



# Market Watch

## Residential Real Estate Report Q1 2023

Egypt

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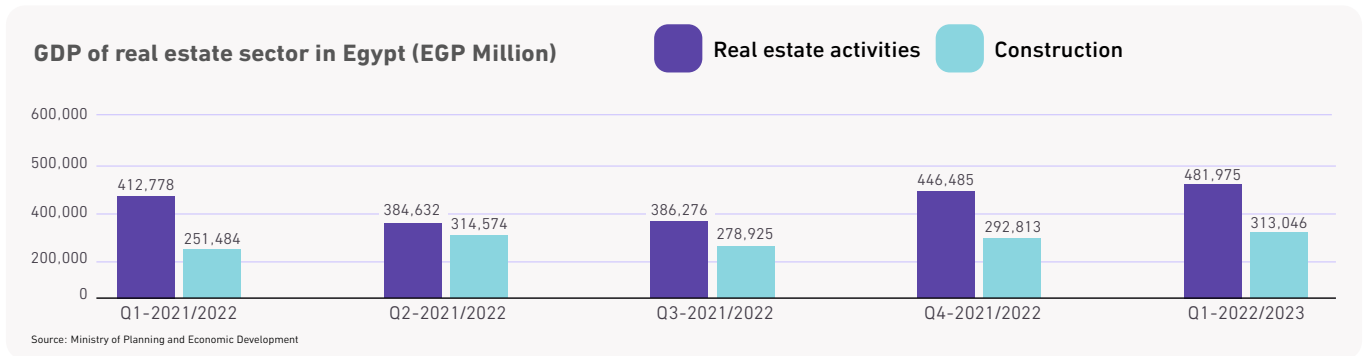
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## Economic Overview

Egypt's real GDP growth experienced an increase of 4.4% in Q3 2022, as compared to 3.3% in Q2 2022. In addition to the latest figures released by the Ministry of Planning and Economic Development, the preliminary data shows a GDP growth of 6.6% in FY 2021/2022, marking a significant increase from 3.3% in the previous year.

According to the most recent data from the Ministry of Planning and Economic Development, the real estate activities and construction sectors accounted for a noteworthy 17.25% contribution to Egypt's GDP in the fiscal year 2021/2022. Notably, during the first quarter of the subsequent fiscal year (2022/2023), the real

estate activity sector demonstrated remarkable performance, with a gross domestic production valuation of approximately 482 billion EGP. This marked an impressive growth rate of 8% when compared to the preceding quarter (Q4 2021/2022) and a substantial 17% increase when compared to the corresponding quarter of the previous fiscal year (Q1 2021/2022). Similarly, the construction sector displayed significant growth, with a notable 7% growth compared to Q4 2021/2022 and an impressive 24.5% surge compared to Q1 2021/2022. These findings underscore the positive momentum and substantial contributions of the construction and real estate sectors to Egypt's economic performance.





The Central Bank of Egypt, in a meeting with the Monetary Policy Committee (MPC) on March 30th, 2023, announced its decision to increase the overnight deposit rate, overnight lending rate and the rate of the main operation by 200 basis points each. As a result, the rates now stand at 18.25%, 19.25% and 18.75% respectively. Additionally, the discount rate was also raised by 200 basis points to 18.75%.

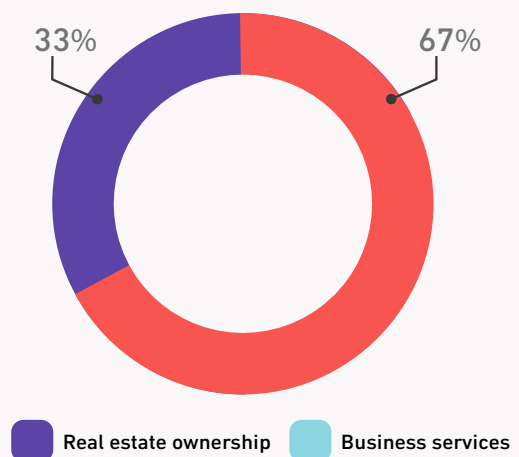
The high-interest rate is a result of the high rate of inflation and the exchange rate instability. According to the Central Agency for Public Mobilization and Statistics' monthly report released on April 10, 2023, the urban CPI inflation for March 2023 stood at 2.7%, showing an increase from 2.2% in the same month of the previous year and a decrease from 6.5% in February 2023. Consequently, the annual urban inflation rate for March 2023 reached 32.7%, slightly higher than the 31.9% recorded in February 2023.

According to the Central Bank of Egypt, the monthly core CPI inflation for March 2023 was measured at 2.5%, indicating a decrease from 3.1% in the same month of the previous year and a significant drop from 8.1% in February 2023. Consequently, the annual core inflation rate for March 2023 was recorded at 39.5%, slightly lower than the 40.3% recorded in February 2023.

The state of instability in the real estate market began in March 2022 when the exchange rate was first liberalized. The US dollar increased from 15.65 to over 19 Egyptian pounds. The stability of the exchange rate at 19.50 did not last long. After a few months, the exchange rate was liberalized again, surpassing 24 Egyptian pounds, and it was once again liberalized by the end of 2022, reaching 30.83 Egyptian pounds.

The increase in the dollar exchange rate was not the only obstacle faced by the real estate sector in 2022. The interest on loans increased by approximately 8%, with the latest increase being 3% in December last year, resulting in a deposit and lending interest rate of 16.25% and 17.25% respectively.

**Real estate activities by sub sector Q1 - 2022/2023**



# Market Prospects

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In this part, we will delve into the dynamic world of real estate in Egypt, exploring the new projects that are driving real estate growth, offering new opportunities for residents and investors alike.



**Q1 2023**

The residential and mixed-use real estate component recorded a significant number of ongoing projects, totalling 522 worth USD 309,919 million. These projects accounted for approximately 50% of the total number of projects and constituted approximately 83% of the total investments.

The Capital, Cairo, attracted the majority of residential real estate investments, representing approximately 59% of the total investment. This equated to around 236 projects spread across 23 different areas and communities. Notably, the New Administrative Capital accounted for approximately 44% of the total investments in Cairo, followed by New Cairo with around 35% and Madinaty with 8.4%.

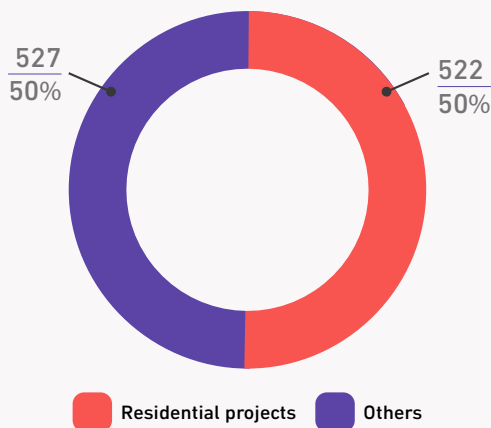
In Giza Governorate, residential real estate investments amounted to approximately 15% of the total, covering eight distinct areas and communities. Among these, October City captured over 59% of the investments, while Sheikh Zayed City accounted for 22% of the total investment. Consequently, Greater Cairo acquired



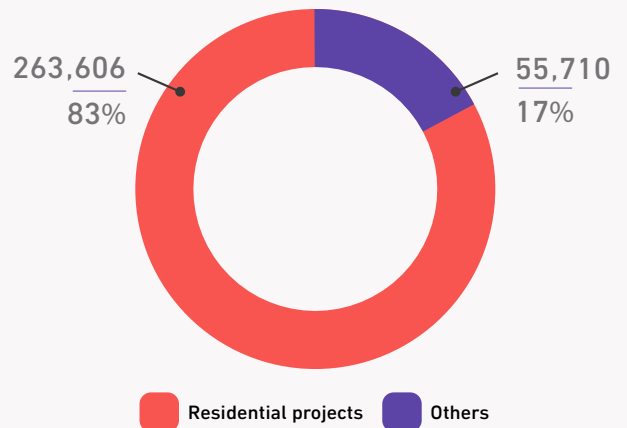
approximately 74% of the total residential real estate investment.

To summarize, the real estate market in Egypt exhibits promising prospects, with a multitude of ongoing projects driving growth. The capital city of Cairo and the Giza Governorate are key investment destinations in the country.

**Ongoing projects till Q1 2023**



**Value of the ongoing projects till Q1 2023**

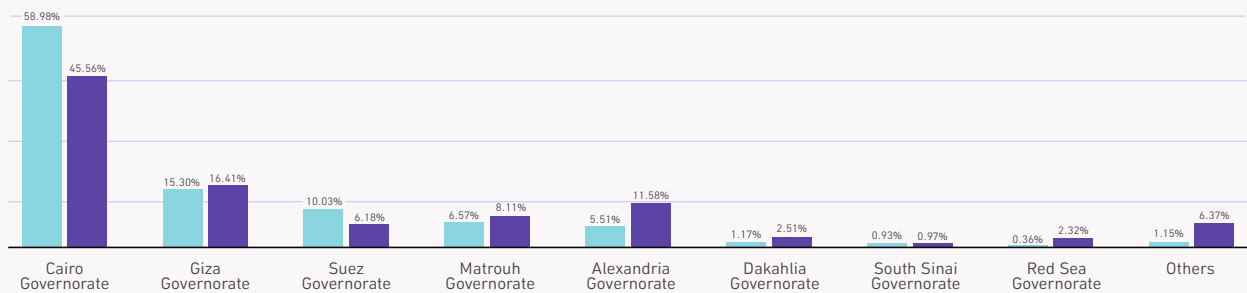


The ongoing real estate projects in Egypt span across 21 Governorates and have reached advanced stages of development. Out of these projects, approximately 52% have surpassed the halfway mark. Moreover, approximately 12% of the projects are nearing completion, with over 90% of the construction already finished. Another 15% of the projects are currently between 75% and less than 90% complete.

The construction of projects in Cairo has made substantial progress. Around 61% of the projects in Cairo are more than halfway through the construction process. Additionally, 14% of the projects are in the final stages of completion. Meanwhile, approximately 30.5% of the projects are in the range of 50% to 75% completion, and around 16% of the projects are between 75% and 90% complete.

**The distribution of ongoing projects by Governorate till Q1 2023**

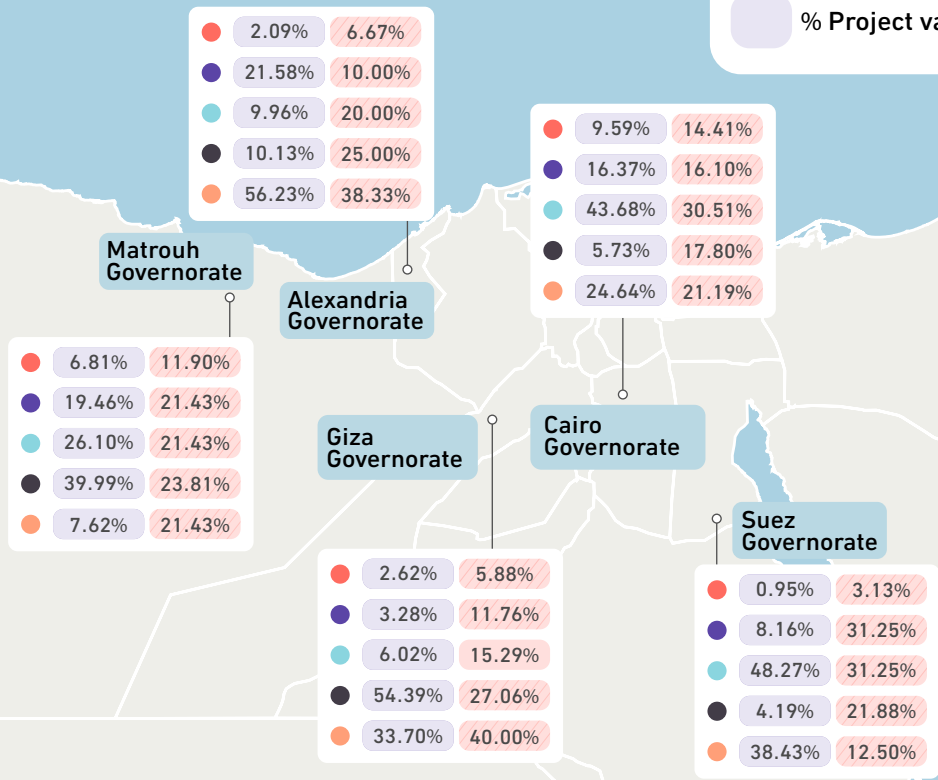
Project value (Cyan)    Number of projects (Purple)



# Ongoing Projects Progression by Governorate

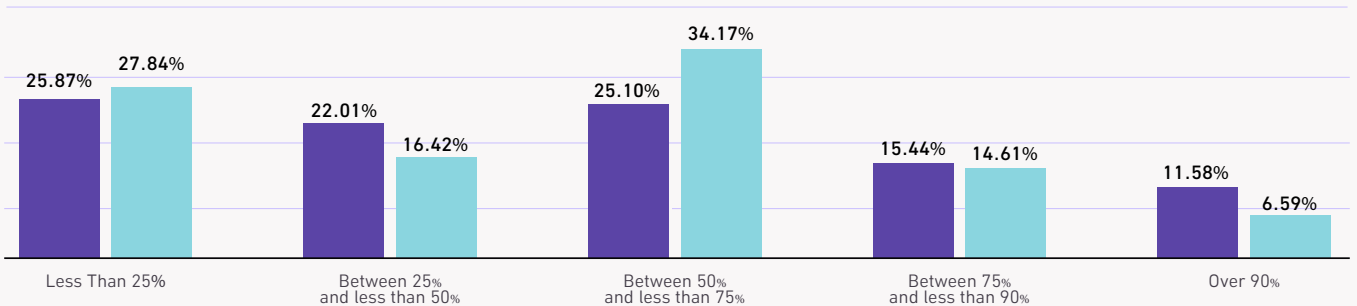
- Over 90%
- Between 75% and less than 90%
- Between 50% and less than 75%
- Between 25% and less than 50%
- Less than 25%

  % Project value   % Project volume



Progress of projects in terms of volume and value

  Project volume   Project value





## Launched Projects in Q1 2023

In comparison to Q1 2022, the number of newly launched real estate projects in Egypt experienced a significant decline of 77%. This decline can be attributed to the rising construction costs observed since Q4 2022. However, Q1 2023 saw the commencement of construction for approximately nine projects across four Governorates, with an estimated total cost of USD 1 billion. It is anticipated that the number of projects will increase to 15 in Q2 2023.

A total of eight developers have taken the responsibility for developing new projects in Q1 2023. Naia Development, formerly known as Jumeirah Egypt Real Estate Investment, estimated their investment to be approximately USD 370 million, representing around 37% of the total investment in Q1. And Times Development had planned investments of around USD 252 million, allocated for two projects located in New Cairo and Al Rehab.

Cairo accounted for 44% of the total launched projects. New Cairo, specifically, initiated three notable projects namely Aster Residence, Icon Garden and compound in Al Rehab. Aster Residence is projected to reach completion by 2025, while the remaining projects are expected to be finalized by 2026.

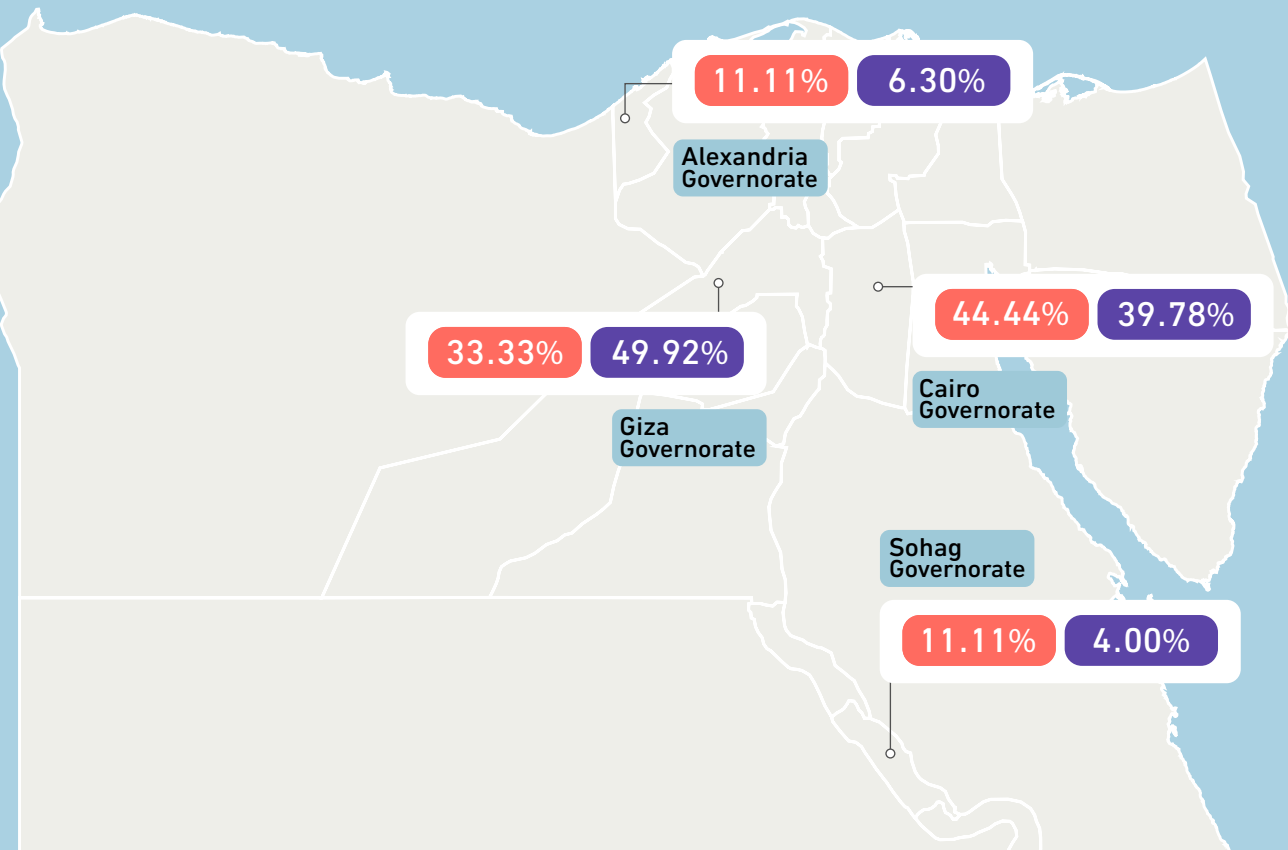
Giza Governorate captured 33% of the total new projects launched in Q1. New Zayed City, within Giza, was the sole recipient of these launches. Notable projects in New Zayed City include Advida, Dejoya compound and Naia West. The completion of the last project is planned for 2028, while Advida is expected to be finalized in 2023.

Furthermore, additional projects were launched in other Governorates. Sohag Governorate introduced the Roots compound in New Sohag, while Alexandria's North Coast witnessed the launch of a project called the Waterway, with an anticipated completion date of 2027.

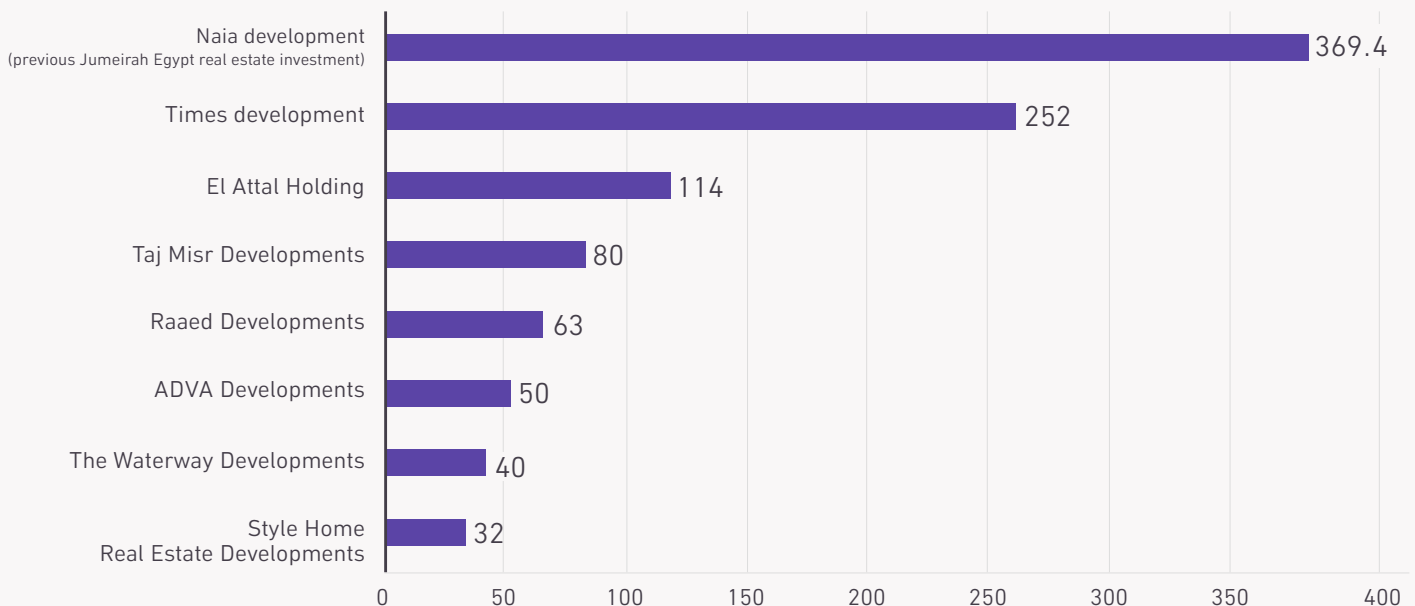


# Launched Projects in Q1 2023 by Governorate

● % Projects volume  
● % Projects value



## Value of new projects by developers (USD Mn)





### **Delivered projects in Q1 2023**

During Q1 2023, a total of 17 projects were successfully delivered in Egypt, amounting to a combined value of USD 1,304 million. This represents a notable increase of approximately 31% in terms of the volume of projects compared to Q1 2022, and a 32% increase in terms of value when compared to the same period.

Among these projects, approximately 24% were located in Cairo, with New Cairo being the focal point of development. Impressively, New Cairo accounted for 50% of Cairo's delivered projects, contributing an impressive 92% to the total value of projects. The New Administrative Capital also contributed significantly to the delivered projects in terms of value.

Palm Hills Developments (PHD) emerged as a prominent developer, completing 662 buildings in the Palm Hills-Fera New Cairo project. Their investment in

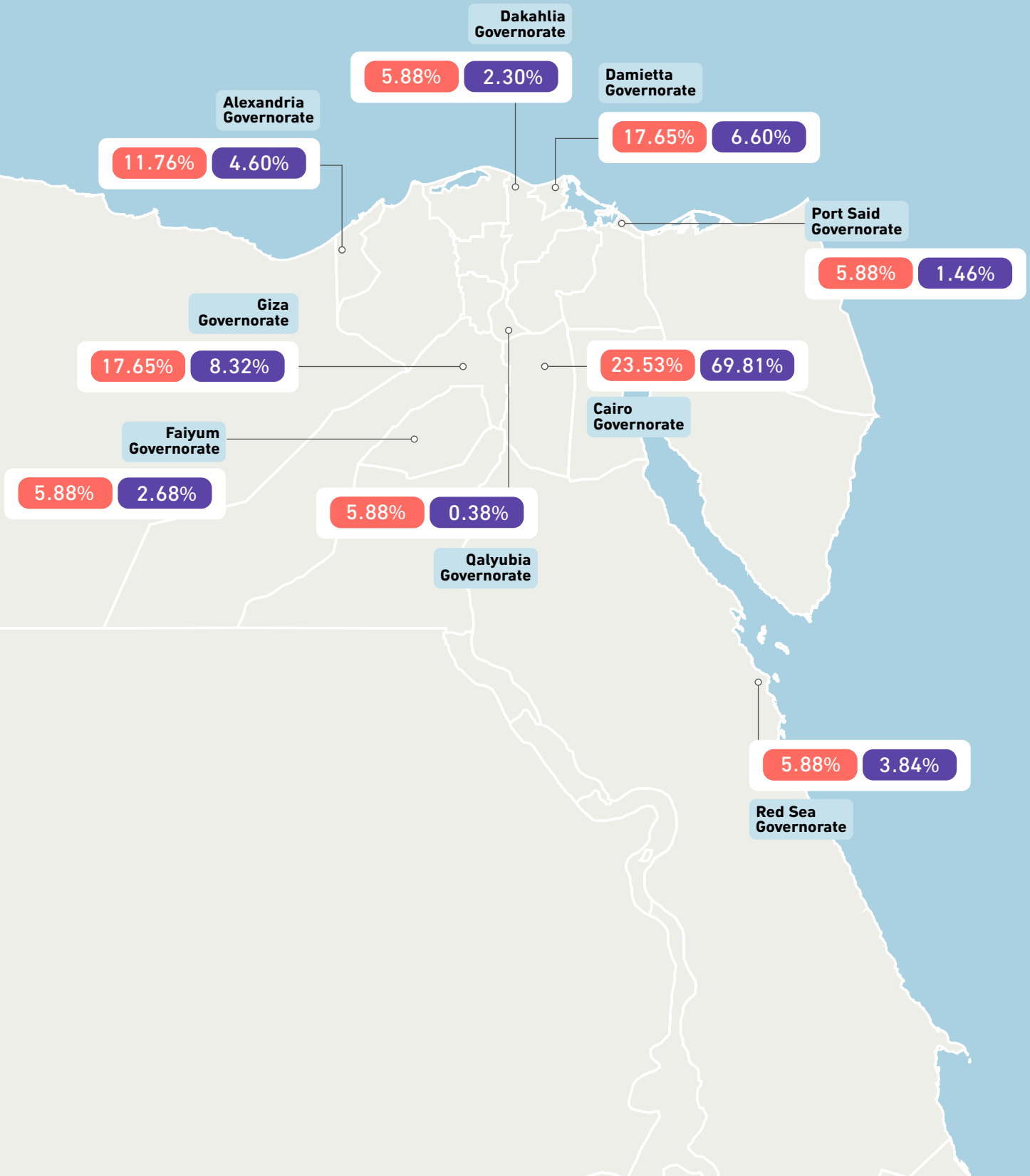
this venture was valued at USD 640 million. Additionally, Cairo Investment and Real Estate Development (CIRA) invested approximately USD 200 million in the Katameya Dunes Compound, situated in New Cairo which was completed in Q1 2023.

Moving to Giza Governorate, it accounted for 18% of the delivered projects, with a total value of USD 108.5 million. SODIC played a significant role in Q1 2023, completing USD 44.5 million worth of projects in phase two of The Estates compound in Sheikh Zayed. Memaar Al Morshedy also made a noteworthy contribution by delivering the LakeFront compound in 6th of October City.

Overall, Q1 2023 witnessed a successful delivery of multiple real estate projects across Egypt, with New Cairo and Giza Governorate being key areas of focus. Prominent developers such as Palm Hills Developments and SODIC played instrumental roles in driving these successful deliveries.

# Delivered Projects in Q1 2023 by Governorate

● % Projects volume  
● % Projects value



# Market Trends

## Market Trends Q1 2023

In this part, we analysed the top five areas in demand according to Property Finder's most searched areas. The top areas are determined as per the listings on our portal, classified by residential Apartments and Villas/Townhouses for sale or rent purposes, along with the price movement for each location.

The Return-on-Capital-Gains (ROCG) is calculated by comparing the average sales price of properties in Q1 2022 to its current value in Q1 2023.

The Return On Investment (ROI) is calculated by dividing the annual return on a rental property by the total investment on the property in 2023.

## Sales Market Trends Q1 2023

Property Finder proprietary data revealed that New Cairo City, 6th of October City, Hay El Maadi, Hay Sharq and Nasr city were the top preferred choices for those who wanted to own an Apartment, while New Cairo City, 6th of October City, Hurghada, Madinaty, New Cairo City and New Capital City were the top preferred areas for Villas either for investment or residential purposes in Q1 2023.

As per the Property Finder proprietary data, the average asking price for Apartments in Q1 2023 surged by 30% compared to Q1 2022. The reason behind this upward trend is the devaluation of the Egyptian currency and the prevailing high inflation rate on the construction costs in the real estate sector. Consequently, developers have experienced a significant negative effect on their profitability. Additionally, there has been a notable trend of buyers rushing to purchase real estate, in an attempt to hedge against the drop in value of the local currency against the dollar.

The data shows that one-bedroom Apartments' average sales price increased from EGP 965 thousand to EGP 1.25 million, while two-bedroom Apartments' prices rose from EGP 1.35 million to EGP 1.6 million. The three-bedroom Apartments' sales price witnessed a significant increase from EGP 2.27 million to EGP 2.55 million.

The average Apartment price varied from location to location. New Cairo City experienced the highest average price for one and two-bedroom Apartments. The surge in average prices has led to the ROCG increase for one, two and three bedrooms respectively.

Hay Sharq in Alexandria and Hay El Maadi also observed a notable increase in Q1 2023 compared to Q1 2022. Three-bedroom Apartments in both areas witnessed a 21% and 16% increase respectively.

One Bedroom	Q1 2022 Average Price	Q1 2023 Average Price	ROCG
New Cairo City	1,600,000	1,950,000	21.88%
6th of October City	850,000	1,050,000	23.53%
Hay El Maadi	575,000	792,000	37.74%
Hay Sharq	1,000,000	1,435,000	43.50%
Nasr City	600,000	1,040,000	73.33%

Two Bedrooms	Q1 2022 Average Price	Q1 2023 Average Price	ROCG
New Cairo City	1,905,000	2,450,000	28.57%
6th of October City	1,200,000	1,320,000	10.00%
Hay El Maadi	1,350,000	1,700,000	25.93%
Hay Sharq	1,300,000	1,700,000	30.77%
Nasr City	1,000,000	1,200,000	20.00%

Three Bedrooms	Q1 2022 Average Price	Q1 2023 Average Price	ROCG
New Cairo City	2,240,000	3,000,000	33.93%
6th of October City	1,800,000	2,000,000	11.11%
Hay El Maadi	2,550,000	3,087,500	21.08%
Hay Sharq	2,800,000	3,250,000	16.07%
Nasr City	1,650,000	1,950,000	18.18%

## Sales Market Trends for Villas Q1 2023

In Q1 2023, there was a significant increase of 25% in the average asking price for Villas, as compared to Q1 2022. The data indicates that the average sales price of three-bedroom Villas rose from EGP 5.4 million to EGP 6.4 million, while four-bedroom Villas saw an increase from EGP 7.8 million to EGP 9.6 million. The average sales price for five-bedroom Villas saw a surge from EGP 9.4 million to EGP 12 million.

The average price of Villas varied depending on the location. Madinaty witnessed the highest average price for three, four and five-bedroom Villas, leading to a 23%, 39.5% and 34% increase in Return-On-Capital-Gains (ROCG) respectively. However, the surge in the average price was not exclusive to Madinaty, as Hughada recorded the highest ROCG, with a 46% increase for five-bedroom Villas. Additionally, New Capital City saw a 36%, 14% and 22% increase in ROCG for three, four and five-bedroom Villas respectively.

Three Bedrooms	Q1 2022 Average Price	Q1 2023 Average Price	ROCG
6th of October City	5,000,000	5,554,500	11.09%
Hurghada	6,050,000	7,000,000	15.70%
Madinaty	6,500,000	8,000,000	23.08%
New Cairo City	6,750,000	8,000,000	18.52%
New Capital City	5,000,000	6,000,000	36%

Four Bedrooms	Q1 2022 Average Price	Q1 2023 Average Price	ROCG
6th of October City	6,500,000	7,800,000	20%
Hurghada	9,800,000	11,000,000	12.24%
Madinaty	10,750,000	13,000,000	20.93%
New Cairo City	8,500,000	10,000,000	17.65%
New Capital City	8,000,000	9,500,000	18.75%

Five Bedrooms	Q1 2022 Average Price	Q1 2023 Average Price	ROCG
6th of October City	8,500,000	10,500,000	23.53%
Hurghada	10,000,000	11,730,000	17.30%
Madinaty	14,000,000	18,750,000	33.93%
New Cairo City	12,000,000	13,500,000	12.50%
New Capital City	11,000,000	12,500,000	13.64%

## Rental Market Trends for Apartments

Property Finder proprietary data revealed that New Cairo City, 6th of October City, Hay El Maadi, Madinaty and Nasr City are the preferred choices for Apartments for renters in Q1 2023.

According to Property Finder asking price data, rents in Egypt increased significantly in Q1 2023 compared to Q1 2022. On average, rent prices have increased by 24%, with two and three-bedroom Apartments' rents increasing by 23% and 22%, respectively.

The most searched area, New Cairo, recorded the highest price change compared to Q1 2022 with the average rent for a two-bedroom increasing by 30%. same as Hay El Maadi for a one-bedroom Apartment.

Hay El Maadi, one of the most searched areas for one-bedroom Apartments, saw the highest ROI of 9.85% among the most searched areas. 6th of October City followed with a 9.14% ROI.

One Bedroom	Q1 2022 Average Price	Q1 2023 Average Price	ROI (Rental Yield)
New Cairo City	9,000	11,000	6.77%
6th of October City	6,500	8,000	9.14%
Hay El Maadi	5,000	6,500	9.85%
Madinaty	7,500	9,000	8.31%
Nasr City	5,000	6,500	7.50%

Two Bedrooms	Q1 2022 Average Price	Q1 2023 Average Price	ROI (Rental Yield)
New Cairo City	10,000	13,000	6.37%
6th of October City	7,500	9,000	8.18%
Hay El Maadi	8,250	10,000	7.06%
Madinaty	8,500	11,000	7.13%
Nasr City	6,000	7,000	7.00%

Three Bedrooms	Q1 2022 Average Price	Q1 2023 Average Price	ROI (Rental Yield)
New Cairo City	13,500	16,000	6.40%
6th of October City	10,000	12,500	7.50%
Hay El Maadi	10,700	13,000	5.05%
Madinaty	11,000	14,000	5.58%
Nasr City	10,000	12,000	7.38%



## Rental Market Trends for Villas

Property Finder's proprietary data revealed that in Q1 2023, 6th of October City, Hay El Maadi, Madinaty, Mokattam and New Cairo City emerged as the top choices among renters searching for Villas. However, prospective renters needed to pay a higher price than in the previous year, as average rental prices for Villas in Egypt increased by around 24% compared to Q1 2022, according to Property Finder's asking price data. The average rental price for a three-bedroom Villa rose by 23.6%, while four-bedroom Villas experienced a 21% hike, and five-bedroom Villas saw an increase of 27%.

New Cairo City was the most profitable area in Q1 2023 for renting a three-bedroom villa, with the highest Return On Investment (ROI) of 8%, followed by Hay El Maadi with 7.8%. 6th of October City also topped the list for rental yields (ROI) for four and five-bedroom Villas, with a 6.9% yield for both four and five-bedroom Villas. Therefore, for those who can afford it, investing in the rental property market in Egypt's most popular areas could lead to significant returns.

Three Bedrooms	Q1 2022 Average Price	Q1 2023 Average Price	ROI (Rental Yield)
6th of October City	30,000	35,000	7.56%
Hay El Maadi	47,000	52,000	7.80%
Madinaty	20,000	27,000	4.05%
Mokattam	46,000	65,000	6.00%
New Cairo City	35,000	40,000	8.00%

Four Bedrooms	Q1 2022 Average Price	Q1 2023 Average Price	ROI (Rental Yield)
6th of October City	36,000	45,000	6.92%
Hay El Maadi	55,000	60,000	7.50%
Madinaty	30,000	40,000	3.69%
Mokattam	50,000	60,000	4.62%
New Cairo City	50,000	60,000	7.58%

Five Bedrooms	Q1 2022 Average Price	Q1 2023 Average Price	ROI (Rental Yield)
6th of October City	40,000	55,000	6.29%
Hay El Maadi	69,000	80,000	8.73%
Madinaty	40,000	60,000	3.84%
Mokattam	55,000	65,000	4.33%
New Cairo City	70,000	80,000	7.68%

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