

ANNUAL REPORT 2018



RIU REAL ESTATE MARKET REPORT SRI LANKA

Real Estate Market Annual Report

2018

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About RIU

The Research Intelligence Unit (RIU) is a pioneering research firm that values innovation, creativity, market intelligence and integrity. We offer research based consulting focused on several key sectors of the economy. Our research and advisory services include market and financial feasibility, environmental and social impact studies as well as traditional market research and investment appraisal for our clients.

RIU is a UK based company with its offices in London and in St. Albans. In 2003, the RIU established its Asia regional office in Colombo where the company continues to grow and serve an international client base. Over the years, the RIU has established itself as the premier research and consultancy firm for many top corporations and development intuitions both in the U.K and across the globe. In 2015, the RIU started operations in the Maldives and currently we have a presence in key Asian markets including India, Bangladesh, Nepal, Singapore, Indonesia and the Maldives.

Our work has been recognized for its originality and quality with award winning kudos as we endeavor to provide timely market intelligence and promote sustainable practices to all our clients.

Key Services

-  Research design, data management and analysis
-  Market intelligence, surveillance and surveys
-  Market, site and financial feasibility studies
-  Social and environmental impact assessments
-  Investor forums and investment intermediation
-  Publications
-  Industry newsletters and news alert subscriptions



Foreword

An upward incline in the market is always good news but also carries with it the demand of hard work, greater requirements on knowledge and data as well as rising competition. Following a good year for the Sri Lankan real estate industry last year, 2018 promises to be another exciting year that has already witnessed the enactment of several government initiatives that we expect will serve to build international investor confidence.

Luxury apartments have continued to mushroom in all parts of Colombo city as well as in the suburbs and have been met with good demand at the upper-mid range levels whilst the alternative business model offered by commercial property development has also lured many investors into this market segment. However, any conversation on this topic invariably ends up with a debate on the prospect of over-supply in the market. The answer to this question can only be found with reference to the anticipated demand, both domestic and international.

Exciting times await with the Port city now getting into gear whilst the government long-term objectives envisioned in the Megapolis plan has also started to unravel. As such, Sri Lanka remains to be on course for steady growth in all real estate market segments so long as foreign investor interest is converted into actionable outcomes. Far too often we hear of investors who take the first step but then not the second and the third which often results in missed opportunity.

Since 2003, RIU has been monitoring the real estate market in Sri Lanka. With the RIU regional office based in Colombo for the past 15 years, we are the first company in the island to specialize in producing reports and consulting that leverages our local and international expertise on real-estate market commentary and forecasting.

Our annual Sri Lanka Market Report 2018, now into the 14th edition, continues to closely monitor the Sri

Lankan market by using a wide range of research tools that includes;

- Primary surveys
- Database development and data analysis
- One-on-one in-depth interviews with private sector and government officials
- Focus group discussion
- Area observation check lists and surveillance
- Desk research of available secondary data
- Modelling and forecasting

We hope you find this report to be useful as an accurate macro-economic review and analysis of the real estate market in Sri Lanka. Trust you will get in touch with us for your more specific needs.



Roshan Madawela
Founder & CEO - RIU

Abbreviations

Abbreviation	Explanation
ATM	Automated Teller Machine
AWDR	Average Weighted Deposit Rate
AWLR	Average Weighted Lending Rate
AWPLR	Average Weighted Prime Lending Rate
BHK	Bedroom, Hall, & Kitchen
Bn	Billion
BSI	Business Sentiment Index
CAGR	Compound Annual Growth Rate
CBD	Colombo Business District
CBSL	Central Bank of Sri Lanka
CCPI	Colombo Consumer Price Index
CSD	Census & Statistics Department
CSE	Colombo Stock Exchange
FDI	Foreign Direct Investment
GBP	Great British Pound
GCA	Greater Colombo Area
GDP	Gross Domestic Product
HDI	Human Development Index
HNWI	High Net Worth Individuals
IT	Information Technology
JLL	Jones Lang LaSalle Incorporated
LKR	Sri Lankan Rupees
LPI	Land Price Index
Mn	Million
NBT	Nation Building Tax
NRSL	Non Resident Sri Lankans
Q	Quarter
RIU	Research Intelligence Unit
SLSFTA	Singapore Free Trade Agreement
SLTDA	Sri Lanka Tourism Development Authority
sq.ft	Square Feet
Tn	Trillion
UDA	Urban Development Authority
UK	United Kingdom
US\$	United States Dollars
VAT	Value Added Tax
Y/Y	Year on Year

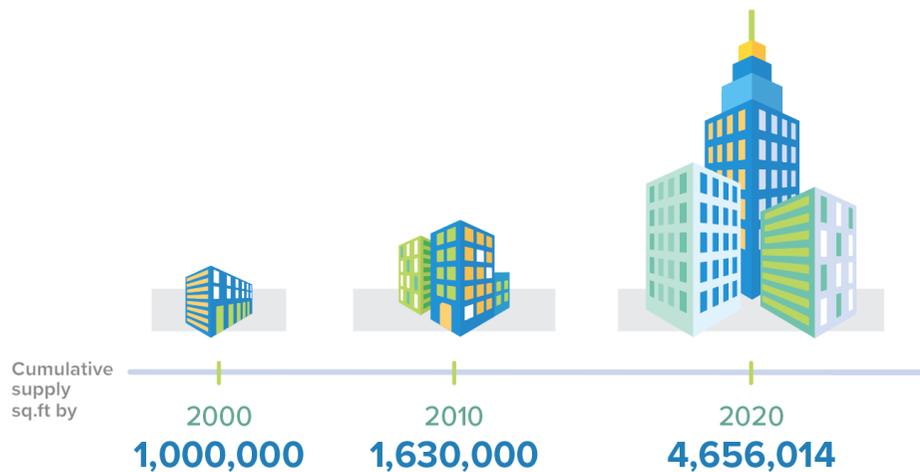
COUNTRY OVERVIEW



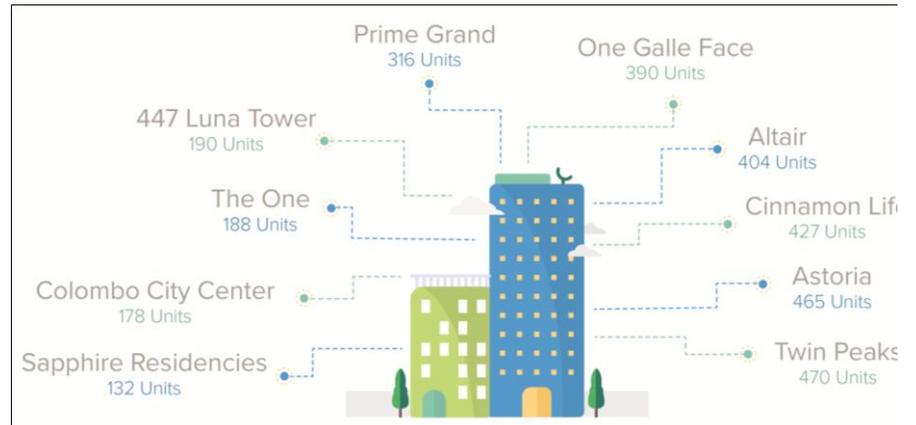
CUMULATIVE SUPPLY OF APARTMENTS



CUMULATIVE SUPPLY OF OFFICE SPACE



SUPPLY OF RESIDENTIAL UNITS BY KEY PROJECT



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