Scope of Work for Market Intelligence Study on Jaber Al Ahmed Investment Opportunities

Introduction and Study Background

Mazaya / Alargan consortium is qualified for opportunities offered by Public Authority for Housing Welfare (PAHW) in J2. The client intends to carry out a detailed market research study on various segments to generate inputs for bid preparation.

Estater Kuwait is a leading company that specializes in scientific analysis on real estate based on actual market data. The data is collected through field surveys of nearly 20,000 properties in Bahrain and Kuwait. This proposal enlists the objectives of the study, research methodology and commercial terms for the study.

J2 Brief Profile

✓ Business center (JC) zone with 85,581 m2 gross land area. Permissible usage as office complex with complementary retail spaces on ground & mezzanine.

✓ Retail zone (JD) with 50,294 m2 gross land area and 22,131 m2 net developable land area. Permissible usage as open area lifestyle retail and F&B outlets.

Source: Public Authority for Housing Welfare (PAHW) and Estater

Section 1: Scope of Work

1. Study of the Emerging Cities to Assess the Changing Dynamics

2. Retail Sector Analysis (Related to J2)

3. Business Center Analysis (Related to J2)

4. Recommendations, Best Use and Phase Strategies

Catchment Analysis and Review of the New Residential Cities in Kuwait to Assess the Future Supply Across Different Segments

Component	Study Indicators
Catchment Demographic Analysis of the Subject Site	■ Draw a catchment area for the subject project taking around 10 kms radius around the site and carry out the following analysis: 　■ Key growth drivers in the catchment area for commercial and economic activities. 　■ Demographic analysis of the catchment. Population, breakup of population into Kuwaiti and Expat components with yearly growth rates of each. Age Wise / Gender Wise population analysis. Projections for the next 8 – 10 years. 　■ Estimates of average disposable incomes of Kuwaiti and expat families and yearly growth rates. Projections for the next 8 – 10 years.
Review of Residential Segment and Real Estate Regulations	■ Review of the masterplans of new residential cities. Growth of new areas and its impact on retail and business space demand due to the increase in population. ■ Estimates of real estate supply of various segments (such as private houses, investment residential, retail, office space, etc.) along with projected timelines for the next 8 – 10 years. ■ This analysis will help establish an overview of total real estate supply across multiple segments that will be introduced in the market across all the locations over the next 8 – 10 years. ■ Comparison of the new supply with existing inventory to assess the potential impact on demand – supply equation and the likely impact on occupancy and prices. ■ The analysis will help create a overall view on how the new supply may impact the real estate sector in the coming years.

estater.com

- Estater has developed a comprehensive GIS map of Kuwait with all land parcels. There are nearly 250,000 land parcels in our system.

- Along with the land parcel information, our database also categorizes all types of properties in each of them. Thus, for each district and block, we can precisely calculate the number of houses, number of investment properties, commercial properties, etc.

- Our field research adds to this data by capturing information on year of build, number of units, occupancy, price, features, etc.

- These data help Estater carry out analysis with timeline such as how many new properties developed in Salmiya Block 6 in 2017.

- On one hand our GIS enabled database is used to carry out scientific macro-level analysis. At macro-level, Estater can club real estate inventory across different segment and analyze this with the demographic data to estimate sustainable pace of growth.

- On the other hand, the GIS enabled data is flexible enough to carry out a micro-level analysis. For example, a custom catchment area can be defined (as shown by blue shaded area above) and analysis of real estate segments can be done for this.

Component1	Study Indicators
Macro Level Analysis of Retail and F&B Segments	▪ Macro level analysis of retail (including the F&B) segment in Kuwait total number of properties, number of shops, gross leasable area, occupancy and rentals. ▪ The sustainability of retail space (in the organized sector) is measured on per capita basis by comparing it across cities and locations. REMI has the data to carry out this analysis for Kuwait and comparison across select cities in the world. ▪ The analysis will help establish the level of retail space (per capita) in Kuwait and how sustainable it is in the long run.
Benchmarking Analysis of Catchment and Comparable Clusters	▪ The sustainable level of retail space (including the F&B space) in any location depends upon the population (resident and floating) of that catchment and their purchasing power. ▪ Based on the suitable benchmarks from various locations, REMI will analyze the current retail space inventory in the catchment and its sustainable levels for the next 5 – 10 years. ▪ The proposed investment opportunity in the retail sector within Jaber Al Ahmad city is dependent upon the projected population (living and working) in the catchment area over the next 8 – 10 years. ▪ This population projection to be created based on the number of private houses, number of investment units, work places such as business center, industrial areas, etc. ▪ Based on the yearly rate of development of these elements, yearly population projections will be created. These projections will used to forecast the sustainable level of retail space in the catchment. ▪ This is critical to understand the years in the market conditions are likely to become conducive for the development of the retail projects in the masterplan project.

Component1	Study Indicators
Benchmarks for Development Mix Allocation	▪ The J2 retail development is a lifestyle retail cluster with open walkways. Such a development is suitable for F&B oriented retail with different zones for fashion, services, etc. ▪ REMI can provide development mix guidelines by benchmarking with similar properties in Kuwait. ▪ The benchmarking analysis can offer guidelines for construction cost, project overheads, tenant mix, unit sizes, lease rates, occupancy, etc. ▪ The lease rate projections to be made for the next 8 – 10 years given the long term nature of the project. ▪ Cap rates and sale values of retail properties. ▪ We note that this analysis will essentially generate the best use and phasing strategy recommendations. ▪ These benchmark can help in development of financial projections for the two projects.

Component1	Study Indicators
Macro Level Analysis of Office Space Segment	▪ Macro level analysis of office space segment in Kuwait total number of properties, gross leasable area, occupancy and rentals. ▪ Analysis of total number of establishments in Kuwait and the sustainable pace in last 4-5 years. Further, information to be collected about potential entry of foreign entities that may boost the demand for office apace. ▪ The analysis will help establish the level of office space in Kuwait and what is a sustainable pace of growth for the coming 8 – 10 years. This is the demand for office space in Kuwait based on the existing economic growth model.
Benchmarking Analysis of Comparable Industry Clusters Regionally and Globally	▪ While the previous section establishes the demand for office space based on the existing economic model, the proposed New Development Plan may open up several new sectors and alter the demand scenario. ▪ Our analysis of this plan and any other economic initiative by the government will identify the new industry sectors that are likely to drive demand for office space over the next 8 – 10 years. ▪ Once the industry sectors are identified, REMI can identify various cities in the world with clusters of these industries. For example if media is likely to be a new section, REMI can study the media city of Dubai for its geographic spread, built up area, number of companies working there, number of employees, etc. ▪ This can help establish how much area can be allocated to various industry sectors in the proposed development.

Component1	Study Indicators
Benchmarks for Development Mix Allocation	- REMI can provide development mix guidelines by benchmarking the land area and built up area for office space properties in Kuwait. - The benchmarking analysis can offer guidelines for construction cost, project overheads, flor plate size, unit sizes, lease rates, occupancy, etc. - The analysis to include different property grades (such as Grade A, Grade B, etc.) All KPIs to be provided for different property grades. - Any custom build office spaces and their industry category requirements in terms of total size, unit sizes, lease rates, etc. - The lease rate projections to be made for the next 8 – 10 years given the long term nature of the projects. - We note that this analysis will essentially generate the best use and phasing strategy recommendations. - These benchmark can help in development of financial projections for the two projects.

For More Information, Please Contact us on the Below Contact Details:

Email: abdullatareq@estater.com
Mobile: +973-3924-6669

Please scan the QR Code for the Digital Business Card