed Dubai Expo 2020 is anticipated to provide a fillip to the emirate's consumer foodservice activity as both tourism and business travel bounce back.



# Restaurant category mix: UAE, KSA and Europe



Overall, JLL has researched and categorised almost 45,000 foodservice units across eight cities in the UAE, Saudi Arabia and Europe. Of these, Dubai ranked highest in terms of the largest number of outlets per resident and the most variety in terms of categories & available cuisines.

Furthermore, our analysis shows the following differences between GCC and European countries across all categories:

- The GCC has a significantly higher proportion of fast food restaurants (Impulse, Fast Food and Ready to Eat) when compared with Europe. Indeed, in Saudi Arabia and the UAE, 44% and 32% of all restaurants fall into this category, respectively – versus just 19% in Europe. Full-service restaurants account for a much larger slice of the overall offerings in Europe (56%), when compared with the UAE (35%) and Saudi Arabia (25%).
- Some of the differences in the categories between the GCC and Europe stem from cultural reasons. As a result, the proportion of lounges/pubs/bars in the GCC is much lower.
- Cafés and traditional food courts (fast-food clusters) within malls that have a high footfall have traditionally performed very well, especially in the Middle East. Since the UAE has among the highest volume of retail gross leasable area on a per capita basis globally, it is perhaps unsurprising that the country's cafes account for 27% of the total mix of restaurants.

**“Malls – similar to F&B concepts – are evolving to create more social experiences. We expect them to change their offerings by including a higher proportion of casual dining, finer dining and lounge options, replacing the traditional fast food offers.”**

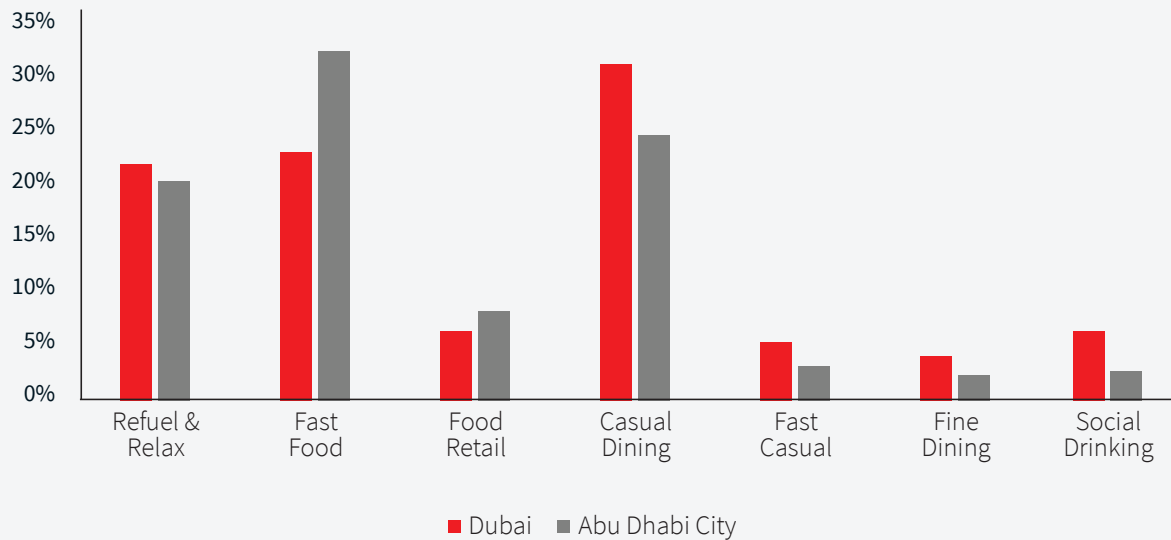
Alexis Marcoux-Varvatsoulis, Foodservice Consulting Lead MENA - JLL







# Foodservice mix: Abu Dhabi vs Dubai



There are a number of key differences between Dubai and Abu Dhabi which have helped to determine the mix of restaurants available across the cities:

- Abu Dhabi's population of UAE nationals as a percentage of the city's total is more than twice that of Dubai. And since Emiratis and expatriates broadly have different dining preferences, the foodservice markets across the two emirates have evolved to reflect their respective demographics.
- In 2019 (just prior to the COVID-19 pandemic hitting the UAE), Abu Dhabi received 11.3 million international visitors and Dubai welcomed almost 17 million; this largely explains why the latter's foodservice industry is more oriented towards catering for international visitors. Furthermore, since tourists tend to spend more on casual & fine dining compared to residents, there is a higher percentage of casual, fine dining & social drinking options available in Dubai.
- Abu Dhabi (32%) has a bigger share of fast-food restaurants than Dubai (23%). Meanwhile, the latter has a larger percentage of casual dining options (31%) compared to the capital (24%). These differences are attributable to the population make-up and levels of tourism.
- Fine dining restaurants are also more prevalent in Dubai (3%) than in Abu Dhabi (1%); this is partly due to greater number of 5-star resorts/hotels in Dubai and the city's established financial district (DIFC). These restaurants cater to demand largely from both tourists and the city's high-income residents who dine out more often.
- In Abu Dhabi, food retail is more popular (7%, versus 5% in the case of Dubai). The capital benefits from a greater number of bakeries and other take-home options as the city's inhabitants tend to have gatherings at home more frequently.



# Fine dining

In the UAE, fine dining concepts tend to commonly be found within financial centers and 5-star hotels – both of which attract a wealthier clientele. Also, alcohol licenses were traditionally granted only to establishments within hotels and some free-zones to allow them to serve the needs of their international guests. Going forward, we expect more fine dining restaurants to open outside of hotels to better target the local residential population.

JLL recorded 340 fine dining restaurants across Dubai and Abu Dhabi, of which 80% are based in the former location. Approximately 70% of

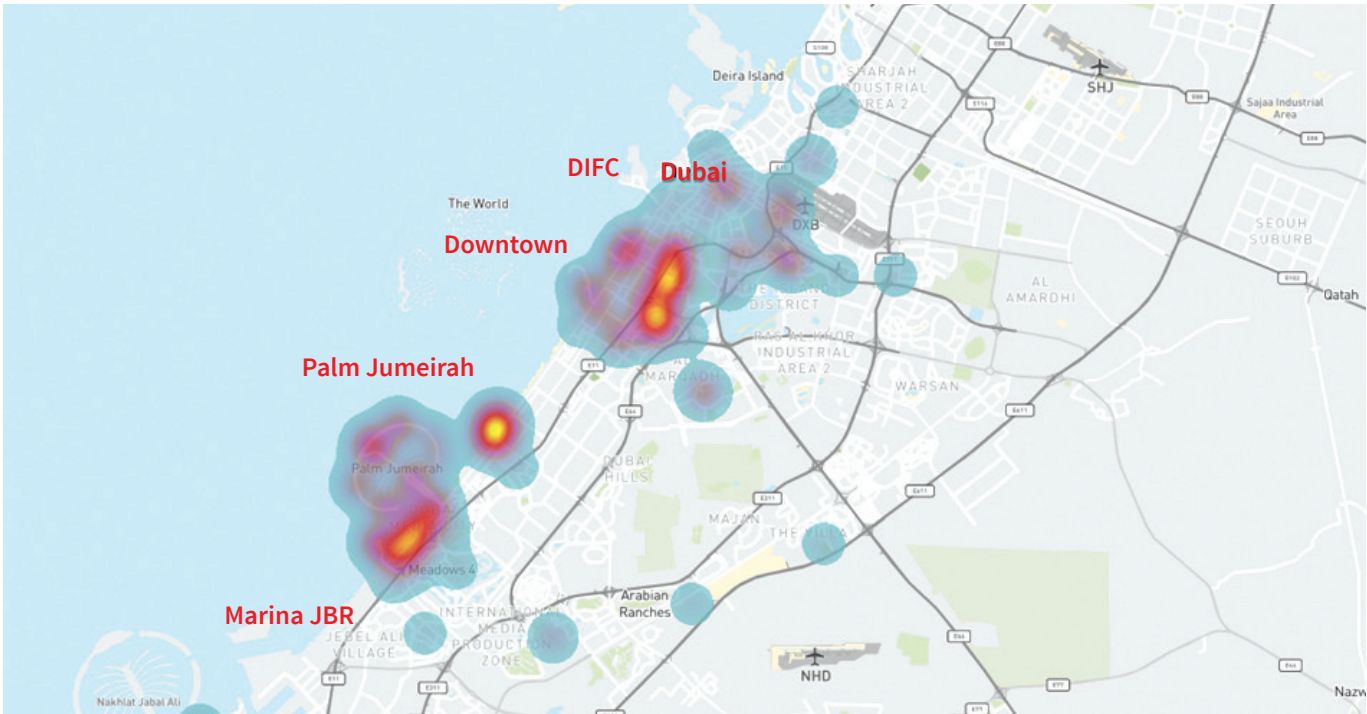
fine dining restaurants are located within Dubai’s hotels; this figure increases to around 75% for the capital. We have found that most hotels have a preference for accommodating purpose-developed restaurant concepts rather than leasing to international brands which is the traditional way of delivering F&B in hotels, this is slowly changing and leasing hotel F&B units is gaining in popularity. Indeed, only 10% and 15% of fine dining outlets in Dubai and Abu Dhabi, respectively, are part of international chains. A notable exception is the Four Seasons hotel, which houses brands such as Coya and Nusr-et in both Dubai and Abu Dhabi.

# Residential rents and fine dining restaurants

There is a correlation between Dubai’s fine dining hotspots and areas of the city with the highest apartment rents. This suggests that demand for restaurants within a locality is at least partly driven by the make-up of its resident population – albeit

its ability to attract tourists can provide a notable boost. In the case of Dubai Marina and DIFC (see heat map), for example, the density of fine dining restaurants sky rockets.

Heat map: Clusters of fine dining restaurants in Dubai



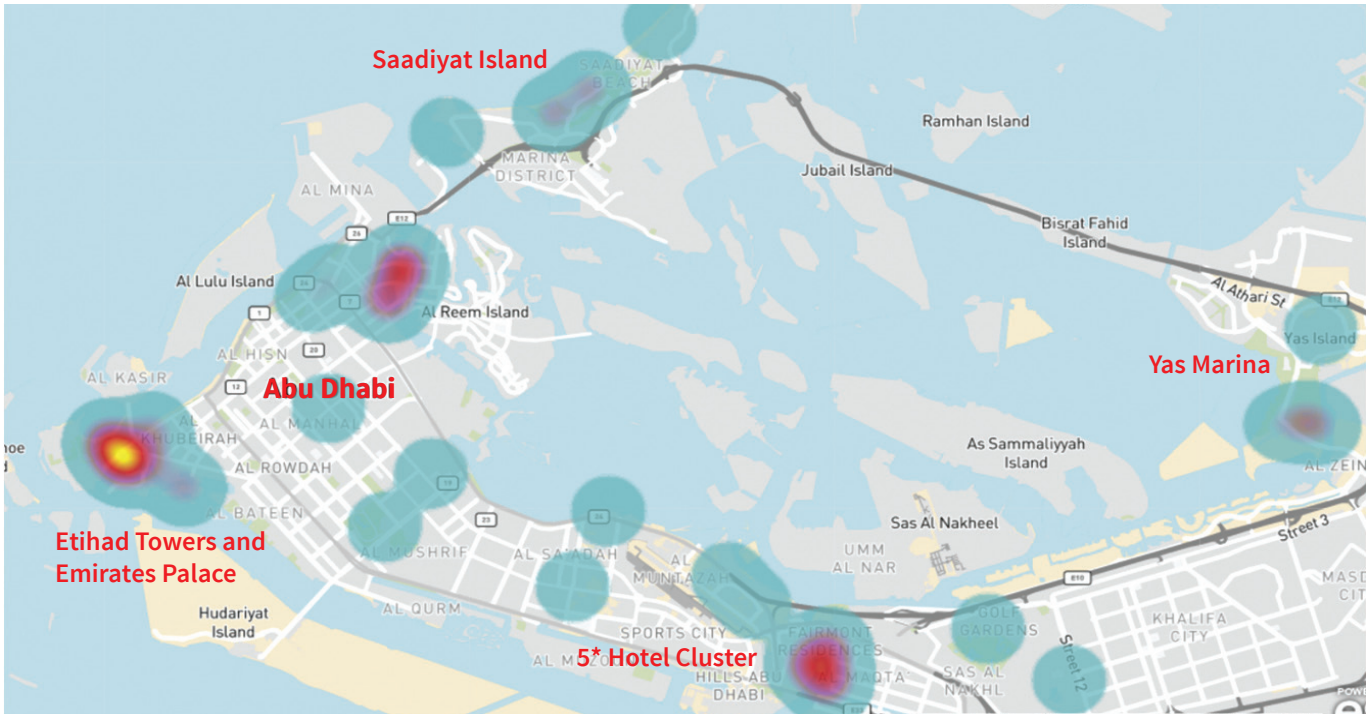
Source: ArcGIS, JLL



In Abu Dhabi, we have found that fine dining clusters broadly tend to be in close proximity to 5-star hotel developments. As shown on the map, the first cluster is located in the city centre by Etihad Towers and Emirates Palace – both strong business and leisure destinations. The second

cluster – which is less dense – is spread across Saadiyat Island, which is a leisure destination with large, resort-style, beach-front properties. And the third major cluster is found in the Al Maqta district – another location with 5-star hotels.

Heat map: Clusters of fine dining restaurants in Abu Dhabi



Source: ArcGIS, JLL



# Future trends and opportunities in UAE

## Local brands go international

When the UAE's foodservice market was in its relative infancy, international brands were imported to the country. However, as Dubai and Abu Dhabi's F&B sector has matured, an increasing number of home-grown brands have been developing. This includes companies such as Orange Hospitality, Solutions Leisure, Gates Hospitality, and many others which continue

to refine their own concepts to shape the local foodservice sector. What's more, Dubai's unique home-grown foodservice concepts (Il Borro, Gaia, Asia Asia, etc.) are now being exported to other global cities such as London and Moscow. We asked, Omar Saideh, Founder, Orange Hospitality to share his views.

**Q: Orange Hospitality has opened two successful concepts with one more on its way in Dubai and another outlet in London (Il Borro). Why do you think Dubai homegrown concepts are gaining in popularity and how will they succeed in other international cities?**

A: Dubai is one of the most competitive and exciting food hubs worldwide and we are excited to lead the way with our culinary openings. The city has successfully established itself as a noteworthy food destination, with a wealth of homegrown brands offering diverse cuisines and experiences. The market here is greatly influenced by rapidly changing consumer behaviour and as a result, the industry has managed to successfully adapt, innovate, and anticipate trends, making it a definite standout in the F&B scene. It has become a breeding ground for entrepreneurs looking to establish a presence and grow internationally.

**Omar Saideh**, Founder, Orange Hospitality

## Experiential dining

Dinnertainment is a concept where F&B and entertainment are merged within a destination outlet. Traditionally in the UAE, the dinnertainment market has been dominated by restaurants focused on children's entertainment such as Rainforest Café and Chuck E Cheese. By comparison, dinnertainment for adults typically existed in the form of table and live music; however, in the past few years, in-line with global trends, the UAE has seen an increase in interactive & licensed dinnertainment concepts where diners can take a break from their dining table to engage in activities such as bowling, electronic gaming

etc. Indeed, social interaction and the overall dining journey have become a crucial part of the experience.

While dinnertainment remains a relatively new concept, it will invariably continue to develop across both Dubai and Abu Dhabi in the years to come – especially since dining is increasingly becoming a social occasion. We asked, Paul Evans, Founder and CEO of Solution Leisure and creator of Wavehouse – the first Dinnertainment outlet in Dubai – to give us his insights on how the market is evolving.

**Q: Following your great success within F&B in Dubai, you are moving towards a more social experience to deliver both F&B and entertainment. Why?**

A: Our point of difference has always been catering to the middle man of the UAE – offering that VIP, feel-good, personalized service that Dubai's elite hospitality sector is so well-recognised for, at an approachable and affordable price point. For almost a decade, our entire ethos has been to create the moments that people live for, no matter who they are or which venue they join us in. Through our mission, we have felt the sector shift as more brands strive to do the same, especially post covid-19. We, as humans, have spent so much time apart these past 18 months, coming together once again has made us appreciate the social aspect of our day to day more than ever. In this, we have continued to combine the senses that create those special moments, through great food, unparalleled service, electric entertainment and incredible vibes. That's what the future of F&B is – a full-bodied, sensory-driven experience - not just a good time.

**Paul Evans**, Founder and CEO of Solution Leisure and Creator of Wavehouse



Food halls

Food halls, a concept which is increasingly gaining traction, offer local or artisanal foodservices at an affordable price in an experience driven environment. In-line with changing trends globally, they create a more social experience for visitors. Moreover, food halls benefit from relatively higher dwell times and spending when compared with traditional food courts – and if executed properly, they can add value across a mixed-use development by attracting greater footfall. A notable example is Time Out Market at Souk Al Bahar, Dubai.

Currently, six food halls are operational within Dubai and one is under development. Abu Dhabi is also starting to adopt this concept; one is currently trading and another one is due to begin operating in the near future. Two other food halls – the locations of which remain confidential – are also set to open in the country by 2023.

Most food halls in Dubai have varying themes; the most popular concept is contemporary. Furthermore, 92% of food halls across Dubai and Abu Dhabi are located in malls or retail complexes. Although interest in developing this type of F&B is growing, tenants will have to differentiate their offerings from existing or upcoming projects in order to stand out – especially as this dining concept continues to gain in popularity.

In the short to medium-term, we expect more food halls to be delivered across the UAE given the success they have generally enjoyed so far. And over the longer term, we expect to see the appearance of locally-developed, stand-alone food halls that will act as social hubs for the community. As well as being unique to each city, they will promote local talent and increase awareness of new & exciting concepts. We asked, Didier Souillat, CEO, Time Out Market to tell us about his experience with opening his first food hall in the Middle East.

Location of food halls in Dubai



Source: ArcGIS, JLL



“Time Out Market is a very unique concept - it is the world’s first editorially curated food and cultural market. Our purpose lies in inspiring connection and joy by capturing the soul of the greatest cities in the world - their food, drink, culture and design. Consumers today are looking for things that are out of the ordinary. They like places that let them be themselves and be comfortable and are thoughtfully designed. A place that they can wander into and not feel rushed. We have found this to be true across North America, Europe as well as the UAE.”

“In Dubai, we’re the first of our kind - with communal tables, no reservations needed and variety allowing for flexibility and freedom to engage and connect with the space and people visiting it. We offer an upscale experience that anyone can enjoy at all price levels. The uniquely curated selection of award-winning, homegrown chefs and restaurateurs are complemented by an equally impressive bar service and entertainment, a combination found nowhere else in the city.”

Didier Souillat, CEO, Time Out Market



**On balance, we anticipate that demand for F&B will increase across the UAE in-line with its rising population, growing international visitors and the various initiatives being implemented by the government. This does not necessarily mean that there will be a need for more restaurants to open – but rather for the existing ones to reinvent themselves, and for some, to re-locate to newly-created, well-populated residential and/or business areas to capture demand within those localities.**





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