

Majors: MKT

**Study of Pakistan real estate industry Analyzing online
portal**



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Introduction

Real Estate in Pakistan is a growing sector of the economy of Pakistan. Pakistan spends \$5.2 billion on construction each year. Moreover, many more billions are spent on buying residential and commercial plots.

Demand for residential properties grew in 2010 due to which there was an increase in the interest rates in real estate industry of Pakistan. The overall prices have grown drastically and have even exceeded 10 million PKR so as a result upcoming new housing projects are mostly aimed at the elite or middle class. The government in 2012 has also planned to reduce the interest rates on mortgage loans.

Pakistan's high inflation makes it appear that house prices are rising strongly. But it's an illusion. Nationwide house prices, in nominal terms, rose by 5.05% to PKR 10,875 (US\$ 77) per square feet (sq. ft) during the year to Q1 2019, However, when adjusted for inflation, house prices actually dropped 3.98% over the same period.

In March 2019, Pakistan's inflation stood at 9.4%, up from 8.2% in the previous month and 3.2% in the same period last year, in fact, it was the highest level recorded since November 2013.

- In **Lahore**, the average house price was PKR 10,402 (US\$ 73) per sq. ft in Q1 2019, up 6.25% from a year earlier, but actually down 2.89% when adjusted for inflation.
- In **Karachi**, house prices averaged PKR 13,158 (US\$ 93) per sq. ft in Q1 2019, up 4.25% from the previous year, but down 4.62% when adjusted for inflation.
- In **Islamabad**, house prices averaged PKR 9,985 (US\$ 70) per sq. ft in Q1 2019, up by 7.01% from a year earlier, but down 2.2% in real terms.

The Pakistani rupee (PKR) lost about 25% of its value against the US dollar in just two years, from PKR 104.804 =US\$1 in March 2017 to PKR 139.177 = US\$1 in March 2019.

The State Bank of Pakistan (SBP), the country's central bank, devalued its currency several times last year, as the government negotiates a bailout with the International Monetary Fund (IMF) to address its ballooning current account and fiscal deficits that threaten to trigger a balance of payments crisis.

Despite the country's troubles, the economy grew by a robust 5.2% in 2018, after expanding by 5.4% in 2017, 4.6% in 2016, and 4.1% in both 2014 and 2015, according to the SBP. Economic growth is projected to slow to around 3.9% during the FY2019, according to the Asian Development Bank (ADB).

Foreigners working and living in Pakistan can buy or rent properties. However, the government requires them to complete certain legal formalities with the Board of Investment and the Trade Development Authority of Pakistan.

According to FPCCI (The Federation of Pakistan Chambers of Commerce and Industry), much of the economic development in the country is being done by real estate agents. The construction sector in Pakistan has experienced a 9% growth however it needs the real estate sector to grow as well for it to fully reach its complete potential.

Background:

The real estate industry has existed in Pakistan since the earliest of times and over the years has grown vastly. Even before Pakistan gained independence in August of 1947 the real estate industries were already present in the city of Karachi. From then till now the real estate industry has changed and improved vastly and has even more potential in the near future. Contractors used to be active in the areas of Karachi which today is known as Bandar Road. However, the real estate industry started to rise in the 1950's when places like Sindhi Muslim society, Pakistan Employee Cooperative Housing Society (PECHS) and Tariq Road developed in Karachi.

The Defense Housing Authority was established in the 1960's and due to it having low prices initially a lot of people invested in the project.

The real rise came in 2001 where the industry broke all career records, and this was the time where the prices started to increase drastically. Due to this by 2005 the real estate industry faces recession which ended in 2010 lasting 4 years.

In the coming years, the industry is expected to grow a lot more and both local as well as foreign investors are expected to enter and take part in the different ongoing and upcoming projects in the country. Projects like Capital Smart city promise a lot of potential and overall the industry is expected to grow in the coming years.

Project Goal:

Our goal is to analyze the real estate industry of Pakistan and to determine its progress, short comings over the years and what can be done to make it better. We intend to bring the use of technology in this industry and we intend to combine the two in order to generate more potential and methodologies within the industry.

Project Objective:

Our objective is to fill the gap of technology in our real estate industry. Even to this day the perception of the industry is that is ran solely by individual real estate property dealers and