

# MARKET WATCH

BY **AYA RADY & NOURAN MEDHAT**

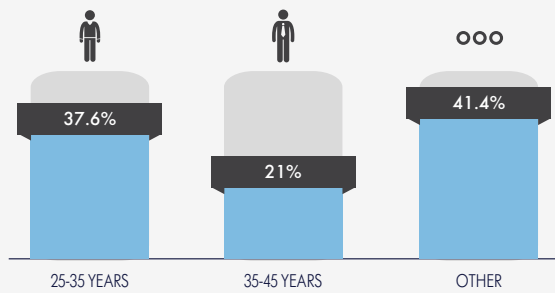
POWERED BY

INVESTIGATE  
—RESEARCH & ANALYSIS—

# DEMAND ON SOCIAL HOUSING

## DEMOGRAPHICS (RELOCATION WILLINGNESS)

### AGE GROUP



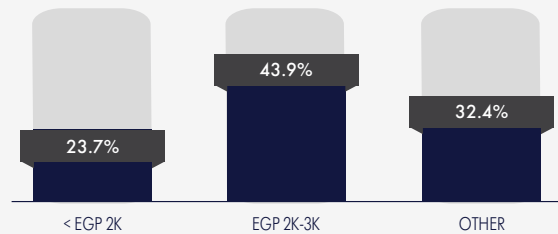
### GENDER



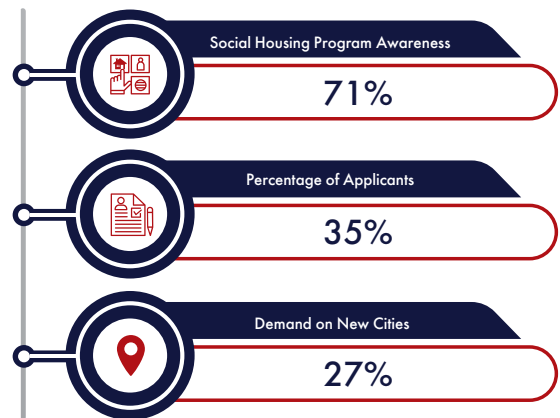
### EMPLOYMENT STATUS



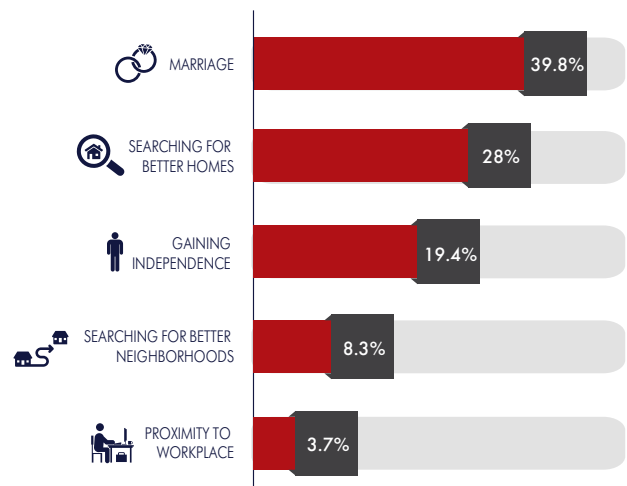
### INCOME LEVEL



## GENERAL FINDINGS



## REASONS FOR RELOCATION



**Methodology:** This study, published in December 2019, is based on simple random systematic sample of 10,300 households across eight governorates.

**Sources:** Ministry of Housing, Central Agency for Public Mobilization and Statistics (CAPMAS), and World Bank.

## BUYERS' PREFERENCES



## PRIMARY VS SECONDARY HOMES



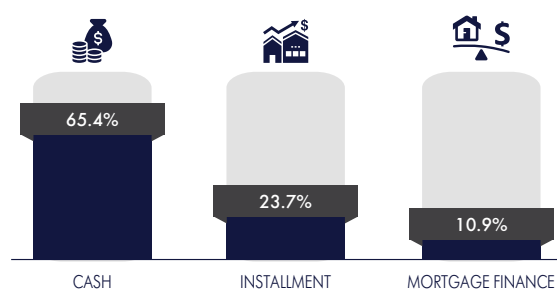
## LOCATION



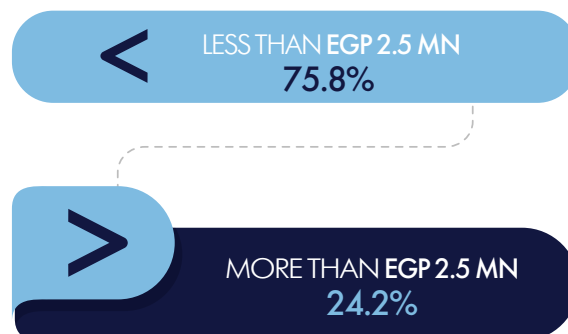
## OWNERSHIP VS. RENT



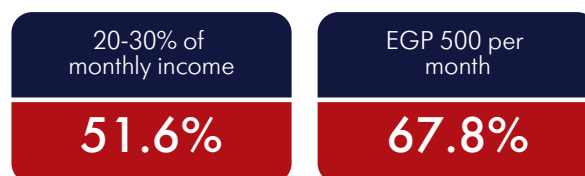
## PAYMENT METHOD



## UNIT PRICE



## RENT AFFORDABILITY



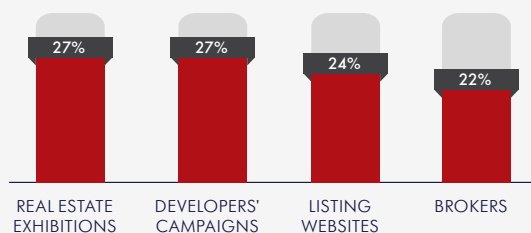
## PRICES OF CONSTRUCTION MATERIALS (DECEMBER 2019) (EGP)

<b>STEEL BARS</b> (per ton) <b>10,400</b> (YOY -16.8%)	<b>CRETAL STEEL</b> (per ton) <b>10,500</b> (YOY -14.6%)	<b>PORTLAND CEMENT</b> (per ton) <b>800</b> (YOY -5.9%)	<b>COARSE SAND</b> (per sqm) <b>70</b> (YOY 7.7%)
<b>SOLID CEMENT BRICKS</b> (per 1,000 bricks) <b>1,100</b> (YOY 3.8%)		<b>BRICK HOLLOW CONCRETE</b> (40x20x12 cm) (per 1,000 bricks) <b>5,050</b> (YOY -2.9%)	



## ONLINE MONTHLY SURVEY

## WHAT'S APPROPRIATE TOOL WHEN YOU ARE SEARCHING FOR HOME?



# DEVELOPERS' PROJECTS



## RESIDENTIAL PROJECT

**Porto Assiut**

**Developer**  
**Amer Group**

**Location**  
**New Assiut City**

**Area**  
**77 acres**

**Investment**  
**EGP 4.5 bn**

**Supply Volume**

No. of Residential Units  
**2,425**

No. of Hotel Rooms  
**100**



## COMMERCIAL PROJECTS

**Festival Avenue**  
(Expansion to Cairo Festival City (CFC))

**Developer**  
**Al-Futtaim Group**

**Location**  
**New Cairo**

**Area**  
**22,000 m<sup>2</sup>**

**Investment**  
**EGP 2 bn**

**Supply Volume**

No. of New Stores  
**80**

**Arkan**  
(including the new expansion)

**Developer**  
**El Badr for Investments**

**Location**  
**Sheikh Zayed**

**Built up Area**  
**260,000 m<sup>2</sup>**

**Supply Volume**

No. of Commercial Spots  
**210**

No. of Restaurants  
**67**

No. of Hotel Rooms  
**178**

Theater Capacity  
**900 seats**

**Stone Street**

**Developer**  
**Rooya Group**

**Location**  
**New Cairo**

**Built up Area**  
**212,800 m<sup>2</sup>**

**Supply Volume**

Office Buildings

Serviced Apartments

Retail Spaces

Department Store

16 Cinemas

Medical Buildings

Five-Star Hotel

**The Pier Mall**

**Developer**  
**Dolmen Investment**

**Location**  
**R3 in NAC**

**Investment**  
**EGP 400 mn**

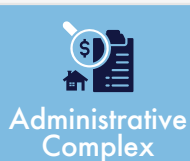
**Area**  
**3K m<sup>2</sup>**

**Supply Volume**

No. of New Stores  
**80**



## COMMERCIAL PROJECTS



Administrative Complex

Developer  
**Vow Developments**

Location  
**NAC**

Area  
**6,600 m<sup>2</sup>**

Investment  
**EGP 1.1 bn**

Unit Sizes  
**48-530 m<sup>2</sup>**

Heartwork  
(Business Hub)

Developer  
**Mountain View**

Location  
**New Cairo**

Area  
**100 acres**

No. of Phases  
**3**



Sixty Business Park

Developer  
**Edge Holding**

Location  
**NAC**

Targeted Sales  
**EGP 2 bn**

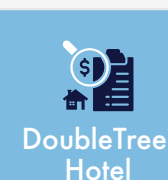
Supply Volume

No. of Building Floors  
**7**

No. of units in Each Floor  
**37**



## HOSPITALITY PROJECTS



DoubleTree Hotel

Developer  
**DM Developments**

Location  
**Groove  
Sokhna Resort**

Investment  
**EGP 400 mn**

Delivery Date  
**2024**

Supply Volume

No. of Rooms  
**162**

No. of Suites  
**6**

No. of Chalets  
**32**



W Hotel

Developer  
**Landmark Sabbour**

Location  
**New Cairo**

Area  
**300k m<sup>2</sup>**

Investment  
**EGP 28 bn**

Delivery Date  
**2024**

Supply Volume

Wet Pool Deck

Spa

Fitness Center

350 Rooms  
& Suites

Food & Beverage  
Venues

Meetings &  
Events Space

# CONSUMERS' INSIGHTS ON MORTGAGE FINANCE

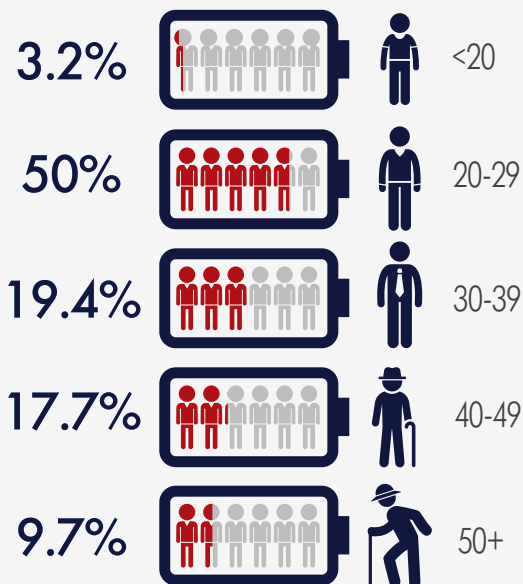
## SAMPLE DEMOGRAPHICS



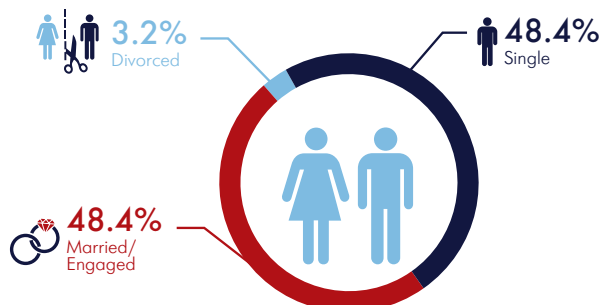
### GENDER



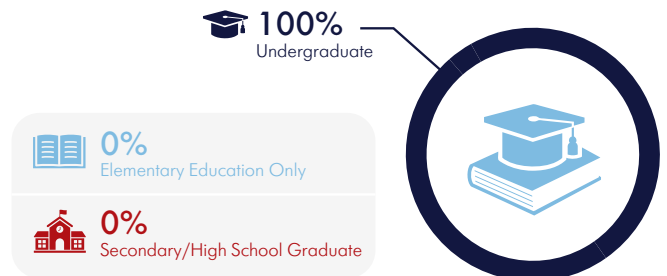
### AGE CATEGORY (YEARS)



### MARITAL STATUS



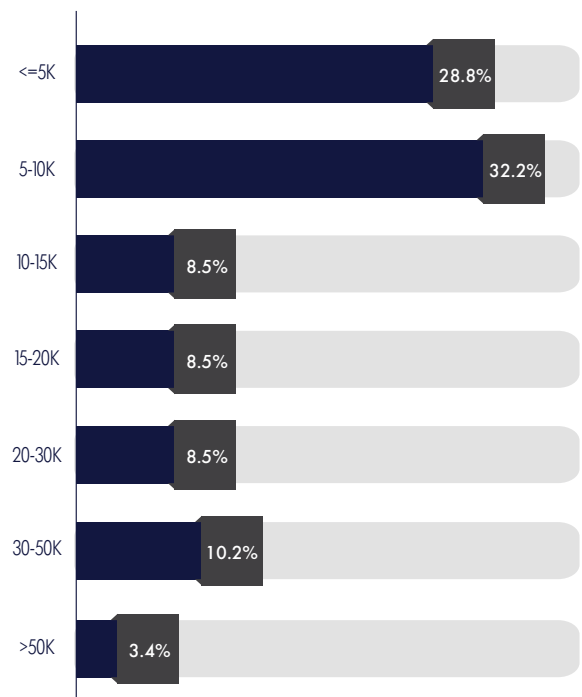
### EDUCATION



### WORK STATUS



### AVERAGE MONTHLY INCOME (EGP)





## CONSUMERS' EXPECTATIONS FOLLOWING LATEST MORTGAGE FINANCE UPDATES

### IMPACT OF MORTGAGE INTEREST RATE CUTS



Demand to increase

67.7%



Demand to Remain Unchanged

32.3%

### IMPACT OF CBE'S EGP 50 BN INITIATIVE

75.8% Demand to Increase



24.2% Demand to Remain Unchanged



## CONSUMERS' RECOMMENDATIONS FOR ENHANCING MORTGAGE FINANCE MARKET



EASIER BANK PROCEDURES

38.7%



INTEREST RATE CUTS

22.6%



REDUCING UNIT PRICES

19.4%



FLEXIBLE REPAYMENTS TERMS

19.3%



## PREFERRED PAYMENT METHOD

21% Cash



79% Installment



BANKS

49%



REAL ESTATE DEVELOPERS

51%

### Reasons

COMPLICATION OF BANK PROCEDURES

60%

EASE OF REPAYMENT SYSTEM PROVIDED BY DEVELOPERS

48%

TAKING LONG TIME TO GET MORTGAGE FINANCE

44%

FINANCE PROGRAMS PROVIDED BY BANKS ARE NOT FLEXIBLE (REPAYMENT YEARS, INTEREST RATE,...)

40%

ABSENCE OF UPDATED & INTEGRATED DATA ON MORTGAGE FINANCE PROGRAMS BY BANKS

16%

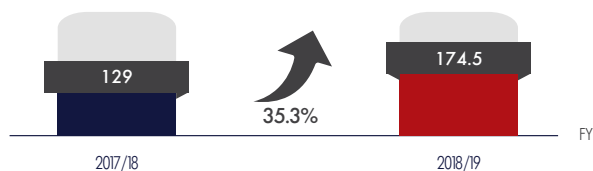
Methodology: This survey is conducted on a sample of 62 respondents.

Source : Invest-Gate R&A..

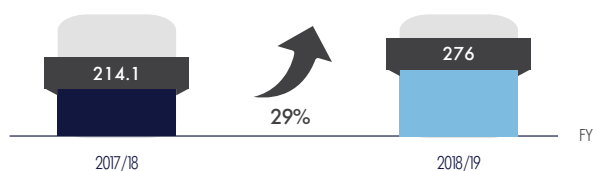
## ECONOMIC SNAPSHOT



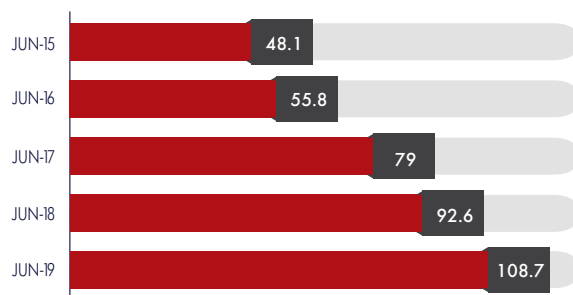
TOTAL REVENUES (EGP BN)



TOTAL EXPENDITURES (EGP BN)



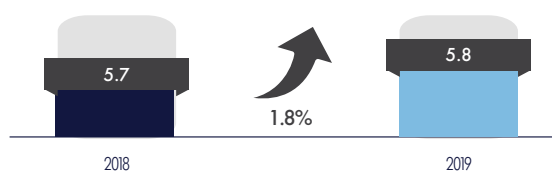
TOTAL EXTERNAL DEBT (USD BN)



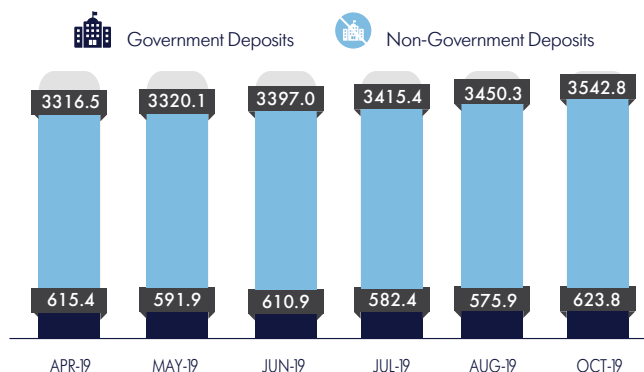
UNEMPLOYMENT RATE



SUEZ CANAL REVENUES (USD BN)



TOTAL DEPOSITS IN 2019 (EGP BN)



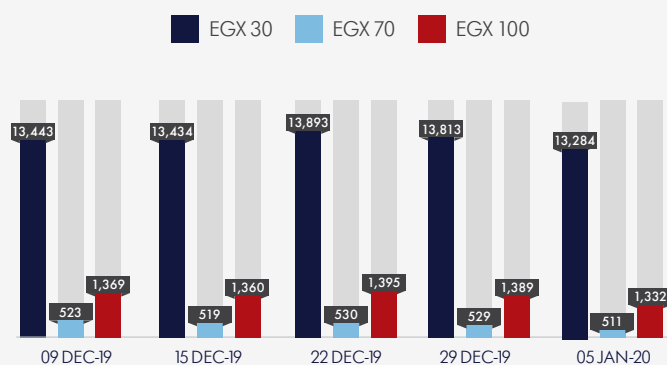
NET FOREIGN RESERVES (USD BN)



ANNUAL HEADLINE INFLATION



CAPITAL MARKET INDICATORS



Sources: Central Bank of Egypt (CBE), CAPMAS, Egyptian Exchange (EGX), and Suez Canal Authority.





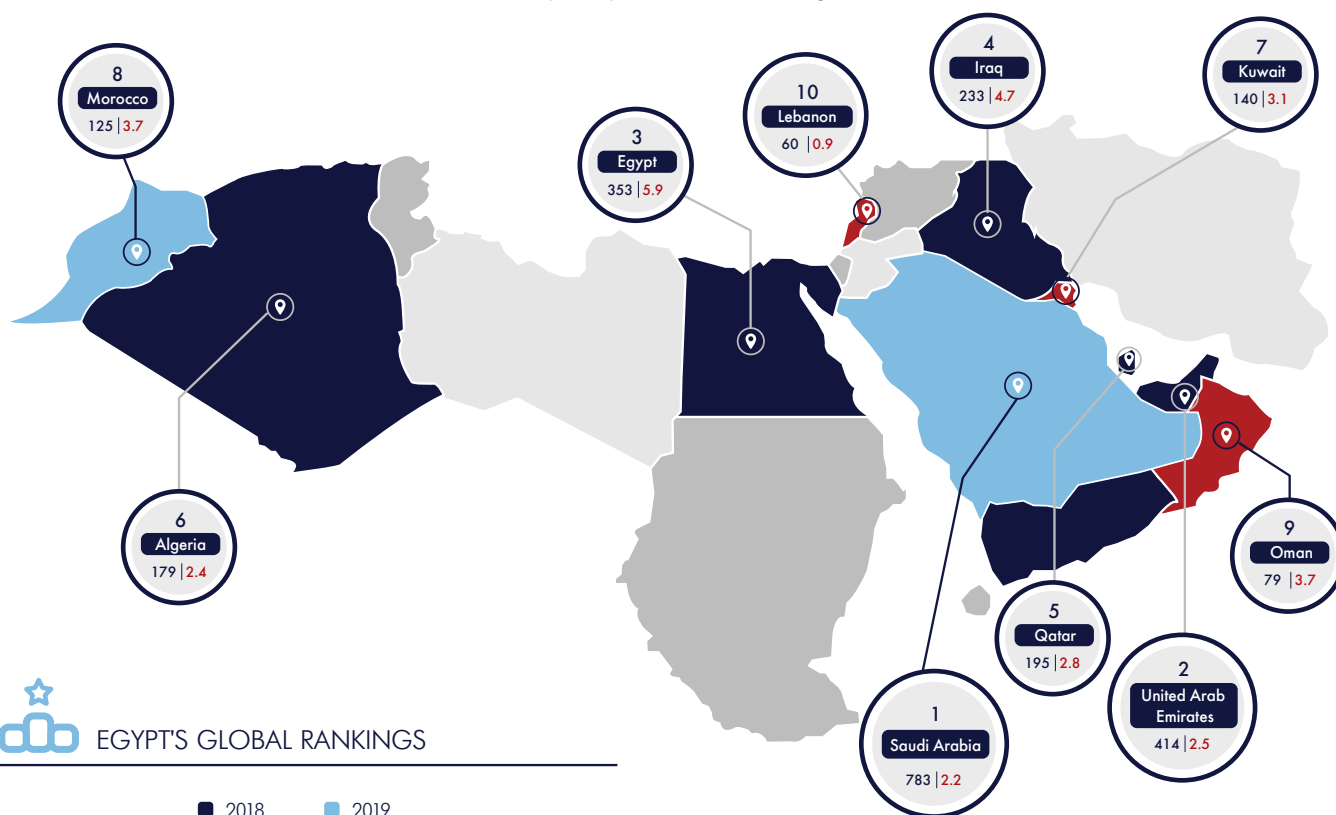
## TOP 10 ARAB COUNTRIES IN TERMS OF ECONOMIC GROWTH RATE (GDP) IN 2020



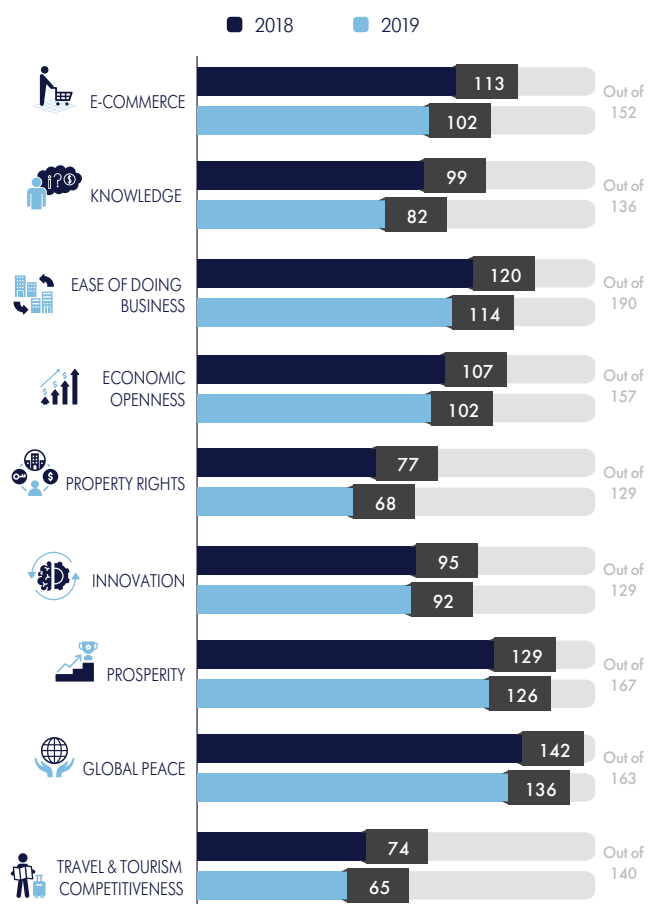
Value (USD bn)



Percentage



## EGYPT'S GLOBAL RANKINGS



## EBRD\* INVESTMENTS IN EGYPT (2017-2019)



\*European Bank for Reconstruction and Development



## EGYPT'S FREE ZONES



Sources: Ministry of Investment and International Cooperation, Suez Canal Authority, International Monetary Fund (IMF), World Economic Forum, World Bank, World Intellectual Property Organization, The Economist, and Legatum Institute.

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FULL ANALYSIS

**FACTS  
& FIGURES**

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## Demand on Social Housing

In December 2019, the Ministry of Housing, Utilities, and Urban Communities, in collaboration with the Central Agency for Public Mobilization and Statistics (CAPMAS) and the World Bank (WB), conducted a survey to measure demand on social housing units.

The study showed that 71% of the sample have already known about the social housing program, while 35% have applied to reserve units. Additionally, demand for new cities represented 27% of those, who are willing to reside in social housing units. There are a number of reasons behind people's desire to relocate to social housing units; the majority (40%) are scouting for new residences for marriage, while those who are "searching for better homes" come in second with 28%.

As for buyers' preferences, 83% of the respondents are searching for primary homes. The majority (28.8%) are looking for units in the "same region." Furthermore, a whopping 90.2% prefer ownership over rent.

As for the preferred payment method, 65.4% of the respondents prefer to pay in cash, while 23% go for installments. In addition, 75% can afford units worth a maximum of EGP 2.5 mn.

## Invest-Gate's Survey

While there are various channels- potential homebuyers can use- to scout for their "dream home", INvest-Gate's survey shows that real estate exhibitions and contacting developers directly are equally preferred at 27% as the appropriate tool when searching for new homes.

## Developers' Projects

The past two months saw many real estate development projects launched, varying between residential, commercial, and hospitality. Invest-Gate R&A noticed developers' tendency to diversify their portfolio with commercial products, most of which are located in east Cairo, winning the lion's share of new offerings.

Al-Futtaim Group has launched the new expansion of Cairo Festival City (CFC) Mall, called "Festival Avenue," in the heart of New Cairo, with investments exceeding EGP 2 bn. In addition, El Badr for investments also rolled out Arkan's mall over a built-up area of 260,000 square meters.

Rooya Group has released the mixed-use project, called "Stone Street," as part of its flagship project in New Cairo, or the "Stone Development." Other projects include The Pier Mall by Dolmen Investments, an administrative complex by Vow Developments, Heartwork by Mountain View, and Sixty Business Park by Edge Holding.

In the residential sector, Amer Group launched the 77-acre "Porto Assiut" in New Assiut, with total investment worth EGP 4.5 bn. The new project offers 2,425 residential units, plus 100 hotel rooms.

In addition, the hospitality sector saw two new projects, namely DoubleTree Hotel by DM development and W Hotel by Landmark Sabbour.

## Economic Snapshot:

Egypt saw some positive economic indicators, except for the inflation figures. The annual headline inflation rose to 7.1% in December, compared to 3.6% in November 2019. The increase is attributed to the unfavorable base effect that resulted in a six-month disinflation spell between May and October 2019.

Accordingly, the Central Bank of Egypt (CBE) decided to keep interest rates unchanged at 12.25% and 13.25% for deposit and lending rates, respectively. However, the Monetary Policy Committee (MPC) still sees the current interest rates consistent with inflation targets of 9% ( $\pm 3$  percentage points).

On the other positive end of the spectrum, Egypt's net foreign reserves rose to USD 45.42 bn in December from USD 45.35 bn in November 2019.

Similarly, total revenues rose to USD 174.5 bn in FY 2018/19, compared to USD 129 bn in FY 2017/18. As for Suez Canal revenues, it rose by 1.8% to reach USD 5.8 bn in 2019, compared to USD 5.7 bn in 2018.

On another note, Egypt's total expenditures increased by 29% to reach EGP 276 bn in FY 2018/19, compared to EGP 214.1 bn in FY 2017/18.

As for Egypt's total external debt, the total amount has increased by USD 16 bn (EGP 136 bn), till June 2019, to reach USD 108.7 bn. This is partially owed to the issuance of international bonds by the Ministry of Finance during FY 2018/2019.

## Global Rankings & Investments

Egypt has witnessed progress in terms of global rankings, most notably the economic growth rate. The country is expected to hit a 5.9% economic growth rate in 2020, ranking third after UAE with 2.5% and KSA with 2.2%. European Bank for Reconstruction and Development (EBRD) owes the increase in real GDP to "the continued strengthening of the tourism sector and of exports, by large public construction projects such as the building of the New Administrative Capital (NAC), natural gas production from the Zohr field and other new discoveries, the re-engagement of private investors following the recent trend of interest rate cuts, and the continued implementation of business environment reforms and prudent macroeconomic policies."

The North African country also witnessed an improvement in other indicators such as economic openness, jumping five spots to rank 102<sup>nd</sup> out of 157 countries in 2019 compared to 107<sup>th</sup> in 2018. Similarly, Egypt's ranking in property rights indicator surged from 77<sup>th</sup> in 2018 to rank 68<sup>th</sup> out of 129 countries in 2019.

The country also witnessed a moderate improvement in the "ease of doing business" indicator to rank 114<sup>th</sup> out of 190 countries in 2019 from 120<sup>th</sup> in 2018.

This is translated into an increase in the value of inflows into the country. The European Bank for Reconstruction and Development (EBRD) has pumped investments worth EUR 3.5 bn (EGP 60.95 bn) in 80 projects during the period from 2017 to 2019, wherein the private sector accounted for 58%. This makes Egypt one of the top African countries that possess 50% of the bank's investment in the continent.

Talking of investments, Egypt's free zones reached 16 in 2019, with a total capital of USD 12.8 bn. This reflects the government's efforts to attract more investors as well as boost exports and productivity.



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