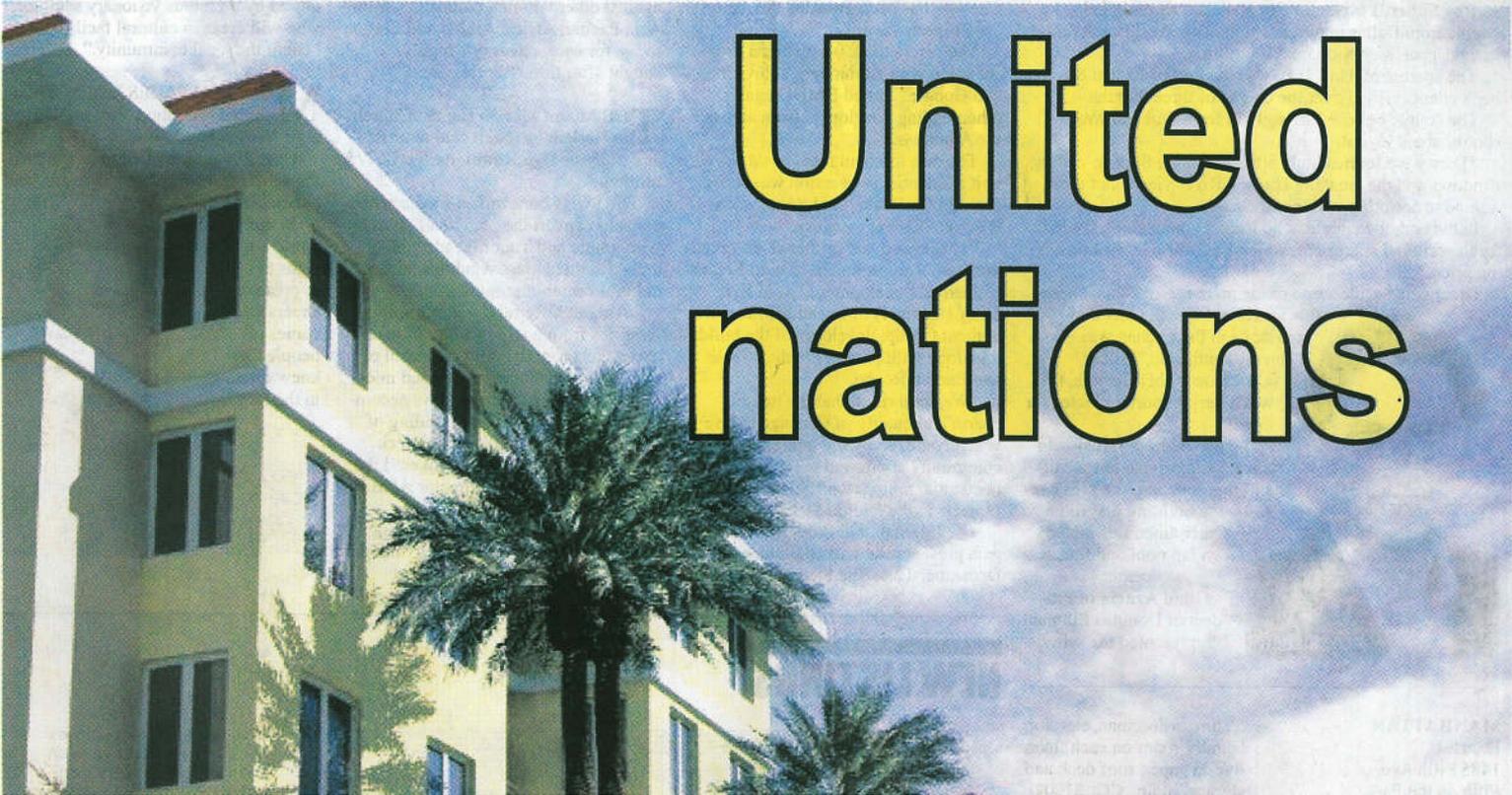


BROKERS WEEKLY



United nations

Developer bringing a little bit of America to Iraq

By LIANA GREY

Two months ago, the Claremont Group, a development firm based on the Upper East Side, broke ground on its first luxury development overseas: a 1,600-unit gated community just outside downtown Erbil, the peaceful, pro-American capital of Kurdistan, in northern Iraq.

The Atlantic, as the project is called, wouldn't be out of place in a New York suburb. When complete in two or three years, it will have condos with oversized windows, a collection of two-story townhomes, and wide, tree-lined boulevards.

A retail corridor, which Claremont hopes to fill with boutiques, coffee shops, and a supermarket, is also under construction. "We're attempting to mimic an old-style American main street," said Stephen Lari, a principal at Claremont.

The development is the first of its kind in Erbil, let alone Iraq. "We were interested in investing in the Middle East," said Lari, who works alongside his father, Alex, and brother, John. Five years ago, when Gulf cities like Dubai were booming, the company began scouring the region for sites.

At first, the Laris considered teaming up with the Defense Department on reconstruction projects in war-torn southern Iraq.

Then the firm spotted a demand for quality housing in the country's relatively prosperous northern region. "From a real estate fundamentals perspective, it was not hard to see that the city was booming," Lari explained. "Saddam was not

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— STEPHEN LARI, CLAREMONT

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When it came to design, the team was torn between adopting Iraqi architectural styles and transplanting a slice of American suburbia to Kurdistan.

The latter seemed to resonate more with the kinds of buy-

ers Claremont was hoping to attract: local doctors, lawyers, and engineers, many of whom don't trust Erbil-based developers to complete projects in time. "People are interested in western developers rather than local ones," Lari said.

As with their developments in New York, including a condo building at 8 Union Square South and a gated community on the north shore of Long Island, the Claremont Group emphasized quality for price when marketing the project. Despite all the Western-style flourishes, a handful of buyers followed centuries of Iraqi tradition when pre-construction sales began over the summer, snapping up homes next door to relatives in order to create makeshift family compounds.

On the flipside, Claremont's sales team has also been approached by local investors, who see real estate as a safer bet than Iraq's minimally regulated banks.

Since modern development took hold in Kurdistan about seven years ago, property values have risen steadily. With a handful of Kurds waiting to purchase property until Saddam Hussein was ousted, the region's government estimates that

Continued on Page D4

Developer bringing a little bit of America to Iraq

Continued from D1

there is demand for over 100,000 homes in northern Iraq.

Tourism and business travel have picked up in Kurdistan as well, prompting the Claremont Group to break ground on a second project in the region, a 200-room Double-Tree Hilton slated to open by 2013.

"Part of what we're doing is establishing the brand for other projects in Kurdistan," said Lari. "We're also looking at other Gulf area countries, and other countries in Asia."

Elsewhere on the continent, the suburbs of New Delhi, India have seen a rise in American-style luxury development in recent years.

In 2006, Hema Virani, a broker at DJK Residential, worked with an Indian developer planning a gated community in Modinagar, an industrial city of 500,000 about an hour outside the country's capital.

Regent Realty, which began acquiring land in phases after the project stalled during the recession, is primarily targeting



Regent Realty is building a gated community in India.

ex-pats hoping to return to India once they retire.

Like other developers in the region, the company has sent a marketing team to New York to reach out directly to Indian immigrants. Their pitch, Virani said, has been embraced by retirees, and even young families looking for a higher standard of living at a lower cost.

"They can have access to private schools, maids, drivers, and cooks," all at a relatively affordable rate, she explained.

To appeal to buyers accustomed to American amenities, Regent is constructing a large-scale mixed-use community much like the Atlantic in Kurdistan. There will be a mix of apartments and single-family homes with front yards, all with access to a golf course, fitness center, billiards room, and a mixed-use plaza with shops and office space.

The entire complex will sprawl over 3,000 acres, with landscaped grounds and

paths along an irrigation canal extending from the Ganges River.

One selling point stands out glaringly from the kind marketed in New York: the availability of basic utilities.

Even in New Delhi's most prosperous suburbs, water and electricity can be spotty, and luxury high-rises often border shantytowns. So developers in India have to play up the reliability of back-up generators and top-notch security systems.

Still, homes in the development, which is still in the early stages, will likely be pricey even by New York standards.

"The luxury market there is expensive," Virani said of the New Delhi area, as well as other parts of south and west Asia. "It is surprising how the prices in India and Dubai surpass some of the luxury developments here."

Luxury condos in New York, she added, still offer the most value for overseas investors.

In October, Stribling reported that one-third of condo buyers in New York were from abroad.

In the late nineties, oil tycoons from Saudi Arabia and other Gulf nations snapped up Manhattan properties in great numbers.

Though investors from Russia, China, Brazil, and Argentina now outnumber those from the Middle East, according to Savills, the London-based real estate firm, New York is still a popular choice among investors from the region.

After joining DJK, one of New York's largest relocation firms, over a year ago, Virani began working with Saudi and Turkish businessmen, as well as wealth management companies representing members of the Middle Eastern elite. Currently, she is advising a fund based in Washington DC that plans on pitching buildings in New York to Saudi investors.

Most wealth managers have targeted their search to Trump buildings and other brand-name projects. Occasionally, however, Virani's clients choose to branch outside Manhattan, including a businessman that recently settled on a condo in Dubai.

To ensure that Manhattan's luxury towers remain a top choice among investors, developers are taking cultural norms into account. "What I've seen happening in New York now is they're focusing on service-oriented features," Virani said.

Management companies are training doorman to be extra courteous, she explained, and some lobbies and amenities

spaces are being designed with feng shui in mind.

In Saudi Arabia and other Middle East countries, privacy is valued, so some developers have begun offering units with thicker walls and windows that face away from neighboring buildings, Virani added.

Ultra-elite investors aside, Virani sees a lot of untapped potential among upper middle class transplants from abroad. She's been closely following a bill introduced by Senators Mike Lee and Charles Schumer that would give three-year residence visas to foreign buyers that invest at least \$500,000 in residential properties in the States.

"China already gives resident visas if you invest. So does Panama, Costa Rica, Dubai and even Canada," Virani said. "America needs to catch up with all of them."