

“Fewer Gamblers in Dubai and a Crisis That Will Heal Wounds in the Long Term”

German construction experts in interviews: Facility Management increasingly more important

Dubai, UAE 19 March 2009– Which path will the real estate sector take in the future? This is a question many are asking there, where buildings were literally shooting out of the ground – in the boomtown of Dubai. Few had worried about costs; the concept of Infrastructure lifecycle was unknown. At a press conference, six experts discussed promising strategies to successfully weather the phase of consolidation.

But everyone agrees: The crisis is here, it's real – it is however beneficial. And even if the consolidation will be painful for many, the new situation will help to take the appropriate measures now. Dr. Uwe Forgber, head of conject in Dubai, views the following as an initial positive effect: “Those who found the off-plan deals and short-term profits more important than long-term actions are either gone or on their way out. You could say that the gamblers have left the scene.” Those who remain are serious. Whoever has a real interest in good infrastructure has given thought ahead of time to what happens to the buildings after they are finished.

The **change in attitude in the real estate sector** has been palpable on the Arabian Gulf over the last few weeks. Before, the scenario of “Bigger, better, boom at any cost” was the motto, now people are striving for sustainable values and profit opportunities, above all in inventory management. Particularly in difficult times, financial earnings and return on investments are more important than ever to investors and operators. New business models for added value in the real estate industry are now marked by sustainable profits and minute planning of organization in the realization. “This change is hardly glamorous, but extremely serious and we are feeling it daily at conject,” Forgber says. Expert knowledge is in demand in a time when many have to tighten their belts.

Facility Management is emerging as an increasingly **important topic** – journalists asked many questions specifically about this phase of the construction process. In Germany a classic, in Dubai underdeveloped. Previously project developers only had their sights set on the planning and construction phases, now the effects of this shortsightedness has hit them full force. Many buildings are still being realized – but who will be operating them and how? For this reason, a transformation is underway here as well. In all seriousness, it is now vital to learn from mistakes made in the past.

The journey in Dubai continues! The basis for this is a healthy real estate sector. Healthy in the sense of enabling urban living. “It is absurd to design buildings that are only intended for a quick flip, only to be torn down after a few years,” Forgger commented. And logistics expert Roland Zibell emphasized: “The leaders in Dubai and UAE now have an opportunity to realize previous visions and to allow for demographic developments, as originally planned.” Above all in Abu Dhabi, the capital city of the neighboring emirate of the same name and the United Arab Emirates (UAE), the population is expected to increase threefold by 2030. The population of Saudi Arabia is expected to double in the next 20 years.

The market adjustment discussed is having the effect of encouraging thinking in the long term, previously neglected in the past. The phrase ‘long term perspective’ has cropped up in every statement in the last few days. The experts agree that Dubai can and will profit from this – in the long term.

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