

MARKET WATCH

BY **AYA RADY & NOURAN MEDHAT**

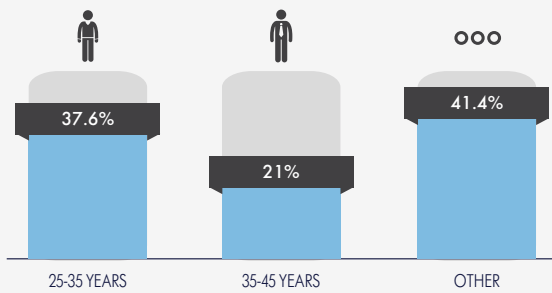
POWERED BY

INVESTIGATE
— RESEARCH & ANALYSIS —

DEMAND ON SOCIAL HOUSING

DEMOGRAPHICS (RELOCATION WILLINGNESS)

AGE GROUP



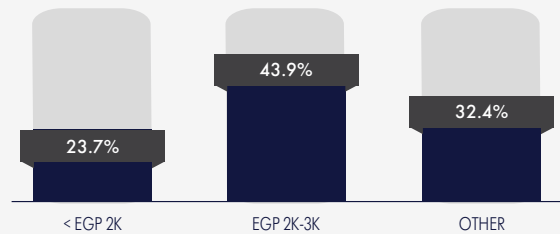
GENDER



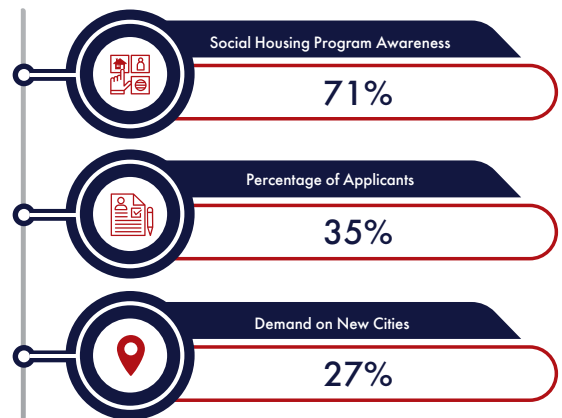
EMPLOYMENT STATUS



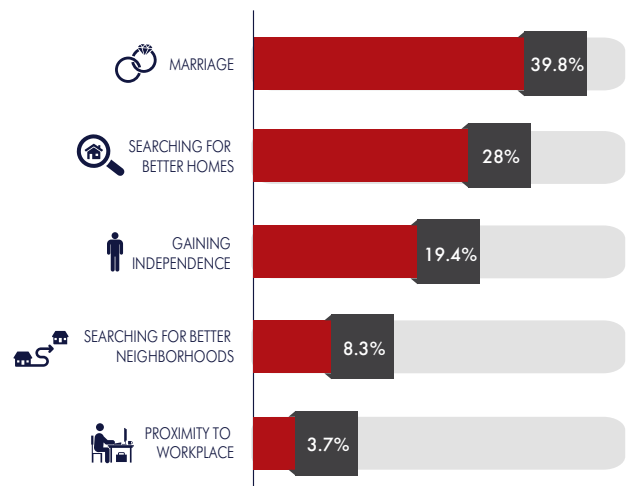
INCOME LEVEL



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



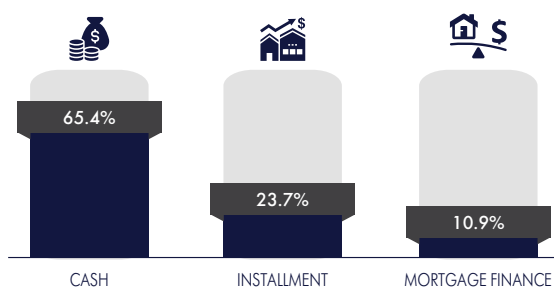
LOCATION



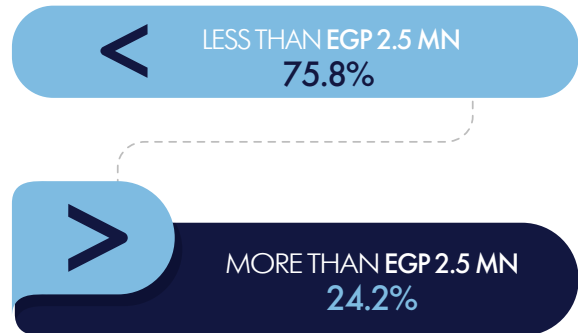
OWNERSHIP VS. RENT



PAYMENT METHOD



UNIT PRICE



RENT AFFORDABILITY



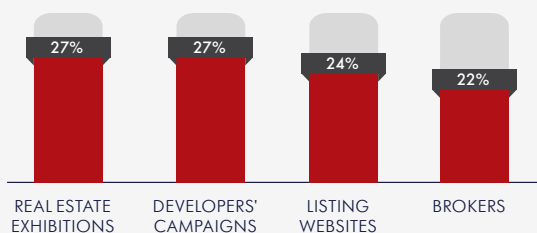
PRICES OF CONSTRUCTION MATERIALS (DECEMBER 2019) (EGP)

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



ONLINE MONTHLY SURVEY

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



Sources: Ministry of Housing, CAPMAS, World Bank, and Invest-Gate R&A.

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 m²

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 m²



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 m²



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 m²



Supply Volume

No. of New Stores
80



COMMERCIAL PROJECTS

Administrative Complex

Developer
Vow Developments

Location
NAC

Area
6,600 m²

Investment
EGP 1.1 bn

Unit Sizes
48-530 m²

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 m²

Investment
EGP 28 bn

Delivery Date
2024

Supply Volume

Wet Pool Deck

Spa

Fitness Center

350 Rooms & Suites

Food & Beverage Venues

Meetings & Events Space

Source: Developers' official statements.

CONSUMERS' INSIGHTS ON MORTGAGE FINANCE

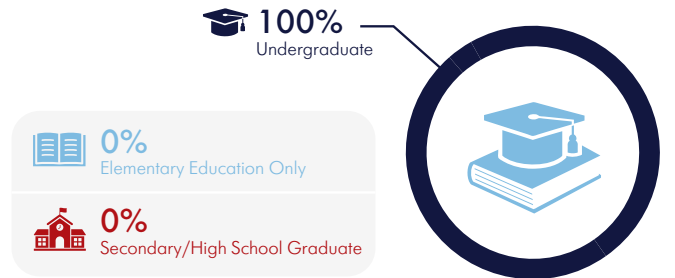
SAMPLE DEMOGRAPHICS



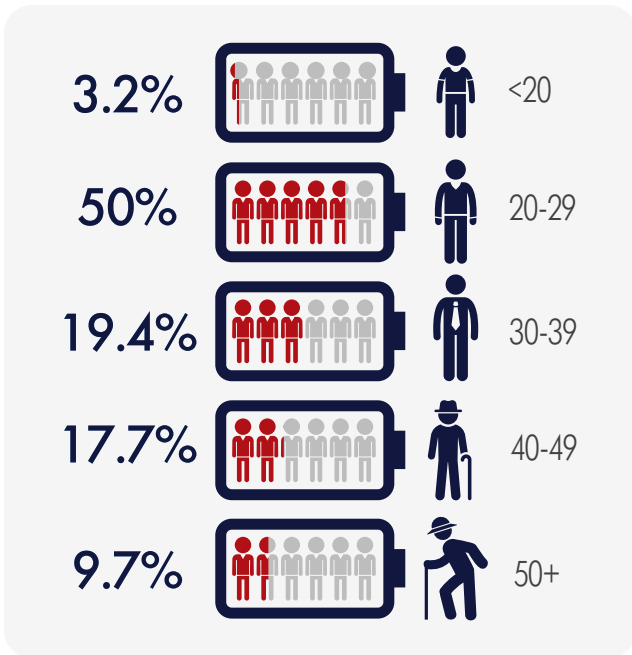
GENDER



EDUCATION



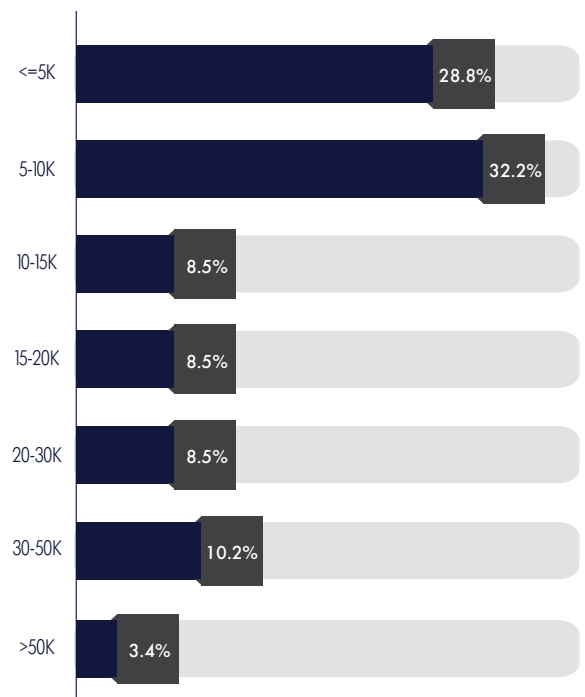
AGE CATEGORY (YEARS)



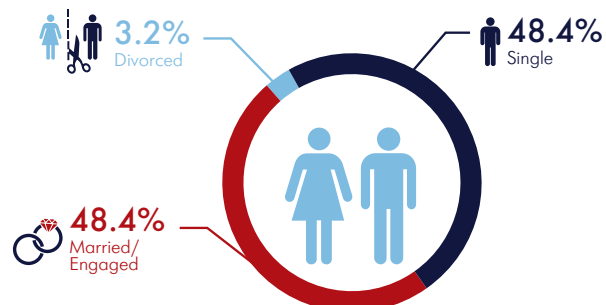
WORK STATUS



AVERAGE MONTHLY INCOME (EGP)



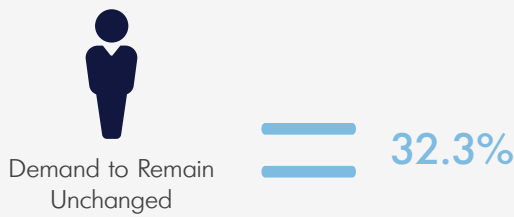
MARITAL STATUS



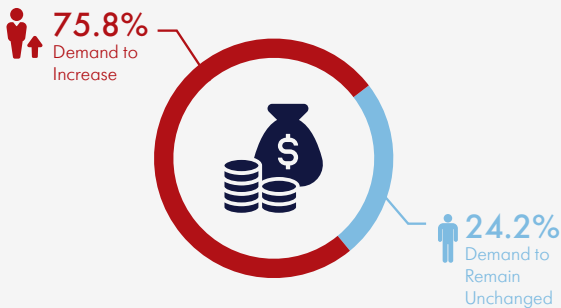
Source : Invest-Gate R&A.

CONSUMERS' EXPECTATIONS FOLLOWING LATEST MORTGAGE FINANCE UPDATES

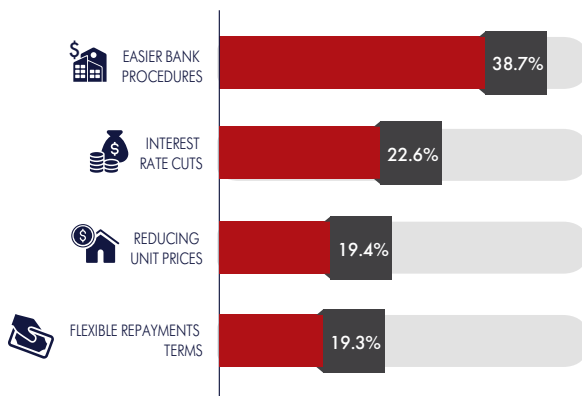
IMPACT OF MORTGAGE INTEREST RATE CUTS



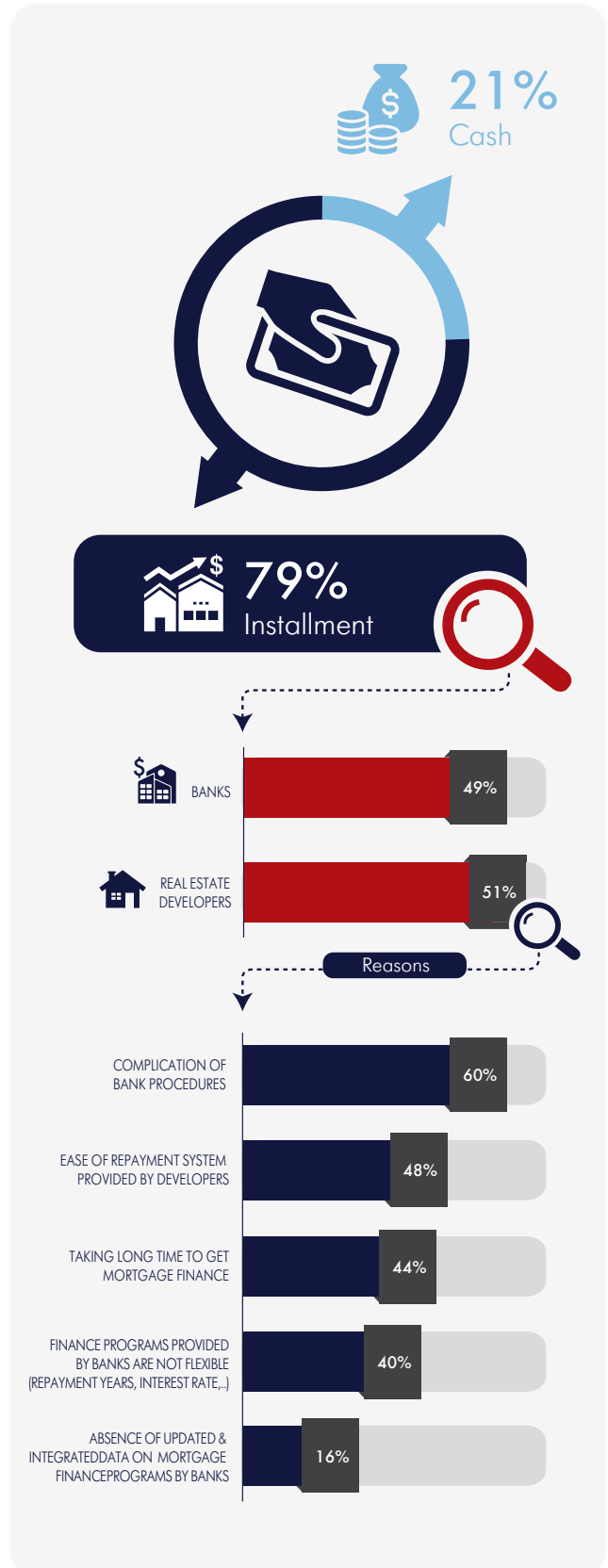
IMPACT OF CBE'S EGP 50 BN INITIATIVE



CONSUMERS' RECOMMENDATIONS FOR ENHANCING MORTGAGE FINANCE MARKET



PREFERRED PAYMENT METHOD



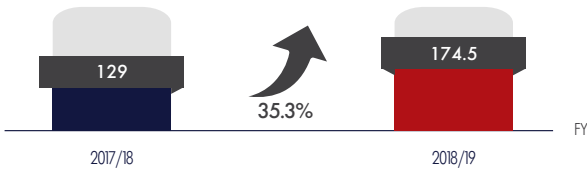
Methodology: This survey is conducted on a sample of 62 respondents.

Source : Invest-Gate R&A..

ECONOMIC SNAPSHOT



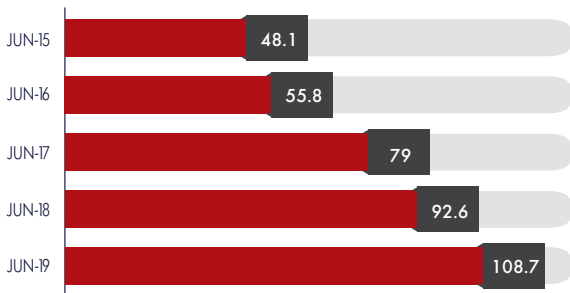
TOTAL REVENUES (EGP BN)



TOTAL EXPENDITURES (EGP BN)



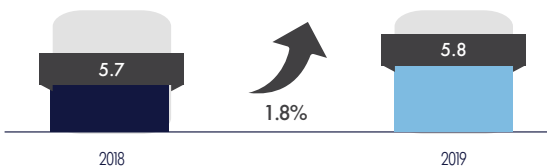
TOTAL EXTERNAL DEBT (USD BN)



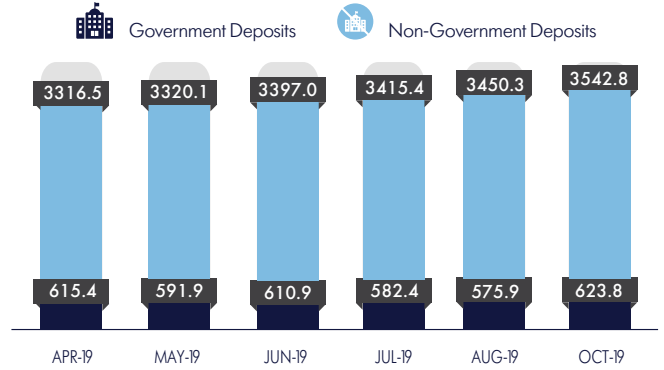
UNEMPLOYMENT RATE



SUEZ CANAL REVENUES (USD BN)



TOTAL DEPOSITS IN 2019 (EGP BN)



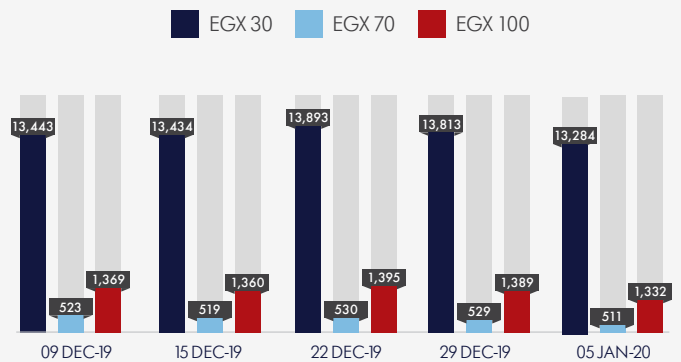
NET FOREIGN RESERVES (USD BN)



ANNUAL HEADLINE INFLATION



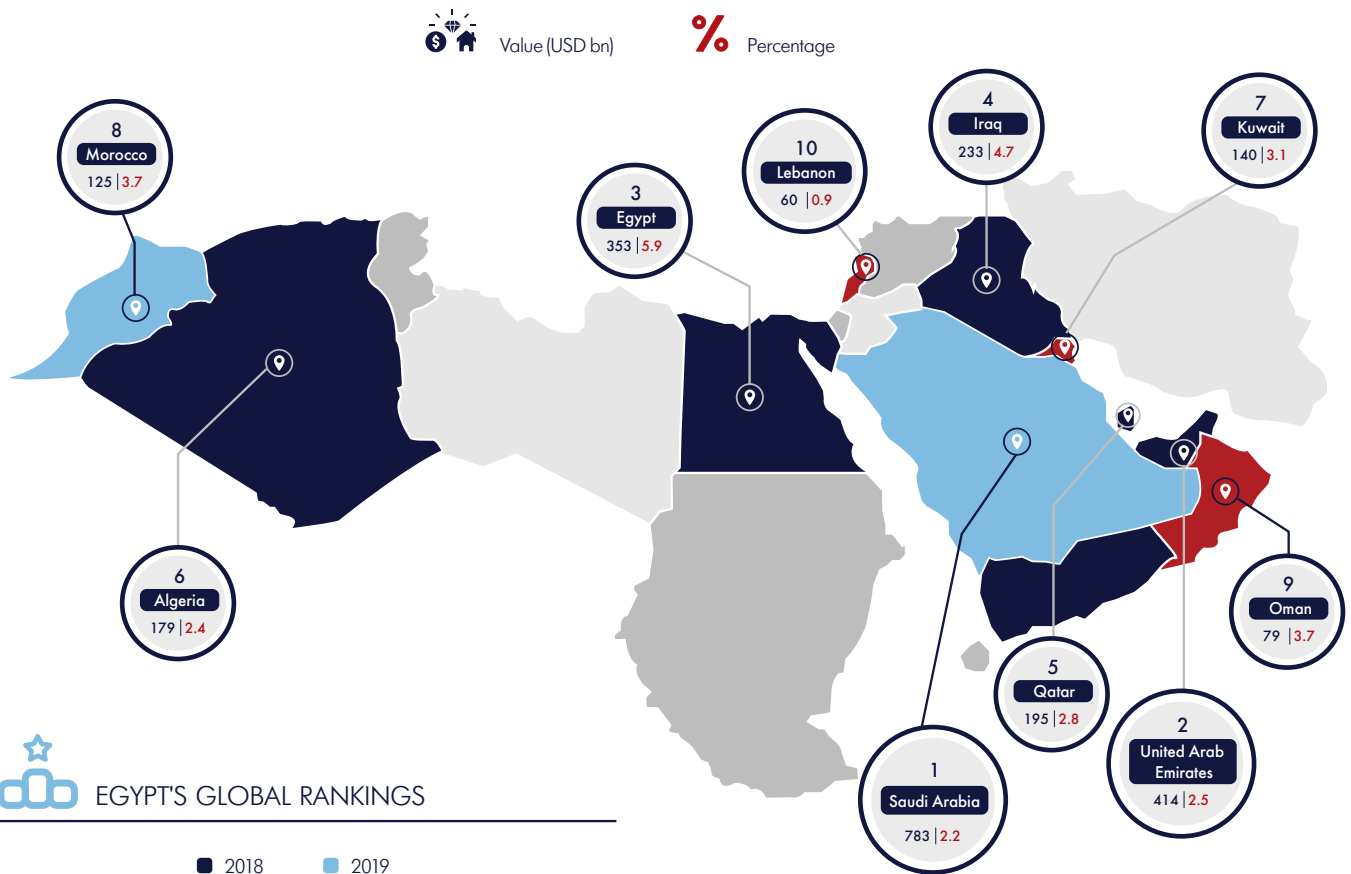
CAPITAL MARKET INDICATORS



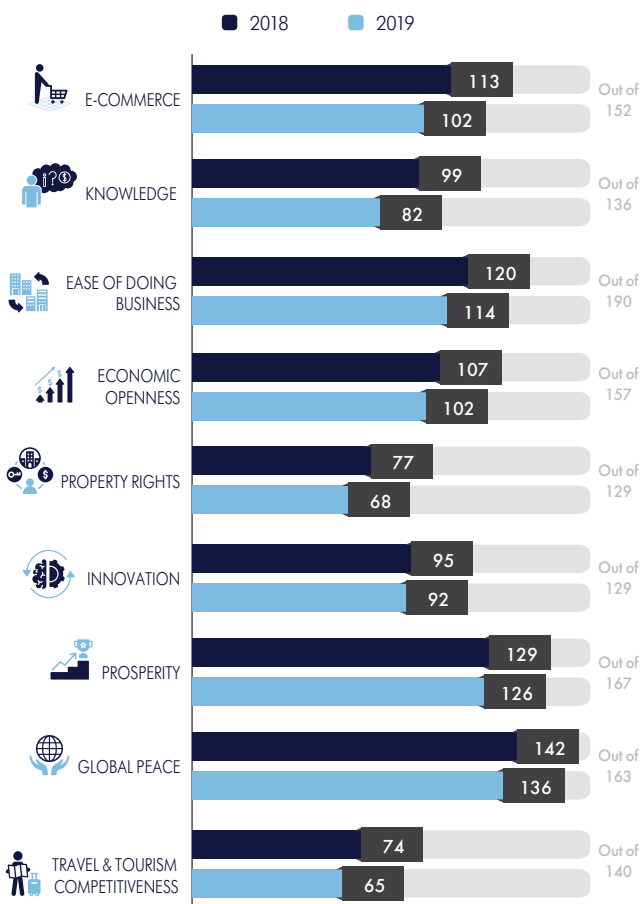
Sources: Central Bank of Egypt (CBE), CAPMAS, Egyptian Exchange (EGX), and Suez Canal Authority.



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



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.

FULL ANALYSIS

**FACTS
& FIGURES**

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% (± 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 102nd out of 157 countries in 2019 compared to 107th in 2018. Similarly, Egypt's ranking in property rights indicator surged from 77th in 2018 to rank 68th out of 129 countries in 2019.

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