

# Topic 3

## Housing Market and Its Actors in Bangladesh

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Course name:

Principles of Housing and Land Development

Course code: 0731-113



# Government Actors in Housing

Two ministries are directly involved in planning and governing housing:

- Ministry of Housing and Public Works (MoHPW)
- Ministry of Local Government, Rural Development and Cooperatives (MoLGRDC)

Ministry of Planning (MoP) is also related to housing to some extent



# Government Actors in Housing

MoHPW	MoLGRDC	MoP
<ul style="list-style-type: none"><li>• Development Authority (RAJUK, CDA, KDA, RDA, CoxDA)</li><li>• Urban Development Directorate (UDD)</li><li>• Public Works Department (PWD)</li><li>• National Housing Authority (NHA)</li><li>• Housing and Building Research Institute (HBRI)</li><li>• Department of Architecture (DoA)</li></ul>	<ul style="list-style-type: none"><li>• Local Government Engineering Department (LGED)</li><li>• City Corporation and Paurashava</li><li>• Water Supply and Sewerage Authority (WASA)</li><li>• Department of Public Health Engineering (DPHE)</li><li>• Rural Development Authority (RDA)</li></ul>	<ul style="list-style-type: none"><li>• Planning Commission</li></ul>

# Ministry of Housing and Public Works and Associated Agencies

- **Specific city development agencies** for Dhaka, Chattogram, Khulna, Rajshahi, Cox's Bazar, and Gazipur, namely **RAJUK, CDA, KDA, RDA, CoxDA, and GDA** mainly work for **land use planning, land development, and building plan approval** for residential areas.
- **Urban Development Directorate (UDD)** prepares land use and development plans for towns and cities **having no development authority**
  - UDD prepares development plans/ master plans for districts, upazilas, upazila centers, and newly formed city corporations.
  - UDD has also prepared a couple of (semi) regional plans.

# Ministry of Housing and Public Works and Associated Agencies

- **The Public Works Department (PWD)** and **National Housing Authority (NHA)** under this ministry play the lead role in **direct housing delivery** in Bangladesh
  - PWD constructs residential buildings and apartment blocks for **only government employees** (<https://ss.pwd.gov.bd/project/pwdproject>)
  - NHA develops plots and residential projects for **the homeless, poor, and disadvantaged people.**
- **The Housing and Building Research Institute (HBRI)** researches to develop modern **technology**, building **materials**, and innovative **construction techniques** for **low-cost, eco-friendly, energy-efficient, and disaster-resilient** buildings, etc.
- **The Department of Architecture** under this ministry is engaged in residential projects constructed by PWD, to accomplish the architectural design, mostly for high-level government officials.

# Ministry of Local Government, Rural Development and Cooperatives (MoLGRDC) and Associated Agencies

- Agencies associated with MoLGRDC mainly provide infrastructure, utilities, amenities, transport, etc.
- **The Local Government Engineering Department (LGED)** mainly provides **access roads, and drainage facilities** to housing projects.
  - They also provide '**Asrayan**' projects for poor villagers and climate refugees.
  - In the last decade LGED has been involved in **land use plan** preparation of small and medium **paurashavas** (around 250 plans for paurashavas)
- **The Department of Public Health Engineering (DPHE)** is entrusted with duties for ensuring **water supply and sanitation** of the people of the entire country except those living in the jurisdiction of **WASA**. For Dhaka, Narayanganj, Chattogram, and Khulna cities, the same duties are done by respective Water Supply and Sewerage Authorities (WASAs).

# Ministry of Local Government, Rural Development and Cooperatives (MoLGRDC) and Associated Agencies

- **All the paurashavas and city corporations** are mandatorily required to have plans. But none of them can prepare such plans. LGED and UDD mainly help paurashavas in this regard.
- These local government bodies are responsible for ancillary facilities for housing like waste management, parks, playgrounds, open space maintenance, street lighting, etc.
- **Rural Development Authority (RDA)** is entrusted with responsibilities for training, research for the development of rural areas, and construction.

## Ministry of Planning

- **Planning Commission** under the Ministry of Planning (MoP) prepares Five-Year Plans, and other national level plans, which includes different section for housing.

# Problems of Housing Market in Bangladesh





# Major Obstacles in the Housing Sector of Bangladesh

- High Land Value
- High Value of Construction Materials
- High Apartment Price
- House Loan Interest Rate
- Property Transfer and Registration Fee



# High Land Value

- The major hindrance of providing affordable housing to all is the high value of land in Dhaka city
- In some key areas, like Baridhara, average land value is more than **BDT 4 crore per katha**
- High land value results in high value of housing units (for both purchase and rent)
- Land value in the city has **drastically increased** in the last decade (around **fourfold** in the last 10 years)

Table 4.1: Land price in different areas of Dhaka city

Area	Land price (Tk./katha*)			
	1975	1990	2000	2010
Baridhara	25,000	6,00,000	25,00,000	400,00,000
Gulshan	25,000	6,00,000	22,00,000	250,00,000
Banani	25,000	6,00,000	20,00,000	150,00,000
Mohakhali	25,000	6,00,000	18,00,000	120,00,000
Dhanmondi	25,000	6,00,000	22,00,000	200,00,000
Lalmatia	20,000	6,00,000	18,00,000	150,00,000
Azimpur	17,500	6,00,000	16,00,000	55,00,000
Mohammadpur	25,000	5,00,000	12,00,000	70,00,000
Shantinagar	20,000	5,00,000	15,00,000	100,00,000
Shamoli	17,500	3,00,000	10,00,000	45,00,000
Uttara	20,000	3,00,000	10,00,000	75,00,000
Cantonment	20,000	4,00,000	10,00,000	75,00,000
Kamlapur	17,500	4,00,000	8,00,000	40,00,000
Gandaria	10,000	4,00,000	7,00,000	35,00,000
Bashabo	2,000	3,00,000	8,00,000	35,00,000
Kalyanpur	17,500	3,00,000	8,00,000	32,00,000
Mirpur	10,000	2,00,000	7,00,000	40,00,000
Badda	4,000	2,00,000	6,00,000	30,00,000
Goran	4,000	2,00,000	6,00,000	26,00,000
Demra	4,000	2,00,000	6,00,000	180,00,000
Motijheel	50,000	12,00,000	35,00,000	200,00,000
Karwan bazar	41,500	10,00,000	25,00,000	150,00,000
Average	19,341	4,81,818	14,27,273	111,72,727

Source: Sheltech (Pvt.) Ltd. 2010

\* 1 Katha = 720 sft.

# High Value of Construction Material

- The housing problem is further aggravated due to the price hike of construction materials.
- The price of construction materials is constantly increasing
- As a result, the construction cost and apartment prices are also increasing

Table 4.3: Year wise price of different construction materials

Year	Brick (Tk. Per piece)	Sand (Tk. Per cft.)		Cement (Tk. Per bag)	Rod, 60 Grade (Tk. Per Ton)
		Local	Sylhet		
1988	1.00	3.60	5.25	105	11,000
1989	1.10	3.68	6.30	110	11,000
1990	1.10	4.73	6.70	115	11,500
1991	1.12	5.10	7.50	125	11,700
1992	1.13	6.80	7.90	125	12,000
1993	1.15	7.00	8.10	125	12,300
1994	1.20	7.63	8.20	150	12,700
1995	1.50	7.00	8.50	162	13,500
1996	1.50	7.50	9.00	170	14,200
1997	1.75	7.50	9.20	175	15,200
1998	2.00	7.10	9.00	182	17,500
1999	2.10	7.50	9.80	190	21,300
2000	2.50	7.80	10.50	193	21,300
2001	3.00	7.95	11.50	195	21,700
2002	3.40	8.00	13.50	198	23,800
2003	3.40	8.00	14.00	225	31,500
2004	3.25	9.00	15.00	240	37,000
2005	3.15	8.00	22.00	283	39,700
2006	3.80	9.00	20.00	313	42,700
2007	4.20	9.50	21.50	337	49,200
2008	6.30	11.00	23.00	370	59,200
2009	6.00	9.50	25.00	355	50,700
2010	7.00	10.50	29.00	365	54,400
2011	8.18	13.42	31.00	372	62,200
2012	8.50	13.50	30.50	385	67,000

Source: Sheltech (Pvt.) Ltd. 2012

# High Apartment Price

- A sharp rise in apartment prices can be seen from **2000**. In the last 10 years, per square feet apartment price has increased by **nearly triple**.

Table 4.4: Year wise apartment price at different locations of the city

Location	Average Apartment Price (Tk./Sq. ft.)					
	1990	1995	2000	2005	2008	2010
Dhanmondi	2150	2200	2400	3300	7000	14000
Gulshan	2115	2080	2450	4500	7500	14000
Banani	1750	1950	2200	3100	6500	12500
Baridhara	1850	1950	2150	4000	7000	20000
Lalmatia	1800	1950	2400	3400	5500	8500
Mirpur	1250	1300	1500	2500	3800	4500
Uttara	1650	1750	2000	2700	4300	5500
Shantinagar	1850	1900	2200	2700	4200	5300
Siddeshwari	1450	1800	2250	2750	4200	5000
Malibag	1600	1850	2250	2500	4000	5500
Mohammadpur	1450	1600	1800	3500	5500	7000
Shyamoli	1350	1500	1600	2100	3700	4500
Kalabagan	1800	2000	2250	2100	4500	7000
Monipuripara	1850	2000	2250	3300	4500	5500
Green Road	1600	1700	2000	2500	4500	5500
Elephenat Road	1600	1800	2200	2500	4500	5500
Segunbagicha	1450	1550	1900	2500	4000	6000
Average price	1698	1826	2100	2938	4845	7988

Source: Sheltech (Pvt.) Ltd. 2011



# House Loan Interest Rate

- As the apartment value in Dhaka is too high for middle/low-income people to afford, they need to rely on house loans.
- However, in Bangladesh, the house loan interest rate is quite high, even compared to the neighboring countries like India and Pakistan.

Table 4.6: House loan interest rate in different countries

Country Name	Interest rate (%)	Country name	Interest rate (%)
India	11.6%	America	5.38%
www.deal4loans.com/home-loans-interest-rates.php		www.mortgagecalculator.org	
Pakistan	11.5 %	England	6.90%
www.dawn.com		www.fairinvestment.co.uk	
China	5.56%	Australia	6.79%
www.money.cnn.com		www.home-loans.com.au	
Japan	2.69%	France	3.8%
www.nytimes.com		www.newmortgagefinder.co.uk	
Malaysia	4.93%	New Zealand	7.10%
www.malaysiahousingloan.net		www.interest.co.nz	

Source: World Wide Web (Accessed on January, 2012)

Table 4.7: House loan in Bangladesh

Institution	Interest rate (%)	Institution	Interest rate (%)
Pubali Bank	14.0-15.50	Dhaka Bank	16.0
Agrani Bank	13.0	Prime Bank	14.5
Janata Bank	16.0	Premier Bank	17.0-18.0
HSBC	10.0-13.0	Trust Bank	14.0
The City Bank	16.0	AB Bank	16.5
Southeast Bank	15.5	Standard Bank	16.0
Bank Asia	13.5	Bank Al-falah	15.0
Standard Chartered Bank	13.75		

Source: Bangladesh Bank, 2011

# Property Transfer and Registration Fee

- In addition to high apartment prices and loan interest, fees pertaining to property transfer and registration impose an extra burden on buyers.
- Such fees include Gain Tax (2%), Stamp Duty (3%), Registration fee for Central Government (2%) and for City Corporations (2%), Fees for sub-registers (0.5%), which together account for additional **9.5%** cost of an apartment.





# THANK YOU!

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