

A 'paradigm shift towards innovation'

In view of the global financial crisis, the industry will look at upgrading existing facilities while focusing on innovation, and research and development to meet market demands.

WHILE the real estate sector is bearing the brunt of the current global economic slowdown, there are some sectors, such as healthcare, that will gain strength in the region in the foreseeable future. The need is there for clinics and hospitals, trained professionals and state-of-the-art technology to be integrated into a streamlined health infrastructure, according to IIR Middle East.

"There does, however, appear to be a growing paradigm shift in healthcare policy in the region. Today, the industry trend isn't simply about opening hospitals and clinics. There is a strong focus on having innovation, and research and development as a component of any healthcare strategy. This area is where the real future success of healthcare in the Middle East rests," says Peter Donnelly of IIR Middle East.

These trends will be the focus of the inaugural Hospital Build Middle East Exhibition and Congress, which will take place from June 14 to 16 at the Dubai International Conference and Exhibition Centre and which is being organised by IIR Middle East.

Donnelly continues: "Recently, Saudi Arabia announced it was introducing a recruitment drive to attract 5,000 doctors to fill 43 new and refurbished hospitals in the kingdom. Apart from the obvious fact that this is a huge number of professionals being hired, it will be interesting to see how many further renovations of older hospitals will take place in the region. The trend so far has been to announce new hospitals and clinics but prudent policy-makers will consider the feasibility of upgrading older facilities as a way to save costs while maintaining the provision of a quality healthcare.

This trend is something Simon Page, director of Life Sciences Division at IIR Middle East has observed.

"When we first launched the show, we were attracting interest from developers and construction companies. But in recent months, the emphasis has shifted to refurbishment and fit-out firms and suppliers of services and equipment," Page says.

"Whether the plan involves building a new hospital or renovating an old one, the market is attracting international companies

looking to win contracts. Also, an array of contractors traditionally serving other sectors, including the residential real estate industry (as they lose business in their traditional sector) will shift their emphasis making themselves available for the various healthcare projects coming on line," he adds.

However, building a hospital is completely different from building a tower block, says Karim Khemakhem, interior design director for Ellerbe Becket Middle East, who faces challenges on a daily basis when working on healthcare projects. "While working from the medical plan that shapes the building from bottom to top, you also have to work with all the other amenities for that healthcare facility - from the food service and retail to the hospitality aspect and public spaces," he says.

"There are a variety of things you can do in healthcare design, and in terms of keeping up with the healthcare guidelines, you need to be aware if you're applying American standards or British standards; you need to look at the kind of finishes; and the specific requirements for medical equipment, which go hand in hand with the material architecture. This poses a lot of challenges," he adds.

Although there may be unique challenges in healthcare, companies are also being created to enter this market. For example, the Saudi Binladin Group (SBG) has announced the establishment of a Healthcare Development Holding Company (HDH) as a stand-alone division to develop the health sector in the region. Dr Wael Kaawach, CEO of HDH, believes the market is strong enough for his company to become successful.

"The company will strive to identify healthcare industry opportunities in the region - mainly the GCC countries - and match them with strategic partners both regionally and globally that would enhance its goal to become a leading healthcare company," he says.

The strategy of healthcare policy initially focused on providing frontline services. Authorities across the region were keen to attract the private sector, including small

independent clinics along with big names in medicine. Peggy Farley, managing director of General Partner, Ascent Medical Technology Fund, believes some of these projects fall short of what is achievable.

"Healthcare cities and other similar projects are little more than real estate projects that attract from outside those who wish to market in the Middle East," she says. "For example, there are major US hospitals that use these healthcare cities as their Middle East marketing centres, diagnosing patients and arranging for their treatment in the US."

Farley is predicting that the medical industry in the region could hit 25 per cent of the GDP. "This is based on forecasts that the US' healthcare sector will be 16 per cent of the GDP next year and 30 per cent by 2040, largely due to its aging population as well as the demand to ensure aging is comfortable and ill's cured," she explains. "As for the Middle East, it is the service sector that will drive the percentage of GDP dedicated to healthcare and not so much manufacturing. The wealth of the Middle East makes this possible, if directed properly. The demands of the populace are the same while the statistics for longevity are greater in the Middle East."

When considering construction aspects in the healthcare industry in the Middle East, it is too simplistic to look at specific projects and individual buildings, says Donnelly.

"There is more to it than viewing primary healthcare provision or trauma and emergency services. Contractors may win business to fit out a clinic or an entire hospital but in the long term, companies looking to have a bright future within this industry will consider the overall policy that's being followed and tailor their offerings accordingly. This means catering to the needs of research and development as much as pushing to win a contract to build and fit-out a doctor's surgical room. In short, the need for new facilities and the upgrade of older ones will keep the healthcare construction market in the region buoyant for years to come," he concludes.

Reader Enquiry No. 69