

# BANGLADESH

## MARKET SURVEILLANCE: CONSTRUCTION & REAL-ESTATE

### **WEEKLY NEWSLETTER**

26<sup>TH</sup> MAY 2023 TO 1<sup>ST</sup> JUNE 2023



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## 67% HOMES STILL RELY ON MICROCREDIT: STUDY

Almost two-thirds of households in a survey were found to be mostly dependent on microcredit to avoid hassles of availing conventional bank loans.

They prefer microcredit even though the interest rate goes up by almost threefold to reach 24 per cent, said the survey conducted among 1,000

households and 400 enterprises across the country.

Of the respondents, 37.5 per cent had taken loans and of them, around 67 per cent were from micro-credit institutions while the rest from conventional banks.

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## GOVT FORMS BODY TO SCRUTINIZE GDI BID

The government has set up a committee to scrutinise the Chinese proposal for joining the Global Development Initiative (GDI), State Minister for Foreign Affairs Shahriar Alam said on Wednesday.

Speaking at an event, organised by a local daily in the city, the state minister also pointed out that the final decision regarding joining the GDI would be taken after assessing pros and cons of the Chinese proposal. The foreign ministry is yet to get details of the proposal.

“During his visit to Bangladesh last year, the former Chinese foreign minister raised the GDI issue, and we’re yet to reach a stage to disclose anything about it.

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## LIFTING OF MANDATORY FUMIGATION OF US COTTON TO BOOST TRADE



The lifting of the rule of mandatory fumigation of US cotton by Bangladesh has created a huge bilateral trade opportunity, said Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

“Now the US cotton can be imported by Bangladeshi importers without fumigation. It will reduce time, hassle and cost of doing business of the importer in case of bringing in US cotton,” Hassan said today.

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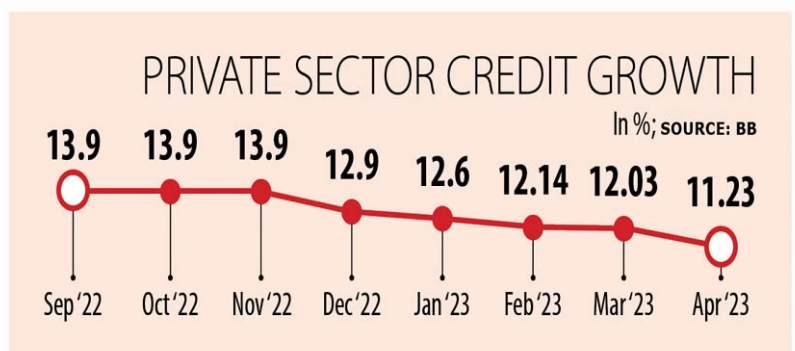
## CREDIT GROWTH SLIPS TO 14-MONTH LOW

Private sector credit growth in Bangladesh dropped to a 14-month low of 11.23 per cent in April owing to weak credit demand amid the current business slowdown, official figures showed.

This was the fifth consecutive monthly decline as businesses

continue their “wait and see” approach because of the persisting uncertainty at home and abroad. Banks’ finance to the private sector stood at Tk 14,57,400 crore in April, data from the Bangladesh Bank showed.

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## MORE GOVT STEPS NEEDED TO MANAGE INFLATION: MCCI



The government needs to take more steps to bring stability in the foreign exchange reserve, manage inflation, enhance revenue earnings, ensure proper electricity and gas supply for economic activities and expand social safety net programmes.

The suggestion came from the Metropolitan Chamber of Commerce and

Industry (MCCI) in its quarterly economic review for the January-March quarter of the current fiscal year yesterday.

Foreign currency reserves are still somewhat in a satisfactory position but into a weaker trajectory, the chamber said.

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## INVESTORS IN ECONOMIC ZONES MAY LOSE LIKELY TO LOSE SOME BAIT

**BEZA APPROVES 97 EZS**

- 11 EZs have started production
- 29 EZs are continuing development work
- US\$25b investment proposals received so far

**Taxes on land lease for EZ industries may be slashed for parity with realtors**

**IMPORT OF CAPITAL MACHINERY, VEHICLES, CONSTRUCTION MATERIALS FOR EZS PROPOSED TO BE TAXED**

Investors in Bangladesh's economic zones may lose some fiscal benefits as the government moves to ensure a level playing field for the others who have invested outside the EZs.

The budget for the upcoming fiscal year (FY) may im-

pose taxes on import of capital machinery, vehicles and construction materials for the investors in the zones, officials said about the latest stance on tax-breaks offered as sweeteners to investors from home and abroad.

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## POVERTY CUT PROGRESS FRAGILE IN BD, INCOME EQUALITY RISING: UN RAPPORTEUR.



Olivier De Schutter

- 'People need to pay bribe to get social safety benefits'
- 'DSA should be suspended'
- Govt should rethink its reliance on RMG

Olivier De Schutter, the visiting UN special rapporteur on extreme poverty and human rights, said Bangladesh has made significant improvement in poverty reduction in last decade, but recent trend shows that the progress remains fragile and income inequality is rising.

Speaking at a press briefing on Monday he also stated that to get benefits of the social protection schemes, people either need to pay bribe or to have political connections.

He strongly recommended suspension of the Digital Security Act (DSA), increasing minimum wage in the ready-made garment (RMG) sector, and reforming the tax-mobilisation process.

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## ANZ PROPERTIES REJOINDER AND OUR REPLY



ANZ Properties Limited has said it is not a sister concern of Habib Group as claimed in a report published in The Business Standard.

In a rejoinder to the report titled "Fall of a business empire: Habib Group leaves 30 lenders in peril with Tk4,000cr debt" published on 17 April, the company said, "ANZ Properties is not a member of Habib Group. Besides, ANZ has no record of taking loans worth Tk158 crore from banks. So, there is no question regarding ANZ Properties defaulting any loans."

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## BUDGET FOR FY24 TO BE PASSED ON JUNE 26



The budget for the fiscal year 2023-24 will be passed in parliament on June 26, as the Finance Bill is scheduled to be passed on June 25.

The decisions were taken at a meeting of the Business

Advisory Committee (BAC) held at Jatiya Sangsad Bhaban with Committee Chairman and Jatiya Sangsad (JS) Speaker Dr Shirin Sharmin Chaudhury in the chair.

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## PM SEEKS LARGER SWEDISH INVESTMENT IN ICT, ECONOMIC ZONES

Prime Minister Sheikh Hasina today called for more Swedish investment in Bangladesh's economic zones and information communication technology (ICT).

"We want more investment from Sweden in Bangladesh's ICT and economic zones," she said.

She made the remarks when a Swedish delegation, led by Chief Executive Officer (CEO) and President of Swedish retail clothing company H&M, Helena Helmersson, paid a courtesy call on the Prime Minister at the latter's official Ganabhaban residence.

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## AVIATION SECTOR TO GROW 3 TIMES IN 15 YRS: STATE MINISTER



State Minister for Civil Aviation Md Mahbub Ali yesterday said Bangladesh's growth in the aviation sector will be three times in the next 15 years.

He said this while speaking as the chief guest at a function at a hotel in the capital.

US-Bangla Airlines organised the programme on the occasion of sending the cadet pilots of US-Bangla Airlines to the US for training.

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## 'PERSISTING GAS CRISIS TO HURT MANY CERAMIC-MAKERS'

Khourshed Alam, director (Operations) at AkijBashir Group, talked about the ceramics industry of Bangladesh and the current crisis it is facing during an interview with The Business Standard's Abbas Uddin Noyon. What is the biggest problem in the ceramics

industry, and how are you navigating through it? The ceramics industry is going through a very difficult phase in terms of energy availability and a slowdown in demand amidst an economic downturn triggered by the war in Ukraine and the subsequent dollar crisis.

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## MORE FOREIGN AIRLINES KEEN TO CONNECT BANGLADESH

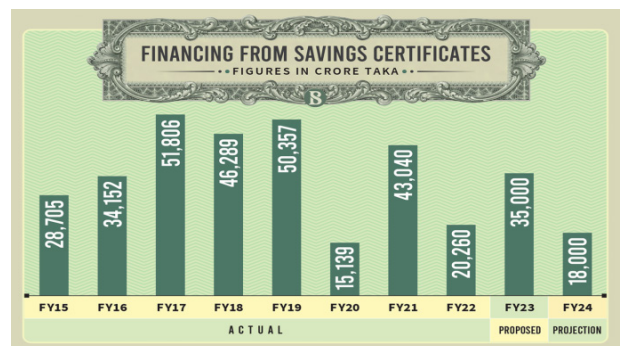
At least eight foreign airlines have expressed interest in entering the Bangladesh aviation market due to promising business prospects.

According to sources, the number of foreign airlines operating in Bangladesh will potentially exceed 40, rising from the current 33, following the planned soft launch of the third terminal at Dhaka airport in October this year.

People concerned said while the introduction of these airlines may lead to a reduction in ticket prices on various routes, there is a concern regarding the outflow of foreign currency from Bangladesh, particularly during the ongoing dollar crisis.

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## SCOPE FOR INVESTMENT IN SAVING TOOLS TO SQUEEZE FURTHER AS GOVT CUTS BORROWING TARGET BY 49%



The scope for investment in saving certificates is set to be squeezed further as the government has cut the target of borrowing from the tools by 49% year-on-year to Tk18,000 crore for FY24, according to finance ministry officials.

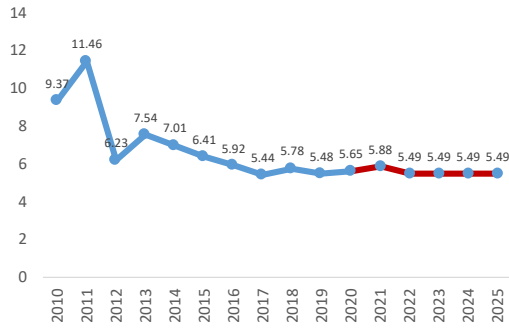
The target was Tk35,000 crore in the original budget for the ongoing FY23, which was later revised down to Tk20,000 crore.

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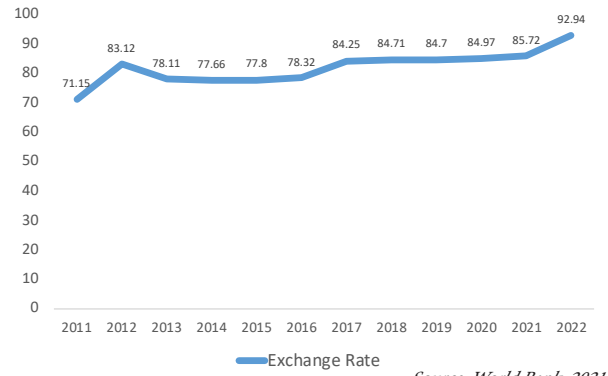


# ECONOMIC INDICATORS

## Inflation

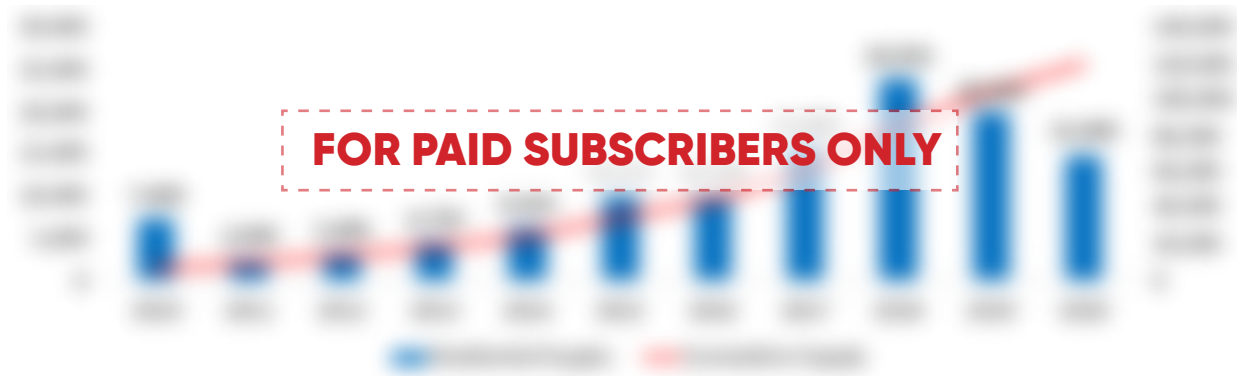


## Annual Exchange Rate



Source: World Bank, 2021

## CUMULATIVE LUXURY APARTMENT SUPPLY



## LOCATION WISE EXISTING & UPCOMING RESIDENTIAL SUPPLY



Source: RII, 2021

## AVERAGE PRICE USD/ SQ. FT. (TIER 1) APARTMENT

## ABSORPTION OF TIER 1 APARTMENT

## AVERAGE RENTAL USD/ SQFT/MONTH





## THE BANGLADESH REAL-ESTATE MARKET REPORT 2023

published by the Research Intelligence Unit (RIUNIT)  
includes key trends and insights on  
the Bangladesh residential, commercial, retail, hotel  
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For more info:  
Md. Mizanur Rahaman  
Crystal Palace, 3rd Floor, House # SE (D) 22,  
Road # 140, Gulshan South Avenue, Dhaka-1212  
Phone: +8801673995050  
Email: [mizan@riunit.com](mailto:mizan@riunit.com) | Website: [www.riunit.com](http://www.riunit.com)