



AMERICAN UNIVERSITY OF BEIRUT

HOUSING PRODUCTION AT A MOMENT OF  
FINANCIALIZATION, A CASE STUDY FROM THE  
SUBURBS OF BEIRUT

by

HAYFA SALIM ABOU IBRAHIM

A thesis  
submitted in partial fulfillment of the requirements  
for the degree of Master of Urban Planning and Policy  
to the Department of Architecture and Design  
of the Maroun Semaan Faculty of Engineering and Architecture  
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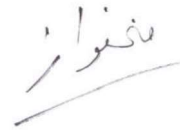
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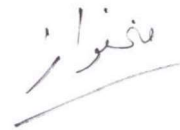


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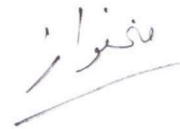


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# ABSTRACT OF THE THESIS OF

Hayfa Salim Abou Ibrahim

for

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Title: Housing Production at a Moment of Financialization,  
a Case Study from the Suburbs of Beirut

Over the past decades, the Lebanese Capital city witnessed heavy investments in its land and housing market. These investments occurred through the array of policies that reviewed building and property laws, revised zoning regulations, and introduced loans and incentives to facilitate the penetration of capital into the housing sector, leading to the “Financialization” of the housing market.

This research is a case study of Doha Aramoun, one of Beirut's southwestern suburbs. It adopts an approach that works through the profiling and trajectories of developers and their activities, as main actors driving the production process of the city and its suburbs, remaking urban districts and their shifting urban borders.

This study shows that the place of the suburb has changed over time to act as an overflow of the city. This role is directly linked to a specific materialization of financialization in Greater Beirut where the suburbs serve as a secondary affordable destination for lower and middle-income classes. The thesis presents three main findings: first, developers are main agents in the production of space of the studied geography. Second, developers also intervene in the reorganization of urban territories, negotiating and filtering who can penetrate, where, and how. Hence, they are building, reshaping, and reproducing geographies that they navigate. Third, the thesis showed that all developers heavily relied on their social capital, which they cultivate and extend as an integral part of their business strategy.

The study is part of the Beirut Built Environment Database (BBED) project conducted at the Beirut Urban Lab which is expanding its work in the Greater Beirut area to cover additional neighborhoods of the city’s urbanization. It builds on the earlier findings of the research team that have profiled development practices of housing agents and explored their materialization in-depth in specific neighborhoods of the city.

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## ABBREVIATIONS

BDL: Banque du Liban (Central Bank of Lebanon)  
BUL: Beirut Urban Lab  
BBED: Beirut Built Environment Database  
CDR: Council of Development and Reconstruction  
DGU: Directorate General of Urbanism  
CIL: Compagnie Immobilière Libanaise  
DA: Doha Aramoun  
GBA: Greater Beirut Area  
OEA: Order of Engineers and Architects  
PCH: Public Corporate of Housing



# CHAPTER I

## INTRODUCTION

### **A. Financialization at the edge**

In line with numerous other cities around the world, Beirut has seen its suburbs develop and morph at the rhythm of its own transformations and the multiple historical circumstances that shaped the city's urbanization since Lebanon's independence in 1943. The role that various districts and regions within these suburbs play within Beirut's urbanization has furthermore changed multiple times in the previous decades, as did the mechanisms driving their urbanization, the populations that have inhabited them, the developers who have driven their production, and the authorities that have orchestrated their governance.

During the 1960s, Beirut's suburban growth was driven by two forces. On the one hand, an informal urbanization accommodated mostly large flows of rural migrants in what was then termed the misery cordon of the city (Bourgey & Pharès, 1973; Fawaz & Peillen, 2002; Fawaz, 2004). On the other hand, a pre-planned urbanization imagined modern expansions along the lines of American suburbia in both eastern and western suburbs of the city (Ghorra, 1975; Fawaz, 2013). As villages engulfed by these patterns also turned into suburbs (Khuri, 1975), the city's greater urban area became a patchwork of historical cores, agrarian remnants, and modern subdivisions.

The outbreak of the civil war (1975-1990) was to disrupt these trends. Numerous informal settlements and refugee camps that composed the misery cordons of the city were razed to the ground, while others swelled to become sizable urban districts (Fawaz & Peillen, 2002). Furthermore, as people fled warring areas, large population

movements followed the sectarian divisions imposed by the war through militia controls. In several instances, suburban districts became safer than the city proper, encouraging even further displacements for city dwellers looking for a semblance of safety (Bourgey, 1985). By the end of the civil war, the suburbs had swelled and homogenized largely in sectarian and social compositions.

During the post-war period, the classed and sectarian divisions of the civil war were often consolidated. They hence translated at the level of the municipal government and the management of the territories (Farah, 2011; Khuri, 1975) as well as in the everyday practices of planners, political actors, and developers (Bou Akar, 2018). Thus, Beirut's suburbs were consolidated as sectarian and social enclaves, organized along hard division lines, where urban growth is mediated by the religious-political organizations that control the territory (Harb, 2001), provide urban services (Harb, 1996; Fawaz, 2005), and intervene in the provision of affordable housing for their lower-income supporters (Bou Akar, 2005).

The period typically termed as the “post-civil war reconstruction” phase was also associated in Lebanon with the heavy penetration of neoliberal trends. During this period, the national government, led by the late Prime Minister Rafic Hariri, directed all national strategies towards attracting foreign funds and encouraging the circulation of (typically Arab Gulf) capital into Lebanon (Gaspard, 2004; Marot, 2018). With respect to urbanization, the economic strategy served to attract capital into the built environment. This occurred, first, through large flagship projects, most notoriously the Solidere real-estate company which was appointed to rebuild Beirut's historic core into a business downtown with exorbitant subsidies (Makdisi, 1996). It also occurred through the array of policies that reviewed building and property laws, revised zoning

regulations, and introduced loans and incentives to facilitate the penetration of capital into the housing sector (Krijnen & Fawaz, 2010; Krijnen, 2016; Marot, 2018). Under those circumstances, the Lebanese Capital City witnessed heavy investments in its land and housing market over the past decades. This is, undeniably, a version of what scholars have called the “financialization” of land and housing (Aalbers, 2016; Krijnen, 2016), the rising dominance of financial actors and practices (e.g., banks, mortgages) on national and urban economies, including housing.

The rising financialization in Lebanon materialized under the form of speculative investments and practices (whether by banks, financial institutions, or developers) causing an unrealistic increase in housing prices and affecting housing affordability within the municipal boundaries of the city (Fawaz et al, 2020; Fawaz & Salamé, 2019; Krijnen, 2016). This materialization of financialization has imposed an understanding of the built property as a commodity ignoring its social value and the role it can play as a basic ingredient to improve livelihoods (Fawaz & Zaatari, 2020).

Aside, from impacting housing via its commodification, financialization of land and housing played a critical role globally in defining, shaping, and organizing the urban geography of numerous cities where urban dwellers’ ability to secure adequate housing in the city depends on a hefty income: world-class city enclaves for the wealthy while lower-income classes are being pushed towards the peripheries of the city (Rolnik, 2013).

Most research about financialization has nonetheless focused on urban centers. While the first generation of research was focused on global centers such as London and New York (Murphy, 2008; Wissoker et al., 2014; Fields, 2015), the financialization of housing has been extended to cover contexts such as South Africa (Migozzi, 2020),

Mozambique (Jorge, 2020), and secondary European cities like Brussels (Romainville, 2017), among others. In Lebanon, several studies have looked at Beirut's housing as well (Krijnen & Fawaz, 2010; Krijnen, 2016; Fawaz et al, 2020). Little, however, is known about the extension of financialization in urban peripheries. What happens to housing development at the edges of cities?

### *1. Problem Statement*

Recent research about Beirut's housing market has shown that the supply of housing in the capital city's market was driven by a number of regulatory reforms, infrastructure interventions, and financial incentives that rendered the building industry profitable for a class of developers and investors largely affiliated to the powerful political and economic classes (See the Beirut Built Environment Database at the Beirut Urban Lab at the American University of Beirut, also Fawaz, 2020; Mneimneh, 2019; Zaatari, 2019). Research has further shown that the expansion of urban infrastructure, driven somewhat by political motivation (Bou Akar 2018), has encouraged the expansion of the city's housing market to targeted suburbs.

My thesis develops an analysis of the process of suburbanization at a moment of financialization. It looks specifically at the expansion of Beirut's affordable housing market in the fringe of the city, within the contested and divided territory of Beirut's southwestern suburbs, in a district known as Doha Aramoun. I am specifically interested in the modalities through which housing has been produced in this area, how these modalities are inscribed within a **growth machine deeply embedded in Lebanon's economic, political, and social forces, and how this reading can inform our understanding of urbanization at the edge of cities in the context of**

**financialization.** My main research entry point is the cluster of developers who I conceptualize as agents of change, who navigate but also shape the variegated and deeply territorialized context of this suburban district.

## *2. Case Study Selection*

My interest in the district of Doha Aramoun was first peaked because I am a resident of Aramoun and witnessed many of its transformations over the past decade. Upon further investigation, additional factors rendered the case study particularly appealing. Among those, I will point to the urban transformation that characterizes this area over time, having shifted from a low urban fabric of small-scattered villas in the prewar era to turn into the “backyard” of the city in the post-war era (Figure 1).



Figure 1: Aerial photograph of Doha Aramoun that shows the density of its urban fabric. Source: Twitter, taken in 2014 by Adib Mufti, a Professional photographer.

During this period Doha Aramoun became one of the affordable suburbs that substantially attracted people and consolidated its place as a lower-middle-income suburb of Beirut (Bou Akar, 2018). Between 1996 and 2018, I counted in the records of building permits filed at the Order of Engineers and Architects no less than 500 building permits in the area. Through an analysis of the list of permits filed and a survey of all 500 permits, I was able to identify at least 200 developers who have intervened in this area. They built in total 4,286 residential units, most of which seem to have been sold through bank loans.<sup>1</sup> The peak of this construction period, as my thesis will document, was between 2010 and 2014<sup>2</sup>. However, and the district under study has seen almost all its building developments halted since the beginning of the financial meltdown in 2019.

The study falls in line with the larger methodology of the Beirut Built Environment Database project conducted at the Beirut Urban Lab which is expanding its work in the Greater Beirut Area to cover additional neighborhoods of the city's urbanization. It builds on the earlier findings of the research team that have profiled development practices and explored their materialization in-depth in specific neighborhoods of the city. My approach in this thesis is to take the case study approach to develop an in-depth understanding of the production of space in the locality of Doha Aramoun.

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<sup>1</sup> This is based on the PCH records that show a very heavy reliance on loans when compared to other areas as well as interviews with developers and residents. The data on what percentage of housing is actually sold through loans is not readily available.

<sup>2</sup> The period between 2008 and 2012 witnessed the highest number of building permits while 2016 and 2017 recorded the highest number of housing loans from the Public Corporate of Housing.

## **B. Thesis question, Arguments, and Significance**

### ***1. Research Question***

This thesis raises the following research questions: How is the suburban housing development in Beirut inscribed within the ongoing real estate activities of Lebanon's capital city? How does the financialization documented in the capital city translate in these suburbs?

- ◁ Who are the developers involved in the production of the built environment in Beirut's suburbs? What are the mechanisms and processes of urban production on which they rely? How are these mechanisms affected by the regulatory reforms and housing financial tools introduced in Lebanon over the past three decades?
- ◁ How are the practices of the developers working in Beirut's suburbs interlinked with those of developers operating within the municipal boundaries of the city? To what extent do the two groups overlap?
- ◁ Where else do they build and how do they shift across a geography notorious for sectarian and classed territorialization? Do they just maneuver in a fixed geography or do they draw a new one?

### ***2. Thesis Argument***

This study shows that the place of the suburb Doha Aramoun has been reinvented as a new kind of suburb that acted as an overflow of the city over the past three decades. This role is directly linked to a specific materialization of financialization in Greater Beirut where the role of the land and housing market in Doha Aramoun serves as a secondary affordable destination for lower and middle-income classes.

The thesis is structured around two main arguments that accounts for the critical role of housing agents in the creation, evolution, reproduction, and disposition, of Doha Aramoun as a lower-middle-income suburb of Beirut:

**First**, developers play a critical role in the formation of the suburban territory of Doha Aramoun. A diverse group of actors that include both an *old guard* of so-called “*r t q h g u*” typically middle-aged and senior men of specific religious groups who had penetrated the market during the war period, as well as new investors or businessmen diversifying their portfolios and *amateurs* attracted to work in this suburb. Far from mere market agents to just produce/sell homes, developers are driving the production of housing from the early land subdivision to transportation and infrastructure, all the way to production. They navigate in a geography that they reshape through their existing and cultivated capital that they continuously reproduce. These developers are not only navigating the geography but also forging new networks, devising new linkages, and ultimately producing collectively a landscape of residential, dense, semi-legal, and affordable housing targeting specific population groups typically driven out of the city. They are also filtering who can live where/how and, through these activities, negotiating urban geographies with numerous other actors. As such, they build their practices in an embedded social capital plays that they cultivate as an integral element of their strategy since all developers work through an embedded network of social relations. These networks are carefully cultivated within the locality over time with different people in power such as public sector agents, political figures and actors, and banking employees.

**Second**, financialization, disrupts and intensifies this process where the role of social networks continues to be very strong and where it empowers certain actors more



than others. It increases interest in the sector and pushes numerous developers into districts such as DA where they can experiment with less capital, and where the provision of subsidized housing loans expands the housing market of the city towards the suburbs.

These transformations worked together to produce a new geography of affordable suburbs, where the suburbs are reinvented not only as a political territory but as a place of profit consistently in relation to the city. These suburbs are seemingly legal on the surface yet allow for different kinds of violations and infractions. Their dense urban fabric reflects the absence of urban planning where it was driven mostly by developers.

### ***3. Thesis Significance***

The thesis complements an ongoing research on the actually existing financialization of land in Beirut. It demonstrates the extended materialization of financialization to the peripheries of the city. In doing so, it provides an in-depth understanding and analysis of the evolution of peripheries/suburbs and their complex role and can provide insights that could be tested and studied elsewhere to help us understand the penetration of financial capital on urban development in the peripheries elsewhere. Furthermore, the thesis informs policymaking in the housing sector in Lebanon, where little information and knowledge exists about the patterns and elements of housing production.

## **C. Literature Review**

The literature review in my thesis covers three main sections. The first section explains how the financialization of land and housing has impacted the organization of the city's geography. The second section sheds light on the characteristics of suburbs and peripheries and the evolution of their relationship with the city. The last section focuses on studying the anatomy of the growth machine i.e., understanding power relations, interactions, influences between real estate developers and other actors.

### ***1. Housing in Times of Financialization: How does financialization reorganize the geography of the city?***

The process of financialization as defined by Aalbers (2016, p. 2) entails “the increasing dominance of financial actors, markets, practices, measurements, and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states and households”. In other words, financialization is translated by the growing importance of finance in shaping economies and societies in both the developed and the developing world (Krippner, 2005; Pan et al., 2020), where profit is made through financial channels instead of trade and commodity production (Fawaz M. et al, 2017).

Over the past decade, land and housing have also become strongly linked to finance, leading to their commodification as financial assets. The financialization of land and housing was primarily founded on the implementation of policies designed to create stronger and larger housing-based financial markets that include the members of middle and low-income classes (Bogaert, 2018; Rolnik, 2013). This is hence achieved by extending loans to those who would otherwise be unable to secure them (Bogaert,

2018; Fernandez & Aalbers, 2016; Rolnik, 2013). Financialization is furthermore premised on the increasing interventions of banks and investment companies in the housing sector, either through the land acquisition and building activity (Fawaz M. et al, 2017) or as landlords purchasing large affordable housing projects, with large companies such as blackwater becoming large landlords in many cities.

Consequently, the right to adequate housing has been severely undermined across the world due to the penetration of finance in the housing stock (Rolnik, 2013). However, housing remains a relatively understudied theme in the financialization debate, although it represents a central aspect of financialization (Aalbers, 2016; Aalbers & Christophers, 2014; Fernandez & Aalbers, 2016). There is also a need to understand better how financialization materializes in specific contexts, given that the framework of housing policymaking prior to financialization is likely to influence the penetration of capital in this sector strongly. Furthermore, the few existing case studies that look at the increasingly intensive exploitation and commodification of the built environment are mostly located in the global north (Murphy, 2008), despite the fact that the financialization of housing is cutting a path towards the Global South (Fernandez & Aalbers, 2016).

Apart from impacting housing via its commodification, financialization of land and housing played a critical role in “unlocking land values” and defining “the new geographies of the cities” (Rolnik, 2013). Cities nowadays become highly embedded within an “uncertain environment defined by speculative movements of financial capital, global location strategies of transnational corporations, interlocal competition, and fiscal constraints” (Brenner & Theodore, n.d., p. 367), where most governments found themselves obliged to invest in short-term competitions that promote instruments

like city marketing, enterprise, and tax-free zones, public-private partnerships and other tools. Such strategies affected housing affordability in city centers by promoting speculative investments in central-city real-estate markets, the construction of megaprojects, and attracting transnational corporations (Rolnik, 2013). Consequently, people's ability to acquire adequate housing in the city become associated with their income; world-class city enclaves for the wealthy and tourists while lower-income classes are being pushed towards the peripheries of the city, spaced apart from their sources of livelihood (Rolnik, 2013). In sum, financialization is the reorganization of the geography of the city based on a "centrifugal effect of land appreciation" leading to a new discrimination form based on economic status or social class (Observatorio Metropolitano, 2007). This review attempts to provide a better understanding of the critical effect of financialization of land and housing and its role in shaping and organizing the urban geography of the city.

## ***2. Suburbs/peripheries: reorganization of the geography of the city***

Scholars have investigated the suburbs of the city from multiple angles. In the global north, the notion of suburbia was historically based on the idealization of a peaceful life away from the city, and it reflects in many cases the manifestation of the garden city concept (Coy et al., 2017). Thus, suburbia was considered the product of socioeconomic progress, higher income, individual well-being, homeownership, and the new perception of life in the city and its peripheries (Coy et al., 2017). However, elsewhere in the global south, in the Caribbean and Latin American countries, or even continental Europe, suburbia does not reflect this positive reputation where the move to the suburbs is typically associated with lower classes and marginalized societies (Allen,

2017; Bruegmann, 2017; Coy et al., 2017; Fishman, 2017). For this reason, we should not assume that one concept of suburbia can cover the actual complexity of contemporary urbanization across the global south (Allen, 2017), let alone north and south.

The historic process of suburbanization is now reaching its highest peak of expansion in every city starting from the smallest city in the developing countries to the biggest fast-growing megacities of the developed world (Fishman, 2017). In the global south, global suburbanization and suburbs are commonly known by other terms such as “*peri-urban areas*” (Berger et al., 2017). The term “*peri-urban areas*” is used to distinguish urban suburbs from the association with the wealthy suburban landscapes of the United States and similar contexts, given their physically and socioeconomically distinctive characteristics, and particularly the coexistence of extreme poverty and wealth (Allen, 2017). Urbanization in the majority of global south cities is caused mainly by the country-to-city migration initiated in the middle of the twentieth century (Keil, 2017). This phenomenon started first in Latin American countries and more recently across Asia and Africa, where most newcomers moved to the informal urban fringe, more often to informal settlements, transforming the city into a fragmented one where the center is separated from the periphery by large distances (Caldeira, 2013).

In the cities of the global south, where up to two-thirds of regional populations inhabit peripheral locations, there are new morphologies and compositions, and even different and multiple concepts of suburban development (Keil, 2017). Roy (2015) describes the suburbs of the global south as “a patchwork of valorized and devalorized spaces that constitutes a volatile frontier of accumulation, capitalist expansion,

gentrification, and displacement” (Roy, 2015, p. 337). Peri-urban areas are in general dense, crowded, and encompass a wide diversity of forms and land uses (Keil, 2017). A large part of the primary peri-urbanization or the urban fringe occurs in the form of gated communities (Keil, 2017), especially when these areas are dominated by lower-income classes and popular housing. Such gated communities take shape of protected housing estates created by real estate companies that constitute *veritable islands of wealth in oceans of poverty* (Coy et al., 2017). As a result, socioeconomic and spatial fragmentation is considered as the main characteristic of peri-urban areas in cities of the global south (for example Johannesburg in South Africa and Rio de Janeiro in Brazil) (Coy et al., 2017; Murray, 2017).

According to Allen (2017), peri-urban areas are characterized by two distinctive features: The first outlines their heterogeneous and fast-changing socioeconomic makeup, where the continuous uneven process of urbanization is mostly accomplished by land speculation, informal land transactions, and a shift in economic activities while previous pockets of rural activities remain. The second distinctive feature concerns their governance since these areas are usually regulated by overlapping institutions that treat them as “the backyard of the city” where unwanted activities such as landfills and buffer zones are located. Peri-urban areas are sometimes subject to intense struggles over space and at the same time, they can be also treated as *Blanc canvas* where sustainable urban transitions can be experimented (Allen, 2017).

By all means, peri-urban areas in developing countries share an assortment of typical characteristics (Allen, 2010; Coy et al., 2017; Lynch, 2004) including fast-changing land uses, land speculation and insecure land tenure, lack in the provision of vital environmental and socio-economic services, in addition to the discrepancy

between population growth and infrastructure requirements (Allen, 2010). Whether the newcomers are rural migrants following country-to-city migration or lower classes propelled from the inner center by market forces, they penetrate in between the existing long-term residents to create a mixed multicultural new suburb that differs radically from the least egalitarian geographies of the modern suburbia of the global north (Kotkin, 2017). Allen (2010) asserts that the *spatial deconcentration* of population and manufacturing in peripheries is directly associated with the increase of land and housing in core areas of a large city and the revolutionary developments and restructuring of economic activities. However, to understand the complexity of urban peripheries in the developing world, it becomes imperative to study not only the flow of people but also the capital, commodities, and information and their impact on a place-less periphery (Allen, 2010). This brief review underlines the vital characteristics of suburbs/peripheries for a better understanding of urban peripheries, a point I will come back to in the analysis of the geography of development in the fifth chapter of the thesis.

### ***3. Growth machine: disruptions of the social hierarchies that organize the market***

In their famous study of Chicago, Harvey and Molotch (1976) outlined the profile of what they termed the “growth machine”, a city’s development engine that they found to include, next to real estate developers, public officials, and the media industry among others as well as land-based elites. Through this now seminal study, the researchers highlighted the critical role of actors involved or benefiting from urban growth, requiring any study of building development to account for the context of urban actors involved in the process. Four decades later, the concept of the growth machine

continues to be influential. Thus, studying the development engine of the city of Kunming in China, Zhang (2012) described a “gigantic machine” through which “capital is accumulated” and “cities are reconfigured” (Zhang, 2012, p. 52). Decades later, however, the components of the machine have changed, and banks have come to play a more central role in every growth machine under the influence of the housing financialization described above. Thus, Zhang (2012) found that an important component of the growth machine work are emergent bank loans, whether as construction loans to real estate developers or as housing loans for individual homebuyers (Zhang, 2012). Banks remain often nonetheless within the control of a political elite. Thus, Zhang (2012) showed that loans were accessed through networks and connections for powerful actors within this growth machine.

Connections and networks are an essential component of the growth machine “If you do not have strong connections, you simply cannot survive the real estate business” (Zhang, 2012, p. 61). Zhang (2012) also showed how maintaining a close relationship with the governments grants the developers better access to land and key resources, and in return, governments benefited from sizable revenues from the real estate market. She unraveled what she describes as the new “powerful pro-growth coalition between developers and local government officials” where developers have all the advantages of being attached to a large, government-supported corporation such as accessing start-up funds, getting otherwise competitive projects, and enjoying local government protection in any bureaucratically related matters (Zhang, 2010, p. 53). In like manner, Weinstein (2008) showed how Mumbai’s development mafia secured entrance into land and property development through their “increased access to large sums of capital, their embeddedness in local communities, and their formal and informal linkages to political



party organizations” (Weinstein, 2008, p. 83). Consequently, one can derive what kind of networks developers need in order to enter and thrive in the housing market, and how they strategize through different tools and institutions to reduce transaction cost of the development process, so they guarantee their real estate companies to secure profit (Marot, 2018; Zhang, 2012). This review attempts to unravel the logic behind the growth machine of the city, its components, and the actors behind its urban growth.

#### **D. Methodology**

In this section, I explain the data collection strategy that I adopted in my thesis. The thesis took the case study approach to develop an in-depth understanding of the production of space in one of Beirut’s intermediate suburbs, Doha Aramoun. This study falls in line with the larger methodology of the Beirut Built Environment Database project conducted at the Beirut Urban Lab. It builds on the earlier findings of the research team that have profiled development practices and explored their materialization in-depth in specific neighborhoods of the city.

##### ***1. Data Collection***

I used a mixed-methods (Creswell, 2009; Du Toit & Mouton, 2013) quantitative and qualitative, to collect and analyze the needed data:

- § Quantitative statistical methods were applied to the survey of building permits and housing loans, and mapping (building permits obtained from OEA, official records of housing loans from the corporate of public housing).

§ Qualitative methods through field observations, semi-structured open-ended interviews, and online profiling of the different stakeholders mentioned in the previous section.

The data collection strategy consisted of four tracks:

a. Analysis of the collected data:

First, I started my analysis by studying the urban layers of the area to figure out how Doha Aramoun had evolved since the 1960s. I relied on three main sources of data that I was able to obtain which are: (1) aerial photographs from the Directorate of Geographic Affairs in the Lebanese Army, (2) lot subdivision maps and property records from the archives of the General Directorate of Land Registry and the cadaster, and (3) the planning and building regulatory frameworks and the masterplan and zoning obtained from the Choueifat Municipality. I was also able to interview long-time residents, old real estate developers, and public officials at the municipality in order to construct a general understanding of the early development phases of the neighborhood.

In order to locate the practices of the developers in the public policy context, I collected the public regulations and policies, the changes in the planning and building regulatory frameworks, and the evolution of housing policies and financing mechanisms. The research team in the Beirut Urban Lab had already started tracing the important regulatory changes, circulars, and decisions that have affected building activity in Beirut since the 1990s. My analysis extended the study to include the changes that affected the peripheries of the city. This investigation helped me understand how state interventions affected the management of urban production in this area of Greater Beirut. The main source of data that I relied on was the Official Gazette, the Central Bank circulars, and the decisions of the Municipality of Choueifat.

b. Fieldwork observations:

The primary objective from fieldwork observations was to collect the needed data to produce a detailed contemporary mapping of the buildings in the post-war era and to identify the different profiles of developers who operate in this neighborhood and also in Beirut.

I started visiting the locality in March 2019, after choosing Doha Aramoun as a case study for my thesis. The information was collected over a long period of six months that can be split into two phases: The first phase, which extended over three months (March-May 2019), consisted of several intermittent fieldwork visits. In this phase, I was able to explore the streets of Doha Aramoun, take photographs, observe the built-up fabric, and talk to some old-time residents and real estate developers. The second phase, which extended over the three months of summer June-July-August 2019, consisted of extensive fieldwork visits, almost daily, to collect information about each constructed building since 1996. The source of data that I relied on to trace contemporary developments in the pre-civil war period was the Order of Engineers and Architects datasets which includes all building permits filed between 1996 and 2019.

Finally, I relied on the official records of the Public Housing Corporation to locate the number of residents who applied/got housing loans in the Doha Aramoun area.

c. Interviews:

After collecting detailed information about each residential building constructed after 1996, I was able to identify the stakeholders involved in the construction activity of Doha Aramoun. The second step consisted of conducting in-depth open-ended

interviews with those stakeholders who were selected based on field investigation findings and data collection analysis. I had conducted 8 interviews when the outbreak of COVID 2019 interrupted me. I had to find another entry point to profile the developers.

d. Online Profiling:

The main method to collect data about developers was to conduct semi-structured interviews randomly with the identified categories of developers. Yet, after the outbreak of COVID-2019 and the restrictions on face-to-face meetings, I was unable to continue. As a result, I was forced to develop with the BUL research team an online profiling method to profile developers through newspaper articles, public information websites, and all social media platforms to answer the interview questions. Our method consists of a detailed online research about each developer. First, we start by checking the developer's companies on the official website of the commercial registry. Then we check all newspaper articles, magazines, and social media platforms to check the developer's social connections. And last, we check if the developer belongs to political, religious, or any different kind of groups or organizations. All the data collected is publicly shared by the developer whether in the newspapers or on his social media accounts and there is no involvement in any kind of connection for private information that is not publicly shared.

**E. Thesis structure**

The thesis is divided into six main chapters. **Chapter 1** introduces the topic of the thesis which is the production and evolution of the suburb and its financialization in the last two decades. It also includes the thesis' question and arguments, the

methodological approach, and the study significance. In addition, it incorporates the literature review on financialization, suburbs/peripheries, and the city as a growth machine.

**Chapter 2** provides a background of the case study of Doha Aramoun. It elaborates on its historical urban development from the mid-1950s until now, it then outlines the evolution of the zoning regulations of the locality. it also presents a brief description of the social identity of Doha Aramoun.

**Chapter 3** profiles the land and housing market of the suburb of Doha Aramoun. It starts by analyzing the number of building permits and vacancy rates. It then Highlights the characteristics of this market such as the illegal practices, the sectarian identity of the developers, and their mechanisms of financing. The chapter also looks into the high dependency of this market on housing loans and studies subsidized housing loans from the Public Corporate of Housing PCH as a testimonial case. This chapter also outlines the difference between the suburban market and Beirut's market in all its sections.

**Chapter 4** profiles the growth machine of Doha Aramoun, which is illustrated by its real estate developers. I profile those developers in detail, and I categorize them into three categories. The second section of this chapter interprets the developers of the peripheries by disclosing who can develop and sustain in the suburban market and the kind of networks needed to make a profit and gain control over the market.

**Chapter 5** looks into the trajectories of a specific bunch of developers, the city/periphery developers, those who operate between the city its suburb. The chapter

maps the locations of developers' projects to understand how they operate, where they chose their territories.

Finally, **Chapter 6** presents the thesis findings and main recommendations.

## CHAPTER II

### CASE STUDY PROFILE

This chapter provides a background of the case study of Doha Aramoun. The first section briefly describes the context while the second section elaborates on the urban development of this locality. The third and fourth sections show the current physical and social organization of this locality.

#### **A. Case Study: Doha Aramoun**

Doha Aramoun is a large southeastern suburb of Beirut known as one of the affordable destinations that has attracted people over the past two decades (Figure 2). Historically, Doha Aramoun's early development as a suburb was inscribed in the early lot subdivisions of the Compagnie Immobilière Libanaise (CIL), one of the first real-estate agencies established in the Lebanon of the 1950s (Ghorra, 1975). The large lot subdivision was imagined as one of several overflows of the capital that emerged between the early 60s and 70s through a land subdivision process done by large real estate companies transforming agricultural or forest land into a subdivided urban land for development (Ghorra, 1975). Suburban development was nonetheless slow to materialize, particularly since the highway infrastructure that supported American suburbanization lagged behind in Lebanon's context. The development was further interrupted by the Lebanese civil war (1975-1990), which rendered the area a refuge for families fleeing the violence of the war (Bou Akar, 2018) and erased the imaginary of the American suburbia.



Figure 2: Location of Doha Aramoun, Greater Beirut (Lebanon). Source: Author based on ArcGIS aerial photographs.



## ***1. Location and Current Condition***

Doha Aramoun is directly adjacent to the southern edge of Beirut International Airport to its north. The Lebanese coastal highway limits the neighborhood to the west, Bchamoun to the east, and Aramoun to the south and southeast. Doha Aramoun falls mostly within the jurisdiction of the Choueifat Municipality<sup>3</sup> although the neighborhood also extends into the Aramoun Municipality, the village from which the name “Doha Aramoun” emerged (Figure 6). The perception of Doha Aramoun differs among its dwellers. Some people consider it a district or neighborhood of Choueifat. In contrast, others describe it as a separate urban center that reflects the propagation of the Beirut Sunni population in the far suburbs of the Lebanese capital city.

This area is one of the densest regions of Choueifat, both in terms of population concentration and urban fabric (Figures 3, 4, and 5). According to the Choueifat municipality engineer, this area englobes the largest number of residential buildings and units (more than 700 buildings). Due to its unplanned fast growth, the locality currently faces several problems, among which I cite a deteriorated infrastructure, frequent electricity outages, and many others. It is also noticeable that the width of roads is not compatible at all with the area’s density since they are too narrow (designed for individual villas) and that not all streets have sidewalks. During my fieldwork visits, many inhabitants disclosed that they suffer from many problems that prevent them from accessing basic services of proper housing. For example, they mentioned that electricity nodes were not designed to hold dense apartment buildings. They also said that not all neighborhoods were connected to the public water system, and that most of the buildings had to dig their own water wells to secure some water.

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<sup>3</sup> Doha Aramoun’s largest part falls within the biggest zone in Choueifat “Al Qobbat”.



Figure 3: A panoramic picture from the southwest of Doha Aramoun. Source: Author, 2019.



Figure 4: A panoramic picture for the western part of Doha Aramoun. Source: Author, 2019.

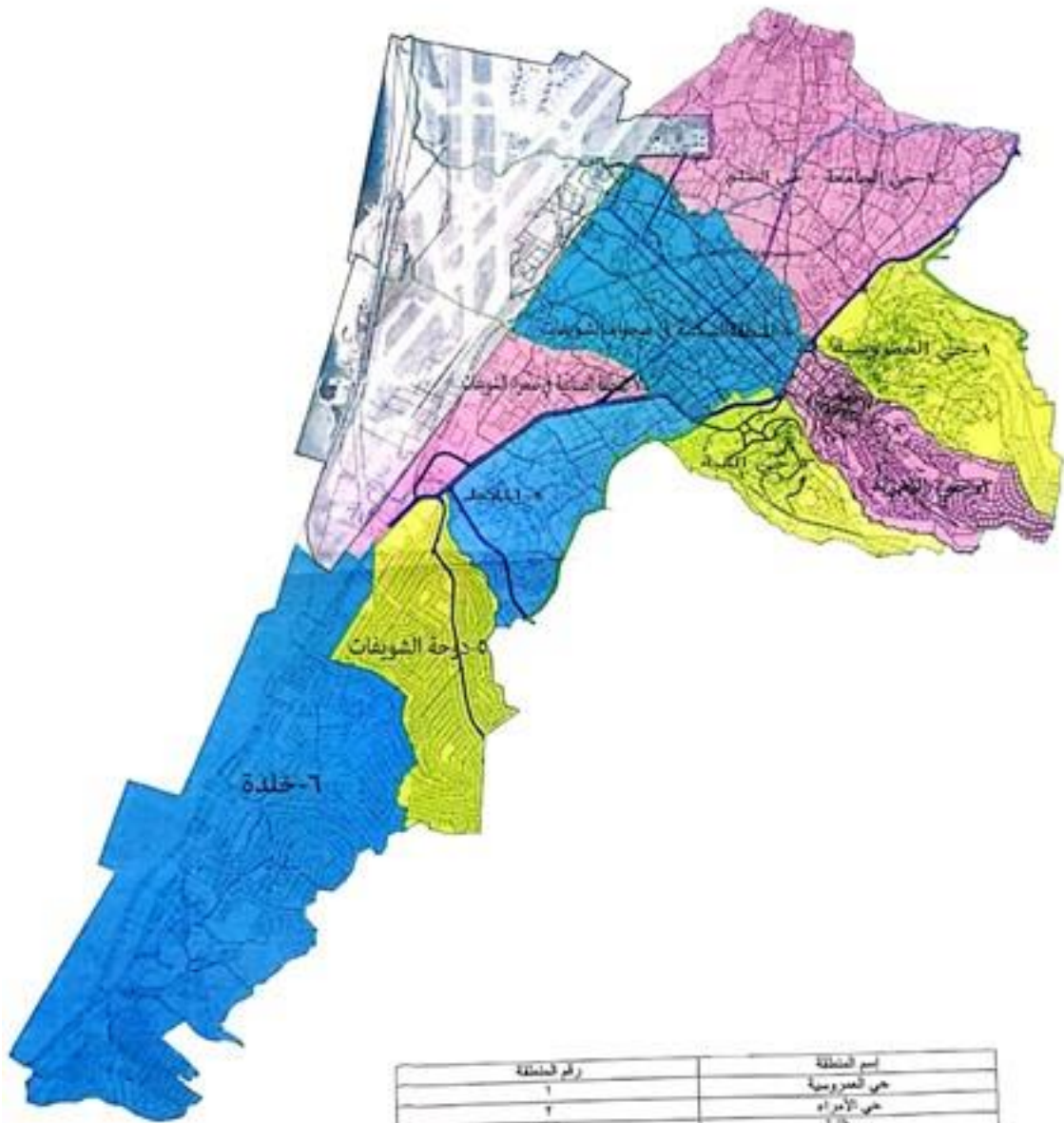


Figure 5: A panoramic picture for the eastern side of Doha taken from Bchamoun. Source: Author, 2019.



Figure 6: Doha satellite image. Source: Choueifat municipality, 2019. Adjusted by the author.

Initially, the area was referred to as “Doha Choueifat”. However, people have called it Doha Aramoun because of its location along the road leading to the old village of Aramoun. A recently published map of the Choueifat neighborhoods still lists this area under the name “Doha Choueifat” (Figure 7). Besides, all street signs and annotations are written using the official name used by the municipality “Doha Choueifat.”



رقم المنطقة	اسم المنطقة
1	حي العمروسية
2	حي الامراء
3	حي القبة
4	الملاح
5	دوحه الشويفات
6	خلدية
7	المنطقة الصناعية في صغراء الشويفات
8	المنطقة السكنية في صغراء الشويفات
9	حي الجامعة - حي السلم

Figure 7: Neighborhoods of Choueifat. Source: Choueifat Municipality Facebook page, 2019.

## 2. Study Area Selection

The thick yellow line in the below image (Figure 8) to the left shows the boundaries of the old neighborhood. The initial neighborhood of Doha Aramoun expanded over time beyond its original limits. It developed first towards the Aramoun territories then expanded horizontally towards Khaldeh (Figure 9).

I had at first decided to study the old neighborhood and all its expansions. However, due to the lack of updated maps that show the current lot subdivisions within Aramoun territories, I chose to consider only the sections located within Choueifat's territories.

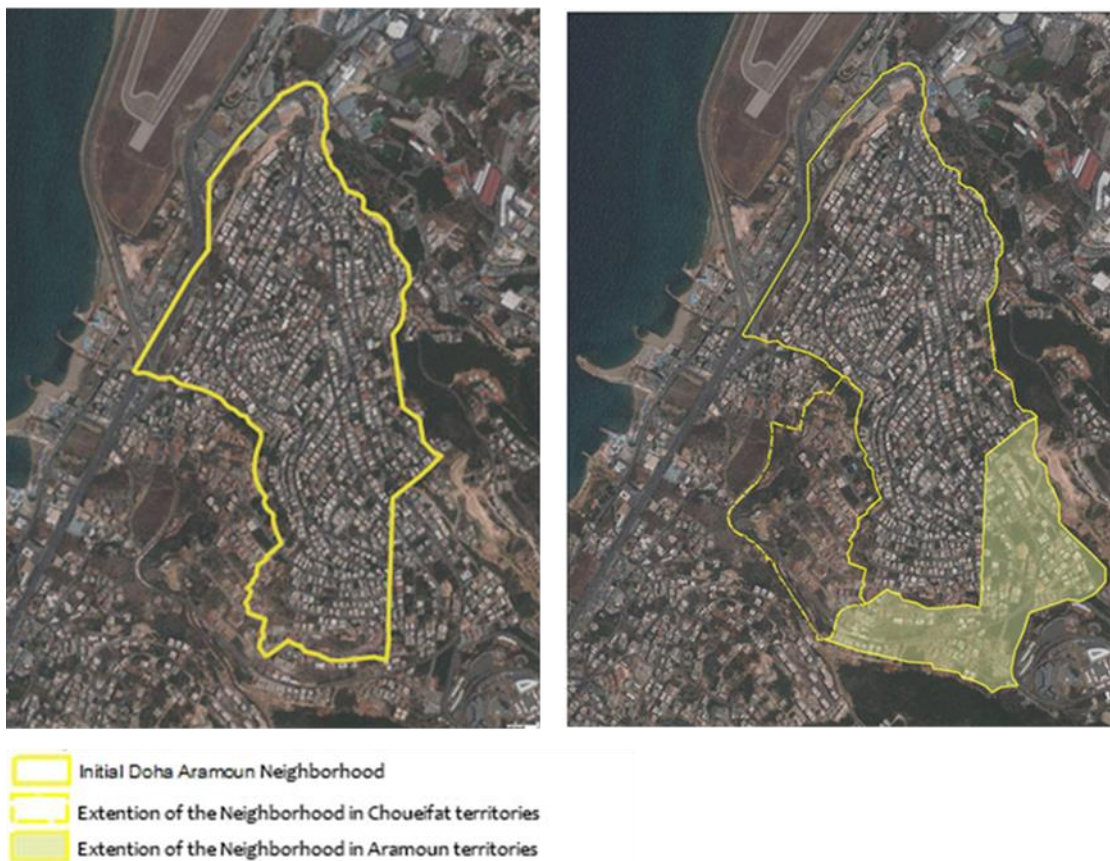


Figure 8 (left): Doha Aramoun initial neighborhood. Source: ArcGIS edited by the author.

Figure 9 (right): Doha Aramoun expansion over time. Source: ArcGIS edited by the author.

The dotted yellow line in the figure above shows the expansion of the neighborhood within the Choueifat territories. As mentioned above, this section was included in the survey of the buildings. In contrast, the blurred yellow part in the section was excluded since it falls within the jurisdiction of the Aramoun municipality and I had no access to updated cadastral maps for the area.

## **B. Historical Development**

The historical urban development of Doha Aramoun can be divided into three main phases: the early subdivisions phase (the pre-civil war phase), the civil war phase, and the post-civil war phase.

### ***1. The Early Subdivisions Phase (1950-1975)***

Doha Aramoun's subdivision occurred in several stages that gradually shifted the bare land into its current geometry, a cookie-cutter geometric grid where each land lot is earmarked for the development of an individual multi-story apartment building.

Historically, records show that the land was owned in shares by Christian and Druze families from the village of Choueifat. According to a French mandate cadastral map that dates back to 1926 (Figure 10), the locality of Doha Aramoun was composed of a huge lot (around 1,500 000 m<sup>2</sup>), numbered 544, colored in orange, in addition to six smaller ones: 476, 477, 472, 470, 690 and 480, which are colored in pink on Figure 10. The land lot was located between two seasonal waterways. The first waterway, as shown in figure 11, is called "*Naher el Yabes*", which means in Arabic "the dry river" since its water dries directly after the winter season. The map also shows the old Saida road and the road that leads towards Aramoun, which was a pedestrian road at the time.

According to Bou Akar (2018), these lands were considered of so little value that local stories say that Choueifat landowners granted land there as punishment to their least-favored sons.

Until the early 1950s, the land of Doha Aramoun was abandoned due to the poor quality of its soil and was mostly covered by bushy wild vegetation (Ghorra, 1975). The 1956 aerial photograph shows an empty land, with only small, scattered buildings along the old Saida road crossing the agricultural lands of Choueifat (Figure 11). A resident from Aramoun told me once that back in time, it was risky for them and almost impossible to safely reach Aramoun by crossing this area without being hindered by bandits.

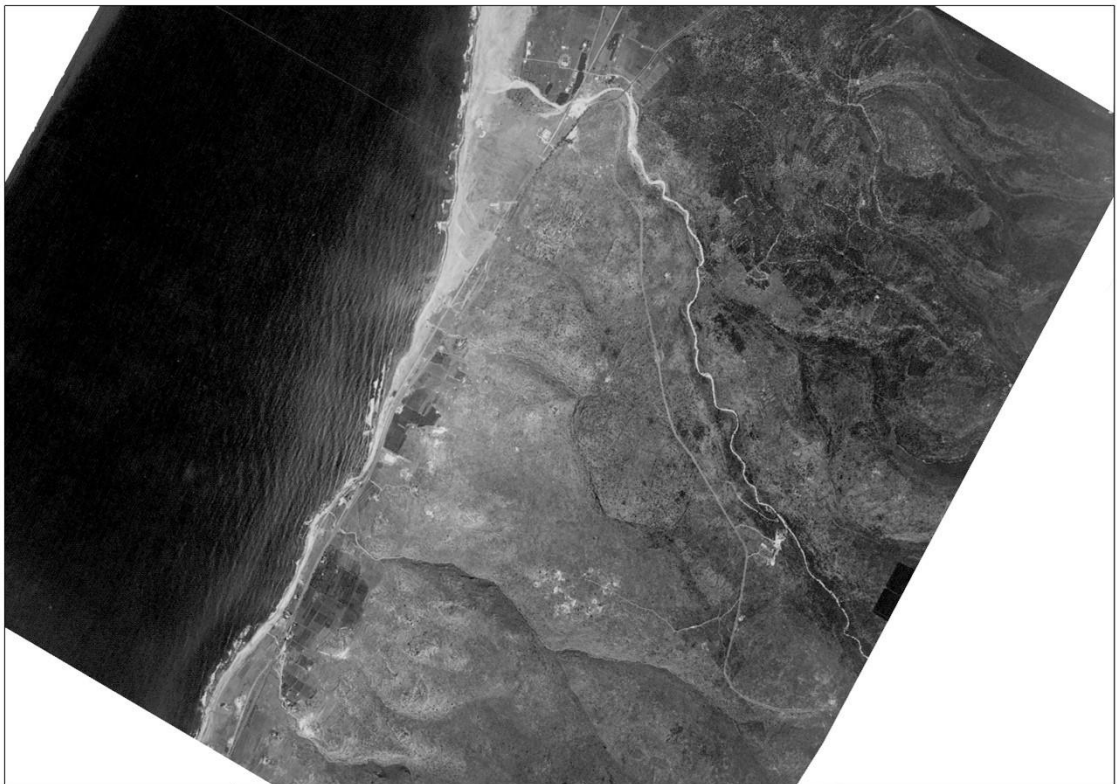


Figure 10: Doha Aramoun, aerial photograph in 1956, scale 1:10,000. Source: Lebanese Army.

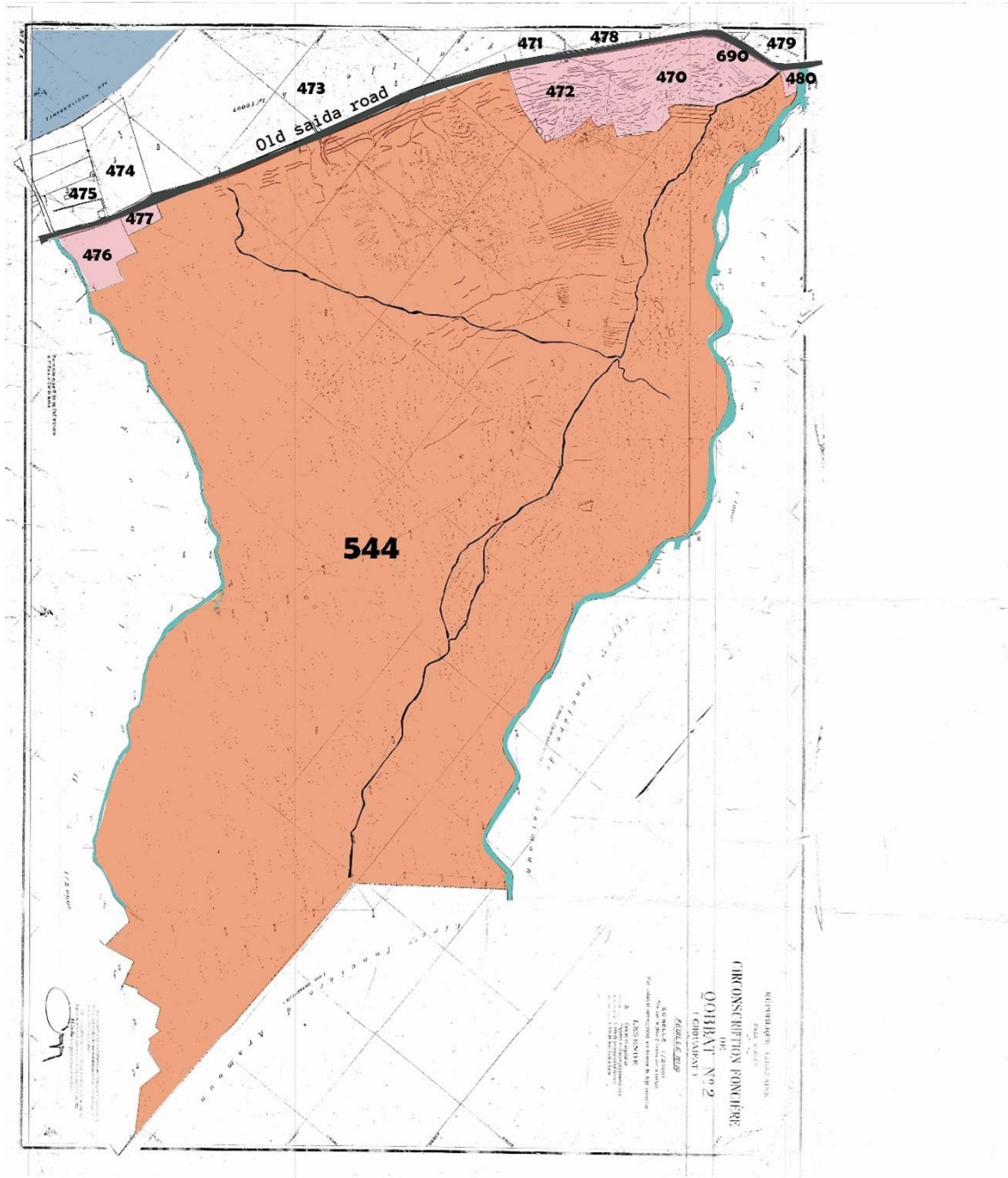


Figure 11: French mandate cadastral map of Al Quobbat number 2, 1926. Source: Land Registry. Edited by author.

The growth of Beirut and the imagination of a suburban residential development gave new value to this abandoned land. Thus, the parcelization project initiated by the Compagnie Immobilière Libanaise (CIL) established a new locality, Doha Aramoun, with a new value. In her Ph.D. dissertation, Ghorra (1975) showed that



Doha Aramoun was one of eleven urban centers produced by big real estate companies between 1960 and 1975. These companies were mainly investing in large-scale land subdivision projects. The choice of their location depended on the availability of vast territories (at least 500,000 square meters) for sale (Ghorra, 1975). CIL was the oldest and biggest company that started doing these subdivisions, shortly after followed by SLAFF<sup>4</sup>. Ghorra (1975) divided the operation of these land companies into three economic actions. The first action which is “the liberation of the land and its commercialization” is the most critical one since the process of buying the land was done secretly (Ghorra, 1975, p. 39). It also required negotiation with landowners. The second action consists of the execution of land subdivisions, including roads, in addition to service provision. And finally, the third act is the sale of land.

According to the notes of an interview conducted by Mona Fawaz in 2005 for a study of the early suburban subdivisions of Beirut, CIL was founded in 1954 by a number of investors who merged with the earliest version of the company CIL<sup>5</sup> (founded in 1949). The company worked in Balouneh, Antelias, Naccash, Khaldeh, and Mar Takla. At the time of its foundation, CIL’s motto was “Un toit pour chacun” (A roof for everyone) and it was selling lots for people of low/middle income with incremental payment facilities (M. Fawaz, personal communication, 2005).

The records unraveled by Ghorra (1975) indicate that the establishment of Doha Aramoun dates back to 1956. At the time, the urban center was listed under the name of “Khalde Assayde”. CIL produced a complete masterplan where the entire zone

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<sup>4</sup> SLAFF is a real estate company founded by Michel Zoghzoghi in 1955. CIL and SLAAFF were always competing, yet CIL was more powerful and had more financial capital.

<sup>5</sup> The first version of the company was founded by Mr. Erbest Abdini with several partners among them a Saudi shareholder and two banks: Intra and al-Ahli.

was organized into land plots and roads. The first land sales began in 1959. The first parcelization map of lot 544 was filed in 1954. That same year, a law was passed to permits land pooling and subdivisions in inhabited areas. This land pooling law intended to facilitate and organize urbanization, within a modernist planning tradition that followed principles such as “beautification”. With the use of the land pooling and subdivision tools, lot 544 was divided into 27 big rectangular lots (Figure 12). The lots were very large, the smallest one was around 10 000 m<sup>2</sup>. It is evident that the parcelization was done only to subdivide the lot into regular shape lots in order to subdivide them later on into buildable lots since it did not take into consideration the steep topography of the area.

The analysis of the subdivisions map filed by CIL shows that the company took around ten years to finish the land subdivisions. The executed lots were envisioned to build individual housing units, and their area varies between 600 to 1,200 square meters (Ghorra, 1975).

In Topalov’s terms (1972), CIL was a “promoteur” whose main task is to facilitate accessibility to land and its use for building development. This was the role of this and other real estate companies who typically focused on land subdivisions rather than building construction. However, there were instances where, in order to encourage people to buy and developers to invest, the companies had to build a few projects. In Bawshriyyeh, Fawaz (2013) showed that SLAFF built affordable housing. Here, CIL built twenty villas, many of which were torn down and replaced with apartment buildings in the post-war decades (Bou Akar, 2018). Accordingly, the construction started as the company planned Doha Aramoun to be a high-end western-style suburb for Beirut’s well-off (Fawaz, 2013).

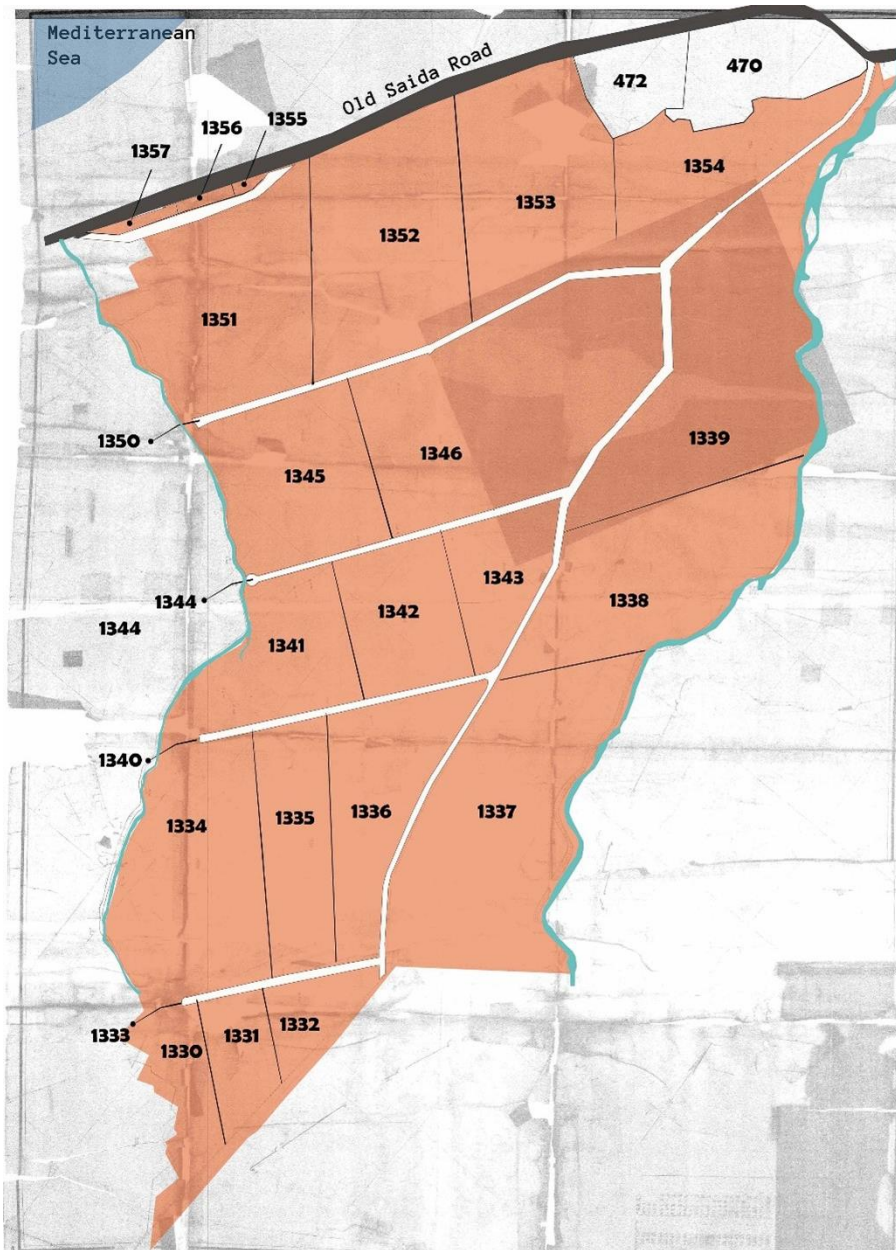


Figure 12: First Parcelization Map of lot 544. Source: Land Registry, Edited by author.

In the figure below, I show the first subdivision map of the urban center that was filed by CIL in 1961. It presents only one of the lots in the large subdivision, lot 1339 (figure 13). In an interview conducted by Mona Fawaz in 2005 with members of the company, it appears that the goal of CIL was to allow people with moderate incomes to purchase housing, whether in the form of a villa or a lot (M. Fawaz, personal communication, 2005).



Figure 13: First lot subdivision of the urban center filed by CIL in 1961. Source: Land Registry. Edited by author.

An aerial photograph taken in 1962 illustrates the beginning of CIL's works. It shows the first roads with six to seven constructed villas (Figure 14). The surrounding land in Khaldeh and the plain of Choueifat was completely empty, and the only urbanization seen in the picture refers to the old village of Choueifat. This photograph also reveals the construction works in the new airport that was being built in Khaldeh.

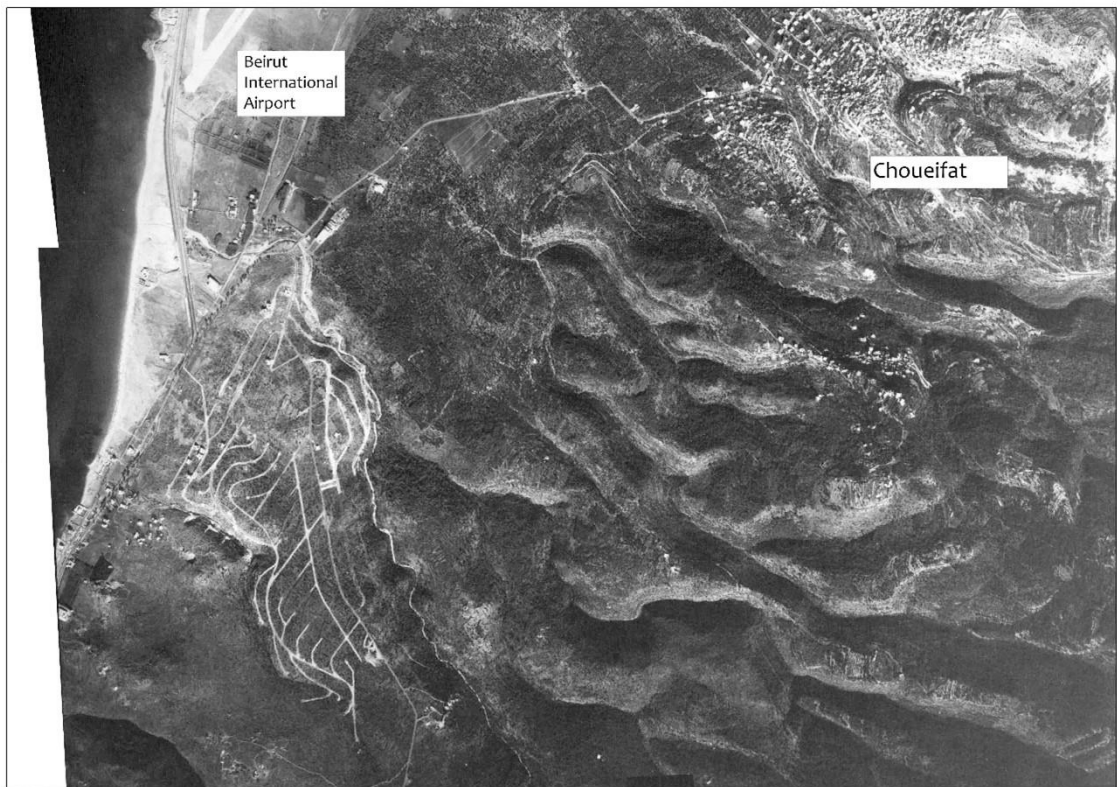


Figure 14: Doha Aramoun, aerial photograph in 1962, scale 1:10,000. Source: Lebanese Army.

Until the early 70s, the construction wave produced a low urban fabric of small and scattered individual houses with few apartment buildings (Figure 15). The inauguration of the Beirut International Airport in Khaldeh however played a significant role in stepping-up DA. This strategic location, as well as the green landscapes overlooking the Mediterranean Sea, rendered the area attractive to Beirut's wealthy Sunni and Christian families seeking a summer retreat (Bou Akar, 2018). In addition, Fawaz's interview with CIL's manager indicates, in his words, that "there were two parts of lots for sale in DA: one allocated to relatively modest revenues and another to richer households." He also added that "It was a phase which there was major social upward mobility" (*évolution sociale*) and he thinks that this period corresponded to the formation of a middle class in Lebanon (M. Fawaz, personal communication, 2005).

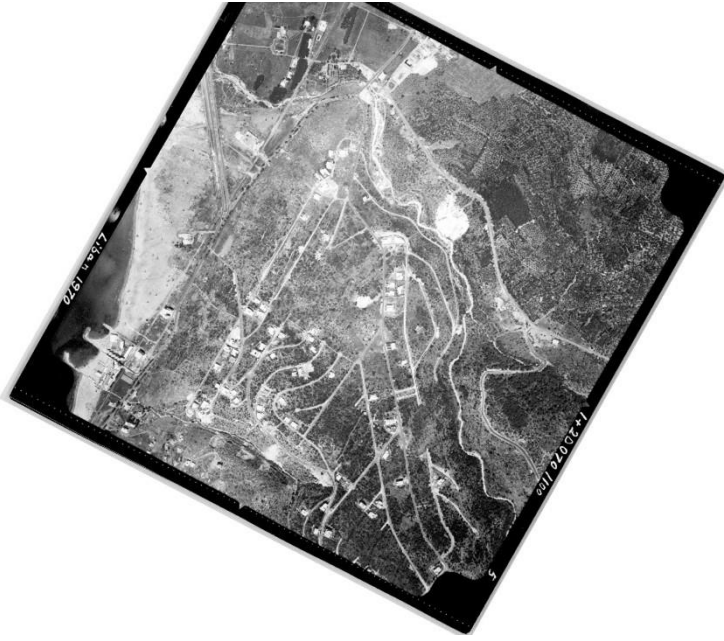


Figure 15: Doha Aramoun, aerial photograph in 1970, scale 1:8000. Source: Lebanese Army.

## ***2. The Civil War Phase (1975-1990)***

The moderate wave of construction in Doha Aramoun remained stable until the outbreak of the Lebanese Civil War in 1975 (Bou Akar, 2018). This period had a major impact on transforming the place and role of Doha Aramoun's urban development, displacing permanently the possibility of setting up a modern American suburbia. Instead, Doha Aramoun became an area of refuge and heavy affordable urbanization.

As reported by Fawaz in her interview with the CIL's manager, as of the Civil War years, development was "anarchic" since public authorities allowed developers to build without consideration of urban regulations. In his words, it was (in French), "des immeubles désordonnés". The manager also stated that several areas encountered problems with illegalities, however, in Doha Aramoun, "the situation went somewhat out of hands and it took different dimensions" (M. Fawaz, personal communication, 2005).

I interviewed Akram<sup>6</sup>, one of the old real estate developers who used to work in Doha in the early 1970s. Akram also affirmed that Doha Aramoun's urban transformation was induced by the beginning of the Lebanese Civil War. He traced back the most intense construction activity to the period between 1980 and 1985, where Akram recalled that the area had 30 to 40 excavations and projects running concurrently. Besides, Akram claimed that the presence of the Syrian armed forces<sup>7</sup> in Doha Aramoun facilitated illegality: the military men had control over the area and allowed the developers who showed allegiance to them to add (illegally) several floors (up to six floors!) in exchange of bribes. Akram's narrative corresponds to Bou Akar (2018) who also stated that the 1980s period was the first period of the transformation of Doha Aramoun's landscape from small, low-lying buildings to tall, concrete ones.

Due to the lack of resources and aerial photographs of the area during the civil war years, I had to rely on informal conversations and interviews with old residents and developers. One of the residents I had met is Nabil, an 80-year-old man who owns a small grocery shop in the neighborhood. He said that he had to sell his house in Hamra to escape the heavy fighting in Beirut. He managed to buy a small piece of land and he built an apartment building for his family. When he moved to this neighborhood, his building was the first one to be built. Therefore, the municipality decided to name the road after his name. Nabil explained that many inhabitants of West Beirut, mostly middle-income Sunnis, escaped the violence of the war-torn city like him. They sought shelter in Doha Aramoun since it provided a safe and yet affordable destination at the time and set up their homes permanently in the area.

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<sup>6</sup> For confidentiality I changed the name of the interviewee.

<sup>7</sup> The Syrian armed forces came and settled in Aramoun hills in 1976 and according to Bou Akar they had an important influence and control over the area.

### ***3. The Post-War Phase (1991 ó 2020)***

By the early 1990s, Doha Aramoun's extensive war-induced migration reached its peak (Figure 16). Several problems emerged since the area did not have the infrastructures to handle this urban growth: neither the sewage and water networks, nor electricity infrastructures were well extended. Even road networks were insufficient (Bou Akar, 2018), largely developed as the outcome of private subdivisions rather than a coordinated public intervention. As mentioned above, CIL had planned this area for individual-single-housing units, so the designed infrastructure was not designed to hold dense apartment buildings.

After the end of the Lebanese civil war, the first rule of the late Prime Minister Rafic Al Hariri (1992) was characterized by heavy infrastructure investments. Two years later, a capital project was launched through the Council for Development and Reconstruction (CDR) to provide Doha Aramoun with all infrastructure needed. Bou Akar (2018) argues that the vision of Al Hariri was to transform Doha Aramoun into an affordable Sunni suburb. My interviews with residents and developers confirm this intention. They however indicate that this vision likely originated from local residents, mostly Sunni Beirut families who had moved to the area and had pressured Hariri to champion this project that facilitated the daily commutes of the Beirut-Sunni population from/to the area. Interviews with early residents and developers in the area further indicated that they suffered from the lack of responsiveness of local municipal authorities that didn't see them as voters and refused to account for their needs. This is well in line with other areas of Lebanon, where the electoral law requires citizens to vote in their areas of so-called origin rather than residence, undermining the role of local authorities (Favier, 1999). The municipality of Choueifat did not respond to the



residents' problems since Doha Aramoun's residents vote in Beirut during municipal elections. As a result, it was explained to me that the majority of the residents were Beirut-Sunnis voters and had to bargain with Hariri as the representative of the Beirut Sunni community for services as an exchange for their vote in Beirut's parliamentary or municipal elections. Consequently, it was central state planning authorities, particularly the Council for Development and Reconstruction, the arm of the Prime Minister Office, that launched the capital projects that would connect the suburb to the city and fund its direly needed infrastructure. As such, Doha Aramoun acted officially as the suburb of Beirut, now integrated electorally with the city's capital.



Figure 16: Doha Aramoun, aerial photograph in 1991, scale 1:10,000. Source: Lebanese Army.

After the establishment of sewage systems, telephone connections, water, and electricity, Doha Aramoun became attractive to people from different places, and with different motivations. For example, Druze families from Rachaya and Hasbaya and the mountains who wanted to be closer to Beirut moved to Doha Aramoun for its hybrid location. Sunnis and Shiites displaced by postwar reconstruction projects and, most recently, Shiite escaping the congested Dahieh to a less crowded area (Bou Akar, 2018), all came to the area. The aerial photograph of Doha Aramoun in 1999 reflects the urban transformation and the density of the urban fabric (Figure 17). In like manner, Bou Akar (2018) mentioned that a report issued by Choueifat municipality in 1997 states that 82 % of Doha Aramoun's residents have lived there for less than ten years, and 60 % of the buildings had been built within the last 10 years. According to my fieldwork data no less than 450 apartment buildings had been built since 1996 (around 55 % of buildings).



Figure 17: Doha Aramoun, aerial photograph in 1991, scale 1:10,000. Source: Lebanese Army.

### C. Zoning, Parcels, & Building Typologies

According to the Choueifat municipality's archives, the first zoning regulations of Doha Aramoun followed decree #16948 that organizes all Beirut's suburbs<sup>8</sup> in 1964 and then edited by the decree #14313 in 1970. Under those regulations, all the locality of Doha Aramoun back then was listed under zone A.1 which is zoned as for "residential-commercial" activities<sup>9</sup> (Figure 18).

The zoning remained unchanged until 1997 when Choueifat's municipality started drafting an overall vision with a detailed masterplan for all its neighborhoods. The masterplan went through several rounds of changes until it was finalized in 2008<sup>10</sup>. The purpose of the rezoning was to exponentially intensify construction because developers wanted to profit. The zoning of Doha Aramoun was between the areas that earned an increase in the allowed built-up area, leading to a denser urban fabric. The purpose of this rezoning was to exponentially intensify the construction in favor of developers, landowners, and Choueifat municipality. Under this new zoning<sup>11</sup>, the initial neighborhood of Doha Aramoun falls predominantly within two zones, B and B1 (Figure 19). The two zones are divided according to the road leading to the old village of Aramoun<sup>12</sup>.

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<sup>8</sup> Available in Appendix.

<sup>9</sup> . This zoning allowed a ground floor exploitation ratio of 30% if the building was residential and 40 % in case the building was industrial. The total exploitation ratio was 0.9 and the number of permitted floors was only three due to the area's proximity to the airport, yet as mentioned earlier, many buildings constructed in the civil war did not abide by those regulations.

<sup>10</sup> To know more about the choueifat's masterplan debate check Bou Akar, *For the war yet to come* (2014) p. 62-104.

<sup>11</sup> The final masterplan of Choueifat consists of two maps which are both available in the appendix.

<sup>12</sup> The right side of the road is under zone B1, which is listed as a residential-commercial zone. This zone allows for a 35 % ground floor exploitation ratio and 1 for the general exploitation coefficient. The number of permitted floors is four, within a maximum of 17 meters in height. The minimum constructible parcel is 500m<sup>2</sup>. As for the zone on the left side of the main road, it falls under area B, which is also a commercial-residential zone. This zone also allows a 35% ground floor exploitation ratio and a 1.25 general exploitation coefficient. It permits to build of a maximum of five floors within 20.5 meters height.



Figure 18: First Zoning map of Doha Aramoun “Quobbat Feuille 10”. Source: Choueifat municipality, edited by Author.

The extension of the initial neighborhood falls under zone C. This zone is listed as a third residential extension, which allows for a 25% ground floor exploitation ratio, a 0.75 general exploitation coefficient, three floors, and a maximum of 12.5 meters in height.

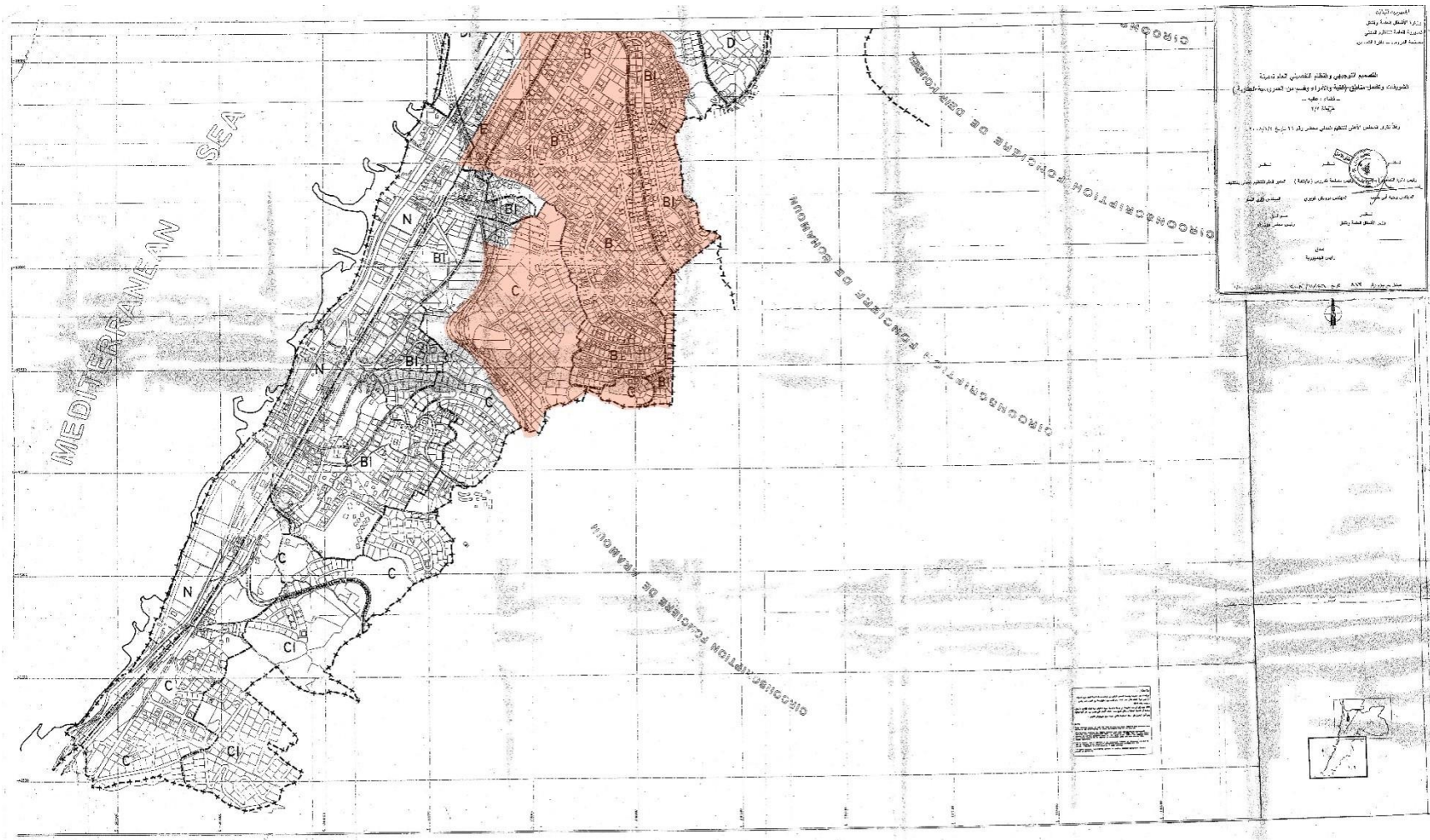


Figure 19: Choueifat masterplan, map 2, 2008. Source: Choueifat municipality, edited by Author.

#### **D. Social Services, Institutions, and Organizations**

Most of Doha Aramoun's economic activities are concentrated at the edges of the main street leading to Aramoun. This street is always congested with traffic jams, full of retail shops of all kinds. It englobes several types of business services industrial shops, including car mechanics, computer and electrical outlets, doctors' clinics, etc. it also includes retail and commercial shops such as clothing shops, grocery, vegetable markets, etc. In addition to leisure and recreational shops, such as restaurants, cafes, and beauty centers...

Furthermore, the high number of residents attracted several educational institutions and schools to open in the locality such as Al-Iman schools, Al Makassed College, the Lebanese American School, the Canadian High School, etc. The map below shows the leading educational, religious, and service institutions in Doha Aramoun (Figure 20).

The religious identity of the residents of Doha Aramoun is translated in the built environment by several religious institutions such as schools, mosques, and organizations. The prominent institutions are Sunni institutions, such as charities, schools, and mosques, reflecting the religious identity of the locality's first settlers. This identity was maintained through the interventions of the late Prime Minister Hariri, with the establishment of several institutions by the Rafik Al-Hariri foundation such as Rafik Al-Hariri dispensary, Rafik Al-Hariri high School, and Nazek Al-Hariri Complex for the Disabled people and Orphans. Next to these organizations, we also find other Shiite, Druze, and secular organizations that reflect the relative diversity of the area.

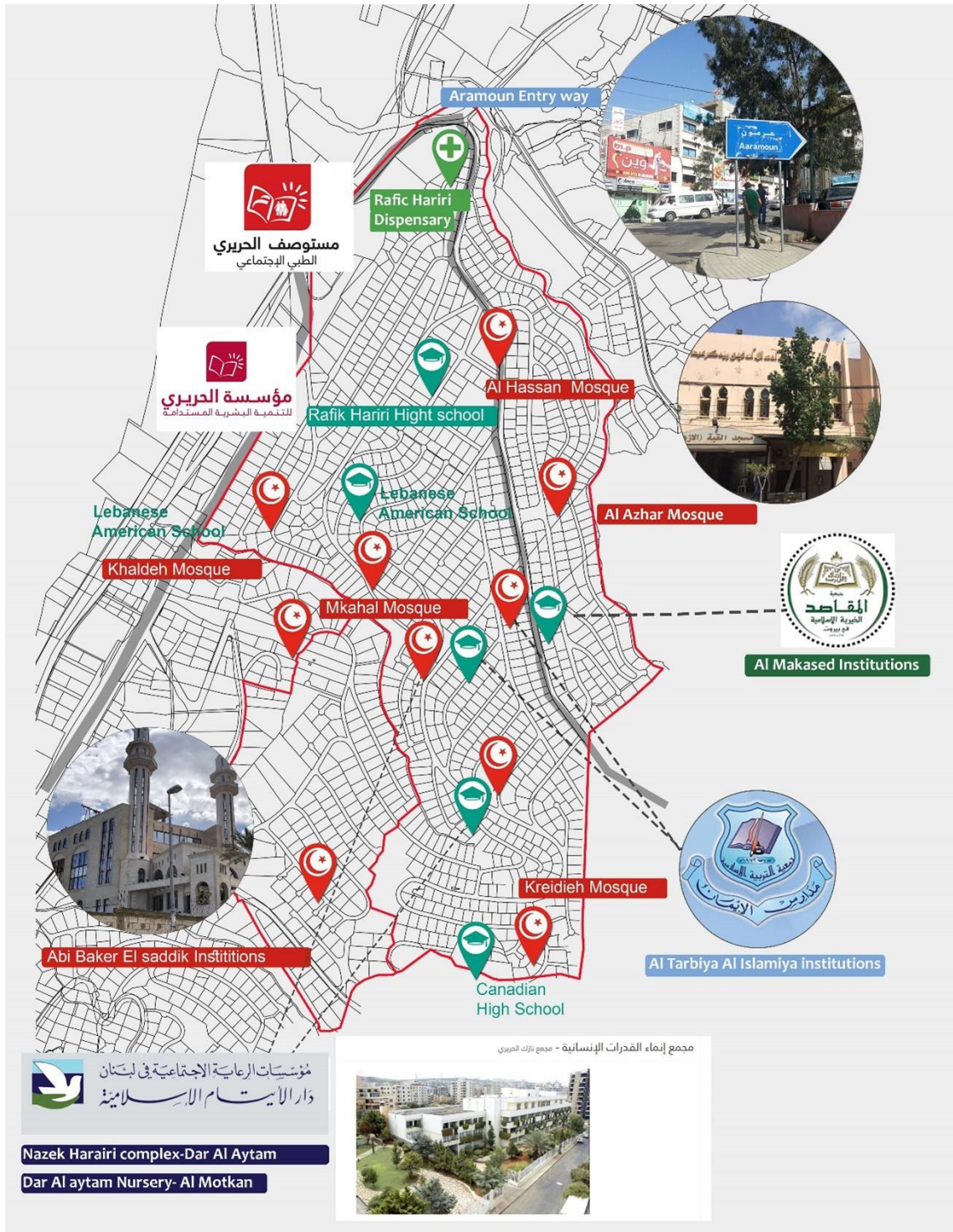


Figure 20: A map that shows the main institutions and organizations in Doha Aramoun.  
Source: Author.

## CHAPTER III

### PROFILING LAND AND HOUSING MARKET IN THE SUBURB

This chapter focuses on profiling the land and housing market in Doha Aramoun (DA), the southeastern suburb of Beirut investigated in this thesis. The chapter provides an overview of how the suburban housing market works and outlines the relation between this housing market and the housing market of the city of Beirut. To this end, I build methodologically on the tradition of the political economy that approaches the study of markets from the perspective of the actors and their embeddedness in systems of social relations (Fawaz, 2004). I, therefore, profile the market in relation to the actors involved in its organization and the institutions that regulate its operations.

#### **A. Locating Doha Aramoun's Market in Greater Beirut**

Over the past three decades, the housing market of DA has operated as a pool of affordable housing options for several resident groups of Lebanon's capital city. As such, the production of housing in the district follows closely the same trends documented in the capital. The market has nonetheless certain specificities that respond to local political and social specificities and considerations.

##### ***1. A Comparative Analysis of building permits 1996-2019 in relation to public policies and local and regional events between the city and the suburbs***

In order to analyze the housing market trends in DA, I relied on the same methodology developed by the BUL team in Beirut to study building and construction



activity over the past three decades. I relied on the OEA data which includes all building permits filed between 1996 until 2019. I then plotted the relation between the trends of the number of building permits filed in relation to the event and changing regulations in Beirut and the suburbs of Aramoun and Choueifat, where DA is located. It is important to note that the number of building permits does not represent the number of built-up buildings since not every permit gets executed. There are many cases where the construction stays on hold or the permit applicant decides to cancel the project. However, building permits provide an important instrument to measure the willingness of people to invest in the real estate sector.

In this graph below (Figure 21), I am showing the total number of building permits filed at the OEA between 1996 and 2019. The first curve in brown represents Aramoun's permits, the yellow curve in the middle shows Choueifat's permits, and "Doha Aramoun" the studied area falls within these two municipalities. I added in the background Beirut's permits in orange in addition to the events worked by the Beirut urban lab. I followed the same method used by the Beirut Urban Lab, but I added the events that I was able to identify as potential influences on this market, as specific events to the studied area. The goal of this comparison is to study the relation between these suburbs and the city in light of public policies, local projects, and regional and national events.

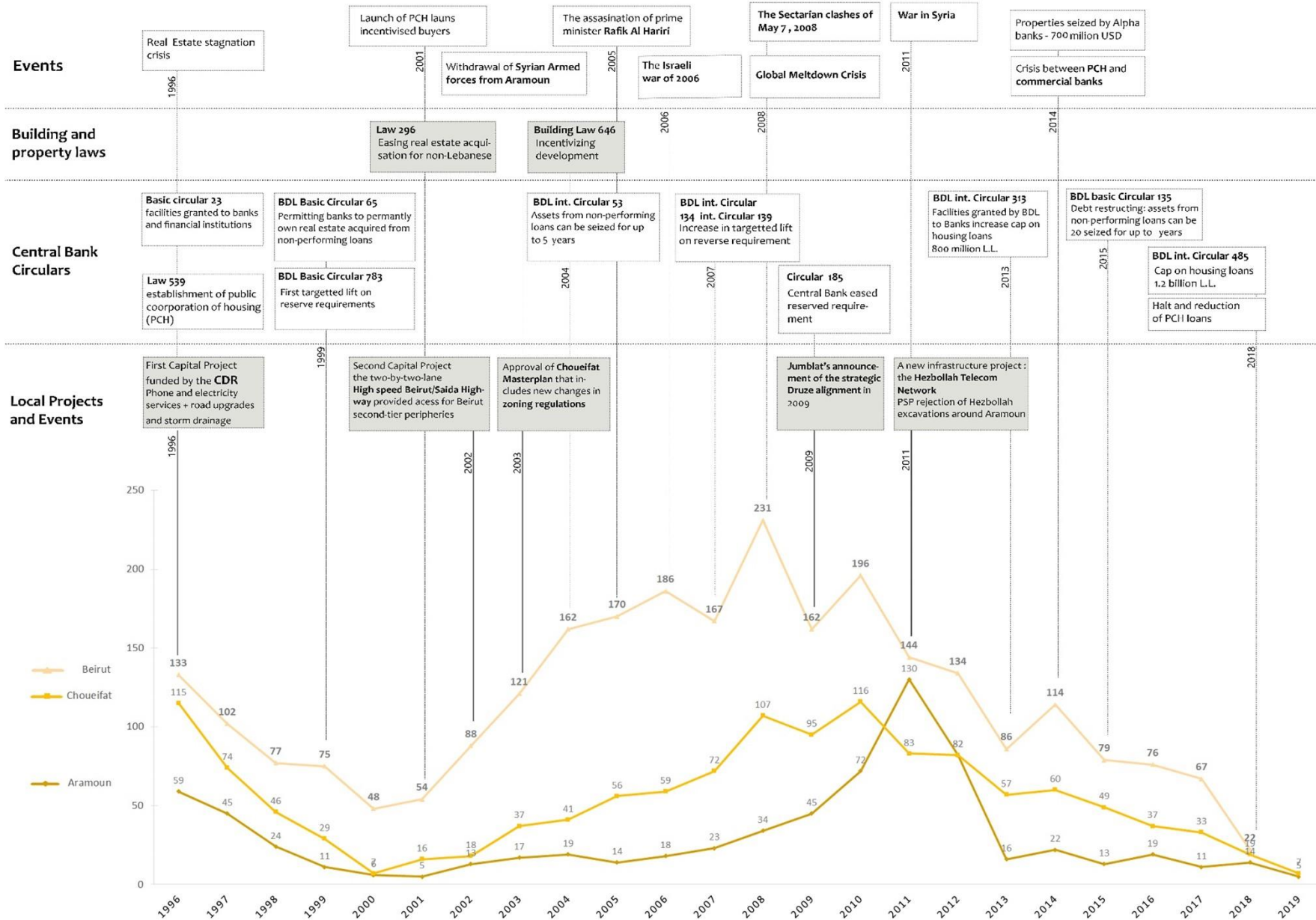


Figure 21: A graph that shows building permits 1996-2019 of Beirut, Choueifat, and Aramoun in relation to public policies and local and regional events between the city and the suburbs.

Since the 1990s, the Central Bank of Lebanon, BDL tended to link the banking sector with the real estate sector by encouraging banks and foreign capitals to invest in construction and real estate (Beirut Urban Lab, 2019). To reach his goal, the BDL adopted a series of financial policies that were translated through several circulars that incentivized both developers and banks to penetrate the real estate sector. Among these incentives, a series of circulars that eased reserve requirements in the banks that provide housing loans (circular 783 in 2001, circular 134 in 2007, and circular 185 in 2009). Another important change has allowed banks to extend the period in which they can seize assets: circular 53 enabled banks to seize assets from non-performing loans for up to five years, a move that helps bank store their money safely in the built environment without taxes due to the adopted vacancy exemption laws for empty units (Fawaz & Zaatari, 2020). Aside from the very high-interest rates provided by banks, the facility of investing in real estate became, particularly after the global economic crisis in 2008, an important attraction for foreign capitals that came into the country (Beirut Urban Lab, 2019).

Along with the mentioned financial incentives, two building and property laws were also approved to encourage investments in the built environment. Law 296 in 2001 eased the process of real estate acquisition to non-Lebanese by reducing measures and taxes. Law 646 in 2004 further changed the regulation surrounding the building law. Notoriously written by land developers (Krijnen & Fawaz, 2010), the law allowed for more intensive building developments by exempting numerous built-up elements from being included in the calculation of exploitation factors.

By crossing regulatory changes, political events, and the building permits' curves in Beirut and the suburbs of Choueifat and Aramoun (Figure 21), we notice that

the three curves follow more or less the same flow, a peak and they crash at the end. Beirut recorded the highest number of building permits in 2008 due to the mentioned BDL incentives accompanied by favored changes in the building and property laws. This manipulation in the real estate sector that promoted speculation and caused an unreasonable increase in housing unit prices caused a housing crisis that started to rise in 2011 (Beirut Urban Lab, 2019). The housing crisis was translated by a significant drop in the number of building permits between 2010 and 2019 from 100 to 78 permits/year, a 22 % average. Now, if we compare the curves of Choueifat and Aramoun to Beirut, we can see that the peak in Choueifat and Aramoun was in 2010 and 2011, respectively. These peaks are explained by the mentioned forces at the national level that affected Beirut first and then had a delayed effect on smaller housing markets such as Choueifat and Aramoun.

The most interesting fact is that the crash in Beirut started before Aramoun and Choueifat, exactly at the same time when these two locations witnessed a peak in building permits which can be considered a switch of capital between the city and its suburbs. However, the crash in Beirut differs from the suburbs which collapsed right away since 2011 by a drop from 116 to 82 permits in Choueifat and 130 to 16 in Aramoun. This fast collapse in the housing market in the suburbs especially after the crisis between the PCH and the commercial banks in 2014 and the halt and reduction of housing loans proves the high dependency of these suburban markets on housing loans.

## ***2. A Comparative Analysis of Doha Aramoun building permits 1996-2019 in relation to public policies and local and regional events***

As mentioned earlier the method I followed consisted of tracing new developments between 1996 and 2019 to collect information about the built environment in the past twenty years. The construction permits obtained from the OEA were the starting point of the survey which consists of several parts.

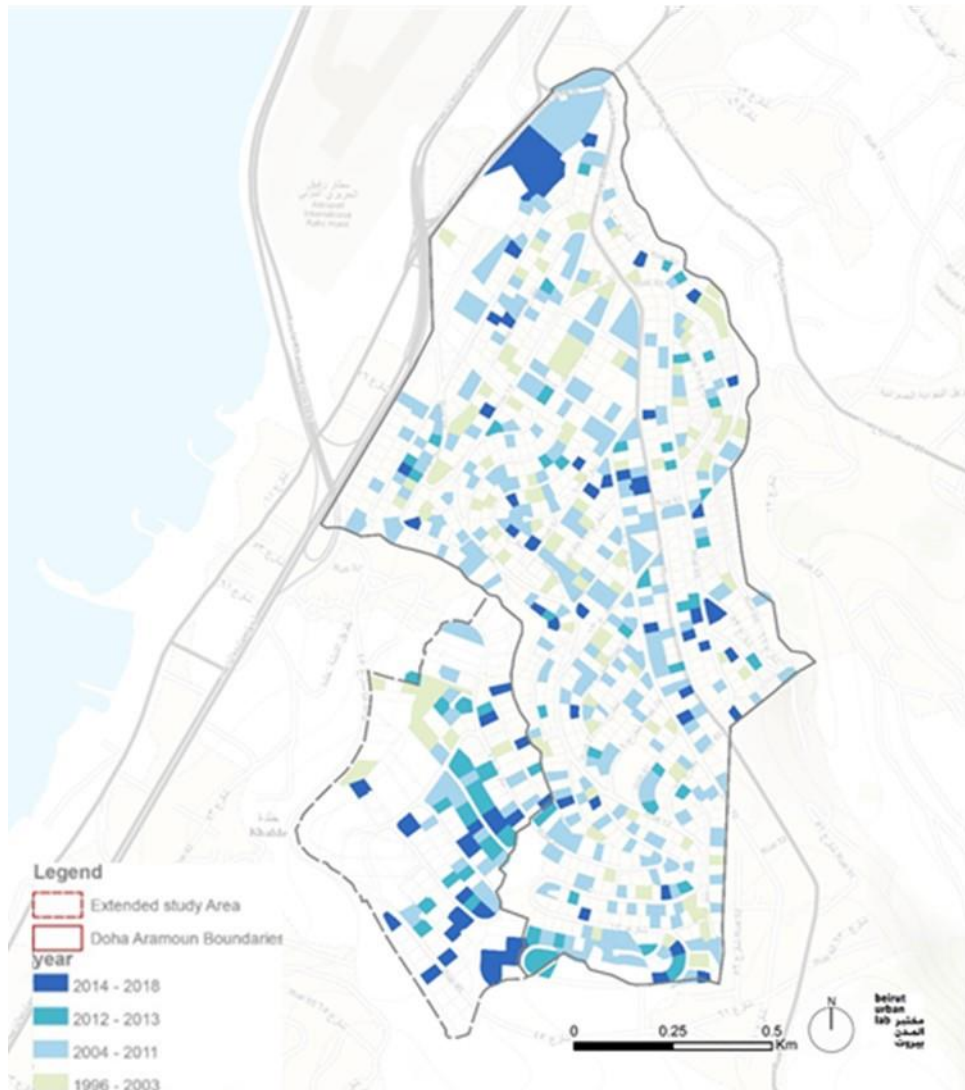


Figure 22: A map that shows the construction permits of Doha Aramoun filed at the OEA between 1996 and 2019. Source: Author, 2020.

The map above (Figure 22), shows the building permits filed in the OEA between 1996 and 2019 and their distribution in the studied area of DA. The number of building permits in this zone exceeds 500 building permits a considerably high number in comparison with the surrounding suburbs like Bchamoun, Khaldeh, and Aramoun. I divided the building permits over four time periods according to several factors such as local and national events, Central bank circulars, building, and planning laws (Figure 23).

In the first period, which expands between 1996 and 2004, the date of the change in building law, about a quarter (23 %) of the building permits were filed. This phase corresponds to the heavy post-civil war displacement of war squatters, when DA and other nearby areas allowed those who were receiving compensations from the state in the aftermath of the war to purchase, often through installments, homes in the city's suburbs (Bou Akar, 2018). The beginning of the period is marked by a severe drop in building permits which extends between 1996 and 2000. It corresponds to the period of the first real-estate crash when an excess of building development had led to a large stock of vacant housing and encouraged the introduction of housing loans. Between 2000 and 2004, the number of permits filed increased timidly. The passage of Building Law 646 in 2004 had a major effect in boosting the number of building permits, as seen in the graph, triggering the second peak on the graph. Besides, Doha Aramoun was able to secure an increase in the total built-up area during the changes in zoning regulation of Choueifat's masterplan in 2004 which allows for more profit and encouraged to invest.

The second period extends between 2004 and 2011. More than half the total number of permits (54 %) were filed in these six years, illustrating the intensification of the building construction activity in this period. This intensification was as explained a

result of the 2004 building law, the expenditure of subsidized housing loans, and the changes in the zoning which made investments in Doha Aramoun more profitable for apartment buildings. The area recorded the highest number of permits in 2008. Yet, after the sectarian clashes that happened in 2008 and the infrastructure project (Telecom network) provided by Hezbollah in 2011, the number of permits started to decrease but remained relatively high.

The third period, which comprises only the years between 2011-2013, represents 13 % of the building permits. I separated this time period from the second one since these two years represented the second peak of building permits. This period corresponds to the aftermath of 2008 and the major influx of capital in Lebanon that had ripple effects on the building industry but had a delayed effect on Doha Aramoun.

The final period which expands from 2013 until now represents 10 % of the total building permits in the past twenty years. It corresponds to the halt in construction activity in DA. This halt in the building activity was caused by several factors. The major factor among them is the reduction of housing loans that started in 2014 and led to a complete cease of loans by 2019, in addition to other regional factors that affected the real estate sector in general in Lebanon causing a crisis that started back in 2012. As we can see in the graph below (Figure 23), zero building permit was filed in 2019, which corresponds to the severe crisis that affected the real estate sector.

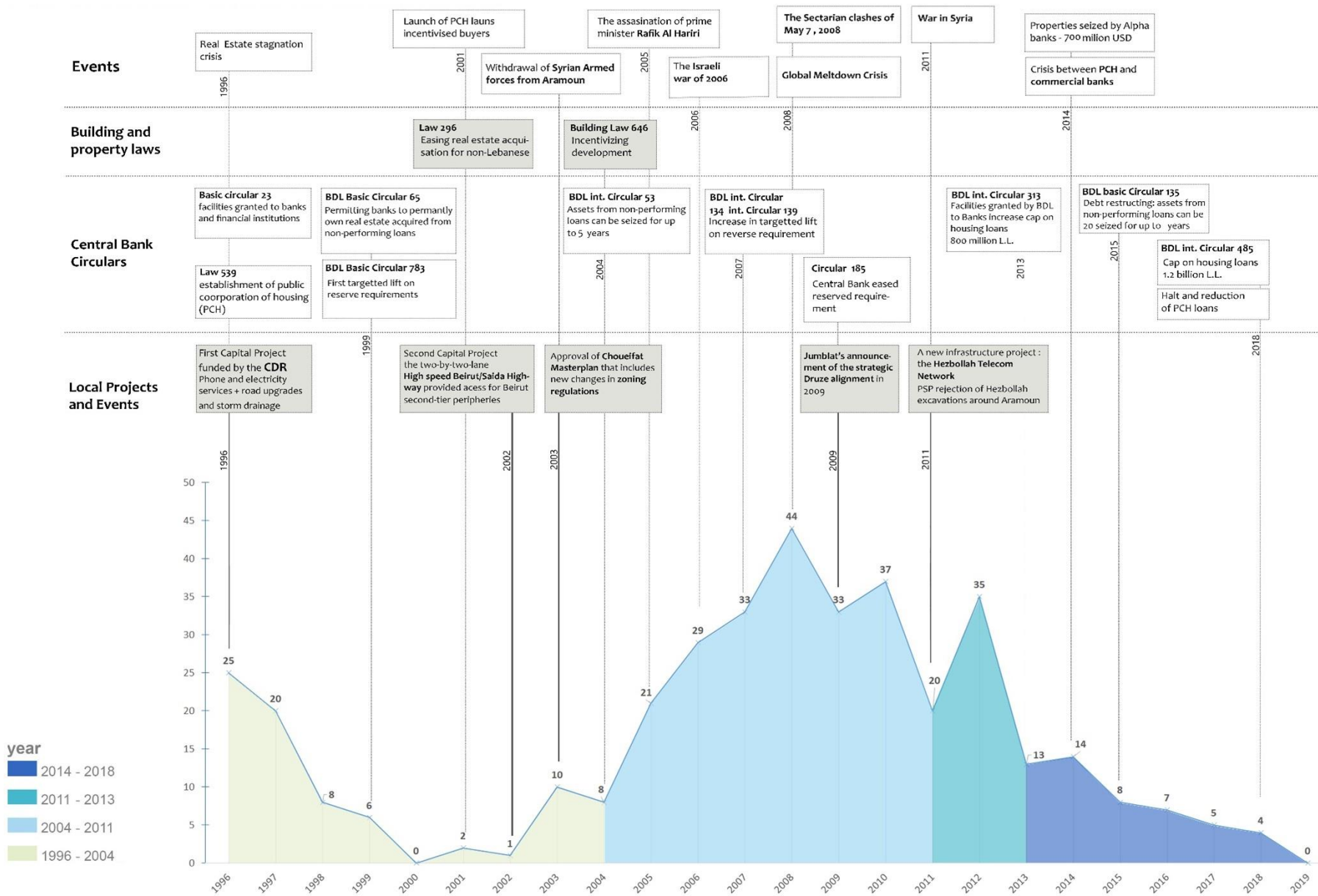


Figure 23: A graph that shows building permits of DA (1996-2019) in relation to public policies and local and regional events between the city and the suburbs.



## B. The physical composition of Doha Aramoun

The high number of building permits since 1996 was translated into the urban fabric of DA. As seen in the map below (Figure 24), 454 building permit sites were visited and surveyed.

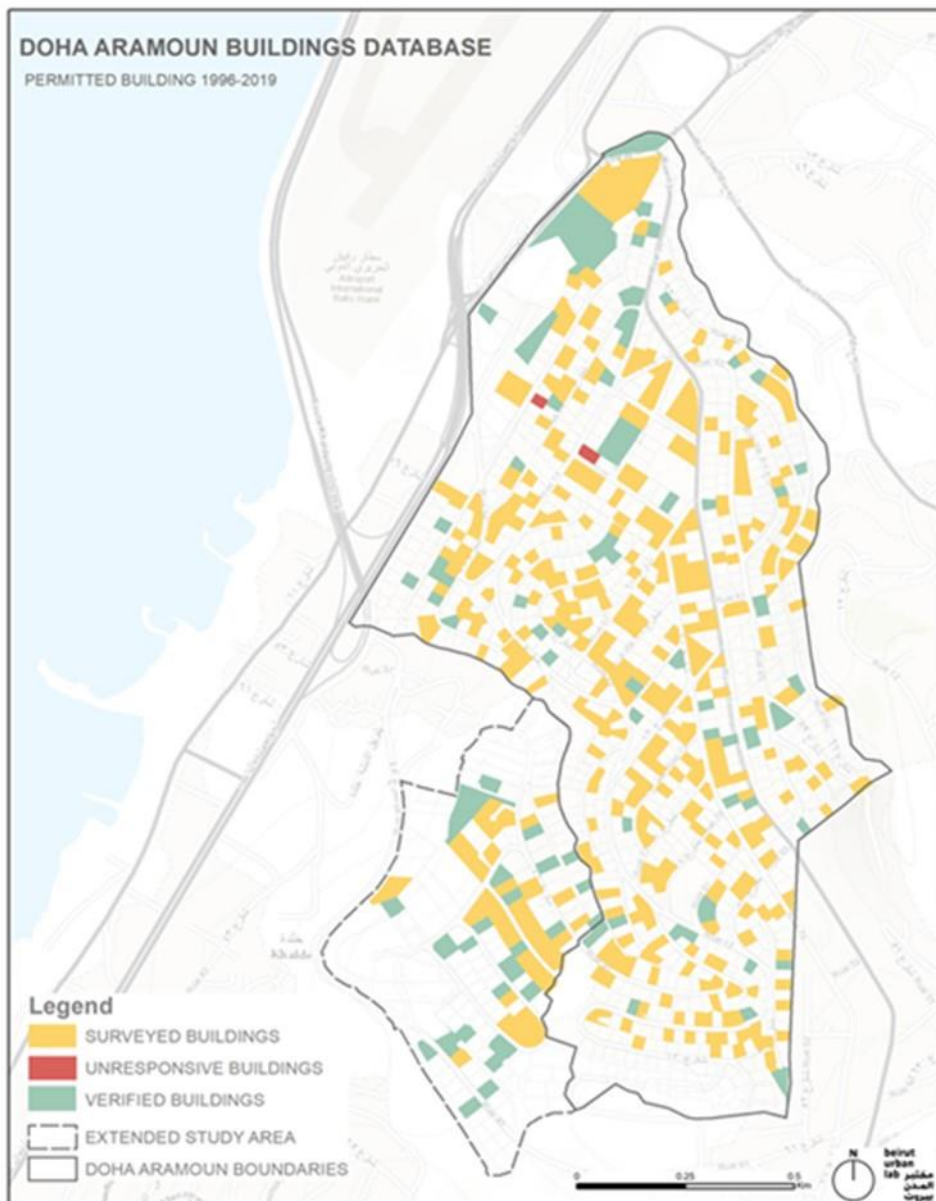


Figure 24: A map that shows the surveyed buildings in fieldwork. Source: Author, 2020.

The findings revealed that 89 % of the building permits are complete residential buildings which are represented on the map in yellow (figure 24). The rest of the permits are either non-residential or empty lots. I classified them under the category “verified buildings”, represented in green, for which I collect only general information. Only two buildings out of the 454 were not responsive at all and I could not find anyone that agreed to talk to in order to fill the survey.

In the case of residential buildings, the first thing to do was to find a resident or a “Natour” building guardian to talk to. Each survey of a residential building takes around 15 to 20 minutes to be filled. In the beginning, the residents and building guardians of the studied area seemed hesitant to share information about their buildings. However, after explaining to them the research and the survey, they typically accepted to respond to all our questions when they knew the answers.

In the second phase, and after collecting detailed information about the surveyed lots, I analyzed my fieldwork findings (Figure 25). The results showed that out of the 89 % residential surveyed permits, 80 % are multi-story residential/commercial buildings, 7 % were under construction at the time of the survey, and hardly 2% were private villas. In sum, the region had fully consolidated into multi-story commercial apartment buildings. The rest of the surveyed building permits varied between non-residential buildings (5 %), empty lots (5 %), and canceled constructions (1 %) (Figure 25). These rates are considerably lower than Beirut, indicating that building activities stayed much stronger in the area than they did in Beirut in the first period of the financial crisis.

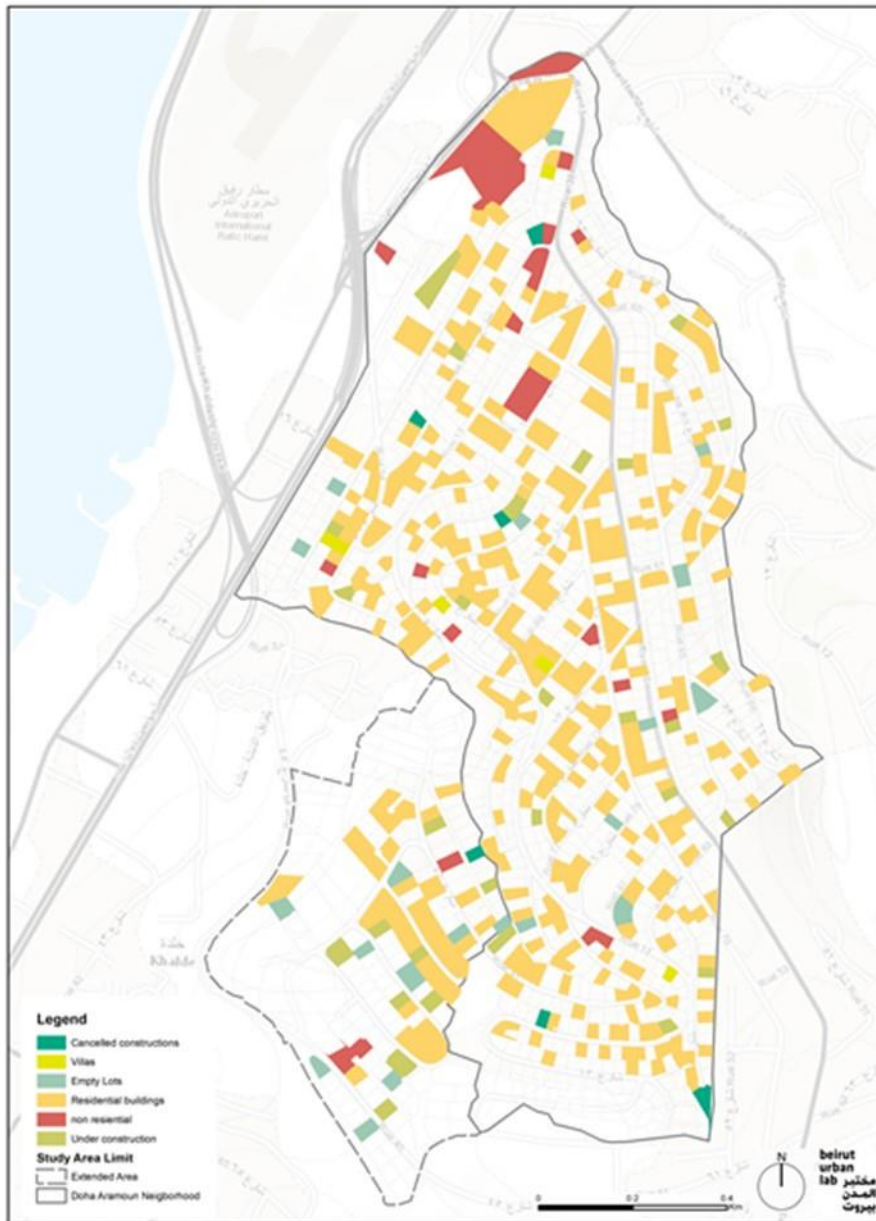


Figure 25: Fieldwork findings. Source: Author, 2020.

### C. Vacancy

Over the past two decades, the built-property has been highly used in Lebanon and elsewhere as an asset where taxes are applied only to the profits exploited from the sale or rent of this commodity (Fawaz & Zaatari, 2020). These practices combined with the BDL incentives encouraged investments in land, ignoring its important social value

as a basic ingredient to improve livelihoods (BeirutUrbanLab, 2019). Under these circumstances, apartments were used as a safe deposit box to store wealth, especially when kept vacant, i.e., untaxed (Fawaz & Zaatari, 2020). Therefore, the vacancy rate factor plays an important role in our understanding of this financialized housing market. According to the Beirut Built Environment Database, the vacancy rates in the surveyed developments between 1996-2018 recorded 23 % in the municipal city, which are considered extremely high. These rates exceed 50 % among the high-end developments which testify to the use of these apartments as a store of value.

Back to understanding the market dynamics in the suburbs, given that it does play an important overflow role to Beirut, my data collection analysis reveals that vacancy rates in DA are lower than municipal Beirut rates. The overall vacancy rates in the surveyed developments between 1996 and 2019 recorded 6.9 % among them 2.9 % sold empty apartments and 4 % unsold (Figure 26).

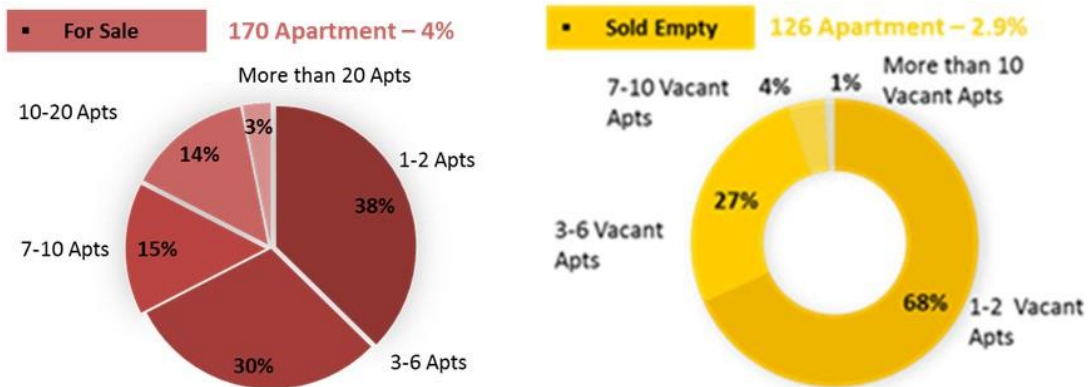


Figure 26: Vacancy rates in DA in addition to the percentage of vacant apartments in each surveyed apartment building. Source: Author, 2020.

The map below (Figure 27) shows the distribution of the unsold and sold empty apartments in the studied locality. The analysis of this distribution reveals the presence of sold-empty apartments overall DA. However, the unsold apartments are concentrated in the newly established areas, such as the extended area of DA towards Khaldeh and The Rafic Hariri dispensary street adjacent to the Beirut-South highway.

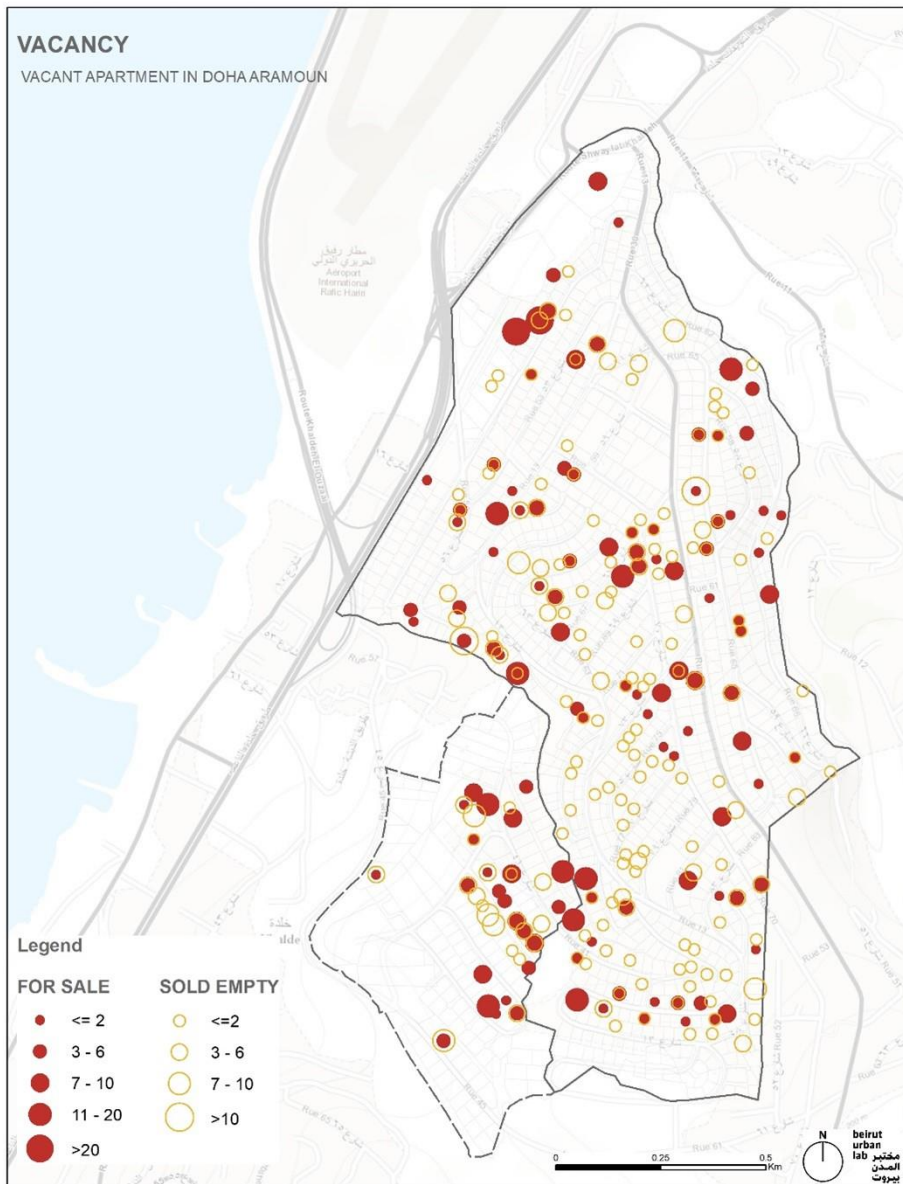


Figure 27: Vacant apartments in DA. Source: Author, 2020.

If we compare the vacancy rates of DA to similar low-to-middle income neighborhoods of Beirut, we can notice that these rates are higher in the capital city. Recent studies by the Beirut Urban Lab tells that vacancy rates reached 15 % in Tarik Jdideh (Mneimneh, 2019) and 25 % in Aicha Bakkar (Zaatari, 2019) among developments executed between 1996 and 2018. These rates confirm our reading of migrations patterns from the low-to-middle income neighborhoods of the city towards an affordable housing market in the southern suburbs of the city.

My recent observation of the market tells me that these vacancy rates are more likely to rise due to several factors. First, the halt and reduction of housing loans have severely affected the sale of housing units in the DA market where most buyers depended on some form of loans. In interviews, many developers revealed that their sales had completely stopped right after the short in housing loans. Another important factor is the departure of Syrian refugees who used to rent in DA after the end of the war in several Syrian areas and the beginning of the economic crisis in Lebanon. Moreover, the ongoing financial crisis that Lebanon is going through has encouraged capital holders to invest in housing units to remove their trapped money from banks, but the purchased units remained vacant since most buyers do not intend to live in these units. Indeed, the informal capital controls forced by the Lebanese banks on their depositors have pushed the latter to buy an apartment through a bank check, as a strategy to release their money and store it in an untaxed vacant apartment. These practices point to the extensive commodification of housing in this market, at the expense of the use-value of the apartments as homes.

#### **D. A formal Market, Legal on the surface but rife with Informal Practices**

Another important characteristic of DA's housing market is the prevailing presence of illegal practices and building law violations. At first look, the housing market of Doha Aramoun seems legal since everyone builds within the legal framework. However, this market is rife with common informal practices that allow the developers to build way beyond the permitted size of their building (Bou Akar, 2018). Bou Akar's study showed how this dominant practice of illegal development increased to an extent that it became normalized and accepted as a widespread profit-generating method. Therefore, what I did during fieldwork is I mapped these illegalities to analyze them.

In my fieldwork, I managed to map two illegal factors that were easy to trace (Figures 28 and 29). The first factor that I took as an illegal indicator is the exceeded number of legally permitted floors. It was easy to trace this factor during fieldwork since I have the original number of permitted floors from OEA. The second factor is the presence of legal water wells in the buildings which I was able to know indirectly by asking building guardians how they secure their daily water. I was concerned first that people will not answer this question since they might relate that I am asking to question the legality of their access to water. However, I was surprised that people were not frightened at all to directly confess that their building has an illegally drilled well.

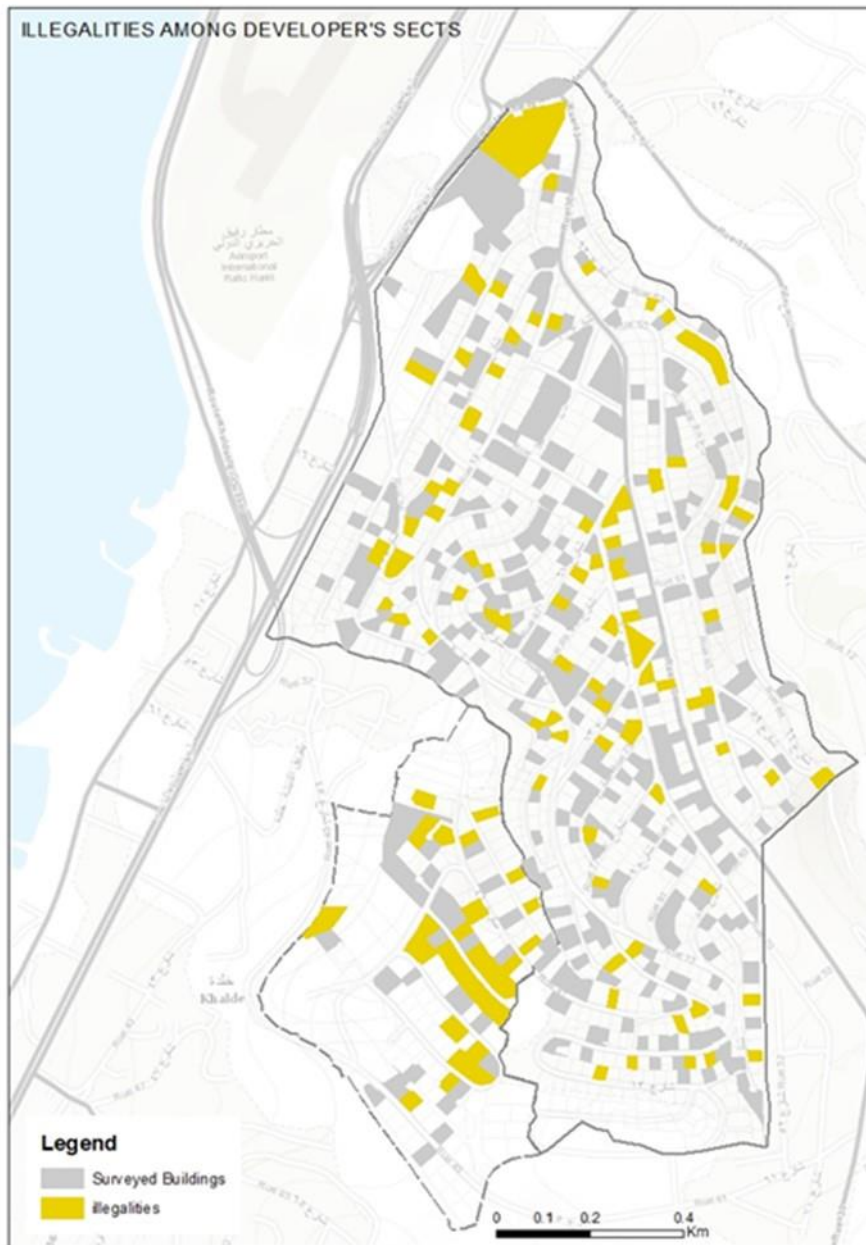


Figure 28: Illegal Buildings with extra illegal floors. Source: Author, 2020.

Bou Akar (2018)'s study of the area informs us well of the dominant practice of illegal development, what she describes as “ballooning”. In this practice, developers typically develop two sets of architectural drawings, one for the permitting, aligned with building law and zoning regulations. The other for actual construction is referred to as “as-built”, which exceeds these developments by several floors and square meters.



However, it was impossible to trace it during fieldwork since this practice requires a deep comparison of buildings' footprints with the original permitted surface of exploitation.

My investigations revealed that one-third of the buildings in the neighborhood exceeds the number of permitted floors. The violations are not restrained in a certain area, in contrast, they are distributed all over the studied locality (Figure 28). Also, according to my field findings, around 80 % of the surveyed residential buildings have their private water wells<sup>13</sup>.

According to a 2011 article in Al Akhbar, the decision of banning water wells in 2010 did not stop anyone from trying to bypass the law. Circular 118 that bans water wells gives the authority only to the ministry of energy and water to give an exemption for a legal water well permit. In fact, according to the same article, there are also other ways that someone can do to make the involved institutions such as the internal security forces to turn a blank eye while the developer digs their wells on the sly. The UNDP published a report in 2016 that estimates the number of illegally drilled wells between 60 000 and 70,000 distributed all over the country and which the southern suburbs of Beirut encompass a big share (Riachi, 2016).

Another interesting practice I found on site is an informal agreement between neighboring buildings that do not have water wells to buy water from the closest building that has one for a monthly stipend. Only 20 % of the buildings are connected to the public water networks and I have heard so many complaints while doing my

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<sup>13</sup> The water wells digged after 2011 are illegal.

fieldwork that the water is not sufficient especially during the long and dry summer months.

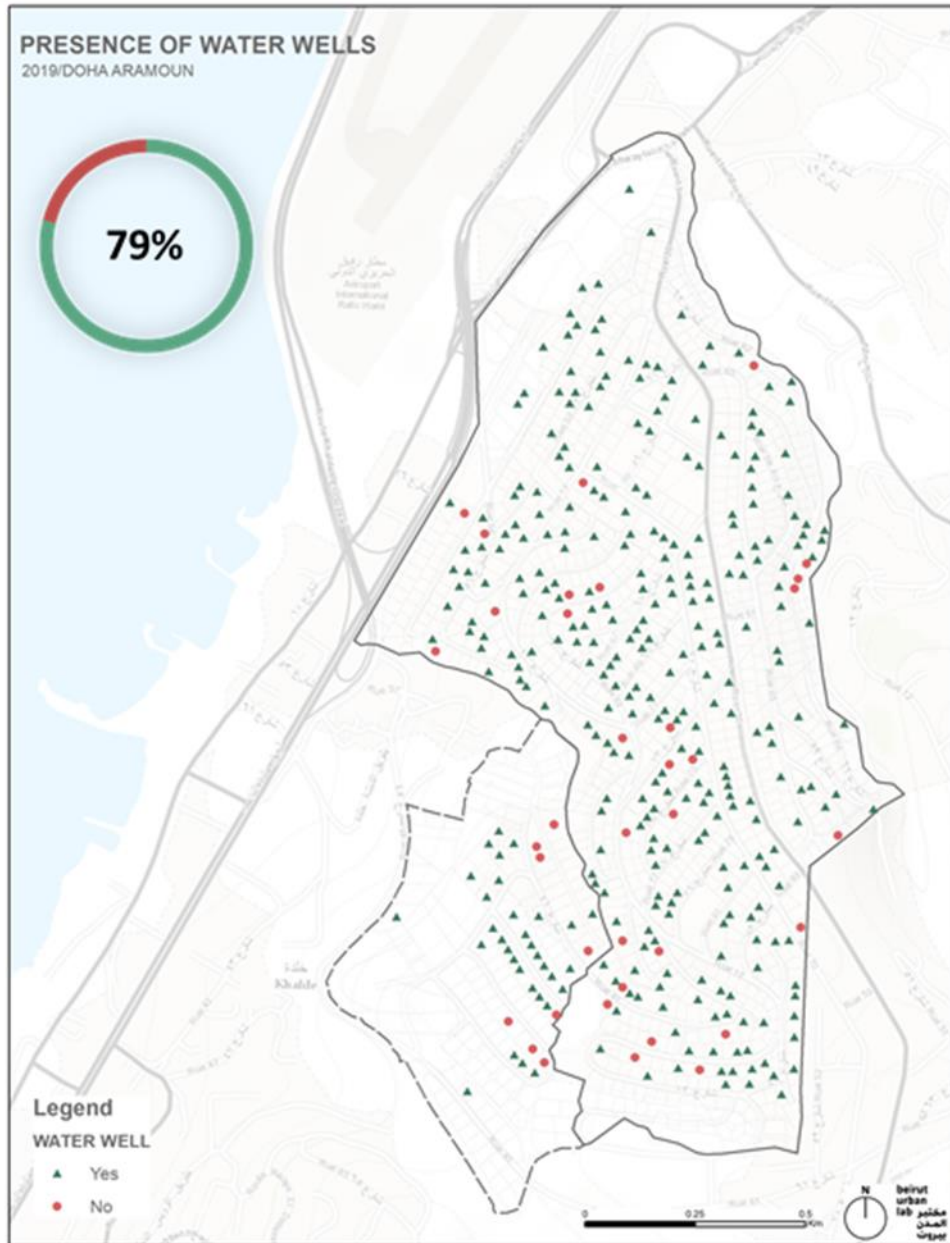


Figure 29: Illegal water wells in DA. Source: Author, 2020.

## **E. Sectarian Identity of Doha Aramoun**

After mapping illegalities, I was curious to see to what extent sectarianism works in these specific old and multi-layered subdivisions. After profiling each developer of each surveyed residential building, I was able to identify the sects of real estate developers. And what I discovered in this locality is a striking mixed-sectarian identity. Not only having a diversified profile of different sects but also including a wide variety of national developers from the Arab counties (Figure 30).

The map below shows the distribution of developers from different sects over DA. We can see that there are no clusters where developers from a certain sect only operate meaning a clear cluster of Shiite or Sunni, Druze, or International developers in a specific area. In contrast, the area is very heavily religiously mixed. Probably owing to the fact that it was an old subdivision where land ownership was already distributed before the geography in this area is particularly distributed. This finding is not generalizable to other surrounding areas where visible clusters of religiously homogeneous groups have been documented.

I was also able to uncover some interesting partnerships between developers from different sects that illustrate how developers exploit sectarian, political, religious lines but transcend them when they need to extend their geography of work. These practices will come in detail in the next chapter when I profile DA developers.

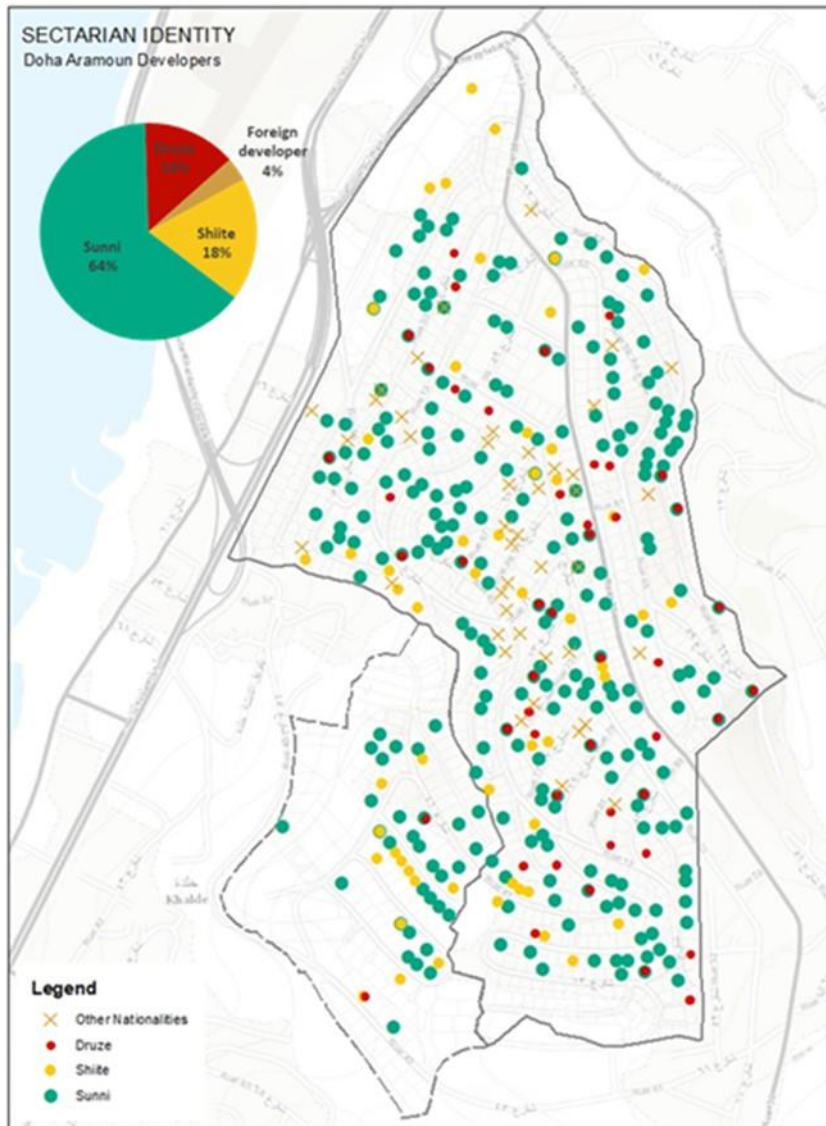


Figure 30: A map that shows developers’ sects for each of the surveyed developments. Source: Author, 2020.

Bou Akar (2018) also argued that sectarianism plays a critical role in planning the southern suburbs of the city. She explained that during the years of the 1950s and 1960s, and for a brief moment, DA claimed a mixed international identity where it was home to local politicians and international ambassadors. However, after the outbreak of the Lebanese civil war, this locality constituted a refuge for displaced Lebanese and Palestinian Sunnis from the heavy fighting in West Beirut (Bou Akar, 2018). At this point, and after this war-induced migration, DA started to establish its Sunni identity.

This vision was also empowered when the grand Mufti Hassan Khaled, a prominent Sunni anchor, moved to DA and a significant number of Sunnis mosques and Institutions followed him (Bou Akar, 2018).

Bou Akar explained in detail how DA was part of several capital projects known under the name of “Sunnification of the area” when the late Rafic Al Hariri became prime minister in 1992. Two years later, a complete capital project was launched through the council for development and reconstruction (CDR) to provide the area with all infrastructures needed. Bou Akar argues that the vision of Al Hariri was to transform DA into an affordable Sunni suburb by allocating a second big capital project through the National physical Master Plan that highlighted the area as a priority for state development funding.

After the Hariri Capital projects, especially the 2002 two-by-two-lane high-speed Beirut-Saida Highway, DA became *a not-so-distant periphery of west Beirut* and started to attract people from different places. Many Druze families from Rachaya and Hasbaya who wanted to be closer to Beirut, Sunnis displaced by postwar reconstruction projects, and most recently joined by Shiite who escaped the congested Dahiya to a less segregated area (Bou Akar, 2018). Bou Akar recognized this moment after the new wave of middle-income Shiites as the start of the transformation of DA into a sectarian frontier.

Bou Akar’s interesting analysis of DA’s sectarian identity encouraged me to investigate the collected information about developers' sects to see how the territorial sectarian divisions materialize. I have dived into these numbers to see how the numbers reflected this reality. In the graph below (Figure 31), I show the number of operating

developers from each sect who applied for a building permit, year by year. The biggest curve in blue-green represents Sunni developers, the next one in red represents Druze developers, the yellow refers to Shiite developers, and finally, the grey curve in the background represents the foreign developers.

I found that the distribution over time is relatively constant in the Sunni, Druze, and Foreign developers. However, we can clearly see that fewer Shiite developers were given permits in the years 2006 and 2007 and the years after the sectarian clashes of 2008. The predominance of the Sunni culture of this neighborhood started before the influence of Hariri. However, this number of Sunni developers was significantly high (17 developers) after the first capital project of the CDR in 1996, and heavily peaked (from 0 developers to 8) by the second capital investment of the high-speed highway in 2002.

This graph confirms Bou Akar's reading of the area and illustrates it in numbers. The graph also shows that some Shiite and Druze developers were operating in DA before the early 2000s, but their presence was very humble in comparison with Sunni developers. This graph also illustrates that this area came from the migration patterns of Tarik el Jdideh and Aicha Bakkar and other low-to-middle-income Sunni neighborhoods of the city where vulnerable people were priced out of municipal Beirut (Mneimneh 2019, Zaatari 2019).

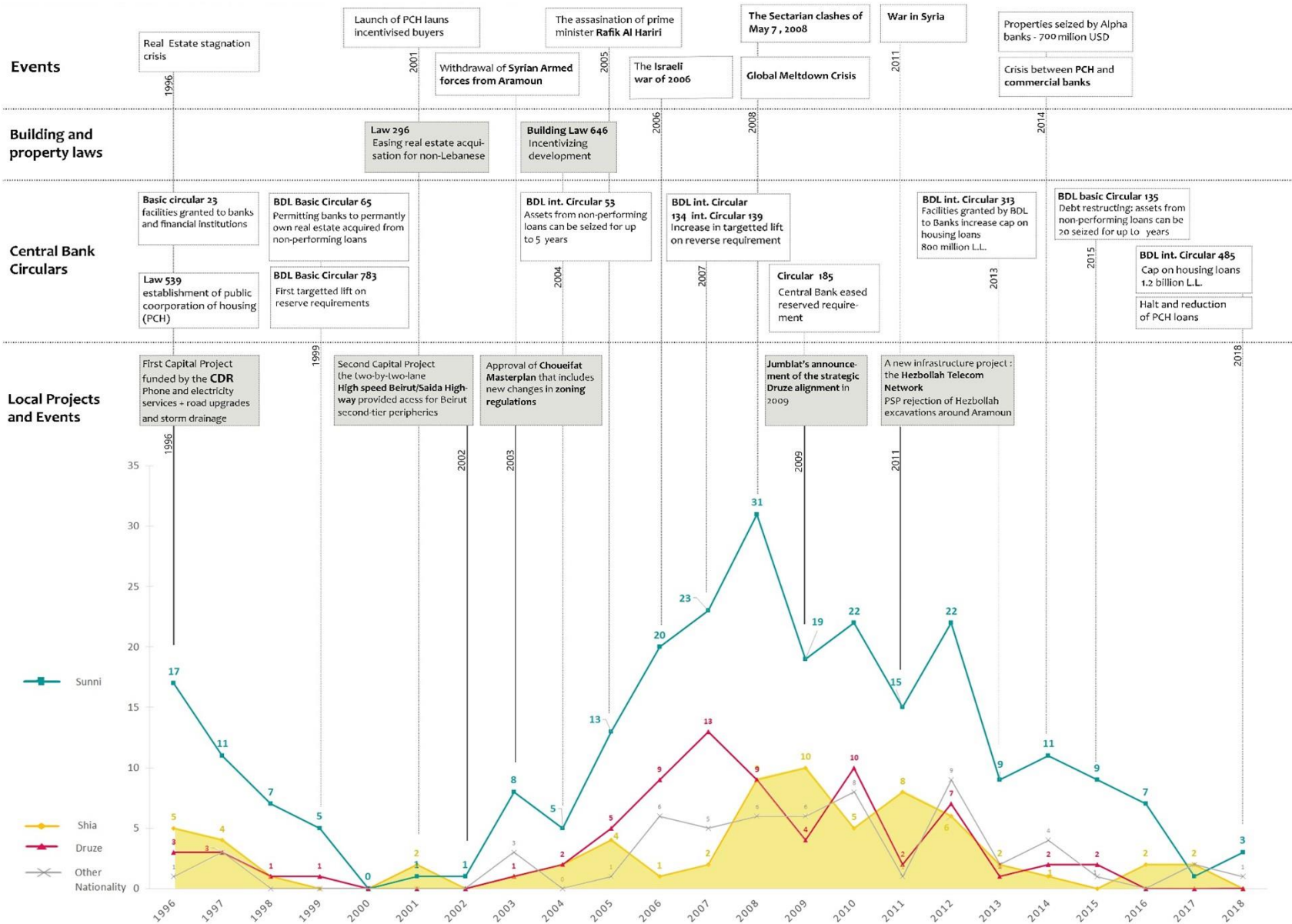


Figure 31: a graph that shows the number of developers operating each year according to their sects and in relation to public policies and local and regional events. Source: Author, 2020.

## F. Mechanisms of Financing: Forward payment projects

Forward payment projects or in other words preselling on the map is an essential indicator to map social networks. In general, buying an apartment in the construction phase is a well-known trend that mostly occurs in low-to-middle income neighborhoods. People would prefer this method since it allows them to pay a part of their apartment price, secure their shelter ahead of time, and get a discounted price from the developer who is mostly in high need of this money to proceed with construction works. However, this process requires a trust relationship with the developer since the buyer cannot see the end-result of his apartment.

My findings show that a relatively high number of developers manage to presell their projects on the map before the competition of concrete works, estimated at around 30 % of the surveyed residential buildings (Figure 33). This percentage is very low if we compare it to the percentage of forward-payment projects in Aicha Bakkar which were estimated to 86 % of the surveyed buildings from 1996 until 2018 (Figure 32).

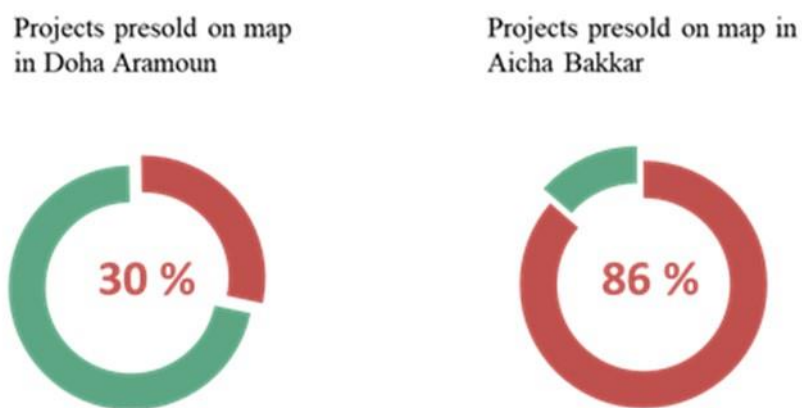


Figure 32: Percentages of projects presold on a map in DA and Aicha Bakkar.



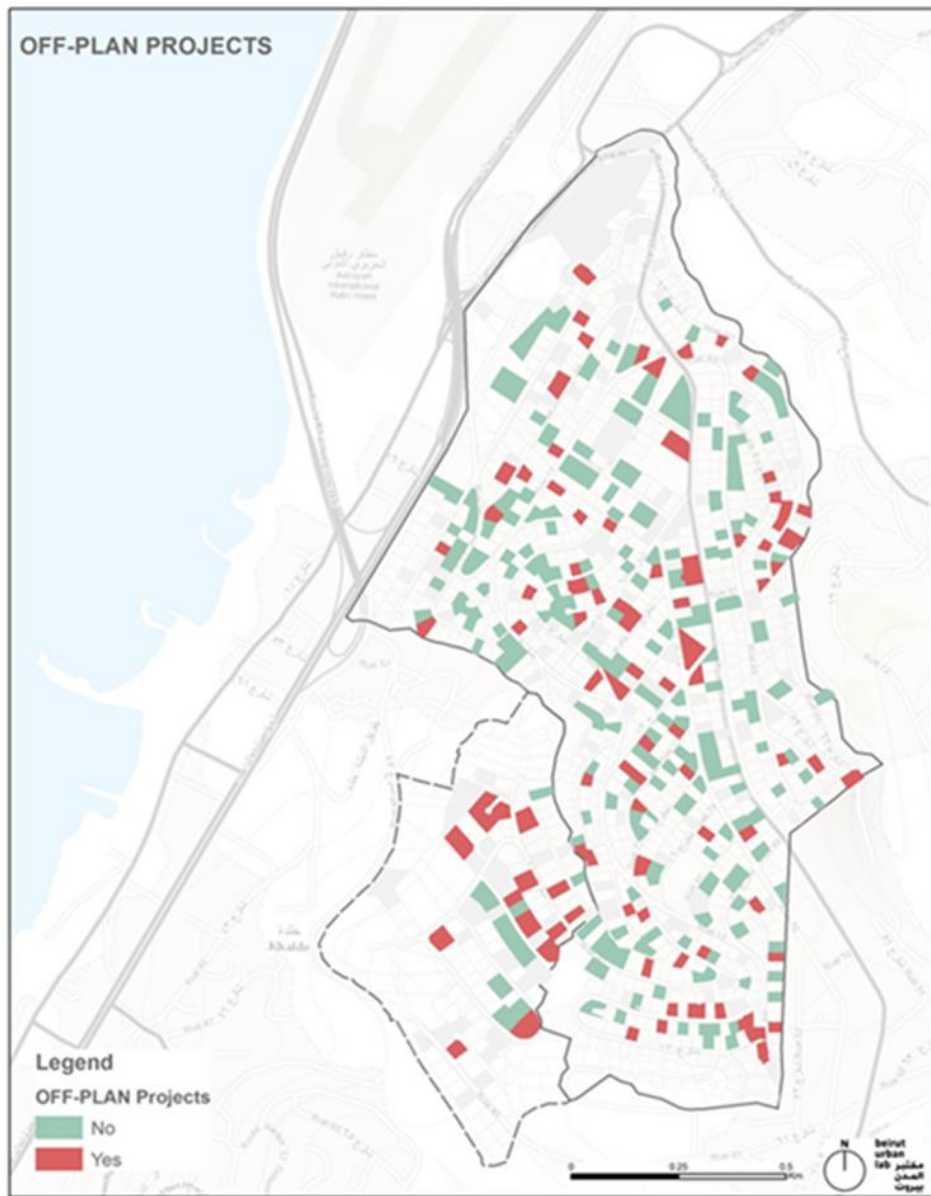


Figure 33: Distribution of developers adopting the preselling on map. Source: Author, 2020.

## **G. Dependency on Housing Loans**

The high dependency on housing loans is an integral characteristic of DA's housing market. During my conversations with several developers, they disclose that inflation of housing prices in the city was a primary reason that encouraged developers to shift towards investments in the suburbs where housing loans are more accessible to the low-to-middle income classes.

### ***1. Types of Housing Loans***

There are several types of housing loans among them the loans for military forces, the loans provided by the Public corporate of Housing (PCH), the loans subsidized by the central bank, and other commercial loans by banks. In my study, I accessed only the PCH loans data, which represent around 29% of the total number of housing loans filed in Lebanon until 2018 (Al Akhbar Newspaper, 2018).

### ***2. The PCH Subsidized Housing Loans, Mapping a Testimonial Type***

Many scholars defined the Public Corporate for Housing (PCH) as the most important post-war institution created by the Lebanese State to expand the housing market to lower-income groups (Krijnen, 2016; Marot, 2018). The institution was created in 1997 at a moment where the housing market witnessed its first crash leading to an excess of building development and a large stock of vacant housing (Krijnen, 2016). The goal behind the formation of such an institution was to secure and subsidize mortgage loans issued by local commercial banks to incorporate a wider range of buyers. Accordingly, the distribution of the first PCH-subsidized housing loans started in September 1999 (Marot, 2018) and the numbers increased year after the other.

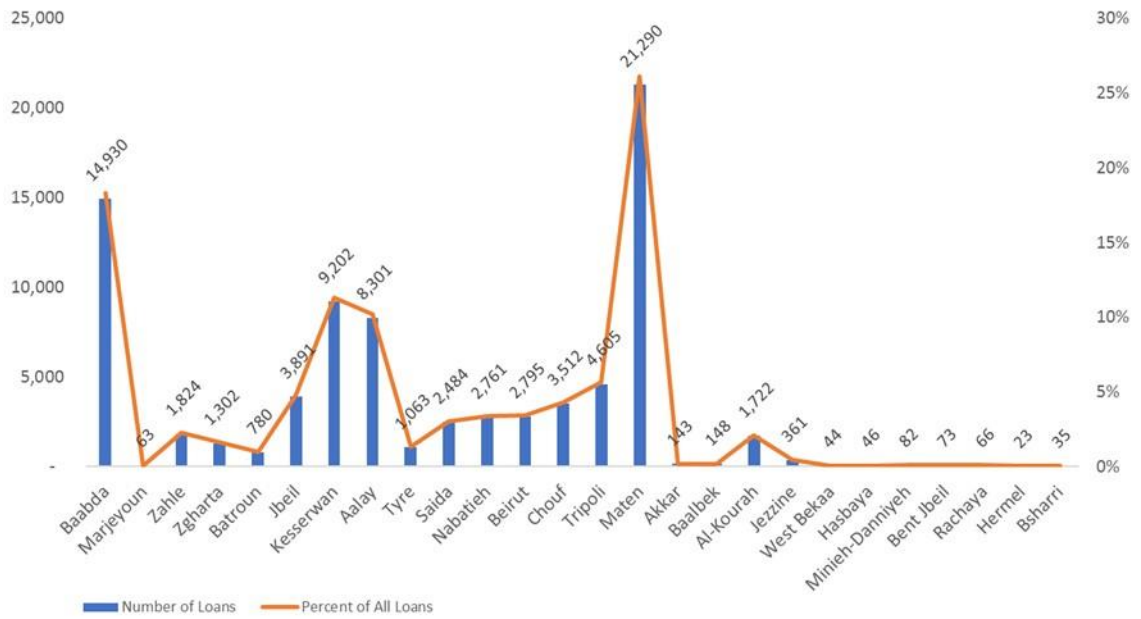


Figure 34: Number and percentage of the obtained PCH housing loans in the districts of Lebanon since 1997 until 2019. Source: Beirut Urban Lab, adjusted by Author.

According to the obtained data from the PCH, the filed housing loans are concentrated in the districts that incorporate the immediate and far suburbs of the capital city. Aley, the district where DA falls within comes in fourth place with more than 8300 housing loans a share of 12 % of the total number of housing loans in Lebanon. The first three districts with the highest shares of loans are Metn, Baabda, and Kesserwan, which recorded 25%, 19%, and 14% respectively. These numbers illustrate the turnout of people towards more affordable markets in the suburbs.

The map below shows the distribution of housing loans in DA and the surrounding area. We can see that DA is one of the areas which englobes a good concentration of acquired housing loans. The loans are distributed across the locality in all neighborhoods. In order to understand the city/periphery relation, I compare the filed housing loans between Beirut and Aramoun and Choueifat (The districts DA falls within) over the years.

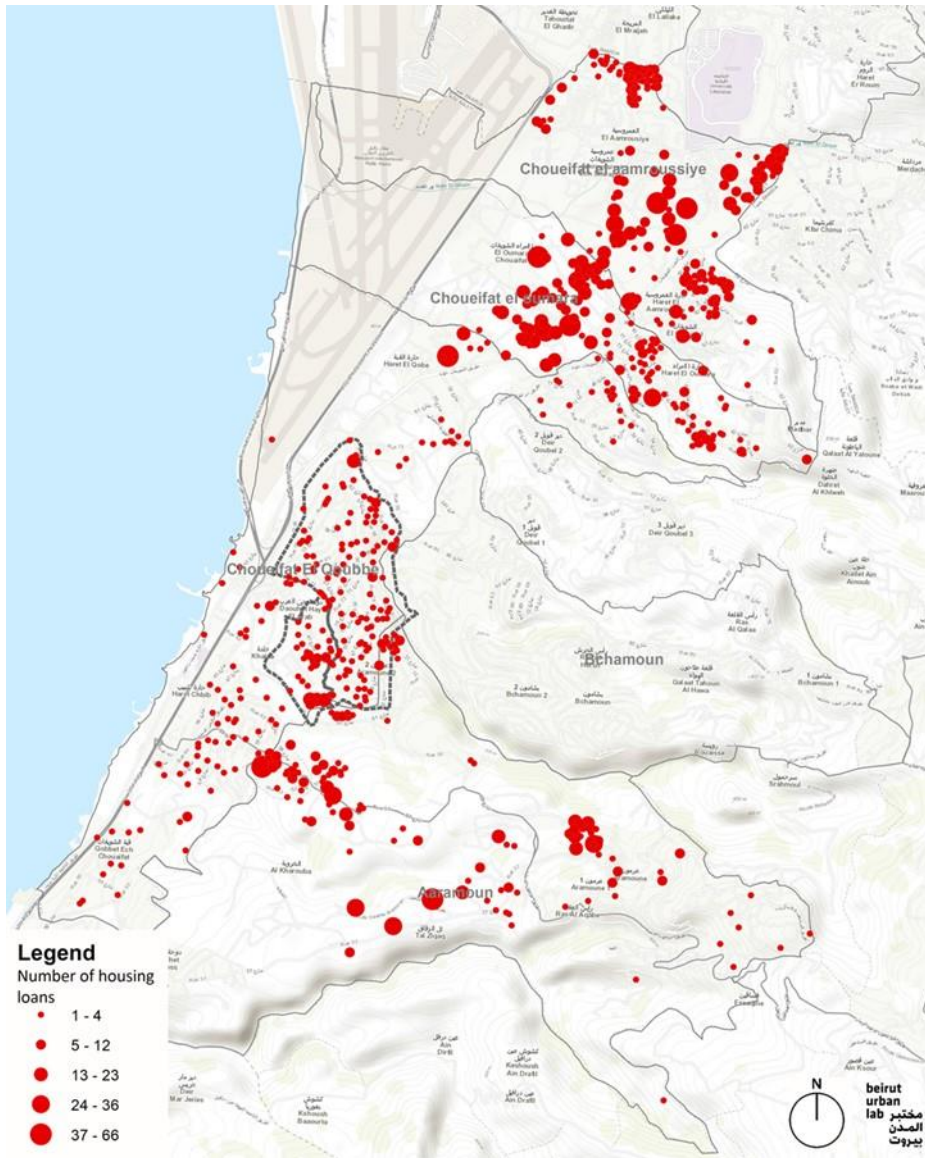


Figure 35: Distribution of PCH housing loans in Choueifat and Aramoun. Source: Author, 2020.

The charts below (Figure 36) showed that Aramoun and Choueifat recorded the highest overall number of housing loans. we can also see that while Beirut’s peak in housing loans was in 2008, Choueifat and Aramoun peaked in 2016 and 2017, demonstrating the flows of migrations towards the suburbs after the high increase in real estate prices. The loans affirm the shift of capital from Beirut towards the suburbs

directly after the start of the real estate crisis in the city illustrating the role of these loans in this attraction of developers and buyers towards the suburbs.

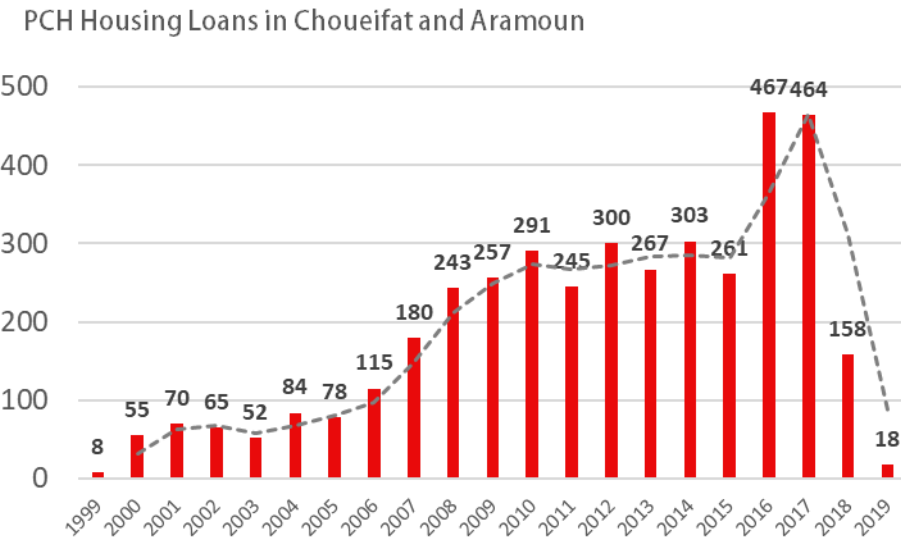
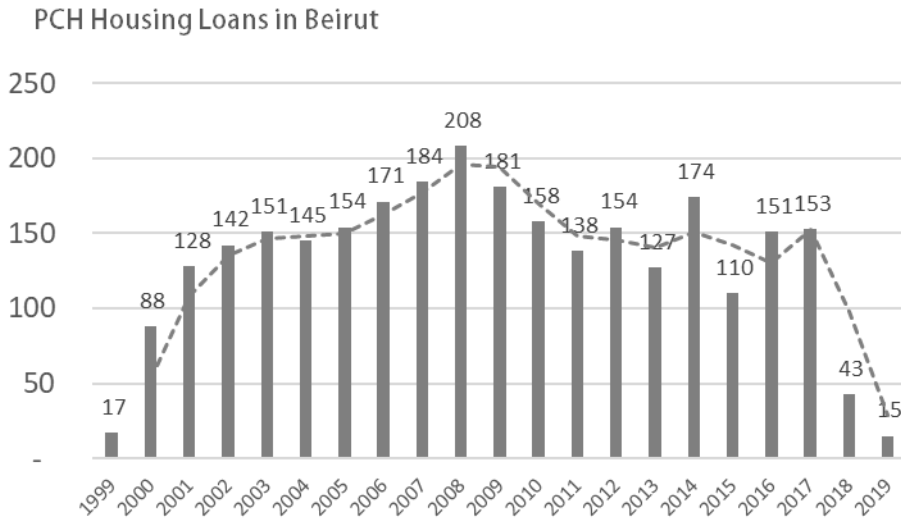


Figure 36: Comparison of the PCH loans in Choueifat and Aramoun with Beirut.  
Source: Author, bases on PCH records.

## CHAPTER IV

### PROFILING DOHA ARAMOUN DEVELOPERS

In 2017, researchers at the Beirut Urban Lab launched a study that looks at the “*Actually Existing Financialization of Housing*”, arguing that class and family distinctions, informality, sectarianism and political networks, and other forces shape the penetration of capital across and within cities (Fawaz M. et al, 2017). This approach follows and extends the work of scholars like Raquel Rolnik or Manuel Albers who have denounced the impacts of financialization on the housing sector.

As outlined in the literature review section in the thesis’ introduction, Aalbers (2016) defined financialization as the rising dominance of financial actors and practices (e.g. banks, mortgages, etc.) on national and urban economies, including land and housing markets (Aalbers, 2016). Applied to the housing sector, the mechanisms of financializing have transformed deeply cities, inducing more inequity in their housing markets by constraining supply and generating unrealistically higher prices, consequently exacerbating the housing crisis globally (Madden & Marcuse, 2016).

This study relies on (socially embedded) actors, specifically “developers”, as an entry point to the investigation of housing market dynamics (Fawaz M. et al, 2017). It is even more important to focus on developers’ roles, in a context where the national government never articulated a housing policy, engaged in the production of housing, and where we have little information about actors involved in this production (Fawaz, 2013). Therefore, the practices and strategies of real estate developers are central to

understand the production of space in the city, whereby it has become impossible to understand urban production through passive analysis only (Brandesen, 2001).

The study follows on several studies that have looked at Beirut's housing market. Among those, a handful of Ph.D. dissertations explored the high-end markets real-state of Beirut (Ashkar, 2018; Krijnen, 2016; Marot, 2018). Moreover, Mneimneh (2019) and Zaatari (2019) investigated the penetration of capital in the middle-class segments of the housing market. Their work unraveled the specificity of these middle-income neighborhoods, showing their spatial localization in the city, the profiles of social agents/developers who operate in each of these segments, and how these agents secure their positions in the housing markets. Moreover, Mneimneh's research unveiled a substantial circulation of housing agents/residents between other low-to-middle-income neighborhoods, within the Greater Beirut Area' periphery<sup>14</sup>. Wherefore, it became essential to study housing markets/actors within Greater Beirut in the "suburban" context, a place that has been intensively acting as the "overflow" of the city over the past three decades.

This chapter inspects the strategies and practices of real estate developers of low-to-middle-income subdivisions in Doha Aramoun. I look specifically at how these land developers operate in what Ward and Jones (1994) have termed as *a segmented land market*, meaning a housing market where clients and developers do not shift across price brackets and/or geographies. Ward and Jones (1994: 19) argued that housing markets are animated by "*a wide range of actors, agents, and social relations; degrees of formality and legality; different methods of financing land acquisition; and complex*

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<sup>14</sup> The Greater Beirut Area (GBA) is an ill-defined geographic extension that roughly includes the lower parts of the Cazas of Metn, Baabda, Aley and Chouf. The GBA includes at least 63 cadastral zones and has a surface area of 233 km<sup>2</sup>, and hosts suburbs fall within Mount Lebanon.

*patterns of negotiation and regulation with local institutions, etc.*” (Jones & Ward, 1994). Building on this approach, Fawaz (2008) profiled developers through the networks that supported their production of housing and, more generally, their intervention in the housing market. In that same approach, I profile in this thesis the details of the real estate developers who operated in DA in the pre-civil war era, following the same method developed by the BUL research team in Beirut. This method distinguishes across developers according to four main parameters: (i) their sources of finance, (ii) their building activities, (iii) their company profile, and the (iv) developer’s personal profile (i.e., his education, personal trajectory, and political, religious, and social networks).

By investigating the developers along these four lines, I was able to roughly define three main groups of developers in the studied locality of DA which I will provide a detailed description of in this chapter. This profiling allows us to unravel the way in which the development industry operates and how it inscribes itself within existing networks of relations and power that otherwise govern and connect the city and its peripheries.

Accordingly, in this chapter, I dissect the organization of the growth machine that supports housing development in my study area. The chapter is divided into two main sections. The first section describes the three groups of developers found in DA, their entry to the development market, their profiles, their professional trajectories, and if they interlink with municipal Beirut developers. The second section then interprets the developers of the peripheries by disclosing who can develop and sustain in the suburban market and the kind of networks needed to make a profit and gain control over the market.



## A. Defining Parameters

I began by mapping the networks through which each of the 72 developers operates as central actors in the district of DA. I looked at how the networks facilitate their access to the necessary ingredients of housing production, such as land, finance, building, or clients. Based on these readings, it became possible to distinguish across multiple developers' types, each of which embodies a particular process of building development. These profiles, in turn, inform us of the anatomy of power that organizes the market of this periphery of Beirut and its subordinate relation to the market of the capital city.

I distinguish across developers according to four main parameters. The first parameter is based on the developers' *sources of finance* to look at their individual development trajectories. For example, how and where they brought their funding, whether they are themselves connected to investors, banks, other financial institutions, or whether they are businessmen reinvesting their capital earned in a different sector of the economy, local or international.

The second parameter inspects each developer's *company profile*. The first aspect to check is whether they have a legally registered company at the commercial registry or do their work casually. We check if they use special-purpose vehicles and if they include their family members as shareholders in the company. We also investigate the company's online presence, verifying whether it has an online website or a social media account across all platforms. Finally, we look at the company's networks and links with other development companies inside and outside the country.

Third, I looked at each “*f g x g n q r g*” For instance, how they learned the profession. I also checked if they have open connections with important social institutions, political parties, or religious organizations. If not, I checked if they operate and partner with people who are connected to social, political, or religious organizations. Furthermore, I looked out if they have a politician involved as a shareholder or member in the registration of their companies. For example, deputies, ministers, prominent political leaders....

The final parameter is based on the developers’ “*building activity*” to know when the company and/or the individual first entered the market and the locations of their building inside and outside the country.

## **B. Profiling Doha Aramoun Developers:**

As noted earlier in the first chapter, I was conducting interviews randomly with developers and after the outbreak of COVID-2019, I switched to the online profiling method. In the beginning, I had to come up with a new strategy for selecting developers to profile them with my new method. I started first by cross-checking the developers who operate in Municipal Beirut since my research was initially triggered by this circulation of actors/residents between the city and the suburb. Besides, I intended to trace the geography of work of this City/suburb group of developers, so it was necessary to start with this category. After finishing this group of developers, I chose to proceed with profiling developers who developed more than three projects since they have built a big share of developments in the studied locality. Then, I moved afterward

to profile as many developers as I could through their online presence<sup>15</sup>. I was able to profile 65 other developers in addition to the 7 conducted interviews.

### ***1. Overview of DA Developers***

At the first glance and looking generally at the developers operating in DA, we notice three main types of developers who operate simultaneously in the affordable subdivisions of Doha Aramoun. These include a significant number of long-term (1) *Professional developers* who have established their primary work in building development since the 1970s, a handful of (2) *amateur developers* who have managed recently to penetrate the housing market, and (3) *businessmen/developers* or *Businessmen/building industry-developers*, individuals with capital collected in other development industries who have extended the scope of their work to intervene as builders in the real estate sector. All three developer types are common in Beirut Municipal proper, as shown in earlier studies. However, I note that unlike Beirut, where banks and investment companies figure as a clear-cut category, there are no such profiles in DA.

In addition, I identified a group of *owners-builders*, families who moved out of Beirut to build a family building in which they dwell as relatives in proximity to Lebanon's capital city. Owners-builders in DA do not build for profit. This group of individuals includes people who were expelled out of the city, whether displaced by the war or priced out by the late housing crisis. Those individuals managed to buy affordable land in the landscapes of DA and have built apartment buildings for

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<sup>15</sup>

My choice was also affected by the availability of online information about the chosen developer.

themselves and their kids and most of them are still living there. In some cases, these families might sell an apartment or two to support their project for profit, but they would be keen on selling them to “good neighbors” and most of the apartments are for family members. In sum, they distinguish themselves in their approach of land as a place to live and not as a business. Owner builders develop only one building. For this reason, I did not count them with the other categories.

## ***2. Size and Geographical Distribution of the three typologies***

The map below (Figure 37) shows the distribution of the groups over the studied locality. The biggest share of building development in the surveyed subdivisions was conducted by *amateur developers*, or –as explained above- developers with limited prior experience in the sector. Looking at the total number we can see that at least one in two developers is an amateur (54%), yet they had only built less than a fifth of the developed projects in DA (18%). It is noticeable that the penetration of this group of individuals in the housing development market coincides with the boom years, suggesting that they were attracted to the business by the lucrative prospects generated by the incentives to the sector. Targeted interviews with amateurs suggest that they had chosen to intervene in the DA’s housing market rather than in Beirut because the price of land is way cheaper than the capital city, but also because the permitting process is simpler, and the sale of apartments is more secure through the availability of housing loans.

The second-largest group found in the subdivisions of DA are *professional Developers*. They constitute less than 1/5 of the 200 developers (17%), yet they are responsible for more than half of the constructed projects.

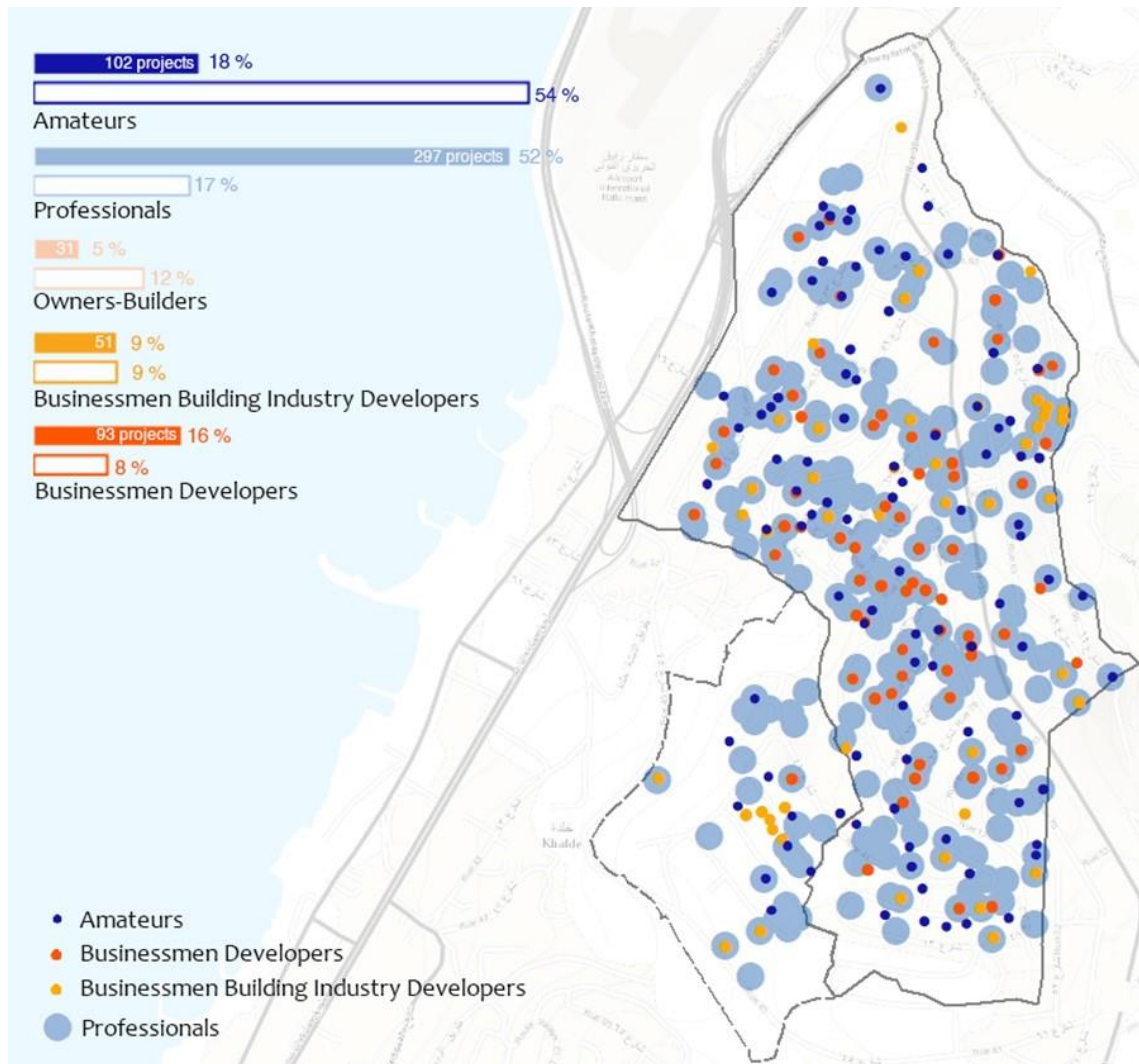


Figure 37: Categories of developers in DA and the share of the projects they developed. Source: Author, based on field survey.

In the third place comes the Owners-builders which represent 12 % of DA developers, yet they had built the smallest portion of developments, 5% only. The fourth- place was taken by the Businessmen/building industry-developers who represent 9% of the developers and have built 9% of the developments. And finally comes the Businessmen/developers who constitute 8% of DA developers but had built a not bad portion of developments (13%).

### ***3. Mechanisms of Developments***

I investigated the mechanism of development, mechanisms of financing that unravel two important factors: (1) the influence of national financialization policies on the sector and (2) the degree of formalization of this sector.

With financialization, costs of building development boomed exponentially all over the capital city. In Beirut, attracted banks and investment companies, etc. In addition, we found developers to articulate new strategies through which they could socialize or reduce risk and secure capital. What about this suburb?

The map below (Figure 38) shows the distribution of developers according to the mechanisms of development they adopt. We can see that most developers (77 %) work alone, without a partner. Yet, we can see the partnership of two developers and sometimes many developers when the lots that have a large area and their development requires more money. When it comes to the development-owner partnership we can see that this partnership is very rare (4%). This partnership occurs mostly when owners of old villas in strategic locations decide to turn down their individual houses and partner with a developer to make some profit (Bou Akar, 2018).

Developments developed by owners are also limited in DA (8%). They are also distributed randomly in the locality and most of the time the owners are family relatives and very close friends who are developing to live and not to sell.

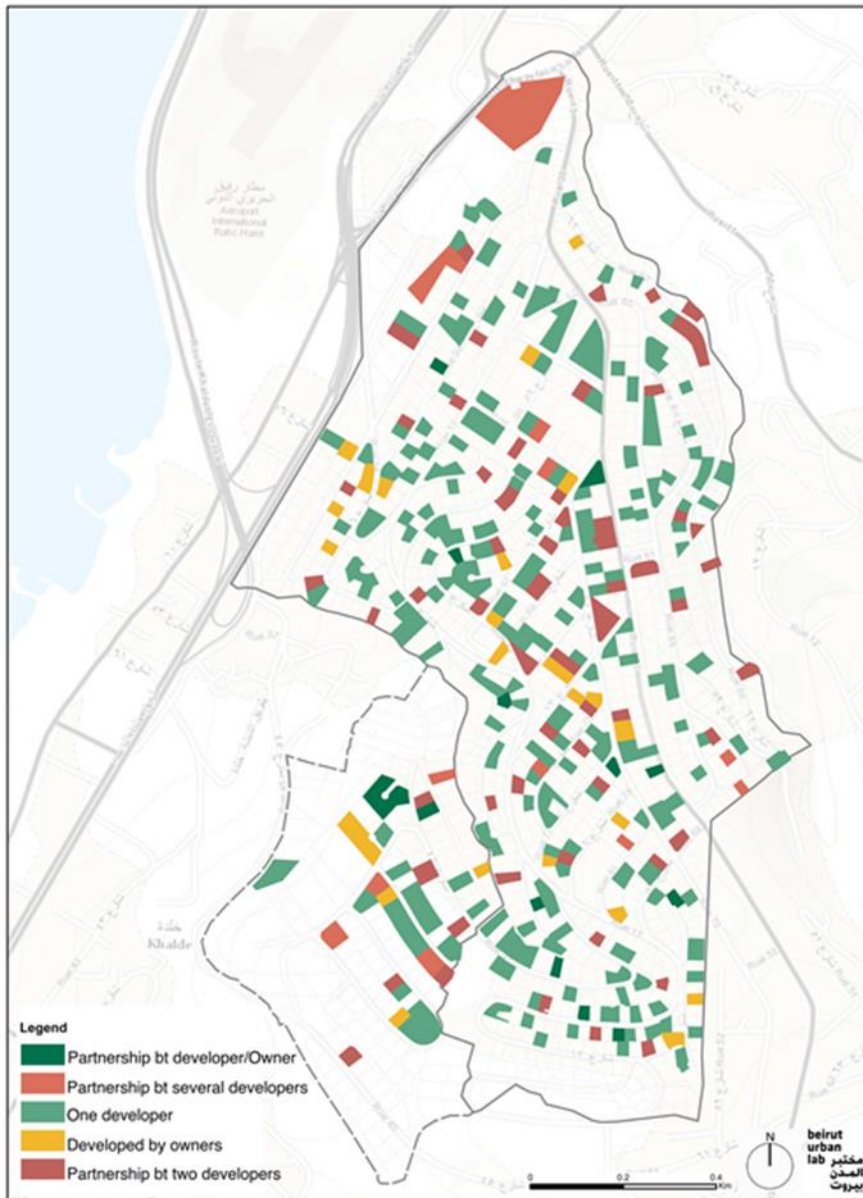


Figure 38: Mechanisms of developments of DA developers. Source: Author, based on field survey.

To understand real estate developers' strategies, I tried to compare the mechanisms of financing in DA with the ones adopted in Tarik el Jdideh. Unlike DA, most of the developers in Beirut prefer to work in partnerships. They find it a convenient method to share the risk with others instead of depending only on their assets (Zaatari, 2019).

The biggest chunk of developers in Tarik el Jdideh partners with landowners due to the high price of land. In contrast, in DA, where the price of land is lower, developers prefer not to share their profit with a partner and completely buying land alone. The second-largest group of developers in Tarik el Jdideh are the landowners. They are mostly people who inherited land and were seduced by the *get-quick-rich* appeal (Zaatari, 2019), and on the contrary of DA developers in Tarik el Jdideh do not build only to live they also build for-profit (Mneimneh, 2019).

Merely 17% of Tarik el Jdideh developers completely buy land and work alone without partners. Moreover, there are more financing methods practiced in Tarik el Jdideh, such as silent investors and partnerships with siblings where developers exploit their social networks and borrow money from family and friends.

It was also important to check the intersection of developers' categories and the mechanisms of financing they adopt to see how those developers manipulate the suburban market in DA. The chart below (Figure 39) shows the percentage of the mechanisms of financing adopted in DA with another detailed chart for each mechanism of financing that shows the share of developers' categories who adopted this mechanism. The figure also includes a chart of the mechanisms of financing adopted by Tarik el Jdideh developers to compare how developers operate in different housing markets. The mechanism of one developer at a time, which is the largest adopted mechanisms, is composed mainly of *professional developers* that constitute around 55%. There is also a segment of *Amateur developers* (20%) who ran the risk of entering the real estate market solitary, in addition to a slight group of *Businessmen/developers* (13%) and *Businessmen/building industry-developers* (11%).



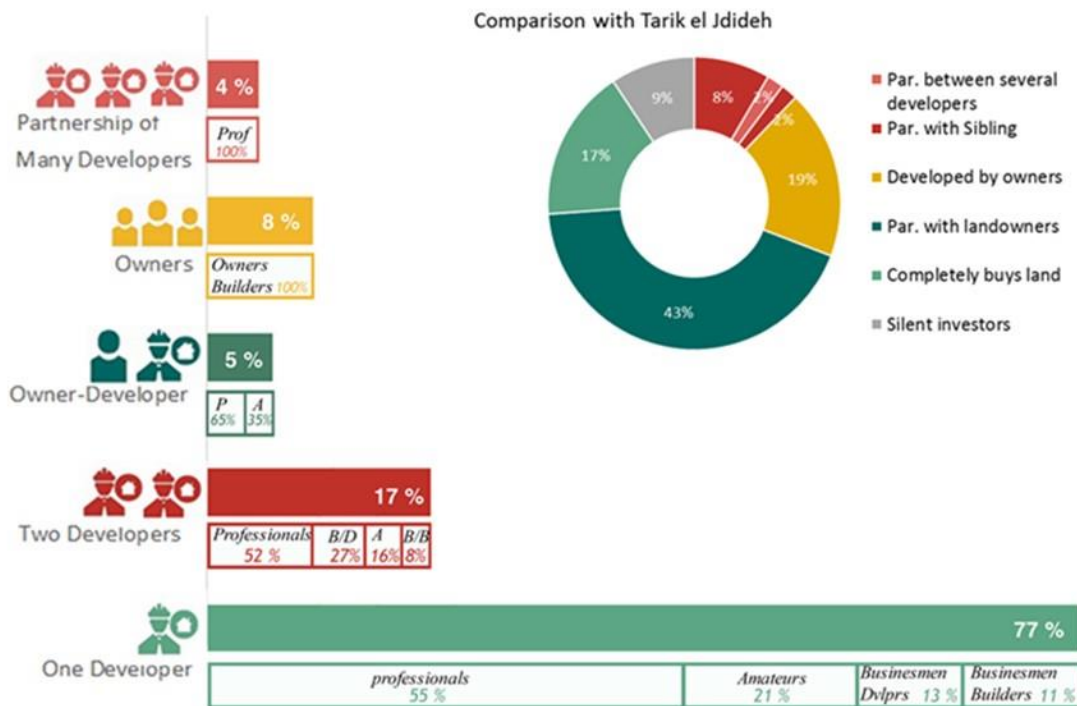


Figure 39: mechanisms of developments of DA in comparison with Tarik el Jdideh. Source: Author.

The second-largest mechanism of financing of the two-developers differs a little bit from the one developer category. It is mainly composed of *Professionals* (52%) and *Businessmen/developers* (27%) which is a very smart and convenient combination for businessmen who want to expand their scope of work and partner with a *professional* developer to guarantee a profit. In some cases, the partnership of two *professional* developers might lead to a very powerful combination where developers adopt this mechanism in all their projects. This is the case of the biggest top developers in DA which are two pairs of developers who became well-known competing partners.

The developer-owner mechanisms are divided into two groups: either owners who managed to partner with a *professional* developer (65%) or owners who risked and partnered with an *Amateur* (35%). Not all landowners can partner with a *professional* since on the contrary of Beirut developers can easily buy the lot without having to share

the profit with landowners. As for the developed by Owners mechanism, it consists of *Owners-Builders* only who developed apartment building projects to secure a living. Finally, the less adopted mechanism is the many-developers partnership which represents only 4%. This partnership only occurs between *professionals* who are developing a large-scale project that requires big financing from several partners.

#### **4. Entry to the Market and years of Activity**

The diagram below (Figure 40) shows the first entry to the development market for each category of developers. At first sight, we can see that *Professionals* entered the real estate market in different moments over the years, yet there are three special periods where they entered in a significant number. The biggest chunk of developers entered the development industry in the mid-1970s. In this period DA witnessed a big wave of migration from the city induced by the outbreak of the war. Developers who operated in this period were mostly Beirut-Sunnis that sought to invest in the DA hills (Bou Akar, 2018). The second chunk of *Professionals* entered the market between 1990 and the early 2000s. In this period of reconstruction after the civil war, DA attracted a large group of developers, especially after the two capital projects of infrastructure upgrading by the Hariri government. The third group of *Professionals* which is smaller than the first two chunks entered the market in the boom years between 2004 and 2010. During this period the real estate sector flourished after the release of the intensive building law (646/2004) that allows more buildable space without taxation and the emergence of many types of housing loans. I refer to those developers as “*the traditional guard*”. More than two-thirds of them penetrated the housing market before 2004.

The other classes which I refer to them as “the new classes” mostly penetrated the market after 2004. These classes are the financialization class that penetrated the sector because it was lucrative. For example, *Businessmen/developers* entered the development market of DA in critical moments. The analysis of their activity shows that those individuals know exactly when to enter the market where the real estate market was booming. They entered mainly in the boom years between 2006 and 2010.

*Businessmen/building industry-developers* entered the development markets at various moments. They are not as smart as *Businessmen/developers* who know exactly when to penetrate the market, but they also entered the market at a smart timing and during boom years. As for *Amateurs*, their presence was rare before the 2000s, yet they penetrated the market significantly during the boom years after the mid-2000s (more than 85%) lured by the seductive flourishing of the real estate industry.

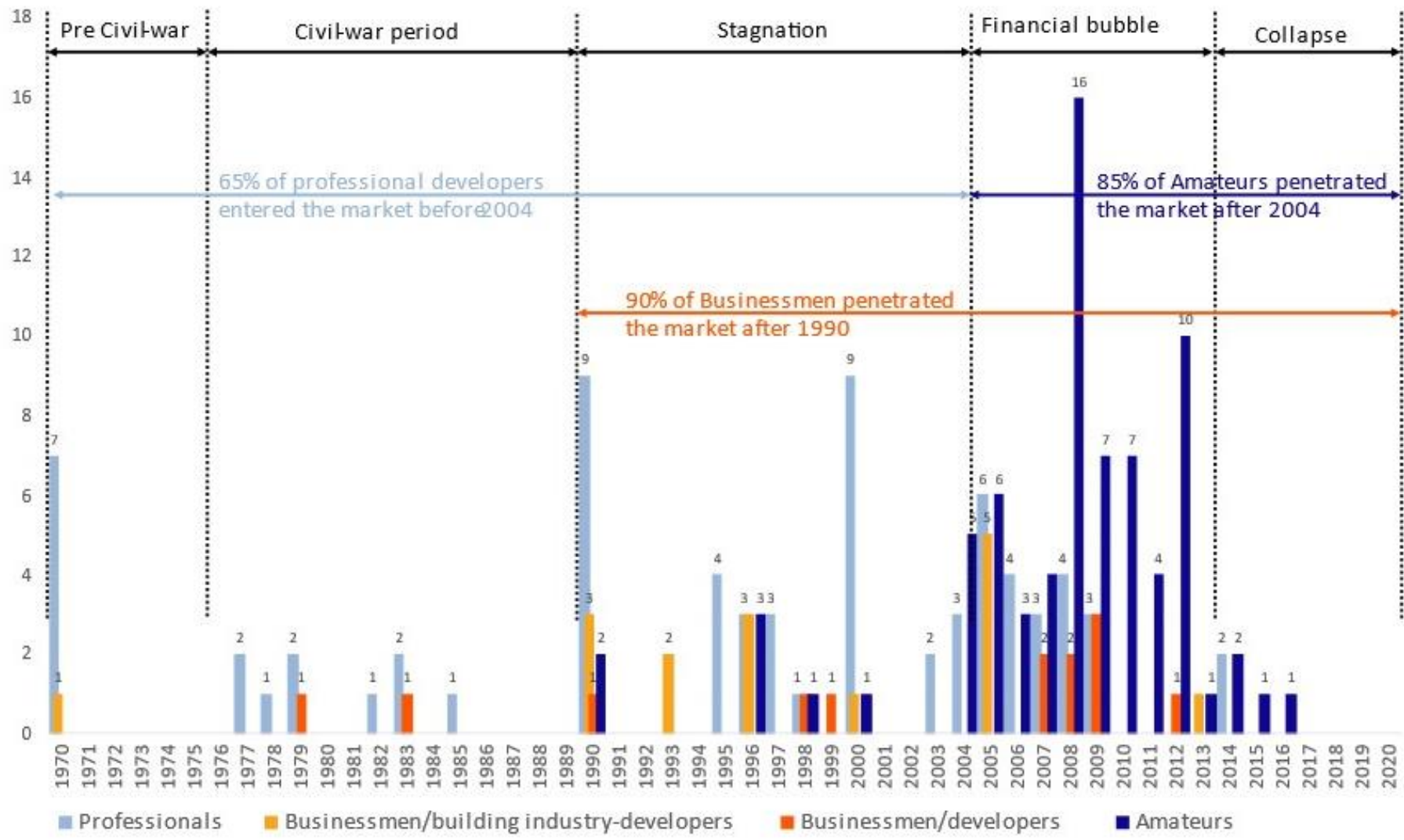


Figure 40: Developers ‘entry into the market. Source: Author, based on online profiling, OEA building permits, and interviews.

## C. DA Developers: Dissecting the Three Categories

In this section, I dissect the three typologies of developers operating in DA by examining their profile, their financing and market strategies, and how they find clients.

### 1. *The Traditional Guard: Professionals*

#### i. Profile

*The traditional guard of professionals* come from different backgrounds and nationalities. They are mostly men in their late middle-age period. The larger part is either Druze from Choueifat and Aramoun or Beirutis-Sunnis from the middle-class who were looking to expand their work or invest in the suburbs. There is also a not-so-bad segment of well-off Palestinians who also saw in real estate a good investment in addition to a group of Iraqis who also joined them in the late 1990s. Almost all *professionals* do not hold a university degree relevant to the building industry or not and the majority had previous professions before shifting to real estate. Only a few *professionals* were architects or engineers who entered the market in the 1980s and the 1990s and shifted to building development afterward.

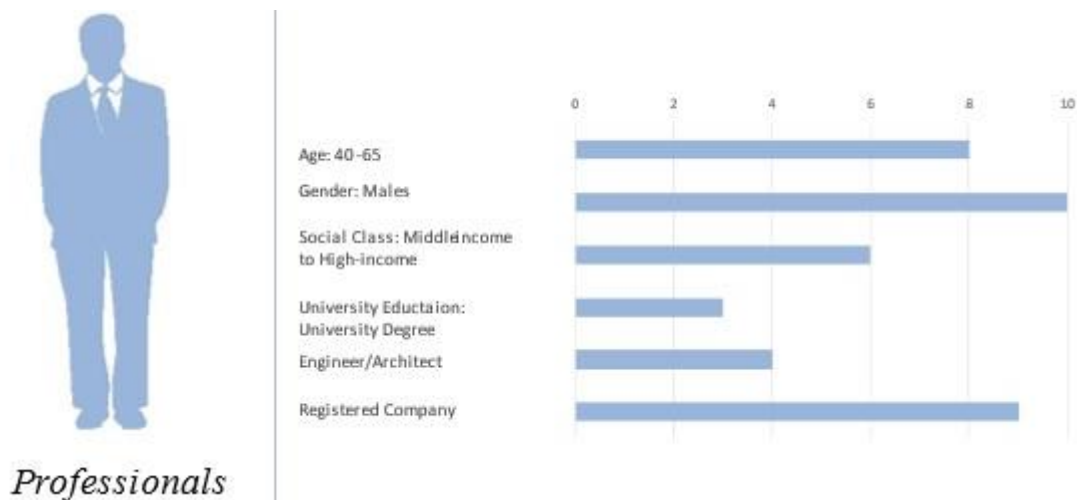


Figure 41: profiles professionals. Source: Author, based on interviews and online profiling.

ii. Financing and Market Strategies

The common ground between all *Professionals* is that they all work to build a good reputation in the market. They all know that DA's housing market is small and to guarantee success a developer should have a good name in the market. J & K group<sup>16</sup> is a good example of an experienced old *professional* who is at the top of big developers in DA. He affirmed the importance of a good reputation when I asked him about his marketing strategy and how he advertises for his projects:

*No marketing needed. We have our well-known name and our reputation in the area is enough to have our own customers. No need for advertising and I think that I will not need to advertise in the future. In my personal opinion, the developer that seeks advertisement is the one that is not working well in the market. He might be weak and desperate to catch any client. A strong developer does not have to show his project, like our company, our name is completely enough to advertise for our projects.*

*(J & K Group, Interviewed in February 2020)*

B & C projects who are also among the biggest *Professionals* in DA agree that their reputation is enough and there is no need for advertising:

*I used to put a sign saying that the project is for B & C projects and I used to sell all the apartments completely even before the project is done. My clients trust me, and I even used to sell them through a verbal agreement between us. This trust relationship helps me getting more clients because they always refer their relatives and friends to my projects.*

*(B & C Projects, Interviewed in February 2020)*

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<sup>16</sup> I changed the names of developers their firms for confidentiality.

Generally, *Professionals* have their offices in prime locations in DA. They work to build a defined image that is known by all residents and clients. For example, B & C projects always build their projects with parking on the ground floor using the Pilotti floor. They also use the same stone cladding with the same range of painting colors and adopt series to name their projects such as Al Raouf 1, Al Raouf 2, Al Raouf 3, 4,5, 6, etc. J & K group uses the same yellow stone cladding and blue-green glass in almost all their projects (Figure 42). They also add their name and the number of projects on a stone panel at the entrance of all their projects to document their old experience in the sector.



Figure 42: Similar projects by J & K Group. Source: Author, collected during the field survey.

*Professionals*, in general, prefer to finance their projects by themselves without relying on banks. Most of the time, they also work alone and unlike their counterparts in Beirut, they do not partner with landowners. They buy the land and register it in their names or the name of a family member.

*I do not have any relationship with landowners. All the lots that I have built so far are my properties (Kellon melki ana al melk lellah<sup>17</sup>).*

*Developers that partner with landowners are usually the ones that have small capital and who do not have the entire capital to buy the land and develop the project. The first land I have bought was through a broker called Ayach and I bought it for 135 Liras. I do not buy the land unless*

*k v ø u " 3 2 2 ' " e n g c p " \* O c " 5 n c { c " y c n c " k u j c t c " c*

*(J & K Group, Interviewed in February 2020)*

*In contrast*, the new generation of *professionals*, who are younger and more educated, seemed more open to new ideas that can allow them to reduce their individual risk as investors. They continue to rely on their social connections and reputation to work, yet they are open to trying new strategies to reach clients, particularly social media platforms, seductive 3D renderings, and TV advertisements. Hani is one of the young *professional developers* that I interviewed. He is originally from Beirut from a well-known Sunni family.

*In general, I do not have a well-defined marketing strategy. I am willing to start advertising through OLX<sup>18</sup>. I also started advertising through Facebook, I managed to sell two apartments through it.*

*(Hani, Interviewed in February 2020)*

This new segment of *professionals* is also more flexible and might rely on banks to finance their projects. They acknowledge that relying on social networks, family, and friends is better, but they are open to the idea of borrowing from banks, unlike old-timers who are very cautious and hesitant of dealing with banks.

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<sup>17</sup> A proposition that a Muslim usually says when he has a lot of properties and a way to thank god for being wealth

<sup>18</sup> OLX is a free famous web application in Lebanon to sell used stuffs.



*I took once a loan and I was working with banks and lately, I started to work with group investors as well.*

*(Hani, Interviewed in January 2020)*

This young group of *professionals* work on their connections with banks and they expand their work at a high-speed using special construction loans for developers. Chahine is a good illustration of a young *professional* developer. He is a Shiite from Babled south Lebanon and used to work in Dahieh before moving to DA. He holds a bachelor's degree in marketing from the Lebanese American University. His father was also a developer who used to build apartment complexes in the lower-income neighborhoods of Dahieh, such as Laylaki and Hayy-el-Selom. Due to his efforts, connections, and good relationship with banks, Chahine managed to expand his father's business. He has now a good reputation in Aramoun and he is known for his luxurious housing projects in DA's housing market.

*I usually take loans from BLOM Bank. I have a good relationship with the manager. They do not refuse to give me a loan at any time. Whenever I asked for a loan, they used to give me quickly and I was able to expand my work and the number of my projects due to these loans.*

*(Chahine, Interviewed in February 2020)*

### iii. Clients

There is a noticeable distinction among developers and clients across the three groups of developers that I was able to recognize. In terms of clients, *professionals* are open to selling anyone from any sect. I also noticed this sectarian mixity while collecting the data in the field, where almost all buildings contain people from different

sects. The clients are most of the time average workers<sup>19</sup> to be able to afford the price of the apartments. The big share of clients comes from Beirut and developers build good relationships with their clients and offer them installments and facilities, so they refer their relatives and friends to buy from them.

*We have all professions and from all the regions. We have customers from Beirut, from Dahieh, from the south, from the mountains. I sell all the people as long as they are Lebanese. But I can say that most of the customers are from Beirut.*

*(J & K Group, Interviewed in February 2020)*

*Doha Aramoun is the most desired area for Beirut people, they love Doha Aramoun more than Bchamoun and more than Khaldeh and other c t g c u " c p f " k v ø u " u v k n n " f g u k t g f " v k n n " p q y 0 ' and this period is usually the completion period of the project. I prefer not to extend installments for more than three years. For the preselling on the map, we used to sell many of our projects as forwarding payments and sometimes from the excavation period.*

*(B & C Projects, Interviewed in February 2020)*

*Being from Beirut and from a well-known family, my clients are from Beirut from my connections. Most of my clients are normal workers that work in Beirut and the gulf countries outside Lebanon. But lately, I was constrained to sell for Syrians (they started to buy apartments three years ago).*

*(Hani, Interviewed in January 2020)*

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<sup>19</sup> Middle classes with steady employment

## 2. The New Classes: Amateurs

### i. Profile

*Amateurs* are the biggest category of developers in Aramoun. They were seduced by the *get-rich-quick* appeal of the lucrative business of housing development in the different moments of the post-war period building booms (Zaatari, 2019).

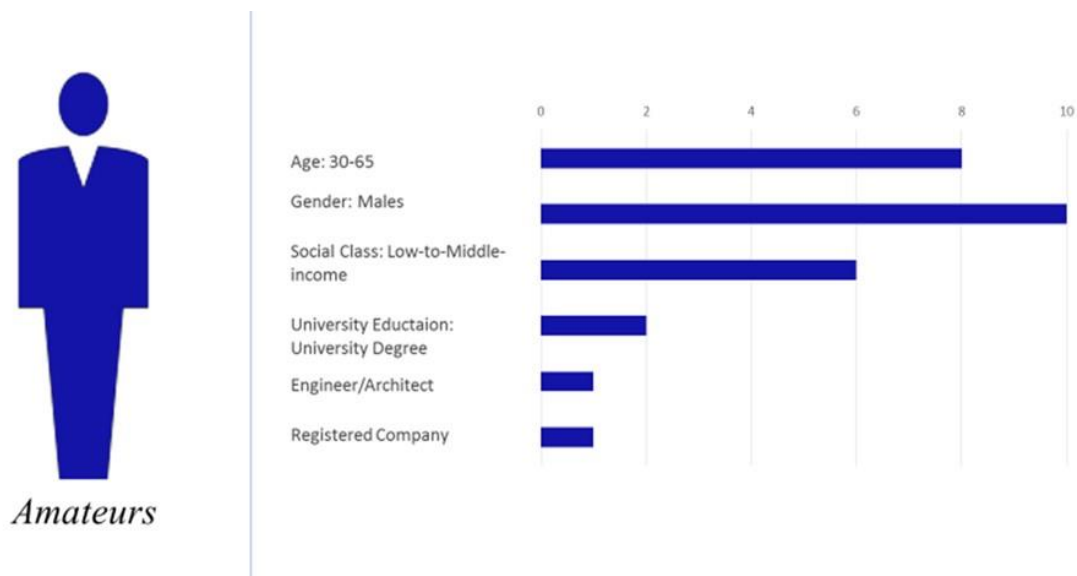


Figure 43: profiles of Amateur developers. Source: Author, based on interviews and online profiling.

In the last period, DA's housing market was hit by those new developers that build only one or two times. *Amateurs* come from very different educational and professional backgrounds. They also come from low-to-middle-income families who want to improve their financial status and get rich. Some of them are Druze individuals from Aramoun and Choueifat who bought or inherited land a long-time ago and decided to develop it during boom years, and the rest are either Sunnis or Shiites men who have small capitals and decided to enter the real estate sector. Most of them do not hold university degrees and most of them do not have registered companies.

*Amateurs* are mostly people that do not belong to the real estate sector that started to build. This trend included whoever has a small capital and started to invest in real estate (someone who has a shoe store or a grocery for example). For instance, you have a small amount of money, you bet that you will sell, and have forward payments that will allow you to progress with work. J & K group, a *professional* developer that I interviewed said that those new developers have hit the market and caused a big mess. He also mentioned that some of them defaulted and could not peruse their projects.

ii. Market Strategies and Financing

The vast majority of *Amateurs* do not have registered real estate companies. They do not also have an online presence whether a social media account or a website. Only one out of 100 *Amateurs* had a Facebook page. They also do not adopt a defined market strategy or a common way to finance their projects. Most of them lack professional experience and went through hard times while developing. One of the Amateur developers that I interviewed confessed that even though the profit was high but the difficulties that he had to deal with made his life miserable. He decided to step up and leave the business.

*It was a rapid profit sector, but I will not go back to development even if there will be a similar peak like the one in 2008. I would not develop anymore. It was a profit sector that seduced many people to work but I am considering other options.*

*(Mohammad, Interviewed in January 2020)*

iii. Clients

*Amateur developers* rely on their individual connections to find clients. They do not prefer to seek the help of brokers since they do not want to share their first profit with anyone. They also do not use social media platforms and online advertisements. Their clients are less diverse and usually come from the same social class that they belong to.

Mohammad, an Amateur developer that I interviewed affirmed that most of his clients come from his social circle.

*Most of my clients are newlyweds from Beirut and 80% of them are Sunnis. (The majority of them are the second generation of old Beirut Sunnis). They have a variety of professions: teachers, bank employees, q h h k e g t u í " " K " f k f " p q v " w e v e n t h o t t h r o u g h v { r g " q h " c f brokers. Overall, in my career path, I have only sold once an apartment through a broker.*

*(Mohammad, Interviewed in January 2020).*

**3. The New Classes: D w u k p g u u o g p " 1 " V j g " õ K p x g u v q t u ö**

These *businessmen* or *investors* are either *businessmen building Industry-developers* who were working in the building industry and then moved to development or *businessmen developers* who wanted to expand their scope of work and invested in the development industry.

a. Businessmen Building Industry-Developers / the Investors

i. Profile

*Businessmen/building industry-developers* are mostly successful business owners that belong to the building industry such as electric supplies, plumbing materials, and construction materials (Table 1). Generally, all of them have this association with the real estate sector that drove them in peak moments to step up and start developing.

Name	Nationality	Type of companies
Ziad	Palestinian	General trading and contractin company
Talal	Lebanese	Contracting and Buidling materials company
Said	Lebanese	General contracting company
Mcheik	Lebanese	Marble Company
Chahine	Lebanese	General trading and contractin company
Kassem	Lebanese	Electrical construction materials -General Contracting company
Houssein	Lebanese	General trading and contracting company
Walid	Syrian	
Mohamad	Lebanese	Building materials company
Muhieddine	Lebanese	Marble & Granite Trading company
Mohamad & Fahmi	Lebanese	Construction materials company
Hatem	Lebanese	Building materials company - Cement company -General Contracting company
Fadi	Lebanese	Drilling company
Maher	Lebanese	Contracting and Plumbing materials company

Table 1: Nationalities and types of companies of Businessmen/building industry-developers. Source: Author, based on interviews and online profiling.

The profiles of *Businessmen/building industry-developers* differ from other categories. They come from better-off higher-income families since most of them had established their building industry-related companies a long time ago. They are late-middle-aged men with no professional education backgrounds. Some of them come also

from Palestinian and Syrian rich families who moved their businesses to Lebanon. *Businessmen/building industry-developers* prefer to work professionally and already have their registered companies. They either expand the scope of their company to include real estate development or create new separate development companies.

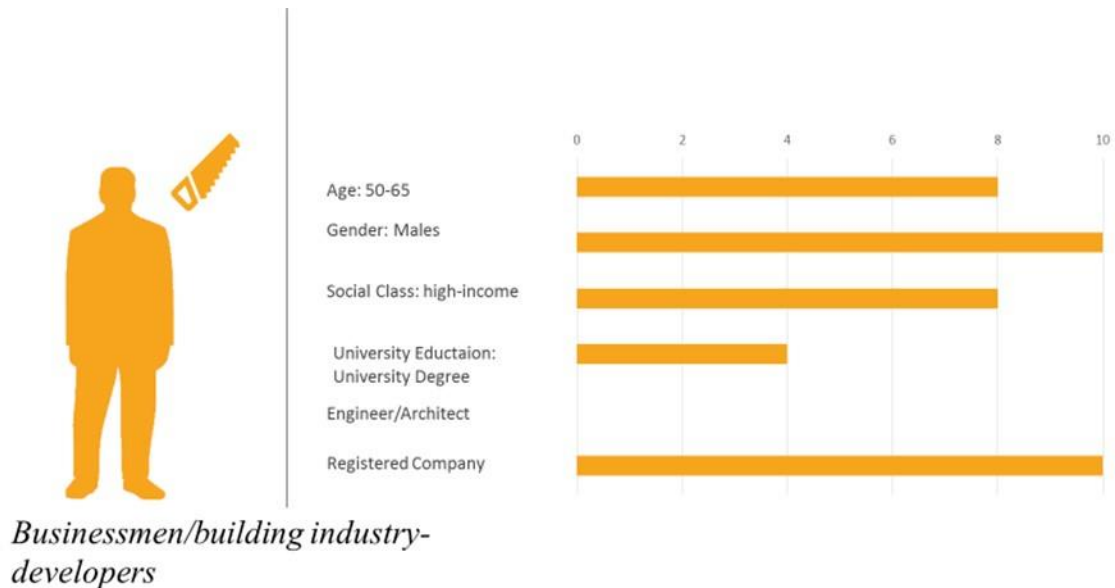


Figure 44: Profiles of Businessmen/building industry-developers. Source: Author, based on interviews and online profiling.

ii. Market Strategies and Financing

*Businessmen/building industry-developers* are experienced traders by nature They have already established their connections and networks and they have enough capital that allows them to enter the building development industry. The vast majority of them already have online websites and social media platforms that they can use to advertise their projects (Figure 45).

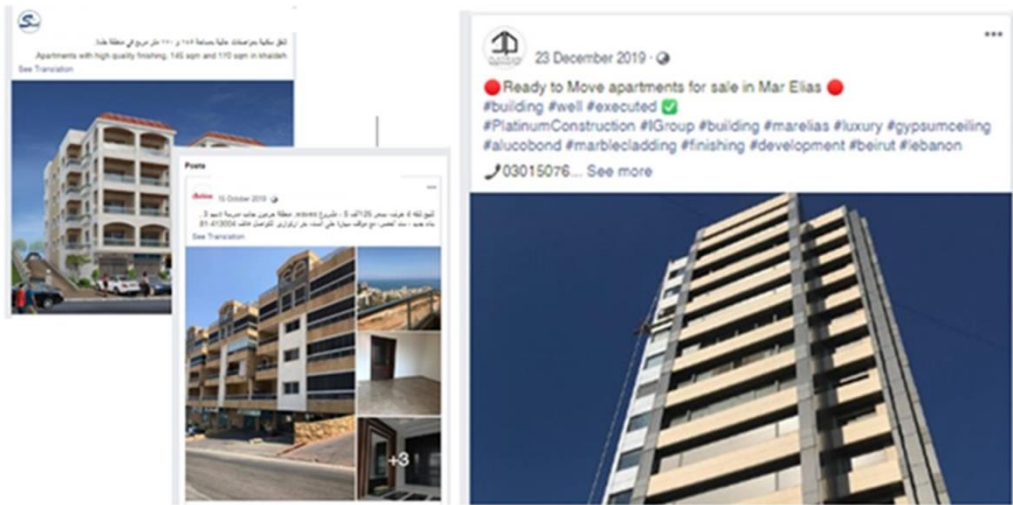


Figure 45: Businessmen/building industry developers using their company's websites and social media platforms to advertise their real estate projects. Source: Author, based on interviews and online profiling.

*Businessmen/building industry-developers* watch their steps carefully before penetrating the market. They operate smartly and most of them succeeded in the development industry. I will narrate the story of one *Businessman/building industry-developer* to provide a better understatement of the strategies they adopt. This story will reveal how Hatem changed his fate from a small trader with a modest building material shop to a big developer and multi-company owner.

Hatem is a middle-aged Sunni man from Chebaa, South Lebanon. He established his building materials shop in the south in 1990. After three years, he joined a real estate investment company “National Investment Consortium Sal” with seldom shares. The company was specialized in all types of real estate works and Achour, one of the big real estate developers in Beirut, was the main shareholder in it. After collecting a moderate capital, Hatem partnered with Achour and established a cement company while keeping his building materials shop and other small investments in the National



Investment Consortium Sal. Hatem took his time to think and prepared well for each step. Although he had many years of experience in the real estate industry, he preferred to work in partnerships with professional developers so they can share the risks. In 2008, Hatem started to partner in bigger real estate companies and projects with a higher number of shares. The projects he bought shares with were luxurious developments, in prime locations in Beirut, for professional well-established developers. It was until 2015 and after having enough experience when Hatem decided to penetrate the development industry alone. He established his own company and went for big compounds of small and fordable apartments in the suburbs of Aramoun and Mechref.

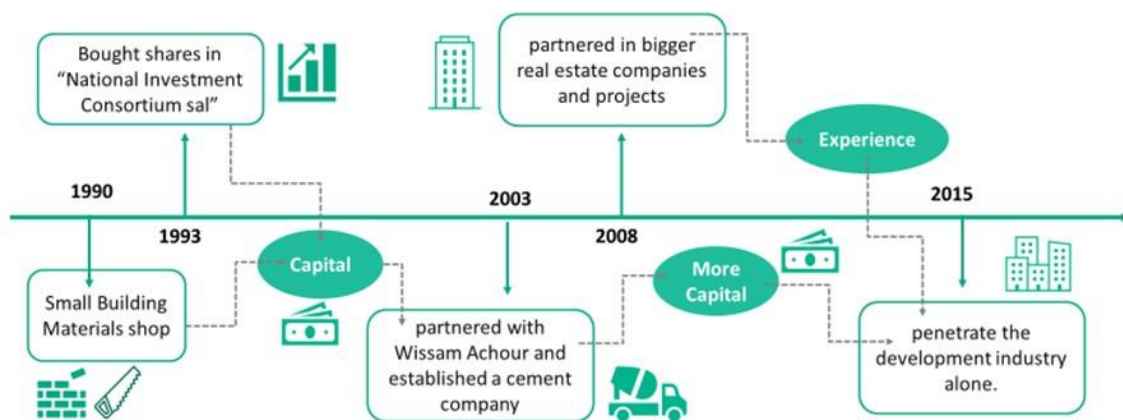


Figure 46: Strategy of a Businessmen/building industry developer. Source: Source: Author, based on interviews and online profiling.

The story of Hatem (Figure 46) provides a good example of how a clever and prudent *Businessman/building industry-developer* works. His financial abilities, networks, and connections enabled him to partner with prominent developers in the building industry, gain professional experience, and succeeding in the development market.

iii. Clients

*Businessmen/building industry-developers* have previous connections and networks within the development industries that enable them to easily secure clients. they also have wider social circles since they belong to higher income classes.

b. Businessmen Developers / the Investors

i. Profile

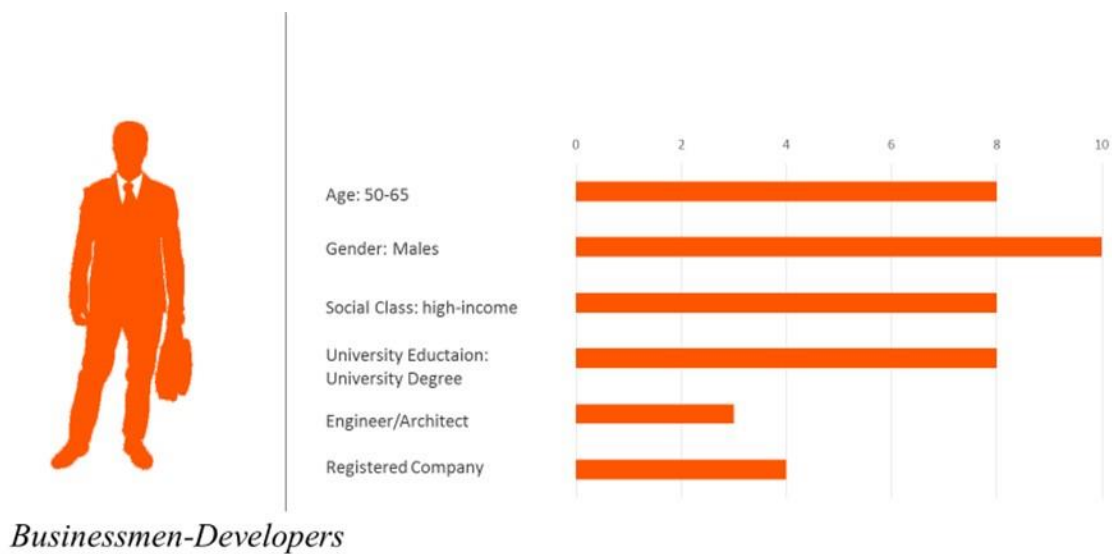


Figure 47: Profiles of Businessmen-developers. Source: Author, based on interviews and online profiling.

*Businessmen/developers* are successful business owners that entered the real estate market in determined moments when the development industry was prosperous. They belong to high-income families from different social backgrounds. Just like *Businessmen/building industry developers* this category includes Palestinian and Syrian businessmen in addition to a few Iraqis who moved to Lebanon after the war. Most of them are well educated and some of them are architect/engineer entrepreneurs (Table 2).

They work mostly in partnerships with professional developers and most of them do not have registered real estate companies.

Name	Nationality	Company type
Issam & Talal	Lebanese	General Trading Company
Wael	Iraqi	International Investment Company
Ammar	Iraqi	Chocolate Factory
Mounir	Lebanese	General Trading Company
Ali	Lebanese	Energy and Electricity Company Trading and Industry company
Baddour	Lebanese	Chemicals and Cleaning Materials Company
Adnan	Syrian	General Trading and Food industry
Mohamad	Iraqi	International Investment Company
Farhat	Lebanese	Pharmaceutical Products Company
Khaled	Lebanese	Car Export/import and Rental Company
Abdel Rahman	Lebanese	General Trading and industry Companies
D & H associates	Lebanese	Medical Labs- International Trading and Consultancy Companies- Management Company Sal - Bml
N & Partners	Lebanese	Shipping and Trading Company

Table 2: Nationalities and types of companies of Businessmen-developers. Source: Author, based on interviews and online profiling.

## ii. Market Strategies and Financing and clients

*Businessmen/developers* work mostly in partnerships. They prefer to put their money as an investment and receive their share of profit. They always partner with professional developers since they have a wide circle of networks. Most of them do not have registered development companies (65%) and building development is not their prime line of business. *Businessmen/developers* do not use their websites or social media platforms to advertise their projects. Their wide networks also allow them to secure clients easily.

#### 4. *Dissecting the three categories! What do we learn?*

Classifying developers into typologies were essential to analyze and know how they work in the suburban market. So, what can we learn from these typologies of developers? and how is this related to *financialization*?

First, we notice that even the most established developers the *traditional guard of professionals* who are extremely professional are still working through an embedded network of social relations. The most important thing for them is their image and reputation. Thereby, what it means to be a *professional* is different than one would expect: you are a professional if you are a powerful developer with a good reputation where you to can tap on networks to secure your paperwork, your access to land, and clients come to you. In that case, even in the professional market that is potentially financialized developers are still in need of a good reputation to be able to work.

Second, Financialization attracts new classes such as *Amateurs* and *Businessmen* who penetrated the market seduced by the availability of housing loans and where they need a smaller capital to start with. These developers also rely on their social networks. Furthermore, it is through the social networks where developers secure loans for the clients, and their connections with bank employees and public institutions can intervene.

Under those circumstances, this suburb is creating an opportunity where networks are slowly forged and cultivated. And it became essential to dig further into developers' networks and connections to know who are DA developers? who can sustain? And who are the ones who dominate this market?

## **D. Who are DA developers?**

Having profiled each group of developers, I bring together the analysis in this section to reveal the characteristics of DA developers. This analysis provides a good example of the tactics and strategies that periphery developers rely on to succeed and operate in a suburban housing market.

### ***1. Who can Develop in a Suburban Context?***

The first characteristic revealed by developers operating in the suburbs is “the perception of a territory”. A territory well defined, classed and divided within the sectarian forces that shape these localities. All Developers working in this suburban context are aware that they are “penetrating” a territory. Although DA was originally bought, subdivided, and sold by CIL, this locality has rapidly established her sectarian identity. It had always been a Muslim suburb with a mixity of Druzes and Sunnis before the 2000s, and its mixity expanded when Shiite families arrived (Bou Akar, 2018).

The basic ingredient of real estate development is, land. And the essential component to penetrate the territory is “Access to land”. This access is not totally controlled, and someone at the end can manage to buy land in a suburb, but this access is either facilitated or not by the sectarian forces that dominate these suburbs.

The analysis of DA strategies to access land revealed that its territory is not closed and allows for a certain circulation. Although sometimes this access might lead to tensions in sensitive areas where it becomes prohibited by people in power under certain circumstances. Thus, Druze and Sunnis who acquainted the area since the 1960s secured better access to land than Shiite developers who joined later. A Shiite broker told me that the first time they started to buy land in DA was in the early 2000s.

There was a high demand for land since the area was booming, and they had enough capital that allowed them to infiltrate smoothly.

*There was a period when the lot was used to be sold three to four times per day. I used to buy the land in the morning and then receive offers to sell it in the evening. This process was the main reason behind the inflation of land prices, there was a huge demand for land. The first land I have bought in the 2000s was for 135 Liras, and the price of land continued to rise until it reached 1500 \$/m<sup>2</sup> nowadays.*

*(Safa, Personal communication 2019)*

After all, to obtain the land in prime locations in DA you will need good ties with brokers or big landowners. The role of brokers and landowners is essential since they are linking developers with the basic ingredient, they need which is the land. And they tend to sell the land according to their best interest even if the developer is from another sect or outside their social networks. J & K group also declared that their access to land was either through brokers:

*Most of the land was bought through brokers and only a few ones I bought from people I know a long time ago. I did not buy any lot from CIL. I bought from people who got their lots from CIL but not directly from the company.*

*(J & K Group, Interviewed in February 2020)*

## **2. Who can sustain and dominate the market?**

### **a. The Power of a Developer's Networks**

*Access to Land* is not the only vital component that enables a developer to penetrate and dominate a suburban housing market. Developers are also aware of the

importance of social, institutional, and political networks so they establish strong ties in DA and elsewhere. I will explain this section by narrating the full story of the J & K group that reveals how they were able to grow and dominate the market through their political and institutional networks.

Mr. J is a Beirut Sunni who moved to DA in 1979 (Figure 48). He was first working as a plumber and established a small shop of plumbing equipment. Since he was working in a domain that is close to the development sector, he decided to work in real estate and established his first company with the help of his family and friends.

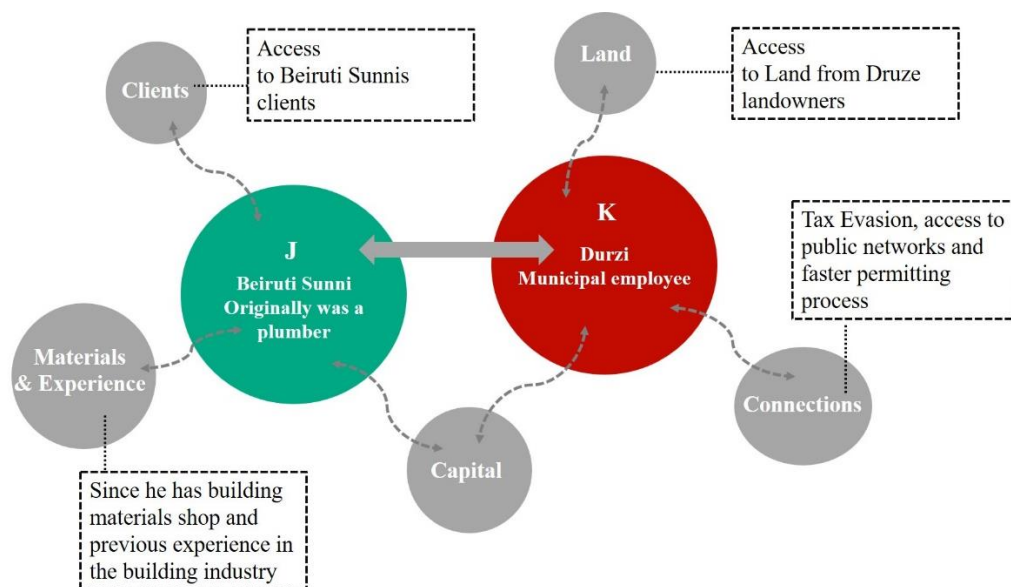


Figure 48: Strategy of a Businessmen/building industry developer. Source: Source: Author, based on interviews and online profiling.

Mr. J finished his first project, made a good profit, and decided to start with another project. While working on his second project, he had a fight with the municipality employee over something illegal he did in DA. Those illegal infractions were facilitated to people who had networks within local municipalities and Mr. J knew that many developers were profiting from these small violations. The fight made Mr. J

realize the importance of having smart networks. What Mr. J did to gain this powerful network is offer the partnership in the same project to the municipal employee who had fought him Mr. K, who accepted the offer without delay. Since then, the two men have worked in partnerships in all their projects. Partnering with Mr. K, the Durzi municipal employee was the smartest step in Mr. J's career life, according to his recollections. He bonded with a powerful partner who provided good connections within Choueifat municipality, secured more access to land from Druze landowners, and shared with him his capital.

J & K group's powerful combination enabled them to access the best spots in DA. They dominated the housing market with their well-located projects and maintained solid networks with their clients. They played the role of the caring developers that work to provide the best for DA residents not only on the building level but also on the neighborhood services level. The residents in the 1990s were struggling with infrastructure problems on many levels.

Mr. J revealed that although all DA residents were paying their taxes on time and the Choueifat municipality collecting good revenues from them, they did not care about the locality's needs. For the municipality, DA residents whether they come from the city or anywhere else are not Choueifatis voters and their satisfaction will not affect the elections by any means. Although his Durzi partner Mr. J was employed by the municipality and had a good relationship with them, they could not affect the municipality's decisions and provide their clients with basic infrastructure needs. As a result, DA residents were forced to look in other directions to secure their basic needs.

Mr. J's goal had been always to build a trust relationship with his clients and a good reputation in DA's housing market. For this reason, he decided with his Beirut-



Sunni friends to establish a small organization named “Sawaed” that calls for DA residents’ rights. This involvement was a win-win situation for Mr. J since he will gain the good reputation he wants, get more clients, and the improvement in public services and infrastructure will allow him to sell his projects easier and with higher prices.

Since then, *Sawaed* grew to include most of the Sunnis residents in DA. Mr. J added that *U c y c impact* grew day after day. They gained the attention of the Future movement since most of them are Beirut voters, and they decided to bargain with them the price of their votes in Beirut. In such a manner, the political advocacy for the area’s infrastructure happened through Beirut voters that influenced Hariri and ever since *Sawaed* became affiliated to the Future Movement and it started lately to have an impact over Choueifat municipality<sup>20</sup> (Figure 49).



Figure 49: Mr. J in a friendly meeting with the head of “Sawaed”, the businessman and politician within the Future Movement Issam Damerji, and the head of Choueifat municipality. Source: Author, based on online profiling.

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<sup>20</sup> Mr. J revealed that they had the major role in pressuring Hariri to do the high speed road, the allocation of the Internal Security Forces Academy in DA, and other projects. He said that their main concern was to fight for projects that benefits the locality.

*We filed a report with the municipalities and sensitive and powerful organizations and entities in the area. This organization is interested in environmental problems and daily life issues in the locality of Doha Aramoun. We managed to get infrastructure upgrades and other projects that benefit the public good of the locality. For example, we insisted and pressured certain political entities to bring the Security Armed Forces Base to DA. We also negotiated with the government the public transportation line that connects the area with Beirut.*

*(J & K Group, Interviewed in February 2020)*

As a result, J & K group built a solid map of networks on different levels. Mr. K<sup>21</sup> also enhanced his networks to include public institutions officials in the Directorate General of Urbanism (DGU) and the Public corporation of Housing (PCH). They were able to develop more than sixty projects in DA and its vicinities.

*The area was not prepared to handle this population density, it was designed as a low-density neighborhood (villas). We had infrastructure problems with the roads and sewage. The area remained without a sewage system until 2001. God bless Rafic Hariri. Without him, we would not have had a sewage system.*

*I consider myself a partner in the construction crime that was done in Doha Aramoun and I did it for profit. But, when I served as a president for my village, I negotiated with the DGU to change the zoning and I succeeded. I was able to reduce the exploitation ratios and avoid the mess that was done in Doha Aramoun. I did this for the future*

---

<sup>21</sup> Mr. K became the head of municipality of his own village and established good relations with Walid Jumblatt, the Durzi leader of Progressive Socialist Party.

*generation, I want my son to be able to reach his house and to live in a sustainable environment.*

*(J & K Group, Interviewed in February 2020)*

Just like J & K group, most of DA's prominent developers are embedded within a solid sectarian and political network. The story of the J & K group provides a good example of how the sectarian-institutional-political networks enabled a small developer to operate smoothly in the market while benefiting from exemptions and exceptions to become the biggest developer in the area.

b. Embeddedness in a Sectarian Political Network

Although the land is less expensive than Beirut, permits are easier, less money is needed to start a project in the suburb, it is not as easy as it seems to penetrate the territory in a periphery of Lebanon. My analysis revealed that DA developers are strongly rooted in different kinds of affiliations and junctions. According to the adopted online profiling method, only 17 % of the profiled developers do not have any apparent political, religious, or social affiliation and the rest, which represent 83%, are all affiliated. This percentage might be smaller since not all developers share their networks and connections online and through social media platforms. So, they might have affiliations that I could not trace online. Out of the 72 profiled or interviewed developers more than half appeared to have a political or social affiliation. The rest if of them although they did not reveal a clear political or social affiliation, happened to be part of a political social field or a religious social field (Figure 50).

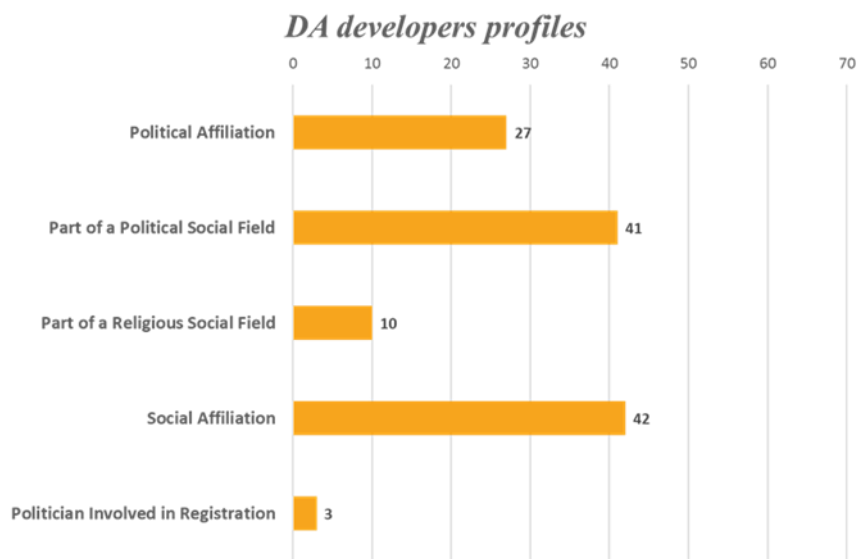
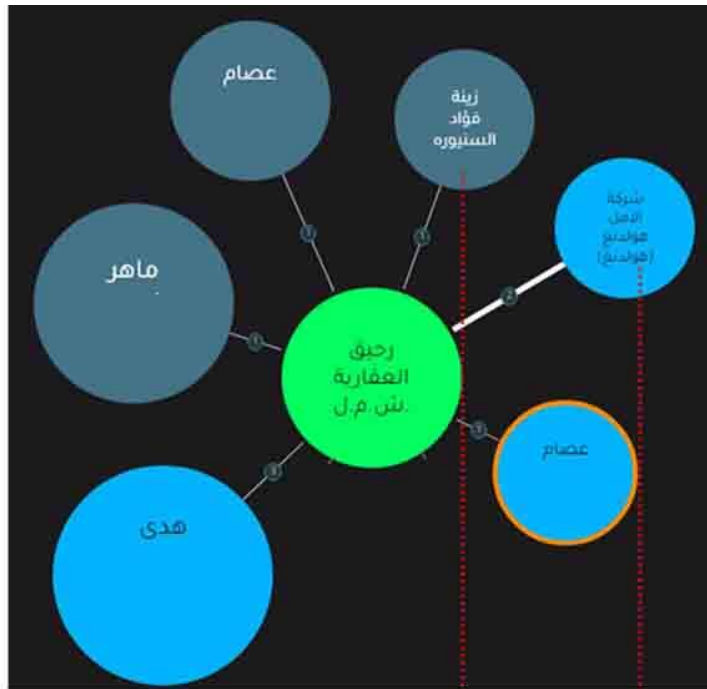


Figure 50: DA developers' profiles. Source: Author, based on interviews and online profiling.

DA developers did not only have a normal political and religious affiliation. Some of them revealed unique partnerships where they had politicians involved in the registration of their development companies. One of them is Issam one of the biggest *professional* real estate developers in DA. Issam started to work in DA in the 1980s. One of the developers I interviewed mentioned that his family is among the first real estate developers who started to develop in DA. Besides, the Choueifat municipality named one of the internal streets after him since the father had built most of the buildings in it. Issam's family has established solid networks with DA residents and they contributed to works that benefit the public good such as financing the construction of a nearby mosque in the locality. Issam seems a normal well-known developer in DA's housing market. However, digging deep in his company profile revealed his powerful partner. The main shareholder in Issam's real estate company is Al Amal Holding, a company owned by the sons and daughter of the previous prime minister Fouad Al Sanioura (Figures 51 and 52).



Republic of Lebanon  
Ministry of Justice  
**COMMERCIAL REGISTER**

الجمهورية اللبنانية  
وزارة العدل  
**السجل التجاري**

**رحيق العقارية ش.م.ل.**

رقم التسجيل: 1011932  
المحافظة: بيروت (ب)  
وضع الشركة: كلمة  
رأس المال: 30000000.0000  
نوع النشاط: ان موضوع الشركة هو تملكه وشراء العقارات والمجموعات العقارية ومنها وفرزها واستثمارها وبيعها وتأجيرها والقيام بكافة الاعمال المتعلقة بإدارة هذه العقارات والانشاء مجموعات سكنية وتجارية وتجيزها كما ويجوز للشركة المساهمة في شركات اخرى مؤسسة او فرد التأسيس، ويكون موضوعها مشابها لموضوع الشركة.

الإسم التجاري: رحيق العقارية ش.م.ل.  
الإسم الإضافي:  
تاريخ التسجيل: AM 12:00:00 5/24/2010  
مدة الشركة:  
العنوان: شارع فردان - سطر ابيزا في الطابق السادس.

المساهمون / الأشخاص

النسبة	الحصص	الأسم	نوع العلاقة	الجنسية	الإسم
0	0	2998	مساهم	لبنان	شركة الأمل هولدينغ (هولدينغ)
0	0	0	عضو مجلس إدارة	لبنان	شركة الأمل هولدينغ (هولدينغ)
0	0	0	مفوض مراقبة	لبنان	سيدالي وشركاه - للمحاسبة
0	0	1	مساهم	لبنان	عصام
0	0	1	مساهم	لبنان	هدى
0	0	0	مؤسس	لبنان	عثمان
0	0	0	مؤسس	لبنان	عصام
0	0	0	مؤسس	لبنان	ماهر
0	0	0	مفوض توقيع	لبنان	هدى
0	0	0	عضو مجلس إدارة	لبنان	رينة قواد السنيورة
0	0	0	عضو مجلس إدارة	لبنان	هدى
0	0	0	محامي	لبنان	عثمان

Figure 51: An example of a politician involved in the registration of a developer's company. Source: Author, based on online profiling.

Republic of Lebanon  
Ministry of Justice  
COMMERCIAL REGISTER

الجمهورية اللبنانية  
وزارة العدل  
السجل التجاري

شركة الامل هولدينغ ش.م.ل (شركة قابضة).

رقم التسجيل: 1901014  
الإسم التجاري: شركة الامل هولدينغ ش.م.ل (شركة قابضة)  
الإسم الإضافي:  
المحافظة: بيروت (ب)  
تاريخ التسجيل: AM 12:00:00 9/18/2007  
نوع السجل: هولدينغ  
وضع الشركة: قائمة  
مدة الشركة:  
رأس المال: 30000000.0000  
العنوان: بيروت - شارع السدات - بداية السدات ثور - الطابق السادس

نوع النشاط:  
- ينحصر نشاط الشركة بالتالي: (1) تلك أسهم او حصص في شركات معقنة او محدودة المسؤولية لبنانية او لجنبة قائمة او الاشتراك في تأسيسها. (2) إدارة الشركات التي تلك فيها حصص شركة او مساهمة (3) اراض الشركات التي تلك فيها حصص شركة او مساهمة وكذلك تجاه الغير وشركة الهولدينغ من اجل تلك ان تقرض من المصارف وان تضمن سدادات دين وفقا لاحكام المادة 122 وما يليها من قانون التجارة على ان لا يتجاوز مجموع قيمة السدات المصدرة في اي وقت من الاوقات خمس اموات قيمة رأسمال شركة الهولدينغ مصداق اليه الاحتياطات وفقا لأخر ميزانية جرت الموافقة عليها. لا يجوز للشركة اراض شركات عملة في لبنان الا كانت حصتها في رأسمالها تقل عن العشرين بالمئة. (4) تلك براءات الاختراع والاكتشافات والامتيازات والمراكم المسجلة وسواها من الحقوق المحفوظة وتأجيرها لتؤسسات واقعة في لبنان والخارج (5) تلك اموال منقولة او غير منقولة شرط ان تكون مخصصة لحاجات اعدائها فقط مع ابرازها احكام القانون المتعلق بانقلاب غير اللبنانيين الحقوق العينية العقارية في لبنان. - يحظر على هذه الشركة القيام مباشرة بأية اعمال خارجة عن موهو عملها كما هو محدد حصرا. - لا يجوز لهذه الشركة ان تتلك بصورة مباشرة نسبة لتفوق الاربعين بالمئة ي اكثر من شركتين.

المساهمون / الأشخاص

الإسم	الجنسية	نوع العلاقة	الأسهام	الحصص	النسبة
وائل فؤاد السنيورة	لبنان	مدير عام مساعد	0	0	0
هدى	لبنان	رئيس مجلس إدارة	0	0	0
وسيم	لبنان	مفوض مراقبة	0	0	0
هدى	لبنان	مساعد	0	0	0
وائل فؤاد السنيورة	لبنان	مساعد	0	0	0
مي فؤاد السنيورة	لبنان	مساعد	0	0	0
زيد فؤاد السنيورة	لبنان	مساعد	0	0	0
مصام	لبنان	مؤسس	0	0	0
سام	لبنان	مؤسس	0	0	0
وائل فؤاد السنيورة	لبنان	مؤسس	0	0	0
وائل فؤاد السنيورة	لبنان	مفوض توقيع	0	0	0
هدى عبد الله السباط	لبنان	مفوض توقيع	0	0	0
وائل فؤاد السنيورة	لبنان	عضو مجلس إدارة	0	0	0
مي فؤاد السنيورة	لبنان	عضو مجلس إدارة	0	0	0
عثمان	لبنان	مساعد	0	0	0

Figure 52: The owners of Al Amal holding which are the sons of Fouad Sanioura, the former prime minister. Source: Author, based on online profiling.

Another example is Kassem, a *Businessman/building industry-developer* that entered the development industry in the early 2000s. He is a Sunni from Chebaa, South Lebanon. He moved to DA in the 1990s and opened a modest electrical building materials shop. Yet, he decided to extend his business to include real estate development and he was able due to his partnership with Imad Al-Khatib (Figure 53), A former deputy in the Lebanese parliament to become a competent *professional* real estate developer.

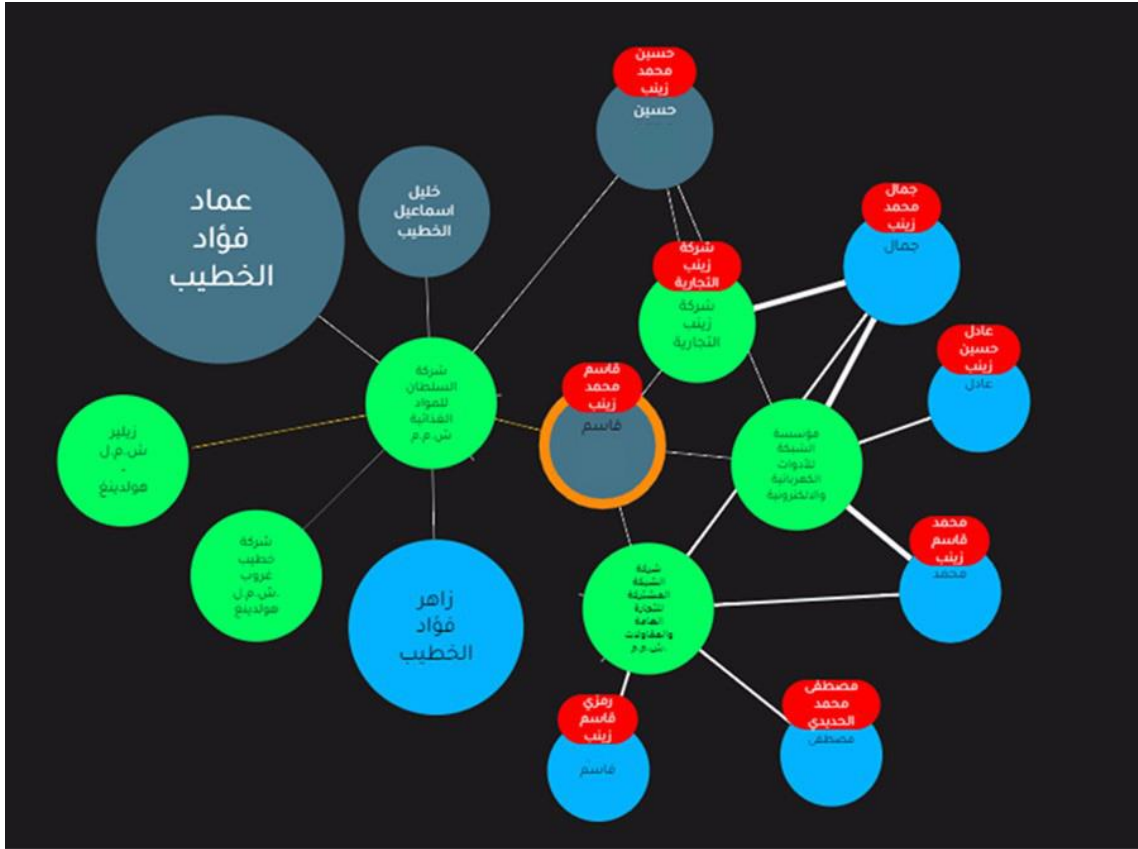


Figure 53: Connections of a developer that reveals the presence of a politician in the registration of his company. Source: Author, based on online profiling.

In terms of political affiliation/alliance, most DA developers share their affiliation publicly through the different social media platforms such as Facebook, Instagram, and Twitter (Figures 54 and 55). Their political affiliation helps them to finish their work easily through the public and institutional entities. Furthermore, many developers occupy leading positions in the political parties they are affiliated with. One of them is a professional developer named Refaat, who happened to be the general secretary of the Future movement (Figure 55). Another one is an Amateur developer, Souheil serves as the head of Sawaed (Hariri affiliated organization) and another organization named “Al Entishar al Bayrouti Janoub al A’simah, الانتشار البيروتى جنوب العاصمة” (Figures 54 and 55).



Figure 54: Some developers sharing their political affiliation publicly over their social media pages. Source: Author, based on online profiling.

Other Professional developers are the W Family. They are also among the first real estate developers that started developing in DA and they are strongly affiliated with the Future Movement (Figure 55).



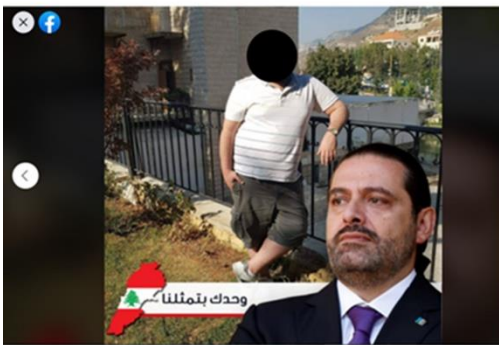


Figure 55: Developers sharing their political affiliation publicly over their social media pages. Source: Author, based on online profiling.

c. Intertwined with Public Sectors

DA developers do not only occupy high political positions. A pretty good number also occupies high positions within the different institutions of the public sector. One of the *professional* developers was the old head of the Order of Architects and Engineers. Another *businessman-developer* penetrated the real estate market while serving as the head of the general directorate of Land Registry and cadaster. Some of them served also as heads of their original municipalities that they come from (Figure 56).

Furthermore, most DA developers established good relationships with public officials in order to facilitate their work. B & C projects for example acknowledged during my interview the importance of such relations to succeed.

*You must be friends with municipalities, heads of municipalities, engineers, and different kinds of public officials. I also have friends in PCH who help me always and help my clients with housing loans.*

*(B & C Projects, Interviewed in February 2020)*



Figure 56: A businessman-developer who is the head of a Municipality sharing on his Facebook page his pictures with public officials, religious figures, and officers. Source: Author, based on online profiling.

d. Exclusive Networks within the Banking Sector

DA developers have also their exclusive networks within the banking sectors that facilitate their work. These networks are necessary for DA since this area showed a high dependency on housing loans. Developers might need those connections either to secure construction loans for themselves or to help their clients getting a housing loan. Almost all interviewed developers were open about having a *wasta*<sup>22</sup> in Banks and they shared with me the details of their relationships and what are the benefits.

*I have a good relationship with BLOM Bank. This relationship grew specifically after referring my clients that are willing to take housing loans to them. Besides, we showed them that we are trustful, and they can count on us for clients. We reached a point where they offered to be our partners in any project we do and at any location. They also offered construction loans, but we did not take any either went for any partnership with them. This bank used to give a lot of offers for real estate developers and most developers who took loans from this bank went are struggling now to pay their debts.*

*(B & C Projects, Interviewed in February 2020)*

*I also know the manager of BLOM, and I used to take my clients myself to BLOM, and due to my relationship with them, they used to help me and help my clients. It was a win-win situation for both of us. We also received offers from Byblos and bank of Beirut, Lebanon and gulf, bank C w f k " c p f " q v j g t u í*

*(J & K Group, Interviewed in February 2020)*

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<sup>22</sup> Wasta is a powerful connection that people in Lebanon build with politicians or any people in power.

*I work with two banks, but I do not mind if a client is willing to take a loan from another bank. I have a good connection with them, and they can help my clients to get approval from the bank easily. We work with BEMO, Arab Bank, and Byblos. They reached us and we tried to work with them since we have connections with my family. For example, my father referred my uncle to work with them, and so on.*

*(Hani, Interviewed in January 2020)*

*I have a good relationship with BLOM bank. It is an old relation since my father used to deal with them a long time ago and I also worked my own relationship with them. My friends used to plan trips to Cyprus, and I used to travel with them and most of them became managers in BLOM. I also work with BLC bank, when I used to call this bank, they would immediately send c p " g o r n q { g g " v q " o { " e w u v q o g t u . " v j . go to the bank, and they would go after him to his office or house. They used to help my customers with the application from A to Z.*

*(Chahine, Interviewed in February 2020)*

## **E. Conclusion: A Real Estate Machine that intersects and trespasses the Political Machine**

In sum, what we can extract from the analysis of networks of DA developers are the kind of social, political, and institutional networks that these developers need in order to build in these territories.

The market is heavily penetrated/Guarded by the political class and that networks through this class are critical for the ability to develop. Not necessarily sectarian rather than a simple sectarian alliance. It is a penetration of public positions and connections

to actors within public positions that determine the ability to develop and sustain in this market.

Accordingly, all developers seem to have networks with politicians, occupy political and public positions, and develop networks with the police and the army. Developers also transcend political clashes and tension when it stands in the way of their own benefit (even though from different sects they partner and work with each other). As can be seen, they exploit sectarian, political, and religious lines and transcend them according to their own profits.

## CHAPTER V

### SPATIALIZING CITY/SUBURB DEVELOPERS

Having profiled city/periphery developers, their modes of operation, and strategies, I turn in this chapter to the geographic distribution of the operations of the developers whose activities I mapped to analyze the organization of the city's peripheries. I use the periphery, not as a mere extension of the city, but as a territory interconnected and interlinked with the municipal city, reproduced with new linkages and through the interventions of the developers who either capitalize on or circumvent networks in order to deploy their activities. In this chapter, I trace the trajectories of *city/periphery* developers, investigate how they penetrate and navigate territories, and explore if we can define a “geography” within which they work.

#### A. Beirut and its suburbs

Since the 1950s, Beirut has attracted numerous migrants who came to the Lebanese capital for the work opportunities it promised (Bourgey & Pharès, 1973). Migration movements from villages towards the capital city were the main reason behind the expansion of Beirut towards its suburbs, (Ghorra, 1975), allowing the capital to engulf many of the small villages surrounding it (Khuri 1975). Yet, since the 1980s, these migration movements were reversed as city residents were forced to leave their city towards the far suburbs. The first trigger was the **civil war**, when people escaped the heavy fighting in the city and sought refuge in the safe suburbs (Bou Akar, 2018). The second trigger was the **financial violence**, when lower and middle-income groups

were priced out of the municipal city due to the steep increases in housing prices (Fawaz M. et al, 2017).

As discussed earlier in chapter IV, Mneimneh (2019) and Zaatari (2019)'s research unveiled a circulation of housing agents and residents between the low-to-middle-income neighborhoods of Tarik Al Jdideh and Aicha Bakkar towards affordable locations within Greater Beirut's periphery such as DA and others. In line with the city's divided sectarian lines, the suburbs also. Accordingly, neighborhoods in the city developed connections to affordable suburbs that receive residents who cannot afford to live in the city. In order to unravel the relations between DA and other districts of Beirut, I traced the patterns through which developers came into the area and where and how else they worked.

### ***1. Trajectories Through Which Developers Navigate the Geography***

I began my analysis first by identifying the developers who have worked or have considered working between the city and the suburbs, those I refer to in the thesis as "*city/suburb developers*". Out of the 72 profiled developers operating in DA, 30 have either developed and/or are in the process of developing buildings in Municipal Beirut. Based on the locations of their first development, it is possible to identify multiple trajectories among the developers.

Developers who first launched their business in the suburban market and moved to Beirut have typically used the suburb as a springboard to begin a business in a more protected market. Many of *the traditional guard, the professionals* described in chapter IV, built their companies alone, from scratch. The suburban market in DA provided them a space in which they could learn the profession, develop the needed social

networks, gain professional experience<sup>23</sup>, and raise the necessary funds that enabled them later to move to the more lucrative market of the municipal city. Yet, entering this market was not accessible and easy for everyone. It was clearly easier for people who could capitalize on their social networks through kinship, religious/sectarian networks, or political affiliation to play a role in this market.

To make my point, I take the example of B & C projects, a company of two partners that counts among the biggest real estate agencies in DA. B & C projects are two Palestinian brothers-in-law. Both were born and raised in Tarik el Jdideh, within Municipal Beirut. Mr. B's father came to Tarik el Jdideh in 1969. He was a successful businessman who owns a textile factory. Mr. C was also working in a wood decoration company in Tarik el Jdideh with his two brothers.

In 1992, Mr. B's father decided to move his textile factory from Tarik el Jdideh to the industrial area in Choueifat. He decided to sell his warehouse in Beirut, and he bought a new one in Choueifat. In the same year, he decided to move and settle in a closer area to his work. Mr. B's father had chosen DA since many of their relatives and friends lived there. He bought an apartment in DA from J & K group<sup>24</sup> that was recommended by Bayoud's friends from Tarik el Jdideh.

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<sup>23</sup> Learning the professional experience includes what I mention about being a professional developer: tapping into networks to secure paper works, access to land, cover for illegal violations, etc.

<sup>24</sup> A Sunni and Druze developers among biggest in DA. Their story is discussed in detailed in chapter 4.



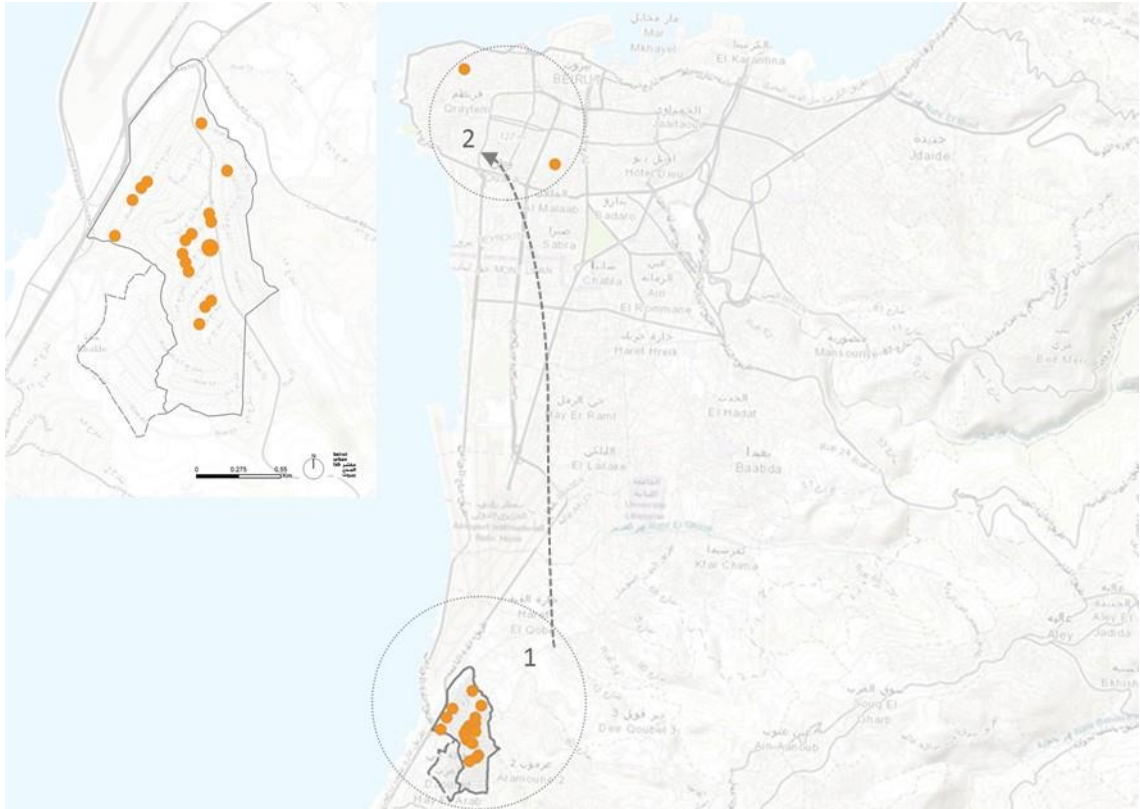


Figure 57: Location of B & C Projects in DA and Beirut. Source: Author, based on interviews and online profiling.

When Mr. B's father bought the apartment, B was only 21 years old and he was studying accounting at Al Makassed College<sup>25</sup>. He was fascinated by the real estate development industry, especially after seeing the J & K group's professional work. He decided that this was his dream career and he insisted to penetrate this domain although he was discouraged by his family and friends. In 1994, Mr. B joined J & K group as an intern. He learned the profession during a one year and a half training, and, with the help of his father, started his first real estate project in 1996.

Mr. B was strongly influenced by the strategy and partnership of the J & K group. Although he has inherited good social networks from his businessman father in

<sup>25</sup> a Muslim Sunni school.

DA, he decided to look for a strong trusted partner. Mr. B learned and replicated the secrets of the profession from the well-established developers J & K group. He partnered with his brother-in-law since the latter was affiliated to the Future Movement through which he secured thick networks within the Beirut-Sunni community, and can share with him his financial capital. B & C succeeded in establishing a solid development business and became the competitors of the J & K group. The political alliance with the Future Movement enabled them to work with affiliated brokers and access strategic locations in DA, at a time when access to land became subject to territorial considerations in the region (Bou Akar 2018). They acknowledged during the interview that their good relations with brokers allowed them to get the best spots for building developments in the locality (Figure 57). Those brokers were either known from Tarik el Jdideh or their political networks. Besides, Mr. B mentioned at the time of the interview that he had managed recently through his connections to buy from Nazek al Hariri the lot of the old dispensary of Rafik al Hariri at the entrance of DA<sup>26</sup>, where he was hoping to develop a commercial-residential complex.

After building more than fifteen projects in DA, B & C projects were ready to build in the capital city. As we see in the map above (Figure 57), the locations of their current projects are Burj Abi Haidar and Ras Beirut. B& C projects' connections with the same affiliated brokers they know provided them great locations of land with good offers:

*I am doing the study for a project in Beirut. I received a good offer to partner with landowners. The lot is between Bourj Abi Haidar and Noueiri. The total buildable area is about 6,000 m2 between parking,*

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<sup>26</sup> This lot is owned by Nazek el Hariri and it has a strategic location at the entrance of DA. Nazek al Hariri closed the dispensary in 2016 and Bayoud torn it down right after he have bought it in 2019.

*shops, and apartments. The lot is big about 624 m2 in zone 3 and it is also a corner lot, so we managed to profit from 20% extra exploitation. I have a meeting tomorrow with the landowners and the architect to agree on the project and see how things will work. I do not consider this project risky because I am not putting in a big capital to buy land and to build. I will be only paying construction costs.*

*Most of our clients are from Beirut and we count on brokers to get customers. Our broker is from Tarik el Jdideh, he is called Farouk al Rabbat, in the Abou Chaker area next to Nejme Club. I also know the biggest broker from the Arab of Khaldeh. I love working with him and I trust him. We have a big chunk of customers from Chebaa<sup>27</sup> village from the south. I can say that most of our customers are from Beirut and Chebaa. Other customers from other sects do not come to us they have their own developers or friends. Most of my customers are Sunni and I rarely sell to Shia.*

*(B & C Projects, Interviewed in February 2020)*

It is through these networks B & C projects were able networks played a key role in enabling them to penetrate and dominate DA territories. These networks were prudently forged year after year through their connections and not just inherited. The exceptional connections they cultivated with prominent brokers gave them access to land but also clients. they clearly stated that their clients are from Chebaa and Beirut, hence a specific religious group, potentially with a clear political affiliation. Given the circulation of actors between DA and specific neighborhoods of Beirut, the brokers allowed them access to the capital city. Their successful business also allowed them to accumulate disposable investment capital they can reinvest elsewhere. Consequently, they are able to move their business partially to Municipal Beirut.

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<sup>27</sup> Chebaa is a big village in the south of Lebanon and most of its residents are Sunnis.

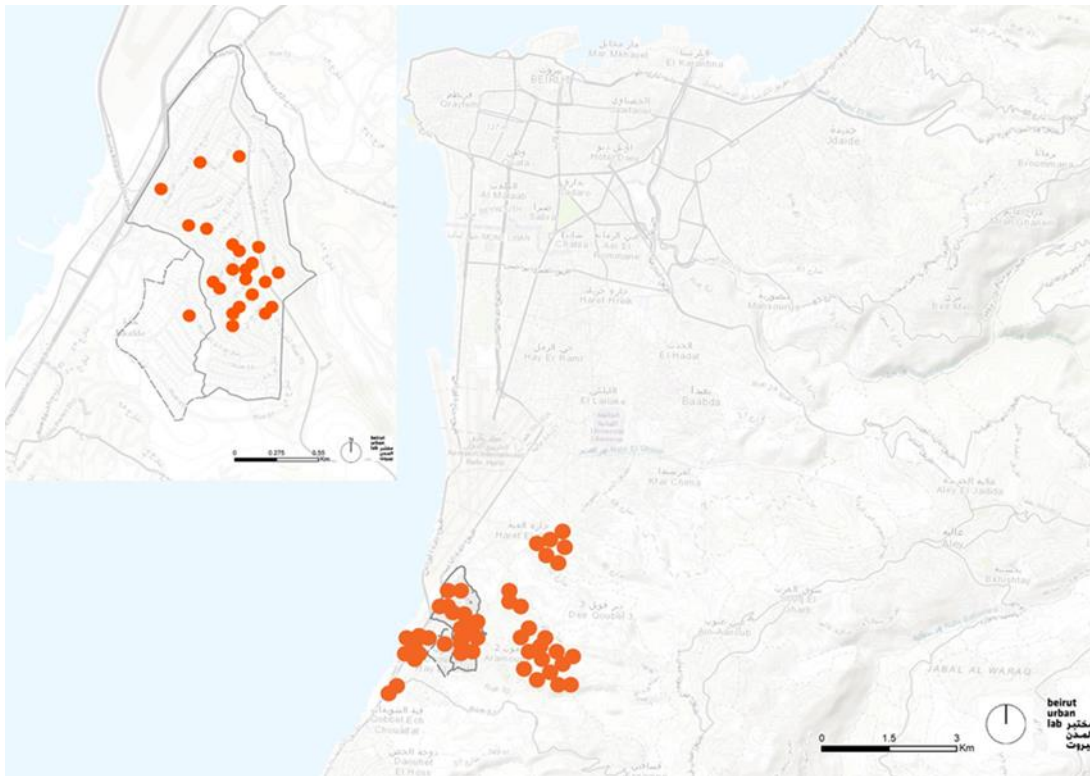


Figure 58: Location of J & K projects in DA, Khaldeh, Choueifat, and Bchamoun. Source: Author, based on interviews and online profiling.

The type of social networks that are cultivated by a developer is essential in determining a developer's geography of work. Although Mr. B from B & C projects learned the secrets of the profession from J & K Group, he was able through his collected networks to step into bigger developments in Beirut. B & C group were able to cultivate networks through their affiliation to the Future Movement to gain a connection with employees of the Central Bank, the PCH, and Beirut Municipality. Conversely, J & K group did not consider developing in Beirut. They preferred to extend the geography of their work in the vicinities of DA where they have powerful networks within the municipality and local institutions and better access to land from Druze brokers and landowners (Figure 58). This comparison between the two groups

reveals the importance of the network with the municipality since building permits has to pass through the mayor. So even one secures the land, the sectorial/territorial dimensions remained through the municipality councils controlling the territories.

Another successful developer who started in the suburban market and is in the process of moving towards the capital city is Chahine, a developer from Bablieh, a village in South Lebanon. Chahine's first real estate project was built in Jamous street in Dahieh in 2005<sup>28</sup>. The son of an experienced real estate developer who had only built in the southern suburbs of Beirut, Abbas benefited from his father's financial and professional support for his first solo experience. However, while Chahine's father had targeted the lower-income groups in popular areas such as Hay-el-Sellom and Laylaki<sup>29</sup>, both of which are developed through largely informal mechanisms (Fawaz 2004), Abbas sought to penetrate the more lucrative middle-income segment.

After finishing his first project in Dahieh, Abbas decided to develop his second project in DA where he hoped to benefit from a larger margin of profit. Growing up in Dahieh, Abbas had noticed that many of the Shiite younger generations preferred to buy homes in more affordable and less crowded locations like DA. And since Chahine knows Shiite brokers and friends in DA, those who had slowly moved out of Dahieh, he was able to rely on these social networks to penetrate the DA territory. Chahine says that he was able through his connections to buy one of the old real estate companies that owns 10,000 m<sup>2</sup> of land in DA at once<sup>30</sup>. It is noteworthy that the land purchase was conducted with a foreign company that had bought the property for investment, rather

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<sup>28</sup> Definition of Dahieh

<sup>29</sup> Both neighborhoods are located in Dahieh.

<sup>30</sup> The company's name is Wadi Marmar, and it was a Saudi company. These companies were created by CIL at the early subdivision phase as a way to sell land. CIL created many companies like Wadi Marmar who each one owns 10 000 m<sup>2</sup> of land. Such companies are essential to study the land ownership patterns and I was able to trace the names of similar ones but due to the lack of time I wasn't able to do it.

than a local landowner. Consequently, Chahine was able to circumvent local territorial considerations because of the information he could secure about this opportunity through brokers who do not necessarily derive their power from the local context. This deal was very beneficial to Chahine since he bought the company before the high increases in land prices in DA, in the late years of the first decade of the 2000s.

Within a short period, Chahine managed to build more than five projects in DA. The market was at its best between 2010 and 2015 and Chahine was able to amass a solid fortune. After accumulating good capital, the next step for Abbas was to move towards bigger developments. He told me that he did not have enough capital to buy land and finance a project in Beirut, so he considered other locations that needed less capital. As a result, Chahine chose higher-income suburbs such as Loueizeh, Hazmieh, and Yarzeh in Baabda. He mentioned that Shiite developers have recently gotten access to these locations through powerful land brokers<sup>31</sup>. Chahine finished four projects in Baabda, and he was ready now to approach the capital city. He bought two lots in Beirut and he is considering developing them as soon as the situation in Lebanon gets better. They are located in Mazraa and Mar Elias (Figure 59). These neighborhoods, just like those in the suburbs, are less marked by a sectarian identity than others, allowing a developer who wants to expand the scope of his activities to successfully expand his market by relying on market networks (e.g., brokers) over political ones (e.g., affiliation with Hezbollah or Amal, or at least their consent) if he wanted to build in the municipalities of Dahieh.

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<sup>31</sup> It is noticeable that land brokers don't need local relations if they are not selling local land, many of the developments are actually –like this one- second hand sales.

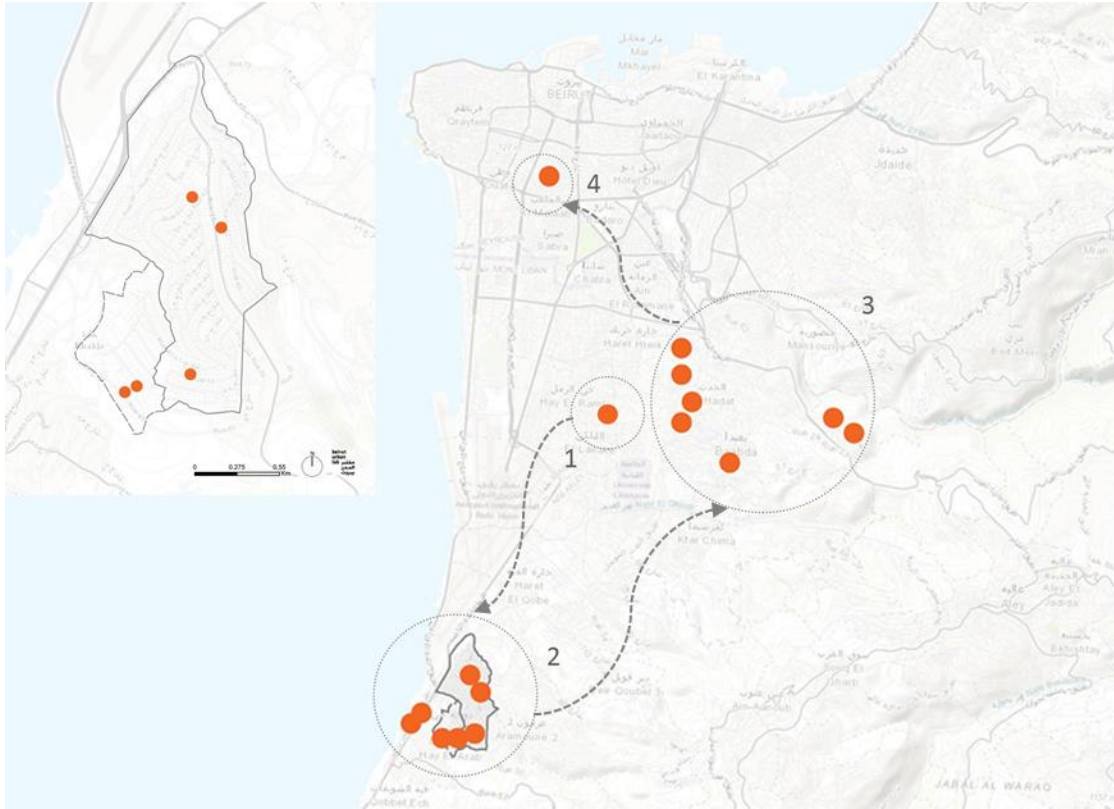


Figure 59: Development trajectory of Chahine. Source: Author, based on interviews and online profiling.

Like other *professional developers from the Traditional Guard*, Fawaz also started from the suburb of DA. A Shiite developer from Ghassanieh, South Lebanon, Fawaz had worked in the construction industry in Africa and came back to settle in Municipal Beirut, in the neighborhood of Aicha Bakkar in 1993. With a small capital collected abroad, Fawaz purchased land in DA and hired an engineer to conduct the design and construction work. During the interview, Fawaz explained that he had faced a lot of problems in his first project, yet he was able to avoid them in the second project:

*There is a big difference between being directly involved in the project and assigning a person to take charge of the work. The assigned engineer started to take a commission from the suppliers without my*

*project, I became more experienced. My experience today is equal to the experience of three engineers! Wu w c n n { . " K " y q t m " c n q p g . " K " f with anyone, and I fund my work solely.*

*(Fawaz, Interviewed by Abir Zaatari, January 2019)*

After developing several projects in DA, Fawaz decided to move back to Aicha Bakkar and its vicinities where he hoped to make higher profits (Figure 60). The most important factor to success, Fawaz says, is to know “the keys that unlock each territory”. To him, the selection of the architect that has networks in an area of development, for example, is critical. The architect will help ease the permitting process with the municipality and allows him to get away with infractions that could substantially increase profit:

*I work with different architects/engineers. Each area has its corresponding engineer. For example, in Aramoun I have two engineers that I work with regularly. In Beirut, it depends on the area I am working in. If the area is dominated by a certain color, I go to an engineer that is well acquainted with the area.*

*(Fawaz, Interviewed by Air Zaatari, January 2019)*

Someone would think that Fawaz chooses to work with the local engineer a normal action since he will know better the zoning rules and building regulations for each territory. Yet what the true reason behind this action was that the local engineer will have good networks within the local municipality, local police officers, and other institutions that will enable the developer to get his permit faster and gain more profit through illegal violations.



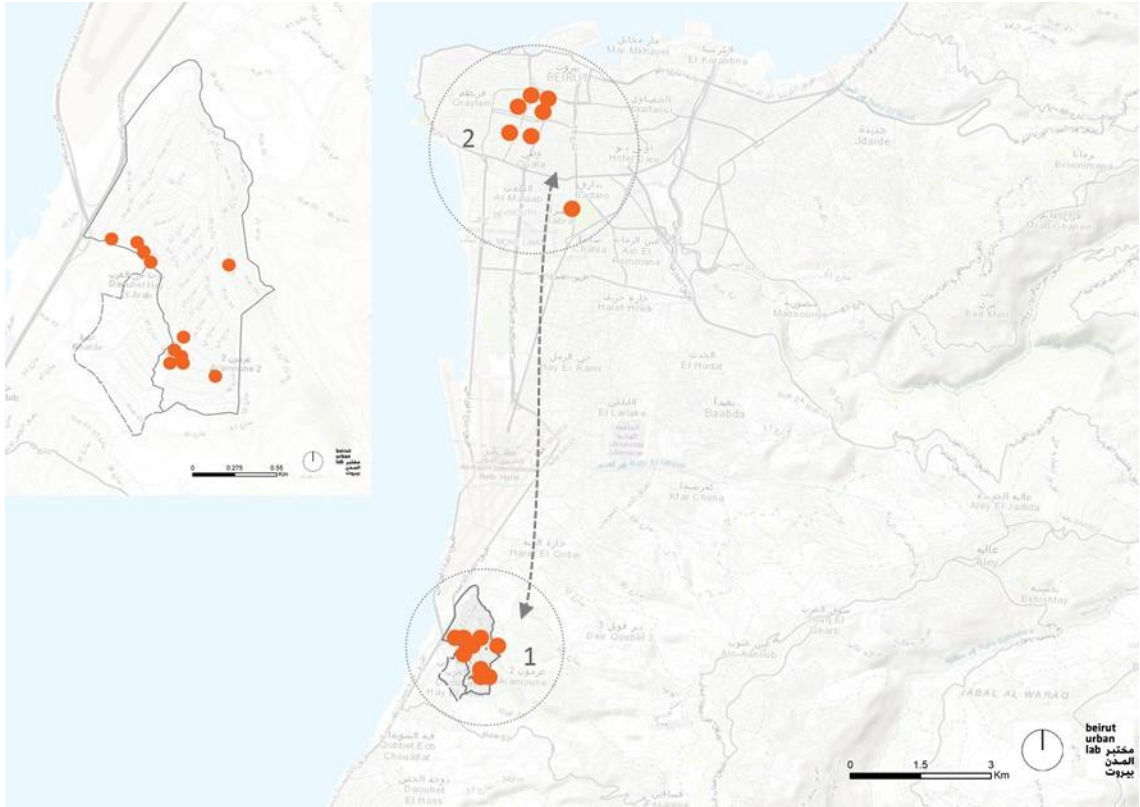


Figure 60: Development trajectory of Fawaz. Source: Author, based on interviews and online profiling.

Fawaz was able to develop in Beirut due to many reasons. He earned a good “experience”, not just he learned the professional steps, he also learned that there are a lot of “tricks” and he gained building networks and became being recognized with a good reputation. After doing several projects in the suburb, he managed his work well in Beirut. He undertook most of his projects in partnerships with landowners since the price of the land is way more expensive than DA. Fawaz developed projects in Basta, Sanayeh, Tarik el Jdideh, and Aicha Bakkar yet, the only place he faced problems in is Tarik el Jdideh:

*The only project I faced problems with, is in Tarik el Jdideh. I sold an apartment to one Shiite only, and the whole neighborhood went crazy on me, although the guy was good. The land was owned by the Tannir*

family, and they partnered with one guy from the Al Arab family, who developed the land since he lacked the money. So, he came to me, I was developing in a close area, and I saw the guy and told him I can resolve the issues for you, so he welcomed me. I finished the building in one year and a half. I sold to one Shia, who was a professor at Lebanese University, and they started complaining. So, I do not consider developing in Tarik Jdideh anymore, do you know why? Because there is discrimination along sectarian lines. A developer from another sect to intervene in their area. Another landowner had a school, wanted me to develop another project in the area, so they also went crazy on him.

(Fawaz, Interviewed by Abir Zaatari, January 2019)

As a result, Fawaz kept developing projects in Beirut and DA. He was mainly counting on his connections and social networks to buy land from brokers and ensure clients through his reputation:

Brokers come and offer available land for potential developments. I go and see it, and meet with the landowners, but usually, my relationship is with the landlord. In Beirut. I am more likely to partner with the landlord, it's better than paying a hefty sum for the land. As for clients, I find them through my network. If a client likes the building, I am developing he tells his network about it. Not on Facebook, not on social media, magazines, banners...etc. No need. Only through networks, because my reputation is very good. They know how I treat my clients and the quality of my works. Sometimes brokers approach me and tell me they have clients.

(Fawaz, Interviewed by Abir Zaatari, January 2019)

Conversely, developers who were working in Beirut and moved to the suburbs have a different narrative: they were crowded out of Beirut, when prices went up and forced to move where they could still intervene on the market, supported by the availability of clients who could secure housing loans. The inflation of land prices in Beirut pushed many developers to build instead in the suburbs in order to maintain or expand their operations once Beirut became prohibitively expensive. Those developers saw in the suburbs an alluring market that requires a smaller capital, and a simpler permitting process. At the same time, they accumulated social networks that enabled them to penetrate the suburbs such as DA. I recount below the trajectories of two developers that were working in the capital city and chose to move their businesses to the suburbs.

Riad is a middle-aged *professional developer* who belongs to a notable Sunni family in Beirut. When I first met Riad, he was offended when I called him an “Architect”. He asked me to introduce him as a real estate developer, not an architect:

*I am a Tejer benaa,<sup>32</sup> I am not an architect anymore. The engineering profession does not allow you to generate profit like real estate*  
*f g x g n q r o g p v 0 " V j c v ø u " y j { " K " f g e k f g f " v q " d g*  
*all the values and guidelines of this profession.*

*(Riad, Personal communications, January 2019)*

Riad was born and raised in Beirut. When he first graduated as an architect from Beirut Arab University, he opened a small office and started working in the capital city. In the early 1990s, Riad was working closely for real estate developers, noting that developers are generating huge profits. Riad decided to partner with a developer from

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<sup>32</sup> Tejer benaa means a broker that sells apartments.

another notable Sunni family in his development project in Beirut. However, Riad's small contribution to the project<sup>33</sup> did not allow him to get a big share of the profit.

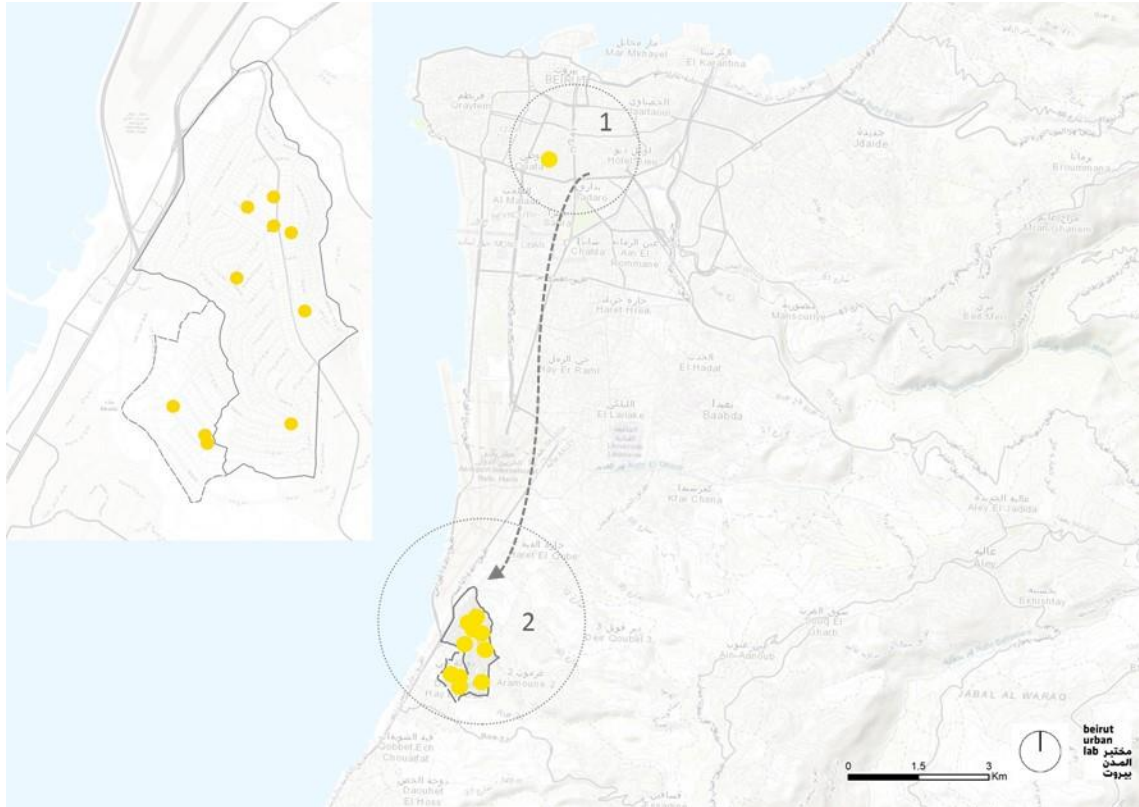


Figure 61: Development trajectory of Riad. Source: Author, based on interviews and online profiling.

For this reason, in 2001, Riad decided to move to another location that requires less capital where he can start his own development operations. During his work in Beirut, Riad was able to cultivate connections with the different public agencies involved in the permitting process such as DGU, OEA, and the PCH. Besides, Riad's family name and networks through the Beirut-Sunni community granted him access to clients that were moving to DA. All these factors together enabled him to succeed in

<sup>33</sup> Although he explained that he was contributing with a not so bad sum of money, he was not able to get a big share of profit since his partner was contributing with most of the development fees.

DA's housing market, and he has built more than ten projects in DA until now. During my short on-site conversation with him, he disclosed that he managed to cultivate still good ties and networks in the locality whether with the municipality or active local brokers (Figure 61).

Just like Riad, Saab decided that the suburban context suits better his *development style*. Saab is a Sunni *Businessman/building industry-developer* from Chebaa, South Lebanon. He started his career in the building industry by opening a small company for construction materials in the early 1990s in Cola (Municipal Beirut). Saab was not the only one in his family who entered the real estate sector, his two brothers belong also to the new classes of developers. Like Saab, they established small building materials companies in Mazraa and Chiah and then became professional developers.

Saab started his first development projects in Beirut by partnering with professional developers as a small investor, providing construction material as his share of the investment. By doing this he received a percentage of profit from each developer that he provided with construction materials. He partnered in two projects in Municipal Beirut, one in Mazraa (2005) and another in Unesco (2007) (Figure 62).

These two partnership experiences in Beirut allowed Saab to gauge the profitability of the business, all the while realizing that he won't be able to go through developments alone given prohibitive costs. He hence opted to move to the suburb, specifically to DA in 2013. Saab's political affiliation with the Future Movement opened doors to him in DA. Moreover, being from Chebaa, he has good access to clients that want to move to DA from his village<sup>34</sup>. He has built two large-scale

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<sup>34</sup> Chebaa people are famous in DA. their immigration to the neighborhood started before the war and it's still ongoing until now. They even have a street in DA known as the Chebaa street.

developments successfully. Saab was also elected as the head of the Municipality of his village, yet he is still working as a developer in DA. Moreover, his position as head of the municipality awarded him with more networks within the local, governmental, and public institutions.

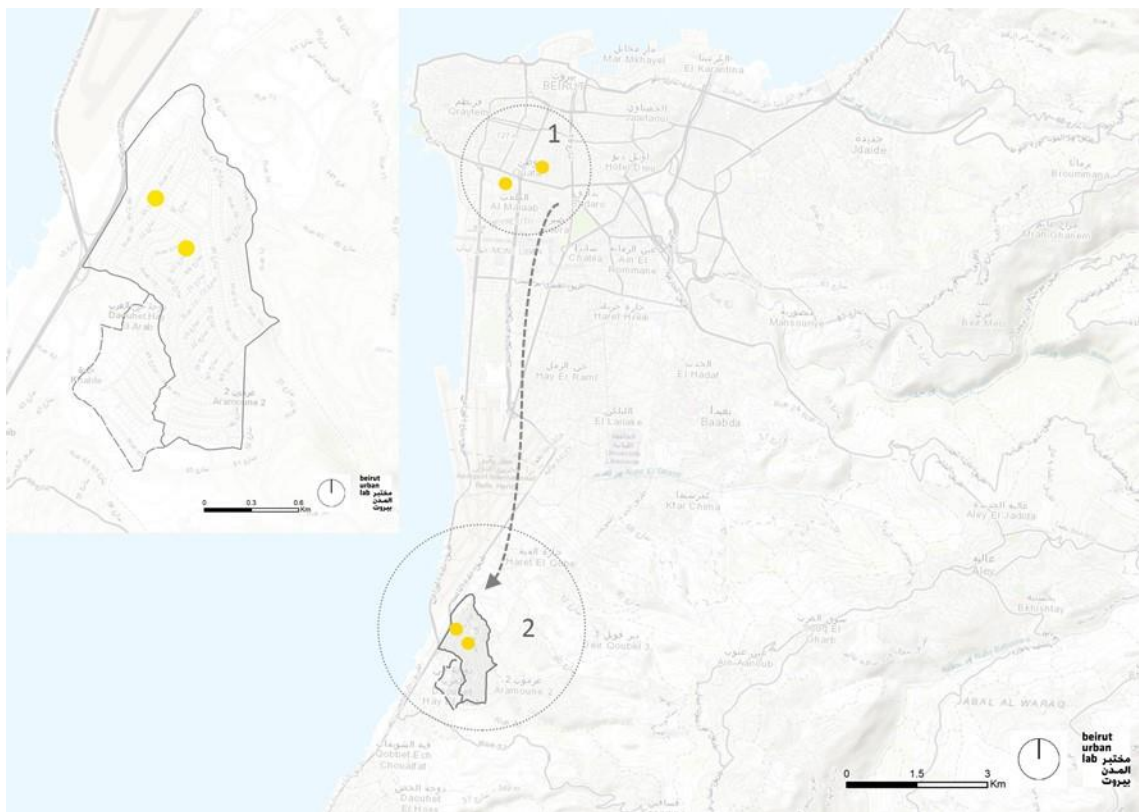


Figure 62: Development trajectory of Saab. Source: Author, based on interviews and online profiling.

According to my analysis of developers' trajectories, a large group of *city/suburb developers* works simultaneously between the city and its peripheries. Those developers mostly have big social and financial capitals that enable them to work at the same time in both locations. They were also seduced by the variety of housing loans that expanded the housing market and targeted low-middle and middle-income groups. I will show in this section how those developers move between the city and its suburbs, depending on the flows of people and capital.

I will start first with the trajectory of Hani, a *professional developer* who inherited this profession from his father and grandfather who are one of the biggest Sunni families in Beirut. Hani graduated with a degree in civil engineering from the Beirut Arab University, a typical trajectory for members of this social group. His father inherited the profession from his father who was also a well-known developer in Beirut.

All Hani's family members work in Beirut, and he is the only one who decided to develop in DA. When I asked him why he chose DA, Hani explained that he decided to benefit from housing loans and build in a location that matches the range that housing loans are providing, around 200,000 \$. Besides, he said that his father owns land in DA that was bought as an investment before the war, so he decided to develop it instead of selling it. And since building in DA is less complicated than Beirut, he said that he wanted to experiment on his own:

*I started my first project in DA in 2010. This was the first project I developed for my own profit. My father started developing in the 1970s. The idea of developing back then was new and there was no competition since they were only a few tejjar benaa<sup>35</sup>. And since my grandfather was also a developer, my father was encouraged to continue in this field. This building that we are sitting in was built by my grandfather. My father started to work as a pharmacist first. He opened a pharmacy and he worked in parallel in real estate. Back in times when my grandfather was developing, he was not building for selling, it was for the family and for renting. There was no presence for banks back then and people had this idea that you protect your money by constructing and in this way, you will have a roof to bequeath to your descendants. Besides, the renting was good and there were no rental issues back then.*

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<sup>35</sup> Tejjar benaa in Arabic means real estate developers that sell apartments.

(Hani, Interviewed in January 2020)

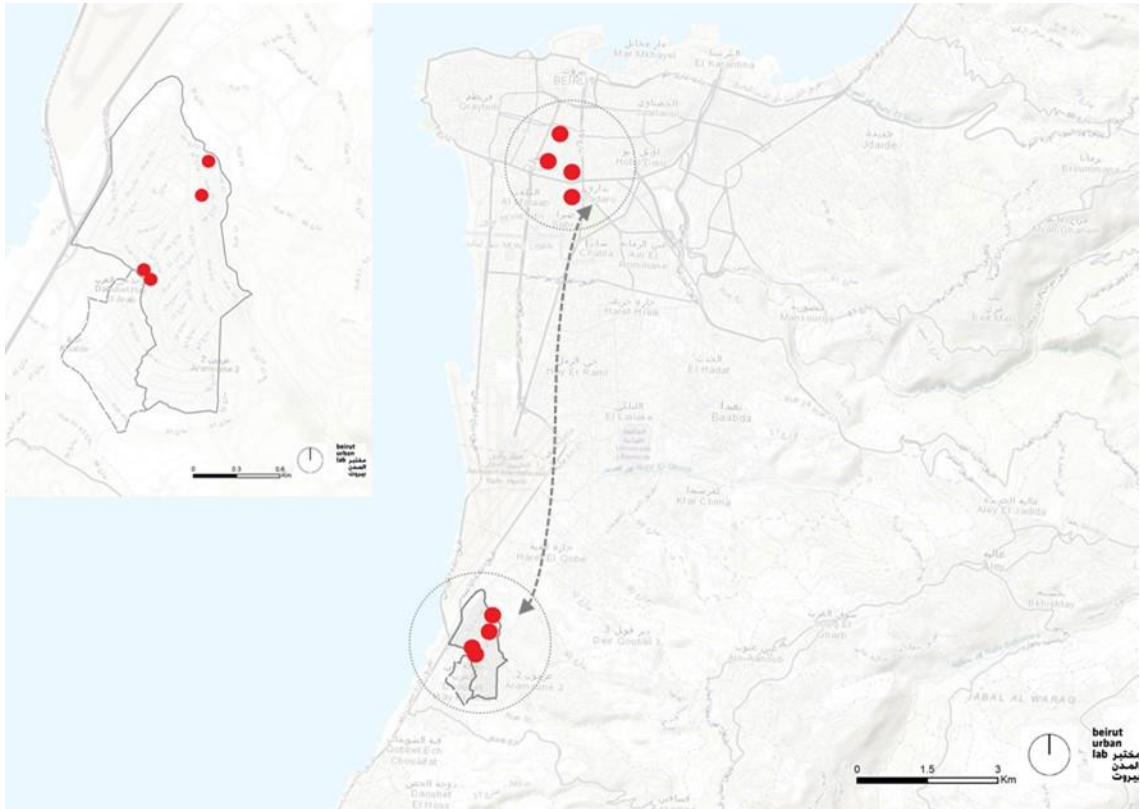


Figure 63: Development trajectory of Hani. Source: Author, based on interviews and online profiling.

After doing one project in Aramoun, Hani decided to go for another one. He was allured by the high demand for low-income housing and the speed of selling through housing loans. Also, his good reputation and family name allowed him to have access to clients:

*The land was bought by my father in the 1970s through a broker. One of the lots that my father bought is from the company that subdivided the land in DA<sup>36</sup>. This company established real estate offices that sell the subdivided land like brokers nowadays. I started with the land that I inherited from my father. After we have built our land, we started to look*

<sup>36</sup> The interviewed developer is referring to CIL.



*for potential land for development. As for our latest project, the land was offered to us through our connections.*

*Being from Beirut and from a notable family, my clients are from Beirut from my connections. Most of my clients are regular workers that work in Beirut or the Gulf countries outside Lebanon. Lately, I started to sell for Syrians (They started to buy apartments in DA three years ago).*

*(Hani, Interviewed in January 2020)*

Hani's answer defines exactly the importance of social networks. Stating that being from Beirut and a notable Sunni family gives him access to networks and clients. Hani has built three projects in DA and the fourth one is still under construction, yet he thinks that this is going to be his last project there. Hani explains his decision with the dependence he has on housing loans that have now stopped with the financial meltdown.

Other developers with an interesting trajectory are the Z brothers, who are *professional* Sunni developers from Tarik el Jdideh. The biggest brother was trained as an architect, but he began his career directly in the field of real estate development. He opened an office in Achrafieh in the early 2000s. I met Ahmad, the young brother, during my fieldwork and I had the chance to ask him about their work. Ahmad oversees site works for all his brother's projects. He is also his partner since they started together from their father's inherited capital.

The Z brothers started their first developments in Achrafieh between 2000 and 2005. They had the chance to partner with landowners they know from their Sunni connections. Their strategy is to always work in partnership since they prefer to go with large scale developments at the same time.

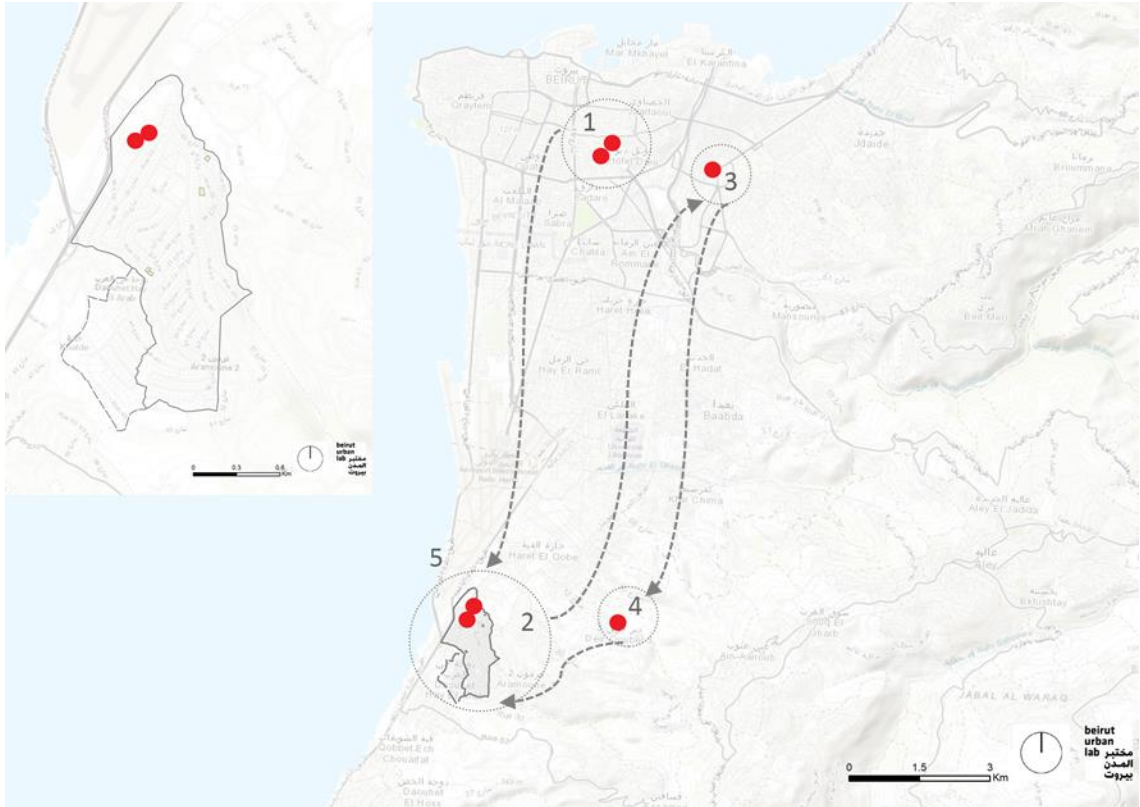


Figure 64: Development trajectory of the Z Brothers. Source: Author, based on developers and online profiling.

Ahmad explained during our short on-site conversation that they are friends with key Sunni developers and businessmen, and they convince them to invest in their development projects. They do not deal with banks at all since they have access to capital from their friends and connections. While working on their projects in Achrafieh, the two brothers started a new project in DA in 2005. They decided to work between both locations, the biggest brother took charge of the work in Beirut and Ahmad in DA. After only a short time, Ahmad moved with his family and settled in DA following all his neighbors and friends who were moving one after the other from Tarik el Jdideh towards DA.

The Z brothers were able to sell their project promptly in DA due to their good reputation in the building industry between their social circles and they were able to catch clients who were moving from Beirut.

After noticing the high demand for affordable units, the Z brothers decided to go for a bigger project in DA. This time, they partnered with investors from well-known families in Beirut and went for a six blocks housing complex. Ahmad mentioned that they have sold half of the units on the map and collected a good sum of money to start with. They did use any advertisement or any poster or even a sign for the project. All they have is their name and connections.

Furthermore, the Z brothers did not limit their work in Beirut and DA. In 2010 and 2011, they started two other projects in Deir Koubel and Sin el Fil. Their strategy was to partner with well-known developers and landowners in each area they intervene. In Deir Koubel, they partnered with the Druze landowners. While, In Sin el Fil, they partnered with Christian developers. The map above shows the locations of the projects done by the Z brothers (Figure 64). It reveals how their smart partnerships enabled them to penetrate more diversified locations for housing developments and transcend geography.

The Z brothers were not the only brothers who adopted a smart strategy to penetrate DA's housing market. The T brothers are also another example that illustrates how Shiite developers also followed the flow of migration patterns of the young Shiite generation that found shelter in DA. The two brothers inherited the profession from their father, who was a developer in Dahieh since 1978. Khaled, the big brother studied architecture in Russia, while Jaafar the younger one stayed in Lebanon to help his father in construction works.

After finishing his master's degree, Khaled returned to help his brother in their company. Khaled with his creativity and Jaafar with his expertise took their father's business to the professional level. They were able in a short period between 1995 and 2008 to widen their scope of work from popular areas in Dahieh towards more luxurious districts such as Bir Hassan, Saint-Therese, Hadath, and Jnah (Figure 65).

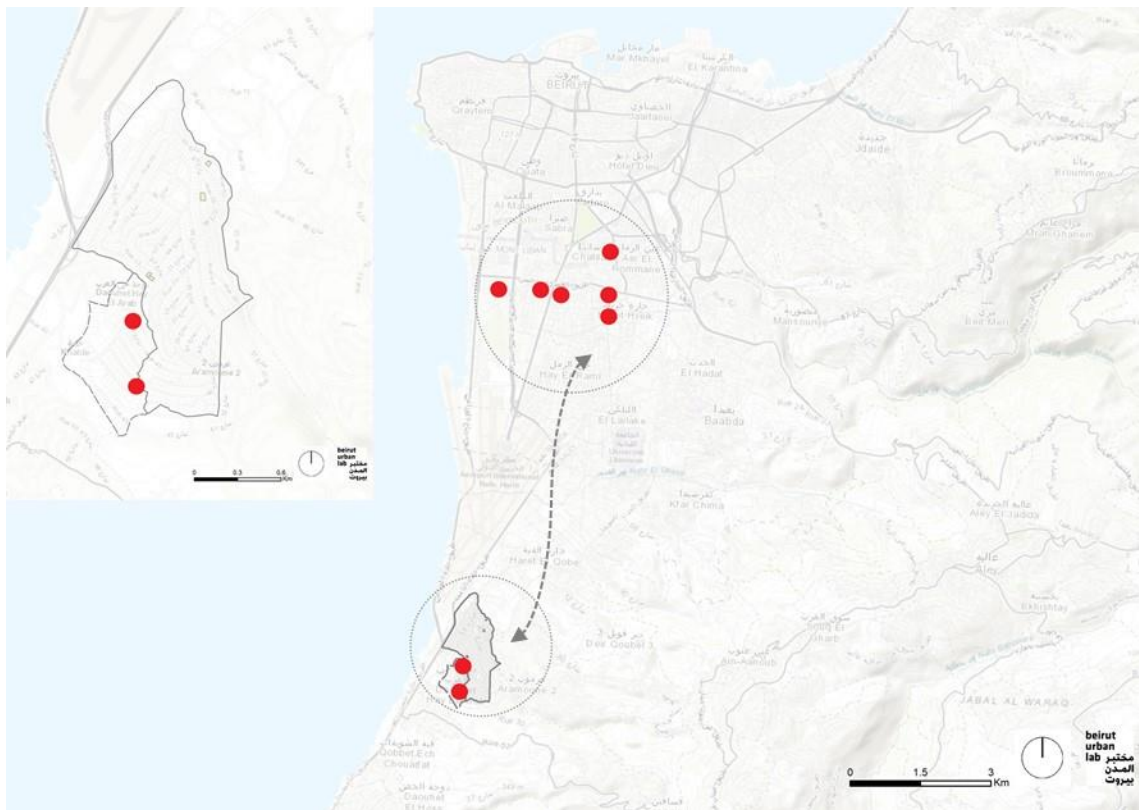


Figure 65: Development trajectory of the T Brothers. Source: Author, 2020.

In 2010, the T brothers decided to invest in DA. They noticed that the Shiite young generation is escaping the congested Dahieh towards DA and other southern suburbs such as Bchamoun, Khladeh, and Jiyeh. Another reason is the affordability of these locations where the price of the purchased apartments matches the price ranges of the subsidized housing loans. The T brothers bought the land in DA and started their

project immediately. Khaled worked on an innovative design of an apartment building complex comprised of duplexes with their private garden or terrace. The project was sold promptly, and the two brothers gained reputation and fame due to the unique design of their projects.

After the success of their project, the T brothers became well known in DA. They decided to go for another project, but they were looking for a partnership with landowners since they want to split their capital between their projects in DA and Beirut. Jaafar was able to find a 50-year-old lady who owned an old villa within the same neighborhood where they built their first project. The lady wanted to turn down her villa and partner with a developer to gain some money to guarantee her life. She said that she received many offers from other developers, but she decided to partner with the T brothers because she was lured by their sophisticated designs. Yet, the lady did not know that the T brothers will drag her with their fluctuations between their different project locations.

The initial deal between the two brothers and the lady was that she leaves her villa to live in a rented apartment. The two brothers will pay her rent and give her a 1000\$ salary for three years until the apartment building is done. They agreed that she will have one-third of the apartments in addition to her rooftop duplex. The T brothers filed the permit in 2014 and they started right after with the demolition works of the villa. They started with concrete works, but they were not working as fast as they promised the lady. Their strategy was to use their good name and reputation to sell housing units on the map, so they fund the project without putting all their capital. The project exceeded three years and the lady started to pressure the two brothers to finish works since she wants to settle in her duplex. Yet, the two brothers did not have a

problem with the delay and were shrewd enough to write the terms of the contract with the lady to serve their interests.

The main reason that made the T brothers slow down the pace of work was first the reduction and then halt of housing loans. Their strategy was to divide their capital between several projects and to focus on finishing the project that receives a high demand. When the demand decreased in DA, the brothers decided to focus on their project in Tayouneh. They did not stop their project completely in DA, but they are still working slowly using the capital collected from pre-selling on the map. The brothers only finished the lady's duplex so she can move back and live in her house and kept dragging her with their delays that prevented her from selling her share of the apartments.

## **B. The City/suburb Developers: Analysis of their Geography of Work**

The analysis of *city/suburb developers* revealed that the “geographic region” occupied by the cluster of developers who intervenes in DA serves to delineate a larger geography that encompasses a larger suburban territory and market segment of affordable housing. This geography is classed according to the sectarian forces that shape the Lebanese territories a long-time ago. The most critical factor behind the analysis of the trajectories of city/periphery developers is to understand How are they moving? Why are they moving? And where are they heading?

There is no clear rule about starting necessarily from the suburb or the city. To some, the suburb was the first jumping board that helped them propel to the more guarded/more expensive market of Beirut. To others, the suburb is a safe refuge from

Beirut where they can build without worrying about partners and/or relying on their capital and pace.

Several developers chose their location according to the coverage of housing loans. For example, the most important factor that encouraged developers to invest in the suburbs was the high dependency on housing loans and the possibility of building apartments that fall within the range of subsidized loans. According to developers, once they can fit their market within the range of affordable housing loans, the risks are low and the sale convenient and guaranteed.

The analysis of city/suburb developers' trajectories revealed that most of the developers chose the locations of their projects according to the places where they can access land easily. However, penetrating these territories is not restricted to developers from the same sect only. To some of these developers, particularly those penetrating a different sectarian territory, work has to be concentrated in a specific narrow geography where they have managed to cultivate relations. And here stands the role of an important class of brokers and local engineers that link people together and let infiltrate whoever serves their interest. For example, Fawaz, a big Shiite developer, managed to penetrate DA's market since the 1990s and became one of the biggest developers there. Yet, he had to concentrate his work within defined geography where he was able to cultivate networks with brokers who can bring him clients and the right engineer who has provided him with an entry to the Municipality.

In other words, Development is easier for those who are able to claim "embeddedness" in the sectarian/geographic territory, however, embeddedness is not indispensable since many developers have managed to forge partnerships, bringing their experience and capital to landowners and/or engineers who can provide them with the

necessary geographic network. For example, the Z brothers, also explained that when developing in Deir Koubel (a Druze periphery) they partnered with landowners, and when developing in Sin el Fil (a Christian periphery) they partnered with Christian developers. Under those circumstances, in almost all peripheries access to land is complicated but at the same time, it is more accessible for developers since it is more affordable than the municipal city. In contrast, access to land and access to the city, especially in times of financialization and after the high increase in real estate prices (Fawaz M. et al, 2017), became confined to high-income groups.

Furthermore, sectarian affiliations create important distinctions among developers and define their relative advantage and control from one market to the other. Whether a total affiliation or a simple alliance, political networks and connections played a major role in developers' penetration to DA's housing market. A developer's political affiliation allows them to access land from affiliated brokers, access to clients<sup>37</sup>, and eases their work in municipal and public institutions. It is also clear that those who have open political affiliations find it harder to penetrate others' territories.

The most significant finding that we can learn is that the geography is not fixed and what we call the suburb is not fix. The process of creating a suburb is something recreated and reproduced over time and developers play an integral role in it. And in the case of DA, the suburb is constantly reinvented not just as a political territory, but also as this place of profit consistently in relation to the city.

As a result, the suburb is a place that is being in flux/in the process of production and developers play a critical role in this production. These places are contributing to a new urban imaginary where people find an accessible place that allows

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<sup>37</sup> whether from affiliated brokers or simply friends and connections within their political parties



them to be in relation to their city. It is a place where people are still connected to the city although they are geographically far away.

### **C. Conclusion: Authority Over Territories Vs. Prioritizing Property Profit, Maintaining a Delicate Balance**

While peripheries are receiving large flows of newcomers, whether displaced from cities or migrants from villages, the fear from the sectarian other regenerates. Municipalities of these peripheries play a key role in the organization and structure of their locality. The main factor that gives them power over their territories is the permitting process whereas each building permit should pass by the municipality to get the approval. This factor allows each municipality to have control and impose her power to either facilitate or obstruct the work of developers especially in certain areas where sectarian clashes already took place.

As a result, municipalities tend to preserve a delicate balance between maintaining a certain kind of sectarian control that empowers them to maintain their authority over the territory while at the same time they prioritize property profit. So, while sectarianism remains constructed as a way to guard the territory, other self-interested dimensions also penetrate, where municipalities, landowners, and other parties benefit financially from these flows of newcomers. This section needs more elaboration, however, I wasn't able to do interviews and profile municipal employees and their relationship to developers due to the outbreak of Covid-19.

## CHAPTER VI

### CONCLUSION

In this concluding chapter, I begin with a summary of the thesis findings. I then briefly review the limitations I encountered before I conclude with the possible implications for planning.

#### **A. Findings**

This thesis intended to trace the expansion and materialization of financialization in the suburbs of Beirut, in a district known as Doha Aramoun. It adopted an approach that works through the profiling and trajectories of developers and their activities, as main actors driving the production process of the city and its suburbs, remaking urban districts and their shifting urban borders. The thesis answered three main research questions: How does the financialization documented in the capital city translate in the suburbs? Who are the developers involved in the production of the built environment in Beirut's suburbs? And where do they build and how do they shift across geographies?

The thesis showed that first, developers are main agents in the production of space of this geography. True, developers play the role typically described in the literature, making land accessible for development (Topalov, 1972). However, the economic transaction which regulates this process is a small piece of the puzzle. Developers indeed play more roles in driving the process of housing production from the early land subdivisions to the negotiation and provision of infrastructure all the way

to producing/selling homes. Developers also intervene in the reorganization of urban territories, negotiating and filtering who can penetrate, where, and how people. Through these activities, developers ultimately negotiate the redrawing of urban geographies along with other actors such as public agents, political parties, bankers, current and future residents. In sum, developers are building, reshaping, and reproducing geographies which they navigate.

The thesis furthermore profiled developers working in Doha Aramoun, a diverse group of actors that I identified as three distinct groups: (i) an old guard of professionals, typically middle-aged and senior men of specific religious groups who had penetrated the market during the war period; (ii) new investors or businessmen diversifying their portfolios by investing in the built environment, and (iii) amateurs attracted to work in this suburb who are also middle-aged men from more diversified backgrounds. Despite the distinctions between developers' practices and experiences, the thesis showed that all developers heavily invested in their pre-existing social capital, which they cultivated and extended as a main strategy to sustain their business. This capital including the sectarian social networks on which these developers could tap, as well as networks they could articulate with public sector employees, local and national representatives of political parties, elected officials, bank employees, and other influential individuals in the local communities where they live. In short, each developer has his collection of *wastas* or good connections through which he secures the necessary ingredients of housing production: land, finance, permits, and more.

In addition, the thesis showed that the strategies of developers do not simply fit in securing access to ingredients. Rather, these networks are deployed to expand the

territories in which the developers work and ultimately reorganize it. As such, developers forged new relations through clients, engineers, or banks. Building on these relations, they expanded the territories where they can operate. The most typical translation is across neighborhoods allocated to the lower middle classes, such as Tarik el-Jdideh in Beirut or Dahiya outside it, on the one hand, and Doha Aramoun on the other. As such, developers who have managed to cultivate connections with banks and actors within multiple geographies could expand their businesses and benefit from subsidized housing loans more than others.

It is noteworthy that although the thesis investigated a neighborhood considered “legal” and within the norm, my research found that there is a prevailing presence of illegal practices and building law violations. It showed that developers build within the legal framework but often trespassed the law, building well beyond the permitted size of the building footprint or the number of floors, and making a substantial untaxed profit.

## **B. Limitations**

The findings of this thesis provide important insights for anyone invested in the improvement of affordable housing provision in Lebanon. Yet, the research remains limited. Two main issues should be raised. First, the outbreak of COVID-19 affected data collection in my work. I had hoped to conduct face-to-face interviews with developers and learn directly from their experiences. Instead, I had to switch to an online profiling method. This method allowed me to collect data but took more time and was less effective than interviews. Thus, my sample of interviews with developers should have been bigger and should have included more amateur and businessmen

developers. Second, there are many specificities to Doha Aramoun that make it hard to generalize the findings to other areas in Beirut and beyond. Comparative research with other districts will have to be conducted before conclusions can be drawn.

### **C. Planning Recommendations**

Building on the data and analysis presented in this thesis, I ask what is the place of urban planning in this story? And what do we learn from this study in relation to planning practice or planning policy? It is not easy to articulate recommendations given the complexity of the production of space unraveled in the thesis. Yet, it is our responsibility as planners to go beyond the analysis and identify pathways through which recommendations can be made for the right provision of adequate housing that ensures affordable, inclusive, and equitable housing for all groups. Accordingly, I articulate two tentative planning proposals that would need further development if they are to be applied. These proposals should be considered as important locations to begin a necessary conversation on how to improve the structure of Greater Beirut's housing production rather than recipes to be applied immediately. These recommendations are particularly important as Lebanon sinks under the weight of the financial bankruptcy and economic breakdown, the outbreak of coronavirus COVID-19, and the Beirut Blast of August 4<sup>th</sup>, 2020. Today, one in three Lebanese is unemployed and a significant number of people are defaulting on their loans, struggling with their rents, and are in the threat of being evicted when banks or landlords take over housing units (WFP, 2020). What should we do?

The thesis attempted to reveal the anatomy of the growth machine of this suburban district to understand the real drivers and dynamics that articulate housing production. The thesis showed that developers coupled with the financial sector and the political class are the major beneficiaries of this urban growth and the intervention of the government through an array of policies (reviewing building and property laws, revising zoning regulations, and introducing the housing loans) came to support this intention. This is one of the repercussions of a global housing crisis where the private interests of people in office intersect with multinational financial investors with unprecedented amounts of capital on the one hand and interfere with people lacking adequate affordable housing in cities on the other (Farha, 2020).

The thesis showed that developers were strong actors who can produce housing, yet through the production process they had resorted to informal networks and connections with local authorities, banking employees, and political actors. They are powerful partners that can provide housing, yet their work needs to be regulated in order to deploy their big powers to the favor of people. How do we regulate them?

### ***1. Regulating the Housing Market***

The poor regulatory environment in which developers operate in addition to their deep imbrication with the banking sector have created poor conditions for the production of a reliable and effective affordable housing market. To address these limitations, it is imperative to introduce stringent and transparent regulations that control the operations of developers and separate their role in housing production from the financial networks with which they have colluded. Such intervention should come in the context of an integrated affordable housing policy that builds on the capacity of

developers as partners rather than single-players in the housing field. Besides, this framework should clarify the boundaries between the financial and banking sector, the developers, and public and governmental institutions. It is only through a clearly defined and transparent regulatory system that the operations of developers can be organized in a way that favors people's livelihoods over sheer profit.

## *2. Improve Reu k f g p v u ø " T g r t g u g p v c v k q p " c p f " U g r c t c v*

### *Public Government:*

The thesis has shown that the inability of residents and developers to move across territories and build without getting networks and protection from municipal authorities has created unhealthy relations between developers and municipal authorities. To counter this trend, it is imperative to call for a proper local representation. Achieving local representation of all residents within the jurisdiction they inhabit, had always been a highly political issue especially in Beirut and its suburbs. Most of the problems relating to access to housing and services discussed in this thesis are mostly due to the lack of proper local representation. Therefore, a restructuring of the political voting system in Lebanon is mandatory. Residents need to invest in their place of residence and need to have direct representation with local authorities without the mediation of developers, religious or political figures, etc. To this end, it is imperative that further thinking is conducting to revisit territorial boundaries of municipal districts and the role and responsibilities of local authorities.

## APPENDIX

التصميم التوجيهي العام لمنطقة  
ضواحي مدينة بيروت

رقم ١٩٤٨ تاريخ ١٩٦٤/٧/٢٢ - معدل بالبرسيم رقم ١٤٣١٣ تاريخ ١٩٧٠/٤/٢١

المنطقة	الابعاد الدنيا الصافية بعد التخطيط				الارتفاع الامن من حدود المقارون الطرق أو التخطيط	معدل الاستثمار النسبي	عامل الاستثمار العام الاقصى	عدد الطوابق	المساحة الاقصى م <sup>٢</sup>	المنطقة
	للقطع الناتجة عن الاراز		القطع الموجودة الحالية للبناء							
	المساحة	واجهة وعمق	المساحة	واجهة وعمق						
A <sub>1</sub>	1000	20 x 20	500	10 x 10	4	30%	0,90	3	13,500	وتجارة
A <sub>1.1</sub>	1000	20 x 20	500	10 x 10	4	30%	1,00	3	17,000	وتجارة
A <sub>1.2</sub>	1000	20 x 20	500	10 x 10	4	30%	1,00	3	17,000	وتجارة
A <sub>2</sub>	2000	30 x 30	1000	20 x 20	-	20%	0,80	4	17,000	وتجارة
B <sub>1</sub>	500	10 x 10	250	10 x 10	4	50%	1,60	4	17,000	وتجارة
B <sub>1.1</sub>	500	10 x 10	250	10 x 10	4	60%	1,60	4	17,000	وتجارة
B <sub>2</sub>	600	16 x 16	200	10 x 10	-	40%	2	-	-	وتجارة
B <sub>2.1</sub>	600	16 x 16	200	10 x 10	-	40%	2,20	-	-	وتجارة
B <sub>2.2</sub>	600	16 x 16	200	10 x 10	-	40%	2,40	-	-	وتجارة
C	1000	20 x 20	500	10 x 10	3	70%	1,70	-	-	صناعية
D	400	10 x 10	200	8 x 8	-	50%	2	-	-	وتجارة
	1000	30 x 30	1000	30 x 30	10	10%	0,30	-	-	مطاعم او سكن خاص
	3000	40 x 50	3000	40 x 50	10	10%	0,30	-	-	مطاعم مع حيوانات بحرية
	7000	60 x 80	7000	60 x 80	10	10%	0,30	-	-	مؤسسات سياحية وفندقية وشاليهات



## **Real-estate developers' Questions:**

### **Relation to the neighborhood**

- 1) In your opinion, how are the new building developments affecting Aramoun?
- 2) Can you locate your older developments? What are the similarities and differences between Aramoun and other areas you developed?
- 3) How can you describe the quality of the buildings in Aramoun compared to other areas?
- 4) Have you built in two different areas in Aramoun?  
How are the developments different in these areas?

### **Skills and Professional background**

- 1) Why did you choose to work on real-estate development in Aramoun?
- 2) Can you describe your first process of real-estate development? Year? Did you receive support from family members? Did you use partnerships in order to achieve the developments?
- 3) How and when did you learn the profession? What are the main lessons that you can pass on?
- 4) Had you tried another profession before? Were you/are you doing something in parallel?

### **Mechanisms/ sources of finance**

- 1) Can you describe the last three projects you developed? Where are they located?  
Who were your partners?
- 2) How do you advertise for your projects?

### **Customers**

- 1) Can you describe your regular customers? What are the most common professions of your customers?  
Where did they move from?

- 2) Do you know most of the residents in Aramoun? If not, how do you learn about potential land for development?
- 3) What is your relation with the landowner? What types of deals are set in place (pay them entirely? Give them a % of units?) How and when did you first acquire land?
- 4) Do you build to sell or also to rent out?
- 5) Have you ever rejected selling an apartment to someone? Why?

### **Banking**

- 1) The market is currently in crisis. How does it affect you?  
Do you have a bank loan? Do you/are you able to negotiate it? Are your clients also defaulting?
- 2) Do you help your customers acquire housing bank loans? Do they get financial support from other sources/mechanisms? Do you offer direct installments/preselling on the map? How often do you do so?
- 3) Do you have any good relation with a specific bank that trusts you? How did you build the relation with this bank?
- 4) Do you use real-estate development bank loans?  
How do you identify the bank? Do you know the manager? Did you get any type of additional support from the bank?
- 5) Do you have any other partnership or mechanism for land acquisition/development not mentioned above?

### **General Background**

- 1) In your opinion, how did the rezoning of Aramoun affect the area? Were you involved in the rezoning discussions?
- 2) In your opinion, how does the 2004 building law change the landscape/process for you?  
Were you personally involved in discussions about the law?
- 3) Can you describe the neighborhood you were raised in? What about your family?
- 4) Do you believe Aramoun is mixed, divided, or homogenous? And how?

Does this affect your development practices?

- 5) How many employees work in your firm? When was it established? Where is it located?
- 6) Do you have other firms? What type of firm (Consultancy, contracting, real-estate...etc.)?
- 7) Do you have suggestions for how the Municipality and/or any other public agency can help you improve the work?
- 8) Some people are discussing the idea that to improve the city, there is a need for every developer to “give something” to the city. This is done in the USA. Every developer has to provide a small open space, one affordable unit, etc. to make the neighborhood more livable. What do you think of this idea if it were imposed on everyone?

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