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<b>REPORTER:</b>	Shaimaa Al-Aees
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# Egypt's real estate sector draws 94% of wealthy GCC investors: Knight Frank

*Second homes market in Egypt is attractive for GCC investors, particularly as it remains largely undersupplied, says Zeinab Adel*

By Shaimaa Al-Aees

Egypt has emerged as a top destination for property investment among the affluent GCC investors, who have over \$1m in investable assets, according to a new report by Knight Frank, a global property consultant.

The report, titled Destination Egypt, reveals that 94% of these investors are interested in buying real estate in Egypt, and 56% of them plan to do so within the next 12 months. The report attributes this high demand to Egypt's economic resilience, political stability, and attractive returns on investment in the real estate sector, which has been booming in recent years.

Egypt has also benefited from the strong ties and strategic partnerships with the GCC countries, which have poured billions of dollars into the country's infrastructure and development projects. In 2022, Egypt received a \$10bn port investment from the UAE, a \$300m investment from Egypt Kuwait Holding, and a \$15bn investment from Saudi Arabia's PIF. The trend continued in 2023, with the UAE's Sky Real Estate investing \$1bn and Kuwait's Egypt Kuwait Holding investing another \$170m. These investments reflect the confidence and commitment of the GCC institutional investors, who have allocated \$118bn



for real estate and infrastructure projects in Egypt between 2021 and 2023.

Knight Frank has conducted a survey in partnership with YouGov, a market research firm, to explore the preferences and opinions of 258 GCC investors regarding investing in Egypt. The survey respondents have different levels of net worth, from \$100,000 to more than \$1m.

The report also highlights the importance of the real estate and construction sector for Egypt's economy, which accounts for 16% of the country's GDP. The sector is second only to oil and gas (24% of GDP) and ahead

of tourism and hospitality (12% of GDP). The report notes that the sector has been resilient and dynamic in the face of economic challenges and has attracted significant investments from the GCC countries.

The report reveals that 68% of surveyed GCC investors are interested in purchasing a home in Egypt, where 60% already own at least one property.

Faisal Durrani, Partner – Head of Research, MENA, at Knight Frank, said: "Egypt is a familiar and attractive market for GCC investors, who are mainly looking for second homes

or holiday homes. We expect 49% of them to buy a property in Egypt within the next year."

The report also identifies the most popular locations for GCC investors in Egypt. Greater Cairo, which includes New Cairo, Central Cairo, Sheikh Zayed City, and the New Administrative Capital, is the top choice for 73% of them. However, The North Coast is preferred by Saudis (41%) Qataris (41%), and Emiratis (37%).

Durrani added: "The North Coast is the favourite destination for holiday homes among Saudis, Qataris, and Emiratis, while Sharm El Sheikh

is the most sought-after location for Omanis and Bahrainis (27% each). Emiratis have the highest budget, with an average planned spend of \$1.6m. However, there is a limited supply of luxury homes in this price range, as they account for only 5% of the total stock in our estimation."

The report also reveals the different motivations of GCC investors for buying properties in Egypt. Emiratis are mostly driven by investment opportunities (43%), while Qataris are mainly looking for holiday homes (55%). Omanis, on the other hand, are interested in renting out their properties

(47%).

GCC investors are drawn to the second homes market in Egypt, which offers them value, lifestyle, and rental income, according to a new report by Knight Frank, a global real estate consultancy. The report, based on a survey of 1,000 GCC investors, shows that 35% of them plan to rent out their properties when not in use, highlighting the importance of the buy-to-let sector.

Zeinab Adel, Partner – Head of Egypt, at Knight Frank, said: "Egypt has a strong demand for second homes, especially branded residences, which provide GCC investors with luxury, convenience, and quality. Compared to other global cities, Egypt's branded residential market is very affordable, with starting prices of around \$300,000."

The report also examines the yield expectations of GCC investors for their properties in Egypt. The data reveals significant variations based on nationality. Omanis are the most conservative, with 40% of them expecting rental yields of 2-4%. Qataris and Bahrainis are the most optimistic, with 27% and 37% of them respectively expecting rental yields of 6-8%. On average, 49% of GCC investors believe rental yields will range from 4-8% on their buy-to-let acquisitions.