

INTERVIEW: PHILIPPE TABET, HAR PROPERTIES

GROWING PAINS: LEBANON MAY EMERGE FROM SLUMP STRONGER

LEBANON'S REAL ESTATE MARKET IS SUFFERING THROUGH ITS WORST SLUMP IN A DECADE AS DEMAND FOR THE LUXURY APARTMENTS POPPING UP ALL OVER THE REGION WANES, BUT HAR'S PHILIPPE TABET ISN'T DISCOURAGED. THE INDUSTRY WILL EMERGE FROM THE DOWNTURN STRONGER AND MORE SOPHISTICATED AS IT LEARNS TO BETTER TARGET ITS MARKET'S NEEDS, HE SAYS



Aya in Mar Mikhael

Lebanon's developers just closed their books on year number two of what by some measures is the worst slump in real estate in more than a decade, and there's little reason to think 2014 will offer much relief as the pipeline of new projects dries up. Yet for Philippe Tabet, general manager of Har Properties, it's just a normal part of the cycle — the bust years following the boom — and will yield a stronger, more sophisticated industry that better targets the needs of Lebanese.

He says the market peaked in 2011 and has been coming down ever since, exacerbated but not caused by the Syria-linked economic malaise. This year will be another tough one, he says, as the “bad supply” — the glut of luxury apartment buildings sprouting across Beirut that is struggling to find demand, which he reckons is more than 70% of the market — gradually gets sold off, often at moderate to heavy discounts.

“We have to pass some time in this stagnation period to absorb this supply,” he says. “If your product is adapted to the market, you can sell.”

Har's strategy since launching in 2009 amidst the boom years has focused on creating landmark projects and filling niche market needs. Two projects are currently underway — U Park, being built on the eastern edge of Ashrafieh, and Aya

in Mar Mikhael — and both are on schedule to be completed late next year.

U Park, which was delayed by six months because of unexpected soil improvement work, is modeled after the lofts of New York's SoHo and is targeting young professionals who would work in the area, and about 40% of the apartments have been sold. Har is currently touting the flats as an investment under the assumption rental rates will climb as other developments rise in the area.

Aya, located on the eastern end of Armenia Street, is about 70% sold after some of the apartments were reduced in size to meet the rising demand for smaller flats, adding eight units to the previously planned 36.

Har's latest project, a mixed-use building of offices, retail outlets and flats and set to be announced next month, will rise in Gemmayzeh in the parking lot next to Byblos Bank. The 12-story structure was originally scheduled to launch in December, but Har postponed because it was able to snap up the Byblos building and make it part of the project after demolishing it. The 50 flats in the 14,000-square-meter building will range in size from 90 square meters to 170 square meters, with one to three beds.

Beyond his three main projects, Tabet says he's focusing a lot of his energy this year on turning Lebanon's second-most-important industry into a lobbying force to shape government pol-

icy. Har and a few other developers began setting up a lobbying group called Redal, or Real Estate Developer Association of Lebanon, the first such group made up purely of developers.

“It's going to be the buzz of this year,” Tabet said.

The primary aim of the group, he said, is to meet with political leaders, bankers and others to let them know that “we exist” and keep them informed about the sector's needs. The second priority will be to effect change, easing rules and making it simpler to get permits and encourage a better strategy for the industry.

“We want to talk about the urbanism and the problems that we are facing,” he said. “The problem is there is no strategy for the real estate business.”

The group currently boasts 23 members, including Plus Properties, Prime Consult and Millennium, but Tabet says he hopes to more than double that within two years, including Solidere.

Eventually, he says the group aims to improve the amount of real estate data available by sharing prices, apartment sizes and other information among the members and aggregating it to provide a more accurate and up-to-date reflection of market conditions. And at some point, Redal may also eventually provide a “seal of approval” to help consumers identify the best companies in the industry.

“This is something that gives confidence and trust to the clients,” he said.