

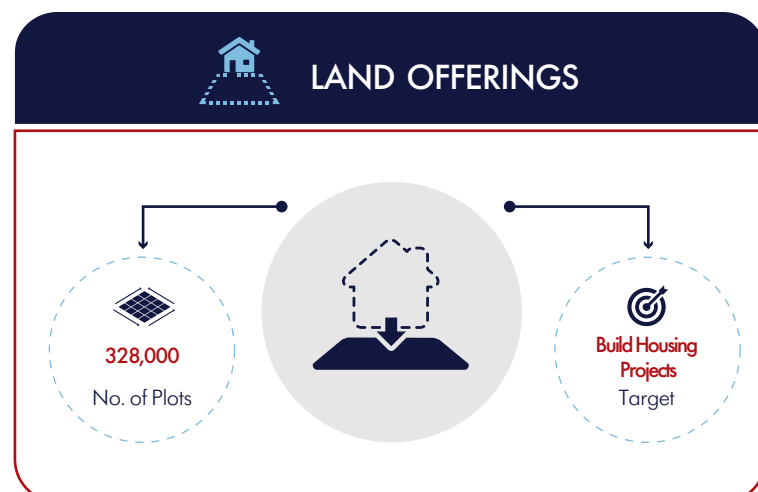
# MARKET WATCH

BY **DINA EL BEHIRY**

POWERED BY

INVESTIGATE  
— RESEARCH & ANALYSIS —

## GOV'T ACHIEVEMENTS IN REAL ESTATE SINCE 2014



Sources: Ministry of Housing, Utilities & Urban Communities & State Information Service (SIS).



## SLUMS DEVELOPMENT



Total No. of Slums

357



Total No. of Unsafe Units

242,905



Total Investment Cost

EGP 61 bn



No. of Developed Units

175,897



Location

296 Developed Areas  
(Names N/A)No. of Under-  
Development Units

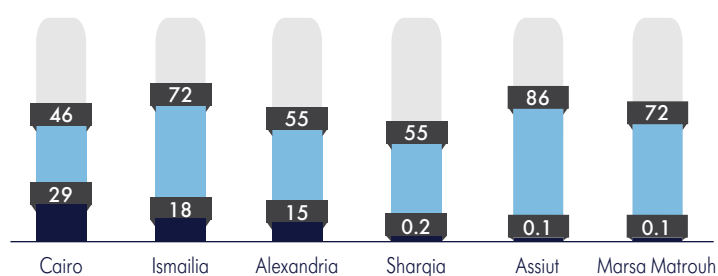
65,487

Location

54 Under-Development  
Areas (Names N/A)

## Slums

■ % of Total Slums ■ % Developed



## Slum-Free Governorates

Dakahlia	Gharbia	Sharqia
Kafr El Sheikh	Port Said	Qena
Fayoum	Beheira	Monufia
Suez	Sohag	Luxor
North Sinai		

## Unplanned Areas

Total Area  
152,000 Acres

No. of Developed Areas

53

Total Area

4,616 Acres

No. of Under-Development Areas

79

Total Area

6,941 Acres

Investment Cost

EGP 318 bn



## NEW ROADS CONSTRUCTION

No. of Complete Roads

2,345 km

Investment Cost

EGP 13 bn

No. of Under-Construction Roads

150 km

Investment Cost

EGP 3 bn

Plan

Part of National Roads Project



## PRICES OF CONSTRUCTION MATERIALS

(JUNE 2020) (EGP)

STEEL BARS

(per ton)

9,600

(YOY -19%)

CRETAL STEEL

(per ton)

9,800

(YOY -21.6%)

PORTLAND CEMENT

(per ton)

750

(YOY -11.8%)

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)

5,200

(YOY 4%)



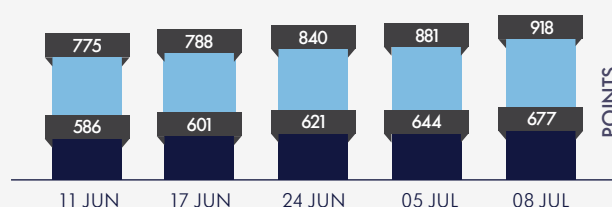
## REAL ESTATE &amp; CONSTRUCTION

STOCK MARKETS INDEXES PERFORMANCE  
IN EGYPT (2020)

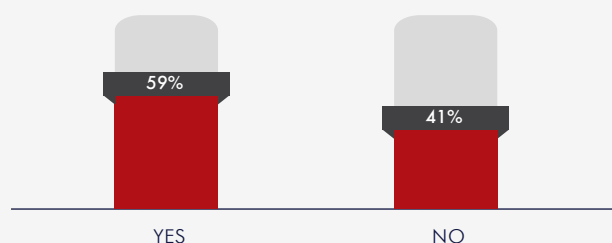
Real Estate



Construction &amp; Materials



## ONLINE MONTHLY SURVEY (%)

WILL MORE CUSTOMERS TEND TO RENT RATHER THAN BUY  
RESIDENTIAL PROPERTIES AMID CORONAVIRUS HIT?

# NEW CITIES UPDATE

## NEW DEVELOPMENTS



Location  
**New Administrative  
Capital (NAC), East Cairo**



Total Investments  
**EGP 121 bn**

Projects



Investments (EGP BN)

Central Park

10

R3 District

31

R5 District

80

Central Park



Location  
**Capital Park Project**

Total Area



1,000 Acres

Phase I

375 Acres

Phase II

306 Acres

Phase III

309 Acres

Capital Residence



Location  
**R3 District**



Area  
**1,000 Acres**



No. of Districts  
**8**



No. of Residential Units  
**24,130**



Status  
**Nonstop Construction Work to Compensate  
COVID-19 Delays**

## NEW RESIDENTIAL PROJECTS



Location  
**Downtown District,  
NAC**



Total Area  
**80,000 m²**



Developers  
**10 Property Developers**



Status  
**ACUD to Issue Land  
Allocation Decrees**



## DAR MISR



Project Type  
**Middle-Income Project**



Location  
**New Cairo**



No. of Residential Units  
**624 Fully-Finished Units  
(Phase I)**



Delivery Date  
**Starting From June 21**



## JANNA



Project Type  
**Luxury Housing Project**



Location  
**New Mallawi City**



Investments Cost  
**EGP 130 mn**



No. of Homes Underway  
**1,088**



Completion Rate  
**30%**



Status  
**Ongoing Concrete Works  
On-Site**



## SOCIAL HOUSING PROGRAM



Location  
**New October City, West Cairo**

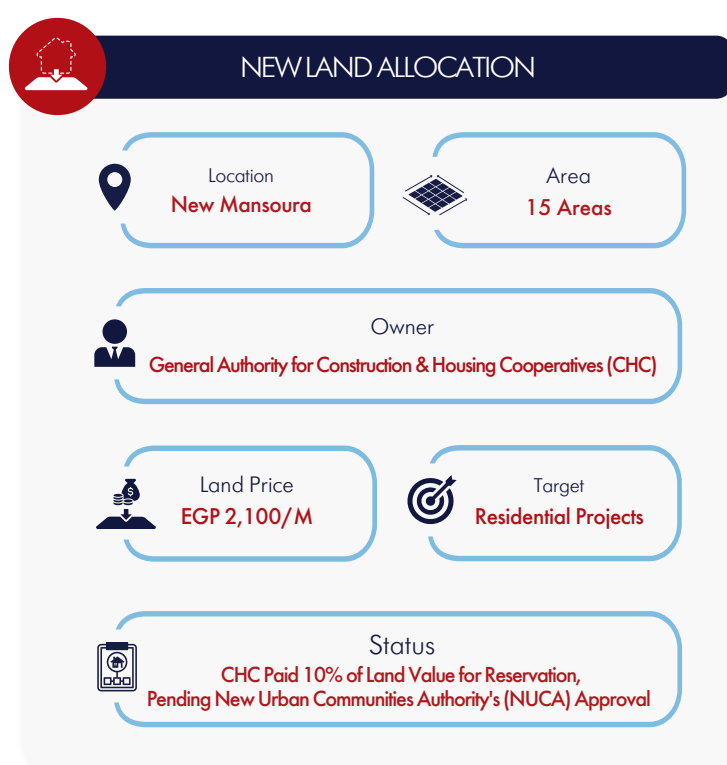
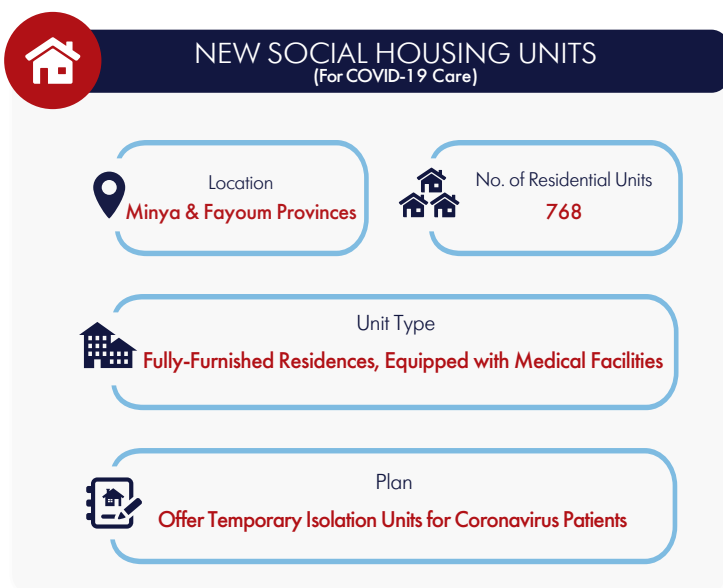


Total Area  
**800 Acres**



No. of Residential Units  
**792**

Source: Ministry of Housing, Utilities & Urban Communities, Administrative Capital for Urban Development (ACUD), New 6th of October City Development Authority.



# DEVELOPERS FINANCIAL STATUS Q1 2019 VS. Q1 2020

Q1 2019

Q1 2020

## TMG Holding



## Emaar Misr for Development



## Madinet Nasr Housing and Development (MNHD)



## Palm Hills Developments



## Sixth of October Development & Investment (SODIC)



## Orascom Development Egypt



## El Kahera Housing



## Zahraa Maadi Investment & Development



## El Shams Housing & Urbanization



## United Housing & Development



Overall Index



184.44



27%

133.903



0.634435



11%

0.563598

Source: Egyptian Exchange (EGX)

# PRIVATE REAL ESTATE PROJECTS UPDATE



## CONSTRUCTION AWARDS



### Mostakbal City



Developer

El Mostakbal for Urban Development  
& Elsewedy Electric's Unit (Elsewedy  
Electric for Trading & Distribution)



Location

East Cairo



Area

11,000 Acres



Construction Duration

22M



Award Value

EGP 423.3 mn



Contracting Purpose

EPC Contract for Electricity & Telecommunications  
Build Infrastructure of Project's Phase III on Turnkey Basis



Supply Volume

Commercial Mall

Residences

Gov't Services

Social Clubs

Restaurants

Schools

Service & Recreational Areas



## PROJECTS UNDERWAY



### Park Lane Compoundhood



Developer

El Attal Holding



Location

R7 District, NAC



Total Area

26 Acres



Plan

El Attal Targets Sealing  
EGP 1.5 bn Deals in 2020



News

Works on Phase I -> 15% Done

El Attal Achieved 75% of Target Sales in H1 2020



### VYE



Developer

Sixth of October Development &  
Investment Company (SODIC)



Location

New Zayed City, West Cairo



Total Area

500 Acres



Plan

SODIC Plans to Sell EGP 43 (bn)  
Worth of Units in VYE



News

First Standalone Villas Sold Out Within 48 Hours After Launch

Price ▶ EGP 250 mn



### Cairo Business Park



Developer

Misr Italia Properties (MIP)



Location

New Cairo



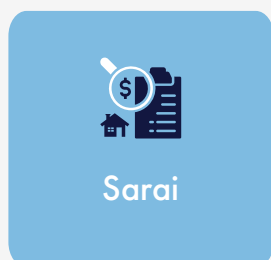
Total Area

78,000 m<sup>2</sup>



News

Etisalat Misr to Provide ICT Services On-Site (i.e. Fixed Landlines  
& Cloud Computing + Internet, VPN & IVPN Services)



### Sarai



Developer

Madinet Nasr Housing  
& Development (MNHD)



Location

New Cairo



Total Area

5.5 mn m<sup>2</sup>



Plan

Repay MNHD's Existing Debt



News

AAIB Arranges Long-Term Loan for MNHD

Loan Value  
EGP 2.1 bn

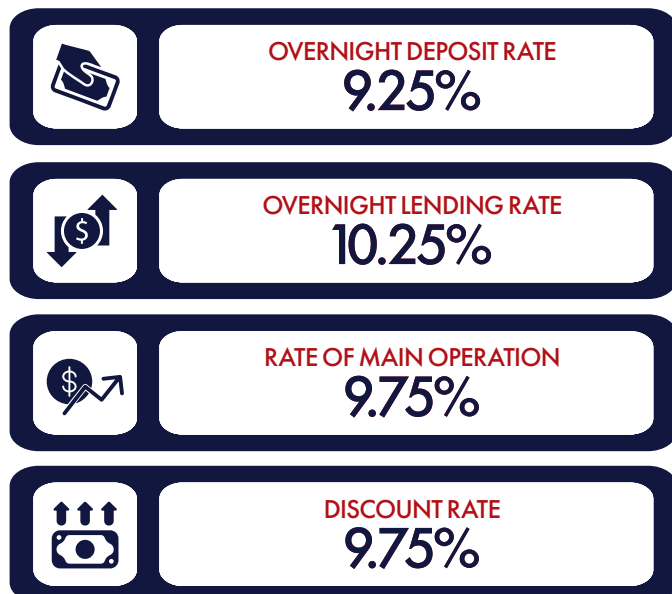
Loan Target  
Finance Basic Facilities & Construction Works for Sarai's Phases I & II



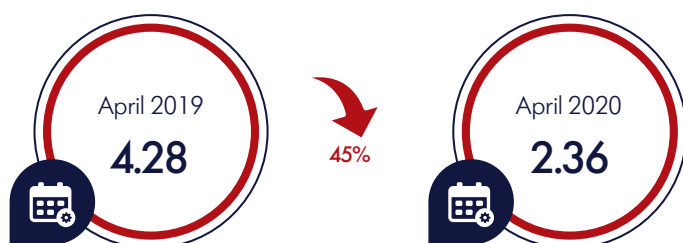
## ECONOMIC SNAPSHOT



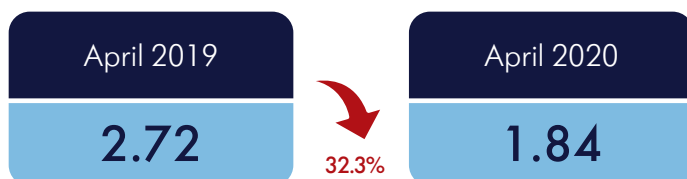
## INTEREST RATES



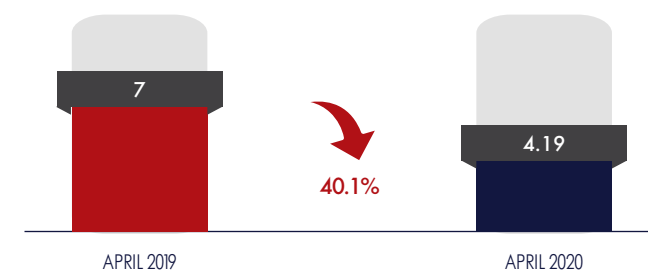
## TRADE DEFICIT (USD BN)



## EXPORTS (USD BN)



## IMPORTS (USD BN)



## ANNUAL HEADLINE INFLATION

MAY 2020	4.7%	↑	JUNE 2020	5.6%
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## NET INTERNATIONAL RESERVES (USD BN)

MAY 2020	36	↑	JUNE 2020	38.2
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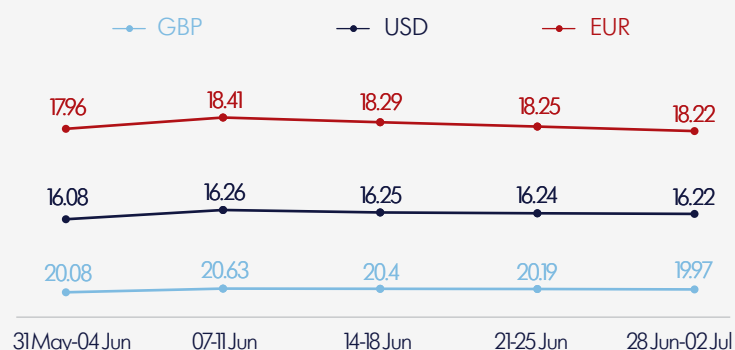


## PURCHASING MANAGERS' INDEX (PMI)

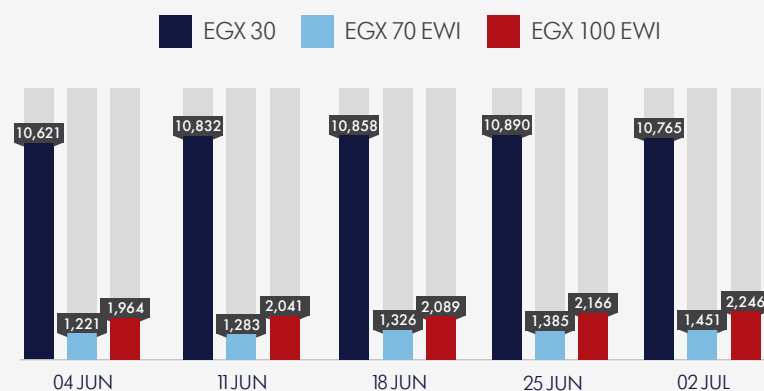
MAY 2020	40.7	↑	JUNE 2020	44.6
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## Exchange Rates



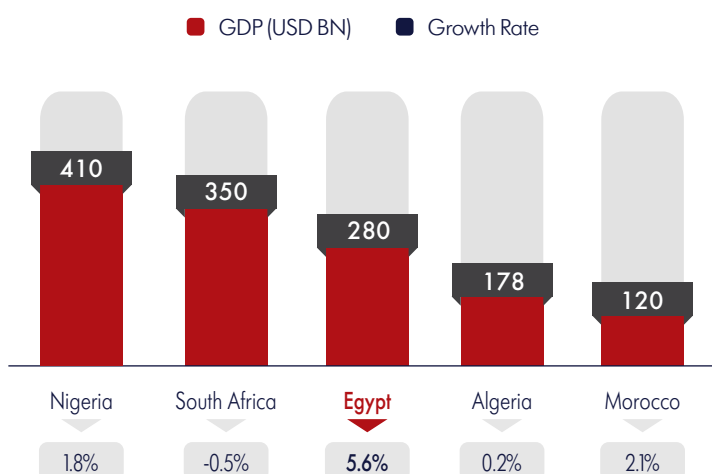
## CAPITAL MARKET INDICATORS







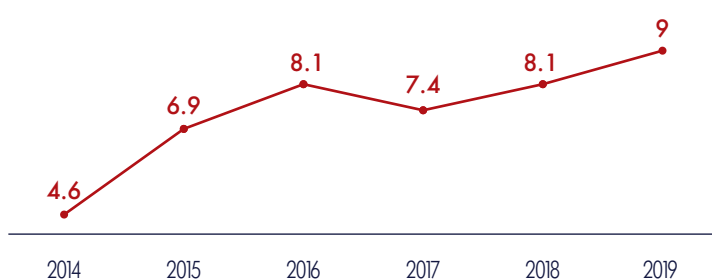
### GDP GROWTH RATE IN AFRICA'S TOP ECONOMIES



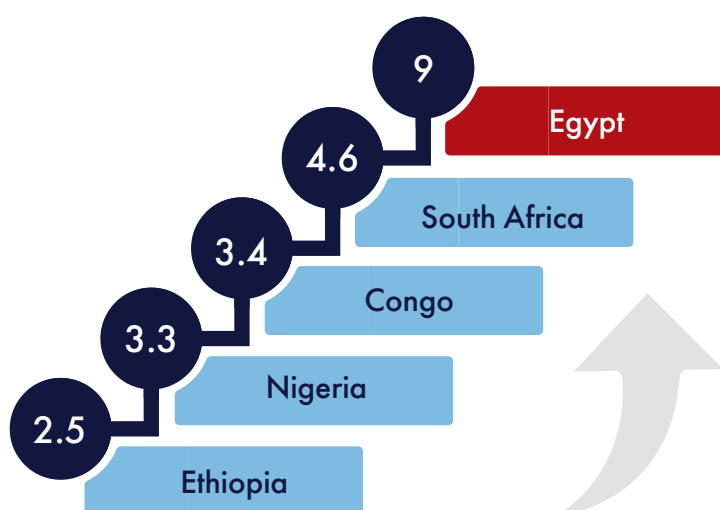
### FOREIGN DIRECT INVESTMENTS (FDI) IN AFRICA



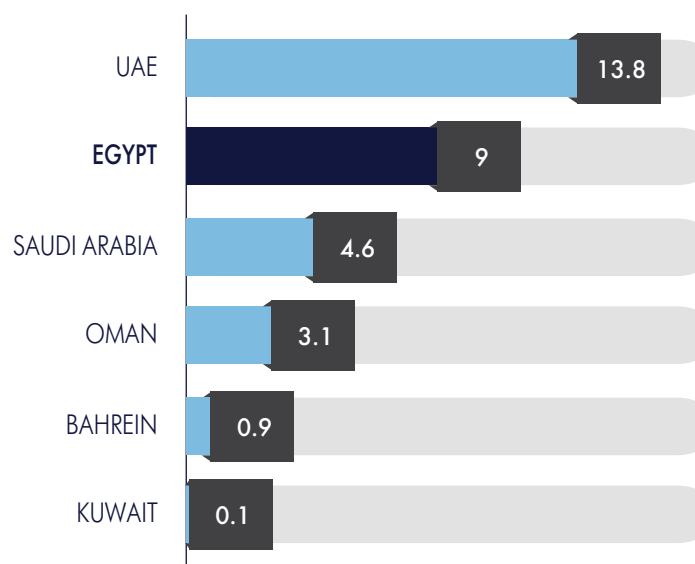
### EGYPT'S FDI FLOWS (USD BN)



### TOP HOST AFRICAN ECONOMIES TO FDI IN 2019 (USD BN)



### FDI IN EGYPT & ARAB COUNTRIES IN 2019 (USD BN)



### EXPECTED FDI IN 2020 (USD BN)



### DEBT PROFILE IN EGYPT'S BANKING SECTOR (EGP TRN)



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# FULL ANALYSIS FACTS & FIGURES

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## GOV'T PUSHES FORWARD EGYPT'S REAL ESTATE DEVELOPMENT WHEEL

BY **DINA EL BEHIRY**

**F**rom 2014 to date, Egypt's Ministry of Housing, Utilities, and Urban Communities has managed to achieve a series of successes in real estate. Better yet, while the entire world is being hit hard by the novel Coronavirus, the ministry spares no efforts in pushing the sector's development wheel forward to forge ahead with the Strategic National Plan for Urban Development 2052.

According to Minister of Housing, Utilities, and Urban Communities Assem El Gazzar, merely 414,000 residential units were completed under the Social Housing Program, with investments estimated at EGP 51 bn, during the six years. Beyond that, around 194,000 units are underway, at a total cost of nearly EGP 37 bn.

Specifically, for the domestic Dar Misr middle-income projects, about 41,424 apartments are finished, with costs totaled at EGP 13 bn, whereas 15,480 others are still under construction with investments worth EGP 4.6 bn. Additionally, Sakan Misr middle-income projects saw investments of EGP 670 mn for the finalization of 2,232 homes, alongside another EGP 20.3 bn for implementing 67,696 others. As for the JANNA luxury housing projects, 4,032 residences, worth EGP 1.6 bn, were done nationwide, while another 36,248 units are underway at a value of EGP 14.5 bn.

In addition to the establishment of several housing projects across the country, the ministry has extended at least 328,000 land plots to carry out different housing projects for Egypt's various segments, El Gazzar pointed out.

Aside from that, the government has also been taking an array of initiatives to rehabilitate unsafe areas, which presently amount to 357 zones (with about 242,905 units) nationwide, in a bid to provide slum dwellers with decent accommodations and enhance their quality of life, he emphasized. It is worth noting that the total cost of slum development is valued at EGP 315 bn. In general, slums located in 13 governorates have successfully been eradicated, endeavoring to make Egypt slum-free by year-end as informal settlements constitute around 40% of the country's urban areas.

According to the official, from June 2014 to June 2020, merely 296 unsafe areas were developed, including 175,897 units. Meanwhile, another 54 districts, comprising 65,487 homes, are still under development. In the same vein, unplanned areas currently cover 152,000 acres, of which 4,616 acres (53 neighborhoods) were successfully revamped. Another 6,941 acres, spreading across 79 informal settlements, are in the pipeline.

In the efforts to further reinforce the country's real estate industry, the ministry has been keen on harnessing the local Public-Private Partnership (PPPs) program, aiming to spur private-sector engagement to create an enabling environment for inclusive growth and sustainable development. Accordingly, both parties agreed on around 17 projects thus far, at an investment cost of approximately EGP 500 bn. With the government allocating a total area of almost 19,250 acres, these developments are being established in New Cairo, 6<sup>th</sup> of October City, Sheikh Zayed, Sheik Zayed Extension, and October Gardens.

On the other end of the spectrum, El Gazzar remarked that the state pays a great deal of attention to the improvement of Egypt's road network, coming in line with the National Roads Project. Against this background, no less than 2,345 kilometers of roads have been executed since 2014, whereas another 150 kilometers are still under construction.

As the real estate market heads into a Coronavirus-induced slump, the Ministry of Housing is right on cue when it comes to the development of new cities. In July, it launched multiple new projects in the New Administrative Capital (NAC), with investments worth EGP 121 bn. This includes the Central Park project, which costs EGP 10 bn, in addition to the R3 and R5 Districts, coming with investments valued at EGP 31 bn and EGP 80 bn, separately. Adding to that, Deputy Minister of Housing, Utilities, and Urban Communities for National Projects Khaled Abbas has announced that the new capital's Iconic Tower – set to be the tallest in Africa – stands at 188 meters long now, out of the planned 400 meters.

Furthermore, the ministry has begun handing over many residential units across different social housing projects in Egypt. At New Cairo's Dar Misr project, for example, 624 houses have been delivered as of June 21. Further, the government has offered 798 social housing units in Minya and Fayoum as temporary isolation houses or wards for COVID-19 patients, providing that these properties are fully-furnished and well-equipped with medical facilities.

## Private Sector Follows Suit

Following the government's footsteps in urban development, Egypt-based real estate developers are still pursuing their medium- and long-term plans, despite the pandemic woes. Construction works at El Attal Holding's Park Lane Compoundhood in NAC, for instance, is in full swing, reaching a 15% completion rate. When it comes to profit-making, Sixth of October Development and Investment Company's (SODIC) VYE project in west Cairo's New Zayed generated sales worth EGP 250 mn, after selling the first batch of standalone villas within 48 hours of going live.

Moreover, El Mostakbal for Urban Development has inked an EGP 423.3 mn engineering, procurement, and construction (EPC) contract with Elsewedy Electric's subsidiary Elsewedy Electric for Trading and Distribution. Under the 22-month agreement, the latter company will carry out the construction of electricity and telecommunications infrastructure for El Mostakbal City's phase III on a turnkey basis. Besides, Misr Italia Properties (MIP) and Etisalat Misr have joined forces to provide Cairo Business Park with various ICT services, including fixed landline and internet services, along with cloud computing, VPN, and IVPN services.

It is worth mentioning that the cooperation between property companies and the local banking sector has been enriched. Case in point: Madinet Nasr Housing and Development (MNHD) has arranged a long-term loan from the AAIB. Under the EGP 2.1 bn funding, MNHD will bankroll works on its flagship project in east Cairo Sarai's phases I and II, together with repaying some accumulating debt.

## Economic Snapshot

It is safe to say that the economic sphere was hit hard by the Coronavirus shock; and while being one of the most devastating disasters to date, it caused Egypt's inflation rate to resurge again to reach 5.6% in June, after hitting its lowest value of 4.7% in May. Many analysts, however, see that such an increase was actually predictable amid the outbreak headwinds, anticipating further declines in the coming months.

On the other hand, net international reserves rose again in June, standing at around USD 38.2 bn, after recording USD 36 bn in May. This hike is deemed a good omen as foreign reserves went down by USD 10 bn in the last three months, after registering USD 45.5 bn pre-Coronavirus. Similarly, the Purchasing Managers' Index of IHS Markit equaled 44.6 in June, up from 40.7 in the previous month. According to David Owen, an economist at IHS Markit, this surge means that the Egyptian economy is on its way to stabilization, despite the economic fallout wrought by the pandemic.

When it comes to unemployment rates, it was still high in June, but many indicators suggest a reversal very soon. Even worse, Egypt witnessed a 45% drop in its trade deficit to log USD 2.36 bn in April versus USD 4.28 bn during the same month last year, according to the Central Agency for Public Mobilization and Statistics (CAPMAS). Consequently, in April, exports and imports shrank by 32.3% and 40.1%, respectively, compared with the corresponding period last year.

In an attempt to strengthen the Egyptian economy, the Central Bank of Egypt (CBE) kept the interest rates on hold during their last meeting on June 25. Accordingly, the Overnight Deposit Rate, Overnight Lending Rate, Discount Rate, and Rate of Main Operation registered 9.25%, 10.25%, 9.75%, and 9.75%, appropriately.

Regardless of the havoc wrought by the Coronavirus epoch since late 2019, Africa received USD 46 bn of foreign direct investments (FDIs). Specifically, Egypt was the top recipient of around USD 9 bn, followed by South Africa at USD 4.6 bn, according to the United Nations Conference on Trade and Development's (UNCTAD) 2020 World Investment Report.

Additionally, Egypt was among the top Arab countries to receive FDIs in 2019, ranking second after the UAE which received USD 13.8 bn worth of FDIs. For 2020, UNCTAD foresees Asia to be the top FDI recipient, getting around USD 330–260 bn, whilst Africa to earn USD 35–25 bn.

When assessing the GDP growth rate in light of the current catastrophe, Minister of Finance Mohamed Maait has previously revealed that the growth rate was revised upward to reach 5% in FY 2020/21. For the current fiscal year, the GDP growth rate will close in at 3.54%, down from its target of 6%, according to a recent ministerial statement.

Despite the odds, Egypt will be the only MENA economy to (just barely) see its economy expand in 2020, the International Monetary Fund (IMF) predicted in an April press release. The fund now projects GDP to grow at a 2% clip this year, before accelerating slightly to 2.8% in 2021.



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