

The Impact of the Global Credit Crises on the Property Boom: The Emergence of a Diversified Strategy in the United Arab Emirates (UAE)

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The Global financial crisis is having a far reaching impact on the United Arab Emirates (UAE). The ongoing downside risks have increased significantly and even if those risks have a minimum effect, the implications of this turbulence will be significant for the UAE. The potential consequences of the occurrence should not be underestimated and the adjustment process is to protect current tangible economic strategy of the region. The last decade saw a massive construction boom, an expanding manufacturing base, and a thriving service sector, which are contributing to the diversity of the UAE economy. Today, there are over \$350 billion worth of active construction projects (IMF, October Report. 2008; Penhall, P. 2007). In response to this financial market crisis, much attention has been on the property markets and major players (Issac J. 2008). As this crisis is of a historically unprecedented magnitude and scope, the UEA needs to turn their attention to the implications for its current economic strategy, particularly for the investments in property `mega projects`. Even the American property tycoon Donald Trump has already committed to mega projects with Nakheel on Palm Jumeirah `Trump International Hotel and Tower Dubai` (arabianbusiness.com). The reality of the modern megaprojects, which are critical to the life of major cities, is that it takes highly sophisticated expertise and expensive financial resources (uaemegaproject, 2008). In recent years the UAE, and thus Dubai, has transformed from pre-industrial to industrial to post-industrial status, even though the pace of change is mainly evident in city infrastructures (Pacione, M. 2005; UNEP, 2007; ORIAS, 2007). Since the global credit crisis is having an impact on UAEs mega projects, there is need for a new diversified economic model to overcome the potential negative consequences. This paper identifies the key forces and processes underlying the ongoing transformation and examines the impact of the recent global financial crises on the UEAs future macro-economic development diversity. The main purpose of the paper is to provide a new strategic model that can provide an integrated approach to the understanding of a diversified regional strategy to embrace the current ongoing global financial crisis.

Keywords: Strategic Development, UAE, mega-projects, emerging, diversified strategy,

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