

MARKET WATCH

BY **DINA EL BEHIRY**

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INVESTIGATE
RESEARCH & ANALYSIS

GOVERNMENT INITIATIVES TO SUPPORT SOCIAL HOUSING



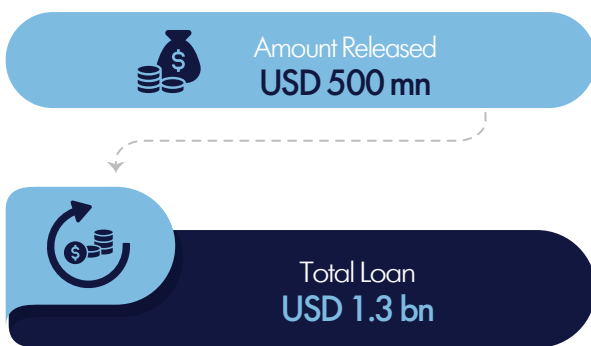
FUND ALLOCATIONS IN BUDGET DRAFT OF FY 2020/21



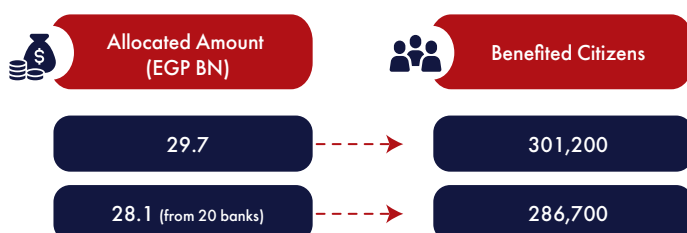
Ministry of Finance supports social housing by allocating **EGP 5.7 bn** in **FY 2020/21** budget draft



WORLD BANK SUPPORTS SOCIAL HOUSING PROGRAM



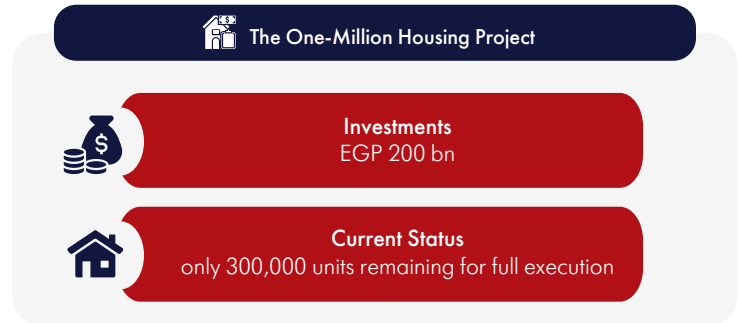
REAL ESTATE FINANCING INITIATIVE FOR MIDDLE-INCOME CITIZENS



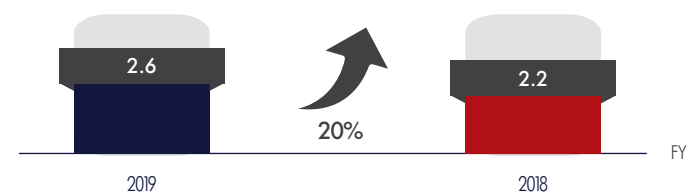
SOCIAL HOUSING & MORTGAGE FINANCE FUND



The Mortgage Finance Fund targets allocating **EGP 30 bn** in the **FY 2020/21** budget draft



MORTGAGE COMPANIES INVESTMENTS (EGP Bn)



CONTRACTORS COMPENSATION FOR ECONOMIC REFORM DECISIONS



Sources: Ministry of Planning and Economic Development, Ministry of Finance, World Bank & Social Housing & Mortgage Finance Fund



NUCA INVESTMENTS



Amount
EGP 55 bn



Area
new cities



Target
investing in under-construction national projects



NUCA PLANS TO OFFER



66 Commercial Units



7 Pharmacies



6 Administrative Units



Location

New Alamein

New Nobariya

October Gardens

New Beni Suef

New Minya

New Salhiya



LAND ALLOCATION



Location
New Sohag



Developer
Al Ahly Sabbour Developments



Total area
29 acres

Supply Volume



Targeted Projects



Area (acres)

new compound

21

social club

8



SPORTS, COMMERCIAL & ENTERTAINMENT COMPLEX



Location
Maadi



Area
200 acres

Supply Volume

sports clubs

football stadium

administrative & commercial malls



PRICES OF CONSTRUCTION MATERIALS
(MARCH 2020) (EGP)

STEEL BARS
(per ton)
9,600
(YOY -17.6%)

CRETAL STEEL
(per ton)
9,800
(YOY -21.6%)

PORTLAND CEMENT
(per ton)
780
(YOY -8.2%)

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%)



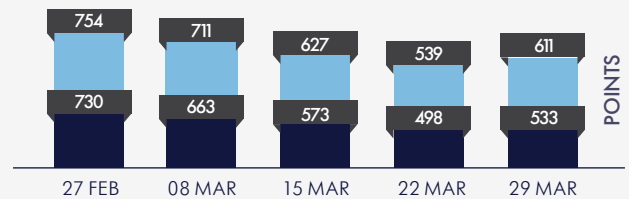
REAL ESTATE & CONSTRUCTION
STOCK MARKETS INDEXES PERFORMANCE
IN EGYPT (2020)



Real Estate

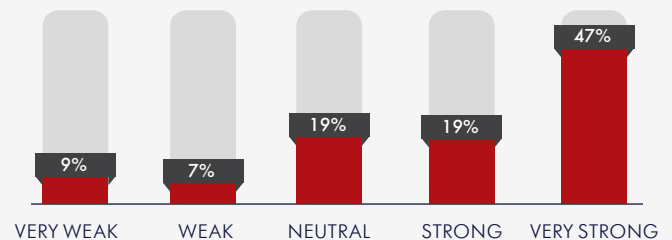


Construction & Materials



ONLINE MONTHLY SURVEY (%)

TO WHAT EXTENT WILL COVID-19 AFFECT YOUR NEXT PROPERTY PURCHASE?



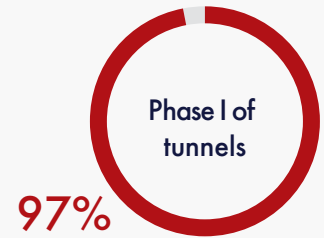
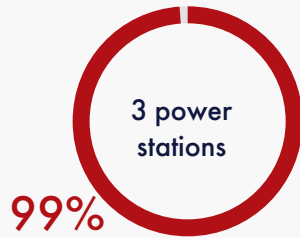
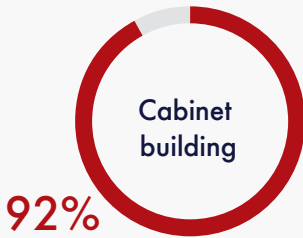
NEW CITIES' UPDATES



NEW ADMINISTRATIVE CAPITAL (NAC)



Construction Progress of Government Projects



GARDEN CITY (R5 DISTRICT)



Target Population
21,500



Area
980 acres



No. of Housing Units
23,000



Investments
EGP 80 bn



Execution Period
2 years



C03 SKYSCRAPER



Height
80 m



Area
79,000 m²



Location
Central Business District



Cost
USD 3 bn



Current Status
Skeleton Frame is finished



NEW CAIRO



NUCA to Establish New Social Club



Area
20 acres



Investments
EGP 169 mn



Sakan Misr (1st & 2nd Phases)



No. of Units Delivered
1,296



Delivery Date
Start: April 14



Rehab Extension Project (9th Phase)



Launched by
Ministry of Housing & NUCA



No. of Housing Units Offered
238



Area
92-131 m²



SADAT CITY



Fardous Compound



Location
Sadat City



No. of Housing Units
1,470



Accomplished by
80%



NUCA Allocates New Plots



No. of Plots



Area (acres)



Projects Type

N/A

650

F&Bs

7

50-300

agricultural projects

N/A

1,190

Industrial projects

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

UPDATES ON DEVELOPERS' PROJECTS



INFRASTRUCTURE



Developer

Mostakbal Urban Developments



Location

Mostakbal City



Investment

EGP 5.7 bn

EGP 3 bn



Target

Infrastructure network of Phase I

Infrastructure network of Phase III



Delivery Date

Delivered

2020-2021



RESIDENTIAL PROJECTS



Developer

Misr Italia Properties



Location

NAC



Investment

EGP 2 bn



Area

200 acres



Achieved Sales

EGP 9 bn



Targeted Sales

EGP 16 bn



Delivered Units

Phase 1



Final Delivery Date

2024



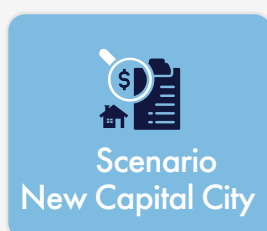
Supply Volume

Villas

Apartments

Social Club

Mall



Developer

AKAM Developments



Location

NAC



Sold Phases

1st, 2nd & most of 3rd phase



Marketing Rate

70% of the whole project



Delivery Date

2023



COMMERCIAL PROJECTS



Developer

Misr Italia Properties



Location

New Cairo



Investment

EGP 1.5 bn



Area

78,000 m²



Total No. of Buildings

42



No. of Delivered Buildings

20



Delivery Date

End of 2022

DEVELOPERS PROJECTS



RESIDENTIAL PROJECTS

<p>KEEVA</p>	<p>Developer Al Ahly Sabbour Developments & NUCA</p>	<p>Location 6th of October City</p>	<p>Area 144 acres</p>	
	<p>Investment EGP 5 bn</p>	<p>Delivery Date H2 2023</p>		
	<p>Supply Volume</p>	<p>No. of Phases 4</p>	<p>No. of Housing Units 1,138</p>	
	<p>Family residence 120-190 m²</p> <p>Townhouses 225-265 m²</p> <p>Villas 260-360 m²</p> <p>Apartment icon: Apartments of phase I are sold out</p>			
<p>The Vues</p>	<p>Developer Tatweer Misr</p>	<p>Location Bloomfields- Mostakbal City</p>	<p>Area 325 acres</p>	
	<p>Supply Volume</p>	<p>No. of Units more than 1,000</p>	<p>Payment Method Installments</p>	<p>Payment Period up to 10 years</p>
<p>PUKKA-2</p>	<p>Developer MBG Development</p>	<p>Location NAC</p>	<p>Area 100 acres</p>	
	<p>Investment EGP 10 bn</p>	<p>Launching Date Q2 2020</p>		
	<p>Supply Volume</p>	<p>Villas</p>		
<p>MIDTOWN CONDO</p>	<p>Developer Better Home</p>	<p>Location R7 District- NAC</p>	<p>Investment EGP 1.5 bn</p>	
	<p>Supply Volume</p>	<p>No. of Units 2,500</p>	<p>No. of Malls 3</p>	
<p>La Capitale Suite Lagoons</p>	<p>Developer Pyramids Developments</p>	<p>Location NAC</p>	<p>Area 30 acres</p>	<p>No. of Units 1,400</p>
	<p>Supply Volume</p>	<p>Residential Towers</p>		
<p>New Project (unveiled name)</p>	<p>Developer Marseilia Group & Namaa for Development & Real Estate</p>	<p>Location Banha- Qalyubia</p>	<p>Area 20,200 m²</p>	
	<p>Supply Volume</p>	<p>Residential Towers</p>		

Source: Developers' official statements



COMMERCIAL PROJECTS



Garden 8 Mall



Developer
Misr Italia Properties



Area
22,000 m²



Investment
EGP 500 mn



Inauguration Date
June 2020



Supply Volume

No. of Units
58

Clothing shops

Restaurants

Coffee shops



Cairo Festival City Mall- Expansions



Developer
Al Futtim Group



Area
40,000 m²



Investment
EGP 2 bn



Supply Volume

2 hotels

4-star hotel- No. of rooms
250

5-star hotel- No. of rooms
450

Execution Date
2021



HOSPITALITY PROJECTS



Sea View
(Phase II)



Developer
Jdar Group



Location
Sahl Hasheesh



Area
170,000 m²



Units Area
40-120 m²/unit



Investment
EGP 2.5 bn



New Hotels
(Name undisclosed)



Developer
SUNRISE Resorts & Cruise



Location
Sharm El-Sheikh



No. of Hotels
2



Investment
USD 50 mn



Inauguration Date
During 2020



New Hotel
(Name undisclosed)



Developer
SUNRISE Resorts & Cruise



Location
Ain Sokhna



Investment
EGP 500 mn



Inauguration Date
August 2020



Supply Volume

No. of Rooms
150



New Project
(Name undisclosed)



Developer
Pyramids Developments



Location
NAC



Area
30 acres

ECONOMIC SNAPSHOT



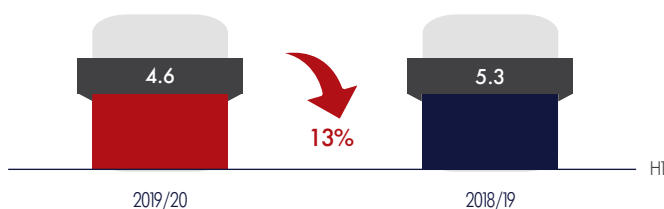
SERVICE BALANCE



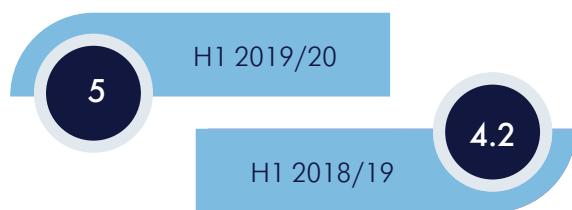
BALANCE OF PAYMENT



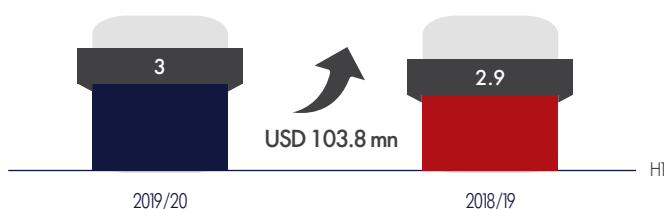
CURRENT ACCOUNT (USD BN)



NET FOREIGN DIRECT INVESTMENTS (USD BN)



SUEZ CANAL REVENUES (USD BN)



ANNUAL HEADLINE INFLATION



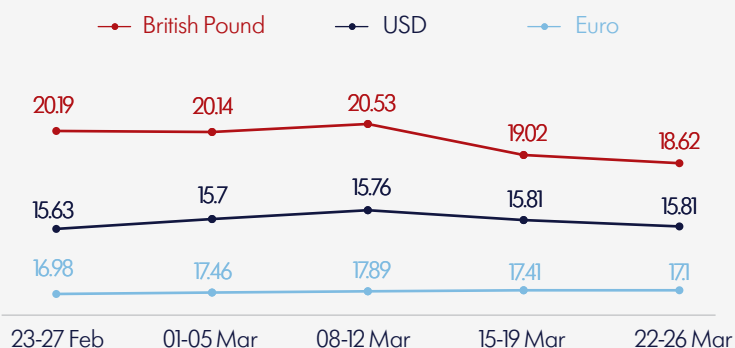
NET INTERNATIONAL RESERVES (USD BN)



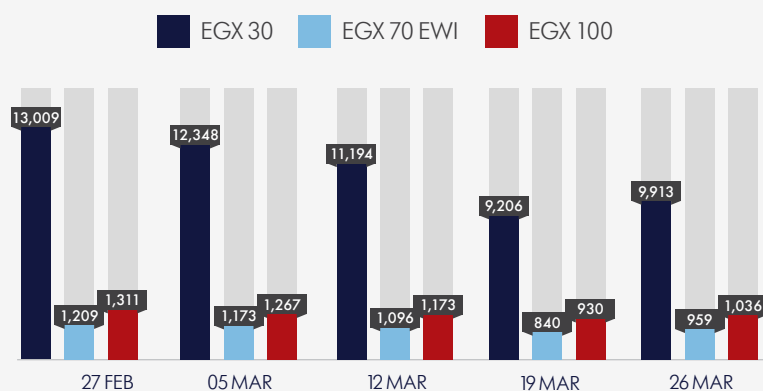
PURCHASING MANAGERS' INDEX (PMI)



Exchange Rates



CAPITAL MARKET INDICATORS



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

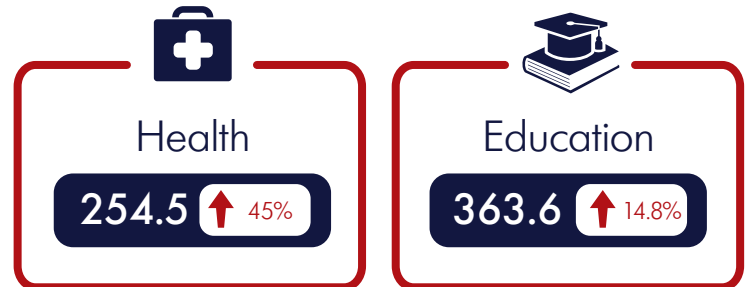
BUDGET DRAFT FOR FY 2020/21



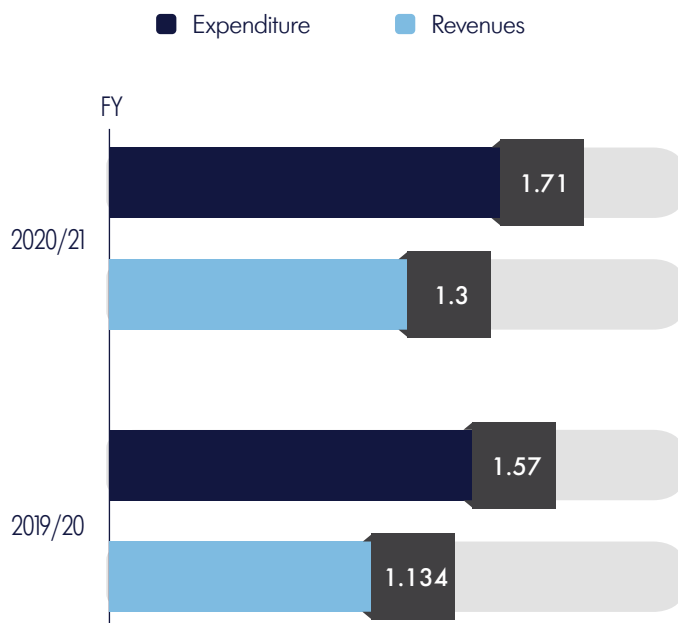
BUDGET DEFICIT



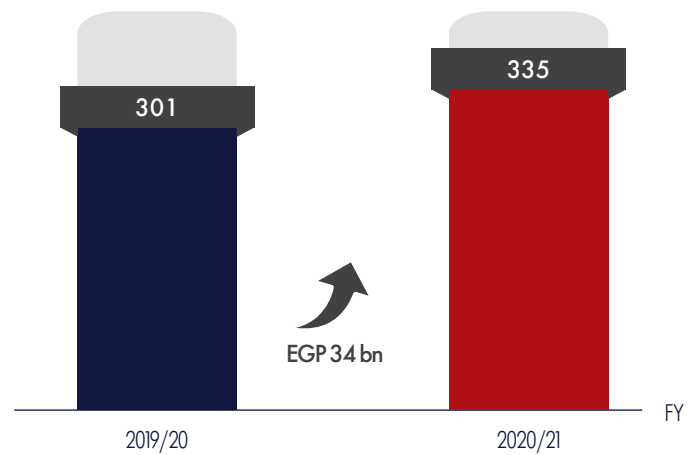
HEALTH & EDUCATION (EGP BN)



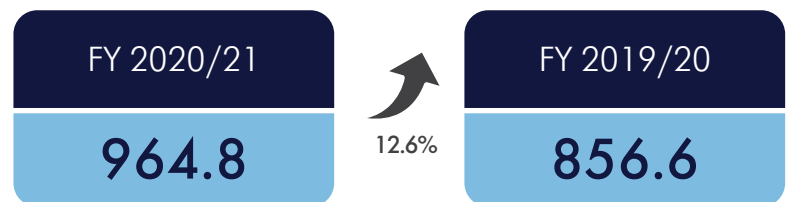
TOTAL EXPENDITURE & REVENUES (EGP TRN)



WAGES (EGP BN)



EXPECTED TAX REVENUES (EGP BN)



GOVERNMENT INVESTMENTS



BASED OIL PRICE (USD/BARREL)



FULL ANALYSIS

**FACTS
& FIGURES**

GOVERNMENT INITIATIVES TO SUPPORT SOCIAL HOUSING

BY **DINA EL BEHIRY**

Amid the current circumstances of facing the COVID-19 (Coronavirus) outbreak, the governmental institutions, as well as the international ones are working hard to safeguard the real estate sector from damages.

On that note, the Egyptian Ministry of Finance has allocated EGP 5.7 bn in the FY 2020/21 budget draft. This fund will help support the social housing program and benefit more citizens of low- and medium-income levels. In conjunction with this initiative, the Egyptian government has planned to direct around EGP 5 bn in the FY 2020/21 budget draft to invest in 13 industrial zones. These zones are located in Assiut, Luxor, Beheira, Gharbia, Fayoum, and other governorates. Not only that but also allocating EGP 6.4 bn to finance 300,000 small and medium enterprises (SMEs).

As a matter of fact, the Social Housing and Mortgage Finance Fund (SHMFF) has been working on supporting the sector as well. It targets allocating around EGP 30 bn in the FY 2020/21 budget draft. The SHMFF has managed to achieve many steps forward to back up the social housing program, finalize many units, and deliver others. For the real estate financing initiative for middle-income citizens, the Fund raised the funds to EGP 29.7 bn, in addition to EGP 28.1 bn from 20 various banks.

Apart from that, the SHMFF has been working on compensating the slackened construction companies due to the economic reform decisions. This compensation reached around EGP 7 bn.

Speaking of international support, the world bank has levitated its support to the Egyptian social housing program by releasing an additional USD 500 mn, bringing the total amount of loan reached USD 1.3 bn. This additional loan aims to improve the affordability of formal housing for low-income households and strengthen the capacity of the Social Housing and Mortgage Finance Fund to design policies and coordinate social housing programs.

With an eye on new cities, Prime Minister Moustafa Madbouly held a meeting at the beginning of March to follow up on the updates of projects' execution at the New Administrative Capital (NAC). During which, Madbouly was informed that the Cabinet building is accomplished by 92%, three power stations were executed by 99%, the first phase of roads and bridges is fully executed, and 97% of the first phase of tunnels is accomplished. Another achievement is finalizing the skeleton structure of C03 Skyscraper, which is the first one out of 20 skyscrapers will be established at NAC.

Private Sector

On the flip side comes the private sector which is doing its best to continue its projects. Mostakbal Urban Developments, the owner of Mostakbal City, pumped EGP 5.7 bn to execute the infrastructure network of the city's first phase. In addition to that, the company plans to direct EGP 3 bn to the infrastructure network of the city's phase three.

Moreover, many developers announced some updates on the status of their projects, including Misr Italia Properties' IL Bosco City and Cairo Business Park, as well as AKAM Developments' Scenario New Capital City.

Amid the sector's peaks and troughs, several developers have begun launching projects whether they are residential, commercial, or hospitality projects. From this perspective, Al Ahly Sabbour Developments in partnership with the New Urban Community Authority (NUCA) launched KEEVA project with investments of around EGP 5 bn. TATWEER MISR launched a new phase of the VUES at Bloomfields' Mostakbal City. The VUES includes more than 1,000 units. Moreover, MBG Developments has planned to launch PUKKA-2 at NAC during H2 2020, with investments reached EGP 10 bn. And with investments of around EGP 1.5 bn, Better Home began the skeleton construction of MIDTOWN CONDO.

For the commercial projects, Misr Italia Properties plans to inaugurate its Garden 8 in June. With investments of around EGP 500 mn, Garden 8 will include 58 units for clothes shops, restaurants, and coffee shops.

Adding to that, many developers paid a great deal of attention to hospitality projects. Jdar Group has prepared to launch the second phase of Sea View at Sahl Hasheesh with investments reached EGP 2.5 bn, in addition to launching many other projects.

Economic Status

Amongst the uncertainty sphere because of the Coronavirus outbreak, Egypt's economy has proved its resilience in dealing with the ramifications of the Coronavirus pandemic. The headline inflation rate eased to 5.1% in March, down from 5.3% in February. This makes the predictions of inflation remain within the specified range (+/- 3%) by the Central Bank of Egypt (CBE). The CBE's net international reserves recorded USD 40.1 bn in March, down from USD 45.5 bn in February. The drop in the reserves happened as a result of the Coronavirus outbreak. Not only that but the non-oil private sector was affected by the virus spread as well. The IHS Markit Purchasing Managers' Index (PMI) dropped to 44.2 in March, compared to 47.1 in February, indicating the deterioration in business conditions.

With an eye on H1 2019/20, the current account deficit shrank by 13%, recording USD 4.6 bn, down from USD 5.3 bn in H1 2018/19. Accordingly, the Balance of Payment achieved a surplus of USD 410.9 mn in H1 2019/20, compared to the deficit of USD 1.8 bn in H1 2019/18.

Beyond that, the net foreign direct investments jumped by 20% in H1 2019/20 recording USD 5 bn, up from USD 4.2 bn in H1 2018/19. This was mainly backed by increasing the investments of establishing new companies or boosting the capital of the existing ones. Moreover, Suez Canal revenues increased by USD 103.8 mn to reach USD 3 bn in H1 2019/20.

Looking ahead, the Ministry of Finance has issued the budget draft of FY 2020/21. In which, the budget deficit is projected to reach 6.3%, down from the 7.2% of the FY 2019/20. Furthermore, the budget has allocated around EGP 1.71 trn and EGP 1.3 trn for expenditure and revenues. In addition to that, it increased the allocations of health and education by 45% and 14.8% respectively. Moreover, it raised the wages allocations by EGP 34 bn. When it comes to government investments, the budget draft boosted it to reach EGP 280.7 bn.

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