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THE BALLAD OF PROPERTY REGISTRATION IN EGYPT

CASE STUDY BY: **THE LIBERAL CLUB OF CAIRO, EGYPT**

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INTRODUCTION

This year marks the centenary of the inclusion of the right to private property and its protection in the Egyptian constitution. In the year 1923, a constitution was promulgated to safeguard private property, stipulating that the imposition of guardianship over private property could only occur in circumstances prescribed by the law and upon a judicial decree. A hundred years and several legislations for property registration later, 90% of Egyptian properties remain unregistered.

This percentage remained as high as it is for decades. In 2011, Hernando de Soto famously wrote his WSJ article.[1] According to his research conducted in Egypt in 2004, as far as real estate is concerned, 92% of Egyptians hold their property without normal legal title. Those extra-legal assets would be worth more than $400 billion in 2011 dollars; and according to de Soto, these assets are dead capital.

Nonetheless the complexity of the legal system did not stop people from creating a semi- formal system, which has proven to be more efficient than the formal system.

For a country suffering from a hard economic crisis and large population growth, it is crucial to liberate such dead capital throughout legal and procedural reforms. This will enable Egyptians to get access to real estate finance, make the country more attractive to investments, and create prosperity.

[1] https://www.wsj.com/articles/SB10001424052748704358704576118683913032882.

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LITERATURE REVIEW

Hernando de Soto, in his seminal work, *The Mystery of Capital: Why Capitalism Prevails in the Western World and Falters Across Other Regions*[2], he argues that one of the most significant obstacles to economic development in developing countries is the lack of secure property rights. He defines "dead capital" as assets that do not have legal recognition, which means that they cannot be used as collateral for loans or other financial transactions. This includes assets such as real estate, businesses, and other forms of property.

De Soto argues that dead capital is a major problem because it prevents people from using their assets to generate income and wealth. For example, a homeowner without a formal property title cannot use his/her home as collateral to secure a loan to start a business. This means that s/he is less likely to be able to start a business, which limits his/her ability to generate income and improve his/her standard of living.

De Soto's theory of dead capital has been influential in the field of development economics. It has led to reforms aimed at making it easier for people in developing countries to register their property and obtain formal property rights. These reforms can include streamlining the property registration process, reducing costs, and providing legal assistance.

There is some evidence to support de Soto's theory. An unpublished study he conducted in Egypt which he highlighted in his WSJ article provides evidence on the importance of property registration in Egypt.

[2]Soto, Hernando de, 1941-. *The Mystery of Capital : Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York :Basic Books, 2000.

In addition to the economic benefits of secure property rights, there are also social benefits. For example, when people have secure property rights, they are more likely to invest in their homes and businesses, which can improve the quality of life for their families and communities. They are also more likely to be able to pass their assets on to their children, which can help to reduce intergenerational poverty.

Yet the problem with property registration in Egypt did not fully hinder the citizens from benefiting from their properties. They were able to develop a stable and efficient semi-formal legal framework for property registration that allowed them to secure their properties and develop it, but not to the full potential of that capital. They did, however, avoid paying high registration fees and taxation on properties.

Nonetheless, the challenge of property registration continues to pose a barrier to the facilitation of business activities in Egypt. According to the World Bank's 2020 Doing Business Report[3], Egypt is ranked 114th globally. Furthermore, in terms of the ease of property registration, Egypt is positioned at the 130th spot. In the 2019 Global Competitiveness Report[4], Egypt secures the 93rd position out of 141 countries. However, when examining specific sub-indices, Egypt's public sector performance ranks 88th, and its recognition of property rights is situated at the 84th position.

[3] https://archive.doingbusiness.org/en/reports/global-reports/doing-business-2020.

[4] https://www.weforum.org/reports/how-to-end-a-decade-of-lost-productivity-growth/in-full.

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HISTORICAL BACKGROUND

The history of real estate registration in Egypt can be traced back to the late 19th century when the British colonial regime surveyed and mapped most rural lands and established a cadastral registration system. This system was later extended to urban areas, and by the 1940s, most of Cairo's properties had cadastral mapping.

The promulgation of the 1923 Constitution enshrined the right to private property in Egypt. This Constitution also stipulated that the government could only seize private property in accordance with the law and upon a judicial decree.

In the same year, Law No. 18 was enacted, which mandated the registration of real estate and land sale contracts for legal enforceability. This principle, known as the "principle of registration," has remained a fundamental principle of Egyptian property law.

The 1946 amendment to Law No. 18 established the current Real Estate Registry Law. This law called Law no.114 (Shahr Akary) consolidated the registration authorities that had previously been dispersed among the courts into a single entity, the Real Estate Registry Authority. The Real Estate Registry Authority is responsible for recording legal contracts and transactions, as well as performing notarial and documentation functions.

The 1964 Real Property Register Law was enacted to address some of the shortcomings of the Real Estate Registry Law. The Real Property Register Law adopted a different approach to property registration, which aimed to mitigate some of the problems that had been encountered with the Real Estate Registry system.

Today, there are two parallel systems for registering property and land ownership in Egypt: the Real Estate Registry system and the Real Property Register system. Each system has its own advantages and disadvantages, and the choice of which system to use depends on the specific circumstances of the property.

In addition to the regulatory framework governing real property ownership, it is also important to consider the taxation regime that applies to real estate transactions. The Income Tax Law of 2005 imposes a tax of 2.5% on the total value of real estate transactions. This tax applies regardless of the property's current state, whether the transaction is for a developed structure or land designated for construction, and whether the transaction is for the entire property or a portion thereof.

The legal landscape also encompasses Law No. 196 of 2008, which specifically addresses property taxation. This law prescribes a consistent tax rate of 10% on the annual rental value of properties. However, this rate is subject to deductions: a 30% deduction for residential properties and a 32% deduction for non-residential properties. These deductions are intended to account for a comprehensive range of expenses borne by taxpayers, including maintenance expenditures and related costs.

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THE PROBLEM WITH PROPERTY REGISTRATION COST, COMPLEX PROCEDURES AND CORRUPTION

Under the provisions of Law No. 114 of 1946, the cost associated with registering real estate amounted to approximately 6% of the property's appraised value, imposing a significant financial burden. Toward the end of 2005[5], the Egyptian government initiated an inquiry to unearth the root causes behind the low rate of property registrations. During this period, the government identified the registration fees, which represented around 6% of the property's value, as a primary impediment to the registration process.

In 2006, the government introduced amendments to the Real Estate Registration Law with the primary aim of reducing the registration fees to an estimated 1% of the property's value. This adjusted fee structure brought Egypt's registration costs in line with those prevailing in emerging markets at that time, including nations such as Georgia, Chile, and Russia.

The Egyptian property registration reform unveiled ambitious objectives: the formalization of 1 million properties in 2007/08, 2 million in 2008/09, 4 million in 2009/10, and an ambitious annual target of 6 million properties from 2010 onwards. This initiative aimed to encourage both individuals and businesses, whether located in rural or urban areas, to register their properties.

Sixteen years later in February 2022 according to Omar Marwan, Egyptian Minister of Justice, 90% of Egypt's real estate properties are not registered saying "the vast majority of properties have customary contracts."[6]

This is because one of the fundamental issues not addressed by the 2006 reform pertains to fees and other taxes. Despite the reform reducing the registration cost to approximately 1% of the property's value, registration fees continued to be levied for each property transfer. This resulted in the accumulation of a substantial amount, especially in cases where properties changed hands multiple times over the years without being officially registered. Another aspect concerns taxes imposed on property transactions, amounting to 2.5% of the property's value and payable for every property transaction conducted on the property, in addition to property tax. These factors deterred many citizens from registering their properties.

The complexity of the fee and tax structure arises from administrative intricacies. Registration fees are collected by the Real Estate Registry under the Ministry of Justice, while taxes are administered by the Tax Authority under the Ministry of Finance. This illustrates the extent

[5]Haidar, J.I., 2008. How to Raise Revenues by Lowering Fees. In Celebrating Reform. Washington D.C.: The World Bank, pp. 34-39. Copy at https://tinyurl.com/yaeu8bch.

[6]https://www.dailynewsegypt.com/2022/02/14/more-than-90-of-egypts-properties-are-unregistered-justice-minister/.

of fragmentation and bureaucratic complexity in Egypt.

Furthermore, the amendments did not address non-tax fees collected by other governmental entities, such as the Survey Authority and the Bar Association, which collect 1% of the contract value, adding another layer of complexity to the system.

The problem of multiple overlapping government entities involved in property registration is one of the primary factors complicating the registration system. In addition to what has been previously mentioned regarding taxes and fees, the registration procedures themselves are intricate and require dealing with multiple different government bodies, including the Survey Authority, the Real Estate Registry, the Bar Association, and local administration.

Furthermore, the required documents for official registration pose obstacles to the registration process. One of the most critical documents needed is the ownership documentation sequence for the property, which is challenging to obtain due to the informal nature of property ownership in Egypt. Additionally, many unregistered properties in Egypt are constructed on agricultural land, which is illegal, or on state-owned land, making it difficult to establish legal ownership.

It's worth noting that the Egyptian government has attempted since the 1970s to initiate projects aimed at granting land ownership rights in unregistered areas. Several experiments were conducted in collaboration with the U.S. aid program, the United Nations Development Programme, and the German Agency for International Cooperation. However, all of these efforts failed due to procedural complexities, conflicting government entities, and their lack of cooperation.

In addition to the aforementioned points, the time required for a citizen to register their property, provided they have all the necessary documents, is quite distant, taking approximately six months.

The aforementioned reasons have contributed to the proliferation of corruption and bribery within the registration system. This has resulted in citizens' reluctance to engage with the official legal system and the emergence of a semi-official, cost-effective, and more efficient system. This alternative system has become dominant due to the practicality it offers in safeguarding property rights.

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MAN VS. BUREAUCRACY

As Frédéric Bastiat said, "It is not because men have enacted laws that personality, freedom, and property exist. On the contrary, it is because personality, freedom, and property are already in existence that men enact laws. What is the law, then? As I have said elsewhere, it is the collective organization of the individual right of legitimate defense."[7]

Due to the high cost and complex property registration system, procedures have evolved to bypass the official property registration system, offering a relatively straightforward, speedy, and cost-effective way to complete property transfers. These procedures primarily involve the use of "customary contracts," which are basic two-party sales agreements requiring the presence of two witnesses. For many individuals, these uncomplicated paper contracts suffice. However, for added security, they can opt to have these contracts validated in court using either the "validity of signature procedure" or the more rigorous "validity and enforceability of signature." Any lawyer can arrange these procedures for a nominal fee. Alternatively, property sellers can issue a "power of attorney" to the buyer, transferring full ownership rights over the property. Subsequently, this power of attorney can be endorsed, similar to the sale of a car, at any registration office under the supervision of the Ministry of Justice. These transfer systems are not limited to individual buyers and sellers in Cairo's housing markets; government agencies and private companies selling new properties also utilize them.

These informal property transfer methods remain prevalent in Egypt, both in formal and informal urban areas. These methods are not foolproof, and there is a risk of fraud, such as an owner selling the same property multiple times. However, for most transactions, they prove sufficient, as they minimize interactions with the government, rely on personal relationships and guarantees, and are both cost-effective and convenient[8].

Despite the significant legal complexities we have discussed, as well as the prevalence of informality in the real estate sector and the resulting distortions in the economy, these challenges and distortions have not led to any contraction in the construction and real estate sectors. On the contrary, both of these sectors are witnessing substantial growth. Together, they contribute to more than 20% of the total gross domestic product (GDP), with the construction sector expected to experience an annual growth

[7]https://oll.libertyfund.org/title/keeffe-the-collected-works-of-frederic-bastiat-vol-2-the-law-the-state-and-other-political-writings-1843-1850.

[8]https://metropolitics.org/Securing-Land-Tenure-in-Egypt-Who-Needs-Registered-Titles.html.

rate of approximately 6% in the current year, and real estate at around 3%.[9]

This growth can be attributed to significant government intervention in the construction sector, whether through investments in infrastructure projects or the establishment of new cities.

However, it's essential not to overlook the growing demand for real estate in Egypt for several reasons. Part of this demand is due to significant population growth, which is approximately 1.6% annually[10], and rapid urbanization. Another factor is the use of real estate as a hedge and savings, reflecting one of the aspects of informality that prevails in the Egyptian economy. This, in turn, leads citizens to shy away from saving and investing through formal channels.

It's worth mentioning that, according to the Central Bank's Financial Inclusion Report in 2022[11], despite 60% of adults aged 16 and over having financial transaction accounts, a survey conducted by the Central Bank in 2020 revealed that only 33% of citizens engaged in saving.

The Housing Profile Report for Egypt released by UN-Habitat in 2018[12] provides a more detailed picture of the housing landscape and the prevalence of informality within it.

The Housing Stock Census of Buildings, Population, and Establishments is carried out by Central Agency for Public Mobilization and Statistics (CAPMAS) every ten years, and in 2006 it enumerated 27.1 million physical units, of which some 52% were in urban areas. Of this stock, 16.9% of units were classified as occupied housing units, and the rest were either for work, work and housing, or unoccupied. By far the dominant type of residential building in urban Egypt is the small, multi-story apartment block. In 2008 practically all occupied housing units were single apartments (87.6%) and only 7.9% were classified as either villas or rural houses. Only 4.4% of urban households lived in a single room unit. The median gross housing area of the occupied housing unit is 75 m2 (the median net area is 70 m2). The overall quality of the urban housing stock is adequate in terms of structural soundness, space, and amenities. For example, in 2008 only 5.8% of urban households did not have private baths/toilets, and there was near universal access to electricity, piped water, and sewerage. Very few housing units were deemed precarious. In urban Egypt, ownership tenure dominates with 44% of units, followed by rental tenure at 39% of units. A large percentage of rentals remain under the old, fixed rent regime although this was abolished for new units in 1996. In terms of tenure security, most Egyptian families, whether living in formal or informal areas, or whether renting or owning housing units, enjoy relatively secure tenure. Even those living in units built on squatted State land are rarely evicted, except those living in buildings or areas deemed dangerous. And for

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[9]Egypt Socio-Economic Plan — unpublished parliamentary report.

[10]World Bank data: https://data.albankaldawli.org/indicator/SP.POP.GROW?locations=EG.

[11]Central bank of egypt financial inclusion strategy 2020-2025 https://enterprise.press/wp-content/uploads/2022/11/-------2022-2025-1-2.pdf.

[12]Un habitat report egypt housing profile https://unhabitat.org/egypt-housing-profile.

these persons, alternative housing is normally provided. An important feature of the housing stock is an extraordinarily high level of vacancies. Assuming one household per housing unit, in 2006 in urban areas 37% of the housing stock lay vacant or closed. For rural areas, 20% of the housing stock lay vacant. For all Egypt, there were 7.0 million excess units, or 29% of the total housing stock.

Another important feature of the housing stock is the very high portion that can be considered informal (also called un-planned or illegal, and in Arabic 'ashwa'iya). Estimates of informal housing vary between 40% and 60% of the urban housing stock.

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HOUSING PRODUCTION

In Egypt housing is produced by three main sectors:

- The public sector including cooperative housing (under various programs and agencies as monitored by the Ministry of Housing, Utilities, and Urban Communities (MHUUC)).
- The formal private sector (recorded through building permits).
- The informal private sector (unrecorded and assumed to be all other housing production)

According to the Census, between 1996 and 2006 a total 7.9 million units were produced, of which 4.0 million units were in rural areas and 3.9 million units were in urban areas. This translates into an annual rate of production of 790,000 units for the country as a whole. Of this urban production it is possible to estimate production by sector as follows:

Sector Units produced and % share annual rate:

Public 409,877 10.5% 41,000;

Private 948,104 24.3% 95,000;

Informal 2,542,019 65.2% 254,000;

Total 3,900,000 100.0% 390,000 U.

These results are quite dramatic. Over 65% of all urban housing production was deemed informal, that is, contravening one or more laws governing the built environment. After 2006, and especially after the Revolution of 2011, the rate of informal housing production has increased exponentially, and the informal mode of production is now totally dominant in both urban, peri-urban, and rural areas.

The production of informal housing is managed almost exclusively by families and individuals. Ironically, for what is by far the largest mode of housing supply in the country, little is known about production processes. The most common kind of informal housing is small apartment units in small footprint buildings produced progressively, although the one-off speculative residential tower has become common in some dense areas. Contrary to what many think, the basic structural quality of informal production is good. However, streets are narrow, and housing units frequently suffer from lack of light and air.

The results of the estimation of housing needs until 2030 yield a total need of 8.2 million additional units from 2016 to 2030, representing an annual production of 547,000 units nationwide. This implies that there is a need for roughly 3,900 hectares of serviced land per year and implies a total investment in housing (in 2015 terms) of EGP 74 billion annually.

Despite the prevalence of informality, it has not hindered the thriving construction and real estate activities, nor has it deterred Egyptians from engaging in real estate investments on a significant scale.

However, on the downside, the dominance of informality in the real estate sector has limited

citizens' access to housing finance, which plays a crucial role in providing decent housing and alleviating their financial burdens. In January to December 2022, there were 9,600 real estate financing contracts with a total value of approximately EGP 13.4 million (USD 432,000).[13]

The expansion of the semi-formal ownership system has led to quasi-official financial transactions for property installment payments. This involves a preliminary contract between the seller and the buyer, with the buyer making future-dated check payments to cover the property's installment period. However, while this practice is widespread, it does not adequately protect the rights of both the seller and the buyer. This is especially true in cases of buyer default or fraudulent practices. The preliminary contract holds no value without proper verification of signatures or legal enforceability, as mentioned earlier. In some instances, buyers issue checks without sufficient funds and then negotiate with the seller to reduce the remaining amount. Moreover, sellers may sell the same property to multiple buyers simultaneously.

Another negative aspect is the untapped potential for real estate exports and attracting foreign investments. For instance, in Turkey, annual sales of residential apartments to foreigners reached 67,490 units, marking a 15.2% increase compared to 2021. The proportion of apartments sold to foreigners in the past year accounted for 4.5% of all residential apartments sold in Turkey[14]. In Dubai, real estate sales in 2022 amounted to approximately AED 265.6 billion, marking a 78% growth compared to 2021 when it amounted to AED 149 billion. In terms of transaction volume in 2022, there were 97,478 real estate deals, representing a 62% increase compared to 2021. These transactions included 70,887 real estate units, 9,740 buildings, and 16,851 plots of land.

Furthermore, the prevalence of informality has weakened property tax revenue. Property tax as a percentage of total tax revenue increased from 6.2% in 2017 to 6.7% in 2022, marking an approximately 8% growth. However, the total tax revenue during the same period increased from EGP 821.134 billion to EGP 1.347 trillion, reflecting a 64% increase.1[5]

[13]Egyptian financial regulatory authority monthly report December 2022. https://fra.gov.eg/wp-content/uploads/2023/03/Monthly-Data-Dec-2022-New.pdf.

[14]Media coverage on the real estate sales in Turkey 2022. https://www.imtilak.net/ar/turkey/news/realestate-sales-statistics-turkey-2022.

[15]Ministry of finance monthly report July 2023 https://mof.gov.eg/ar/archive/monthlyFinancialReport/general/%20.

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CURRENT DEVELOPMENTS: TWO STEPS FORWARD, ONE STEP BACK

The Egyptian housing sector presents both opportunities and challenges. While informality has not deterred growth and investment, it has restricted housing finance accessibility and posed risks in real estate transactions. Moreover, the untapped potential for exports and foreign investments remains a concern, and property tax revenues are yet to reach their full potential.

The Egyptian government has made efforts to address informality in the real estate market and unlock its hidden potential. However, these efforts have, as usual, been characterized by fragmentation, a lack of a comprehensive vision, and a central economic management mindset focused on maximizing government revenue, often at the expense of market freedom and competitiveness. The government's resolve to tackle this issue was further bolstered by the economic crisis that hit Egypt following the COVID-19 pandemic and subsequent events, including Russia's invasion of Ukraine and the global interest rate hike led by the U.S. Federal Reserve. These events led to a significant outflow of hot money, estimated at $20 billion.

To encourage real estate exports, the Egyptian government amended its nationality law in 2019, allowing foreigners to obtain Egyptian citizenship in exchange for investments in foreign currencies. One of these investments is the purchase of real estate in Egypt with a value of $300,000. However, the law stipulated that the property must be purchased from the state or a public legal entity, not from individuals or private entities, and the property's value must be transferred from abroad. Concurrently, one of the existing laws regarding foreign ownership of real estate in Egypt set a maximum limit for foreigners and their families to own only two properties, with a maximum area of 4,000 square meters.

All of this was amidst the complexity of registration procedures, as explained earlier, which led citizens to create a semi-formal system for real estate transactions. The government's intention behind requiring foreigners to purchase property directly from the state was to avoid the intricate registration system and prevent foreign investors from becoming embroiled in legal disputes to prove their ownership.

As expected, this law did not yield positive results, prompting the government to amend it for the second time in March 2023 to remove these obstacles.

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REGARDING THE REGISTRATION PROCESS ITSELF

Amid the growing economic crisis in 2021, the Egyptian government took a series of measures aimed at compelling citizens to undergo official registration. This was done to increase the government's tax revenue and registration fees. Within this context, the government proposed amending the Real Estate Registry Law, obligating companies providing electricity, water, gas, and other utilities, as well as governmental bodies and ministries, not to transfer facilities or services or take any action related to property until the document carrying the registration number is presented. This was meant to ensure the continued legal transfer of property. Such a measure effectively halted property transactions, whether buying or selling, until they were officially registered.

Additionally, there were other complexities related to presenting a certificate confirming that there were no violations on the property from the local administration. This created a dual problem. In some buildings, violations were caused by previous owners, and as a result, the new owner seeking registration had to bear the cost of settling these violations. In other cases, an owner may have had multiple violations and then sold residential units within the building, severing their ties with the property. This made it impossible to assign responsibility for the violations to any of the new owners, leading to registration delays.

Moreover, at the time, this law did not consider that the reconciliation legislation in building violations was suspended. Consequently, even owners seeking reconciliation and a certificate of no violations for their units could not do so. This was a rare scenario due to the complexity of building codes, their requirements, and the widespread informality.

Furthermore, this law conditioned the payment of real estate tax, a 2.5% real estate transaction tax on citizens, collected by the Tax Authority for every transaction from the beginning of property construction. This substantially increased the cost of registration and led to a stagnation in the real estate market.

Finally, the law also required obtaining contract approval from the Lawyers Syndicate, subject to an additional fee of 1% of the contract's value. Once this law was enacted, it sparked public outrage, prompting parliamentary movements to either repeal or amend it. Indeed, the enforcement of the law was postponed until July 1, 2023.

In parallel, there were several movements and meetings with the Ministry of Finance, in which we participated. During these discussions, a proposal was made to convert the real estate transaction tax into a fixed-rate tax. There was also a suggestion to review the collection of taxes from previous transactions. Eventually, the government submitted a bill to convert the real estate transaction tax into a fixed-rate tax.

By late 2022, amid the worsening economic crisis, the government proposed extensive amendments to the Real Estate Registration Law. These amendments aimed to simplify procedures, reduce registration time to 37 days, and decrease the number of required steps for registration. The documentation requirements were reduced to six documents, and some digitization was introduced into the service. Additionally, the number of entities from which spatial surveys for units could be obtained was expanded. A maximum registration fee of 4,000 Egyptian pounds (approximately $130) was set, and the link between registration and the requirement to pay the real estate transaction tax was severed.

The law came into effect, and we held a series of meetings with officials at the Real Estate Registry to monitor its implementation. Although no official figures have been released to date regarding registration cases, according to unofficial statements from officials at the Real Estate Registry, the number of applicants for registration has tripled.

While this may seem like a positive indicator of citizens' desire to protect their property, it does not necessarily mean that the government has effectively registered their properties.

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CONCLUSION AND THE WAY FORWARD

It is too early to judge the effectiveness of the recent amendments to the Real Estate Registration Law. However, there are some positive indicators in terms of simplifying procedures. Nevertheless, I see certain obstacles that might affect the registration process. Some of these challenges are related to the required documents, such as building permits, which could be difficult to obtain for many informal buildings. Additionally, the capacity of the Real Estate Registry offices to accommodate a growing number of applicants is a concern. Lastly, the tax authority has not clarified its stance on the real estate transaction tax, whether regarding the tax rate or its application to previous transactions. However, we will closely monitor the law's implementation and provide the necessary feedback and suggestions to ensure its enforcement and streamline the registration process.

It's worth mentioning that the primary reason for citizens' reluctance to register their properties, as Hernando de Soto pointed out, is the complexity of the formal legal system. This has led to the emergence of a semi-formal system, more so than the high cost. This also applies to foreign investors, as the legal complexities and regulatory requirements hinder market freedom. Considering the low cost of registration in Egypt, which is now approximately $130, compared to around 4% of the property value in Dubai, it emphasizes the importance of streamlining procedures and expediting contract enforcement to improve the business environment and enhance market competitiveness, thereby attracting investments.

In this context, the Egyptian government has announced a project to digitize and codify property registration, issuing a unique digital code for each property. It is expected to be presented to parliament in the coming months. If successfully implemented, this project could eliminate ownership proof complications and unlock the potential of the real estate market in Egypt, ultimately benefiting the citizens. Until then, there are several recommendations that could facilitate the registration process and promote market freedom:

1. Reevaluate the property tax structure, and reduce the real estate transaction tax rate, exempting it from transactions completed before registration.

2. Offer tax incentives for registering informal properties.

3. Fully digitize the registration process, including obtaining spatial survey maps for units.

4. Review and reduce the required documents and other entities, apart from the Real Estate Registry, involved in issuing these necessary registration documents.

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