

HOUSING FINANCE TRENDS

Digital, Sustainable, and Affordable

Tareq Refat Ullah Khan, Managing Director & CEO, BRAC Bank PLC.



Home loans are being redesigned to offer faster, more transparent, and environmentally responsible experiences. Significant investments in digital infrastructure will soon allow customers to apply for loans seamlessly through our website with minimal documentation.

Bangladesh's housing market is undergoing a significant transformation, with urbanisation, a growing middle class, and evolving financial landscapes reshaping demand. BRAC Bank's comprehensive suite of home loan solutions is designed to cater to diverse customer needs, from purchasing and constructing to renovating homes. They emphasise accessible financing with competitive rates, flexible repayment tenures, and tailored products.

The Daily Star (TDS): What trends are you seeing in home loan or construction finance demand in the last 2-3 years?

Tareq Refat Ullah Khan (TRUK): BRAC Bank has observed sustained demand over the past few years. Rapid urbanisation has been a major catalyst, expanding real estate activity beyond Dhaka and Chattogram to emerging



urban centres across the country. The growing middle class, driven by the aspiration of homeownership, has increasingly turned to formal banking channels for financing, attracted by trusted service and competitive rates. We have also witnessed a gradual shift from stand-alone homes to apartments, especially in metropolitan areas such as Dhaka, Chattogram, Sylhet, and Rajshahi, as property prices continue to rise.

TDS: How are interest rate movements and regulatory shifts affecting homeownership or construction projects?

TRUK: Home loans are long-tenure products, making them highly sensitive to interest rate fluctuations. The recent period of elevated rates has notably dampened demand, as borrowing costs remain high across many banks and NBFIs.

Additionally, regulatory constraints, such as the current loan-to-value cap of 70% for creditworthy borrowers and the maximum loan ceiling of BDT 2 crore, have stifled market growth. These factors, taken together, restrict affordability and discourage potential homeowners.

TDS: What products or schemes (e.g., green housing loans, women's housing finance, SME developer financing) are gaining traction?

TRUK: Affordable housing is emerging as a significant growth segment, with rising demand from middle-income families, young professionals, and underserved households in suburban and peri-urban areas. A promising new model is group or cooperative housing, where communities jointly develop residential clusters. This approach reduces per-unit cost, encourages shared infrastructure, and makes homeownership more accessible.

Demand is also expanding beyond major cities as land and construction

costs in Dhaka and Chattogram push buyers toward smaller towns.

BRAC Bank's "TARA Home Loan," dedicated to empowering women to own homes through formal financing and achieve financial independence.

TDS: How is the bank supporting sustainable or smart housing projects?

TRUK: At BRAC Bank, sustainability is deeply embedded in our lending philosophy, not merely a corporate obligation. We are actively developing frameworks to promote green and smart housing through both policy alignment and innovative financing solutions. Digital transformation plays a central role in this journey. Home loans are being redesigned to offer faster, more transparent, and environmentally responsible experiences. Significant investments in digital infrastructure will soon allow customers to apply for loans seamlessly through our website with minimal documentation.

TDS: How do you see urban vs. semi-urban housing demand evolving?

TRUK: Housing demand in Bangladesh is steadily expanding beyond major metropolitan centres into semi-urban and peri-urban areas. In cities like Dhaka and Chattogram, rising land prices and limited space have pushed many middle-income buyers toward nearby districts such as Gazipur, Narayanganj, Savar, and Cumilla, where property remains more affordable and infrastructure is rapidly improving.

TDS: Are there any innovative partnerships or digital solutions that have made housing finance easier?

TRUK: Innovation and partnerships lie at the core of our housing finance strategy. BRAC Bank is advancing digital solutions to simplify the borrowing journey and make home loans more accessible. Our Astha app, now serving over 10 lakh users, offers a full suite of digital banking features. We are developing a fully digital loan origination system that will enable customers to apply for home loans online with minimal paperwork. We also plan to leverage data analytics and alternative credit assessment tools to support first-time and underserved borrowers.

TDS: What is your outlook on the housing market in 2025-26, and how is your bank positioning itself to support that growth?

TRUK: The outlook for Bangladesh's housing market in 2025-26 is cautiously optimistic. As inflation stabilises and economic confidence returns, demand for affordable and mid-segment housing is expected to strengthen. A growing base of young professionals and expanding semi-urban development will continue to drive this momentum. BRAC Bank is strategically aligning to capture this growth by offering tailored home loan products for diverse segments, including salaried professionals, women borrowers, freelancers, and NRBs.








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SOLID GROUND: Why Property Still Feels Safe

TAGABUN TAHARIM TITUN

In Bangladesh's economic landscape, property has maintained its appeal as a haven for investment. At a time when markets fluctuate and new assets emerge, many still prefer land and flats. The reasons are simple but compelling: property does not vanish like digital assets, land is inherently limited and keeps prices stable, and generating rent offers income while guarding against inflation.

Assets with permanence

When you buy land or a flat you own something tangible. Unlike cryptocurrencies or purely digital assets, real property cannot disappear overnight by algorithm or hacking. A recent article in The Daily Star pointed out that the real-

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estate sector in Bangladesh sees prices rise even during economic turbulence. "Their prices never go down despite inflation, recession or any other calamity," a market executive told the paper. This sense of permanence offers comfort. People know where their asset is. They can see it, measure it, use it. They can rent it, sell it, build on it. That level of control is missing with many abstract investments.

Limited land keeps value

Land is finite. In a densely populated country like Bangladesh, especially around cities such as Dhaka, this scarcity becomes a strength. The Financial Express recently noted that Dhaka's limited land supply has caused property prices to rocket. Analysts have pointed out that available large plots suitable for high-end buildings are rare, making developers raise prices. "The shortage of large plots suitable for modern buildings is a major factor driving up prices," an executive director told The Daily Star. As urbanisation proceeds and more people migrate to cities, the land pressure intensifies. As a result, property especially in desirable locations remains a preferred choice for those who expect assets to hold or gain value.