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PROJECTS**
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Overview of Egypt's Economic Outlook

According to the Finance Minister Mohamed Maait, for 2022/23 fiscal year (FY), Egypt aims to achieve 5.7% economic growth as the government looks to keep expansion on track. Maait noted that the growth rate will gradually rise to 6% in 2024/25, achieving a primary surplus of 2% on average. The growth rate targeted will reduce total deficit to 6.1% in FY 2022/23, which will decline to 5.1% in 2024/25. Egypt aims to bring the debt-to-GDP ratio down to less than 90% in the fiscal year 2022/23, and to 82.5% by June 2025. This is to be done by expanding the issuance of various medium and long-term government bonds, and targeting new instruments such as sukuk, sustainable development bonds, and green bonds.

The International Monetary Fund (IMF) upgraded Egypt's real GDP growth by 0.4% in 2022 to to the fund's October 2021 projections, according to Petya Koeva Brooks, the IMF's Deputy Director of the Research Department. The World Bank also raised its forecasts for Egypt's real GDP growth to 5.5% in FY2021/22 while maintaining the country's outlook for FY2022/23 at the same rate of 5.5%.

Egypt's Minister of Planning and Economic Development, Hala El-Saeed announced that an updated version of the Vision 2030 was scheduled to be launched in June 2022. This is due to the changes related to unprecedented regional and international developments, and the coronavirus pandemic, stressing that with these developments, the vision must be updated.

Snapshot of Egypt's Draft Budget

According to the Finance Minister, Egypt's FY 2022/23 budget plan targets in boosting the country's economic activity amid the Covid-19 crisis by implementing a wide range of structural reforms across all fields as well as relying on the private sector to drive Egypt's economic



development. The 2022-2023 state budget of Egypt is set to cover expanded investments in development and service projects with the aim to improve the living conditions of citizens. The draft budget includes ventures that should be implemented as part of the "Decent Life" presidential initiative meant to uplift living conditions of 60% of the Egyptian population.

FY 2022/23 budget plan also centres on creating an attractive environment for the investors, backing small and medium-sized projects (SMEs), boosting medium industries as well as expanding in the use of clean and sustainable energy resources. Maait pointed out that President Abdel-Fattah El-Sisi has instructed the government to increase expenditure on effective programmes in the health and education sectors to improve the living standard of Egyptians and enhance capital human investment. The president also instructed the government to expand public investments, improve the quality of services, create more job opportunities, and extend the social protection net to cover the impoverished groups.

Overview of the Egypt's Construction Industry

The construction industry is expected to register a positive trend in 2022 despite project delays amid the Covid -19 pandemic. The construction sector has been one of the few sectors that were able to counter the damaging effects of the pandemic. The Egyptian construction industry has also been growing at a fast pace prior to the pandemic and driven by the construction of mega projects, which include new cities, transport infrastructure and residential buildings. The Egyptian military as well as foreign and local contractors are benefiting from a major government-backed programme to build new cities and infrastructure. The government is also focused on increasing public spending to implement new projects and provide better services to the public.

In 2021, the Minister of Local Development Mahmoud Shaarawi announced details of a new system that will impose a new building code and hand out construction licenses in Egyptian cities. The system should help achieve stability in the construction sector, stop building on agricultural land and eliminate corruption related to building licenses.



Classification of the Construction Sector

The construction industry for this report is classified into the following sectors and subsectors:

- Building construction includes residential, commercial, mixed use, airports, sports facilities, hotels and recreational facilities , healthcare, education facilities and industrial projects
- Infrastructure construction includes roads, bridges, railways, ports, wastewater and sewerage
- Power and water construction
- Oil and gas construction

Building Construction Market Outlook

President Abdel Fattah Al-Sisi has followed up on the executive position of several national projects launched by the Ministry of Housing nationwide, especially at fourth-generation cities, and the urban development of Cairo. The Minister of Housing recently presented the latest developments in the ongoing projects at fourth generation cities, mainly the New Administrative Capital (NAC), including the Central Business District and the Green River area at an event in January 2022. About 30,000 units were allocated to public employees in the NAC. During the meeting, El-Gazzar reviewed the construction progress of facilities in New Alamein and New Mansoura cities, as well as other development projects in Ras El Bar under the supervision of the New Urban Communities Authority in the context of developing this distinguished coastal spot. With regard to Cairo development, the President was briefed on the restoration of the Khedival Cairo area, which is considered as a tourist attraction. The project includes improving the pedestrian circulation network by widening selected sidewalks and preserving and restoring the facades of historical structures that have suffered from deterioration. The government also started the development of the Azbakeya Park to restore its position as one of the most important heritage parks in Cairo. The President urged accelerating the development of Maspero Triangle in



downtown Cairo so that residents, who were relocated till development works are over, can return to their rebuilt houses as soon as possible.

According to TOPHOTELPROJECTSfor 2022, another 14 projects with 3,568 hotel rooms are due for completion, while 12 properties and 3,990 rooms have been mooted for 2023. Set to open in Q3 2022, Vida Marassi Marina will overlook the turquoise waters of Sidi Abdel Rahman Bay in Marassi on Egypt's northern coast. Created by Emaar Misr and the architects of Perkins Eastman, the hotel will feature 120 rooms and suites with marina views. Nearby, Swiss-Belhotel Marseilia, Alexandria Beach is aiming to make its debut in early 2023. The property will form part of a mixed-use complex right on the beach, with stunning views of the Mediterranean Sea, and boast 150 hotel rooms and the same number of residences. According to Colliers International, Egyptian hotel market will rise by 6,000 keys to reach 91,100 keys in 2022. Alexandria's growing popularity as a Mediterranean coastal city has made the market a favourable domestic leisure destination. The North Coast resort market has been a large contributor to the Alexandria's occupancy and rates during the Covid-19 pandemic. The international hotel brands have a strong presence in Egypt and are expanding their footprint furthermore in the region.

In 2022, Ora Developers Egypt is planning to establish a sports club in the company's Silversands project in the North Coast. The club will have numerous sports facilities, a medical area, and a group of playgrounds in its new project, according to Haitham Abdel Azim, CEO of the company. Ora intends to commence Silversands construction in Q1 2022 and delivery of the first phase is expected to be in 2024.

Hala El-Said, Minister of Planning and Chairperson of The Sovereign Fund of Egypt (TSFE), told Daily News Egypt in January 2022 that untapped assets and lands in the Cosmic Village and the Scientific Exploration City will be utilised to establish schools that are suitable for the middle class. It comes within agreements between the private sector and the Education Fund of the TSFE. She explained that there is a shortage in public schools, and private schools would bridge this gap for



children of the middle class. This strategy reflects the investment priorities of the Fund and its interest in investing in this sector, in line with the priorities of the state and the objectives of Egypt's Vision 2030. She also stressed the state's endeavor to diversify funding sources and support the mechanisms of educational sustainable development, by establishing partnerships with both the private sector and civil society within the framework of the participatory approach adopted by the state.

Egypt's healthcare sector is changing and one of the key drivers is the increase in population and the Omicron variant of the coronavirus. According to Colliers, by 2030, Egypt will require approximately 38,000 new beds with an estimated investment of US\$ 8 bn to 13 bn. Greater Cairo is expected to establish itself as a medical tourism hub. Egypt which requires a large investment in the healthcare sector will have to focus on PPPs and privatisation to raise the funds required to fulfil the demand gap.

Egypt rose 19 spots to position itself in 7th place on 2021's Global Retail Development Index (GRDI) by Kearney, citing increased consumer confidence and growing digital shopping trends strengthened by the country's growing internet penetration. An emerging middle class, a growing population, and rising secondary cities are fueling sales in shopping malls, convenience stores, supermarket chains, and online retail platforms. Therefore, retailers are benefitting from a new law requiring that all real estate projects have a commercial area.

According to JLL, new urban centers will require office space. In Greater Cairo, office space being developed continues to branch out to the east because of higher activity there, with the NAC under construction.

Infrastructure Construction Market Outlook

The government in its development plan puts transportation as one of the major priority areas. Egypt has invested in renewing its centuries-old infrastructure, in particular railways, signing deals



with international organisations. Egypt is in the process of overhauling the country's railways including the infrastructure, rail lines, and building new stations. In 2021, Egypt signed a total of 21 new agreements with local and international companies.

Works continue on the US\$20 bn Cairo Metro Network, comprising six lines, and improving the quality and level of urban transport services in the city. Cairo will not be the only city in Egypt to be involved in the upgrading plans, projects will start all over the country. The first phase of the monorail connecting the NAC with Cairo is set to open in May 2022 and the second phase is set to open in February 2023. The Cairo monorail project is the first of its kind in Egypt.

In October 2021, Egypt's National Authority for Tunnels (NAT) has awarded a US\$ 4.5 bn rail construction contract, on an engineering-procurement-construction and finance basis, to a consortium of Germany's Siemens Mobility and Egyptian firms Orascom Construction S.A.E. and The Arab Contractors for the first phase of a planned 1800-kilometer high-speed electrified rail line. NTA will construct the bridges and facilitate sub-construction for the project that is expected to create a total of 18,800 jobs and move an estimated 30 mn passengers annually on the new line that reduces travel time by 50% and increase Egypt's volume of freight via rail by 15% from the current 5%. Financial close for Phase One, which will connect a series of sea and dry ports, is expected in 2022 and operations are likely to commence in 2023.

In 2021, a consortium led by Egypt's Special Group signed an MoU to conduct preliminary feasibility studies on the Damietta dry port, as well as a separate agreement to study the feasibility of setting up a dry port in Sadat City. Establishing dry ports is one of the critical instruments that spur the investment climate and improve Egypt's ranking in the international doing-business indexes. Dry ports also reduce the commodities custom clearance time, eliminate containers congestion, and will lead to the reduction in the prices of commodities and services in the domestic market. Minister of Transportation Kamel El-Wazir said Egypt's success in establishing its first dry port in 6 October city encouraged the ministry forward to offer nine projects in the



fields of dry ports, sea ports, logistics centres, and port pavements with the technical assistance of the finance ministry.

Power and Water Construction Market Outlook

Egypt has become efficient in energy generation with reforms required in its transmission and distribution capabilities. The government and private sector are updating the national grid by increasing transmission lines. Egypt is in need of substantial additional power capacity and may require up to 100 GW of new power over the next 15 years to meet the demands of its growing population. Egypt has great potential for renewables projects, especially for solar energy. According to industry experts, within renewable power sources, solar photovoltaics (PV) and wind power are expected to lead the renewable power market from 2021 to 2030. To meet rapidly increasing energy demand, the government has taken an energy diversification strategy, known as the Integrated Sustainable Energy Strategy (ISES) to 2035. This strategy is aimed towards continuous security and stability of the country's energy supply. Egypt has a target to develop an additional 10 GW of solar and wind power projects by 2022. These projects will increase Egypt's power generation capacity, reduce the country's dependence on gas and oil for electricity generation, and will help the country meet its commitments under the Paris Climate Agreement as it moves towards an environmentally sustainable power mix. The Kom Ombo plant will contribute to the Egyptian government's target to generate 42% of the country's electricity from renewable energy sources by 2035. Egypt has a high potential to harness solar and wind energy, especially in the Red Sea coast area. Egypt approved a strategy aimed at increasing the contribution of renewable energy to 20% of total energy generated by 2022, where hydro power would represent 6%, wind would represent 12%, and 2% would be provided by other renewable energy resources, especially solar energy.

In June 2021, the African Development Bank approved a US\$ 98 mn loan to finance phase 2 of Egypt's Electricity and Green Growth Support Programme. The funding is part of the bank's budget



support to the Egyptian Government to strengthen the country's electricity infrastructure, which is expected to support the private sector and accelerate recovery from the Covid-19 pandemic.

Egypt will have its first 100 MW green hydrogen production plant up and running in November 2022. The unnamed facility – being developed by a consortium consisting of Norwegian renewable energy producer Scatec, Abu Dhabi-based fertiliser producer Fertigllobe, the Sovereign Fund of Egypt and Cairo-based engineering and construction contractor Orascom. Contracts have been signed to implement five new plants to produce green hydrogen as pilot projects. Egypt minister has revealed that the goal of introducing electric power generation technology from green hydrogen is to eliminate carbon dioxide emissions resulting from generating electricity from fossil fuels, with the aim of preserving the environment.

Egypt has invested heavily in the areas of addressing water scarcity and improving water quality by enhancing water use efficiency, recycling and reuse. Public-Private Partnerships (PPPs) will play a larger role in Egypt's water infrastructure. Egypt has also developed a strategic plan for managing water resources until 2037. Egypt is keen to enhance cooperation with all countries, especially African countries, as Egypt is implementing many development projects in these countries, in addition to offering many training courses in the field of water. According to the CEO of the Russian energy company Rosatom, the construction of Egypt's Dabaa nuclear plant is scheduled to start in July 2022. The Dabaa nuclear plant will be operated with a full capacity of 4,800 MW by 2030, according to the Head of the Nuclear Power Plants Authority in Egypt, Amgad al-Wakeel.

Egypt intends to improve its water supply production by constructing an additional 19 new desalination plants by 2022. The new sea desalination plants are to be built in Nabq, Ras Sidr, Abou Zanima, Dahab, Nuieba, Arish 1, Arish 2, Arish 3, Arish 4, Sheikh Zowayed 1, Sheikh Zowayed 2, Sidi Barani expansions, western Port Said, Dabaa, Marina 1, Marina 2, Marbella, and New Mansoura. In 2021, President Abdel Fatah al-Sisi revealed that a massive wastewater treatment



plant will be completed in June 2022 in Hamam District western Egypt in order to reclaim and irrigate 1.5-2 mn feddans in New Delta.

Oil and Gas Construction Market Outlook

Egypt is a developing country and has witnessed a significant increase in its oil and gas consumption in recent years, mainly due to the rise in the industrial and commercial sectors and increasing population. The government has adopted a strategic policy to expand the refinery infrastructure in the country, which includes the development of new refineries and upgradation of existing ones, which, in turn, is anticipated to proliferate the downstream industry in the country. The existing refineries in the country are required to be upgraded to produce high-end products, such as diesel, LPG, or gasoline. The current set up of the refinery plants in the country does not meet the EU market standards for vehicle fuels that ensure the emissions are within acceptable limits. Therefore, the upgrading of refineries is likely to benefit future exports from the country. The sector plays a great role in strengthening the country's trade balance by developing its exports to foreign markets and rationalising imports in a sustainable manner consistent with the consumption needs of the growing population and the requirements of the country's ambitious development plans.

Egypt targets US\$ 7 bn in direct foreign investment (FDI) for its oil and gas sector in the fiscal year 2022-2023 that starts in July, according to the Petroleum Minister Tarek El Molla. The petroleum ministry has stated that it planned to increase investments in the state-owned oil companies to US\$ 1.92 bn in 2022-2023, which is the highest ever. In 2021, 6 projects for the development of oil and gas fields had been implemented and completed, with a total investment of about US\$ 4.2 bn. These projects will support investments in the petrochemical sector and are expected to drive growth across the construction value chain. The government will expand its network of gas stations by two-thirds, establishing an additional 400 stations by 2023. Egypt offers upstream acreage in the form of production sharing agreements (PSAs) and in some cases through service



contracts. Several blocks have been awarded during the last few years due to a renewed investment interest after significant Mediterranean gas discoveries, improved gas pricing, and wider energy sector reforms.

Major Projects

The table below lists the major construction projects expected to be awarded to contractors in Egypt.

Major projects expected to be awarded to contractors

Name	Project Status	Client	Est. Project Value (US\$ Mn)
Electric Train of Abu Qir Port - West Port Said Port	Tender for Construction	Ministry of Transport, Egypt, National Authority for Tunnels (NAT), Egypt, General Authority for Land & Dry Ports	7,270
Alexandria Metro	Tender for Construction	Ministry of Transport, Egypt, National Authority for Tunnels (NAT), Egypt	3,000
International Methanol Complex - Ain Sokhna	Tender for Construction	Misr Company for Methanol & Petrochemicals Production, General Authority for the Suez Canal Economic Zone, Egypt, Abu Qir Fertilizers and Chemical Industries Company, Helwan fertilizers company, Al Ahly Capital Holding	2,600
Silversands -North Coast	Tender for Construction	Ora Development	1,593
Mountain View I City-New Cairo- Mountain Park	Tender for Construction	Mountain View, Egypt	800
White Sand - North Coast	Tender for Construction	GV Developments	573
Development of the Seventh Line Aluminum Smelter - Nagaa Hammadi	Tender for Construction	Aluminium Company (Egyptalum)	200



Logistics Area - New Valley	Tender for Construction	Ministry of Supply and Internal Trade, Egypt, New Valley Governorate	158
Dry Port & Logistic Center - 10th of Ramadan City	Tender for Construction	Ministry of Transport, Egypt, General Authority for Land & Dry Ports	150
Logistics Commercial Area - Talkha	Tender for Construction	Internal Trade Development Authority, Ministry of Supply and Internal Trade, Egypt	127

Source: Ventures ONSITE Project Intelligence Database: www.venturesonsite.com

The table below lists the major projects awarded to contractors in 2021.

Major projects awarded to contractors in 2021

Name	Project Status	Client	Contractor	Est. Project Value (US\$ Mn)
High Speed Rail (HSR) Network	Construction	National Authority for Tunnels (NAT), Egypt	Power China International Group Ltd, Orascom Construction Industries, PETROJET, Hassan Allam Holding, Hitler's Sons	43,000
Noor City - Capital Gardens	Construction	Talaat Moustafa Group Holding (TMG), New Urban Communities Authority (NUCA)	Alexandria Construction Company A.C.C	32,000
Red Sea Petrochemical Complex - SCZone - Ain El Sokhna	Construction	General Authority for the Suez Canal Economic Zone, Egypt, Red Sea National Refining and Petrochemicals, Ministry of Petroleum and Mineral Resources, Egypt	Red Sea National Refining and Petrochemicals, ENPPI, PETROJET	7,500
Integrated Refinery & Petrochemicals Complex - Ain Sokhna	Construction	Sokhna Refinery & Petrochemicals Company	Red Sea National Refining and Petrochemicals	7,500



Cairo Gate	Construction	Emaar Misr Developments	Construction & Reconstruction Engineering Company, Gama Construction, Concrete Plus for Engineering and Construction	7,028
Green Hydrogen Factory - Ain El Sokhna	Construction	Egyptian Electricity Holding Company (EEHC), General Authority for the Suez Canal Economic Zone, Egypt	Scatec Solar ASA' Norway, Orascom Construction Industries (OCI)	4,000
Petroleum Exploration - Western Desert	Construction	Egyptian General Petroleum Corporation (EGPC), Apache Khalda Corporation, Ministry of Petroleum and Mineral Resources, Egypt	SINOPEC, China Petroleum & Chemical Corporation	3,500
Zahra - New Alamein City	Construction	Memaar Al Morshedy, Egypt	Memaar Al Morshedy, Egypt	3,200
1100 MW Wind Farm - Esna	Construction	New & Renewable Energy Authority (NREA), Egypt, Egyptian Electricity Transmission Company (EETC)	Hassan Allam Construction	2,300
Alamien Downtown Towers	Construction	New Urban Communities Authority (NUCA)	China State Construction Engineering Corporation (CSCEC)	1,920

Source: Ventures ONSITE Project Intelligence Database: www.venturesonsite.com

The table below lists new projects announced since 2021.

New projects announced since 2021

Name	Project Status	Client	Project Value (US\$ Mn)
Mountain View I City - Heartwork - New Cairo	Design	Mountain View, Egypt, New Urban Communities Authority (NUCA)	2,547



Pyramids City Plaza New Administrative Capital	-Design	Pyramids Developments	1,591
Anchor Benitoite petrochemicals complex - Ain Sokhna	Design	Anchorage Investments	1,000
Bir Al Abed New City	Design	Ministry of Housing, Utilities & Urban Development, Egypt, North Sinai Governorate	1,000
Blue Ammonia Production Project	Feasibility Study	Egyptian Natural Gas Holding Company (EGAS), Egyptian Petrochemicals Holding Company (ECHEM), Toyota Tsusho Corporation	1,000
New Suez City	Tender for Consultancy	New Urban Communities Authority (NUCA)	1,000
Polish Industrial Zone -Ain Sokhna	Feasibility Study	General Authority for the Suez Canal Economic Zone, Egypt, Katowice Special Economic Zone	1,000
Cali Coast - Ras El Hekma	Design	Maven Developments	958 763
EI-Max New Port (Middle Port) - Alexandria	Design	Ministry of Transport, Egypt	
Development of New Atfih Village	Design	General Authority for Construction and Housing Cooperatives	400

Source: Ventures ONSITE Project Intelligence Database: www.venturesonsite.com

Conclusion

Egypt's previous reforms and substantial international reserves are expected to alleviate the impact of Covid-19 and fluctuations in oil prices on the country's credit rating. Achievement of Egypt's Vision 2030 targets will require more economic reforms and agile policy-making with regards to the Covid-19 pandemic. Amid the pandemic, the Egyptian economy performance is still commended by the international institutions. The low-interest rates imposed by the Central Bank of Egypt early on during the pandemic encouraged all investors and motivated them to borrow due to the interest rate cut that supported investors' loans in all economic sectors. Hence, these beneficial measures by the government will boost the demand for real estate investment in the future.



Rise in construction activity is attributed to the private sector due to the government's economic and structural reforms designed to improve the business environment. The private sector is set to play a pivotal role in the construction sector as the Covid-19 pandemic is likely to reduce the government's funds for large-scale projects in the short term. Moreover, there are sufficient projects in the pipeline for the construction sector to drive growth in the economy. Consequently, for this growth to continue at a stable rate, it is vital for the private sector to keep investing and generating new projects, predict experts.

About Ventures ONSITE



Ventures ONSITE, a product by Ventures Middle East, has been a market leader in tracking construction projects across the Middle East and Africa region for more than 20 years. Ventures ONSITE provides accurate and detailed information on completed, current, and future

construction projects.

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