

# Monthly Middle East newsreel

October 2010

## United Arab Emirates

Secondary sales in Nakheel's Jumeirah Park, Jumeirah Village and Al Badrah are expected to restart as they approach completion, this according to Cluttons' UAE Real Estate Market Report released on Sunday. Both buyers and tenants are now in a strong position to negotiate prices. The findings of the report support the belief that the UAE is still affected by international fiscal uncertainty and market volatility. However, growth prospects remain strong in the medium to long term, as the UAE is still the powerhouse in the region as a logistical hub as well as enjoying enviable oil and gas resources, the report went on to say.

*(Emirates Business 24/7, 03.10.2010)*

Dubai's property regulator hopes to restart as many as 48 developments by working with banks to raise funds, up to Dh5 billion (US\$1.36bn), to help the stalled projects complete. The Real Estate Regulatory Agency (RERA) has taken the unprecedented step of intervening in the market to help developers of the most advanced projects raise scarce project finance. The 48 projects have not been disclosed but are known to be located in Jumeirah Lake Towers, the Marina and Business Bay.

*(The National, 04.10.2010)*

Union Railway, the UAE state-backed company, is inviting businesses to register their interest for the first phase of its plans - a 265km length of rail in the Al Gharbia western region connecting the Shah and Habshan oil and gasfields with the port of Ruwais. Contracts are expected to be awarded next year, with operations starting in 2013. The first freight network for the UAE, the planned 1,500 km rail line will eventually span the entire length of the country, connecting industrial and transport centres in all seven emirates, as well as, to the borders of Saudi Arabia and Oman.

*(The National, 25.10.2010)*

Abu Dhabi's Dalma Mall will open officially on Sunday with 62 percent of its total retail space fully leased out, the developer behind the UAE capital's largest shopping mall has confirmed. Situated opposite Mohamad Bin Zayed City, 62 percent of the mall's 147,000 sq m of retail space has been leased out and a further 35 percent is under negotiation. The anchor tenants include Carrefour, Home Center, Centrepoint, and Matalan and, when open to full capacity, there will be 480 outlets in total.

*(Arabian Business, 10.10.2010)*

The three-month Eibor slid to 2.3 per cent yesterday, the lowest level since May 24, Central Bank data shows. Eibor had stood at 2.3375 last Tuesday, the day before Dubai successfully issued a US\$1.25 billion (Dh4.59bn) sovereign bond. Companies that have struggled to stay afloat during the global financial crisis are likely to be hugely relieved by any improvement in lending conditions. Businesses have been complaining about the ability to access cheap finance as banks tightened lending requirements to help cleanse their balance sheets.

*(The National, 04.10.2010)*

Dubai Islamic mortgage lender, Amlak, returned to profit in the third-quarter, aided by the sale of investment properties and lower impairments for financing and investment assets. Almak made a net profit of 5.99 million dirhams (\$1.63 million) compared to a loss of 45 million dirhams over the same period in 2009. In 2008, the UAE government had said it intended to merge both Amlak and Tamweel, but in September of this year Dubai Islamic Bank raised its stake in Tamweel, to 57.33 percent in a move to help revive lending in Dubai's property market. The long-planned merger has likely been scrapped as a result of the deal.

*(Reuters, 26.10.2010)*

The International Monetary Fund (IMF) has upgraded its GDP forecast for the UAE this year, as the economy benefits from a strong rebound in Asia and agreement over Dubai World's US\$24.9 billion (Dh91.45bn) debt restructuring plans. Economic expansion is forecast to reach 2.4 per cent this year, revised from 1.3 per cent. The IMF's latest forecasts are contained in its revised World Economic Outlook report released today.

*(The National, 07.10.2010)*

Sharjah International Airport is set to start construction of a new 4,000 metre, \$130m CAT III runway, Arabian Aerospace has reported. The project includes holding lounges, an air-bridge and additional parking, with the possibility of new feeder roads to the airport currently under discussion. Work is expected to be completed within 18-24 months after which the existing runway will be renovated.

*(AME Info, 24.10.2010)*

## Bahrain

Bahrain has signed a multi-million-dinar deal with the Kuwait Fund for Arab Economic Development (KFAED) to upgrade its electricity network, local media reports on Tuesday. The BD19.8m (\$52.5m) soft loan will finance part of the grid expansion, the Gulf Daily News reports. "The loan will cover part of the 220kV and 66kV transportation development grid as part of a four-year-project launched in 2007," Fahmi Al Jowder, Works Minister in charge of the Electricity and Water Authority (EWA) told the paper.

*(Arabian Business, 05.10.2010)*

Ajmera Mayfair, a Mumbai-based consortium, has announced it will invest up to BD50m (\$130m) over three years in Bahrain Bay, a \$2.5bn waterfront development set off the coast of Manama. Under the terms of the deal, the group plans to develop a twin-tower building with an estimated 200 residential units. Construction is slated to begin in the second half of 2011. Commenting on the deal, Nayan Shah, CEO, Mayfair Group, said: "This is our first investment outside of India and is one of great importance. We feel that Bahrain is the right place to be investing for long term returns."

*(Arabian Business, 18.10.2010)*

## Saudi Arabia

The auction for selling 308 plots of land owned by Fouad Al-Ajhour, the man who swindled more than SR1 billion in a real estate investment scam, ended at Le Meridien here on Tuesday with sales of all plots at a total cost SR143.58 million to auction Al-Ajhour's Madinah land with an area of 14,000-square meters. A large number of people turned up for Jeddah auction. Small residential and commercial plots were on sale. The first plot of land, covering an area of 625 meters, was sold for SR850 per square meter after bids opened at SR600. As many as 95 plots with a total value of SR49 million were sold on Monday.

*(Arab News, 06.10.2010)*

Saudi-based Kingdom Holding plans to build the world's tallest tower, as part of a project worth 75 billion riyals (Dh73.45 billion) in the city of Jeddah. Alsharq Al Awsat newspaper, citing Kingdom's Chairman Prince Alwaleed Bin Talal, said the company will officially announce the project at a press conference in three weeks time. The skyscraper will be at the centre of the mixed project, which will stretch over 3.5 million square metres of land. Kingdom Holding has also planned another development, in the capital city of Riyadh, with an estimated investment value of 25 billion riyals.

*(Gulf News, 21.10.2010)*

Alba yesterday launched the BD163 million share offering that entitles everyone in the country to sign up for as little as BD1.250. An 11.5 per cent stake has been put up for grabs by Bahrain Mumtalakat Holding Company at a time when aluminium prices are rising, potentially offering investors a bargain. Bahrainis will be able to buy anywhere between 100 and 2,000 shares at a 10pc discount - meaning even the poorest citizens can become part owners in one of the country's biggest money-makers. Alba chairman Mahmood Al Kooheji said the initial indications were that the initial public offering (IPO) had generated a lot of interest, despite the fact that anticipated queues on the opening day of the offering at banks never materialised.

*(Gulf Daily News, 25.10.2010)*

Plans for a new 100-bed American Mission Hospital (AMH) in Bahrain have been revealed, local media reports on Thursday. The new hospital aims to provide affordable healthcare for residents in the Saar, Budaiya, Janabiya, A'ali and Riffa areas, Gulf Daily News reports. The existing AMH in Manama will continue operations, while the Saar Medical and Dental Centre will also carry on as normal, the paper reports.

*(Arabian Business, 14.10.2010)*

Architect firm Goettsch Partners has revealed the designs for a new five-star 900-bedroom business hotel and serviced apartment complex in the Saudi city of Riyadh. The project, estimated to cost \$450m, will be the largest hotel in the capital and the first in Riyadh specifically designed and built for Hilton. Located on the Eastern Ring Road, it comprises two towers connected by a large podium, one of which will be a 20-storey, 650-bedroom hotel and the other a 14-storey serviced apartments building. The project is currently in the final design phase and is scheduled for completion in 2013.

*(Arabian Business, 06.10.2010)*

Britain's new ambassador to Saudi Arabia, Sir Tom Philips, brings with him an intriguing mix of experience in diplomatically interesting areas and a personal determination to immerse himself in the Kingdom's culture. He wants to further develop long-standing relations between Saudi Arabia and the UK, particularly in the fields of cultural exchange and education. He is particularly keen to see more Saudi students going to British universities.

*(Arab News, 06.10.2010)*

## Qatar

Some of the world's biggest reinsurers plan to open offices in Qatar, boosting its efforts to establish itself as a regional financial hub, the head of the Qatar Financial Centre Authority (QFCA) said yesterday. They are expected to set up in Qatar in a year, acting chief executive Shashank Srivastava said. Srivastava said Qatar aimed to establish itself as an reinsurance hub in the Middle East between now and 2015, and could then look further afield, rivalling global reinsurance centres such as Bermuda, Switzerland and Singapore.

*(Gulf Daily News, 25.10.2010)*

Work on Qatar's \$5.5bn Musheireb urban development project is proceeding on schedule and is expected to be completed in 2016, its chief executive has said. "We're not slowing down at all - we're still on schedule and on target to have the last phase completed in 2016," Dohaland CEO Issa Al Mohannadi said. The \$5.5bn project to rebuild 35 hectares of downtown Doha is being constructed in five phases and will include hotels, retail space, residential, government and cultural buildings.

*(Arabian Business, 03.10.2010)*

## Oman

Oman's government has stepped in to revive a stalled housing project partly owned by the developer of a Tiger Woods-branded golf resort in Dubai. Work on the Salam Yiti development close to Muscat, the Omani capital, will resume in the first quarter of 2011 after Sama Dubai LLC agreed to let Oman take a larger management role, said Wael Lawati, chief executive officer of Omran, the investment arm of the country's tourism ministry. In Oman, the government is making changes to the Salam Yiti project, originally designed to include about 5,720 homes, four hotels and a golf course: the number of homes will probably be reduced to about 2,000, while the golf course and hotels will go ahead as planned, Lawati said.

*(Bloomberg, 04.10.2010)*

Oman's transport ministry has said that the expansion of Muscat International Airport is scheduled to be completed by March 2014. The expansion involves construction of the passenger terminal building and northern runway setting up the Air Traffic Control (ACT) Tower and Air Traffic Management (ATM) system. The second phase of the expansion is designed to raise the terminal passenger handling capacity to 24 million.

*(MEED, 13.10.2010)*

## Kuwait

Kuwait's NBK Capital, the investment arm of the major OPEC producer's biggest lender National Bank of Kuwait (NBK), is in talks to buy stakes in five firms for a private equity fund, its head said. "Right in the pipeline we have five firms," said Chief Executive Salah Al-Fulaij, adding that one of deals was about to be finalised in Qatar, while another firm was coming from top oil exporter Saudi Arabia. The rest came from Turkey or other Gulf Arab states such as the United Arab Emirates, he added. NBK Capital is focussing on "non-cyclical, defensive" sectors such as education, health or food for its private equity business, he told Reuters on Monday.

*(Arabian Business, 12.10.2010)*

Kuwait has signed a KD15m (\$53.2m) deal to build an indoor Olympic stadium for basketball and volleyball, local media reports on Thursday. The deal, signed by the Public Authority for Youth and Sports (PAYS), is part of the country's ambitions to host major international sporting events, including the Olympic Games. The stadium project, located in Sabah Al-Salem, will cover 19,000 sq m with an additional 9,000 sq m of parking. The stadium will have 5,000 seats and there will be two adjacent halls each with 1,840 seats, the project's manager Rasha Al-Sayegh told the paper. The project will take 30 months to complete, Al-Sayegh said.

*(Arabian Business, 21.10.2010)*

# Middle East property services

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