

# UAE property market set to decline: S&P

DUBAI: The UAE property market is set for a soft correction after three years of sharp rises but a crisis is ruled out, Standard & Poor's ratings agency said on Monday, 22 June.



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A report said additional supply and lesser demand on the United Arab Emirates property market this year is likely to result in a 10-20% correction in Dubai residential real estate prices.

The S&P report stressed this would be much less than the 2009 bubble. "The diversifying economy, positive demographics, and protective measures from local regulators should help prevent a crisis like that of 2009," S&P said.

"Stronger capital structures and good revenue mixes should allow issuers to withstand headwinds over the next 12-24 months," the report added. The agency said that after reaching a peak last year, the UAE property market will soften in 2015 and early 2016.

"The market is facing a turnaround in operating conditions that is likely to dampen performance," said S&P, adding that the sharp decline in oil prices will markedly impact UAE economic growth.

"We believe real estate companies in the UAE are better armed to deal with the current slowdown and should be able to absorb it with limited ratings impact," said S&P credit analyst Franck Delage.

Prime Minister Sheikh Mohammed bin Rashid al-Maktoum said on Sunday that the UAE expects strong growth this year after its oil-rich economy expanded by 4.6% in 2014.

He noted that the non-oil sector grew 8.1% in 2014 and that its contribution to the economy had reached 68.6%.

The fourth largest OPEC supplier was hit hard by the global financial crisis, strongly dampening economic growth which averaged just 1.5% between 2007 and 2011.

*Source: AFP*

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