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BUSINESS

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Developers eye booming market

5-day REHAB fair kicks off

STAR BUSINESS REPORT

Further evidence of the fast growing market for privately owned apartments was demonstrated yesterday when a record number of developers turned up to exhibit at this year's REHAB housing show.

The five-day housing extravaganza kicked off at the Sheraton Hotel in the capital with developers convinced they will pick up good sales. It was scheduled to start in November last year but had to be delayed due to the political turmoil.

"The real estate market is booming due to the influx of people into the cities and the greater ability of middle class people to buy their own homes," said Mohammad Abdul Awal, president of Real Estate Housing Association of Bangladesh (REHAB).

This year 133 companies are taking part in the annual show compared to 90 last year. Financial institutions as well as developers are represented among the exhibitors.

Awal said buyers were especially interested in small apartments because of their affordability.

Nazrul Islam, a marketing and sales executive with the Amin Mohammad Foundation, said in popular areas apartment prices had risen sharply in the past few years. In Dhanmondi, for example, the average price per square foot was between Tk 2,000 and Tk 2,500 in 2003, but is now Tk6,000 to Tk8,000. This was one of the reasons why customers were looking further a field to areas such as



Housing and Public Works Adviser Mainul Hosein inaugurates the five-day housing fair that began yesterday at Dhaka Sheraton Hotel.

Uttara and Mirpur, he said.

Developers, however, said the price surge did not have a large effect on demand in areas such as Dhamondi and Gulshan because of the huge inflows of remittances from Bangladeshis living abroad, especially those living in the Middle East.

This had caught some developers by surprise, as it had been expected that the inflows would be coming from the US or Europe. However in the US and Europe, NRBs had the chance to gain permanent residency, something they did not have in the Middle East. Instead, they were returning home, wealthy, and in need of an abode.

Another factor driving the market higher was buyers' using property as an investment. "With property prices rising quickly it a much better investment than putting your

money in the bank," one developer said.

The exhibition was opened by Mainul Hosein, law, housing and information adviser to the caretaker government.

Speaking on the occasion Mainul urged developers to follow the housing code strictly. "It is needless to say that quality and standard of services are of prime importance. These must not be compromised," he said.

Responding, REHAB President Awal said, "The association has already started to formulate the code of conduct and standard of practice for the Rehab developers."

The entry fee for an individual is Tk 50 and for a family the fee is Tk 100. However, a visitor will get a five-day entry ticket at Tk 100.

New graduate course on apparels

A new graduate-level education aimed at creating 200 graduates a year for mid-level management positions in garment factories was launched yesterday in Dhaka.

The programme is backed by South Asia Enterprise Development Facility (SEDF) of International Finance Corporation (IFC) and the Institute of Fashion & Technology of BGMEA, says a press release.

The programme hopes to produce graduates equipped with the knowledge and tools necessary to deal the global apparel trade effectively.

The readymade garment (RMG) industry in Bangladesh contributes around 75 percent to the total export earnings of the country and employs over 2.2 million people. In order to remain competitive in the global market, factories are under pressure to increase efficiency and competitiveness. Lack of qualified and technically skilled manpower at the management level is a constant challenge to the RMG industry. As a result, the sector is increasingly becoming dependent on the skill of foreign professionals.

"We hope to create locally trained managers whom the factories can employ instead of employing more expensive foreign professionals," said SM Fazlul Hoque, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

This programme is a component of IFC-SEDF's overall strategy in the RMG sector to build capacity of local service providers so that they can offer quality, commercially viable services to address critical gaps in the local market especially at the mid-level management, said Deepak Adhikary, deputy general manager of IFC-SEDF.



Nobel laureate Prof Muhammad Yunus receives a crest from the leaders of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) as the trade body accorded a reception to him yesterday in Dhaka.

Mittal to invest \$720m in Indian refinery project

AFP, New Delhi

Steel magnate Lakshmi Mittal will invest 720 million dollars for a 49 percent stake in a refinery to be run by India's state-run Hindustan Petroleum (HPCL), the government said Tuesday.

"Mittal Investment and HPCL will hold 49 percent stake each in the refinery," Oil Minister Murli Deora was quoted as saying by the Press Trust of India.

The remaining two percent of the proposed 180,000-barrel-per-day refinery in north India will be offered to financial institutions, Deora said.

Saudi tycoon mulls \$3b investment

Visits Bangladesh next month

UNB, Dhaka

Saudi business tycoon Nagi Al Awad is scheduled to arrive here on March 1 with an investment proposal of US\$ 3 billion.

Nagi Al Awad, also chairman of Al Awad Group, is interested to take over Bangladesh Shilpa Rin Sangstha (BSRS), set up a 500 MW power plant and a 100 percent export-oriented oxygen manufacturing plant in Bangladesh, said a press release here yesterday.

His representative visited Dhaka in January and expressed the investment interest, the release added.

They have so far finalised two initial agreements with their local counterparts on the power and oxygen plants.

Al Awad will meet Finance and Commerce Adviser Dr Mirza Azizul Islam on March 1 and officially submit the investment proposal on March 3.

They would sign joint venture MoUs with Industry Power Company Limited for the power plant and Bangladesh Welding Electrodes for the oxygen plant.

The Saudi business group has business interest in medical

oxygen, medical equipment, banking, leather and hydrocarbon business in different countries of the world.

Armani to sell fashion empire

AFP, Frankfurt

Giorgio Armani, the Italian fashion designer, said in a newspaper interview published here on Tuesday that he was prepared to sell his fashion empire.

"I'm prepared to sell to the highest bidder," Armani told the business daily Handelsblatt at the opening of an Armani exhibition in Milan.

French group L'Oreal, which already cooperates with Armani in perfumes and cosmetics, has frequently been mooted as a possible buyer.

"L'Oreal could be a partner. But if somebody else offers more, they could also be a partner," said the 72-year-old designer, who has no children.

Member states for cut down on EU red tape

AFP, Brussels

The 27 EU nations on Monday supported a move to reduce the burden of EU paperwork for companies by 25 percent by 2012, while stopping short of making promises on national bureaucracy.

According to the European Commission, the EU's executive arm, the move will lead to a 1.5-percent increase in gross domestic product (GDP).

Germany, which holds the bloc's rotating presidency, the Commission is calling for the red-tape busting measure to be adopted at an EU summit in Brussels next month.

Convinced of the "political" importance of the initiative, national ministers in charge of competition enthusiastically backed the scheme at a meeting here Monday.

However the Commission would also like to see the red tape cut on a national level.

"Studies show that between 50 percent and 60 percent of administrative costs arise at the national level," argued EU Industry Commissioner Guenter Verheugen.

"We therefore feel it is essential to act on two levels, the community level and the national level".

Austria and Sweden, heeding the appeal, are promising to reduce national administrative charges by 25 percent by 2010. However 15 fellow EU nations are calling for caution.

Greece, along with Italy, Spain and Portugal, has stressed that any cut in business forms at a national level "should be left to the discretion of member states".

IT fairs in Sylhet, Khulna in Feb, Mar

Bangladesh Association of Software and Information Services (BASIS) is going to organise two regional IT fairs in Sylhet and Khulna from February 23 to 25 and from March 1 to 3, says a press release.

BASIS organised a press conference in Dhaka yesterday to announce the schedule of the fairs styled 'Sylhet IT Mela' and 'Khulna IT Mela'.

The venue of the Sylhet fair is Hafiz Complex at Bandar Bazar and that of the Khulna fair is Zia Hall in Khulna city.

Mobile phones to fuel internet growth: Google

AFP, San Francisco

Google vice president and chief internet evangelist Vinton G. Cerf predicted Tuesday that mobile phones, not personal computers, will fuel growth of the worldwide web as countries like India snap up millions of handsets monthly.

From 50 million in 1997, the number of people who have logged onto the Internet has exploded to nearly 1.1 billion, Cerf, who is con-

sidered one of the founding fathers of the internet, said.

Yet, the internet only reaches a sixth of the world's population, Cerf told reporters during a visit to this southern city, known as India's Silicon Valley, where Google has a research and development facility.

"You will get those other 5.5 billion people only when affordability increases and the cost of communication goes down," said Cerf, 63, who joined Google in 2005. "The

mobile phone has become an important factor in the internet revolution."

The silver-bearded scientist, dressed in a three-piece suit for a presentation on the internet, is hearing-impaired and had to read the lips of reporters who asked him questions.

Cerf, a winner of the Alexander Graham Bell award, said one of the reasons he started working on the internet project was to give the

hearing impaired an instant tool to communicate.

Worldwide there are 2.5 billion mobile-phone users, whose numbers are growing rapidly in developing countries led by China and India, the world's most populous countries, Cerf said in his presentation.

India, a country of 1.1 billion people, alone is adding seven million mobile-phone users a month, a powerful enough lure for British telecom giant Vodafone to

pay 11.1 billion dollars for a controlling stake in local mobile firm Hutch-Essar this month.

Handset manufacturers and mobile-phone companies are offering an array of internet-enabled features and services including payment and navigation systems while dropping charges under the pressure of growing competition that will bring many of the new subscribers to the internet, Cerf said.