



INTERNSHIP REPORT ON

“Problems and Prospects of Real Estate Business in Bangladesh”

Internship Report as Partial Requirement for
Masters of Business Administration (MBA) Degree

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Letter of transmittal

May 18, 2019

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Subject: Submission of internship report.

Dear Sir,

I am submitting my Internship report titled "Problems and Prospects of Real Estate Business in Bangladesh". I have tried my best to find out the current situation of real estate sector in Bangladesh & its problems and prospects. I have been doing jobs in Concord Group for the last 6 years. I have tried to explain in this report on that I have acquired knowledge on real estate industry during last 6 years. I specially look for your pardon if you find any mistake in this report.

Please, inform me if you have any query on any issue in this report.

Thanking you

Sincerely yours,

Istiaq Ahmad

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MBA

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Acknowledgement

First of all, I would like to express my deepest gratitude to the almighty Allah for fruitfully preparing this internship report.

I express my deepest sense of gratitude and heartily respect to my honorable instructor **Mr. Mahmudul Haq, Assistant Professor**, BBS, BRAC University & supervisor from Concord **Ms. Sadia Zaman Khan, Sr. Manager (Collection & Recovery)** for all valuable suggestions and instructions completing this report.



Abstract

Food, Clothing, Residence, Health Care and Education are considered the prime needs to survive in this planet. In Bangladesh housing does not get the priority. In Dhaka city, 2% to 3% people live in flat which are made by the real estate companies. Housing contribution in economy is not in satisfactory level. In Bangladesh housing contribution is only 0.18% to 0.21% percent of the total GDP and growth rate of housing is very slow where in our neighbor country housing contribution is 5% of their total GDP.

Bangladesh is one of the most densely populated countries of the world. With regard to area, it is the 139th smallest country of the world, but it is eighth most populated country of the world. According to the United Nations' report of the World Population Prospectus in the year 2050, the population of Bangladesh will be about 254 million and also will be considered as the seventh crowded populated country of the world. So, population is easing tremendously although land is fixed. It is not feasible to expand the accommodation of the people horizontally but is possible to expand vertically. The role of real estate companies is very much important to manage housing problem. But it is a matter of regret that though real estate companies are doing their business in urban areas, they are not interested to expand their business in rural areas as they face some difficulties there.

In Bangladesh, 23% of the real estate houses are built for the very rich people who have more than one house in different locations in Dhaka city where 30% people live in slums area and some of the people have no dwelling place that cause sleeping on pavement. When the developers are ready to provide the housing accommodation facility for the low income people, right on that time the price of those flats became 25 lacs that are difficult for some low income people to purchase. Sales of flats by different real estate companies are not stable. In 2001 average sales was 54000 square feet but in June, 2009 it goes down to 800 square feet only because of worldwide economic recession & political instability.

In Bangladesh the price of flat is increasing sharply. In 2001 average price of flat is Tk. 1500/sft. but now average price goes up to Tk. 6000/sft. The main reason of high price is the nonstop increasing of the price of backward linkage products. About 21 sub-industrial and services sectors work as supplier of the real estate firm company, among them highest contribution is coming from Steel (29%) industry and cement industry (11%). If the price of steel reduces, it will positively affect to reduce the price of flat.

In Bangladesh, per square kilometer people is nearly 1000 where in Singapore per square kilometer people is 6,676 but they have everything in their small living place because developer properly uses the space in there. In Bangladesh, Lake City Concord is established in less than 1 square kilometer, where more than 10 thousand people live with all the modern facility. Concord has proved that it is possible in Bangladesh to provide the housing accommodation facility for all the people if we properly utilize our resources.



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Executive Summary

This report is prepared as a requirement of MBA program of the BRAC Business School. This report focuses on problems and prospects of real estate business in Bangladesh.

The total report is divided in to three broad head. The introduction part includes background, objectives, and methodology of the study. This part also includes the limitation & scope of the study.

In second part, which is main part of the report, I have discussed about the overall situation of real estate business and also about Concord Group.

In the third & forth part, I have tried to analysis the report and make recommendation. I also draw a conclusion on the above analysis.



CHAPTER

1

1.1 Background of the Project

The housing situation in Bangladesh has never been satisfactory. The majority of dwelling units are temporary, sub-standard, unsafe and overcrowded. The supplementary physical social and economic facilities and services essential for the development of healthy and symphonic community life are highly inadequate both in the urban and rural areas. In Bangladesh, real estate is a recent phenomenon, although such activities started sometime in 1964. Ispahani Group was the pioneer in this sector (Hossain, 2001). During 1970s there were fewer than five companies in Bangladesh engaged in this business (REHAB, 2004). But in early 1980s with the inception of Eastern Housing Ltd., the apartment project started successfully. Now this is a booming sector of the economy. Since late 1980s, it came within the purview of business field. As a fast growing city of Bangladesh, such business was initially concentrated in Dhaka. In 1988, there were 42 such developers working in Dhaka and in 2004 there were about 250 companies engaged in this business (REHAB, 2004). Such activities were later on spread to Chittagong and Khulna cities. At present, there are about 400 firms operating apartment business and they have apartment projects in Dhaka City as well as in some other cities. Over the last 15 years, the real estate development sector has made significant contribution to many sectors in our economy. Since 1985 this sector has created homes for over 20,000 families in the Dhaka Mega City (Seraj, 2003). Additionally, thousands of acres of land have been developed into housing estates where lower-and middle- income families can construct their own dwellings. The Dhaka Metropolitan City has seen a new dimension of modern shopping complexes due to the initiative of the Real Estate Developers. Fast growth of population, shortage of land supply and lack of planning, together with social and environmental problems in Bangladesh, make building construction from own initiative more unreliable for the low to middle income groups. But private developers construct high rise apartment building with vertical expansion, which requires small size of land for large number of people. Besides, private developers develop building in the most planned way that improves the decency. In the real estate business process, some prospects and problems are involved. Prospect is that human being is able to dwell in, despite the fact that they have limited land and problems are of several types.

1.2 Significance of the study

The term real estate is defined as land, including the air above it, and any buildings or structures on it. It covers residential housing, commercial offices, and trading spaces such as: theaters, hotels and restaurants, retail outlets, industrial buildings such as factories and government buildings. Real estate involves the purchase, sale, and development of land, residential and non-residential buildings. The main player in the real estate markets are: landlords, developers, builders, real estate agents, tenants, buyers etc. Basically the activities of real estate sector encompass the housing and construction.

1.3 Scope of the Project:

Focus is on the overall situation of Real Estate and Housing Industry of Bangladesh, and finding out the problem based on research. This report is based on "On the Job Experience" and customer survey.

1.4 Objectives

1.4.1 Broad Objectives:

This research will help find out the present scenario of Real Estate Industry in Bangladesh and its problem and prospect.

1.4.2 Specific Objectives:

- ⇒ To find out the trends of Real Estate Companies in Bangladesh
- ⇒ To disclose the legal environment of Real Estate Business
- ⇒ To find out Hurdles of Real Estate Companies
- ⇒ To analyze Panorama of Real Estate Companies
- ⇒ To establish Strategies that are applicable for the better Services

1.5 Methodology of the Research work:

1.5.1 Type of Research Design

For this study exploratory research has been taken.

1.5.2 Sources of data

1.5.2.1 Primary Source of Information: Most of the primary information is collected from the clients of Concord.

1.5.2.2 Secondary Sources of Information: It includes searching web sites of different Real Estate Companies, industry annual reports and company brochures, different published books and magazines and study of books that are related to Real Estate.

1.5.3 Data Collection Procedure

There are two types of data collection procedure:

1.5.3.1 Secondary data

In this study secondary data are mainly collected from the brochures, real estate magazine, internet etc.

1.5.3.2 Primary data

Primary data were collected through questionnaire. All of the respondent were the clients of Concord Group.

1.5.4 Research Instruments

1.5.4.1 Questionnaire

A questionnaire is a research instrument involving of a series of questions and other encourages for the purpose of gathering information from respondents.

- ⇒ Type of interviewing method: All of the data are collected from a number of respondents through a questionnaire.
- ⇒ Types of Questions: A close-ended questions has been used to collect survey data. Close-ended question is asked to the respondent to make choices among a set of alternatives
- ⇒ Size: The questionnaire contains 15 questions.

1.5.5 Scaling Technique

To measure the respondent's judgment, the questionnaire is designed through Likert scale. Were respondents are given five point Likert scale.

1.5.6 Sampling Plan

1.5.6.1 Population: Target population of this survey was all customer of Concord Real Estate.

1.5.6.2 Sample Size: Total sample size was 30.

1.5.6.3 Extent of Data Collection: Data is collected from the head office of Concord Group (Concond Center, 43 North C/A, Gulishan-2, Dhaka).

1.5.6.4 Time Period of Data Collection: The survey has been done from 19th to 23rd May, 2019. Data is collected during 5 days from 11:00 AM to 3:00 PM.

1.5.7 Data Analysis & Reporting

I used chart, diagram and graph for showing the results specifically which may increase the acceptability, reliability and validity of research. For that different types of software are used, such as- Microsoft Word, Microsoft Excel.

1.6 Limitations

- ⇒ Different classes of customer.
- ⇒ For different types of barrier, it's hard to collect accurate data.
- ⇒ Sometimes customer doesn't want to go against company.



CAPTER 2

Company Profile



2.1 Introduction

Concord has grown with time & Bangladesh since Concord was established in 1972. Concord's contribution to the infrastructural development of Bangladesh began with constructing war-damaged bridges in 1973. Since then Concord has taken part in port rehabilitation, construction of much needed factory buildings, the International Airport, defense installations, and high rise office buildings.

Concord Engineers & Construction Ltd. was set up in 1972 as a small engineering construction firm. In time Concord has grown to be one of the largest construction conglomerates in Bangladesh. Its credibility and dedication to quality is well established and has won some of the most prestigious and challenging projects in Bangladesh. Concord started its journey 46 years ago with a commitment to quality. Concord now feels convinced that quality eventually pays. Concord was awarded by a panel of eminent juries in the category of "Enterprise of the year 2000" of "Bangladesh Business Awards" jointly rewarded by DHL-The Daily Star, in recognition of outstanding leadership quality and as a role model in corporate business.

In the backdrop of the emergence of Bangladesh as a new nation, Concord started as a small, almost insignificant enterprise by the name of Concord Construction Company in late 1972. From then on, during the past two decades Concord has grown into a leading corporate group in Bangladesh. This development reflects Concord's competitiveness, efficiency and technological advancement.

Concord's professional approach, emphasis on manpower development, modern construction management methods supplemented by its mechanized working techniques with a wide range of equipment base, have enabled Concord to win so many milestone projects, from National Monument, Zia International Airport, KAFCO, National Indoor Stadium, Army Stadium, to IDB Bhaban, Jiban Bima Tower, Janata Bank Tower, BSRS Tower, Singapore Telecom Tower and many more. Concord has successfully completed over 500 prestigious projects both at home and abroad.

In keeping pace with ongoing demands for both up market high quality apartments and for mid-market different range of moderate apartments Concord Group has decided to introduce a new company with a new vision in the beginning of 1997 by the name Concord Real Estate and Building Products Ltd. (CRPL).

The Concord Group is changing. It is pursuing new business opportunities because the world is not static. There have been many developments in the recent past that will affect us all, both in Bangladesh and globally.

2.1.1 Different Companies of Concord Group:

- I. Concord Engineers and Constructions Ltd.
- II. Concord Real Estate & Building Products Ltd.
- III. Concord Ready-Mix and Concrete Products Ltd.
- IV. Concord Ready-Mix Concrete and Batching Plants Ltd.
- V. Concord Shalna Terrazzo Tiles Factory.
- VI. Concord Priestesses Concrete & Block Plant Ltd.
- VII. Concord Condominium Ltd.
- VIII. Concord Real Estate & Development Ltd.
- IX. Concord City Projects.
- X. Concord Affordable Housing.
- XI. Concord Entertainment Company Ltd. (Fantasy Kingdom, Foy's Lake).
- XII. Concord Trading Ltd.
- XIII. Theme Park Resorts and Holiday Homes.
- XIV. Concord Architects and Interior Decor Ltd.

2.2 Vision, Mission, Goals & Objective of Concord Group

Vision:

Commitment to become a leading construction & entertainment conglomerate in Bangladesh.

Mission:

"We believe that everyone has the right to high quality, affordable and safe housing, whatever their economic status. Concord caters for all budgets and incomes. We specialize in luxury apartments and offices and yet we have also designed and sold thousands of homes and office spaces to the mid-market and lower income households. For Concord, customer satisfaction is of utmost importance. We can cater to your every whim, we can custom design interiors and encourage a great deal of customer participation whether we are developing your land or selling you an apartment or some office space. We can design our apartments and buildings to suit your every need and desire. Our dedicated and professional real estate team is always happy to help. Our projects are built to last, through providing high quality living and working structures we aim to improve the quality of life for the people of Bangladesh."

Objectives:

- ⇒ To create an environment for excellent residential housing with close proximity to the commercial centers.
- ⇒ To reduce the human pressure on the inner city of Dhaka and all over the country.
- ⇒ To meet up the lake for refreshment & amusement environment in our country.
- ⇒ Significant contribution in our tourism industry.
- ⇒ Building a better world with Relentless purest of quality.

2.3 Organizational Structure

Board of directors

All sister concerns under Concord Group have been formed with the following members.

- | | |
|--------------------------------|--------------------------|
| 1. S. M Kamal Uddin | Chairman |
| 2. Farida Khanam | Vice Chairman |
| 3. Shahriar Kamal | Managing Director |
| 4. Nahid Kamal | Director |
| 5. Nusrat Kamal | Director |
| 6. Nazia Karishma Kamal | Director |

Management of Concord Group

Concord also follows traditional management style. The organogram of the company is not well structured but it is better than other developers of the industry. They are going to turn into structured wide span management. The innovative and entrepreneurial ideas of the top management are used to adopt the situational management structure also.



CAPTER 3

Literature Review

3.1 Trends of Real Estate Companies in our Country

3.1.1 History of Developers in Bangladesh

Traditionally a home is entirely a personal and family achievement. A finished home is not just a shelter for a family but it is made sweeter with attachment of personal memories of the process. Rapid urbanization, scarcity of land and complexity of the construction process has made it impossible for many who could otherwise afford it in financial term.

Government efforts in providing housing, primarily limited to government employees and some for the urban public, could not make any significant dent in the urban housing scene. With a huge backlog of housing need mounting in the cities, a new generation of real estate entrepreneurs came into the picture. In some cases, plots were subdivided and sold out, and in others houses were constructed, some for individual ownership and others for multi ownership of buildings with flats for individuals.

The first developer-built housing was organized in 1964 by a company called Eastern Housing Ltd, at Pallabi, Mirpur. In this project the developer made an agreement with the buyers to develop the land and construct complete buildings just after an initial payment. The rest of the money was borrowed by the company on behalf of the buyers, from a loan-giving agency and the company constructed the houses with the borrowed money, so the buyers had to invest in the land initially. The project covered 1000 houses of different types ranging from 500 sq ft. to 1940 sq. ft. on plots of 2.5 katha to 5 katha.

The focus, so far on the middle class, moved away completely in a different direction in the seventies. Bangladeshis working abroad were remitting money to be invested in land with the hope of building a house on it. The developers were quick in understanding its potentialities They started producing tempting condominiums on prime land. Bangladeshis abroad saw the chance of owning apartments without the trouble of building houses on their own. Thus a large amount of foreign currency coming in through the wage-earners scheme was being invested in developer-built housing. Housing became a booming construction activity and by the 80's there were as many as 25 developers in Dhaka.

Recently a new group of consumers has emerged consisting of young urban professionals and a new young couples preferring to break away from the tradition of the joint-family structure. For this group the developers are producing functions, sophisticated apartments with westernized living arrangements, consistent with the life-style and taste of these young executives.

The developers are now turning to architects for more attractive, functional and competitive designs. Due to high land value and scarcity of prime land, maximum utilization of available land has also become vital and the developers are turning to professionals for judicious planning and design. Architects are thus increasingly getting involved with developer-built housing schemes.

Developer-built housing in Dhaka city experienced three distinct phases of development. Initially huge areas were subdivided into plots and then single units were constructed like the traditional practice of owner-built houses as in the Eastern Housing scheme at Pallabi. Then came the trend of constructing groups of buildings on large plots in the form of a complex or colony. The earliest examples of this kind are Hafizabad, Hasanabad and Aminabad housing complexes. In these cases, a number of buildings were placed on a single plot, all being walk-ups, to a maximum height of five storied. Currently a good number of projects are being constructed under the same planning scheme. For example, Century Estate, Ramna Apartments, Shideshwari, Housing, Lake City Concord. The tendency now is to develop a single structure with a large number of apartments. This again has two variations-walk-up multi-family structures and the elevator served high rise apartments. Lake View apartments, Segunbagicha apartments are walk-up structures with apartments of different types; while Park Plaza, Walsow Tower, apartment complex at Eskaton by Eastern Housing, etc. are high-rise structures with a large number of apartments. There are other projects like Siza Court at Farmgate where a mix of high-rise and walk-up apartments are being tried. Developers, in order to enhance return, are also in some cases introducing commercial facilities in the housing complex.

Some architects are designing buildings with exposed bricks to establish a linkage with the past and a feeling of intimate residential scale and character; details in the shading of window and cornices are creating more interesting facades. Yet others are experimenting with new materials and finishes that have come into the market only recently.

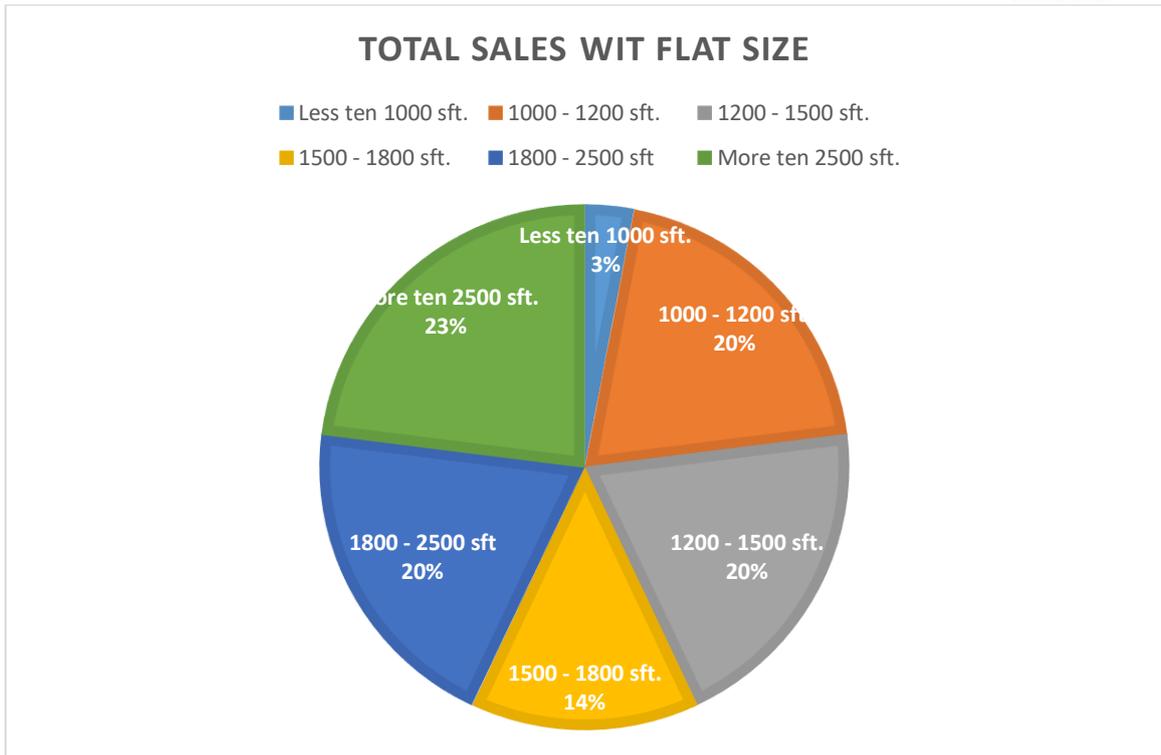
(Source: Housing and Urbanization)

3.2 Hurdles of Real Estate Companies in our Country

3.2.1 Current Market Situation of Concord & Other Real Estate Companies:

✚ Flat Size in Real Estate

Most of the developers set the high income people as target customer only. From our market survey in real estate we saw 23% of total production is for the high income people which is mainly built in prime location of Dhaka City. The small sizes flat is built in undeveloped area. If the developer builds house in prime location in Dhaka city, their first choice goes to high income people as the size of the flat is big.



[Source: Problem of housing Industry]

Sales volume with time

Total sale of apartment was more or less stable up to year in 2007 but in 2008 was so bad for real estate business because the reason of increasing the price level of the flat. The causes those are effecting the housing are given bellow –

1. Higher inflation rate.
2. Active role of ACC for finding corrupted people.
3. Uncertainty of the business.
4. Political crisis

3.2.2 Poor productivity of developer

Inadequately qualified construction managers and skilled artisans: Construction labor is relatively easy to obtain in Bangladesh. However, the services of skilled professionals such as Architects, Engineers and Quantity Surveyors are less employed by individual private who "designs" according builders. Instead, they rely on local artisans, such as draughtsman, to the brief of the client and charge little as compared to the professional. Where the services of the skilled are used, it is typically engaged by

recommendation. The unskilled laborers are engaged either by way of adverts through friends/or relatives or by relying on the skilled hands he has engaged to provide the required number of laborers. However, real estate companies make use of both the skilled and the unskilled personnel. Artisan's training is provided in two main ways. One route is through the polytechnics, or technical schools. More commonly, however, skills are simply acquired through apprenticeship. The ways in which their fees are determined is arbitrary, often owing more to the perceived income of the client rather than cost of the job; a rich client will be asked to pay more than a poor one.

The close placing of the buildings has created the risk of failure of a multi-storied building due to fire incident not only itself, but also due to the fire in the adjacent buildings. So, the inmates of such a building should remain vigilant on the river-prevention and rise-fighting provisions in all the adjacent buildings.

3.2.3 High cost of construction materials

The availability and cost of building materials to a large extent influence the supply of using in Bangladesh. Where building materials are readily available and less costly, all things being equal developers can build many houses thereby increasing supply. In Bangladesh, building materials is ranked the second biggest constraint to house construction. It is expensive and supply is inconsistent. This is attributed to the high-dependence on imported materials components including cement, and cement clinker, lime, galvanized iron cement roofing sheets, sanitary ware and fittings, electrical fittings and fixtures glass, steel reinforcing bars, paints etc. It is estimated that construction cost of an average residential property in Bangladesh is split between 70 percent material cost and 30 percent labor cost. It therefore goes without saying that a command of local building material any meaningful housing development. While the country necessary requirement for endowed with a wide variety of raw material resources which could be developed to meet the of the country, attempts by various governments to encourage the development and use of local building materials is beset with various constraints materials production plants are in general operating inefficiently at less than 50 percent capacity utilization. At the same time materials, which have been used traditionally in the rural areas where about 7 percent of the population resides, are of poor quality. Technological innovations, which could enhance the quality of construction using such materials, have not been sufficiently disseminated by research and extension institutions.

3.2.4 Higher Cost of land

Scarcity and high cost of land is a major impediment to the growth of proper housing in urban Bangladesh. Most housing and infrastructure programs faced problems for the want of serviced land in right amount and at appropriate locations. The majority of the urban poor are rural migrants with low

affordability. An unfairly structured city and a distorted economy have restricted their access to land. They resort to living under inhuman situations in the slums. Neither they can participate in any public housing scheme, nor do the utility agencies want to serve them without the security of the provisions and investment. The poor occupy 20% of Dhaka's residential land; 97% of them do not own the plot on which they live (Islam *et al*, 1997). About 40% of Dhaka's population lives in the slums. In 1990 there were 1 million slum people in 2156 clusters within the metropolitan area (BSNC, 1990). The number increased to 1.5 million in more than 2800 clusters by 1996 (BCL *et al*, 1996). About 55% slum people get tap water through informal sources; some depend on public supply points outside the slum. About 40% of the poor use tube wells, one for 100-200 families. They use unclean water from various sources. Around 55% of them cannot use sanitary toilet. Fewer than 20% of the slums are served with a proper sanitation system: another 60% have temporary shared latrines. The rest have no latrines. Most inner city private slums have electricity, but all houses are not served. Few of the slums have electricity; 41% of the houses have access to electricity, and another 26% are connected illegally. About 12% of the poor have access to gas; generally, people share cookers (Rahman, 2004). As increasing high and unregulated land price takes a lion part of the housing cost, particularly of the low-income group, no effective solution to the housing problem can be reached without addressing this issue. The solution lies not in the speculative market, but on the institutional and legislative arrangements to curb the imperfections in one hand, and enable legitimate urban footholds to the poor households on the other hand. Absence of proper agencies and legislation and lack of formal sector initiatives made it difficult to achieve this. The Non- Government Organization (NGO) interested to innovate urban housing programs feel dependent on government actions or assistance to provide them with land.

3.2.5 High Registration Fee & Other related Charges

It is a very troublesome and costly matter to handover or transfer or to execute any sale deed against any land property. The registration fee is fixed at 21% of the total value of the land and other miscellaneous charges are 2%. Thereafter, another problem is the "procedure of Sale Deed or Transfer of Property". For the flats or apartments which are built out of Rajdhani Unnayan Kartipakha (RAJUK) area, the cost of sale deed or transfer of property charges are as a Value-Added Taxes (VAT) of 2% and a transfer fee of Tk. 1,00,000/-for up to 2000 sft or less. For flats or apartments more than 2000 sft., the transfer fee is Tk. 1,75,000/-with an additional registration fee of 21%. But, in case of the flats or apartment built on the plots allotted by RAJUK, the registration fees stand at 21 % of the total cost of the land as well as the flat or apartment. In this case, the value of a flat or apartment is fixed at Tk. 650/- per sft. So the total cost of a flat of 2000 sft. area stands at Tk. 13,00,000/- for which is to pay or expand Tk. 3,00,000/- more. So, higher registration fee & other related charges are most important problematic issue for both the land developer and flat builder. In summary, one of the main constraints in housing production is the high cost of housing in relation to incomes. Particularly in urban areas, where land

prices and building material costs are high, the gap between cost of new construction and incomes has some major consequences.

3.2.6 High population growth and increasing urbanization

Bangladesh had one of the highest rates of population growth in the world in the 1960's and 1970's. Since then however it has seen a marked reduction in its total fertility rate, from 6.2 thirty years ago to 3.2 (US CIA, 2004). Urbanization has been rapid and largely imbalanced. A quarter of the population now lives in urban areas, while in 1960 the number was just 5%. Fifty percent of GDP is spent on urban activities. Urbanization has been skewed toward Dhaka, making it among the fastest growing metropolises in the world. This is adding to growing concerns about congestion, lagging urban planning and management, and skyrocketing real estate prices.

3.2.7 Low per capita income

Per capita income in Bangladesh was Tk. 21,681 in fiscal 2005-2006, and Tk. 20,486 in fiscal 2004-2005. The World Bank rates countries with less than \$750 per capita income as LDCs. Nearly half Bangladesh's 140 million people live in poverty, according to official statistics (Bangladesh Bank 2006). As a country in Least Developed Country (LDC) regime the developments are hindered by low rate of savings followed by low rate of investment.

3.2.8 Low investment in housing over the years

People constantly fight against nature and social ordeals for survival. A good house protects a family from the onslaughts of nature as well as anti-social elements. It thus increases the productive capacity of the inhabitants of a well-built house. When we asked our borrowers about the advantages of having house they said "things do not get damaged due to rains the residents are now free from diseases". Housing has increased the productive capacity of the beneficiaries. But these basic needs for human are not possible to meet by slight investment from their savings due to low income level.

3.2.9 Lacking in Housing Acts

The legal and regulatory framework concerning the housing and real estate development includes laws such as Building Construction Act (1952), Town Improvement Act (1953) Dacca Master Plan (1959) and Building Construction Rules (1984). These laws are not adequate to facilitate resolving habitation problems. Other limitations of these rules included a lack of appreciation about the differences between planning and building rules, the outdated nature of such rules and the inability of the rules to address the demands of an expanding city and targeting only the middle and high-income groups.

There is no standard housing plan for different area of Bangladesh. The Master Plan (1960) was, in general, prescriptive in nature, with particular public provision proposed on an individual basis for specific places, with exceptions made for schools and open spaces for which generous standards were proposed. The rigid land use zoning of the Master Plan (1960) is out of date as a basis for development management. The Bangladesh National Building Code (1993) which was intended to ensure safety in construction has not been made mandatory. The Building Construction Rule (1984) demands a great deal of information from the applicant, but imposes very few compliance requirements on him. The procedures involved in the enforcement of law such as taking permission before development and construction were felt to be cumbersome.

3.2.10 Financing Problem

Growth of the real estate sector is not possible without proper financing being available to both the developers and purchasers. Cost of funding and cost of borrowing are major issues in this regard. At present, contribution of the financing organizations to the sector as a whole is quite inadequate and this is holding back its growth. Since the developers borrow money for a very short-term, the rate of interest is not much of a problem for them. Their problem is primarily with access to credit and delays in decision-making.

Developers don't properly following the procedures for borrowing money from financial organizations. Three parties get involved in the process - the developer, the landowner from whom the land was leased and the one who buys the apartment. Thus, the legal aspects of borrowing become burdensome. A simplified legal method should be established for all situations and should be made mandatory. Financing will then not be a problem.

Many instances, while selling apartments, the developers do not properly mention in their pectus that the apartment is mortgaged against some borrowing. When litigation arises, in any instances the apartment buyers claim that during the purchase they were ignorant about the mortgage and bought the property in good faith. In many cases, adverse judgments were given which seem to be reasonably correct.

3.2.11 Inadequate Capacity of Utility Services

It is not the developers, rather the inadequate capacity of the utility lines which is responsible for blockages in sewerage lines. The utility providers should properly project the demand. Government should support this sector adequately. It is very difficult to have philanthropic expectation from the developers. Apartment buyers will be ultimately charged for this and they will not agree to pay. Getting gas and electricity connection for houses is still very difficult and unnecessarily lengthy which is mainly because of corruption. After Dhaka Metropolitan Development Plan (DMDP) declared Dhanmondi as a six-storey zone, the pressure of traffic in this area has increased. The land fill site provided by RAJUK

for treatment of the garbage generated in Dhaka City is quite inadequate. Developers had carried out developmental work in an isolated manner and did not take into account such issues as aesthetics, transportation, garbage disposal, sanitation or water supply for which many unwanted consequences came up. This approach is creating severe problems in the process of housing development. We want to mention that developers are in many cases constructing 20 flats on one single plot without leaving any space for construction facilities or parking as a consequence of which a majority of roads remain jam-packed. Dhaka Water Supply Authority was established with the funding of World Bank in 1965 and the Chittagong Water Supply Authority was formed in the Pakistan Period to serve a certain number of people with a certain level of supply. The demand has now increased by some 200 fold both in water supply and sewerage. These issues should be properly addressed.

3.2.12 Research Is Ignored in Housing

Through our observation that research on the housing sector is quite inadequate, we have pointed out that studies by academics are mostly theoretical with an academic bias; when they are conducted by developers, business gets the highest emphasis; when the government themselves perform the study only the thoughts of the government are reflected. Now REHAB is understood what is the important of housing research for this reason they collaboration with CPD to conduct an in-depth study of the housing sector with special emphasis on private sector housing.

3.2.13 Large Amount of Duty and VAT

It is claimed by the relevant stakeholders and also empirically found that apartment buyers this are highly dependent on non-document fund. After putting some regulatory control on type of fund, a significant percentage of buyers have lost their interest for purchasing apartment. This type problem can be solved by learning lessons from other developing countries. In order to increase the money flow into the housing business the following strategic steps can be taken: -

The lower index of loan to value ratio [Amount of loan/total value of property] has a tendency to decrease money flow to apartment business. It means apartment buying power of people is reduced. The income and saving ratio of lower income group in Bangladesh is very income group cannot effort to pay the down payment for getting house loan. The current loan to value ratio in Bangladesh is low compare to India and Malaysia. Only government policy and its implementation could control it. VAT and stamp duty in Bangladesh is higher compare to other neighboring countries. This higher stamp duty is increased the load on the buying of lower income group people. These issues can be address by following the practice of countries of neighboring countries

| Countries | Total Duty including VAT |
|------------|--------------------------|
| Bangladesh | 12.5%> |
| India | 5-1 2.5% |

Findings

&

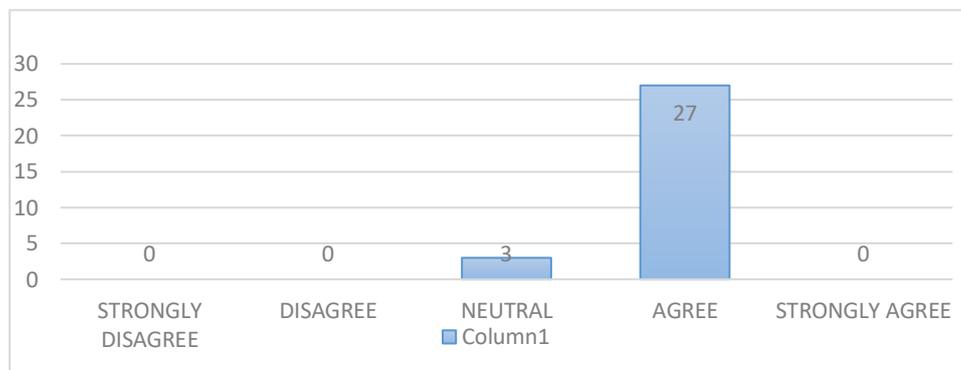
Analysis

Chapter-4

4. Analysis and Findings

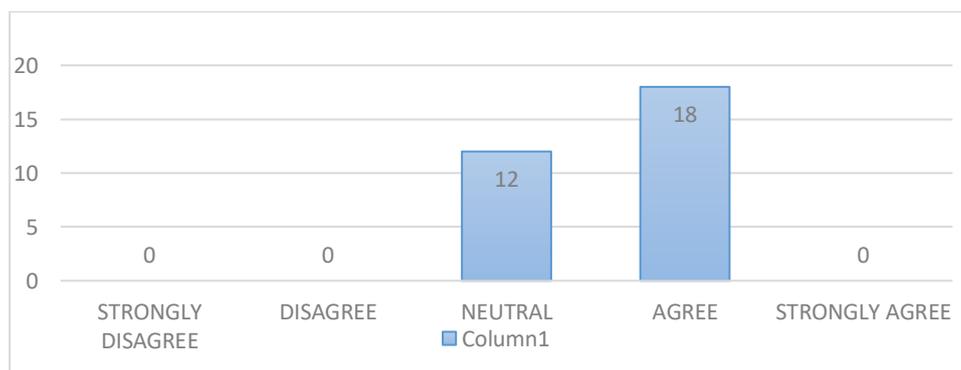
Surveying questionnaire helps to give clear idea regarding the findings of the project. For repairing this report, I have used a structured questionnaire and it filled up by 30 clients of Concord Group. From those filled up questionnaire, the findings from each of the questions are given below with analysis:

4.1 **Question 1:** The Company's products are consistently improved over the year.



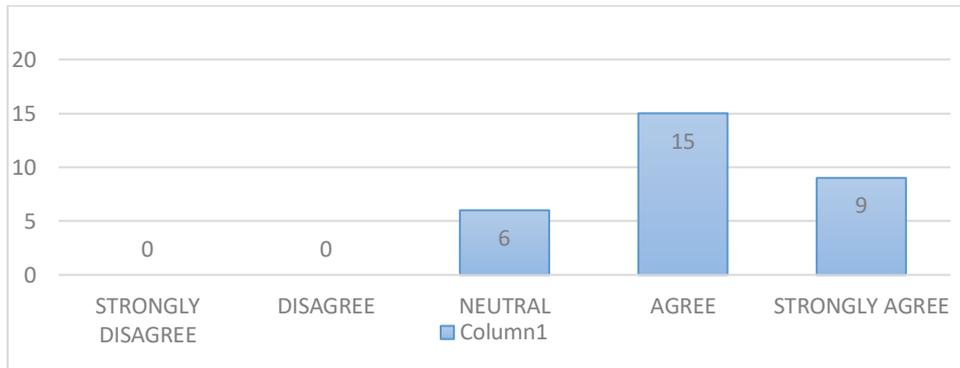
We can see that most of the people are agree with that, the company's products are consistently improved over the year.

4.2 **Question 2:** High cost of per sft. is acceptable because the project is luxurious.



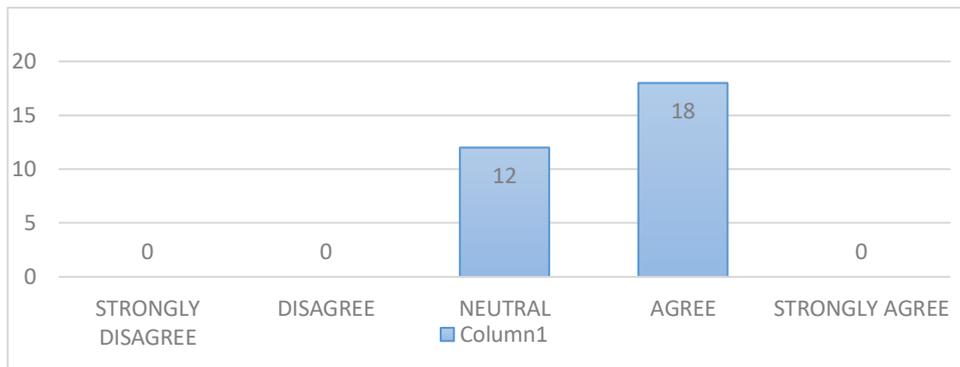
We can see that more than 50% people agree with that, high cost of per sft. is acceptable because the project is luxurious.

4.3 **Question 3:** Internal and external design of the project is exclusive.



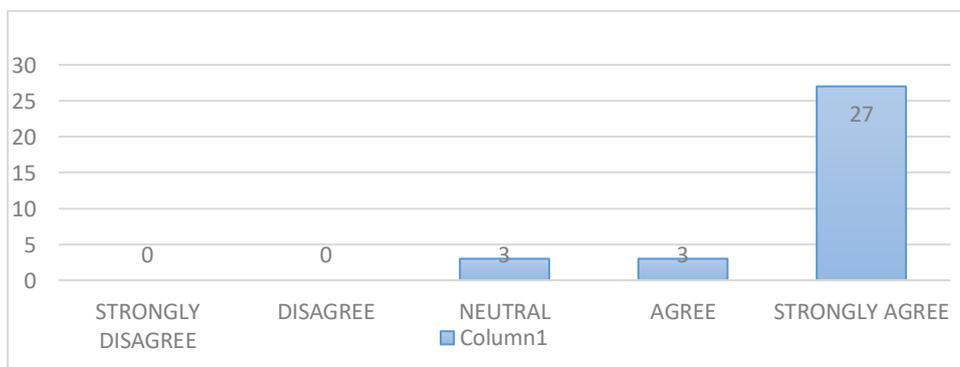
We can see that 50% people agree that, internal and external design of the project is exclusive.

4.4 **Question 4:** Location of the project is favorable to the customer



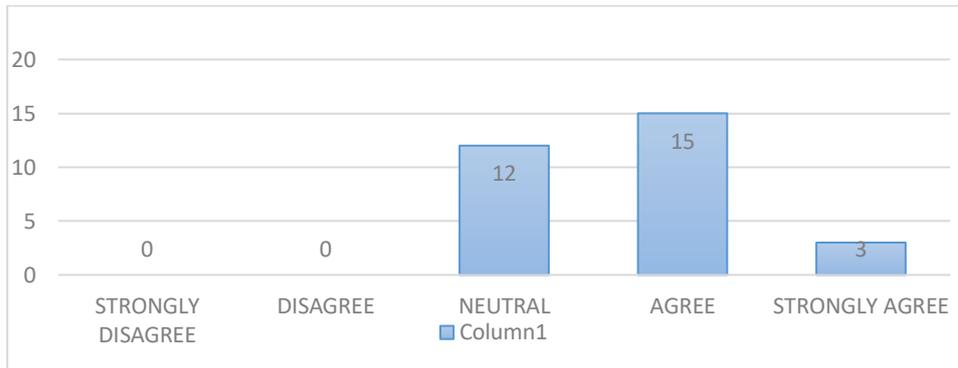
We can see that more than 50% people agree with that, location of the project is favorable to the customer.

4.5 **Question 5:** The price of raw materials is increasing day by day



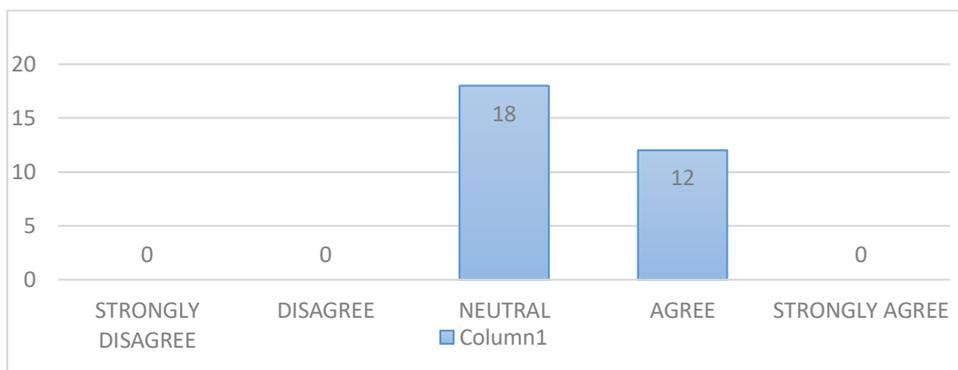
We can see that 90% people strongly agree with that, the prices of raw materials are increasing day by day.

4.6 **Question 6:** Company operate on the philosophy that the customer is always right.



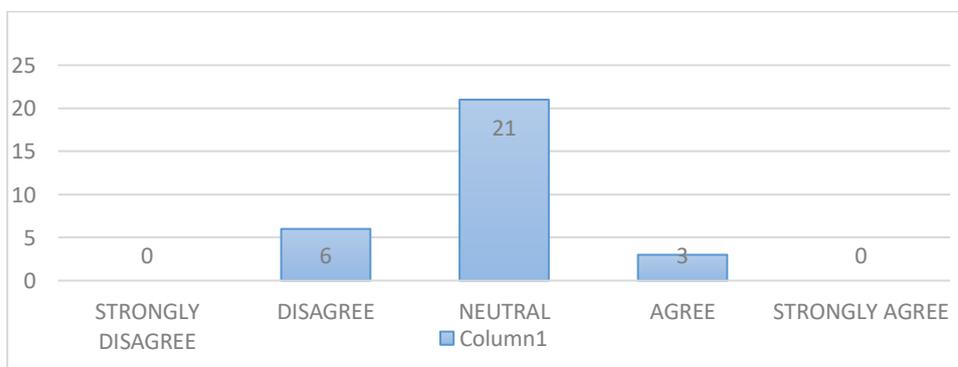
We can see that 50% people agree with that, Company operate on the philosophy that the customer is always right.

4.7 **Question 7:** Salesperson of Company is helpful and experienced



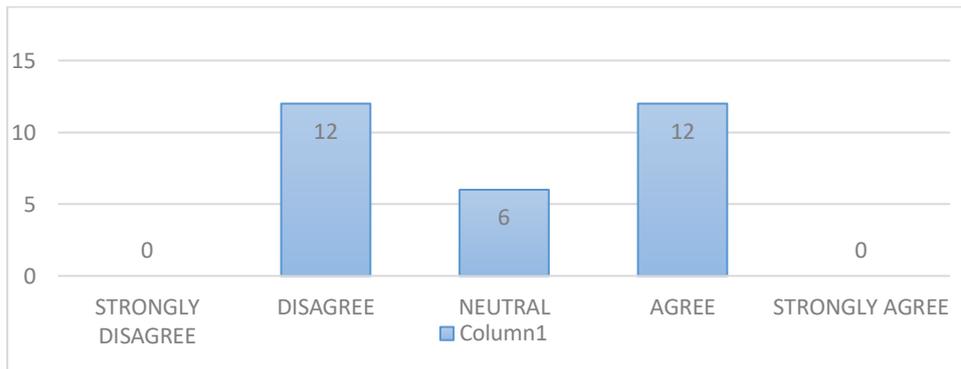
We can see that more than 50% people are neutral about this, salesperson of Company is helpful and experienced.

4.8 **Question 8:** Payment schedule of par month instalment is favorable to client



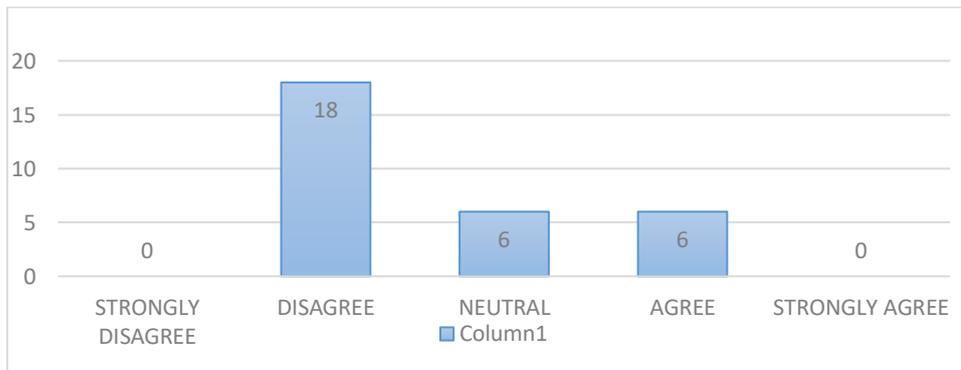
We can see that more than 75% people are neutral at this point.

4.9 **Question 9:** Customer face price acceleration in the time of handover



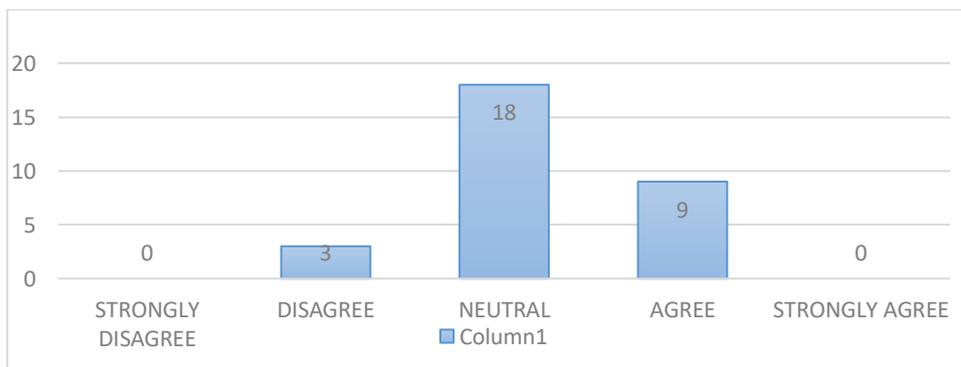
We can see that numbers of Disagree and Agree people are same in this question.

4.10 **Question 10:** Company handover the project to client in time



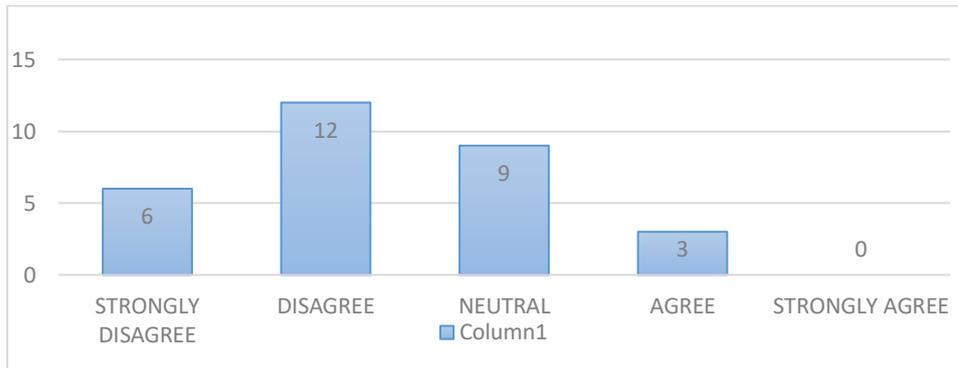
We can see that more than 50% people are disagree with this.

4.11 **Question 11:** The rules & conditions of Company are favorable



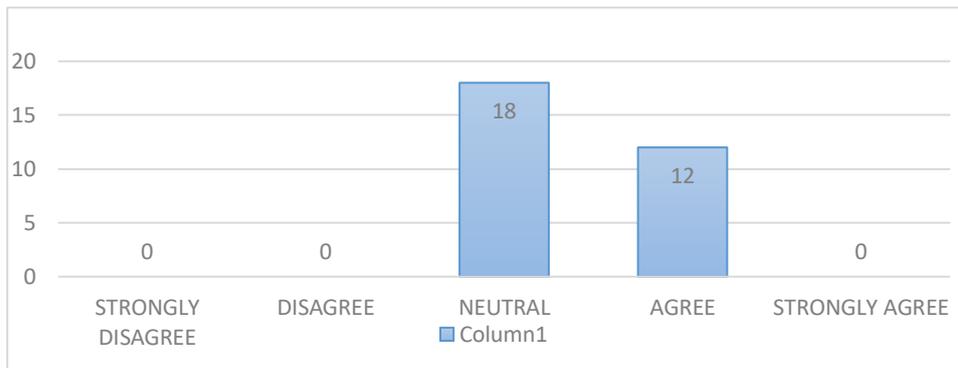
We can see that more than 50% people are neutral about this.

4.12 **Question 12:** Clients have complaints frequently about Company's services/products.



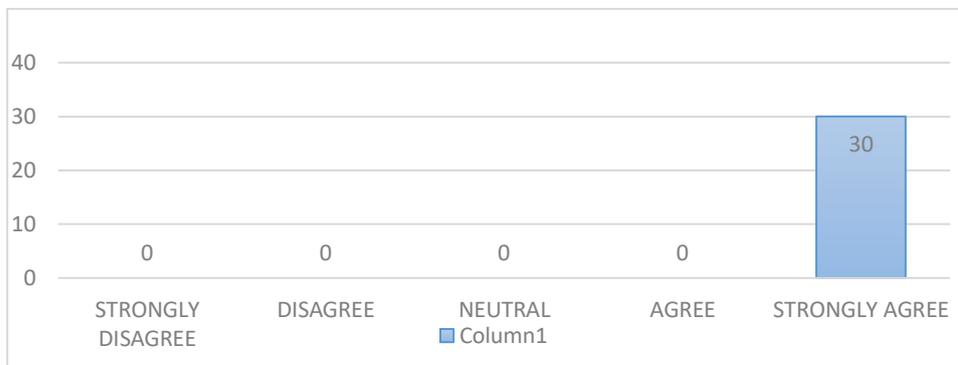
We can see that, in this question most of the people are disagree about this

4.13 **Question 13:** Company's clients are satisfied with Company's current services/products



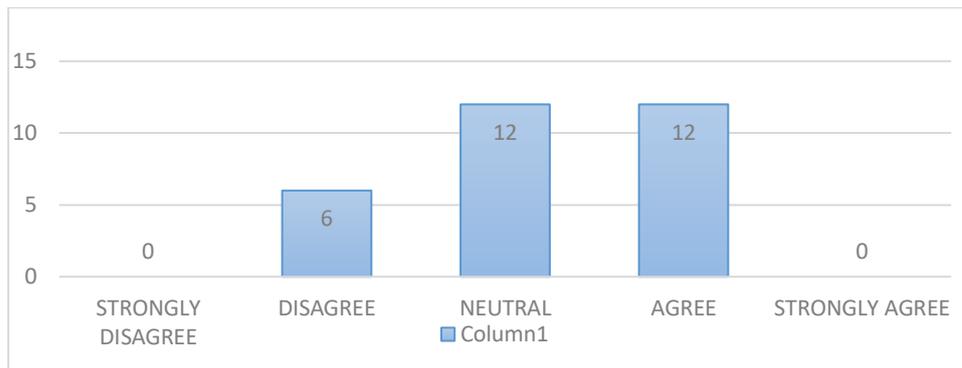
We can see that more than 50% people are neutral about the question.

4.14 **Question 14:** Customer has to buy new apartment without gas connection because of Government



We can see that 100% people are strongly agreed with that.

4.15 Question 15: Electricity connection unavailability in new apartments is a problem



We can see that the number of people are same in the scale of neutral and agree.



Chapter 5

Major Findings

5. Major Findings

From this survey I get some major findings which are come through my personal observation, my internship time period and some are come from the questionnaire. Some of them are given below:

- ⇒ The major numbers of clients are service holder.
- ⇒ Maximum number of client's age is between 30-40.
- ⇒ A large number of clients thinks that the company's products are consistently improved over the year.
- ⇒ 60% of client of Concord thinks that rate of per sft, is higher because of luxurious project.
- ⇒ 50% of client of Concord thinks that company operates the philosophy-"the customer is always right".
- ⇒ 100% of client strongly agrees with that-only for government decision they are bound to buy new apartment without gas connection.
- ⇒ Sometimes they also face delay in electricity connection in new apartments.
- ⇒ More than 50% of clients have confusion about the purchase, payment schedule, handover & registration rules and regulations of the company.
- ⇒ More than 80% of clients strongly agree that, the price of raw material ie. Rod, Cement, Block, Paint, Fittings etc is increasing day by day.
- ⇒ Less than 50% of client thinks that, the project location is unfavorable.



Conclusion & Recommendation

6. CONCLUSION:

Though housing is one of basic need of human being after food and clothing housing is not get the priority like others basic got needs in Bangladesh. All of the sector contribution in the national economy widely where housing contribution only 0.18% to 0.25% where Indian housing contribution nearly 5% of their GDP. The growth rate of real estate housing is not satisfactory level where in 2005 growth rate was 30% in 2006 growth rate was 35% but in is 2007 was only 20%. That's means the housing sector is not stable in Bangladesh it controlled by others factors which is not directly engage with real estate.

In Dhaka only 2% to 3% of total populations live in the housing which is developed by the real estate company. In Dhaka more than 30% of the total people live in slum where most of the crime occurs. Near future government will take initiative do something for the slum people by the real estate people.

In total market 23% of the market for the very rich people who have more than one houses in different places in Dhaka and 3% of the total market for the low income people. For buying those small houses person should need to spend at least 20 lake taka which is not easy for low income people to buy those kinds of houses.

In 2001 average price of per square feet flat was 1500 taka but 2012 average price is Tk. 6 lac and price increasing rate is approximately 15% every year. In different places price of flat become double within two years and half years. For this reason, who have large money they buying more flat now and the give it for rant to the people who have no houses this situation effecting the increasing the price of flat.

In Bangladesh there are law for the houses such as the town improvement act 1953, The East Bengal Building Construction Act 1952, land use planning rules etc. which should need to year which are not happen in Bangladesh and law are often violated by both side the government employee and the developers. If both the side properly maintains the construct law and building code which are created by the parliament those rule will reduce the accident such as building collapse and building will get the proper natural light and winds.

In Bangladesh land area is 1,47,570 sq. only and per square population is 955 persons and population increasing rate is 1.6 percent it's looking huge but it would not be look huge when we see the Singapore condition where population increasing rate is 1.27 and per square population is 6,676 persons. But they have everything school, college, hospital, open space and recreation centre. In Bangladesh "Lake City Concord" one of sub city of Dhaka which is less than one square kilometer where population is more than 10,000. Lake city have market park and others modern facility. So in Dhaka those things are possible if we properly follow the government rule, regulation



it would be a nice city with large number of people if different government agencies and the real estate company do their job properly.

7. RECOMMENDATION:

- ⇒ Capital goods, plant and machinery can normally be imported by industries at a low duty tariff. For the housing industry, importing capital goods such as shuttering materials, props, and overhead cranes etc. should be accorded the same facility.
- ⇒ The cost of registration of property in Bangladesh is probably one of the highest in the world. After paying stamp duty, gain tax and registration charges, the total amount comes to 15% of the property value. This cost should be brought down to 1000 maximum. Furthermore, once this registration cost is paid for the purchase of a particular apartment, there should be a maximum of 5% registration cost involved for resale of the apartment. This would also give a fillip to the secondary market.
- ⇒ Raw materials price is increasing day by day, so government should take some step to reduce it.
- ⇒ Gas is a very important in our daily life. But gas is unavailable in new apartment, because government is unable to supply gas. Government has to take some action to solve the problem.
- ⇒ Concord has to easier the payment schedule.
- ⇒ Company must have to strict about their project handover time.
- ⇒ Sometimes customer faces price acceleration in the time of handover. Which is not good for a company? For avoid this they have to handover the project in time.

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