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Flat prices have gone up by as much as 10 per cent in recent months owing to the surging costs of construction raw materials. The higher prices will force many fixed-income families to give up on their dreams to own flats and slow the growth of the housing sector. The photo was taken from Katalganj area of Chattogram city yesterday.

PHOTO: RAJIB RAIHAN

Flat prices going thru the roof

Realtors blame it on higher cost of raw materials

JAGARAN CHAKMA

Flats in Bangladesh witnessed a fresh price increase as realtors are being forced to pass on the increased construction cost to customers arising out of soaring prices of steel, cement, bricks and other materials.

Pent-up demand and the supply disruption have been fueling the prices of construction raw materials after the coronavirus pandemic situation improved globally.

The price escalated further following the outbreak of the Russia-Ukraine war from the fourth week of February as Russian firms faced problems in exporting products to Europe.

Ukraine is also a major supplier of finished and semi-finished steel products.

Since the disruption to the global supply chain has deepened, the prices of rods, cement and other construction raw materials have increased recently in Bangladesh as the country largely relies on imports to meet the domestic requirement.

For example, the price of rods

rocketed to a record Tk 92,000 per tonne this month from Tk 70,000 last year, while the price of cement went up to Tk 560 per 50kg bag from Tk 475.

Similarly, sand, stone, brick, aluminium, glass, electrical equipment, and sanitary items have also seen a sharp increase in prices. The labour cost has shot up as well.

Pent-up demand and supply disruption have been fueling the prices of construction materials after the pandemic situation improved globally

The price of steel has increased by Tk 100, cement by Tk 30, brick by Tk 20, and stone by Tk 67 per square foot (sft), according to an assessment of the Real Estate & Housing Association of Bangladesh (REHAB). As such, the construction cost has risen by Tk 381 per sft, said the trade body.

Realtors say flats in Dhaka, the

biggest market for the industry, are as much as 10 per cent more expensive now, depending on their locations and amenities, compared to six months earlier.

In areas such as Gulshan and Banani, the prices have surged abnormally, according to a senior official of building technology and ideas (bti), a developer.

Any further increase in the price of flats would force many fixed-income families to give up on their dreams to own flats in the capital. And this may hurt the growth of the housing sector, which has been rebounding since the fiscal year of 2019-20.

"The price will increase for the rising cost of raw materials. This will decrease the sales of flats owing to the lower demand," said Mir Nasir Hossain, managing director of Mir Holdings Ltd.

He apprehends that some realtors would be compelled to sell flats at break-even or at the production cost if they face any cash crisis stemming from lower demand.

"Even, some realtors will postpone implementing new projects, and in some cases, the construction work of the

ongoing projects will be put on hold as the requirement for working capital will go up."

"There is no alternative to price adjustment and it will affect the real estate sector immensely."

Alamgir Shamsul Alamin, president of the REHAB, says some realtors have already stopped constructing flats due to the higher price of raw materials as they fear that their projects might not be commercially viable.

"The realtors don't want to raise the price of flats as it is a very competitive market," he said, adding that the profit margin narrows significantly when the price of raw materials increases.

The real estate sector has started to rebound on the back of receding coronavirus infections and the scope to allow whitening of untaxed money, but the present situation is not favourable at all, said a top official of a real estate company.

The bti official says all realtors are facing difficulties in making a comeback because of the sudden price increase of raw materials.

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Send non-listed insurers to stock market

BSEC urges ins watchdog

STAR BUSINESS REPORT

The securities regulator has requested the insurance watchdog to take steps to list non-listed insurers and make them invest in order to give a boost to the stock market.

Yesterday, the Bangladesh Securities and Exchange Commission (BSEC) sent a letter to the Insurance Development and Regulatory Authority (IDRA) to this effect.

In 2020, the commission exempted 26 insurers, which have less than Tk 30 crore in paid-up capital, from going public.

The companies were, however, ordered to invest at least 20 per cent of their equity in the market if they don't want to get listed.

"It has been observed that the aforementioned insurance companies have not taken any initiative so far to file applications for initial public offering and are not investing at least 20 per cent of the equity of each company in any stock exchange of Bangladesh," the letter said.

Hence, the BSEC requested the IDRA to take necessary steps to encourage the insurers to get listed and invest the fund.

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Onion import to continue

Says govt official

STAR BUSINESS REPORT

The option to import onion will remain open now in order to keep the price of the cooking ingredient stable ahead of Ramadan, said Agriculture Secretary Md Sayedul Islam.

"We are closely monitoring the market. Steps will be taken to protect the interests of the farmers and the consumers," Islam said.

He was speaking at a meeting to review the progress of implementation of the annual development programme (ADP) in the conference room of the ministry at the secretariat in Dhaka yesterday.

So far farmers are getting a good price for onion and on the other hand, the month of Ramadan is coming, Islam said. "So, we are also trying to stabilise the prices at this time."

The retailers have been found selling local onion at Tk 30-40 per kilogramme in Dhaka's kitchen markets and the imported ones at Tk 25-35 per kg yesterday, according to the Trading Corporation of Bangladesh.

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Do proper feasibility study before seeking funds

Cabinet secy tells PPP Authority

STAR BUSINESS REPORT

The Public-Private Partnership (PPP) Authority should carry out a proper feasibility study to see whether a project is viable or not before talking to any investor or development partner for funding, said the cabinet secretary yesterday.

"The development partner or investor will not talk to you if you don't have any feasibility study," said Khandker Anwarul Islam.

The secretary made the comments while delivering a speech at an event titled "Sustainable Development in the Context of Post-Pandemic and Climate Vulnerability: PPP's Role, Prospects and Challenges in Bangladesh."

The PPP Authority organised the programme in partnership with the United Nations Development Programme (UNDP) Bangladesh.

Islam said the feasibility report gives a precise economic analysis and the cost-benefit analysis related to a project, as well as whether it would be undertaken by the government or the private

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National safety committee inspects 5,200 factories

STAR BUSINESS REPORT

A national committee set up to look into the occupational safety situation at industries across Bangladesh has so far inspected 5,200 factories, said Salman F Rahman, adviser to the prime minister on private industry and investment.

The government formed the committee, headed by Rahman, last July to monitor the safety issues at the factories that were not inspected by the Accord and the Alliance, the two inspection agencies constituted by the international buyers after the Rana Plaza collapse.

"All industries will be secured like export-oriented factories," Rahman said.

He made the comments while addressing a workshop titled "Promoting Occupational Health and Safety for Improving Productivity" at the Federation of

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A safe workplace benefits both employers and workers, said a senior official of the International Labour Organisation at a programme in Dhaka yesterday.

PHOTO: STAR/FILE

STOCKS		
	DSEX ▲	CSCX ▲
	0.10% 6,765.30	0.07% 11,879.86

COMMODITIES		
	Gold ▼	Oil ▼
	\$1,897.04 (per ounce)	\$99.43 (per barrel)

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▲ 0.61% 57,943.65	▲ 1.10% 28,252.42	▲ 0.06% 3,433.90	▼ 0.33% 3,203.94