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Pakistan Land Listing Price Index Report

Pakistan Real Estate Index System

Pakistan Digital Science & Technology Centre

Content

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Pakistan Real Estate Index System

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I. Market Overview

This report focuses on the land listing market of three cities in Pakistan: Islamabad, Karachi, and Lahore. Islamabad is the capital of Pakistan, Karachi is the capital of Sindh Province and Pakistan's largest city, Lahore is the capital of Punjab Province and Pakistan's second-largest city. Population growth, industrial concentration, and continuous urban expansion have enabled the three cities to form a relatively complete land development and housing supply system. Land transactions, especially residential land transactions, dominate the real estate market.

In terms of land listing price indices, in March 2026:

- Lahore's residential land price index stood at 5,411, rising by 1.5% month-on-month and 9.5% year-on-year; its commercial land price index reached 1,268, up 6.1% month-on-month and 8.0% year-on-year.
- Islamabad's residential land price index was 4,891, with a month-on-month increase of 0.7% and a year-on-year increase of 7.4%; its commercial land price index registered 1,767, down 1.2% month-on-month but up 11.0% year-on-year.
- Karachi's residential land price index amounted to 8,167, climbing 3.0% month-on-month and 31.4% year-on-year; its commercial land price index hit 1,353, rising by 1.7% month-on-month and 25.2% year-on-year.

In terms of the macroeconomic environment, Pakistan's real estate market has been jointly affected by high inflation, high interest rates and tax policies in recent years. High inflation has continuously weakened residents' real purchasing power and raised construction and development costs, creating dual pressures on both demand and supply. High interest rates have pushed up financing costs for home purchases and project development, making purchasing decisions and project advancement more cautious. Relatively high transaction taxes and fees have increased capital burdens in the transaction process. Under the combined effect of multiple factors, market operation has shifted towards risk control and a slower pace. From 2025 to Q1 2026, the macroeconomic environment improved marginally: inflation eased, monetary policy became more accommodative, and property-related fiscal and tax policies were further optimised, providing favourable external conditions for market performance.

In terms of market demand, housing demand in Islamabad, Karachi and Lahore continues to grow, driven by rapid urban population expansion and a young demographic structure. The market remains in the early stage of incremental demand release.

In terms of policies, the *National Housing Policy 2025 (Draft)* had entered the cabinet approval stage by Q1 2026, with its four core directions fully aligned with provincial implementation requirements. Policy priorities across the three cities have shifted to policy implementation and process streamlining. Provinces are advancing the operationalisation of spatial planning institutions, the rollout of detailed planning rules and the optimisation of digital approval systems. The national housing policy has shifted from framework design to practical implementation, laying a solid institutional foundation for the market recovery of the three major cities.

II. Index Analysis

Table: Land Listing Price Index in Key Cities (March 2026)

City	Residential Index			Commercial Index		
	Index	M-o-M	Y-o-Y	Index	M-o-M	Y-o-Y
Lahore	5,411	1.5%	9.5%	1,268	6.1%	8.0%
Islamabad	4,891	0.7%	7.4%	1,767	-1.2%	11.0%
Karachi	8,167	3.0%	31.4%	1,353	1.7%	25.2%

In March 2026, the residential and commercial land listing price index in Lahore and Karachi both rose month-on-month, while the residential index in Islamabad rose and commercial index in Islamabad fell month-on-month.

Figure: Residential Land Listing Price Index in Key Cities

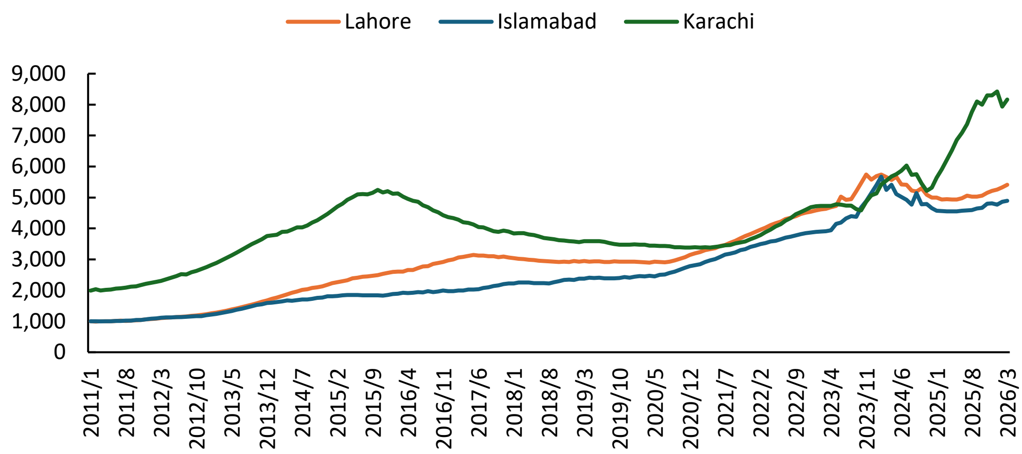
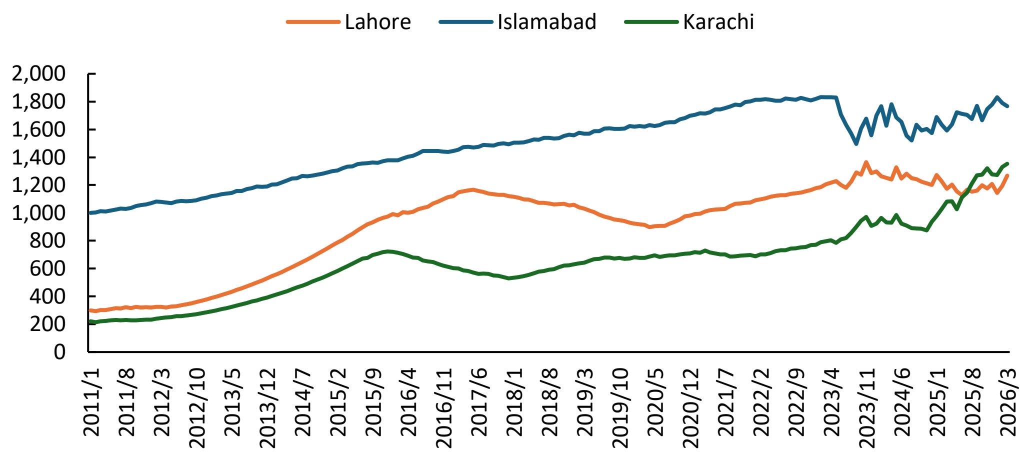


Figure: Commercial Land Listing Price Index in Key Cities



1. Lahore

In March 2026, Lahore's residential land listing price index is 5,411 (up 1.5% month-on-month and up 9.5% year-on-year); commercial land listing price index is 1,100 (down 13.3% month-on-month and down 8.6% year-on-year).

Table: Lahore Land Listing Price Index（March 2026）

Index Type	Index	M-o-M	Y-o-Y
Residential	5,411	1.5%	9.5%
Commercial	1,100	-13.3%	-8.6%

Figure: Lahore Residential Land Listing Price Index

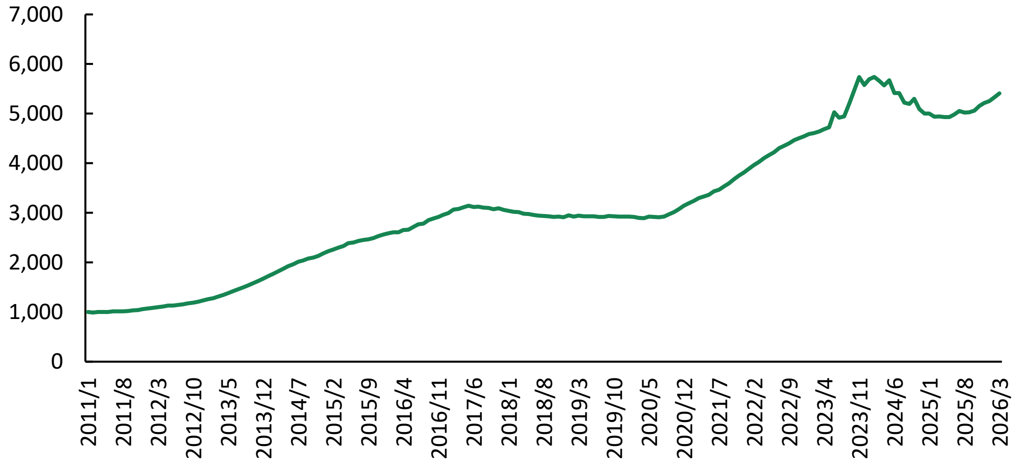
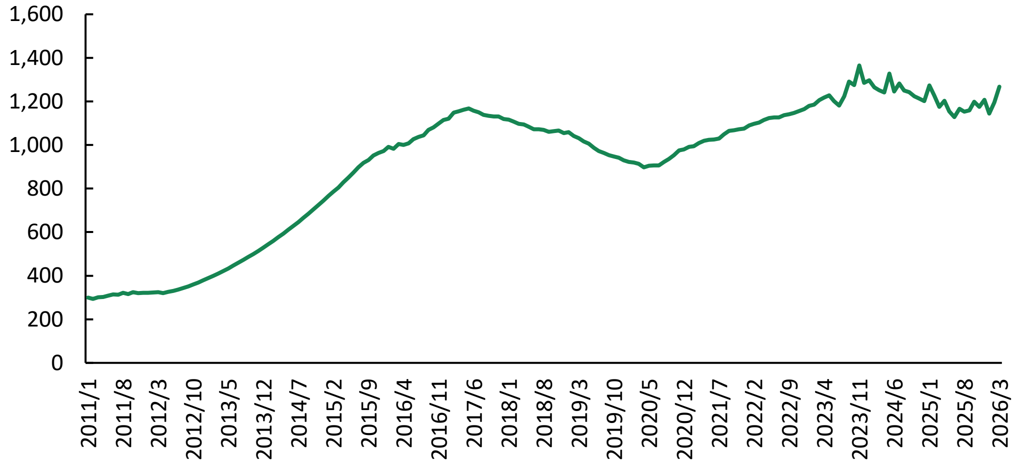


Figure: Lahore Commercial Land Listing Price Index



1) Residential Land Listing Price Index

In terms of residential land listing structure, in March 2026, among the residential plots listed in Lahore, 45% were existing listings with a price index of 5,360, representing a slight month-on-month increase of 0.1%. Of the existing land listings, 93.2% maintained stable prices, 4.2% recorded a month-on-month price rise, and 2.7% saw a month-on-month price decline. Newly added listed plots accounted for 55% of the total, with a price index of 5,451.

Table: Lahore Residential Land Listing （March 2026）

Type	No. of Plots (%)	Price Index	Index Change M-o-M
Total	**100%**	**5,411**	**1.5%**
Existing Listing	45%	5,360	0.1%
New Listing	55%	5,451	-

Figure: Percentage of Existing Residential Land in Lahore (March 2026)

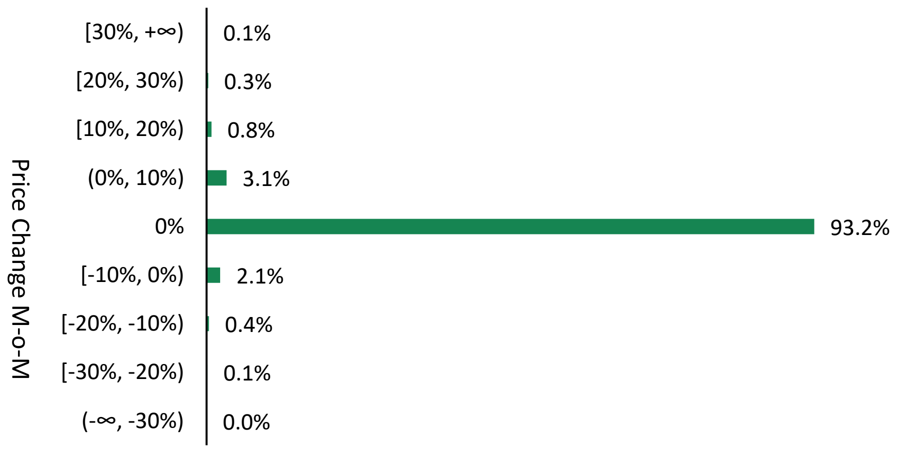
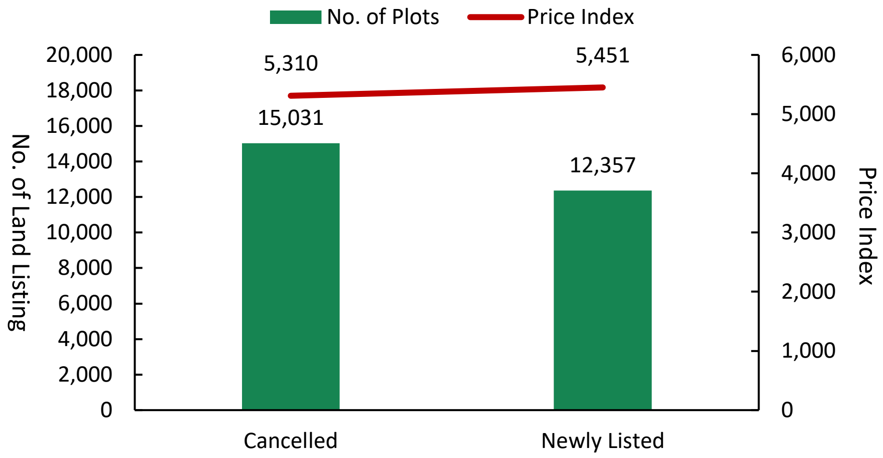


Figure: Cancelled vs Newly Listed Residential Land in Lahore (March 2026)



In terms of the residential land area structure, the overall trend shows that smaller plot sizes correspond to a higher listing volume and a lower price index. In March 2026, listed residential plots in Lahore with an area of ≤10 Marla accounted for 62% of the total volume and 32% of the total area, with a price index of 4,886. Residential plots within the 10~20 Marla range took up 32% of volume and 47% of the total area, serving as the mainstream size segment for residential plots, with a price index of 5,296. Large-scale residential plots above 20 Marla accounted for merely 6% in volume and 22% in area. With notable scarcity, its price index reached 6,423.

Table: Structure of Residential Land Listings in Lahore (March 2026)

	≤10 Marla	10~20 Marla	>20 Marla	Total
% of total No.	62%	32%	6%	**100%**
% of total area	32%	47%	22%	**100%**
Price Index	4,886	5,296	6,423	**5,411**

2) Commercial Land Listing Price Index

In terms of commercial land listing structure, in March 2026, among the commercial plots listed in Lahore, 47% were existing listings with a price index of 1,229, a slight month-on-month decrease of 0.2%. Among existing listed plots, 95.8% remained unchanged in price, 1.5% saw a month-on-month increase, and 2.7% recorded a month-on-month decline. Newly added listed plots accounted for 53% of the total, with a price index of 1,314.

Table: Lahore Commercial Land Listing （March 2026）

Type	No. of Plots (%)	Price Index	Index Change M-o-M
Total	**100%**	**1,268**	**6.1%**
Existing Listing	47%	1,229	-0.2%
New Listing	53%	1,314	-

Figure: Percentage of Existing Commercial Land in Lahore (March 2026)

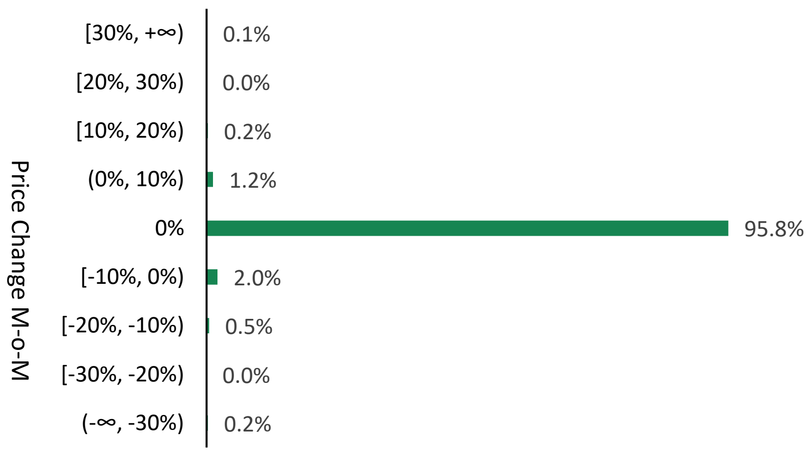
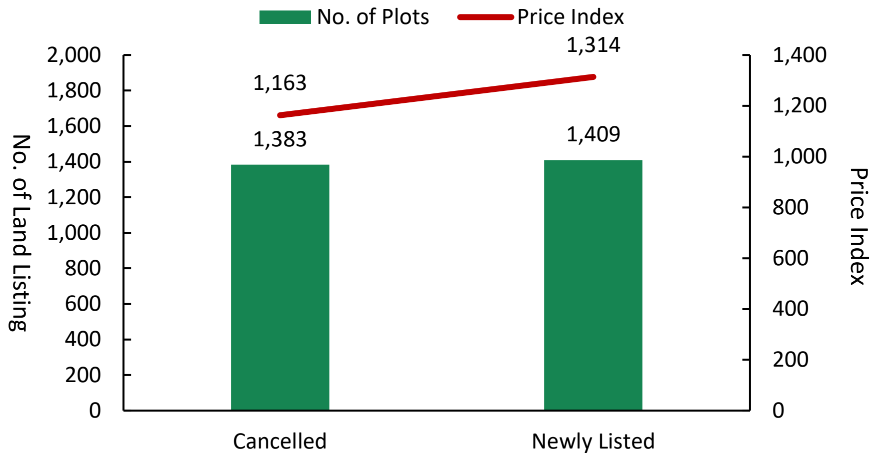


Figure: Cancelled vs Newly Listed Commercial Land in Lahore (March 2026)



In terms of area structure of commercial land, the overall trend shows that the smaller the land area, the larger the number of plots and the higher the unit price. In March 2026, Listed commercial plots in Lahore ≤10 Marla accounts for 81% of the total volume and 28% of the total area, with a price index of 1,313. Commercial plots in the 10~20 Marla segment makes up 10% of the total number and 11% of the total area, with a price index of 1,233. Large commercial plots exceeding 20 Marla also represent 10% of listings, occupying 60% of the overall area and recording a price index of 1,254.

Table: Structure of Commercial Land Listings in Lahore (March 2026)

	≤10 Marla	10~20 Marla	>20 Marla	Total
% of total No.	81%	10%	10%	**100%**
% of total area	28%	11%	60%	**100%**
Price Index	1,313	1,233	1,254	**1,268**

2. Islamabad

In March 2026, Islamabad's residential land listing price index was 4,891 (up 0.7% month-on-month and up 7.4% year-on-year), and the commercial land listing price index was 1,767 (down 1.2% month-on-month and up 11.0% year-on-year).

Table: Islamabad Land Listing Price Index（March 2026）

Index Type	Index	M-o-M	Y-o-Y
Residential	4,891	0.7%	7.4%
Commercial	1,767	-1.2%	11.0%

Figure: Islamabad Residential Land Listing Price Index

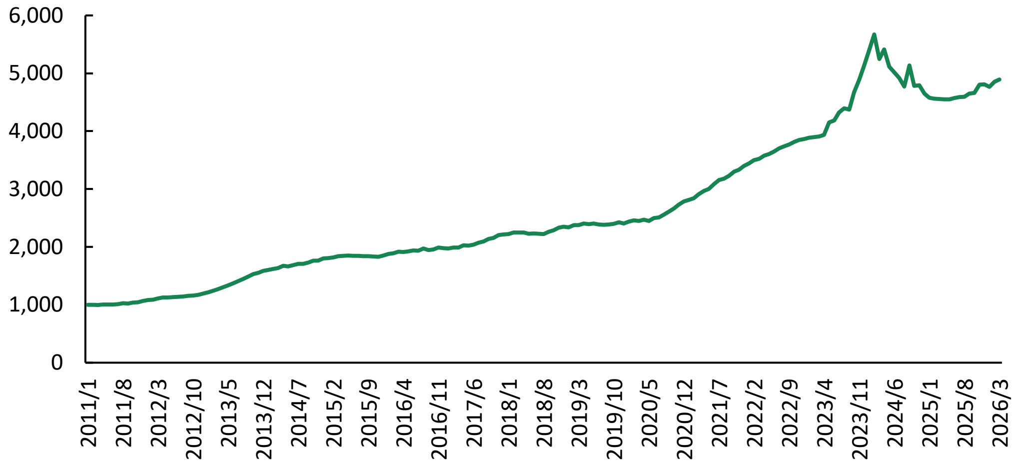
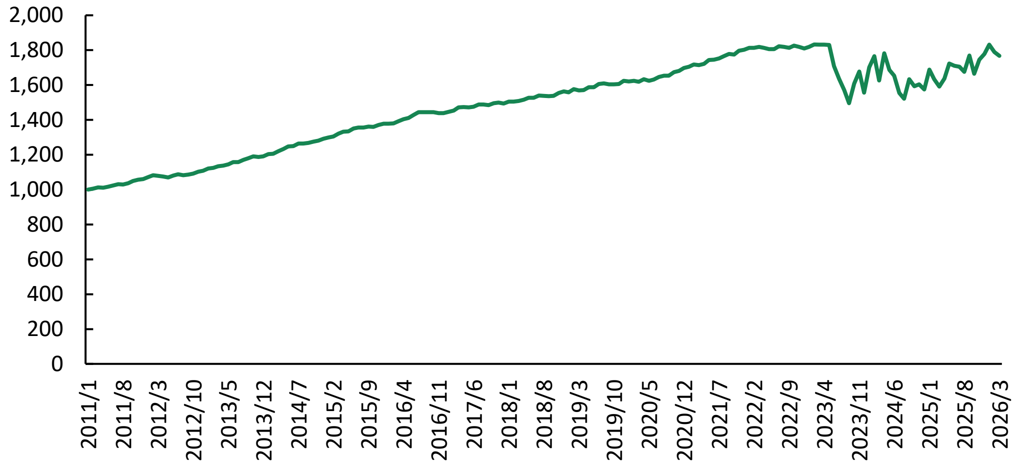


Figure: Islamabad Commercial Land Listing Price Index



1) Residential Land Listing Price Index

In terms of the residential land listing structure, in March 2026, among the residential plots listed in Islamabad, 45% were existing listings with a price index of 4,789, a modest month-on-month increase of 0.2%. Among existing listed plots, 94.8% maintained stable prices, 3.4% saw a month-on-month rise, and 1.8% recorded a month-on-month decline. Newly listed plots accounted for 36% of the total, with a price index of 5,077.

Table: Islamabad Residential Land Listing （March 2026）

Type	No. of Plots (%)	Price Index	Index Change M-o-M
Total	**100%**	**4,891**	**0.7%**
Existing Listing	64%	4,789	0.2%
New Listing	36%	5,077	-

Figure: Percentage of Existing Residential Land in Islamabad (March 2026)

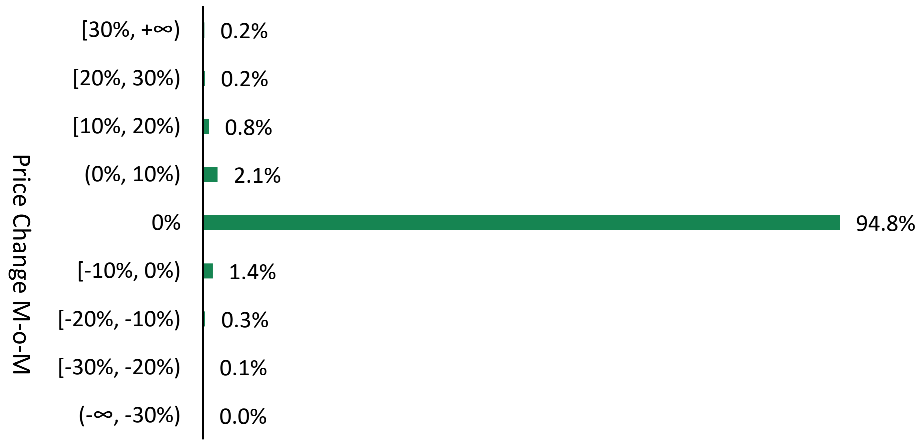
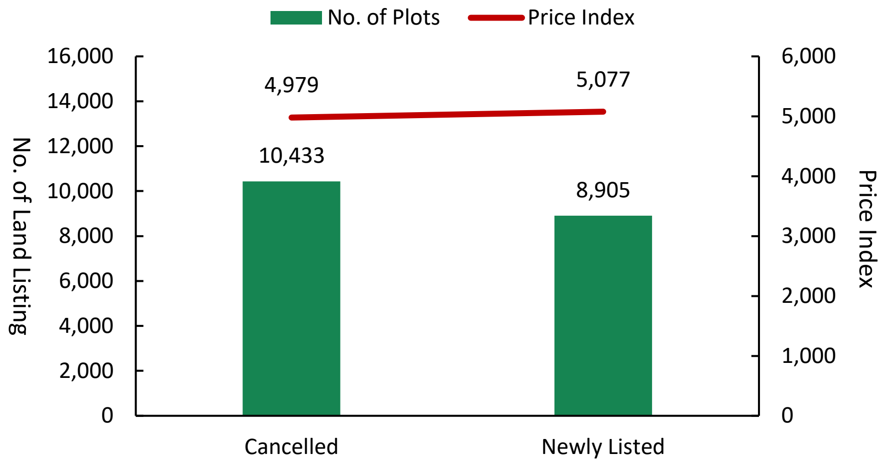


Figure: Cancelled vs Newly Listed Residential Land in Islamabad (March 2026)



In terms of residential land area structure, the overall trend shows that the smaller the land area, the higher the listing volume and unit price. In March 2026, listed residential plots in Islamabad of ≤10 Marla accounted for 54% of the total number and 26% of the total area, with a price index of 5,432. Plots ranging from 10 to 20 Marla made up 40% of volume and 49% of the total area, with a price index of 5,121. Residential plots larger than 20 Marla represented 6% of the total volume and 25% of the overall area, with a price index of 3,906.

Table: Structure of Residential Land Listings in Islamabad (March 2026)

	⩽10 Marla	10~20 Marla	＞20 Marla	Total
% of total No.	54%	40%	6%	**100%**
% of total area	26%	49%	25%	**100%**
Price Index	5,432	5,121	3,906	**4,891**

2) Commercial Land Listing Price Index

In terms of commercial land listing structure, in March 2026, 68% of commercial land listed in Islamabad were existing stock listings, with a price index of 1,498, a slight month-on-month increase of 0.5%. Among the existing land listings, 94.9% remained unchanged in price, 3.0% registered a month-on-month rise, and 2.2% saw a month-on-month decline. Newly listed land accounted for 32% of the total, with a price index of 2,237.

Table: Islamabad Commercial Land Listing （March 2026）

Type	No. of Plots (%)	Price Index	Index Change M-o-M
Total	**100%**	**1,767**	**-1.2%**
Existing Listing	68%	1,498	0.5%
New Listing	32%	2,237	-

Figure: Percentage of Existing Commercial Land in Islamabad (March 2026)

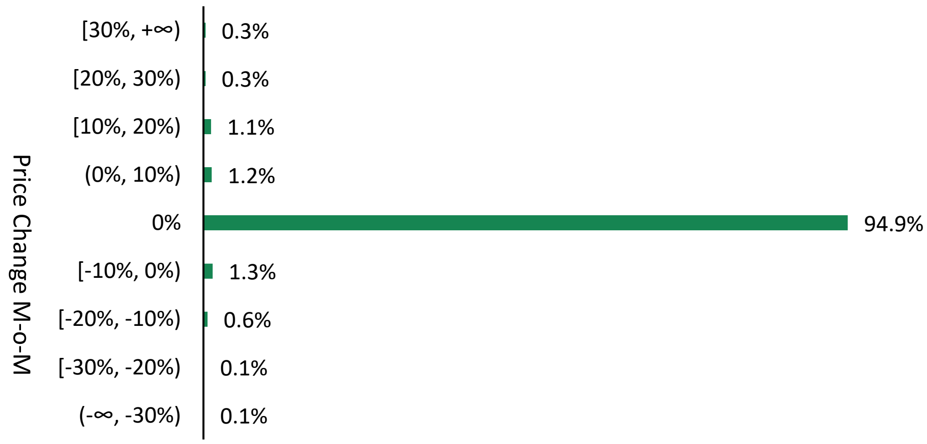
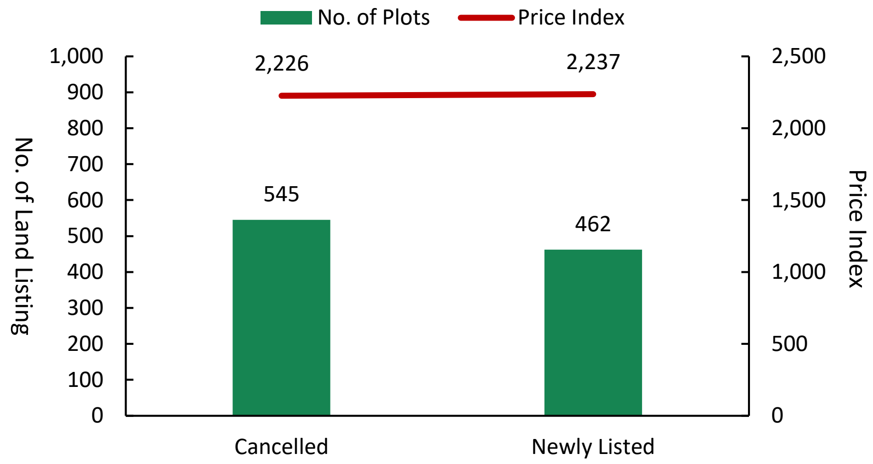


Figure: Cancelled vs Newly Listed Commercial Land in Islamabad (March 2026)



In terms of commercial land area structure, the overall market demonstrates a distinct trend in which larger plot sizes correspond to higher unit prices. In March 2026, listed commercial plots in Islamabad of no more than 10 Marla accounted for 77% of the total listing volume and 24% of the total area, with a price index of 1,418. Commercial land ranging from 10 to 20 Marla constituted 12% of listings and 10% of the total area, with a price index of 1,452. Land plots exceeding 20 Marla made up 11% of the total volume and a substantial 67% of the overall area, recording a price index of 1,934.

Table: Structure of Commercial Land Listings in Islamabad (March 2026)

	≤10 Marla	10~20 Marla	>20 Marla	Total
% of total No.	77%	12%	11%	**100%**
% of total area	24%	10%	67%	**100%**
Price Index	1,418	1,452	1,934	**1,767**

3. Karachi

In March 2026, Karachi's residential land listing price index was 8,167 (up 3.0% month-on-month and up 31.4% year-on-year); commercial land listing price index was 1,353 (up 1.7% month-on-month and up 25.2% year-on-year).

Table: Karachi Land Listing Price Index（March 2026）

Index Type	Index	M-o-M	Y-o-Y
Residential	8,167	3.0%	31.4%
Commercial	1,353	1.7%	25.2%

Figure: Karachi Residential Land Listing Price Index

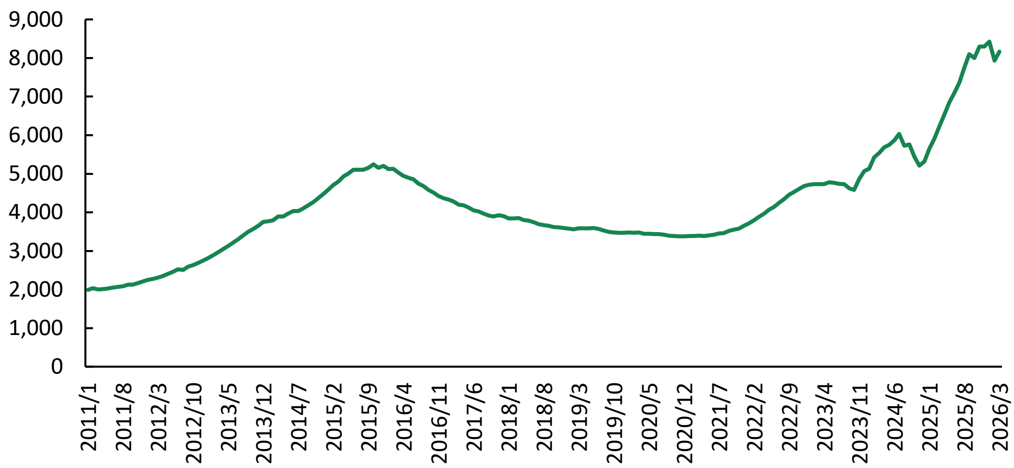
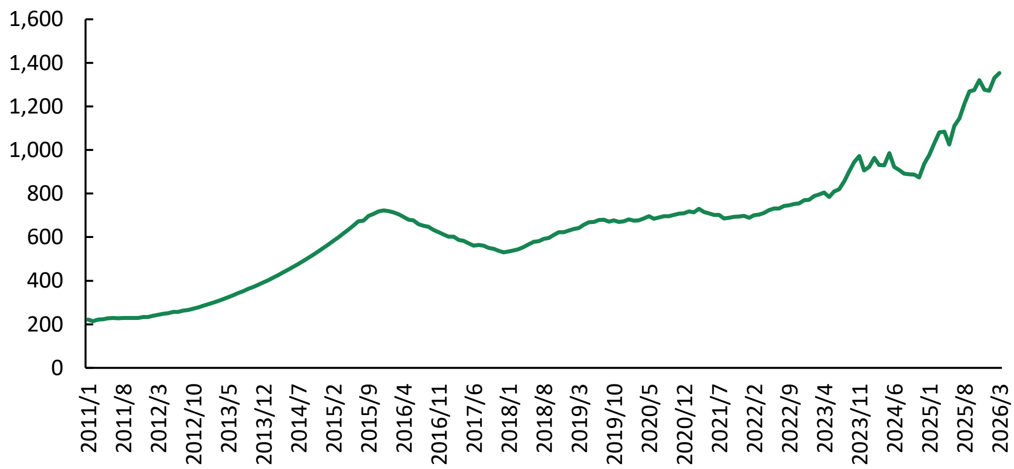


Figure: Karachi Commercial Land Listing Price Index



1) Residential Land Listing Price Index

In terms of residential land listing structure, in March 2026, 60% of residential land listed in Karachi were existing stock listings, with a price index of 7,992, representing a slight month-on-month increase of 0.8%. Among existing stock land listings, 91.2% of land prices remained stable, 5.9% posted a month-on-month rise, and 3.0% saw a month-on-month decline. Newly added listed land accounted for 40% of the total, with a price index of 8,407.

Table: Karachi Residential Land Listing （March 2026）

Type	No. of Plots (%)	Price Index	Index Change M-o-M
Total	**100%**	**8,167**	**3.0%**
Existing Listing	60%	7,992	0.8%
New Listing	40%	8,407	-

Figure: Percentage of Existing Residential Land in Karachi (March 2026)

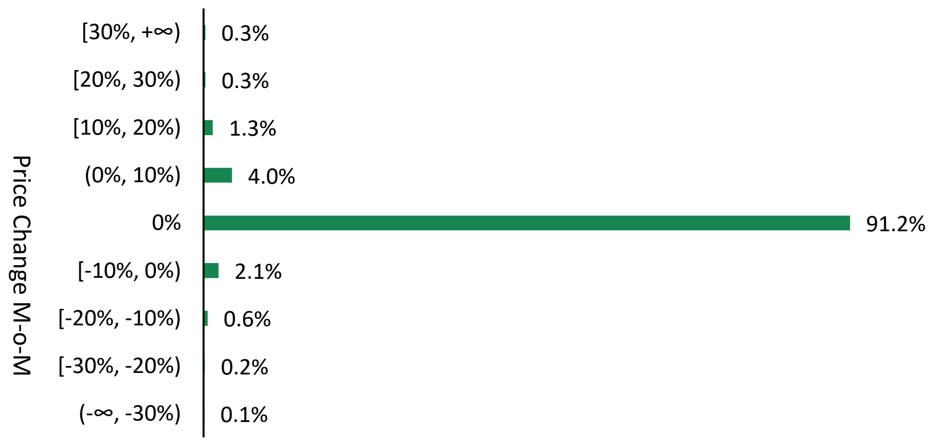
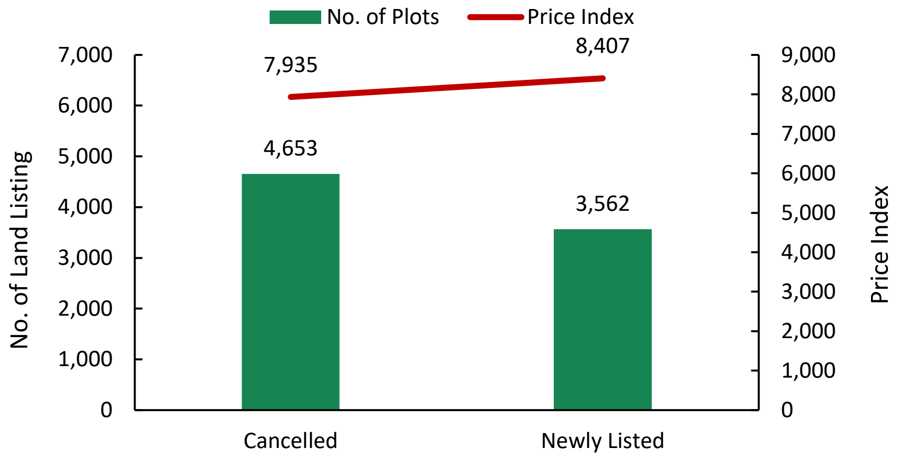


Figure: Cancelled vs Newly Listed Residential Land in Karachi (March 2026)



In terms of residential land area structure, the overall market exhibits the characteristic that larger land areas come with higher unit prices. In March 2026, listed residential plots in Karachi with an area of ≤10 Marla accounted for 65% of the total quantity and 32% of the total area, with a price index of 6,677. Plots within the 10–20 Marla range accounted for 26% of listings and 38% of the total area, with a price index of 7,456. Residential plots over 20 Marla made up 9% of the total number and 31% of the total area, with a price index of 10,594.

Table: Structure of Residential Land Listings in Karachi (March 2026)

	≤10 Marla	10~20 Marla	>20 Marla	Total
% of total No.	65%	26%	9%	**100%**
% of total area	32%	38%	31%	**100%**
Price Index	6,677	7,456	10,594	**8,167**

2) Commercial Land Listing Price Index

In terms of commercial land listing structure, in March 2026, 57% of commercial land listed in Karachi were existing stock listings, with a price index of 1,305, a slight month-on-month increase of 0.1%. Among existing stock commercial land listings, 95.1% maintained stable prices, 4.3% recorded a month-on-month rise, and 0.7% saw a month-on-month decline. Newly added listed commercial land accounted for 43% of the total, with a price index of 1,439.

Table: Karachi Commercial Land Listing （March 2026）

Type	No. of Plots (%)	Price Index	Index Change M-o-M
Total	**100%**	**1,353**	**1.7%**
Existing Listing	57%	1,305	0.1%
New Listing	43%	1,439	-

Figure: Percentage of Existing Commercial Land in Karachi (March 2026)

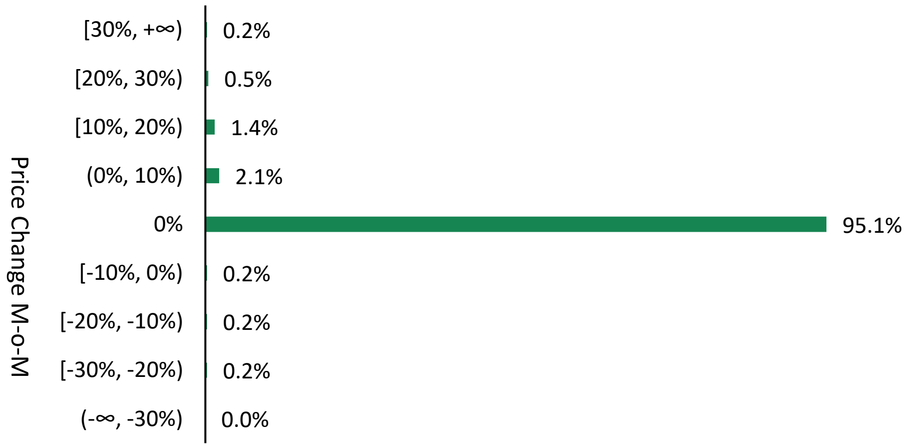
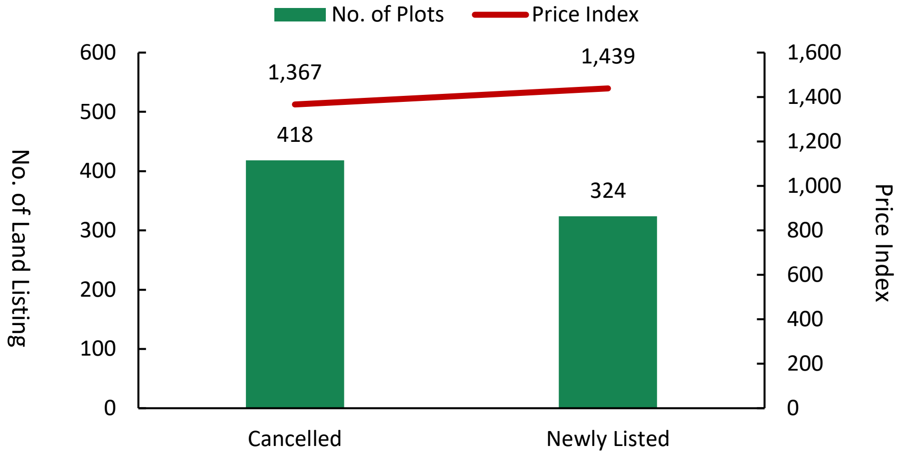


Figure: Cancelled vs Newly Listed Commercial Land in Karachi (March 2026)



In terms of area structure, the overall market shows a pattern whereby smaller plot sizes correspond to a higher listing volume and a higher price index. In March 2026, listed commercial plots in Karachi of ≤10 Marla accounted for 66% of the total volume and 13% of the total area, with a price index of 1,944. Commercial plots in the 10–20 Marla segment made up 16% of listings and 10% of the total area, with a price index of 1,923. Commercial plots exceeding 20 Marla represented 18% of the total quantity and a substantial 77% of the overall area, with a price index of 1,182.

Table: Structure of Commercial Land Listings in Karachi (March 2026)

	≤10 Marla	10~20 Marla	>20 Marla	Total
% of total No.	66%	16%	18%	**100%**
% of total area	13%	10%	77%	**100%**
Price Index	1,944	1,923	1,182	**1,353**

III. Market Analysis

1. Macroeconomic Environment

In recent years, the macroeconomic environment of Pakistan's real estate market has been jointly shaped by high inflation, high interest rates and tax policies. Persistent high inflation has continuously eroded residents' real purchasing power and driven up construction and development costs, exerting dual pressure on both demand and supply. The high interest rate environment has raised the cost of mortgage financing and project development capital, making home purchase decisions and project implementation more cautious. Relatively high transaction taxes and fees have also increased the financial burden in transaction processes. Affected by these multiple factors, the market has shifted towards risk control and slower development.

From 2025 to the first quarter of 2026, the macroeconomic environment improved marginally. Inflation moderated, monetary conditions became more accommodative, and real estate-related fiscal and tax policies were continuously optimised, providing relatively favourable external conditions for market performance.

Inflation

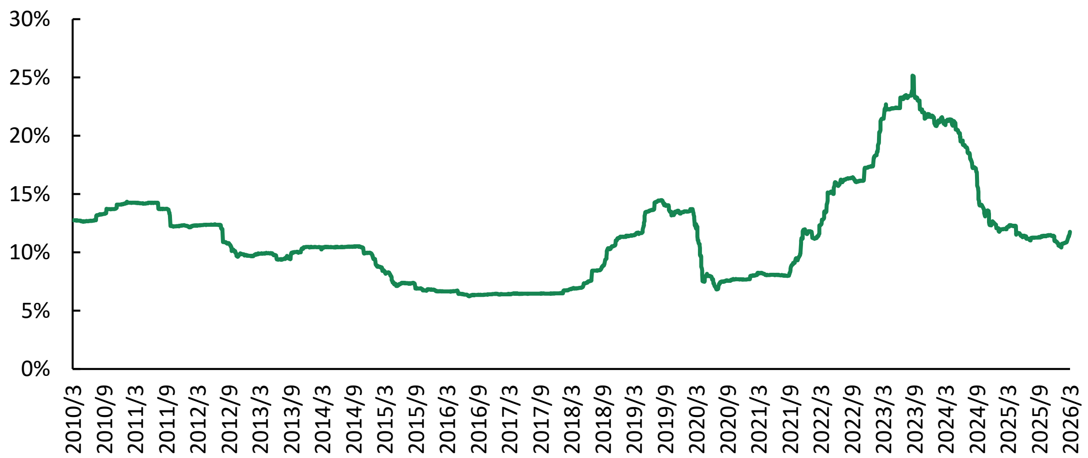
In 2023, Pakistan's Consumer Price Index (CPI) stood at approximately 29.2%, with the fiscal-year inflation peak nearing 38%. In 2024, the CPI remained elevated at 23.4%, and prolonged high inflation significantly suppressed the real estate market. High inflation directly pushed up residents' cost of living, squeezed disposable incomes and compressed housing budgets, severely restraining the release of owner-occupied and upgrade demand. Meanwhile, rising prices of key production inputs such as building materials, labour and energy substantially raised development costs, making developers more cautious in project appraisals, construction scheduling and financing arrangements, and some projects were delayed.

In 2025, supported by stronger macroeconomic regulation, the CPI fell to 4.5%, and inflationary pressures eased notably. In the first quarter of 2026, the CPI rebounded moderately: 5.8% in January, 7.0% in February and 7.3% in March. Despite the mild pickup, inflation remained in the single-digit range overall, providing a foundation for the recovery of housing demand and the stable operation of the real estate sector.

Monetary Policy

To curb inflation in 2022–2023, the State Bank of Pakistan (SBP) raised the policy rate from around 13.75% in early 2022 to a historic high of 22% in June 2023. High interest rates were transmitted through the banking system, raising borrowing costs for businesses and individuals and dampening housing demand and project development.

Figure: One-Year KIBOR since 2010 (Offer)



In 2024, the SBP began an easing cycle, cutting the rate from 20.5% to about 15% by year-end. In 2025, rates were reduced further to 10.5% in December. The Karachi Interbank Offered Rate (KIBOR) also moved lower in line with the policy rate, significantly reducing financing costs and supporting a recovery in mortgage lending and project activity. In the first quarter of 2026, the SBP kept the policy rate unchanged at 10.5% (at its January and March meetings), continuing to ease funding pressures.

Fiscal and Tax Policies

Adjustments to real estate taxation have substantially reduced transaction costs. Earlier policies focused on raising transaction costs to deter short-term and speculative trading, but also restrained normal housing transactions to some extent. Previously, withholding tax on transactions was levied at 3%–4% for compliant taxpayers, with higher rates for non-filers. In addition, a Federal Excise Duty (FED) of approximately 5% was applied to property sales and transfers as a transitional measure to encourage tax compliance and limit short-term flipping.

Following policy adjustments in 2025, withholding tax for compliant parties was reduced to 1.5%–2.5%, lowering costs for genuine homebuyers. The FED was abolished from July, removing an extra levy on transactions. Meanwhile, long-term owner-occupied properties held for more than 15 years became exempt from withholding tax. Overall, the policy focus has shifted from broadly raising costs to targeted regulation: lowering taxes for compliant transactions while maintaining constraints on short-term and informal trading.

Overall Outlook

The combined effects of falling inflation, lower interest rates and streamlined transaction taxes are gradually becoming visible. Pakistan's real estate market is expected to see further improvement in external conditions in 2026, building on the recovery in 2025.

If inflation remains moderate in 2026, households' disposable spending on housing will likely recover. On the financing front, if the policy rate stays at current levels or eases modestly, developers' financing costs are expected to remain manageable. Projects that already secured land, planning or pre-sales but were delayed by high funding costs could resume normal construction schedules in 2026.

On the sales side, lower transaction costs and reduced financing expenses will help unlock further demand, shorten sales cash-collection cycles and improve project cash flow. Overall, amid a moderately improving macroeconomic environment, the real estate market in 2026 is more likely to return to stable and normalised operation from the previous period of elevated uncertainty.

2. Population Structure

Housing demand growth in Islamabad, Karachi and Lahore is driven by multiple factors, including population expansion, a young demographic structure and preferences for owner-occupied housing. These cities are experiencing rapid population growth and a large youth population, coupled with a strong preference for home ownership. As a result, purchasing housing or acquiring land for self-built housing has become the primary way to meet new housing demand. This trend means the overall housing market remains in the early stage of incremental demand expansion.

Table: Population in 1998、2017、2023

	Population（'000）			1998-2023 Population Change	Population Density（/km²）		
	1998	2017	2023		1998	2017	2023
Pakistan	132,352	207,684	241,499	82.5%	166	261	303
Islamabad Capital Territory	805	2,003	2,364	193.7%	889	2,211	2,610
Sindh	30,440	47,855	55,696	83.0%	216	340	395
Karachi Division	9,856	16,055	20,383	106.8%	2,795	4,550	5,780
Karachi Central District	2,278	2,973	3,822	67.8%	33,000	43,000	55,400
Karachi East District	1,448	2,875	3,922	170.9%	10,414	20,686	28,214
Karachi South District	1,469	1,769	2,330	58.6%	12,038	14,502	19,096

Karachi West District	1,102	2,077	2,679	143.2%	2,977	5,614	7,242
Punjab	73,621	109,990	127,689	73.4%	359	536	622
Lahore Division	12,016	19,390	22,773	89.5%	1024	1653	1942
Lahore District	6,340	11,120	13,004	105.1%	3,566	6,275	7,339

Population Growth

Rapid urban population growth forms the foundation of housing demand. Between 1998 and 2023, the population of the Islamabad Capital Territory rose from 805,000 to 2.364 million, representing a cumulative increase of 193.7%—far higher than the national average of 82.5% in Pakistan. Over the same period, Lahore's population grew from approximately 6.34 million to 13 million, a rise of 105.1%, also significantly outpacing the national average (82.5%) and Punjab Province (73.4%).

Population Density

Changes in population density further confirm this trend. From 1998 to 2023: The population density of the Islamabad Capital Territory increased from 889 to 2,610 people per km^2. Karachi Central District rose from 33,000 to 55,400 people per km^2. Karachi East District increased from 10,414 to 28,214 people per km^2. Karachi South District rose from 12,038 to 19,096 people per km^2. Karachi West District increased from 2,977 to 7,242 people per km^2. Lahore District rose from 3,566 to 7,339 people per km^2.

Over the same period, Pakistan's national population density increased by 83% to 303 people per km^2; Sindh's density rose by 73% to 395 people per km^2; and Punjab's density increased by 73% to 622 people per km^2—all considerably lower than those of Islamabad, Karachi and Lahore. Dense living conditions and strong population growth have created structural pressure on urban capacity, strengthening demand for new housing and driving cities to expand into peripheral areas.

Demographic Structure

Pakistan has a typical pyramid-shaped population structure with a large share of young and middle-aged residents. According to the 2023 national census, the median age in Pakistan is approximately 22 years. People aged 15–39 account for the largest share of the population and represent the main source of growth in urban employment and housing demand.

Young people continue to migrate from other regions to the core cities, generating new residential demand. Meanwhile, young residents already living in Islamabad, Karachi and Lahore will create steady demand for new and upgraded housing as their employment and income conditions improve.

3. Policy

Before 2025, the national housing policy framework remained path-dependent on the 2001 version, which centred on expanding supply, supporting private developers and improving housing conditions. Limited subsidies and incentives were used to encourage housing construction, while few measures addressed structural issues including land governance, planning coordination, housing finance and monitoring mechanisms.

Against a backdrop of high inflation, rising interest rates and increased taxation, the limitations of this approach gradually emerged: continuous development and sales became difficult to sustain; policies failed to support large-scale nationwide expansion; and no effective, mutually reinforcing link was formed between the housing supply system and land regulations. As the macroeconomic environment marginally improved in 2025, policy priorities shifted from relying on large individual projects to institutional restructuring, with renewed coordination across land, planning, finance and regulation.

National Housing Policy

At the national level, the Ministry of Housing and Works published the *National Housing Policy 2025 (Draft)* in the second half of 2025, which has since entered final review and implementation. This marks a strategic shift from project-driven measures to a framework-based national housing agenda. The draft refocuses reforms from supply-side actions to institutional improvements, with four priority areas:

1) Establish a logical sequence for housing and land policies: spatial planning first, followed by land allocation, product structuring and financing tools, to avoid misalignment in approval procedures.

2) Introduce cross-level planning coordination to align annual provincial and local housing plans with upper-tier spatial strategies and reduce delays and legal disputes caused by conflicting planning and land approval rules.

3) Diversify housing supply from fiscal funding and targeted loans to a combined toolkit of planning conditions, tax incentives, financing facilities and public-private partnership (PPP) projects.

4) Establish a monitoring and evaluation system to track project delivery, price trends and inventory structure as part of an ongoing policy feedback loop, rather than one-off interventions.

Targeted Housing Finance Scheme

On 24 September 2025, the State Bank of Pakistan (SBP) issued SH&SFD Circular No. 03 of 2025, launching the **"Mera Ghar – Mera Ashiana"** affordable housing finance scheme to support first-time buyers and households with no existing residential property. Eligible properties include standalone housing units up to 5 Marla and apartments up to 1,360 sq ft. Financing is offered in two tiers: up to PKR 2.0 million and PKR 3.5 million. Loan-to-value (LTV) ratios can reach 90%, with fixed borrower rates of 5% and 8% respectively. Tenures can be extended up to 20 years, with subsidised rates for the first 10 years. The scheme directly supports small and medium-sized units, significantly improving affordability for first-time and essential buyers.

Provincial Regulatory Frameworks

At the provincial level, Lahore mainly operates under the **Punjab Private Housing Schemes Rules 2022**, issued in late 2022. This framework provides clear procedures for the approval and management of residential land and projects and has entered a stable implementation phase.

Karachi enforces the **Sindh Private Housing Projects and Development Rules**, which follow similar standards to Punjab: strict land use classification, enhanced title verification, technical reviews and public consultation. Developers are required to provide performance guarantees, with strengthened oversight in core areas including DHA and Clifton to ensure compliance in transactions and construction.

Spatial Planning Reforms

In 2025, Punjab passed the **Punjab Spatial Planning Authority Act 2025**, legally consolidating previously fragmented spatial planning powers into a unified provincial coordination system. A dedicated provincial spatial planning authority will oversee policy integration, review and guidance, with district-level offices to form a two-tier provincial-district governance structure.

Sindh completed provincial spatial planning legislation in 2025 and began institutional setup and detailed rule-making in the first quarter of 2026. The framework coordinates provincial spatial layout, land use and major project site selection, resolves inter-agency planning conflicts and aligns with federal coordination requirements, supporting Karachi’s urban expansion and port economic zone development.

Constraints at Municipal Level

Lahore's latest master plan remains suspended by court order, and the city continues to operate under an older plan. The Lahore Development Authority (LDA) began preparing the **Lahore Master Plan 2050** in 2020 to guide long-term spatial development and integrated growth across the Lahore administrative division. The draft plan was approved by the then Chief Minister of Punjab in October 2022 and endorsed by the LDA Governing Body before public disclosure.

However, the plan immediately faced objections over lack of transparency, risks of land speculation and severe environmental harm. In January 2023, the Lahore High Court issued an interim order suspending the plan following multiple petitions. Subsequent efforts by the LDA to commission third-party reviews and restart approval did not yield tangible progress. As of 2025, the Master Plan 2050 remains suspended, and Lahore continues to follow the **Lahore Master Plan 2016**, leaving urban expansion without updated forward-looking guidance.

Overall Institutional Challenges

The core constraint on Pakistan's real estate market is not inadequate policies, but weak implementation and poor coordination between administrative tiers: Lahore faces supply constraints due to the suspended master plan; Sindh's spatial planning framework is still being finalised, with provincial-municipal approval alignment pending; Islamabad maintains a mature institutional framework but faces limited land availability.

Land in Pakistan is governed by overlapping federal, provincial and municipal laws, with complex procedures for title verification and land use classification, which continue to constrain project approvals.

Policy Outlook

Against this backdrop, the *National Housing Policy 2025 (Draft)* entered cabinet approval by the first quarter of 2026. Its four pillars – planning prioritisation, cross-level coordination, diversified supply tools and a closed-loop monitoring system – are being fully aligned with provincial implementation requirements.

In the first quarter of 2026, policy priorities across all three cities shifted to enforcing existing rules and streamlining processes:

- Punjab operationalised its spatial planning institutions.
- Sindh accelerated detailed planning rules.
- Islamabad continued to refine digital approval systems.

The national housing policy has moved from framework design to on-the-ground delivery, providing a stable institutional foundation for the market recovery of Islamabad, Karachi and Lahore.

Appendix: Rules for Pakistan Land Listing Index

The Pakistan Land Listing Index System is a set of indicators and analytical methods that reflect the operation and development trend of the land listing market in Pakistan and its major cities in the form of price indices. The index system consists of a residential land listing price index, and a commercial land listing price index. The index system has the following functions: (1) The index of a single city reflects the changes in the local land market under the combined influence of multiple factors; (2) By comparing the indices of two or more cities, it can not only show the differences in the average land listing price level of cities and the land trends in different cities, but also explain the supply and demand of various types of land in different cities and the development direction of the land market in different cities.

1. Sample Selection

Sample Selection and Regular Updates:

(1) The monitoring sample for the residential land listing price index is residential land.

(2) The monitoring sample for the commercial land listing price index is commercial land.

(3) A full sample monitoring of land listed for sale in all cities of Pakistan is conducted monthly. Listed sample projects are included in the index calculation, while withdrawn samples are excluded from the calculation.

Sample Coverage: Key cities in Pakistan such as Lahore, Islamabad, and Karachi.

Sample Price: The average price per unit area of monitored residential and commercial land plots. Individual samples with excessively large deviations require further verification; some samples may be retained or removed.

2. Computational Model

Base period and base point: January 2011 was used as the base period, with Islamabad's base point at 1,000. The base point for other cities was determined by comparing their average prices with Islamabad's at that time.

The price indices for residential land, commercial land, and other categories were calculated using a weighted average method. The composite land listing price index was then obtained by weighting the indices for both types of properties. The formulas for calculating the price indices for residential land, commercial land, and other categories are as follows:

$$P_j^t = \frac{\sum P_{ij}^t \times Q_{ij}^{\mathrm{t}}}{\sum Q_{ij}^{\mathrm{t}}} \qquad\qquad I_j^t = \frac{P_j^t}{P_j^{t-1}} \times I_j^{t-1}$$

Wherein:

P_j^t = the average price per unit area of the listed land plot in the j-th district during period t;

P_{ij}^t = the average price per unit area of the i-th listed land plot in the j-th district during period t;

Q_{ij}^{t} = the land area of the i-th listed land plot in the j-th district in period t;

I_j^t = the land listing price index of the j-the district in period t.

3. Data Collection and Verification

Collection Time: 25th day of each month;

Collection Method: Data collected from Pislaka (https://www.pislaka.com/), a real estate information platform in Pakistan.

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