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Choueri Real Estate to raise \$100m Dubai fund

Local realtor is putting together a fund to invest in Dubai property.

By Anjana Kumar

Choueri Real Estate, a Dubai-based real estate broker company, is working with real estate fund managers to put together in excess of \$100 million (Dh367m) for a real estate fund that will invest into the residential, commercial and hospitality sectors in the UAE, with a special focus on Dubai, a top executive of the company said.



"We are working with a portfolio of fund managers to bring in the real estate funds into the local market in Dubai," said Laura Choueri, CEO, Choueri Real Estate.

According to Choueri, the fund will be a closed-ended fund.

In an interview with Emirates Business, she said: "There are different funds that are being put together from different parts of the world to purchase into real estate in Dubai."

She said fund investors were looking at various real estate opportunities to invest into the local real estate market in Dubai.

Are real estate fund investors eyeing Dubai's distressed assets? Do you know of any real estate fund entering the market in Dubai?

We are working with a portfolio of fund managers for bringing a real estate fund in excess of \$100m into the local market in the UAE with a larger focus on Dubai.

Where are these funds coming from and who will be the fund investors?

The funds themselves can be from the United States or anywhere in Europe. It will be a closed-ended fund. There are many different funds that are currently being put together from different parts of the world to purchase into real estate in Dubai. The fund investors are not just looking for distressed assets but for opportunistic properties across the UAE.

We are very particular about who we work with. We would like to know more about their backgrounds and if they really understand what the Dubai market is really about.

What is the portfolio of properties that the fund is eyeing?

The range could be anywhere from opportunistic properties whether it is a building or a developer who is not able to sell the building in the traditional way or whether it is an individual who has put together a certain amount to invest into real estate. We have some interesting portfolios that we have put together. We work with investors and real estate fund managers that are looking to buy distressed assets in Dubai.

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Is Dubai seeing a price-floor?

When you put a property up for rent or sale, your situation at the time when you sign a listing form as an owner changes over a period of time if that property is not rented or sold. You could list a property to rent it at around Dh200,000 but by the time the tenant comes around, the market could have dropped to Dh170,000. Obviously, the market is still fluctuating on prices on a weekly basis.

How do you currently see the real estate market in Dubai?

The economy has gone back to 2003 levels and it has gone back to when freehold just started in the market. It has gone back to traditional form of real estate once again. Today, what we see are signs of a stable market. I believe one needs to know a lot about where Dubai was before 2000 and if they cannot do that, then it will be very difficult for people to venture into the real estate market.

What can be done to shore up the real estate market?

It would be very important to get the Strata Law in place. It would also be important to have all the Rera (Real Estate Regulatory Agency) forms in place. Further, it would be very helpful for banks to start lending. As broker firms, we will offer as much of our support as we can to coax people in the market to buy properties but at the end of the day we need to get the market to move. We have to look at the way Dubai is placed. As long as funds are coming into the real estate market in Dubai, it is a good sign.

Is it still a battle between the buyer and the seller to come with some sort of consensus with respect to prices?

Owners are frustrated because the return-on-investment (ROI) on some properties has come down considerably. Owners still have to pay the service charges on their properties.

What are the hotspots in Dubai currently?

Today, where the end-user products are is where the hotspots are currently in the market. Downtown Dubai is always a hotspot. If you look at the investors, they are interested in different areas, however, The Lakes, Emirates Living, The Palm, Jumeirah Island are all hotspots.

There are pockets in Dubai which are doing well and there are pockets which are not. Discovery Gardens is not the same as Emirates Hills. Palm Jumeirah is not the same as Springs.

Have you seen a high turnover of real estate agents in your firm?

Recently we had around eight to 10 real estate agents who left in order to get back to their home country or who wanted to do higher studies. However, as far as we know, agents have not left us to join other broker firms.

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Are all your real estate agents on a commission basis? As a broker firm is it not a constant challenge for you to have agents on commission basis as then they always have the flexibility to switch jobs?

Our agents are mostly on commission basis. When a real estate agent takes commission, he becomes his own company under one umbrella. Real estate sales can never happen by just sitting back and waiting for the phone to ring. Agents today have to go out there in the market and network.

How do you screen your real estate agents when you are hiring them?

People wishing to work in real estate should have a passion for real estate. If you don't have a sense in your gut about real estate, then you don't belong there. So it is just not about the profession or the talent. For us, a lot of it is about people being able to network well. It is more of a referral, people that are either in the office or friends outside of the office.

What is the talent level of real estate agents currently in the market?

Today, real estate agents have to work much harder for the work they do. There was a period during 2008/ 2009 when real estate agents did not have to do much in order to sell in the market. Today, however, one cannot wait for the phone to ring. Agents have to strive harder to keep their networks strong. Real estate is a passion, you either have it or you don't. If agents look at it as just a job, then I don't recommend people to come into real estate for doing just a job.

Today, if real estate agents can survive these tough times, they will be well prepared to sell real estate.

How many real estate agents do you have at the moment?

We currently have around 12 real estate agents. We have a mix of nationalities as agents who are out there in the market dealing with end-users.

Are the training courses of Rera comprehensive?

The courses have to be more modified as there are two aspects to training – one is the theory and the other is the practical aspect. For customer satisfaction, there has to be a proper real estate school where agents get a proper degree in real estate courses.

Are you happy with the real estate regulations set by Rera so far?

We are a part of what Rera does. We actually see ourselves being very involved with Rera in terms of their discussions and round-tables. As an example, we implement Rera's forms. In fact, we can hardly wait until the forms are all implemented and the people understand that they have to use them in order to move forward in the real estate market. That will be one of the healthiest things that can happen in the real estate market.

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Do you have agency agreements with developers in the UAE?

We have always had agency agreements. Every developer that we have worked with has had to go through the stringent due diligence of Rera. We have always worked with Emaar or Nakheel.

What about the charges set out by Rera?

Today, everything is a costly affair for real estate agents because they are having to run after their money. There are companies who cover the costs for the real estate agents, but we do not.

Do you believe Dubai is quick to process documentations to set up corporate companies?

There has to be an attractive incentive to be able to see companies set up offices in Dubai. The process of setting up companies is not difficult but it is not easy either. It is a process that should be further simplified and shortened. Dubai should further attract companies to come and open up offices in the emirate.