



REAL - ESTATE NEWS FEED



OCTOBER 14

TO

OCTOBER 18

HIGHLIGHTS

1. REAL-ESTATE

- The exclusive Maldives Investor Forum 2019 hosted by the Research Intelligence Unit (RIU) – [Read more](#)
- Mireka Tower to begin pre-leasing for occupancy - [Read more](#)
- Richard Pieris Distributors gets over one acre in Kottawa for mixed development project - [Read more](#)
- Agreement for N' Eliya cable car project inked - [Read more](#)
- Investment opportunities in Hambantota increases - [Read more](#)
- Capital Heights celebrates its topping-out ceremony - [Read more](#)
- Secure living - [Read more](#)
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2. ECONOMY

- WB cuts SL's economic growth forecast to 2.7% - [Read more](#)
- SL eyes launch of US\$ 500mn Samurai bond in early Nov. - [Read more](#)
- Trade deficit contracts in August - [Read more](#)
- Tourism earnings reach \$ 2.3 b in first 8 months - [Read more](#)
- Sri Lanka rupee opens weaker, gilt yields down - [Read more](#)
- SL to borrow US \$ 25mn from World Bank's IBRD - [Read more](#)
- SL makes impressive strides in sustainable finance policy action - [Read more](#)
- Sri Lanka rupee quoted weaker, gilt yields fall - [Read more](#)
- Stocks hit 5-week high; foreigners exit - [Read more](#)
- CB warns against fiscal slippage - [Read more](#)

3. INTERNATIONAL

- No sign of Brexit breakthrough with time running out - [Read more](#)
- Five key cities in Spain seeing strong prime market activity and growth - [Read more](#)
- Property prices rise in 80% of key global cities - [Read more](#)
- Take-up to exceed six million square feet in the City by end of 2019 - [Read more](#)
- Average rents in Britain up 1.8% on 12 months to September, but fall in Wales - [Read more](#)
- Wales bucks trend as average house price reaches new peak - [Read more](#)
- Urban green spaces raise nearby house prices by an average of £2,500 - [Read more](#)
- Asking prices creep up again in England year on year - [Read more](#)
- Average house prices in the UK up by just 1.3% in year to August 2019 - [Read more](#)

1. REAL-ESTATE

- **Mireka Tower to begin pre-leasing for occupancy**

Overseas Realty (Ceylon) PLC will officially begin pre-leasing for occupancy at Mireka Tower. The 50-storey Havelock City commercial development will feature 600,000 square feet of office space adjoining a world class shopping mall and is scheduled for completion in March 2021.

Designed by the Singapore-based Palmer & Turner Group, the LEED GOLD certified office tower is the newest addition to Overseas Realty's portfolio of high-end projects. Set to be the dominant focal point for the highly-anticipated 18-acre Havelock City mixed-use development, Mireka Tower alone will house Grade A premium, energy efficient office space built to the highest standards. Additionally, occupants of Mireka Tower stand to benefit from expansive column-free and light-filled offices, alongside spectacular cityscape views. An unparalleled competitive advantage, the invaluable open floor layout offers flexibility in spatial design, allowing for the easy and efficient subdivision of space.

Understanding that technology and efficiency are essential components in 21st century workspace design, the commercial tower with its smart functioning infrastructure and building management systems will enable the integration of advanced and high-speed fiber voice, data, and telecommunication facilities along with 100% stand-by power supply.

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- **Richard Pieris Distributors gets over one acre in Kottawa for mixed development project**

Cabinet approval has been given to vest over one acre of land in Kottawa on a 99-year lease basis with Richard Pieris Distributors Ltd. for a mixed development project.

On a proposal by Minister of Megapolis and Western Development Champika Ranawaka, Cabinet agreed to vest the land bordering the High Level Road, Kottawa with Richard Pieris Distributors Ltd., at No. 310, High Level Road, Navinna, Maharagama.

The mixed development project, which will consist of a super market, luxury shopping malls, recreational activities and residential component with 80 apartments, was approved by the Cabinet.

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- **Agreement for N' Eliya cable car project inked**

The much awaited agreement to construct a cable car project in Nuwara Eliya was finally inked and it has also received Cabinet approval. The total investment for the project is US\$50 million.

The MoU for the project was signed between Minister of Plantation Industries an, Navin Disanayake, the Municipal Council Nuwara Eliya, the investor Dopelme Cable Company, Switzerland and their local partner Outdoor Engineering Lanka (Pvt) Ltd.

The project will be done under two stages and in the first stage 43 cars which can accommodate 10 passengers each will be included. In the second stage 43 more cars would be added. The project will build 21 towers connecting the cable cars between Nanu Oya train station, Nuwara Eliya Race Course and the Single Tree Mountain.

The construction will commence in November 25, 2019 and would be completed by 2021 October.

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- **Investment opportunities in Hambantota increases**

The present regime is committed in facilitating protecting and promoting investment in Hambantota to suit the modern business needs. The prospective investors are encouraged to take an advantage of the untapped investment opportunities in Hambantota. The sources at the BOI branch situated at the twelve storied building of the Hambantota sea port for further information on Hambantota business and investment climate. The sources requested the first time investors to come in contact with the BOI Hambantota office to seek further information on Hambantota business and investment climate.

The BOI has Several initiatives to reduce the time taken for approval processes and to resolve investor issues efficiently there by assisting investors to navigate the necessary administration processes at the shortest possible time. These consist of several high level committee which meet at regular intervals to accommodate investor needs with the sole purpose of expediting projects

The committee which consists of cross functional representation of the BOI immediately screens all investment applications jointly across the relevant departments to grant approval in an expeditious manner. Any project which needs further clearance on operational issues will be referred to the this higher level committee which is chaired by a higher level committee which is chaired by a senior advisor to the prime minister.

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• Capital Heights celebrates its topping-out ceremony

As the Access Group commemorates 30 years in Sri Lanka, Capital Heights, its signature project, developed by Blue Star Realities Ltd. (subsidiary of Access Engineering PLC), celebrated the 'topping-out ceremony' atop the completed 40th floor.

Blue Star Realities, under the aegis of the Access Group, envisions homes with real value, in an ever-changing skyline, as the group has diversified its business over the years, into engineering and construction, real estate, automotive, healthcare, information technology, telecommunication, international trading and education sectors.

The elegant silhouette of Capital Heights adds a touch of distinction, finesse and magnificence to the vibrant heart of the capital city – Sri Jayawardenapura Kotte. Exuding convenience as a design philosophy, flawlessly integrating the green spaces of the Rajagiriya wetlands to its unique curvilinear design, Capital Heights commands a breath-taking, 360-degree view from atop its completed 40th level.

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• Secure living

Living in today's unpredictable and often turbulent times, we see all too often that providing effective 24/7 security is no longer simply 'nice to have'; it is essential. There is a traditional and well-known saying that 'A man's home is his castle'. Your home should be a sanctuary in which the whole family can feel safe and secure. Unfortunately, as recent events in Sri Lanka have again demonstrated, there are indeed very few places on earth where anyone can ever take this for granted.

This applies equally to the luxury residential buildings that are springing up across Colombo as it does to other high profile and public buildings. With increasingly sophisticated crime and the ever-present threat of terrorism, security needs to stay several steps ahead to ensure that the risks to people and property are mitigated.

Most responsible real estate developers recognise this, and many do invest in systems designed to safeguard residents; however, whilst mandatory and voluntary international safety standards exist and provide a demonstrable level of assurance and comfort, inevitably the range, quality and effectiveness of these systems can vary widely.

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2. ECONOMY

- **WB cuts SL's economic growth forecast to 2.7%**

In its latest edition of the South Asia Economic Focus, the World Bank expects Sri Lanka's economic growth to decelerate to 2.7 percent by the end this year from earlier forecast of 3.5 percent in June amid security challenges and political uncertainty.

While stating that Sri Lanka's economic growth continues to be adversely affected by shocks, the global development lender expects the growth to pick up to 3.3 percent in 2020 and 3.7 percent in 2020 as security challenges and political uncertainty dissipate.

Sri Lanka, marred by a constitutional crisis in the latter part of the year, grew 3.2 percent in 2018. Growth rebounded in the first quarter of 2019 to 3.7 percent thanks to relatively benign weather that revived agriculture and related industry sectors. However, the aftermath of the April terrorist attacks that killed over 250 people, including tourists, is expected to take a toll on the economy in the rest of 2019 with decelerating private consumption and investment.

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- **SL eyes launch of US\$ 500mn Samurai bond in early Nov.**

Sri Lanka is likely to launch its maiden US\$ 500 million (60 billion yen) 10 -year Samurai bond next month prior to the presidential election.

The Cabinet of Ministers last week approved the appointment of Mizuho Securities Company Ltd., SMBC Nikko Securities Inc. and Mitsubishi UFJ Morgan Stanley Securities Co. Ltd. as the three joint lead managers for the issuance.

Central Bank Governor Indrajit Coomaraswamy said the Japan Bank for International Co-operation (JBIC) agreed to provide 95 percent guarantee for the bond along with the Japanese government's sovereign risk.

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• Trade deficit contracts in August

The deficit in the trade account contracted by US\$ 2,386 million to US\$ 4,854 million during the first eight months of 2019 in comparison to US dollars 7,240 million in the corresponding period of 2018.

Meanwhile, the terms of trade, which represents the relative price of imports in terms of exports, improved by 5.2 per cent (year-on-year) as import prices reduced at a faster pace than the reduction in export prices. However, on a cumulative basis, the terms of trade deteriorated marginally by 0.1 per cent during the first eight months of 2019 in comparison to the corresponding period of 2018.

Earnings from merchandise exports declined marginally by 0.4 per cent (year-on-year) to US\$ 1,033 million in August 2019 led by a decline in agricultural exports followed by mineral exports while industrial exports grew, supported by higher earnings from textiles and garments. Earnings from textiles and garments increased by 7 per cent reflecting the higher demand from all major markets especially from the EU, which recorded a growth of 12.9 per cent.

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• Tourism earnings reach \$ 2.3 b in first 8 months

In the first eight months of 2019 earnings from tourism were estimated at \$ 2,380 million during the first eight months of 2019 compared to \$ 2,971 million during the corresponding period of 2018, the Central Bank said yesterday.

Earnings from tourism were estimated at \$ 270 million in August 2019, in comparison to \$ 376 million in August 2018.

Tourist arrivals rose steadily recovering from the impact of the Easter Sunday attacks. Accordingly, arrivals increased by 24.1% to 143,587 in August 2019 from 115,701 in July 2019. Meanwhile, the year-on-year decline of arrivals narrowed to 28.3% in August 2019 compared to the drop of 46.9% in July and 57% in June 2019.

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- **Sri Lanka rupee opens weaker, gilt yields down**

Sri Lanka's rupee opened weaker at 181.20/40 to the US dollar on Tuesday, while bond yields fell and stocks opened 0.10 percent higher, brokers and dealers said.

Sri Lanka rupee closed 180.95/181.10 to the greenback on Monday.

In equities, Colombo's All Share Price Index gained 5.76 points to 5,875.85 and the S&P SL20 index of more liquid stocks gained 0.05 percent or 1.40 points to 2,901.66, in the first half-hour of trade.

The market turnover was 66 million rupees with 31 stocks gaining and 15 falling.

Ceylon Tobacco Company was up 19.10 rupees to 1,070.00 rupees a share, contributing most to the ASPI gain.

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- **SL to borrow US \$ 25mn from World Bank's IBRD**

The Cabinet of Ministers has cleared a proposal to borrow US \$ 25 million from the International Bank for Reconstruction and Development (IBRD) of the World Bank to improve the efficiency and transparency of public institutions.

The government with the support of the World Bank and European Union has embarked on a project to enhance the efficiency and transparency of the public sector.

Under this, it is expected to introduce efficient and transparent systems for better fiscal management and excise revenue management.

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- **SL makes impressive strides in sustainable finance policy action**

Sri Lanka is among eight countries advanced to the implementation stage from the preparation stage having initiated key banking reforms to drive development and fight climate change, according to the second Global Progress Report of the IFC-facilitated Sustainable Banking Network (SBN), released recently.

“Eight countries moved from the preparation stage to the implementation stage, shifting from vision to practice in sustainable finance policy action. Cambodia, Ecuador, Georgia, Nepal, Pakistan, Panama, Paraguay and Sri Lanka have launched sustainable finance policies or principles since the last report and moved into the implementation stage,” the authors of the report stated.

The Roadmap for Sustainable Finance was officially launched in April, this year, by the Central Bank of Sri Lanka (CBSL) with the support of the International Finance Corporation (IFC) and United Nations Development Programme (UNDP).

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- **Sri Lanka rupee quoted weaker, gilt yields fall**

Sri Lanka’s rupee was quoted weaker at 182.00/10 to the US dollar on Thursday, while bond yields eased and stocks opened 0.07 percent higher, brokers and dealers said.

Sri Lanka rupee closed 181.85/95 to the greenback on Wednesday.

In equities, Colombo’s All Share Price Index gained 3.81 points to 5,840.43, and the S&P SL20 of more liquid stocks up 0.02 percent or 0.63 points to 2,881.69, in the first hour of trade.

The market turnover was 47.6 million rupees with 37 stocks gaining and 22 falling.

Commercial Bank of Ceylon gained 1.00 rupee to 99.00 rupees a share, Distilleries Company of Sri Lanka was up 20 cents to 16.70 rupees a share and LOLC Holdings gained 1.90 rupees to 120.00 rupees a share, contributing to ASPi’s gain.

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- **Stocks hit 5-week high; foreigners exit**

Stocks rose for the sixth straight session on Friday to hit their five-week high led by banking and beverage shares, but foreign investors exited from risky assets with the start of Presidential Poll campaigning. The rupee currency ended weaker.

The Central Bank left its key rates unchanged on Friday after loosening policy earlier this year, although growth is likely to remain subdued as the economy faces rising global risks. Local investors picked up select shares, with one of the two presidential frontrunners, former wartime Defence Chief Gotabaya Rajapaksa, possibly getting the broader support of other smaller parties after President Maithripala Sirisena's centre-left Sri Lanka Freedom Party (SLFP) pledged its backing for his candidature in the election scheduled for 16 November.

Rajapaksa started his campaign on Wednesday, while the other strong candidate Sajith Premadasa, the housing minister who has the backing of most of the rural poor, kicked off his campaign on Thursday.

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- **CB warns against fiscal slippage**

Climbing inflation, currency pressures, and impact from reducing interest rates as the Presidential Elections move closer promoted the Central Bank to keep policy rates unchanged, Central Bank Governor Dr. Indrajit Coomaraswamy said, but he warned that possible fiscal slippage could push the Central Bank to tighten policy rates. Dr. Coomaraswamy told reporters on Friday (11 October) that the global economic slowdown, slow private sector credit growth, and salary increases tagged for implementation from January next year, higher inflation and lending rate caps were among the points discussed by the Monetary Board when they met to decide on the latest policy stance.

Year-on-year credit to the private sector moderated to 7.2% in August from 7.7% in July. Private sector credit in absolute terms recorded an increase of Rs. 22.2 billion in August following a marginal decline of Rs. 1.2 billion in July. The cumulative increase during the first eight months of 2019 was Rs. 64.7 billion.

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3. INTERNATIONAL

- **No sign of Brexit breakthrough with time running out**

British and European negotiators on Sunday played down hopes of a rapid breakthrough in their last-ditch bid to strike an amicable Brexit divorce deal.

Intense talks continue in Brussels, but European diplomats say the two sides are still far apart on how to manage trade and customs on the island of Ireland.

And EU negotiators also want British Prime Minister Boris Johnson to promise to maintain a level playing field in business regulation after Brexit, in order to ease the path to a future free trade deal.

The last planned European Council summit before Britain is due to leave the bloc on October 31 opens on Thursday, and diplomats see little hope that there will be a treaty ready for them to sign.

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- **Five key cities in Spain seeing strong prime market activity and growth**

As house prices and sales activity increases in the prime property market in Spain, five key cities are giving potential buyers a new sense of confidence, according to a new analysis.

The highest prices residential prime property is in Madrid where values increased 9.7% during the year to March 2019, and are 50.1% higher than five years ago. This is the strongest growth of any region in Spain, and demonstrates the high demand across the city.

Transaction activity has also been strong and sales numbers are now just 23.6% below their peak in 2006. This compares with an average of 39% across the country, the insight residential report from international real estate advisor Savills says.

It points out that new residential projects are being built and the increase in construction looks set to be maintained. The number of permits for new residential dwellings in the city increased 13% in 2018 compared to the previous year.

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- **Property prices rise in 80% of key global cities**

Property prices in key cities across the world increased by 3.5% on average in the second quarter of 2019, led by annual growth of 25% in Xi'an in China, the latest international index shows.

Overall, some 80% of the 150 cities covered by the Knight Frank index saw property prices rise in the 12 months to the end of the second quarter while there was growth of 5.9% in emerging markets and 2% in developed markets.

The second highest annual growth was 24.2% in Budapest, followed by 18.3% in Hyderabad, 15.3% in Ahmedabad, 14.6% in Wuhan and St Petersburg, 13.6% in Porto, 12.1% in Chongqing, 11.4% in Zagreb and 11.2% in Athens.

At the other end prices fell by 9.6% in Sydney, by 9.4% in Dubai, by 9.3% in Melbourne, by 7.8% in Abu Dhabi, by 7.5% in Ljubljana, by 7.1% in Delhi, by 5.5% in Jerusalem, by 5% in Darwin, by 4.9% in Vancouver and by 4.8% in Aberdeen.

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- **Take-up to exceed six million square feet in the City by end of 2019**

Take-up in the City of London is on track to surpass six million square feet by the end of the year, according to international real estate advisor Savills.

Over one million square feet of space went under offer in August, bringing the total amount of space currently under offer in the City to 2.8 million square feet which is up on the long term average by 116%, according to the latest data from the Savills City Office Market Watch report.

'With nearly three million square feet currently under offer we can expect to see an active final quarter. Take-up is likely to surpass six million square feet, which seemed highly unlikely earlier this year,' said Josh Lamb, director in the City office agency team at Savills.

Take-up for August in the City of London reached 421,421 square feet across 26 deals, resulting in the total for the year reaching 3.9 million square feet.

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- **Average rents in Britain up 1.8% on 12 months to September, but fall in Wales**

Average rents in Britain increased by 1.8% in the year to September 2019 to £998, rising everywhere apart from Wales where they fell by 1.4%, the latest lettings index shows.

It means that the average rents in Wales was £673, according to the latest Hamptons International monthly lettings index which is based on achieved rather than advertised rents on newly let properties.

Rents in the South drove rental growth, with the South West recording the strongest annual rental growth at 4.5%, taking the average rent in the region to £851, followed by the South East, up 3.8% to £1,096 and the East up 2.1% to £984.

Rents in London increased by 1.8% to £1,745, in Scotland they increased by 1.1% to £667, in the North of England they rose by 1% to an average of £657 and in the Midlands there was annual growth of just 0.4% to £693.

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- **Wales bucks trend as average house price reaches new peak**

Wales continues to buck the trend seen across England as the average house price reached a record peak of £191,006 in the three months from July to September, the latest index shows.

The figures from Principality Building Society's Wales house prices index for the third quarter of 2019, reveals the rise and fall in house prices in each of the 22 local authorities in Wales.

House prices have risen in Wales by just over 2% both quarterly and annually, but the average house price remains approximately 40% lower than in England, where the average price is £305,000.

Six local authorities established new peak prices in the third quarter with Bridgend at £175,144, Carmarthenshire at £166,769, Cardiff at £239,788, Newport at £202,947, Pembrokeshire at £207,561 and the Vale of Glamorgan at £277,735.

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- **Urban green spaces raise nearby house prices by an average of £2,500**

Urban properties close to public parks, gardens and playing fields in England and Wales are more expensive than homes further away by some £2,500, a new analysis reveals.

Houses and flats within 100 metres of public green spaces are an average of £2,500 more expensive than they would be if they were more than 500 metres away, an average premium of 1.1% in 2016.

The analysis by the Office for National Statistics (ONS) looked at more than one million property sales in England and Wales between 2009 and 2016 from property website Zoopla to estimate how much homes buyers value nearby green space.

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- **Asking prices creep up again in England year on year**

Asking prices increased by 0.3% across England and Wales month on month in October to £309,692 and year on year are now up just 0.1%, according to the latest index figures.

But in Scotland the market is slightly more buoyant with asking prices up 0.7% on a monthly basis and up 1.6% year on year to £188,937, the index from Home.co.uk shows. While in Wales they increased by 0.2% and 4.1% to £213,275.

A breakdown of the figures in England show that asking prices increased 2.4% year on year in the North East, but were down 0.2% month on month to £160,754 and in the North West up 0.6% and 2.3% to £208,807.

In Yorkshire and the Humber asking prices were up 0.7% and 2.8% to £203,593, in the West Midlands by 0.4% and 1.8% to £256,077, in the East Midlands by 0.5% and 2.1% to £239,550.

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- **Average house prices in the UK up by just 1.3% in year to August 2019**

Average house prices increased by 0.8% month on month in August 2019 and by 1.3% year on year to £234,853, according to the latest official index data.

In England prices rose by 0.8% on a monthly basis and by 1.1% on an annual basis to £251,233, in Wales they were up by 2.2% month on month and 4.5% year on year to £168,318 while in Scotland they were up 1.6% year on year and Northern Ireland up by 3.5% in the 12 months to June 2019.

A regional breakdown of the figures from the Office for National Statistics (ONS) show that the North East recorded the biggest monthly price rise at 3.1% while London saw the most significant monthly price fall of 1.3%.

The North East experienced the greatest annual price rise, up by 3.3%, and London saw the largest annual price fall, down by 1.4%. London shows, on average, house prices have fallen by 1.3% since July 2019. An annual price fall of 1.4% takes the average property value to £472,753.

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