

### **Overcoming the Negative Economical Factors.**

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Engineer Abdallah Hayek The Chairman and General Manager of **Hayek Group s.a.r.l**, Engineering and Real Estate Consulting firm, commented on the above topic as follows: "The economic stagnation in Lebanon since 1996 had exceeded in gravity, the similar cases in the most advanced countries in the world – especially after Sept. 11, 2001 event, and the sharp rise of the Euro and oil prices."

The most important factors that had positive impact on the development of the Real Estate sector in Lebanon are:

- 1 - The increase in investment volume.
- 2 - The improvement of the touristic season.
- 3 - The increase in G.D.P and the percentage increase of non-Lebanese owners.
- 4 – The relatively peaceful and security atmosphere despite the Military and political unrest in the region.

The total Arab investments since 1997 has exceeded US\$ 3.7 billion and Lebanon was ranked the first among all Arab countries in 2003; which reached the amount of US\$ 850 million representing 22.7% of total Arab investments.

In the last 12 months, the total investment in Lebanon has exceeded US\$ 4.0 billion mostly in the touristic and Real Estate Sectors and it is expected that the total Arab investment will reach US\$ 1.3 billion by the end of 2004 in the real estate sector after the involvement of major Arab and Islamic funds. As to the touristic improvement it has recorded an increase of 35% in the number of visitors for the first 6 months of 2004, and it is expected to exceed 1.5 million visitors this year for the first time since 30 years.

It is expected to have more capital investment in the touristic sector during the year 2004-2005 an amount exceeding US\$ 4.0 billion mainly in Beirut and Mount Lebanon.

Regarding the increase in the rate of growth and on the macro economic level, Lebanon has witnessed a National Growth Rate of 2.9%, which is ranked below the average Arabic growth rate of 4.5% though it has recorded a significant improvement from last year of 2%. In the last report by IMF Lebanon is forecasted to record a 5% growth thus overcoming the negative influence of the current economy resulting from the increase of public debt and political stagnation.

Finally, the acquisition of properties by non-Lebanese has increased tremendously in the first half of 2004; the number of construction permits issued has

proved this.

The Lebanese Government is still issuing decrees for non-Lebanese to own properties according to the law 11614 where the areas purchased in 15 days only exceeded 60,000 m<sup>2</sup> for UAE, Kuwaiti & Saudi citizens, this phenomena represents the extent of improvement of the Real Estate private sector for Gulf citizens especially in the Summer resorts.

17,000 properties have been recorded as purchased by Lebanese and others by the end of May 2004 with a total value of L.P. 1300 billion”.

Al - Bayan Magazine by Asking Mr. Hayek about Sannine Zenith project and how does such project affect the local economy. Mr. Hayek answered:

“The increase in confidence in the Real Estate investment in Lebanon has been developed straight after the war by the rehabilitation project of the Capital Beirut (Solidere).

After 10 years, Marina City & Sannine Zenith and other major projects, have added confidence – not only in Beirut and its marina front but also in the suburbs and upper mountains.

Currently major investment projects are under development in Beirut suburbs by very reputable consulting & Real Estate funds, others are under study and will become public by the end of 2004.

According to the last report by IMF, Lebanon has managed to maintain the trust and confidence of Arab and foreign investors in the Real Estate sector.

Add to this the continuous improvement of the reserve in foreign currencies and the cash balance by more than 12%, which proves the continuous inflow of Capital funds.

The methods of financing have been developed for large projects thru public bond issuing instead of direct banking loans, this has produced legal problems regarding the ownership of Sannine Zenith project, which has been resolved at a later stage.

In Marina City the time-share system will be implemented as it has already been applied in the Western countries for similar projects”.

[Al – Bayan Magazine](#) – Sept. 2004

Reported by Bechara Abi Rached