

Abu Dhabi connects the dots with its infrastructure spending

■ New road networks expected to ease flow of liquidity and reignite construction sector.

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There is no doubt that construction activity has slowed down throughout the UAE over the last nine months or so. While projects that are more than 50 per cent completed are rushing towards their completion schedules in order to collect their final payments, others are slowing down due to apprehensions about the future, thanks to the liquidity crunch.

However, the various infrastructure projects across the country seem to be going full steam ahead. Dubai's Metro Red-Line is due for completion in September. As a result, the project is witnessing increased activity and renewed attention. In Abu Dhabi, substantial progress is being made with regards to infrastructural developments, especially those related to transportation.

Key plans

The main objectives of Abu Dhabi's 'Surface Transportation Master Plan' and the 'Urban Framework Plan 2030' are to introduce alternative forms of public transportation and ensure free flowing traffic to maximise connectivity.

Plans include consideration of a grid of boulevards instead of large freeways to dissipate traffic flow, make roads out of dead ends, construct a number of new freeways, parkways and truck routes, introduce a tram and metro network, as well as a rail network with a freight line, increase the bus network and enrich pedestrian movement.

Substantial progress has been made on most of these aspects, and these have been dealt with in detail in Investment Boutique's 'Abu Dhabi Market Pulse Q3' to be brought out this month. Here, we talk about a few of the major road projects currently under construction in the capital.

Reduced travel time

Preparatory works on the Dh5 billion Salam Street project started a few months before the official announcement in November 2008.

The street has been one of the busiest in the capital, with a capacity of 3,000 vehicles per hour. Its conversion into a

20-kilometre, eight-lane urban expressway by the end of 2010 is expected to reduce the travel time from Shaikh Zayed Bridge to Mina Zayed to a mere 10 minutes, with a double vehicle capacity and reduce accident rates to well below 4 per cent.

The project includes a number of tunnels and intersections, with the main tunnel starting at Mina Road and continuing to Al Falah Street intersection. Traffic will be brought below the surface level, while local traffic will move through surface level interchanges.

Four contracts make up the project and 37 per cent of the first three have been completed, with the fourth likely to be awarded over the next few months. The Dh3.1 billion Contract 1, which includes the main tunnel, is 27 per cent complete with the detours and excavation work in progress.

The Dh817 million Contract 2 involving the construction of two tunnels near Khalifa Park is over 40 per cent complete and will be operational in August 2010. The Dh800 million Contract 3 includes a tunnel near the Sea Palace junction, a tunnel at the intersection of Defence Street and Salam Street and a bridge connecting Defence Street to Al Reem Island. This package is 40 per cent complete and becomes operational around April 2010.

Construction of the Dh5.4 billion 10-lane, 27-kilometre Shahama-Saadiyat highway commenced in March 2007 and has been supervised by Aldar Properties and TDIC along with the Department of Transport.

TDIC accounts for Dh3.6 billion of the total costs, while Aldar bears the remaining Dh1.83 billion.

Vital link

Halcrow International has designed the highway while Six Construct Co. and Taisei Corp. are leading the construction work. The project on completion will link Abu Dhabi Island, Shahama, Yas Island and Saadiyat Island. Phase 1 of the project consisted of a seven-kilometre interchange linking Shahama to Yas Island.

Phase 2 involves three suspended bridges connecting Yas Island to Saadiyat Island. Another suspended bridge will



■ Abu Dhabi's transportation and urban master plans aim to create a grid of boulevards instead of large freeways to dissipate

MAKING HEADWAY WITH BETTER CONNECTIVITY

The option of private investment in infrastructure development is being considered for the construction and operation of the 372-kilometre Mafraq-Ghweifat highway, which is expected to be one of the most vital arteries in the GCC road transport system.

Bids for the project will be accepted later this year.

A number of road networks are also being considered to connect the western Gharbia region to Abu Dhabi City, while a truck network is under construction to the east of the planned Capital District.

link Saadiyat Island to Abu Dhabi Island near Mina Zayed.

The bridge connecting Shahama to Yas Island has been completed. There is some work left along the 1.3-kilometre Saadiyat-

Mina Zayed bridge being constructed by TDIC. Most of the remaining portions of the work packages are now nearing completion and the project is expected to be ready by September 2009.

traffic flow, besides constructing new freeways, parkways and truck routes

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Dh2.6 billion has been kept aside for the construction of roads, bridges and utilities. The island is currently connected to the Abu Dhabi coast by land bridges from Salam Street.

Four additional bridges are under construction to connect it with Falah



■ Saadiyat Island (above) and Yas Island (below) will be connected in Phase 2 of Shahama-Saadiyat highway project



Street and the Abu Dhabi Mall through Suwwah Island.

Three of them have been completed with one bridge expected to be inaugurated later this year. Eventually, by around 2016, the island will be linked to the mainland and nearby islands through 13 bridges.

While quite a few of these projects are at the planning stage, they show Abu Dhabi in a positive light and are resulting in a flow of liquidity to the new project-starved construction sector.

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AT A GLANCE

NAKHEEL REVISES \$750M ISLAMIC BOND REDEMPTION TERMS

Dubai property developer Nakheel said on July 13 it was revising the redemption terms for its \$750 million sukuk which matures in 2011, as concerns over how it will repay its debt weigh on the market, reports Reuters. The developer also has \$3.5 billion worth of Islamic bonds which mature in December. "The document relates to a slight differential in the redemption price formula offered to the initial sukuk holders and the formula finally used in the offering circular," Nakheel said in a statement, referring to a notice issued to investors earlier by Deutsche Bank, the principal paying agent, seen by Reuters. Nakheel did not say why it is revising the terms, when contacted by Reuters.

US COMMERCIAL REALTY LENDING PROGRAMME PICKS UP

Investors' appetite picked up last month for a US government programme aimed at spurring lending in the troubled commercial real estate market, reports AP. The programme is part of larger consumer lending effort called the Term-Asset Backed Securities Loan Facility, or TALF, which figures prominently in efforts by the Fed and the Obama administration to ease credit, stabilise the financial system and help the economy. The Federal Reserve Bank of New York said that investors requested \$668.9 million worth of loans to buy securities backed by commercial real estate loans that were made months or years ago.

MANHATTAN SECOND-QUARTER OFFICE RENTS FALL BY RECORD

Manhattan office rents fell by a record 7.4 per cent in the second quarter as landlords adjusted to job losses and fallout from the shrinking financial services industry, property broker Cushman & Wakefield Inc said, reports Bloomberg. Rents declined to \$60.23 a square foot from \$65.01 in the first quarter, New York-based Cushman said in a report. The vacancy rate rose to 10.5 per cent, up from 7.1 per cent a year earlier. Vacancies may rise to 14.3 per cent by mid-2010, the highest since 1996, Cushman said. Demand for office space fell as the city lost 108,000 jobs since August 2008.