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TOP 100 REAL ESTATE COMPANIES IN THE ARAB WORLD

GUIDE 2016 / REAL ESTATE

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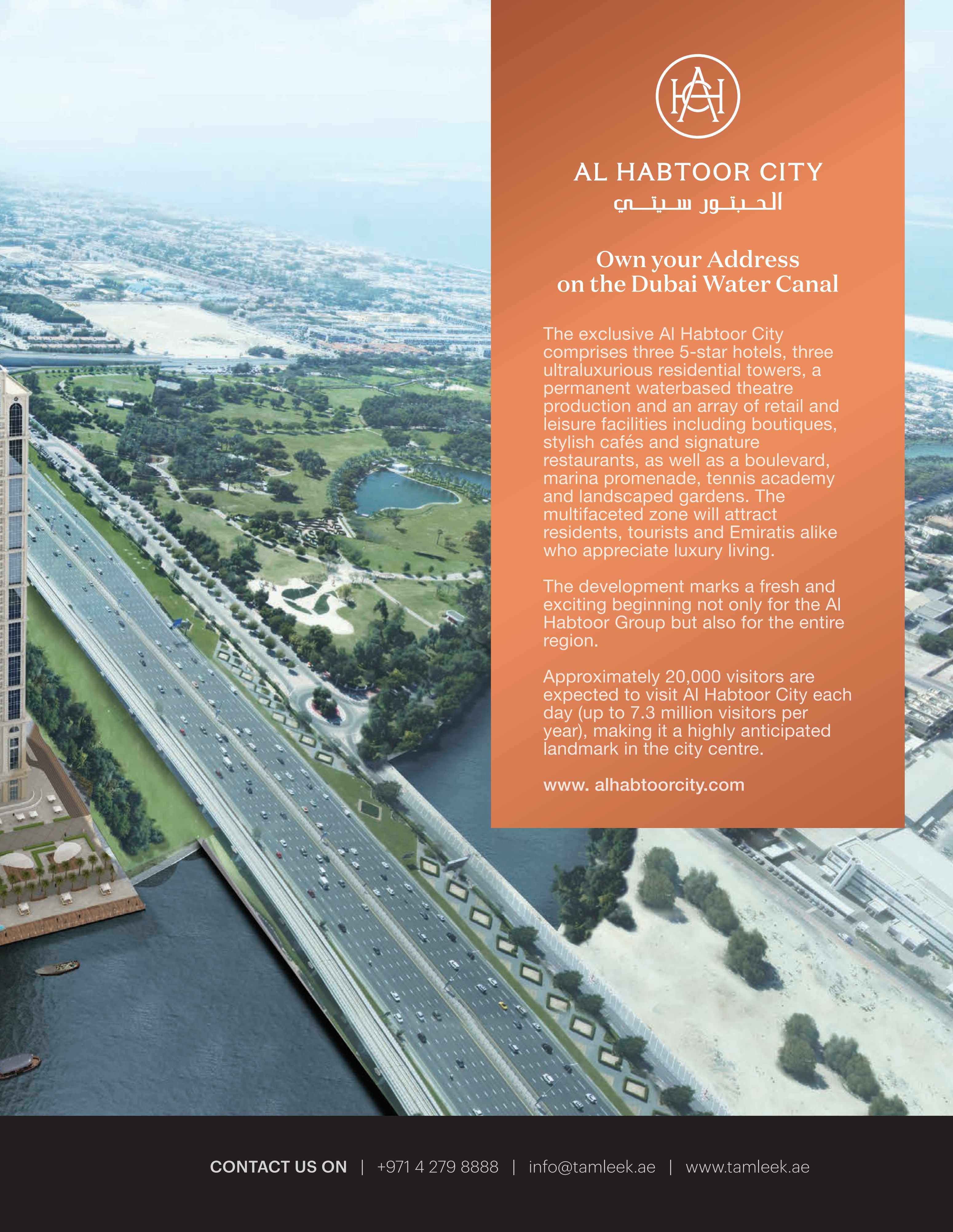
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Meeting The Middle

BY CLAUDINE COLETTI

There's a new buzzword in real estate. Put the luxury lifestyles, 5-star finishes and multi-million dollar developments to one side for a minute—in today's market the key players are thinking "affordable". Having spent years focusing on creating ever bigger, bolder and more extraordinary properties, the GCC is now turning to address the underserved middle segment, with major projects underway across the region to build thousands of units aimed at buyers earning an average income. Soon everyone could be able to get their hands on a dream home.

Unfortunately many may not see the light of day, with only around a third of projects making it through to completion. But some areas are surviving better than others, with the U.A.E. proving to be as resilient as ever. Figures from the Land Department show that in the first half of this year, 26,000 investors from 149 different nationalities ploughed over $15 billion into Dubai's real estate market. Nearly $6 billion came from the GCC, nearly $2 billion from other Arab countries, and over $7.5 billion from foreign shores, with buyers from India and the U.K. being the top investors.

Governments continue to boost construction in their efforts to diversify and encourage private sector investment. According to Deloitte's 2016 *GCC Powers of Construction* report, spending on infrastructure development in the Gulf has been high for the last three years, reaching a peak of $171 billion in 2014. And as of May this year, the pipeline of planned GCC projects was worth $2 trillion, with construction accounting for 52%.

In this year's special edition on real estate we speak to the CEO of one of Dubai's stand out developments, which is managing to combine luxury with affordability and a major world famous sporting tournament. We also take a look at the GCC market, from the changing face of investment to the growing importance of sustainability. And for the first time we've ranked the Arab World's top 100 real estate companies and consultants, celebrating the leadership, vision and innovation of some of the region's most exciting and prosperous enterprises. F

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Diversification is Key

While the global economic environment remains filled with uncertainty in Q2 2016, Dubai's economy continues to outperform the wider region, with its diversified economy ensuring relative insulation from many of the shockwaves that have affected its Middle Eastern neighbors in recent times. That said, Dubai does not operate in a complete vacuum, and the impact of an uneven paced recovery in the Eurozone and the devaluation of many major currencies against the US dollar are still being felt in the emirate. Understandably this has negatively impacted investor sentiment in the real estate market.

While there is an underlying risk of reduced investor appetite, thanks to changes in monetary conditions in the U.S. and the U.K., the potential effects of prolonged pressure on the real estate market and continued negative sentiment in Dubai remain causes for concern.

While these global political and economic plates shift, the real estate sector must also adhere to Dubai's golden rule—a commitment to economic diversification. As we see the growing prominence of high demand segments, notably staff accommodation, mid-market residential and specialist asset classes such as education and healthcare, the diversification of real estate investments will be key to sourcing real opportunities for strong returns.

A Focus On Mid-Market

Dubai's residential prices have continued to fall in 2016, marking the sixth consecutive quarter of declines. Higher-end and luxury residences have witnessed the most pronounced drops during this period, while the prices within the increasingly prominent mid-market segment have proven to be far more resilient, reflecting the stronger demand fundamentals at this time.

Amidst ongoing economic uncertainties, redundancies and reducing accommodation budgets, we expect to see a further weakening of demand and sales performance in the short term, especially for high-end and larger unit typologies. This trend is likely to continue throughout 2016, with sale rates poised to soften further by an additional 3-5%, although this will be heavily affected by market sentiment and external influences.

Sustained Demand For Grade A Corporate Real Estate Assets

In light of the sustained strength of corporate office demand and the limited availability of existing and upcoming high-quality Grade A supply, prime office rentals are expected to remain firm during 2016, with potential even for some modest growth in well located buildings around the central business district and popular freezone locations. Average prime yearly gross rentals have remained unchanged at AED1,920 per square meter per annum.

Net office absorption of office space reflected Dubai's two-tiered market, with a mixed bag of results in the second quarter of 2016. The TECOM freezone in particular performed extremely well with its most recent additions, the Edge and the Butterfly, almost fully leased out even before their completion. This underlines the strong pick-up in pre-leasing activity over the past 24 months, which has continued in 2016, reflecting the presence of latent demand for good quality single owned office accommodation. On the contrary, Business Bay office towers, in particular properties located away from public transportation links and largely within strata-ownership titled buildings, experienced decreased take-up and in some cases declining rentals.

Strong demand for single-held office assets in the Dubai International Financial City persists despite the weaker economic growth, with a number of deals completed for smaller spaces that were notably above the rental matrix, which is mainly driven by the limited supply of high quality office space. However, DIFC is expected to receive close to 1.1 million square meters of office Gross Leasable Area between Gate Village Building 11 and ICD Brookfield Place tower over the next three years.

Another success story is the take-up achieved within the Dubai Design District (d3). Office space absorption has reached 80%, which prompted the developer to increase the rent quarter-on-quarter by 25%.

MATTHEW GREEN IS HEAD OF RESEARCH & CONSULTING U.A.E., CBRE.

The limited availability of Grade A office accommodation is also peaking the interest of local and international developers, with requirements for feasibility studies and development appraisals on built-to-suit properties, which we see as a trend that will gather further momentum in the following quarters.

Hospitality Sectors Grows Affordable Offering

Dubai's hospitality market continues to suffer from sustained US dollar strength, against a weaker euro, ruble and British pound, all of which are key source markets for the emirate. To address the affordability challenges faced by some of Dubai's primary tourist markets, developers are moving towards the provision of more mid-market products. Emaar Hospitality Group marked the opening of their first in a series of mid-market segment hotels—Rove Hotel, while Hilton Worldwide introduced its midscale brand portfolio, with the opening of three Hilton Garden Inn branded properties and the development of a Hampton by Hilton hotel.

According to STR Global, revenue per available room (RevPAR) fell by 18.7% to AED452 year-on-year in Q2 2016. The decline is attributed to the combined effects of lower average daily rates (ADR) and occupancy rates, which fell year-on-year 13.7% and 7.0%, respectively.

In light of prevailing economic uncertainty coupled with Ramadan timing towards the end of the emirate's high visitation period, hospitality demand saw a sharp dip during the second quarter of the year, with occupancies and ADR averaging 69.5% and AED631, respectively.

Although the Dubai hospitality market performance has softened—lower temperatures and planned city events, mean a rebound in visitors and hotel stays is expected for the last two quarters of 2016.

Growing Interest In Specialised Asset Classes—Healthcare and Education

Alongside traditional asset classes, the private education and healthcare sectors in Dubai are continuing to witness a period of increased development as their awareness, rapid population growth, government reforms and private sector participation continue to drive industry demand. These asset classes are now a key focus for the U.A.E.'s national agenda with numerous announcements geared towards improving and expanding the region's offering.

The Dubai Government has introduced various initiatives to bolster the country's health infrastructure, including plans to build an additional 22 hospitals as part of its healthcare strategy. Meanwhile, student enrolment continues to grow within Dubai, up 5.6% in 2015 over 2014, as expat numbers increase and Emirati families begin to gravitate towards the private education market.

This backdrop is setting the pace for projected rises in domestic and international investment appetite in the emirate, with the sectors offering long-term stable returns, and a hedge against more volatile real estate sectors, given the relative immunity from economic fluctuations.

Well-known international operators are expected to continue moving into the region, driving competition within the industries. This will ultimately contribute to improving standards, a reduction in costs as demand meets supply, and heightened competition within the marketplace. We expect this positive investor sentiment to also be buoyed by interest from Islamic funds, which are likely to show continued appetite for sale and leaseback investments within these Sharia compliant assets classes. Taken together, these market shifts are reflective of the encouraging investment potential of the rapidly growing education and healthcare markets. F

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REAL ESTATE

Becoming More Transparent

Saudi Arabia has climbed up JLL's Global Real Estate Transparency Index, which examines 109 markets against 139 variable factors including regulatory framework, data and corporate governance, to determine a market's transparency. A higher transparency rank indicates a more attractive environment for investor and corporate real estate activity. The five categories are highly transparent, transparent, semi-transparent, low transparency and opaque. The 10 highly transparent markets – with the U.K., Australia, Canada and the U.S. holding the top spots – account for 75% of global direct investment into the commercial real estate market.

In the 2016 ranking Saudi featured in the 'semi-transparent' category for the first time. This category attracts 5-10% of global real estate investment and is home to mostly large emerging markets. There are five semi-transparent MENA nations. Dubai has the highest ranking at 48 followed by Abu Dhabi at 59, Saudi Arabia at 63, Egypt at 65 and Bahrain at 67.

Open For Business

Bahrain's government has passed a law to allow 100% foreign ownership in sectors such as residency, real estate, administrative services, health and social work, information and communications, manufacturing and technical activities. The move is a first in the region where full foreign ownership of business assets is a politically sensitive matter. But real estate experts are optimistic about this step with consultant Cluttons issuing a statement that it will have a "positive long term impact" on the property market.

"Economic growth in the country had been subdued ever since oil prices fell from record highs two years ago and the announcement will likely have positive implications for business. The move will also improve investor confidence and make Bahrain an attractive place to work and live in," says Harry Goodson-Wickes, Head of Cluttons Bahrain and Saudi Arabia.

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The Brexit Effect

With the U.K. choosing to leave the EU, Gulf investors are now wondering about the merit of investing in the U.K.'s real estate market.

BY RANI SINGH

U.K. Members of Parliment are currently handling the fallout from the Brexit vote.

There have been strong ties between the U.K. and the Gulf region for many years, and this is particularly evident in the real estate sector. But with the U.K. recently—albeit narrowly—voting to leave the European Union (the result of a referendum popularly referred to as 'Brexit'), investors and commentators everywhere are wondering what the future holds for bonds between the kingdom and the rest of the world.

The formal procedures to officially separate the U.K. from the EU won't begin until the new Prime Minister, Theresa May, invokes 'Article 50'—the clause in the legal treaty between EU member countries that gives any one of them the right to withdraw from the union. Once this happens, the U.K. will have two years in which to negotiate its new trading deals with the world. But in the meantime what is likely to happen to the real estate relationship between the U.K. and the Gulf?

Historically, wealthy individuals and businesses from the Gulf have invested in the most affluent of U.K. addresses, mainly in London, such as Chelsea, Knightsbridge and Mayfair. Harrods Department Store is fully owned and Europe's tallest tower beyond Moscow, the Shard, is partly owned by the Qatar Investment Authority.

This is proof of an attractive investment climate. According to Richie Santosdiaz, Global Trade & Investment Expert from PA Consulting, "The U.K. has offered many in the Gulf a stable and solid location for investment opportunities, particularly in the luxury real estate market. London has remained an attractive recipient of investment from the Gulf in various forms." Likewise, the Gulf receives significant investment from the U.K. Unlike the flows from the Gulf to the U.K., which dominate with acquisitions of prominent luxury properties for both individual and business use, much of the flow from the U.K. to the Gulf has been through foreign direct investment. "The U.K. is a major investor of FDI in the region, with a wide range of British companies historically in oil and gas, but also in other sectors such as retail and hospitality," says Santosdiaz. "These include investments from the Intercontinental Hotel Group, John Lewis Partnership and Whitbread". Also worth mentioning is the contribution made by the large expat community. In 2012 the U.A.E. was home to around 240,000 British expats, with statistics from the Dubai Land Department suggesting that around 19,000 of them have invested in property in Dubai, spending around $2.1 billion in 2014. This made them the third largest investors in Dubai real estate behind expats from India and Pakistan.

PROCHASSON FREDERIC / SHUTTERSTOCK.COM

One of the immediate effects of Brexit has been the sudden depreciation of the British pound. Before the vote, the pound was trading for around $1.50. Following the result, the pound immediately depreciated in value at levels not seen since the end of the 20th century. Three weeks after the vote was taken, the pound was trading at around $1.38. With many currencies in the Gulf pegged to the U.S. dollar, such as the Emirati Dirham, Qatari Riyal, Saudi Arabian Dinar, Jordanian Dinar and Lebanese Pound, a weaker GBP means more value for money for Gulf investors looking at the U.K. For real estate this means that British property is currently much more affordable.

According to Jon Sterling, luxury real estate expert with Keller Williams in London, "Most of our clients in central London are overseas investors. While we've had some interesting conversations about London with clients in the U.S., the Middle East and other parts of the world, because of the weak pound, most people are taking a "wait and see" approach. Nobody is moving fast to purchase or sell in this economic climate because there are simply too many unknowns."

The luxury real estate market has experienced some setbacks, which has affected those from the Gulf looking to purchase in the U.K. This year, beside the uncertainty of Brexit, the U.K., as of 1 April 2016, implemented a 3% Stamp Duty on second homes. Potential investors who are looking to buy properties in the U.K. must not only pay regular stamp duties, but if applicable, now pay an extra 3% on the total value of the property on duties.

For London and the rest of the U.K. it has been business as usual. This includes new London mayor Sadiq Khan showcasing and reassuring the world that London is open for business, despite Brexit.

U.S. bank, Wells Fargo, recently announced a new spend of nearly $400 million on a new European headquarters in the heart of London. Chicago-based Boeing is looking to expand its workforce in the U.K. from 2,000 to 4,000 employees in the next 10 years. These two declarations have proved encouraging in times of uncertainty. Close to the Middle East, even Qatar Airways may increase its share of the Intercontinental Airlines Group (IAG), which encompasses British Airways, Iberia, and Air Lingus. At present Qatar Airways owns around 15% of IAG.

British investors, both businesses and individuals, who are looking to invest in the Gulf are suddenly realizing that their pound is not as valuable as it was pre-Brexit.

Whether or not Article 50 gets invoked by Prime Minister May remains to be seen, so there is a hesitation to invest not only in the Gulf but throughout the rest of the world. The pound may appreciate again but at the same time might further decline in value. This can be triggered by certain factors, such as Article 50 being invoked, general uncertainty in the U.K. economy, or if the U.K. itself begins to split. A split could happen if Scotland decides to hold another referendum on independence in light of the Brexit vote. Unlike most of the U.K. voting to leave, the majority of Scotland, and other parts of the U.K. like London and Northern Ireland, chose to remain.

The John Lewis Partnership recently launched high-end grocery store chain Waitrose in Abu Dhabi and Dhabi and is still planning a John Lewis outlet in Dubai. At 15,000 square feet, the new outlet is set to be the group's biggest international outlet and will open in Dubai's Festival City Mall in the Robinsons department store. Likewise, with the lure and appeal of places like Dubai, Abu Dhabi, and the wider Middle East for British expats, the flows of British expats seeking work and potentially establishing themselves in the region by buying homes there doesn't seem to be declining significantly. It may even encourage a surge with an unknown future in the U.K. following Brexit.

Ultimately, however, nothing is that straightforward. Only time will tell if investment in the U.K. at the moment will prove beneficial in future. And the attractiveness of other countries like Germany, France and Spain might well prove more appealing to investors seeking a gateway to the EU. F

Resilience Builds Cities

With over 30 years' worth of experience in real estate development, Mahmood Shaikhani, Managing Director of Shaikhani Group, talks to us about the importance of remaining committed to a vision in periods of uncertainty.

What are your thoughts on the current state of the MENA real estate and construction markets?

Presently, the MENA real estate and construction markets cannot fairly be cross-compared with the real estate and construction markets worldwide. It's important to remember that the MENA region produces 60% of the world's gas and oil, meaning it occupies a more turbulent position within the larger global economy.

Oil prices have been dropping since 2015, and to-date, there are no signs of the price increasing beyond $53 a barrel. This undoubtedly has negative implications for the Middle East's economy. Especially given the reality of war-torn countries in the region and the fewer funds there will be available to develop their infrastructure.

At the same time however, Middle Eastern countries, specifically the UAE, Qatar, and now Saudi Arabia, are engaging in economic diversification activities to reduce their dependence on oil. These countries are also concentrating their investments in the real estate sector, given that it holds another 300 industries under its umbrella. Of all the countries in the region however, the U.A.E. is currently the best country for investing as 40% of its industry relies heavily on the services, trading and real estate sectors.

It's also worth noting that Dubai is a key example of the benefit gained from changing the oil-reliance mentality and exploring other opportunities as sources of economic growth. This holds true especially at a time when the world is facing so much political instability and threats to security. Overall, however, the MENA real estate sector is predicted to perform well in the long run, especially given the Expo 2020 and the growth it will provide, making it an attractive destination for foreign investors.

Shaikhani Group has achieved considerable success in a diverse range of sectors since it first began its operations in 1978. What principles have guided your organization since then?

My late father, Mr. Abu Baker Shaikhani, has been my biggest inspiration. Since my earliest years, he instilled in me the principle that to achieve success and make your vision a reality, you must be persistent and determined. However, I also credit the Group's success to my exceptional team, who are of several nationalities and are employed at various locations. The Shaikhani Group vision of sustainability was also significant in helping us achieve the success we enjoy today.

In 2008, the Group's announcement to invest AED 1 billion in freehold property development projects in the U.A.E. coincided with the global financial crisis. What, if any, challenges did that present to your business operations? And what strategy(s) did the Shaikhani Group employ to overcome the impact of the crisis?

I think it boils down to the level of integrity and commitment of the developer. While some developers had entered the real estate business to make quick money—without really understanding the depth of the business or being aware of the challenges—we built a strong legacy for delivering properties by seeking to remain informed and sticking to our principles.

Our family has been delivering properties since 1978 in Pakistan, and we are well aware of the ups and downs of business. When the global financial crisis hit, our company was at the point of breaking-even in the U.A.E. The crisis hit our industry hard, and it was awful for us too.

However, our vision played an important role in our commitment to sustain the company at a time when we had fully paid for land, and all of our projects were developed beyond the stage of customer receipts. So, we decided to face the crisis head-on by investing more of our capital and continuing to work for our customers. We made investments to make sure we delivered on our promises, regardless of the sales—or lack of them.

Given that the Shaikhani Group has cemented its reputation in a bevy of industries, from real estate and construction to trading and manufacturing. How do you ensure the demands of your clients are met?

When it comes to trading and manufacturing, we always keep a satisfactory amount of inventory that's prepared at least a year in advance for the market and to meet the demands of our clients. We meet the demands of our clients by making sure our products are of the best quality, meet the level of demand and are delivered on-time.

When it comes to real estate, we always consider affordability, a decent payment plan and client needs as per the market standard for prospective clients. For the existing client, we keep them well informed about their project and make sure their investment is secure so that they re-invest with us in future.

Are you undertaking any new projects in 2016?

We are in the process of handing over 1,250 units worth AED 1.5 billion by the end of 2016—fully meeting the satisfaction of our investors. Recently, we launched our Gardenia Residency project, a luxurious residential development located in Jumeirah Village Circle worth AED 220 million. Currently, construction is in full swing with an estimated completion date in 2018.

BMI Research is predicting an increase in growth in the U.A.E. construction industry this year due to a boost in spending on Dubai's Expo 2020 infrastructure. What impact will Expo 2020 have on the real estate and construction markets down the line?

There is no doubt that the Expo can underpin the U.A.E.'s economic growth and development, especially via the real estate and construction markets. There is undeniably a higher demand for more luxurious, but affordable residential units, for instance. Research also indicates the market will move in a positive direction due to the growing interest from investors in premium units for commercial and retail purposes. Moreover, given that demand in the market is rising, plans to invest in, and hence, expand the industrial sector are already in place as can we can currently see with the extensive development of mega-projects. This in turn is attracting foreign investors to the U.A.E. Above all, it's vital to remain vigilant about the impact of oil prices to predict the state of the real estate and construction markets in the near future.

The U.A.E. has top-notch commercial and residential properties abound making the market rife with competition. What draws your clients to you?

These days, investors look at reputation and reliability when it comes to developers. We are one of the only developers who stayed in the business at a pivotal stage in the recession. Our credibility, continuous reliability and convenient payment plans are what make our current and potential investors entrust us to deliver.

Mahmood Shaikhani,
MD of Shaikhani Group

Predications Point to Stormy Skies, but in Change is Opportunity

BY CLAUDINE COLETTI

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A new study by consultants A T Kearny has predicted that the real estate sector in the GCC is in the midst of industry-changing circumstances. *A Perfect Storm For Real Estate in the GCC* suggests that a number of factors are converging, with an unprecedented abundance of new units hitting the market at a time when the post-oil-crisis economy is still sluggish and investment is forecast to stall.

According to A T Kearny, in December 2015 there were $2 trillion of real estate construction projects in the GCC pipeline. The study claims that the value of projects already in the construction stage as of March 2016 is four times the value of all projects completed in the previous ten years. However, after plans are announced, a project these days only has a 35% chance of completion.

Far from naysaying, the study identifies six opportunities whereby real estate developers can change their processes and business models to help them not only weather the storm, but use it to grow.

New ways of thinking: Harness Innovation

Innovation and disruption are vital mechanisms through which industries evolve. By harnessing this, real estate developers can embrace the new technologies, materials and models that will help them to save time and money, redefine the value offered to customers, and stand out from competitors.

New ways of looking: Prepare for the Unpredictable

As the market changes it becomes harder to forecast commercial and construction costs, making it harder to attract and secure investment when the potential returns cannot be relied on. By being prepared and making use of financial hedging and advanced analytics, developers can reduce their exposure to risk by identifying it early.

New ways of working: Don't Rush In, Challenge

Change brings a new assessment of priorities and new ways of working. Spending more time planning and building trusting relationships at the start of a project, creating a network that operates as an ongoing, nurturing ecosystem where partners collaborate across projects and time, could save on money and delays later down the line.

New ways of knowing: Embrace New Technology

It's difficult to truly see the benefits of a new technology until everyone or most are using it. So by being proactively open to new trends and rolling out trending technologies, progress could move faster.

New ways of sharing: Tailor Design Features to Suit the Customer

With competition about to become fierce in an over-supplied market, understanding customer preferences and customizing what you offer to suit them can ensure that you continue to attract profits. Advanced analytics can help to translate the wishful thinking of customers into saleable assets.

New ways of running: Assess Resources

By looking across an entire portfolio and looking at how money, time and people are allocated, developers can optimize their resources and spark synergies amongst projects based on potential outcomes and investment.

Federico Mariscotti, Vice President, A.T. Kearney, discusses the findings of the study and what it means for the region.

How did you arrive at your predications?

We looked at macro-economic drivers, supported by projections of GDP, population growth and lending for the GCC, and used that as a basis for discussions. We interviewed about half of the architecture firms that have been listed as the most influential top-30, and some of the largest contractors. They represent the leading group of companies that make and influence the market. And the consistency of views across countries, types of projects and roles gave us a pretty solid picture of what's happening.

What we call a storm is a change in business weather that is driven by a number of factors mostly global in nature. The slide in prices of oil has throttled down the economic growth. Population growth slowed and is likely to dip in the short term. We are not advising steps to just weather a storm; we think it's a perfect moment for real estate developers to make bold moves and actually gain a lasting competitive advantage.

There is a clearly identified sense of lost opportunity that is originated by a set of incentives that worked well when the focus was on effectiveness in building large volumes that stretched the capacity of the value chain, but is no longer fit for purpose now that the focus is on efficiency. Each company is measured on the lowest price for a discrete work perimeter within each project. It's fragmented and each party has no incentive to make the overall project work, rather just push risk out of its perimeter.

The report suggests that the working culture in the GCC is lacking in trust. Can it change?

If it makes business sense, it will change. It will only take a first mover. The challenge is not technical or financial; it's in the governance and in the incentive schemes. The challenge in the GCC is two-fold: the industry has either grown at break-neck speed or felt the grunt of the global downturn of 2009. Everything has been geared to be effective, getting big things done quickly, and onboarding new companies and new management across the value chain without time to build lasting relationships that nurture efficiency. Now the economics are neither so rich as to absorb inefficiencies, nor so bad that business is dead. Working with a different mindset will be possible for some, but not all.

Of the six opportunities, which are more important?

They are as important as they are relevant to the developer, and everyone is in a different starting place. There are two pathways where most developers are starting from ground zero: disrupting innovation and value networks.

One thing that stood out was who is not working in real estate: innovators. The industry is developing new technologies, but they are available to all. Innovation that makes you jump ahead is not captured. Think automotive: top brands advertise driving experience and powerful engines, and then the Google car comes and says you do not need a driver and Tesla says you don't need that engine. True disruption creates a new platform, a competitive advantage that makes you win market share and profitability.

Those who do work in real estate, all say the same thing: the way contracts are set up creates distorted incentives. You win work if you have the lowest price and that makes you cut corners and drop ideas that can make the project more profitable. It's a cost-based, not an investment-based logic. All companies we interviewed agree you can complete in 20 months a project that now takes 28 months. Change management in governance is the real challenge here.

What could the benefits be to developers adopting new ways of working?

It's a great moment to be a real estate developer in the Gulf right now. There's more than a storm, it's a perfect one: a change that's creating enough opportunity for first movers to accelerate their business.

We see two potential scenarios. The big market setters may try to weather out the storm, live in a smaller world and come out the other end with fewer mid-sized developers surviving. That's drifting, and that's not in the DNA of developers here. The other scenario is disruptive, but more likely—someone takes the first step and does something even more iconic than changing the landscape. They can change the industry and diversify the economy by doing something not just better, but different. Then you can't really say what happens to the others. F

IMAGE FROM SOURCE

Saudi Arabia's Land Crisis

As the hotly debated white land tax comes into force in Saudi Arabia, investors are closely examining the market to see if it will provide the much needed impetus to develop rather than hoard land.

BY MARY SOPHIA

KSA has 187 affordable projects in the pipeline.

Saudi Arabia's real estate sector has historically been a favorite among investors, thanks to the low risk and steady returns. But with lesser petrodollars, which previously fuelled much of the growth in the region, the Kingdom's property sector has taken a hit as transactions slow. According to property consultant JLL, real estate transactions across the Kingdom declined during Q1 2016 to their lowest level since 2011, falling by 7.7% to reach $22 billion from their previous highs. But the government has been quick to react as it revealed an economic plan to revive growth, especially in the non-oil sector. In line with this, in June 2016 Saudi Arabia's cabinet approved a 2.5% tax on undeveloped land plots located within the cities. As per the ruling, the tax will be applicable to owners of plots exceeding 5,000 square meters and will be executed in phases.

Real estate consultancies and experts welcomed the law with open arms, expecting the move to spur much needed development in the country, especially in the affordable housing segment. "The new law will result in a fundamental change in Saudi Arabia's real estate market and help stimulate further development to address the severe shortage of middle income housing," Jamil Ghaznawi, JLL country head for Saudi Arabia said in a statement in the wake of the tax.

The economic impact of the tax could be multifold, with reports in the local media indicating that the tax could potentially create annual savings worth $13 billion for the government. But more importantly such a levy could help increase the appeal of developing and constructing in the world's top oil exporter. Until now, developers were discouraged from taking up projects due to the sky-high costs of land. According to legal firm Eversheds, the cost of land in Saudi Arabia can comprise as much as 50% of the total project costs. This is mainly due to the stockpiling of land by wealthy individuals and other parties that buy up such plots as an investment rather than developing them. Analysts estimate that about 30% to 40% of land plots in the capital city of Riyadh remain idle due to this. With the white land tax coming on, industry players are hopeful that the scenario will change. However they are cautious to put a timeframe to when they could hope to see a solid impact.

"While the approval to levy a 2.5% white land tax on undeveloped residential and commercial plots within urban boundaries is expected to encourage the development of more projects, the impact of this is yet to be seen." Dana Salbak, Associate Partner, Research at Knight Frank was quoted as saying in the report. Meanwhile Ghaznawi comments that he expects to see "some initial movement in the market" post the introduction of tax, but emphasizes that the process and execution of the step will be important in ensuring its success. He also warns that the process might not be entirely smooth. "There could be unintended consequences, so it is important to monitor the situation, and apply policy adjustments as required."

One of the unintended consequences of the tax could be the plunge of land prices in Saudi Arabia as demand and supply try to adjust with the latest reforms. But the fall in prices could also indicate that Saudi Arabia's property market is undergoing a

much needed correction. JLL's Ghaznawi says that land prices have been rising over a prolonged period as more investors became interested in this asset class. "The initial mortgage law that allowed 100% loan-to-value (LTV) spurred demand for residential units, which saw residential prices continuously increase over the last few years leading to late 2015 when restrictions to the LTV were applied. This, coupled with the lack of available land due to land owners sitting on land banks, spiked land and consequently residential units' prices in the Kingdom."

An Untapped Opportunity

A penalty on unused land could also free up plots in urban locations that, proponents argue, could be used to develop affordable housing. The lack of social housing is a lot more acute in Saudi Arabia where a majority of its citizens live in rented homes after being priced out of the property market. The government had previously revealed plans to build about 500,000 homes for the middle income citizens and also established Eskan, a scheme to help ease the shortage. But such efforts have lagged due to the high costs of procuring land in the Kingdom. Currently Saudi Arabia's Ministry of Housing has around 187 affordable projects in the pipeline, providing about 233,651 units—a figure that has not kept pace with the demand for such units.

Although a bold step, critics say it is yet to be see if the white land tax could lead to more social housing projects amidst a toughening economic climate. Knight Frank estimates that lower oil prices and a tightening budget could lead to cutbacks in government spending on certain projects, including affordable housing projects. Ghaznawi agrees as he says: "Similar to other industries, the real estate market is driven by various factors including macro / microeconomic. Policy initiatives, such as the proposed land tax, help guide development decisions, but it is important to not forget the current market context and the impact of things like low oil prices. However, it is worth noting that to meet the demand for residential units and materialize the planned projects announced by Eskan, the government has recently been partnering and signing MOUs with local and international developers."

Indeed, the Gulf Arab country has been trying to lure the private sector to help develop its affordable housing sector, pitching it as an attractive investment opportunity to penetrate the local property market. The introduction of white land tax coincides with a number of agreements that the government inked with the private sector while it has officially announced plans to increase home ownership among Saudi nationals by five percentage points by 2020, up from the current 47% as part of its Vision 2030 plan. Earlier this year, Saudi Arabia authorized the housing ministry to sign memorandums of understanding (MoU) with Britain, France and China, the official newswire Saudi Press Agency reported. The government also signed a MoU with a Saudi-South Korean consortium that included Daewoo Engineering & Construction Co and Hanwha Engineering and Construction Corp to build 100,000 housing units in Riyadh over 10 years.

As Saudi Arabia gradually tackles the issue of expensive land, it is clear that the country still has a long way to go in terms of seeing a property boom. But developers will surely be watching this market as reforms take shape. F

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Building Blocks to Success

Rahail Aslam, Group CEO, Select Group, discusses the group's new projects and the values that keep him focused.

What are the most challenging conditions currently affecting the market?

One of the biggest challenges in 2016 has been the tightening liquidity in the markets. Whereas it is true that liquidity has not entirely dried up, it has been shrinking ever since the decline in commodity prices and banks are becoming increasingly selective in the projects they finance. This is also reflected in the pricing; however there is still healthy interest in buyers. Though conversion rates are not as high as 2013/14, we continue to sell premium apartments with prices higher than AED 2,000 per square foot.

This is a great time to capitalise if you have the appetite to invest. The benefit of acquiring in this market is that from a developer's perspective, you're in a buyer's market and can negotiate competitive terms. Our confidence in Dubai real estate remains firm and we envisage the market's cycle heading back in positive territory within the next year.

What new projects are currently in your pipeline?

We have 7 million square feet of development under construction with approximately 3,500 units being delivered over the next three years. Our flagship development, Marina Gate, a trio of residential towers with stunning waterfront views, continues to make impressive construction progress. We have also signed an agreement with Jumeirah Group to manage 508 units in the third tower of Marina Gate, which will be Jumeirah's first project in the marina.

We have also secured four projects in the last 12 months. Two of these are in the marina, but as a result of strong demand for mid-market properties, we are diversifying and have acquired land in Jumeirah Village Triangle. This project, where prices will be pegged at AED 1,100 square foot, is already in the design stage and is tentatively scheduled for launch in first quarter of 2017.

We are also set to handover our Pacific development based in Al Marjan, Ras Al Khaimah, which consists of 2 million square feet and features 1,500 apartments.

Your efforts have been concentrated on developments in Dubai Marina for quite a while. What is it that draws you to the area?

The list is exhaustive. The marina is a buzzing, urban and vibrant community, unlike any other in Dubai. The ideal location of the community, a risk free and developed infrastructure, continued improvements, its proximity to Dubai Parks and Resorts, access to the beach, the upcoming BlueWaters Island and most importantly the scarcity of land available for new

projects, make this one of the most compelling places to continue to develop.

With competition so widespread, why do your clients choose you and how do you ensure that their needs are met?

We watch the market and when we launch a development we are confident about its completion and our clients trust us in this regard. We are very particular when it comes to securing our sites – we always pick prime positions that are devoid of infrastructure risk and that have all the services already in place. This gives us resilience when the market fluctuates and keeps us ahead.

There are a lot of developers who have very little influence over their designs due to not having enough experience. Our fully-fledged development team contributes just as much as our chosen architects. We look further afield for the procurement of materials, purchasing from Italy for example to bring a newer and fresher look and feel to our Marina Gate project.

We are also well-known for delivering our projects broadly on time. Our long-term relationships with carefully chosen suppliers also help to achieve our desired objectives and keep us ahead of the competition. People who bought into the first project 10 years ago are still buying from us today and our products only get better time after time.

Do you have any plans for further expanding your hospitality endeavors?

Hospitality is a vital component of our diversification and growth strategy. Our success can be seen in the recent opening of the fully owned 328-key InterContinental Dubai Marina Hotel, home to Jason Atherton's world class Marina Social restaurant. Both the Hotel and Marina Social have already won many accolades. Internationally, we have acquired the Radisson Blu Hotel, Birmingham, UK. We are assessing several assets in Europe for acquisition. We plan to increase our portfolio to five hotels by 2018.

What advice would you give to entrepreneurs looking to strike big in real estate here?

Fearless and fair leaders are my personal inspiration in business. I admire characters that are not afraid to fail and outwork everyone around them. My advice to any entrepreneurs would be to never compromise on the quality of your product, and to surround yourselves with a talented team and lead by example. Constant innovation is also the lifeblood of any business as we live in a world that is changing at a breath-taking pace every day.

What principles or values have guided you?

Honesty and hard work are my most important personal values to this day. These help me stay grounded and not get carried away by the lure of success.

Select Group's core values are quality, reliability and excellence. Whether we are designing a project, selecting vendors or searching for talent to hire, we remain true to these. We strive to continuously exceed customer expectations in return for the unwavering trust that they place in us.

What do you hope to see Select Group accomplish in the next 10 years?

We have planned for double-digit growth, which will result in plenty more interesting projects as well as investments in the next 10 years, but more importantly to ensure that we continue to exceed customer expectations on delivery, aim for continuous improvement and aspire to grow.

Buyers' Market

The economic downturn in the Gulf and political turmoil in some international markets have led to falling property prices in some of the cities most favored by Gulf investors.

BY DOMINIC DUDLEY

The real estate developers were putting a brave face on it, saying they had been remarkably busy, but there was no hiding the fact that the Dubai Property Show in London in mid-May was both small and, at least on the first day of the show on Friday afternoon, sparsely attended. Around a dozen developers including Dubap Properties, Tebyan Real Estate Development and Binghatti Developers filled part of the Olympia West exhibition hall, which was dominated by a Nakheel stand in the centre.

It was certainly a far cry from the likes of the Cityscape show in Dubai, but that's perhaps to be expected. London is after all a long way from the U.A.E., and the gloss has come off Dubai's real estate scene of late. Prices are down by 15% from their mid-2014 peak and confidence is low in the light of the oil price slump.

In addition, the rise of the U.A.E dirham (and other Gulf currencies pegged to the dollar) means that inward investment into the region is becoming more expensive for a lot of potential buyers. And while expat residents in the Gulf who are earning money in the local currency are not affected, the regional economic slowdown also means that some of them are losing their jobs, selling up and leaving the country.

Craig Plumb, head of research at estate agency Jones Lang LaSalle (JLL), says the rising value of the dirham has "definitely been a factor" for international investors in the residential market. "The volume of residential sales in Dubai over the first

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half of 2016 is down by around 30% compared to the same period last year," he says.

But such trends do not mean the whole system is about to come crashing down. In broad terms, the market for cross-border real estate investment continues to be fairly vibrant, even if these days the bulk of the deals involve Gulf investors putting their money in international markets, rather than overseas buyers picking up properties within the region. Plumb says Middle East investors bought almost $9.5 billion of real estate outside the region in the second quarter of this year, compared to $2.3 billion of capital flowing into the region.

"There has been a shift in the nature of [outbound] investments, with private investors becoming relatively more important compared to the major sovereign wealth funds," he adds. "But the desire to invest in real estate assets outside the region remains."

This trend has been developing for a couple of years. According to CBRE, another real estate consultancy, a total of $14.1 billion of investment flowed from the Gulf to other parts of the world in 2014, with Qatar leading the way with $4.9 billion of purchases, followed by Saudi Arabia ($2.3 billion) and the U.A.E. ($1.6 billion). The total was down on the $16.3 billion a year before but it still made the Gulf the third largest source of capital in the world after North America ($66.5 billion) and Asia ($28 billion).

While much of the outward investment has historically been done by sovereign wealth funds, in the wake of lower oil prices they have been drawing down some assets to help plug their government's budget deficits. That leaves them with less to invest. However, that trend is being partly balanced by the fact that rich individuals are showing more inclination to invest overseas. CBRE predicts that while sovereign wealth fund investments in global real estate will fall from $9-11 billion a year to around $7-9 billion a year going forward, non-institutional investments from the Middle East will rise to an annual figure of $6-7 billion, up from an average of around $3 billion in 2010-2013.

London has long been the most enticing market for Middle East investors and it still holds the top spot, but it is not as dominant as it once was. In 2014, the U.K. capital city accounted for 32% of all outbound investment, compared to 45% in 2013. Other large Western cities followed it in popularity, including Paris ($2.2 billion), New York ($1.3 billion) and Washington ($481 million).

More recent events have altered the landscape, in particular the vote by the U.K. in June this year to leave the European Union. That is pushing investors to re-evaluate their position. A recent survey by financial advisory firm DeVere Group found that 69% of its clients, including some in the U.A.E. and Qatar, intended to decrease their investment exposure to the U.K. following the Brexit vote.

"High net worth investors are overwhelmingly considering rebalancing and diversifying their portfolios following the U.K.'s decision to leave the EU," says Nigel Green, chief executive officer of the firm. "These investors are seeking to reduce their exposure to U.K.-based assets in the wake of the impending Brexit."

Nonetheless, the motivation to invest in overseas markets still remains strong, whether because investors want to diversify their portfolios away from their home market and from dollar-denominated (or dollar-pegged) assets, or simply a desire to buy a residence for themselves or family members in overseas cities.

That helps to explain the results of another survey released earlier this year by property consultancy Cluttons, which found that 61% of high-net-worth individuals (HNWIs) in the GCC were likely to invest in their preferred location in 2016, against 25% who said they were unlikely to (the remaining 14% said they weren't sure). Of those, London was the preferred city for 13% of investors, followed by New York and Bangalore in India. Half of these investors were targeting residential property, while 22% favoured commercial property and 28% were looking for a mixture of both.

They are not just investing in distant lands though. Just over half (53%) of HNWIs in the U.A.E. told Cluttons that Middle East locations were among their top three investment targets for the year ahead. Dubai and Abu Dhabi were, perhaps unsurprisingly, the most popular, cited by 30% and 23% of respondents respectively. They were followed by Sharjah (8%), Muscat, Kuwait City, Doha and Riyadh. The reasons for the U.A.E. cities' popularity stem from the country's role as both a trading hub for the region and also—particularly in the case of Dubai—its position as a safe haven.

That too has been one of the long-term attractions of London. And although the political uncertainty caused by Brexit has unnerved some investors and led them to postpone or cancel some deals, demand is expected to recover before long. For one thing, the rise of the U.A.E. dirham and other Gulf currencies pegged to the dollar over the past few years means that it is now far cheaper for Gulf investors to buy U.K. property than it was previously, all the more so following the slump in the value of the pound after the Brexit vote.

As a result, many real estate agents say they are expecting interest in London to recover in the second half of the year.

"One of the key things of benefit to buyers from the Gulf is the fact that the majority of them, except for Kuwait, maintain a fixed exchange rate with the U.S. dollar. That means they're effectively purchasing in dollars, so for them London property became 12% cheaper overnight on 23 June [the date of the referendum]," says Faisal Durrani, head of research at Cluttons. "Since the referendum, some of our offices in locations like Belgravia and Chelsea have reported an upturn in interest from buyers from the Gulf."

Whether the investments follow remains to be seen but, for everyone involved, the ups and downs of recent years in Dubai and London alike is at least a useful reminder of the inherent volatility in real estate investment no matter where you are in the world. F

Building for Good Times and Bad Times

Public Private Partnership deals, especially for infrastructure projects, are becoming prevalent in the Gulf as a finance crunch looms. But analysts warn that it is not a substitute to easy funding.

BY MARY SOPHIA

Bahrain is addressing its housing shortage with billion dollar deals.

IMAGE COURTESY OF BAHRAIN CAUSEWAY

When crude prices started dropping in the latter half of 2014, the Gulf countries had infrastructure projects worth millions of dollars at various stages of development. But as oil prices began a nosedive that lasted well through 2015, the deep pocketed governments of the GCC started to look for alternative sources of funding to build the roads and other major transportation projects. But their woes are far from over. A report from Standard and Poor's (S&P) earlier this year predicted that falling revenues from commodity exports and a dip in bank deposits across the region will constrain the amount of funding needed to sustain the Gulf's substantial infrastructure bill.

"We estimate that Gulf government spending on projects alone including infrastructure contracts awarded over the period 2016-2019 could be about $330 billion," the S&P report says. "We note that with some sovereigns, such as Saudi Arabia, the 2016 budget includes a capital spending allocation of about 9% for what they define as 'transport and infrastructure.' Taking this and other research into account, we estimate that about $50 billion out of the $330 billion that we think will be spent on projects will be allocated specifically for infrastructure (including transport-related projects). This compares with our estimates of about $604 billion in projects (including $100 billion of infrastructure projects) that will need funding through 2019. The difference between our estimates of capital spending on projects and project contracts awarded is as large as $270 billion through 2019."

The ratings agency forecasts that in order to close this funding gap, the governments could either borrow or turn to "innovative" financing solutions such as Public Private Partnerships. As the name alludes, PPPs are agreements through which a government agency and the private sector could collaborate to finance, build and operate projects. The concept of PPPs is not alien in the Gulf as this model has been widely used in the power and utilities sector for years. But in a region where most infrastructure projects were funded by oil money, such a model was also not the preferred one until recently.

Mouayed Makhlouf, director of Middle East and North Africa at International Finance Corporation (IFC) is well versed with the difficulties of getting institutions interested in the concept. His organization began pitching this model to governments years ago but did not meet with much success. "About 12 years ago when we started (the PPP unit) we went around and spoke to officials and ministers and this was really not on their mind. The model of the public sector financing everything was the only model that existed," he said during a roundtable discussion in Dubai. Although PPPs were not widely adopted then, IFC did have a few successes in the last few years. Expansion work on Jordan's Queen Alia International Airport and Saudi Arabia's Medina Airport were both PPP projects, showing that such partnerships could be successful when used prudently.

Experts agree that the current time is as good as any to start seriously considering PPPs as there are a number of projects looking at being implemented this way. "There is a robust pipeline of PPP projects in the market," notes Villiers Terblanche, Partner, Latham & Watkins. "Kuwait has five or six multi-billion dollar PPP projects ranging from waste water projects to energy. In Dubai, you have Hassayan coal fire power project and Abu Dhabi is in the market for a 350 megawatt solar project." The power generation sector in the region has its own laws governing PPP deals but now new regulations are being introduced to enable more PPPs in other sectors. In November 2015, Dubai introduced a law to govern PPP projects while Kuwait updated its PPP law to make it more investor friendly. In addition, Terblanche forecasts that economic demand brought on by Saudi Arabia's National Transformation Plan and mega events such as FIFA World Cup 2022 and Expo 2020 could spur demand for PPPs in certain industries such as hospitality and leisure.

Not Easy Finance

PPPs could be in the spotlight now due to a finance crunch but there is an inherent risk that abounds, industry professionals warn. "A lot of times governments think that it is a proxy for financing but it is not. If you do that then it is a disaster" says Muneer Ferozie, PPP Manager for the Middle East and North Africa at IFC. It is also a concern echoed by Terblanche who notes that there is a rush to do such projects right now partly due to this appeal. "PPP is not a substitute for government investment and it is not to be used by the governments to make money. Of course these may happen to be incidental byproducts of a good PPP, but if the starting point is to save investments and make money then PPP is probably not the right tool." He also notes that PPP is not the best way to complete projects if governments want to push all the risk to the private sector.

"We estimate that Gulf government spending on projects alone including infrastructure contracts awarded over the period 2016-2019 could be about $330 billion" the S&P report says

So when and why should governments consider PPPs? Terblanche says that the model can provide cost efficiency and improve service delivery if done for the right reasons. Aside from all else, such projects could help fully utilize the knowledge of the private sector in the right way. "PPP is a combination of not only getting private sector financing but also benefitting the public sector from their technical expertise on time procurement and on time delivery," explains Ferozie.

With such benefits to PPPs, interest in this model is picking up with many governments looking at using it in sectors like real estate and especially in social housing. Last year, Bahrain's Ministry of Housing signed a $1 billion deal with property developer Diyar to build 3,100 homes in an effort to address the country's affordable housing shortage. As per the agreement, the government will buy the housing units and the supporting infrastructure from Diyar upon completion, minimizing the risk for the developer while ensuring delivery on time. This comes at the heels of another $550 million PPP deal that Bahrain's government signed with developer Naseej in 2012 to build around 3,110 units of social housing. With most countries in the MENA region facing an affordable housing shortage, PPP projects could help bridge this gap. But experts say that the success of such deals will depend on various other factors as well.

"For the social housing PPPs in the MENA region, it is critical to ensure that the projects that are developed actually appeal to the private sector, are not over specialized and actually help solve the social housing issue. Furthermore, the availability of mortgage as well as foreclosure law are key ingredients that will determine the success of real estate PPPs. In the MENA region, this is still a work in progress," says Ferozie.

Regardless of these challenges, as Gulf countries enter a period marked with lower public revenues and widening budget deficits, PPPs are bound to increase as the region's infrastructure needs remain a top priority for the governments. F

Bringing Quality Construction To Affordable Housing

Rizwan Sajan, Founder of Danube Group and one of Forbes Middle East's top Indian leaders, is overseeing the construction of some of Dubai's most popular affordable and high-quality real estate with his Glitz 1 and 2 developments.

There has been a huge interest in developing affordable properties in Dubai. But only a few projects in the market have got the pricing right. As a developer who is working on a number of affordable property projects, what are some of the challenges you faced?

The affordable housing segment can further be divided into low, mid and high. A sprawling mansion in Emirates Hills is affordable for millionaires and billionaires maybe, but not for the middle class. Our vision is to deliver first-rate properties at mid-segment price. This is exactly where we create the difference. We truly understand what our customers expect from the affordable housing market.

Unfortunately, a lot of developers confuse affordability as cheap and build properties that are poor quality, leading to maintenance issues and value depreciation. We have always believed in ensuring affordability by creating area efficiency, selecting the right building materials and value engineering. Our properties, although affordable, are sold with superior quality finishing and top-notch amenities, making a high standard of living at an economic price a possibility for many people who have never had such an opportunity. Each segment of the market comes with its own set of challenges.

The main struggle for the midmarket is finding a piece of land in a decent location at the right price, and controlling the rising cost of construction.

You have established a sales office in India and one in Saudi Arabia. Are your buyers predominantly from these countries?

Our highest volume of business continues to come from end-users based in the U.A.E., and we have enjoyed phenomenal success since we started our property development business. However, as a successful business, we want to expand our trading region consistently to reduce dependency on the local market and increase FDI. We also want to make it convenient for our investors to communicate with us by having a local office in leading regional markets.

The India and Saudi office are an effort in that direction. We have invested heavily in state-of-the-art office facilities, experienced staff and show apartments to serve our customers locally. We've also exerted tremendous effort through various organic channels to establish our brand in Mumbai and Riyadh.

Investors from Saudi Arabia are known to have an affinity for purchasing luxury properties in Dubai. But are you also now seeing an interest from them to purchase affordable properties?

Investors from Saudi who invest in Dubai realty come with a different objective. For example, frequent travelers buy property to have a second home, some families invest in a holiday home in Dubai, and then you have the larger share of investors who are looking to better their ROI. They are extremely seasoned investors with very good knowledge of the local geography, the options available in the market, the reputation of the developer etc. As prudent investors, they look for a high return on their investment without compromising its security and location. So the credibility of the developer and location of the property is of paramount importance.

We meet their expectations on all accounts: we are a

Rizwan Sajan,
Founder of Danube Group

reputable company with 23 years' experience, we select the best and most mature locations for our projects, and the properties we offer come at an attractive price with the most lucrative payment plan available in the market.

You've previously talked about how you started out in Dubai with little to no connections and cash flow. What advice would you give to young entrepreneurs who are now in the same position?

Developing connections in a new country or place of work often takes a fair bit of time and effort. However, in time, people in the industry tend to hear about your work and will approach you for various associations. Young entrepreneurs should carefully gauge the market's conditions and invest in finding the right kind of people—people that require or are in need of what you have to offer.

I would also add that the team you choose is a major maker-or-breaker of your venture. Choosing a team that supports you and offers you proper guidance should be a priority. Additionally, newcomers shouldn't bite off more than they can chew, as overestimating one's capabilities in the initial stages of a chosen career path can lead to a major discrepancy in actual outcomes.

What is your approach to risk-taking? What should business leaders watch out for?

The risks I have taken throughout my career have been very calculated. I closely investigate the situation in the market before deciding on the best mode to adopt in offering my products. Another factor that drives me to take a risk is an evaluation of my losses in the event of an unfruitful investment. If the loss I incur can be compensated by my other businesses and doesn't leave a lasting state of financial instability, then it is a risk worth taking.

These days doing business is a challenge as there are a number of firms in the market offering similar products, in addition to changes in government policies with various implications. Business leaders should keep an eye on new policies initiated by the country and innovative techniques evolving in the market.

Northern Lights

Can the northern emirates attract enough investors, residents and tourists to fill all the homes and hotel rooms currently under construction?

BY DOMINIC DUDLEY

There is a slowdown afoot in the northern emirates. According to real estate agency Cluttons, rents in Sharjah in the first quarter of this year were down by more than 8% year-on-year. That followed a 2.4% fall in the 12 months to December 2015. The drop at the start of this year was steepest in villa rental prices, which are down 9.6% over the past 12 months, while apartment rents fell by 7.7% over the same period. The real estate firm expects rental costs to drop a further 3-5% over the course of this year.

Yet, despite this weak outlook, significant new developments are still going ahead, both in Sharjah and beyond. In fact, some of the most ambitious real estate schemes the northern emirates have ever seen are currently being pursued.

In Umm al Quwain, Dubai-based Sobha Group is developing the Firdous Sobha scheme, a mixed-use island development that will have villas, apartments, hotels, shops and leisure facilities with a total value of around $6.8 billion. The scheme was announced in late April and will cover 4.9 square km.

Further north, in Ras al Khaimah, there are two major schemes underway. Al Marjan Island, a man-made archipelago stretching 4.5km out to sea, will be home to more than 20 hotels and resorts with the capacity to host up to 20,000 guests once completed, including properties from Anantara, Crowne Plaza and Marriot.

Elsewhere in the emirate, the local Al-Hamra Real Estate Development is working on its $272 million Falcon Island project, which will contain 150 villas and a marina on an island divided in two by a central canal. The larger Al Hamra Village scheme, which the island is part of, covers 77 million square feet and includes more than 1,000 villas and townhouses and nearly 2,500 apartments as well as five hotels, a golf course and a shopping mall.

Meanwhile, in Sharjah itself new developments are also under construction, such as the $654 million Tilal City gated residential scheme, which is open to foreign buyers and will be house up to 65,000 residents once complete. The project is being developed by Tilal Properties, a joint venture between Sharjah Asset Management and Eskan Real Estate Developments. The first plots of land are due to be handed over before the end of this year, with a second phase of plots to be handed over in December 2017.

Collectively, these projects add up to a big bet on the future potential of the northern emirates. Overall, there are more than $6.5 billion worth of construction projects planned or underway in the five northern emirates, and a further $1.8 billion worth of hospitality projects, according to Dubai-based MEED Projects, which tracks such activity around the region.

Hotel capacity is set to increase 50% over the next three years and a key challenge will be to develop Ras al Khaimah as a destination to capitalise on the planned new capacity.

The motivation for many of the larger schemes is a desire to inject some life into the local commercial and tourism industries by attracting more outside investment. The individual emirates themselves are certainly not large enough to support these developments on their own. The latest census for Ras al Khaimah, for example, which was carried out in 2015, showed it had a population of 345,000 people, almost 100,000 lower than previous estimates. Credit ratings agency Fitch Ratings noted in a report released in early May that "Hotel capacity is set to increase 50% over the next three years and a key challenge will be to develop Ras al Khaimah as a destination to capitalise on the planned new capacity."

Tourism is a key element for the residential units being built as well. Given the distance from the main cities and the small size of the local economies, many potential buyers will be the sort of people who look to the northern emirates as a

Making waves by setting new standards for luxury. Treasure Island on Al Marjan Island at Ras al Khaima is a unique marina and harbour experience.

IMAGE COURTESY OF AL MARJAN ISLAND

leisure destination rather than a place to live and work full-time. “People are going to the northern emirates, but more for holidays or weekends away from Dubai or Abu Dhabi,” says Suzanne Eveleigh, head of Sharjah at Cluttons. “People aren’t buying in terms of moving and living there, they’re buying property as a holiday home.”

The northern emirates do have some factors in their favour as they try to attract international money and visitors. In particular, the relatively low cost of property compared to the big cities of Dubai and Abu Dhabi is one element that they can exploit. Sharjah is well placed in this regard, being closest to the bigger cities and having long acted as a dormitory town for Dubai. The price differential is certainly large at the moment. A three-bedroom villa in Sharjah costs around $24,500 a year to rent, compared to anywhere between $32,600 and $92,500 in Dubai, according to Cluttons.

The other emirates further north also have an eye on the potential and are keen to stress how simple the process of buying property can be. “It’s very easy for foreigners to buy property in Ras al Khaimah. It’s become quite attractive because the price of property is a lot lower than comparable properties in Dubai or the other emirates,” says Haitham Mattar, chief executive officer of the Ras al Khaimah Tourism Development Authority. “You can still buy a property that is on the beach front or sea-facing at a fraction of the price that you’d pay in the other emirates.”

Mattar says that the two key source markets for those buying in Ras al Khaimah are the U.K. and Asia. For some of these buyers it’s simply a matter of investment, with the property being rented out thereafter, but others are more interested in buying a relatively cheap holiday home.

Yet alongside all these grand schemes, there is also a shortage of affordable housing for local buyers, many of whom cannot afford the prices attached to villas and apartments in the new high-end developments. In late February, Sheikh Mohammed bin Rashid al Maktoum, vice-president and prime minister of the U.A.E., visited the east coast of the country and approved $1.9 billion worth of infrastructure projects being planned by the Ministry of Infrastructure Development. The schemes will be developed across the northern emirates and include a substantial investment in housing. Some $1.3 billion of the total will be put into 12 compounds over the coming five years, providing homes for 42,000 people.

“Housing is an essential service and is every citizen’s right and a priority for the government,” he said at the time. These days it’s also a priority for a lot of developers in the northern emirates, even if they are targeting a different set of buyers. F

Brick by Brick

As Dubai's real estate market recovers gradually from a price slump, Aqua Properties CEO Ali Tumbi has a strong strategy to grow the company.

Can you explain what Aqua Properties does, how is it different in the market and what value does it add?

At Aqua, we have two major lines of business where one deals with development of properties while the other is where we provide services. In the service line of business, we do practically everything in the real estate domain such as brokerage and specialty project marketing where we work closely with developers who have new projects and they need help selling the project off-plan. In the development side of the business, we engage in supervising the construction cycle of the project, manage the architects and the design process and contractors just like a project manager. We also provide services for owners who live overseas but own properties in Dubai and do certain services such as tenant check and check-out and maintenance requests. Aside from property management, we also own another company that manages owners association. All buildings which are delivered are required by law to have an owner's association. What we do is to manage the board for the owners, create a budget, provide an invoice to all the owners and do the collection of the service charges and maintenance.

There are a lot of other players doing the same thing in the market. How is Aqua Properties different to other players?

There are a lot of players providing these services but nobody does every service. With us, all services can be obtained from a single entity. We have gradually built in-house teams and now we can help an investor from the time of land purchase all the way through the development cycle to the point where we will help deliver the unit. Aqua Properties will also help maintain the property on the long term. Many companies in the market focus on just either development or provide support services. That distinguishes us from the others. Depending on their requirements, the clients can choose what they want from our services.

What plans do you have to grow your business in the coming years?

We now have a good in-house team for all angles of the business and our focus is to take over incomplete projects or those that have stalled in the past few years and then bring them to completion. This is a segment that a lot of people don't participate in or take the risk of because they don't have all these capabilities of the business. For example, a developer might have a good brand but he knows that he might not have the best sales team in place or he might not have a good customer service team to handle all customers who are frustrated. So we realized that this is a very profitable opportunity. We take over company projects and complete them because it's a very good situation for everybody, especially for buyers who have been waiting for years.

How do you think the Expo 2020 will impact Dubai's real estate market? Will it speed up developments or is it just hype?

Dubai itself is not a very large city compared to other cities around the world. It doesn't have a population of 20 million or more. So now, when the Expo is held in a small city it definitely will have a big impact. The real impact on the economy will be evident next year when the whole injection of funds will be coming into the economy in construction, with the government spending on development projects. So that will create jobs, requiring engineers and project managers who might in turn need accommodations. Up till now the whole hype about Expo could have just been hype but now we will start seeing the benefits.

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Housing the Missing Middle

Affordable property is the need of the hour. But squeezed by high land prices and limited mortgage options for buyers, developers are struggling to price the units right and ensure they are actually affordable.

BY MARY SOPHIA

When, in February 2015, a relatively rookie developer Nshama launched Town Square, a sprawling 750-acre development in Dubai, investors took note. Oil prices were sliding –although they had yet to touch their record lows- and Dubai's real estate deals were facing headwinds due to volatility in certain markets. However Town Square grabbed more headlines when Nshama revealed that its apartment sales prices would start at AED 349, 988 ($95,287), way below the million dirhams price tag that is normally associated with purchasing property in Dubai.

Home to the world's tallest tower and a manmade archipelago in the shape of a date palm tree, luxury developments in Dubai easily found ready buyers queuing to snag a deal. But lower crude prices and volatility in key markets have pinched the pockets of luxury home buyers, reducing the purchasing power nominally. This has in turn opened up an entirely different segment to developers -of affordable housing, a yet untapped and largely ignored area of the market. One player that caught on to this trend early and perhaps much earlier than Nshama would be Danube Properties, whose residential project Glitz in Dubai Studio City features a much lower price point than others. The apartment complex where studio, one, two and three bedroom apartments ranging from 470 square feet to 1,645 square feet were sold at AED 900 ($245) per square feet and saw a stellar response from investors. Other firms such as MAG 5 Property Development and Gulf General Investment Company also followed suit with similar projects in various locations across Dubai.

The launch of such projects indicates the huge scope for affordable properties in Dubai, a city that is coming to terms with the impact of rapid urbanization. Nearly a million residents in the U.A.E. commute daily to the emirate, according to Dubai Statistics Center. The number of people working in Dubai but living in other emirates rose from 3% in 2013 to 5% in 2015, partly because of lack of housing options within Dubai, experts say. But a recent report from real estate agency Core, U.A.E. associate of Savills, noted that long traffic snarls during the rush hour were now leading to a reverse migration as residents look for cheaper options within Dubai, significantly boosting the need for more affordable housing stock.

"It is a segment of the market that is underserved and actually is a very important part of the real estate markets in most major developed cities where you have the issues of affordability," says Faisal Durrani, Head of Research at Cluttons. "Dubai is growing up and we have seen this problem in other global cities. So it is only a matter of time that the affordability question came to the table."

Pricing the Middle

But even as affordability takes center stage, developers are struggling to correctly price the units that are marketed as affordable. The report from Core Real Estate indicates that the term affordable housing is very "loosely used" in Dubai with the new supply catering to middle income segment while still putting it out of reach of the lower income segment for which such units are the most essential. Durrani agrees as he says: "There are various schemes that are classed as affordable but actually nobody knows what that means. There has been some move by Dubai Municipality to target people earning less than AED 10,000 ($2,722) a month while the federal government is talking about mandatory provision for housing people who are earning less than AED 2000 ($544) a month. These are positive steps in the right direction. But the amount of housing stock that is built has historically and continued to be skewed towards luxury/high end of the market. The affordable middle is still being left out."

But difficulties persist in classifying affordability which hampers the growth of this sector. The Dubai Municipality defines affordability as living space for households earning between AED 3,000 to AED 10,000 per month. In order to cater to this demographic, Durrani says that an affordable unit in Dubai should be ideally priced at AED 600,000 ($163,347). "If we go for AED 200,000 (54,449) (of average annual income in a household) and if we go for lower mortgage multiplier of three times the annual salary then that is AED 600,000. You need to be able to purchase a family home for AED 600,000. That's the kind of price that I would associate with affordable property."

However units launched as affordable in many developments

Glitz by Danube Properties saw a steller response from investors.

could cost up to AED 1 million and more. Developers attribute such a price tag to a number of factors such as high land costs and lack of ample home finance products.

"The struggle for mid segment market is finding a piece of land in decent location at the right price and controlling the rising cost of construction," says Rizwan Sajan, founder and chairman, Danube Group. He agrees that moderate land prices could help developers to stop breaching the criteria of affordability. "Land price can certainly be bettered in the primary market to make projects more affordable. I also believe increased focus towards low density housing can add further incentive for such projects. Midsize land parcels directly available from master developer purpose built for affordable housing can also help create economies of scale and avoid additional burden of premium on plot from secondary market."

Fueling Supply

As the pricing dilemma continues for developers, affordable housing segment is clearly gaining interest in Dubai. A recent report by finance comparison website compareit4me showed that mortgage queries from people within income brackets of AED 8,000 and AED 19,999 are steadily on rise. When compared against the average number of enquiries of the previous 22 months, enquiries from people earning between AED 8,000 ($2,177) and AED 11,999 ($3,266) tripled in March and April, the website said in a note published in July. This clearly indicates a shifting mindset to residents wanting to own their homes. But the supply of affordable housing is clearly not keeping in with the demand.

In order to solve this imbalance, experts have suggested a quota system where a portion of a development could be dedicated as affordable housing. Last year, Dubai Municipality briefly toyed with the idea of introducing mandatory quotas for affordable housing but no concrete step materialized. "I think there needs to be a little bit of steer from the government for this segment of the market to take off because it is an important and growing segment but it remains roughly underserved and not understood," says Durrani. He points out the practice in the U.K. where a developer with more than 10 years of experience are required to dedicate 20 to 30% of their units being built to affordable housing. "What they do under the affordable bracket is if the developer is going to continue holding the property as a rental asset, they can rent it out but at a maximum of 80% at a prevailing market rate. It has to have a 20% discount if it is being rented."

Developers are also not offered any incentives to embark on affordable housing projects currently but Sajan lists some that could be helpful. "A series of incentives can be looked at, like subsidized registration charges capped with condition of holding the ownership for a fixed number of years and in case the owner sells before the expiry of the holding period a penalty can be levied." He goes on to emphasize that lack of easy payment options currently could also dampen buyer's interest. "Mortgage facilities are not popularly and conveniently available on properties while they are under constructions so the payments until handover have to be self-financed by the buyer. It is worth noting that as per Central Bank ruling banks can finance off-plan property only once the buyer has paid 50% of the price of the property. There are several avenues through which incentive can be created for affordable housing."

Although uncertainties persist on how Dubai will accommodate its missing middle, developers and analysts unequivocally see potential in this segment. Danube Properties has revealed plans to launch around three to four affordable housing projects annually while other major developers such as Dubai Properties and Sobha Group have also now entered the residential affordable housing segment. But if they will get the equation right between the prices and market demand is yet to be seen as race for building affordable homes heat up in Dubai. F

RAJA / FORBES MIDDLE EAST

Fanning the GCC's Retail Boom

The GCC's retail industry is on a roll as super malls with snow slopes and sprawling indoor parks get built. But are such projects a tad too ambitious or is there a strong business case behind them?

BY MARY SOPHIA

Al Hamz Mall, Qatar will soon be joined in the market by the Mall of Qatar and Doha Festival City.

PHILIP LANGE / SHUTTERSTOCK.COM

The GCC countries are a retailer's dream destination. Glitzy malls boasting of every conceivable global brand dot the landscape, luring in shoppers on the hunt for the best buy. Feeding on a growing population and high levels of disposable income, the Gulf's retail industry is clearly booming.

A report by research firm Ventures Middle East estimates that retail sales across the GCC are set to grow at a compound annual growth rate of 7% until 2018 to reach $285 billion. Meanwhile consultancy A.T. Kearney has ranked the U.A.E. and Saudi Arabia at the seventh and the eighth positions respectively in its Global Retail Development Index

2016, which rounds up top retail markets around the world. Shopping mall operators have also identified a strong business strategy that has largely clicked in the Gulf markets, which is in turn attracting international retailers to the local scene.

"The biggest opportunity, and it's one that is consistent across the 15 countries we operate in, is the lifestyle offering generated from integration between retail, leisure, and entertainment among consumers. In the long-term this demand is only going to increase as populations and tourism figures rise," says Majid Al Futtaim CEO Alain Bejjani. He says that such a mix will keep shoppers in the malls longer and will impact the overall spend, helping draw more retailers to the market.

With an immense potential to grow, retailers have built massive capacity to satisfy the shopping savvy crowd. "In total, close to 2.5 million square meters of organized retail gross leasable area (GLA) could be completed in the GCC market during 2016 and 2017 alone, depending on construction timings," says Matthew Green, Head of Research & Consulting U.A.E., CBRE. "The majority of this new space will be completed in Qatar, Saudi Arabia and the U.A.E., which together account for close to 85% of all upcoming GCC supply. Whilst this is a huge volume of new product in a relatively short time frame, retail demand in the region is also expanding rapidly, driven by a growing population, with significant buying potential."

One of the prime retail markets in the region has been Dubai, which has seen a number of mega malls being expanded to accommodate the growing footfall. Favorable business conditions have also meant that the emirate is in demand among mall developers looking to cash in. Green notes that there has been an uptick in supply as more GLA come into the market. "In the U.A.E., the total organized retail GLA is already close to six million square meters, with upcoming future supply representing around 10% of this existing stock. In GLA per capita terms, this means there is around 0.6 square meters per person, a similar rate to Qatar. However, when we look in isolation at Dubai, the rate is far higher, with close to 1.0 square meter GLA per person, underlining the differing dynamics of the sector that is underpinned by a strong tourism market."

The Tipping Point

A number of major and community mall projects have been taking shape in Dubai while the existing ones undergo expansion. Last year Mall of the Emirates opened its 36,000-square-meter extension while Ibn Battuta Mall flagged off its expansion plan as it opened 300,000 square feet as part of the first phase of the mall expansion. In addition, newer and grander projects are coming to the market. Last year, state-owned conglomerate Dubai Holding revealed an ambitious plan to open the world largest shopping mall, adding on to the retail supply.

It is not just Dubai that has been building these super regional malls. Qatar and Saudi Arabia—both home to active shoppers—have major retail projects under construction. Mall of Qatar and Doha Festival City are the top projects set to come into market in Qatar soon. Saudi Arabia's top retail facilities in the pipeline include among others Al Diriyah Festival City in Riyadh and Mall of Saudi—loosely modeled on Dubai's Mall of the Emirates. But with the Middle East and most of the Gulf facing headwinds from macro-economic difficulties such as falling oil prices and currency devaluation in certain key tourism source markets, will these eventually lead to an oversupply? Bejjani, who is spearheading Majid Al Futtaim's plan to invest $13.1 billion by 2026 in the U.A.E. does not think so and sees a bigger scope for expansion. "A lot of time, research and planning have been invested in preparation for this decision," he explains. "We will continue to make full use of our customer information and the insights we have to ensure the malls we're building are proportionate to current and future demand in the communities that they will serve."

Bejjani pulls up strong statistics, citing consumer demand in most GCC markets that could support mega mall developments. "Our research has revealed that in 2020, retail spending in Riyadh will grow to $48 billion, up from $30 billion in 2015. As a result, we're building two new shopping malls in Riyadh at a cost of $3.7 billion, named Mall of Saudi and City Centre Ishbiliyah. Both malls will bring global luxury fashion brands to the country for the first time, as well as unique entertainment and leisure offerings.

"In Oman, the same research has shown that retail spending is estimated to grow to $4.9 billion in 2020 from $3.8 billion in 2015. Our projects include Mall of Oman, City Centre Sohar, My City Centre Sur, and additional investments from other Majid Al Futtaim businesses, including Magic Planet, Carrefour and VOX Cinemas, taking our investments in the country to $1.3 billion by 2020."

Experts are also bullish about prospects of the retail sector in Dubai, which might look saturated to an amateur. Despite a concentration of super mall projects in Dubai, Green says that they will be absorbed into the market. He adds that the retail projects in other GCC countries will also be less likely to impact the existing malls' performance in Dubai. "Most of the larger retail malls have a waiting list for new tenants, and are achieving occupancy rates of between 97-100% across prime centers such as Mall of Emirates, Dubai Mall, Ibn Battuta and Mirdif City Centre. As a result, we do not expect the opening of new malls in other GCC countries as having a visible impact on the performance of retail in the U.A.E."

Developers have been also been cautious in terms of adding to the supply and have reigned back on impulsive announcements. Earlier this year, Dubai Holding confirmed that it is resizing its mammoth Mall of the World project, which is touted to be the world's biggest shopping mall. If anything, analysts see this as a sign of maturing market. Regardless Gulf malls are set to do what they do best. In Bejjani's words "we build destinations, we make it snow in the desert, and we continue to bring top international brands to the region for the first time." F

Well Above Par

Taking on over a thousand hectares of land and creating a sporting and residential destination in front of an audience of millions is a challenge that might have fazed many developers – but not Yousef Kazim, CEO of Jumeirah Golf Estates.

BY CLAUDINE COLETTI

When Yousef Kazim was appointed to oversee the development of Jumeirah Golf Estates, it was for his experience in investment, management and leadership, not because he was an enthusiast for the sport. In fact the avid soccer fan—a loyal Chelsea supporter—found his first introduction to golf fairly strange. "I'm used to a screaming crowd; I'm not used to this quiet thing," he laughs. "I remember the first tournament I attended, it was the Omega classic. We were walking near the ground and I was just talking normally as I'm talking to you, and the guy showing me around turned and said 'Yousef, the sign says be quiet' and I said 'so what?' and he said 'so be quiet!' And then I understood."

Three years and several private lessons down the line, and the CEO speaks with passion about his new hobby—after all, his isn't just your run-of-the-mill golf club. A serene oasis among the surrounding sandy roads and distant grey high-rises, the vast green gardens of Jumeirah Golf Estates are home to two world-class 18-hole golf courses—Fire and Earth—and every year around 423 million viewers tune in to watch the 60 best players in the world compete here for the DP World Championship, the nail-biting climax to the European Tour's Race to Dubai tournaments.

"Frankly it's amazing," Kazim smiles. "The whole atmosphere, the buzz you feel—it's unbelievable."

Playing 47 tournaments in 27 countries across all five continents from January, the elite of the golfing world gather on the Earth course in November to battle it out for winnings totalling $13 million—the prize fund for the DP World Championship stands at $8 million, with the bonus pool from the Race to Dubai adding another $5 million to the pot for the top ten players. Not to mention the two impressive and pretty heavy-looking golden trophies, currently on display at the entrance to the exclusive clubhouse.

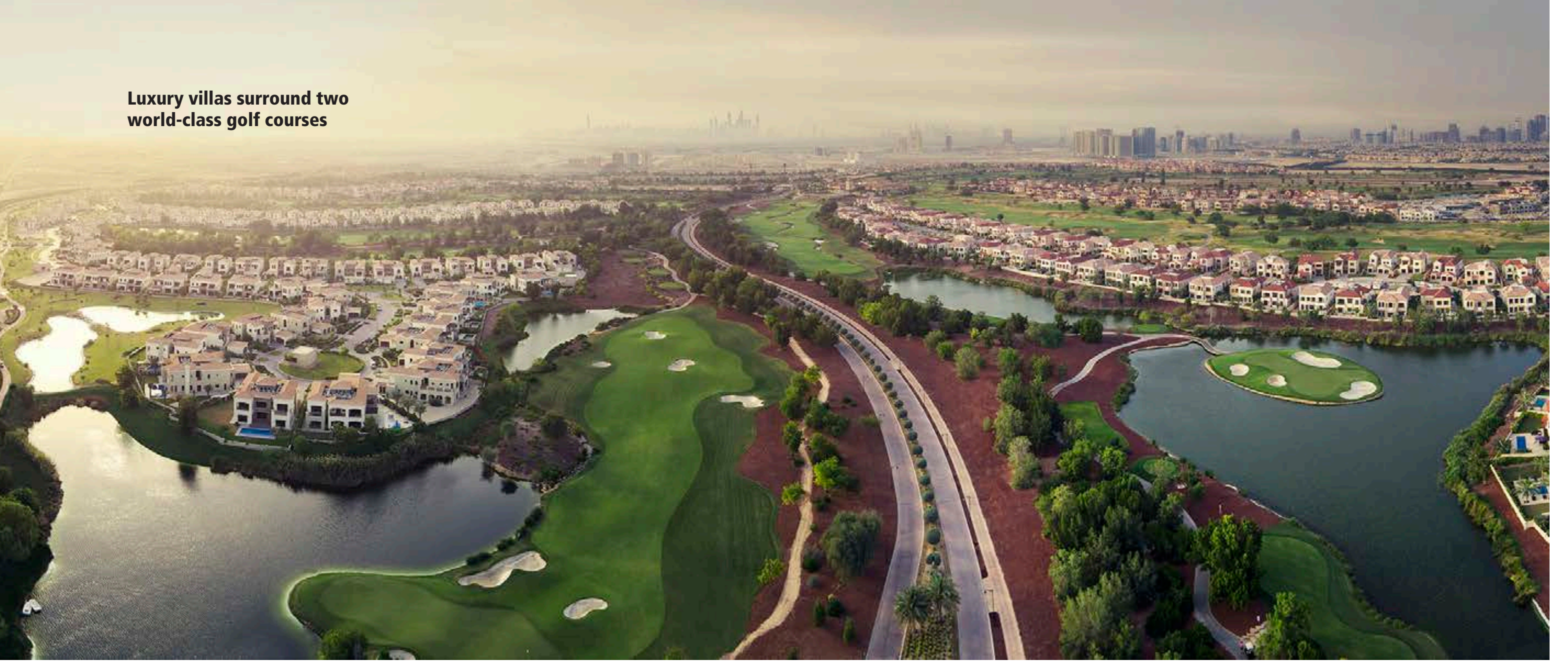
As the championship prepares for its seventh year, Nick Tarratt, Director of European Tour—Dubai, is staggered at the growing popularity of the game in the region. "The economic impact of golf in Dubai is worth $131 million per year," he explains. "According to Deloitte, expenditure on golf is $270 million, which is a quarter of the total sports expenditure, and the estimated economic impact of golf tourism is worth $38 million. You only have to look at the list of champions to see that this venue attracts the world's best—12 of the top 14 players who competed in the Rio Olympics will be taking part in the DP World Tour Championship." 2016 will welcome famous names such as Lee Westwood and defending champion Rory McIlroy, as well as Open Championship and Olympic silver medal winner Stenson Henrik, who last year also held the title of ambassador for Jumeirah Golf Estates. "We've been blessed with some amazing players," Kazim says proudly. "Henrik was really typical of the project itself. I think he is a true model—a guy that looks after his family, his profession and is fantastic when he represents the company."

Home Straight

Of course these tranquil grounds are not just on the map for those that love golf. The 1,119 hectare plot is also a huge residential project, being developed over four phases, of which so far one is nearly complete. Phase A covers 375 hectares, and in two years it will be home to 1050 villas, 715 apartments and 54 townhouses. This accounts for just 25% of the space–30% is allocated to public areas and lakes, and 45% to sports and lifestyle facilities. Three more phases

RAJA / FORBES MIDDLE EAST

Yousef Kazim, CEO of Jumeirah Golf Estates



Luxury villas surround two world-class golf courses

will be announced next year, with plans for a retail center, two metro stations, a four-star hotel, a school and a medical facility under discussion. Two more golf courses–Air and Water–are on pause as the team assesses the practicalities, but that's not slowing expansion.

750 families have already moved in, and over 60% of them are not golfers according to the CEO. He believes the attraction lies not in the game, but the environment. He's determined that the whole area be designed to give the feel of a holiday resort—relaxing, healthy, calm. Even nature-lovers are being catered for as he happily jots down a note to record the "fantastic" types of bird that he's recently spotted here.

Kazim's enthusiasm is matched by his experience. Having spent 14 years overseeing environmental health and safety, strategy and security for Dubai's freezones and ports, he moved to work on some major projects for Nakheel between 2005 and 2010, including Jumeirah Park—a job he describes as his "serious start" into real estate—Jumeirah Heights and Jumeirah Island. In 2013, the new Board for Jumeirah Golf Estates called him in. Coming through a post-crisis restructure, they needed someone with the knowhow and drive to bring a special idea to life—Kazim accepted the challenge.

With the infrastructure built, momentum is now moving fast. Villas are being handed over to their eager owners, and focus is shifting to a different market, one that opens up this landscape to middle-income earners. "The market direction is going towards more affordable units, so we're listening and diversifying," Kazim explains. "We have what we call affordable luxury."

The crux of this idea is that an affordable rate doesn't need to result in a cheap product, helped by the evolving construction market producing better quality materials for less. Affordable luxury at Jumeirah Golf Estates celebrates southern Spain's blend of Mediterranean and Arabic architecture. The AlAndalus project will bring 650 one, two, three and four-bed apartments, as well as 50 townhouses, onto the market, with prices for a one-bedroom apartment starting at just AED 597,000 ($162,559)—around AED 820 per square foot.

"We let our engineers visit the south of Spain and have a proper look at the whole atmosphere, environment and landscaping," says Kazim. "I told them you see this design, I want to see this in my affordable units. They were saying you're crazy; I said well it's a challenge, but I mean to have this and I'm not kidding. I'm not just saying it for the sake of marketing.

"We've kept the distances between the buildings larger. And you will always hear the water, the tranquility. When you walk here between these buildings you need to feel that you're in the south of Spain. We put in a lot of effort, but it's worth it."

At the other end of the scale is Redwood Avenue, phase 2 of which launched in July 2016. Commanding in the region of AED 1,800 per square foot, a 10,000 square foot villa will set you back around AED 18 million ($4.9 million). And that's not at the upper-end—in a 2014 sale one property went for AED 30 million ($8.7 million). For those looking for something tailored, a "shell and core" villa comes three-quarters done, but without final touches such as flooring, tiles and windows, enabling owners to choose finishes to their own personal taste. And the 93 plots that make up Wildflower are available for the really creative to build their own villas from scratch, using their own architects and stylists to create their dream home.

The key to all this is diversification. "We are learning our lessons at the end of the day. If your investment is diversified all your eggs are not in one basket," Kazim admits. "Real estate companies are thinking longer term; this is why they're going into hospitality, retail and leasing. And leasing is now an important part of our business. We have a few units for rental."

Staying Green

Keeping such a large expanse manicured, healthy and blooming is no easy task. Maintaining the quality of the golf courses as well as the areas inbetween takes between 18,000 and 20,000 cubic meters of water a day. With consumption that high, sustainability is a vital consideration. The estates use recycled and desalinated water for the gardens—something

Redwood Avenue villas attract the high-end crowd, while AlAndalus caters for the mid-income segment.

the CEO is keen to expand to the private homes and share with the wider community. "We looked at the villas having access to the treated water for their gardens to reduce the cost for the home owners," he explains. "I spoke about it with HH Sultan Butti Bin Mejren, the head of the land department when he was here for the sustainable summit. This is something that can be adapted for the whole emirates. So you can have two different types of water, one for the gardens and one for normal house use and eventually you will be able to minimize the cost."

Like many developers, the CEO is always on the lookout for new value-adding technology, with arenas like Cityscape often providing the perfect networking environment to swap ideas and discuss the latest solutions. Solutions such as the solar-powered lights lining the temporary entrance, which save both energy and money and provide illumination for members, visitors and the construction of the permanent road. "Our carbon footprint has been reduced dramatically, but there is still more to go," Kazim tells me. "We've been having visits to Singapore to see how we could be applying the green building charts, and we are making sure that all our buildings at least meet the LEED measures."

Talent Spotting

The work is paying off as the lush green environment continues to attract new guests, residents and golf enthusiasts—143 new fans signed up for an introductory summer membership alone this year. And with world-renowned coaches on site to help them perfect their swings, hopes are high that one day we'll be applauding a U.A.E. champion. The CEO has faith it will happen, as he sees a passion for the game being shared down generations. And as parents encourage their children, the gifted can be found and propelled onto the world stage by the time they hit their late-teens.

"We are trying to bring this whole game closer to our youth," he smiles. "We've been working with the European Tour and the Emirates Federation to sponsor five girls and five boys. We use our European Tour Performance Institute to train them, along with players from the federation and advisers and experts from France."

Preparation for the next DP World Championship has already begun. Jumeirah Golf Estates will organize and construct the chalets, grandstands, scoreboards, media centre and TV compounds—nearly 1,000 volunteers, planners and security teams will be involved in the event. The four-day experience last year attracted over 65,000 spectators and families—a third of whom were international visitors—with free entry, a kid's area, plentiful F&B and a live band drawing in the crowds.

It's a huge undertaking, but one that continues to ensure that all eyes are on Dubai as one of the world's leading sporting, tourist and MICE destinations. And if Kazim has his way, there'll be more to come: "We are still demanding more tournaments. If there's a chance of building another 18-hole golf course, definitely I know how to do it." With over 700 hectares still to play with, that could be just the beginning. F

IMAGES COURTESY OF JUMEIRAH GOLF ESTATES

Alubond Becomes The Largest A2 Panel Manufacturer in The Middle East

Alubond U.S.A is a leading manufacturer of aluminum composite cladding, with successful installations in more than 90 countries.

The growing company is setting up a new plant in the U.A.E. to increase its production capacity for A2 fire resistant (FR) panels. With an investment of AED 50 million, the production facility will span 60 million square meters and become the brand's second plant in the near east, second only to their first plant in Turkey.

An established thought leader in the U.A.E.'s cladding industry, Alubond U.S.A. has taken extensive measures in product testing and certification for safety. In the wake of the U.A.E. fire incidents, Alubond U.S.A. came forward to announce their zero-tolerance policy for the production of non-fire-resistant panels.

The manufacturer considers product safety fundamental to its strategy, and has set a gleaming example of what producing safe cladding products entails. It has had its aluminum composite panels successfully tested for the complete aluminum composite wall system in accordance with NFPA 285, the standard American fire test recognized by the U.A.E. Civil Defense. In effect, the company has demonstrated their full compliance with the fire and safety code laid out by the U.A.E. government and has received the U.A.E. Civil Defense certification for their A2 products.

Shaji Ul-Mulk, Founder and Chairman of Mulk Holdings and brand owner of Alubond U.S.A. stated, "Alubond U.S.A stands for quality fire-resistant aluminum composite cladding products. We would like to set an example for other manufacturers in the cladding industry by encouraging and ushering in a new era of producing fire-resistant and accident- free cladding products. We hope our fellow industry players will follow our lead in the interest of safety."

Spanning 2 million square meters, Alubond U.S.A.'s first state-of-the-art production facility for A2 fire-resistant panels in the near east is located in Turkey. The manufacturer will also be adding three production lines extending 2sqms in capacity to its Sharjah production facility, making its capacity of A2 fire-resistant panels total to 8 million square meters per year. This places the leading manufacturer of aluminum composite panels in a unique position amongst its competitors.

Shaji Ul Mulk,
Chairman at Mulk Holdings

With its focus on A2 fire-resistant panels, Alubond U.S.A. has established its commitment to life and fire safety in the U.A.E. and beyond.

100 TOP REAL ESTATE COMPANIES IN THE ARAB WORLD

Our ranking of the Top 100 Real Estate Companies in the Arab World comprises the top 50 listed companies, the top 35 private companies, the top 10 consultants and the top 5 international consultants.

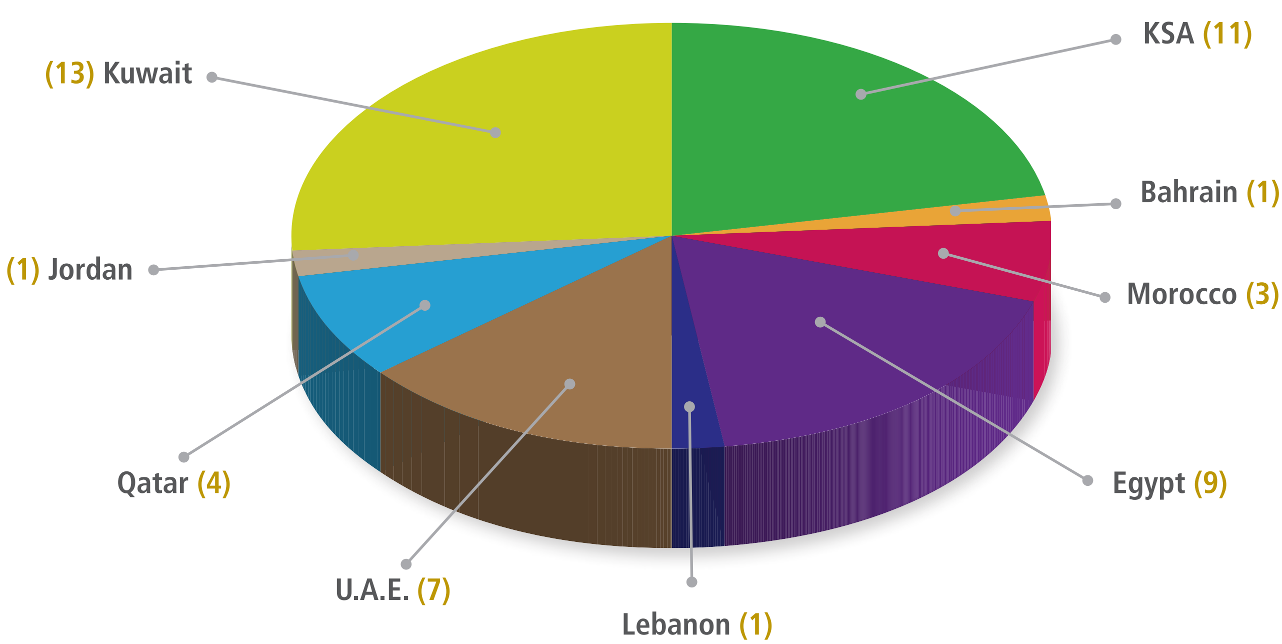
To determine the top listed real estate companies, we collected information from companies' annual reports and their respective country's stock market website. Only companies listed under the Middle Eastern stock exchange were eligible to be listed. We used 2015 metrics on revenue, market value, assets and profits, adding together the four scores (equally weighted) to reach a composite score. Market value and currency conversion are as of April 6, 2016.

Out of these listed companies, U.A.E. construction giant Emaar Properties came out on top with both the highest asset base of $21.7 billion, as well as the largest amount of revenue at $3.7 billion. Emaar tied with DAMAC Properties for profit earnings of $1.2 billion. And Jabal Omar Development Co. came out on top for highest market value at $14.1 billion.

For private real estate companies not all data is made publicly available. So we gathered information from companies' websites, questionnaires and research reports from various real estate consultants. We used the estimated revenue, number of employees and date of establishment. Each metric was given a different weight to arrive at the final ranking.

For real estate consultants we collected data through questionnaires and company websites. We ranked them on the basis of their client base and number of employees.

TOP 50 LISTED COMPANIES



COUNTRY NAME (NUMBER OF COMPANIES)

TOP 50 LISTED
REAL ESTATE COMPANIES

MOHAMED ALWERDANY / SHUTTERSTOCK.COM

01 Emaar Properties

Country: U.A.E.
Revenue: $3.7 B **Market Value:** $11.6 B
Profit: $1.2 B **Assets:** $21.7 B

Founded in 1997, Emaar is the region's trailblazer in developing integrated, master-planned communities. Although the U.A.E.-based company boasts a diverse property portfolio both at home and abroad, its most premium development is Downtown Dubai. The 500-acre complex in the heart of the city is considered one of the most visited destinations in the world, housing the most emblematic landmarks of Dubai's tourism prowess, such as the Burj Khalifa, Dubai Mall, and the Dubai Fountain.

With a reported 12% growth in net profit in the first half of 2016, it's easy to see why Emaar is not slowing down. The giant real estate developer is poised to launch Dubai Opera this year, a 2,000 capacity, multi-format venue located in an up-and-coming cultural hub.

02 DAMAC Properties

Country: U.A.E. **Revenue:** $2.3 B **Market Value:** $4.5 B **Profit:** $1.2 B **Assets:** $6.4 B

The luxury real estate development and investment company was established in 2002 and has since delivered almost 16,000 real estate units, with 44,000 underway at different stages of development. DAMAC has also successfully dipped its hand in the hospitality sector with around 13,000 units of hotel rooms, serviced hotel apartments and villas in progress. The company mostly develops residential, leisure and commercial properties—notable mentions on its track record include the renowned Park Towers and the Versace project in Jeddah.

Valued at $4.5 billion, DAMAC is clearly maintaining its standards of excellence by developing a collection of limited edition Bugatti-inspired villas packed with all the bells and whistles of a luxury home. The complex even overlooks a golf course designed by the legendary golf player Tiger Woods.

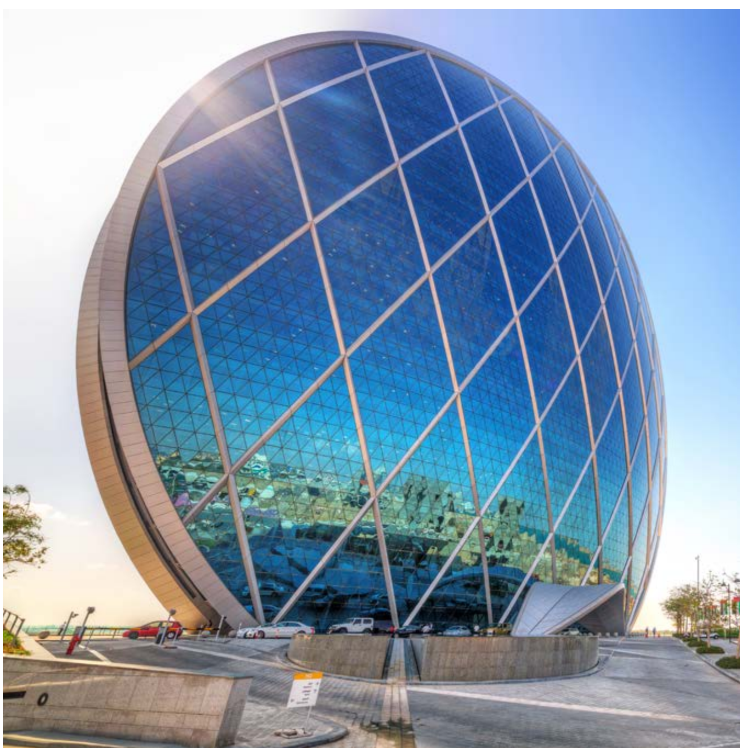


IMAGE COURTESY OF DAMAC PROPERTIES ; PATRYK KOSMIDER / SHUUTERSTOCK.COM

03 Aldar Properties

Country: U.A.E.
Revenue: $1.2 B **Market Value:** $5.8 B
Profit: $697 M **Assets:** $9.8 B

Established in 2004, ALDAR has earned its title as the leading real estate developer in Abu Dhabi. Its commitment to shaping Abu Dhabi's urban environment in alignment with innovative and sustainable development principles has made its well-equipped housing communities popular with local residents. With a market cap of nearly $6 billion, ALDAR's major world-class projects include the waterfront development Al Raha Beach, as well as Yas Island—the man-made island home to Ferrari World, Yas Marina Circuit and Yas Viceroy Abu Dhabi Hotel.

The company is principally engaged in property development and management, real estate asset management and similar operations. Its diverse property portfolio spans a range of sectors, including but not limited to, hospitality, education and leisure.

04 Barwa Group

Country: U.A.E. **Revenue:** $1.3 B
Market Value: $3.6 B
Profit: $843 M **Assets:** $7.8 B

Since its establishment in 2005, Barwa has managed to become Qatar's largest real estate developer with a market cap of $3.6 billion. The Qatar Diar Real Estate Company, owned by the Qatar Investment Authority, owns almost half of the company's shares. The firm has demonstrated its commitment to the Qatari community by developing 2,000 high-quality, affordable residential units.

Although Barwa is primarily active in Qatar and Saudi Arabia, it also engages in property development, management, and investment in other parts of the region and internationally. The company is currently developing the Barwa Al Baraha project—a 1.8 million square meter integrated city for workers packed with accommodation facilities.

05 Ezdan Holding Group

Country: Qatar **Revenue:** $596 M
Market Value: $12.9 B
Profit: $567 M **Assets:** $12.9 B

Last year Forbes Middle East awarded the 56-year-old Qatari company for its outstanding success in diversified investments. Coming in with a market value of $12.9 billion, Ezdan is known for owning approximately 20,000 multipurpose real estate units in a diverse range of sectors in and outside of Doha. Although the company is primarily active in the property development and investment field, it also offers general contracting and property consulting services.

In alignment with the Qatar National Vision 2030, Ezdan has revealed the 'Ezdan Oasis' project. According to a report, the massive $1.23 billion mixed-use venture will boast 8,679 apartments, two 24,500 sqm hypermarkets, five sports clubs and eight mosques.

06 Jabal Omar Development Company

Country: KSA **Revenue:** $208 M **Market Value:** $14.1 B **Profit:** $24 M **Assets:** $5.3 B

Since its inception in 2007, the Saudi Arabian company has positioned itself at the forefront of construction and real estate development in the Arab world with a market cap of $14.1 billion. Currently, the company is undertaking a $3.2 billion mega development in the area adjacent to the Grand Mosque. The project's strategic location places the company at an advantage in housing the yearly influx of pilgrims.

Extending over an area of 230,000 sqm, the development includes a mix of residential and commercial towers, a 14,000 sqm prayer area, 6 hotels, 208 villas, over 500 restaurants, a retail concourse, a conference hall and public parks. As of 2014, the firm's biggest shareholder, second only to the Jabal Omar founders, is the Makkah Construction and Development Company with a share of 10.7%.

SOPHIE JAMES / SHUUTERSTOCK.COM ; IMAGES COURTESY OF EZDAN HOLDING & JABAL OMAR DEV. CO.

07 United Development Company

Country: Qatar **Revenue:** $396 M **Market Value:** $1.8 B
Profit: $201 M **Assets:** $5.2 B

Founded in 1999, the leading Qatar-based shareholding company develops projects that create quality investment opportunities and contribute to economic growth. The company takes part in joint ventures with international investors, who reportedly hold 25% of the company's shares. Coming in with a market value of $1.8 billion, the firm has also established additional investment channels in the hospitality and retail sectors. The Pearl-Qatar has undoubtedly been the real estate developer's largest venture. With a prime location off the coast of Doha's West Bay, the innovative island development spans over 4 million square-meters of land, and offers residents and visitors a private and modern lifestyle experience.

08 Talaat Moustafa Group Holding

Country: Egypt **Revenue:** $695.3 M
Market Value: $1.5 B
Profit: $86.7 M **Assets:** $6.8 B

The prominent Egyptian real estate company has an impressive landbank of 50 million square meters. Over the past 37 years, TMG Holding has developed 8.5 million square meters worth of land for housing and real estate projects. The company primarily develops sustainable residential cities and community complexes. Examples include Madinaty, the largest all-inclusive enclosed city in the Middle East spanning 33.6 million square meters, as well as signature compounds like May Fair in Al Shorouk, east of Cairo. With a market cap of $1.5 billion, it's not surprising the leading real estate developer is also active in the hospitality sector, with three large-scale luxury hotels completed thus far.

09 Dar Alarkan Real Estate Development Company

Country: KSA **Revenue:** $590 M
Market Value: $1.4 B
Profit: $95.8 M **Assets:** $6.7 B

Founded in 1994, the construction boom enabled the Saudi Arabian family-owned company to expand and become one of the largest real estate developers in the country. Awarded the "Best Residential Developer in Saudi Arabia 2015" by Euromoney, DAAR shows no signs of slowing down, with several commercial and residential projects currently underway. Their most ambitious project to date is a joint venture with the Jeddah Development and Urban Regeneration Company (JDURC) to construct the $1.03 billion mixed-development project, Qasr Khozam. The project aims to stimulate economic growth in the heart of Jeddah and will include shopping malls, commercial and business districts, villas, hospitals, schools and a monorail that connects to the main railway station.

IMAGE COURTESY OF UNION DEVELOPMENT, TMG & DAR ALARKAN REAL ESTATE

10 Douja Promotion Addoha Group

Country: Morocco **Revenue:** $737.2 M
Market Value: $1.3 B
Profit: $88.5 M **Assets:** $3 B

Founded in 1988, DPGA is involved in the construction, development and marketing of mainly residential and commercial real estate properties in towns and cities across Morocco. The company also offers legal and financial consulting services. Beyond Morocco, DPGA opened a branch in Paris in 2011 and developed a housing project in the Republic of Congo in 2013.

12 Emaar, The Economic City

Country: KSA **Revenue:** $272.8 M
Market Value: $3.1 B
Profit: $80.3 M **Assets:** $4.8 B

Established in 2006, Emaar, The Economic City is part of the Saudi Arabian government's initiative to stimulate socio-economic growth in alignment with principles of social, economic and environmental sustainability. EEC is spearheading the development of the King Abdullah Economic City, a 168 million square mega project located on the Red Sea. The dynamic city is made up of an industrial valley, educational zone, a seaport, resorts, coastal residential communities, a commercial downtown district, as well as entertainment attractions.

11 Mabanee Company

Country: Kuwait **Revenue:** $286.9 M
Market Value: $2.4 B
Profit: $160.6 M **Assets:** $2 B

Mabanee is Kuwait's flagship shareholding and real estate firm widely known for owning The Avenues, the largest shopping mall in the country featuring over 800 stores. The firm generates roughly 90% of its revenues from the prominent mall's rental income, and is seeking to expand a similar commercial venture in Saudi Arabia and Bahrain.

With over 1,500 shareholders, Mabanee primarily operates within the real estate, construction and investment sectors. However, its largest stakeholder Al Shaya Group has been instrumental to its success. With a 35.8% stake in the company and franchise rights in the GCC for over 60 international retail brands, Al Shaya Group has enabled Mabanee's ability to draw in important tenants and local consumers.

13 Union Properties

Country: U.A.E. **Revenue:** $399 M **Market Value:** $889.3 M **Profit:** $118.3 M **Assets:** $2.3 B

Founded in 1987, the U.A.E.-based company boasts a diversified real estate portfolio, including mixed-use high-rise towers, residential complexes, hotels and leisure attractions. With a market cap of nearly $900 million, the company aims to develop eco-friendly, sustainable, modern and luxurious properties. The latest development by UP is an extension of the famous Green Community, aptly named Green Community Phase III, which spans 67 hectares of residential, commercial, retail and leisure projects. Another major development is Motor City, located in Dubailand and home to the automotive sport industry; the self-sufficient city features residential and commercial properties, as well as a mix of dining and leisure opportunities.

PHILIP LANGE / SHUTTERSTOCK.COM ; IMAGE COURTESY OF UNION PROPERTIES

14 Palm Hills Developments Company

Country: Egypt
Revenue: $400.6 M **Market Value:** $700.1 M
Profit: $119.7 M **Assets:** $2.1 B

The Egyptian company was established in 2005 and has since acquired one of the largest landbanks in the country. Palm Hills principally develops integrated and self-sufficient residential, commercial and resort properties around Cairo. The company's projects, 19 of which have launched with 10 underway, span an impressive 26.4 million square meters. Palm Hills' most famous developments, without a doubt, make up their 'New Cairo' portfolio; the six projects extend over an area of 1.76 million sqm. Another major development is the stunning Sahl Hasheesh. The resort destination is located on the Red Sea, nestled between desert and mountainous landscapes, and features a range of luxurious, Arabesque-style amenities, hotels and residences.

15 Makkah Construction and Development Co.

Country: KSA **Revenue:** $110.6 M
Market Value: $3.7 B
Profit: $87.2 M **Assets:** $2.4 B

Established in 1989, the Saudi Arabia-based company engages in diversified real estate activities. It develops, invests, owns, manages, rents and buys real estate properties located in the area nearby the Holy Mosque. Given that Mecca is religiously significant to millions of pilgrims every year, the company is provided with a steady seasonal market. MCDC also operates and manages the Makkah Hilton Hotels and Makkah Hilton Towers, as well as handles any engineering related operations to its business.

16 Taiba Holding Company

Country: KSA **Revenue:** $127 M **Market Value:** $1.3 B
Profit: $116.5 M **Assets:** $1.2 B

The Saudi Arabia-based company owns a mix of real estate properties including hospitals, hotels and recreational centers. Its activities span selling, buying, managing, operating and maintaining real estate, as well as, wholesale and retail trading. Taiba also engages in architectural, civil, mechanical and electrical contracting.

IMAGES COURTESY OF MAKKAH CONSTRUCTION &; RUS S / SHUTTERSTOCK.COM

17 Deyaar Development

Country: U.A.E. **Revenue:** $70 M **Market Value:** $943.9 M
Profit: $79.3 M **Assets:** $1.7 B

Founded in 2002, Deyaar is Dubai's third largest publicly traded real estate company and has been growing exponentially since its IPO in 2007. The firm's major projects are located in prime locations, such as Business Bay, Dubai Marina, Al Barsha, DIFC, Jumeirah Lake Towers, IMPZ, Dubai Silicon Oasis and TECOM. Among its principal activities are property and facilities management.

One of the company's major developments currently underway, located in the Dania District, Midtown, is an integrated residential complex featuring a landscaped open plaza, a child day care center, and a diverse range of sports facilities, retail avenues and leisure attractions.

18 Six of October Development & Investment (SODIC)

Country: Egypt **Revenue:** $165.5 M **Market Value:** $464 M
Profit: $36.1 M **Assets:** $1.9 B

With over two decades of experience, SODIC is considered a leading real estate developer in Egypt. The company mainly develops urban residential communities, commercial properties and tourist establishments, as well as various projects in the entertainment, healthcare and education sectors. SODIC is currently undertaking the major, sprawling, beachfront residential development—Caesar. Extending over 1km on the coast of the Mediterranean Sea, the tourist destination is an escape to paradise. Cairo's expansion along the east-west axis is stimulating significant economic growth, and SODIC has taken note by developing The Strip; a commercial project marketed as a modern, easily accessible shopping destination in a vibrant and up-and-coming suburb. The company is also involved in joint-venture partnerships for developments in Beirut, Algeria and Dubai.

19 Golden Pyramids Plaza

Country: Egypt **Revenue:** $155 M **Market Value:** $782.6 M
Profit: $16.2 M **Assets:** $2 B

Established in 1991, the Egypt-based real estate company developed and manages Citystars Helipolis, a commercial, retail and leisure destination. GPP also develops resort properties that boast internationally renowned hotels, crystal lagoons, sprawling golf courses, equestrian parks, education centers, and retail and recreational centers. The company's notable residential projects include the Royal Meadows, a 235-acre residential complex comprised of 340 villas and town houses, and La Reve, a 115-acre residential compound made up of 90 luxury villas. Another major development in their portfolio is the Citystars Katameyah, a mixed-use project comprised of a business district, 250 guest rooms and 200 residential units under the Swissotel Living brand.

20 Arriyadh Development Co.

Country: KSA **Revenue:** $113.4 M **Market Value:** $711.1 M
Profit: $78.5 M **Assets:** $686.3 M

Established in 2009, the Saudi Arabia-based real estate company primarily develops, invests and leases commercial and residential properties, as well as public parks, tourist compounds, industrial showrooms and service facilities, such as gas stations and highway rest stops. ARDCO's developments include Shuruq El Taameer City, an enclosed residential complex, and Souk El Taamer in Riyadh, a commercial center featuring wholesale and retail markets. The company currently has a refrigeration warehouse project underway.

1 Emaar Properties
U.A.E.
Revenue: $ 3.7 B
Market Value: $ 11.6 B
Profit: $ 1.2 B **Assets:** $ 21.7 B

2 DAMAC Properties
U.A.E.
Revenue: $ 2.3 B
Market Value: $ 4.5 B
Profit: $ 1.2 B **Assets:** $ 6.4 B

3 Aldar Properties
U.A.E.
Revenue: $ 1.2 B
Market Value: $ 5.8 B
Profit: $ 697 M **Assets:** $ 9.8 B

4 Barwa
Qatar
Revenue: $ 1.3 B
Market Value: $ 3.6 B
Profit: $ 843 M **Assets:** $ 7.8 B

5 Ezdan Holding
Qatar
Revenue: $ 596 M
Market Value: $ 12.9 B
Profit: $ 567 M **Assets:** $ 12.9 B

6 Jabal Omar Development
KSA
Revenue: $ 208 M
Market Value: $ 14.1 B
Profit: $ 24 M **Assets:** $ 5.3 B

7 United Development Company
Qatar
Revenue: $ 396 M
Market Value: $ 1.8 B
Profit: $ 201 M **Assets:** $ 5.2 B

8 Talaat Moustafa Group Holding
Egypt
Revenue: $ 695.3 M
Market Value: $ 1.5 B
Profit: $ 86.7 M **Assets:** $ 6.8 B

9 Dar Alarkan Real Estate Development Company
KSA
Revenue: $ 590 M
Market Value: $ 1.4 B
Profit: $ 95.8 M **Assets:** $ 6.7 B

10 Douja Promotion Addoha Group
Morocco
Revenue: $ 737.2 M
Market Value: $ 1.3 B
Profit: $ 88.5 M **Assets:** $ 3 B

11 Mabanee Company
Kuwait
Revenue: $ 286.9 M
Market Value: $ 2.4 B
Profit: $ 160.6 M **Assets:** $ 2 B

12 Emaar The Economic City
KSA
Revenue: $ 272.8 M
Market Value: $ 3.1 B
Profit: $ 80.3 M **Assets:** $ 4.8 B

13 Union Properties
U.A.E.
Revenue: $ 399 M
Market Value: $ 889.3 M
Profit: $ 118.3 M **Assets:** $ 2.3 B

14 Palm Hills Developments
Egypt
Revenue: $ 400.6 M
Market Value: $ 700.1 M
Profit: $ 119.7 M **Assets:** $ 2.1 B

15 Makkah Construction and Development Company
KSA
Revenue: $ 110.6 M
Market Value: $ 3.7 B
Profit: $ 87.2 M **Assets:** $ 2.4 B

16 Taiba Holding Company
KSA
Revenue: $ 127 M
Market Value: $ 1.3 B
Profit: $ 116.5 M **Assets:** $ 1.2 B

17 Deyaar Development
U.A.E.
Revenue: $ 70 M
Market Value: $ 943.9 M
Profit: $ 79.3 M **Assets:** $ 1.7 B

18 Six of October Development & Investment
Egypt
Revenue: $ 165.5 M
Market Value: $ 464 M
Profit: $ 36.1 M **Assets:** $ 1.9 B

19 Golden Pyramids Plaza
Egypt
Revenue: $ 155 M
Market Value: $ 782.6 M
Profit: $ 16.2 M **Assets:** $ 2 B

20 Arriyadh Development Company
KSA
Revenue: $ 113.4 M
Market Value: $ 711.1 M
Profit: $ 78.5 M **Assets:** $ 686.3 M

21 Residences Dar Saada Company
Morocco
Revenue: $ 181.2 M
Market Value: $ 462.3 M
Profit: $ 46.7 M **Assets:** $ 836.1 M

22 The Commercial Real Estate Company
Kuwait
Revenue: $ 105.4 M
Market Value: $ 450.4 M
Profit: $ 70.5 M **Assets:** $ 1.6 B

23 The National Real Estate Company
Kuwait
Revenue: $ 94.5 M
Market Value: $ 269.9 M
Profit: $ 51 M **Assets:** $ 1.9 B

24 Tamdeen Real Estate Company
Kuwait
Revenue: $ 29.3 M
Market Value: $ 707.4 M
Profit: $ 52 M **Assets:** $ 1.4 B

25 Saudi Real Estate Company
KSA
Revenue: $ 74.4 M
Market Value: $ 582.4 M
Profit: $ 39.4 M **Assets:** $ 1.7 B

26 Al Mazaya Holding Company
Kuwait
Revenue: $ 198.3 M
Market Value: $ 217.7 M
Profit: $ 31.4 M **Assets:** $ 832.3 M

27 RAK Properties
U.A.E.
Revenue: $ 100 M
Market Value: $ 310.4 M
Profit: $ 43.6 M **Assets:** $ 1.3 B

28 Dur Hospitality
KSA
Revenue: $ 142 M
Market Value: $ 618.7 M
Profit: $ 30.5 M **Assets:** $ 608.2 M

29 Salhia Real Estate Company
Kuwait
Revenue: $ 142.5 M
Market Value: $ 596.5 M
Profit: $ 38.4 M **Assets:** $ 416.4 M

30 Red Sea Housing Services Company
KSA
Revenue: $ 274.1 M
Market Value: $ 381.6 M
Profit: $ 20.3 M **Assets:** $ 422.9 M

24 Tamdeen Real Estate Company

Founded in 1982, the Kuwaiti real estate company is known for its plan to develop Silk City, one of the largest mixed-use projects in the world. The $132 billion development will feature a 1,001-meter-tall skyscraper, an Olympic stadium, residences, hotels and retail centers. The mammoth project is predicted to house 700,000 people, create 450,000 new jobs and contribute $15 billion to Kuwait's GDP by 2030.

IMAGE COURTESY OF TAMDEEN REAL ESTATE

31 Solidere
Lebanon
Revenue: $ 83.8 M
Market Value: $ 1.6 B
Profit: $ -87.2 M **Assets:** $ 2.9 B

32 Mazaya Qatar
Qatar
Revenue: $ 87.6 M
Market Value: $ 404.2 M
Profit: $ 31 M **Assets:** $573.8 M

33 Madinet Nasr for Housing & Development
Egypt
Revenue: $ 80.4 M
Market Value: $ 975 M
Profit: $ 27.6 M **Assets:** $ 283.3 M

34 Orascom Development Holding
Egypt
Revenue: $ 319.6 M
Market Value: $ 401.8 M
Profit: $ -23.5 M **Assets:** $ 1.9 B

35 Heliopolis Housing and Development
Egypt
Revenue: $ 54 M
Market Value: $ 691.8 M
Profit: $ 23 M **Assets:** $ 256.9 M

36 El Kahera Housing
Egypt
Revenue: $ 147.8 M
Market Value: $ 108.4 M
Profit: $ 17.7 M **Assets:** $ 331.7 M

37 ALARGAN International Real Estate Company
Kuwait
Revenue: $ 22.9 M
Market Value: $ 140.5 M
Profit: $ 55.2 M **Assets:** $ 495 M

38 Kuwait Real Estate Company
Kuwait
Revenue: $ 45.2 M
Market Value: $ 144.1 M
Profit: $ 14.1 M **Assets:** $ 780.5 M

39 SEEF Properties
Bahrain
Revenue: $ 37.2 M
Market Value: $ 219.6 M
Profit: $ 26.1 M **Assets:** $ 376.5 M

39 SEEF Properties

The real estate developer has acquired almost 450 assets within Bahrain since its founding in 1999. SEEF primarily develops world-class retail and recreational destinations, such as Seef Mall—Seef District, Seef Mall—Isa Town and its latest project, Seef-Mall-Muharraq, as well as Bahrain's renowned indoor recreational center, Magic Island. The firm also manages government properties and owns serviced apartments managed by Fraser Suites, a prominent luxury hotel chain.

40 Afaq Holding for Investment and Real Estate Development Company
Jordan
Revenue: $ 127.7 M
Market Value: $ 184 M
Profit: $ 16.3 M **Assets:** $ 197.7 M

41 Alliances Group
Morocco
Revenue: $ 98 M
Market Value: $ 65.7 M
Profit: $ -189.3 M **Assets:** $ 2.3 B

42 Knowledge Economic City
KSA
Revenue: $ 8.3 M
Market Value: $ 1.3 B
Profit: $ -3.1 M **Assets:** $ 881.8 M

43 Al-Arabiya Real Estate Company
Kuwait
Revenue: $ 45.5 M
Market Value: $ 46.9 M
Profit: $ 5.8 M **Assets:** $ 555.8 M

44 Injazzat Real Estate Development Company
Kuwait
Revenue: $ 28.9 M
Market Value: $ 81.9 M
Profit: $ 10.2 M **Assets:** $ 323.6 M

45 Eshraq Properties Company
U.A.E.
Revenue: $ 5.8 M
Market Value: $ 633 M
Profit: $ 2.7 M **Assets:** $ 616.8 M

46 Kuwait Business Town Real Estate Company
Kuwait
Revenue: $ 22.7 M
Market Value: $ 71.9 M
Profit: $ 16.4 M **Assets:** $ 219.7 M

47 Jazan Development Company
KSA
Revenue: $ 24.1 M
Market Value: $ 176.7 M
Profit: $ 5.9 M **Assets:** $ 185 M

48 Zahraa Maadi Investment & Development
Egypt
Revenue: $ 14.9 M
Market Value: $ 99 M
Profit: $ 18.2 M
Assets: $ 183.2 M

49 Munshaat Real Estate Projects Company
Kuwait
Revenue: $ 29.8 M
Market Value: $ 49.1 M
Profit: $ 0.5 M
Assets: $ 559 M

50 Abyaar Real Estate Development Company
Kuwait
Revenue: $ 11.2 M
Market Value: $ 87.5 M
Profit: $ -0.1 M
Assets: $ 630.2 M

PHILIP LANGE / SHUTTERSTOCK.COM

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TOP 35 PRIVATE
REAL ESTATE COMPANIES

1 Qatari Diar
Qatar 2005

2 Dubai Properties
U.A.E. 2004

3 Wasl Asset Management Group (Wasl Properties)
U.A.E. 2008

4 Nakheel
U.A.E. 2003

5 Arenco Real Estate
U.A.E. 1975

6 Majid Al Futtaim Properties
U.A.E. 1992

7 Al Futtaim Real Estate
U.A.E. 1992

8 Al Habtoor Real Estate
U.A.E. 1970

9 Memaar Al Morshedy
Egypt 1983

10 Sobha Developers
U.A.E. 1976

11 Bloom Holding
U.A.E. 2008

12 Omniyat
U.A.E. 2005

13 Reem Investments
U.A.E. 2005

14 Al Marjan Island
U.A.E. 2013

15 Select Group
U.A.E. 2002

16 Mubadala (Real Estate)
U.A.E. 2002

17 Jumeirah Golf Estates
U.A.E. 2009

18 Tameer-Alkhaleej Development Company
Bahrain 2002

19 Abdali Investment and Development
Jordan 2004

20 Meydan Group
U.A.E. 2010

21 Rashed Al Rashed and Sons Real Estate
KSA 1950

22 Manazel Real Estate
U.A.E. 2006

23 Danube Properties
U.A.E. 2014

24 Alfardan Properties
Qatar 1993

25 Diyar Al Muharraq
Bahrain 2002

26 Al Hamra Real Estate Development
U.A.E. 2003

27 Meraas Real Estate
U.A.E. 2008

28 Amwaj Islands
Bahrain 2002

29 Cayan Group- Real Estate Investment and Development
U.A.E. 2005

30 Dubai Sports City
U.A.E. 2008

31 Schon Properties
U.A.E. 2005

32 Thaker Investment and Real Estate Development Company
KSA 2012

33 Shaikhani Group
U.A.E. 1979

34 MAG Properties
U.A.E. 1978

35 MENA Holding
Kuwait 1991

IMAGE COURTESY OF QATARI DIAR

01 Qatari Diar

Country: Qatar **Established:** 2005

Established in 2005, Qatari Diar is a leading real estate developer in the region and overseas, renowned for its innovative, state-of-the-art projects. Currently, the company is undertaking its flagship project, Lusail City—the country's largest real estate development to date. Aptly called 'the city of the future', the progressive, self-contained, sustainable city extends over a massive 38 million square meters and encompasses 19 districts.

The project is part of the Qatar Vision 2030 and not only includes the staple features of its residential, commercial, hospitality and retail properties, such as schools and medical facilities. But also boasts a new financial district, beaches and marinas that house over 1,800 boats and luxury yachts, a light rail transit system and a water taxi transportation network.

02 Dubai Properties Group

Country: U.A.E. **Established:** 2004

Founded in 2004, the U.A.E.-based master real estate developer aims to be instrumental in developing Dubai's ever-growing landscape. The company's projects find their home in Business Bay, Dubailand, JBR and Culture Village. Other than property development, DPG is also engaged in property and asset management, as well as the operating, renting, investing and buying of properties. One of its most innovative projects to date is Marasi Business Bay. The almost $300 million waterfront development extends 12 kilometers over the longest promenade along the Dubai Water Canal. Priding itself as the region's first yachting destination, the future iconic landmark will feature water-homes, floating restaurants, retail and leisure zones, as well as five palm-tree lined marinas.

03 Wasl Asset Management Group (Wasl Properties)

Country: U.A.E. **Established:** 2008

Wasl Asset Management has been foundational in establishing Dubai as the premier city to live, work and play in the region. The company successfully manages its large portfolio of real estate assets, which include 30,000 residential and commercial properties, industrial plots, entertainment and leisure destinations, 14 hotels and two world-class gold courses. One of its latest ventures is Nad Al Hammar Gardens, a mixed-use, freehold, integrated community extending over an area of approximately 6 million square meters. With a prime location across from Mohammed bin Zayed Road, the development offers excellent access to all parts of the city and features plentiful open and green spaces, 71 residential properties, 32 mixed-use properties, two schools and 21 showrooms.

04 Nakheel

Country: U.A.E. **Established:** 2003

Nakheel is a world-renowned real estate developer, whose projects include some of Dubai's most iconic landmarks, such as the Palm Islands. In addition to its 800,000 sqm worth of entertainment, leisure and retail developments, Nakheel currently has The Pointe in the works. With a prime location across from Atlantis Hotel & Resort, the waterfront development will feature landscaped gardens on which various retail outlets, restaurants, cafes and patisseries offer stunning views of offshore fountains in the bay. Another major development is Nakheel Marine—the largest, most luxurious marine and yachting destination in the Middle East. The idea behind the project is to connect all of Nakheel's waterfront developments via a waterway system to provide better access to Dubai's coast and canals. The development features clubhouses, restaurants, shopping centers, luxury hotels and over 40,000 berths.

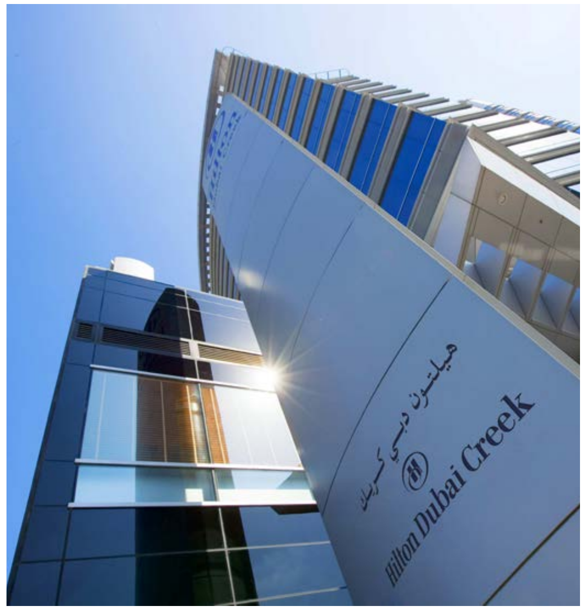
IMAGE COURTESY OF DUBAI PROPERTIES; WASL GROUP ; IN GREEN / SHUTTERSTOCK.COM

05 Arenco Real Estate

Country: U.A.E. **Established:** 1975

Established in 1975, the Dubai-based real estate developer has concentrated on meeting the rising demand for residential and commercial properties, with approximately 5,000 units completed thus far. Arenco develops a range of different properties including apartments, villas, warehouses, offices, staff accommodation and hotel apartments. Arenco's apartment projects are represented by "Golden Sands"—a renowned brand for contemporary living with offerings of swimming pools, gyms, saunas and more. The real estate company has also ventured into the hospitality sector with the Hilton Dubai Jumeirah, Hilton Creek and two Four Points Sheraton's under its belt.

One of its upcoming developments is a series of commercial projects located primely in Dubai Investment Park. The seven-floor buildings will offer a range of offices.



06 Majid Al Futtaim Properties

Country: U.A.E. **Established:** 1992

Majid Al Futtaim Properties is the region's pioneer in developing world-class shopping malls, hotels and mixed-use residential projects. Established in 1992, the U.A.E.-based real estate company has developed a combination of 19 regional and community malls, including the famous Mall of the Emirates, 12 hotels that host 1.5 million guests annually, and three residential projects extending over a combined land area of 4 million square meters. Extending along 6km of Oman's coastline, Majid Al Futtaim Properties has halfway completed Al Mouj Muscat, a luxury, waterfront residential community. In addition to comprising of hotels managed by globally renowned hospitality brands, the development features expansive green spaces, inland waterways, retail and dining opportunities, a 400-mooring-space marina and Oman's only trademark PGA Standard 18-hole golf course.

07 Al Futtaim Real Estate

Country: U.A.E. **Established:** 1992

Al Futtaim Group Real Estate is the real estate development and operations appendage of the prominent Al Futtaim Group. The company develops, leases, markets and manages master-planned communities and landmark retail destinations. AFGRE is known for its flagship, mixed-use urban communities, which include the 5.2 million square meters Dubai Festival City.

With branches also in Doha and Cairo, Festival City is a lifestyle destination comprised of residential and commercial properties, educational institutions and luxury hotels, with plentiful retail, leisure and entertainment opportunities. A special feature of the Al Badia Golf Club in Dubai Festival City is the region's only 'TaylorMade Performance Lab' golfing academy, where golfers of all experience levels can go to hone their skills.

IMAGE COURTESY OF ARENCO REAL ESTATE, AL FUTTAIM REAL ESTATE ; RUS S / SHUTTERSTOCK.COM

08 Al Habtoor Real Estate

Country: U.A.E. **Established:** 1970

Al Habtoor Real Estate has over three decades worth of experience in the region's real estate industry. Its portfolio is comprised of residential, commercial and retail properties, such as the luxury, 31-story Al Habtoor Tower at Marina Walk, and Le Mall, a major shopping destination in Beirut, Lebanon. One of the company's most recent developments is the Emirates Oasis Villas. The urban village development is a family-oriented residential complex featuring 74 villas, and packed with a diverse range of facilities and amenities, such as 24-hour gated security, a large community swimming pool, a running track, a children's play area, a community gym, landscaped gardens and utility and storage space.

09 Memaar Al Morshedy

Country: Egypt **Established:** 1983

Founded in 1983, the Egypt-based real estate development firm has recently introduced a concept of living modeled on convenience. The company plans to deliver integrated service projects comprised of residential, administrative and commercial buildings. The most notable projects to date are two, affordable, large-scale youth residential projects in the 6th of October City, equipped with all the necessary services and facilities. The company is also currently undertaking the One Kattameya, a mixed-use compound that offers its residents access to a range of services and amenities, including a spa and wellness center, a fitness center, restaurants and cafe, pool and accompanied lounge, concierge and security services, as well as retail shops.

10 Sobha Developers

Country: U.A.E. **Established:** 1976

Sobha Group was founded in 1976 by first-generation Indian entrepreneur PNC Menon, and has since become a multinational real estate development and investment company. Its U.A.E.-based branch develops high-end residential projects, such as the waterfront villas across from the Dubai Water Canal and the Sobha Hartland Estates, a freehold gated villa community. In a joint venture with the Meydan Group, Sobha plans to convert 45 million square feet of freehold land into a residential destination in the Mohammed Bin Rashid Al Maktoum City. The mammoth development will feature luxury villas and mansions surrounded by expansive green parklands, crystal lagoons, beaches and cycling and running tracks.

IMAGES COURTESY OF AAL HABTOOR REAL ESTATE, MEMAAR AL MORSHEDY & SOBHA GROUP

Real Estate Investment Environment In The U.A.E.

Many factors have affected the real estate sector over the last two years, but the industry remains resilient and investment opportunities abundant as the country looks to the future according to Ryan Fansa, Director, Head of Real Estate, Al Masah Capital.

U.A.E. Macroeconomic Environment Overview

From 2012 to 2014, the U.A.E. experienced a long-awaited upswing in economic growth since the global financial crisis. Effective governance at the emirate and federal levels, high oil prices, the recovering global economy and the tourism boom all coincided with the economy's return to health and pre-global recession growth rates. Incidentally, while the majority of the region has been embroiled in political turmoil, the U.A.E. has managed to maintain stability and further develop its infrastructure. This in turn has made the U.A.E. well positioned to attract investors from countries with weak economies, thereby maximizing its ability to stimulate growth beyond its oil sector.

The Effect of Global Oil Price Fluctuations and Brexit

The global oil market has been oversupplied since oil prices took a tumble in the summer of 2014, decreasing by about 50% from previous levels. Inevitably, this has had an impact on oil-producing countries, with many GCC governments taking austerity measures to soften the blow. As a result, economic growth has slowed in the U.A.E. in the past year and a half. Given the country's diversified economy however, steady growth is expected with a forecasted rate of 3%.

In addition to global oil price fluctuations, worldwide events continue to weigh down on the global economy. We are starting to enter a new era of uncertainty: the Brexit referendum prompted an international meltdown and fears regarding international security are swelling. Nevertheless, it's too early to determine the impact of the UK referendum on the U.A.E. real estate market given the unprecedented nature of the situation.

U.A.E. GDP Composition

While the region is heavily dependent on oil revenues, Dubai has many industries that signify strong economic performance in its GDP. According to the Dubai Statistics Center, in 2015 the oil and gas industry made up approximately 2% of Dubai's GDP, whereas the construction and real estate industry made up roughly 22%. Other industries, such as wholesale and retail, as well as transportation, storage, and communications, made up 29% and 15% respectively. The manufacturing, tourism and hospitality sectors have also emerged as major drivers of economic growth.

Down south, Abu Dhabi's economy is telling a much different story. According to statistics from 2015, the capital is much more reliant on oil revenues than its sister city. The oil and gas industry contributes a hefty 49.2% to Abu Dhabi's GDP, whereas construction and real estate make up a much lower 17%. However, in line with Abu Dhabi's Vision 2030, the capital is gradually diversifying its economic activities in the manufacturing, tourism and real estate sectors.

Generally, the U.A.E. is leading in economic diversification among its neighbors in the GCC, with the real estate industry considered a cornerstone of its economy. Furthermore, despite the recent dip in oil prices, the U.A.E.'s GDP is predicted to grow at a rate of 3%.

Diversification into Real Estate

Real estate is considered a unique asset class for investment because its typical lifecycle ensures long-term profitability. Moreover, real estate not only backs up the possibility for financing and/or securitization, but physically locates itself within the wider society's infrastructure—proving to be an attractive asset class even when market sentiment is low.

The U.A.E. generally maintains a positive outlook on the economy due to the strength of its real estate sector. So it's unsurprising that regional and international investors find themselves looking to the U.A.E. when diversifying their portfolios. Moreover, the country will likely remain ripe for investment in the years to come due to favorable demographic trends and a continued influx of new expats.

The U.A.E. is one of the first GCC countries to envision a future of economic diversification and growth independent of oil revenues, and its tourism sector will definitely spearhead that initiative. Not only is the country poised to host the Expo 2020, a major upcoming global event, but it will also be an indirect beneficiary of the FIFA World Cup 2022 in Qatar. While lower oil prices have affected the global economy in many ways, they've made an unlikely, positive impact on the U.A.E.'s real estate market by limiting speculative forces and bringing property prices down to more affordable levels. Therefore the overall investment environment has improved with more sound opportunities for long-term investors.

Given the above, it's not difficult to conclude that investing in real estate projects is still considered rewarding. However, opportunities with equivalent investment value also lay in existing developments and in high-demand areas with lucrative returns for the long term. One can approach the real estate market with confidence given the measures in place to safeguard investment opportunities from market fluctuations.

The current investment climate presents favorable conditions: the shortage of liquidity driven by market uncertainty, which offers plenty of investment opportunities for the "wait-and-see" investors holding onto their cash, and the overstretched businesses servicing the oil industry. For those in that position who also hold a long-term perspective and available liquidity, there are plentiful quality deals at a lower valuation offering you and the many motivated sellers a way out.


Ryan Fansa,
Director, Head of Real Estate,
Al Masah Cpital

With Dubai's exceptional economic forecast, bolstered by Expo 2020 and the Vision 2021, as well as Abu Dhabi 2030 Urban Planning Vision, the U.A.E. has established itself as the most favorable investment destination in the region. Despite the crash in oil prices, the U.A.E. economy has demonstrated its resilience and the vast potential of its non-oil sectors. In particular, consumer confidence, population growth and the influx of foreign capital have been instrumental in driving growth in the region's real estate industry, providing an abundant number of opportunities where secure and safe capital can be achieved.

Sources: IMF, Dubai Statistics Center, Statistics Centre Abu Dhabi

TOP 10 REAL ESTATE CONSULTANTS

1. Tamleek Real Estate Company
Established: 2016

2. Better Homes
Established: 1986

3. Edwards & Towers Real Estate Brokers
Established: 2004

4. Allsopp & Allsopp
Established: 2008

5. Harbor Real Estate
Established: 2008

6. Aqua Properties
Established: 2005

7. Rocky Real Estate
Established: 1976

8. Elysian Real Estate
Established: 2006

9. Zabadani Real Estate
Established: 1990

10. LLJ Property
Established: 2005

01 Tamleek Real Estate Company

The U.A.E.-based luxury real estate brokerage offers a highly sought-after portfolio of the local property market. Tamleek's tailor-made services encompass the sale, rent, management and development of property, as well as mortgages. The company secures long-term investments in sustainable properties for its clients.

Tamleek also offers featured, premium and signature marketing programs for clients seeking to make their properties more visible. The programs use both digital and print media as well as events, such as auctions and art functions to advertise, promote and expose properties to important buyers, business executives and influential investors. Tamleek recently became the sales agent for the major Kempinski Residences Business Bay development.

IMAGE COURTESY OF TAMKEEL REAL ESTATE

02 Better Homes

In 1986, Linda Mahoney along with a handful of professional real estate agents founded Better Homes in her dining room. The firm has since expanded both locally and throughout the region. BH's principal activities include residential sales, commercial sales and leasing, property management and short-term rentals. Its listings of properties for sale and rent are located in a number of key areas, from the urban environments of Business Bay and the Downtown District, to the more suburban areas of Arabian Ranches and Palm Jumeirah. For those looking to avoid the traditional channels for asset-generating income, BH offers a short-term rental service for holiday homes, placing their clients at an advantage within the U.A.E.'s booming tourism industry.

03 Edwards and Towers Real Estate

Established 12 years ago, Edwards and Towers is a seasoned player in Dubai's real estate scene. The firm's residential arm offers sales, leasing, and property management services for some of Dubai's most sought-after residential and commercial areas, such as Palm Jumeirah, Emirates Hills, Dubai Marina, Business Bay, DIFC and Tecom. Given its clients' diverse needs, the firm provides residential and commercial valuations through a team of RCIS-qualified surveyors, as well as professional advice regarding local and international investment ventures. In competition with 600 other firms, E&T wo the "Dubai's Best Brokerage Service" award for their exceptional reputation, customer service and broker training scheme.

04 Allsopp & Allsopp

Founded in 2008, the British, family-owned real estate agency is involved in a range of property-based transactions. Given the company's team represents 50+ years of experience in corporate environments, Allsopp and Allsopp applies their extensive knowledge and expertise in all areas of the business. The firm is well-known for their superior customer care in serving a diverse clientele comprised of investors, developers and end-users, and for employing an honest and transparent business methodology in securing investments and new homes in the U.A.E. Exceptional professionalism and a dedication to raising industry standards did not go unnoticed in 2016 when Allsopp & Allsopp won "Highly Commended Real Estate Agency" – their fifth win from the International Property Awards.

05 Harbor Real Estate

Harbor is a fully integrated real estate firm servicing both institutions and individuals in research, marketing, asset management, project development, valuation and advisory services. The firm's wealth of knowledge on the market has been instrumental in its ability to sell, lease and manage mixed-use properties in Dubai worth billions of dirhams. The firm has also built a strong professional network comprised of major industry players such as the Dubai Municipality and the Dubai Economic Department. The Dubai Land Department has bestowed upon Harbor the responsibility to prepare a future generation of industry leaders by teaching and authoring the Dubai Real Estate Institute's certification courses. In 2010, Harbor won three awards at the Arabian Property Awards for their results-driven marketing approach.

Growth For Real Estate Means Growth For Insurance

Founder and CEO of iCare, Leena Parwani, talks about how the insurance industry has been affected by the real estate sector and what this has meant for her business.

How has the real estate market in Dubai progressed in terms of financial investment?

In 2006, the property market was all set to witness an unprecedented growth when the government introduced a new law allowing foreign freehold property ownership in designated areas. The new law radically transformed Dubai's real estate market and the emirate's economy. And this unprecedented phase of property construction transformed the city's skyline, with new developments being planned or completed on a monthly basis. However, after a period of incredible growth, the global financial crisis of 2008 halted some of this development, impacting the momentum generated in the early to mid-2000s.

Real estate has always been a popular investment, but it comes with various challenges. While the world was witnessing the global crisis and investors became cautious, the tourism industry in Dubai continued to grow thanks to the positioning of the emirate as one of the most affordable touristic destinations and best convention hubs in the world. The U.A.E.'s tax free policies and ease of doing business also encouraged the global fortune 500 organizations to make Dubai their Middle East hub. This all helped the real estate market to sustain demand, with residential properties converted either into hotels or serviced apartments, and the sale of commercial spaces gaining momentum and attracting premium pricing.

Despite the economic slowdown, the property market has recovered well in recent years. The renewed confidence in the market is primarily due to new regulations introduced and strictly enforced by the Dubai Real Estate Regulatory Agency (RERA) in the wake of the downturn. In addition to a mortgage cap that curbed lending, RERA doubled property transfer fees and introduced other measures, which have effectively regulated the dramatic swings that characterized the market pre-2008. Renewed confidence has led to a new era of property development on a scale that rivals the pre-crisis years.

Looking forward, the emirate's real estate sector is entering a new stage of maturity, with a world-standard regulatory regime governing development that ensures investors can approach the market with confidence in its long-term potential.

What does this growth and the stabilization in the real estate market mean to your insurance business?

If we were to analyze the outlook of the GCC insurance industry, the Gulf has expanded at a compounded annual growth rate (CAGR) of 18-20% between 2012 and 2017 to reach $37.5 billion, split between life ($2.4 billion) and non-life ($35.1 billion) segments.

The life insurance segment has grown at an annual average rate of around 2% to 5% during this period. However, the non-life segment, which includes property insurance, has expanded at a much higher rate from 18% to 20% annually, increasing its share in the regional market.

The non-life insurance segment is benefited from the strong momentum of construction and infrastructure activities. A vast portion of oil revenues in the GCC countries is being diverted to the development of the non-oil segment for supporting economic diversification. This is giving a strong impetus to the construction sector and, in turn, to the region's non-life insurance segment.

The U.A.E. and Saudi Arabia remain the largest insurance markets in the GCC, while Saudi Arabia may surpass the U.A.E. as the largest insurance market in the region going forward. The Saudi insurance industry is seen as a major driver behind growth of the GCC insurance industry as it is anticipated to expand at a CAGR of 20% to 25% between now and 2018.

How important is securing life insurance when buying a home?

Irrespective of buying a property, life insurance is a compulsory investment for an individual living anywhere in the world, as healthcare expenses may bring down an average family's wealth if any member of the family has to face medical exigencies. As a tenant or property owner it is advisable to invest in insuring your property along with home contents, or only home contents if one is living in a rented property.

Following a couple of fire incidents in 2015 and 2016, insurers have seen a rise in the number of residents seeking property and contents coverage. It should not take an inferno to spur your decision, but reports after the blaze revealed that just 6% of U.A.E. residents have home insurance, compared to over 50% globally. We at iCare strongly advise all residents, renters and owners to consider an insurance plan. The owner of a property should insure the premises, but it's not a bad idea for renters to check that cover is in place. If you're unsure, ask the owner for proof and sight of a policy schedule. Owners are only responsible for the building structure, unless renting it is furnished.

How does the iCare financial boutique help its client with real estate investment?

Every business is directly or indirectly deriving its demand from a key driver economy, and for us it has been primarily the growth in construction, tourism and healthcare in the U.A.E. Over the years of our operation we have built a database of clients (both corporates and individuals) who are primarily key decision makers in real estate and construction firms. As a consulting firm we have to keep ourselves updated with the market conditions and its growth.

When a client approaches us for an investment advice we offer them a gamut of options, along with investment options, in real estate. Of late, investing in real estate has been a primary request for us, and because of our quality database and a healthy relationship with developers and brokers we have been able to act as an influencing agency in the decision making process of the client.

Leena Parwani, Founder and CEO at iCare

Disclaimer: All figures and facts were compiled by iCare from published data available on the web. iCare does not take responsibility for their authenticity or accuracy.

TOP 5 INTERNATIONAL
REAL ESTATE CONSULTANTS

01 Jones Lang LaSalle (JLL)

Global Headquarter: Chicago **Established:** 1783

JLL is a leading, global financial and professional services firm. The company operates out of 1,000 locations in 80 countries, and is equipped with teams of experts and cogent research to meet the diverse needs of clients and adapt to the ever-changing market environment. JLL offers a wide-range of commercial property and investment management services for both institutions and individuals. It has conducted business in 30 MENA countries, advising developments worth over $1 trillion in gross development value within the real estate, hospitality and infrastructure sectors. Given its preeminence in the real estate world, it's not surprising the firm has been the recipient of many prestigious awards throughout the years, such as the "World's Most Ethical Company" from the Ethisphere Institute every year since 2008.

IMAGE COURTESY OF JLL WEBSITE

02 CBRE

Global Headquarter: Los Angeles
Established: 1906

CBRE is one of the world's largest property services and investment firms. Within the GCC, the firm has operations in Dubai, Abu Dhabi and Bahrain.

CBRE's principal activities include property sales and leases, development services, advisory and valuation, property and investment management, and research and consulting. As of December 2015, the firm's achievements in the MENA region include a total transaction value of $90.6 billion, $45 billion worth of investments under management, 71,850 valuation and advisory assignments completed, a total project management contract value of $5.4 billion and a management of 1.3 billion square feet of property and corporate facilities. CBRE made Fortune magazine's 2015 list of "Most Admired Companies" for the third consecutive year and was Lipsey's "Leading Global Brand" for commercial real estate services for the 14th time.

03 Cluttons

Global Headquarter: London
Established: 1765

Cluttons has been a pioneer in surveying since its founding in 1765. About one hundred years later, Cluttons established a presence in the Middle East, becoming the region's trusty advisor for intelligent and accurate valuations for residential, commercial and mixed-use properties. Among the firm's notable valuations in the region is an entire residential floor and a rare four-bedroom terrace apartment in the Burj Khalifa for a private investor. Other services include residential sales and lettings, commercial leasing and investment, consultancy, and property, facilities and transaction management for commercial units, manufacturing sites, project offices and data centers within the MENA region. At the 2014 Transform Awards in Dubai, Cluttons emerged as the winner for best visual identity, creative strategy and internal communication.

04 Knight Frank

Global Headquarter: London
Established: 1896

In 2008, the global real estate consultant opened an office in the Kingdom of Bahrain. Since then, Knight Frank has equipped its 23 offices in 9 countries across the MENA region with a team of industry experts. Informed by premier technology and sound market research, the firm has established a reputable presence within the region as a leading provider of valuations. Knight Frank is also engaged in integrated residential and commercial property transactions, consultancy and management, as well as advisory services for a diverse clientele including private individuals, developers, investors, banks, corporate occupiers and public institutions. According to Property Week magazine's Agency 2012 Survey, Knight Frank ranks seventh by worldwide turnover.

05 Chestertons

Global Headquarter: London
Established: 1805

Offering an extensive range of property-related services, Chesterons employs over 200 years of experience in advising clients on residential sales and lettings, property management, sourcing and refurbishment, as well as residential development consultancy, rural estate management, finance, commercial investment and other services. Given its worldwide network of offices, Chestertons has access to an expansive marketplace, ensuring properties are made as visible possible. In 2015, the firm announced its joint-venture with the Saudi Arabian company, MEDAD Valuation International, to expand its presence in the region by opening offices in three major cities within the Kingdom.

Reality Check

Mohanad Alwadiya is a man of many talents. As the host of MEMAAR on Dubai TV, he introduces VIPs to their dream homes, and as the CEO of Harbor Real Estate he manages a portfolio worth around $4 billion. Here he talks about why he loves his industry and what the future holds.

BY CLAUDINE COLETTI

IMAGE COURTESY OF HARBOR REAL ESTATE

What is it about real estate that inspires such passion in you?

I see it as fundamental and critical to the existence and success of everyone and everything—individuals, families, businesses and whole economies. Real estate decisions are some of the biggest we will ever make. They affect our families, our employees, our customers, our shareholders, our citizens, our success, the way that people view us and even the way we view and express ourselves.

These decisions are quite often the determinants of whether dreams and aspirations are realized. Being in this business means we are able to play an important part in enabling people or organizations to achieve those dreams and aspirations, whatever they may be.

What motivated you to start the show?

MEMAAR was the brainchild of Dubai Channels Network. There was not a single property reality TV show in the Middle East, where structural real estate developments are an everyday occurrence. It has grown a lot since it first aired in May 2015. Our audience comprises millions of viewers from all across the GCC and beyond. When it comes to our guests, we always try to select real clients from different backgrounds and objectives to offer a different enriching perspective.

What's the most expensive property you've found? And which has been the most inspiring story?

The most expensive property ever chosen was a luxury villa at Emirates Hills, which sold at AED 48.8 million. I've found all the episodes inspiring but if I had to short list one or two it would be when media entrepreneur Ali Mroueh went on a quest for a home to surprise his beloved mother. Or the truly inspiring story of Mr. Mahmoud Al Burai, Managing Director at Dubai Land Department, who entrusted me to help him identify the best income-producing investment asset to secure the future of his daughters.

What are your top pieces of advice for GCC and international investors for 2016/17?

▶ **Know why you want to invest in property**

You must have a clear understanding of what you are trying to achieve and what role your property portfolio will play within a larger diversified portfolio. The more skillful you are at conceptualizing, the greater your likelihood of generating successful strategies to grow your wealth.

▶ **Set your objectives carefully**

Financial objectives. These should be reviewed annually and include elements such as total return, capital appreciation, revenue streams, net results and eventual divestment values, all wrapped up in an optimal time frame.

▶ **Think long term for your greatest success**

Those who have had the greatest success can think long term, make rational, well researched and carefully thought out decisions with the end objectives in mind, and understand that the real estate industry globally will go through cycles of growth and contraction.

▶ **Know your stuff**

Investing in property is about recognizing and capitalizing on opportunities that support your objectives. To do this, you must have some knowledge about the industry. This doesn't mean you have to be an expert, but you need to be able to communicate intelligently with the experts.

▶ **Plan to eliminate risks**

Plan your finances, cash flows, capital requirements, debt levels, etc, very carefully. Always plan for the worst and hope for the best.

How is the sector changing?

Real estate markets are feeling the effects of a general decline in global economic growth. The world is still, after some eight years, trying to shake off the effects of the global financial crisis and while some economies have fared reasonably, others are still struggling. The resulting effect on consumer and investor confidence is quite negative. Yet the market is still developing. It is not stagnant. It is always a very promising sign when an industry demonstrates the flexibility and resilience to undertake a structural shift when market requirements change or develop.

News that the total value of real estate transactions in Dubai, at AED113 billion in the first half of 2016, represented a decline of around 12% from the first six months of 2015 may have disappointed some, but it did not tell the whole story. This figure was generated by 28,251 transactions, almost 25% higher than the same period last year, which is very good news. It demonstrates a market that is growing in health, because it can provide more affordable solutions to a broader spectrum of investors. F

From Slums to Healthy Communities

A lack of affordable and appropriate housing for blue-collar workers could start to hurt employers and communities.

BY KHADEEJA BALKHI

The Middle East is a new case of urban development, said Farrukh Aslam, Managing Director, Promag Pvt Ltd, part of a regional urban planning, infrastructure design and project management group. Many Middle Eastern governments and municipalities are starting urban planning with a fresh page, giving them the opportunity to focus proportionately on the needs of all socio-economic strata.

Home ownership is an investment in community.

IMAGE FROM SOURCE

There are examples from across the globe where urban development was not sensitive to lower and middle income housing priorities, and as a result slums and ghettoes emerged. The low and middle income housing sectors may not be glamorous, but a city that ignores them does so at its own peril. And currently Middle Eastern cities have the opportunity to learn and plan differently, thereby turning these potentially vulnerable segments into community stakeholders.

Various municipalities in the U.A.E., Saudi Arabia, Bahrain and elsewhere are taking note and beginning to take practical policy measures, as are employers.

The Geographical Bachelor Conundrum

One U.A.E.-based company is forming a four-party consortium to bridge the growing gap for employees with a median monthly income of AED 8,000-12,000. The Partnerships is leading the consortium to design dormitory-style affordable housing for 10,000 young professionals, all men, many of whom are expatriate "geographical bachelors," with wives and families back home, says David Smith, CEO of the global nonprofit Affordable Housing Institute (AHI).

GCC employers need expats to grow their business, and they will suffer if this workforce leaves the region because there are no acceptable housing options. One forward-looking employer is investing in a solution. Together with The Partnerships, a construction company and a financing bank, this employer has formed an SPV (Special Purpose Vehicle) that has already acquired a suitable parcel in central Dubai to build a housing community that will safely, viably and affordably house some of its employees if the venture can secure minor changes in the residential housing code.Tanvir Shah, Managing Partner at The Partnerships, explained that under current residential zoning, a property must have one parking spot per apartment, which is a significant cost regardless of whether it's in a garage or open-air—and yet it's not needed. Shah estimates that only about 10% of workers will have their own vehicle, the rest will use public or employer-assisted transport. There are interior design ramifications as well. Workers may not require individual kitchens for example. A cafeteria-style kitchen may be more functional and more economical.

Reviving Caravansaries

Rethinking accommodation to reflect the expat workforce, Smith added, has the potential to be a poignant modern day manifestation of the centuries-old Muslim hospitality tradition. Caravansaries for example hosted long-term students in the seats of traditional Islamic scholarship learning. Some were supported by the Islamic waqf, or a religious endowment model, as can still be witnessed today in various parts of the Muslim world.

It could be time for a revival, as large resident segments live in challenging dwellings—up to 62% in Egypt and Saudi Arabia. Across the MENA region, there was a shortfall of about 3.5 million dwellings in 2011 according to middle income housing report by Jones Lang LaSalle's, with the shortage increasing annually proportionate to job creation and population growth.

Different socio-economic groups have different priorities, and it is partially a lack of focus on such factors that has led to the emergence of newly built-up ghost towns in various GCC cities, but the need for lower-income friendly housing will keep growing. For every white collar job created, five blue collar jobs are created, and the situation is particularly acute among blue-collar workers. According to Smith, when the economy grows rapidly and the housing supply does not keep up, the result is living conditions that are overly expensive, sometimes overcrowded, even substandard. Compounding the problem is that workers may face language barriers, may not know their rights, or may fear to speak up for themselves.

In any normal housing market, Smith explained, lower income and sometimes even middle income groups have to choose their housing options from what is 'left over' after higher income groups take their pick. In a place like the U.A.E., the former group constitutes about 85% of expat workers, which itself is about 90% of the country's population. He estimates that only 15% of the expat population resides in the high value, often high-rise, real estate.

Maysa Sabah, AHI's Managing Director for MENA, shared that experts in her field define successful low-income housing as good quality housing that targets those earning between 60 and 80% of a city's median income. "Housing has to be architecturally appealing in livable and well-thought-out communities, close to basic amenities and transportation options. Affordability has to be preserved," she said.

"Based on this definition, we did not come across any successful low-income housing project in the GCC region, with the exception of a Saudi project. Many projects have been recently completed in Dubai, such as Remram, but these target middle-income households", which are those earning between AED 10,000 and 30,000, according to JLL.

Success in Hotter Waters

Ansaar Management Company (AMC) is one success story. It has targeted the poorest of the poor in the even more challenging environment of Pakistan, and implemented a socially, economically and environmentally successful community housing model.

"The focus needs to be on the people," said Jawad Aslam, Acumen Fellow and Founder-CEO AMC. "So far, the focus has been on alternative materials and financing mechanisms. These are two important elements, but the core is the people and what their needs are."

Acumen Fund, a NY-based social venture capital fund, was among AMC's founding equity shareholders. Recently Acumen negotiated a successful exit, a global first, from AMC. The transaction closed with an overall IRR of 9%—significantly above the usual 5% returns in the social entrepreneurship space. AMC's for-profit model provides an alternative to urban slums, enabling households earning $150 to $400 per month to become home-owners.

Via the Acumen buyout, AMC became a partially employee-owned company, and brought on board other global partners, such as Reall and Places for People. With financing partners such as the HBFC (House Building Finance Corporation) AMC also offers various payment options, including a diminishing musharika financing option with "very relaxed terms," Jawad Aslam said, including a modest down payment of about $1,500, only 15% of the total cost of roughly $12,000.

AMC builds each of its developments around a block-based design. Each block consists of a central communal park surrounded by 25-30 homes (based on the Prophet Muhammad's (SWT) definition of a neighbor and Dunnbar's theory) thereby enabling each resident to get to know their neighbors' in the immediate vicinity on a personal level. As a result, community integration is achieved quickly, safety and security is enhanced—and residents take ownership to maintain the communal areas more effectively.

AMC has three growing urban communities on the ground and will bring in an estimated $50 million in investment over the next five year period into Pakistan's economy—such is the full circle success of AMC's 10-year old model.

"This [home ownership] in turn, converts young men and families into stakeholders—literal stakeholders who are now invested in their communities," points out Farrukh Aslam of Promag. Both he and Smith of AHI point out that home ownership is one of the best things that can happen to young men—for their own selves and for communities and cities—for with anchored housing come anchored roots. Stable, rooted residents have stakes in the neighborhood.

Given the deeply interlinked relationships, Farrukh Aslam believes herein lies the solution to many of the socioeconomic woes some Middle Eastern communities are facing. F

Protecting Green Spaces in the Middle East

BY SALMAN ZAFAR

Integrating natural and built environments is a vital ingredient in the sustainable development of urban centers. Being one of the world's most arid regions, the protection of green spaces in the Middle East is fundamental to the creation of a livable, aesthetically-pleasing and ecologically sustainable geographical entity. The unending benefits of green spaces include the reduction of air pollutants, the renewal of freshwater, the decrease in soil erosion and the improvement of public health.

Lifeline For Modern Cities

Green spaces are an excellent indicator of the ecological health of a city. As Tatiana Antonelli, Founder and Managing Director of online environmental directory Goumbook, says "The role of green spaces is vital for a modern city as green belts, natural reserves, urban parks, wetlands and green roofs have the ability to contribute positively to public health, youth development, community building and environmental conservation".

The green movement is sweeping across the world in one form or the other, and the Middle East is no exception. "The Middle East is witnessing a steady increase in the number of protected natural lands, ecological reserves, wetlands and other green areas dedicated to providing healthy habitats for indigenous animals and plants", adds Tatiana.

Most of the neighborhoods in the Middle East have a park and there are plans to build more in the near future. Capital Garden (Abu Dhabi), Corniche Park (Abu Dhabi), Creek Park (Dubai), Jumeirah Beach Park (Dubai), Mamzar Beach Park (Dubai), Sharjah National Park (Sharjah) and Saqr Park (Ras Al Khaimah) are some examples of green oasis scattered across the concrete landscape.

Water Scarcity And Green Growth

The transformation of any desert into a park comes at a big cost to the scarce water resources as a huge amount of water is consumed daily in the development and maintenance of parks and other green spaces. Being the world's most water-scarce region, it would be illogical for Middle Eastern nations to divert highly precious natural water or desalinated water for urban landscaping activities.

To maintain a fine balance between water scarcity and green growth, it is essential to implement water conservation strategies like greywater recycling, smart landscaping and modern irrigation techniques. Sunanda Swain, a Dubai-based green buildings expert, says "The water demand for green spaces can be minimized through carefully selecting plants, using modern irrigation strategies and promoting the reuse of recycled municipal wastewater".

Reusing Municipal Wastewater

Greywater and sewage water recycling can be instrumental in easing water availability problems for the maintenance of green spaces. The use of greywater or Treated Sewage Effluent for irrigating landscapes is vital to sustain parks, golf courses, resorts, streetscapes etc. Treated sewage is actually a better alternative than desalinated water as plants need some of the minerals for growth that are removed from seawater during the desalination process.

Sustainable Landscaping

The Middle East is characterized by harsh weather, degraded soils, and scarce water resources. However, careful planning and smart landscaping techniques can reduce the consumption of water for creation and maintenance of green spaces.

Landscape design in the U.A.E., Saudi Arabia and other Middle East nationsshould consider natural resources, especially for the selection of the right plants, which should be adapted to the natural environment. As Sunanda Swain explained, "Plantings should be designed such a way that plant species with similar soil and micro-climate requirements and water

VISHAL KATYARE / SHUTTERSTOCK.COM

demand are grouped together. Native and adaptive drought-tolerant plants require less water for development and survival."

The Role of Xeriscaping

Xeriscaping is a recent approach being applied in the Middle Eastern desert landscapes, which uses a low-water landscape concept, especially developed for use in countries with low rainfall and very limited water resources. Xeriscaping in the U.A.E. is focused on using aesthetically-appealing and drought-tolerant native plants instead of water-thirsty exotic plants.

"Native plants like Ghaf (Proposis Cineraria) and Acacia (Vachellia Nilotica) are known to help fight desertification and reduce sand movements, offering shelter to many native species", explains Tatiana. Ghaf is a drought-tolerant, evergreen tree which can be seen growing on low sand dunes, undulating sand sheets and along margins of gravel plains of Abu Dhabi, Dubai, Sharjah and Ras Al Khaimah.

Soil health is also a crucial factor for the protection of green spaces in desert-dominated Middle East. Sandy soils have larger particles and do not retain water well, but provide good aeration. Adding organic matter, such as compost, to sandy soil can improve its quality, enabling better water retention.

Smart Irrigation Techniques

Smart irrigation strategies and water efficient irrigation networks, such as sensor controlled and drip irrigation systems, can reduce water consumption by green spaces. Zone irrigation, the use of mulch and soil amendment techniques, can also help increasing water retention capacity of the soil and reduce evapotranspiration.

Another simple method to reduce water consumption is to avoid watering green spaces in the middle of the day and scheduling lawn irrigation for early morning or evening hours. Using drip irrigation systems or a cycle-soak method, instead of sprinklers, is also an attractive option for achieving greater water efficiency and improved water penetration.

All GCC countries are plagued by high irrigation water losses in sandy soils as the plants have little time to use the irrigation water before it percolates to the water table. An interesting innovation is the development of water retention additives that has the potential to cut irrigation water by as much as 50%.

Future Perspectives

With more and more public parks and gardens being planned across the region, it is imperative for policy-makers and urban planners to strike a balance between water consumption and the greening of urban habitats. Water conservation is set to become a major consideration in all its uses in the near future, especially for the development and maintenance of green spaces. Technology is going to play a key role in the battle to create green cities in the Middle East.

As Tatiana Antonelli says, "Sensors can be applied to indigenous trees to study their internal water flow and calculate rate of CO2 absorption and O2 production, satellite images can identify underground water while drones can help count trees and analyze natural formations. F

Renewable Real Estate

BY KAREN OSMAN

The Middle East has always been known for its aggressive real estate development. Residential areas, hotels, free zones, business hubs, and iconic buildings and landmarks have significantly changed the visual, economic, and commercial landscape. With such rapid growth comes various responsibilities and with one of the largest carbon footprints in the world, a sustainable environment and infrastructure is a key component of future government visions.

However, it's not so much the developments themselves but the various parties involved such as architects, interior designers, planners and associations that offer sustainable solutions. And while the U.A.E. has a plethora of sustainable projects to showcase, the rest of the GCC is certainly not lagging behind.

Qatar

In line with the Qatar National Vision 2030, a number of sustainable developments are in progress such as the Msheireb Downtown Doha, the world's first sustainable downtown regeneration project, and the Lusail City - the first and largest sustainable city in Qatar. Supported by initiatives such The Qatar Foundation and The Qatar Green Building Council, the vision commits to maintaining harmony between economic growth, social development and environmental management in building a bright future for the people of Qatar.

Kingdom of Saudi Arabia

With a Green Decree issued two years ago by the Presidency of Meteorology and Environment (PME), companies have five years to meet new air, water and noise pollution standards. One such project is the King Abdullah Economic City—a mega project that is being developed in a sustainable manner, such as improving the environment, enhancing open space, bio-diversity, and environmental amenities.

Kuwait

Kuwait's 2030 energy vision is to increase energy supply from renewables to 15% and reduce energy usage per capita. The solar-thermal energy generation station is just one of the projects to achieve this. The $385m solar-fuelled plant will have the capacity to produce up to 50 MW and is the first phase of a bigger initiative, which will see a technology park dedicated to the production of electricity from renewable energy resources.

Lusail City - Qatar

IMAGE COURTESY OF LUSAIL CITY

U.A.E.

Dubai Carbon was established in 2011, catering specifically for the transition to a low-carbon and green economy. On a smaller scale, Summertown Interiors specializes in green interiors, with their work recently recognised with the Gold LEED for Existing Buildings: Operations and Maintenance (LEED EBOM) certification for the ongoing operations and maintenance of its headquarters located in the Jebel Ali Free Zone, Dubai. The Change Initiative building, also in Dubai, is another example; it achieved 107 out of a possible 110 LEED points from the US Green Building Council, making it one of the most sustainable buildings in the world.

With Expo 2020 fast approaching, sustainability is gathering momentum, with more and more initiatives being launched to educate the market. In May 2016, Niall Watson, launched "I LED THE WAY"—a 12-month eco-programme that aims to minimize the negative environmental impacts brought about as a result of human behavior. In partnership with the Emirates Authority for Standardization and Metrology (ESMA), Dubai Electricity & Water Authority (DEWA), and the support of ADCB (Abu Dhabi Commercial Bank), a combination of awareness campaigns, community engagement and green initiatives will encourage residents to be more environmentally conscious in their homes.

Here are just a couple of the projects that have sustainability at their heart.

▸ The Sustainable City, Dubai

Established in 2003 by a team of eco-minded entrepreneurs, architects and civil engineers, Diamond Developers, a Dubai-headquartered real estate development company, has launched The Sustainable City, a 46 hectare project located in Dubailand. The development offers three pillars of sustainability; Environmental, Economic and Social, across one all-inclusive and comprehensive community landscape.

The city will provide an array of residential luxury facilities and amenities that have no negative impact on the environment and energy efficient housing, with no service or maintenance fees. There is also an inclusion of green education and healthcare, eco-attractions and a range of indoor and outdoor leisure activities, commercial, urban farming, and an innovation centre, all of which deliver a high quality of sustainable living. The first phase opened at the beginning of 2016.

The city recently received two awards, one from the International Green Design Awards 2016

▸ Masdar City, Abu Dhabi

A development in progress since 2008, there are already a few thousand people living and working in Masdar City. When complete, 40,000 people will live there, with an additional 50,000 commuting every day to work and study.

The vision is to develop the world's most sustainable eco-city, pioneering a 'green print' for how cities can accommodate rapid urbanization and dramatically reduce energy, water and waste. At its core is an innovation engine, growing its neighborhoods around the Masdar Institute of Science and Technology, a research university dedicated to cutting-edge solutions in the fields of energy and sustainability.

In addition, Masdar uses clean energy generated on site from rooftop solar technology and one of the largest photovoltaic installations in the Middle East. Streets maximize shade all day long, capturing cooling breezes and reducing the need for air-conditioning.

A mix of educational and recreational housing, retail, manufacturing and office space gives commuters and residents easy access to everything they need, reducing transport needs. Water conservation is ensured by high-efficiency appliances, low-flow showers, a water tariff, smart water meters and treated wastewater, which is recycled for plant irrigation.

▸ The Floating Seahorse, Dubai

Development isn't just restricted to the country's untouched desert, but also the waters of the Arabian Gulf. Initiatives such as The Floating Seahorse—an underwater product which is described as a marine style retreat (essentially a boat without propulsion), which has its own plot in the Arabian Gulf.

Each individual Floating Seahorse boasts three levels, one underwater, one at sea level and an upper deck. The master bedroom and bathroom will be totally submerged underwater and offer views of the surrounding coral reef and marine life. Located just 4km from the coast of Dubai, this project is designed and developed by European architects for Kleindienst Group's iconic island project, The Heart of Europe.

The project incorporates zero discharge technology to maintain water quality and protect marine life. The developer is creating a coral reef within the project, which will comprise of over 100,000 corals, to attract and feed marine life and protect endangered species like the seahorse. F

IMAGE FROM SOURCE

A Golden Start to A Greener Future

The U.A.E. continues to pioneer and champion the creation of a sustainable environment that will positively serve future generations for decades to come. Abu Dhabi and Dubai, inspired by the commitment and passion of country's visionary leaders, have made rapid strides in introducing a regulatory framework that encourages a sustainable, eco-friendly urban infrastructure though greater accountability and stringent requirements.

The recently announced Al Safat building ranking system continues the tradition of forward thinking initiatives by the government and stimulates the renewed focus on energy savings, reducing carbon footprints and enhancing the long-term feasibility of Dubai's real estate assets (through comprehensive building fitness assessments and necessary remedial steps) to comply with the ranking system.

The ambitious programme envisages a scientific ranking of buildings in four categories (platinum to bronze), as assessed on a number of parameters based on water and power consumption, the type of materials used and overall carbon footprint of buildings. Buildings in Dubai will now have to achieve a minimum bronze certification to be deemed fit for use. The ambitious program ultimately aims to achieve a 20% reduction in electricity consumption, 15% reduction in water consumption, 20% lower carbon dioxide emissions and 50% lesser waste across the emirate in the next five years.

Integrated Facilities Management (FM) services can play a critical supporting role in helping landlords and owners achieve the coveted gold or platinum ranking on their existing assets, as well as provide consultative services on upcoming projects to help developers ensure compliance with the stringent requirements for each level of certification.

There are three traditional areas that largely contribute to inefficient resources, excessive consumption and significant emissions in existing buildings. Air conditioning systems are an area of concern, with costs spiraling as they become older and improperly maintained. Water usage patterns in building are consistently dependent on the quality and health of the plumbing systems installed. Wastewater is also not recycled adequately for tasks (such as landscaping and others), which don't require potable water. Waste management is inadequately planned and its disposal (either through the use of service lifts or trucks) consumes unnecessary resources simply because waste segregation doesn't take place at source.

A holistic, multi-pronged approach is needed to address the new requirements for owners and landlords of existing buildings as well as developers of upcoming projects. It's the right time for developers and landlords to introduce industry best practices and procedures that comply with government regulations and norms. The industry also stands to reap benefits through enhancing the longevity of buildings and assets through implementing corrective measures.

FM service providers can offer comprehensive building fitness reviews on existing buildings by analyzing and assessing a building's overall condition, taking into account factors such as internal and external structural integrity, and the stability of elements such as water seepage and leakage, heating and cooling, and the efficiency of electrical systems. Timely and planned preventive maintenance of existing building infrastructure can achieve significant energy savings by optimizing the consumption of resources such as water and electricity and eliminating the need for costly replacements of core components due to poor maintenance. Energy costs typically constitute 50-60% of a building's overall operational costs, and adopting modern technology and practices can save as much as 15% in exceptional cases.

Abu Dhabi and Dubai's remarkable progress in real estate has been somewhat hampered by the region's high service charges and costs. The new building ranking paradigm will transform the operational costs for buildings and assets for the long term and lead to a surge in real estate activity. Of course, the system must be constantly monitored and tweaked to achieve a gold or platinum certification, which are crucial to the long-term sustainability of the regional real estate industry.

The success of the initiative might motivate similar initiatives in other major construction markets across the GCC, such as Doha and Riyadh, who have also embarked on the path to a sustainable future. And the industry stands ready to help support the region achieve its long-term ambition of creating a greener, sustainable tomorrow.

IMAGE FROM SOURCE

TARIQ CHAUHAN IS GROUP CEO OF EFS FACILITIES SERVICES GROUP.

The awardees at the *Forbes Middle East Top Real Estate Companies in the Arab World 2016.*

Recognizing The Region's Real Estate Forerunners

The region's top real estate companies have been honored for the first time, with the GCC leading the charge.

On 31 August 2016, Forbes Middle East celebrated the Top 100 Real Estate Companies in the Arab World, revealing four rankings that unveiled the Top 50 Listed Real Estate Companies, the Top 35 Private Real Estate Companies, the Top 10 Real Estate Consultants, and the Top 5 International Real Estate Consultants that have operations in this region.

At the stunning Waldorf Astoria on the Palm Jumeirah, the biggest names and most successful companies in MENA's real estate gathered to be a part of a glittering celebration. These businesses are at the heart of the industry – designing the models, creating the blueprints, building the structures and connecting these cities and the homes that fill them with the people that love them. In doing so they bring billions of dollars to our economies, helping the Arab world to continue to prosper and stand firm on a global stage.

The rankings reveal the strength of the industry across MENA. Out of the 50 listed companies, Kuwait is home to 13, followed closely by Saudi Arabia with 11 and Egypt with 9. Nearly 75% – 36 of the 50 companies are from across the GCC. And in total these 50 companies made more than $16 billion in revenue in 2015, and together they hold more than $132 billion worth of assets.

Despite facing some challenges, the real estate market in the Middle East remains resilient and is still one of the region's most lucrative and innovative industries. And with expanding populations, thriving expat communities and growing tourist numbers, demand for an increasing amount of luxury and affordable housing as well as hospitality facilities, will continue to drive growth in real estate and construction in the lead up to 2020 and beyond.

Khuloud Al Omian, Editor in Chief at Forbes Middle East said," The real estate market in the region is undergoing a transformation. The market is now witnessing a shift from high-end luxury buyers to the middle class segment of affordable consumers. With the turmoil witnessed in the GCC, the U.A.E.'s real estate market still is robust and has proven adaptive to change. We are honored to recognize and celebrate these prominent developers and promoters and their contribution to the economic development of the Arab world." F

Access the video coverage of this event by scanning this **QR code**

During the unveiling of Forbes Middle East's Real Estate Guide 2016, from left Yousef Kazim, CEO of Jumeirah Golf Estates, Khuloud Al Omian, Editor-in-Chief of Forbes Middle East, and Krishna Natarajan, Head of Sales at Forbes Middle East.

DAMAC - Mr. Tim Fallon, VP, Corporate Communications

Danube Properties - Mr. Rizwan Sajan, Founder &
Mr. Atif Rahman, GM

Mr. Aqil Kazim CCO of Nakheel, George Saad, Sales & Marketing Director of Al Marjan Island,
Mr. Abdullah Al Abdouli MD of Al Marjan Island, Mr. Yousef Kazim CEO of Jumeirah Golf Estate.

Jabal Omar Development Company
Mr. Yasser Al Sharif, CEO

Union Properties
Mr. Ahmed Khalaf Al Marri, GM

Deyaar Development
Mr. Nasser Amer, VP

The National Real Estate Company - Mr. Samuel Dean Sidiqi, CEO

Wasl Asset Management Group - Mr. Christopher May, CEO Dubai Golf

Nakheel - Mr. Aqil Kazim, CCO

Sobha Developers - Mr. Raj Chinai, MD

Al Marjan Island - Mr. Abdullah Al Abdouli, MD

Select Group - Mr. Rahail Aslam, CEO

Jumeirah Golf Estates - Mr. Yousef Kazim, CEO

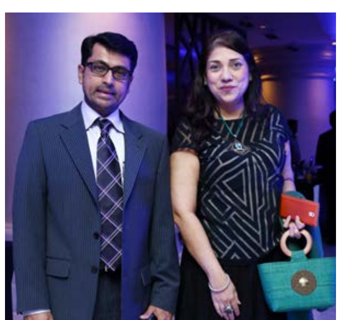
Manazel Real Estate - Mr. Yaoob Al Doseri, CEO

Al Hamra Real Estate - Mr. Barry Ebrahimy, Head of Commercial

Cayan - Mr. Raja Alameddine, VP- Head of Investment's & Commercial

Dubai Sports City - Ms. Rajeshree Iyer, Head of Marketing

Schon Properties - Mr. Walid Ahmed, VP - Developments



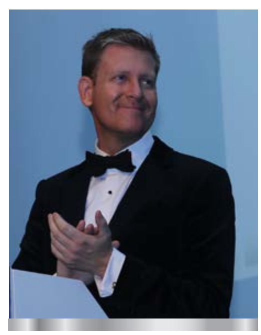
Shaikhani Group - Mr. Mahmood Shaikhani, MD

MENA Holding - Mr. Tareq Al-Sultan, CEO

Tamleek Real Estate Company - Mr. Brian Etemad, CEO

Aqua Properties - Mr. Ali Tumbi, CEO

Rocky Real Estate - Mr. Suraj Rajshekhar, GM



JLL - Mr. Michael Heitmann, Head of Strategic Consulting, MENA

Knight Frank - Mr. James Lewis, Partner

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THOUGHTS ON REAL ESTATE

FINAL THOUGHT

"Our country is blessed, and so are we, living on this good land."

—Sheikh Mohammed bin Rashid.

"To be successful in real estate, you must always and consistently put your clients' best interests first. When you do, your personal needs will be realized beyond your greatest expectations"

—Anthony Hitt

"It is a comfortable feeling to know that you stand on your own ground. Land is about the only thing that can't fly away"

—Anthony Trollope

"Landlords grow rich in their sleep"

—John Stuart Mill

"Land monopoly is not only monopoly, but it is by far the greatest of monopolies; it is a perpetual monopoly, and it is the mother of all other forms of monopoly"

—Winston Churchill

"The best investment on earth is earth"

—Louis Glickman

"My own recipe for world peace is a bit of land for everyone."

—Gladys Taber

"Many novice real estate investors soon quit the profession and invest in a well-diversified portfolio of bonds. That's because, when you invest in real estate, you often see a side of humanity that stocks, bonds, mutual funds, and saving money shelter you from."

—Robert Kiyosaki

"In the real estate business you learn more about people, and you learn more about community issues, you learn more about life, you learn more about the impact of government, probably than any other profession that I know of."

—Johnny Isakson

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Where else in the world will you find an investment destination with 360° sea views?
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