



## **REAL - ESTATE NEWS FEED**



**NOVEMBER 25**

**TO**

**NOVEMBER 29**

# HIGHLIGHTS

## 1. REAL-ESTATE

- RIU Economy update for month of October 2019 – [Click here](#)
- Prime Grand, Ward Place crowned Best Luxury Condominium Development in Sri Lanka - [Read more](#)  
John Keells Properties promotes two upcoming projects to foreign investors, diaspora - [Read more](#)

## 2. ECONOMY

- CBSL urges stakeholders to formulate own sustainable financial policies - [Read more](#)
- Markets hit 15-month high - [Read more](#)
- Inflation up to 5.6 percent in October - [Read more](#)
- ADB introduces new loan pricing for higher income countries, economies - [Read more](#)
- MCC Compact to be launched in SL soon: State Dept. official - [Read more](#)
- Sri Lanka needs monetary discipline to avoid further downgrades: Bellwether - [Read more](#)
- Moody's says tax cuts credit negative - [Read more](#)
- Shares, rupee gain after tax cuts; policy rates awaited - [Read more](#)

## 3. INTERNATIONAL

- UK's Johnson promises Brexit for Christmas in manifesto - [Read more](#)
- Overseas buyers could face 3% stamp duty surcharge - [Read more](#)
- Housing supply falls in October - [Read more](#)

# 1. REAL-ESTATE

- **Prime Grand, Ward Place crowned Best Luxury Condominium Development in Sri Lanka**

Prime Grand, Ward Place, the luxury flagship project of Prime Group has been acclaimed for its quintessential opulence at the 3rd Asia Property Awards as the Best Luxury Condominium Development in Sri Lanka, at the gala ceremony held on 22 November at Athenee Hotel, Bangkok.

Over 500 guests and VIPs from real estate markets around Asia Pacific attended the Grand Final, which was a collocated event of the two-day PropertyGuru Asia Real Estate Summit.

Located in the most sought after real estate in Colombo 7, Prime Grand, No. 64, Ward Place, is set to become the most prestigious icon of the coveted neighbourhood. The only high rise in Colombo 7, Prime Grand will be ready for occupancy by December 2021. Constructed by the Sri Lankan construction giant, MAGA Engineering, Prime Grand is currently three months ahead of schedule with the ongoing construction of the 31st floor.

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- **John Keells Properties promotes two upcoming projects to foreign investors, diaspora**

John Keells Properties has successfully concluded a series of international roadshows to promote its two upcoming residential projects, TRI-ZEN and Cinnamon Life, among foreign investors and Sri Lankan's living overseas.

The roadshows were held in Gulf countries Oman and Qatar, as well as in the UK and the US, generating strong interest from keen investors who are now increasingly turning to Sri Lanka as an appealing destination for foreign property investment.

While the post-April dip in foreign investor confidence had a negative impact on Sri Lanka's economy, it has now been slated by industry experts that the country is back on track.

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## 2. ECONOMY

- **CBSL urges stakeholders to formulate own sustainable financial policies**

The Central Bank of Sri Lanka (CBSL) has recognised its role in supporting financial sector stakeholders and guiding financial institutions to effectively manage environmental and social risks in business ventures that they finance whilst promoting finances towards greener and climate friendly initiatives, Dr. P. Nandalal Weerasinghe, Senior Deputy Governor of CBSL said.

CBSL indicated its intention to promote sustainable financing by launching a Roadmap for Sustainable Finance in Sri Lanka In 2019. In addition, CBSL encouraged all stakeholders to formulate their own sustainable financial policies, Dr. Weerasinghe told the National Consultation on Innovative Climate Finance Mechanisms for Financial institutions in Sri Lanka workshop held in Colombo yesterday. The event was organized by Sri Lanka International Chamber of Commerce and United Nations ESCAP.

The Road Map was prepared in consultation with relevant government agencies and financial sector stakeholders with the support of international partner agencies. This is a combination of both international and local stakeholders and the Central Bank. Road map provides a broad direction to financial regulators and financial institutions to effectively manage environmental social and governance risks associated with the projects they intend to finance, Dr. Weerasinghe noted.

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- **Markets hit 15-month high**

JKH was the highest contributor to the week's turnover value, contributing LKR 1.06Bn or 13.15 percent of the total turnover value. Access Engineering followed suit, accounting for 8.06 percent of turnover (value of LKR 0.65Bn) while Commercial Bank contributed LKR 0.65Bn to account for 8.05 percent of the week's turnover. Total turnover value amounted to LKR 8.10Bn (cf. last week's value of LKR 3.57Bn), while the daily average turnover value amounted to LKR 1.62Bn (+36.11 percent W-o-W) compared to last week's average of LKR 1.19Bn. Market capitalization meanwhile, increased by 1.60 percent W-o-W (or LKR 44.78Bn) to LKR 2,846.67Bn cf. LKR 2,801.90Bn last week.

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- **Inflation up to 5.6 percent in October**

Headline inflation as measured by the year-on-year change in the National Consumer Price Index (NCPI, 2013=100)<sup>1</sup> increased to 5.6 percent in October 2019 from 5 percent in September 2019.

Over three years the index has risen from 123 levels to 130 levels. The monthly increases in prices of items in the Food category contributed to this increase. Accordingly, Food inflation (Y-o-Y) increased to 7.3 percent in October 2019 from 4.9 percent in September 2019. However, Non-food inflation (Y-o-Y) recorded 4.3 percent, continuing its decreasing trend observed since May 2019.

The change in the NCPI measured on an annual average basis increased to 2.8 percent in October 2019 from 2.3 percent in September 2019.

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- **ADB introduces new loan pricing for higher income countries, economies**

The Asian Development Bank (ADB) said it has approved the introduction of diversified financing terms for its developing member countries and economies with higher income sub-groups paying higher maturity premiums for longer term loans.

The Manila-based bank said in a statement released that the new pricing structure will be effective on Jan 1, 2021.

According to the ADB, recipients of ADB funds are divided into three groups according to their per capita income levels and creditworthiness.

All 68 members of ADB have access to the loans and grants from the institution. Furthermore, the recipients are classified under groups A, B, and C, the ADB said.

“Some of them will not (be affected) because they are vulnerable countries such as small island developing states. The list of countries under each category will be updated before effectivity of the diversification with latest GNI (gross national income) per capita data,” the ADB said.

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- **MCC Compact to be launched in SL soon: State Dept. official**

The controversial Millennium Challenge Corporation (MCC) Compact, which caused a huge uproar particularly prior to the recently concluded presidential election, would be soon launched in Sri Lanka, according a top US State Department official.

“We have another MCC that we’re launching soon in Sri Lanka that will undertake the same kind of nitty-gritty reforms in land registration and motorway harmonization that will, we determine, you help unlock economic development,” the US Principal Deputy Assistant Secretary of State for South and Central Asia, Alice Wells, said in Washington DC last week.

The previous Cabinet of Ministers of the Sirisena-Wickremesinghe government had given approval to the then Finance Minister Mangala Samaraweera to sign the Compact with MCC.

However, the newly appointed SME and Enterprise Development, Industry and Logistics Minister Wimal Weerawansa this week affirmed that the MCC Compact wouldn’t be signed under the new government headed by President Gotabaya Rajapaksa.

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- **Sri Lanka needs monetary discipline to avoid further downgrades: Bellwether**

Sri Lanka will face credit downgrades and possible sovereign default of dollar debt unless the highly unstable discretionary ‘flexible exchange rate’ is restrained and some monetary discipline is brought in.

Next year will be a critical year as budget deficits are set to expand and the credit system will also go through a cyclical recovery, leading to an expansion in private credit.

Sri Lanka is a country that had mostly kept monetary stability in the worst years of the war with the help of the ideology then prevailing.

But now each new episode of monetary indiscipline is costing the country one notch in the rating scale.

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- **Moody's says tax cuts credit negative**

International rating agency, Moody's Investors Service, yesterday said the sweeping tax cuts announced by Sri Lanka's new government headed by President Gotabaya Rajapaksa is credit negative amid increased risks stemming from potentially weak government revenue and low debt affordability.

The tax cuts, which included a reduction in Value Added Tax (VAT) rate, increase of tax-free threshold of Pay As You Earn (PAYE) tax and the removal of Nation Building Tax (NBT), were announced after the maiden Cabinet meeting of Rajapaksa administration on Wednesday. "The tax cuts announced were not surprising and in-line with promises from the Rajapaksa campaign. But they are likely to have a negative impact on the government revenue, which will put pressure on the country's persistent budget deficit. Hence, the tax cuts will have a credit negative impact," Gene Fang, Associate Managing Director, Sovereign Risk Group, Moody's Investors Service told Mirror Business in a telephone interview.

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- **Shares, rupee gain after tax cuts; policy rates awaited**

ri Lankan shares and rupee ended higher yesterday, a day after the government said it has decided to reduce value-added tax to 8 percent from 15 percent with effect from December 1, along with plans to abolish some other taxes as well.

The gains also come a day ahead of the Central Bank's key monetary policy rate decision, which is likely to be left steady at a policy review today, a Reuters poll indicated.

The benchmark stock index jumped 1.34 percent to 6,201.12, its highest since June 25, 2018. The bourse gained 1.6 percent last week, and is up 1.10 percent for the year.

Analysts said positive sentiment surrounding tax cuts by the country's newly elected president helped.

"The market expects a booming consumer demand due to the tax cut," said Dimantha Mathew, Head of Research at brokerage First Capital Holdings.

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### 3. INTERNATIONAL

- **UK's Johnson promises Brexit for Christmas in manifesto**

British Prime Minister Boris Johnson will promise to bring his Brexit deal back to parliament before Christmas when he launches his Conservative Party's manifesto yesterday, the cornerstone of his pitch to voters to "get Brexit done".

With less than three weeks before Britain heads to the polls on December 12, the governing Conservatives and opposition Labour are trying to tempt voters with different visions but several pledges to spend more on public services.

Johnson's manifesto aims at drawing a distinction with Labour, which has promised to raise taxes on the richest and big businesses to fund a big expansion of the state, by vowing not to increase taxes if the Conservatives win the election.

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- **Overseas buyers could face 3% stamp duty surcharge**

The Conservative Party has pledged to charge overseas buyers a stamp duty surcharge of 3% – much to the surprise of the property industry.

A year ago it was proposed that foreign buyers would be charged an extra 1%.

Vadim Toader, founder and chief executive of Proportunity, a fintech start up offering Help to Buy-style loans, is not a fan of the proposal.

He said: "Foreign buyers aren't to blame for the UK's housing mess and slapping extra stamp duty on their transactions risks hitting the London market especially at a time when we should be opening up to overseas investment."

Milton Rodosthenous, director of online auction service LetsBid Property, said it would benefit domestic buyers but could have negative implications for the higher end of the housing market.

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- **Housing supply falls in October**

The supply of available properties fell slightly to 39 in in October, the lowest amount since June, the NAEA PropertyMark's October Housing Report has found.

They fell slightly from 40 in September.

Mark Hayward, chief executive, NAEA PropertyMark, said: "Brexit is undoubtedly causing uncertainty in the housing market, which in turn affects sentiment and decision-making.

"On top of both a Brexit deadline and a looming general election, we're also entering a quieter period seasonally, where we typically see the market slow down as people put their moving plans on hold until the New Year.

"Once the General Election has passed, and there's clarity on how and when we'll be leaving the EU, we hope there will be a degree of certainty which may trigger a flurry of activity in the New Year."

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