

Uttara Property Snapshot

| February 2023



Uttara

Development Overview

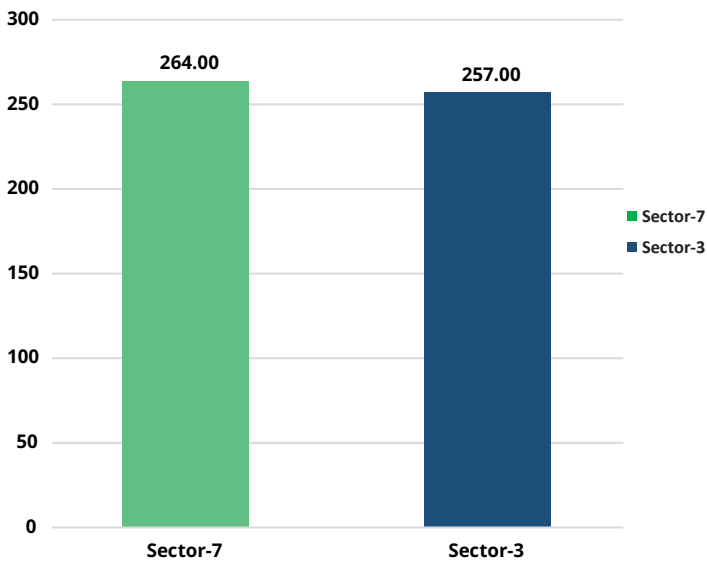
Uttara, once in the past deemed as a suburb, can be seen as an extension of the core Dhaka city itself at the present moment. Sector 7 is an area ripe to grow in terms of flat prices as well as land prices, as development is picking up pace in the region, with many unutilized lands now going through stages of development, as well as notable commercial spaces on the main roads close by also transforming with developments. Adjacent to the Dhaka Mymensingh highway as well as the road going from House Building to Diabari also known as Sonargaon-Janapath, Uttara Sector 7 is surrounded by activity and is interconnected with major junction points in Uttara Model Town. Its easy connectivity with Diabari allows residents to get to where they need to go even without a car- one can take a rickshaw from Sector 7 to Diabari and then take the public transport South towards Central Dhaka. Uttara Sector 3 is another sector with potential in terms of price growth, as the median income is rising due to the fact that there are many projects under construction, and the area is going through massive development. Also adjacent to the Dhaka-Mymensingh highway, Sector 3 is an easy access point to go to the airport or other sectors of Uttara as it is well connected with Sector 1, Sector 5, and Sector 7. Sector 5 is one that is essentially adjacent to the airport, and it is a relatively smaller sector that is conjoined with Sector 1.

Residential Real Estate Activity Uttara Sectors 7 and 3

As the number of ongoing projects in the primary market have picked up in Uttara since 2021, there are a few key metrics that provide insight in terms of growth potential and rising median income in the area. The total number of flats under construction in projects that are for sale in Sector 7 is approximately 264, and 257 units in Sector 3 including flats owned by landowners (not for sale). This metric is discounting all the projects that are under construction but have been sold out already. It is important to note that just because there are many flats under construction it does not mean that many of these projects began construction in recent times; in fact, since August 2022 when the new DAP rules came out, the supply of new flats has been choked and there have been next to no new projects approved by RAJUK. The majority of these 264 flats in Sector 7 and 257 flats in Sector 3 are to be handed over in 2024 with an average construction period of 3-3.5 years. This means that most of these projects began construction in 2021.

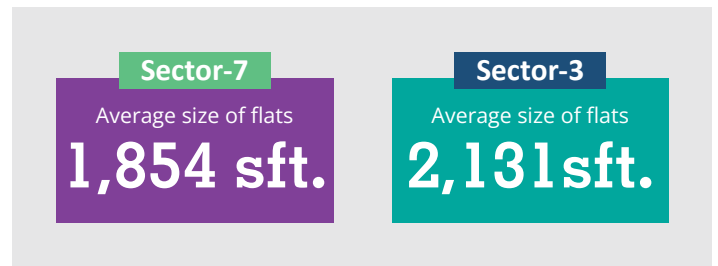
**THE PROXIMITY OF UTTARA
SECTOR-3 AND 7 TO DHAKA-MYMENSINGH
HIGHWAY AND SONARGAON-JANAPATH ROAD
MAKES THEM LUCRATIVE LOCATIONS.**

Number of flats



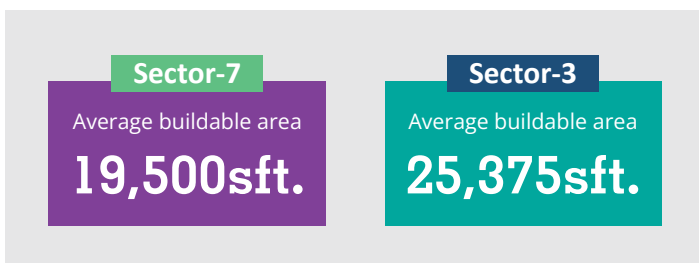
The total square footage of speculatively developed land based on the projects going for sale, or the total buildable area in Sector 7's ongoing Joint Venture projects is approximately 481,514 square feet, with the average size of a unit being 1,854 square feet, the average real estate project having 9 floors (G+9) with 1 unit per floor, and therefore the average buildable area of a project in Sector 7 being 19,500 square feet.

These statistics do not include houses or apartments that are being built independently by a landowner without a developer, as the statistics of those developments are not meant for the public. That being said, many of the developments occurring in Sector 7 are actually being built independent of any real estate developer. The total square footage of speculatively developed land by real estate developers for Sector 3 is approximately 569,010 square feet, the average size of a unit being 2,131 square feet, the average real estate



over within the year of 2023. Since the metrics covered above are excluding the projects that are fully sold out, there are a few projects that are being handed over in 2023 that have been sold out for the past 3-9 months, but the number of projects to be handed over in 2023 is outweighed by the number of projects to be handed over in 2024. There is a clear lack in supply of mid-sized and smaller-sized units, with there being the highest demand for units with a size of 1,000-1,500 square feet, but the real estate developers mainly developing units of a size

Total Buildable Area



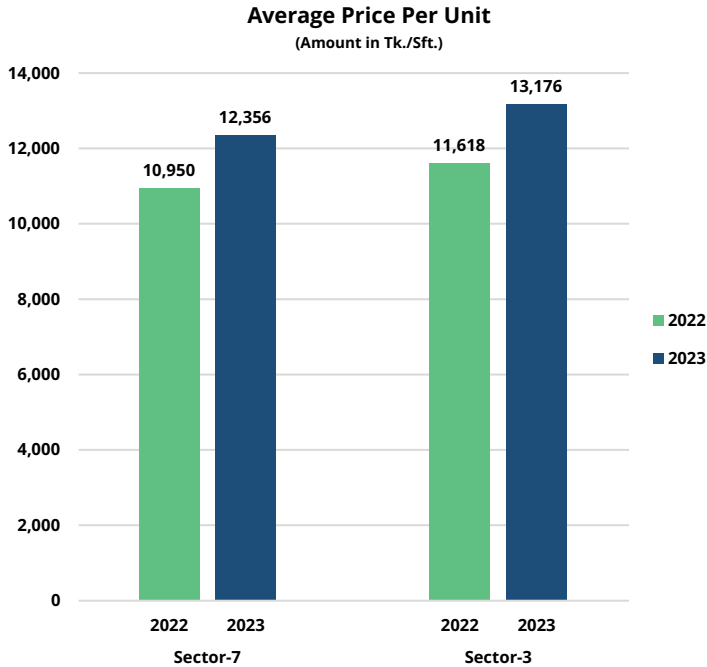
project having 9 floors (G+9) with primarily 1 unit per floor, and the average buildable area per project in Sector 3 being 25,375 square feet. The land areas of the projects in Sector 3 are in general larger than in Sector 7, thus allowing for bigger units, and on average, higher buildable area per project in square feet.

Thus, the supply of new flats is extremely constrained, with a high demand for housing in Sectors 3 and 7, but a relatively marginal number of projects being handed

range between 1,800 and 2,200 square feet. The question of more affordable homes in Uttara now remains doubtful, as most Joint Venture projects are converting Uttara into a 'posh' area with typically 1 flat per floor in the average project, whereas the population density requires there to be more flats per project. The demand for small-to-mid-sized flats was solidified and showcased during the 2022 REHAB Fair in November, where most of the attendants of the event were looking for apartments priced at, below, or slightly above 1Crore for 1,000-1,400 square feet of space.

With that being said, we can identify the average price per flat for assets of at least 8 units in number in Sectors 7 and 3. Assets refers to residential apartment buildings under construction and for sale. In Sector 7, the average price per unit is 12,356 TK/Sft in February 2023, which has increased by about 13% since a year ago, whereas 1 year ago, the average price per unit was around 10,950 TK/Sft. This is primarily due to the rising input costs such as raw

materials and labor, as well as increasing prices of land for development. In Sector 3, not only is the average price per unit of 13,176 TK/Sft higher than the price one year ago of 11,618 TK/sft, which is also significantly higher than Sector 7, but so is the average area per unit.



Another factor that is important to consider is the total potential preconstruction sales volume of all of the Joint Venture projects in Sectors 3 and 7. This figure constitutes the potential sales volume all of the units that are sellable within all the projects, but excluding landowner flats. Therefore, for example, on average, if there is a project with 9 units and 1850 sft each unit that started its selling stage 1 year ago with the current price per unit being 12,350 TK/Sft and the price one year ago being 11,000 TK/Sft and having only 4 sellable units to customers, out of which 2 have already been sold in the past, the potential preconstruction sales volume of this project would approximately be

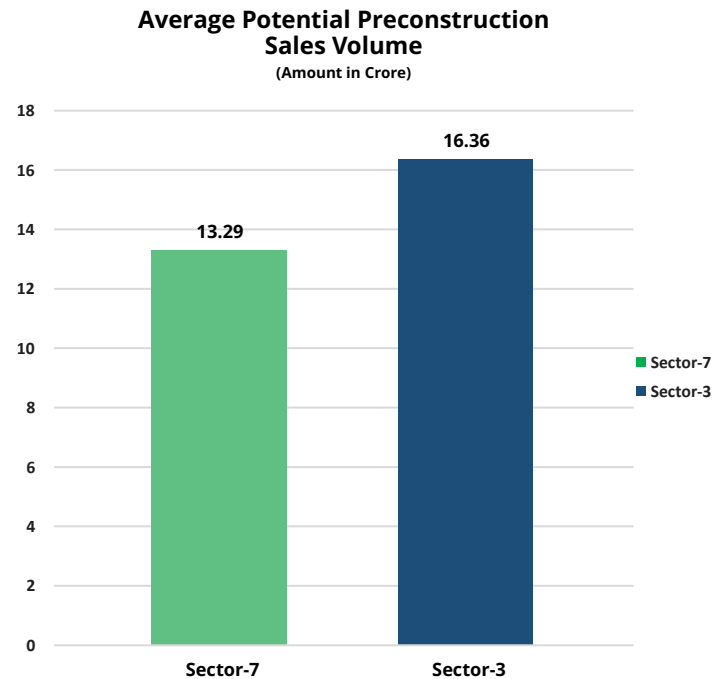
$$11,000 * 2 * 1850 + 12350 * 2 * 1850 = 4.07Cr + 4,56,95,000 = \text{BDT } 8,63,95,000.$$

This example calculation uses average figures to calculate the potential preconstruction sales volume of a single project.

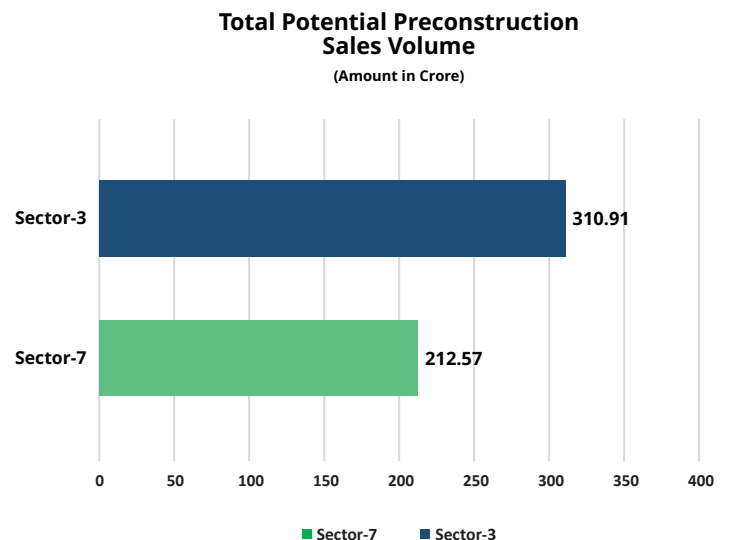
Using a similar formula to calculate the prior sales volume as well as future sales volumes at a weighted average price, the average potential sales volume of a project in Sector 7 is BDT 13,28,59,446 or 13.29Crore. This calculation takes an average of the total potential sales volume of the whole of Uttara Sector 7. There is a notable difference between the example calculation and this calculation mainly due to the fact that there are a few projects with 2 units per floor in Sector 7, which increases

average potential sales volume per project; however, most projects have 1 unit per floor. The total potential sales volume of all projects in Sector 7 is estimated to be BDT 212.57Crore.

Comparing these figures with Sector 3's potential performance, the average potential sales volume per project in Sector 3 is BDT 16,36,35,042 or 16.36Crore. The total potential preconstruction sales volume of Sector 3 is estimated to be BDT 3,10,90,65,814, or 310.91Crore. One can see that there is a notable difference in the average, let alone the total preconstruction sales volumes between Sector 3 and Sector 7, with Sector 3's average being 23.16% higher than Sector 7's, and Sector 3's total



being 46.26% higher than Sector 7's. This shows that Sector 3 has had a higher median income as well as net migration pattern than Sector 7 up to date, and this reflects in all the metrics covered above.



Conclusion

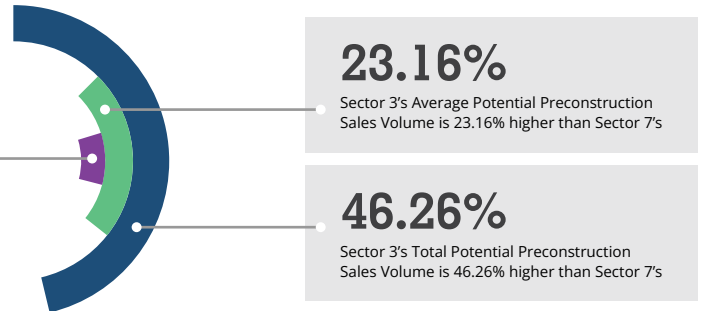
To conclude, Uttara Sector 3, and 7 are ripe for growth in the coming few years, due to the increased accessibility to the rest of the city, outside of the city, and within Uttara itself. The key metrics discussed above show that even though many developments are happening in Uttara, most projects that began development in 2021 will be handed over in 2024, and not too many handed over in 2023 due to the pandemic's effect on the real estate industry for the first half of 2020. Uttara was known to be a more affordable area in the past, but now as developments in

6.64%

Average flat price in Sector-3 is 6.64% higher than that of Sector-7

Sectors 3 and 7 are on average 9 floors (G+9) with one unit per floor, it is catering towards a higher socioeconomic stratum than before. Sector 3's average

flat is sized slightly larger than Sector 7's flats, making its total buildable area in Joint Venture developments 18.17% larger than in Sector 7, and the number of flats under construction in Sector 3 being 257 and in Sector 7 being 264. This could suggest that Sector 3 is relatively developed, but Sector 7 is only partially developed and on the path to becoming relatively developed, as there



are fewer fully constructed apartments in Sector 7 than in Sector 3. Sector 3 is considerably more expensive as well, with the average flat priced 6.64% higher than in Sector 7 in terms of price per square foot, and the average potential preconstruction sales volume in Sector 3 being 23.16% higher than Sector 7 as well. When considering that of which Sector one should invest in, potential price growth is always a huge factor, and it seems that Sector 3 has already appreciated more than Sector 7, which could mean that Sector 7 has more untapped price potential. Taking into cognizance that Sector 7 has on average wider roads, is located between Sonargaon-Janapath road which connects to the Metro Rail, as well as the Dhaka-Mymensingh highway, Sector 7 is a place in Uttara one could seriously consider making an investment into.

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