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# Recent CBE decisions poised to reshape local real estate market: Savills Egypt

Savills Egypt, the local office of the leading global real estate advisor, revealed its preliminary insights on the potential effects of the Central Bank of Egypt's (CBE) recent decisions on the country's real estate sector.

These decisions included the floatation of the Egyptian Pound (EGP) on 6 March 2024, allowing the exchange rate to be determined by market forces. The float was accompanied by an interest rate hike of 600 basis points. These decisions initially reduced the value of the EGP against the US Dollar (USD) by 60%, with the aim of getting a grip on the parallel market. Currently, the currency trades at EGP 47.35 against the USD.

"The float will make property in Egypt more attractive to international investors who had been deterred from investing their foreign currency in Egypt while uncertainty over the future direction of the EGP persisted" said Catesby Langer-Paget, Head of Savills Egypt Office, "Real estate in



**Catesby Langer-Paget**

Egypt will remain attractive to foreign buyers and Egyptians living abroad for many reasons including lifestyle, tourism and investment."

One of the main reasons that Egypt continues to appeal to international investors is its large, growing population meaning that Egypt has largest population in the Middle East and the 14th largest worldwide at over 105 million. Going forward, the population is projected to reach 157 million in 2050 and 205 mil-

lion by the year 2100, according to National Population Council. This is in stark contrast with countries like Japan and Italy where the populations are expected to shrink significantly over the same period.

In the short term, Savills expects property prices to remain stable as developers had already factored in the parallel market USD price when setting costs, which had reached highs of EGP 70 before the floatation. As long as the exchange rate remains below EGP 50, Savills does not expect to see real estate prices increasing significantly.

Additionally, the CBE measures are expected to deter speculative buying, leading to a more sustainable market driven by genuine demand for homes and commercial spaces. "We expect a return to a more sustainable real estate market as speculative buying behavior looking for quick returns will reduce significantly, and demand will be driven by a real need for properties for individuals and their families to live in," Langer-Paget said.