



## Eating at the mall



**Nagi Morkos, managing partner, Hodema consulting services** discusses food and beverage in malls and the new trend of food and beverage clusters taking shape in Lebanon

The US-inspired mall trend has spread globally in the last decade, and it doesn't seem to be running out of steam. What's relatively new, though, is the leading role that the food and beverage (F&B) industry now plays in the "commercial center" business. For a while, coffee shops and restaurants in malls were considered by consumers as a way to take a quick break between shopping sessions. Nowadays, some F&B outlets (in malls) have become sole destinations in their own right, with shopping activities being considered a side line rather than the main reason for visiting a mall.

### A new destination

In Lebanon, the Lebanese have jumped on the bandwagon of the mall trend. Seven major malls have opened in the last few years in Beirut, Dbayeh, Sin el Fil and Saida, with a further glut of large complexes sprouting nationwide. Added to this are several new projects in the pipeline, thumbing their nose at the economic downturn and the political instability. Various reasons can explain this popularity. The concept of malls is typically American and the Lebanese are shifting towards mall culture. Also, in urban areas where parking lots are hard to find, malls have become a convenient alternative for outings, attracting large families and groups of friends. The restaurant offering has thus taken a larger piece of the pie in the mall business, with a varied panel of outlets. In terms of footfall, F&B offerings benefit from a captive clientele who come to shop and from the mall

employees themselves, who use the outlets for their meal breaks. In terms of visibility, malls enable new brands to be exposed, and help already popular places to become destinations. Another upside is that "mall strollers" are likely to eat at any time of the day, extending service hours and profits.

Beirut City Center, recently opened on the southern outskirts of the capital, is to date the darling of F&B investors, with 33 outlets, out of the 87 located in Beirut's malls. It is closely followed by CityMall with its food court. As for Le Mall in Dbayeh, just north of Beirut, this has the largest ratio of gross leasable area (GLA) dedicated to F&B, although it is one of the smallest malls in terms of total size.

Depending on their location, thus their target clientele, Lebanese malls favor either lower or higher-end outlets. ABC malls in Beirut's Achrafieh and northern suburb, Dbayeh, being positioned in the upper market with a variety of luxury retail brands, offer the largest number of mid-end F&B outlets. Beirut City Center and CityMall's strategy is slightly different: they are the only malls with a food court positioned in the low-end, quick-service outlets representing respectively 46 and 43 percent of their F&B portfolio, which mainly targets families and focuses on kids' entertainment facilities. Le Mall Dbayeh has almost the same ratio of low and mid-end F&B brands. Despite the difference in positioning, Lebanese malls offer a diversified mix of F&B concepts that respond to the various needs of their customers.

“ Malls enable new brands to be exposed and help already popular places to become destinations ”

Lebanese malls favor American cuisine, mostly present in Beirut City Center in 46 percent of the outlets. ABC Achrafieh and Dbayeh, where positioning is slightly higher, have a larger number of restaurants serving European cuisine. In general, different international cuisines take the lead in all the country's malls, leaving limited space for Middle Eastern cuisine, which currently remains poorly represented. On the other hand, pan-Asian cuisine is gaining popularity in malls. However it is still dominated by the sushi offering.

Although most of the F&B concepts in malls are created locally, we recently witnessed the arrival of a growing number of international brands – mainly fast-food – on the market with the opening of Beirut City Center. However, Le Mall Dbayeh yields the largest number of Lebanese-grown concepts, with 70 percent of its F&B mix, followed hot on the heels by ABC Achrafieh and Dbayeh with almost 60 percent each. >

### The Gulf fad for malls

The reason why F&B outlets in malls have become the new eating destination in Lebanon, and the Lebanese are still hungry for more, can be found in the Gulf. The mall trend has been going strong there for a long time now, which has given time for investors to try and test out F&B concepts. In Saudi Arabia and Qatar, restaurants that are located in malls have overtaken clusters and streets outlets. Doha is home to 11 malls in which 261 F&B outlets are operating, mostly low-end quick service restaurants, with 70 percent of imported brands, which are mainly American. City Center Doha gathers the highest number with 53 F&B outlets. However, local food is not served in the malls, and only 3.8 percent of concepts offer oriental cuisine. Looking upstream, Qatar has five mall and commercial center projects in the pipeline.

Dubai is also a major player on the "mall field": out of its 1039 total identified number of F&B outlets, 604 are located inside malls. In Kuwait, Avenues Mall has the largest GLA that is dedicated to F&B (23 percent of its total GLA) with 179 outlets.

Oman is the only country in the region where street restaurants and snack outlets put up strong resistance: only 30.8 percent of the F&B offering there is located in malls.

### F&B clusters

Born in the USA, F&B clusters which consist of restaurants have only recently emerged and found a growing fan base. The development of food clusters is explained by the fact that

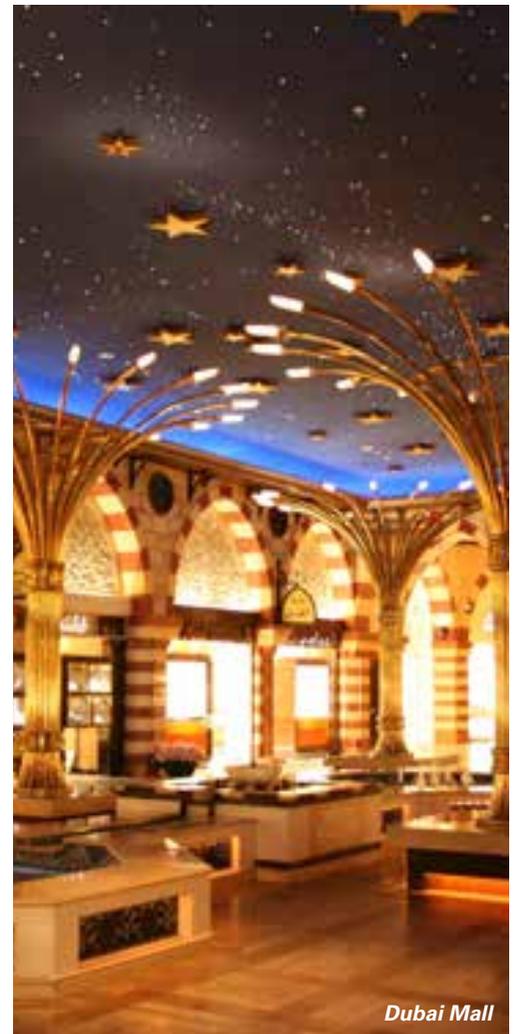
they are an attractive alternative for both F&B tenants and property owners. F&B tenants share some of the costs such as valet parking, the cleaning of common areas, and marketing expenses, to promote the entire cluster. Some of the clusters include entertainment activities for children in order to attract more families. The smaller size of their structure enables them to open in central areas, unlike malls. This formula seems to pay for real estate developers, who lease empty complexes without having to manage them.

Beirut has seen many of these clusters flourishing in the last months: Verdun 1341, Junction 5 Blueberry Square in Dbayeh, 1866 Tower, Suites in Bliss Street, and The Courtyard in Hamra. More projects are in store, especially in the capital's suburbs of Antelias and Hazmieh.

The main shortcoming, which explains why malls are still a step ahead, is the mix of leisure, retail and F&B activities that they offer. Food clusters are definitely catching up with malls, but for now, mall restaurants are still keeping consumers hungry for more.

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Dubai Mall

