

---

## Slowdown signs - Slow recovery seen for UAE construction sector

Tuesday, 17 Nov, 2009

Arabian Business reported that the global construction market will not recover until 2011 and the downturn will continue to impact the sector in the UAE into 2010.

According to the Global Construction 2020 report, in the long term, annual growth in the UAE market was likely to be between 5% and 6% over the next decade.

The report, compiled by Global Construction Perspectives and Oxford University's Oxford Economics added that the global construction market was worth an estimated USD 7.5 trillion representing 13.4% of global gross domestic product. It predicted that, by 2020, global construction would grow by 70% to reach USD 12.7 trillion and in the Middle East and North Africa region, emerging nations such as Nigeria, Morocco and Egypt will experience the highest levels of growth. It forecast that the UAE would see a slow return to residential property construction over the coming years alongside continued development of infrastructure.

Mr Mike Betts a consultant at Global Construction Perspectives said that "From our perspective we see a downturn happening this year and bit into 2010 but that downturn is nothing as steep as other developed markets, like the US example. We can see how that market will pick up in two to three years time. It is time to get rid of excess stock and get some stabilisation in prices and then things will pick up."

He believed that over the next decade the UAE would see growth rates of five to six percent. He said that this would not be as strong as other emerging markets in Africa or Asia, as the boom times in 2006 and 2007 did not take off as much as they have in these markets.

A recent report by Proleads, a Dubai based research firm reported that 69% of construction projects in the UAE worth USD 657 billion were still active.

However, Mr Betts said that the word active was ambiguous and indicated that the projects were not cancelled or on hold but did not indicate if or when construction was scheduled to take place or if the project was simply dormant. The downturn in the global construction industry during the period 2007 to 2009 had been extreme.

In developed countries this has caused a slump in annual construction output of over USD 650 billion more than the entire output of the construction industries of both Germany and the UK combined, or more than four times the size of construction output in Russia.

Mr Betts said that the key thing is that the last time there was a construction crisis in the Middle East in the 1970s it took 20 years to recover from and the message of this report is that it is a pretty serious construction crisis, but we think partly because of the support from infrastructure it will take 2 to 3 years to recover not 20 years and won't be as strong as then either. He said that the Middle East region would move away from luxury housing and towards more affordable units over the next decade. He added that we expect there to be an increase in more affordable housing, rather than higher profile you seen in Dubai for example.

(Sourced from Arabian Business)

For more news visit at [www.steelguru.com](http://www.steelguru.com)