

## UAE real estate industry primed for strong comeback - executives

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Abu Dhabi: Senior real estate and construction executives from across the Gulf believe that once the UAE real estate industry gets past short-term adjustments, it will adopt effective policies that will help it emerge stronger than it was before.

Executives attending Abu Dhabi Economic Forum said there would be pain experienced, with many over-leveraged buyers unable to make their payments. They added that the lack of available mortgage financing in the short term meant that this would prevent new buyers from coming onto the market.

They said they expected the real estate sector to go through healthy changes in the medium term. According to them, the current crisis will force real estate companies to adopt more effective policies that will help them get out of the situation as stronger entities.

Gurjit Singh, Sorouh chief property officer, said demand, especially in Abu Dhabi, was still exceeding supply.

"But the problem is the credit availability, the high interest rates and the strict mortgage criteria."

Dr Hani Shamma, the chief executive of Bloom, said that the problem afflicting the real estate industry in the UAE was that 90 per cent of the sector was speculative and only 10 per cent was end user market.

He spoke of "a hype of millions of people coming into the UAE for living and investment," which he believes contributed to the crisis the industry is going through.

Dr Shamma called on the government to investment more in infrastructure, health and education, which would create demand for real estate.

He also urged government to permit long-term residency visa for expatriates who own properties.

Abdulla Al Shakra, chairman of Al Hanoo Group, Saudi Arabia, said the real estate industry faced challenges when it was transformed from a service industry to a speculative industry.

They all agreed that the UAE economy had proven in the past to be able to successfully face several financial crises. They said the secret was the young and dynamic economy with a very high degree of flexibility.

The sector's key drivers include a growing expatriate population, ample liquidity, and a friendly regulatory environment.

Moreover, being a regional hub for investments has managed to attract international companies to the UAE to set up offices.

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