



M A Z A Y A

AIM TO LEAD

The Monthly Real Estate Report

Issue No. 94

QUEUE POINT
FOR THOSE WHO VALUE GOOD LIVING AT 



(Kuwait) Tel: +965 22243333 | (Dubai) Tel: +971 4 3635455/6
www.mazayaholding.com

The Monthly Report - March 2014

GCC real estate sector prospects strong as confidence and demand return to region



| | | | |
|------------------------|--|-------------------------------|-----------------------|
| Mr. Rasheed Al Nafisi | Chairman | nifisi@mazayarealestate.com | Tel : + 965 2224 3333 |
| Eng. Ibrahim Al Soqabi | Group CEO | alsoqabi@mazayarealestate.com | Tel : + 965 2224 3332 |
| Eng. Salwa Malhas | Chief Business Development & Marketing Officer | salwa@mazayarealestate.com | Tel : + 965 2224 3355 |
| Sylvia Gabrial | Coordinator Research | sylvia@mazayarealestate.com | Tel : + 965 2224 3362 |

GCC real estate sector prospects strong as confidence and demand return to region

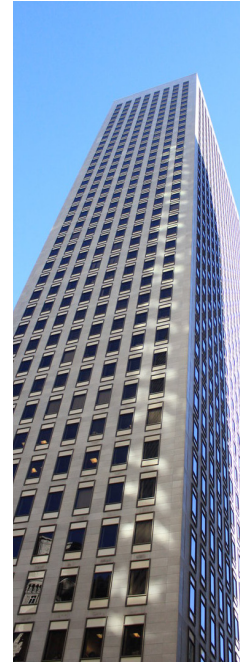
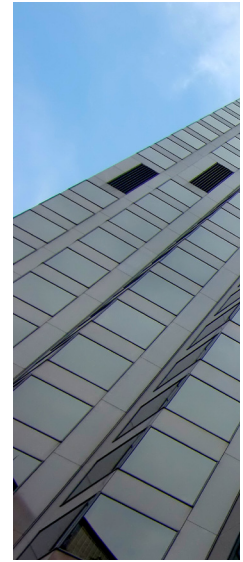


The GCC states in 2013 enjoyed strong recovery from the slump caused by the global financial crisis, providing a firm foundation for further growth and new projects. All countries of the union attracted investment into their real estate sectors. Ambitions varied: some states built towards 2030 goals, others targeted five or ten year plans and others built with the intention of capturing the global imagination. The GCC states are attractive investment destinations in terms of affordability, returns on investment, exit possibilities and investment diversity potential.

Add to that that many of the projects available for investment are of excellent quality and well supported by governments in possession of budget surpluses, and the reasons for the influx of investment are obvious. Investors in Qatar can realistically expect to see returns of more than 20 percent in the first quarter as huge construction demand causes land values to rise meteorically. It is expected strong demand will be tempered by market corrections as supply catches up, but sustained government investment in infrastructure projects and strong private sector financing appetite will see momentum sustained, attracting investors and developers.

Al Mazaya Holding Company weekly report believes Dubai still leads the way for GCC real estate mega-projects, particularly as a result of smart city programs which will see considerable investment in transport links, communications, infrastructure, financial services and urban planning. Increasingly, Dubai will provide all government services under the smart city concept with the aim of improving citizens' and visitors quality of life. Dubai is also taking the lead in formulating Sharia-compliant investment models for construction, including sukuk, and acting as a hub for Islamic banking.

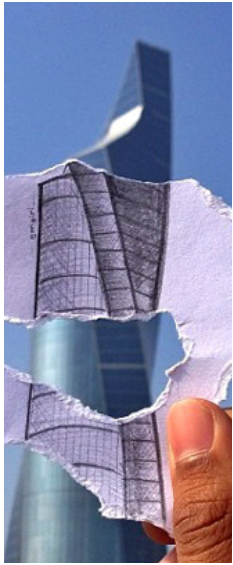
Many analysts believe smart investors in the Saudi market could see returns as high as 35 percent, while new regulatory measures imposed on the market by government bodies such as the Saudi Monetary Agency.



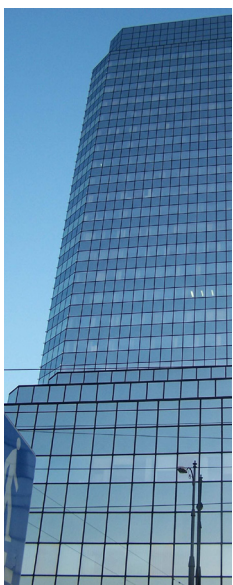
The Ministry of Housing and the Real Estate Development Fund are likely to boost investor confidence and bring the private sector to market. Economic and political stability in Saudi will help stimulate the market, as will recent initiatives to make borrowing cheaper at private sector banks. The Saudi real estate market remains very dependent on the country's stock market. Al Mazaya Holding Company weekly report has in the past drawn attention to the fierceness with which investment sectors in the GCC compete with one another. The real estate sector, for example, must compete with stock markets, industrial sectors and service sectors. This year, as investor confidence returns and more mega-projects are announced, it is expected the real estate sector will fare better than in recent years.

These initiatives, which in Dubai are well regulated, are attractive for the region's investors and will likely see Islamic architecture and related investment continue to flourish in the emirate. In Saudi Arabia, Al Mazaya Holding Company weekly report points out high prices are currently supported by ongoing construction projects and a strong pipeline of future projects; however, corrections may occur in the medium term as supply and demand meet, especially in the residential sector.





Al Mazaya Holding Company weekly report has high hopes for the Gulf's real estate sector in 2014, as liquidity, confidence and appetite for construction all return to the region. Returns are expected to be high this year, higher even than in 2013. We believe the worst of the financial crisis is now behind us. Al Mazaya Holding Company weekly report believes that all countries of the world are competing for real estate investment and to attract liquidity. It is therefore imperative that the GCC states do all they can to ensure they remain attractive for investment by regulating markets to the highest standards and modernising the mechanisms of funding.



There are still wonderful opportunities to be had in the Gulf countries – the challenge is to make sure investors are sufficiently confident in the region to take advantage of them.