

MARKET WATCH

BY **DINA EL BEHIRY**

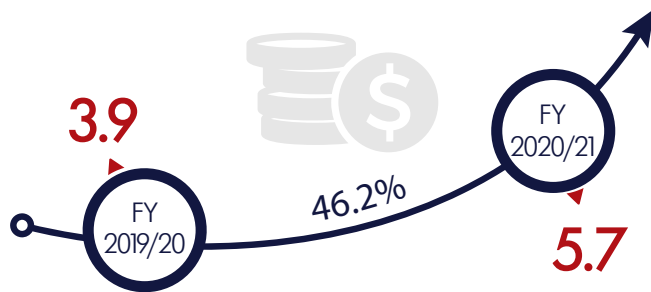
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INVESTIGATE
— RESEARCH & ANALYSIS —

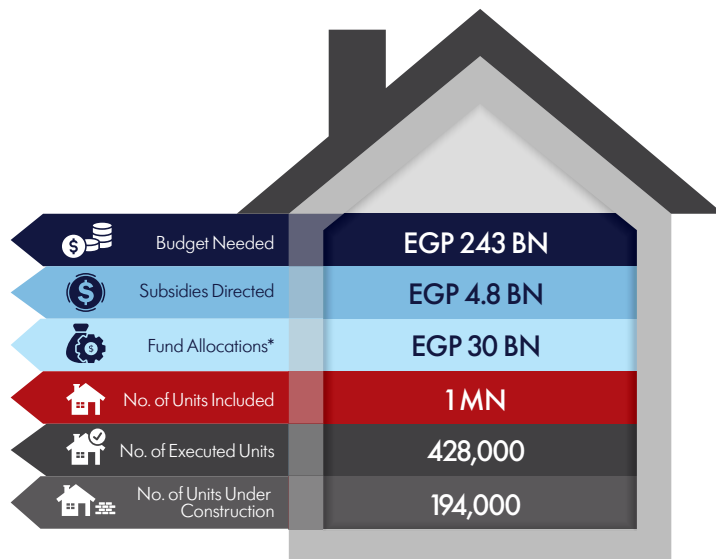
GOV'T PLANS ON COURSE AMID COVID-19 OUTBREAK



SOCIAL HOUSING SUBSIDIES IN FY 2020/21 BUDGET DRAFT (EGP BN)



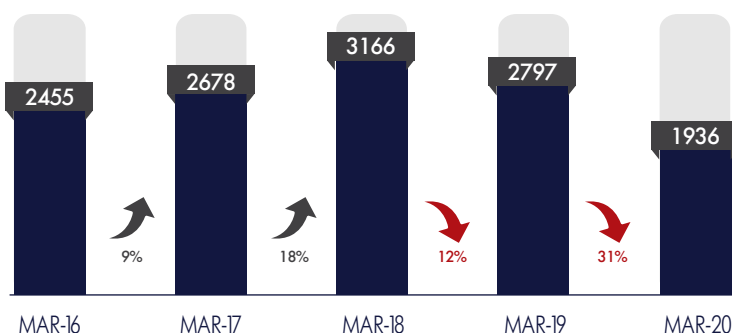
SOCIAL HOUSING PROGRAM



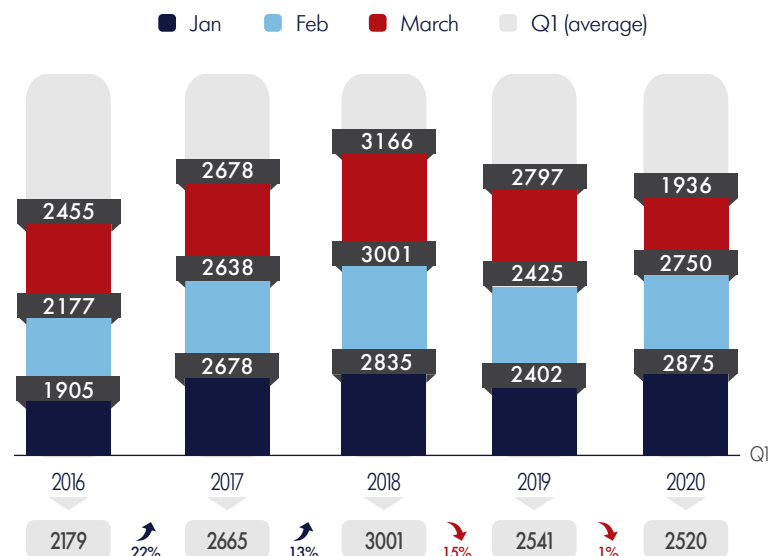
*28 Banks & Mortgage Companies



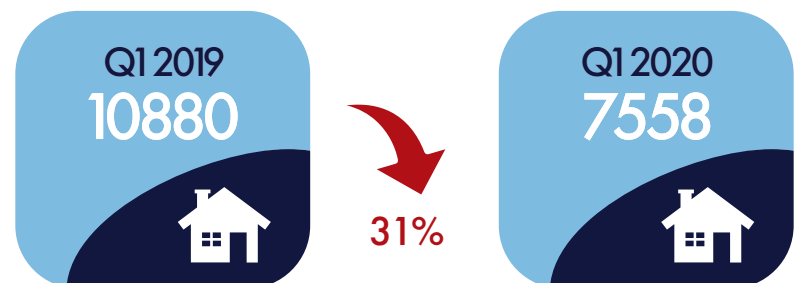
M-O-M REAL ESTATE DEMAND INDEX (POINTS)



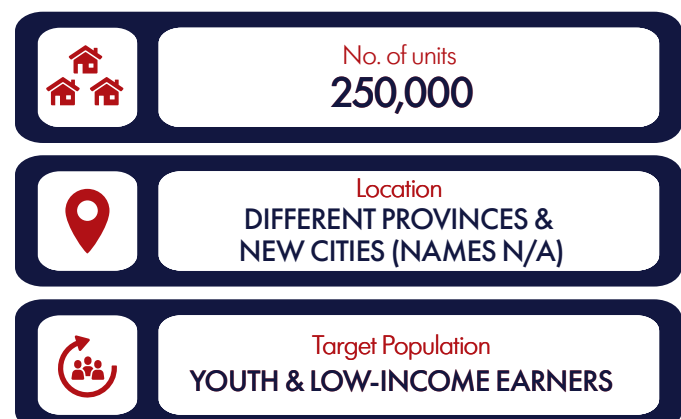
REAL ESTATE DEMAND INDEX (POINTS)



TRADING VALUE OF REAL ESTATE SECTOR (EGP BN)



NEW SOCIAL HOUSING UNITS (UNDER DISCUSSION)





NEW URBAN & INVESTMENT PROJECTS



NEW CITIES DEVELOPMENT



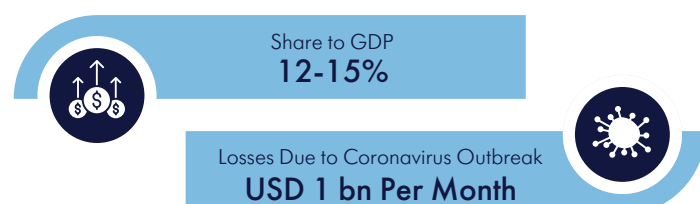
SLUM AREAS DEVELOPMENT



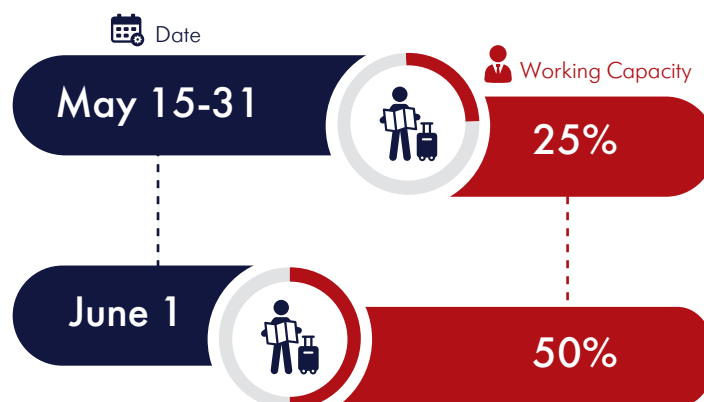
Fund Allocations in FY 2019/20
EGP 10.8 bn



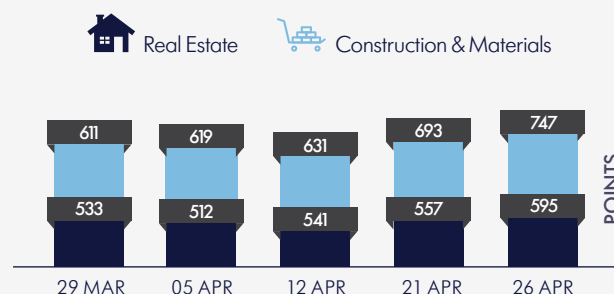
EGYPTIAN TOURISM SECTOR



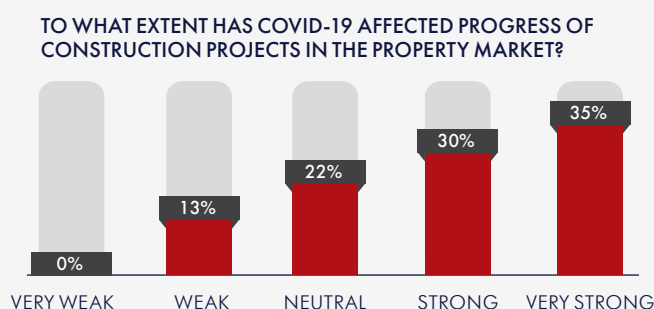
DOMESTIC TOURISM: HOTELS REOPENED

PRICES OF CONSTRUCTION MATERIALS
(APRIL 2020) (EGP)

STEEL BARS (per ton) 9,600 (YOY -17.6%)	CRETAL STEEL (per ton) 9,800 (YOY -21.6%)	PORTLAND CEMENT (per ton) 820 (YOY -3.5%)	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 & CONSTRUCTION
STOCK MARKETS INDEXES PERFORMANCE
IN EGYPT (2020)

ONLINE MONTHLY SURVEY (%)



NEW CITIES UPDATE



NEW ADMINISTRATIVE CAPITAL (NAC)



Progress across National Projects



CABINET BUILDING



Area
18.7 Acres



Height
29 Meters

Supply Volume



Lower Ground Floor



Ground Floor



3 Other Stories

Skeleton Frame

Done ✓

Buildings

Done ✓

Façade
98% Finished

Status

Electromechanical Networks
95% Finished



CENTRAL PARK COMPLEX



Total Area
1,000 Acres



No. of Phases
3
(CP 01, CP 02 & CP 03)

CP 01



Area
375 Acres

Supply Volume



Outdoor Green Spaces



Several Projects Including Islamic Garden & Integrated Resort

CP 02



Area
306 Acres

Supply Volume



Open Walking Areas



Heritage Garden



Recreational Areas



Open Theater

CP 03



Area
309 Acres

Supply Volume



Outdoor Spaces



Kids Park



Library



Entertainment/Sports Club



R3 RESIDENTIAL PROJECT



Completion Rate
84%



Area
1,000 Acres



No. of Neighborhoods
8

#	Implementation Rate	No. of Residential Units
1st	Done	3,104
2nd	70%	Ready: 3,920
3rd	65%	Ready: 2,324
4th	75%	Ready: 274
5th	70%	Ready: 211
6th	N/A	N/A
7th	70%	Ready: 3,160
8th	Done	3,896



ICONIC TOWER



Current Height
358.8 Meters



Tubular Structure Height
150 Meters

Supply Volume



Commercial Units



Administrative Units



5-Star Hotel

Source: Cabinet & Ministry of Housing, Utilities & Urban Communities



6TH OF OCTOBER CITY

New Commercial Mall (Name N/A)



Location
El Wahat Road



Area
11,000 m2

Supply Volume



Service Areas



Grocery Stores



Cafes



Parking Spots



Restaurants



Markets



NEW ALAMEIN

Al Alamein International University



Location
New Alamein



Area
141 Acres



Status
**New Urban Community Authority (NUCA)
Approved Strategic Plan for Building**



REHAB EXTENSION PROJECT (PHASE IX)



Location
New Cairo



No. of Residential Units Offered
238



Reservation Method
Online as of March 15



Down Payment
EGP 100,000



Payment Method
Installments



NEW SPHINX CITY



Location
Cairo-Alexandria Desert Road



Developer
NUCA



Current Status
NUCA to Finalize Strategic Plan Within 2 Months



JANNA



Location
**6 New Cities
6th of October, Sheikh Zayed, New Cairo,
New Mansoura, New Damietta & Shorouk Cities**



No. of Residential Units Offered
1,359



Reservation Method
Online as of April



Down Payment
EGP 50,000



Payment Method
Installments



DAR MISR



Location
**5 New Cities
15th of May, Sadat, 10th of Ramadan, Badr
& New Borg El Arab Cities**



No. of Residential Units Offered
1,061



Reservation Method
Online as of May 3



Down Payment
EGP 50,000



Payment Method
Installments



SAKAN MISR



Location
**8 New Cities
New 6th of October, Obour, New Cairo, New Mansoura,
Badr, Nasser (East Assiut), New Minya & East Gena Cities**



No. of Residential Units Offered
2,662



Reservation Method
Online as of May 10



Down Payment
EGP 50,000



Payment Method
Installments

PRIVATE REAL ESTATE PROJECTS UPDATE



CONSTRUCTION AWARDS



Etapa II



Developer
City Edge Developments
& Gama Construction



Location
Sheikh Zayed, West Cairo



Area
77 Acres



No. of Residential Units
493



Contracting Purpose
Gama to Carry Out Construction Works



Construction Duration
12 Months



Delivery Date
2021



Award Value
EGP 138 mn



Supply Volume

Villas

Apartments



ZED Towers



Developer
Ora Developers
& Orascom Construction



Location
Sheikh Zayed, West Cairo



Area
165 Acres



No. of Residential Units
600



Contracting Purpose
Orascom Construction to Build Phase I



Construction Duration
35 Months



Delivery Date
2023



Award Value
EGP 1 bn



Supply Volume

Apartments

Parking Spaces

Commercial Mall



Others



Developer
El Attal Holding's Unit Attcon Constructions



Date
Q1 2020



Award Value
EGP 400 mn

Projects

Location

Two Residential Developments

NAC

Infrastructure Projects

New Cairo

Construction Works for Banks & Foreign Embassies

N/A



PROJECTS UNDERWAY



Kenz Compound



First Group Developments



October Gardens, West Cairo



30 Acres



No. of Residential Units

1,350



Delivery Date
June 2021



Plan
Market Entire Project in 2020



News
Sold 60% of Phase IV
Payment Method: Installments
1st Installment in 2021
25% Upfront



Castle Landmark



Castle Development



R7 District, NAC



43 Acres



No. of Residential Units

1,800



Delivery Date
2022



Investments
EGP 5 bn



Plan
Build 40% of Phase I in 2020



News
Paying off EGP 170 mn
to the ACUD



iCity



Developer
Mountain View & NUCA



Location
New Cairo



Area
500 Acres



No. of Residential Units
18,000



Plan
Delivery of Phase I | No. of Residential Units: 1,200 | Delivery Date: H2 2020



News
Building Phase I



Galleria



Developer
Arabia Holding



Location
New Cairo



Area
71 Acres



No. of Residential Units
2,000



Plan
Offer More Mid-Range Units in the Future



News
Presenting Over 100 Fully-Finished Units Under the CBE's Initiative to Fund Mid-Range Housing
Unit Areas: 125-150 m2
Prices: EGP 2.25 mn & Below



PROJECTS UNDERWAY



Skyline

Developer
Memaar Al MorshedyLocation
Katameya, East CairoNo. of Residential Units
13,500Delivery Date
2022Plan
Release Phase II, or 3,000 units, in 2020News
Sold 4,000 Units Since Launching

NEW RESIDENTIAL PROJECTS



Lake West (Phase I)

Developer
Cairo Capital DevelopmentsLocation
Sheikh Zayed, West CairoArea
22 AcresLaunching Date
April 2020Delivery Date
2021

Supply Volume

No. of Residential Units
120Unit Areas
265-500 m2Prices
EGP 3.5 mn & Above

Villas Only

Green Spaces/Landscapes

Service Areas



Zahra (Phase I)

Developer
Memaar Al MorshedyLocation
Sidi Abdel RahmanArea
900 AcresLaunching Date
May

Supply Volume

No. of Residential Units
2,000Unit Areas
60-200 m2Prices
EGP 1.48 mn & Above

Twinhouses

Chalets

Kids Areas

Townhouses

Villas

Commercial Mall

Entertainment Services

Green Spaces/Landscapes

New Project
(Name N/A)Developer
First Group DevelopmentsLocation
Sheikh Zayed, West CairoArea
40 AcresLaunching Date
H2 2020Payment Method
Installments up to 10 YearsDelivery Date
2023

Supply Volume

Villas Only



NEW COMMERCIAL PROJECTS



Kaya Plaza

Developer
First Group DevelopmentsLocation
Cairo-Fayoum Main Road,
6th of October CityArea
12,000 m2Units Area
50-250 m2Delivery Date
Before 2022

Supply Volume

Administrative, Commercial & Medical Units



Kazan Plaza

Developer
First Group DevelopmentsLocation
6th of October City,
West CairoArea
16,000 m2Units Area
58-120 m2Delivery Date
2022

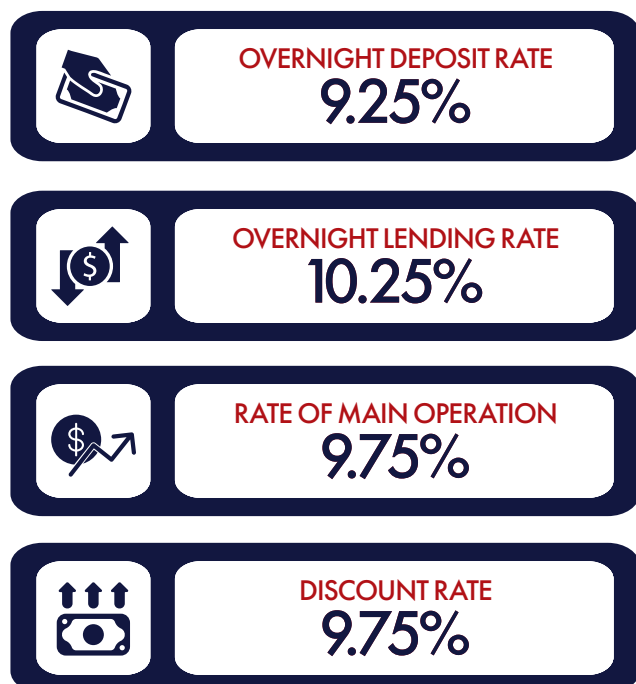
Supply Volume

Administrative, Commercial & Medical Units

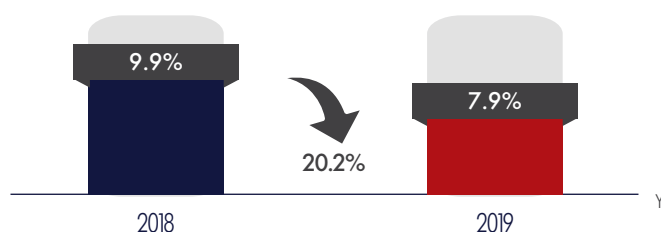
ECONOMIC SNAPSHOT



INTEREST RATES



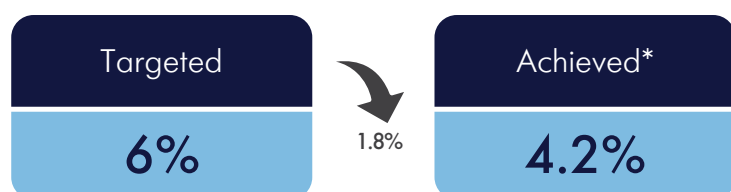
UNEMPLOYMENT RATE



*Because of Coronavirus Spread



GDP GROWTH RATE IN FY 2019/20



*Due to Coronavirus Outbreak



ANNUAL HEADLINE INFLATION

MARCH 2020 **5.1%** APRIL 2020 **5.9%**



NET INTERNATIONAL RESERVES (USD BN)

MARCH 2020 **40.1** APRIL 2020 **37.037**

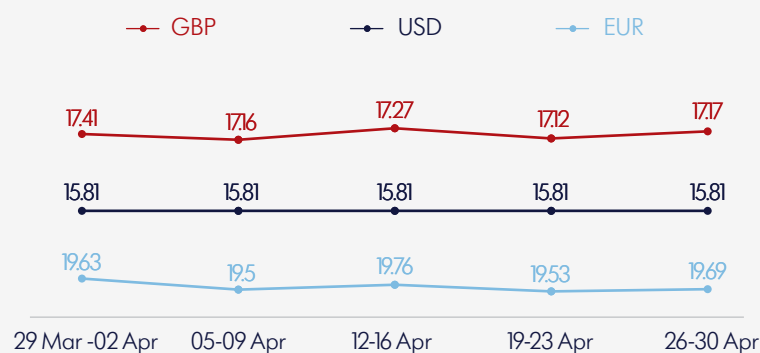


PURCHASING MANAGERS' INDEX (PMI)

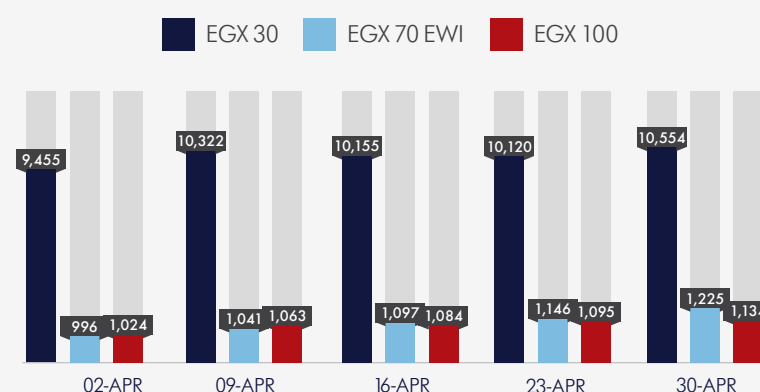
MARCH 2020 **44.2** APRIL 2020 **29.7**



Exchange Rates



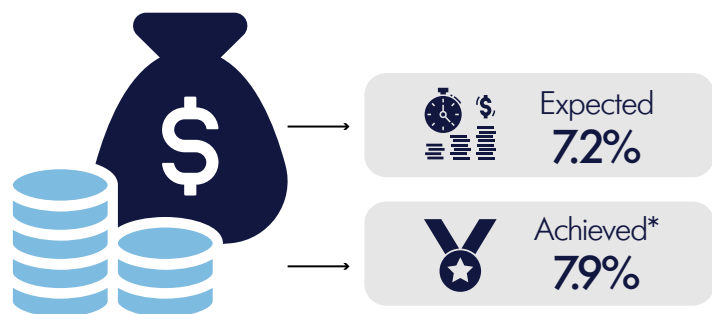
CAPITAL MARKET INDICATORS



Sources: Central Bank of Egypt (CBE), Central Agency for Public Mobilization & Statistics (CAPMAS), IHS Markit, EGX & Cabinet



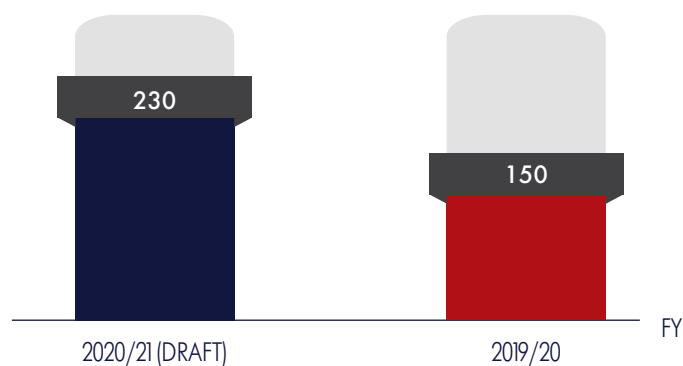
FY 2019/20 BUDGET DEFICIT



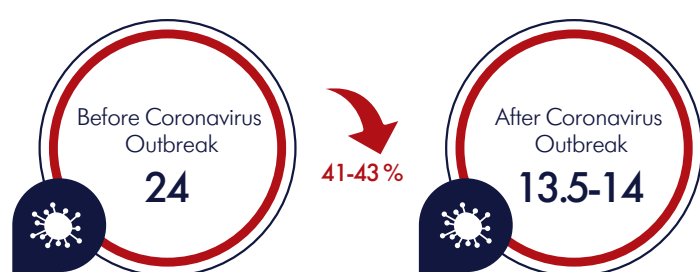
*Due to Coronavirus Outbreak



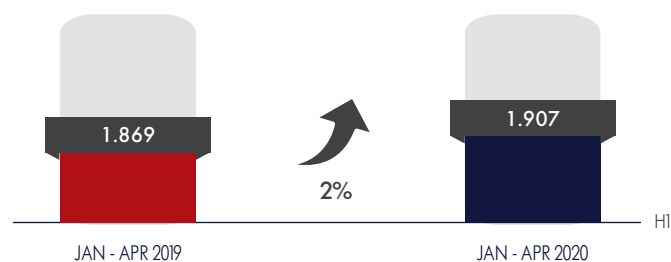
INVESTMENT BUDGET (EGP BN)



FOREIGN INVESTMENTS IN GOVERNMENT'S DEBT INSTRUMENTS (USD BN)



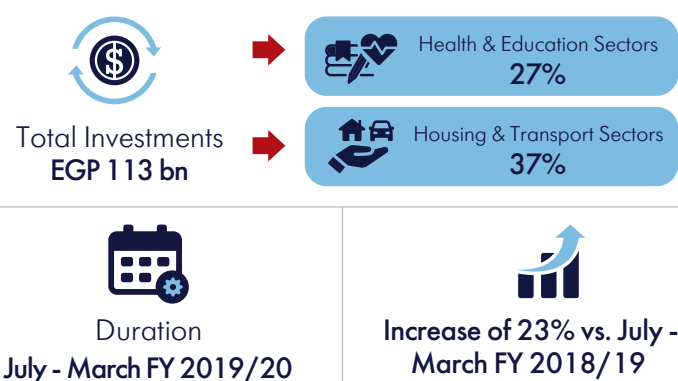
SUEZ CANAL REVENUES (USD BN)



PUBLIC INVESTMENTS (FY 2014/15 - FY 2019/20)



GOVERNMENT INVESTMENTS

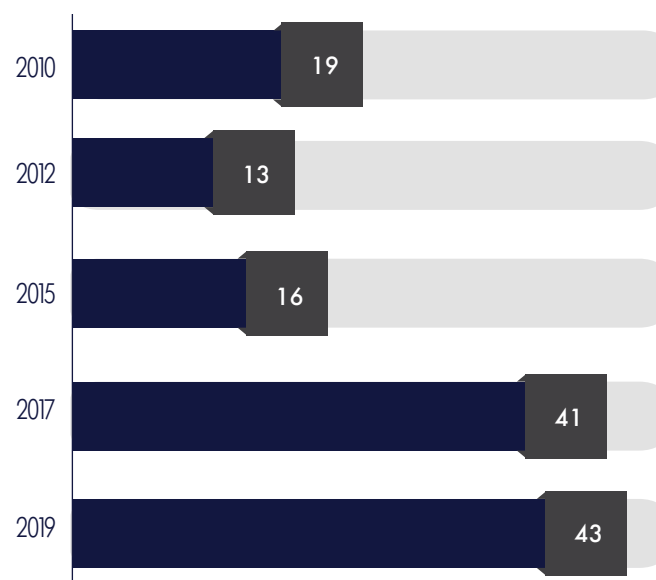


BUDGET TRANSPARENCY INDEX*



Egypt Ranks 61 out of 117 countries

Transparency Score**



*This Index ranks countries based on their budgets transparency

**Global Average is 45 out of 100

**Benchmark= 61

FULL ANALYSIS

FACTS & FIGURES

GOV'T PLANS ON TRACK DESPITE CORONAVIRUS WOES

BY **DINA EL BEHIRY**

No country has been spared by the Coronavirus pandemic, which has been crushing the world since late 2019. While focusing on its impacts on Egypt's real estate sector and demand cycle, it is worth noting that the industry, highlights Aqarmap's real estate demand index, saw a drop of 1% in Q1 2020 versus the year-ago period. On a month-on-month basis, the property market had its toughest decline in the first quarter ended March 31, where demand shrank by 31% compared with the prior-year period, hitting a five-year low. Not only that, but the outbreak resulted in a deterioration in real estate stock-market values on the Egyptian Exchange (EGX) by 31% in the first three months of this year, in comparison to Q1 2019.

In efforts to reinforce the Egyptian property industry, the government directed more subsidies to social housing in the FY 2020/21 budget draft, up 46.2% to log EGP 5.7 bn from EGP 3.9 bn in the previous fiscal year's budget. Yet, the Social Housing Program demands almost EGP 243 bn for implementation, under which 1 mn units will be established, according to Minister of Housing, Utilities, and Urban Communities Assem El Gazzar. So far, approximately 41% of the project was executed, where 194,000 apartments are under construction at a completion rate of 19%, he recently uncovered.

Additional steps are being taken by the Ministry of Housing as it helps the local real estate sector bounce back after COVID-19 disruption, including the establishment of new cities and housing units. In April, El Gazzar deliberated building 250,000 new social housing units for youths and low-income earners. Moreover, he passed ministerial approvals for the urban design and planning of 25 integrated urban and investment projects, which will contribute to creating 100,000 jobs and securing EGP 100 bn worth of investments into the Egyptian property market. Besides, the minister signed off on the foundation of four new cities in Q1 2020, namely New Fashn, New Malawi, New 6th of October, and New Qena Expansions.

With an eye on Egypt's tourism sector, which is already bearing monthly losses of almost USD 1 bn (EGP 15.8 bn) due to the Coronavirus hit, the government has allowed hotels to reopen for domestic tourists under specific conditions, with 25% occupancy limit until May-end, albeit extended to 50% as of June 1. Indeed, only hotels that are strictly implementing the composed safety precautionary measures will be qualified and permitted to resume operations, in a bid to combat the infection spread across the board.

Equally noteworthy is the fact that in spite of the constraints that COVID-19 is imposing on all levels, the Ministry of Housing is right on cue, continuing to offer new affordable houses nationwide in due course. The month of May started out with the ministry kicking off the online reservation for residential units in Dar Misr, Sakan Misr, and JANNA project across various new cities.

Private Sector Follows Suit

Interestingly, major private property developers spare no efforts in continuing their plans. For construction awards. City Edge Developments (CED), for example, has awarded Gama Construction an EGP 138 mn contract to perform construction works of Etapa's phase II. Nevertheless, Ora Developers agreed on yet another project in west Cairo's Sheikh Zayed, inking an EGP 1 bn contract with Orascom Construction to carry out building works of ZED Towers' phase I. Besides, El Attal Holding's unit Attcon Constructions won awards worth EGP 400 mn to execute two residential developments, owned by governmental bodies, in the New Administrative Capital (NAC), alongside some infrastructure projects in New Cairo and construction works for many banks and foreign embassies nationwide.

Beyond that, many projects are still ongoing such as First Group Developments' Kenz Compound, which is planned to be delivered before year-end, in addition to Castle Developments' plans to build 40% of Castle Landmark's phase I in 2020. Moreover, Mountain View, in collaboration with the New Urban Communities Authority (NUCA), aims to deliver iCity's phase I in H2 2020, whilst Memaar Al Morshedy intends to release Skyline's phase II during the same year. Arabia Holding has also released over 100 fully-finished units in Galleria, under the Central Bank of Egypt's (CBE) initiative to fund mid-range housing.

Concerning new projects, Memaar Al Morshedy's Zahra is scheduled to see the launching of phase I in May, which is located in Sidi Abdel Rahman. Also, Cairo Capital Developments endeavors to deliver the first phase of Lake West in 2021, leaving out that First Group will launch a new residential project in Sheikh Zayed in H2 2020 and is planned for delivery three years later. Not only that, but the latter developer is also proceeding with the execution of two commercial projects to be handed over in 2022, called "Kaya Plaza" and "Kazan Plaza."

Economic Status

To be brutally honest, the Coronavirus outbreak has been provoking severe economic turmoil and raising fears of a collapse of Egypt's hard-won macroeconomic stability. When assessing the GDP growth figures in light of the current crisis, it appears that the government reduced its GDP growth target to 4.2% from a previous target of 6%. Adding to that, the budget deficit to GDP reached 7.9%, instead of the targeted 7.2%.

Thanks to the economic repercussions of the COVID-19 outbreak, net international reserves registered almost USD 37 bn in April, down from USD 40.1 bn in the previous month. This is because the CBE used about USD 3.1 bn of its reserves to accommodate for the domestic market's foreign currency needs to import strategic goods, as well as for the repayment of external debt service obligations, Finance Minister Mohamed Maait recently announced.

Being one of the most devastating disasters to date, the pandemic caused inflation rates to spike, hitting 5.9% in April versus 5.1% in the previous month, on the back of price increases and the Ramadan season. Likewise, the IHS Markit's Purchasing Managers' Index (PMI) sank from 44.2 in March to an historic low of 29.7 in the following month. This is seen as an aftermath of imposing curfews and instituting restrictions on businesses, which resulted in job losses and drove unemployment rates to hit 9.2% in April. On top of that, foreign investments in debt instruments are now between USD 13.5-14 bn, dipping by 41-43% from USD 24 bn, after the exit of funds from the country during the last three months.

Given the current economic climate, the CBE's monetary policy committee (MPC) kept the current key policy rates unchanged, in an attempt to achieve an inflation rate of 9% in Q4 2020. Along the same lines, the government vows to bolster real estate development and contracting sectors, boosting the proposed investment budget for FY 2020/21 to EGP 230 bn, up from EGP 150 bn in the previous fiscal year's budget.

On the bright side, Egypt ranks 61 out of 117 countries in the International Budget Partnership's (IBP) Open Budget Survey 2019, which measures the state of budget transparency. After sustaining the 65th position since 2017, the North African nation scored positive by virtue of the Ministry of Finance's commitment in providing access to data through its publication of the citizen's budget and pre-budget statements.



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