

International Property Markets Scorecard

Egypt Market Conditions – Desktop Survey July 2013



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Scorecard Background & Information

The Scorecard reflects the status of the six Core Elements necessary for transparent and efficient property market development. Each Core Element includes three Lead Indicators that are further divided into Sub-Indicators. Colors signify the strength of institutions that support market development – very strong, strong and weak. No color indicates that institutions are very weak. Gray indicates more information is needed for an objective determination.

Acknowledgement

The International Property Markets Scorecard Project is the latest development in the continued cooperative work between the Center for International Private Enterprise (CIPE) and the International Real Property Foundation (IRPF). The Scorecard derives from the work of an academic panel led by Richard Green, PhD., Director of the University of California's Lusk Center for Real Estate and the University of Denver, Burns School of Real Estate and Construction Management's Global Real Estate Project under the direction of Dr. Mark Lee Levine.

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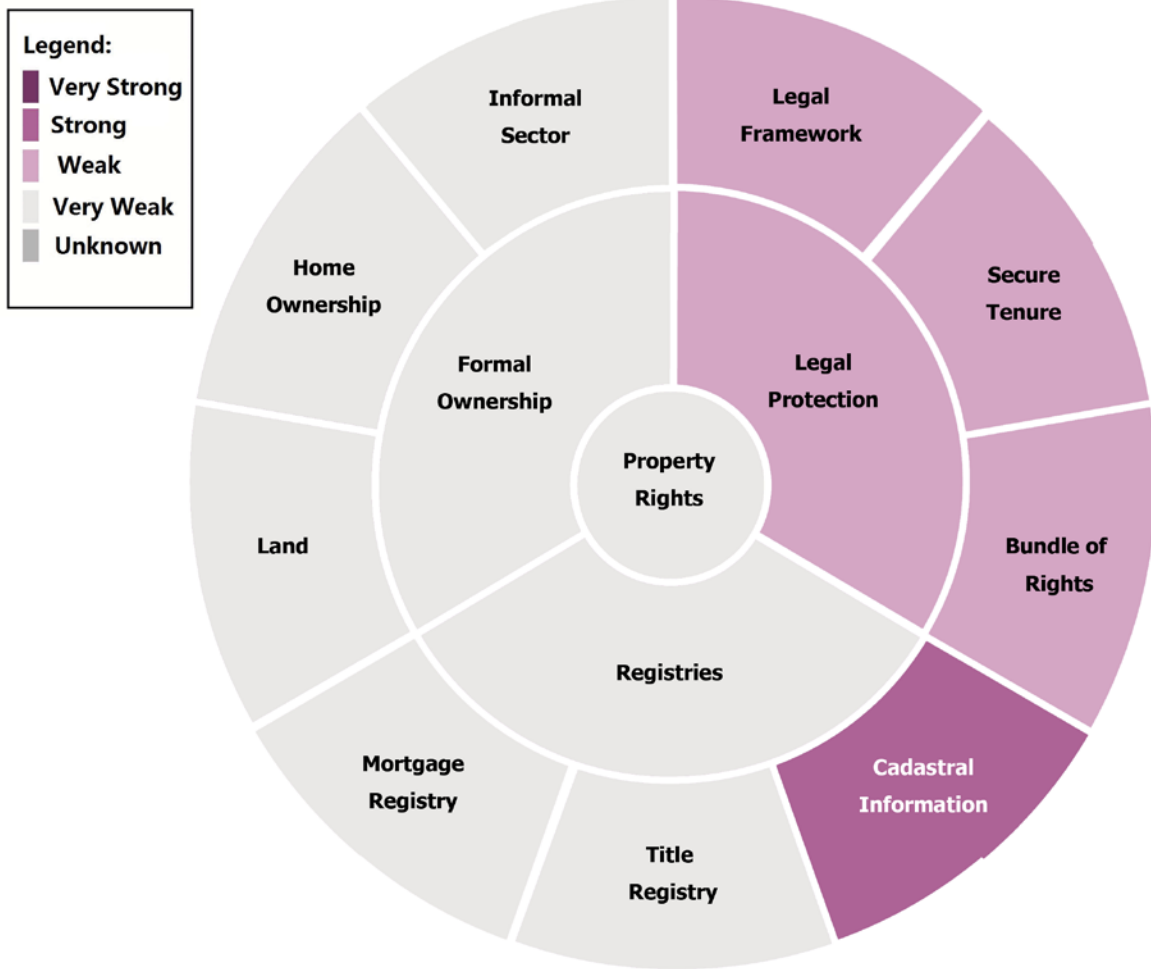
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1. Property Rights



Goal – Property rights that are legally protected, secure, recorded in a single, accurate, widely accessible electronic registry and that lead to high levels of formal ownership for all citizens

1.1 Legal Protection

Core Question:	Does an effective and sufficient legal framework exist to protect property rights for all citizens? Weak, Land access is a significant issue, especially in Upper Egypt. Personal property or status issues (including divorce, inheritance, marriage and child custody) are governed by shari'a, and shari'a also inspires the values behind Egypt's secular legal framework.
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Legal Framework

1.1.1 Are property rights clearly defined and protected by law? **No – Weak – Ranking 85th out of 144; Score 4.0 out of 7**

Security of Tenure

1.1.2 Can citizens challenge the legality of government takings? **No – Weak – 100th out of 144; Score 3.2 out of 7**

Source: *Global Competitiveness Report 2012-2013* – World Economic Forum

<http://www.weforum.org/issues/global-competitiveness>

Bundle of Rights

Survey Question

SQ1 What is the bundle of rights (group of rights such as occupancy, use and the right to sell or lease) associated with both residential and commercial property ownership? **Weak - Ownership of land may be secured through inheritance or purchase. Land may also be leased from the government or private owners. The government also grants types of land to private individuals and entities.** Source: Source: USAID country profile - http://csr-dar.org/sites/default/files/190_e.pdf

1.2 Registries

Core Question:	Does a reliable property registry exist including cadastral, title and mortgage lien information? No, Weak. Recent changes to the registration system have streamlined registration processes, reduced fees, and automated records. Prior to these changes
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(less than five years ago) only about 10% of real property was registered; the effects of the improvements to registration have not been fully realized.

1.2.1 Cadastral Information

Status – Strong

Survey Questions

- SQ 2 Is cadastral information (information about the dimensions and location of land parcels) accessible to the public? **Yes.**
- SQ 3 Is zoning/permitted use information included are use regulations respected and enforced? **No.**
- SQ 4 Are Geographic Information Systems (GIS) including Global Positioning Satellite (GPS) information used to create and update the registry? **Yes.**
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Source:

Global Land Cover Network: http://www.glcn.org/sof_4_en.jsp

1.2.2 Title Registry

Very Weak – 95th out of 185; Trend ↓

- 1.2.2.1 What is the number of procedures required to register the transfer of a property from one owner to another? **7**
- 1.2.2.2 What is the duration of time in calendar days that it would take to complete the transfer? **72**
- 1.2.2.3 What is the total cost of the transfer including all fees, taxes, etc. expressed as a percentage of the value of the property? **0.7% of property value**
-

Source – *Doing Business 2013* – Registering Property, World Bank
<http://www.doingbusiness.org/data/exploreeconomies/egypt>

1.2.3 Mortgage Registry

Status – Very Weak

Survey Questions

- SQ 5 The mandatory use of notaries or similar officials slows down and adds cost to the process. Does a notary need to be involved in the registration process? **Yes.**
- SQ 6 Is information in the registry available electronically? **No.**
- SQ 7 Title insurance is indemnity insurance against financial loss from defects in title and from the invalidity or unenforceability of mortgage liens. Is title insurance available to lenders? **No.**

Source – *Financing Homes 2008*, World Bank and International Housing Finance Corporation
<http://www.cipe.org/sites/default/files/publication-docs/Financing%20Homes%202008.pdf>

1.3 Formal Ownership

Core Question:	Do citizens understand and trust property rights institutions and avoid the informal sector? No, Very Weak. The 1971 Constitution guarantees equality to all citizens and confirms women's rights to inherit and own property. Ownership rights in Egypt are governed by the Civil Code, which affirms women's rights to own, inherit and independently use property. However, tradition in Egypt dictates that property, contracts and leases should be managed by the father or husband
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Survey Questions

1.3.1 Land

- SQ 8 What is the status of land ownership? **Very Weak. The primary means of real estate investment is speculative land banking. Egyptians will buy land around main cities and/or planned satellite towns and hold the land for years.**

Source: Egypt Expert Interview and USAID Country Profile Property Rights and Resource Governance:
<http://csr-dar.org/content/resource/egypt-property-rights-and-resource-governance>

1.3.2 Home Ownership

SQ 9 What is the percentage of formal home ownership? **17.1% – Very Weak, 82.9% of housing stocks do not meet the minimum quality requirement (2005)**

Source: U.N. Habitat Urban Indicators Website -<http://www.unhabitat.org/stats/Default.aspx>

1.3.3 Informal Sector

What is the percentage of service firms that report competition with unregistered or informal firms? **46.7% (2008) Very Weak**

Source: Enterprise Surveys Website www.enterprisesurveys.org/

In-Country Assessment Information (as of 2011)

Field Question (FQ) 1. What is the actual status of property rights and ownership for citizens?

Many residents, both rich and poor, live in informal developments that have exceeded the intended density of the developed parcels. Many parcels in Cairo and its surrounding satellite towns are illegally subdivided to increase density by the private land owners. The informal developments are not legally registered with the government, but the government does not seek to evict the residents.

Many of the informal settlements and squatters eventually become legalized because the government cannot relocate them.

FQ 2. What is the actual experience of transferring a property?

Payments are made annually, and full transfer of land rights occurs upon termination of payments. This project has been responsible for approximately 25% of the land reclaimed since 1988 (Madbouly 2005).

Source: USAID country profile

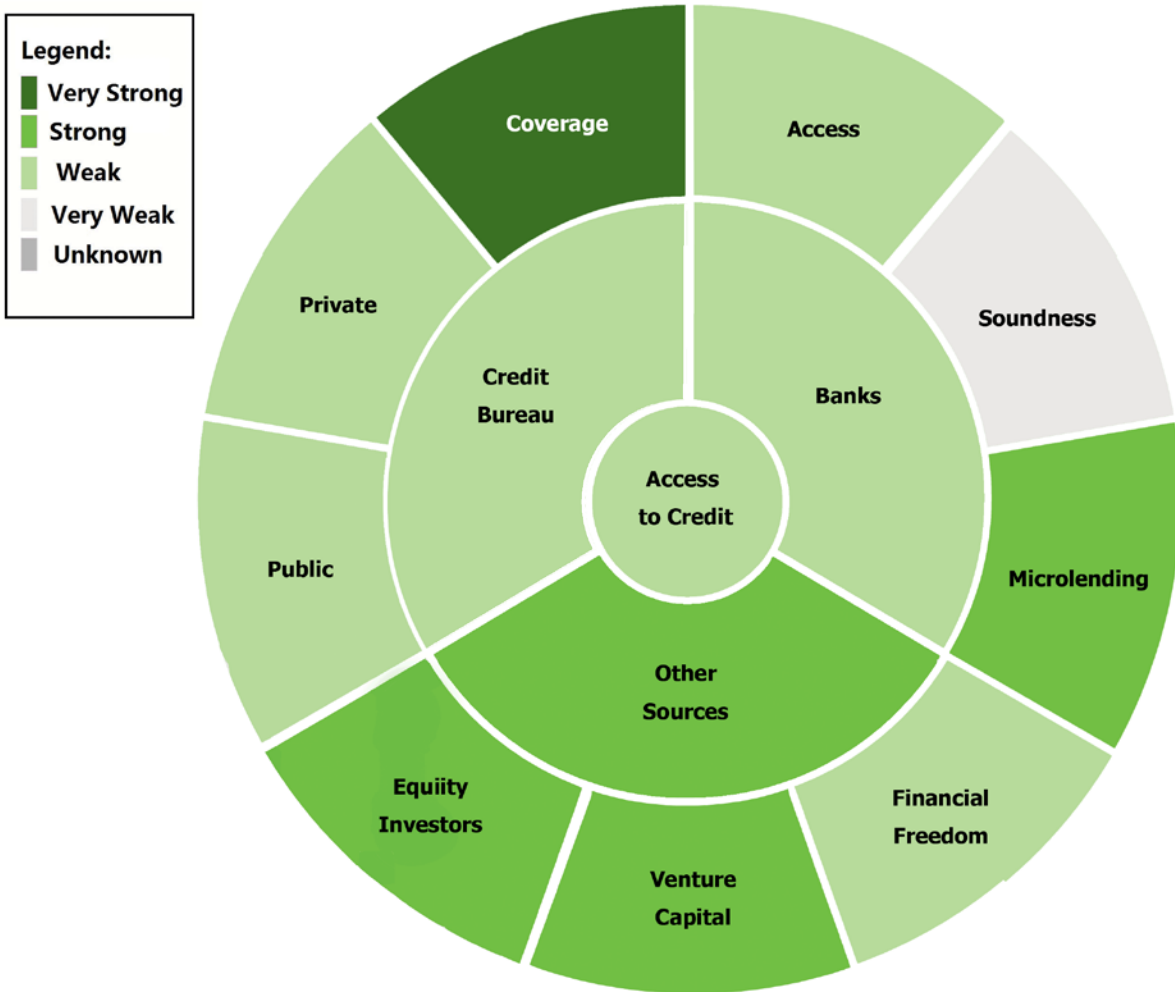
<http://csr-dar.org/content/resource/egypt-property-rights-and-resource-governance>

FQ 3. What are the actual housing conditions for all groups including the poor, minorities and other marginalized groups?

The cost of apartments in the metropolitan area of Cairo can range from 40,000 LE to 2M LE. The poor live in ghettos where sewage and trash cover the streets. Due to informal and inconsistent developments, neighborhoods of the wealthy and the poor can be adjacent to each in the city. Each property owner subdivides, redevelops, and sells off new apartments. This is the norm, and it is daily life.

Source: *Egypt Field Questions* from Lin Mao

2. Access to Credit



Goal – An efficient, transparent financial sector that provides a broad range of citizens with access to multiple forms of competitive credit so that they can start businesses, build wealth, and purchase property

2.1 Banks

Core Question: Are traditional banking services robust and extensive enough to serve the needs of the population to help them build wealth and purchase property? **No, Weak. But Egypt's central bank has already begun the establishment of a real-time gross settlement system in Egypt in order to help better make available risk management tools regulating payments in Egypt's banking sector and guaranteeing the security of financial transactions in a way that meets international standards.**

Access

2.1.1 How easy is it to obtain a bank loan? **Weak – Ranking 84th out of 144; Score 2.6 out of 7**

Soundness

2.1.2 How sound are the country's banks? **Very Weak – Ranking 123rd out of 144; Score 4.3 out of 7**

Source: *The Global Competitiveness Report 2012-2013*, World Economic Forum
<http://www.weforum.org/issues/global-competitiveness>

2.1.3 Microlending

Status – Strong, regulated by the Central Bank

2.1.3.1 Microfinance allows citizens without traditional creditworthiness to build a credit history. How many microfinance institutions are operating in the country? **16**

**ABA
ABWA
Al Tadamun**

**NSBA
RADE
SBACD
SCDA
YMMA**

2.1.3.2 What is the number of active borrowers per institution?

**ABA 234,371
ABWA 20,007**

**ASBA 225,289
BDC 93,516**

DBACD	107,410
ESED	70,640
FMF	18,654
Lead Foundation	141,299
RADE	12,735
SBACD	39,216

YMMA Source: Microfinance Information Exchange www.mixmarket.org/mfi

2.2 Other Sources

Core Question: Are entrepreneurs free to raise capital outside the banking system including venture capital and/or by issuing stock in a well-regulated stock exchange? **Strong – The investment regime has been stable, but flows have slowed significantly due to the challenging economic and political situation.**

Financial Freedom

2.2.1 How much control does the government exert over financial services? **Weak for entrepreneurs – Score 54.8 out of 100 – Considerable government control**

Source: *Index of Economic Freedom 2013*, Heritage Foundation
<http://www.heritage.org/index/country/egypt>

Venture Capital

2.2.2 How easy is it for entrepreneurs to find venture capital?
Strong – 40th out of 144; Score 3.0 out of 7

Equity Investors

2.2.3 How easy is it to raise money by issuing shares on the stock market? **Strong – 37th out of 144; Score 4.2 out of 7**

Source: *The Global Competitiveness Report 2012-2013*, World Economic Forum
<http://www.weforum.org/issues/global-competitiveness>

2.3 Credit Bureau

Core Question:	Is comprehensive credit information available through public and private credit bureaus? No, Weak, but the use of credit is growing.
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Overall Ranking 83rd out of 185

Coverage

- 2.3.1 What is the depth of information available in credit bureaus? **Very Strong – Score – 6 out of 6**
- 2.3.2 What is the extent of public credit registry coverage? **Weak – 4.3%**
- 2.3.3 What is the extent of private credit registry coverage? **Weak – 16.4%**

Source: *Doing Business 2013* – Getting Credit, World Bank
www.doingbusiness.org/ExploreEconomies/?economyid=143

In-Country Assessment Information (as of 2011)

FQ 4. How available are mortgage loans for purchasing property, who is the typical user and what are the prevailing trends?

Mortgage is available to any Egyptian citizen who can provide proof for a monthly family income of 1,200 LE. Proof is provided by the person's employer through a signed letter.

Real estate is the primary means for Egyptians to invest. It is difficult to speculate the mix of the needy who uses mortgage to purchase their first home versus the rich who may take a small loan to purchase and rent out excess real estate. Data is not available in Egypt.

Source: Egypt Field Questions from Lin Mao

Source: <http://www.dailynewsegypt.com/2013/02/17/banking-and-insurance-special-e-finance-to-partner-with-banks/>

FQ 5. What are the interest rates, term and loan-to-value ratios for available mortgages?

The lending interest rate, which is the bank rate that meets the short and medium-term financing needs of the private sector, is 12% during 2012.

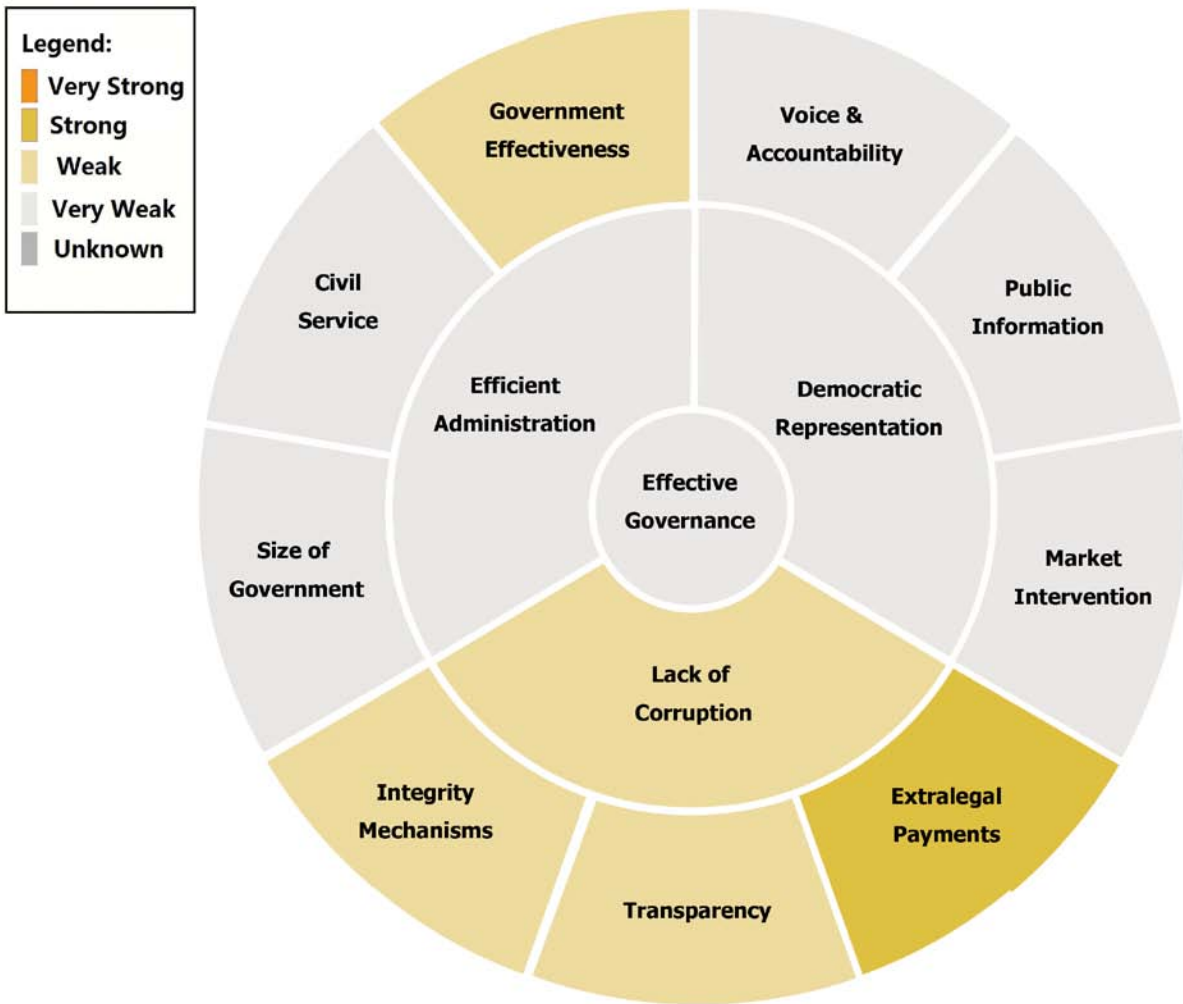
Source: World Bank Data - <http://data.worldbank.org/indicator/FR.INR.LEND>

FQ 6. Are there any informal barriers to borrowing such as for women or minorities?

No known barriers exist. Only Egyptian citizens may borrow. Borrowers must also show proof of employment by employer, permanent residency by utility bills, and minimum of 1,200 LE monthly income.

Source: Egypt Field Questions from Lin Mao

3. Effective Governance



Goal – A popularly elected government free of corruption and functioning efficiently and transparently enough to guarantee economic freedom to individuals and support equitable property markets

3.1 Democratic Representation

Core Question: Does the country have free and open elections for the leadership and can citizens engage in free enterprise? **No, Very Weak. Under the Mohamed Morsi regime, the government often made promises to provide infrastructure and other services to informal settlement dwellers in exchange for their election vote, which facilitated informal developments. Political situation in Egypt has been in flux since the elected president Morsi was removed from office by the Egyptian army on July 3 and suspended the constitution in the wake of street protests against his one-year rule.**

Voice & Accountability

3.1.1 Are citizens able to elect their government and do they enjoy freedom of expression, association and a free media? **No – Very Weak – Percentile Rank – 16.0 Trend ↓**

Source: *Governance Matters 2011*, World Bank
http://info.worldbank.org/governance/wgi/sc_chart.asp

3.1.2 Are citizens free to form political and civic organizations free of state interference and surveillance? **No – Weak – Score 3.95 out of 10**

Overall Ranking – 115th out of 167

Source: *The Economist Intelligence Unit Democracy Index*
https://www.eiu.com/public/topical_report.aspx?campaignid=DemocracyIndex2011

Public Information

Very Weak; Score 54 out of 100

3.1.3 Are there regulations governing conflicts of interest in the executive and legislative branches of government? **No – Executive Score 50 out of 100 – Very Weak; Legislative Score 36 out of 100 – Very Weak**

3.1.4 Can citizens access legislative processes and documents? **No – Score 0 out of 100 – Very Weak (2010)**

Source: *Global Integrity Report 2010* –
<http://www.globalintegrity.org/report/Egypt/2010/scorecard>

Market Intervention

Overall Ranking – Very Weak 125th out of 179 Trend ↓

- 3.1.5 To what extent does the government intervene in the private sector including state owned industries? **Score 69.4 out of 100 with a higher score indicating less intervention**
- 3.1.6 To what extent does the government control prices? **Score 58.4 out of 100 with a higher score indicating less control**

Source: *2013 Index of Economic Freedom* – Heritage Foundation
<http://www.heritage.org/index/country/egypt#limited-government>

3.2 Lack of Corruption

Core Question:	Is the public sector transparent and free of corruption? No, Weak. In terms of governance and corruption, the government uses unregistered and informal settlements to gain votes for democratic elections.
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Transparency

- 3.2.1 What is the perceived level of corruption in the country? **Weak – Ranking – 112nd out of 183; Score 2.9 out of 10 Trend ↓**

Source: Transparency International 2011 <http://www.transparency.org/cpi2011/results/>

Integrity Mechanisms

- 3.2.3 A National Integrity System is a framework where the principle institutions that contribute to integrity, transparency and accountability in a society can address corruption in a systematic way. Does a National Integrity System exist? **No, Weak. Egypt has a critical level of corruption risk in defense industry. There is hardly any accountability of the defense and security establishments.**

Source: Transparency International
http://www.transparency.org/news/pressrelease/20120206_middle_east_and_north_african_governments_have_high_risks_of_defen

Extralegal Payments

Survey Question

SQ 11 How often do companies report that officials and/or companies expect additional payments to “expedite” services or gain business? **Strong –15.2% of firms say they are expected to make unofficial payments**

Source: *Enterprise Surveys*, World Bank, 2008

<http://www.enterprisesurveys.org/Data/ExploreEconomies/2008/egypt>

3.3 Efficient Administration

Core Question:	Are quality services and qualified civil servants available to the public through the efficient use of public money free of corruption? No, Very Weak. The civil service and legislative branches lack important accountability processes.
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Size of Government

3.3.1 What is the size of government relative to GDP? **69.4% - More than 40% considered optimum – Very Weak**

Source: *2013 Index of Economic Freedom*, Heritage Foundation

<http://www.heritage.org/index/country/egypt#limited-government>

Civil Service

3.3.2 What is the quality of the civil service? **Very Weak – Score 49 out of 100**

Source: *Global Integrity Report 2010* –

<http://www.globalintegrity.org/report/Egypt/2010/scorecard>

Government Effectiveness

3.3.3 What is the overall effectiveness of the government? **Weak - Percentile Ranking – 32.2 Trend ↑**

Source: *Governance Matters 2011*, World Bank

http://info.worldbank.org/governance/wgi/sc_chart.asp

In-Country Assessment Information

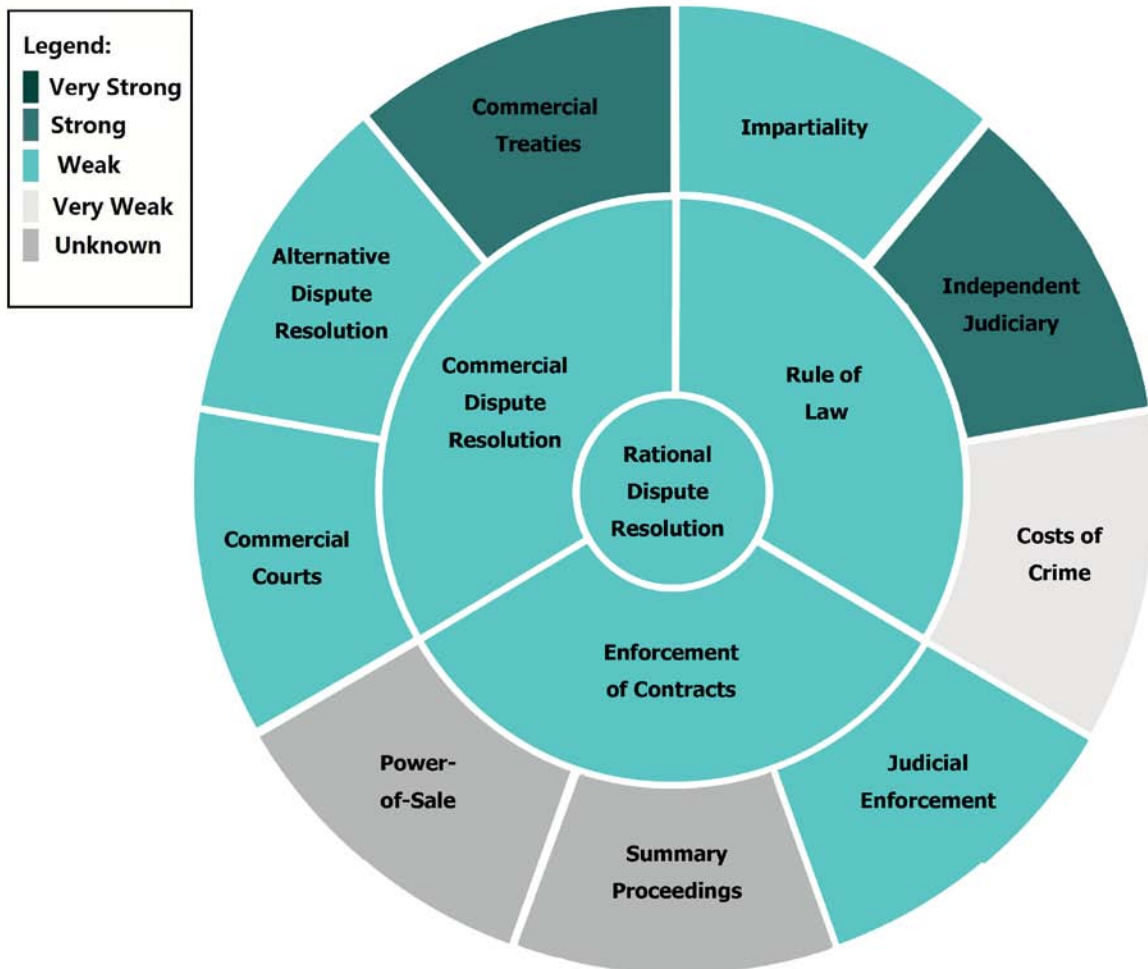
FQ 6. What is the actual experience of practitioners in dealing with the government?

Laws in Egypt are complicated. Bribes are typically paid to government officials to facilitate processes of registrations and licensing. Otherwise, legal processes may provide no clear answer.

Source: Egypt Field Questions from Lin Mao

<http://english.ahram.org.eg/NewsContent/1/64/77189/Egypt/Politics-/EU-calls-for-Morsis-release,-democratic-elections-.aspx>

4. Rational Dispute Resolution



Goal – An efficient institutional framework that balances the rights of the public, owners, lenders and borrowers in the event of a dispute or loan default

4.1 Rule of Law

Core Question:	Do all market participants abide by the rule of law and have confidence in the courts and the ability of police to control crime? No – Weak, law enforcement is weak.
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Impartiality

4.1.1 What is the confidence level of the strength and impartiality of the police, courts and contract enforcement? **Weak – Percentile Ranking – 42.7 Trend ↑**

Source: *Governance Matters 2011*, World Bank

http://info.worldbank.org/governance/wqi/sc_chart.asp

Judiciary

4.1.2 Can members of the judiciary be held accountable for their actions? **Yes – Score 75 out of 100 – Strong**

Source: *Global Integrity Report 2010* –

<http://www.globalintegrity.org/report/Egypt/2010/scorecard>

Costs of Crime

4.1.3 What are the business costs of crime and violence? **High costs – Ranking 142nd out of 144 – Score 3.1 out of 7, Very Weak**

Source: *The Global Competitiveness Report 2012-2013*, World Economic Forum

<http://www.weforum.org/issues/global-competitiveness>

4.2 Enforcement of Contracts

Core Question:	Are systems in place for timely and efficient enforcement of contracts? Commercial – No – Weak Residential – No – Unknown
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4.2.1 – Judicial Enforcement

Commercial – Weak – Ranking 94th out of 183 Trend ↓

4.2.1.1 What is the number of procedures involved in resolving a commercial dispute?
42

4.2.1.2 What is the time between the filing of a lawsuit and resolution in judicial enforcements? **1,010 days**

4.2.1.3 What is the cost of judicial enforcements as a percentage of debt value? **26.2%**

Source: *Doing Business 2013*–

<http://www.doingbusiness.org/data/exploreeconomies/egypt#enforcing-contracts>

Residential – Unknown

Survey Questions

SQ 12 What is the time between notice of intent to foreclose and loan collection in judicial enforcements? **Unknown**

SQ 13 What is the cost of judicial enforcements as a percentage of property value? **Unknown**

4.2.2 – Summary Proceedings

SQ 14 Summary proceedings are alternative dispute resolution processes where creditors can apply for a direct court order in property disputes. What is the time between notice of intent to foreclose and loan collection in summary proceedings if available to lenders?

Unknown

SQ 15 What is the cost of summary proceeding if available to lenders as a percentage of property value? **Unknown**

4.2.3 – Power-of-Sale

SQ 16 Power-of-sale agreements give creditors to power to sell properties after notice to the borrower without court intervention. What is the time between notice of intent to sell and loan collection for power-of-sale agreements if available to lenders? **Unknown**

SQ 17 What is the cost of power-of-sale agreements if available to lenders as a percentage of property value? **Unknown**

Source – *Financing Homes 2008*, World Bank and International Housing Finance Corporation

<http://www.cipe.org/sites/default/files/publication-docs/Financing%20Homes%202008.pdf>

4.3 Commercial Dispute Resolution

Core Question:	Can commercial disputes be resolved efficiently and fairly without exorbitant expense and delay? No, Weak. Economic Courts were established by virtue of Law No. 120 of 2008 and are competent to hear commercial disputes.
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Source: <http://www.ebrd.com/E9A045B1-7F8D-448B-9449-E4E41EEED004/FinalDownload/DownloadId-C6B1AB5E14FA216153DEC8A92B970F9A/E9A045B1-7F8D-448B-9449-E4E41EEED004/downloads/sector/legal/egypt.pdf>

Survey Questions

Commercial Courts

SQ 18 Do specialized commercial courts exist for the handling of property disputes and foreclosures? **Yes. Weak**

Source: *Guide to Doing Business of Egypt in LexMundi World Ready*
www.lexmundi.com/Document.asp?DocID=4291

Alternative Dispute Resolution

SQ 19 Are alternative dispute resolution mechanisms in place including commercial arbitration, private mediation and community based processes? **No, Weak.**

Source: *Egypt as a Regional Platform for Alternative Dispute Resolution in the Arab World* -
<https://www.wbginvestmentclimate.org/uploads/New%20EGYPT%20FACT%20SHEETdocx.pdf>

Commercial Treaties

SQ 20 What bilateral, regional and international commercial treaties exist concerning business between countries? **The United States remains committed to a strong bilateral relationship with Egypt. The United States could provide additional support to enhance Egypt's enforcement. The U.S. Commerce Department's Commercial Law Development Program (CLDP) could sponsor a workshop to help train judges in the new Economic Courts in the adjudication of intellectual property cases.**

Source: U.S. State Department Background Notes:
<http://www.state.gov/r/pa/prs/ps/2012/03/185184.htm>

The U.S. Commercial Relationship with Egypt and the Middle East & North Africa: Issues of Importance - <http://www.usegyptcouncil.org/0916810E-E5B6-451E-BE86-0859D7EDC715/FinalDownload/DownloadId-8116C11115C41CF5F5442EFFEFA65DFD/0916810E-E5B6-451E-BE86-0859D7EDC715/wp-content/uploads/2011/10/USEBC-Submission-for-USTR-PDF.pdf>

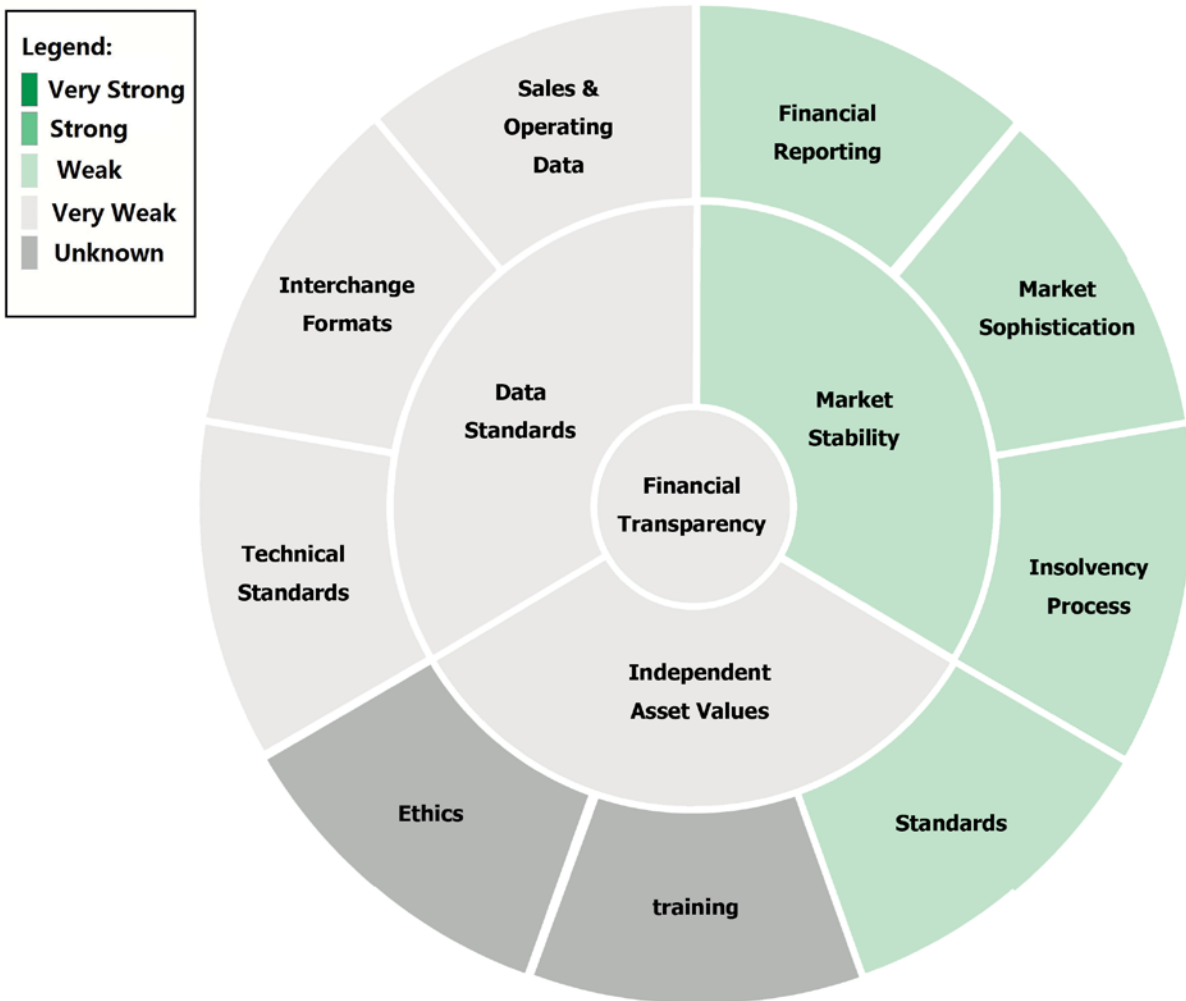
In-Country Assessment (As of 2011)

FQ 7. To what extent do practitioners report contracts as enforceable?

It is difficult to say. Data and information is not collected. Many of the existing developments are informal, illegal, and unregistered.

Source: Egypt Field Question from Lin Mao

5. Financial Transparency



Goal – A well developed and transparent financial system that includes strong supporting institutions and highly trained and ethical professionals that contribute to effective financial intermediation and deep and broad access to capital and financial services

5.1 Market Stability

Core Question:	Are market risks sufficiently transparent and diversified so that efficient capital allocation can occur? No – Weak – development is still hindered by bureaucracy and a cash-based economy.
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Financial Reporting

5.1.1 What is the strength of the country's auditing and reporting standards? **Weak – 73rd out of 144; Score 3.8 out of 7**

Market Sophistication

5.1.2 What is the overall level of financial market sophistication in the country? **Weak – 88th out of 144; Score 4.2 out of 7**

Source: *The Global Competitiveness Report 2012-2013*, World Economic Forum
<http://www.weforum.org/issues/global-competitiveness>

Insolvency Process

Weak – Ranking – 94th out of 183

5.1.3 What is the average time to complete bankruptcy proceedings? **4.2**

5.1.4 What is the cost of bankruptcy proceedings as a percentage of the estate? **22%**

5.1.5 What is the recovery rate of bankruptcy proceedings? **17.6 cents on the dollar**

Source: *Doing Business 2013 – Resolving Insolvency*

<http://www.doingbusiness.org/data/exploreeconomies/egypt#resolving-insolvency>

5.2 Independent Asset Valuers

Core Question:	Do trained, independent and ethical asset valuers exist for all types of assets? No, Weak.
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Survey Questions

Standards

SQ 21 How easy is it to find a valuer who implements International Valuation Standards?
Weak.

Training

SQ 22 What is the level of training of valuers? **Unknown.**

Civil Society Resource: *International Real Property Foundation* www.irpf.org

Ethics

SQ 23 Are opinions offered by valuers free of influence from parties to the transaction?
Unknown

Civil Society Resource: *International Valuation Standards Council* www.ivsc.org

5.3 Data Standards

Core Question:	Is accurate property information available electronically in formats that are consistent with international standards? No, Very Weak.
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Survey Questions

Sales & Operating Data

SQ 24 A multiple listing service is an electronic exchange system where brokers and agents can widely share contracted real estate listings of properties that are for sale. Do multiple listing type services exist? **No, Very Weak.**

Civil Society Resource: *International Consortium of Real Estate Associations*
www.worldproperties.com

SQ 25 Do resources exist for obtaining building income and expense estimates? **No, Very Weak.**

Civil Society Resource: *Institute of Real Estate Management* www.irem.org

Interchange Formats

SQ 26 Do electronic data interchange formats conform to international standards (eXML – electronic business using extensive markup language)? **No, Very Weak.**

Civil Society Resource: *Open Standards Consortium for Real Estate International*
www.oscre.org

Technical Standards

SQ 27 Do building codes and office building measurement standards (ANSI/BOMA Z65.1) conform to international standards? **No – Very Weak**

In-Country Assessment (as of 2013)

Market Stability

FQ 9. How stable has the property market been over the last several years?

Uncertain. It is said that international economy does not sway Egyptians' trust in the Egyptian real estate market. The only way to affect the market is for the government to force the value of properties down. In such case, investors simply hold their real estate.

Immediately after the revolution, for a few days a lot of development took place without the government's consent. But the government soon became aware and stopped the processes.

The Egypt property market was in a year long recession heading into 2006. The market was hit because of the threat of terrorism and other economic and political factors. The short term rental property market in Egypt has been giving investors the best returns so far. However, with new legislation being introduced to make it easier for overseas buyers to purchase housing in the Egypt property market is will not be long before the real estate sector in this ancient land catches up to its short term rentals market.

Source: Egypt Property Market - <http://www.investorsprovident.com/africa/egypt/egypt-property-market.html>

Valuation Profession

FQ 10. How many independent valuers exist in the market?

FQ 11. How many companies exist and what is the average size of valuation companies?

- FQ 12. What are the valuation standards and do they conform to international and regional standards?**
- FQ 13. What valuation methods and techniques are used in the market?**
- FQ 14. Are there valuer associations in the market? What number and percentage of practitioners belong?**
- FQ 15. What training programs are available to upgrade the quality of valuers?**
- FQ 16. Are peer review mechanisms in place to assist in enforcing ethical behavior?**
- FQ 17. What is the quality of valuation reports?**

Data Availability

- FQ 18. What is the status of proprietary data bases that include property information?**

Data is not available; not even by the government.

- FQ 19. What is the status of existing data sharing mechanisms for properties that are for sale?**

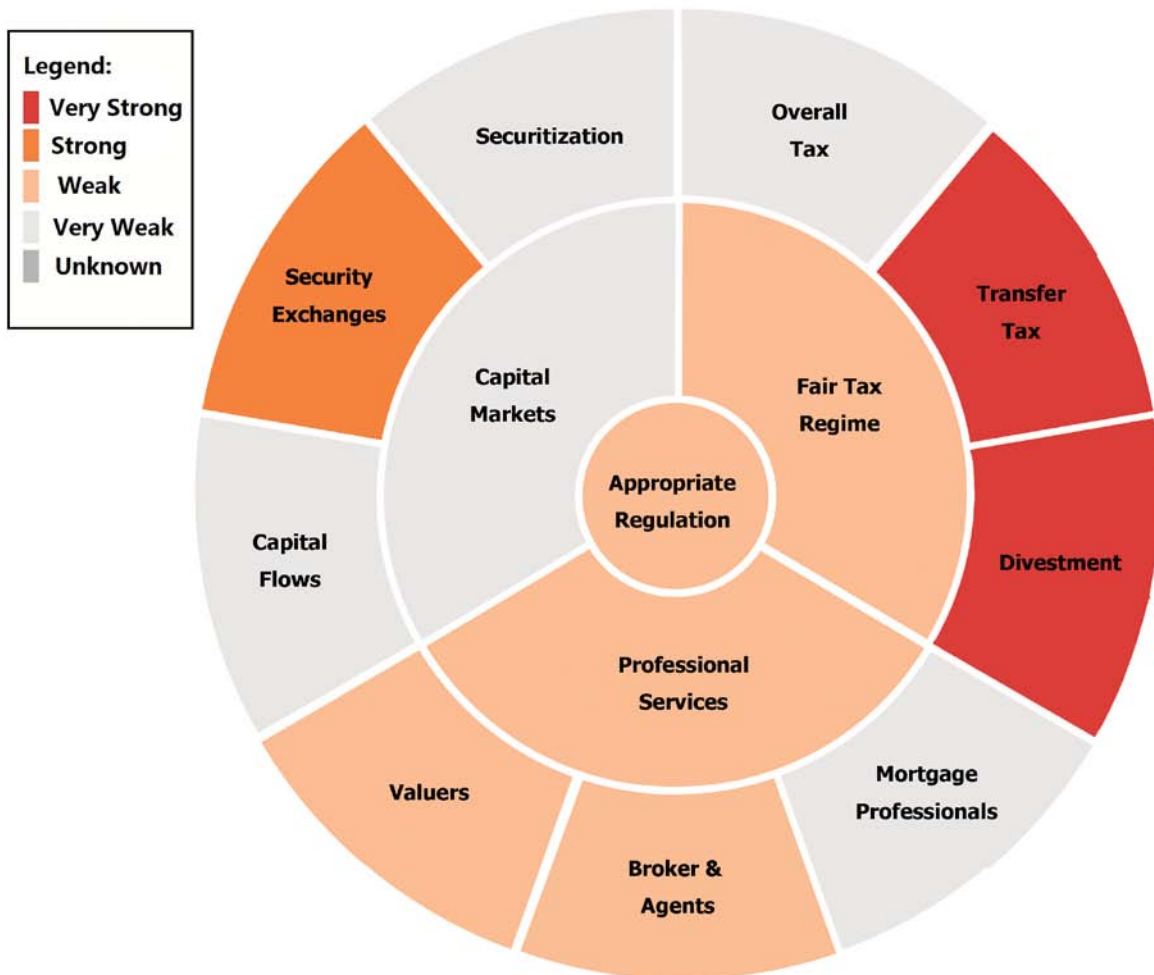
Information is passed by word of mouth. The typical venues are local coffee shops or by inquiries with building janitors.

- FQ 20. Do valuers have an established data sharing mechanisms?**

None known

Source: Egypt Field Question from Lin Mao

6. Appropriate Regulation



Goal – A comprehensive regulatory regime that is transparent, efficient, simple in its implementation and that leads to accurate reporting of property values and prudent protection from market risks

6.1 Fair Tax Regime

Core Question:	Do market participants feel the overall tax rate is fair and participate in formal transactions? Weak – Tax rates are relatively low.
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Transfer Tax

6.1.1 What is the total property transfer tax including all duties and payments? **Very Strong – 0.7% of property value**

Overall Tax

6.1.2 What is the overall tax rate on entrepreneurs? **42.6% – Ranking – 145th out of 185, Very Weak – Trend ↓**

Source: *Doing Business 2013* – Paying Taxes & Registering Property, World Bank
<http://www.doingbusiness.org/data/exploreeconomies/egypt#paying-taxes>

Divestment

Survey Question

SQ 28 What is the tax on profits for foreign investors when divesting property?

Very Strong - 10% VAT (Value Added Tax)

Source: *Doing Business 2013* – Paying Taxes & Registering Property, World Bank
<http://www.doingbusiness.org/data/exploreeconomies/egypt#paying-taxes>

6.2 Professional Services

Core Question:	Are the professional services necessary for efficient and transparent property markets available and appropriately regulated and supervised? Weak
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Asset Valuers

Survey Questions

SQ 29 Are property valuers licensed and/or certified by the government?

No, Weak.

Source: Civil Society Resource: *The Appraisal Foundation* - www.appraisalfoundation.org

Q 30 How effective are mechanisms in place to discipline valuers who engage in misconduct? **Weak.**

Civil Society Resource: International Real Property Foundation www.irpf.org

Brokers & Agents

Survey Questions

SQ 31 Are real estate brokers and agents licensed and/or certified by the government? **Weak**

SQ 32 How effective are mechanisms in place to discipline brokers or agents who engage in misconduct? **Ineffective – Weak**

Civil Society Resource: International Real Property Foundation www.irpf.org

Mortgage Professionals

Survey Questions

SQ 33 Are mortgage professionals licensed and/or certified by the government? **No, Very Weak.**

SQ 34 How effective are mechanisms in place to discipline mortgage professionals who engage in misconduct? **Very Weak.**

Source: The mortgage market in Egypt- <http://dar.aucegypt.edu/handle/10526/3112>

6.3 Capital Markets

Core Question:	Are capital markets well-regulated and diversified enough to provide financial resources to private-sector entrepreneurs and innovators? No-Very Weak.
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Capital Flows

6.3.1 How restricted is the flow of capital into and out of the country? **Very Weak – Ranking 110th out of 144; Score 4.0 out of 7**

Security Exchanges

6.3.2 Is the regulation of securities exchanges transparent, effective and free of influence from government and industry? **Yes – Strong, Ranking 69th out of 133; Score 4.1 out of 7**

Source: *The Global Competitiveness Report 2012-2013*, World Economic Forum
<http://www.weforum.org/issues/global-competitiveness>**Securitization**

6.3.3 What is the depth of asset-backed securities, mortgage-backed securities, high-yield bonds and highly leveraged loans? **Very Weak – 56th out of 62, Score 1.31 out of 7, capital markets are very small with low turnover.**

Source: *Financial Development Report 2012*, World Economic Forum
<http://www.weforum.org/reports/financial-development-report-2012>

In-Country Assessment (as of 2013)

Taxation

FQ 21. What is the overall taxation system in regards to property?

Brokerage.

Brokerage

FQ 22. What is the number of practitioners in the country including full-time brokers/agents with formal training and part-time, informal brokers?

FQ 23. What is the number and average size of brokerage companies?

Brokerage is very new in Egypt; data is not available.

FQ 24. Are there brokers associations active in the market? What number and what percentage of practitioners belong?

FQ 25. What training programs are available to enhance productivity?

FQ 26. Is there a Code of Ethics or standards that practitioners follow? Is the Code enforced?

FQ 27. Do civil society organizations exist to support the development of mortgage professionals?