

# Rising middle class fuelling HOUSING MOMENTUM

**M. Nazeem A. Choudhury**, Deputy Managing Director, Prime Bank PLC.



**TDS: How are interest rate changes and new regulations influencing the market?**

**MNC:** Rate adjustments have encouraged more financial discipline among both buyers and developers, fostering long-term market stability. Meanwhile, the Detailed Area Plan (DAP) is reshaping urban growth through stricter planning and compliance. Though it demands adaptation, it ensures sustainability and better-organised development, improving the overall quality and reliability of new housing.

**TDS: Which financing products or schemes are gaining traction?**

**MNC:** Our Sustainable Finance portfolio

Bangladesh's green transition, not just a participant. Prime Bank offers preferential rates to projects achieving recognised green building certifications, encouraging developers to adopt energy-efficient design, solar systems, and advanced waste management. Smart housing — integrating digital connectivity and modern security — is another focus, ensuring that our financing supports enduring, high-value assets.

**TDS: What challenges do developers and buyers face in accessing finance, and how are you addressing them?**

**MNC:** Land documentation and lengthy approvals remain key obstacles.

better living quality at lower costs, drawing families away from city centres. Prime Bank's growth strategy targets exactly these emerging regions — financing developers and homeowners in high-potential zones that align with the government's decentralised urbanisation vision.

**TDS: What digital solutions or partnerships are improving housing finance?**

**MNC:** We're investing in digital platforms that let customers apply, track, and repay loans online. By digitising documentation, we aim for near-paperless processing and faster service. Our advanced data-analytics tools already enhance credit scoring and risk assessment, and we're developing predictive models to identify default risks early. This combination of speed and precision will enable higher loan volumes, especially in the SME segment.

**TDS: What's your outlook for 2025-26?**

**MNC:** The outlook is strong. A growing middle class, steady remittances, and normalising interest rates are set to stabilise the market and boost volumes. Prime Bank aims to lead the affordable-housing segment by focusing on compliant developers and infrastructure-linked growth corridors. Our priority is sustainable expansion — financing projects that strengthen communities and the wider economy.

**Sustainability, digitalisation, and decentralised growth are no longer buzzwords — they define the next chapter of Bangladesh's housing finance.**

**“Our edge lies in speed, certainty, and responsibility — delivering housing finance that is faster, fairer, and built for the future.”**

Bangladesh's housing market is in transition squeezed by rising costs but energised by new demand from middle-income and semi-urban buyers. With sustainability, digitalisation, and decentralised growth shaping the next phase, banks are rethinking how they lend and whom they serve. The Daily Star spoke with M. Nazeem A. Choudhury, Deputy Managing Director of Prime Bank PLC, on how the institution is driving inclusive and sustainable growth in housing finance.

**TDS: What trends are you seeing in**

**housing and construction finance demand?**

**M. Nazeem A. Choudhury:** Demand has become polarised. The high end apartment market has slowed, while middle-income buyers are prioritising value and speed, preferring ready-to-move-in flats in the 900-1,200 sq ft range. Persistent inflation and higher living costs have pushed many toward smaller, efficient homes and fuelled a lively secondary market. Construction finance remains steady, but mainly for reputed, compliant developers with proven sales performance.

is expanding rapidly, supported by Bangladesh Bank's green housing schemes. Women's housing finance, often paired with educational and professional support, is outperforming expectations. Most excitingly, our SME Developer Financing model — based on regional cluster partnerships — is unlocking new housing markets in suburban and secondary cities, reinforcing our commitment to decentralised economic growth.

**TDS: How is Prime Bank supporting sustainable or smart housing projects?**

**MNC:** We see ourselves as a driver of

We've built a specialised legal and due-diligence team to fast-track title verification and reduce legal delays. For buyers, while registration costs stay high, we maximise loan eligibility and stretch repayment tenures to preserve affordability. Our edge lies in speed and certainty — delivering faster approvals through simplified internal processes.

**TDS: How is demand shifting between urban and semi-urban areas?**

**MNC:** Infrastructure megaprojects like the Metro Rail and new expressways are unlocking the potential of semi-urban corridors. These areas now offer

## Urban Growth and Real Estate

FROM PAGE J1

income housing across urban centres, with demand concentrated in affordable and mid market segments. REHAB has noted that supply remains skewed toward high end developments in a few pockets, while many middle income households still find formal housing options limited. In Chattogram in particular, apartments remain notably cheaper than in Dhaka, contributing to robust demand there as well. This dynamic is echoed in regional cities: Rajshahi developers report that growing numbers of professionals and businesspeople are choosing apartment living, greatly expanding the pool of potential buyers. However, rising costs threaten affordability: in Rajshahi many note that COVID-19 and surging construction prices have pushed property prices “beyond affordability” for some buyers. In short, a “burgeoning middle class” has raised demand even for luxury units near central business districts, pushing developers to cater to both upscale and budget markets.

**Gated communities and mixed-use projects**

Developers are emphasising amenities, safety and convenience. Many new projects are gated or organised as planned communities with security, parks, and onsite services. Mixed use developments that combine residential units with offices, retail and leisure spaces are increasingly common, reflecting the middle class preference for convenience and lifestyle.

Beyond marketing, mixed use models can improve urban efficiency by reducing commute times and concentrating infrastructure investments. Planning authorities such as RAJUK and several private developers have begun highlighting sustainability measures in new projects, including storm water management and dedicated public spaces to improve liveability. In regional hubs buyers increasingly demand practical features such as parking, playgrounds and reliable water supply, prompting developers to include these in project design.

**Shift of development outside Dhaka**

Expansion is especially visible outside Dhaka's core. New highways and bridges are opening up districts for housing. The Padma Bridge is a prime example: by linking 21



southern districts to the capital, it triggered a “housing boom” along the Dhaka-Mawa-Bhanga expressway. Plots and gated neighborhoods now sprawl on both sides of this route, catering to buyers from Barisal and Khulna who want greener, affordable homes within an hour of Dhaka. Similarly, Dhaka's planned extensions cover Gazipur, Narayanganj, Savar and other towns. The government's plan for 12,600 flats in Gazipur highlights this trend. As Kamrul Ahsan Rubel, Senior Marketing Manager at Building For Future observes, “Dhaka is expanding in all directions, particularly along the Dhaka-Sylhet, Purbachal and Dhaka-Mawa highways. People from Chattogram tend to settle in Purbachal, while those from southern Bengal are increasingly drawn to Dhaka's periphery”. Chattogram's market is likewise moving outward: major industrial projects like the Bangabandhu Industrial City and the Karnaphuli Tunnel are boosting housing in adjoining subdistricts Mirsarai, Anwara, Sitakunda. Even Rajshahi has seen its skyline transform: once mostly low-rise, it now has high towers, driven by in-migration from nearby districts and new developments. Similarly, Cumilla's housing market has boomed

following major highway upgrades, shifting the city's character toward mid-rise projects. The expansion reflects a broad trend: planners project Bangladesh's urban population will surge from about 2 crore today to roughly 12 crore by around 2033, emphasising why cities are racing to add new housing.

**Market dynamics and finance**

Housing finance remains a key determinant of real estate growth. Banks and non bank lenders have scaled mortgage offerings, but high interest rates and stringent lending criteria still limit uptake for many middle income borrowers. Developers have therefore adapted by offering more staged payment structures and collaborating with mortgage providers to expand affordability. The second hand market continues to play a stabilising role by giving price conscious buyers alternative pathways into ownership.

As Bangladesh's cities evolve into modern, connected hubs, real estate remains both a barometer and a catalyst of progress. The challenge now lies in ensuring that this urban transformation remains inclusive, sustainable, and resilient — so growth uplifts not just skylines, but the quality of urban life itself.

## Al-Arafah Home Investment

### Your future address—built your way

Al-Arafah Islami Bank stands with you in turning your dream of owning a home into reality through Al-Arafah Home Investment designed to help you build or purchase the house or apartment you have always wanted.

Attractive rate of return

Fast and hassle-free investment processing

Flexible investment range from BDT 5 lakh to BDT 2 crore

Convenient repayment tenure up to 25 years

For more details, call us or scan the QR code.