

The Restless Master Planner: An Interview with Edamah's Amin Alarrayed



Mr Amin Alarrayed, CEO, [Bahrain Real Estate Investment Company \(Edamah\)](#)

On a Thursday afternoon, Foutoun Hajjar sat down with Mr Amin Alarrayed, CEO of Bahrain Real Estate Investment Company (Edamah). A renowned C-Level executive who has built his reputation as a highly respected and successful businessman, and a leader in Bahrain.

Take us back to the early days of your career; what made you want to specialise in real estate investment and development?

Earlier in my career, I was involved in the banking sector and started work at the Central Bank of Bahrain as an economist. I then moved on to the Bank of Bahrain and Kuwait (“**BBK**”), heading the Retail Banking Division. In the early 2000s, it was the start of what was then commonly referred to as the “Real Estate Boom” in Bahrain and across the region. Simultaneously in the GCC region, a new concept arose in the form of “Islamic Finance” that took hold. One started to see robust growth in new Islamic banks which primarily focused on real estate investments. Quite suddenly, Islamic Finance drove the market into an upward shift as an array of associated products were introduced to consumers. For example, off-plan sales previously less common, found a foothold during this period. As you can see, there were these new models and financial products driven by investment banks that started to introduce real estate into banking in a way which had not existed before. I was, at the time, in charge of the mortgage product

department at BBK, which is of course intrinsically linked to real estate. I was on the debt side of the business and engaged in structuring real estate finance and mortgage deals. This primarily was my introduction to the concept of real estate finance.

I did that for about four years at BBK, and was then approached by a Kuwaiti investment company called Global Investment House (“GIH”), one of the big players in this market segment. In Bahrain, we were limited to Gulf Finance House and Kuwait Finance House. GIH wanted to set up a dedicated real estate finance company, and said “We would like you to be part of this team as a founding member”. It was just a very buoyant time and it felt like the right thing. Naturally I was cautious, but nevertheless opted-in for the challenge. Reef Real Estate Finance Company (“RREFC”) was inaugurated and we did extremely well. In the first year at RREFC, we actually held a mortgage book thicker than BBK’s, the largest retail bank at the time. We really expanded in 2006 and then GIH said “look we would like you to be the GM of our new real estate investment company – First Bahrain”. I hired my team and we worked initially from the dining room at my house. We didn’t have offices, we didn’t have anything, it was genuinely a start-up experience. First Bahrain was capitalised at \$100 million which allowed us to set up offices and proceed with our initial projects. Those projects comprised of Majal (a warehousing project), the Mercado in Janabiyah which consists of residential villas and a shopping mall. We then went on to acquire land in Seef District which is now part of another project.

I was really equity driven and spent a total of 11 years representing principal investors in Kuwait. It was not a short stint, we built the company and did well. We weathered a lot of crises: for example the boom bust in 2008-2009, however due to our defensive investments in the warehousing sector we managed to overcome that disruption; and shortly after the plunge in the oil prices. With the current COVID-19 crisis, it is evident that every couple of years, there is something that hits you, and you must formulate a contingency plan to remain viable and productive. At First Bahrain, we weathered the storm through maintaining a portfolio of conservative investments. We didn’t have a lot of speculative projects, we had projects that were income generating and covered our bills. We were very lucky.

In 2018, I was approached to join the board of Edamah which the government aimed to revitalise under the leadership of His Excellency Khalid Al Rumaihi. Within a year they offered me the CEO position at Edamah and I’ve been here for the past three years.

Over the last few years Edamah has amassed an impressive portfolio of Real Estate, including the redevelopment of Bilaj Al Jazayer, Jumeirah Gulf Of Bahrain Resort and Spa and “The Terminal” multi-purpose complex in Adliya to name a few.

Projects of this nature are accompanied with many challenges and it is essential to clearly examine what strategies one has devised to ensure the completion of such projects.

Definitely, there was a very familiar feeling to my first offer from GIH. When I moved to Edamah, I was vested with a significantly complex task due to the fact that the entity had been relatively dormant for some time. Edamah was primarily a government ‘land bank’ running a few projects but nothing really substantial. I think the mandate was a call to reinvent Edamah. As I recall, the board of directors told me “you did it at First Bahrain now you can do it here”. I must say, the lessons learnt at First Bahrain came in handy.

We required the right team at Edamah, so first and foremost, we started to revise the entity’s organisational chart, salary scales, in addition to head-hunting the best management. We had to bring in the best and brightest because we wanted to be the best. This same strategy was at the forefront of our engagement with Al Tamimi & Company: I recall saying ‘look, we don’t want to be associated with or have legacy relationships with firms and advisors. We want to be associated with an aggressive law firm that is capable of supporting and protecting our interests’. The team I built around me were not just hires, they were talents acquired through vendor relationships and contracts. We did that across the board, and that summarises my first year in a nutshell.

The second thing we wanted to do was to designate Edamah as a developer and less of a land bank. We agreed to select three or four, maybe five major projects, and invest our energy into them rather than working haphazardly. We engaged Bain & Company and they really helped us with forging a 5-year strategy plan (note that we are currently in our third year). We have managed to activate 'Bilaj Al Jazayer', and there are projects that have not been made public yet. One of which is the redevelopment of Hawar Island, and the other being the master-project 'Al Sahel' which will house the new Jumeirah Al Khaleej Hotel in the Southern Governate. We are focused on creating destinations rather than constructing buildings. We want to build cities, we want to build towns, we want to build destinations that will really elevate Bahrain's position as a tourist destination in alignment with the government's overall strategic objectives.

What are a few market developments in the real estate sector, which you are personally looking forward to the most in the next few years, and why?

I would say above and beyond all – Bilaj Al Jazayer. It has the most potential, and it is much needed. One of our chief aims is to understand what Bahrain is lacking. We didn't want to build another mall, we didn't want to be another developer without strategic value. Our prime objective is to activate areas and vacinities through adopting the concept of catalytic investments. A small example was the development of 'The Terminal' in Block 338 Al Adliya. We sought this opportunity due to a lack of parking spots within the area which is – in essence – a fine dining hub. We therefore came up with an innovative concept whereby a spacious parking building was trasformed into a multi-purpose facility housing a co-working space and four top-brass restaurants (Enab, Clay, Jar and Gunayden). By solving the issue of parking vacancies, we also wanted to invigorate and encourage more investment in the area. We really wanted to create a platform for us to have fine dining on the scales you would see in London and Dubai. We wanted to have that level. So we were the catalysts for those investments to be made.

The same could be said for Bilaj Al-Jazayer: we wanted to create a beach town on an island, which really doesn't have a significant beach presence. This was something we wanted to resolve. If you go to Marbella you will know what I am talking about, if you go to Miami South Beach you will know what I am talking about. There's a whole culture around beach living. Some of the most expensive properties are beachside. In Bahrain, I don't think we've done enough to create a beach-town (Durrat Al Bahrain came close, but it is more of a weekend spot). What we want to do is start to really look at what elements we can invest in as Edamah in order to encourage others to take part in our master plan. We teamed up with Foster and Partners of the UK, a globally renowned architecture firm – they are the best of the best and I go back to my earlier statement regarding our affiliation with the best in the business. This master plan is world class and we are very hopeful that it will constitute an addition to what the Kingdom has to offer.

This is a long term project for us. We brought in MSCEB and WATG Architects to work on the first phase of the shoreline project with construction expected to commence early next year. You will start to see the buildings going up and hopefully that will incentivise other developers to work alongside us. I estimate this project to conclude in around 5-7 years. Real Estate has a long lead-time, it just takes time. However, if you visit Bilaj Al-Jazayer today, you will start to see what we've done to the beach already. We have removed the dirty rocks and glass and all the debris that had built up over the years; it's a sandy beach, you can swim in it and enjoy a warm day on the beach. Moreover, we have worked on the landscaping, planted washingtonia palm trees and beach vegetation. We installed beautiful pedestrian ways and managed to accomodate an Olympic-sized pool amidst the sea-water (that's a first for Bahrain). We are currently initiating discussions with F&B operators that want to set up restaurants and other outlets within the area. You will hopfully start to see restaurants and café's out there. After all, there's nothing better than a café overseeing the beach, where you're able to enjoy a nice meal with sand grains on your toes. A beautiful experience right? Casual and accessible. Just what we're missing.

In December, Edamah collaborated with Mazad to organise an online auction, offering to sell numerous properties owned by Edamah to investors, business owners and individuals. In November, you said the auction "will likely be followed by a number of other similar auctions

during the next year". Now in 2021, what can you share about the benefit of such auctions in attracting foreign investment, and tackling the problem of stalled Real Estate Projects in the Kingdom?

Our engagement with Mazad is multi-faceted. In essence, we need to be self-funding. As Edamah, we are unable to obtain capital from the government to run projects as we are required to independently raise funds.

Secondly, we had a very large land bank with several projects that did not make any sense from a strategic perspective. In other words, these are legacy lands that have been in our portfolio for decades and are scattered across the corners of Manama, in the Souq area for example or a plot in a village. It was felt that it would be better for us to allow the private sector access these plots, rather than just keeping them unutilised in our land bank. Sometimes you visit such areas in Manama and notice a dearth in parking spots. All of a sudden, you stumble on a large empty plot and start to think that it could be utilised in a better fashion. We didn't feel it would be good for us to keep these lands trapped as part of our land bank for another ten years. We believed it would be better to allow the private sector to have access to these plots by way of auction in order to activate these plots. The idea was as follows: 'let's place these plots in the hands of people who are willing to invest and develop rather than tying them up in our land bank and do nothing'. At the same time, this would enable us to raise funding for projects which we want to invest in. That's really where the idea came from, and we were very successful with the first round and raised a good amount of money to fund two hotels, and there will be another round I think soon.

With the National Real Estate Plan and Bahrain Economic Vision 2030 in mind, where do you see Edamah and Bahrain's real estate sector as a whole in the next 5 - 10 years?

I am always optimistic. We face many challenges and surprises but I am very optimistic that Bahrain will emerge victorious. There's a lot of resilience that gets built into sectors when they go through a crisis, such as Covid 19. I think there has been substantial investment that has been pent up - it hasn't reached the stage where it's ready to be deployed but many people are on the side-lines. I think the following will take place:

1. People will start to value outdoor spaces.
2. There will be a shift away from traditional real estate, and when I say traditional real estate I am talking about small apartments and apartments without amenities. This idea of 'living in a tiny apartment but owning a gym membership' will be re-examined. A lot of emphasis is currently placed on property that really is 'fit for purpose': You can live in it, not just sleep in it. That is something that will continue. I think places like Bilaj Al-Jazayer and resorts genuinely deliver an experience. We at Edamah focus on delivering an experience.
3. I think there may be a shift away from the traditional office space, in the sense that people do not necessarily need to be there every day of the week. That's a sector we don't see a lot of support for.
4. One of the things that we all came to understand is the efficiency of delivering retail products through electronic means. The idea of visiting a mall to shop is no longer the case. A lot of people now are saying 'look, I can shop for my goods online, I can view a bigger selection, and it is conveniently delivered to my doorstep.'

I think that the focus should really be on something technology can't deliver, which is 'experience'. People are willing to visit a mall if the experience is worthy of it. If you look at the Avenues for example, you can actually walk by and have a really nice meal in a nice ambiance, not a food court. Delivering on experience is the new trend in real estate.

If there was one piece of advice you would give to an aspiring young 20 year old version of yourself. From your experience, what would it be?

Flexibility: be flexible with your choices. When I started I said I was going to be a banker or an economist. You are very quick to label yourself when you're young. Your focus is quite narrow during that phase. I

think that opportunity sometimes comes out of your comfort zone. Sometimes it may require you to show a little bit of flexibility and be able to pivot. You can limit yourself by reciting a single tone in your mind, ie: I'm an accountant, I'm an accountant, I'm an accountant, and evidently loose a chance to grasp on a new opportunity. Some of the best businessmen and women I know were lawyers, but they were able to pivot. Some of the best real estate people I know were bankers or industrialists. It is all about allowing yourself to take advantage of opportunity when it comes. It requires a little bit of courage to say 'I'll do that but I think it will really pay off in the long run.' In practice however, one must exercise all the available might and power within his or her disposal in order to realise where one's true passion lie. This requires a dose of dedication, punctuality and the constant desire for self-improvement.