

Monthly Middle East newsreel

April 2010

UAE Residential

As part of Plan Capital 2030, the Abu Dhabi Urban Planning Council has unveiled waterfront design guidelines for Al Bateen area. The key objective is to provide all property owners and developers along the waterfront with a framework to contribute to Plan 2030 goals. This will be achieved by dedicating land for community access and amenities along the entire waterfront.

(The National 7.4.2010)

The Sharjah Government is going ahead with the multi-purpose Al Nujoom Island project at Al Hamriya and 1,000 villas are scheduled for completion within 18 months, an official said. Al Nujoom Island is being built on reclaimed land at Al Hamriya on Sharjah's northeast coast and will cover an area of 60 million sq ft. The integrated project features Andalusian-style architecture and comprises residential, commercial, retail and hospitality facilities including parks facing the Gulf.

(Emirates Business 24/7 08.04.2010)

Regional Residential

Expatriate homeowners in special zones can now obtain two-year, renewable visas. Sales of new homes in Oman fell markedly after the global financial crisis. Prices in Muscat declined between 30 and 40 per cent on average, with high-end villas hit hardest according to the property consultancy Cluttons. Now, with the new visa policy in place for several months, sales have picked up and prices have stabilised in three of the country's largest developments: Muscat Hills, The Wave and Shangri-La Barr al Jissah.

(The National 01.04.2010)

The total number of registered property sales in Kuwait for residential, commercial and investment almost doubled to 760 in March from 383 in February, a recent report has revealed. The latest National Bank of Kuwait (NBK) real estate brief said this number was 97 per cent higher than a year ago. According to the report, this was the strongest performance in two years in Kuwait that put volumes back at pre-crisis levels.

(Affiliated Press 26.4.2010)

Dubai Investment Real Estate Company (Direc), a subsidiary of Dubai Investments, and Aqaar Properties has liquidated their joint venture that was formed to build a multi-billion-dirham project in Ajman, citing "project not being feasible under current market conditions". In its 2009 consolidated financial statement Dubai Investments said, "During the current year, the group jointly with Aqaar has resolved to liquidate Ajman Oasis due to current economic situation in which the project is not considered feasible."

(Emirates Business 24/7 01.04.2010)

Bonyan International Investment Group, a Dubai-based property developer, has begun the handover of its Dubai Gate 1 project in Jumeirah Lake Towers (JLT). Dubai Gate 1 project has a total of 592 residential units with 30 retail shops. According to Bonyan, of the total 592 apartments within the building, keys for around 50 apartments have been handed over to investors.

(Emirates Business 24/7 08.04.2010)

Work on BD 1BN Northern Town to commence in October. Bahrain's housing minister, Shaikh Ibrahim Bin Khalifa Al Khalifa, announced that construction tenders for phase 1 consisting of 1,500 affordable houses would be opened in July, with completion set for 2012. 15,000 Northern Governorate residents who are on the ministry's housing waiting list have been promised homes in the town within 10 years.

(Gulf Daily News 21.04.2010)

Qatar's Barwa Real Estate said yesterday it will continue to sell assets in 2010 and 2011 to meet its obligations after it repaid QR4.3 billion (\$1.1bn. Dh4bn) in Islamic financial facilities. The developer, an affiliate of the country's sovereign wealth fund, said it repaid the sum through the sale of some assets and on settlement of claims for projects undertaken for the government and other third parties. Barwa is the fifth-largest developer in the Gulf Arab region by market value did not give details of the asset sales.

(Reuters 7.4.2010)



UAE Commercial

Sheikh Zayed Road in Dubai, which once had the highest occupancy rates for office buildings in the city, is now nearly half vacant. Office rents fell by as much as 45 per cent in the first quarter of the year compared with the previous quarter as more office buildings were delivered to the already over-supplied market, says a report from Cluttons, the international property broker. Only the Dubai International Financial Centre and TECOM had occupancy levels above 90 per cent, while occupancy on Sheikh Zayed Road were averaging 60 per cent vacancy rate.

(The National 05.03.2010)

The Armani Hotel Dubai in the Burj Khalifa will occupy the levels between the concourse and the eighth floor and levels 38 and 39 of the tower. Its opening was delayed because the Burj Khalifa's opening was pushed back and more recently as the property received the finishing touches. The hotel will have 30,000 square feet of conference and banqueting facilities – including the Armani Ballroom and the Armani Pavilion, an outdoor area for up to 350 guests. The 160 luxury rooms and the rest of the hotel were crafted by the designer himself.

(The National 13.04.2010)

Regional Commercial

Saudi Arabia has pledged a SR 1BN medical city to Bahrain, during King Abdullah Bin Abdulaziz's official visit to the Kingdom. The city, to be affiliated with Arabian Gulf University, will be named after the Saudi monarch "in recognition of Custodian of the Two Holy Mosques' pioneering role in the services of the Arab and Islamic nations," said Khalid Abdulrahman Al Ohali, President of Arabian Gulf University.

(Arabian Business 19.04.2010)

Government owned Abu Dhabi National Exhibitions Co (ADNEC) said it plans to invest \$953.2 million to build a convention centre in Al Ain to develop the city into a business destination. Al Ain, about 160 km from Abu Dhabi, is less commercial and known for its greenery. Construction of the mixed used project that includes a cultural centre, hotels, residential and commercial and associated facilities has begun, ADNEC said in a statement.

(Arabian Business 10.04.2010)

The UAE-based Landmark Group, which is best known for its 940-strong group of stores that includes big names such as Home Centre and Babyshop, is to open its first Citymax Hotel in Al Barsha in Dubai on May 3. Although Landmark is new to the hospitality sector, most of its retail brands are targeted at the non-luxury end of the market, just like its planned hotel chain. The new 378-room Citymax hotel will charge between Dh250 (US\$68.05) and Dh300 a night for its rooms and is expecting to attract mainly business travellers.

(The National 07.04.2010)

The Dubai International Financial Centre (DIFC) is conducting a wide review of strategies and costs to help it emerge from the global downturn, the centre's chief executive said today. At least 40 companies have left the centre since the start of last year, according to accountants licensed to deregister companies there. Many have said they left due to high fees and office rents. Rents at the DIFC are between double and triple those in other parts of Dubai.

(The National 06.04.2010)

Mubadala Development Company and Four Seasons Hotels and Resorts today announced their partnership in the development of Four Seasons Hotel Abu Dhabi at Sowwah Island, a luxury business hotel that will be built on Sowwah Island, at the heart of the UAE Capital's strategic new Central Business District. Four Seasons Hotel Abu Dhabi at Sowwah Island will occupy a prime waterfront location adjacent to Sowwah Square, the island's flagship commercial development and the new headquarters of the Abu Dhabi Securities Exchange, ADX.

(Zawya 12.4.2010)

In a move that could herald a jump in activity in the residential segment, the government of Qatar lifted a ban on price rises in the rental segment. The rental freeze is still in place for retail and other commercial properties in Qatar, with the government hoping that by maintaining the ban until February 2011, more businesses will take advantage of capped rent costs to either open their doors or expand existing operations.

(Oxford Business Group 26.4.2010)

A recent study conducted by Dun & Bradstreet indicated that business sentiment in Qatar was on the rise. Over one-third of all respondents to the "Business Optimism Index" survey said they expected borrowing conditions to improve in 2010, with 32% saying they were considering expanding their operations, all of which bode well for the real estate sector.

(Oxford Business Group 26.04.2010)

Residents living in the middle of Abu Dhabi Island will have a major mall in their neighbourhood before the end of the year. The 180,000 square metre Mushrif Mall, which will cost at least Dh1.2 billion (US\$326.7 million), is expected to open in the fourth quarter. The shopping centre will house a huge fresh produce market measuring 25,000 sq metres, with stalls for fish, meat, fruit and vegetables. Emke Group, the developer, is expecting 10 million visitors to Mushrif Mall – a three-level, castle-like structure – in the first year. About 70 per cent of the mall is leased with stores aiming at the mid-range to premium segment.

(The National 27.04.2010)

UAE and Regional Economic News

Saudi Arabia will need an approximate one million new homes over the next five years to keep up with an estimated 3.3 per cent compounded annual growth rate (CAGR) in demand, according to a recent study by Saudi-based Jiwari Real Estate Management and Marketing. This growth rate translates into about 5.5 million required units by 2014. Housing demand has risen steadily in recent years due to mainly a young and rapidly growing population constantly seeking affordable homes.
(*Emirates Business* 24/7 05.04.2010)

Bahrain's GDP has seen an increase of nearly 50% since 2003, according to new figures released by the Economic Development Board. Shaikh Mohammed Bin Issa Al Khalifa, CEO of the EDB, stated that notwithstanding the global downturn, Bahrain's output still expanded by over 3% in 2009. Shaikh Mohammed recognised the need to diversify the economy away from the oil and gas sector, stressing the importance of strengthening Bahrain's research, development and innovation capability in order to succeed.
(*Bahrain Tribune* 08.04.2010)

Bahrain to launch second stock exchange in October. The new multi-asset exchange, to be known as BFX, will be located in the Bahrain Financial Harbour and will be regulated by the CBB. BFX will trade cash instruments, derivatives, structured products and sharia compliant financial instruments. Opening was due in Q1 2010 before delays, however CEO Arshad Khan is confident of hitting the new target, stating: "Significant planning has gone into developing this date and reflects consultation with the market, regional market dynamics and internal testing and readiness"
(*Arabian Business* 13.04.2010)

Nakheel said today it would start paying contractors once the developer had secured consent on 65 per cent of claims from creditors. The announcement comes a month after its parent company, Dubai World, disclosed plans to inject US\$8 billion (Dh29.38bn) of fresh capital into Nakheel as part of a \$24.8bn debt restructuring plan.
(*The National* 26.04.2010)

Emirates Airline estimated that losses were running at US\$10 million (Dh36.7m) a day at the height of the havoc caused by the ash, with the airline having a fifth of its fleet grounded and having to accommodate up to 6,000 transit passengers in hotels across Dubai. More than 270 flights across the airline's network were cancelled, affecting the travel plans of about 100,000 passengers, Emirates said.
(*The National* 27.04.2010)

The government of Saudi Arabia has approved 659 projects valued at SR20.89bn during the first quarter of this year, mostly on construction projects for roads, schools and hospitals, and waste water facilities, the Saudi press agency has reported. The kingdom plans to spend more than \$400bn until 2013 to upgrade its infrastructure.
(*AMEInfo.com* 25.4.2010)

Cluttons, a property consultancy, yesterday announced that it has created a strata management division following the imminent implementation of the Strata Law, a company official said. Cluttons UAE, which already has around 50 buildings under its management, said according to the new Strata Law, owners will be able to review and amend service charges through general meetings with the owners' association (OA) and will be able to operate their own bank accounts sue and be sued.
(*Emirates Business* 24/7 26.04.2010)

Qatar Real Estate Investment Co (Alaqaria) has posted QR64m (\$17.59m) in Q1 net profit, compared to QR63.8m (\$17.5m), Reuters has reported. Qatar's Barwa Real Estate Co was ordered by the government in January to take over Alaqaria. After the takeover, Alaqaria will become a subsidiary of Barwa with the market capitalisation of the combined firms reaching QR11.1bn (\$3.05bn), the company has announced.
(*AMEInfo.com* 21.4.2010)

Passenger numbers at Dubai International Airport have continued to grow, helped by an improvement in economic conditions and the addition of more flights by local airlines. Passenger traffic increased by 21.8 per cent to reach 3,968,672 last month compared with 3,259,072 in March last year, said Dubai Airports, which owns and operates the emirate's airports. But the numbers this month may not be so bright because of the disruption caused by last week's volcano eruption in Iceland. The resulting ash cloud that covered much of Europe for six days caused thousands of flight cancellations.
(*The National* 27.04.2010)

A trade rebound should help the economy expand in the second half of this year, the Minister of Economy said yesterday as the country's global ports operator reported a rise in container volumes. Further signs of a resurgence in trade emerged yesterday from the ports operator DP World, a unit of the Dubai Government-controlled Dubai World. Gross volumes from its 49 operational terminals grew 15 per cent to 11.2 million twenty-foot equivalent units (TEU) in the first quarter of this year compared with the same period last year. Led by strong demand in the Asia-Pacific region and Australia, first-quarter volumes also exceeded 2008 levels, DP World said.
(*The National* 26.04.2010)

Employment growth is expected to pick up this year after falling close to zero last year, with job losses in sectors such as construction, a government official says. But the number of private-sector jobs created this year will not match the rate of two years ago, before the global financial crisis, said Zain al Sharif, the director of standards and policies at the Ministry of Labour. Employment growth fell in the UAE last year from more than 30 per cent in 2008.
(*The National* 14.4.2010)

Property services

Cluttons offers a comprehensive agency, management and professional service to all owners and occupiers of commercial and residential property throughout the Middle East.

We act for a wide variety of institutional, corporate and high net worth clients and we have connections with all the major lending institutions through our valuation services.

Presented here is a list of our principal activities. We offer you a single point of contact so that you may be directed to the person who will best be able to offer you the right service.

Dubai

Cluttons LLC
Ground Floor
Spectrum Building
Oud Metha
P.O. Box 3087, Dubai
United Arab Emirates
T: +971 4 334 8585
F: +971 4 334 8362
Dubai@ae.cluttons.com

Bahrain

Cluttons LLP
Almoayyed Tower
Suite 2004
Seef District
P.O. Box 5856
Kingdom of Bahrain
T: +973 1 756 2860
F: +973 1 758 7055
info@bh.cluttons.com

Sharjah

Cluttons LLC
Behind Nova Park Hotel
King Faisal Street
P.O. Box 3615
Sharjah
United Arab Emirates
T: +971 6 572 3794
F: +971 6 572 5890
Sharjah@ae.cluttons.com

Abu Dhabi

Cluttons LLC
Fourth Floor
Al Mamoura Building.B
Muroor Road
P.O. Box 46400, Abu Dhabi
United Arab Emirates
T: +971 2 659 4001
F: +971 2 659 4150
abudhabi@ae.cluttons.com

Oman

Cluttons & Partners LLC
Hatat House
P.O. Box 1475
Ruwi 12
Sultanate of Oman
T: +968 24 564 250
F: +968 24 564 257
info@om.cluttons.com

London Head office

Cluttons LLP
Portman House
2 Portman Street
London
W1H 6DU
T: +44 20 7408 1010
F: +44 20 7647 7007
info@cluttons.com

Services & contacts

Steven Morgan

Director, Head of Dubai Office
+971 4 334 8585

Ronald Hinchey

Director, Head of Professional Services
+971 4 334 8585

Jonathan Fothergill

Director, Head of UAE Valuations
+971 4 334 8585

Lesley Preston

Director, Head of UAE Property Management
+971 6 572 3794

William Dewsnap

Associate Director,
Abu Dhabi Valuations
+971 4 334 8585

Chris Waight

Associate Director,
Residential Valuations
+971 4 334 8585

Lana Aveyard

Research Analyst
+971 4 334 8585

Martha Antao

Dubai Property Management
+971 4 334 8585

email first.lastname@ae.cluttons.com

Kim Robinson

Residential Sales and Leasing
Manager
+971 4 334 8585

Tamsin Johnston

Senior Sales Negotiator
+971 4 334 8585

Edward Batten

Commercial Sales and Leasing
+971 4 334 8585

