

Running just to stand still

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Ten years ago the Middle East looked very different. The real estate developments underway today were unimaginable, not just the designs, but also the sheer quantity.

Having created the supply, clever marketing, including selling the desert dream to wealthy foreigners, has ensured that demand is following. The resultant boom in population has led to increased demand for utilities such as electricity, water and wastewater collection.

And if all the projects on the drawing board come to fruition and developments achieve full occupancy rates then power and water consumption will continue to accelerate in huge leaps and bounds.

A real estate project can be completed in just a couple of years, but expanding infrastructure services takes much longer. The power and water projects being constructed today were tendered four or even more years ago.

These were intended to meet the expected growth in demand. But the property market progresses so fast, with new projects unveiled on almost a weekly basis, that utility providers have been left running just to stand still.

Plans to expand power stations, desalination plants and sewage treatment works are now often on the cards even before the original plants have been commissioned.

At an industry event last month, Saudi Arabia's deputy minister for electricity Saleh al Awaji admitted that the GCC interconnected grid would not enable member countries to meet their additional power requirements as had been expected, instead it would just be used for reserve sharing and emergency exchange of energy. He even suggested it would have to be expanded:

"The GCC Grid was designed almost 15 years ago and back then it was relatively reasonable. In future it might be increased and perhaps additional capacity may be added."

Another project that has been outgrown before completion is the Ajman sewerage network. The system was designed based on estimates that the emirate's population would total 350,000 in 2030, but forecasts have since been revised to a staggering 2 million.

Similar stories can be heard throughout the region. Utilities companies are facing an uphill struggle to keep pace with the developers. But like a relay race, there are no prizes for crossing the line without the baton. An iconic building without power and water isn't worth trumpeting about. Sometimes, slow and steady really does win the race.