

17 March 2015

RAMCO: The F&B Industry is “Dictating” the Development of Retail Hubs across Beirut

Commercial areas are reshuffling in Beirut’s main streets hand in hand with the changing perception for hotspot locations of the Food & Beverage (F&B) industry’s operators. According to RAMCO, 4 examples can clearly reveal the new trend that is painting retail locations such as Maarad, Gemmayze, Mar Mikhael and Badaro areas.





Starting with Maarad Street, the report showed that the previously known tourist hotspot street was severely affected by the deteriorating tourism activity especially due to the mass-marketing strategy used in the F&B industry that only focuses on a targeted clientele. In details, restaurants that used to be located in Maarad Street were mainly depending on GCC tourists and the Lebanese diaspora that were nowhere to be seen in the last few years. This pushed several restaurants such as Le Relais de L’Entrecôte and Casper to leave the area despite the expected declining trend in rental values that should not exceed the average \$300-\$400 range per SQM per Year.

Similarly, and after standing as Beirut’s top nightlife destination, Gemmayze Street lost its momentum with restaurants and pubs relocating towards new areas such as Makdessi Street in Hamra; and the neighboring Mar Mikhael Street and Uruguay Street in Beirut Central District (BCD). RAMCO declared that the resulting slump in rentals sent values near those of 2005 and 2006, at an average of \$200-\$300 per SQM per Year.

In the last 2 years, average rentals almost doubled in Mar Mikhael as the area became one of the most desired destination for entertainment. F&B operators are willing to rent units in the location despite the substantial jump in prices that reached an average of \$400-\$700 per SQM per Year.

Lately, Badaro is standing as new home for nocturnal clientele after restaurants and pubs started opening their doors there. The unexpected interest in the neighborhood mainly took place following the rising rental prices in Mar Mikhael and the accessibility of the street from several areas across Beirut which could easily bolster the targeted clientele. Accordingly, rentals in Badaro are considered affordable for F&B’s professionals as they are currently standing around \$300-\$400 per SQM per Year with high expectations of growth in the coming period.

Estimated Rental Value in Beirut’s Retail Streets

Area / Street	Estimated Rental Value (In \$/SQM/Year)	Growth Trend
Mar <u>Mikhael</u>	400 - 700	
<u>Maarad Street</u>	300 - 400	
<u>Badaro</u>	300 - 400	
<u>Gemmayze</u>	200 - 300	

Source: RAMCO – December 2014