

Abu Dhabi to open revamped central souk in January

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Abu Dhabi's much delayed central souk is set to open in Jan 2011, five years after it was originally launched

Abu Dhabi's much delayed central souk is to open in January next year, almost five years after it was originally launched, developers Aldar Properties told reporters.

The landmark souk, built on the site of the emirate's oldest bazaar, which was burnt down in a massive fire in 2002, will include space for 300 shops, according to a report by the Emirates 24/7 website on Sunday.

Announced five years ago, the souk's construction was delayed due to the economic downturn and changes to the original design. However, 180 of the 300 shop units have been rented out and owners have been told to prepare for a January opening, the report added. Annual rents for the shops have been estimated at around AED250,000 (\$68,073) per year.

"We are offering 286 shops for rent....we have already rented out 180 shops and the rest will be leased in the next weeks," Mohammed Al Mubarak, Aldar's CEO for commercial affairs is quoted as saying.

“The souk will be officially inaugurated in January but nearly 40 shops are already operating...they involve restaurants and commercial shops,” he said, adding that owners have been given 120 days to have their shop decorations in place and approved.

“Aldar is not profiting from this project...the only thing that is paid for through the profits are expenses, management of the mall, cleaning and security,” Mubarak added.

First started in 1969, the souk became popular with residents in the 70s and 80s. However, a massive fire in 2002 destroyed the site and plans were put in place for a new modern replacement.

Earlier this month, developer Aldar announced its largest quarterly loss of AED731m (\$199m) for the June-September quarter, compared with a restated net profit of AED270.1m in the year-earlier period.

The master developer, which is part-owned by the emirate’s government, said it was “in the final stages of discussions with the Abu Dhabi government regarding the company’s cash requirements and anticipates that a framework will be concluded before the end of Q4 2010.”

UAE newspaper The National cited a senior government official as saying cash support could come in the form of a 25-year loan of tens of billions of dirhams that would be transferred to Aldar over three to four years.

The developer is expected to need AED9.8bn (\$2.67bn) by 2011 if it is to survive, a report by Bank of America Merrill Lynch said.

According to Cairo bank EFG Hermes, Aldar is estimated to have \$3.81bn in debt maturing in 2011 and will face a funding gap of nearly \$1.66bn until the end of next year.