



PEGASUS REAL ESTATE

Delivering Value

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With the launch of an upcoming project in Juffair, developers Dadabhai Group have tapped an acutely underserved segment in the real estate market in Bahrain.

Operating in a cautious property market, only developers who are catering to a genuine demand have tasted an ounce of success. Furthermore, as the performance of the market remains area-specific, Juffair has turned out to be a favoured destination among young Bahrainis as well as the expatriate population.

In this respect, Dadabhai Group's new project Juffair Heights fits in well with what the younger population desires — well planned, comfortable and modern housing that's affordable and located in a secure area. Perceived as an upmarket neighbourhood by the significant medium-end population in Bahrain, Juffair is a convenient location from a day-to-day perspective, given the proximity to supermarkets, food and beverage outlets, hospitals and, increasingly, malls.

"Affordability and lifestyle were the main factors in our mind while designing this project. The amenities provided are unprecedented in this price range. There's a strong demand in this segment both from young Bahrainis and long-term expatriates who've made Bahrain their home," notes Aziz Mithaiwala, managing director, Pegasus Real Estate, sales consultants for the project.

The project's twin towers will house 376 units, comprising one and two-bedroom apartments, with a

provision of combining and converting them into large three or four-bedroom units. The accommodation is spacious, with one-bedroom apartments measuring 86.61 square metres starting at BD50,000. Two-bedroom units having 113-square-metre area are pegged at BD65,000.

Focus on quality

With high-end projects like Abraaj Al Lulu, Platinum Tower and Juffair Skyview in their resume, this project is the Dadabhai Group's first foray into the mid-market housing segment.

"There's a strong and healthy demand for such housing in the Bahrain market. The fact that we've sold over 30 per cent units in the south tower within three weeks of launch tells us that we're on the right track," notes Aziz.

However, he takes pains to point out that affordable housing shouldn't be confused with low-cost housing or low quality, for that matter, given the standing of the developers.

"I would go as far as saying that the facilities offered in this project are comparable to that of any large luxury residential project. Given the repute of the developer, all its fittings and furnishings are high-quality, with zero compromise on finishing standards," he says.

Ceilings in the rooms are generously high and the developers have maximised the usable outdoor space, at a sprawling 58,000 square feet. The development offers two swimming pools as well as an adults' and children's recreation area dotted with gazebos, pergolas and cross bridges. A jogging track for adults and a cycling track for children run along the periphery of the outdoor podium.

"There are enough amenities to keep the children engaged within the building. Entertainment options include mini cinemas, in both towers, and billiard and darts tables as well as virtual reality golf," Aziz says.

The project, which will be ready for delivery by mid-2016, has also seen a strong interest from Saudi nationals as well as expatriates who are working in Saudi Arabia.

With the property cycle beginning to turn, Aziz is confident that Bahrain has passed the lows in the last couple of years.

"In today's market situation, things can only go up; the question is how high it will go and how fast can it recover. We're expecting an annual rental return of around eight per cent nett on Juffair Heights, which can only improve over time," he says. "The north tower will be launched in the next few months.

Dadabhai Development and Properties Management have tied up with Khaleeji Commercial Bank and are in the final stages of discussion with BBK for credit arrangements. The developer is also keen on working with Eskan Bank, which has a significant youthful Bahraini clientele.

The affordability factor

Given that the twin towers are pitched at the medium-segment population, the developer is ensuring that the homes are easy to maintain over the long term.

"We've tied up with a management company, which will maintain the towers for the first three years. We are initiating a number of measures that will minimise the utility costs and maintenance charges in event of repairs," he says.

For instance, rather than providing centrally air conditioned units, as in most large projects, the developers have installed individual ducted-split units inside every apartment. This will bring down the utility costs since bills will be based on residential rates rather than commercial ones. Such measures mean that maintenance charges for residents will remain low at 0.650 fills per square foot.

Aziz takes pains to stress that Juffair Heights is not meant for people looking purely from an investment perspective or for speculative purposes.



Aziz Mithaiwala

"These are projects where people will aspire to live in, given the facilities. A few model flats are ready for viewing. When people actually visit and see what they're getting in terms of the layout, amenities and finish, they come back with a very positive feel," says Aziz.

Even as the real estate market has improved, it remains a price-conscious market and the developers want buyers to have appreciation on their investment. While Juffair Heights may not add significantly to the developer's bottom line, Aziz believes it's worth catering to a segment that has remained underserved for some time.

"We're glad that, with our association with the developers, we've proved that it can be done even though the margins may not be high. The idea is to remain active and create products that bring value to the market."

"It took the us over a year to research the residential property segment to understand where it is headed, where the demand lies and what the requirements are. Now that the overall business climate is looking up, and the fact that the property market tends to influence the rest of the economy, we're sure that others will follow suit."

Looking ahead

Given the changing dynamics of the real estate market in Bahrain, further diversification may be on the cards for the Dadabhai Group. Having ventured outside their core speciality once, they are not averse to tapping new segments within the market, whether they are commercial or retail developments.



"We're looking to be associated with the developer on multiple developments and will make announcements in other segments in due course," says Aziz.

Meanwhile, the rental market has already picked up in Juffair and Aziz estimates that rents will be up by around five to seven per cent. However, given that Juffair is a crowded neighbourhood with a plethora of properties in supply, rental returns will depend on the quality of the project and the amenities provided.

"Despite the sluggish market, a few developers have done well in Juffair with the sales of their projects. This proves that there is a market out there for a good product, even though it may be sensitive to price at the moment," he observes.