

LRED Industry Insights

Top 7 Drivers of UAE's

Real Estate Recovery in 2021



The UAE is projected to see a V-shaped recovery from the impact of COVID-19, gauging from the notable pick up in trade and tourism sectors and the renewed positive sentiments brought about by historic immigration rules and peace deals spearheaded by the country



SUMMARY:

The UAE's series of game-changing regulatory amendments – from providing Emirati citizenship and golden visas to investors and select expats to allowing 100% ownership of businesses for foreign nationals – will significantly fuel the recovery and growth of the country's property market, according to Lootah Real Estate Development (LRED), one of the region's most prominent real estate developers.

In its Industry Insights Report, LRED has highlighted top 7 drivers that will propel the real estate sector's recovery from the effects of the pandemic this 2021.

In addition to the sweeping changes in citizenship and immigration rules, LRED's in-depth analysis underlined the landmark signing of the Abraham Accords, the extensive national vaccination programme, the gradual resumption of tourism activities, the progress in the highly-anticipated Expo 2020 Dubai, the changes

in full company ownership laws, and the higher appetite from Dubai renters to become homeowners as primary contributors to the real estate rebound.

Lootah Holding's Group CEO Arash Dara said: "There are clear indicators that the UAE's economy will see a V-shaped recovery from the impact of COVID-19, gauging from the notable pick up in trade and tourism sectors and the renewed positive sentiments brought about by historic immigration rules and peace deals spearheaded by the country."

LRED COO Russell Owen added: "Dubai continues to be one of the most sought-after destinations for tourists and investors. Investors and end-users stand to benefit from the property price correction and we are already seeing a movement from renters to homeowners due to attractive property prices, lower mortgage rates, and higher loan to value ratio."



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ARASH DARA
Group CEO,
Lootah Holding



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EMIRATI NATIONALITY AND PASSPORT FOR CERTAIN EXPATS

In a historic move by the UAE government, the leaders have recently approved amendments to the Executive Regulation of the Federal Law concerning Nationality and Passports—allowing investors, professionals, special talents and their families to acquire the Emirati nationality and passport under certain conditions.

According to Dara, this new measure will attract and retain the talents that will continue to drive the long-term economic and development goals of the UAE. As these talented professionals are enticed to come in and settle in the country for good, they will be encouraged to look for permanent homes and long-term residences, which will drive the demand for UAE's property market.

"This historic decision by the leaders to grant certain expats Emirati nationalities and passports will play a vital role in the country's long-term economic diversification objectives, cementing the leaders' commitment to have a growth partnership with the right workforce. It will be a game-changer for the UAE's real estate sector too, as it will increase the demand from both the end-users and the investors community," he said.

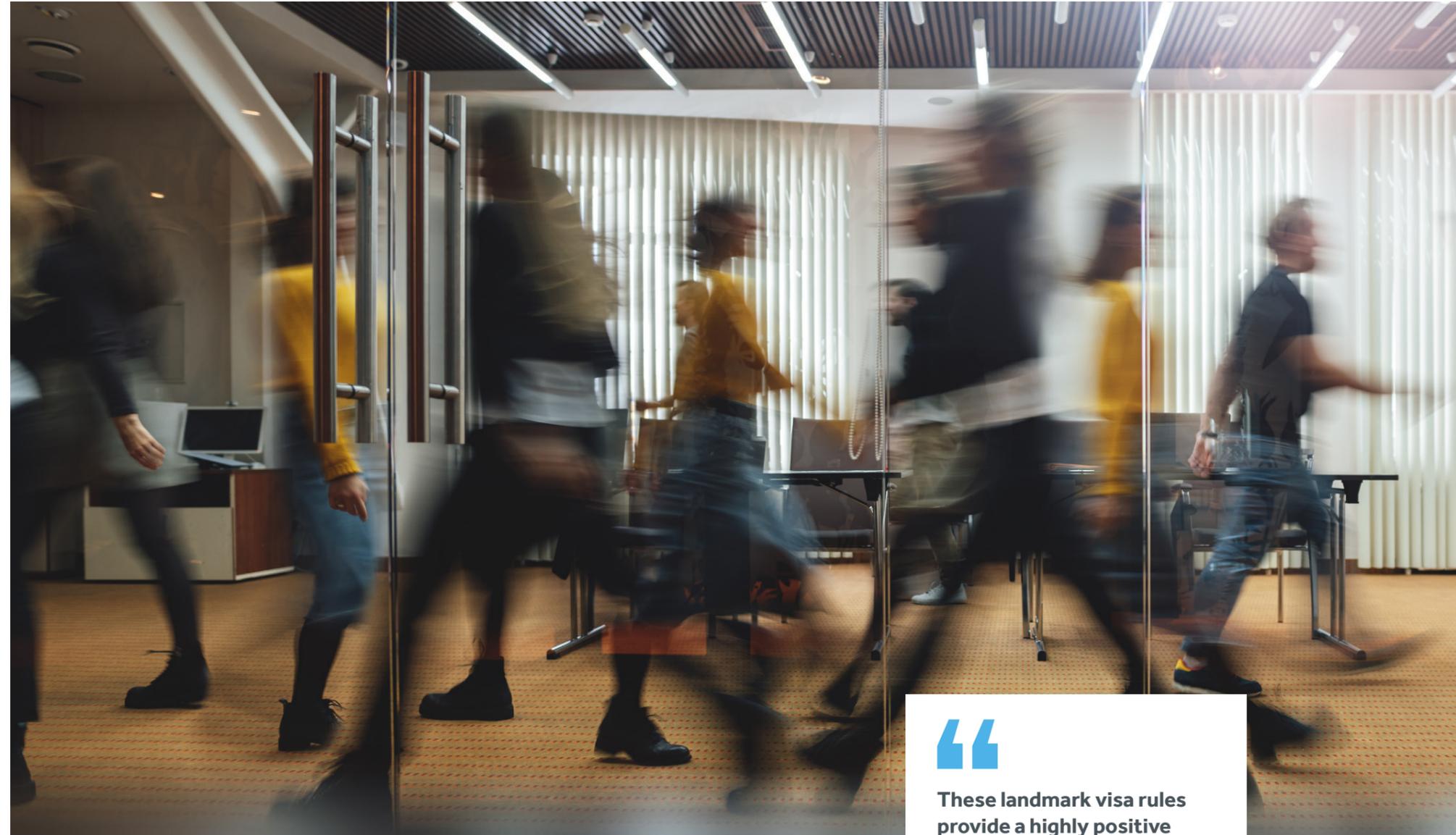
LRED's Industry Insights Report underlined UAE's series of historical immigration rules, game-changing regulatory amendments, Expo 2020 developments and higher appetite from Dubai renters to become homeowners will significantly fuel the recovery and growth of the country's property market

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WIDE-RANGING VISA RULES

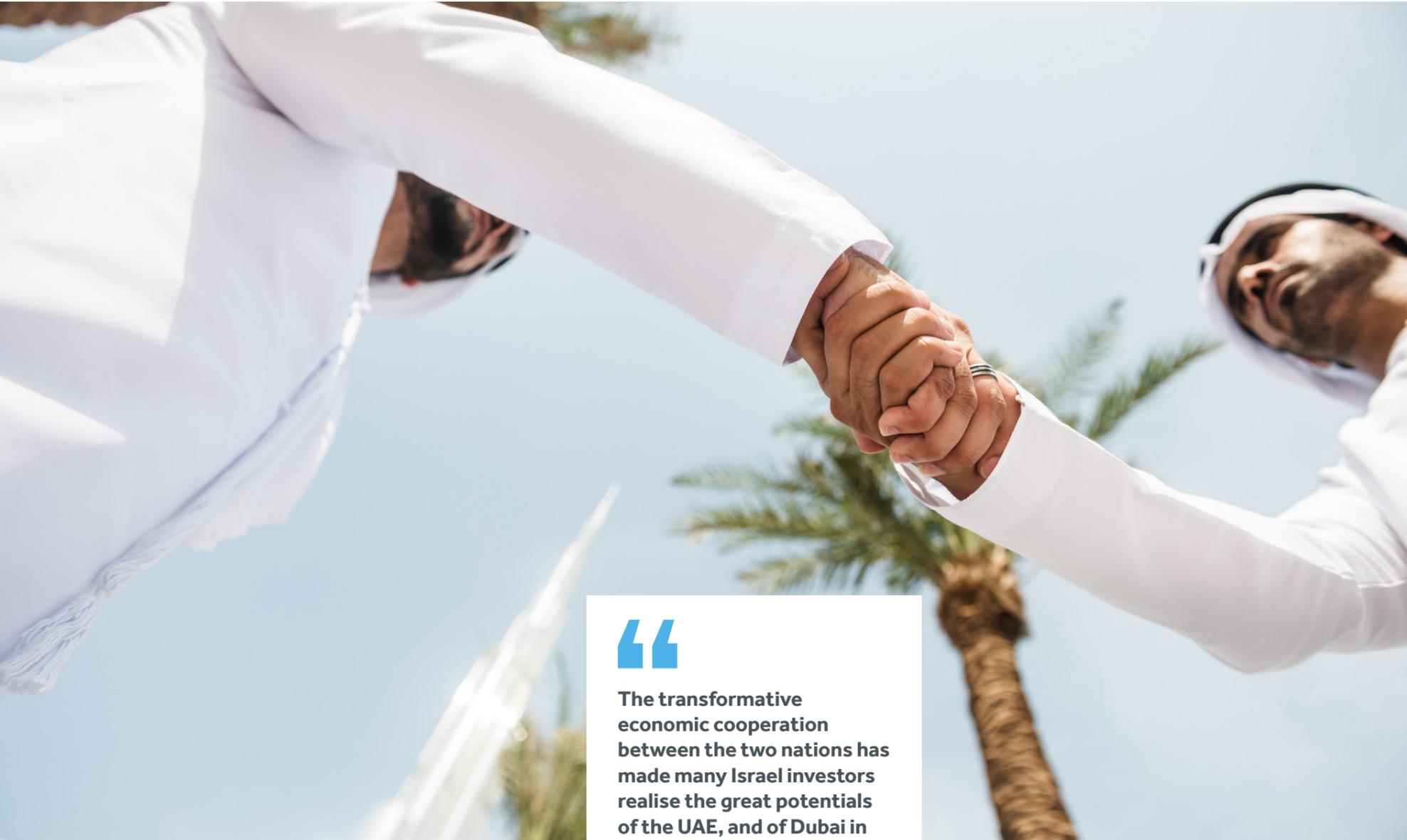
Industry leaders also expect that the string of sweeping changes in UAE immigration, including the UAE Golden visa, which provides 10-year residency for more classes of investors, professionals, and students; the ability of foreign students to bring and sponsor their families, and the provision of 5-year renewable retirement visa to retired residents, would further beef up property demand.

Dara said: "These landmark visa rules provide a highly positive impact on the UAE's real estate sector by creating a less transient expat population. With more people expected to stay in the country for a longer period of time, the more sustainable demand for properties will be," explained Dara.



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Group CEO, Lootah Holding



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RUSSELL OWEN
COO, Lootah Real Estate
Development (LRED)



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NORMALISING UAE'S RELATIONS WITH QATAR AND ISRAEL

As the historic diplomatic and economic relations between the UAE and Israel normalise with the signing of the Abraham Accords in September 2020, real estate is one of the major sectors slated to benefit from the full spectrum of overseas investment from Israel. Zurich Capital Funds, for one, said it has received \$500 million (AED1.835 billion), in commitments from Israeli investors to invest in the UAE's major sectors, including real estate.

The bilateral investment between the UAE and Israel is slated to reach \$10 billion within a short span of time. In the past five months alone, bilateral trade between Dubai and Israel had already reached AED1 billion.

In addition, the UAE has recently announced plans to resume bilateral ties with Qatar—starting with the reopening trade and transport relations between the two nations. This development came following the signing of the AlUla Declaration at the 41st GCC Summit held in the city of Al-Ula—with the UAE, Saudi, Bahrain, and Egypt agreeing to restore ties with Qatar. The said declaration has paved the way for the re-establishment of political and economic ties with the State of Qatar, as well as reinforces the commitment of the member-states to ensure stability of the region.

Owen underscored that the strategic location of Dubai in the heart of the map and its close proximity in key cities in the world makes it an ideal place for Israeli and Qatari investors.

"The transformative economic cooperation between these nations has made many Israel and Qatari investors realise the great potentials of the UAE, and of Dubai in particular, in terms of diversifying their real estate holdings," Owen said.

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NATIONAL VACCINATION INSPIRES OPTIMISM

The arrival of millions of doses of vaccines against COVID-19 has given a booster shot to the level of optimism in the UAE. Administering over three million vaccines across the country by January 2021, the UAE has ranked first in multiple indices related to the COVID-19 handling, such as the first position globally in terms of the distribution of daily vaccine doses. It also ranked second in the world in terms of vaccination rollout—with a dose administration rate of 36.04 per 100 people, according to the National Emergency Crisis and Disaster Management Authority (NCEMA).

The UAE offers four vaccines against the COVID-19 infection – Sinopharm, Pfizer-BioNTech, Sputnik V, and AstraZeneca – free of charge and on optional basis to UAE nationals and residents.

“UAE’s standing as a leading player in COVID-19 vaccination reaffirms that the country’s wise leadership places health and safety as a top priority. The leading global position of the UAE in key COVID-19 indices will strengthen investor confidence and draw more people to invest in real estate,” Dara said.



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A BOOST IN TOURISM WITH EXPO 2020

The pandemic has halted most events and activities across the globe, but the greatest show on earth—Expo 2020 Dubai—marches forward this year, safely and securely.

With the expected millions of visitors and tourists coming to Dubai for the much-anticipated global event, the UAE has been recently named “world’s most searched destination for 2021,” based on a study conducted by the global travel company Kuoni in July 2020, covering 131 countries.

Owen highlighted: “Expo 2020 Dubai, along with lots of opportunities it offers for the travel and tourism sector, is a vital contributor to the potential growth of Dubai’s real estate market this year. The construction of the mega projects within the Expo 2020 site ushers in multiple opportunities and prospects for residents, who are looking to invest and rent properties.”

Even as international tourism is heavily impacted by the pandemic, the wise leadership of the UAE has found a way to pivot the occupancy line in hotels in the right direction. With the launch of the new UAE Strategy for Domestic Tourism, the country has begun generating domestic tourism demand.

According to the latest figures from research firm STR, the average room occupancy rates in Dubai and Abu Dhabi have reached 70 per cent last December.

In line with the expected number of visitors, four new stations on Dubai Metro’s Route 2020 were opened on January 1, linking the city with the World Expo site. These were: Jebel Ali (interchange station); The Gardens; Discovery Gardens; and Al Furjan.

The Metro station for the World Expo is likely to serve about 35,000 daily visitors during weekdays and 47,000 daily visitors during weekends.

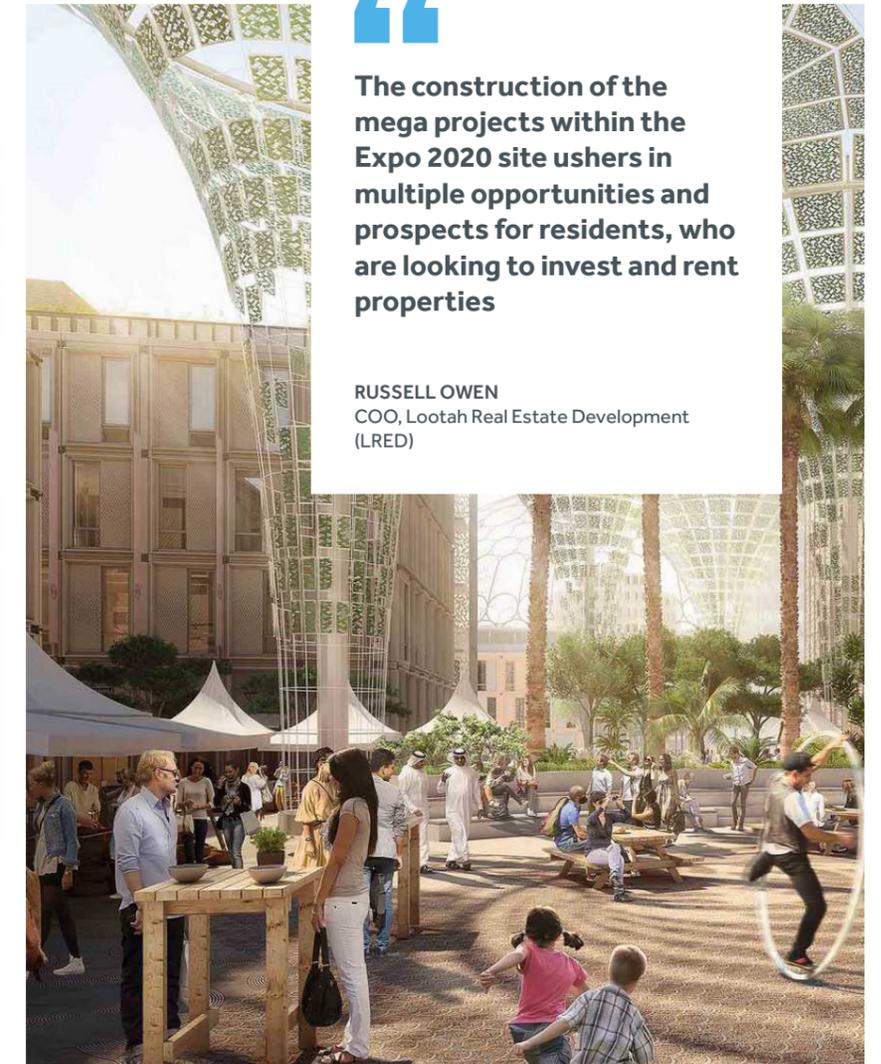
Owen said that another soon-to-open station, which is the Dubai Investment Park (DIP), is also expected to benefit developers, residents, and businesses alike in this area.

“Studies show that properties near to a Metro station will lead to higher property values and rental rates, making them more attractive and resilient compared to those in other areas. Once DIP Station opens, our residents at The Edge, Ewan Residences, and soon-to-rise Ewan Avenue will benefit tremendously from this. Such transport progress will further propel the real estate market of Dubai towards greater heights—especially in the post-crisis era,” he said.



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RUSSELL OWEN
COO, Lootah Real Estate Development (LRED)





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6 RENTERS OPTING TO BECOME OWNERS

As early as in August 2020, LRED has reported an increasing number of Dubai residents shifting from being renters to becoming first-time homeowners.

This was supported by the latest data released by the Property Finder group, which showed that the Dubai property market made a solid performance in the last quarter of 2020—posing market sales worth AED22.07 billion through 11,065 transactions from October to December.

According to Owen, a host of factors has increased interest in owning a home during this time. It includes attractive property prices, lower mortgage rates, as well as higher loan to value ratio where expats can borrow up to 80 per cent of their property purchase price and up to 85 per cent for UAE nationals.

“This growing market transaction is driven by professionals and families seeking affordable homes that are conducive both for residential and working lifestyle while building equity.”



This significant measure is set to not only help the economy gain its sterling position as a leading global hub for business but also to accelerate economic growth and productivity in the UAE even further

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Group CEO, Lootah Holding

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FULL COMPANY OWNERSHIP

The changes to Federal law No. 2 of 2015 of the Commercial Companies Law—allowing full foreign ownership of commercial companies without the need for an Emirati shareholder or agent—are deemed to reduce costs for companies and play a vital role in attracting more investments and liberalising business activities in the UAE.

Dara stressed, "This significant measure is set to not only help the economy gain its sterling position as a leading global hub for business but also to accelerate economic growth and productivity in the UAE even further. With the nation's stronger economy, investor confidence will be shored up further, and the property market will follow suit."

ABOUT LOOTAH HOLDING

Lootah Holding is a family-owned conglomerate, deeply rooted in UAE's culture and heritage with an aspiration to be a center of entrepreneurship.

Born out of the pioneer vision of its founder, Saleh Saeed Lootah, the group ventures into a diversified industry sectors, creating innovative business opportunities. Through its commitment to growth, and a team of ambitious young leaders and innovative minds.

Lootah holding fosters its entrepreneurial culture across key industries from Real estate, Construction, Islamic finance, Logistics and E-commerce, Technology, Academic Training and Healthcare to Interior design, with a view of becoming a driving force for the national and regional economic growth.

ABOUT LOOTAH REAL ESTATE DEVELOPMENT (LRED)

Since inception, Lootah Real Estate Development (LRED) has acted as the pioneering real estate development arm of Lootah Holding. Through a culture of excellence and an unswerving commitment to provide the very highest standards of living, LRED has not only achieved, but exceeded, the most ambitious goals. Already over 1,000 units have been delivered to satisfied occupants, with many more planned for the future.

Lootah Real Estate Development has positioned itself as the leaders in innovation in the real estate development sector, and accordingly became the lifestyle developer of choice within the region recognised for creating modern communities.

LRED properties are all conveniently located in accessible areas across the city and offer everything from studios to one & two-bedroom apartments and of course townhouses making sure that they cater to all segments whether individuals, young couple or larger families.

Sustainable construction remains a top priority for LRED, whether through using sustainable materials or the proper management of waste, sealants and coatings the company ensures all its properties are built according the highest standards of quality and sustainability.

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