

FEATURE

ISLANDS IN THE SUN

Wall Street has collapsed, the UK is in recession and Europe is on the brink, but how has the current economic crisis affected The World?

By Madeleine Collins

Four kilometres off the coast of Dubai, lies an elite man-made community of 22 islands, reads the press release. I can almost hear the American movie announcer guy's voice in my head reading the tagline of a dramatic new film, in which a new species will emerge from said islands and wreak havoc on Earth.

And then I realise it's Dubai. To be precise, the elite man-made community in question is Qyana, the Australasian arm of The World (below). The multiple islands constitute the largest cluster of the ambitious Nakheel project located slap bang in the middle of the ocean, and will form the shape of Australia and New Zealand.

Derived from the Arabic word 'Oceania', Qyana is touted as one of the most impressive lifestyle destinations on the planet. Five hotels, 2000 apartments, 200 villas which will boast beach frontage on one side and private yacht berths on the other, a snorkeling Reef Lagoon (on the Great Barrier Reef island, of course) and an endless list of the obligatory designer eateries and

boutiques. A mammoth project indeed. There has been all number of reports about stages of development of the project, including delays due to ongoing credit crisis, so it's time to get an update in person. I'd already seen it from the air. When I swooped over it by helicopter some months ago, the entire World looked like, well, sand. This time I'm being taken out by speedboat to view Qyana in all its glory, up close.

Completing construction on Qyana is predicted to take three years, I'm told by our host. Deadlines have been put back and it's hard to get an exact answer as to when construction will actually begin.

So where is it all at, I wonder as we speed across the glassy, aquamarine waters that lead to The World.

It is a question on the mind of a gentleman I'm seated next to on my journey. He bought an apartment on Qyana's Fraser Island (the real thing in Australia is the largest sand island in the world) in 2005, with the intention of renting it out as a holiday destination upon completion.

"How's development going?" I ask gingerly,

as the barren clusters of islands come into view. "Too slow," he says rather sadly, shaking his head.

The good news, he tells me, is that his investment has doubled in price, even though it is currently invisible.

It turns out, contrary to reports, that my fellow guest won't have the Australian golfer Greg Norman as a landlord. Incorrect rumours that the 'Great White Shark' bought the entire continent some time back have now been vehemently denied, although our host does say Norman may have purchased another island.

Celeb connections are still coming thick and fast and it all helps publicity even if the rumours aren't true, a PR admits. For their part, Nakheel will never confirm any rumours to the affirmative or negative unless they feel like it, she says.

Rumours still persist that Angelina Jolie has bought an island, but which one is under wraps. At least we can count on her cluster being eco-friendly if partner Brad Pitt has anything to with it, thanks to his upcoming involvement in designing a new environmentally friendly hotel in Dubai.

"Even we don't always get a straight answer how much of The World has been purchased," interjects another guest. Vince Easton is a sales director with Sherwoods Independent Property Consultants and has had dealings with a number of other islands of The World for investors. This is merely a sightseeing trip. "Nakheel are very good at marketing," he smiles. "It's opaque in terms of knowing what exactly is sold."

There's little sign of action as we begin to weave through the continents. All look identical from side on – mostly flat sand masses, piled up in some parts, and little else. They almost resemble what I imagine the surface of the moon might look like. The sand looks quite dirty, the result of the construction mix added to it in preparation for



vibro-compaction, so that it may be built upon. Some far off islands still have dazzling white sand and I assume these are at an earlier stage of construction. It's hard to tell when there's no sign of life doing anything about it. Today is Tuesday, a normal working day of the week in Dubai but there is no one, and certainly no signs of construction, to be seen. Not a good sign, one can only conclude.

We approach Latin America first, which is owned by Sheikh Mohammed Bin Rashid Al Maktoum. I'm surprised to see a handful of white tents pitched on one corner and all the guests onboard crane their eyes for signs of life. "Maybe the Bedouins were given an island of their own," suggests one.

Antarctica is next. "I thought it was getting colder," jokes Easton. With nothing to see or any way of distinguishing each island from the next, making up our own jokes is about all we can do.

Finally we reach Oqyana. A flagpole confirms our destination, but only a sorry looking withered white piece of material flaps in the breeze. Apparently an Australian flag was hung there not so long ago so it's a bit of mystery as to how the change occurred.

A major advantage of Oqyana's location is that it is located very close to the 27 km breakwater wall that surrounds The World, and is situated by two of the five breaks in the wall for ferry access so it is easily and quickly accessible from the mainland. It also has a plum position at the bottom of the 'map', which boasts an unobstructed and quite beautiful view of the Dubai skyline.

Reclamation for the Oqyana development is now complete. The resulting islands are embedded into four separate land masses that will soon serve as construction platforms.

Eventually the sand platforms will be dredged out and used to enhance the beaches. This is fortunate considering we're roughly 20 metres from the shore and the captain tells us the sea floor is nine metres below us. During construction the beaches will be sloped to ensure that one doesn't wander and out and drop straight into the ocean.

We are told that Oqyana will be a sustainable marine community, which comes as somewhat of a surprise. However recent studies have shown that the development of The World has led to the creation of a stable underwater environment which has apparently increased the safety and proliferation of marine life.

For their part, the developers of Oqyana claim they will offer a luxurious lifestyle that won't be achieved at the expense of nature. Green solutions being considered include solar-powered ferries, while storm water will be reused to for irrigation and natural



cooling, saline-friendly landscaping will be utilised in design and construction.

The total Oqyana mass will occupy a total area of 20 million square feet and a total upland area 4.9 million square feet. For an idea of the level of wealth it is aimed at, it will contain a marina with over 1,500 private yacht berths.

It all looks a hell of a long way off from that today, though, so Easton puts it into perspective for me. "Because Nakheel is the master developer of The World, they've sold off islands to other developers who then have the responsibility to put in money to develop them, including putting the infrastructure themselves," he explains, referring to the whole project in generic terms.

"The challenge with The World is that only some of the basic infrastructure – water, electricity, sewage facilities – is in place, but a lot still isn't. The credit crisis has of course made it more difficult to borrow money to make that happen."

While many investors now have problems acquiring development finance, Easton says another complication is that many bought islands and expected to sell them on. "For international new owners there is now a question mark hanging over their liquidity, which affects whether they can start that process of development.

"The moment Nakheel sells a plot it is the responsibility of the new owner, but the question is, do these companies still have the financial muscle to come in and build them."

So do owners have to deadlines to adhere to? "Very much so," says Easton. "It's almost a cleaning up exercise now. A year ago you never needed to worry. It wasn't unusual that I'd buy a plot from Nakheel, sit it on and never have any intention of building on it because I knew I could flip it on. Flipping is as common with companies buying islands as it is individuals."

The forward selling market has also met major challenges, says Easton, explaining

the length of the chain involved in property finance. "The money has to come from somewhere. Some syndicated groups or speculators have they got the capability to go forward, and some don't."

Finally we idle alongside the island on which the show villa Nakheel built to show buyers what they would be getting grandly sits. I'm surprised to hear it was completed four years ago. It now belongs to Sheikh Mohammed, although my host won't divulge if it was a gift or a purchase.

The enormous white angular villa is engulfed by hundreds of palm trees which lead down to the beach. Behind it are large power generators – not a great view for the owners of the nearby island opposite – but apparently the ugly tanks will be covered up soon.

Oqyana will be the only island mass which will have its own service island from which utilities will run. The 50,000 square metre island has been engineered for 100 per cent redundancy as it features two utility networks in event of a power outage. The other continents will be supplied by the service centres that Nakheel are building.

But these are all still just plans on paper. "The property market is changing week by week, but if any real estate industry is going to bounce back it will be the Middle East," predicts Easton, so there's reason to be confident. "The Dubai brand is very strong," he tells me. "So much has been done already – The Palm, the Burj Al Arab – it's a strong trademark brand. I think it will continue – people are still discovering Dubai, they love the lifestyle and more people want to work here. These are great, great ingredients to start to deal with the recovery."

And he has good news for the buyer of the apartment on Fraser Island. "Despite the declining market, today you will still get nowhere near original price of a property. Say that price was one million dirhams, today you'll still buy it at three million.

"It's going to be like going the Maldives," coos one guest excitedly, as we suddenly pull away. Yes, but when?

The mesmerizing, azure waters surrounding the clusters are breathtakingly beautiful but I can't help wondering how this beauty of nature will be affected once finally construction begins.

"So will it really work?" I ask our host, feeling somewhat pessimistic, as we head back to the mainland. She turns and points to the mansion disappearing into the distance behind us. "It already has," she smiles. Good point.

When all does finally go according to plan, the current serenity will of course be invaded by massive construction. But from my vantage point today, The World is indeed, a beautiful place. ▶