

The Board Consulting: Over EGP 700 Billion in Real Estate Sales Achieved by 20 Developers in 2023, Exceeding 2022 by 111%

Cairo, 6 February 2024 - The Board Consulting, a renowned business consultancy, has released its highly anticipated annual real estate report. This comprehensive report showcases the exceptional accomplishments of 20 leading developers, who collectively achieved over EGP 700 billion in sales. This remarkable achievement surpasses last year's sales figure of EGP 332 billion, revealing the unwavering resilience and impressive growth of the real estate market, even amidst the numerous challenges faced throughout 2023.

The report attributes the remarkable surge in real estate sales to a combination of external and internal factors such as global inflation due to geopolitical conflicts and the rise in US interest rates. On the internal front, the price increases in Egypt created a sense of urgency and panic among individuals to purchase real estate as a means to sustain the value of their money.

Ahmed Zaki, Managing Director of The Board Consulting, said: "The 25% depreciation of the currency had a 'Domino effect,' resulting in increased inflation and economic uncertainty. This depreciation led to a rise in prices across various sectors, including real estate, causing individuals to scramble for secure and reliable investment opportunities. "

Zaki added: "The global unrest and disruptions in commercial routes have greatly affected raw materials, especially construction steel prices which surged to EGP 55,000 per ton in the black market; with a notable disparity in availability compared to the official rate of EGP 39,000 per ton. Consequently, construction materials have experienced an average increase of 80% (excluding the fully finishing materials), resulting in a corresponding 60% increase in overall construction costs. These costs typically represent about 35% of project investments, leading to an average 80% increase in selling prices.

Zaki concluded by highlighting the distribution of the top 20 developers' sales in 2023, stating: "The sales were generated in the following order: East Cairo, the North Coast, West Cairo and finally the Red Sea."

The report emphasizes that East Cairo takes the lead as the top destination of choice, particularly with the recent expansions in Al-Mostakbal City and the establishment of the government's headquarters in NUCA.

In contrast, West Cairo has seen tremendous growth with over 70 residential projects sold in 2023. It has also witnessed a surge in land acquisitions, particularly due to the booming expansions in Sphinx City and New Zayed City.

The North Coast has emerged as the trendiest and most sought-after second home destination. Its popularity has led to a frenzy of land acquisitions driven by the high return on investment (ROI) it offers. It has also become a favorite destination for investors.

The Red Sea region has experienced significant development, with destinations like Makadi Bay, Soma Bay, and El-Gouna evolving into attractive "first home" options for some. Additionally, new destinations like Tawila Island have also emerged.

In 2023, Talaat Mostafa Group (TMG) emerged as the top developer, achieving an unprecedented sales figure of 140 billion EGP. This remarkable growth of 322% over 2022 was exclusively driven by their projects in East Cairo, without the involvement of brokers.

TMG also expanded their presence by launching the mega project BENAN in Saudi Arabia, spanning over 10 million square meters, and acquiring a 39% stake in Legacy, further establishing their foothold in the hospitality sector.

Mountain View secured second place with sales of EGP 61.1 billion, marking a significant increase of 98% over 2022. Naguib Sawiris's Ora and Palm Hills both claimed the third spot, each achieving remarkable sales figures of EGP 59.5 billion. Ora witnessed a staggering 207% increase over 2022, while Palm Hills saw a substantial 129% increase.

According to the Board Consulting Report, City Edge secured fourth place with sales reaching EGP 38 billion, reflecting a 100% increase over 2022. Madinet Masr followed closely in fifth place, achieving sales of EGP 35 billion, marking an impressive 212% increase. Emaar Misr recorded sales of EGP 30.2 billion, experiencing a slight decrease of -9% compared to 2022. SODIC achieved sales of EGP 29.4 billion, representing a notable 38% increase. Founders recorded sales of EGP 27.6 billion, marking a 35% increase. New Giza achieved sales of EGP 26 billion, reflecting a 63% increase, while Tatweer Misr secured EGP 25 billion in sales, experiencing an impressive 213% increase over 2022.

Yasser Ezz El-Arab, a Board Member at The Board Consulting, emphasized that 'sales value' alone is not the primary indicator of developers' equity. He highlighted the significance of considering other crucial factors such as the volume of old units, delivery commitments, profitability, expansion and land bank, as well as projects' quality and after-sales service. These factors collectively provide a more comprehensive assessment of developers' equity and success in the real estate industry.

Ahmed Nazmy, Chairman at The Board Consulting, highlighted that while there has been a significant increase in sales, the sales volumes did not experience the same level of appreciation. He pointed out that excluding TMG, some top developers saw an average increase of 45% in sales volume, while their sales value increased on average by 150%.

Nazmy added that conversely, some developers experienced an average decrease of 25% in sales volume, but their sales value increased by an average of 57%. He also noted that the increased cost of construction materials led to price hikes of 25% to 50% on new launches, resulting in a rush to secure units. Additionally, expanding to the GCC and Saudi Arabia is becoming a common theme on the agenda of many developers.

The report highlights the importance of government intervention in the real estate sector to ensure exchange rate stability and protect the market from fluctuations in the US Dollar.

It also recommends strategies for achieving sustainable development, including the promotion of "real estate exports" through legislative infrastructure and branding initiatives.

The report also underscores the invaluable role played by real estate brokers as crucial intermediaries between developers and end consumers. There are more than 6,000 brokerage firms in Egypt that account for approximately 65% of the total market sales in 2023.

The report emphasizes the significance of supporting the secondary market for the new generation. It also underscores the importance of implementing a well-designed mortgage system to effectively manage resale risks.

Finally, the report advises developers to prioritize timely construction to mitigate potential consequences. Moreover, it emphasizes the need for innovative solutions in the rental market, specifically to address the affordability challenges experienced by younger generations. Developers should also actively monitor consumer behavior and adapt to market changes to ensure ongoing success in this dynamic industry. By focusing on these areas, developers can enhance their competitiveness and effectively meet the evolving demands of the market.

CONTACT: Blue Ocean PR

Maha Saad +20 122 319 2140 Maha.saad@blueoceanpr.com

Rozan Ehab: +20 111 941 4502 rozan.ehab@blueoceanpr.com

###