



## **REAL - ESTATE NEWS FEED**



**OCTOBER 28**  
**TO**  
**NOVEMBER 01**

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# 1. REAL-ESTATE

- **RIU Maldives Country report 2019 launched at the Embassy**

The Research Intelligence Unit (RIU) launched its Maldives Country report 2019, in a special function held at the Maldivian Embassy in Colombo recently.

The function held at the Maldivian Embassy in Colombo was graced by Mohamed Aslam- Minister of Planning and Infrastructure for Maldives and Omar Abdul Razzaq Ambassador of Maldives to Sri Lanka.

At the ceremony the chief guest, Planning Minister Mohamed Aslam mentioned the close historical ties between Maldives and Sri Lanka. He said that many Maldivians have found a home away from home in Sri Lanka, and that many wish to own homes in Sri Lanka. Minister announced at the event that Sri Lankan banks were in the process of facilitating special products to Maldivians, with regards to borrowing to acquire new homes in Sri Lanka.

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- **Havelock City Phase 3 Residential Apartments ready for handover**

Havelock City has confirmed that it is ready to handover the much-anticipated Phase 3 Residential Apartments.

The announcement follows the successful, on-schedule completion of Phase 3 construction in August, as well as the Phase 3 development having obtained the Certificate of Conformity (COC) from the Urban Development Authority (UDA).

Located at the heart of mega-project Havelock City, the two luxury residential towers of Phase 3 – named Stratford and Melford – comprise of 304 apartments over 28 floors, offering mesmerising garden and sea views.

With only a handful of units available in Phase 3, interested buyers looking to immediately move into a built-up apartment will be given the opportunity to purchase their luxury apartment at an attractive price excluding VAT.

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- **Port City land deed revised, UDA retains sovereign land rights**

The revised Colombo Port City land deed was handed over in the presence of President Maithripala Sirisena and Chinese Ambassador Cheng Xueyuan at the Presidential Secretariat yesterday.

The land grant was first handed over to the Urban Development Authority (UDA) and the UDA handed over the land under a lease agreement to CHEC Port City Colombo (Pvt) Ltd. President Maithripala Sirisena said the Port City Project was a valuable important investment for the long term economic development of Sri Lanka and expressed hope that it would attract massive foreign investments.

The President said that when his government came to power in 2015, it took immediate steps to renegotiate the Colombo Port City Agreement to ensure that Sri Lanka's sovereignty was not adversely affected by the land transfer. During the discussions, the two parties could arrive at a mutually acceptable agreement to ensure that the land rights would remain with Sri Lanka, he said. While the UDA retains the land ownership, the land extent was leased to the CHEC Port City Colombo Pvt Ltd. The land grant was handed over by Megapolis and Western Development Ministry Secretary Nihal Rupasinghe to UDA Director General S.S.P. Ratnayake in the presence of President Maithripala Sirisena and Chinese Ambassador Cheng Xueyuan. Later the UDA DG handed over the lease agreement to CHEC Port City Colombo Managing Director Jiang Houliang.

[Read more](#)

- **Prime Grand, Ward Place promises utmost privacy amidst uninterrupted views**

Prime Grand, the flagship luxury high-rise condominium project of Prime Group promises the future residents utmost privacy in addition to the uninterrupted views of the Colombo skyline, being the only high-rise in Colombo 07 bearing the coveted 'Ward Place' address that is synonymous to upscale living.

With smart phones in every pocket and security cameras in every building, absolute privacy in one's home is a necessity in today's world. Therefore, privacy has been a key element taken into consideration by Prime Group when designing Prime Grand, to provide its residents a personal sanctuary in order to live their chosen lives in seclusion.

As such, Prime Grand has been designed to uphold the privacy of its exclusive clientele in every aspect. A main issue faced by residents in luxury high-rise dwellings today is privacy, where apartments overlook one another and residents are unable to enjoy time in their own balconies in privacy.

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- **JICA, Ministry of Megapolis sign MoU for LRT project**

The Japan International Cooperation Agency (JICA) recently, signed a Memorandum of Understanding (MoU) with the Ministry of Megapolis & Western Development to provide technical assistance for the Light Rail Transit (LRT) project with the objective of empowering women in the public transportation sector and making it the first time woman-friendly public transport system in Sri Lanka.

Speaking to the Daily News, Finance, Senior Project Specialist, JICA, Namal Ralapanawe said that women participation in the labour force in Sri Lanka is only half of that of men which was about 38.5% as at 2018. One critical factor responsible for this is the lack of safe and affordable transportation for women. As per UNFPA data, about 90% of women face sexual harassment in public transport in Sri Lanka. This hinders the mobility of women, impacting their engagement in the normal work force. Thus, public transportation should be developed so as to provide safe and affordable transportation, especially to women in order to get their contribution for the national economy.

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- **Sri Lanka eyes BOOT projects to bring private capital to highways**

Sri Lanka is eyeing public private partnerships on a built own operate transfer (BOOT) mode with gap funding from the government to build a new highway as the country tries to avoid racking up new debt, an official said.

“We want to do a PPP project for an elevated highway from Orugodawatte to Rajagiriya,” Chairman of Sri Lanka’s Road Development Authority Nihal Sooriyarachchi said.

“Rajagiriya to Oruguodawatte and the Rajagiryia to Malabe connection we are trying to do on a PPP basis.”

The construction cost of the first section of the highway is estimated at 50 billion rupees. But the cost of shifting utilities now laid underground is about 12 billion rupees for the six kilometer stretch.

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## 2. ECONOMY

- **IMF calls for prudence amidst polls**

The International Monetary Fund (IMF) is calling for prudent policies and fiscal discipline as Sri Lanka prepares for multiple elections stressing that the mandate from the latter must be used as an opportunity to accelerate structural reforms.

“It will be important to maintain prudent policies and fiscal discipline in the run-up to and after the elections. Sri Lanka still has high public debt. The Central Bank and the Treasury have been proactive in external debt financing but in the medium term Sri Lanka has large refinancing needs so prudent policies will be essential to send a strong signal to the markets,” IMF Mission Chief for Sri Lanka Manuela Goretti told the Daily FT.

In an interview on the sidelines of the recently concluded 2019 fall IMF-World Bank Annual Meetings in Washington DC, Goretti stressed that the IMF, which has an ongoing \$ 1.5 billion Extended Fund Facility (EFF) program, was ready to engage with Sri Lanka authorities in the run-up to the Elections and afterwards.

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- **Foreign investors buy Sri Lanka rupee bonds**

Foreign investors were net buyers of Sri Lanka rupee bonds in the week to October 23, purchasing about 2 billion rupees of securities, central bank data showed.

Foreign investor holdings in Treasury bills and bonds grew to 110.8 billion rupees by October 23, from 108.9 billion rupees a week earlier.

Foreign investor holdings in rupee Treasuries dropped from 109.63 billion rupees a week earlier.

Foreign investors have been selling bonds on a net basis this year.

In July, the central bank reversed its previous policy of keeping interbank rates above market by withdrawing money, cut rates and started to actively print money from August to inject excess liquidity, triggering a period of monetary instability, despite weak private credit, data show.

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- **‘Sri Lanka Tourism invests over Rs. 1 bn for infrastructure’**

Sri Lanka Tourism has invested over Rs. one billion in 2019 so far for infrastructure development in the country, said Minister of Tourism Development, Wildlife and Christian Religious Affairs, John Amaratunga. In an interview with ‘Daily News,’ he said that in addition, funds were also allocated for marketing.

The Minister said that the Ministry had allocated over Rs. 120 million towards the development of the Jaffna International Airport.

The Jaffna Airport would be a game changer not only for the North, but to the entire North Eastern Provinces, helping to usher economic prosperity to the areas. “There would be new income generating options for people due to the opening of the Airport, not only for the Tourism sector, but other stake holders as well.”

He said that more hotels would be needed and this too would be another good investment option.

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- **2019 tourist arrivals estimate cut to 1.9 m from 2.1 m**

The tourist arrivals estimate for this year has now been revised to 1.9 million from the previous forecast of 2.1 million, officials revealed yesterday.

“Looking at the growth trajectory, we are now looking at around 1.9 million tourists by the end of the year,” Sri Lanka Tourism Development Authority (SLTDA) Chairman Johanne Jayaratne told the Daily FT.

Sri Lanka originally planned 2.5 million tourist arrivals, but after the Easter Sunday terror attacks, the SLTDA revised the target in August, saying that they hoped to get around 2 million to 2.1 million tourists compared to the 2.3 million visitors recorded in 2018, representing a 10% decline in arrivals. In April, soon after the Easter Sunday attacks, tourism officials estimated revenue loss of \$ 1.5 billion this year, while projecting a 30% drop in arrivals.

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- **CB calls for holistic approach to drive SMEs**

Central Bank yesterday called for holistic approach to drive micro and small and medium enterprises via greater coordination and cooperation among promoting agencies as markets remained the biggest challenge for smaller entrepreneurs and businesses.

“We have a plethora of institutions for SMEs but cooperation and collaboration remain a challenge. Rationalising the institutional structure is important to ensure that there is strong cooperation and coordination across these different institutions,” Dr. Coomaraswamy told the opening ceremony of the 32nd Annual Conference of Asian Credit Supplementation Institutions Confederation (ACSIC), hosted by the Central Bank.

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- **Sri Lanka rupee opens steady, gilt yields flat**

Sri Lanka’s rupee was quoted at 181.40/55 to the US dollar on Tuesday steady from Monday’s close in the first half-hour of trading, while bond yields were flat and stocks opened 0.08 percent higher, brokers and dealers said.

In equities, Colombo’s All Share Price Index gained 4.48 points to 5,950.56 and the S&P SL20 of more liquid stocks was up 0.06 percent or 1.88 points to 2,942.74, in the first-half hour of trade.

The market turnover was 8.4 million rupees with 38 stocks gainings and 17 falling.

Dialog Axiata gained 10 cents to 12.60 rupees a share, Browns Investment was up 10 cents to 4.40 rupees a share and Softlogic Life Insurance gained 40 cents to 39.90 rupees a share, contributing to ASPI’s gain.

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- **Cabinet greenlights \$ 480 m MCC Compact deal with US**

In a major breakthrough, the Cabinet of Ministers yesterday approved the implementation of the \$ 480 million Millennium Challenge Corporation (MCC) grant, based on a proposal by Finance Minister Mangala Samaraweera.

While authorising Minister Samaraweera to sign the Compact Agreement with the MCC on behalf of the Sri Lankan Government, Cabinet also approved tax exemptions for related projects, as well as the enactment of a new Act to give legal effect to the signed agreements. “This is a great victory for the Government and augurs well for the future,” the Finance Ministry said in a statement.

The US Embassy said it welcomed the Cabinet decision. It added that the MCC grant included investments to reduce traffic congestion in Colombo, modernise the bus service, and upgrade inter-provincial roads in the centre of the country. It also includes support for Government initiatives to improve land administration.

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- **Shares close at 13-week high; rupee weaker**

Sri Lankan shares closed at 13-week highs yesterday led by financial and diversified stocks, while the rupee closed weaker on dollar demand from importers.

Presidential candidate Gotabaya Rajapaksa released his election manifesto on Friday pledging a tax overhaul that would reduce the value-added tax to 8 percent from the current 15 percent, abolish a tax for professionals and simplify many other taxes.

Rajapaksa faces a challenge from Housing Minister Sajith Premadasa, who will announce his policy framework on Friday. Analysts said investors were waiting for Premadasa’s policies to assess the possible impacts on tax, subsidies and private businesses.

The benchmark stock index rose for a ninth straight session, closing 0.31 percent higher at 5,964.25, its highest since July 29. The index posted a weekly gain of 1.2 percent last week, but is down 1.46 percent so far this year.

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- **MCC agreement to be presented in P'ment**

The Finance Ministry yesterday said the Millennium Challenge Corporation (MCC) agreement would be presented in Parliament after it was signed and once the entire process had been conducted with the

In a statement, the Finance Ministry said: "The Compact Agreement and the Program Implementation Agreement will be submitted to and enacted by the Parliament of Sri Lanka once it is signed and before its entry into force and will be published in the Government Gazette before being submitted to Parliament."

The Millennium Challenge Corporation (MCC) is a bilateral United States Foreign Aid Agency established by the United States Congress in 2004, applying a new philosophy towards foreign aid.

[Read more](#)

- **Tourism income to reach US\$ 4 bn mark**

The Sri Lanka Tourism sector will record nearly to US\$ 4 billion revenue for 2019 and will also see arrivals of nearly 2 million tourists Minister of Tourism John Amaratunge said.

This would be dip of around 20% in comparison to last year. Currently the arrival figures are at 1.5 million and tourism revenue is passing the USS 3.5 billion mark. "We expect around 400,000 victors in the next two months," he said.

Chairman Sri Lanka Tourism Promotions Bureau Kishu Gomes said they have been actively promoting and inviting global decision makers of the tourism section and the latest was a group representing Belgium. "They have the power to influence around 93% of the out bound market and our aim is to attract more Belgium arrivals through them."

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## 3. INTERNATIONAL

- **US Fed to continue cutting as fears, uncertainty deepen**

White-hot panic about global trade may have eased a bit in recent weeks but the economic outlook is no easier to call for the US Federal Reserve as it prepares for a meeting on interest rates this week.

While the United States and China declared another truce and odds fell that Britain will crash out of the European Union, any improvements are as liable to be suddenly dashed as lead to success.

Amid the uncertainty, Fed policymakers appear ready to approve the third interest rate cut in a row as they grow more worried about the future, some daring even to use the dreaded word “recession.”

Fed Chairman Jerome Powell this month reiterated his pledge to do what it takes to keep the US economy afloat.

[Read more](#)

- **New national building safety regulator to be set up**

Dame Judith Hackitt has been named as the Government’s adviser on a new national Building Safety Regulator, providing independent advice on how best to establish the powerful new body.

A respected expert in building safety, Dame Judith Hackitt carried out the independent review into building regulation and fire safety that was set up after the deadly Grenfell Tower fire.

The Regulator will have the power to apply criminal sanctions to those flouting the new rules and will oversee the design and management of buildings, with a strong focus on ensuring the new regime for higher-risk buildings is enforced effectively and robustly.

‘I am grateful that Dame Judith has agreed to advise my department on the new Building Safety Regulator. Her expertise will be essential to forming a strong Regulator with teeth to ensure all residents are safe, and feel safe, in their homes both now and in the future,’ said Robert Jenrick, Secretary of State for Housing.

[Read more](#)

- **Equity release market increased by 8% in third quarter of 2019**

The equity release market increased by 8% in the third quarter of 2019 in the UK as older home owners unlocked almost £11 million of property wealth per day.

Overall, equity release products provide £988 million of funding to owners aged 55 and over and 33,000 new customers have used property wealth to support their finances so far this year.

The latest quarterly market figures from the Equity Release Council, the UK sector representative body, also show that the market experienced its busiest quarter of 2019 to date, both in terms of new plans agreed and total property wealth accessed by new and returning customers.

A total of 11,419 new customers opted to release cash from their properties in the third quarter, a 6% increase on the previous quarter, following a detailed process of regulated and qualified financial advice and independent face to face legal advice.

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- **Residential sales falling again in the US, prices continue to rise**

Existing home sales in the United States fell back in September following two consecutive months of increases, down 2.2% month on month, the latest industry figures show.

But completed transactions that include single-family homes, town homes, condominiums and co-ops, were up 3.9% from a year ago, according to the figures published by the National Association of Realtors (NAR).

Lawrence Yun, NAR's chief economist, said that despite historically low mortgage rates, sales have not commensurately increased, in part due to a low level of new housing options.

'We must continue to beat the drum for more inventory. Home prices are rising too rapidly because of the housing shortage, and this lack of inventory is preventing home sales growth potential,' he added.

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- **Super prime property market in London seeing resilience in the face of Brexit**

Buyers spent a total of £2.06 billion on super prime properties in London in the year to May 2019.

This was marginally higher than a figure of £2.05 billion in the previous 12 months, according to super prime sales market insight report for Winter 2019 from international real estate firm Knight Frank.

The market for properties worth £10 million plus is showing a resilience in terms of demand against an uncertain political backdrop, but overall transaction volumes fell 13% to 104 from 120.

‘Political uncertainty has affected sentiment over the last five years, however, this has intensified as the UK’s intended departure from the European Union continues to be discussed, combined with the impact of wider global economic tensions,’ said Tom Bill, head of London residential research.

‘However, higher value sales are increasing, as high net worth individuals target London and take advantage of the weak pound,’ he added.

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- **Rent controls hurt tenants by drying up the supply of homes to rent**

Rent controls are not good for the lettings market and could have a serious impact on terms of reducing the supply of homes to rent, it is suggested.

An analysis of existing research by the Residential Landlords Association (RLA) on the impact of rent controls around the world reveals the harm they can cause.

Examples include controls in Los Angeles and San Francisco in the United States where a paper for the California Budget and Policy Centre has reported that renters are ‘substantially more likely to struggle with housing affordability than home owners’.

It goes on to note that more than half of renter households paid over 30% of income toward housing in 2017, and more than a quarter were severely cost burdened, paying more than half of household income toward housing costs.

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- **North half of England seen as having best investment for commercial landlords**

Commercial landlords are expecting the North of England and the East Midlands to provide the biggest development opportunities in the UK over the next two years.

A new study found that offices and flats are seen as the most attractive sectors while overall 39% regard the East Midlands as the best region for investment.

The research, by specialist finance company Together, also shows that 37% believe that the North East and North West are the best for investment while 27% opted for the West Midlands.

A major factor uniting these choices is support for Government backed initiatives which aim to boost the areas economically. Some 47% said that the Northern Powerhouse has made them more positive about the North while 40% said the Midlands Engine initiative has increased their confidence in the region.

London also attracted interest from 36% of landlords but other UK regions were rated much lower. Just 8% believed that the South East and East Anglia offered the best development opportunities and only 3% selected the South West.

[Read more](#)

- **Analysis of prices compares Leave and Remain areas of England**

With Brexit delayed again and a general election announced the upheaval caused by uncertainty in the housing market is not set to go away just yet but new research shows how voting intentions have affected prices.

Leave voting areas have recorded higher average house price increases than Remain voting areas since the European Union referendum in June 2016, according to the research from online estate agent Housesimple.

The analysis of average house price changes in 324 local authority areas in England since the vote in June 2016, shows that 16 of the top 20 performing ones voted Leave. In Rutland prices increased by 26.27%, in Corby 24.8%), in Harborough 23.79%, in Blaby 21.68% and in the Forest of Dean by 21.47%.

Only four Remain voting areas made it into the top 20, including the Cotswolds with growth of 30.45%, Leicester up 21.57%, Rushcliffe up 19.62% and Stroud up 19.35%.

[Read more](#)

- **Landlords are positive but calling on next Government to tweak some changes**

Landlords are positive ahead of the general election in the UK and say that too much attention is given to the idea that the private rented sector is a problem which requires management.

According to the Residential Landlords Association (RLA) what is needed is a positive, ambitious programme for the sector which supports tenants and good landlords whilst rooting out the crooks.

The RLA's manifesto for the private rented sector encourages political parties to build on the positive developments in the market. This includes 84% of private tenants being satisfied with their accommodation, a higher proportion than the social sector, that private tenants have been living in their current properties for an average of over four years and that 88% of private tenancies are ended by the tenant.

It points out that in recent years the private rented sector has become an important source of housing for growing numbers of families with children, older people, the homeless and students and young people who need to swiftly access new work and educational opportunities.

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