

Egypt Commercial Real Estate - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

Market Report | 2024-02-17 | 150 pages | Mordor Intelligence

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Report description:

The Egypt Commercial Real Estate Market size is estimated at USD 9.41 billion in 2024, and is expected to reach USD 15.29 billion by 2029, growing at a CAGR of 10.19% during the forecast period (2024-2029).

Key Highlights

- As the Egyptian economy experienced a slowdown because of the COVID-19 pandemic, several factors combined to create a stable outlook for its traditionally resilient real estate sector. The negative impacts on retail are obvious in the short term, but the longer-term impacts are less noticeable. It is conceivable that the retail sector will snap back after the pandemic, and the effect on future retail and entertainment-related development will be minor in the long run.
- The Egyptian government announced a series of widely welcomed economic measures to help protect the economy against the negative repercussions of the COVID-19 pandemic. The Central Bank of Egypt (CBE) launched an economic package worth more than USD 4 billion to fund a comprehensive COVID-19 pandemic strategy, USD 1.5 billion to fund real estate development for the middle-income group through banks, and EGP 20 billion from the Central Bank to fund the stock market.
- Informal retail formats are still common in Egypt, particularly in rural areas. The retail environment is, nevertheless, formalizing more and more. International retailers keep coming to and expanding throughout the nation, primarily through franchise arrangements with local businesses. The vast, young, and growing population of Egypt is propelling modernization, raising demand for foreign brands across various industries.
- The number of commercial developments in the Egyptian real estate market has significantly increased. This includes hotels, malls, and business buildings. These projects offer a lucrative investment option for those interested in rental income.
- The economy's expansion has led to increased demand for commercial space in Egypt. However, this is not the only aspect. Large government expenditures and an increase in enterprises are also significant factors. Given this, investing in commercial real estate in high-demand areas makes financial sense.

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-Another drawback to take into account is the volatility of the Egyptian pound. The Egyptian pound has experienced significant swings in price recently. Predicting possible returns on investment is now difficult. The cost of living and conducting business in the nation may also rise due to this uncertainty. These could lower a property's value. Investors should, therefore, consider the currency's current situation and any prospective concerns.

Egypt Commercial Real Estate Market Trends

Rise in Demand for Commercial Spaces Across Greater Cairo

Cairo is the acknowledged financial and business center of Egypt. However, unlike other international cities, it does not have a clearly defined Central Business District (CBD). Grade A office space available for lease within Greater Cairo, is located on major commercial arteries such as 90th Street, which also holds a significant proportion of Cairo's Grade B office stock. Business parks offering prime office space are mainly concentrated within western and eastern Cairo.

Demand for office space is directed toward both the eastern and western parts of Cairo. New Cairo is a preferred destination, providing corporate tenants better build quality, parking provision, and proximity to the New Administrative Capital and the airport. 6th October City, another preferred office destination, has also witnessed the development of quality business parks that have successfully attracted tenants looking to move from the traditional CBD/downtown Cairo into less congested areas.

Healthy levels of leasing activity were observed in high-quality buildings in the Cairo office market, notably in areas close to developments with robust retail and food and beverage services, such as 5A By The Waterway and Cairo Festival City.

Increase in Hotel Real Estate Across Key Cities in Egypt

Around 4.9 million tourists visited Egypt in the first half of 2022, an 85.4% increase compared to last year. Hotel occupancy also grew in 2022; during the first six months of 2022, it was 52.6 million nights, a 63.6% increase compared to the first half of 2021.

Continuous efforts are being made to improve tourist safety and security along with their overall experience in the country by the Ministry of Tourism's initiatives to excel in setting up new tourism regulations and improved global marketing campaigns.

The hospitality industry continued to strengthen with the construction of the Crowne Plaza West Cairo - Arkan. Cairo's total hotel inventory increased to around 28,000 keys in Q1, thanks to about 187 hotel keys being delivered. By the end of this year, almost 600 keys are also expected to be supplied.

The tourist arrivals to the region are forecasted to increase with the opening of the Grand Egyptian Museum, which was scheduled to open in 2023. With the United Kingdom lifting the ban on flights to Sharm El Shiekh, several airline operators have re-introduced the city to their destination list, which is estimated to enhance the number of tourist arrivals from the United Kingdom to Egypt.

Egypt Commercial Real Estate Industry Overview

The commercial real estate market in Egypt is fragmented, with a lot of companies in the construction industry. Developers are trying to bring new, lower-cost products to meet current demand. Evolving technological advancements such as new proptech solutions are driving the market with increased transactions and better management of real estate assets. Some major players in the Egyptian commercial real estate market are Amer Group, Orascom Construction PLC, Palm Hills Developments, The Arab Contractors, and Talaat Moustafa Group.

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Additional Benefits:

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

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