

Civil projects in the UAE worth \$657b still active

Khaleej Times - 12/11/2009

(MENAFN - Khaleej Times) Civil projects in the UAE worth \$657 billion, or 69 per cent of all the projects, are still active, research firm Proleads said on Wednesday.

The Dubai-based company has identified 1,845 projects as active, not cancelled, completed or on-hold, while reviewing the civil building construction industry in the country.

Last month, the federal government announced its plan to increase its budget spending by 3.4 per cent for the next year budget and 17.5 per cent of Dh43.6 billion had been allocated for infrastructure projects in the country.

The study splits the market into four sectors ♦ commercial and retail, education and healthcare, leisure and entertainment and finally the residential sector. "We found a number of common issues, said Emil Rademeyer, Director, Proleads. "Over two thirds of projects are still active, new projects starting have slowed and projects completing are accelerating and cash flow is declining," Rademeyer added.

The largest of these sectors by number of projects as well as by budget is the commercial and civil sector. The total market consists of 829 projects valued at \$412 billion.

The residential sector is made up of a combined value of \$312 billion. The rate that projects are being cancelled has accelerated over the course of the year although the largest proportion of projects, are still in progress.

Projects classified within the leisure and entertainment sector amount to over \$233 billion spread across 445 projects, while education and healthcare has almost 700 projects worth \$57 billion. "So although the overall situation looks stable, unless investment for new projects is found the size of the real estate industry will shrink and its overall shelf-life will be reduced," Rademeyer said. In terms of projects currently under construction, the report found that Dubai has the larger share of the market - indicative of Abu Dhabi projects having started later than Dubai.

"This view is supported further when looking at the scheduled completion dates with the bulk of the Dubai projects coming to a close during 2010 and 2011 and Abu Dhabi in 2012 and 2013," Rademeyer said.

Property prices have risen in Dubai for the first time since the market crashed last year, up 7 per cent in the third quarter as demand revived and lending conditions eased, an international property consultancy firm Colliers International said last week.

The volume of transactions in the third quarter also jumped by 64 per cent compared with the previous quarter but residential prices were still 47 per cent lower than in the same period a year ago, according to the consultancy's Dubai house price index.

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