

The Eden Rock Resort is moving closer to becoming a reality, but still faces a few hurdles

Even with the smell of untreated wastewater wafting into the air and urban waste effluents annoying bathers in the sea, the property shown on the Beirut cadastral map only as land parcel 3689 was clearly valuable. Real estate developer Wissam Achour must have seen these 5,188 square meters of sandy beach at the southern edge of the upscale Ramlet al-Baida district as a veritable treasure — judging from the fact that his Achour Development in 2011 agreed to pay \$175 million for parcel 3689 and the larger plot behind it. The price reflected the undeveloped land's terrific location and potential for a tourism project, Bahij Abou Mjahed, a lawyer for Achour Development, tells Executive. He admits, however, "The land, I think, [is worth] less than this amount, but the amount was [acceptable] like this because we're not paying immediately."

As is standard in the industry, Achour Development created two special purpose vehicles, Beirut Marina Gate and Achour Marine Development, to manage and build, respectively, what is planned to be the Eden Rock Resort, a seaside project with an estimated investment value of \$500 million, Abou Mjahed explains. As per a special purchase contract between Beirut Marina Gate and Eden Rock Real Estate and Tourism — the company that owns parcels 3689 and 3687, the 17,107 square meter plot that abuts 3689 on the land side — the developer handed over around "12 to 13 percent" of the amount upfront, he says.

This computes to an initial payment of around \$21 to \$23 million for the land, with the balance to be paid as the project — where prices for a low rise apartment start at \$15,000 per square meter — begins drawing in revenue, Abou Mjahed says. Once the price is paid, ownership will transfer to Beirut Marina Gate as project owner and operating company, he adds.

All indications — such as the telltale merging of smaller parcels into 3687 and 3689 — are that Eden Rock Real Estate and Tourism, which is selling the land to Achour, clearly wanted to turn the property into a profit making asset. It entered the process of acquiring the permits needed for building beyond the scope of what zoning laws in the area allow and, after receiving a green light for a 'grand project' from the Directorate General of Urban Planning (DGUP), the Council of Ministers signed off on Decree 14814. Published in the Official Gazette in July 2005, it cleared the way for structures with a height of more than 5.5 meters above road level to be erected on the land.

It is unknown why Eden Rock Real Estate and Tourism abandoned its project and further details on its approved 2005 plans were not available, but Abou Mjahed confirms that Achour Development has submitted its drafts for the project with modifications and says that these blueprints have been making their way through the approval process without any real obstacles. Approval of the updated plans from the DGUP was required and granted. He insists, however, that no new approval from the Council of Ministers is required — a point some dispute.

Another lingering question concerns when construction can legally start

Lingering doubts

In January, a DGUP official directly contradicted Abou Mjahed's claim that no further action is needed by the Council of Ministers. The official, who spoke on condition of anonymity, said that the DGUP had approved the new plan and sent it on to the Council for consideration. Abou Mjahed denies the need for further Council action, claiming that the existing Decree 14814 is sufficient and applies to the resort. The decree itself is vague, and Executive was unable to reach Tourism Minister Michel Pharaon — who said at a launch event for the resort in October that the file was still with the DGUP — for clarification.

Another lingering question concerns when construction can legally start. An official with the engineering office at the Municipality of Beirut, again insisting on not being named, tells Executive that the permit for 3689 is "on hold," but he did not know why. The official explains that the hold means a developer can begin excavation but not construction. Manar Jaber, head of sales at Achour Development, acknowledges the inability to begin construction at the moment, but insists the permits will come and blames the delay on extra red tape related to a recent change in leadership in the Beirut governor's office.

In addition to the delay, there remains an outstanding legal case related to plot 3689 between Walid Rassi, an engineering consultant, and Eden Rock Real Estate and Tourism. A Lebanese court, according to the land ownership paper from the Directorate of Land Registration and Cadastre, put a hold on developing the land until the matter is settled. Andre Bouchaaya, a lawyer who specializes in real estate, confirms that the legal action against the landowners will prevent development. "The court put a hold on; only the court can lift it," Bouchaaya says as he looks over the land ownership papers.

Jaber says Achour Development is working to settle the issue with Rassi, who does not deny that he's been in touch with the company, but says "no serious efforts" to resolve the case have been made recently. Either way, according to Abou Mjahed, if the case with Rassi is not resolved before the final payment is made to Eden Rock Real Estate and Tourism, a clause in the transfer contract stipulates that Achour's Beirut Marina Gate will be legally allowed to settle the case for any amount of money, but Eden Rock Real Estate and Tourism will have to pay.

Works underway

The current hold on construction does not mean a full stoppage of work — excavation began in January, according to a company spokesperson.

This isn't the first work to be done. Prior to beginning any work on the resort, Achour had a sewage problem. As is the case in several spots along Beirut's coast, raw sewage used to meet the sea near plot 3689, contaminating the waters off Ramlet al-Baida. The Council for Reconstruction and Development (CDR), which is tasked with building the country's wastewater collection network, has "for years" been meaning to stop the outflow of excrement into the Mediterranean, but work is slow and costly, Assem Fedawi of the CDR told Executive in September.

Interestingly, in 2013 South for Construction won a contract to build a pumping station to transport the wastewater pouring on to the Ramlet al-Baida beach to a treatment plant further south, according to the company's website. Abou Mjahed explains that Achour personally

stepped in to help speed up the tendering process. “He provided what they needed to make this pumping station happen. I don’t want to say he paid, he provided ... You know the bureaucracy of the regulation, the Ministry of Health, the Ministry of Environment, the CDR — which is a state in itself — so to [effect] accord between all the parties, Mr. Achour did this job. He’s investing. He believes in Lebanon,” Abou Mjahed explains.

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The vision

According to the current designs, the Eden Rock Resort will comprise a residential tower, a hotel tower, low rise apartments and a hospitality and recreational complex that includes almost 130 chalets. Cabins and a ‘summer marina’ round off the project. In an artist’s rendering of the project, the hotel is depicted at about the same height as the 22 story residential tower.

Prices for units range from \$15,000 to \$20,000 per square meter, implying yet another surge in what Lebanese developers regard as achievable in marketing to the one percent.

This is the vision Achour is staking out. While he declined to comment for this article, he appears relentlessly undeterred by dysfunctional bureaucracies or lengthy litigation. Yet still, Abou Mjahed — as one would expect from a lawyer — says the letter of Lebanon’s various laws regarding development will be followed religiously. “We cannot afford any violations of the law. We’re taking the risk, putting up the big investment and, most important, our reputation,” he promises.

Correction: A previous version of this article claimed that excavation began late last year. While preparations began late last year, actual excavation began in January according to a spokesperson for Achour Development. Excavation on the site had also been conducted previously.