

A focused approach

18 March 2009

With a population growing by 7 percent per annum, and a determination to diversify the emirate's economy, Abu Dhabi is one of the world's most dynamic cities. It is an attractive destination for business and tourists alike, with a long-term, considered approach to development.

Environmentally beneficial

The emirate's real estate market is focused on infrastructure that is environmentally friendly, as it aims to meet the needs of the population 20 years from now.

As well as Masdar city, which aims to be the world's first carbon-neutral city, there are plans for an offshoot of the Eden project, the garden and conservation tourist attraction created from a former china clay pit in Cornwall in the United Kingdom. The Abu Dhabi Eden Project is likely to include tropical forests and low-carbon villages instead of golf courses and decorative gardens on Saadiyat Island.

Earlier this month Aldar Properties PJSC held its annual general meeting.

The news agency WAM reported that at the meeting, the financial results for the year ended December 31 were presented. Net asset value grew by 108.5% from Dh 7.7 billion to Dh 16 billion; developments under construction increased from Dh8.3 billion to Dh22.9 billion and net operating profit for the year increased to Dh2.2 billion from Dh0.1 billion.

Ahmad Ali Al Sayegh, Chairman of Aldar Properties says, "2008 was an important year for Aldar, a year that witnessed completion and delivery of several projects. It was one in which the business continued to grow consistently and profitably following our clear strategy. The improvement in our sales profitability and net asset value is testament to the fact that our strategy is working and the business is building an ever greater momentum."

Mortgage Lending

The success of industries such as real estate and tourism has led to a strong demand for retail mortgage lending. A vast majority of property purchased in the UAE is financed through retail mortgages, part of an industry that was worth Dh87.6 billion in 2008, according to figures released by the UAE Central Bank.

Although the UAE is not immune to global economic conditions, it represents one of the world's strongest markets for mortgage lending.

Recognising the confusion that many buyers feel when considering property purchases, Abu Dhabi Finance was set up in November 2008 and aims to provide professional advice in clear language to a wide range of clients.

It is owned by Abu Dhabi Commercial Bank (ADCB), Aldar Properties, Mubadala Development company, Sorouh Real Estate PJSC and the Tourism and Development Company (TDIC). It is estimated that Aldar, Mubadala, Sorouh and TDIC are responsible for more than two-thirds of the new homes being built in Abu Dhabi.

Transport Strategy

Abu Dhabi also has a clear transport strategy. In September 2009 the Government released Plan Abu Dhabi 2030: Urban Structure Framework Plan. This will guide planning decisions for the next quarter century. The Surface Transport Master Plan (STMP) was commissioned in February 2008 to develop the conceptual transportation strategy outlined in Plan 2030.

The Department of Transport's website says the strategy is for an integrated rail/metro/tram/bus/ferry system, plus improved road network and operations and intelligent transport systems.

At present, commuters are encouraged to use the public bus system, which was free initially but now charges a flat fee of Dh1. Regular passengers can take advantage of a system called Ojra, which offers daily or monthly passes and makes traveling by bus an economic and convenient option.

Retail Demand

On the retail front, major global companies are eyeing Abu Dhabi, hoping to set up shop. Scheduled for completion next year, Deerfield Town Square is Dh1 billion project at Al Bahia City. It will accommodate more than 200 retailers in a 2.6 million square foot area.

This will house global as well as local retailers who are already buying space, such as French giant Carrefour, which intends to open a hypermarket there. Deerfield is being developed by the investment company MBI, and will have a Victorian theme, with beautifully landscaped gardens, outdoor activities, shopping, entertainment and dining option, cultural and social events.

With ambitious cultural and tourism initiatives and a well thought-out growth plan for industry, the emirate of Abu Dhabi is heading for capital returns.