



How Dubai Is Defying the Luxury Downturn

Last week, Zegna staged a runway show in Dubai the emirate, following in the footsteps of Roberto Cavalli, Armani and Chanel. The emirate remains the most established hub for luxury shopping in the Gulf region, which has bucked the industry's downward trend.

By Robert Williams



DUBAI — A skyline of shimmering towers, many of them emblazoned with the names of real estate titans Emaar and Damac, stretches for miles above the haze and sand as Emirates flights touch down at the world's busiest airport.

Among the passengers last week were fashion editors, models, influencers, retail buyers and top-spending customers who had been invited by Italian luxury brand **Zegna** (with support from the emirate's tourism authority) to discover its latest collection in the city that is home to its top-performing store.

"As a tribute to our top clients, we wanted to set a higher standard for brands to be present here," chairman Gildo Zegna said in a June 11 interview at the show venue, Dubai's opera house. For the event, Zegna transformed the space (near the Dubai Mall) into a desert landscape, the runway backdropped by dunes planted with the UAE's emblematic ghaf tree.

Chanel, Armani, Roberto Cavalli (owned by Emirati developer **Damac** since 2019) and **Carolina Herrera** have also staged collections in Dubai in recent years.

Dubai has reaffirmed its position as an El Dorado for luxury brands amid a global downturn for the sector. Last month, consultancy Bain & Co. cut its forecasts for the industry, saying sales would likely shrink by 2 to 5 percent this year, following a 1 percent drop last year.

The Gulf region has offered a lifeline: Luxury sales in the GCC (Gulf Cooperation Council) countries are expected to grow an average of 6 percent from 2024 through 2027, retail giant **Chalhoub Group** estimated in a May 2025 report.

Gulf cities boast burgeoning populations of well-heeled residents, many of whom have shifted their shopping habits closer to home since the pandemic. Despite rising competition from nearby Abu Dhabi, Qatar and Saudi Arabia — who have also invested heavily in retail and tourism in recent years — Dubai's longstanding "if you build it, they will come" approach to development continues to bear fruit.

Dubai's population is forecast to exceed 4 million people by next year, up by nearly 50 percent in a decade. An ultra-low tax environment (including no personal income tax) and apolitical approach to welcoming foreigners have supported growth. Russians emigrants, as well as Ukrainians, have flooded the city since the 2022 invasion. The city has also seen an influx of Turkish emigres seeking professional





opportunities or fleeing political instability and the number of Israeli residents has exploded since the UAE normalised relations with the country in 2020.

“Dubai continues to demonstrate resilience in the face of a global slowdown in aspirational and tourist shopping. The city boasts a youthful population with a strong appetite for luxury and exclusivity. Local clients, which includes expatriates and nationals, are outperforming tourists in terms of growth,” said **Kering**’s president of Middle East and Africa Miral Youssef, who is based in Dubai.

Then there’s the city’s positioning as a global **gateway**: Dubai is roughly halfway between Europe and Southeast Asia or Sub-Saharan Africa, and just a two-hour flight to India. As such, it’s emerged as a key destination for accessing the youth, energy and business opportunities of the global south. Not to mention attracting shopping dollars from the underserved residents of those fast-growing economies.

“Dubai serves as a vital gateway for luxury maisons,” Youssef said.

Mall Culture

As guests arrived for Zegna’s show, the Dubai summer was coming into full swing, with temperatures surpassing 100 degrees Fahrenheit by mid-morning. It’s immediately apparent why indoor shopping malls — those generously air conditioned temples of consumption — have yet to lose their lustre in the Gulf region two decades after the retail format peaked in the US and Europe.

Dubai Mall continued to smash its own records as the world’s most visited mall last year, counting over 100 million visitors from 200 countries, developer Emaar Properties said. Level, Chalhoub Group’s footwear retailer, counted 5 million visitors at its 9,000 metre shoe store in the Dubai Mall. Zegna said its store there averaged 1,000 customers per day from 30 nationalities.

The Mall of the Emirates — a preferred destination for Dubai residents — is also enjoying renewed momentum as the UAE’s pandemic-era repatriation of luxury spending sticks. Once famous for hefty spending trips abroad, Middle Eastern clients now do about 60 percent of their luxury spending domestically, a 2023 Business of Fashion and McKinsey report found.

In Mall of the Emirates, luxury stalwarts like Van Cleef and Arpels are situated alongside trendier propositions: Zimmerman and Amiri both have stores in the mall’s fashion dome, steps from Bottega Veneta and Balenciaga. Jil Sander opened its first Dubai store here in April. (There are also ghosts from retail eras past, like Pinkberry and the Virgin Megastore, and Dubai’s notorious indoor ski slope).

In April, the mall’s owner Majid Al Futtaim (MAF) announced it would spend \$1.4 billion on a sweeping overhaul and expansion, adding 100 new stores as well as more services catering to locals including a theatre, fitness club and an indoor-outdoor dining area that can be uncovered in the cooler months.

“We are transforming the mall into an immersive lifestyle destination that goes beyond traditional shopping,” Khalifa Bin Braik, CEO of MAF’s asset management unit, said in a statement. “As we approach the mall’s 20-year milestone, this is our commitment... to create a legacy of excellence that doubles our impact and sets a global benchmark for retail and leisure.”

Beyond Dubai’s iconic mega-malls, developers and brands are working to **grow smaller centres** — most of them catering to local demand, such as the Al Jimi Mall in Al Ain, as well as niche hubs for luxury tourists, such as the boutiques in Atlantis The Royal hotel (which now include a Louis Vuitton).

Regional Rivals

As the Gulf market booms beyond Dubai, the city faces increased competition in the region: Smaller, yet wealthy neighbor Abu Dhabi is building momentum among tourists with cultural attractions like the Grand Mosque and Louvre Abu Dhabi.





When targeted by a blockade by regional rivals from 2017 to 2021, Qatar accelerated its efforts to bolster its international soft power, making fashion a pillar of its investments. In addition to owning Valentino, Balmain, Printemps and Harrods through a state-backed fund, Qatar's royal family sponsors the Fashion Trust Arabia prize. Printemps opened a flashy Doha outpost ahead of hosting the World Cup in 2022, and Qatar added **10,000 square metres** of luxury retail space in its airport, Hamad International. The Doha hub has expanded its capacity to 65 million travellers per year, gaining on Dubai's 90 million.

Saudi Arabia has also poured **investments into fashion** and retail as part of Crown Prince Mohammed bin Salman's "Vision 2030" development plan, which includes opening the country to tourism and diversifying the economy away from oil. Last year, Celine Dion, Jennifer Lopez and Camila Cabello helped to spotlight the country's fashion push and expanded cultural season, performing at the "The 1001 Seasons of Elie Saab" co-hosted by the Lebanese brand and Saudi Arabia's General Entertainment Authority. More than 100 designers showed at the second edition of the country's annual fashion week last year.

Dubai's fashion week, by contrast, has been around longer — showcasing Dubai designer businesses like Michael Cinco and regional names like Lebanese designer Bazaza since 2015 — but the scale of the event remains relatively contained, with events all taking place in the Design District Dubai, whose developer is one of the week's principal sponsors. But recent efforts by Dubai's DET (Department of Economy and Tourism) to support major initiatives elsewhere in the city — such as partly underwriting Zegna's recent off-calendar extravaganza — suggest Dubai, too, is thinking about how to boost its profile in fashion, not just shopping. Fashion is also receiving increased investment via Dubai's Creative Economy Strategy, which aims to grow the creative economy to 5 percent of the emirate's GDP by 2026.

"To continue leading the way, Dubai should channel retail investment into fashion culture. I have no doubt that the same energy behind mall expansions can fuel a Middle East fashion prize or design residency, marking the city's next frontier in creative leadership," Kering's Youssef said.

Despite rising competition, Dubai is expected to hold onto its crown as the region's most important hub for luxury shopping, as steady population growth collides with a well-established reputation among tourists.

"The whole region is on a positive path, but with different levels of maturity," Zegna said. "Brands should be strong in Dubai, then be concerned about other [markets]."

