

# Monthly Middle East newsreel

May 2010

## United Arab Emirates

The Interim Owners' Association (IOA) of the Indigo Tower building in Jumeirah Lake Towers has brought down service charges by 20 per cent from the developer's proposed budget of Dh13.47 per square foot to Dh10.77 per square foot, according to a committee member of the association. "For the year 2010, we managed to reduce service charges for apartment owners to Dh10.77 per square foot, excluding the sinking fund, from an initial proposed budget set at around Dh13.47 per square foot by the developer. The drop in service is a result of hard negotiations with the facilities management provider. When we compare with other parts of Dubai, we think the current service charges are still high," said Declan McCrohan, a committee member of the Indigo Tower's IOA. *(Emirates Business 24/7, 4.5.2010)*

The number of transactions and new property listings with agents has declined in Ras Al Khaimah since the end of last year, realty agents said. Mohanad Alwadiya, Managing Director, Harbor Real Estate, said: "We have not removed any listings for Ras Al Khaimah. However, we have not received any new listings for the past four months for the emirate. The fourth quarter of 2009 was the last time we concluded a transaction for a property in Ras Al Khaimah." *(Emirates Business 24/7, 10.5.2010)*

Nakheel, the builder of man made islands shaped like palms, is widely expected to repay the bond on time despite the absence of a formal debt deal on parent Dubai World, which is in talks with banks to restructure \$24.8 billion in debt repayments. In a statement to the Nasdaq Dubai bourse, Nakheel said: "Nakheel today announces that the Dubai Financial Support Fund has made available sufficient funds to allow for the repayment in full of the sukuk issued by Nakheel Development 3 Limited, which matures on 13 May 2010." *(Arabian Business, 11.5.2010)*

Master developers in Dubai are being asked to give reasons why projects have not started and being urged to take more responsibility as officials get tough on developments that have no chance of being built. Dubai's Real Estate Regulatory Agency (Rera) is compiling audited technical reports on all the projects that are under the master developer's freehold areas. *(Property Wire, 5.5.2010)*

Dubai will not feature any new giant malls for about five years, says the global trade association of the shopping centre industry. Instead, the city will see smaller community shopping centres come in as the drop in land prices makes them more viable for developers, the organisation says. Michael Kercheval, the president and chief executive of the International Council of Shopping Centres, said although the Middle East was "under-retailed", Dubai would not need more major retail developments for about five years.

*(The National, 2.5.2010)*

The Ritz-Carlton hotel has attracted at least seven possible buyers as the Dubai developer Union Properties tries to off-load its hospitality assets to raise cash. Khalid bin Kalban, the chairman of Union Properties, said "everything is for sale at the right price" as Union recovers from losses caused by declining property values and lower sales, which last year totalled Dh498 million (US\$135.5m).

*(The National, 1.5.2010)*

Office landlords in Dubai are offering increasingly attractive incentives, including rent-free periods of up to two years on five-year leases, as they compete for tenants. As new buildings were delivered in the first quarter this year, rents fell by as much as 45 per cent from the levels of the previous quarter, said the property brokerage Cluttons. The oversupply has prompted landlords to come up with new ways of securing long-term leases.

*(The National, 4.5.2010)*

W Hotels is planning to open one of its trendy lodgings in Abu Dhabi while its long-planned outlet for Dubai is on hold, the chain's operator said yesterday. The W Abu Dhabi is expected to open at Al Bateen Wharf in 2013, said Guido De Wilde, the vice president and regional director for the Middle East at Starwood Hotels and Resorts. Starwood is the US company that runs the W brand. Belbadi, an Abu Dhabi-based company, will develop the luxury property in the capital.

*(The National, 3.5.2010)*

## Kingdom of Bahrain

Bahrain is to step up efforts to attract Arab and foreign investments and boost the national economy. 'We are determined to provide every facility to promote investments and woo Arab and foreign capital,' His Majesty King Hamad said. The King described the private sector as an essential pillar of the economy and a key partner of the public sector in development projects.

*(Trade Arabia, 19.05.2010)*

With an over exposure to real estate, Islamic financial institutions have been hit by the downturn in global markets says Ernst & Young's Issa Al Jowder, speaking from the sidelines of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) conference. He commented that "2011 will be a year of consolidation for these institutions and they are likely to bounce back to profitability by 2012." Al Jowder was speaking to journalists after the opening of the conference chaired by the Governor of the Central Bank of Bahrain.

*(Bahrain Tribune 27/05/2010)*

## Saudi Arabia

Injaz Development Company, the Riyadh-based master developer and property investment firm overseeing the Al Gamra Project, yesterday said it has begun sales of Cluster 9 following the successful sales of Cluster 7. The project's proximity to a number of top projects being developed in north Riyadh plays a major role in enhancing the value of Al Gamra, as these projects hold massive growth potential and attract investments from local, regional and international firms. Al Gamra Project is located in the area between the north highway and King Fahad Road towards the north on Abu Bakr Al Seddig Road.

*(Emirates Business 24/7, 11.5.2010)*

A state-of-the art railway station is to be set up in Riyadh, the Saudi capital, with the capacity to handle 800,000 commuters a year, the Saudi Railway Company (SAR) announced on Sunday. "The proposed station with the latest facilities will be built on an area of 50,000 square meters near King Khaled International Airport," SAR Executive Chairman Rumaih bin Muhammad Al-Rumaih told reporters, adding that the railway station would be ready in 2013. He did not, however, disclose the value of the contract SAR is offering for tender at the end of the year to for the construction of the station.

*(Arab News.com 25/05/2010)*

The oil producing countries in the Gulf region will have spent approximately \$50 billion by the year-end increasing their current oil field production capacities and exploring future reserves, Bahrain's Minister of Oil and Gas Affairs Abdul Hussain bin Ali Mirza said on Tuesday. Speaking at a conference, the Chairman of Bahrain's National Oil and Gas Authority said that most of the increase incapacity has been seen in Saudi Arabia, UAE, Qatar and Bahrain.

*(Arab News, 18.15.2010)*

Operations are underway on a \$580 million re-development of Mina Salman, the old port, which serves as the US Navy's Bahrain base. The 70 acre water front project, which will handle operations for all of the US and Allied navy ships, is expected to see a significant increase in international navy traffic when complete. As Bahrain's old port, Mina Salman was decommissioned in 2009 when the US Navy signed an agreement to turn it into a specialised military facility.

*(Gulf Daily News 27/05/2010)*

Jiwar Real Estate Management & Marketing, a unit of the Saudi Bin Laden Group, on Tuesday announced plans to set up a development division with paid-up capital of SR250m (\$66.6m). The new unit aims to take advantage of strong property demand, particularly in the residential segment, in Saudi Arabia. Jiwar Real Estate Management & Marketing is currently involved in the Abraj Al-Bait Towers being developed in Mecca. The 595-metre tower will occupy a floor area of 1.5 million square metres and become the world's tallest and largest hotel.

*(Arabian Business, 11.5.2010)*

Arriyadh Development Company expects to receive government approval for a project worth more than SR13 billion (\$3.47 billion) in the capital, its chief executive said Tuesday. The project, part of the redevelopment plan for downtown Riyadh, will be funded largely by the government and members of a consortium, Khalid Al-Dughaiter told reporters on the sidelines of a MEED conference in Abu Dhabi.

The project, called Duhairah District, will be constructed in nine stages over 15 years, and includes residential, retail and tourism components, he said.

*(Saudi Gazette 27/05/2010)*

## Qatar

Qatari Diar Real Estate Investment Co may raise about \$1.5 billion by selling global bonds backed by Qatar, the world's biggest exporter of liquefied natural gas. Qatari Diar, chaired by Qatar Prime Minister Sheikh Hamad Bin Jasim Bin Jaber Al-Thani and a unit of the country's sovereign wealth fund, has invested \$60 billion in projects in more than 18 countries. The company owns a stake in a project to build the Shard in London, which will be Western Europe's largest skyscraper. Qatari Diar has about \$3.96 billion in loans maturing in 2011, Bloomberg data showed.

*(Bloomberg, 12.5.2010)*

## Oman

Oman plans to double its hotel room capacity over the next five years as part of an effort to grow its tourism industry, Dr. Rajiha Abdul Ameer Ali, the country's Minister of Tourism, told delegates today at the Arabian Hotel Investment Conference in Dubai. While tourism accounted for 2.5% of the country's overall GDP in 2009, the ministry hopes that the figure will increase to 5% in 10 years. The minister was quick to point out that Oman's new hotel capacity is not aimed at attracting mass tourism but rather mid to high-income travellers who will spend more and stay for longer periods of time.

*(AMEinfo, 3.5.2010)*

## Kuwait

Impact of the global financial crisis, Kuwait's residential property market is starting to show signs of recovery. However, despite improving sentiment and market confidence, Kuwaiti developers and analysts cite a lack of access to land as a constraint on more rapid growth. Khalid Faisal Al Mutawa, the chairman and managing director for Dar Al Dhab Holding, a Kuwaiti-based developer stated that, "Some 95% of the land in Kuwait is held by the government, and the result is that, with little land to develop, housing prices have reached nearly the same level as one would find in Tokyo and London."

*(Oxford Business Group, 12.5.2010)*

In a significant boost to the sustainable construction drive in Qatar, Public Works Authority (Ashghal) yesterday agreed to adopt the Qatar Sustainable Assessment System (QSAS). The agreement with QSAS developer, Barwa Qatari Diar Research Institute (BQDRI), will allow Ashghal to implement best building practices in all its future projects, officials said at the signing of a memorandum of understanding between Ashghal and BQDRI. "Our aim is to develop best building practices in government projects through adopting sustainability concept, creating better living environment for natives and residents," Ashghal president Nasser al-Mawlawi added.

*(Gulf Times 27/05/2010)*

HSBC has announced that it is decreasing mortgage rates for home finance with immediate effect. The mortgage rate has been reduced from 7.5% to 5.99% and, in addition, financing has been increased to 80% of the value for completed properties and 70% of the value for land or property under construction. HSBC mortgages are available to nationals and expatriates with loan terms of up to 25 years.

*(Oman Daily Observer, 26.4.2010)*

Kuwait has swung to a budget surplus of 8.18 billion Dinars (\$28.21 billion) in the 2009/10 fiscal year compared to a forecast 4.9 billion deficit, helped by higher-than-expected oil revenue and tighter spending. The world's fourth-largest oil exporter is has booked the largest fiscal surplus in the Gulf this year as oil prices stay well above its budget assumption of \$43 a barrel. Kuwait had assumed crude, the main revenue earner, would fetch \$35 a barrel in the year to end-March 2010. Benchmark US crude traded above \$70 a barrel on Monday.

*(Reuters 25/05/2010)*



# Middle East property services

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residential | commercial | retail | industrial | hospitality

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