

Capital in Conflict: Reading Markets When Headlines Move Faster Than Capital



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The greatest analytical mistake in wartime is assuming that an entire region instantly becomes one undifferentiated risk bucket, and that capital faces only two choices: flee or freeze. In reality, capital re-sorts across markets, across asset classes, and across jurisdictions. Those who read that re-sorting early rather than running from it are the ones who create value.

Q You've worked across technology, media, and financial data platforms. In periods like this, how do you personally separate noise from signal when markets are moving fast?

“ I always ask three specific questions. Has anything changed materially in cash flows, financing conditions, or operations? Has the investment horizon actually shifted, or are we simply seeing a

temporary repricing of risk? And is the market move broad and emotional, or is it tied to something observable and measurable?

In wartime, headlines move faster than capital. So I pay less attention to commentary and more attention to measurable behavioral indicators: oil prices, shipping insurance premiums, financing spreads, and execution timelines. If headlines are loud but investment committees are still moving on roughly normal schedules, that is mostly noise. But if capital allocation decisions are slowing, ticket sizes are shrinking, and investors are demanding a wider margin of safety, that is a real signal worth responding to.

Q Are the current regional tensions a priceable shock that capital can move through, or a structural regime change that rewrites assumptions for years? What would make you decisively choose one narrative over the other?

“ I would describe the situation at this stage as a severe shock — but one that has not yet confirmed itself as a structural regime change.

Regional investors have navigated multiple geopolitical shocks before, so the first response is typically to raise the discount rate, tighten assumptions, and wait for operational clarity. A true regime change requires a persistence that has not yet materialized: a prolonged disruption to energy routes, a durable increase in war-risk insurance premiums, or a structural shift in tourism and capital flows.

What would move me to the regime-change view is not simply duration, but the persistence of second-order effects: shipping, financing conditions, business confidence, and capital-routing decisions. Those are the real tests.

Q In practical terms, what are you observing in capital allocation behavior today?

“ What I see is not a full freeze; it is selective repositioning accompanied by caution.

Capital is still moving, but more carefully. Ticket sizes are becoming more conservative, investment committees are requesting more scenario analysis, and decision timelines are clearly extending.

In liquid markets, this shows up as lower trading volumes, wider bid-ask spreads, and reduced appetite for leverage. In private markets, it translates into longer diligence periods, tighter underwriting standards, and a preference for assets with clear income visibility.

The real behavior is not “stop” — it is: slow down, simplify, and prioritize resilience.

Q What qualifies as a “boring,” defensive asset in 2026?

“ In 2026, “boring” does not mean outdated or uninspiring. It means understandable, financeable, and operationally resilient.

That typically includes stabilized residential in the right locations, logistics tied to strong trade corridors, prime office with solid tenants, and digital infrastructure where demand is structural in markets that have proven themselves. On data centers specifically, I draw a distinction: demand is genuinely structural in major global connectivity hubs, but certain segments are facing increasing financing pressure, which calls for selectivity rather than broad exposure.

More importantly, “boring” is no longer defined solely by asset class, but also by jurisdiction. In wartime, investors return not only to income but to legal clarity, currency stability, and financing visibility.

The real question is not whether the UAE is completely insulated — no market is fully immune — but whether its institutional depth, liquidity, and policy credibility still justify investor confidence. My answer is yes.

Q Is the perception of the UAE as a relatively safe harbor in the region still intact?

“ The UAE continues to represent one of the region’s strongest relative safe harbors for capital, even under current geopolitical pressure.

Dubai recorded its highest-ever real estate transaction volume in 2025: over 270,000 deals worth more than AED 917 billion. At the

sovereign level, S&P reaffirmed the UAE's AA/A-1+ credit rating with a stable outlook, with consolidated net assets estimated at over 184% of GDP.

Yes, we have seen increased caution in certain market segments in recent weeks, particularly in the luxury segment. But that does not mean the core investment case has broken down — it means the premium attached to the UAE may compress temporarily, without impairing its long-term position.



Over time, differentiation returns — based on market depth, domestic demand, currency structure, and state institutional capacity.

Do investors differentiate risk within the region — UAE vs Saudi vs Qatar — or does everything converge into one “regional risk” bucket when tensions escalate?

“ In the first phase of a shock, many investors do compress the region into a single risk bucket. That is understandable. But serious capital does not stay there for long.

The UAE, Saudi Arabia, and Qatar do not offer the same risk architecture, and sophisticated investors know that. Saudi Arabia's real estate sector, for example, is projected to grow from

approximately \$154 billion today to around \$227 billion by 2031, driven by structural shifts in demographics and economic diversification — not cyclical momentum alone. That kind of distinction is what drives serious allocation decisions, not headlines.

Q What drives differentiation between markets more: perceived security, policy credibility, market depth, or currency regime?

“ All of those factors matter, but I would rank them in a specific order.

First comes state capacity and policy credibility. Investors need confidence that rules, funding channels, and institutional responses will remain functional under pressure. Second comes market depth and exit optionality. Third comes the currency regime, because it shapes inflation transmission, financing assumptions, and foreign investor comfort.

Security perception matters, of course, but institutional investors process it through these practical channels. They do not allocate to “safety” in the abstract — they allocate to systems they trust to continue functioning under stress.

The shift is less about “leaving the Gulf for Europe” and more about redesigning the geographic risk architecture of the portfolio.

Q Are you seeing GCC investors begin to reallocate toward the US or Europe? And what factors are driving that?

“ Yes, I believe some GCC investors are beginning to think more seriously about reallocating a portion of their exposure toward jurisdictions that offer a different risk architecture. That does not mean the region has lost its appeal — it means that war raises the value of specific things: legal clarity, deep capital markets, currency stability, and institutional predictability.

The United States has benefited most clearly from this logic, given its size, liquidity, and defensive role in global portfolios. Europe is more complex: it is not a clean safe haven in an energy-sensitive

environment, and it is not a single story — sensitivity to energy prices and financing conditions varies considerably across its markets. But Europe may become more relevant as part of a diversification strategy, rather than as a wholesale alternative to the Gulf.

Specifically about Greece — does it become more or less attractive during periods of regional instability?

“ I believe Greece becomes more relevant in periods like this — not as a risk-free haven, but as a strategic diversification market.

For regional investors, Greece provides an appealing mix: euro exposure, a transparent European legal framework, an established tourism industry that welcomed approximately 40.7 million visitors in 2024, and geographic proximity without being in the immediate risk zone. The residency-by-investment program adds practical appeal, as it received over 9,000 applications in 2024 alone, though investors should be aware that it underwent significant changes in September 2024, increasing the minimum investment threshold in high-demand areas like Athens and Thessaloniki to €800,000, while the €250,000 entry point remains available for commercial-to-residential conversion projects nationwide.

These details are important for any serious investor evaluating the options. The program is a supporting benefit, not the main investment focus. The real decision depends on asset quality, location, rental yield, and exit prospects. Greece warrants serious consideration, but from disciplined investors who study it thoroughly, not from those seeking a simple “Europe equals safety” story.

Where do you see mispriced risk right now — assets or sectors marked down emotionally even though fundamentals will normalize?

“ Mispriced risk typically appears when investors confuse temporary uncertainty with permanent impairment.

I am looking closely at three areas. First, hospitality and tourism in destinations with proven recovery patterns — estimated regional tourism losses of \$34 to \$56 billion assume prolonged instability, but destinations with structural demand will be among the first to recover. Second, logistics assets tied to strategic trade corridors

that are experiencing valuation compression beyond what their operational fundamentals justify. Third – and this is where I would apply the most nuance – certain Dubai real estate assets that have repriced simply because of their regional address, despite the fact that the market entered this period from an exceptionally strong position: over 270,000 transactions in 2025 worth more than AED 917 billion, following price appreciation of 60 to 75% since 2021.

The most common mistake in wartime is pricing every asset in the region as though it has sustained the same damage.

Q What is the best question an investor can ask themselves to determine whether they are acting on data or acting on fear?

“ The best question is: what specific variable in my underwriting model has changed – and by how much?

If an investor cannot answer that clearly, they are most likely reacting to fear rather than data.

Fear speaks in headlines. Data speaks in assumptions: occupancy rates, yield, financing cost, insurance premiums, cap rates, leasing velocity, and exit timing. If you cannot identify the variable, quantify the change, and judge whether it is temporary or structural, then what appears to be professional caution is, in reality, emotion expressed in technical language.

With many thanks to Mr Islam Zween for sharing his insights with us!

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