



COVID19 impact on Egypt's Property Market

Detailed sample report

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Executive summary

Humanity, governments, industries, companies, and individuals have been all equally shocked and devastated by the Coronavirus crisis; and Egypt's property market was not an exception.

While industry stakeholders are torn apart between pessimism, realism, and optimism, we decided to remain grounded on our brand promise "Know more.." which has always focused on using data to help our partners take decisions with confidence. We believe that it is imperative for all decision makers to rely on data and insights, especially in today's emotionally infused situation where the competing priorities of our collective health & our economic prosperity are causing a divide.

This sample report has insights from one of the most comprehensive studies ever conducted on Egypt's property market. One of the unique factors in this study is its holistic 360 approach; whereby we gathered our insights and findings from all stakeholders: Developers, Brokers, and Consumers.

We hope that you find this report useful, and we are confident that it will encourage you to acquire our paid reports which is much more detailed. Most important of all, we aspire to assist you in taking data-based decisions in this pivotal time in our industry's history, and if we can assist you in any way please feel free to reach out to us. Finally, always remember that our health & wellness are our most valuable assets. Stay safe.





Developer Segments

- Luxury Projects Developers
- Mid-range Projects Developers
- Economic Projects Developers

Broker Segments

- New Homes Brokers
- Commercial Brokers
- Resale Brokers

Consumer Segments **

- Socioeconomic Segment A
- Socioeconomic Segment B
- Socioeconomic Segment C

* Developers segmentation is based on average price per meter. Luxury is +25K, Economic is -8K, Mid-range is in between.

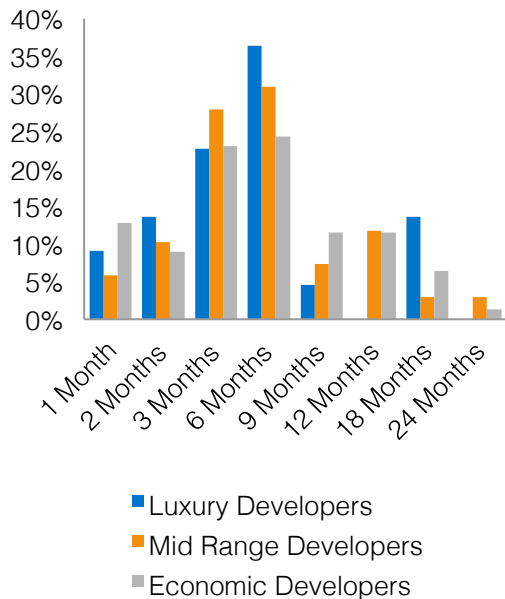
** Consumer Socioeconomic attribution is based on 2 factors, existing profiling data such as job, education, etc.. & budget preferences



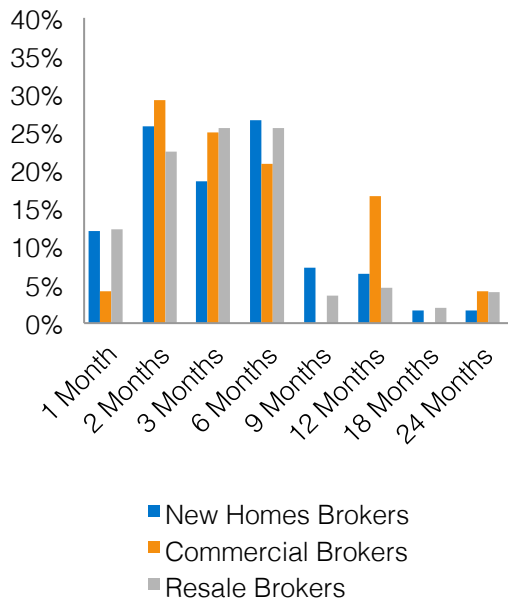


How long will the crisis impact last on Egypt's property market?

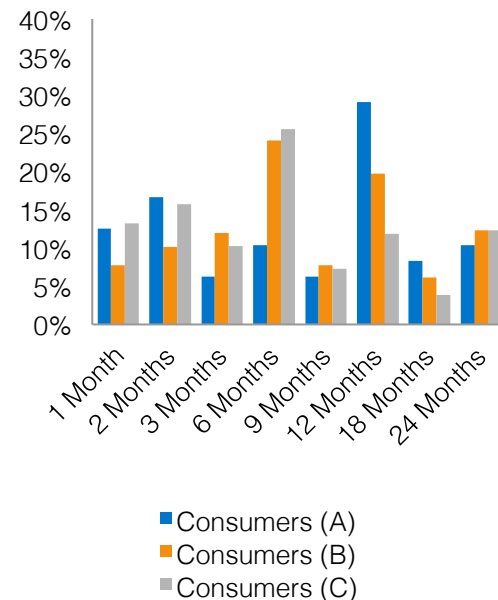
Developers



Brokers



Consumers





Developers insights

These insights are based on the opinion of your peer Real Estate Developers

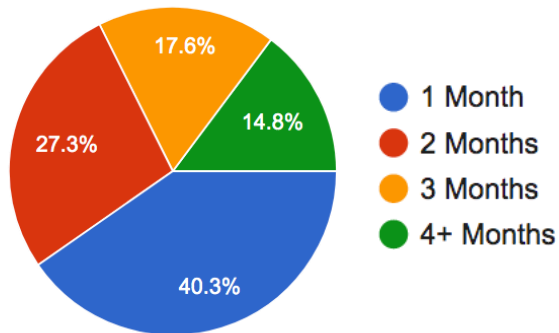
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When do developers think the curfew would end?

Overview



The majority of the developers were actually more optimistic than brokers and consumers. This survey was conducted at the end of March, and the majority felt that the curfew would end at end of April, and about a quarter felt it would end after Ramadan.

Segment Breakdown



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Location Breakdown

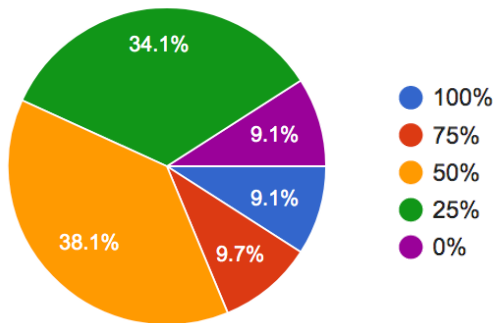


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What % of developers employees work from office?

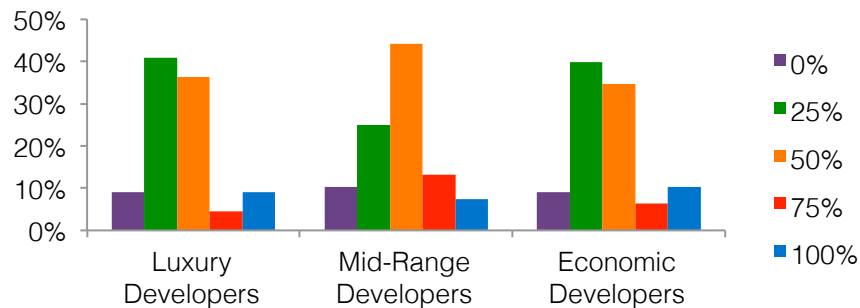
Overview



Most of developers are operating with partial teams in office with majority of the team working from home. The most common setup is to have 25% to 50% of employees work from the office. This ratio is different in different segments, also its different by department within the same company.

10% of developers have full team work from home, and on the other side another 10% have full team work from the office.

Segment Breakdown



Location Breakdown

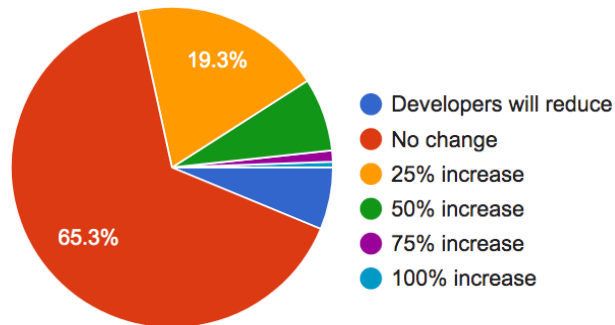


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How will developers change broker commissions during crisis?

Overview



Brokers have voiced their desire to get higher commission during the crisis due to the increased complexity of closing deals; however, 65% of developers plan no changes.

20% of developers plan to increase the commission by around 25%, especially in competitive markets. This becomes very apparent in the location breakdown which shows different trends based on the location of the project.

Segment Breakdown



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Location Breakdown

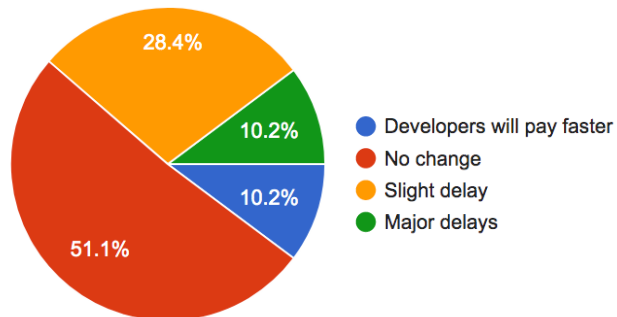


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Will developers delay brokers commissions to manage cash flow?

Overview



Brokers also had concerns that Developers might resort to delaying paying their commissions due to the crisis cash crunch.

50% of developers indicated no planned changes in how they pay brokers commissions. However 40% do expect to have delays in paying brokers in order to manage their cash flow management during this crisis.

Segment Breakdown



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Location Breakdown

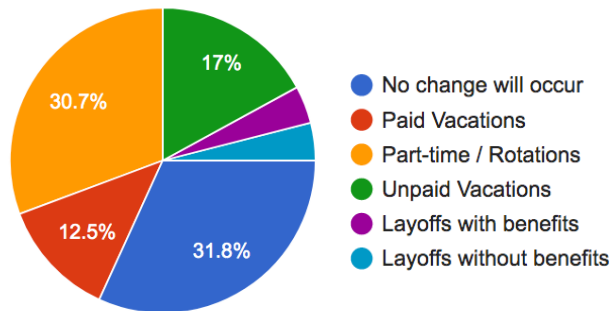


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How will developers reduce their payroll cost?

Overview



Given that the biggest global companies started to layoff & furlough employees during the crisis, it was expected that some property developers in Egypt will take similar actions.

While the result of the overall market is somehow expected, the trend depending on the segment is very different. Luxury housing developers & economic housing developers took very different actions to control payroll costs.

Segment Breakdown



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Location Breakdown

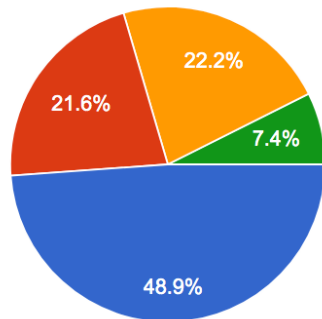


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What do developers expect from the government to support them?

Overview

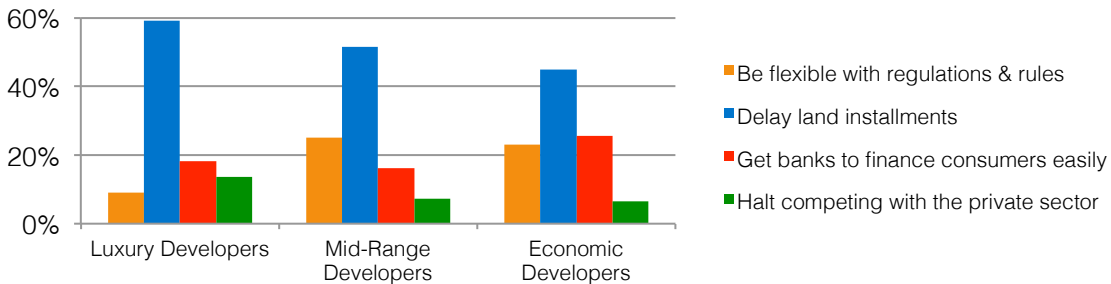


- Delay land installments
- Get banks to finance consumers easily
- Be flexible with regulations & rules
- Halt competing with the private sector

The majority of developers see that the most practical support they can get from the government is in the form of delaying their land installments.

Some prefer relaxing regulations, and others seek that government expedites its steps to get banks to finance consumers to increase market liquidity.

Segment Breakdown



Location Breakdown

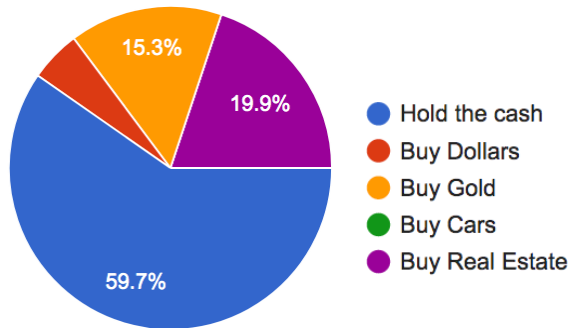


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What would consumers do with the cash they withdrew lately from banks?

Overview



Developers were accurate in forecasting that consumers are mostly going to hold cash. Indeed, 54% of consumers indicated that they plan to hold their cash during the crisis.

However, what consumers stated that is different is what is their preferred investment asset. Developers expected it to be property, but actually consumers preferred gold over property.

Segment Breakdown



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Location Breakdown

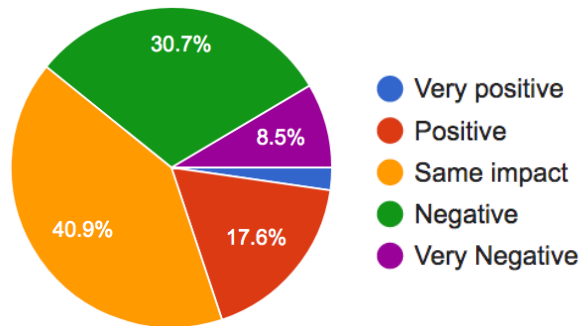


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How developers expect crisis to impact New Capital vs rest of market?

Overview



With the increased competition in New Capital, over supply, and flood of new developers launching new projects before the crisis, it was important to see how developers feel this hot destination will be impacted vs the rest of the market.

Opinions in this question depend a lot on which segment and which location developers are focused on. Obviously, developers focusing on new capital had biased feedback.

Segment Breakdown



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Location Breakdown

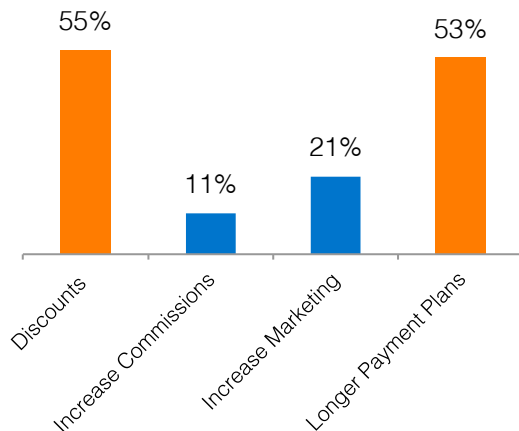


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What is the developers plan to stimulate demand in crisis?

Overview



Developers plan to mostly offer a combination of discounts and longer payment plans. This is actually inline with what the consumers want according to the result of this same study.

However, consumers do prefer and expect discounts more than longer payment plans. This might be the time when developers would have to show more flexibility with their pricing strategy.

Segment Breakdown



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Location Breakdown

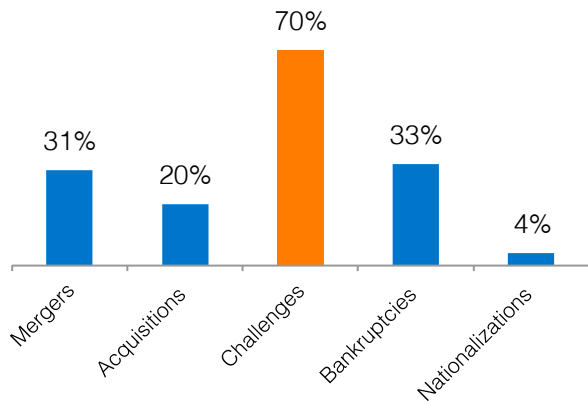


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What do developers expect some peers will face during the crisis?

Overview



While a third of developers expect to see mergers or bankruptcies as this crisis forces the market to consolidate, the majority expect that some developers will face financial challenges due to the crisis cash crunch.

It is still not clear how developers who face such financial challenges will be able to cope with the crisis, but it's apparent that a bumpy road is ahead of developers with a weak balance sheet.

Segment Breakdown



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Location Breakdown



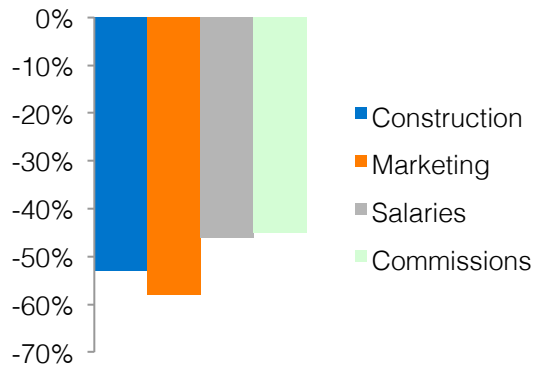
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Which expense lines are developers planning to reduce most?

Overview

Segment Breakdown



Developers plan to mainly reduce marketing and construction costs during the crisis by 50% to 75%. Next comes payroll with 25% to 50% planned reduction.

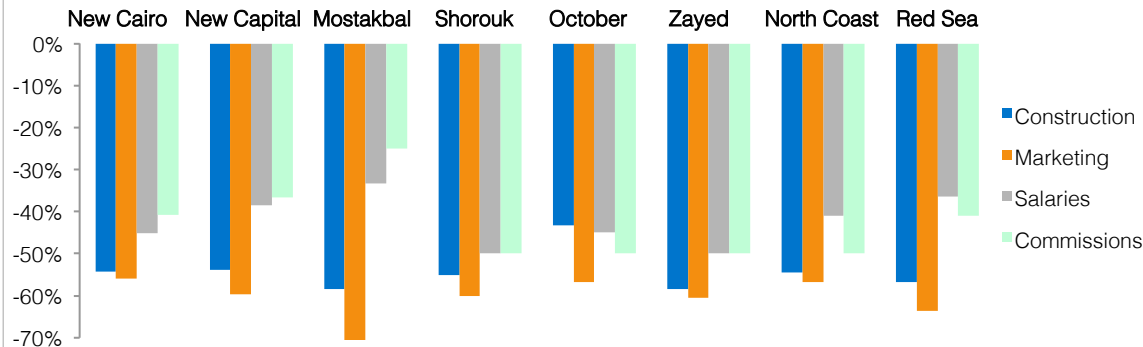
There are some slight differences in plans depending on which location each developer is mostly focused on.



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Location Breakdown

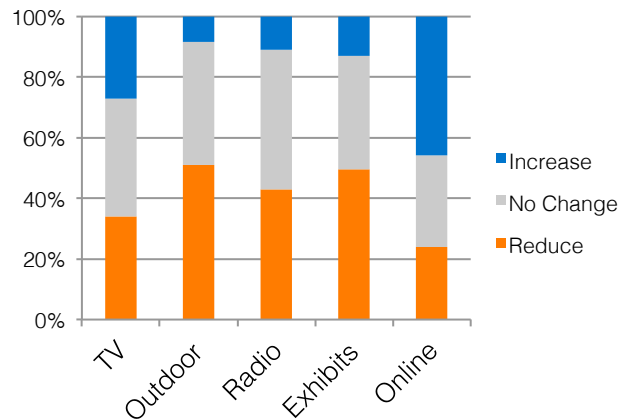
Bonus





How do developers plan to change their marketing spending?

Overview



For obvious reasons, outdoor marketing and exhibits marketing are the most impacted channels as developers reduce their spending on these mediums significantly.

Developers indicated their plans to continue increasing their spend on digital marketing as consumers are expected to spend more time online while in lock-down.

Segment Breakdown



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Location Breakdown

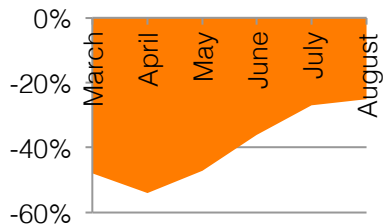


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What is the developers sales drop forecast during crisis?

Overview

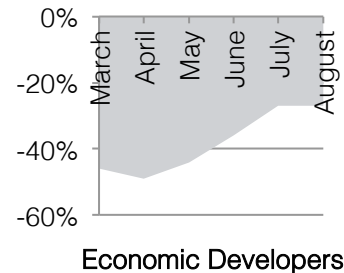
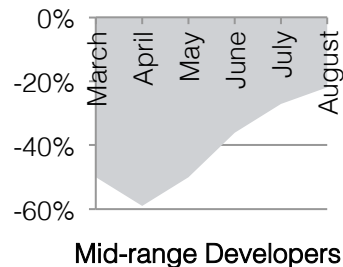
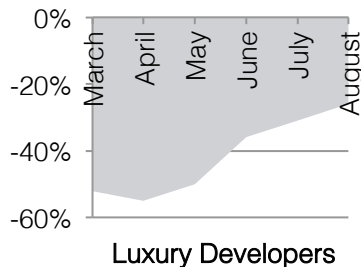


We asked the developers to share with us their sales drop forecasts. This forecast is in comparison with the normal sales that were supposed to happen pre-crisis. March forecast is partially actual given that the survey was conducted at the end of March.

Seems like most developers expect the peak drop in April, at an average drop of -58%. However, the forecasts differ when slicing the data by segment or by the main location where the developer is currently active.

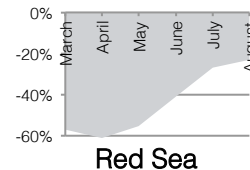
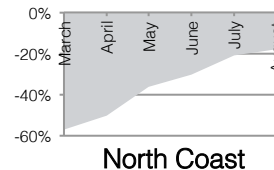
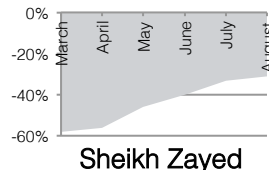
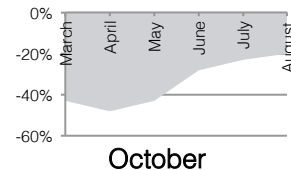
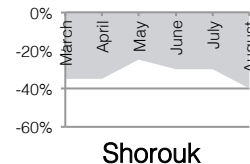
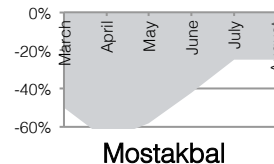
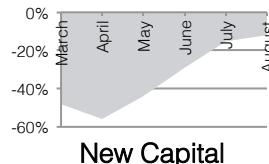
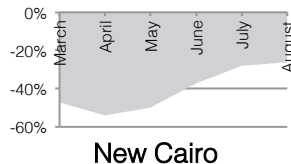
Segment Breakdown

Bonus



Location Breakdown

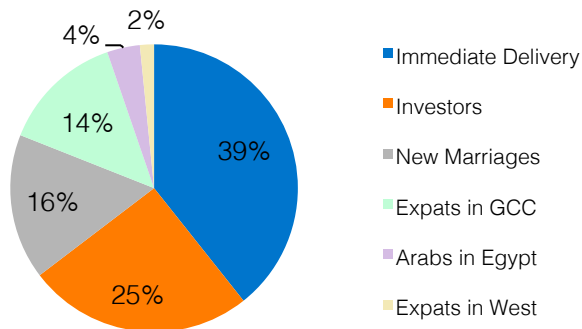
Bonus





Which type of buyers do brokers see active during the crisis?

Overview



Brokers tend to have a unique view on the market because they work with all developers and all types of consumers. We asked this question to the brokers to gauge the market and understand what type of buyers are currently active during the the crisis.

The overall market was obvious as investors and immediate delivery buyers were the most active, but when locking at specific locations, the results were intriguingly different.

Segment Breakdown



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Location Breakdown



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Consumers insights

These are the insights of of consumers who are actively buying during crisis

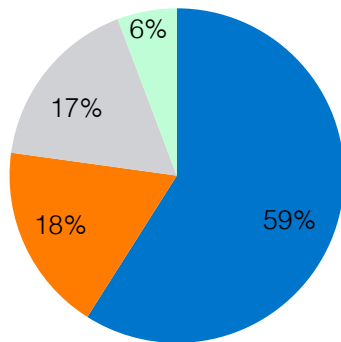
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Who are the consumers who are buying during the crisis?

Overview



- Egyptian in Cairo
- Egyptian outside Cairo
- Egyptian abroad
- Non-egyptian

Demand from Egyptians abroad declined during the crisis, in the past it used to represent 45% of people who search for properties online, now its around 17%.

Segment Breakdown



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Location Breakdown

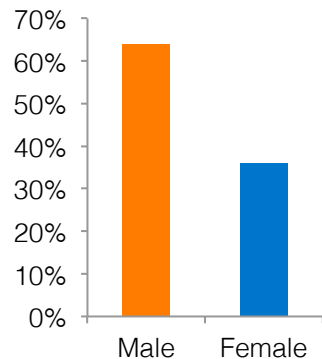


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What is the gender of the crisis buyers?

Overview



The gender of buyers during the crisis did not change significantly, typically males dominate the search for properties around 60%. Females remain an important player in the decision making, but males are more inclined to initiate the first contact with developers.

Segment Breakdown



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Location Breakdown

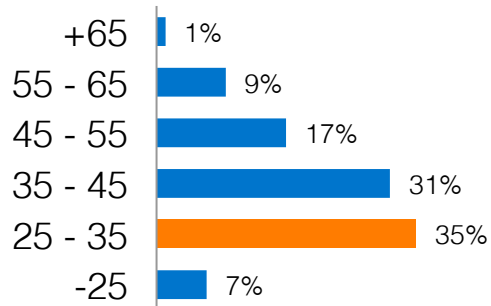


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What is the most active age bracket during the crisis?

Overview



In the overall market, the most active age bracket is 25 to 35 years old; however the importance of segmenting the market becomes apparent in this insight where we added a bonus breakdown by location (typically available in our comprehensive report). Now we can see that the most age bracket differs based on location, and clearly the age tends to be older in 2nd home destinations.

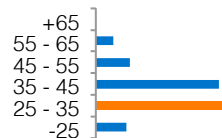
Segment Breakdown



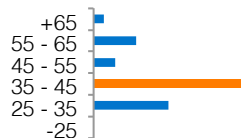
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Location Breakdown

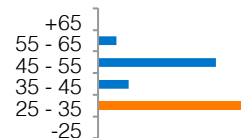
Bonus



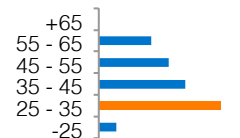
New Cairo



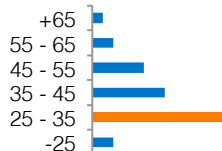
New Capital



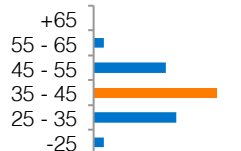
Mostakbal



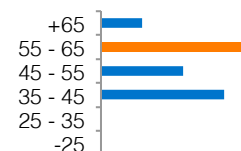
Shorouk



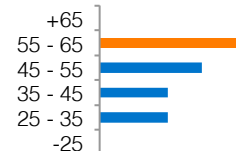
October



Zayed



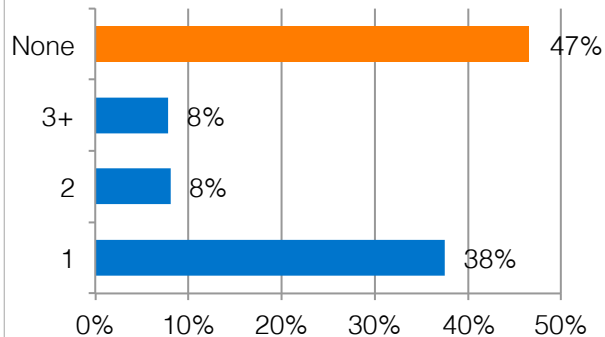
North Coast



Red Sea

How many properties do crisis buyers have?

Overview



The majority of the active buyers are actually first time home buyers, some are newly weds or simply people who are finally entering the housing market. The next segment are people who already have a property, and those are active during the crisis mostly because they want to upgrade and move to a better property or a better location. Investors who typically own many properties are not very active during the crisis.

Segment Breakdown



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Location Breakdown

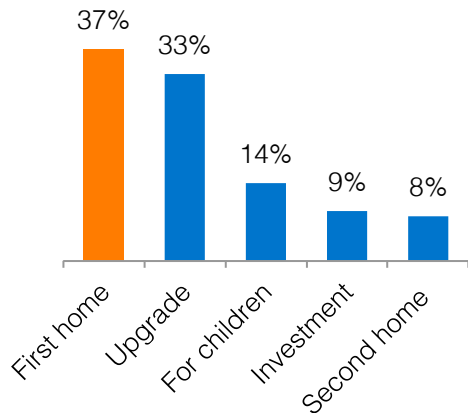


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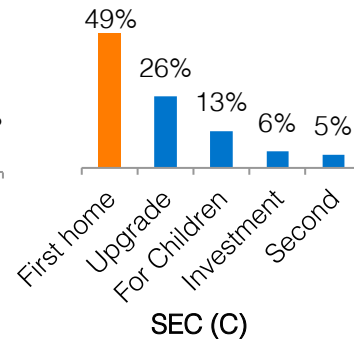
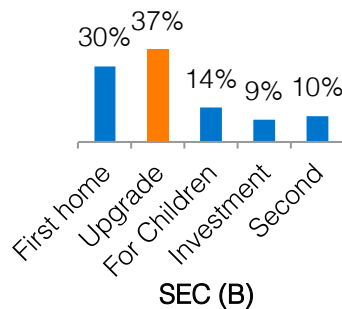
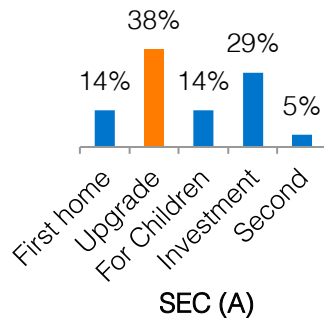
What is the purchase objective of the crisis buyers?

Overview



In general, the leading objective is buying the first home; however, the bonus segment breakdown (typically available in our comprehensive report) shows how the objective differs by segment. The buyers assigned to socioeconomic status (A) and (B) who are active during the crisis are mostly buying to upgrade their home. While those in status (C) are mostly buying their first home.

Segment Breakdown



Bonus

Location Breakdown

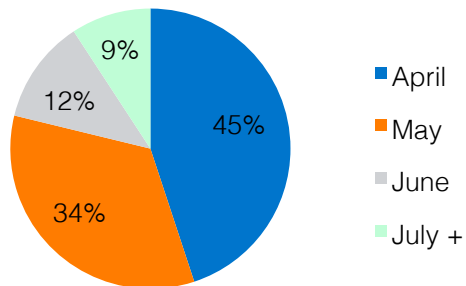


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When do consumers expect the lock-down to end?

Overview



Consumers surveyed at end of March 2020 expect the lockdown to end within 1 or 2 months. Some expect it to last up to 4 months.

This insight is a bit biased because we surveyed consumers who are actively buying during the crisis. Those who are pessimistic are not fairly represented in this survey.

Segment Breakdown



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Location Breakdown

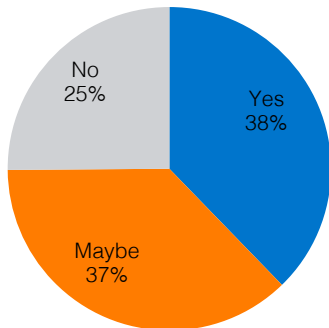


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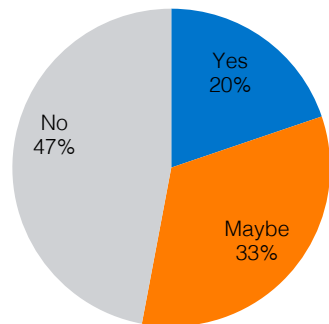


Would consumers buy during partial lock-down / full lock-down?

Overview



Partial Lock-down



Full Lock-down

Segment Breakdown



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Location Breakdown

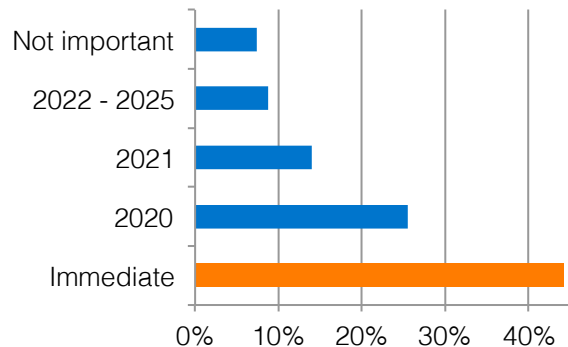


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What is the desired delivery date for crisis buyers?

Overview



Unlike buyers pre-crisis, the buyers who are actively searching during the crisis are strongly inclined towards immediate delivery or same year delivery. This appears very logical given that in such uncertain times, if a buyer is not a rush to purchase a property they would most likely delay the transaction.

Segment Breakdown



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Location Breakdown

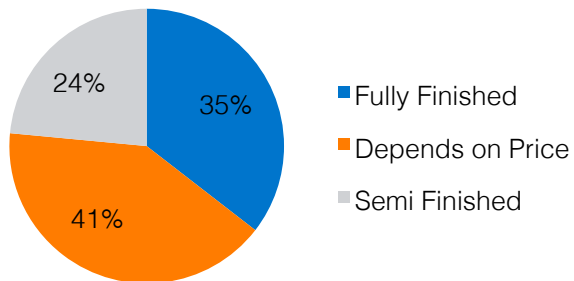


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What are the finishing preferences of crisis buyers?

Overview



There is no major difference in finishing preferences pre-crisis and post-crisis. In our previous studies we found the breakdown to be very similar. However, the segment and location breakdown show different preferences for different audiences.

Segment Breakdown



Apologies, this content is available in our comprehensive report

Location Breakdown

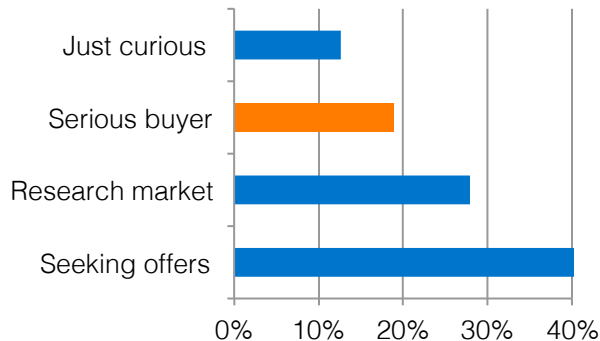


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Are crisis buyers serious or are they merely window shopping?

Overview



20% of the buyers are serious and are ready to buy; however, there is a huge segment representing 40% of all active buyers during the crisis who are opportunistic and are seeking offers in expectations that prices might drop or developers might offer unique discounts or payment plans that would entice them to buy. Others are using the lock-down period to research and understand the market offering.

Segment Breakdown



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Location Breakdown

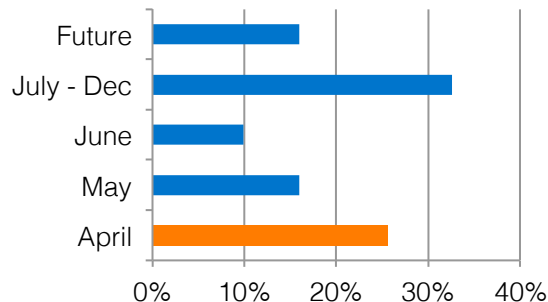


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When are the crisis buyers planning to sign the contract?

Overview



There is no major difference in finishing preferences pre-crisis and post-crisis. In our previous studies we found the breakdown to be very similar. However, the segment and location breakdown show different preferences for different audiences.

Segment Breakdown



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Location Breakdown



Apologies, this content is available in our comprehensive report



What do consumers plan to invest their cash in during the crisis?

Overview



While most of the consumers plan to hold on to their cash during the crisis either due to their fear that the financial sector might face issues, or just to have their cash accessible in case of any medical emergencies.

Many buyers are still planning to invest in Gold and Property, with limited interest in buying dollars or stocks; however, these trends are not the same when looking at different segments.

Segment Breakdown



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Location Breakdown

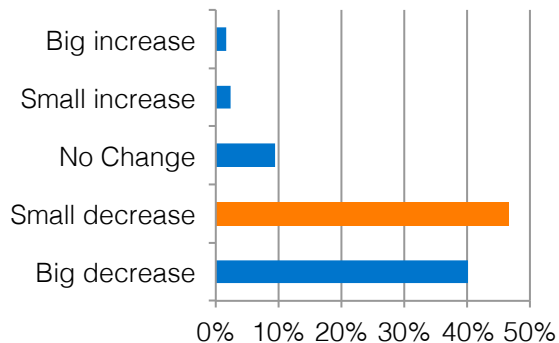


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How do the crisis buyers expect prices to change?

Overview



Overall, there is an expectation that prices will decrease, the majority expect just a small decrease, and others are optimistic and full of wishful thinking. Very few expect prices to increase during the crisis.

These expectations are not the same across all segments, we invite you to checkout our comprehensive report to learn about your target audience expectations.

Segment Breakdown



Apologies, this content is available in our comprehensive report

Location Breakdown

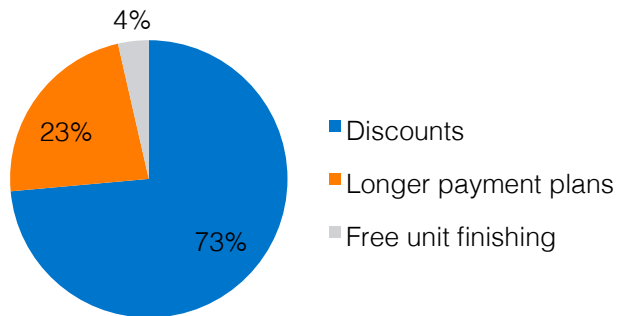


Apologies, this content is available in our comprehensive report



What would entice the crisis buyers to transact immediately?

Overview



As usual, consumers are strictly interested in immediate discounts that will reduce the total price of the property they are buying.

There is a decent segment in the market that is interested in longer payment plans and more flexibility from the developers.

Segment Breakdown



Apologies, this content is available in our comprehensive report

Location Breakdown

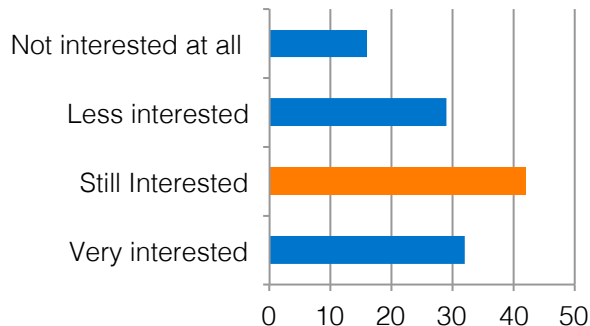


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How did the crisis impact those interested in New Capital in the past?

Overview



Against all odds, New Capital buyers remain excited and motivated to buy in this hot destination.

The majority of those who were interested in the past, did not get impacted by the crisis. Less than 15% cancelled the idea of buying in the New Capital.

Segment Breakdown



Apologies, this content is available in our comprehensive report

Location Breakdown



Apologies, this content is available in our comprehensive report



Appendixes

aqarmap Know more..





Research Methodology

We designed the study to provide decision makers with a holistic view on how COVID have impacted the market. The study is based on 2 key sources of data:

1. Consumers search behavior on Aqarmap platform during the Crisis
2. Responses to a survey from 1,200 Developers, Brokers, & Consumers

The breakdown of the survey participants was as follows:

- 172 Development Companies
- 345 Brokerage Companies
- 663 Consumers actively buying between Mar 20 & Apr 7.

Scientific Research best practices were followed in building all insights and findings of this study. Results that were not statistically significant were ignored, outliers were eliminated using IQR formula, and survey responds were cross-checked with our existing insights about responders verses their provided inputs.





About Aqarmap

Aqarmap is the leading online Real Estate marketplace in Egypt. It was established in 2011, and its now serving 2,000,000 consumers every month who search for properties online. Aqarmap supports more than 200 Real Estate Developers in marketing their projects to consumers in Egypt and abroad via its dedicated and specialized real estate portal and apps.

In 2019, more than 17,000 units were sold via Aqarmap worth more than 16 Billion EGP. More than 25% of the buyers were Egyptians living abroad, especially in GCC. In addition to Aqarmap online marketing solutions, the company organizes online exhibits which allow consumers to book units with developers online using their credits cards, and this service is currently the most successful offering by the company.

In 2018, Aqarmap launched its Market Research Unit to benefit from its unique access to market data & insights, and since then it was commissioned to do studies for industry leaders such as Talat Mustafa Group, Mountain View, and many more.

For more information or inquiries please contact: sales@aqarmap.com





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