

## Cobalt Market Update MENA Region - Spring 2014

With the calendar year well underway and the end of the financial year fast approaching and we find ourselves, at long last, in a relatively buoyant market. The UAE's economic growth now sits at a stable and positive 4% and this level has been sustained since 2012 whilst oil prices remain high, even if they fall in line with the more pessimistic projections, they will remain at a level high enough to support further growth across the GCC Region.

In addition, confidence is returning within the region's banks and, despite continued concerns about the political situation in the MENA Region as a whole, the UAE has firmly established itself as an oasis of stability. If traffic levels on the Sheikh Zayed Road and house prices in Dubai are any sort of barometer for the state of the market then we are in for a good, if rather busy and expensive year.

That it is possible to talk positively about economic conditions in the UAE without mentioning November's Expo 2020 announcement only reinforces the fact that the Expo is likely to have a multiplier effect as preparations for it gather momentum. The already recovering construction sector has seen this effect already with new projects announced and existing ones either restarted or accelerated

in no small part, by the fact that some US\$6.8 billion is estimated to be spent on Dubai and the UAE's infrastructure. Another US\$7.8 billion will go into overhauling Dubai International Airport. The new tram system, some 45,000 new hotel rooms and the Expo site itself, neatly located halfway between Dubai and Abu Dhabi, all contribute to a boom in construction that has several years to run. Those with a penchant for history will be interested to know that the site of the first Expo, London 1851, measured 10.5 hectares, or roughly 20 football pitches. The site for Dubai 2020 will measure 438 hectares, or 820 football pitches!

All of this means that Cobalt's first market report of 2014 is full of optimism. We are seeing increased demand, faster recruitment processes and, dare we say it, higher remuneration being offered almost across the board within our specialist sectors. This report is aimed at identifying the especially busy areas in terms of the recruitment market across both the UAE and the GCC region. It draws upon Cobalt's experience and expertise in each of our specialist sectors to provide a view of where the market is currently and forecast where it is going as 2014 gathers pace.

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## Recruitment overview

Recruitment activity increased steadily in 2013 and it has accelerated in 2014. The hiring freezes that characterised 2009 to 2011 have disappeared and, in certain markets, the balance has already tipped with demand for particular candidate profiles exceeding supply. In the UAE, demand for UAE Nationals remains very high and this is more evenly spread throughout the country where it was previously concentrated in Abu Dhabi.

Perhaps most encouraging is the fact that there is now a much better balance between the demand for talent that exists in the private and public sectors. A market that for several years was dominated by public sector demand is now evening out. This can only be good for the long-term stability of both the recruitment market and the economy generally.

Perhaps the greatest challenge for the UAE labour market in 2014 could therefore be the need for many employers in the GCC region to overhaul their recruitment processes to make them more efficient. The years where a lack of urgency and additional layers of bureaucracy could be excused because things did not need to happen quickly are over. Those employers that recognise this will get ahead, not only of their competitors for talent here in the region, but also of their competitors in a recovering global economy. Those that don't will naturally fall behind.

As for recruitment companies, the onus is firmly on us to maintain professional standards and quality levels that improved during the leaner years and prevent a return to the 'whatever works' approach adopted by some before 2009.

The UAE and wider GCC are now more sophisticated markets and this means that search and recruitment firms need to operate at a higher level than was once the case. It is all very well getting excited about the projected 277,000 new jobs that Expo 2020 is expected to create but only by maintaining better quality control will these jobs really have value.

### Did you know?

The last 'Global Expo', Shanghai 2010, led to US\$48 billion being invested in the City, created 220,000 jobs and attracted 73 million visitors over the 184 day event.

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## Specialism Overviews

**Emiratization** continues to be an area where demand consistently outstrips supply. The continued growth of the public sector in both Abu Dhabi and Dubai, 2013's 'Year of Emiratization' initiative and increased demand in the private sector for the best UAE Nationals have all contributed to a market where competition and wage inflation are fierce. More specifically we have seen demand increase over recent months for Emiratis with internationally recognised qualifications in areas such as finance, investment, law and engineering. After a hectic year on the Emiratization front, 2014 is only going to get busier given that the Emiratization quota system in the private sector failed to meet its targets in 2013. In addition, UAE Vice President and Prime Minister H.H. Sheikh Mohamed Bin Rashed Al Maktoum's new agenda priorities include doubling the number of UAE Nationals within the private sector in the coming 7 years.

**Financial Services** saw steady growth in 2013 with a spike in recruitment activity in Q3. This growth has continued into 2014 with many of the sovereign wealth funds, private equity firms and family offices strengthening both their direct and indirect investment teams. Much of this demand was satisfied with talent from Europe and Asia rather than from the local market. On the banking side many investment banking and corporate, structured or project finance teams remain relatively quiet. However, we have seen a substantial increase in demand for private banking and wealth management professionals whilst risk, compliance and corporate governance generally have become growth areas and we expect this trend to continue. We are still seeing a shortage across the board at analyst and associate level and therefore strong junior candidates can demand a premium, but only if their technical analysis and modelling skills are up to the increasingly high standards demanded. As for the Expo effect this may not be immediate within the FS space but the reality is that the majority of funding for Expo 2020 related projects will be in the form of debt from the banks. As a result we expect to see Expo related increases in demand for talent on the financing side, both from the banks and those principals big enough to justify in-house teams.

## Did you know?

Retained Search is increasingly popular in the GCC region as more businesses recognise that engaging a single professional firm properly delivers better, faster results than working with a multitude of contingency recruiters.

**Construction & Engineering** is a very busy area once again with an upturn in recruitment activity occurring across the whole built lifecycle: from initial project development and design through to construction and the management of completed assets. The GCC region is seeing an increase in new mega project launches across Qatar, Saudi Arabia and the UAE with Qatar in particular, just 8 years from the 2022 World Cup, needing to accelerate investment in infrastructure, hospitality and development generally. Key to Qatar's infrastructure growth is Qatar Rail; the recent source of c.US\$8 billion in construction contracts for the Doha Metro. Qatar also has mega projects such as Mshereib's Downtown Doha and Lusail Development, which have triggered a sharp increase in the demand for skilled engineers and project planners.

Saudi Arabia is also investing heavily into new infrastructure projects such as the Riyadh Metro as well as mixed-use and ambitious high rise developments such as the Kingdom Tower project in Jeddah. Last but by no means least is the UAE which already had c.US\$700 billion of projects in the pipeline before November's Expo announcement. Add the Expo 'Multiplier Effect' and we can expect to see ever more ambitious plans emerging for developments within hospitality, leisure, tourism and infrastructure generally. Consequently, we are already seeing increasing demand for highly qualified development directors, architects, engineers and project managers across the UAE and wider GCC region.

## Specialism Overviews

**Real Estate** is a sector in which we expect to get significantly busier in 2014. With property prices rising nearly 30% in parts of the UAE in 2013 it is no surprise that more and more local and international investors are renewing their interest in the region. New property developments, economic growth of 4.9% in Dubai and Expo 2020 are combining to increase confidence amongst buyers and the recovery is increasingly being seen in both the commercial and residential sectors. There is naturally still some residual uncertainty in a sector that saw the biggest crash during the global economic crisis, at least partly as result of the infamous 'off plan flipping' trend that has recently started to raise its ugly head again, but the various new regulations should assist in promoting stability and preventing over-inflation. Looking forward, we also expect greater quality control to be exercised by employers with demand increasing for RICS qualified valuers, property and facility managers, investment surveyors, market researchers and asset managers across the board.

**Healthcare** has become an increasingly busy sector for Cobalt over the last couple of years in keeping with the substantial injection of investment that the space has experienced, in Abu Dhabi in particular. Demand is high, both on the corporate side, where healthcare providers are improving the way that their businesses are run, and for medical professionals as new hospitals are built and existing medical facilities are refurbished and upgraded. Given the recent proposal to unify the medical licensing process in the UAE, we anticipate a more fluid recruitment market within the sector as a whole. Another relatively new development has been an increase in demand for corporate development, investment and asset management professionals with healthcare sector expertise, with a particular focus on professionals from the UK. This would appear to be a natural step as the sector grows, opens up and becomes more sophisticated.

### Did you know?

Cobalt has recently expanded its teams in all of its 13 global locations, accelerating its growth in response to improving market conditions across the world.

**Shared Services** is a rapidly growing area for Cobalt as we expand from what were our core areas of HR and business support to recruit into a broader range of the central corporate functions that most businesses possess. This, more than any other area, is a good benchmark of overall recruitment market sentiment in the GCC region as our clients in Shared Services are of all sizes and operate in all sectors. The resounding message they are sending is that businesses everywhere are growing and creating numerous job opportunities across a wide variety of fields. Interestingly, we are seeing especially high demand for experienced HR professionals as more organisations divert resources towards motivating, looking after and retaining their existing workforce. Meanwhile demand for high quality executive assistants and team administrators continues to be high, driving the packages offered to candidates to ever higher levels.

## Looking ahead

There is no doubt that recruitment activity across the GCC region will increase and accelerate as 2014 develops. It is hoped that this growth will remain sustainable and that wage inflation will not get out of control, although some would argue that it already has in one or two areas.

One interesting factor impacting recruitment in the UAE and the wider region in 2014 will be greater competition for talent from overseas as an increasing number of the world's biggest and most developed economies move back into periods of relatively stable growth. We are seeing the markets in which we operate recover from London to Auckland. This naturally means that the very best internationally mobile candidates will have more options than was the case between 2008 and 2012.

It will therefore be important for employers in the GCC region to be competitive, not just in terms of the packages they offer but also in their ability to move more quickly to hire and then, once they have recruited, offer real career progression opportunities and a positive work culture in what will continue to be an increasingly developed and sophisticated global labour market.

Cobalt is a leading specialist recruitment consultancy focused on sourcing the very best regional and international talent for a wide range of local and multinational clients. We provide tailored recruitment solutions at mid to senior levels within the following specialisms:

- Emiratization
- Financial Services
- Accounting & Finance
- Construction & Engineering
- Real Estate
- Infrastructure, Power & Energy
- Healthcare
- Shared Services, HR & Business Support

**Please contact our Abu Dhabi or Dubai Teams to discuss these trends in greater depth or to learn about other market insights offered by Cobalt.**

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## Did you know?

Cobalt offers bespoke salary surveys based on current, accurate information across our sectors at highly competitive rates.

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