Residential Real Estate Market In Egypt - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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Report description:

The residential real estate market in Egypt is expected to register a CAGR of more than 6.5% during the forecast period (2023 - 2028). Initial sales have slowed, and delivery has been delayed as a result of the coronavirus, which has harmed real estate developers even more. As property sales stalled amid the coronavirus outbreak, Egypt's five largest publicly traded real estate firms reported a total earnings drop of about 31% in the second quarter of 2020. Due to the impact of the coronavirus and clients, sales in Egypt decreased by 30-40% in the first half of 2020. Egypt's real estate developers predicted that the local market would revive in 2022 and that the following year would see a major return in property demand, coinciding with the country's economic recovery from COVID-19's effects.

Egypt's home market has made a surprising comeback, boosted by the government's recent severe economic reforms, particularly the recent loosening of the country's foreign land ownership regulations. The countrywide real estate price index increased 28.3 percent (22.6 percent inflation-adjusted) in the year to Q1 2021, compared to a y-o-y decline of 30.8 percent in the same period of 2020. In an effort to boost the housing market, the president recently lifted the final limitations on foreign ownership of land and property in Egypt. The president also authorized Egypt's largest landowner, the government, to use its land for public-private partnerships. These improvements, together with fundamentally strong local demand, are now boosting the housing market, as well as the overall economy.

In Egypt, there is a significant actual demand for housing, as the country's population grows by 2.5 million people each year and one million marriages occur each year. The commencement of many mega-projects to encourage economic growth, including the enlargement of the Suez Canal and the creation of a new capital city, were among the other measures.

Egypt Residential Real Estate Market Trends

Growth of Residential Units in Cairo

In 2021, around 19,000 residential units were completed in Cairo, bringing the total residential stock in the governorates to approximately 227,000. This is a 40% increase over the previous year when only 2,500 residential units were delivered. Large mixed-use developments accounted for the majority of the residential supply completed in 2021, with some developers opting for smaller projects to control cash flows. Part of the reason for this increase could be the relaxing of COVID-19-related limitations on the construction, transportation, and logistics industries in 2021 compared to the same period the previous year.

In 2021, the President issued a government regulation prohibiting developers from selling any units until at least 30% of the project is completed. The Administrative Capital for Urban Development's decision is also believed to have enhanced project completion rates by encouraging developers to reduce project delivery times. In 2022, an estimated 29,000 apartments are expected to be constructed, with the majority of these being located to the east of Cairo. With the population of Greater Cairo expected to treble in the next few decades, developers will be in high demand for residential homes. Increased labor and construction material costs could be a difficulty for developers, resulting in project delays, higher expenses, and, in the worst-case scenario, project cancelations.

Urbanization Driving the Market

The growing trend of urbanization, which is supported by the government's National Strategic Plan for Urban Development 2052, which intends to double Egypt's urban area from 7% to 14%, is fueling rising investment in the real estate sector. The government is building 20 new cities under this plan, which will encompass over 235,000 hectares and house 26 million people. The government's top priority in terms of infrastructure development is the New Administrative Capital.

As the city's population grows, it hopes to reduce congestion in central Cairo and places near the Nile. As a result of the pandemic, President Trump declared in April 2020 that the transition to the new capital would be delayed until 2021. However, worldwide media reported in May 2020 that the building had begun with new protective measures in place. That month, the government announced that two residential districts would be finished by the end of 2021, with the business district following in early 2022.

For its strategic position and utilization of smart infrastructure, the new capital has already piqued investment interest. More than 300 investors, including private developers and national groups, have pledged their support for the New Administrative Capital. In 2021, Egypt will have increased the urban area to 13.7 percent of the overall territory of the Egyptian state, up from only 7% in 2014. Egypt is on track to meet its 2052 urban area objective of 14 percent of the country's total area, according to the national strategic plan's goal of doubling the Egyptian population.

Egypt Residential Real Estate Market Competitor Analysis

The top participants in the Egyptian residential real estate sector are covered in this research. The residential real estate market in Egypt is extremely fragmented. Large firms have financial resources to their advantage, whereas small businesses can compete effectively by building expertise in local markets. Orascom Development Egypt, Connect Homes, Emaar Misr, Avenues Real Estate, Coldwell Banker Egypt, and others are some of the main companies.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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