

# MARKET WATCH

BY **DINA EL BEHIRY**

POWERED BY

INVESTIGATE  
RESEARCH & ANALYSIS

## REAL ESTATE INDUSTRY ACCOMPLISHMENTS



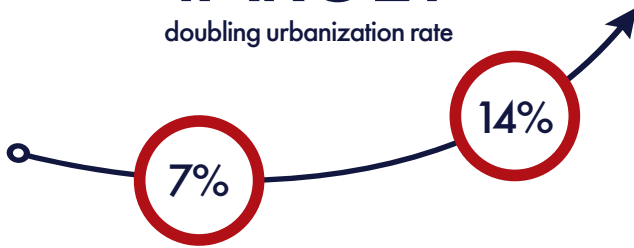
NATIONAL STRATEGY FOR URBAN DEVELOPMENT 2052



REVENUE EXPECTATIONS IN 2020

### TARGET

doubling urbanization rate



New Urban Communities Authority's (NUCA) target



HOUSING PROJECTS



INFRASTRUCTURE

#### Social Housing & Mortgage Finance Fund Offers New Units



Area  
Up to 150 meters per unit



Payment Period  
Up to 20 years



Payment Method  
Installments



Minimum Installment  
EGP 3,100

#### Beit El Watan Project (7<sup>th</sup> Phase)



New Housing Units



Number of Cities  
5



Location  
Sheikh Zayed, New Cairo, 6<sup>th</sup> of October,  
New Damietta & New Mansoura



New Residential Plots



Number of Cities  
8



Location  
Sheikh Zayed, 6<sup>th</sup> of October, El Obour,  
New Damietta, Badr, New Cairo, El Shorouk  
& Sadat

#### Government to Implement New Projects in Fiscal Year (FY) 2019/20



Number of Projects  
202



Location  
Sohag, Beni Suef, Minya,  
Assiut & Aswan



Target  
Developing villages



Investments  
EGP 944 mn

#### Government to Develop Roads



No. of Roads  
197



Roads' Length  
840 kilometers (km)



Location  
Giza, Qalubiya, Mounifya, Dakhlya, Beheira, Kafr El Sheikh,  
Sharqiyah, Gharbia, Damietta, Beni Suef, Fayoum & Minya

#### Government to Construct New Roads



No. of Roads  
2,652



Roads' Length  
6,587 km



Investments  
EGP 12.7 bn



Delivery Time  
2021-2022

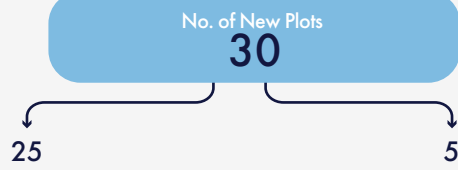


Egyptian government to develop ring road with investments exceed **EGP 7 bn**



LAND OFFERING

NUCA Offers



**Target**  
establish technological universities

No. of New Plots  
**25**

**Location**  
10 new cities (unveiled names)

**Target**  
establish urban, medical, industrial, commercial & administrative projects

NUCA Approves Allocating a Plot for National Hispanic Medical Coalition (NHMC)

**Area**  
72.2 Acres

**Location**  
El Shorouk

**Target**  
Medical Services

Ministry of Housing Offers New Plots

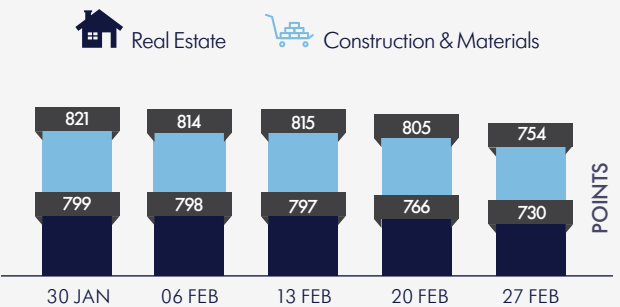
**Location**  
Badr, Sadat, New Minya, 10<sup>th</sup> of Ramadan, 15<sup>th</sup> of May, New Borg El Arab, New Beni Suef, New Assiut & New Aswan

**Target**  
New housing projects

PRICES OF CONSTRUCTION MATERIALS (FEBRUARY 2020) (EGP)

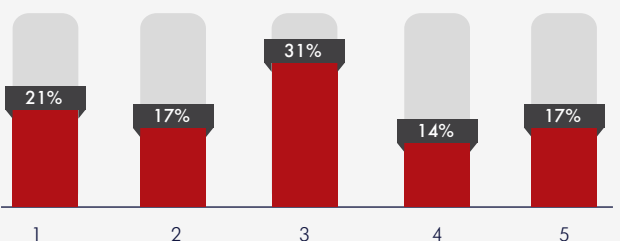
| STEEL BARS                                       | CRETAL STEEL                               | PORTLAND CEMENT  | COARSE SAND                          |
|--|--|--|--------------------------------------|
| (per ton)<br><b>10,000</b><br>(YOY -14.2%)       | (per ton)<br><b>10,200</b><br>(YOY -18.4%) | (per ton)<br><b>800</b><br>(YOY -4.8%)                       | (per sqm)<br><b>70</b><br>(YOY 7.7%) |
| <b>SOLID CEMENT BRICKS</b>                       |  | <b>BRICK HOLLOW CONCRETE</b>                                 |                                      |
| (per 1,000 bricks)<br><b>1,100</b><br>(YOY 3.8%) |  | (40x20x12 cm) (per 1,000 bricks)<br><b>5,200</b><br>(YOY 4%) |                                      |

REAL ESTATE & CONSTRUCTION STOCK MARKETS INDEXES PERFORMANCE IN EGYPT (2020)



ONLINE MONTHLY SURVEY (%)

HOW DO YOU RANK THE GOVERNMENT'S ACHIEVEMENTS IN THE INFRASTRUCTURE SECTOR?



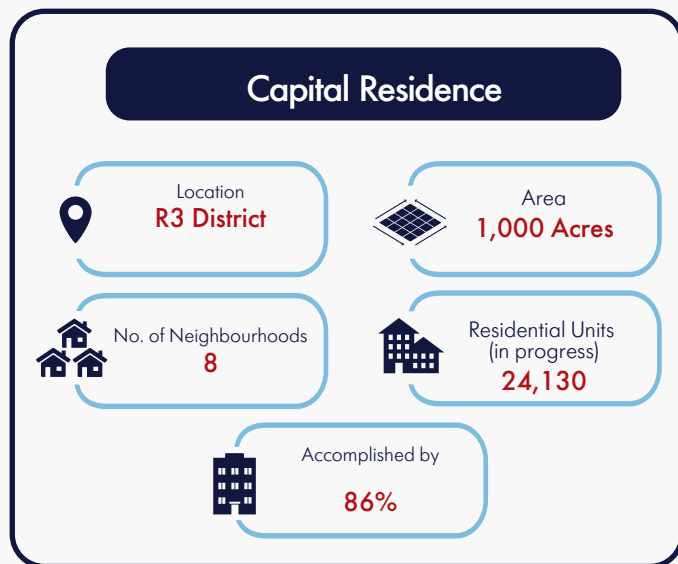
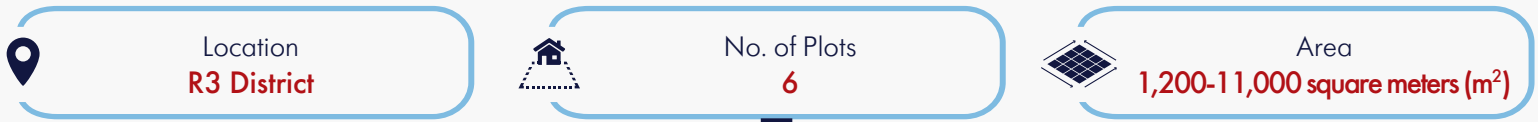
Sources: Cabinet, Ministry of Housing, Egyptian Exchange (EGX) & Invest-Gate

# NEW CITIES' UPDATES



## NEW ADMINISTRATIVE CAPITAL (NAC)

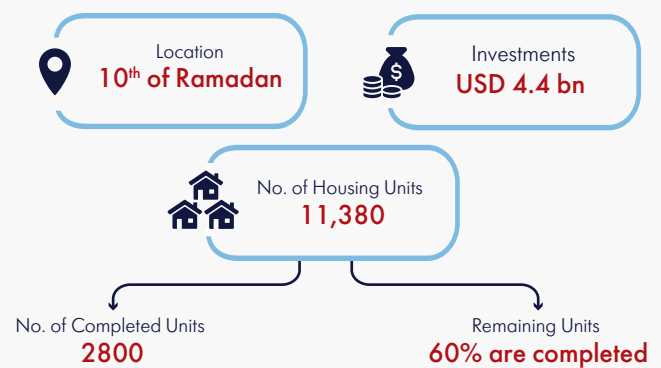
### NUCA Offers New Plots



## BADR CITY



## EL ANDALUS (NEIGHBOURHOOD)



Source: Ministry of Housing, Utilities, and Urban Communities

# DEVELOPERS FINANCIAL STATUS 2019 VS. 2018

2018

2019

TOP 10 COMPANIES LISTED IN EGX BASED ON HIGHEST PROFITS

## Talaat Moustafa Group Holding



## Emaar Misr for Development



## Medinet Nasr Housing



## Palm Hills Development Company



## Six of October Development & Investment (SODIC)



## Zahraa Maadi Investment & Development



## El Shams Housing & Urbanization



## Development & Engineering Consultants



## Egyptians Housing Development & Reconstruction



## Emerald Real Estate Investment



Overall Index



3.284418



3.3%

3.177259



829.28



20.2%

661.54

Source: Egyptian Exchange (EGX)

# DEVELOPERS PROJECTS



## RESIDENTIAL PROJECT



Zizinia  
El Mostakbal



Developer  
**ARDIC for Real Estate  
Development & Investment**



Location  
**Mostakbal City**



Area  
**70 Acres**



Investment  
**EGP 38 bn**



Supply Volume

No. of Units  
1,756

Shopping Mall

Medical Center

Artificial Lakes

Social Club

Mosque



Menorca



Developer  
**Mardev Developments**



Location  
**New Administrative  
Capital (NAC)**



Area  
**17.5 Acres**



Target Contracting Sales  
**EGP 1.4 bn**



The 205-Acre  
Project



Developer  
**ARDIC for Real Estate Development & Investment**



Location  
**Mostakbal City**



Supply Volume

3 Hotels

Business & Commercial Areas

One Tower with 45 floors

School



Cairo West  
Residence (2<sup>nd</sup> Phase)



Developer  
**ALDAU Development**



Location  
**West Cairo**



Area  
**10 Acres**



Investment  
**EGP 300 mn**



Sila  
(Bosco City's New Phase)



Developer  
**Misr Italia Properties**



Location  
**Mostakbal City**



Supply Volume

No. of Units  
840

Villas

Twinhouses

Area  
76-185 m<sup>2</sup> for Apartments & 239-459 m<sup>2</sup>  
for Twinhouses & Villas

Townhouses

Apartments

Mosque



New Project  
(Unveiled Name)



Developer  
**Inertia**



Location  
**6<sup>th</sup> of October City**



Area  
**27 Acres**



Investment  
**EGP 4 bn**



Delivery Date  
**Q4 2020**



COMMERCIAL PROJECTS



New Complex  
(Unveiled Name)



Developer  
**Arkan Palm in partnership with NUCA**



Location  
**26<sup>th</sup> of July Axis in Sheikh Zayed City**



Area  
**205 Acres**



Investment  
**EGP 59 bn**



Supply Volume

Integrated commercial, administrative, medical, and recreational complex.



New Branches



Developer  
**Lulu Hypermarket Group**



Time Period  
**2020**



No. of New Branches\*

Wadi Degla

Park Mall- in front of AUC

\*Out of four new branches



Plans to inaugurate **14** new branches in UAE, Saudi Arabia, and Egypt during **2020**



New expansion projects in NAC and Al Alamein by **2022**



Armonia Walk



Developer  
**The Land Developers**



Location  
**R7 District- NAC**



Area  
**18,000 m<sup>2</sup>**



Investment  
**EGP 500 mn**



Delivery Date (1<sup>st</sup> Phase)  
**September 2022**



Supply Volume

Commercial Units

No. of Units  
**1,750**

Clinics

Buildings' Height  
**7 floors**

Administrative Units



HOSPITALITY PROJECTS



5-Star Hotel Project  
(Unveiled Name)



Developer  
**Talaat Mostafa Holding's unit, ICON & EGOTH**



Location  
**Sultana Malak land in Luxor**



Area  
**21,400 m<sup>2</sup>**



Investment  
**EGP 1.5 bn**



Supply Volume

Meeting Rooms

No. of Rooms & Suits  
**200**

Gym

Restaurants

Spa



New Village  
(Under Construction)



Developer  
**Rixos**



Location  
**Hurghada**



Supply Volume

No. of Rooms & Suits  
**3,000**

No. of Football Yards  
**14**

No. of Job Vacancies  
**10,000**

A conference hall for **1,000** attendees

Source: Developers' official statements

# ECONOMIC SNAPSHOT



WORLD'S MOST ECONOMICALLY POWERFUL CITIES



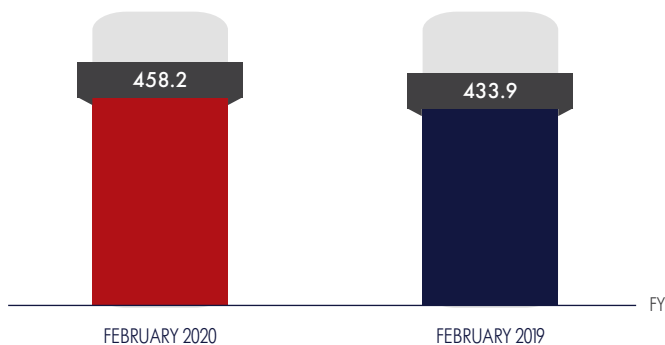
**Cairo**  
**24** (Out of 100 cities)



NET FOREIGN DIRECT INVESTMENTS (USD BN)



SUEZ CANAL REVENUES (USD MN)



ANNUAL HEADLINE INFLATION

JANUARY 2020: 7.2%  
FEBRUARY 2020: 5.3%

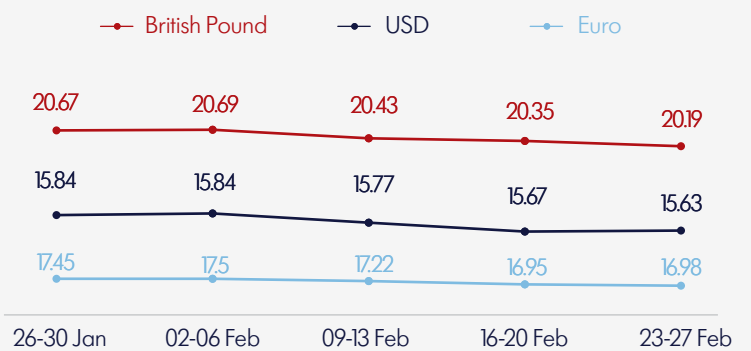


NET FOREIGN RESERVES (USD BN)

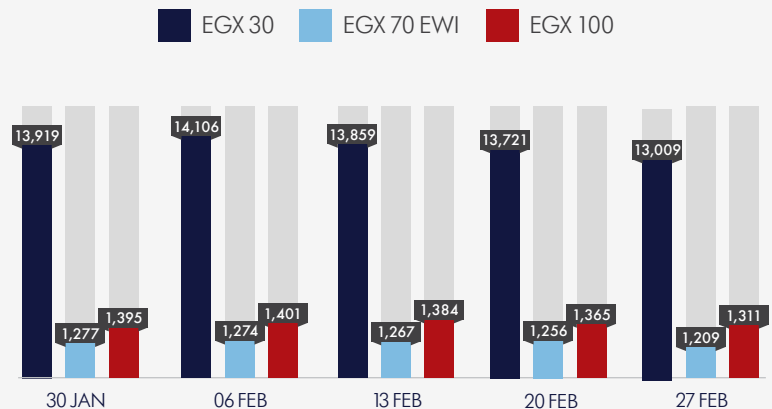
JANUARY 2020: 45.45  
FEBRUARY 2020: 45.5



Exchange Rates



CAPITAL MARKET INDICATORS

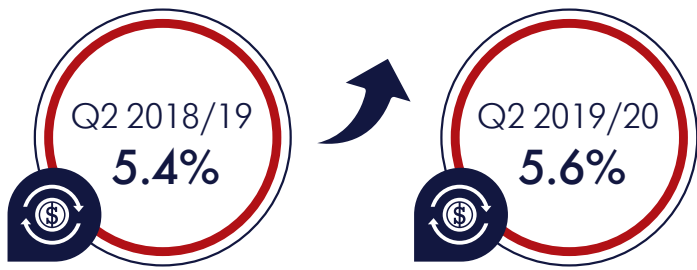


Sources: Egyptian Exchange (EGX), Central Bank of Egypt (CBE), Central Agency for Public Mobilization and Statistics (CAPMAS) & Brand Finance





GROSS DOMESTIC PRODUCT (GDP) GROWTH RATE



Ministry of Finance expects that the GDP Growth Rate will hit **6%** in **FY 2019/20** and **7%** by **2022**



BUDGET DEFICIT TO GDP

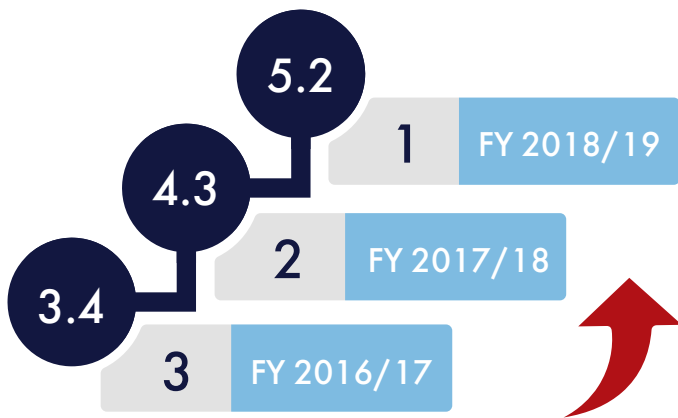


Target FY 2019/20

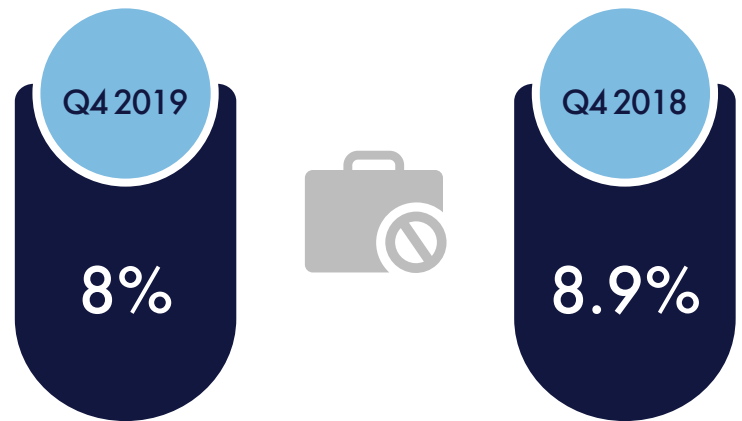
**7.2%**



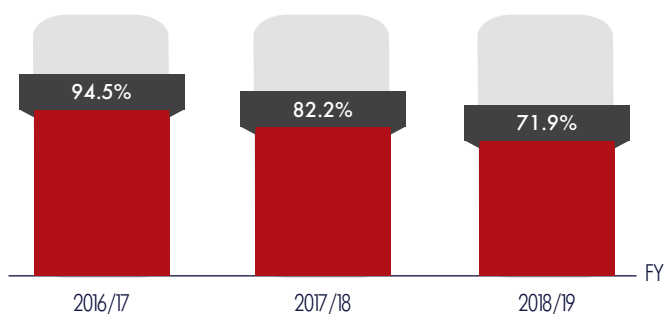
GDP (EGP TRN)



UNEMPLOYMENT RATE



DEBT TO GDP

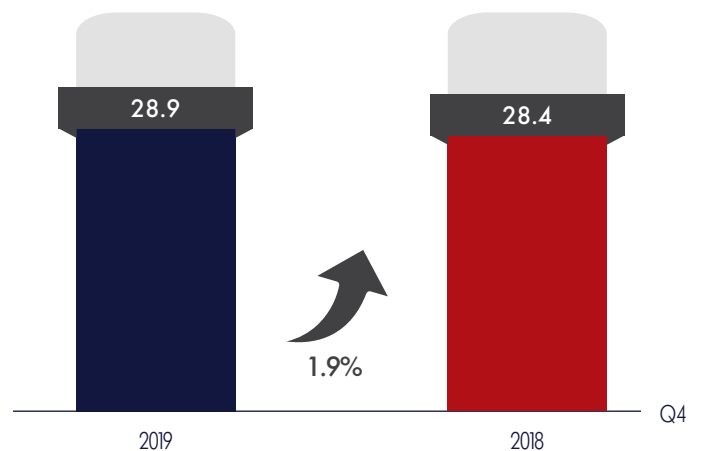


Q1 2019/20

**66.7%**



LABOR FORCE (mn)



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FULL ANALYSIS

**FACTS**

**& FIGURES**

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# REAL ESTATE INDUSTRY ACCOMPLISHMENTS

BY **DINA EL BEHIRY**

With an eye on the efforts exerted by the government, particularly by the Ministry of Housing, Utilities, and Urban Communities, many real estate projects have been launched. Accordingly, the New Urban Communities Authority (NUCA) has planned to achieve revenues reaching EGP 130 bn in 2020 from these projects given the recent COVID-19 developments in Egypt; things might be a bit altered.

Additionally, executing these projects comes in line with the National Strategy for Urban Development 2052, which aims at doubling the urbanization rate from 7% to 14%. This came during Assem El Gazar, the Minister of Housing, speech at a forum on the management of major projects with limited time programs.

Among these projects, the Social Housing and Mortgage Finance Fund plans to offer new additional units with areas of up to 150 meters. The payment of these units is based on installments with a minimum of around EGP 3,100. Moreover, Planning and Economic Development Minister, Hala El-Saeed, pointed out that the government allocated investments amounting to EGP 944 mn to implement 202 projects in Fiscal Year (FY) 2019/20. These projects aim to develop villages in the governorates of Sohag, Beni Suef, Minya, Assiut, and Aswan during the inauguration of a workshop on Egypt's updated 2030 vision in Fayoum.

Besides, the government pays a great deal of attention to the development of the New Administrative Capital (NAC) as well as its expansion. Thus, NUCA has offered six new plots in the R3 district for the construction of new hotels, business projects, commercial projects, and schools. Furthermore, the Administrative Capital for Urban Development Company plans to pump USD 150 mn for further technological advancements in NAC.

Badr City, NUCA has launched Capital Park on an area of around 33,000 acres. Capital Park is projected to include 33,000 housing units with investments of EGP 8.5 bn and is to be delivered in 15 months (May 2021).

On the other hand, the Ministry of Housing- through NUCA- has been offering many new plots to attract more investments either in residential, commercial, or hospitality projects. These plots were offered in several cities including NAC, New Cairo, New Assiut, New 6<sup>th</sup> of October, Badr, Sadat, New Minya, 10<sup>th</sup> of Ramadan, New Beni Suef, New Aswan, and many more.

When it comes to infrastructure, the government has been developing around 197 roads with a total length of around 840 kilometers (km). These roads are located in cities of Giza, Qalubiya, Mounifya, Dakhlya, Beheira, Kafr El-Sheikh, Sharqiyah, Gharbia, Damietta, Beni Suef, Fayoum, and Minya. Furthermore, the government plans to construct new 2,652 roads with a total length of around 6,587 km in 2021-2022. These new roads will be located in several areas with investments of approximately EGP 12.7 bn; in addition, the government is to allocate more than EGP 7 bn to develop the ring road in those areas.

## Private Sector

In conjunction with the recent expansion projects, the private sector has managed to launch several projects varying between residential, commercial, and hospitality. It is noticed that many developers directed their investments to housing projects. Inertia

Egypt has launched a new project on the 6<sup>th</sup> of October City, which will be delivered in Q4 2020. Another project is Zizinia El Mostakbal located in Mostakbal City. ARDIC for Real Estate Development & Investment has agreed with two more construction companies to accelerate the execution of this project. Additionally, Misr Italia Properties launched Bosco City's new Phase, Sila, in Mostakbl City. Sila is a residential project that includes villas, twin houses, townhouse, and apartments.

Moreover, Menorca project is developed by Mardev Developments in NAC. Menorca covers an area of around 17.5 acres consisting of 738 housing units.

For the commercial projects, Arkan Palm in partnership with NUCA plans to construct an integrated commercial, administrative, medical, and recreational complex. The complex will be located on the 26<sup>th</sup> of July Axis in Sheikh Zayed and is situated on 205 acres with investments of around EGP 59 bn. Additionally, The Land Developers announced the launch of Armonia Walk in March 2020. Armonia Walk is a commercial project located in NAC, covering an area of 18,000 square meters with investments of around EGP 500 mn. The Land Developers is projected to deliver the first phase in September 2022.

Furthermore, Lulu Hypermarket Group plans to inaugurate four new branches in Egypt in 2020, also, the group plans to expand by launching new branches in NAC and Alamein by 2022.

In the hospitality segment, Talaat Mostafa Group (TMG) Holding and Arab Company for Hotel & Tourism Investment (ICON) have inked an agreement with the Egyptian General Company for Tourism and Hotels (EGOTH) to establish a five-star hotel on Sultana Malak land in Luxor. Under the deal, ICON will develop the hotel with total investments of EGP 1.5 bn.

## Economic Snapshot

Egypt experienced remarkable economic indicators. The real Gross Domestic Product (GDP) growth rate recorded 5.6% in Q2 2019/20 up from 5.4% in Q2 2018/19; Ministry of Finance expects hitting 6% in FY 2019/20 and 7% in 2022.

Speaking of the Annual Headline Inflation (CPI), after a consecutive increase for three months, it dropped to 5.3% in February, down from 7.2% in January. Having such a decline in the inflation rate means that the average prices of products will remain stable.

Additionally, the net foreign reserves continued going upwards reaching USD 45.5 bn in February, compared to USD 45.45 bn in January. Similarly, the FDI increased to USD 2.4 bn in Q1 2019/20, up from USD 1.4 bn in Q1 2018/19, an increase of around USD 1 bn. As for Suez Canal revenues, it rose to around USD 458.2 mn in February 2019, compared to USD 433.9 mn in the same month a year before. Another positive indicator witnessed is the decline of the unemployment rate, reaching 8% in Q4 2019, down from 8.9% in Q4 2018.

As a sign of success, Cairo is ranked the 24<sup>th</sup> out of the 100 most economically powerful cities around the world, according to EcoWorld. London was selected in the first place, followed by New York, Tokyo, Paris, and then Singapore.



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