

# Sun-powered city

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However, Kahyan does concede that the implementation of the solar power generation regulations will not have a big impact on real estate in the short term. And while new legislation, government directives and pilot projects bode well for the future of solar panels in Dubai homes, ultimately creating an upswing in property prices, its success will be linked to the uptake by the largely expat and transient population of the UAE.

"We are at the initial stages of this programme and making every effort to encourage a positive response, both on a commercial and a residential level," says Al Tayer. "We expect significant commercial and investor interest in the first phase, given that such investments can result in major cost savings and net returns in the short term."

### First movers

Welcoming the initiative and its implications on a green economy, developers are also cautious as incorporating such elements could increase the cost of building property, while its direct impact on savings and price appreciation have yet to be fully understood. However, the market already boasts first movers such as the Zen project by Indigo Properties and Akoya Oxygen by Damac, which use solar energy to support the power needs of the community.

"I think this is a fantastic initiative by Dewa and the Supreme Council and a significant step in the direction of green buildings and the green economy vision of His Highness Shaikh Mohammad Bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai," says Anand Lakhiani, Director of Indigo and Managing Director of

Al Huraiz Real Estate. "We are great supporters of going green and yes, we are adopting the latest green building requirements and technologies in our new projects such as Zen, where rooftop solar units of the latest technologies are already specified.

"It is too early to say how this will impact the property market in the short term. But in the long term, we believe it won't only result in direct energy cost savings but going forward it can also impact property valuation, as can be seen globally. This will increase construction cost and property value, but as a developer we are absorbing such extra cost as part of our marketing strategy."

### Incentivise adoption?

Energy consumption in the region has grown manifold over the past few years, particularly in Dubai and the UAE. Initiatives such as installing rooftop solar panels are expected to help consumers and commercial establishments generate their own power, save on cost and also feed power back into the grid, thereby reducing the pressure on utility providers. However, the subsidised price of electricity in the UAE provides less incentive to residents and commercial enterprises to reduce consumption and energy bills by producing their own power from renewable sources.

To be economically viable and for uptake to be faster, solar energy generation will not only require a stable legal and regulatory framework, but an increase in electricity prices and incentives for conservation, at least in the short term.

A solar policy discussion paper published by the Middle East Solar Industry Association (Mesia) notes that significant technological advancement due to growth



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✦ Mohammad Bin Rashid Al Maktoum Solar Park will have a capacity of 1,000MW by 2030

in global solar production has led to considerable cost reduction, indicative of solar generation costs soon dropping below fossil fuel-dependent generation costs. Thus, financial incentives might be required merely as an interim measure. And this has direct implications on the property market.

While developers contend with increased construction costs by including solar power in their energy mix for commercial and residential projects, brokers believe solar can add a new dimension to property pricing dynamics.

"Residents and landlords who install the panels will not only cut greenhouse gas emissions and save money on their fuel bills, but also be able to feed any excess power back into the emirate's electricity grid," says Abdul Kadir, CEO of ERE Homes. "The landlord who

spends on the installation of solar panels would be able to rent at a higher price. Also, a tenant would prefer an apartment that has solar panels installed as that would save money on electricity."

### Long-term savings

Al Tayer also believes Dubai's DRRG programme has many benefits for the property market.

"This makes properties more attractive for their net energy use and the uptake will be higher for commercial-scale deployments, which will eventually make solar-powered buildings more appealing," he says. "Not only will it help people recover their initial investments and enhance savings in the short term but also add to the value of the property in the long term."

From a property valuation perspective, the debate also hinges on the pace of

commercial or residential uptake. Lakhiani believes commercial uptake would be higher, although only after infrastructure is in place for installing commercial-scale solar rooftop panels. "Commercial establishments such as malls are among the highest consumers of energy," says Lakhiani.

"So the cost implications there can be considerable in terms of savings."

Kadir also feels the commercial sector would be more keen to realise cost savings from solar panels as its "consumption is higher and [companies] are charged more than individual users". With energy savings expected to range from 15-30 per cent, in addition to significantly reduced consumption bills, the future of the project looks bright. However, awareness among end users, consumers, developers and brokers of the direct and indirect benefits of installing photovoltaic rooftop panels is another issue.

Lakhiani says there is now greater awareness of its impact on property cost, value and day-to-day performance, but Kadir believes there is a need to educate stakeholders and the public, especially as the cost of installing solar panels is currently the biggest barrier to adoption. However, he adds, "It is a cost-saving decision for the commercial segment



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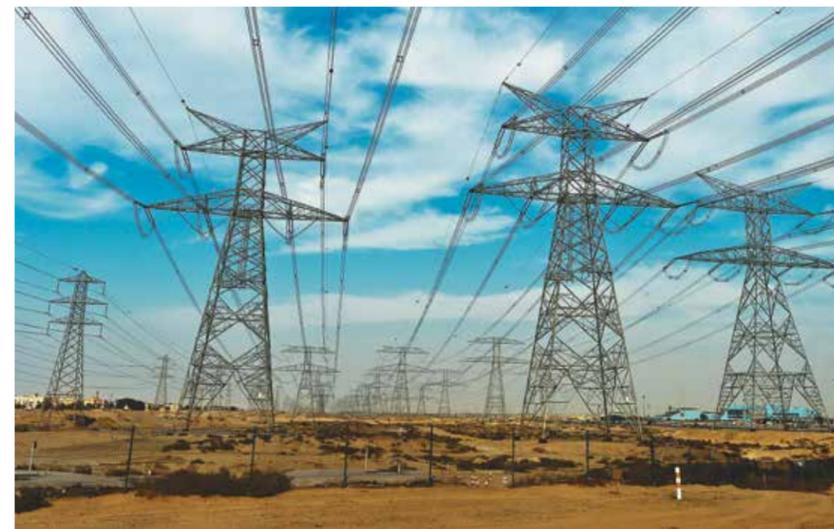


**Abdul Kadir**  
CEO, ERE Homes

and for the end user in the long term."

The Dubai government is leading by example with respect to the use of solar and renewables as alternative energy sources. Abdullah Raffia, Head of Dubai's Sustainable Committee and Assistant Director-General for Engineering and Planning Sector at the Dubai Municipality, told reporters at the Middle East Electricity Exhibition that the Dubai Frame, the emirate's latest tourist attraction to be opened later this year, will be harnessing sunshine by using photovoltaic tiles across its 150m-high facade. Another large-scale project in the emirate is Diamond Developers' Dubai Sustainable City, slated to be powered by 600,000 sq ft of solar panels. The project will install panels on each house, which are expected to supply 60 per cent of the residents' energy needs.

Dewa, for its part, is optimistic the DRRG programme will steadily gain traction, with top developers expected to be among the major adopters. "Developers have shown keen interest and while there are no formal commitments as of now, we



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✦ Pylons are expected to soon make way for solar panels in Dubai

expect the leading developers to support these go-green measures, both from a commercial and a social responsibility perspective," says Al Tayer. He adds that various policies and plans are currently being reviewed to support the transition of consumers from grid power to solar power.

"At a component level, we have released safety and quality standards for manufacturers of mechanical equipment and hardware in close coordination with Mesia," says Al Tayer. "From an installation perspective, trained specialists for installing the solar panels and mechanisms are being sourced along with ser-

vice companies for continuing maintenance. "Simultaneously, smart metering initiatives are under way to track consumption and solar production, excess feedback into the main grid, monitor cash paybacks for consumers and provide main grid power backup as part of redundancy management." ■

## Challenges in the uptake of solar panels in the sector

- The large number of rental properties and transient expat population can pose a challenge. Short-term tenants, in particular, are unlikely to make the capital investment in technology if a return is only made in the medium or long term. Landlords, on the other hand, are unlikely to invest unless they can expect a return on their investment.
- Solar rooftop installations will require regular maintenance and cleaning. Tenants might not feel comfortable granting maintenance workers regular access to the rooftop and other areas in the property.

Source: Mesia Final Solar Policy Discussion Paper

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