

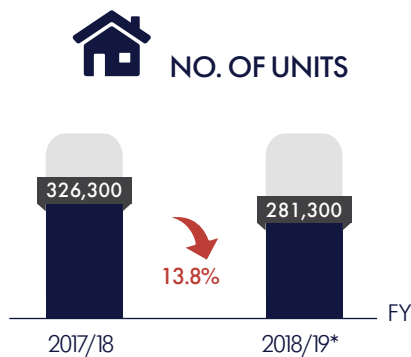
MARKET WATCH

BY **DINA EL BEHIRY**

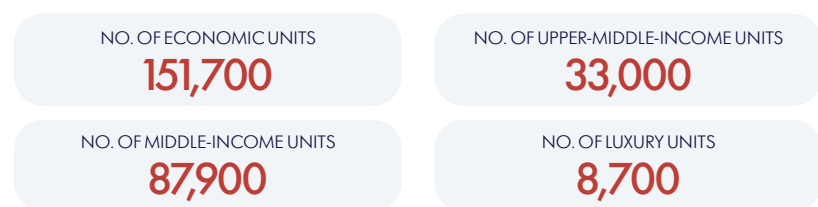
INVESTIGATE
RESEARCH & ANALYSIS

PROPERTY MARKET INSIGHTS IN FY 2018/19

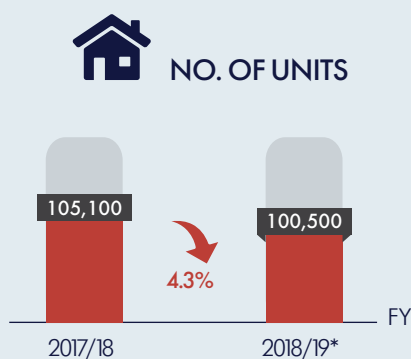
COMPLETE HOUSING UNITS



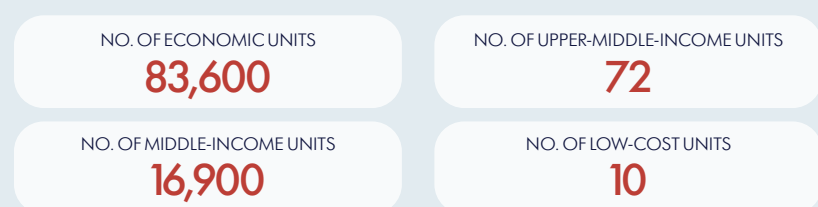
 *TYPES OF HOUSES RELEASED IN FY 2018/19



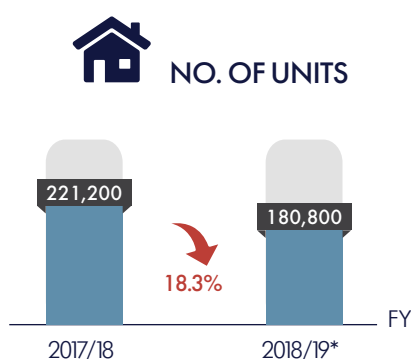
HOUSING UNITS BY PUBLIC SECTOR



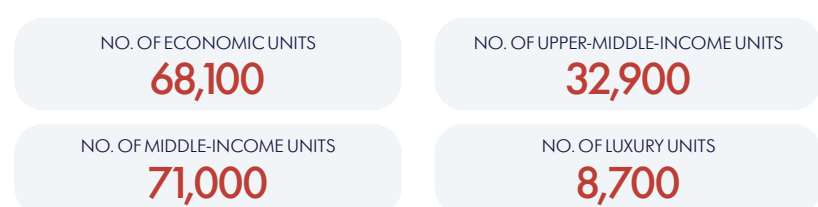
 *TYPES OF HOUSES RELEASED IN FY 2018/19



HOUSING UNITS BY PRIVATE SECTOR



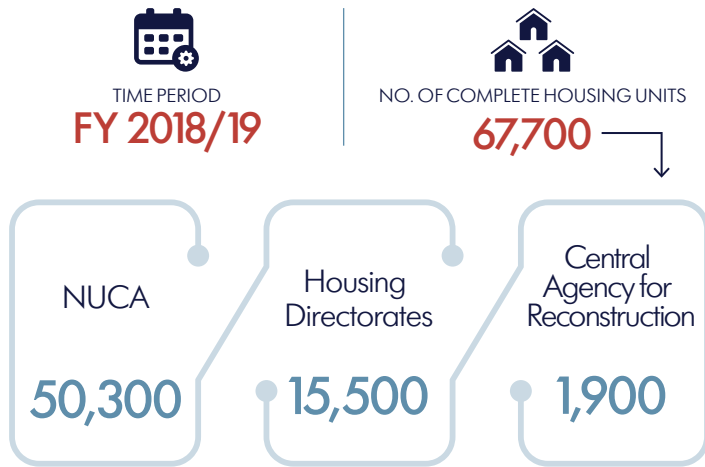
 *TYPES OF HOUSES RELEASED IN FY 2018/19



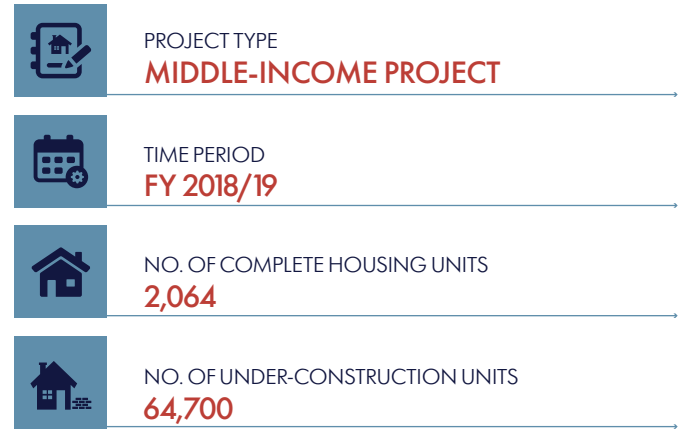
DAR MISR



SOCIAL HOUSING PROJECT (1 MN UNITS)



SAKAN MISR



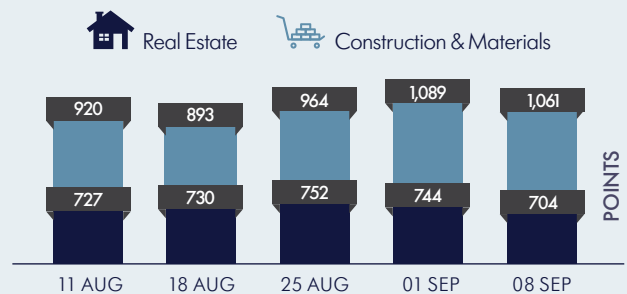
OFFERING NEW SOCIAL HOUSING UNITS



PRICES OF CONSTRUCTION MATERIALS (AUGUST 2020) (EGP)

STEEL BARS	CRETAL STEEL	PORTLAND CEMENT	COARSE SAND
(per ton) 9,550 (YOY -19.4%)	(per ton) 9,800 (YOY -21.6%)	(per ton) 730 (YOY -13.1%)	(per sqm) 65 (YOY -7.1%)
SOLID CEMENT BRICKS (per 1,000 bricks) 1,100 (YOY 0%)		BRICK HOLLOW CONCRETE (40x20x12 cm) (per 1,000 bricks) 5,200 (YOY 3%)	

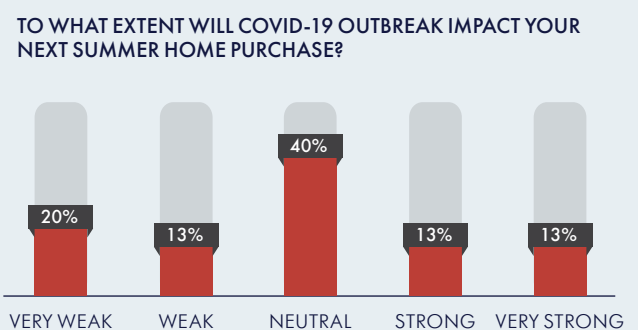
REAL ESTATE & CONSTRUCTION STOCK MARKETS INDEXES PERFORMANCE IN EGYPT (2020)



EL-SISI DIRECTS ESTABLISHING NEW UNIVERSITIES



ONLINE MONTHLY SURVEY (%)



Sources: CAPMAS, SHMFF, Ministry of Housing, Utilities & Urban Communities, Egyptian Exchange (EGX) & Invest-Gate R&A.

NEW CITIES UPDATE

CURRENT STATUS OF NEW ADMINISTRATIVE CAPITAL (NAC)

Plan
Work is Continuing in Full Swing, With No Delays

Delivery Date
2021

Gov't District

Central Business District (CBD)

No. of Ministries
34

Completion Rate
86%

No. of Towers
20

Completed Area
800,000 m³

Others
Parliament, Senate, Administrative Control Authority & Green River

Completion Rate
60% of Skeleton Works

Investment Cost
USD 300 mn

Delivery Date

Sept 2020

Excluding Senate
June 2021

Unit Types

Residential

Commercial / Administrative

Residential Districts

Iconic Tower

No. of Houses in R1
16,428

No. of Houses in R6
16,002

Total No. of Stories
80

Total Length
400 m

Completion Rate
63%

Completion Rate
65%

Total Area
240,000 m²

No. of Constructed Stories
42

Delivery Date (R1 & R6)
April 2021

Investment Cost
EGP 47.6 bn

Cooperative Party
China State Construction Engineering Corporation (CSCEC)

No. of Houses in R2
24,517

No. of Houses in R3
7,080

NEW MINYA AUTHORITY APPROVES LAND CROP

Completion Rate
89%

Completion Rate
79%

Owner
Amer Group's Subsidiary
(Amer for Tourism Development)

Location
New Minya City

Delivery Date (R2 & R3)
Dec 2020

Area
45 Acres

Status
Amer Got Approval to Scale Down Allocated Land Area

Source: Cabinet, Ministry of Housing, Utilities & Urban Communities & New Minya Development Authority.

PRIVATE REAL ESTATE PROJECTS UPDATE



NEW RESIDENTIAL PROJECTS



KINDA

Developer

Minka Development

Location

East Cairo

Area

28 Acres

Investments

EGP 5 bn

Delivery Date

2025

Plan

Generate EGP 6 bn Sales

Supply Volume

No. of Residential Units → 800

Apartments

Standalone Villas



SILVA

Developer

First Group

Location

Sheikh Zayed City, West Cairo

Area

40 Acres

Investments

EGP 800 mn (Per Phase)

No. of Phases

2

Supply Volume

Villas



Scene 7

Developer

Akam Developments

Location

R7 District, NAC

Area

40 Acres

Target

Achieve EGP 5 bn in Sales of The Project's Various Residential, Commercial & Sports Properties

Supply Volume

No. of Residential Units → 400 → Delivery Date → End of 2021

Other Commercial Spots

Sports Mall



NEW COMMERCIAL PROJECTS

KAZAN PLAZA
(Phase II)

Developer First Group	Location 6th of October City, West Cairo	Area 12,000 m²
Investments EGP 800 mn	Built-Up Area 38,000 m²	
Supply Volume		
Commercial/Administrative Units		Medical Facilities

PARAGON

Developer Builderia Development	Location NAC	Area 4,300 m²
Investments EGP 500 mn	Delivery Date 2022	Built-Up Area 23,000 m²
Supply Volume		
No. of Stories → 7		No. of Offices → 205
Two-Story 8,500 m ² Garage		

Carrefour
Market
(New Branch)

Developer Majid Al Futtaim	Location Zaki Ragab District, Alexandria	Area Over 900 m²
Investments EGP 37 mn	Plan Opening of New Outlets in Cairo in Q3 2020	
1st Location → Mivida/ Area: 500 m ² 2nd Location → Al Azhar/ Area: 1,200 m ²		
3rd Location → Alexandria's Wingit Areas/ Area: 1,100 m ²		
Carrefour Plans to Inaugurate 9 New Projects to Reach 63 Branches Before 2021		
Investments → EGP 200 mn		

Source: Developers' Official Statements



NEW HOSPITALITY PROJECT

ADDRESS
MARASSI
GOLF RESORT

<p style="text-align: center;"> Developer</p> <p style="text-align: center; color: #c00000; font-weight: bold;">Emaar Hospitality Group</p>	<p style="text-align: center;"> Location</p> <p style="text-align: center; color: #c00000; font-weight: bold;">North Coast</p>	<p style="text-align: center;"> Area</p> <p style="text-align: center; color: #c00000; font-weight: bold;">624 Acres</p>				
<p style="text-align: center;"> Investments</p> <p style="text-align: center; color: #c00000; font-weight: bold;">EGP 950 mn</p>	<p style="text-align: center;"> Supply Volume</p> <table style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <tr> <td style="width: 50%; padding: 5px; text-align: center; color: #c00000; font-weight: bold;">48 Keys</td> <td style="width: 50%; padding: 5px; text-align: center; color: #c00000; font-weight: bold;">82 Serviced Apartments</td> </tr> <tr> <td style="width: 50%; padding: 5px; text-align: center; color: #c00000; font-weight: bold;">5 Restaurants</td> <td style="width: 50%; padding: 5px; text-align: center; color: #c00000; font-weight: bold;">250 m² Ballroom</td> </tr> </table>		48 Keys	82 Serviced Apartments	5 Restaurants	250 m ² Ballroom
48 Keys	82 Serviced Apartments					
5 Restaurants	250 m ² Ballroom					



PROJECTS UNDERWAY

KAI SOKHNA

<p style="text-align: center;"> Developer</p> <p style="text-align: center; color: #c00000; font-weight: bold;">Misr Italia Properties (MIP)</p>	<p style="text-align: center;"> Location</p> <p style="text-align: center; color: #c00000; font-weight: bold;">Ain Sokhna</p>	<p style="text-align: center;"> Area</p> <p style="text-align: center; color: #c00000; font-weight: bold;">147,000 m²</p>				
<p style="text-align: center;"> Plan</p> <p style="text-align: center; color: #c00000; font-weight: bold;">Kai's Hilton Ain Sokhna Hotel to Open in 2024</p>	<p style="text-align: center;"> News</p> <table style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <tr> <td style="width: 70%; padding: 5px; color: #c00000; font-weight: bold;">MIP to Set Up 1st Kitesurfing Center; FINS</td> <td style="width: 30%; padding: 5px; color: #c00000; font-weight: bold;">→ Delivery Date Q4 2020</td> </tr> <tr> <td style="padding: 5px; color: #c00000; font-weight: bold;">MIP Intends To Deliver Phase I</td> <td style="padding: 5px; color: #c00000; font-weight: bold;">→ Delivery Date November</td> </tr> </table>		MIP to Set Up 1st Kitesurfing Center; FINS	→ Delivery Date Q4 2020	MIP Intends To Deliver Phase I	→ Delivery Date November
MIP to Set Up 1st Kitesurfing Center; FINS	→ Delivery Date Q4 2020					
MIP Intends To Deliver Phase I	→ Delivery Date November					

ENTRADA

<p style="text-align: center;"> Developer</p> <p style="text-align: center; color: #c00000; font-weight: bold;">Sorouh Developments</p>	<p style="text-align: center;"> Location</p> <p style="text-align: center; color: #c00000; font-weight: bold;">NAC</p>	<p style="text-align: center;"> Area</p> <p style="text-align: center; color: #c00000; font-weight: bold;">300,522 m²</p>
<p style="text-align: center;"> Investments</p> <p style="text-align: center; color: #c00000; font-weight: bold;">EGP 10 bn</p>	<p style="text-align: center;"> News</p> <p style="text-align: center; color: #c00000; font-weight: bold;">Entrada Logs EGP 2.5 bn Sales in 2 Yrs</p>	

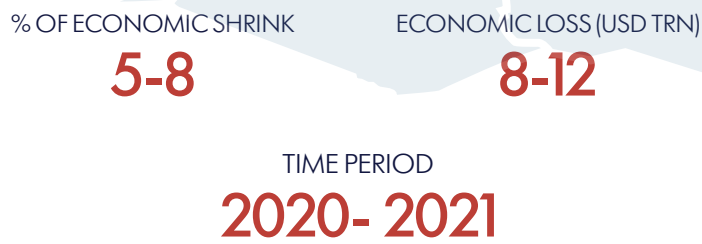
Kenz

<p style="text-align: center;"> Developer</p> <p style="text-align: center; color: #c00000; font-weight: bold;">First Froup</p>	<p style="text-align: center;"> Location</p> <p style="text-align: center; color: #c00000; font-weight: bold;">October Gardens, West Cairo</p>	<p style="text-align: center;"> Area</p> <p style="text-align: center; color: #c00000; font-weight: bold;">30 Acres</p>
<p style="text-align: center;"> Delivery Date</p> <p style="text-align: center; color: #c00000; font-weight: bold;">June 2021</p>	<p style="text-align: center;"> News</p> <p style="text-align: center; color: #c00000; font-weight: bold;">First Group to Finish Construction Works of Phase IV</p>	

ECONOMIC SNAPSHOT

INTERNATIONAL

EXPECTED GLOBAL ECONOMIC SHRINK DUE TO COVID-19

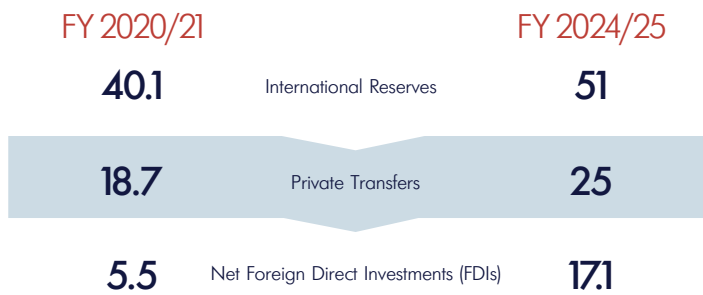


UNITED NATIONS ESTIMATES GLOBAL LOSSES OF TOURISM SECTOR



EGYPT

IMF'S PROJECTIONS FOR EGYPTIAN ECONOMY (USD BN)



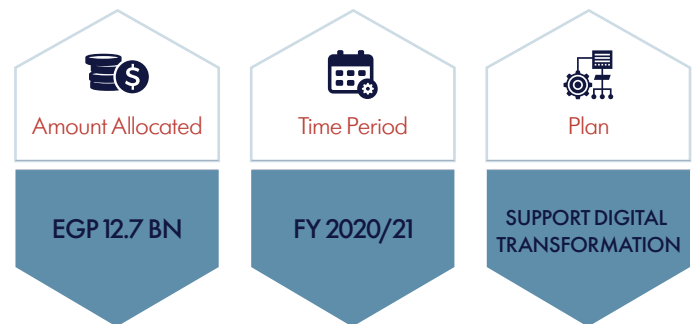
FOREIGN DEBT TO GDP



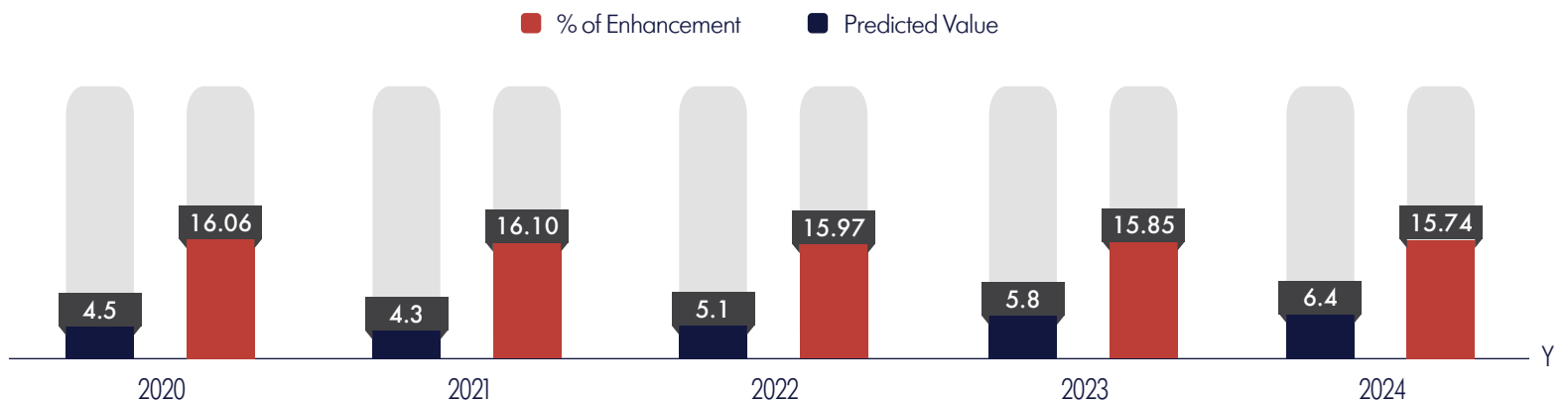
FITCH SOLUTIONS EXPECTS EGYPT TO BOOST EXPORTS' VALUE (USD BN)



DIGITAL TRANSFORMATION PROJECTS

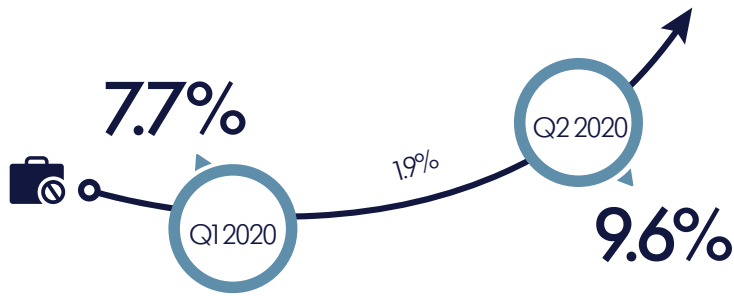


THE ECONOMIST SEES BETTER INDICATORS FOR EGYPTIAN POUND AGAINST USD

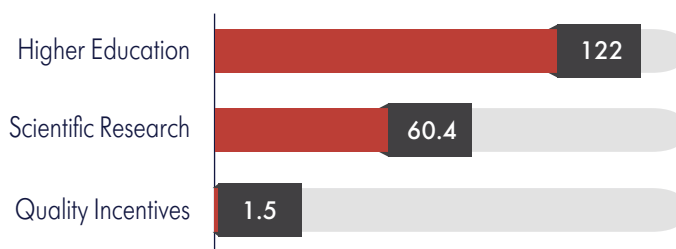


Sources: Arab Monetary Fund, United Nations, Ministry of Planning & Economic Development (MPED), CBE & Ministry of Finance.

UNEMPLOYMENT RATE



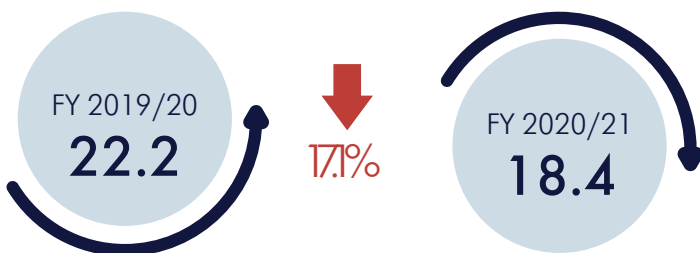
HIGHER EDUCATION & SCIENTIFIC RESEARCH BUDGET IN FY 2020/21 (EGP BN)



SUEZ CANAL AUTHORITY TO BOOST INVESTMENTS (EGP BN)



EXPECTED PETROLEUM IMPORTS (MN TONS)



MANPOWER PROVIDES EMERGENCY FUND



ANNUAL HEADLINE INFLATION



NET INTERNATIONAL RESERVES (USD BN)



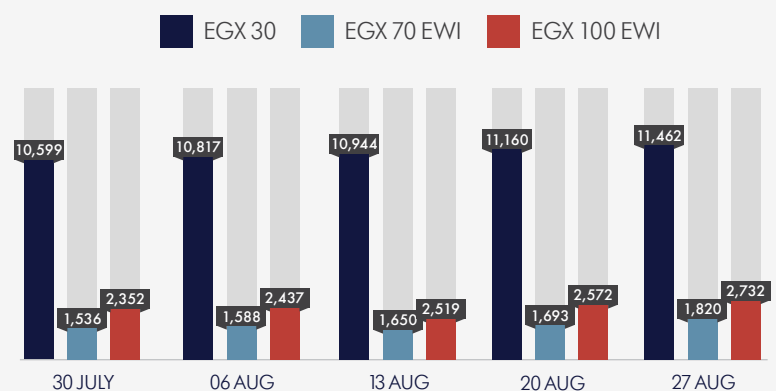
PURCHASING MANAGERS' INDEX (PMI)



EXCHANGE RATES



CAPITAL MARKET INDICATORS



Source: CBE, IHS Markit, EGX, CAPMAS, Ministry of Finance, Suez Canal Authority & Ministry of Manpower.

FULL ANALYSIS FACTS & FIGURES

A DEEP DIVE INTO EGYPT'S REAL ESTATE ACHIEVEMENTS IN FY 2018/19

BY **DINA EL BEHIRY**

Since the calamity of Coronavirus hit world economies hard, including Egypt, efforts never ceased to combat such an unprecedented outbreak, while also forging ahead with market advancements. But to scrutinize the performance of major markets, particularly across the property landscape, it is highly important to consider the achievements that came about way before the COVID-19 havoc.

With an eye on the headways made in the Egyptian real estate industry in FY 2018/19, according to the Central Agency for Public Mobilization and Statistics (CAPMAS), the total number of residential units executed reached around 281,300, with investments of EGP 94.6 bn. However, this is seen as a downgrade as the number of executed residential units marked 326,300 in the previous fiscal year, at a total cost EGP 106.9 bn.

In FY 2018/19, the economic housing type was the forefront, with a total number of 151,700 residential properties, followed by middle- and upper-middle-income housing at 87,900 and 33,000 units, respectively, with the luxury housing type coming at last place at 8,700 units.

While focusing on residential units established by the public sector in FY 2018/19, it has been found out that there was a 4.3% drop as the

number of units was 100,500; however, 105,100 units were built in the prior year. Of these established units in FY 2018/19, the economic housing units were 83,600, whilst the middle-income housing units were 16,900 units, the upper-middle type reached 72 units, and the low-cost type was 10 units.

Additionally, the private sector took part in this journey as the number of units the developers executed reached 180,800 houses in FY 2018/19, with an 18.3% drop compared to the number of units implemented in FY 2017/18, which stood at 221,200 units. Looking at the unit types in FY 2018/19; the economic housing units reached 68,100 units, the middle-income type was 71,000 units, the upper-middle-income was 32,900 units, and then the luxury one reached 8,700 units.

Adding to this, a series of projects were undertaken as part of the Social Housing Program, including the 1 mn units project. This included the

development of 67,700 units in FY 2018/19, whereas the Dar Misr project included 14,500 units, in addition to 2,064 units in Sakan Misr.

It is highly important to highlight that these efforts to achieve milestones in the property market never end. The Board of Directors of the Social Housing and Mortgage Finance Fund (SHMFF) has approved the offering of 125,000 residential units; 100,000 social housing and 25,000 middle-income housing units. This comes as part of phase I of President Abdel-Fattah El-Sisi's initiative to provide homes for all citizens. The new houses are found across Greater Cairo and most governorates in Egypt. However, cabinet approval on sale prices and income limits of these units is still pending, said CEO of Social Housing and Mortgage Finance Fund (SHMFF) Mai Abdel Hamid in an official statement on September 17.

Aiming to further reinforce the Egyptian property market, the government pays a great deal of attention to the projects accomplished in the new cities, calling for intense progress in terms of construction works on projects in the New Administrative Capital (NAC), with no delays, aiming for delivery in 2021.

Concerning the government district, which includes 34 ministries, in addition to the Parliament and the Administrative Control Authority buildings, as well as the Green River, is 86% complete to be delivered on September 30, excluding the Senate Building on June 30, 2021.

As for residential districts, R1 and R6 districts are planned to be delivered on April 30, 2021; however, R2 and R3 districts are scheduled on December 31. Beyond that, the Iconic Tower, which is assumed to be the tallest in Africa, has seen 42 of the planned 80 stories executed thus far, coming with investments worth EGP 47.6 bn.

Private Sector Marches Forward

In the same vein, real estate developers are sparing no efforts when it comes to urban development. For instance, Egypt-based Minka Development has launched its newest 28-acre project in east Cairo, called "Kinda." Featuring 800 residential units, the compound is scheduled for delivery in 2025, with targeted sales of around EGP 6 bn.

Moreover, First Group announced the launch of its Silva project in the Sheikh Zayed City, including villas. The company plans to pump around EGP 800 mn (per phase) worth of investments into the project, which spreads over 40 acres. Moreover, Akam Developments has unveiled launching a new residential project, named "Scene7," in NAC. The company targets EGP 5 bn in sales of the project's various residential, commercial, and sports properties.

Looking at the commercial sector, First Group intends to present its "Kazan Plaza" project, which comes as part of the Egyptian company's expansion plan, set for inauguration in Q4 2020. Besides, Builderia Development has announced the launch of its first intelligent administrative complex, or "Paragon," with investments of EGP 500 mn, aiming for completion in 2022. Nestled within NAC, the seven-story building will be developed over 4,300 square meters, comprising 205 office spaces, in addition to a two-story 8,500-square-meter parking area.

Furthermore, Carrefour has opened its 53rd branch in Egypt in the Zaki Ragab district of Alexandria. The international supermarket chain is on track to open multiple new outlets in Cairo, which are set to welcome shoppers in Q3 2020. Additionally, Al Futtaim plans to inaugurate the nine other branches before year-end, with investments of EGP 200 mn.

When it comes to hospitality projects, Emaar Hospitality Group's Address Hotels & Resorts has made a debut on Egypt's North Coast with its first resort in Egypt, called "Address Marassi Golf Resort," after seven months of steady construction work. Marassi's newest exquisite getaway, extending over 624 acres, was officially inaugurated in the presence of Tourism and Antiquities Minister Khaled El Anany and Minister of Housing, Utilities, and Urban Communities Assem El Gazzar, among other officials and dignitaries representing Emaar Misr.

Economic Sphere Amidst Pandemic

Thanks to the Economic Reform Program, which was adopted in early 2016, on top of the government-dictated protective measures against Coronavirus, Egypt's ability to absorb this major catastrophe was globally recognized.

Net international reserves, for instance, reached USD 38.31 bn in July, after standing at USD 45.5 bn in February, despite falling by around EGP 10 bn due to the pandemic. In August, figures began bouncing back with an increase of USD 50 mn to hit around USD 38.37 bn.

Similarly, in August, the annual inflation rate dwindled to 3.4%, registering its lowest level since October 2019, thanks to the reduction in food prices on a monthly basis. Concerning the non-oil private sector in Egypt, it witnessed growth in activity and demand for the second month in a row; however, layoffs led to business deterioration.

That is why the Purchasing Managers' Index (PMI) recorded 49.4 in August, after reaching 49.6 points in July, according to IHS Markit. Besides, the Suez Canal Authority (SCA) plans to boost its investments by 70.7% in FY 2020/21 to reach EGP 16.9 bn, compared to EGP 9.9 bn in the earlier fiscal year.

On the other end of the spectrum, the government pays a great deal of attention to a bunch of mega-developments, notably with regard to digital transformation, thereby directing about EGP 12.7 bn to support technological projects in FY 2020/21.

According to Minister of Finance Mohamed Maait, the main target of this initiative is to transform the system of the ministry to an electronic one by the end of 2021, in a bid for financial inclusion and efficiency of public expenditure.

Not only that but the state has also increased the budget for the education sector, therefore allocating EGP 122 bn to higher education, EGP 60.4 bn to scientific research, paired with EGP 1.5 bn as a quality incentive for universities and research bodies.

In a bid to exhibit that Egypt is on the right track, the world's major financial institutions have anticipated a bright and more stable future for the local economy. Amongst these institutions is the International Monetary Fund (IMF).

The IMF expects the Egyptian international reserves to improve in FY 2020/21, therefore reaching USD 40.1 bn and USD 51 bn in 2024 and 2025, respectively. For private transfers, the fund predicts a boom, going up to USD 18.7 bn in FY 2020/21, and USD 25 bn in FY 2024/25. Furthermore, it has projected net foreign investments to hit USD 5.5 bn in FY 2020/21, and USD 17.1 bn in FY 2021/25.

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