

Private Sector Participation

Policies and Practices



المؤتمر العربي
الثاني للأراضي

Second Arab Land
Conference

22-24 FEBRUARY 2021
CAIRO, EGYPT

The Role of Private Real Estate Developers in Land Development in Egypt

PPP Model in New Urban Communities: Potentials and Constraints

M.Sc. Eng. Reham Reda

Outline

- Introduction
- Real Estate Developers and New Urban Communities (NUC)
- Land Ownership Schemes for Real Estate Developers in NUC in Egypt
- Public Private Partnership (PPP)
- Conclusion



(Misr Italia,n.d.)

Egypt - Land and Population

Fact Sheet



100.4
Millions

The largest population in
the Middle East

(World Bank, 2019)

100.1
Millions Hectares

Total Land Area

(World Bank, 2019)

4%
of Total Land

Inhabited - Nile Valley

(World Bank, 2019)

GROWING DEMAND FOR CONSTRUCTION

Construction Sector in Egypt

Fact Sheet



6.2%

In 2019

**Share of Construction
Sector in GDP**

(Mordor Intelligence, 2019)

9,759

Companies

**In 2013, In the Egyptian
Real State Market**

(Egyptian Ministry of Investment, 2015)



302

Companies

Invested **1.48 billion USD**
in housing

(Egyptian Ministry of Investment, 2015)

WHEN DID THE STORY START?

Real Estate Developers and New Urban Communities

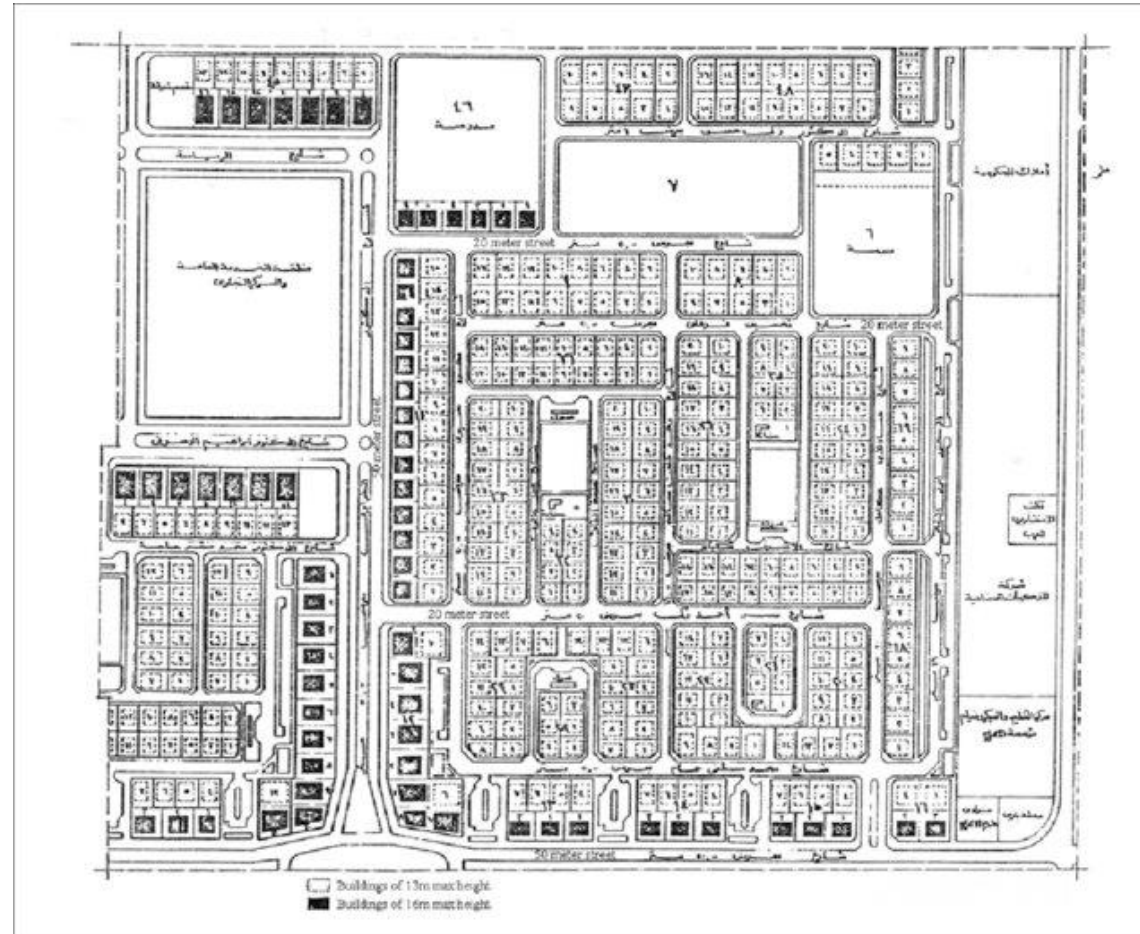
History

In the 1950s

The **government** was encouraged to finance its first real estate projects

Mohandessin/Nasr City

(World Bank Report,2006)



Source: (MNHD,1959)

Real Estate Developers and New Urban Communities

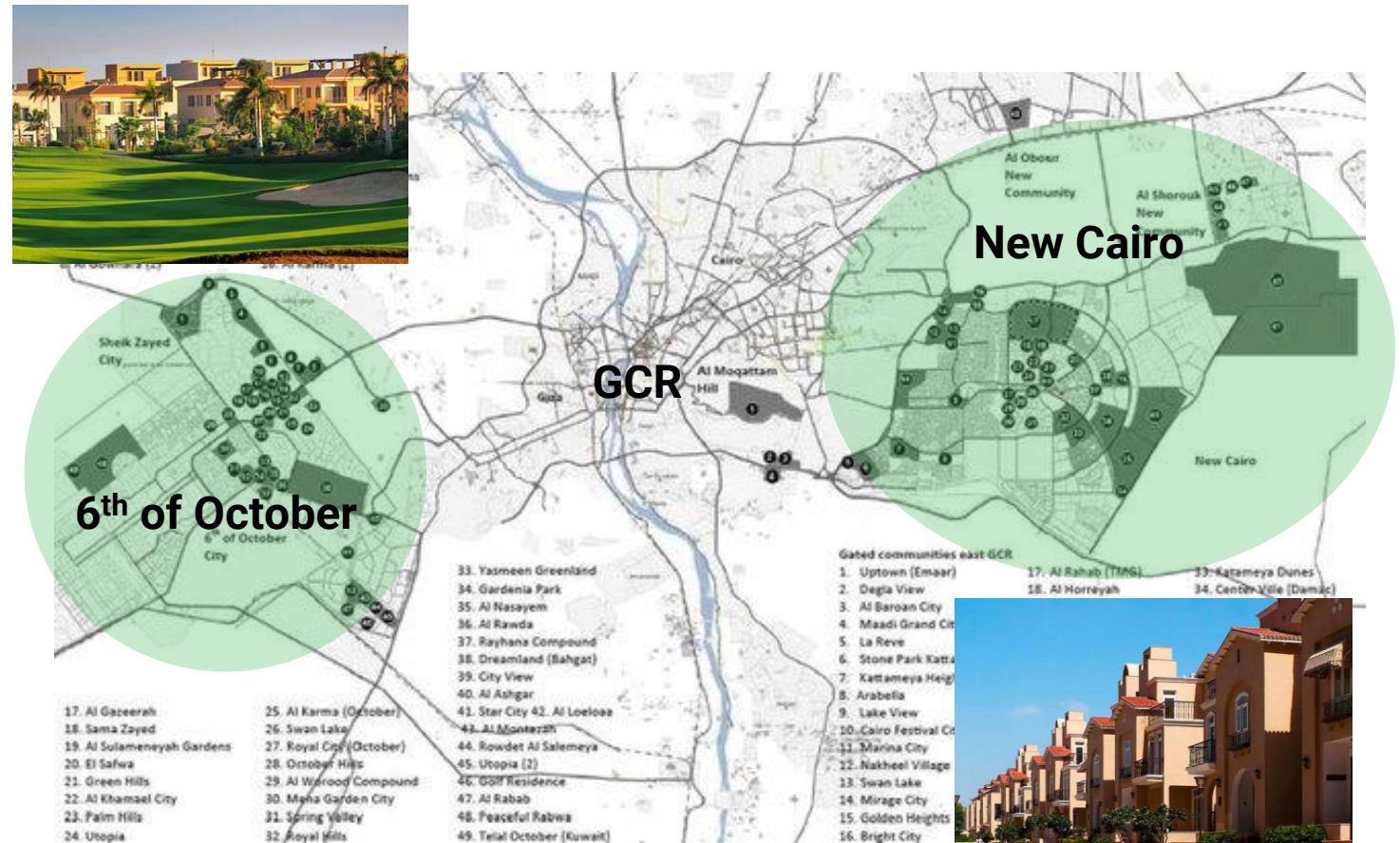
Latest Trend (Large-Scale Development)

In the 1990s

Gated Communities (Compounds) built by real estate developers

New Urban Communities (Outskirts of GCR)

(Soliman and Share El-Dein, 1999)



Source: (NUCA, n.d.)

Real Estate Developers and New Urban Communities

Latest Trend (Large-Scale Development)

According to CAPMAS, **281,300** units were built in 2018/19

35.7%
of the units

Built by the **government**
At which **83.6%** is social
housing

64.3%
of the units

Built by the **private sector**

WHO ORGANIZE THIS DEVELOPMENT?

(CAPMAS, 2020)

Real Estate Developers and New Urban Communities

Regulatory and Institutional Framework

New urban communities have gained a special attention by the government in Egypt. **New Urban Communities Authority (NUCA)** was established according to law 59/1979.

NUCA is responsible for the planning and management of the land in new cities with the coordination with **GOPP** and other concerned governmental agencies.



Real Estate Developers and New Urban Communities

Land Ownership Schemes

The land of the new urban community is owned by NUCA and it is legally authorized to manage the development. NUCA assigns the land to real estate investor through various forms of ownership

Direct sale
(Takhsis)

Lease/Usufruct
(Haq Intifaa)

Transfer of assets
(Naql Ossol)

**Public Private
Partnership
(PPP)**

(World Bank Report,2006)

Public Private Partnership (PPP)

Definition

PPP is a long term contractual relationship between the Public Sector and the Private Sector for the purpose of having the Private Sector deliver a project or service traditionally provided by the Public Sector.

(PPPCU, 2009)

Public Private Partnership (PPP)

Concept Application in Real Estate Sector in the Egyptian Context

An agreement regarding the price of the land and the infrastructure between the investor and NUCA is done. Afterwards, the investor acquires the land and develops it. NUCA gets its share (the price of the land and the infrastructure) as a **percentage of the built housing units** which are offered afterwards as a part of the ministry's low housing program.

(World Bank Report,2006)

Public Private Partnership (PPP)

Madinaty As a Case Study

“Madinaty”, a mega real estate project in New Cairo (33.5 km²), at which NUCA gave the land **free of charge** to the investor and provided the external infrastructure to the project. Then, NUCA was granted a **share of 7%** of the total cost of the project in form of housing units.



(madinaty.com,n.d.)

(World Bank Report,2006)

Constraints to Apply PPP in Land Development



Land Prices and
Construction
Materials



Financing
Schemes



Macroeconomic
Environment



Regulatory and
Institutional Bureaucracy
Complications

PROS AND CONS OF PPP APPROACH

Opportunities



Foster Rapid Development /
Establishment of
Communities



Lower Economic Burden
on Government



Increase Land Value of
Arid Areas

Threats



Clarity and Fairness of
Land Valuation



Government Supervision
and Control Over Land



Expensive Units/ Issue of
Affordability

Conclusion



(insiteooh.com,n.d.)

*Is the paradigm of **private sector led land development** in **new urban communities** a successful practice to **entail better use of public land** and effective response to housing needs in Egypt?*

THANK YOU FOR THE ATTENTION!

- Egyptian Ministry of Investment. (2015). Why invest in Egypt?, in Proceedings of the EEDC conference, (pp. 6)
- NUCA. (2019). New urban cities, Newcities.gov.eg, [Online]. Available: http://www.newcities.gov.eg/know_cities/default.aspx.
- Oxford Business Group, (2016). The Report: Egypt 2016, (pp.179).
- PPPCU (Public Private Partnership Central Unit). (2009). Update on The National Program for Public Private Partnership, Egyptian Ministry of Finance. (pp. 6- 7).
- Soliman, M. and Sharf El-Dein, I. (1999). New urban communities in Egypt (Policies & useful lessons), Department of Architecture, Benha University, (pp.3-5).
- World Bank. (2006). Egypt - Public land management strategy: Background notes on access to public land by investment sector: industry, tourism, agriculture, and real estate development, vol.2, no. 36520, (pp.53-73).

EGYPT / CASE STUDY / 1



Gouna, Hurghada (36.8 km²)