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# City of hope for Palestinians

By John Reed



Dream homes: developers have registered more than 8,000 potential residents

Across the West Bank, hilltops have been battlegrounds in the Palestinians' struggle to defend a future, geographically contiguous state. In this struggle, Jewish settlers have grabbed much of the best high ground for themselves.

But on one hilltop north of Ramallah, a new privately financed development is now rising. Built from blocks of locally quarried golden stone, the Palestinians hope that the \$1bn Rawabi city, the largest private-sector project in their recent economic history, will become a powerful fact on the ground.

The city aims to be a business and tourist "destination" too, with office blocks, an amphitheatre, and the West Bank's biggest public park. The question now is whether the Palestinian territories have enough economic momentum to ensure that the project ever fully materialises.

Rawabi is indeed an apt symbol for the Palestinians' fitful but dogged efforts to build a state: the project has at times struggled, but persisted through political controversy and financial and logistical setbacks.

"I believe that a Palestinian state has been in the making and is in the making," says Bashar Masri, whose Bayti Real Estate Investment Company is building the development. "[Rawabi] does create a great impact on the economy, so it's part of the process of building a state – symbolically it fits in well with nation-building."

Developers are counting on drumming up business from middle-class Palestinian homeowners and companies seeking to escape the congestion and higher rents of Ramallah.

They say the project will contribute toward Palestinian statehood by creating "geographic contiguity" between Nablus to the north and Ramallah to the south and create 8,000 to 10,000 direct and indirect jobs over its lifespan, and another 3,500 in Rawabi itself.

The developers have registered more than 8,000 potential dwellers. Of these, about 450 people have already paid up. The first 700 dwellings in the development will be ready within a year.

Earlier in the project's gestation, Mr Masri was criticised by some online activists who favour an economic boycott of Israel, because he used Israeli contractors to help in Rawabi's construction.

The developers say they strive to use local suppliers, but add that ties with Israeli businesses are "inevitable", given that most materials must enter via Israel.

The main road to the site runs through "Area C", the part of the West Bank under full Israeli control, although Israeli officials have reportedly considered rezoning the road under Palestinian control as one of several confidence-building measures to revive the moribund peace process. Rawabi is still waiting for final permission on its water scheme from the Joint Water Committee, an Israel-Palestinian body set up after the signing of the Oslo Accords.

Rawabi's investors have also had to scale back their infrastructure plans and profit expectations for the project. Because of the financial crisis in the Palestinian Authority, which was supposed to invest about \$150m in the new city, the project's backers – Qatari Diar, the sovereign wealth fund, and Mr Masri's group – have had to absorb these costs themselves.

So, instead of eight schools, the city will initially just have three, says Amir Dajani, Bayti's deputy managing director. Instead of four reservoirs, there will be one. "Initially, we are phasing the priorities," he says.

Rawabi's investors have had to raise the price of housing units by 5-6 per cent, and are now budgeting for an internal rate of return of 3.8 per cent, compared with the 8 per cent they planned on before.

Mr Dajani dons a hard-hat and takes a visitor on a tour of the site, past a central square and the first group of apartment blocks, which will have commanding views of the picturesque surrounding hills, striated with ancient stone terraces.

The centre will be a pedestrian zone with underground parking. Even visual pollution will be curbed, with infrastructure routed underground so that Rawabi's buildings are not blighted with the satellite dishes or water tanks typically seen on Palestinian apartment blocks.

With two universities in the vicinity, at Bir Zeit and Nablus, the developers are hoping to attract business clients to the city – something they acknowledge they are still working on.

"It is no doubt a challenge to convince international companies to start an operation in Rawabi," Mr Dajani says. "Nonetheless, we continue to scout the market for opportunities – joint ventures, partnerships."

But the PA, which faces a financial crisis, is the West Bank's biggest employer – demand for most goods and services is down and it remains to be seen how many private tenants and

business clients go to Rawabi.

Ayman Sheikh Ibrahim, who works for an international organisation in Jerusalem, says he plans to move to Rawabi with his three children after completion of a school there, planned for late 2013.

He adds he will pay about \$123,000 for an apartment of more than 240 sq m – about two-thirds of what a similar flat in Ramallah would cost. “If we compare it to Ramallah, it’s good – excellent, even,” he says.

Bassem Khoury, who owns a restaurant in Ramallah, paid a \$500 deposit for a smaller flat for his daughter, due to cost about \$70,000. “I would like to see my family not leaving Palestine,” he said, adding that buying the flat is part of supporting the “dream” of Palestine. “Since 1967, we didn’t see any project like this.”

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