



The Deira Islands Mall could cost about Dh1.7 billion to build with about 2.85 million square feet in shop space. Courtesy Nakheel

Nakheel aims to become Dubai's biggest shopping centre operator

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Nakheel aims to become the biggest shopping centre operator in Dubai with a retail portfolio three times bigger than The Dubai Mall.

The palm islands developer is set to tender a raft of big projects in the new year as it switches focus to generate more recurring revenue.

It will seek bids next month for its Deira Islands Mall which could cost about Dh1.7 billion to build with about 2.8 million square feet in shop space. The developer has also teamed up with an international resort operator to help manage the vast project.

At the other end of the city, [Nakheel](#) revealed plans for a further expansion of its Ibn Battuta Mall that will take its total shop space to about 2 million sq ft.

The Deira Islands project will be the key focus for the developer next year as it targets a part of the city that had attracted little large scale construction activity for decades.

"There are good leasing rates in Deira," said Ali Rashid Lootah, the Nakheel chairman.

Mall on Dubai's Palm
Jumeirah

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The Deira Islands Mall is expected to take about three years to build, and the development will include about 300 serviced apartments and 600 hotel rooms.

Nakheel sold more than 90 hotel and resort plots on the islands in March. All four of the revamped Deira islands are expected to include resorts, apartments and retail. Nakheel intends to build five hotels of its own on islands, and the developer could operate as many as 10 hotels by the end of the decade.

The Palm Deira was originally designed to be the largest of the developer's three palm-shaped islands, but work ground to a halt partway through its reclamation, even before the onset of the 2008 downturn. The construction work on Palm Jebel Ali also stopped at about the same time, leaving Palm Jumeirah as the sole palm island project to have been completed.

Nakheel has taken a more cautious approach to development since being recapitalised as part of the 2009 Dubai World debt restructuring and since then has focused less on massive capital-intensive mega projects and more on developing recurring revenues.

Still, the revamped Deira Islands while only a fraction of the size of its original palm-shaped incarnation still represents Nakheel's largest gamble in at least seven years.

The chief challenge the developer will face is ensuring adequate access in what is one of the most congested parts of the city.

Although the site is not served by a metro station it has been designed to accommodate a connection should the Roads and Transport Authority decide to extend the rail link, Mr Lootah said.

Once seen as one of Dubai's cheaper places to live, demand for high-end apartments in Deira is on the rise, helped by the rapid growth of big employers such as Emirates and Dubai International Airport.

A two-bedroom apartment in Emaar Towers was yesterday being advertised for Dh150,000 a year on the [propertyfinder.ae](#) website, while a luxury two bedroom apartment on Baniyas Road was up for Dh200,000.

Until now there has been little freehold property available for purchase by expatriates, and as such the district that has always been the city's mercantile and trading heart has been largely ignored by international brokers in their periodic updates on price and rent movements in the city.

After rapid growth over the last past two years, Dubai rents and property prices have come off the boil, helped by a federal mortgage cap designed to curb a repeat of the speculation that triggered the collapse of prices in late 2008.

The number of apartment transactions in the emirate dropped by about 40 per cent in the third quarter compared to a year earlier while the number of villa transaction fell by 58 per cent over the same period according to the latest research from Cluttons, the real estate consultancy. Falling rents and prices have not deterred developers from announcing new projects because of the still healthy volumes of cash buyers who are unhindered by government mortgage caps.

"Despite the cooling of [rents](#), tenant demand remains exceptionally strong, underpinned by the rapid economic expansion and the subsequent rise in the level of jobs being created across the city," Cluttons said.