

Lahore — from cultural to regional commercial

By Hamid Waleed

LAHORE: The capital of Punjab, as we know it, is rapidly changing. A city renowned for its culture, gardens, monuments and historic sites is transforming into a commercial hub. The eminent economist Ejaz Nabi, from World Bank, while speaking to a gathering at the Lahore University of Management Sciences (LUMS) last year described the city as "a regional commercial hub".

Rapid commercialisation: Real estate experts believe that Lahore has become a hot bed of multinational companies, banks, telecommunication companies and international food chains. Most main areas are being commercialised. Huge investments, particularly after 9/11, have targeted Lahore and the city's map is changing with every passing day. PARCO will construct a 20-storey building at Egerton Road. Pearl Continental Hotels is also planning a 40-storey Executive Tower at The Mall, however sources have told Daily Times, that the tower's construction may be hindered because of privacy issues regarding Governor's House.

Main Boulevard Gulberg: Main Boulevard Gulberg has

become a centre for commercial activities. The road saw overnight development because of buildings constructed by leading multinational companies and banks.

"Official circles have reported that World Bank will be setting up its office at Main Boulevard Gulberg by the end of 2005," said Mian Waseem of Zaheer Estate Consultant. "The construction of MCB Tower at the boulevard was also recent announced," he added.

According to real estate analysts, currently 70 to 80 percent area of the area has been commercialised and the remaining is being used for residential purposes.

Main Boulevard Garden Town: Main Boulevard Garden Town (particularly the area from Kalma Chowk to Barkat Market) is the second most commercialised area. "Because of its link with Main Boulevard Gulberg, the Main Boulevard Garden Town has attracted a large sum of investment in the recent past," said a real estate analyst, adding, "Price of land at Main Boulevard Garden Town is second only to Main Boulevard Gulberg."

Defence Housing Authority: Commercial areas in Phase I, II and III, Defence Housing Authority have regis-

tered a significant increase in property prices over the past three years. "The average price of four and eight marlas commercial plots falls around Rs 25 million and Rs 70 million," said Kashif Mehmood from Askari Real Estate in Defence.

"The low number of disputes over property documents has also helped push the price of marlas in Defence to the same level as kanals in Gulberg and Garden Town," said another property dealer.

MM Alam Road: Property prices at MM Alam Road, renowned for its quality restaurants and boutiques, have reached the

level of Main Boulevard Gulberg.

"Very few plots at the MM Alam Road are available for residential purposes," said Suhail Butt, a local investor, adding, "One will only find a few residential plots from Firdous Market to the Mini Market."

LDA's list of commercial roads: The Lahore Development Authority (LDA) has declared a list of commercial roads. The total number of such roads is 39 and LDA is authorised to charge a commercial fee at the rate of 20 percent of the land's value.

Rana Khurshid Ahmed, the LDA spokesman, said that LDA

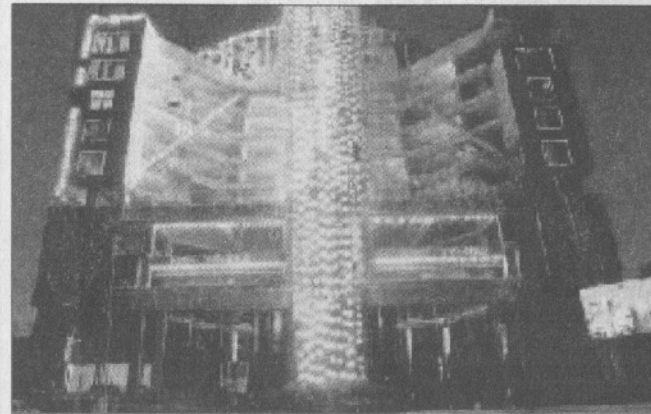
receives commercial fees in four equal instalments during a year. A concession of 5 percent is given when the owner pays in a lump sum, he added.

Ahmed said that a no-objection certificate (NOC) was not required from neighbours to raise a building on declared commercial roads. "There is a concession of 10 percent in commercial fee for education, health and information technology-related commercial buildings," he added.

The LDA also allows the conversion of a residential building into a commercial one, on roads other than the declared ones, and

charges 3 percent of the commercial fee annually for the authority's approval. However, the owner was required to provide a NOC from the neighbours in such a case, Khurshid said.

According to LDA's building regulations, the maximum height for a commercial building is up to 38 feet, however this restriction was removed under new arrangements and a building can be constructed to any height, after paying for each square foot of the building. The average price of property situated at these 39 commercial roads ranges between Rs 5 million to Rs 50 million accord-



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ing to location.

Reasons for increase in prices: The inflow of funds from overseas Pakistanis, after 9/11, has given a tremendous boost to the real estate business.

"Overseas Pakistanis have invested in commercial plazas and those who have not erected plazas are buying shops and offices in such plazas," said Mohammed Azam, another property dealer.

More plazas, less commercial activity: Most commercial plazas give a deserted look because of the absence of shop/office owners from the country. These shops and offices remain closed throughout the year and local people do not have the money to buy and run these shops or offices. Therefore, the ratio of commercial activity in such commercial plazas is less than the number of shops or offices.

Future outlook: Most real estate experts believe that the real estate bubble will burst after the arrest of Osama Bin Laden. They believe that prices are abnormally high and cannot remain high in the long run. However, the increasing number of multinational companies, banks, restaurants and boutiques indicates that the high prices of property will remain.