MEED

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26 September-2 October 2008

Vol 52 No 39

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REAL ESTATE 100

SPECIAL REPORT

The Gulf's top developers

BAHRAIN 5.500 dinars | SAUDI ARABIA 56.00 riyals
JORDAN 11.00 dinars | UAE 55.00 dirhams
KUWAIT 4.400 dinars | UK 9.00 pounds
QATAR 55.00 riyals | US 15.00 dollars

valued at QR9.24bn and total shareholder equity stands at QR4.72bn. The firm is primarily a real estate developer.

"Barwa's core business is real estate, and we committed from the early days of inception to provide our communities with innovative solutions for a wide spectrum of real estate activities," says Al-Saad.

However, as a result of its diversification, the firm now lists its core businesses as real estate and project development, property and facilities management, construction material production, environmental activities, banking and finance, hotels and resorts, technology and utilities, communications and agriculture .

Subsidiary launches

Barwa is targeting this wide range of industries via acquisition and investment. In early 2008, five subsidiaries were launched: Barwa Projects Management Company, Barwa Media Company, Barwa Knowledge Company, Barwa Technology Company and Barwa Lusail.

The project management company represents a foray into the consulting sector and will initially target Barwa and Qatari government projects.

The knowledge company will focus on training and education, whereas the media and technology firms are more focused on infrastructure. They will develop communication systems, IT development and support services throughout Barwa's projects.

Barwa Lusail is a typical real estate company and is being formed in partnership with Barwa International for the purpose of holding and managing real estate investments in the Lusail development. It has a start-up capital of QR50m and is 30 per cent owned by Barwa and 70 per cent by Barwa International.

International ventures are another key priority for the firm. Barwa International operates as an independent company.

"This strategy eventually proved successful, introducing Barwa International to the forefront of the international real estate scene in 2007, with purchases of residential and commercial buildings and hotels in Europe and the Middle East and North Africa," says Al-Saad. "This brought the company's assets to more than QR5.4bn, with offices in Cairo, Jeddah and London, and several new offices scheduled to open in 2008."

Closer to home, it is the firm's domestic projects that are the most advanced. Unlike many developers, it is planning both high and low-end accommodation developments. Projects such as Barwa al-Baraha are being built to house labourers servicing the construction boom. The firm says this is part of its social responsibility agenda, but these projects can also be very lucrative as contractors continue to bemoan the rising costs of housing workers.

"Our core business is real estate and we are committed to providing communities with innovative solutions"

Ghanim bin Saad al-Saad, chairman, Barwa

"Guest workers, mainly labourers, have become today an indelible part of Qatar's demographics," says Al-Saad. They come from all over the globe to support the development of our state. Barwa's vision is to offer labourers living opportunities to make them feel at home."

The firm claims that its development's capacity for 53,000 workers is setting a new standard in labour accommodation, with cricket fields, tennis and basketball courts, a gym, a motel, restaurants, cinemas, a modern medical centre and a fire station.

"In addition to Barwa's Al-Baraha project, the company is working on two residential compounds that offer almost 2,000 two and three-bedroom apartments for middle-income families," says Al-Saad.

Energy hub

Other local projects such as the QR30bn Barwa al-Khor city development are also progressing well. The scheme aims to provide housing and entertainment facilities to the coastal city of Al-Khor, 45km north of Doha.

The city has traditionally been a hub for the energy sector, but the developer is planning 24,000 units that are set to house 60,000 people in two phases. Yasser Badran, manager of the project , tells MEED phase one is under way, with local contractor Boom carrying out earthmoving. "The detailed design of the infrastructure will be completed in January and the contract tenders issued in March," says Badran. "Phase-two infrastructure will be ready to tender in October or November 2009."

On this scheme, Barwa, in a joint venture with Al-Imtaz Investment Company, based in Kuwait, is acting as master developer and plans to sell plots on to secondary companies who will build the residences. "We are not doing the buildings," says Badran. "These will be sold on to other developers but we have not started this process yet."

Not surprisingly, given the business sectors in which Barwa operates, one of its most recent ventures is in setting up a Qatar-based mortgage company with a subsidiary of Dubai financial services company Amlak Finance.

Amlak Qatar is 60 per cent owned by Barwa Real Estate and 40 per cent by Amlak Finance. It was licensed by Qatar Central Bank in August with start-up capital of QR500m.

"Our strong positioning in Qatar and the region leads us to align with the region's pioneer providers of home finance, such as Amlak Finance, to create a conglomerate that will promote the development and advancement of the sector in Qatar," says Al-Saad.

Like most companies in the region, Barwa cites human resources as the key barrier to growth for the firm. "At Barwa, integrating local and international expertise is the drive behind our human resources strategy," says Al-Saad. "We always join forces to facilitate communication between employees, participate in world-class conferences, register in workshops and interactive training courses, and appraise and reward employees."

For now, Barwa is focused on launching its new developments, investing in new companies and setting up international ventures. But consolidation should follow, and the firm must maintain the profit growth that it has begun to demonstrate in 2007 and 2008, when profits were up 38 per cent on half-year figures to QR277m in June this year.

Oman

Relaxing property laws to boost the tourism industry has created a residential real estate boom

ELIZABETH BAINS

In common with its fellow Gulf states, Oman is preparing for a future without oil. It is this drive to diversify the economy away from a reliance on hydrocarbons that is behind the sultanate's real estate push.

But Oman's real estate industry has grown at a much slower pace than that over the border in the UAE.

Oman's main focus is on building a modern tourism sector and the associated infrastructure. The residential property boom it is experiencing is almost a side-effect of this policy.

OMAN TOP DEVELOPERS

Rank	Name	Project value ($bn)
70	Blue City Company 1	2.0
76	The Wave	2.0
92	Journey of Light	1.6
97	Muriya Tourism Development Company	1.5

Sources: MEED; MEED Projects

In a bid to attract foreign investment into the tourism sector, in 2006 Muscat relaxed strict property laws that previously prevented foreigners from owning a home in Oman and limited GCC nationals to a maximum of three plots.

It made the move to boost the number of hotels operating in the state, but real estate developers are now taking advantage of the more relaxed property laws.

The government's bid to boost tourism is working. In 2006, the number of tourists visiting Oman hit 1.16 million, including 538,606 from outside the GCC. In 2003, the Oman tourism ministry recorded just 783,226 visitors to the country.

Since tourism projects are more profitable for developers when the schemes include residential sales, the government has encouraged the construction of integrated tourism complexes. Plots at these complexes must measure in excess of 200,000 sq m, but developers are permitted to build villas and apartments on the same site as the tourism resorts.

Landmark projects

The move to allow these properties to be sold freehold to non-GCC nationals has breathed new life into the Omani real estate sector and inspired developers to design some landmark projects.

As the first integrated development to be launched, The Wave in Muscat is the most eagerly anticipated real estate project in Oman. Fears over the market appetite for resort homes were dispelled when the competition for the first release of 4,000 dwellings planned for the waterfront development was nearly 20 times oversubscribed. Some 24 nationalities were recorded among the eventual buyers.

The $1.1bn Wave project is being jointly developed by the government through Oman's Waterfront Investments, the UAE's Majid al-Futtaim Investments and the National Investment Funds Company, which represents the Omani Pension Funds and State General Reserve Funds.

The Wave will occupy a built-up area of 2.5 sq km along 6km of natural beach and will include an 18-hole golf course, marina, four luxury hotels and retail outlets.

The most expensive Omani project is Blue City (Al-Madina al-Zarqa), with a total investment cost of $20bn. Developer Al-Sawadi Investment & Tourism has brought in the award-winning London-based architect Foster & Partners to design the 32-sq km waterside city that will be home to 250,000 residents by 2020.

Other major Omani projects include the $1.7bn Salam Yiti development, the Ras al-Hadd eco-tourism scheme and the $1.6bn Omagine project to build a theme park, hotels and 3,900 residential units.

The enthusiasm that has met the early sales highlights the immense demand for residential properties in Oman, both from locals and foreigners, and as the market is still very much in its infancy, there is vast potential for growth.

Integrated resort

"We see Oman where Dubai was about five years ago and we feel there is a lot of scope for development," says Abid Junaid, executive director of Dubai-based ETA Star Properties, which in September formed a joint venture with the local OHI Group to build a OR400m mixed-use development on a 130,000 sq m site in the centre of Muscat.

This project will supply housing for GCC nationals only, but ETA is also looking at opportunities to develop an integrated resort project.

"For the integrated projects, we know that what is coming to the market is a relatively small number in terms of what the potential is," says Junaid.

He estimates that the prices of properties launched a year ago have appreciated by 50 per cent on the back of this limited availability.

The Omani government has been cautious in opening up its property sector, insisting that development should not come at the expense of its culture and customs, or the environment.

It is also keen to avoid the pitfalls encountered by other Gulf states, where rampant construction has overtaken investment in infrastructure and developers are sometimes left waiting for power and water connections.

In Oman, efforts are made to ensure transport, communications and public utilities keep pace with real estate projects. OHI and ETA, for example, had to wait for a dual carriageway to be completed before their project could go ahead.

Bahrain

Residential, retail and office space is coming to market in the next five years, reducing pressure on rents

BERNADETTE REDFERN

Contractors operating in Bahrain have long complained that the real estate market has been slower to take off than its Gulf counterparts. But over the past 12-18 months, the sector has boomed.

Unlike its neighbours, this is led by the private sector rather than government-backed developers, and is leading to a huge number of developments expected to be completed in the next five years.

The amount of office space under construction or development in Bahrain is set to double current capacity by 2012, according to research released earlier this month by DTZ.

"We recently took a decision to share key findings from our work in the Gulf with the larger community, a step we hope will encourage debate and help inform those looking to invest in real estate in the region," says Robin Williamson, managing director of DTZ's Middle East operations.

DTZ estimates there is about 500,000 sq m of office space available, with demand for a further 79,000 sq m, which is in turn driving up rents. About 30 per cent of the excess demand comes from businesses actively seeking premises, while 70 per cent comes from businesses that would take new space if it became available.

Not surprisingly, given Bahrain's position as a regional centre for finance, it is the banking and financial sector that is driving demand hardest, accounting for more than 34.6 per cent of tenants.

Government tenants are the next largest occupants, taking up 12.3 per cent of the office

BAHRAIN TOP DEVELOPERS

Rank	Name	Project value ($bn)
48	Durrat Khaleej al-Bahrain Co	3.1
63	Arcapita (formerly First Islamic Investment Bank)	2.3
89	Ithmaar Development Company	1.7

Sources: MEED; MEED Projects