

Monthly Middle East newsreel

December 2010

United Arab Emirates

The Dubai International Financial Centre (DIFC) revealed a new pricing "matrix" for its buildings that reduces rates from the start of next year by more than half from the peak prices at which leases were signed in 2008. Rents will range from Dh160 to Dh280 per square foot. Murray Strang of Cluttons said "The structure is more geared towards expansion of current tenants and expansion of business than drawing in new tenants." The wider impact, Mr Strang said, would be on the commercial property market as a whole. Any clear communication on leasing rates will be used as a guide for other high-end property and could push down other rents in the wider DIFC zone.

(The National 13.12.2010)

The Fairmont Palm Jumeirah Hotel project has secured a \$115m finance deal from Standard Chartered Bank, the first major real estate loan deal made by a bank since the Dubai markets crashed last year. IFA Hotels & Resorts and its asset management subsidiary company, IFA Hotel Investments, oversees successful mixed-use developments including the Fairmont Palm. The Standard Chartered agreement will allow it to expedite the project's completion to the first quarter of 2012.

(Arabian Business 07.12.2010)

Dubai has cancelled 202 property projects and won't allow developers to start new ones without funding them in advance as it works to control supply, the head of the Emirate's real estate regulator said. "We are putting in a proper plan to watch over supply," Marwan Bin Ghalaita, chief executive officer the Real Estate Regulatory Agency. Projects in which the majority of buyers were speculators and have ceased payments or those owned by developers who can't show they are capable of finishing the work are also being stopped or delayed.

(Arabian Business 14.12.2010)

Work on the long-awaited Al Sufouh Tram project has picked up pace as the contractor has started building the viaduct for the elevated tracks along Dubai Marina on Shaikh Zayed Road. The first phase of the Al Sufouh Tram is expected to open in 2012 and the project is scheduled to be fully completed in 2014. Once completed, the tram will pass through Dubai Marina and Jumeirah Beach Residence, Dubai Media City, Knowledge Village, Madinat Jumeirah, Mall of the Emirates and the Burj Al Arab.

(Gulf News 05.12.2010)

Nestle, the largest food and beverage company in the world, plans to gear up its regional expansion and invest US\$400 million (Dh 1.4 billion) in the Middle East during the next three years as it expects emerging markets to play a bigger role. Paul Bulcke, the chief executive officer of Nestle, said "The Middle East, with its 200 million inhabitants, holds great promise for Nestle, and we have been seeing steady growth over the years," Regional sales are expected reach \$3.2bn by 2017, said Yves Manghardt, the chairman and chief executive of Nestle Middle East.

(The National, 09.12.2010)

Mubadala, a strategic investment company owned by the Abu Dhabi Government is weighing a move to tap the US\$1 trillion (Dh3.67tn) worth of minerals and mining deposits in Afghanistan. UAE companies have already played a pivotal role in the \$7bn of investment that has poured into the economy. Etisalat has attracted more than three million subscribers since it began operating in the country three years ago.

(The National 05.12.2010)

Abu Dhabi is set to overtake Dubai's saturated mall market in the next five years with one of the heaviest concentrations of retail space in the world, a report has said. By contrast, Dubai will gain little new stock after construction on several malls was suspended following the emirate's real estate crash, the company said. Abu Dhabi currently houses 936 sq m of retail space per 1,000 people, significantly lower than Dubai's 1,385 sq m.

(Arabian Business 15.12.2010)

The Emirate of Sharjah is to have an all new central bus station, worth Dh150 million, for city, intercity, and international shuttle service at the Etihad (Union) square in Al Sour area by the end of 2014. Director-General of Sharjah Transport Abdullah Al Zari made the announcement on Sunday following a meeting with Fabre & Torras Arquitectes, the Spanish engineering consultancy office responsible for the designs of the scheme."

The four-stage project to be constructed on a total area of 19,000 square metres will have Islamic architecture incorporating local desert environment.

(Al Khaleej Times 20.12.2010)

Bahrain

Aluminium Bahrain (Alba), the world's fourth-largest producer of aluminium by capacity, has become the 43rd Middle Eastern company to be listed on the London Stock Exchange, it was announced on Tuesday. The total value of shares offered by the Bahrain-based producer in London was \$174.7m. In addition to its listing on the Bahrain Stock Exchange, it brings Alba's total global share offering to approximately \$339m.

(Arabian Business, 01.12.2010)

Bahrain's economy expanded by 4.3 per cent year-on-year in Q3 2010 according to the Central Informatics Organisation's (CIO) Bulletin of Quarterly National Accounts, with year-on-year growth in key economic sectors including Manufacturing (eight per cent) and Financial Services (six per cent). The figures are consistent with the four per cent average economic growth forecast for 2010 and the Kingdom's long-term strategy of diversification, now enshrined in Vision 2030, said Shaikh Mohammed bin Essa Al Khalifa, Chief Executive of the Bahrain Economic Development Board (EDB).

(Khaleej Times – 01.12.2010)

Saudi Arabia

As the Makkah region witnesses remarkable development plans, the two-day Kingdom Investors Summit, a unique initiative which ended here on Wednesday, focused on various key projects that will shape the future of the region. The conference was opened on Tuesday by Makkah Mayor Osama Al-Bar. Mazen Batterjee, vice chairman of the Jeddah Chamber of Commerce & Industry (JCCI), examined the challenges that investors come across in Saudi Arabia and key sectors that provide lucrative and risk free investment opportunities for Saudi investors.

(Arab News – 02.12.2010)

The Saudi Basic Industries Corp. (SABIC) signed a construction contract Wednesday with El Seif Engineering Contracting Company to build a new SABIC Plastics Application Development Center (SPADC) at the Riyadh Techno Valley research complex at the King Saud University (KSU) campus in Riyadh. The new facility will include an area of some 80,000 square meters, including about 43,000 square meters of building space. Abdulrahman Al-Ubaid, executive vice president of technology and innovation, signed the accord on behalf of SABIC while Khaled bin Masa'ad El Seif, chief executive officer of El Seif, inked the agreement on behalf of his company.

(Arab News, 02.12.2010)

The latest monthly bulletin from the Swiss organisation showed that sales of luxury Swiss watches in Bahrain amounted to \$13m in October 2010, compared to around \$4m in October last year. This represents a year-on-year growth rate of 230.4 percent and sales were up 430.7 percent compared to October 2008. Across the region, other countries were also showing high double digit year-on-year growths for the month. The UAE was up 24.5 percent, Saudi Arabia surged 63.7 percent, Oman rose 67.1 percent, Qatar pushed ahead 11.6 percent and Iran grew 96.8 percent.

(Arabian Business, 2.12.2010)

The Central Bank of Bahrain (CBB) plans to stop managing the Bahrain Stock Exchange (BSE) to focus on its role of regulating the bourse, an official said on Monday. CBB governor Rasheed Al Maraj has said he was not happy that the central bank was both managing and regulating the exchange. He has said the two roles should be separated. The BSE is plagued by low trading volumes, with hardly any company being traded on a daily basis.

(Arabian Business, 20.12.2010)

King Abdullah Economic City, the master-planned development under construction on Saudi Arabia's Red Sea coast, is reconfiguring its plans to focus on more low and middle-income housing, says the developer. "With the financial crisis we don't have as much demand and we're not developing as fast," said Fahd al Rasheed, the chief executive of the developer Emaar, The Economic City, a joint venture with Emaar, the developer based in Dubai, and the Saudi Arabian General Investment Authority. King Abdullah Economic City (KAEC), north of Jeddah, is planned to cover more than 168 square kilometres and house more than 2 million people, clustered around a new industrial district, schools, commercial space and the Red Sea's biggest port. It is scheduled for completion in 2025.

(The National, 08.12.2010)

Saudi Arabia's private sector credit growth once again inched higher in October, although declines in deposits and money supply growth lent little impetus to optimism for a decent fourth-quarter turnaround in monetary conditions. Trade and consumer activity, however, appeared to pick up following a weak showing in September, according to the latest data of the Saudi Arabian Monetary Agency (SAMA).

(Arab News – 07.12.2010)

Qatar

Qatar's successful bid to host the 2022 soccer World Cup will speed up its construction programme to snap up projects worth billions of dollars. The World Cup win would likely speed up work on the \$3bn 40 kilometre Qatar-Bahrain Causeway, build a \$25bn rail network, an \$11bn new airport, a \$5.5bn new deep water seaport, spend billions more on 12 air conditioned soccer stadiums, a \$1bn crossing linking the new airport with mega projects in the northern part of the capital Doha, and an additional \$20bn on new roads. Doha's index surged 3.6 percent to 8,477 points on Sunday, its highest finish since Oct 5, 2008 and biggest gain for seven months on the first day's trading since the country was chosen to host the World Cup.

(Arabian Business, 06.12.2010)

Rising gas revenues will see Qatar's fiscal surplus for 2010-2011 rise to a record 10.5 percent of gross domestic product (GDP), according to official estimates. "Qatar's budget is expected to record a surplus of around 10.5 percent in the current fiscal year," said the Abu Dhabi-based Arab Monetary Fund (AMF).

The figures showed that Qatar assumed a surplus of QR9.6bn (\$2.66bn) for the current fiscal year starting on April 1. Expenditure was estimated at QR117.9bn (\$32.37bn) and revenue, mainly from oil and gas revenue, is estimated to be QR127.5bn (\$35.01bn).

(Arabian Business, 29.12.2010)

Oman

Oman's oil output is expected to reach 900,000 barrels per day (bpd) by the end of 2011, the sultanate's Oil and Gas Minister said. Oman increased its crude oil production in the first ten months of the year by 6.6 percent to 261.7 million barrels from 245.4 million for the same period in 2009, said the Ministry of National Economy. Average daily production was around 860,800 bpd with an average price of around \$76.38 per barrel. Total exports increased 10.4 percent to 220.2 million barrels, according to the official statistics.

(Arabian Business, 15.12.2010)

Oman's Salalah Airport is aiming to increase passenger traffic capacity to one million passengers within the next three years. Official statistics show that the number of passengers through Salalah Airport rose to about 258,000 in the first seven months of this year, while the number of flights grew 7.3 percent. The expansion of the airport to accommodate the increased capacity has been estimated at around OMR294m (\$763m) and will include the construction of a new passenger terminal building, data centre, electricity station, eight passenger boarding bridges, passenger clearance complex and public car parking area for 2,200 vehicles.

(Arabian Business, 09.12.2010)

Kuwait

Brazilian envoys see opportunities to bring the economic ties between Kuwait and Brazil closer. Speaking to the Kuwait Times, Miguel Jorge, Minister for Development, Industry and Foreign Trade of Brazil said that the country offers untapped potential in the fields of infrastructure and finance. The main aim of this mission is to expand the investment relations between the Brazilian companies represented here and Kuwait investors," Jorge told the Kuwait Times. "We already have secure investments in Brazil from Kuwait such as NBC bank, which has been in Brazil for a long time now. We have a lot of opportunities for investment in the financial sector and infrastructure."

(Kuwait News – 02.12.2010)

Kuwait is keen to diversify its power resources by setting up its first national committee to utilize nuclear energy for peaceful purposes, in cooperation with the GCC countries, MEED magazine said yesterday. MEED's weekly special report quoted the Secretary of the National Committee for Utilizing Nuclear Power for Peaceful Purposes, Dr Ahmad Bushara, as saying "Kuwait seeks to build four 1,000 MW nuclear power plants, to produce electricity, by January 2011. He added, that by 2013, Kuwait will go out on bidding for its first nuclear project and launch its first nuclear power plant by 2020-2022. He pointed out that the real challenge is abiding by government procedures and safety and security laws to execute such project within the appointed period.

(Kuwait Times – 07.12.2010)

Middle East property services

Across the Middle East we strive to combine integrity and energy with experience and expertise.

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

Our clients come to us because of our reputation; they stay because they receive a quality and style of personal service that they cannot find elsewhere.

Development consultancy and feasibility studies | market research | strategic consultancy | accounts valuations | loan security valuations | portfolio valuations | hotel valuations | international valuations and appraisals | residential sales and leasing | commercial sales and leasing | retail sales and leasing | industrial sales and leasing | international sales and leasing | facilities management | property and portfolio management | strata management | design consultancy | project co-ordination | industrial consultancy | retail consultancy

residential | commercial | retail | industrial | hospitality

Middle East contacts

MENA Region

Ian Gladwin
T: +968 2456 4250
ian.gladwin@om.cluttons.com

Dubai

Steven Morgan
Ground Floor
Spectrum Building
Oud Metha
P.O. Box 3087, Dubai
United Arab Emirates
T: +971 4334 8585
F: +971 4334 8362
steven.morgan@ae.cluttons.com

Abu Dhabi

William Dewsnap
Fourth Floor
Al Mamoura Building B
Muroor Road
P.O. Box 46400, Abu Dhabi
United Arab Emirates
T: +971 2659 4001
F: +971 2659 4150
william.dewsnap@ae.cluttons.com

Sharjah

Lesley Preston
Behind Nova Park Hotel
King Faisal Street
P.O. Box 3615
Sharjah
United Arab Emirates
T: +971 6572 3794
F: +971 6572 5890
lesley.preston@ae.cluttons.com

Bahrain

Tim Glover
Almoayyed Tower
Suite 2804, Seef District
P.O. Box 5856, Manama
Kingdom of Bahrain
T: +973 1756 2866
F: +973 1758 7005
tim.glover@bh.cluttons.com

Oman

Philip Paul
Hatat House
P.O. Box 1475
Ruwi 12
Sultanate of Oman
T: +968 2456 4250
F: +968 2456 4257
philip.paul@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