



REAL - ESTATE NEWS FEED



AUGUST 05

TO

AUGUST 16

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1. REAL-ESTATE

- **Exclusive! Read the latest revision to VAT on apartments**

RIUs interviews with the top officials in the Ministry of Finance and Department of Inland Revenue, on the 2nd of August brings you the following exclusive news update on the latest status of the VAT on apartments. On the 31st July, the government has issued a gazette for the amendment of Value Added Tax Act (No.14 of 2002) which is expected to be passed in the parliament within 5 to 6 weeks from now. According to the gazette, sale of the condominium units to be subjected to 15% VAT from the 1st of July 2019 with the following exceptions;

- If the price of any of the available units within a single project does not exceed LKR 25mn. Earlier this threshold limit was 15mn (If even one unit exceeds 25mn, the entire inventory of available units within that project will be liable for VAT irrespective of the price)
- If a sales agreement has been reached prior to the 1st of July between the buyer and the developer
- If a project has obtained the certificate of conformity before the 1st of July

The payment process is the standard VAT payment process prescribed by the Department of Inland Revenue.

RIU and those who lobbied against the reintroduction of VAT on apartments can take some comfort in this revision however we feel further revisions on the rate has to be brought in.

- **Home Lands Skyline commissions 'Luxe Highway Residencies – Kottawa'**

Home Lands Skyline has recently commissioned the 'Luxe Highway Residencies', their high-end twin-tower apartment project positioned in a most strategic address, bordering the Multimodal Transport Hub, Southern Expressway, the Outer Circular Expressway, High Level Road and Kelani Valley Railway System.

Luxe Highway Residencies can be identified as a residential development situated in an unmatched infrastructural setting in Sri Lanka.

Transport advantage, higher rate of property appreciation and neighbouring areas with economic potential are among the topmost privileges brought about by the development.

The Project is just five minutes away from Homagama Town and 12-15 minutes' drive from the NSBM Green University – Pitipana and Sri Lanka Institute of Information Technology – Malabe. The proposed Tech-City Project outlining the immediate vicinities including Homagama and Malabe, is located within 15-20 minutes reach from the project.

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- **Tata's Rs.10bn mixed development project likely to begin construction next year**

Tata Housing Development Company, the real-estate arm of India's Tata Group and a wholly-owned subsidiary of Tata Sons, plans to commence construction of its proposed mixed development project, Colombo Square, next year following the completion of resettlement project last week.

With a delay of over one year, the Rs.7 billion resettlement project, Metro Homes, was completed last week and was handed over to the residents.

Tata Housing and Urban Development Authority (UDA) at a ceremony graced by Prime Minister Ranil Wickremesinghe handed over the housing units to around 626 families and fully developed commercial spaces to around 114 shop owners last week.

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- **India's Tata to build 3m square feet 'mini city' in Sri Lanka**

India's Tata group will build a 3 million square feet mixed development in Sri Lanka's capital Prime Minister Ranil Wickremesinghe has said.

Tata Housing has just completed a 7 billion rupee project to re-house people who were living in an underserved settlement and nearby areas.

"Tata will next build a 3 million square feet mixed development," Wickremesinghe had told a ceremony where houses were handed over to recipients.

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- **Tata Housing completes Rs7bn urban re-housing apartments in Sri Lanka**

India's Tata Housing has completed the construction of a 7,000 million rupee high rise complex with 626 housing unit and 114 shops in Sri Lanka's capital Colombo.

Over 5 years ago, Sri Lanka's then government took over land of an underserved community and nearby dwellings which also included freehold land, in a state-backed urban development project.

Minister Ravi Karunayake had said that five years ago when people were removed from their homes, he had played a role to intervene and the housing in the vicinity. At the time he was in the opposition.

Critics have pointed out that that Sri Lanka's Urban Development Authority, originally set up by Wickremesinghe's United National Party, has draconian powers to expropriate private land.

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- **447 Luna Tower to open six new show apartments this August**

Belluna Co. Ltd, Japan in partnership with Asia Capital PLC will be launching six stunning new show apartments this August.

This will be the company's first luxury apartment endeavour after highly sought after and successful launches including the ultra-luxurious 57 room resort in Galle named Le-Grand which opened in August 2018, as well as their first resort partnership with Marriott International, debuting the Westin Maldives Miriandhoo Resort entailing 70 villas, which opened in October 2018.

An inspection team from Belluna also arrived in the country to review the show apartments and ensure the quality and standards of the units prior to their opening.

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- **Osaka Heights in Kirulapone takes luxurious living to new heights**

Osaka Property Developers, one of the leading property developers and sales companies in Sri Lanka, launches yet another super luxury housing scheme, Osaka Heights in Kirulapone. The massive housing apartment project comes as a joint venture with Leeway Developers, a leading construction company in India with 20 years of experience in the field of real estate and construction of villas and high-rise buildings.

San Pilings, a subsidiary of Sanken Lanka has undertaken concrete piling of the entire project which will add more value to luxurious living in the heart of Colombo.

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- **Orion City Tower opens**

Colombo's highly-anticipated Orion City Towers opened on Wednesday 17 July. This transformational 500,000 square foot structure challenges the Colombo skyline and promises its occupants the height of sophisticated end-to-end business solutions. It will be occupied by Sri Lanka's corporate movers and shakers and forms a part of the developmental masterplan of the Orion City IT Park – the unique one stop hub for innovation and collaboration in Sri Lanka.

The towers, soaring above its neighbours into the skyline at an impressive 85 metres, offer up to 20 levels of prime office space for rent with ancillary facilities such as retail and commercial areas, a boutique sky hotel, green eco decks and a sky courtyard. The topmost floor is home to a fully equipped gym, business centre, lounge areas, meeting venues and private dining facilities.

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- **Kelsey Homes' real estate offering in Kottawa an ideal lifestyle hub for professionals**

Residents of Kottawa and its surroundings have much to celebrate, with the rapid infrastructure development taking place in the area, which makes owning a home in the area extremely lucrative on all counts.

The upcoming Outer Circular Highway and direct access to Port City via the Port Access Elevated Highway will improve connectivity with Colombo's business centre by leaps and bounds. It will facilitate and halve travelling time between Colombo and Kottawa, thereby contributing to the elimination of traffic congestion.

Moreover, the construction of the Multimodal Transport Centre at Kottawa which opened in March this year, will offer bus and train services from the same location; making the area the most conveniently located hub in the region.

By year 2022, when these infrastructure projects are scheduled to be completed, Kottawa will be one of the most preferred suburbs in which to be located, for professional families who seek easy access to Colombo whilst enjoying a serene lifestyle, away from Colombo's hustle and bustle.

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- **Significant returns for Colombo 1, 2 and 3 property owners**

As the construction of Port City continues, alongside present Colombo's skyline - commercial property owners and investors of Colombo 1; and luxury property owners and investors of Colombo 2 and 3 are expected to reap higher capital gains and rental yields due to the pursuant knock-on effect and need for housing space arising from the Port City influx of visitors and corporations.

CHEC Port City Colombo (Pvt) Ltd through China Harbour Engineering Company (CHEC) is part of China Communications Construction Company Limited (CCCC), which has been actively involved with the development of Sri Lanka since 1998, executing major construction projects, such as the Southern Highway, Outer Circular Highway, Hambantota Port, Mattala International Airport, Colombo South Container Terminal and many other infrastructure projects.

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2. ECONOMY

- **VAT and NBT cuts in Budget to be given from Sept.**

The Cabinet of Ministers has approved tax amendments on Value Added Tax (VAT) and Nation Building Tax (NBT) proposed by Finance Minister Mangala Samaraweera in his Budget 2019. Accordingly, the Cabinet has approved the Amendment Draft Bills on NBT and VAT, the Finance Ministry said in a statement yesterday.

Thus, the hotels, guest houses, and restaurants which are registered with the Tourist Board, where they receive payment for such service in foreign currency through local commercial banks, such money will be exempted from Nation Building Tax. This measure is aimed at strengthening the tourist industry. At the same time, importation of yachts and other vessels for pleasure or sport purposes will also be exempted from Nation Building Tax (NBT).

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- **Shares, rupee snap falling trend**

Sri Lankan shares closed firmer yesterday, snapping six straight sessions of losses and recovering from a near two-week closing low in the previous session, as investors bought beaten-down stocks.

The rupee ended slightly stronger as exporter dollar sales surpassed importer greenback demand.

The benchmark stock index ended 0.73 percent higher at 5,889.68, edging up from its lowest close since July 25 hit on Tuesday. It gained 0.37 percent last week, its sixth straight weekly gain. So far this year, the index is down about 2.7 percent.

Turnover was Rs.461.1 million, less than this year's daily average of about Rs.638.5 million so far. Last year's daily average came in at Rs.834 million.

Foreign investors sold a net Rs.7.3 million worth of shares yesterday, but they have been net buyers of Rs.497.5 million worth of equities so far this year, according to index data.

Shares of Ceylon Cold Stores PLC jumped 7.1 percent, biggest listed lender Commercial Bank of Ceylon PLC rose 2.9 percent, Sri Lanka Telecom PLC closed up 3.6 percent and conglomerate John Keells Holdings PLC ended 0.1 percent firmer.

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- **New hotel projects urged to allocate 0.5% of capital investment for sustainability initiatives**

Sri Lanka's upcoming hotels need to allocate 0.5 percent of their capital investments into sustainability initiatives to avert future costs to the environment and to the society, according to a United Nations Development Programme (UNDP) official.

"My colleague in my project (BIOFIN Sri Lanka) says if each of these projects that were pitched in 2018 or started in 2018 were to just invest 0.5 percent of their capital investment into sustainable initiatives, they can avoid future damages of around US \$45 billion," the UNDP, Policy and Design Specialist, Tharuka Dissanayake said.

She was speaking at the first National Sustainable Tourism Certification (NSTC) ceremony held in Colombo on Monday.

Sri Lanka Tourism Development Authority (SLTDA) partnered with UNDP BIOFIN Sri Lanka project to obtain technical assistance to implement NSTC, meeting the standards of Global Sustainable Tourism Council (GSTC).

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- **Sri Lanka Tourism Promotion Bureau hosts networking session for travel bloggers**

Sri Lanka Tourism Promotion Bureau (SLTPB) hosted a networking event for a group of prominent social media influencers and travel bloggers at Cinnamon Lakeside Colombo, to welcome them and to felicitate those who had made an outstanding contribution to promote the destination.

The group consisting of 22 travel bloggers representing key markets in Europe and USA, arrived in Sri Lanka on 6 August to explore the destination and convey a message to the global community that the country is safe to travel, as well as to showcase its wide variety of holiday opportunities for travel enthusiasts.

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3. INTERNATIONAL

- **Homes sell faster in Scotland, new figures show**

Homes are selling fastest in Scotland with the nation replacing London as the fastest place for a seller to find a buyer for their home, new figures show.

In 2014, it took 36 days in London on average to secure a buyer, but this rose to 60 days by last year while in Scotland the average time fell from 66 days to 41 days over the same period.

According to the figures compiled by property portal Rightmove for the BBC, the market for flats has slowed amid debate over leasehold rules.

‘Whilst it would be easy to link that with the Brexit vote, there are other factors at play, especially increasingly stretched buyer affordability,’ said Miles Shipside, Rightmove housing market analyst.

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- **Lack of homes to rent supporting growth in London lettings markets**

A scarcity of lettings stock is supporting rental growth in the prime property market in London, but high levels of renewals resulted in fewer new lets in the second quarter of 2019.

The LonRes prime London lettings index recorded a 2.3% rise in achieved rents in central London, a 1.4% increase in prime fringe, and a 0.9% fall in prime London overall compared with the second quarter of 2018.

The data also shows that 34% of properties let had a rent reduction before securing a tenant, down from 39% in the second quarter of 2018 and 47% in the second quarter of 2017.

In the prime central London market the average rental value in the second quarter of 2019 stood at £50 per square foot.

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- **House prices stabilising in Australian cities, latest index shows**

House prices falls in key cities in Australia have stabilised but values are down considerably compared to where they were a year ago, the latest national index data shows.

Five of the eight capital cities covered by the CoreLogic index record a price rise month on month with Sydney, Melbourne and Brisbane all up 0.2% in July compared with June and Hobart up 0.3% and Darwin up 0.4%.

But prices fell month on month by 0.5% in Perth and fell by 0.3% in Adelaide and Canberra, the figures from the index also show.

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