June 2026

Pakistan Land Listing Price Index Report

Pakistan Real Estate Index System
Pakistan Digital Science & Technology Center

Content

Research Sponsored by:

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I. Index Overview

In Q2 2026, Pakistan's land market faced a mix of macroeconomic pressures and favorable policy developments. On one hand, geopolitical conflicts drove up global energy prices, inflation rose, and monetary policy tightened; on the other hand, the FY2026/27 federal budget sent a clear signal of burden reduction, abolishing the presumed property income tax (Section 7E) and significantly lowering property transaction withholding taxes, injecting structural benefits into the land market.

In terms of market indices, Q2 2026 monitoring covered three key cities: Lahore, Islamabad, and Karachi. The residential land price index showed divergent trends across cities, with Islamabad and Karachi generally rising while Lahore remained largely flat; for the commercial land price index, inter-city divergence was more pronounced, with Lahore and Islamabad declining by 1.6% and 7.5% respectively, while Karachi showed significant growth with a 24.2% increase. In June, all three cities maintained year-on-year growth in residential land price indices, with Lahore and Islamabad remaining relatively stable and Karachi experiencing a slight decline; Lahore and Karachi saw month-on-month increases in commercial land price indices, while Islamabad's commercial land price index continued to decline, compounded by FBR's significant reduction of Islamabad's official property valuation standards.

In the short term, on one hand, the Q2 macroeconomic environment shifted from earlier marginal improvement to phased tightening, with elevated inflation and interest rates exerting some pressure on the market; on the other hand, the abolition of the presumed property income tax (Section 7E) and the significant reduction of property transaction withholding taxes released positive signals in terms of lowering land holding and transaction costs, which is expected to activate market transaction volumes and encourage more capital to enter formal channels. As external shocks ease, the market may maintain a steady upward trend in residential listing prices amid differentiation, and the price gap between compliant high-quality projects and other projects is expected to further widen in Q3 and Q4.

II. Index Analysis

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

City	Residential Index				Commercial Index			
	Index	M-o-M	Y-o-Y	Q2 Change	Index	M-o-M	Y-o-Y	Q2 Change
Lahore	5,392	-0.1%	8.3%	-0.4%	1,249	0.6%	10.7%	-1.6%
Islamabad	4,993	0.1%	9.1%	2.1%	1,635	-5.6%	-4.4%	-7.5%
Karachi	8,639	-2.7%	22.0%	5.8%	1,681	5.4%	51.3%	24.2%

In Q2 2026, the residential land price index showed divergent trends across the three cities, with Islamabad and Karachi generally rising while Lahore remained largely flat; for the commercial land price index, inter-city divergence was more pronounced, with Lahore and Islamabad declining by 1.6% and 7.5% respectively, while Karachi showed significant growth with a 24.2% increase. In June, all three cities maintained year-on-year growth in residential land price indices, with Lahore and Islamabad remaining relatively stable and Karachi experiencing a slight decline; Lahore and Karachi saw month-on-month increases in commercial land price indices, while Islamabad's commercial land price index declined, compounded by FBR's significant reduction of Islamabad's official property valuation standards.

Figure: Residential Land Listing Price Index in Key Cities

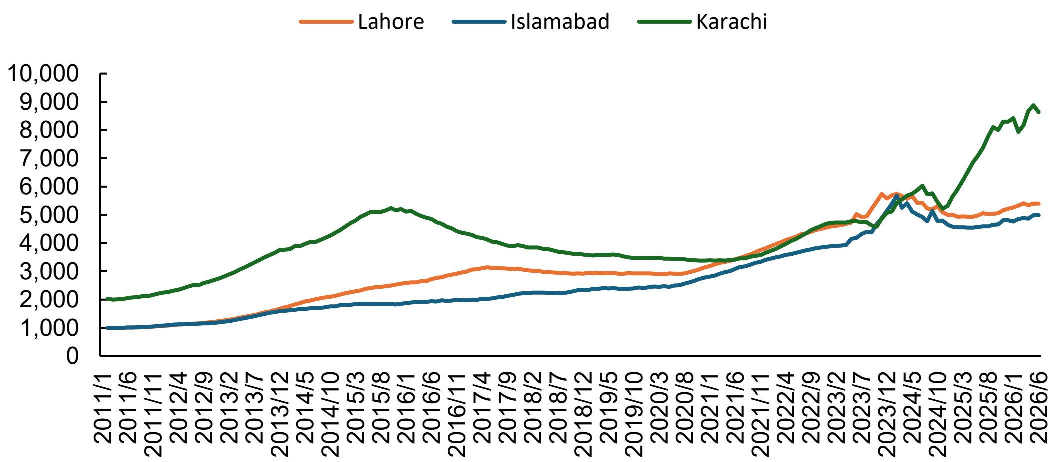
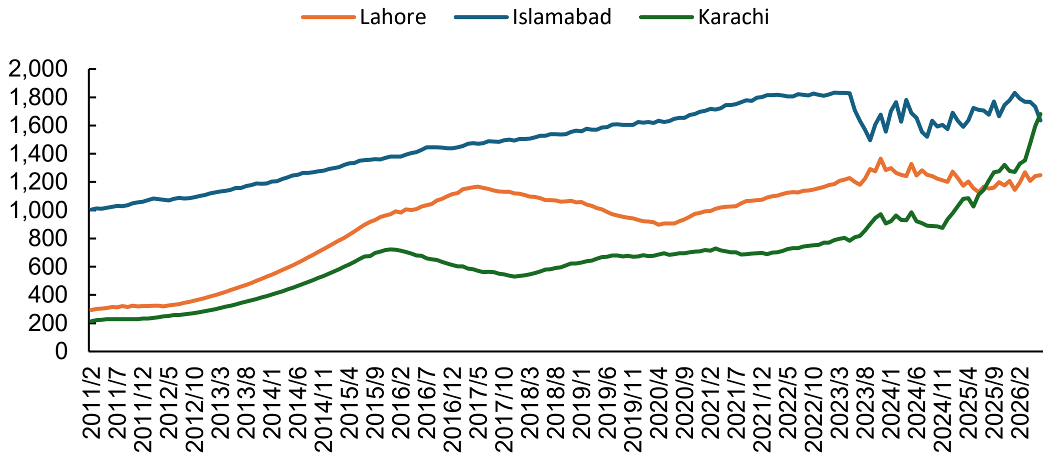


Figure: Commercial Land Listing Price Index in Key Cities



1. Lahore

In Q2 2026, Lahore's residential land price index showed relatively small fluctuations overall. Driven by inflation and essential demand, the year-on-year increase in each single month exceeded 8%; the commercial land price index rebounded after a decline in April, but still remained 1.6% below the previous peak in March 2026. In June, Lahore's residential land price index stood at 5,392, down 0.1% month-on-month and up 8.3% year-on-year; the commercial land price index stood at 1,249, up 0.6% month-on-month and up 10.7% year-on-year.

Table: Lahore Land Listing Price Index (June 2026)

Index Type	Index	M-o-M	Y-o-Y	Q2 Change
Residential	5,392	-0.1%	8.3%	-0.4%
Commercial	1,249	0.6%	10.7%	-1.6%

Figure: Lahore Residential Land Listing Price Index

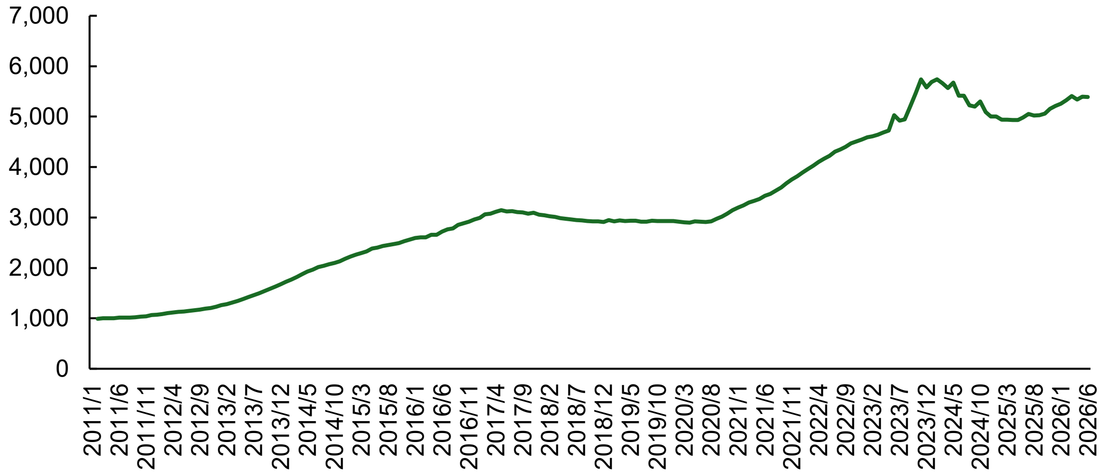
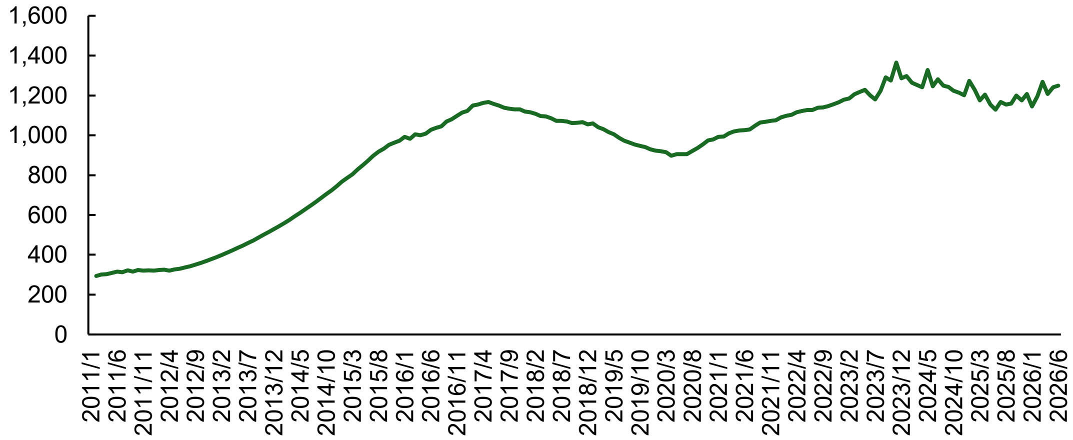


Figure: Lahore Commercial Land Listing Price Index



2. Islamabad

In Q2 2026, Islamabad's residential and commercial land price indices showed clear divergent characteristics. The residential land price index continued the moderate upward trend since the second half of 2025, while the commercial land price index declined 7.5% compared to March 2026. In June, Islamabad's residential land price index stood at 4,993, up 0.1% month-on-month and up 9.1% year-on-year; the commercial land price index stood at 1,635, down 5.6% month-on-month and down 4.4% year-on-year, mainly affected by FBR's significant reduction of Islamabad's official property valuation standards and weakening market demand.

Table: Islamabad Land Listing Price Index (June 2026)

Index Type	Index	M-o-M	Y-o-Y	Q2 Change
Residential	4,993	0.1%	9.1%	2.1%
Commercial	1,635	-5.6%	-4.4%	-7.5%

Figure: Islamabad Residential Land Listing Price Index

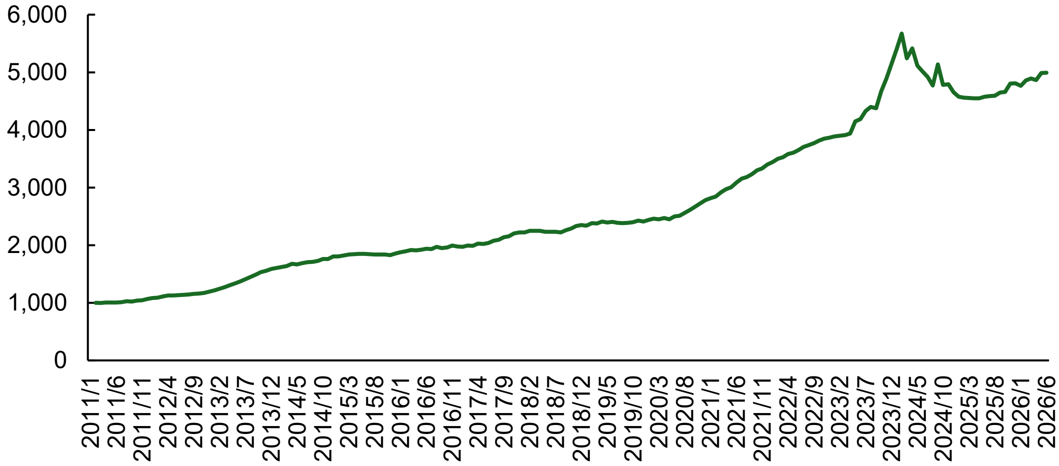
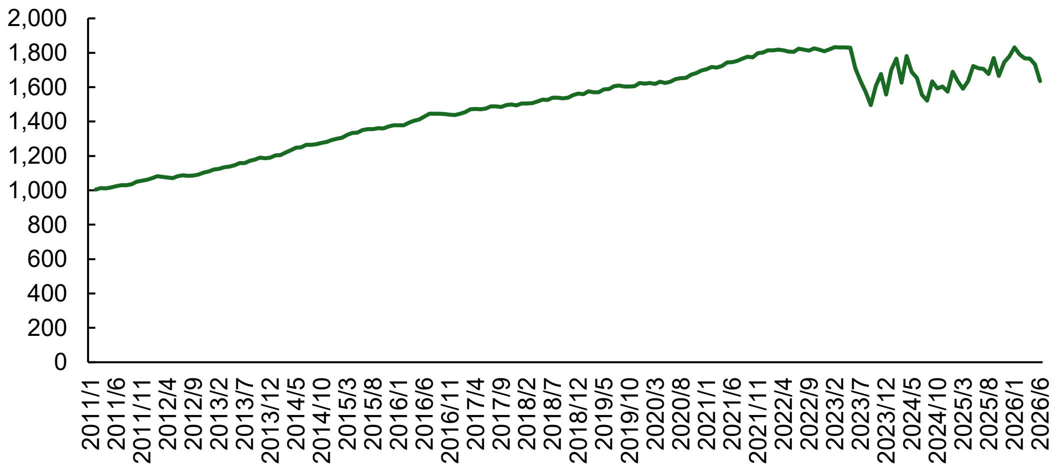


Figure: Islamabad Commercial Land Listing Price Index



3. Karachi

In Q2 2026, both the residential and commercial land price indices showed upward trends. Driven by recovering market demand, the commercial land price index rose 24.2% compared to March 2026. In June, Karachi's residential land price index stood at 8,639, down 2.7% month-on-month due to the impact of newly listed land parcels with lower average listing prices, and up 22.0% year-on-year; the commercial land price index stood at 1,681, up 5.4% month-on-month and up 51.3% year-on-year.

Table: Karachi Land Listing Price Index (June 2026)

Index Type	Index	M-o-M	Y-o-Y	Q2 Change
Residential	8,639	-2.7%	22.0%	5.8%
Commercial	1,681	5.4%	51.3%	24.2%

Figure: Karachi Residential Land Listing Price Index

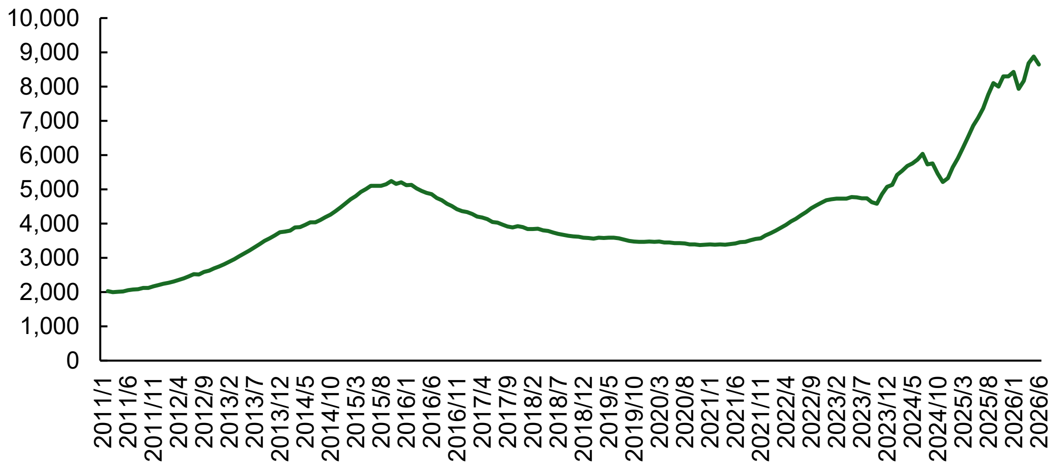
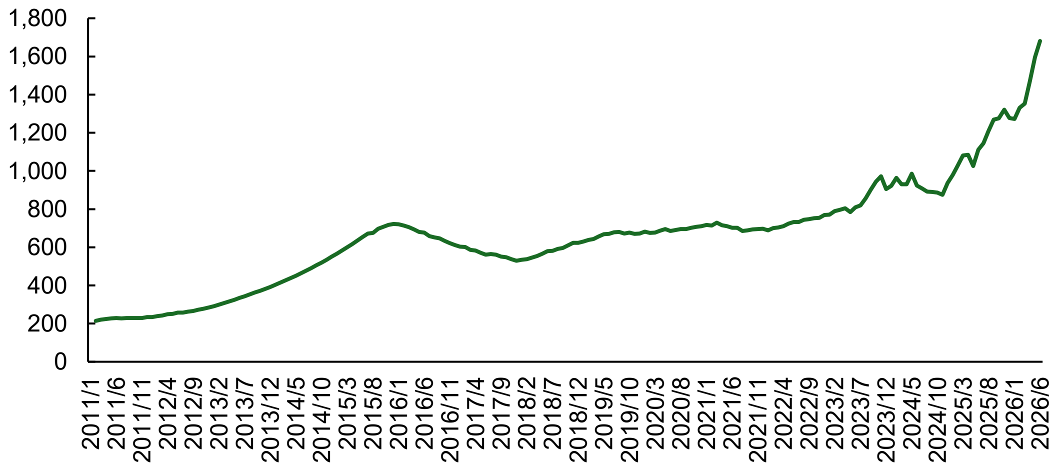


Figure: Karachi Commercial Land Listing Price Index



III. Market Analysis

In Q2 2026, Pakistan's land market faced a mix of macroeconomic pressures and favorable policy developments. On one hand, geopolitical conflicts drove up global energy prices, with inflation rising to 10.9% in April and 11.7% in May, and 11.1% in June; the central bank raised interest rates by 100 basis points to 11.5%, ending a nearly two-year easing cycle. On the other hand, the FY2026/27 federal budget sent a clear signal of burden reduction, abolishing the presumed property income tax (Section 7E) and significantly lowering property transaction withholding taxes, injecting structural benefits into the land market.

1. Macroeconomic Environment

Monetary policy: The State Bank of Pakistan (SBP) raised the policy rate by 100 basis points to 11.5% on April 27, 2026, the first rate hike since June 2023, ending the easing cycle that began in June 2024 with a cumulative reduction of 1,150 basis points. The core driver of the rate hike was the surge in global crude oil prices triggered by the Middle East geopolitical conflict. As an economy highly dependent on energy imports, the upward transmission of energy costs directly pushed up domestic prices in Pakistan. SBP chose to raise rates to curb demand and anchor inflation expectations. As of the end of Q2, the rate remained at 11.5%, and the June 15 monetary policy committee meeting decided to keep it unchanged. This rate hike temporarily halted the downward trajectory of housing mortgage and development financing costs, shifting the monetary environment from easing to phased tightening. The rate hike directly increased development loan and home mortgage costs, temporarily suppressing leveraged investment demand. Rising construction financing rates, compounded by increased building material costs, put small and medium developers under financial strain, but from a longer-term perspective, this is conducive to asset price stability.

Inflation: Pakistan's Consumer Price Index (CPI) year-on-year increase continued to rise in Q2. Due to the low base effect and rising domestic energy prices, the overall inflation rate rose from 7.3% in March to 10.9% in April and 11.7% in May, reaching a new high since June 2024. The recent decline in international oil prices will help reduce Pakistan's oil import costs, alleviate imported inflation pressures, and drive down domestic fuel and transportation costs. The June CPI year-on-year rate was 11.1%, slightly down from 11.7% in May, but still in double-digit territory. Structurally, transportation and energy items were the main drivers. In May, the transportation item rose approximately 36.8% year-on-year, and housing, water, electricity, and fuel items rose approximately 16.8% year-on-year. As transportation and production costs rose, the core inflation rate (non-food non-energy, urban measure) climbed to 8.2% and 8.7% in April and May respectively. Additionally, soaring wheat and wheat product prices pushed up food inflation. For the first 11 months of FY2025/26, average inflation rose to 6.7%, approaching the upper bound of SBP's 5%-7% target range. The monetary policy committee assessed that inflation may remain at double-digit levels in the coming months before gradually easing, but geopolitical situations, the degree of global price transmission to domestic fuel costs, the magnitude of electricity and fuel price adjustments, potential fiscal slippage, and uncertain food prices influenced by weather factors may all affect future prospects. This round of inflation recovery was dominated by imported and supply-side factors, with limited correlation to demand expansion, creating new pressure on residents' housing expenditure capacity. In a high-inflation environment, the anti-inflation attribute of land as a physical asset is highlighted, and investors view land as a value-preservation tool. However, an inflation rate above 10% also means diminished actual purchasing power, suppressing housing demand for low- and middle-income groups. In addition, the International Monetary Fund (IMF) completed the third review of Pakistan's Extended Fund Facility (EFF) and the second review of the Resilience and Sustainability Facility (RSF) in May 2026, approving a combined disbursement of approximately USD 1.3 billion. SBP's foreign exchange reserves were approximately USD 15.8 billion in late April and rose to approximately USD 16.527 billion on June 24; the arrival of external financing helped stabilize market expectations.

Impact of international oil prices: Pakistan's economy is highly dependent on energy imports and is relatively sensitive to external oil price fluctuations. Pakistan relies on imports for approximately 80% to 85% of its oil demand, with crude oil imports accounting for about 30% of total imports. In Q2 2026, influenced by the Middle East geopolitical conflict, international oil prices surged to peak levels of USD 115 to 126 per barrel. As the situation eased in June and the Strait of Hormuz resumed navigation, international oil prices fell significantly from conflict highs, with June prices dropping more than USD 15 month-on-month, falling back to the 70-75 USD range. According to estimates from the State Bank of Pakistan, each USD 10 decline in oil prices could save USD 1.8 to 2 billion on the annual import bill. Based on current oil price levels, FY2026/27 import costs are expected to decline; Pakistan's trade deficit narrowed from USD 4.28 billion in April to USD 2.58 billion in May, then widened again to USD 4.53 billion in June, indicating that trade recovery remains unstable. For Pakistan, which has long faced external debt repayment pressures, the slowdown in foreign exchange reserve depletion can reduce the risk of sovereign external debt default.

2. Fiscal and Tax Policy

Fiscal and tax policy: Federal Board of Revenue (FBR) data shows that property withholding tax revenue has declined by approximately 29% year-on-year. Excessive transaction tax rates effectively suppressed market activity rather than increasing government revenue, so the FY2026/27 federal budget adjusted property tax rates, releasing the most favorable policy signals for the real estate industry in recent years. Key changes include: (1) Complete abolition of the presumed property income tax under Section 7E of the Income Tax Ordinance. Previously, property owners had to pay tax on presumed income regardless of whether the property actually generated rental income. After abolition, property holding costs have been significantly reduced; (2) Significant reduction of property transaction withholding taxes: the acquisition stage (Section 236K) tax rate was reduced from 2.5% to 1.25%, and the sale stage (Section 236C) from 5.5% to 2.75%. The above reductions only apply to tax filers (filer); non-filers (non-filer) still face a higher transaction tax rate of approximately 10.5%, which was not included in this round of burden reduction, further widening the differential tax burden. In terms of housing and urban development, the budget allocated PKR 546 billion for climate-adaptive housing and urban digital master planning, and an additional PKR 71 billion for the PM Apna Ghar housing loan and home purchase financing program. Although the budget has been implemented, the policy interest rate remains at a high level of 11.5%. The actual impact of tax reductions on transactions still depends on the direction of financing costs and the degree of market sentiment recovery. In the long term, the abolition of Section 7E and the significant reduction of transaction taxes are expected to activate secondary market liquidity, promote the recovery of transaction volumes through formal real estate channels, and indirectly stimulate employment and output in related industries such as cement, steel, coatings, and logistics.

3. Industry Policy

Land regulation: The Punjab Real Estate Regulatory Authority (Punjab RERA) further strengthened land regulation in Q2 2026. On April 17, 2026, a provincial advisory meeting was held in Lahore, establishing a mandatory project registration system. Any housing project must obtain PRERA registration (60-90 days) before sales or advertising, and developers must pass a fitness and propriety review (30-60 days). Buyer payments must enter escrow accounts (Escrow) and be released according to construction progress. PRERA dedicated software system was simultaneously launched, enabling paperless approval of land transactions across the province, "Green Certificate" property verification, and unified management of housing schemes. Developers must complete system migration within 1 month. In the short term, a large number of unlicensed developers and illegal housing schemes face clearance, which may reduce land listing volumes in some areas; in the long term, projects registered through RERA will gain greater trust, and the price differentiation between compliant and non-compliant projects will intensify.

Development control: In early June 2026, the Capital Development Authority (CDA) provisionally approved a zoning reform proposal aimed at strengthening development control around the Margalla Hills National Park. The Zone-3 area was rezoned, adding Zone-1A (restricted development zone, located between the national park and residential areas, prohibiting new construction on private land) and Zone-4E (conditional development zone, located between the national park and main roads, allowing private developers to develop according to rules after obtaining approval), aimed at curbing uncontrolled urban expansion and strengthening ecological control. For the land market, the rezoning of Zone-3 directly delineated the boundaries between developable and restricted areas; Zone-4E's conditional development policy provides a pathway for compliant development, potentially releasing some land supply; while Zone-1A's strict restrictions mean land values in this area face reassessment, which may suppress transaction activity in the short term.

4. Market Performance

Market performance: External shocks in Q2 were transmitted to the land and housing market through two channels: cost and sentiment. Inflation rising pushed up building material and logistics costs, making developers more cautious in budgeting and construction scheduling; the rebound in interest rates and reinforced inflation expectations shifted purchase decisions toward a wait-and-see approach, and transaction activity generally declined across regional markets. Listing price adjustments typically lag behind transactions. Sellers tend to maintain quoted prices during periods of weakening demand. In Q2, the residential land listing price index still rose overall even as transactions cooled, and the residential listing price trend remained unchanged.

In the short term, on one hand, the Q2 macroeconomic environment shifted from earlier marginal improvement to phased tightening, with elevated inflation and interest rates exerting some pressure on the market; on the other hand, the abolition of the presumed property income tax (Section 7E) and the significant reduction of property transaction withholding taxes released positive signals in terms of lowering land holding and transaction costs, which is expected to activate market transaction volumes and encourage more capital to enter formal channels. As external shocks ease, the market may maintain a steady upward trend in residential listing prices amid differentiation, and the price gap between compliant high-quality projects and other projects is expected to further widen in Q3 and Q4.

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:

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

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-th 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.

Thanks to Pislaka (https://www.pislaka.com/) for providing data support for this report!