Imagining the Future of Retail: Beyond Space

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BCG

Executive summary

Five forces redefining physical retail

The Middle East retail sector is expanding rapidly. But traditional space-centric models are insufficient. E-commerce growth, omnichannel ecosystems, experience-first consumer expectations, retail media monetization, and AI-driven discovery are reshaping the economics of physical retail.

Widening gap between winners and losers

As new supply comes online, competition is intensifying. Up to 25% of revenue at leading assets comes from non-GLA sources. Assets that lack digital and data capabilities risk becoming invisible to future customer journeys.

More disruption, low readiness

Leaders anticipate that over 50% of retail sales could move online, that data may replace product margins as the primary value driver, and that AI agents could become primary decision-makers in consumer journeys. Each scenario demands fundamentally different capabilities, from logistics-ready layouts and digital twins to data monetization and AI-readable environments. Early movers will shape how these forces play out across the region.

Three successful archetypes are emerging

Community and convenience assets prioritize accessibility, frequency, and operational efficiency. Experience-led destinations embed retail within broader leisure and lifestyle propositions. Ecosystem platform developers extend value creation beyond the site through data, digital services, logistics, and media. A clear focus drives performance – assets that pursue multiple archetypes dilute differentiation and increase complexity.

Leaders make explicit trade-offs where to focus, aligned with their value equation

Leading players do not attempt to lead on all dimensions. They concentrate investment, management time, and organizational capability on the levers most critical to their chosen value equation – varying across localization, stakeholder engagement, operational excellence, flexible space, commercial capabilities, digital and non-GLA revenues, ecosystem partnerships, consumer activation, and customer experience.

Organization is the key challenge

Many organizations remain tied to more traditional leasing models, siloed functions, and occupancy-led KPIs. Capability gaps in data, analytics and customer experience constrain the ability to move beyond pilots. Developers must shift from delivering space to building operating models, invest selectively in enabling capabilities, and create the conditions for coherent, archetype-led strategies to take hold. Those who act will shape the next chapter of retail real estate in the region; those who do not will find their economics coming under pressure.

This report aims to start a discussion, and collaborate to shape the way forward

This paper moves beyond space provision to deliberate role, capability, and execution choices in a rapidly changing landscape. Drawing on interviews with regional leaders, it aims to support decision-making on where to focus, what trade-offs to make, and which capabilities to build for the next phase of retail.

A region in transition

The Middle East retail sector is expanding against a backdrop of geopolitical and macroeconomic pressures and structural opportunity.

GCC governments are actively diversifying their economies, and positioning retail, tourism, and entertainment as core growth engines. Tourism and lifestyle spending are accelerating across the region, supported by regulatory reform and infrastructure investment. Kingdom of Saudi Arabia (KSA), the United Arab Emirates (UAE), and Qatar are investing heavily in megaprojects, major events, and retail destinations to attract global visitors and redefine the urban consumer experience.

However, the region also faces growing uncertainty. Oil price volatility is impacting fiscal predictability and slowing capital deployment. KSA is streamlining infrastructure spending, and reprioritizing long-term projects. Geopolitical frictions continue to influence investor sentiment and cross-border capital flows. This dynamic has been further amplified by the conflict in the Middle East, adding to market volatility and near-term uncertainty across the GCC.

This tension between macroeconomic uncertainty and sectoral ambition creates both a challenge and a mandate. Retail real estate players must future-proof their strategies to remain relevant, resilient, attractive to consumers, and financially appealing to investors.

To understand how retail real estate players in the region are responding to mounting disruption, we interviewed senior leaders across major mixed-use, retail, entertainment, and lifestyle developments. Their perspectives converge on a clear message: the next decade will reshape retail more profoundly than the last three combined, and current development and operational models are not equipped for what is coming.

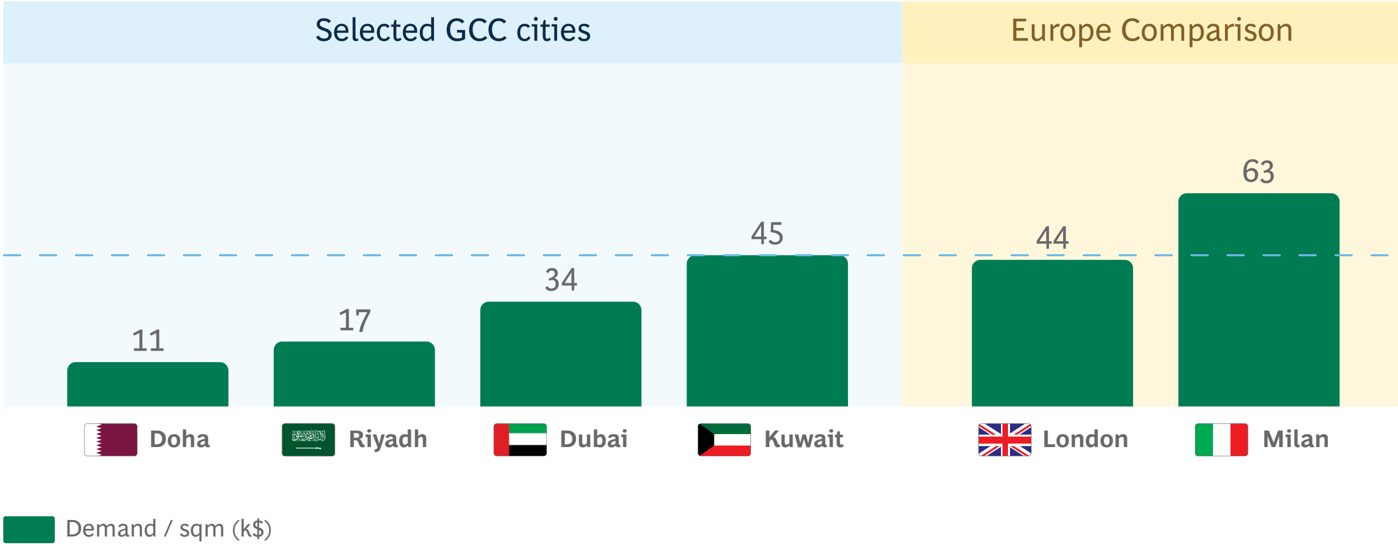
Retail space is expanding, and competitive dynamics are intensifying

The GCC is undergoing a significant expansion of retail Gross Leasable Area (GLA). KSA is leading this trend, driven by megaproject development, population growth (+2.6M), and ambitious tourism targets. Multiple flagship destinations are expected to come online in Riyadh, Jeddah, and the Eastern Province, alongside lifestyle-led mixed-use districts in Diriyah and Qiddiya. On a per capita basis, Saudi Arabia remains below several mature international retail markets, suggesting continued room for development, particularly in under-served catchments and emerging Tier 2 and 3 cities.

At the same time, new supply is increasingly concentrated in large-scale, destination-led formats. As these projects open, they are likely to capture a disproportionate share of footfall and tenant demand, accelerating a redistribution of spend away from legacy assets. This shift is already visible in certain segments. In luxury retail, space expansion has outpaced growth in addressable spend in some markets (Exhibit 1), placing pressure on sales per sqm. New openings may attract consumer traffic from legacy destinations, without materially expanding category sales, increasing competitive pressure for both landlords and tenants.

EXHIBIT 1

Space expansion has outpaced growth in addressable spend in some markets



Source: Oxford Economics, Euromonitor, Expert interviews, BCG analysis

The implication is clear: scale and design alone are no longer sufficient. Assets that deliver clear positioning, differentiated experience, seamless accessibility, and strong tenant economics can continue to outperform. Those that rely primarily on location or size face growing performance dispersion as capital deployment accelerates.

While Saudi Arabia represents the largest near-term expansion pipeline, other GCC markets are also evolving. In the UAE, retail space has grown steadily and continues to expand in line with urban development and tourism momentum, particularly in Dubai, now home to more than 4 million residents. New additions increasingly emphasize mixed-use integration and experiential positioning, reflecting a more mature competitive landscape. Qatar is likewise adding capacity, supported by long-term urban planning and ambition to strengthen its regional leisure and lifestyle offering.

Across the region, expansion differs in pace and format, but competitive intensity is rising. Crucially, this intensifying competition is unfolding at the same time that the fundamentals of retail real estate are being redefined. The challenge is therefore not simply managing new supply, but rethinking the role of space itself. Five converging forces are reducing the effectiveness of traditional, exclusively space-centric models:

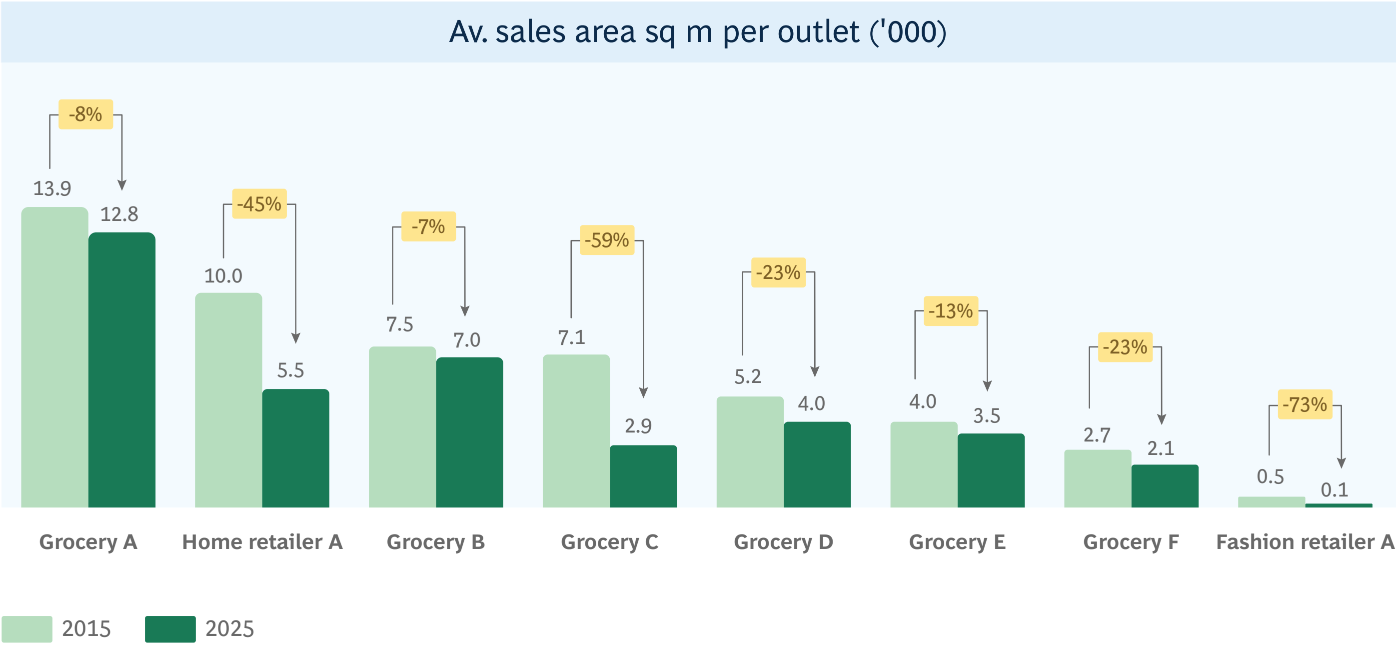
1. E-commerce growth is reshaping the role of physical retail space, shifting it away from purely transactional footprints.
2. Omnichannel ecosystems are repositioning retail space as just one node in a broader digital network.
3. Experience-first expectations are transforming malls into lifestyle and community destinations.
4. Retail media monetization is shifting value creation from rent to consumer attention.
5. AI and technology integration are making spaces that lack digital and data capabilities invisible to future customer journeys.

Let's look at each of these trends in more detail:

E-commerce growth. Retailers are reducing store size and numbers, opening smaller formats, and experimenting with new space as online commerce grows (Exhibit 2). One such experiment is an immersive concept on London's Oxford Street called Future Stores, which "enables retail to move at the speed of culture". The 450-square-meter store features a rotating line-up of brand activations that will change every two to six weeks. The idea is to create an experience that's "as fluid as a social media feed".

EXHIBIT 2

Retailers are reducing store size



Note: Average sales area based on UAE/KSA stores only; includes banners with ≥60 stores across both markets. Source: Flywheel Ascential, BCG analysis

Meanwhile, real estate players are creating e-commerce focused layouts and services. One GCC leader notes, "We're already seeing stores shrink and shift toward a showroom role. The real investment now is going into the back-of-house to keep up with online fulfillment". Another explains that "Fast delivery expectations mean we need dark stores and micro-fulfillment spaces – not everything should be on the shop floor anymore". An example of this shift is Simon, which has partnered with the technology provider DropIt to launch micro-distribution hubs and return points. Dropit technology was initially rolled out across Simon locations, with plans to scale across the broader U.S. property portfolio. Malls are being designed with logistics-friendly layouts, including drive-throughs, pickup bays, and micro-warehousing. HMC has developed an investment product called the Last Mile Retail Logistics (LML) Fund, which aims to achieve an Internal Rate of Return (IRR) of 10% through repositioning underperforming assets to host omni-channel retailers and last-mile logistics infrastructure[1].

Omnichannel ecosystems. Integration of digital and physical channels is increasingly offering personalized shopping across all touchpoints, leveraging customer data. One GCC industry leader explains, "Data is becoming the real competitive asset. If you can connect the journey across tenants and channels, you unlock value no traditional rent model can match". Retailers are transitioning from store-based economics to customer-based lifetime value. The Starbucks rewards app, for example, now offers an integrated suite of data collecting / driven services including engagement and rewards, payment and partnerships, personalization and offers, mobile first, and ordering. This personalized customer approach has resulted in a 5-15% sales lift on total business, a 100% increase in marketing efficiency, and 100-200% increase in engagement[2].

While this shift began on the retailer side, it has major implications for mall operators: real estate players are now building their own loyalty programs, digital infrastructure, and data-sharing models to remain relevant. As one leader interviewed warns, "Retailers are protective of their data. You need a real partnership model before anyone will share insights". Another leader explained, "We're still early in building the data foundations – things like sensors, beacons, and apps – but it's clear this will define the next decade". Simon, Westfield, Emaar, and Majid al Futtaim have all established loyalty programs. Simon offers a Premium Outlet fashion marketplace. Westfield's Westfield Direct program provides Click & Collect and product delivery. Emaar links its loyalty ecosystem with Emirates NBD, enabling community-based engagement, in-app cross-brand promotions, shopping benefits, and home delivery. Majid al Futtaim features a range of omnichannel services, including Click & Collect, delivery, and mall navigation. Its loyalty program (Share) has added 20M+ members and is one of the top 3 loyalty programs in UAE[3].

[1]Source: BCG analysis.
[2]Source: BCG analysis.
[3]Source: Majid al Futtaim annual report

Experience-first expectations. Shopping is dividing between routine, chore-based purchases – which are being disrupted – and experience-led shopping, which is regaining importance thanks to the convergence of leisure, entertainment, and merchandise. According to one GCC leader, "People don't come just to shop anymore. They come to stroll, socialize, and spend time. The experience has become the core product, and we need new ways to create and monetize the experience". In this context, another notes the growing importance of food and beverages (F&B). "Food – and family entertainment – is becoming the anchor. In some new destinations, F&B could end up representing half of the mix because that's what drives dwell time". Both retailers and real estate players are investing in experiential value propositions. Retailers are offering a range of popular in-store products and services, including:

- Store-in-store – Eataly (Dubai Mall) and Festival City Mall combine grocery, deli, dining, and leisure concepts under one roof to deliver a seamless eat-shop-dine experience.

- Test and try – Nike's new store in Soho, New York City offers a basketball court so customers can try out products. (Spanning nearly an entire half-court and rising 23 feet high, the Nike+ Basketball Trial Zone dominates the store's 5th floor. Inside, an adjustable hoop and digital video screen, paired with five sensors and powered by a gaming engine, provide real-time, on-screen feedback for participants' nine-minute drills).

- Holiday pop-up shop – Dior OR Ramadan Capsule (Dubai Mall) offers a festive pop-up showcasing exclusive Ramadan-themed Dior collections. Cartier's Christmas pop-up in Paris includes a cinema, gallery, library, and jewelry repair service.

- Events – Emaar's Dubai Hills Mall organizes a schedule of events, including weekly running races inside the mall, building a community and attracting traffic that goes on to spend in F&B and retail.

- Community building – Lululemon schedules free, weekly, in-store yoga classes and regular fitness events.

- Immersive / "phygital" concept – House of Hype (Dubai Mall) is a 10,000-square-meter digital amusement park with gaming, immersive art, content-creation zones, and social media-ready stages.

At the same time, real estate players are including experiential spaces to attract both tenants and customers. Hong Kong's K11 Art Mall's museum retail concept blends art and commerce, hosting events like creative workshops, concerts, and film screenings. Welpa Parco in Osaka, Japan is a wellness-focused mall offering a wide range of medical clinics, products, and healthy F&B options. At Miami's Brickell City Centre, a glass, steel, and fabric structure known as the Climate Ribbon, covers the shopping concourses. Singapore's Changi Airport houses the Changi Jewel, illustrating the rise of themed airports. The nature-themed entertainment and retail complex boasts the world's tallest indoor waterfall. Hudson Yards in New York City was built as a new community, urban mall, and lifestyle destination mixing luxury, emerging innovative brands, interactive art, and culinary experiences. In the Middle East, Doha's Hamad International airport is famous for the Orchard indoor tropical garden, iconic art installations and top-tier luxury duty-free shopping and dining. The month-long Dubai Shopping Festival spans multiple locations, offering unique opportunities, prizes, and entertainment across a range of upscale malls. Kuwait's The Avenues takes cues from outdoor retail centres, while KSA's VIA Riyadh is an upscale open-air mall encompassing multiple entertainment and cultural destinations. "The future looks more like a town square, blending food, wellness, sport, and retail into one integrated place where people want to be".

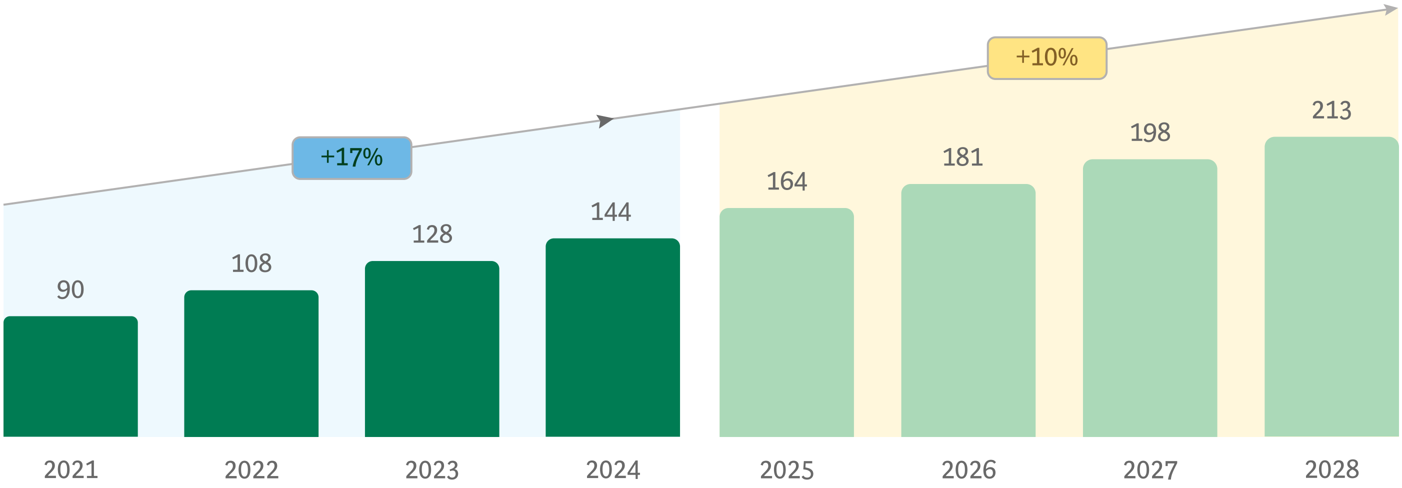
Retail media monetization. Companies are leveraging physical space and digital channels as an opportunity to promote products and services. This is already becoming a major revenue stream for retailers (Exhibit 3). Global retail media ad revenues grew from $90B in 2021 to $144B in 2024 (17% CAGR), and are estimated to have reached $164B in 2025, with $213B forecast in 2028. Walmart's Retail Media Network, for example, is already generating $4B in revenues (a 27% increase over 2023), representing ~25% of total operating profit[4]. This underscores the scale and margin potential of retail media at maturity.

[4]Source: BCG analysis.

EXHIBIT 3

Retailers' media ad revenues are growing fast

Global retail media ad revenues ($B)



Source: MAGNA, BCG analysis

Real estate operators are also joining the trend. One GCC leader explains, "Retail media can be as important as rent. In some cases, it could even reach 20% of a center's income – that's how powerful attention has become". This potential is already visible in leading players' revenue mix (Exhibit 4). Another interviewed leader adds, "If you can deliver the right audience, through events, sports, and entertainment, brands will pay for access. The monetization potential is far bigger than most developers realize".

In 2022, Westfield launched an in-house retail media agency (Westfield Rise). Today it contributes €75M of net margin, targeting €180M by 2028[5]. The agency offers a range of services, including:

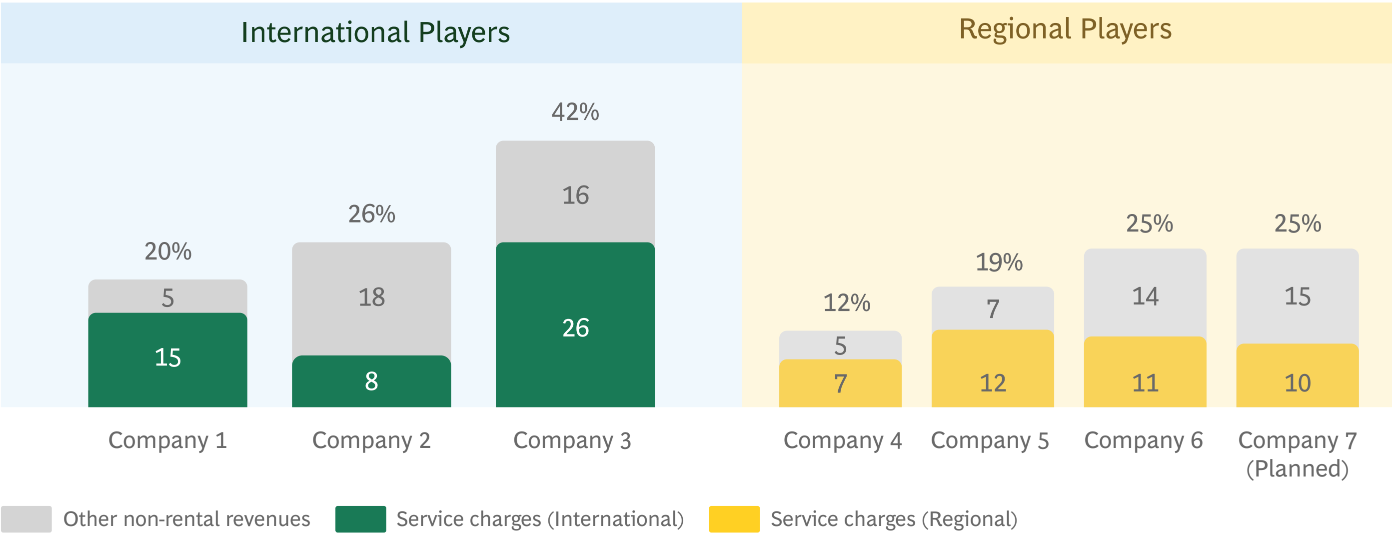
- Brand experience – experiential activations, sponsorships, partnerships
- Media – out-of-home advertising, including digital and non-digital channels
- Innovation – Immersive Experiential Display (IXD) network across top properties and AI-driven programmatic targeting of Digital OOH media, based on ~600 shopper profiles
- Data and analytics – data and insights for targeting audiences and measuring the performance of campaigns

[5]Source: BCG analysis.

EXHIBIT 4

International players derive a larger share of revenue from services, highlighting headroom for regional players

Revenue breakdown (as % of total revenue)



Source: companies annual report; BCG analysis

AI and technology integration. This reflects the growing automation of operations and customer-facing activities, and the emergence of agentic AI and physical AI as important next-wave retail enablers. These technologies are being applied to coordinate tasks, support decision-making, and execute predefined workflows. They are embedding intelligence into physical assets such as robotics and store infrastructure, particularly in fulfillment, store operations, and in-store engagement (Exhibit 5).

These applications are being enabled by an ecosystem that includes[6]:

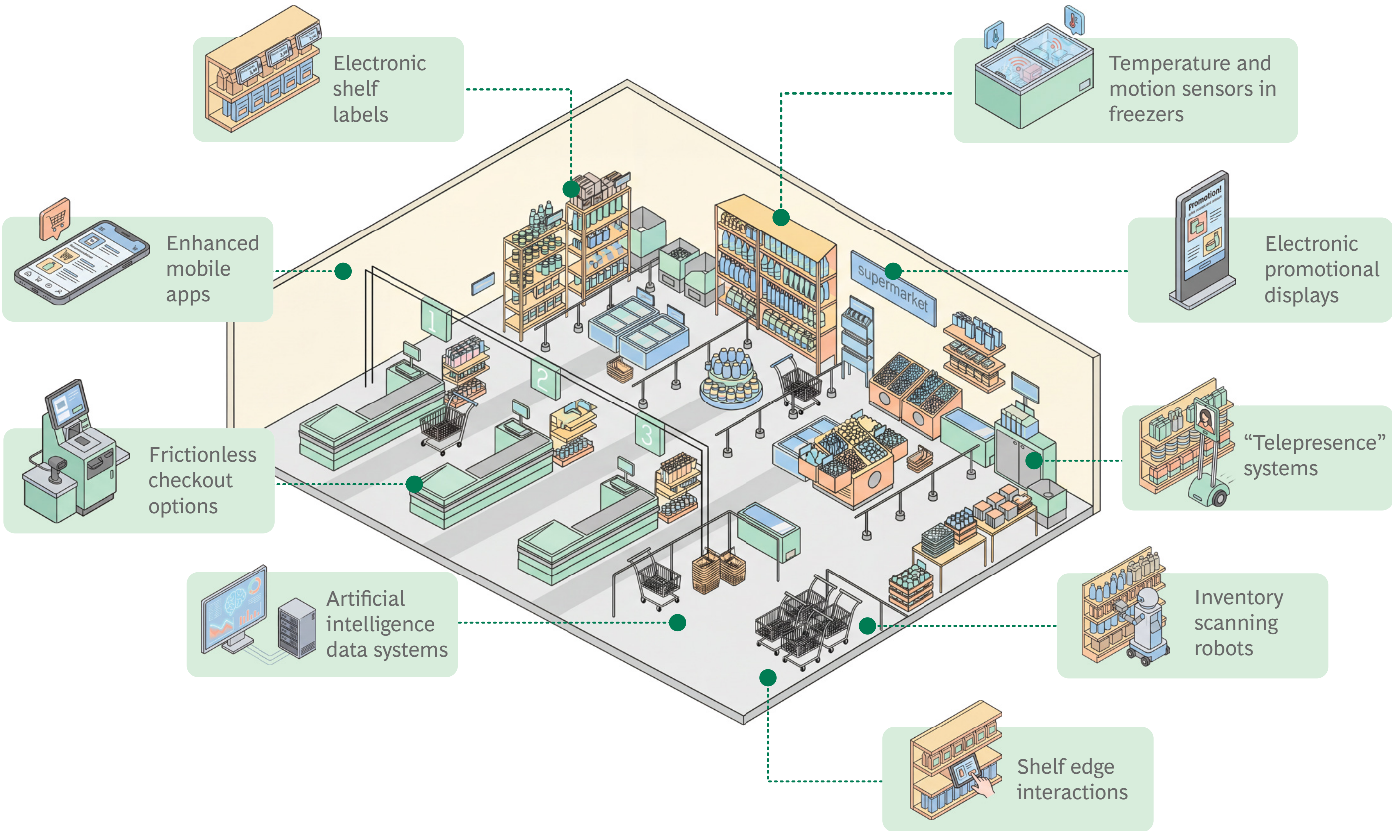
- Mobile adoption – 86% of 3.75B internet users go online via mobile devices
- Social media apps – Facebook apps are used by 2B+ people daily
- Cloud – virtually all organizations (96%) use cloud computing
- Internet of Things – IoT devices market is expected to double from $31B (2020) to $71B (2025)
- Advanced analytics – retail is leading in spend, projected to invest $5.9B on customer service agents, shopping advisers etc.

GCC leaders are pursuing such retail automation, but admit that they are in the early stages. One reports, “We’re experimenting with heat-mapping and targeted digital offers in-store. It’s early, but you can already see the uplift in engagement”. Another adds, “AI will change how people navigate retail, but we’re not ready yet. The capabilities, the data structures, the digital twins, it’s all still in its infancy”.

[6]Source: BCG analysis.

EXHIBIT 5

Technology is transforming every corner of the typical retail store



These five converging shifts are fundamentally changing the retail landscape, with profound implications for the associated real estate. Without a strategic redesign of space and operating models, portions of the region's expanding GLA may struggle to achieve targeted returns in an increasingly competitive environment.

Future-proofing retail real estate: disruptions leaders believe will shape the next decade

The industry leaders we interviewed recognize three disruptive scenarios that are likely or highly likely to materialize in the next 5-10 years. These scenarios frame the strategic choices developers must make today to ensure their assets remain viable in a rapidly shifting landscape. There is broad agreement that all three will materially influence the sector within the next decade, and that preparedness is currently low:

A. Over 50% of Retail Sales Move Online

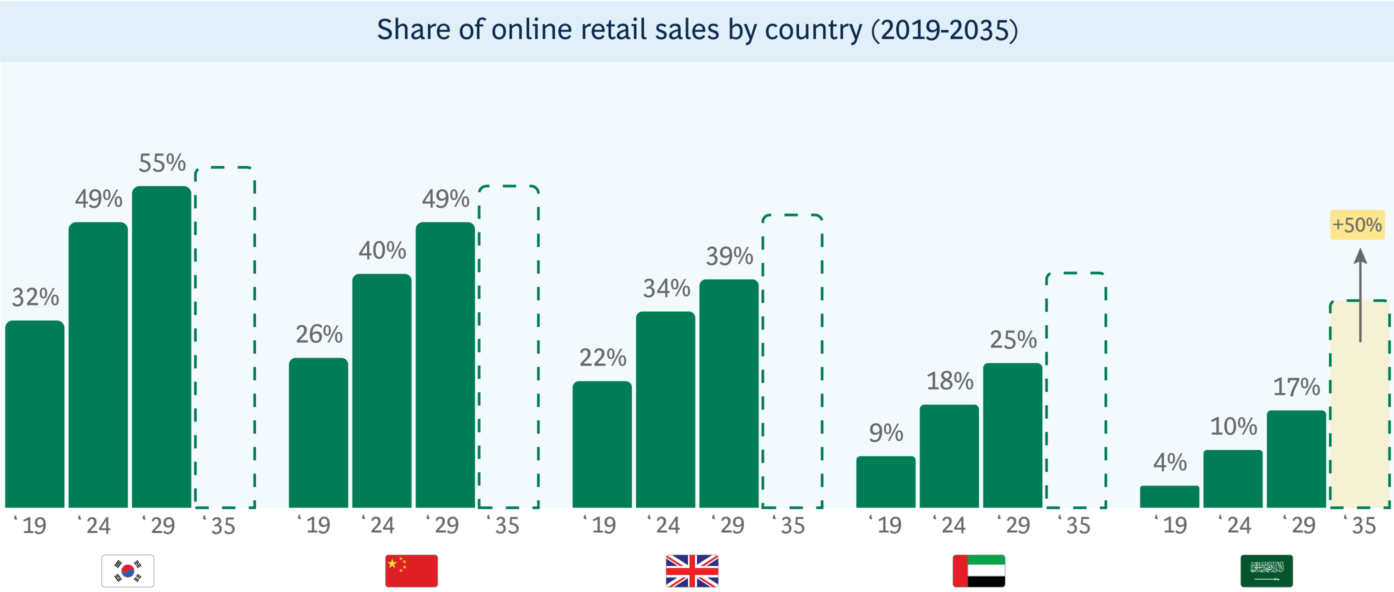
B. Retail Product Margins Erode – Data Becomes the New Currency

C. AI Agents Drive Consumer Decisions

Scenario A: Over 50% of Retail Sales Move Online. In a scenario where online penetration exceeds 50%, similar to South Korea today (Exhibit 6), retailers require dramatically less physical space. Stores shift toward showrooming, experience, and brand expression, supported by much stronger back-of-house for fulfillment, returns, and last-mile integration. One GCC leader described this shift, "We're seeing stores shrink and become more like showrooms. The real work happens behind the scenes". Another explained, "Fast delivery expectations mean dark stores, pickup bays, and micro-warehousing have to be part of the plan". Last mile players, global tech giants, governments, developers, and investors are planning new infrastructure projects to enable the digital growth.

EXHIBIT 6

The share of online retail sales is increasing globally



Source: Euromonitor; Flywheel; Forbes; BCG analysis

Real estate players will need to evolve into destination creators, curating experiences that draw consumers and communities. This includes revising the tenant mix towards lifestyle, entertainment, F&B, and well-being; and repurposing parts of malls for logistics and service functions that support omnichannel retail.

Scenario B: Retail Product Margins Erode – Data Becomes the New Currency. As store-based sales decline within the total sales mix, and media and data revenues grow, traditional retail product margins come under pressure. Leaders anticipate a further shift toward data-driven business models, where revenue increasingly comes from customer insights, targeting, and access to screen time rather than from product mark-ups. Leading global digital retailers can make a loss on product sales to win customer lifetime value and capture data, with the monetization of the data now driving >100% of profits. This shift could potentially see retailers venturing onto digital platforms across categories, perhaps connecting into banking, fintech, insurance, telecom, healthcare, and travel partners.

Under this scenario, the critical competitive advantage shifts to real estate owners who can enrich and connect customer data. In the words of one leader interviewed, “The power will sit with whoever can connect the data across journeys”. This requires capabilities to track people’s movement through space, link behavior across tenants, and create personalized, service-led experiences.

Scenario C: AI Agents Drive Consumer Decisions. Adoption of AI agents grows to the point that many shopping decisions are driven by Agentic AI. In this scenario, AI assistants become primary decision makers for consumers, evaluating products, comparing prices, and directing traffic toward preferred online and physical destinations. Agents may go on to complete transactions without further brand engagement. Retailers must digitize their product assortments to make them AI-readable, while real estate owners must ensure their environments are machine-navigable, with digital twins, metadata, and IoT infrastructure. It is important to realize that AI is already influencing consumer brand and product choices, with more than 50% of consumers under the age of 34 using AI as part of their shopping journeys. And there are many ways in which AI could become more involved (Exhibit 7)[7]. Retailers are already anticipating this shift – 75% say AI agents will be essential to CX in the next 5 years, and industry leaders like H&M, Sephora, Nike, Walmart, and Amazon are launching AI agents across use-cases.

[7]Source: YouGov

EXHIBIT 7

There are many ways in which AI can become involved in consumer decisions

Source: 2025 Salesforce AI Survey N=8,350 customers; BCG analysis

AI-readiness requires long-term investment, but developers must begin now. Early movers will be able to shape how AI agents interpret and direct traffic across retail ecosystems.

Emerging retail real estate archetypes in the Middle East

Interviews with senior retail and real estate leaders suggest that the future of retail real estate in the Middle East is not converging toward a single model. Instead, three distinct archetypes are emerging, each reflecting a different role that retail assets can play within cities, communities, and consumer journeys.

These archetypes are distinguished by strategic intent: what the asset is fundamentally designed to do, how it creates value, and what problem it solves for consumers and tenants. Importantly, future-proofing looks very different across these models.

- **Community and convenience retail** serves local, everyday needs with a focus on accessibility, visit frequency, localization, and operational efficiency rather than destination appeal.
- **Experience-led destination** positions retail as part of a broader leisure and lifestyle offering, where food, entertainment, and events drive dwell time and relevance.
- **Ecosystem platform developer** treats retail real estate as a commerce platform, extending value creation beyond the site through data, digital services, logistics, and media.

In practice, many developments will blend elements of more than one archetype. However, interviews consistently highlighted that performance depends on having a clear primary intent. Assets that attempt to pursue multiple archetypes without prioritization often struggle to align design, tenant mix, operating model, and investment focus, leading to diluted differentiation and rising complexity.

For leaders, the critical question is therefore not which archetype is “best,” but which role an asset is deliberately choosing to play within its market and catchment.

Nine future-proofing levers

With the archetypes defined, the real question becomes execution. How do strategic choices translate into tangible decisions on design, governance, operating model, capital allocation, and commercial architecture?

Interviews with leading operators point to nine core levers that determine whether assets remain competitive over time. These levers are the practical mechanisms through which strategy is realized on the ground. Each lever reflects a continuum of choices, enabling operators to calibrate their approach in line with asset ambition, customer proposition, and return profile.

1. **Localization of offering.** Future-ready assets are deeply embedded in their catchment area. Localization goes beyond tenant mix, and requires tailoring the entire proposition to local demographics, culture, spending power, and competitive context. Leading operators adapt merchandising, attract unique or locally relevant tenants, embed community programming, and ensure convenient, frictionless access. In community assets, localization is the primary source of defensibility; in destination formats, it complements global brands with local distinctiveness.

2. **External relations.** Retail assets operate within complex stakeholder ecosystems. Proactive management of relationships with government authorities, developers, municipalities, media, and local communities increasingly shapes performance and resilience. Strong external relations accelerate permitting, enable mixed-use integration, unlock partnerships, and support crisis recovery. In many markets, governance discipline and regulatory alignment are decisive differentiators, particularly for community and convenience formats.

3. **Operations excellence and cost discipline.** As structural pressures on retail margins persist, operational rigor becomes non-negotiable. Asset management sophistication, facilities management (FM) optimization, procurement excellence, and resilience planning directly protect returns. Leaders emphasized that operational excellence is not a defensive lever alone. When embedded into the operating model, with clear KPIs and rapid disruption recovery capabilities, it becomes a platform for reinvestment and competitive agility.

4. **Flexible and reconfigurable space.** Physical environments must be designed for adaptability. Strategic voids, modular partitioning, pop-ups, event spaces, branding installations, re-zoning, and rapid refresh capabilities allow assets to respond to evolving tenant demands and consumer trends. Flexibility is particularly critical in high online-penetration scenarios, where physical retail must continuously justify its relevance. Importantly, leaders stress that flexibility should be applied intentionally, aligned to positioning and economics, rather than indiscriminately reducing long-term value stability.

5. **Commercial capabilities.** The landlord-tenant relationship is evolving from static lease agreements to dynamic commercial partnerships. Advanced commercial capabilities include key account management, flexible lease structures, performance-linked components, data-sharing agreements, and structured retail media offerings. Sophisticated operators increasingly monetize insights, negotiate willingness-to-pay based on performance contribution, and design tiered commercial models. While full outcome-based economics may not be universally feasible, commercial innovation is becoming central to long-term value capture.

6. **Digital and non-GLA revenue streams .** Revenue growth is no longer confined to gross leasable area. Retail media, tenant services, kiosks, temporary concepts, parking optimization, loyalty and personalized marketing, last-mile integration, data capture, and AI-readable space design represent expanding monetization pools. Within a Data-driven Mall model, these revenues stem from monetizing traffic, engagement, and transaction influence rather than space alone. Where traffic and engagement reach sufficient scale, non-GLA revenues can represent a meaningful share of total asset income, particularly in experience-led and platform-oriented models. The most advanced operators are also exploring attribution models that recognize the asset’s influence on purchases occurring beyond its physical boundaries.

7. **Partner ecosystem.** No asset competes alone. Future-proofed retail increasingly depends on structured ecosystems of loyalty partners, data-sharing alliances, technology providers, logistics operators, and media platforms. Integration – commercial, technological, and operational – is the key enabler. Data partnerships and interoperable systems allow assets to orchestrate end-to-end consumer journeys while unlocking incremental value for tenants and partners alike.

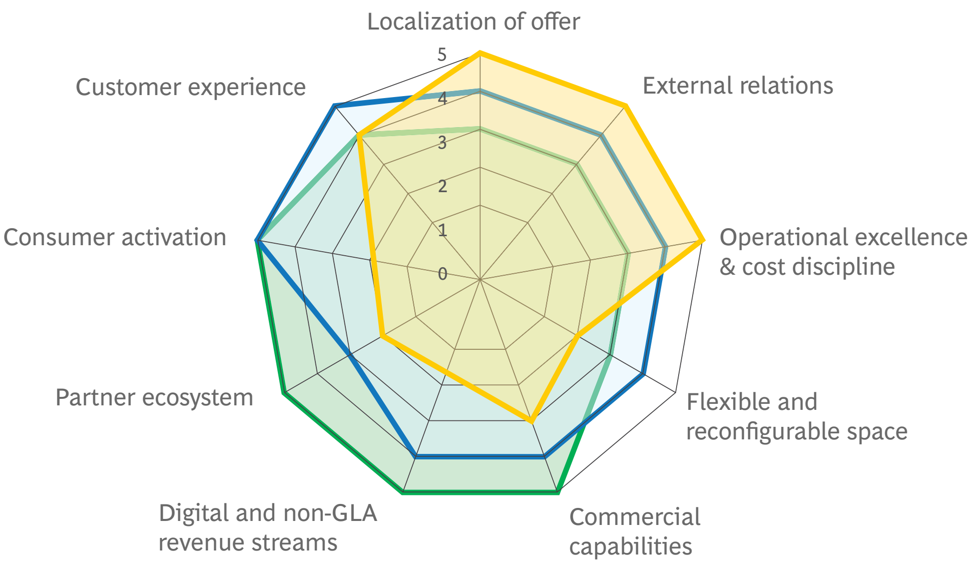
8. **Consumer activation.** Traffic alone is insufficient; engagement must be actively cultivated. Events, programming, marketing campaigns, affiliate partnerships, influencer engagement, and social media amplification all drive frequency and dwell time. In experience-led formats, activation is a primary competitive lever. In community assets, it reinforces loyalty and relevance. In both cases, activation must be tied to measurable outcomes rather than treated as a standalone marketing cost.

9. **Customer experience.** At the center of all nine levers sits the customer journey. Layout and flow, experiential design, service standards, wayfinding, and digital integration collectively shape perception and spend. Experience is not limited to aesthetics. It encompasses frictionless navigation, coherent storytelling, integrated physical-digital touchpoints, and consistent service quality. Assets that embed customer-centric design into governance and capital allocation decisions create structural differentiation rather than episodic novelty.

Exhibit 8 illustrates how each archetype over-indexes on selected levers while de-prioritizing others. No archetype can maximize all nine simultaneously without diluting focus and organizational clarity. Leaders therefore face a choice: which value equation do they intend to optimize?

EXHIBIT 8

Archetypes require different patterns of excellence across the nine asset-level levers, highlighting the trade-offs leaders must navigate.



Ecosystem platform developer | Experience-led destination | Community and convenience retail

Community and convenience retail: these assets function as local infrastructure; their advantage lies in relevance, accessibility, and operating efficiency.

Priority levers:

- **Localization of offering** – tailoring tenant mix and services to the catchment area
- **External relations** – deep integration with municipalities, developers, and community stakeholders
- **Operational excellence and cost discipline** – rigorous asset management, FM optimization, procurement control, and disruption resilience

Experience-led destinations: these assets compete on emotional pull; their economics depend on attracting discretionary visits and extending time spent on site.

Priority levers:

- **Consumer activation** – events, programming, affiliates, and marketing engines
- **Customer experience** –layout, flow, experiential design, service standards

Ecosystem platform developers: these assets treat retail as infrastructure for commerce orchestration.

Priority levers:

- **Commercial capabilities** – flexible structures, performance-linked economics, key account management, insight monetization
- **Digital and non-GLA revenue** – retail media, loyalty engines, data capture, AI-readable environments
- **Partner ecosystem** – structured integration with data, technology, and loyalty partners

Delivering against these differentiated priorities requires deliberate capability choices, rather than incremental upgrades across all fronts. Operators must invest selectively, building media and loyalty engines where attention economics matter, strengthening commercial analytics where performance-linked models are central, or deepening operational discipline where frequency and cost control drive returns. Tenant mix must be curated to reinforce the chosen model, whether around local embeddedness, experiential pull, or ecosystem integration. At the same time, data and journey visibility need to be embedded into governance and decision-making processes, not treated as parallel initiatives.

Organizational transformation is the critical execution enabler

While the levers outlined above define how retail assets must evolve, leaders consistently emphasized that organizational readiness is the single biggest constraint on execution today. Delivering flexible spaces, ecosystem integration, outcome-based models, retail media, and AI-enabled environments requires new capabilities across data and analytics, customer insight, retail media operations, experience design, and faster, more agile decision-making. Many organizations remain structured around static leasing, siloed functions, and occupancy-led KPIs, limiting their ability to operate assets dynamically. Leaders were unanimous that without targeted changes to operating models, decision rights, incentives, and talent, progress against the nine levers will remain uneven and slow.

Leader priorities, current progress and barriers to implementation

The interviewed leaders were broadly aligned on what matters most to future-proof retail real estate. Three priorities surfaced consistently:

1. Experience and placemaking, to compete for leisure time rather than transactions
2. Data infrastructure, as the foundation for future monetization beyond rent
3. Ecosystem integration, linking logistics, digital services, and loyalty across the consumer journey

But they also agreed that these are the areas where the sector is least prepared, particularly data and AI readiness. As one leader noted, "Everyone talks about data and AI, but almost no one is building the foundations". This gap between strategic ambition and operational readiness represents one of the sector's most pressing challenges.

Progress today remains uneven and largely incremental. Most current activity is concentrated on experience-led pilots (events, food precincts, mixed-use activations) that can be deployed relatively quickly and deliver visible short-term impact. Some developers are experimenting with basic data capture through apps, sensors, and footfall analytics, and a smaller number are beginning to integrate logistics and last-mile considerations into asset planning. However, none of the interviewed players is yet operating at scale in areas such as AI-readiness or outcome-based retail economics, despite recognizing their long-term importance.

Leaders consistently pointed to a number of structural barriers that are slowing progress:

1. Traditional industry mindset and operating model. Retail real estate organizations remain heavily oriented around leasing, development, and asset management, making it difficult to adopt more dynamic, customer- and data-led approaches at speed.
2. Retailer structure and economics. Especially in markets dominated by franchise groups, thin margins and centralized decision-making limit retailers' appetite for experimentation, data sharing, or participation in new commercial models.
3. Capability gaps in data, digital, and customer experience. Many organizations lack in-house skills in areas such as analytics, digital product development, UX, and AI, constraining their ability to move beyond pilots and scale new models.
4. Capital and incentive misalignment in a highly competitive and rapidly expanding market. Intensifying competition and short-term yield pressures can make it harder to justify long-horizon investments in capabilities and infrastructure, even when leaders recognize their strategic necessity.

Taken together, these barriers highlight that the challenge facing the sector has moved from identifying the right direction of travel, to building the organizational, economic, and governance conditions required to move toward it

Conclusion: rethinking strategy and activating change

Retail real estate in the Middle East is at an inflection point. Interviews confirm that the challenge is no longer understanding what needs to change, but deciding which role an asset is meant to play, and aligning design, economics, and organization accordingly.

The future will not be defined by a single winning model. Instead, leaders must make deliberate choices between distinct archetypes, and intentionally apply key future-proofing levers to their assets. Attempting to pursue all paths at once risks dilution, complexity, and underperformance.

What ultimately separates winners from laggards is execution. Despite broad agreement on priorities (customer experience, data, and ecosystem integration) progress remains constrained by capability gaps, retailer economics, and misaligned incentives. Without addressing these foundations, even new developments risk obsolescence.

For developers, the imperative is clear: shift the focus from delivering space to building operating models, invest selectively but decisively in enabling capabilities, and create the conditions for coherent, archetype-led strategies to take hold. Those who do will shape the next chapter of retail real estate in the region; those who do not will be forced to react to it.

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