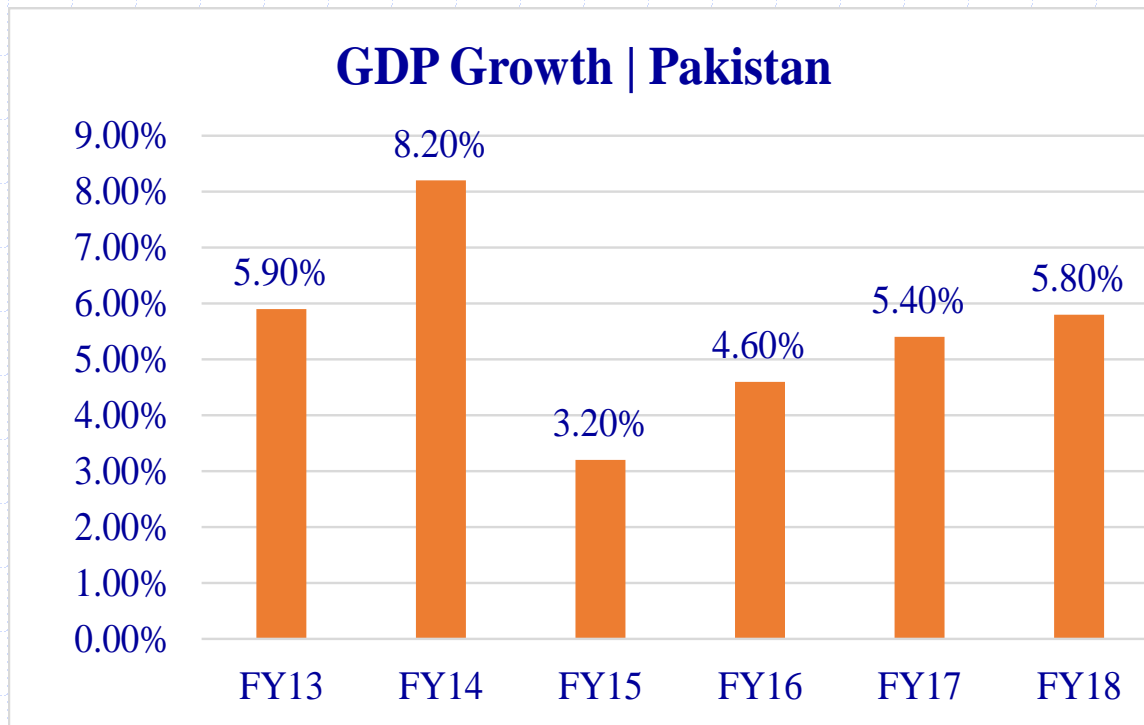


REAL ESTATE SECTOR
OFFICE BUILDINGS - KARACHI

April 2019

Pakistan | Real Estate Sector

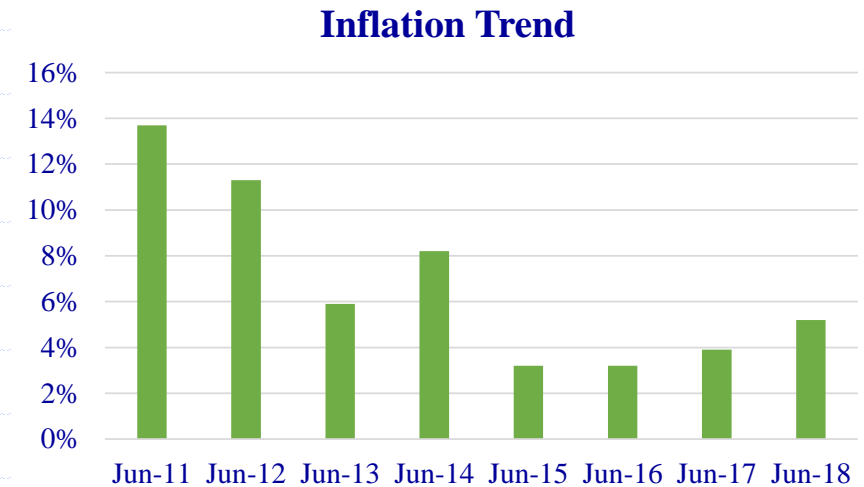
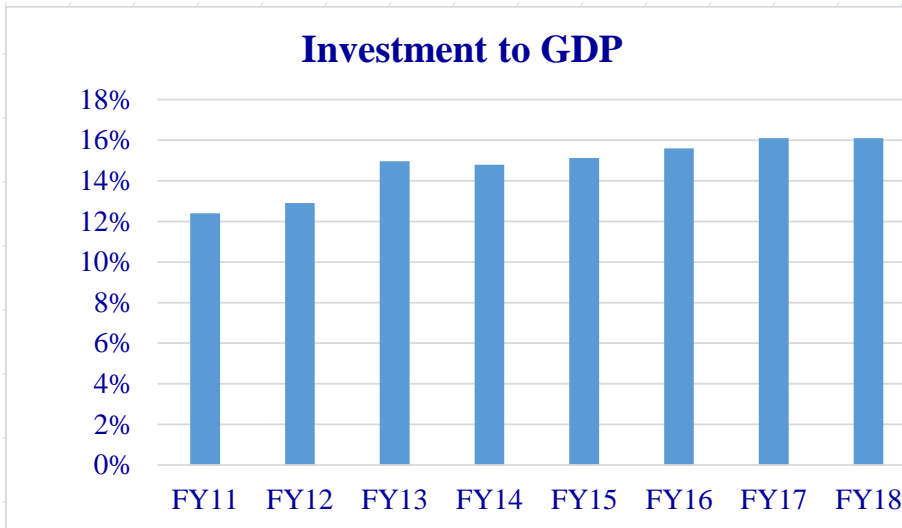
- Pakistan's real GDP growth picked-up further in FY18, reaching 5.8 percent compared to 5.4 percent last year. A healthy performance by agriculture, sustained growth in services and an uptick in large-scale manufacturing output contributed to this positive outcome
- The GDP growth was supported by a host of factors, namely: low cost of financing, fiscal incentives through subsidies, favorable business sentiments, and enhanced access to bank lending. Also, high public spending and progress on CPEC-related projects stimulated economic activities besides inducing firms to enhance their production capacities



- State bank's projections for real GDP growth in FY19 stands at 4.7% - 5.2% against target of 6.2%
- World Economic Outlook projects global economy to grow at 3.5% and 3.6% in 2019 & 2020

Real Estate Sector | Key Trends

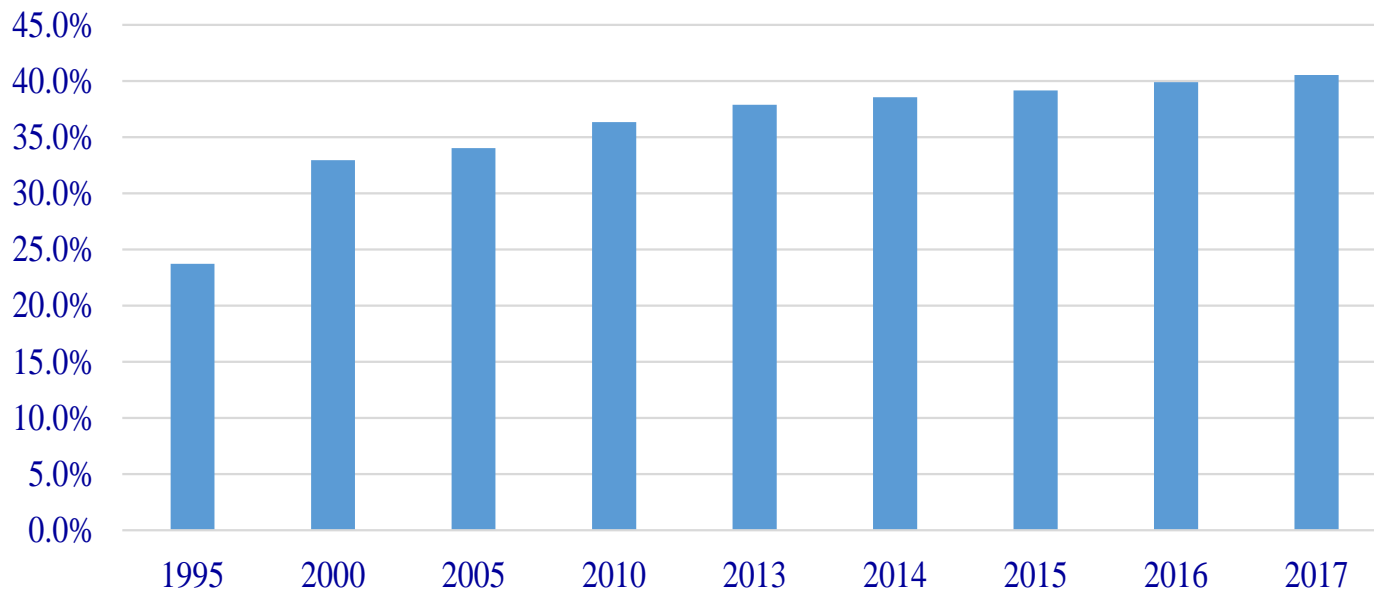
- Pakistan | People tend to park their savings in real estate sector as these investments are used as a hedge against inflation; trend may witness slight change subsequent to increasing interest rate environment
- Real Estate Sector | Fragmented with few established nationwide professional developers
- Inflation is following increasing trend which might pose a challenge
- Investment to GDP is largely stagnant in recent years



Real Estate Sector | Key Trends

- Trend towards urbanization creates a real demand for real estate.
- Significant increase has been witnessed in housing activities near urban areas.
- ~41% of Pakistan's total population resides in urban areas and it is increasing with a significant pace.

Urbanization Trend



Karachi | Real Estate Sector

- Karachi – provincial capital – is the most populous city of Pakistan and one of the most populous city in the world.
- Karachi is financial and commercial hub of Pakistan.
- Lately, the offices have moved to other places than Central business place in the area of Saddar and I.I.Chundrigarh Road
- Due to improved security situation, the demand for commercial Real Estate properties in Karachi has spurred.

KEY RISKS

- Sustenance of improved security situation
- Decline in disposable income
- Risks associated with security situation:
 - ✓ Dip in occupancy rate
 - ✓ Decline in rentals yields

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