Housing the Newcomers: Migration, Affordability, and Informal Settlements in Lahore

Hashir Bin Zahid
Learning Alliance DHA
A1

Executive Summary

By 2023, Lahore's population had reached over 13 million, partly due to sustained rural-to-urban migration. Housing has become increasingly unaffordable, and informal settlements have expanded. This brief examines the extent to which in-migration is responsible for the decline in affordability and the growth of informal settlements (katchi abadis), and what the answer implies for urban housing policy. Analysing secondary data from census records, World Bank reports, case studies, provincial planning documents, and the FY2026-27 provincial budget for Punjab, this policy brief finds that migration is a significant but secondary cause of the housing deficit. The main causes lie on the supply side: Lahore's formal market produces only a fraction of the affordable housing needed, land is priced without considering important needs such as the incomes of the masses, and planning is highly disorganized. Consequently, migration increases demand on a system already unable to house people with low incomes, leaving informal settlements to absorb the shortfall. Therefore, the Government of Punjab, through the Punjab Housing and Town Planning Agency, should prioritise expanding the supply of affordable housing for the lowest-income households. At the same time, the Lahore Development Authority should regularise and upgrade existing informal settlements rather than demolish them.

Introduction

As Pakistan's second-largest and rapidly expanding city, Lahore's population rose to over 13 million residents in the 2023 census, as a result of continuous rural-to-urban migration.[1] This growth has led to decreasing housing affordability and the visible spread of informal settlements (katchi abadis) across the city. Although the 2023 census has confirmed continued rapid population growth, Lahore's planning rules are completely disorganised. The Lahore Master Plan 2050, which was the city's official long-term plan for land use and development adopted in 2022, was challenged and suspended in court amid allegations that it favoured private developers. Hence, Lahore is governed by an older and an amended plan[2] from 2016, which lacks a clear strategy for deciding where new housing should be built. Although Punjab's budget for FY2026-27 commits significant funding to housing and development,[3] the decisions made during this period will ultimately determine whether Lahore's low-income majority is housed formally or pushed further into informal settlements.

Existing research establishes several points clearly. A substantial literature addresses katchi abadis as integral parts of Pakistan's cities and as the main informal housing market providing people with low incomes an opportunity to settle there, since they cannot afford to buy property

[1] Pakistan Bureau of Statistics, 7th Population and Housing Census 2023 (Islamabad: Government of Pakistan, 2023), https://www.pbs.gov.pk/.

[2] "Lahore's Master Plan in Limbo since 2023," Dawn, November 1, 2025, https://www.dawn.com/news/1952429.

[3] Government of Punjab, Punjab Budget 2026–27 (Lahore: Finance Department, Government of Punjab, 2026).

on the formal market.[4] National assessments report a housing deficit of millions of units and an inadequate supply of formal-sector housing for low-income households.[5] Analysis of affordability indicates that a significant proportion of urban Pakistanis, including those in Punjab, live in houses that they cannot afford.

The way housing affordability is measured changes what the numbers show. Under the general rule, housing is considered unaffordable if it costs more than 30 per cent of a household's income. By this standard, around a third of the households in urban Punjab cannot afford their homes. However, the World Bank uses a different method, the residual-income method. This method looks at whether a household has enough money left over for food and other essentials after paying for housing. Using this second method, the number of struggling households drops to about a quarter. Both methods show many urban households cannot afford adequate housing, and the poorest families face the greatest hardship.[6] Migration research, meanwhile, characterises Lahore as a magnet drawing predominantly young, work-seeking migrants from rural areas and smaller cities.

What this literature does not do is isolate how much of Lahore's affordability decline and informal-settlement growth is caused by migration specifically, as separate from natural population increase and long-term supply failure. Therefore, this brief addresses that gap. It examines the extent to which sustained in-migration has contributed to declining housing affordability and the expansion of informal settlements in Lahore, and how exactly this influences urban housing policy. The brief concludes that the primary problem lies on the supply side rather than the demand side.

Methodology

This brief uses only secondary data and existing literature. It involves no use of primary data or primary data collection. It uses four categories of sources. Firstly, it uses official statistics, mostly the Pakistan Bureau of Statistics 2023 Census and its household surveys, for population and migration data. Secondly, it includes World Bank analyses of housing poverty and affordable housing supply in Pakistan and Punjab. Thirdly, it analyses existing case studies of informal settlements in Lahore. Finally, it uses provincial planning and budget documents, including Lahore Development Authority master plans and the Punjab budget for FY2026-27. Evidence is organised by topic around the study's findings rather than by source. Throughout the brief, claims taken directly from existing research are kept separate from the conclusions drawn by this analysis. Where sources varied in terms of statistics, official census data, World Bank reports, and case studies were treated as primary evidence. Meanwhile, data from the advisory sector and other sources were used only as rough estimates and marked as such. Where different sources stated different statistics, the figure from the more reliable source was used.

However, the limitations of this policy brief should also be considered. Firstly, census growth data do not separate the number of migrants from natural population increase but instead combine them into a single figure. Hence, the exact number of migrants cannot be stated clearly. Secondly, although the popular data from the 2023 census are recent, the estimates and statistics on housing affordability and the housing gap are from 2017 to 2019 and may no longer reflect the current situation. Thirdly, some data on informal settlements is from advisory groups

[4] Mehreen Mustafa, "The Informal Settlements of Lahore: Understanding the Role of Informal Katchi Abadi in the Context of Affordable Housing," Journal of Research in Architecture and Planning 26 (2019): 38–48; Muhammad Mashhood Arif, Oswald Devisch, and Yves Schoonjans, "Examining the Intricacies and Perpetual Issues in Urban Informal Settlements: Lessons from Two Case Studies of Informal Settlements in Lahore, Pakistan," Journal of Art, Architecture and Built Environment 6, no. 1 (2023): 62–93.

[5] World Bank, Punjab Affordable Housing Program (P173663): Program Information Document, Appraisal Stage (Washington, DC: World Bank, 2022).

[6] Moritz Meyer et al., Behind on Rent or Left Behind: Measuring Housing Poverty in Urban Pakistan, Poverty & Equity Notes 49 (Washington, DC: World Bank, 2022), 8.

and may not be completely accurate. Therefore, the exact statistics cannot be provided, and only that migration is an important but secondary cause can be concluded.

Key Findings

Finding 1: In-migration to Lahore is continuous, but it is only one of several factors contributing to population growth.

Lahore's population rose from 11.1 million in 2017 to 13.0 million in the 2023 census, representing a yearly growth rate of 2.65 per cent. Lahore recorded the largest total population increase of any district in Punjab, adding roughly 1.88 million residents in six years.[7] This scale of increase has direct housing consequences. Lahore has an average household size of 6.4 people. Therefore, the growth of 1.88 million people over six years required around 290,000 extra housing units. As Finding 2 shows, the formal housing sector has not built enough homes to meet this rising demand.[8] Migration is a clear driver of this increase. An estimated 60 per cent of migrants to Punjab's cities come from rural areas, attracted by the employment opportunities and educational services the cities offer.[9] Lahore also attracts residents from smaller towns and cities across Punjab. This rising demand combined with a limited supply of homes pushes prices up, making housing even more unaffordable.[10] However, this brief treats migration as important but a limited or secondary factor. This is because census growth shows both migration and natural population growth, and the data does not separate the two for Lahore specifically, so migration's exact share cannot be calculated. Secondly, Lahore's annual growth of 2.65 per cent is only slightly higher than the provincial average of 2.53 per cent and the national average of 2.55 per cent.[11] This suggests that migration adds to the city's housing pressure rather than creating it all on its own and that the main problem lies on the supply side.

---

[7] Pakistan Bureau of Statistics, Census 2023; Gallup Pakistan, Pakistan Population Census 2023: Analysis (Islamabad: Gallup Pakistan, 2023), https://gallup.com.pk/.

[8] Average household size from Pakistan Bureau of Statistics, Census 2023; the implied figure for additional dwelling units is the author's calculation.

[9] World Bank, Punjab Affordable Housing Program, 4.

[10] Mustafa, "Informal Settlements of Lahore," 38.

[11] Pakistan Bureau of Statistics, Census 2023.

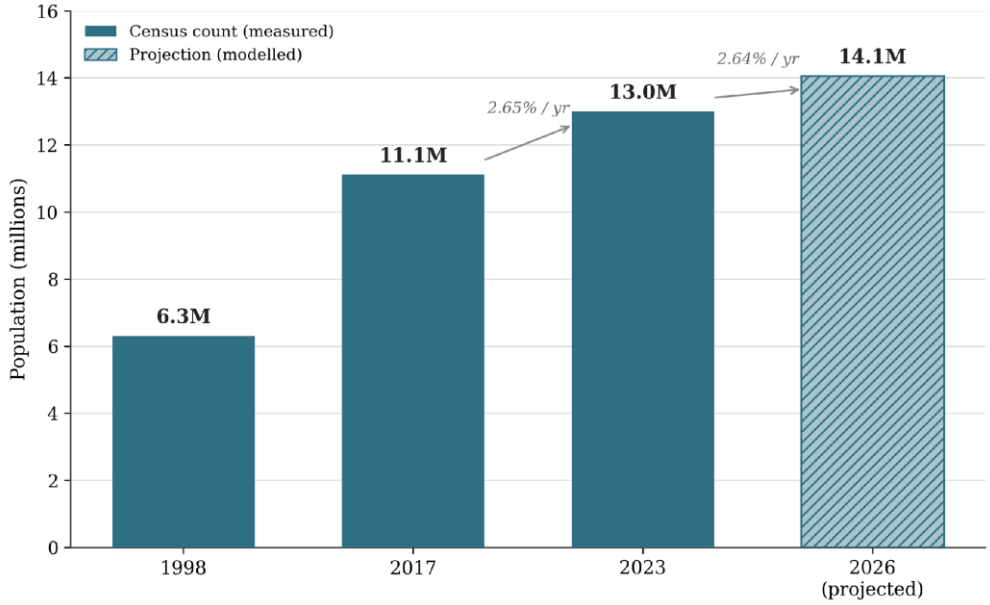

Figure 1: Lahore's population, 1998–2023 (census) with 2026 projection.[12]

Finding 2: The primary cause of Lahore's housing affordability crisis lies on the supply side rather than the demand side.

According to the World Bank's housing poverty measure, around 25.8 per cent of the population in urban Punjab lived in unaffordable housing.[13] In Lahore, the gap between demand and supply was even worse. A 2012 assessment found that 99 per cent of the city's housing was affordable to only 32 per cent of the population.[14] The shortage is not a small gap but a structural problem. Lahore's urban housing shortage was approximately 302,000 homes in 2017, which was the most severe of any district in Punjab. Similarly, Multan and Faisalabad had shortfalls of 215,000 and 208,000 houses, respectively, as seen in Figure 2. Nationally, the formal private sector delivers only 300,000 to 400,000 homes each year, while 700,000 new households are formed, so the gap widens rather than closing.[15] Hence, this is a failure of supply, not of demand. Instead, formal housing is built mainly for higher-income buyers, leaving low-income families unable to afford it at all and pushed into informal settlements.

The reasons are plain. Land acquisition can take up to five years, and planning permits up to 4.8 years, while speculative land pricing further leads to an unaffordable supply.[16] Migration increases demand on the existing housing system, which is already unable to house poor people. This brief concludes that these supply-side problems, rather than the arrival of migrants, are the main cause of the housing crisis in Lahore. Deterring migration might ease some demand pressure, but it will not fix the affordability crisis. Housing would still be unaffordable for many current residents and newcomers, as the issue arises because the formal sector builds fewer houses and land is priced speculatively. Instead, policies must focus on increasing the supply of affordable homes and reducing land speculation.

[12] Population counts from Pakistan Bureau of Statistics, Census 2023; 2026 figure is a projection from World Population Review, "Lahore Population 2026," 2026, https://worldpopulationreview.com/cities/pakistan/lahore.

[13] Meyer et al., Behind on Rent, 8.

[14] World Bank, Punjab Affordable Housing Program, 5.

[15] World Bank, Punjab Affordable Housing Program, 5.

[16] World Bank, Punjab Affordable Housing Program, 5.

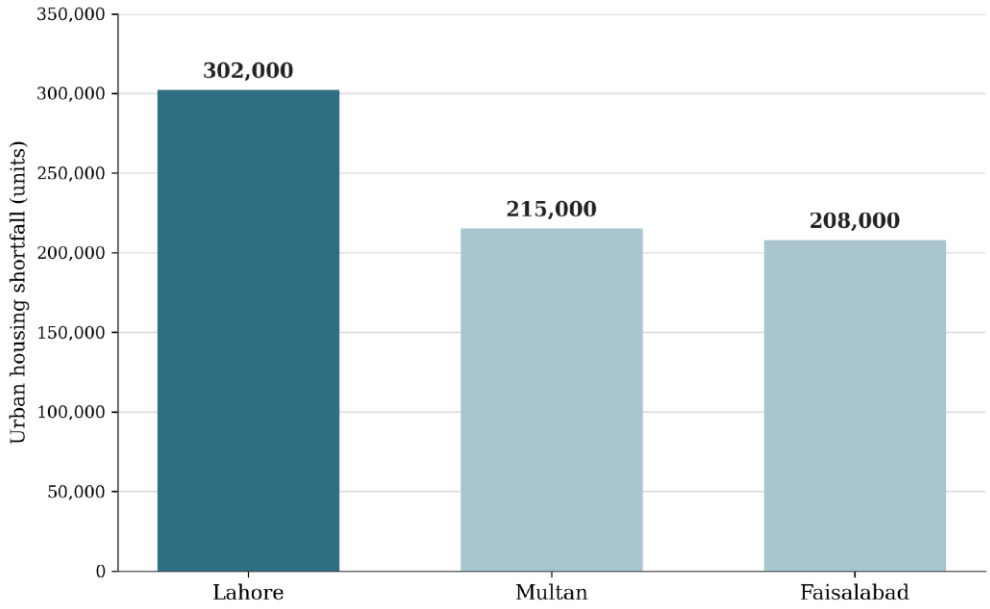

Figure 2. Urban housing shortfall by district, Punjab, 2017.[17]

Finding 3: The growth of informal settlements is caused by the lack of affordable housing and made worse by poor governance and policy.

When low-income earners cannot afford housing in the formal market, they resort to katchi abadis. Katchi abadis are a form of affordable urban housing that poor communities build for themselves with limited resources and without financial or legal support from the authorities.[18] Nationally, around 47 per cent of urban households live in informal settlements with poor infrastructure [19] and estimates for Lahore range from around 308 identified sites housing about 1.7 million people [20] to around 520 settlements recorded by the LDA's katchi abadi directorate.[21] This brief treats katchi abadis as those settlements recognized by the LDA Directorate, along with the informal settlements identified in the cited studies. Therefore, these different figures show that there is no consistent official count of informal settlements in Lahore. Hence, without accurate data, the government cannot upgrade these settlements, provide basic services, or develop effective housing policies.

The living conditions of these settlements make the problem worse. Studies show unpaved roads, poor water and sanitation, and insecure tenure that leaves residents exposed to eviction (being forced to leave their homes) and to cheating by informal land brokers (people who buy and sell land without legal authority).[22] Other studies show that these settlements are the main affordable housing option for poor migrants and those living on low incomes, due to the absence of affordable housing in the formal market.[23] Most people living here work informal jobs as daily labourers, domestic helpers, street vendors, and construction workers. Because their earnings are low and unpredictable, formal housing is far too expensive for them. These settlements also report institutional neglect, unfulfilled election promises, and fraudulent land transactions.[24] Lahore's Master Plan 2050, passed in 2022, was challenged and suspended in

[17] World Bank, Punjab Affordable Housing Program, 5.

[18] Mustafa, "Informal Settlements of Lahore," 38.

[19] Meyer et al., Behind on Rent, 1.

[20] Advisory Center for Affordable Settlement and Housing (ACASH), "Making Unaffordable to Affordable: Looking into Affordable Housing Issues," n.d., https://www.acash.org.pk/.

[21] Arif, Devisch, and Schoonjans, "Examining the Intricacies," 68.

[22] Arif, Devisch, and Schoonjans, "Examining the Intricacies," 62.

[23] Mustafa, "Informal Settlements of Lahore"; Arif, Devisch, and Schoonjans, "Examining the Intricacies."

[24] Arif, Devisch, and Schoonjans, "Examining the Intricacies."

court, and for years Lahore operated under its older amended 2016 plan.[25] Hence, informal settlements are not a temporary response to affordable housing shortages but a permanent part of Lahore's housing system for low-income households. So, relocating residents is unlikely to address the issue, as it results in the displacement of necessary low-income workers and the establishment of new informal settlements elsewhere. To create safer and more secure living conditions, urban policy should instead focus on modernizing and upgrading current informal settlements.

Recommendations

The main cause of Lahore's housing affordability crisis is the limited supply of affordable housing and supply-side failures, rather than migration itself. The following recommendations should focus on increasing the supply of affordable housing and fixing the supply-side failures instead of attempting to reduce migration.

1. **The Pakistan Bureau of Statistics and the Urban Unit should build a system to monitor migration and housing data for Lahore.** Since migration and natural population growth cannot be separated using existing data, these organizations should build a system to track the number of people moving into and out of Lahore, the number and size of informal settlements, and the supply of affordable housing. This would make future housing policies effective as they will be based on evidence rather than assumptions.

2. **The Government of Punjab, through Punjab Housing and Town Planning Agency (PHATA), should increase the supply of affordable housing for the lowest-income earners.** Housing prices do not match the purchasing power of the lowest-income earners. Since almost no official housing schemes are within reach of low-income families, the Punjab Housing and Town Planning Agency should enforce strict regulations on private developers. They should mandate these housing developers to set aside a share of their projects (known as Tier 1 quotas) for low-income families. This will ensure that low-income earners have access to affordable housing. To make this beneficial for private developers as well, rather than just cutting their profits, the government should offer them something in return, such as faster approvals, reduced fees, or tax relief on the affordable units. This ensures the affordable units they build are offset by gains elsewhere. For instance, several Indian states, such as Gujarat and Delhi, already use this approach where private developers reserve a portion of their projects for low-income groups, and in return receive benefits such as permission to build at higher density.[26] This will help solve the current supply-side failures, where houses are mainly built for wealthy buyers while the lower-income population is excluded from affordable housing.

   Alongside this, the government should allocate additional funds in the FY2026-27 budget to acquire land, install basic services such as water and electricity, and build housing for the poorest, which the current ownership-based schemes largely fail to reach. However, implementing and monitoring these methods is not easy and will require additional funding and cooperation from developers, government officials, and organisations.

3. **The Lahore Development Authority (LDA) should regularise and upgrade informal settlements rather than demolish them.** While cheaper land is available on

[25] "Lahore's Master Plan in Limbo."

[26] Alok Kumar Mishra, "Is Urban Planning in India Exclusionary? The Case for Inclusionary Zoning and Housing in India," Shelter 18, no. 2 (October 2017): 16.

the city's outskirts, low-income earners unable to afford formal housing often resort to katchi abadis to stay close to their jobs and services (Finding 3). The residents of these settlements contribute to the domestic, transport, and construction labour that Lahore relies on, so demolishing these settlements without providing replacement homes would drive away essential workers and simply move informal settlements elsewhere. Instead, the LDA should implement a plan to upgrade the current settlements and give residents secure legal tenure, which protects them from the constant threat of eviction and from scams by fake land brokers. Improving these informal settlements does not require demolishing them. Global experience shows that basic services like water, sanitation, drainage, and electricity can be added step by step.[27] In extremely crowded areas, a small number of homes can be rearranged in phases with the community's help to create room for roads and pipelines, rather than demolishing the entire neighbourhood. Relocation is only necessary for homes built on unsafe land, and secure tenure gives residents the confidence to invest in improving their own homes over time.

4. **The Government of Punjab, along with the Punjab Land Records Authority, should fix the land and permit delays that make land prices go up.** High land prices caused by lengthy approval processes that take several years lead to an unaffordable land supply. The government, along with PLRA, should speed up the land-buying and building-permit processes and develop a clear plan to develop land with basic services. This will help reduce the extra costs that increase land prices and make land more unaffordable for people. Land speculation, where people buy land to sell it later for a profit (when land prices rise), continues because urban land is treated as an investment rather than used to build homes. Evidence from Lahore supports this, showing that in one major housing scheme, undeveloped plots increased in value at around 16 per cent a year, which was roughly twice the rate of built houses, and about three-quarters of vacant plots were held by speculators rather than by people intending to build.[28] The government should introduce a tax on empty plots to discourage people from hoarding land and incentivize them to use it solely for building purposes and therefore help lower housing costs.

Conclusion

Hence, from the above discussion, it can be concluded that although migration has added pressure to Lahore's housing affordability, it is a secondary problem. The primary problem lies on the supply side, as Lahore has not built enough affordable housing to meet rising and sustained demand. However, these supply-side failures can be mitigated through coordination, cooperation, and long-term planning by the relevant authorities.

Bibliography

Advisory Center for Affordable Settlement and Housing (ACASH). “Making Unaffordable to Affordable: Looking into Affordable Housing Issues.” N.d. https://www.acash.org.pk/.

Arif, Muhammad Mashhood, Oswald Devisch, and Yves Schoonjans. “Examining the Intricacies and Perpetual Issues in Urban Informal Settlements: Lessons from Two Case

[27] Slum Dwellers International, "In Situ Upgrading and Accessible Cities," 2014, https://sdinet.org/2014/10/in-situ-upgrading-and-accessible-cities/.

[28] Areesha Gul et al., "Built Houses as a Tool to Control Residential Land Speculation: A Case Study of Bahria Town, Lahore," Habitat International (2018).

Studies of Informal Settlements in Lahore, Pakistan.” Journal of Art, Architecture and Built Environment 6, no. 1 (2023): 62–93.

Dawn. “Lahore’s Master Plan in Limbo since 2023.” November 1, 2025. https://www.dawn.com/news/1952429.

Gallup Pakistan. Pakistan Population Census 2023: Analysis. Islamabad: Gallup Pakistan, 2023. https://gallup.com.pk/.

Government of Punjab. Punjab Budget 2026–27. Lahore: Finance Department, Government of Punjab, 2026.

Gul, Areesha, Minahil Nawaz, Muhammad Aamir Basheer, Fariha Tariq, and Syyed Adnan Raheel Shah. "Built Houses as a Tool to Control Residential Land Speculation: A Case Study of Bahria Town, Lahore." Habitat International (2018).

Meyer, Moritz, Maria Qazi, Anirudh Rajashekar, and Yan Zhang. Behind on Rent or Left Behind: Measuring Housing Poverty in Urban Pakistan. Poverty & Equity Notes 49. Washington, DC: World Bank, 2022.

Mishra, Alok Kumar. "Is Urban Planning in India Exclusionary? The Case for Inclusionary Zoning and Housing in India." Shelter 18, no. 2 (October 2017): 8–18.

Mustafa, Mehreen. “The Informal Settlements of Lahore: Understanding the Role of Informal Katchi Abadi in the Context of Affordable Housing.” Journal of Research in Architecture and Planning 26 (2019): 38–48.

Pakistan Bureau of Statistics. 7th Population and Housing Census 2023. Islamabad: Government of Pakistan, 2023. https://www.pbs.gov.pk/.

World Bank. Punjab Affordable Housing Program (P173663): Program Information Document, Appraisal Stage. Washington, DC: World Bank, 2022.

World Population Review. “Lahore Population 2026.” 2026. https://worldpopulationreview.com/cities/pakistan/lahore.