



# *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.

## ➤ **Maclelan (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**

<b>Description</b>	<b>1961</b>	<b>1972</b>	<b>1981</b>	<b>1998</b>
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**

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

**Source: Population Censuses of Pakistan 1980 & 1998**

# ***Nature of Tenure***

**Table 5**

## **Nature of Tenure by Rural/Urban in Islamabad**

**(In Percentage)**

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

**Source: Population Census of Pakistan 1980& 1998**

# ***Sectoral Allocation of Housing Units***

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



**Table 6**  
**Developed Urban Sectors**

<b>1. Residential Sectors</b>	<b>No. of Sectors</b>	<b>Name of Sectors</b>
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
<b>2. Developed Institutional Sectors</b>	3	H-8, H-9 and H-11
<b>3. Developed Sectors for Industrial/Residential</b>	2	I-9 and I-10
<b>4. Developed Sectors for Wholesale Markets</b>	1	I-11
<b>5. Developed Sectors for Diplomatic Enclave</b>	2	G-3 and G-4
<b>6. Developed Sectors for Administrative Building</b>	1	F-4
<b>7. Developed Public Building Sectors</b>	2	G-5 and F-5
<b>8. City park (on going)</b>	1	F-9
<b>9. Developed Sectors of Blue Area</b>	2	F-6/G-6 and F-7/G-7

Source: CDA Islamabad

**Table 7**  
**Housing Units and Population of Sectoral Area of Islamabad**

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

**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

Source: Figures based upon a survey conducted locally by the author 19

# Proposed Housing Scheme for Federal Govt. Employees

**Table 9**  
**Housing Units for Federal Government Employees**

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

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***