Business
PROPERTY

Cityscape

Mohammad Bin Rashid City: District One gets Dubai Ruler's approval

Mohammad shown models of stunning development which will feature 7km of lagoons, 14km of beaches, plus 600 hectares of parkland

Published: January 28, 2014 17:08
WAM

Shaikh Mohammad being briefed on District One of the Mohammad Bin Rashid City yesterday. Saeed Humaid Al Tayer, Lieutenant General Dahi Khalfan Tamim, Deputy Chairman of Dubai Police and General Security, Abdul Gaffar Hussain, Chairman of the Emirates Human Rights Association, and other senior officials were present.
Image Credit: WAM

Dubai: His Highness Shaikh Mohammad Bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai, on Tuesday inaugurated District One of the Dh30 billion Mohammad Bin Rashid City, adjacent to Meydan City and four kilometres away from Burj Khalifa in Downtown Dubai.

Shaikh Mohammad unveiled the memorial plaque of the urban, mixed-use, leisure and sports development which spans more than 54 million square feet of prime freehold land with District One alone stretching 4 million square feet.

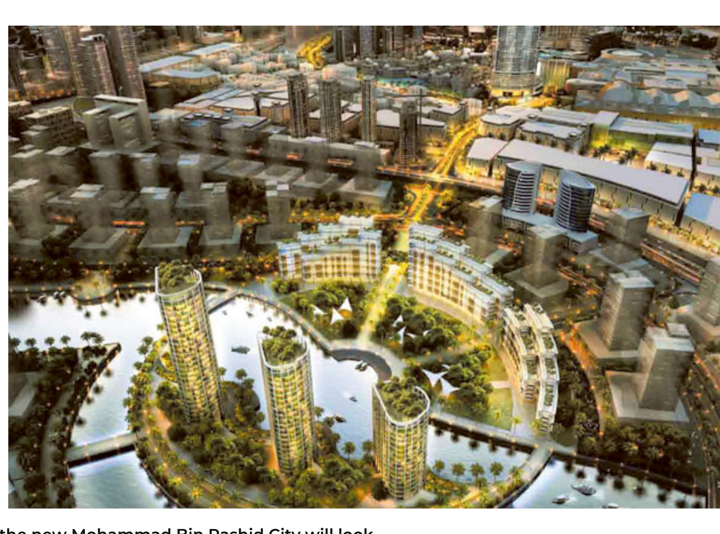
Shaikh Mohammad viewed the mega model of the development at the sales centre, where he was briefed by Saeed Humaid Al Tayer, Meydan Group Chairman and CEO, owner and developer of the project.

Al Tayer said the project has 600 hectares of open and green parkland, waterways, woodlands, a water park, the largest crystal lagoon body of water in the world with 7km of stunning lagoons and 14 km man-made beaches, alongside retail zones, leisure and sports attractions. The City will be completed in 2018-2019.

Al Tayer said this unique green heart for Dubai will be surrounded by 1,500 premium luxury villas – to be delivered in four phases before Dubai Expo 2020 – creating one of the lowest-density residential environments in any major international city.

Shaikh Mohammad then toured the 300-villa community development and viewed designs of modern Arabic, Mediterranean, contemporary types of 4 to 8 bedrooms villas.

The inauguration ceremony was attended by Shaikh Ahmad Bin Saeed Al Maktoum, Chairman of Dubai Civil Aviation Authority and Chairman and CEO of Emirates Airline and Group, and a number of senior officials, heads of government departments in Dubai, and the team supervising the project.



How the new Mohammad Bin Rashid City will look
Image Credit: WAM

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10 things to watch out for in Dubai property in 2020: Rents to go down, tenant's market

50,000 new units from projects under construction to hit the market early next year

Published: December 30, 2019 17:38
Esha Nag, Property Weekly Editor
Property Weekly

Off-plan properties with attractive payment terms will remain attractive to new buyers
Image Credit: Gulf News Archives

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How will things change for the Dubai property market in 2020? Have we hit the bottom of the property price decline cycle?

The emirate's 50-year plan and the Dubai Expo 2020 will now be key indicators for demand-and-supply trends in the market.

Zhann Jochinke, chief operating officer of Property Monitor, says there are 50,000 new units from projects already under construction that will hit the market in early 2020, with apartments making up the majority of the upcoming supply.

Jochinke says developers have announced fewer than half the launches this year as of November compared to 2018 and seem to have instead focused on completing existing projects in their pipeline. "Past years indicate a materialisation rate of 40-50 per cent. It is likely that if the market maintains status quo, developers might deliver 60-70 per cent of the expected units during the year or might choose to pace deliveries to match demand at the time."

With about 25 million visits expected during Expo 2020 Dubai, the wait now begins to see if the short-term Expo visits can turn into long-term residencies, which will give a further boost to the property market. And as we step into the much-awaited Dubai Expo year, here are some realistic predictions from our experts.

1: Expect rents to decline

With the release of more property in 2020, we expect rents to further reduce next year and into 2021. Good news for those who rent.

– Elaine Jones, executive chairman, Asteco Property Management

2: A market for tenants

There is now more choice in the market for tenants in terms of location, quality and value. Landlords need to keep property well-maintained and attractive to tenants. Professional property management and maintenance services will be in demand to ensure highest occupancy.

– Elaine Jones

3: New terms of rent payment

Expect new ways of rent payments such as direct debit monthly payments to become standard in 2020.

– Elaine Jones

4: Review your mortgage commitments

Regrettably for developers and those that have mortgage commitments, the outlook is tough. Capital values are unlikely to reduce any more as the cost of development itself is at the lowest practical level.

– Elaine Jones

5: Favourable cost of property

With the wide range of deferred payment plans being offered in the market, the opportunities to purchase property at favourable cost will appeal to end users who would otherwise be paying rent. According to the Property Monitor Dynamic Price Index, which tracks property price trends across 42 communities in Dubai, properties have become increasingly more affordable for a larger segment of the population.

Investors and owner-occupiers alike are displaying interest in purchasing properties – a factor that helps lift markets from the bottom – with November 2019 marking one of the strongest months in the past decade. A total of 5,025 sales were recorded with off-plan (Oqood) registrations representing 60.8 per cent, notably higher than the year-to-date monthly average of 55.4 per cent. Residents will definitely look at buying a home rather than renting one as prices have become more attractive.

– Zhann Jochinke

6: Good international investor appetite

The ownership structure and the ability to buy income-generating property at a good yield without capital gains tax and property tax represent excellent opportunities for international investors.

– Elaine Jones

7: Healthy balance between demand and supply

Developers will be more pragmatic when it comes to launching new projects and help create a healthy balance between supply and demand. They are likely to focus on creating the right kind of supply that aligns with the future aspirations of the city and its people.

– Amira Sajwani, senior vice-president, operations, Damac Properties

8: Buy off-plan

The trends for off-plan properties with extremely attractive payment terms will continue to attract new buyers.

– Dounia Fadi, CEO, Berkshire Hathaway Home Services Gulf Properties

9: More keys

With less than a year to go until Expo 2020 Dubai, there will be a great influx of tourists, higher number of hotels opening and rooms being occupied. China is becoming one of the biggest markets in terms of demographics operating in Dubai, and the hospitality sector will have to adapt its strategies and offerings to tailor to the needs of that audience.

Tim Cordon, area senior vice-president, Radisson Hotel Group, MEA

10: Support for SMEs and local businesses

Watch out for more diversification in the economy, which will create a robust economic environment. Once local businesses start flourishing it will become the foundation that will make investing in Dubai more fruitful for everyone. 2020 is the perfect platform to kick-start these initiatives.

– Dounia Fadi

What NRIs can expect: India's real estate has much to look forward

Various initiatives related to funding and timely completions should see fruition in 2020

Published: December 30, 2019 13:48
Shajai Jacob, Special to Gulf News

Apartment buildings in Palava City, Mumbai - Illustrative image
Image Credit: Bloomberg

The year 2019 was a mixed bag of opportunities and disappointments for Indian real estate. The industry largely remained stagnant, with declining consumption, low investment appetite and property prices in most cities not budging from current levels.

India's GDP growth reached 4.5 per cent in the second quarter of this financial year — the lowest in the last six years.

In the residential segment, affordable housing was the winner with nearly 40 per cent share of the estimated 230,000 new unit launches. The second-highest share was of the mid-segment at 33 per cent, followed by the luxury and ultra-luxury segment with 10 per cent.

Sales in the housing sector saw a modest 4-5 per cent year-on-year growth in 2019 with 258,000 homes estimated to be sold during the year. New housing launches saw 18-20 per cent annual growth with new launches in the region of over 230,000 units.

The government's interventions throughout the year — such as the creation of an alternative investment fund of Rs250 billion (Dh12.86 billion) for funding of stuck projects, reduction in corporate taxes, and various tax benefits on affordable housing purchase did not yield an immediate effect. But the benefits will become evident in 2020.

What NRIs can expect

The time is right for investing in India before prices harden.

Greater transparency with more projects getting registered with RERA (Real Estate (Regulation) Act) gives NRIs reason to regain confidence in Indian real estate. This increasing transparency means timely delivery of projects. There is now a grievance redressal system in place to safeguard the investor interests.

The commercial office segment remained vibrant and has been a big draw for foreign investors thanks to steady demand and rising rentals. Rental returns from office will be the main attraction for NRI investors in 2020 and will be a key decision driver for NRIs focused on this lucrative segment.

As housing prices remain stagnant, NRIs can target quality projects at affordable prices, including office spaces. The rupee's continuing arbitrage adds to the overall value proposition for Gulf-based NRIs.

The Alternative Investment Fund (AIF) of Rs250 billion will ensure the completion of several stuck affordable and mid-segment housing projects. NRIs should get debriefed by their trusted consultants on these reviving opportunities for housing plays.

The ongoing liquidity crisis will result in increasing consolidation, leading to the stronger emergence of branded developers. This reduces the risk factor for housing investments significantly.

Key government initiatives

Merging of the NRI portfolio route with Foreign Portfolio Investment route results in a wider product spread.

Easing of KYC norms for foreign investors.

What to expect

The first-half of 2020 may not see much traction as most of the government initiatives and other positive developments need time to take root. The second-half will begin to show more rapid growth.

Property prices will see very gradual growth as the market remains bullish on the slow revival of residential projects. The government is expected to roll out new policies to improve investor sentiments and boost sales. Pronounced market consolidation is expected, increasingly shifting investors' focus to large, well-financed developers.

The key sectors for investment will be affordable housing, co-working/co-living spaces, logistics and warehousing, and offices.

Though the range of options for NRIs today is spread across India, the western and southern parts are drawing the most interest.

* Key regions within the Mumbai Metropolitan Region drawing NRIs are the peripheral central suburbs, parts of the western suburbs, the central suburbs (upmarket areas like Wadala) and Thane. As per research, these markets have had both capital appreciation and sales velocity in the recent past.

* Pune has also been on the buying radar of the Indian diaspora for quite some time now. Micro-Markets like Kalyani Nagar, Hinjewadi and Balewadi are the most sought-after markets offering a range of property options.

* The economic hubs of South and East Bengaluru are also one of the favourites among NRI investors. Micro-Markets like Devanahalli, Whitefield and Sarjapur Road are offering a bouquet of premium and affordable residential projects.

Shajai Jacob is CEO-GCC at Anarock Property Consultants.

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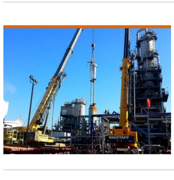
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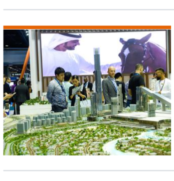
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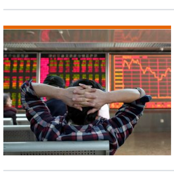
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