REAL - ESTATE NEWS FEED

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TO

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1. REAL-ESTATE

• US sanctions on China firms will not affect investments in Sri Lanka's reclaimed port city: official

Colombo Port City, a sea reclamation, where investors will get land from the government of Sri Lanka are not part of United States sanctions targeted at units of its parent company in China and investments in the project are not affected, an official said.

Thulci Aluwihare, Head of Strategy and Business Development at CHEC Port City Colombo (Pvt) Ltd, a sub-subsidiary of China Communications Construction said the company had no current business relationship with any of the CCCC units targeted by the sanctions.

The parent CCCC itself was not targeted by the US but the CCCC Dredging Group Company Ltd, three of its sub-subsidiaries and another subsidiary of CCCC were in the list.

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• Sri Lanka's China backed project puts reclaimed land on the market for services FDI

Sri Lanka's Colombo Port City, a project financed by China-based business group has placed 13 blocks of prime land reclaimed from the sea and a marina in the market for investors in services exports to kick start post-Covid-19 investments, an official said.

CHEC Port City Colombo (Pvt) Ltd, a unit of China's CCCC group has reclaimed 269 hectares of land which has been vested with the government of Sri Lanka. CHEC Port City will get 113 hectares to draw investors and recover its 1.4 billion US dollar reclamation cost.

"About 68 hectares are ready for investment," Thulci Aluwihare, Head of Strategy & Business Development said.

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• GrandSpace opens at Astoria-Colombo

GrandSpace will be extending its services to Astoria-Colombo, located at the heart of the city center by providing best of services and better accessibility to its wide variety of clients at a prominent location in the centre of Colombo.

This will be the second venture of GrandSpace in providing extensively serviced office spaces; including virtual offices, meeting rooms and fully facilitated day offices to co-working spaces. The first project in Kohuwala continues to accommodate numerous small enterprises and entrepreneurs mastering in varying fields of commerce with a range of affordable and flexible options.

The latest locale at Colombo 3 will make the new centre one of the most sought after locations in the city hub, offering upgraded facilities worthy of the dynamic business lifestyle one craves for.

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• Elegance: Raising the bar for workspaces

From background player to industry-wide trendsetter, serviced workspaces in Sri Lanka are primed and ready to finally deliver on what their strongest advocates have long known to be true. Leading this shift is Elegance Workspaces, which opened their newest luxury workspace in Rajagiriya.

While most serviced workspaces offer a base set of features, Elegance goes a step further; bearing the trademark chic flourishes and rich interior it has fast become known for, Elegance has stacked its workspaces with a myriad of services and amenities to go with its exquisite design.

Wi-Fi, maintenance, security, access control, tea/coffee and even a gym, are all readily available to its members so that they can place all their focus on growing their businesses. Meanwhile an ample number of work desks, private suites and open lounge spaces, to go with a spacious shared space and a roof top terrace, help create a conducive environment to inspire one's best work.

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2. ECONOMY

- ### Sri Lanka ranked 83rd on Economic Freedom of World Index

Sri Lanka has been placed 83 among 162 jurisdictions on the Economic Freedom of the World Index, a position the island nation secured by advancing 15 places over the last year.

However, the 'Economic Freedom of the World: 2020 Annual Report' released by Canada's Fraser Institute in association with the Advocata Institute Sri Lanka, stated that the island nation would have been placed at a lower rank and given a smaller score if the data were based on 2018, 2019, and 2020, instead of being based only on 2018 data.

The ranking is based on the five categories—size of government; legal system and property rights; sound money; freedom to trade internationally and regulation.

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- ### Net foreign outflow tops Rs.970mn

The Colombo bourse yesterday saw little over Rs.970 million net foreign outflows with net foreign sales at John Keells Holdings PLC amounting to Rs.809.5 million, the stock market data showed.

The market witnessed 6.1 million JKH shares changing hands in six crossings between Rs.135 and Rs.137 per share. The bulk of the shares is believed to have been bought by Don & Don Holdings (Pvt) Ltd and Sisil Investments Ltd., two companies linked to LOLC controlling shareholders.

Last Thursday, little over 13 million JKH shares, which amounted to 1 percent of the issued shares of JKH, were traded. Unconfirmed reports said bulk of the shares was bought by Sisil Investments and Don & Don Holdings.

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- ## Sri Lankan economy to shrink 5.5% this year: ADB

Sri Lanka's output will contract by 5.5 percent in 2020 before recovering to 4.1 percent growth in 2021 as the country is recovering from the heavy economic toll caused by the pandemic on the livelihoods and businesses, according to Asia Development Bank (ADB).

In their periodic assessment of the economies in Developing Asia—Asian Development Outlook (ADO)—, the ADB had given a less dour outlook for Sri Lanka for 2020 and a more positive case for 2021 than what they projected a few months earlier.

In its June ADO update, the Asia-focused lender projected a 6.1 percent contraction in the economy for 2020 followed by a modest growth of 3.5 percent for 2021 when prospects looked somewhat gloomy for both the domestic and global economy when more than a third of the world was sheltering-in-place.

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- ## Lanka's exports near USD 1 bn again

Sri Lanka's exports during August 2020 recorded a downfall of 19.2% to US$ 947.7 million as compared to the value of US$ 1,033.3 million recorded the same month of last year.

Despite the decline in exports, some products like Coconut based products, Electricals & Electronic Components, Spices and Essential Oils and Food & Beverages recorded a positive growth of 22.88%, 8.32%, 19.4% and 11.45% respectively, during August 2020 as compared to August 2019.

Export Development Board (EDB) Chairman Prabhash Subasinghe said, that it is remarkable to see another month of almost a billion dollars of exports. However, we are being watchful of the months ahead whilst ununderstanding the impact of COVID-19 on our key markets of the US and Europe.

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- ## Inland revenue crosses Rs 1 tn mark in 2019

Inland Revenue Collection has grown by 13 percent and crossed the Rs 1 trillion mark in 2019. Revenue collection for the year of 2019 was Rs. 1.025 trillion while in 2018 it was Rs. 900.30 billion.

Inland Revenue's collection is now 6.83 percent of GDP rising from 6.27 percent the year before. Of the Rs 105 billion collected in Nation Building Tax Rs 34 billion were remitted to the provincial council system. Rs 14 billion collected in Stamp Duty were remitted to the provincial council system. Figures were made available to the public in the annual performance review of the Inland Revenue Department to the Parliament of Sri Lanka.

The total number of registered taxpayers in 2019 was 1.7 million. There are 1.5 million income taxpayers with 1.1 million people coming through the PAYE scheme. There are 56,460 registered companies paying tax.

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- ## Gross official reserves up to USD 7.1 bn

With the receipt of the SAARC Finance swap facility of US dollars 400 million from the Reserve Bank of India, the level of gross official reserves increased to US dollars 7.1 billion as at end July2020, which was sufficient to cover 4.8 months of imports.

Total foreign assets, which consist of gross official reserves and foreign assets of the banking sector, amounted to US dollars 10 billion at end July 2020, providing an import cover of 6.8months. The Sri Lankan rupee, which continued to appreciate in mid-April 2020, maintained the momentum during July 2020 as well and recorded a marginal appreciation of 0.3% during the month.

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- ## 'GDP growth may continue to struggle at 2.8% in 2021'

First Capital Research in their mid-year outlook report says that the GDP growth would record the steepest contraction at -5.8% for 2020 while the growth may continue to be a struggle at 2.8% in 2021.

"GDP growth may continue to be a struggle though at 2.8% in 2021," the report said.

Higher budget deficits may continue through 2020 to 2021 as well. Potentially high budget deficits are likely to push the rupee debt borrowing requirement higher for 2020 and 2021.

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- ## Sri Lanka rupee quoted firm, gilt yields flat

Sri Lanka rupee was quoted slightly stronger at 184.90/185.00 against the US dollar on Thursday while bond yields remained unchanged, dealers said.

The rupee ended at 185.00/10 rupees against the greenback on Wednesday.

In today's cabinet meeting, Sri Lanka increased the age of employment to 16 from 15. President Gotabaya Rajapaksa took the main initiative to present the 20 amendment draft and the cabinet unanimously supported it.

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3. INTERNATIONAL

• London has highest rental price premium in Europe

London is home to the highest rental price premium of any capital city in Europe when compared to the national rental cost in each nation, according to the latest research by rental marketplace Spotahome.

Spotahome looked at the cost of renting in each city across the EU and UK and how it compared to the cost of renting in the wider nation, to find out which cities were home to the highest capital city rental premium.

On average, the research showed that renting in a capital city would cost €860 per month, 35% more than renting across the wider nation (€635).

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• Hong Kong's housing market remains depressed

Hong Kong's housing market took severe blows recently – from market-cooling measures, the impact of the violent protests, the US-China trade war, and the COVID-19 outbreak. Hong Kong's residential property prices fell by 2.64% during the year to Q2 2020, at par with the previous year's 2.44% fall. Yet on a quarterly basis, house prices increased 2.31% in Q2 2020.

Over the past decade, Hong Kong's residential property prices have skyrocketed by 153% (inflation-adjusted). In contrast, real incomes have virtually stagnated in Hong Kong for years. As such, Hong Kong's government has leaned against property price rises. The government raised stamp duties for all non-first time homebuyers starting November 2016 and cut allowable loans on residential and commercial properties in May 2017. In June 2018, Chief Executive Carrie Lam revealed another series of cooling measures, including a tax against vacant flats.

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- ## Qatar's housing market remains gloomy

Qatar's housing market remains fragile, despite the government's continuous effort to mitigate the economic and financial fallout of the ongoing blockade. The nationwide real estate price index fell by 3.67% during the year to Q1 2020, in contrast to a y-o-y growth of 1.43% recorded in Q1 2019. Property prices fell by 1.15% during the latest quarter.

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- ## U.S. Home Prices up a Record-Setting 13 Percent Annually in August

According to a new report by Redfin, U.S. median home sale prices increased 13% from August 2019 to $319,178--the highest on record. This 13% year-over-year increase was the largest since October 2013.

"Home price growth this high is making the housing market especially difficult for first-time homebuyers right now," said Redfin chief economist Daryl Fairweather. "Rising prices are just one more reason for people to leave expensive urban neighborhoods behind. The sudden rise of remote work has allowed homebuyers who are priced out of one neighborhood to expand their search to more affordable areas. In turn, they are pushing up home prices in those relatively affordable areas, causing more people to look to even more affordable areas, and so on. Price growth may slow in 2021, but even if it does, high prices are going to continue to make affordability a concern for buyers."

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- ## Europe on high alert as coronavirus cases rise and targeted lockdowns return

There are growing concerns in Europe at what is being seen as an alarming rise in coronavirus cases, with the number of new daily infections reaching record highs in some countries.

The European Centre for Disease Prevention and Control (ECDC) warned Wednesday that the 14-day case notification rate (the number of newly reported cases) for the EU, European Economic Area and the U.K. "has been increasing for more than 50 days, with over half of all EU countries currently experiencing an increase in cases."

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- ## European stocks fall as markets react to Fed meeting

The pan-European Stoxx 600 dropped 0.8% in early trade, banks falling 1.8% to lead losses as all sectors and major bourses slid into the red.

European markets are following their counterparts in Asia and the U.S. lower as traders digested the Federal Reserve's pledge to keep rates low over the next few years.

Members of the Federal Open Market Committee indicated the U.S. overnight rate could stay anchored to the zero-bound through 2023 as the central bank tries to spur inflation. In a statement, the committee said: "With inflation running persistently below this longer-run goal, the Committee will aim to achieve inflation moderately above 2% for some time so that inflation averages 2% over time."

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- ## OECD projects global GDP will collapse by 4.5% this year

The global economy has performed better-than-expected but it is still on track for an "unprecedented" decline in output, the Organization for Economic Cooperation and Development warned Wednesday.

In its latest economic outlook, the OECD said the world economy will contract by 4.5% this year — an upward revision from an estimate made in June that pointed to a 6% fall in gross domestic product (GDP).

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