



## **REAL - ESTATE NEWS FEED**



**OCTOBER 21**

**TO**

**OCTOBER 25**

# HIGHLIGHTS

## 1. REAL-ESTATE

- Sri Lanka cuts VAT on apartments to 6-pct, small condos exempted - [Read more](#)
- Oceanfront Condos Galle construction on track - [Read more](#)
- Sanken to build US\$ 9.3mn business hotel in Union Place - [Read more](#)

## 2. ECONOMY

- China's Q3 Gross Domestic Product growth slows to 6%, slowest in 27 years - [Read more](#)
- Sri Lanka set to become outlier in slowing global economy: stockbroker - [Read more](#)
- Sri Lanka rupee steady at open, bond yields flat - [Read more](#)
- VoA seeks Rs. 1.4 t for Govt. expenses - [Read more](#)
- Bond yields mostly unchanged as activity moderates - [Read more](#)
- September sees 5% inflation - [Read more](#)
- Stocks close at 7-week high; rupee strengthens - [Read more](#)
- Bond yields increase for first time in eight days - [Read more](#)
- Shares, rupee gain ahead of manifesto announcements - [Read more](#)
- Sri Lanka fails to maintain momentum in making climate easy for business - [Read more](#)

## 3. INTERNATIONAL

- Lord Naseby: Brexit & the opportunities in Sri Lanka - [Read more](#)
- Asking prices record lowest monthly rise since October 2008 - [Read more](#)
- Rents levelling out in European cities apart from Amsterdam and Munich - [Read more](#)
- Build to Rent sector in the UK seeing strong growth - [Read more](#)
- Property sales in the UK jumped up in September, official data shows - [Read more](#)
- Fixed rate mortgage costs change in buy to let sector - [Read more](#)

# 1. REAL-ESTATE

- **Sri Lanka cuts VAT on apartments to 6-pct, small condos exempted**

Sri Lanka has cut a value added tax on condominiums to 6 percent and has exempted small apartments priced below 25 million rupees.

The input credit for condominiums will be deemed to be 5 percent.

VAT will not be charged if the unit price is below 25 million rupees.

VAT will also not be charged where the agreement to sell was executed under the Notaries Ordinance before the VAT Amendment Act became effective, or where certificates of conformity was obtained before the effective date.

[Read more](#)

- **Oceanfront Condos Galle construction on track**

CC's latest project, Oceanfront condominiums in Galle is an exceptional property that brings together the rich elements of the historical Dutch design with a modernized flare, paving the way for potential investors to reap the benefits of having a property that spells out the very essence and flavor of Galle.

Inspired by the majestic Galle Fort, one of the signature sites of down south, the luxury apartment complex that stands out from the rest in the historical city, boasts 101 units, spread across 15 stories and are well equipped with modern amenities and facilities, affirming convenience to those residing.

Apartments range from 958 SQFT to 2626 SQFT making available units from one to four bedrooms, alongside few pent houses.

[Read more](#)

- **Sanken to build US\$ 9.3mn business hotel in Union Place**

Sanken Constriction (Pvt.) Ltd. has entered an investment agreement worth US\$ 9.28mn with the Board of Investment (BOI) to build a 122-room one-star business hotel in Colombo.

“We will be building a 112-room business hotel in the one-star category, but which will be of a much higher standard. This will be a 10-storey building, and we are seeking an international hotel operator to work with on this project,” Sanken Construction Executive Director Rohana Wannigama said.

“The hotel which we are building is aimed at the business traveller and will be functional, providing the guest with a comfortable and decent hotel room.

Another important consideration is the convenience of the location as our hotel will be at Union Place, which is becoming a busy and happening street of Colombo, possibly in the future like Orchard Street in Singapore,” he added.

[Read more](#)

## 2. ECONOMY

- **China's Q3 Gross Domestic Product growth slows to 6%, slowest in 27 years**

China's economy expanded at its slowest rate in nearly three decades in the third quarter, hit by cooling domestic demand and a protracted US trade war, official data showed yesterday.

The Chinese economy grew 6.0 percent in July-September, compared with 6.2 percent in the second quarter, according to the National Bureau of Statistics (NBS).

The reading - in line with an AFP survey of 13 analysts is the worst quarterly figure since 1992 but within the government's target range of 6.0-6.5 percent for the whole year.

The economy grew at 6.6 percent in 2018. "The national economy maintained overall stability in the first three quarters," said NBS spokesman Mao Shengyong.

"However, we must be aware that given the complicated and severe economic conditions both at home and abroad, the slowing global economic growth, and increasing external instabilities and uncertainties, the economy is under mounting downward pressure."

Services and high-tech manufacturing were the key areas of growth, while employment was "generally stable", he added.

[Read more](#)

- **Sri Lanka set to become outlier in slowing global economy: stockbroker**

Colombo-based Softlogic Stockbrokers is bullish on Sri Lanka's potential to become an outlier in a slowing global economy, moving up from the current depressed economic state following the conclusion of presidential election next month, irrespective of its outcome.

The firm forecasts that the country's economy will rebound to a higher growth trajectory of 5.1 percent, next year, after growing at an estimated 2.5 percent this year.

Similarly, the All Share Price Index (ASPI) of the Colombo Stock Exchange (CSE) is also projected to surpass the 6, 500 mark from the current 5, 500-5, 700 driven by the expected improvement in sentiment after the polls.

[Read more](#)

- **Sri Lanka rupee steady at open, bond yields flat**

Sri Lanka's rupee was quoted steady at 181.90/182.10 to the US dollar on Monday slightly firmer by five cents, while bond yields were flat and stocks opened 0.02 percent higher, brokers and dealers said.

Sri Lanka rupee closed 181.95/182.10 to the greenback on Friday.

In equities, Colombo's All Share Price Index gained 1.14 points to 5,864.62, and the S&P SL20 of more liquid stocks was up 0.23 percent or 6.63 points to 2,911.90, in the first half-hour of trade.

The market turnover was 1.6 million rupees with 12 stocks gaining and 5 falling.

Expolanka Holdings gained 10 cents to 5.30 rupees a share, Tokyo Cement Company (Lanka) was up 60 cents to 41.00 rupees a share and SMB Leasing gained 10 cents to 60 cents a share, contributing to the rise of the ASPI.

[Read more](#)

- **VoA seeks Rs. 1.4 t for Govt. expenses**

Finance Minister Mangala Samaraweera will seek parliamentary approval to obtain Rs. 1,474 billion for State expenditure for the first four months of 2020, for when he presents the Vote on Account to Parliament on Wednesday.

Parliamentary approval will also be sought to raise loans to a sum not exceeding Rs. 721 billion, in terms of relevant laws, in or outside Sri Lanka, for and on behalf of the Government.

The details of such loans are to be incorporated in the Final Budget Position Report, which is required to be tabled in Parliament under the Fiscal Management (Responsibility) Act.

[Read more](#)

- **Bond yields mostly unchanged as activity moderates**

The fresh trading week commenced on a slow note as activity in the secondary bond market moderated considerably yesterday. Limited trades were seen on the maturities of 15.12.23, two 2024's (i.e. 15.06.24 & 15.09.24), 01.06.26 and 15.01.27 at levels of 9.67% to 9.78%, 9.94% to 9.97%, 10.25% and 10.35% respectively.

The total secondary market Treasury bond/bill transacted volume for 18 October was Rs. 4.55 billion.

Meanwhile in money markets, the overnight call money and repo rates averaged 7.57% and 7.60% respectively as the Open Market Operations (OMO) Department of Central Bank injected an amount of Rs. 14.30 billion by way of an overnight Reverse repo auction at a weighted average rate of 7.55%. The overnight net liquidity surplus in the system increased further to Rs. 18.41 billion yesterday.

[Read more](#)

- **September sees 5% inflation**

Issuing the National Consumer Price Index (NCPI), for the month of September 2019, the Director General of Census and Statistics said that headline inflation as measured by the Year-on-Year change, (The percentage change in the current month NCPI over same month NCPI of last year) based on the NCPI has been compiled as 5%.

The headline inflation reported for the month of August 2019 was 3.4%. Contributions to the inflation rate of September 2019 from food group and non-food group are 2.1% and 2.9% respectively. Whilst contributions of food and non-food groups to the inflation in September 2018 were -1.9% and 2.8% respectively, resulting in a headline inflation of 0.9%.

With respect to September 2018, the reported increase in percentage of food group was mainly due to higher price levels prevailed in this month of September 2019, particularly prices of fresh fish, vegetables, big onions, milk powder, potatoes, limes, rice and green chilies.

[Read more](#)

## • Stocks close at 7-week high; rupee strengthens

Sri Lankan shares closed at their highest level in seven weeks yesterday, led by a rally in banks and manufacturing stocks, while the rupee ended firmer.

The benchmark stock index rose 0.28 percent to 5,880.40, the highest close since Sept. 3, 2019. This is the fourth straight session of positive close for the index, which has fallen 2.84 percent so far this year.

Meanwhile, the rupee ended 0.06 percent firmer at 181.60/70 per dollar compared with Monday's close of 181.70/80. The currency is up 0.55 percent so far this year.

Foreign investors were net buyers of riskier assets for a third consecutive session as campaigning got underway for the country's presidential election scheduled on Nov. 16.

They purchased a net Rs.182.2 million (US\$1 million) worth of shares, but they have been net sellers of Rs.3.59 billion of equities so far this year, according to index data.

The two presidential frontrunners, former wartime defence chief Gotabaya Rajapaksa and Housing Minister Sajith Premadasa, are yet to announce their policy framework. Analysts had said that investors were waiting to see policies on tax, subsidies, and private businesses.

[Read more](#)

## • Bond yields increase for first time in eight days

Renewed selling interest saw secondary market bond yields increasing yesterday for the first time in eight days ahead of the weekly Treasury bill auction.

The yields on the liquid maturities of 15.06.24, 15.09.24 and 15.09.34 rose to intraday highs of 10.02%, 10.04% and 10.73% respectively against its previous day's closings of 9.93/98, 9.95/00 and 10.68/72 while the maturities of 15.12.21, two 2023's (i.e. 15.03.23 & 15.07.23), 01.06.26 and 15.01.27 changed hands at levels of 8.70%, 9.525% to 9.625%, 10.17% and 10.27% respectively as well. However buying interest at these levels of curtailed any further upward movement. In secondary bills, January and October 2020 maturities traded at levels of 7.55% to 7.60% and 8.30% respectively.

Today's weekly Treasury bill auction will have on offer an amount of Rs. 22 billion consisting of Rs. 1 billion on the 91 day maturity, Rs. 6 billion on the 182 day maturity and Rs. 15 billion on the 364 day maturity. At last week's auction, weighted averages decreased across the board by 02, 04 and 06 basis points on the 91 day, 182 day and 364 day maturities respectively to 7.56%, 7.69% and 8.35%.

[Read more](#)



- **Shares, rupee gain ahead of manifesto announcements**

Sri Lankan shares and the rupee gained yesterday, with investors waiting for policy manifestos of the two front-runners in next month's presidential poll.

Former defence chief Gotabaya Rajapaksa and Housing Minister Sajith Premadasa will announce their policy framework on Friday and Nov. 1, respectively. Analysts had said investors were waiting to see their views on tax, subsidies and private businesses.

Shares edged up for a sixth straight session and closed at their highest level in ten weeks, buoyed by diversified and telecom stocks.

The benchmark stock index rose 0.47 percent to 5,916.28, the highest close since Aug. 15, 2019. The index has fallen 2.25 percent so far this year.

The rupee ended 0.17 percent firmer at 181.10/25 per dollar, compared with Wednesday's close of 181.40/50. The currency is up 0.82 percent so far this year. Foreign investors were net sellers of riskier assets for the second time in five sessions. They sold a net Rs.223.5 million (US\$1.23 million) worth of shares, extending the year-to-date net foreign selling to Rs.3.94 billion of equities, according to index data.

[Read more](#)

- **Sri Lanka fails to maintain momentum in making climate easy for business**

Sri Lanka remains stagnant in the World Bank (WB) Group's Doing Business Index 2020, making a marginal improvement by one place to 99th position among 190 economies, as the business regulatory reform process came into a grinding halt during the review period.

In comparison with Doing Business Index 2019, Sri Lanka's overall score has improved marginally to 61.8 from 61.22 from a rating of 0 to 100 while the country's ranking improved to 99th position from 100th position. The economies in South Asian sub-region have carried out 17 reforms to improve the business climate for domestic small and medium-sized enterprises during the period up to May this year.

[Read more](#)

### 3. INTERNATIONAL

- **Lord Naseby: Brexit & the opportunities in Sri Lanka**

My Lords, it is a pleasure to follow my noble friend, who has just given the House a few home truths. I am firmly in the camp of getting on with it; I am a practical man. I can speak in any depth about only Northampton, but the vast majority of people who approach me there tell me, “Get on with it”. Industry and commerce in Northampton say, “Get on with it”. In particular, the exporters—we have some very good ones there—say, “Get on with it”. So I congratulate the Prime Minister. He has shown vision, statecraft and leadership. Above all, he has shown sheer willpower, because none of this can have been very easy. I say to my former friends in the other place: this is not a time to scupper this deal. This is a time to bite on the bullet and look to the future.

This is a better deal than Mrs May procured. The key is that it allows the UK, as of right, to enter into new trade deals and to negotiate them on our own terms. Once the transition is over, we can set out our own rules, taxes and regulations. We can have free trade agreements, regardless of what the EU wishes. I hope we will have a good trade deal with the EU as well, but I worked overseas for a number of years and there are huge opportunities out there. In a minute, I shall give one example. I do not want to parade this too much, but in 1967 I wrote a pamphlet with my noble friend Lord Vinson and another gentleman. At that time, we were all in exporting. I have one copy left and I shall present it to the Prime Minister when I next see him. It is called Helping the Exporter and had eight key recommendations. I shall not run through them all; there is certainly not time to do so. The headline recommendations were: a close look at the support that the diplomatic corps gives to exporters; a nominated board of trade; business education in exporting; a revamped Queen’s award; and—in my judgment—why not a new royal yacht and fiscal incentives?

[Read more](#)

- **Asking prices record lowest monthly rise since October 2008**

Asking prices in the UK recorded their lowest monthly rise since October 2008, up just 0.6% in October to £306,712 and are 0.2% below a year ago, the latest index shows.

There was a smaller than usual Autumn price bounce and the number of sellers coming to market was down by 13.5% compared to this time last year, as sluggish prices and imminence of Brexit deadline deter speculative sellers.

The Rightmove October index report also show that the number of sales agreed were virtually unchanged, down by 0.5%, on the same period a year ago and there is currently more chance of getting a sale through to completion, with data showing that the percentage of sales agreed that have fallen through so far this year is the lowest since 2015.

[Read more](#)

- **Rents levelling out in European cities apart from Amsterdam and Munich**

Rents in major European cities are continuing to level out, even in Barcelona, Berlin and Brussels which have recorded the steepest climb in rental prices year on year, the latest data shows.

This trend is across most European cities, but Amsterdam and Munich are bucking the trend with rents rising fast, according to the international rental index from Housing Anywhere covering the third quarter of 2019.

It says that while a rental ceiling seems to have been reached in the past quarter, the slower growing world economy and political uncertainties, such as the looming Brexit deadline, have made investors on the real estate market anxious for new investments, which in turn, is driving scarcity and pushing rents up even further.

[Read more](#)

- **Build to Rent sector in the UK seeing strong growth**

There are now 148,046 Build to Rent homes complete, under construction or in planning across the UK, up 20% compared to last year, with then number of completed units up 31%, new research has found.

The Build to Rent sector is growing from strength to strength, according to the research commissioned by the British Property Federation (BPF) and produced by real estate consultants Savills.

Overall, the Build to Rent pipeline has grown considerably in the year to the third quarter of 2019 with the number of units in planning up by 23% to 77,446. The average size of Build to Rent developments is also growing, indicating the confidence that investors have in the sector.

Indeed, in the third quarter of 2019, the average size of each completed scheme was 133 units, this increases to 245 units for the schemes under construction, while the average size of schemes in the planning system is higher still at 325 units.

[Read more](#)

- **Property sales in the UK jumped up in September, official data shows**

Residential property sales in September 2019 were 2.3% higher than September 2018 and 5% higher than August 2019, the latest official figures show.

The data published by HMRC also shows that overall there were 101,740 residential sales and 10,500 non-residential sales in September.

For the non-residential sector that was an increase of 7.7% compared with August 2019 and a rise of 0.2% compared to September 2018.

The increase in sales has met with positive reaction from the property industry. 'An increase in transactions is always good news but it is only marginal as we sit, wait and hope, that something will move Brexit along, bringing some positivity into what is a suppressed and subdued housing market,' said Gareth Lewis, commercial director of property lender MT Finance.

[Read more](#)

- **Fixed rate mortgage costs change in buy to let sector**

There has been a halt in the fall of the cost of fixed rate buy to let mortgages after an across the board decline in cost across all categories, the latest industry research shows.

The biggest fall in monthly cost was for five year fixed rate buy to let mortgage offers for 50% of the value of a property, down by £25 per month from September to October.

The data from Property Master's October 2019 Mortgage Tracker also show that five year fixed rates for 65% of the value of a property fell month on month by £10 but five year fixed rates for 75% of the value fell by just £1.

Two year fixed rate buy to let mortgage offers for 75% of the value of a property fell by £4 per month. But average interest rates stayed unchanged month on month for two year fixed rate buy to let mortgages for 50% and 65% of the value of a property.

[Read more](#)