INVESTIGATE

RESEARCH & ANALYSIS

MARKET WATCH

BY **DINA EL BEHIRY**

JANUARY
2021

REAL ESTATE MARKET UPDATES

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PUBLIC INVESTMENTS

BREAKDOWN

Housing Sector	EGP **3.47** bn	32.2%
Oil & Gas	EGP **3.19** bn	30.5%
Electricity	EGP **1.59** bn	14.8%
Transportation	EGP **784.4** mn	7.3%
Local Development	EGP **585.8** mn	5.4%
Other Sectors	EGP **1.05** bn	9.8%

NEW INVESTMENT ALLOCATIONS FOR HOUSING SECTOR

EGP **2.7** bn
Social Housing Program

EGP **416** mn
Water Supply & Sanitation Services

GOV'T LIFTS CONSTRUCTION BAN

Decision
Not to Renew Construction Ban Across Greater Cairo & Alexandria
Set **6M** Transitional Period

Deadline
End of December

Target
Control & Govern Buildings Permit System
Eliminate Previous Loopholes

EXTENSION FOR RECONCILIATION DEADLINE IN BUILDING CODE VIOLATIONS

Deadline
End of December

Target
Receive More Reconcilation Requests

Source: Ministry of Planning & Economic Development (MPED) & Cabinet

SHMFF SIGNS DEAL TO AUTOMATE FINANCIAL SERVICES

Agreeing Parties

Social Housing & Mortgage Finance Fund (SHMFF) & Ministry of Communications & Information Technology

Target

Automate SHMFF's Services

Develop Digital Real Estate Financing System

RENEWAL OF ALEXANDRIA'S EL RAML TRAMWAY NETWORK

Responsible Authority	National Authority for Tunnels (NAT)
Total Length	**13.7** km+
Total Investments	EUR **360** mn (EGP **6.9** bn)
Target	Work Starts to Transform into Metro Line as of Early 2021

CAIRO METRO LINE IV (PHASE I)

Agreeing Parties	Hassan Allam Construction (HAC), Arab Contractors, Petrojet & Concord
Connected Stations (Phase I)	El Malek El Saleh Station, Hadayek El Ashgar Station, Giza
Work Scope	**12** Metro Stations Start: Hadayek El Ashgar Station, 6th of October City, Giza To: El Mesaha Station, Haram Street, Giza Length: **13.7** km **11** Other Underground Stations

Agreeing Parties	Mitsubishi Corporation & Orascom Construction
Contract Value	USD **800** mn (EGP **12.6** bn)
Target	Handle On-Site Railway System & Telecommunications

TOURISM REVENUES (USD BN)

FY 2018/19 **12.6** → 21.4% → FY 2019/20 **9.9**

5.8 → 54.9% → **2.6**

2018/19 — 2019/20 — H2

Q4 2018/19 USD **3.18** BN → 90%+ → Q4 2019/20 USD **305** MN

MONTHLY TOURISM REVENUES

In November, Revenues Dropped by **85-92**% vs. Year-Ago Period

Source: Cabinet, Official Statement, Central Bank of Egypt (CBE) & Ministry of Tourism

HOTEL OCCUPANCY RATE

Cairo	Hurghada	Sharm El Sheikh	Alexandria
67%	57%	55%	47%

Time Period: 1st 9M of **2020**

Red Sea, Hurghada & Sharm El Sheikh
55%+

Time Period: **Q3 2020**

EGYPT'S INTERNATIONAL TRAVELERS

No. of Travelers: **400,000**

Time Period: July-Mid November

Colliers International Expects Egypt's No. of Hotel Keys to Reach **8,000** Before 2023

UPDATES ON MASPERO TRIANGLE PROJECT

Location: Old Cairo

Area: **6.2** Acres

Status: 1 Tower **65**% Complete

SUPPLY VOLUME

19,220 m² Lower Garage for **353** Vehicles

16,970 m² Commercial Area

15,800 m² Upper Garage for **280** Vehicles

2 Residential Towers

UPDATES ON RENOVATION OF MAGRA EL OYOUN AQUEDUCT

Location: Old Cairo

Status: Construction is in Full Swing

SUPPLY VOLUME

Residential Building	Commercial Mall
Dining Areas	Tourist Bazaars

POTABLE WATER & SEWERAGE TREATMENT PROJECTS

Location: Port Said, Damietta & Ismailia

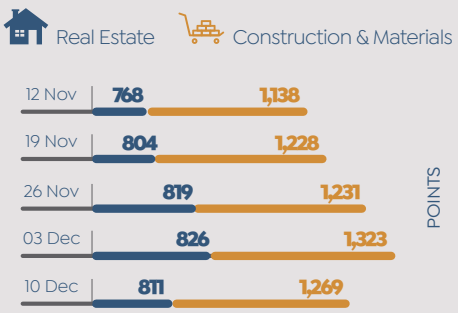
Total Investments: EGP **2.164** bn

PRICES OF CONSTRUCTION MATERIALS (NOVEMBER 2020) (EGP)

STEEL BARS	CRETAL STEEL	PORTLAND CEMENT	COARSE SAND
(per ton)	(per ton)	(per ton)	(per sqm)
9,950	**10,500**	**720**	**70**
(YOY -1.5%)	(YOY 0%)	(YOY -10%)	(YOY 0%)

SOLID CEMENT BRICKS	BRICK HOLLOW CONCRETE
(per 1,000 bricks)	(40x20x12 cm) (per 1,000 bricks)
1,100	**4,930**
(YOY 0%)	(YOY -2.4%)

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



ONLINE MONTHLY SURVEY (%)

Where do you think the property market will stand in 2021?

50% Recovery

39% Expansion

11% Recession

Source: Colliers International's MENA Hotels Quarterly Report Review, Ministry of Housing, Utilities & Urban Communities, MPED, Egyptian Exchange (EGX) & Invest-Gate R&A

NEW CITIES
UPDATES

NEW CITIES UPDATES

DEVELOPMENT PROJECT OF PROVINCIAL CAPITALS & MAJOR CITIES (PHASE I)

EGP **10** bn
TOTAL FUNDS

500 mn
TOTAL NO. OF HOUSING UNITS

TARGET
Follow Presidential Directives for Optimal Utilization of Lands
Provide New Services & Projects & Achieve Urban Development

2
NO. OF PHASES

Phase I
Renovation of Homes
13 Different Areas
LOCATION

Phase II
Renovation of Homes
31 Other Cities
LOCATION

UPDATES ON NEW OCTOBER

West Cairo
LOCATION

800 Acres
AREA OF INSPECTED PROJECTS

EGP **12** bn+
TOTAL INVESTMENTS

EGP **37** bn+
INVESTMENT OPPORTUNITIES

Achieve Egypt Vision **2030**
TARGET

HIGH DEMAND FOR 125,000-SOCIAL-HOUSING-UNITS PROJECT

26,000+
NO. OF SERIOUS BUYERS

December **7**
RESERVATION DEADLINE

160,000
NO. OF SUBMITTED APPLICATIONS

UPDATES ON ICONIC TOWER

New Administrative Capital (NAC)
LOCATION

80
TOTAL NO. OF STORIES

49 Stories Done
COMPLETION RATE

240 m
CURRENT HEIGHT

400 m (Tallest in Africa)
EXPECTED HEIGHT

EGP **46.9** bn (USD 3 bn)
TOTAL INVESTMENTS

UPDATES ON CAPITAL RESIDENCE

R3 District, NAC
LOCATION

90%
COMPLETION RATE

UPDATES ON NEW GARDEN CITY

R5 District, NAC
LOCATION

82%
COMPLETION RATE

Source: Cabinet, Ministry of Housing, Utilities & Urban Communities, New 6th of October City Development Authority & SHMFF

UPDATES ON NEW ALAMEIN

North Coast
LOCATION

84%
COMPLETION RATE

Before **2022**
DELIVERY DATE

50,000 Acres
AREA

3 mn
TARGET NO. OF INHABITANTS

SUPPLY VOLUME

- 15 42-Story Coastal Towers
- Recreational Area & Dining Areas
- Boutique Hotel
- Commercial Spots
- **3,000**-Car Parking Lots
- Public University for **25,000** Students

UNIVERSITY OF LUSANNE (UNIL)

New Alamein
LOCATION

Switzerland
UNIL'S ORIGIN COUNTRY

39.5 Acres
AREA

Housing Ministry Aims to Start Work on Egypt's 1st Hospitality Management School Soon
STATUS

TARGET

- Attract Egyptian & Middle Eastern Students
- Boost Tourist Influx
- Graduate High-Skilled Hospitality Management People

SUPPLY VOLUME

- Main Building & Administrative Building
- Sports Hall
- Ballrooms
- Dormitories

RESERVATION OPENS FOR NEW HOUSING UNITS

1,011
TOTAL NO. OF HOUSING UNITS

NO. OF HOUSING UNITS	**447**	**564**
UNIT AREAS	**63-125** m²	**90-93** m²
LOCATION	New Cairo, 6th of October City, 10th of Ramadan City & Obour City	New Rashid

EGP **50,000**
DOWN PAYMENT

Online Via Gov't Websites
RESERVATION METHOD

Start: November **11**
RESERVATION DATE

Source: Ministry of Housing, Utilities & Urban Communities

PRIVATE REAL ESTATE PROJECTS
UPDATES

PRIVATE REAL ESTATE PROJECTS UPDATES

NEW RESIDENTIAL PROJECTS

BAYSIDE
Developer: El Attal Holding

LOCATION	COMPLETION RATE	TOTAL INVESTMENTS	DELIVERY DATE
Ras Sudr, South Sinai	95% Complete	EGP 1.5 bn	Q4 2021

SUPPLY VOLUME

Part I : Residential Segment

160 Luxurious Fully-Furnished Hotel Properties	32-Key Hospitality Establishment
Units Range from Chalets to Standalone Villas	Starting Price → EGP 1.65 mn Unit Areas → 70-400m²

Part II Commercial Assets & Entertainment Spots | Services Projects

NEW COMMERICAL PROJECTS

NEW PROJECT (Name N/A)
Developer: Doja Developments

LOCATION	AREA
Downtown District , NAC	3,000m²

SUPPLY VOLUME

Commercial & Administrative Spaces & Medical Facilities	Payment Plan → 10-Yr Installments
Medical Unit Starting Price → EGP 20,000/m²	Commercial Unit Starting Price → EGP 35,000 /m²

Source: Developers' Official Statements

VERONA

Developer: Capital Link Developments

LOCATION	AREA	INVESTMENTS	CONSTRUCTOIN DATE	DELIVERY DATE
Downtown District, NAC	**2,085** m²	EGP **700** mn	Before **2021**	**2023**

SUPPLY VOLUME

Medical Units	Commercial & Administrative Spaces
Areas → At Least **26** m²	Price/m² → Between EGP **18,000-22,000**

SOLANO

Developer: Capital Link Developments

DELIVERY DATE

2023

SUPPLY VOLUME

75 Offices	Clinics	**40** Shops

NEW INVESTMENT ZONE

Developer: Emaar Misr for Development

TOTAL INVESTMENTS	NO. OF JOB OPPORTUNITIES	NEWS
EGP **40** bn	**77,000**	General Authority for Investment and Free Zones (GAFI) Ratifies Project Establishment

Source: Developers' Official Statements

DORRADO

Developer: Capital Link Developments

DELIVERY DATE

2023

SUPPLY VOLUME

75 Administrative Units	Medical Facilities	**40** Commercial Units

PROJECTS UNDERWAY

W Residences Cairo

Developer: LMD

LOCATION
One-Ninety, New Cairo

NO. OF RESIDENTIAL UNITS
300

LAUNCH DATE
2024

NEWS
LMD & Marriott International to Bring Africa's 1st Branded Residences "W" to Egypt

MAXIM MALL

Developer: Maxim Consultancy

LOCATION
New Cairo

AREA
54,000 m²

NEWS
Maxim and McARTHUR + COMPANY Agree on Mall Managment & Marketing

Headquarters Business (HQ)

Developer: MG Developments

LOCATION
New Cairo

AREA
5,000 m²

TOTAL INVESTMENTS
EGP **1** bn

NEWS
MG Awards Tenders to Several Companies for Project Finalization

Source: Developers' Official Statements

MAKADI HEIGHTS

Developer: Orascom Development Egypt (ODE)

LOCATION
Hurghada, Red Sea

AREA
3.4 mn m²

NEWS

ODE Inks Cooperation Agreement with Telecom Egypt, WE

Work Scope: Establish Telecommunications Services & Infrastructure
Extension of Integrated Optical Fiber Network

Target: Access to Cutting-Edge Landline Services
High-Speed WiFi Connection
Internet Protocol Television (IPTV) Systems

Work is in Full Swing for Phase II Delivery

Plans to Deliver **244** New Homes by **2022**

Grand Square Mall

Developer: Pyramids Developments

LOCATION
NAC

AREA
7,800 m²

TOTAL INVESTMENTS
EGP **750** mn

NEWS
Mall to be Ready for Operational Lease by January 2021

SMERALDA BAY

Developer: Cleopatra Group's Unit (Cleopatra Real Estate)

LOCATION
Sidi Heniesh, North Coast

AREA
500 Acres

TOTAL INVESTMENTS
EGP **6** bn

NEWS

Cleopatra Awards Contract to US-based Architecture Firm (JZMK Partners) for Planning & Design

Several Phases Complete for Grand Opening in Summer 2021

Source: Developers' Official Statements

The Groove Sokhna

Developer: DM Development

LOCATION
Ain Sokhna

BUILT-UP AREA
15% of Total Area

NO. OF PROPERTIES
1,700
(Residential, Administrative & Retail)

NEWS

EGP **300** mn in Sales of **102** Homes in Sereia in **Q3 2020**

EGP **700** mn in Sales of **400** Residential Units in Brellia Village in **Q3 2020**

TRAGET

Achieve EGP **1** bn Sales in **2021**

Finish Sales of Sereia's Chalets

Sell Villas in Gala & Capella Phases

Log EGP **400** mn in Sales of Sereia's & Capella's Phase II in **Q4 2020**

Mostakbal City

Developer: El Mostakbal for Urban Development

LOCATION
New Cairo

AREA
11,000 Acres

NEWS

Development & Housing Company for Real Estate Investment to Develop Integrated Urban Project

Location → Part of Mostakbal City's Phase III | Area → **30** Acres

Facilities, Services & Infrastructure of Phase I Ready Before **2021**

Facilities & Services of Phase III Ready Before **2023**

Source: Developers' Official Statements

Beta Gardens

Developer: Beta Egypt for Urban Development

LOCATION

October Gardens,
West Cairo

NEWS

Beta Egypt Partners with Banque Misr to Provide Mortgage Services

Lists **100** Residential Units Under the CBE's Real Estate Financing Intiative

Banque Misr to Finance **80%** of the Unit's Value at **8%** Interest Rate & Up to **20**-Yrs Payment Plans

ANAKAJI

Developer: Aqar Masr for Real Estate Development

LOCATION	AREA	NO. OF RESIDENTIAL UNITS	DELIVERY DATE	INVESTMENTS
R8 District, NAC	**20** Acres	**800** (**10** Buildings)	**2022**	EGP **1.4** bn

NEWS

Sealing EGP 100 mn Worth of Deals During Cityscape

Ashgar City

Developer: IGI Real Estate

LOCATION	AREA	NO. OF RESIDENTIAL UNITS
6th of October City, West Cairo	**148** Acres	**4,000**

NEWS

IGI Lists Units Under Central Bank of Egypt's (CBE) Real Estate Financing Initiative

Plan: Support Clients by Funding Up to **80%** of Built Units' Value

Payment Method: 20% Upfront, Monthly Installments of EGP **7,500** Over **20** Yrs

Source: Developers' Official Statements

ECONOMIC
SNAPSHOT

ECONOMIC SNAPSHOT

INTEREST RATES

OVERNIGHT DEPOSIT RATE	8.25%
OVERNIGHT LENDING RATE	9.25%
RATE OF MAIN OPERATION	8.75%
DISCOUNT RATE	8.75%

*Based on MPC Meeting on December 24

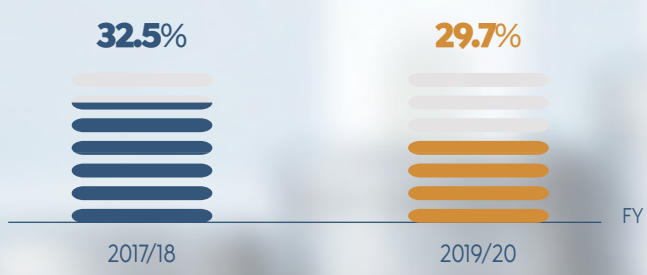
EGYPTIANS REMITTANCES (USD BN)

Q1 2019/20: 6.7 → 19.6% → Q1 2020/21: 8

SUEZ CANAL REVENUES (USD BN)

Q4 2018/19: 1.46 → 8.22% → Q4 2019/20: 1.34

POVERTY RATE



ANNUAL HEADLINE INFLATION

OCTOBER 4.5% ↑ NOVEMBER 5.7%

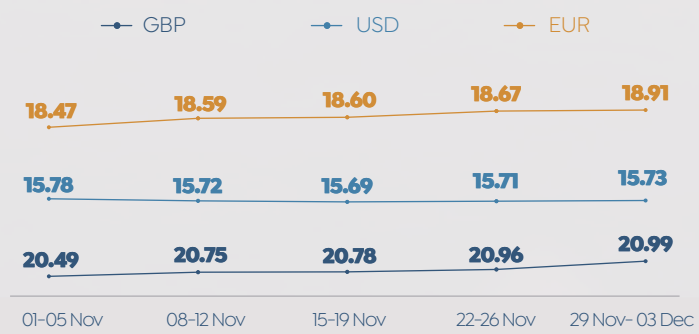
NET INTERNATIONAL RESERVES (USD BN)

OCTOBER 39.22 ↑ NOVEMBER 39.222

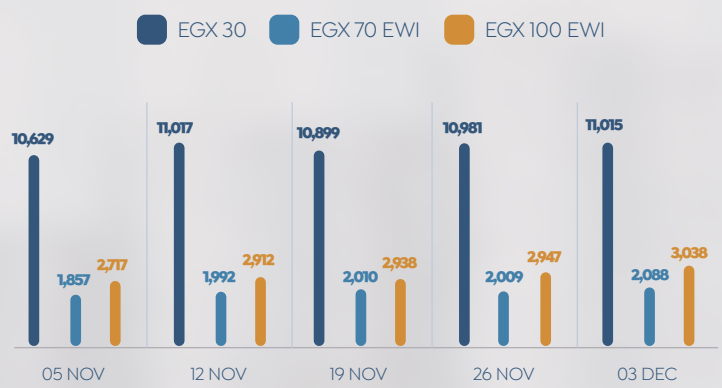
PURCHASING MANAGERS' INDEX (PMI)

OCTOBER 51.4 ↓ NOVEMBER 50.9

EXCHANGE RATES



CAPITAL MARKET INDICATORS



Source: CBE, Central Agency for Public Mobilization & Statistics (CAPMAS), IHS Markit, EGX & MPED

EGYPT'S EXTERNAL DEBT

Total Value: USD **111** bn (**26**% of GDP)

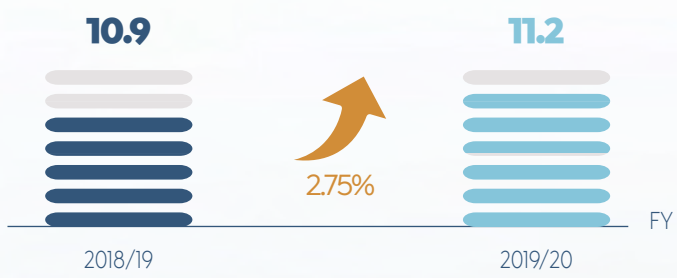
Time Period: **2020**

GLOBAL DEBT

Debt Value	Time Period	Expected Value	Time Period
USD **272** trn +	**Q3 2020**	USD **277** trn	End-**2020**

BALANCE OF PAYMENT IN FY 2019/20

CURRENT ACCOUNT DEFICIT (USD BN)



SERVICE BALANCE SURPLUS (USD BN)

FY 2018/19 **13** — 31.2% — FY 2019/20 **9**

PETROLEUM TRADE DEFICIT (USD MN)

FY 2018/19 **8.1** (Surplus)

FY 2019/20 **421**

PETROLEUM EXPORTS (USD BN)

FY 2018/19 **11.6** — 26.72% — FY 2019/20 **8.5**

PETROLEUM IMPORTS (USD BN)

FY 2018/19 **11.5** — 22.6% — FY 2019/20 **8.9**

INVESTMENT INCOME DEFICIT (USD BN)

FY 2018/19 **11** — 3.64% — FY 2019/20 **11.4**

NON-OIL TRADE DEFICIT (USD BN)

FY 2018/19 **38** — 5.26% — FY 2019/20 **36**

NON-OIL EXPORTS (USD BN)

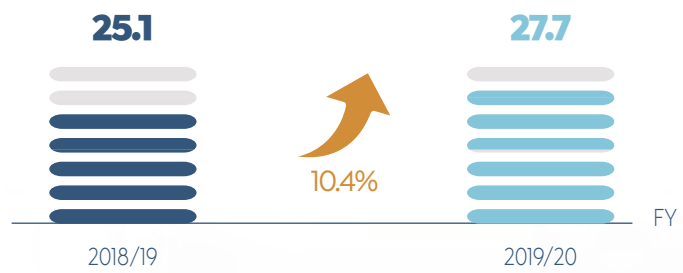
FY 2018/19 **16.9** — 5.9% — FY 2019/20 **17.9**

NON-OIL IMPORTS (USD BN)

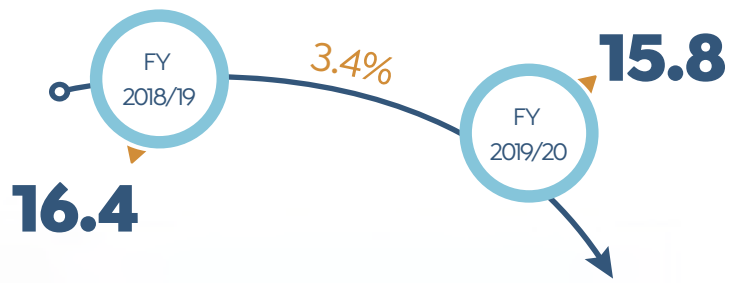
FY 2018/19 **55** — 2% — FY 2019/20 **53.9**

Source: Ministry of International Cooperation, Institute of International Finance (IIF) & CBE

CURRENT TRANSFERS (USD BN)

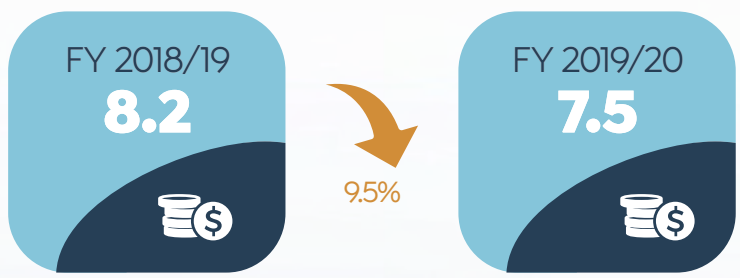


FOREIGN DIRECT INVESTMENTS (FDIS) INFLOWS (USD BN)



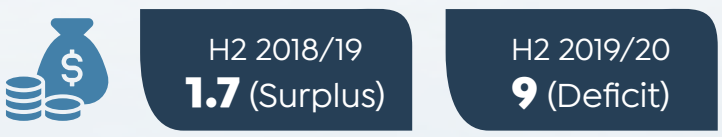
FDIS OUTFLOWS (USD BN)

NET FDIS (USD BN)



BALANCE OF PAYMENT IN H2 2019/20

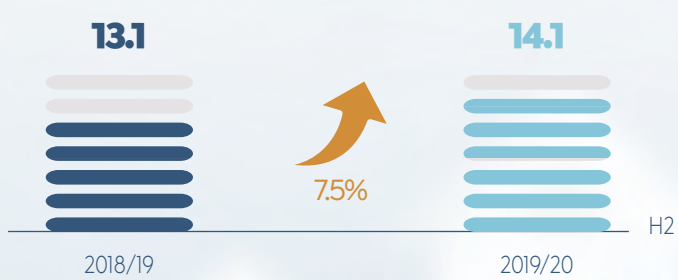
BALANCE OF PAYMENT (USD BN)



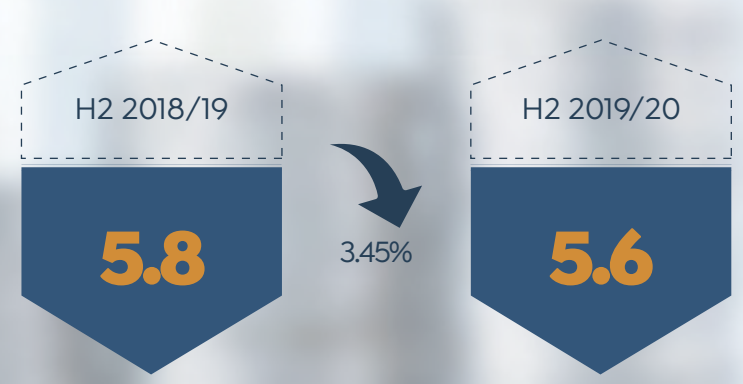
SERVICE BALANCE SURPLUS (USD BN)

NET FDIS (USD BN)

EGYPTIANS REMITTANCES (USD BN)



INVESTMENT INCOME DEFICIT (USD BN)



Source: CBE

NON-OIL TRADE DEFICIT (USD BN)

H2 2019/20
18.1

PETROLEUM TRADE BALANCE (USD MN)

H2 2018/19 **142.7** (DEFICIT)

H2 2019/20 **312.3** (SURPLUS)

NON-OIL IMPORTS (USD BN)

H2 2019/20
26.8
2%

PETROLEUM IMPORTS (USD BN)

H2 2019/20
3.1
45.1%

NON-OIL EXPORTS (USD BN)

H2 2019/20
8.7
0.2%

PETROLEUM EXPORTS (USD BN)

H2 2019/20
3.4
38.1%

EGYPT'S DEVELOPMENT FUNDS

USD **7.31** bn
TOTAL VALUE

USD **4.55** bn
SOVEREIGN PROJECTS

USD **2.76** bn
PRIVATE SECTOR

2020
TIME PERIOD

34
TOTAL PORTFOLIO OF PROJECTS

USD **5.9** mn
COMBINED FUNDS

USD **425** mn
ADDITIONAL DEVELOPMENT FUND

EBRD'S EXPECTED GDP

2% 2020

5% 2021

Source: CBE & Ministry of International Cooperation

FULL ANALYSIS

FACTS & FIGURES

EGYPT'S REALTY SECTOR & COVID-19

REACT, ADAPT, RECOVER

BY **DINA EL BEHIRY**

By default, entering a new year means a fresh start for the world. This hope stems from the battle that almost all nations are going through to find out an appropriate vaccine to combat the Coronavirus outbreak. Several pharmaceutical companies have managed to come up with vaccines with various effectiveness rates. Not only that but also, these vaccines are on the way to spread in several countries, in an attempt to overcome this ongoing catastrophe.

Looking specifically at the Egyptian real estate sector, it is highly remarked that despite the struggles the market has been going through amidst the pandemic, it managed to move forward in steady steps. That is why we need to spotlight the latest achievements by the government.

The government pays a great deal of attention to upsurge the investments allotted for developing the Egyptian governorates. Thus, around 162 projects, with an investment cost of EGP 10.8 bn are in the pipeline at the Red Sea governorate. The housing sector secures EGP 3.47 bn (32.2%) of total public investments directed to the Red Sea Governorate, while the oil and gas, electricity, transportation, and local development sectors get EGP 3.19 bn (30.5%), EGP 1.59 bn (14.8%), EGP 784.4 mn (7.3%), and EGP 585.8 mn (5.4%), respectively, whereas other sectors account for EGP 1.05 bn (9.8%), said Minister of Planning and Economic Development Hala El Saeed in an official statement in December.

The Red Sea Governorate's housing sector has directed EGP 2.7 bn to the national social housing program. That is in addition to the allocation of almost EGP 416 mn to water supply and sewerage treatment services, to ensure the safety and wellbeing of the area's residents. This comes as part of the state's "Citizen Investment Plan" in FY 2020/21, and is seen as a step towards achieving Egypt Vision 2030.

Additionally, the Cabinet pushed back the deadline for receiving reconciliation requests for building violation codes for the third time. The new deadline was the end of 2020. This comes in response to the large volume of reconciliation requests put in citizens, who had crowded into the designated administrative units, days before the closing date, according to the Cabinet Spokesman Nader Saad.

Another move to reinforce the property market occurred when Egypt's government has decided against renewing its six-month construction ban in Greater Cairo and Alexandria to end as of December, setting a six-month transitional period to outline the proposed city-scale building and planning controls and requirements for eliminating previous loopholes. This was announced during a Cabinet meeting back in November.

Beyond that, Coronavirus has been proven digitalization is the new normal. That is why Egypt earlier digitized 40% of property registration offices nationwide. In parallel, the Social Housing and Mortgage Finance Fund (SHMFF) has signed a cooperation protocol with the Ministry of Communications and Information Technology to automate its various services. Last May, the SHMFF had launched its official Facebook page, in line with the fund's strategy to communicate with citizens via social media platforms.

With an eye on the infrastructure segment, Egypt's Hassan Allam Holding (HAH) has announced that its subsidiary, Hassan Allam Construction (HAC), was granted a new contract for some work on the first phase of Cairo Metro Line IV. In the presence of Transport Minister Kamel El Wazir, Minister of Petroleum and Mineral Resources Tarek El Molla, and Minister of International Cooperation Rania Al-Mashat, the National Authority of Tunnels (NAC) awarded the deal to a consortium of HAC, Arab Contractors, Petrojet, and Concord for Engineering and Contracting, as highlighted in an official statement on November 23.

The scope of the consortium's work includes 12 metro stations starting from Hadayek El Ashgar Station on 6th of October City, Giza, until El Mesaha Station in Haram Street, extending over 13.7 kilometers in length. Besides, 11 stations to be built underground via the top-down construction method.

Focusing on the status quo of tourism in Egypt, according to Colliers International's MENA Hotels Quarterly Report, hotel occupancy rates in Egypt's Cairo dropped 67% Year on Year (YoY) so far this year. Hurghada and Sharm El Sheikh's occupancy rates fell 57% and 55% YoY in 2020 year-to-date, respectively. Minister of Tourism and Antiquities Khaled el Anany stated earlier that Egypt welcomed about 400,000 international travelers from the beginning of July and until mid-November.

In a bid to bolster the property industry, Egypt's government pays a great deal of attention to the development of new cities. Accordingly, around EGP 10 bn were allotted for phase I of the development project of Egypt's provincial capitals and major cities, in line with the presidential directives for the optimal utilization of state lands and provision of new services and projects, Saad revealed in a separate statement in December.

These projects will be carried out over two phases. The first phase covers the renovation of residential properties located in 13 different areas, whilst the second one includes 31 others, with at least 500 mn housing units in both phases, the spokesman added.

When it comes to the New Administrative Capital (NAC), work is in full swing. Minister of Housing, Utilities, and Urban Communities Assem El Gazzar previously confirmed that 49 stories of the 80-story Iconic Tower have been built so far, thereby standing at 240 meters high. He further explained that NAC's R3 District – also called "Capital Residence" – is 90% complete, while construction work on New Garden City (R5 District) is 82% done.

New Alamein, which is set to house 3 mn people on an area of 50,000 acres upon completion within two years, will embrace Egypt's 1st University of Lausanne (UNIL). The Swiss-based university will help position New Alamein on the global investment map for attracting a plethora of Arab and Middle Eastern students, while also boosting tourist influx in the new coastal city for operating all year round upon inauguration soon.

As for the offering of new housing units, the government has opened reservations in November 2020 for 1,011 units in five new cities; New Cairo, 6th of October City, 10th of Ramadan City, Obour City, and New Rashid.

Additionally, El Gazzar stated that there is a tremendous demand for reserving the 125,000 fully finished housing units. The units are a part of the SHMFF, for low and middle-income segments, as part of President Abdel Fattah Al-Sisi's initiative "Housing for All Egyptians."

Private Sector Updates

It is not only the government that spares no effort to reinforce the country's realty sector, Egyptian property developers are the main wheel to rejuvenate the market. In the face of the pandemic woes, local real estate companies have been launching new developments amidst the outbreak, while also working around the clock to stick to their timelines and avoid any delays.

Regarding new residential projects, El Attal Holding released its first flagship project in Ras Sudr, South Sinai, dubbed "Bayside." The EGP 1.5 bn project will be executed over two phases, the first of which comprises an array of commercial, service, and entertainment spots. The other half, however, incorporates the residential component which ranges from chalets to standalone villas, including areas that vary between 70 and 400 square meters.

Looking at commercial components, Capital Link Developments has rolled out its first mixed-use project in NAC, called "Verona." The 2,085-square-meter center worth EGP 700 mn, and will comprise several medical, commercial, and administrative properties, with areas starting from 26 m^2.

Additionally, Capital Link offers two more projects in the pipeline which are "Solano" and "Dorrado." Each project would feature an identical mix of 75 offices and clinics as well as 40 shops, with estimates to be delivered by 2023.

On the other hand, with an eye on in-progress projects, LMD has inked an agreement with Marriott International to bring Africa's first "W" branded residences to its flagship mixed-use project in New Cairo, or "One-Ninety."

Set to open in 2024, "W Residences Cairo" will feature 300 residential units, as part of the bigger complex composed of "W Cairo," which is expected to mark the debut of W Hotels in Egypt.

Orascom Development Egypt's (ODE) flagship project on the Red Sea coast of Hurghada, Makadi Heights, will soon see integrated telecommunication services, under the signing of a cooperation agreement with Telecom Egypt – WE. Egypt-based Maxim Consultancy has signed an agreement with McARTHUR + COMPANY to manage and market its shopping centers in Egypt, starting with Maxim Mall in New Cairo.

Better yet, El Mostakbal for Urban Development has authorized Development and Housing Company for Real Estate Investment to develop a 30-acre integrated urban project as part of Mostakel City's third phase in New Cairo.

MG Developments has also contracted with several leading companies to complete internal and external finishes of its fully-fledged administrative/commercial complex in New Cairo, called Headquarters Business (HQ).

Egypt's Cleopatra Real Estate, a subsidiary of Cleopatra Group, has awarded US-based architecture firm JZMK Partners the planning and design contract for "Smeralda Bay," its fifth and newest beach community in Sidi Heniesh, North Coast.

In response to the CBE's real estate financing initiative, IGI Real Estate listed residential units at its gated community in west Cairo, "Ashgar City," under this initiative to revitalize the country's mortgage industry by offering convenient payment facilities for potential buyers.

This was after joining forces with the National Bank of Egypt's (NBE) unit Al Ahly Mortgage Finance (AMF), thereby supporting clients by funding up to 80% of the value of built units through 20% upfront and monthly installments of EGP 7,500 over 20 years.

Besides, Beta Egypt for Urban Development and Banque Misr have partnered to provide mortgage services for the developer's various gated communities in west Cairo's October Gardens, thereby listing 100 residential units under the initiative. Under the agreement, Banque Misr will fund up to 80% of the value of the built houses, at an 8% interest rate for up to 20 years.

Economic Situation

Just as we mentioned earlier entering a new year raises hope and optimism that we can overcome the difficulties we face, especially after the vaccines spread worldwide. That is in addition to Egypt's government's readiness to face any other waves of the pandemic, motivating all citizens to follow the precautions needed to combat the outbreak.

Looking at some major economic indicators, we will find that the net international reserves witnessed an increase of around USD 1.8 mn, reaching USD 39.222 in November. However, the annual inflation rate upsurged hitting 5.7% in November after it was 4.5% a month earlier. That growth was mainly pushed by the increase in the prices of food and beverage.

On the other end of the spectrum comes the non-oil private sector. Based on the Purchasing Managers' Index (PMI) issued by IHS Markit, Egypt is moving on the right side of the track; however, at a descending rate in November reaching 50.9, after marking 51.4 in October. The report attributes such a drop to low production rates and weak businesses. It also mentioned that several local companies are still standing in awe of the pandemic disruption, especially after imposing lockdowns in various European countries. That is why many private companies continue undergoing layoffs and cutting salaries.

With an eye on the Balance of Payment (BOP) in FY 2019/20, the current account deficit saw a deficit of USD 11.2 bn (EGP 176 bn) after it reached USD 10.9 bn (EGP 171.2 bn) in FY 2018/19. That 2.75% increase is due to the drop in the Service Balance Surplus by 31.2%, and the upsurge of the investment income deficit by 3.64%. However, the non-oil trade deficit witnessed an improvement of 5.26%, in addition to the rise in current transfers by 10.4%.

Focusing on the BOP amidst the pandemic, during H2 2019/20, it was noticed that it witnessed a deficit of USD 9 bn (EGP 141.4 bn) vs. a surplus of USD 1.7 bn (EGP 26.7 bn) during the same period a year ago. That was because the Service Balance Surplus dropped by around 53%, and the net foreign direct investments (FDIs) dropped by around 38%.

The good news is that Egyptian expats' remittances climbed up 7.5%, with the non-oil trade deficit shrink by USD 566.8 mn and the petroleum trade balance seeing a surplus of USD 312 mn. Better yet, the country's Investment Income Deficit declined by 3.5%.

When looking at all the above economic indicators, efforts exerted by the government, while also considering expectations of international institutions on Egypt's status quo, it seems that the North African country is succeeding in facing such a catastrophe. Public and private sectors are bidding for urban development, thereby chasing opportunities to cope with the world's rapid steps to bounce back even stronger.