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SO-CALLED MARKET PRACTICES CANNOT CIRCUMVENT LAWS OF THE LAND

Wednesday, December 06, 2017

In recent months, there has been a lot of feedback regarding the ability of developers to shortchange their customers, either through incomplete disclosure and/or changing the terms of the contract. This issue needs to be highlighted at length such that the customer knows his/her rights from the very outset. Knowing these rights allows the investor to not be allowed to deviate from the law under the excuse of "market practice", especially when the law is clear. It is this clarity of the law that in turn should be part of the business practice as well as the market vernacular, such that investors need not be worried about aspects of the law that are clearly defined for their benefit.

In Dubai and Abu Dhabi, developers are mandated to make certain disclosures as part of their sales contract with the investor. These disclosures include the levy of service charges in accordance with the Article 4 of the Direction for General Regulation Concerning Jointly Owned Properties (2010) and Article 15 of Abu Dhabi Law 3/2015.

Developers are deemed to have given these as warranties to the buyer and if there has been inaccurate/incorrect information that has been found for a period not exceeding two years, the developer is liable for damages. In certain cases criminal, in accordance with Article 5 of the Direction for General Regulation Concerning Jointly Owned Properties (2010).

These warranties, as part of a number of others, are considered as such by the law in Dubai for developers under Article 26 of Law 27/2007 to the buyer. In subsequent cases, the penalties that have been imposed on the developer have been strict and prompt, on issues ranging from service fee violations to significant changes in the floor plan from that represented in the sales and purchase contract.

The developer is also mandated to disclose the jurisdiction and the means of dispute resolution. This is critical. It is surprising that in recent times violations have taken place with the developer and investor approaching competing dispute resolution centres and not the ones stipulated In the agreement. Such warranties are there for the protection of the investor, and allows for the latter to approach any claims in a clear and transparent framework devoid of any surprises.

Prime example

It is important to remember that when there is a change and/or update of the law, market practices may sometimes follow with a lag. However, that should not be considered as an excuse for its non-application. A prime example is one of transfer fees at the time of changing of hands of the property.According to Rera guidelines, it is amply clear that both the buyer and the seller should pay 2 per cent each (i.e., share the fees equally). Yet there have been many instances where brokers have insisted as "market practice" having different norms. Investors are advised to check each aspect of the transaction (real estate or otherwise) with the concerned authorities, especially as information has been so widely disseminated across multiple platforms.

It is heartening to note that as a result of these and other mechanisms put in place by lawmakers, there has been a significant reduction in the incidence of developer and investor disputes. What is of further comfort is that the issues are getting resolved in an increasingly transparent and expeditious manner.

Business contracts will always continue to mutate, and complexity of the business transaction will always mean that there will be aspects of the law that will need to be continually updated to deal with changing business practices and innovations. That being the case, what is clear is that the framework in place has left room for sufficient innovation to take place, while safeguarding the rights of the investor. This has always been paramount for the law and its theory as well as practice in Dubai has made it a model for others to follow.

Source: Gulf News

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REVEALED: WHERE TO BUY A HOUSE WITH BEST RETURNS IN UAE

Wednesday, December 06, 2017

Residents or investors planning to own a property in the UAE would do well to invest their money in Ajman, if they're looking for great returns every year.

According to research across various communities in the country, the emirate offers one of the highest rental yields in the world, pegged at 9.6 per cent per annum between April and October 2017. Yields are up 0.3 per cent over the same period six months earlier.

Ajman is the UAE's smallest emirate located north of Sharjah and commuters who live there can reach Dubai in just under one hour, depending on traffic.

When it comes to rental income, other metropolitan areas around the world don't even come close to Ajman, with yields in cities like New York only estimated to be around 2.9 per cent.

In Geneva, landlords only earn 3.3 per cent of the money invested, while in Tokyo and Hong Kong, the incomes are even smaller, at 2.7 per cent and 2.6 per cent, respectively, according to figures compiled by Global Property Guide.

Rental yield is one of the most important factors that would-be property owners take into account when deciding whether or not a flat or villa is worth the investment.

It is the money made by landlords each year as a percentage of the property cost, so a studio bought in Ajman for just a little over Dh300,000 may provide the landlord an annual gross income of approximately Dh29,000.

The net rental yield may be lower if other expenses, such as landlord insurance, property management fee, among many others, are included in the calculation.

"Rental yield is one of the most important consideration for a would-be property investor. [It] gives an indication of the expected income generated from a property investment," Lukman Hajje, CCO of Propertyfinder Group, told Gulf News.

Property prices in Ajman are the most affordable in the UAE, with asking prices averaging just Dh30 per square foot for apartments, according to Propertyfinder, which conducted the research.

The company, however, pointed out that besides Ajman, locations across the UAE have held up well through the real estate slowdown.

Rents may be falling but property owners are still getting good returns on their investment.

"Despite continued decline in real estate prices, since market peak in mid-2014, rental yields throughout the UAE remain strong, and in some cases, attract yields that exceed averages around the world."

The amount of rental yield, however, is not the only factor that buyers should consider before snapping up a property to let.

Source: Gulf News

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A REAL ESTATE DEVELOPER'S PERFECT NICHE

Tuesday, November 28, 2017

As a developer of high-end exclusive projects, from residential and commercial to hospitality, H&H stands out with its decision to stay niche. Think O14, a commercial building in Business Bay whose "skin" reminds one of Swiss cheese, or its Four Seasons projects, The Galleria on Al Wasl Road, and villa compounds. Its latest project, Residence 22 in Business Bay right on the Dubai Canal, is a reflection of H&H's development philosophy.

"This project would give you a glimpse of what we're all about," says Miltos Bossinis, CEO of H&H Investment and Development, who sat down with PW to tell us more about the company's projects.

You developed and are managing Residence 22. Why lease and not sell these apartments?

It could make sense for the owner to sell it piece by piece as an investment, if required. But in general, we rather create a long-term investment to add to our portfolio. We'll never grow exponentially big but rather be successful with niche quality investments, not mass production.

The offices at O14 were sold. How is it doing now?

We have grown into a vertically integrated developer, starting with a few developments here and there, such as O14. Each floor was carefully sold to different individuals, friends and family. It's still relevant in terms of standards and reputable tenants. It's a carefully done inside job, we didn't go to the market to sell it.

How do you balance a high-profile building portfolio with the expenses of maintaining them, yet staying profitable?

The trick is to stay relevant and fresh, whatever property you have. That doesn't apply only to paint and decoration, but each product must have different aspects to remain relevant. In a building like Residence 22, it's very simple, we keep it relevant by offering new amenities and services. For instance, getting the concierge to offer different services. This enables you to demand higher rents. In hotels it works by adding more food and beverage concepts, so they remain the talk of the town.

What causes some developments, which were once successful, to nosedive during a weaker market?

Dubai suffers from a little bit of "nextism". By that I mean even before something new has come to the market, everybody is already looking for the next thing. If you try to build something that will be immune to nextism, it would be one of the reasons to not nose dive.

So, you shouldn't go flash in the design, this would get dated very soon, not over promise and under deliver, which does happen too often. Keep the basic recipe simple, update with services and amenities then you will bounce nicely, even if the market is down, and at least you'll be at the top end of the low market. This is where we're coming from.

Another challenge in the market is the maintenance of the assets. You manage owner associations (OAs) for others, what's your secret? It is easy when you have one fully owned building, like Residence 22, there is no need for an OA. But we do have a licence for managing OAs and we do it for a few projects sold piece by piece, and yes it's a challenge, the framework is grey. What we do as a recipe is studying in-depth who the developer was, because the legal system is structured in a way that the developer is responsible going forward. So the developer has to get the money and liaise with the OA in order to deliver.

The combination of choosing the developer very carefully and keeping him involved is the dark art that we practice. Because if you go rogue you'll never get the money from the tenants, they will not be happy and pay, and because there is no legal recourse, we cannot recover the money.

It all goes back to the developer. We try to maintain a good relationship with him so we know the money gets topped up, if required, because he would not want his building to deteriorate. Unfortunately, there is no scientific answer; it's trial and error and very hard.

Talking of the market, any thoughts on where we are heading?

The market is challenging but not in a bubble sort of way. It's maturing. The banks help us see what's going on in real estate. They are being more cautious, while the developers are still pushing to build more. The more the city matures, the more the careless oversupply will disappear. Some say the market is bad. Why? Because the products that were randomly positioned by someone who said, "oh we have a piece of land so let's build apartments because we can sell them, without thinking or planning", I think those guys will have a problem.

Where is this oversupply?

When we say there is oversupply coming and what are we going to do with it, the majority is not in central areas, it's in the new areas on the outskirts of Dubai.

The big families, who buy land there, will build and wait, no problem, they are not flippers.

But what happens when a big family goes in and invests, everybody else wants to be there as well. Then the statistics of what's coming up looks scary. However, investors are still interested. Rents coming down is also a sign of the market maturing. Well, that's fine, because at one point everything drops. Even the Ferraris become the Audis, the super villa, the town house, everything becomes more normal, this is where we're going.

How do you know a building idea is worth pursuing, what's your niche recipe?

We have a land bank, but even if it's an amazing piece of land and we don't really have a good idea or believe in a project, we just don't build.

We also know how to wait, until we know what's happening in the area, where the market is heading, what are the neighbours doing, what is the next big thing that will happen. For example, will there be an island in front of my seafront property and I won't have a seafront anymore. We're not starting 10 projects at the same time, maybe one project this year, two the next and so on.

It's about carefully structuring development, having a gut feeling for the market and knowledge. Because we have lot of different properties, we have our ear very close to the market, we know what the retail, residential, hospitality and office sectors are doing.

We also have a very good understanding of both expat and local sentiments, as our investments are mixed, targeting both. So we listen to the market, and our own divisions in the company. Then we look at locations, run the numbers, which I believe a lot of developers in Dubai only run on the side. We do the opposite; we're very cautious about the business case.

For example, we're going to build another Galleria Mall in Al Barsha, but only after checking with the existing tenants as we did with the one in Al Wasl. It's a matter of trust you create as well.

Many people just get all excited, and want to build something grand but forget about the financials and fail. Keeping it modest is the way to do it.

You have a lot of hospitality projects, why the preference?

In this market it's a great investment, if you have the right product, but at the same time it is because we're passionate about hospitality.

We're lucky to work with equally passionate operators, like Four Seasons. We try to infuse an aspect of hospitality into all of our products; for example, our manager of Residence 22 is an ex-hotel manager.

You also have an interesting portfolio of traditional villa compounds, versus new, in Jumeirah, which are more sought after?

People do prefer to live in more contemporary modern compounds, or houses, but there is a way to mix it. We have the new-built Galleria Villas all leased at Dh400,000 a piece, no one wants to leave, and the older Splendour Villas renting at Dh300,000, a totally different product, also successful.

We refurbished all of them. It'sa traditional compound from the outside, but when you enter its contemporary, like Galleria. We gutted everything just leaving the shell, which has the old character, but replaced interiors air-con etc. it is very nice to live in a place like this, retaining the character.

On the opposite scale you have also developed Rivington Heights, an affordable project in Al Warsan 4 (International City)?

Yes, we are in the process of leasing it. Due to its high specs we are directing our efforts to lease it as staff accommodation to a five star hotel, which would be a nice tenant for us. Otherwise we'll lease it piece by piece.

If your expectations for rental yields are not outrageous, and you think you have to make double digits no matter what, then that's a nice solid business case.

Talking generally, what is a reasonable yield in your view?

It depends on the product and area, how much you spent on the land. There are products where 9 per cent is a very nice yield to have as a developer. However, it all depends what does this 9 percent mean in financial terms, it could be with or without the land. But if you have to put a number, I would say 9 per cent plus is good.

Any projects on the drawing board you could reveal, such as the World Islands D 51 project?

Yes, we still have the two islands. We're currently repackaging it, one scenario is to build a single villa for an HNWI on it to be managed by a five-star hotel operator.

It's a little bit different from our usual style, but we believe that these are the type of tenants The World islands should command, why would I want to live on an island with 30 others?

Then we're planning to pull down one of our towers on Sheikh Zayed Road, because it is only 15 storeys and 25 years old, and the value of the land is much higher than the building on it right now. So we have a higher residential tower for it on the drawing board.Source: Gulf News

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SPRUCE UP YOUR HOME BEFORE THE TAXMAN COMES

Wednesday, December 06, 2017

As the year draws to a close, the VAT anticipation gets more pronounced. Soon Dubai will have to forfeit its tax-free haven card as it gears up to levy a 5 per cent VAT from 7am, January 1, 2018.

But it's not all doom and gloom. The savvy shopper has been on the hunt for bargains and big-ticket purchases through the year, with consumers buying expensive watches, jewellery, electronics and even automobiles, all before the taxman comes knocking.

But what about your home? Have you given thought to how best to VAT-proof your living space – PW gets some of the city's key home and interior experts to help you navigate the eclectic and exciting terrain of home interiors and make the most of the few tax-free weeks left in the year.

Aisling Young, home design blogger at Adore Décor Dxb says, "Many people worry that a home makeover will involve a lot of effort and cost a lot of money but that doesn't have to be the case. Changing the colour of the walls is one of the most transformative things you can do in your home. Whether you opt for a pale, soothing hue on every wall or a single, dramatic feature wall then a lick of paint is a quick and easy way to freshen up any space.

Alternatively, there are smaller changes that can be made by first decluttering, and then adding accessories such as cushions, lighting, rugs, art and plants. These will soften the space while adding interest and personality.

"If you are keen to make some larger purchases before the introduction of VAT then hard working items of furniture such as beds, sofas and dining tables are key pieces that are worth investing in." adds Young.

Anri Hamilton, style and trend manager, Home Centre believes that the most sensible approach would be to first invest in large furniture items. "These big-ticket items can be very costly to update but it's worth upgrading that sofa or dining table now to better quality and more premium materials such as solid wood and metal. Secondly, you can upgrade everyday soft furnishing lines such as bedding and towels. Invest in more premium linen and organic materials with high thread counts where possible for a softs range that will have a long lifespan," says Hamilton.

Define the brief

But before hitting the malls, it would worth the while to take a moment to make a home assessment. "Articulate what you like and don't like about the space, what you'd like to change, which items needs updating or replacing and what do you want to keep. It's also very important to consider the function of the space and look at how you can optimize it more efficiently," advises Hamilton.

It's also important to remember that homes are meant to feel warm and not like glitzy showrooms that are beautiful but lack warmth and character. Our personal surroundings are meant to be an expression of our inner state, so fill the rooms with things that energize you.

"Surround yourself with key pieces that makes you feel good. Gorgeous candles, luxurious towels and bed linen will add that final decorative layer to your home. Look for the beauty in the not so perfect – your home does not always have to be showroom ready," says Saresa Anthonissen, creative director, Dubai Garden Centre.

Source: Gulf News

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FOR HOMEBUYERS, PRICE MATTERS

Wednesday, December 06, 2017

While the rise of the middle-range housing market has empowered a much broader cross-section of buyers, it has also helped establish new benchmarks for acceptable unit sizes and total ticket value. Accordingly, industry insiders point out that the ticket size has now become critical in the decision-making process of buyers.

"People have set clear parameters wherein they prefer to buy property when their needs are met," says Suraj Rajshekar, general manager of Rocky Real Estate. "For instance, they would buy a studio only if its total value is under Dh500,000, a one-bedder that is not over the Dh700,000-Dh800,000 price point and a two-bedder not beyond the Dh1.2 million-Dh1.4 million range.

"Developers catering to what the current market demands can sell their products easily. It is all about the correct unit size and good layout matching their desired total ticket value."

He adds: "For example, if a developer sells one-bedder of 1,200 sq ft at Dh700 to Dh800 per square foot, the total unit price comes to Dh900,000 or Dh1 million, which is too expensive and not acceptable to the today's savvy buyers."

Developers are now building smaller units like studios ranging from 400-500 sq ft, one-bedders from 650-750 sq ft, and two-bedders in the range of 1,100-1,300 sq ft. The total value matters a lot these days, and buyers do not just view the price per sq ft says Rajshekar. The market for properties below Dh1,000 per square foot, however, remains the most attractive and sellable.

"People now don't want to pay amounts of Dh1,600-Dh2,000," Rajshekar puts it bluntly.

While budget options are popular in Dubai, Yash Shah, director of the OBG Real Estate Broker, says luxury properties are still in demand. "There are target segments interested in both categories. However, the options available in the Dh1,000 and below per square foot segment are in all three main segments, which are apartments, town houses and villas," says Shah.

"There is a decent amount of stock available in this segment, especially from few major developers. Targeting the World Expo 2020, the supply growth in this segment is very healthy for the property market," he adds.

Rent to own

The lower price points have become a strong incentive for people to go from renting to owning, says Dounia Fadi, CEO of MD Properties. "As Dubai real estate matures and high supply looms, the cost per square foot has been put under pressure and is being tested. The closer we get to Dh1,000 or less, we see more potential buyers, especially end users, showing interest," says Fadi. "All in all, these are signs of a mature market addressing the low to mid end-user needs, plus a sluggish economic reality."

There are many options for apartments and town houses under Dh1,000 per square foot, especially off-plan projects. Fadi says there are even excellent options in some ready developments. "This segment is growing fast, wherein many new launches are also happening in this price range," she says.

Yields

New supply coming into the market has put a lot of pressure on returns on investment (ROI). "The overall ROI has dropped in most developed communities and it continues to slide," says Fadi. "Unless the economy picks up and jobs are created faster, then with the supply coming into the market we will see lower ROIs in all segments. Investors fast realise that buying for rental income is under a lot of pressure. Developers are now offering highly competitive rent-to-own options. Rents dropping and service and maintenance charges not coming down proportionately are causing investors to be cautious. This segment is mostly seeing end users excited about the prospects."

Fadi further points out that while overall the market is maturing, it is doing so under very challenging economic times for the GCC.

"These are interesting times as Saudi Arabia is asserting itself to re-engineer its socioeconomic landscape and GCC countries are gearing up to impose value-added tax," says Fadi. "Regional tensions and low oil price will continue to put pressure on UAE real estate, but Dubai has always shown resilience and does not stop investing in its infrastructure. This is a user market and a long-term investor's game for now."

Affordable housing expands

Imrann Nawab, director of sales at Gulf Sotheby's International Realty, says the demand for property under Dh1,000 has pushed the developers to offer more affordable housing options. He believes a number of affordable projects actually provide good value for money for end users and investors looking for good rental yields.

"The main reason properties under Dh1,000 per square foot are trending is mainly because there are many end users now who are looking to move out from rents and purchase their own house," says Nawab. "With low interest rates and high competition in the market, current tenants can afford their own house with their equated monthly instalment payments equal to their rent. Therefore, anyone who has the savings could get a house to themselves rather than facing increasing rent year to year."

In Dubai, a few areas offer properties under Dh1,000, particularly Jumeirah Village Circle (JVC) and Dubailand, where massive development is under way. "The Dubailand area focuses on building more of affordable villas and town house communities, whereas JVC has many buildings that are under development," says Nawab. "However, overall both target a large segment of those in need of town houses and villas.

"Dubailand alone has more than five huge different projects and townships such as Villanova, Nshama, Al Barari, each easily accommodating hundreds of villas and town houses. Villanova, in its second phase, launched 250 plus units, with phase one already sold out and more phases to be released. Additionally, for the last two years, Dubailand has seen one of the biggest number of units being handed over."

Most of the big developers such as Emaar, Damac and Dubai Properties are also focusing on the area, especially the patch along Umm Suqeim Road heading towards Al Qudra. "The supply growth in this segment is constantly increasing as it's a large patch of land, untouched and with lots of scope to build large communities with the best amenities and attractions," says Nawab.

He adds, "The growing supply will always be lower than the demand since the demand for affordable housing is only increasing as people can now afford to buy homes, which are cheaper and larger. Moreover, the demand will increase even more once these communities mature, allowing them to experience the same lifestyle at a lower cost."

Nawab says majority of buyers in this segment are end users and new investors taking advantage of the low prices and special payment plans. "For end users, this segment lets them own their house, whereas for investors the low cost gives them higher rental returns. This segment in general offers a higher rental return from approximately 7-13 per cent."

Buying norms

Mario Volpi, chief sales officer of Kensington Exclusive Properties, agrees with the other property experts that the current market is very price sensitive. He believes a majority of buyers in this segment tend to be investors, although more end users are entering the market.

"The ROI varies, but a few developers are offering guaranteed returns of 8-10 per cent for between three and five," says Volpi. "However, all buyers should ensure they read the small print of the contract, especially when the developer is offering guaranteed ROI. The reputation of the developer is key; look for what other projects the developer has completed or is currently under construction.

"If no guaranteed ROI is offered, check the location for amenities and facilities that will aid in attracting tenants for the property. The more facilities and amenities there are, the greater the chance of leasing it at a good price. Despite the lower price point, buyers still expect the basic facilities such as swimming pools, gyms, etc."

Source: Gulf News

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PROTECT YOUR REAL ESTATE INVESTMENT

Wednesday, December 06, 2017

As a trailblazer in the region's freehold market, Dubai's real estate sector continues to receive investor sentiment from around the world. From adjusted returns on risk, liquidity potential and capital appreciation, Dubai's market remains a promising investment. As the market continues to grow and mature, new buyers continue to enter the market. Now more than ever, Dubai residents are choosing to buy and invest in off-plan communities, rather than renting long term.

In the 1990s, the first freehold property project in Emirates Hills initiated a new approach to housing development and the buying paradigm focused on investment interests rather than demand-driven dynamics. This archetype has sparked new developments across the emirates with investments from over 200 different nationalities, many of whom do not live here. Now there is greater focus on increasing investments and property ownerships from expatiates already living and working in Dubai.

Challenges

As these first-time buyers continue to enter the marketplace, it does not come without its inherent challenges. New buyers should reference and use Dubai Land Department's (DLD) services, the leading authority in real estate in Dubai. By leveraging the DLDs resources, buyers can protect themselves through credible market research that help make sound investment decisions and a listing of approved developers, brokers and property managers.

As new communities emerge, buying off-plan continues to have its financial payoff. If new buyers decide to buy off-plan, proper due diligence is required. While the DLD continues to enact legislation that protects all stakeholders and promotes transparency, it is important that clients are empowered in the decision-making process and have a holistic understanding of their potential yields versus risks. The DLD can provide new buyers with a list of recent projects and names of developers of both completed and under construction projects, confirm escrow accounts and all other property registration functions. In the future, a real estate review system will be introduced to the market and it serves as a powerful tool, providing feedback for both developers and brokers in real time.

Long-term thinking

For new buyers, it is important to recognise that property investment is about long-term asset creation and not for quick wins. New buyers should set realistic criteria, budgets and determine if the property will be for investment or for residential use. They should understand the profitability of their investment by determining the cash flow income and any potential risks associated with their purchase. With the accessibility of finding properties online, this can be done easily. Buyers can use private websites and search engines, as well as the Real Estate Regularity Agency (Rera) rental index to familiarise themselves with prices.

Employing a life cycle-costing approach in decision making can also assist new buyers in identifying and assessing economic impacts over the total lifespan of their investment. It is important that new buyers do not simply focus on their initial capital investment, but instead understand their future operational costs, which are often downplayed in the buying decision-making process. For example, consider investing in LEED-certified properties and/or buildings that use a green approach to construction. This can save you on utilities and improve the overall quality of the building.

Rera continues to play an active role in monitoring the compliance of developers, brokers and other licensed real estate professionals with applicable laws and regulations to protect both investors and the wider interests of the market. But it is up to the investor to understand their rights. However, as the market continues to expand and embrace new blockchain technology, trusts and crowd funding tools will be more feasible and will add a new layer of efficiency and transparency to Dubai's real estate sector.

Source: Gulf News

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INSIDEOUT AWARDS 2017'S BEST HOME INTERIOR BRANDS

Tuesday, December 05, 2017

InsideOut magazine awards the region's leading home interiors brands, as voted for by consumers, in this year's InsideOut Readers' Choice Awards.

On Monday evening, InsideOut hosted the third annual InsideOut Readers' Choice Awards at La Ville Hotel & Suites, recognising the most preferred interiors brands in the UAE.

InsideOut, the UAE's leading home interiors and design magazine, which recently celebrated 15 years in publication, is a respected title and essential guide for the region's stylish, affluent and design-conscious homemakers.

As the InsideOut Readers' Choice Awards is the only awards in the UAE's interiors industry that is voted for entirely by consumers, it is a most coveted title. This year, more than 15,000 individual votes were cast for 267 brands and retailers across 12 categories. The winning retailers were presented with a bespoke trophy — a wood carving designed by Nisrine El Lababidi of Harf Noon Design Studio — at a special evening honouring the top seeds in each category.

"Whether consumers are looking for a major investment piece, a stylish seasonal update or a full interior transformation, they have a stunning range of brands and retailers to choose from here in the UAE," says InsideOut Editor Mairead Walsh. "So, being championed as their favourite brand in a category is not only a vote of consumer appreciation, but an industry benchmark in a fast-growing, competitive interiors market." "These awards are important because they reflect the audiences' evolving, and in some cases, enduring tastes, as well as the developing UAE interiors business,' adds Walsh. "To acknowledge that, we added the category of Best Newcomer this year."

"After 15 years in the market, InsideOut magazine is a trusted brand with excellent audience reach. These awards reflect the strong relationship the magazine fosters between the brands and the consumers, and demonstrates why InsideOut continues to be a market leader," added Abdul Hamid Ahmad, Executive Director Publications, Al Nisr Publishing.

And the winners are …

Best for Lighting: Huda Lighting

Best for Paint: Jotun

Best for Flooring: Kährs by Nordic Homeworx

Best for Art & Objets: Bits & Pieces

Best for Home Accessories: 2XL Furniture & Home Décor

Best for Bathrooms: SARA Group

Best for Soft Furnishings: Designers Guild

Best for Kitchens: IKEA

Best for Outdoor Living: Danube Home

Best Home Store: THE One

Best Luxury Home Store: Interiors

Best Newcomer: Maisons Du Monde

Source: Gulf News

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EXPO 2020: UAE-ITALY VENTURE BAGS AL WASL PLAZA DOME CONTRACT

Sunday, December 03, 2017

An Abu Dhabi-based contractor will provide steel work for the intricate domed trellis of Expo 2020 Dubai's central Al Wasl Plaza, it was announced on Sunday.

Steel work produced by the UAE-Italian joint venture Cimolai Rimond Middle East General Contracting will provide the trellis structure for the 67.5-metre tall, 130-metre wide dome that will feature at the heart of the Expo site.

When finished, the structure will include 13,600 metres of intricate steel work and weigh 2,265 tonnes, equivalent to 500 elephants, with an enclosed space of 724,000 cubic metres — the same volume as 290 Olympic-sized swimming pools, according to a statement from Expo 2020.

The monetary value of the contract is not being disclosed. The construction contract for the iconic central hub will follow in the first quarter of 2018.

Al Wasl Plaza will be a central space of the 4.38-square kilometre site. The dome will incorporate a projection experience that, according to the event's organisers, can be viewed from the sky above.

Ahmad Al Khatib, vice-president of Real Estate and Delivery at Expo 2020 Dubai, said in a separate statement that "Al Wasl Plaza will be an iconic central point of Expo 2020 Dubai. We are glad to be working with Cimolai Rimond Middle East, which has a strong track record, including working on the UAE National Pavilion at the 2015 World Expo in Milan."

UAE-based companies are playing a leading role in the construction effort, including Al-Futtaim Carillion, Khansaheb, Besix, Arabtec and Tristar Engineering, as well as early works completed by Al Naboodah Construction.

"This is the latest construction contract to be awarded this year. Work on Expo 2020 is well on track and we are making great progress. We will be awarding the final construction contract for Al Wasl Plaza in the first quarter of next year," Al Khatib added.

Source: Gulf News

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MORE PPPS LIKELY TO DEVELOP UAE INFRASTRUCTURE

Wednesday, December 06, 2017

Public-private partnerships (PPP) for infrastructure development will grow in the near future in the UAE, said a senior government official.

Speaking on the sidelines of the Khaleej Times Infrastructure & Real Estate Excellence Awards on Tuesday, Eng. Anwaar Al Shaimmari, director of design department and chief innovation officer at the Ministry of Infrastructure Development, said: "Infrastructure is something that never stops and keeps evolving. All around the world, countries that have developed strong infrastructure are growing fast. In the UAE, the direction of the government is that the private sector will play a bigger role in the near future. There will be much more PPPs in the field of infrastructure."

She said the Dh180 million tender for the ministry's Sharjah headquarters would be floated soon.

"It will be one of the landmark projects in the UAE. We have major strategic projects of roads and buildings which are currently underway or will be launched with an estimated value of Dh10 billion."

She said the UAE stands out in terms of infrastructure developments globally and now projects around the world are benchmarked with the UAE.

Al Shaimmari pointed out that the government is still playing a key role in the development of super structures such as federal buildings and federal roads.

"But a window is still open to negotiate how the private sector can be involved. For example, big developers in Dubai are playing a major role in shaping the future as well as the map of Dubai. There is a strong collaboration between the two and it will benefit everyone," she added.

The government is also emphasising the stronger role needed to be played by small and medium enterprises (SMEs). Expo 2020 has allocated a certain percentage of projects for SMEs in order to promote the sector and increase their role in developments to create more jobs and strengthen the economy.

Source: Khaleej Times

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EXCLUSIVE: GFH HATCHES PLANS TO DEVELOP 'ONE OF THE LARGEST LAND BANKS IN THE REGION'

Saturday, December 09, 2017

GFH Financial Group, the Bahrain-based sharia-compliant investment house, is drawing up a development strategy for a 25 million square metre land bank with a US$1.2 billion value, across the GCC, India and Africa that it acquired in August, its chief executive said.

"We are currently negotiating with several parties and hope that over the coming 12 to 18 months we will be able to decide the direction we wish to take and choose the right partner for it within this period," Hesham Al Reyes, chief executive of GFH said in an interview with The National at his office in Bahrain. "This is one of the key land banks in the region, and we are exploring plans to list it, or make strategic partnerships with international parties to have access to those lands."

An appropriate partner, or partners, would be a "real estate developer that needs attractive valuations on land banks to be able to gain strong entry into key markets," Mr Al Reyes said. The talks at present are with international companies, he added, but GCC developers with plans to expand outside the region may also be interested.

"We are looking to create partnerships and maybe exit at a certain point in time, which we expect would achieve huge returns for our shareholders in the medium term."

The land bank is the result of three funds GFH managed before the 2008 financial crash that failed to return 100 per cent of profits to their clients. GFH acquired the land in August.

"Those three funds were strategic land banks that had huge growth potential pre-2008, but [experienced] a shift in growth prospects due to the economic crisis," Mr Al Reyes explained. "So, we took the strategic decision for GFH to acquire the land and aggregate it together to create one of the largest land banks in the region."

He cited Mohamed Alabbar, the founder of UAE-based developer Emaar Properties, which last month listed its subsidiary Emaar Development on the Dubai bourse, as having said one of the key advantages a developer can have is a sizeable land bank. "So we took those scattered land banks and aggregated them under one umbrella to create huge value for real estate companies," Mr Al Reyes said.

Firming up a strategy for the land bank is likely to take at least a year because of the challenge in finding one partner interested in developing across all the countries it covers. "It's a huge portfolio and we may end up breaking it up," he said. "Real estate developers are mainly localised. It's rare that you find a local developer with operations worldwide, because it has to do with local knowledge and so on."

GFH registered a net profit of $25.09m for the third quarter of 2017 compared to a loss of $7.58m for the same period in 2016, and expects a similar performance for the final quarter and into 2018, the chief executive said. The investment bank, whose shares are listed in Bahrain, Kuwait and Dubai, is aiming for approval from Saudi Arabia in the first half of next year to cross-list on the Tadawul stock exchange. "Saudi Arabia is starting with pilot companies cross-listing as it becomes more sophisticated and competitive," said Mr Al Reyes.

"We satisfy the criteria since we are already in three markets and are familiar with such arrangements. However, there is huge competition for this pilot and I hope we manage to be one of the chosen companies."

Source: The National

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EMIRATES REIT CLOSES $400M INAUGURAL SUKUK

Wednesday, December 06, 2017

Emirates REIT, the world's largest listed Sharia-compliant real estate investment trust, successfully closed a US$400 million five-year sukuk, which was 2.5 times over subscribed and with its orderbook peaking at $1.1 billion.

"The successful placement of our inaugural sukuk is a strategic milestone for the next growth-phase of Emirates REIT," said Sylvain Vieujot, the chief executive of Equitativa, the Reit manager. "The sukuk enables us to reach our immediate goal of replacing amortising loans with fixed-rate bullet funding, removes variable interest rate risk and materially increases the Reit's free cash flow."

The sukuk has a profit rate of 5.125 per cent per annum, equivalent to a credit spread of 291 bps over the mid-swap rate, said Emirates REIT, which is rated BB+ and "stable" by the rating agency Fitch.

The issue recorded strong participation from 90 global investors including international accounts. Fifty one per cent of the issuance was allocated to international investors and 49 per cent to UAE accounts. In terms of investor type, 48 per cent were banks, 35 per cent were fund managers, 11 per cent were private banks, 3 per cent hedge funds and 2 per cent insurance companies and pension funds.

The proceeds will be used to refinance Emirates REIT's existing debt and replace amortising loans with bullet funding, resulting in an increase of free cash flows by approximately $30m per year, according the company.

The transaction marks the first Reit from the Mena region to access the international sukuk market and obtain a credit rating. The sukuk represents the tightest credit spread of any debut issue by a Dubai real estate entity, Emirates REIT said.

Standard Chartered Bank acted as global coordinator and ratings advisor. The joint lead managers and bookrunners were Dubai Islamic Bank, Emirates NBD Capital, Standard Chartered Bank and Warba Bank. Clifford Chance acted as counsel to Emirates REIT and Dentons acted as counsel to the managers.

Emirates REIT is a Dubai-based real estate investment trust established to invest in principally income-producing real estate in line with Sharia principles. It currently owns freehold or leasehold properties comprising commercial, retail and education assets.

Emirates REIT has invested in education, commercial mix and retail sectors. The portfolio consists of 10 properties including GEMS World Academy Dubai, an education facility located in Al Barsha South and the 80-storey mixed-use Index Tower.

Source: The National

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SAUDI ARABIAN HOSPITALITY SECTOR OFFERS ATTRACTIVE INVESTMENT OPPORTUNITY, KNIGHT FRANK SAYS

Sunday, December 03, 2017

Real estate investment opportunities abound in the Saudi Arabian hospitality sector despite the economic slowdown and increased property vacancies in general, according to the real estate agency Knight Frank.

"Looking at the real estate market performance across Saudi Arabia, the general trend is that most sectors have remained subdued on the back of a slow economic environment with negative sentiment weighing on activity levels," the real estate agency said.

"Generally, vacancies have been adversely impacted across most asset classes, along with a gradual softening of rents across the country. Nevertheless, some sectors still offer attractive investment opportunities for investors. The hospitality sector is a case in point."

Knight Frank said that the supply of hotels in the key cities of Jeddah and Riyadh remained heavily tilted towards five-star hotel developments with a lack of hotels in the mid-scale sector and that this represents an opportunity for developers. This is especially the case given a more relaxed attitude towards entertainment in the conservative Kingdom and plans to build 'Entertainment City' that will help the country become a more leisure friendly destination.

The real estate agency also said that there was growing demand for real estate investment trusts (REITs) by investors after the approval last year of regulatory framework allowing REITs to be traded. REITs are traded like stock and bonds on exchange and distribute income from rental properties that they manage, typically commercial real estate. Since the approval of REIT regulation, six REITs have listed and they have outperformed the benchmark Tadawul stock index, Knight Frank noted.

"As the market matures, emergence of REITs is likely to assist in institutionalizing the real estate market in Saudi Arabia, providing a wider range of investors exposure to the commercial real estate market," the agency said.

"In turn investors will be able to take advantage of diversification benefits, long-term stability and potentially appealing returns from regular dividend income."

Source: The National

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DUBAI COULD SEE ANOTHER 80,000 HOMES IN NEXT THREE YEARS

Wednesday, December 06, 2017

Dubai could see another 80,000 homes being added to its existing stock in the next three years if developers stuck to their build-up plans. But the property market should not be too concerned that this could lead to an oversupply situation.

"The corresponding growth in [the city's] population, which usually averages 5 per cent per year, should see a further 441,000 new people added," said Faisal Durrani, Head of Research at Cluttons. "According to the Dubai Statistics Centre, the average household size in the emirate is 4.2 family members, which would translate into demand of roughly 105,000 units over the next three years."

If so, demand would actually be some steps ahead of supply. But the problem comes in when much of the anticipated supply fails to materialise. "It may appear that supply and demand are well matched — particularly as 30-40 per cent of the announced supply is likely to be delayed, or rephased, as has been the case historically.

"Our concern remains centred on the fact that the vast majority of planned supply is designed to cater to the high-earning segment of the population."

It would take more than three years before a location such as Dubai South starts having a significant number of affordable homes, both from a sales and rental perspective. But the Dubai government is putting its weight behind new projects with an affordable element about them. And it is bringing in legislation to make sure this happens.

Lessons

"The change will help Dubai avoid some of the lessons learnt by more developed cities around the world, especially with regard to curtailing the emergence of poorly connected, low-income neighbourhoods that are segregated from the rest of the city," said Durrani.

"While exact details around the legislation are yet to be confirmed, we expect to see a balanced approach between the presumed establishment of quotas around the provision of affordable housing that is both built-to-rent and built-to-sell, so that both aspiring buyers and tenants, priced out of city centre locations, can benefit."

But developers and investors will need to keep watch over any sudden shifts in the regional situation, and which could have an effect on real estate demand patterns.

As for now, residential prices slipped by 1.9 per cent in the three months to end September, and this follows a 1.5 per cent drop in Q2-17. Villa prices experienced their weakest performance in almost two years, falling by 2.8 per cent in the three months to end September. Apartment values experienced a drop of 1.3 per cent on average, taking the change during the first nine months of the year to -5.5 per cent.

Source: Gulf News

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BEING AN OPTIMIST IN DUBAI'S PROPERTY MARKET

Wednesday, December 06, 2017

Lootah Real Estate Development has been creating a holistic lifestyle experience for buyers and end users, marrying innovation and luxury with affordability in modern communities. PW caught up with Saleh Abdullah Lootah, executive director of Lootah Real Estate Development, to talk about the company's philosophy, plans for 2018 and long-term view of the Dubai property market.

The real estate space has always been a very competitive one in the UAE. What has been your vision since the inception of the company?

Since its inception in 2002, Lootah Real Estate Development has been the real estate development arm of Lootah Holding, which has played a role in key industries such as construction and real estate, energy, financial services, logistics and FMCG. We've always had a clear vision of positioning ourselves as leaders in innovation in real estate development, and accordingly become the lifestyle developer of choice within the region, recognised for creating modern communities.

Our mission is to provide the highest standards of living and ensure client satisfaction. We have delivered several state-of-the-art residential and commercial properties in the UAE. These projects speak for themselves in terms of quality and excellence.

How would you differentiated yourself from other developers?

Our goal is to create homes that celebrate the spirit of elegant living through high-end finishes and plush amenities, while giving each resident a feeling of space and freedom. Our properties are all conveniently located in accessible areas across the city and offer everything from studios to one- and two-bedroom apartments and of course town houses, making sure that we cater to all segments whether they're individuals, young couples or larger families. We are also very mindful of the levels of sustainability we introduce into each project. Whether that's finding sustainable materials or management of waste, we always seek ways to make things both affordable and sustainable.

Are you optimistic about the local property market?

We are very optimistic about the future. The World Expo 2020 has provided a huge boost to the market. The GCC is also facing an economic and social transformation due to the national GDP diversification, liberating itself of its oil dependence. The UAE is investing in a variety of non-oil sectors, making the country extremely attractive for investment, businesses and tourism, a move that will hopefully bring stability to the economy. The UAE government is also investing tremendous efforts in growth plans in response to declining oil prices, so adjustments such as the introduction of value-added tax will play a key role in boosting the country's property market.

What are the top trends to watch out for?

Despite a slow beginning to the year, investors have now regained confidence as they see Dubai as a better-value option. Activities in the housing market have shown signs of improvement. Dubai is a far more complete, more regulated and far more mature city today. For potential investors it is now possible to achieve net yields of 8 per cent and more, with net returns on equity of approximately 10 per cent for finance buyers using 75 per cent loan-to-value mortgage products. This provides good financial incentive to buy rather than rent. We also come up with very attractive payment and pricing plans for new schemes.

Additionally, the demand for new projects and the size of investments entering the country are on the rise. The Dubai 2020 Vision, aiming to attract 20 million tourists by 2020, will require the property market to be able to host and accommodate the increasing numbers of tourists, workforce and businesses entering the country.

What more needs to be done to strengthen the real estate sector?

Purchasing or selling property is often a life-changing decision. Investors need certainty that suitably qualified people are managing this sector. We need continuous upgrading of laws that protect the investor and keep improving consumer confidence.

Source: Gulf News

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DUBAI INVESTMENTS RECORDS 36 PER CENT INCREASE IN DIP SUB-LEASING

Tuesday, December 05, 2017

Dubai Investments, part owned by sovereign wealth fund Investment Corp of Dubai, has announced a 36 per cent increase in sub-leasing contracts in its subsidiary Dubai Investments Park [DIP] — the integrated commercial, industrial and residential community.

That is in the first nine months of 2017 compared to last year.

Out of these, nearly 68 per cent of contracts pertained to existing subtenants, reflecting DIP's growing demand as a business destination in the region.

New subtenants during the period under review constitute approximately 26 per cent.

Source: Gulf News

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DUBAI SECURES TOP 30 SPOT IN COMMERCIAL REALTY RANKINGS

Monday, December 04, 2017

Dubai has broken into the Top 30 in a Global Cities Ranking issued by the consultancy JLL.

The city is now placed 27th — quite a move up from the 36th held last year.

The ranking is based on the level of interest and activity recorded by a city's commercial real estate, with the Expo 2020 buzz proving a factor.

Dubai improved its scores in the depth of its office market and in terms of corporate presence as well as in air passenger arrivals.

In particular, JLL notes the growth among Chinese corporates, developers and tourists in making their presence felt in Dubai.

Dubai has now firmly established its standing as the region's premier commercial real estate attraction, with other cities such as Cairo ranked 51 and Muscat with 170 out of the 300 global cities analysed by JLL.

Elsewhere, London regained its position as the top investment destination, while Los Angeles moves ahead of New York into second place. Hong Kong and Singapore are attracting more capital, and Berlin has posted its strongest quarter on record.

"Dubai may have a relatively low population in comparison to other cities globally, around 2.5 million, but it has long punched above its weight," said Craig Plumb, Head of Research MENA, JLL.

"In doing so, the city has achieved a true global presence and significant influence."

The Top 300 cities covered by JLL account for 18 per cent of the global population, 40 per cent of the world's economic output and more than 70 per cent of total global real estate investment.

The rankings are defined by both people and economic activities in the world's largest cities over the past 10 years.

Source: Gulf News

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JUMEIRAH BEACH HOTEL TO UNDERGO MAJOR MAKEOVER IN SUMMER 2018

Monday, December 04, 2017

Jumeirah Beach Hotel in Dubai will undergo a significant makeover from mid-May to early October 2018, during which time the hotel will stop receiving guests to allow for the completion of a two-year renovation programme of the whole hotel.

The hotel will relaunch in early next October, in time for its 21st anniversary celebrations in December 2018, with a fresh look and new guest facilities.

The work will extend to 425 guest bedrooms, the public spaces, lobby, retail areas, beach and outdoor facilities, restaurants and dining outlets. This follows initial renovation work completed this year, which covered 172 rooms and three suites, the Kids Club, beach and beachfront restaurants.

Sven Wiedenhaupt, general manager of Jumeirah Beach Hotel, said: "We are very excited that Jumeirah Beach Hotel is to undergo such a significant transformation. The refurbishment project has taken careful planning and consideration, and although both our loyal guests who stay with us year after year and the Dubai community will miss visiting their favourite hotel and restaurants during its renovation, I can assure them that a brand new Jumeirah Beach Hotel experience is coming, that will be well worth the wait. The famed wave-shape exterior of the hotel will remain untouched but the experience inside will be revamped, ensuring we are geared up to create another 20 years of memories."

Although the hotel and its restaurants will be taking an extended summer break, Wild Wadi Waterpark will operate as normal for both external guests, and on an unlimited and complimentary basis for all guests staying at Burj Al Arab Jumeirah, Madinat Jumeirah, Jumeirah Zabeel Saray, Jumeirah Emirates Towers and Jumeirah Creekside Hotel.

Other facilities that will also remain open and unaffected will include Talise gym and cafe, certain parts of the beach, The Kids Club for Talise members and La Veranda restaurant for lunch.

All guests who have reservations at the Jumeirah Beach Hotel during the renovation period will be offered alternative stays in Dubai at one of the premier beachfront properties within Madinat Jumeirah, the Arabian Resort.

Source: Gulf News

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DUBAI DEVELOPERS BULLISH ABOUT 2018 OUTLOOK

Wednesday, December 06, 2017

Shrugging off concerns about oversupply, Dubai's top real estate developers sounded bullish about the sector's outlook for 2018. As Expo 2020 nears, demand and prices are projected to rise, with investors flocking to cash in on the higher yields that Dubai offers.

The senior executives were speaking on the sidelines of the Khaleej Times Infrastructure & Real Estate Excellence Awards held in Dubai on Tuesday.

"As we get closer to Expo 2020, it will create more jobs and more people will come in for investment. In addition to Dubai being a safe haven in the region, it is always a magnet for investments. We'll see improvement next year in terms of demand and prices," said Muhammad Binghatti, CEO of Binghatti Developers.

"It is always encouraging when supply comes from big developers such as Emaar, Dubai Properties and Nakheel as it reflects the trend and direction of the market," he added.

Oversupply no concern

Rejecting any concerns about oversupply, Binghatti said when the right developer brings a right product into the market, there is no need to be concerned.

"It is no secret that there is huge cash in the market, but investors are waiting for the right opportunity. With many real estate funds coming to invest in Dubai, in addition to individual investors, there is going to be a lot of movement in the market. Dubai provides yields between eight to 12 per cent, which you can hardly find anywhere else in the world."

Binghatti anticipates most demand next year to be for the mid segment. Niall McLoughlin, senior vice-president, corporate communication and marketing, Damac Group, is also sanguine about Dubai's property market for next year.

"We anticipate the 2017 trend to continue in 2018. We projected Dh7 billion worth of sales for this year and are on track to beat that. We have seen stabilisation in the market and it is behaving in a mature way. When a developer comes to the market, he needs to bring in differentiated product. You have to bring in products with different price points. We have been lucky that products we brought to the market have been received very well," said McLoughlin.

The developer aims to hand over 3,000 units this year and around the same number next year.

"We sold more units in 2017 than in 2016. If you go to other major developers, you see the same trend. We have recorded increase in sales; even our competitors have seen an increase in sales, so we are quite bullish. You need a right product in the right location to drive prices," added McLoughlin. He revealed that there has been an increase in the number of customers from China and CIS countries.

Sandeep Jaiswal, deputy CEO, sales and marketing, Azizi Developments, believes 2018 will be promising with Expo 2020 around the corner. "Next year, we are looking at double digit growth in all aspects. That has been the case this year as well," he said.

Higher returns than London

"Dubai is one of the best markets in the world in terms of returns. In London, property offers around three to four per cent returns; in India, it's 2.5 to three per cent returns on rental. In Dubai, you are guaranteed to get minimum seven to eight per cent yields. If you're selling at the right location, it can even go up to 10 to 12 per cent," added Jaiswal. Azizi Developments aims to deliver more than 1,000 units in 2017 and at least 1,500 units for the next year.

Source: Khaleej Times

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THE TOP 3 WEAKEST PERFORMERS IN DUBAI REALTY ARE...

Wednesday, December 06, 2017

Jumeirah Village, Green Community and Arabian Ranches were the top three weakest performers among Dubai's freehold areas during the third quarter of 2017, says real estate consultancy Cluttons.

Jumeirah Village villas registered a 12.3 per cent decrease in average capital values to Dh833 psf from Dh950 psf during Q2. Prices of apartments at Green Community in DIP declined 8.2 per cent while the Arabian Ranches witnessed price dips of 7.3 per cent.

Murray Strang, head of Cluttons Dubai, said: "These markets, in particular, have faced competition from surrounding developments that are newer, cheaper and often more affordable, especially for those looking for rental options. Arabian Ranches has faced stiff competition from nearby Nshama, while Al Furjan and the second phase of units at DIP have improved the amount of choice for would-be buyers and investors in the Jebel Ali area."

Cluttons expects approximately 80,000 units to be completed in Dubai over the next three years if developers stick to their handover plans. But it is unlikely to lead to an oversupply situation.

"The corresponding growth in population, which usually averages five per cent per year, should see a further 441,000 new people added to the city. According to the Dubai Statistics Centre, the average household size in the emirate is 4.2 family members, which would translate into demand of roughly 105,000 units over the next three years," said Faisal Durrani, head of research at Cluttons.

If this scenario comes true, supply will fall short of demand. "It may appear that supply and demand are well-matched, particularly as 30 per cent to 40 per cent of the announced supply is likely to be delayed, or rephased, as has been the case historically. Our concern, however, remains centred on the fact that the vast majority of planned supply is designed to cater to the high-earning segment of the population."

Transaction volumes remained stable, with the number of deals during the first nine months of the year 4.6 per cent higher than the same period last year. The volume of villa transactions, however, slipped by 1.6 per cent over the same period to 874 deals between January and September 2017.

Overall, residential prices slipped by 1.9 per cent in the three months to the end of September, following on from the 1.5 per cent drop in Q2. The annual rate of change at the end of Q3 stood at -5.6 per cent.

The Dubai government is bringing in legislation for an affordable housing push in some of Dubai's core locations.

Durrani said: "The Dubai government's initiative to focus on affordable housing will help Dubai avoid some of the lessons learned by more developed cities around the world, especially with regards to curtailing the emergence of poorly connected, low-income neighbourhoods that are segregated from the rest of the city, as is the case in many other global metropoles.

"While exact details around the legislation are yet to be confirmed, we expect to see a balanced approach between the presumed establishment of quotas around the provision of affordable housing that is both built-to-rent and built-to-sell, so that both aspiring buyers and tenants, priced out of city centre locations, can benefit."

Source: Khaleej Times

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WHAT THE OPTIMISTS AND CYNICS FEEL ABOUT DUBAI REALTY

Tuesday, December 05, 2017

Just as in most years, this year too can be divided into two camps: those who were optimistic (albeit cautiously) about the state of the market and those who were more sombre and downbeat at the beginning of the year.

As the year rolled on, both sides appeared to have dug into their entrenched positions; the optimists pointed out the buoyant sales in the off-plan market (up 62 per cent year to date), whereas the cynics pointed out that this had come at the expense of secondary market activity, and that the spate of incentives offered by way of post-handover payment plans was the real catalyst driving sales.

Rental declines throughout the year meant that the pessimists had a "See I told you so" moment. The optimists pointed out the greens shoots in the mid-income segment of the marketplace, showing that in certain communities, prices had risen by the high single digits on a year-over-year basis (particularly in the new areas of Dubai South, Majan and Arjan). Some days, it almost felt as two tales of one city, as investors scratched to make sense of it all.

Thematically speaking, this year showed money flows into suburban mid-income areas for the most part, a trend that began in 2015 and has continued to grow from strength to strength. This is a trend that is likely to continue for the foreseeable future as developers continue to cater to the resident populace. While this trend has undoubtedly been given a boost by post-handover payments plans, it is pertinent to note that this was already underway before such schemes were introduced.

Important to highlight is the fact that the area that has seen the most visible hike in activity this year has been Dubai South, where the number of post-handover schemes that have been announced has been extremely rare. This shows that investors have been returning to the first principles of real estate, which is future location, future location, future location. Mid-income localities are expected to witness strong demand, as the market in Dubai balances in the second phase of its growth, moving somewhat away from the high-end and towards areas where mid-sized, mid-income areas in "suburbia" start to proliferate and offer residents a greater choice and convenience in making the switch from tenant to landlord.

To be sure, this is a slow moving process; end-user ownership progress is measured in decades, not years, and it is important to note that the Dubai freehold market is still in the early stages of this cycle.

This trend has been accompanied with an increase in activity in the off-plan market; apart from the payment plans, what market observers have overlooked is that it is in the off-plan market where some of the most viable mid-income opportunities lie, both for the investor and the end-user alike. It stands to reason, therefore, that the latency of demand that has always been present for this space has expressed itself in the off-plan market, a trend again that is likely to continue for the next few years.

The broad brush takeaway remains the same as it has been over the last five years: this cycle of the "new normal" has been a return to first principles for the industry; an emphasis on the "bulging" mid-income segment. This will likely be accompanied with a far lower actualisation rate than what most industry experts assume, giving not only support to prices but ensuring that replacement values in this segment remains upwardly inclined.

Source: Khaleej Times

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HOW THE DUBAI REAL ESTATE MARKET EVOLVED IN 2017

Tuesday, December 05, 2017

2017 was a year of change in the Dubai real estate market, where we witnessed real estate trends transform to new and refreshing positions, off-plan sales revive market sentiment and an abundance of supply open the doors for many affordable opportunities in the sales market and offer more options and lower rents in the rental market.

More affordable properties

The current momentum in sales activity is driven by a larger proportion of end-users than before, particularly first-time buyers, who are entering the market enthused by lower prices and encouraged by attractive payment plans offered by some developers.

Off-plan market

Off-plan sales has dominated 2017, accounting for 68 per cent of all sales transactions to date and has increased by 55 per cent year on year. As of November 27, there have been 18,657 off-plan apartment sales transactions. The most popular unit types for off-plan apartment sales were one-bedrooms, accounting for 39 per cent of these sales transactions and studios accounting for 36 per cent of the transactions.

As per the Property Monitor database, the top five areas for off-plan apartment sales to date are (in order):

> Jumeirah Village Circle covering 11 per cent of the transaction volume with the top three projects being Ghalia Constella, Belgravia and Bloom Heights.

> Business Bay covering 11 per cent of the transaction volume with the top three projects being Aykon City, Bayz by Danube and Damac Towers by Paramount.

> Downtown Burj Khalifa covering 10 per cent of the transaction volume with over 1,500 units sold in the Downtown area and over 300 units sold in the Opera District.

> Al Furjan covering eight per cent of the transaction volume with the top three projects being Azizi Residence, Azizi Plaza Serviced Apartments and Roy Mediterranean Serviced Apartments.

> Dubai South covering eight per cent of the transaction volume with the top three projects being The Pulse, Mag 5 Boulevard and Emaar South.

To date, there have been 3,957 off-plan villa/townhouse transactions. The most popular types were three-bedrooms, accounting for 54 per cent of the transactions and two-bedrooms accounting for 24 per cent of the transactions.

As per the Property Monitor database, the top five areas for off-plan villa/townhouses sales to date are (in order):

> Town Square covering 31 per cent of the transaction volume.

> Arabian Ranches 2 with 27 per cent of the transaction volume.

> Dubai South with 18 per cent of the transaction volume.

> Mohammed Bin Rashid City with 11 per cent of the transaction volume.

> Reem Mira with 3.6 per cent of the transaction volume.

Secondary market

The secondary market accounted for 32 per cent of the sales transactions in 2017. Prices in established communities with limited upcoming supply have held stronger than emerging locations even as marginal price declines continue. One of the main reasons sales activity in the secondary market has been low this year is due to prices still trading at a premium and sellers not very motivated to negotiate. However, in Q4, sellers have started to budge on their pricing which has caused an increase in secondary sales.

According to Lewis Allsopp, CEO of Allsopp & Allsopp: "From our statistics this year, we can see that our average sale price has been at Dh2,566,709 and that 55 per cent of our buyers have been 'end-users' and 45 per cent buying for investment. We can also see that 52 per cent of purchases have been made using a mortgage. The type of properties that we have seen the most activity in this year are apartments and small villas, which fits the profile perfectly of a first-time buyer."

Rental market

This year, we have seen the shift in power from the landlord to the tenant. Due to new supply, rent declines for residential properties in Dubai have been more pronounced than sales price declines over the last 12 months.

According to Property Monitor's database of rental contracts, no area or property type was immune to the declining trend. Areas with more supply are obviously impacted higher but other established, mid-market locations are also affected as consumers are shifting and opening their options to areas they never considered before. With new supply coming into the market in suburban communities, we are seeing tenants shift from established communities to like-for-like product in suburban communities at a cheaper price over multiple cheques. According to Property Monitor, four cheques annually are now the average, with 42 per cent of villa/townhouse contracts negotiated with four cheques and 54 per cent of apartment contracts were done with four cheques.

Upcoming supply

According to the Property Monitor Supply Tracker, which tracks supply in real time, there are a little over 13,000 units expected to be completed by end of the year. A majority of these projects will most likely get pushed to Q1 2018. However, there are quite a few projects which are looking to be very near completion in Al Quoz, Business Bay, Jumeirah Village Circle, Sports City, Al Furjan and Town Square.

According to the Property Monitor Supply Tracker, in 2018, over 40,000 units are expected to be completed. The areas with most supply expected to be completed in 2018 are:

> Mohammed Bin Rashid City with over 3,800 units.

> Jumeirah Village Circle and Al Furjan, each with over 3,700 units.

> Damac Hills with over 3,200 units.

> Town Square with over 2,500 units.

> Akoya Oxygen with over 2,900 units.

> Deira with over 2,100 units.

> Dubai Marina with over 2,400 units.

Source: Khaleej Times

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WANNA SELL YOUR HOUSE IN 30 MINUTES IN DUBAI?

Tuesday, December 05, 2017

Ever tried to sell your house and been put off by the umpteen visits by uncommitted buyers and real estate agents who overpromise, yet under-deliver? A Dubai-based startup promises to ease all that when you list your property on SellAnyHome.com, offering to sell your house within 30 minutes.

You get an approximate estimate of your property's valuation on the firm's website after you type in some basic information such as location, number of bedrooms, square footage, etc. Then, you book a free appointment through the website with one of SellAnyHome.com's offer consultants, who visits the property and conducts an appraisal, taking pictures and inspecting various check points. After the pictures are uploaded to the app, buyers make offers within 30 minutes, and the seller receives the highest offer. There is, however, no obligation for them to accept the offer.

"The difference between a real estate broker and us is that between a stock broker and a stock exchange. We bring real time market coordination between buyers and sellers which, in turn, promotes transparency, higher deal flow and convenience," says Omar Chihane, co-founder and CEO of SellAnyHome.com.

The startup only targets professional investors as buyers on its platform. SellAnyHome.com leverages technology to accelerate the buying process.

"We cover high net worth individuals who are looking to add properties to their portfolios. We also deal in individual investors who are looking to buy multiple properties. We have investors looking for capital appreciation, yields, short-term and long-term rentals. Our job is to get as many such investors as possible because that will higher value to the seller," explains Chihane.

Investors pursuing capital appreciation are keen about a property's location and views while those seeking good rental returns keep the common area fees in mind.

The startup, which began operations in August this year, claims to have a substantial pool of buyers that is growing at a rate of 200 per cent month on month.

"Buyers have a transparent evaluation of the property. We take pictures inside out and outside in. They get to see the view from every room. We don't embellish the pictures. Buyers get the highest deal flow in the region from the comfort of their home," observes Chihane.

He adds that the platform is seeing a lot of interest from overseas buyers (from the GCC and beyond) who have powers of attorney here.

The startup charges a one per cent commission on the buyer once a deal goes through.

The top three locations for homes on sale being listed on SellAnyHome.com are Jumeirah Lakes Towers, Dubai Marina and Business Bay.

"We cover almost 59 areas in Dubai. So far, 50 per cent of sellers have chosen us as the first door to try and sell their property," adds Chihane.

Of the properties listed for sale on the website, 37 per cent is villas and 63 per cent is apartments - 26 per cent between studios/one-beds, 51 per cent between two and three-beds and 4-beds and above account for 21 per cent.

"Demand has been great. We have been oversubscribed on both ends. Ease of transaction is something the market needs," says Chihane.

It's a win-win for sellers since there is no fee to join the platform and the on-site inspection is free as well.

"Sellers don't have to meet strangers. Having multiple touch points between buyers and sellers creates a lot of noise and additional costs and time. We aim to get rid of that," he adds.

The on-site inspection is performed by agents certified by the Real Estate Regulatory Authority. The startup is currently on the lookout for offer consultants.

"We want to reduce the lead time from the seller booking an appointment to us being able to meet them. Our aim is for a seller to book an appointment and for us to make an offer on the same day. Right now, we are lagging a bit on that front," points out Chihane.

The startup also occasionally participates in the process of placing offers, but says it has been outbid most of the time.

"The main stumbling block between buyers and sellers agreeing on a price is emotion. Someone may overvalue a certain aspect of a property which an investor does not. Other than that, the process is fair," he adds.

SellAnyHome.com closed seed funding, mainly backed by Saygin Yalcin, also the chairman of SellAnyHome.com and the owner of SellAnyCar.com. The startup is looking to raise $10 million by early 2018 and aims to achieve $100 million valuation within the first year of business.

It is also on pace to extend $100 million worth of binding offers to property owners within the first year of business.

"Real estate is under-served with technology. Bringing in liquidity with a real-time managed marketplace will not only make property easier to sell and buy, but also make it more valuable. Imagine having to buy company stock from a public company without having a stock exchange. It would make the company's shares less valuable due to increased coordination costs and decreased liquidity," says Yalcin.

He adds that the nine biggest cities in the GCC have a combined annual residential real estate transaction value of $100 billion. "We plan to have a five per cent market share within five years," concludes Yalcin.

Source: Khaleej Times

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WHY DUBAI BROKERS CAN'T SIGN RENT CONTRACTS ANYMORE

Monday, December 04, 2017

If you are a real estate broker handling an overseas landlord's property portfolio in Dubai using a power of attorney (POA), you may be no longer entitled to sign lease documents on their behalf.

According to a Dubai Land Department executive, brokers legally appointed to manage property of landlords based abroad are no longer allowed to sign unified lease contracts to get an Ejari. The DLD says the property owner must directly sign the original lease contract. Brokers with POAs must now send the unified lease contract via courier to owners who cannot come to Dubai to sign new POAs.

"The aim is that it would be conflict of interest in many cases if the agent signs the contract on behalf of the landlord - till the landlord feels comfortable with the arrangement and the agency's internal rules allow for their agents to receive a POA. This rule has now been changed and does not allow an agent even if he holds a POA to sign a rental contract," says Sanjay Chimnani, managing director, Raine & Horne Dubai.

Property management companies may sign contracts on behalf of their clients. However, even in this case, they would need a specific authorisation.

"We now involve lawyers to act as the clients' power of attorney. Previously, brokers were happy to offer this service to their overseas clients free of charge but this new service is no longer free as lawyers charge for acting on behalf of clients. The move is aimed at making the system more transparent and has helped to secure clients' finances through a more secure method of operating," observes Mario Volpi, chief sales officer, Kensington Exclusive Properties.

The DLD launched the unified lease contract for rental properties in Dubai in March this year to create a transparent and professional real estate market with measurable standards.

Experts say the new system aims to protect all parties in the lease process and the revisions are seen as an example of best practice.

"We are sending leases to property owners overseas for original signature and return. While somewhat cumbersome, the new rules ensure that lease terms entered into on behalf of the landlord are being confirmed by the landlord/landlady themselves by the action of their original signature," points out Jason Hayes, founder and CEO of Luxury Property.

Hayes suggests that an electronic docusign system may be used. "There will follow some form of secure online system where unified lease contracts could be electronically signed by property owners abroad," he concludes.

Source: Khaleej Times

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DUBAI LAND DEPARTMENT UNVEILS SMART ARCHIVING

Sunday, December 03, 2017

The Dubai Land Department (DLD) has closed its records department to make the transition to a fully smart archiving system.

To achieve the transformation, DLD has collaborated with a company specialised in photovoltaic archiving. The latest technologies have been adopted to create a new smart archiving system for all files related to DLD services.

Sultan Butti bin Mejren, director-general of DLD, said: "We are pleased to announce the launch of our smart archiving system, which will replace our records department and traditional archiving operations, representing a key step in our ongoing smart transformation strategy."

The DLD will retain its staff from the records department. They will be trained to handle the new technology or become members of other departments.

The DLD's IT department has converted over five million files to a smart format and transferred them to the smart archiving system. The DLD has confirmed that 470,642 ownership contracts have also been transferred, including 20,594 for buildings, 135,878 for land and 313,170 for units.

Source: Khaleej Times

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CAN YOU BUY A HOME WITH DH10,000 SALARY IN DUBAI?

Sunday, December 03, 2017

There is a property for every income bracket in Dubai. The lower sales prices and attractive payment plans offered by developers in Dubai are resulting in more first-time home buyers hopping on the property bandwagon. The introduction of new innovative mortgage products by some local banks has also contributed towards this increased activity.

Even someone with a salary of Dh10,000 can climb onto the property ladder today, provided they can arrange for the up-front payment and registration charges. "There are enough properties available to cater across a wide range of salary brackets. Prices and accessibility criteria for a home mortgage, traditionally the two biggest barriers for new entrants to the property market, have been lowered, thus resulting in an uptick in market activity," says Lynnette Abad, partner and head of Property Monitor/Cavendish Maxwell.

Apartments are the achievable properties for salaries between Dh10,000 to Dh15,000.

"The average one-bedroom apartment in new residential areas such as Dubai Silicon Oasis, Liwan, etc., is worth about Dh600,000 with a down payment of Dh150,000 and Dh30,000 in registration expenses. The buyer has to pay about Dh2,200 a month. This is easily achievable for most people earning Dh15000+ a month. This is much less than their rent," suggests Sanjay Chimnani, managing director, Raine & Horne Dubai.

This year, the top areas for affordable properties to one with a monthly salary of Dh10,000 are (in order) International City, Jumeirah Village Circle (JVC), Al Furjan and Dubai South, estimates Property Monitor, a real estate intelligence platform. For someone with a monthly salary of Dh15,000, the top areas with affordable properties are Dubai South, JVC, Business Bay and Dubai Sports City, the consultancy adds.

However, if you are looking to buy a villa or a townhouse, it would require a monthly salary of Dh25,000. "It will fetch you a townhouse in master-planned communities such as Town Square and Reem, Mira. Some of the other top areas in this salary bracket are Dubai Marina, Business Bay and The Lagoons," informs Abad.

The challenge for most buyers is to arrange for the down payment plus registration costs of about 30 per cent. "If this was to be reduced to 15 per cent, we would see an even greater shift to ownership in this market," suggests Chimnani.

However, the moot question is whether a person earning Dh10,000 a month is eligible for a mortgage. Provided the customer does not have any major loans (personal, credit card and auto), s/he would be eligible for a house loan of up to 25 years, subject to age criteria which restricts payments to the age of 65.

"People earning Dh10,000 and above can apply for a mortgage. The minimum salary requirement for a mortgage is Dh10,000. However, there are only a few banks who do mortgages for clients with Dh10,000 income and, therefore, options for these clients are limited. Majority of the banks require a minimum salary of Dh15,000 and above," says Carol Monis, head of mortgages, MortgageMe.ae, a group of mortgage brokers in Dubai.

She adds that "most of our mortgage clients are end-users who fall into an income bracket of Dh20,000 to Dh25,000".

Dhiren Gupta, managing director, 4C Mortgage Consultancy, adds in the same vein that the average income group buying property in Dubai is around Dh25,000 to Dh35,000 and they are primarily buying mid-priced property worth of Dh1.5 million to Dh2 million.

"With such income, they can easily qualify for a loan, barring they do not have pre-existing liabilities and age limitation is not a barrier. Moreover, banks are more comfortable to funding such profiles wherein the property will be utilised for self-use," concludes Gupta.

Source: Khaleej Times

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HOMEFRONT: 'CAN I GET THE DEPOSIT BACK IF I DON'T MOVE INTO MY DUBAI APARTMENT?'

Wednesday, December 06, 2017

I put down a security deposit down on a flat that included the deposit and maintenance fee. I am now in a situation where I can no longer rent the apartment. No contract has been signed. Am I able to retrieve the money that I put down? The realtor says it is nonrefundable as per the rental law, but I did not sign any document that stated that. TJ, Dubai

When it comes to the security deposit, this is a down payment to essentially secure a rental property for yourself while organising all the necessary paperwork and payments.

The fact that you can no longer proceed with the rental doesn't necessarily absolve you of your responsibility. Having said this, it is important to note that if no rental contract is signed and no other signed paperwork such as receipts etc, mention that the security deposit is not refundable, then you ought to be entitled to receive your money back.

The agent is wrong about quoting the rental law as there is nothing within Law 26 of 2007 nor the amending Law 33 of 2008 that states the security deposit is non-refundable. What he is correct about is that most agents make the security deposit non-refundable and therefore it is common practice amongst them not to return this in the case of a tenant withdrawal. For this to hold water, it has to be put in writing and normally it is written onto the receipt so a tenant is aware of what he/she is getting into.

I believe that the key to resolve this would be to attempt mediation by speaking directly with the landlord, explaining your situation and to see if an agreement of sorts can be achieved. Ultimately if the landlord is not in agreement, you will have to decide whether it is economically viable to chase the landlord through the courts.

I just read that a contract under a normal tenancy agreement can state that the landlord wants the tenant to vacate at the end of the fixed period. I have read the Dubai laws associated with tenancies, but can't find any reference to this. Is this the case? KF, Dubai

A contract is an agreement between two or more parties. If all the parties agree to certain clauses then it is perfectly fine to state these in a contract. Having said this, the clause you ask about goes against the law and while it is fine if all parties agree to it, the minute there is a disagreement the clause will be ineffective.

If you are talking about a normal long-term tenancy, then a tenant has the right to stay in a property for as long as he or she wishes unless a law is broken or one of the below reasons come into force. A landlord can only demand eviction under certain rules and regulations; there are many but the main ones are as follows:

1. If he wishes to sell

2. If he wishes to move in himself or his next of kin of first degree; in this case he has to prove that he does not own another suitable property he could use

3. If the property requires extensive modernisation that would restrict the tenant from living whilst the works were carried out

4.If the property needs demolishing

For the last two points, it is worth mentioning that a relevant condition report would also be required from the competent authorities.

For all these four reasons, the landlord has to give 12 months written notice to be sent upon expiry of the tenancy agreement and via notary public or registered mail.

If the tenant doesn't pay rent, or if the property is being used for illegal or immoral purposes, the landlord may also evict the tenant giving 30 days' written notice.

Source: The National

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IMKAN LAUNCHES THE PIXEL TOWERS IN ABU DHABI

Tuesday, December 05, 2017

Abu Dhabi's Imkan is to build seven towers at its Makers District cluster on Reem Island. These mixed-use high-rises, branded as "Pixel" will have a built-up area of 83,000 square metres and offer 480 residential units.

The towers will be close to 'The-Artery', Imkan's hybrid parking garage and cultural hub and the first building in Makers District, which will encompass 18-hectares and on the waterfront. The spread will also have 3,500 square metres for an "artisanal mix" of F&B, retail and offices, as well as a signature water feature.

"Pixel is a vibrant human scale destination, designed to offer its occupants a unique and soulful place to enrich their lives, collaborate in work and engage with their community," said Walid El Hindi, CEO. "It is also a key milestone in Imkan's journey to establish Makers District as the new beating heart of Abu Dhabi and a place that reflects the best standards in building and design that will benefit end users, and the wider community."

Phase 1 construction is expected to start in Q1-18 and with a scheduled completion in Q4-20.

Imkan has assigned Rotterdam-based MVRDV to design the community. Its 15,000 square metre landscaped public spaces have been designed by Copenhagen based BIG, recent winner of the Agha Khan Award for Architecture.

Source: Gulf News

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DEPUTY RULER OF SHARJAH INAUGURATES LULU SHOPPING CENTRE

Wednesday, December 06, 2017

Sharjah 24-WAM :Lulu Group, the region's top retailer has further expanded its presence in the northern regions by opening biggest ever Hypermarket in Sharjah.

The new store which is 140th store of the group was officially inaugurated by Sheikh Abdullah bin Salem bin Sultan Al Qasimi, Deputy Ruler of Sharjah and Deputy Chairman of the Executive Council at Al Hazannah area in Sharjah in the presence of a number of dignitaries and people in business.

Following the inauguration, Sheikh Abdullah and other dignitaries were led on a guided tour of the hypermarket by Yusuff Ali M.A., Chairman of LuLu Group who briefed them about the various sections, unique features and amenities.

"This is our sixth store in Sharjah and the second one we opened in less than one month. This shows the kind of demand for quality shopping that exists here and we are extremely happy to bring again another world class shopping experience as close as possible to the residents of Al Hazannah and its nearby areas" said Yusuff Ali M.A., Chairman of LuLu Group.

The new hypermarket is spread over an area of about 160,000 square feet and is located next to Khalid bin Mohamed Stadium or Al Shaab Village and can easily accessed by residents of Al Hazannah and its surrounding areas.

Source: Sharjah 24

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NEW ANANTARA SHARJAH RESORT PLANNED FOR 2020

Tuesday, December 05, 2017

Sharjah's Basma Group and property developer ARADA have signed a management agreement with luxury hospitality group Minor Hotels to launch an Anantara Sharjah Resort, scheduled to open in mid-2020. The new Sharjah property is one four Anantara-branded resorts planned for the UAE. International hotel owner-operator Minor Hotels currently has 157 hotels in operation across Africa, Asia and the Middle East.

The opening of the first Anantara resort is expected to be a significant addition to Sharjah's hospitality sector, which has a fast-growing luxury resort segment. The 233-key resort hotel is planned for a prime beachfront location in Sharjah, approximately 15 minutes' drive from Sharjah International Airport. The property will offer a range of high-end accommodation options including deluxe rooms and luxury suites. Resort facilities will include a specialty restaurant located on a pier, male and female spa and wellness centres, a children's club, a swimming pool and a ballroom able to accommodate up to 540 guests.

The Anantara Sharjah Resort will be co-owned by Basma Group and ARADA, with the latter acting as developer of the new property. In September, ARADA announced plans for 'Aljada', a AED 24 billion ($6.5 b) master-planned community that will cover an estimated 2.2 square kilometres and accommodate up to 70,000 residents. The developer is also building the Nasma Residences residential community in Sharjah.

Sharjah's hotel industry is experiencing growth and diversification across multiple segments of the business, fueled by growth in revenues and a growing the tourism sector. The emirate currently boasts more than 100 hotels and hotel apartments, including properties managed by some of the leading hotel groups in the world including Carlson Rezidor Hotel Group, Hilton Hotels and Resorts, Louvre Hotels Group, Premier Inn Hotels, Rotana Hotels and Resorts, Sheraton Hotels and Resorts, and Wyndham Worldwide.

Sharjah's hotel properties enjoyed a 70 percent occupancy rate from January to June this year and registered a total of 885,000 hotel guests during the period. The emirate plans to attract 10 million tourists by the year 2021.

According to figures released at the Sharjah Hospitality Industry Forum held earlier this week, the UAE tourism sector is expcted to out-perform global growth achieving an overall average of 5 percent growth per year, reaching AED 260 billion (US$ 71b) over the next 10 years.

Source: Sharjah Update

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INDIA INVOKES RARE MEASURE TO GAIN CONTROL OF REALTY FIRM

Friday, December 08, 2017

India's bankruptcy court allowed the government to appoint new management for real-estate giant Unitech Ltd. in a rare move, as the corporate affairs ministry sought to take control of the embattled company.

The National Company Law Tribunal agreed on Friday to the government's plea and issued notices to Unitech's existing directors, who are now restrained from acting as board members. The two-member bench said the government can appoint 10 nominee directors, whose names it will examine on December 20.

The petition hinges on allegations of fund diversion adversely affecting public interest and marks the second time that the ministry has taken control of a company, people with knowledge of the matter said, asking not to be identified as they are not authorised to speak publicly.

Thousands of buyers across India have been left in the lurch by indebted developers such as Unitech and Jaypee Infratech Ltd. after a slump in sales forced them to slow or halt construction of projects. Unitech's Managing Director Sanjay Chandra, part of the founding family, was arrested in April this year following a complaint by people who weren't given possession of their flats. The Supreme Court denied Chandra bail until the company deposited funds with it to protect the interests of such buyers, according to court documents.

There are currently about 19,000 home buyers awaiting possession of flats or houses, while the company has defaulted on payment of Rs6 billion ($93 million, Dh341 million) to more than 15,000 small depositors, according to the petition, sections of which have been seen by Bloomberg. The company has also defaulted on Rs8.8 billion of loans and debentures, including interest due, it said.

"We want to avoid insolvency of this company, otherwise the 19,000 home buyers will be left high and dry," said Additional Solicitor General Sanjay Jain.

Unitech's lawyers were not present during court proceedings on Friday morning even as the government's law officer told the court that an advance copy of the petition was sent to the company, but it refused to accept it. Later, the bench heard Unitech's lawyers plea but denied any relief. However, it said the order will be subject to any ruling by the country's top court.

"Real estate developers have to be careful in order to deliver the commitments they have made to people to deliver homes and office," Sanjay Asher, senior partner at law firm Crawford Bayley & Co. told Bloomberg Quint. "Once the new management comes, a new set of promoters would come, which would be in benefit of the public shareholders."

The company, once India's second-largest real estate developer, didn't respond to an email seeking comment sent to Puneet Bansal, who is listed on Unitech's website as a media contact. Calls to a company helpline listed on its website didn't connect.

Unitech's shares rose by its daily limit surging about 20 per cent at Rs7.3 on Friday in Mumbai.

The government stepped in to take the reins of Satyam Computer Services Ltd. and an affiliated firm in 2009, citing mismanagement, to protect the interests of investors and the public. Founder Ramalinga Raju admitted to inflating the software maker's assets by about $1 billion. Under the Companies Act, the federal government can move the tribunal if it thinks that the affairs of a company are being conducted in a manner prejudicial to the public interest.

Source: Gulf News

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NRIS COULD GET SOME RESPITE ON STALLED PROJECTS IN INDIA

Wednesday, December 06, 2017

Expat Indians with funds stuck in delayed real estate projects in India now have reasons for hope. The chances of these projects being revived in one form or the other have never seemed better.

For that, they just need to thank Rera, (the Real Estate (Regulation and Development) Act), a set of laws that have empowered property buyers in India like never before.

So, for instance, if an NRI in Dubai has seen nothing on his investment in an off-plan project in Delhi's NCR (National Capital Region) over several years, that will no longer be the case now. Developers who have made commitments and been paid for that will need to deliver. Period.

If not, they will need to come up with some ways to show they can stick to their contractual obligations. That's exactly what is happening in India's property market now. "There has been quite a bit of consolidation happening, with larger, better-capitalised developers taking over languishing projects of smaller players," said Anuj Puri, Chairman of Anarock Property Consultants. "This process is, understandably, largely happening off-the-record — but it is definitely happening."

At the same time, "Developers are being very cautious with new launches, taking very close market readings about the likelihood of absorption of new inventory. It makes more sense to them to complete their existing projects and thereby remain Rera-compliant."

What Rera is doing is clean up many of the inefficiencies in the property market embedded over decades. Principally, it has meant that smaller developers who are in for a quick buck have to vacate the scene … permanently.

According to Rahul Maroo, Senior Vice-President at Mumbai-based Omkar Realtors, "We have been approached by small developers who have cash flow and project delivery problems to take these over. If their land bank is good, we will evaluate how that can be utilised by us in future. We expect to take a few decisions on such land purchases involving stalled projects early next year.

"All affected buyers in these projects will be suitably compensated — the Rera laws are pretty clear about this. In a single act, India's property market has seen the separation of the good and bad developer."

Omkar has just launched a Rs17 billion, multi-year residential project in Mumbai's western suburbs, making it one of the biggest such launches in the post-Rera and post-GST (goods and service tax) era.

But it's unlikely that a majority of developers in India will go the off-plan way. There is so much of inventory available from earlier launches after the Indian economy put in a few quarters of indifferent growth. Plus, developers need to be reasonably sure they can complete the projects they are launching. The Rera provisions have left them with little choice.

Even without new launches, NRIs in the Gulf have plenty to choose from. And they could even extract some bargains if they negotiate hard enough.

"Currently, buyers have the opportunity of opting for brand-new apartments at almost the same rates that made the secondary sales market attractive previously," said Puri. "Developers are going out of their way to attract buyers with unprecedentedly attractive deals — an advantage that is not available on the secondary market."

How big those bargains will be depends on where those projects are. If the NRI's preference is for NCR, he could receive quite a few compelling offers.

According to JLL (India) stats, the NCR currently has the maximum number of unsold units among all the top cities in India. About 200,000 units are currently unsold across the different areas. Greater Noida has the maximum share of unsold inventory, followed by Gurugram.

"There are many reasons for the price decrease in NCR," said Puri. "To begin with, excessive delay in project construction and possession has hurt buyers' sentiments and led to subdued demand.

"Many projects have been stalled due to agitations and litigation issues. The massive unsold inventory itself has acted as a sentiment suppressant. Finally, while demonetisation, Rera and GST are potentially positive moves for the industry, they have played a significant role in reduced buyer sentiment, contributing to the price falls."

But head for the southern cities in India, and a prospective buyer will not get to see to many unsold stock. JLL reckons that the stock has declined by 21 per cent in Hyderabad, 20 per cent in Chennai and 15 per cent in Bengaluru from end 2016 levels.

But, across India, all that unsold stock plus weak demand from domestic buyers make it a good time for expat buyers to put up the cash for a home. And prices too will remain in their favour.

"Prices are likely to remain stagnant for a few more quarters," said Puri. "Factors such as the huge unsold inventory, recent cases of developers' bankruptcy or insolvency and the huge number of stalled projects have made buyers sceptical about the market.

"Plus, delay in execution and a dilution of Rera have acted as dampeners for buyers' confidence. Prices are unlikely to rise near term."

Source: Gulf News

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INDIA'S DEVELOPERS NEED TO DELIVER ON THEIR PROMISES

Wednesday, December 06, 2017

Glossy brochures and developers' promises will no longer cut it in India's property market. Whatever is getting sold needs to be backed up by details … or else.

"A number of stringent provisions have been introduced by the regulating authority post Rera (Real Estate (Regulation and Development) Act)," said Jaxay Shah, President of Credai, (the Confederation of Real Estate Developers Association of India). Credai is headlining the Indian Property Show opening Thursday (December 7) in Dubai.

Developers must clearly state the carpet area, display of all project information on the company/project website, offer up all (pre-launch) approvals, etc. That's not all.

"Once the project is registered, purchasers receive a number of safeguards under the Act," said Shah. "If the project promoter fails to deliver home as per agreed deadline, they are bound to return the entire money invested at pre-agreed interest rate mentioned in the contract.

"But if the buyer does not want to give up the home, the builder will have to pay interest on each delay month to the buyer until the final delivery of the unit."

Before Rera, the developers were only obliged to pay at a token interest rate in cases of delay on the delivery. (The irony is that they would charge "hefty" interest from buyers in case they defaulted on payments.

Poor quality

"Rera will put an end to the practice," said Shah. "Furthermore, developers will be punished for other violations, including poor quality of construction. Aggrieved buyers can get redressal within six months through a fast-track court."

What is the status in the case of stalled projects? Shah makes an interesting observation — "RERA does not cover the issue of stalled projects especially as these were initiated under agreements before RERA came into existence.

"However, Rera would treat these projects as ongoing projects. If customers approach the Authority, there would be an institutional support in the form of RERA to protect their interest. "While there is no data on stalled projects, one needs to emphasise that the problem of stalled projects is limited to a few cases which of course receive wide attention in the media, thus making the problem look much larger than it actually is."

There are other recourses for affected buyers. They could approach the judiciary, and "some of the cases are proceeding under the insolvency legislation," said Shah. "In a few cases that have come before it, the Supreme Court has stepped in to protect the interest of home purchasers.

"What is certain is that the bargaining power of home purchasers has improved with RERA. It is expected to improve further as some prominent cases of stalled projects get deliberated at the highest judicial level." Factbox: Tougher regulations need not make it difficult for small developers. Smaller developers needn't feel overawed by Rera, which governs the sale and construction of projects in India.

"Rera isn't sidelining any mid-size or small developer," said Jaxay Shah of Credai. "It's just that its making sure that there is transparency and there is actual delivery of projects when they are promised. So, the role is to protect investors' money. Whether it is small project, mid-size or large, the feasibility will depend on that particular project and not on the developer. For instance, in cases with affordable housing, they will analyse whether the developer has got the cost of construction in his account. And when the project is sold the money needs to come into a proper account.

"This is going to streamline transparency at all levels."

Source: Gulf News

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IS IT THE RIGHT TIME TO INVEST IN INDIAN PROPERTY?

Wednesday, December 06, 2017

A series of reforms introduced by the government in the past year, including the establishment of the Real Estate Regulatory Authority (Rera) regulations and the Goods and Services Tax (GST), is being hailed by India's real estate stakeholders as a timely game-changer for an industry that has suffered from a lack of transparency and accountability for years. It may well be the best time to invest in property, claims one Indian developer. A revolution says another.

"The last one year has been completely a revolutionary era for the Indian real estate sector," says Gulam Zia, executive director, advisory, retail and hospitality, at Knight Frank India. "With so many regulations coming in to cleanse the whole real estate industry, to bring in transparency, systems, processes and professionalism, Indian realty is on its way to become an equitable industry where the buyers and sellers have same or equal rights."

Beyond their impact on real estate and the local economy, the reforms are also strengthening India's standing globally, making the country more attractive to foreign investors. "Be it Rera, GST, REITs, affordable housing or the sustained focus on infrastructure, this is one of the best times this sector has ever seen," says Vikas Oberoi, chairman and managing director Oberoi Realty.

The motivation to invest in Indian realty is driven by both competitive current prices and strong long-term growth potential. Indeed, the policy reforms seem to have further extended the subdued performance of the real estate sector, which has been the norm over the past two years. But industry experts believe this is only part of the obligatory short-term pains.

"Obviously, any such impactful introductions bring in lots of disruptions and that exactly is what we have been going through right now," says Oberoi. "This is that disruption period where there is a temporary pain and this pain currently is huge for developers. But we all are very hopeful that when the dust settles, we will have absolutely a heavenly industry for all of us to survive and transact in."

Much-needed reforms

After earning a bad reputation for being highly unorganised with no transparency and accountability for years, India's real estate reforms were long overdue. "The system until recently was impervious with regards to price, construction delay, construction quality, ownership title and litigation," says Amit Wadhwani, director of Sai Estate Consultants.

With these new policy reforms coming into play one after another, the industry is surely expected to see a lot changes in the way of doing business, which will not only improve the experience of buyers but also impact the pricing of projects.

Rera

The Rera, for instance, is expected to bring in a sea change in the way the developers market their projects, make promises and deliver their products.

"The implementation of Rera has transformed the modus operandi of the Indian realty sector, making it an investor-friendly market. The infused transparency and accountability has further improved the market sentiment and allowed us to build a long-standing relationship with our buyers," says Navin Makhija, managing director of Wadhwa Group, an exhibitor at the three-day Indian Property Show, which opens tomorrow in Dubai.

With the introduction of this act, homebuyers can now log into the Rera website and get information about a project's status, sanctioned plans, agreement draft, inventory status, approval status and any litigation about project. "This gives buyers much more clarity before they finalise a deal," says developer Rajesh Lifespaces in a statement. "In the long term, it will help customers track delivery capabilities of developers and make decisions accordingly," The Rera has made it mandatory for developers to give greater levels of disclosures to the real estate buyers. There is also an escrow mechanism in place to retain developers' funds in the same project.

Although the national government is pushing for state-level implementation of Rera, Wadhwani points out that some states are yet to implement the act. "India has a total of 35 states and union territories, excluding Jammu and Kashmir, but as of August 1, only 23 states and union territories have already notified rules and have set up interim or permanent authorities."

Zia agrees that so far there have been half-hearted attempts towards implementing Rera in some areas. "Maharashtra is the only state that has been implementing the Rera the way it was approved in the Parliament, in letter and spirit," says Zia. "Of course, the other one which is doing it is Madhya Pradesh but that is a very small market."

Demonetisation

The Indian government in November last year took the decision to scrap high denomination banknotes, a move that was initially thought to have a far-reaching and immediate effect on the capital-intensive real estate sector. However, the industry seems to have overcome the effects of demonetisation, with minimum impact on pricing.

"The property prices have not been impacted by this move," says Ashish Ganeriwala, head of the department, marketing and HR, at Siddha Group, adding that reputed developers are not greatly impacted by the move. "People are now gradually choosing digital mode of payment, which has helped in eliminating unethical elements from the transaction process."

However, Zia points out that the move has not entirely eliminated the black economy from the real estate sector. "Even today there exists enough of cash in the industry, although it has reduced for sure. In terms of actual physical cash, perhaps you have the same amount as it was before demonetisation. So the currency notes have changed but the situation on the ground has not entirely been as per expectation."

GST

Another fear among the buyers and industry stakeholders was that introduction of GST, which many though could lead to rising construction costs and property prices. However, with the facility of input tax credit, which developers can claim on tax paid towards input materials, GST has had very little impact on construction costs.

"Although the situation is still fluid, and the government is still ironing out the creases, the impact of GST on ready apartments with requisite approvals is nil," says Oberoi. "However, under-construction projects may observe a marginal increase in prices depending on the segment and the location."

Industry players are of the opinion that the GST has helped bring uniformity in the tax structure in the country. "It has helped ease doing business, and we welcome the move," says Ashwin Sheth, chairman and managing director of Sheth Group. "The current rate levied on real estate is 12 per cent, which is exclusive of stamp duty plus registration charges."

However, the industry bodies are still waiting for some more clarity on GST, for which they have approached the concerned authority to make amendments to the tax structure concerning the sector.

Good time to buy?

With prices still falling, industry experts say it is definitely a good time to start exploring Indian real estate.

"For NRIs who wish to buy property in India, there could not be a better time, as for residential and commercial properties no special permissions or lengthy procedures are needed anymore," says Oberoi.

For the next couple of months, or at least for a quarter or two, Knight Frank estimates prices to continue to fall down, if not remain stable. "Delhi in last two and half years has seen almost 25-30 per cent reduction in property prices," says Zia, adding that the industry is looking very good today for end users. "For Mumbai, 10-15 per cent is the norm, but with recent concerns or distress, developers in a few projects have started offering 20-25 per cent discounts. With that becoming a norm, even Mumbai will not be far away from the 25 per cent bracket. The other markets have already seen 10-15 per cent price correction."

While the current measures have resulted in property prices falling in the range of 15-25 per cent in some markets, the number of new project launches has also come to almost zero amid unsold inventories in key sub-markets, including of Mumbai and Delhi. Although prospective buyers are celebrating the price correction, market observers warn this may not be good for the industry in the long run as the forced blockage to new launches could create a demand-supply mismatch, resulting in prices skyrocketing.

“Let’s face it, developers are also suppliers. What they are not starting with today will come back to haunt the buyers after three, four or five years when that supply, which was supposed to start construction today, should have been ready,” says Zia.

However, for property buyers, especially end users scouting for better deals, this is possibly a good time to buy. They not only have better bargaining power and a wide range of rightly priced projects to choose from, there is also a more transparent environment, with new bodies like Rera at their disposal to address grievances.

Source: Gulf News

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SOUTHEAST ASIAN BUILDERS TO REAP GAINS FROM $323B SPREE

Thursday, December 07, 2017

Kuala Lumpur/Singapore/Manila/Bangkok/ Jakarta: Tech is so 2017. With at least $323 billion (Dh1.2 trillion) in infrastructure spending in the pipeline in Southeast Asia and potentially more expected over the next few years, 2018 could well shape up as the year of builders' stocks from Indonesia to the Philippines that have been the laggards in a broader market rally this year.

Governments are boosting spending on everything from airports to high-speed rails and ports to increase connectivity and boost economic growth in what promises to be a boon for the region's construction companies. In one of the more ambitious programs in the region, Philippine President Rodrigo Duterte has earmarked an unprecedented $180 billion for infrastructure to keep driving one of the world's best-performing economies over coming years. Malaysia and Thailand are also ramping up allocations to public works ahead of general elections in 2018.

"Infrastructure has been under invested whether it's clear water, clean air, energy, roads, ports, railways, education, health care — so there are tons of opportunities," said Ashish Goyal, head of emerging markets equities at NN Investment Partners (S) Ltd., which manages $288 billion in assets. The firm owns stakes in Indonesian construction stocks, he said, adding that investors should watch for the pace of execution in the various countries.

UBS Group AG expects "changes in government policy and delivery on infrastructure" to be among the region's biggest themes for 2018 as growth in global trade fades, analysts including Ian Gisbourne wrote in a report dated Nov. 28.

Construction stocks on the MSCI Asean Index have risen an average of about 7.4 per cent this year in dollar terms, about one-third the gain of the overall gauge, which is set for its best performance in seven years. Technology shares have provided the biggest boost to the Southeast Asian index this year as global demand for electronics returned.

Construction stocks

Some builders are already rallying in anticipation of the rewards they will reap from the spike in infrastructure outlays. Indonesian cement supplier PT Indocement Tunggal Prakarsa soared as much as 54 per cent earlier this year as investors expect it to benefit from a surge in demand as the nation builds toll roads, ports and power plants. Manila-based EEI Corp has surged 73 per cent, leading a rally in Philippine construction stocks, as it begins work on the nation's $1.6 billion, 44 kilometre mass-railway project.

Infrastructure development and more Chinese investments into the Philippines could support stocks with net asset value of the nation's developers expanding by as much as 12 per cent over the next three years, writes Goldman Sachs Group Inc. analysts including Paul Lian in a report dated Dec. 7.

Companies that provide services for construction projects, such as improving management efficiency or sustainability, may also capitalise on the spending boom on public works, Felix Lam, a portfolio manager at BNP Paribas SA's asset management arm, said by phone.

Even so, the Southeast Asian market as a whole might continue to underperform, compared to "its larger, more liquid and faster growing North Asia and India counterparts," Goldman Sachs Group Inc analysts including Timothy Moe wrote in a November report. And Credit Suisse Group AG has maintained its underweight rating on the region for 2018.

Still, Morgan Stanley sees investor attention back on the Asean region as markets are expected to give returns of as much as 10 per cent next year, more than three times what's seen for emerging markets.

Source: Gulf News

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CHINA'S HARD-PRESSED HOME BUYERS ARE NOT SOLD ON RENTING

Wednesday, December 06, 2017

China has begun a great rental giveaway, offering cheap land and subsidised loans in an effort to kick-start development of home leasing markets in major cities across the nation.

Anyone expecting a rental housing boom to match the growth of the private purchase market may be disappointed, though: China's real estate industry is likely to remain dominated by the development of apartments for sale.

The increase in property prices to unaffordable levels has put a strain on migrant workers and middle-class residents in many urban centers, highlighting the low number of apartments available for rent. In July, the government identified 12 cities that have seen net population inflows, including the southern metropolis of Shenzhen, as urgently needing more supply. Others including Beijing and Shanghai have joined the push.

Those cities have become great places to be a tenant. Nanjing, for instance, gives rental subsidies, while Guangzhou and Shanghai are among those offering tenants the right to have their children educated in local schools - a privilege usually reserved for homeowners or those who hold a prized local hukou, as China's household registration system is known.

Shenzhen, a centre for technology companies including internet giant Tencent Holdings, has been even more generous. Tenants can withdraw up to 65 per cent of their monthly pension contributions to pay rent or even take out a loan from China Construction Bank.

Real estate prices in the city bordering Hong Kong have more than doubled in the past couple of years; even so, taking out a loan for a monthly liability like rent is unusual, to say the least.

On the supply side, the government is using its control over land and financing to persuade developers to become landlords.

That won't be easy. Real estate companies already have a model that works: load up on debt, buy land and start pre-sales in short order, enabling investments to be recouped in less than a year. That method has helped businessmen such as China Evergrande Group Chairman Hui Ka Yan become some of the country's richest people.

Shanghai has marked out 31 per cent of the land it's selling between 2017 and 2021 for rental housing, having previously ignored the sector, according to research firm Gavekal Dragonomics. Local governments have also made such land cheaper: one plot in the eastern city of Hangzhou, home of Alibaba Group Holding, went for 5,050 yuan (US$763) a square metre, a fraction of the 40,000 yuan per sq m price of market housing nearby.

State-controlled lenders such as Industrial & Commercial Bank of China have set aside hundreds of billions of yuan to lend to developers building homes for lease. Meanwhile, closely held Mofang Apartment issued an asset-backed security this year at a rate of 4.8 per cent to 5.4 per cent, lower than the average funding cost of about 10 per cent for rental companies, according to HSBC Holdings.

Real estate investment trusts are also slowly emerging, with state-owned Poly Real Estate Group selling a 5 billion yuan REIT made up of rental units in October.

The potential for growth is probably limited, though, by the deep-seated preference of Chinese households for home ownership. In a country with few investment options and a weak pension system, most people still see owning an apartment as a store of value and source of security. Today's young graduate renters are all likely to aspire to buy at some point.

Another challenge for developing this market is the flip-side of China's endemically high property prices: low returns on investment. Rental yields in tier-1 cities are about 1.5 per cent, based on data from Centaline Property Agency cited by HSBC.

Selling developers on an asset-heavy model like rentals, where payback takes at least five years, is a tough proposition. Companies entering the rental market such as China Vanke and Longfor Properties have low leverage and cheap funding costs and can afford to wait, according to Bloomberg Intelligence analyst Kristy Hung.

Highly indebted firms such as Evergrande and Sunac China Holdings won't be big rental investors because they cannot afford to raise funds that are locked up for a long time, even if they are able to charge high rents in luxury buildings with swimming pools and indoor gyms.

Ultimately, until there's a significant change to the hukou system enabling more migration to cities, or the REIT market develops more rapidly, China will remain a housing market for buyers.

It's not just an Englishman whose home is his castle.

Source: The National

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With over 30 years of Middle East experience, Asteco's Valuation & Advisory Services

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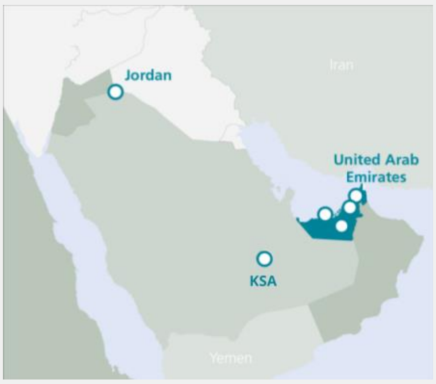

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