



## THE INDEPENDENT

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# Boom time in Baghdad: Return of refugees puts heat under property prices

By Patrick Cockburn in Arbil, northern Iraq

As the price of housing collapses in the rest of the world, it is soaring in Baghdad. "Property is the fastest way to make money here," says Mohammed al-Hadithi, who runs a real estate office in the wealthy Yarmouk district of west Baghdad. "Over the past two years there has been a big rise in the market because the security situation is calmer."

Until recently anybody wanting to sell a house in Baghdad avoided putting up "for sale" signs because they were closely watched by gangs who would wait for the purchase to go through and then kidnap the seller or one of his children so they could demand the selling price as ransom.

House prices have risen by 50 per cent in many parts of central Baghdad during the past year, and rents have almost doubled. Mr Hadithi says that this is explained primarily by the end of the war. "Refugees are returning, but not to the places where they once lived," he says. "A Shia who owns a new and expensive house in a Sunni area will want to sell it and buy a cheaper one in a Shia-majority district for safety reasons."

Baghdad has become wholly divided into sectarian enclaves since the Sunni-Shia civil war of 2005-07. Long grey concrete walls snake through the city, cutting off neighbourhoods from each other. Exits and entrances are closely guarded. Checkpoints every few hundred yards create horrendous traffic jams. There is far less violence than two years ago, but there are still daily bombings and assassinations.

The property market reflects the outcome of the Sunni-Shia war, in which the Shia were by and large the winners. Baghdad is today probably about 75 per cent Shia. The Sunni – traditionally the richer community – have been pushed into smaller enclaves. "It is very well known that the majority of the Sunni areas, like Mansour, Yarmouk, Amariya and Khadra, are expensive in comparison with Shia ones," says Mr Hadithi. "So the Shia living there think it is better to save their lives and buy a cheaper house in a Shia area like Palestine Street."

Refugees who fled either to other parts of Iraq or abroad – mostly to Jordan and Syria – are beginning to return to the country. From the 4.2 million people who fled, the UN refugee agency expects that 500,000 will come back this year if the violence stays at present levels. This will have a disproportionate affect on Baghdad because, of the 1.6 million who became refugees after the al-Askari Mosque bombing in February 2006, some 63 per cent came from Baghdad.

The returning refugees will not find it easy to secure housing. Many never were rich and others have used their savings to wait out the war. A typical middle-class house in Yarmouk costs \$340,000 (£240,000), while a similar one in Palestine Street costs \$240,000, according to estate agents.

Even before the civil war Iraq was chronically short of housing. Ms Bayan Dezayee, the Minister of Construction and Housing, said last month that by 2015 the population of Iraq would be 39 million and there is a need for 1.9 million extra housing units. Very little has been built over the last six years.

The spectacular rise in house prices is not good news for the majority in Baghdad. Nadia Salem, a 42-year-old accountant at al-Rafidain Bank, says: "It is really hard for any employees to own a house in Iraq and Baghdad for many reasons, the most important of which is the impact of the new rich. These are the people who made money after the occupation, either because they stole from the banks in the week after the fall of Baghdad, or contractors who got millions and millions for construction, though in fact they built nothing."

Mr Hadithi confirms that in central Baghdad businessmen and contractors "who won tenders from the Americans and the government became rich very fast". They are buying up big houses in expensive areas like Mansur either to live in or as an investment, expecting embassies and foreign companies to start to return to Baghdad. There is also a rumour that the government will ask international companies to move out of the Green Zone, which means they will have buy or rent elsewhere."

The rich in Iraq are not just those who did well out of the war since 2003. Saddam Hussein's wars, starting in 1980 with the Iran-Iraq war, and UN sanctions, created a stratum of wealthy Iraqis. Jassem Ibrahim, a 49-year-old technician at the Ministry of Oil, says: "It is becoming so difficult, not just for poor people, but for the middle class, to own a house because of the high prices, and the government does nothing to protect us from greedy house owners. I got land in 1987 but I did not have enough money to build on it. I sold it in 1989 because my cousin joined the Dawa party and was executed and I was dismissed from my job. All my life I have rented houses."

Under Saddam Hussein, army officers and officials were often rewarded by being given state land on which they built. This secured their loyalty and also defused popular anger over the high price of housing. But this course may not be so easy for Iraqi Prime Minister Nouri al-Maliki because of the fall in the price of oil. As the price of oil has dropped to below \$40 a barrel, he is seriously short of money. The housing price boom is a sign that peace is returning to Iraq, but it is also underlining the vast gap between rich and poor in the country.



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