

# GCC food services sector to hit \$29.3b

**Figure for 2020 released as part of report that says market to grow at 8% annual rate**

**DUBAI**

Staff Report

The GCC's food services sector is headed for further growth, and is expected to hit \$29.3 billion (Dh107.5 billion) by 2020, up from \$21.5 billion in 2016 and \$20.1 billion in 2015. According to a report issued by Al Masah Capital yesterday, the Gulf food service market is expected to grow at an annual rate of 8 per cent, driven by a growing population and tourism sector, disposable income, and changing dietary habits.

The report stated that the increase in demand came despite sluggish economic conditions, adding that the growth will be largely driven by a ballooning middle class and increased penetration by international and local brands.

With the region's overall food consumption expected to have reached 48.1 million metric tonnes in 2016, the GCC is projected to build a strong brand identity in the food services space and is likely to continue strengthening its foothold in coming years.

In its report, Al Masah Capital pointed out that despite an economic slowdown in the GCC, private equity players have clearly preferred to increase their investment focus in the food services sector amid rising volatility and de-

cline in oil prices since 2014.

The report also indicates that the fast food segment grew by 7.4 per cent, and is expected to continue its dominance in the market followed by the full service restaurant segment, which grew by 6 per cent.

Cafés and bakery segments, whose sales remained relatively subdued, with an annual growth rate of 7.5 per cent between 2012 and 2016, are also expected to grow at around 3 per cent to reach \$2.75 billion by 2020.

In the UAE and Saudi Arabia especially, governments are heavily investing in the hotel and retail spaces, to turn the region into a hub for hospitality brands, a move that will ultimately have a positive effect on the food services sector.

According to the report, trends that are likely to accelerate the food service sector growth include a rise in demand for healthy and organic food.

**\$21.5b**

**Value of GCC food services sector in 2016**

**6%**

**Growth in full service restaurant segment**