

NEWSLETTER

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Rs. 14.5 Billion: Pakistan's Biggest Corporate Real Estate Deal is about to happen.

One of the largest real estate transactions in Pakistan's listed, corporate sector is currently underway as the Sindh Institute of Urology and Transplantation (SIUT) plans to purchase the Regent Plaza in Karachi. The transaction is taking place between SIUT and Pakistan Hotels Developers Limited (PHDL), the owner and operator of Regent Plaza Hotel. SIUT, a prominent healthcare organization in Pakistan, aims to convert the hotel into a hospital.

The offer extended by SIUT for the purchase is valued at Rs 14.5 billion, making it the largest real estate transaction in the country's history in terms of rupee value. However, when compared in dollar terms, the transaction falls short of previous deals such as Habib Bank Ltd's purchase of HBL Tower for \$137 million and Bank Al Habib's acquisition of Centrepont for nearly \$50 million.

Regent Plaza's location on the main Shahrah-e-Faisal in Karachi offers easy accessibility to various amenities and attractions, as well as proximity to the airport and railway station. The hotel covers an area of 13,200 square yards, but details about its height and floor count are not specified.

While PHDL values the land and building of Regent Plaza at around Rs 9.85 billion in its balance sheet, it intends to sell it for Rs 14.5 billion, representing a significant price difference. The financial performance of PHDL has been variable over the years, with profits and losses fluctuating. However, the company's physical assets are valued at approximately Rs 10 billion.

The value of each property in these transactions is influenced by its location. HBL Tower's prestigious address in Clifton, an upscale area in Karachi, adds to its worth, while Centrepont's proximity to the KPT Flyover and industrial zones enhances its value. Regent Plaza's strategic location and accessibility on Shahrah-e-Faisal, coupled with its proximity to key transportation hubs, offer advantages to travelers and tourists.

The transaction involving Regent Plaza's purchase by SIUT is set to make history as one of the largest real estate deals in Pakistan's corporate sector.

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Rawalpindi Ring Road Project: Deadline Set for September 2024

RAWALPINDI: The Rawalpindi Development Authority (RDA) has been assigned the task of hiring a consultant for the feasibility study of the second phase of the Rawalpindi Ring Road project. The aim is to complete the project by September 2024, according to sources.

A meeting was held, chaired by Rawalpindi Division Commissioner Liaquat Ali Chattha, to discuss urban development projects. It was stated that work on the Ring Road project is progressing well and the deadline for completion has been set for September 2024.

The Rawalpindi commissioner stated that the government is fully committed to finishing the Ring Road project, which is a 38.5km route from Rawat to Thalian Motorway Interchange, ahead of schedule. He also mentioned plans to create an industrial zone near the Ring Road, which will be 38.3km long and will have five interchanges at Banth, Chak Beli Khan, Adiala Road, Chakri Road, and Thalian. Additionally, the project will include a railway bridge, five overpasses, and 21 subways.

The commissioner highlighted the economic benefits of the industrial zone, expecting it to stimulate economic activities and create job opportunities at the regional level. He also emphasized that the project would improve travel facilities for the public. Additionally, Chattha instructed the Revenue Department officers to be present at the project site in different shifts.

The steering committee will hold meetings every fortnight to monitor the progress of Rawalpindi's mega projects. Earlier, the RDA was directed to initiate the process of hiring a consultant for the feasibility study of Phase II of the Ring Road project, from Thalian to Sangjani. The completion of the Rawalpindi Ring Road project is deemed vital for regional development and is expected to bring about significant improvements for the people of Rawalpindi and its suburbs.

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World Bank recommends taxation of Agri Income and Property.

Islamabad: The World Bank has proposed a series of tax reforms for Pakistan in order to boost government revenue. These reforms include taxing agricultural income and property, eliminating regressive tax exemptions, increasing taxes on high-income individuals, and simplifying personal income tax structures.

The World Bank's lead economist, Tobias Haque, has emphasized the importance of increasing taxation on wealthy revenue sources such as agriculture and property. This could potentially contribute around 2% of GDP from property and 1% from agriculture. The World Bank also recommends removing tax exemptions and improving the sales tax system.

In addition, provincial governments should focus on increasing revenue from land and agriculture, thus reducing the burden on the federal government. The income tax structure for salaried and non-salaried individuals should also be aligned.

The main objective of the proposed personal income tax reforms is simplification, although it is expected that the potential for increased revenue from this may be limited. The World Bank stresses the urgent need for Pakistan to address its unsustainable fiscal deficit by reducing expenditure and increasing revenue.

The World Bank suggests a comprehensive package of tax and expenditure reforms, with a particular focus on protecting the poor through increased social protection expenditures. These reforms should include cutting subsidies, eliminating regressive tax exemptions, and increasing taxes on high-income earners, especially in the agriculture, property, and retail sectors, while ensuring that the tax system becomes more progressive.

The World Bank does not recommend reducing the current income tax exemption threshold for salaried workers earning below the Rs50,000 monthly threshold. Instead, it suggests simplifying the income tax structure and aligning it for both salaried and non-salaried individuals, in order to ensure progressivity without specifying a specific income floor. These changes should be implemented gradually as part of broader tax reform efforts, with an emphasis on placing the tax burden on higher incomes.

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Zameen registers Punjab's First REIT "Zameen Five".

Zameen.com, Pakistan's largest real estate enterprise, has achieved a significant milestone in the industry by registering Punjab's first-ever Real Estate Investment Trust (REIT) under Zameen Developments. This achievement is accompanied by the introduction of 'Zameen Five,' a REIT that will finance five premium real estate projects in Lahore.

Investors now have the opportunity to be a part of Zameen Developments' Contemporary vertical projects, including Zameen Quadrangle (Gulberg), Zameen Aurum (Gulberg), Zameen Neo (Gulberg), Zameen Phoenix (Main Canal Bank Road), and Zameen Jade (Sukh Chayn Gardens). This REIT promises attractive returns in the form of dividends upon the completion and operation of each project within the trust.

The real estate sector, particularly vertical development projects, has witness significant growth and has become an important contributor to the economy. For instance, Gulberg has experienced over 70% capital appreciation in the past two years.

With the launch of Zameen Five, investors can diversify their portfolios and enjoy a more secure investment option. This REIT follows the REIT Regulations 2022 and is registered under the Punjab Trusts Act 2020. Transparency is ensured through the involvement of the Central Depository Company (CDC) as the trustee.

Furthermore, well-established institutions like Savills Pakistan, MYK Associates, Pakistan Credit Rating Agency (PACRA), and 'Big 4' firm KPMG are involved in evaluating, rating, and auditing the trust's progress. KTrade has been engaged as the financial advisor to assist in onboarding investors. This involvement of renowned institutions indicates the credibility, authenticity, and transparency that Zameen aspires to offer through the Zameen Five REIT.

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Chairman BWC Saad Nazir urges PM Kakar and Army Chief to support Real Estate Sector

Chairman of Blue World City (BWC), Mr. Saad Nazir, has issued a plea to Prime Minister Kakar and Army Chief Syed Asim Munir, urging their support for the real estate sector. In a video message shared on a social media platform X (Twitter), Mr. Nazir underscored the significant potential of the real estate sector in Pakistan to contribute substantially to the country's economic growth. He emphasized that a nation's economic stability is closely intertwined with the performance of its real estate sector. By fostering growth in the real estate industry, Pakistan's overall economy can prosper.

Mr. Nazir highlighted that prominent real estate developers such as Bahria Town, DHA, Capital Smart City, and BWC are actively engaged in projects near Islamabad International Airport. He believes that these established real estate firms have the capacity to collectively develop a thriving cosmopolitan city on the outskirts of Islamabad. He posited that with appropriate support from government entities, Islamabad could surpass global cities like Singapore and Dubai, becoming a beacon of progress and development.

Furthermore, Mr. Nazir called upon the Prime Minister and Army Chief to ensure equal opportunities for the private sector, enabling them to play a balanced and vital role in advancing Pakistan's prosperity.

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IMF forecasts Pakistan's GDP growth will increase to 2.5pc in ongoing FY

Islamabad: The International Monetary Fund (IMF) has projected that Pakistan's GDP growth is expected to increase to 2.5 percent in the current fiscal year. This marks a significant improvement from the negative 0.5 percent growth experienced in the previous fiscal year. Additionally, the IMF predicts that inflation will decline, with the inflation rate expected to fall from 29.2 percent in 2023 to 23.6 percent in 2024.

Furthermore, the current account deficit is projected to rise from 0.7 percent to 1.8 percent in 2024. On the employment front, the IMF forecasts a decrease in the unemployment rate, which is expected to fall from 8.5 percent to 8 percent in the current year.

Looking at the global economic outlook, the IMF's baseline forecast indicates a slowdown in global growth. The projected global growth is expected to decrease from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. This is significantly below the historical average of 3.8 percent (2000-2019).

Advanced economies are anticipated to experience a slowdown, with growth rates expected to decline from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024 as policy-tightening measures begin to take effect. Emerging markets and developing economies are also projected to experience a modest decline in growth from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024.

Global inflation is forecasted to decline steadily, from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024. This decline is attributed to tighter monetary policies and lower international commodity prices. It is important for monetary policy actions and frameworks to be implemented to anchor inflation expectations, particularly given concerns about geo-economic fragmentation.

Overall, the IMF's projections indicate positive growth prospects for Pakistan, with an expected increase in GDP growth and a decline in inflation. However, the global economic outlook remains uncertain, with a projected slowdown in global growth and the need to address inflationary pressures.

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Progress on CPEC projects in Gwadar reviewed.

Gwadar: Caretaker Planning, Development and Special Initiatives Minister Muhammad Sami Saeed chaired a meeting to review the progress on China-Pakistan Economic Corridor (CPEC) projects in Gwadar. The minister directed the ministries and divisions involved to accelerate the pace of work. Attendees at the meeting included the Secretary of the Planning Ministry, Secretary of the Ministry of Maritime Affairs, Chief Economist, Chairman of Gwadar Port Authority, Director General of Gwadar Development Authority, and other representatives from various ministries. The representatives gave a detailed briefing on the implementation status of their respective projects in Gwadar. The minister stated that major projects under CPEC in Gwadar, such as the Gwadar Power Plant, distribution of boat engines to fishermen, the Khuzdar-Panjgur Transmission line, and the Gwadar Free Zone, would contribute significantly to the development of the region. The minister emphasized the commitment of the interim government to implement these projects and mentioned the increased allocation for Balochistan in the recent budget. The minister also discussed the security of Chinese workers in Pakistan and called for enhanced security measures to safeguard against any untoward incidents.

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Real Estate projects of Foreign Investors need to remove Bureaucratic Hurdles.

Islamabad: Naguib Sawiris, chairman and CEO of Ora Developers, has urged the Pakistani government to remove bureaucratic obstacles that hinder the implementation of real estate projects by foreign investors in the country. During a press conference in Islamabad, Sawiris highlighted three key issues that need to be addressed. Firstly, he called for sufficient land to be provided to foreign investors, as the shortage of available land is a major concern. Secondly, he emphasized the need to streamline the process of issuing permits, permissions, and licenses, by reducing the number of stages involved. Finally, Sawiris requested that foreign investors be allowed to repatriate their profits abroad.

Sawiris expressed enthusiasm for the Eighteen housing project in Pakistan, which aims to redefine luxury living. The project has achieved significant milestones, including a visit from China Gezhouba Group Company, known for its work on the China-Pakistan Economic Corridor (CPEC).

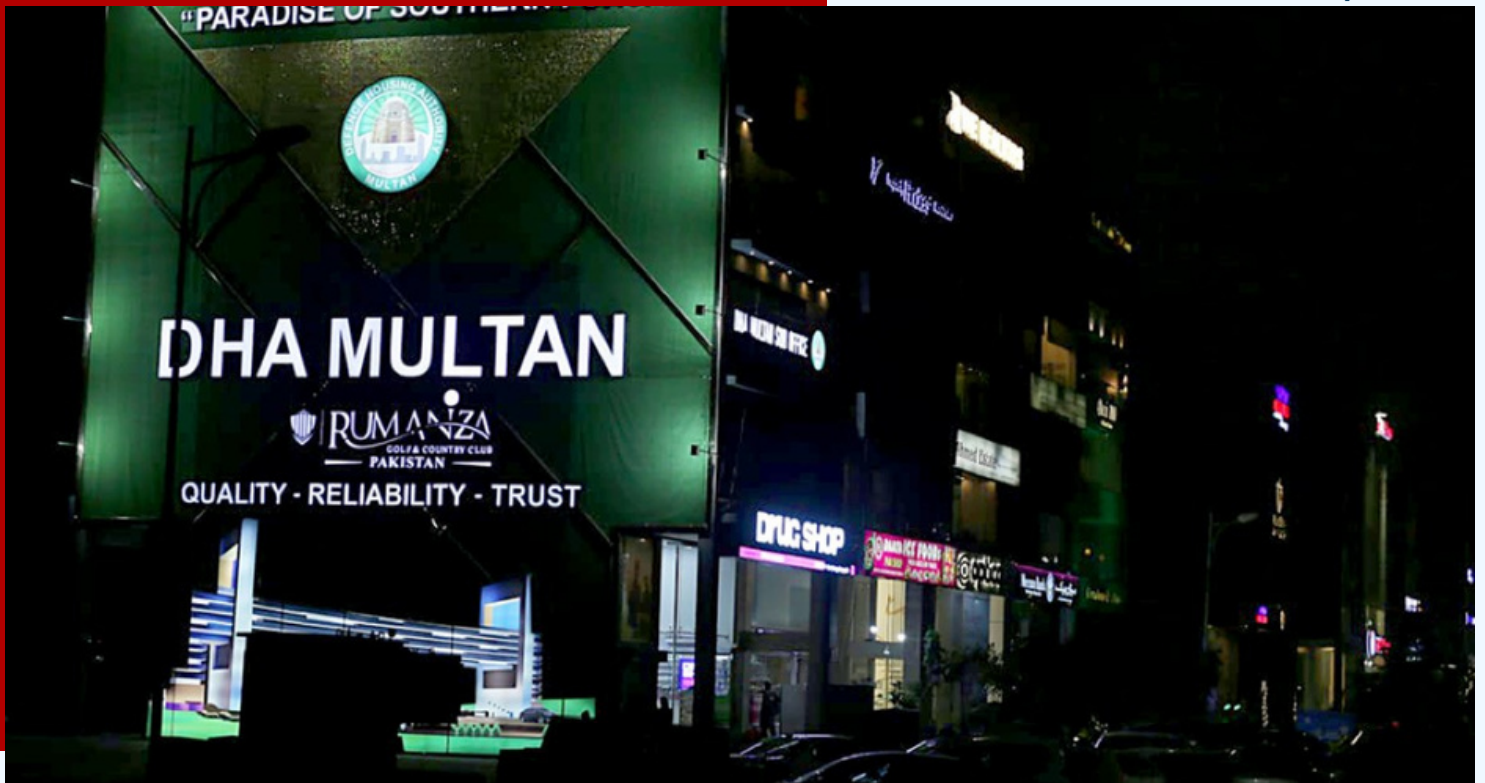
A handover ceremony and the launch of The Club at Eighteen marked important milestones in the project's development. Sawiris sees Pakistan as a promising investment destination with great potential. He expressed gratitude for the support of the government and people of Pakistan and called for a more business-friendly environment for future investments.

CEO of Eighteen, Tarek Hamdy, attributed the project's success to understanding Pakistan's real estate market and noted a growing demand for eco-conscious homes with excellent amenities.

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DHA Multan Announces Phase-I Ballot 3 Date and Special Plot Conversions

The Defence Housing Authority (DHA) Multan has announced exciting developments on October 13, delivering important updates through its official Facebook channel. This news has generated significant interest and anticipation from DHA stakeholders and prospective property owners.

The Phase-I Ballot 3 has been officially scheduled for October 23, a crucial milestone in the progress of this prestigious housing project. This date is highly anticipated by individuals who are hoping to secure their desired plots, making it a significant event for both residents and investors.

To meet the expectations of members aiming to enhance their investments, specific plots in Sectors F, E, S, O, and Y – which are renowned for their advantageous locations – have been designated for conversion into Golden Files. This unique opportunity allows file holders to convert their standard files into Golden Files, granting them exclusive access to plots in these highly sought-after sectors.

In addition, DHA has extended the deadline for the conversion of standard files into Golden Files until October 17. The conversion process requires additional charges, as listed below:

- For 1 kanal plots: PKR 5 lac
- For 10-marla plots: PKR 2.5 lac
- For 5-marla plots: PKR 2 lac

To facilitate the payment process, members are encouraged to remit the specified amounts through bank draft or online transactions to the DHA Multan fund account. It is important to note that individuals who possess files allocated to specific sectors, such as the 5-marla Sector E, do not need to pay any additional conversion charges.

This development presents an enticing opportunity for those interested in investing in the DHA Multan project and has generated considerable enthusiasm among prospective property investors.

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CDA set to digitize plot record to enhance public convenience.

The Capital Development Authority (CDA) in Islamabad is set to digitize plot records in order to improve public convenience. According to sources, the CDA will develop a dedicated website gateway that will provide comprehensive information about residential and commercial plots, as well as buildings. A pro forma is being created for the submission of complete plot details, which will serve as the foundation for constructing a data bank and digitizing records. Through an internet portal, citizens will have unrestricted access to this digitized information.

The digitization initiative will begin with the record of D-12 in the first phase, acting as a pilot project. Once successfully implemented, records from all sectors will be gradually digitized. This comprehensive effort will encompass various departments such as the revenue directorate, planning, estate management, and building control.

In addition, citizens will be able to find information on water fees, property taxes, and other obligations without the need to physically visit CDA offices. With just a simple click, individuals can access comprehensive plot information, making it easier for them to navigate the system and improving public accessibility and convenience.

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