

Structural rehab

CONVERSION OPPORTUNITIES ABOUND IN BEIRUT FOR AVANT-GARDE INVESTORS *By Karim Makarem*

The Beirut cityscape is dotted — and often blotted — by rundown skeletons of abandoned sites — industrial warehouses, storage depots, schools, etc. Whether the remnants of former industrial sites destroyed during the civil war or warehouses replaced by larger and cheaper alternatives outside the city's municipal borders, these are buildings often made of crude concrete and many still bear visible war stigma.

Industrial-era structures exist in cities around the globe and architecturally vibrant western cities have found imaginative ways to recycle such old built-up stock: Warehouses are turned into residential lofts, modern offices, or avant-garde design studios. The renovation fever that started with the waning of industry in metropolises such as Paris, London or New York, has been booming since the 1990s and today extends even to small towns, particularly in Europe and North America. Uncharacteristically, however, the trend has been slow in finding its way into Beirut. To date, the market has still to see the first notable conversion of an industrial building into lofts.

And yet, supply is abundant. From Bourj Hammoud to Nahr el Mott, the city has a large stock of former industrial warehouses and workshops. Many of these have been abandoned since the civil war.

In many instances, present-day zoning regulations mean that destruction of an existing industrial building and replacement with a new structure would yield a smaller built-up area than what already exists. It is therefore financially unsound to demolish the existing construction.

Also, a number of these buildings have historical or aesthetic value.

On the other side of the equation, demand has been slow to accept such a very modern concept. Bernard Khoury's neo-modernist, experimental projects prove with their tremendous success that the market is eager to try out revolutionary architectural designs. True, converted warehouses will not appeal to traditional buyers or tenants, but a more westernized, young generation is receptive to such new alternatives.

CREATIVE VISION

Converted industrial spaces can be turned into stunning work or living areas. High ceilings, plenty of natural light, authentic period materials (naked wood, concrete or brick patches of walls) and roof beams can create a unique space that exists in no other newly built project.

Successful entrepreneurs among Lebanon's growing creative community have begun to invest in such gems. A wave of artists, designers or simply trendy, moneyed buyers have been eagerly purchasing in projects designed by the country's few avant-garde architects.

It remains to be seen what size the demand can shape up to and whether there is sufficient demand for all of the old stock that could potentially be converted into new-wave business or residential units. The market's current reluctance to venture into this type of new architecture might be due more to the general economic slowdown than to a lack of aesthetic aspirations.

Financial incentives exist for both the owners of these old structures and potential buyers or tenants. To owners, converting these structures or selling them to developers offers



KARIM MAKAREM
is director of Ramco
Real Estate Advisers

a more viable financial option than keeping them idle or putting them back to industrial use. To potential buyers or tenants, being located in a fully refurbished former industrial warehouse converted into an office or a home is a prestigious stamp that is worth the investment.

There is no easy formula on the cost of a conversion project. Former industrial properties often beat the going market rate for standard products. Renovation costs are high, but the finished product can be offered at a much higher final price than existing standard products. In our estimate, the uniqueness of such a product could translate into a premium of 20 to 30 percent added value above market prices in the surrounding or comparable area.

We have recently seen a small awakening of conversion efforts in the Bachoura area, but end products look more like standard new units than personalized former industrial spaces.

It will take vision and financial guts to pioneer the conversion market, but once the trend sets in we expect it to boom. The raw material is both abundant and architecturally varied — our database contains former industrial spaces, workshops, warehouses, schools and even a church. Visionary architects and young companies or homebuyers who want to set themselves apart have much to choose from.