

# Qatar

A Vision of the Future  
Investment Series 2006



# Big Ambitions

**Qatar's hosting of the Asian Games is certain to bring this small but energy-rich Gulf state to the attention of a worldwide TV audience.**

Many may never have heard of Qatar before or have any understanding of what it has to offer. Unless, that is, they work in the global energy business, in which case they will be aware that Qatar is the world's third largest producer of natural gas, much of which is transformed into liquids and shipped by tanker to provide for the energy needs of developed and developing economies alike.

Quite apart from the athletes competing in the Doha Asian Games and the purpose-built, state-of-the-art sports facilities, viewers will also take away with them some impression of a remarkable country whose booming economy is bringing rapid change and development.

Both geographically and in terms of its population of nearly one million, Qatar is small by any standards. And of that one million only 200,000 are Qatari citizens, the rest being workers from other Middle Eastern countries, South and East Asia, Africa, Europe, Australasia and the Americas.

This makes for a highly cosmopolitan society, albeit one still based around conservative, family values. Qatari hospitality is a matter of

national pride, with honored guests invited to partake in a glass of pungent Arabic coffee laced with cardamom, or one of a selection of aromatic teas. Refusal is not an option.

And while major new developments go up almost daily – of the 50 or so skyscrapers in Doha's business downtown area around half are still under construction, while to the north an entire new city and man-made island are being developed – Qatar has deliberately sought to preserve its historical traditions. Many of its buildings, even the most recently built, incorporate architectural motifs derived from traditional designs.

The Old Souk has been lovingly restored so that you still find spices and dates piled high alongside traditional metalwork and furniture for sale, while children ride donkeys along the pedestrianized thoroughfare as their parents load up their groceries on wheelbarrows pushed by porters – all of this making for a very different shopping experience to today's sprawling malls.

Right beside the main bay a spectacular new angular structure will



house Qatar's national museum, while just a few streets away the city center mosque's highly original architecture has become a landmark building which breaks the vertical lines of the business downtown's skyline. And mixing modern with desert traditions, there's a brand new spectators' stand out on the camel-racing track.

Whilst political stability and maintaining traditional values come first, Qatar has ambitious plans for the future and is already developing – both economically and in terms of its physical, educational and medical infrastructure – at an ever-accelerating pace.



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The Al-Khalifa Stadium, Doha

# A Distinct Vision

Given Qatar's size, the country has decided to focus development in a few niche areas such as energy management, tourism, and higher education rather than attempt to compete across the board. And while the economy is undoubtedly experiencing boom conditions, investment is being channeled into projects which fit in with a long-term vision of Qatar's future.

This overarching plan is very much the work of the Emir of Qatar, His Highness Sheikh Hamad Bin Khalifa Al-Thani. Indeed, any discussion about Qatar's recent economic success or future potential is inextricably linked to the Emir's vision of how his country can combine the best of 21st-century technology and know-how with maintaining the best of traditions and social values inherited from the past.

Revenues from Qatar's oil and natural gas production, which accounts for more than half its total GDP, provide the means for realizing that vision. Indeed, if the potential value of the country's reserves was divided by the number of its citizens, all Qataris would be multi-millionaires.

However, the potential of Qatar's vast energy reserves was only unlocked by taking forward-looking decisions, such as bringing in international expertise to exploit its North Field (the largest single gas field on the planet) through production-sharing agreements, and by building the world's largest energy facility, including the Dolphin Project with its pipeline to Abu Dhabi, to enable natural gas to be liquefied and exported to geographically distant markets.

And now Qatar is building on that energy platform to attract leading oil and gas companies to its new Energy City. "The idea," says Energy City CEO Bob Moore, "is to have the top energy companies in the region locate their headquarters in Energy City – a hi-tech and very high-spec business park backed by first-phase investments of US\$1.6 billion provided by both regional and international private investors."

Later this year Qatar will certainly become the focus of far wider international recognition through the Doha Asian Games. The vision that ultimately resulted in Qatar's capital being chosen to

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host this year's games goes back almost 30 years to 1978, when the future Emir decided that he wanted Doha to host the Olympics. At the time, advisors deemed this impossible due to the city's lack of suitable infrastructure or pedigree in hosting major sporting events. But that did not put him off. As one of those advisors, Khalid Abdullah Al-Qahtani, recounts: "When the Crown Prince decided he wanted Doha to host the Olympics he was told that Qatar would need a track record of hosting similar events before it could be considered. The Asian Games was suggested as a good example. The Crown Prince simply ordered that the correct infrastructure be built." And so suitable is the new infrastructure that Doha's bid for the 15th Asian Games won out against Malaysia and Hong Kong, the other shortlisted countries. And Al-Qahtani is now chairman of the Doha Asian Games Organizing Committee.

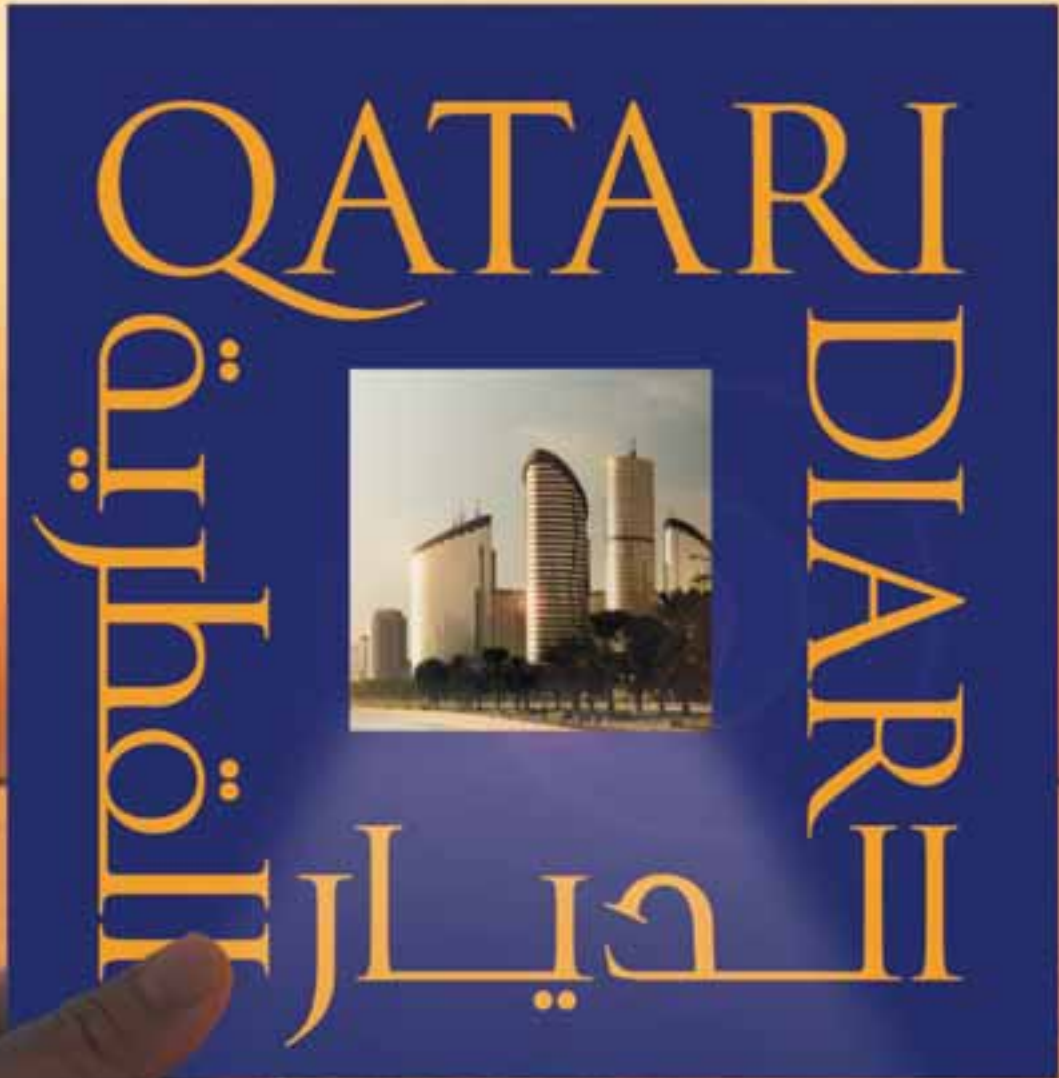
"It will be the biggest Games so far," he says, "with 45 countries, 39 sports, and athletes competing in a total of 423 disciplines. I am pleased that a small country such as ours will host such a big event, and it is also a source of pride for the Arab people that the Games will come to this part of the world. And we have



been receiving good commendations and appraisals both from the stakeholders and from the International Olympic Committee in their reviews of our plans." Al-Qahtani hopes that a successful Asian Games will ultimately lead to an Olympic bid.

Money is no object. "The government has allocated US\$2.8 billion," says Al-Qahtani, "to invest in upgrading infrastructure, to prepare all the sporting venues and to run our organization." The question of legacy has been looked into carefully, often entailing higher initial costs so that the facilities can be re-utilized later.

Qatar aims to build a reputation in sport by constructing world-class facilities to host other events and is promoting Aspire – a cutting-edge sports academy for training the champions of the future from around the region. And the push to increase hotel capacity (the plan called for 8,500 rooms to be built and run to four- or five-star standard) and improve transport infrastructure ahead of the Games is also part of a broader legacy vision, with Qatar becoming a tourist destination and regional transportation hub – a key part of the Emir's plans to build a strong and more diversified economy alongside its energy sector.



# **Nurturing communities takes time. Building them takes Qatari Diar.**

Qatari Diar is a Real Estate Investment Company, Master Planner & Developer. We believe in our dream to create communities where people can live, work and play in an environment built for their enjoyment and pleasure. A carefully planned and meticulously developed community where care and attention to every detail is only a part of our vision. We want you to be happy in our Diar developments, which is why we bring together the very best planners, engineers, architects, developers and construction companies from around the world to ensure that your community is built to the highest possible standards and specifications.

After all there is only one Earth and there is only one you. It is our privilege to serve both.

# City of the Future

**Qatar is a developer's dream – the sprawling desert a blank canvas on which to paint a creative vision. It has the ambition, confidence and finances to embark on large and creative projects, and the climate and economy are bright enough to attract wealthy investors and corporations who can afford the high-end products.**

As might be expected though, Qatar is not content with building individual structures. Satellite images show the very geography of the country evolving as whole towns, commercial complexes and even new landmasses break up the sand dunes and coastlines.

The sector is dominated by state-owned Qatari Diar, whose presence reaches far beyond the Gulf. The company has real-estate investments in Egypt, Morocco, Oman, and Cuba, with upcoming projects in Thailand, Sudan, and Syria. Even in Europe, Qatari Diar is involved in ventures in Paris and London, where the State of Qatar owns 25 per cent of Canary Wharf.

Back at home, Qatari Diar CEO Nasser Al-Ansari's focus is on the huge Lusail project – a multi-purpose property development on mainland Qatar which will effectively be a new metropolis to the north of Doha. In his words: "We wanted to build an ideal city." The initial theory, which has been borne out through experience, is that Qatar's blossoming industries will create a fertile market for quality accommodation and infrastructure. According to Al-Ansari, "The numerous people coming to Qatar, as well as the Qataris themselves, are demanding these kinds of areas more and more – a pleasant district to live in, where you also have all you need."

As a civil engineer with extensive experience of marine environments, Al-Ansari demands meticulous planning. Qatari Diar's project began with: "Thorough investigations and environmental studies, so that we know that whatever we present to the public and investors is really what they will get in the end. Many developers present plans of beautiful buildings with nice renderings that in the end turn out to be something else.

"With Lusail," says Al-Ansari, "every detail has been extremely well thought through, including parking spaces, how the houses are exposed to each other, and security. Qatari Diar is putting in its own infrastructure, including one of the world's largest waste-management systems, making it a completely self-sufficient and managed environment."

In contrast to many modern developments, Qatari Diar is keen to provide a comfortable and uncrowded community, and has set strict space-usage ratios to preserve the environment and ensure that no area can become too built up. "We are building parks, small paths and green areas," says Al-Ansari, "so that people will want to walk around as they used to in the old days."

Lusail will be divided into a number of districts, with the Marina, Fox Hills, and the Entertainment District being just three elements of the complete vision. The Marina offers waterfront property and moorings for those fortunate enough to require parking for their luxury yachts. Fox Hills – named appropriately enough after the community of foxes that live in the area – is to be a residential and commercial zone with low buildings to echo the feeling of a European city. The development will provide comprehensive leisure and entertainment facilities including two golf courses and an entertainment district, naturally functional silt-free beaches as well as all the necessary social amenities such as mosques, parks, schools, shopping malls, and medical centers. Completing the picture, business districts will provide cutting-edge facilities for large and small enterprises.

Al-Ansari explains the thinking behind the development: "By encouraging inbound investment and



providing world-class living and working environments, the whole development will stimulate the local economy. It has been a collaborative process and is a prime example of what can be achieved through effective partnerships across the private and public sectors."

For now, Qatari Diar's focus is on its phased selling of the plots of land that make up the various districts. Thus far, every phase has seen 100 per cent of the available plots snapped up. If this pace continues, interested investors will have to move quickly to snap up their corner of this city of the future.

Meanwhile, at the other end of the spectrum is the luminescent vision of glass and steel known as Energy City. It is hoped that this series of concentrically arranged towers will entice the region's top energy companies to move their headquarters into the new high-tech, high-spec business park – being built thanks to regional and international backers investing US\$1.6 billion in the first phase of development. Indeed a vision of the future.

# Island Living

The Pearl is an enormous, intricate swirling pattern of reclaimed land that juts out from the coastline just north of Doha. Walid Al-Saadi, CEO of the principal investor, UDC (United Development Company), has been coordinating with seven other international firms to not only design and build the land and its structures, but also to manage and maintain it post-construction. From Doha's brand new airport – also being built on reclaimed land and at a total cost of US\$8 billion – there will be direct access by water taxi and a new railroad will drop passengers immediately on the peninsula.

The surge in real estate is partly due to changes in the law that allow non-Qataris to own residential properties in some housing projects. The Land – a real-estate company that is developing some of The Pearl's most desirable properties – is offering investors the added advantages of freehold and residential rights. The Land's Managing Director, Salam Said, says: "As a developer, we are focused on high-standard projects that fit the requirements of our very high-end clientele."

The Land established itself in Qatar in 2005 and its first project is the development of seven towers, each

26 floors high, at The Pearl's higher-density bay area known as Porto Arabia. The design concepts for these towers fall into two distinct types. One is called 'Monaco' with French-style architecture, and the other is 'Tuscan', a style inspired by the Italian Riviera. According to Said: "We are trying to create Mediterranean-style living similar to what you find in Italy or the South of France." With a sales rate of one to two apartments every day, it certainly seems that these concepts are generating plenty of appeal.

Comparisons with Dubai's man-made archipelagoes, The Palm and The World,

are inevitable, but the building density of Qatar differs immensely from that of Dubai. Qatar has 35 per cent for construction and 65 per cent for landscape and public areas. Dubai, in contrast, is roughly 75 per cent construction, 25 per cent public and green areas. And Said sees The Pearl appealing to a different clientele. "Dubai," he says, "is aimed more at singles; here it's more of a relaxed set-up, focused on the family, no matter whether it is European or Arab."

A vision that accords well with that of the principal architect of the country's future – the Emir of Qatar himself.

## Making Health a Priority



Dr Khalid Al-Thani has the clearest desk in Doha.

Unlike the archetypal

public-sector bureaucrat, he practises the OHIO method – Only Handle It Once. This same pragmatism characterizes his organization's reinvention of healthcare in Qatar. Founded in May 2005 to replace the Ministry of Public Health, the National Health Authority (NHA) represents a step-change in the country's medical infrastructure.

Across the economic board, Qatar's rapid development from simple beginnings has allowed it the luxury of starting almost from scratch. Perhaps the best example of Qatar's clean-slate advantage is its considered healthcare development; the refurbishment of

which aims to leapfrog countries with institutionalized systems that are developing only incrementally. In many cases around the world, the institutions themselves are vast and antiquated – making modernization a daunting undertaking. Qatar, on the other hand, is determined to get it right first time.

Health services are discharged through a compact link chain from primary to intensive care and from health centers and major hospitals. Nevertheless, with a small – but growing – 2 per cent of healthcare currently falling to the private sector, spreading the burden and maximizing efficiency have to be the NHA's watchwords.

These principles drove the newly-formed NHA's first success in reducing waiting times, but its remit has expanded rapidly to encompass not only troubleshooting and maintenance, but also innovation and improvement. 2005 saw an online revolution, whereby private-sector patients have an ID and online record accessible to doctors and pharmacies around the country. Roving patients need not register every time they visit a new facility, and pharmacies can

monitor prescriptions with confidence.

Realistic as ever, in a country where vaulting ambition comes as standard, Dr Khalid sees Qatar as a specialized center of excellence rather than a one-stop shop. Its Medical City development will be state-of-the-art and will include a world-class Cardiology Tower whose 112 beds will be operational in 2007. "If we focus on a cardiology center, then the rest of the GCC [Gulf Cooperation Council] countries will refer their patients here."

Despite his commitment to providing quality services through rigorously accredited professionals, Dr Khalid favors prophylaxis over treatment: "We want to create wellness centers that are low cost, and high gain – for investors and patients. [These] centers will reduce the burden on services, promote efficient utilization and ultimately reduce cost." He further envisages mandatory physical check-ups, to pick up at-risk patients at earlier stages of disease.

Certainly, with high standards and a clear vision, Qatar's prognosis looks positive.



# Centers of Excellence

**Qatar's pursuit of 'the best' is also driving its establishment of key 'centers of excellence' in the domains of education, sport and finance.**

In education, the Qatar Foundation is a not-for-profit NGO (non-governmental organization) founded by the Emir and chaired by his consort, Her Highness Sheikha Mozah, which is taking an entirely new approach. As its Vice Chairman, Dr Saif Al-Hajari, explains: "The model is to build an education city and to attract the top education institutes of the world. So far, Cornell, Carnegie-Mellon, and Texas A&M have all set up franchised faculties on the Qatar Foundation campus, while world-leading corporations such as Microsoft and CISCO are to install 'centers of excellence' at the new Science and Technology Park, where they will do research and transfer knowledge to other institutions and students.

"The vision is new," says Al-Hajari. "There is no similar model. The university has to bring its professors, its management, its research and accreditation, and it has to apply the same program and rules that exist at the mother university." Subjects covered include engineering, medicine, design, computer science, and business studies.

"We still need to fill the law and media space," he says, "and we are also looking into humanities and international relations. We will have Islamic studies where we are preparing Muslims to talk to the rest of the world. We see this as something very important, to be able to clear the misunderstandings between peoples and religions." Although leading US universities and companies have been first in, the Foundation is now targeting Europe and the Far East.

While the Qatar Foundation exercises the minds of the future, across town the Aspire sporting complex is putting their bodies to the test. This state-of-the-art academy takes promising young

athletes and gives them access to world-class trainers, facilities, technology, and competition. Although the students will be too young to compete in the Doha Asian Games this year, they will be able to glimpse their favorite stars as the Aspire facilities host many of the events.

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## The aim is to attract the top educational institutes from around the world

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The country is also set on becoming a regional financial center, with the establishment first of the growing Doha Securities Exchange and, more recently, the Qatar Financial Centre. Again, it is seeking to develop niche markets like the fast-growing demand for Islamic finance – a portfolio of products

compliant with Sharia law. "Islamic finance is relatively young," says Abdul Razzaq Al-Siddiqi, Executive President of First Finance, "but it is growing rapidly with non-Islamic banks such as HSBC and Citigroup opening windows or dedicated branches."

In terms of attracting foreign investors, the Investment Promotion Department is taking an increasingly proactive stance. As Chairman Dr Khaled Alderbesti points out, the Foreign Investment Law passed early in 2006 sets out a number of incentives including a ten-year income tax exemption on capital invested, and exemption from imports and customs duties on equipment and machinery for a project, as well as on raw materials and half-manufactured materials not available in Qatar. Foreign investors are also free to repatriate profits without penalty or transfer ownership, and 99-year land leases are available.



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