

BANGLADESH

MARKET SURVEILLANCE: CONSTRUCTION & REAL-ESTATE

WEEKLY NEWSLETTER

2ND TO 8TH JUNE 2023



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PROPOSED BUDGET WILL PUSH HOUSING INDUSTRY TOWARDS CRISIS: REHAB PRESIDENT

Real Estate and Housing Association of Bangladesh (REHAB) President Alamgir Shamsul Alamin (Kajal) has said an increase in income tax at source during land registration, and a new additional tax on various construction materials in the proposed budget will push the country's housing industry towards crisis.

"If the proposed budget is not revised, the prices of land and flats will increase in the future. The increased prices will question the slogan of housing for all and the dream of housing for many will become difficult," he said in an immediate budget reaction on Thursday.



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PROPOSED BUDGET DOESN'T REFLECT ON REALITY'

Economist Ahsan H Mansur on Saturday said the proposed fiscal budget did not reflect on the current economic reality for not addressing issues like dollar crunch, inflation and reform to boost revenue earnings.

The government's revenue target has continued to fail in the last 12-13 years with increased bank borrowings amid a banking fund crisis, he added.

Against this backdrop, the proposed Tk 4.30-trillion revenue target in FY 2023-24 might not be possible to meet without reforming the orthodox tax administration of the British period, he said.

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CONSIDER PROPERTIES' CURRENT MARKET VALUE FOR WEALTH SURCHARGE



**National
BUDGET**
FY2023-24

Valuation of properties when determining surcharge on net minimum wealth should be based on current market value, not their purchase value, according to research and advocacy platform the International Business Forum of Bangladesh (IBFB).

For instance, anyone who had bought a house in Gulshan 40 years ago now pays a surcharge on its market value at that time, which is not reasonable, said Humayun Rashid, president of the IBFB.

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UK KEEN TO HIRE NURSES FROM BANGLADESH, INVEST IN EDUCATION

The new British High Commissioner to Bangladesh Sarah Cooke has expressed interest in hiring nurses from Bangladesh and invest in the education sector of the country as she meet the Salman F Rahman, private industry and investment adviser to the prime minister, at the Bangladesh Investment Development Authority office in the capital on Wednesday.

"The envoy expressed interest in hiring nurses from Bangladesh as the UK has a crisis of nurses. This issue was also discussed during my meeting with the UK health minister earlier. I told them we have a shortage of nurses as well. If we can create a higher number of trained nurses we will support the UK," Salman F Rahman told reporters after the meeting.



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HOW BSRM TURNS STEEL WASTE INTO ECO-FRIENDLY CONSTRUCTION MATERIAL

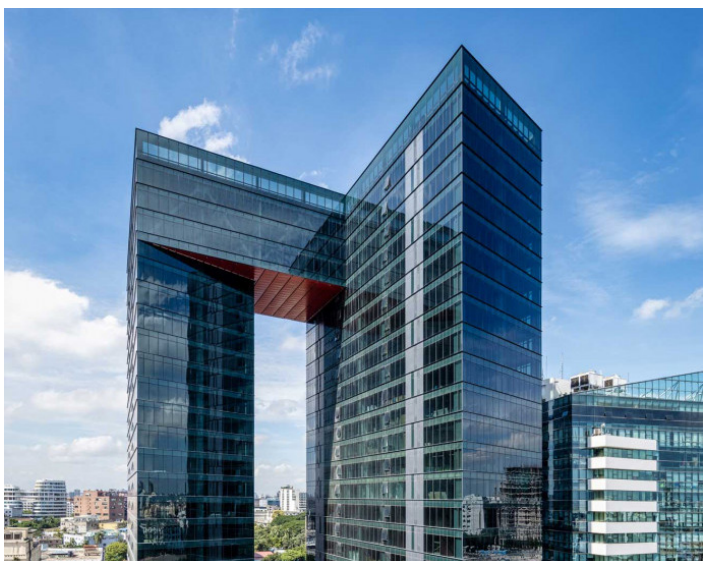


An initiative by the country's leading steel producer is leading the way to convert the waste generated in the steelmaking process into eco-friendly construction material as an alternative to bricks, which industry insiders say will greatly help reduce stress on the environment.

Steelmaking involves melting scraps into billets. During the process, a soil-like but solid waste called steel slag (induction furnace slag) is generated. This waste, when dumped in the environment, threatens biodiversity and reduces land fertility.

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SHANTA FORUM: A NEW LANDMARK ON THE CITYSCAPE



On a premise of 90 katha land, Forum is a 25-story building located at the capital's Tejgaon-Gulshan link road and is the second of three consecutive commercial projects of Shanta [Shanta Western Tower (2009) and Shanta Pinnacle (under construction)] in this vicinity.

The concept of the 'Twin Tower' has always fascinated people living in developing countries, and it is no different in Bangladesh as well. With the perfect blend of intricate design and superlative construction at its core, 'Shanta Forum' is one such twin-tower landmark that unfolds a new chapter of architectural marvels in Dhaka's landscape.

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COST OF FOREIGN TRADE, TRANSACTIONS LIKELY TO INCREASE DUE TO MOODY'S DOWNGRADING



Economists and bankers think the cost of spending in foreign currencies is likely to be increased due to the downgrading of Bangladesh's sovereign rating and negative rating actions against some banks by Moody's Investors Service.

The fear private sector entrepreneurs may have to pay more interest due to Moody's downgrading, reports [bdnews24.com](#).

On May 30, the US-based global credit rating agency downgraded Bangladesh government's long-term issuer rating to B1 from Ba3 for first time since inception of the rating in 2010.

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JAPANESE REALTOR JP BUILDING STARTS JOURNEY IN BANGLADESH



Japanese real estate and construction company JP Building started its journey in Bangladesh with an investment of \$20 million (equivalent to Tk216 crore) in the next three years.

Iwama Kiminori, Japan's Ambassador to Bangladesh, and Akio Yamamoto, chairman of JP Build BD Co Ltd, jointly inaugurated the "JP Build BD Co Ltd" and its first product Nippon elevator, at a ceremony on Monday at a city hotel.

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BANGLADESH'S GDP GROWTH TO BE 6.2PC IN FY '24

The World Bank (WB) has projected Bangladesh's GDP (gross domestic product) growth to be 6.2 per cent for the Fiscal year (FY)'24 and 6.4 per cent for FY'25

The global lender made the projections in its Global Economic Prospect in June. It, however, said in Bangladesh, continued import suppression measures and energy shortag-

es weighed on both industrial production and the services sector.

According to the WB, import restrictions imposed by several economies (Bangladesh, Nepal, Pakistan, Sri Lanka), which adversely affected economic activity, have been relaxed as external imbalances have improved and exchange rate pressures have eased

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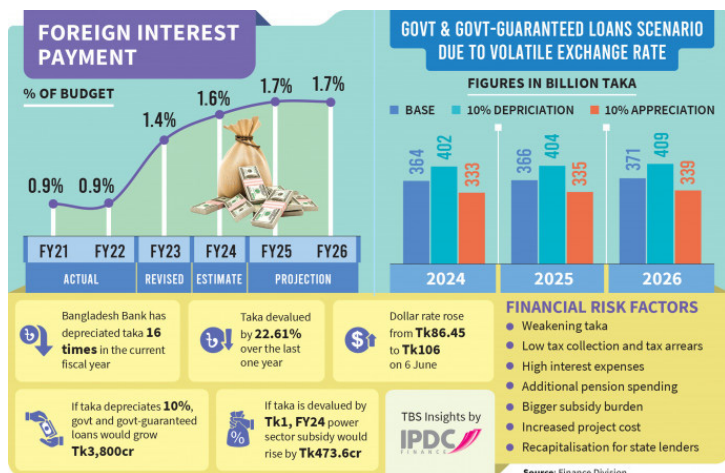
PRIVATE SECTOR'S FOREIGN LOAN REPAYMENT TO DROP 42% IN 2023

The Bangladesh Bank has projected that loan repayments against mid- and long-term foreign credits secured by the private sector might fall by 42.6 per cent in 2023, but the development might not bring about major relief for an economy reeling under the forex crisis.

The private sector will have to repay loans amounting to \$1.62 billion this year compared to \$2.82 billion in 2022. Debts worth \$1.77 billion will have to be repaid in 2024, data from the central bank showed.

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\$1.62B IN PRIVATE SECTOR FOREIGN LOAN INSTALLMENTS DUE IN 2023



The country's private sector has to pay off instalments of long-term foreign loans amounting to \$1.62 billion in 2023 amid the ongoing dollar crisis.

According to a report by the Bangladesh Bank, the principal amount of long-term foreign loans to be paid from January to

December this year is \$1.27 billion with more than \$354 million in interest payments.

The central bank said the interest amount for 2023 is the highest in 31 years between 2009 and 2040.

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\$858M WORLD BANK LOAN FOR CLIMATE RESILIENT AGRI GROWTH, ROAD SAFETY

Bangladesh and the World Bank yesterday signed two financing agreements totaling \$858 million to enhance climate-resilient agricultural growth, food security and improve road safety.

Sharifa Khan, secretary to the Economic Relations Division of the ministry of finance, and Abdoulaye Seck, country director for Bangladesh and Bhutan at the World Bank, signed the agreements, said a press release.

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BANGLADESH PAYS FIRST FOREIGN BILL IN TAKA



Bangladesh has made the first payment for a mostly foreign loan-funded project in the taka, ushering in another mode of better preserving foreign currency reserves.

The project is on constructing a 24-kilometre elevated expressway connecting Dhaka to Ashulia at a cost of Tk 17,653 crore, or around \$1.2 billion.

China is providing 85 per cent of the cost as a loan at 2 per cent interest, payable in 20 years, including a grace period of five years. The remaining 15 per cent is being borne by the Bangladesh government.

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BANGLADESH, DENMARK SIGN TK474 CRORE AGREEMENT FOR IMPLEMENTING BILATERAL DEV PROGRAMME

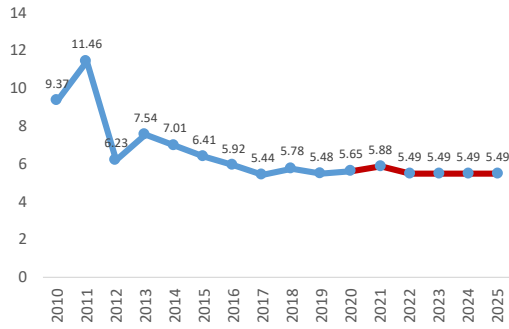
Bangladesh and Denmark on Wednesday signed a Framework Agreement of Tk474 crore for implementing the Bilateral Development Programme 2023-2028.

The strategic objectives of the Framework Agreement will be complemented by cross-cutting priorities such as the strengthening of democracy, empowerment of youth, and improving gender equality through empowering women and girls, reads a press release.

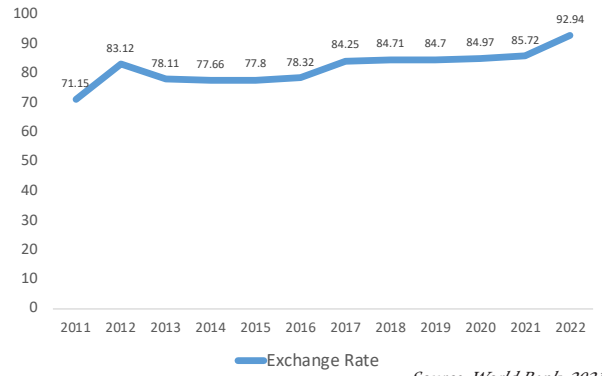
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ECONOMIC INDICATORS

Inflation

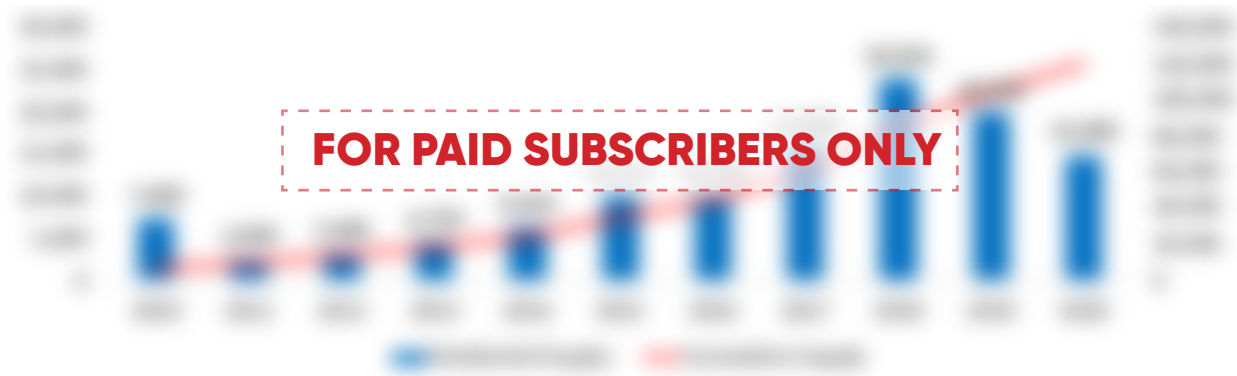


Annual Exchange Rate



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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