



Alpha1Estates: Legislation critical for maturity of Makkah, Madinah real estate sector

Global Islamic real estate advisory firm Alpha1Estates International said on January 4, 2012, and in the new Islamic year of 1433, that new real estate, regulatory, immigration, business and finance legislation is required for the real estate sector in the Holy Cities of Makkah and Madinah to achieve its true potential.

Alpha1Estates has proposed five critical pieces of legislation which focus on globalising the sector to non-Saudi Muslims, which will lead to greater investments, prosperity and quality of life in the Holy Cities.

“The focus on investing and building hard infrastructure, such as air, land and rail transport, in the Holy Cities is being enhanced but it is the focus on soft infrastructure which is critical for the future,” said Mr Malik Al-Alawi, Chairman of Alpha1Estates International.

“Our five main proposals for new legislation include: firstly, easing immigration and travel for non-Saudi Muslims; secondly, establishing a real estate regulatory authority to monitor buying and selling of real estate and prevent monopolies; thirdly, further empowering non-Saudi Muslim ownership, leasing and investment of real estate; fourthly, easing non-Saudi Muslims setting up a company, working or studying in the Kingdom, and fifthly, introducing and scaling Islamic mortgage financing in the Kingdom.’

Real estate investment in Makkah and Madinah accounts for 40% of total real estate investments in the Kingdom, standing at over \$120 billion over the next decade, said Mr Malik Al-Alawi, and introducing these new laws will not only allow the sector to develop to world-class standards, but also generate unprecedented revenue for the Kingdom and its citizens.

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. In subsequent years, it has launched the world's first bespoke real estate consultancy programme and joint-investment fund focused on the Holy Cities.

The Ihsan al-Haramain Index, the first index to solely track Saudi-listed companies involved in real estate development in Makkah and Madinah, has also been published. As forecast by Alpha1Estates exactly one year ago, 2011 has been a much better year for the real estate sector in the Holy Cities than 2010.

‘The Ihsan al-Haramain Index jumped by more than 13 percent - compared to a fall of 21 percent in 2010 - and bucked the trend of the Tadawul (Saudi Stock Exchange) Real Estate Development Index which fell by over 1.6 percent this year,’ said Mr. Malik Al-Alawi. ‘As Alpha1Estates has repeatedly stated, Madinah is the best investment in real estate in the Middle East with real estate stock focused on Madinah outperforming Makkah at nearly 17 percent compared to over 9 percent – and two major Madinah-focused real estate stocks reaping 26 percent and 39 percent returns this year.’

In 2011 world-famous broadcaster Al-Jazeera highlighted Alpha1Estates International as a globally-recognised brand specialising in the real estate sector of Makkah and Madinah, and has invited it to participate in its documentaries on the Holy Cities in 2012 and beyond.

Land prices in the Holy Cities are the most expensive in the world at between \$70,000 and \$110,000 per square metre, and hitting as high as \$133,000 per square metre in Makkah.

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. Expatriates form 40 percent of the Makkah's population, and the Holy City currently accounts for 11 percent of the Kingdom's GDP.

Milestones in 2011

In 2011, Alpha1Estates International said there were many milestones attained in the real estate sector in Makkah and Madinah. In the realm of real estate and hotel projects, the Saudi Commission for Tourism and Antiquities (SCTA) has stated that only 13 out of 147 hotels in Makkah are classified as 5-star. The SCTA also said there were eight 4-Star, 62 3-Star and 64 2-Star hotels in Makkah, demonstrating the need for more 5, 4 and 1 star hotels in the Holy City.

In the realm of the Holy Mosques and real estate projects, the inauguration of the 400,000 square metre expansion of the Grand Mosque in Makkah took place, with the expansion of the Prophet's Mosque in Madinah continuing, the launch of the Makkah Clock at the top of the Abraj al-Bait Complex and the launch of the King Abdullah Project for the Development of Makkah.

In the realm of heritage preservation, the Emir of Makkah has ordered that all new buildings in the vicinity of the Grand Mosque adhere to the traditional Makkah-style of architecture both inside and out while conforming to international standards of modern construction. Future projects will be at a distance of 300 metres from the Grand Mosque, have reasonable heights between eight to ten floors and be built with Makkah style, according to the Mayor of Makkah. At the same time, efforts are being made to develop both Makkah and Madinah into technologically-advanced smart cities.

In terms of transport infrastructure, a decision to build a domestic railway in Makkah has also been announced, which will connect on a network with the 18km Makkah

Metro railway and 450km-Haramain Railway; international airlines have boosted their Holy Cities coverage with Qatar Airways initiating their flights to Madinah and Kuwait Airways boosting their flights; and work on both new airports in Jeddah and Madinah has commenced.

The management of Alpha1Estates International has also strengthened its reputation through working with royalty, ministers, businessmen and companies associated with the Holy Cities of Makkah and Madinah.

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