Report On

"The Impact of Covid 19 on Real Estates in Bangladesh"

By

Md Nooorullah Anik

16104165

An Internship Report Submitted To The "Brac Business School" In Partial Fulfillment Of The Requirements For The Degree Of BBA

Brac Business School, Brac University, September, 2020

Declaration

It Is Hereby Declared That

1. The Internship Report Submitted Is My/Our Own Original Work While Completing Degree At Brac University.

2. The Report Does Not Contain Material Previously Published Or Written By A Third Party, Except Where This Is Appropriately Cited Through Full And Accurate Referencing.

3. The Report Does Not Contain Material Which Has Been Accepted, Or Submitted, For Any Other Degree or Diploma At A University Or Other Institution.

4. I Have Acknowledged All Main Sources Of Help.

Student’s Full Name & Signature:

Md Noorullah Anik

16104165

Supervisor’s Full Name & Signature:

Syed Mahfujul Alam

Lecturer

Brac Business School, Brac University

Letter of Transmittal

Syed Mahfujul Alam,

Lecturer

Brac Business School

Brac University, 66 Mohakhali, Dhaka-1212

Subject: Internship Report Submission Titled "The Impact of Covid- 19 On Real Estate Business In Bangladesh"

Dear Sir,

This Is My Pleasure To Submit My Internship Report On "The Impact Of Covid 19 On Real Estate Business In Bangladesh" Under Your Supervision As A Part Of Bus400 Which Is Required For BBA Degree From Brac Business School. This Report Focuses On The Impact And The Downturn That The Real Estate Business Took Due To The Pandemic And What Affects It Is Having On This Sector.

I Have Attempted My Best To Finish The Report With The Essential Data And Recommended Proposition In A Significant Compact And Comprehensive Manner As Possible. I Trust That The Report Will Meet The Desires.

Sincerely Yours,

____

Md Noorullah Anik

16104165

Brac Business School, Brac University

Date: September 27th, 2020

Non-Disclosure Agreement:

This Agreement Was Made and Entered Into By and Between Notun Dhora Assets and The Undersigned Student At Brac University, Md Noorullah Anik

Confidentiality Agreement (Sign either Part 1 or Part 2)

Part 1: Confidentiality Not Required

1. The Three Parties Agree That The Internship Report, In Draft Or Final Form, Is Not Considered To Be A Confidential Document And The Internship Report May Be Shared With Other Parties By The Student, Employer Or Faculty Advisor. The Faculty Supervisor Will Maintain A Copy Of The Internship Report For At Least One Year (In Case Of A Grade Review), At Which Time The Supervisor May Elect To Destroy The File Copy.

2. The Three Parties Agree That All Documents And Data Provided By The Employer To The Student In The Course Of The Internship Remain The Property Of The Employer, But Except Where Expressly Requested By The Employer, These Will Not Be Treated As Confidential Information By The Faculty Supervisor And The Student.

3. The Three Parties Shall Not Be Prohibited From Disclosing Any Information Obtained During The Internship If Such Information Was In The Public Domain.

Part 2: Confidentiality Required

1. The Three Parties Agree That The Internship Report, In Draft Or Final Form, Is Considered To Be A Confidential Document And The Internship Report May Not Be Shared With Other Parties By Either The Student Or The Faculty Supervisor. The Internship Report Will Be Read and Evaluated By The Faculty Supervisor And Filed As A Confidential Document With The Faculty Supervisor For A Period Of One Year (In Case Of A Grade Appeal). After One Year The Internship Report Will Be Destroyed. In The Case Of A Grade Appeal Involving The Internship Report, An Independent Faculty Member May Be Asked To Re-read The Internship Report. In Such Circumstances The Independent Faculty Member Will Treat The Report As Confidential.

2. The Three Parties Agree That All Documents And Data Provided By The Employer To The Student In The Course Of The Internship Remain The Property Of The Employer, And That These Will Be Treated As Confidential Information.

3. The Three Parties Shall Not Be Prohibited From Disclosing Any Information Obtained During The Internship If Such Information Was In The Public Domain.

4. The Three Parties Agree This Confidentiality Agreement Will Remain In Force For One Year From The End Of The Internship.

Mahbubur Rahman	Md Noorullah anik	Syed Mahfujul Alam
Manager	student	lecturer
Notun Dhora Assets	Brac university	Brac University

Acknowledgement

This report aims to reflect the current scenario of the real estate business of Bangladesh during the pandemic with the great help of brac university and notun dhora assets combined. I am truly privileged to receive such support and cooperation throughout the process.

First of all, i would like to thank to my academic supervisor mr. Syed mahfujul alam, lecturer, of brac business school for the support throughout the internship period.

Besides, proving me with structural guideline to complete the report, he gave his valuable time in consultation hours, via zoom meetings and emails.

Additionally, i was recruited as an intern in the strategic management department of notun dhora assets ltd. Whereby my manager mr. Mahbubur rahman assist me by giving information in my internship period. He helped me to get the information's of different projects and operations of the company. Moreover, i also get help from mr. Shadi uz zaman (managing director) for providing necessary information which i needed to complete my report.

Lastly, i would like to thanks all of the people who supported me in brac business school since 2016. By their help i could conduct this internship paper and serve my country by proving me as a worthy graduate from brac business school.

Executive Summary

Real estate business in Bangladesh was in a blooming state. As the number of people migrating to the city increases so does the need of plots to stay increases. Also people needed homes on the outskirts of Dhaka which made the commutation easy for them during the working days. But when the pandemic of covid 19 hit the country it completely changed the scenario of the business sector. This report aims to present the statistics and conditions through which the real estate sector is going through during this pandemic and how they are handling it and its impact on the business. The report shows not only represents the conditions of Bangladesh during the pandemic but also highlights its impact on a global scale. It shows which particular sector has been affected in the short term and make predictions of what can happen to that particular branch in the long run for e.g. the CRE (commercial real estate) sector. In this report I have scrutinized the underlying causes and its possible solutions. The downfall of the sector are shown in details .The research consists of data and graphs that's shows how a particular company and at large the entire real estate sector in the country has been affected by the pandemic. The report portrays that the situation of the real estate sector in the country is not good as they have been facing liquidity crisis as flow of cash has decreased and in some cases stopped. The projects have stopped due to the lockdowns in place and unavailability of raw materials. . In short the pandemic did not only affect developing country like Bangladesh but also bought the entire real estate division throughout the world onto its knees.

Table Of Contents

Chapter 1

Overview of internship

1.1 student information

I am Md Noorullah Anik, ID 16104165 from BBS department is a student of BRAC University, and did my major in finance and minor in marketing.

1.2 Internship Information

I joined Notun Dhora Assets Ltd as an intern at 28th may, 2020 till 27th August 19, 2020 in strategic management department for the 3 months program. It is located at 55, Nik Tower, Dilkhusha C/A just opposite of Eunoos Centre, Dhaka 1100

1.2.2 Internship Supervisor Information

For this 3 months period. I worked under the supervision of Mahbubur Rahman (Manager) of the company.

1.2.3 Job Scope

I worked at the strategic management department as an intern. The work load there was huge and a lot of brainstorming was required by an individual. I had to do SWOT analysis for the company as well. During the first few days my supervisor showed me how to keep tabs of different documents and did routine meetings with the clients to identify their needs and pitch ideas to them.

1.3 Internship Outcome

1.3.1 Students contribution to the company

Learning takes its true form and meaning when both practical and theoretical knowledge is merged. I feel blessed to be able to contribute to the well-being of the organization however little it may be. At first my supervisor asked me just to maintain the files and filling some data into the excel sheet alongside them. Gradually, then was called for doing some brainstorming in the strategic department for SWOT. Other than this, I had to attend meetings with clients to stay updated on their demands and any type of information they might want to know and provide them.

1.3.2 benefits to the students

as mentioned above learning only becomes fruitful when both practical and theoretical are combined and those things that are learned as theory are applied in real life.so I learned a great deal of hands on experience while working as an intern. Doing internship in any particular company allows the student to have the basic level experience of how the corporate life feels like, its environment, the punctuality, the work load. Moreover I had to deal with many people through the day which improved my interpersonal skills and since I had to pitch ideas to clients and attend meetings it also boosted my confidence for presentations

1.3.3 problems and difficulties faced during internship

The company's work environment was so friendly and my seniors were so helpful to me. They provided whatever information I needed to work on and held my hands throughout the entire 3months. To my content I never faced any trouble during my internship program.

Chapter 2

Organizational part

2.1 History

Real estate's business started its journey in 1964 in Bangladesh. Back then there was no other other company doing business in this sector apart from ispahani and hence a total monopoly. After 1970 things started to change a bit, as there were 3 groups in this sector with ispahani still holding the crown of pioneer ship. As time passed, the situation turned around and eventually in the modern era, this is one of the fastest growing sectors in the country.

Bangladesh is one of the most populated country with its capital Dhaka being the epicenter. Compared to the other districts Dhaka is one having the most job employment opportunities. Therefore people start gushing into the city. As a result, we see loads of traffic in the city which wastes lots of time, then Dhaka is also the one of the worst populated country in the world all owing to its mass population. One of the steps taken to solve this issue is the movement of some sectors in the outskirt of Dhaka.

In 2015 Amin Mohammad bought a land near Dholleshore Bridge and thought of doing business when no one else thought of doing so. This is what inspired Notun Dhora Assets. They also seized the opportunity and planed on doing business. In 2016 January the company was formed and by the end of 2016 in November it was up and running. Its head office is in Motijheel 55 Nik tower besides eunoos center. The company is an answer to the destructive urbanization that is happening to keep up with the pace of development phase. Notun Dhora Assets believes in urbanization by not hurting the environment and they feel they have a social responsibility towards society.

Table 1: organization mission and vision

***Mission**:* ➢ *Providing the next generation with a greener residential area* ➢ *Quality, integrity and honesty is our philosophy* ➢ *Committed to be the great*	***Vision:*** ➢ *To be the market leader in the next 10 years*

2.2 Overview of the company

Projects:

The project is done on 1500 acres of land and approximately 4500 plots needs to be handed over to 2700 clients in the next 4 years. The entirety of the land has divide into 4 categories:

1. Aristocrat kingdom: This is a premium sector of the land. Here all he upper class people will be able to live. The name itself suggests that the plots will give an aristocratic vibe. Thus needs to be handed over to the client's within 4.5 years.
2. Doctor's kingdom: This lot is targeted towards the doctors. Considering their importance of them in our lives this plot has been created. It will not only be a place of living, this will also be a place where they will be able to practice and learn and also give treatment as hospitals will also be built.
3. NRB Kingdom (non-residential Bangladeshi): as the name suggests this plot is created for the non-residential Bangladeshis where they will feel connected to their mother land. It will have all the luxury they felt abroad but without their hard earned money being wasted.
4. Corporate kingdom: this plot is being made for the business class people who work either in the public or private sector. The timeline of handing over this plot is 7years (https://notundhora.com/, n.d.)

Plot Location:

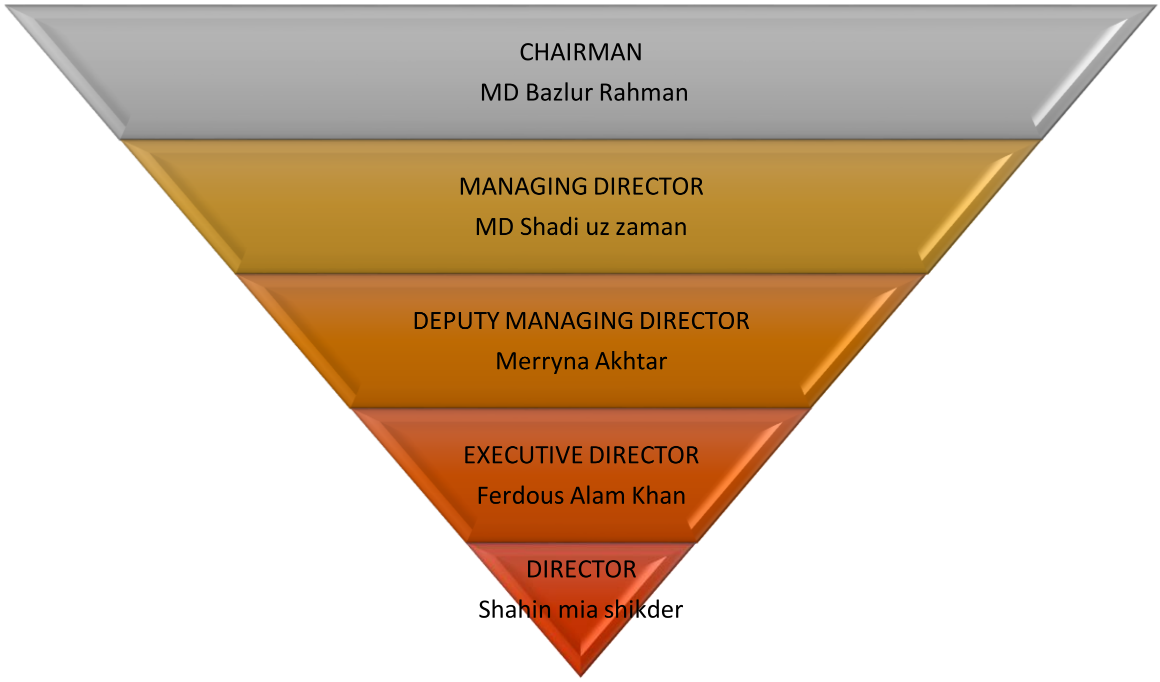
The project is located at 300feet in Dhaka-Mawa highway which is 18 minutes for Motijheel, Munshiganj District, and Sreenogor Thana.

2.3 Management Practices:

Responsibilities of executive bodies: the board of directors of the company sets the objective of the business, strategic planning is also done by them. They are also responsible for keeping tracks of all the business dealings and projects.
Managing directors are responsible for the day to day activities and the implementation of strategic plans.
There are a total of 950 members in the organization all well trained and dedicated to work for the betterment of the company and fulfill its vision.

Management Hierarchy:

Figure 1: the hierarchy of Notun Dhora Assets ltd



2.4 Marketing Practices:

Notun Dhora Assets ltd are well conscious of their image and how they represent themselves in front of their clients. Being a newcomer in the industry representing them in a good and attractive way is crucial in order to gain the market recognition. Their main source of marketing is client based marketing. A fair is held annually where the customers get to know all the information and all the details of how to buy a plot, which can be a suitable plot for them and how to contact them if they want to get their hands on it. Plus the features and attributes are also explained to them so that they might get interested in buying it. Now the way they make their target customers aware of their annual fair is by handing a leaflet and brochure containing enough information to get them attracted towards their products.

Their secondary mode of communicating with their customers and promotion is door to door marketing. Door to door marketing is highly effective when it comes to a crowded market like the real estates. Our salesman or drummer as they are referred to in marketing terms go to houses and try to convince the particular individuals to get a reservation on plots by telling them about the offers that the company has and also its cheap rate compared to other companies.

It’s a technological era and most of the companies have moved to social media for marketing and promotional campaigns. Notun Dhora is no less in that field. Very recently they have spread their promotional activated on social media and trying to get customers online.

Social media promotions:

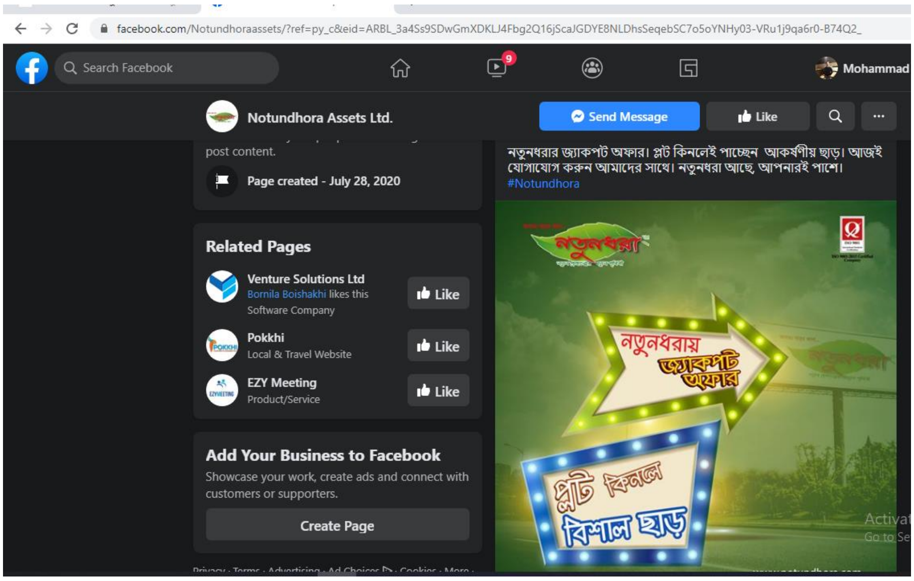


Figure 2: *the advertisement of NOTUN DHORA on social media*

(https://www.facebook.com/Notundhoraassets, n.d.)

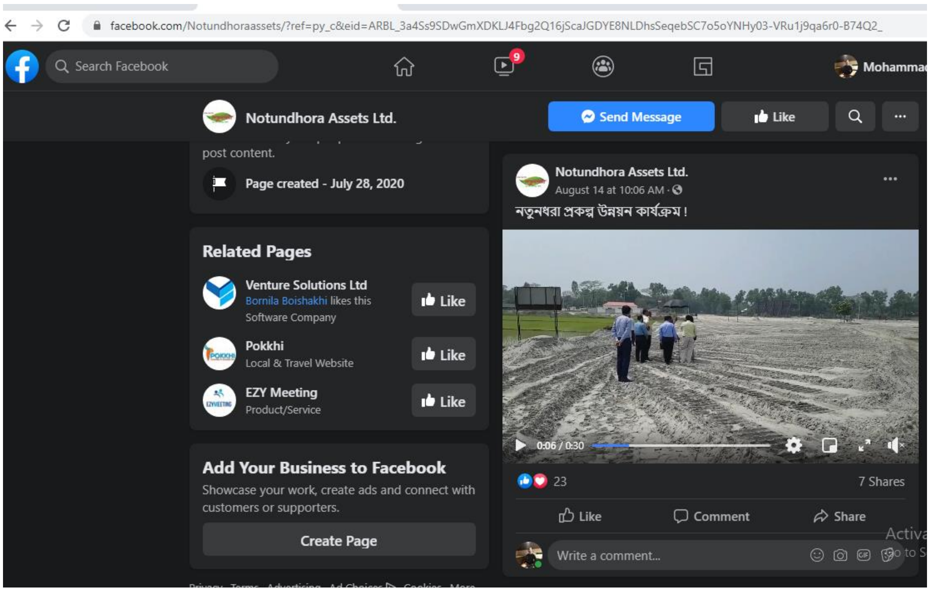


Figure 3: *the promotion of NOTUN DHORA on social media*

(https://www.facebook.com/Notundhoraassets, n.d.)

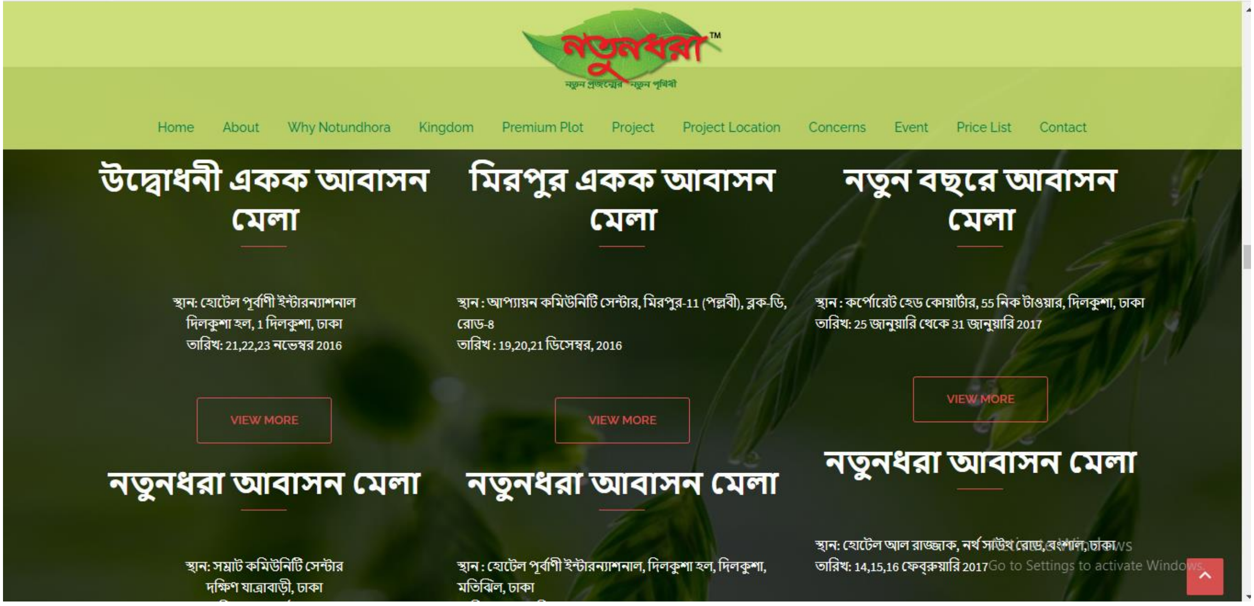


Figure 4: *the annual fair*

(https://notundhora.com/, n.d.)

নতুনধরা

নতুন প্রজন্মের নতুন পৃথিবী

"Grand Price of Notundhora"

Effective Date: January 01, 2020

Rate per Katha (Taka in Lac)

Types of Premium Plot	Kingdom						
	K.Of Golden Garden	Lake View K.	Nabab's K.	Corporate K.	NRB K.	Doctor's K.	Aristocrat K.
Premium Plot (Regular 30')	7.70	8.20	8.80	9.20	9.50	10.10	10.75
Premium (South 30')	8.00	8.50	9.10	9.50	9.80	10.40	11.05
Premium (Regular 40')	8.50	9.00	9.60	10.00	10.30	10.90	11.55
Premium (South 40')	8.80	9.30	9.90	10.30	10.60	11.20	11.85
Premium Plus (30'/25')	9.10	9.60	10.20	10.60	10.90	11.50	12.15
Premium Plus (30'/30')	9.25	9.75	10.35	10.75	11.05	11.65	12.30
Premium Plus (40'/25')	9.75	10.25	10.85	11.10	11.55	12.15	12.80
Premium Plus (40' / 30')	9.90	10.40	11.00	11.25	11.70	12.30	12.95
Premium Plus (40' / 40')	10.25	10.75	11.35	11.60	12.05	12.65	13.30
Premium Single Square 30'/25')	10.55	11.05	11.65	11.90	12.35	12.95	13.60
Premium Single Square (30'/30')	10.65	11.15	11.75	12.00	12.45	13.05	13.70
Premium Single Square (40'/30')	10.80	11.30	11.85	12.10	12.55	13.15	13.80
Premium Single Square (30'/25'/30')	10.90	11.40	11.95	12.20	12.65	13.25	13.90
Premium Single Square (40'/40')	10.90	11.40	11.95	12.20	12.65	13.25	13.90
Premium Commercial (60')	11.30	11.90	12.35	12.60	13.05	13.65	14.30
Premium Commercial Plus (60'/25')	11.55	12.05	12.60	12.85	13.30	13.90	14.55
Premium Commercial Plus (60'/30')	11.70	12.20	12.75	13.00	13.45	14.05	14.70
Premium Commercial Plus (60'/40')	12.00	12.50	13.10	13.35	13.80	14.40	15.05
Premium Commercial Plus (60'/30'/30')	12.50	13.00	13.65	13.90	14.35	14.95	15.60
Premium Play G. View	13.00	13.50	14.15	14.40	14.85	15.45	16.10
Premium Golden Garden View	13.10	13.60	14.25	14.50	14.95	15.55	16.20
Premium Birds Park	13.60	14.10	14.75	N/A	14.95	15.55	N/A
Premium Open Theater	13.15	13.65	14.30	N/A	N/A	N/A	16.25
Premium Open Theater (40'/30')	13.40	13.90	14.60	N/A	N/A	N/A	16.55
Premium Theme Park View	13.65	14.15	14.35	N/A	N/A	N/A	16.30
Premium Theme Park (Single Square)	13.85	14.35	14.65	14.60	15.05	15.65	16.60
Premium Theme Park (60')	14.10	14.60	14.95	15.20	15.65	16.25	16.90
Premium Commercial (72')	14.10	14.60	14.95	15.20	15.65	16.25	16.90
Premium Commercial Plus (72'/25')	14.40	14.90	15.25	15.50	15.95	16.55	17.20
Premium Commercial Plus (72'/30')	14.55	15.05	15.40	15.65	16.10	16.70	17.35
Premium Commercial Plus (72'/40')	14.85	15.35	15.70	15.95	16.40	17.00	17.65
Premium Commercial Plus (72'/25'/30')	15.20	15.70	16.15	16.40	16.85	17.45	18.10
Premium Commercial Plus (72'/60')	15.60	16.10	16.55	16.80	17.25	17.85	18.50
Premium Lake View	13.90	14.40	14.95	15.20	15.65	16.25	16.90
Premium Commercial Plus (70'/40'/30')	15.60	16.10	16.55	16.80	17.25	17.85	18.50
Premium Commercial Plus (72'/60'/30')	15.80	16.30	16.80	17.05	17.45	18.10	18.75

Required Information Regarding Booking & Pricing

- Incredible Unique Feature: Every Plot is "PREMIUM PLOT" (No additional charge Included).
- Booking Money : Tk. 10,000/- Per Katha.
- Down Payment : Minimum 20% of Total Land value and to be paid within 30 days from the date of Booking.

Company reserves the right to change the price at any moment.

KINGDOMS	No. of Installment (Time of Hand Over)
Aristocrat Kingdom	54 months/4.5 years
Doctors Kingdom	72 months/6 years
Corporate Kingdom	84 months/7 years
NRB Kingdom	96 months/8 years
Nabab's Kingdom	84 months/7 years
Lake view Kingdom	96 months/8 years
K.Of Golden Garden	108 months/9 years

Corporate Headquarter:
55, Nik Tower (6th, 7th & 8th Floor)
Dilkusha C/A (just opposite of Eunoos Center)
Dhaka-1000, Bangladesh.
Phone: +88-02-9568909, 9568910
Fax: +88-02-9568910
E-mail : info@notundhora.com
Web: www.notundhora.com
Youtube Channel: Notundhora Assets Ltd

A project of

Notundhora Assets Ltd.
committed to be the great...

Figure 5: *the brochure of Notun Dhora*

(https://notundhora.com/, n.d.)

2.5 SWOT

Strengths:

- Well educated and trained management sector
- Goodwill
- Exponential growth is sales and profitability in an expanding market
- Technologically advanced compared to their rivals i.e. Already planning to incorporate Fintech
- Their plot prices are less and more attractive compared to their rivals
- Strong marketing campaigns through social media, door-to-door, client based and also annual fairs
- Opening a training center for employees

Weakness:

- Very strong competition in the industry
- A newcomer in the industry
- Communication problem between the top management and the employees

Opportunities:

- Home ownership has become a priority for the people in the middle class
- As the population of thr country is increasing people will need more apartment to live in
- Purchasing power of people are increasing
- Lower home loan rates are encouraging people to buy homes

Threats:

- The biggest issue is the pandemic hovering over the entire real estate business
- Continuous changing of land rules by the government of Bangladesh
- Strong competitors in the likes of Shanta properties, Navana, Amin Mohammad group etc.
- The country's unstable political condition

2.6 Operations Management

- Marketing and sales:

Their job is to do campaigns and promote the company and their products. So far the marketing team has been successful enough since they have earned a good reputation among the clients in only four years of their establishment. They do fierce promotional campaigns which also includes the old fashion and one of the most effective ways door to door marketing.

- Credit Realization Department:

They have to keep tracks of all the records invoices any dues or pre-paid. And keeping tracks includes proper documentation of the papers and receipts, putting everything into the organizations server, following up with the clients. One of the most important work in any organization is dealing with the clients and staying connected with them, their needs and solving their problems and this department does so. They try to solve any problems stated by the clients, any concerns raised by them regarding the information about the plots or even if they file an extension for late payment approving them an extended timeline.

- Human Resource Management:

Their job is to do the recruitment for the company and provide work to employees most suitable for that job. They also train employees. As we already know that Notun Dhora Assets is opening a training center for the employees to give them the proper training the HRM department will play a huge role in there in fact the most important role, moreover they have to keep tracks of the employees performance and award them for their work and rectify or expel the employees in extreme circumstances depending on the situation.

- Procurement Department:

This department is responsible for the acquisition of land and supplies and negotiating with the customers and also negotiating with the land owners. They are the ones who create the clauses of a contract during the selling and buying of lands or plots.

Chapter 3

Project Part

"The Impact of Covid-19 on the Real Estate Business"

3.1 Introduction to the study

3.1.1 Background:

The real estate business was blooming. The up rise was also carried forward to this present year 2020. Amount of advances recorded were at approximately Tk800billion according the financial express. But when the pandemic hit, this upward trend collapsed. It impacted the business in unimaginable ways. The projects undertaken by the builders were in halt as a result delay in handing over the projects. Large blocks of people were left jobless. Again according to the financial express 3.5million people were unemployed and another 0.1million people were left with their jobs hanging in balance. (FinancialExpress)

This report aims to bring forth the extent of the impact that covid-19 has brought upon the industry, how and in what ways has it affected. With this report we will see how much this sectr has suffered and some possible solutions of what could be done to ivercome this situation.

3.1.2 Objective of the study:

- **Prime objective:**
  The prime objective of the scrutinize is to find the impact of covid-19 on the real estate business in Bangladesh

- **Specific objective:**
  i. To explore the performance of real estate business before and admist the pamdemic.
  ii. To investigate the challenges faced by Notun Dhora Assets
  iii. To provide recommendations of those problems.

3.1.3 Significane of the report:

The significance of writing this reprt is to find out how and in what ways the pandemic affected Notun Dhora Assets. The aim is to point out the reasons to why this downturn took place and to what state the company is standing right now to where they were before the epidemic. After interpreting and analyzing the data, possible suggestions will be given which will help the company and what they should do in order to minimize the impact of the situation. This research will provide an insight on their possible threats from rivals and their oppurtunities in the possible future. Due to the pandemic the real estate business has come to a stadstill. So this piece of writing will put an idea on how to move in the straight direction in the midst of the pandemic.

3.1.4 Scope of the study:

As an intern in the strategic department I had access to the strategic informations of the company which made the job of writing this report a bit easier since I had to do the swot and had to be involved in making decisions of how to move forward in this situation. But then since I was an intern the access to information of the company was somewhat limited and constrained. Formality was required fot the data collecions needed to write this report.

3.2 Methodology:

This report is mainly based on quantitve reasearch based on the information from the intrnet. Due to the nature of my internship as this was work from home I was not able to gatehr any primary data for this report. The enitre report is based on seocndary data although there are a few primary data information which I was able to collect from my supervisor.

Secondary information sources: To write the report in a proper manner the information were basically taken from the internet as the main source and other sources include the annual financial reports of Notun Dhora Assets and also few reports also from the intenet.

The key sources of information:

- (financial express, 2020)
- (https://notundhora.com/, n.d.)
- (https://www.deloitte.cz/report/)
- (https://www.facebook.com/Notundhoraassets, n.d.)
- (https://www2.deloitte.com/us/en/insights/economy/covid-19/covid-19-implications-for-commercial-real-estate-cre.html)
- (deloitte insights 2020, 2020)

I was not able to collect the organization's primary data as I was not able to interact with all the members and my coworkers as this was a work from home internship. Also my employers were not enthusiastic in giving me those primary data due to the non-disclosure agreement

3.3 Analysis and findings:

The mud led state of the real estate:

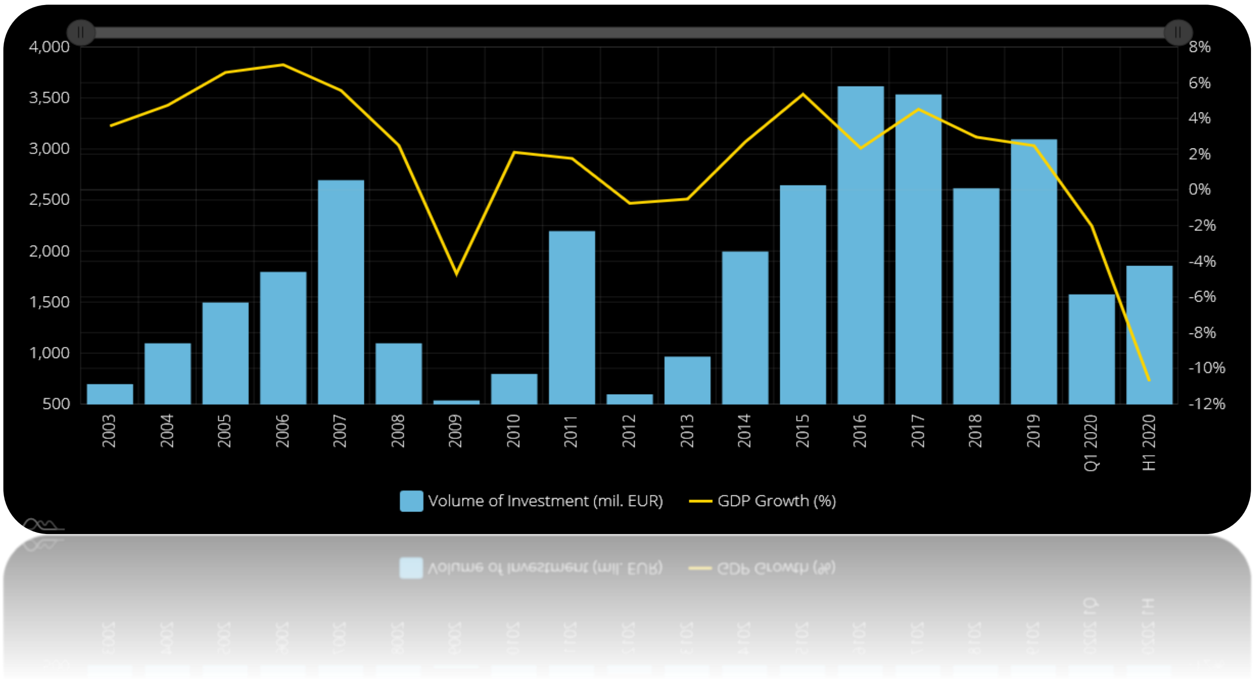
Just like any other economic downturn and previous pandemic covid-19 also had an effect on real estate market. Now the only thing left to notice is how far this downturn will go in the future. The pandemic has not only left this sector in our country in grotesque state but spread its sheer force of destruction on a global scale. For the builders things are not looking good at this moment. The timeline if handing over the projects have extended, since the raw materials were not easy to get due to lockdown. Also most of the construction sites and projects were put to a halt as a precautionary measure. The S&P 500 and Russel 2000 declined by 13% and 29% to date as of April 15. (deloitte insights 2020)

As for Bangladesh, the impact is more because all the work has closed, people becoming unemployed. In a recent letter to the finance minister, according to reports, REHAB said the sector is one of the worst-hit amid the epidemic. Some 3.5 million workers have been jobless, while another 0.1 million employees are on the verge of joblessness. (FinancialExpress2)

Although it's to early to calculate the possible damage the pandemic an bring, we have few evidences to at least what happen in the near future and the impacts are not benign. To measure th impact we have to wait till the year end to see how many people were left jobless.

Now we will see and compare the impacts of Covid 19 globally as opposed to Notun Dhora Assets

3.3.1 GLOBAL IMPACT:

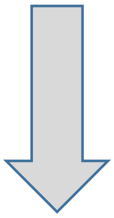
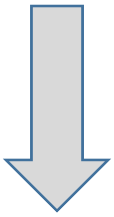
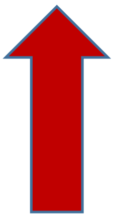


(https://www.deloitte.cz/report/)

Description:

The chart above is the investment activity chart of real estate development ranging from 2003 till 2020. We can see that the investment dipped in 2008-2009 which was due to the financial crisis. After that the sector turned the situation quite drastically as there is a sharp I decrease in investment in 2010. Although there were ups and downs but they were pretty insignificant as the sector keep bouncing back. The only noticeable thing about this chart is how it behaves in 2020, for the first 2months the investments were going on but then as we can see the fall of the slope indicating the halt in all kinds of investments in the sector

3.3.2: The impact on covid-19 on Commercial real estate:

CRE Operation	Impact	moving towards
Lending	1. Markets are accessible but traders are trading with caution 2. The mortgage loans have increased since March after 3years of remaining constant	
Liquidity	1. Property owners are facing liquidity issues since they are not able to collects rents from their tenants or at least facing delays in collecting them 2. Many CRE borrowers have applied for debt relief funds to cop up with the liquidity issue	
Leasing volume	The markets have seen a decreasing leasing volume due to people not having enough cash	
Capitalization rates	1. Caps rate vary depending upon the property types. In the first 3months of 2020 the cap rates for hotels, and malls have increased by 402bps and 206bps respectively 2. In contrast the cell towers and data centers were shown to increase by the30bps	

Operations	1. As a result of the pandemic and as a precautionary factor Many malls, hotels, factories were closed. 2. Expenses were incresed due to implications of Proper sanitization and cleaning. 3. E-commerce businesses like online food delivery, groceries,pharmacies saw an upsurge in deman

Key:

Stable but incresing concerns

decreasing and Negative impacting CRE

Increasing and negatively impacting CRE

increasing and positively impact

(https://www2.deloitte.com/us/en/insights/economy/covid-19/covid-19-implications-for-commercial-real-estate-cre.html)

Description:

The table above shows how COVID 19 is affecting the CRE operations.

The key observations are:

- lending has been stable during the pandemic although traders are more cautious in to whom they should deal with
- For liquidity the sector is suffering as the organizations do not have enough clash flw and they are bound to sell off their assets
- The markets have also decreased their leasing volume as people do not have wnough money to pay for
- The capitalization rates are increasing due to the pandemic and hence making it difficukt for people to take loan and do business and hence negatively impacting the CRE
- Due to the preacautinary measurs and lockdown operations have come to a halt and all the constructions site closed. Delays were caused due to the lack of raw materials as the transportations were closed down
- The only businesses which prospered during thr pandemic were the e-commerce businesses.

3.3.3 conditions of developers:

the developers are hit on a global scale regardless of which country they are. The project handing over is delayed which in turn hits the reveue stream, due to the halt in the construction works as a precautionary measure, the delays happening due to the shortage of raw materials.

The Fannie Mae Home Purchase Sentiment Index (HPSI) declined 11.7 percent in March to 80.8, its lowest level since December 2016, indicating a potential decline in new home sales.17 **(https://www2.deloitte.com/us/en/insights/economy/covid-19/covid-19-implications-for-commercial-real-estate-cre.html)**

3.3.4 IMPACT ON BANGLADESH

Now we will look at the impact of COVID 19 on one of the elite real estate builders of the country NAVANA LTD and NOTUN DHORA ASSETS LTD to get an idea of how the pandemic affected the business

NAVANA LTD:

	2018 (tk)	**2019 (tk)**	**2020 (tk)**
Net profit	132148659	5327223	3356549

Table 2: *the net profit of NAVANA LTD for 3 years*

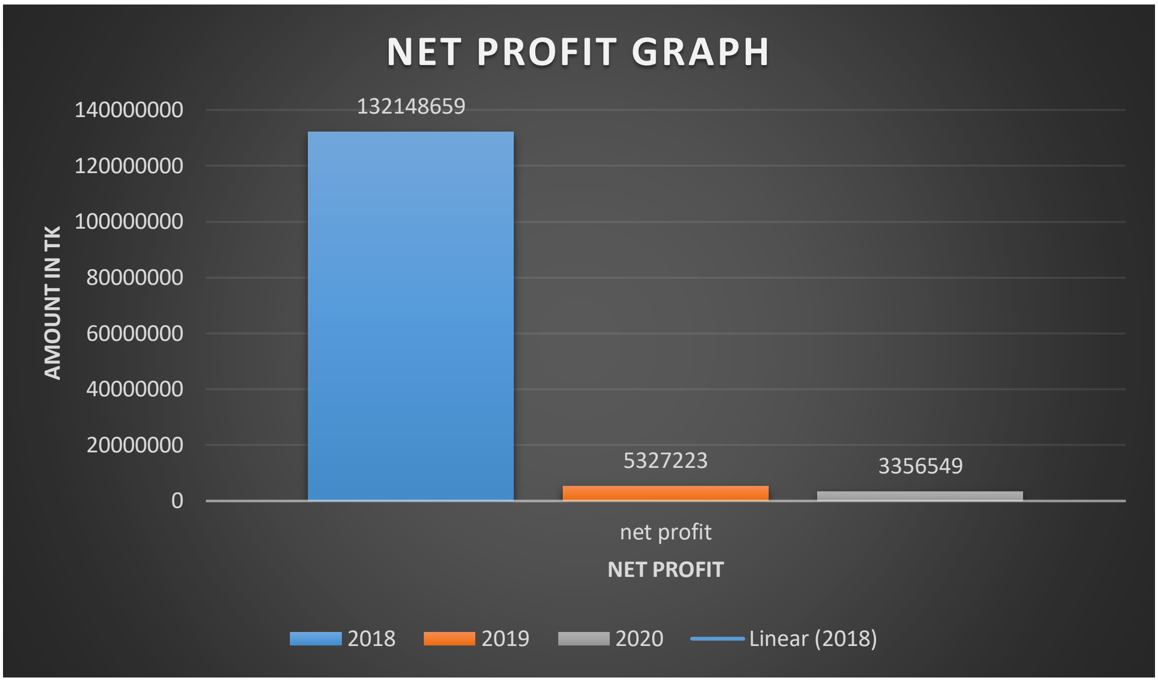


Figure 6: bar chart of the decreasing Net Profit

Description:

Their net profit had already taken a hit in 2019 when it droped drastically as shown in the graph. But the COVID situation was of no help to them and in turn made the situation worse in 2020 as it dropped furtther below.

Liquidity ratio

Table 3: *the current ratio of NAVANA LTD for the last 3 years*

	2018	2019	2020
Current ratio	0.951	1.04	0.74

Table 4: *the quick ratio of NAVANA LTD for the last 3 years*

	2018	2019	2020
Quick ratio	0.49	0.5	0.22

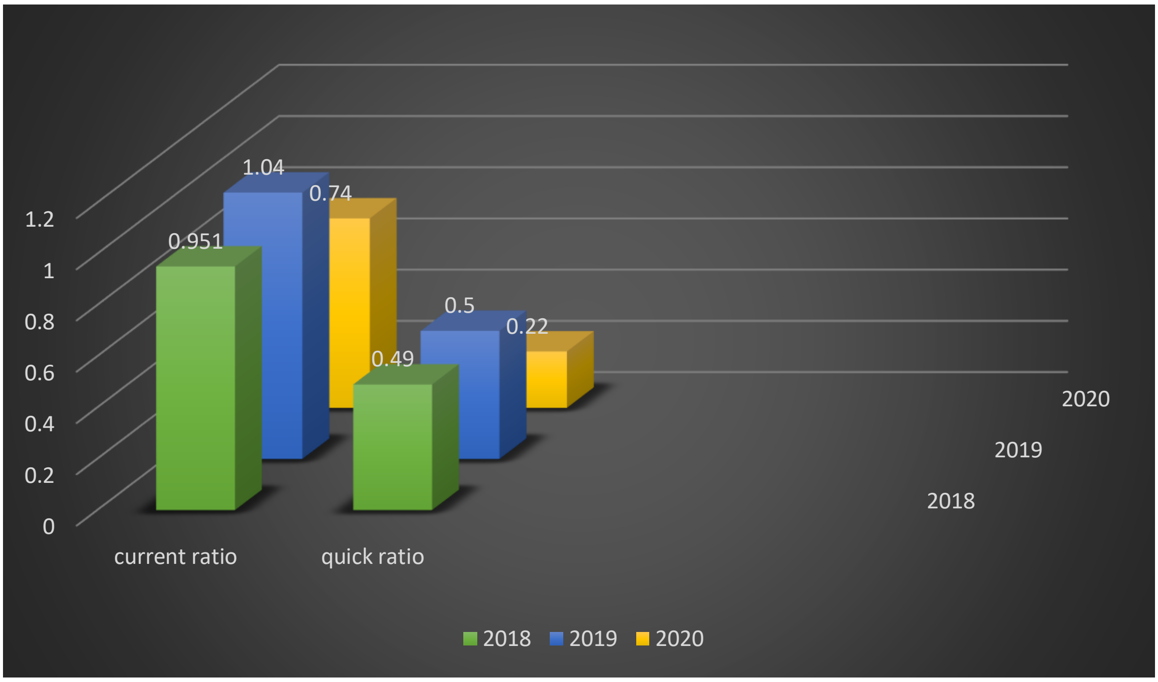


Figure 7: *bar chart of NAVANA LTD showcasing their liquidity crisisi for the last 3 years*

Description:

The company faced a liquidity crisiscompared to the past two years. One of the main reasons being massive inventory they had remaining as they were unable to deivery the projects to the clients. Their current liabilities also increased as they had already taken the payments from the clients, but did not deliver the panjects. Their cash in hand were remaining the same since no new payments were done by the clients or no new lands were bought.

NOTUN DHORA ASSETS LTD:

The effects on the organization were existant but not downright disastrous. The company did close doewn during the lockdownbut was among the first comolany to implement the work from home strategy. They quickly adapted to the situation and shifted their work entirely online basis. The transactions were done ona timely basis and the operations were carried out smoothly.

But if we look into the financial part of the company, this is where they took a blow. During lockdown period and this ongoing pandemic,no lands were brought and the company could not own these lands as the subregister office was closed. The registrations were not possible at first and finally when the lockdown was lifted, the registrtion got delayed by 3-4 months

Just like Navan, Notun Dhora aslso suffered from liquidity crisis as they had assets ready to be sold, but people not having money and were unable to buy it hence turnong them into an illiquid asset

Moreover, the company’s cashflow was disrupted as predicted. The customers were not paying and even if they did it was only 1/3 of the amount. Lots of dues. Their insome decreased and their current liabilities increased since their earlier projects were not handed over to the cleints and inventories piled up as well. The company also had to pay taxes on that small income which added to the misery of the situation.

3.3.5 Interpretation on the impact of COVID 19 on real estate business in the long term and short term:

- The prices of residential real estate will remain the same since no work is being done and it is too early to make any kind of call. More decisions will be taken dependig on how conditions can be contained and for thr timeline of the pandemic
- The prices of the residential buildings will rise in the future, although there might be a drop at present. Because of the process of urbanisation more and more people move to the city for better life and hence more needing apartments to live.
- In the industrial sector if the situation cariies on, physical stores will remain closed and e-commerce will take over as the main sourceof shopping and hence upsurge in the demand for warehouse.
- The government of our country plays a big part otowrds saving this sector form a ciris situation. Whatever steps they take will affect the real estate market.

3.4 Recommendations :

- The company's ordinary shareholders / board members should inject money from their own pockets as equity to keep the currents assets and fixed asstes stabled and come out of the liquiidty crisis.
- Since with the lockdown eveything is shifted to work from home, the leaders ned to rethink their strategy. They need to invest in technological tools so that the online work environment gets easier and it improves productivity
- Since the clients are unable to pay for lands, the comapnay can introduce payment installment plans where they will be able to pay the money slowly and in long term plans
- The mian aim of the company should only be to sustain in this pandemic as making profit is next to impossible. They should leave the plots at the breakevn point so that they can recover thier expenses and no loss is done.

Limitations:

- ***Limitation of time***: Due to the covid-19 situation, the time limit given to write this report was shortened

- ***Lack of data***: as this internship is preferrably called work for home, I was not able to gather the primary datas. All the data provided are secondary

- ***Information disclosure issue***: This is the most widespread problem that all the interns face and I was not any different. With the fear that any type of sensitive information might get leaked, according to the company policy all the data's were not disclosed. I could not get the financial data of the company due to this issue

3.5 Conclusion:

The aim of this report is to have a clear picture of how the real estate business have been affected by the Covid 19 situation. Bangladesh is one of the most densely populated country in this world with Dhaka being itd epicenter and the capital of the country. Due to its optimal job employments people from around the country migrate to the capital for a better life and a better standard of living and hence requiring more lands and plots to be build and therefore the real estate boom in recent years. But the pamdemic halted the expansion and put them in a stronghold. The companies operations stopped, cashflows disrupted, felt in liquidity crisis, projet timeline extensions and their share prices dropping as well. All in all it can be concluded that the Covid situation did not bring any good to the entire sector and till now affected many companies in the short term. But will this impact be a long term problem or not is something to watch out for as this is yet an early stage to measure the severity of the situation and how things will turn out to be in the future. But with the things that we have seen so far is one of the indicators about what is to come and it will not be a pleasant one.

Bibliography

- financial express. (2020). financial express.
- https://notundhora.com/. (n.d.). Retrieved from https://notundhora.com/: https://notundhora.com/
- https://www.deloitte.cz/report/. (n.d.).
- https://www.facebook.com/Notundhoraassets. (n.d.). *Notun Dhora*. Retrieved from https://www.facebook.com/Notundhoraassets: https://www.facebook.com/Notundhoraassets
- https://www2.deloitte.com/us/en/insights/economy/covid-19/covid-19-implications-for-commercial-real-estate-cre.html. (n.d.).
- insights, Delloite. (2020). *Delloite insights.*