International Journal of
Urban and Regional Research

Volume 38.1 January 2014 155–75 International Journal of Urban and Regional Research
DOI:10.1111/1468-2427.12084

Diversification by Urbanization: Tracing the Property-Finance Nexus in Dubai and the Gulf

MICHELLE BUCKLEY and ADAM HANIEH

Abstract

This article explores the role of liberalized real estate markets in shaping financial-sector development in the Arab Gulf region. Since 2001, record oil revenues and the inflow of repatriated wealth into the region have generated immense demand for new, productive destinations for surplus capital. Gulf Cooperation Council states have subsequently undergone rapid growth that is intimately tied to the regulatory transformation of urban real estate markets and the circulation of surplus capital from oil rents to the 'secondary circuit' of the built environment. With an emphasis on the city of Dubai, we employ the notion of diversification by urbanization *to trace the re-regulation of real estate markets and highlight how these strategies have subsequently shaped Gulf financial markets. Through an examination of the impacts of real estate mega-project development on local banking credit, equities and Islamic financial markets, we reframe recent urbanization in the region as a process of financial re-engineering, and identify the emergence of capital groups whose accumulation activities are tightly connected to both the real estate and financial circuit.*

Introduction

In his panoramic survey of capitalist development in Second-Empire Paris, David Harvey narrates the complex linkages between the transformation of urban space, the character of state intervention in the built environment, the growth of real estate and financial markets, and, ultimately, their relationship to Parisian class formation. Harvey begins by noting that a privileging of the 'materiality of space relations' provides a powerful insight into how 'three themes — finance capital, the propertied interest, and the state — link together as part of a theory of distribution of the social product into interest, rent and taxes . . . [and] has great significance for understanding how capitalism works' (Harvey, 2003: 98–99). Through a survey of the architectural plans of the Napoleonic prefect Georges-Eugène Haussmann, Harvey traces how real estate was a key node in the accumulation of finance capital. The development of the credit system — a 'revolution' that helped 'produce the revolution in space relations' (*ibid*.: 121–22) — enabled the formation of development companies that brought together associated capitalists who profited enormously from rising land values across the city. State planning, under Haussmann's tutelage, deliberately forged an alliance with 'a coterie of

The authors wish to thank Linda McDowell, Gordon Clark and the three anonymous IJURR reviewers for their extremely helpful comments on earlier drafts of this article. Any errors or omissions remain the responsibility of the authors.

financial and real estate interests (builders, developers, architects, etc.) assembled under the umbrella power of "associated", or "finance", "capital" and often subsidized the work of these firms through donations of land as well as the necessary planning regulations' (*ibid.*: 130).

While nineteenth-century France is located at a vast spatial and temporal distance from the contemporary states of the Arab Gulf region, Harvey's description of Paris's urban transformation and its relationship to accumulation and class power is salient to the political economy of the six states that make up the Gulf Cooperation Council (GCC): the United Arab Emirates (UAE), Saudi Arabia, Oman, Kuwait, Qatar and Bahrain. Since 2001, record oil revenues and the inflow of repatriated wealth into the region have been generating immense demand for new productive destinations for surplus capital. The Gulf states have subsequently undergone rapid growth that is intimately tied to the regulatory transformation of urban real estate markets and the circulation of financial surpluses from oil rents to the 'secondary circuit' of the built environment. These moves have since spurred striking urban development in and beyond cities such as Manama, Doha, Abu Dhabi, Riyadh and Jeddah, making GCC real estate markets among the fastest-growing in the world in recent years (McKinsey, in Salem *et al.*, 2009). The city-state of Dubai in particular, with limited sovereign oil reserves, has pursued a host of non-oil forms of economic development, positioning itself at the forefront of processes of economic liberalization and service-sector-based diversification across the Gulf region. Much like Haussmann's Paris, Dubai's property markets have been fundamentally transformed through the financialization, commodification and internationalization of the fixed components of the urban landscape.

By contrast, the place-specific contexts of oil rentierism and regional economic integration currently unfolding in Dubai and the rest of the GCC offer an opportunity to generate a more nuanced reading of the logics of restructuring in the region that at once envisage and go beyond Marxian narratives of the urbanization of capital. To this end, we employ the notion of *diversification by urbanization* to foreground the role that real estate based growth strategies have come to play in GCC economies, with specific attention to their impacts on GCC financial-sector development. We draw on several bodies of literature concerned with articulating the 'variegated' political economies of urbanization, real estate and finance to employ this concept towards two interconnected ends. First, we use it to highlight how real estate investment and rapid urbanization have served as more than a spatial fix for over-accumulated capital across the Gulf region. In contrast to regulationist-inspired frameworks that might view transformations in the financial circuit as an indirect result of capital switching to the secondary circuit, we frame recent urbanization as a set of state-led strategies aimed at leveraging the urbanization process to internationalize and diversify the financial or 'quaternary' circuit (Aalbers, 2008) of capital. Our core argument, thus, is that the regulatory liberalization of real estate in the GCC must also be understood as a strategy of financial sector re-engineering. A key consequence of this strategy — which ultimately entails directing the flow of capital from oil surpluses through the real estate circuit, and back into the finance circuit — has been to distinctively shape capitalist class formation in the Gulf, a process that has marked the emergence of capital groups tightly linked to accumulation in the financial and real estate circuits, as well as the state apparatus.

Secondly, and more broadly, we employ this notion of diversification by urbanization to contribute to a more dialectical treatment of the relations between finance and real estate markets. A prominent debate in the political economy literature revolves around the premise that real estate and financial markets are becoming increasingly integrated through the rise of finance-led regimes of accumulation (Boyer, 2000; Gotham, 2009; Christophers, 2011). In this article we pay attention to the potential of Gulf real estate accumulation to shape the financial circuit as one way to respond to calls by scholars for accounts of the place-specific regulatory, structural and political economic transformations that underpin contemporary financial-sector development and change (Pike and Pollard, 2010; Doucette and Seo, 2011; French *et al.*, 2011) and as a way to delineate financial diversification through urbanization as a discrete strategy being mobilized by GCC states. With a specific focus on the city-state of Dubai, we investigate the role of urban development in transforming three specific realms of the GCC financial circuit: the banking credit sector, equity markets and Islamic finance.

In the past several years there has emerged an exciting literature on Dubai and other Gulf cities that has begun to address earlier critiques (Fuccaro, 2001) about the absence of either socio-culturally or regionally informed work on Gulf cities in urban studies (for example, Davidson, 2008; Elsheshtawy, 2008; 2010; Kanna, 2011; Mohammad and Sidaway, 2012). Yet relatively little social science research has examined the connections between the wholesale regulatory restructuring of Gulf real estate and financial markets and processes of capitalist class formation. The enduring absence of Gulf cities, most noticeably Dubai, in the Marxian urban studies literature on finance and real estate is a striking lacuna. Likewise, much of the urban-focused scholarly work on the Gulf has not deeply engaged with the various theoretical insights around the political economies of finance, accumulation, and the urbanization of capital. In seeking to describe recent processes of political economic change across the region, Davidson (2008) and Elsheshtawy (2010) have both documented the adoption and transformation of a 'Dubai model' of development by Gulf states characterized by industry-specific subdivisions, public–private infrastructural investments and real estate mega-projects. Hvidt (2011: 85) contends that, far more than simply being symbolic practices of global place making and the institution of new forms of consumer urbanism, these are programmes aimed more fundamentally at displacing oil-rentier strategies of development among GCC states. In this article, we seek to delve more deeply into Hvidt's assertion through two interlinked questions: first, what regulatory changes have taken place across the Gulf to provide the institutional basis for accumulation in the real estate and construction sectors? Secondly, what implications does this have for other sectors of the economy, such as finance, and what can this tell us about how different moments of capital accumulation relate to one another and the emergent institutional forms of the capitalist class?

To begin, we discuss some of the geographical political economy literature on finance and real estate, and trace an array of re-regulatory moves that have facilitated the restructuring of capital flows through Gulf real estate markets, drawing attention to a number of shared trends. We then examine the impacts of these reforms on banking credit, equities and Islamic financial markets, and highlight the ways in which large conglomerates linked both to the financial and real estate circuits have developed around these accumulation activities. The research for this article was primarily conducted in Dubai, Abu Dhabi and London between 2008 and 2011, and includes eight semi-structured interviews with regional experts in the fields of real estate, banking and finance, including (1) executives from Islamic financial institutions; (2) senior economists from multinational Gulf and European banks who were in charge of GCC-focused portfolios; and (3) senior analysts from professional services firms with a regional focus on GCC real estate markets. Interviewees were accessed through contacts established at three regional trade conferences on real estate, construction and Gulf finance in Dubai and Abu Dhabi, with most interviews taking place in Dubai, while some interviews were subsequently organized in interviewees' offices back in London. These particular subjects were accessed because their focus and expertise made them well-placed to comment on the growing imbrication of urban development activities and local financial activities and the impact of large-scale urban projects on GCC financial-sector innovation and diversification.

These interviews are used to complement and corroborate insights from a review and synthesis of the trade literature on real estate and financial markets in Dubai and the Gulf, which we employ to trace the regional reregulation of real estate markets in the region and to map the business activities of ten major business groups active in the Dubai real estate sector. Through these examples, we foreground market-based urbanization as a significant characteristic of Gulf political economies over the past decade, and explore what place-specific ‘loops of codetermination and coevolution’ (Taylor, 2004; *cf*. Weber, 2010: 256) have emerged between real estate and financial markets in the region.

Constructing cities, constructing circuits: Urbanization as market-making in the Gulf

Economic diversification has long been on the agenda of GCC states, as oil-based regimes of accumulation have led to a relatively narrow income base and made GCC economies deeply vulnerable to the price volatility of internationalized hydrocarbon markets (Kurbusi, 1984; El Hag and El Shazly, 2012). In light of these potential vulnerabilities, Gulf states have sought — with varying success — to build up non-oil sectors as a means of minimizing the threats presented by any external shocks. The UAE led these diversification efforts through a range of liberalization measures, including financial-sector reforms, privatization and opening up to foreign direct investment (El Hag and El Shazly, 2012). However, as some have noted, the influx of oil-capital revenues since the beginning of the twenty-first century has spurred the renewal of Gulf diversification agendas (Hvidt, 2013). Subsequently, recent diversification efforts in the GCC have been explored from a range of vantage points, including the international spatial fix offered by GCC sovereign wealth fund portfolios (El-Kharouf *et al*., 2010) and the extension of oil-based strategies of economic growth through the creation of industries reliant on cheap hydrocarbon fuel (Peterson, 2009; Hanieh, 2011; Hvidt, 2013). Most importantly, however, many have emphasized the central importance of knowledge- and service-sector diversification strategies to recent processes of economic restructuring. This has included the development of tourism sectors (Mansfeld, 2007), the establishment of media, education and internet technology hubs (Keivani *et al*., 2003; Ewers and Malecki 2010) and efforts to develop regional and international financial-services centres (Bassens *et al*., 2010). These strategies were pursued at the national scale, while also becoming a central focus of discussion within the institutions of the GCC regional integration project (Hanieh, 2011).

As scholars have noted, the tertiarization of GCC economies over the past decade and a half has also required the urbanization thereof, in which the development of spectacular malls or the provision of sector-specific urban subdivisions catering to global knowledge-sector firms have provided the urban ‘fixed capital’ (Harvey 2006 [1982]) through which these new accumulation activities could take place (Peterson, 2009; Bloch, 2010; Haines, 2011; Shatkin, 2011). However, beyond providing the material and symbolic urban infrastructure for other accumulation activities, we conceptualize the urban development process itself as a key site of recent state diversification agendas. Below, we outline how marketized urban development in the Gulf has established two broad-based and novel sites for capital accumulation: the first is in attracting new flows of private capital by opening both real estate development and ownership to foreign investors and buyers; the second is the creation of an array of new development-focused financial-services markets. Table 1 presents a regional perspective on some of the steps that GCC member states have taken to restructure real estate markets since 2000. This is not an exhaustive view of the extent or range of efforts to liberalize Gulf property markets but rather provides a broad perspective into the directions and shared trends in recent urban restructuring across the region.

While there has been significant diversity in the timing, scale and the specific character of these reforms in different national and subnational contexts, several dominant trends can be identified in these reforms, including the liberalization of mortgage financing, the internationalization of property ownership and the privatization of the development process. For the purposes of this article we focus on the latter two. First, since 2000 nearly all GCC member countries have taken steps to permit foreign ownership of commercial and residential property. While foreign ownership is still

Table 1 Property-market liberalization among GCC states since 2000

Country	Market Capitalization /Privatization of State Development Companies	Regulatory Opening to Foreign Property Firms and Contractors	Opening to Foreign Investment in Urban Real Estate and Infrastructure Project Development	Permitting GCC and Non-GCC Nationals to Own Real Estate	Privatization and/ or Liberalization of Mortgage Markets	Establishment of New Informational and Legal Infrastructure
Bahrain	✓	✓	✓	✓	✓	✓
Kuwait				*	✓	
Oman			✓	✓	✓	
Qatar			✓	✓		
Saudi Arabia	✓	✓	✓	✓	✓	✓
UAE	✓		✓	✓	✓	✓

* = proposed

Sources: Abraaj Capital (2006); Beidas-Strom *et al*. (2006); El-Quqa *et al*. (2006); Oxford Business Group (2006; 2007); Hakim (2008); Jones Lang LaSalle (2008); Oxford Business Group (2008); *Zawya* (2008); *Global Property Guide* (2009a; 2009b).

largely restricted to specially designated urban areas, this move by all GCC states, apart from Kuwait, has been one of the most significant factors in attracting both local and foreign private capital to the region's urban development markets.[1] Moreover, with the exception of Kuwait and other states such as Bahrain, where GCC ownership rights already existed, the granting of property ownership rights to foreign citizens has been established alongside the granting of ownership rights for GCC national citizens freely throughout the Gulf as the result of an agreement signed by all GCC states in 2002 (Rettab and Istaitieh, 2007). The ability of foreign citizens from outside the GCC to own property, meanwhile, is restricted in all GCC countries to specially designated 'investment' zones (in many cases, these correspond to discrete real estate mega-projects). The new international geographies of GCC property ownership are thus deeply hierarchized and spatially uneven, reflecting the aim of incorporating real estate within a harmonized GCC market, while also fulfilling particular national (and in the case of Dubai, subnational) agendas to become top destinations for foreign investment.

Secondly, GCC states have enacted new rules intended to attract the development expertise and capacity required to productively circulate real estate development capital. For example, Bahrain has taken aggressive steps to attract foreign firms to the real estate development market by easing registration processes for foreign businesses (*Zawya*, 2008). Similarly, in 2005, the Saudi Arabian government passed a special government procurement law under which 100% foreign-owned companies could bid for government development contracts, a strategy intended to attract new developers to the country to make up for the lack of domestic capacity to carry out the vast array of projects announced. These strategies have effectively allowed Gulf governments to share the risks, costs and profits of urban development with an arsenal of private developers who — in distinct contrast with the development contracts offered by GCC states in the 1970s and 1980s — must now seek their profits not from the state, but from the market. Prior to the financial crisis, this had been a remarkably successful strategy; as Hanieh (2010) points out, the Gulf mega-project market was in large part responsible for the GCC becoming the fastest-growing region for foreign direct investment over the past decade.

Efforts to attract private investment to the real estate development sector have been coupled with the state-led launch of an array of large-scale real estate projects across the region, including the King Abdullah Economic City project near Jeddah, Saudi Arabia (US \$86 billion, 173 km^2), The Pearl artificial island development in Doha, Qatar (US \$10 billion, 4 km^2), Water Garden City in Manama, Bahrain (US \$7 billion, 2.2 km^2) and Saadiyat Island in Abu Dhabi, UAE (US \$27 billion, 3.7 km^2). Projects such as these have played a key role in the region emerging as the largest project-finance market in the world in 2007; by 2008, an estimated US \$2 trillion worth of development projects were planned or under way across the region, with mixed-use real estate projects attracting the bulk of project financing (see Table 2) (Leonard and Fanning, 2007; Hanieh, 2011).

Of late, accounts of GCC urban development have been included within wider efforts to articulate the particular political economic transformations underlying 'Asian urbanization' (Roy and Ong, 2011) — rightly so, as there are important parallels between the re-regulatory strategies outlined above and broader accounts of 'urbanization-as-accumulation' (Wu, 2009) taking place across the continent. The first relates to the unprecedented commodification of formerly unmarketized components of the built landscape — such as real estate — as a key facet of new urban accumulation strategies (He and Wu, 2009; Wu, 2009). A second concerns the central role that state institutions are playing in orchestrating processes of urban neoliberalization in the region (He and Wu, 2009) and the attendant exercise of 'glocal' forms of state sovereignty that these urban development projects embody (Ong, 2011). However, there are also some disjunctures between this scholarship and the motivating forces that undergird Gulf

1 Kuwait's reluctance to internationalize property-ownership laws stems in part from its fraught history with neighbouring Iraq; however, the government is currently considering limited liberalization initiatives.

Table 2 Project financing in GCC countries by type (2006)

Project Type	Financing (US $ billions)	% of Total
Real estate construction	525	54.3
Oil and gas	228	23.6
Petrochemical	100	10.3
Power and water	70	7.2
Industry	44	4.5

Source: Hanieh (2011)

urbanization. For example, while He and Wu (2009: 284) identify the central objective of marketized urbanization strategies in cities across China as the need to promote wholesale economic growth, we posit that in the GCC, diversification, not growth, has been a primary mobilizing force behind marketized and internationalized urbanization. Beyond acting as a key site of wealth accumulation (He and Wu, 2009), commodification and internationalization of local real estate markets has been a strategy specifically calibrated to respond to the regional problematic of hydrocarbon export reliance; the very process of building the urban landscape has provided a platform for an incredible array of new glocalized sites for capital circulation that not only construct markets 'on the ground' across a host of economic sectors, but also tie GCC economies to different segments of the global economy in new ways.

This imperative of diversification lies at the heart of our effort to highlight the development of a specific real estate financial nexus in the GCC, because it foregrounds urbanization as a strategy of market creation that extends far beyond either real estate or fixed capital formation. This framing is in part at odds with some accounts of the role of finance capital within processes of 'capital switching', in which capital has been directed from the primary circuit (production, manufacturing, industrial-sector activity) to the 'secondary circuit', which is centred on real estate, infrastructure and other components of the built environment (Harvey, 1985; see also Beauregard, 1994; Aalbers, 2008; Christophers, 2011). This switching is driven by an over-accumulation of capital in the primary circuit and is utilized as a spatial fix. Aalbers (2008: 150) has recently extended Harvey's argument to claim that real estate markets have now 'entered a new stage . . . designed to facilitate capital switching' to financial markets. Thus, real estate markets operate increasingly as purely financial markets, a shift symbolized most powerfully through the securitization of mortgages in the US. The result is that 'investment in real estate markets is more than ever before dependent on the development of financial markets. But of course the linkages go in two directions: if two markets become entangled, they effectively become interdependent. In the end, the development of financial markets is also dependent on the development of real estate and housing markets' (*ibid.*: 151).

Aalbers' claim of interdependency raises a question about gaps in the current body of literature on finance and real estate. This literature has offered some of the most important recent empirical and conceptual advancements in understanding the impacts of finance capital on urban built environments, yet notwithstanding its formative engagements with the dialectics of crisis formation, to date it has been less concerned with the role that real estate markets might play in spurring transformations within the financial circuit. These efforts need to be attentive to the risk of re-articulating old globalization scripts in which finance is portrayed as penetrating, determinant and dominant, while the sectors of the economy that finance comes into contact with are subsequently penetrated and transformed (Gibson-Graham, 2006). A number of accounts of urban development finance — particularly those concerned with the role of the state

— have been explicitly attentive to this. For example, Weber's (2010) research on tax-increment financing as a strategy to raise capital for urban development and investment emphasizes the significant role local states often play in driving processes of financialization. She cautions against accounts that imply that finance capital 'imposes its will from above, leaving little room for variation or agency on the ground' (*ibid*.: 252) rather than being driven and formulated by local-level policy directives emanating 'from below'(see also Gotham, 2006; 2009; Sassen, 2009). As Gotham (2009) argues, these perspectives are important in challenging 'capital logic' perspectives on real estate investment by bringing to light how state regulation of these markets can lead to contradictory, historically contingent and place-specific outcomes within financial markets.

While Harvey notes how the production of the fixed components of urban landscapes places 'tremendous burdens' on capital, forcing capitalism to 'evolve an ever more sophisticated credit system to handle the problems that fixed capital circulation poses' (Harvey, 2006 [1982]: 265), we characterize these burdens as opportunities exploited by autocratic Gulf states to fulfil GCC financial diversification agendas. Framed in this way, marketized urbanization has not only been a means to create the urban infrastructure for other accumulation activities or to attract new flows of capital from foreign real estate investors and developers; these state-led strategies have sought to leverage the building process to create a host of new development-related producer-services markets, central among which have been financial markets. In the section that follows, we probe some of the specific financial implications stemming from states' efforts to privatize and marketize urban development through an examination of recent transformations within the GCC banking credit and equities markets.

Gulf credit and equities markets: mega-project development finance and capitalist class formation

Amidst a regional construction boom purportedly 'built on oil', what is notable about recent urbanization is not what governments have spent on development projects, but what they haven't. Dubai's reliance on foreign and often speculative foreign capital to finance urbanization has been well-established (Bloch, 2010; Elsheshtawy, 2010); in addition to state revenues from its export-processing sector, the UAE relied heavily on credit and debt capital to fund the development of the city and other industries, such as aviation and finance; indeed, by 2010, Dubai's total sovereign debt stood at an estimated US $170 billion, well over 100% of its gross domestic product (GDP) (DiPaola, 2010). Beyond Dubai, however, oil-rich Gulf states have also relied on non-oil private capital to finance the most recent building boom. Saudi Arabia's five proposed 'Economic City' mega-projects were designed to attract funding from foreign and local private-sector investors, with the goal of adding US $150 billion to the country's GDP in the coming years (Barker, 2008). Oil-rich Abu Dhabi also relied heavily on funds raised through joint ventures with property developers and local and international banks (Faras and Ghali, 2009). The growing practice of attracting private flows of finance capital for real estate development has had major impacts on the local banking landscapes in the region. Three dynamics have been spurred in part by the liberalization of real estate development: large increases in foreign-sector credit to Gulf banking institutions; the growth of domestic conglomerates with investment interests straddling both real estate and financial circuits; and the growth of equity financing for urban development.

In the early to mid-2000s, the demand for financing for mega-project development in the region placed enormous pressure on local banks; existing project-finance infrastructure, which included bank lending, bond and equity issuance, was not diversified or capitalized enough to meet the complex and significant financing needs of these projects (Creane *et al*., 2004; Chawdhry, 2009). As the assistant general manager of a multinational Saudi Arabian bank explained, part of the reason for this was that:

> Gulf banks were never really set up to do project finance; there are too many banks really controlling too small a pot of capital. So you end up with the big foreign banks — HSBC, Deutsche Bank, and those guys . . . doing a lot of the project finance. They can raise the capital (interview, London, October 2011).

Alongside the relatively small capitalization of the Gulf banks, the tendency of Gulf institutions to be overwhelmingly reliant on traditional retail-based banking posed other challenges for banks wanting to enter into the real estate finance market. As a senior economist at the same bank explained:

> there was this problem with asset–liability mismatches, you see . . . if you are lending for a big [urban] project, you are typically looking at 10 years at least. That ties money up for a long time, but most Gulf banks are based on retail deposits, which are, really, short-term assets — so there's a real possibility of an asset–liability mismatch in Gulf project finance . . . That's why you got all these banks going out to international capital markets . . . they needed to raise longer-term capital for these projects (interview, London, October 2011).

Market-based urbanization has thus been a key process tying Gulf financial and built landscapes to the global economy. Moreover, as the quotation from the interview above indicates, this process has been driven in part by the 'mismatch' between the place-specific characteristics of Gulf banks and the spatio-temporal features of mega-project development. Banks' attempts to reconcile this prompted a large increase in banking system credit to the private sector between 2003 and 2008 (ESCWA, 2009; Khamis and Senhadji, 2010). While credit growth was also financed by domestic deposits, GCC banks' reliance on foreign sources of capital for lending increased significantly. Foreign liabilities of Gulf-based banks grew from US $53 billion in 2005 to US $172 billion in June 2008 (ESCWA, 2009). This growth, however, varied significantly across the region. For example, while foreign liabilities of banks in the UAE, and particularly in Dubai, rose sharply from 17% of GDP in 2005 to 40% in 2007, growing from US $23 billion in 2005 to US $93 billion in 2008, the liabilities of banks in Oman were markedly smaller at only US $4 billion in 2008. Overall, however, these trends played a significant part in the external debt of GCC countries growing significantly from US $10 billion in 2005 to US $358 billion in June 2008 (*ibid.*).

Further linkages between real estate, finance and capital accumulation is confirmed through a closer examination of the key business conglomerates in Dubai. Table 3 lists ten of the largest Dubai-based private conglomerates and their major activities across the finance, construction and real estate sectors. It shows clearly the centrality of real estate to the development of the large conglomerates that form the core of the UAE's capitalist class. The activities of each of these conglomerates extend across key moments of the real estate circuit: (1) the production of Dubai's built environment through construction and contracting activity; (2) the supply of materials to the construction sector (aluminium, steel, plastics, asphalt and so forth); (3) the marketing, management, sale or rental of real estate properties stretching from labour camps through to residential apartments, luxury villas, hotels and malls; (4) investment and banking institutions that provide mortgages and other financing for real estate projects; and (5) other activities that are connected to the growth of the urban environment (for example, retail and agency rights for commodities that are sold in malls). All of them also control one or more of their own construction firms, sometimes in a joint-venture with large international capital. While holding significant stakes in major Gulf banks, each of these conglomerates is also prominently represented in the key state institutions responsible for planning Dubai's overall economic strategy. In short, real estate-related activities, broadly conceived, form the bridge between all moments of accumulation for Dubai's capitalist class.

In addition to their direct ownership of companies linked to real estate, finance and construction activities, these conglomerates participate heavily in the region's equity markets. In Dubai, eight real estate and construction companies were listed on the Dubai

Table 3 Financial and institutional affiliations of major Dubai conglomerates

Business Group	Finance and Banking	Real Estate Development	Other Real Estate Related Activities	Institutional Connections
Juma Al Majid	•Largest private shareholder and on board of directors of Dubai's biggest bank, Emirates Bank NBD	•Emirates Bank NBD controls Union Properties (47.6% ownership) •Owns Genavco, a company that imports and supplies construction equipment •Owns Al Majid Properties, a real estate firm in Dubai and Sharjah	•Owns companies that install, manufacture and maintain elevators, lifts, sewage systems and electro-mechanical equipment •Owns a concrete and metals company •Owns a company that maintains air Agents for Hyundai in the UAE	•The group head is the chairman of the Dubai Economic Council (DEC), a strategic partner of economic planning with the Dubai government •Board member of the Dubai Chamber of Commerce and Industry
Al Gurg Group	•Largest private shareholder and vice-chair of the board of directors of the National Bank of Fujairah •Former vice-chair of the board of Emirates Banking Group •Board of directors of Investcorp Bank, Bahrain	•Owns a real estate company, ESAG Real Estate	•Owns a paints company and a metals producer •The group's building-supply division is an importer and distributor of building- and plumbing-related products, architectural finishing products, water heaters, pipes, tiling, kitchen accessories and ceramics •Owns agency rights for a number of high-profile mall brands such as Better Life, United Colors of Benetton and Unilever	•Represented on the DEC •Executive committee member of the Dubai Chamber of Commerce and Industry
Al Mulla Group	•On the board of Emirates Bank NBD •26% ownership of Emirates Investment Bank	•Emirates Bank NBD controls Union Properties (47.6% ownership) •Owns 25% of Dubai Development Company, one of the largest real estate companies in Dubai •Has own real estate division and property development arm	•Owns hotel-management firm Abjar, which operates the Ritz Carlton, Sheraton, Holiday Inn and Crowne Plaza hotels in Dubai •Runs the American Hospital in Dubai	•Represented on the DEC

Table 3 Continued

Business Group	Finance and Banking	Real Estate Development	Other Real Estate Related Activities	Institutional Connections
Lootah Group	•The group was the founder and is the largest private shareholder in the Dubai Islamic Bank •On the board of Amlak Finance, an Islamic-finance real estate company owned by Emaar	•Dubai Islamic Bank owns 40% of Deyaar; Lootah Group is on the board of directors •Owns Lootah Real estate Investment Company •The group owns an extensive network of properties across the GCC, including Dubai Lagoons, with 53 low-rise apartment buildings •The group runs a 108-room hotel in Dubai	•The group has a large construction company that is involved in several commercial, government and residential projects; the engineering division carries out environmental and marine works, civil structures, bridges, foundations and the laying of pipelines •The group's National Ready Mix Concrete Company is one of the leading suppliers of ready-mixed concrete in the UAE and operates 12 plants across the country •The group has an extensive industrial division involved in the manufacture of steel (wire mesh and fabricated steel reinforcement), aluminium (windows, doors, etc.), fibreglass, marble (floors, tiles, etc.), mineral water, bitumen, foam and wooden furniture	•Represented on the DEC •Board member of the Dubai Chamber of Commerce and Industry •The group is on the board of the Emirates Real Estate Corporation, a company established by the UAE government to build embassies and government buildings
Al Ghurair	•Controls 82% of Mashreq Bank •Also a director of Investcorp Bank, a large investment holding company based in Bahrain •A representative of the group is chair of the board of the private equity company Shuaa Capital, and was formerly a director for Emaar Properties •On the board of RAK Bank	•On the board of directors of Drake and Scull, one of the largest construction companies in Dubai •Runs a real estate company, Al Ghurair Properties	•Owns four large malls in the UAE and Bahrain: Burjuman Mall (500 shops), Al Ghurair City (209 shops), Bahrain Mall (120 shops), Reef Mall (94 shops) •Operates hotels in Dubai •Involved in the manufacturing and processing of aluminum and concrete	•Represented on the DEC •Chair of Middle East Council of Shopping Centres •Chair of Dubai Shopping Malls Group •Chair of Dubai Chamber of Commerce and Industry
Ghobash	•Second largest private shareholder in the Commercial Bank of Dubai (6.37%)	•Operates a real estate and property-development company, Makeen (fully owned) •Is a major shareholder in Union Properties (5%) and represented on board of directors	•Owns a shopping centre (Sahara Centre) •Owns agency rights for Starbucks, Ben & Jerry's, Pizza Hut, Caviar House & Prunier, Marks & Spencer, Simply Food and Burger King	

Table 3 Continued

Business Group	Finance and Banking	Real Estate Development	Other Real Estate Related Activities	Institutional Connections
Futtaim Group	•Owns the controlling share (50.26%) of Emirates Investment Bank •Owns 17% of the Commercial Bank of Dubai	•Owns Al Futtaim Real Estate Company •Owns Al Futtaim-Carillion, a joint-venture construction company with UK-based Carillion (Futtaim owns 51%)	•Built and owns one of the largest malls in Dubai (Dubai Festival City) •Owns agency rights for IKEA, Marks & Spencer, Toys 'R' Us, Toyota, Lexus	•Represented on the DEC •Board member of the Dubai Chamber of Commerce and Industry
Rostamani Group	•Major shareholder in the Commercial Bank of Dubai (5.75%)	•Owns a property-management firm, Abdulla Al Rostamani Properties •Has a construction company joint-venture with the German firm Pegel, Al Rostamani Pegel	•Involved in import and export of building materials •Operates an electrical engineering company	
Habtoor Group	•Major shareholder in First National Bank (Lebanon) and chaired the Commercial Bank of Dubai for three years •Major shareholder and chairs board of directors of Dubai National Insurance Company	•Runs one of the largest construction firms in the UAE •Among other work, it built the Burj Al Arab (the tallest hotel in the region), Terminal 1 of Dubai International Airport, the tallest building in Abu Dhabi, the Armed Officer's Club, the first shopping mall in Abu Dhabi, sports stadiums in Abu Dhabi and Al Ain, a petrochemical plant in Ruwais, and Internet City in Dubai •Has also built large projects in Egypt, a five-star hotel complex in Qatar, and the Burj Tower in Doha, Qatar (the second tallest building in the region) •Runs the largest marble factory in the UAE, producing polished-stone and marble products	•Owns luxury villas and investment properties across the UAE, and five-star hotels in the UAE and Lebanon •The group's automobile division has agency rights for Aston Martin, Bentley, Mack Trucks and Mitsubishi in the UAE	•Represented on the DEC
Belhasa Group	•On the board of Tamweel (largest provider of real estate finance in the UAE)	•Owns a real estate management firm, Belhasa Real Estate Management •Owns three construction companies, including a joint-venture with Belgian Six Construct •Runs an interior-design company, United Decoration •Chair and founder of the UAE Contractors Association	•Operates agencies for coffee and pizza chains in shopping centres and malls	•Represented on the DEC •Board member of the Dubai Chamber of Commerce and Industry

Source: Based on authors' own research

Financial Market (DFM) in 2011: Arabtec, Dubai Development Company, Deyaar, Drake and Scull International, Emaar, Mazaya, National Real Estate (since 2012 listed on the Kuwaiti stock exchange only) and Union Properties. These eight companies are tightly linked to the conglomerates identified in Table 3, either through direct ownership (for example, Mulla Group in Dubai Development Company; Ghobash Group in Union Properties; Ghurair Group in Drake and Scull), or indirectly through ownership stakes in banks or investment companies (Lootah Group in Deyaar; Jumaa Al Majid Group in Union Properties). In addition to this private investment, there are high levels of state involvement — the two largest companies, Emaar and Arabtec, are significantly controlled by state funds.[2] UAE stock markets, in many cases still suffering from poor transparency, small numbers of listed companies, volatility and weak regulatory regimes, have struggled to absorb the oil surpluses of the last few years (Naceur *et al*., 2008). The role of these companies on the DFM reflects Simpson's (2008) observation of the recent importance of real estate capital to Gulf equities markets more widely, in which private property firms, quasi-governmental property firms, cement producers and construction companies have played a central role in the growth of equities markets across the region, comprising some of the largest listed firms.

The central importance of these eight companies is indicated by their weight in DFM trading: the value of shares traded in these eight companies has constituted more than half the value of all shares traded on the DFM for 8 out of 10 years from 2002 to 2011 (the exceptions having been 2007 and 2008). Their market capitalization peaked at 37.3% of total market capitalization in 2005, although this figure has since fallen to around 15 to 16%. Moreover, the figures significantly understate the significance of real estate activity — many companies that do not fall into the 'real estate and construction' categorization of the DFM nevertheless draw a large proportion of their turnover from the sector. This includes companies that the DFM categorizes as 'banking', 'investment or financial services' or 'materials'. The importance of these companies and their ownership structures confirm how the DFM facilitates the 'liquification' of real estate assets, a process that requires a certain set of institutional and legal structures that can turn the use values of the built environment into abstract exchange values that can be securitized, commodified and thereby potentially de-territorialized (Gotham, 2006: 232).

A key element to this liquifying of real estate has been the conscious attempt to capture other surpluses (local, regional and international) and draw these into the real estate financial nexus. In and beyond Dubai, the demand for large amounts of diversified financing for infrastructure and real estate projects since 2002 fuelled one of the region's most successful waves of initial public offerings (IPOs). For governments and local and private companies, equity-based financing provided an avenue for tapping into private Gulf capital. For GCC governments, selling shares of state development corporations or floating special-purpose companies set up to manage specific developments was a very successful way of raising private capital for state-led urban development projects. An IPO floated on the Saudi Stock Exchange for the King Abdullah Economic City development, for example, was oversubscribed by over 280%, raising US $1.9 billion when it was launched in 2006 (Al Hakeem, 2006). The Bahraini government meanwhile approved the establishment of a BD 249.34 million firm to acquire the government's stakes in numerous ongoing projects; 60% of its equity was then floated on the Bahrain

2 Of these eight companies, Emaar is the most significant. The company is the largest real estate company in the GCC and in 2011 represented 8.6% of the entire DFM market capital and over 18% of all trades on the stock market (*DFM Annual Report*, 2011: 14). Emaar was founded in a private capacity by current chairman Mohammed Alabbar. Alabbar, however, is a senior aide to Dubai's ruler, Sheikh Mohammed bin Rashid Al Maktoum, and a member of the Dubai Executive Council, essentially the 'cabinet' of Dubai. Today, Emaar is 31% owned by the Dubai government, with the remaining shares listed on the DFM, thus providing an important mechanism of accumulation for large private investors who benefitted from the company's rising share price through the real estate boom (the share price rose a remarkable 1,800% from February 2004 to July 2005).

Stock Exchange (El-Quqa *et al*., 2006). State-led IPOs such as these were appealing on a number of fronts; Gulf governments were able to give corporate investors and local citizens access to state-backed developments without having to purchase property directly, while governments in return could hedge the cost and risk of long-term development by accessing private money through the capital markets. Crucially, property-related IPOs were also a means by which governments could use the urbanization process to 'pad out' local stock markets. By selling shares in government property companies and their subsidiaries, governments could capitalize on the demand for real estate while simultaneously fuelling the diversification and growth of local equities markets.

In short, 'diversification by urbanization' has become a key means of accumulation for capitalist classes in Dubai and across the Gulf. Surpluses derived from the growth of the built environment are continuously circulated through financial markets — at each stage ever-dependent upon complex sets of institutional and regulatory mechanisms. Through this process, the built environment is 'liquified', and also becomes the investment target of surpluses drawn from the national, regional and international scales. This process has been state-backed, enabled through a regulatory re-writing of real estate codes that perfectly symbolizes Roy and Ong's (2011) 'experiment with circulation', in which real estate liberalization has entailed most fundamentally the formation of markets, regulatory mechanisms and class factions to facilitate novel capital circulation and accumulation activities. In the final section, we focus on another subset of this GCC banking and financial landscape: the particular importance of real estate to Islamic finance.

Halal circuits of capital: Gulf Islamic finance and the moral economies of real estate

Amidst the relative lack of attention within Anglo-American geography to recent processes of economic reform in the Gulf, a notable exception has been in research on the growth of the Islamic banking and finance (IBF) sectors in the region. This literature is attuned to the challenges that IBF presents to theories of financial-sector change and development in economic geography. Pollard and Samers (2007) postcolonialize knowledge production on financial geographies through an exploration of IBF, showing how Islamic financial cultures and logics complicate universalizing theories of financial-sector development. Bassens *et al*. (2012) similarly challenge the notion of any 'pure' form of securitization, noting the hybrid character of Islamic financial-sector growth and its ties with multiple localities and practices.

In GCC states, an exploration of capitalist 'alterity' through Gulf IBF also requires some recognition of the close relationships the sector has forged with real estate in recent years.[3] In conjunction with conventional sectors, the past decade has witnessed the rapid growth of Islamic financial institutions and products; between 2008 and 2009, there were over 300 Islamic banks and financial institutions worldwide, with *Shari'a*-compliant assets totalling an estimated US $1 trillion worldwide in 2009 (Bassens *et al*., 2010; Damak and Volland, 2010).[4] Before the global contraction of the finance and banking sectors in 2008, IBF worldwide had also grown at an average annual pace of 10% per year, in many cases outperforming conventional banking and finance markets both in the

3 Indeed, Bassens *et al*. (2010; 2012) have noted the connections between Islamic finance and Gulf urbanization, but have not focused on articulating this relationship in detail.

4 It should be noted that these numbers are subject to some debate; as some Islamic institutions do not fully disclose their worth, estimates of IBF's total assets before the financial crisis ranged from US $750 billion to over US $1 trillion (McNamara, 2009).

region and beyond (Volland and Damak, 2008). By 2007, it accounted for roughly 15% of the banking market in GCC countries (Hijazi and Gribot-Carroz, 2007), with Gulf economies holding nearly 42% of *Shari'a*-compliant assets worldwide (Bassens *et al*., 2011). In Dubai, the trend has been similar: while Islamic assets accounted for only 3% of total banking assets in the UAE in 2003, they had grown to nearly 15% in 2006 (Ibrahim and Ong, 2008). It is striking, for instance, that all of the banks linked to the business groups listed in Table 3 are either Islamic banks or have Islamic 'windows' through which they offer Islamic financing for the real estate sector.

The Islamic sector's aggregate share of Gulf financial and banking markets is still relatively small, yet there is an important significance to how and why IBF grew so rapidly. While its growth has been generally attributed to the recent inundation of GCC economies with oil capital (thus engendering a shift in the international geographies of this sector to Gulf cities such as Manama, Dubai and Abu Dhabi), the particular connections Islamic finance has developed with real estate and other components of the urban environment provide at least part of the answer to how Islamic sectors have capitalized on oil surpluses. Real estate has been appealing to IBF in part because the religious and ethical restrictions outlined in Islamic law have tied the growth of IBF closely to urban development markets. Unlike IBF's conventional counterparts, *Shari'a* law strictly prohibits Islamic financial transactions that are based on charging interest (*riba* in Arabic) or that involve excessive risk or uncertainty (*gharar*) or other transactions involving forms of excessive or unequal risk that could be seen as commensurate with gambling (*maysir*).[5] Not to be employed as an asset class in its own right, money itself must strictly be used as an 'intermediary between goods' (Tariq, 2004: 10) and thus investment in other real productive assets or commodities must generally provide the direct basis upon which surplus is generated. Large, state-backed real estate projects have offered both a permissible and highly lucrative set of investments for Islamic capital.

With such limitations on the kinds of investments that are deemed permissible, or *halal*, under *Shari'a* law, a number of GCC governments actively seeking to facilitate the growth of IBF excluded Islamic financial institutions from regulatory caps limiting real estate investment that are leveraged on other financial institutions (Hancock, 2008). Real estate and infrastructure projects have proved to be crucially important real bases for *Shari'a*-compliant capital accumulation strategies through direct acquisitions, project-financing deals, asset-based securities, private equities and capital-market funds; as a result, investments in the GCC built environments, both direct and indirect, have come to comprise a significant segment of many Islamic banks' portfolios.

This growing participation of Islamic institutions in urban development signals more than the growing urbanization of Islamic capital; it has arguably implicated Islamic financial institutions more deeply in the process of real estate investment and development. In relation to the financing of mega-projects in the GCC, a senior economist from a large Islamic financial institution based in Dubai explained how construction commissions, or Istisna'a financing, for both Dubai- and GCC-based real estate mega-projects have implicated these institutions much more directly into the development process:

> say a developer wants to do a mixed-use development, and needs, what, a billion dollars to do it. They come to us, and we don't have the money, but we can raise it. We are interested because these developments are very lucrative, eh? . . . We get an agreement to set up a special-purpose company, with the expectation that we will own this future development (or a portion of it) and we will lease it to the developer for several years. With the rights to that future development, we go out and find investors to put money in (interview, Dubai, March 2008).

5 For a more detailed discussion of the principles underpinning *Shari'a*-compliant finance, see Tariq (2004).

In this sense Islamic banks are not only financial intermediaries for real estate investors and developers, but have come to act as 'de facto' developers, as these contracts involve banks holding equity or bond-style stakes in many of the development projects that they finance (McNamara, 2009: 7).

The inclusion of tranches of Islamic financing has also been a means for developers to diversify their financing by accessing different groups of investors as well as differently structured agreements. A senior director at a major Dubai-based Islamic bank summarized the appeal of this flexibility to real estate developers and investors:

> [s]ee, there are more alternatives. Whereas with conventional financing, you can have only one kind of contract — the loan with interest. But [IBF] gives a whole host of good options for financing, which is why it is so useful for project financing . . . We don't provide money directly, you see. We provide support in the form of equity and assets and commodities. [Islamic financial institutions] provide eleven different kinds of contracts, which is really appealing for project finance. And that means that we actually provide dozens of different products that fall within those contracts (interview, Dubai, May 2008).

Real estate markets have since been a powerful force shaping the demand for Islamic capital and particularly for new and innovative forms of Islamic financing. This is particularly the case in the popularity of *sukuk* issuances in GCC states over the past 10 years (Damak and Volland, 2010). A *sukuk* is a *Shari'a*-compliant instrument that effectively offers a share in the proceeds of a business venture. Over the past decade, the geographies of global *sukuk* issues have become concentrated in GCC international financial centres such as Manama and Dubai. The first local *sukuk* in Qatar, for example, was issued by the quasi-governmental Qatar Real Estate Investment Company in 2006, the profits of which were to go into developing housing outside of Doha (MEED, 2006). Similarly, the first international *sukuk* launched in Saudi Arabia was by Dar al-Arkan Real Estate Development Company in syndication with five Gulf banks: ABC Islamic Bank, Arab National Bank, Standard Bank, Unicorn Investment Bank and West LB (Dunkley, 2007).

The success of *sukuk* financing has not only created a larger tool set for financial institutions to circulate capital surpluses in the Gulf region, but as Tariq (2004) points out, it has also provided an important mechanism within Islamic financial markets to generate sufficient liquidity — a recurrent problem considering the restrictions in the sector on loan interest and speculation — needed for mega-project financing. Prior to 2008, this form of fundraising for real estate development became extremely popular in the Gulf; while the largest proportion of *sukuk* in 2007 was issued in GCC financial-services sectors, accounting for 31% of total volume, real estate followed closely behind at 25% (Hijazi and Gribot-Carroz, 2007). Moreover, the majority of *sukuk* have been backed by collateral in the form of real estate, which has created an important secondary set of linkages and dependencies on Gulf property markets (El Baltaji, 2010). Thus, while the growth of financing instruments such as *sukuk* offerings reflect processes of commodity rationalization, fragmentation and differentiation (Gotham, 2009: 363) in real estate markets, it equally marks the diversification of fictitious capital engineered specifically to facilitate accumulation through the built environment; through the exemptions granted to Islamic financial institutions, Gulf governments and financial actors harnessed the 'tremendous burdens' that fixed capital imposes upon fictitious capital to drive growth and innovation within Islamic banking and capital markets.

Conclusions

With emphasis on the city of Dubai, we have sought to trace the profound re-regulation of real estate markets in GCC states and to draw attention to the interconnections these strategies have engendered between Gulf real estate and financial sectors. We contend that capital-switching arguments are by themselves insufficient to explain the accumulation logics underlying market-led forms of urbanization and their accompanying entanglements with financial markets across the region. The recent integration of real estate and financial markets is not simply a by-product of property-market liberalization or growing access by global finance capital to local real estate assets; rather, marketized urbanization has in part constituted a strategy of geofinancial re-engineering, in which materially tangible real estate mega-projects have provided a key mechanism for Gulf states to fuel growth and diversification in the financial circuit.

Through an examination of GCC credit, equities and Islamic banking and financial markets, we can point to three ways in which this has been accomplished. First, marketized urbanization has played a significant role in simultaneously urbanizing and internationalizing banking capital, both by implicating foreign banks more fully in the business of local real estate development and by increasing Gulf banks' reliance on global credit markets. Secondly, real estate development projects have driven innovation in financial markets through demand for novel urban financing products such as *sukuk*, and in contributing to the capitalization and diversification of local equities markets. Finally, the quasi-privatization and marketization of real estate development and financing has engendered the formation of Gulf capitalist classes that are equipped to both urbanize and financialize surplus capital, having become heavily connected to both the quaternary and secondary circuit of capital.

The internal contradictions of these diversification strategies became apparent as, in the wake of the 2008 global financial crisis, an acute drop in property prices regionally revealed that Gulf financial institutions had become heavily overexposed to local real estate markets. The impacts of the crisis were sectorally and geographically uneven, being particularly exacerbated in Qatar, Bahrain, Kuwait and the UAE because of exposure through real estate bank loans (Augustine, 2009; Ellaboudy, 2010), property-firm decapitalization on Kuwaiti and UAE stock markets (Capital Standards, 2009), and heavy exposures among Islamic banks through construction contracts and *sukuk* issuances that were not only financing but also collateralized with real estate (El Baltaji, 2010). Dubai was particularly hard-hit by the crisis, with property values falling by up to 65% between 2008 and 2012. By the end of 2012, around a quarter of the UAE's residential properties remained empty, with an additional 25,000 properties still poised to enter the market (Fattah, 2012).

Despite this downturn, there are clear signs that the UAE's rulers are embracing a new wave of geofinancial re-engineering. The overall number of property transactions in Dubai increased by 50% in the first half of 2012 compared with 2011, although these figures remain considerably lower than at the peak of the property boom in 2008 (*ibid.*). The Dubai financial markets, reflecting these trends, increased by 18.8% through 2012, with real estate-sector stocks recording a 42.5% rise (Bank Audi, 2013: 14). A number of major real estate projects have been announced, including Mohammed Bin Rashid City (MBRC), a joint project of Emaar and Dubai Properties, which is planned to include the world's largest shopping mall (Mall of the World), a Universal Studios franchise, hotel facilities and an enormous public park said to be 30% larger than London's Hyde Park. As part of MBRC, a gated golf-course residential area is envisioned, with luxury residences on plots of 1,900 to 2,800 m^2 (Jones Lang LaSalle, 2012: 4).

Alongside projects such as MBRC, the Dubai government has announced new regulatory mechanisms aimed at preventing a repeat of the crash of 2008. In early 2013, the UAE introduced a cap on mortgage lending for expatriates set at 50% of the property value — previously there had been no loan-to-value limits for housing loans. This measure is likely to reinforce the trends noted throughout this article. By reducing access to mortgages from lower ends of the expatriate market, the new regulation will privilege large real estate firms that have greater recourse to the necessary funds for property investment (supplemented, perhaps, through international borrowing). Moreover, the new 50% regulation does not apply to UAE nationals. Given this widening differentiation of access to finance, a probable outcome of the new regulation will be the further consolidation of real estate conglomerates such as those listed in Table 3.

Significant discussions have also been taking place within Dubai policymaking circles regarding other means of encouraging the recirculation of capital between the real estate and financial circuits. A prominent government-linked think-tank, the Dubai Economic Council (DEC), has made an explicit argument for the further liberalization of land ownership in Dubai (perhaps through long-term leasing arrangements such as those that existed in Hong Kong under British administration). The DEC believes that this would help increase access to banking credit for firms in the UAE; land could be used as collateral for bank loans rather than retained earnings or other internal sources of capital (DEC, 2011: 48). If measures such as these materialize, Dubai could be on the cusp of a renewed commodification of its urban space, with land ownership forming a key bridge between financial and other circuits.

The post-crash environment in Dubai further confirms the importance of viewing Dubai's real estate market in both its regional and global contexts. Much of the recent uptick in property transactions can be attributed to the uprisings throughout the rest of the Middle East, with regional elites viewing Dubai as a potential 'safe haven'. Large Egyptian, Lebanese and other Arab investors have been moving funds — and, in some cases, their residence — to the UAE. Indeed, a prominent Gulf business newsletter has described Dubai as akin to 'Switzerland . . . in Europe's troubled past' and pointed to these regional flows as the key reason for Dubai's property upturn through 2012 (Arabian Money, 2012). Moreover, there has also been a recent increase in the flow of funds into Dubai from non-Arab investors located in Iran, India and Pakistan. Given these trends, further exploration of Dubai's 'diversification by urbanization' — suitably situated within regional and global circuits — remains a pressing task for scholars of the Gulf.

Michelle Buckley (mbuckley@utsc.utoronto.ca), Department of Human Geography, University of Toronto Scarborough, 1265 Military Trail, Toronto, Ontario M1C 1A4, Canada and **Adam Hanieh** (ah92@soas.ac.uk), School of Oriental and African Studies, University of London, Thornhaugh Street, Russell Square, London WC1H 0XG, UK.

References

Aalbers, M. (2008) The financialization of home and the mortgage market crisis. *Competition and Change* 12.2, 148–66.

Abraaj Capital (2006) *The infrastructure requirements of the MENASA region*. Abraaj Capital, Dubai.

Al Hakeem, M. (2006) 8.5b riyal Emaar Economic City company formed. *Gulf News*, 2 October [WWW document]. URL http://gulfnews.com/business/property/8-5b-riyal-emaar-economic-city-company-formed-1.258837 (accessed 15 February 2010).

Arabian Money (2012) Low mortgage rates are boosting Dubai real estate prices but this is only part of the story, 27 November [WWW document]. URL http://www.arabianmoney.net/gcc-real%20estate/2012/11/27/low-mortgage-rates-are-boosting-dubai-real%20estate-prices-but-this-is-only-part-of-the-story/ (accessed 12 February 2013).

Augustine, B. (2009) UAE banks top realty exposure. *Gulf News*, 4 January [WWW document]. URL http://gulfnews.com/business/banking/uae-banks-top-realty-exposure-1.43395 (accessed 8 November 2009).

Bank Audi (2013) *United Arab Emirates economic report*. 4 January, Lebanon.

Barker, K. (2008) Saudi Arabia delays £17bn Economic City. *Building Magazine*, 16 December [WWW document]. URL http://m.building.co.uk/news/saudi-arabia-delays-%C2%A317bn-economic-city/3130039.article (accessed 5 May 2011).

Bassens, D., B. Derudder and F. Witlox (2010) Searching for the Mecca of finance: Islamic financial services and the world city network. *Area* 42.1, 35–46.

Bassens, D., B. Derudder and F. Witlox (2011) 'Gatekeepers' of Islamic financial circuits: analysing urban geographies of

the global Shari'a elite. *Entrepreneurship and Regional Development* 23.3–4, 1–19.
Bassens, D., E. Englen, B. Derudder and F. Witlox (2012) Securitization across borders: organizational mimicry in Islamic finance. *Journal of Economic Geography* 12.1, 85–106.
Beauregard, R. (1994) Capital switching and the built environment: United States, 1970–89. *Environment and Planning A* 26.5, 715–32.
Beidas-Strom, S., W. Lian and A. Maseeh (2006) *The housing cycle in emerging Middle Eastern economies and its macroeconomic policy implications*. International Monetary Fund, Middle East and Central Asia Department, Beirut.
Bloch, R. (2010) Dubai's long goodbye. *International Journal of Urban and Regional Research* 34.4, 943–51.
Boyer, R. (2000) Is a finance-led growth regime a viable alternative to Fordism? A preliminary analysis. *Economy and Society* 29.1, 111–45.
Capital Standards (2009) *Kuwait real estate industry: December 2009*. Capital Standards Ratings Agency, Kuwait City.
Chawdhry, R. (2009) Gulf banks' urge to merge. *The Middle East* 397 (February), 44–45.
Christophers, B. (2011) Revisiting the urbanization of capital. *Annals of the Association of American Geographers* 10.16, 1347–64.
Creane, S., R. Goyal, A.M. Mobarak and R. Sab (2004) *Financial sector development in the Middle East and North Africa*. Working Paper No. 04/102, International Monetary Fund, Washington, DC.
Damak, M. and E. Volland (2010) *Islamic finance outlook 2010*. Standard & Poor's, Paris.
Davidson, C. (2008) *Dubai: the vulnerability of success*. Columbia University Press, New York, NY.
DEC (Dubai Economic Council) (2011) *Business environment, economic performance, and economic development in Dubai*. 23 November, Dubai.
DFM (Dubai Financial Market) (2011) *Annual report 2011*. [WWW document] URL http://www.dfm.ae/documents/Publications/e64c3964-e26f-4050-ad5e-8eb2973d7635.pdf (accessed 20 June 2012).
DiPaola, A. (2010) Dubai debt woes will hurt U.A.E. property industry, Nomura says. Bloomberg, 22 January [WWW document]. URL http://www.bloomberg.com/apps/news?pid=20601104&sid=a_iDll2jHvkk (accessed 15 January 2011).
Doucette, J. and B. Seo (2011) Limits to financialization? Locating financialization within East Asian exportist economies. Discussion Paper No. 21, Hitotsubashi University Invited Fellows Program, Hitotsubashi University, Tokyo.
Dunkley, C. (2007) Landmark sukuk issue planned. *Middle East Economic Digest* 51.4, 27.
El Baltaji, D. (2010) Gulf sukuk recovery depends on property prices: Islamic finance. *Businessweek*, 11 November [WWW document] URL http://www.businessweek.com/news/2010-11-11/gulf-sukuk-recovery-depends-on-property-prices-islamic-finance.html (accessed 18 April 2009).
El Hag, S. and M. El Shazly (2012) Oil dependency, export diversification and economic growth in the Arab Gulf States. *European Journal of Social Sciences* 29.3, 397–404.
El-Kharouf, F., S. Al-Qudsi and S. Obeid (2010) The Gulf Cooperation Council sovereign wealth funds: are they instruments for economic diversification or political tools? *Asian Economic Papers* 9.1, 124–51.
Ellaboudy, S. (2010) The global financial crisis: economic impact on GCC countries and policy implications. *International Research Journal of Finance and Economics* 41 (July), 180–94.
El-Quqa, O.M., S. Dash, C. Bhatt, A. Gouda and B. Ali (2006) *Bahrain real estate sector*. Global Investment House, Kuwait City.
Elsheshtawy, Y. (2008) Transitory sites: mapping Dubai's 'forgotten' urban spaces. *International Journal of Urban and Regional Research* 32.4, 968–88.
Elsheshtawy, Y. (2010) *Dubai: behind an urban spectacle*. Routledge, New York, NY.
ESCWA (United Nations Economic and Social Commission for Western Asia) (2009) *The impacts and challenges of the financial crisis on ESCWA member countries: challenges and opportunities*. ESCWA, Geneva.
Ewers, M.C. and E.J. Malecki (2010) Leapfrogging into the knowledge

economy: assessing the economic development strategies of the Arab Gulf states. *Tijdschrift voor Economische en Sociale Geografie* 101.5, 494–508.
Faras, R.Y. and K.H. Ghali (2009) Foreign direct investment and economic growth: the case of the GCC countries. *International Research Journal of Finance and Economics* 29 (July), 134–45.
Fattah, Z. (2012) Dubai's illusory real estate rebound. *Business Week*, 8 November [WWW document] URL http://www.businessweek.com/articles/2012-11-08/dubais-illusory-real estate-rebound (accessed 12 February 2013).
French, S., A. Leyshon and T. Wainwright (2011) Financializing space, spacing financialization. *Progress in Human Geography* 35.6, 798–819.
Fuccaro, N. (2001) Visions of the city: urban studies of the Gulf. *Bulletin of the Middle East Studies Association of North America* 35.2, 175–88.
Gibson-Graham, J.-K. (2006) *The end of capitalism (as we knew it): a feminist critique of political economy*. Blackwell, Cambridge, MA.
Global Property Guide (2009a) [WWW document] URL http://www.globalpropertyguide.com/Middle-East/Kuwait (accessed 4 September 2009).
Global Property Guide (2009b) [WWW document] URL http://www.globalpropertyguide.com/Middle-East/Qatar (accessed 4 September 2009).
Gotham, K.F. (2006) The secondary circuit of capital reconsidered: globalization and the US real estate sector. *American Journal of Sociology* 112.1, 231–75.
Gotham, K.F. (2009) Creating liquidity out of spatial fixity: the secondary circuit of capital and the subprime mortgage crisis. *International Journal of Urban and Regional Research* 33.2, 355–71.
Haines, C. (2011) Cracks in the facade: landscapes of hope and desire in Dubai. In A. Roy and A. Ong (eds.), *Worlding cities: Asian experiments in the art of being global*, Wiley-Blackwell, London.
Hakim, S.R. (2008) Gulf Cooperation Council stock markets since September 11. *Middle East Policy* 15.1, 70–81.
Hancock, M. (2008) Liquidity shortage triggers price war. *Middle East Economic Digest* 52, 60–62.
Hanieh, A. (2010) Khaleeji-capital: class-formation and regional integration in the Middle-East Gulf. *Historical Materialism* 18.2, 35–76.
Hanieh, A. (2011) *Capitalism and class in the Gulf Arab states*. Palgrave Macmillan, New York, NY.
Harvey, D. (1985) *The urbanization of capital: studies in the history and theory of capitalist urbanization*. Johns Hopkins University Press, Baltimore, MD.
Harvey, D. (2003) *Paris, capital of modernity*. Routledge, New York, NY.
Harvey, D. (2006 [1982]) *The limits to capital*. Verso, London.
He, S. and F. Wu (2009) China's emerging neoliberal urbanism: perspectives from urban redevelopment. *Antipode* 41.2, 282–304.
Hijazi, F. and D. Gribot-Carroz (2007) *2007 review and 2008 outlook: Islamic finance*. Moody's Investors Service, New York, NY.
Hvidt, M. (2011) Economic and institutional reforms in the Arab Gulf countries. *Middle East Journal* 65.1, 85–102.
Hvidt, M. (2013) *Economic diversification in GCC countries: past record and future trends*. Kuwait Programme on Development, Governance and Globalisation in the Gulf States, London School of Economics, London.
Ibrahim, M.F. and S.E. Ong (2008) Shariah compliance in real estate investment. *Journal of Real Estate Portfolio Management* 14.4, 401–14.
Jones Lang LaSalle (2008) *Open for business: real estate transparency in the Middle East and North Africa*. Global Foresight Series, Jones Lang LaSalle, Dubai.
Jones Lang LaSalle (2012) *Dubai real estate market overview*. Fourth quarter, Jones Lang LaSalle, Dubai.
Kanna, A. (2011) *Dubai: the city as corporation*. University of Minnesota Press, Minneapolis, MN.
Keivani, R., A. Parsa and B. Younis (2003) Development of the ICT sector and urban competitiveness: the case of Dubai. *Journal of Urban Technology* 10.2, 19–46.
Khamis, M. and A. Senhadji (2010) Learning from the past. *Finance and Development* 47.1, 50–52.
Kurbusi, A. (1984) *Oil, industrialization and development in the Arab Gulf states*. Croome Held, Kent.
Leonard, A. and D. Fanning (2007) Construction boom tops $2.4 trillion in

Gulf projects. *Zawya*, 20 November [WWW document] URL http://www.zawya.com/Story.cfm/sidZAWYA20071125080227 (accessed 12 September 2009).

Mansfeld, Y. (2007) The tourism industry as an alternative for the GCC oil-based rentier economies. *Tourism Economics* 13.3, 333–60.

McNamara, P. (2009) *Islamic investment banking 2009*. Unicorn Development Bank and Doha Islamic, Dubai.

MEED (Middle East Economic Digest) (2006) Qatar real estate issue is debut corporate sukuk. *Middle East Economic Digest* 50.33, 28.

Mohammad, R. and J.D. Sidaway (2012) Spectacular urbanization amidst variegated geographies of globalization: learning from Abu Dhabi's trajectory through the lives of South Asian men. *International Journal of Urban and Regional Research* 36.3, 606–27.

Naceur, S.B., S. Ghazouani and M. Omran (2008) Does stock market liberalization spur financial and economic development in the MENA region? *Journal of Comparative Economics* 36.4, 673–93.

Ong, A. (2011) Hyperbuilding: spectacle, speculation and the hyperspace of sovereignty. In A. Roy and A. Ong (eds.), *Worlding cities: Asian experiments in the art of being global*, Wiley-Blackwell, London.

Oxford Business Group (2006) *Emerging Dubai*. Emerging Markets Series, Volume 2, Oxford Business Group, London.

Oxford Business Group (2007) *The market: real estate 2007*. Oxford Business Group, London.

Oxford Business Group (2008) *The report: Bahrain 2009*. Oxford Business Group, London.

Peterson, J.E. (2009) Life after oil: economic alternatives for the Arab Gulf states. *Mediterranean Quarterly* 20.3, 1–18.

Pike, A. and J. Pollard (2010) Economic geographies of financialization. *Economic Geography* 86.1, 29–51.

Pollard, J. and M. Samers (2007) Islamic banking and finance: postcolonial political economy and the decentring of economic geography. *Transactions of the Institute of British Geographers* 32.3, 313–30.

Rettab, B. and A. Istaitieh (2007) *GCC economic integration in focus with special reference to the UAE*. Chamber of Commerce and Industry, Dubai.

Roy, A. and A. Ong (eds.) (2011) *Worlding cities: Asian experiments in the art of being global*. Wiley-Blackwell, London.

Salem, M., A. Ross, K. Saci, R. Kirkham and R. Abdulai (2009) *Exploring the attractiveness of GCC real estate markets to global real estate investors*. School of the Built Environment, Liverpool John Moores University, Liverpool.

Sassen, S. (2009) When local housing becomes an electronic instrument: the global circulation of mortgages — a research note. *International Journal of Urban and Regional Research* 33.2, 411–26.

Shatkin, G. (2011) Planning privatopolis: representation and contestation in the development of urban integrated mega-projects. In A. Roy and A. Ong (eds.), *Worlding cities: Asian experiments in the art of being global*, Wiley-Blackwell, London.

Simpson, J. (2008) Financial integration in the GCC stock markets: evidence from the early 2000s development phase. *Journal of Economic Cooperation* 29.1, 1–28.

Tariq, A.A. (2004) Managing financial risks of sukuk structures. Master's thesis, Department of Economics, Loughborough University, Loughborough.

Taylor, M. (2004) *Confidence games: money and markets in a world without redemption*. University of Chicago Press, Chicago, IL.

Volland, E. and M. Damak (2008) *Islamic financial outlook 2008*. Standard & Poor's, Paris and London.

Weber, R. (2010) Selling city futures: the financialization of urban redevelopment policy. *Economic Geography* 86.3, 251–74.

Wu, F. (2009) Neo-urbanism in the making under China's market transition. *City* 13.4, 418–31.

Zawya (2008) Business friendly island diversifies through real estate. *Zawya Industry Insight* [WWW document] URL http://www.zawya.com/industryinsight/images/realbah08.pdf (accessed 11 November 2009).