

LUXURY MEMO SPECIAL REPORTS

Cities of luxury: Dubai Luxury Memo special report

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Amal Terrace at the Amani Hotel, Dubai, UAE. Image credit: Giorgio Armani and Luxury Society

By SARAH RAMIREZ

As the business hub of the Middle East and one of the world's wealthiest cities, Dubai has attracted its fair share of affluents and luxury brands.

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Luxury is arguably the primary industry in Dubai, as the city's economy revolves around trade, tourism, real estate and financial services. The United Arab Emirates has increasingly become a haven for the ultra-affluent from around the globe, and brands across luxury sectors have expanded their presence in Dubai.

"Dubai sits at a crossroad between East and West and under the leadership of Sheikh Mohammed bin Rashid Al Maktoum, it has transformed from being an important regional hub to a global one," said Christophe Cas, CEO of **Customer Experience Group**, Dubai. "Luxury brands have quickly found their clientele here, with local Emiratis, expats and tourists."

Top 5 trends in Dubai

- **Regal real estate**
Luxury real estate prices continue to climb in Dubai, and branded residences are especially popular.
- **High-end hospitality**
Luxury hotel groups continue to expand their footprints in Dubai as more affluent travelers flock to the city.
- **Bricks-and-mortar retail**
Physical retail continues to thrive in Dubai with luxury brands continuing to build brand awareness in the region.
- **Active art scene**
Dubai's contemporary art scene is drawing international attention from brands and investors.
- **International investments**
Luxury brands and publications are opening outposts in Dubai as they work to better reach Middle Eastern

audiences.

Lavish living

As wealth grows in the Gulf region, Dubai continues to stand out for its lavish accommodations and ostentatious building designs.

Per Hurun Report's 2018 Global Rich List, Dubai is home to 16 of the Gulf's 26 billionaires. Another six billionaires live elsewhere in the UAE ([see story](#)).

Prime real estate prices in Dubai continued to climb last year, even as residential real estate prices slowed around the globe. According to Knight Frank, Dubai's luxury real estate market experienced growth in 2018 despite a decline in the city's overall real estate prices ([see story](#)).



The penthouse on the top of Bulgari Resorts and Residences in Jumeira Bay. Image credit: Luxhabitat

Branded residences residential developments operated by luxury brands that offer a range of high-end services and amenities are especially popular in Dubai.

Dubai has the world's highest concentration of branded residences, per Knight Frank. Developers in the city are partnering with luxury brands outside of the hospitality industry as branded residences see continued popularity ([see story](#)).

The most expensive penthouse sold in Dubai is a full-floor residence at the top of the Bulgari Resort in Jumeira Bay. Luxury real estate company Luxhabitat sold the penthouse, with a floor plan of 1.7 million square feet with 100 rooms and suites and a private marina, for \$16.3 million in 2017 ([see story](#)).

Lebanese couturier Elie Saab is the latest luxury brand to bring its aesthetic to a real estate project in Dubai.

Elie Saab at Emaar Beachfront marks the first partnership between the designer and developer Emaar. Located on an island in Dubai, the property will include a private marina along with beach and resort offerings ([see story](#)).

Destination Dubai

With its extravagant cityscape in the Middle East, Dubai has become a desirable destination for affluents looking for unique travel experiences.

"Dubai continues to grab the attention of so many affluent travelers today, many simply because of the mystique of a destination such as Dubai providing visitors with a bit of the unexpected," said Damon Banks, editor in chief of [LuxeGetaways Magazine](#), Washington, D.C. "The efforts and money invested into providing guests with the best of everything is a primary reasons so many Americans are eager to visit the best amenities, services, food, experiences and more."

The journey to Dubai can be a long one, making comfortable travel accommodations even more crucial.

UAE-based airline Emirates offers daily direct flights from New York's John F. Kennedy Airport to Dubai, with flight time of at least 12 hours. For first-class passengers, in-flight suites make the lengthy journey more luxurious.

Emirates' new first class suites are completely separate from other passengers, offering an extremely personal and private flight experience. There are six private suites on each of the airline's jets, measuring about 40 square feet.



Emirates takes inspiration from Mercedes for its in flight suites. Image credit: Emirates

Each suite's reclining chair can turn into a 78-inch-long, 30-inch-wide bed and the space also includes a 32-inch LCD television, fully stocked mini bar, temperature control and Bowers & Wilkins noise-canceling headphones ([see story](#)).

For the ultra-high-net-worth travelers relying on private aviation to reach the city, Dubai South's VIP Terminal provides a transportation experience on par with their lifestyle.

Located in the Aviation District, the seven-star private aviation hub caters exclusively to UHNW in a 5,600-square-meter facility. By the end of the decade, it is expected that 60,000 annual travelers will pass through the VIP Terminal ([see story](#)).

According to a report by The Luxury Conversation, and commissioned by Reuter Communications, Chinese tourists are increasingly booking trips to the Middle East and North Africa (MENA) region.

Dubai and China are connected via infrastructure with more than 100 weekly flights leaving more than a dozen top-tier Chinese cities including Beijing, Shanghai and Hong Kong. In 2016 540,000 Chinese tourists visited the city, up from 450,000 in 2015 ([see story](#)).

Leading hospitality brands continue to open new properties in Dubai to meet this growing demand.



Premier seaview suite at Mandarin Oriental Jumeira, Dubai. Image courtesy of Mandarin Oriental

This February, Mandarin Oriental Hotel Group opened its Jumeira, Dubai resort, the brand's first Middle East property. The hotelier is also positioning the resort as a meeting and events venue due to its proximity to Dubai's business district ([see story](#)).

It is the first of two planned Dubai openings for Mandarin Oriental, as it expands in the key luxury travel market. The hotelier will be managing a hotel and branded residences, which are set to open in late 2020 ([see story](#)).

Similarly, hospitality group Marriott International is planning to grow its luxury presence in the UAE, including Dubai.

Sixteen of Marriott's brands have a presence in the UAE, with half of the properties at the upper-upscale level. This includes the W Dubai - The Palm and Grosvenor House, a Luxury Collection Hotel, Dubai ([see story](#)).

Marriott also manages Bulgari Resort & Residences Dubai, which opened in late 2017 as the Italian jeweler's fifth branded hotel.

Situated on the city's manmade Jumeirah Island, the complex includes the resort, spa, beach club and Bulgari's first Marina and Yacht Club. The property also has six residential buildings with 173 apartments overlooking the water and 15 mansions ([see story](#)).

Bulgari is not the only luxury brand with roots outside the hospitality sector looking to reach wealthy travelers in Dubai.

Giorgio Armani's debut hotel opened in Dubai's Burj Khalifa, the world's tallest building, in 2010 ([see story](#)).

Italian fashion label Roberto Cavalli recently forged an international hospitality partnership with Dubai-based DAMAC Properties. Through this new relationship, the developer will launch AYKON Hotels with interior design by Roberto Cavalli throughout the city.

The first property, a tower that will be located in the Al Sofouh, Dubai Marina development, is expected to be completed in 2023. With 220 guest rooms, the five-star hotel will include an infinity pool with views of the Palm Jumeirah ([see story](#)).



The Queen Elizabeth 2 has been transformed into a floating hotel. Image credit: QE2

One of the more unique hospitality offerings in Dubai is the retired ocean liner The Queen Elizabeth 2, which is now operated as a floating hotel by Dubai hotel company PCFC Hotels.

The QE2 has more than 1,300 rooms going for up to \$15,000 per night, as well as a theater, spa, fitness center and several restaurants. In addition to the QE2, PCFC Hotels is planning on making the whole area around Mina Rashid into a luxury hospitality and yachting section ([see story](#)).

Shopping center

Dubai has a thriving and well-established luxury retail sector.

Several luxury brands have found a home in Dubai, particularly at the Dubai Mall, one of the world's largest shopping malls.

Located in downtown Dubai, the [Dubai Mall](#) has 3.77 million square feet of gross leasable space and is anchored by two luxury department stores, Galeries Lafayette and Bloomingdale's. Fashion Avenue has also added more than 150 new luxury shopping and dining experiences.

"There is a mall culture' in Dubai," Mr. Cas said. "When temperatures rise above 40 degrees Celsius between June and September, the mall remains a place where people can still stroll.

"In that sense, the mall, and by extension the bricks-and-mortar, luxury or not, is and will remain important," he said.



The Dubai Mall, Grand Drive. Image credit: Emaar Malls

More than 80 million visitors come to the mall each year, surpassing New York's 63 million tourists in 2017 ([see story](#)).

To help visitors navigate the shopping center, the Dubai Mall invested in location services through the addition of an indoor positioning system. StepInsider IPS provides point-to-point directions to locations within the mall, as well as event and offer details ([see story](#)).

The Dubai Mall also accepts mobile payments from Alipay as of last spring, a move that caters to Chinese travelers. In addition to the introduction of Alipay, the Dubai Mall has looked to make its property welcoming to tourists through multilingual staff and Chinese language guides ([see story](#)).

Similarly, the Mall of Emirates caters to Chinese consumers by accepting UnionPay and offering a mobile application that includes a store locator and currency converter ([see story](#)).

Purchasing luxury goods while abroad accounts for more than half of a Chinese tourist's budget for a trip. According to Middle Eastern retailer Majid Al Futtaim Group, nearly 25 percent of all luxury goods sold at the Mall of the Emirates are purchased by Chinese tourists ([see story](#)).

Many luxury brands have invested heavily in physical locations throughout Dubai to take advantage of the city's heavy foot traffic.

In 2018, Italian fashion house Prada opened a three-story flagship in the Dubai Mall on Fashion Avenue ([see story](#)). U.S. luxury goods maker Michael Kors also moved to a new, larger space within the Dubai Mall ([see story](#)).



Prada's new flagship is its most important Middle Eastern location. Image credit: Prada

Not all luxury retailers have found prolonged success in Dubai, however.

After more than a decade, U.S. department store chain Saks Fifth Avenue closed its location at the Bur Juman Centre in 2016 ([see story](#)). British department store Fortnum & Mason had an even shorter stint in the city, shutting down in 2017 after opening a location by the Dubai Mall three years earlier ([see story](#)).

In some instances, luxury brands turn to popular temporary store formats to reach shoppers in Dubai without long-term commitments.

"Physical stores are essential for luxury brands expanding to Dubai, especially for brands that don't have global

brand awareness," said Ken Morris, principal at [BRP Consulting](#), Boston. "When consumers are buying extremely expensive products they want to see, touch, smell and try the products.

"The experience is oftentimes just as important as the product itself," he said. "Luxury consumers love the theater of shopping and want to be treated like royalty."

In 2015, Swiss apparel and accessories label Bally demonstrated its cobbling capabilities with a pop-up at the Dubai Mall's Level Shoe District department store ([see story](#)).

Dubai was also one of the international stops for a pop-up laundromat hosted by French leather goods maker Hermès ([see story](#)). French fashion house Christian Dior similarly staged a pop-up boutique in Dubai to mark the debut collection by artistic director Maria Grazia Chiuri ([see story](#)).

Online retailers have also leveraged pop-up strategies to expand brand awareness in Dubai.

Last December, Farfetch and Stadium Goods hosted a holiday pop-up shop at Sole DXB in Dubai. The space not only held one-of-a-kind products in the streetwear realm, but also featured a variety of performances and appearances from rappers, DJs, musicians and other notables closely related to streetwear ([see story](#)).

Farfetch also recently joined forces with Dubai-based Chalhoub Group to increase Middle Eastern consumers' access to luxury brands via ecommerce. Demonstrating its commitment to the Middle East, Farfetch also opened its first office in the region in Dubai ([see story](#)).



Farfetch has expanded to Dubai and the Middle East. Image credit: Farfetch

Other ecommerce retailers have found success in the region as well, including homegrown luxury platforms.

Yoox Net-A-Porter Group launched its platform in Dubai in 2017, which contributed to the company's \$2 billion in revenues that year ([see story](#)).

Meanwhile, Dubai-based luxury resale marketplace The Luxury Closet received almost \$9 million in its latest funding round bringing its total funding to \$18.7 million. Since its inception in 2012, The Luxury Closet has facilitated the sale and resale of authenticated luxury goods across Dubai and the Middle East at large ([see story](#)).

Another Dubai-based retailer, The List, claims it is the first global luxury ecommerce platform to offer cryptocurrency pay ([see story](#)).

Art attractions

Dubai is more than a destination for shoppers and fashion lovers.

Reflecting the growth of the global art market, there has been a growing contemporary art scene in the city, consisting of both local talent and international artists.

According to the third annual Art Basel and UBS Global Art Market Report, sales at art fairs, such as Art Dubai, are estimated to have reached \$16.5 billion in 2018 ([see story](#)).

Piaget worked with Pierre Bonafille for its Art Dubai stand

Founded in 2007, Art Dubai welcomes nearly 30,000 visitors every March, giving luxury brands a large, affluent audience to showcase their artistry.

For the 2019 event, Swiss jeweler Piaget delved into its relationship with gold and art through an exhibit titled "L'Art de L'Or," or "The Art of Gold" ([see story](#)).

Outside of Art Dubai, Swiss jeweler Chopard marked the 40th anniversary of its Happy Diamonds Collection with an art installation at Mall of the Emirates. Chopard's installation featured large-scale watch faces suspended from the fashion dome of the shopping center ([see story](#)).

The Ritz-Carlton, Dubai International Financial Centre also encouraged travelers to learn more about the city's art scene. The bespoke "Discover With You" experience gave artistic-minded guests a primer on how to collect art and navigate the art market, with a focus on the Dubai and Middle Eastern markets ([see story](#)).



Opening exhibit at Sotheby's Dubai. Image credit: Sotheby's

Between 2012 and 2017, the number of Middle Eastern clientele buying from Sotheby's grew 30 percent. This led the auction house to grow its presence in the Middle East with the opening of a gallery and office in Dubai.

Sotheby's Dubai is situated in the Dubai International Financial Centre's Gate Village, which houses fine dining establishments and art galleries, including Christie's. Sotheby's has seen particular interest in jewelry, contemporary art, impressionist and modern art and old master paintings from Middle Eastern collectors ([see story](#)).

Dubai drivers

Over the years, the wealthy drivers of Dubai have become known for having a healthy appetite for ultra-luxury automobiles. This has inspired automakers to launch special campaigns and events geared to Dubai drivers.

In 2015, British automaker McLaren partnered with mobile app Uber in Dubai to bring the innovative concepts of both brands to consumers and fans. A campaign film shows Uber users in the city being surprised when a McLaren vehicle pulled up to their designated location for their rideshare pickup ([see story](#)).



The McLaren 650S Spider Al Sahara 79 was unveiled in Dubai. Image credit: McLaren

The same year, McLaren chose the Dubai International Motor Show to debut the 650S Spider Al Sahara 79, a bespoke model inspired by the region's loyal consumer base ([see story](#)).

Similarly, Britain's Rolls-Royce Motor Cars selected Dubai's City Walk, a luxury and hospitality center, for the location of its inaugural Rolls-Royce Boutique showroom. The marque also operates a traditional showroom and after sale center on Sheikh Zayed Road, demonstrating the importance of the Dubai market ([see story](#)).

As part of its "Gigapixel" initiative, British automaker Bentley zoomed in on Dubai with a photograph that required a similar focus on craftsmanship as its cars. To capture its photo, Bentley placed a camera 866 feet in the air off Cayen Tower.

The automaker has a close connection to Dubai. The St. Regis Dubai holds a branded Bentley suite, and the city is also home to the Bentley Emirates showroom ([see story](#)).

Middle Eastern media

With Dubai and the Middle East becoming increasingly valuable markets for luxury goods, publishers and advertisers are expanding how they can reach affluents in the region.

Based in Dubai, *Vogue Arabia* launched as the *Vogue's* 22nd print edition in 2017 in a joint venture with Dubai-based publisher Nervora. *Vogue Arabia* first launched online with a bilingual platform in English and Arabic, and targets the entire Middle East ([see story](#)).

Another Cond Nast title, *GQ Middle East* launched in 2018 with a celebration on a private island near Dubai. *GQ Middle East* is sold in Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, Oman and Lebanon ([see story](#)).



GQ Middle East launched in October 2018. Image courtesy of Cond Nast

Recognizing the opportunities that exist in catering to Middle Eastern consumers, a number of luxury brands have developed special campaigns that reflect their culture and traditions.

Digital and social media marketing should be localized for these consumers, whether that means speaking to them in their own language in an email or sending special messages for large holidays such as the Islamic New Year Al Hirja or their country's national day. English is accepted as an international business language, but among Middle Easterners, a form closer to British than American English is preferred ([see story](#)).

Luxury automakers and hospitality groups are among those effectively creating campaigns for this audience.

BMW Middle East recently reflected on the global importance of family and community through a film campaign released to coincide with the Islamic celebration of Ramadan ([see story](#)).

Fellow German automaker Mercedes-Benz also appealed to a new generation of Middle Eastern drivers with "My Chosen Family," a female-centered film set in Dubai. The short follows a young woman, influencer and visual artist Leena Al Ghouti, and her female friendships with the backdrop of a rapidly-changing culture ([see story](#)).



A group of friends leave Dubai for a road trip. Image credit: Mercedes-Benz

Previously, U.S. automaker Cadillac and bespoke travel company Black Tomato ventured to locations around the globe, including Dubai, to ask local trailblazers what motivates them in its "What Drives You Forward?" campaign

([see story](#)).

Marriott included Dubai's Al Maha Desert Resort & Spa in a global advertising campaign showcasing its independent properties across its three independent collection brands ([see story](#)).

"With more than half of the population in the Arab world under the age of 26, according to *Vogue Arabia*, retailers need to appeal to the communication styles and mediums preferred by younger shoppers," BRP's Mr. Morris said. "These young shoppers will be their future customers and brands need to introduce them to the brands and inspire them become loyal customers."

Best practices for the Dubai market

- Christophe Cas, Customer Experience Group
 - "Brands need to transition from the traditional transactional model towards a relationship and experiential model. As the market is saturated, many locations are simply not profitable. Brands need to accept not to be everywhere, even if their direct competitors are. The dilemma is then to maintain or increase the turnover with less stores, and the only way is to deliver an exceptional and memorable experience in the remaining locations."
 - "Some brands have started to understand that lower traffic was not an issue as long as the existing clients were having a positive experience, one they were going to share with family and friends. As a result, successful brands have started to redirect some of their marketing budget to the shop floor where the clients really meet the brand."
- Damon Banks, LuxeGetaways Magazine
 - "With hospitality brands constantly trying to be superior over their competition by providing better' spas, accommodations, cuisine, amenities and more, the overall level of hospitality expected continues to rise each year. At the end of the day, like any destination, the hospitality brands that stand out and prosper in Dubai are those that provide the luxury amenities and accommodations we all expect from these brands, while never losing sight of the vital importance of service at the highest level."
- Ken Morris, BRP Consulting
 - "Advertising will be imperative for luxury brands to drive awareness in Dubai. With a younger audience, communications will need to have a mobile first' approach. There is also a lot of advertising competition for mindshare in Dubai, and retailers will need to find creative ways to break through the communication clutter."