

URBAN ENGINES OR ELITE ENCLAVES? A REFLECTION ON PIDE's INSIGHTS



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Cities have historically been engines of economic growth, fostering innovation, cultural development, and human progress.⁷⁰ However, in Pakistan, cities like Islamabad and Lahore have become victims of state capture and urban sprawl, preventing them from reaching their full potential as drivers of economic prosperity. This brief presents a reflective analysis of Pakistan Institute of Development Economics-PIDE's discourse on state-captured land in Pakistani cities. It explores the insights and implications of PIDE's findings, examining how state control over urban land affects development and economic growth. Based on findings from the PIDE, it is evident that state-controlled real estate and inefficient governance are key factors stifling urban development and innovation.

The current economic discourse in Pakistan, as argued by Dr. Nadeem ul Haque, tends to rely on macroeconomic figures while ignoring deeper systemic problems, particularly those relating to governance inefficiencies. I resonate with this critique. Our economists, while busy advocating for taxes and subsidies, often fail to address fundamental issues like reckless government borrowing, unsustainable fiscal policies, and most notably, the ineffective

governance of cities. The superficial focus on balance sheets without addressing productivity, innovation, or reform within urban environments keeps our cities stagnant. This stagnation is reinforced by policies that are reminiscent of the colonial era, as noted in PIDE's discourse on the need for decolonizing urban spaces.⁷¹

The term "Plotistan" often used in PIDE to describe Pakistan, highlights a troubling issue: the controversial practice of allotting subsidized land to bureaucrats, judges, and other government officials.⁷² Nonetheless, the behaviour of citizens is found to be the same as anyone who earns money, prioritizes a plot to purchase at first. This exposes a deep-rooted malpractice in Pakistan's governance. It's shocking that, in a country where most people struggle to afford a piece of land to build a home, prime plots are handed out to a privileged few at absurdly low prices. This practice, reminiscent of colonial-era favoritism, is not only unjust but perpetuates inequality.⁷³ The dominant form of housing in Pakistan, the kothi structure—single-family homes on large plots—has also contributed to the stunted growth of cities.

The colonial legacy in city planning has severely restricted space for commerce and investment, prioritizing elite suburban living while neglecting the development of modern urban infrastructure. The colonial state, followed by the bureaucracy and military, preserved these exclusive colonial habitats, hindering organized density, commerce, and mobility in city centers. This restrictive zoning forced urban growth into informal sectors through encroachments, leading to cycles of litigation and demolitions. While suburban sprawl expanded for the elite, city centers remained dominated by mansions and clubs rather than the mixed-use, high-rise development seen in global cities, contributing to the unmanageable sprawl of modern urban areas.⁷⁴

UNLOCKING STATE CAPTURED REAL ESTATE - CASE STUDY OF ISLAMABAD

The most glaring example of urban inefficiency is Islamabad, where vast amounts of valuable land are underutilized. According to a PIDE report, prime urban spaces are captured by government housing for bureaucrats, which locks up immense economic potential. This inefficient allocation of land comes at an enormous opportunity cost amounting to PKR 31,712.4 billion (USD 114.9 billion) which is approximately 34% of Pakistan's GDP. The opportunity cost of such land use is staggering. If rezoning and monetization of these spaces were pursued, PIDE estimates that Pakistan could unlock investments worth PKR 16,228.8 billion (USD 58.8 billion) and generate rental incomes and taxes of approximately USD 1.7 billion each. These numbers highlight just how much potential is locked away under bureaucratic inefficiencies and elite privileges. The current state of Islamabad's land use highlights a broader national issue—our cities are not functioning as they should, primarily due to the mismanagement of resources and the protection of elite interests (Haque. N. U., Aslam. A. M. & Qasim. A. W., 2024). The statistics observed are found to be significant and are compiled below.

⁷⁰See. Haque. N. U. & Nayab. D., (2020). Cities – Engines of Growth, PIDE Publications.

⁷¹See. Haque. N. U., (2023). Decolonising the City for Sustained Development: Land, Commerce, and Real Estate. PIDE's Discourse Magazine 2023, page 209-213.

⁷²See. PIDE's webinar brief 88:2022 Plotistan Subsidized Land giveaways and Public Land Management in Pakistan.

⁷³See. Mehmood. S., (2021). PAKISTAN OR PLOTISTAN? Originally Published in DAWN on September 24, 2021.

⁷⁴See. Haque. N. U., (2020). CONTEXTUALIZING PAKISTAN'S CITIES. Pakistan Institute of Development Economics, Writings of Nadeem ul Haque, Edited by Zoya Ali, The Opportunity of Dead Capital, Pg. 36-40.

Figure 1. Tariff Increase and Increase in Financial Losses

Category	Indicator (type)	Value	Area (Acres)	Other Metrics
Public Housing Units in Islamabad	Total Units	17,469 units	1,325 acres	47.7 million sq. ft.
	Market Value (PKR)	2,577.6 billion	-	
Minister Enclave, Parliament Lodges, Provincial Houses	Market Value (PKR)	648.0 billion	238 acres	8.5 million sq. ft.
Islamabad Club Area	Market Value (PKR)	2,507.8 billion	425 acres	18. million sq. ft.
Monetization Estimates	Additional Cost to Federal Government (PKR)	135 to 741 billion annually	-	-
Potential Investment with Rezoning	Investment Potential (PKR)	16,228.8 billion	-	-
Rental Income and Taxes	Estimated Annual Rental Income	-	-	Roughly USD 1.7 billion in taxes
Job Creation	New Jobs	-	-	More than 351,000 jobs
Opportunity Cost of State-Captured Land	Total Opportunity Cost (PKR)	31,712.4 billion	-	~34% of Pakistan's GDP
Area Occupied by Government Employees' Accommodations	Total Area	-	1,325 acres	47.7 million sq. ft.
Area Occupied by Islamabad Club and Official Residencies	Total Area	-	1,988 acres	71.5 million sq. ft.
Market Value of Land for Govt. Employees' Accommodation	Market Value (PKR)	2,577.6 billion	-	-
Market Value of Land for Islamabad Club, Minister Enclave, and Parliament Lodges	Market Value (PKR)	3,156 billion	-	-
Proposed Grade-wise Monetization for Housing	BPS 1 & 2 (PKR)	19,933 to 68,444	-	-
	BPS 3 to 6 (PKR)	33,221 to 114,073	-	-
	BPS 7 to 10 (PKR)	33,221 to 114,073	-	-
	BPS 11 to 13 (PKR)	39,866 to 136,888	-	-
	BPS 14 to 16 (PKR)	46,510 to 159,703	-	-
	BPS 17 & 18 (PKR)	73,087 to 250,961	-	-
	BPS 19 (PKR)	86,376 to 296,591	-	-
	BPS 20 (PKR)	119,597 to 410,664	-	-
	BPS 21 (PKR)	146,174 to 501,923	-	-
	BPS 22 (PKR)	166,107 to 570,367	-	-
Cost of Proposed Monetization	Monthly Cost (PKR)	Median Rents: 11,325 million	Average Rents: 18,556 million	Highest Rents: 61,751 million
	Annual Cost (PKR)	Median Rents 135,896 million	Average Rents: 222,667 million	Highest Rents: 741,011 million
Opportunity Cost of Underutilization of State-Captured Real Estate	Total Opportunity Cost (PKR)	31,725 billion	-	-

Source: Haque. N. U., Aslam. A. M. & Qasim. A. W., (2024). Unlocking state-captured real estate the case of Islamabad, PIDE Publications⁷⁵

⁷⁵Information in Table 1 retrieved from <https://file.pide.org.pk/pdfpideresearch/rr-unlocking-state-captured-real-estate%E2%80%93the-case-of-islamabad.pdf>

PIDE's report on Islamabad's real estate highlights a missed opportunity to unlock prime land for urban development, as vast areas are tied up in state-controlled housing for government employees. This underutilization not only wastes valuable space but also prevents potential economic growth. If these lands were repurposed for commercial and residential high-rises, they could generate massive revenue, create jobs, and attract investment. I strongly believe that this issue isn't unique to Islamabad—Lahore and other cities face similar challenges. If we conducted research in these cities, we'd likely find the same pattern of inefficient land use stifling their growth. The opportunity cost is staggering, and freeing up this land could transform our urban centers into thriving hubs for development, jobs, and investment. PIDE's suggestion to develop high-rises and mixed-use urban planning that integrates educational, cultural, and commercial activities, rather than prioritizing the needs of a small elite.

AN OVERVIEW OF STATE-CAPTURED REAL ESTATE - THE CASE OF LAHORE

Being a citizen of Lahore, I see firsthand how similar, if not worse, the situation is compared to what PIDE exemplified for Islamabad. In old Lahore, where four-story townhouses once thrived, the norm has shifted to one-plus-one housing, and any attempt to build beyond this requires a costly and bureaucratic commercialization process, often subject to neighbors' vetoes. Only cantonment areas escape this inefficiency. As a result, Lahore, like other cities, remains stuck in a feudal mindset, with large swaths of underutilized land and unmet demand for commercial, leisure, and community spaces. Mixed-use developments are almost nonexistent, and without them, our cities will never be manageable or modern. State-owned lands in Lahore, which could serve as economic catalysts, instead sit idle, benefiting only a select few. My frustrations with this misuse are based on PIDE's extensive research on land utilization, which underscores the significant losses our cities face.⁷⁶

PIDE has pointed out the absurdity of these planning decisions. For instance, Lahore, a city with five polo fields⁷⁷ and six golf courses⁷⁸, each consuming vast amounts of land, has only three public libraries, two of which are relics of the colonial era.⁷⁹ This misallocation of urban space reflects the priorities of an elite class that continues to shape the country's urban landscape in its own image, to the detriment of broader economic development.

To unlock the true potential of Pakistan's cities, we must rethink how we use "dead capital." This includes the vast amounts of valuable real estate currently held by the government for non-commercial purposes. Prime examples include the governor houses (The Governor's House in Lahore is spread over 700 Kanals and features a mansion surrounded by expansive lawns and gardens) occupying tax-free city center spaces, which could be converted into high-end hotels, generating billions in revenue and thousands of jobs.

⁷⁶See. Nadeem Ul Haque, Lubna Hassan, (2024), Reinventing Cities as Catalyst for growth: A Collection of Work at PIDE, Sprawls Without Commerce and Investment Space, Pg. 35-36

⁷⁷(i) Lahore Polo Club – Polo Club, Golf Land, G.O.R. – I, Lahore, Punjab, (ii) Jinnah Polo Fields – Lahore Ring Rd, DHA Phase 8, Lahore, Punjab, (iii) Polo Riding Club – GC4F+MVM, Ring Road, Cantt, Lahore, Punjab, (iv) Lahore Garrison Saddle & Polo Club – Masood Anwari Rd, near CSD, Cavalry Ground, Lahore, Punjab, (v) Zacky Farms Polo Club – Barki Rd, Lahore, Punjab

⁷⁸(i) Defence Raya Golf & Country Club, (ii) Lahore Garrison Golf & Country Club, (iii) Lahore Gymkhana Golf Club, (iv) The Oasis Golf & Aqua Resort, (v) Royal Palm Golf & Country Club (vi) PAF Skyview Golf & Country Club

⁷⁹(i) Government Punjab Public Library, (ii) Quaid-e-Azam Library, (iii) Government Model Town Library are main libraries in Lahore.

Similarly, the city center properties currently used for government housing could be privatized and transformed into revenue-yielding commercial developments. PIDE estimates that converting areas like Mayo Gardens and the three GORs in Lahore could generate \$4 billion and create around 8,000 jobs. Other underutilized spaces, such as government training institutes and stadiums, could also be repurposed for commercial use, contributing to GDP growth and job creation.⁸⁰

Lahore's Government Officers' Residences (GORs) represent another example of inefficient use of highly valuable, prime land within the core of the city. According to some of the estimations taken from online sources including Google Maps, I found that GOR-I alone spans a massive 577.5 acres.⁸¹ This is the largest GOR, hosting government offices, lodges, and residences, but hardly contributing to the city's economic dynamism. Other GORs, collectively cover an area that could be used for countless productive purposes, as compile in a table below based on estimations using Google Maps.

Table 2 GOR's in Lahore, total covered area

Location	Area (Acres) Approx.	Area (Marlas @225 sq. ft) Approx.
GOR-I	577.5	92,404
GOR-II	75	12,500
GOR-III	203	32,538
GOR-IV	14.1	2,270
GOR-V	33.75	5400
GOR-VI	14.1	2,729

Source: www.graana.com & Google Maps estimations. 2024

Despite recognizing existing issues, the government remains committed to expanding the GORs in Lahore. The former Punjab Caretaker Chief Minister, Mohsin Naqvi, laid the foundation stone for the GOR-9 project in DHA Phase 9, Lahore, on January 10. This new project will establish 29 Type-A houses for grade 20 officers on 56 Kanals of land. The initiative aims to address the housing shortage for government employees, with construction expected to be completed within 15 months.⁸² Despite ongoing concerns over underutilized prime land in existing GORs, the government is proceeding with this expansion. The project includes high-tech, smart house designs and is part of a broader plan to mitigate the shortage of official residences in Lahore.⁸³

⁸⁰See. Nadeem Ul Haque, Lubna Hassan, (2024), Reinventing Cities as Catalyst for growth: A Collection of Work at PIDE, Begging to Preserve 'Dead Capital? Pg. 30-32

⁸¹See. <https://www.graana.com/area/1260/gor-1/>

⁸²See. Associate Press of Pakistan (APP), (10, January 2024). CM lays foundation stone of GOR-9 project at DHA phase 9. Retrieved from <https://www.app.com.pk/domestic/cm-lays-foundation-stone-of-gor-9-project-at-dha-phase-9/>

⁸³See. Communications Department, Infrastructure Development Authority of Punjab (IDAP), (2024). Construction of New GOR Near DHA Phase IX, Lahore. Retrieved from <https://www.idap.pk/portfolio-details/construction-of-new-gor-near-dha-phase-ix-lahore>

Another significant example of state-owned land being repurposed is the CBD (Central Business District) Quaid project. While I won't probe into its specifics, I appreciate the government's recognition of the issue and the decision to develop high-rise commercial buildings on this long-neglected, barren land. Spanning approximately 105 hectares⁸⁴ (260 acres or 11.3 million square feet, 50,220 Marlas, or 2,511 Kanals), this land had remained unutilized for decades, effectively serving as dead capital. Though the decision came late, it's a good one, and now we'll see how well the government can attract investment and execute the project. I sincerely hope it results in a mixed-use high-rise development. However, it's worth pondering how much earlier planning could have benefited us, potentially incentivizing surrounding areas to also adopt high-rise development.

Figure 1 Central Business District, Quaid, Lahore Map



Source: Punjab Central Business District Development Authority (PCBDDA), Government of Punjab 2024⁸⁵

Housing in Public Sector Universities; inefficient land-utilization

It's not just about the amount of land, but how it's being used. Pakistan's universities, particularly Quaid e Azam University (QAU) in Islamabad and the University of Punjab (PU) in Lahore, further exemplify this land-use inefficiency. QAU, for example, devotes a staggering 50 acres to house just 412 staff members. To put this into perspective, Harvard University in the U.S. uses its 5,000 acres to host restaurants, shops, museums, libraries, and more, creating a vibrant and commercially sustainable environment. Pakistani universities, in contrast, are locked into a pattern of reserving vast lands for low-density staff housing, missing out on opportunities to monetize these assets through high-rise developments and commercial ventures.

⁸⁴Covered area of CBD obtained from <https://eproperty.pk/lahore/cbd/#:-:text=The%20site%20spans%20across%20105,Road%20on%20the%20South%2DWest>

⁸⁵Image retrieved from CBD Official website, Punjab Central Business District Development Authority (PCBDDA), Government of Punjab 2024, accessed from <https://www.cbdpunjab.gov.pk/>

Table 3 Summary of PIDE's work on Housing in Public Sector Universities

Institution	Total Endowment	Endowment Return (%)	Total Area (Acres)	Number of Restaurants	Number of Shops/Malls	Number of Museums/Th	Number of Libraries	Number of Outdoor	Residential Units	Housing Details	Opportunity Cost of Housing (1 Kanal House)
Harvard University	\$50 billion	2.9%	5000	50	20	10	70	N/A	N/A	N/A	N/A
Princeton University	\$34.1 billion	10.5%	690	22	16	28	29	N/A	N/A	N/A	N/A
Yale University	\$40.7 billion	1.8%	1075	11	31	6	12	12	N/A	N/A	N/A
Quaid-e-Azam University (QAU), Islamabad	N/A	N/A	1700	N/A	N/A	N/A	N/A	N/A	Approx. 50 acres (412 houses)	A & B Type: 16 houses (1 kanal each), A & B Type: 21 houses (1.3-2 kanal each)	Rs. 30 crores (Islamabad)
University of the Punjab (PU), Lahore	N/A	N/A	1800	N/A	N/A	N/A	N/A	N/A	Approx. 100 acres (497 houses, 97 apartments)	Family suites: 21, Independent rooms: 28	Rs. 25 crores (Lahore)
University of Peshawar	N/A	N/A	1050	N/A	N/A	N/A	N/A	N/A	180 acres (280 houses)	N/A	Rs. 10 crores (Peshawar)
Opportunity Cost of Housing Colonies	Rental Value (Rs. Lakh/month): Islamabad: 1.5-3, Lahore: 2-2.5, Peshawar: 1.4-3										

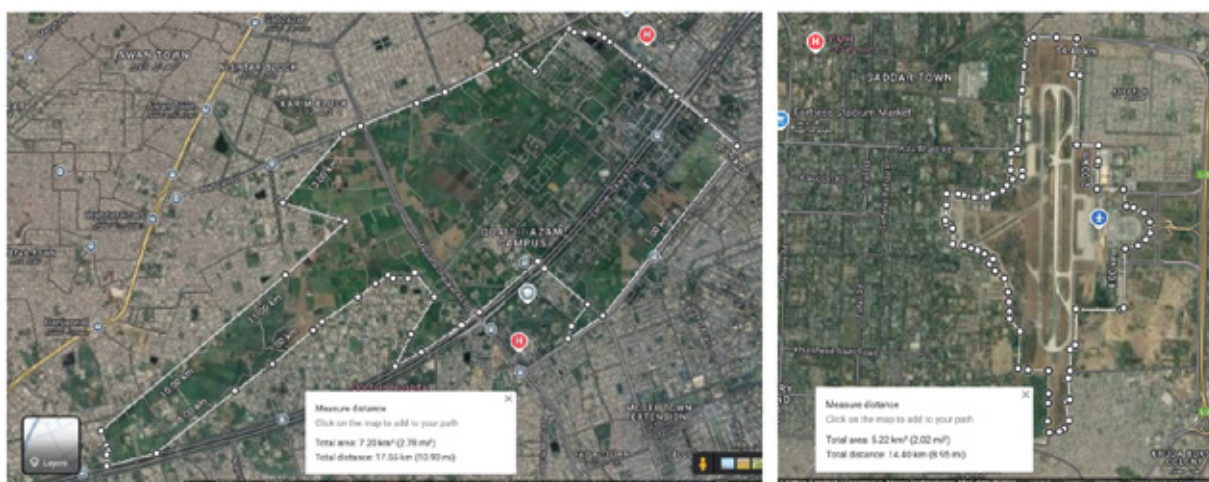
Source: Haque. N. U., Khan, M. J. & Nadeem. I, (March, 2024). GORs Everywhere, University Land for Public Housing. PIDE Publications⁸⁶

⁸⁶See. <https://pide.org.pk/research/gors-everywhere-university-land-for-public-housing/>

The table compares various institutions and universities, detailing their endowments, facilities, and housing opportunity costs. It is clear that Pakistani universities prioritize housing opportunities, whereas some international universities focus more on commercial activities, such as restaurants and shops.

The extensive land holdings of the University of the Punjab are strikingly evident when compared to the Allama Iqbal International Airport in Lahore. The University of Punjab spans 1,800 acres,⁸⁷ surpassing the airport's coverage of 1,364 acres.⁸⁸ This vast expanse of underutilized land in such a prime area of Lahore raises concerns about its effective use and potential missed opportunities for development and urban growth.

Figure 2 University of the Punjab (L) vs. Allama Iqbal International Airport (R), covered areas



Source: Google Maps, 2024

Moreover, Aitchison College sits on a 200-acre campus, educating 3,000 boys from junior to senior level classes on a glorious 200-acre campus, further educating 800 boys and girls attending two Campus High Schools within the College, from nursery upwards, and share many facilities. These schools are fully funded charity schools charging no tuition fees.⁸⁹ While institutions like the University of Central Punjab (UCP), a privately owned university, manage to educate 15,000 to 19,999⁹⁰ on a mere 10-acre campus.⁹¹ The comparison is staggering, revealing the inefficiency and privilege that perpetuate the misallocation of state-owned land.

⁸⁷University of Punjab covered area, retrieved from <https://pu.edu.pk/page#:~:text=It%20is%20located%20on%20the,-Doxiadis%20who%20also%20designed%20Islamabad>

⁸⁸Allama Iqbal International Airport covered area, retrieved from <https://lahoreairport.com.pk/About/About-Introduction.aspx#:~:text=It%20is%20joint%20user%20facility,and%2022%20Aircraft%20parking%20positions>

⁸⁹Aitchison College Lahore covered area, retrieved from <https://www.aitchison.edu.pk/school/about-us#:~:text=Aitchison%20College%20educates%203%20C000%20boys,a%20glorious%20200%20acre%20campus>

⁹⁰Number of students at UCP, retrieved from <https://www.4icu.org/reviews/10813.htm#:~:text=Student%20Enrollment,it%20a%20large%20sized%20institution>

⁹¹University of Central Punjab (UCP) Lahore covered area, retrieved from <https://ucp.edu.pk/blog/just-reasons-cust-best-choice-under-graduate-education-psychology/>

Rethinking Urban Governance and Land Utilization

The core issue behind Lahore's urban stagnation lies in governance. The state and its institutions control vast territories of urban land, especially in prime areas, yet fail to use these assets for broader economic and social development. Instead, they remain grossly underutilized. A more efficient, commercially minded approach to land use is critical. Public institutions like universities, which currently function as isolated enclaves for the elite, should align with global best practices by transforming their properties into multi-functional spaces that serve both economic growth and social inclusion.

The current discourse around smart cities highlights contradictions in our urban planning strategies. While organizations such as the PIDE advocates for integrating technology into urban systems, this narrative often ignores the governance issues that plague cities like Lahore. Technology cannot be a panacea for inefficient land use and state capture; what is needed is a bottom-up approach that emphasizes citizen engagement in urban governance. By empowering residents to participate in planning, cities can address governance challenges and unlock their true potential.

At the heart of Lahore's urban challenges is the underutilization of state-owned land in prime areas, which could be repurposed for commercial and mixed-use developments. Such developments would unlock significant economic value, benefiting the broader public rather than just the elite. As long as public land is squandered on oversized government residences and inefficient campuses, the city will remain trapped in unrealized potential.

Lahore's sprawling public-sector lands are a testament to how poor governance has obstructed development. True urban growth is not merely about occupying space; it is about maximizing space's economic and social potential. By transitioning to commercially viable, mixed-use developments and involving citizens in the decision-making process, Lahore can evolve into a city that benefits all socioeconomic groups.

Elite Control of Urban Spaces

The prioritization of elite recreational spaces, such as golf courses and leisure clubs, over inclusive urban development is particularly troubling. Public-sector lands, spanning over 10,000 acres in Lahore, could be transformed into high-rise, mixed-use projects that would stimulate economic growth. PIDE estimates that redeveloping just 4,000 acres could attract \$17.5 billion in investment and create hundreds of thousands of jobs. Yet, the stranglehold of elites on urban land continues to block these opportunities.⁹²

For Lahore to live up to its potential as an economic engine, we must prioritize efficient, inclusive urban development over preserving elite-controlled spaces. The time has come to break free from this elite stranglehold on urban space.

⁹²See. Nadeem Ul Haque, Lubna Hassan, (2024), Reinventing Cities as Catalyst for growth: A Collection of Work at PIDE, Unlocking Dead Capital, Pg. 37-38

The Governance Failure and Urban Exclusion

The governance structure in Pakistan's cities is characterized by centralized control and rent-seeking, which stifles growth, innovation, and competition (Iqbal, N. & Daly, V., 2014). Reforms are essential to decentralize resources and provide city administrations with the autonomy needed to manage urban spaces effectively. These reforms must go beyond rhetoric, tackling zoning laws and urban development models to create inclusive spaces for all citizens.

Historically, street vendors and small-scale entrepreneurs played a crucial role in Pakistan's urban economy. However, as elite-driven suburban models gained prominence in the 1980s, car-centric infrastructure and exclusionary urban planning pushed out these entrepreneurs. Cities like Lahore have sidelined the needs of the poor in favor of elite-friendly planning, thereby erasing a vital component of the urban economy⁹³.

Urban planning failures also manifest in housing policies. Zoning laws restrict high-density, affordable housing in central areas, forcing the urban poor to live on the city's outskirts. Meanwhile, elite preferences ensure that prime urban spaces remain reserved for recreational purposes, further marginalizing the poor. This exclusionary model widens the socio-economic divide, leaving vast swathes of land for leisure clubs and elite institutions, while the poor rely on informal economic activities.⁹⁴

Breaking the Cycle of Elite Capture

Pakistan's urban planning reflects a colonial legacy of tight control over growth, benefiting the privileged few at the expense of the majority. Cities like Lahore must break away from this outdated model and embrace high-density, mixed-use development that supports the needs of all socioeconomic classes. Redeveloping central areas into vibrant commercial and residential hubs could unlock immense economic potential.⁹⁵

The statistics provided by PIDE are not just numbers; they underscore the failure of Pakistan's urban governance. Reforms such as liberalizing zoning laws, increasing the floor area ratio (FAR), and encouraging high-rise developments are essential for creating inclusive, dynamic urban spaces. Allowing market forces to operate freely in city planning, while curbing state overreach, can help cities grow organically into engines of growth and social mobility.

The Path Forward: Reforming Urban Governance

PIDE's findings underscore that well-managed urbanization could add as much as 4% to Pakistan's economic growth.

⁹³See. Nadeem Ul Haque, Lubna Hassan, (2024), Reinventing Cities as Catalyst for growth: A Collection of Work at PIDE, Why Not Khokhas Everywhere? Pg. 21-23

⁹⁴See. Nadeem Ul Haque, Aimen Shakeel Abbasi (Editor), Cities 3: Why are Cities so over-regulated? Pg. 207, Conceptualizing State, Society & Economy,

⁹⁵See. Nadeem Ul Haque, Lubna Hassan, (2024), Reinventing Cities as Catalyst for growth: A Collection of Work at PIDE, Commercial Property Development Not Allowed, Pg. 27-28

Yet, the civil service—composed largely of generalists without proper skills in city planning or policy development—continues to block the necessary reforms. As a result, cities like Islamabad and Lahore remain stifled by restrictive height limits, poor land use, and a lack of infrastructure for high-rise developments.⁹⁶

The solution proposed by PIDE under the Reform Agenda emphasizes reducing the excessive involvement of the government in economic matters, which currently stifles the sustainable development of cities. To address the challenges faced by state-captured cities, a fundamental reimagining of government's role is essential. The government's overreach through regulation and direct market intervention must be curtailed, shifting instead toward creating competitive markets that attract investment and entrepreneurship. Rather than engaging in low-value projects, the focus should be on fostering a transaction-friendly governance framework that supports economic growth. To make cities more inclusive and promote construction activities, Haque and Khurshid (2020) recommend several measures: halting restrictive master plans, revising rigid zoning laws to enable access to necessary facilities, and permitting commercial activity near residential areas. In addition, city centers in major cities like Lahore, Karachi, Faisalabad, and Peshawar should encourage the development of high-rise and mixed-use buildings, adapting to evolving market conditions. Generous floor area ratios (FARs) should be allowed to let market forces operate freely, and building codes should apply to areas rather than individual properties. Moreover, the costly permission regime must be reformed to allow property owners greater autonomy in developing their land, fostering a more dynamic and responsive urban environment⁹⁷.

The solution lies in deregulating our cities to boost total factor productivity and reforming civil services.⁹⁸ As discussed above, doubling the Floor Area Ratio (FAR) and removing height restrictions, allows cities to grow vertically, which is essential for reducing urban sprawl and creating more inclusive spaces. Reforming zoning laws would also encourage competition and mixed-use developments, which are critical for fostering entrepreneurship, attracting investment, and creating jobs⁹⁹.

Colonial-era zoning practices, which were designed to keep the elites in airy suburbs while confining the general population to densely packed, poorly resourced urban centers, remain a significant problem. This model has been adopted and reinforced by Pakistan's modern-day bureaucracy, army, and judiciary, leading to inefficient land use, limited mixed-use development, and sprawling cities. The lack of organized, high-rise developments in central business districts, like Mall Road in Lahore, is a direct consequence of these outdated regulations. If just 4,000 acres of Lahore's land were developed for high-rise, mixed-use projects, it could drastically improve the economic landscape and provide long-term employment, yet the bureaucratic resistance remains strong.

⁹⁶See. Nadeem Ul Haque, Aimen Shakeel Abbasi (Editor) *How to fix the Pakistan Economy, Conceptualizing State, Society & Economy*, Pg. 191-193.

⁹⁷See. PIDE's GROWTH COMMISSION report, *Reforms for Accelerated Prosperity and Inclusive Development (RAPID)*, (April, 2021). Chapter 07 The Opportunities in Cities, Pg. 50-58.

⁹⁸See. PIDE's GROWTH COMMISSION report, *Reforms for Accelerated Prosperity and Inclusive Development (RAPID)*, (April, 2021). Box 5.4. Principles for Reform of Civil Services, Pg. 43 and PIDE's stance on total factor productivity, Pg. 20

⁹⁹See. Lahore's Urban Dilemma and the lack of planning, Pg. 196-97, *Conceptualizing State, Society & Economy*, Nadeem Ul Haque, Aimen Shakeel Abbasi (Editor)

Concluding Remarks

PIDE's research paints a clear picture: unlocking the potential of state-captured real estate is essential for Pakistan's urban future. The inefficient use of prime land in cities like Islamabad and Lahore represents a significant economic loss, one that we can no longer afford. As someone who cares deeply about the development of our cities, I firmly believe that we must adopt PIDE's recommendations. By repurposing these lands for both commercial and residential development, we can turn our cities into engines of growth, creating jobs, attracting investment, and unlocking the true potential of urban Pakistan.

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