

Property sales more than double

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Commercial property transactions more than doubled in the UAE in the first half of this year, making it one of the fastest growing markets in the world at a time when sales collapsed elsewhere, according to a new report.

Real Capital Analytics (RCA), the property analyst firm, said from its headquarters in New York that the Emirates recorded a 136 per cent increase in commercial property sales year on year in the first half of 2008. At the same time, transactions in much of the rest of the world have fallen by as much as half in the same period, as the global credit crunch and plunging house prices take their toll.

RCA released the figures in its Global Capital Trends report for July and August. The study looked at 84 countries, and included emerging and developed economies.

Globally, commercial properties worth a total of US\$306 billion (Dh1.12 trillion) were sold.

Emerging markets had accounted for 25 per cent of property sales in the first half, up from just 10 per cent a year ago, the report said.

By contrast, developed economies were hardest hit. Germany recorded a 65 per cent fall in transactions, the US 63 per cent and the UK 57 per cent.

“The US and Europe are falling into a recession, but if you look at the UAE economy, it is going up like anything, just because of petrodollars,” Sajeer Babu, a property analyst at the National Bank of Abu Dhabi said. “There has been a huge cash inflow into this country.”

The study found that vacant land was the only category worldwide that escaped a major drop in sales, with an 11 per cent increase. Here, too, the UAE excelled with land sales rocketing upwards by 1,348 per cent, according to RCA. Analysts say the astounding increase was a result of the country’s property boom, which encouraged developers to grab prime space for future use.

“The thing that is driving this market is that a lot of developers are land banking, buying out plots for future developments,” said Saif Pathan, a property consultant at Sherwoods, a broker in Dubai.

“Most of the developers have come up with a lot of projects and many property companies are trying to get land from the Government or from other parties,” Mr Babu added.

He said the country’s oil wealth had attracted investment at a time when the rest of the world was struggling to keep its economic footing. As a result, investors were chasing property developments here to protect their wealth. “Everybody wants to come to the Middle East,” he added. “In the US, where people are losing their jobs, there is a saying now: “Go to Shanghai, Dubai, Mumbai, or bye bye.”

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Source: Nathalie Gillet