



REAL - ESTATE NEWS FEED



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1. REAL -ESTATE

- **Capitol TwinPeaks records increase in Sri Lanka real estate**

Capitol TwinPeaks, the flagship residential venture of the Sanken Group, located on the Beira lakefront in Colombo 2, has recorded an increase in Sri Lankan expatriate interest in both the residential project, as well as Central Colombo's luxury apartment market segment.

Speaking with Sri Lankan expat and Group Managing Director, Dart Global Logistics, Charles Wijesundera, said, "Sri Lanka afforded me the opportunity to build my career. Even after having left the country more than 13 years ago, my love for this country has not diminished."

Wijesundera migrated to Australia in 2006 with his family, after having cultivated a strong foothold in the freight forwarding and logistics industry under his flagship company Dart Express established in Sri Lanka in 1983.

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- **Hambantota Int'l Port makes phenomenal progress**

Eighteen months to the formation of HIPG, the public private partnership between CMPort and the Sri Lanka Ports Authority (SLPA), to manage the Hambantota International Port (HIP), the company has made phenomenal progress.

They have successfully turned it around, bringing the port into the limelight and strategically positioning it within the international ports & shipping industry.

Groups of potential investors are visiting the now thriving port to determine its forward development plans and to see what synergies HIP would bring to the overall maritime map. The first signs of visible progress were seen with the 9-storey administration building of the port, the Hambantota Maritime Centre, becoming 95 percent occupied. The building is almost filled to its capacity, with leading industry players renting office space.

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- **Home Lands Group acquires Rs. 364 m property in Malabe for apartment project**

Home Lands Skyline, the residential development arm of Home Lands Group has invested Rs. 364 million in an upmarket property of 6.5 acres in Malabe – Chandrika Kumaratunga Mawatha.

Malabe is an unmatched suburb of the commercial capital and is belonged to the eastward region of Colombo District, which is at present demonstrating a highest property appreciation rate in the country.

In view of catering to the booming demand for upper and middle-scale housing in Colombo's peripheries, Home Lands Skyline expects to deploy the newly arrived property for a fresh residential venture consisting of 336 luxury and semi-luxury residential parcels.

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- **Sri Lanka property developer working to raise high-rise fire safety standards**

Sri Lankan property developers are working with government authorities to improve fire safety standards in new high-rise buildings mushrooming in Colombo and other towns, an official said.

Nayana Mawilmada, sector head of John Keells Properties, said concerns over fire hazards in high-rise buildings and lack of capacity of local authority fire fighters to tackle them were valid and being addressed.

“It is an evolving area. We are working hard with the regulators to get the best possible regulations,” he told a forum on the property market.

“It is an area where the government does need to step up its act, where there is a requirement for more policy focus.”

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- **Malaysian property expert Michael Yam highlights major emerging opportunities in SL real estate**

The future of Sri Lanka's economic development could very likely hinge on how domestic policies towards real estate evolve, particularly with respect to supporting the massive demand for vertical living in Colombo and its suburbs.

These were some of the key insights which emerged out of a Breakfast Meeting jointly hosted by John Keells Properties and DFCC Bank at the Cinnamon Grand Hotel on 24 September.

Featuring insightful presentations by guest speakers, Malaysia's Impetus Alliance Advisors CEO and Managing Director Michael Yam and Impetus Alliance Advisors Director Shaun Mok as well as a panel discussion with John Keells Properties Sector Head Nayana Mawilmada, the breakfast meeting provided an exclusive group of DFCC Premier customers with an unprecedented overview of current challenges, potential solutions and latent investment opportunities in Sri Lankan real estate.

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- **Capitol TwinPeaks boosts expat confidence in Sri Lanka real estate**

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Sri Lankan expat and Dart Global Logistics Group Managing Director Charles Wijesundera said: "Sri Lanka afforded me the opportunity to build my career. Even after having left the country more than 13 years ago, my love for this country has not diminished."

Wijesundera migrated to Australia in 2006 with his family, after having cultivated a strong foothold in the freight forwarding and logistics industry under his flagship company Dart Express, established in Sri Lanka in 1983. His career foundation in Sri Lanka, keen business acumen and humility is what has solidified his professional and personal success thus far. His family resides in Sydney, Australia while he operates the Dart Global Logistics Group from Singapore. Wijesundera frequents Sri Lanka every quarter and has every intention to return one day. He opines that Sri Lanka is a blessed country that provides the best of both worlds in terms of its beauty and convenience in lifestyle. It is for this reason that his "spirit is forever attached to Sri Lanka."

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- **Millennium Housing to build 400 houses in three locations in Sri Lanka**

i Lanka's Millennium Housing Developers Plc said it was planning 400 houses in three locations as there was unfulfilled demand for housing in the greater Colombo area driven by migration.

"Despite strong demand, residential construction remained weak, as the total number of housing approvals in Greater Colombo fell year on year, Millennium Housing Chairman Harshith Dharmadasa said.

"A severe shortage of low-end housing was evident caused by internal migration from rural to urban areas.

"Compared to the housing requirement of 100,000 units per annum, housing construction was only around 12,500 units per annum.

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- **Stand-alone hotels unviable in Sri Lanka due to high construction, capital costs**

Standalone hotels are not viable in Sri Lanka due to excessive construction costs, high domestic interest rates and depreciation, an international leisure executive has said.

"It may be a nice thing to have a standalone hotel, for ego, but in investment perspective, I would say run away," Dilip Rajakarier, chief executive of Thailand based Minor Hotel group said.

Rajakarier was speaking at the Cinnamon Future of Tourism Summit 2019 in Colombo.

Sri Lanka taxes steel to high levels to give super profits to politically connected 'domestic producers'. Other construction materials including tiles, electrical and aluminum fittings are also taxed, according to critics. Some taxes have been reduced in recent years.

Different types of steel are taxed at 30 and 15 percent import duty, with 15 percent value added tax, 7.5 percent, 2 percent nation building tax and a 15 rupee per kilo cess generating taxes on taxes.

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- **SMART REAL ESTATE: TOWARDS UNMET SOCIO-ECONOMIC NEEDS**

Dr. Upuli Perera, (Conference Chair, ICREMV- 2019), Senior Lecturer, Department of Estate Management and Valuation, University of Sri Jayewardenepura.

The 3rd International Conference on Real Estate Management and Valuation (ICREMV) 2019 organised by the Research and Professional Development Centre of Department of Estate Management and Valuation (DEMVA), University of Sri Jayewardenepura in collaboration with Government Valuation Department, Urban Development Authority, Colombo Municipal Council, Sri Lanka Institute of Valuers' Royal Institute of Chartered Surveyors Sri Lanka and Universiti Sains Malaysia will be held at the Waters Edge, Battaramulla on October 8.

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- **447 Luna Tower celebrates topping up of tower on schedule**

Philip Weeraratne- Principal Architect, PWA Architects, Eraj S Rajapakse - Senior Manager – Projects, Asia Capital PLC, Sandun Hettig, Joint Chief Operating Officer, Asia Capital PLC, Misako Tanka Directors, Asia Leisure Travels Pvt Ltd, Toshiaki Tanaka Director, Asia Capital PLC, Stefan Abeyesinhe Executive Director, Asia Capital PLC, Peter Fernandopulle Financial Consultant, Belluna Lanka (Pvt) Ltd, Mervyn Fernando Executive Director, Sanken Constructions (Pvt) Ltd, Reyhan Morris Joint Chief Operating Officer, Asia Capital PLC

447 Luna Tower recently marked the topping up of its tower with a traditional ceremony. The project is part of a key multi-million-dollar investment portfolio in Sri Lanka by Belluna Co. Ltd and Asia Capital PLC.

Belluna Co. Ltd is reputed as one of Japan's foremost real-estate giants with a strong track record and global presence. Scheduled for completion in 2020, the iconic luxury project offers an unrivalled value proposition on account of its impressive project partners, aesthetics, attractive pricing and strategic location in the heart of Colombo at Union Place in close proximity to the commercial hub, leading schools, shopping area and hospitals.

447 Luna Tower is poised to be the only condominium in the heart of the city to strike a perfect balance of elegant design, luxury living and convenience of location at a competitive price. Committed to make upscale living affordable, the apartments are priced in Sri Lankan Rupees (LKR).

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- **Prime Grand, Ward Place Constructs 28th floor three months ahead of schedule**

Sri Lanka's premier real-estate company Prime Group's flagship ultra-luxury project, Prime Grand, Ward Place, has commenced construction of their 28th floor, symbolising the start of their Executive Level floors. Slated to be ready for occupancy by December 2021, the project's construction partner Maga Engineering announced that the project progress is already three months ahead of schedule. Prime Grand is set to be the epitome of prestigious living in Sri Lanka in the most iconic and sought-after neighbourhood in Colombo 7 — Ward Place.

Bearing the prestigious address, No.64, Ward Place, Colombo 07, Prime Grand sprawls over an acre of real estate and is the only high rise in Colombo 7, promising uninterrupted views and privacy. The prominent street named after British Governor Sir Henry George Ward, is one of the most coveted locations in the country. The street is host to the heritage and history of some of Sri Lanka's most celebrated personages.

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- **Doors open for Sri Lankan construction companies in Africa**

Sri Lankan construction companies participated at the 16th Ethio-Con International Construction Exhibition held in Addis Ababa, Ethiopia from 24-27 September, securing new business opportunities in the African continent.

The international exhibition which attracted over 125 African construction companies was inaugurated by Minister of Construction and Urban Development of Ethiopia Eng. Aisha Mohammed Mussa. Addressing the inaugural ceremony, the Minister highlighted that opportunities are vast for foreign construction firms in Ethiopia and Africa. She further stated that the Government of Ethiopia provides attractive incentives to foreign construction companies.

Addressing the inaugural session, Ambassador of Sri Lanka to Ethiopia and Permanent Representative to the African Union Commission, Sumith Dassanayake stated that Sri Lanka has a very strong construction industry.

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- **Light Rail Transit operations to commence in 2025**

Colombo Light Rail Transit (LRT) Project will be ready for commissioning by end of 2024 and for commercial operation by early 2025.

The total cost of the project is US D 2.2 billion, of which USD 1.8 billion will be provided by the Japan International Cooperation Agency (JICA). The government of Sri Lanka requested JICA to introduce the LRT model due to its versatility to run in all possible types of alignment.

The feasibility study on LRT was completed in 2017. A detailed study was awarded to joint venture consortium led by the Oriental Consultants Global.

“Currently, detailed designs and bidding documents are being prepared and it should be ready for tender by April next year. We’re planning to commence the construction once documents are tendered and approved. Subsequently, we will select the successful bidders by end of 2020 or early 2021.”

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- **Star Class Hotel to invest US\$ 5.2mn in 5-Star in Kandy**

The Board of Investment of Sri Lanka signed an agreement with Star Class Hotel (Pvt) Ltd., to set up 67 room 5-star hotel which will be located at Mavilamada Road, Kandy.

The agreement was signed by Mangala Yapa, Chairman of the Board of Investment of Sri Lanka and Mohamed Nazar Mahamed Rizan, Managing Director of the Company. This new project in Kandy will create

61 new employment opportunities and represents an investment of US\$5.2 million. Mohamed Nazar Mohamed Rizan provided further information on his project and its importance to the tourism industry. “This is a project for a 5-Star hotel in Kandy, which is my hometown and a very beautiful city.

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- **PropTech to offer solutions in property issues**

PropTech or property technology will facilitate the revolution of the real estate sector and offer solutions to numerous issues facing the industry.

PropTech, describes any technology, usually of a digital nature, deployed for the real estate space. Real estate is one of the least technologically advanced industries in the world.

However, it has become an ideal place for investment and entrepreneurship development over the last couple of years.

Moreover, demands of investors and stakeholders in the real estate industry has become more sophisticated in recent times, making the need for innovation and technology the very key in the operationalization of the industry in modern society.

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2. ECONOMY

- **RIU launches report on excise taxation**

RIU Sri Lanka launched its first ever economic report focusing on excise taxation this week.

Targeting policy makers who are key to decision making in mapping a progressive economic journey for the country, this pioneering focus on tobacco taxation delves in depth into the impacts of the current tobacco tax regime. Guest of honour at the event was Minister of Economic Reforms and Public Distribution Dr Harsha De Silva who also launched the Thinking Citizen Platform, developed by RIU Sri Lanka.

The Thinking Citizen Platform is a public online forum that will discuss controversial issues or those that receive less attention in mainstream media, giving society a voice and a presence to discuss topics of vital social and economic interest.

“Taxation is a vital component of the fiscal policy in any country,” explained CEO of RIU Sri Lanka Roshan Madawela. “Given the significant fiscal deficit in Sri Lanka, closing this deficit is a priority for the government. Taxation is key to making this happen. Recognising this, the RIU Economic Forum and our Report is focusing on the country’s performance in relation to the taxation policy.” He expanded that this year RIU Sri Lanka placed the spotlight on an industry sector that is highly influential in the economic framework but is less discussed due to the market environment it operates in. “We intend having a series of presentations to relevant stakeholders, including policy makers which shed light on the impacts of taxation in the macro picture.”

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- **Fitch says lending rate caps may not support loan growth in short term**

The lending rate caps on banks may not yield the desired effect of stimulating credit demand in the short term, as the root cause of the problem lies not with the rates but with the borrower sentiments and subdued economic activity, said Fitch Ratings.

In a note titled ‘Sri Lanka bank lending rate cap may not support loan growth’, released yesterday, the rating agency said notwithstanding the order to lower the lending rates, the banks might extend less credit to the risky borrowers if they cannot price their loans at least up to their hurdle or the minimum rate of return.

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- **EDB kicks off groundwork to develop wellness tourism strategy, national brand for Sri Lanka**

The Sri Lanka Export Development Board (EDB) kicks off the groundwork to develop an international wellness tourism strategy and a brand development initiative within a year, to position the country as a leading player in the US \$ 2.6 trillion global wellness tourism industry, under the five-year National Export Strategy (NES).

In the first phase, the EDB procured the services of international consulting firm, Linser Hospitality GMBH, based in Austria, to undertake a 'Rapid Assessment of the Potential Wellness Tourism Industry in Sri Lanka' with financial and technical assistance from Australia's Market Development

The lead consultant and Linser Hospitality GMBH Managing Director Dr. Franz Linser, who is on a five-day visit to Sri Lanka, yesterday conducted a stakeholder discussion with key industry players at the EDB premises.

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- **Stocks, rupee firmer as presidential frontrunner files nomination**

Sri Lankan stocks and rupee closed firmer yesterday after presidential frontrunner Gotabaya Rajapaksa, who faced uncertainty over his candidature, filed a nomination early in the day.

Investor confidence returned after the former wartime defence chief, who is seen as a strong leader among the 35 candidates, filed nominations to contest in Sri Lanka's presidential election scheduled for November 16.

However, investors were cautious as they waited for policies of the political parties.

Rajapaksa faced a legal case challenging his Sri Lankan citizenship, but Sri Lanka's Appeal Court on Friday dismissed the petition, removing a major barrier he faced

The benchmark stock index ended 0.33 percent firmer at 5,708.92, further moving away from its lowest level since July 22 hit on Thursday. The bourse fell 1.42 percent last week. So far this year, the index has dropped 6 percent.

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- **Tourist arrivals drop sharply in September**

The total number of international tourist arrivals to Sri Lanka during September 2019 was 108,575 showing a big drop in arrivals from 149,087 in September 2018.

The arrival figure of 108,575 is also the lowest for 2019 expect for months of May and June where the tremors of the Easter Sunday blasts impacted badly. Last month, the largest source markets for tourists were India, followed by China and the United Kingdom. Almost 98 % of tourists travelled by air to Sri Lanka. As of September 30, 2019, 1,376,312 tourists had visited Sri Lanka and the annual projection for the year 2019 is 2.1 million international tourists arrival to the country according to Sri Lanka Tourism Development Authority (SLTDA)

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- **Contrary to Moody's stance, Central Bank says lending caps credit positive for banks**

The Central Bank yesterday disputed Moody's Investors Service's claim that the recently announced lending rate cut was credit negative for banks and said the rating agency had not taken into account the complete information set to arrive at its conclusion.

The Central Bank said the lending interest rate caps announced last week in fact would be credit positive for banks as they would help banks to address the issue of rising non-performing loans (NPLs) with the gradual pickup in economic activity, amid increased demand for credit.

The Central Bank stressed that the lending caps were imposed after taking a number of measures over the past 11 months to ease monetary policy to stimulate economic growth, amid well-anchored inflation expectation.

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- **'Lanka executes Rs. one trillion construction work annually'**

Sri Lanka has executed Rs. one trillion worth of construction work annually during the past three years, said Minister of Megapolis and Western Development Patali Champika Ranawake.

He was speaking at the Chamber of Construction Industry Sri Lanka organized 'Build Sri Lanka Housing and Construction International Expo 2020' launch, scheduled for next May. "Half of Sri Lanka's growth should be attributed to the contributions made from the construction industry."

Ranawake said that most of the construction activities were seen in the apartment and hotels sector. The Minister also said that 6 million square feet of office space too were added to meet the rising demand for this segment.

He said that the UDA too, have been actively involved in adding infrastructure and beautifying the city. "We are now in the process of converting the much talked of Meetotamulla Garbage dump in to a green park."

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- **Foreign investments record net inflow of US\$ 44 mn in July**

Worker remittances grew by 1 per cent, year-on-year, to US\$ 626 million in July 2019. On a cumulative basis, worker remittances declined by 8.2 per cent to US\$ 3,895 million during the first seven months of 2019 in comparison to the corresponding period of 2018.

Foreign investments in the CSE, including primary and secondary market transactions, recorded a net inflow of US dollars 44 million during the month of July 2019. Accordingly, financial flows to the CSE recorded a net inflow of US dollars 34 million during the first seven months of 2019.

Further, long term loans to the government recorded a net outflow of US dollars 86 million during July 2019. Gross official reserves stood at US\$ 8.3 billion by end July 2019, equivalent to 4.9 months of imports.

Meanwhile, total foreign assets, which consist of gross official reserves and foreign assets of the banking sector amounted to US dollars 11 billion as at end July 2019, which was equivalent to 6.5 months of imports.

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- **Headline inflation 3.4 % in August**

Headline inflation as measured by the year-on-year change in the National Consumer Price Index (NCPI, 2013=100)¹ increased to 3.4 per cent in August 2019 from 2.2 per cent in July 2019.

The low base that prevailed in the corresponding month of the previous year and the monthly increases of prices of items in both food and Non-food categories contributed to this increase.

Meanwhile, in August 2019, year-on-year food and non-food inflation recorded 0.6 per cent and 5.6 per cent respectively. The change in the NCPI measured on an annual average basis increased marginally to 2 per cent in August 2019 from 1.9 per cent in July 2019. Monthly change of NCPI recorded 0.2 per cent in August 2019 and it was due to the price increases observed in the items of both Food and Non-food categories. The National Consumer Price Index (NCPI, 2013=100) is compiled by the Department of Census and Statistics.

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