

UAE construction regains confidence

Over Dh3b in new developments awarded in single day as overseas fortunes rise, investors gain optimism

- By Yazad Darasha, Business News Editor
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Dubai: The awarding of multiple construction projects, worth almost \$1 billion (Dh3.67 billion), by, or to UAE-based companies in a single day is a clear signal of confidence seeping back into the region's economies, analysts said.

The first four months of this year have seen a clear up-tick in contracts being awarded in the real estate and oil and gas sectors, especially in the UAE and Saudi Arabia.

Damac Properties said it has awarded the main construction contract for its Damac Heights residential project at Dubai Marina to Arabtec Holding. The Dh500 million contract was signed this week and work is expected to commence soon.

Saudi Tabreed Cooling Company, a subsidiary of the UAE's National Central Cooling Company, yesterday said it signed a 1.84 billion Saudi riyal (Dh1.79 million) deal with Saudi Aramco to build a central district cooling unit. The project, financed by Banque Saudi Fransi, will be implemented on a build-own-operate basis, Tabreed said.

Oil projects

South Korea's Daewoo Engineering and Construction said it signed a \$272 million deal to build an oil storage facility for Abu Dhabi Oil Refining. Construction will begin this month for completion in November 2012, it said. Al Futtaim Carillion said it received a \$46 million contract from Aldar Properties to build a new retail outlet for Ikea on Yas Island. Construction is scheduled to be completed by the end of the year. In the past two weeks, Al Futtaim Carillion has received contracts worth about \$1 billion in Abu Dhabi, a statement said.

"Confidence is seeping back into the Gulf economies after good news from the US and Europe," an economic advisor to a prominent multinational bank told Gulf News.

"Companies and investors are seeing the advantage in positioning themselves for a rapid return to health after GDP growth and a rise in consumer spending in the US and parts of Europe."

These views were echoed by Damac Properties Chairman Hussain Sajwani. "When the recovery comes on, it will be most visibly felt in Dubai Marina and Business Bay," he told Gulf News. "That being the case, we have Ocean Heights making good headway

towards completion, and Damac Heights will join it in good time." Arabtec Holding is constructing both projects for Damac.

The Damac Heights project would take about two years to complete, "at which point the market would have picked up", Arabtec Chief Financial Officer Ziad Makhzoumi said in a TV interview.

"Any spending in these economic times is a positive," said Deepak Tolani, Vice-President at Al Mal Capital.

"We are noticing more projects being awarded. We also see banks slowly returning to financing projects. Governments are leading the way and the corporate environment is coming back with its own contribution."

Damac Heights is the third major contract Damac has announced this year, following Lakeside at the International Media Production Zone and The Corner at Business Bay.

— *With inputs by Manoj Nair, Associate Editor*

8% profit expected

Arabtec expects an 8 per cent profit margin this year on projects amid an up-tick in building business in the Middle East, Chief Financial Officer Ziad Makhzoumi said in a television interview.

"Costs are down due to the global economic situation, so we should be able to relatively maintain our profits and margins," he said.

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