

Opinion

Evolving ecosystem of Dubai's commercial and residential buildings construction attracts exceptional FDI

By Amer Khansaheb, Board member & Managing Director, Union Properties PJSC

Dubai –UAE, the gleaming gem of the Middle East, has long been associated with grandeur and ambition, and its booming economy has seen a significant influx of Foreign Direct Investment (FDI). Its famous skyline, dotted with towering skyscrapers and innovative architectural marvels, attests to the city's unwavering quest for quality, as evidenced by the increasing demand for its commercial and residential properties. We have long witnessed a continuous influx of foreign investors looking to buy properties as the Emirate's Real Estate Market offers an exceptional return on investment (ROI).

The UAE, as a place to do business, provides an appealing government-backed business climate for entrepreneurs and foreign investors. However, we will let the numbers speak for themselves. According to current data from Dubai FDI, a component of the emirate's Department of Economy and Tourism, FDI inflows into Dubai increased by 80 per cent year on year to AED 47 billion (USD 12.8 billion) in 2022. Moreover, in 2020 and 2021, the UAE was responsible for more than 30 per cent of FDI inflows into the MENA region. This ranks Dubai and the rest of the UAE atop the list. Furthermore, according to the UNCTAD World Investment Report 2022, the UAE ranks first in West Asian countries for FDI inflows, with a 4 per cent growth rate.

Dubai has become a bustling destination for FDI in the construction of commercial and residential structures, in addition to its opulent lifestyle and attractions. It has become an unstoppable magnet for international investors looking to leverage the endless prospects of its advantageous business environment, strategic location, and steadfast leadership.

While each investor and investment are unique, many foreign direct investments share some characteristics. When foreign corporations or governments are looking to invest, they prefer to look for enterprises or projects in stable economies with open financial markets. As a result, investors should choose jurisdictions with simplified and tax-efficient rules.

The emirate has risen to the top of the global investment landscape due to its unrelenting pursuit of excellence. Investors from all over the world have been flocking to the city due to its strategic location, investor-friendly regulations, solid infrastructure, and economic stability.

Dubai has attracted billions of dollars in FDI, solidifying its position as a premier destination for smart investments. As the city further establishes itself as a regional financial and business hub, we are witnessing a direct influence on the Real Estate Market, enticing investors, and driving additional growth.

Furthermore, we are witnessing an increase in foreign direct investment in both commercial and residential projects. Global players are collaborating with local developers on exceptional projects that will reshape the city's skyline. Additionally, demand for residential buildings is increasing, driven by a growing population and an influx of expats seeking a cosmopolitan lifestyle.

The Real Estate Market in Dubai is likely to exceed AED 300 billion by the end of the year. We predict substantial growth in the industry in the second half of 2023. When compared to 2022, the latest data indicates that both the residential and commercial markets rose by considerable percentages in 2023. The residential market recorded over AED 93 billion in sales in the first half of the year, a 46.7 per cent increase from 2022, while the commercial sector experienced a 30 per cent increase from 2022, reaching AED 2.86 billion in sales.

The strategic position of Dubai is one of the primary elements stimulating foreign direct investment in the construction sector. Dubai, located at the crossroads of Europe, Asia, and Africa, acts as a portal to a broad market spanning many continents. This strategic advantage helps enterprises not only develop a significant presence in the region but also get access to surrounding emerging markets.

The city's business-friendly atmosphere is another compelling reason for driving FDI in Dubai's construction sector. The Dubai government has put in place a number of policies and initiatives aimed at encouraging foreign investment and cultivating a thriving entrepreneurial ecosystem. The development of free zones allows foreign enterprises to operate with 100 per cent ownership, tax breaks, and streamlined regulatory frameworks. Furthermore, the city has a strong legal framework that ensures openness, security, and investor protection.

Moreover, the wise leadership of Dubai has played a crucial role in transforming the city into a global investment hotspot. Under the wise leadership of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, the emirate has embarked on a remarkable journey of development and diversification.

The world's perception of Dubai as a hub for exceptional commercial and residential building construction rises in tandem with the city's dynamic cityscape. The unprecedented FDI inflow into this thriving ecosystem is a testament to its vast potential and attractive results. Investors from all over the world are drawn to Dubai because of the city's unwavering commitment to innovation, sustainability, and architectural excellence, as well as its unequaled growth

potential. We are working together to build a future in which magnificent structures rise and dreams come true.

Dubai's allure as a thriving hub for FDI in commercial and residential building construction remains steadfast. The city's strategic location, business-friendly environment, visionary leadership, and commitment to sustainability continue to attract global investors seeking lucrative opportunities and long-term growth. As Dubai continues to evolve and innovate, it is poised to shape the future of construction, setting higher benchmarks for excellence, and establishing itself as a beacon of progress at a global level.

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