



## Housing Minister Urges Expatriates To Invest In Housing Sector

LONDON, UK: Dec 15 (PNS) - Federal Minister for Housing and Works, Syed Safwanullah has urged Pakistani expatriates here to capitalize on an ever increasing demand of housing units in Pakistan and invest in the housing industry.

He was addressing Pakistani expatriates at Pakistani High Commission here late Saturday. The Minister arrived here from New York after attending the UN General Assembly session while on his way back home.

The Government was ready to provide any help in facilitating their investment. He urged them to give ideas based on their experience how the housing problem could best be addressed in the country of their origin.

He said, the government had already declared housing as an industry. This has resulted in start of housing financing by the banks which was not available earlier. Banks loans were now available at eight to over eight per cent interests rate. Unless work on war-footing is carried there can be a serious crisis in the housing sectors as there are an annual demand of half a million housing units in the country. The Minister said housing sector was neglected in the past and it had suffered an enormous damage as the demand for housing units kept on rising particularly in view of a run-away population rate.

Safwanullah said the Government was unable to provide accommodation to the Government's employees even in Islamabad.

There were 25,000 units in the Federal Capital but there were 48,000 applicants which gave an inkling of the housing problem. This shortage in housing units also open doors to many corrupt practices, he said.

If urgent steps for constructing new houses are not made , the time may come when

people start occupying any vacant houses because shelter is the basic need of the man.

The Government, he said, was planning to construct the standardized houses within next two years to reverse the trend of raising multi-storied buildings with poor or no basic facilities at all.

Safwanullah regretted that building mafia in the past was allowed to construct the buildings without ensuring basic facilities like water, drainage and power in a planned manner. This created many problems for those who had to purchase these housing units by paying exorbitant installments but the requisite guarantees were not taken from the builders to provide all the basic facilities.

The Government is now putting in place laws and other procedures not to allow repeat of such a situation in the future, he said. you will find many publications that match the style of your newsletter. The purpose of a newsletter is to provide specialized information to a targeted audience. Next, establish how much time and money you can spend on your newsletter. These factors will help determine how frequently you publish the newsletter and its length.

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## The Bulgarian real estate market has been rising constantly for twelve years, and it's not over yet.

*"Average sales prices in the city centre range from 200-500 Euros/sq.m.."*



According to the Bulgarian Real Estate Market Index (REMI), established by FIABCI principal member the National Real Property Association of Bulgaria (NRPA), real estate prices in Bulgaria rose by 12% in the period from January 2003 to September 2003 and should reach 15% by the end of this year. The NRPA forecast that this trend will keep steady for the next few years with an average rise of 10% per year until 2007, for two main reasons: - Mortgage lending potential - currently, mortgage loans represent 5% of the total credit supply within the local banking sector. In developed markets, this rate is usually in the range of 15%. There is thus a considerable potential for real estate loans. - It is predicted that there will be increased foreign direct and indirect investment in real estate influenced both by Bulgaria's expected EU membership in 2007 and a booming tourist industry. As regards Sofia, the capital of Bulgaria, the residential property market is on the rise with a complete offer of high quality apartments, both new and renovated. Average sales prices in the city centre range from 200-500 Euros/sq.m. With high quality apartments going for 600-1000 Euros/ sq.m. City-centre rents range from 5-10 Euros/sq.m./ month. High quality houses for rent are mainly located on the outskirts of Sofia at the foot of the Vitosha Mountains. They are highly prized by the foreign business community, diplomatic staff and expatriates and rental prices, depending on location and size, range from 1500-5500 Euros per month. Market demand for office space is stable, although the supply is higher than in the last two years. The average sales price for offices is about 600 Euros/sq.m., going up to 1500 Euros/sq.m for prime class "A" class office space. Rents for office space in new business centers in Sofia vary from 7-24 Euros/sq.m./ month. Average vacancy rates reached 25%, and while demand for retail space is steady, it is

concentrated mostly in downtown Sofia. Sales prices of retail real estate with good to excellent location are in the range between 500-2500 Euros/sq.m, with average sales prices in downtown Sofia coming in at 1200 Euros/sq.m. Rents vary from 25-120 Euros/sq.m./month depending on location, type of business activity, size of premises, etc. The market for Black Sea coastal real estate in Bulgaria has grown significantly since the beginning of the year. Demand outstrips supply, due on one hand to the increased availability of mortgage loans and on the other to a migration of the population - the workforce is moving from inside the country to seaside resorts where more jobs are available. Sales prices of brand new residential properties have almost doubled compared to 2002 and seafront real estate is on average 30% more expensive than properties with merely a sea view. Bulgaria remains a popular holiday destination for lower income tourists, which is the main reason for a higher demand for smaller and cheaper real estate. Plots of land are also very attractive for investment purposes; as their prices have increased more than 30% on average compared to year 2002. Some beachfront parcels for leisure property development have reached 35 Euros / sq.m. compared to similar properties sold at 15 Euros/sq.m. last year. In certain areas close to leading resorts like Golden Sands and Sunny Beach, prices have more than doubled in the last twelve months.

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## Housing loan boom holds bubble risk - RBI

BOMBAY (Reuters) - An ongoing boom in housing loans in India could be setting the ground for an asset bubble in later years if banks do not price their loans correctly and take proper documents, a top central banker said on Friday.

Vepa Kamesam, deputy governor of the Reserve Bank of India (RBI), told reporters on the sidelines of a banking conference he was happy that banks' housing loan portfolios had expanded.

"But it has expanded too fast, avoiding this sort of (proper) documentation, and so laying the ground for potential NPAs (non-performing assets)," he said. "Basically when you are doing mortgage-backed finance, your mortgages have to be in order."

Indian banks have relied heavily on retail lending, mainly to fund purchases of houses, in recent years to boost earnings against a backdrop of sluggish demand from industry.

But a chunk of those housing loans have been given based on wrong assumptions and improper documentation, said one banker.

"We had anticipated a default rate of 0.5 percent on home loans and priced them accordingly," said B.D. Narang, chairman and managing director of state-run Oriental Bank of Commerce.

"But we find that the incremental rate of NPAs on new housing loans is around 1.5 percent," he said, adding that effective NPA levels could be around 2.5 percent.

Many loans were not covered by proper documentation as banks fought for business in a competitive market and this was already creating problems, he said.

"We priced our housing loans thinking that we could securitise them and sell them, generating fresh cash flows. But given that some of these loans are not proper mortgages, this has not been possible," Narang said.

Kamesam said the central bank would look into the pricing of housing loans by commercial banks.

When asked whether the central bank was concerned over an asset bubble in housing, he told reporters:

"RBI will also look into it because everyone has reduced their prices (interest rates on housing loans)".

The RBI already voiced concern earlier this year over the pricing of housing loans. Some banks currently offer interest rates starting as low as 7.5 percent for limited periods. The central bank's benchmark bank rate is six percent.

Latest central bank figures showed prime lending rates of five top state-run banks are in a 10.50-11.50 percent range. State-run banks handle around 70 percent of all banking business in India.

Kamesam added that matters had not yet come to a stage where the RBI had cautioned any bank.

Asked whether the central bank had any numbers on bad housing loans or whether it was concerned over delinquencies, he said: "At the present moment, it is not a very great concern. But if you adopt short cuts, it can become a concern."

Narang estimated that retail loans formed 15 to 20 percent of total loans of state-run banks such as industry leader State Bank of India (SBI), Bank of India, Punjab National Bank, Canara Bank and Bank of Baroda.

Housing loans are expected to account for around 80 percent of the retail portfolio, he said.

The share of retail loans is much higher for private sector banks, particularly new generation ones such as ICICI Bank, India's No.2 commercial bank, and HDFC Bank Ltd which were set up less than a decade ago and have relied heavily on retail business to expand.

Loans by commercial banks totalled 7.6 trillion rupees (\$167 billion) according to latest central bank data.

Banking shares have outperformed the broader market this year as banks reaped hefty gains from bond trading and a surge in retail lending stoked by interest rates at 30-year lows.

The Bombay exchange's banking sub-index has jumped by around 91 percent since January, against a 57 percent rise in the benchmark index.

**Article Achieved From: [Rueters.com](http://www.rueters.com)**

## Private American Citizens Residing Abroad

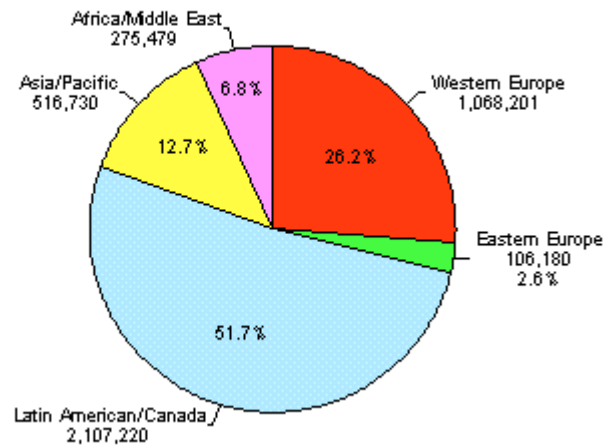
### Top Ten Countries Worldwide

In total, there are 4,073,810 private American citizens residing abroad. 1,247,705 live in the ten countries listed below. Mexico has the highest population of private American citizens with a total of 1,036,300. This total represents 25% of all private American citizens residing abroad.

Top 10 Countries Worldwide

Country	U.S. Citizens
1 Mexico	1,036,300
2 Canada	687,700
3 UK	224,000
4 Germany	210,880
5 Italy	168,967
6 Philippines	105,000
7 Australia	102,800
8 France	101,750
9 Spain	94,513
10 Israel	94,195
All Other Countries	1,247,705

Private American Citizens Residing Abroad



Pie 1

### Regional Distribution

Out of the more than four million Americans living abroad, more than half (51.7%) live in either Latin America or Canada, with Western Europe (26.2%) being the next most popular region.

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## A Solution for Shantytowns

**Hernando de Soto, the renowned Peruvian economist, was invited to the congress where he asserted that there is hope, and indeed a solution for the billions of people who live in shantytowns around the world.**

De Soto began by reminding delegates that before the second world war, there was a considerable wave of migration from Asia to Latin America, notably from Japan to Brazil and Peru. Today, around a million families are of Japanese origin, including the Fujimoris, whose son was elected President of Peru from 1990-2000. The reason for this immigration is that Brazil and Peru were richer than Japan during this period. At that time, the GDP in Peru per capita was 20% higher than in Japan and double that of Taiwan. Today, Taiwan is ten times richer than Peru, which is now a poor country and Mr. Fujimori has taken Japanese nationality and returned to Japan. According to De Soto, the difference in growth between the two regions can be explained by the real estate reform which came into operation after the war, instigated by General Mc Arthur, and the capacity of Asian countries to make the most out of this property which he called 'living capital' while the real estate in Latin America stayed as 'dead capital' because transferable title deeds had never been drawn up.

For example, Switzerland was for a long time the poorest country in western Europe. It was only with the arrival of Eugen Huber in 1908, who took the 179 different systems of establishing property rights in Switzerland and created one single one, that it became prosperous. Development implies investment. Investment implies financing which can only be obtained in exchange for guarantees. The huge difference between American and Mexican buildings is that in Mexico, dwellings can only be used to shelter the people who live in them, whereas in the USA such dwellings have a thousand other uses. In the USA, 90% of loans taken out by new companies are guaranteed by real estate and these new companies generate 75% of all jobs in the USA. The question now arises as to how many buildings in the world are not registered sufficiently so as to be included in the market economy, to be able to increase their value and to allow them to be used to obtain a loan or to create capital? The work group led by De Soto considers that the value of tens of millions of pieces of Mexican real estate in this case is in the region of 315 billion dollars, or seven times the value of oil reserves in Mexico and 29 times the total of all investments made in Mexico since the



revolution. This therefore means that the people who hold the lion's share of Mexico's potential wealth are not the banks, or the Mexico Stock Exchange, but the Mexican poor. But, without a safe and sure title of property, they cannot create capital.

In the same way, it is estimated that 90% of Egyptian real estate is in the same situation, representing a value of around 245 billion dollars, 55 times the total amount of investment in Egypt since the Napoleonic period, including the Suez Canal and the Aswan dam, and 35 times the capitalisation of the Cairo Stock Exchange.

Here again, all this real estate, without property title deeds which are safe and transferable, cannot be exploited as guarantees for investment loans. Moreover, in order to get a bank loan you need an official address, whereas there are 4000 million people who do not possess one, and who live on the edge of society and thus of legality.

Real estate creates money, and not the reverse. When the Federal Reserve increases liquidity, it does so because lower down in the chain, the banks receive real estate as guarantees and they use that with the central banks so that more currency is issued.

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## A Solution for Shantytowns Cont'd

This idea, absolutely normal in the USA, has only recently arrived in Latin America, where until recently, people always thought that money was produced by a little machine. This explains the 7000% inflation in Peru at the end of the '90s. In this sense, a real estate reform would not only help the poor and create a bigger market for real estate, it would be the solution to development issues." De Soto concludes "In fact, the problems caused by people living on the margins of society is not a marginal problem, it's the central problem. Those who we refer to as the poor are not the problem. They are the solution. The drama of Latin America, at least in Spanish-speaking countries, is that traditionally those who understand the market and its capital, i.e. the right, don't think about the poor and therefore don't think to include them in the system. The left, however, which is sensitive to the needs of the poor, doesn't understand what capital means. The day when a Latin American leader, like his/her counterparts do already in Europe and in the USA, understands that both the poor, and also capital, are a source of growth, the real estate market in Latin America will undoubtedly become the foremost source of growth. According to De Soto, if there are still people

outside of the market, and outside legality, it is simply because the cost of legality is too high. If people live extra-legally, it is because it costs too little. What needs to be done is to lower the cost of legality and raise the cost of extra-legality. Everyone wants to work in a well-organised system, and this is why people start to emigrate. They emigrate hoping for law and order. If we give them this order, they will stay and produce wealth. And why will they produce wealth? Because generally speaking, real estate is a source of wealth. "When Mr. Greenspan issues currency, he doesn't do it on the basis of an abstract mathematical calculation. First of all he looks at how many property title deeds are being exchanged on the market and depending on the amount, he knows how much currency he needs to issue.

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