



Housing Demand in Islamabad Capital Territory

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Objective and Plan of Presentation

- The objective of this paper is to study the housing demand in Islamabad.
- Plan:
 - Introduction.
 - Housing Sector in Pakistan.
 - An Overview of Islamabad.
 - Analysis of Housing Sector in Islamabad.
 - Policy Recommendations.

INTRODUCTION

Key Factors Affecting City's Housing Attractiveness

- Absolute Population.
- Availability of Job Opportunities.
- Infrastructure of the City.
- Education and Health Facilities.
- Average Level of Housing Costs.

Polices Affecting the Housing Sector

- Provision of Infrastructure.
- Regulation of Land and Housing Development.
- Organization of the Construction and Materials Industry .
- Involvement of Public Sector.
- Role of Informal Housing Units.

Brief Literature Review

➤ **Smith, Rosen and Fallis (1988)**

Housing differs from the standard Neoclassical good; it is heterogeneous and its spatial fixity means that the location of the housing stock matters to households.

➤ **Macleon (1994)**

Housing is imperfectly substitutable across locations.

➤ **Zaki (1981)**

Over viewing the housing condition in Pakistan for the 1960-1980 period. Housing conditions have been very congested and low in quality.

Brief Literature Review

➤ **Pasha and Ghaus (1990)**

They analyzed trends in housing conditions in Pakistan over the same period 1960-1980. The study shows that housing conditions improved significantly over time.

➤ **Nazli and Malik (2003)**

They highlighted the importance of housing as an important dimension of poverty reduction. They focused on housing as a poverty alleviation strategy element to open up opportunity, security and empowerment.

Table 1

Housing Sector in Pakistan

Present Housing Stock	19.3 Million
Urban	32.3%
Rural	67.7%
Pacca	21.0%
Semi-Pacca	40.0%
Kutcha	39.0%
Household size	6.6 Persons per house
Occupancy	3.3 Persons per room
Housing Shortfall	4.3 Million
Annual Requirement	570,000
Annual Production	300,000
Recurring Annual Shortfall	270,000

Source: National Housing Authority, Ministry of Housing & Works

Housing Finance in Pakistan

➤ **Arshad (2003)**

HBFC did not have a very encouraging record for Housing Finance. It is because almost 77% of HBFC's housing loans have gone to influential people in the upper or upper-middle income groups, and only 23% have gone to the lower and lower-middle income groups.

➤ **State Bank of Pakistan**

Promoting the Concept of Housing Finance.

Encouraging the commercial banks by re-financing them at concessional rates.

SBP has relaxed the debt-equity permissible ratio up to 80:20. while enhancing the maximum borrowing limit to Rs. 7.5 Million.

National Housing Policy

- The Policy Addresses all the core issues relating to:
 - Land matters.
 - Housing finance.
 - Construction.
 - Services sector.
 - Low cost & Rural housing.
 - Building material and infrastructure development.
 - Building and zoning regulation.
 - Institutional framework.

Islamabad City Overview

➤ Brief History of Islamabad

- Islamabad, literally meaning “The Abode Of Islam”.
- In 1959, President General Muhammad Ayub Khan created a commission to study the feasibility of a new capital.
- In June 1959, it was decided that the capital should be built to the North of Rawalpindi.
- In October 1961 that the construction work commenced .

Area of Islamabad

➤ **Area**

Municipal Area	440.3 Sq.km
Rural Area	465.7 Sq.km
Total Area	906.0 Sq.km

Source: CDA, Islamabad.

Demographic Characteristics

Table 2

Population and Intercensal Increase during different Censuses

Description	1961	1972	1981	1998
Population (in 000's)	118	238	340	805
Intercensal Increase (percent)	-	101.7	42.9	136.8
Average Annual Growth Rate		6.20	4.31	5.19

Source: District Census Report of Islamabad 1998

Table 3

Housing Sector in Islamabad

➤ Islamabad City's Housing Profile

Existing Housing units in Sectors	75,000 units
Required Housing Demand	125,000 units
Existing 'Shortage'	50,000 units
Additional Demand per year	4,000 units

Source: CDA, Islamabad.

Level of Congestion

Table 4

Indices of Congestion in Islamabad

Index	1980	1998
Persons per Housing Unit	5.7	6.2
Persons per Room	2.2	2.1
Rooms per Housing Unit	2.6	2.9
Housing Units with one Room (%)	23.5	16.0
Housing Units with 2-4 Rooms (%)	64.8	67.8
Housing Units with 5 or more Rooms (%)	11.6	16.1

Source: Population Censuses of Pakistan 1980 & 1998

Nature of Tenure

Table 5

Nature of Tenure by Rural/Urban in Islamabad

(In Percentage)

Tenure	All Areas		Rural		Urban	
	1980	1998	1980	1998	1980	1998
Owned	57.0	47.8	88.0	74.5	39.0	34.7
Rented	34.0	39.8	6.0	16.3	50.0	51.3
Rent Free	9.0	12.4	6.0	9.2	11.0	14.0

Source: Population Census of Pakistan 1980& 1998

Sectoral Allocation of Housing Units

Residential	Not more than 55%
(b) Open/Green Spaces/Parks	Not more than 8%
(c) Roads/Streets	Not less than 26%
(d) Grave Yards	Not less than 2%
(e) Commercial and Parking	Not less than 5%
(f) Public buildings like school, mosque, Post office, community center and hospital etc.	Not less than 4%

Table 6
Developed Urban Sectors

1. Residential Sectors	No. of Sectors	Name of Sectors
Developed	15	G-6, G-7, G-8, G-9, G-10, G-11, F-6, F-7, F-8, F-10, F-11, E-7, E-9 and I-8
Planned	5	I-14, I-15, I-16 and G-13
Being Planned	3	F-12, G-12, D-12 and E-12
2. Developed Institutional Sectors	3	H-8, H-9 and H-11
3. Developed Sectors for Industrial/Residential	2	I-9 and I-10
4. Developed Sectors for Wholesale Markets	1	I-11
5. Developed Sectors for Diplomatic Enclave	2	G-3 and G-4
6. Developed Sectors for Administrative Building	1	F-4
7. Developed Public Building Sectors	2	G-5 and F-5
8. City park (on going)	1	F-9
9. Developed Sectors of Blue Area	2	F-6/G-6 and F-7/G-7

Table 7
Housing Units and Population of Sectoral Area of Islamabad

Serial Number	Sector	Land Use	Total Housing Units	Population Census 1998	Persons Per Housing Units
1	I-8	Residential	4614	18667	4.0
2	I-9	Industry+ Residential	2609	20810	7.9
3	I-10	Industry+ Residential	5916	42173	7.1
4	I-11	Wholesale Market+ Residential	2340	9041	3.8
5	G-6	Residential	4877	36798	7.5
6	G-7	Residential	7113	55030	7.7
7	G-8	Residential	5506	31379	5.7
8	G-9	Residential	7088	50986	7.2
9	G-10	Residential	5180	33654	6.5
10	G-11	Residential	6637	10044	1.5
11	F-6	Residential	2035	16791	8.2
12	F-7	Residential	1228	11817	9.6
13	F-8	Residential	1397	10548	7.5
14	F-10	Residential	1565	12796	8.1
15	F-11	Residential	3373	17289	5.1
16	E-7	Residential	329	1696	5.1
17	Model Villages	Residential	9713	58278	6.0
Total			71520	437797	
Average			4207.1	25752.8	6.3

Source: CDA, Islamabad

Table 8
Sector Wise Price of Housing Units in Islamabad
(In 'Million' rupees)

Sector	Housing Unit Size (Approximate Sq. Yard)	Price Range
I-8	311-600	20.0-40.0
I-9	125-200	4.0-7.5
I-10	125-250	4.0-10.0
G-6	125-500	5.0-30.0
G-7	125-500	5.0-25.0
G-8	125-250	5.0-8.0
G-9	133-500	7.0-20.0
G-10	166-600	7.0-35.0
G-11	167-600	8.0-25.0
F-6	325-2000	25.0-100.0
F-7	500-2000	25.0-120.0
F-8	500-2000	25.0-120.0
F-10	500-2000	25.0-125.0
F-11	500-2000	40.0-150.0
E-7	500-2000	40.00-160.0

Proposed Housing Scheme for Federal Govt. Employees

Table 9
Housing Units for Federal Government Employees

Basic Pay Scale of FGE	Type	Covered Area (Sq. Ft.)	Specification of Accommodation	Cost per * Housing Unit
1-4	A	500	Two to three rooms, one bath/WC, kitchen	520,000
5-7	B	700	Two rooms, Living room, one bath/WC, kitchen	728,000
8-10	C	900	Two bed rooms, two baths, Living room, kitchen	936,000
11-15	D	1100	Drawing cum dining room, two bed room with two baths, kitchen	1,364,000
16-17	E	1200	Drawing cum dining room, TV Lounge, two bed rooms with two baths, kitchen	1,488,000
18	F	1300	Drawing cum dining room, TV Lounge, three bed rooms with three baths, kitchen	1,612,000
19	G	1800	Drawing cum dining room, TV Lounge, three bed rooms with three baths, kitchen, one servant quarter with toilet	2,232,000
20	H	2200	Drawing cum dining room, TV Lounge, three bed rooms with three baths, kitchen, one servant quarter with toilet	2,728,000
21-22	I	2500	Drawing cum dining room, TV Lounge, three bed rooms with three baths, kitchen, one servant quarter with toilet	3,100,000

Source: First four columns specification obtained from State office of Islamabad.

* Calculated by the author

Policy Recommendations

From the forgoing discussion the following policy recommendations are made.

- The Federal government should expand the area of Capital Territory in order to meet the housing shortfall in Islamabad.
- The new technology and innovations for construction of housing units should be introduced in order to make this sector globally competitive and financially affordable.
- Foreign and domestic investors should be encouraged to invest in infrastructure of housing i.e. roads, bridges, and energy sector in order to facilitate the housing sector.
- The Capital Development Authority (CDA) should acquire land on market rate and after development sell it on market rate to avoid unnecessary legislation and delay.

- The CDA should develop the housing sector in the given timeframe e.g. 3 to 5 years; otherwise these would be developed by private developers.
- The CDA should fix the time limit for the construction of houses in new housing schemes to discourage fake investors and promote genuine buyers, who usually cause the artificial hikes in plots prices.
- In the housing and construction industry, around 40-50 big and small allied industries are directly associated and connected e.g. Cement, bricks, steel, wood, glass, paint and plastic etc. Promoting housing sector shall result not only revival of these industries and economy as well but also create the more skill and unskilled employment opportunities which would reduced poverty.
- It must be ensured that new housing sectors should be far away from industrial estates in order to avoid environmental problem.

Thank You