

Khaleej Times

Khaleej Times business 31
Property
WEDNESDAY | JULY 29, 2015



The Dubai Land Department on Monday said it recorded 2,300 transactions worth Dh129 billion in first half of 2015. - File photo

Dubai brokerage firm goes bust

Fall in revenue and intense competition drive S&K Estate Agents to file for bankruptcy

Deepthi Nair

S&K Estate Agents, also known as Smith and Kern, a prominent real estate brokerage in Dubai, has closed down for business and filed for bankruptcy. Over 60 employees have lost jobs, the company announced in a statement on Tuesday.

The fall in global oil prices and devaluation of the Russian rouble have translated into weak demand for Dubai property. This has resulted in a decline in the volume and value of property transactions in Dubai in the first half of 2015. Operational activities have, therefore, become unsustainable for property brokers.

S&K Estate Agents attributed the decision to file for bankruptcy to a deteriorating property market in Dubai. The firm has been terminated in its entirety and handed over to liquidators to pay back creditors. Its offices in Dubai and Los Angeles are no longer active.

"The revenue being generated by the business was not enough to cover operational costs," S&K said. "Current Dubai market factors didn't help, as 2015 property transactions, both in number and value have plunged. This situation was exacerbated by increased advertising prices from property portals and recurring internal issues faced with agents. These factors, combined with the increased costs of financing and visas, made the situation untenable," the statement added.

Transactional activity The Dubai Land Department (DLD) on Monday said it recorded 2,300 real estate transactions worth Dh129 billion in the first half of 2015. The department said sales accounted for Dh61 billion while mortgages accounted for Dh68 billion.



Real estate companies that can sustain the level of advertisements to be in business will survive

Mario Volpi, Property Analyst

Real estate companies that can sustain the level of advertisements to be in business will survive. The real market has also seen marginal deflation in rates during Q2 2015, pointing the first quarterly drop since 2011. Higher end areas, including Dubai Marina, Jumeirah Beach Residence, Palm Jumeirah, and Jumeirah Lakes Towers, have suffered some of the heaviest declines, with rental rates falling between one to four per cent," said Mario Volpi, a Dubai-based property analyst.

"The rental market has also seen marginal deflation in rates during Q2 2015, pointing the first quarterly drop since 2011. Higher end areas, including Dubai Marina, Jumeirah Beach Residence, Palm Jumeirah, and Jumeirah Lakes Towers, have suffered some of the heaviest declines, with rental rates falling between one to four per cent," said Mario Volpi, a Dubai-based property analyst.

"These buyers have plenty of money, but they are tired away from the high-end property options, as they would prefer to be able to buy freehold." Currently, foreigners can get around the ban against owning

from clients, which deterred import business opportunities and could a poor reputation for the company, which is the gravest for any asset-based company," said.

Last ditch measures Meanwhile, the company also conducted a recruitment drive to save the business. But, it failed to yield results, S&K added.

"Additional support, advertising, incentives and training had been provided to estate agents and new agents to try and aid their growth and development to increase sales.

"As a last resort to find more experienced agents, the shareholders initiated a considerable amount into a heavy recruitment drive in the first half of 2015, using recruitment agencies in both Dubai and the UK. However, the fruits of this process did not translate in time to save the organisation," S&K added.

According to official data, there are more than 2,300 firms registered with the Dubai Land Department to offer brokerage-related services.

"We believe the brokerage market is saturated - too many agencies without the population and investment to match. Also, many smaller competitors dropping fees to just per cent per transaction with business has made it increasingly difficult for larger brokers to compete," S&K explained.

The perfect recipe for a weekend getaway

Opinion

Lancelot Souza

Few weeks bring us as much short-term comfort to the majority of professional, employed individuals as the week "weekend" does. The two days at the end of the work week signify the time to catch up on those things important in life that our work gets in the way of.

It would be incomprehensible for you to visit this weekend home every week of the year. Additionally, it is very unlikely to maintain the home in your absence. This is where the role of a good developer steps in. Hopefully, let you lease out your property to follow holiday guests during those weeks of the year when the house is vacant.

When do weekends start to lose their charm? Senior professionals amongst our readers will definitely have more of a say in this matter. Should your career growth, additional workplace responsibility and accountability always come as a double-edged sword, meaning less time to enjoy the fruits of your hard work?

Developers have seen a spirit in demand for weekend homes from Indian expats, who are keen to discover new holiday destinations in India. We have seen significant growth in demand for weekend homes not only from Indian expats but also for the increasingly influential Indian middle-class families. What was once traditionally the domain of the affluent and wealthy is now accessible to anyone wanting to augment their lifestyle while at the same time, make a sound financial investment.

When chosen correctly, weekend homes afford their owners a high return on investment due to the location and infrastructural developments in and around the location. Finding the right weekend home accompanies certain challenges; yet some key inquiries can help you in taking the right choice. How about we start with the most important one: where is the location? While not all urban areas have options for your consideration, in each direction, you would do well with areas which lie close proximity to the developed area.

Focus on areas that might show potential growth in the near future. Karjat (Pune-Mumbai), Channarayana (Bangalore-Chennai) and Lepshi (Andhra Pradesh) are some great areas in India to invest in. Whether it is to breathe your valuable family time, to put forth a style statement or supplement your primary, week-end homes frame the ideal asset class in your portfolio.

The writer is senior vice president at Expat Property and Development. Views expressed are his own and do not reflect the newspaper's policy.

World's top island property market to heat up on Indonesia rules

Yuthit Ho and Raphael Lim

show foreigners to directly own luxury apartments in the archipelago, with hopes of implementing changes within the next few months.

Nathan Ryan, senior vice president at Real Estate

real estate in Indonesia by approving local citizens as private or by structuring the purchase as a long-term lease.

Singapore interest The government will coordinate with the immigration and tax offices to draft the revisions. Sofyan Djalil, coordinating minister for economic affairs, said July 23. The cities Malaysia as an example, where foreigners can directly own

Asian buyers are no doubt a sleeping giant for Indonesia

Nathan Ryan, Senior Vice President

landed property with approval from the state authority.

"To see how close Jakarta is to Singapore and given that a lot of Singaporeans also work in Indonesia, there will be interest from Singaporeans," said Christian Li, director of research for Singapore at property broker Cushman & Wakefield.

Indonesia is still one of the biggest Asian markets in terms of population, in terms of land size,

in there's definitely a lot of room for property.

Property prices in the Indonesian capital, Jakarta, shot an average 11 per cent in March from a year earlier, Knight Frank data show. That's the biggest gain in Asia after Hong Kong in India, where real estate continues to see a 12 per cent increase.

The Indonesian government is moving this week will discuss conditions governing real estate purchases by non-Indonesian citizens, said Chia Yang Liang, head of research for Southeast Asia at real estate broker Jones Lang LaSalle.

"Providing clarity, real estate transparency and clarity of policies is important in any transaction. This will probably lift demand if it makes it clearer."

Previously, Terry Mahara, a

Marina Beach in Chennai. A well-planned weekend home at an attractive location with significant developmental growth - where you can spend quality time with your family - raises its value over its acquisition price. - AFP

The perfect recipe for a weekend getaway



Lansel D'Souza

FEW WORDS bring us as much short-term comfort to the majority of professional, employed individuals as the word "weekend" does. The two days at the end of the work week signify the time to catch up on those things important in life that our work gets in the way of. This is the time you get to sharpen the proverbial "axe" before you take on professional challenges head-on for another five days. Each of us has our own weekend rituals, be it sleeping in, spending time with the family or getting your fill of your entertainment quota.

When do weekends start to lose their charm? Senior professionals amongst our readers will definitely have more of a say in this matter. Should your career growth, additional workplace responsibility and accountability always come as a double-edged sword, meaning less time to enjoy the fruits of your hard work? Work even gets in the way of a well-planned, annual, extended break where you find yourself glued to your laptop or stuck on unending conference calls with colleagues halfway around the world. Maintaining work-life balance has therefore become one of the biggest professional challenges across the globe today.

What if there was an option to combine the comfort which comes naturally associated with weekends, your home and the company of your loved ones? This option could provide you with a short but effective escape from the office, in the comfort of your family and friends without having to travel hours on a cramped flight or rickety bus. You can also use this as a source to supplement your income. These are some of the prime reasons why the concept of "weekend homes" is catching up in India.

The ever expanding middle-class with high disposable incomes is finding it very hard to treat every weekend with the due importance. Imagine a place a short drive away from the commotion of dense urban areas, in the lap of nature. These weekend homes can give you peace and solace which is rare to find in cities or a sprawling urban area. Add in a mountain valley or a scenic beach and the value of such places goes up many folds, not only from the perceived comfort value but also its economic value.

Weekend homes are a sound investment option as a well-planned purchase can enhance

its value. A well-planned weekend home at an attractive location with significant developmental growth raises its value over its acquisition price. You can pick up tax benefits on your weekend home; in the situation that you have bought the property through a bank credit, then the premium paid on the mortgage is allowed as a deduction for tax purposes. You can likewise deduct costs like property charges and taxes and municipal overheads that you paid from the rental income.

It would be incomprehensible for you to visit this weekend home every week of the year. Additionally, it is very unwieldy to maintain the home in your absence. This is where the role of a good developer steps in. Hospitality and maintenance options let you lease out your property to fellow holiday-goers during those weeks of the year when the house lies vacant. This can prove to be a potential second source of income. The same upkeep team guarantees that your house is fit as a fiddle when you land to spend your weekend.

Developers have seen a spurt in demand for weekend homes from Indian expats, who are keen to discover new holiday destinations in India. We have seen significant growth in demand for weekend homes not only from Indian expats but also for the increasingly influential Indian middle-class families. What was seen traditionally as the bastion of the influential and wealthy is now accessible to anyone wanting to augment their lifestyle while at the same time, make a sound financial investment. When chosen correctly, weekend homes afford their owners a high return on investment due to the location and infrastructural developments in and around the location.

Picking the right weekend home accompanies certain challenges, yet some key inquiries can help you in taking the right choice. How about we start with the most imperative one which is, location. While not all urban areas have options for your consideration in each direction, you would do well with area which has the close proximity to the developed area. Focus on areas that might show potential growth in the near future. Karjat (Pune-Mumbai), Dharmapuri, (Bangalore-Chennai) and Lepakshi (Andhra Pradesh) are some great areas in India to invest in. Whether it is to enhance your valuable family time, to put forth a style statement or supplement your salary, weekend homes frame the ideal asset sub-class in your portfolio.

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Marina Beach In Chennai. A well-planned weekend home at an attractive location with significant developmental growth — where you can spend quality time with your family — raises its value over its acquisition price. — AFP