

DESTINATION EGYPT

The ultimate guide to GCC demand for Egyptian real estate



**OUR 2023 BRANDING
FOR DESTINATION EGYPT**

The branding for our inaugural edition of Destination Egypt reflects the country's 5,000+ year history.

Our bold colour palette has been inspired by the pageantry of ancient Egypt.

The noble scarab beetle (an important symbol in ancient Egypt) takes centre stage on our front cover, representing the eternal circle of life and also the beginning of the Egyptian real estate market's renaissance.

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FOREWORD

Welcome to our 2023 Destination Egypt report – our first report to analyse demand in the Gulf Cooperation Council (GCC) for Egyptian real estate.

This report coincides with Knight Frank's entry into Egypt – the latest node in our Middle East and Africa network – and the emergence of Egypt as one of the fastest growing real estate markets in North Africa.

The land of the Pharaohs and a thousand suns has become a focus for Middle East sovereign wealth funds, which have announced plans to invest as much as US\$ 115bn in the last two-and-half years across Egypt.

These efforts are expected to boost business activity and the country's economic growth. Inward investment into real estate is expected to rise – particularly among the well-heeled from the Gulf looking for second homes.

An investment in Egypt's residential market comes of course with the added benefit of being more readily accessible after the Egyptian government earlier this year removed restrictions on foreigners owning property in Egypt.

Our research details the aspirations of GCC investors, while also taking a closer look at their budgets, target real estate sectors and preferred investment locations in Egypt. Although the market faces challenges – most notably, sharply rising inflation well into the double digits – we believe that they will soon pass. Egypt's property market has a bright future.

We hope you find our research informative and stimulating. I look forward to discussing with you the investment opportunities highlighted in our report.

James Lewis

Managing Director, Middle East and Africa

Discover the full report



GCC INVESTMENTS IN EGYPT

GCC investors have poured billions of dollars into Egyptian infrastructure, real estate, and industry in the last couple of years. Below are some of the biggest investments, which total US\$ 115bn.

2021

- | | | |
|---|--|---|
|  Amanat - healthcare
US\$ 272 million |  Abu Dhabi Ports
US\$ 500 million |  Gulf banking syndicate
US\$ 3bn |
|---|--|---|

2022

- | | | |
|--|--|---|
|  UAE port investment
US\$ 10bn |  Oman-Egypt investment fund
US\$ 100 million |  Gulf Capital
US\$ 250 million |
|  Qatar Investment Authority
US\$ 5bn |  Egypt Kuwait Holding
US\$ 300 million |  Abu Dhabi Development
US\$ 1.8bn |
|  Saudi PIF investment
US\$ 15bn |  Kuwait Fund railway project
US\$ 2.5 million |  Sawari Ventures x Ekuity
US\$ 69 million |
|  ADQ industrial projects
US\$ 10bn |  UAE-Egypt-Jordan Industrial Fund
US\$ 10bn |  Savola Group
US\$ 1.33bn |
|  FAS Energy solar plant
US\$ 450 million |  Saudi multi-sector investment
US\$ 7.7bn |  Al-Futtaim
US\$ 1bn |
|  Saudi Ajlan & Bros Holding
US\$ 5.5bn |  Bahrain partnership agreements
US\$ 6.6bn |  Alfanar Global Development
US\$ 533 million |

2023

- | | | |
|---|--|---|
|  Sky real estate
US\$ 1bn |  UAE Government
US\$ 35bn by 2025 |  Egypt Kuwait Holding
US\$ 170 million |
|---|--|---|

Need to know

The UAE ranked first among GCC countries during 2021/22, with total investment of US\$ 5.7bn, an estimated share of 29% of total FDI to Egypt. Saudi Arabia ranks first during H1 2023, with total investment of US\$ 2.1bn.

Source: Knight Frank

GROWTH ENGINE: EGYPT'S RESIDENTIAL MARKET

The residential sector dominates Egypt's property market. In 2022, of the US\$ 20bn in real estate investments in Cairo, US\$ 16bn was in the residential sector.

Rising demand

The average price of residential properties in Cairo grew by 10% last year, highlighting strong levels of investor demand. Given the weakening value of Egypt's currency, real estate investment has the potential to provide better returns for savers.

Recent legislative amendments allowing foreigners to own real estate in Egypt has also increased demand from international buyers and Egyptian expatriates looking for properties at competitive prices. In New Cairo, for example, apartment prices have risen by 24% year-on-year, averaging US\$ 450 psm. Villa prices have increased by 8.5% to US\$ 690 psm.

Similarly, in Sheikh Zayed City, apartment prices have surged by 27.8% year-on-year, taking values to almost US\$ 430 psm, while villa rates have inched up by 2.1% to US\$ 625 psm, over the same period.

The current value of sales is estimated to be US\$ 18bn and forecasted to reach US\$ 30bn by 2028, with 17 projects worth US\$ 1.3bn delivered in the first quarter of this year.

Greater Cairo is the biggest real estate market for residential buyers, due in part to a population that is growing faster than the country's average growth rate.

Demand for residential property has been further boosted by government-led efforts to create new urban centers in the New Administrative Capital and New Zayed City. These centres have included new and extensive transportation networks, such as the

two US\$ 4.5bn monorail projects linking the New Administrative Capital with Sheikh Zayed City and the link between Giza and Sheikh Zayed City, in addition to subsidised loan rates for house buyers.

This combination of demographic and investment incentives have encouraged a flurry of large new real estate projects in and near Cairo. Projects include the "New Administrative Capital", "New Zayed City" and "New Cairo".

One of the most notable new launches in the third quarter of this year was the US\$ 87 million project in West Cairo by Saudi developer Kaizen Urban Development. It aims to build around 1,200 new homes by 2027.

Market challenges

Despite strong growth, Egypt's residential market faces challenges. The biggest one is rampant inflation, which reached about 36% in June this year, due to a shortage of foreign currency and currency devaluations. That is making property unaffordable for some buyers.

Unsurprisingly, around 60% of current residential demand is focused on small apartments as buyers grapple with the soaring cost of living and rising interest rates, which were 19.25% in June.

Despite a tough economic backdrop there is still demand for small townhouses and twin houses, which account for 30% of market demand. In response, developers are increasingly offering smaller units, priced between US\$ 81,000 and US\$ 112,000.

Developers pass on savings

To reduce risk for developers due to increasing construction and finishing costs, new projects are often semi-finished or shell and core – especially for townhouses and twin houses, to contain costs, creating the opportunity to pass on savings to domestic buyers and those keen on customising their purchases. For investors, however, a shell and core unit may not be as attractive.

Developers are also taking a cautious approach, in response to market headwinds and the depreciating Egyptian pound. As a result, they have reduced the duration of payment plans being offered to 7-8 years on average, from 14 years previously.

Summer home returns boost second home market

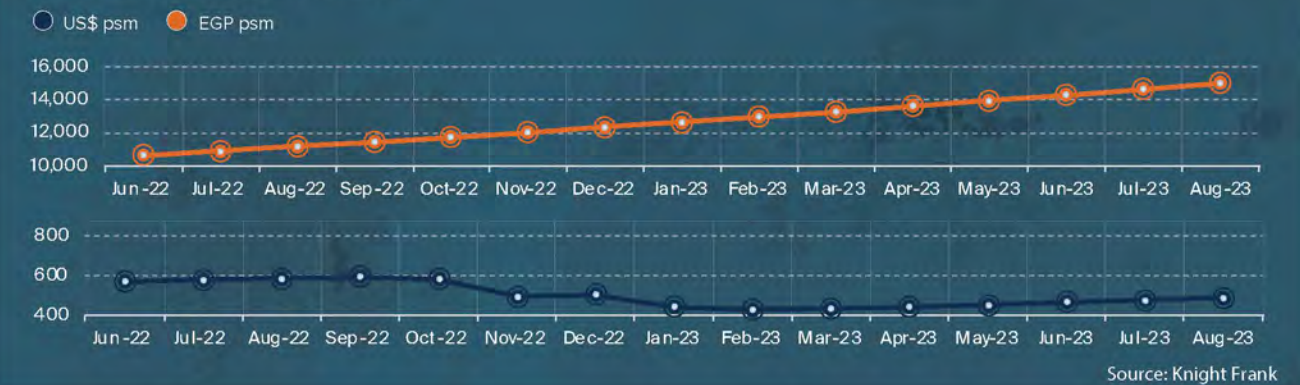
The second homes market, particularly summer homes on Egypt's north coast, is expected to experience sustained strong demand in the short to medium term. This is due to the potential for capital appreciation, attractive rental yields in foreign currencies, the region's pleasant climate,

extensive dining and entertainment options, and increased interest from GCC buyers. In the past few years, there has been a growing interest from GCC nationals in the real estate market on Egypt's north coast. Currently, chalet prices on the north coast range from US\$ 950 psm rising to US\$ 3,000 psm for premium units in high-end developments, while villa prices vary between US\$ 1,450 psm and US\$ 3,550 psm. The total value of summer home sales reached US\$ 2.1bn in 2022. We expect a further 30% increase during 2023.

Residential outlook: Slower growth, increasing demand for resale, completed properties

The residential sales market in Egypt is expected to experience slower rates of growth, underpinned by the weakness of the Egyptian pound, rising borrowing costs and the hyper-inflation – all of which are dampening consumer confidence. Many real estate projects are experiencing construction delays as rising inflation hikes costs. Consequently, there has been a significant increase in demand for resale (cash based) and completed properties, with a 30% increase in the volume of sales in this market segment during Q2 2023.

Price movement in EGP and US\$



US\$ to EGP Exchange Rate 2022-2023



OUR SURVEY

To assess attitudes and appetite for real estate investment in Egypt, we surveyed 258 GCC nationals, with investable wealth levels ranging from US\$ 100,000 to above US\$ 1 million (excluding the value of their main home or primary residence). We conducted the research in partnership with YouGov.

Saudi Arabia
US\$ 0.76 million
Avg Net Worth

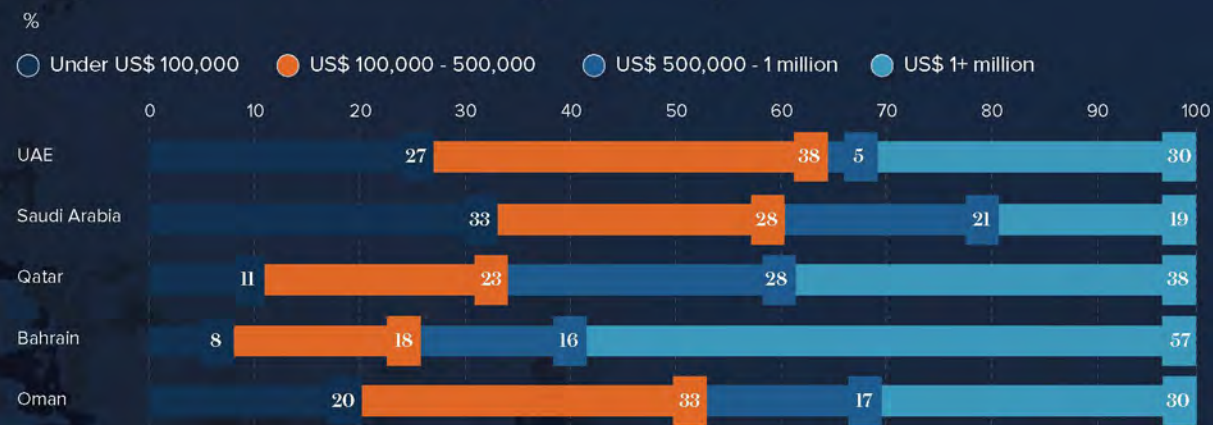
Bahrain
US\$ 1.4 million
Avg Net Worth

Qatar
US\$ 1.17 million
Avg Net Worth

United Arab Emirates
US\$ 0.88 million
Avg Net Worth

Oman
US\$ 0.96 million
Avg Net Worth

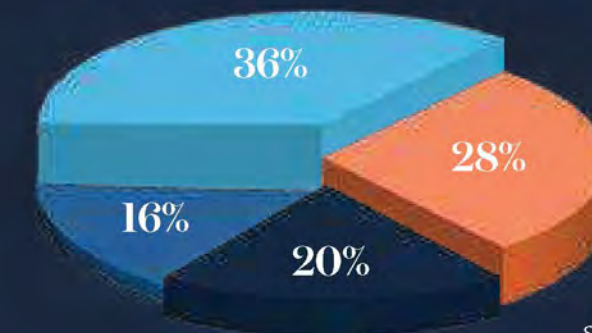
Respondents' investable wealth (by nationality)



Source: Knight Frank, YouGov

Respondents' investable wealth

○ Under US\$ 100,000 ● US\$ 100,000 - 500,000 ● US\$ 500,000 - 1 million ● US\$ 1+ million



Source: Knight Frank, YouGov

GCC NATIONALS' PERCEPTIONS OF EGYPT

In our survey, we asked GCC respondents to select the words they most associate with Egypt. The word cloud below represents these views, with the larger words being cited more often than smaller ones.



RESIDENTIAL DOMINATES PREFERENCES

Egypt's residential sector remains the biggest property market in 2023 among our survey respondents. Seven in ten (68%) indicate a preference for residential real estate. Branded residences (30%) and retail (29%) are the second and third most preferred sectors, respectively.

Established property market

Six in ten of our GCC respondents already own at least one property in Egypt. Within this group of investors there were variations in the number of homes owned. 36% of those with investable wealth of under US\$ 100,000 own one home in Egypt. For those with investable wealth of more than US\$ 1 million this rises to 39% owning between two and three homes.

By nationality, Emirati (37%) and Saudi (39%) nationals are the largest group of GCC respondents who own between two and three homes in Egypt. The majority of respondents from Bahrain (55%) and Oman (63%) do not own homes in Egypt. The most popular location for home ownership in Egypt is greater Cairo (68%), followed by

Sharm El Sheikh (33%) and Soma Bay (32%). For those with an investable wealth of less than US\$ 100,000, however, central Cairo (34%) and Soma Bay (24%) have been named as the top locations for current home ownership amongst our GCC respondents.

For GCC buyers with investable wealth of more than US\$ 1 million, 43% have invested in Sharm El Sheikh, followed by El Gouna (36%) and Sheikh Zayed City (34%).

Six in ten (65%) of our GCC respondents said that there were aware of the recent removal of the limits on residential property ownership for international buyers - a change we believe will further enhance the appeal of Egypt's real estate market.

Need to know

- 60% of GCC nationals already own at least one property in Egypt.
- Within our GCC survey the nationalities most likely to own between two and three homes in Egypt were Emirati (37%) and Saudi (39%) nationals.
- By contrast, most respondents from Bahrain (55%) and Oman (63%) do not own homes in Egypt.

Real estate sector investment preferences (by investable wealth)



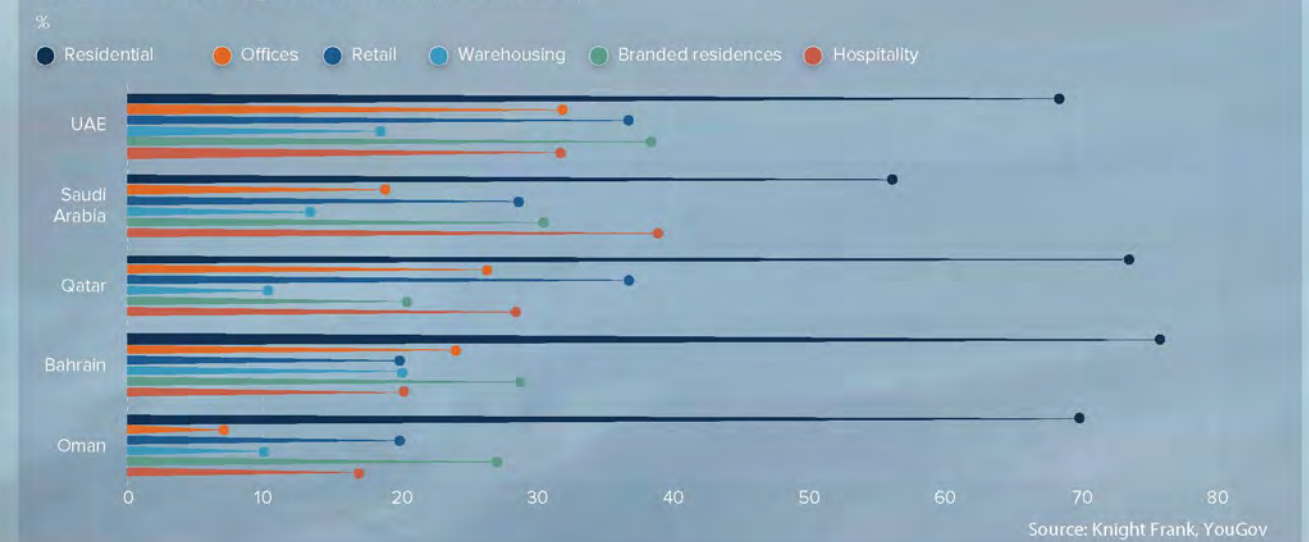
Number of properties owned (by nationality)



Location of current property ownership (by investable wealth)



Real estate sector preferences (by nationality)



LOCATION, LOCATION, LOCATION

Greater Cairo dominates the list of target locations amongst GCC buyers eyeing up an Egyptian investment, with 73% focused on buying a residential property here.

Greater Cairo Calling

The North Coast (35%) is the second most popular location for a residential property, followed by Sharm El Sheikh (31%).

For Emirati respondents, Egypt's New Administrative Capital (42%) is the ranked as the most appealing residential target location, followed closely by New Cairo (37%) and The North Coast (37%). For Qatari's, the top-two locations are The North Coast (41%), and Sheikh Zayed City (37%).

Saudi nationals have a clear preference for beachfront locations. Their top two areas for a new property are Sharm El Sheikh (42%) and the North Coast (41%).

Bahraini and Omani respondents are most likely to buy residential property in New Cairo and Central Cairo.

Among those who already own a home in Egypt, Ain Sukhna, El Gouna and Sahl Hasheesh are two to three times more popular among those with existing property in Egypt. That said, The North Coast is the most desirable location to property owners in Egypt at 43%, around 10 percentage points higher than the second most desirable location (New Cairo: 34%).

Almost all (96%) GCC nationals with homes in Egypt have declared an intention to buy another home in the country during 2023. Within this group, half (49%) say they want to buy this year, rising to 56% for those with investable wealth over US\$ 1 million.

By nationality, within our GCC survey, Qataris are the most eager to buy, with 64% saying that they are interested in buying a residential property in Egypt this year. Omanis and Bahrainis, at 77% and 72%, respectively, appear to want to wait the longest among our respondents, declaring their buying timelines to be in the next two to five years.

For those with no residential property in Egypt, New Cairo at 37%, followed by Sharm El Sheikh (33%) are the most popular target locations.

Repeat buyers

Eight in ten (83%) GCC nationals are keen to make a residential property purchase in Egypt during 2023. More than half (56%) of GCC nationals who already own a home in Egypt said that they are keen to buy another property in Egypt this year.

Ambition to buy more Egyptian property rises with investable wealth, with 94% of those possessing investable wealth over US\$ 1 million saying that they are interested in making a property purchase. Of these, 56% say they are interested in doing so this year.

At the other end of the investable wealth spectrum, just 66% of respondents with less than US\$ 100,000 of investable wealth are interested in making a property purchase in Egypt. Additionally of those within this group interested to make a purchase, a fifth of have a purchasing horizon of 4-5 years.

Overall, Qatari's (94%), Saudi nationals (85%) and Emirati's (80%) are the keenest on buying a home in Egypt this year.

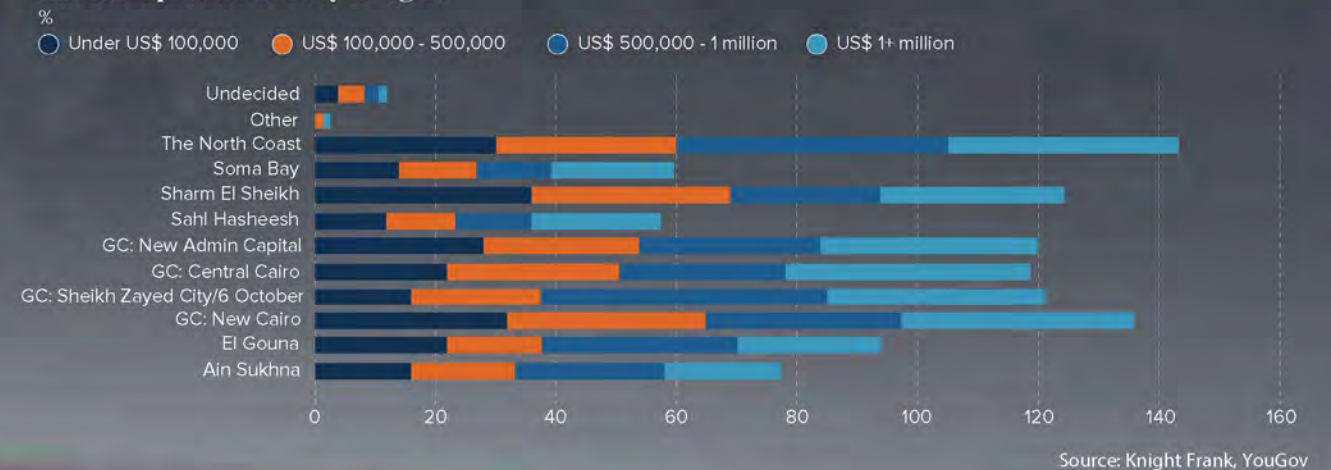
Timeframe to make purchase (by current ownership status)



Likelihood of making a purchase (by nationality)



Location preference (by budget)



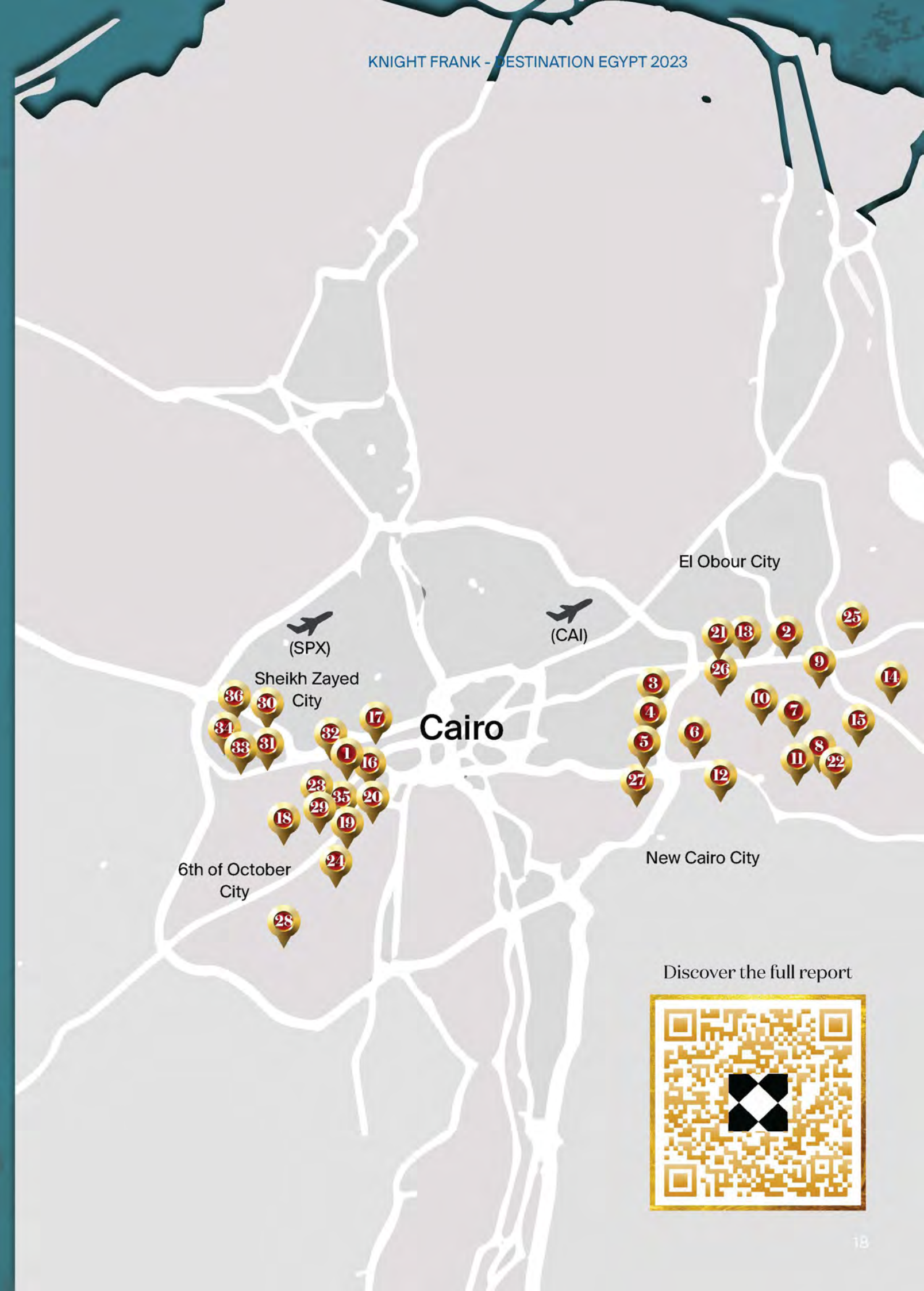
Need to know

- 83% of respondents are interested in making a residential purchase in Egypt.
- Qataris are the most eager GCC nationality group, with 64% interested to buy a residential property in Egypt this year.
- For Emirati respondents, the New Administrative Capital (42%) is the ranked as the most appealing residential target location, followed closely by New Cairo (37%).

IN FOCUS: DEVELOPMENTS IN GREATER CAIRO

Greater Cairo is GCC investors' favoured place to buy property in Egypt. We estimate that approximately 300,000 homes are currently under construction across over 40 projects, all of which are due to be completed by 2028.

- | | |
|---|-------------------------------------|
| 1 Uptown Cairo by Emaar Misr | 19 Palm Parks Compound |
| 2 Taj City by MNHD | 20 Palm Hills Golf Views |
| 3 Cairo Festival City by Al-Futtaim | 21 STEISHT By LMD |
| 4 W Residence by LMD | 22 Zed East by ORA Developers |
| 5 Katameya Heights | 23 Zed Sheikh Zayed |
| 6 Katameya Creeks | 24 O West Residence by ORASCOM |
| 7 Mivida by Emaar Misr | 25 Madinaty by TMG |
| 8 Mountain View Hyde Park - MVHP | 26 Al Rehab by TMG |
| 9 Mountain view Icity | 27 Stone Park |
| 10 Sodie Eastown | 28 Badya by Palm Hills Developments |
| 11 Hyde Park - New Cairo | 29 Arkan Palm 205 |
| 12 District5 - Marakez | 30 The Estates by SODIC |
| 13 Creek Town New Cairo by ILCazar Developments | 31 VYE Sodie New Zayed |
| 14 Celia by TMG | 32 The Allegria Compound |
| 15 La vista City New Capital | 33 Karmell by SODIC |
| 16 New Giza | 34 Solana by Ora Developers |
| 17 Cairo Gate by Emaar Misr | 35 Keeva Cby Al Ahly Sabbour |
| 18 Mountain View iCity October | 36 Rivers New Zayed |



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EGYPT'S GRAND VISION: THE NEW ADMINISTRATIVE CAPITAL

Launched in 2015 and set to cover an area of 45 sq km when completed, the US\$ 59bn New Administrative Capital (NAC) will house 6.5 million residents in its first phase. The city, located beyond the Regional Ring Road, is set to be Egypt's new capital, located in Cairo governate. Below we take a look at some of the NAC's key features.



170,000 acres

almost the size of Singapore and seven times the size of Paris



6.5 million

expected population for phase one



8 sq km Green River Park

twice the area of Central Park in New York City



20

residential Districts



900 acres

expo City



2000

schools and universities



Sustainable city

70% of roofs covered in solar panels



Grand Egyptian Mosque

250,000 sqm
largest mosque in Africa



Oblisco Capitale

Tower 1000m

planned to be the world's tallest building on completion in 2030



Iconic Tower

393m

will be Africa's tallest skyscraper on completion in 2024

Source: Knight Frank

HOME FROM HOME

Egypt has long been a second home hub for GCC buyers. Indeed, 72% of GCC nationals' main reason for buying a property in Egypt, according to our research, is to buy a 'second home / holiday home'.

Holiday homes

'Investment / capital gains' (58%) are the second most popular reason for purchasing a residential property in Egypt.

There is significant variation in the intended use of the property, depending on buyer/investor location. For example, over a third of Saudis (36%) said they intend to use their property as a main residence, compared to our research average of 23%. Over a third of those with existing property in Egypt are looking to make their next purchase a main residence, compared to just 8% of those with no existing property in Egypt.

For those with investable wealth over US\$ 1 million, the biggest reason for a residential

property purchase in Egypt is a second home at 79%. About four in ten (44%) Saudi nationals are interested in making their next property purchase in Egypt a beach house – the highest among all GCC buyer groups.

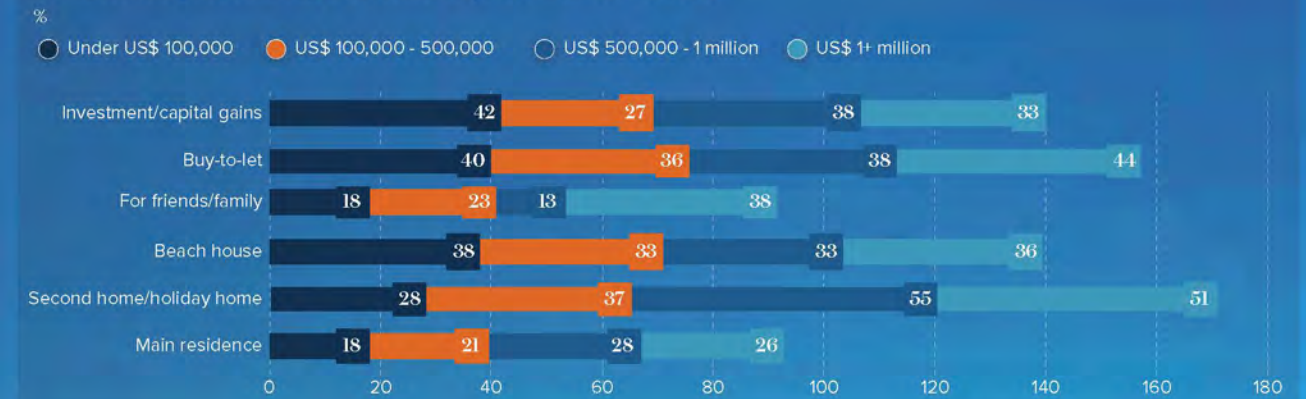
At 45%, Bahraini respondents are most interested in purchasing a second home. They are, however, the least likely to make a beach house purchase (24%). Meanwhile, 40% of Omanis are interested in making second home purchases.

Almost half of UAE and 40% of Saudi respondents have no intention of renting out second home purchases.

Need to know

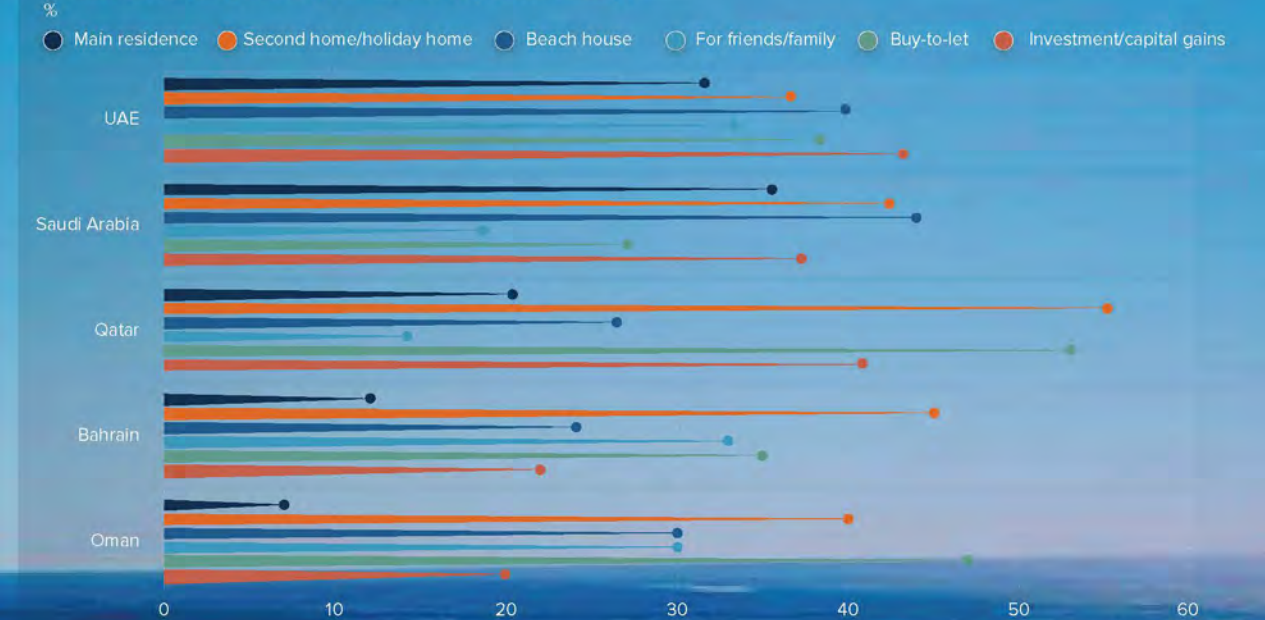
- 72% of GCC nationals' main reason for buying property in Egypt is to buy a 'second home / holiday home'.
- Over a third of Saudis (36%) intend to use their Egypt property as a main residence.
- 44% of Saudi nationals are interested in making their next property purchase in Egypt a beach house – the highest among all GCC buyer groups.
- 40% of Omanis are interested in making second home purchases, with renting it out (47%) being cited as the second most popular motivator for buying a second home in Egypt.

Residential purchasing rationale (by investable wealth)



Source: Knight Frank, YouGov

Residential purchasing rationale (by nationality)



Source: Knight Frank, YouGov

“ Half of UAE and 40% of Saudi respondents have no intention of renting out second home purchases. ”

HOLIDAY HOME LETS

Although 92% of GCC nationals intend to use their Egyptian residential properties, just 19% plan to live there full-time. The rest hint at plans to rent out their homes.

Rental income

74% of GCC nationals making a second home purchase intend to rent out their property at some point, with 35% claiming they would mostly rent it out.

Emirati respondents are the least interested in renting out their homes, with 46% answering "never" when asked about how frequently they intended to lease their Egyptian homes. In contrast, 63% of respondents from Bahrain intend to mostly rent out their purchase.

One in four (25%) of those with over US\$ 1 million of investable wealth are most likely to stay in their residential acquisition "always". Similarly, 30% of this group intend to "never" rent out their home in Egypt – the highest amongst all our investable wealth groupings.

Yield expectations mirror reality

When asked about rental yield expectations, half of respondents (48%) believe they will earn rental yields of between 4% and 8% on their residential purchases.

Those with investable wealth between US\$ 500,000 and US\$ 1 million are the most optimistic when it comes to this range (60%). One in five (22%)

of those with investable wealth of more than US\$ 1 million expect gross annual rental yields to reach over 10%. By nationality, Qataris are most optimistic about future rental yields, with one in four (24%) predicting a return more than 10% for their residential purchase in Egypt this year.

Budgets

GCC buyers' average budget for a residential purchase in Egypt this year stands at US\$ 1.1 million.

This average figure disguises variations based on investable wealth and location. Around 40% of those with investable wealth over US\$ 1 million, for example, are willing to spend US\$ 1.9 million on their next property purchase in Egypt. This category of respondents has the highest average budget.

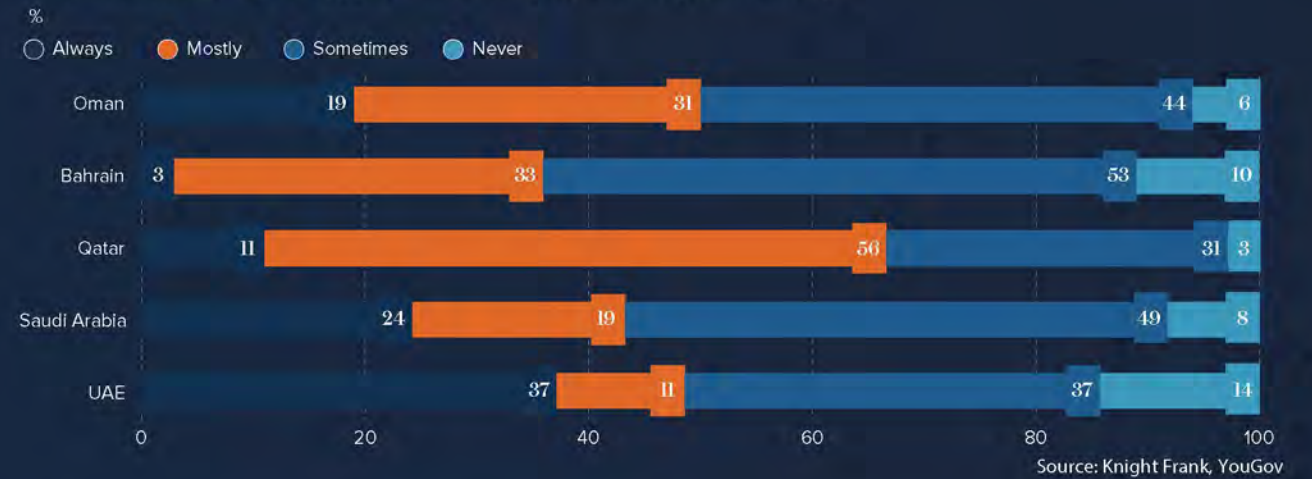
With 30% of respondents allocating over US\$ 1 million to their next property purchase in Egypt, UAE respondents have the highest average budget (US\$ 1.6 million), followed by those from Qatar (US\$ 1.1 million) and Bahrain (US\$ 1 million).

Omani respondents have the lowest budgets, with 37% willing to spend under US\$ 300,000 on a home in Egypt.

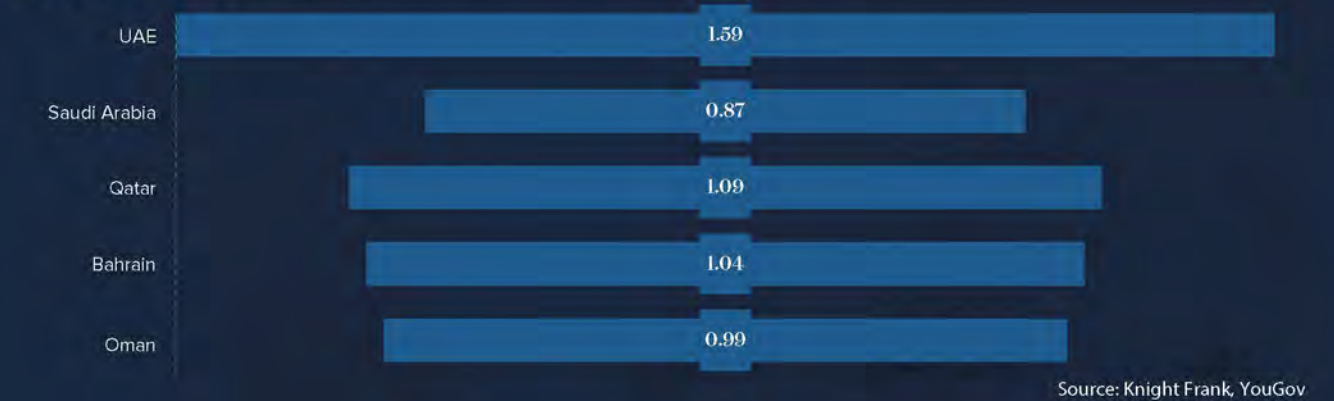
Need to know

- 96% of respondents who currently own property in the country are interested in purchasing another residential property in Egypt, compared to 63% of those who currently don't own property in the country.
- 74% of GCC nationals buying a second home purchase plan to rent out their property.
- 22% of those with investable wealth more than US\$ 1 million expect gross annual rental yields to reach over 10%.
- UAE respondents have the highest average property budget (US\$ 1.6 million) for a residential purchase in Egypt.
- 50% of respondents from Bahrain are prepared to spend over US\$ 750,000 towards their next property purchase in Egypt.

Likelihood of living in Egypt residential purchase (by nationality)



Allocated average budgets (in US\$ million) for purchasing a residential property in Egypt for GCC nationals



Expected return on investment after one year (by nationality)



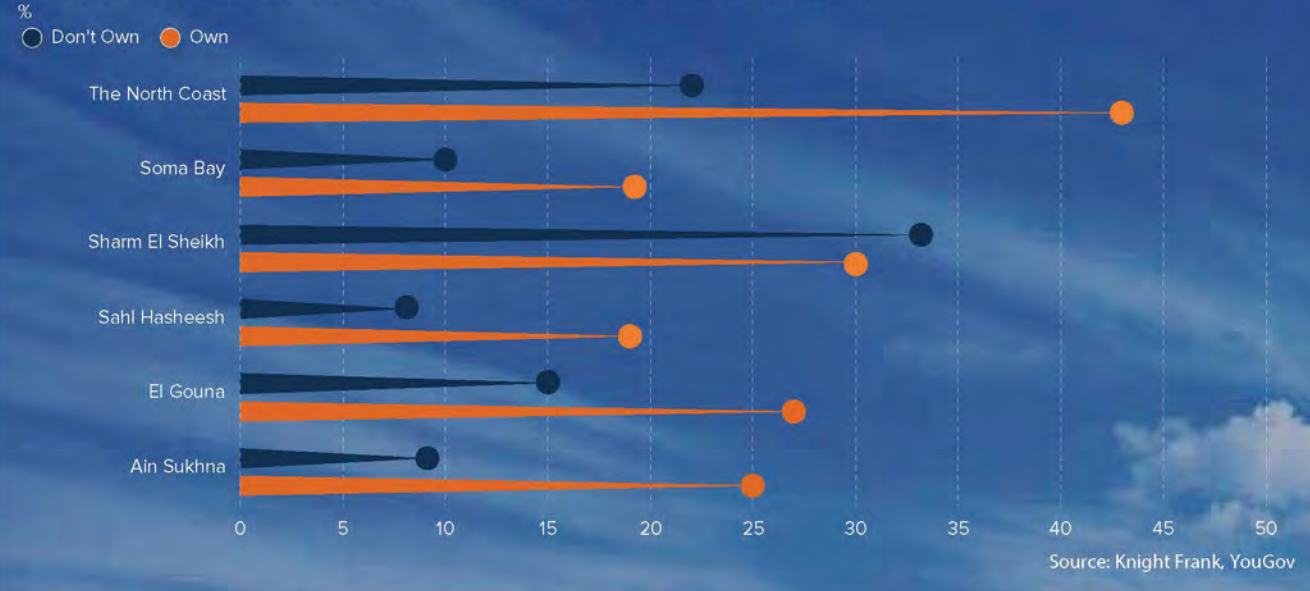
A PLACE IN THE SUN

The north coast and Red Sea are two of the most sought-after destinations for holiday and beach homes among GCC nationals.

From white sandy beaches to vibrant festivals, these real estate markets have thrived in the last decade. It's no surprise, then, that they are listed as the most desirable locations by both nationality and level of investable wealth.

Respondents who already own homes on the north coast are most likely (43%) to purchase another property in the same location. The same is true for the Red Sea locations of Sharm El Sheikh (33%) and El Gouna (27%).

Locations of interest (by current ownership status in same location)

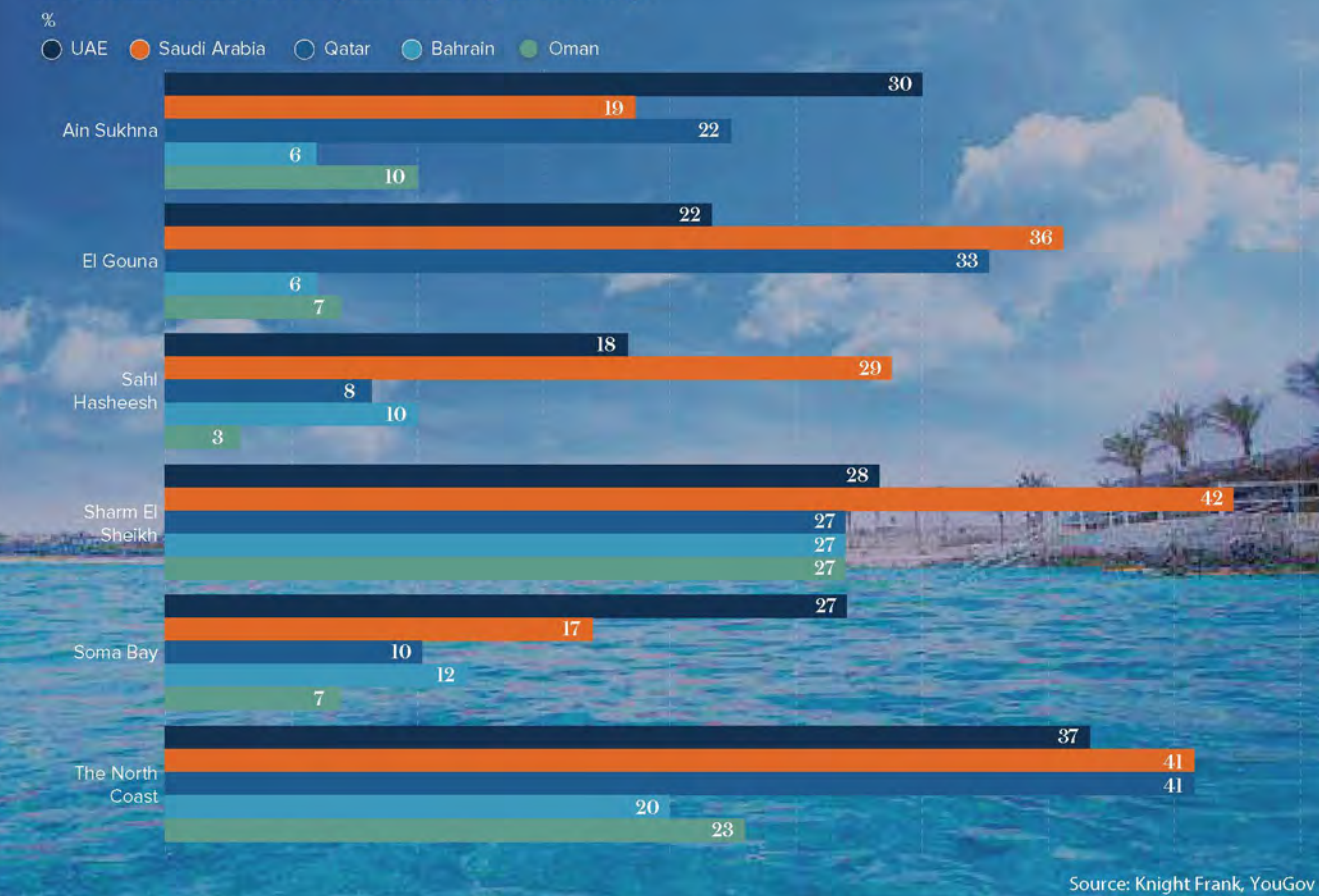


“Demand for properties in the North Coast is highest amongst GCC nationals with US\$ 500,000 to US\$ 1 million in investable wealth.”

Location of interest (by investable wealth)



Locations of interest to purchase (by nationality)



AN EMERGING FAVOURITE: DEVELOPMENTS ON THE NORTH COAST

By our estimate 8,000 homes are currently under construction across 15 projects, in Egypt's North Coast. They are due to be completed by 2028.



- | | |
|---|---|
| 1 Marassi by Emaar Misr | 15 Caesar Bay Resort |
| 2 Hacienda Bay by Palm Hills | 16 Bainchi |
| 3 Seashell | 17 Zoya by LMD |
| 4 Amwaj | 18 Zahra |
| 5 Telal | 19 GAIA |
| 6 La Vista Bay | 20 Seazen North Coast - Al Qamzi |
| 7 The Waterway North Coast | 21 Cali Coast Beach by MAVEN Developments |
| 8 Fouka Bay by Tatweer Misr | 22 D-Bay by Tatweer Misr |
| 9 Hacienda White by Palm Hills Developments | 23 Mountain View North Coast |
| 10 Hacienda Red | 24 Solare Misr Italia Properties |
| 11 Silver Sands by Ora | 25 Hacienda West - Palm Hills |
| 12 June by Sodie | 26 Naia Bay |
| 13 Caesar by Sodie | 27 Azha North |
| 14 Koun by Mabany Edris | 28 Hyde Park North |

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IN DEMAND: RED SEA COAST HOMES

We estimate that about 3,000 homes are currently under construction across 10 projects, which are due to be completed by 2026.

- | | |
|---------------------|--|
| 1 IL Monte Galala | 9 La Vista Gardens |
| 2 Bay Mount Maven | 10 Swan Lake El Gouna |
| 3 Cape Bay Lasirena | 11 Kamaran |
| 4 Carnelia | 12 Mangroovu Residence El gouna - Grovin |
| 5 Jebal | 13 Cyan |
| 6 Telal | 14 Ancient Sands |
| 7 Azha | 15 Fanadir Bay II |
| 8 Baymount | 16 Four Seasons Residence |
| | 17 Makadi Bay |



CALLING ALL FREQUENT FLYERS

When it comes to flight connections, which play a vital role in facilitating cross border trade and investment, Egypt enjoys very close links with the GCC with around 8,200 flights per week to and from the Gulf.

GCC x Cairo

Kuwait

91



Qatar

49



Bahrain

28



Oman

25



UAE

Abu Dhabi

28

Dubai

53

Ras Al Khaimah

8



Saudi Arabia

Riyadh

154

Jeddah

196

Madinah

35



GCC x Alexandria

Kuwait

35

Qatar

10

Bahrain

2

Oman

2

Abu Dhabi

11

Dubai

26

Sharjah

38

Riyadh

14

Jeddah

32

Madinah

4

GCC x Sphinx

Kuwait

8

Riyadh

7

Jeddah

5

GCC x Aswan

Jeddah

1

GCC x Hurghada

Riyadh

5

Jeddah

3

GCC x Luxor

Kuwait

9

Al Ain

1

Jeddah

5

GCC x Sharm El Sheikh

Kuwait

6

Dubai

1

Riyadh

13

Jeddah

9

Total # of flights per week

1,024

Total # of passengers per week

13,1072

Total # of flights per month

4,096

Total # of passengers per month

524,288

INVESTMENT CONCERNS

While the majority of GCC nationals in our survey appear keen to make a residential investment in Egypt, many are also conscious of the challenging economic backdrop that has underpinned hyperinflation as well as the devaluation of the Egyptian pound.

Risk management

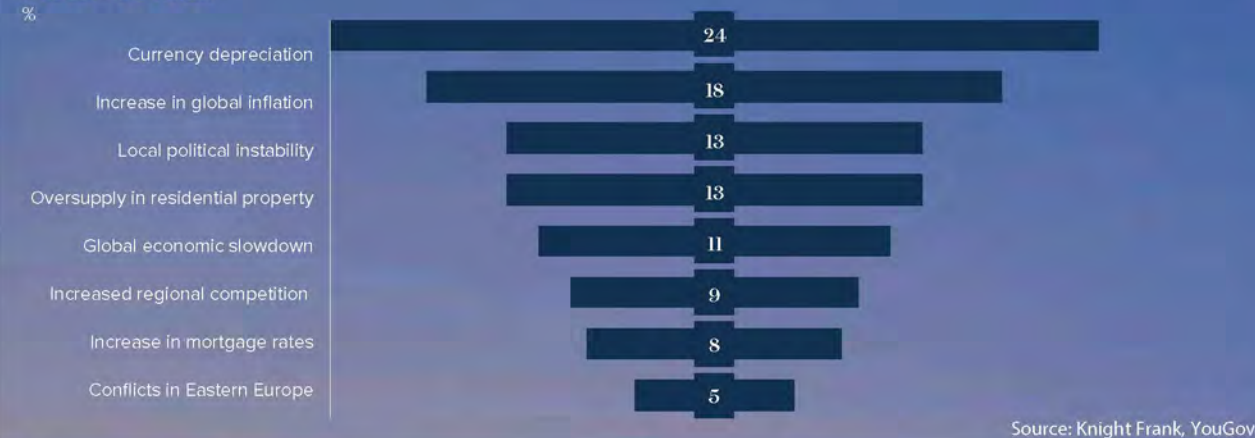
Overall, “internal risks” (66%) dominate the minds of GCC nationals considering an Egyptian residential purchase. At 24%, currency depreciation ranks the highest on the list of perceived internal risks.

Risk perception among GCC property buyers varies based on the total level of investable wealth. For instance, those with less than US\$ 100,000 in

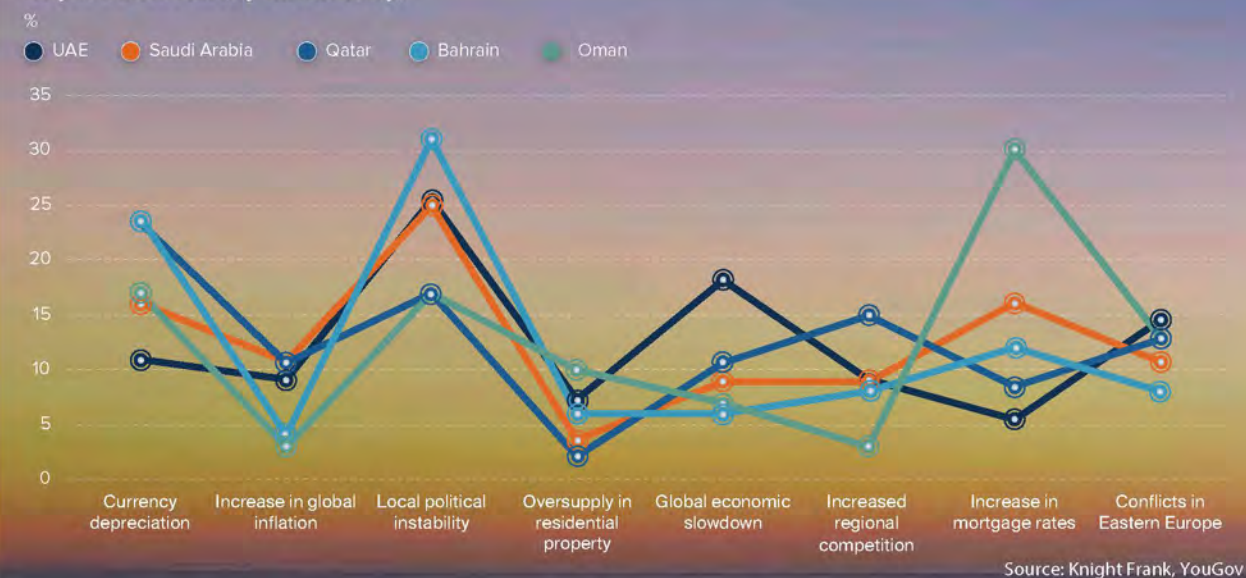
investable wealth consider local instability and increase in mortgage rates as their top risks at 19% each. In contrast, those with more than US\$ 1 million in investable wealth fear currency depreciation and rising levels of global inflation the most, at 22% each.

Qatari nationals are the only GCC buyer group for whom currency depreciation (17%) ranks as the second most important risk, behind rising global inflation (23%).

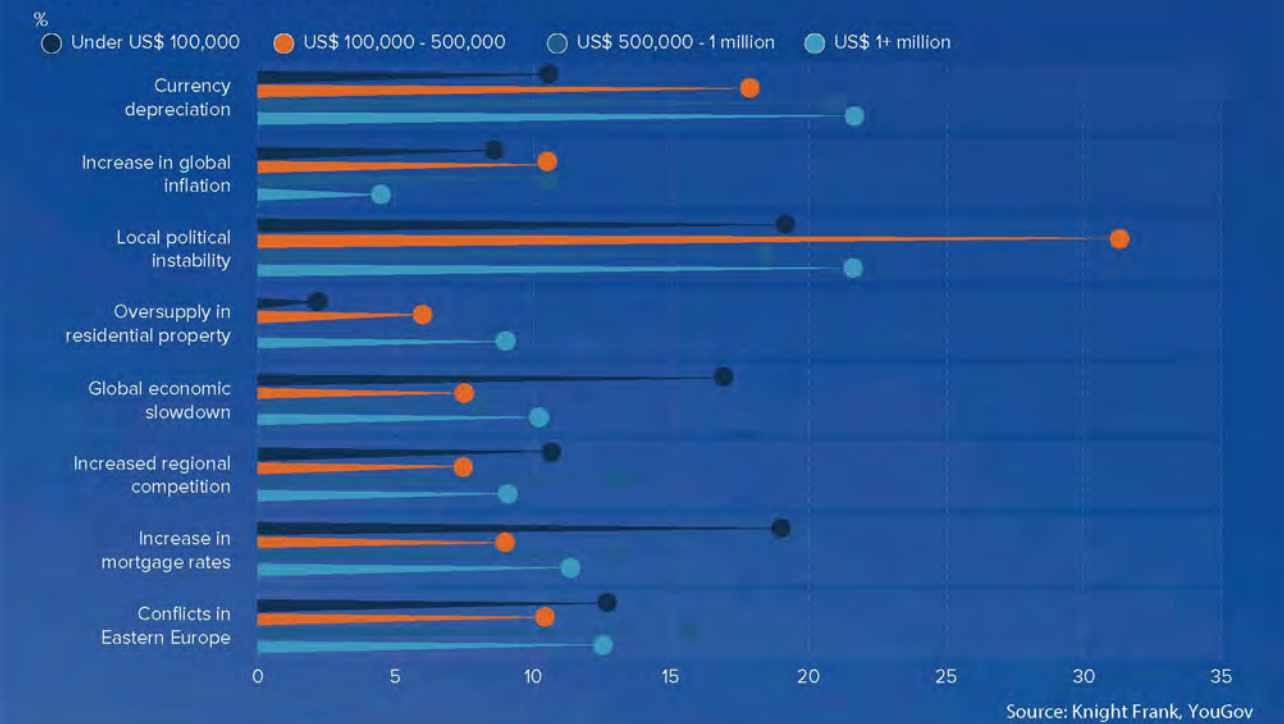
Perceived risks



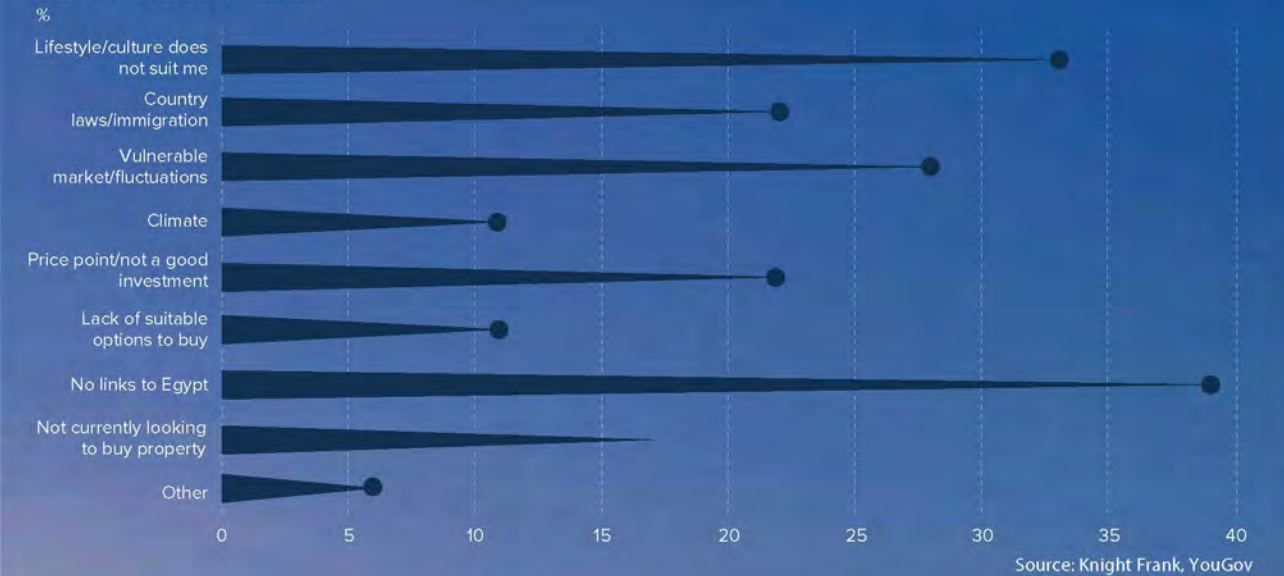
Buyer concerns (by nationality)



Perceived risks (by investable wealth)



Barriers for investment



Need to know

- Internal risks (66%) appear to dominate the minds of GCC nationals eyeing up an Egyptian residential purchase
- At 24%, currency depreciation ranks is highest on the list of perceived risks.
- Qatari nationals are the only GCC buyer group for whom currency depreciation (17%) ranks as the second most important risk, behind rising global inflation (23%).

DESTINATION EGYPT 2023: REPORT HIGHLIGHTS



68%

of demand among all asset types is for residential properties, which is by far the highest.



UAE respondents have the highest average budget (**US\$ 1.6 million**) for a residential purchase in Egypt.



24%

currency depreciation ranks the highest on the list of perceived risks to investment in Egypt.



94%

of respondents with over US\$ 1 million investable wealth are interested in purchasing property in Egypt.



72%

of GCC nationals' main motive for buying real estate in Egypt is to buy a 'second home / holiday home'.



Interest in the North Coast is highest among UAE, Saudi, and Qatari nationals.



44%

of Saudi nationals are interested in making their next property purchase in Egypt a beach house.



73%

Greater Cairo has the highest level of interest for GCC nationals.



Almost half of GCC nationals interested in buying a property in Egypt intend to do it within a year.

Source: Knight Frank, YouGov

A WORLD OF OPPORTUNITIES

Our survey of GCC nationals has revealed fascinating insights into the way in which buyers from across the Gulf view Egypt’s real estate sector, while also confirming our own experience in the market. The survey has also hinted at three investment opportunities in Egypt’s real estate market.

1. BRANDED RESIDENCES

The branded residential market in Egypt is a relatively small, yet thriving, asset class with potential for high investment returns through capital appreciation and US dollar rental returns. These factors may act as a buffer against further currency devaluation.

One of the main advantages of purchasing a branded residence property in Egypt is its affordability in comparison to more developed markets. With average prices starting at around US\$ 4,000 psm and ticket prices starting at US\$ 300,000, makes the sector largely accessible to a sizeable proportion of our GCC respondents, 30% of whom are keen on acquiring a branded residential property in Egypt.

Egypt’s branded residence market is thriving due to its association with well-known luxury brands. The presence of globally renowned hotel chains collaborating with local developers in Egypt has elevated the standard of branded residences, attracting local and international buyers. These properties provide a high level of security and privacy and a seamless integration of hotel services

and facilities, such as concierge, housekeeping, and access to restaurants and spas. Furthermore, with budgets as high as US\$ 1.6 million (Emiratis) and 74% of all our respondents intending to rent out any residential purchase in Egypt for part of the year, branded residences offer instant access to world-class property management services, as well as the all-important association and prestige of having your purchase linked to a luxury brand.

2. MID MARKET PROPERTIES

According to our data, 40% of GCC nationals plan to spend under US\$ 300,000 on their first residential property in Egypt.

Although developers have become more conscious of offering midscale property inventory within the last year, this sector remains relatively undersupplied. Indeed, our estimates suggest that less than 40% of existing inventory in The North Coast, El Gouna, and Greater Cairo falls into this bracket. That suggests there is an opportunity to develop more mid-priced residential products to cater to first-time GCC buyer demand.

3. LUXURY PROPERTIES

Increasing interest in Egypt’s real estate market from the GCC due to its diversity of destinations, whether in new developments in Greater Cairo or overlooking the shores of the Mediterranean, and the Red Sea, presents an opportunity for developers to offer more luxury stock.

According to our estimates, less than 5% of current market supply falls within the luxury bracket of US\$ 1-3 million. Notably, 40% of GCC

nationals have budgets over US\$ 1 million, with Emiratis emerging as the biggest spenders. They plan to allocate an average of US\$ 1.6 million towards a home in Egypt.

High budgets such as these create an opportunity for developers to offer more bespoke and customised homes for the international elite who may be looking for something unique that suits their personal tastes, lifestyles, and relatively deep pockets.

Branded residential projects in Greater Cairo

 Project	 Location	 Developer	 Positioning/Grade	 Total number of units	 Sales price (US\$ psm)	 Completion date
The Collection	West Cairo	New Giza	A	150	2,900	2025
W- Residence	New Cairo	LMD	A+	320	5,000	2025
WBR I	New Cairo	The Water Way Developments	A	100	4,200	2026
Marriot	New Cairo	Al Jazi	A+	650	3,800	RTM

Source: Knight Frank

KNIGHT FRANK IN THE MIDDLE EAST AND AFRICA



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- Building Consultancy
- Data Centres Consultancy
- Healthcare and Education Consultancy
- Hospitality, Tourism and Leisure Advisory
- Luxury Brand Advisory
- Marketing Consultancy
- Project & Development Services
- Property Asset Management
- Real Estate Strategy & Consulting
- Research and Geospatial Analysis
- Valuations and Advisory

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- Industrial & Logistics
- London International Project Sales
- Mortgage and Debt Advisory
- Occupier/Landlord Strategy and Solutions
- Prime Residential
- Private Office
- Residential Project Sales & Marketing
- Retail Advisory
- U.S. Residential Developments

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