
COUNTRY REPORT

ON

“HOUSING MARKET (REAL ESTATE BUSINESS) IN

KATHMANDU AND TOWARDS DEVELOPING A

SUSTAINABLE BUILDING PLANNING

IN NEPAL”

(In Relation To Asian Forum objectives)

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Introduction:

Due to financial constraints, lack of time and energy, many people of Kathmandu valley do not have their own housing accommodation. In some of the cases, they are unable to find appropriate land to build a house or unable to pay a high land cost.

Objectives:

Here lies a scope of house developers to cater this service for the target clients. The main objectives of the real estate business is to find out the present number and ratio of house construction in the valley, appropriate location of house developments, costs of land, prospective costumers and existing applicable laws regarding the programs. In the mean time, the Real Estate Business is to find out the best possible suggestion regarding the profitability of the projects and other negative drawbacks for the project.

Methods adopted for the real Estate Business:

The methodologies adopted for the selected project is to be defined as follows:

- a. Going to the different places for hunting the right and appropriate location for the project.
- b. Talking, interviewing and motivating the target clients to know their choices regarding the model of houses (classical, neo-classical, modern, flat etc), their budget, mode of payments, spot location, privacy.
- c. Managing and negotiating with land agent or local brokers, to have the certain lands for the projects and find out the cost of the lands.
- d. According to the choices of the clients, to draw the number of drawings and the house drawings passed in the municipalities of the valley.
- e. Collecting different data regarding land use planning, building by laws, etc, which is applicable for the projects.

Trends of Building Construction in the Kathmandu Valley

The following are the number of house drawings passed in the valley's municipalities:

Kathmandu Metropolitan City

1998-1999	2090
1999-2000	2300
2000-2001	3307
2001-2002	4895
2002-30.08.2003	5600

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Lalitpur Sub-metropolitan City

1998-2000	898
1999-2000	1200
2000-2001	1500
2001-2002	1900
2002-30.09.2003	1500

Bhaktapur Sub-metropolitan City

1998-2001	300
1998-2002	340
2000-2001	395
2001-2002	450
2002 -30.9.2003	365

In the process of providing client with house, the client wants: a good location site, uniform land, usage of good quality of building materials, cheaper (acceptable) cost, to have basic infrastructures school, playing ground, health centers and public transportation facilities etc.

Generally the target clients said that they do not mind to pay 1.5 million to 2.5 million rupees for their house. Most of the clients preferred the individual house rather than apartment/flat. They are found to be inclined towards modern houses. Looking at the approximate cost for the individual houses, the following are the target clients such as; middle class businessmen, professionals, government employees, retired British army personnel, Nepalese employed at Gulf countries.

Most of the clients want the following mode of payment for their houses:

- a. At the time of booking_____20% of the cost
- b. After completion of first stage of the construction_____30% “ “
- c. After completion of final stage of construction_____30% “ “
- d. At the time of handover of the house_____20% “ “

After looking at all the necessary ingredients for the business, it is found that the Real Estate Business is fruitful and there is a lot of scope for it. There are near about 50 real estate companies in operation. Land prices in Kathmandu and Lalitpur are at least four to

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five times more compared to other towns of Nepal. Land prices here have been increasing around 15-20% per annum; the cost of residential land varies from 2 million to 5 million rupees per ropani (512 sq.mt) in Kathmandu valley. Investing in land has several advantages:

- a. Urban land appreciates in value faster than other long-term investment.
- b. It is indestructible and investment risk is very low.
- c. It is freely convertible after paying land transaction tax. No recurrent costs are associated with the investment. Only zoning may help decrease speculation.

Finally, land and housing projects that have been undertaken have not addressed the issues of poor and vulnerable groups, especially those living in squatters or informal settlements and rental houses. The low quality of the construction materials and inadequate infrastructure has attributed to poor quality of housing. Land and housing remains inaccessible to a large section of the urban population posing a challenge for the government. The high value of house price and rent to income ratios has resulted in large concentration of the poor in the squatter settlements. There have not been any significant government interventions in land and housing development, which has largely been undertaken at the household level. Those few examples of Real Estate sector initiatives are "Site and Service", program for providing developed plots for housing to people in middle –income groups only.

Impact of Asian Forum's Objectives in the Nepal's Context

The ASIAN FORUM approach seeks to ensure that Sustainable Building Management does not remain the exclusive affair of Housing institutions and professionals but that all developed sectors and agencies including those dealing with health, environment, local government, industry, private enterprises, technological institution and planning address the Sustainable Building Management issues in their own works. The SUSTAINABLE BUILDING PLAN process involving collaboration of different agencies and the use of sustainable building management indicators in better understanding our urban-rural centers are useful to remove the barriers to integrated approaches using technology, communication, education and know-how information transfer.

Over the last three years (2001 and 2003) in Nepal, number of considerable progress has been achieved in various fronts of Sustainable Building Management at the local and national levels:

1. Implementation of National Building Code at 29 Municipal levels has been carried out.

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2. A Disaster Response Preparedness Plan (final) Report is already in a position to move for action.
3. The Kathmandu Valley Earthquake Risk Management Plan is under active implementation process.
4. The National Disaster Minimization Assistance program's final Report is in final stage of implementing process.
5. Apartment Act with its rules and regulations are already in action in major towns.
6. Nepal Urban Sector Strategy has been already promoted towards urban development Planning Process.
7. 7 municipalities has already undertook Healthy Cities programs.
8. Implementations of Public Work Directives in different technical institution are already in action.
9. Rural-Urban Partnership Program (RUPP) has already been started in 12 municipalities and 28 rural market centers.
10. Development Plan 2020 of Kathmandu Valley has already been approved by the government and the Plan strategies are already in implementation process.

The above components dealt with national and local action along with Asian Forum concerns. The overall Sustainable Building Management objective is to improve the social, economic, technological and environmental quality of human settlements and living and working of all the people in the particular member countries of Asian Forum.

In Nepal context, looking back briefly, the most outstanding reason for the exacerbates of the Sustainable Building Planning problems in Nepal-in the absence of willingness, commitment and determination at political level to act. As long as there is no will, commitment or determination at political level to do more or something to improve the situation of Nepal, all other efforts/policies, plan and programs will bear little fruit. Once political will be expressed through commitment and determination, only then all other efforts become meaningful.

Finally, Sustainable Building Management problems pose real challenge to planners, engineers, policy makers and political leadership. Therefore, if serious attention is paid to the future Plan and Program, then only it can be defined clearly and act integrated way, thus result will be achieved.

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