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EGYPT MARKS FIRST-EVER PARTICIPATION IN CHICAGO'S CTBUH 2019

Deputy Minister of Housing, Utilities, and Urban Communities for National Projects Khaled Abbas has confirmed Egypt's first-ever participation in the 2019 edition of Chicago-based Council on Tall Buildings and Urban Habitat (CTBUH) conference, running from October 23 to November 2.

During his keynote speech at Invest-Gate's fourth roundtable, titled "Means of Attracting Future Real Estate Investments," Abbas revealed that a delegation, comprising multiple ministerial officials, alongside representatives of construction firms as well as design and engineering consultancy offices, exhibited Africa's tallest tower in the New Administrative Capital (NAC).

According to the official, CTBUH is the world's leading resource for professionals focused on the inception, design, construction, and operation of tall buildings and future cities. It also bestows "Tall Building Awards" each year, with four regional awards to the US, Europe, Africa, and the Middle East, along with Asia and Australasia regions. Hence, Egypt's involvement in such a remarkable event will positively influence its international image by showcasing its various megaprojects to shine as a global development and investment hub, Abbas further stated.



Abbas also underlined that Egypt will partake in MIPIM 2020, which is a four-day real estate networking event taking place in France's Cannes, gathering nearly 26,800 property professionals from all around the world. For the second consecutive year, the Ministry of Housing will hold an official booth at the international exhibition, together with some Egyptian real estate developers, as part of the state's keenness to export real estate abroad.

The deputy minister explained that the government is exerting additional efforts to export Egyptian properties abroad, including the provision and diversification of land plots in new cities, expansion of housing supply, as well as, partnerships between the public and private sectors for real estate development.

INVEST-GATE WINS 'BEST REAL ESTATE INFORMATION PLATFORM' 2019



AI Global's BUILD has awarded Invest-Gate the "Best Real Estate Information Platform" for 2019 for its impressive performance in Egypt and the Middle East.

Judgment was based on various criteria, including the dedication, innovation, business growth, longevity, online reputation, feedback, and business performance.

BUILD Magazine is part of the UK-based digital publishing house AI Global Media. The public announcement for the 2019 Real Estate and Property Awards is due to take place late October, while an official ceremony will be held on November 6.

KHOZAM DEVELOPMENTS UNVEILS 'GO HELIOPOLIS'

Khozam Developments has kicked off a premier brokers event for the exclusive launch of its first residential project, Go Heliopolis, in east Cairo's Golf District.

With EGP 1.25 bn investments, Go Heliopolis will be developed over 180,000 square meters. The project is expected to comprise 760 residential units, with spaces ranging between 120 and 190 square meters, along with various commercial and leisure facilities.

Building the first compound in Heliopolis, Khozam Developments promises its clients a new level of elegance and luxury. With the tagline of "The Past's Experts Develop the Future," the company aims to deliver a premium lifestyle like no other.

Nader Khozam, the company's chairman, eyes EGP 3 bn in sales of Go Heliopolis, which is slated for completion within three years. He stated that the company has inked a contract with the Lebanese Chaddad Group to be the project's main contractor.



AJNA DEVELOPMENTS MAKES DEBUT WITH EGP 3 BN CARNELIA

Ajna Developments has made its debut in the Egyptian real estate market with its flagship project in Ain Sokhna, "Carnelia," which will see investments worth EGP 3 bn, Invest-Gate reports.

Extending over 100 acres along the Red Sea coast, Carnelia will feature 1,000 fully-finished and air-conditioned residential units, coming with fully-equipped kitchens and covering areas varying between 90 and 350 square meters, the company announced during a press conference on October 23.

Situated 30 kilometers from the Ain Sokhna toll gate, Carnelia will be developed over five phases, offering 83% greeneries out of the project's area. All units



feature complete sea views, varying in types from apartments to villas, twin houses, and townhouses

The project is set to be a first-home destination with an assortment of entertainment, retail, and food and beverage (F&B) options, alongside four clubhouses, the company's Chief Development Officer (CDO) and Board Member Amr Eid revealed.

Additionally, the new coastal project is expected to comprise a 700-meter beachfront promenade, on top of 9,000 and 12,000 meters of swimming pools and man-made lagoons, respectively. As for the architectural design, Ajna partnered with acclaimed Mexican architect Javier Cuevas, founder of Creato Architects, to develop his first compound in the Middle East.

With an initial paid-in capital of EGP 600 mn, Ajna is projected to expand its portfolio by developing residential, commercial, and mixed-use real estate projects via increasing its land bank as well as partnerships. The company has set a five-year plan, which will see it pumping EGP 15 bn into a 100-acre land plot on the North Coast.

IWAN UNCOVERS EGP 5 BN MAJADA IN AIN SOKHNA

Iwan Developments, along with its award-winning design partner IDIA, revealed the long-awaited details of their newest resort in Ain Sokhna, “Majada,” at a joint press conference last month.

Located 118 kilometers from the New Administrative Capital (NAC) and being built on an area of 101 acres over a number of cascading levels, the luxury compound oversees a 30,000-square-meter private beach and will be developed over four phases in seven years, at an estimated cost of EGP 5 bn, with phase I set to be delivered in 2024.

Majada has a mixture of unique and diverse services and facilities, as well as, a number of opulent villas and a selection of spacious twin houses, chalets, duplexes, and ground-floor studios with private gardens overlooking crystal clear lagoons and sea views.

With master plans, interior concepts, and finishing works carried out by IDIA, Majada’s residences are designed to offer uninterrupted views of the scenic



lagoons and waterways, in addition to stunning sea vistas of Ain Sokhna. Majada is modern in its expression, using lightly colored tones, natural elements, and glass to blend with the picturesque surroundings to create intimate and exclusive living spaces.

Commenting on the launch, the company’s managing director Waleed Mohktar said, “We express our values by what we build,” explaining his driving vision for his latest project.

Those tools include a boutique family medical clinic that will also host health seminars, providing residents with the knowledge, medical expertise, and support to achieve their healthy lifestyle goals.

There are also mandatory facilities and activities such as fitness and yoga centers, in addition to a spa as well as fully-equipped jogging and walking lanes, in an effort to encourage their residents to adopt healthy lifestyles.

Majada provides spaces for handicraft activities and a large range of cultural and relaxation opportunities, all together set to promote quality of life as well as mental and physical wellbeing.

Inspired by the word “Majadan,” which means “gloriously” in Arabic, Majada is built on the concept of Chakras, expressed in what Ehab Mokhtar, IDIA’s managing director, calls “nodes” – central points of activity that promote different aspects of health, healing, and creativity, which are all interconnected with winding parks and greenway connectors. It links the different activities such as art cafes and restaurants, a beach club, a boutique hotel, and other amenities through designated walking and hiking trails as well as open greeneries, suitable for all age groups.

SODIC AWARDS EGP 300 MN CONSTRUCTION CONTRACTS FOR SODIC EAST

Sixth of October Development and Investment Company (SODIC) has so far awarded construction contracts worth over EGP 300 mn for SODIC East, the company’s largest development in east Cairo, Invest-Gate reports.

The real estate developer had broken ground on SODIC East last year, following the successful launch and sell out of EGP 2 bn single-family homes of the project, according to a press release on October 22.

With all the launched phases now under construction and ongoing progress ahead of schedule, SODIC East is on track for delivery starting November 2021, the company highlighted.



SODIC East’s park aims to be the first camping site of its size in Egypt and will capitalize on the adjacent 41-acre sports club managed by SODIC’s dedicated sports platform, Club S.

SODIC is also contracting with Emirates Group for the addition of a service and retail complex within the project. The developer also announced it is in advanced talks with operators for the proj-

ect’s entertainment, adventure, and educational components, not to mention partners for medical services.

SODIC East spans across 655 acres and is master-planned by renowned Massachusetts-based Sasaki as a comprehensive integrated mixed-use development, with over 84% of the project’s land allotted for open and green spaces.

Developed in partnership with Heliopolis Company for Housing and Development (HHD), the project is strategically located between two main highways – Suez and Ismailia desert roads – and is merely a ten-minute drive from the New Administrative Capital (NAC) via the newly-developed road networks.

ALDAU DEVELOPMENT RESTORES HYATT HOTEL BRAND TO EGYPT

Egypt’s property developer ALDAU Development has entered into a franchise agreement with an affiliate to Hyatt Hotels Corporation for a Hyatt-branded hotel in west Cairo, marking the return of the hospitality brand to the Egyptian capital, Invest-Gate reports.

Dubbed “Hyatt Regency Cairo West,” the new hotel is expected to open in Q4 2020 and will be developed within Pyramids Heights Business Park, in close proximity to various corporations, landmarks, malls, not to mention popular leisure and cultural attractions such as Giza Pyramids, the Grand Egyptian Museum (GEM), and the Sphinx International Airport, the company announced in an official statement on October 7.



Hyatt Regency Cairo West stands as the second Hyatt-branded development in Egypt, following Hyatt Regency Sharm El Sheikh.

Alongside encompassing 242 guestrooms and suites, it comprises seven meeting rooms and

a 500-guest grand ballroom that is served with outdoor function areas and the latest 360-degree digital projector technology, aiming to become a go-to meeting spot. This comes on top of several other features, including five distinct restaurants, bar and lounges, a state-of-the-art fitness center, an outdoor heated swimming pool, and a detached casino, the statement noted.

Commenting on the latest addition, Regional Vice-President of Development, Middle East and North Africa for Hyatt, Ludwig Bouldoukian underscored, “Hyatt Regency Cairo West will be a great addition to our growing portfolio in North Africa as we anticipate the hotel will become a destination where both business and leisure travelers can stay connected and energized throughout their stay.”

ROUNDTABLE COVERAGE



INVEST-GATE EXPLORES REAL ESTATE FUTURE AT 4TH ROUNDTABLE



Invest-Gate successfully held its fourth roundtable on October 16, entitled “Means of Attracting Future Real Estate Investments,” under the auspices of the Ministry of Housing, Utilities, and Urban Communities, capitalizing on its long-term vision and underpinning its standing as “the voice of real estate.”

Organized at the Nile Ritz-Carlton Hotel, Cairo, the phenomenal event was moderated by Mena Group Founder Fathallah Fawzy and co-moderated by Invest-Gate’s Managing Partner Mohamed Fouad, bringing together Egypt’s mega real estate developers and top housing ministry officials under one roof. It beheld the attendance of Deputy Minister of Housing, Utilities, and Urban Communities for National Projects Khaled Abbas and Assistant Minister for Community Affairs of the New Urban Communities Authority (NUCA) Waleed Abbas.



Across two extensive sessions, Invest-Gate's fourth roundtable featured a series of heated discussions that covered a wide-angle of topics, aiming to look for new ways to attract real estate investments in Egypt, whilst coming up with new perks and recommendations for luring more clients. It took into account the modified investment law, land acquisition policies, and the agile purchasing power.

Other discussion leaders included Rooya Group Chairman and CEO Hisham Shoukri, Castle Development CEO Ahmed Taha Mansour, Madaar Development Chairman and CEO Maged Salah, Vice-President of Coldwell Banker and Coldwell Banker New Homes Mohamed Banany, Managing Director of Misr Italia Properties Mohamed Hany El Assal, Khozam Developments CEO Nader Khozam, City Edge Developments CEO Amr El Kady, Tatweer Misr President and CEO Ahmed Shalaby, Iwan Developments CEO Waleed Mokhtar, Inertia CEO Ahmed El Adawy, Bahrawi Investment Company (La Hacienda) CEO Samir Bahrawi, First Group CEO Basheer Mostafa, Chairman of Mountain View Amr Soliman, CEO of Retail Banking at Commercial International Bank (CIB) Ahmed Issa, Senior Partner at Shalakany Firm Moataz El Mahdy, JLL Country Head, Egypt Ayman Sami, and Head of Strategic Consulting at JLL Mireille Azzam Vidjen.

Above all, government officials uncovered new updates regarding the establishment of new public registries, mechanisms for land offerings and allocation, as well as, the participation in global real estate events, among other solutions to facilitate foreign inflows and boost property exports. On the sidelines, Abbas confirmed Egypt's first-ever participation in the 2019 edition of Chicago-based Council on Tall Buildings and Urban Habitat (CTBUH), running from October 23 to November 2.



KHALED ABBAS

*Deputy Minister of Housing,
Utilities, and Urban Communities
for National Projects*

“ The government is exerting massive efforts to export Egyptian properties abroad, including the provision and diversification of land plots in new cities, expansion of housing supply, as well as, partnerships between the public and private sectors for real estate development ”



FATHALLAH FAWZY

Mena Group Founder

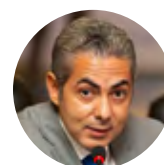
“ Invest-Gate brings market experts together with officials to track progress in recent land acquisition measures and come up with forceful solutions ”



WALEED ABBAS

*Assistant Minister for
Community Affairs of
NUCA*

“ Strategic planning for land offerings and collaborative efforts between the government and developers are two key components of market success ”



MOHAMED FOUAD

Invest-Gate Managing Partner

“ This event comes as a sequel to a series of successful roundtables, which acted as a communication catalyst for all market players and resulted in effective solutions and recommendations for boosting the sector ”



HISHAM SHOUKRI
Rooya Group Chairman and CEO

“ The government should impose a price ceiling for land offerings, based on an accurate classification criteria for developers ”

For his part, Rooya Group’s Shoukri called for the imposition of a price ceiling for land offerings, amid an accurate classification criteria for developers. Meanwhile, Coldwell Banker’s Banany emphasized the importance of establishing a regulatory body, following suit of Dubai’s Real Estate Regulatory Agency (RERA), which will be responsible for monitoring transactions, unit registration, while issuing official licenses to qualified brokers.

During the roundtable, all discussion leaders also stressed the need to set reliable criteria for regulating land pricing and building specifications.

As for drawing in more foreign investments, Inertia’s El Adawy stated that the diversification of products could create a healthier rivalry among developers, while Tatweer Misr’s Shalaby noted that creating a professional land allocation framework would boost the sector’s appeal in the foreign investors’ eyes. Supplementary, Castle Development’s Mansour underscored that the government should facilitate capital repatriation for foreign companies so as to create a healthy and alluring investment environment.

Tackling more controversial issues, Misr Italia’s El Assal affirmed that the mortgage finance sector should further expand and penetrate the resale as well as primary markets. In collaboration with developers.

Khozam’s CEO highlighted that the government should establish a strategic annual plan for land offerings, hence granting more time for developers to be financially prepared ahead of the offering dates, with Madaar’s Salah adding up that a special focus should be directed to young home buyers as they are deemed the most prospective clients.

Moreover, City Edge’s El Kady suggested the launch of unified and comprehensive promotional campaigns to market Egypt’s real estate industry much as the tourism sector. In addition, Iwan’s Mokhtar pointed out that there should be a code of conduct for property agents, because bombarding clients with excessive advertising only draws adversarial results.



AHMED SHALABY
Tatweer Misr President and CEO

“ Creating a professional land allocation framework would boost the sector’s appeal in the foreign investors’ eyes ”



AMR EL KADY
City Edge Developments CEO

“ It will take Egypt’s real estate market around two years to gain a strong position on the global investment map ”



MAGED SALAH
Madaar Development Chairman and CEO

“ A special focus should be directed to young home buyers as they are deemed the most prospective clients ”



MOHAMED HANY EL ASSAL
Managing Director of Misr Italia Properties

“ The mortgage finance sector should further expand and penetrate the resale and primary markets ”



AHMED ISSA
CEO of Retail Banking at CIB

“ The application of new funding concepts like green-field investments in real estate, in addition to the deployment of consolidation through the signing of more merging and acquisition deals ”

**AMR SOLIMAN***Chairman of Mountain View*

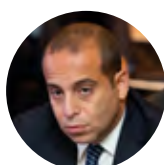
“ The Ministry of Interior, along with Egyptian embassies, should be granted access to all information related to residency-for-property law in Egypt ”

**WALEED MOKHTAR***Iwan Developments CEO*

“ There should be a code of conduct for real estate marketers as excessive marketing and redundant phone calls turn clients off, not to mention drawing adversarial results ”

**AHMED EL ADAWY***Inertia CEO*

“ Different mechanisms of land offerings led to continuous price hikes, so the state should boost the productivity of provided lands as an alternative incentive for potential developers ”

**NADER KHOZAM***Khozam Developments CEO*

“ The government should establish a strategic annual plan for land offerings, hence granting more time for developers to be financially prepared ahead of the offering dates ”

**AHMED TAHA MANSOUR***Castle Development CEO*

“ Government should facilitate money repatriation for foreign companies so as to create a healthy and alluring investment environment ”

**BASHEER MOSTAFA***First Group CEO*

“ Real estate companies should examine clients' needs and aspirations to provide high-quality units, catering to different income levels ”



Further attributes from CIB's Issa included the application of new funding concepts like green-field investments in real estate, in addition to the deployment of consolidation through the signing of more merging and acquisition deals.

From an analytical standing, JLL's Mireille reckoned that customized foreign-investor tours and a smooth purchase process will bring in more investments amid the cyclical nature of Egypt's property market. Additionally, JLL's country head shared a positive outlook for the Egyptian purchasing power due to the improvement in the commercial sector and the expansion of international brands into Egypt.

It is noteworthy to say that the prolific event leveraged a diverse range of prestigious sponsorships, namely Rooya Group, Madaar Development, and Castle Development as the gold sponsors, Coldwell Banker New Homes as the silver sponsor, alongside having Misr Italia Properties as the bronze and lanyard sponsor, while Khozam Developments marked the registration desk sponsor. The roundtable was held in collaboration with several media partners, notably Daily News Egypt, Al Borsa Newspaper, Hapi Journal, and Al Masdar Newspaper.



MOHAMED BANANY

Vice-President of Coldwell Banker and Coldwell Banker New Homes

“ It is essential to establish a regulatory body, following suit of Dubai's RERA, which will be responsible for monitoring transactions, unit registration, while issuing official licenses to qualified brokers ”



AYMAN SAMI

JLL Country Head, Egypt

“ We are upbeat on the current Egyptian purchasing power, due to the improvement in the commercial sector and the expansion of international brands into Egypt ”



MOATAZ EL MAHDY

Senior Partner at Shalakany Firm

“ Few Arab investors are selling their units in Egypt and this can be highly attributed to the inability of their financial solvency to suffice the extra fees added up to the actual price tag of the unit ”



SAMIR BAHRAWI

Bahrawi Investment Company (La Hacienda) CEO

“ The market could witness a state of stagnation if the newly-introduced real estate products do not cater to the needs of new clients, since the current target segments are almost saturated ”



MIREILLE AZZAM VIDJEN

Head of Strategic Consulting at JLL

“ From an analytical standing, customized foreign-investor tours and a smooth purchase process will bring in more investments amid the cyclical nature of Egypt's real estate market ”



AMC EXHIBITION BRINGS VARIOUS NON-RESIDENTIAL INVESTMENT OPPORTUNITIES

AMC Exhibition has showcased a wide array of investment opportunities for administrative, medical, and commercial properties presently in the Egyptian market, aiming to gather peers involved in the design and construction of such developments under one roof.

Running from October 16 to 18 at Dusit Thani Lakeview Cairo Hotel, New Cairo, the first-of-its-kind show marked the perfect opportunity for exhibitors to market their non-residential offerings. It provided an optimum platform for investors looking to purchase the ideal income property,

while offering different flexible payment terms throughout the exhibition days.

The three-day event featured a broad range of Egypt-based real estate developers, namely Memaar Al Morshedy, GV Developments, Catalyst Developments, Doja Developments, Ghamry Company for General Contracting, New Avenue Real Estate, SAK Developments, Gates Developments, among others.

AMC Exhibition saw companies displaying a wide range of mixed-use properties in the New Administrative Capital (NAC), the North Coast, as well as,

Mostakbal City, New Cairo, 6th of October City, to name a few. The event was aimed at empowering buyers to make the leap from leasing to owning, whilst bringing other options to the table such as expanding to a larger facility or moving businesses to prime locations cross-country.

It is worth noting that Invest-Gate was named the exhibition's local media partner, contributing to boosting the toll cognitive for Egyptians toward this chunk of the property sector as well as those keen to learn about the current investment opportunities in Egypt.





NEXTMOVE EGYPT SUCCESSFUL

The third edition of NextMove Egypt, powered by Cityscape Egypt, took place at the Egypt Intentional Exhibition Center (EIEC) between October 17 and 19, featuring over 30 exhibitors together with a large number of sponsors and media partners.

During the three-day show, home seekers and prospective real estate investors availed a wide range of discounted offerings and exclusive payment terms, while having the chance to know the newest updates on the latest developments across Egypt, including the New Administrative Capital (NAC), Greater Cairo, Alexandria, the North Coast, and the Red Sea.

The exhibitors included a slew of leading real estate companies such as Castle Development, Akam Developments, Master Builders Group (MBG Development), Amer Group, Real Mark Developments, Zahraa El Maadi,

Aroma Residence – Sokhna, SAK Developments, El Attal Holding, New Plan Developments, Aqar Misr, The Land Developers, EGYGAB Developments, Jdar Group, Home Town Developments, along with Turkey-based Kudo Company for Construction and Real Estate Investment and Turks & Caicos Real Estate (TCI), as well as, key Saudi investment institutions.

For this occasion, developers introduced special offers on various types of commercial and residential units, with discounts ranging from 15% to 30%. MBG Development offered clients the opportunity to benefit from a zero down payment and up to 30% discounts on cash payments for the residential units of its NAC's project, Pukka. Meanwhile, SAK Developments provided 25% off duplexes, which were offered as part of the final phase of its NAC's flagship Sueño, while uncovering its mixed-use project, "The V," during the exhibition.





LY WRAPS UP THIRD EDITION

Castle Development also showcased the commercial part of East Side compound, with exclusive offers of up to 15% discounts and 12-year payment plans. In turn, El Attal Holding provided free finishing services and discounts of up to 15% on the commercial units of its first mixed-use project in NAC, Park Lane Compoundhood.

In addition, Master Group rolled out Ibiza Chillout, which spans across a total area of 27 acres on Zaafarana Road in Ain Sokhna.

"Some of the biggest and most influential real estate developers from Egypt and neighboring countries [are participating] in the show over the next three days, offering competitively priced products that will appeal to all price points," Sales Director of NextMove Alexander Edwards was quoted as saying.

For his part, Ahmed Mansour, CEO of Castle Development, deemed the show an ideal opportunity to explore the residential real estate market, which is being boosted by the Central Bank of Egypt's (CBE) recent monetary decisions.

"The exhibition targets the younger generation and those looking for affordable products. Exhibitors are keen to provide a range of real estate projects that suit the requirements of this segment – whether its first-time buyers or those looking for a holiday home," Mansour added.

Organized by Informa Markets, NextMove was mainly sponsored by Master Group, while Invest-Gate was named the exhibition's local media partner.





AKAM DEVELOPMENTS PUTS OPTIMAL SCENARIO FOR YOUR LIFE

As the New Administrative Capital's (NAC) news make headlines, developers of a diverse array of residential and commercial projects are endeavoring to gain momentum. Among this rivalry, Akam Developments comes into play with one perfect archetype, outshining its peers and promising a top-notch dream-like lifestyle at its new capital's development - "Scenario." Located at the heart of NAC, Scenario sticks out as the optimum choice for those seeking a tranquil and rejuvenating environment, while digging for the offerings that best meet their aspirations.

Edrees Mohamed, Akam Developments' chief commercial officer (CCO), uncovers the back-scene story behind his company's success, revealing updates on the latest at Scenario project. Under the tagline of "the innovation that meets clients' needs," the CCO shares with Invest-Gate the developer's vision to create a unique identity for a mixed-use development, which boasts an exceptional competitive edge and contributes to the Egyptian real estate market's growth and development.

AKAM DEVELOPMENTS HAS MANAGED TO BECOME A WIDELY KNOWN BRAND IN EGYPT'S PROPERTY SECTOR WITHIN A VERY SHORT TIME, HOW WOULD YOU DESCRIBE YOUR JOURNEY?

It all started when three veteran real estate and architecture companies, led by Saudi-based Al Muaid Consulting Engineers, allied together and decided to bring their local and regional expertise and extensive track record into the Egyptian market through the inception of a new-mindset company, or Akam Developments, in 2018.

As we embarked on our journey, we have had a clear vision to stand out and position ourselves among Egypt's top ten developers within five to seven years. Depicting our values and concepts, we launched our thoughtfully-designed project in NAC, or Scenario, aiming to address the actual demand of home buyers, based on reliable studies preliminarily conducted by our in-house research center to find out the most innovative and effective solutions that fulfill the Egyptian households' everyday needs.

Out of our firm belief that happiness and quality of life represent the backbone of any property industry, we are always in search of the best practices to promise our clients a deep sense of well-being and build a happiness-centric community that is tailored for all family members.

HOW DOES AKAM DEVELOPMENTS DISTINGUISH ITS PROJECTS AMONG THE FIERCE COMPETITION?

Backed by our own research and analysis team, we managed to assess the market's real needs and ensure that our mixed-use development is having what it takes to provide an unparalleled experience for its residents.

Our research found out that home seekers are more inclined to buy a value-for-money residence at any project, which has constant access

to entertainment and leisure facilities, while meeting different income levels amid current price fluctuations. We also identified that Egyptians mostly purchase housing units to complete their joy equation and enhance the quality of their lives.

Consequently, we set the company's ultimate goal of delivering and entrenching felicity concepts in the communities we create. Our operations management team took it from there and came up with the brilliant idea of Scenario.

HOW DID SCENARIO MANAGE TO ATTRACT HIGH SALES, WHAT IS DISTINCTIVE ABOUT THIS PROJECT'S IDENTITY AND TARGET CLIENTELE?

"Scenario" basically refers to the likely sequence of events in a particular context and that is exactly how we want to portray our one-of-a-kind project. When developing the compound, we put ourselves in our clients' shoes, trying to deliver the most favorable scenario of their everyday lives in one interconnected community.

Scenario is the fruit of a three-year study that deployed the world's latest research methods and standards to answer the question of what is missing to bring in true rejoice and fulfill people's most pressing needs.

CREATING A RELAXING ENVIRONMENT WAS INTRODUCED AS ONE OF SCENARIO'S FUNDAMENTAL CONCEPTS, HOW DO YOU PROMOTE THIS IN YOUR PROJECT?

We want Scenario to be perceived as a synonym for relaxation; once you pass through the compound gates, you feel relieved and serene. Given that the average household started to look for developers adopting creative ideas that can subdue the high cost of living, Akam Developments has been keen to introduce out-of-the-box solutions within the compound to meet residents' daily needs at lower costs.

As many people now tend to cut food delivery fees and increase their dependence on home-made food, Scenario boasts the first central kitchen that offers a variety of raw, undercooked, and well-done food products at competitive prices. You can also monitor your meal prep-ping in this area on your TV screen.

As for services and entertainment, Scenario features five fully-equipped gymnasiums, situated in close proximity to on-site nurseries so that parents can easily check up on their kids while working out. The compound also encompasses abundant restaurants and cafes, a VIP cinema, a grand theater, and a free-seating concert hall for all residents, among other indoor leisure facilities across your home.

In addition, we enable smart learning techniques for students at all different levels through the establishment of an interactive library within each building in the compound. Furthermore, we will soon announce the signing of a turnkey deal with a specialized international institution to advocate knowledge and nurture rising talents.

Similarly, relaxation concepts are tangible in our project's master plan and interior designs, which were carried out based on psychological and social studies to ensure the maximum level of joy and elegance to the end consumer. With the current rapid digital transformation in mind, leveraging and integrating more smart applications also marked a unique selling point for Scenario. Residents have access to all the information on the facilities and entertainment locations through a holistic digital platform, which also offers online grocery shopping with home delivery.

In short, we are aware of the different day-to-day scenarios going on in our customers' heads and we are certain to plan their lives ahead and create a place that satisfies their needs, while being cost effective.

WHAT ARE THE LATEST UPDATES ON SCENARIO'S CONSTRUCTION, SALES, AND DELIVERY PHASES?

The 40-acre project is being developed over four phases, with phases I and II already sold out, while the third is nearing completion. We also announced the launch of the commercial part of Scenario, called "Ainava," which comprises offices and clinics with areas starting from 39 square meters.



GIVEN THE CHANGES IN CONSUMER PREFERENCES FOLLOWING THE ECONOMIC OVERHAUL, HOW DOES AKAM DEVELOPMENTS KEEP PACE WITH THE NEW MARKET DYNAMICS?

After the recent economic reforms, some companies resorted to the establishment of small-sized units to be sold at more affordable prices, regardless of the clients' needs. Such an approach required specific measures such as changing the interior designs or cutting some portions of the properties (ex: a bedroom).

However, we found that the most sought-after residential units were those ranging between 170 and 220 square meters, comprising three bedrooms, two toilets, a reception, a living room, and two terraces. To make a perfect balance, we figured out a way to deliver smaller-sized units that retain the same internal division.

WHY DID YOU CHOOSE NAC AS AN IDEAL LOCATION FOR YOUR FIRST RESIDENTIAL PROJECT?

What the new capital offers is aligned with our concepts. As one of the fourth-generation cities, the state's megaproject was initially executed to serve people's interests and save them more time and effort. These government endeavors essentially contribute to boosting real estate development in Egypt, while encouraging more market players to get on board.



HOW DID PARTNERING WITH A GCC INVESTOR, AL MUHAID CONSULTING ENGINEERS, FOSTER YOUR DEVELOPMENT STRATEGIES, AND DO YOU HAVE PLANS FOR MORE COLLABORATION DEALS?

Al Muhaid is an experienced investor who truly admires Egypt and has a firm belief about the current political leadership. We are all confident that the ongoing transformational moves in Egypt's real estate development sector will help the country regain its position on the global real estate investment map. Undoubtedly, Al Muhaid's wide knowledge and expertise add up an impressive value to our development records.

- WHAT'S IN THE PIPELINE? WHAT ARE YOUR EXPANSION PLANS AND WHICH DESTINATIONS ARE YOU HEADING TO?

A new project in NAC is underway, however, further details shall be revealed by early 2020. We promise our clients a new eye-opener that emphasizes our approach and demonstrates that none of Scenario's success came by coincidence.

Additionally, we are currently mulling the opportunity to expand into the second-home market, thereby promoting new innovative ideas and strategies.

Beyond that, I assure our clients that Akam Developments will never launch a new project unless it provides true innovation based on well-researched studies and plans.

On a final note, we do not allow ourselves to force clients to make hasty purchase decisions by bombarding them with excessive marketing messages, solely devoted for commercial purposes. We always encourage potential clients to take the time they need to opt for the product that best satisfies their aspirations.

REAL ESTATE ACTIVITY

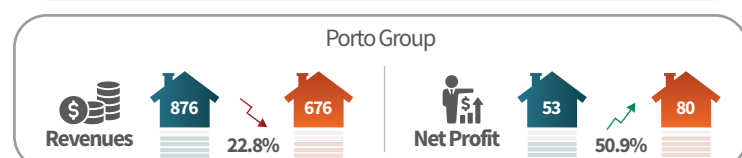
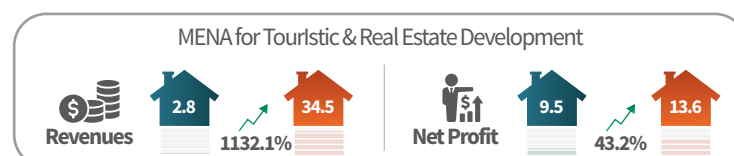
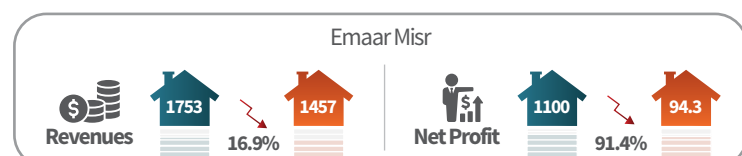
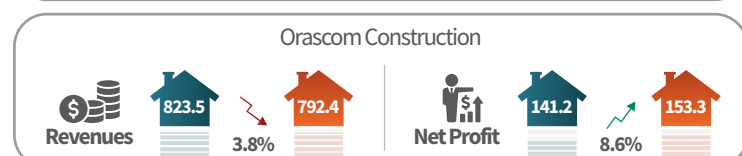
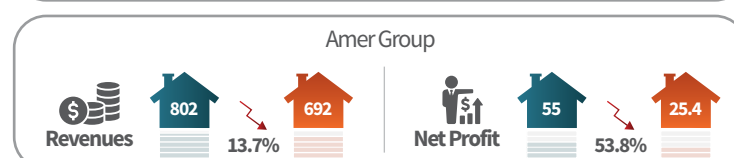
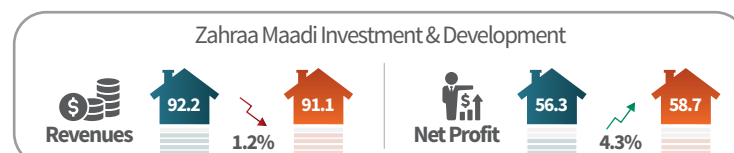
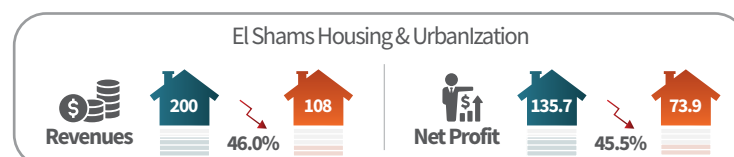
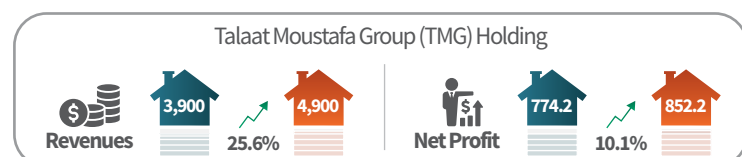
H1 2019 VS. H1 2018

POWERED BY
INVESTIGATE
RESEARCH & ANALYSIS

H1 2018

H1 2019

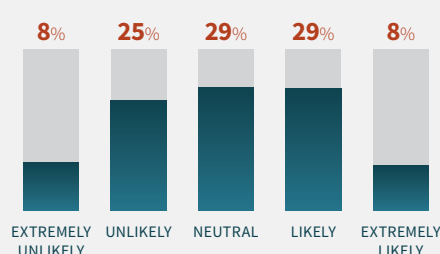
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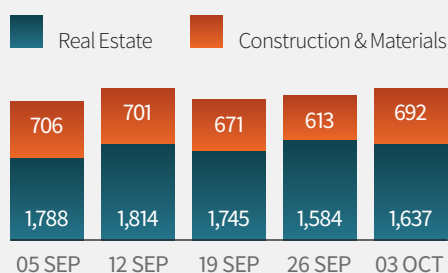
* Listed real estate companies are ordered based on the highest net profit recorded in H1 2019.

Online Monthly Survey

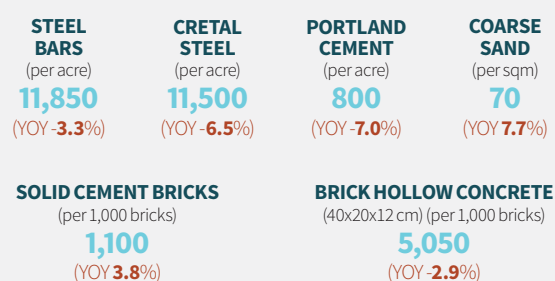
"HOW LIKELY DO YOU THINK SUEZ CANAL SAVING CERTIFICATES' HOLDERS WILL RE-INVEST THE MONEY IN THE REAL ESTATE SECTOR?"



REAL ESTATE & CONSTRUCTION STOCK MARKET INDEXES PERFORMANCE IN EGYPT (2019)



PRICES OF CONSTRUCTION MATERIALS (SEPTEMBER 2019) (EGP)



Sources: Egyptian Exchange (EGX), listed companies' financial statements, Ministry of Housing, and Invest-Gate R&A

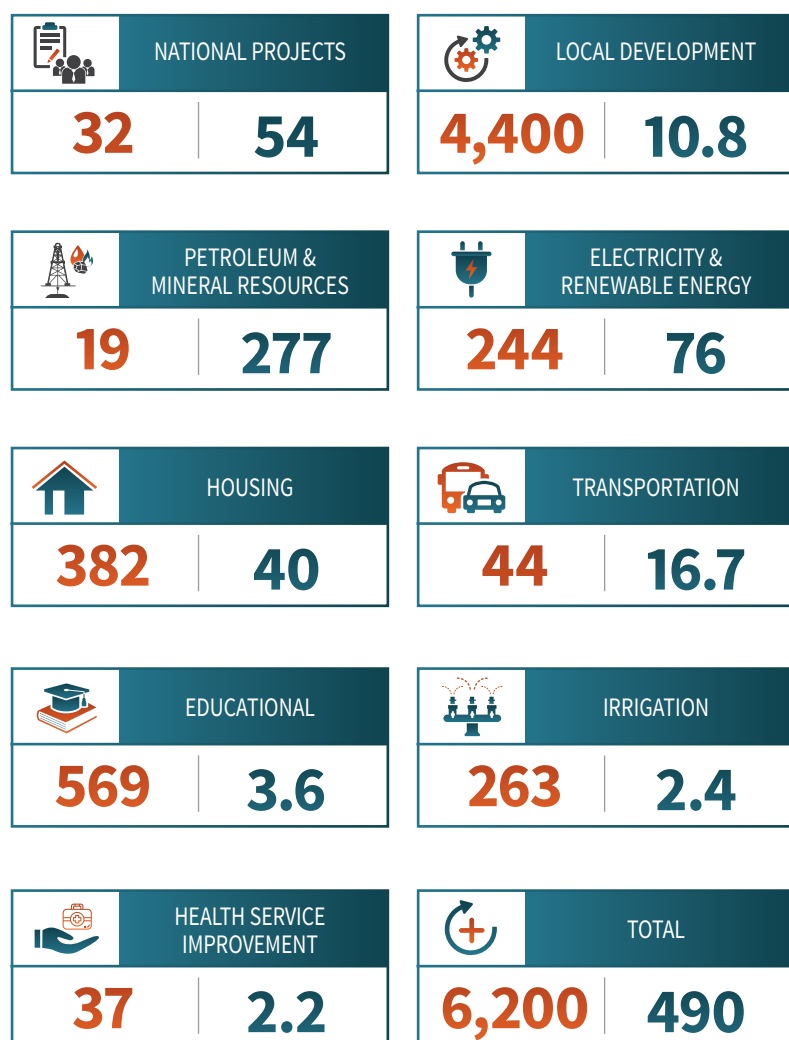
ECONOMIC SNAPSHOT



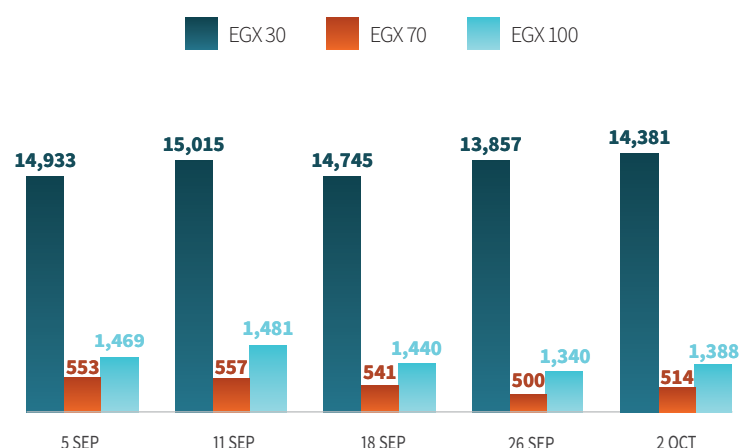
ECONOMIC HARVEST OF FY 2018/19

■ No. of Projects

■ Cost (EGP bn)



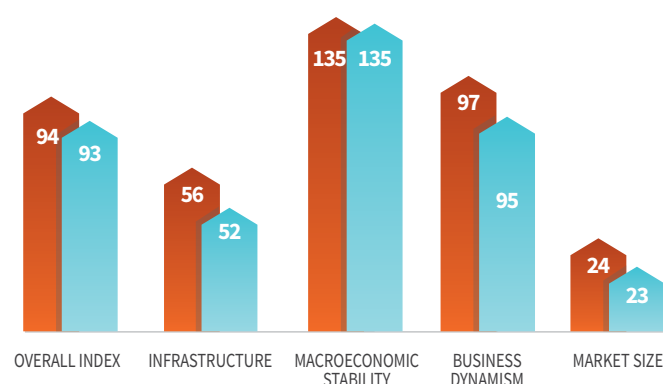
CAPITAL MARKET INDICATORS



EGYPT'S COMPETITIVENESS RANKING*

■ 2018 (Out of 140)

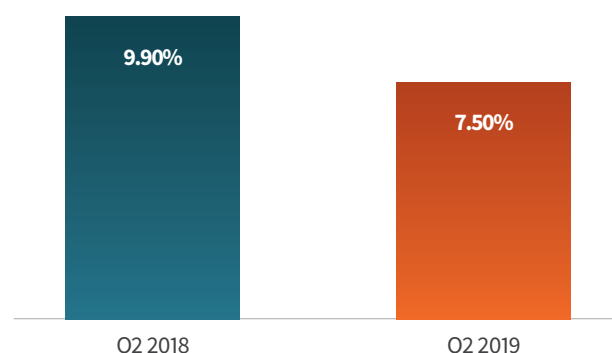
■ 2019 (Out of 141)



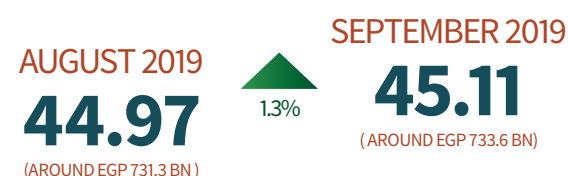
* Egypt's ranking improved on the Global Competitiveness Index.



UNEMPLOYMENT RATES



NET FOREIGN RESERVES (USD BN)



ANNUAL HEADLINE INFLATION CPI



EGYPT IS A RIPE DESTINATION FOR EXPANSION:

KERTEN HOSPITALITY CEO

BY **JULIAN NABIL**

As Egypt's hospitality sector sees a remarkable recovery and becomes one of the top performers in the region, with the business landscape maturing at a fast pace, foreign hotel chains are starting to bring in new concepts and models to the local market. Invest-Gate conducts a one-on-one interview with Marloes Knippenberg, CEO of Kerten Hospitality, one of the newest brands that has taken the hospitality industry by storm with its state-of-the-art boutique hotels and international-scale expertise. Knippenberg shares the main drivers behind the company's decision to tap into the Egyptian hospitality sector, while giving a scoop of its domestic planned investments.

WHAT FACTORS DO YOU INITIALLY CONSIDER BEFORE DECIDING TO COLLABORATE WITH ANY DEVELOPER OR PENETRATE A NEW MARKETPLACE?

As a leading mixed-use development specialist, Kerten Hospitality has identified Egypt – with its strategic location and booming hospitality sector – as being ripe for expansion. The most important factor when operating is seeking owners with a vision, who can foresee where the world of living/hospitality/working is heading and can determine how they will be intricately connected in the future, while having the drive to create a destination that actively addresses that. As I often say, those with large capital, funds, or lands are easily found, but it is those with a vision who can seal the deal.

Kerten Hospitality develops projects that give the best return on investment (ROI) for any owner - something that really adds to the possessed real estate product; and the only way to do so is through collaboration. Currently, we are heading east and are looking forward to expanding into new emerging markets, which have no saturation in the lifestyle segment and hold a high proportion of young adults under 30 years old. More significantly, we grow in places that have the foremost investors for us, ones who share our long-term vision.

In Egypt, specifically, we respect our partners' efforts to support and encourage entrepreneurship, in addition to those focusing on boosting the local economy and creating local jobs, whilst bringing world-class experience to the anticipated project.

WHAT ARE THE MAIN CHALLENGES THAT KERTEN HOSPITALITY HAVE ENCOUNTERED IN THE MENA REGION'S HOSPITALITY INDUSTRY, AND WHAT ARE THE STRATEGIES YOU PROPOSE TO RESOLVE THESE ISSUES?

By far, the greatest challenge is bringing something new to the market, where global brands are – or were – traditionally preferred, and where being the “first” is not the drive, but rather being the best to get one's feet on the ground. But, once that wheel gets going, it goes faster than anyone could ever expect.

Other shortcomings that remain looming are legislations and technology adoption. Each MENA country has different rules; for example, heavy security and bringing off-the-shelf tech products are a hassle. Simply put, replacing a desk in the lobby with a kiosk check-in can be challenging. However, with the combination of our global expertise and our partners' understanding of the local market, we always find an effective solution.

Lastly, multi-tasking is still an issue in many markets we are expanding into. Although this will improve over time, empowering people with the skills required to operate across a multifunctional destination remains time consuming.

HOW DO YOU THINK THE MENA REGION, ESPECIALLY EGYPT, IS REACTING TO YOUR NEW BRANDS?

There is plenty of untapped potential in the region, even among already thriving markets such as Egypt. Additionally, we see an appetite among owners and investors for concepts that challenge market expectations and meet the ever-changing needs of the next-generation travelers.

I believe there is no better time than now to introduce our mixed-use approach, which combines luxury and mid-market hotels, branded residences, serviced offices, and food and beverage (F&B) concepts to create advanced hubs that meet the needs of the local community as well as foreign visitors, while enabling guests to create, network, or retreat.

Since first launching our hotels and serviced apartments in Turkey, we recently entered the Middle East and opened doors to the region's first “Ouspace,” a modern workspace and business club, located in the dynamic city of Jeddah, KSA. Our second move is to soon open the 114-key “The House Hotel Jeddah,” a luxury boutique property that is part of a prestigious mixed-use destination operated by Kerten Hospitality.

Our portfolio comprises aspirational and lifestyle-driven brands that have been purposefully designed to meet the needs of a well-connected, savvy generation of travelers. For instance, the fast-growing luxury boutique brand, “The House Hotel,” offers guests authentic customized experiences, while “Cloud7” is an inventive and affordable mid-market brand, focused on locality and culture.

What is different about our approach is that although each brand works well on its own, it also shares a seamless connection that blends and assort all trademarks within a single building or development. The projects we are delivering in Egypt epitomize this approach with a combination of fully-furnished serviced apartments, as well as, hotel rooms and lofts brought together in a way that creates exceptional venues for communities to connect through the different means of living, working, and recreating.

WHAT DID FUEL YOUR DECISION TO TAP INTO EGYPT?

With consumers' expectations and desires changing significantly in recent years, Egypt stands as a key destination, and working with the right people is the first and foremost priority for us when seeking new collaborations. We absolutely see the North African country as a destination for luxury boutique brands, fueled by a demand for customized experiences that attract guests to local communities. Meanwhile, we look for partners, who really embrace and reflect our personalized approach.

We have found this with the Egyptian real estate company, Tatweer Misr. In this particular case, we have built a shared connection over some time. In fact, when both parties first started exploring the idea of teaming up, we

were infancy, but we are now growing together and are creating mutual benefits. In deed, I cannot wait to see where the future takes us!

WHAT DO YOU HAVE IN THE PIPELINE FOR EGYPT OR THE MIDDLE EAST?

We are excited about what we are working on in Egypt, with a strong pipeline of projects coming up. We are tailoring eight new hotels that cater to a diverse set of travelers across two of Tatweer Misr's flagship projects, namely IL Monte Galala in the Red Sea resort of Ain Sokhna and Ras El Hekma's Fouka Bay, situated on the North Coast.

With our hotel developments, we are creating innovative spaces for working, living, and socializing, with a combined total of 2,350 guest rooms and serviced apartments. Depending on the project's location, each property will adopt its own unique interpretation of our brands to meet the dynamic demands of the connected generations and varying cultures.

Our first launch will be "The House Hotel and The House Residence Ras El Hekma," which is set to open in Fouka Bay by 2021. Other properties in the same destination are "The House Hotel and The House Residence Royale Ras El Hekma," "Cloud7 Hotel and Lofts Ras El Hekma Lagoon," and "Cloud7 Hotel and Residence Ras El Hekma." These hospitality spots will span a total built-up area of 121,000 square meters, with 1,000 keys of fully-furnished serviced apartments, hotel rooms, lofts, complemented with an array of lifestyle activities and F&B options.

Meanwhile, IL Monte Galala comes as part of a visionary master plan that includes the "Cloud7 Hotel and Lofts Sokhna," "The House Hotel and The House Residence Sokhna," "Cloud7 Hotel and Lofts Sokhna Lagoon," and "The House Hotel and The House Residence Sokhna Cliff." All in all, we will maintain 1,350 hotel rooms, serviced apartments, and "The House Hotel" branded villas.

HOW DO YOU THINK EGYPT'S HOSPITALITY SECTOR CAN BE BOOSTED FURTHER TO LURE MORE INVESTORS?

Primarily, there is a need for more global visibility of what Egypt has to offer, which is critical in repositioning and reinstating the country on the global tourism map. It is about more than just increasing visitor numbers and changing people's perception of such a nation.

The country should be promoted as a choice for long-term stays so as to appeal to the growing number of visitors who prefer to rent or own a holiday house in a "bleisure" destination, where business and leisure meet. That is why our branded serviced residences in Egypt will provide long- and short-term rentals, together with the opportunity to own a "home away from home" in a fully-serviced destination.

WHAT IS YOUR FORECAST FOR EGYPT'S HOSPITALITY SECTOR?

We keep our fingers on the pulse, in spite of seeing Egypt evolve over the past few years and enter into a new phase of growth. The numbers say it all, with around 11 mn tourists visiting the country last year, leaving out that recent reports from the International Tourism and Travel Council (WTTC) showed a growth of four times the global average - or 16.5%; all of which are extremely positive signs.

Today, the industry accounts for 20% of Egypt's gross domestic product (GDP) and with a political climate that is favorable for new entrants like ourselves, we are extremely optimistic that the country is back on the world travel map and is here to stay. In effect, Kerten Hospitality plans to increase its footprint further in this fast developing market.



MID-MARKET HOTELS: THE EMERGING STAR OF EGYPT'S HOSPITALITY MARKET

BY JULIAN NABIL



Historically, mid-market hotels had been primarily run by independent owners, with limited interest from global hotel chains. Yet, this has changed as economic conditions started to greatly impact consumer spending, leading to a dramatic shift in traveler trends/behaviors world-wide.

A rising tide of emerging millennial travelers - aka “Generation Y” or those born between 1981 and 1999 - and wandering families has arose with a growing tendency to stay in reasonably priced accommodations, shifting away from luxury properties that earmark large impersonal rooms.

Having the perfect equation of value-for-money and comfort, as well as, modern amenities at lower costs, mid-range hotels evolve to appeal to this rising segment of the traveling public, who became more conscious when it comes to accommodation costs. This pushed global hospitality

chains to offer a product mix that increasingly features mid-market hotels over the last decade.

The saturation of Egypt’s hospitality market with luxury developments at one end and the undersupply in the mid-market at the other have raised a flag for Invest-Gate to explore possible investment opportunities and benefits in midscale hotels, while examining the segment’s potentiality and successful factors. Needless to say, given that every business model comes with a slew of challenges, we highlight major obstacles hurdling the model’s development nationwide.

WHAT MAKES A SUCCESSFUL MID-MARKET HOTEL?

Mid-market hotels are totally different from those of the luxury segment, in terms of targeted clientele and consequently the provided amenities, accommodation options, and service standards.

Basically, a typical mid-market branded segment is known to encompass hotels straddling three- and four-star properties, categorized as business inns, resorts, boutiques, and full- or limited-service hotels.

In terms of capacity, the typical land plot that can accommodate 250 five-star hotel rooms may instead boast over 500 mid-market hotel rooms due to having lower sizes, which usually vary between 15 and 25 square meters each, according to UK-based professional services firm PwC’s 2016 report, entitled “The Great Mid-Market Hotel Debate.”

But to stand out and be cost-effective at once, Christopher Lund, head of hotels for the MENA region at Colliers International, sees it essential for mid-market business hotels to have a strong competitive brand, hence attract more bookings from corporate businessmen. Beyond that, he argues that although Egypt might already have a rational volume of such properties across its key touristic cities, it still lacks the prevalence of modern lifestyle midscale hotels, be it in urban locations or resorts, focused on the new generation of travelers and millennials.

Having millennial travelers as the target clientele in mind, Colliers’ head of MENA hotels believes that the introduction of strong loyalty programs, which offer customized benefits, is vitally important as it makes customers leverage a preferential treatment.

As a matter of fact, according to GlobalData's "Millennial Traveler Insights" report in 2018, merely 50% of millennials consider loyalty programs as fundamental when choosing a hotel for their stay.

Additionally, this age group prefer to live in a digitally-connected and user-friendly world that provides convenience, familiarity, security, and information. A vital requirement in mid-segment hotels for these nomads is the availability of strong free WiFi and accessibility via various technology platforms, PwC noted in its previous report.

Mid-priced hotels can utilize this for its advantage by setting online promotion strategies to reach out to a wider proportion of millennial clients, GlobalData's 2018 study highlighted. Hotel owners should embrace social media to maintain awareness of young travelers' preferences, as they will

probably use a couple of online platforms to post opinions and reviews, the study added. Accordingly, developers and owners should tailor their hotel services.

Over and above, what makes a midscale hospitality property the optimum choice for any client is its location. "A well-connected spot with city centers, marketed at an attractive price, is a great value proposition for mid-market hotels," according to Head of Savills Egypt Catesby Langer-Paget.

After all, doing away with the frills and trappings of luxury hotels, a special focus on providing a clean and comfortable room, with trendy food and beverage (F&B) offerings, can be a great draw for millennial travelers, he concluded.

INVESTMENT PERKS

There are many inputs that make mid-market hotels a lucrative investment option, thereby placing it in favor of owners or developers.

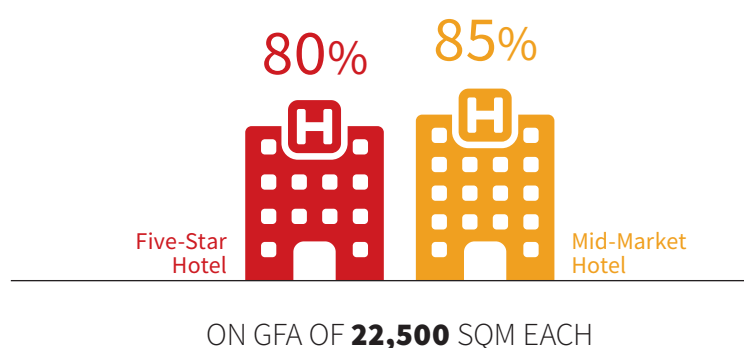
Market experts agree that developing a midscale hotel can generate the same amount of cash that five-star properties' owners/developers earn. However, Langer-Paget asserts that if situated in the right location, with an appropriate or strong demand profile, this kind of hospitality product could deliver superior investment returns relative to a luxury offering.

A case in point, a mid-market hotel built on an allowable gross floor area (GFA) of 22,500 square meters in Dubai generated departmental profitability of 85%, compared to 80% attained by a five-star hotel with the same area and location, according to PwC's 2016 paper.

Colliers' Lund and Langer-Paget attribute this to the mid-range hotels' lower development and staffing costs, coupled with lesser room sizes and landscaped areas, lax requirements for ancillary facilities and recreational activities, on top of more efficient designs.

In fact, the cost of construction per key for mid-market hotels is 20-30% lower than five-star hotels, not to mention that the former type requires "less investment" and take "less time to build," Laurent A Voivenel, senior vice-president of operations and development for the Middle East, Africa, and India at Swiss-Belhotel International, stated during the annual Dubai-based Hotelier Middle East Great GM Debate in September 2018.

DEPARTMENTAL PROFITABILITY VS. HOTEL TYPE



Source: PwC

Given this, Lund and Savills' Langer-Paget see that this all translates into lower operating costs, whereby driving higher operating margins in shorter periods. Both hotel consultants also believe that mid-market properties are convenient businesses for investors when it comes to expansion into new cities and markets.

During hard times, the market experts assume that mid-segment hotels can be flexible with pricing and still make profits. Colliers' Lund notes that these developments can be a robust segment in times of economic headwinds or declines, acting as a growth driver for the entire sector.

SOME HURDLES ALONG THE WAY

Although mid-market hotels offer a myriad of opportunities, potential investors are still navigating through some challenging waters, which hold back the maturation of this subdivision.

Some owners/developers may perceive midscale hotels as vanilla three-star properties, aimed mainly at business voyagers, or as low-price points for leisure guests. Thus, they have more proclivity to focus on the trophy assets of five-star developments, according to Lund. This is highly driven by "ego considerations rather than investment considerations," head of Savills Egypt explains.

However, Lund underlines that this is changing with the emergence of new and exciting brands, in addition to the change in travel preferences of Generation Y travelers, urging owners/developers to open their minds toward this chunk of the hospitality sector.

Among the main challenges are the high land prices in prime locations, which lead to the unfeasible economics of building a mid-market hotel. "This factor often deters investors for it would make mid-market hotels a

lesser attractive investment opportunity, compared to a five-star luxury property," Langer-Paget adds.

Swiss-Belhotel International's Voivenel recommended during the 2018 conference, "There needs to be some sort of intervention from the authorities regarding land allocation, because in areas where mid-market hotels should be to attract investors, the cost of land is prohibitively high or not available for budget hotels."

One more quoted hurdle is ensuring the development of adequate public infrastructure in second tier locations, where mid-market hotels make more sense, Savills' official says.

Apart from that, Voivenel highlighted the need for "more flexible financial support infrastructure." However, Langer-Paget elaborates that the government has to ensure lending from banks for small and medium investors to promote investments into this sector.

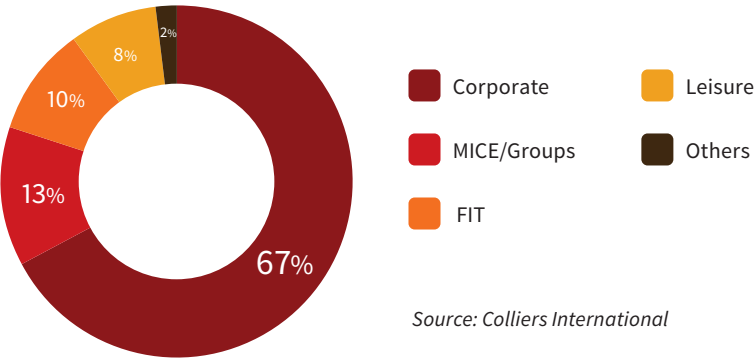
PROMISING FUTURE AHEAD

As Egypt’s hospitality market matures and diversifies, the growth of the mid-priced segment will be mainly spurred by the high demand of millennials and corporate travelers, as well as, patrons of five-star hotels moving to these budget-friendly hotels as part of their cost-cutting measures.

On a global level, millennials exclusively constitute around one-fifth of international tourists and generated over USD 180 bn (EGP 2.9 trn) in annual tourism revenue in 2016, a number that is expected to increase further in the upcoming years, according to Millennial Traveler Insights by Global Data in 2018.

However, locally speaking, the corporate segment represents 67% of Greater Cairo’s hospitality market demand, according to Colliers’ 2018 research paper, dubbed “The Cairo Hospitality Market - Strong Performance and Positive Outlook.”

MARKET SEGMENTATION | PURPOSE OF VISIT



Savills’ Langer-Paget expects the pool of demand to widen as the government targets new source markets and traveler demographics, and works to develop the present tourism infrastructure and connectivity. Meanwhile, he notes that the EGP devaluation is already making the market more appealing to cost-conscious visitors, boosting the need to further develop the mid-range hotel offerings.

On another note, there is a massive saturation at opposite ends of the market spectrum, but very little in between. Marloes Knippenberg, CEO of Kerten

Hospitality, confirms, “There is a rise in the number of hospitality projects being implemented in the country, yet most of these developments are within the upscale, five-star segment.”

In figures, five-star hotels represent approximately 64% of the Cairo hospitality supply, Colliers’ report reveals.

Additionally, “We can see a clear gap in the mid-market segment, particularly for long- and short-term rentals, which are a global trend seen in the growth for sharing economy accommodations such as Airbnb,” Knippenberg points out.

However, these supply/demand dynamics should make midscale hotels more favorable for investors who want to tap into such market. Kerten’s CEO sees a room for full optimization across Egypt and this is where the expertise of potential investors should come into its own.

For his part, Lund expects the introduction of new and exciting mid-market international lifestyle brands into Cairo and selected key resort markets in the near future. He also foresees that some higher positioned properties will be refurbished and rebranded into mid-range hotels.

As for Knippenberg, the North African country is undoubtedly ready to welcome fresh new concepts of trendy mid-market options, which are likely to play a key role in boosting the overall performance of the entire industry.

All in all, Egypt should address the skew of its hotel supply toward the luxury hotel sector and draw more three- and four-star hotels into the mix. Recognizing the importance of combining quality assurance with value for money will push industry stakeholders to capitalize on evolving consumer patterns, which focus on experiences over excess spending, according to Savills’ Langer-Paget.

The resultant effect is that the industry will have more modern mid-market properties that are branded, operated, and developed with the modern traveler in mind, and thus, help the market diversify the demand profile of travelers and become less reliant on a narrow demographic and less prone to demand shocks as a result, both Langer-Paget and Lund conclude.



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REITS:

REAL WEALTH MACHINE

BY **SARA MOHAMED**

Most dealers focusing their bets on real estate assets have always been craving for hassle-free exposure to the property sector. Over the years, Real Estate Investment Trusts (REITs) have evolved to be one of the fine-tuned tactics to stimulate penetration into the market without the worry of ongoing maintenance, management tasks, and ever-changing policies.

Having the convenience associated with trading stocks, meaning that buying and selling are carried out with relative ease, REIT investors are typically hooked to formulate a closed-end firm to be in charge of asset management and operation, ergo acquiring multiple shares against their investment. Contrarily, the funds are bankrolled into different real estate products, including residential, commercial, hospitality, medical, among other types of revenue-producing equities. Shareowners duly generate income through general price appreciation or tenancies, thereby earning rents pro rata to their shareholdings each month, sometimes quarterly.

So how to effortlessly get a slice of the real estate pie and build wealth in tandem, while also leveraging not putting all your eggs in one basket? Invest-Gate reviews the most prevalent narrative threads as well as the stages of maturity of REIT regimes regionally and internationally. Besides, we flag up the elevator pitch on why everyday developers and investors should make room for REITs in their portfolios, with a special focus on the Egyptian scene.



GLOBAL PERFORMANCE

Globally, REITs are gathering pace as the number of countries, which presently adopt the concept as an investment vehicle, almost doubled to 37 nations in the last decade. With a 4% growth from H1 2016 to the first half of the subsequent year, the total market cap hit nearly USD 1.7 trn (EGP 27.41 trn), London-based Ernst & Young (EY) unveiled in late August 2018.

REITs registered a total market cap of nearly

USD **1.7** trn
from H1 2016 to H1 2017

Source: EY

This remarkably productive capacity of capital can be attributed to the impressive dividend returns. Still, this is highly dependent on the right tenant mix, asset quality, management, and financial performance, according to the US-based National Association of Real Estate Investment Trusts (Nareit), the worldwide representative voice for REITs.

“[Emirates] REITs normally give an average return of 6.6%. Though this may not seem much compared to investment in shares and mutual funds, however, since it is backed by real assets, REIT makes a good hedge against turbulent market conditions,”

”

Youcef Betraoui

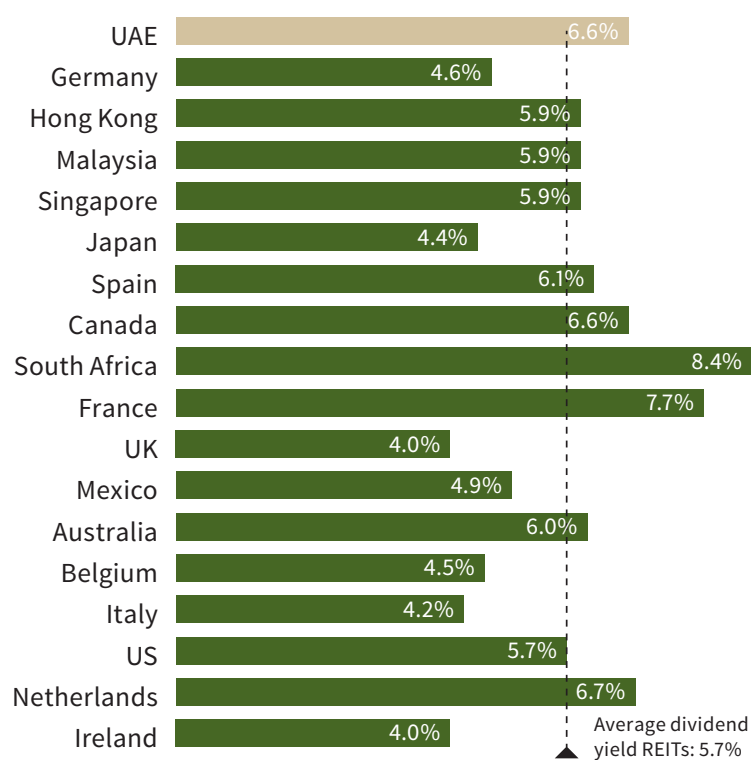
CEO of UAE-based Land Sterling
Property Consultants, confirms.

Studying mainly the business model in the Arab world, PwC, the global professional services firm, conforms with this positive estimate of return in its “Emergence of REIT in the Middle East” report, underlining, “In early 2018, REITs in the UAE were offering healthy dividend yields (about 6.6%), compared to the global average of 5.7%.”

Likewise, the Saudi REIT market has continued to expand and now surpasses a total market capitalization of USD 2 bn (EGP 32.25 bn), UK-based property

consultancy firm Knight Frank highlighted in its research, headlined “REIT Insights on Saudi Arabia Q1 2018.” The number of listed REITs on the Saudi stock exchange, Tadawul, doubled in two quarters only, bringing the total to 12 listed REITs by the end of the first quarter of 2018, the report added.

REITs Global Average One-Year Dividend Yield (%)



Source: PwC

Halfway across the world, EY’s 2017 “Global REIT Market” study, which takes into consideration productivity, demographic trends, and ongoing structural reforms, indicated, “In local currency terms, Spain, Singapore, and Hong Kong have led the way, with the most significant growth through 2017 to date.”

Speaking of Asia Pacific, “REITs have been around for longer in Singapore, tending to specialize in an asset class and eventually expanding abroad so as to increase the base of high-quality assets and offer healthy returns to investors,” PwC’s study uncovered.

On the other end of the spectrum, EY’s report revealed, “The US REIT market continued to dwarf all other global markets and is roughly twice the size of all others combined.”

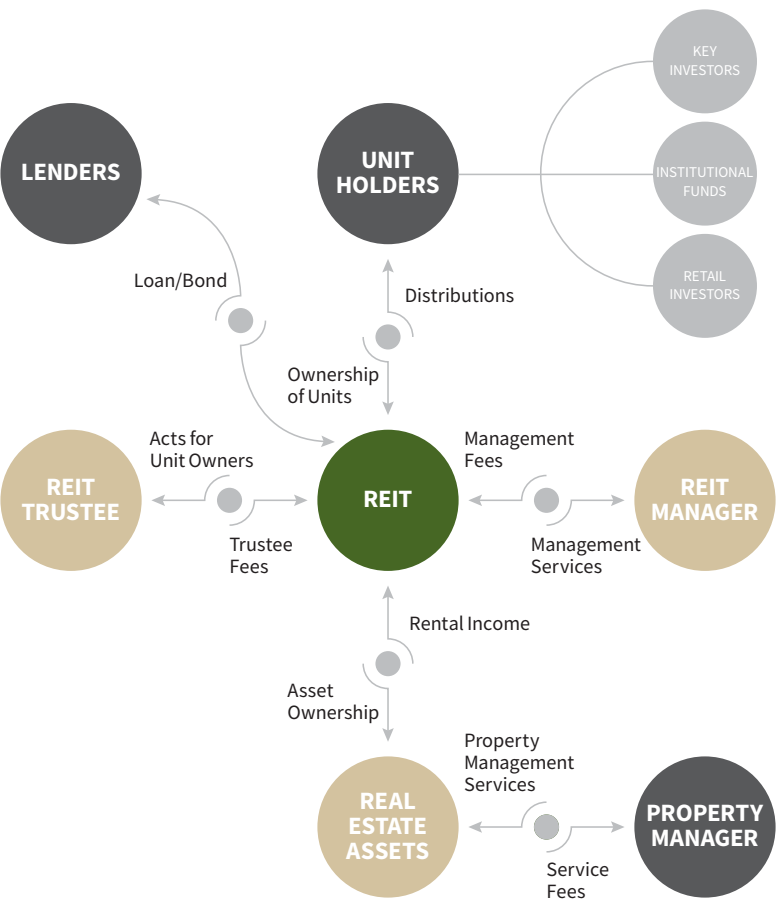
WHAT MAKES REITS DO WELL?

The multitude of successful listings and applications of REITs worldwide certainly betoken its rational track record of reliable and growing dividends, combined with long-term capital appreciation through stock price increases. Yet, there are specific battle maneuvers that need to be stationed to create a righteously striving model.

Simon Townsend, head of strategic advisory at CBRE MENAT, notes, “The universal real estate market definitely sees an implied benefit [from REITs] as the pool of investable capital gains not only adds possible competition for good assets propelling capital growth, but also stimulates market sentiment. However, regardless of whether you are a developer, fund sponsor, or investor, the key factor for the underlying real estate to be secured for the funds is the cash flow or cash-flow potential.”

“Securing long-term income, along with the optimum tenant strength and institutional lease terms, provides a platform for stable investments. In some instances, depending on the structure of the REIT asset, selection may be more toward value-add, wherein the ability to acquire it at a competitive price is a given. But, the key will be the potential to raise the capital value, whether through repositioning, tenant adjustment, more leases, or asset management activities,” Townsend elaborates.

Speaking of the ideal structure, Nareit identified the typical REIT organizational form:



Source: Nareit

On another note, like any other financial product, REITs are also subject to risks and tough market conditions, “with an added emphasis on interest rate risk,” Betraoui highlights, adding, “An imbalance in the market’s supply/demand scenario can also affect the REIT’s business model positively or negatively.”

Meanwhile, CBRE’s professional argues that although many factors influence the successfulness of REITs, the statutes guiding the overall system count as a crucial one. He enunciates, “The jurisdiction the fund is governed by could potentially change the dynamics of how capital can be repaid and how the regulations are perceived.”

“One of the fundamental factors driving the deployment of capital into these vehicles is the robustness and transparency of regulations ... The guidelines around fund management, jurisdictions, as well as, investor protection and rights are important to have been established and supported through clear legislation,” Townsend argues.

“Whilst there is no doubt that investment returns and sustainability of such returns are one of the tempting points to invest, coupled with the efficiency of the taxation structure, but underpinning the investment decisions of institutional investors, in particular, is the effectiveness of the legislation,” he explains.

Systematically, REIT is a double-edged sword; there is an array of other reasons to invest in this income-generating instrument, despite the challenges that may be in the cards. Invest-Gate abridges the virtues REITs offer to both investors and developers, while shedding light on some of the shortcomings that might turn up on the way.

OFFERINGS

Competitive Long-Term Performance: REITs can provide long-term returns similar to those of other stocks.

Substantial, Stable Dividend Yields: REITs’ dividend yields produce a steady stream of income through various market conditions, with no corporate taxation.

Liquidity: One can easily buy and sell REIT shares for being listed on the stock exchange, and thus, effortlessly liquidated if need be.

Portfolio Diversification: REITs offer access to the varying real estate products, typically with a low correlation with other stocks and bonds.

Low Barriers of Entry: Any investor can make an entry into a REIT, without doing all the hard work and with low capital.

Recession-Proof: When inflation rises, rents on apartments and prices of hotel rooms also increase, together with the income obtained from your REIT, thereby offering a safe haven for a risk-free investment.

DRAWBACKS

Interest Rates: The performance of REITs is inherently tied to interest rate trends. When the latter surges, it eats into the profit margins of the business model.

Taxation Looming Specter: Once distributed, investors will have to pay income tax on the annual dividend, as though it is on the personal income, not the capital gain. So, those in the higher tax bracket may suffer from paying excessive taxes.

Investment Risk: REITs are correlated with the real estate market, hence factors such as property prices, interest rates, debt, geography, and changing tax laws might influence revenue production.

Debt Intervenes: Some REITs will incur high management and transaction fees, leading to lower payouts for shareholders.

Property Taxes: State and municipal authorities can raise property taxes to boost budget revenue. Consequently, this slashes REITs’ earnings.

Slow Growth: REITs can grow at a slower pace than others if capital funds are too low. US REITs, for instance, reinvest only up to 10% of annual taxed profits back into the core business lines each year, as investors get the remainder. As a result, businesses can hang stagnant for long.

Source: Nareit and the US Securities and Exchange Commission (SEC)

EGYPT: SLIGHTLY OUT OF SERVICE

At this juncture, especially after exhibiting the noble calibers excelling in show rings across the globe, one might ask where does Egypt stand on the battlefield?

For starters, the country had just ratified amendments to the executive regulations of the Capital Markets Law, which steers investment funds, in November 2017. Furthermore, it modified the ceiling and only permitted REITs with a capital of EGP 500 mn to invest up to 50% of funds into a single real estate project, whereas those below are bound to a more diverse portfolio, according to the Financial Regulatory Authority's (FRA) official website.

During the same year, Naeem Holding had received approval from the Egyptian Financial Supervisory Authority (EFSA) to establish Egypt's first REIT, at a total of EGP 1 bn, running for three years and financing local office and retail properties. However, the fund ceased its operations following multiple interest rate hikes, the Egypt-based investment firm announced in a previous bourse filing.

Such retrogression is attributed to the series of economic downgrades and reforms post the 2011 revolution, including gradually lifting interest rates by 700 basis points to 19.25% by July 2017, in a bid to mitigate inflation risks. Land Sterling's CEO affirms that several institutional investors decided to flee the country in this light, backed by enduring some bottlenecks in international money transfers.

"Back in 2015, Citi Bank sold its retail business in Egypt, this is because it had become almost impossible to move money out of the country about a year before the EGP devaluation," Betraoui tells Invest-Gate, stressing that the volume of institutional investors extremely varies in terms of how they can repatriate their profits or yields, especially at the time of exit or when selling shares in the secondary market.

"As long as rules on repatriation of capital are not relaxed, institutional investors will be apprehensive about deploying capital," he further states.

Other experts somehow support the latter's perspective, as Townsend points out, "If we consider a REIT looking to attract foreign investment, especially that of institutions, the liquidity of the fund, alongside the financial ramifications of repatriation of investment capital and dividends, will be critical."

For now, it is safe to say that REITs are currently underpenetrated in Egypt, with a few baby steps forward. The North African country is signing up for another shot after the FRA confirmed the subscription of a single domestic REIT in late 2018, dubbed the "Egyptians Real Estate Fund," according to the regulatory body's official data.

Since the Egyptian brand-new archetype is so far out of action, Betraoui believes that it is best to be carefully monitored by the FRA, falling under the same rules and regulations abided by any stock company nationwide.

Better yet, the CEO sees a bright future for the country's REIT market, emphasizing, "REITs will allow for quicker monetization of real estate assets, especially because Cairo has many international tenants (notably belonging to the information technology sector), who take up large amounts of office and retail spaces."

Nevertheless, in terms of structure, he justifies a key feature to delivering alpha in any marketplace, particularly Egypt's, saying, "Look for a fund manager who has a sound understanding of asset management life cycles. The operator - or as we call it 'counterparty risk' - forms the foundation for the success of any REIT, more so in value creation at the time of exit."

CRUX OF THE LOCAL MATTER

REITs can indeed be an ideal wealth machine, yet it is one of the most sophisticated tools for this pursuit. Despite those seeking profitable long-term investment vehicles, the Egyptian government has also been pushing to attract more local and foreign investments, which calls for rectification to the current REIT regime. Should international investors find it lucrative enough, REITs can be a major source of foreign currency for the national economy.

In any case, if Egypt is keen on mastering this type of collective investment scheme, it has to widen its knowledge of the REIT concept by better understanding both market developments as well as the different financing and structuring alternatives utilized by more mature markets, in effect, offering a shortcut to a fully-functional industry. Because even if shareholders are always hungry for money-making assets, the country's presently restricted and mediocre regulations merely touch off minor merits in this regard.



HOTEL MANAGEMENT: DECISIVE VARIABLE IN TOURISM EQUATION

BY MAHMOUD EL ZAHWEY

Going all in the hospitality industry can be the golden bet in Egypt, thanks to a country owing a massive part of its national income to tourism. In fact, the North African nation has always managed to attract giant hotel chains, coming with the best of global standards in the hospitality management field, which will most probably further boom after the finance ministry unveiled logging record-breaking tourism revenues of EGP 12.57 bn in FY 2018/19.

However, guest aspirations mark a key challenge for hotel owners and developers, particularly Egyptians, who are constantly seeking to provide a remarkable lodging experience, thereby building an excellent reputation and sticking out among a fierce competitive rivalry. Hence, when it comes to hotels or serviced apartments, opting for well-suited hotel management services by a professional hotelier is a prerequisite. This covers a wide array of operational functions and responsibilities, ranging from asset management, human resources, marketing, financials, and public relations, all

the way to facility management, which ousts the burden of housekeeping, security, catering, among other vital services off the shoulders.

Opening a window into the hospitality management scene, Invest-Gate showcases the various international operating brands and delves deep into the industry's potential growth opportunities, while clarifying the obstacles and ways out. We also explore the world of smart hospitality management solutions, which can considerably revolutionize our traditional understanding of hospitality standards.

BENIGN REALITY: FRANCHISING & BRAND APPEAL

The concept of hiring a specialized party management team to provide adequate services and ensure client satisfaction has come to existence in Egypt many years ago. Ayman Sharaf, a senior marketing consultant and lecturer, elaborates, "The emergence of administrative notions, abiding by governance principles and separation of ownership, has nurtured and fueled hotel owners' tendency to solely depend on local or foreign hotel managers, notably those who have a proven history and extensive track records."

This globally recognized approach follows two different models across Egypt's hotels, first of which is partnering with a foreign hospitality company for the management of brands nationwide. The government managed to be among the forerunners in this regard. Five years ago, state-run Egyptian General Company for Tourism and Hotels, a subsidiary of the Holding Company for Tourism (or Misr Hotel Company), had chosen Marriott International, out of eight other competitors, to operate west Cairo's Mena House Hotel, which was later named Marriott Mena House.

The private sector has also followed suit with a number of similar agreements. Back in 2016, Al Yassin Holding for Financial Investments signed a management agreement with France-based leading hotel operator Accor Hotels to operate an upper midscale hotel, under the Novotel brand, located in east Cairo's Nasr City.

A year later, Marseilia Group signed a turnkey contract with Hong-Kong-based hotel management giant Swiss Belhotel International (SBI) to juggle the managerial and operational tasks of Swiss Belresort Marseilia Beach 4, nestled on the North Coast. Meanwhile, in early 2019, Zaghloul Holdings inked a management deal with the international operator Radisson Hotel Group to run six hotels nationwide.

Another successful case in point is Tatweer Misr's partnership with international hotel operator Kerten Hospitality, a subsidiary arm of investment firm Kerten, last August. The Egyptian property developer's move aims to bring in the latter's luxury brand concepts through seven boutique hotels and serviced apartments, namely "The House Hotel and The House Residence," as well as, "Cloud 7 Hotel and Residence," to its Ain Sokhna project, IL Monte Galala, and the North Coast's Fouka Bay, respectively.

The aforementioned models denote that this kind of partnership is commonplace nowadays, allowing more brands to tap into the Egyptian hospitality market and raise the standards of hotel management across wider scales.

On the other hand, the second emerging model in that sense is hotel franchising, whereby one party (i.e. franchisor or hotel owner) grants to the franchisee (developer or manager) a license for brand affiliation, and thus, entailing the use of an entire package of trademarks and system of operation. Once provided with all the necessary elements to formulate the franchise, the hotel should bestow the same standards as all other developments operating under the same brand name worldwide.

Tarek El Masry, general manager of Hyatt Regency Cairo West, a franchise acquired by Egypt's hospitality and property developer ALDAU Development, tells Invest-Gate that his company had managed to obtain two international franchises from Deutsche Hospitality and Hyatt Hotels Corporation.

"Under the franchise agreements, we are the ones who manage and operate famous hospitality brand names like Steigenberger and Hyatt Regency in Egypt. We maintain specific standards that are synonymous with these chain-branded hotels," El Masry further adds.



Operating under recognizable brands maximizes the odds of growing faster and topping the league due to the powerful brand appeal and application of high-standard functions. El Masry elucidates that brand affiliation achieves better results in terms of performance and management process, consequently impacting income generation.

From management and operation deals to franchise signings, collaboration with foreign players is apparently an optimal tactic to bolster the efficiency of management operations by setting higher standards and specs for the full spectrum of functions. However, laying the foundation for professional Egyptian hotel management firms, for example Orascom Hotels Management, seems to be an additional impetus in the hospitality investment market.

In an interview with the US-based Hotel Management Magazine in September, Orascom Hotels Management CEO Joachim Schmitt shared a glimpse

into his company's evident success in carrying out sustainable working, planning, and management across 18 upscale hotels in El Gouna.

This contributed to the fact that "El Gouna has received the Green Star Award as the most sustainable city in Africa. I take the liberty of saying that we are also a role model for Europe," Schmitt highlighted.

In practice, Orascom Hotels Management now operates 34 hotels, extending across Egypt, Oman, Switzerland, and the UAE, with more expansions in the pipeline, setting an epitome for Egypt-based successful management companies to stimulate further.

These Red Sea developments include foreign hotels like Steigenberger Golf Resort, Mövenpick Resort and Spa, and Casa Cook El Gouna, in addition to local brands such as Dawar El Omda Hotel and Sultan Bey Hotel.

PITFALLS IMPEDING PROGRESS

There are, yet, some factors standing in the way of hotel management growth in Egypt. Experts attribute the mild performance of local companies and their inability to compete as international brands to the lack of well-trained labor force, insufficient hospitality management education programs, absence of reliable awareness on the new digital hospitality management systems, and expensive costs of deploying high-standard hotel management.

The vast majority of hotel management and operation deals, signed in conformity with the Egyptian legislative framework, contain a clause that stipulates the application of the ideal management practices and provision of adequate expertise and capacities, along with the management consulting services needed to figure out radical solutions for any possible inconveniences.

However, in an online opinion piece published in December 2018, Sameh Abdel Moneim, member of the Egyptian Hotel Association (EHA), shed light

on the turbulent relationship between local hotel owners and management companies. He underlined that some owners decided to terminate agreements with some Egypt-based hotel management firms, attributing this to the lack of professional practices among hotel operators and the owners' belief that the profit shares acquired by the former parties are unmerited.

On a broader scale, the Egyptian political and economic woes can be another threatening factor for the healthy business of foreign hotel operators in the country. In June 2015, works on 73 hotels were halted in Sharm El Sheikh and South Sinai due to the absence of liquidity and the existing financing schemes, Atef Abdel Latif, member of Marsa Alam and South Sinai Investors Association, stated in a previous press release.

The implications have extended up until last year, when giant hotel operators such as Sonesta International Hotels Corporation and Pegas Touristik reportedly exited Sharm El Sheikh due to the stagnant tourist inflows and the markedly declining profits.



PROMISING COURSE CORRECTION

A stiff tailwind blew in the air of the Egyptian hospitality management sphere last September, when Minister of Tourism Rania Al-Mashat announced upgrading the hotel classification criteria, setting high-level standards in the industry.

Back then, Al-Mashat stated that the new benchmark - developed in collaboration with the ministry and the World Tourism Organization (WTO) - will not only evaluate hotels based on their infrastructure and fixed assets, but will also take into account the quality of services as well as the environmental, health, and hygiene duties.

Attempting to raise the bar of local hotel market and render the foundation of the Egyptian hospitality management business to be more feasible, the

government, represented in the General Authority for Investment and Free Zones (GAFI), introduced the license guide for hotels and tourism developments to provide eased regulations for establishing a hotel management company.

Moreover, the EHA plays a major role in coordinating and monitoring, including settling disputes between owners and managing companies, not to mention joining forces with the Egyptian Tourism Federation and Ministry of Tourism, all to implement beneficial training programs for the domestic hotel management workforce.

SMART SWITCHOVER!

One other undeniable attribute is how the current digital transformation moves, especially across the managerial levels, have altered the global hospitality scene and overthrown the passé understanding of hotel management activities.

The new world of cloud-based software platforms seems to have a lot to do with the hospitality industry. In fact, many service providers are now introducing smart hospitality management systems, better known as property management systems (PMS), to assist hoteliers in optimizing their services and creating unforgettable guest experiences.

Across cutting-edge features such as mobility, integration, and usability, PMS solutions are coming into play to provide deeper levels of business intelligence and help management companies maximize operational efficiency, deliver personalized services, and eventually generate higher revenues, Hotel Management Magazine reported last month.

Additionally, Trustwave's 2018 Global Security Report labeled hospitality among the top three threatened industries in terms of vulnerability to payment card breaches. As a response, hotels need to enhance their hypervigilance to detect and handle any hacking or breaching attempts.

Many international hotel managers, operating in developed countries, have started to more dependent on smart solutions to deliver the most-hospitable experience for their visitors, especially in the fields of cybersecurity and guest-relationship.

As part of its expansion plans, French hotel management company NEHÔ Group adopted a mobility facilitating technology to receive more guests to its managed properties across France and Belgium. Meanwhile, US-based Advantage Hotels has formed a strategic partnership with VenueLytics to offer its artificial intelligence-powered reputation management and guest-experience within its developments.

When in Egypt, similar tech models have started to see light, with more optimistic prospects showing up. Sharaf notes that more enterprise resource planning (ERP) solutions are now getting into the local business of hospitality management, offering aspirant hotel operators a chance to automate their managerial and operational functions, while garnering better results.

Furthermore, Sharaf confirms that some state-owned hotels are using advanced ERP systems to enhance their management capabilities, and this bodes well.

SUCCINCTLY PUT:

The secret recipe for hospitality management concepts in Egypt lies in devoting strong attention to details, leveraging leadership and teamwork skills, alongside integrating smart solutions.

Above and beyond, the vast scope of opportunities in the hospitality management sector gives a positive sign, especially as the government bids to clear the atmosphere and facilitate local market growth, side to side with the expansion of international hospitality brands cross-country through additional franchises, management, and operation signings.

RESALE SECRETS

Know When & How to Sell



The ongoing burst of construction activity that is taking part all around Egypt pushes for improved designs that can stand out among domestic and international investors. Therefore, developers are adapting to the new needs of Egyptian buyers in the housing, office spaces and new retail areas. However the housing market for the resale of properties may not be as hot as previous years and selling now could be your best bet.

Homebuyers are not flooding the market for the resale properties these days and selling a property can be hassle and complex process. plenty of new developments are taking place and with great facility of payments that can reach 10 years of installments and 0% down payment.

The real estate sector will always remain very profitable and it gives the highest return on investment in comparison to other sectors. By buying a real estate unit the client gets an annual appreciation, plus rental income if he/she decides to rent the unit. The appreciation that took place with the real estate value actually surpasses the appreciation of bank interest.

Egyptian population over 110 million occupy only 7.5% of Egypt's land in addition to more than 1 million marriages per year and more than 1 million divorcees, and more than 1 million middle age groups seeking independence, all conclude to either buying or renting available properties on the market. Egyptian real-estate market are mostly paid for in cash, not credit, said a study by the Egyptian Centre for Economic Studies (ECES).The demand rate will continue and finding the right brokerage firm/partner whether to sell or buy or rent is the key.





ADVANTAGE

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Decide what type of mortgage suits you best



Find the right lender and compare at least three of them.



Check the current mortgage rates to get the best deal.



You have to be registered as an employee in any of the private or governmental sectors or self-employed or engaged in any commercial activity.



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The maximum amount of the granted loan is determined by the mortgagor's income.



The unit price is determined by a real estate evaluator/ agent located in the entity in which you want to borrow when applying for mortgage.



Submit the contract of the registered property with the required documents on which the acceptance of the loan will be determined.

Secrets for the Resale Process

There are some factors that simply cannot be changed and impact the speed of the sale. They are things like location, location, location. If your home is in a highly desirable neighborhood or located directly on the water, it will most likely sell fast. If the location is not prime, you can change the price depending on the temperature of the market, dramatically altering your price can seriously speed up the process.



DO's

- 👍 Seek expert brokerage firm to assist you in the selling as they have quality database
- 👍 Value your property using updated figures
- 👍 Professional appraisal add credibility to the asset
- 👍 Retain reports for the last two years
- 👍 Ensure your property is in good condition for sale if not then wait and do some refurbishing



DONT's

- 👎 Price the property before analyzing its value professionally
- 👎 Overprice the property thinking you can negotiate later on
- 👎 Expect all the amount to be paid in cash
- 👎 Fail to consider expenses from commission & legalities to sell the asset
- 👎 Forget to consider buyer's needs
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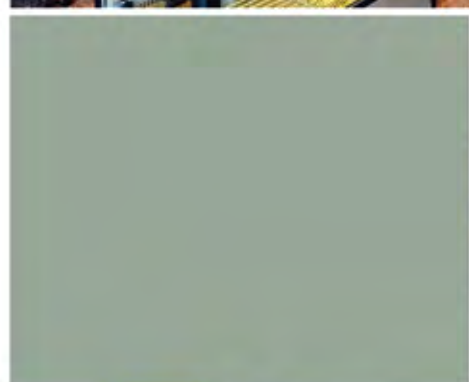
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The background of the entire page is a blurred photograph. In the center, a person is seen from the chest up, wearing a white traditional garment and a tall, ornate headdress. They appear to be in a kitchen or food preparation area. In the foreground, there is a large, dark blue bowl filled with a colorful salad or stir-fry, featuring orange and green ingredients. To the left of the bowl, there are some pink flowers. The overall lighting is soft and warm.

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