



REAL - ESTATE NEWS FEED



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1. REAL-ESTATE

- **Sri Lanka real estate firms in bigger trouble after Easter blasts: Bandula**

Sri Lanka real estate and apartment developers who were already facing difficulties had got into further trouble after Easter Sunday blasts, opposition legislator Bandula Gunewardene said.

"Land and real estate firms have seen even less demand after Easter Sunday," Gunewardene told parliament.

"Some of these companies were already in trouble."

"Do you know that senior officials of some of these companies are in jail?" he asked State Minister for Finance Eran Wickramaratne without naming companies.

Gunewardene said a banking crisis in the US (the so-called Great Recession) was also linked to failed property firms.

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- **Sri Lanka's 'Best Residential High Rise Development': Fairway Galle**

Fairway Galle, the luxury apartment project of Fairway Holdings won the award under the 'Residential High-Rise Development' category at the Asia Pacific Property Awards 2019-2020. The country level awards were presented at the IPAX Awards Networking event held at the Marriot Marquis Queen's Park, Bangkok, which was followed by a gala dinner.

The Asia Pacific Property Awards are the largest, most prestigious, and widely recognised program throughout the region. The Awards are in their 26th year and cover over 45 different residential and commercial categories.

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- **Capitol TwinPeaks: One of Sri Lanka's most astute investment options**

Capitol TwinPeaks, a condominium project under Sanken Group, categorised as a 'Class A' residential property and located adjacent to the Beira Lake in Colombo 2 becomes one of Sri Lanka's fastest selling condominiums due to its location, adherence to deadlines, project quality, ROI analysis and developer integrity.

Residential projects that guarantee a rapid ROI are generally classed as A+ and A- wherein buildings represent the highest quality in their market. They are generally the best designer buildings with the best construction partners and ethics, and possess high quality building infrastructure. 'Class A' buildings are mainly located in prime areas, have good access and are professionally managed. As a result of this, they attract highest-spending tenants, and also command the highest rents.

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2. ECONOMY

- **Economic sentiment continues to decline: Survey**

The latest LMD-Nielsen Business Confidence (BCI) poll reveals that more than two-thirds of respondents consulted by Nielsen, for LMD's publisher Media Services, expect the economy to worsen over the next 12 months.

"The economy and the investment climate are obviously in a very poor state due to current developments in the country," states a survey respondent.

Similarly, another businessperson remarks that "given the current economic situation and now with the country's reputation also at risk, I don't think there will be any improvement in the coming months."

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- **Tourism sector VAT revised to 7%**

The Government has issued fresh legislation amending VAT for tourism-related industries to 7% instead of 5% to avoid restrictions on input credit claims after worried industry stakeholders lobbied the Finance Ministry over the changes.

The Finance Ministry has issued a fresh gazette effective from 1 June to revise the VAT percentage charged on services rendered by a hotel, guest house, restaurant or other similar business providing similar services registered with the Sri Lanka Tourism Development Authority (SLTDA) to 7%, while charging the same percentage on inbound tour operators, travel agents registered with SLTDA. The legislation is effective for the period from 1 June ending on 31 March 2020.

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- **Rupee appreciates 3.6 %, reserves reach USD 6.7 bn**

During the year up to June 7, 2019 the Sri Lanka rupee appreciated against the US dollar by 3.6percent. Given the cross currency exchange rate movements, the Sri Lanka rupee appreciated against the pound sterling (3.5percent), Japanese yen (1.7percent), the euro (5.1percent) and the Indian rupee (2.4percent) during this period.

The gross official reserves were estimated at US dollars 6.7billion as at May 31, 2019.

Weekly AWPR for the week ending June 7, 2019 decreased by 38 bps to 11.44% compared to the previous week. The reserve money increased compared to the previous week mainly due to the increase in currency in circulation and deposits held by the commercial banks.

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- **Sri Lanka economic growth not dented despite Easter attacks: FinMin**

Sri Lanka's economic growth will not fall below targets in 2019 despite fallout from the Easter Sunday terror, Finance Minister Mangala Samaraweera said.

"The growth outlook for this year has not dimmed at all," he said in Sinhalese at the Finance Ministry Monday evening.

"Although the tourism industry is facing a downturn, by the end of this year, I believe that will return to normal," he said.

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- **Stocks end at 1-week peak in thin trade; rupee edges higher**

Sri Lankan shares ended firmer for the second straight session on Monday in dull trade to hit a one-week closing high, while the rupee ended slightly stronger, market sources said.

The benchmark stock index ended 0.47% firmer on Monday at 5,298.18, further moving away from its lowest close since 17 May hit on Thursday. It fell 0.24% last week and declined 12.1% this year so far.

On 31 May, the Central Bank cut its key interest rates to support a faltering economy as overall business and consumer confidence slumped following deadly bomb attacks in April.

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- **Bond yields decrease ahead of weekly bill auction**

The secondary bond market yields decreased marginally yesterday, consisting mainly of the liquid maturities of 15.03.22, 15.03.23, 15.03.24, 01.08.26 and 15.01.27 to lows of 9.98%, 10.18%, 10.20%, 10.55% and 10.58% respectively against its previous day's closing levels of 9.95/05, 10.20/30, 10.35/40, 10.55/65 and 10.60/70. Furthermore, limited activity was also witnessed of the 01.05.20, three 2021's (i.e.01.08.21, 15.10.21 & 15.12.21) and 01.10.22 maturities at levels of 8.90%, 9.63% to 9.75% and 10.00% to 10.05%.

At today's Treasury bill auction, a total amount of Rs. 19 billion will be on offer, consisting of Rs. 3 Billion on the 91 day, Rs. 5 Billion on the 182 day and Rs. 11 billion on the 364 day maturities. At last week's auction, the weighted average yields of the 182 day and 364 day bills remained steady at 8.63% and 8.88% respectively while the 91 day maturity recorded a weighted average yield of 8.38%.

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- **G20 agrees to wrap up Big Tech tax rules by 2020**

Group of 20 finance ministers agreed on Sunday to compile common rules to close loopholes used by global tech giants such as Facebook to reduce their corporate taxes, a final communique issued by the bloc showed on Sunday.

Facebook, Google, Amazon and other large technology companies face criticism for reducing their tax bills by booking profits in low-tax countries regardless of the location of the end customer. Such practices are seen by many as unfair. The new rules would mean higher tax burdens for large multinational companies but would also make it harder for countries such as Ireland to attract foreign direct investment with the promise of ultra-low corporate tax rates.

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- **IMF's Lagarde highlights potential disruptive nature of fintech**

International Monetary Fund Managing Director Christine Lagarde warned on Saturday that the increasing presence of technology giants using big data and artificial intelligence could cause a significant disruption to the world's financial system.

The rapid development of financial technology (fintech) has increased access to cheap payment and settlement systems for low-income households in emerging countries where traditional banking networks are scarce.

But it has raised concern about the increasing dominance of big technology firms in mobile payments, which could force global policymakers to rethink the way they regulate the banking system and ensure financial settlements are executed safely.

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- **Sri Lanka Tourism kicks off revival post-Easter Sunday setback**

The tourism and airline industry yesterday unveiled a special four-month promotion campaign to woo tourists from Sri Lanka's largest source market, India, following the Easter Sunday terror attack setback.

Sri Lanka Tourism, in collaboration with Sri Lanka Association of Inbound Tour Operators (SLAITO), The Hotels Association of Sri Lanka (THASL), and SriLankan Airlines, will offer a total of 15 packages, with a minimum package starting from \$180 per person. The industry targets 32 flights per week from 11 destinations in India to Sri Lanka, with an average of 150 passengers per week.

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- **First Capital upgrades exchange rate outlook**

First Capital has upgraded its outlook on the exchange rate given external and internal developments.

As per the upgrade Exchange Rate Outlook for 2019E to \$ 1: Rs. 180.0 (from 194.0) as the 65% Base Case scenario. Further, it is introducing a 12-month target for June 2020E of \$ 1: Rs. 185.0 as a 60% Base Case scenario.

It said the US is signalling signs of concern over its GDP growth which is expected to slow down partly due to the trade war. However, inflation continues to remain stable in the desired level of 2%. Analysts expect a higher probability for a rate cut which could be as much as 50 bps, in the 2H2019. Thereby, the dollar is expected to weaken during the 2H2019 possibly favouring the rupee.

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- **Value of moratorium sought by tourism biz tops Rs. 60 b**

The Government-directed moratorium on repayment of capital and interest of tourism sector business borrowing from banks has drawn applications worth over Rs. 60 billion by end May, with the final numbers expected to be far higher.

Ministers John Amaratunga and Dr. Harsha de Silva yesterday made public the progress of Government initiatives for a quicker revival of tourism, following the Easter Sunday terror attacks on three churches and an equal number of five star hotels, killing 254, including nearly 50 tourists.

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3. INTERNATIONAL

- **S. Korea, UK agree to sign free trade deal ahead of Brexit**

South Korea and Britain have agreed in principle to sign a separate free trade deal ahead of Britain's exit from the European Union in late October, South Korea's trade ministry said on Monday.

The deal would help South Korea minimise trade uncertainty and maintain trade with Britain based on Seoul's existing free trade agreement with the EU, the Ministry of Trade, Industry and Energy said in a statement.

The deal includes keeping zero-tariffs on South Korean exports such as auto parts and automobiles, the ministry said.

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- **Beware of real estate investment schemes promising tax write-offs, warns CRA**

Canadians should beware of a spate of real estate investment schemes that falsely promise a significant tax write-off, according to a [warning](#) from the Canada Revenue Agency (CRA).

The federal taxation agency also warned that not only the promoters of such schemes, but also anybody who participates in them with the aim of reducing their tax burden, could face prosecution, fines and even jail time.

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- **Smartlands Launched Unique Platform for Crowdfunding Investment, Becomes the First to Tokenize Property in the UK**

The growing demand for alternative income and the advent of blockchain technology are challenging the traditionally closed institutional investment club. Until now, the sky-high minimum threshold for investment, soaring fees and complicated structures with multiple intermediaries were making investing practically inaccessible for an average individual.

[Smartlands](#) is out to disrupt legacy financial markets with its blockchain-based Platform for crowdfunding, created to democratize the global investment space by introducing the concept of fractional ownership. Smartlands' proprietary technology allows issuing digital shares – security tokens – backed by real economy assets such as real estate or agriculture. Just like in a traditional stock market, security tokens represent the immutable right of ownership in an asset and allow investors to receive dividends or profits.

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- **Brexit chaos could push the UK economy into reverse this quarter**

The UK economy could be headed for its first quarterly contraction since late 2012 after [uncertainty over Brexit](#) caused a sharp slowdown in manufacturing.

Britain's economy shrunk by 0.4% in April, according to official data published Monday that was even more dire than economists had expected. The data also showed a 0.1% contraction in March.

"The clear message is that underlying growth is pretty sluggish," said Ruth Gregory, a senior economist at Capital Economics, who added that it's possible the economy will shrink in the second quarter.

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