

# A shot in the arm for real estate

BM SHOAB

After enjoying a boom period, called the 'golden period' by some experts, from 1996 till 2010, the real estate sector has almost come to a standstill at the moment. The construction boom saw new industrial buildings, corporate offices, housing units (apartments), and other types of infrastructure. The slump started in 2011 because of a phenomenal appreciation in the price of land and construction materials, which scared away many new investors, a lot of whom have invested the money elsewhere in countries like Malaysia, Canada, Dubai, Singapore, etc.

If a flat in Dubai or Malaysia is rented out for BDT 100,000, a flat of the same size would fetch about BDT 40,000 in Dhaka. Allured by the prospects of buying a flat for cheap, many non-resident Bangladeshis had started to come to Bangladesh in 2011 and 2012 to invest in apartments, but the price hike in land and construction materials, exorbitant registration fees, VAT and other hidden costs made them pull out at the last moment. Even local investors have bought flats in some of those countries by transferring money illegally through unlawful channels.

According to REHAB sources, the growth rate of the real estate, renting and business service sector soared in the 2000-2010 period. However, this sector expanded at a slower rate compared to overall GDP growth, resulting in the downward trend in real estate as a percentage of overall GDP.

The manipulation of some unscrupulous owners of land developing companies registered under BLDA has also caused many potential investors/buyers to turn away from the sector. These companies put up sign-boards on agricultural land anywhere and everywhere and started to sell plots, thus misleading genuine buyers. Many of them took money from hundreds of clients but failed to hand over plots as of yet. It has been alleged that out of the 150 members of BLDA, only about 10 are genuine and doing business sincerely. Regarding abnormal price hike of land in the country, there are allegations that there is no government control over the price hike within Dhaka city. Landowners seize every little opportunity to raise prices up to two to three times in a year. No doubt increased land prices have a direct impact on apartment prices.

In the case of the apartment buying and selling business, the phenomenon of 'more supply than demand' played a part and as a result we see thousands of unsold flats in the urban areas of the country. At one point, BDT

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