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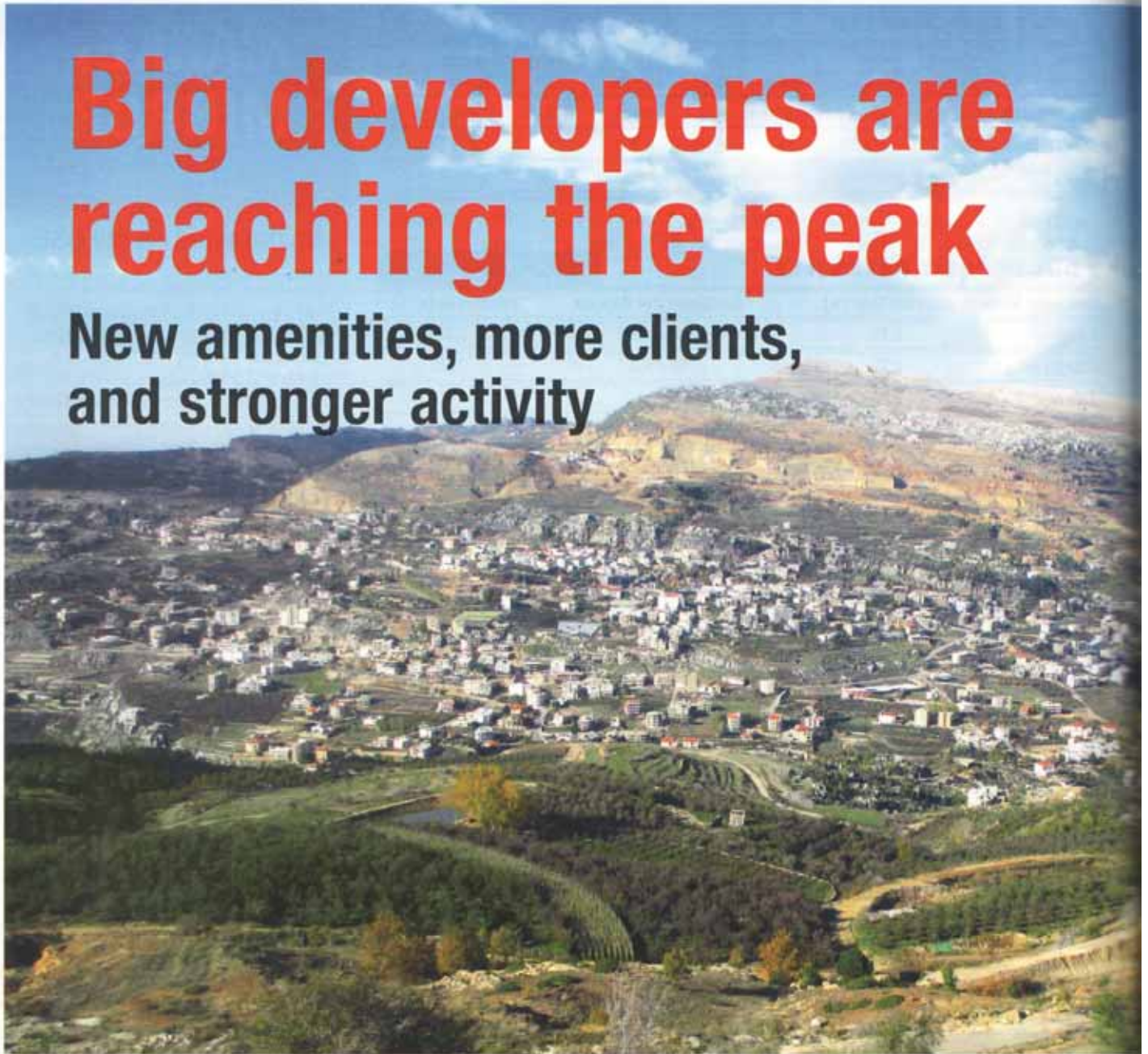


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Big developers are reaching the peak

New amenities, more clients, and stronger activity



For the past few years, the skiing landscapes in Laqlouq, Faraya, Kfardebian and its Faqra sub-development have been getting a facelift. Mega developers have brought in new entertainment concepts to resorts and varied the unit sizes and prices. Their large mixed-use communities of resorts, hotels, supermarkets and entertainment centers provide amenities to residents who choose to live in their ski chalets year-round. This trend

has also attracted small developers, who are exploring the less developed areas around the magnetic and expensive Faqra. Building in remote areas has driven developers to also establish the required infrastructure for a more satisfactory living experience.

WHO'S WHO

The six major developers who have established their presence in these ski resorts are: BREI, FFA Real Estate, Sayfco,

Moawad' and Partners, Plus Properties, and Zardman. Sayfco made a name for itself through a widespread presence and small units in Laqlouq, Kfardebian, Faqra, and Zaarour. Sayfco's seven projects are worth \$655 million and have a total, combined area of over 218,000 square meters. It is developing 1,885 chalets and 110 suites. Starting sizes in many of these projects are 50-65 m². "We were one of the first developers to go to the mountains in 2005



with the 'Clouds' project of luxury villas. Following its success, other major developers to come to the area," said *Chahe Yerevenian*, Chairman of Sayfco. The company saw that these areas have real potential for property growth and was motivated to begin its own projects, there. FFA Real Estate has the largest project in terms of surface area, Ahlam, to be developed on a 1.1 million m² land in Kfardebian. FFA had owned the land since 2006 but designs were not completed

until 2010 and sales of plots were only initiated a year ago. Zardman combined 11 architects who worked on the Chabroux project in Faraya. *Tarek Zard*, Chairman of Zardman, said: "We worked with many architects, so that each of them could show us a different design." BREI is developing in the heart of the Faqra Club with Edelweiss, a \$38 million mixed-use community. Moawad is developing Faqra Scenes a 49-apartment building and Plus Properties is selling it. Moawad has also released a \$50 million project, called 'Oakridge'. The compound will contain 90 units of various specifications.

WELCOMING MORE

Top developers are introducing higher affordability and small sizes to attract middle income clients with budgets under \$400,000, per chalet. Developers who responded to demand for small units are being successful and making quick sales. Sayfco sold all of its 400 chalets in Les Roches in Kfardebian, in the span of one month, ranging in size between 50 and 125 m² and starting at \$100,000. "The clients are Lebanese, 30 to 40 percent of whom are expats. Most of them are between 25 and 40," said Yerevenian. Sayfco created Les Suites de Faqra, offering luxurious suites at a starting price of \$250,000. "This price has not been offered in Faqra since property development boomed five years ago, especially since the majority of residential units were being sold for over \$1 million," said Yerevenian. According to him, out of the 30,000 units sold in the entire market every year, ten percent are secondary homes. "Sayfco sold 1,000 secondary homes last year," he said. Plus Properties sold 42 of its 49 apartments in Faqra Scenes, launched just one year ago. "We sold the units at attractive prices and asked only for \$15,000 as a down payment," said *Nicolas Mehchi*, Sales Manager at Plus Properties. Zardman sold 20 percent of the units during the launch of its 70,000 m² Chabroux, in Faraya. Launched in the spring of 2013, the project offers 30 chalets starting at 75 m². Expats were the majority buyers of small units in this project, said Zard. A total of 127 units are being sold in Edelweiss, with sizes of 80-200 m², with small units selling faster. Clients in Edelweiss are upper-income individuals over 40 years of age.



THE EXTRA MILE

Big developers have brought in a number of amenities that were not offered in these areas before, when developers built only residential units, without giving much thought to convenience. In the past, chalets were used during the winter, when their owners went on ski trips. Now, their concept has evolved to encourage year-round living. Village centers consisting of restaurants, cafes, and hotels are being built to encourage year-round activity and as an added revenue stream. Ahlam has a 90,000 m², nine-hole golf course. "It is the first golf course to be built outside of Beirut and has the highest elevation of its kind in the Middle East, at 1,400 m above sea level," said *Mireille Korab Abi Nasr*, Business Development Manager at FFA Real Estate. Spas are being included in several projects such as Chabroux, Redrock, and Ahlam. Project developers are also leaving plenty of space for landscaping. Around 70 percent or 800,000 m² of the land in Ahlam is dedicated green spaces and parks. The project will also host another 100,000 m² of naturally landscaped parks. Abi Nasr said: "We saw that the area required a lot of services that were not offered there until now. The project hosts a village center, a country club, sports courts, and stables for horseback riding. Sayfco follows the same strategy of sustainable living. It is developing commercial centers with hotels, restaurants, and convenience stores in many of its mountain projects. Edelweiss hosts

Six major developers have established their presence in Kfardebian and the surroundings

'The Souks', offering ten upscale boutiques, gourmet shops and cafés and a tennis court.

"When you are selling 650 chalets for at least 2,000 inhabitants, this means that a micro village is being created. You need to support them in every possible way," said Yerevanian. At Chabroux, a wide variety of activities will be available throughout the year. These include: Hiking, biking, rock climbing, tennis, nature exploration, and winter sports. Zard said: "The absence of these services in the area push developers to create them, which helps prompt sales of the residential units as well." Faqra Scenes, on the other hand, does not offer amenities besides the residences. "We are trying to spare our clients additional costs for something they are going to rarely use but pay for all year round," said Mehchi.

LUXURIOUS LIVING

Although Faraya, Kfardebian, and Faqra are welcoming middle-income clients, a place will always be reserved for high net worth individuals. But this market is less active. Yearly expenses for luxury villas can go as high as \$2,000 for security, maintenance, garbage pickup, and road opening. Les Dunes de Fakra is a luxury compound of villas and chalets. It consists of 60 private villas divided into 28 simplexes, 28 duplexes, and four triplexes. "All of the 110 m² simplexes have been sold,"



Developers are using rigid and resistant materials for the construction of chalets

said *Alfred el-Sissi*, Sales Manager at the project. Two of 355 m² triplexes and five of the 205 m² duplexes have yet to be sold. Clients of Les Dunes de Fakra are bank managers, business owners, and the like, according to el Sissi. Prices start at \$3,500/m². "Demand was at its highest the year we launched the project in 2009 and now it is starting to pick up again," he said. Sayfco's first development was in Faqra Club, the \$45 million Clouds. "We wanted to start with a landmark project, so we introduced Clouds, the ultra-luxurious development of 11 villas."

ADVANCING SALES

Some developers are selling or renting out hotel rooms, along with room and other hotel services. The concept is widespread in many countries and has just been introduced locally. Zard said: "Not only are the rooms in Chabroux for sale, but the owner is able to lease them through our management company." Hotel room owners pay the hotel management company a percentage of the leasing fee. Zardman plans to apply this concept to some of its chalets as well. Sama Sannine, a gated community located in Sannine, will include a hotel with rooms for rent to tourists. *Osman Tabish*, partner in the project, said: "We are going to create a boutique hotel and coordinate tours with contacts outside the country to come to the hotel." France-based health clubs and mental health facilities who send patients on health tourism trips have expressed readiness to rent the hotel. "It is less expensive for these tours to get their patients to the country instead of moving them to some other place in France," he said.

WHAT'S TO COME

Zaarour, Chabrouh, Baatouta, Qanat Bakish, and Sannine are the upcoming go-to places that will see new projects. Developers who have projects in these areas benefit from

ARCHITECTURE

The material and design of chalets underwent several changes in the past ten years. Because temperature varies tremendously between the summer and winter, architects have to be choosy when it comes to construction materials, focusing mainly on rigid, moisture resistant materials. As a changing trend, architects have resorted to resin and alucobond, two lightweight materials used to help heat insulation. Stone is the main material they use. It is more tolerant than other materials. As for the designs, clients preferred exact geometrical forms in the past. Now, the exterior form of a chalet is more arbitrary. Clients are now more open to askew designs. There is a tendency to use grey and black colors, to offset the snow. The surrounding nature compels the landscaper to use certain types of creations. For example, only one or two kinds of grass out of 30 types can thrive in this environment, making landscaping choices rather similar among the various projects, with evergreens being the dominant choice in tree choice.

HIGH, HIGHER, AND THE HIGHEST

	Kfardebian			Faraya	Zaarour	Laqlouq	Qanat Bakish
	Faqra	Ouyoun El-Siman	Kfardebian village				
Land (\$/m ²)	500	400	350	275	400	200	260
Chalet (\$/m ²)	3,500	2,450	2,700	2,500	2,500	2,000	2,700

Source: InfoPro Research

the spillover effect of the fame of prime neighboring areas. *Cosette Jabra*, Partner in Bakish 7752, a new development in Qanat Bakish, said: "We chose this area because it is very close to Faqra, yet less expensive." It enjoys the same climate and has the same logistic conditions. For example, when roads are blocked by snow, security forces will have to open the road to Faqra. "Since we are on the same path, our roads will also be opened," she said. The trend in Qanat Bakish is for 130 m² chalets and starting price of \$2,700/m². It targets middle-income clients. Out of the two blocks constituting eight chalets, only one has been sold. Sayfo went to Laqlouq, in Jbeil with its *Les Rives* project. *Sama Sannine* is owned by three partners: *Osman Tabish*, Saudi-based Amnest Group, and *Tony Khoury*. "We chose this location because we believe that some people don't like crowded areas and the commercial atmosphere where construction sites are very close to each other," said Tabish. At the same time, they want to be close to the Zaarour Ski Resort. The project is also close to two new highways: One goes from Sannine to Baabdat and the other from Baskinta to Zahle. This opens the project to clients from Bekaa and Metn. The first phase of the project entails 5,000 m² and 16 condominiums. Tabish believes that this area will be the next frontier, as it hosts large lots of land owned by few families. According to him, the new generation of these land owners has the mentality to develop and invest in the land. Famous for its ski slopes, Zaarour has never offered anything more. It is a close destination for ski lovers and only 35 km from Beirut, with an elevation of at least 1,650 meters above sea level. Developers say the region is expected to become a prime destination for development soon. Zaarour has plenty of virgin lands that can be purchased to develop tourist projects.

The purchase of a hotel room with its services, is now possible

PRICE EVOLUTION

Prices of land in Kfardebian jumped in the early 2000s to \$200/m², from \$0.3 in the 1960s to \$3,000 today. Raymond Audi, co-founder of Bank Audi, was the earliest investor in the area. When its construction boom began in 2000, Faraya was more expensive than the surroundings because it hosted a hotel and ski resort. It was amid this boom that Faqra was born. Its sales started at \$250/m² compared to \$300/m² in Ouyoun El-Siman. Three years later,



Developers are introducing units of small sizes to attract middle income clients

prices in both areas became equal. The other areas grew more crowded, roads became narrower, and construction more random. In 2008, after the international financial crisis, expatriates invested heavily in property, especially in this region. Many developers by 2009-2010 had entered the market. Prices then went up quickly, the market became saturated and supply overcame demand. Yerevanian said: "Our clients can pay \$10,000 as a down payment to gain comfortable facilities for \$500 a month." Zardman requires a 25 percent down payment. Clients have the ability to pay the deposit over a period of three years. "In this case, once the project is delivered, the bank pays out the whole value," said Zard. Zardman stopped sales in Chabroux, where prices start at \$2,600/m². "We intend to resume sales when actual construction starts," said Zard. The firm has thus far sold 20 percent of the development. Selling too much of a project can become a liability to the developer, according to him. "We cannot sell chalets today for the prices that suit us," he said. Zardman does not intend to launch other projects in these areas anytime soon. Plus Properties is selling Faqra Scenes at

a starting price of \$2,550/m². Mehchi from Plus Properties said that the oversupply in these areas would drive developers to lower unit prices. Ahlam's first phase consists of 82 plots with sizes ranging between 1,500 m² and 3,000 m² for a starting price of \$600/m². The closer the land is to Faqra the more expensive it gets. "The land of Sama Sannine was purchased one and a half years ago for \$180/m²," said Tabish. The land is now worth \$280-\$300/m². The price of land in Zaarour is around \$280/m². "We are extremely bullish for the future of this market. Although there is stagnation in sales, seeing the immunity that the local economy has, only makes us more positive that the situation will improve in the next six months," said Yerevanian. The infrastructure is laid out and developers are ready to cross into the next frontier.

Reported by Yasmine Alieh

ON OUR WEBSITE

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

- L0215-87 Faqra property prices soar
- L0215-88 Warm winter forces tourism to get creative
- L0215-89 Contact information

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