

# Making Globalization Work

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## NEPAL.....

Nestled between India & China, Nepal rests at the foot of the mighty Himalayas.

Nepali Flag symbolizes the sun, the moon in a predominantly red background, denoting the brave hearted & enthusiastic Nepalese, who put their blood & sweat for their country.

Nepal is home to some of the world's highest mountain peaks, including Mt. Everest with an altitude of 8848 meters.

Lumbini- Birthplace of Buddha

Kathmandu is home to seven of the world's heritage sites, including Durbar Square of Bhaktapur.

## START OF URBANISATION BACKGROUND & HISTORY.....

Possession of shelter is a basic human need not only for the protection against natural elements and hostile weather, but also for the maintenance of accepted standard of family and society. With the evolution of mankind, organized living and civilization sense evolved. The Nepalese Community also was not far behind from this concept and urbanization was in progress in the Kathmandu valley. During the pre- 1950s, the period of the Malla kings, urbanization was in its epitome. The urban planning of those days incorporated all of the necessary amenities into consideration. With planned cohesive community living, and a strong sense of togetherness, which was depicted in its

- Courtyard designs for common houses
- Temples and baha- bahis in the proximity
- Well planned dhungedharas
- Sattal and patis for rest and recreation
- Dabalis as open air amphitheatres
- Architecturally Rich Urban Heritage

With the favorable Climate condition, common community and available resources, urbanization was rapid in Kathmandu. This resulted in increased population and density and thus less availability of land.

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The increasing concentration of population in urban areas created new problems. Problems arose mainly due to internal migration and rapid urbanization. National urban population is 12%, yet the valley's share of urban population is 54.5% a survey conducted by the Central Department of population, TU found 39.65% of the population residing in Kathmandu was migrants.

### Urban explosion.....

- Post 1950s era experienced urban expansion, with the opening up of highways linking it to other parts of the country, air services increased development activities. It accelerated after 1970s.
- Migration from outside the valley grew. Consequently, its dominance increased while the importance of other towns outside the valley declined.
- Today, the valley is undergoing an urban explosion rather than managed urban growth.
- Urban areas are expanding at the rate of 4.4% annually at present

### Why housing??

- A statistical report of World Bank stated 23% of urban population is poor & live in irregular and substandard housing with inadequate infrastructure and services.
- It is stated in the Directive Principles and the policies of the State in the constitution of Nepal: "The State shall pursue a policy of raising the standards of living of the general public through the development of infrastructures as education, health, **housing** and employment of the people"
- Housing has been identified as a national problem. There is a need to find solutions towards alleviating the problem.

The culture of searching for ways and means to solve the urban housing problem in Nepal is yet to emerge.

### CONCEPT OF COMMUNITY LIVING- REINFORCED

- ❑ With the democratic revolution of 2046 B.S, Nepal got the exposure to the International arena through the media.
- ❑ Thus, the demand for such well planned housing with all the necessary infrastructures came.
- ❑ Consequently, the private sectors took this responsibility. Organized real estate came into picture when three or four private housings started its venture in the year 2001.
- ❑ The concept of "Community Living" was new to Nepalese people who had the notion that building a home was an individualistic endeavor. Thus, selling the concept was more important than selling the product.

### HOUSING TRENDS: HORIZONTAL & VERTICAL COMMUNITY LIVING

- ❑ The concept of Community Living was re-enforced with the introduction of stand-alone or Horizontal Community Living Concept, but such housings were introduced in the outskirts/fringes of the valley.
- ❑ With the constraint of land in the capital and a steady acceptance for Community living Housing projects, "**Vertical Living**" came into picture.
- ❑ Community living in an Apartment, with all the necessary amenities, in prime locations inside the valley, soon became the hotcakes.
- ❑ With the mushrooming of Apartments inside the valley, the booming market of apartments, the ratio of users and investors changed drastically.

### Recent trends in the Housing sector

- ❑ Housing companies generally erect Apartments within Ringroad while stand-alone houses that require wider space are built outside Ringroad.
- ❑ Increasing number of customers buy apartments as an investment rather than for self-consumption.
- ❑ Many buyers have been renting out apartments

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- To ensure growth in the housing business, developers need to encourage buyers to live in the apartments.

### NLHDA: introduction

- Nepal Land and Housing Developers Association, established in Falgun 13,2050 is an autonomous apex body that brings all house and land developers under one umbrella.
- Achievements so far: NLHDA works for the betterment of home and land developer professionals & facilitates Government with recommendations so as to uniformly standardize the sector and confirms professional ethics.
- NLHDA finds symbiosis between its member affiliates, government authorities and the general public.
- **NLHDA** is one of the fastest growing land and housing groups in the country where we provide the quality service that nurtures thriving communities.

### NLHDA's activities

- Various members of **NLHDA** participated in International Real Estate Federation's (FIABCI) World Congress 2004, 2005 and 2006.
- **Affiliated with International Real Estate Federation (FIABCI)**  
**FIABCI Asia Pacific Region, Kuala Lumpur, Malaysia**
- Presentation of a paper entitled "Problems Facing Real Estate Development through Private Sector in Nepal" from NLHDA to a program named "Participation of Private Sector in Real Estate Development" on Asad 11, 2052 B.S.
- Recommendation submitted to Urban Development Department regarding construction of apartment housing on Jestha 3, 2052 B.S.
- Organization of a Real Estate Fair in collaboration with Employment Publications between 18 and 20 Asad, 2052 B.S.

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### Total registered companies & projects so far....

- There is a substantial increment in the number of Companies and projects over the period of ten years.
- The number of Companies involved in this sector currently stands at about 150, according to the membership roster of Nepal Land & Housing Developers Association.
- This number can be higher if we include the housing companies outside the valley.
- The no. of Companies registered as Housing Developers is about 40-50. Out of them, 8-10 companies are embarking on new projects after completing their previous ones, while some have launched their maiden projects and others are either on the pre-sales or sales of their maiden projects.
- List of Registered Stand alone Housing –Chart Included
- List of Registered Apartment- Chart Included

### LAND & HOUSING DEVELOPMENT ACT

Issuances covering a wide range as:

- Ownership rights
- Rights of Customers
- Operational management
- Buyer's Duties
- Developers Liabilities etc.

Are mentioned and Governed by Apartment Act 2059 and By-laws 2060.

### Role of consultants

- Role of Urban Planners and Architects:** Their vision can be envisaged into reality. They can contribute to this sector demonstrating their design

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efficiency. Efficiency in design and proper use of space helps reduce construction cost.

- **Role of Engineers:** They can contribute well with their apt, skills and knowledge of the prevalent technology and workmanship, enhancing further with the updated adaptation with the changing technologies, material and workmanship.
- It indeed is a platform for Engineering Professionals and Architects, creating Employment opportunities as well.

## Revenue & benefits for government

With the increased number of housing industries, the result or outcome was:

- well developed lands with all infrastructures as well as organized, developed houses.

So, with every phase,

- From Naksa Pass to Design Approval,
- From Material Procurement Tax
- To the end step of issuance of Laal Purja,

Government has an opportunity to **receive revenue**.

Hence, a win-win situation for all.

## REAL ESTATE PRODUCTS "SWOT" ANALYSIS IN PRESENT MARKET SCENARIO

### Booming apartments

#### □ STRENGTH / OPPORTUNITY

- Location Priority
- Easy Accessibility
- Cost Compared to Horizontal living/ Stand Alone Houses, with all infrastructure and amenities is economic

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### WEAKNESS/ THREAT

- Compared to the demand, currently the supply is more. Consequently, the quality can be degraded.
- Users may be cheated, with “Terms & Conditions Apply” clause. Commitments may defer as well as lack of transparency in system.
- Technically, we do not have the experience of building high-risers. So, Government should ensure that the compliances are met & before every casting, there should be checking. Eg. Dubai Municipality, where approval & permit is required before every stage of construction and yearly checking even after building completion.
- Government Norms & By-laws should be authoritative and strict. Control measures for Quality Control are essential.
- Today, as there are more investors than consumers, operational problems may be higher.

### Ratio of users and investors

During the early phase of Housing, people had a tendency to buy the houses or Apartments for their own use.

- The ratio of users and investors has changed drastically in today's scenario.
- Today, people are buying Apartments as an asset which they can sell, once the price flares up.
- In our experience, today, there are about 70% investors for the housing products.

### Future prospects for housing

- The Government Policy should be such that it can attract Foreign Direct Investment (FDI). For this, Ownership of Apartments should be made available to International citizens as well.
- Eg. Thailand, where Apartment ownership is given to foreign citizens as well.

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- Even in Malaysia, with “Make Malaysia your Second Home” slogan, they have taken in substantial FDI.

### THE RE-ALTOR CONCEPT

- The Housing industry, till date is responsible in handing over its products to the First Buyers only.
- The Secondary transaction is dealt by the First buyer or a middle man & in such cases, irregularities are maximum
- Most of the Secondary buyers are being cheated since the price is escalated on own wish.
- Due to the lack of proper & authentic guidelines, rules and regulations of Secondary Transactions, such discrepancies are taking place.
- Hence, the “Re-altor Concept” is urgently needed in our country to stop the further irregularities.

The enforcement of ethical by-laws in Secondary transaction is of prime importance in Nepal

### OUR APPROACH

- Our approach is to establish Authentic Re-altor Professionals in Nepal
- We are looking forward to pave paths for creating future re-altor professionals.
- **Brihat Investments** is about to Launch first ever Real-Estate Marketing Agents Course, to stop further irregularities in secondary Transactions and create Ethical Professionals.