

INDUSTRY INSIGHT



Office space is next best investment

Investors now interested in commercial property as source of stable returns

By Porush Jhunjunwala
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Dubai is strategically situated as a business hub and a gateway to the wider Middle East and North Africa regions. The city appeals to foreign investors seeking to protect their assets from the volatilities in the market. The UAE is stable, tax-free and serves as an ideal destination for businesses, backed by high levels of security and safety.

Demand for commercial property is significantly higher this year than the past two years. This is particularly led by the growing investor and business confidence in Dubai, which is now firmly on a growth track. All the indicators of its economic growth, led by key sectors such as tourism, hospitality, trade and retail, are robust, which, in turn, are driving demand for property – both commercial and residential. Today, a number of regional and international firms are also leveraging the current market environment to acquire large spaces at attractive rates over long-term contracts.

In the beginning of 2012, add-ons were a market norm but now, with the market recording robust positive growth and with increased demand for Grade “A” office space, fewer “sweeteners” are offered.

Among the key drivers of demand for commercial real estate are large corporations continuing to show interest in upgrading their premises with more flexibility in terms of leases and limited new supply entering the market. Large investors have started to focus their attention on the UAE property market, the Dubai commercial property market in particular, as a source of stable returns. Investors are more interested in buying commercial property that is currently occupied by tenants as a source of definitive returns on their investment.

Another big factor fuelling growth is the bid for World Expo 2020 which, if won by the UAE, will have a huge impact on the economy. It is virtually impossible to predict the amount of growth and investment this country will see if we are to host the world expo.

The writer is Director, Banke International Properties LLC