



Above, an illustration of Dhabi Contracting's five-star hotel project that will be built in Ruwais and operated as an Anantara hotel by Thailand's Minor Hotels Group. Courtesy Dhabi Contracting

Dhabi Contracting moves into property development

Michael Fahy

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Dhabi Contracting is moving into the property development market in an attempt to diversify its revenue stream as contractors' margins come under pressure in the capital.

The company, which has a turnover of Dh6 billion and a workforce of more than 6,500, is embarking on three major new development projects in which it will build an apartment block by Al Raha Beach, a residential building at Saadiyat Marina and a hotel at Ruwais in the Western Region of Abu Dhabi.

Bishoy Edward, the chief operating officer of the 33-year-old contracting company, said margins have come under pressure in Abu Dhabi over the past two years, with current tender bids coming in approximately 20 per cent lower than they were two years ago, when there was a greater abundance of work. Undertaking its own development work not only keeps its staff busy, but also allows it to build efficiently and generate recurring income, he said.

"Being a contractor gives me an advantage. I know how much this [building] will cost me. If a contractor tells me it is going to cost Dh100 million, then I know that I can build it for Dh50m," Mr Edward said.

Piling and foundation works are under way at the apartment block at Al Raha Beach, which will contain 120 units over 11 floors.

A 13-storey apartment block is also being built in the Saadiyat Marina district, close to New York University Abu Dhabi, and the company is in talks with the university about a lease deal for the entire building.

He said that he was keen for both projects to start as soon as possible, especially as the supply of new homes in Abu Dhabi remains low, despite demand holding up.

"If I start very quickly, then I can finish quickly and then there will be less competition around end-users," Mr Edward said.

Dhabi Contracting's third project is a five-star hotel that will be built in Ruwais and operated as an Anantara hotel by Thailand's Minor Hotels Group. Hotel demand in that area far outstrips supply, with the 1,200-room Danat Hotel regularly booked out by employees of the state-owned Abu Dhabi National Oil Company and contractors, he said. The design phase of the beachfront hotel, which will also have partially submerged apartments with clear floors showing water underneath, has just been completed by the consultancy Aecom.

Alongside these projects, the contractor is still busy on others that include a Dh3bn contract to deliver 663 new villas and 20 mosques at a purpose-built community in Ruwais.

It is also looking to diversify through new subsidiaries.

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