



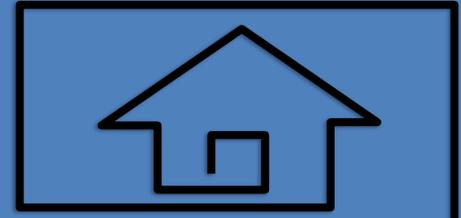
PRESENTATION ON
INTERNSHIP
REPORT



Topic

Problems & Prospects of Real Estate Industry in Bangladesh- A Study in Green Bay Developments Ltd.

Real Estate



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Hello

Objectives

To identify the problems and prospects of real estate industry in Bangladesh, working through in Green Bay Developments Ltd.



To analyze the present real estate business situation.

To achieve the practical knowledge about real estate industry that will be helpful for future life.



To find out the recent problems, faced by the Real Estate Developers in Dhaka

To describe the present real estate scenarios in Dhaka.



To Make Recommendations and Draw a Suitable Conclusion

Methodology

1

Primary Sources

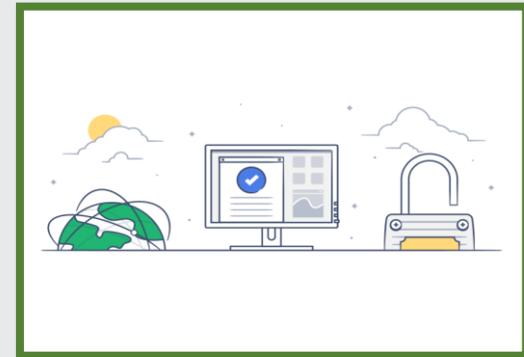
- Discussed with Officials
- Study of Selected Data



2

Secondary Sources

- Web Sites
- Study related books and journals



Major Challenges in Real Estate Developments

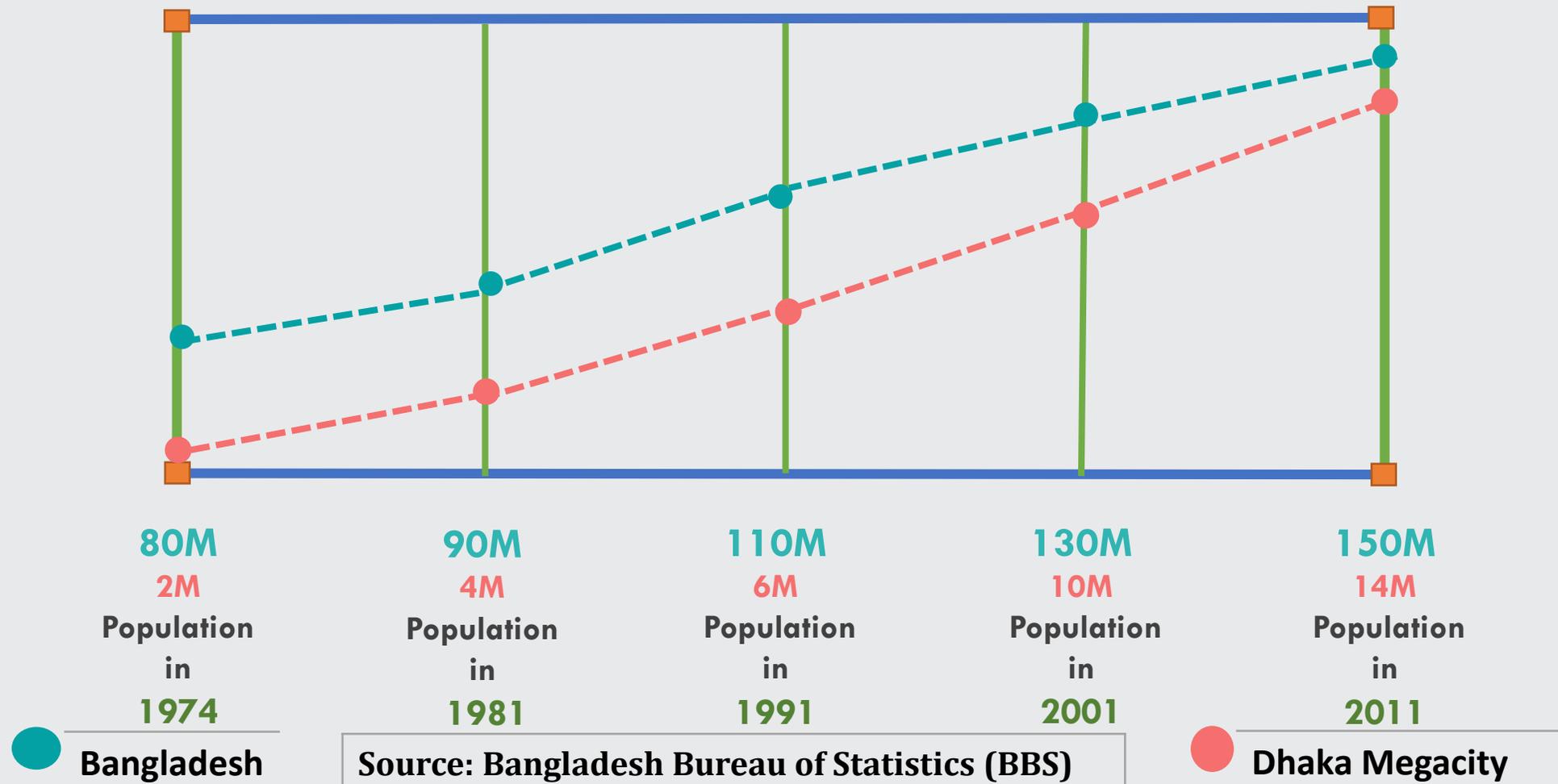


6 ROOMS



Population Growth of Bangladesh and Dhaka

The Bangladesh Bureau of Statistics (BBS) shows the population growth rate of the city is 4.65% against 1.48% of the national growth rate. 4.9 persons per household is the average dwelling size of the peoples.

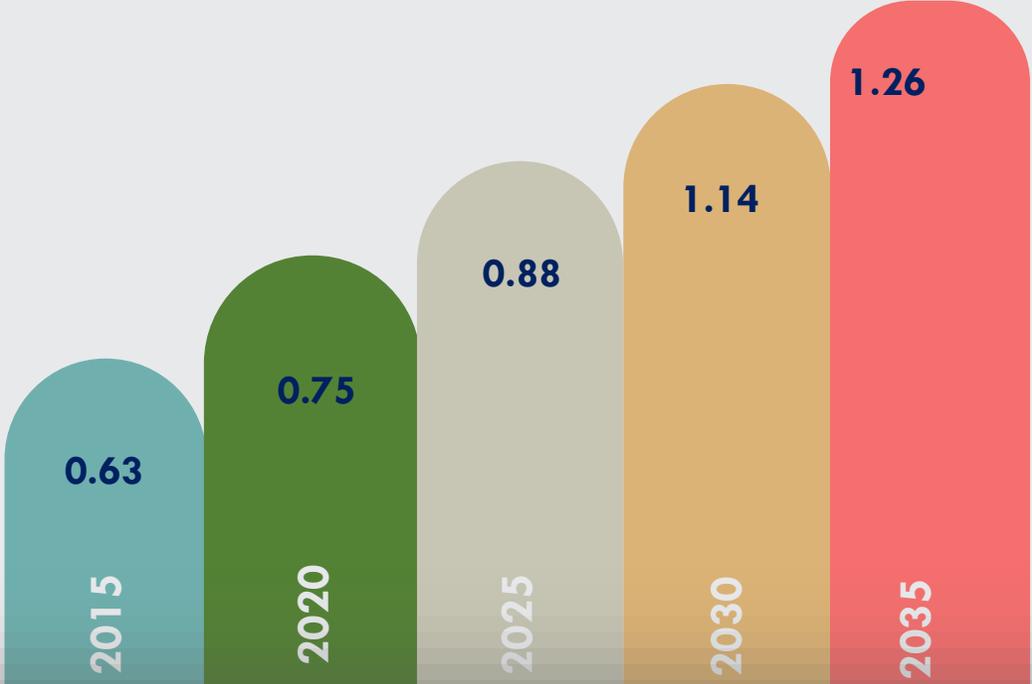


Rise in Land Price

Area	Land Price (Tk./katha)				
	1975	1990	2000	2010	2015
Baridhara	25,000	6,00,000	50,00,000	3,00,00,000	4,50,00,000
Gulshan	25,000	6,00,000	22,00,000	2,00,00,000	4,00,00,000
Banani	25,000	6,00,000	20,00,000	1,50,00,000	2,50,00,000
Dhanmondi	25,000	6,00,000	22,00,000	2,00,00,000	3,50,00,000
Lalmatia	20,000	6,00,000	18,00,000	1,50,00,000	2,25,00,000
Mohammadpur	25,000	5,00,000	12,00,000	70,00,000	80,00,000
Uttara	20,000	3,00,000	10,00,000	75,00,000	70,00,000
Bashabo	20,000	3,00,000	8,00,000	35,00,000	35,00,000
Mirpur	10,000	2,00,000	7,00,000	40,00,000	50,00,000
Badda	7,000	2,00,000	6,00,000	30,00,000	35,00,000
Average	20,200	4,50,000	1,750,000	12,500,000	1,94,50,000

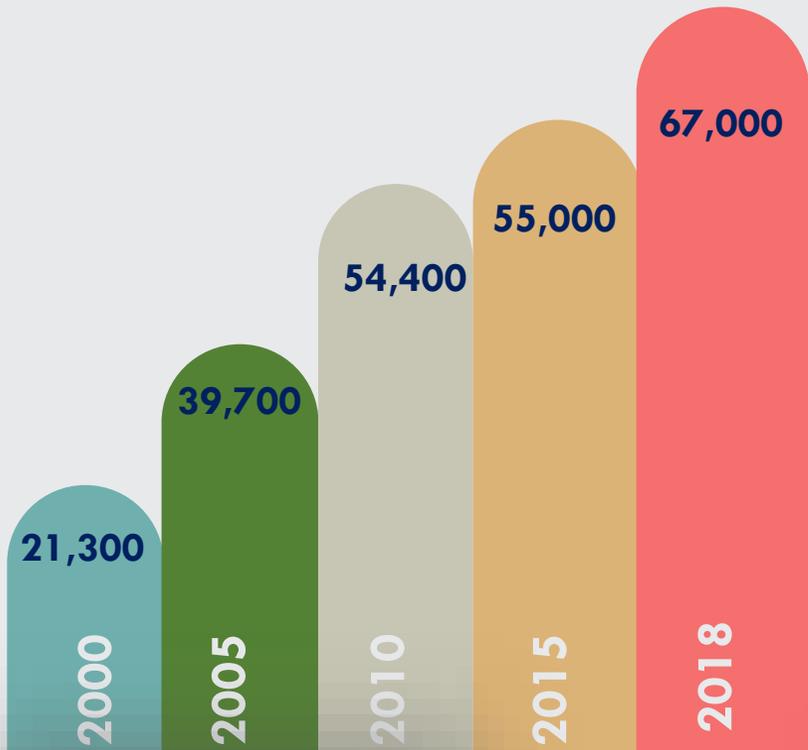
Housing Demand in Dhaka

Gap between Demand & Supply of Housing

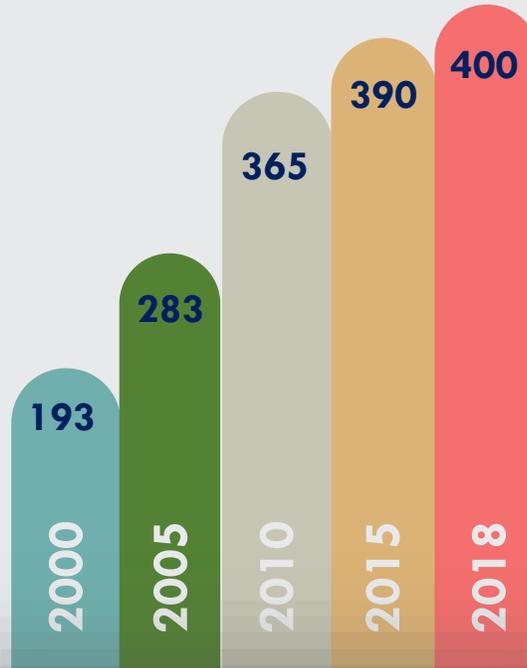


Housing Units (in million) Source: Draft Dhaka Structure Plan 2016-2035

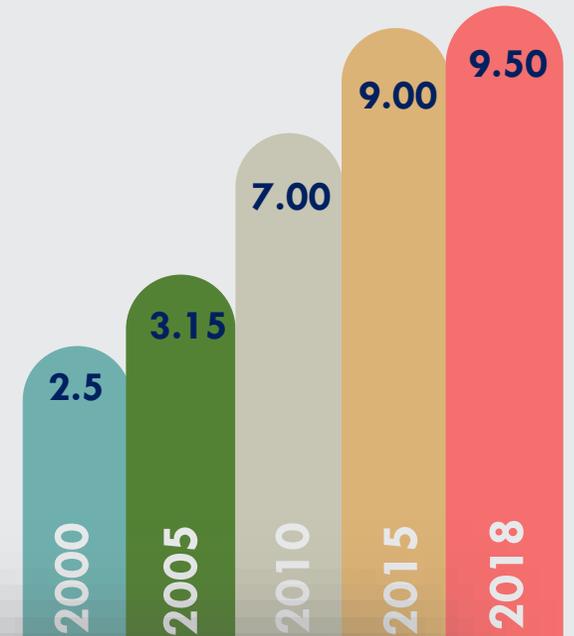
The Cost of Construction Material Increasing



**Price Change of MS Bar
(60 Grade)**



**Price Change of
Cement(Tk/Bag)**



**Price Change of Bric
(Tk/Piece)**

High Price of Apartment

Location	Average Apartment Price (Tk./Sq. ft.)					
	1990	1995	2000	2005	2010	2015
Dhanmondi	2150	2200	2400	3300	15000	12000
Gulshan	2115	2080	2450	4500	15000	12500
Banani	1750	1950	2200	3100	13000	11000
Baridhara	1850	1950	2150	4000	18000	18000
Lalmatia	1800	1950	2400	3400	9000	9500
Mirpur	1250	1300	1500	2500	4500	5500
Uttara	1650	1750	2000	2700	5500	6000
Mohammadpur	1450	1600	1800	3500	7000	7000
Shyamoli	1350	1500	1600	2100	4500	5500
Kalabagan	1800	2000	2250	2100	7000	7000
Shantinagar	1450	1550	1900	2500	6000	6000
Average	1692	1803	2059	3064	9500	9091

High Home Loan Interest Rat



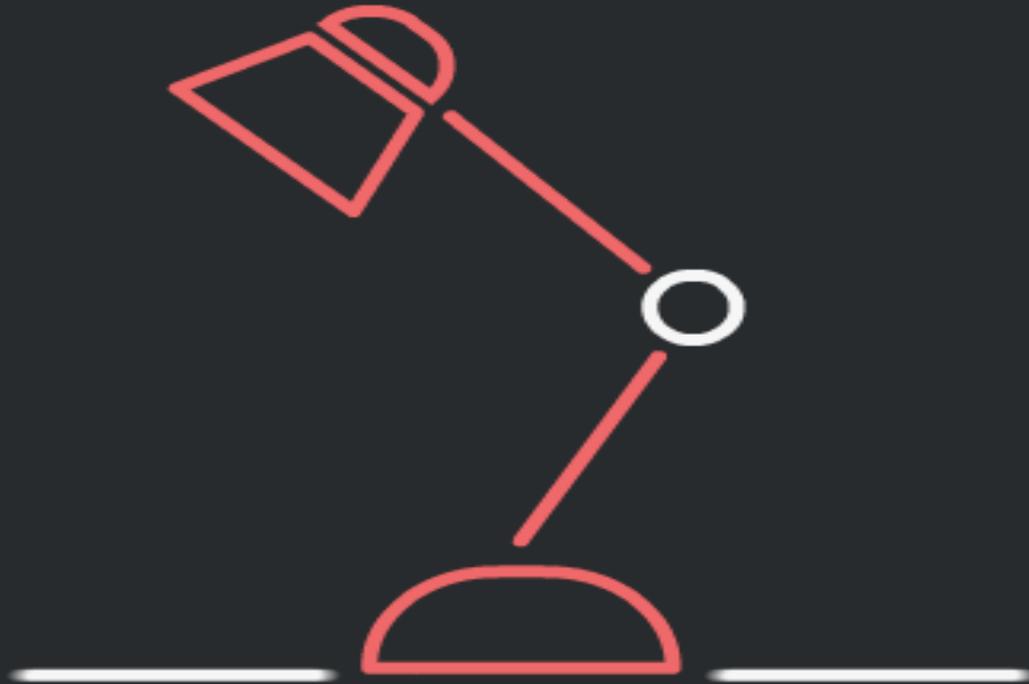
bankbazaar.com

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High Property Transfer & Registration Fee

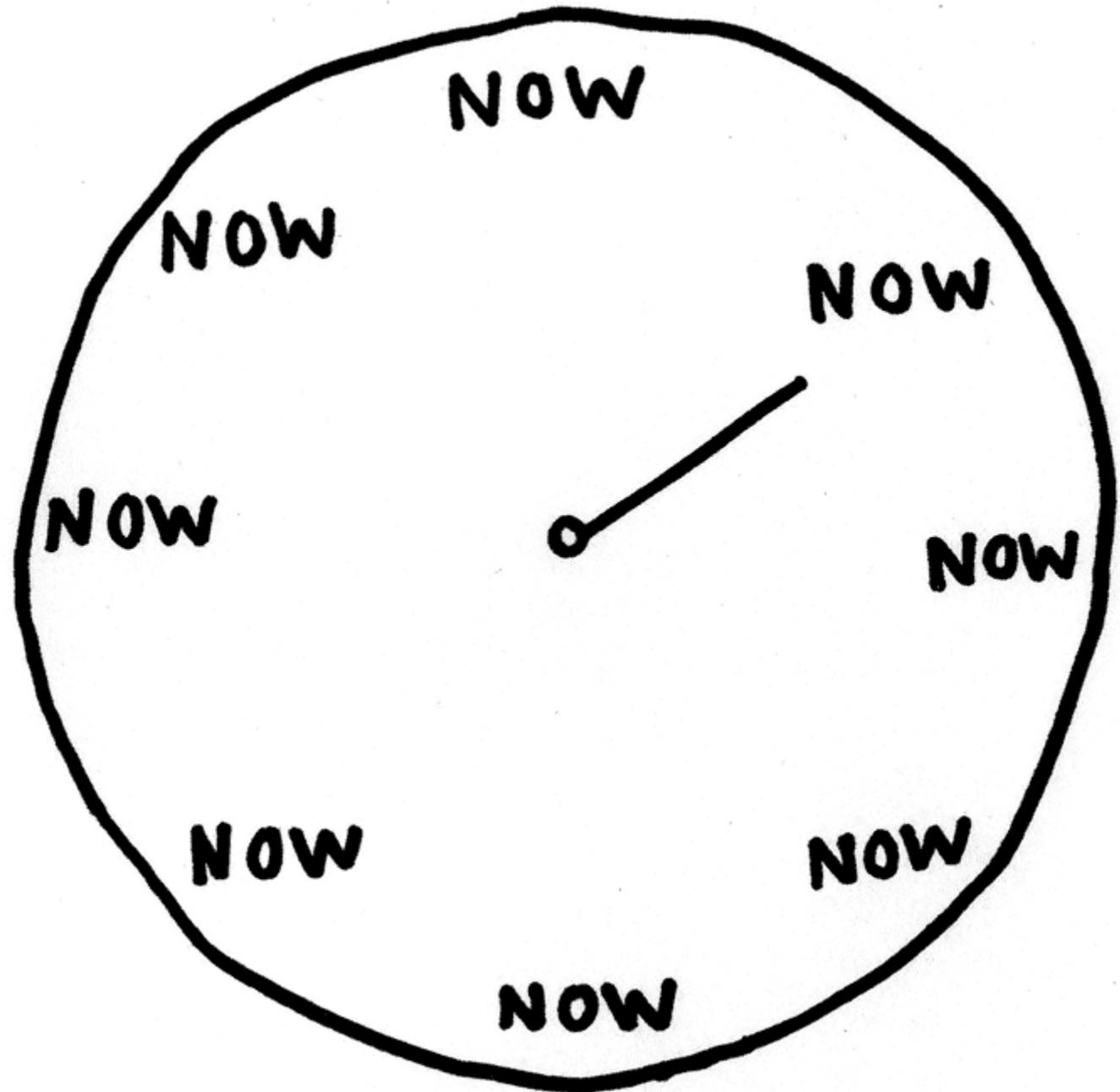
- Additionally to the high apartment cost and loan interest, charges affecting to property transfer and registration and impose an extra burden to the buyers. For example: expenditures include Gain Tax (4%), Stamp Duty (3%), Registration Fee for the central government (2%) and City Corporation (2%) and fees for Sub-registers (0.5%) which together account for additional 11.5% cost of an apartment. Further, the buyers have to pay Advance Income Tax (Tk. 2000 per sq. meter) along with a (1.5 - 4.5) % VAT which further aggravates the affordability of the buyers.

Finding



- ❖ The rising growth of population and uncontrolled migration of people in the Dhaka city is the main problem for the real estate development. The Green Bay Developments Ltd with all private Real Estate company has to deal with a large number of population in the capital city of Bangladesh, Dhaka.
- ❖ The Government's contribution in housing sector is not yet mentionable enough. The real estate companies are not sometime properly regulated.
- ❖ Sometimes the company faces non availability of utility connection for some selected locations. Because the government is not providing some utilities connection in some area of Dhaka city and around the city. These are: (Some sector of Uttara, Badda, Maniknagar, Demra and many others).
- ❖ Many times the company faces the insufficient sources of collection of capital to start their project. For the insufficient capital, sometimes they cannot handover their project in the committed time.
- ❖ In Bangladesh there is no specific real estate directory to provide different types of information facility and promote the real estate sector.

- ❖ The Government does not provide any financial support for research on Real Estate development. Real estate research organization is not available in private initiative also.
- ❖ The construction materials and manpower costing is gradually higher than higher in present time. Because the company is to pay a large amount of tax for purchasing the construction materials.
- ❖ In Bangladesh, no evaluation system is developed for the categorization based on quality and capacity of the Real Estate Companies.
- ❖ The customer is to pay high registration cost and high secondary property transfer cost for transferring and purchasing the real estate product.
- ❖ The real estate sector is suffering from the unavailability of skilled Real Estate Professionals in the industry.



Recommendation

- ❖ The government should take step to do effective decentralization through balanced urbanization from metropolitans to small towns. For Example: Many satellite city can be established around Dhaka city for reduce the pressure to uncontrolled population migration.
- ❖ The Government should take effective initiative to do affordable housing for the lower income people. For Example: PPP (Public-Private Partnership) in housing provision to ensure low cost housing.
- ❖ The Government should provide the utilities with the help of the responsible authority of the government. Adequate infrastructure and utility services in district towns to develop facilities for real estate.
- ❖ The Government have to establish a specialized bank for financing and facilitating the real estate development.

- ❖ Establishment of a real estate directorate to facilitate and promote real estate development activities.
- ❖ The Government have to provide financial support for research on low cost housing and innovative construction materials.
- ❖ The Government have to reduce the price of construction materials, tax reduction in the linkage industries (like brick, cement, steel, paint, etc.).
- ❖ The authority have to start the evaluation system for the companies and all relevant professionals and labours for categorization based on quality and capacity.
- ❖ Property transfer fee should be reduced as per the context of our country. Registration cost should be much lower for the used apartments to develop affordable secondary market.
- ❖ Every Public and Privet University should establish the Real Estate Department to produce more skill professionals.

Any questions?

Thanks!