

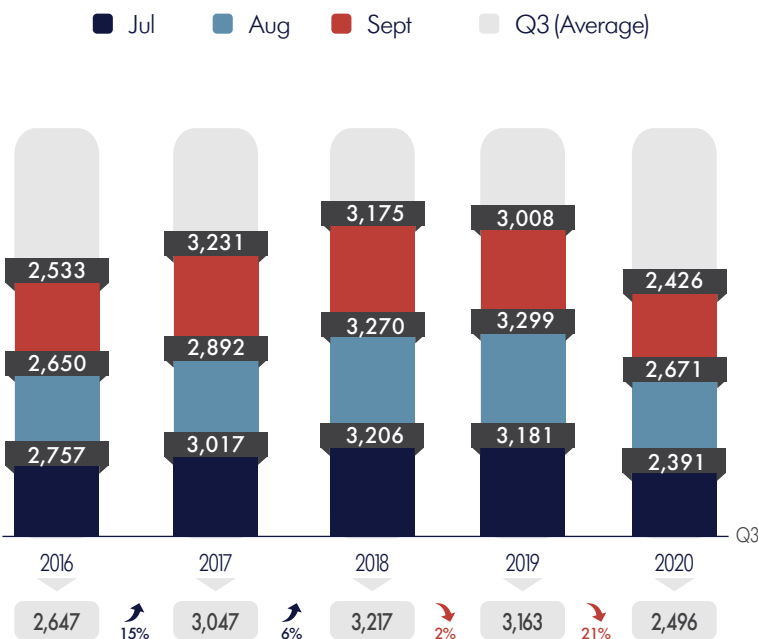
MARKET WATCH

BY **DINA EL BEHIRY**

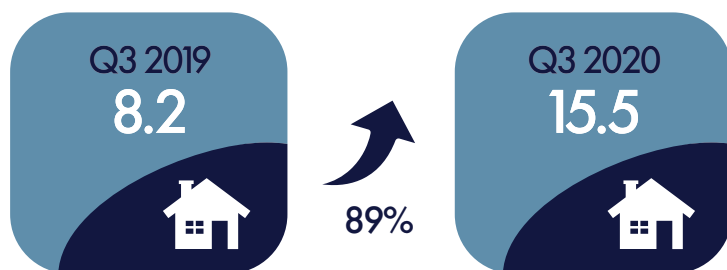
INVESTIGATE
— RESEARCH & ANALYSIS —

PROPERTY MARKET UPDATES

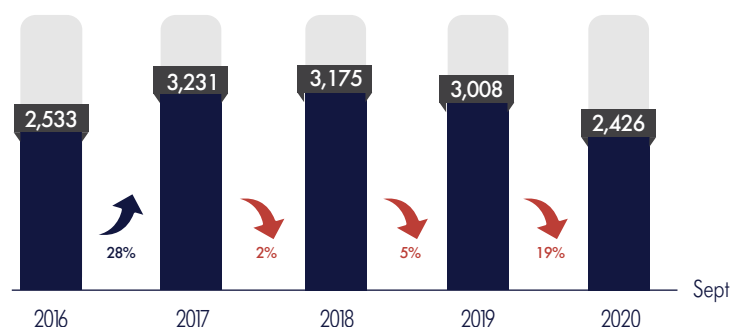
REAL ESTATE DEMAND INDEX (POINTS)



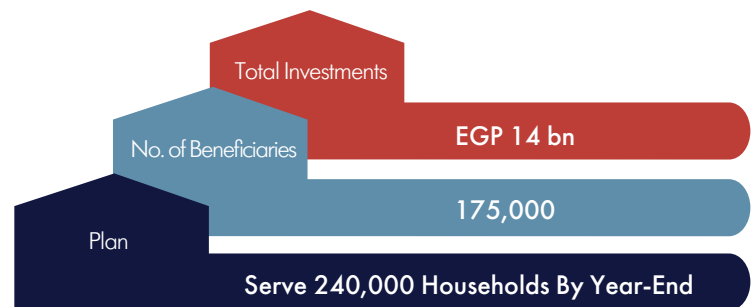
TRADE VALUE IN REAL ESTATE SECTOR (EGP BN)



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



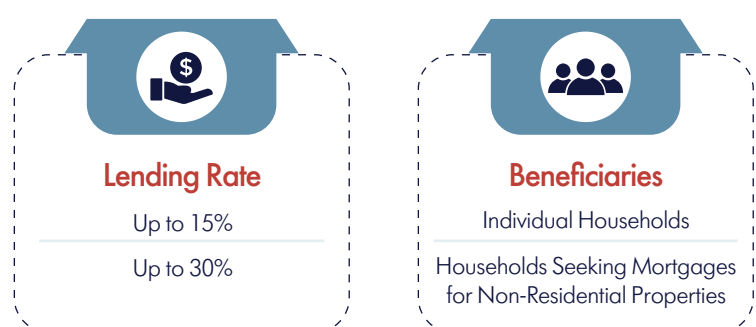
SLUMS DEVELOPMENT



ENERGIZING BASHAYER EL KHAIR PROJECT



MORTGAGE FINANCE COMPANIES



ESTABLISHMENT OF NON-PROFIT UNIVERSITIES

Status	Cabinet Nods Establishment of Universities
Plan	Serve Various Areas Change Scope of Higher Education
Total Investments	EGP 30 bn
No. of Universities	2
Location	New Salhia Sharm El Sheikh
No. of Universities	4
Names & Location	King Salman International University (KSIU) in Sinai Al Alamein International University in New Alamein Galala University in El Galala City New Mansoura University in New Mansoura

LOSS OF CROPLANDS DUE TO URBAN SPRAWL



DELIVERY OF BEIT EL WATAN PLOTS

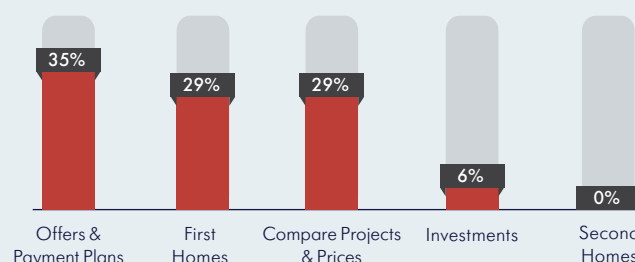
PRICES OF CONSTRUCTION MATERIALS
(SEPTEMBER 2020) (EGP)

STEEL BARS	CRETAL STEEL	PORTLAND CEMENT	COARSE SAND
(per ton)	(per ton)	(per ton)	(per sqm)
9,550	9,800	720	70
(YOY -19.4%)	(YOY -21.6%)	(YOY -10%)	(YOY 0%)
SOLID CEMENT BRICKS	BRICK HOLLOW CONCRETE		
(per 1,000 bricks)	(40x20x12 cm) (per 1,000 bricks)		
1,100	5,200		
(YOY 0%)	(YOY 3%)		

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

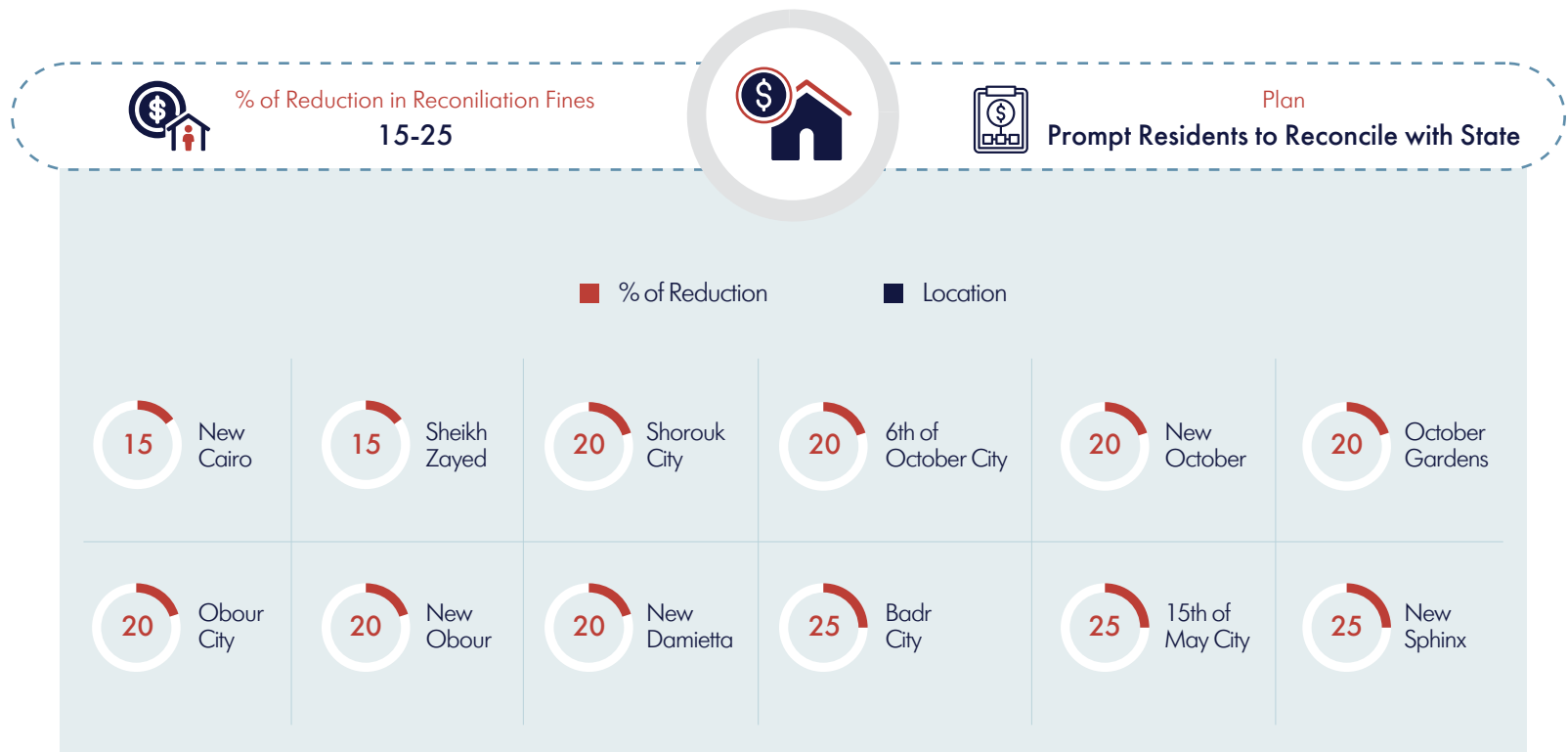
ONLINE MONTHLY SURVEY (%)

WHY WILL YOU VISIT CITYSCAPE EGYPT 2020?



NEW CITIES UPDATE

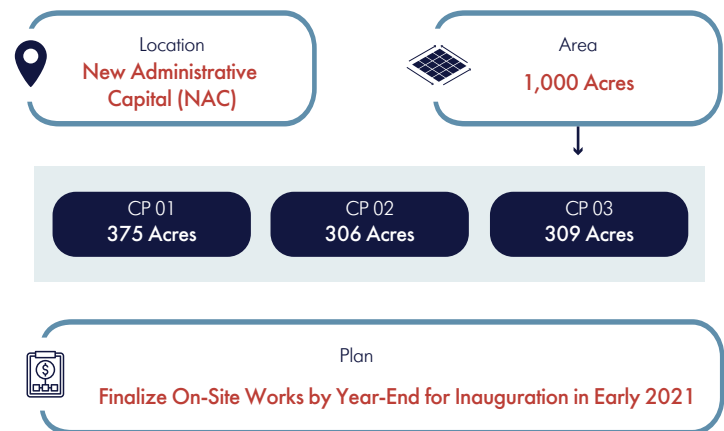
FINES CUT FOR BUILDING CODE VIOLATIONS



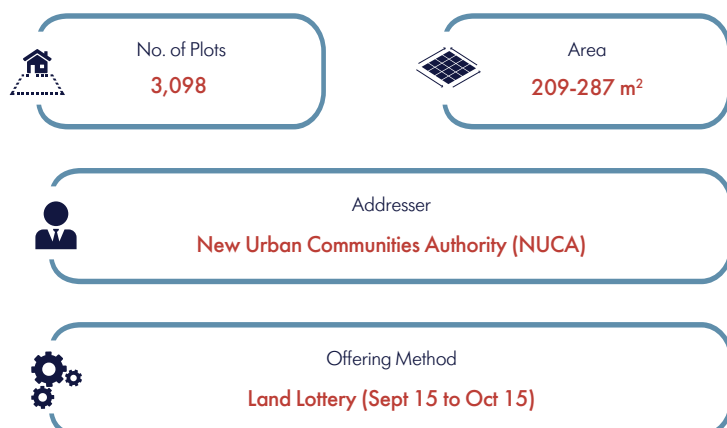
DELIVERY OF RESIDENTIAL PLOTS



CAPITAL PARK



OFFERING OF NEW RESIDENTIAL PLOTS



OFFERING OF NEW SOCIAL HOUSING UNITS



Source: Ministry of Housing, Utilities & Urban Communities & NUCA.

PRIVATE REAL ESTATE PROJECTS UPDATE



NEW RESIDENTIAL PROJECTS

ZED East (Phase II)

Developer	Location	Area
Ora Developers	New Cairo	360 Acres
Green Spaces	Launch Date	Plan
176 Acres	Nov 2020	Generate EGP 1.7 bn in Sales of Phase I
Supply Volume		
Standalone Villas	Twin Houses	Townhouses
Apartments	Administrative Units	Medical Clinics
45-Acre Sports Club		








Tawny

Developer	Location	Area
Hyde Park Developments	6th of October City, West Cairo	31 Acres
Green Spaces	Delivery Date	Plan
24.8 Acres	Early 2024	Achieve EGP 2 bn in Sales of Phase I
Supply Volume		
No. of Villas → 216	Standalone Villas →	Area → 288 m ²
Townhouses, Twin Houses & Quads-Villas →		Unit Areas → 240-280 m ²
Services & Facilities		





City Oval

Developer	Location	Area
Master Group	NAC	37 Acres
Supply Volume		
1st Area → The Bougainvillea →	No. of Villas →	31
2nd Area → Wisteria →	No. of Twin Houses →	34
3rd Area → Azalea →	No. of Residences →	1,021

Jayd New Cairo (Phase III)

 Developer	 Location	 Area
Saudi Egyptian Developers (SED)	New Cairo	68 Acres
 No. of Residential Units	 Launch Date	 Delivery Date
1,900 (120 Apartment Buildings)	Oct 4	Mid 2023
 Supply Volume		
Semi-Finished Homes	Area	120-210 m ²
Price: → EGP 14,500 Per m ²	& Payment Plan	→ Up to 8 Yrs
Shopping Mall	Clubhouse	Nursery Mosque

Mazarine Islands (Phase II)

 Developer	 Location	 Area
City Edge Developments (CED)	New Alamein	128 Acres
 Supply Volume		
No. of Villas → 285	Unit Areas →	364-672 m ²
Swimming Pools	Walking Tracks	
Green Spaces	Parking Spaces	



PROJECTS UNDERWAY

J'noub



Developer

Oriental for Urban Development (OUD)



Location

NAC



Area

48 Acres



No. of Residential Units

1,900



Delivery Date

Q4 2022



News

OUD & 5 Contractors Partner for Construction Works

Total Costs → EGP 700 mn

OUD Sells Out 70% of Total Units

Azadir



Developer

OUD



Location

New Cairo



Area

70,000 m²

News

OUD & 3 Contractors Partner for Construction Works

Total Costs → EGP 300 mn

Oriental Coast



Developer

OUD



Location

Marsa Alam



Area

5.5 mn m²

No. of Hotels

8 (3,700 Keys)



News

Las Capanas Area Ready for Delivery 6M Ahead
Matangi Area's Phase I to Be Inaugrated in 2021,
While Phase II is Underway

Heliopolis Hills



Developer

OUD



Location

Obour City



Delivery Date

2021



News

Construction Works: Done

Finishing Works: Ongoing

ZED



Developer

Ora Developers



Location

Sheikh Zayed, West Cairo



Area

165 Acres



No. of Residential Units

5,000



News

I-Events to Organize Family Activities & Events at ZED Park

Ora Awards EGP 5 bn Construction Contracts for Phase I

Contractors: Orascom Construction, Alrowad Group &
Redcon Construction

Phase I Investments → EGP 40 bn

Villette



Developer

SODIC's Unit →
Sixth of October Development
& Real Estate Projects (SOREL)

Location

New Cairo



Area

301 Acres



News

SOREL Gets Medium-Term Credit Facility From Arab African International Bank (AAIB)

Value → EGP 2.57 bn | Target → Finance Construction & Finishing Works

IL BOSCO



Developer

Misr Italia Properties (MIP)



Location

NAC



Area

207 Acres



No. of Residential Units

1,700 (Phase I)



Investments

EGP 16 bn



News

MIP Makes Deliveries Ahead of Schedule (Instead of 2021)

Hyde Park



Developer

Hyde Park Developments



Location

New Cairo



Area

6 mn m²+

No. of Residential Units

20,000



Investments

EGP 35 bn



News

Delivery of 200 Units in Q1

Delivery of 165 Units in Q2

Delivery Date of Last Phase → 2030

Hyde Park to Establish Internet Network

Cost of Phase I → EGP 30 mn

Cost of Other Phases → EGP 200 mn



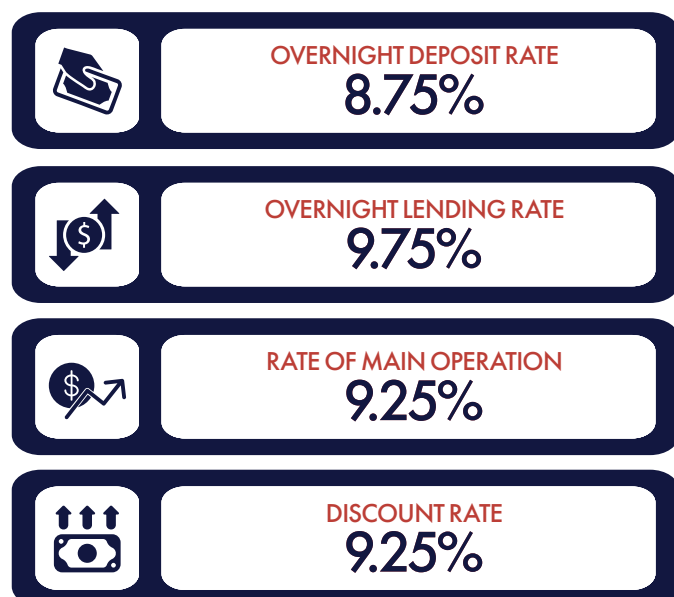
Plan

Deliver 900 Units in Near Future

Log EGP 4 bn Sales in 2020, With 65% Reached So Far

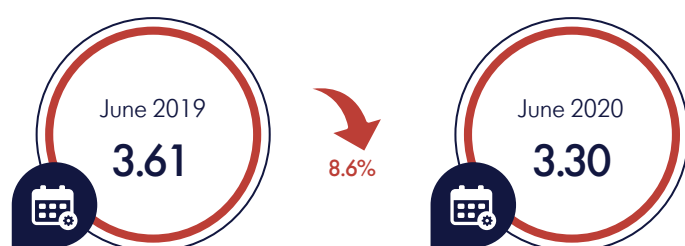
ECONOMIC SNAPSHOT

INTEREST RATES*

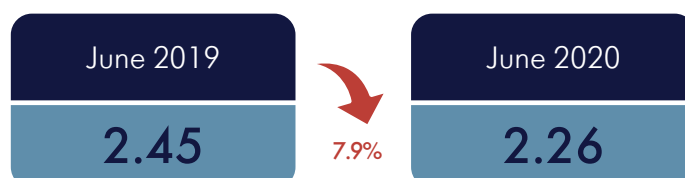


*Based on MPC's Meeting on September 24

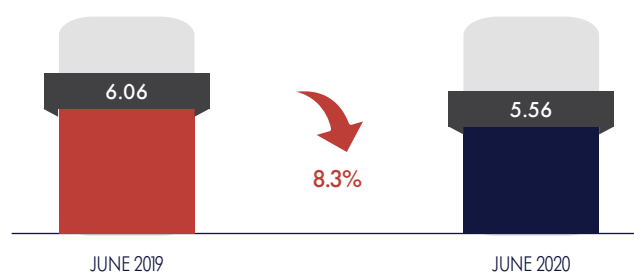
TRADE DEFICIT (USD BN)



EXPORTS (USD BN)



IMPORTS (USD BN)



ANNUAL HEADLINE INFLATION

AUGUST 2020 **3.4%** ↑ SEPTEMBER 2020 **3.7%**



NET INTERNATIONAL RESERVES (USD BN)

AUGUST 2020 **38.37** ↑ SEPTEMBER 2020 **38.42**

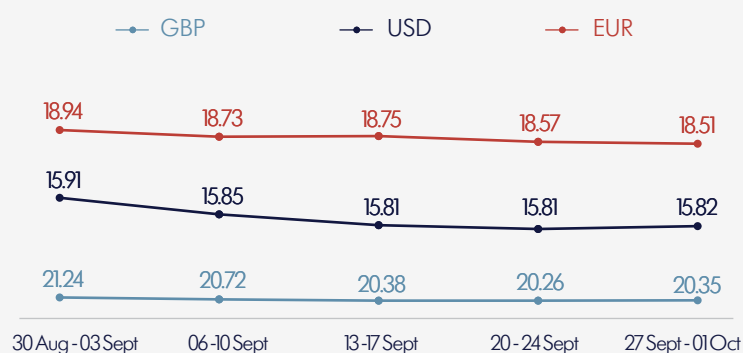


PURCHASING MANAGERS' INDEX (PMI)

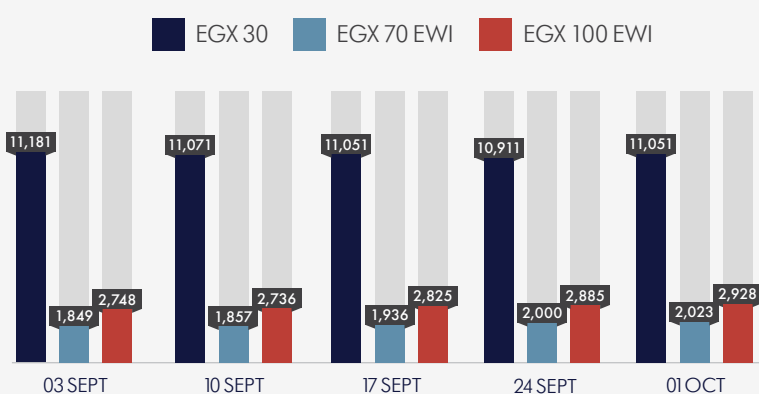
AUGUST 2020 **49.4** ↑ SEPTEMBER 2020 **50.4**



EXCHANGE RATES



CAPITAL MARKET INDICATORS



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

FULL ANALYSIS FACTS & FIGURES

CORONAVIRUS CRISIS BRINGS BENEFITS TO EGYPT

BY **DINA EL BEHIRY**

People around the world are living in uncertain times as the Coronavirus disease continues to spread, with fatalities and infection resurging and looming over European and American countries, in particular. So, with the second wave of the pandemic just around the corner, what is ahead for the Egyptian property market for the rest of 2020 and into next year?

Looking closely at demand for real estate in Egypt, according to Aqarmap's Real Estate Demand Index, there is still no clear direction. In July, demand dropped 7% versus a month earlier due to the Eid Al Adha holiday. Then, rates climbed up by 12% in August, however shrinking again by 9% in the subsequent month. Speaking of a YoY comparison, in September 2020, demand dropped 19% compared with the same period last year. From a QoQ perspective, rates went down 21% in Q3 2020, compared to the year-ago period.

Even though it may look like Egypt is battling to contain the COVID-induced slump, the North African country seems to be winning the fight and showing resilience to the current tough, challenging market conditions. In fact, there have been some strategic gains in the recent period.

In a bid to boost demand for property, the Financial Regulatory Authority (FRA) mandated Egypt-based mortgage finance companies to lend up to 15% of their capital base to an individual household, instead of 10% earlier. Mortgage finance players will also be able to dole out up to 30% of their capital to households seeking mortgages for non-residential properties, up from a previous 20%. This is applicable for investors, as well as their spouse and minor children, or a single legal person and the parties associated with them, FRA Chairman Mohamed Omran announced in an official statement on September 28.

While there are still many challenges ahead for our economy and property market, there are also reasons to be optimistic about certain segments of the Egyptian real estate industry, especially when it comes to government achievements.

The state has managed to deliver several housing projects across the country, including Al Asmarat on Mokattam Hills and Alexandria's Bashayer El Kheir. There was also a special focus on slum development, with public investments estimated at EGP 14 bn. This reflected positively on almost 175,000 households to find decent homes, driving the government to work on increasing the number of beneficiaries to reach 240,000 families by year-end.

Concerning the educational sector, Egypt is taking serious steps towards developing such a crucial component, in an attempt to better serve different areas and change the scope of higher education nationwide. President Abdel-Fattah El-Sisi has recently directed the establishment of several non-profit universities across the country, at a total cost of EGP 30 bn.

Accordingly, during a Cabinet meeting on September 9, Prime Minister Mostafa Madbouly greenlighted the development of a medical research institute in Assiut, besides the addition of two new faculties in Fayoum and New Valley universities.

This comes along with the implementation of two non-profit universities in New Salhia and Sharm El Sheikh. Not only that, but also a presidential decree was issued for four new non-profit private universities nationwide, namely King Salman International University (KSIU) in Sinai, Al Alamein International University in New Alamein, Galala University in El Galala, and New Mansoura University in New Mansoura.

With an eye on the latest updates on new cities, Minister of Housing, Utilities, and Urban Communities Assem El Gazzar has earlier uncovered that the 6th of October City Development Authority will begin the official hand over of the most distinguished

residential plots in the ninth district of the urban area, located in west Cairo, as of October 10 till June 14, 2021.

Along the same lines, the New Urban Communities Authority (NUCA) has announced the offering of 3,098 housing plots across 11 new cities, ranging between 209 and 287 square meters, through a land lottery system from September 15 to October 15, according to a previous ministerial statement.

As for new housing projects within the newly-introduced areas, Deputy Minister of Housing, Utilities, and Urban Communities for National Projects Khaled Abbas has recently made a follow-up visit to the New Administrative Capital's (NAC) Capital Park project, where he called on contractors to finalize work on-site before year-end.

El Gazzar also followed up on the work progress of almost 29,496 social housing units (1,194 buildings), located in the extension of Badr City, or "Capital Gardens." El Gazzar indicated that on-site implementation work has exceeded the target rate of 26% and reached 38% instead.

On the other end of the spectrum, the state has lost about 400,000 acres of agricultural land due to urban sprawl, with unplanned settlements representing almost 50% of total urban areas and villages in Egypt, Madbouly has confirmed in a press conference on September 9, in the attendance of several ministers.

Back then, Madbouly indicated that 90,000 acres of the above-mentioned land was illegally occupied since 2011, soon after the January 25 uprising. As a result of unplanned construction on agricultural plots, the government has borne costs of EGP 150,000-200,000 to reclaim one acre of desert land as an alternative, meaning that EGP 18 bn is required to compensate for the 90,000 acres mistreated by the unrestricted growth in many urban areas.

That is why, according to the prime minister, Law Number 1 of 2020 stipulates reconciliation can be reached with the state to settle building code violations, with "seriousness fines" ranging between EGP 50-2,000 per square meter. Applications shall be submitted within six months, ending on September 30, with a chance for one more extension.

Private Sector Dominates Real Estate Scene

Despite all the odds wrought by the COVID-19 havoc Egypt-based developers are sparing no efforts to reinvigorate the real estate scene, especially with the launch of several new urban developments across the new cities.

Ora Developers, for example, released the second phase of its newest mixed-use project in east Cairo, or "ZED East," in November. The 360-acre gated community will include a variety of residential modules, including villas, twin houses, townhouses, and apartments, which were designed by one of the world's leading integrated design firms, WATG. The Egyptian company plans to generate around EGP 1.7 bn in sales of the compound's phase I.

Besides, Hyde Park Developments heads west Cairo with "Tawny," its latest villas-only project in 6th October City. With Tawny, Hyde Park targets EGP 2 bn in sales of phase I. The project will be implemented on an area of 31 acres, with only 20% of the built-up area of the total project; and to be fully delivered in early 2024.

Saudi Egyptian Developers (SED) also launched the third phase of its residential project in east Cairo, called "Jayd New Cairo," on October 4. The 68-acre compound is scheduled for delivery within two and a half years.

Likewise, Egypt's national real estate developer City Edge Developments (CED) has rolled out phase II of its Mazarine Islands development in New Alamein, North Coast, following the sell-out of the project's first phase. Mazarine Islands extends over 128 acres, comprising 285 contemporary designed villas, with areas ranging from 364 to 672 square meters. More additions include Master Group's second residential project in NAC, named "City Oval," with investments estimated at EGP 6 bn.

Nevertheless, under-construction developments by private developers are proceeding in full swing to prevent any delays due to the pandemic disruption. Orientals for Urban Development (OUD), for instance, has contracted with several construction companies to finalize the construction of its J'houb, Azadir, and Oriental Coast projects for delivery in 2021, at a total cost of EGP 1.5 bn.

Ora Developers has also revealed updates on its west Cairo project, or "ZED," including EGP 5 bn worth of contracts for the construction of phase I. Orascom Construction, Alrowad Group, and Redcon Construction were among the award winners, according to the developer, which noted that the high-end compound is being developed with investments totaled at EGP 40 bn.

Moreover, Sixth of October for Development and Investment Company's (SODIC) unit, called "Sixth of October Development and Real Estate Projects (SOREL)," has inked an EGP 2.57 bn medium-term credit facility with the Arab African International Bank (AAIB).

According to SODIC, the new loan will be geared toward financing the execution of SODIC's signature project in New Cairo, dubbed "Villette," including the construction and finishing of the compound's sporting club.

Perhaps most importantly, Mist Italia Properties (MIP) has unveiled the completion of work on its flagship project in NAC, named "IL BOSCO," making it the first among the private sector to commence deliveries in the new capital ahead of schedule in 2020, instead of the year after, therefore exceeding expectations and progressing in line with the state's urban development plans.

Economic Snapshot

The Egyptian economy is also proving more resilient than those of its peers, without barring any significant deterioration, thanks to the Economic Reform Program, which the state began to adopt back in 2016, paired with the government-dictated precautionary measures.

As a proof of that, net international reserves continue increasing for the fourth executive month, adding up around USD 59 mn (EGP 927 mn) to the country, and reaching USD 38.42 bn (EGP 603.7 bn) last September. It is worth highlighting that Coronavirus has resulted in a loss of USD 10 bn (EGP 157.1 bn) in net reserves, after hitting around USD 45.5 bn (EGP 714.8 bn) in February.

Speaking of the non-oil business activity, according to IHS Markit, economic conditions relieved a sigh for the first time in 14 months, as the Purchasing Managers' Index (PMI) reached 50.4 in September. This means that the non-oil economy is seeing a modest turnaround, following the devastating impact of the COVID-19 outbreak.

Meanwhile, annual inflation rate saw a slight increase to record 3.7% in September, compared to 3.4% in the previous month, after hitting 4.2% in July. This was mainly due to a drop in food and beverages prices on a monthly basis.

To further reinforce the Egyptian economy, the Monetary Policy Committee (MPC) has decided to lower interest rates by 50 basis points during its meeting on September 24, following a major drop of 300 basis points in March. In consequence, Overnight Deposit Rate, Overnight Lending Rate, and Rate of Main Operations hit 8.75%, 9.75%, and 9.25%, respectively. This is in addition to the Discount Rate dropping to 9.25% during the same month.

Trade deficit also shrank by 8.6% last June, reaching USD 3.3 bn (EGP 51.9 bn), compared with the same month a year earlier. This decrease was mainly due to exports going down 7.9% YoY in June, whereas imports dropping 8.3% YoY.

In a nutshell, based on the previous indicators and briefings, and despite all the odds wrought by the havoc, Invest-Gate concludes that Egypt is proceeding on the right track to combat the ongoing outbreak and revive the local economy. Better yet, a number of renowned international financial institutions anticipate a bright and more stable future for the country's economy, yet with all safety measures in place.



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