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As we are entering a new year with new goals in mind and optimistic spirit, one should not forget to look at the passed year with all its achievements and failures to learn from and build on.

Egypt adopted a necessary reform program since 2016 to boost both the economy and the country's position on the world map. Having said that, we meet Peter Hofmann, Counsellor Head of Economic Department at Embassy of the Federal Republic of Germany in Cairo to get a wider picture of the current business environment.

Going deeper into the real estate market, we try to give a full overview on developers' performance this year in the light of the economic challenges the sector is trying to overcome with the help of the government, namely the Housing of Ministry.

We couldn't forget to focus on the 4th generation cities, which stole the spotlight locally and internationally, unwrapping the latest updates of Egypt's most important cities today such as the New Administrative Capital (NAC), New Mansoura, and New Alamein.

Given commercial real estate is a main pillar of the Egyptian property market, we go through the different commercial sectors to evaluate their performance in a year. As we move on, Invest-Gate takes a look at the homebuyers' trends in 2018, diverting the market's direction.

With the sector becoming boosted by occasions happening here and abroad, we take you through most important events such as Invest-Gate's 1st executive meeting held to build on its "Real Estate & Tourism Development" roundtable as well as Cairo ICT 2018, then Egypt Property Show (EPS) in London. We focus on other important launches, namely City Edge Developments' Zahya in New Mansoura, Capital Group Properties' Al Burouj Cultural Hub, and Misr Italia Properties' VINCI in NAC.

Now 2018 came to an end and cheers to a New Year with new beginning... another chance for us to get it right!

Happy New Year Everyone



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Mariout Hills Developments Invests EGP 500 mn in New Alamein

Mariout Hills Developments, a subsidiary of Mariout Hills Group, has revealed that the company injected initial investments worth EGP 500 mn in New Alamein, intending to expand into new cities in the near future, state-owned Al Ahram Al Iktisadi news website reports.

Ahmed Hassan, chairman of Mariout Hills Developments, told Al Ahram Al Iktisadi that the company adopts a new innovative technology called "Eco-Housing" that allows homeowners to save money by reducing energy and water costs, pointing out that Mariout Hills has conducted several pieces of research to find out means of purifying water to provide clean and low-cost water.

In addition, Mariout Hills is currently establishing the largest solar power plant in Aswan, in cooperation with the Ministry of Defense and Military Production, the chairman noted.



According to Hassan, the company's plans come in line with the state's efforts toward attracting tourism and creating a positive environment for increasing foreign investments in the Egyptian market.

City Edge Developments Hosts Reception Ceremony for EPS in London



Egypt-based property developer City Edge Developments has hosted a reception ceremony in London, under the auspices of Egyptian Ambassador to the UK Tarek Adel, on the sidelines of Egypt Property Show (EPS) in London, as part of its marketing plan to export the Egyptian real estate abroad, Invest-Gate reports.

During the ceremony, Prime Minister and Minister of Housing, Utilities, and Urban Development Mostafa Madbouly lauded the achievements of the Egyptian economy in the last four years and its success in overcoming many challenges and turning them into investment opportunities, while also creating a thriving investment climate, according to the company's released statement.

The reception was also attended by the Minister of Immigration and Egyptian Expatriates Affairs Nabila Makram

as well as a handful of dignitaries and businessmen.

City Edge had participated in the EPS, which was held from November 24 to 26 as the first premium Egyptian real estate exhibition, under the patronage of the prime minister and the Egyptian housing ministry.

In an attempt to bring Egypt closer to those who are not in direct reach, EPS has brought together an array of major Egyptian developers including City Edge Developments, Emaar Misr, Rooya Group, SODIC, Tatweer Misr, Tabarak Holding, Soma Bay Development Company, Equity Real Estate Development, Hyde Park Developments, Al Dau Development, and Madaar Developments.

The roadshow is aimed at marketing and opening a promising horizon for the export of Egyptian real estate to new markets.

Gov't Unveils Requirements for Granting Residency to Foreign Homebuyers



Deputy Minister of Housing for National Projects Khaled Abbas unveiled on November 4 the necessary requirements for foreigners who will be granted the Egyptian residency in return for purchasing a real estate property, Invest-Gate reports.

"Any foreign national will be granted residency if s/he pays the property's price in full in case of an established unit or a minimum sum of USD 100,000 as a downpayment for an under-construction unit," Abbas said in an official statement.

"Requirements for the residency include a proof of ownership through providing an initial contract stamped by the official body which an authority over the land, as well as a proof of transferring the amount of required money from abroad," he added.

However, the deputy minister noted that the Ministry of Interior's Passport, Emigration, and Nationality Administration will have to determine the length of residency.

According to Abbas, the requirements of renewing the residency include the submission of a letter from the owner to prove that s/he still owns the residential unit.

Orascom Plans to Launch "O West" in 6th of October City in Q1 2019

Egypt's Orascom Development said it plans to launch a new compound called "O West" in 6th of October City during the first quarter of next year, state-owned Al Ahram Al Iktisadi news website reports.

The new residential project will cover an area of 1,000 acres, marking the company's first development in west Cairo, according to Al Ahram Al Iktisadi.

Back in June, Orascom announced that it has



reached a settlement agreement with the New Urban Communities Authority (NUCA) to build a replica of El Gouna in 6th of October City – based on a revenue-sharing system, as part of a

settlement agreement.

The settlement agreement was previously disclosed on April 10 of this year, according to the developer's bourse filing.

Orascom's revenues surged by 39.2% to reach EGP 2.4 bn, in addition, cash operating ratios hiked by 128.5% and recorded EGP 763.1 mn during the first nine months of 2018, according to the company's financial statements.

Al Ahly Launches 1st Phase of “The Ridge” With EGP 2.5 bn Investments



Egypt-based Al Ahly for Real Estate Development has launched the first phase of “The Ridge,” its latest villa-only community in Mostakbal City with total investments of EGP 2.5 bn and is expected to be delivered in 2023, Invest-Gate reports.

With a total area of 1 mn square meters and a built-up area of 400,000 square meters, The Ridge is set to feature eight types of elevations, offering a total of 1,400 units within the mixed-use urban community.

“The Ridge is inspired by the fact that it’s developed on an area that possesses different elevations which helped in introducing a variety of designs as well as exploring an array of unparalleled views,” according to Ahmed Sabbour, managing director of Al Ahly for Real Estate Development.

“What makes this project different is that units are distributed across different levels and incorporate a number of non-symmetric designs, alongside new colors and materials that cater to the preferences of the new generation and their day-to-day lives,” he added.

Located 30 kilometers east of Cairo, the project is in close proximity to New Cairo city from the west and the

New Administrative Capital from the east, as well as Cairo International Airport.

The Ridge encompasses two clubhouses and offers a diverse mix of units with sizes ranging between 260 and 380 square meters and varying modules – including standalone villas, twin houses, and townhouses.

Interested buyers are to benefit from an eight-year installment plan with a 10% down payment.

Commenting on the developer’s newest addition, the managing director noted, “Al Ahly has a long proven track record in the market as a leading real estate developer. Over the course of 30 years, they have successfully developed 57 major projects in diverse fields including residential, retail, office buildings, touristic, social and sports clubs in prime areas in Egypt on over 12 mn square meters.”

He added that the unique expertise, vision, and capabilities of Al Ahly ensure the successful implementation of new-to-market, integrated solutions that stand out and have an impact on the areas surrounding its projects.

Misr Italia Properties Unveils Details on 2nd Project in New Capital

Egypt’s real estate developer Misr Italia Properties has held a roundtable in the presence of its officials to reveal all details related to its second premium residential compound in the New Administrative Capital, Vinci, in the diplomatic district of the new capital’s first phase, following the “massive success” of its first project in the new smart city - IL BOSCO, Invest-Gate reports.

“Misr Italia Properties targets creating a utopian project immersing our unique clients into a world of luxury, beauty, and nature ... The company seeks to enhance its real estate portfolio using state-of-the-art technologies in implementing trend-setting projects,” Mohamed Hany Al Assal, Co-CEO of the company, said in a released statement on November 26.

The 110-acre project’s initial investments are estimated at EGP 9 bn, while the land’s value stands at EGP 6.17 bn, according to the statement.

The project’s footprint makes up only 17% of the land, leaving the remaining 83% to be developed into a lush mesmerizing greenery, a captivating entertainment sector, and a vibrant commercial area, he stated, noting that the mixed-use compound comprises units with varying modules as well as one- to four-bedroom luxurious apartments.

“Built with cutting-edge technologies and unprecedented designs, Vinci will provide beautifully crafted designs and lavish livings to all its owners,” Al Assal highlighted.

He explained that “Misr Italia Properties contracted with Hany Saad Innovations to design the architecture’s interiors and exteriors, embodying the essence of sophistication and customization. In addition, CalissonRTKL with the co-operation of DMA, developed the overall scheme of the project, implementing revolutionary concepts in line with internationally acknowledged standards and strategies.”

The property developer’s land bank stands at 6 mn square meters. The company also manages a huge portfolio of distinct residential, commercial, and administrative projects including Kai Sahel in North Coast, La Nuova Vista, and Cairo Business Park in New Cairo, among others.



New Mansoura Phase I to be Established Over 3 Years: Official

New Mansoura Authority Deputy Chairman Yasser Kahla said that the first phase of the new city is expected to see investments worth EGP 45 bn, with expectations to be implemented within three years, Invest-Gate reports.

The new city is 54 kilometers away from Mansoura in Dakahlia Governorate, Kahla noted during a media tour in New Mansoura.

Arab Contractors will carry out EGP 10 bn worth of infrastructure and residential projects in the coastal city, the official noted.

He added that New Mansoura will have a two-kilometer-long marina, as well as facilities and a promenade with 15 kilometers in length.

The marina is expected to be opened within two-three years, with a capacity of 1,000 yachts, Kahla noted.

Spanning across 7,000 acres, the city will be developed over four phases, with the first phase to be established on a total area of 2,063 acres and will encompass 1,200 villas and 25,000 social housing units catering to different social classes.

“The new city saw the implementation of facilities and residential projects



worth EGP 5 bn so far, including 11,000 units in JANNA project and 4,500 units in Sakan Misr with completion rates reaching 40% and 80%, respectively,” Kahla noted, adding that “construction works started on 11 residential towers, with each tower costing around EGP 1.5 bn.”

Tatweer Misr, GEN Sign MoU For EGP 120 mn Entrepreneurship Hub

Egypt's real estate developer Tatweer Misr has inked a memorandum of understanding (MoU) with Global Entrepreneurship (GEN) to develop an entrepreneurship hub in Tatweer Misr's Bloomfields compound in Mostakbal City at an investment cost of EGP 120 mn, Invest-Gate reports.

The hub, dubbed GEN@Bloomfields, will be located inside the 90-acre college campus in the mixed-use project and will be managed by GEN, Tatweer Misr said in a statement on November 11.

GEN@Bloomfields is set to be operational by 2021 and will host "several technology labs, state-of-the-art workstations, co-working spaces, think tanks, a gym, lounges, boardrooms, training rooms, and an atrium."

The MoU was signed in a groundbreaking event that coincides with the opening of Global Entrepreneurship Week – "an effort to help anyone, anywhere start and scale a new business" – in the presence of Minister of Investment and International Cooperation Sahar Nasr, according to the statement.

Speaking on the move, Nasr underlined that "supporting entrepreneurship, especially those entrepreneurs that bring new and innovative solutions that tackle the challenges facing our



country, is a priority for our government."

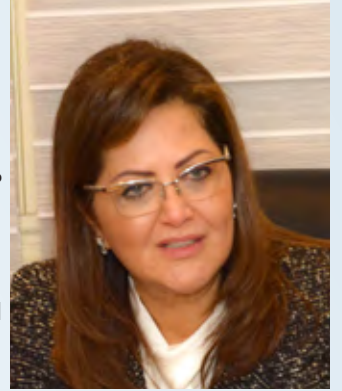
"The significance of empowering our youth, supporting the small investor, developing a supportive ecosystem that will reinforce entrepreneurship and innovation and help our youth in achieving their aspirations, is a priority, especially in view of rising unemployment rates in the MENA region among youth and especially women," the minister was quoted as saying.

For his part, Tatweer Misr's CEO Ahmed Shalaby said that GEN@Bloomfields will be designed to become an incubator for Egypt's next generation of entrepreneurs.

"Through our partnership with GEN, we aim to create a creative space fostering innovative opportunities to achieve a better future for young people in the Middle East," Shalaby added.

Egypt Seeks 10% GDP Growth by FY 2029/30: Minister

Planning Minister Hala El-Saeed said on October 31 that the government is seeking to achieve a growth rate of 10% in the country's GDP by the end of FY 2029/30, Invest-Gate reports.



In a conference held in Beirut, El-Saeed highlighted that the government seeks to reach a growth rate of 5.9% in FY 2018/19, to be gradually increased to 8% and then 10% by 2029/30, according to a statement published on the ministry's official Facebook page.

Egypt's GDP grew to 5.3% in FY 2017/18, the highest rate in a decade, showing signs of economic recovery amid the tough reforms it is enacting, including tax hikes and subsidy cuts as part of a USD 12 bn IMF loan deal.

In early October, the World Bank (WB) predicted Egypt's growth to reach 5.8% in 2020, driven by the country's economic reform program.

Housing Ministry Inks MoU With Global Firm for New Projects in New Alamein

The Egyptian Housing Ministry has signed a memorandum of understanding (MoU) with global hospitality group Nikki Beach Hotels to operate and manage a hotel resort as well as a residential project in New Alamein, in a bid to increase the number of foreign investments and developments in the new coastal city, Invest-Gate reports.

The MoU was signed between Deputy Minister of Housing for National Projects Khaled Abbas and Managing Director of Nikki Beach Hotels Jihad Khoury, in the presence of Prime Minister and Minister of Housing, Utilities, and Urban Development Mostafa Madbouly and Minister of Tourism Rania Al-Mashat, according to the Egyptian cabinet's official Facebook page on November 21. The resort will encompass some 200 rooms, suites,



and villas by the beach, as well as an exclusive clubhouse "Nikki Beach," in addition to a number of branded residences and villas being marketed to a group of local and international tourists, with a distinctive design and world-class entertainment facilities, and will be managed by the foreign

company, Abbas stated.

For his part, Madbouly reaffirmed the state's keenness in luring more foreign investments into many of Egypt's promising sectors -namely the tourism sector- taking advantage of the resources and potentials possessed by Egypt in this vital sector.

Commenting on the agreement, Khoury underscored that the decision to invest in New Alamein is deemed one of his company's important decisions, as the new city is one of the few areas that have the specifications for the establishment of this mega tourist destination with high standards to become one of the world's most important tourist hubs, according to the cabinet's statement.

Zahya's 1st Phase is Sold Out With EGP 1.5 bn Sales: City Edge Developments

Egypt's real estate developer City Edge Developments announced selling all units of the first phase of its newest development in New Mansoura, Zahya, with total sales of EGP 1.5 bn, Invest-Gate reports.

CEO of City Edge Developments Amr El Kady said Zahya's first phase was completely sold out within three days of its launching date, stressing that the units are fully finished with prices starting at EGP 24,000 per square meter for an apartment, while villas are offered at a starting price of EGP 4.6 mn.

"A number of non-residential investment



opportunities were also offered for clients during the past three days such as commercial, medical, and educational units," El Kady said, noting that the

second phase will be launched soon.

Clients were offered various payment plans for up to seven years, El Kady added.

According to the CEO, Dakahlia citizens accounted for the highest percentage of customers, followed by those of Damietta, Cairo, Sharqia, and Qalyubia.

Located in the heart of New Mansoura, the 1,500-acre project boasts fully finished, high-end luxury villas with areas ranging from 290 to 820 squares meters, in addition to some 28-story towers overlooking the sea and varying in areas between 135 and 350 squares meters.

CAPITAL GROUP PROPERTIES CELEBRATES ALBUROUJ CULTURE HUB GRAND OPENING

Capital Group Properties (CGP) held on November 30 a mega music concert featuring the Lebanese super star Elissa as part of the grand opening of Alburouj Culture Hub in Cairo, in collaboration with Baheya Foundation for Treatment of Breast Cancer, Invest-Gate reports.

The concert was attended by CGP Chief Projects Officer Amgad Hassanein, CGP's Chief Financial Officer Ahmed Fathallah, Baheya's Board Member Tamer Shawky, along with a large number of celebrities and public figures.

The venue also hosted the first 2,500 unit owners at the company's Alburouj Compound, located east Cairo and near Heliopolis and New Cairo.

Out of its keenness on reinforcing the Egyptian women empowerment efforts, CGP collaborates with Baheya to spread the breast cancer awareness among Egyptians, said the company's CEO Walid El Hendy said, stressing the importance of the cultural awareness as the company launches Alburouj Culture Hub to be the first cultural hub in east Cairo.

Coinciding with the celebrations of the Year of "Zayed Al Khair" and 47th UAE National Day, CGP further announced a special offer that allows new clients to benefit from a 10% down payment of the unit's price and a 10-year installment plan.

"Baheya plays a vital role in raising the breast cancer awareness all around Egypt," Shawky noted, pointing out that the concert opens the way for future collaboration with CGP in this regard.

For her part, Elissa thanked CGP group for inviting her to this event and for their support to breast cancer patients.



Arab icon Elissa performs at the grand opening of Alburouj Culture Hub



Capital Group Properties Chief Projects Officer Eng. Amgad Hassanein

CITY EDGE DEVELOPMENTS

HOLDS LAVISH LAUNCH EVENT FOR NEW MANSOURA'S ZAHYA



City Edge Developments has held a lavish event for the launch of Zahya project in New Mansoura, in the attendance of Daqahlia Governor Kamal Sharobeem as well as a number of leading government officials and businessmen, Invest-Gate reports.

The event featured the beloved singer Assala to remarkably launch the new project.

Sharobeem expressed his happiness with the launch of this new project in New Mansoura, which spans over 7,000 acres.

With works already have started to raise the efficiency of New Mansoura and expand the roads leading to it, the new city will lead to an economic and developmental boom for the whole Dakahlia Governorate.

The new city is expected to accommodate around 700,000 citizens and





provide thousands of job opportunities.

“New Mansoura is one of the cities being developed by the New Urban Communities Authority (NUCA) and this city is a continuation for the authority’s role in implementing its development plans by establishing new cities and developing existing cities,” according to Chairman of City Edge Developments Mohamed El Alfy.

Commenting on the project, Amr El Kady, CEO of City Edge Developments, said, “The launch of Zahya is a continuation of the success of the company since its inception. We are proud to continue our fruitful cooperation with NUCA in introducing new projects and products to the Egyptian market and new development areas.

“In the coming period, we aim to market these unique projects to attract foreign investments and promote the advantages of real estate investments

in Egypt abroad,” the CEO added.

Located in the heart of New Mansoura, the 1,500-acre project will boast fully finished, high-end luxury villas with areas ranging from 290 to 820 squares meters, in addition to 28-storey towers overlooking the sea and varying in areas between 135 and 350 squares meters.

Units’ prices at the towers start at EGP 24,000 per square meter, while villas are offered at EGP 4.6 mn. Clients are to benefit from various payment plans up to seven years.

New Mansoura will offer a number of investment opportunities in various fields. A total of 76 acres were allocated for the establishment of Mansoura University, 40 acres for Nahda University, and 40 acres for a smart city. The city will also include logistics and services areas, as well as scientific research centers, a medical city, and technological industries areas.



EGYPT PROPERTY SHOW SETS FOOT IN LONDON TO PROMOTE MAJOR EGYPTIAN PROJECTS



Inaugurated by Ministry of Immigration and Egyptian Expatriates Affairs Nabila Makram, the show displayed a vast collection of real estate projects from all over Egypt, including the New Administrative Capital, New Alamein, and New Mansoura, and is endorsed by the Egyptian housing ministry.

In an attempt to bring Egypt closer to those who are not in direct reach, EPS has brought together an array of major Egyptian developers including City Edge Developments, Emaar Misr, Rooya Group, SODIC, Tatweer Misr, Tabarak Holding, Soma Bay Development Company, Equity Real Estate Development, Hyde Park Developments, Al Dau Development, and Madaar Developments.

Foreign and Egyptian visitors paid a visit to discover the awaiting investment opportunities offered during the event, and some shared their experience and impression regarding the property show.

"Although I came here today to only have an idea of the developing projects in Egypt, I am very proud that my home country has been flourishing too much recently to that extent. From what I am witnessing in the hall, there is a considerable demand on its properties and developments by international investors," says Moatasem Elsayed, a 39-year-old gynecologist.

"I am certain that this event will have a positive impact on our investment climate and the overall economy in general, and I am looking forward to seeing Egypt marketing its developments further in other countries in the near future," he highlighted.

While few visitors tended to only just have a look at the notable projects available in Egypt during the show, some others seized the day and sealed some remarkable deals.

Samuel Huston, a 43-year-old software developer, tells Invest-Gate, "I have been to Emaar's Marassi in the North Coast before and I was dazzled by how much beauty this destination embraces. As soon as I heard about EPS, I thought that maybe it was my chance to finally own a property in this magnificent location."

"Besides, Emaar's payment plans and the amazing facilities offered in the

compound, considering that it's located in a coastal area, I was tempting enough for me to immediately pay a down payment, at least," he adds.

Meanwhile, Ines Gomes, a 37-year architect, deems Egypt as a developing center with a potential for generating long-term income as well as a high rate of short-term return.

"I am seeking to buy a property in Egypt because I think that it has an investor-friendly environment," Gomes says, adding "The country has recently opened its doors to foreigners since it's keen to collect some hard currency and I think that it actually has the necessary attributes to make it the ultimate investment hub. I mean it has an immense room for growth, urbanization, and expansion, which is enough to make the country a worthwhile investment."

Gomes tells Invest-Gate that she is considering buying a property in the new capital, believing "it is set to become a major investment hub in the future, taking into account that it is supposed to be a smart city, besides the vast number of developments and mega projects that are expected to be developed there."

EPS' vision is to establish a property show across a handful of countries worldwide, while aiming to become the biggest real estate exhibition targeting both Egyptian expats and foreign investors abroad, granting exhibitors the chance to display their products to interested buyers at this "one-stop shop" - where various deals from an array of developers can be assessed, according to the exhibition's official website.

The roadshow first kicked off in Dubai in May 2017, followed by another round in April 2018 in the emirate, and finally its current round in London. Future plans for EPS include a third stop in Dubai in April 2019, in addition to "a powerful agenda for the rest of 2019, to be announced shortly."

MISR ITALIA PROPERTIES KICKS OFF SALES LAUNCH EVENT OF NEW CAPITAL'S VINCI



Misr Italia Properties launches the sales of its high-end residential compound, VINCI, in the New Administrative Capital. Vinci mainly aims to create innovative real estate solutions that match customers' needs.

The 110-acre exquisite upscale compound contains several unique types of villas, twin houses, townhouses, and apartments. It is located in the diplomatic area, a very strategic place near EXPO, Massa Hotel, governmental area, educational zones, medical zones, presidential palace, and many other prominent landmarks.

In collaboration with the renowned master planners CallisonRTKL and DMA with the design guru Hany Saad Innovations, VINCI is designed to offer unique top-notch homes for customers eyeing uniqueness.

The two-day launch was a full house and attracted people seeking a boutique and luxury lifestyle. Attendees got to know more about the project and its residential unit's details at the waiting area before getting invited to the sales office to book their new homes and finalize their deals.

The remarkable modern project boasts a vast commercial area, a club house, and widespread green areas on 85% of the project land along with connected walking pedestrians trails, separated zone gates and unlimited five-star luxury services.

Misr Italia Properties promotes a new concept in the real estate market through VINCI as future residents get the chance to choose their residence's exterior, interior designs, and landscapes which combine "natural splendor with modern luxury in a haven of style and tranquility."

The project's exquisite modern architecture, minimalistic design, and ethnic elements emanate a sense of balance and harmony, inviting clients to succumb to the pleasures of contemporary luxury.



INVEST-GATE HOLDS 1ST EXECUTIVE MEETING FOLLOWING ITS “REAL ESTATE & TOURISM DEVELOPMENT” ROUNDTABLE

After the huge success of the “Real Estate & Tourism Development” roundtable last October, Invest-Gate held its first executive meeting on November 18 to discuss all action plans that should take place to execute all the roundtable’s recommendations.

Previously, Invest-Gate has released the recommendations as suggested by mega real estate developers and experts from Egypt and abroad, who thoroughly tackled two main topics during the roundtable: public private partnerships (PPPs) and real estate exports.

The meeting was attended by Chairman and CEO of Rooya Group Hisham Shoukry, Mena Group Founder Fathallah Fawzy, CEO of Iwan Developments

Waleed Mokhtar, CEO of City Edge Developments Amr El-Kady, and Managing Director and Board Member of Tatweer Misr Ahmed Shalaby.

The mega developers highlighted the importance of starting a short-term action plan to execute what have been discussed in the roundtable.

They agreed that they should put their business interests aside and stand united to address all the challenges they face in the real estate export issue.





Fawzy said, "Today we speak not as individuals, representing our development companies but as a united front to boost Egypt's economic reform and tourism through its vibrant product real estate."

All attendees have agreed on the point of forming a formal committee that is specialized in exporting real estate. They suggested that the council or alliance should represent both the private sector and the government to tackle all challenges related to the real estate exports.

They noted that execution of that committee should start immediately, and they have nominated Khaled Abbas, Deputy Minister of Housing, Utilities, and Urban Development For National Projects to be the president of the council.

Another point of discussion that has been proposed by developers is that second homes should be the main product when exporting real estate and that promoting such homes in coastal cities is a must as the exceptional conditions in Egyptian coasts are considered as great attraction methods to tourists from all over the world.

Fawzy pointed out that due to the economic conditions in Egypt, USD 1 mn buys a property with a surface area up to 667 square meters, which shows that Egyptian properties are nowadays affordable to foreigners.

Another recommendation that should be taken in action is that the Egyptian real estate market should be investing heavily in producing branded residences or boutique residences.

Shalaby confirmed that Tatweer Misr is already selling this type of product at its North Coast and Ain Sokhna projects: Fouka Bay and Il Monte Galala. He addressed some of the challenges his company faced, presenting a successful business model of the past few years. He saw it as a very promising product that will cater to the demand of foreign homebuyers.

Shoukri believed that this product will be very attractive to the foreign second homebuyer, as a managing hospitality company can rent it out during the time of it being not in use by its rightful owner.

From the tourism market of Egypt, Shalaby believed that such type of units will be additional guestrooms to the hospitality market, promoting tourism worldwide

Concerning the rules and regulations of foreign ownership of Egyptian properties, developers suggested that a committee should be formed to discuss all laws that are considered obstacles in this regard.

Members of the meeting proposed that the to-be-formed committee is to come up with a short-term solution for bureaucracies, suggesting that the Tourism Development Authority (TDA) should work in line with the real estate developers to create an authority granting registration to a foreigner when master plans are approved, leaving contracts between developers and their clients aside, as Mokhtar advised.



Among the suggested solutions is, also, an ownership card like that of driver's license can be issued, El-Kady suggested, as a proof of the authenticity of the unit in front of the government to facilitate the logistics of the real estate exports.

The committee is to tackle such issues very soon and present drafted solutions to the Housing Ministry and to the members of the Egyptian parliament for further laws' amendments.

From its side, Invest-Gate will conduct in 2019 a series of meetings and roundtables to discuss each and every aspect that would promote the Egyptian real estate exports.

NUCA PARTICIPATES IN CAIRO ICT 2018 TO BOOST EGYPT'S 4TH GENERATION CITIES

The New Urban Communities Authority (NUCA) took part in the 22nd round of Cairo International Exhibition and Conference on Telecommunication and Information Technology (Cairo ICT) from November 25 to 28 to showcase the ongoing achievements of the fourth-generation cities being developed, Invest-Gate reports.

NUCA is establishing a new generation of smart cities, with infrastructure based on information technology, by creating a huge communication network as well as control systems that are compatible with global standards, which are all linked to data centers, General IT Manager at NUCA Eman Nabil said in an official statement.

"Citizens will be able to access their services in a smart way, through mobile and internet applications, and report any complaints from their location via these applications," Nabil added.

The number of fourth-generation cities is 20 new cities, with a total area of 580,000 acres, aimed at accommodating about 30 mn citizens and providing millions of jobs. The new smart cities include New Mansoura city, New Alamein, and the new capital.

For the fifth year in a row, President Abdel Fattah El-Sisi attended the inauguration of Cairo ICT, which is taking place at Egypt Expo Center in New Cairo under the slogan "Driving Transformation," whereby Planning Minister Hala El-Saeed was in charge of the government's pavilion at the exhibition, in the presence of Prime Minister and Minister of Housing, Utilities, and Urban Development Mostafa Madbouly.

"This year's edition is focusing on the issue of digital transformation as the government implements its plan to mechanize all public services. The state seeks to upgrade all sectors of the country by using modern technology," El-Saeed said on the ministry's official Facebook page.

More than 500 international and local companies, as well as start-ups, are participated in the ICT 2018.

Some sub-exhibitions were held on the sidelines of the ICT 2018, including the Learning Technology Fair and Forum for the Middle East and Africa, Smart Transportation Fair and Forum for the Middle East, and Intelligent and Connected Cities Fair and Forum for the Middle East and Africa.



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REAL ESTATE 9M RESULTS IN 2018:

LISTED COMPANIES SEE VARIED PERFORMANCE

RESEARCH BY HAGER MAGDY

AMER GROUP

Revenues **1.31bn** -19.6% ▼ Net Profit **70.9mn** -15.3% ▼

ARAB DEVELOPMENT AND REAL ESTATE INVESTMENT COMPANY

Revenues **25.7mn** 125% ▲ Net Profit **2.5mn** 115.2% ▲

DELTA FOR CONSTRUCTION AND REBUILDING

Revenues **89mn** 1.7% ▲ Net Profit **10.4mn** 129.4% ▲

EGYPTIANS FOR HOUSING DEVELOPMENT & RECONSTRUCTION (EHDR)

Revenues **55.1mn** -42.7% ▼ Net Profit **16.2mn** 23% ▲

EGYPTIANS FOR INVESTMENT AND URBAN DEVELOPMENT

Revenues **1.9mn** -78.2% ▼ Net Profit **25,012** -98.1% ▼

EL EBOUR CO. FOR REAL ESTATE INVESTMENT

Revenues **45.3mn** 203.1% ▲ Net Profit **3.1mn** 78.2% ▲

EMAAR MISR

Revenues **2.8bn** 8.6% ▲ Net Profit **1.8bn** 20.8% ▲

FIRST INVESTMENT AND REAL ESTATE DEVELOPMENT

Revenues **3.2mn** -0.6% ▼ Net Profit **40,916** -90% ▼

HELIOPOLIS COMPANY FOR HOUSING AND DEVELOPMENT

Revenues **838.7mn** -1.3% ▼ Net Profit **214.8mn** -26.8% ▼

MADINET NASR FOR HOUSING & DEVELOPMENT (MNHD)

Revenues **1.8bn** 16.4% ▲ Net Profit **816.7mn** 8% ▲

ORASCOM CONSTRUCTION

Revenues **679.5mn** 59.4% ▲ Net Profit **274.1mn** 1.9% ▲

PALM HILLS DEVELOPMENTS

Revenues **5.7bn** 19% ▲ Net Profit **640.2mn** 37.1% ▲

PORTO GROUP

Revenues **1.4bn** -22.3% ▼ Net Profit **115.8mn** -54% ▼

REAL ESTATE EGYPTIAN CONSORTIUM

Revenues **9.2mn** -8.3% ▼ Net Profit **7.5mn** -71.1% ▼

TALAAAT MOUSTAFA GROUP (TMG) HOLDING

Revenues **6.8bn** 21.3% ▲ Net Profit **1.2bn** 12.5% ▲

ZAHRAA MAADI INVESTMENT AND DEVELOPMENT

Revenues **223.6mn** 80.8% ▲ Net Profit **87.2mn** -15.8% ▼

Year on Year changes

Numbers are based on consolidated results for the first nine months of 2018.

ONLINE MONTHLY SURVEY

What do you think 2018 purchases were mostly for?

FUTURE INVESTMENT



RESIDENCY

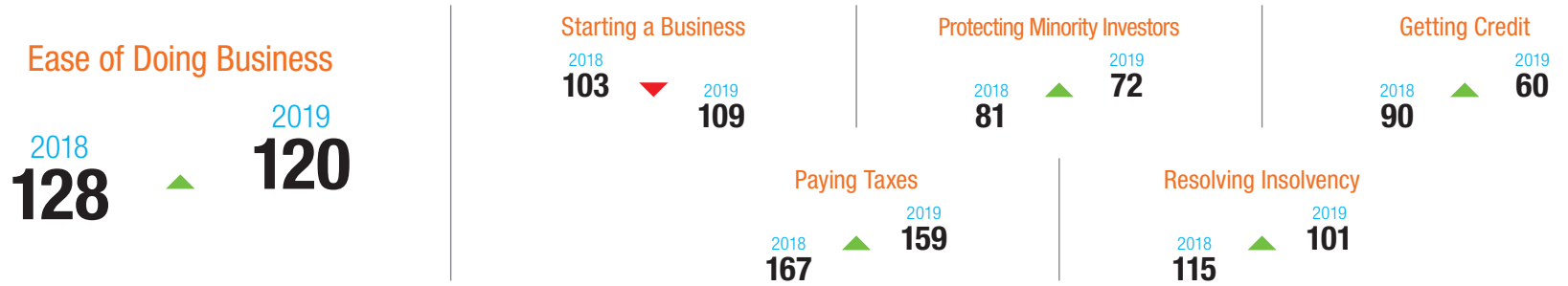


15%

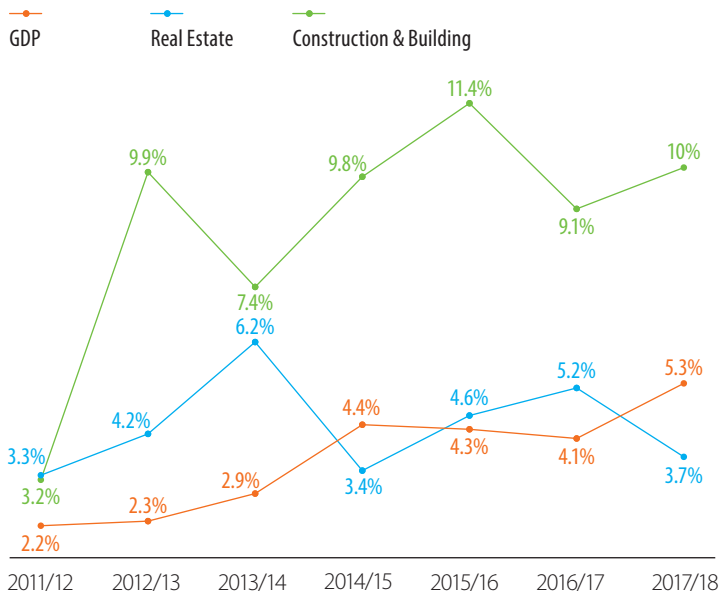
ECONOMIC SNAPSHOT

RESEARCH BY HAGER MAGDY

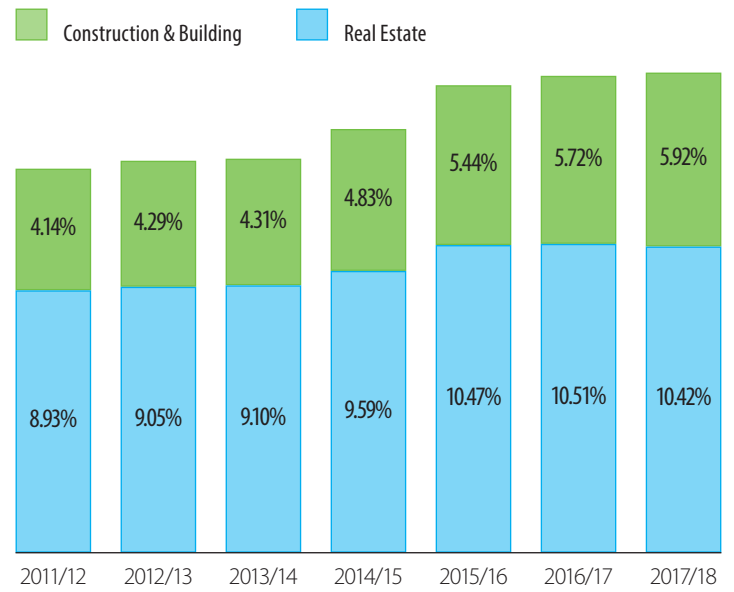
Rank of Egypt in Ease of Doing Business Index (Out of 190)



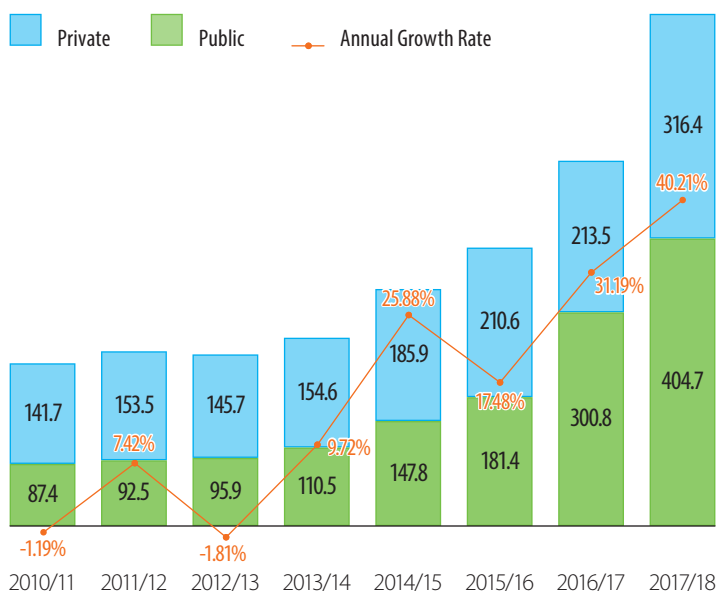
GDP, Real Estate, Construction & Building (Annual Growth Rate %)



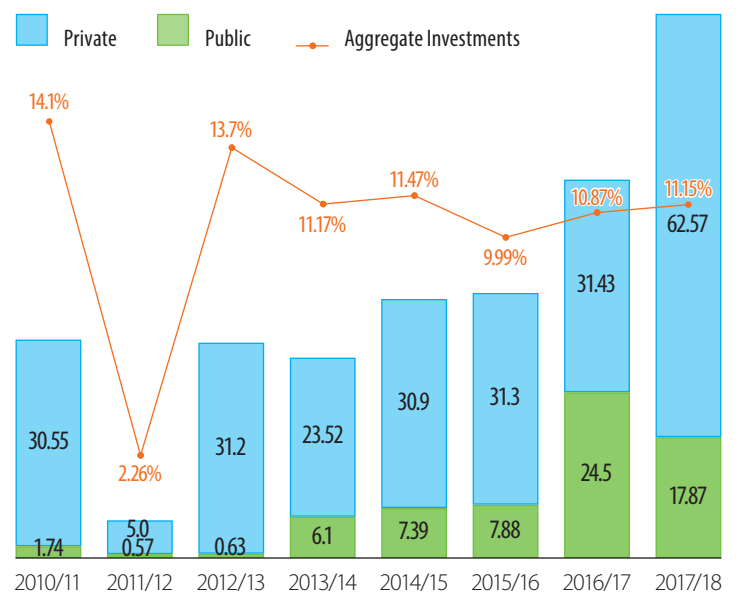
Contribution of Real Estate & Construction to GDP



Total Investments (EGP bn)



Real Estate Investments (EGP bn)



Sources of Raw Data: Central Bank of Egypt (CBE), Ministry of Planning, and World Economic Forum.

EGYPT'S REFORMS COME AS ONE PACKAGE

Since the three-year USD 12 bn loan program agreed between the Egyptian government and the International Monetary Fund (IMF) in late 2016, Egypt embarked on a difficult, yet, essential reform program. This has been an important advance in the light of the country's bid to make itself more attractive to foreign investors. In this regard, Invest-Gate meets Peter Hofmann, Counsellor Head of Economic Department at Embassy of the Federal Republic of Germany in Cairo, to share his opinion on the current business climate.

By Julian Nabil

HOW DO YOU EVALUATE THE CURRENT BUSINESS ENVIRONMENT IN EGYPT?

Egypt's investment climate is getting better and reforms are taking effect. You see yourself what happened at The Big 5 Construct Egypt 2018; Germany participated for the first time in this international building and construction event to showcase their products.

On another note, a lot of foreign companies are encouraged to market and sell their products in Egypt, and many of them started to think of manufacturing and producing their products here, and using the country's local materials. Egypt has a lot of rich sources that can be used to produce a high quality product like the one imported.

However, there is still caution in terms of manufacturing the product from A to Z locally because that means a lot of procedures to be taken and money to be invested, yet this will happen gradually. I know a chemical company -operating in Egypt- that started with 100% of supplies from abroad and now it's 80% so it takes time.

CAN YOU GIVE ME FIGURES ON THE VALUE OF RECENT GERMANY'S INVESTMENTS IN EGYPT?

It is very difficult to tell, yet many German companies come to us and ask for information about how to invest in Egypt and procedures should be taken, and I can see that their numbers are increasing day after day.

WHAT IS THE MOST EFFECTIVE REFORM EGYPT HAS TAKEN AND DIRECTLY AFFECTED THE BUSINESS ENVIRONMENT?

Floating the Egyptian currency was one of the most effective reforms, sparking a series of good results as the IMF shortly called for an early meeting to review the package being considered and approved its biggest ever Middle East loan amounting to a total of USD 12 bn for Egypt.

Launch of investment service centers is also another good step, facilitating the establishment, operation, or dissolution of companies.

Generally, all reforms being taken are important, interrelated and come in one package; one reform can't be effective without the other reform.

WHAT DO YOU THINK OF THE NEW INVESTMENT LAW?

The law set a clear roadmap for profit repatriation. Before the law, foreign companies used to suffer from the issue of not being able to transfer their earnings and this led many investors to flee the country due to incurring losses. Nowadays, repatriation is seeing very good records.

Although there are still some German companies having bad experiences and facing problems such as bureaucracy, the law should be a benefit to resolve such issues.

HOW DO YOU RATE THE EGYPTIAN CONSTRUCTION SECTOR?

It is very enormous in terms of potential and continues to flourish day after day. You can see that reflected in the number of services and infrastructure projects being developed across the country.

HOW DO YOU SEE THE EGYPTIAN REAL ESTATE MARKET?

I don't have much insight on the real estate sector since it's mainly an Egyptian business, but I see that some experts are warning of a bubble so the country should take necessary measures against that.

WHAT CAN ATTRACT FOREIGN COMPANIES TO INVEST MORE IN EGYPT?

Promoting for ease of doing business is the key; Egypt and its business environment need a little more of a propaganda. But before that, the government should guarantee that foreign investors get back to their homes with successful stories and experiences. Businessmen in Germany don't have much information on what is going on in Egypt so most of them take their decisions based on the experiences of others; investors are usually careful so they will not pump money until they see successful models operating in the country.



EGYPT AND ITS BUSINESS ENVIRONMENT NEED A LITTLE MORE OF A PROPAGANDA

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A GLIMPSE INTO COMMERCIAL REAL ESTATE MARKET

BY MAHMOUD EL-ZAHWEY

Commercial real estate represents one of the main pillars of the Egyptian property market with sectors such as office, retail, and hospitality contributing effectively to the overall growth of the market and playing a leading role in driving the entire economy.

"Efforts by the Ministry of Housing to promote the real estate market abroad have added to the generally positive sentiment in the sector," according to JLL's Cairo Real Estate Market Overview report for the third quarter of 2018.

The Egyptian real estate market is seen to have continued performing relatively well during the past nine months, on the back of the commercial sectors. Invest-Gate tries to offer a glimpse into these sectors' performance over the year-to-date period, analyzing the recent data and highlighting the most important opportunities and challenges in the market.

HIGHER DEMAND IN NEW CAIRO DRIVES MODEST RISE IN OFFICE MARKET

The office market's supply recorded a modest increase during the first nine months of the current year, while the sector saw a varied demand across the country's different areas with most of the rental activities taking place in New Cairo, driven by a significantly high demand in this area.

"The need for and office space in dedicated business parks and areas such as New Cairo remain high," according to Mansoor Ahmed, director of Development Solutions, Healthcare, Education, and PPP at Colliers International MENA.

There is a sharp rise in the number of local businesses willing to relocate to new offices in less congested areas and to developments with better build quality, parking provision, and accessibility, leading to a clear shift in demand with tenants tending to pay more for office space with high quality, Ahmed elaborates.

In this regard, developers started releasing new office projects for sale on eased payment terms since the currency devaluation in 2016, reacting towards banks and multinational firms' rising demand to have space in fully integrated business parks, according to JLL's Q3 report.

The office stock remained steady at 986,000 square meters of gross leasable area (GLA) by the end of Q1, before jumping by 67,800 square meters by the end of Q2 to 1.05 mn square meters, the same rate witnessed in Q3, according to data collected from JLL reports for Q1, Q2, and Q3.



As for rental rates, they rose in New and Central Cairo in Q3 2018 when compared to the prior-year period with a large number of occupiers seeking offices in a well-established business district close to the New Administrative Capital (NAC), while rental rates in west Cairo fell sharply due to the low demand in this area, the latest JLL's report states.

On another note, JLL's Q3 report shows that "flexible offices ... are a growing sub-sector of the market in Cairo, in line with global trends."

The term "flexible offices" refers to those office or co-working spaces offering rents for less than one year. This subsector mainly targets entrepreneurs, consultants, and owners of small and medium enterprises (SMEs) who are attracted to lower startup costs, collaborative working spaces, and flexibility of being able to book on a monthly basis.

This trend is expected to support demand within Cairo's office market, catching up with the other regional and international markets, Ahmed adds.

In brief, JLL Country Head of Egypt Ayman Sami explains that it is all related in some way, whereby for a flourishing office market to exist, there is a need to expand in foreign investments, create more job opportunities, and intensify the consuming power that, in turn, supports the improvement in the retail market performance, the real estate consultant clarifies.

As for the future prospects, Sami says the office market will achieve a remarkable growth if the number of the multinational corporations operating in the Egyptian capital increases, pointing out that the current recession in the segment may last in 2019 and result in higher rental prices.

RETAIL ACTIVITIES POST GROWTH

The retail supply witnessed a slight expansion during the first three quarters of 2018, while a further increase is expected to take place by the end of 2018, as constructions are undergoing in new projects.

Both retailers and developers started to adapt to the new market changes, maintaining a healthy performance in the retail rents following the sharp drops in the past two years after the currency devaluation.

According to data collected from JLL's Q1, Q2, and Q3 reports, prime super regional malls' rents posted sustainable rises in the first nine months of 2018, inching up by an annual rate of 10% YoY in both Q2 and Q3. However, the secondary malls and retail complexes, which saw a drop in their rents during the first three quarters of 2018, declined by 11% YoY in Q3.

Commenting on the previous figures, Sami says the local demand marks the main driver of this sector's performance, yet the spending power is now turning downwards with the rise in prices, leading to a decline in secondary malls' rents as they are mostly quoted in EGP. However, he notes that the prime super regional malls, which their transactions were carried out at fixed prices in USD, saw a positive performance in their rents.

Ahmed attributes the success of Cairo's primary super regional malls to Greater Cairo's fast-growing population and the radical changes in demographics that create a demand - likely to remain high - for lifestyle shopping destinations with expressive entertainment and leisure components.

As for the secondary malls, he notes that "emphasis needs to be realigning the tenant mix to reflect the target demographics and affordability levels," assuring that food & beverage (F&B), entertainment, and leisure components are likely to attract visitors to the secondary malls and result in higher revenues.

On his part, Oxford Business Group's Editorial Manager Kevin Graham adopts a positive view for the sector as he expects an increase in the retail market vacancies over Q4 and into 2019 due to new spaces becoming available.

Several new projects are now under construction in different locations such as the new LuLu hypermarkets across 6th October City, New Cairo, and Obour city, in addition to IKEA's mega store in Mall of Arabia, west Cairo - which is expected to open in the new future, Ahmed adds.

JLL's Sami also sees giant retail projects getting into the market within the upcoming period such as Madinaty Open Air Mall by SWA Group, Majid Al Futtaim's mega mall in Almaza, and Arkan Plaza - which would be the first fully solar-powered shopping mall in Egypt.

HOSPITALITY SECTOR MAINTAINS POSITIVE TRENDS

The hospitality sector continued to act as the main supporter of the overall commercial real estate sector, with Cairo's hotel supply remaining steady and occupancy rates showing positive trends over the course of the first nine months of this year, on the back of the country's improved tourism rates.



Official figures showed that Egypt's tourism sector generated around USD 4.8 bn during the first half of 2018, recording a 77% increase versus the same period of the previous year.

Cairo saw a stable hotel supply, standing at 23,300 rooms in the past three quarters. However, further 623 rooms are expected to enter the market by the end of 2018 with the completion of the Hilton Maadi and St. Regis, maintaining the annual growth streak, according to JLL's Q3 report.

Furthermore, the capital's occupancy rates rose to 71.2% and 70% in Q2 and Q3 respectively, compared to 67.2% and 64% in the same consecutive quarters of 2017. The average daily rate also increased by an annual rate of 8.9% to USD 95.4 in the first eight months of 2018, leading to a sharp rise of 20% in the revenue per available room (RevPAR) in the same period.

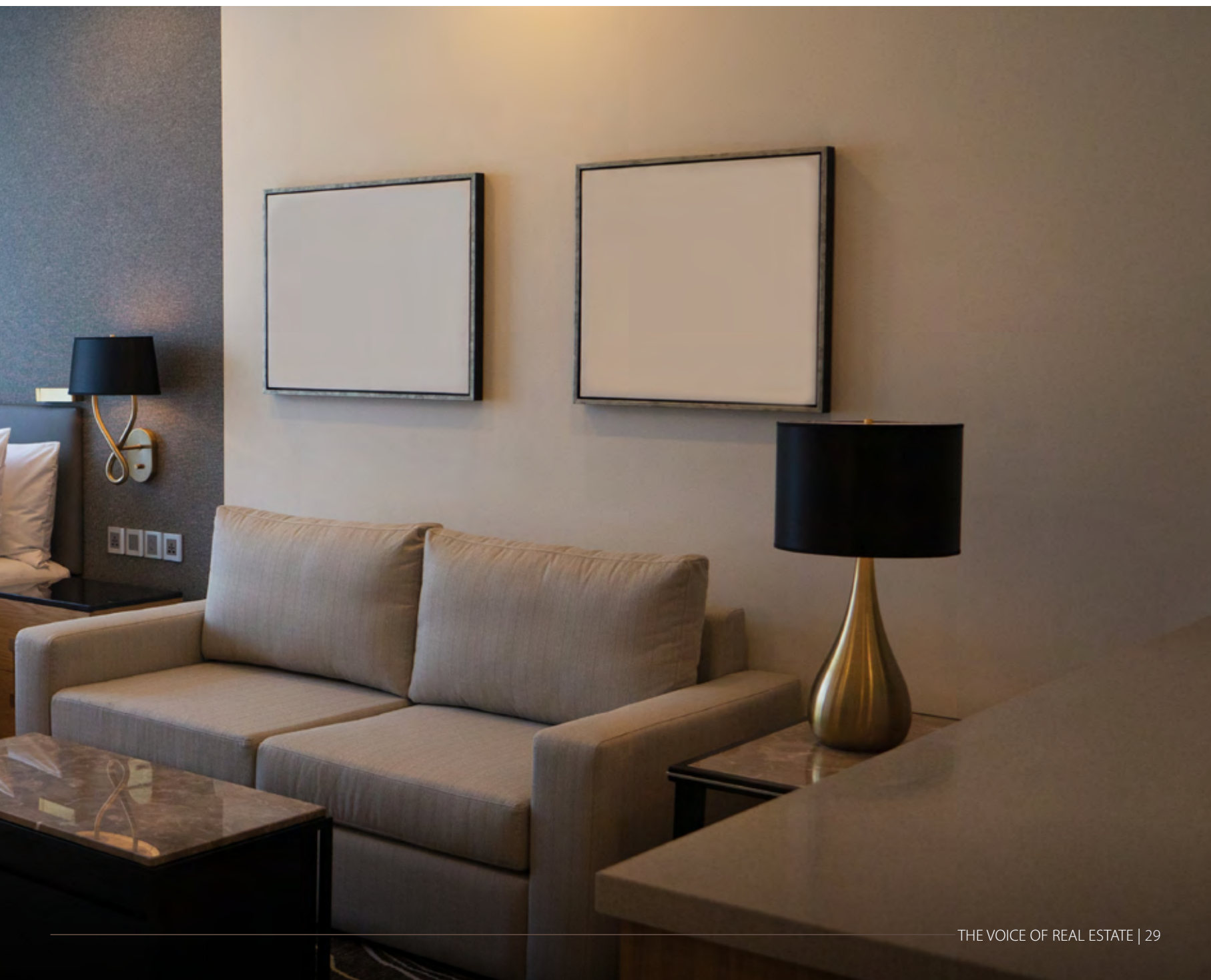
JLL's country head of Egypt says that such increases reflect a higher demand in the market and the huge efforts exerted by the government to attract more tourists, highlighting the roadshows

the country have organized abroad, the effective tourism campaigns launched, and the continuous initiatives introduced to lure international universities to set foot in the country.

Speaking of the sector, Head of Hotels at Colliers International MENA Christopher Lund praises the efforts done by the government in this regard, highlighting the successful attempts to improve safety measures and get travel warnings removed from key source markets.

Lund also underlines the state's investments in new demand generators such as the Grand Egyptian Museum and the redevelopment of Maspero Triangle in downtown Cairo.

The effect of the unfavorable events on tourism is not as strong as before, Sami adds, arguing that the occupancy level still maintains its momentum in 2018. As for 2019, he expects the hospitality sector to continue leading the growth of the entire real estate market.





**DEVELOPERS SEEN
RESILIENT TO
ECONOMIC
HEADWINDS**

BY JULIAN NABIL

Despite the government's efforts to support the real estate sector, it is -like the rest of industries- still facing economic challenges and stifled demand on rising costs throughout this year. Invest-Gate talks to financial experts to provide full insights on the sector in 2018, while highlighting top performers, changes in demand environment, and top areas and types of projects that lured investments.

REAL ESTATE OVERVIEW

The Egyptian real estate market has been growing, often when the economy as a whole is sluggish, proving itself a safe bet and resilient to economic headwinds the country has experienced since 2011.

JLL's Cairo Real Estate Market Overview in Q3 2017 shows that Cairo's real estate market has started to stabilize, following a period of volatility due to the devaluation of the currency and associated economic reforms over the past year.

"Investors and developers are responding to the country's resilience by continuing with existing projects and launching a number of new ones," the report states.

The sector also saw total investments reaching peaks of around EGP 80.45 bn in FY 2017/18, a YoY increase of 43.8% from EGP 55.93 bn in FY 2016/17. Notably, private investments in the sector accounted for a high percentage of total investments and almost doubled to EGP 62.57 bn in FY 2017/18, compared to EGP 31.43 bn in the prior-year period.

Michail explains that real estate is a prominent sector yet consecutive increases in fuel and energy prices in 2018, along with the latest increases were effective in June 2018, had an adverse effect on households and consumers' budget and purchasing power, and thus lowering down their demand on real estate.

Amir Badran, a research analyst, adds that the sector saw a notable slowdown in the resale side, which depends on the cash basis, due to the high cost of cash such as loans, as well as lucrative certificates with high-interest rates that attract people's money.

Investors hope this to be a period of short-term inflationary pressures, as part of long-term government reform agenda supported by a USD 12 bn IMF loan package, which was approved in November 2016, aiming to ease an acute shortage of foreign currency, boost the investment climate, and lure foreign investments.

Badran notes the sector is expected to be positive in the upcoming period but this is still dependent on the country's macro picture, which includes factors such as economic growth, inflation rates, interest rates, and cost of construction.

Madinet Nasr Housing and Development (MNHD) saw no notable improvement in their sales, yet higher than last year and their overall performance was really good," Badran says.

SODIC recorded net contracted sales worth EGP 2.5 bn, up 25% versus the same period last year, while MNHD's sales reached EGP 792.8 mn in the first nine months of 2018, compared to EGP 555.36 mn in a year ago.

Michail adds the listed companies saw rises in profits by an average of 20% in H1 2018, driven by the demand of high expats and Gulf countries as well as increasing rates of tourism.

The major hike in tourism growth rates witnessed this year contributed largely to the profitability of top performers, having hotels as part of their portfolio such as TMG Holding or premium secondary homes such as Emaar Misr, according to Michail.

OFFICIAL FIGURES BY THE MINISTRY OF PLANNING SHOWED THAT TOURISM GROWTH RATE REACHED

37.7%
in FY 2017/18

3.7%
in FY 2016/17

LISTED DEVELOPERS MAINTAIN POSITIVE PERFORMANCE

Although affordability is a concern due to economic pressures and rising prices of properties, developers were able to see steady increases in their sales and profits.

Listed developers' contracted sales also increased 70% YoY in the first half of 2018, however it should be around the same value in 2018, while average return on investments (ROI) reached around 8% this year compared to 7.5% in 2017, Badran notes.

Some listed companies achieved notable growth rates in sales such as Talaat Moustafa Group (TMG) Holding, Palm Hills Developments, and Orascom Development, this year, according to Badran.

Michail says that real estate companies with top profitability in 2018 -based on H1 results- were Emaar Misr, TMG Holding, MNHD, Palm Hills, and SODIC, achieving EGP 1.1 bn, EGP 774.21 mn, EGP 611.72 mn, EGP 439.9 mn, and EGP 374.09 mn, respectively.

Profitability reflects companies' abilities to make use and promote for their portfolio of lands, Michail adds. However, companies' value stems from not only their sales but also their land bank.

TMG Holding had the highest land bank with 45 mn square meters until H1, followed by Heliopolis Company for Housing and Development with 20 mn square meters, MNHD with 9 mn square meters, and SODIC with 8 mn square meters.

Generally speaking, Oxford Business Group Editorial Manager Kevin Graham says that local brands with a reputation for quality and comparatively lower-priced products performed better, adding that reputation is also particularly important given the number of new market entrants among real estate developers making it more important to have a product that matches the demand and is at the right price.

Badran agrees that primary market's clients always look for a good unit with a good place and price, so developers who have this combination managed to the attracted interest of clients and make good sales such as TMG Holding in Celia, Emaar Misr in Marrassi, and Palm Hills Developments in Badya.

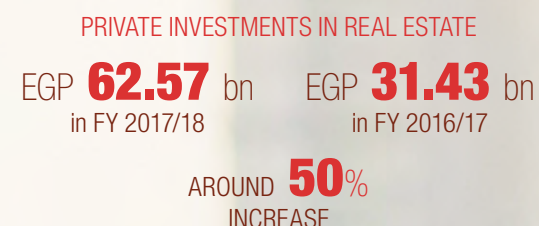
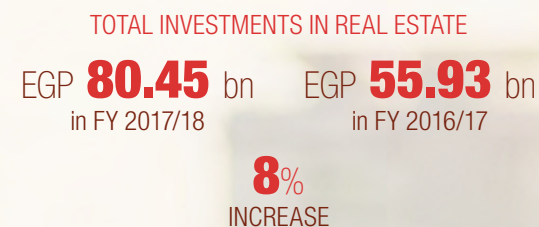
DEVELOPERS ROI

8%
in 2018

7.5%
in 2017

TMG Holding achieved a rise in sales by 92.6% to EGP 18.3 bn sales in the first nine months of 2018 compared to EGP 9.5 bn, while Palm Hills posted higher sales by 29% to reach EGP 7.8 bn in H1 2018. Orascom also achieved a hike in its sales to reach EGP 1.7 bn in the first nine months of 2018, higher than all last year which recorded EGP 1.5 bn.

"Some other companies such as Sixth of October Development and Investment Company (SODIC) and



However, financial experts agree that the real estate sector's performance in the Egyptian bourse was neutral this year, while starting to show some signs of weakness, challenged by inflationary pressures and macroeconomic environment.

The real estate sector saw lower performance than that of last year, declining 19.2% during the period from the beginning of this year until November 14, underperforming the EGX 30 performance at a decline of 10.2% during the same period, according to Head of Research at ArabyaOnline Sally Michail.

THE REAL ESTATE
SECTOR DECLINED

19.2%

(from January 1 till November 14, 2018)

EGX30
FELL

10.2%

HOISTING SAILS TO WINDS OF CHANGE

Successful developers were those “with the ability to adapt, accordingly, to the new and changing market dynamics and better capacity to utilize their land bank,” Michail notes.

Since 2016, devaluation encouraged demand on real estate as a wealth preservation. However, Michail says, “In 2018, which saw stability in economic conditions and in USD exchange rate, local demand was driven out of basic needs based mainly on marriage rates,” which decreased in 2017 to its lowest level since 2008 – based on official figures released by state statistics agency CAPMAS.

Units’ inflationary prices “have led those looking for villas to downgrade to townhouses and those looking for townhouses to downgrade to apartments and so on,” Propertyfinder’s Managing Director Mohamed Hammad said in a report released by Propertyfinder Egypt in April.

To cater to the higher number of the local changing demand, we saw developers offering twin houses rather than separate villas with a garden as well as apartments with smaller areas reaching to 56 square meters rather than average areas of 120-250 square meters offered five years ago, according to Michail.

Developers also tend this year to extend payment plans to 10-15 years to maintain their sales growth.

Badran notes that this negatively affects the balance sheet of companies and stretch them because the company needs to deliver their units in four years while cashing their value over 10-15 years. However, he sees it was the optimum solution amid the high interest rates to attract customers.

On the bright side, huge foreign investments, especially from the Gulf area, entered the country with businesses in all fields as a result of the devaluation of the Egyptian currency, Hammad adds.

This year’s overall real estate demand was mainly driven by Egyptian expats or Gulf investors, who were anchor clients for developers because of having a strong purchasing power that is dollar based. For them, Egypt is deemed cheap compared to other countries such as Lebanon, Morocco, and Turkey that lure foreign ownership of properties, according to Michail.

Developers, supported by the government, seek to participate in regional and international exhibitions rather than local ones to promote for their products and drive sales from dollar-dominated clients, who can afford inflated units’ prices “rather than depending on the decreased local demand due to lower purchasing power,” Michail says.

There was also a focus on offering premium units as part of an integrated community with different facilities to attract Egyptian expats and foreign buyers, as well as a local high-earning segment that helps them make good sales, Michail adds.

TOP AREAS & PROJECTS LURING INVESTMENTS

This year, developers tend to invest in expanding in some areas rather than others, believing in their potentiality for growth.

Investments -by listed developers- were focused on west Cairo in 2018, except TMG Holding that launched Celia in the New Administrative Capital, Badran notes.

Commenting on overall investments of listed and unlisted developers, Kevin says that most developers have been attracted to invest in developments tied to the new cities such the New Administrative Capital, New Alamain, New Mansoura, and El Mostakbal City; in addition to touristic related developments on the coastal areas.

As for types of projects developers mostly invested in this year, Badran notes that residential projects accounted for the big chunk of sales this year, which this gives an opportunity for developers to diversify their portfolios and tap on new sectors in case the prime residential sector slows down anytime, and thus diversify their income, according to Badran.

Badran notes that some developers such as Palms Hills already started to diversify their portfolio. Kevin adds that there is also an increasing trend towards investing by developers in mixed-use projects that aim to establish well-rounded communities that integrate residential, retail, and office spaces.

In July 2018, Palm Hills signed a partnership agreement with El Badr for Investments and Commercial Spaces and its executive arm to develop two commercial areas in PHD projects for EGP 7 bn.





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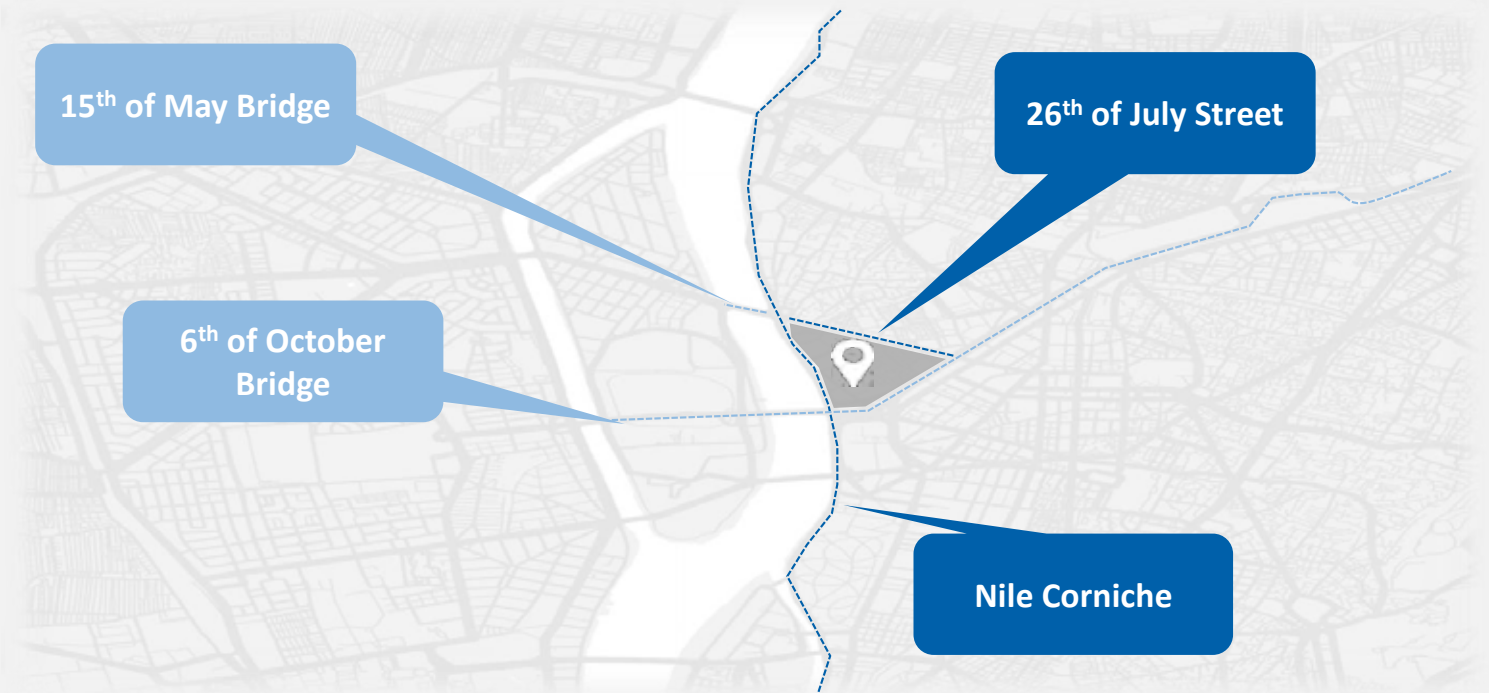
Egypt

Maspero Triangle Development

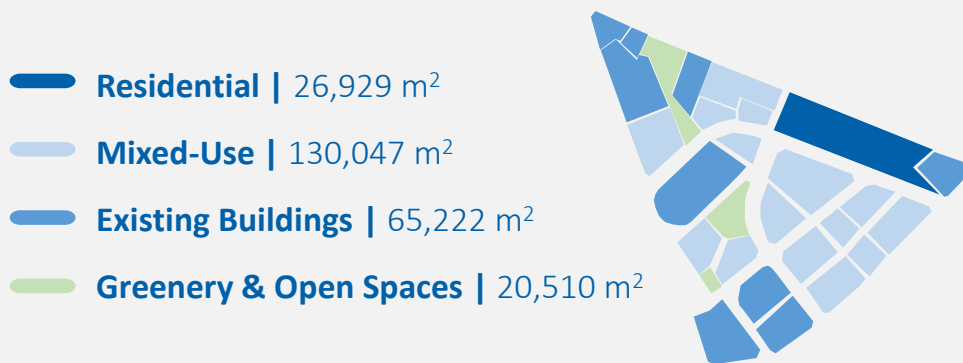
Socio-Urban Dimensions VS. Economical Revenues

The Maspero project is a part of an initiative launched in 2014 to develop slum areas all over Egypt. Maspero Triangle is a historical neighborhood located between 26th of July Street, and the Nile Corniche. Two crucial government buildings, the Egyptian Radio and Television Union headquarters and the Foreign Affairs Ministry, as well as the Italian consulate, are located in the 84 feddans neighborhood, along with residential areas and hotels.

Maspero Triangle Location

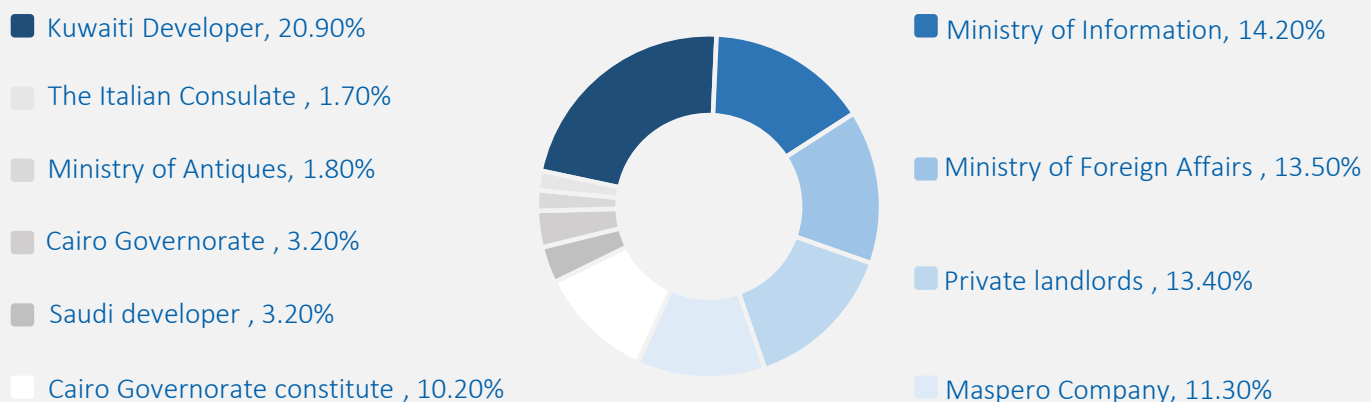


Key Components of the New Master Plan



The government must provide a decent life for the households moving from slums by building "an integrated system that includes constructional, cultural, environmental and economic development".

Land Divisions & Ownership






ADVANTAGE

Maspero Triangle Development

Socio-Urban Dimensions VS. Economical Revenues

Highlights

-  The whole area of the Maspero triangle is about 300,000 m²
 26,000 m² allocated for 1,100 housing units with total cost about EGP 600 million 
-  130,000 m² for mixed-use activities, including commercial, tourism & hotels
 The total investment cost for the Maspero Triangle project reaches EGP 10 billion 
- PHASE 1**  The initial expected budget set for phase 1 is EGP 4 billion
 EGP 700 million for compensating the occupants who requested compensation 
-  EGP one billion for Maspero Triangle infrastructure and roads
 EGP 700 million for implementing the necessary services for the Project's success 
-  It is expected to start implementing the new scheme as of early January 2019
 The expected development timeline for Maspero Triangle is set to be 3 years 

Stakeholders

Local Occupiers	<ul style="list-style-type: none"> • Owners: Maximize the revenue either use, sale or investment • Renters: Continue to stay in the same place to save their income
Government	<ul style="list-style-type: none"> - Future city development and planning for urbanization - Investing in land - Keeping its right in the land
Investors	keep their right to the land (best highest use) and start investments in urban mega projects, with best cost \ benefit ratio
City Users	Enjoy one of the most important parts of the city , make it a special place and gain development benefits (surrounding areas)

Social diversity should be taken into consideration to secure a healthy well balanced society through a homogeneous interaction between all social levels. If revenues reforming is needed for a strong economy, on an urban and city level all social levels should benefit from it. The urban dimension should pay close attention for the society without taking sides and to accommodate all stakeholders.

All aspects of life should be supported not only housing. Without working on cultural, social and psychological aspects, the developed areas will turn into new slums.




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NEW FOURTH GENERATION CITIES: THE NEW MAP OF EGYPT

BY SHAIMAA GHANEM

To lessen the condensity of the Nile Banks, the Egyptian government has proposed new cities, besides the already established third generation cities announced in the 1990s, known as the fourth generation cities. The new integrated smart cities are characterized by being equipped with advanced technology systems and built as per international sustainability standards, unlike previously built ones. With these cities, the government aims to provide investment opportunities for developers, solve problems of land shortage, expand the country's urban area, redistribute the population among new areas, as well as provide direct and indirect job opportunities. Invest-Gate tours some of those new cities!

AN OVERVIEW

In September 2018, Prime Minister and Minister of Housing, Utilities and Urban Communities Mostafa Madbouly announced that the government, represented in the New Urban Communities Authority (NUCA), plans for the construction of 20 new fourth generation cities distributed among most of Egypt's governorates with a total area of 580,000 acres to accommodate 30 mn people. The prime minister added that the new cities are projected to stimulate development throughout Egypt and maximize its competitiveness to attract both local and foreign investments.

Madbouly also stressed that the fourth generation cities are aimed at providing all the technical services and facilities needed such as the one-stop and e-government systems on the city level, so that residents can conclude all the needed services without having to go elsewhere.

On his part, Assistant Minister for Community Affairs of NUCA Walid Abbas tells Invest-Gate that the government plans to complete developing the first phases of the new cities by 2021, in preparation for the relocation of people to those areas by the end of 2021.

Ahmed Hussein Sabbour, CEO of Al Ahly for Real Estate Development, notes that each new city will serve the area in which it is located, producing a comprehensive development throughout the country; a development that should have been initiated earlier to accommodate the subsequent population growth, and thus, provide the appropriate housing.

Furthermore, Rooya Group's Chairman and CEO Hisham Shoukri believes that announcing such new cities comes in the line with the state's plan to increase the urban area to 12% by 2050, explaining that urbanization process needs development of 400,000 acres annually to date.

On another note, Shoukri and Sabbour both agree that these cities represent excellent investment opportunities for all real estate developers to diversify their investment portfolios and land banks.

Premium Assets for Real Estate CEO Riad Eladly adds that the new cities will also help the real estate sector develop and compete globally. For his part, Tatweer Misr CEO Managing Director Ahmed Shalaby says, "The state's vision regarding these new cities has become very clear and balanced compared to the past periods."

Spreading over the governorates of Egypt, the new 20 cities include the New Administrative Capital (NAC), New 6th of October, New Hadayek, Sheikh Zayed Extension, New Sphinx, and New El Warraq in Greater Cairo. In addition to the New Nubaria in West Delta, East Port Said and West Port Said in Port Said Governorate, Bir al-Abed City in North Sinai, New El Fashn in Beni Suef, New Mallawi in Minya Governorate, West Assiut in Assiut Governorate, West Qena in Qena Governorate, New Luxor in Luxor Governorate, as well as New Aswan and New Toshka in Aswan.

NEW ADMINISTRATIVE CAPITAL

With the government competing against time to deliver the large-scale project as scheduled, work progress is going as expected to deliver the first phase in 2020.

Commenting on the latest updates on the NAC, the New Administrative Capital for Urban Development (ACUD) Spokesperson Khaled El Hosseini says that the company has sold about 17,200 acres (about 80%) of the NAC's first phase so far.

"Being established at a total cost of EGP 300 bn, the 40,000-acre first phase of the NAC includes residential neighborhoods, government parks, financial and business districts, and recreational and service areas. Around 30-40% of the area is allocated to the land, roads, services, and city division," El Hosseini notes.

The total investments of both R3 and R5 districts are estimated at EGP 70 bn, while investments in R3 alone is nearby EGP 25 bn, El Hosseini says.

The development of the capital does not incur the state any costs, unlike other new cities. El Hosseini attributes this to the fact that ACUD sells lands to developers to get cash flow for developing NAC's infrastructure and services.

Location Cairo-Suez Road and Cairo-Ain Sokhna Road, adjacent to New Cairo, Mostakbal City, and Madinaty

Area 170,000 acres

- The first phase over 40,000 acres
- The second phase over 15,000 acres

Transportation

- One of two monorails to be launched in Greater Cairo to be completed by 2020.
- An electric train project
- An international airport

Speaking on the new capital's infrastructure, he says that "NAC is connected to major roads with a total length of 650 kilometers, while 40% of the road network inside the city is allocated for pedestrians and bicycles."

Target population 6.5 mn people by 2050

Phase one

- USD 300 bn for infrastructure works

Includes

- 20 residential districts
- The "green river": 35 km, crossing the city and its universities over the space of 5,000 acres
- A central business district with investments of EGP 60 bn on 500 sqm.
- A government district to house a new presidential palace, parliament, and 32 ministries, as well as foreign embassies.



NEW ASWAN

Ahmed Mohammed Rashad, head of New Aswan City Authority, says, "The first phase is being developed on 4,000 acres, the second one on 6,000 acres, and the third on 12,000 acres," adding that "the authority has spent EGP 3.5 bn in developing New Aswan so far."

Rashad notes that the development rate of the first phase of the city reached 80% and will be completely developed by 2020.

"We have started the development of 600 acres in the second phase of the new city by mid-September, including social housing units, services, and hotel activities. The city's second phase is expected to be completed by 2025, while the whole city will be completely developed by 2050," he confirms.

The authority allocated EGP 1.5 bn for residential projects, Rashad says,

Location 2 km away from Aswan

Area 22,390 acres

Investments EGP 3.5 bn

Targeted population 850,000 people

adding that 168 social housing buildings are completed, "out of the 336 buildings planned in the city." According to Rashad, New Aswan is to have 1,050 acre- Nile River strip. Moreover, the authority is currently coordinating with the General Authority for Investment and Free Zones (GAFI) to develop an industrial zone area on 187 acres and the authority will begin the services and utilities works in the zone next year, he notes.

The city's master plan includes 2,560 acres for industrial activities and the industrial area's master plan is currently being finalized, according to Rashad. Finally, NUCA has allocated 505 acres to establish an Olympic Village in the heart of New Aswan city, with expectations to be launched early next year, the official adds.

Includes

- Touristic promenade
- Entertainment complex
- Three- and five-star resorts
- Sport facilities
- Olympic Village over 505 acres
- Industrial zone over 187 acres

NEW MANSOURA

Head of New Damietta City Authority and supervisor of New Mansoura Mohamed El Sayed Ragab says that the authority has exceeded allocated investments for the city in FY 2017/18 by 250% to reach EGP 2 bn, with projects' expenditure surpassing EGP 4.5 bn during the first four months of FY 2018/19, whereby NUCA has provided additional support to the city. Ragab notes that the implementation costs of the first phase in New Mansoura are estimated at EGP 45 bn, with expectations to be completed in 2020.

He reveals that all the residential activities will be developed by next

year, pointing out that the city will include a diverse kinds of housing projects comprising 25,000 housing units, ranging from social housing to distinctive housing, and middle-income and luxury housing, catering to different residential segments.

The first phase of the city also comprises the establishment of 1,200 villas with different designs and models, and 30 towers, in addition to 11,000 housing units in Dar Misr JANNA luxury project for middle-income housing and 4,500 distinguished social housing units in Sakan Misr project, he reveals.

Location 54 km away from Mansoura city

Area 7000 acres being developed over four phases:

- The first phase over **2,063** acres
- The second phase over **2,000** acres

Target population 3 mn people

Includes

- A tourist **2** km-long marina
- Mansoura University on an area of **67** acres
- **12** hospitals
- **3** cultural centers
- **5** sports clubs



SHEIKH ZAYED EXTENSION

Mostafa Fahmy, Head of Sheikh Zayed City Authority, says that the city - which has seen EGP 5 bn of investments so far - is very attractive for investors, especially those looking to launch integrated projects, revealing that new land plots will be offered for developers in early 2019, and pointing out that City Edge Developments has already obtained three land plots with a total area of 12 acres in the new city. "For the city's land uses, residential area occupies 24.21% of the total area, while the roads and service areas as well as investment and mixed-use areas stand at 6.3%, 6.1%, and 12.07%, respectively," Fahmy adds.

Dar Misr project has been initiated in the new city. The authority's head notes that the project is being implemented by four contracting companies, featuring 309 buildings that comprise 7,016 units. In addition, a total of 709 land plots - as part of the project - are being

offered for investors, he adds. In addition, a detailed plan was conducted for the implementation of a luxury housing area in the city, boasting a total of 168 buildings, he adds.

In terms of investment value, Fahmy notes the authority has allocated a total of EGP 2.6 bn for the city's utilities and EGP 1.3 bn for its services. For her part, Salwa Ali, deputy head of Sheikh Zayed City Authority, says that a building for workshops was 71% completed, comprising 70 shops. A street will be allocated to youth in the city to establish developmental projects under the auspices of NUCA, aiming to "create employment opportunities for youth and eliminate the informal areas with workshops by providing urban spaces for small projects," Ali reveals.

Location northwest of Sheikh Zayed

Area 21.3 acres

Current population 350,000

Target population 675,000

Investments EGP 5 bn

NEW ALAMEIN

Vice President of New Alamein City Authority Hossam Hosny says the New Alamein is one of the fourth-generation cities Egypt currently being built, noting that the new city will attract investments estimated at more than EGP 10 bn.

For the residential projects inside the city, he explains that the city's authority is currently offering 1,300 units in Dar Misr project and has offered 500 units for distinguished housing as part of 5,000 units planned to be established in the city. He reveals that the city has witnessed the construction of 1.4 mn square meters of buildings in Dar Misr and distinguished housing projects. However, there are no social housing units within New Alamein so far and there are no lands allocated in this regard, Hosny notes.

For the tourism components of the project, he adds that the area near the beach will be a global tourist area and is scheduled to provide about 25,000

hotel rooms, operating all-year-round, while also comprising a number of restaurants. "A large industrial zone, private universities, and hospitals will also be implemented at the highest level of quality in the city," Hosny says. Commenting on the work progress' updates, he highlights that the city's authority has begun this year establishing a desalination plant worth EGP 77 mn with a capacity of 150,000 cubic meters per day in the city, with an expectation to be operational this year.

For the implementation rates of utilities and services for the city's housing units, Hosny comments that the completion of full utilities for residential units will be before year-end, but the utilities are 80% complete in most of the implemented units. He highlights the completion of an alternative road to the coastal road with total length of about 38 kilometers from Wadi El Natroun-Alamein Road to Sidi Abdel Rahman, implemented by the Arab Contractors Company.

Location 34 km west of Alexandria to the western border of Egypt

Area 50,000 acres

the first phase 8,000 acres to be completed by the end of 2019

Target population about 3 mn in the first phase.

Includes

- 15 residential towers (price per meter ranges between EGP 30,000 and 35,000)
- Beach with 14 km long, with an international promenade along the beach
- A 44-acre world medical center
- A 296-acre hotel area (15,500 hotel rooms)
- World tourism center at a 20% construction rate



NEW SPHINX

Announced under Presidential Decree No. 113 of 2018, New Sphinx City is one of the five new cities to be implemented in Giza Governorate.

The private sector will be involved in the implementation of the city, according to Nour El-Din Ismail, head of the New Sphinx City Authority. According to Ismail, there is a high demand by developers to launch projects in the city, where the state has recently adopted the participation system, offering lands to investors to participate in the urban development of the city.

Location overlooks the Cairo-Alexandria Desert Road and 12 km from the Pyramids of Giza

Area 31.950 acres

Includes

Sphinx International Airport in West Cairo to be opened soon

- Area: 25,500 sqm
- Investments: EGP 300 mn
- Capacity: 9 aircrafts to receive 300 passengers per hour
- Serves the cities of 6th of October, Sheikh Zayed, Fayoum, Beni Suef, and Minya

BADYA BY PALM HILLS DEVELOPMENTS

PARTNERS WITH THE CAIRO INTERNATIONAL FILM FESTIVAL AS THE MAIN SPONSOR

In a non-traditional move, Palm Hills Developments, the leading real estate developer in the Egyptian market, has announced the launch of phase 2 of district 1 in the city of Badya, the first of its kind in Egypt, Africa, and the Middle East with an investment value of EGP 320 bn.





As the official main sponsor of the Cairo International Film Festival, Palm Hills Developments is organizing workshops under the theme "Cairo industry days platform" in cooperation with the Arab Cinema Center, which includes several workshops, master classes, and panels between a number of the largest local, regional, and international experts interested in Arabic cinema as well as noted film makers from all over the Arab world. Badya is sponsoring this segment, designed for up-and-industry figures in order to aid the talented, creative youth of the country and to further cement themselves as the future pioneers of creativity in Egypt.

The Badya campaign represents a revolution in the concept of housing projects in Egypt through the adoption of modern technology in all walks of life, including a number of schools of art, which goes hand in hand with the Cairo International Film Festival being the oldest sponsor of art in Egypt.

The "Creative City" concept represented by the Badya project is greatly in harmony with the 40th Cairo International Film festival being a recognized global hub for creativity. Covering an area of 3,000 acres in 6th of October City, Badya is the most reflective of the fourth generation cities, with residential units and villas reflecting a unique architectural design that epitomizes the concepts of "operation" and "modernity" to provide a distinctive style of life. Its residential units range from one to four bedrooms, as well as apartments with a minimum area of 83 square meters. It also includes stand-alone villas as well as twin houses and townhouses.

The residential units of the project are compatible with the concept of modern technology applied in all the city's services starting with the internal means of transport, as well as the use of the application of face recognition to achieve the highest levels of safety while entering and exiting the city without having to resort to paper note transactions.

The city of Badya is also subject to the principle of 5 - 10 - 15, where the residents of Badya are only five minutes away from their daily needs, ten minutes from their weekly needs, and 15 minutes from their monthly needs, with pedestrian areas easily accessible from each neighborhood. This also comes with high-end shopping outlets, internationally accredited universities, design schools, nurseries, luxury sports clubs, green office spaces, state-of-the-art administrative buildings, and spectacular landscapes combining creativity and modernity in one place.

The first phase of the project is scheduled to be delivered after four years. The project consists of six residential neighborhoods, each of which is integrated with services independently from the rest of the neighborhoods. The city of Badya provides an integrated healthy life for its residents, with its location in the heart of 6th of October city. The city center has an international university, a club, a mall, and large green spaces throughout the city, as well as gardens connected to footpaths and bicycle paths to allow freedom of movement and exploration.



LATEST TRENDS OF HOMEBUYERS

BY HUSSEIN ALMOATAZ



Last year witnessed an exceptional growth in the Egyptian real estate market, especially in terms of supply, with hundreds of projects being established and billions of investments being pumped, along with opening of many new cities by the government in various places. In this regard, homebuyers were the main indicator of how the market was going and heading to, for they are the main stakeholders in the market.

Invest-Gate will give you a detailed review of the buyers' trends in 2018 and what they are tending to in the real estate market, especially with the economic changes taking place in the region.

RENT: A MAINSTREAM TREND

With the current economic changes in Egypt putting more inflationary pressures on families' budgets, renting has become one of the new trends that the real estate consumers go for.

Mazen Al Nimr, a freelance broker in his 30s, says "people's need for properties will never end; however, their financial capabilities are not helping some of them to buy new homes; and thus renting properties has become a new way to live in a unit at an affordable cost."

Al Nimr gives examples that people who tended to rent this year were mainly newlyweds and newly established families.

Another reason behind this trend is that it gives the users an opportunity to live in A+ compounds without paying the full price of the property, so that they can balance between having a good lifestyle and affordability.

Farah Wahby, a 38-year baker, says, "Living in an A+ compound gives an added value to families who live there for renting a property there gives you the standard of life you need with a reasonable price."

An increase was also noticed in second-home units offered for rent as property owners have become in need for liquidity all times, so they offer the units they own for rent to generate the highest interest out of them.

DIRECT SALES BEAT RESALES; RESIDENCY OVER INVESTMENT

Since decades, reselling properties was deemed one of the main trends in the real estate market, where people prefer to own more than one unit and sell them when their value soars.

However, this trend has declined in Egypt with the increase of current real estate supply due to the number of new projects and new cities being established, bringing with them eased payment plans.

The flexible payment plans also nowadays lure clients and streamline the process of buying properties as some of the plans exempt buyers from even paying a down payment, while resale requires paying on a maximum of two installments over a short time period, Al Nimr adds.

Al Nimr shows that the variety of units' types offered by developers in different locations has turned buyers' tendency towards owning branded new properties and buying them directly from the developer.

Adding to these reasons, buying units for investment purposes have declined due to the fact that units are not easily resold.

Economic conditions, along with the real estate tax law, have also affected buyers' purchasing power, turning most of them from buying a property for investment purposes to owning it for residency.

Sherif Fouad, a 52-year-old man who used to own more than five properties in Cairo and the North Coast, tells Invest-Gate that he has sold all his units a year ago as he was expecting that the resale will drop, explaining that he now owns the property he lives in only.

Fouad also adds that the interest rates offered by banks have better returns than properties nowadays, therefore people tend to keep their cash in banks for investment rather than in units.

WHAT ABOUT SECOND HOMES?

Second homes are one of the main products that witnessed demand in the residential market in 2018 since Egyptians usually like to own a second home in coastal cities.

Unlike some behaviors that have seen changes in 2018 due to financial constraints, owning a second home is still a habit that Egyptian buyers still lean to stick to.

Al Nimr shows that the rate of demand on second homes in the current year was somehow higher than demand on primary homes.

Yasser Hassan, a second home buyer in his 40s, says, "Paying for a second home now is much worthy than paying for overpriced properties in Cairo because it can be -at least- used for both residency and investment purposes."

DEMAND FOR NEW CITIES AS EXPECTED?

On the contrary to all expectations, demand for new cities is not much as high as established ones.

Although the government is implementing a great number of new cities with new and exceptional opportunities, Egyptians like to buy more in already built cities.

Al Nimr underlines that demand for units in cities such as 6th of October and New Cairo is much higher than in the New Administrative Capital, for example.

From his point of view, Al Nimr attributes this to the fact that established cities are already supplied with all utilities and services, however, he says that new cities are expected to see an increasing demand in 2019 when they are fully implemented.

IN BRIEF

2018 was an exceptional year in the real estate market from all aspects, whether the government or the developers, as the new cities and emerging new projects are having a great attention and market share.

All indicators have shown that buyers are the key players who control the real estate market trend as their demand on projects and properties set the prices and show how the market goes.



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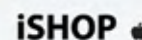
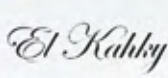
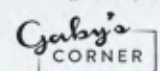
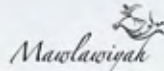
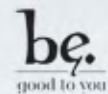
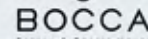
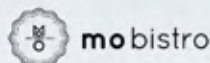
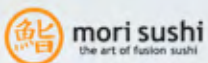
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