



Middle Eastern promise

FOLLOWING SEVERAL DIFFICULT years for Dubai's luxury property market, 2013 put a smile back on the face of investors with prices shooting up. They peaked towards the end of that year with increases of up to 51% in some instances. Such swift growth however rang alarm bells in certain quarters, envisaging a possible repeat of the 2008 crash. This was quickly followed by government measures, intent on reining in the market.

The result has been a slowing of property price growth – but that has not come as a surprise, says Robert Green, general manager at Abercrombie & Kent International Estates. “No market can sustain such incredible growth indefinitely,” he says. “A

When it comes to attracting investors at home and overseas, Dubai continues to forecast a bright future. Lisa Burn finds out more

combination of rising rents and general living costs along with the government's price containment measures of higher transfer fees and mortgage caps have attributed to the slowdown.”

This should be considered an encouraging development, he continues. “Overall we see the stabilisation of capital value growth rates as positive, reducing the risk of another bubble and helping to secure a more sustainable growth over the short to medium term.”

While growth has slowed it has not stopped and prices are still increasing. Faisal Durrani,

**Above: 118,
Dubai Sotheby's
International Realty**

international research and business development manager for Cluttons, points out, “Although values and rents may be stabilising to an extent, they are still maintaining a positive growth trajectory and we expect this to persist, which will in turn deliver the sustainability we have been anticipating.

“The careful implementation of measures at a federal and at an emirate level has been exceptionally successful in transforming the residential markets. This is particularly true in Dubai, where growth is now tracking a much more sustainable course as the market matures further.”

Why Dubai?

For expats and investors, Dubai is an attractive destination. It is popular with overseas workers, property buyers and businesses drawn by the lure of its favourable tax regulations – (with no income, corporation, or capital gains taxes), economic conditions, high living standards and hot climate.

“With 0% capital gains tax, capital appreciation of 17-22 per cent year on year and high expected growth figures, Dubai is an ideal place to invest,” says Mohammad Bin Zaal, CEO of Al Barari, creator of the Al Barari luxury residential development. “Relative to international standards and similar trading hubs in the world, Dubai property prices are still low and, as a result, international investors flock to the city to buy high-quality property.” Indeed, research from Knight Frank indicates that a million US dollars buys 146 square metres of luxury living space in Dubai – six times more than you would get for your money in London and seven times more than in Hong Kong.

An appreciative audience

When it comes down to just who is investing, Dubai’s appeal seems to strike a chord at home and abroad. According to the Dubai Land Department, in the first six months



Ashjar, Al Barari

A development of 300 apartments, Ashjar forms part of the Al Barari complex, 25 minutes from Dubai Marina. The apartments are in low-rise buildings no more than six storeys high and offer three different design styles with a focus on engaging with nature.

Apartments have one, two or three bedrooms; those on the ground floors feature garden terraces, while those on the top floors have rooftop gardens and picturesque views of Dubai. Kitchens include high-end brands with quality cabinetry and marble worktops, while bathrooms have quality fittings, porcelain and ceramic tiles. Communal facilities include landscaped gardens, a swimming pool, children’s play areas and underground parking. Residents can also use the amenities of the wider Al Barari complex, including the gym, fitness centre and restaurant.

From £579,000 / €734,200 / \$903,900

Abercrombie & Kent International Estates +44 (0)20 3667 7016





Palm Jumeirah

This waterfront villa in the heart of a man-made island has spectacular views from one of Dubai's most well-known locations. It features four bedrooms and five bathrooms, a double-height entrance hall and an open-plan kitchen/dining room. Beyond this, the living room opens on to a beachfront terrace while the family room looks out over the property's private swimming pool.

Upstairs, the bedrooms have en suite facilities, with a spa-inspired bathroom in the master suite. Outside, mature landscaped gardens surround the villa with a courtyard, gazebo and terrace.

£2.9m / €3.7m / \$4.5m
Cluttons +971 4 365 7700

of 2014, property transactions in Dubai by UAE nationals were worth AED 12.5 billion, Arab investors from outside the UAE were responsible for transactions worth AED 6.905 billion, while overseas investors accounted for property deals worth AED 30.533 billion. India topped the list of overseas investors, followed by Great Britain, Pakistan, Iran and Canada.

This is despite a doubling of transfer fees from 2% to 4% towards the end of 2013 and a cap on mortgages that means anybody wishing to buy a property costing more than AED 5 million will have to come up with a deposit of 35% (it was previously around 15%).

Dereck Hoogenkamp of Al Barari states, "With the gradual slowdown in the market, buyers are looking for safe investments, including properties from well-established real estate developers." Mohammad Bin Zaal agrees, "Buyers search for a secure investment in a stable country that is also tax-free. The fact that one can get residency is an added feature that the UAE offers."

In addition to the practical attractions and financial considerations Dubai offers, projects such as the construction of Al Maktoum International Airport and the announcement that World Expo 2020 will take place in the emirate, have increased confidence in Dubai's commercial and property markets generally.

"With a maturing real estate market, world class infrastructure and a high standard of living that has fostered a truly international population, Dubai's emergence as a global business hub is encouraging international firms to set up offices across the city," concludes Ms Durrani. "This has had a direct impact on the demand for residential and office space across the emirate. The robust economic expansion, coupled with globally significant events such as Dubai Expo 2020 and mega infrastructure projects such as Al Maktoum International Airport and the Dubai Metro extension are all expected to fuel the next wave of development of the real estate market."