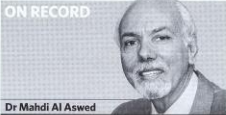


# DUBAI ATTRACTS BRITISH INVESTMENT

LUXURY LIFESTYLE, ENTERTAINMENT OPTIONS AND SUNSHINE MAKE THE CITY A POPULAR DESTINATION DESPITE CONCERNS ABOUT RAPID RATE OF DEVELOPMENT

## ON RECORD



Dr Mahdi Al Aswed

THERE SEEM to be two types of overseas investors, those who invest in holiday destinations, where there is constant demand for accommodation, and those who invest in locations after considering house prices and trends.

Sun, sand and low-cost airlines have encouraged people to buy in Spain and France, the most popular second-home destinations, while the more guarded investors have turned towards Eastern Europe. Latvia and Lithuania have shown the highest rise in house prices in Europe and Bulgaria provides studio apartments for less than the cost of an average deposit in the UK.

homes overseas and these investors, known as the 'jet-to-let' generation, are now turning towards the sun, sand and high returns of the UAE.

British investment has been associated with holiday destinations since the 1970s when it became popular to spend a holiday abroad. Many investors were attracted to Los Angeles, Malibu, California and Miami Beach, where people gathered for entertainment and the chance to see Frank Sinatra and Sammy Davis Jr. at the famous night-clubs and piano bars.

During the 1980s, property investment expanded and cities renowned for their culture and sophistication such as Côte d'Azur, and in particular Nice and Cannes, became very popular destinations. Marbella, Spain and the Algarve, Portugal also had huge investment interest.

During the 1990s and the fall of the Iron Curtain, property investment moved in a new direction — towards Eastern Europe. The cost of developments in the US had become too high and many investors were no longer able to make the desired gains in these competitive markets.

Over time, they seemed to lose their charm and no longer attracted the same buying power. These cities had experienced such rapid development that the secondary market had become static.

Developers were no longer planning and constructing new accommodations and residential resorts. On the contrary, the rapid development had led to a rise in the price of goods and services and there was serious concern for pollution, road planning and security.



Villas on The Palm Jumeirah islands: Developments such as The Palm will further strengthen the Dubai market and increase demand for holiday accommodations, hotels and short-term letting

I had successfully invested in California but was concerned that such a situation would discourage investors. It was evident that buyers who had once rented out holiday homes to people in search of night-life and entertainment were now turning towards the more productive and familiar second-home market in Europe.

Recent studies have shown that over 300,000 British investors own a second home overseas. This is three times the number in 1995 and suggests that by 2025 over one million Britons could own a second home overseas.

This is one-tenth of all homeowners in the UK. These studies have also shown that two-thirds of first-time buyers also plan to invest overseas. Dubai has attracted many of these investors as it provides the sun, sand and entertainment as well as

high returns and protection for investors.

It has become a popular holiday destination through its luxury lifestyle ranging from five-star hotels, spas, beaches and resorts and has a tax-free environment and stable currency. Developments such as The Palm islands, Mall of the Emirates and the Dubai Mall will further strengthen this market and increase demand for holiday accommodations, hotels and short lets.

British investment in Dubai has continued to rise, but many investors are concerned that the city cannot continue to develop at such a rapid rate. This is known as the 'bubble theory' and the question is whether or not the bubble will burst.

However, there are no 'national' markets and an economic decline in the emirate will be in connection to a decline in

international markets. An investor should take into consideration the fact that property in Dubai is sold for much less than property in other holiday destinations.

It is one-third of the prices in Marbella, one-fifth of Cannes and one-tenth of the prices in central London.

The economy continues to expand due to developments such as Dubai Healthcare City and Dubai Multi Commodities Centre. This will improve trade, communication and services and encourage more professionals to move to Dubai.

Similarly, Business Bay and Dubai International Financial Centre™ will encourage investors and create even more employment opportunities. The government is also involved in development and construction.

This means that the interests of the government and the investor are one and that Dubai, a city that has such luxuries, entertainment options and year-round sunshine coupled with high rental returns and good profit margins, is an ideal place to invest.

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