REAL - ESTATE NEWS FEED

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TO

AUGUST 21

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1. REAL-ESTATE

- ## Astoria, Colombo's most ambitious development

The calm and confident actions of our government over recent months, we can now look ahead with optimism to resurgence of Sri Lanka. We must look ahead and plan for a safe and comfortable life.

Astoria, Colombo remains one of the most ambitious, imaginative, and prestigious developments in Colombo. With its sleek towers and beautifully landscaped surroundings, it is an attractive addition to the magical city skyline.

Astoria, Colombo provides a mix of residential, commercial, and retail space, all set in an outside landscaped area of unprecedented and innovative design. If you are seeking family accommodation, or an investment opportunity, our two three and four bedroom apartments are what you are looking for.

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- ## Havelock City announces final few luxury apartments available for purchase

This will be the last chance in 2020 for potential buyers to join hundreds of satisfied home owners in the residential blocks by owning a new Havelock City apartment.

"Investing in real estate at Havelock City allows owners to enjoy the unique 'city within a city' lifestyle offered by the brand, or could alternatively be an opportunity to earn a rewarding investment return. Backed by the sturdy roots of its developer, Overseas Realty (Ceylon) PLC, potential buyers of Havelock City can rest assured that their investment is in safe hands," said Pravir Samarasinghe CEO Havelock City. Overseas Realty (Ceylon) PLC is also the owner, manager and developer of the iconic World Trade Center Colombo.

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- ## 144 transit houses to be built in Mannar under Rs. 300 m Indian grant

The contract for construction of transit housing units in Mannar was awarded to M/s R.A. Constructions at High Commission of India on Tuesday, the Indian High Commission said in a statement yesterday.

The agreement was signed between M/S R.A. Constructions and High Commission of India Development Cooperation Counsellor Banu Prakash, while Deputy High Commissioner of India Vinod K. Jacob and Ministry of Tourism Secretary S. Hettiarachchi witnessed the ceremony.

The project envisages construction of 144 transit housing units in Mannar as identified by Government of Sri Lanka under an Indian grant assistance of Rs. 300 million.

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- ## Mahinda says urban development will be extended to popular cities in provinces

Prime Minister Mahinda Rajapaksa who is also the Minister of Urban Development and Housing told his ministry officials and staff that they bore a huge responsibility to transform the city and the country for the better going forward.

Speaking after assuming duties as the Minister, Rajapaksa recalled that under his presidency Colombo was elevated to be Asia's fastest growing city by 2015 but later on the progress was stalled.

He said taking over as Minister of Urban Development and Housing was a challenging task as development had been neglected for the past five years. In that context Rajapaksa said ministry officials would have an important role to play.

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- **Prime Grand, Ward Place to unveil the 37th floor**

Prime Group, Sri Lanka's leading property developer, will unveil the 37th floor of its crown jewel of prestigious properties - Prime Grand - to an ultra-exclusive gathering of prospective buyers, today 21st Aug 2020.

The unveiling of the spectacular 37th floor is set to imbue the magnificent living experience of calling Colombo's most prestigious address Ward Place, Colombo 7 - home. Guests will sip on delectable cocktails as they watch the last rays of the sun fade over the horizon and the city of Colombo light up to all its breathtaking glory in an uninterrupted view of the landscape, right up to the shores of the Indian Ocean.

A model apartment, showcasing the myriad possibilities of prestigious living will also be available for viewing throughout the evening, with Prime Grand experts on hand to answer any queries.

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- **ICC brings beachfront living to Sri Lanka**

ICC marked the establishment of the first luxury beachfront project in Sri Lanka by completing Oceanfront Condominiums Nilaveli in 2017. Nestled in the Northeast coast, the project consists of 82 units spread across six identical building footprints to give each unit an eye level sea view as opposed to going entirely vertical. Oceanfront Nilaveli became an immediate success, which led ICC to venture into the Oceanfront Condominiums, Galle.

Oceanfront Galle, rising up with the expertise and knowledge of constructing Oceanfront Nilaveli which was handled end-to-end by ICC. Both properties are tastefully architected to capitalize on the ocean blues and designed to allow every apartment unit to have a view of the open sea. The structure design of Galle is reviewed and confirmed by teams of experts from University of Peradeniya.

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2. ECONOMY

- ## June trade gap narrows to 11-year low on robust exports, decline in imports

Sri Lanka's trade deficit fell to US$ 161 million in June compared to US$ 316 million in the same month last year, recording the lowest monthly deficit in the country's merchandise trade since August 2009 as exporters continued to push ahead while the imports plummeted.

Sri Lanka exported US$ 894 million worth goods in June staging a 52 percent growth from the US$ 587 million earned a month ago reflecting a quicker 'V shaped' recovery in the sector following the pandemic, the official data released by the Central Bank showed.

Imports fell by nearly a quarter to US$ 1,055 million led by a slump in the fuel bill, lower textiles and related articles used in manufacturing garments and non-essential commodities, which were restricted to stem undue pressure on the currency.

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- ## Asian markets struggle as US stimulus impasse drags on

Asian markets drifted yesterday as investors grew increasingly concerned about the stalemate in Washington on a new stimulus for the world's top economy.

In early trade, Hong Kong dipped 0.1 percent and Shanghai was flat, while Tokyo ended the morning with small gains and Sydney added 0.5 percent

Hopes that Democrats and Republicans would cast aside their mutual animosity to stump up much-needed cash for struggling Americans have been key to supporting equities for weeks.

But they were dealt a blow Thursday when senators broke up for a summer recess, saying they would not return until early next month, while both sides continued to trade accusations over who was to blame for the impasse.

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- ## Bond yields decrease ahead of weekly bill auction

The secondary bond market yields were seen decreasing yesterday ahead of today's weekly Treasury bill auction. Continued buying interest saw yields on the liquid maturities of 2022s (i.e. 15.11.22 and 15.12.22), 2023s (i.e. 15.01.23 and 01.09.23), 15.09.24 and 15.08.27 decreasing to intraday lows of 5.50% each, 5.53%, 5.80%, 6.08% and 6.94% respectively against its previous day's closing levels of 5.58/62, 5.60/65, 5.65/70, 5.87/90, 6.13/15 and 6.98/02.

In addition, maturities of 2021s (i.e. 01.05.21 and 15.12.21), 15.03.23, 2024s (i.e. 01.01.24, 15.03.24, 15.06.24 & 01.08.24), 01.05.25 and 01.02.26 changed hands at levels of 4.85%, 5.10%, 5.65%, 5.95% to 6.10%, 6.36% to 6.39% and 6.50% respectively.

Today's Treasury bill auction will have on offer a total amount of Rs. 40 billion, consisting of Rs. 5 billion of the 91 day, Rs. 15 billion of the 182 day and Rs. 20 billion of the 364 day maturities.

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- ## First Capital says 50% chance for policy rate cut today

First Capital Research predicts a 50 percent probability for the Central Bank (CB) to cut policy rates for fifth consecutive instance for the first time in history to discourage the banking sector utilising the Standing Deposit Facility Rate (SDFR). The latest monetary policy review is scheduled to be announced at 7.30 a.m. today.

"We believe that there is a 40 percent probability for a 50bps rate cut and 10 percent probability for a 25bps cut to discourage the LCBs from using the SDFR facility. Moreover, there is a 50 percent probability to hold rates due to four successive rate cuts in the past," First Capital Research stated in its pre-policy analysis report.

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- ## Weekly averages decline on back of fully subscribed auction

The weekly Treasury bill auction saw its weighted averages dip across all three maturities as its total offered amount of Rs 40 billion was fully subscribed. The 91 day bill slipped the most, declining by 6 basis points to 4.59% followed by the 182 day and 364 days bills by 5 and 3 basis points respectively to 4.71% and 4.90%. The bids to offer ratio was seen increasing to a five week high of 2.93:1.

Meanwhile, secondary market bonds were seen changing hands within a narrow yield range yesterday with activity centring on the liquid maturities. The liquid maturities of 2022s (i.e. 15.11.22 & 15.12.22), 15.01.23, 15.09.24, 01.05.25, 01.02.26 and 2027s (15.08.27 & 15.10.27) were exchanged within the levels of 5.50%, 5.47% to 5.52%, 5.48% to 5.51%, 6.05% to 6.10%, 6.31%, 6.48% to 6.52, 6.93% to 6.95% and 7.00% respectively. However, activity came to a halt towards the latter part of the day due to a wait and see policy by most participants ahead of today's monetary policy announcement due at 7.30 am. The Central Bank of Sri Lanka was seen cutting policy rates by 100 basis points and its previous announcement on 9 July.

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- ## Asian stocks at seven-month highs after Wall Street cracks more records

Asian shares climbed to a seven-month peak on Wednesday tracking the S&P 500, which scaled all-time highs driven by ever expanding policy stimulus aimed at cushioning the blow to economies from the coronavirus pandemic.

MSCI's broadest index of Asia-Pacific shares outside of Japan rose 0.3%, up for a third straight day to 570.80 points, a level not seen since late January.

The gains were driven by Australian shares, up 0.8% and South Korea, which added 0.6%. Japan's Nikkei nudged up too though Chinese shares started weaker with the blue-chip CSI300 index off 0.7%.

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- ## CB likely to cut rates for fifth time: Analysts

Research and rating agencies were leaning towards another rate cut by the Central Bank yesterday, which would be a record fifth round of relaxation by the monetary authority this year, as it grapples to push demand, boost private sector credit and spark persistently sluggish growth.

ICRA Lanka Head of Research Lalinda Sugathadasa said yet another rate cut of 50 basis points was a possibility. First Capital Research also predicted there was a 50% likelihood of another round of relaxation, especially given the lacklustre performance of the first quarter which saw Sri Lanka's growth contract by 1.6%.

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- ## Sri Lanka rupee quoted weaker, gilt yields up

Sri Lanka rupee was quoted weaker at 186.90/187.20 against the US dollar on Thursday while bond yields were up in active market trade, dealers said.

The rupee closed at 185.90/186.30 to the greenback on Monday.

In the secondary government securities markets, bond yields gained in active trade, dealers said.

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- ## Lankan economy to pick up in Q4

Sri Lankan economy which contracted by 1.6% in the first quarter of 2020 due to the adverse impact of COVID-19, will stabilize in the third quarter and expected to rebound in the fourth quarter said Governor Central Bank Prof W. D. Lakshman yesterday.

As per the available indicators, on economic activity during the second quarter of 2020 is likely to be substantial.

"It is essential for the country to record a positive growth rate during this year and a rebound of economic activity is expected in the fourth quarter," he said.

This will be supported by improved political stability which is a key for economic growth and to build investor business confidence."

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3. INTERNATIONAL

- ## UK housing market sees busiest month in ten years

The UK housing market saw £37bn worth of property sales agreed in July, representing the busiest month for home buying since data was first tracked by Rightmove.

Rightmove's weekly sales agreed figure was also up by 60% compared to the same week in 2019, as buyers continue with their home-moving plans. There were unseasonal all-time highs for new seller asking prices in seven regiong, with rising popularity of countryside locations driving prices in places like Devon and Cornwall.

Miles Shipside, property expert at Rightmove, said: "More property is coming to market than a year ago in all regions, and at a national level the new supply and heightened demand seem relatively balanced. However, those expressing most desire to move on are unsurprisingly in London and its commuter belt.

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- ## San Francisco, New York City Home Prices Fall as Listings Linger Much Longer

According to new Zillow research, the nation's two most expensive housing markets of San Francisco and New York are seeing prices fall and homes linger on the market longer due to the Coronavirus outbreak in 2020.

Zillow recently completed an in-depth analysis into whether the coronavirus pandemic and resulting explosion in people working from home has kicked off a boom in America's less-dense and typically less-expensive suburban areas.

The rate of newly pending sales -- a leading indicator of completed sales, which are typically reported weeks after an offer is accepted -- has picked up since February in both urban and suburban areas. The slowdown and re-acceleration of newly pending sales during the spring followed almost exactly the same trendline in urban and suburban areas. Those sales are also happening more quickly after a home is listed, though time on market has decreased slightly more in the suburbs since February.

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- ## PPE costs add to surprise jump in UK inflation in July

The jump in the Consumer Prices Index (CPI) - bigger than expected - was prompted partly by extra costs for personal protection equipment (PPE) for dentists and hairdressers.

Another key factor was the absence of traditional summer sales.

The Office for National Statistics said clothing and footwear prices were the biggest contributor to the rise.

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- ## Coronavirus: Japan suffers its biggest economic slump on record

The world's third largest economy saw gross domestic product fall 7.8% in April-June from the previous quarter, or 27.8% on an annualised basis.

Japan was already struggling with low economic growth before the crisis.

The figures released on Monday are a stark reminder of the severe financial impact faced by countries around the world.

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- ## European markets fall after Fed flags uncertainty of U.S. recovery

The pan-European Stoxx 600 fell 1.2% at the start of trading, with basic resources shedding 2.5% to lead losses as all sectors and major bourses slid into negative territory.

Minutes released Wednesday from the Federal Open Market Committee's last monetary policy meeting showed that central bank policymakers see the U.S. recovery from the coronavirus-induced downturn as "highly uncertain."

Stocks in Asia Pacific retreated in overnight trade after Wall Street turned negative on the back of the Fed's apprehension, while China held its benchmark lending rate steady.

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- ## Cost of renting rises in most European capitals

The cost of renting has risen year-on-year in the majority of European capitals, with particular increases in Malta, Lithuania and Poland.

Research from international rental marketplace Spotahome found that rents surged in Valletta, Malta (pictured) by 11.1%, bringing them to £942 per month.

Other cities with strong increases are Vilnius, Lithuania (10%); Warsaw, Poland (9.2%); Copenhagen, Denmark (8.7%); Stockholm, Sweden (7.4%); and Athens; Greece (6.9%).

Budapest, Hungary, has seen the largest decline in rents, down -2.8%, along with Prague, Czech Republic, at -2.1%.

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- ## Foreign Home Buyer Activity in U.S. Dips Over Last 12 Months

According to a new survey from the National Association of Realtors, foreign property buyers purchased $74 billion worth of U.S. existing homes from April 2019 through March 2020, a 5% decrease from the previous 12-month period and the second consecutive annual decline in foreign investment in U.S. residential real estate. Foreign buyers purchased 154,000 properties, down 16% from the prior year.

NAR's 2020 Profile of International Transactions in U.S. Residential Real Estate surveyed members about transactions with international clients who purchased and sold U.S. residential property from April 2019 through March 2020. Foreign buyers who resided in the U.S. as recent immigrants or who were holding visas that allowed them to live in the U.S. purchased $41 billion worth of U.S. existing homes, an 8% decrease from the prior year and 61% of the dollar volume of purchases.

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