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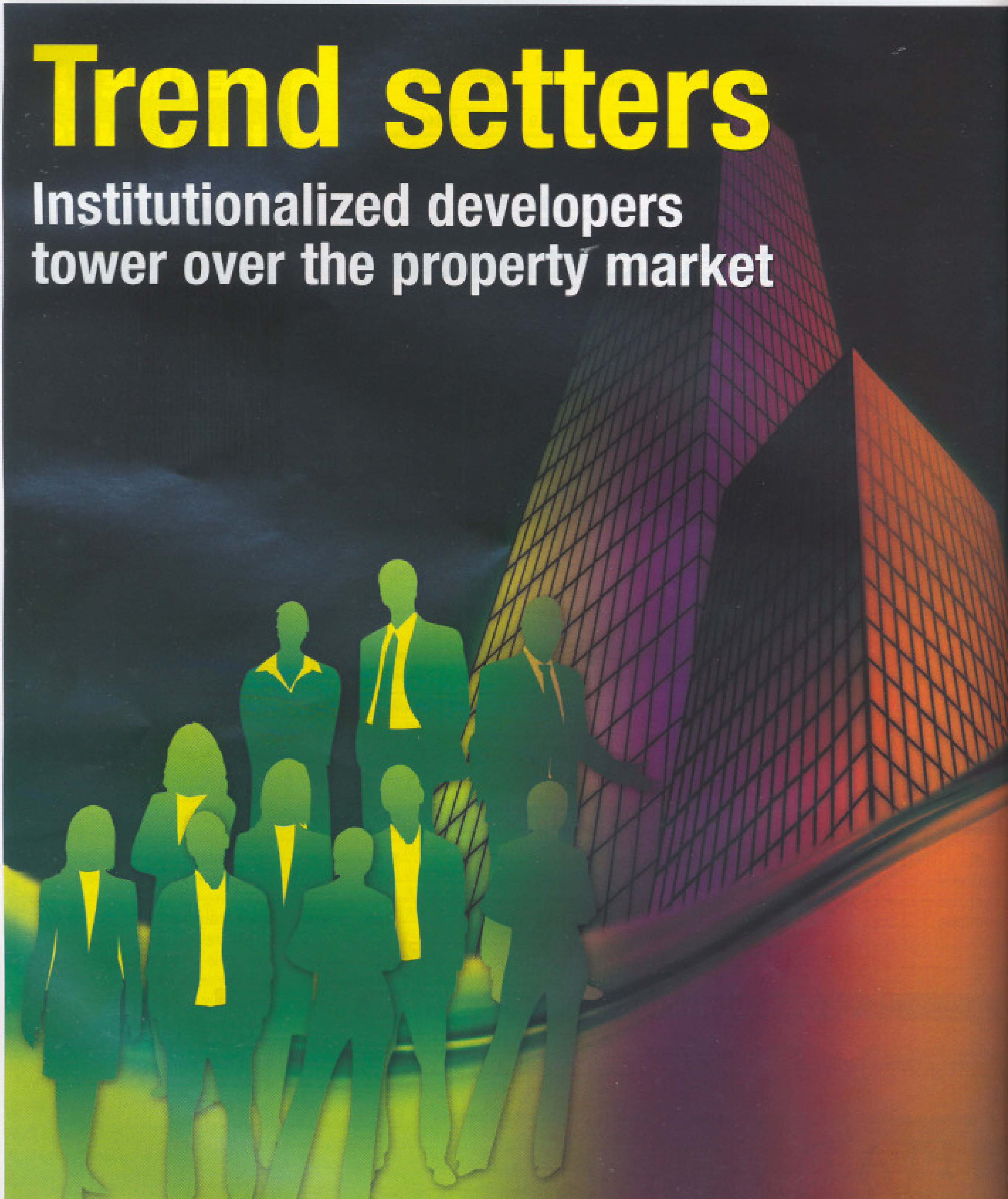
Trend setters

Institutionalized developers tower over the property market



There are two types of real estate developers: Highly organized, institutionalized developers undertaking large-scale, upper-end market projects, and traditional construction companies focused on middle- to low-income housing. For decades institutionalized developers were absent from the local real estate market. Today, with land prices more than quadrupling over the past five years, an average real estate development of 5,000 square meters requires up to a $100 million investment, meaning small- and medium-sized developers are mostly priced out of the market.

Real estate developers are growing as large as the towers they build. In the 1950s, state-of-the-art developments such as the Starco Towers and the Phoenicia Hotel stood as testament to the advancement of local real estate development. With the stock market having again proven to be a highly volatile investment vehicle, the tangible reality of real estate has rapidly grown as an attractive option for big money, particularly for local banks flush with recent inflows of cash deposits.

BIG MARGINS

The main reason big developers are becoming larger and larger lies in the issue of financing. "Only five years ago, land in prime locations used to cost around $3,000 per square meter. Now it is between $15,000 and $20,000 per square meter," said *Karim Ibrahim*, sales and marketing manager of local mega-developer Jamil Ibrahim Establishment. For a normal plot size of 5,000 square meters, this represents a colossal initial investment of between $75 million and $100 million. The stakes are so high that only the most financially sturdy investors can afford such a capital outlay. "It has become too capital consuming for small development companies or individual developers to operate, particularly in prime locations," said *Aboudi Farkouh*, assistant general manager of CGI, Audi Saradar Group's real estate arm. In prime locations, where the cost of the land amounts to such a large share of the total investment, it becomes financially unviable to build anything but the largest projects. The high cost of land requires that large-scale, sophisticated, top-of-the-line projects be developed, to optimize returns on investment, as high-end projects yield larger profit margins. The more the project costs, the more organized and affluent the developer must be.

SOMETHING SOLID

In a general international climate of distrust and confusion, where the preferred medium of investment – the stock market – has proven more volatile than gas, the local real estate market in particular has become an extremely attractive investment option. "Real estate is a good investment option because people can 'touch' their investment. In the worst-case scenario, they still have the ownership deed," said *Georges Abou Jaoude*, CEO of FFA Real Estate. More and more, the lines between real estate and finance are becoming blurred. Real estate is becoming a money matter – not about construction, not about development, not about urban planning, but simply about IRR (or the internal rate of return made on a given investment). With average price increases estimated at around 30 percent a year over the past several years, and a real estate market that has proven to retain its value – and indeed continues to grow – in spite of security shocks, political instability, and the uncertainty to which the economy has been subjected, investment in local real estate is a vastly lucrative business. Yields on the most aggressive stocks rarely reach such high returns, and if they do, they are certainly never as secure. Jamil Ibrahim Establishment, probably the largest developer in terms of turnover, currently is executing eight simultaneous projects amounting to a total between $700 million and $800 million. Although developers are extremely reticent about revealing profit margins or IRR figures, it is commonly circulated in the industry that profit margins in the high-end market bracket reached as high as 60 percent in 2008.

ATTRACTING THE CASH

Right now, it looks like the perfect match: Real estate requires huge sums of money to start up profitable projects, while local banks are threatened by drowning in their own liquidity. (See article on page 47) "The current excess liquidity that banks have on their hands could be much better employed if invested in real estate," Abou Jaoude said. With access to high-net-worth individuals looking for safe investment alternatives for their cash, banks can bring their own as well as their customers' money into the local real estate market. With hundreds of millions of dollars to invest, banks naturally prefer to take a direct role in managing their real estate portfolios. Real estate affiliates or sister companies have cropped up in many major banks, such as CGI at the Audi Saradar Group and FFA Real Estate at FFA Private Bank. For real estate bankers Abou Jaoude and Farkouh, it is only a matter of time before more and more banks jump on the real estate bandwagon, either by establishing their own real estate subsidiary or by joining forces with large, established real estate developers and contractors. "Banking groups have the further advantage of reassuring both investors and clients, as they represent financial solidity and transparency in their dealings," said Farkouh.

ECONOMIES OF SCALE

The single biggest added-value a structured developer has over its contractor counterpart is the organization of the building process. "Having the financial and development sides of the operation under one roof helps in optimizing cash flows," said Abou Jaoude. A structured development company offers checks and balances that a smaller entity would not have. *Karim Bassil*, CEO of BREI development company, believes that a structured development entity produces better quality work because of the internal checks and balances among its different departments and because of quality control at every phase of the development process. "There was a time when my father managed everything from plan development to construction site, but for one person to run our current several-hundred-million-dollar business alone would be unthinkable," said Ibrahim. The size of the projects dictates that a large structure be put in place to manage the complex work flow. In turn, because work becomes better organized and more systematic, it inevitably results in higher quality end products.

INTERNATIONAL PLAYERS

The entry into the market of international players, both investors and buyers, has spurred the emergence and development of big local developers. "The local market has of late become much more open to foreign investors and foreign buyers," said Bassil. To invest in an economy perceived as being highly volatile, foreign investors as well as foreign clients value the guarantee of a professional, organized, and established developer. International investors also come with expectations about what a real estate developer should be able to offer. "The model has been proven viable. It has been tried and tested globally," said Farkouh. The entry of international investors, attracted by a solid local real estate market that is still underdeveloped, is reshaping the profile of local development companies. "Many local contractors are currently growing into institutionalized developers by establishing joint ventures with international developers that possess the know-how," said *Joseph Mouawad*, chairman of Mouawad Projects. Mouawad believes that it was the arrival of Solidere on the real estate market that prompted the growth of professional developers locally. "Solidere set precedents in standards, planning, and execution that have forged a trend for other developers to follow," he said.

> The entry of international investors is reshaping the profile of local companies

BIG STABILITY

The effects of such developers on the real estate market are immediate and palpable. According to Abou Jaoude, institutionalized real estate developers lead to stability in prices. "Because projects created, executed, and promoted by professional real estate developers are expected to make a specified return, prices will remain stable throughout the life of the project," he said. With studies made before projects are launched about how much IRR investors should expect on their money, prices will be fixed at whatever level achieves this return. Unlike smaller development or contracting companies, large developers are not tempted to increase their prices with every successful sale they achieve. Being highly structured and obeying strict financial regulations and monitoring, real estate development companies tend to offer more stable prices. "Banks and investment companies are playing a role in keeping non-professionals out of the real estate market," said Mouawad. This is another indirect benefit institutionalized real estate companies bring, simply by making it harder for non-professionals to compete in a market that is very well studied and extremely well planned.

NOT SO NIMBLE

There are other effects institutionalized developers bring to the market that may not be so well regarded. With longer time lags between decision taking and execution, big developers may reach the phase of implementing a project at a time when the market is registering a slowdown. Also, some experts believe that because real estate developers are financially more solid (and often have the backing of a bank or another financial institution) they may be prone to taking more risks than an individual developer would on his own. Bassil seems to agree. "It's developers with a conviction who would last on the market. Investors may make fast money, but it's only in the immediate term," he said.

MARKET DIVIDE

Another indirect effect of big developers is to divide the real estate market between high-end and lower. Because developing prime land in hot-spot areas represents more attractive profits, institutionalized developers may become exclusively interested in developing prime projects for the upper-end market. "Being such a structured entity usually means higher overheads, which may render institutionalized developers too expensive a business to operate in the more price-sensitive middle- to low-end markets," said Bassil. Abou Jaoude agrees: "The project must be large enough and profitable enough to ensure that the developer (effectively the middle man in the construction process between investors and buyers) makes enough profits to render the whole enterprise worth his while," he said. With a market segregated between a high-end developer and a middle- to low-end local contractor, critics could accuse big developers of building housing only for the rich, meaning that the less well-off never benefit from the improved standards big developers might have brought to their end of the market. But this is the natural course of the economic survival of the fittest. Institutionalized developers are better adapted to deal with large-scale projects in up-scale locations, while local contractors, with a lower overhead, are ideal for competing in the middle- and low-end of the market, where every dollar saved is a dollar gained. The divide may also not be so clearly cut between the two markets. "More and more projects of some magnitude may require the services of a professional, institutionalized developer, be it a glitzy project in a chic part of town or middle-income housing apartments in the more popular suburbs," said Farkouh. Professional developers are more about size than subject matter.

> Professional developers are more about size

HERE TO STAY

While not new to the market, professional developers are becoming more numerous, bigger, and better organized. The scale of some projects are reminiscent of Dubai – Sama Beirut, for instance, is the first tower of its size in the country and BeitMisk is the largest gated community project in the country. (See article on page 80) In a country where land is becoming more and more scarce, where demand for housing is ever pressing, and where prices attract ever more investors, large-scale developments seem to be the inevitable trend. And large-scale developments require the existence of large scale, professional, institutionalized developers. "Structured development companies are here to stay," said Mouawad. The major advantage these entities have over traditional contractors is their ability to forecast the market. "The job of a professional developer is to see what is missing in an area and complement it," said Bassil. Developers study demand trends, look at the available supply, and study what the market will be missing over the next few years. And that's what they will develop. So what is coming next on the agendas of the mega-developers in town? Real estate projects with an added-value: "Tourist projects are sorely needed, as are projects coupled with service-oriented industries, such as wellness, hospitality, and so on," said Abou Jaoude. Mouawad's firm is planning along similar lines, with more hotels in its construction pipeline. The hard-core realtors will continue to provide high-quality, residential projects, as is the case with Jamil Ibrahim. Whichever type of projects developers dream up next, though, they are most certainly likely to keep growing in both size and budget.

Reported by Soha Yammine

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BREI

With an unassuming air, *Karim Bassil*, CEO of BREI Real Estate Developers, is nonetheless putting his stamp on the neighborhoods in which he builds. "We are interested in providing the types of projects that are missing in a neighborhood," said Bassil. His ideal is to determine what is lacking in a neighborhood to make it more lively, more complete. BREI's projects blend into their surroundings. They still stand out by their aesthetics, their simplicity, and the quality of their finishing. They look like the surrounding buildings – but with something extra, a flair of

refinement and modernized traditionalism. The concept underlyin BREI's projects is perfectly illustrated by the repetitive names the all carry: Convivium. Bassil's idea of creating conviviality in neighborhood is what makes him the visionary who first sees th unexploited potential of a given area. "I don't mind developing project in an area to liven it up and have other developers follow," h said . Running a small but highly professional team of ten, Bassil ha created a perfectly oiled machine of business development, sales an marketing, administration, and finance.

SELECTED PROJECTS

- The six Convivium projects, of which Convivium I, II, III, and I have been completed and VI and VII are still under constructio reach a total value of $90 million and a total built-up area of mor than 65,000 m²
- Convivium VI is a four-building, serviced, residential project i Gemayzeh, consisting of 86 units ranging from 40 m²studios t 400 m² apartments. It is scheduled to be completed in 2011.
- Convivium VII is a two-building residential project in Badaro with a 120-meter-long private garden. Its 33 apartments are all arranged into 200- to 300 m² lofts and penthouses.
- Edelweiss is the apple of BREI's development eye. The purpose of the project is to complement Faqra Club with what it was missing – a community center, a heart. Launched in May 2009, Edelweiss is a colossal $100 million development, comprising 300 small chalets and commercial space (including exclusive boutiques, cafés, and restaurants), all built with a conscience for being environmentally friendly. It has started sales at $3,500/m² and has increased since, with an eye to reaching $6,000/m²

CGI – AUDI SARADAR GROUP

Established in 1989, CGI, which is the acronym of the French Conseil et Gestion Immobilier, is one of the earliest institutionalized real estate development companies in the country. Affiliated with Audi Saradar Group, CGI benefits from the bank's large network of high-net-worth individuals and affluent customers. The company is, in that sense, ideally placed to bring together investors in and buyers of top-of-the-line real estate projects. Although it has developed, financed, and managed five projects since its inception, CGI is one of the largest real estate players in its niche market, estimated to hold about 40 percent of the total built-up area in the high-end market of Ashrafieh and Gemayzeh. Indeed, CGI's projects may be few, but imposingly large, they certainly are. The development company's special cachet lies in putting on the market products of extremely high quality, in the heart of Ashrafieh, targeting a high net-worth, sophisticated, and very demanding high-end clientele. CGI has so far constructed five projects with a total built-up area of 120,000 m², for a total expected sales value of $515 million. In order to ensure that these funds are properly managed, CGI closely supervises the entire execution process of the projects it develops – from their design stage through to the delivery of the last unit.

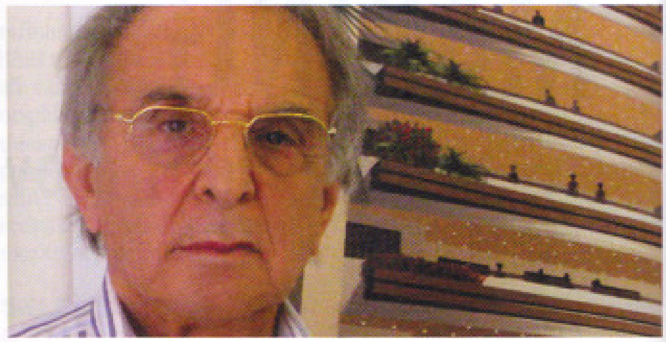
SELECTED PROJECTS

- Begun in early 2000, Ashrafieh 784 is CGI's first completed project. The 15,000 m², mixed-use real estate project has realized a total sales value of $15 million.
- Hugo 43, the company's second project launched in 2003, is soon to be completed. With a total built-up area of 20,000 m², the project had a total sales value of $40 million.
- Gemayzeh Village is a colossal development covering an area of 75,000 m². The luxurious residential 'village' was launched in 2005. Excavations are expected to start in about two months and already 45 percent of the project has been sold. Gemayzeh Village is expected to reap a whopping $230 million in total sales value.

Aboudi Farkouh, AGM of CGI

- Ultra-modern Marfaa' 1474 is a 15,000 m² mixed-use project launched in 2005 and expected to be completed in four years, for an estimated sales value of $60 million.
- CGI's most impressive development is the Abdel Wahab 618 twin tower project that will be a 50,000 m² residential complex just two minutes away from Sassine Square and ABC Mall. It is expected to bring in the huge sum of $170 million, of which half has already been sold.

CHAWKI FARHAT OFFICE



Chawki Farhat identifies market trends and tries to be a few years ahead. By his own admission, Farhat has an eye for finding the right location. "The location determines all the rest: The size, the budget, the profile of the client," he said. And deciding on what project to develop on what plot allows for no mistakes. It takes long years of experience to reach such a confidence level, but a presence of nearly 40 years on the market has given Farhat that know-how. His first project was a brilliant innovation in real estate for its time. "In 1977, we built Solemar, the first project to offer chalets for sale in the country," said Farhat. Becoming a huge success, spurred in part by the affluence of families escaping the then-warring areas of town, Solemar gave Farhat a sturdy reputation. It was also a challenging first project to implement, with its 500 chalets, totaling approximately 30,000 m² of development area. His next innovation came in the 1980's in the form of an industrial complex in Jdeideh. Four blocks counting 16 levels each are all accessible to trucks, a feat rarely achieved in the country. In the 1990's, forecasting a massive return to Ashrafieh by the inhabitants that had left during the war, Farhat took up building residential apartments. The idea was again a huge success. Farhat starts selling his projects before floor plans are even drawn and usually sells 100 percent of the project before works are finished. For the next few years, Farhat continues to see potential growth in that same market. "The area has not yet reached saturation point and demand is still very strong," he said. So, until he identifies a new need, Farhat will continue providing high-quality buildings to an avid audience, mostly concentrated around Ashrafieh, Gemayzeh, and Saifi.

SELECTED PROJECTS

- Projects nearing completion include: Residence 683 in Furn el Hayek, Residence 700 on Abdel Wahab Streets, Residence 273 in Gemayzeh, and Residence 1274 in Ashrafieh. All these buildings have apartments occupying an entire floor and measuring 300-355 m².
- Excavation and shoring works have started on a 15-story tower in Saifi, Residence 237. 35 percent of the apartments have already been sold, despite the fact that it will take three and a half years to complete. Apartment sizes are 270-550 m².
- Three more projects are in the pipeline, awaiting construction permits. They include a 15-story tower along Zahret el Ehsan Street in Ashrafieh, and another 14-story tower along Charles Malek Boulevard. Apartments in these buildings measure between 300-380m² with a high quality luxury finishing.

FFA REAL ESTATE

FFA is first and foremost a private investment bank. *Georges Abou Jaoude*, general manager of FFA Real Estate, still thinks of himself as a financial guru. "Real estate was a derivative job from the pure, hardcore, financial investment heart of our original business," Abou Jaoude said. Abou Jaoude first dabbled in real estate when it became an obvious, viable, highly lucrative investment option for the bank's private investment clients. Its first project, Foch 94, was sub-contracted to an independent contractor. "We simply acted as the financial controllers on the project," said Abou Jaoude. The weakness in the system was that there was often a problem of communication between the development and financial sides of the business, which each had its own set of conflicting priorities. The group found it made better sense to control the full process, and slowly FFA developed a fully-fledged development entity. Originally set up in 2004 as a division of FFA Private Bank, FFA Real Estate was recently established as a separate entity and is currently involved in five projects, which will cost near $250 million. FFA Real Estate is the first developer on the local market to have obtained LEED certification for its projects. "We plan to make all our future projects environmentally friendly but adhering to LEED requirements," said Abou Jaoude. Being environmentally friendly is taken to its logical extreme – noise pollution from water pipes, to preventing light pollution from flooding the bedrooms, parking spaces for bicycles, and renewable energy are all carefully studied, planned, and implemented.

SELECTED PROJECTS

- FFA Real Estate will soon be delivering its first project launched in 2005, Foch 94. The project, costing close to $30 million is an eight-story residential building, consisting of five duplexes and two penthouses, ranging between 250 m² and 800 m².
- Marfa 94 was undertaken with Hourie Development for a cost of $60 million, but has since exited the project, which is due for completion in 2012.
- Badaro Gardens is a residential project that was completely developed, designed, and implemented by FFA Real Estate. It is the first LEED-certified residential building in the country and has set the bar very high for other projects (including future FFA projects) to follow.
- FFA is also taking a new concept to new heights – that of the gated community. Its $60 million Ahlam Resort project in Kfarzebian covers an area of 1.96 million m². It will include 900,000 m² of residential space, an 18-hole golf course, a polo club, a golf academy, a 40-suite boutique hotel, a club house, a health farm, and a spa. Ahlam Resort is expected to bring in $144.5 million in revenues, which translates into a profit margin of 240 percent.

JAMIL IBRAHIM ESTABLISHMENT

Everything built by Jamil Ibrahim Establishment finds a taker, before ground-breaking begins, before construction permits are obtained, and sometimes, even before floor plans have been finalized. It's because one of the oldest development companies in the country has earned a reputation for delivering quality and keeping its commitments. *Jamil Ibrahim*, founder of Jamil Ibrahim Establishment, finished constructing his first building in 1961. But a brick at a time, this construction company that used to be run single-handedly by its founder, has turned into a multi-million-dollar mega-development institution. It used to take Ibrahim about two years to develop a building of 11 300-square-meter apartments for a total cost of about $30 million. The company now manages to run eight mega-projects concurrently, for a total investment of about $800 million. Just one of the projects counts on its own 64 units of 685 square meters each. Just the land of the newest project, La Citadelle de Beyrouth, near the Vendome Hotel, costs $130 million. To be able to keep up with the vertiginous growth of his business, Ibrahim started delegating. What started out as a small enterprise of five employees now runs an army of 100, divided into three main departments, each run by one of Ibrahim's three sons: One brother handles purchasing, another follows up on-site works (assisted by 25 full-time, in-house engineers), and the third is in charge of sales and marketing. The super structure of this super-developer is sturdy enough to allow it to take more and more work internally. The second biggest expense center after the cost of land, namely concrete, is being handled directly by the company since 2004 – for better control of quality, better management of time, and better savings. Jamil Ibrahim Establishment is living proof that delivering a high-quality product consistently is an assured formula for long-term success. The company has signed its name on more than 100 residential projects and a number of large-scale commercial centers, mixed-use developments, and manufacturing plants.

SELECTED PROJECTS

- Jamil Ibrahim is in the finishing phase of three projects (Sky House, Astoria, and Dream Bay), all luxury apartment buildings in prime locations in Beirut.
- Three more high-end residential projects are currently under construction: Raouche Residence, Les Domes de Sursock, and the Carlton.
- Jamil Ibrahim is preparing the launching of two more projects in the very near future, both of which will be high-end residential projects: La Citadelle de Beyrouth, and another that still doesn't have a name but that will be located near the Riviera Hotel.

HORIZON DEVELOPMENT HOLDING

At the age of 41, multi-billionaire *Bahaa Rafic Hariri* has decided to step away from Oger Telecom, the Saudi-based telecommunication and development firm at the heart of the Hariri fortune, to turn to his own projects. He founded in 2002 Horizon Development Holding to instigate large-scale, upper-end real estate development projects, both here and abroad, that are likely to change the landscape of their surrounding neighborhoods. The Horizon projects are some of the largest to ever be implemented in the country.

Although works have been considerably slowed down over the last few years due to the instability in the situation here – but also due to Hariri's interest being engaged elsewhere in multi-billion-dollar investments, such as the $3 billion Abdali project planned for Jordan, Horizon still holds the record in sheer size and scale of projects under construction in the city. A series of projects are in store for Verdun and one in Raouche. They all are putting on the local market huge projects more reminiscent of the colossal Gulf developments. The drawings of these projects are enticing. But to get a real look, one has to wait for the construction phase to be completed.

SELECTED PROJECTS

- Verdun Gardens, also called V2, has already broken ground on the corner plot behind the Bristol Hotel, across the street from the Druze Foundation center. The project's total land surface area is of 7,000 m² but it will result in a total built-up area of 66,000 m². The project's two residential towers will house a shopping complex, keeping in tradition with the area in which it is located. The project is estimated to cost a total of $40 million.
- Place Verdun (also known as V5) is an even more impressive multi-purpose development, totaling a built-up area of about 150,000 m² on an 18,000 m² plot of land, and an estimated construction cost of $200 million. Horizon hopes V5 will become one of the main shopping attractions in town. In addition to its luxury, 20-story residential tower, the complex is planned to include a 6,000 m² department store, a 12-screen Cineplex, upscale and mid-market fashion and apparel shops, food and beverage outlets, in addition to a possible ice skating rink.
- For its plot of land along Raouche, Horizon was at first planning a five-star hotel development. Plans have changed, however, and the development is in the process of being turned into a residential complex, but still in its very early development stage.

MENA CAPITAL

Location, location, location. The oldest adage of real estate seems to be what guides *Nabil Sawabini*, founder and chairman of MENA Capital, which has selected landmarks in the capital for some of its towering projects, including a domineering structure next door to the historic Sursock Museum, a project that earned its developer more than the habitual amount of headache and controversy. With projects worth around $400 million since the company's inception only five years ago, in 2004, sales this year alone are expected to be nearing the $100 million mark. It is by sharply differentiating itself from others that MENA Capital has been able to achieve these figures. MENA Capital has built a reputation for putting on the market highly conceptualized designs, such as its award-winning flagship project, Sky Gate – a glistering tower of glass that gives the impression of being built out of the surrounding air. MENA Capital is now adding a fifth dimension to their projects: The luxury of volume and space. "Our new high-end projects have ceilings 3.5 meters high, and some offer ceilings of 5.5 and six meters," said Sawabini. Backed by the strength of its developments, MENA Capital has gained the trust of some of the old, land-owning families of the city (the Sursocks and Hochars, for example), who have now established partnerships with the company. Their contribution is in their stock of land plots. "This is where our strength lies – in identifying the opportunities and in coming up with the financial structure to see them through," said Sawabini. Coming up over the next few months are three projects, of which Sawabini is very proud. The first is a residential project with smaller units targeting mostly expatriates wanting a pied-à-terre back home and young, local executives. "I'm very excited about the concept and the design of this community project," said Sawabini, without revealing more details. The second is a resort. The third remains a surprise. "Discretion earned MENA Capital the trust of its investors and clients," said Sawabini. The secrecy is probably also a way to remain ahead of competitors.

SELECTED PROJECTS

- Qoreitem Gardens is a 15-story residential tower that has the genius of offering units 350-713 m². The tower, to be delivered end 2010, will include a gymnasium and ample parking.
- Sursock Residences is a striking project. The two towers (of 20 and 24 floors respectively) will house luxury simplexes of 385 m² and 539 m², and 655 m² duplexes.
- Hochar Tower is situated at close proximity to the American University of Beirut (AUB). The 17-story tower was elevated on pillars to accommodate 1,000 square meters of landscaped gardens and will be topped by 1,000-square-meter penthouses, each with its private terrace garden and swimming pool.
- The most eye-popping of MENA Capital's creations must be Sky Gate, a high-end, 40-story residential tower that will be built on the highest point in Ashrafieh. Designed by renowned Architect *Nabil Gholam*, the tower is set to be completed by the end of 2012. Apartment sizes vary between 325-750 m². The crown jewel is a penthouse measuring 1,484 m².

MOUAWAD INVESTMENT GROUP

Joseph Mouawad, chairman of real estate developer Mouawad Investment Group (MIG), has the vision that comes from being born into a long tradition in the business of construction. Mouawad is more than just a builder of homes – he is a creator of the landscapes of the future. Mouawad considers that real estate development resides in understanding what the market's future needs are going to be to be able to be ready to answer those needs when the time comes. Building takes time – at least two to three years for a relatively small-scale project. Any time a developer starts planning a project, he is actually drawing the future. "Our job is primarily to determine what the future of development should be," said Mouawad. It is not enough to follow a trend and keep supplying the market with what it is currently asking for. Mouawad's most interesting job is in creating that future need, based on an assessment of the direction the present market is taking. Moving from purely residential real estate, Mouawad foresees a need in commercial space, particularly for hospitality and recreational facilities. The company's present shift in interest to hotels and resorts reflects that belief. With a highly creative, leadership role in the market, Mouawad Investment Group has already achieved $300 million in profits and 300 percent growth since its inception in 1996.

SELECTED PROJECTS

- MIG has invested more than $10 million in two completed residential projects, Parc Jadev and Primavera, totaling a joint built-up area of 25,000 m²
- Its residential projects currently under way are The Pavilions in Wadi Abou Jmil, covering 18,000 m² of area, with a total value of $40 million.
- Capital Gardens in Minet el Hosn (10,000 m²) and Saifi Pearl (17,000 m²) each costs around $20 million.
- MIG has been moving into commercial projects, detecting a need in that niche market. Its new project in Solidere, The Palladium, is a 14,000 m²-BUA, mixed-use complex for a total value of $20 million.
- But some of MIG's most memorable projects are commercial buildings, such as Bourj el Ghazal, The Atrium Building, Park Tower Hotel, and Saifi Suites Hotel.
- To Mouawad, the future of real estate lies in hospitality. Oakridge, a mountain resort located in Faqra-Kfarzebian, will have a vast built-up area of 46,000 m², at an approximate cost of $100 million. This luxury private community resort will put 77 units on the market, consisting of residences, condominiums, town houses, villas, and a lodge, to be delivered by 2012.
- Silver Rocks, a land development project is another venture (but still hush-hush) in Faqra that will be completed in 2013, with a total built-up are of 36,000 m².

SOLIDERE

Solidere has reshaped the face of Beirut. It is the largest-scale urban development project the country has ever seen, on a site most laden with historical and emotional meaning – the heart of Beirut, el Aswak. By renovating the raised city center, restoring some of its landmarks to their original state and creating some completely new ones, Solidere is recreating an identity for the Beirut of the future. It is a perfect blend between the old and the new, the traditional and the starkly modern. Sprawled on a stretch of 1.9 million m², out of which 700,000 are being reclaimed from the sea, Solidere has taken on a project of huge proportions – and brought it to successful fruition. Through all the ups and downs the country periodically goes through, Solidere has been moving on with its development plan. It is about to start infrastructure works on the reclamation area, which will boast a splendid esplanade stretching the whole length of the seashore. The Beirut Souks are probably Solidere's most daring developments, as they are a perfect example of bridging the past to the future. Top-of-the-line quality in one the city's most refined settings is what has attracted the biggest international brand names to the Souks. With more projects in the pipeline and with a hawk-eye control over developers building within its perimeters, Solidere has not only rekindled the heart of Beirut, it has also played a major role in bringing the local real estate market up to par with international standards by introducing state-of-the-art practices and quality.

SELECTED PROJECTS

- In the landfill area, the new waterfront district, Solidere is planning residential and business spaces and two marinas (with the capacity to receive 1,000 boats), a 70,000 m² public garden, and a seaside promenade. The total BUA for the project is planned at 1.7 million m² with delivery to investors by 2011.
- Solidere is currently executing the Beirut Souks project, which will have 163,010 m² of floor space interspersed among 17,307 m² of landscaped pedestrian areas. The Beirut Souks will host more than 200 commercial outlets, offices, department stores, gold souks, a leisure and entertainment center with 14 movie theatres, and a large food court.
- The South Souks, scheduled for completion later this year, will cover a site measuring 30,000 m² and a total BUA of 71,903 m². It will have 66,207 m² of floor space and will encompass a gold souk, which will have 15,989 m² of floor space.
- Facing the hotel district, Solidere has also started work on a major tourist project on the Western Marina quayside, comprising 100 luxurious chalets, a yachting club, and other sporting facilities. Overlooking the marina, and adjacent to the public park, will be high-end shops and world-famous restaurants and cafés.

WISSAM ACHOUR OFFICE

His is the man who brought Jnah into the mainstream. Since it was established in 1991, the Wissam Achour Office has completed more than 130 projects. The company has developed nearly half of the residential apartments in Jnah. "When we started, we had to do infrastructure works on the area in order to supply our projects with electricity, water, and sewage systems," said *Wissam Achour*. The company didn't have the capital needed to buy several plots and develop them. Instead, it bought land as the opportunity arose and as finances allowed. But in order to be able to sell its apartments, the company had to develop the area to the infrastructure master plan prepared by the municipality. Wissam Achour Office was the main player that turned Jnah from an empty stretch of sand into one of the best-organized urban spaces in the city. The company stands out by its efficiency and by its strict adherence to delivery schedules. "People trust us. Half of the customers that buy into Jnah solicit us," said Achour. The company's projects are slowly going from servicing middle market clients to upper-end customers – a normal development as similar profit margins result in much larger net dollar amounts in the more expensive upper-market bracket. Achour said that there was still room for development in his favorite area. The company is clear about its plans for the next five years. Empty land plots are hard to find. While many other developers are moving outside the capital, Achour has set his office to demolish old buildings within Beirut to make room for new development projects. "Eighty percent of our customers are expatriates who want to live inside or close to the city," he said. Another likely future trend is to start going more and more into upper-market development, where the money is. In this methodical manner, Achour is sure to continue changing the face of the city.

SELECTED PROJECTS

- Jnah continues to be the company's bread and butter. Five projects are currently underway, one along the old Airport Road, and another in Bir Hassan. Sizes are 220-500 m² for the upper-story duplexes, while prices start at between $2,000-$3,500 /m².
- Buildings in the upper-end market of Verdun, Ramlet el Baida, and Raouche are being developed. These apartments are larger (260-700 m²) and are priced at $3,500-$4,800/m². The seafront Raouche apartment is starting at $5,800/m².
- The latest excursion is into Tayouneh, with three projects named after UAE cities Dubai, Sharjah, and Ajman. Targeting a middle-market clientele, apartment sizes are 190 m², selling at $1,500-$2,800/m².