

Egypt Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Egypt Construction Market size is estimated at USD 50.78 billion in 2024, and is expected to reach USD 75.97 billion by 2029, growing at a CAGR of 8.39% during the forecast period (2024-2029).

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. However 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).

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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).

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

According to the Ministry of Planning and Economic Development, the Egyptian economy witnessed a robust economic performance during Q2 of the current fiscal year (FY) 2021-2022, which ends on June 30th, 2022.

Middle East Sovereign Wealth Funds have shown interest in investing up to USD 120 billion in Egypt in the upcoming years.

In 2022, the total real estate investments in Cairo increased to USD 20 billion, with USD 16 billion dedicated to the residential sector. Average residential property prices increased around 10 percent during the same year.

The government of Egypt is also working on several mechanisms to boost real estate exports, including the establishment of a real estate fund with administrative and commercial assets that generate income, as well as the trading of properties on the Egyptian Stock Exchange (EGX).

In December 2022, Egypt's Urban Development Fund (UDF) began a nationwide massive urban housing project of EGP 600 billion (USD 20.11 Billion). The project entails building 230 urban areas in governorate capitals and important cities around the nation, totaling more than 14,422 acres.

Thirty-five sites totaling 1,750 acres would be developed urgently, 60 sites totaling 2,600 acres would be developed on a priority basis, and the other 135 sites totaling 10,149 acres would be developed on a second priority basis. The whole project would be completed in five years.

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.

In March 2022, the government planned to implement 45 major national and strategic infrastructure projects in the financial year (FY) 2022/2023 (July 1, 2022-June 30, 2023), including the construction of 10 transverse axes on the Nile, the establishment of 18 overpasses, the completion of 1,000km of electrification of railway signals, the expansion of a metro network and the completion of 47 express train stations.

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The projects cited included the USD 4.8bn Cairo Metro Line 3 project, which will span 17.7 km and comprise 15 stations; the USD 4.5bn East Cairo-NAC monorail, which will run 54 km and include 22 stations upon completion in 2023; and the USD 4.5bn, 50-km King Salman Bridge, also called the Saudi-Egypt Causeway.

Another major project is the expansion of Cairo Metro. Construction of the LE6.3bn (USD 400.3m) first phase of Line 4 will comprise laying 19 km of rail for 16 stations, and is set for completion in 2026.

Egypt Construction Industry Overview

The Egyptian 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, and the Arab Contractors. 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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