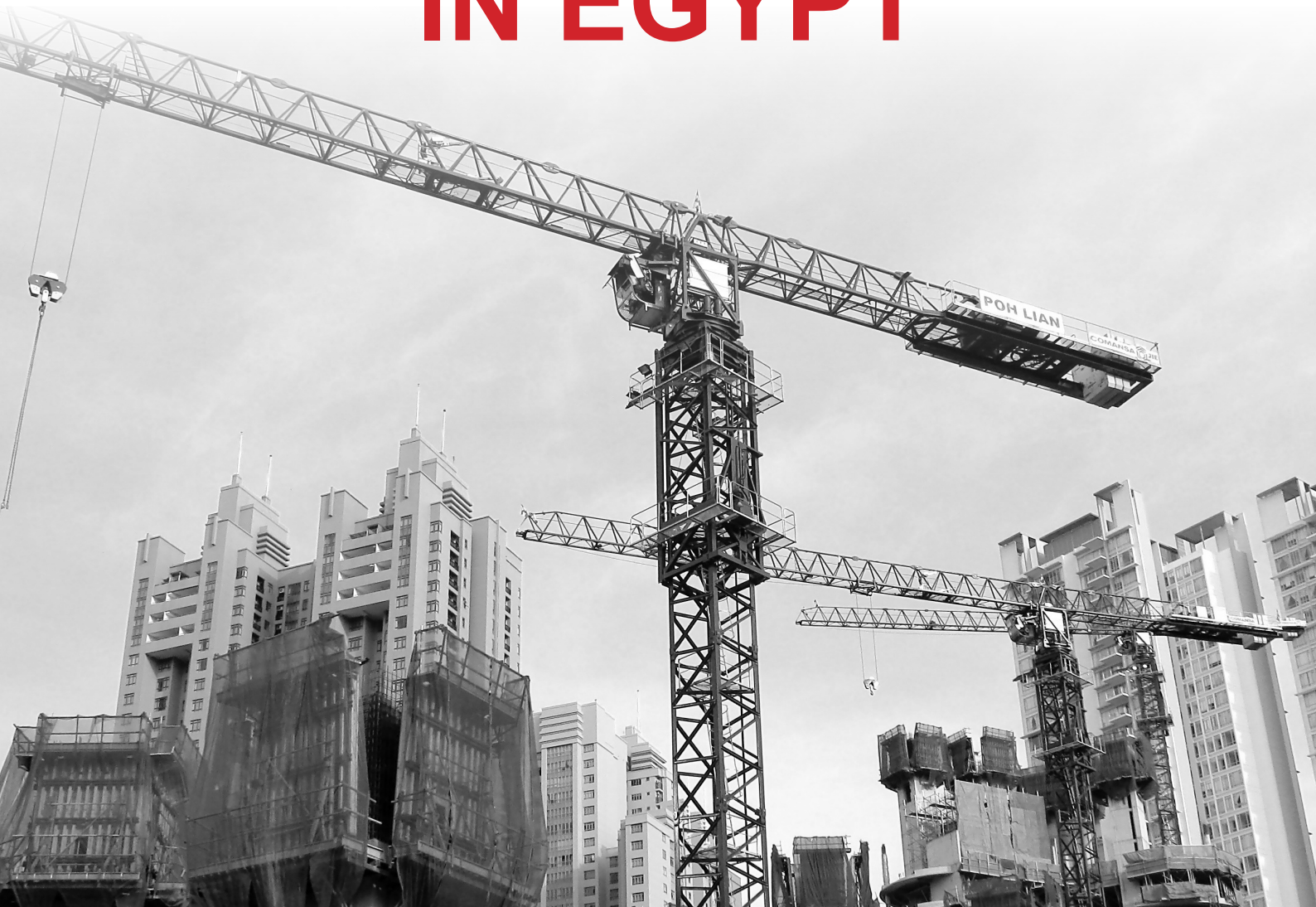


# INVESTIGATE

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*Market Watch Report*

## REAL ESTATE DEVELOPERS & CONSTRUCTION IN EGYPT



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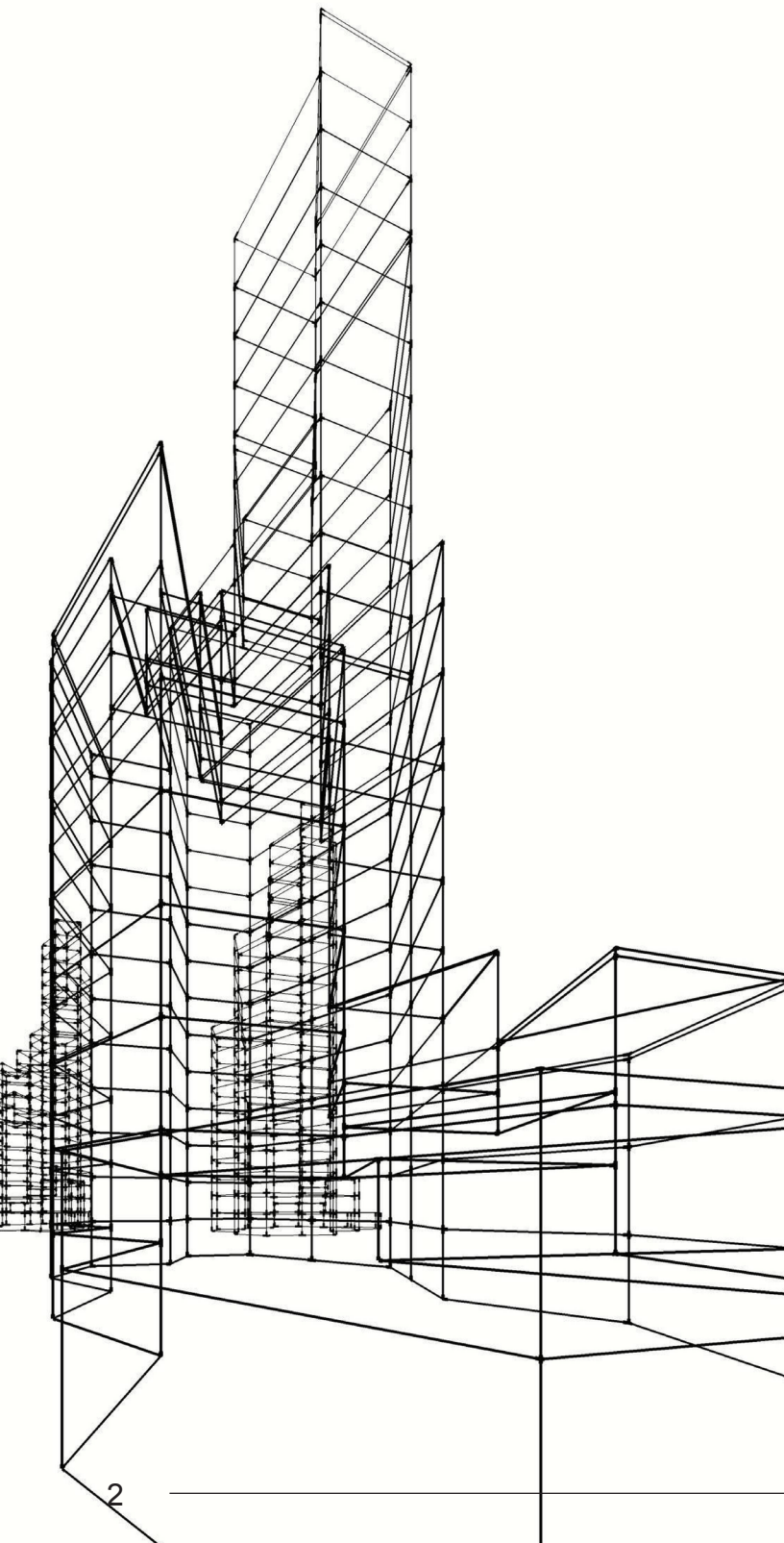
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## Orascom Completes Al Masah Hotel in New Administrative Capital

Orascom Construction has finalized construction on Al Masah Hotel in the New Administrative Capital, in collaboration with the Armed Forces Engineering Authority, reported Al Borsa. Further developments are being constructed around the hotel, which is owned by the Armed Forces. The hotel will be built on 10 acres, and several contracting companies are constructing water and power facilities for the building.

## Abraj Misr Projects Sales to Record EGP 1.6 bn in 2016

Abraj Misr is expecting sales of EGP 1.6 bn by the end of 2016, compared to last year's EGP 560 mn, reported Amwal Elghad. The sales are expected to come from the company's The Gate and The Shore projects, according to Ali Rabie, Chairman of the company. The company is focusing work on The Gate and The Shore projects in the North Coast, as well as handing over the Florenta projects.

## Alkan Group Launches \$600 mn Citadel Plaza Project

Alkan Holdings Group is set to finalize Citadel Plaza, a five-star hotel, within five years at a cost of \$600 mn, reported Amwal Elghad. The hotel will be located in Moqattam, and consists of 320 rooms, conference halls, and exhibition center. The company recently completed the administrative building within the project, according to Chairman Khaled Nosseir, and will commence construction in the commercial area and the hotel.

## Arab Contractors Undertake EGP 2.8 mn Work in New Administrative Capital

The Arab Contractors Company is undertaking infrastructure and housing projects at a cost of EGP 2.8 mn in the New Administrative Capital, according to Arab Contractors Chairman Mohsen Salah, Amwal Elghad reported. The company will build a main water network in the first phase of the project with a width of 1,000 mm, in addition to designing the city's main roads at a cost of EGP 230 mn.

## Ibn Sina to Launch Residential Compound in 6th of October City

Ibn Sina for Hotels and Resorts will launch a real estate project worth of EGP 1.5 billion in 6th of October City in 2017, on 150 acres of land, reported Al Mal News. The company is finalizing the procedures to receive the land plot earmarked for the project. It will then commence work on the designs for 5,000 units in diverse areas, according to Atef Ibrahim, Vice Chairman of Ibn Sina.

## Construction to Kick Off in Phase 1 of Il Monte Galala in December

Construction is expected to commence on 1,200 residential units in December, as part of the first phase of Tatweer Misr's Il Monte Galala project in Ain Sokhna, reported Al Mal. The pro-

ject is expected to include 1800 units, alongside a hotel that will be managed by Six Senses Hotels Resorts Spas, and will cost EGP 1 bn, according to Ahmed Shalaby, a board member at Tatweer Misr.

## 5 Construction Tenders to be Offered in Fayoum

The Fayoum governorate is preparing five construction tenders to be offered to contractors next month in efforts to implement residential projects worth EGP 300 million, reported Al Borsa. The tenders are expected to include the construction of three roads on areas ranging from 1.8 to 2.5 km, according to Ali Zein El-Abdin, a representative of the Housing Ministry in Fayoum.

## Egypt's Arab Contractors Partners with UAE Company for 2 Hotels in Dubai

Egypt's Arab Contractors Company will be partnering with UAE-based Al Ghuair Properties to build two new hotel buildings in downtown Dubai, reported Amwal Elghad. Two four-storey building will be constructed, along with 10 other buildings, which the Arab Contractors will start constructing in January, according to the company's Chairman, Mohsen Salah.

## Azha Ain Sokhna Records EGP 11 bn Sales

Madaar Development's Azha project in Ain Sokhna has recorded sales of EGP 11 bn, according to Gasser Bahgat, CEO of Madaar in an interview with Daily News Egypt. The total investments in the project amounted to EGP 7 billion for building two phases, where each phase has 11 or 12 villages. The project is expected to include a clubhouse and public services in each of the four half constructed villages that are scheduled to be finalized by mid 2019.

## Tatweer Misr to Invest EGP 1.5 bn in 2 Projects

Egyptian developer Tatweer Misr plans to develop two of its major projects, Fouka Bay and Il Monte Galala, with EGP 1.5 bn worth of investments next year, reported Amwal Elghad. Approximately EGP 1 bn will be allocated for the Il Monte Galala project and the remaining EGP 500 mn will be allocated for Fouka Bay, according to the company's Managing Director Ahmed Shalaby.

## Samcrete Finalizes Pyramids Heights Residences' Designs

Samcrete Engineers & Contractors (SMCS) has finalized designs for its Pyramids Heights Residences project at a total cost of EGP 1.2 bn, aiming at bringing revenues worth of EGP 2 bn, reported Amwal Elghad. The project is set to be built on 600,000 square meters, and is expected to include 600 residential units located 140 meters above water level, divided in two complexes.

## Several Developments to be Constructed in New Tiba City

Construction has commenced on several developments in New Tiba City, including three roads that will cost of EGP 22 mn, reported Al Mal News. The developments also include enhancing the desert road, developing a road on 480 acres and another on 680 acres in the area designated for the social housing project. New Tiba City is located north-east of Luxor, and lies 10 km away from Luxor International Airport.

## 7 Project Tenders to be Offered in New Cities

A number of new projects are set to be tendered in the Greater Cairo area as well as a number of other governorates, including the development of a road lighting network, the development of Street 90 in New Cairo and other roads and developments in several other Cairo districts, Al Borsa reported. The projects will be offered to companies registered with the Egyptian Union for Building and Development Contractors.

## EGP 2.3 bn in Housing, Infrastructure Projects Underway in Kafr El Sheikh

Over EGP 2.3 bn in infrastructure and housing projects are set to be built in Kafr El Sheikh, according to Minister of Housing, Utilities, and Urban Communities Mostafa Madbouly. The projects include 42 water and sewage projects, road projects and 3,000 social housing units. The water projects include a station in Dessouk at a cost of EGP 375 mn, a water station at Qaleen at a cost of EGP 252 mn, and a water station in Sidi Salem at cost of EGP 282 mn.

## Marriott to Debut Eco-Conscious Element Hotel in Egypt

Marriott International announced plans to debut its Element Hotels eco-incubator brand in Egypt in early 2019, according to a statement from the hotel chain on Tuesday. The 344-room hotel will be located in Heliopolis as part of Abraj Misr's The Gate Project. Element Cairo will be developed by Abraj Misr and owned by Middle East Real Estate for Development.

## Saudi Al Hokair to Execute Service Projects for EGP 500 mn in New Administrative Capital

The Administrative Capital Development Company estimated the cost of the service projects being executed by the Saudi Arabian Al Hokair Group to be EGP 500 mn, on 50 acres of land in the New Administrative Capital, Al Borsa reported. The Saudi company has acquired 100 acres of land in the new capital through the usufruct system, which the Ministry of Housing earmarked for potential use for a new Mall of Arabia.

## Al Karma for Real Estate Plans Projects in New Cairo

Al Karma for Real Estate Investment aims to build 10 projects in New Cairo on an area of 10,000 square meters at a total cost of EGP 140 mn, Al Mal reported. The projects will be built in El Lotus, near the American University in Cairo New Cairo cam-

pus, Andalus, and Qoronfel. The units are set to be delivered in 2017, according to the company's chairman Ahmed Mostafa Chairman.

## Six Senses to Build II Monte Galala Resort

Tatweer Misr signed an agreement for Six Sense Hotels and Resorts to build and manage a resort in Tatweer's II Monte Galala project in Ain Sokhna, Amwal Al Ghad reported on Tuesday. The total investment cost of the resort is EGP 1 bn, according to the Managing Director of Tatweer Misr, Ahmed Shalaby. The resort will reportedly include 100 suites and 60 hotel units, and will be built 120 meters above sea level.

## Rock Eden Compound Sells 25% of Units

Approximately 25% of the apartments in the Rock Eden Compound in 6th of October City have been sold, according to Adel Dous, Chairman of El Batal Group, Al Mal reported. The average price per square meters for units in the compound is EGP 5,500, excluding villas, which are not on offer at the moment, added Dous. The Rock Eden development is spread on 34 acres near Zewail City for Science and Technology, and features 1,000 residential units.

## Tabarak Begins Construction on Capital East Residential Compound

Tabarak Holding has broken ground on their EGP 450 mn Capital East compound located in Nasr City and opened reservation applications, Al Borsa reported on Wednesday. The development will include 500 residential units of various floorplan areas in addition to entertainment facilities, a commercial mall, cinema, restaurants, green landscapes and swimming pools. The first phase of the project is expected to be completed in 2017.

## Several Contractors and Developers Involved in New Administrative Capital City

The New Urban Communities Authority announced that approximately 20 requests have been offered by various contractors and developers to work on the capital, according to a statement by Mostafa Madbouly, Minister of Housing, Utilities, and Urban Communities. Several facilities, including water and sewage stations, electricity and roads are being built in the government, residential, and business districts within the capital.

## Mountain View-iCity to Launch Second Phase in New Cairo

Private developer Dar Al Mimar Group, more commonly known as Mountain View, in alliance with Saudi-based Sisban Holding, will launch the second phase of its Mountain View-iCity development in New Cairo, Al Borsa reported on Thursday. The compound is set to be built on 500 acres at a total cost of \$3.6 bn, and includes apartments, apartments with gardens, and villas, with unit floorplans ranging between 100 and 600 square meters.

## **Leena Springs Phases 2 and 3 to be Delivered in December**

Egypt-based Leena for Tourism and Real Estate Investment will deliver the second and third phases of its 38-acre New Cairo development Leena Springs in December, Al Mal reported on Sunday. The company has already delivered a total of 140 residential units and will continue delivering other units until early 2017, according to the company's General Manager Bahaa Abdin.

## **Final Phase of Al Madina Al Monawara Compound on Offer in 2017**

Al Madina Al Monawara for Real Estate Investment will deliver the final phase of its 18-acre project in 6th of October City in 2017, Al Mal reported on Sunday. The company has completed all construction on the development's last phase, includes 15 residential buildings, for a total of 43 buildings and 255 units, with floorplans ranging from 135 to 155 square meters, according to Shehata Mohamed, the company's chairman.

## **Azmeel Group to Establish 'Mini-Compound' in New Cairo**

Azmeel Group for Real Estate has begun work on its New Cairo residential 'mini-compound' Al Kasr at a cost of EGP 60 mn, according to Ahmed Shaheen the company's Chairman, Al Mal reported. The project will include villas spread over an area of 2,400 square meters, with villa floorplans ranging between 200 and 300 square meters, and is set for completion by mid-2018.

## **NUCA Partnership Projects with Palm Hills, Arabia Group Set to Kick Off**

The New Urban Communities Authority (NUCA) will partner with Palm Hills Developments and Arabia Group to develop two real estate projects next month, Al Borsa reported on Tuesday. The Egyptian Cabinet is set to approve two previously-signed partnership agreements between NUCA and the two companies which will see the development of projects in New Cairo and 6th of October City.

## **NUCA Appoints 4 Contractors for Projects in New Cairo**

The New Urban Communities Authority (NUCA) has assigned four contractors to implement projects for the Bait Al Watan project at a cost of EGP 160 mn and which will include electricity, sewage, and other facilities in New Cairo, Al Borsa reported on Wednesday. Construction will begin this month by El Nasr for Buildings and Construction (EGYCO), Atlas General Contracting, Al Shams for Contracting, and the Construction and Reconstruction Company, according to the head of the New Cairo Authority, Alaa Abdelaziz.

## **Secon to Offer Tenders on New Residential Project in 4 Months**

The Saudi Egyptian Construction Co. (Secon) will offer tenders for the second and third phase of its Riyadh residential project in New Cairo within the next four months, Al Borsa reported on Tuesday. The company has assigned four real estate contractors to handle 40% of the project's development, according to the company's Chairman Darwish Hassanein.

## **Inertia Egypt to Deliver West Hills and G Cribs Units**

Egyptian real estate developer Inertia Egypt has started handing over units in its West Hills development in Giza and the second phase of its G Cribs development in Gouna, Al Mal reported on Thursday. West Hills is located on the Giza desert road overlooking the pyramids, near the 26th of July Corridor, ring road, and Alexandria desert road. G Cribs is a resort with 198 units and includes swimming pools, health clubs, and security.

## **New Residential Complexes Planned for 6th of October City, Abbassiya**

Housing & Real Estate Investment Company says it is building a new residential compound in 6th of October City set for completion in early 2017, Al Mal reported on Wednesday. The 24.5 acre compound will be built at a cost of EGP 400 mn, and the company has finalized its plan for the land plots and has received the Cabinet's approval and building permits, according to Yehia Emam, the General Manager of the company's Engineering Department.

## **4 Companies Eligible for Construction of Hypermarket in New Fayoum**

Four real estate companies were deemed eligible by the Development Agency of New Fayoum City to construct a new hypermarket on a 10,000 square meter land plot, Al Borsa reported on Thursday. The winning company is expected to be announced in December. The total cost for the project is EGP 20 mn. Additional land plots are expected to be offered within the city next year, including one for the construction of a gas station, according to Akhbarak.

## **Qatari Diar Pursuing International Arbitration over New Cairo Project -Source**

Qatari Diar is taking steps to proceed with international arbitration against Egypt over its vacant land plot in New Cairo meant to house its long-stalled residential project, with the Investment Ministry reportedly trying to intervene before the company takes action, according to unnamed sources speaking to Al Masry Al Youm. Diar alleges that the land allocated for its project has been taken over by "a party with means."



## Future Landscape of Green Design and Construction

*By: Heba Eid*

Egypt's present economic reality, its rapidly growing population, and finite resource pool all make it prudent for the nation to conserve resources and energy. With the real estate sector continuously on the rise to fulfill the housing demand needs, it is only natural that developers begin to take the necessary steps to build property in a sustainable fashion.

There are many reasons why developers should opt for green buildings. Reducing energy and water consumption, pro-

tecting natural resources, and lowering greenhouse gas emissions are the primary advantages of the green real estate market.

Green and energy efficient buildings are not limited to conserving resources only when the property is in use. It spans the whole process from the design to the choice of construction materials and the actual construction process.

KarmBuild, architecture and design firm,

is a pioneer in designing and constructing real estate with minimal impact on the environment – in other words, the company specialises in building green. A subsidiary of KarmSolar, KarmBuild was introduced in 2002 as a green real estate development arm to the mother company.

Invest-Gate sat with Mostafa Ascar, KarmBuild's General Manager, to further gain insight into the green building market in Egypt, the challenges faced, and

the potential of the green construction market.

In his introductory comments about KarmBuild and its line of work, Ascar said, “KarmBuild is not trying to reinvent the wheel; it is going back a couple of steps first to try to serve whatever the community needs. Because of development, people want certain prototypes to be replicated across the world without looking to what they are doing to the environment around them, even from the social aspect.”

### Inefficient Construction Process

“The construction process in Egypt is one of the most wasteful industries where we waste 50% more water during construction than any place in the world,” said Ascar. “It is not only about conserving resources, but it is also about the overall process, and how we can efficiently use those resources to make a difference.”

“Our approach when designing new projects is pretty simple. We start to think of what we are adding to the area from the social, environmental, and efficiency aspects. Then we start to implement new technologies and methods that help us achieve our end results,” explained Ascar.

Minimizing the environmental impact is KarmBuild’s goal; however selling the concept to developers in a price-competitive market is difficult to achieve. “At the end of the day, solutions offered are either economically valuable or not. And that is what is important to the developer and the end user,” Ascar noted.

### The Economy of Building Green

From the client’s perspective, the main advantage to KarmBuild’s work is the cost effectiveness of their designs. Sustainable designs and construction are believed to be more efficient than the traditional design concepts that may not be entirely suitable for the local climate and community needs.

“Egypt is a price-driven economy. The user will purchase the cheaper and inefficient bulb to be used now rather than pay an exorbitant amount for bulbs and save energy and money over the long run. We [Egyptians], in general, are not long-term planners,” commented Ascar.

The shift towards building green is slow in taking off in Egypt but is expected to change in the upcoming years, according

to Ascar. The surge in prices and removal of energy subsidies will fuel the demand for more energy efficient buildings. “Prices have soared everywhere around us – from power production and cost of energy with a further increase expected in the near future. This surge in prices will necessitate green and efficient buildings.”

Developers, who have been reluctant to switch to green design and construction in the past, are now more open to the idea. With newer blood and heightened customer awareness, the mentality is starting to change.

### KarmBuild Solutions

The solutions KarmBuild offers include design and construction services, in addition to master plan and consultancy design services – all done to help construct sustainable and green buildings.

“Minimal impact on the environment” is how Ascar describes green buildings. “Energy efficiency, water efficiency although not necessarily efficient use of materials. When it comes to more efficiency, the choices of materials that will minimize heat gain, minimize, over time, corrosion, or deterioration, to obtain a long lasting building. It is my hope that one day we design a building that will not require at any given point to turn on the light during the day.”

“No design or construction process is 100% sustainable or green as wherever you start building property, you are killing the surrounding environment. It is what you do in the construction process and how you impact the environment is what makes it green, sustainable, and efficient,” Ascar said addressing the notion of idealistic standards of green buildings.

“It is a challenging endeavour, and this is where we need to change our mindset to give more weight to the value of the

development rather than the value of the land only,” added Ascar

To Ascar, an architect, his dream goes beyond green and efficient buildings. The firm’s long-term vision is to build sustainable and green towns. “Our aim is to bring bigger, more city kind of approach, and we wanted to go for that significant development beyond integrated residential complex – building a town or city. We want at some point to reach the point that we can proudly say: Yes, we managed to design and plan a sustainable town or a city.”

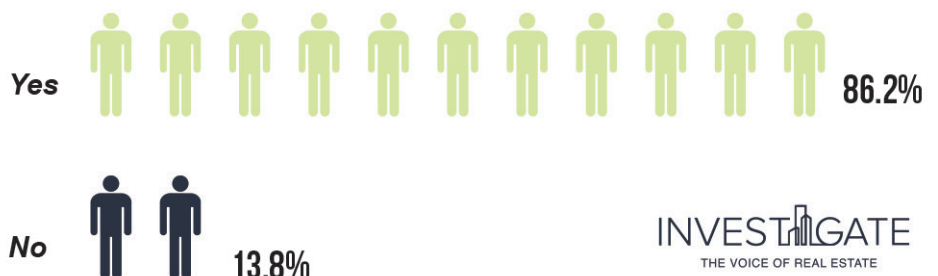
The company’s offered design solutions are multi-faceted and tailored to the customer’s requirements, according to Ascar. “The overall user experiences is a central aspect of our designs. We bring forth to the client several options and discuss the choices available to enhance the overall user experience. A major factor to the customer is the cost and long-term energy savings. Finally, we talk aesthetics – how the final building will look.”

“Cairo has what many can call green buildings, but limited aesthetic value, which KarmBuild deems vital to the overall user experience,” he added.

KarmBuild has a wide array of projects in its portfolio for the residential, commercial and hospitality sector. In Marsa Alam, for example, Portal Boutique Hotel is currently in progress as well as the Wadi Sabbara residential development project. Another Hotel is currently under construction is the Seil Hotel, also in Marsa Alam, and KarmSolar Red Sea Campus for workers and staff.

When asked about retrofitting buildings in Cairo, Ascar said, “It is possible, but it is quite expensive to retrofit existing ones. Certainly, there are steps that all buildings and all owners can take to be more energy efficient, such as changing

## Would You Pay More to Buy a Green House?



the light bulbs for example which saves a massive amount of energy yet people are hesitant to implement due to the high initial costs.”

In response to Invest Gate’s question on best locations to build green property, Ascar said “Each region has its characteristics with its set of requirements. You cannot take one idea, implement it in certain areas, and then replicate it in another area. A design that is suitable in Cairo is not necessarily fit for Hurgada.”

“It is true that certain parts of Egypt are relatively easier to adopt an eco-friendlier lifestyle because they haven’t been incorporated into urban and city lifestyle. The problem in these districts, though, is that the people in the community want what they see in the movies and Cairo – high rise buildings and glass towers, all of which are not sustainable in the long term.”

Ascar then explained their experience in building the KarmSolar Campus in Bahriya. Locals were quite surprised at our choice of materials and what seems an ‘outdated design’ to them, Ascar elaborated. People living in remote areas are striving for more modern buildings – which as KarmBuild we are trying to wean Cairenes of.

When asked about KarmBuild’s plans to cooperate with leading developers to expand on the green building concept, Ascar confirmed that the company has been in touch with several developers. “Some developers are torn about their approach moving forward. Developers are between the traditional development approach to design and construction and the use of ‘green’, ‘sustainable’, and ‘more efficient’ as a marketing tool. The customer’s uncertainty poses a dilemma for developers at this point which I believe that they are still trying to figure it out.”

“That is why we do not mind holding mul-

ti-ple consultations sessions with the developer to facilitate the decision-making process. The developer has the means to bring KarmBuild’s dream to life, and that is why we will continuously endeavour to find the right developer. We have to find the perfect marriage.”

Commenting on the ongoing dollar crisis in Egypt, Ascar highlighted that the main impact of the current currency fluctuation is mainly in the finishing stages of construction, which witnessed a 10-15% increase in cost, in addition to the natural inflation in its price levels over the past couple of years.

### **Impact of Energy Subsidies on the Consumer**

Commenting on the impact of energy subsidies on the consumer, Ascar explained that subsidies are going away, and consequently one needs to start thinking of more sustainable and energy efficient solution.

“Clients have been hesitant to make the ‘green shift yet after the announcement of the elimination of subsidies, and developers are now welcoming the idea. Now once the five-year plan of subsidy elimination has been announced and with the increase in electricity bill prices, more and more clients are revisiting sustainable solutions. It was a red flag of sorts – energy subsidies ARE going away,” confirmed Ascar.

The government-enforced limits on electricity consumption play a role in building energy efficient properties, according to Ascar. “Let’s say you can go to a developer, and he is only allowed, less than 10 megawatts of electricity, and his future extension will require 30 megawatts, and the government will not give him that 30 megawatts. Then the developer will try to find other viable and energy efficient solutions. The enforced power caps will force the developer to plan for the next

10-25 years which is what Egypt lacks yet needs now.”

### **Challenges**

When asked about their biggest challenge, the answer was one word “mentality”. Ascar considers their biggest challenge to be the concern with short term gains rather than long term ones. “How much and what can I gain now is the widespread mentality which is holding us back. What we would like to see in is long term thinking and planning for the future generations of this country.”

That current thinking mentality is an impediment for KarmBuild especially in their dealing with government officials. The present mode of operation involves conventional buildings and your common construction materials which are not the track that KarmBuild follows. For example, a proposal submitted to a governmental authority might find some resistance due to materials used or construction methods and it is usually due to lack of understanding of our practices and outdated knowledge, Ascar explained.

Looking further into the potential of change Invest-Gate asked it’s readers about their willingness to pay higher fees for greener homes, a staggering 86% preferred to pay more of a house that was constructed to rely less on electricity and is less harmful to the environment.

Sustainable solutions, in all its forms, are crucial to Egypt’s future and the real estate market is no exception. KarmBuild is determined to conquer what may seem like insurmountable challenges. The prevalent culture mentality, although a hindrance now, is slowly starting to change. And KarmBuild expects that the current status quo, with all its pros and cons, is on the brink of change – the existing mode of operation is just not sustainable.







## Mapping Egypt's Facility Management Market

*By Mostafa Sheta*

Flight from Egypt's urban centers to suburbs and residential compounds is being driven by three main factors: the desire to part with the chaos in urban areas for quieter suburban towns, the improving

quality and aesthetics of units and compounds built by private developers and the appeal of services offered in residential compounds through facility management. Of all these drivers, effective

facilities management deserves a closer examination, given its essential role in shaping a potential client's decisions to either invest or relocate to any given area.

Facilities management is broadly defined by the International Facility Management Association as “a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process and technology.” It should be noted that while this article focuses on facility management in residential complexes, facility management is also involved in a large spectrum of developments, such as industrial and commercial projects.

Facility management services help developers ensure that clients have one key contact point that assumes all responsibility for the management of services provided. Facility management companies aim to develop and coordinate a ‘service portfolio,’ while service providers focus on providing specialized services to the client, such as gardeners for landscape maintenance or security staff. The discrepancy here exists where facility management companies provide the aforementioned services themselves or out-source to separate service companies, a model very much prevalent in Egypt and the rest of the world.

### **Egypt vs. Abroad**

The services offered at the facility management level are wide and varied, and those offered in Egypt do not vary widely from those offered in countries where facility management is a far more advanced industry, such as Australia.

This is due to the unprecedented rate of growth of the facility management sector

in Egypt in terms of residential projects spurred by the increase in demand for gated compounds. Various forms of facility management have been sought and experimented with by leading developers in order to settle on best practices. However, various issues concerned with facility management have confounded developers and facility management companies over the years.

The Egyptian market lacks a developer that provides a ‘full solution’ facility management service across all their properties. The only providers in the market that are able to offer a range of services are a limited number of subsidiaries of major developers, such as Emaar Hospitality, Key-Mountain View and Sodic Edara. It is also common that providers offer a range of services through subcontracting. A prevalent example in Egypt is the presence of the private security company Falcon in a number of residential compounds.

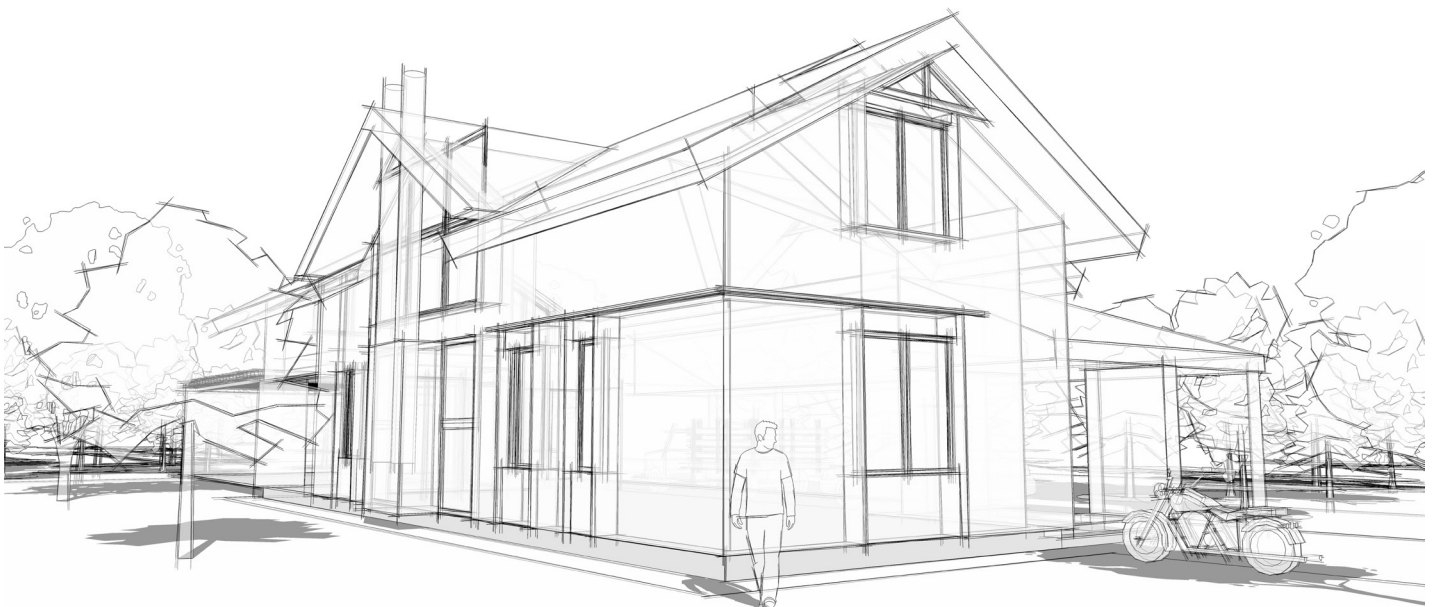
### **Management by Developers vs. Subcontracting**

The progress of a residential project still under construction also plays a role in influencing a developer’s decision on the mechanism of facility management. It is common practice for projects under construction to have facility management conducted directly by the developer. With regard to projects that have already been constructed but are yet to be delivered, direct management or subcontracting to subsidiaries are prevalent in the market.

Other major concerns facing facility management companies in Egypt relate to operations and finances. As mentioned earlier, due to the new and unfamiliar market of facility management, the quest for determining best practices in terms of financing payments is yet to be discovered. Around 10-15 years ago, it was common practice that facility management fees for residential compounds were calculated by meter; however, this has been slated and replaced with maintenance fees as a percentage of house prices (with common range being 5% to 10%). These payments are either paid as part of the installments before receiving the unit, or in bulk before handover. While both methods exist in the market, expert opinions in the field assert that payments as part of installments are the favored practice among clients.

Moreover, the bulk of the financial burden of facility management is shouldered by consumers, with developers currently allocating an average of 5%-10% of the total project budget toward covering facility management costs. The enormous size of the costs required to provide and maintain the services offered is likely to come as a significant expense to both developers and clients, which acts as one of the major factors in rising real estate prices.

*This article is produced in partnership with D-Code.*





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