

Monthly Middle East newsreel

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Dubai Residential

Apartment rental rates remained unchanged during December, a survey by the Khaleej Times and property management company Asteco observed. Smaller size units, studios and one-bedroom apartments, remained in high demand. While there were no changes in rents for the areas covered, people continued to relocate to better locations and upgrade their units in terms of quality and size.

(*Khaleej Times* 05.01.2010).

Ernie Els has won a rare victory against his golfing rival, Tiger Woods, in Dubai. The first luxury villas around Els's golf course in the Dubailand development have been handed over and are being occupied, while Woods's project is still beset by problems. A total of 305 villas have been completed within the 961-villa Victory Heights development that surrounds the Els-designed course. About 720 of the villas have been sold, its developer said.

(*The National* 13.01.2010)

The prestigious Palm Jumeirah in Dubai has witnessed its first property repossession. The three-bedroom apartment, located in Al Shala, was sold to cash-buyer for AED 745 per square foot, nearly 35 percent below the current market rate.

(*Arabian Business* 19.01.2010)

Regional Residential

Kuwaiti property sales rose 41 percent in the year to November, on high sales of residential and commercial property, official data showed on Monday. Sales in the Gulf Arab state rose to 193.15 million dinars from 137.01 million dinars in November 2008. Residential property deals, which represent the biggest portion of total real estate transactions, were up 36 per cent to 87.56 million dinars, compared to 64.38 million dinars a year earlier.

(*Reuters* 04.01.2010)

RAK Properties, Ras Al Khaimah's largest developer, has awarded US\$108.9 million of construction orders for 20 buildings in its Mina Al Arab development. The developer awarded the contracts to DTC, Al Tameer and AAA Contracting. The three companies will start construction on more than 800 residential units that are due to be completed in the second half of next year. The contracts are part of the third phase of the development, which has suffered delays as a result of the fall in property prices.

(*The National* 03.01.2010)

Damac Properties has announced that 2010 will be the year of handovers. Among those to be handed over are two phases of the company's Emirates Gardens development and Tuscan Residences at Jumeirah Village South, Lago Vista at IMPZ, XL Tower and Business Tower at Business Bay and Smart Heights at Tecom. The six projects together offer a mix of both residential and commercial units introducing more than 3,000 new units to the market.

(*Emirates Business* 24/7 28.01.2010)

The number of buyers in Dubai who have been pre-approved by lenders for mortgages and subsequently decided to abandon purchasing a property is as high as 40 percent, according to a Dubai-based finance company, Independent Finance. The company, which advises Dubai buyers on their mortgage and finance needs, said that anecdotal evidence suggested that Dubai World's debt restructuring was a primary deciding factor.

(*Arabian Business* 21.01.2010)

Housing prices in the UAE remain flat from September to November 2009, suggesting that property rents and house prices have already bottomed out in June, according to the Dubai Chamber of Commerce and Industry.

(*Emirates Business* 24/7 20.01.2010)

The UAE has the largest rental market in the Middle East and North Africa as nearly 45 per cent of its total housing units are rented, according to the International Monetary Fund (IMF). The UAE has one of the most developed mortgage markets in the region, offering a range of products, financing units, tax benefits for ownership and fixed interest rates, the Washington-based IMF said in a working paper.

(*Emirates Business* 24/7 05.01.2010)

Qatar's real estate sector is expected to remain weak over the next two years due to a problem of oversupply, according to a new report by Samba Financial Group. It said that given the volume of new housing supply expected to come on stream in the Gulf state in 2010/11, prices were expected to decline by an annual average of 4 percent this year, mainly as a result of a sharp drop in rents.

(*Arabian Business* 07.01.2010)



In a report released last September, the Qatar Oman Investment Co found that there were 15,000 unoccupied apartments across Doha. Prices for residential property in Doha, Qatar are being badly hit by a combination of oversupply and the aftershocks from the global economic crisis.

(The National 12.01.2010)

Dubai Commercial

While Dubai is likely to remain the UAE's largest retail market, with more than 185,800 square metres of leasable retail space in shopping centres, Abu Dhabi is ready to outpace its neighbour this year in growth. At least four malls will open their doors in the capital in 2010, including the first phase of the anticipated Central Market, Aldar's reinterpretation of the capital's old souq. The others include Bawabat al Sharq, Paragon Point on Reem Island 9712 mall near Musaffah, and the Wahat Hili mall in Al Ain.

(The National 05.01.2010)

After the unveiling of Burj Khalifa, the tallest building in the world, the world's tallest hotel officially opened. But the operator, Abu Dhabi-based Rotana, says it is the US\$180 million, 333-metre Rose Rayhaan's alcohol-free policy that will attract most of its guests. The Rose Rayhaan, located on Sheikh Zayed Road not far from the Dubai International Financial Centre, adds another 482 rooms to the emirate's burgeoning supply. To help it compete, the hotel's promotional opening rate is just Dh400.

(The National 07.01.2010)

Dubai's financial hub is witnessing a wave of departures as companies curb expenses and seek lower rents elsewhere during the global downturn. At least 37 companies, including the international law firm DLA Piper, have cancelled licenses in the past year or are in the process of doing so, according to accountants assisting them in leaving the Dubai International Financial Centre (DIFC).

(The National 30.01.2010)

Plans to sail the Queen Elizabeth 2 to Cape Town in South Africa for the football World Cup finals in the summer have fallen through. Cape Town port authorities said they could not accommodate the ship for the required length of time. Istithmar World, the investment arm of Dubai World, owns the former British ocean liner. Dubai World is in the process of renegotiating US\$22 billion (Dh80.8bn) of debt, which has fuelled speculation that its investment company might try to sell off some assets, including the QE2.

(The National 25.01.2010)

Sorouh Real Estate, Abu Dhabi's second-largest developer, saw fourth-quarter profit fall by almost 40% as it increased provisions and recognised losses from three associated companies. The rapid decline in house prices in the emirate has prompted Sorouh to switch focus towards retaining properties for the rental market, which remains strong due to the limited supply of homes and a continuing influx of expatriates.

(The National 28.1.2010)

Even though lease rate for units in the world's tallest tower, Burj Khalifa, are not yet established, analysts believe the expected rental rates for commercial spaces in the tower will handsomely beat the ongoing rates in other established high-rise buildings of the world, such as the Petronas Towers in Kuala Lumpur and the Sears Tower (now Willis Tower) in Chicago, United States. Office space in the world's tallest tower is expected to fetch Dh600 per sq ft on an average, double that of other competing high-rises across the world.

(Emirates Business 24/7 18.01.2010)

Dubai hotels suffered sharp drops in occupancies and revenues last year, but managers are exploring all the angles for new business this year as more direct competition springs up. Occupancy levels in Dubai fell to 69.4 per cent last year from 77.2 per cent in 2008, while average daily rates were down to US\$235.48 (Dh864) from \$308.51, STR Global reported. This resulted in a 31.4 per cent fall in revenue per available room (REVPAR) to \$163.31 from \$238.19, the largest fall in the Middle East and Africa.

(The National 27.01.2010)

Emaar Properties has reserved 10 per cent of the space in the Burj Khalifa tower for its own use, including three floors at the top that it will rent out for events and meetings, the chairman Mohamed Alabbar said last week. Property brokers estimated such a space could rent for as much as Dh10,000 (US\$2,722) an hour. The rooms, located at a height of roughly 570 metres, would be highly sought after by businesses looking to enhance their image and host events in an iconic building, said Ron Hinchey, a partner at the property consultancy Cluttons. It would be a marvelous place for a meeting," he said. "A large international company could have a corporate event and build some publicity around it. It could be a venue for landmark board meetings."

(The National 09.01.2010)

Regional Commercial

Kingdom Hotel Investments (KHI) has opened its five-star Four Seasons Beirut hotel. The 230-room hotel opened at an expected cost of US\$146 million amongst the country's growing hospitality sector. Hotels in Beirut had occupancy levels of 71.2 per cent in the 11 months to November of last year, representing an increase of 33 per cent from the same period in 2008, STR Global reported. (*The National* 11.01.2010)

According to the Abu Dhabi Tourism Authority (ADTA), hotels are unlikely to cap room rates during major events this year as new hotels have led to more competitive prices. This year Abu Dhabi is set to gain 5,000 rooms, with a target of increasing guest numbers by 10 per cent from about 1.5 million last year. The emirate is aiming to attract 2.3 million hotel guests a year by 2012. (*The National* 04.01.2010)

Abu Dhabi has emerged as a top contender to host Club Med's first resort in the UAE. The capital is one of two emirates favoured by the French resort operator because of the availability of beachfront land, its environmental policies and a tourism strategy that emphasizes culture and nature. Ras al Khaimah is the other emirate in the running. (*The National* 16.01.2010)

In the latest fallout from Dubai's debt troubles, Moody's Investors Service warned that it may cut credit ratings on several companies controlled by the Abu Dhabi Government if officials fail to convince the agency that they would not be allowed to go the way of Dubai World. Companies listed included Mubadala Development and the International Petroleum Investment Company (IPIC). (*The National* 09.01.2010)

UAE and Regional Economic News

Consumer confidence in the UAE has taken the hardest hit in a global survey, after Dubai World's call for a debt standstill shook residents. The Emirates' consumer sentiment reading last month fell 10 points to 92, the biggest drop of the 29 markets in a worldwide survey conducted by Nielsen. (*The National* 07.01.2010)

The UAE and Bahrain have been added to a list of countries most at risk of suffering a sovereign debt crisis in 2010, according to a new report by the Royal Bank of Scotland Group plc. The report believes that Dubai still remains vulnerable but added that the UAE central bank, with the support of Abu Dhabi, still had ample resources to back the UAE Dirham exchange rate regime. (*Arabian Business* 07.01.2010)

Visitors to Mecca will soon be able to stay in one of the world's tallest hotels as Fairmont Hotels and Resorts is set to open a 577-metre tower overlooking the holy city. The 858-room Mecca Clock Royal Tower, which is scheduled to open in the third quarter, is a significant development for the Saudi hospitality sector as there is a severe shortage of high-quality accommodation in the city. (*The National* 13.01.2010)

Dubai officially opened the tallest building in the world this month. In a surprising twist, the skyscraper received a new name: Burj Khalifa after Sheikh Khalifa bin Zayed, President of the UAE. Sheikh Mohammed of Dubai told the cheering crowds that the "Burj Khalifa" was a name that "reflected greatness". (*The National* 05.01.2010)

Barclays, Britain's second largest bank, has won the first foreclosure orders in Dubai, clearing the way for lenders holding about \$16bn of Dubai home loans to take action when borrowers don't pay. The ruling shows that Dubai's market is "evolving and is poised to come at par with other mature markets of the world," the bank said. Banks and developers until now have avoided the process of reclaiming homes through the courts, barred by tradition and an arcane legal process that few understood. (*Bloomberg* 11.01.2010)

According to Manitowoc Cranes, the number of cranes in Dubai has slumped 50 percent from 2007 peak construction levels, while current orders have ground to a halt. The company claims that demand has shifted to Saudi Arabia, as it forecasts the Kingdom to be the biggest market in 2010. In July 2008, the Dubai-based research house Proleads Group reported that more than 400 projects with a total value of over \$300bn had been placed on hold or cancelled in the UAE. (*Arabian Business* 13.01.2010)

According to Barclays Capital estimates, Nakheel bondholders will recover less than half of their investments as the property developer's parent company renegotiates US\$22 billion (Dh80.80bn) of debt. The Barclays Capital analysts recommended investors sell the Nakheel sukuk, arguing that recovery rates of 40 to 50 cents on the dollar did not justify their current prices. (*The National* 12.01.2010)

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.

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