



# GCC REAL ESTATE MARKET

PREPARED BY VENTURES ONSITE  
FOR CITYSCAPE ABU DHABI  
FEBRUARY 2019





## OVERVIEW OF THE GCC REAL ESTATE MARKET

Over the years, the GCC real estate sector has played a vital role in the region's economic growth. The GCC continues to occupy its place as an attractive investment destination, especially for international investors. A robust rising population, high purchasing power and quality of life are still very attractive to foreigners looking for better jobs. All these factors are also market drivers for the real estate industry. The GCC's economic growth is expected to reach 3% in 2019, according to the International Monetary Fund (IMF), and is expected to elevate investor confidence and disposable incomes.

The IMF also predicted strong GDP growth in each of the GCC countries backed by increase in the number of development projects. In the UAE, GDP growth is estimated to rise to 3.7% in 2019. Meanwhile KSA's economy is predicted to be 1.8% in 2019.

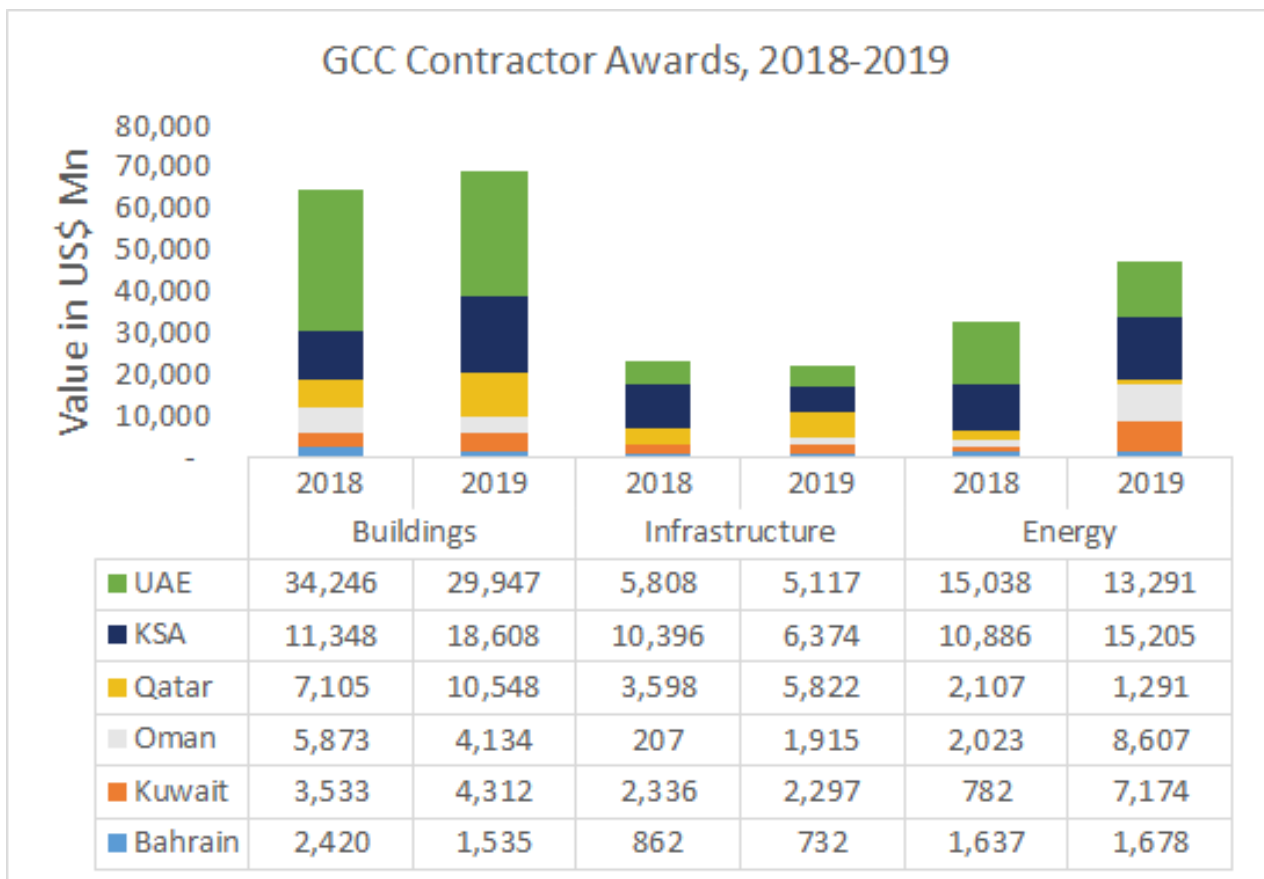
Bahrain, Kuwait, Oman and Qatar are projected to post GDP growth rates of 2.6%, 4.1%, 5% and 2.8%, respectively, in 2019. This is mainly due to the implementation of public investment projects, including those consistent with the five-year development plan in Kuwait, infrastructure investment projects ahead of the FIFA World Cup 2022 in Qatar, and ongoing preparations for the Dubai Expo 2020. Major events such as Dubai Expo 2020 and FIFA World Cup 2022 in Qatar, government initiatives such as KSA's Vision 2030, diversification plans, and growth in tourism are set to drive higher demand for real estate over the next two years.

## SNAPSHOT OF GCC CONTRACTOR AWARDS

The GCC construction contractor awards across the building, infrastructure and energy sectors are estimated to increase from US\$ 120,205 Mn in 2018 to US\$ 138,587 Mn in 2019.

The GCC building construction sector (US\$ 69,084 Mn) is likely to register the highest contractor awards in 2019 followed by the energy (US\$ 47,246 Mn) and infrastructure sector (US\$ 22,257 Mn). The UAE (US\$ 29,947 Mn) is expected to register the highest contractor awards in the building sector in 2019 followed by KSA (US\$ 18,608 Mn) and Qatar (US\$ 10,548 Mn).

GCC construction contractor awards split by sector and country from 2018 to 2019



Note: KSA: Kingdom of Saudi Arabia. Source: Ventures ONSITE Projects Intelligence Platform: [www.venturesonsite.com](http://www.venturesonsite.com)

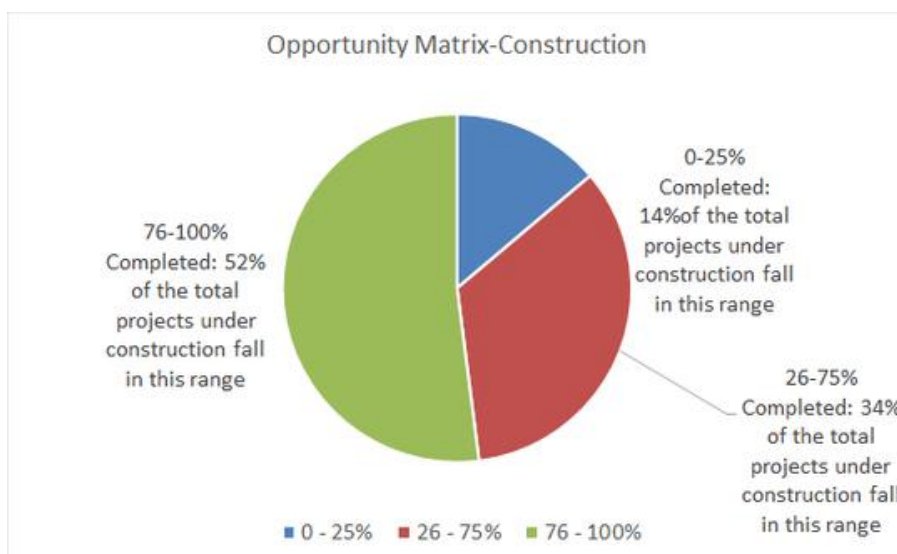
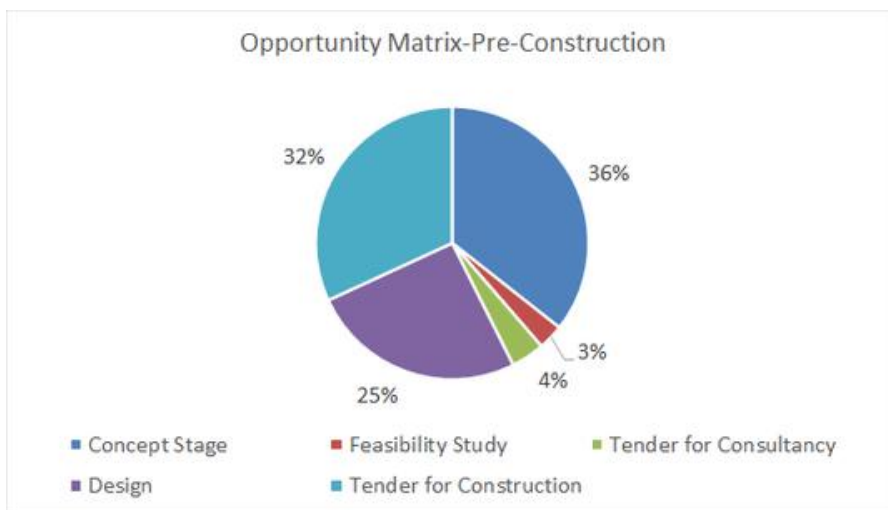
## OPPORTUNITY MATRIX-GCC BUILDINGS

The figure below shows opportunities available for those clients who target projects before the actual construction commences (Pre-Construction) and for those who target projects that are under Construction.

Project status in Pre-Construction stage includes concept, feasibility study, tender for consultancy, design and tender for construction. 26% of the building projects in the GCC are in the design stage and 32% in the tender for construction phase.

Construction shows what percentage of projects exists in early construction stage (0-25%), advanced construction stage (26-75%) and towards finishing stage (76-100%). Opportunities for projects in the early construction stage are expected to be 14%, with 34% in advanced construction stage, and 52% in the finishing stage.

The GCC buildings opportunity matrix in the pre-construction and construction stages



Note: Figures are based on number of projects. Source: Ventures ONSITE Projects Intelligence Platform: [www.venturesonsite.com](http://www.venturesonsite.com)



## REAL ESTATE MARKET ANALYSIS AND OUTLOOK PER GCC COUNTRY

## UAE

The performance of the UAE's real estate industry in 2019 will depend on how the market responds to various government initiatives and regulations announced to stimulate demand. These include the 10-year residency visa, five-year retiree visa, short-stay transit visa and the decision to allow 100% foreign ownership of onshore companies. The reforms were intended to encourage investment and retain human capital in the UAE, in turn reversing the current downturn in market conditions. According to JLL, the residential and office sectors have the most potential upside from these new initiatives launched to stimulate demand. Residential supply in Dubai is expected to reach 637,000 units by 2020-end, representing an average annual increase of 11% cent, adds JLL. Dubai's Ruler has recently announced a massive plan wherein a total of 34,000 residential units will be built across the country for its local population by 2025. Funds worth US\$ 8.7 bn have already been allocated for the project. The Expo 2020 is also expected to create lucrative opportunities for developers and investors. In 2018, the DLD launched the Real Estate Self-Transaction (REST) platform, part of the Dubai 10x initiative. RERA has also launched Taqyimee, a smartphone application for real estate valuation services. These digital platforms are likely to raise transparency in the Dubai property market in 2019, make it more investor-friendly and provide ease of access to real estate services.

Asteco forecasts that approximately 11,200 residential units will be completed in 2019, including 2,350 on Reem Island, 2,500 at Al Raha Beach, 1,300 on Yas Island and 1,250 on Saadiyat.

Activity in Abu Dhabi's real estate market is expected to remain subdued in H1 2019 following a challenging 2018, according to Cavendish Maxwell. Supply is expected to increase in the medium term with the addition of new regional malls such as Reem Mall and Al Maryah Central Mall, with more than 92,903 sqm Gross Leasable Area (GLA) expected to reach completion by 2020. Investor interest is expected to shift from off-plan products to mid-market ready-to-move stock and residential plots in investment zones, which allow both UAE nationals and expatriate buyers to custom-build homes within their budgets. Residential prices are expected to continue to soften in 2019 as 11,000 units are estimated to be delivered, ensuring Abu Dhabi remains an even greater buyer-friendly market over the next 12 months, according to Chestertons MENA. The majority of expected supply is focused on Al Reem and Saadiyat Island, offering mid-high quality apartments. A total of 282 hotel rooms are expected to be delivered in 2019, with a further 879 rooms in 2020, adds Cavendish Maxwell.

Major real estate projects announced since 2018 till date in the UAE

Project Name	Client	Net Value (US\$ Mn)
<b>Jubail Island in Abu Dhabi</b>	Jordan International Investment Company	3,000
<b>Bloom District in Zayed City, Abu Dhabi</b>	Bloom Properties (Bloom Holding)	2,000
<b>Saadiyat Grove in Saadiyat Island, Abu Dhabi</b>	ALDAR Properties, Emaar Properties	1,000
<b>Manarah Bay in Abu Dhabi</b>	Al Qudra Holding	1,000
<b>Ramhan Island Residential Community Development, Abu Dhabi</b>	Eagle Hills, Jordan	1,000

Source: Ventures ONSITE Projects Intelligence Platform: [www.venturesonsite.com](http://www.venturesonsite.com)

## KSA

Various government initiatives such as Vision 2030, government spending as stipulated in the 2019 budget announcement, and tourism are laying the foundation for growth in KSA's real estate sector. Visitor figures are expected to reach 26 mn (inbound) by 2023. The kingdom's real estate market is likely to witness healthy correction in 2019 after prices surged in the past few years, according to KPMG. This correction is expected to continue over the short-term, but the market is anticipated to pick up in the medium to long term, given the recent government initiatives to incentivise the sector, particularly the Ministry of Housing initiatives. Saudi's Ministry of Housing announced plans to build nearly 19,500 residential units for its citizens under its Sakani housing development programme. Additionally, new real estate projects are planned throughout the kingdom through public-private-partnerships. This includes mega developments such as Qiddiya, the Red Sea project and the US\$ 500 bn NEOM project, which have launched by Saudi sovereign wealth fund Public Investment Fund (PIF). These gigaprojects will promote the property market in the newly developed locations.

Moreover, some of those projects will introduce new asset classes that are expected to raise real estate investment alternatives, adds KPMG. PIF's investments are also expected to unlock new sub-asset classes, intensify competition in private sector development, and raise the general quality of real estate development, according to industry experts. Regulatory efforts such as the white land tax, large housing schemes and the mortgage law, display clear focus from the government towards issues facing the residential market. While villas have historically been more popular than apartments, a new trend is emerging among young nationals who are now switching from traditional detached residential units towards smaller units including duplexes, townhouses and affordable apartments.

According to Knight Frank, the approval of regulations for the use and listing of REITs in KSA signals an important step in the government's drive to boost private sector participation in the sector and increase transparency in real estate markets where visibility around asset performance, ownership and legislation are key to attracting capital to the sector. Moreover, the implementation of various urban regeneration initiatives including mixed-use communities and large-scale infrastructure projects are expected to act as a catalyst for the real estate market.

Major real estate projects announced since 2018 till date in KSA

Project Name	Client	Net Value (US\$ Mn)
<b>Mixed Use Development in North Riyadh</b>	Saudi Arabian General Investment Authority (SAGIA), Global Business Ventures (GBV)	7,000
<b>Amaala - the Riviera of the Middle East</b>	Public Investment Fund (PIF)	6,000
<b>Al Wedyan Project in Riyadh</b>	Saudi Real Estate Company (SRECO)	2,670
<b>Saudi Housing Development in Murooj, Jeddah</b>	Ministry of Housing, Saudi Arabia	1,000
<b>Disney Theme Park in Jeddah - KAEC</b>	King Abdullah Economic City ( Industrial Valley), General Entertainment Authority	1,000

Source: Ventures ONSITE Projects Intelligence Platform: [www.venturesonsite.com](http://www.venturesonsite.com)

# QATAR

Qatar is ramping up efforts to push foreign real estate investment into the country with reforms and regulations that experts say will encourage investment into the property sector. 2019 is likely to see growth in the real estate sector due to government support, ease of visa policies, and legislative changes on the ownership of properties by foreign investors.

Additionally, as Qatar continues investing in large-scale infrastructure and construction projects ahead of the 2022 FIFA World Cup and in line with its National Vision 2030 – all real estate sectors are set for significant expansion in the coming years. According to ValuStrat, by the end of 2019, the population of Qatar is expected to reach 2.7 mn. Assuming all projects are delivered on time, Qatar will comprise of 30,000 hotel keys and hotel apartments, 300,000 residential units and an office supply of 4.8 sqm GLA. More than 150 large-scale projects worth billions of dollars are to be offered after 2022, which include projects related to infrastructure development, roads and construction of buildings, hospitals and schools.

Major real estate projects announced since 2018 till date in Qatar

Project Name	Client	Net Value (US\$ Mn)
<b>Gewan Island Project (An Extension of Pearl Qatar Development)</b>	United Development Company (UDC)	685
<b>Floresta Gardens in Pearl Qatar</b>	United Development Company (UDC)	350
<b>Agricultural Research and Guidance Complex at Al Mazrouah</b>	Ministry of Municipality and Environment, Qatar	110
<b>West Bay North Beach Development</b>	Public Works Authority (Ashghal)	75
<b>United School International</b>	United Development Company (UDC)	45

Source: Ventures ONSITE Projects Intelligence Platform: [www.venturesonsite.com](http://www.venturesonsite.com)





## BAHRAIN

Bahrain's real estate market in 2019 is expected to witness stable growth. In order to ensure sustainable long-term growth, the authorities have recently implemented several regulatory reforms, including the creation of a new regulatory authority for the industry. There has been a rise in Bahrain's real estate projects as well as in the construction and retail sectors with new shopping malls, luxury hospitality offerings and the recovery of mixed-use developments that have already been stalled.

With the government's decision to allow foreigners to acquire ownership of 100% of the companies in Bahrain, the demand for real estate has increased, especially in freehold areas such as the Amwaj Islands, Juffair, Durrat Al Bahrain, which has prompted many real estate developers to go to these areas and build numerous real estate projects and benefit from high demand, according to industry experts.

In 2016, the Ministry of Housing announced a programme to deliver a total of 25,000 new housing units by 2020 as part of previously announced plans for the construction of 40,000 units by 2022, with 5,000 of the houses having already been delivered by that date. According to Oxford Business Group, although rents remain under pressure in much of the market, some segments, such as office space, are starting to show signs of turning around. An agreement of US\$ 10 bn aid package with other Gulf states should provide further support to the kingdom's real estate industry in the coming years, maintaining its position as one of the key drivers of national economic growth.

Major real estate projects announced since 2018 till date in Bahrain

Project Name	Client	Net Value (US\$ Mn)
<b>Al Naseem Waterfront Development</b>	Diyar Al Muharraq	600
<b>Golden Gate in Bahrain Bay</b>	Ajmera Group, India Mayfair Housing Private Limited, India Kooheji Golden Gate	212
<b>One Bahrain at Reef Island</b>	Global Real Estate Development Company	120
<b>Revolving Orchid</b>	Orchid Developers	100
<b>Ahlia University</b>	Ahlia University	80

Source: Ventures ONSITE Projects Intelligence Platform: [www.venturesonsite.com](http://www.venturesonsite.com)

# KUWAIT

Higher government capex and project awards in 2019 is expected to stimulate non-oil growth and boost employment, which could in turn is expected to increase demand in the rental market. A draft mortgage law is under consideration by the National Assembly. If the law is passed, it is expected to boost demand in the residential sector with citizens benefitting from improved access to financing. The law will also help lower the growing backlog of government housing applications. The commercial sector has benefitted from higher demand helped by business-friendly reforms by the Ministry of Commerce and Industry, resulting in better sentiment and renewed demand in this sector.

Major real estate projects announced since 2018 till date in Kuwait

Project Name	Client	Net Value (US\$ Mn)
<b>New Mega Airport Project</b>	Directorate General of Civil Aviation (DGCA)	12,000
<b>Northern Gulf Gateway Project</b>	Ministry of Defense, Kuwait	7,000
<b>Al Nayeem Industrial City</b>	Public Authority for Industry	900
<b>Mall of Kuwait</b>	Private Investor, Kuwait	200
<b>300 Bed Hospital in Farwaniya District</b>	Kuwait Health Assurance Company (KHAC)	200

Source: Ventures ONSITE Projects Intelligence Platform: [www.venturesonsite.com](http://www.venturesonsite.com)



## OMAN

As Oman's economy starts to feel the effect of resurgent oil prices, its gradually recovering property market is creating brand new opportunities for both tenants and property buyers, say experts. Although much is likely to depend on the economic impact of government diversification initiatives in 2019 and 2020, continued regulatory improvements are adding to the market's investment fundamentals. Tailored mixed-use developments that may be owned by non-GCC citizens, known as integrated tourism complexes (ITCs), have allowed for a growing number of properties to be available for foreign investment every year.

The introduction of liberal legislation for real estate investment trusts (REITs) in early 2018 also adds investment appeal, though the full impact of this legislation remains to be seen, according to Oxford Business Group. There are currently 72 hotels under construction in Oman, amounting to a total of 6,604 rooms. By the end of 2019, 55 of those developments are expected to be completed, adding 4,763 rooms to the sultanate's hotel supply, providing a much-needed boost to the tourism infrastructure. Government initiatives such as the National Program for Enhancing Economic Diversification (Tanfeedh) and the establishment of new industrial estates offering investors tax exemptions and competitive advantages on imports and custom duties could provide the necessary drive to the real estate sector.

Major real estate projects announced since 2018 till date in Omsn

Project Name	Client	Net Value (US\$ Mn)
<b>Western Area of Madinat Al Irfan</b>	Omran Office	13,000
<b>Quriyat Integrated Tourism Complex (ITC)</b>	Ministry of Tourism, Oman	1,000
<b>Al Araimi Walk</b>	Al Raid Group of Companies	350
<b>Luban Land in Salalah</b>	Private Investor, Oman	150
<b>Rose Village in Muscat Hills</b>	Maysan Properties SAOC	70

Source: Ventures ONSITE Projects Intelligence Platform: [www.venturesonsite.com](http://www.venturesonsite.com)



## WHAT DOES THE FUTURE LOOK LIKE FOR THE GCC?

The GCC region's real estate sector is one of the most active sectors. Despite a few setbacks over the past decades, the real estate market is expected to witness stable growth and development. Investors and developers are optimistic in the longer term due to various government initiatives aimed at stimulating the market. The GCC region's tourism sector is poised to further accelerate the region's real estate market, especially for the UAE.

The UAE's real estate market is on the growth trajectory due to the efforts by the Abu Dhabi and Dubai governments aimed at reducing the oil dependency, improving the economy, and implementing favorable policy decisions. The Dubai real estate market in 2019 could benefit from the potential increase as the Expo 2020 draws near, bringing in tourists as well as new residents into the country. Like Dubai, Abu Dhabi still continues to be a favourable market for investors and tenants. The new visa reforms, changes to the foreign ownership system, and US\$ 13.6 bn stimulus package are anticipated to help the real estate market pick up in 2019.

This report was created for Cityscape Abu Dhabi by Ventures ONSITE Project Intelligence Platform.



The UAE capital’s largest and most influential real estate event is back. With hundreds of developments from the region and across the globe, Cityscape Abu Dhabi attracts a wide range of investors, homebuyers, government authorities, and real estate professionals.



Ventures ONSITE, a product by Ventures Middle East, has been a market leader in tracking construction projects across the MEA region for more than 15 years. Ventures ONSITE provides you with accurate and detailed information on completed, current and future construction projects.

Ventures ONSITE’s comprehensive databank will not only help you find and select the right projects for your business, but also provide a chance to explore project opportunities in new countries or industries.

Find out more at [www.venturesonsite.com](http://www.venturesonsite.com)