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GCC fund looks to invest Dh500m in Dubai property

A regional fund is eyeing non-freehold areas such as Bur Dubai, Deira and Maktoum Street, says advisor EFG.

By Parag Deulgaonkar

EFG is confident that the UAE property market will soon bounce back. (EB FILE)

A Gulf Co-operation Council-based fund is looking to invest Dh500 million in non-freehold areas of Dubai such as Bur Dubai and Deira, Emirates Fortune Group (EFG), an advisor to the fund, said.

"We are about to close a Dh500m GCC-based fund, which is looking to invest in non-freehold areas of Dubai," Walid Abdel Latif, Managing Director of EFG Real Estate Investment, told Emirates Business.

"There are a lot of attractive locations... prime locations such as Bur Dubai, Deira and Maktoum Street, and areas close to BurJuman. Actually the demand there is much more higher than supply," he added.

Besides, the company, which also advises high net-worth individuals (HNWI), said a number of them want to invest and have a "good appetite for small buildings". "HNWIs are looking for medium-term investment... they want to buy properties in the range of Dh40m to Dh90m even in non-freehold areas. And Bur Dubai and old Deira are prime locations as those areas have nothing to do with any sort of economic cycles."

EFG is a Dubai-based holding investment company with interests in the UAE, the United Kingdom, the United States, North Africa, Saudi Arabia and Turkey.

The company manages investments over a select range of sectors and services including health care, real estate investment, property development, facility management, legal advisory services, and education.

Last month, this newspaper reported that EFG real estate advisory arm was in talks with JP Morgan Chase to help the global financial services firm invest \$100m (Dh367m) in the UAE property market this year.

According to Naser Muheyeldin, Chief Executive Officer, EFG, the company's first property development project will soon commence in Izmir, Turkey, where it has set up a joint venture with Turkler, a local company.

"We have signed the initial agreement to start construction by June. We are currently finalising the contracts and design," he added. The freehold project will be a mixed-use one comprising a shopping mall, eight residential towers and two commercial towers.

The company did not reveal the project cost.



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Asked what sale strategy has the company adopted for the Turkish project, Latif said: "We are finalising our marketing and sales plan... we will approach major investors, HNWI's, and institutional investment companies. We will also be focusing on selling the project to Turks based in European countries such as Germany, Denmark and Sweden."

According to Reidin.com, property prices in Istanbul rose 0.49 per cent in January 2010 and 116,000 homes sales were made nationally in fourth quarter 2009, a 25 per cent increase compared to fourth quarter 2008.

Although EFG has owns some plots on Al Marjan Island in Ras Al Khaimah (RAK) and Dubailand, it has no immediate plans for developments. It, however, has obtained a license to build a hotel and an eight-storey building on Al Marjan development.

"A number of projects will be delivered soon... so we will rather wait till the supply-demand curve meet and then look at the development option," said Muheyeldin. The group's real estate division is looking at opportunities in Saudi Arabia, and is optimistic about the UAE.

"We are very confident that the UAE property market will bounce back shortly and we have started seeing some good signs in the past one month."

On Monday, Landmark Advisory said Dubai house prices remained stable despite a rise in supply.