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Landmark buildings

Redefining the skyline of Beirut



Landmark buildings are what's novel

They have become the staple of trendy architects. Some architects and developers prefer calling them buildings of distinction. But what is certain is that a number of them will soon redefine the shape of the city skyline, and even the feel of the capital's downtown. Here's the novel of Nouvel and others.

With their sumptuous interiors, distinctive details, and buyers ready to pay millions for the views and luxury living they promise, 'landmark buildings' have been rising across Beirut's skyline as the property market booms. Today's landmark properties are distinguished more by what owners can do inside them, their facilities and environmental features, than by how they appear from the outside. Yet rising costs of construction and a dormant demand for upper-end landmark property, where prices range between \$13,000 and \$20,000 per square meter, mean construction can often be as much about an architect's legacy as it is bottom line returns. As the select group of developers in the landmark market wait to see if land prices will remain at their peak, or fall slightly in the coming months, the interim period has created what is known as a buyer's market. Filling this are local buyers active in the market for smaller, less expensive landmark property, where prices average around \$6,500 per square meter, and where property can be quickly re-sold for a profit.

LAY OF THE LAND

The landmark market is driven by a select group of local architects and developers. For projects that are in progress this group would include *Bassim Halaby* of the Beirut Terraces, *Nabil Gholam* of Skygate and *Ziyad Alshaar* of The Landmark. Established landmark residential buildings are Marina Towers, by architects Kohn Pedersen Fox Associates and Platinum Tower by architects Gholam and *Ricardo Bofill*. Platinum is the tallest building in Beirut, standing 153 meters high. Getting elite developers and architects to agree on the definition of a landmark building is difficult. Most agree they do not like the term, which they consider to be a derisive word used by the media to describe a building of distinction – something that cannot be missed. For some, this might mean the Phoenicia InterContinental Hotel or simply The Grand Serail. For others it might be the Virgin Megastore or even a gas station in Gemmayzeh. Some point to the



Beirut Terraces is Herzog & de Meuron's first major project in the region

Rizk Tower in Ashrafieh, which was built in the seventies, as the first real landmark apartment tower. Others note a more notorious landmark that incorporated mixed-use shopping center and a concert hall – the battle scarred Holiday Inn

DEVELOPERS EXPENSES

In both building and land costs, developers pay a premium of around 30 percent more for being in the prime locations that a landmark building demands and to pay for often specialized building operations. "To acquire land is becoming more and more expensive, and today it has become 40-45 percent of the value of the project, compared to traditionally being about a third," said Halaby, an architect-turned-developer and CEO of Benchmark, the developer behind the eye-catching Beirut Terraces tower block in downtown. "We've hit a slowdown as we hit the 45 percent mark on land. When I am buying at 45 percent for the land, then a further 45 percent on the construction, what I am left with is only ten percent [of the total investment], which is not sustainable for the developer." Developers are reluctant to disclose the exact level of profits previous landmark buildings made, although few deny that much money was made when land prices were dramatically less than today. Yet both the developers of Beirut Terraces and The Landmark, when pushed, complained of tight operating margins suggesting easy

cash is no longer as viable as the recent past and their investments today are longer term, more about enhancing their legacies than about turning a quick buck. Both the Marina Tower and Platinum, waterfront locations built in the past five years, made healthy profits for their developers. And for buyers who got in early, these original landmark buildings represented the chance to double money in just a few years. Today, said Gholam, "the developer is making the client pay a premium due to the rise in construction costs, so the end user now has a much smaller margin." According to Halaby, however, developers are continuing to absorb most of the higher building and land costs themselves and are not passing them on to clients.

BIGGER, TOUGHER

At the high end of the market – which is essentially Gulf Arabs or super-rich Lebanese expatriates in the Gulf or in Europe – flats of over 500 meters square can sell for up to \$10 million. At this level, buyers are not interested in buying into the landmark building for the investment, but exclusively for stability and quality of life in a second home. These buyers belong to a jet set of locals or Gulf Arabs who travel back and forth on a permanent shuttle between the Middle East and Europe, with a stop off in Beirut for shopping, relaxing, and leisure. *Ziyad Alshaar*, developer of the super high-



In Skygate, solar panel will produce all the hot water

end Landmark project, notes the market has hit a temporary plateau, which he believes is because of the political grievances being aired in the media, which have kept wealthy Gulf Arab clients away. Alshaar is confident the market will soon lift again and insists that in the meantime there are sales being made within the wealthy community of Lebanese expatriates who use Beirut as a second home.

SMALLER, EASIER

At the lower end of the market, landmark buildings are only a fifth more expensive to purchase than non-landmarks in the same prime location in downtown Beirut. The trend is for smaller, more efficient living spaces, in demand by locals, rather than Gulf Arabs. With tighter margins these days, investors need to know whether landmark buildings stand up as viable investments – or are just the vanity of architects, developers and richer investors. For the majority of the clients, a building not only has to look distinctive, but has to have superior fittings that correspond with the work ethos of Lebanese self-made, new money. “Everyone wants to do ‘landmark’ at the moment,” said Gholam. “But these days more and more clients are asking for smaller places compared to a few years ago as a 500 square meter apartment at \$6,000 per meter is a three million dollar place, which is out of the league of most clients in Lebanon.” Gholam said new clients place a “high demand on efficiency in layout” with ‘pairing’ or ‘half-pairing’ a trend to look out for (where clients buy two apartments and knock through a door). Daycare for children, health centers, and pools are all expected now, along with convenience shops and energy conservation. In Skygate all the hot water will be provided by solar panels, something Gholam claims his firm has been doing for fifteen years, but did not advertise: “Back then we were sort of closet-environmentalists but today people are asking for that now in a 35 story building, where gas or gasoil will only be used one to two months per year when the sun is too low,” he said. Approximately 20 percent of Benchmark’s clients are locals in the market for smaller landmark property, said Halaby. Gholam, who was previously architect of the Platinum Towers, believes the local buyers’ market is in great shape, describing it as “booming” despite the inevitable trend towards smaller sizes. Most landmark properties, such as Beirut Terraces for example, allow clients to pay-as-you go, with

schemes allowing buyers to put down 20 percent of the final costs up front – which attracts local investors who are looking for a deal they can sell for a profit.

THE LANDMARK

There may be demand by locals for smaller, less expensive landmark property, but Ziyad Alshaar, developer of the confidently titled Landmark project, believes so much in the return of the super-rich jet set to Beirut that his super-tower complex will be selling apartments for as much as \$20,000 per square meter. The Landmark in downtown aims to be a kind of millionaires’ village, a destination in its own right. Landmark will set a new standard in what developers call ‘mixed-use’ – Providing everything the jet-set could needs within one huge complex. The apartments and integrated hotel will span 15,000 square meters alone, while the building hosts 11 cinema screens, is home to 20,000 square meters of boutiques and has underground car parking for almost 900 cars. Once built, this unusual-looking white tower, will set a new standard in differentiation. “It will be a true landmark. Nothing will touch it,” said Alshaar. “The interiors are something else. We have consultants for everything, even acoustics. The only problem we have is how to bring the costs down, so now we are working on the costs.” As Landmark architect *Jean Nouvel* said at a client presentation: “We want to create the desire to come here, stay here, a place that is calm, comfortable, ‘hedonistic’”. Alshaar believes high end customers will want a bit of flexibility in how they use their new apartments. A trend he believes will take off is a new concept in the ‘service apartment’, which traditionally was always a rented flat which was cleaned like a hotel room. In Landmark, clients will be offered the opportunity to rent their apartments to the integrated hotel, which in turn will act as a partner for subletting to other guests who can rent short let. The hotel will also offer the original owner a full array of ‘room service’ options, cranking up the attraction of the three million dollar apartment both to those seeking special services and those interested in ways to offset the cost of such an expensive second home.

SOLIDERE SHAPING

According to Solidere’s Urban Development chief, *Angus Gavin*, ‘landmark’ buildings “don’t have to be towers. The Bilbao museum is one example”. Gavin said that in



The Landmark project encompasses residential and retail components

“It will be a true landmark. Nothing will touch it. The interiors are something else. We have consultants for everything, even acoustics”

the context of Beirut, landmarks must have protected views of the sea and mountains, architectural differentiation and be cultural icons, ideally in landmark districts. Solidere has a hands-on role in each property built by developers in Downtown and lays down strict criteria for both developers and architects, in many cases offering a list of around a dozen architects to the developer to choose from. A competition tender is also required of architects who must submit their proposals and ideas. Beirut Terraces, for example, was approved after a tender between Lord Richard Rogers, Raphael Vignoly, and Herzog & de Meuron. It was this last one, a Swiss firm, which won through, making Beirut Terraces their first major project in the Middle East. Solidere plays a unique role in Downtown wearing two hats: One as property developer in its own right and second as a public sector department licensing developers to buy and build. In

this second, more typical scenario, Solidere takes a very hands-on role in each step of the process, assuring that developers use one of around 200 world-renowned architects whom it recognizes as having the right caliber. “What we want are buildings that are unique to Beirut, expressing Beirut as a unique place in its Mediterranean climate and its cultural lifestyle,” said Gavin, who believes Solidere-approved buildings are “the counterweight against globalization”. Gholam, for one, disagrees: “Lebanon is looking more like the rest of the world right now, more and more global and less related to the place itself.”

ON THE DRAWING BOARD

Solidere makes the point that high-rise towers actually help to preserve lower rise older houses from being destroyed through a quota system it applies to land space and density of population. Solidere has two high rise projects it calls ‘landmarks’ on its drawing board that will stand close to the UN headquarters. It has also given the green light to a developer to propose a mix of high and low-rise apartment blocks at the end of Martyrs’ Square to be called Phoenician Village. Both such ventures it considers as “urban statements” in that they follow a design theme in line with the Beirut urban lifestyle – rather than what foreign architects might come up with given a clean slate. Down on the reclaimed land of Biel, Solidere is now putting in essential

infrastructure and is planning on developing some towers within the zone. Biel will have “clusters of landmark towers”, said Gavin, who also foresees more “mixed-use- complexes like ‘Landmark,’” which he sees as a future trend. These towers – which have yet to be given working names - will be located in the ‘hotel district’ behind the Platinum tower – one designed by Norman Foster with Hassan Smadi as developer and the other a design by Raphael Moneo and local architect Samir Khairallah.

TREND TO PRACTICAL

Landmark buildings will continue to spring up in downtown and Biel, but the trend in construction will be more towards smaller and neater, rather than huge and opulent. Developers will become more lifestyle gurus with an emphasis on environmental and leisure add-ons rather than striking looks. Larger, high-end apartments will be foreigner only territory as the local upper middle classes will find themselves squeezed out entirely, by spiraling land prices, construction costs, and foreign architects’ fees.

Reported by Martin Jay

ON OUR WEBSITE

More information is available by typing the numbers below into the Reference Finder on our home page

L1010-61 Contact information

www.opportunities.com.lb

Landmark projects

BEIRUT TERRACES



Address Beirut Central District
Developer Benchmark
Architect Herzog & de Meuron
Price Starting at \$6,800

SKYGATE



Address Beirut Central District
Developer MENA Capital
Architect Nabil Gholam Architects
Price Starting at \$5,800

THE LANDMARK



Address Beirut Central District
Developer The Landmark
Architect Jean Nouvel (France)
Price Starting at \$8,000

COVER STORY

LANDMARK BUILDINGS

VENUS TOWERS



Address Beirut Central District
Developer Venus Real Estate
Architect Rafael José Moneo (Spain)
Price \$6,500

PLUS TOWER 2



Address Martyrs' Square
Developer Plus Properties
Architect Erga Group
Price Starting at \$6,750

BEIRUT TOWER



Address Beirut Central District
Developer SV Properties and Construction
Architect Samir Khairallah & Partners
Price \$9,000

COVER STORY

LANDMARK BUILDINGS

45 PARK AVENUE



Address 45 Park Avenue
Developer City Developers
Architect Marwan Saleh (Laceco)
Price Starting at \$6,000

DALARA BUILDING



Address George Haddad Avenue
Developer Mimar
Architect Mimar
Price Starting at \$5,000



DANA BUILDING

Address Minet El Hosn
Developer Dana of CCC
Architect Al Salam Architecture & Engineering Studies
Price Starting at \$10,000