

Residential prices in Beirut, the time for corrections

BEIRUT | March 29, 2014, 11h33

A recent study by RAMCO – Real Estate Advisers has revealed that after several years of price increases in the residential market, prices have entered an adjustment phase since 2013. Thus, the starting asking price of an apartment under construction in Beirut varies from USD 1,925 to USD 7,647 per SQM, depending on the neighborhood.

Taking into account 382 buildings currently under construction across Municipal Beirut, RAMCO has drawn up a map that shows asking sales prices for first floor apartments in buildings under construction in 69 neighborhoods in the capital.

The plotting of average residential prices of neighborhoods across Municipal Beirut reveals the following patterns:

- BCD posts the highest residential prices (it tops the list at an average price of USD 7,647 per SQM for the first floor);
- Asking sales prices in the western half of Beirut are the highest along the first seashore line and drop steadily as they go inland;
- Asking sales prices in the eastern half of Beirut (Ashrafieh) culminate at the top of Ashrafieh hill in the area of Rizk Tower and drop steadily as they go down the hill toward the Port of Beirut. Prices drop more sharply down the south-eastern hills that overlook Nahr Beirut;
- The central neighborhoods squeezed between western and eastern Beirut (from Bachoura South toward Tarik el Jdideh) are the lowest priced in Beirut.

The significant drop in the number of transactions between 2011 and 2013 clearly shows that the residential market in Beirut is in a slow phase.

This slowdown is confirmed by the correction of apartment prices. Many developers today are easily inclined to offer a price reduction. However, this does not mean that they are ready to give away their property at very low prices. If some developers are willing to offer a discount of about 10%, it is more difficult to obtain a higher discount.

“The market is searching for new equilibrium. The present respite comes in at the right time for buyers! There are many products on the market, so options are aplenty. It is an ideal situation to search, compare, negotiate, and find the right product at its fair market value,” says Karim Makarem, Partner & Director at RAMCO.

