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Dubai's ICD, Brookfield to launch \$1bn real estate fund

By Joanne Bladd

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Investment Corporation of Dubai (ICD), a state-controlled company, and Canada's Brookfield Asset Management plan to start a \$1bn fund to buy up assets in Dubai's battered real estate market.

The fund will be jointly backed by the two companies, which will each seed the fund with \$100m, the Dubai Media Office said in an emailed statement on Wednesday.

The fund will be capped at \$1bn. The pair will anchor the fund, with a limited number of local and international parties invited to invest in the scheme, the statement said.

"The investment strategy of the fund will target opportunities currently available in the Dubai real estate sector, with a focus on a wide class of assets in both freehold and non-freehold areas," the statement said. "The fund will have a life of 8 to 10 years."

Mohammed Ibrahim Al Shaibani, CEO of ICD, said the company was "looking forward to participating in the recovery of the Dubai real estate market."

"This venture with Brookfield is the first 'Dubai-only' investment fund that is sponsored by a leading international investor," he said.

ICD holds about \$70bn in assets and its portfolio includes airline Emirates and stakes in Dubai's largest bank, Emirates NBD, developer Emaar Properties and Borse Dubai.

Brookfields, a global asset manager with interests in property and infrastructure, plans to relocate employees to Dubai to oversee the fund, alongside "qualified UAE nationals", the statement said.

The company has 2,000 staff in Dubai through its construction arm, Brookfield Multiplex.

Sheikh Ahmed bin Saeed al-Maktoum, chairman of Dubai's Supreme Fiscal Committee, said the signing was "another big step" in the Gulf emirate's economic growth.

"It once more affirms Dubai's attractiveness as a premier investment destination in this region," he said.

Property prices in Dubai soared after the city opened its real estate sector to foreign investors in 2002, granting them freehold ownership rights at many developments.

From start-2007 to mid-2008, prices rallied almost 80 percent, Morgan Stanley estimates

showed, with billions of dollars worth of new projects launched by local developers.

But home prices in Dubai, the Gulf property market that had the biggest reversal because of the financial crisis, fell more than 60 percent in the wake of the global credit crunch.

House prices in Dubai showed signs of recovery in the third quarter, with slight rises in prime projects such as Palm Jumeirah and Arabian Ranches, Jones Lang LaSalle said in September.

But analysts remain concerned that the estimated 33,000 new homes scheduled to hit Dubai's market by end-2012 could cause fresh declines in rental and sale prices. Rating agency Moody's said this week that house prices are unlikely to recover until 2016.

Dubai has unveiled a slate of government-backed financing schemes aimed at resuscitating its property market. The emirate's Land Department last month signed a deal to identify suspended or offplan residential developments and offer them for sale or long-term lease to investors.

In May, the agency unveiled a scheme to offer low-interest bank loans to developers with partially-constructed projects.

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