

## The dark side of Real Estate Development

### Outline :-

#### 1) Introduction :-

- \* The real estate development has seen a boom in the past couple of years
- \* Though it aims to cater to the growing population of the world there is a negative side to it
- \* which includes exploitation of resources and illegal activities

#### 2) What is Real Estate Development?

- \* It means the construction of buildings and houses in the form of colonies, Housing societies, including housing schemes.

### 3) Dark Side of Real Estate

#### Development:

3.1 Loss of fertile land

→ Most of the housing societies in Punjab, Pakistan are built on rich land

3.2 Illegal land acquisitions to build housing colonies

3.3 Exploitation of construction workers

3.4 Money traps in the guise of <sup>long-term</sup> development investment

3.5 - legalizing black money

→ The file system in real estate allows to turn black money into white.

3.6 Wastage of space and land

→ Poor town planning

3.7 Lobbying and rise of real-estate mafia

3.8 Violation of land laws.



#### 4) Negative impacts of Real Estate development:-

- 4.1 Exploitation of scarce resources like land and water
- 4.2 Decrease in agricultural produce
- 4.3 Poor population management
- 4.4 Non-availability of basic facilities like gas and electricity.  
→ Poor countries unable to facilitate due to lack of infrastructure

#### 5) Recommendations:-

- \* Need for vertical development of real-estate
- \* Urbanization and town planning required
- \* Increased taxation over real-estate business
- \* Increase of checks and balances by efficient record keeping  
→ Formalization of financial transactions

## 6) Conclusion:-

\* Multiple negatives attached with real estate development

\* Essential to curb the dark side to reap the original benefits of real estate development.

In the past couple of years, there has been a boom in the real estate development with the rise in population around the world, many countries experienced a more real estate projects and developmental programs. Though the real purpose of real estate is population management, it has become a form of profitable business in recent times showcasing its dark side. The negative side of the real estate development includes the exploitation of construction workers, loss of fertile land and



wastage of space, illegal land acquisition, legalizing black money, money traps and lobbying. All of these have severe negative impacts from the decrease in agricultural produce to scarcity of fertile land and poor population management. By undergoing town planning, vertical development of buildings and with better taxation system, the negative effects of the real estate development can be curbed.

Real estate development means the construction of houses and buildings in a huge area of land. The formation of housing societies and colonies and creating housing schemes. The real estate development has seen a rise in the current years for because of

it's profitable nature and due to rise in population. The need for real-estate development was skyrocketed in the past couple of years.

There are a number of negatives attached with real estate development. The first and foremost would be the loss of fertile and ~~the~~ <sup>rich</sup> land. The increase in the construction of houses and residential buildings is causing loss of land that is rich in nutrients. In many parts of the world, the non-fertile land has already been utilized and so the agricultural land is used to build new houses and ~~not~~ residential colonies to cater to the vast expansion of population in respective countries. This is a very big challenge.



to keep the fertile land from being utilized in the construction of housing schemes.

As it has far-reaching negative repercussions, it is one of the dark aspects of real-estate development.

Another dark element of real estate development is the <sup>illegal</sup> acquisition of land to construct houses and buildings. The huge areas that are being used to create housing societies and colonies are most of the times been occupied unlawfully. This is a very common phenomenon in many countries around the world, especially poor countries with weak legal system. For example in Pakistan, majority of the housing schemes are built on areas that have occupied by force

or by violation of rights. The Supreme Court of Pakistan has a number of land cases that deal with the same issue. The land acquisitions supported by land mafia and real-estate powers is a very common phenomenon portraying a very dark side of real estate development as it violates many basic human rights.

Furthermore, the real estate development has another <sup>negative</sup> side to it i.e. the exploitation of construction workers. The housing societies are built by giving contracts to the big construction companies which pay the labourers daily wages on poor rates. The daily wages of these construction workers are even less than an independent labourer. So, these



is a great exploitation of the contract workers by the construction companies that are supported by real-estate mafia.

The violation of labour laws and labour rights is a very common phenomenon practiced in the real estate business making it a very dark aspect of real-estate development.

Similarly, real estate businesses have another horrific aspect attached to them. These are the money traps that are disguised in the form of long-term investment. The real-estate brokers pitch these money traps as long-term profitable investments. Many a times the money gets trapped in the housing schemes with no returns and profits over them.

So, the money of the <sup>investors</sup> ~~is~~ are utilized for the development of the housing schemes without any foreseeable profits. As there is very less checks and balances and a minimum regularization of funds, money gets lost ~~out~~ in the absence of solid records or documents. Thus the real-estate businesses also profit from such money traps and loop holes in the system making it a misuse of law and dark side of real-estate development.

Moving forward, the real-estate development has another dark side attached to it which is the legalizing of black money into white. The informal financial transactions in the real-estate and the file system allows the



opportunities for making the black money white. As the real-estate does not have strict rules and checks, there are plenty of opportunities for money launderers and criminals to legitimize the illegal acquisition of money. In Pakistan, there are a number of criminals and people involved in money laundering, they have invested their black money into real-estate businesses to legitimize their money. As the real-estate provides plenty of such opportunities due to its systematic flaws, this becomes a very dark side of real-estate with negative repercussions on the economy of the country and state's revenue generation.

Another negative of real-estate

development is the wastage of space and land. The housing schemes utilize so much land and wastes the majority part of it in building ~~the~~ huge roads and grand infrastructure that has no actual utility.

This leads to the (loss of) wastage of so much space and land that can it properly planned used for better purposes. The housing societies and big colonies lack the proper town planning and leads to wastage of land that could be easily utilized to manage the population explosion in many countries around the world.

So the poor urbanization and town planning leads to wastage of scarce resource like land making it a very



negative aspect of real-estate development.

last but not the least, the dark side of real-estate development is the rise of real-estate mafia and lobbying.

These groups and lobbys act as pressure groups and exert great pressure for their personal benefits. The strong lobbying makes it easier for them to violate land laws and exploit resources and human rights.

The real-estate mafia play very negative role by engaging in criminal activities and aid in the legalization of ~~lands~~ black and money wrongly acquired land. Thus the mafia supports the criminal activities being performed in the real-estate businesses, making it

a very dark aspect of real-estate development.

There are a number of negative repercussions of the dark aspects of the real-estate development. One of them being the lack of agri agricultural produce. As majority of the land is being used to construct houses and for other projects in real-estate, many countries with poor regulations and laws experience a stark decrease in the agricultural produce like wheat crop and rice. Pakistan is one of the many countries experiencing the loss of fertile land in the guise of development programs and infrastructure betterment. Instead it is leading to a decrease in food production leading to food scarcity.



of food in many parts of the country. Thus, the decrease in food production is one negative effect of real-estate development.

Another negative aspect ~~the~~ of the real-estate development is the poor population management.

Though the purpose of real-estate is <sup>catering</sup> population to cater the growing population,

yet the irony is that it cannot. It is in fact leading to the wastage of space

and land. As the real-estate development focus on the horizontal construction of

houses, it is wasting huge lands which could be used for multiple purposes if managed and planned sensibly. Thus

poor population management is

one of the negative aspects of  
real-estate development.

Looking at the recommendations  
to improve the dark aspects  
of real-estate development.

One of them would be &  
shifting the focus from horizontal  
expansion of buildings, houses  
and eventually population towards  
vertical growth and construction

of real-estate. This is connected  
with the concepts of urbanization  
and the phenomenon of  
proper town planning. This needs  
to be accompanied with proper  
taxation system for real-estate.

The increase in taxes on such  
businesses and the improved taxes  
on land and income tax would  
help curb the negatives of  
the real-estate businesses. Lastly,

there is a great need for improved



checks and balances in the real-estate development and ~~such~~ businesses. The accountability and transparency can be improved by formalizing and the financial transactions and regularizing regularization of funds. This will decrease the illegal acquisition of land and the conversion of black money into white. Thus, a number of policies steps can be taken to decrease the negative aspects of real-estate development.

In conclusion, the world will continue to experience real-estate development. Especially, the countries that are recording extreme population growth and explosion. The far-reaching negative aspects of real-estate development

from exploitation of resources and construction workers to their violation of human rights, from illegal acquisitions to legitimization of fraudulent money, and from money traps to lobbying and finally the wastage of fertile land. All of these can be curbed and the negative repercussions can be decreased by improving checks and balances, strengthening land laws and implementing efficient policies for town planning and population management.