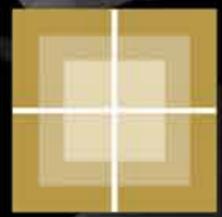




# EGYPT'S Real Estate Market **Excels In 2017, More Growth Ahead In 2018**

EGYPT'S DYNAMITE GROWTH AREAS IN 2017

WHERE TO INVEST IN 2018: LIMITLESS OPTIONS, EXTENDED  
PAYMENT PLANS



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EDITOR'S LETTER

SEASON'S GREETINGS

As 2017 comes to a wrap, Invest-Gate is delighted to end this year with a trip to the Nile Property Expo taking place in Abu Dhabi this month. As the expo's official publication, we accompany Egypt's real estate market key players on their trip to the GCC to showcase their latest to the overseas markets.

This month, we sit with Bahrawi Investment Co. CEO Dr. Samir Bahrawi and the company's General Manager Sarah Youssef to present the latest on the booming La Hacienda Ras Sudr. Dr. El Bahrawy also shares his insight on the future of Ras Sudr as a destination as well as the investment climate of Egypt today. While Youssef takes us on a tour of La Hacienda Ras Sudr's expanding community and what they have in the pipeline.

We also sit with SODIC's Managing Director Magued Sherif who shares his views on the opportunities and challenges in the real estate market, competition within the market, as well as, SODIC's experience partnering up with Heliopolis Housing & Development Company, in their first-ever co-development project, to provide the best possible value for their clients.

Especially this month, Invest-Gate team hits the streets and meet up with developers, financial advisors, brokers, and homebuyers to give you a complete picture of the real estate market of Egypt. We also examine the real estate demand following the float and all the changes it provided in 2017.

Thoroughly, we give you the dynamite growth locations, the highest yield locations, advice on financial support for your upcoming property investment, and also suggestions on where to invest in 2018.

Since December is a special month with nice short breaks, we take you on a seasonal trip to Egypt's magnificent travel destinations, featuring nice warm weather and pleasant entertainment; so don't store your beach wear just yet!

As the Voice of Real Estate, Invest-Gate aims to cater all needs from homebuyers to big property investors. We bring you stories covering Egypt's most interesting and vibrant sector, as it changes under the current economic environment. With the sentiment on Egypt gradually improving, we are delighted to explore how that impacts the most favorite investment outlet.

For live coverage and latest updates from the Nile Property Expo this month, make sure to follow Invest-Gate's social media platforms.

Have A Happy New Year Everyone!



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- Editor-in-Chief  
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13D Sherif Salama Street - Takseem El Laselky  
- New Maadi, Cairo, Egypt

Tel.: +202 25164776 +202 25172052

+202 27547569

Fax: +202 25172053

Email: info@invest-gate.me

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Inside this issue



p.22

La Hacienda RAS SUDR,  
A Modern Dip in the Red Sea



p.26

SODIC To Land in Abu Dhabi with  
Nile Property Expo



p.32

Egypt's Dynamite Growth Areas  
in 2017



p.34

Highest Yields Areas in 2017:  
East, West Cairo take the  
forefront



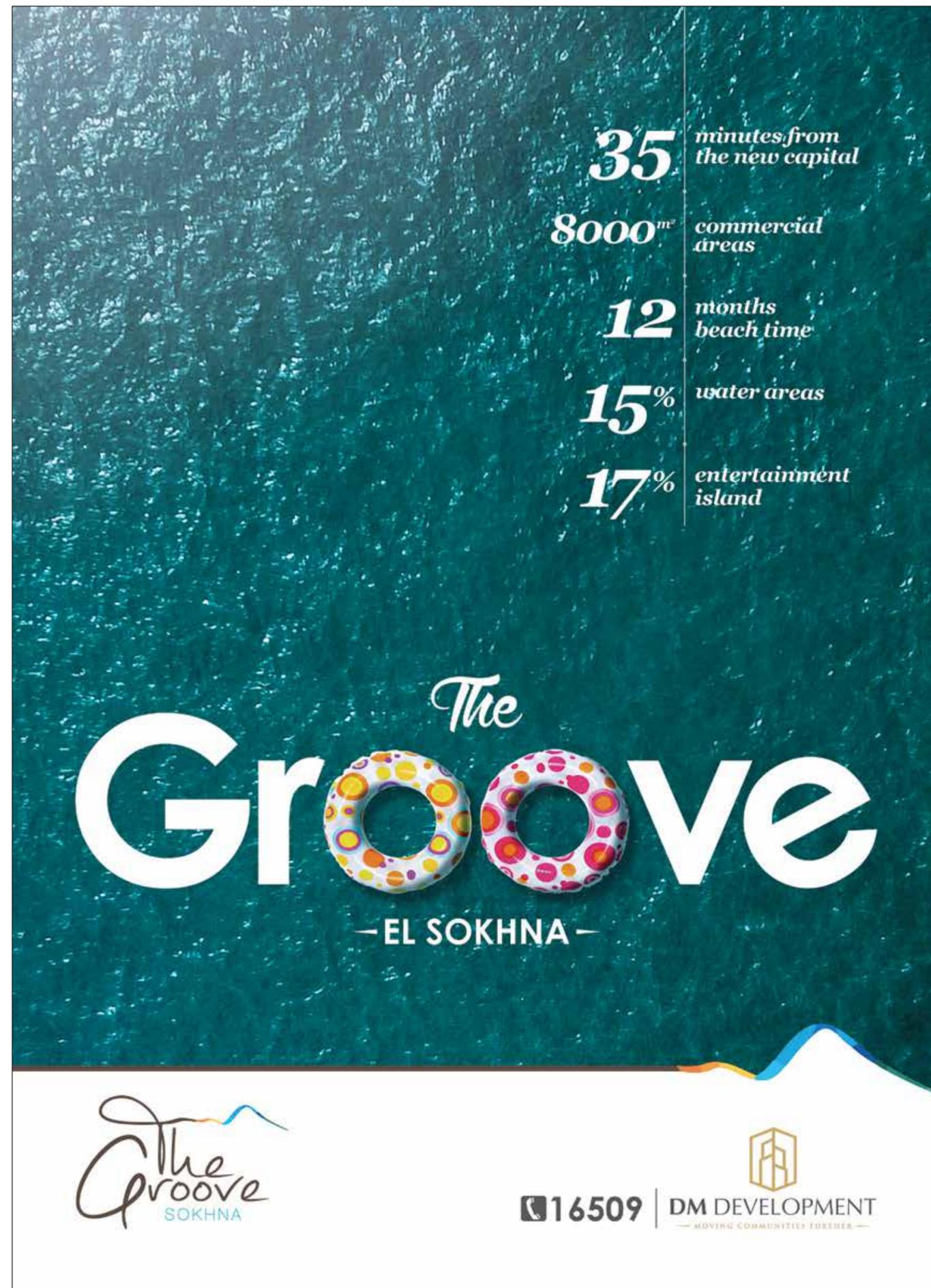
p.38

Where to Invest in 2018:  
Limitless Options, Extended  
Payment Plans



p.40

All You Need To Know To Handle  
Your Property Investment



**35** minutes from the new capital

**8000<sup>m<sup>2</sup></sup>** commercial areas

**12** months beach time

**15%** water areas

**17%** entertainment island

The  
**Groove**  
- EL SOKHNA -

**The Groove SOKHNA**

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- MOVING COMMUNITIES FORWARD -



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Hall 11, Booth number X16

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BY MADINET NASR FOR  
HOUSING & DEVELOPMENT

## SOCIAL HOUSING FUND APPROVES DECISIONS IN FAVOR OF LOW-INCOME CLASSES

The Social Housing Fund has approved a number of important decisions in favor of the low-income classes, residents of informal settlements, and trade unions' members, Invest-Gate reports. The fund's BoD approved to sell 11 residential buildings in Al Khosous City in Qalyubia governorate to house residents living in informal settlements, according to Minister of Housing, Utilities and Urban Communities Mostafa Madbouly. The Ministry will also offer new units for



members of trade unions in new cities. The fund gave a nod to sell four social housing buildings comprising 96 units in New Tiba city, 2,664 units in Giza, and 16 units in North Sinai.

## GOV'T TO CONSTRUCT 15,000 RESIDENTIAL UNITS IN 15TH OF MAY CITY

The Housing Ministry is planning an area in south of 15th of May City to establish 15,000 residential units, Invest-Gate reports. The Ministry finalized 3,960 out of the 22,872 social housing units planned across the city, according to a statement by Minister of Housing, Utilities and Urban Communities Mostafa Madbouly. Meanwhile, more than 400 land plots



spanning 150 acres in the governorate will be put up for sale as part of Beit Al Watan project for Egyptian expats.

## AIN SOKHNA GETS THE GROOVE

DM Development just launched its first masterpiece in Ain Sokhna, The Groove Sokna, Invest-Gate reports. The Groove is located on Zafaarana Road, only 45 minutes away from Cairo and 30 minutes away from the New Administrative Capital. The 350,000-square-meter seafront resort with 14 acres of water surfaces, features units that were developed in a manner to afford easy access to its uniquely leaf-sealed walkthrough promenade, taking its residents and visitors directly to the -930- meter beach, where the -120- private- yacht Marina lies. The Marina also includes a floating swimming pool. The Groove's bay side comprises all what a luxury beach life may need from a 5 star hotel, private horizon swimming pools, a sea front gym, beach clubhouse, and water sports center.



Especially at The Groove, DM Development is to introduce a unique entertainment hub of a -14 acre- island surrounded by a -20,000- meter- lagoon, offering residents a huge variety of shops, retail area, an indoor and outdoor restaurants, and a luxurious club house. The Groove first phase is offering a wide range of luxury villas and chalets that meets various standards.

## SODIC LAUNCHES NEW PROJECT IN EAST CAIRO

Egypt's leading real estate developer, Sixth of October for Development & Investment Company (SODIC), is now launching its newest destination east of Cairo, Invest-Gate reports. Strategically located between the Cairo-Suez Road and the Cairo-Ismailia Road, SODIC East comprises twin houses, townhouses, and villas with areas ranging from 234 to 340 square meters. The project features amenities that offer a diverse range of activities and services such as a club, a kids' edutainment center, and a camping



area. SODIC East will provide its residents with "platforms where they can practice all forms of leisure from yoga, meditation to outdoor sports."

## REDCON MEDICAL PARKS LAUNCHES EGP 2 BN ALBUROUJ MEDICAL DISTRICT

The newly founded healthcare real estate development services provider, Redcon Medical Parks (RMP), announces the launch of its flagship project Alburouj Medical District, Invest-Gate reports. "Today's medical office is no longer just a real estate deal," says Chairman of Redcon Group Tarek El Gammal. "Building a medical facility is very different than constructing any other sort of building. There are many eventualities that those medical facilities need to take into account." With the new project, RMP is providing expertise in program management, development and construction, and facility management for the project on behalf of Alburouj. The first phase of the Medical District is to be completed by 2020. Development of the medical park's first phase is underway, starting with a -1,100- square- meter- fully-finished building, set to accommodate small to medium-sized polyclinics, flexible



layout independent clinics, pharmacy, wellness center, gym, diagnostic center and lab, along with a lineup of restaurants and coffee shops. The 100 polyclinics are planned to serve patients, as well as, practitioners already living within the project's 30-kilometer- radius. The new building is part of a larger, campus-wide project, with a built up area of 33,000 square meters that involves construction of three further buildings, of which one is a hospital. The other two buildings include specialized medical centers, polyclinics, and clinics, in addition to a diverse range of amenities ranging from proper parking space to coffee shops and restaurants.

## IL BOSCO-NEW CAPITAL PHASE I UNITS SEE HIGH DEMAND

Egypt's real estate company Misr Italia Properties has witnessed high demand for its residential units, Invest-Gate reports. The 200-acre project's luxurious apartments and villas are designed with a high level of elegance, providing a fairytale lifestyle for its special clients. Misr Italia Properties is the developer behind residential projects such as La Nuova Vista, which comprises villas and townhouses in New Cairo, Cairo Business Park, which is set to become New Cairo's main business hub, Kai



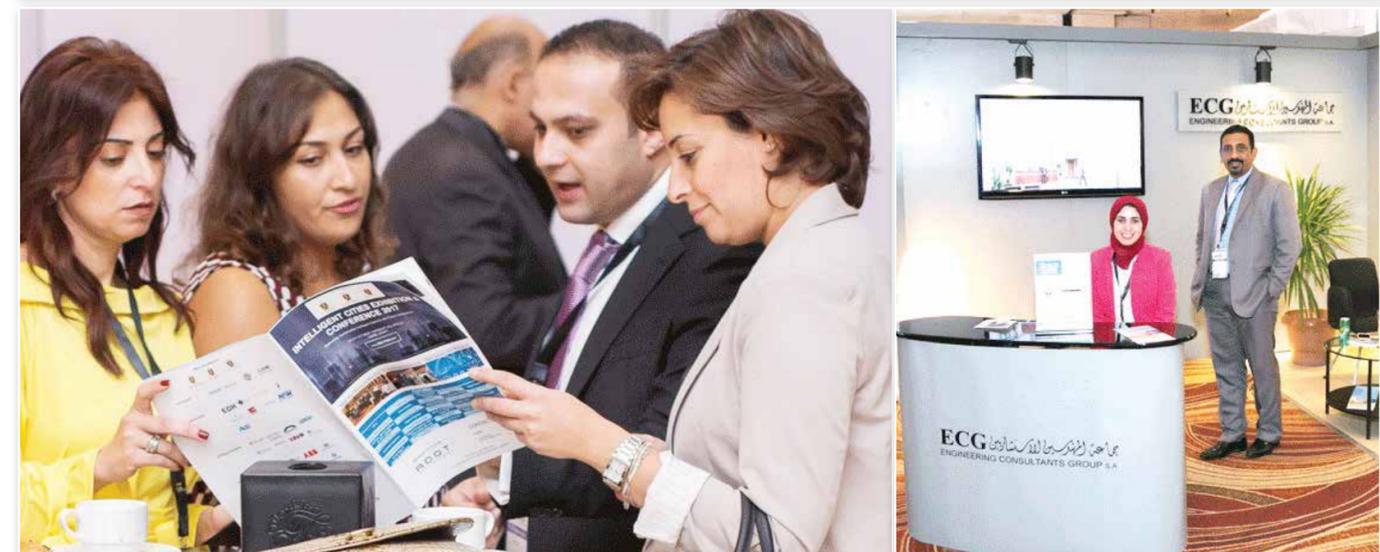
Sokhna, in Ain Sokhna, and Kai Sahel in the North Coast.

## Experts Showcase Investment Opportunities in Egypt at ICEC 2017

The third round of the Intelligent Cities Exhibition & Conference (ICEC) took place on October 23-24 in Fairmont Heliopolis, Cairo.

The two-day event brought together a number of experts in the fields of both intelligent cities and real estate development to tackle possible investment opportunities in Egypt, efforts taken to facilitate procedures for investors, in addition to showcasing new technologies that are key pillars in making cities more sustainable.

"Building intelligent cities in our country is no longer a luxury, but it will be a must and should be widely implemented in the near future," according to IT experts, developers and policymakers who spoke at the event.



### EVENTS:

03 Dec 2017 **SMART COMMUNITIES 2017 EXHIBITION**  
Duration: 4 Days Location: Egypt Convention Center New Cairo

03 Dec 2017 **MS AFRICA & MIDDLE EAST 2017**  
Duration: 3 Days Location: Cairo International Convention Centre, Cairo

06 Dec 2017 **PERE INVESTOR FORUM DUBAI 2017**  
Duration: 2 Days Location: The Address Dubai Mall, Dubai

14 Dec 2017 **NILE PROPERTY EXPO**  
Duration: 3 Days Location: ADNEC Abu Dhabi National Exhibition & Conference Center, Abu Dhabi

# Misr Italia Properties Launches IL BOSCO-New Capital Phase I



The leading real estate developer, Misr Italia Properties, has launched the first phase of IL BOSCO-New Capital on Monday, October 30, Invest-Gate reports.

IL BOSCO-New Capital sales launch event has witnessed a huge flow of elite clients, who came to finalize their contracts. Delivering a world of lush greenery and high-end living, phase one of the project is completely sold out ever since the launching

announcement. The project boasts standalone villas, twin houses, and two different models of apartments.

IL BOSCO-New Capital is completely inspired by the Italian culture, the word IL BOSCO means "the forest" in Italian. The project is one of the biggest and the first of its kind in the newly inaugurated New Administrative City, the new capital of Egypt.



# Take A Glimpse At The Future Lush Green Life, IL BOSCO-New Capital

Taking its clients on a real-life tour, Misr Italia Properties invited its clients to a mesmerizing suburban-designed sales launch event that started on October 30, designed with massive greenery and flower arrangements, taking the entire country by storm.

With its first phase completely sold out thanks to its distinctive location at the New Administrative Capital, the company will launch a new phase for sale very soon, with the whole project slated for delivery within four years. Here is what to expect when IL BOSCO-New Capital is entirely completed...

The word IL BOSCO means "the forest" in Italian. The project is one of the biggest and the first of its kind in the newly inaugurated New Administrative Capital, the new capital of Egypt," says Misr Italia Properties Co-CEO Mohamed El Assal.

IL BOSCO-New Capital is "offering diversified luxurious residential units," El Assal adds. The newly launched project features stand alone villas, twin houses and luxury apartments. The project, which spans 200 acres in the heart of the New Capital, according to El Assal, has five residential zones; The Valley, The Park, The Meadows, The Cliff and The Vertical Forest.

The Valley is a zone that is full of spacious areas with a huge landscape of fields and trees. There are parks and secluded pathways surrounding this zone. The park is a natural landscape mixing all the open spaces along with all the parks of the project into one space. It will be one of the biggest zones in the project and thus will be made up of massive greeneries. The meadows zone has its own distinct character and style; it is a landscape of soft, open and porous fields of wildflowers and plant arrangements. The cliff is located in the highest point of the compound and will be overlooking most of the majestic

landscapes around it, as well as overlooking "the creek," a river-like water feature circulating around the compound. The vertical forest is a group of iconic towers with vertical integrated landscape. These buildings will feature a lot of green plantations to compliment the overall essence of the project.

Each zone will provide different facilities and services to its residents. There will be a community center or a clubhouse in each zone. There will be a sports club, which will be located in the towers zone, and will be serving the whole community with an area of various sporting activities, a pool, and food spots.

A commercial hub will also be constructed in the compound, open to both residents and visitors, and is fully segregated from the residential area. This commercial hub is an area of shops, and a pool. It will provide residents and visitors alike with the best shopping experience, and will offer them a variety of cafes and restaurants to choose from.

"Immersed in the city fabric, yet, secluded by parks that reflect a new urban ecology, this active and engaging community is designed for the entire family, while providing a welcomed retreat for your busy life," El-Assal describes the project.

The project aims to provide a healthy sustainable ecological life system to the community around it, and so the project will be full of incredible greenery like never seen before.

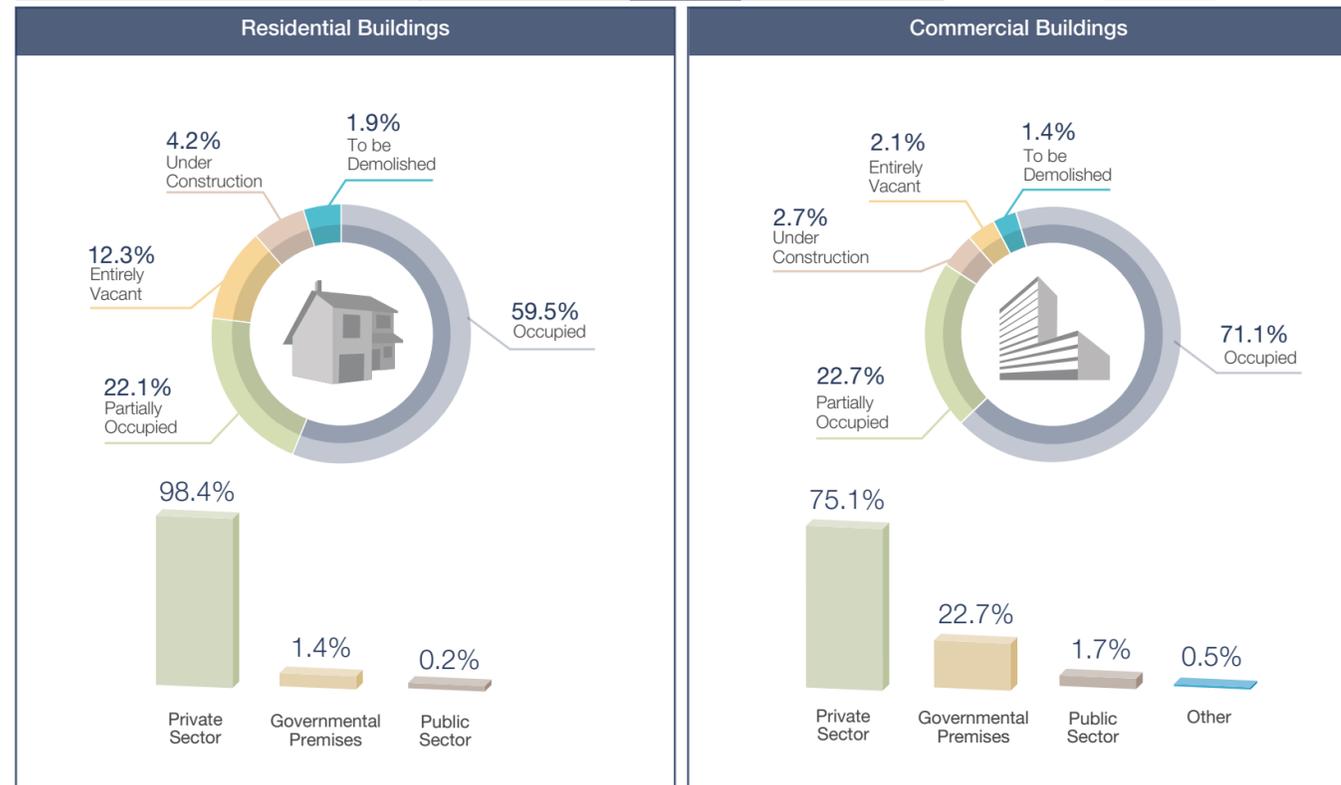
Misr Italia Properties is the developer behind residential projects such as La Nuova Vista, which comprises villas and townhouses in New Cairo, Cairo Business Park, which is set to become New Cairo's main business hub, Kai Sokhna, and Kai Sahel.



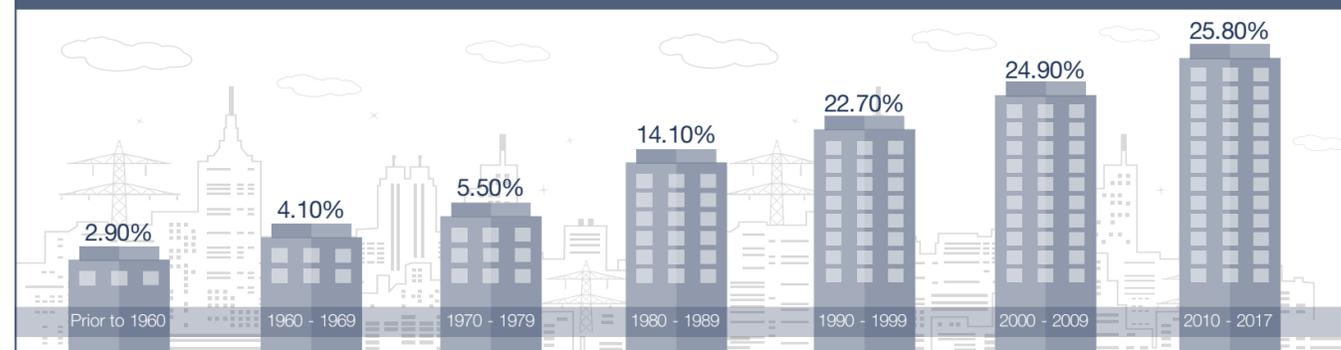
CENSUS : A BOOM IN CONSTRUCTION & RESIDENTIAL UNITS

Source : CAPMAS

TOTAL NUMBER OF BUILDINGS	In 2017	16.19 mn	In 2006	11.59 mn	TOTAL NUMBER OF UNITS
Residential	13.47 mn	increase by 39.5%		10.47 mn	In 2017
Commercial	833,000	increase by 53.9%		531,000	In 2006
					42.97 mn



BUILDINGS BY YEAR OF CONSTRUCTION



ONLINE MONTHLY SURVEY

Source : INVEST-GATE

Which Method Do You Favor To Bridge The Finance Gap?

Developer's Payment Plan

90%



Bank Loan

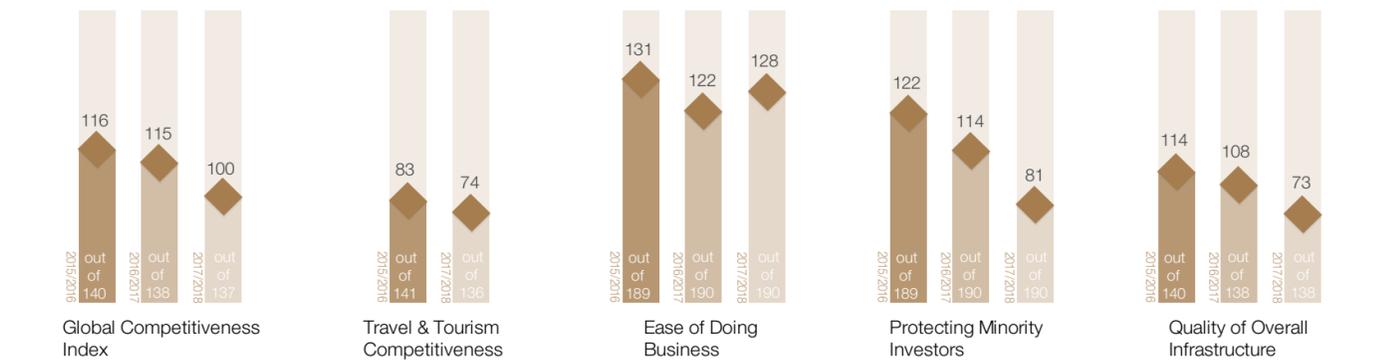
10%



EGYPT PROPERTY SECTOR IN A WRAP

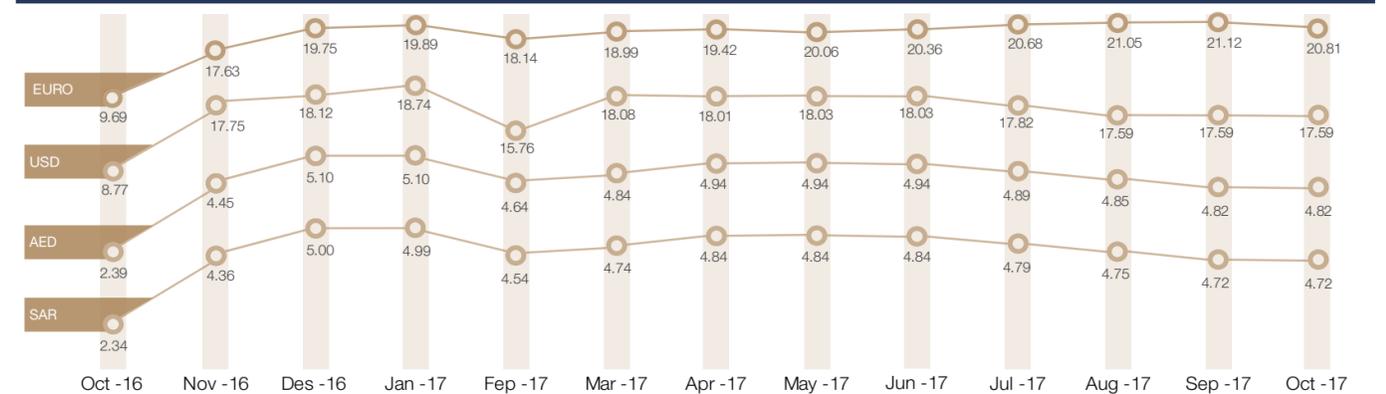
RANK OF EGYPT IN GLOBAL INDICES

Source : World Bank, World Economic Forum



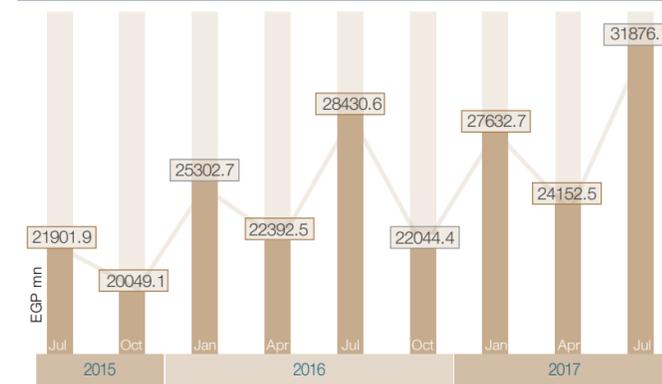
EGP EXCHANGE RATE (Monthly Avg.)

Source : CENTRAL BANK OF EGYPT



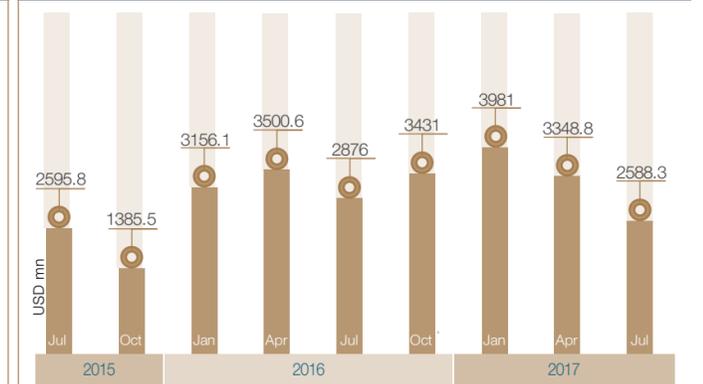
EGYPT GDP FROM CONSTRUCTION

Source : Ministry of Planning, Trading Economics



EGYPT FOREIGN DIRECT INVESTMENT

Source : CENTRAL BANK OF EGYPT, Trading Economics



EGYPT CPI HOUSING & UTILITIES

Source : CAPMAS



PRICES OF CONSTRUCTION MATERIALS (OCT- 2017)

Source : Ministry of Housing & Urban Communities

Cretal Steel (per acre)	78.7% Y-O-Y	12500
Steel Bars (per acre)	72.5% Y-O-Y	11970
Brick Hollow Concrete (40*20*12 cm) (per 1000 brick)	27.8% Y-O-Y	4332
Coarse Sand (per square meter)	35.8% Y-O-Y	40
Solid Cement Bricks (per 1000 brick)	22.6% Y-O-Y	912
Portland Cement (per acre)	9.9% Y-O-Y	780



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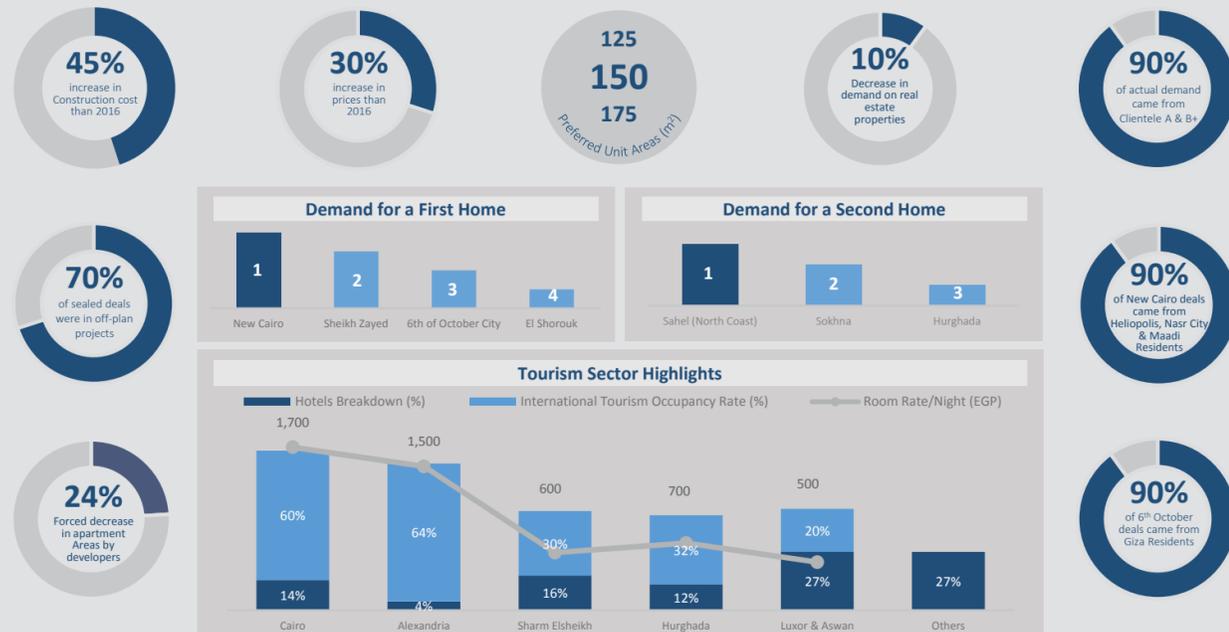
A project by  
Madinet Nasr for Housing and Development



## EGYPT REAL ESTATE | ANALYSIS & RECOMMENDATIONS

ADVANTAGE

### 2017 REAL ESTATE MARKET HIGHLIGHTS



### New Trends in Payment Terms



### 2018 CHALLENGES & OPPORTUNITIES

- Prices are expected to continue in rising between 10% - 30% by the beginning of 2018 due to the continuous increase in the construction costs and land prices
- The Real estate investment sector in Egypt is rigid that even in the case of high prices, the demand on purchasing will remain strong given the high demand on lands and tenders for apartments by the Ministry of Housing for the following reasons:
  - The continuous increase in population and the real demand for housing
  - Properties in Egypt maintain their value, therefore, there would be a continuous demand on purchasing properties (Hedging)
- The highest demand is expected to be on small and medium sized units, especially in the areas and communities surrounding the new administrative capital, such as Sherouk, Badr, New Heliopolis and other cities
- The new administrative capital will be a real model for changing the real estate concepts in Egypt in the coming years, as the developers will introduce new projects considering high environmental, design standards and smart homes
- Decrease in demand on low-income housing units as a result of the current pressure of the inflationary wave and increase in day to day expenses, driven by the current economic situation
- Increase in the volume of investment and demand on commercial, administrative, educational and medical projects, especially in the new cities



## EGYPT REAL ESTATE | ANALYSIS & RECOMMENDATIONS

ADVANTAGE

### RECOMMENDATIONS FOR DEVELOPERS AND GOVERNMENT ENTITIES

- Payment Terms**
  - Extend payment plans to 7-10 years, to attract investors and clients
- Affordability Levels**
  - Target smaller unit areas to decrease the total price in order to reach affordable monthly installments
- Delivery**
  - Perform well organized development plans to guarantee delivery on contractual dates
- Security**
  - Provide high security measures in terms of qualified security staff supplied with the latest security systems
- Finishing**
  - Introduce fully finished units with high quality to tackle the hassle of further finishing costs and efforts on the client
- Design & Facilities**
  - Offer top notch designs with full project facilities including basic options for smart homes
- Sahel Facilities**
  - The private and public sector have an obligation to stabilize the demand on Sahel which can be compromised given poor facilities and services despite unique project designs, crystal clear waters, night entertainment, etc. For this to be maintained, accommodation options (especially serviced apartments), emergency aid, traffic jams, transportation methods, and infrastructure has to be further enhanced or provided
- Tourists**
  - Given that Egypt is a tourism based economy, responsible officials/governmental entities should strive to keep the flow of tourists by enhancing safety & security, increasing international marketing campaigns & promotions, improving services quality, enhancing sustainability, and further facilities for tourists (providing visas on arrival)

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## LA HACIENDA RAS SUDR, A Modern Dip In The Red Sea

BY FARAH MONTASSER

An all-year-round retreat to many local and international visitors, La Hacienda Ras Sudr has been on the mark, grabbing all attention to its unique location and natural beauty blended with modernity. Invest-Gate sits with Bahrawi Investment Co. CEO Dr. Samir Bahrawi to share his views on the investment climate in the country, today, and the future of Ras Sudr as Egypt's, nowadays, popular destination on the rise. Invest-Gate, then, takes its readers on a tour at La Hacienda Ras Sudr with its very own Bahrawi Investment Co. General Manager Sarah Youssef to explore more on the booming destination and what it has to offer.

**Here is what Bahrawi Investment Co. CEO Dr. Samir Bahrawi has to say:**

**How do you assess the current investment climate? And how do you view the real estate market?**

Egypt is loaded with investment opportunities across all its cities and sectors. The only factors that affect such opportunities are the stability of its local currency and the regulations and legislations that follow. No one would want to invest in a country where laws are vague and its currency is unstable. When we study a project, we need to make sure that what is planned and agreed upon on paper is what will actually come into effect without any sudden changes or surprises. Yet, the investment opportunities in Egypt are unlimited.

Where real estate is concerned... when we look back throughout the past 25 years, if not more, we see that the purchase appetite of Egyptians is by default rising. Locals tend to invest their savings in real estate whether for themselves or their offspring. It has become part of our traditions and has been embedded in our nature.

We have witnessed an exaggerated appetite in the past five years but this phenomenon has come to an end, yet, the sector as a whole is steadily rising.

“**The investment opportunities in Egypt are unlimited.**”

**Why was Ras Sudr chosen as a location for the La Hacienda project?**

Honestly speaking, I fell in love with Ras Sudr the minute I set foot in it. Ras Sudr is very unique with its seclusion, fantastic weather, and picturesque sand and sea. Sinai is full of places that cannot be put in words when describing them, like Ras Sudr. You have to visit it to get what I am talking about. All I can say is that Ras Sudr is a mesmerizing place that has to be highlighted.

**Do you believe that with all the development of the Suez City and its SCZone, Ras Sudr would be on the property investment map of Egypt?**

I can easily say that recently we have seen a number of young people escaping the hustle and bustle of the capital and moving to Ras Sudr. Moreover, Ras Sudr has become the perfect place for retirement; and this, as we have seen is a huge market not just in Egypt, but abroad. Retired Americans and

Europeans are always on the lookout for homes that enjoy nature and seclusion. Ras Sudr fits their criteria. We await some laws that facilitate such international market to come own homes and live here in Ras Sudr. We also need a number of facilities that would make the lives of the retirees easier such as health care facilities and daily life necessities to make this an integrated and inhabitable city.

**How do you foresee the future of such a location?**

I find this location to be the most promising amongst all locations across Egypt in the very near future. With the plan to develop a city on the Egyptian borders with KSA and Jordan, Ras Sudr will be an international touristic hub as it lies on its main road. This city will also encompass an international airport, giving Ras Sudr an easy access.

“**I find this location to be the most promising amongst all locations across Egypt in the very near future**”

Ras Sudr as an area is primitive and virgin so development opportunities there are massive unlike all other places that are already established but are undergoing an upgrade phase. It has great potential with all the modern urban development plans for the city that are currently being studied.

“**Ras Sudr as an area is primitive and virgin so development opportunities there are massive unlike all other places that are already established but are undergoing an upgrade phase.**”

**In your opinion, what can the government do to attract investments to the many neglected areas or cities, especially in the Red Sea or Suez?**

I find that the government initiates many investment incentives. However, those incentives are not what the investors want. I believe that the government has to listen more carefully to investors and see what they actually want; then create the appropriate incentives needed to invite their businesses to the country. There is a huge gap between those who form those incentives and laws, and the investors' desires. It is not just tax reduction or land acquisition that matter; the government needs to scientifically study the investor's market, views, and needs, then form the appropriate incentives and laws for the matter.

**Join our La Hacienda Ras Sudr tour with Bahrawi Investments Co. General Manager Sarah Youssef**

**How does La Hacienda cater to its residents?**

La Hacienda presents the “forbidden easiness” as they say. We provide all facilities and amenities needed for the everyday life by the sea. Our successful young clientele come to La Hacienda for the easy life, escaping the hustle and bustle of the city. We, at La Hacienda, want our residents to come unload their belongings and not worry about anything, but enjoy quality time with friends and family in a secluded and natural environment that mixes between a virgin nature and the modern day life. We are keen on adding luxury to make their stay enjoyable.

**What are La Hacienda facilities, as you mentioned, that make this community a fully integrated one?**

To develop an integrated community, you need to have a full infrastructural development along with the everyday services and amenities; and this is

“**We provide all facilities and amenities needed for the everyday life by the sea**”



“**To upgrade the luxury of La Hacienda, aside from its rigorous maintenance services, this community enjoys a- 1km-long beach resort, seven swimming pools, a tennis court, kids area, a top-rated hotel, and a number of entertainment venues; in addition to the popular SOUL Kitesurfing Center.**”

what we present at La Hacienda, making the project an all-year-round destination. La Hacienda- many might not be aware of this- is a summer destination, too. Ras Sudr's weather is enjoyable and breezy all year round. To upgrade the luxury of La Hacienda, aside from its rigorous maintenance services, this community enjoys a- 1km-long beach resort, seven swimming pools, a tennis court, kids area, a top-rated hotel, and a number of entertainment venues; in addition to the popular SOUL Kitesurfing Center.

Since its operation, we have seen a number of people residing in Ras Sudr especially the young people. They have moved their businesses to the area as well. Some even enjoy freelancing from there. This year, a school has opened in La Hacienda. Hana, the daughter of SOUL Kitesurfing Center's Founder Sherif Soliman is our La Hacienda first student to attend this school. We have also created an event facility on the beach, this year, to accommodate large events and celebrations. We have seen growing demand since we have launched this project and accordingly, we introduce a new service each year to cater to this demand, adding to the La Hacienda life.

**How much of the project is completed and delivered? And what are the project's latest updates?**

The first unit was delivered back in 1999; and ever since, we have been praised for keeping the

resort up to world-class standards. We develop the resort each year to keep it up and running. Up until now, La Hacienda has delivered over 500 units. Throughout the past four or five years, we received high demand and therefore we have expanded the resort with many more units that are constantly built and delivered to keep up with this growing demand. At the moment, we have many plans in the works.

**What does La Hacienda have in the pipeline?**

We just launched a new phase, focusing on the originality of La Hacienda. We focus on La Hacienda's natural beauty and implement it into our modern designs but with a twist. This new phase- if we can put it this way- is more young, vibrant, and modern. We have added a new swimmable lagoon, spanning 5,500 sq.m. of land. This phase overlooks this lagoon/ swimming pool and enjoys more promenades and pedestrian walkways. The construction of this phase is underway and its first units will be delivered in 2019. We are currently extending our hotel to cater to the growing demand as I previously mentioned.

At this stage, La Hacienda Ras Sudr is growing and we have a lot of further expansions coming in the near future.



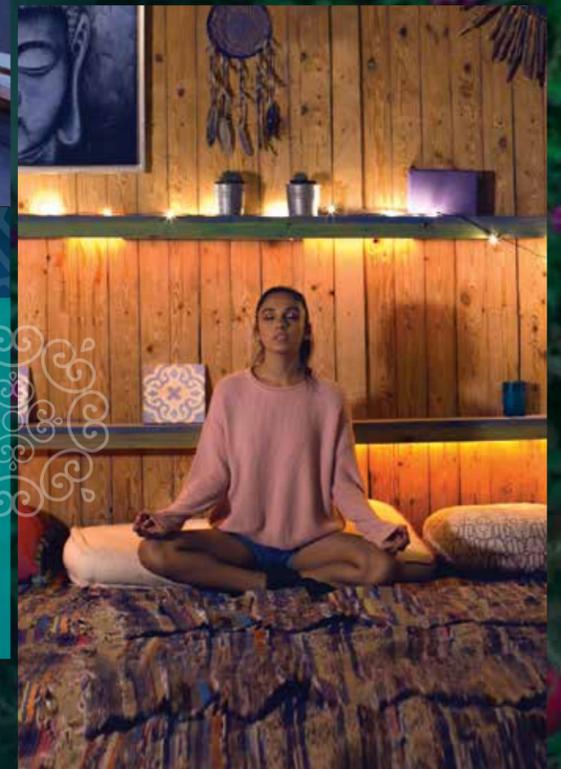
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# SODIC

## To Land in Abu Dhabi With NILE PROPERTY EXPO

Joining the Nile Property Expo's worldwide tour taking off this month in Abu Dhabi, Egyptian property developer giant, Sixth October Development and Investment Company "SODIC" is to present its latest projects to the GCC market, following the high demand received from Egyptian expats and Arabs alike. SODIC Managing Director Magued Sherif shares his insight on the Egyptian real estate market, tackling opportunities and challenges. SODIC has gained unbeatable recognition in Egypt and the Middle East, presenting modern thinking when it comes to the Egyptian home buying and living culture.

BY FARAH MONTASSER

### AS AN EXPERT IN THE REAL ESTATE MARKET, HOW DO YOU ASSESS THE CHANGES DURING THE LAST PERIOD?

There is no question that the floatation of the Egyptian pound may have resulted in more pressures on income and affected affordability in the short term. However we believe that the initial shock is over and the market is starting to adapt. Real estate will always remain a true guarantor of value. Interest rates are expected to decrease and developers have already adjusted to these conditions by offering more efficient units of smaller sizes to accommodate affordability. Egyptians will always seek to buy their own home, and house prices are always increasing which is a real incentive to get on the property ladder the soonest you possibly can. That driver will never change.

### WHAT DO DEVELOPERS OR INVESTORS DEMAND FROM THE GOVERNMENT IN SUPPORT OF THE SECTOR, TODAY?

The government needs to develop approximately 23,600 acres per year to accommodate annual housing needs. What is actually developed is around 3000 acres, which means that there is an annual deficit of approximately 20,000 acres. There must be an open dialogue between the private sector to address this deficit and most importantly, to reach a reasonable price of land that would enable the private developers to address this gap. We are supportive of the government in their plans to develop new cities and believe this is a necessity to keep up with the organic population growth.

### HOW DO YOU SEE THE RECENT ECONOMIC REFORMS? HAVE THEY POSITIVELY AFFECTED THE REAL ESTATE INVESTMENT MARKET?

Despite increase in construction costs, and the subsequent pass through to buyers through increased selling prices; the sector has proved resilient and performed very well this year. This is driven by the real need for housing, property being perceived as an investment, and the migration from the congested city center to new communities that offer a better quality of life.

We expect the real estate market to do even better in the coming period, with incomes catching up and more investments being directed to real estate with the maturity of high-interest time deposits. On the long run, investment and FDI will trickle down to the upper and middle classes enhancing affordability. The immediate positive effect was the increase of remittances that are being directed towards property purchases.

### OVER THE PAST PERIOD, THE NEW URBAN COMMUNITIES AUTHORITY HAS LAUNCHED MORE THAN ONE PROJECT SUCH AS DAR MISR, AMONG OTHERS THAT FEATURE SERVICES PROVIDED BY THE PRIVATE SECTOR, INCLUDING GREEN SPACES, SECURITY, AND AFTER SALES SERVICE. IS NUCA TO BE CONSIDERED A COMPETITOR IN THE MARKET TODAY?

The housing gap is so vast, that all housing projects are needed. NUCA has a price advantage on land which enables it to address market segments that private developers would not be able to, including

lower and lower middle income segments. We see this as proactively contributing to addressing the ever-growing housing gap. NUCA is also entering into partnerships with the private sector to alleviate the pressure of cost of land. So long as there is an open dialogue with the private sector and everyone is able to operate, Egypt needs all the supply we can offer.

### SOME BELIEVE THAT THE GOVERNMENT IS INTERESTED IN FOREIGN INVESTORS AT THE EXPENSE OF THE EGYPTIAN INVESTOR?

We are seeing a very healthy balance between encouraging foreign developers to invest in Egypt and the inclusion of local developers in the government's plans for growth. You only need to look at the number of plots recently released by NUCA and the number of deals signed over the past two years to see that. It is only healthy to want to attract foreign investment at this point in time.

### DO YOU THINK THAT THE AGGRESSIVE COMPETITION THE MARKET HAS WITNESSED IN RECENT YEARS HAS MET THE HIGH DEMAND OF THE PURCHASE POWER?

Not at all. It is true that there are many new entrants and the market is getting more competitive, which greatly benefits the client, especially in times where affordability is a big factor in the purchasing decision. Having said that, an established credible real estate developer will always weather challenging times better than a smaller new entrant. When you are buying a house you want to know that it will be delivered in so many years. By virtue of experience, financial position, execution capability, land bank and track record established developers will always be preferred clients and suppliers.

### MOVING ONTO THE NILE PROPERTY EXPO, WHY IS SODIC PARTICIPATING? WHAT IS ON OFFER TO VISITORS?

After the float, investing in property became an opportunity for Egyptians living abroad who had the advantage of actually benefiting from the devaluation of the pound. This encouraged us to participate in this exhibition, among others across the UAE or the Gulf, to bring the company's projects to these clients and to expand our customer base.

### SODIC ALWAYS PRESENTS SOMETHING NEW WITH EVERY LAUNCHED PROJECT. WHAT IS SPECIAL ABOUT "SODIC EAST"?

SODIC East is planned to be a full-fledged world-class destination on the East. The first phase of the project features standalone villas of different sizes and a range of town- and twin-houses. The project's construction plan is to be entirely delivered in ten years. This is SODIC's first co-development project partnering with Heliopolis Housing & Development Company -the oldest real estate investment company in the Middle East.



“Egyptians will always seek to buy their own home, and house prices are always increasing which is a real incentive to get on the property ladder the soonest you possibly can. That driver will never change.”

### A COMPANY WITH THE SIZE OF SODIC SHARES A DISTINGUISHED PLACE ACROSS THE EGYPTIAN AND ARAB MARKETS. WHAT MADE YOU PARTNER WITH HELIOPOLIS HOUSING AND DEVELOPMENT COMPANY IN THIS PROJECT?

With the increasing cost of land many private developers are moving towards co-development partnerships and adopting a revenue share model. This allows the developer to direct all their investments to developing the project and the landlord is compensated for the land with an agreed upon share of the revenue. We were able to reach a very balanced deal with Heliopolis Housing that safeguards both of our interests.

### FLEXIBLE PAYMENT PLANS OF TEN YEARS ONWARDS HAS BECOME A COMMON TREND IN THE MARKET TODAY. IS SODIC APPLYING THE SAME METHOD?

Some companies offer a payment plan of up to 10 years, but for us, we prefer to stick to our payment plan of six and seven years, depending on the project itself. We prefer to stay committed to our clients and to meet our delivery deadlines and I believe this is our edge.

In the face of pressures in disposable income we are witnessing extended payment terms offered by developers, sometimes up to 10 years. This is expected to prevail in the medium term but is expected to go back to regular four to five year terms once incomes catch up. Our conservative financial management and our commitment to on-time delivery and our shareholders interest makes us reluctant to apply extended terms across the board. We use a five to six year payment plan and a seven-year payment plan in selective cases and on the heavier ticket prices.



**WHAT ARE YOUR HOPES IN THE COMING PERIOD?**

This sector is considered one of the main pillars of growth in the Egyptian economy. A dialogue between government and investors is crucial. We need the government to bring more well-priced land to the market. We would like to see developers ranked by development capacity and execution track record when allocating land to prevent speculators from acquiring land they cannot develop and fictitiously raising land prices.

“ There must be an open dialogue between the private sector to address this deficit and, most importantly, to reach a reasonable price of land that would enable the private developers to address this gap. ”





# NILE PROPERTY EXPO

ABU DHABI 2017

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# Maxim Investment Group Seizes The Market With Massive Business Expansion

Maxim Investment Group has waged a massive business expansion through the diversity of ten companies across various sectors including real estate, hospitality, commercial, industry, design, consulting, facility management, retail, franchising, food and beverage, financial and investment, automotive, events, and media production.

The companies include Maxim Residence, Maxim Country; Maxim for Commercial Projects, which consists of Maxim Mall and Maxim Strip (Bay Walk); Maxim Betone, the only sole distributor in the MENA Region for Spanos International which provide integrated fully mobile concrete batching plants.

Maxim Automotive which includes Maxim Classics and Domy Sole Distributor; Volt Mega Electronics Store which includes all electronic equipment and supplies under one roof; Maxim for Touristic Projects; Royal Maxim Palace Kempinski and other hotels in the Red Sea and North Coast; and Design plus, a renowned name in the field of design and architecture.

Lately, as part of its real estate development projects, Maxim Developments has expanded its Bo Sidi Abdel Rahman due to the high overwhelming demand it received, featuring diverse homes and unique services.



Bo Sidi Abdel Rahman, spreading on a total area of 1000 acres, is considered to be the future hub of sahel due to its premium location between the highest alive community compounds and facilities that makes it the largest and most distinct Sahel destination. Bo Sidi Abdel Rahman's future plan is to be the destination for all Sahel residents. Bo Sidi Abdel Rahman will consist of a five-star hotel and two four-star hotels, hotel apartments and branded hotel villas, clubhouse and spa, cabanas, sports area, bicycle tracks and a commercial area which, for the first time in Egypt, will include a commercial Strip Mall (Bay Walk) directly on the beach that will cover branded restaurants and bars and service retail store. The development will also include a hospital and polyclinics, a foreign university and a special 1 km beach front that includes club house private beaches, owners beach, entertainment area, as well as, water and sports activities.

The property leader has started the implementation of the first phase of Bo Islands, part of Bo Sidi Abdel Rahman, with delivery starting in 2017, while the whole project will be completed by 2022. The company commenced the excavation work and the construction of crystal lagoons, while finalizing 85% of the project's road work. Bo Islands is a State of the art Bohemian designed palaces, villas and chalets with 12% foot print living in islands surrounded by crystal lagoons with water front units, transportation with electric tram or electric boat (ferry bo), 18.5 km crystal lagoons.

Another project inside Bo Sidi Abdel Rahman is Bo Sands which comprises smaller size G+3 chalets ground, living in islands surrounded by crystal lagoons, landscape and beautiful views. Bo sands also has a 16.5 km crystal lagoon, one of the longest crystal lagoons shores in the North Coast.



Considered to be the future hub of the North Coast due to its premium location between the highest alive community compounds and facilities that makes it the largest and most distinct across all developments, Bo Sidi Abdel Rahman, located in the heart of the North Coast at km 120 on the Alexandria/ Matrouh North Coast Road next to New Al-Alamain City, is designed to be an integrated city to serve its designated community for the whole year as it was planned to fulfill all facilities and amenities needed to live a luxurious and comfortable life style.

The project's commercial area will also include, for the first time in Egypt, a commercial Mall (Bay Walk) directly on the beach, comprising branded restaurants and cafes, bars, real estate sales center, cars exhibition, furniture mall and a huge kid's area. Bay Walk Mall will also include the largest theater in the North Coast, fashion stores, hospital and polyclinics, and a foreign University as well as a special 1 km beachfront that includes club house private beaches, owners beach, entertainment area, water and sports activities.



# Maxim Developments Lands In The Nile Property Expo With Massive Investment Expansion



Scheduled to take place in Abu Dhabi this month, Maxim Developments joins the Nile Property Expo with its massive investments across many sectors.

Maxim Developments Vice President Amr Mohsen is a visionary, seeking to offer an upscale lifestyle at attractive packages to his clients. Invest-Gate meets Mohsen to discuss reasons behind Maxim's participation in Nile Property Expo 2017, featuring the latest updates on Bo Sidi Abdel Rahman.

Maxim Developments, a leading Egyptian property developer, will seize the opportunity and participate in this promising expo to lure Arab and foreign investments to Egypt generally, and specifically to the real estate market, as well as, market Egypt as one of the best vacation destination. "Devaluation of the Egyptian currency made it easier to enter the international markets and encourage Egyptian expats to invest in Egypt," Mohsen notes.

Mohsen sees the event as "an opportunity to get an overview of the industry, know your competitors, make new business relationships and contacts, and introduce and sell your products."

"For Maxim, the expo is a platform of face-to-face interaction and utmost consumer engagement. In other words, your brand and your target audience get an occasion to interact," Mohsen elaborates.

The expo, he notes, "will give Maxim this chance of meeting existing and new clients, including those of your competitors, and also have an insight on this market's needs for the sake of product development."

"The exhibition also helps in creating brand proximity. Engaging and appealing exhibition stands will help in attracting target clients and interact with them in a better way. Once they develop a sense of brand closeness, they are automatically connected," according to Mohsen, "and this also helps in understanding target audience and their needs better."

One of Maxim's major projects is the biggest resort compound on the North Coast, Bo Sidi Abdel Rahman, which comprises Bo Islands; a state of the art Bohemian-designed palaces, villas, and chalets with 12% footprint



living in islands surrounded by 18.5 kilometers Crystal Lagoons, and water front units. It also features Bo Sands, which consumes around 17% of the -1,700-acre Bo Sidi Abdel Rahman project, offering 5,500 apartments in different sizes, ranging between 80 and 200 square meters customized for small families.

The Nile Property Expo 2017, in its first edition under the slogan Misr Betaarablek "Egypt is Getting Closer", will take place from December 14 to 16 at Abu Dhabi National Exhibitions Center (ADNEC), Abu Dhabi. Bringing together top Egyptian real estate developers, the expo aims to market Egypt as a promising destination for investment through showcasing pioneering real estate projects, in addition to helping Egyptian expats have homes upon their return to their homeland; or for their children in the future.



# EGYPT'S DYNAMITE GROWTH AREAS IN 2017

BY JULIAN NABI

Egypt is generally witnessing increased investments in the real estate sector for it being a safe haven against continuous inflationary pressures, yet some geographical areas experienced growth and demand more than others, Invest-Gate explores.

## Strong Residential Interest in East Cairo

"Most investments in 2017 were mainly directed towards first homes in new cities in east Cairo especially New Cairo and the New Administrative Capital," Senior Equity Analyst at Mubasher International Yasmine Radwan tells Invest-Gate.

"The establishment of the New Administrative Capital has influenced local and foreign developers' plans this year, leading most of them to move further to east Cairo," JLL Country Head of Egypt Ayman Sami tells Invest-Gate.

A total of 200 companies have responded to the new capital's first tenders including Sixth of October Development & Investment Company's (SODIC) Eastown (SODIC), Saudi-Egyptian Construction Company (SECON), and Talaat Moustafa Group Holding, reflecting a strong interest to carry out new residential projects in the capital, according to JLL's Real Estate Market Overview for Q1-17.

A number of projects were already announced in the new capital such as Misr Italia Properties' IL BOSCO-New Capital and Better Home's Midtown New Capital.

"Emaar Misr requested the purchase of a -1,500-acre- land in the new capital," Radwan says, adding that Talaat Moustafa Group already bought a- 500-acre- land this year.

In 2017, several new projects resided in New Cairo as well. "90 Avenue by Tabarak Holding and Palm Hills New Cairo by Palm Hills Developments, which are slated for completion in 2018 and 2021 respectively," JLL's Q1-17 report highlights.

SODIC Eastown and Villette, and Emaar's Mivida also continued to report significant deliveries soon approaching resale phase. SODIC announced

the launch of the first and second phases of Sky Condos in the- 301-acre- Villette project and opened the first phase of the- 655-acre- SODIC East project for booking. Back in April, SODIC also signed a final agreement with Heliopolis Company for Housing and Development to co-develop a 655-acre integrated community in east Cairo, with expectations to house around 8,600 residential units in addition to areas dedicated to commercial and retail use.

Located close to the new capital, El Mostakbal Urban Development Company's 11,000-acre-Mostakbal City has started site preparation and utility with full coverage expected by 2019.

The Ministry of Housing, Utilities, and Urban Development, represented by the New Urban Communities Authority (NUCA), and Saudi-Egyptian Alliance Mountain View - Sisban are also

developing the- 18,000-unit- iCity New Cairo worth USD 3.6 bn, with expectations to be completed in 2020, according to JLL's Q2-17 report.

Madinet Nasr for Housing and Development (MNHD) announced the development of the- 220,000- square- meter Sarai in New Cairo; its first and second phases launched late 2016 and early 2017, respectively.

## New Cairo Hub for Commercial Projects

In 2017, New Cairo continued to be home for many businesses in 2017. Capital Group Properties introduced Smart Village East at its 1,200-acre Al Borouj development in East Cairo. Heliopolis Developers Group also announced its six-story Cairo Capital Center, projected to add around 7,749 square meters of prime office spaces.

New Cairo is also seen the fastest growing area for



retail developments associated with residential expansions. Al Futtaim Group was also working on five new buildings with 60,000 square meters of grade A office space and the Podium with 35,000 square meters of small- and medium-sized office space in the Cairo Festival City project, JLL's Q1-17 release notes.

## Investment Opportunities in West Cairo Still Abound

"Most of this year's real estate projects were announced in east Cairo, yet west Cairo also saw new launches," Sami notes.

In early 2017, SODIC, again, announced its latest 30.9-acre- project, October Plaza, in West Cairo. The Saudi-Egyptian Alliance Mountain View-Sisban also launched iCity October integrated community project in Sheikh Zayed City, to be developed through a public- private partnership between the developer and NUCA.

West Cairo also saw the launch of a -3,000-acre project, which will be co-developed by Palm Hills Developments (PHD) and NUCA in early 2018, offering multi-tenant buildings, standalone units, as well as, commercial, educational, and leisure facilities. Fawaz Al Hokair's Marakez, too, is expanding in west Cairo with its latest development Aeon, JLL's Q2-17 report says.

Commercially, work is ongoing with the expansion of Badr El Din Real Estate Project's Mazar Mall and Mall of Arabia, according to a JLL report.

Around 30% of the three-floor Mazar Mall's units have been leased to a number of commercial chains like Spinneys. "An administrative space has been leased to Qatar National Bank (QNB) to set up a new branch," Badr El Din Chairperson Mamdouh Badr El Din announced.

## Second Homes Lure Investors

North Coast and Ain Sokhna were among top areas for developers, according to Property Finder's 2017 insights.

"The New Al-Alamein City will attract investors and real estate developers as it will encompass hotels, touristic villages, a commercial zone, and an entertainment park," NUCA spokesperson Mona Kamel previously said.

"I was hesitant to establish a hotel in the North Coast before the announcement of the new city project. But now, my company was encouraged to

begin working on the idea," Chairman and CEO of Arabia Group Tarek Shoukri says.

A couple of months back, SODIC announced the signing of a memorandum of understanding (MoU) to develop a- 300-acre- land on the North Coast, marking the second MoU that the developer signed in the same area, thus bringing the total land, over which the company is negotiating in the North Coast, to 600 acres.

Earlier this year, Hyde Park Developments, as well, launched the first phase of the- 1 mn- square-meter- Coast 82 on the North Coast, with total investments worth EGP 12.5bn.

Egypt's Emaar Hospitality Group also unveiled its second hotel project, Address Marassi Beach Resort, overlooking Sidi Abdel Rahman Bay in the North Coast.

First Group also announced a plan to establish a -100-acre- project in North Coast, in addition to a -85- acre- project in Al Galala, Ain Sokhna.

"Thanks to the development of the New Capital City, Ain Sokhna has become a hot area for investment due to its close location to the new capital, which will make it the ideal holiday destination for the capital's residents," Property Finder notes.

El Shahawi Properties uncovered Ein Hills boutique resort in the heart of El Galala Mountain in Ain Sokhna. El Shahawi Properties Vice President Hosni El Shahawi told Invest-Gate, "We can now say that the foundation is completed and the construction of Ein Hills compound itself has started. We are to deliver the first phase in March 2019 and the entire project in December 2020."

Soon, Ain Sokhna will be considered as the primary residence for many as a result of the existing projects and developments in progress, such as the Galala City, which will include a major hospital and university and the new capital, according to Vacation Homes, Egypt 2017 Overview by Coldwell Banker.





# HIGHEST YIELDS AREAS IN 2017: EAST, WEST CAIRO TAKE THE FOREFRONT

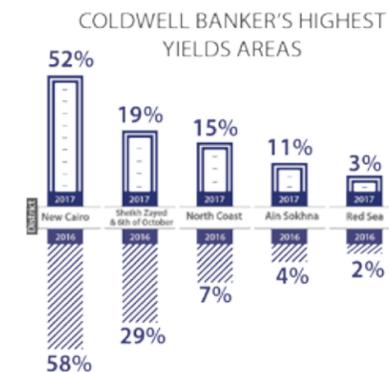
BY PASSANT DARWISH

As 2017 is drawing to a close, Invest-Gate surveys a number of brokerage companies and platforms to learn more about the the highest yields areas this year, as well as, the highest yields compounds.

Leading brokerage company Coldwell Banker's highest yields area in 2017 was the 5th Settlement, constituting 52% of its sales, Vice President of Coldwell Banker and Coldwell Banker New Homes Mohamed Banany tells Invest-Gate.

Coldwell Banker's "second highest yields areas were west of Cairo's 6th of October and Sheikh Zayed," according to Banany, contributing to 19% of their sales.

The company's North Coast sales more than doubled in 2017 to reach 15%, up from 7% last year, Banany elaborates. Similarly, Coldwell Banker's sales in Ain Sokhna in 2017 increased to 11% from 4% in the previous year.



"A total of 51% of properties sold by Coldwell Banker were apartments," Banany reveals.

Similarly, BYC consultancy and brokerage firm's highest yields area was east of Cairo, "mainly the 5th Settlement, making up 50% of its sales," BYC's Founder Karim Ghoneim tells Invest-Gate.

He adds that Palm Hills New Cairo, Emaar Misr's Mivida, and Misr Italia Properties' IL Bosco-New Capital are the highest yields projects east of Cairo.

"Sheikh Zayed and 6th of October constituted 20% of our sales with the top selling projects being Inertia's Joulz compound," Ghoneim states. BYC's sales in the North Coast comprised 20% while Ain Sokhna contributed to 10% of their sales.

Ghoneim also reveals that 85% of sold units were in gated communities while 15% were in non-gated communities.



"Our work mainly involves residential units, but we entered the commercial real estate market as

of July 2017," Ghoneim reveals, adding that those five months of handling commercial properties contributed to 20% of BYC's sales in 2017 while residential properties made up 80% of their sales. The company's highest yields commercial project was Linx Business Park in Smart Village, west of Cairo.

Meanwhile, Ahmed Amin, CEO of Property Advisors, a brokerage company that works primarily with A-class compounds and residential units, tells Invest-Gate that his company's highest yields areas in 2017 were in west of Cairo, namely 6th of October and Sheikh Zayed, deriving 40% of their sales.

He adds, "The highest number of properties sold in residential communities west of Cairo were in Palm Hills October and Sixth of October Development & Investment (SODIC) development."

Palm Hills New Cairo, Mivida, and SODIC's Eastown residential communities were Property Advisors' highest selling compounds in New Cairo, according to Amin, who claims, "30% of his sales in 2017 were derived from properties in New Cairo, both resales and new projects."

Amin notes that in the past year, his company's units sales in the North Coast were higher than that of New Cairo, "In 2017 the North Coast sales dropped to contribute to only 20% of the

company's revenues," he states.

On the plus side, Amin says sales in Ain Sokhna grew this year, constituting 10% of his company's sales. He describes the increase as "solid and sizable," adding that the majority of sales were in Tatweer Misr's Monte IL Galala and Madaar Development's Azha.



As opposed to Property Advisors, AFOK Real Estate Experts made its main revenues in 2017 from property sales in east of Cairo's 5th Settlement and Al-Shorouk districts, constituting 85% of their sales, the company's cofounder, Tareq Haggag, tells Invest-Gate.

Haggag, whose company caters to the A-, B-, and upper C-classes, adds that projects by Sabbour Consulting Company and Palm Hills Developments constituted his company's highest yields compounds in 5th Settlement district.

"In Shorouk City, Talaat Moustafa Group's (TMG

Holding) Mayfair compound derived our main resale units, while La Vista Developments' Al-Patio compound constituted our main new units' sales," he elaborates.

The remaining 15% of AFOK's sales this year, according to Haggag, were derived from properties in the North Coast and Ain Sokhna. The highest yields compounds in the North Coast were Palm Hills Development's Hacienda Bay and Mountain View's Ras El Hikma, while in Sokhna, La Vista and IL Monte Galala made most sales."



While brokerage companies are a valuable source for sales figures, not everyone seeks agents to buy their properties. Third-party tools, such as online brokerage platforms, are used by many to find their new homes. These platforms often do not have access to some information such as how many of the listed properties were sold. However, these platforms collect information on users' behavior

that could still indicate highest yields areas. Such platform is OLX, a leading classifieds platform in the country.

From January to June 2017, Nasr City, Pyramids Gardens, and Maadi were the top areas in terms of "Property For Sale" listings on the platform followed by "Heliopolis, North Coast, Faisal, Al Mokattam, Al Obour, Al Zaytoun, and 5th Settlement," OLX's General Manager Momtaz Moussa tells Invest-Gate.

The top keywords searched in the property section were, according to Moussa, old rent, house for sale, apartment for sale followed by Maadi, Sheikh Zayed, Al Obour, Nasr City, 6th of October, 5th Settlement, and Heliopolis.

In the same time period, the "Property for Rent," section received the highest listings in the North Coast and Nasr City areas followed by Maadi, Heliopolis, Al Haram, Marina, Sheikh Zayed, Al Rehab and Fifth settlement, Moussa adds.

TOP AREAS IN TERMS OF "PROPERTY FOR SALE" LISTINGS ON OLX



# DEMAND STILL BUOYANT AMID POUND FLOAT

BY JULIAN NABIL



Despite the floatation of the Egyptian pound back in November 2016 and its consequences such as significant price hikes across the real estate market, 2017 saw an increased demand. Measuring market demand through studies, Aqarmap concludes that the demand rose to 3,231 points in October from 2,678 points in January; and here is why.

### Population Growth Fuels Demand

Higher demand in the real estate market continues to be spurred by population growth, especially that the age group looking for housing represents a large segment of the society, according to Aqarmap Business Development Manager Ahmed Abdel-Fattah.

Egypt's population rose to 94.8 million in April 2017 from 72.8 million back in 2006, growing by approximately two million per annum, according to released figures by the Central Agency for Public Mobilization and Statistics (CAPMAS).

Egypt needs 600,000 residential units per annum, "with expectations for this figure to rise to one million in the future," Minister of Housing, Utilities and Urban Communities Mostafa Madbouly has announced last month.

### An Investment "Safe Haven"

Property maintains its attractiveness as "the primary repository of value for being profitable, easy, and one of the few remaining stable investments," Abdel-Fattah adds.

"Egypt's real estate sector continues to be a safe haven against continuous inflationary pressures," Senior Equity Analyst at Mubasher International Yasmine Radwan reiterates.

### Expats' Investment in Property Market

With the decreased EGP value, the real estate market has become very attractive to Egyptians abroad due to the affordability of unit prices. The real estate market saw a high demand from the GCC region in 2017, representing an average of 30% of the total demand, of which 15% comes from the KSA, Abdel-Fattah notes.

In reality, the price of a housing unit has decreased after the devaluation of the pound to Egyptian expats with their income, being paid in the hard

currency. "Although the USD to EGP exchange rate doubled, the price per square meter increased but did not double," Basheer Mostafa, CEO of First Group, tells Invest-Gate.

As a result, the appetite of expats for buying property in Egypt has increased "but the increase is neither significant nor clearly reflected in the market due to the surplus in supply of properties, as well as, the clients' distrust of developers, fearing that they will not deliver on time," Mostafa adds.

Meanwhile, Sales Director of Oriental Urban Development (OUD) Ahmed Zaalouk sees foreign clients increased their purchases as the housing units have become "cheaper" to them. However, the local purchase power showed some decline, which led most if not all developers seeking attractive marketing tools.

### Flexible Payment Plans Seen Encouraging

"The devaluation of the currency and increased inflation reduced the purchasing power of consumers, yet the overall demand remains strong, thanks to developers' flexible payment plans." JLL Country Head of Egypt Ayman Sami tells Invest-Gate.

Explaining further, Abdel-Fattah says that the EGP floatation and the rise of interest rates on Egyptian-pound-denominated- long-term deposits did not weigh down demand as developers started to offer attractive extended payment plans over eight to ten years against two to five years in the past. "The real estate market is active, smart, and able to adjust itself according to the surrounding variables," Sami adds.

"Flexible payment terms led to high demand in the upper-middle income class evidenced by growth in pre-sales of top developers," Radwan states.

### New Cities Come in Play

The residential market is spurred by further

expansion plans of the satellite cities as they continue to absorb population growth and reduce densities in central Cairo, according to JLL's Real Estate Market Overview for Q3-17.

The top sought-after area to home buyers, according to Property Finder's 2017 Insights, was New Cairo, followed by Sheikh Zayed, 6th of October City, Nasr City, Ain Sokhna, North Coast, and Maadi.

And generally, "people are also purchasing units in new cities currently under construction such as the New El-Alamein City, El-Dabaa, Al-Mostaqbal City, and the New Administrative Capital," Zaalouk notes.

These trends will last for at least five to ten years as more developments are being built in these "new markets," which Zaalouk concludes are good investment opportunities for buyers.



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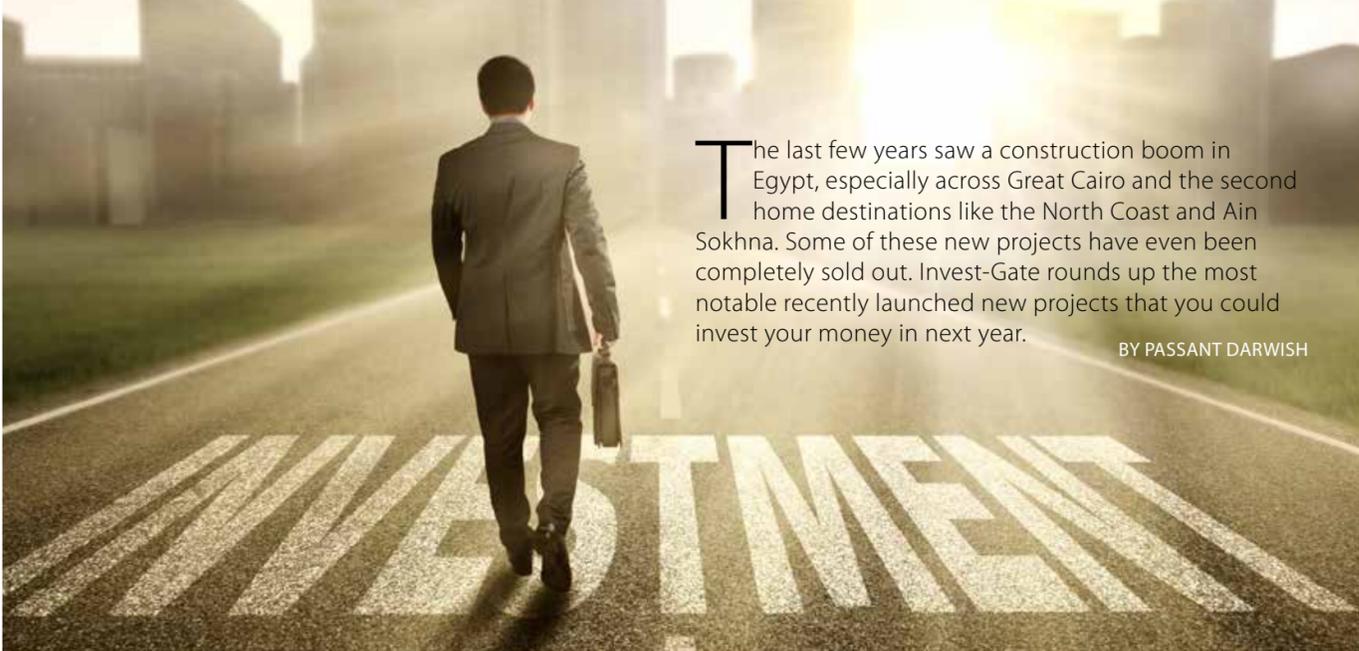
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# WHERE TO INVEST IN 2018: Limitless Options, Extended Payment Plans



The last few years saw a construction boom in Egypt, especially across Great Cairo and the second home destinations like the North Coast and Ain Sokhna. Some of these new projects have even been completely sold out. Invest-Gate rounds up the most notable recently launched new projects that you could invest your money in next year.

BY PASSANT DARWISH

**NEW CAIRO**

New Cairo, divided among the fifth settlement, Shorouk, New Administrative Capital, New Heliopolis, and "Golden Square", has plenty of residential communities to offer, suiting all tastes and budget needs.

SODIC East: Sixth of October for Development & Investment Company (SODIC) recently launched SODIC East, strategically located between the Cairo/Suez Road and the Cairo-Ismaïlia Road, and comprising twin houses, townhouses, and villas with areas ranging from 234 to 340 square meters. The project features amenities that offer a diverse range of activities and services such as a club, a kids' edutainment center, and a camping area.

The Address East: The Address East, Dorra Development's newest project, is located five minutes away from Cairo/Suez Road in what is becoming widely known as the "Golden Square, hosting some of the most prestigious residential compounds in New Cairo. The residential compound will comprise G+4 fully finished apartment buildings, duplexes, and twin houses, with units ranging from 120 to 210 square meters. Clients are offered a seven-year payment plan with a 5% down payment and delivery within four years of signing the contract.

IL BOSCO-New Capital: IL BOSCO-New Capital, a project launched by Misr Italia Properties, is offering standalone villas, twin houses, and apartments, spanning 200 acres in the heart of the New Administrative Capital. The first phase of the project has been completely sold out, with the second phase to go for sale very soon. The whole project slated for delivery within four years.

Midtown New Capital: Situated at the heart of the new capital in front of Expo City and the Central Garden, Better Home Group's Midtown New Capital features 390 units of town houses, twin houses, and standalone villas with contemporary facades. The project also boasts a -15,000-square-meter shopping mall, according to the project's official website. Around 80% of the project

area is dedicated to lakes, green landscape, and internal streets. Clients are offered a payment plan up to six years, with a 10% down payment.

El Mostakbal City: El Mostakbal Urban Development Company's 11,000-acre project will be launched over five phases. The -45 mn-square-meter-development houses eight residential compounds by major developers, including ARDIC for Real Estate Development and Investments' Zizinia El Mostakbal, which recently launched its newest phase with units ranging from 245 to 255 square meter.

**WEST OF CAIRO**

Aeon: Fawaz Al Hokair's Al Marakez is expanding in west Cairo with Aeon; its first phase will include 216 semi-finished apartments and 400 units and is due for completion in 2020.

West Cairo also saw the launch of a -3,000-acre- project, co-developed by Palm Hills Developments (PHD) and NUCA in early 2018, and offers multi-tenant buildings, standalone units, as well as, commercial, educational, and leisure facilities.

**NORTH COAST**

The soon-to-be launched New Al-Alamein City indicates that there is plenty of land yet to be developed and inhabited in Egypt's North Coast.

Bo Sands: Developed by Maxim Developments, Bo Sands comprises around 17% of the -18,000-acre Bo Sidi Abdel Rahman project, offering 5,500 apartments with relatively small spaces that range between 80 and 200 meters customized for small families. The first phase of Bo Islands is to be delivered by 2019, while the whole project will be completed by 2022.

JEFAIRA: The fully integrated project spans an area of 1300 acres, a -3.5 kilometers- sand shore, chalets, twin houses, and standalone villas. Prices start at EGP 1.5 mn with a 10% down payment and installments over seven years.

Coast 82: Hyde Park Developments launched the first

phase of the -1 mn- square meters in the North Coast, with total investments worth EGP 12.5bn. The project will comprise around 500 villas and 600 chalets, in addition to a commercial space and a five-star hotel with a seafront extending 550 meters.

**THE RED SEA**

Kai Sokhna: Misr Italia Properties completely sold out Kai Sokhna's offered units in its first launch event, with the second sales launch event expected soon. The project, 15 kilometers away from Zafarana Road, will comprise 350 units of standalone villas, chalets and pool-deck chalets. Some of the units have their own private pool and almost all of the units have a direct view of the beach, which expands 1200 meters, as a result of the unique leveled-architecture of the project. The project will be entirely delivered by 2021. The developer has signed a contract with Hilton Hotels and Resorts to open a 450-key beachfront hotel at the community.

Il Monte Galala - Sokhna: Tatweer Misr is launching a new phase of its gigantic Il Monte Galala project in Ain Sokhna soon, overlooking Ain Sokhna's infinite sea views and crystal lagoons. All units are fully finished with a -10-year- payment plan over equal installments and 10% down payment.

Ein Hills: El Shahawi Properties recently uncovered Ein Hills, a boutique resort in the heart of El Galala Mountain in Ain Sokhna located 129 kilometers away from Cairo. Ein Hills comprises 500 luxury properties, overlooking the Red Sea. Clients are offered an-eight-year- payment plan, with no down payment. The first phase is slated for delivery in March 2019 and the entire project in December 2020.

La Hacienda Ras Sudr: Developed by Bahrawi Investment Co. La Hacienda Ras Sudr is launching a new phase, offering swimmable lagoon, and spanning 5,500 square meter of land, promenades, and pedestrian walkways. The construction of the new phase is underway and its first units will be delivered during 2019.



# MORINO'S MENU IS FINALLY HERE



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# ALL YOU NEED TO KNOW TO HANDLE YOUR PROPERTY INVESTMENT

BY NAYROUZ TALAAT



Pursuing a property investment is a key decision that cannot be taken without the correlation with extra cost and financial burden it may cause. Luckily, following the harsh economic reform plan, there are some flexible payment plans and mortgage finance funds to help with such a lifetime investment. Invest-Gate highlights some of the payment systems available today to ease your decision.

In order to nourish the real estate market and help more buyers across different societal segments, it is important to focus on the Central Bank of Egypt's (CBE) mortgage finance initiative launched back in 2014, prior to the pound float.

Head of Mortgage Finance Sector at Ahli United Bank Mohamed Samir highlights two types of mortgages offered nationwide by public and private banks. "There two types of mortgage plans, the CBE Mortgage Finance Fund Initiative and the Mortgage Finance For Individuals," he tells Invest-Gate.

Under the Mortgage Finance Fund, granted only to finance residential units, each citizen is entitled to receive 80% of the housing unit price which could range from EGP 200,000 to EGP 900,000.

According to Samir, the CBE's Mortgage Finance Fund is divided into four categories, each based on the monthly income; below low-income, low- to middle-income, and above-middle income. "Those whose salaries are at EGP 2,100 are considered below the low-income category; those whose

salaries are from EGP 2,100 to EGP 3,500 are considered a low-income category; the middle category includes those who get paid EGP 3,500 to EGP 10,000; the above-middle category includes individuals who get paid EGP 10,000 to 15,000 or families whose monthly income ranges from 10,000 to 20,000," he explains.

The first and second categories can get up to 85% of the total price of the residential unit, whereas third and fourth categories can get 80% of the price. The first two categories can get a loan on a unit that ranges from EGP 170,000 for a half-finished unit and EGP 200,000 for a fully-finished unit. However, the third and fourth categories can buy units that cost EGP 700,000, and EGP 950,000 respectively.

The interest rates on the CBE Mortgage Finance Fund are at 7% for the below low-income; 8% for the low-income, 10% for the middle and above-middle income. The installment payment plan can reach up to 20 years.

In a CBE report issued in September 2017, Chairman

of the Mortgage Finance Fund Mai Abdul Hameed noted, "approximately, 15,918 individuals received loans from 15 banks and two real estate finance companies." The same report states that 80% of beneficiaries are aged between 20-40 years old, 18% of which are women, and 62% are business owners.

According to press reports, Banque Misr has financed EGP 160 mn worth of loans for 1,500 low- and middle-income clients last September. Meanwhile, the National Bank of Egypt (NBE) has financed EGP 21 bn worth of loans to 21,000 low- to middle- income individuals. In its statement, the bank reveals that 4,000 new loans have been approved. The NBE is willing to increase the number of loans it grants to hit 5,000 loans per month.

The Mortgage Finance for Individuals, namely employees and business owners, on the other hand, grants citizens funds regardless of the monthly income, but with interest rates of 22% to 24%. This type of loans can be applied to all

kinds of properties: residential, commercial, and administrative.

To opt for any of those funds, your unit must be listed with a licence, must be already established, must be registered in the Real Estate Registry or in bodies affiliated to the New Urban Community Authority (NUCA), and must be suitable for living of course!

Finance Expert Ahmed Samir believes that the CBE Mortgage Finance Fund is better than the Mortgage Finance For Individuals "due to its lower interest rates that range from 8% to 10%, when compared to 22% of the Individual Mortgage, and it can be granted on any type of real estate investment," he tells Invest-Gate.

Aside from banks, there are some non-banking financial methods offered by real estate funding companies. For example, Amlak for Real Estate Finance CEO Mohamed Abdel-Hameed tells Invest-Gate "we offer upto 80% of the total price of a unit with installments of 40% of the monthly income." The company also funds already built and

registered housing units.

Because of the favourable terms and conditions of such funds, developers have started to facilitate payment plans for the above-middle income category, "as such funds are not applicable for them... for instance the CBE mortgage program requires that the unit must be constructed and licensed, which is not the case nowadays since most projects are sold off-plan," Pharaonic Flowers Real Estate CEO Ahmed Kamal tells Invest-Gate.

Kamal explains, "prices of units in the upmarket districts like New Cairo, Sheikh Zayed and Heliopolis start from EGP 800,000 to EGP 1 mn when finished. Through developers' programs, buyers can make use of installments of upto seven years with a down payment of 10% to 30%."

The monthly installment starts from EGP 7,000 to EGP 15,000, according to the years of installment and the down payment paid.

Some real estate developers are offering flexible ways of payment to the clients.

“It may reach seven years with a down payment of 25% without interest rates”  
Kamal elaborates

Currently, given the economic reform measures and the devaluation of the pound, most developers have increased their prices by 40% to 70% this year; the CBE as well raised the interest rates accordingly, leading to a shrinking purchase power, experts believe. Those who can afford such investments and financial burden in the real estate market are currently employees with fixed salaries, according to Kamal.

Given the recent price hikes witnessed in the real estate market, experts urge that the ceiling of mortgage plans must be raised to meet the demand. Vice President of Coldwell Banker and Coldwell Banker New Homes Mohamed Banany says, "to meet the demand of units currently offered in the market, the mortgage ceiling must be raised to over EGP 1 mn."



Aswan

# REDISCOVER EGYPT: THE COUNTRY'S TOP WINTER DESTINATIONS

BY PASSANT DARWISH

Egypt is a country so rich in getaway destinations both in the summer and the winter, tailoring to everyone's interests, whether cruising the Nile River to explore ancient heritage, or relaxing on the beach. Invest-Gate presents some of the top winter destinations featuring warm weather and hospitable atmosphere during the cold months of winter.

## Luxor

Said to house 30% of the world's antiquities and 70% of Egypt's antiquities, words cannot do justice to describe Luxor and its magnificent ancient Egyptian heritage, still well preserved over thousands of years. Every temple and archeological site in Luxor is on our must-see list: the Karnak, Mortuary temple of Hatshepsut, the Valley of the Kings, the Valley of the Queens, and everything in between. Book a ticket to see Al-Karnak Temple sound and light show at night, and enjoy the feel of the city, going back in time to the world's most fascinating civilization.

## Aswan

There is so much Nile in Aswan! If you are enamored with the Nile River in Cairo and the Delta and find yourself reserving tables at high-profile places in Cairo just to be next to the Nile, rest assured it is nothing compared to the blueness, cleanness, and vastness of the Nile in Aswan. We recommend taking a Nile boat tour, as well as, paying a visit to the High Dam. We also recommend venturing into Nubia and getting acquainted with the culture and customs of the Nubian people of Aswan... perhaps take it a step further and stay with a local family at one of the cozier houses-turned-into-boutique-hotels such as the Nubian Dream.

## Tel El-Amarna

El-Minya's Tel El-Amarna comprises the well-preserved remains of a new capital city established and built by the Pharaoh Akhenaten of the late Eighteenth Dynasty, and abandoned shortly after his death. The ancient site receives significantly less tourists compared to other ancient Egyptian monuments in Luxor and Aswan. However, it is worth the visit as it offers insight into the houses and structure of ancient Egyptian cities as opposed to the temples in Luxor and Aswan, which were reserved to the priests and select individuals. While visiting El-Minya, we recommend staying at the New Hermopolis, which features stone structures and domes, taking you on a time machine adventure stepping into the ancient city yourself.

## Fayyoun

Fayyoun, which is a -two-hour- drive from Cairo, is an often- overlooked destination despite being full of activities to try and scenery to enjoy. During your visit, you should go see Wadi El-Rayan protectorate and enjoy the waterfalls, try sandboarding in the desert, take a boat trip or go Kayaking on Qarun Lake and visit the Valley of the Whales to explore the fossils of the extinct mammals. We recommend staying in or at least visiting Tunis Village, home to many artists for months on end, who use the quietness and serenity as an inspiration for their work.

## The Red Sea

If the love of the sea runs in your veins and the crashing waves from summer to summer are not enough for you, there are a number of destinations on the Red Sea and the Mediterranean that you could visit for a weekend trip or an extended vacation such as Sharm El-Sheikh, Marsa Alam, Hurghada and many more. You could discover Ras Sudr, a four-hour drive from Cairo, which is warm enough that you could enjoy Kitesurfing, we recommend La Hacienda Ras Sudr to enjoy the growing sport and relax on the beach. There is also El-Gouna, where you could rent a bike away from Cairo's suffocating traffic, have brunch in a restaurant overlooking Abu Tig Marina and take a boat ride in the crystal blue water; we recommend staying at Mangroovy El-Gouna.

## The Mediterranean Sea

You could also visit one of the jewels of the Mediterranean Sea, Alexandria, and the top romantic destination in Egypt during the winter season. There is something for everyone in Alexandria... visitors are relieved from the flocks of tourists, who invade it in the summer and thus have the city to themselves. You could enjoy walks along the Corniche, eating freshly caught fish at the many seafood restaurants, have a picnic in Al-Montazah, or visit the historic sites such as the Roman Amphitheater or the 15th Century Citadel of Qaitbay. We recommend staying in one of the historic hotels such as Steigenberger Cecil, Windsor Palace, or the Helnan Palestine Hotels.



Fayyoun



Tel El-Amarna



The Red Sea



Luxor



The Mediterranean Sea



## OLX'S STORIA TAKES PREMIUM PROPERTIES BY STORM

BY PASSANT DARWISH

Online classified platform OLX has long been a cult favorite for real estate buyers and sellers. Now that OLX Property section has become well-established in the Egyptian real estate market, the website launched Storia, a separate section specialized in the selling and buying of premium properties. Invest-Gate interviews OLX Egypt's General Manager Momtaz Moussa to learn more about their new platform, Storia, and what they have in the pipeline.

### Why was Storia integrated into OLX as opposed to launching on its own? Are there any plans to launch Storia independently?

Storia is part of the OLX family, as it is only a separate section on the platform to list properties in premium areas and is available on the App and website, under the name of "Storia Premium Properties". The brand continues to build on the success gained by OLX in the property field in Egypt in the past few years; therefore it did not make sense, business wise, to launch separately.

For the time being, we do not see any changes to how Storia brand is positioned on the website or app as the business model is working well for us since its launch. Storia has so far recorded over 15,000 listings of properties in premium areas in Egypt and the number is growing.

### There are many competitors in the market. How are OLX and Storia trying to attract real estate buyers/sellers to their platform? How and what online tools aid OLX in this process of attracting users?

OLX launched Storia with different offerings, as it focuses on the top nine premium locations in Egypt, including New Cairo, 6th of October, Sheikh Zayed, North Coast, El Alamein, Ain Sokna and Zamalek. This provides Storia with a competitive advantage in the market because this specialization in premium property provides individuals and property brokers with the most convenient solution

to showcase and purchase premium property.

OLX Egypt has been actively promoting Storia through online and offline marketing and PR campaigns within Egypt, following the grand launch of Storia brand at a prestigious gala dinner with the top property agents of Egypt.

In addition to the above,

“The dominating and leading name of OLX in the Egyptian market has helped the rise of Storia - with over five mn Egyptians using OLX Egypt monthly in the first half of 2017

Momtaz Moussa  
General Manager, OLX Egypt

OLX has been a market leader in the area of property with an average of 33 mn visits recorded in the real estate section alone. A total of 32% of the entire listings on OLX across all sections were in the property section, highlighting the increasing

interest in buying and selling property recently. This trend has provided investors with confidence in listing more property online, and developed a more diversified set of options for buyers to choose from.

### Which section gets more users/visits the property section or Storia? If the property section gets more visits, can it overtake Storia at some point?

OLX Egypt and Storia complement each other, as they both serve a different user segment. For instance, the property section on OLX receives higher number of visits and viewership because it offers mass property selection from all over Egypt, while Storia specializes in premium properties.

OLX property alone recorded a total of 41 mn visits in 2016, with 2.4 mn listings, which prove the maturity and growth of the real estate market in Egypt. After closely monitoring the industry in Egypt, OLX found the need for a new section dedicated to properties in premium areas to cater directly to users, and help brokers and developers showcase their properties. This was the inspiration behind "Storia," which helps buyers and sellers on their journey to locate the next property in premium areas. Storia recorded over 2.8 mn visits in July 2017 only.

### Can we have a breakdown of how many users view property listings on OLX application as opposed to the actual website?

A total of 80% of OLX Property users are browsing the platform through their mobile app. With mobile phone usage growing continuously in recent years, OLX had to quickly respond to the burgeoning demand for products and services on portable devices. As per a recent survey\* about internet & mobile penetration, 61% of Egyptians own a mobile phone, demonstrating that user behavior is ever-changing and we are now in the age of mobile technology and innovation. According to the same survey, Egypt has 59% of its population using the internet, where men are more likely than women to use the internet in Egypt (63% vs. 54%).

In response to this shift,

“OLX Egypt started focusing on mobile phones since its launch in Egypt in 2015 with 80% of users browsing its mobile apps & mobile web in December 2016

Momtaz Moussa  
General Manager, OLX Egypt

OLX Arabia app is ranked as the #1 shopping app in the App Store and Google Play in Egypt. Mobile technology permits our users to find and create better opportunities, and makes their buying, selling and upgrading experience more fun and exciting.

### What are the current real estate market trends? Are these trends expected to continue in 2018?

The current market trends are directed towards an increase in demand in certain neighborhoods such as Fifth settlement, Sheikh Zayed, 6th of October, and Zamalek. For more details, OLX pulled the below data:

#### Property section in the first half of 2017

For the property section, the results show an overview of the performance of the property market relative to geographical locations and pricing categories during 2017. The most expensive area is Zamalek with (Rent EGP 16,000 and Sale EGP 4,000,000), in addition to the most affordable area, which is Ain Shams with (EGP Rent 1,300 and Sale EGP 445,000). The top keywords searched in the property section were: old rent, house for sale, apartment for sale followed by Maadi, Sheikh Zayed, Al Obour, Nasr City, 6th of October, 5th Settlement, and Heliopolis.

#### Property for Sale in 2017 (January to June 2017)

The report highlights that the apartments for sale had the highest volume of search, with

4,962,213 searches, followed by villas for sale with 391,116 searches and land for sale with 388,297 searches, chalet for sale with 246,857 searches and commercial for sale with 203,265 searches. In addition, Nasr City, Pyramids Gardens, Maadi are the top areas in terms of listings on the platform followed by Heliopolis, North Coast, Faisal, Al Mokattam, Al Obour, Al Zaytoun, and 5th Settlement.

#### Property for Rent in 2017 (January to June 2017)

Apartments for rent had the highest volume of search, with 1,690,748 searches, followed by commercial for rent with 359,098 searches, chalet for rent with 152,918 searches and finally villas for rent with 46,005 searches. The report unveiled that the North Coast and Nasr City are the top areas in terms of listings in the first half of 2017 followed by Maadi, Heliopolis, Al Haram, Marina, Sheikh Zayed, Al Rehab and 5th settlement.

#### What is next for Storia Egypt?

Storia will continue to set market trends for real estate in Egypt, determining the most exclusive premium property listings in the country for brokers. In order to provide and maintain the biggest open property platform in Egypt, there is a need to continue investing in value added features and services that improve the performance and user experience.



# 2017 HOME AUTOMATION ROUNDUP



**BY MOHAMED ALY**  
Owner of Sky Group Pro Company, USA  
mohamedaly@skygrouppro.com

Smart Home automation systems represent the new era of smart grids, where full control and energy monitoring are enabled throughout smart programmable devices installed in business and residential buildings.

A wide range of home automation technologies and smart home devices are invading the market each day, competing for market share. Customers are, then, left to select the product with not enough information. Therefore, this article draws a comparison between the available home automation technologies, from a user's perspective, to provide the potential buyers with more details and make their decision making process easier.

So, if you are thinking of automating your home or about to, then have no worries, you came to the right place.

## Smart Home Automation: The Definition

Home automation is basically changing your home to become smarter, in other words, making life simpler by making the operations of various home appliances more convenient and saving energy.

The main goal of home automation is reducing or removing the amount of manual input needed to get things done at home. Once sensors are installed, automation is mainly the controlling of all electrical or electronic devices by wired or wireless means.

Lots of functions can be done by the system such as controlling light, drapes, air conditioning/heating, audio/video systems, kitchen appliances, security, and fire protection.

The sensors for the system are like the eyes, ears and nose of your home. They receive inputs from the surrounding environment and either react accordingly themselves or pass the information on to other devices in the home (actuators).

These actuators are the final controlling devices and they limit switches, relays, motors and other controlling mechanisms, which control the home equipment and carry out their specific task.

## Communication Protocols: "Speaking the Same Language"

When communicating, all devices should understand each other to perform their intended tasks. The range of protocols that smart products utilize is very important when choosing the perfect devices for your home. There are mainly two types of home automation systems: Wired Home Automation and Wireless Home Automation, and from the names you can guess the difference between these systems.

The protocols that we are going to discuss are based on the current home automation market worldwide X10, UPB, Z-Wave, ZigBee, INSTEON, Bluetooth, EnOcean, WiFi, Thread and KNX.

### X10

X10 protocol is the oldest automation system; Pico Electronics in Glenrothes, Scotland, invented it back in 1975. The name X10 derives from the fact that it was the tenth project of Pico Electronics. It started out as a powerline-based system; the protocol is limited to simple, narrowband instructions and susceptible to electronic interference. This interference can be mitigated with filters though.

**Communication System:** Powerline/Wireless

**Benefits of the X10 Protocol:** Cheap

**Disadvantages of the X10 Protocol:** Slow, concurrent signal (one command at a time may lead to decoding issues resulting in lost commands, unreliable (newer Powerlines have become very noisy causing the loss of commands), no encryption, and difficult to install for non-techies.

### UPB

Universal Powerline Bus (UPB) is a wired home automation protocol. UPB has been around since 1999 and is one of the more technologically advanced protocols based on the X10 standard which was intended to be an X10 replacement. UPB uses the so-called pulse-position modulation, which is a well-known method in digital communication. The system uses your home's existing power lines to send communication signals between devices, thus less susceptible to powerline noise. UPB and X10 products are not compatible. Thus, if you already have X10 products and want to add UPB products to the mix, a special controller will be required to talk to both.

**Communication System:** Powerline/Wireless

**Benefits of the UPB Protocol:** Reliable, cheap, and has an increased range.

**Disadvantages of the UPB Protocol:** Fewer compatible products, difficult to combine with wireless protocols, sophisticated, no encryption, fewer UPB-compatible devices, Low Bandwidth

Stay tuned for our next issue to learn more about smart home protocols.

Mohamed Aly has over 20 years of international and local professional experience within the fields of Technical Support Counter Measures (TSCM), Eavesdropping devices, Surveillance, security risk and vulnerability assessments, CCTV Systems, Access control, and Firefighting. He is the owner of Sky Group Pro Company in the United States, his clients include the Egyptian government and the United Nations. **More to come in our next issues!**

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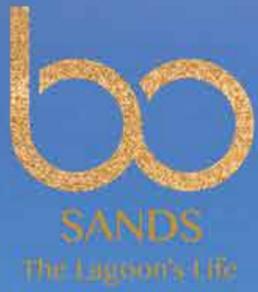


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