

PAKISTAN PROPERTY MARKET

Annual Market Review & 2027 —— Outlook

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An Emerging Market Entering Its Next Phase

Pakistan's residential property market is entering a new phase of development.

Economic growth, continued urbanisation, record overseas capital flows and expanding financial infrastructure are strengthening the foundations of one of South Asia's largest residential markets.

Real GDP grew 3.70% in FY2026. Construction expanded 5.73%, services grew 4.09%, private fixed investment increased 12.84%, and the investment-to-GDP ratio reached 14.38%.

Together, these indicators point to an economy in which capital formation and domestic activity are continuing to strengthen.

A LARGE MARKET WITH SUBSTANTIAL HEADROOM

241.5M	93.9M	38.88%	3.67%
Total population	Urban residents	Urbanised	Annual urban population growth

Pakistan already has an urban population approaching 94 million, yet less than 40% of the country is urbanised. Between 2017 and 2023, the urban population grew from 75.7 million to 93.9 million, an average annual increase of 3.67%, materially faster than national population growth.

For residential property, this creates an unusually compelling combination: substantial existing scale alongside considerable room for continued urban expansion.

As populations, infrastructure, employment and capital continue to concentrate around Pakistan's principal cities, the investable opportunity is increasingly shaped by where that growth is being absorbed most effectively.

OVERSEAS CAPITAL IS ALREADY PART OF THE MARKET

Overseas Pakistanis represent one of Pakistan's most established sources of external capital.

956,790
Accounts opened

US\$13.647B
Cumulative funds received

US\$41.6B
Workers' remittances in FY2026

Remittances reached a new annual high in FY2026, increasing 8.6% from US\$38.3 billion in FY2025.

The infrastructure through which overseas capital can enter and participate in Pakistan is also deepening.

By July 2026, Roshan Digital Account had reached:

US\$8.603B
Funds utilised locally

The significance extends beyond the amounts themselves. Formal banking, investment and remittance channels are making it increasingly practical for non-resident Pakistanis to deploy capital into Pakistan without relying exclusively on physical presence.

A MARKET AT AN ATTRACTIVE POINT IN ITS DEVELOPMENT

Monetary conditions remain an important part of the investment environment. CPI inflation stood at 11.1% year-on-year in August 2026, while the State Bank policy rate remains 11.5%.

For property investors, this places greater value on assets capable of delivering durable capital appreciation, rental utility or both. It also creates potential upside from any future improvement in financing conditions.

PPA VIEW

Pakistan's long-term residential investment case is strengthening as urban growth, capital formation and market formalisation converge.

The opportunity today is increasingly one of positioning: identifying the cities, locations and assets best placed to participate in the next phase of value creation.

For long-term capital, 2026 represents an attractive point at which to establish exposure while that transition is still underway.

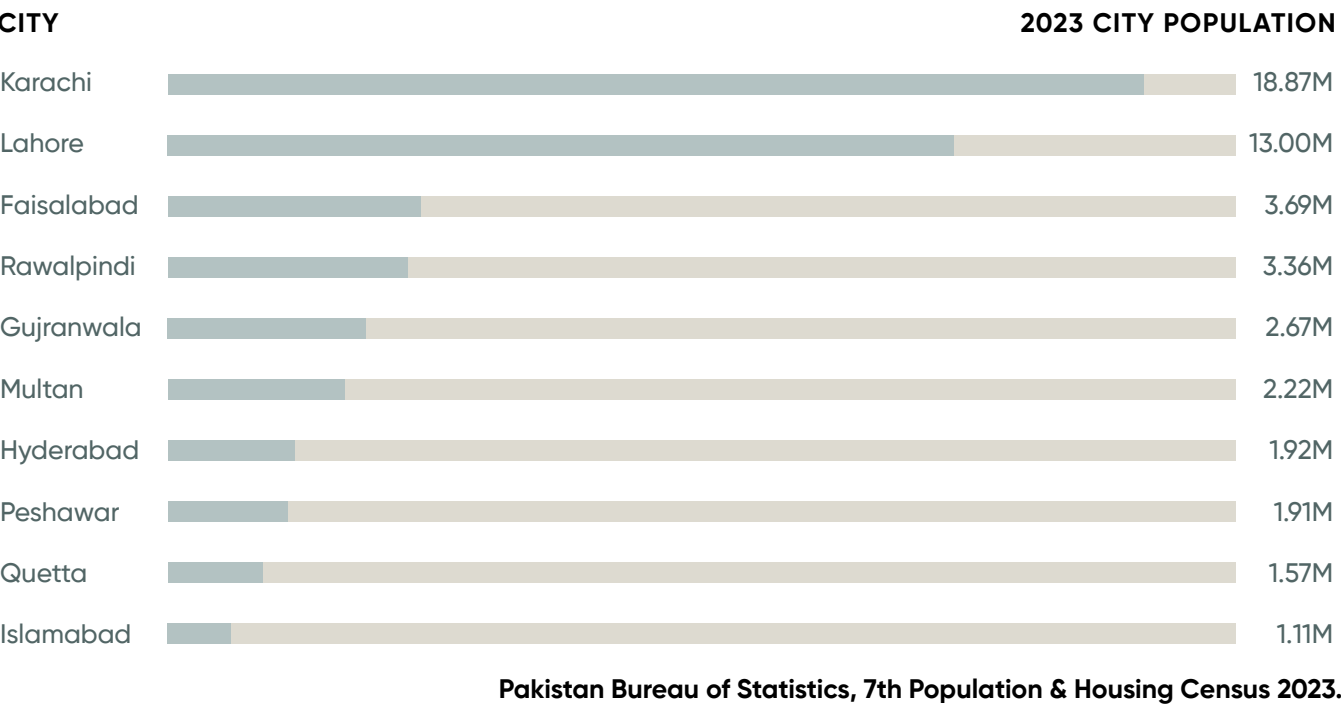


Pakistan’s Major Residential Markets

Pakistan’s urban property landscape is becoming increasingly differentiated.

Its principal cities combine distinct patterns of population growth, capital appreciation, infrastructure investment and market maturity. For investors, this is creating a broader opportunity set across established metropolitan centres, emerging regional markets and longerterm growth locations.

MAJOR URBAN MARKETS

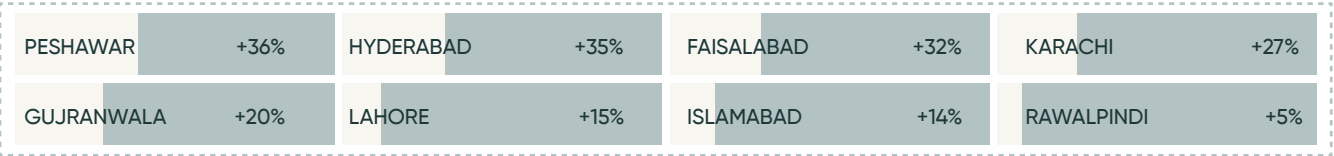


Scale provides the underlying demand base. Investment quality is determined by what sits around it: liquidity, market breadth, infrastructure, ownership systems and the depth of end-user demand.

CAPITAL APPRECIATION IS BROADENING ACROSS THE COUNTRY

Residential land recorded strong price momentum across a number of Pakistan’s urban markets during 2026.

Zameen’s July 2026 indices for 10 marla residential plots recorded year-on-year movements of:



This is an important feature of an emerging market. Opportunity is not restricted to one city or one segment.

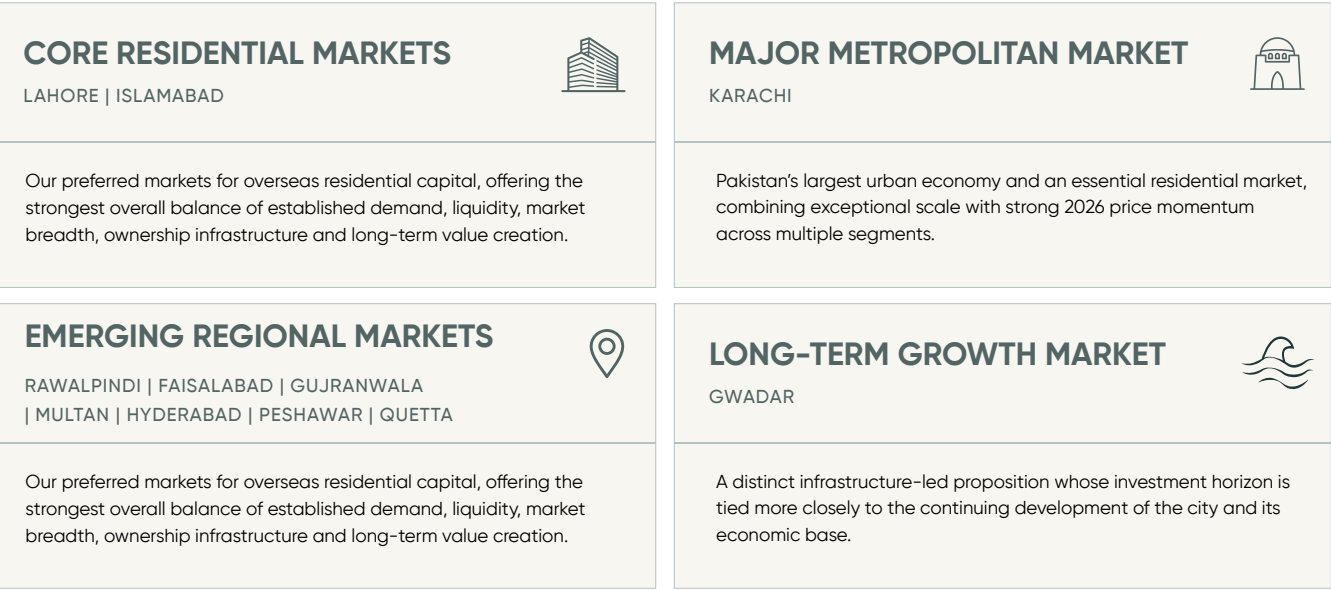
At the same time, one-year appreciation captures only one dimension of investment performance. For overseas capital in particular, the strength of the wider market determines how effectively value can be preserved, realised and transferred over time.

THE PPA MARKET STRENGTH FRAMEWORK



PPA does not assign artificial scores where consistent transaction-level data are not yet available. Instead, we assess how comprehensively these conditions support the underlying investment.

PPA MARKET POSITIONING 2026



Gwadar’s 2026 data illustrate the degree of differentiation within that opportunity. The broad residential-plot index moved 14% lower year-on-year, while 10 marla plots increased 5% and 1 kanal plots increased 26%, reinforcing the importance of asset and location selection within the market.

THE STRONGEST OVERALL PROPOSITION FOR OVERSEAS CAPITAL

Lahore and Islamabad did not record Pakistan's highest appreciation in every property category during 2026.

Their investment case is broader.

On PPA's assessment, the two cities currently offer the strongest overall combination of established end-user demand, market depth, mature residential locations, improving ownership infrastructure, urban investment and resale defensibility.

Together, they represent the clearest entry point into Pakistan's residential growth story.

LAHORE

SCALE, DEPTH AND CONTINUED CAPITAL FORMATION

With 13.00 million residents, Lahore is Pakistan's second-largest city and one of its deepest residential markets.

Its strength lies in breadth. Residential demand extends across mature central districts, planned communities, established suburban markets and expanding growth corridors. Investors are therefore able to access the city through multiple locations, property types and price points rather than through a single development cycle.

Public pricing data reflect this depth.



The citywide apartment figure becomes considerably more informative when read at location level:



This is a sign of a market becoming more discerning. Capital is increasingly distinguishing between generic residential inventory and assets supported by stronger location, product and demand fundamentals.

A MORE FORMALISED OWNERSHIP ENVIRONMENT

Punjab Land Records Authority has digitised land records into a centralised system and explicitly provides overseas Pakistanis with routes to verify ownership, obtain Fard and undertake land transactions remotely through digital platforms and Pakistani missions abroad.

Lahore Development Authority separately provides public access to approved, regular and illegal housing-scheme information and related property records.

From 1 July 2026, LDA and PLRA introduced a Property Certificate requirement for housing schemes in Lahore, adding another formal layer to the information available around property ownership and scheme status.

For overseas capital, these developments materially strengthen the environment in which a property decision can be verified.

NEW ECONOMIC GEOGRAPHY IS BEING CREATED

Lahore is also continuing to invest in its next generation of commercial and residential centres.

CBD Punjab is advancing a substantial programme of mixed-use, commercial, hospitality technology and residential development around the former Walton Airport and adjoining districts.

The authority places the preliminary development value of the wider programme at approximately PKR2.7 to PKR3.0 trillion. Active 2026 initiatives include mixed-use commercial development, branded residences, hospitality, retail and technology-led districts. (Central Business District)

This figure represents the authority's preliminary estimate of planned development value rather than completed investment. Its significance lies in the scale of urban regeneration underway within an already established metropolitan market.

PPA VIEW | LAHORE

Lahore combines metropolitan scale, mature residential demand, multiple investable submarkets, improving ownership infrastructure and sustained capital investment into the city's economic geography.

Its investment case is diversified.

For long-term overseas capital, that breadth is a considerable strength.

STRUCTURE, ACCESS AND INSTITUTIONAL DEPTH

Islamabad presents a different investment proposition.

Its city population is approximately 1.11 million, but the capital forms part of a closely connected urban economy with neighbouring Rawalpindi, home to another 3.36 million residents.

Together, the twin cities create an urban catchment of more than 4.4 million people. Islamabad’s distinguishing advantage for an overseas buyer is the structure surrounding the property market.

PROPERTY VERIFICATION IS EMBEDDED WITHIN THE AUTHORITY SYSTEM

The Capital Development Authority operates an Initial Property Verification Service specifically designed, in part, to facilitate overseas Pakistanis.

The service covers housing schemes, vertical developments and commercial projects and provides information on matters including approved layouts, mortgaged plots, building completion, sanctioned areas and approved unit counts.

For investors making decisions from abroad, this creates a more direct route to establishing important elements of the property position before capital is committed.

A VISIBLE DEVELOPMENT PIPELINE

During 2026, CDA reviewed 42 projects and approved 37 commercial and residential developments within Islamabad Capital Territory.

Together, these represent:

6.69M SQ FT	1,981	721	362
Total covered area	Residential flats	Commercial units	Office units

Capital demand is also visible elsewhere in the property market. CDA’s August 2026 commercial plot auction raised Rs16.44 billion in its first two days. While commercial auctions are not a residential-price measure, they provide a useful indication of the depth of capital seeking exposure to property within the capital.

Residential pricing remained positive across several key categories during the year:

10 MARLA RESIDENTIAL PLOTS +14% YoY	5 MARLA HOUSES +12% YoY	BROAD APARTMENT MARKET +6% YoY
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Within apartments, stronger submarkets again moved ahead of the city average:

DHA DEFENCE +11%	B-17 +11%	GULBERG +8%
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PPA VIEW | LAHORE

Islamabad combines a substantial twin-city demand base with a clearly defined authority-led property environment, active development and a maturing apartment market.

Lahore offers breadth. Islamabad offers structure.

Together, they provide the strongest balance of capital preservation, liquidity and growth potential in PPA’s 2026 assessment of Pakistan’s residential markets.

PROPERTY TYPE IS BECOMING AS IMPORTANT AS CITY

Pakistan’s maturing residential market is increasingly differentiating not only between cities and locations, but between forms of property.

A house, plot and apartment within the same market provide exposure to different sources of value, different buyer pools and different ownership characteristics.

YEAR-ON-YEAR PRICE MOVEMENT | JULY 2026

Property type	Lahore	Islamabad	Karachi
10 marla residential plots	+15%	+15%	+27%
5 marla houses	+9%	+12%	+14%
Broad apartment index	+1%	+6%	+4%

The data point to three distinct investment propositions.

LAND | CAPITAL APPRECIATION

Residential land was one of the strongest-performing areas of the market in 2026.

Its appeal is straightforward: investors gain direct exposure to changes in underlying land value without building depreciation or day-to-day property management.

The strongest investment cases are supported by a combination of clear ownership, physical identification, possession, existing or progressing infrastructure, approved development and a broad future resale market.

Regional performance demonstrates the depth of current momentum. Ten marla plots rose 36% in Peshawar, 35% in Hyderabad and 32% in Faisalabad over the year.

Zameen

For capital-growth investors, established or visibly progressing land remains an important part of the 2027 opportunity set.

HOUSES | END-USER DEPTH

Completed houses combine underlying land with immediate residential utility.

This creates two sources of demand: the value of the location itself and the demand from households seeking a home that can be occupied today.

Smaller houses recorded positive double-digit or near-double-digit appreciation across Pakistan’s three largest residential markets:

KARACHI	+14%	ISLAMABAD	+12%	LAHORE	+9%
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for 5 marla houses in the year to July 2026.

For investors, the central consideration is the depth of the end-user market at the property’s eventual resale price.

Where that demand is established, houses continue to provide one of the clearest links between land value and real residential use.

APARTMENTS | A DEEPENING PRIME MARKET

Broad apartment indices moved more moderately during 2026:

LAHORE	+1%	ISLAMABAD	+6%	KARACHI	+4%
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Yet city averages materially understate the differentiation emerging within the sector.

SELECTED APARTMENT SUBMARKETS

LAHORE	+10%	Park Avenue Housing Scheme	+9%	Gulberg	+7%	DHA Defence
ISLAMABAD	+11%	DHA Defence	+11%	B-17	+8%	Gulberg
KARACHI	+15%	Gulshan-e-Iqbal Town	+8%	Scheme 33	+7%	Gulistan-e-Jauhar

APARTMENTS | A DEEPENING PRIME MARKET

Location, developer delivery, building quality, management, amenities, service standards, surrounding infrastructure and rental demand all contribute to whether an apartment establishes itself as a differentiated residential asset.

For overseas buyers, professionally managed apartments also bring characteristics that price appreciation alone does not capture: lock-up-and-leave convenience, lower direct maintenance responsibility, rental usability and the ability to own a home in Pakistan without continuous occupation.

PPA VIEW

Each property type occupies a distinct place in an investment portfolio. Land provides direct exposure to capital appreciation. Houses combine land ownership with established end-user utility. Prime apartments can combine capital growth, rental potential and lower ownership friction.

As Pakistan’s residential market matures, asset quality is becoming a more important driver of performance than category alone.

FORMALISATION IS EXPANDING THE OPPORTUNITY

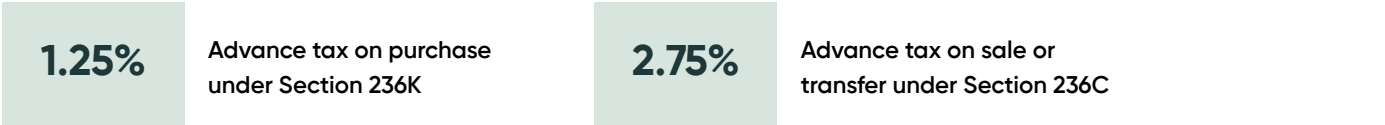
Some of the most important changes to Pakistan's property investment environment in 2026 took place beyond property prices.

Tax reform, housing finance, digital records, overseas banking infrastructure and regulated real-estate investment are collectively moving the market towards a more formal and accessible structure.

LOWER TRANSACTION FRICTION

The Finance Act 2026 rationalised federal advance taxation on immovable-property transactions.

For taxpayers on the Active Taxpayer List, the previous value-based structure was replaced with uniform rates of:



Section 7E, relating to deemed income on immovable property, was also abolished. (PwC Tax Summaries)

Provincial stamp duties, registration costs, authority charges and other transaction costs remain separate.

The broader direction is clear: the federal transaction framework is becoming simpler and more conducive to formal property participation.

DEEPENING HOUSING FINANCE

Pakistan remains predominantly a cash-led housing market, but formal mortgage finance is expanding.

Total housing finance increased from approximately Rs294 billion at the end of June 2026 to Rs307 billion by mid-August.

Under the government housing programme:



Reforms supporting this expansion include a 90:10 loan-to-value ratio, debt-burden ratios of up to 65%, informal-income assessment models, simplified valuation and documentation, digital processes and longer financing tenors. (Finance Division)

A deeper mortgage market gradually expands effective residential demand beyond households able to fund an entire property purchase from accumulated cash.

For an emerging property market, that is an important structural development.

GREATER OVERSEAS ACCESS

Roshan Digital Account has established a formal financial bridge between non-resident capital and Pakistan.

By July 2026, 956,790 accounts had received US\$13.647 billion, of which US\$8.603 billion had already been utilised locally. (State Bank of Pakistan)

RDA provides overseas Pakistanis with formal banking, payment and investment functionality without requiring physical presence in Pakistan. (State Bank of Pakistan)

Alongside digital land systems in Punjab and CDA's property-verification infrastructure in Islamabad, the practical distance between an overseas investor and the domestic property market is narrowing.

REAL ESTATE IS ENTERING CAPITAL MARKETS

Pakistan's real-estate investment infrastructure is also broadening beyond conventional direct ownership.

As of 18 August 2026, Pakistan had 29 registered REIT schemes, with six already listed on the Pakistan Stock Exchange.

On the same date, SECP approved the public offering of the Naya Nazimabad Apartment REIT, continuing the expansion of regulated real-estate investment vehicles. (SECP Pakistan)

REITs remain a developing part of Pakistan's property ecosystem, but their growth is institutionally significant. They create regulated structures through which real estate can increasingly interact with public capital markets.

REAL ESTATE IS ENTERING CAPITAL MARKETS

Pakistan's property market is moving from a predominantly cash-led, relationshipdependent system towards one supported by deeper financial infrastructure, digitised records, regulated investment vehicles and increasingly formal routes to ownership.

For overseas investors, this transition materially expands the investable opportunity.

Importantly, much of that transition is still underway.

That is what makes the present stage of the market particularly significant.

POSITIONING FOR THE NEXT PHASE

Pakistan enters 2027 with the principal components of its residential investment case moving in the same broad direction: a large and growing urban population, record overseas inflows, expanding formal finance, continued urban development and a property market becoming increasingly capable of differentiating between stronger and weaker assets.

CONTINUED RESIDENTIAL GROWTH, LED BY QUALITY MARKETS AND QUALITY ASSETS

The IMF projects real GDP growth of approximately 3.5% in FY2027, with medium-term growth expected to strengthen further as macroeconomic stability, investment and private-sector reforms progress.

Within property, we expect capital to become increasingly discriminating.

The cities, developments and property types best positioned for the next phase will be those combining genuine demand with infrastructure, accessibility, ownership clarity and a strong underlying residential proposition.

FIVE DRIVERS OF THE 2027 MARKET

MONETARY CONDITIONS	CPI inflation stood at 11.1% in August 2026, while the policy rate remains 11.5%. Any sustained moderation in inflation and financing costs would improve affordability, developer funding conditions and the relative attractiveness of leveraged property investment. This gives monetary easing the potential to become an important additional catalyst during the next phase of the cycle.
OVERSEAS CAPITAL FORMATION	Workers' remittances reached a record US\$41.6 billion in FY2026, while participation through Roshan Digital Account continued to expand. The durability of these flows is particularly important for residential markets and property formats with a meaningful overseas-Pakistani buyer base. As formal channels deepen, overseas capital is becoming increasingly capable of participating directly in domestic investment opportunities
HOUSING FINANCE DEPTH	Mortgage approvals and disbursement expanded significantly during 2026. The next stage is scale. As a larger proportion of approved financing converts into completed lending, formal housing finance has the potential to broaden Pakistan's effective residential buyer base and increase transaction depth.
URBAN INFRASTRUCTURE	Infrastructure remains one of the most powerful mechanisms through which property value is created. Roads, transport links, commercial districts, utilities and new employment centres can reshape accessibility and create new residential catchments. For investors, the greatest value tends to emerge where infrastructure moves from plan to delivery, allowing future potential to become observable market reality.
QUALITY SUPPLY	Construction grew 5.73% in FY2026, supporting a continuing pipeline of new property. As supply expands, product differentiation should become increasingly important. Projects able to combine strong locations with credible delivery, build quality, management and real end-user demand are positioned to capture a larger share of increasingly selective residential capital. This is particularly relevant to Pakistan's developing apartment market, where 2026 already showed prime submarkets outperforming broader city averages.

PREFERRED CORE MARKETS

LAHORE Metropolitan scale, deep residential demand, multiple established submarkets, increasingly accessible ownership infrastructure and continued investment into the city's economic geography.
ISLAMABAD A substantial twin-city demand base, clearly defined authority-led verification infrastructure, active development and a structured residential environment.

For overseas buyers seeking the strongest balance of capital preservation, liquidity, established demand and long-term growth potential, PPA's 2026 research favours Lahore and Islamabad.

MAJOR METROPOLITAN MARKET

KARACHI Pakistan's largest city and one of its deepest property markets. Recent momentum has been particularly strong, including +27% for 10 marla residential plots and +14% for 5 marla houses in the year to July 2026. Karachi offers a substantial opportunity set across established residential, apartment and land markets. Its scale makes location and asset selection especially important in determining where value is concentrated.

EMERGING REGIONAL MARKETS

RAWALPINDI FAISALABAD GUJRANWALA MULTAN HYDERABAD PESHAWAR QUETTA These are significant urban markets in their own right. Several recorded some of Pakistan's strongest residential-land appreciation during 2026, demonstrating that value creation is broadening beyond the three largest metropolitan markets. For investors with a particular regional requirement or opportunity, these cities can provide compelling exposure to Pakistan's continuing urbanisation.
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GWADAR

Gwadar represents a different investment horizon.

Its future value proposition is closely connected to the continued development of infrastructure, economic activity and the city itself.

For long-duration capital, this creates an opportunity to participate at an earlier stage of market formation.

WHAT WE WOULD PRIORITISE IN 2027

1. Established or visibly strengthening locations

2. Genuine end-user or rental demand

3. Clear ownership and approval position

4. Developers with demonstrable delivery

5. Pricing supported by relevant market comparables

6. Infrastructure moving from commitment to delivery

7. A clearly identifiable future buyer or tenant

The strongest investment is not necessarily the property expected to rise fastest.

It is the property for which the greatest number of important assumptions have already become facts.

THE 2027 OPPORTUNITY

Pakistan remains an emerging property market.

That is precisely where much of the opportunity lies.

Urbanisation is still progressing. Financial infrastructure is still deepening. Ownership systems are becoming more accessible. New economic centres are being created. Prime residential markets are becoming increasingly differentiated.

For long-term investors, 2026–27 represents an opportunity to establish exposure while this transition is still underway.

This report combines official public data, market indicators and PPA's on-ground intelligence to form an evidence-based view of Pakistan's property market; individual property performance may vary.

OUR MANIFESTO

In Pakistan, the distance between what is written and what is real is wide, and rarely visible from afar.

Title is not possession. An approval on file is not permission on the ground. A brochure is not a building.

For the overseas Pakistani, deciding from thousands of miles away, that distance is precisely where trust is lost, and money with it.

Pakistan Property Advisory exists to close it.

Our counsel does not come from listings, nor from what is easily found online. It comes from the ground: from observing how the market truly behaves, how developers truly deliver, and how process truly resolves against reality.

We report what we find, and we show our reasons for it, so that a decision made at a distance rests on the same knowledge as one made in person.

Before anyone advises what to buy, we establish what is actually there.

