

# INVESTIGATE

RESEARCH & ANALYSIS

## THE PURCHASING POWER REPORT 2019

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## INTRODUCTION

Once upon a time EGP 500,000 was considered a substantial amount of cash that can make you lay hands on the keys to the house of your dreams. Nowadays, this sum won't get you as far, owing to the aftermath of spiraling inflation rates, which have significantly influenced Egyptians' purchasing power.

Today's housing market climate is a stormy one for home buyers; the costly building materials and land, together with the mounting production costs, have resulted in a series of setbacks in the local real estate market. As inflation and home prices continued to creep up, potential purchasers were more hesitant to acquire new properties, and most will wait until rates start to bottom, which is not expected to occur in the near future.

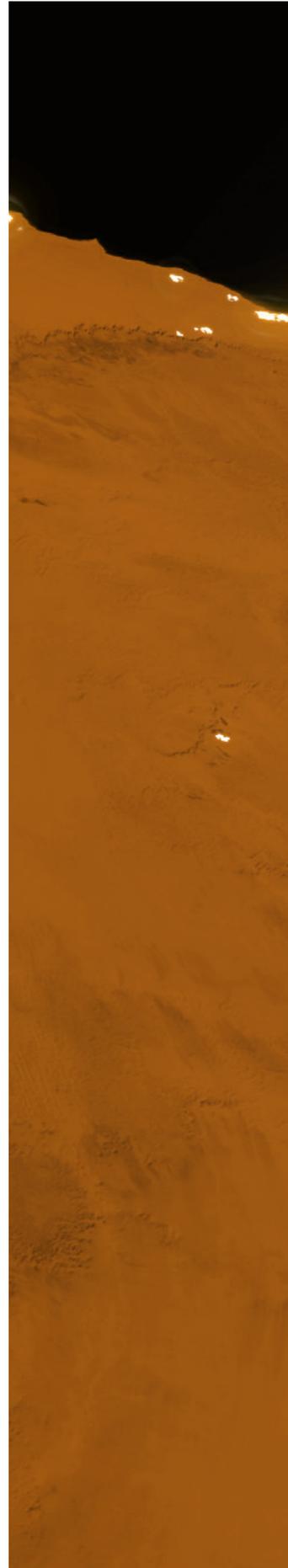
Egypt's buyer behavior has changed considerably as the country was mired in a long-term economic downturn, coupled with the currency devaluation in late 2016. Further, banks have also been forced by the Central Bank of Egypt (CBE) to limit the monthly installments of consumers' portfolios of loans to a maximum of 35% (40% if mortgage loans are included) of monthly net income. Other factors include interest rates, gross domestic product (GDP), and unemployment, which seriously erode consumer affordability for houses.

Complicating the issue is the fact that property developers did not even out the market's peaks and troughs, hence could not keep up with this financial instability. Instead,

the drive to hedge against inflation has lured them to take advantage of the niche market and cater to higher-income Egyptians, and thus, merely appealing to consumer aspirations for high-end living. In turn, those falling out of the upper segment (i.e lower-middle-income brackets) were uncharted, as they were buffeted with increasingly unaffordable residences, with less leverage at the negotiating table, thereby creating significant gaps in the housing ladder.

For now, the sector is in part safeguarded, yet given the spatial disparity between the demand and supply, it has been noticed that this will not be an easy ride for unprepared developers. If a bubble develops and bursts in the luxury segment, this will have severe consequences on other healthier divisions. In other words, small-scale developers will severely suffer due to their undercapitalization, while bigger ones will require tapping into their cash flows, all to avoid a crash and extensive delays to projects' delivery dates.

From this perspective, Invest-Gate's R&A team digs deep into the current status of Egyptians' purchasing power and analyzes the determinants influencing consumer demand. We provide a handy guide to the priorities and challenges of those home seekers when it comes to hunting for new properties, while weighing the rent-versus-buy decision, aiming to make developers lay hands on their target customer's radar through a sleight-of-hand maneuver to pull off without major financial implications.





# PART I: THE ECONOMIC SPHERE BEARS PURCHASING POWER

## Factors Affecting Interest Rates

The success or failure of a nation's economy can greatly affect consumer behavior based on a variety of economic factors. If the economy is strong, consumers have a greater purchasing power, and thus, more money pumped into the country. However, if it is struggling, the reverse is true.

In November 2016, the Egyptian economy has witnessed performance turnarounds, after embarking on an ambitious and challenging home-grown economic reform program, supported by a three-year extended fund facility from the International Monetary Fund (IMF) worth USD 12 bn. The objectives of this scheme were to address key imbalances in the economy as well as the fiscal deficit, while achieving the necessary macroeconomic stability for sustainable and inclusive economic growth.

Aside from the EGP flotation, the reforms commenced with the substitution of sales tax with a comprehensive value-added tax system. More significant was the reduction of direct price subsidies for fuel products, electricity, and utilities. To achieve the plan's target, the CBE adopted a contractionary monetary policy throughout 2016 and 2017, hiking interest rates by 8.5%.

Concerning the local real estate scene, the market has generally remained robust and positive despite political and economic uncertainty, which pushed many Egyptians to put their cash into real estate as a way to offset the erosion of the currency's value. This has fueled the development of property projects and gated communities, given the

growing urban expansion and the introduction of new cities nationwide. Simultaneously, housing prices and production costs have been growing since then.

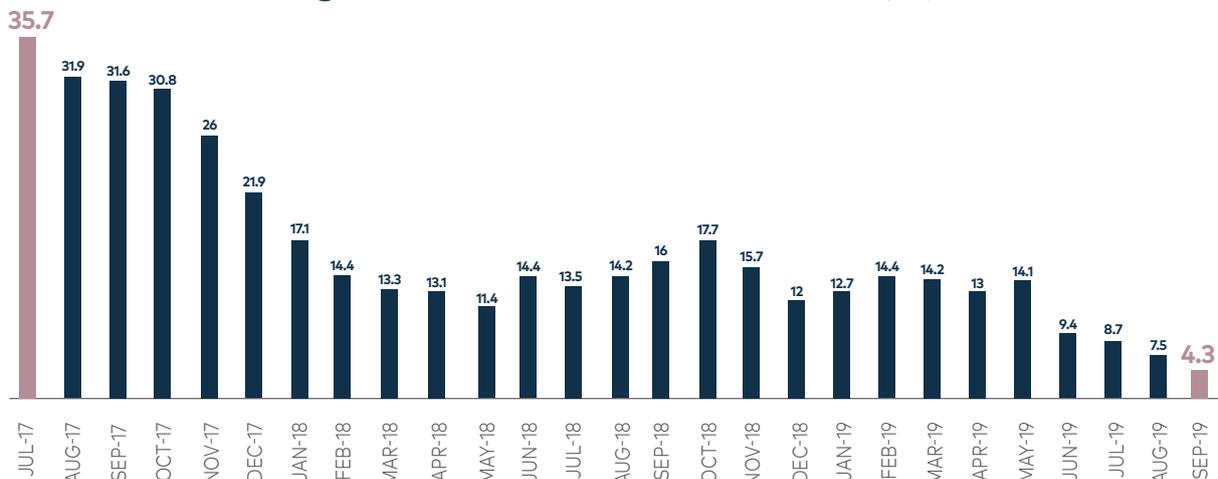
The good news is that recent macroeconomic indicators suggest that, despite the challenging stabilization measures adopted, the Egyptian economy is recovering from the tumult of severe austerity it has been enduring ever since the 2011 uprising. In fact, these provisions succeeded in leaping the country's annual GDP growth from 1.8% in FY 2011/12 to 5.6% in FY 2018/19.

Meanwhile, unemployment declined to below 10% last year - its lowest since 2011, and the annual headline inflation rate fell to a six-and-a-half-year low in August, registering 7.5% from 8.7% in July.

With GDP shooting up, in parallel with the descending unemployment and inflation rates, the CBE said the containment of inflationary pressures paves the way for interest rate cuts, notwithstanding the recently implemented fiscal consolidation measures that hit cost recovery for most fuel products.

Before jumping into how the economic bulwark has prolonged interest in the real estate sector, it is certainly important to paint a full picture of all facets implicitly influencing the market dynamics, which are currently overheating with heavy property speculation.

### DECLINING INFLATION RATES (%)



Source: Central Agency for Public Mobilization and Statistics (CAPMAS)

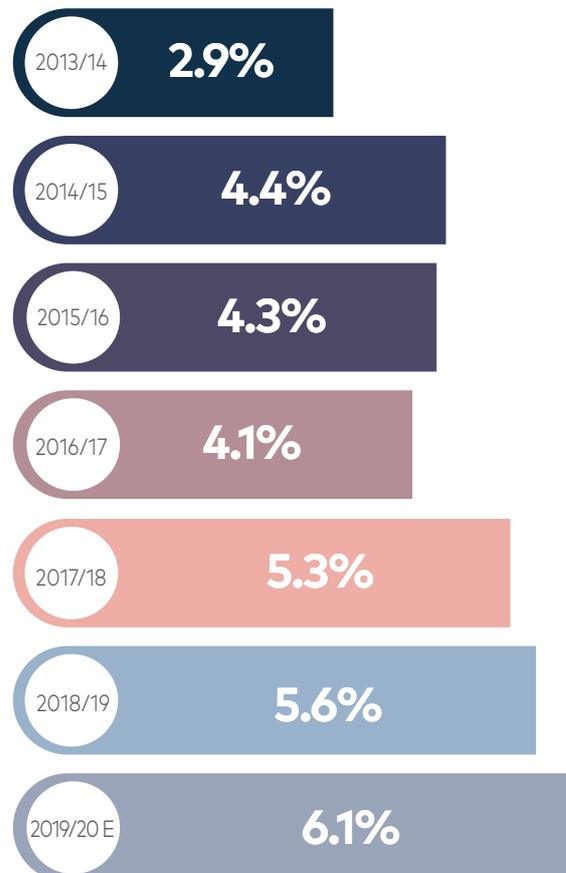


Since the currency flotation, Egypt's inflation rates have skyrocketed to reach a record high of 35% in July 2017, following the second wave of energy subsidy cuts that took place in the same month. However, headline inflation lately reversed an upward trend and started to achieve its lowest levels since January 2013.

Excluding August 2019 reduced figures, the country's annual headline inflation rate had plunged to a four-year low last July, dipping to 8.7% from 9.4% a month earlier, despite the fresh round of subsidy cuts that pushed domestic fuel prices up 16-30%, according to the Central Agency for Mobilization and Statistics (CAPMAS).



## GROSS DOMESTIC PRODUCT (GDP)



E\*: Estimation  
Source: Ministry of Planning

Despite the slackened growth in light of the currency liberalization, Egypt's annual GDP began to embrace an upward trend since FY 2014/15, bouncing to 4.4% from 2.9% in the previous fiscal year.

Looking ahead, the IMF estimates local GDP to grow 5.5% and 5.9% in 2019 and 2020, respectively, powered mainly by a recovery in tourism and a boost in natural gas output. On that note, the Egyptian Ministry of Planning expects the percentage to grow beyond and hit 6.1% in FY 2019/20.

## UNEMPLOYMENT RATES

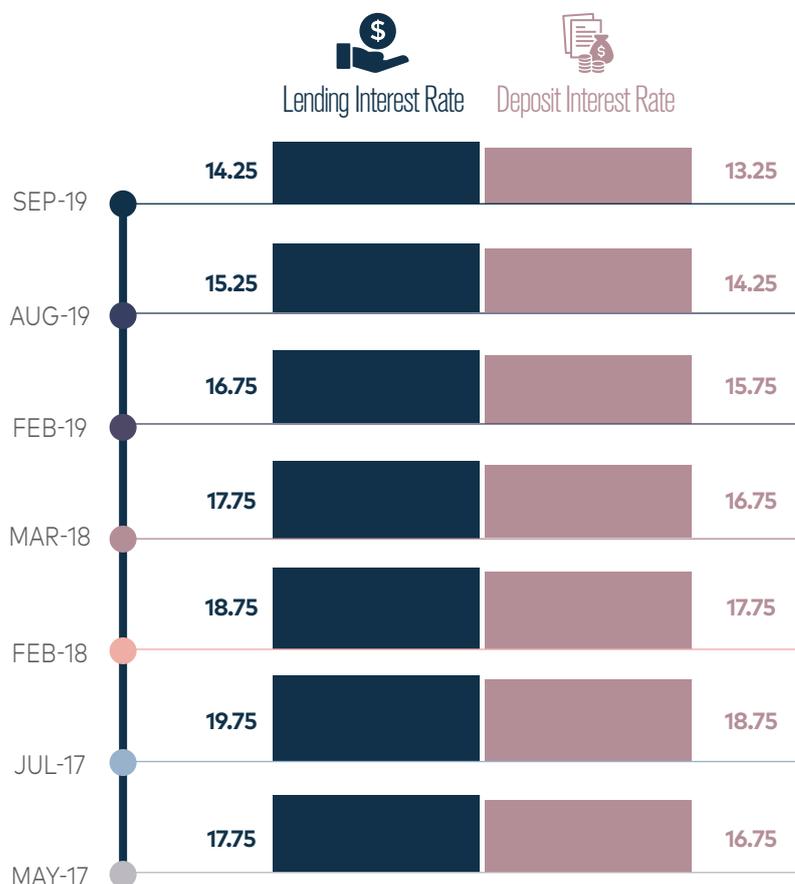


Source: CAPMAS

From 2011 onwards, unemployment shifted into double digits, recording the highest level of 13.2% in 2013, a figure that has remained almost stationary up to 2016. Thereupon,

it plummeted year-over-year (YoY) to reach 9.9% in 2018, down from 11.8% a year earlier.

## INTEREST RATES PERFORMANCE (%)



Source: Central Bank of Egypt (CBE)



Immediately after floating the local currency, the CBE lifted key interest rates by 300 basis points - or 3%, while some banks started offering certificates of deposit (CD) with a 20% interest.

On the flip side, under the successful fiscal reforms, and amid containing inflation rates, the Monetary Policy Committee (MPC) slashed interest rates by 1.5% (150 basis points), marking the first cut in six months or since February. The deposit rate, lending rate, and main operation rate went down to 14.25%, 15.25%, and 14.75%, respectively, the CBE announced last August.

Furthermore, in late September, MPC made the second consecutive cut to key rates by 1% (100 bps), driven by the declining inflation, which hit a six-year low in August, alongside the falling unemployment and soaring economic growth, in a bid to strengthen cash flows and levitate the country's economic growth.

In practice, the new cuts were well received by all sectors, deeming it a necessary move to reviving the domestic market and further enhancing the economy, as it will contribute to attracting more investments and establishing additional megaprojects.



## Impact of Interest Rate on Property Sector

Interest rates serve as the economy's accelerator and brake pedals. Increased key rates translate into more costs to borrow loans, and people will have less money to spend, therefore fewer cash flows. As a result, the economy will slow down, whilst prices will spring up. Conversely, a rate cut means a stimulated economy, greater cash flows, and less lending costs.

As a case in point in the property sector, a study by the University of Nairobi, dubbed "The Relationship Between Interest Rates and Real Estate Investments in Kenya," reveals that the correlation between interest rates and investing in the real estate sector is pivotal, indicating that buying homes can be more affordable when rates are curtailed.

In other words, a declining interest rate environment, which keeps servicing costs of larger mortgages within the household budget limits imposed by current wages, typically boosts the demand for properties. As a matter of fact, low-interest rates are believed to be the main factor triggering the expansion of the real estate market, as it drives higher demand for houses as mortgage financing becomes cheaper.

Beyond that, lower rates would substantially benefit buyers at a time when rents continue hiking cross-country, as it

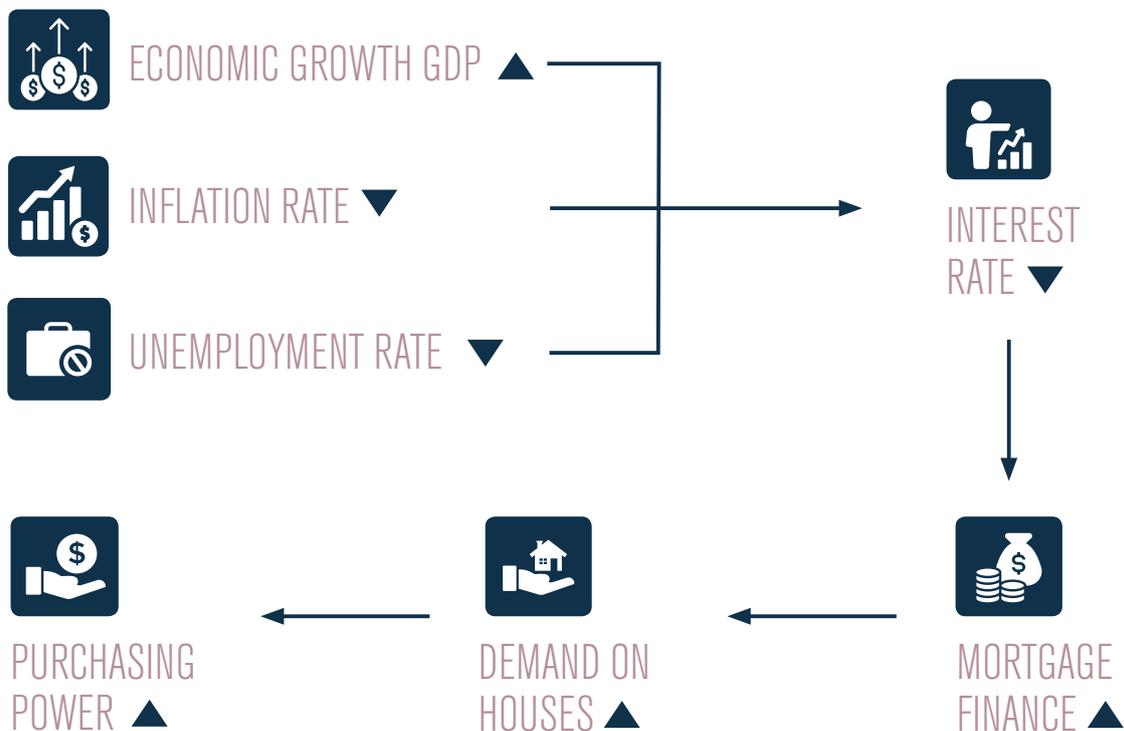
can make homeownership a better value proposition than leasing.

However, it is important to bear in mind that interest rates are not the only elements that help determine consumer purchasing power. Everything from market trends to macroeconomics directly impacts home prices and availability, buyers' motivation and ability to acquire a new property, together with the market as a whole.

GDP growth and higher employment rates entice the value of building construction and bank credit to stimulate investment needs, hence influencing real estate prices. Apart from the property sector, this progression generally results in the improvement of treasury bills and foreign exchange reserves, therefore attracting an inflow of foreign investments.

To put it succinctly, interest rates, employment, inflation, and economic growth collectively have a complex and interdependent relationship with housing prices, supply, and demand.

That said, it is foreseen that consumer purchasing power in the Egyptian real estate market will step up in the forthcoming period, thanks to the recent interest rate cuts, along with the increasing mortgage finance.





## Other Determinants: Fuel Prices

A challenge facing Egyptian citizens is the increase in fuel prices as of last July, in the wake of the latest round of subsidy cuts under the IMF's reform package. It is noteworthy to underscore that this would have a negative impact and will eventually lead to increased costs in all aspects nationwide, including building materials and construction works. Consequently, this will inflate real estate prices, thus tapping consumers' affordability.

In the same manner, 90% of Invest-Gate R&A sample agree that this rise will trigger an increase in costs of the whole caboodle of goods and services, let alone property prices.

## IMPACT OF FUEL PRICES



Source: Invest-Gate R&A



# PART II: INSIGHTS ON REAL ESTATE MARKET

To get a comprehensive overview of the buying power in Egypt, Invest-Gate's R&A team has conducted a quantitative analysis based on two surveys: One was carried out on consumers to understand the market behavior of different

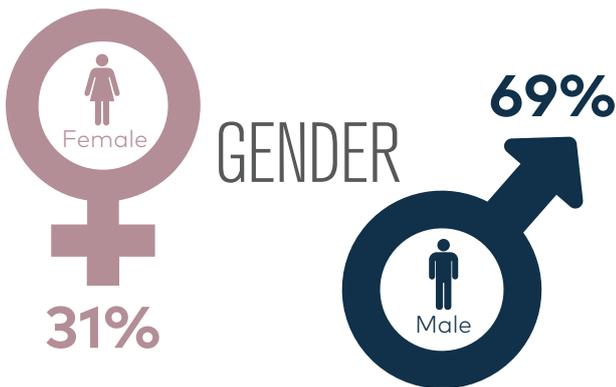
population segments and analyze their purchasing ability. The other is on developers to examine the real buying power and its impact on sales.

## Consumer Demographics:

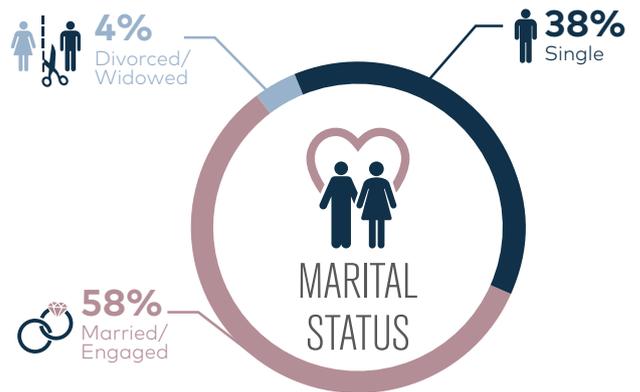
Based on convenience sampling, we randomly collected data from roughly 180 respondents, and here are their major characteristics:

category of 20-39 years old. With 65% of the survey holding an undergraduate degree, a total of 58% of the sample are either married or engaged. Plus, around 35% earn a monthly income of EGP 5,000 or less.

Data shows that 69% of those polled are males, and the majority of the respondents - or 37%- lies within the age



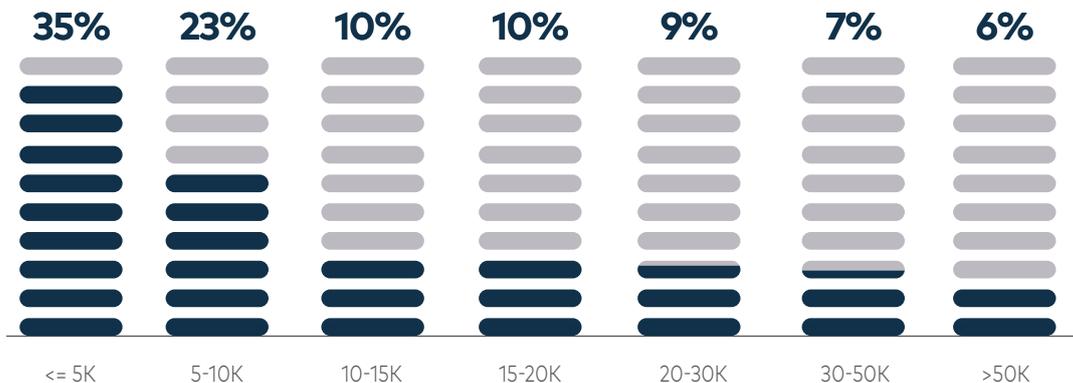
Source: Invest-Gate R&A



Source: Invest-Gate R&A



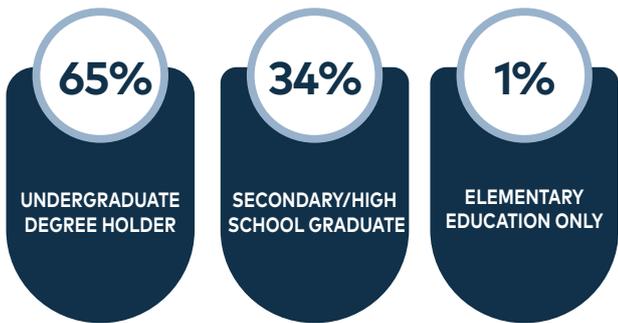
## AVERAGE MONTHLY INCOME (EGP)



Source: Invest-Gate R&A



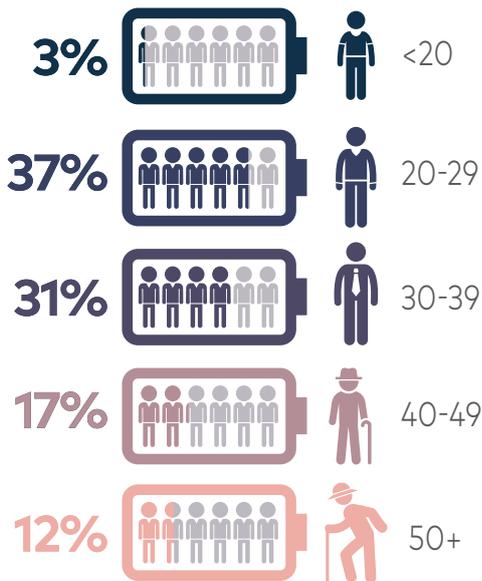
## EDUCATION LEVEL



Source: Invest-Gate R&A



## AGE GROUP



Source: Invest-Gate R&A



# PART III: CURRENT MARKET TRENDS

## Developers' Offerings

We randomly gathered data from 68 private residential projects, and here are the main characteristics of our sample:

Around 90% of responding developers offer apartments, while the remaining chunk builds villas.



Source: Invest-Gate R&A



### MINIMUM UNIT SIZES

Average  
**125**

Source: Invest-Gate R&A



### MAXIMUM UNIT SIZES

Average  
**280**

Source: Invest-Gate R&A

Our surveyed developers require potential buyers to pay EGP 9,085 per square meter.

On another note, as we further explored the housing modules found on-board, it has been identified that property

companies offer apartments at an estimated price of EGP 8,628 per square meter.

Alternatively, according to our sampled developers, villas are roughly worth EGP 17,000 per square meter.



### AVERAGE PRICE/m<sup>2</sup>

**EGP 9,085**

Source: Invest-Gate R&A



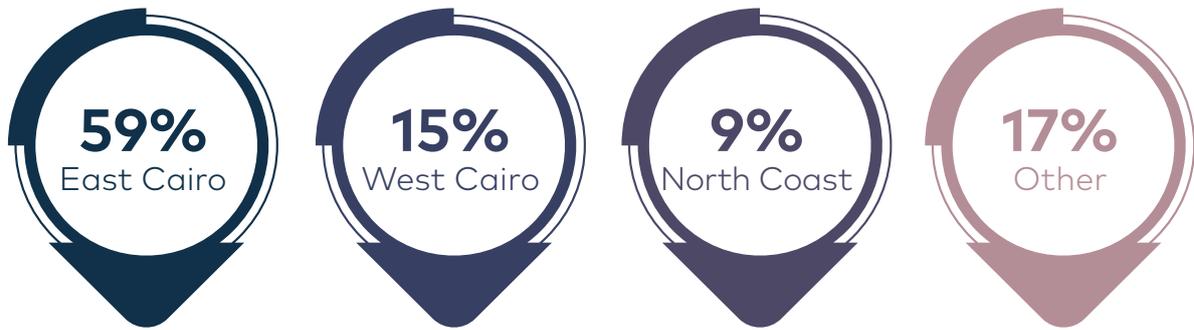
### UNIT TYPE BY PRICE (EGP)

Apartment  
**8,628/m<sup>2</sup>**

Villa  
**17k/m<sup>2</sup>**

Source: Invest-Gate R&A

## PROJECT LOCATIONS



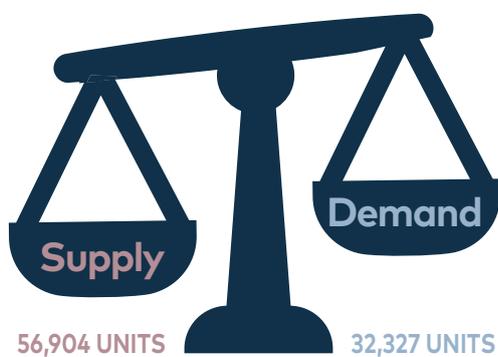
Source: Invest-Gate R&A

Most of the examined projects - or 59% - are located in east Cairo, while west Cairo and the North Coast make up 15% and 9%, respectively.

### Gap Between Demand & Supply

Based on Invest-Gate R&A's data, the studied 68 projects comprise around 57,000 properties, with approximately 32,000 (57%) sold out. Therefore, the supply surpasses the demand by around 25,000 units.

### DEMAND VS. SUPPLY (PRIVATE SECTOR)



GAP BETWEEN DEMAND AND SUPPLY FOR THE PRIVATE SECTOR IS **24,577** RESIDENTIAL UNITS

### SALES



Source: Invest-Gate R&A

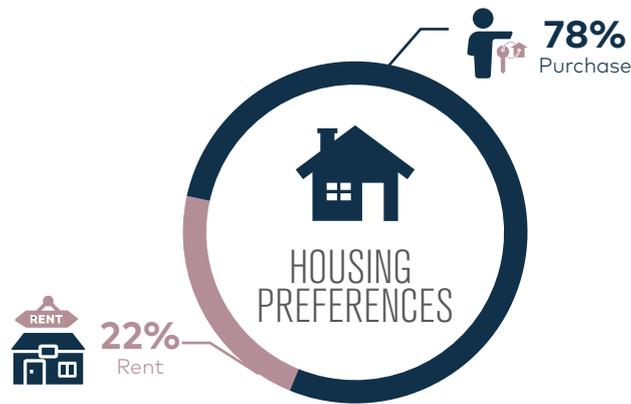
Source: Invest-Gate R&A

# Consumer Behavior

## Renting vs. Buying

Based on our study, 78% of respondents prefer to purchase rather than rent, 71% of which are willing to buy in the present juncture but are still scouting for satisfactory units.

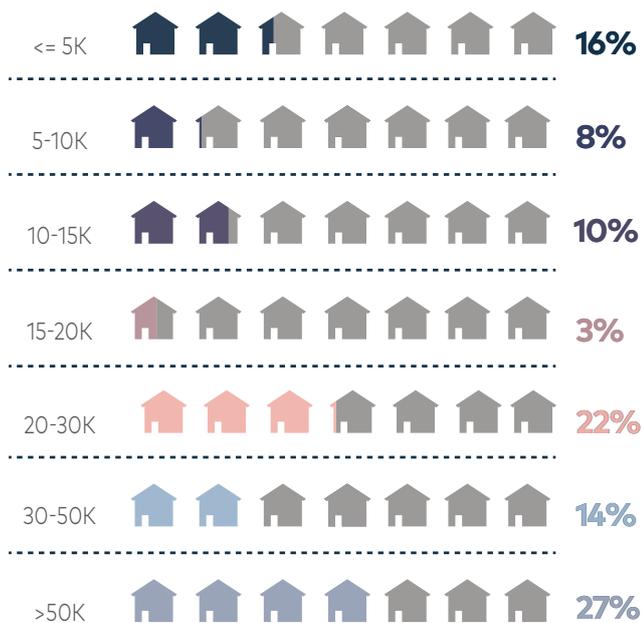
However, only 29% are not planning to buy houses in the meantime.



Source: Invest-Gate R&A

## Home Buyers by Income Levels (EGP)

The majority of those willing to purchase in the interim - 27% - earn a monthly income of EGP 50,000 or less, followed by 22% laying in the income category of EGP 20,000-30,000 per month.



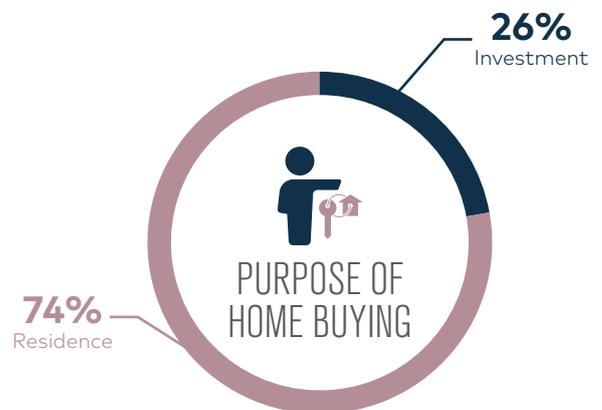
Source: Invest-Gate R&A

## Average Consumer Affordability

Meanwhile, 70% of respondents could afford a property with a maximum price tag of EGP 1.5 mn.



Source: Invest-Gate R&A



Source: Invest-Gate R&A

## Buying Purposes vs. Income Levels

Invest-Gate R&A finds out that 74% of those surveyed buy units to dwell in, of which 25% lie within the monthly income brackets of EGP 5,000 or less, while another 25% earn EGP 5,001-10,000 per month. The remaining share makes their purchase decision for investment purposes, 38% of which maximally earn EGP 5,000 per month.



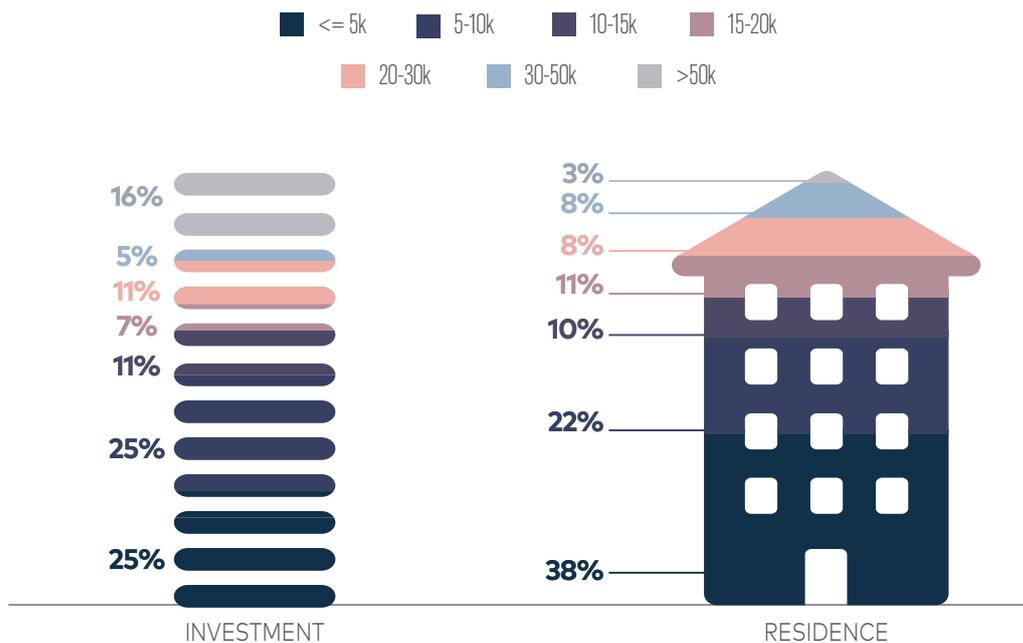
## HOMEOWNERSHIP



Source: Invest-Gate R&A



## PURPOSE OF HOMEOWNERSHIP BY INCOME (EGP)



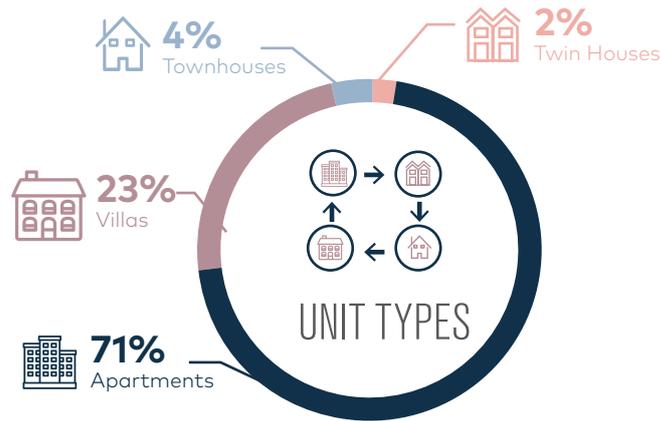
Source: Invest-Gate R&A

# PART IV: CURRENT MARKET DEMAND

## Consumers' Preferences

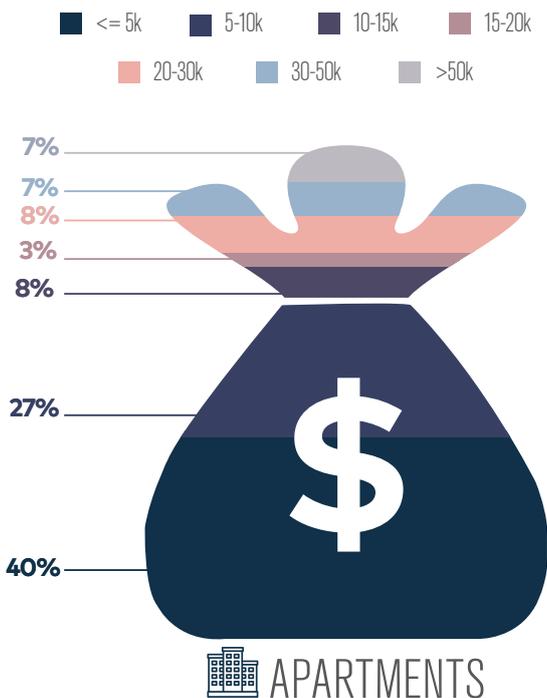
According to our sample, apartments are the most on-demand unit type at 71%, with 40% of these respondents making EGP 5,000 each month at most. Yet, a total of

23% prefer villas, 29% of which gain a monthly wage that ranges between EGP 15,000-20,000, with other modules on demand as well.



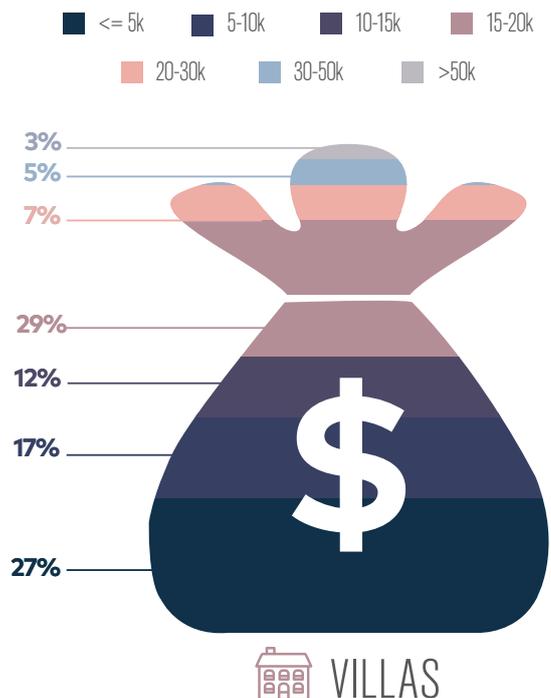
Source: Invest-Gate R&A

## UNIT TYPE VS INCOME (EGP)



Source: Invest-Gate R&A

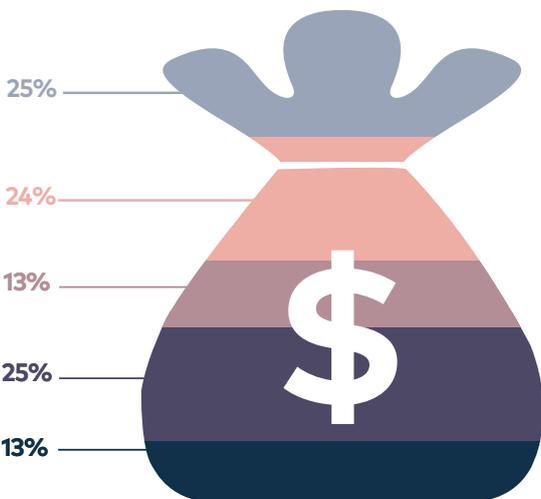
## UNIT TYPE VS INCOME (EGP)



Source: Invest-Gate R&A



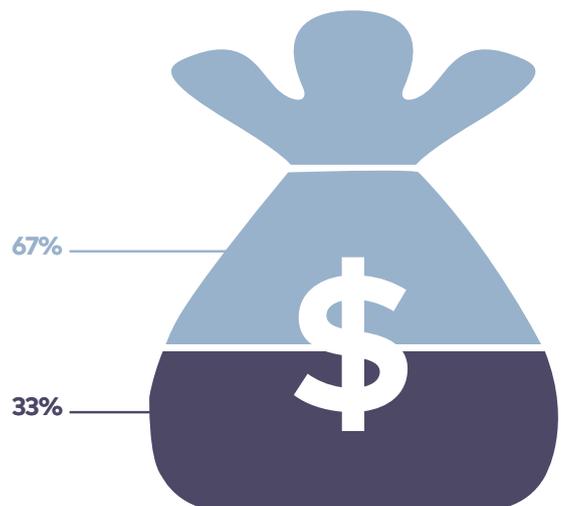
### UNIT TYPE VS INCOME (EGP)



 TOWNHOUSES

Source: Invest-Gate R&A

### UNIT TYPE VS INCOME (EGP)



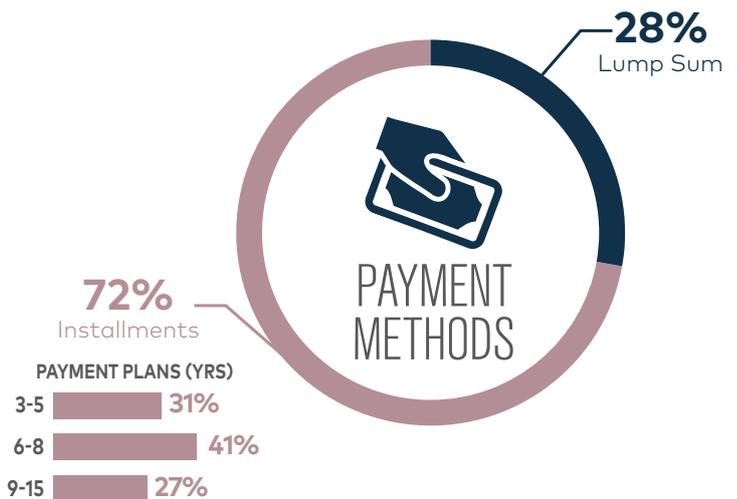
 TWIN HOUSES

Source: Invest-Gate R&A

## Payment Methods & Installment Plans

Regarding payment plans preferred by respondents, 72% of them go for installments, 41% of which favor six-to-eight-years payment plans, followed by 31% picking three to five years. On the flip side, 28% of those surveyed prefer lump-sum payments.

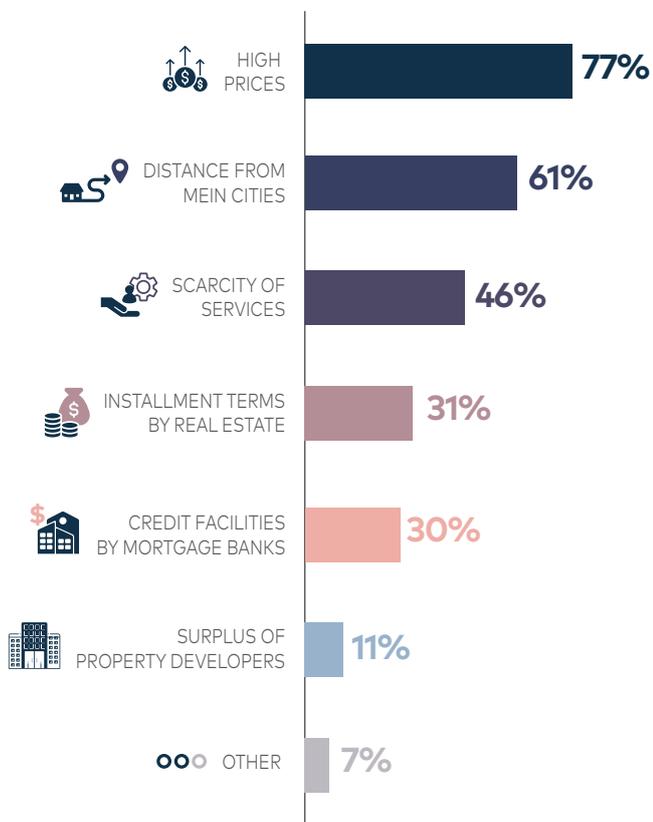
Despite the extensive efforts exerted by developers to cater to their clients' different tastes and needs, as well as, the wide array of diversified products offered in the property market, the real demand is still not met for a broad set of challenges.



Source: Invest-Gate R&A

## Challenges Hurdling Purchases

### CHALLENGES



Source: Invest-Gate R&A

### Market Prices

As home prices keep climbing up higher, due to the continuous bold reforms being implemented and other economic changes, standing as a top developer is a challenge that might be deterring some potential clients from home buying.

Indeed, Invest-Gate R&A was keen to know the perception of the surveyed people on the present real estate prices. Based on our examination, the majority of respondents (77%) see the Egyptian property sector dominated by high-priced units, deeming the trend as a top obstacle facing them when house hunting. Contrariwise, the rest believe the market is positively inclined toward average and reasonable prices.



Source: Invest-Gate R&A



## Distance from Main Cities

Another challenging factor is the location. Around 60% of the sample believe that the desired projects' far proximity from the main cities, which are usually strategically located and provided with all needed facilities and encompass essential governmental bodies, stands as the second top challenge.

## Scarcity of Services

As a result, lack of services logically comes next in the list of challenges facing potential buyers, given that most new projects are offered outside Central Cairo. About 45% see that limited access to services surrounding their desired projects is another top hurdle.

## Payment Terms

Buying a home is exciting, but it is also one of the most important financial decisions any investor would make, with upfronts and payment terms looming consumers' ability to purchase properties. For the math, 31% of our sample consider this as a crucial point when sealing the deal for a new home, despite being offered more flexible installment plans by developers.

In fact, real estate companies are rushing to shower the market with a multitude of options in terms of competitive prices and payment plans, providing way more flexible and extended terms. This resulted in today's typical seven-to-ten-year installment schemes for residential properties - a move that has substantially helped push the entire sector forward, particularly for those looking to hedge against inflation pressures.

## Plethora of Real Estate Companies

With this in mind, it is worthwhile highlighting that the Egyptian market is loaded with a superabundance of property developers, who have been packing the sector with a diverse range of developments. This might be a challenge for people when buying, at least for 11% of our study, as this large volume of options may confuse some potential buyers, especially those with no specific criteria.

# PART V: EXPECTED OUTCOME GIVEN RECENT MARKET CONDITIONS

## Real Estate Market to See Increased Purchasing Power

After slashing key rates, the CBE said this step will stimulate an upswing in the mortgage market, mainly benefiting mortgage finance seekers as well as companies aiming to get credit loans. Besides, it will have a positive imprint on the entire property market by increasing the demand on houses, hence enriching the purchasing power, while enlarging the volume of investment inflows. Similarly, Egyptian real estate experts and practitioners consider the move as a positive one and call for further near-term cuts.

In short, the central bank's decision will draw out a major boost to not just the real estate sector but across all industries, while raising investors' confidence in the Egyptian market and manifesting it as a safe haven, particularly for local ones.

In figures, based on Invest-Gate R&A deep exploration through the domestic market, there are two distinct dynamics at opposite ends of the spectrum. A surplus in

supply is shown on one end, with 57% of offered units sold and the remaining still doomed. On the other hand, there is still a relatively strong purchasing power, represented in 71% presently eyeing to shop for a new home.

In a nutshell, an oversupply, together with high demand, indicates that there are needs for consumers that are not met by developers yet. Nevertheless, it shows that consumer behavior is becoming more hybrid and ingenious, amid the ongoing development of new products and technologies at an ever quicker pace.

Nowadays, investors are entering the buying process better informed and educated about the real estate sector than ever, making them increasingly price-sensitive and constantly looking for bargains in the market. Above all, clients are notably aware of the balance of power shifts toward their end, which raises their expectations of the offered products and services.

## Government & Developers' Credit Facilities Proliferating

Governments are assumed to be saddled with the responsibility of extending the necessary facilities and funds to ease homeownership and investment, in a bid to have a positive influence on housing development. But for Egypt, developers are running hand in hand with the state to provide the supplementary financing instruments

to unconditionally contribute to such advancement. This drives Invest-Gate's R&A team to look into these tailored real estate lending solutions to evaluate their overall performance and determine which of them is expected to stand significant in the property market.





## Egypt's Mortgage Market

The mortgage finance sector is a big contributor to the medium- and long-term financing for home buying, either for investment or housing purposes. Additionally, the industry helps in the provision of financial liquidity for the property market's development, which is an important axis of the Egyptian economy.

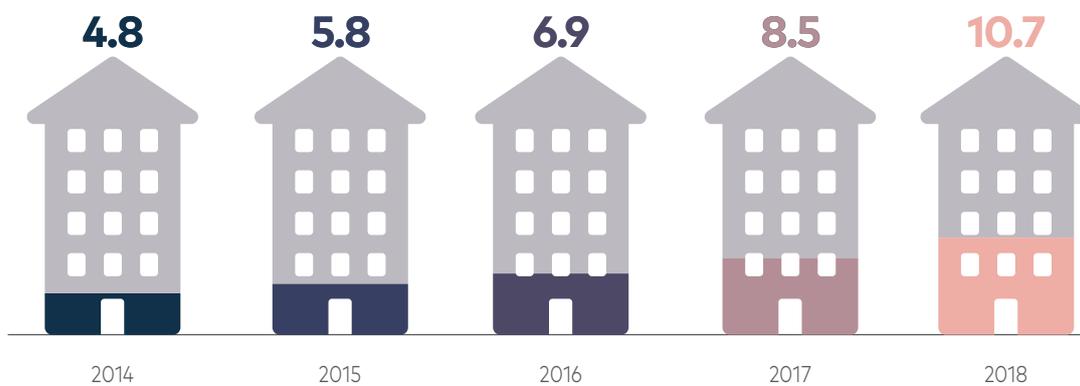
The high demand for housing, amid a few options of credit facilities, makes mortgages of key importance to supporting

consumers' purchasing power, increasing market activity, and improving banking performance.

In figures, the mortgage industry is showing a healthy performance year-on-year, increasing by 57% in 2018 to reach EGP 10.7 bn in 2018, compared to EGP 8.5 bn and EGP 6.9 bn in 2017 and 2016, respectively, reflecting the government's continuous efforts to boost this sector.



### TOTAL VALUE OF MORTGAGES (EGP BN)



Source: Financial Regulatory Authority (FRA)



## CBE's Mortgage Finance Initiative

In February 2014, the CBE has launched the mortgage initiative with intents to offer long-term financing of up to 20 years, with an interest rate of 5-7% for low-income and 8% for middle-income housing. This came before later introducing an upper-middle category with an interest of 10.5%.

For the initiative's first phase in 2014, the central bank allocated EGP 10 bn and then brought the total financing to EGP 20 bn in 2017. However, in early 2019, the CBE has decided to limit offering mortgage finance to low-income citizens only, providing them with interest rates of 5-7% for a maximum period of 20 years. Lastly, in May, it allotted

EGP 50 bn to finance homeownership of middle-income citizens.

Although the government has been taking measures to support the growth of the mortgage industry, yet, there are still challenges facing clients such as legislative barriers and cost-prohibitive financing mechanisms. Case in point: Banks can issue mortgages only for registered units, while most of Egypt's dwelled properties are not. This ought to either the burdensome registration procedures, formal ownership disputes, or because residents settle in informal areas. Additionally, long-term mortgage financing is only granted after the completion of 30% of the unit's construction.



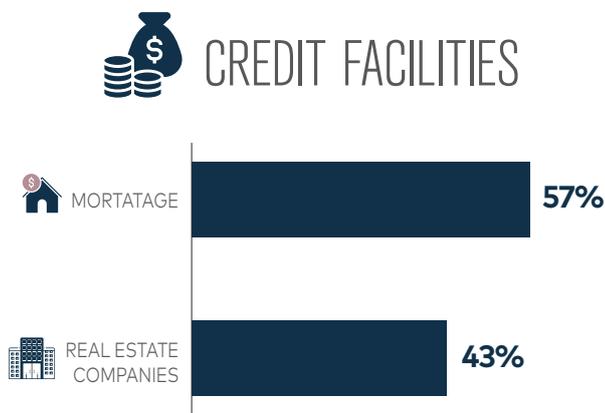


## Another Option: Real Estate Developers

Property developers play the bank's role in many cases, in terms of providing financing facilities to their clients, such as low or zero down payments and extended payment plans of up to 12 years, with minimal or no interest rates in some offers. In turn, this has a good impact on developers' liquidity, and thus, the projects' execution progress and deliveries, as well as, expansion plans.

## Which Approach is Most Favored by Consumers?

Based on our sample, when it comes to credit facilities to purchasing homes, 57% of those surveyed would go for mortgages from banks, whereas 43% prefer buying directly from real estate companies. This reflects that consumers' perceptions and trust toward property developers are on the rise, yet did not outpace the banks' financing programs.



Source: Invest-Gate R&A



# INVEST-GATE'S FINDINGS & RECOMMENDATIONS

In spite of the heightened volatility in housing prices nowadays, which is not only a challenge for buyers but also a constraint to developers' profit margins, demand is still increasing. This requires developers to come up with new and out-of-the-box strategies, topped by the diversification of the price range sizes of units offered in the market, to maintain and drive new customer acquisitions. Here are some of the findings and recommendations Invest-Gate R&A comes up with to prompt property companies to find new horizons and open up new possibilities, all to spur the real estate market.

- Based on Invest-Gate R&A analysis, we find that 70% of the sample prefer to buy apartments, against a total of 23% privileging villas. This means that there is a shift toward smaller housing units for being more affordable. Accordingly, we recommend real estate developers to increase the supply of small-sized properties.
- The majority of the survey (72%) go for extended installments, of which 41% favor six-to-eight-years payment plans. In this light, developers are advised to offer more extended and facilitated terms. However, avoid longer-term plans as 27% of those surveyed favor installments over 9-15 years.
- Based on our research, despite 71% of the respondents are home seekers, only 57% of the supplied units are sold out. This shows the inability of many potential buyers to make any purchase decision due to the aforementioned reasons, notably price hikes. One explanation to this paradox is that the real estate market has been divided into two groups following the EGP devaluation, the first of which is that there is an increased supply of properties for upper-income classes, which are nearing saturation. Secondly, there is a noticeable growing demand among middle-to-low income classes, which are slightly catered to. This raises alarm bells for an oversupply among class A in the short run, which necessitates a mindset shift by all market players to roll out a more healthy Egyptian housing sector.
- Our study shows that 57% go for mortgages from banks when it comes to credit facilities, but 30% of the sample see mortgage finance is still a challenge hurdling their home-buying decision. This prompts Invest-Gate to call for the introduction of several policies to help boost the mortgage industry, and thus, accelerate the recovery of the current purchasing power and spur market activity. Key strategies include but not limited to reinforcing a stable





macroeconomic environment with low-interest rates, gauging risks, while streamlining regulatory requirements and considering mortgage securitization, all to reap better results for developers and buyers alike.

- A total of 77% see that units currently on the market are overpriced, whilst 70% of those surveyed prefer to buy homes at an average price less than EGP 1.5 mn, which are scarcely available nowadays. Therefore, we urge the government to offer lower-priced plots, which substantially contribute to the pricing of residential units. Eventually, this will automatically translate into less expensive properties, and consequently, combat the purchasing power challenges and push market growth rates up.

- Public-private partnerships (PPPs), which first kicked off in 2010, garnered successful outcomes across the board for it is helping developers cater to the unmet demand by the middle class for reasonable units' prices. An eminent example is Sheikh Zayed's "Badya" by Palm Hills Developments, which has signed a co-development deal with the New Urban Communities Authority (NUCA) to develop the mixed-use innovative urban project on a revenue-sharing basis.

We suggest that developers adopt this model for it has proven successful in expanding the clientele base, while simultaneously keeping a sound profit margin.

- The government is considering the offering of another successful model to engage private companies in social housing development to further boost potential buyers' purchasing power, yet negotiations are still underway on the agreement terms and other related specifications, with expectations for more details to be revealed in 2020. So far, according to CEO of Mortgage Finance Fund (MFF) Mai Abdel Hamid, there is a proposal to grant developers multiple land plots, half of which will be allocated to social housing units, while the remaining is parceled out for real estate firms to develop an array of middle-class residences.

We encourage property companies to team up with the government in its social housing initiatives - if the new mechanism is satisfactory for all parties and agreed upon - in a bid to cater to wider masses.

- Invest-Gate R&A recommends that the government and developers should work hand in hand in providing more essential services and facilities such as those of educational, commercial, and transportation, to name a few, especially in areas outside Central Cairo.



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