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2022 WRAPUP



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What a year 2022 has been! Egypt's real estate market saw several challenges, including increases in the prices of raw materials, the Russia-Ukraine war, spiking inflation, and the further depreciation of the local currency.

The year has seen global inflationary pressures affecting property markets everywhere, and central banks in many countries have been hiking interest rates in order to bring spiralling costs under control.

All these factors have resulted in an increase in the price or even the non-availability of building materials, in addition to affecting people's purchasing power.

In this issue, however, Invest-Gate sheds the light on 2022's challenges through its features that discuss real estate sustainability, exporting real estate, mortgage finance initiatives to avert recession, and obstacles facing the resale market.

Also, stay tuned for Invest-Gate's first roundtable in 2023, discussing these challenges and real estate experts' recommendations to get over these challenges.

Further, we keep you in the loop with the latest real estate market updates from news to an overview over the year; so take a read.

On behalf of the entire Invest-Gate team, we wish you a Merry Christmas and a Happy New Year.



ACTING MANAGING EDITOR
Email: kmohamed@invest-gate.me

General Manager & BD Director
Acting Managing Editor
Senior Editor
Writer
Contributing Business Writer
Translator
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Tower No. 12 - Bavaria
Compound, Ring Road in
front of Sama Tower - 1st Floor

☎ (+202) 27498191 - 27498192

☎ (+20) 27498190

✉ info@invest-gate.me

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DECEMBER HEADLINES

Deputy House Minister Signs Financing Agreements Under Nouwfi Program



Sayed Ismail, Deputy Minister of infrastructure, Ministry of Housing, Utilities, and Urban Communities, signs a group of agreements with international partners under the Nouwfi program on the sidelines of the United Nations Climate Change Conference (COP27), Invest-Gate reports.

Ismail signs a letter of intent (LOI) with the African Development Bank (ADB) for building 5 solar-powered water desalination plants with

a total capacity of 525,000 cubic meters in 4 governorates, with \$625 mn in sustainable and green investments.

He also pens an agreement with the European Investment Bank (EIB) for building a wastewater treatment plan in Helwan with a capacity of 250,000 cubic meters, with €78 mn in investments.

Ismail inks an agreement with the Swiss Agency for Development and Cooperation (SDC) for a CHF 9 mn grant allocated to funding the second phase of the water management program in Upper Egypt.

Launched in July, the Nouwfi program is intended at financing and investing in climate projects in the water, food, and energy sectors.

Egypt pens \$83 Bn Framework Agreements for Green Hydrogen, Ammonia Plants

Egypt signs framework agreements with international power companies worth \$83 bn to construct nine green hydrogen and ammonia facilities in the Suez Canal Economic Zone (SCZone), Invest-Gate reports.

These facilities, collectively, are set to produce up to 7.6 mn tons of green ammonia and 2.7 mn tons of hydrogen a year when fully operated.

However, the documents signed yesterday are framework agreements and are not binding commitments. The companies will continue to study the projects before coming to a final investment decision in the coming months.

The signed deals include an \$8 bn agreement between ReNew Power and El Sewedy Electric to produce 220k tons of green hydrogen and 1.1 mn tons of ammonia a year. Also, UK power producer, Globeleq, inked an agreement to build a 2 mn-ton green hydrogen facility. The third deal is between Masdar and Hassan Allam for the sake of establishing a facility to produce up to 480k tons of green hydrogen a year.

In addition, Saudi company Alfanar signed one for its 500k-ton green ammonia facility. Another deal is signed by Australian energy producer Fortescue Future Industries to set up a green ammonia production facility with an annual production capacity of some 2 mn tons.

Further, Norway's Scatec, Fertigllobe, Orascom Construction, and the Sovereign Fund of Egypt



(SFE) inked an agreement for the consortium's 100 MW green ammonia facility in Ain Sokhna. Al Nowais subsidiary AMEA Power's signed a deal for a 390k-ton per-year green ammonia plant and could be up and running by the end of 2025 at its 500 MW green hydrogen plant in Ain Sokhna.

On the other hand, EDF Renewables and Egyptian firm ZeroWaste penned a deal with the SCZone for a \$3 bn facility that is slated to produce some 350k tons of green ammonia for ships. Construction of the plant is expected to begin in 2024, with operations slated to begin in 2026.

The last deal is signed between French energy producer TotalEren and SME investor Enara Capital for a 300k-ton green ammonia facility in Ain Sokhna.

This, in turn, will put Egypt on the road to becoming a regional hub for green hydrogen.

President Sisi Opens Phase I of New Mansoura Smart City



Egyptian President inaugurates the first phase of New Mansoura smart city, which overlooks the Mediterranean Sea, stretching for nearly 15 Km with a plan to accommodate over 1.5 mn people, Invest-Gate reports.

Bassam Rady, Spokesman for the presidency, states that the new city is located at the intersection of the governorates of Daqahliya, Kafr El-Sheikh and Damietta.

Rady adds that constructing New Mansoura is part of a project to build a group of new smart cities nationwide, and it is considered one of the development arteries on the northern coast of Egypt.

On the sideline of the inauguration ceremony, Housing Minister Assem El-Gazzar notes that New Mansoura City is being built in accordance with the Egypt's National Strategy for Climate Change, as it encourages digital transformation and preserves energy.

The city is being built in four stages, and the land area of the first phase is 2,063 feddans, representing 40% of the total area of the city, which will cover 5,913 feddans, according to the presidential website.

El-Gazzar points out that the first stage of New Mansoura City includes 19,500 units, 90% of which are low and medium-income housing units. The city also has four universities and a desalination plant, generating 160,000 cubic meters of water a day, according to the minister.

The construction of the first phase costs EGP 24 bn.

Savills: Industry Leaders Discuss Sustainability Road Map for Real Estate in Egypt



Savills Egypt, one of the leading property consultants, hosts a panel discussion led by experts in sustainability and green energy, Invest-Gate reports.

The panel focused on the most pressing topics around the Environmental, Social, and Governance (ESG) factors, their cost, and the growth opportunities they present in the real estate industry ahead of "The Conference of Parties 27 COP27" in Egypt.

The real estate industry contributes to 40% of greenhouse gas emissions globally and is therefore an important sector for cities to consider when planning their paths to net zero.

The panel was moderated by Catesby Langer-Paget, Head of Savills Egypt Office and included Madeleine Velupillai, ESG Strategy Manager at Savills UK, Nada El Agizy, the Director of Sustainable Development, and International Cooperation at the Leagues of Arab States, Bedeir Rizk, CEO of PARAGON, Ahmad Badreldine, Managing Director of El Badr Group, and Mohamed Elsammaa, Chief Development Officer of KarmSolar.

"Egypt is following the steps of other global economies in efforts to reduce the sector's impact on climate change. There are currently 23 LEED (Leadership in Energy and Environmental Design) certified buildings in Egypt and we can definitely foresee this number increasing in the near future, particularly in the New Administrative Capital and new cities," Catesby comments.

Catesby adds that Savills is working with its partners on their developments, primarily commercial buildings that are currently under construction, seeking the LEED Platinum certification.

Research, development and property technologies will be crucial in helping to reduce emissions from the built environment as cities set their sights on net zero. Construction will

therefore be at the forefront of this green building revolution, with forecasting and data analytics firm Oxford Economics suggesting that global construction output could reach \$15.2 tn by 2030, up 42% from its 2020 level. The International Financial Cooperation estimates that green buildings represent a \$24.7 tn investment opportunity by 2030 across cities in emerging markets," Velupillai states.

For his part, Rizk points out that PARAGON is one of the leading companies specializing in building administrative projects with a philosophical methodology based on human-centric approach, sustainable principles, innovation, and flexible community.

"KarmSolar's expertise in the solar energy sector has allowed us to build multiple areas of synergy with real estate developers. Our goal for this panel is to begin the discussions on evaluating the different ways in which we can build financially feasible business models and become a true utility platform," Elsammaa notes.

"At Badrelin Group, we empower communities, thrive to set market trends, and innovate urban concepts while incorporating sustainable, green, and innovative measures. For Arkan and 205 projects, we've provided energy efficient designs and created an internal energy efficient transport network since it became a mandate to overcome energy cost increases," Badreldine clarifies.

It is worth noting that the Egyptian government has taken economic and environmental measures that played a major role in stimulating investments, investing \$324 bn to achieve sustainable development initiatives to reduce emissions and improve infrastructure. The state has taken this approach in all new cities, whether it has worked to establish them during the recent period, or cities that have been implemented decades ago through replacement and renewal processes that ensure the implementation of this new approach.

Elsewedy Electric, Deutsche Bahn Initial 15-year Agreement for High-Speed Electric Train



Elsewedy Electric and German railway company Deutsche Bahn AG initial a 15-year agreement with the Egyptian National Authority for Tunnels (NAT) for the management and operation of the first line of the high-speed electric train network (Ain Sokhna-Matrouh), Invest-Gate reports.

Egyptian Minister of Transport, Kamel El-Wazir, notes that Deutsche Bahn will operate the three lines of the electrical railway network with a new management and operation module, in exchange for receiving a portion of the revenue.

"The new high-speed rail network aims to improve traffic safety and curb air pollution, aligning with the Egyptian government's efforts to develop the sustainable transportation sector and expand environmentally-friendly mass transportation in major cities," President and CEO of Elsewedy Electric, Ahmed El Sewedy, comments.

Niko Warbanoff, CEO of DB International Operations GmbH, states that Deutsche Bahn would qualify and train Egyptian engineers and technicians.

El Sewedy says: "To implement this green project, our company will exert every possible effort to hire, train, transfer knowledge to local talents, and assign the employees to Germany in order to gain an international experience, as part of investments in the country's long-term development."

It is worth highlighting that the high-speed electric train network will cover around 2,000 kilometers by passenger and cargo trains.

ACWA Power Inks deal with NREA, EETC to Build 10GW Wind Power Plant in Egypt



Saudi developer and operator of power plants ACWA Power signs an agreement with Egypt's New and Renewable Energy Authority (NREA) and Egyptian Electricity Transmission Company (EETC) to build a wind power plant with a capacity of 10 gigawatts (GW), Invest- Gate reports.

The agreement includes allocating lands for measurements and technical studies required for the project, in preparation for negotiating the project's final contracts.

The agreement was signed on the sidelines of a meeting between the Egyptian Minister of Electricity and Renewable Energy, Mohamed Shaker, and Saudi Energy Minister, Prince Abdulaziz bin Salman, in Riyadh.

The two ministries discuss electrical interconnection between Egypt and Saudi Arabia, in addition to cooperation in the fields of renewable energy and hydrogen.

Upwyde Developments Seeks EGP 4.5 bn Contracting Sales From Prk Vie Project

Upwyde Developments launches Prk Vie project in New Cairo's Fifth Settlement district, Invest- Gate reports.

The project is expected to achieve contracting sales of more than EGP 4.5 billion, with the help of consultancies and real estate marketers.

Mohy Farrag, Chairman of Upwyde Developments, unveils the company's expansion plan which includes developing a diverse portfolio of residential, commercial, administrative, and medical projects, including a project in Sheikh Zayed to be announced in mid-2023.

Mahmoud Tamam, Managing Director of Upwyde Developments, notes that Prk Vie is located on 19,000 sqm in the Golden Square, adding that it is a commercial, administrative, and medical project featuring spaces between 50 and 55 sqm.



Tamam says that the project's investment cost amounts to EGP 3 bn and that the company offers flexible payment plans of up to 7 years with a 20% down payment.

Furthermore, Tamam reveals that the company will develop "it" project in the Fifth Settlement with a market value of EGP 1 bn.

He adds that the project's ground and first floors will be used for commercial purposes while the remaining three floors will include administrative units.

Banque Misr Signs EGP 750 mn Loan Agreement with Mountain View



Banque Misr inks an EGP 750 mn agreement for a long-term loan with Mountain View for Development and Real Estate Investment to finance part of the investment cost of the Mountain View 4 project, Invest- Gate reports.

The loan will boost the pace of construction at Mountain View 4 in the 6th of October City.

Located on 47 feddans, the project's total investment cost amounts to EGP 1.1 bn.

Mohamed El-Etreby, Chairman of Banque Misr, notes that the bank's participation in real estate projects comes in line with its pioneering role in supporting the Egyptian economy, as the real state sector is among the impactful sectors in the economy.

Amr Soliman, Chairman of Mountain View, comments that Mountain View 4 achieved outstanding sales since its offering due to the designs of its units and the integrated services it features.

Wadi Degla Developments Launches Club Town with EGP 1.5 Bn



Wadi Degla Developments launches Club Town residential community with total investments of EGP 1.5 bn, Invest- Gate reports.

Situated on 70 acres, Club Town serves 550 families, offering sports amenities and services, along with other services including free-of-charge parking areas, security services, landscape, ponds, public utilities, and entertainment outlets.

The project has a built-up area of only 5% comprising a three-phase commercial area of 550 residential units.

The first phase of Club Town, Breeze, is anticipated to be delivered between 2024 and 2026.

Raymond Ahdy, Deputy CEO of Wadi Degla Developments, reveals that the company will launch more projects in 2022 and 2023 and deliver over 1,500 units in different projects.

"This residential project is set to be one of the most exclusive and luxurious residential projects in Maadi, Cairo. Club Town reinforces our project portfolio, which comprises some of Egypt's most refined real estate projects we proudly have been developing throughout our journey in the Egyptian market since our inception 17 years ago," Ahdy comments.



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Real Profit

Investment in Real Estate



Real estate is one of the most popular, profitable and reliable investment options yet one needs to know the right path and ways of benefits and in which sector and which locations.

Why to Invest in Real Estate?

1. Profits from Increasing Property Value

The most typical way that real estate provides income is through appreciation, or value growth. This is achieved in different ways for different types of properties, and is realized through selling over a certain period of time.

2. Real Estate Profits from Rentals

Whether it is a residential or commercial property income, you make money from the rental income that you receive from tenants, and price appreciation when selling the property for more than one paid for.

3. Airbnb and Vacation

In recent years, the demand for home-away-from-home rentals has increased as more travelers preferred this option than booking a hotel. Particularly if the property is located in an area that is well-known as a tourist destination, homeowners may be able to make money by short-term renting out of their home or even just a single room. In some destinations the payment can be in foreign currency which is more profitable.

4. House Flipping

House flipping typically refers to buyers who purchase distressed properties, fix them up, and then resell them for a profit. In order to flip houses, you need money and the capacity to supervise and do all the necessary repairs to transform it into a new modern estate. Property flippers specialize in quickly fixing up homes with large returns before selling them or renting it afterwards. The resale market is full of opportunities for property fix. The ability to undertake repairs and manage a crew to do the job and control the underlying expenses would be worth the flipping process and is financially rewarding.



5. Online Real Estate Platforms

Real estate investing platforms are for those who want to join others in investing in a bigger commercial or residential deal. The investment is made through real estate crowdfunding sites; mainly they are online real estate platforms. Online platform bringing together project investors and developers of real estate. You can sometimes diversify your investments without spending a lot of money. However, there are some disadvantages as there are times where lockup periods and the investor cannot liquefy his money; besides, there are management fees for this business.

6. Real Estate Investment Groups

REIGs are small mutual funds that invest in rental properties. They are perfect for those who want to own a rental property without having to deal with the inconveniences of managing it. A company that buys or builds apartment blocks then allows investors to buy them through the company. Self-contained living units may be owned by a single investor, but the business managing the investment can be located overseas and be able to take care of all the units owned by the investor and taking care of housekeeping, advertising and tenant interviews. The business receives a percentage of the monthly charge in return for performing these management duties. REIGs give less involvement for the landlord and go through finding the tenant and other rental requirements. This is an excellent hassle-free example that provides income and appreciation.

PROs and CONs for Investing in Real Estate

PROs:

- Leading to a substantial profit return when done properly.
- Building wealth and regular income from renting.
- The use of equity as leverage and inflation protection.
- Long-term security.
- Ability to leverage funds.
- Reliable long-term investments for other generations.

CONS:

- High transactional costs in legal and brokerage fees.
- Initial investments can be challenging due to upfront costs by saving enough money to pay the down payment and to compensate for cash flow shortages caused by vacant positions.
- Not quick to liquidate.

A good investment has a high chance of success and elevated ROI. Any investment has a significant level of risk, yet the potential gain should be high enough to limit the risk. Therefore, it is worthwhile to learn how real estate generates money and creates wealth by diversifying an investment portfolio to achieve the highest profit, while calculating the property value that is based on rental income.

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YBA

LEAVING FOOTPRINTS EVERYWHERE

BY YASMEEN EBADA

Despite their success, settling is out of the question for Yasser Al Beltagy Architects (YBA). In 2022, the leading multidisciplinary design firm focused on expansion, including working with new clients and working in new cities. For the first time since the launch of the company, YBA left its footprints in Egypt's governorates.

The firm's primary focus has always been on developing exemplary designs. However, in the past several years, the firm started to focus on the supervision of their projects. To make sure that its final real designs are carried out exactly how it conducted the design, they expanded their supervision department in the company. The firm started to be responsible for the supervision of its various projects to guarantee top-notch quality execution in the final on-ground design. The New Alamein Towers was one of its many projects where the firm was responsible for the supervision of the project.

YBA's expansion included working on projects in governorates, including in the city of New Sohag for the

first time. YBA designed a residential compound for Ebny Real Estate Development. This was the first project that YBA designed for the real estate developer. It also worked on Azalea Resort in the city of New Sohag for the real estate developer. Additionally, it worked on another project in a governorate. The firm developed a residential compound for Master Builders Group (MBG) Developments (an old client) in Ras El Bar, a resort city in Damietta.

YBA worked with a variety of new clients for the first time in 2022. Roaya Developments was one of its new clients. It designed four different projects for Roaya Developments with a variety of sizes, locations and typologies. It worked on a commercial building for Orascom Development

Holding, one of the leading real estate developers in the country, for the first time as well. Some other new clients included Maqam Misr Developments, Housing & Real Estate Investment Company (HDRIC), Anchor Developments and EGICS Group.

Even though YBA focused this year on expansion, it is still working with various older clients. It worked for Talaat Moustafa Group (TMG) again. Pre-Developments and Al Dawlia Developments were other older clients they worked for as well. The firm developed Ai, a mixed-use project for IL Cazar Developments. For Landmark Developments (LMD), YBA worked on the urban design of ST8IGHT, a 550-m² residential compound. Working on the urban design of a project of this magnitude is no easy task, but that is how good they are. This is where YBA is different. Another older client that it also worked with this year and is one of the leading real estate developers is Al Ahly Sabbour Developments.

It worked on a variety of different projects in 2022, including mixed-use buildings, residential compounds and resorts, either in Cairo or in the governorates. By focusing on governorates, YBA has further broadened its scope of projects across Egypt.

Targeting the global scene as well, YBA is working on several mixed-use and residential projects in the Kingdom of Saudi Arabia.

YBA is a leading award-winning multidisciplinary design firm focusing on a variety of services, including architecture, interior design, landscape and urban planning. They have been seeking perfection since 1995 and are constantly looking for new ways to grow to remain at the top of their field.





SUSTAINABILITY

THE GLOBAL TREND AND FUTURE OF REAL ESTATE INDUSTRY IN EGYPT

BY EMAN IBRAHIM

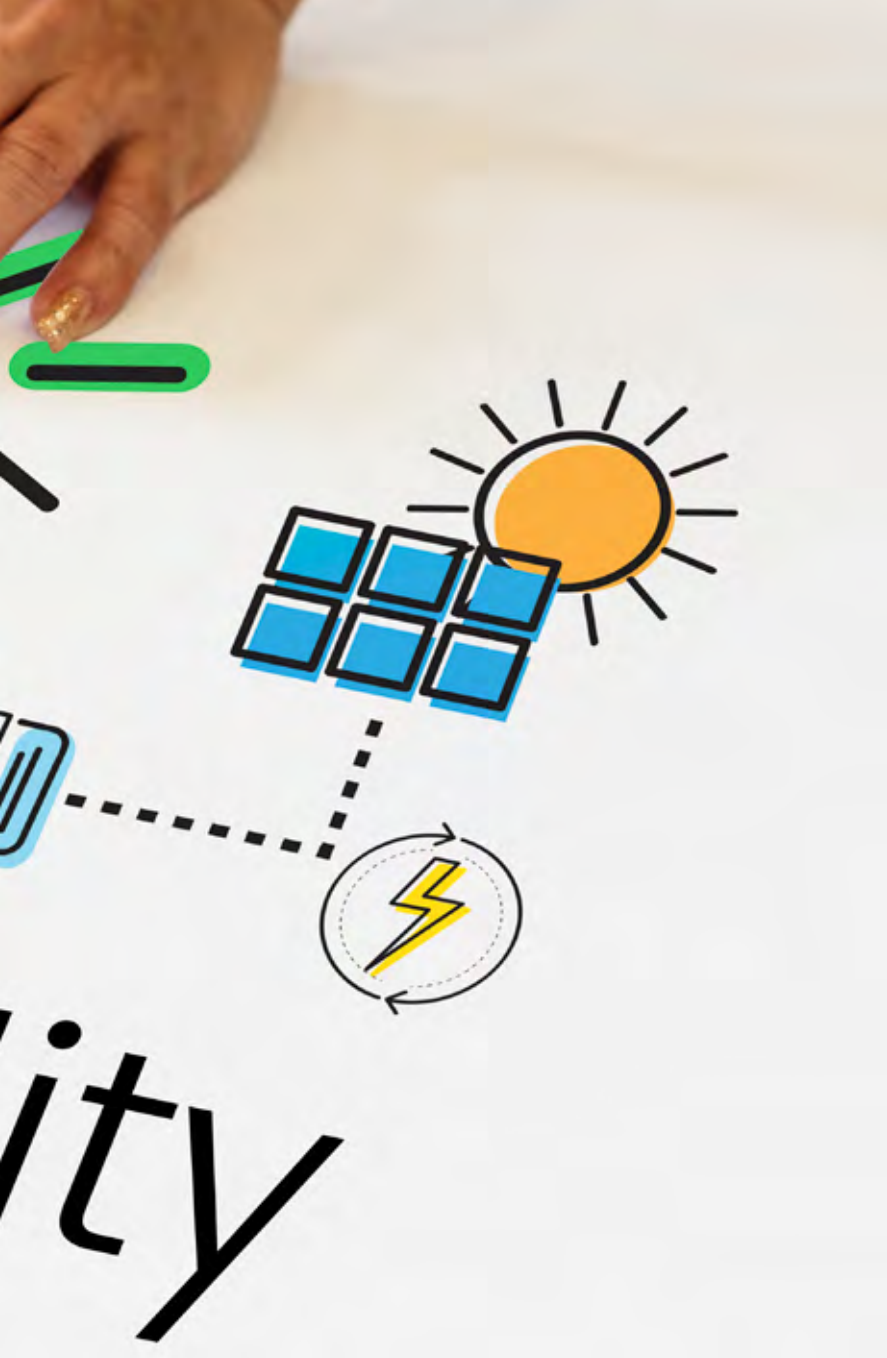
TRANSLATED BY MUHAMMAD KHALID

Eyes were on Egypt in November during the hosting of the United Nations Climate Change Conference (COP27), which attracted a huge global audience. During the event, Egypt showcased a myriad of sustainable and environmentally-aware projects. The event concluded with a range of recommendations to cut carbon emissions.

It is a no-brainer that the real estate sector is among the biggest producers of carbon emissions and the main causes of global warming. The sector produces 40% of global carbon dioxide emissions, according to Forbes.

To zero in on the issue, Invest-Gate interviewed experts regarding the efforts of the Egyptian government and developers to support

sustainability and environment-aware standards and relevant recommendations, in order to reduce emissions and attract foreign capital toward the sustainable property sector as a long-term investment that preserves the environment.



Real Estate Sustainability

Osama Saad Eldin, CEO of the Real Estate Development Chamber, notes: "Egypt embarked on a mission three years ago to move towards green transformation in most sectors, especially real estate. The first manifestation of these efforts was the launch of new cities, starting with the New Administrative Capital, on immense areas with consensual environmental standards, which obligated real estate developers to maintain harmony in all their projects in each city with Egypt's environmental and sustainability policies."

Saad Eldin adds: "Many developers executed projects according to the aforementioned standards. Thus, reducing a big portion of administrative expenses for developers and customers alike, by abandoning some practices that increase carbon emissions, and by use of solar energy."

Sherif Hamouda, Chairman of GV Developments, says: "Developers should now integrate sustainability and environmental standards in their projects, including safe ways to dispose of all types of waste in their projects. This will help the state minimizing its efforts in that field and contribute to decarbonization."

As for GV's vision for sustainable projects, Hamouda comments: "The group will offer its work model soon for all areas, including desalination plants, and won't be confined to property projects, which became compliant with sustainable standards. Future projects [of the company] will adhere to the United Nations sustainability initiative."

He adds: "The Customer is moved by marketing techniques, trends, and general culture in the country. Therefore, real estate projects that support

sustainability and environmental standards gain traction by customers who view them as long-term investments."

Relatedly, Abeer Essam, a board member of the Real Estate Development Chamber at the Federation of Egyptian Industries (FEI), elaborates: "There are new standards for the quality of properties, which are met in clean cities that provide [sustainable] practices to dispose of waste, use renewable energy, and increase green spaces. These practices have become a trend among developers."

Essam remarks: "The application of sustainability standards will make a difference for developers by attracting more customers from Egypt and abroad and secure foreign currency, as inflows from foreign and Arab investors increase. The Real Estate Development Chamber expands the participation of its members in sustainability projects by showcasing available investment opportunities and attracting foreign capital to existing projects."

Solutions and Recommendations for Sustainable Properties

GV Developments' Chairman says: "The real estate sector does not need more pressure. I also call for clear facilities and incentives by the Egyptian government for developers, including launching financing initiatives by the Central Bank of Egypt, enlarging involvement of companies that adopt principles of sustainability in government projects, and providing more facilities in land allocation in terms of price and space. These incentives should lay down clear conditions and precede drafting and enforcing a law providing for more adherence from developers to environmental standards."

Hamouda remarks: "The interests of both developers and unit operators come in line with sustainability principles because they cut their costs by employing healthy practices. Thus, it is a must to put in place clear steps for everybody involved to support that approach in coming projects, in order to fulfill pledges Egypt announced during COP27 and come in agreement with the era's tendency towards the preservation of the environment."

Tackling the same point, Saad El-Din highlights: "The right law should be drafted based on prevalent customs. Therefore, the current mission is to raise awareness among citizens and customers about sustainable real estate projects, and encourage developers to expand implementation of these projects."

On spreading that trend among developers, Saad El-Din notes: "All developers are not equal in terms of liquidity required to implement sustainability standards in their projects. Thus, major companies will be pioneers in the field and then other companies will follow their steps after consideration of customers' demands for units that meet requirements of sustainability."

He explains: "The Real Estate Chamber had a real role and participated in COP27. Some companies affiliated with the chamber signed the United Nations Global Compact's Egypt Sustainable Communities Initiative Declaration, alongside other active entities and international companies in the field. The chamber is studying recommendations by its members in the House of Representatives and the Senate to support developers, in order to implement sustainable mechanisms on a larger scale. That support could be presented from inside Egypt or abroad."

Finally, experts reiterate that the implementation of sustainable standards in the real estate sector has become a pressing necessity for developers in order to promote the state's relevant efforts, cope with global developments, reduce operating expenses, and cut carbon emissions.

EGYPT AND REAL ESTATE EXPORT

GREAT EXPECTATIONS

BY AMAL ABDELWAHAB



Egypt plans to expand in exporting its real estate and make the sector more attractive over the coming period. The country's government is working on a plan to increase exports and facilitate the regulations of exporting the Egyptian real estate.

Over the recent years, Egypt launched around 40 new cities, in addition to the New Administrative Capital (NAC) at East Cairo. These new cities have added \$500 bn worth of assets to the Egyptian state's portfolio.

In this feature, Invest-Gate discusses this topic in depth with Professor Suzanna ElMassah, Economist, Public Policy, Professor of Economics and Sustainability (FEPS-Cairo University), College of Interdisciplinary Studies (ZU).

ElMassah says that the real estate sector represents around 25% of Egypt's gross domestic product (GDP) and contributes to various related industries. The local real estate market is witnessing a remarkable recovery on the supply side, particularly in areas such as the New Administrative Capital (NAC), New Alamein, and Galala city. The global transaction value of real estate exports surpasses \$200 to \$300 bn annually, albeit Egypt's share in this market does not exceed 0.1%.

Recently, the government of Egypt showed much interest in the idea of "Exporting Real Estate". During the Egypt Economic Conference 2022, the government announced a roadmap to develop the real estate sector to boost foreign investment and open new markets to sell Egyptian real estate properties to foreigners.

Egypt & Real Estate Export: Fruitful Breakthrough

The idea of exporting real estate aligns with the surplus in the Egyptian local real estate sector due to the higher cost of production reflected in the market price. Not to mention the real estate tax requirements, which discouraged the local effective demand (ED) of the large segment of Egyptians, reveals ElMassah.

Egypt is a perfect destination for real estate investment; it enjoys moderate weather all the year-round and maintains high levels of security and stability compared to its peer countries regionwide. Given the \$100 billion export declared target, the real estate sector has the potential to contribute to this milestone significantly. Proceeds from real estate exportation can push economic growth forward, increase the GDP level, reduce the burden on the trade balance, and attract foreign currency.

Targeted Segment

There are many types of real estate supply in Egypt, such as residential, commercial, office, and hospitality, with variable prices catering to different segments of foreigners, ElMassah states. She adds that the Egyptian state approved offering residency to foreigners when purchasing properties. Foreigners who own a property worth \$100,000 can receive a one-year renewable residence. Owners of \$200,000 properties are offered a renewable three-year residency, and others holding a \$400,000 unit are granted a five-year residency.

Challenges of Exporting Real Estate

Although the local real estate sector is promising and attractive to foreign investment, particularly amid the urban development the state has been witnessing for the past seven years, some barriers lead to increased risk levels of foreign investment in Egypt's real estate.

Among these barriers is the credibility/trust issues between the property seller and the foreign buyer. This is ascribed to the lack of regulatory bodies for the real estate sector in Egypt. Consequently, this complicates the implementation of the procedures required to register, license, and transfer property ownership. This process becomes much more complicated when purchasing off-plan properties.

Recommended Facilitation

The Egyptian government should process stimulus packages and incentives to successfully manage a good path in exporting Egyptian real estate developments to foreign markets. The alignment of legislative reforms would create a competitive advantage for Egyptian real estate compared to its counterparts worldwide. Accordingly, it is vital to establish a unified regulatory authority for the real estate sector as a reference for both the developer and the client. In addition, the authority would be the source of nationwide relevant data on property units. Moreover, it is important to establish an electronic gateway that includes all ownership transfer and registration procedures, ElMassah suggests.

Furthermore, real estate exports would increase by easing property registration and transfer procedures, especially off-plan units. Providing a category of property units that fulfills foreigners' needs is also crucial. For instance, Arab and GCC clients prefer small, medium, and fully finished units in a fully integrated community. In areas such as the NAC, there is a high demand for commercial and office units, while in the areas of North Coast and Alamein, there is a demand for chalets and villas. Hence, exporting real estate requires a comprehensive and in-depth study of the foreign market to determine the exact needs of foreign investors.

Moreover, it is essential to launch promotional and marketing campaigns showcasing the benefits of owning an Egyptian property, participate in international exhibitions, and use social media platforms to market the Egyptian product. Besides, banks can play a significant role in exporting real estate by offering real estate financing to attract foreign clients and receive payments in foreign currencies. These efforts should go in parallel with qualifying law firms, developers, and brokers to deal efficiently with foreign buyers throughout the transaction process and the after-sale issues, ElMassah concludes.



CCC SHOWCASES ITS KEY PROJECTS IN EGYPT, SUPPORTS SUSTAINABILITY IN LINE WITH COP27

Consolidated Contractors Group (CCC) is one of the leading contractors in the international construction field. The company operates in more than 34 countries throughout the middle east and Africa, the Caribbean, CIS countries, Australia, and Papua New Guinea, with over 35,000 employees composed of more than 60 nationalities. Some samples of the major projects executed by CCC include Riyadh Metro, Princess Nourah Bint Abdulrahman University in Saudi Arabia, Dubai Mall & Dubai Opera in UAE, in addition to Borouh Ethylene Cracker.

The company adopts flexibility in its business model, and this relies on the country it operates in. CCC has a diversified portfolio in all sectors, starting with feasibility studies, into design, procurement, construction, commissioning, operations and maintenance as well as project development. The company participated in implementing industrial plants, high-quality buildings, highways and roads, heavy civil construction for power plants, and oil and gas pipelines.

In this regard, Invest-Gate sits with Mohamed Tarek, the Area Managing Director of North Africa for CCC, to highlight the company's ongoing projects and latest investments, shedding light on the company's biggest achievements in the energy sector.

Following the company's strategy, what new focal points will CCC incorporate into its strategy going forward?

Each country has its own privileges. In Egypt, we implemented an 8,400 MW- plant in the power sector. During COP27, we will inaugurate the Zafarana Solar Power Plant project. We have implemented a huge number of power plants, especially power generation, in Egypt over the past 20 years when compared to other countries. Since CCC started operating in Egypt, the company was keen on implementing high-quality buildings, and now it has the largest market share when it comes to high-quality and high-end buildings, five-stars hotels, and retail projects. This variety in projects led to the current huge market share.

What are the company's latest partnerships?

CCC believes in the importance of having partnerships. They strengthen our presence in the market and support our partners. CCC has partnered with Hassan Allam for more than 20 years, and both cooperated in implementing energy projects. Nowadays, CCC and Hassan Allam have projects in New Alamein, the extension of CFC and Village A, H9 project in Marassi. Further, CCC partnered with Atrium Quality Contractors (AQC) to implement the Four-Season Hotel Madinaty. The company has also joined a joint venture with Badr El Din for construction for Arkan Plam. In addition, CCC had a partnership with Germany's Belectric to build and operate a 50 MW photovoltaic (PV) solar plant in Zafarana. Having various partnerships and being a participant in the market is something good, and we have good relations with all our partners. Having partnerships helps in exchanging experiences and resources, and leads us to have a deep understanding of the market's mechanisms.

What are the company's expansion plans for the coming period? And what is the expected investment value?

Away from all challenges in the market, CCC has an expansion plan following its vision. The value of CCC's contracts under construction is around \$1 bn. CCC has a good backlog in Egypt. The company also has an expansion plan in different sectors, meeting the market's needs, as it has a pool of expertise across the world in all sectors.

What are the company's biggest achievements in the energy sector?

CCC has many achievements in the energy sector, as it has established an 8,400 MW- plant in the power sector. In 2002,

the company implemented Cairo North Power Plant 1 with a capacity of 750 MW, followed by Cairo North Power Plant 2 with the same capacity. Then, the company executed Nubaria Power Plant 1&2 with a capacity of 1,500 MW, followed by Nubaria Power Plant 3 with a capacity of 750 MW. Later, the company implemented other energy projects in Giza, Ain Sokhna, South Helwan, and West Cairo. The majority of these projects have been implemented in collaboration with Hassan Allam. Now, Zafarana plant, funded by KfW Development Bank, started its performance test, and will be inaugurated during COP 27.

What are the challenges facing the company during the running economic crisis and high inflation rates?

CCC is facing the same challenges as most companies in the construction sector, as the company has ongoing contracts with both the private and public sectors. The current situation shows uncertainty. Each project deals differently with the running crises according to its needed criteria. We went through a similar crisis in 2016, as contractors suffered high inflation rates, an increase in imported materials, and high tariffs, in addition to a change in the value-added tax (VAT). The company has managed to overcome all these challenges and succeeded in delivering projects as agreed with clients. In this regard, companies must have internal management systems and know how systems to have real numbers for each project, separately.

Coinciding with COP27, what are the company's efforts to keep sustainability in its projects?

I believe that CCC is one of the companies where sustainability is not a brand, but a culture. This comes due to our presence in several countries across the world. Dealing with the concepts of going green and efficiency is not a luxury anymore. The company's chairman is one of the members at the World Economic Forum's Construction Committee. Part of our vision is to decarbonize our projects. CCC is also the region's first company implementing a green hydrogen project in NEOM, and the first to sign a blue ammonia deal in Qatar, Qafco 7. It is worth mentioning the company does support green initiatives. I think that we are the only company operating with solar power in working sites. Our offices are operated by solar power.

How can the legal and regulatory framework be updated to assist contractors' companies?

Egypt has witnessed a huge construction renaissance over the past seven year. Also, companies operating in Egypt saw growth over the same period. This growth represents an opportunity and a challenge at the same time. Now, Egyptian companies are executing mega projects, including tunnels under Suez Canal, metro, and ports with the highest global standards. As regards competitiveness, Egyptian companies should expand their footprints globally. This could need political support, and I think that this goes with the state's vision. If Egyptian contractors managed to maintain their market share, growth, and competitiveness outside Egypt, the market will witness a huge renaissance in terms of workforce, building materials, and revenues. This could be achieved by offering contractors more facilities and political support. This, in turn, will boost other economic sectors.



AMIDST RISING INFLATION

SUGGESTIONS TO FACILITATE MORTGAGE FINANCE PROCEDURES TO AVERT RECESSION

BY **HEBA GAMAL**

TRANSLATED BY **MUHAMMAD KHALID**

The fast-paced economic developments and crises all over the world resulted in surging prices of many commodities, including building materials, which – in turn – pushed higher the cost of real estate projects and, therefore, caused inflation in property prices. Thus, mortgage finance has become the best and only option to maintain activities in the real estate market.

Implementing a mechanism of mortgage finance for both developers and individuals will revitalize the market, boost sales, accelerate capital turnover, and protect developers from the risk of price fluctuations and potential crises. Therefore, the state did not spare effort in supporting mortgage finance and launched two initiatives for low- and medium-

income citizens. The first initiative has a 3% diminishing interest rate for a maximum term of 30 years, while the second has an 8% interest rate for a maximum term of 25 years. Both initiatives were launched by President Abdel Fattah El-Sisi and supported by the Central Bank of Egypt (CBE) with participation from many companies and Banks.

Despite the success achieved by the two initiatives, there are still some challenges facing mortgage finance in Egypt. Invest-Gate sheds light on relevant challenges and obstacles and highlights top recommendations to tackle them, in order to address the current inflation wave and support the real estate market's efforts to overcome the current economic crisis.

Challenges and Obstacles

In this regard, Alaa Fikri, a member of the Real Estate Investment Division, says: "We have two fundamental issues in the mortgage finance sector. The first is the interest rate which represents a hurdle. For instance, in a 10-year payment plan, the cost of finance would reach 80% of the original amount of the loan, which is a huge percentage." He adds: "The purpose and philosophy of mortgage finance all over the world are based on low-interest rates and long-term installment plans at values equivalent to those paid in cash purchases. However, that system doesn't exist in Egypt."

Fikri notes that the second issue is the procedures of the finance process, which differs from one bank to another and from one company to another, but it generally takes a very long time and, in most cases, customers prefer not to complete the plan with the bank and opt for installment payment systems offered by Developers.

Fathallah Fawzy, Chairman of the Construction Committee at the Egyptian Businessmen Association (EBA), says that interest rate is among the key challenges that face mortgage finance whose success in Egypt depends on granting customers 80% of the value of units, but there are no active initiatives for units offered by the private sector.

In the same vein, Osama Saad Eldin, CEO of the Real Estate Development Chamber, reiterates that mortgage finance is a must, because it has a major role in expanding the financial solvency of real estate developers and customers, but banks set tough executive regulations limited the implementation of mortgage initiatives, which made units inaccessible to many people.

He reveals that Prime Minister Mostafa Madbouly was contacted to solve that crisis, adding that there was a proposal to set units as guarantees for the loan and dictating that, in case of default by customers, developers should pay the whole value to banks.

Furthermore, Basheir Mostafa, CEO of First Group Development, explains during a recent Roundtable by Invest-Gate that the system of mortgage finance in Egypt should be simpler, as it sometimes contradicts the interests of developers. He suggests that banks should modify their internal regulations to finance developers to enable them to launch projects after completing 30% of them, according to presidential directives.

Borrowing Conditions

Many developers requested the CBE to reconsider regulations governing lending real estate developers to avoid high interest rates that are shouldered by real estate companies, which led to hikes in the prices of property products and made it harder for companies to secure financing.

Fikri stresses the importance of adjusting prices to new costs, as the Egyptian pound recently lost 60% of its value, noting that the CBE couldn't continue with prices set before the devaluation of the pound.

Saad Eldin states that a meeting was held with the CBE to discuss borrowing conditions and the Real Estate Development Chamber set some relevant parameters that are currently under study. He comments that, apart from the overestimated interest rates, additional administrative expenses and other fees raise the value of the rates, after the financier and the developer agreed with the bank on certain rates for the loan, which

puts more burden on the developer. Saad Eldin hopes for interest rates to include all expenses, otherwise, developers would be discouraged from borrowing.

The CBE Suspends Mortgage Finance

On November 20th, Prime Minister Mostafa Madbouly issued a decree transferring the responsibility of low interest rate mortgage finance initiatives from the CBE to other government bodies, including the ministries of housing, finance, and tourism. Accordingly, the Ministry of Housing bears the cost of subsidized interest rates of the 3% and 8% initiatives. The CBE also reduced the allocations of the 8% initiative from EGP 50 bn to EGP 15 bn.

Commenting on the decree and its impact on mortgage finance, Abeer Essam, a board member at the Real Estate Development Chamber at the Federation of Egyptian Industries (FEI), explains that the decree was issued after a thorough study and it entails a lot of advantages that are currently considered by the chamber to serve the interest of customers and developers. She adds that mortgage finance is the only way to buy a property in Egypt nowadays and the only solution to the recession in the real estate sector.

She highlights that the chamber introduced recommendations to the Cabinet that aims to determine the amounts of mortgage finance based on the completion of the project, including financing 30% of the unit's price if the concrete structure of the building is completed and 50% if bricks and other layers are completed. By these rules, Essam adds, companies would receive financing in tranches and, consequently, so would customers. She notes that a law on these rules is expected to allow banks to cover part of the prices of property units.

Recommendations to Facilitate Mortgage Finance

Saad Eldin hypothesizes that if mortgage finance initiatives expand to include buildings under construction, not just those that are finished, developers would be encouraged and the market would become more active with more sales. He explains that 90% of developers don't carry out finishing, and when requested to do so, they set exaggerated prices which causes some to decline their offers, as finishing typically takes longer time.

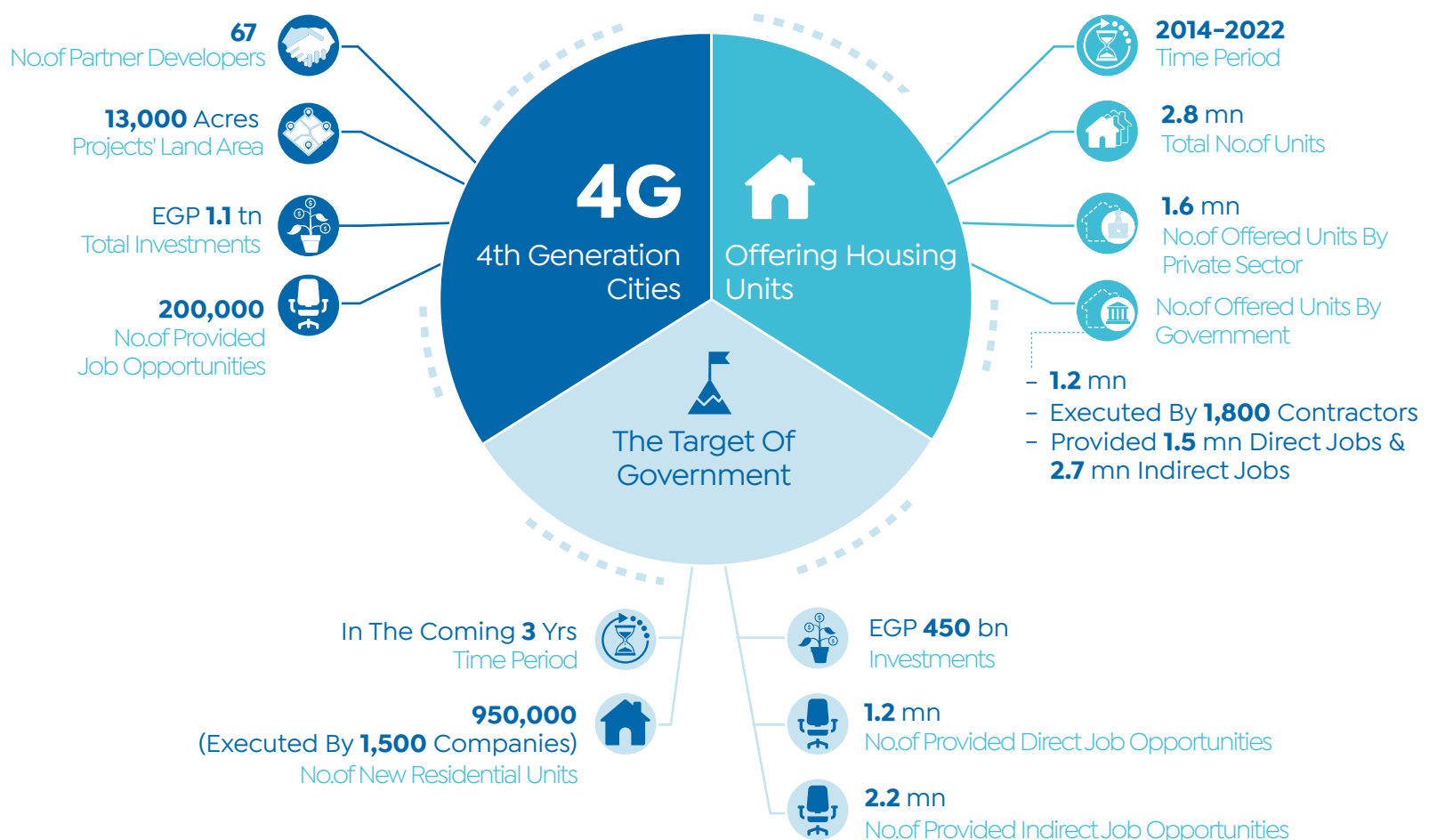
Amin Massoud, Secretary of the Housing and Utilities Committee at the Egyptian House of Representatives, reiterates that it is necessary to look for a new mechanism to include buildings under construction in the mortgage finance initiative to encourage developers, adding that the state must prioritize mortgage finance to vitalize the economic activity.

On the sidelines of one of Invest-Gate's roundtables, Nader Khozam, Chairman of IL Cazar, calls for the financing of units under construction. He says: "The mortgage finance plan should include units under construction alongside the land of the project as a guarantee and the market value of both should be financed. Should that be applied, it would reduce prices for customers and cut costs for developers."

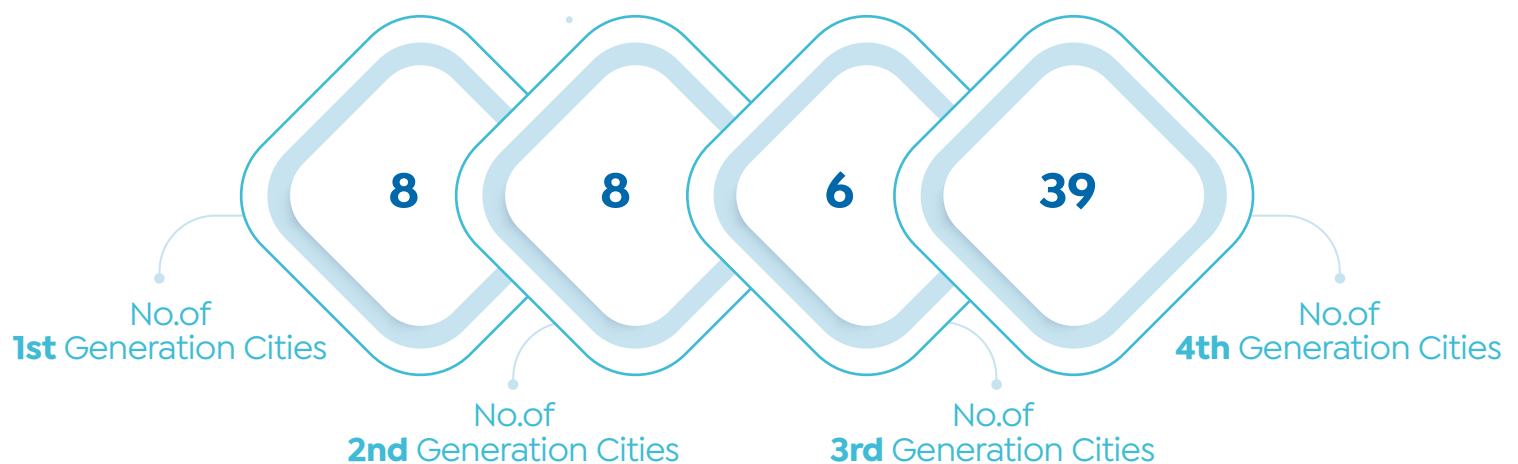
On the other hand, Fikri objects to financing mortgage of buildings under construction, maintaining that this would be construction finance which is another service provided by banks and has special procedures. However, he notes that mortgage finance's procedures must be fast and initiatives should have a timeline. He remarks that initiatives should be long-term to allow for the devising and implementation of investment plans, and should match the average level of income in Egypt. He comments that the state can achieve these suggestions in its projects and tailor conditions of mortgage finance to average income, but the private sector couldn't.

01 | REAL ESTATE MARKET UPDATES 2022

PARTNERSHIP WITH PRIVATE SECTOR



NEW CITIES IN EGYPT

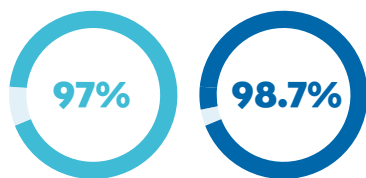


POTABLE WATER & SANITATION PROJECTS' ACHIEVEMENTS

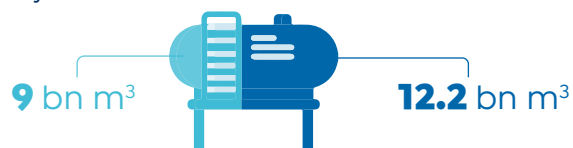
2014 2022

Potable Water Projects

- Coverage Rate



- Capacity Per Year



- Total Length Of Water Networks



Water Desalination Projects

- No. of Plants



- Capacity Per Day



- Targeted Plants

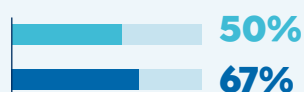
96

- Targeted Capacity

1.44 mn m³/Day

Sanitation Projects

- Coverage Rate



- Total Length Of Sanitation Networks



- Coverage Rate In Villages (Hayah Karima Initiative)



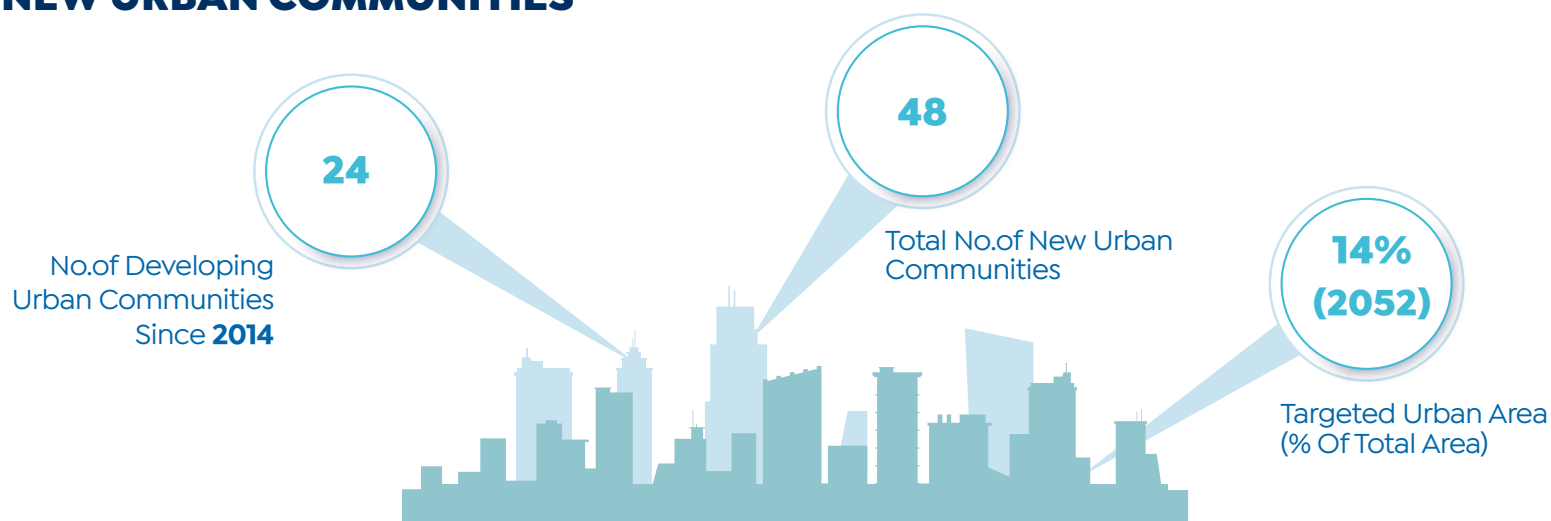
- Capacity Per Year



- Targeted Coverage Rate In The Villages



NEW URBAN COMMUNITIES



Source: NUCA & Cabinet

02 | NEW CITIES UPDATES 2022

UPDATES ON CAPITAL GARDENS

| Housing For All Egyptians



200
NO. OF BUILDINGS



4,800
NO. OF HOUSING UNITS



Underway
STATUS

UPDATES ON NEW OCTOBER CITY

| Housing For All Egyptians



West Airport
LOCATION



8,136
NO. OF EXECUTED UNITS



35,496
NO. OF UNITS UNDERWAY



EGP 9 bn
COST

UPDATES ON 6TH OF OCTOBER

| Middle-Income Housing Axis



Residential Industrial Area
LOCATION



70 Acres
AREA



85
NO. OF BUILDINGS



2,040
NO. OF HOUSING UNITS



68%
COMPLETION RATE

UPDATES ON OBOUR CITY

| Social Housing



2nd Neighbourhood
LOCATION



32
NO. OF BUILDINGS



616
NO. OF HOUSING UNITS



90 & 132 m²
UNIT AREA

03 | PRIVATE REAL ESTATE PROJECTS UPDATES 2022



NEW COASTAL PROJECTS

NEW PROJECT (NAME: N/A)

Developer: Concrete Plus



LOCATION

Sidi Henish,
North Coast



AREA

325 Acres



EXPECTED COST

EGP **8 bn**



EXPECTED SALES

EGP **20 bn**



NO.OF UNITS

1,300

LAZULI

Developer: Rekaz Developments



LOCATION

Hurghada



AREA

40,000 m²
BUA: **20%** Of
Project Total Area



TOTAL INVESTMENTS

EGP **250 mn**

FACILITIES

- Clubhouse
- Swimming Pools
- Sports Track
- Central Park
- Commercial spaces
- Hotel
- Gym & Spa

THE CYAN

Developer: Empire State Developments



LOCATION

Ras Sedr City



AREA

14 Acres



NO.OF UNITS

473



UNITS TYPE

Twin Houses,
Studios & Chalets

FACILITIES

- Swimming Pools
- Kite Surfing
- Central Park
- Hotel
- Cafes & Restaurants



NEW COMPLEX PROJECTS

INNOVIEW

Developer: NCB Developments



LOCATION

NAC



INVESTMENTS

EGP **750 mn**



TARGETED SALES OF PHASE I

EGP **350 mn**

SUPPLY VOLUME

- 4** Underground, Ground & **14** Floors
- Floors (**1-3**) For Commercial Purposes
- Floors (**4-14**) For Administrative Purposes

Source: Developers' Official Statements

04 | ECONOMIC SNAPSHOT

UPDATES 2022



INTEREST RATES



* MPC Meeting Was Held On Oct 27



MONEY SUPPLY (EGP MN)



DOMESTIC LIQUIDITY (EGP MN)



ANNUAL HEADLINE INFLATION

SEP-2022 **15.0** **↑** OCT-2022 **16.2**



NET INTERNATIONAL RESERVES (USD BN)

SEP-2022 **33.198** **↑** OCT-2022 **33.411**

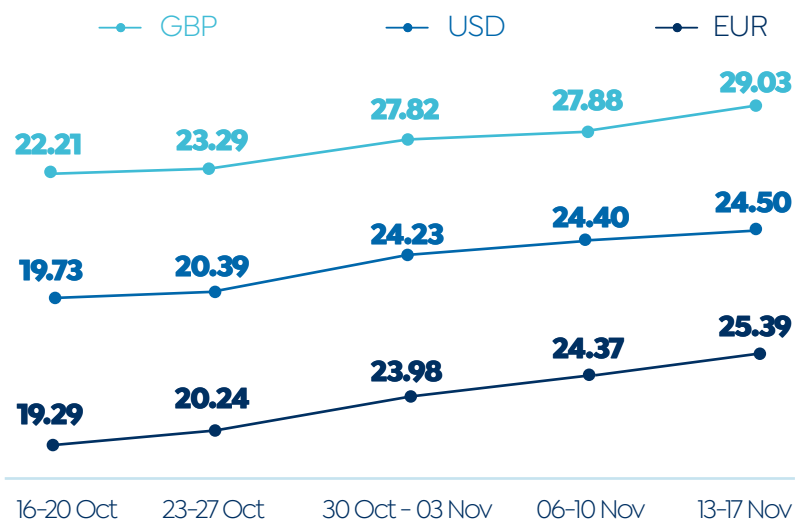


PURCHASING MANAGERS' INDEX (PMI)

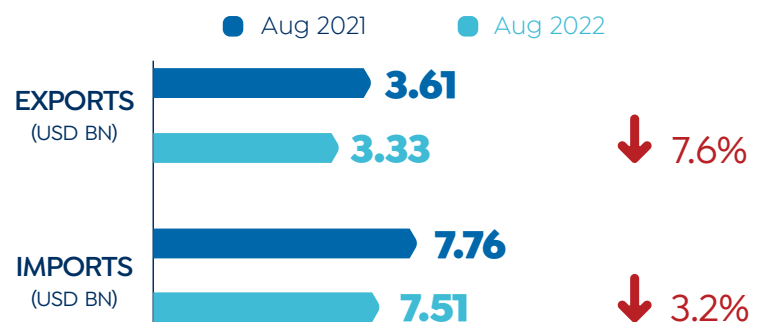
SEP-2022 **47.6** **↑** OCT-2022 **47.7**



EXCHANGE RATES



TRADE DEFICIT (USD BN)

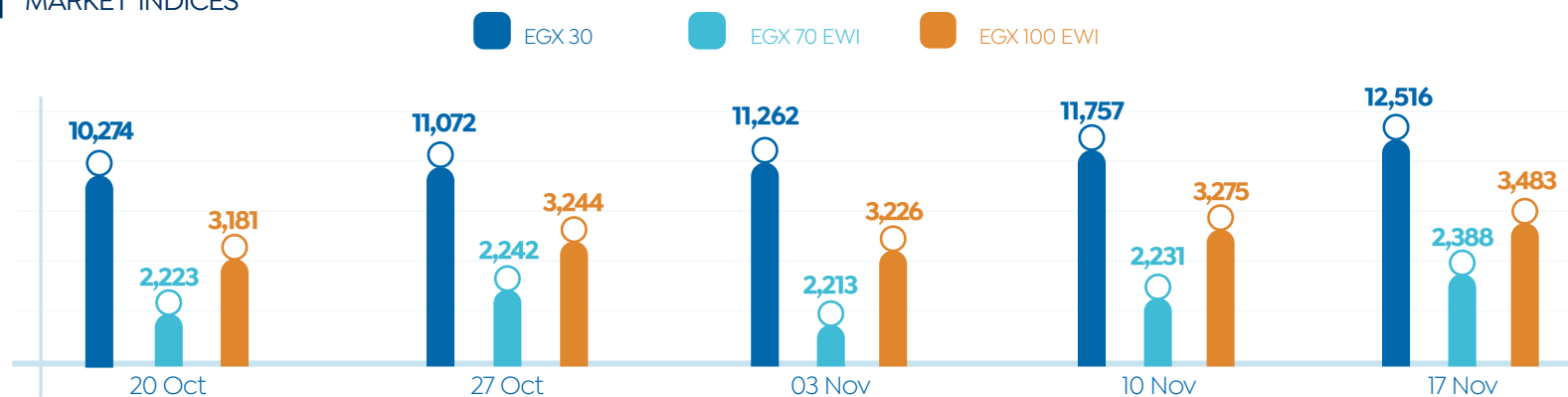


Source: IHS Markit, CAPMAS, CBE & FEDCOC

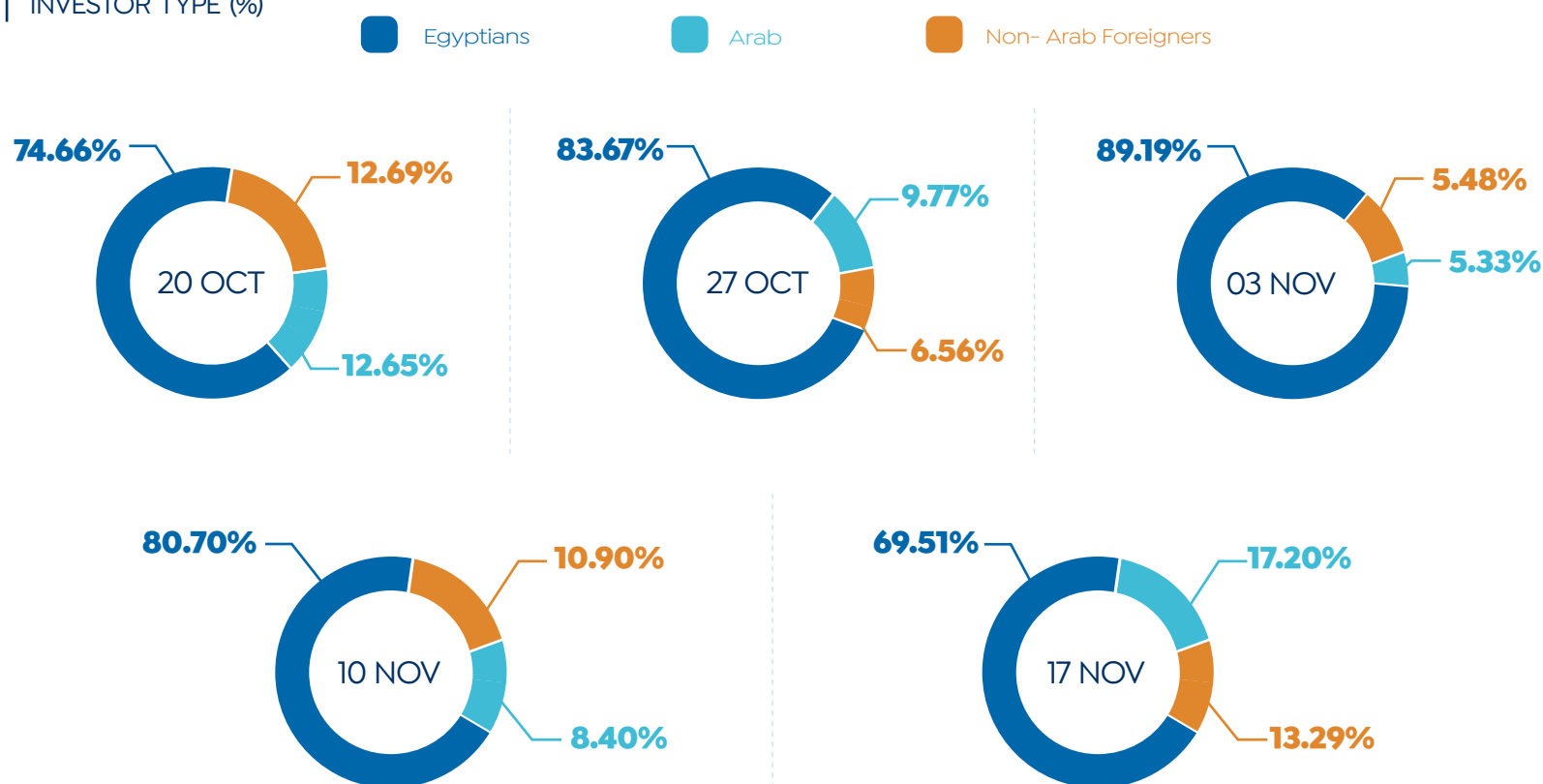


CAPITAL MARKET INDICATORS

MARKET INDICES

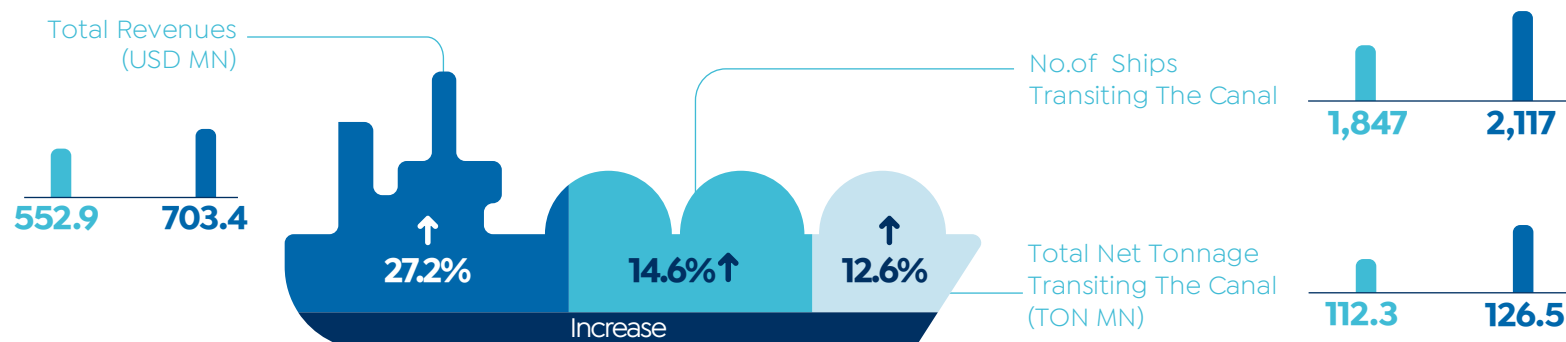


INVESTOR TYPE (%)



SUEZ CANAL

Oct 2021 (Light Blue) Oct 2022 (Dark Blue)



FOR ACCESS TO FURTHER
IN-DEPTH ANALYSIS
PLEASE SCAN





EXPERTS LIST REASONS FOR RECESSION
IN REAL ESTATE RESALE

MODIFICATION OF BANKING FINANCE NAMED BEST SOLUTION

BY EMAN IBRAHIM

TRANSLATED BY MUHAMMAD KHALID

Egyptian's views on properties have changed over years, as they see it as a safe investment, not just a place for residence. With the offering of many projects and the building of new cities, many opt for the resale of their properties to move to these cities as a long-term investment. Despite the development of purchases, real estate resale has faced some troubles including procedures for changing the registration of properties and the transfer of ownership.



Experts interviewed by Invest-Gate regarding their views on the reasons behind the recession in the resale market agreed that the main reason is customers' desire to collect the price of properties in cash. Another reason is the long-term installment periods that developers offer for new units, along with mortgage initiatives focusing on units under construction. In spite of these obstacles, experts consider banks to be the best solution to revive the resale market which can be realized by developing conditions for banks' initiatives to include bigger real estate segments.

Obstacles Facing the Resale Market

Ahmed Nasr, Chairman of Bousla Real Estate Development, says that customers' shift towards resale in the real estate market comes due to low unit prices compared to new units. However, cash is still the biggest hurdle deterring the reviving of the resale segment, for customers always want to collect money to enter into new projects.

Nasr adds that among the obstacles is that most customers prefer units under construction to receive facilities from developers or banks' mortgage services. Impediments also include relocation by a big chunk of customers to new cities, which is considered an investment with a longer term.

For his part, Head of the Egypt Office at the International Real Estate Federation (FIABCI), mentions that the reasons that push the resale segment into stagnation are the economic conditions, not just in Egypt,

but globally, which urge some people to save liquidity as a hedge against adverse circumstances, weakening their purchasing power amid increased supply.

In that regard, Ashraf Dowidar, a developer, reiterates that most citizens resort to properties as safe investments and tend to resell their units. Should any obstacles face them during resale, customers would refrain from purchasing units for investment and opt for other methods and buy properties just for residence, he adds.

Dowidar remarks that the biggest hurdle facing resale is cash, as customers desire to collect the full unit price at sale while developers collect their dues in installments. Therefore, he explains, most customers choose underway units for discounted installments. Dowidar maintains that the property supply is always less than demand, which keeps prices high, but – under recent global economic crises – customers won't pay all their savings in cash for a property due to uncertainty. For that reason, he elaborates, the long-term installment, guaranteed by mortgage initiatives, is the best solution for customers.

Resale Accounts for Less Than 10% of Sale Transactions

Abeer Essam, a board member at the Real Estate Development Chamber at the Federation of Egyptian Industries (FEI), says that the resale market, generally, does not suffer from stagnation in villages or cities, but more investors redirect their investments to new cities.

She claims that a customer who buys a property of up to EGP 5 mn in installments from a developer, would prefer to sell it in cash to enter into another investment, which should put pressure on buyers opting for mortgage initiatives that enable them to pay the price in installments.

Additionally, all property sales, Essam explains, don't struggle, as several financing solutions and alternatives are now available. She says that challenges facing the resale market, which makes up only less than 10% of property sales, don't impact the real estate market, which is manifested during the launch of any initiative whether by companies or banks that receive high demand from customers.

Recommendations For Revival

To revive the resale segment of the real estate sector, the Chairman of Bousla Real Estate Development calls for eased financing conditions and payments that allow the customer to pay a part of the unit price as a down payment and pay the remainder in installments.

Taha remarks that mortgage initiatives haven't moved the real estate market largely in 2021, as their conditions don't match with many offered projects, adding that the market doesn't require decisions to recover but needs economic mechanisms that support growth and urge customers to purchase.

Taha notes that his company builds many property projects with solid infrastructure, and to boost their growth, investments should be pumped into the economic activities of residents to attract customers and boost sales. He highlights that the state's projects for the rehabilitation of historical districts shed light on these areas which contribute to bolstering resale and attracting investment.

In a similar vein, Dowidar, comments that the resale market will be revived by banks through modification of the condition that units must be under construction which saves liquidity for customers and developers. It can also alleviate debt burdens for developers to enable them to launch more projects.

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NEW CAIRO:

WADI DEGLA SPORTING CLUB - AL TAGMOA AL AWAL
WADI DEGLA SPORTING CLUB - LOTUS, NEW CAIRO

ALEX:

WADI DEGLA SPORTING CLUB - MOHARAM BEK, ALEX

ASSIUT:

WADI DEGLA SPORTING CLUB - NEW ASSIUT, ASSIUT

6TH OCTOBER:

WADI DEGLA SPORTING CLUB - AL WAHAT ROAD, AL RAWDA COMPOUND
WADI DEGLA SPORTING CLUB - AL CENTRAL ST., FIRST DISTRICT

HELIOPOLIS:

WADI DEGLA SPORTING CLUB - AUTOSTRAD - CAIRO AIRPORT

DAMIETTA:

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