



# Market Watch

## Residential Real Estate Report Q2 2023

Egypt

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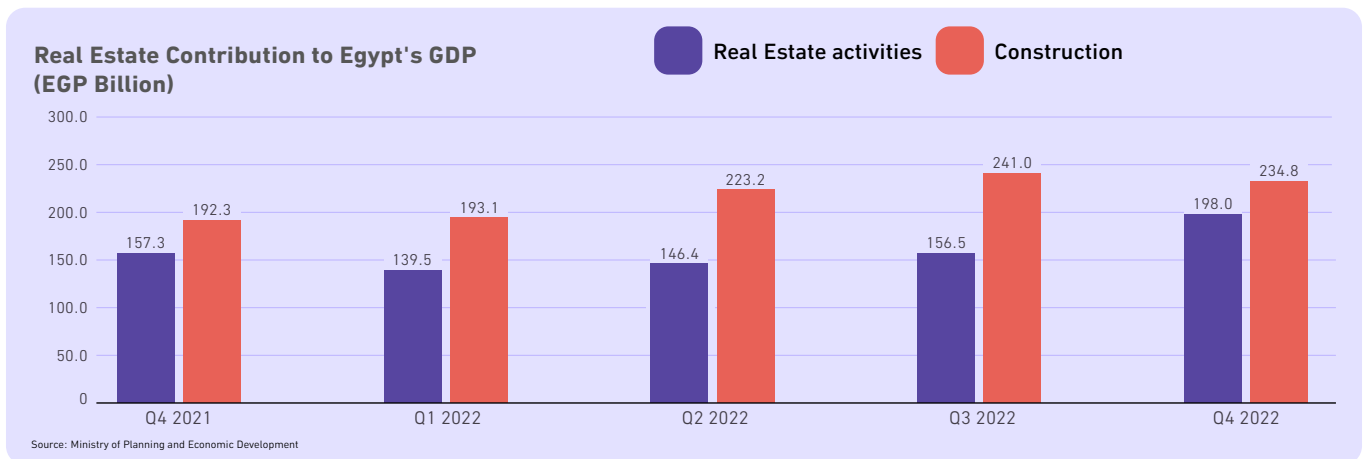
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## Economic Overview

Egypt's real GDP recorded a 3.9% growth in Q1 2023, mirroring the growth observed in the preceding quarter. According to the Central Bank of Egypt, early data from this period underscores the bolstering effects of sectors such as tourism, agriculture, and construction to Egypt's GDP. Looking ahead to Q2 2023, indicators suggest potential tempering in real GDP growth. As a consequence, the Central Bank of Egypt projects a deceleration in real GDP growth for the fiscal year 2022/23, with a hopeful outlook for a gradual resurgence in subsequent terms. In terms of employment, the unemployment rate showed a slight improvement, dipping to 7.1% in the first quarter of 2023, which can be attributed to increased employment opportunities from the prior quarter.

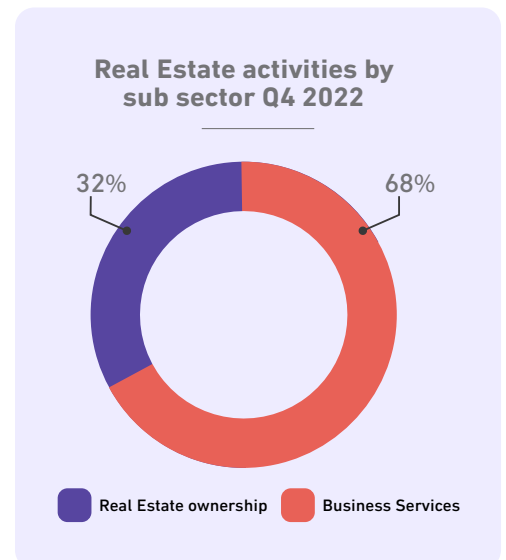
According to the latest data released by the Ministry of Planning and Economic Development, the real estate

activities and construction sectors accounted for a noteworthy 18% contribution to Egypt's GDP in Q4 2022. Notably, during the last quarter of the calendar year 2022, the construction sector demonstrated remarkable performance, with a gross domestic production valuation of approximately 234.8 billion EGP. This marked an impressive growth rate of 22% when compared to Q4 2021 and a substantial 2.6% decrease when compared to the corresponding quarter of the previous quarter Q3 2022. Similarly, the Real Estate Activities sector displayed significant growth compared to Q3 2022 with a notable 26.5% growth, and an impressive 25.9% surge compared to Q4 2021. 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 has decided to keep the overnight deposit rate, overnight lending rate, and the rate of the main operation unchanged at 18.25%, 19.25%, and 18.75% respectively. The discount rate was also kept unchanged at 18.75% in Q2 2023.

The high-interest rate is a result of the high rate of inflation and the exchange rate instability. The country experienced a sharp rise in urban inflation in Q2 2023, peaking at 35.7% in June 2023, largely fueled by escalating food and non-food costs. This surge was exacerbated due to the country's currency devaluation post the Ukraine conflict and anticipated electricity tariff hikes.



# 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.





**Ongoing Projects in Egypt**

The residential and mixed-use component in the real estate sector recorded a significant number of ongoing projects, totalling 534 worth USD 329,575 million. These projects accounted for approximately 50% of the total number of projects and constituted approximately 75% of the total investments.

Along the same line, the market was dominated by the private sector development with 85% of the ongoing projects and almost 66% of the total investments of the ongoing projects in Q2 2023 worth 179,963 million. The governmental development is distributed over 13 different governorates compared to 20 governorates for the private sector. Cairo and Giza have the highest contribution of almost 80% of the total investment of the private sector. On the other hand, the Canal Zone contributed to almost 80% of the total governmental investment in governmental development, because of the industrial and commercial development in the Suez Canal location.

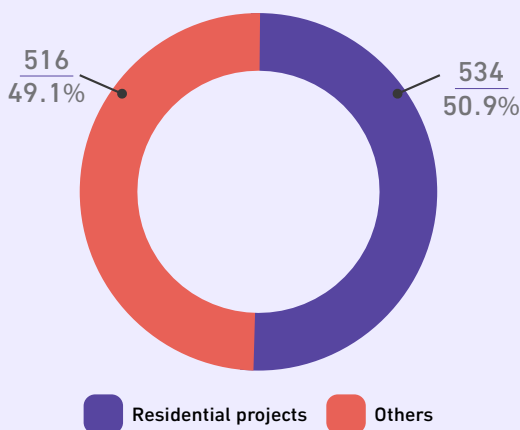
The Capital, Cairo, attracted the majority of the residential real estate investments, representing approximately 57% of the total investment. This equated to around 244 projects spread across 22 different areas and communities. Notably, the New Administrative Capital

accounted for approximately 44% of the total investments in Cairo, followed by New Cairo with 17%.

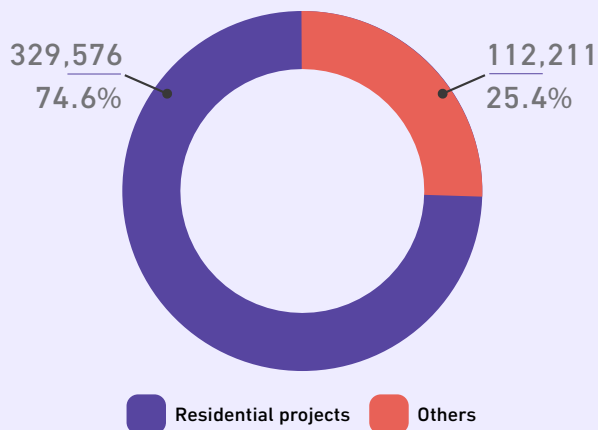
In Giza Governorate, the residential real estate investments amounted to approximately 16% of the total, covering seven distinct areas and communities. Among these, October City captured over 61% of the investments, while Sheikh Zayed City accounted for 21%. Consequently, Greater Cairo acquired approximately 73% of the total residential real estate investment.

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

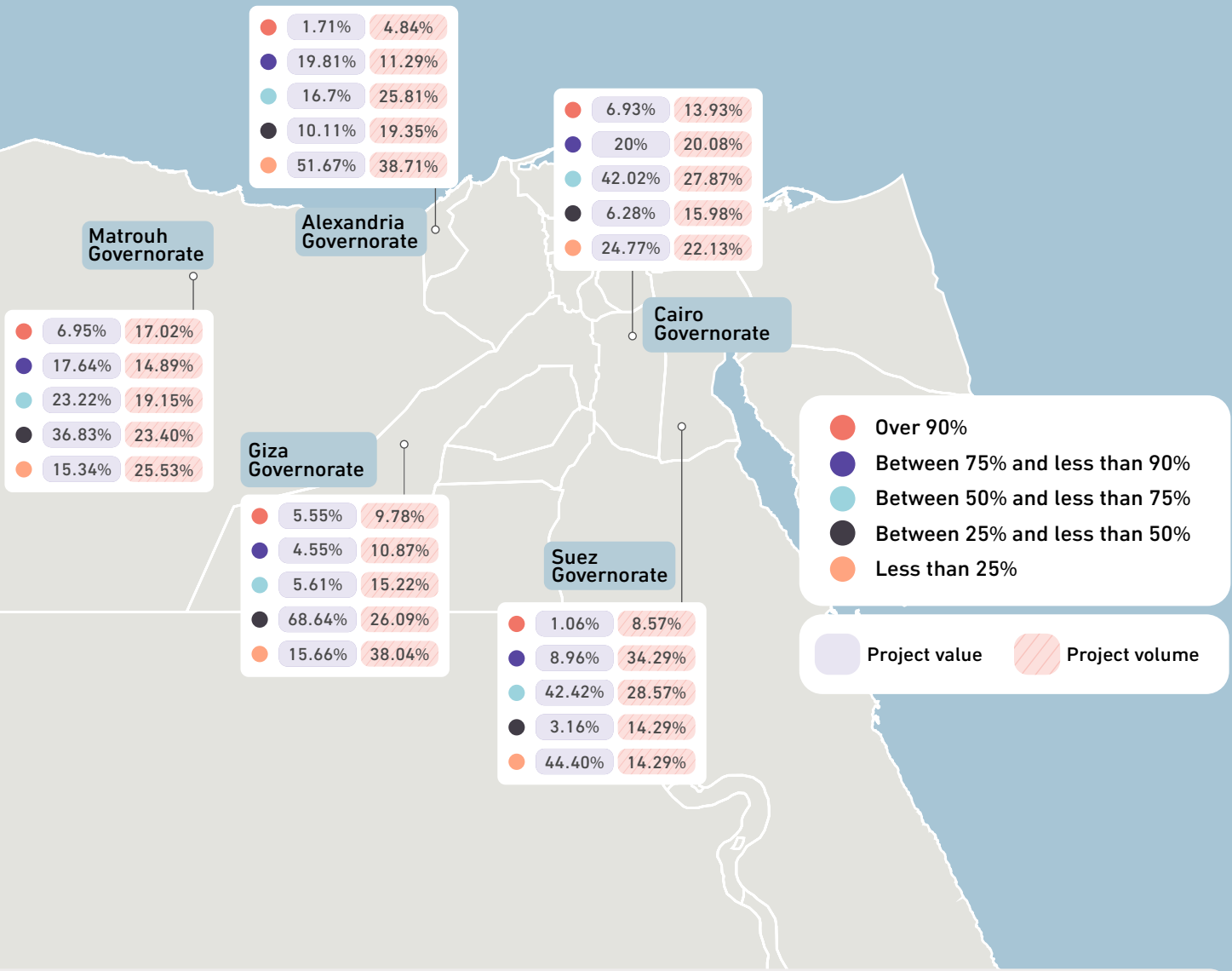
**Ongoing Projects - Q2 2023**



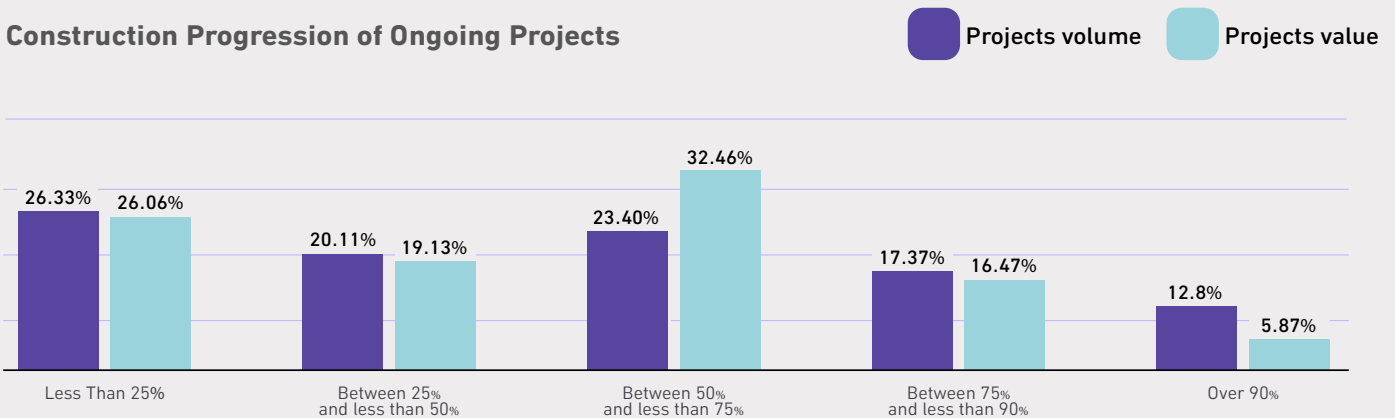
**Ongoing Projects value - Q2 2023**



# Construction Progression of Ongoing Projects by Governorate



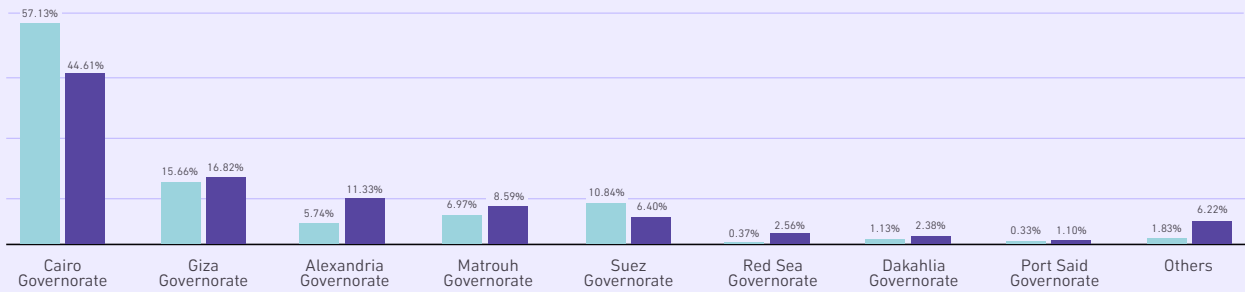
Construction Progression of Ongoing Projects



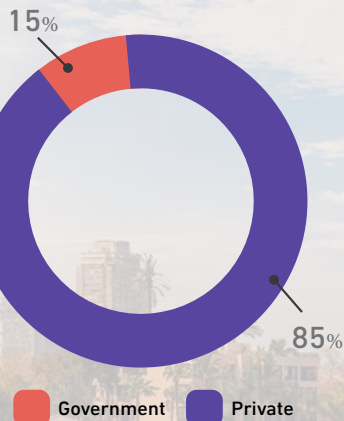
The ongoing real estate projects in Egypt span across 21 Governorates and have reached advanced stages of development. Out of these projects, approximately 54% have surpassed the halfway mark. Moreover, approximately 13% of the projects are nearing completion, with over 90% of the construction already finished. While 17% of the projects are currently between 75% and less than 90% complete.

The constructions in Cairo has made substantial progress. Around 62% 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 28% of the projects between 50% to 75% completion, and around 20% of the projects are between 75% and 90% complete.

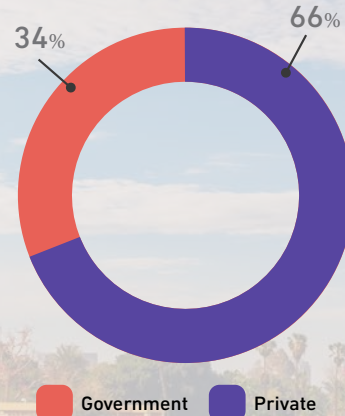
**Ongoing Projects by Governorates - Q2 2023**



**Projects Volume**



**Project Value (USD Mn)**



## Launched Projects in Q2 2023

In comparison to Q2 2022, the number of newly launched real estate projects in Egypt experienced a significant decline of 60%. This decline can be attributed to the rising construction costs observed since Q4 2022. However, Q2 2023 saw the commencement of construction for approximately 34 projects across eight governorates, with an estimated total cost of USD 7.7 billion compared to only 9 projects with 1 billion value in Q1 2023.

A total of 32 developers have taken the responsibility of developing new projects in Q2 2023. Mountain View (DMG) estimated their investment to be approximately USD 1.3 billion, representing around 17% of the total investment in Q2, allocated for two projects located in New Cairo. And JDAR Group had planned investments of around USD 500 million for one project in the North Coast.

Cairo accounted for 41% of the total launched projects. New Cairo, specifically, initiated two notable projects

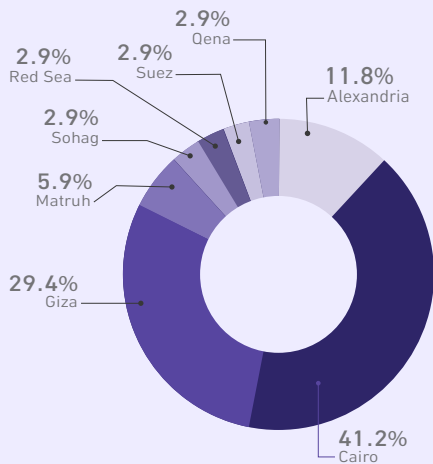
namely Mountain Park and Lagoon Beach Park. On the other hand, the New Administrative capital witnessed the start of four projects in Q2 2023 namely Ri8 Compound, Talah compound, Oaks Egypt Hotel and Haven Business Tower.

Giza Governorate captured 29% of the total new projects launched in Q2. New Zayed City, within Giza, witnessed 7 projects and there was also significant contribution from the project named Naia West. Other notable projects in New Zayed City include Dejoya Compound, Palm Gate compound and Alara compound. The completion of the last project is planned for 2027, while Advida is expected to be finalized in 2025.

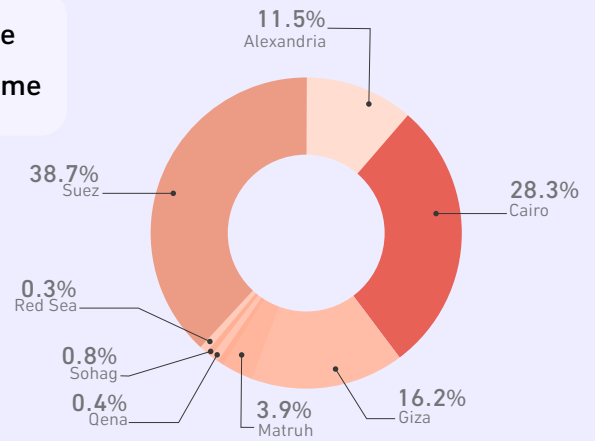
Furthermore, additional projects were launched in other governorates. Matrouh Governorate introduced the Masyaf - Ras AlHekma, while Alexandria's North Coast witnessed the launch of a project called Sea View - North Coast - Phase 3, with an anticipated completion date of 2026.



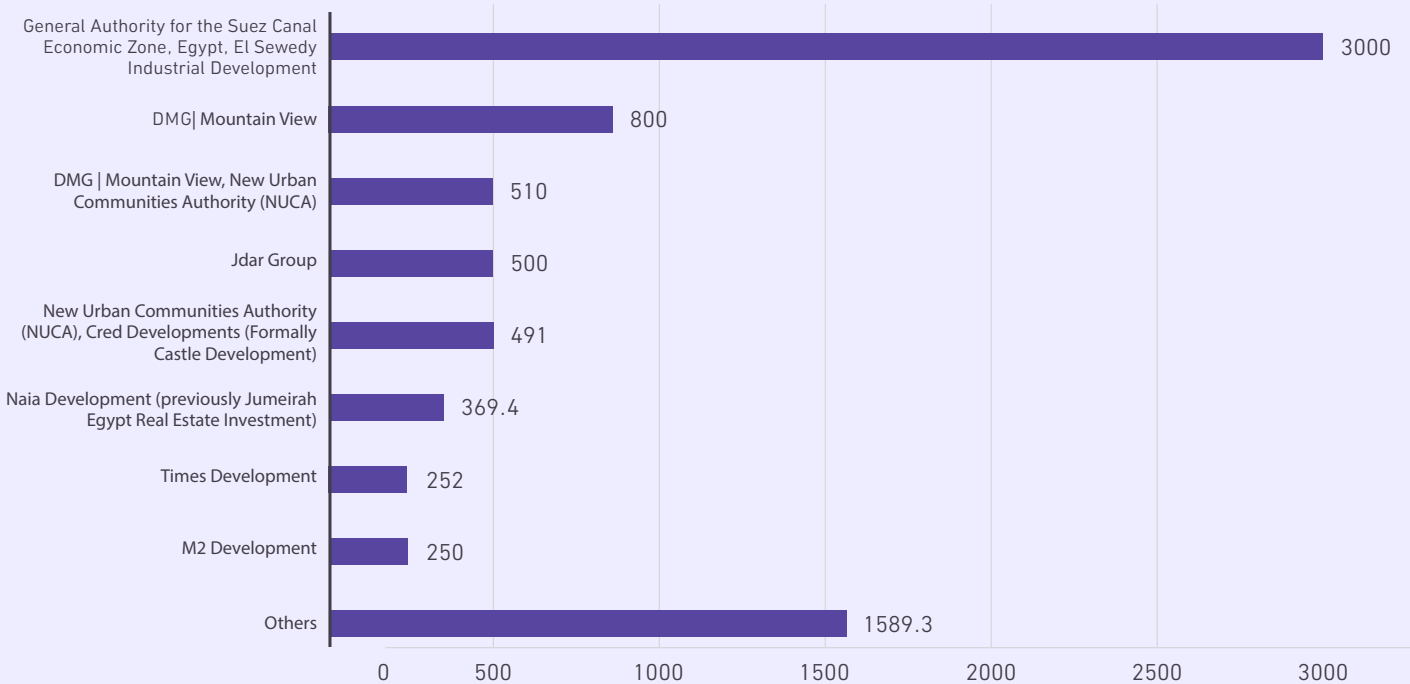




● % Projects value  
● % Projects volume



### New Projects by Developers (USD Mn)





### **Delivered projects in Q2 2023**

During Q2 2023, a total of 11 projects were successfully delivered in Egypt, amounting to a combined value of USD 875 million. This represents a notable increase of approximately 19% in terms of the volume of projects compared to Q2 2022, and a 46% increase in terms of value when compared to the same period.

Among these projects, approximately 36% were located in Cairo, distributed over four main areas namely Mokattam, Mostakbal City, New Administrative Capital and New Cairo with 28% of the total investment in Q2 2023. Golden Gate compound, by Ebad Elrahman For Real Estate was the most valuable project in Cairo contributing to 49% of the total investment in Cairo.

Moving to Giza Governorate, it accounted for 27% of the delivered projects, with a total value of USD 322 million. Marakez Development played a significant role in Q2 2023, completing USD 139 million worth of projects in

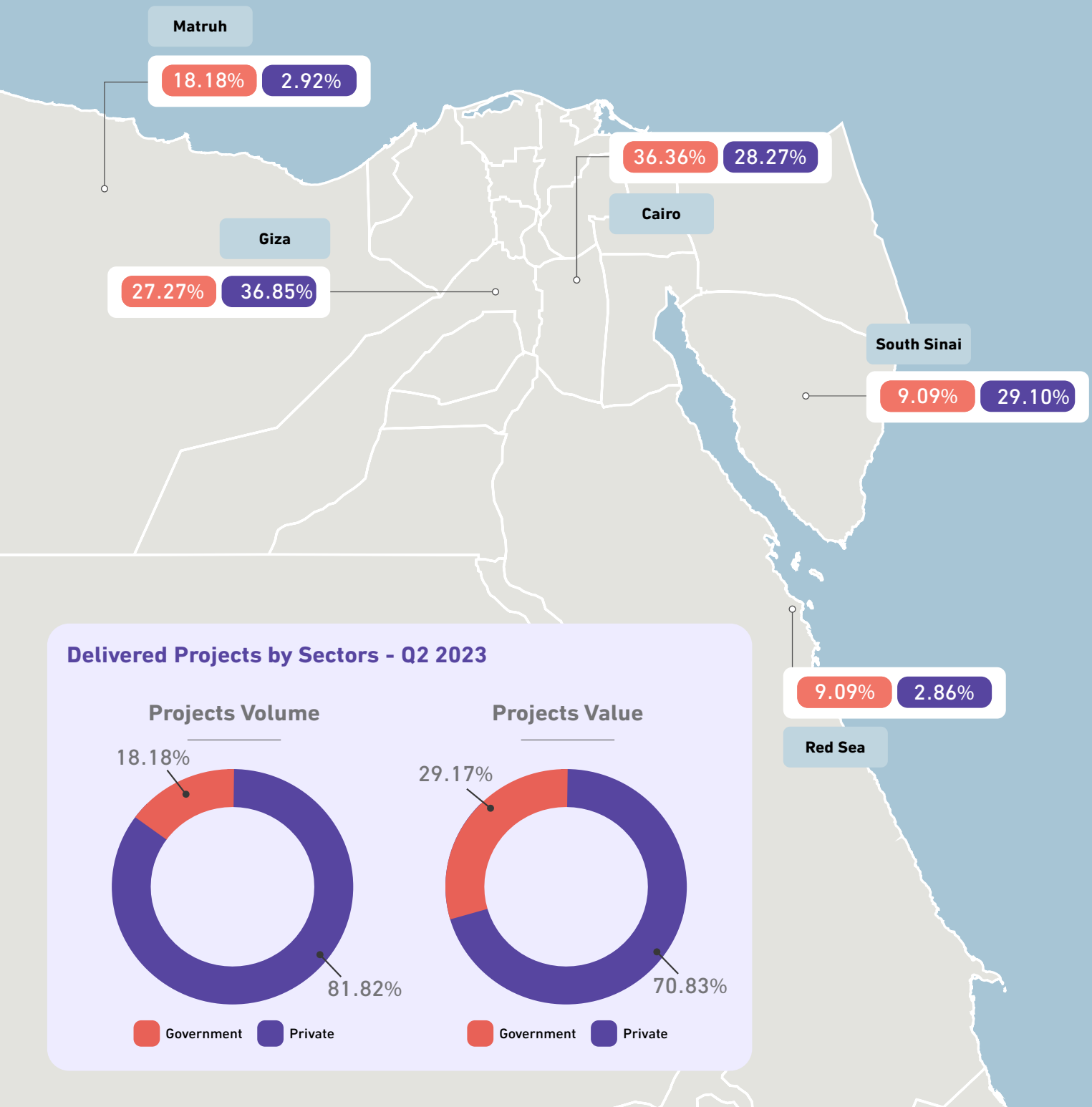
Green Land Compound - 6th of October City. El Batal Group for Development also made a noteworthy contribution by delivering the Rock Eden Compound - October Garden in October Gardens City worth 100 Million.

From a client type perspective, nine of those eleven projects were by private developers worth USD 620 million in four different governorates where Cairo and Giza contributed by 92% of the total investments of the private sector, while the government delivered two projects worth 255 million in two frontiers governorates; South Sinai and Matrouh.

Overall, Q2 2023 witnessed a successful delivery of multiple real estate projects across Egypt, with Mokattam and 6th of October cities being key focus areas. Prominent developers such as Marakez Development and Ebad Elrahman played instrumental roles in driving these successful deliveries.

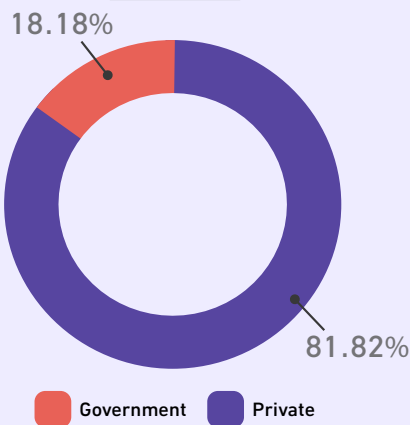
# Delivered Projects by Governorates Q2 2023

- Projects volume
- Projects value

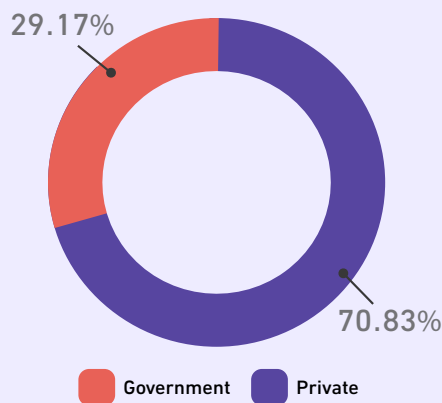


## Delivered Projects by Sectors - Q2 2023

Projects Volume



Projects Value



# The New Administrative Capital (NAC)

The New Administrative Capital City is envisioned to become the nation's economic powerhouse, serving as the hub for ministries, public sector organizations and private companies. The city will be surrounded by well-integrated urban communities. To meet the requirements of this extensive project, the city has been meticulously designed with distinctive architecture and sustainable digital infrastructure.

Strategically located in the East of Cairo, along the route to the port city of Suez, the New Administrative City will cover a vast area of 30 square miles, equivalent to the size of Singapore. It is planned to accommodate 6.5 million citizens and boasts a green belt that is twice the size of New York's Central Park.

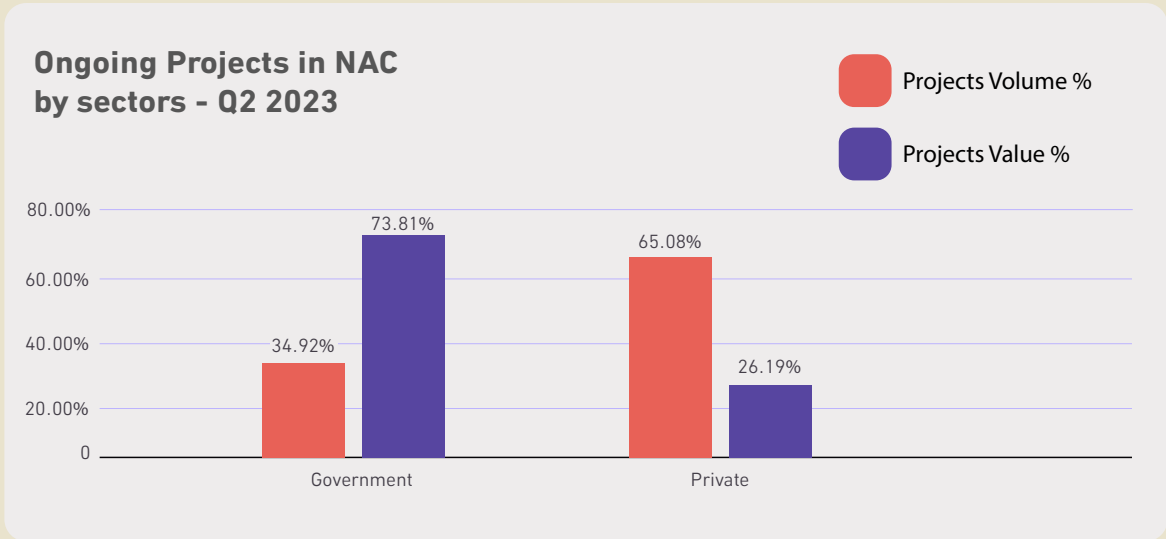
Since the construction began in the New Administrative Capital back in 2015, the Site has attracted many developers and contained the highest rates of development in Egypt. In Q2 2023, 25% of the total investments in Egypt was in the New Administrative capital with 97 ongoing projects worth USD 68,528 million. The Governmental investment in the ongoing projects in Q2 2023 contributes to almost 74% of the total investment in NAC distributed over 34 Projects. While development work of the private sector is ongoing in 63 projects with 26% of the total investment in NAC.

The ongoing real estate projects in NAC span across 96 projects and have reached advanced stages of development.



Approximately 67% have surpassed the halfway mark. Moreover, approximately 12% of the projects are nearing completion, with over 90% of the construction already finished. Another 22% of the projects are currently between 75% and less than 90% complete.

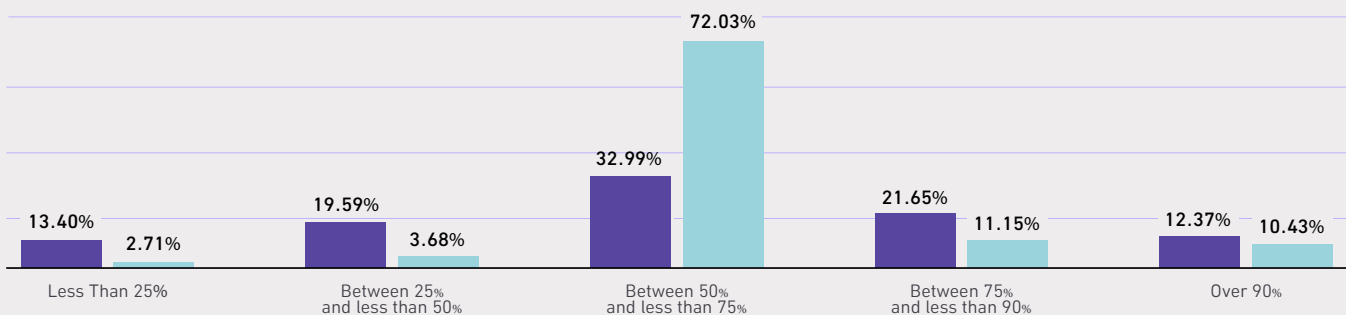
Four projects worth USD399 million have been launched through Q2 2023 in the New Capital, with 60% decrease compared to Q1 2023, namely Ri8 Compound by ERG Developments worth 179 million, Talah compound by New Plan Developments worth 120 million, Oaks Egypt Hotel by Margin Development worth 70 million and Haven Business Tower by EGICS worth 30 million.





Construction Progression of Ongoing Projects

Projects volume Projects value



# Market Trends

## Egypt Market Trends Q2 2023

In this part, we highlighted 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 Q2 2022 to its current value in Q2 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 For Apartments Q2 2023

Property Finder's proprietary data revealed that New Cairo City, 6th of October City, El Maadi, Sheikh Zayed City and Nasr City were the top preferred choices for those who wanted to own an Apartment, while 6th of October City, Madinaty, New Cairo City, Sheikh Zayed City, and Shorouk City were the top preferred areas for Villas either for investment or residential purposes in Q2 2023.

As per the Property Finder proprietary data, the average asking price for Apartments in Q2 2023 surged by 21.5% compared to Q2 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 a property 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 1.21 thousand to EGP 1.47 million, while two-bedroom Apartments' prices rose from EGP 1.7 million to EGP 1.96 million. The three-bedroom Apartments' sales price witnessed a significant increase from EGP 2.22 million to EGP 2.62 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.

El Maadi and Sheikh Zayed City also observed a notable increase in Q2 2023 compared to Q2 2022. Three-bedroom Apartments in both areas witnessed a 15% and 20% increase respectively.

One bedroom	Q2 2022 Average Price	Q2 2023 Average Price	ROCG
New Cairo City	1,700,000	2,100,000	24%
6th of October City	900,000	1,050,000	17%
El Maadi	650,000	800,000	23%
Sheikh Zayed City	2,100,000	2,400,000	14%
Nasr City	700,000	1,000,000	43%

Two bedrooms	Q2 2022 Average Price	Q2 2023 Average Price	ROCG
New Cairo City	2,050,000	2,450,000	20%
6th of October City	1,250,000	1,400,000	12%
El Maadi	1,450,000	1,700,000	17%
Sheikh Zayed City	2,650,000	3,000,000	13%
Nasr City	1,100,000	1,250,000	14%

Three bedrooms	Q2 2022 Average Price	Q2 2023 Average Price	ROCG
New Cairo City	2,600,000	3,200,000	23%
6th of October City	1,800,000	2,000,000	11%
El Maadi	2,000,000	2,300,000	15%
Sheikh Zayed City	3,011,000	3,610,000	20%
Nasr City	1,700,000	2,000,000	18%

## Sales Market Trends for Villas Q2 2023

In Q2 2023, there was a significant increase of 16% in the average asking price for Villas, as compared to Q2 2022. The data indicates that the average sales price of three-bedroom Villas rose from EGP 5.8 million to EGP 7 million, while four-bedroom Villas saw an increase from EGP 7.8 million to EGP 9.1 million.

The average sales price for five-bedroom Villas saw a surge from EGP 11.13 million to EGP 12.6 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%, 24% and 18% increase in Return-On-Capital-Gains (ROCG) respectively. However, the surge in the average price was not exclusive to Madinaty, as 6th October City recorded the highest ROCG, with a 27% increase for three-bedroom Villas. Additionally, Shorouk City saw a 38%, 15% and 13% increase in ROCG for three, four and five-bedroom Villas respectively.

Three bedrooms	Q2 2022 Average Price	Q2 2023 Average Price	ROCG
6th of October City	5,000,000	6,370,000	27%
Madinaty	6,500,000	8,000,000	23%
New Cairo City	6,900,000	8,000,000	16%
Sheikh Zayed City	6,500,000	6,700,000	3%
Shorouk City	4,200,000	5,781,000	38%
Four bedrooms	Q2 2022 Average Price	Q2 2023 Average Price	ROCG
6th of October City	6,900,000	8,000,000	16%
Madinaty	10,500,000	13,000,000	24%
New Cairo City	8,500,000	10,000,000	18%
Sheikh Zayed City	7,500,000	8,500,000	13%
Shorouk City	5,400,000	6,200,000	15%
Five bedrooms	Q2 2022 Average Price	Q2 2023 Average Price	ROCG
6th of October City	8,041,000	9,000,000	12%
Madinaty	17,000,000	20,000,000	18%
New Cairo City	13,500,000	15,000,000	11%
Sheikh Zayed City	9,600,000	10,500,000	9%
Shorouk City	7,500,000	8,500,000	13%



## Rental Market Trends for Apartments Q2 2023

Property Finder's proprietary data revealed that New Cairo City, 6th of October City, El Maadi, Madinaty and Nasr City were the preferred choices for Apartments for renters in Q2 2023.

According to Property Finder asking price data, rents in Egypt increased significantly in Q2 2023 compared to Q2 2022. On average, rent prices have increased by 23.1%, with two and three-bedroom Apartments' rents increasing by 23.5% and 22.5% respectively.

El Maadi, one of the most searched areas for one-bedroom Apartments, saw the highest ROI of 9.75% . 6th of October City followed with a 9.14% ROI.

One bedroom	Q2 2022 Average Price	Q2 2023 Average Price	ROI (Rental Yield)
New Cairo City	9,000	11,000	6.29%
6th of October City	6,500	8,000	9.14%
El Maadi	5,000	6,500	9.75%
Madinaty	7,500	9,000	4.50%
Nasr City	5,000	6,500	7.80%

Two bedrooms	Q2 2022 Average Price	Q2 2023 Average Price	ROI (Rental Yield)
New Cairo City	10,000	13,000	4.88%
6th of October City	7,500	9,000	5.40%
El Maadi	8,250	10,000	5.22%
Madinaty	8,500	11,000	3.66%
Nasr City	6,000	7,000	4.20%

Three bedrooms	Q2 2022 Average Price	Q2 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%
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 Q2 2023

Property Finder's proprietary data revealed that in Q2 2023, 6th of October City, El Maadi, Madinaty, New Cairo City, Sheikh Zayed 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 18% compared to Q2 2022, according to Property Finder's asking price data. The average rental price for a three-bedroom Villa rose by 20%, while four-bedroom Villas experienced a 18.6% hike, and five-bedroom Villas saw an increase of 15.3%.

6th October City was the most profitable area in Q2 2023 for renting a three-bedroom villa, with the highest Return on Investment (ROI) of 6.89%, followed by Sheikh Zayed City with 6.81%. following four and five-bedroom Villas

with a 6% and 6.2% yield for both four and five-bedroom, respectively. 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	Q2 2022 Average Price	Q2 2023 Average Price	ROI (Rental Yield)
6th of October City	30,000	35,000	6.89%
El Maadi	40,000	45,000	6.75%
Madinaty	20,000	27,000	4.05%
New Cairo City	30,000	35,000	5.25%
Sheikh Zayed City	34,000	38,000	6.81%

Four bedrooms	Q2 2022 Average Price	Q2 2023 Average Price	ROI (Rental Yield)
6th of October City	34,500	40,250	6.04%
El Maadi	46,000	51,750	4.85%
Madinaty	35,000	45,000	4.22%
New Cairo City	34,500	40,250	4.83%
Sheikh Zayed City	39,100	43,700	6.17%

Five bedrooms	Q2 2022 Average Price	Q2 2023 Average Price	ROI (Rental Yield)
6th of October City	40,000	46,000	6.17%
El Maadi	52,900	60,000	3.57%
Madinaty	52,000	60,000	3.60%
New Cairo City	40,000	46,000	3.70%
Sheikh Zayed City	45,000	50,000	5.74%

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Market Watch is published by Property Finder

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