REAL - ESTATE NEWS FEED

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TO

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1. REAL-ESTATE

• Construction Industry welcomes benefits through tax cuts

"Although the announced tax cuts have no immediate impact on the construction industry from July onwards, its beneficial effects are expected as the lowered taxes would be effective from April 01, 2020. As such, it is a welcome move to the construction industry," said Eng. Nissanka Wijeratne, Former Secretary to Ministry of Housing and Construction and present Secretary General /CEO of the Chamber of Construction Industry addressing a seminar organized by the CCI Sri Lanka and held on Friday in Colombo on "Measures to revive the domestic construction industry."

Eng. Nissanka Wijeratne pointed out that the construction industry's contribution to the country's GDP amounted to 08 percent and as such, the delay in outstanding payments to contractors and consultants for the ongoing government sponsored projects in the last quarter of 2019 and first quarter 2020, had created a major issue on the survival of the industry. He also expressed optimism that after the Parliamentary Elections due in April, normalcy would return to the political scene and economic activities with a stable government in place. He further emphasized the need for new regulations to safeguard the interests of the domestic construction industry in encountering stiff competition from foreign constructors operating in foreign - funded projects, who utilize same machinery and manpower to undertake locally financed projects despite legal limitations.

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• Western Care Homes invests Rs 500 mn in elderly care village

Opening up a new avenue of generating foreign income to Sri Lanka, and setting benchmarks in the Elderly Care segment, Western Care Homes, managed by Western Health Care Pvt Ltd will be opening up Sri Lanka's first purposely built elderly care village, in Nugegoda next year.

Founder Chairperson, Dr. Nilmini Withana, said that she has already acquired one acre land in Nugegoda for the project which would be a BOI approved venture. "We also hope to partner a Norwegian investor and other foreign partners for this project estimated to Rs. 500 million investments."

She explained that the proposed 'Senior Citizens Village and Wellness Centre' would have a five storeyed complex built to international elderly health care standards offering 140 rooms and 20 luxury villa type individual units.

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- ## Construction sector fears collapse over supply chain disruptions

Sri Lanka's construction sector is set to receive a blow from the coronavirus (COVID-19) outbreak, as the fast-spreading deadly virus is seen derailing global supply chains, according to Chamber of Construction Industries (CCI).

Speaking to Mirror Business, CCI Secretary General/CEO Nissanka N. Wijeratne said the local construction industry would feel the impact soon due to the inability of receiving shipments from China, the epicenter of coronavirus.

"There is an impact on the supply chain as ordered items from China have still not arrived due to issues in logistics and manufacturing in that country. The scarcity will be felt by the industry soon as stocks deplete," Wijeratne said.

Sri Lankan construction sector heavily depends on aluminium extrusion (40 percent), PVC pipes (25 percent) and electrical fittings from China. Wijeratne said the cost of construction could go up if the condition in China does not improve in the next few months.

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- ## International Construction Consortium brings Oceanfront Condominiums to glamorous Galle

International Construction Consortium brings Oceanfront Condominiums Galle, luxury beachfront serviced apartments featuring a courtyard, freshwater swimming pool, restaurant, etc., coming up in 2020 with the whole home-stay concept which not only makes a perfect stay but also makes a sound real estate investment which would help reap the benefits of the booming tourism in Galle.

Strategically located and the destination being a favourite among tourists, Oceanfront Galle is an experience you should own for the rest of your life. Picturesquely nestled on Sri Lanka's southwest coast, Galle is one of the cities that put the country under fresh spotlight for its scenic sites and unique architecture. Founded by Portuguese colonists, the city wears its history on its sleeve and has a unique story to tell. One is far from being bored; in fact no amount of time is enough to satisfy the craving for Galle.

Almost a ritual, the first to do in Galle is to visit the majestic Galle Fort. Initially a basic structure made of mud and surrounded by palisades, today the fort has two major gates, both huge portcullises. The fort is said to be the 'best' example of a fortified city with a fusion of European architecture and South Asian traditions. No visit is complete without a trip to the blue ocean.

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- ## Sri Lanka to set up state real estate holding company for Hilton, Hyatt, GOH

Sri Lanka will set up a holding company owned by the Treasury, Bank of Ceylon and Sri Lanka Insurance Corporation to control three state-run hotels, the state information office said.

Hotel Developers Pvt Ltd, a listed company that was expropriated in 2011, which houses Colombo Hilton; Canwill Holdings, which controls a half built building where a Grand Hyatt is supposed to come up and Grand Oriental Hotel, which is currently owned by the Bank of Ceylon will be included.

Canwill is a company controlled by Sri Lanka Insurance Corporation.

The setting up of a separate holding company will allow the properties to be developed without resorting taxes or government borrowing.

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2. ECONOMY

• Indonesia earmarks US$21.5 mn to lift tourism businesses

The Indonesia government has rolled out a range of incentives aimed at airlines, tour operators and tourist areas to combat the tourism slump.

Indonesia's minister of finance Sri Mulyani Indrawati yesterday announced that the government has set aside a budget of 298.5 billion rupiah (US$21.5 million) to help stabilise Indonesia's economy and pull tourism businesses through the economic slowdown.

Incentives for airlines and tour operators, valued at 98.5 billion rupiah, aim to encourage special discounts for foreign tourists.

Some 103 billion rupiah has been allotted for promotional activities, 25 billion rupiah will go towards improving tourist areas, and another 72 billion rupiah will be invested on influencers.

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• Colombo Bourse turns negative

The Bourse ended on a negative note yesterday as the ASPI decreased by 1.48% or 82.96 points while the SandP SL20 Index also decreased by 2.65% or 70.44 points.

Market Turnover increased by 47.9% relative to Wednesday to amount to Rs. 0.48Bn while the crossings for the day accounted for 46.6% of the day's total turnover.

Foreign Investors recorded a net outflow of Rs. 51.9 million over the day compared to a net outflow of Rs. 87.0 million recorded on Wednesday. NDB Securities' said he ASPI closed in red as a result of price losses in counters such as Dialog Axiata, John Keells Holdings and LOLC Holdings. Crossings were witnessed in Sanasa Development Bank, Candor Opportunities Fund and Lion Brewery, accounting for 56.0% of the turnover. Mixed interest was observed in John Keells Holdings and Sampath Bank whilst retail interest was noted in Browns Investments. Furthermore, foreigners remained active closing as net sellers.

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- ## 364 day bill weighted average decreases for second consecutive week

The market favourite 364 day bill weighted average yield decreased for a second consecutive week, recording a steep drop this time around at its auction conducted yesterday. It registered a drop of 12 basis points to 8.46% followed by the 91 day and 182 day bills by 01 and 07 basis points respectively to 7.41% and 7.99%. The exact offered amount of Rs. 29 billion was successfully accepted at the auction as the bids to offer ratio stood at a high of 3.29:1.

The secondary bond market remained active yesterday as continued buying interest on the liquid maturities of 2021's (i.e. 01.08.21 & 15.12.21), 15.03.22, 15.05.23, 2024's (i.e. 01.01.24, 15.06.24 & 15.09.24) and 15.10.27 saw its yields dip to intraday lows of 8.67%, 8.70%, 8.93%, 9.25%, 9.45%, 9.46%, 9.45% and 9.70% respectively against its previous day's closing level of 8.70/85, 8.80/95, 9.00/10, 9.27/35, 9.60/65, 9.63/68 each and 9.80/90. In addition, maturities of 01.08.24 and 15.03.25 changed hands at levels of 9.55% to 9.65% and 9.61% to 9.70% as well. In the secondary bill market, March 2020, August 2020, September 2020, October 2020, and February 2021 traded at levels of 7.14% to 7.20%, 8.00%, 8.00% to 8.02%, 8.20% and 8.37% respectively.

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- ## Sri Lanka's central bank keeps rates unchanged in Feb amid Coronavirus fallout

Sri Lanka's central bank kept its policy rates unchanged in February 2020, saying market interest were continuing to fall but warned of a fallout from novel Coronavirus that will hit economic activities.

"The decision of the Monetary Board is consistent with the aim of maintaining inflation in the 4-6 per cent range while supporting economic growth to reach its potential over the medium term," the central bank said in its March monetary policy statement.

Sri Lanka's central bank operates a policy corridor with new money created at 7.50 percent overnight and excess liquidity drained at 6.50 percent, but in practice it injects money by narrowly targeting a call money rate at a mid-point in the corridor.

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- ## Sri Lanka rupee ends slightly firmer, gilt yields down

Sri Lanka's rupee closed stronger at 182.00/182.05 to the US dollar in the spot market on Wednesday while bond yields fell, dealers said.

The rupee ended at 182.08/15 to the greenback on Tuesday.

Liquidity in the overnight money market was 18.96 billion rupees on Wednesday, marginally up from 18.83 billion rupees at previous days close.

Banks deposited 14.84 billion rupees through Central Bank's excess liquidity window.

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- ## Sri Lanka tourist arrivals down 17.7% in February 2020

According to the latest data released by the Sri Lanka Tourism Development Authority (SLTDA) the total number of international tourist arrivals to Sri Lanka fell by 17.7% to 207,507 in February from a year earlier, when the arrivals were 252,033 mainly due to the drop in Chinese tourist, following the outbreak of novel coronavirus (COVID-19).

February marked the second consecutive month of drop in tourist arrivals. In January, arrivals fell by 6.5% to 228,434.

This month, the largest source market for tourists was India, followed by the United Kingdom and Russian Federation.

Europe became the largest source of tourist traffic to Sri Lanka with 60.1 % of the total traffic received in February 2020. Asia and Pacific accounted for 31.2% of the total traffic, Americas 6.9%, Middle East 1.2% and Africa 0.6%.

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- ## Economy likely to grow between 3.5% - 4% in 2020

The economy is expected to grow better in 2020 than 2019 at a rate around 3.5% to 4%, Governor, Central Bank Lanka, Prof. W. D Lakshman told the press conference held on Monetary Policy Review yesterday.

He said that they expect political stability and presentation of the annual budget following the elections scheduled for end of April and the appointment of the new Parliament in May will boost the investor confidence further.

The monetary board has also decided to maintain the current accommodative monetary policy stance of the Central Bank as such that the policy interest rate reduced by 50 basis points will be maintained at that level in commercial banks to pass the benefit of the policy rate reduction annually to the borrowers without any further delay.

He also said that the outbreak of the COVID-19 will have an adverse impact on the ongoing developments of the country. There will be direct impact from China in imports, exports, tourism and work force. The impact from the global economic slowdown would also affect the tourism, exports, petroleum, remittances and interest rates and investments of the country. The exact impact of the local economy would greatly depend on the extent to the global spread of the COVID-19 outbreak, its persistence and policy responses of major economies and trading partners.

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