



## **REAL - ESTATE NEWS FEED**



**NOVEMBER 04**

**TO**

**NOVEMBER 08**

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# 1. REAL-ESTATE

- **“RISING ABOVE THE SCENIC NEIGHBORHOOD OF MANHATTAN OF SRI LANKA” - Interview with Mrs. Rajitha Jayasuriya (Director – Sales & Marketing, Capital Heights)**

## **How did the idea of Capital Heights come to materialisation?**

Access Engineering PLC is one of Sri Lanka’s foremost entities in the industry of civil engineering and construction. The experience and professionalism we possess have been the catalyst for our well reputed brand built over 30 years.

Over the three decades, Access Group has diversified its business into various

sectors such as, engineering and construction, real estate, automotive, healthcare, information technology, telecommunication, international trading and education, to name a few. The group already has on-going real estate investments around Colombo, with a vision of developing three million square feet of commercial space by 2020.

[Read more](#)

- **US\$40m OPEC Fund loan finances key highway in Sri Lanka**

The OPEC Fund for International Development, OFID, has signed a US\$40 million loan agreement with Sri Lanka to co-finance the rehabilitation of an 18 km section of the A017 Highway in the southern region of the country, the Emirates News Agency reported.

The project, known as the ‘Rehabilitation of the A017 Road Corridor Project (Rakwana – Suriyakanda)’ and co-financed with the government of Sri Lanka, is expected to help promote trade, reduce travel costs and time, and stimulate key sectors of the Sri Lankan economy such as agriculture, tourism, manufacturing and mining.

The loan was signed by the OPEC Fund’s Director-General Dr. Abdulhamid Alkhalifa, and Secretary to the Treasury, Ministry of Finance of Sri Lanka Dr. Ranepura Hewage Samantha Samaratunga.

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- **Southern Expressway extension to be open**

Southern expressway extension will be opened tomorrow, according to the Road Development Authority.

The Andarawewa interchange and extends to Mattala via Hambantota. And the other roads can be accessed through the Barawakumbuka, Sooriyawewa, Andarawewa interchanges and Mattala - Hambantota entrance.

This extension will provide the experience of switching from one Expressway to another for the first time in Sri Lanka.

Accordingly, the public will be able to use the road from Friday midnight.

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- **Building safer and more liveable cities with smart solutions**

The population concentration in Sri Lankan cities has accelerated in recent years. A recent report revealed that cities such as Anuradhapura, Badulla, Colombo, Galle, and Jaffna have expanded greatly since the 1990s<sup>1</sup>.

Naturally, along with this growing urbanisation comes the associated pain points like traffic congestion, pollution, growing public transportation needs, higher crime incidences and security risks. Public safety particularly has become a major concern for Sri Lankans since this year's tragic Easter Sunday attacks.

In this regard, street furniture embedded with smart solutions have the potential to play a key role in enhancing residents' quality of lives. Street furniture is a term used to define objects in public spaces that house small cell units and are considered commonplace to the public. Common examples of street furniture outfitted with small cell networks include billboards, lamp poles, bus stops, phone booths, park benches, utility poles and so on.

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- **Reviving the construction industry: A proposal to the future President**

Ceylon Institute of Builders organised a Members Forum to discuss the way forward for the crisis in the construction industry encountered in recent times. These findings were forwarded to the Chamber of Construction Industry to formulate a report, based on these issues and their proposed remedial actions, to be given to the presidential candidates contesting in the forthcoming election. With the consultation of 12 institutions, about 10,000 professionals and over 300 companies in the membership, the following main issues identified in the construction industry were included in the report. The Ceylon Institute of Builders President and Construction Chamber Vice President Dr. Rohan Karunaratne explained the concerns and proposed actions incorporated in the report to revive the construction industry in Sri Lanka.

[Read more](#)

- **Capitol TwinPeaks expected to reduce carbon footprint by 18%**

Capitol TwinPeaks, the flagship residential venture of the Sanken Group, located at the up-and-coming, high-end investment location – the Beira Lakefront in Colombo 2, through its sustainable green building concept is expected to have a reduced carbon footprint of 18%, when compared with the results obtained in the case study Kumanayake, Luo, 2018.

Based on this very marker, the project has now applied for its Green Certification to the Green Building Council of Sri Lanka.

The project which offers twin interlocking skyscrapers at 50 storeys each, connected by South Asia's highest skybridge featuring 438 varying apartment units, under the purview of Sanken Construction Pvt Ltd, adheres to strict sustainability construction guidelines.

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- **Premier contractor ICC unveils ‘one-stop store’ concept**

Premier construction entity, International Construction Consortium (ICC) recently opened up their ‘one-stop store’ to the public, a phase taken towards further uplifting the convenience factor to their large customer base.

The ICC showroom located in No. 57, S. De S. Jayasinghe Mawatha, Kohuwala, Nugegoda in the vicinity of its head office, was ceremonially opened to the public on 24 October. The showroom features ICC’s wide range of Engineering Solutions and Property Development, paving the way for customers to witness in a more wholesome manner the premier contractor’s offering.

Under the Engineering sector, customers are able to gain first-hand insights on products such as ICC Precast, ICC Timber, ICC ReadyMix, ICC Acotec, ICC Green Energy, ICC Framacad and ICC Durra. Whereas under the Real Estate umbrella, showcases projects such as the Oceanfront Condominiums Galle and Nilaveli, Mount Clifford Residencies Homagama and Orchid Apartments Malabe.

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- **Right policies, incentives key to tap transformative power of Port City, says real estate expert**

A top real estate expert last week called for the right policies and incentives to fully harness the transformational value of the Colombo Port City.

Speaking at the ‘Transforming Sri Lanka Forum – Empowering the Game-Changers’, organised by the Pathfinder Foundation, John Keells Properties Sector Head Nayana Mawilmada highlighted the need to bring in attractive policies for expatriates to own real estate, provide access to finance, stimulate housing closer to Colombo for potential Port City employees and aggressively promote and invest in an integrated mass transit network to make the project viable for investors as well as for the economy.

“The Colombo Port City has the potential to set a brand new benchmark for planned development. It will help in positioning Sri Lanka as a premier destination for real estate and housing in the region. If we harness it right with the right stimulus, even in a slower growth scenario the Port City can be a catalyst,” he added.

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## 2. ECONOMY

- **Samurai bond delayed till next month**

Sri Lanka's maiden US\$ 500 million (60 billion yen) 10 -year Samurai bond issuance has been pushed to December from this month, mainly due to extensive translation work involved in the issuance.

"All the legal documents have to be translated into Japanese. It takes a bit of time with the language and document process. As this is also the first time we are issuing Samurai Bonds, the AG's Department wants to scrutinise everything," Central Bank Governor, Dr. Indrajit Coomaraswamy said.

However, he noted that the outcome of the upcoming Presidential election is unlikely to impact the bond issue as the Japan Bank for International Co-operation (JBIC) has agreed to provide 95 percent guarantee for the bond along with the Japanese government's sovereign risk.

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- **SL completes 6th review; set to receive US\$ 164mn from IMF**

Sri Lanka will receive US\$ 164 million from the International Monetary Fund (IMF), as the island nation successfully completed the sixth review of its economic performance under the programme supported by an extended arrangement under the Extended Fund Facility (EFF).

The IMF Executive Board has given Sri Lanka a waiver in reviewing Sri Lanka's economic performance as Sri Lanka failed to observe the performance criterion on primary balance for the end-June 2019 due to Easter attacks in April.

The total disbursement under the arrangement has now reached US\$ 1.31 billion.

Sri Lanka entered into an arrangement with the IMF for a US\$ 1.5 billion EFF on June 3, 2016. Following Easter attacks, the IMF Executive Board approved an extension of the arrangement by one additional year until June 2, 2020, rephrasing of remaining disbursements.

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- **Inflation climbs to 5.4%**

The YoY inflation as measured by Colombo Consumer Price Index (CCPI) is 5.4% in October 2019 and inflation calculated for September 2019 was 5.0%.

YoY inflation of Food Group has increased from 3 % in September 2019 to 6.8% in October 2019 while that of Non food Group has decreased from 5.7% in September 2019 to 4.8% in October 2019.

For the month of October 2019, on year to year basis, contribution to inflation by food commodities was 1.99 %. The contribution of Non Food items was 3.39%. The moving average inflation rate for the month of October 2019 was 4 %. The corresponding rate for the month of September 2019 was 3.9%.

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- **Shares slip from 10-month closing high; rupee ends firmer**

Shares ended weaker yesterday, slipping from their highest in 10 months hit in the previous session, as investors sold diversified shares two weeks ahead of Presidential Polls.

Housing Minister and one of the two presidential front-runners Sajith Premadasa last week announced his election manifesto, which is seen by analysts as a “broader policy framework”. His close rival Gotabaya Rajapaksa has pledged a tax overhaul that would reduce tax rate to 8% from the current 15% and abolish many taxes. Many political analysts that Reuters spoke to have said the tight race between the two presidential candidate was still on.

The benchmark stock index ended 0.36% weaker at 6,010.18, slipping from its highest close since 4 January hit on Friday.

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- **Sri Lanka MCC agreement made public; Mangala says straw man fallacies used**

Sri Lanka has made public an agreement to be signed with the Millennium Challenge Corporation, with Finance Minister Mangala Samaraweera saying none of the false claims made by opposition activists are in the document.

Opposition activists claimed that clauses in the agreement tied Sri Lanka to defence agreements, that there was some 'economic corridor' and clauses requiring land to be given to the United States.

Finance Minister Mangala Samaraweera says several years ago there were also false claims made that Sinharaja was going to be sold, that Galle Fort (Galle Fort contains free hold land as well) and Sigiriya was going to be sold.

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- **Shares down on large-cap sale; rupee ends firmer**

Sri Lankan shares ended weaker yesterday falling for the second straight session, as investors sold large-cap shares two weeks ahead of presidential polls.

Investor concerns were on the rise over the country's two top presidential candidates' election giveaway offers, that officials and a credit rating agency are warning would push the country deeper into debt.

The International Monetary Fund approved the release of sixth tranche of a US\$1.5 billion loan programme for Sri Lanka, while urging authorities to show fiscal discipline as the island nation heads into the poll later this month.

Sajith Premadasa, the Housing Minister and one of the two presidential front-runners, last week announced his election manifesto, which is seen by analysts as a "broader policy framework". His close rival Gotabaya Rajapaksa has pledged a tax overhaul that would reduce tax rate to 8 percent from the current 15 percent and abolish many taxes.

Many political analysts that Reuters spoke to have said the tight race between the two candidates was still on.

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- **SL not included in MCC 2020 scorecard as current \$ 480 m deal hangs in balance**

Sri Lanka is not in the list of countries in the Millennium Challenge Corporation (MCC) 2020 scorecard released on Monday.

Sources said Sri Lanka's exclusion was after the country moved to an upper middle-income status mid this year.

They said given the fact that Sri Lanka agreement is pending since April, and given the widespread misinformation leading to opposition, there is a good chance that the country may lose the \$480 million grant.

The MCC Board is scheduled to have its last meeting in December, where it will review the performance and select and deselect countries for 2020 assistance.

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- **Mangala sets record straight on MCC grant**

While denying the claims that the government rushed to approve the US \$ 480 million Millennium Challenge Corporation (MCC) Compact, the Finance Ministry yesterday stressed that the Cabinet approval for the signing of the Compact was given ahead of the presidential election next week, to avert the risk of Sri Lanka losing the grant.

"The only reason that the Cabinet approved of this agreement at this moment ahead of the presidential election was to ensure that we don't lose the US \$ 480 million grant to the country.

We have been informed in advance that our primary approval (Cabinet approval) is required ahead of the MCC board meeting scheduled for mid next month in order for them to approve the agreement before signing. Otherwise, we would have risked losing the US \$ 480 million grant to the country," Finance Minister Mangala Samaraweera said.

Sri Lanka was not included among the countries in the MCC 2020 scorecard, as the country was graduated to an upper-middle-income status mid this year.

[Read more](#)

- **Oct. records lowest tourist arrival decline since April attacks**

The tourist arrivals in October fell 22.5 percent year-on-year (YoY) to 118,743, recording the lowest monthly percentage decline compared to the previous year, since the Easter bombings in April.

Sri Lanka saw a sharp 70.8 percent YoY decline in tourist arrivals in May, following the attacks. However, since then, the arrivals have recovered steadily, narrowing the YoY decline to 57 percent in June, 46.9 percent in July, 28.3 percent in August and 27.2 percent in September.

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- **Sri Lanka public debt hits 90-pct of GDP after currency collapse, CPC debacle**

Sri Lanka's public debt has hit 90 percent of gross domestic product by end 2018, International Monetary Fund data showed, amid a collapsing 'flexible exchange rate', and a forex debacle at a petroleum utility.

When state enterprises were counted public debt hit 99.4 percent of GDP. Some state enterprises however had their own revenues to service debt.

If some SOE debt becomes direct liabilities of the central government, public debt could hit 101 percent of GDP In 2019, the IMF said in a debt analysis.

IMF calculations showed that public debt which includes government guaranteed debt of 5.2 percent grew from 82.7 percent in 2017 to 90 percent in 2018, despite a tight budget and tax increases as the rupee collapsed amid runaway liquidity injections.

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### 3. INTERNATIONAL

- **Property transactions in prime central London rise in 2019**

There has been a rise in the number of transactions completed in prime central London across the first nine months of 2019, according to the latest data released by Knight Frank.

The estate agent has said it recorded an 11% increase in prime central London transaction between January and September 2019 compared to the same period last year. In prime outer London, transaction volumes were broadly flat compared to 2018.

Knight Frank attribute the rise in activity to two main factors – the fact prices in central London have now adjusted to the higher stamp duty rates, and “the Sterling discount” overseas buyers can now benefit from as the pound falls in value against other major foreign currencies.

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- **Government pledge to build 200,000 new homes comes to nothing, watchdog finds**

The Government’s plan to build 200,000 new homes for first-time buyers in the UK has resulted in no homes being built, according to an industry watchdog.

In 2014, the Government announced its target to build the “Starter Homes”, which were to be sold at a 20% discount to first-time buyers and aimed at those under 40.

Former Prime Minister David Cameron committed to the initiative in the Conservative Party manifesto in 2015. The November 2015 Spending Review subsequently provided £2.3 billion to support the delivery of the first tranche of 60,000 Starter Homes.

However, the National Audit Office (NAO) has revealed that the initiative amounted to nothing, with not a single new home being built. This comes despite the fact that between 2015-16 and 2017-18, the Ministry of Housing, Communities and Local Government (MHCLG) spent almost £174 million on acquiring and preparing sites originally intended for building starter homes.

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