



SOANE
CAPITAL

Letter from Cairo

...And at 06:30 local time on Friday 24th January, an explosion detonated in central Cairo killing 5 and wounding 75. This was followed by 3 more explosions throughout the day all aimed at security service installations in advance of the 3rd anniversary of the 2011 Egyptian revolution.

This news possessed extra relevance for the Soane team in that we had been visiting Cairo the same week and made it onto a plane out just 3 hours after the first explosion. If you're beginning to wonder why a development finance firm is visiting Cairo read on!



Quite apart from the forensic work we do in choosing which developments to fund, we also undertake an equal amount of work on the ground in an effort to establish what International buyers of large, expensive mansions actually want, why they are coming to the UK and will they stay.

Previous issues of 'Soane Speaks' have considered the needs and appetites of professional sports personnel and Russians. We are also extremely interested in how the 'elite' of countries experiencing political or economic dislocation react.

So, back to the steamy streets of Cairo, a sprawling city of 20 million people that juxtaposes Arabic and African culture with a healthy dose of European architecture from yesteryear. A city with considerable charm and terrible traffic!

During our trip we met Government ministers, accountants, entrepreneurs, financiers and academics. There is a palpable sense of cautious optimism in the country that with presidential and parliamentary elections due this year there is a real chance of attending to the serious economic challenges that face the population. This democratic process is also the key to containing the splinter groups who are mostly responsible for the heinous loss of life through car bombs and the like.

Make no mistake, this is a 2nd world country with the potential of a 90m population many of whom are under 30, but lacking the tools and apparatus (yet) to become 1st world.



Now, picture the scene if you will...you are a Western educated, multi lingual and proud Egyptian seeing the very many entrepreneurial opportunities that exist and taking advantage. Over the years you amass wealth, travel, visit the pristine clay courts of the Zamalek country club at the weekend and live really rather well.

Then on January 25th 2011 your people take to the streets and the sometimes hated but long lasting status quo of president and political leadership changes effectively overnight. What follows, euphemistically called the Arab Spring, impacts the whole of North Africa and beyond. If anything you feel inclined to help achieve stability for your country more than ever before but you're also very worried...

You're worried at the risk to life, that capital controls will lock your wealth into the country (not in hard currency) and that your business interests are irreparably damaged by the stasis that often follows revolution. So, you quickly start looking for bolt holes, structures and assets which offer a port in the storm. Assets in hard currencies within attractive locations with liberal governments that welcome tax paying skilled people. You move your children to safer geographies perhaps choosing boarding schools with international reputations. You seek sophisticated entertainment and certainly world class transport links. Strong and effective law and order is also key.

London and its environs is an obvious location that ticks many of these boxes. It has a large visible Arabic population that co-exists happily with the broader population and specifically the UK has strong ties to Egypt that date back to the late 1800's. Indeed, until just recently the UK was the largest single provider of foreign direct investment into the country.



We don't seek to argue that one community on its own transforms the property market we operate within. However, we do contend that with so many parts of the world experiencing civil war or dislocation, the combined impact of capital flight becomes very powerful indeed. Then, not only does the market continue to benefit from interest from Russia, China, India and the UAE, but we have a new highly potent and motivated group of buyers arriving. We see no signs of this abating. In fact, as a reflection on our times, we see many more arrivals.

As to what a developer should be building for these buyers...stay tuned...the next issue of Soane Speaks will be entitled 'Taste Travels' where we will consider how to get interior design and specification right for this varied market segment.