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REAL ESTATE DEVELOPERS & CONSTRUCTION



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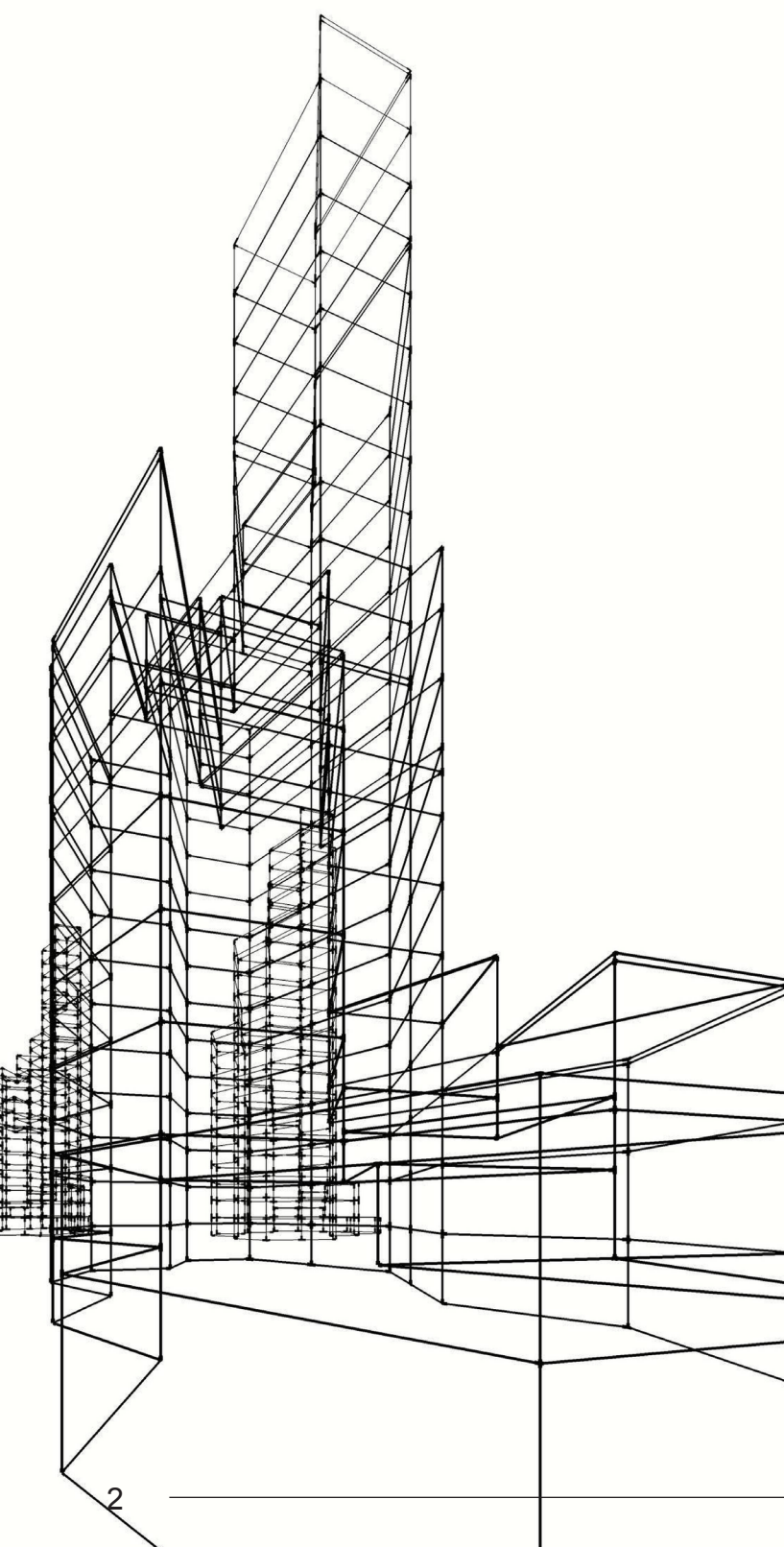


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IGI to Build Residential Project in Gharbeya

IGI for Real Estate has completed the master plan for a residential project that will be built on 60,000 square meters of unused land owned by the Arab Cotton Ginning Company in the governorate of Gharbeya, Yousef Mohamadi, the company's Investor Relations Manager said. The company will be developing the land for the Arab Cotton Ginning Company (ACGC) to develop the lands, in a deal wherein ACGC will receive a portion of the revenues in return for the land.

Capital Group to Invest \$250 mn by Q1 2017

Capital Group Properties (CGP) will be increasing its investments to a total of \$250 mn by the first quarter of 2017, according to the company's CEO Amgad Hassanein. The majority of the investments will be directed to the company's AlBurouj residential project, Hassanein noted.

Integrated Group To Develop Villa 55 Resort in Sharm El Sheikh

The Integrated Group for Real Estate Development (IGRED) has launched its latest 100,000- square-meter resort, named Villa 55, in Nabq Bay, Sharm El Sheikh at a total cost of EGP 420 mn. IGRED CEO Yasser Ibrahim Sayed confirmed that the company will self finance the project, in spite of the substantial 31% increase in construction material cost following the Egyptian pound floatation.

Coldwell Banker to Promote Projects Worth EGP 7 bn in 2017

Coldwell Banker expects to promote projects worth EGP 7 bn during 2017, compared to EGP 5.5 bn during 2016. The firm said it recorded EGP 5.5 bn in sales, divided between EGP 4 bn in sales from real estate developers, while EGP 1.5 bn came from the secondary market for individuals.

Ardic Sells 600 Units in Zizinia New Cairo

Ardic for Real Estate Development has sold a total of 600 out of 1,800 units in its Zizinia project in New Cairo, and is studying increasing the EGP 8,000 price per meter square as a result of the recent economic decisions. The company has finalized tenders to be assigned to three contractors, and is awaiting the stabilization of currency exchange rates to declare the new prices, stated Board Member of Ardic, Ashraf Deweida.

Cabinet Approves Deadline Extension for Real Estate Projects

Following numerous requests from contractors to postpone projects delivery dates, the Egyptian Cabinet has agreed to extend deadlines on real estate projects, according to Head of the Egyptian Federation for Construction & Building Contractors Hassan Abdel Aziz. Deadlines have been extended for a three-month period for residential and a six-month period for infrastructure projects.

ARCO Pursues Development in New Administrative Capital

With more lands up for grabs next year, ARCO for real estate development is pursuing investment in the new Administrative Capital City. "It is considered an investment haven in the upcoming period," ARCO CEO Ashraf Salman said, explaining the company's eagerness to set foot in the new capital once the Egyptian government offers land plots as promised.

Development Tenders to be Offered within Several Cities

Tenders will be offered to the Egyptian Federation for Construction & Building Contractors (FCBC) members, to develop different infrastructure projects within the social housing project at New Borg El Arab City, according to Head of the City's Authority Ahmed El Desouky. The construction works will include developing inner roads in Borg El Arab City and electricity networks in Sadat City.

MNHD Records Revenues of EGP 1.4 bn in November

Egyptian real estate company, Madinet Nasr Housing & Development (MNHD) has registered revenues of EGP 1.4 bn during the past 11 months, ending by November 30. MNHD recorded a total growth of 52% in the current half of 2016, reaching EGP 1.4bn with sales of its latest project Tag City and Sarai project just last month. Currently, the company is preparing to launch new projects during February and March 2017.

Egypt's New Capital Completes 30% of its Infrastructure

Approximately 30% of the first phase of Egypt's Administrative Capital infrastructure has been completed, Minister of Housing, Utilities, and Urban Communities Mostafa Madbouly informed President Abdel Fattah Al Sisi. In his meeting with Al Sisi, Madbouly also stated that governmental/office buildings' master-plans have been finalized for the governmental district.

Several Hypermarkets to be Implemented in New Cities

The New Urban Communities Authority (NUCA) is expected to launch a number of hypermarkets branches across Sadat City and Borg El Arab City. Following Minister of Housing, Utilities, and New Urban Communities Mostafa Madbouly emphasizing the importance of launching of major commercial chains in the new cities in Upper Egypt, NUCA is expected to implement a number of hypermarket branches across Sadat City and Borg El Arab City.

Commercial Complex to be Developed in New Minya

Land plots measuring a total of 13 acres have been prepared to develop a commercial/service project in New Minya City with the meter square priced at EGP 1,315, according to Mohamed Al Kosary head of the City's Authority. The city has previously requested NUCA to offer 15 land plots to construct a mall, university, and schools. Furthermore, the city will be offering six retail stores for sale in January 2017.

Egypt Showcases Housing Developments at an Arab Council, Riyadh

Minister of Housing, Utilities, and Urban Communities Mostafa Madbouly accompanied by a delegation from ministry headed to Riyadh, Saudi Arabia, to discuss the housing development in Egypt at the 33rd Council of Arab Ministers of Housing and Construction.

Moukhtar Ibrahim Co. Hits The New Capital With Six Residential Projects

Egyptian Real Estate Developer Moukhtar Ibrahim is to set foot into the new Administrative Capital with six residential buildings at a total cost of EGP 75 mn. Deputy Chairman Mohamed El Khatib confirms that the company is to deliver the residential buildings in a year.

ARDIC to Pump EGP 500 mn in Zizina El Mostakbal

ARDIC for Real Estate and Investment Development is to invest EGP 500 mn to complete construction works for the first phase of Zizina El Mostakbal project that spreads on 70 acres in New Cairo. The three hired contractors, Alpha Construction, Al Tabarak for Engineering & Contracting, and El Huda Contracting Co, started digging in November.

Real Estate Companies to be Compensated for their Losses

Through recent mechanisms adapted by the Construction Companies' Compensations Committee, the Egyptian government is to compensate real estate developers under government contracts for their losses. The parliament is to approve the law that drafts the mechanism by the end of the month, compensating companies by the beginning of 2017.

9 Touristic Villages on Offer at Galala Mountain

Around nine touristic villages, part of Galala Mountain Development Project in Ein Al Sokhna, will be offered for developers. The touristic villages spread on an area ranging from 80 acres to 35 acres and are located on the Galala Mountain developmental project in Ein Al Sokhna.

Revenues from Exporting Construction Materials Doubled in 2016

Egypt's exports of construction and building materials has reached EGP 41.93 bn in 2016 compared to last year's EGP 21.93 bn, according to Export Council for Building, Refractory and Metallurgy Industries (ECBM). President of ECBM Jamal Al Din stated that, in 2016, Egypt exported for EGP 3.69 bn iron and steel, for EGP 3.69 bn aluminum, for EGP 2 bn marble and granite, for EGP 2 bn glass, and for EGP 1.4 bn cooper.

NUCA Pumps Over EGP 50 bn Investments in 2017

The New Urban Communities Authorities (NUCA) is to pump EGP 50 bn worth of investments in 2017 compared to this year's EGP 37 bn, according to an unnamed source at the Ministry of Housing, Utilities, and Urban Communities. This large investment comes in line with NUCA's offering approximately 7,000 acres of land to investors and partnering with the private sector to execute several projects.

New Compound Resorts to be Launched in 2017

Micro Castle Co. for Real Estate Investment along with Ibn Sina for Hotel & Real Estate Investments are scheduled to launch their latest developmental projects at Egypt's summer destinations, the North Coast and Marsa Matrouh, in 2017. Among Micro Castle's many projects in the area, is the long-awaited 100-acre Gawharet El Sahel resort.

New Nubaria City to be Expanded

As construction works commenced at New Nubaria City, the New Urban Communities Authority (NUCA) plans to expand the project and is currently studying means to include groundwater cabinets. According to Supervisor of Construction & Building sector in NUCA Abdel Motleb Mamdouh, the New Nubaria City authority is currently studying the suitable usage of groundwater cabinets in cooperation with Desert Research Center.

Illegal Buildings in Alexandria Cost EGP 200 bn

Alexandria records around 65,000 unlicensed buildings have been developed and completed over the past five years at a cost of EGP 200 bn, Egyptian MP Tarek El Sayed announced on a televised interview. Building violations has become one of Alexandria's major problems over the past few years due to many contributing factors including property rights and disagreements among governmental entities.



What Constitutes a Construction Violation?

By Fatma Khaled

The wave of construction violations in Egypt has significantly swelled after the January 2011 Revolution. Although there are no official statistics on the volume of violations, nonetheless, in the first six months of 2016 alone, the Giza governorate issued more 2,100 decrees to remove building violations.

The continued growth of these informal and violating buildings, and with home-seekers starting to inhabit these buildings, a demand for electricity access was created, leaving residents no option but illegally accessing power connections from neighboring districts.

This led the Ministry of Electricity to issue a decision in May allowing for the installation of electricity meters for violating buildings to stop them from stealing cables from other buildings. This action is guaranteed by the 2015 New Electricity Law.

However, the recent decision did not stop the governorates from targeting construction violations. The Fayoum governorate

has recently ordered a wave of demolitions in a campaign aimed at eradicating illegal buildings on agricultural land. The local council in Obour City also ordered a demolition campaign in August.

Amid this wave of demolitions and contestations over the position of these illegal buildings – many of which provide housing for segments of society that are otherwise unable to access it – it is pertinent to note the different types of construction violations, which can be listed as follows:

- Building without construction permit
- Building on state-owned lands
- Building on agriculture lands
- Building extra floors
- Occupying additional spaces from the road compared to the allowed space in the permit

Violations Addressed by the Unified Construction Law

The 119/2008 Unified Construction Law, which governs construction works, specifies violations such as building without a license or violating standards and specifications mentioned in the permit, such as the number of floors, space allocated for parking, or installing elevators without licenses.

According to the executive regulation of the law, the local council in the area will provide a warning for construction violations to be resolved within 15 days. If not addressed, the legal department of the council will review the penalty required, according to the size of the violation.

The parliament is currently reviewing amendments to the law. MP Moataz Mahmoud, who is a member in the housing committee, told local media in September that the amendments include extending license of building duration to three years instead of one year, reducing the number of procedures and fees required to obtain the license. Additionally, they include issuing the license in 12 days, transferring the authority of issuing building licenses from local councils to accredited consultancy offices, which will also be responsible for addressing construction violations.

Mahmoud said the law amended is expected to be drafted before the end of 2016.

Under the provisions of the same law, building without permits is criminalized. Article 102 in the law orders penalties of jail, spanning between 24 hours and five years depending on the size and type of the violation. It also orders a fine at a value not less than the value of the violation.

Construction licenses/permits can be obtained from municipal authorities, which determine the specifications and standards of buildings. Unlicensed buildings cannot officially obtain water, electricity, and natural gas facilities.

In this regard, Egypt ranks 64th globally in issuing construction permits, according to the World Bank's Ease of Doing Business Index 2016. The full report showed 21 different procedures to complete construction, from obtaining the site validity license to water and electricity connection.

New Law to Allow for Reconciliation

The housing ministry drafted a law in 2014 to allow reconciliation with construction violations, which it said significantly increased after the January 2011 revolution.

The Cabinet, headed by then-prime minister Ibrahim Mahlab, approved the law to be valid for six months. However, President Abdel Fattah Al-Sisi rejected it.

Assistant to the Minister of Housing for Technical Affairs, Khaled Abbas, told local media at the time that it is "only postponed" until the ministry demolish all major construction violations, in order not to open the door for more violations.

The draft law included articles allowing reconciliation in violations that defy construction safety, pending inspection by the Housing and Building National Research Center (HBRC), and building on car parks, antiquities areas and state-owned lands.

Regarding the inspection conducted by the HBRC, construc-

tion engineer Amr Sobhi explained that an affiliated agency provides a technical inspection on issuing of construction permits, investigates compliance of issued permits with the construction regulations, and inspects safety in buildings with regards to security and fire control systems. The agency also inspects the foundation and the reinforced concrete used in construction, and provides recommendations to local councils of developers have violated building specifications in the buildings.

The now-seated parliament started discussing the draft law in May, with the housing committee proposing adding an item to include building on arable lands. Head of the committee Moataz Hassan told state-owned Al Ahram in July that the law will be effective for one or two years.

Constitutionality vs. Potential Source of Revenue

The committee said the law will generate more revenues for the state treasury; however, other analysts said it violates Article 29 of the 2014 Constitution that stipulates the protection of the arable lands.

The parliament is still studying the draft law and it has not been discussed in a general parliament session yet.

Head of the housing sector in the ministry Nefisa Hashem explained to local media in September that the law will deal with already-existing buildings, but the violations that will be constructed after the law ratification will be demolished immediately, she said. The violations will be valued according to the building site and governorate.

Upon the law's ratification, the violators will be asked to submit requests for reconciliation to the housing ministry, then a special committee will review the proposals in a period of no more than four months, Hassan said.

The revenues from the reconciliation fees will later be spent on sanitation and water networks. Minister of Housing Mostafa Madbouly said in a November 29 statement that he will approve a proposal to allocate 50% of collected fines for sanitation projects.

Building on agriculture lands is already criminalized by the 1966 Agriculture Law and its amendments. Under that law, violators are obliged to pay a fine between EGP 10,000 and EGP 50,000, in addition to demolishing the building.

The Ministry of Agriculture is strongly opposing the draft law. Minister of Agriculture Essam Fayed said in August that there are more than 563,000 cases of building violations on agricultural lands from January 2011 to mid-2016, spread on a total area of 69,000 feddans. Between the state plan to expand inhabited areas, along with major reclamation efforts, it remains to be seen how the new law will affect housing patterns and the budget of the cash-strapped government.



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