

Emerging Real Estate Trends in Pakistan

Faheem Shaukat

Abstract— This paper explores the core attributes influencing the real estate sector from the point of view of all real estate stakeholders in Pakistan and their reference to the real estate index. The data is collected from the State Bank, the World Bank and Zameen.com website and records - one of Pakistan's leading portals for properties. The promising variables of the study include housing, plots and residential properties and attributes such as loan prices, house funding, digitization and GDP per capita with the exception of government fiscal policies under which a strong relationship is observed in the positive direction.

Index Terms— Real Estate, Stakeholders, House Funding, Loan Prices, Digitization, GDP, State Bank of Pakistan, World Bank, Zameen.com

1 INTRODUCTION

Real estate is one of the foundations of every economy which includes accommodation, manufacturing, retailing, hotel and land allocations for official or commercial purposes. This sector has been a key contributor to the GDP and jobs of the country. Over the past decade, Pakistan has continuously made a cumulative direct contribution to GDP from buildings and the housing industries (whose latter forms a part of the national services sector) (SBP First Quarterly Report for FY 19). According to the World Bank's calculation, between 60 and 70% of a nation's overall capital amounts to immobilized assets, with an approximate real estate size of between \$300 and \$400 billion if these figures are applied in Pakistan.

Increasing foreign investment and expanding the sector are directly linked to the value of the real estate, as stated by another World Bank study. Improved economic indicators suggest that demand in Pakistani cities like Lahore, Faisalabad, Multan, and Karachi for commercial and luxury residential companies will rise in 2020. In addition, China Pakistan Economic Corridor - (CPEC) a modern gigantic infrastructure initiative that will change Pakistan's economy, booming in the immobilization market in the years to come. Housing is one of the most basic civil rights and an integral aspect of the right to decent living conditions. and development in a country. The housing deficit in Pakistan has risen significantly as a result of housed stock at 19.2 million, according to the 1998 population census and 4.3 million, while the housing stock is 32.2 million, as per the 2017 population census. An additional housing demand of 0.4 million to 0.7 million is projected by the World Bank in Pakistan, and an estimated 0.1 million to 0.35 million structured units are installed per year¹.

In the past, the State has not prepared and been unable to supply houses in order to cope with population and migrants flowing from rural to urban areas. This caused the private sector to concentrate on household schemes for medium- to high-income groups, while lower income groups are obliged to live in informal settlements of two sorts: the occupation and division of government land (squatter settlements) and, secondly, the informal agricultural land division (ISALs) on the outskirts of town. million a year was also high in 1998-2001².

Cities also feel this shift when they strive to satisfy the physical and social needs of their inhabitants correctly. The impoverished urban population is under pressure to maintain themselves, clothe themselves and homes, and modify social services and facilities, including water and sanitation. This lack of affordable housing and infrastructure is one of the critical factors that influence real estate patterns³.

2 AIM OF STUDY

2.1 Problem Statement

In Pakistan there are very few records on housing. For instance, in Pakistan's housing conditions, Ghaus and Pasha⁴ studied trends. With the aid of the Housing Survey results of 1960 and 1980, they measured diverse measures of housing demand, such as size of household, per capita real rental, and individuals per room. The results depicted a significant improvement in availability of housing over time and relatively slow housing shortage growth. The relationship amongst poverty and housing scarcity in Pakistan was studied by Nazli & Malik⁵. They concluded that inadequate housing resources cause elderly people to feel vulnerable. Most studies examined the effect on housing construction in developed countries of the ageing demographics, demand and supply barriers facing the developers. This paper represents the effort to achieve this goal and mainly focuses on immovable trends and their effect on the housing market of Pakistan.

2.2 Research Objectives and Questions

The paper intends to research significant factors, including developers and builders, which affect the real estate trends in Pakistan from the standpoint of all stakeholders. In earlier studies carried out by karandaz in 2018, mainly key demand and supply impediments for the financing of available financial institutions and alternates were identified by property developers and builders. It focuses on identifying, demonstrating and describing the effect on the immovable industry of the significant variables.

Research questions tend to define the pre measures according to which the findings of the study are extracted. The basic issues to be answered by the paper are:

1. Determining Pakistan urbanization's relationship and effect on immovable property?

• Faheem Shaukat is a *master's degree holder in MSc Accounting and Finance in University of Northampton, England, Email- Faheem@fcca.pk*

2. Assess the effect on real estate of land digitalization?
3. To determine the effects on real estate of the amount of funding and loan rates?
4. **To determine relationship and impact of government tax programs such as capital benefits levy, advance sales and purchasing levy, investment tax or land registration fees?**
5. Assess the effect on Pakistan's real estate of other partnership sectors?
6. Assessing the effects on the property index of GDP per capita?
7. Are we calculating the effects on the Pakistani property market of the Real Estate Investment Trust (REIT)?
8. How does Population impact the immobilizing industry in Pakistan?

2.3 Significance

The fundamental objective of this study primarily comprises upon exploring the nature of relationship between the financial performance of real estate market and different trends of real estate. The main justification for conducting the present research is consisted of identifying the new trends in the real estate of Pakistan and then determining that either these are positively or negatively affecting the industry. Ultimately, the policy makers, investors, operators and developers would be aware of the positive aspects of the industry so these would be promoted while the negative customs would be eradicated from the real estate industry of Pakistan. More specifically, the investors would invest in those trends and technologies which are adding value to the real estate sector. On the other hand, the findings of the study also open up the new directions for the researchers to explore the real estate industry of Pakistan from multiple aspects and fill up the gap of the literature. Mainly, the studies have been conducted in this area but a very small quantity of the researchers could be figured out in Pakistan. Besides that, the results of the foreign researches could not be generalized for the Pakistan's real estate industry because the culture, customs and social settings of Pakistani real estate market is quite variant from the foreigner countries. Hence, the contribution of the current research towards the theoretical as well as practical world is significant and effective.

3. REAL ESTATE INDUSTRY IN PAKISTAN

In recent years, the real estate industry in Pakistan has been one of the most appealing. Many of Pakistan's top twenty businesspeople are involved in this industry, notably the Hashwani Group, the country's second richest corporate group. Malik Riaz Hussain, who has been immensely important in national politics, is a renowned real estate businessman. Because the real estate industry offers both minimal investment risk and large profit margins, it has drawn a lot of cash. Given the huge profits, many retired senior military and civil administrators have chosen this industry as their final employment. Because of the high rate of return and the scarcity of entrepreneurial opportunities, the real estate industry has become a major draw for foreign employees. Real estate was receiving a large quantity of remittances. According to the

World Bank, the amount of real assets accounts for between half and two-thirds of a country's overall wealth. There is no accurate estimate of the size of real estate in Pakistan. To illustrate, if you look for the top twenty richest persons in Pakistan on the internet, you will discover Malik Riaz Hussain, the owner of the most prominent land developers Bahira Town, listed at number 112, with an estimated value of almost 800 million dollars. In 2019, real estate did not do well because of various financial, economic and political challenges. However, it is highly expected that the real sector will expand strongly in 2020.

CPEC is another massive initiative for growth that will transform the economy of Pakistan and will result in the real estate industry booming in the next few years. The special economic areas of the CPEC also need to be completed, but in the light of a better energy situation and partial end-of-life on the Lahore-Karachi Road, the positive results of the CPEC are apparent. From an earlier 5 hours, the delay between Lahore and Multan was reduced to 3 and a half hours. Multan is now regarded by companies and businessmen as the new hub of Pakistan's economy. D.H.A Multan's growth, D.H.A Bahawalpur, are a few examples which prove CPEC is turning the real estate sector into the future. There is no question that the immobilisation market is going to expand in the next few years. Some of the recent reforms to the Pakistan's real estate are mentioned in the following manner:

The Finance Act of 2009 made submitting returns necessary for everyone who owns an immovable property with a land area larger than or equal to 500 square yards and/or a flat with a covered space of 2,000 square feet or more. The action was done to broaden the tax base. Similarly, an FBR circular issued in 2010 authorised provinces to collect Capital Value Tax (CVT) on immovable property. It is a tax that is paid by the buyer at the time of purchase and is based on the capital value of the acquired asset. Capital gains tax (CGT) on the sale of immovable assets with a holding duration of less than two years was introduced in 2012 by the Finance Act 2012. This meant that persons who had previously been exempt from taxation in the house construction industry were now subject to it.

3 ATTRIBUTES OF REAL ESTATE INDUSTRY

3.1 Digitalization and Real Estate

Accordingly, it takes 208 days to register a property in Karachi, as obtained from the 2018 World Bank Doing Business Survey. Karandaz's⁶ studies also show that Karachi Builders say that approvals from authorising agencies are needed for 12-16 month. Federal Board of Revenue (FBR) is planning to conduct a digital survey of immovable properties across the country coupled with the digitization of land records in Pakistan. The recently announced decision by the FBR to digitize the real estate sector in Pakistan was followed by the Chinese proposal of using geotag technology to evaluate the overall wealth parked into Pakistan's property market. The digitization of land records in Punjab (Pakistan's largest province) is projected to improve access to and accuracy of land records and transfers. In addition, the time and expense of obtaining

land facilities has reduced dramatically and customer loyalty has increased. (Report No. ICR00003719 of the World Bank). The digitization of land records in Punjab (Pakistan's largest province) is projected to improve access to and accuracy of land records and transfers. In addition, the time and expense of obtaining land facilities has reduced dramatically and customer loyalty has increased.⁷

3.2 Financing and Real Estate

In the growth of a diverse housing and renovation market, real estate financing plays a central role. Bank loans are theoretically a major source of immobilization and there are close links between real-estate prices and bank loans⁸. The Pacific Economic Survey found that, compared to Rupees 22.1 trillion Rupees, the loan to real estate operations amounted to 1.44 percent of private sector total loans, from July to March and from the Financial Year 2020, i.e. 3.98 per cent of all private enterprises' total loans, from July to March, and from the 2019 Financial Year. Market funding for house buildings reported negative - 6.1% growth from July to March, financial year 2020, as opposed to a strong 10% growth trend from July to March, fiscal year 19 respectively. Financial year 2020. The study by Karandaz describes major impediments to banks' inability to lend to builders and developers: project delays, defaults, lack of corporation, problems with land titling and confusion about cash flows respectively. This study also refers to HBFC as the only specialist facility in Pakistan that currently only provides two commodity lending (short- to long-term lending) to developers and constructors. In Karachi, only around 30-40 builders are able to make use of these facilities.

3.3 Lending Rates and Real Estate

In their analysis Umar et al.⁹ "Effects on house prices for monetary policy: Pakistan scenario" studied that monetary policy influences house prices dramatically in Pakistan. Stringent monetary policy consequently results in lower housing costs and vice versa respectively. It is a unidirectional partnership between monetary policy and house prices. Low interest rates stimulate the real estate sector by encouraging home-buying activity and by making it less expensive for individuals and businesses to borrow money to invest in all types of real estate. A few real estate booms have been seen in Pakistan. One between 2003 and 2006 and the other between 2013 and 2016. The main explanation behind both of these booms was that, back then, the interest rates were 7.5% and 5.75% respectively at their lowest level¹⁰. Prices are growing in major cities, especially in areas that are licensed to be developed. The Lahore Defense Housing Authority (D.H.A) reportedly raised land prices by 30 percent in one month and housing costs.

3.4 Fiscal Policies and Real Estate

Pakistan's State Bank (SBP) The first quarterly report for FY 19 outlines crucial measures initiated by the federal government between 2009 and 2018 to improve the tax collections from selling to buying real property and prevent parking black money in the real estate industry⁹. One of the main changes in rising municipal revenues involves advance tax payments for the selling and acquisition of buildings. In 2016, a major overhaul was undertaken when wise thresholds for the purposes

of raising advance taxes and capital earnings tax were adopted by the Federal Board of Revenue (FBR)¹¹. Purchases could be made above 5 million but not in cash as per Federal Board of Revenue amendment in Income Tax law. However, penalty is imposed if the land is purchased worth above 5 million in cash. Similarly, by raising tax thresholds and retention periods, Capital Gains Tax was also modified by the Finance Act of 2019 and 2020. In addition, FBR's specialist agency FBR formed the General Directorate for Real Estate in all real estate issues. For the purpose of improving accountability in property valuation, the provincial government in Punjab has also proposed a major cut, during the current financial bill, in the rates of stamping duties and other provincial levies. The Federal Government has also announced the creation for a New project called "Naya Pakistan Housing Scheme" in Pakistan with a view to develop five million housing units.

3.4 GDP Per Capita

Hoskins, Higgins, and Cardew¹² have found important similarities to the rates of composite property that GDP growth, inflation and unemployment exhibits. John Stuart Mill stressed that the ordinary success of a wealth-enhancing society is only to boost the landlord's profits regardless of problems. The correlation between economic growth and landlord-controlled share of the economy could be more nuanced than conventional economists or their critics had expected (Barker). The relationship between real estate and the economy therefore needs to be noted and known. In developed countries, land and property ownership is more concentrated than ownership of other properties, and development in the real estate market has an overall significant effect on the overall accumulation of capital. Barker (supra) also states that real estate prices will widen the wealth divide between homeowners and landlords.

3.5 Population and Real Estate

The demographic factor is also used in a number of observational experiments to describe and forecast a shift in price and direction of the property. Such as Mankiw and Weil, by analysis of a number of the house prices of US towns in the 1970's, believes baby boomers were the primary causes of the increase in housing costs after World War II¹³. savings, labor supply and real estate. The hypothesis of the living cycle has linked the human age to the property market and believes that people will buy homes while they are young and sell their properties at such a point of time to keep their older consumption. The observational studies have also shown that the demand for housing based on age is increasing first and then decreasing after some point. Levin et al. used a different approach to investigate the effect on housing prices in England and Scotland of population transition and found different results. This data suggest that the rising elderly population will become a possible recession problem in a global world with deepening population ageing. Studies on this topic did not, however, contribute to a clear conclusion. The likelihood to sell homes by elderly was less until they attain 70 years of age, as Chiuri and Jappels pointed out. Eichholtz and Lindenthal suggested that the demand for housing would only reduce as people were at the end of their lives and therefore the demo-

graphic ageing did not result in any significant reduction of the demand for housing. Some surveys have also shown that people's housing appetite changes after retirement.

4 CHALLENGES OF REAL ESTATE INDUSTRY IN PAKISTAN

Uneducated brokers and sellers who have no experience to further guide people have overtaken the real estate industry. The rights of assigned land are protected by federal and provincial real estate authorities in the region. Furthermore, the building of societies by architects and builders is desperately needed because the process of consolidation of land takes many years. Supervising those property regulators would build people's confidence in this sector. without fear of scams, particularly Pakistanis in overseas countries. In order to broaden the tax basis, the government must develop long-term policies. Investors will deposit their fortune outside Pakistan and purchase properties in Britain, Dubai, while the other investors will invest in offshore business. Taxing already will harm taxpayers in two respects; one will squeeze the tax base as people start using cash transfers instead of financial transactions and disguise their wealth. It is necessary to progressively overhaul the structure as rapid reforms have detrimental effects on the economy, in particular on the real estate industry. The government launched the Rolling Spectrum 2020-2023 Strategy, according to the latest property news, to support business telecommunication provider investment in their network plans because of a huge increase in data use. Pakistan's mobile data traffic has grown by 165% to 69 petabytes in 2017 to 128 petabytes in 2018. The use of data grew between 2016 and 2018 from 0.34 Gb/user/month to 1.75 Gb/user/month. In October 2020, export growth grew by 10.5 percent, from \$196 million to \$2.1 billion, over the previous month. Imports, on the other hand, fell by 15%, to \$3.7 billion, relative to the previous month, by \$647 billion in October 2020. The 2020-21 budget is simply paperwork and has nothing to do with reality. The IMF reports a 1.5% fall in Pakistan's economy in 2020-21, though government figures are 2.1% up. Given an inflation target of 6.5%, the government is expected to reduce real GDP by 4.5%. COVID-19 and Locust's attack is sufficient to destroy the economy of Pakistan. There is also a high unemployment rate. Another war is in the picture with India. Who would buy land in a political and economic condition so unpredictable?

Real estate is a thriving market, but in the 2020 year the conditions are convincing and will help the immobilisers and Pakistan is said to be in favour. Since more aliens visit Pakistan, the expanse of the touristic industry is said to increase that would certainly draw tourists to buy immobilized property in Pakistan, the aliens tend to live in Lahore, according to some surveys. Likewise, it is the World Bank's 108th place in Pakistan's global ranking of "Doing Business 2020" that is on the right path to create a positive climate for many firms. The last order arrived at 136 and new data suggest that the economic climate will be improved and many international investors will be drawn into Pakistan, as well as supplying the young generation with job opportunities.

5 METHODOLOGY

Positivism demonstrated the application of the experimental method by observing the theories of whether, where, why, how, and when events have arisen empirically. Positivist scholars such as Comte thought that only experimental methods could progress rather than prior spiritual theories for human behavior. The report would be a comprehensive study to evaluate the annual real estate past in Pakistan in an effort to chart this review accurately and address questions from research. Therefore, because of the intrinsic existence of the subject in question, the research technique was based on a quantitative approach. The key objectivity of the analysis is to explain multidimensional influence of different variables influencing the immobilisation index, for example on the plot index, residential index and residential indexes. Centered on this aim, it is best known if Observational Relationships involved in the analysis are considered over time than at a single time. This thesis was carried out as a panel study for this purpose. The approach of the panel includes the use of statistical or cross-sections statistics, enabling individuals to monitor their behaviour over time¹³.

This research covered the period from 2011 to 2019 and its selection was mostly affected by the great boom in the economy of Pakistan as well as the decline in the periods above. Prime Minister of Pakistan Mr. Imran Khan unveiled in October 2018 an ambitious housing plan for low-income families, Naya Pakistan Housing Program (NPHP), aimed at addressing the housing crisis. At least five million low-cost houses will be built in the country under this program. In January 2019 90% income tax rebates on income provided by loans for low-income homes, small businesses and agricultural ventures is declared by the federal government. It was also suggested that a 5 billion Pak Rupees (US\$35.24 million) non-interest revolving loan (Qarz-e-Husna) should be developed to finance the building of affordable homes. The research was also designed with due care to integrate urbanization, digitalization, housing finance, lending rates, fiscal policies, associated building input, REIT, GDP per capita, and population variables. This was done to provide additional insight into the outcomes of earlier studies which primarily focused on the aspects of the financing of real estate builders and developers.

The dependent variable of the study is market based real estate performance. The metrics of business success use market data Kotkin and Cox.¹⁴ argued that the success metrics on the market were higher than those on accounting, since management could not handle those indicators. In this analysis, the real estate price index was used as a way of comparing average property returns and calculating distinctions between real estate categories and subcategories. In addition, in property market analysis, pricing indices are significant. The topics of study used for price indexes include cycles of property and the relationship between property markets and other financial markets. Olof Netzell (Olof Netzell) Pakistan's first real estate index was launched by Zameen.com in 2016. The index revolutionized the immobilization sector of the world. In the past, intuition and minimal evidence allowed decisions by agents and investors, but the Immovable Index allowing the analyses and understanding of business dynamics by all

stakeholders. This tool helped concerned parties to determine on the basis of evidence obtained in the region in a knowledgeable manner. Furthermore, the index tracks the real property values per square foot per day. It also digitizes the market practices of real estate and enables buyers to select on the basis of real and updated knowledge. Independent variables are urbanization, digitization, financing and lending, fiscal policies, allied industries, GDP per capita and Population. Their measurement is provided in Table 1.

TABLE 1
MEASUREMENTS OF INDEPENDENT VARIABLES

Variables	Codes	Measurement	Expected Outcomes
Urbanization	URB	Share of urban population in total population	+
Digitization	DIG	Total count of registries	+
Lending Rates	FOBD	Lending Interest rate in Pakistan	-
Housing Finance	FOC	Gross outstanding finances of all banks	-
Fiscal Policies	FP	Headwise collection of direct taxes	-
Allied Industries	AI	Construction input index	+
GDP Per Capita	GDP	GDP per capita of Pakistan	+
REIT	REIT	Dolmen REIT index	-
Population	POP	Pakistan's population	-

The research samples have been selected in a more thorough category consisting of the Five Marla, Ten Marla, and One Kanal from the financial year 2011 through 2020. (One Marla in Pakistan is equal to 225 square feet or 250 square foot or 272,251 square feet depending on location, while one channel is equal to 20 marlas). As data relating to real estate trends at the national level have been available on a monthly basis in all the previous years from 2011 to 2020, hence, for those above listed years the real estate index was obtained for the month of June. The data required to test these study hypotheses are Urbanization Rate, Lending Rate and House Finance, Registry Count after Punjab Digitalization, Fiscal Policy, Input for Building, Capita GDP, Confidence Index for Immobile Investment and Population in No's. Only secondary sources may collect info. As a result, much of the information from this analysis was collected for the daily/monthly index of assets based on the Zameen.com website. In addition, the monthly/quarterly/annual reports released by the Pakistani State Bank, the Federal Revenue Board, the Punjab Finance Dive and the Pakistan Bureau have obtained substantial data. The annual reports were accessed online from the respective website of the organisations and web pages such as statistics and the world bank provided statistics on urbanisation. The data acquired for this analysis with Microsoft Excel were statistically processed and the findings were obtained using SPSS. Data analysis consists of multiple regression.

6 RESULTS

6.1 Regression Analysis

Based and indigenous variables data were obtained and analyzed in time series and several linear regression models were developed, which are expressed in the following equations, for all ten financial years starting in 2011-2020:

$$Y = \beta_1 + \beta_2 (URB) + \beta_3 (FP) + \beta_4 (REIT) + \beta_5 (AI) + \beta_6 (FOC) + \beta_7 (DIG) + \beta_8 (FOBD) + \beta_9 (GDP) + \beta_{10} (POP) + e \quad (1)$$

- Where Y = Real Estate Index
- β_1 is the intercept,
- $\beta_2 - \beta_9$ are coefficient and
- e is the error.

TABLE 2
REGRESSION ANALYSIS OVERALL - HOUSING, PLOTS AND RESIDENTIAL PROPERTIES

Model	R	Ad. R Sq	Std Error	Change Statistics				
				R Sq Chng	F Chng	Df1	Df2	Sig
1	.218	.048	.044	76.54586	.048	8	1967	.000

a. Predictors: (Constant), GDP per capita, House Financing (in Pkr Million), Count of Land Records Digitised in Punjab, Interest rate in % age, Construction input Index, REIT Index, Federal Taxes on Property (in Pkr Million), Urbanisation rate in %age

TABLE 3
ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	576640.412	8	72080.052	12.03	.000
Residual	11525180.425	1967	5859.268		
Total	12101820.838	1975			

a. Dependent Variable: Real Estate Index

b. Predictors: (Constant), GDP per capita, House Financing (in Pkr Million), Count of Land Records Digitised, Interest rate in % age, Construction input Index, REIT Index, Federal Taxes on Property (in Pkr Million), Urbanisation rate in %age

The regression analysis is most significant part of the findings in this study as it is testing the causal relationship between the dependent and independent variables of the study. The model summary is showing the value of adjusted R square as .048 which means that the overall model of the study is significantly contributing to the variance creation in the dependent variables as caused by the dependent variable. This explains the variation for the overall model including all the independent variables.

Table 3 is showing the ANOVA which is aimed at explaining the overall significance of the model. It is evidenced from the outcomes that the overall model of the study is significant at the level of 99 per cent confidence interval. It shows that the variables taken for the study such as the dependent and all the independent variables, resulting in certain relationships which are tested in the study are effective and accurate. So, the validity of the results is specified by the Cronbach Alpha. Moving ahead,

Table 4 is providing the coefficient values separately for each relationship. The evidence provided high positive correlation between Urbanization and Real Estate Index answers research question. The regression result established significant positive relationship in all three categories of Real estate i.e. Houses, Plots and Residential properties which is consistent with findings by (2007 Dowall, David E.; Ellis, Peter) on Urban land and housing markets in the Punjab. However, based on the regression analysis performed over REI and urbanization, positive but weak relationship was observed.

TABLE 4
COEFFICIENTS

Mod	Unstd.		Std. Beta	t	Sig
	B	SE			
(Constant)	1131.648	1665.993		.679	.497
Urbanisation	-3.309	43.287	-.02	-.076	.939
Federal Tax- es	.003	.001	.537	4.674	.000
REIT Index	-.002	.001	-.13	-1.48	.138
Construction Index	.132	.334	.069	.396	.692
House Fi- nancing	-.001	.000	-.15	-1.52	.127
Land Rec- ords Digit- ised	-9.346E- 5	.000	-.16	-5.14	.000
Interest rate	-26.444	7.962	-.59	-3.32	.001
GDP per capita	-.455	.132	-.71	-3.44	.001

a. Dependent Variable: Real Estate Index

The development of land digitization centers has a positive effect on immobilization. The effect of the regression was substantial negative in all categories and graphics, but a positive poor association was found for homes. The findings above are partly consistent with the Punjab digitalization results surveys undertaken by World Bank. The impact of new housing disbursements by financial institutions has a positive effect on the Real Estate Index solves the issue. Regression results reveal significant negative connection to residential property (including home, estate and industrial property) between the present levels of financial institutions funding and the Real Estate Indices. The above findings are partly consistent with the report of State Bank Pakistan, which reports that, owing to low revenues and economies, the mortgages available for most of the public remain unaffordable, which means that a bad relationship remains with larger real-estate alternatives. The strict fiscal policies have a negative impact on final property customers and tight fiscal measures have a positive influence on taxation. Descriptive figures show that federal proceeds from the tax levy on the acquisition and selling of property was increased considerably. SBP study on real estate, however, says that the prices for property registration vary from those of the Federal Revenue and Real Valuations Board¹⁵.

The study also emphasizes that, while the property market remained vigorous, revenues from this source were not mobilized by the government and Pakistan's output remained slow

as opposed to other economies. It is noteworthy that in the Overall case - (home, parcel, and residential property) the regression results between the fiscal policy and the real estate system formed a clear and positive correlation between current levels of funding by financial institutions and the Real Estate Index. Proof on H8: GDP per capita real estate contributes greatly to the immobilization market. The outcomes of the regression identified clear negatives of GDP per capita in all categories except housing with no relevant connection. The evidence presented on H9: REIT dramatically affects the real estate market. The regression resulted in a poor link between REIT and real estate in general and in all immobilization groups. The study also showed that there is a poor connection between rates of lending in REI real estate and all cases except Despite the fact that the loan prices were projected to have major impacts on real estate at all sizes and levels. Our findings, however, have been consistent with Karandaz report which explains why House Building Finance Corporation (HBFC), the only specialized institution that currently finances developers and builders, and around 30-40 Karachi builders are able to use the facilities. Karandaz study (2018) discusses primary hindrances relating to banks' inability to lend to builders and developers, including project delays, defaults, the corporate lack, land titling problems and insecurity about cash flow.

7. CONCLUSION AND RECOMMENDATIONS

It is concluded from the study that urbanization, REIT, house financing, land records digitization, interest rates and GDP per capita are adversely affecting the real estate of Pakistan. However, federal taxation and construction index are contributing positively. It provides that the state measures are directly adding to the effective development of the real estate of Pakistan. Housing-to-finance ratio is among the lowest in the world at just under one percent in Pakistan, compared to 50% in developing countries. A structured policy must offer incentives to end users of property rather than developers in this sector who are able to buy their first unit in Pakistan with a more open home loan market, particularly as this is a simple necessity for everyone. Further, the SBP should allow banks to provide housing loans at lower interest rates through SBP financing. Alternatively, for all business banks, a minimum ceiling of 5 percent is imposed to disburse loans for the purpose of promotion and development of the property and house-building sectors in a single year. As one window process it is essential to provide a single regulatory authority for the property across Pakistan. In order to accelerate issues concerning ownership, sale, price, taxation, value of land, the registration and deregistration of builders, developers and contractors, the constitutional change could be proposed to make a property subject within the jurisdiction of the Federal Government. The valuation of the property is usually stated at three prices at this time. 1. Vice-Committee Councils 2. Rates of FBR 3. Existing market prices for the registration and stamping duties in Pakistan. Property value should be reassessed across Pakistan and only a cost, i.e. market value, should be observed for reporting and registry purposes. Similar, taxes and charges can be collected at provincial or federal level on registration and sale of land. Real estate documentation is required to avoid

illicit or black money on real estate. Real estate documentation is obligatory. Pakistan is currently facing an issue with the aforementioned case, since the Financial Action Task Force (FATF) requirements require specific criteria to be complied with. REITS are a valuable tool to deter illicit immobilized capital. Although that only one RIET is licensed to be operating in Pakistan while others are in the course of approval, efforts are therefore necessary to accelerate the registration process, since the SECP has made major changes to the REIT rules.

As far as the limitations of the study consist, this research is not fully unregulated. The first data were collected from zameen.com, a private company engaged in the real estate marketing and construction industry rather than an authorized statistics agency, for the most variable variables in this report. With help of the Management and Science University of Lahore, the immovable index and cost per square feet were created. Secondly, while estimating the effect of digitization on mobiliary sectors in the Punjab province, only data were obtained from cities in which Arazi Land Digitization Centers are developed where there are actually 36 districts in Punjab leaving a plurality of districts in our estimation. Thirdly, the Federal Revenue Board and Finance Ministry - Punjab website offered statistics on fiscal policies such as immobilizer taxes, whereas data on other three provinces were not available and thus only federal taxes were included in our estimate, while real estate receipts from any of the provinces were not accounted for, respectively.

ACKNOWLEDGMENT

This paper and the research behind it would not have been possible without the exceptional support of my supervisor, Ali Khan. His enthusiasm, knowledge and exacting attention to detail have been an inspiration and kept my work on track.

REFERENCES

- [1] The world bank project information document.pakistan housing finance project (dec 2017)
- [2] Dowall, D.E. Urban land and housing markets in the punjab,pakistan susyaimable development pakistan: urban studiesowall, d. e. (2009).
- [3] Norwegian peace building resource centre on urbanization in pakistan; causes and consequences by michael kugelman January 2013.
- [4] Ghaus , a & hafiz a p.(1990). magnitude of the housing shortage inpakistan.the pakistan development review.vol 29(2),pp.137-153
- [5] Nazli, H. & Sohail, J.M. Housing : opportunity,security, and empowerment for the poor.the pakistan development review , (2003) vol 42 (4),pp.893-908.
- [6] Karandaz enhancing, Ali khizar aslam , huma sattar - (october 2018
- [7] Worldbank report no: icr00003719
- [8] Zaman, M., Hudaib, M, and Haniffa, B. corporate governance quality, audit and not-audit service fees journal of business finance and f accounting. (2011) 38 (1)&(2), 165-197.
- [9] Umar, M., Akhtar, M.,Shafiq, M. and Rao, Z-U, (2019) impact of monetary policy on house prices: case of pakistan

- [10] Young, j.(2019). market insights: property investment in pakistan.the london economic.
- [11] The state of pakistan's economy first quarterly report for the year 2018 -2019 of the board of directors of state bank of pakistan, pp. 42, 91-100
- [12] FBR.gov.pk/fbr-year-books/132039
- [13] Sedlack, R.G., and Stanley,J. Social research theory and method.allyn and bacoy. (1992).
- [14] Kotkin and Cox. Rural urban migration in pakistan from 2001 to 2015 (pjss) vol 39 , no 3 (2019),pp 979-993
- [15] Gkliatis et al.kajola,2008;rashid,2010; toapk,2011 etc).