

# The National

## Gulf Capital links up with US Developer

**Venture to be called Gulf Related Company to capitalise on cheaper land and housing shortages in Riyadh and Abu Dhabi**

By Asa Fitch

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An Abu Dhabi private equity firm has formed a partnership with the US company that built the US\$1.7 billion ( Dh6.24bn) Time Warner Center in New York to work on several new projects in Abu Dhabi and Riyadh. The two companies hope to take advantage of cheaper land and housing shortages in both cities.

Rick Maiman / Bloomberg



The Time Warner Center, the headquarters of Time Warner, which was built by Related Companies.

Gulf Capital, the investment company, and Related Companies, based in New York, plan to build up to five mixed-use property developments in the next five years worth as much as Dh5bn each.

The new venture is to be called Gulf Related and will have its headquarters in Abu Dhabi, Gulf Capital said yesterday.

It aims to bring together Gulf Capital's expertise in raising capital and securing financing in the region with Related's background in building and managing large mixed-use developments. Related is responsible for some of the most ambitious mixed-use projects in the US, including Time Warner Center at Columbus Circle in New York City.

"We decided to go from private equity into real estate, and instead of doing it on our own we decided to partner with Related, which is the largest mixed-use developer in the US," said Karim el Solh, the chief executive of Gulf Capital.

"They are experts in doing packaging of retail with shopping and restaurants, hotels and offices, and creating destinations, which the region really likes."

Despite the recent downturn in property values, Mr el Solh said it was an opportune time to launch the venture because land was cheaper and there was a massive housing shortage in both Abu Dhabi and Riyadh.

The supply shortage in Abu Dhabi is expected to last until 2012, according to one industry estimate.

The developments by Gulf Related would include a combination of retail, commercial and residential space, which would also contain some middle-income housing, a segment of the market that many of the region's developers are targeting.

Mr el Solh said he anticipated the projects would cost between Dh2bn and Dh5bn each. Roughly half of the money will be raised through investors, while the other half will come from bank loans. Initially, Gulf Capital and Related are to capitalise the venture with Dh180 million, a total that is expected to rise to more than Dh1bn in 2012.

They will initially target projects in Abu Dhabi and Riyadh – between three and five of them in the next five years – and may subsequently expand within the Gulf.

"We have been studying the Gulf market and exploring the opportunities it presents for the past few years, and we are thrilled to have found a solid regional partner in Gulf Capital with whom we will jointly pursue strategic real estate development opportunities in the region," Stephen Ross, the chairman and founder of Related, said in a statement.

Gulf Capital will take the lead in arranging financing for the projects and raising equity from investors. The firm is also in talks with developers in Abu Dhabi and Riyadh to launch partnerships and tap their massive land banks. The new venture will study the property market in Riyadh and Abu Dhabi for the next nine to 12 months, at which point the first project is expected to start. Related has operated in the Gulf before. In 2007, it sold equity and debt securities worth \$ 1.4bn to a consortium of companies that included the Kuwait Investment Authority and Mubadala Development, the Abu Dhabi Government's strategic investment arm.