

The construction boom in UAE

Construction is an important part of the development process of the economy of any nation and same is the case with UAE in the last decade the world has witnessed a substantial increase in the number of construction process in the gulf and this increases s all the more visible in UAE. Due to this substantial boom there is a lot of importance that is being given to the construction law in UAE so that the investors have a transparent system to work in. Dubai has always been a city that has witnessed growth, but the recent growth in Dubai is absolutely mind boggling.

The main reason why there is an up spurt of construction job in Dubai in particular and the UAE in general is that the construction work gets completed quite early here. The reason is that Dubai construction companies hire more laborers than what the western companies hire. In Dubai there is no dearth of human capital, you can easily find laborers, engineers and architects.

Since the year 2000, the Dubai's municipality has started off a great number of plans across the entire city of Dubai; the major areas which have witnessed this growth are Mina Seyahi area, which is located toward the Jebel Ali and as further away from Jumeirah.

Dubai has about 16% of the world's cranes. Not only is construction in the UAE and particularly Dubai a faster process, but it is also a much cheaper process compared to other western country. The reason why work gets completed at a cheap rate is that Dubai has access to laborers from the Indian subcontinent who accept lower wages as compared to other countries.

The main reason why the Dubai government is trying to focus on its construction business is because it does not want to solely rely on its oil reserves. The pi reserves of UAE are expected to get exhausted by the end of 2010 and as such in order to attract revenues it is trying to expand its commercial and corporate activity.

Tourism is also being promoted on a large scale with the construction of Dubai land, and other projects that include the making of huge shopping malls, park resorts and other major tourist attractions.

In Dubai the largest property tycoons are Al Nakheel and Emaar properties. In Dubai the demand is higher than what the supply can meet. The demand is not just more, it out beats supply by a significant margin. Recently the rent in Dubai has also increased considerably. The reason for this increase is the large influx of professionals and companies around the world, who are attracted by the no tax benefit of Dubai, although the rises have been capped to 15% per annum up to 2006, under the directive of Sheikh Mohammad.

This cap clearly shows that the bad effect of uncontrolled rise in rent. As the development process has just started the laws here are a still mawkish. The laws here do not match the international standards and are skewed towards the selling company.

About the Author

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