

## Summary

Manama, Bahrain 8-10 May 2018

### Special Real Estate Projects

10 May

#### Key points

- Bahrain is looking for investors for two unique real estate projects, Diyar Al Muharraq and Water Garden City.
- Bahrain's real estate sector is the most stable in the GCC, and the real estate law that came into effect in March 2018 offers unprecedented ownership and investment opportunities to foreigners.
- The real estate sector generally follows the direction of the overall economy – as manufacturing, tourism and other sectors develop, so does real estate.
- The changes afoot in Saudi Arabia will have positive spillovers for Bahrain's real estate sector by propelling economic activity across the region.

#### Synopsis

Diyar Al Muharraq is a project being developed in the north-east of Bahrain, near the island of Muharraq, with 40 km of waterfront. It is envisaged as a series of interconnected, man-made islands totalling 10 sq. km of land, housing residences, hotels, schools, hospitals and shopping malls.

The project, described by Maher Al Shaer, Chief Executive Officer, Diyar Al Muharraq, is well connected to the capital city of Manama, and is 30 km from the King Fahad Causeway that connects Bahrain with Saudi Arabia. Among its attractions is Dragon City, a 55,000 sq. m retail and wholesale trading centre for Chinese goods, which has been in operation since December 2015.

The Water Garden City project is a “once-in-a-lifetime” opportunity to buy a “private island”, whose master plan of mixed-use development will make it ecologically, socially and commercially sustainable and viable, said Zeyad Janahi of Albilad Real Estate Investment.

The islands, spread over 560,000 sq. m combined, can be purchased for investment and be fully owned by foreigners. Buyers will get an island that already has all utilities and infrastructure, provided by the master developer. Also, no future development will occur nearby, leaving its vast waterfronts untouched.

“Bahrain is the most sustainable business within GCC,” Al Shaer said, adding that a new real estate development law that has come into force in March 2018 reduces risk for investors and end users through a range of steps, such as giving clear titles and putting buyers' money in escrow, to be used for a specified project only.

Affordable housing and opportunities for family entertainment are two areas on which real estate investors can focus, as the huge need for these in Bahrain is unmet, Al Shaer said.

In the GCC region, a developer needs to create demand. Many projects exist but the challenge is to make them unique to attract end users. According to Al Shaer, to do this, the developers and government authorities must act in tandem. The government can help by issuing zoning or building-area approvals faster, by building infrastructure to connect upcoming projects, and by making financing facilities available for non-Bahraini investors or end users.

The real estate sector typically follows the economy – if manufacturing, tourism, services, logistics, etc., flourish, then real estate follows, said Janahi. Currently, Bahrain holds the wild card of recent oil discovery, so real estate is bound to reflect overall economic growth. Waterfront development, events, open-air theatres, entertainment for kids – all of these should see an upswing.

At the same time, the political and economic changes currently underway in Saudi Arabia will propel region-wide growth, creating stability and trust across the region, which will boost the real estate sector across the GCC, including in Bahrain.

However, according to Janahi, Bahrain's new real estate law may need to introduce exemptions as its requirements are too strict.

At the same time, Bahrain offers unique benefits to non-citizens compared with the rest of the GCC – it allows multi-entry visas, has the least government interference in business and has an open society. These factors make it an unmatched destination in the GCC.

#### **Session panellists**

**Maher Al Shaer**, Chief Executive Officer, Diyar Al Muharraq

**Zeyad Janahi**, Albilad Real Estate Investment

Moderator: **Colin Foreman**, Deputy Editor, MEED

#### **Disclosures**

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