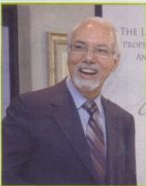


Dubai's booming real estate market

- a developer's perspective

By: Vijay Dandige



In Dubai's booming real estate market, Dr Mahdi Al Aswed looks like a distinctive investor, promoter and developer of properties. His tall frame, large black enquiring eyes, receding hairline ringed with tufts of white hair and sparse white goatee gives him rather the appearance of an academician that he once was. "I found the academic life was not

economically rewarding. So I became a real estate promoter and developer," explained Dr Mahdi, sitting in the office of Halcon Real Estate at Emaar Business Park in the Greens, the company he founded a year and half back and heads as managing director.

A native of Libya, he secured his B Sc. in engineering, Masters and then his Ph D from Oxford, England. Around 1979, he went to Los Angeles and started consultancy in real estate, venturing later into investment projects in Florida and, in the 80s opened a consulting office in London. Around 1984, he went to Costa del Sol and built tourist villages there. From 1979 to date he was active in real estate, mostly in Europe. "I have seen booming times in London, Spain and Florida and now I'm experiencing it here in Dubai," smiled Dr Mahdi. In Dubai, Halcon Real Estate is currently completing their first project, Sky View Tower, a 32-storey commercial and residential tower at Dubai Marina. Another project at Business Bay is on the anvil.

He feels that Dubai's strategic location has worked to its advantage. "Because it is the only spot that connects the East and West, bringing together the advanced technology and resources from the West, USA and the Middle East and qualified manpower and labour force from the Eastern countries, like India, Pakistan, Philippines, Malaysia. This is a very good situation because the main constituents of real estate are raw material, technology and manpower."

Location and demand, according to him are the prime factors that are fuelling Dubai's real estate boom. "Life in Europe is very stressful for people; plus they have heavy taxes. So, Europeans come here as expatriates, to escape the tax dragnet," he said. "And people are hungry for properties, so the demand is there, from locals who have large families and the expatriates who find life here so different. Besides the tax benefit, nobody bothers you here; there is no discrimination. In Dubai, your worth is determined by your work, not by your caste or creed or culture or religion."

Dr Mahdi feels that there would be a general increase real estate prices, mainly because of the rise in prices of raw materials, salaries of workers etc. "Still, people would buy," he said, pointing out that a client would pay Dh 7000 per sq ft for a 2-bed room flat in London, whereas the average price for the same flat in Dubai would be Dh 1000 sq ft. "So, Dubai is the only place where you buy and you can see a smile on everybody's face – something that is not seen anywhere else. It's a win or no-loss situation."

When asked how the real estate boom here differs from booms in other cities, he said, "The amount of investment and the speed of construction is unbelievable in Dubai. Nothing like it was ever seen anywhere."

Dr Mahdi also dwelt on what he thought were minor hiccups, such as financing by banks. "First, we need more financial institutions. Banks are still not mature enough and not properly regulated," he said. "Their thinking is not property based, it is person based. For instance, if you are above 60, they don't give you finance to buy home. They should give weight to the property."

But he conceded that what they are doing here is a miracle. "From my decades of experience in real estate, I can say that it is booming, very positive, moving in the right way. There are hiccups, but they are there in every booming real estate market."

Speaking about iconic projects like The Palm, The World, Burj Dubai and others, Dr Mahdi said, "Take it from me – these projects will succeed. In the next 10 to 15 years, they would become historically important. You'd never believe that they have been built because money-wise they can't be built, quality-wise they can't be repeated and location-wise they can't be matched."

Along with the boom, there is always the speculation about the so-called 'bubble of real estate boom' bursting. When asked how justified are the fears of this happening, Dr Mahdi dismissed the idea. "The so-called 'bubble' bursts when a lot of shady people enter a market to make a quick profit. But a real estate market is not a daily or weekly commodity; it is a yearly or decade commodity," he explained. "A real estate boom has a cycle, usually of between 5 to 10 years; average of 7 years. The general trend in Dubai is up. Genuine people who are investing now will never sell their properties after 5 years, even if the prices double. Dubai is a unique example, and I feel proud to be a part of it, because what is taking place here will never be repeated again anywhere."