



Alpha1Estates: 2011 starts decade-boom in Makkah, Madinah real estate

Global Islamic real estate consultancy Alpha1Estates International said on January 1, 2011, and in the new Islamic year of 1432 that the coming decade will usher in a maturing phase of the real estate sector of Makkah and Madinah, leading to a lucrative boom in the Holy Cities.

London, UK, 1 January 2011/ 26 Muharram 1432: The company, which launched to global acclaim five years ago on January 1, 2006, said that the past decade had been about laying the foundations of flagship projects and physical infrastructure, but the coming one would focus more on building non-physical infrastructure aimed at convenience - for the pilgrim (resident and visitor) and investor (domestic, regional and global).

‘Alpha1Estates International is immensely proud to celebrate its fifth anniversary today, marking more than half a decade of unparalleled global reputation and experience in marketing real estate projects in Makkah and Madinah,’ said Mr Al-Alawi, Chairman of Alpha1Estates International.

‘Our focus, and that of all those involved in the real estate sector in the Holy Cities, should now be increasingly directed at bringing world-class infrastructure which will make it easier for Muslims to live, visit, invest and work in the Holy Cities.’

Alpha1Estates International launched in 2006 to become the world's first company to market Saudi Arabian property globally and also the first company to market property in both Makkah and Madinah, with its projects ZamZam Tower, Makkah, Abraj al-Bait, Makkah, Hajar Tower, Makkah and Taiba Eastern Tower, Madinah all centrally located near the two Holy Mosques. In subsequent years, it has launched the world's first bespoke real estate consultancy programme and joint-investment fund focused on the Holy Cities.

Real estate investment in Makkah and Madinah accounts for 40% of total real estate investments in the Kingdom, reflected in land prices in the Holy Cities being the most expensive in the world at between \$70,000 and \$110,000 per square metre, hitting \$133,000 per square metre in Makkah in 2010.

Alpha1Estates' current flagship projects are Abraj al-Bait in Makkah and Al-Tilal Villas in Madinah. The Al-Tilal Project in Madinah allows Muslims from all over the world to purchase permanent villa homes nearly 10 kilometres from the Prophet's Mosque. The Royal Clock Tower is the central tower in the Abraj al-Bait Project, 50 metres opposite the Grand Mosque in Makkah, which allows Muslims to buy apartments on 24-year leases as part of a government-based religious endowment.

In January 2010, the company launched the Ihsan al-Haramain Index, the first index to solely track Saudi-listed companies involved in real estate development in Makkah and Madinah. The Ihsan al-Haramain Index reveals for the first time internationally that the real estate sector in the Holy Cities has suffered in 2010 due to a lack of mobilisation in non-physical infrastructure, which will change in 2011 and beyond.

‘The Ihsan al-Haramain Index fell by 21 percent this year, affecting both Makkah and Madinah to the same degree, and underperforming by 6 percent the Tadawul (Saudi Stock Exchange) Real Estate Development Index which fell 15 percent this year,’ said Mr. Al-Alawi. ‘Be it the long-awaited Saudi mortgage law or certain regulations on investment in the Holy Cities, it is clear that we are now seeing the need for a vision beyond bricks, mortar and steel - and one which I am delighted to state is forthcoming.’

To commemorate the start of the new decade, the company also would be expanding its operations in 2011 through its own global offices, joint ventures, agency and franchise appointments.

‘In 2010, we expanded our footprint in the Middle East, Asia-Pacific, Americas and Africa, both with our own localised operations as well as agency appointments,’ said Mr. Al-Alawi. ‘In 2011 and beyond, we look forward to extending our operations globally to meet demand.’

Over ten million Muslim pilgrims from 140 countries visit the Holy Cities annually for Hajj and Umrah, contributing 30 billion Saudi riyals (\$8 billion) per year, the second-most lucrative source of the Kingdom's revenue after oil.

Alpha1Estates International's reputation as the thought market leader on real estate investment in the Holy Cities was re-inforced in June 2010 when leading property firm Jones Lang LaSalle published a report on the sector with the headline ‘Infrastructure key to increasing religious tourism in Saudi's Holy Cities’, further stating that the sector was ‘unique in the MENA (Middle East and North Africa) region in that they are constrained more by supply and capacity constraints and not demand (which is effectively unlimited).’

In January 2010, nearly half a year earlier, Alpha1Estates International had publicly stated that investment in the real estate sector of the Holy Cities was ‘based on inelastic and rising global demand from the world's billion and a half-plus Muslims, supported by significant public and private sector investment in infrastructure, both for the Grand Mosques and transport to them’.

Milestones in 2010

In 2010, Alpha1Estates International said there had been many milestones in the real estate sector in Makkah and Madinah. In the realm of the Holy Mosques and Sites, there had been multi-billion dollar expansion of the Grand Mosque in Makkah and the Prophet's Mosque in Madinah, and the Saudi Commission for Tourism and Antiquities (SCTA) announced that it will be developing heritage sites including the Ain Zubaida water supply system, urban centres in Jabal Al-Noor and Jabal Al-Thawr as well as historic buildings and wells in Makkah.

In the realm of real estate projects, there was the completion of the Abraj al-Bait project in Makkah, including the completion of the tallest concrete building in the world, Makkah Clock Royal Tower (and the second tallest building in the world after the Burj Khalifa, Dubai, UAE) as well as the launch of the King Abdul Aziz Road project and the Umm al-Joudah project.

In terms of transport infrastructure, there was the first-phase completion of the 18km Makkah Metro railway; the continuation of the first phase of the 450km-Haramain Railway, linking Makkah, Madinah and Jeddah; the expansion of the Jeddah International Airport for Makkah and the Prince Mohammed bin Abdulaziz International Airport in Madinah; international airlines have boosted their Hajj coverage, with some like Brunei Airlines operating their first Hajj flight to Jeddah in 2010, whilst direct international flights to Madinah have also increased with Emirates, Gulf Air and Royal Jordanian initiating their services in 2010.

‘We are pleased to witness these milestones, including the completion of the Royal Clock Tower in Makkah in 2010, marking five years since we internationally launched the project,’ said Mr. Al-Alawi. Alpha1Estates International launched Abraj al-Bait, Makkah, in a global television presentation on December 25, 2005, which can be viewed on its channel on YouTube.com and Muxlim.com.

‘These and other achievements focus on physical infrastructure. Whilst this will undoubtedly continue and should be enhanced, it is investment in non-physical infrastructure which will help the sector mature as the latest results of the Ihsan al-Haramain Index reveal.’

A Future Vision

In the first half of 2011, two separate development organisations for the Holy Cities of Makkah and Madinah will be launched by the Makkah and Holy Sites Development Authority (MHSDA). For Makkah specifically, the 'Holy Makkah Comprehensive Plan', a 100 billion Saudi riyal plan (\$27 billion) to transform Makkah into a city with world-class facilities and services, will also be launched. In 2012, other significant projects like the new annex east of the Grand Mosque, the Jabal Omar project near the Grand Mosque, and the Haramain Railway between Makkah and Madinah are also set to be completed.

Mr. Al-Alawi said these latest developments from the public and private sector in the Holy Cities are promising.

‘As we enter the decade leading up to 2020 and 1440, the vision to transform the Holy Cities is being realised.’

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