magazine

Masdar's Khaled Awad.

RESIDENTIAL DEVELOPMENT

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Home truths: Top down or bottom up?

IN RESIDENTIAL TERMS, THE WORLD'S EMERGING ECONOMIES ARE ON THE MOVE, WITH THOSE AT THE TOP OF THE SOCIAL SCALE ASPIRING TO GREATER STATUS, WHILE THOSE AT THE BOTTOM SCRAMBLE TO LEAVE THE SLUMS AND SHANTIES BEHIND THEM. IAN CUNDELL AND DOUG MORRISON REPORT



Josephs: spreading activities to South Africa

picture. Housing markets around the

world are experiencing change — and

it is not all to do with the credit mar-

ket. Emerging economies offer a

complex and potentially attractive

S THE US goes to the And that puts residential property Saudi Arabia, Kuwait, Tanzania and

In broad terms, there are two directions from which to look at residential their emerging middle classes. And property in emerging markets: from there are very good reasons for this: in the top down and from the bottom up. the absence of mortgage finance, For the bottom-up perspective, Angus building quality suffers badly. In McIntosh, head of research at King countries without mortgages, it is far Sturge, identifies a series of stages in from uncommon to see properties efthe development pattern. "Typically, fectively built one room at a time as you go to an emerging city and find funds permit. This, in turn, brings employment being created. That is the into focus the last part of the emerg beginning of structural change." developed world gives a very partial

> boom in Morocco will last for many more years

is not unskilled work.

ated huge pressure for housing. What more years." the two very different experiences dle class in salaried employment.

than his equivalent in California. This, shanties, or on the streets. damental issue arises: finance.

Morocco have all seen moves to estab lish proper mortgage markets in recent years specifically to cater to

Many emerging economies are moving to improve transparency, both ir terms of market reporting and legal arrangements. By creating a well-or dered property market, the spotlight shifts and the option of top-down development emerges as international investors become involved.

In Morocco, there is a huge need for

on professional services has also cre- boom in Morocco will last for many

in turn, generates pressure in terms of While Bill Clinton's "It's the economy, Josephs, who is also immediate past both demand and market structure. stupid" axiom may still hold true today, president of FIABCI. Planning authorities need to meet sup- the improvements that come with eco- The GHF, which is now considered an ply needs — but even if planners have nomic development may take some official partner to the UN's global seen the need for more housing, a fun- time to trickle down to the more im- housing efforts, has devised a micro-

but families that are typically earning between \$35-\$125 per week can obamounts of between \$40-\$120. The GHF model can be replicated.

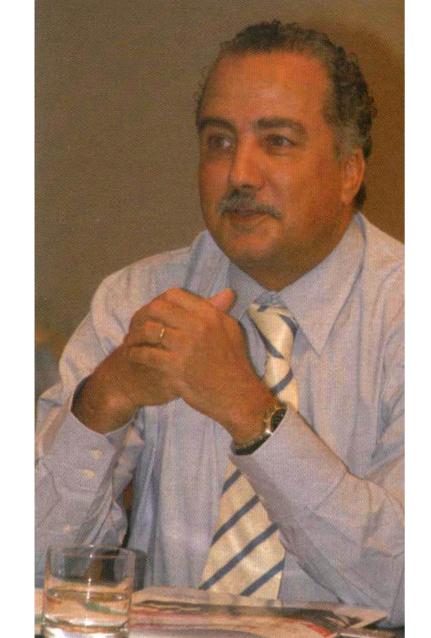
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ing-market jigsaw: transparency.

new housing that will take decades to satisfy, according to Fouad Akalay, Fouad Akalay managing director of Archimedia, a specialist real-estate publishing group change. That, invariably, means they jobs would once have seen developing sector is being driven by two separate only way impoverished people are likely cities witness the growth of huge sources," he says. "The first is Moroc- to experience change at anything like the squatter settlements, the pattern in cans, whose purchasing power is same pace as their country's economic many areas now is distinctly different. increasing in the new economy proprogress. The GHF is making a marked Software development, for example, moted by King Mohammed VI. And impression in this respect — while, just the second is foreign interest in Mo- as importantly, demonstrating what can In the Middle East a different pattern rocco. The latter is driven by an be done with a little help, particularly of commercial development led to the excellent quality/price ratio, which of from the real-estate business. same phenomenon: a bold bid by fers a far more attractive asset than the A joint initiative by the International

have in common is the emergence of But emerging-market cities can be-

poverished quarters of a country. mortgage programme that is backed



Frequently, external intervention is the

Dubai and other Gulf Co-operation concrete coastlines developed, for ex- Real Estate Federation (FIABCI) and Council (GCC) members to create a ample, in Spain. For all these reasons, the United Nations (UN), the GHF world-class business centre founded it seems to me that the real-estate was launched in 1999 and combines private- and public-sector resource to provide low-cost, sustainable housing for people in poverty in developing countries. So far, the GHF a stable and, above all, aspiring, mid- come victims of their own success, as has undertaken housing projects in growing urban opportunities suck Nicaragua, Honduras, Guyana, people in from rural areas. The non- Panama, San Salvador and Costa Rica. But one thing these new professionals profit organisation Global Housing An agreement with the Niall Mellon will not accept is shanty towns. A soft- Foundation (GHF) points out that Township Trust, based in Ireland, will ware engineer or accountant in an over 40% of city inhabitants in devel- now see the GHF providing homes in emerging economy is no less ambitious oping countries live in slums and the townships of South Africa, reports the Foundation's director, Julian

symbolic in that it lies where East — and president and founding part- have been kicking around that marsums vary depending upon location, meets West — between the world's ner Guy Perry is in no doubt about the ket since the Nineties." two closest capital cities, Bratislava role of residential development in "In terms of our mixed-use projects,

with parks, canals, a golf course, hanced quality residential. "Particularly important was the way Olympic-standard sports facilities and a new university. At its heart, however will be housing of all types, taking up as much as 35% of the site. Indeed, the lead developer is Opera Reform Investments (ORIL), a joint venture between Opera, a leading Slovak residential de

veloper, and Reform Capital, an

ORIL's urban designer at Centrop Valplan for one of the region's most ley is Investment Vision + Environments (IN-VI), the design and development services group behind acclaimed mixed

way to ensure that it works efficiently

for all concerned.

Danube valley.

The idea of fully integrated commubarely have a class-A office building We think these are more profitable

The €10bn project will cover 600 ha, "It is critical," he says, "because peonearly 20% of which will be given over ple feel they have a real change in their able urban development in these to light industrial use, but integrated living standards when they see en-

relate to making an investment in a

mercial property. "Everyone can relate Those are tough criteria, as Perry aclive," he says. "But even today, we about environmental sustainability nities has been central to IN-VI's work in Kiev and international investors neighbourhoods in the long term."

which is the importance of sustainmarkets," Perry continues. "We take the premise that these places cannot afford to make the same urban-planning mistakes that were made in, say, the US or Brazil where, in the last decades, cities have become absolutely wonderful for the energy companies but less so for the people, whether socially or in terms of their health. We try to take advantage of this early demand in residential and use it as a catalyst to create a new district that has retail, offices — even places of Guy Perry worship. We look at the whole package and try to ensure that, as a to making an investment in a place to knowledges. But he adds: "It's not just



Central Europe's Centrop Valley: Developer Guy Perry says residential development is "critical"

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