

## &gt; AFFORDABLE HOUSING

# Loosening the belt

## BEIRUT MUST DEVELOP HORIZONTALLY

By Karim Makarem

**B**eirut is a growing city. It extends well beyond its official municipal borders, and there is pressure for it to spread even farther. The need to accommodate young families and individuals demands a wholesome living environment, and so does the future of Beirut and its property sector. Planners, developers and real estate professionals have urgent stakes in responding to the growing demand for affordable housing, and we hold to the view that adequate, inexpensive housing for limited-income families can be provided within a 25-kilometer belt outside Beirut's city limits.

### A PROMISING CALCULUS

Several factors have put growing pressure on Beirut to spread out from its current tri-partite center of the Central District, Ras Beirut and Ashrafieh.

The first is demographics. Beirut already accommodates more people than its space and infrastructure can adequately support. One need only look at the traffic jams or the sewage system that floods with the first drop of rain.

Secondly, local, middle-income families are increasingly finding themselves priced out of housing. It is nowadays impossible to own a new apartment anywhere in Beirut for less than \$250,000.

Lastly, Beirut plainly lacks green spaces, public gardens and even trees along many of its sidewalks.

The trend for development to move away from Beirut is well under way. Together with the Greater Beirut region, the provinces around the capital are home to the majority of the population. In our opinion, however, development is not spreading fast enough, and certainly not reaching far enough.

We believe that spreading development to regions within a 25-km

radius from Beirut will translate into a sizable drop in the cost of housing. While land in Beirut and its immediate surroundings costs today anywhere between \$1,000 and \$5,000 per square meter (sqm) of sellable built-up area (BUA), the cost of land in areas between 20 and 25 kilometers from Beirut can be as low as \$150 per sqm of BUA.

Construction costs of \$500 to \$600 per sqm can be achieved for mid-market housing, bringing total costs to around \$700 per sqm. Adding in developers' borrowing costs and profit margins brings the selling price of the most affordable finished apartment at the lowest end of the market to about \$1,000 per sqm.

It is therefore perfectly conceivable and indeed very possible to offer adequate housing to middle-income families at a starting budget of \$80,000 for a 100 sqm apartment. This is well within the subsidized housing loan (*Iskan*) ceilings and within the reach of every income-earning family, which could easily transfer the minimum currently required monthly rent of \$400 — equivalent to \$4,800 per year — to housing loan payments.

### A GREATER VISION

Taking the 25-km belt as our development scenario, we envision a huge urban hub around Beirut, stretching from Nahr Ibrahim in the north to Jiyeh in the south, going through areas such as Qleiaat, Metn, Sofar and Deir el Qamar. We expect that the creation of the hub will provide a much-needed boost to economic growth and also boost the entire real estate industry if certain obstacles can be removed.

The most obvious problem is the creation of an infrastructure that will facilitate a daily commuting time that



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should not exceed 45 minutes from anywhere in the 25-km zone. While all the areas within this radius are serviced with roads, electricity, sewage systems, telecoms, etcetera, the commute to and from Beirut, which will remain the business hub and thus a daily destination, is restricted to very few means of transportation — cars, mainly.

Developers might also require an incentive to venture out of town, such as tax exemptions or easements of permits and other official paperwork. In many instances, exploitation ratios are low, limiting development to independent housing or villas. Local municipalities might have to revise their construction regulations to allow for higher exploitation within, of course, a cohesive master urban plan. Urban planning, which for decades has been almost non-existent in all areas except for the Beirut downtown, is a must to successfully develop the city and its belt.

As for alluring prospective homeowners, the opportunity to live in a decent, healthy environment should be motivation enough. However, local services — such as schools, hospitals, shopping and entertainment — should also be encouraged.

The need to develop a 25-km city belt is dictated by Beirut's demography and geography. Our job is to make it happen in an orderly manner with intelligent urban planning and far-sightedness. ■