



# The Monthly Real Estate Report

M A Z A Y A

AIM TO LEAD

Issue No. 110



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The Monthly Report - JULY 2015

## Road and Rail Projects Promise Rewarding Investment Opportunities



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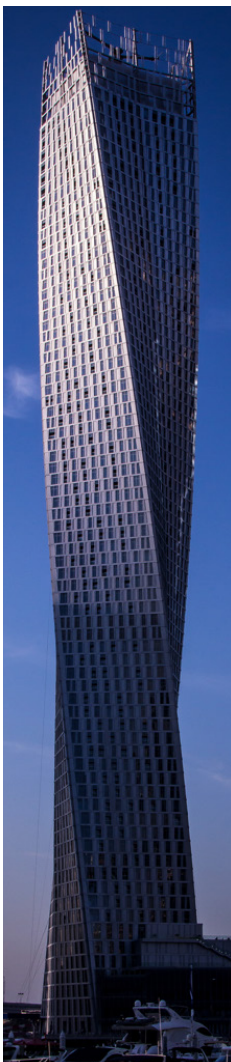
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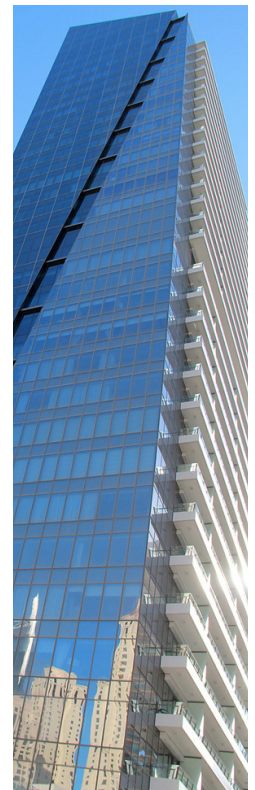
### Road and Rail Projects Promise Rewarding Investment Opportunities



As the development wheel continues to revolve, strategic plans appear endless within the GCC's extending beyond ten and twenty years corresponding to the State vision of social, economic, political progress. Other main sectors perceived to function effectively to maximize the utilization of national resources at each phase of growth are at the heart of new plans. Countries within the region embrace many similarities in terms of their development plans especially with regards to their overall goals, however these plans differ in terms of their execution and stages followed. In this connection, the success achieved by these sectors in the GCC's motivates a replication of similar successes in neighbouring countries. Nevertheless, most of the development plans adopted in the region target increasing the competitiveness and productivity across the region and worldwide, in order to diversify national income sources by maximum utilisation of oil profits. The firm stand of the economies in the region - one year on from the great decrease in oil prices is great evidence of the new evaluation and amendment stage the region is experiencing that is aiming to gain future successes.

AI-Mazaya Holdings Weekly Report refers to road and rail projects unprecedentedly sought in the GCCs with great investments currently concentrated therein this domain. These projects constitute a great portion of government expenditure that remain unchanged, nor cancelled or postponed - same as in the viable expenditure plans on the major sectors as health, education, oil and gas. Data revealed on the GCC Rail Network Project state the venture costs may exceed USD20 billion adding a quality breakthrough to the transportation system in the region. This project is inseparable to the long-term development projects targeting more integration and harmony across the region, especially considering the significance of rail networks facilitating economic and commercial interaction within the region and globally. The project is further environmentally significant in reducing the pollution impacts of transportation activities, therefore enhancing sustainable concepts. The GCC's currently seek to enforce a world standard rail network that is simultaneously efficient and secure - adding to the efficiency of logistics within region which have been continuously increasing.

AI-Mazaya Report points to Dubai Metro and other road and transportation projects inspiring the launch of numerous similar projects in the region. Given the success of Dubai Metro since its commencement, this project affected serious changes for Dubai residents reducing their dependence on private vehicles, while urging neighbouring countries to seriously invest in public transportation channels. In the meantime, Dubai is taking preparations to extend the Metro Dubai red line to the Expo 2020 site. Other relevant projects under constructions constitute further attractive investment opportunities for the private sector to penetrate road and transportation contracts announced by specialised public authorities.

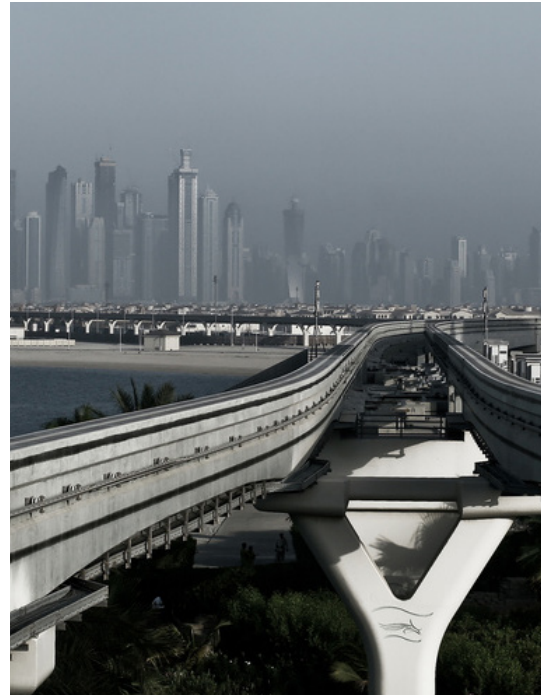


The current transportation plans involve constructing hundreds of kilometres of roads, bridges, runways, and orbitals while additional rail projects await to be executed and operated in the coming few years. In a similar context, other emirates and the UAE are preparing to launch the Etihad Rail planned to connect the UAE through a unique transportation network at AED 40 billion cost. The project is to be launched by 2018 providing thousands of employment opportunities upon commencing its services and further expansion.





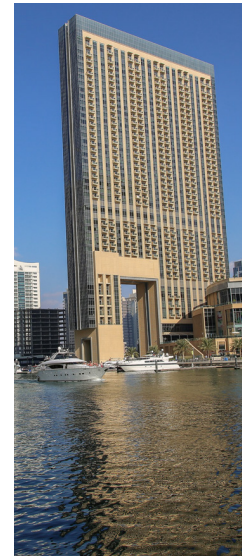
Al-Mazaya Report elaborates on the unique momentum Saudi Arabia currently experiences in road and railway projects where the data revealed has shown the Kingdom's expenditure on such projects exceeds USD 90 billion including 5 metro projects, bus projects and rail networks extending on thousands of kilometres to be constructed during the coming 10 years connecting the main cities of the Kingdom. Another USD 51 billion is to be pumped into the operation phases of these projects. Such huge investment reflects the Kingdom's belief in the significance of the transportation sector with regard to social, economic and environmental areas. Based on all these steps taken, the report finds it is evident the Kingdom seeks to play a viable role in transportation and logistics as this field accounts for 13% of gross Government expenditure. This trend is also in line with new strategy Saudi Arabia adopts for the transportation sector placing the sector as a priority next to energy and IT constituting major pillars for development and attracting foreign investments. The execution of metro and rail plans are rapidly moving forward following growth expectation on demand for cargo within the Kingdom itself, which is increasing by 5% annually up to 2020; world marine shipping is similarly expected to grow by 8% annually.



In Qatar on the other hand, Al-Mazaya Report believes road and transportation projects correlate to Qatar hosting the World Cup 2022 and Qatar Vision 2030. Relevant estimates show Qatari private sector contribution in transportation project equals 55% including airports, seaports and railways. The gross value of transportation and rail projects in Qatar amounts to USD 40 billion reflecting the considerable attention directed to the sector by official parties being an indicator to development and prosperity of the Qatari society. Qatar also remains on track with the latest technology available, implementing transportation projects that minimise environmental impacts in this regard, while adapting to rapid growth of the sector, not to mention these projects will equally add to the growth of national GDP. Qatar has been keen to improve its infrastructure mirroring world standards applied in very advanced countries. In these examples road and transportation projects cover all major cities of the country. The express train is one of the mega national projects in the transportation sector planned to establish a rail network causing a great breakthrough in passenger and cargo transportation at an estimated cost of USD 35 billion. The Qatari Rail Development Program is designed to connect major population and industrial spots of the country extending to connect with the GCC Rail Network as well.



Al-Mazaya Report considers the major transformation in investment layout recently taking place in the region as evidence that the contribution of the transportation sector is adding to achieving development goals as the whole region allocates great attention to RS market. GCC Governments express their interest to invest in infrastructure projects ultimately aiming to avail efficient transportation networks providing employment opportunities, elevating the living standards of their people and attracting foreign investments; a group of positive impacts eventually transcending to multi sectors especially RS. As the GCCs devote huge investments to the transportation sector, they seek to facilitate local and regional commercial movement and flourish industries and local logistics resting on the solid belief that the region will never enjoy property while lacking an advanced transportation system. Considering the technology embraced and the huge public investment pumped therein, the successful infrastructure elements required for an efficient transportation sector including highways, seaports, railways and airports are clearly demonstrated with a future list of projects to be yet implemented.



Al-Mazaya Report stresses the positive impacts of the accelerating rail and metro projects to the overall economic and production momentum as the GCCs will make huge financial savings when the general efficiency of the GCC network is increased. The development of Dubai transportation roads has yielded ED 72 billion in saving during the past 7 years, not to mention the time and efforts saved since Dubai enjoys the most rapid transportation system when compared to 12 modern countries. The report further emphasises the ample financial and investment returns of road and transportation projects as they continue to experience great expansion.

