

# BANGLADESH

## MARKET SURVEILLANCE: CONSTRUCTION & REAL-ESTATE

**WEEKLY  
NEWSLETTER**

9<sup>TH</sup> TO 15<sup>TH</sup> JUNE 2023

 **RIUNIT**  
*Research Intelligence Unit*

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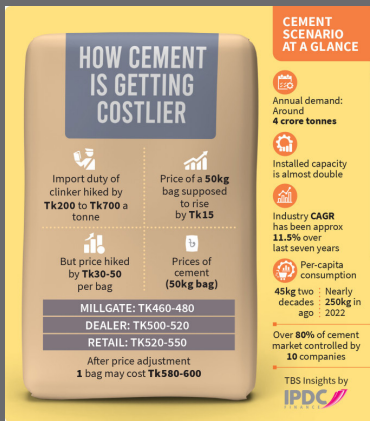
## INVESTMENT OF UNDISCLOSED FUNDS IN LAND, REAL ESTATE TO BE ALLOWED SANS QUIZZING

The Income Tax Bill-2023, which was placed in the parliament on June 8, has provided for legalising undisclosed income by investing in land as well as residential and commercial building structures.

The investors will have to pay taxes at specific rates to formalize their money, however, without facing any question by the taxmen on the source. The opportunity is applicable only for the undisclosed money earned through legal means.

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## DUTY HIKE TO MAKE CEMENT COSTLIER, BURDEN BUILDING COSTS



The duty structure proposed in the new budget is supposed to add Tk15 to the cost of production of cement per bag, but manufacturers mull a Tk30-Tk50 hike per bag at retail level, which will further increase the construction cost at all levels.

Such an abrupt rise in the price of cement, a crucial ingredient for construction work, will add to the already high costs of other building materials including rod – be it for houses, offices, roads, mega projects, or factories, builders and contractors fear.

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## WORLD BANK KEEPS BANGLADESH GDP GROWTH UNCHANGED AT 5.2% IN FY23



The World Bank, in its latest June edition of Global Economic Prospects, has kept Bangladesh's gross domestic product (GDP) growth unchanged at 5.2% in the current fiscal year.

"In Bangladesh, elevated inflation, policy uncertainty, and weakening external demand are expected to slow growth to 5.2% in FY23 from

7.1% in the previous fiscal year," the World Bank said in its flagship report released on Tuesday.

Gains in market share in key export markets are expected to sustain export growth, offsetting the effects of weaker growth in advanced economies, the report said.

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## INVESTORS SHOULD BE ENCOURAGED TO ESTABLISH INDUSTRIES AT MARGINAL LEVEL: BIDA

Bangladesh Investment Development Authority (Bida) Executive Chairman Lokman Hossain Mia has said investment must be increased at the marginal level to build Bangladesh as a developed country.

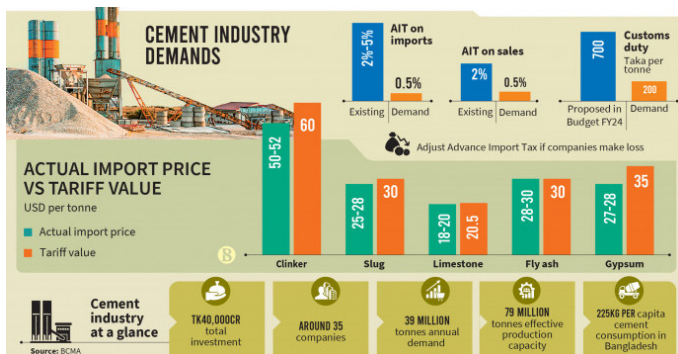
"Our agricultural production is high although the country is small in size. So, we need to encourage investors to establish agro-based industry in districts," he was addressing an investment orientation workshop in the capital city on Sunday.



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## CEMENT INDUSTRY DEMANDS RELIEF FROM HIGH-TAX BURDEN



The Finance Bill-2023 has proposed an increase in customs duty (CD) on imports of clinker by Tk200 to Tk700 per tonne. In contrast, the industry had been requesting the government to reduce the CD from Tk500 to Tk200.

A duty of Tk700 per tonne is around 12%-13%, which, in general, should not be more than 5% for such an important commodity, said Bangladesh Cement Manufacturers Association (BCMA) President Md Alamgir Kabir at a press conference at a city hotel on Monday.

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## ADB OKAYS \$400M TO SUPPORT BANGLADESH'S ECONOMIC RECOVERY



The Asian Development Bank has approved a \$400 million loan to support Bangladesh's economic recovery by bolstering revenue generation and facilitating efficient public spending.

The credit, part of the ADB's of the Sustainable Economic Recovery Program launched in October 2021, will be used to advance reforms in

domestic resource mobilization, and improve efficiency and productivity of public spending, the Manila-based lender said in a statement on Tuesday.

The loan will also help small businesses, especially women-led businesses, to access low-cost innovative bank financing.

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## HOTEL-OWNERS DEMAND CONTINUED DUTY EXEMPTION FOR MATERIAL IMPORTS.



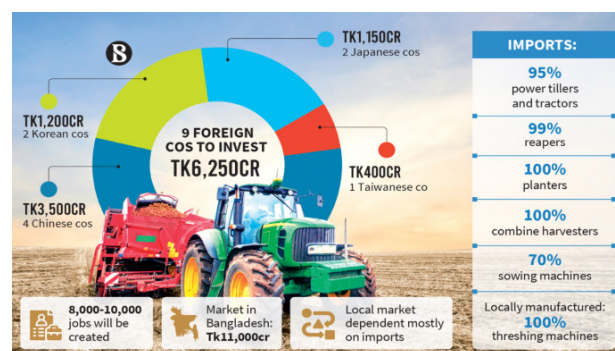
Luxury hotel owners on Monday demanded the continuation of duties exemption for their hotel material imports, saying that withdrawal of such facilities will lead to a fall in foreign tourists in the country.

They have been enjoying a 10% exemption in import duties for interior decoration materials, kitchen equipment, building security equipment and furniture etc for a long time.

The Bangladesh International Hotel Association, in a letter to the National Board of Revenue, said the budgetary measures to withdraw the duty exemption from the next fiscal year would increase hotel establishment costs as well as room rents and other charges for customers.

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## 9 FOREIGN COS WILLING TO INVEST TK6,250CR IN FARM MECHANISATION



Nine foreign companies have expressed interest in investing around Tk6,250 crore in manufacturing farm machinery in Bangladesh, a move experts say will contribute to agricultural modernisation and economic growth.

These companies have already submitted proposals to the Bangladesh Investment Development Authority (Bida) and applied to the Office of the Registrar of Joint Stock Companies and Firms (RJSC) for permission to start operations in the country.

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## FISHERIES SMART CITY IN CHAKARIA ON CARDS TO BOOST BLUE ECONOMY

The government has planned to develop a smart city for fisheries in Chakaria Upazila of Cox's Bazar to tap the potential of the blue economy through marine fisheries.

"Prime Minister Sheikh Hasina has directed the fisheries ministry to explore the potential of the blue economy by developing a national marine fisheries management plan. We are striving

to improve fish production and the livelihoods of fishermen," said Fisheries and Livestock Minister SM Rezaul Karim at a roundtable on Sunday.

The fisheries department organised the event at a hotel in the capital under the seven-year project on sustainable coastal and marine fisheries.

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## COMMONWEALTH TRADE AND INVESTMENT FORUM IN DHAKA IN SEPTEMBER

The first-ever Commonwealth Trade and Investment Forum will be held in Dhaka on September 13-14 aiming to foster partnerships, promote innovation and explore avenues for sustainable and inclusive economic development for Bangladesh.

The event is being organised by the Commonwealth Enterprise and Investment Council (CWEIC) in partnership with Bangladesh Investment Development Authority (Bida), Ministry of Foreign Affairs and Zi Foundation.

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## FOREIGN INVESTORS WORRIED OVER INCOME TAX LAW PROVISIONS



Foreign investors in Bangladesh yesterday expressed concern over some provisions of a proposed income tax law alongside measures, including one on increasing the minimum tax on carbonated beverage makers.

The National Board of Revenue (NBR) wants to slap a 5 per cent tax on gross receipts or turnover of carbonated beverage makers

from next fiscal year. It is currently 0.6 per cent.

The increase is prohibitive and detrimental to business, said Naser Ezaz Bijoy, president of the Foreign Investors' Chamber of Commerce and Industry (FICCI), at a press conference in Sheraton Dhaka.

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## ECONOMISTS WARN OF ALARMING GOVT BORROWING FROM BB

Noted economists have said that government borrowing from the Bangladesh Bank (BB) has been increasing alarmingly, reaching a mark this year that it has not reached in the last 50 years. FE

they suggested rethinking the cheap borrowing from the central bank for budget financing and trimming budget expenditures, including the Annual Development Programme (ADP), in order to narrow the fiscal deficit.

At a post-budget discussion on Tuesday in Dhaka,

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## POWER SECTOR FETCHES \$30B FOREIGN INVESTMENT IN LAST 13 YRS: NASRUL



State Minister for Power, Energy and Mineral Resources Nasrul Hamid on Tuesday said power sector fetched \$30 billion foreign investments in the last 13 years since 2009.

"Power is the only sector where maximum foreign investment has come during the period between 2009 and 2022", said the state minister while participating in the general discussion on the proposed national budget for 2023-24 at the Jatiya Sangsad.

Finance Minister AHM Mustafa Kamal on 1 June unveiled Tk7,61,785 crore national budget for 2023-24 fiscal setting the GDP growth target at 7.5 percent amid ongoing global economic crisis.

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## TRADE, CONNECTIVITY IN SA: \$1.03B WB PROJECT TO BOOST NATIONAL INCOME BY 16PC

The World Bank has launched a \$1.03 billion inter-country connectivity project in the South Asia region that will lead to an increase in national income by over 16 percent in Bangladesh. At present, Bangladesh and Nepal are the participants of the flagship regional programme titled Accelerating Transport and Trade Connectivity in Eastern South Asia (ACCESS).

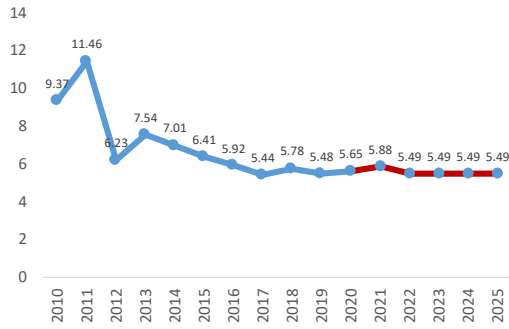
Of the \$1.03 billion allocated for the programme, Bangladesh will get \$753.45 million and Nepal \$275 million. The project was launched yesterday in Bangladesh, two days after it was unveiled in Nepal.

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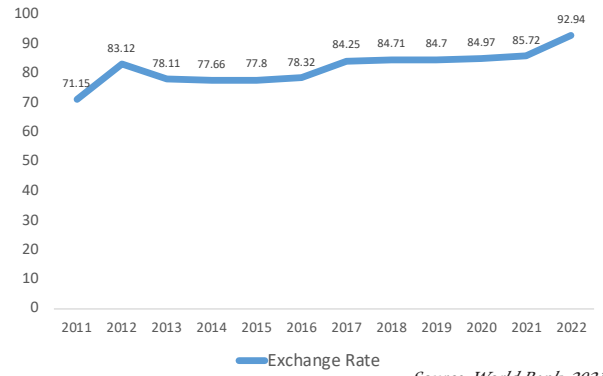


# ECONOMIC INDICATORS

## Inflation

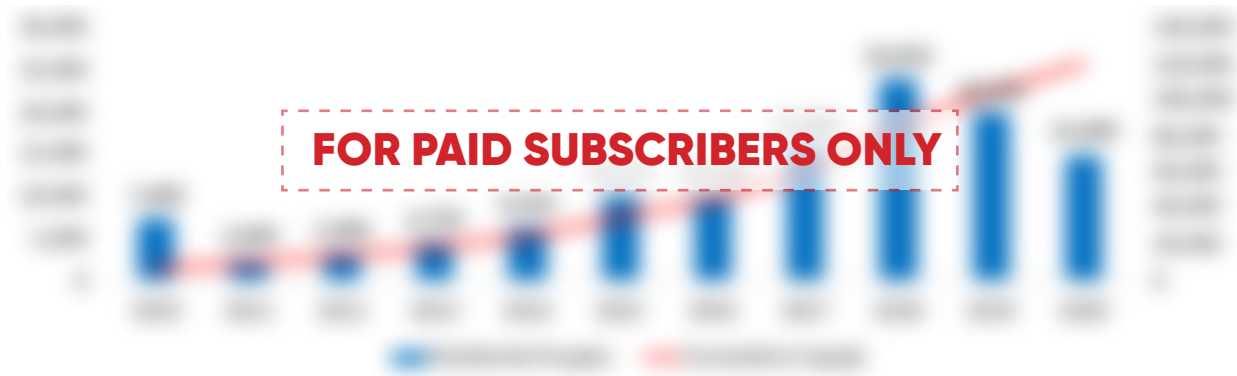


## Annual Exchange Rate



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  
and bare land markets.

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