



# Market Watch

## Residential Real Estate Annual Report 2023

Egypt

A night-time photograph of the Nile River in Cairo, Egypt. The Cairo Tower is illuminated with green lights and stands prominently in the background. The river reflects the lights from the tower and the surrounding city. In the foreground, a boat with lights is visible on the water. The sky is dark, and the overall scene is lit with warm, golden light from the city lights.

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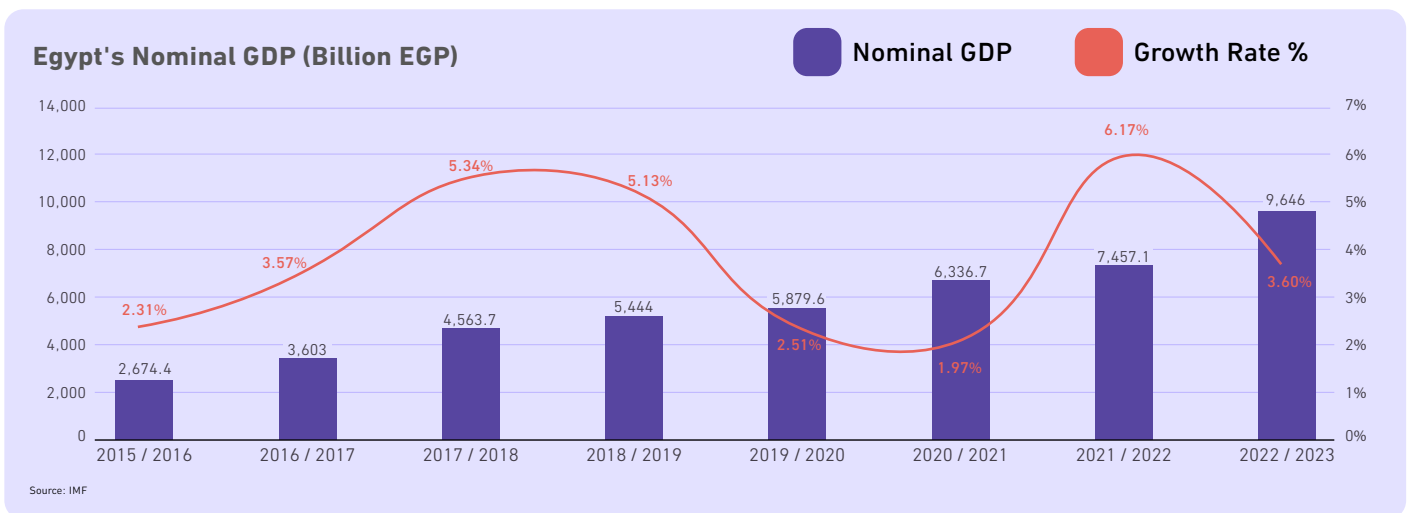
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- Economic Overview
- Market Prospects
- Market Trends

## Economic Overview

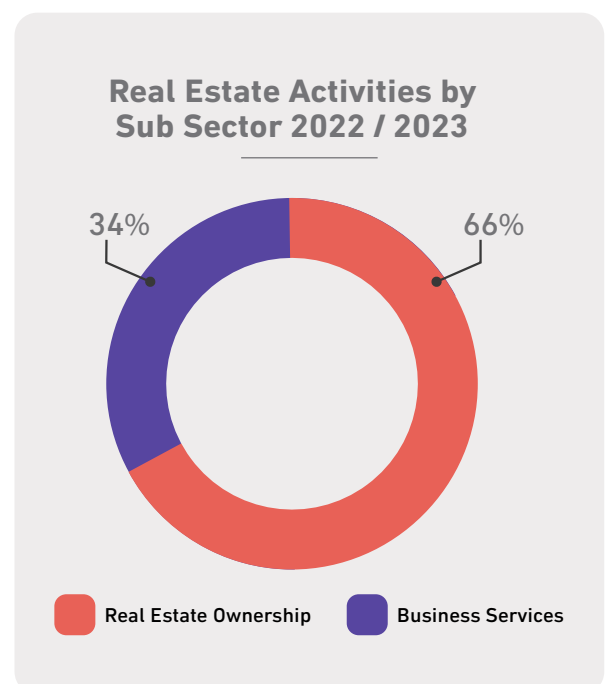
Egypt achieved a total real growth rate of 3.6% at the end of 2022/2023, to achieve a total of EGP 9,646 Billion. The IMF has a positive projection for the Egyptian economy as it expects a positive growth rate of 3.6% in 2024 and this is going to kick-off real economic development. Furthermore, the IMF projected the growth of Egypt's GDP to be between 5% to 6% within the coming five years.

But unfortunately, this economic growth has been constrained by the currency devaluation which has struck the country with the value of the local currency decreasing by almost 50% in 2023 and the possibility of further decrease in 2024. The value of the currency is expected to start its recovery in 2025.



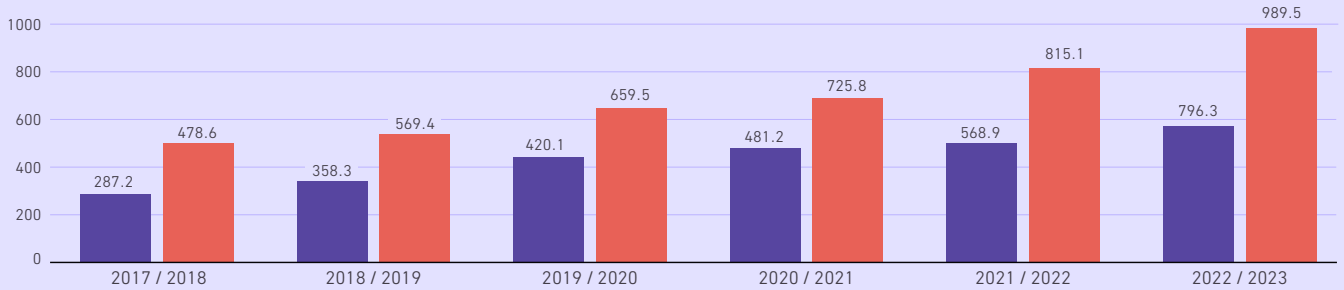
Egypt has been suffering from one of the highest inflation rates globally with an average Y-o-Y monthly core inflation rate of 38.3% during 2023. The beginning of November 2023 saw a the price increase in all petroleum products and the subway ticket prices increased on January 1, 2024. It's expected that the inflation rate will remain high in 2024.

The Egyptian Central Bank has kept the Overnight Deposit and Lending Rate at 19.25% for deposits and 20.25% for lending without any changes since August 2023, but in the beginning of 2024, Bank of Egypt and the National Bank of Egypt have introduced a new saving opportunity with 27% interest rate annually.



## Real Estate activities & Construction Contribution to Egypt's GDP (EGP Billion)

Real Estate activities Construction



Source: Ministry of Planning and Economic Development

In 2022/2023, the real-estate activities and construction sectors together contributed to nearly 18.5% of Egypt's total GDP. This significant contribution underscores the substantial influence these sectors have on the national economy. This uptrend can be attributed to several large-scale government projects implemented in recent years, including the new monorail, the development of the New Capital, and various other initiatives aimed at enhancing the country's infrastructure.

Additionally, Fitch estimated that Egypt's construction industry would expand by 6.8% in 2023, on a year-on-year basis. And that from 2024 to 2027, anticipated for it to grow at an average rate of 7.4% annually.



# Market Prospects

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, and offering new opportunities for residents and investors alike.





## Ongoing Projects in Egypt

The residential and mixed-use real estate sector recorded a total of 543 ongoing projects worth USD 363,001 Million. These projects accounted for approximately 49% of the total number of projects and constituted approximately 82% of the total investments.

Along the same lines, the market was dominated by private sector development, contributing to 86% of the total number of ongoing projects till the end of Q4 2023 and almost 69% of the total investments. The governmental development of the ongoing projects till the end of Q4 2023 was distributed over 13 different governorates compared to 20 governorates for the private sector. In the private sector, Cairo and Giza accounted for 79% of the total investment. On the other hand, Cairo contributed to almost 55% of the total governmental investment in governmental development. The Suez government alone contributed to almost 23% of the total governmental investment in governmental development because of the industrial and commercial development of the Suez Canal.

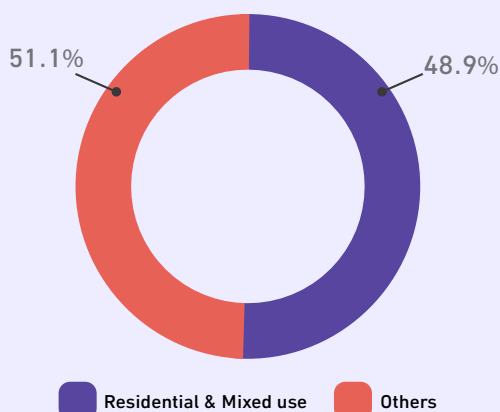
Cairo witnessed the majority of real estate investments, representing approximately 58% of the total investment. This equated to around 254 projects spread across 22 different areas and communities. Notably, the New Administrative Capital accounted for approximately 39% of the total investments in Cairo, followed by Capital Gardens,

which is part of the New Capital, with around 18% and New Cairo with 22%.

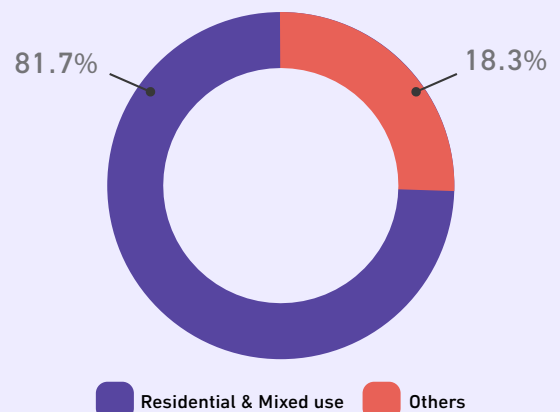
In Giza, residential real estate investments amounted to approximately 15% of the total investment in the ongoing projects till the end of Q4 2023, covering eight distinct areas and communities. Among these, October City captured over 58% of the investments, while Sheikh Zayed City accounted for 24% of the total investment. Consequently, Greater Cairo contributed to approximately 73% of the total residential real estate investment.

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

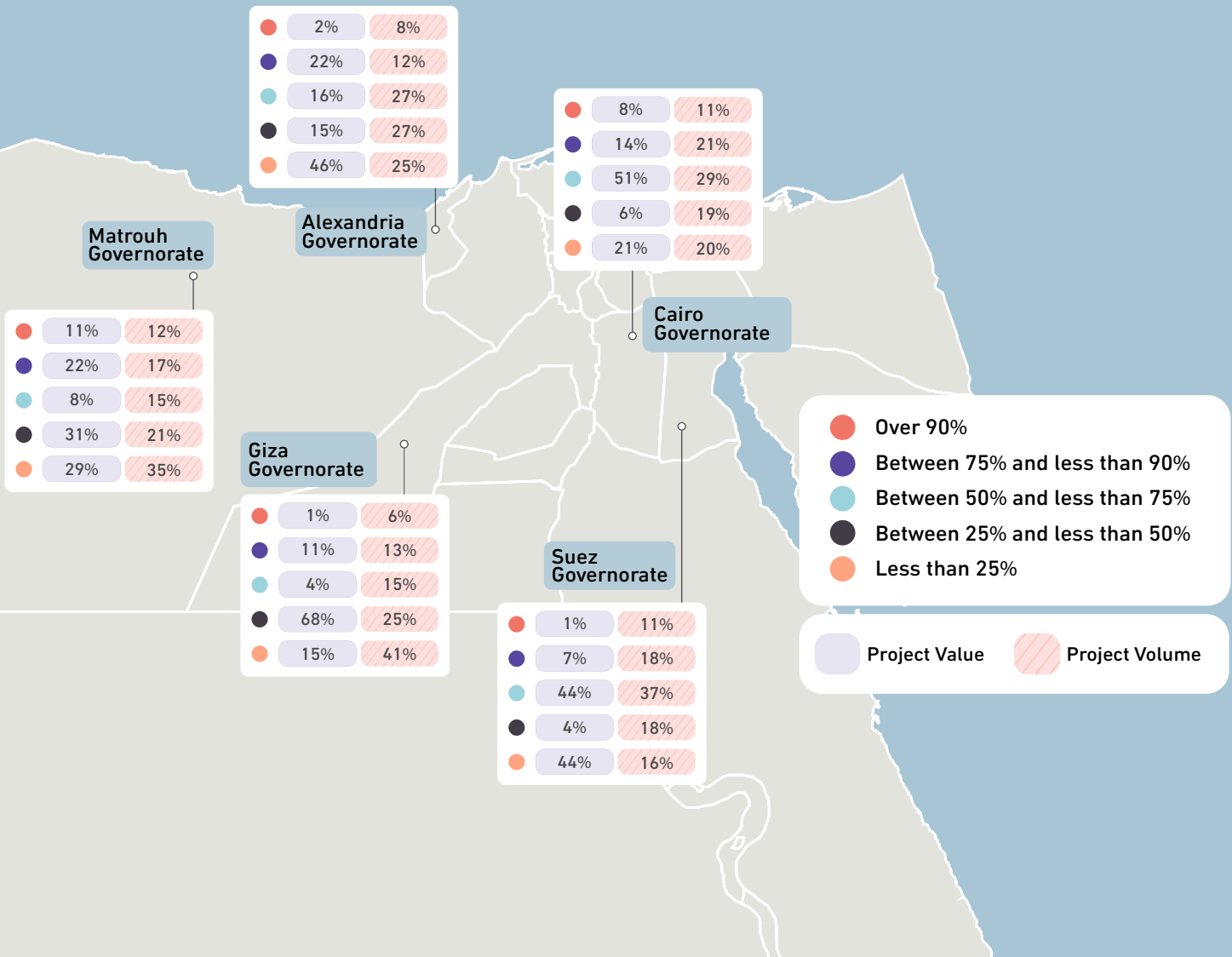
Ongoing Projects - 2023



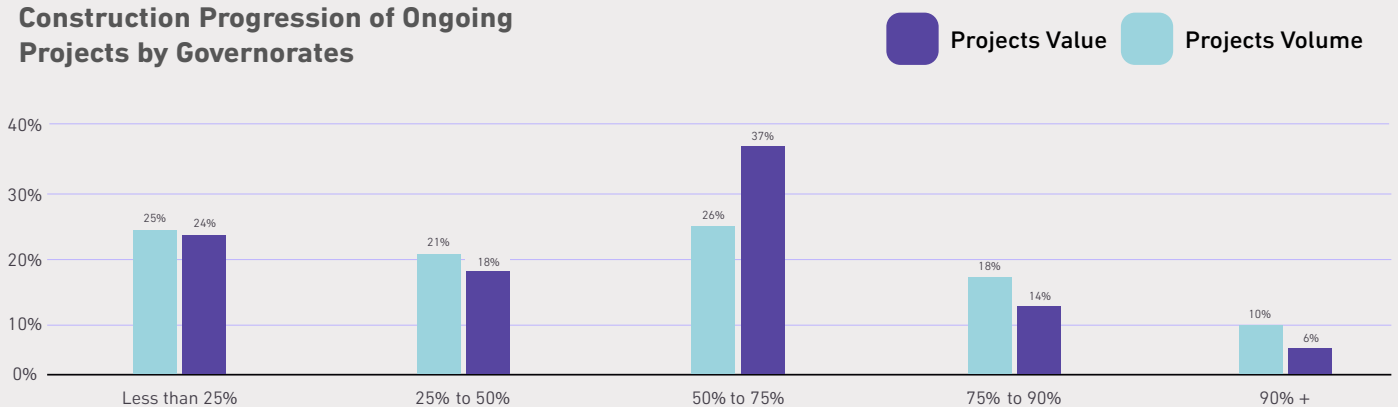
Ongoing Projects Value- 2023



# Construction Progression of Ongoing Projects by Governorates



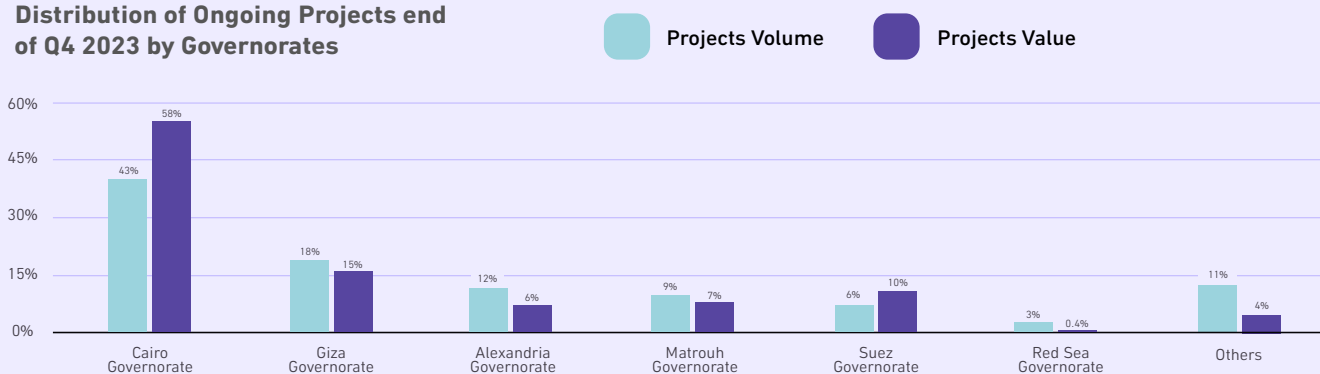
Construction Progression of Ongoing Projects by Governorates



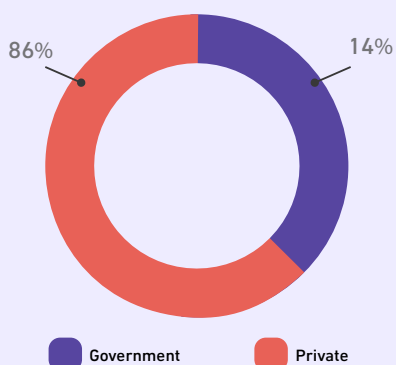
The ongoing real estate projects in Egypt till the end of 2023 span 21 Governorates and have reached advanced stages of development. Out of these projects, approximately 53% have surpassed the halfway mark. Approximately 10% of the projects are nearing completion, with over 90% of the construction already finished. Another 18% 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, 11% of the projects are in the final stages of completion. Meanwhile, approximately 29% of the projects are in the range of 50% to 75% completion, and around 21% of the projects are between 75% and 90% complete.

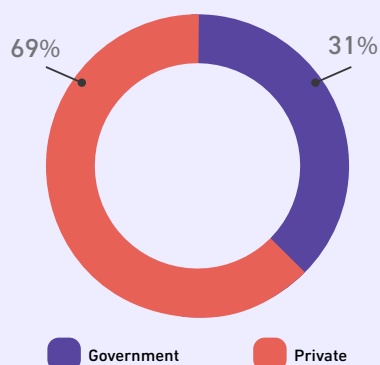
**Distribution of Ongoing Projects end of Q4 2023 by Governorates**



**Projects Volume**



**Projects Value (USD Mn)**





## Launched Projects - 2023

In comparison to 2022, the number of newly launched real estate projects in Egypt saw a 55% decline in 2023. This decline can be attributed to the rising construction costs observed since Q4 2022 and the government’s direction to finish the ongoing projects before opening new ones due to the currency devaluation and the shortage of hard currency. However, 2023 saw the commencement of construction for approximately 58 projects across eight governorates, with an estimated total cost of USD 13.1 Billion compared to 128 projects worth USD 57.7 Billion in 2022. It is noteworthy that all projects launched in 2023 were exclusively driven by the private sector, in contrast to 84% of projects launched in 2022. This observation signals a clear shift in the government’s strategy, emphasizing the intention to allocate a greater share of the real estate market to the private sector.

A total of 49 developers took the responsibility of developing 58 new projects in 2023 compared to 103 developers in 2022. The General Authority for the Suez Canal Economic Zone & El Sewedy Industrial Development together estimated their investment to be approximately USD 3 Billion, representing around 23% of the total investment in 2023, allocated for one project namely Sokhna 360 Industrial City located in Ain El Sokhna, Suez. Emaar Misr Developments & Eagle Hills

together had planned investments of around USD 2.9 Billion for two projects in Ras El Hekma and Matruh, representing around 22% of the total investments in 2023.

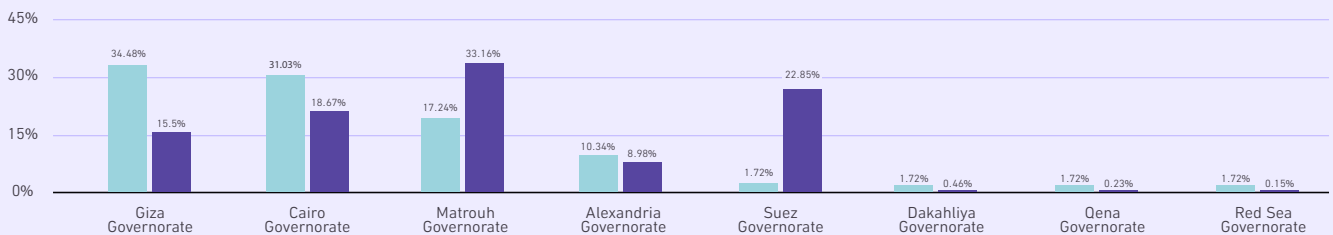
Cairo accounted for 18 new projects, representing 19% of the total investments. New Cairo, specifically, initiated ten projects in 2023 representing 80% of the total investments in Cairo worth USD 2 Billion. On the other hand, the New Administrative Capital witnessed the start of four new projects with total investments of USD 260 Million.

In 2023, Giza witnessed the start of 20 new projects, representing 16% of the total investments in 2023. New Zayed City, within Giza, witnessed 6 projects with a total investment of USD 829 Million. On the other hand, Sheikh Zayed City, within Giza, witnessed the launch of 4 new projects with total investments of USD 399 Million.

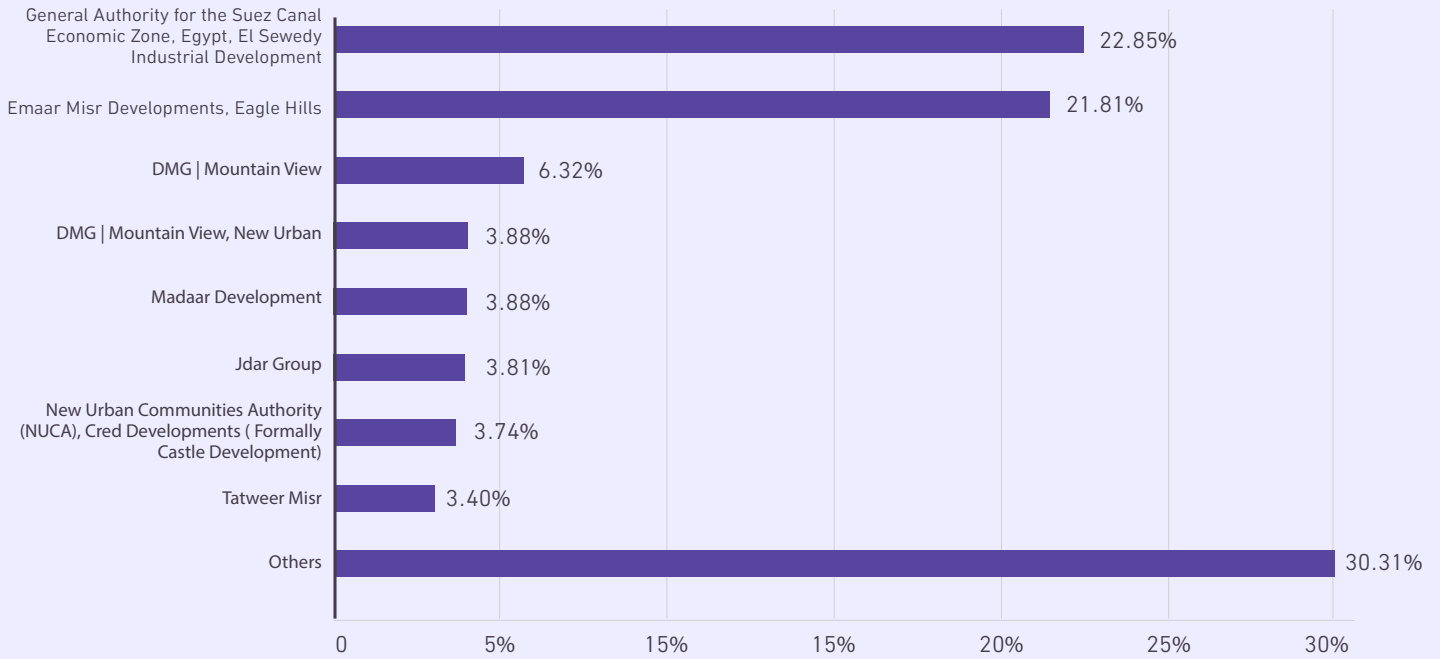
Matrouh Governorate contributed to 30% of the total investments in new projects in 2023, witnessing the launch of 10 new projects worth USD 4.3 Billion, out of which 6 projects were launched in Ras El Hekma alone contributing to 87% of the total investments.

Launched Projects by the end of Q4 2023 by Governorates

Projects Volume Projects Value



Launched Projects in 2023





## Delivered projects in 2023

During 2023, a total of 43 projects were successfully delivered in Egypt, amounting to a combined value of USD 3.2 Billion. This was a notable decline of approximately 17% in terms of the volume of projects compared to 2022, and a 34% decrease in terms of value when compared to the same period.

Among these projects, approximately 40% were located in Cairo, distributed over 6 main areas, most importantly, New Cairo and New Administrative Capital (NAC) accounted for 75% of delivered projects, representing 82% of the total investments in Cairo.

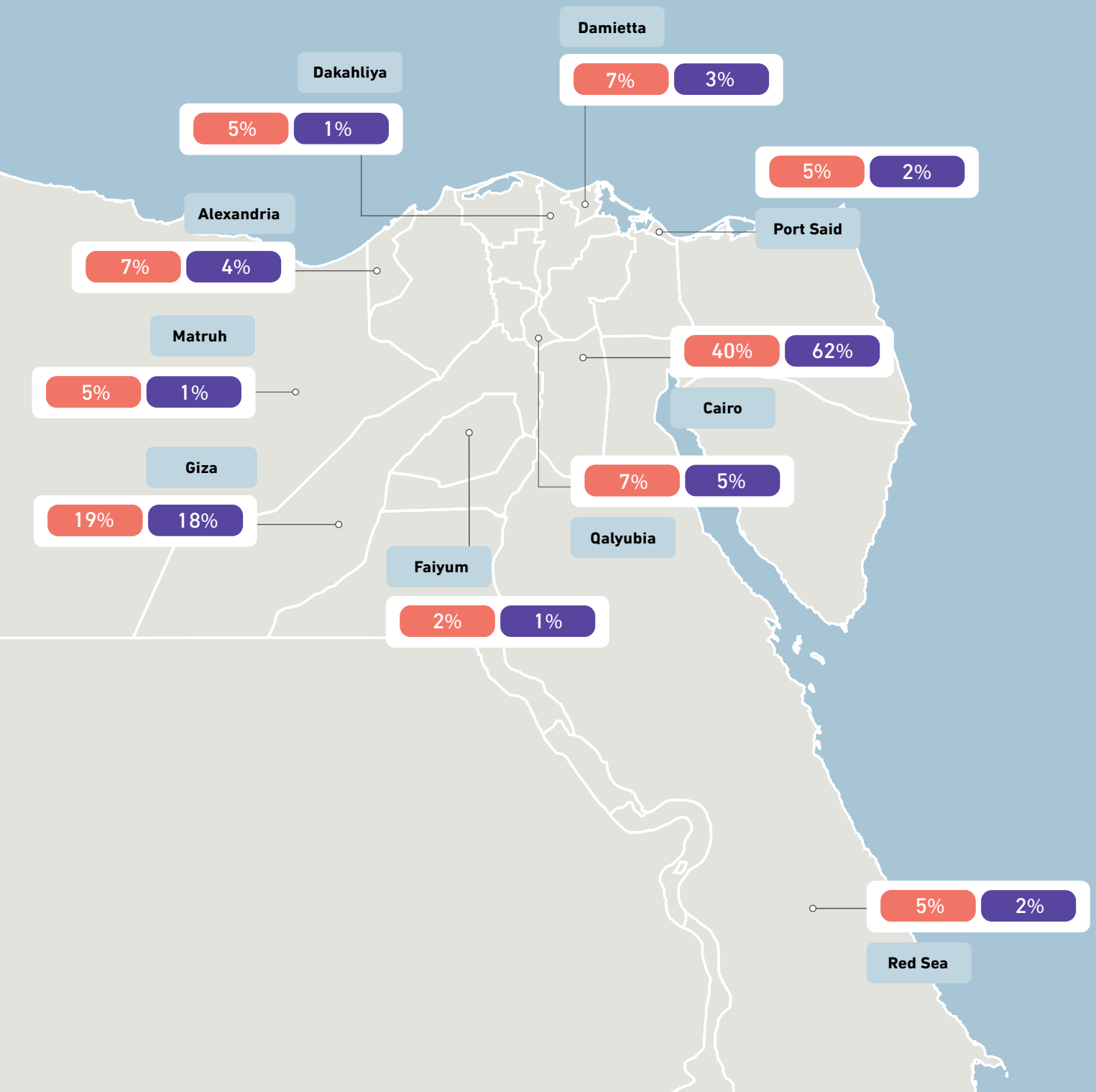
Giza accounted for 19% of the delivered projects worth USD 591 Million, located in three main areas namely 6th of October City, October Gardens and Sheikh Zayed City.

35 of the 43 projects worth USD 2.58 Billion were by private developers in nine different Governorates. Cairo contributed to 63% of the total investments in the private sector, while the governmental sector delivered 8 projects worth USD 630 Million in six Governorates. Cairo contributed to 59% of the total investment in the government sector.

Overall, 2023 witnessed a successful delivery of multiple real estate projects across Egypt, with New Administrative Capital, New Cairo, 6th of October City and Zahraa Maadi cities being key areas of focus. Prominent developers such as Palm Hills Developments (PHD), Cairo Investment and Real Estate Development (CIRA) and Memaar Al Morshedy played instrumental roles in driving these successful deliveries.

# Delivered Projects by Governorates - 2023

- Projects Volume
- Projects Value



# The New Administrative Capital (NAC)

The New Administrative Capital City is envisioned to serve 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.

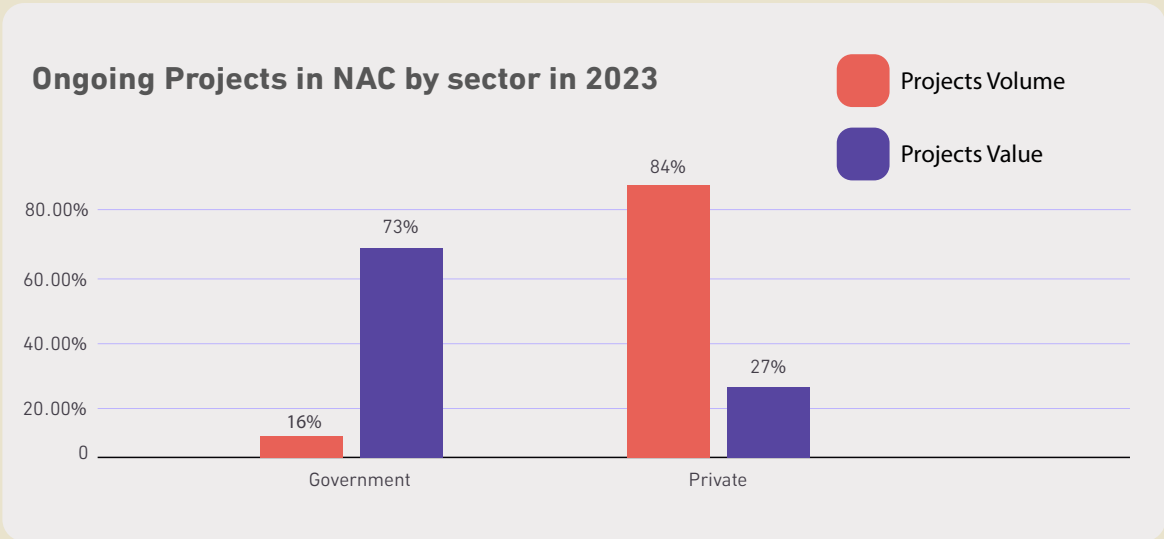
Strategically located in the East of Cairo, along the route to the port city of Suez, the New Administrative City will cover a vast area of 30 square miles, equivalent to the size of Singapore. With plans to accommodate 6.5 Million citizens, it boasts of a green belt that is twice the size of New York's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

Since the construction began in the New Capital back in 2015, the site has attracted many developers and witnessed the highest rate of development in Egypt. In 2023, 23% of the total investments in Egypt was in the New Administrative Capital with 100 ongoing projects worth USD 68,912 Million. The Governmental investment in the ongoing projects in 2023 contributed to almost 73% of the total investment in the New Capital distributed over 16 Projects. While development of the private sector is ongoing in 84 projects with 27% of the total investment in NAC.



As of Q4 2023, the ongoing real estate projects in NAC spanned 100 projects and reached advanced stages of development. Out of these projects, approximately 71% have surpassed the halfway mark, 9% of the projects are nearing completion, and over 90% of the construction is already finished. Another 25% of the projects are currently between 75% and less than 90% complete.

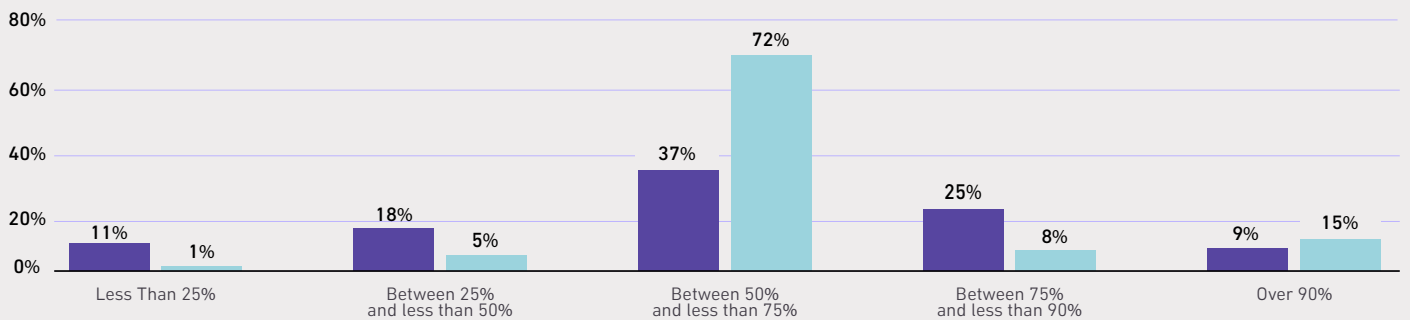
Four projects worth USD 260 Million were launched in 2023 in the New Capital, compared to 11 projects worth USD 1,162 Million in 2022. With an investment of USD 190 Million, Talah Compound by New Plan Development and Oaks Egypt Hotel contributed to a significant amount of the total investment in NAC.





Progress of Ongoing Projects by the end of 2023

Projects Volume Projects Value



# Market Trends

Here are 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 2022 to its current value in 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 - 2023

Property Finder's proprietary data revealed that 6th of October City, El Maadi, Nasr City, New Cairo City and Sheikh Zayed 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 2023.

According to data from Property Finder, the average listed price for apartments in 2023 experienced a 38% increase from the previous year. This rise in prices is attributed to the depreciation of the Egyptian currency and the ongoing surge in construction costs within the real estate industry, leading to higher inflation rates. As a result, real estate developers have seen a marked decrease in their profit margins. Furthermore, there's a noticeable trend of consumers rapidly buying property as a strategy to safeguard against the diminishing value of the local currency compared to the dollar.

The data shows that one-bedroom apartments' average sales price increased from EGP 1.7 Million to EGP 2.2 Million, while two-bedroom apartments' prices rose from EGP 1.9 Million to EGP 2.7 Million. The three-bedroom apartments' sales prices witnessed a significant increase from EGP 2.2 Million to EGP 3.1 Million.

The average apartment price varied from location to location. New Cairo City saw the highest average price for one-bedroom apartments. The surge in average prices led to the ROCG increase for one bedroom by 52%.

Nasr City and Sheikh Zayed City also observed a notable increase in 2023 compared to 2022. One-bedroom apartments in both areas witnessed a 50% and 42% increase respectively.

One Bedroom	2022 Average Price	2023 Average Price	ROCG
6th of October City	950,000	1,300,000	36.8%
El Maadi	1,200,000	1,600,000	33.3%
Nasr City	800,000	1,200,000	50%
New Cairo City	1,800,000	2,700,000	52.8%
Sheikh Zayed City	2,400,000	3,400,000	41.77%

Two Bedrooms	2022 Average Price	2023 Average Price	ROCG
6th of October City	1,200,000	1,600,000	33.3%
El Maadi	1,450,000	1,800,000	24.1%
Nasr City	1,000,000	1,450,000	45%
New Cairo City	2,250,000	3,000,000	33.3%
Sheikh Zayed City	2,650,000	3,900,000	41.7%

Three Bedrooms	2022 Average Price	2023 Average Price	ROCG
6th of October City	2,200,000	3,200,000	45.1%
El Maadi	1,950,000	2,300,000	18%
Nasr City	1,700,000	2,400,000	41.2%
New Cairo City	2,500,000	3,800,000	40%
Sheikh Zayed City	3,200,000	4,200,000	31.3%



## Sales Market Trends for Villas - 2023

In 2023, there was a significant increase of 44% in the average asking price for villas, as compared to 2022. The data indicates that the average sales price of three-bedroom villas rose from EGP 5.9 Million to EGP 8 Million, while four-bedroom villas saw an increase from EGP 7.9 Million to EGP 1 Million. The average sales price for five-bedroom villas surged from EGP 11.1 Million to EGP 14.7 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 54%, 52% and 50% increase in Return-On-Capital-Gains (ROCG), respectively. However, the surge in the average price was not exclusive to Madinaty, as New Cairo City recorded a high ROCG, with a 60% increase for four-bedroom villas and 55% increase for three-bedroom.

Along with, 6th of October City as recorded a 40%, 32% and 40% increase in ROCG for three, four and five-bedroom villas respectively.

Three Bedrooms	2022 Average Price	2023 Average Price	ROCG
6th of October City	5,000,000	7,000,000	40%
Madinaty	6,500,000	10,000,000	53.9%
New Cairo City	6,500,000	8,000,000	23.1%
Sheikh Zayed City	7,000,000	8,500,000	21.4%
Shorouk City	4,400,000	6,750,000	55.3%
Four Bedrooms	2022 Average Price	2023 Average Price	ROCG
6th of October City	7,600,000	10,000,000	31.6%
Madinaty	12,500,000	19,000,000	52%
New Cairo City	10,000,000	14,000,000	42%
Sheikh Zayed City	11,000,000	13,000,000	18.2%
Shorouk City	5,000,000	8,000,000	60%
Five Bedrooms	2022 Average Price	2023 Average Price	ROCG
6th of October City	10,000,000	14,000,000	40%
Madinaty	16,000,000	24,000,000	50%
New Cairo City	13,500,000	18,000,000	38.5%
Sheikh Zayed City	11,000,000	16,000,000	18.9%
Shorouk City	7,145,000	11,000,000	54%

## Rental Market Trends for Apartments - 2023

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

According to Property Finder asking price data, rents in Egypt increased significantly in 2023 compared to 2022. On average, the average rents increased by 34%. The data indicates that the average rent of one-bedroom apartments rose by 34%, while two-bedroom apartments saw an increase of 41%. The average rent for three-bedroom apartments surged by 31%.

Nasr city, one of the most searched areas, witnessed the highest ROI for one and two bedroom apartments by 7.5%, 7.6% respectively.

One Bedroom	2022 Average Price	2023 Average Price	ROI (Rental Yield)
6th of October City	5,800	7,500	6.9%
El Maadi	6,700	8,600	6.5%
Nasr City	5,500	7,500	7.5%
New Cairo City	12,000	15,000	6.6%
Sheikh Zayed City	11,500	15,000	5.3%

Two Bedrooms	2022 Average Price	2023 Average Price	ROI (Rental Yield)
6th of October City	8,500	10,000	7.5%
El Maadi	9,000	11,000	7.3%
Nasr City	7,000	9,500	7.6%
New Cairo City	13,000	16,000	6.4%
Sheikh Zayed City	12,000	17,000	5.2%

Three Bedrooms	2022 Average Price	2023 Average Price	ROI (Rental Yield)
6th of October City	12,000	14,000	5.3%
El Maadi	11,000	14,000	7.3%
Nasr City	10,000	13,000	6.5%
New Cairo City	13,500	19,000	6.5%
Sheikh Zayed City	13,000	18,500	5.3%



## Rental Market Trends for Villas - 2023

Property Finder's proprietary data revealed that in 2023, 6th of October City, Al Alamein, Madinaty, New Cairo City and Sheikh Zayed City emerged as the top choices among renters searching for villas. However, renters needed to pay a higher price than in the previous year, as average rental prices for villas in Egypt increased by around 48% compared to 2022, according to Property Finder's asking price data. The average rent for a three-bedroom villa rose by 20%, while four-bedroom villas experienced a 54% hike, and five-bedroom villas saw an increase of 70%.

With the highest Return on Investment (ROI) of 7.1% and 6.3% respectively, Sheikh Zayed City and El Maadi were the most profitable areas in 2023 for renting a three-bedroom villa. Sheikh Zayed City recorded the highest ROI for five-bedroom villas with a 6% yield. 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	2022 Average Price	2023 Average Price	ROI (Rental Yield)
6th of October City	30,000	37,000	6.3%
El Maadi	43,000	53,000	6.4%
Madinaty	25,000	40,000	4.8%
New Cairo City	30,000	35,000	5.3%
Sheikh Zayed City	35,000	50,000	7.1%

Four Bedrooms	2022 Average Price	2023 Average Price	ROI (Rental Yield)
6th of October City	38,000	40,000	4.8%
El Maadi	46,000	56,000	3.5%
Madinaty	35,000	45,000	3.9%
New Cairo City	36,000	42,000	3.9%
Sheikh Zayed City	40,000	44,000	6.6%

Five Bedrooms	2022 Average Price	2023 Average Price	ROI (Rental Yield)
6th of October City	42,000	50,000	4.3%
El Maadi	53,000	60,000	3%
Madinaty	53,000	60,000	4%
New Cairo City	40,000	47,100	3.5%
Sheikh Zayed City	45,000	55,000	6%

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Market Watch is published by Property Finder

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