

Real estate sector dogged by drop in construction permits

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Breakdown of New Residential Units					
		2010	2011	2012	2013
Space Area	Below 100 sqm	6.40%	7.36%	6.80%	12.08%
	101-150 sqm	37.93%	45.98%	44.95%	48.81%
	151-200 sqm	27.17%	22.79%	24.43%	19.87%
	201-300 sqm	15.27%	11.01%	10.79%	6.91%
	301-400 sqm	1.90%	2.01%	1.56%	1.05%
	Above 400 sqm	2.05%	1.11%	0.68%	0.35%
	Houses	5.38%	6.29%	6.62%	7.65%
	Villas	3.91%	3.43%	4.13%	3.24%
	Palaces	0.00%	0.02%	0.02%	0.005%
	Total	100%	100%	100%	100%

Source: Order of Engineers, Credit Libanais Economic Research Unit

BEIRUT: The share of small-sized apartments rose to 48.81 percent of the total number of licensed residential units in 2013 while the number of construction permits for residential buildings dropped 10.81 percent compared with the previous year, according to data by the Order of Engineers. The data confirms earlier reports of a slowdown in Lebanon's real estate sector in 2013 in line with sluggish economic activity across all sectors, mainly due to the conflict in neighboring Syria.

The Daily Star reported in March that developers were offering discounts of up to 15 percent on residential units under construction in Beirut as demand shifted toward more affordable apartments outside the capital.

The percentage of licensed residential apartments between 101-150 square meters has been increasing on an annual basis from 37.93 percent in 2010, to 45.98 percent in 2011, 44.95 percent in 2012, and 48.81 percent in 2013, according to the data, which was carried in the weekly economic newsletter of Credit Libanais bank.

The share of licensed residential apartments with a surface area higher than 200 sqm contracted to 8.31 percent in 2013, compared with 13.03 percent during the previous year, with the capital hosting the majority of large apartments, at 12.35 percent.

The asking price of an apartment under construction in Beirut varies from \$1,925 to \$7,647 per square meter, depending on the neighborhood, according to RAMCO real estate advisers.

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The share of licensed apartments with a surface area between 151-200 sqm also dropped from 24.3 percent in 2012 to 19.87 percent in 2013.

The shift in demand toward smaller apartments was also coupled with a drop of 14.74 percent in construction permits for new buildings to a total area of 7.23 million sqm compared with 8.48 million sqm in 2012.

The total area covered by construction permits for residential buildings, which accounted for 82.67 percent of the total issued permits in 2013, dropped year on year by 10.81 percent from 6.71 million sqm to 5.98 million sqm. Permits for commercial buildings, which represent 7.69 percent of total issued permits in 2013, fell by a whopping 34.13 percent to 554,479 sqm.

In the first five months of 2014, the number of construction permits increased by 17.33 percent compared with the same period last year, the report said, with Mount Lebanon accounting for the largest share of the issued permits, with 53.22 percent.