

In this file photo, customers shop at a Huawei store at a shopping mall in Beijing. The founder of Huawei says the Chinese tech giant is moving its US research center to Canada due to American restrictions on its activities. (AP)



Huawei plans to shift research center to Canada from US

Huawei Technologies Co Ltd plans to shift its research center to Canada from the United States, Ren Zhengfei, the founder of the Chinese telecoms equipment maker, said in an interview with Canada's Globe and Mail. Ren's remarks came as Reuters reported on Friday that the United States is weighing expanding its power to stop more foreign shipments of

products with US technology to Huawei. The US Commerce Department in May placed Huawei on a trade blacklist, citing national security concerns. Huawei's "centre for research and development will be moved out of the United States. And that will be relocated to Canada," Ren told the Globe and Mail, adding that the company will also manu-

facture some mobile network equipment outside China. The Huawei founder wants to build new factory capacity in Europe to make fifth-generation (5G) networking equipment there, hoping to assuage fears stemming from US allegations that its product could be used by China for spying, the Globe and Mail reported. Huawei was not immedi-

ately available to comment on Ren's interview when contacted by Reuters. The firm has previously denied it is a risk to US national security. The company spent \$510 million on the operations of its US research arm last year, according to the Globe and Mail report, which added that it has now trimmed the arm's work force by 600 to about 250. (RTS)

Sector requires data and information to enable better investment decisions: experts

Gulf Bank holds seminar on Kuwait's real estate market

KUWAIT CITY, Dec 3: Gulf Bank gathered industry leaders, experts and decision makers from real estate companies, government institutions and nonprofit organizations in a closed session to discuss the present developments of the local real estate market.

The session came as part of the Bank's commitment to providing a platform where professionals can exchange insights and experiences with decision makers in an aim to advance the business environment and ultimately benefit stakeholders.

Real estate market position today Presently, the Kuwait real estate sector is considered healthy when compared to other Gulf Cooperation Council (GCC) countries, mainly due to the halt in its expansion from 2013 to 2016 which contributes to keeping supply under control.

However, and despite the controlled supply, number of factors continue to affect the level of transactions and trade volumes of each real estate subsector. Investment properties in particular saw a decline of 0.3% to 0.5% in every quarter of 2018, and closed the first quarter of 2019 with a 0.3% decline in a comparison to the same period in the previous year. The decline in these prices affected in turn trade volumes, which declined by 16.2% in the first quarter of 2019, and then witnessed a slight growth in the second quarter by 1.5% compared to the same period of 2018. Volumes declined once again by a sharp 25.7% year-on-year in the third quarter.

Residential and commercial properties

Statistics show that residential and commercial properties performed better than investment properties when it came to price levels and trade volumes. While trade volumes of residential and commercial properties increased by 47% and 57% respectively in the first quarter of this year, prices in each subsector increased by 0.2% and 0.1% respectively for the same period.

Value of lands

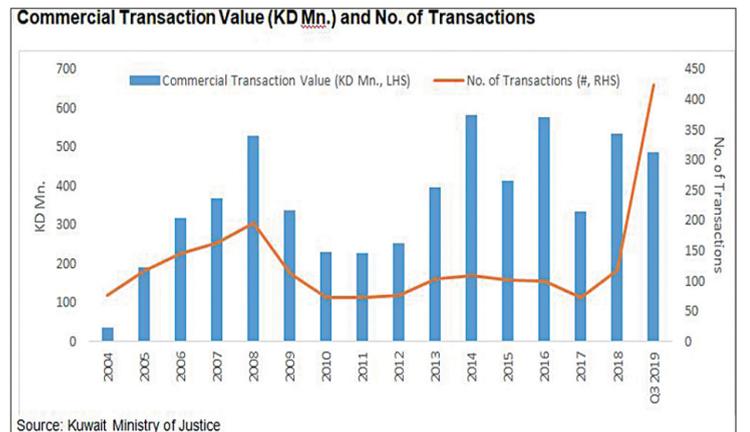
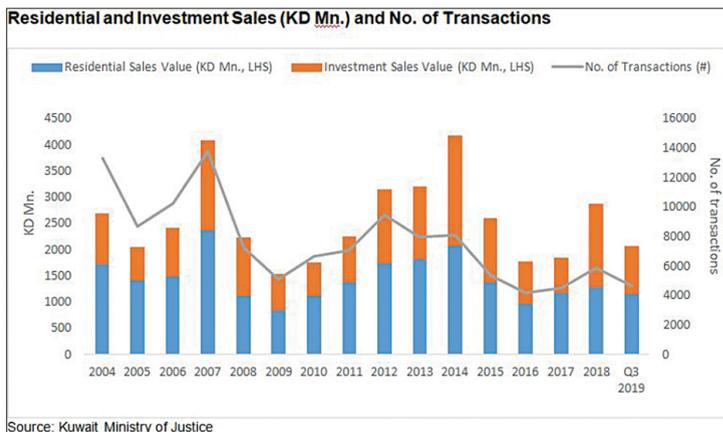
Value of lands in Kuwait have witnessed noticeable increases in some rare and popular locations. Between 2015 and 2016, the average price per square meter of investment properties in the capital stood at approximately KD 800, and increased to a soaring KD 1,400 to KD 1,500 today. And despite the increase in prices, a few family-owned real estate companies still hold a significant share of total trades of investment and commercial properties, while the number of vacant investment lands ranges between 1,200 and 1,300 only following the large expansion seen in the market pre-2013 in response to the back then shortage in supply.

As for residential properties, the price per square meter in the Mubarak Al-Kabeer Governorate stood at approximately KD 400 between 2015 and 2016, and reached today an average of KD 600. Prices of lands in the residential sector have increased despite real estate companies absent from this sector as per the law (9/28) which prevents them from owning land for in residential areas. These companies have therefore turned to invest in other area in the GCC and Europe.

The landscape for industrial properties somewhat differs and is witnessing a growing demand for warehouses and industrial lands. Available statistics show a rise in the prices in the service and crafts sectors, however it is not driven by the industry, but by traders who control the supply and its prices. The ultimate beneficiary in this sector is the real estate trader, searching for fast financial gain and benefiting from a lack of regulations or law of owner-



Kuwait's real estate industry leaders and experts during a round table discussion on the present development of the local market organized by Gulf Bank.



ship in this specific sector.

Properties developed for retail and restaurants are also suffering today due to a weak demand, perhaps caused by high rental prices. Demand for supply in this sector can only regain balance should rents be reduced.

Mega projects

Land prices continue to rise at a time where Kuwait is ranked last among GCC countries in terms of spending on mega projects such as the development of its waterfront, the Shuwaikh industrial and chalet areas, the labor accommodation project, gated communities and other similar projects including industrial cities.

While neighboring countries are moving towards a massive development of "Mega Projects", many of which have been successful, Kuwait has not kept pace with this trend despite its demographic and financial fundamentals that support similar developments, subsequently opening door to opportunities that would benefit developing companies as well as community at large which these developments are built for.

Accordingly, the real estate market requires today from the government to introduce new residential, investment and commercial areas in its capacity as the main owner of lands with the objective to change the structure of trades in the sector. The step is a need today, in addition to the endeavors of the Public Authority for Housing Welfare which resulted in the launch of mega real estate projects under the PPP Law such as the development of malls,

offices and investment housing in Jaber Al-Ahmad Sabah Al-Ahmad cities, as well as new residential cities such as South Saad Al-Abdullah city.

Enhance transparency

Providing the required information about the real estate remains a challenge for the sector. The growth of investments in the real estate market today relies on the sole data collected by various government institutions when a transaction is registered. This decentralization limits the possibility of developing in-depth studies and report on the outlook and opportunities that the sector may offer.

In fact, real estate companies lack a central entity whose only purpose is to collect all sector-specific data from the market and provide it to companies and individuals seeking to invest their capital in Kuwait. Real estate companies depend on such to prepare their feasibility studies and development plans in a clear methodology that achieves the objectives of the investor as well as the prosperity of the sector. The data also served to protect them from defaulting investments.

Promoting transparency in the sector is without a doubt a foundation to any vital sector. It is therefore crucial to establish an independent body capable of providing the necessary data and regulating the sector by developing the framework that enable the growth of the sector. With such a structure, transparency in the sector will increase naturally. And when there is transparency, capital flows increase because in-

vestors can assess their returns based on reliable data. The independent body would have the responsibility to provide opportunities to invest lands by setting clear standards and laws for real estate developers and ensuring it regulates supply and demand.

Organizational challenges

The private sector emerges as a provider of solution to the need of the real estate sector which today lacks quality developments. The sector is faced with challenges of weak activity and a need to create a more transparent environment, regulated by laws and a clear vision for the standards of development and urbanization to contribute to its long-term sustainability and attract new investments.

Real estate developers are also faced with obstacles, including a disparity in statistics and their un-conformity with data and laws presently regulating the sector. Some of these statistics show that the private housing sector attracts 50% of total trades made in the real estate sector, while Kuwait is living a housing crisis that is leading the government to subsidize rents at a value exceeding KD 2 billion over the past five years. Real estate developers remain absent from the role of finding a solution to this crisis despite their proven success in developing residential projects out of Kuwait.

Returns of the real estate sector

Today, the value of the land represents around 60% to 70% of the total investment value of a property. For an investment to be economically viable, the value of

the land should ideally stand at 20% of the investment value. The high value of lands is mainly due to the monopoly on lands as well as many other challenges that were seen in the past 50 years and which included a limited road network and infrastructure. These challenges have clearly shown the necessity to introduce an infrastructure development program for new areas under the PPP Law.

Moreover, the economic viability of any property development is key. Today's environment does not support a balance in real estate prices because of the monopoly on lands and limited regulations. The real estate sector will start regulating automatically when addressing these imbalances. Government regulators must take into consideration the limited support and incentives presented to the private sector, in addition to the lack of a "code" for the development of private housing and other properties and a clear plan to bringing solutions to the land planning issue.

Challenges and opportunities

1. The residential real estate sector in Kuwait suffers from the size of houses which drain resources, energy and infrastructure, and pushes urbanization to an unsustainable stage. The solution lies in fragmenting the property and creating new cities at a low construction rate. The size of houses need to be reviewed.

2. Boursa Kuwait recently introduced REITs, enabling the real estate sector to attract local and international investments, and providing a transparent platform to trade and

for small investors to benefit of fixed dividends. These funds are expected to attract new capital to the market and therefore their role as a new investment tool in the market needs to be strengthened.

3. Mortgages are one the necessities to the development of the private sector in general and the private housing sector in particular. Introducing mortgages will contribute to a solution to the housing crisis.

4. New laws capable of attracting Kuwaiti funds instead of flight out of the country and involving the private sector in providing solutions to the housing crisis.

5. Promote the participation of the private sector in the development of infrastructure projects under the PPP Law.

6. Provide data and market studies to help investors make informed decisions.

List of Attendees

Eng Ahmed Al-Manfouhi, General Director of Kuwait Municipality; Eng Osama Bukhamseen, Chairman and CEO of Tanmiya RE; Bassam Al-Othman Executive Vice-President Kuwait Financial Centre; Tawfiq Al-Jarrah Chairman of Real Estate Association; Khaled Al-Mashaan, Vice-Chairman and CEO of Alargan International RE; Sulaiman Al-Dulajjan, RE Expert at Al-Dulajjan Centre; Abdulaziz Al-Khatrash, CEO Ajial RE; Abdulkarim Taqi, General Manager of Public Authority for Industry; Eng Mohamad Al-Zemami, Executive Vice-President - Projects Wafra RE; Mohannad Al-Sanea, Chairman of Kuwait Economic Society.

US subsidiary to provide realty services to local market

Dimah Capital establishes Apex Capital

KUWAIT CITY, Dec 3: Dimah Capital Investment Company ("Dimah Capital") – a subsidiary of Al Intiaz Group – announced that the Company has established a subsidiary based in the United States named APEX Capital Investments Corporation ("APEX Capital").

At a press conference hosted by Dimah Capital, Vice Chairman and CEO of Dimah Capital Investment Company, Hosam Nasser Al-Muzaiel, stated that APEX Capital provides real estate investment services such as acquisition and asset management, in addition to being a strategic extension to Dimah Capital in the US.

"The US real estate market is vast and it is important for us and our investors to have a strategic presence in it," said Al-Muzaiel. "APEX Capital will further enable us to explore and strengthen our investment opportunities in a wider range and manage our assets more efficiently, while further enabling us to improve the quality of our services to our clients."

Senior Vice President and Head of Alternative Investments at Dimah Capital, Waleed Mohammed added that APEX Capital provides a wide range of services such as asset management and investment structuring and unique opportunities related to

deal finalizing, finance structuring, loan scheduling and much more.

"APEX Capital's services are not limited to Dimah Capital's ventures but provide real estate services to the local US market as well as it is equipped with an entire team which possesses extensive years in the industry," said Mohammed.

Dimah Capital is a leading real estate investment company with a diversified portfolio of investments in the US and Europe, all of which are Islamic Sharia compliant. The company's capital stands above KD 44 million while its total managed assets exceeds US 1 billion.



Dimah Capital executives speaking during the press conference.