

## **Egypt Construction Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 150 pages | Mordor Intelligence

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### **Report description:**

The Egypt Construction Market is anticipated to register a CAGR of more than 6% over the forecast period.

#### Key Highlights

Egyptians have always seen the building industry as a safe shelter for their wealth. The previous ten years have seen a considerable increase in the sector. Active public-private partnerships, the proliferation of green buildings, and the need for high-end infrastructure will be the key drivers of this growth. For most Egyptians, investing in real estate has long been seen as a haven due to its consistent value growth.

The Egyptian government has made significant investments in the building industry. Additionally, the government is modernizing transportation systems, ports, and airports. The Ministry of Transportation is currently working on about 25 projects related to the railroad industry. The development of roads and providing enough transit between the cities are the government's primary priorities.

The Covid-19 pandemic has changed the construction industry's visualization of digitalization. The health issue forced the sector to adopt more adaptable and team-based working practices. Tools like architectural information modeling (BIM) and shared data environments have made this possible. But according to experts, needs and supportive rules for adopting digital tools become a long-term shift. Additionally, project sponsors must function as change agents.

Egypt is the largest project market in Africa and the third largest in the Middle East and North Africa (Mena), after Saudi Arabia and the United Arab Emirates (USD 1.3 trillion and USD 519 billion, respectively).

Egypt has revealed plans to build a high-speed train connecting the entire nation. As the prime contractor, Siemens was given a contract for this project with a value of USD 8.7 billion. According to the country's plans, up to 14 new smart towns could be built in Egypt. The Ministry of Housing claims that in less than two years, Egypt finished infrastructure projects valued at about LE 1.7 trillion (about USD 106.25 billion).

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The New Urban Communities Authority (NUCA) intends to construct more cities with integrated educational, medical, retail, and leisure services. This organization is in charge of creating these new cities and tying them to existing infrastructure.

## Egypt Construction Market Trends

Increased investment in residential segment by government driving the market

The Central Agency documented residential units built in FY2020/2021 for Public Mobilization and Statistics (CAPMAS). There were 316,027 of them. Therefore 146,229 public housing units and 169,798 private housing units were built, respectively. Regarding the targeted demographics, 48 were constructed for low-income residents, 148,787 for low-middle-income residents, 123,705 for middle-middle-income residents, 17,144 for high-middle-income residents, and 26,343 for high-income residents.

In 2021, the government declared that it would construct 500,000 homes for people not qualified for subsidized social housing. This results from a lack of supply from the private sector, whose primary offerings are expensive homes worth millions of pounds each. However, the government has provided residents of slums with fully equipped cottages inside alternate housing developments.

According to the Slum Development Fund, developing slums will cost LE 44 billion (USD 1.79 Billion), compared to LE 318 billion (USD 12.95 Billion) for developing unplanned areas. The result is consistent with the government's focus on increasing urbanization so that it eventually makes up 14% rather than 7% of Egypt's land area.

Rising demand for infrastructure projects is driving the market

Despite high inflation, currency depreciation, and rising energy and material costs, Egypt's construction industry is predicted to grow by 9.7% in real terms by the end of 2022. Constructions account for 14% of Egypt's GDP, which is the biggest sectoral percentage. As reported in May 2022, about USD 93 billion worth of projects were being worked on in Egypt, while there is more than USD 425 billion worth of projects in various pre-execution stages. Project activity has been a bright spot for the Egyptian economy in recent years despite the impact of Covid-19, and foreign governments have been clamoring to fund project development in the nation through export credit financing agreements.

Projects in the residential and institutional sectors are probably going to grow at the fastest rate. Public-private partnership (PPP) ventures may also be a major factor in the growth of Egypt's healthcare industry. Additional areas of opportunity for investors and contractors include plans for sizable grid connectivity projects and a persistent need to increase water treatment capacity to improve water security.

## Egypt Construction Market Competitor Analysis

The Egypt construction market is fragmented in nature, with many global, regional, and local players in the market. Some of the key players in the market include H.A.Construction (H.A.C), DORRA Group, AL-AHLY Development, Palm Hills Developments, The Arab Contractors, and many others. The market is highly competitive, with many opportunities for private firms. The government is taking necessary steps to support the sector by collaborating with private firms to pursue various low-income housing schemes.

Additional Benefits:

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

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