



REAL - ESTATE NEWS FEED



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1. REAL-ESTATE

- **Access Engineering's Christopher Joshua commends Govt. measures to support construction industry**

The construction industry grew by 6.8% and 4% respectively at current and constant prices in 2019. This was higher than the GDP growth recorded for the same period which was 4.5% and 2.3% respectively. Hence it is reasonable to say that the construction industry is still at a growth phase despite macro challenges faced by the business environment.

The challenges faced as a result of restrictions imposed due to COVID-19 will have a substantial impact on construction volume during the first half of this year, and the positive measures adopted to control the pandemic has already enabled the industry to get back close to capacity.

In order to deal with the shortage of skilled labour in the industry, we have tied up with technical colleges and also developed our own curriculums to train and develop young people in crafts of masonry, carpentry, bar bending, etc. We are now supporting a very positive endeavour pursued by the Vocational Training Authority to attract and train youth to be engaged in the construction vocation.

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- **The dawn of REITs in Sri Lanka**

Real Estate Investment Trusts (REITs) enable individual investors as well as institutional investors to earn a return from real estate investments sans the purchase and managing of the property by themselves. REITs have many positive features such as reliable income, liquidity, transparency, etc. The ability to pool capital from a large number of investors creates the perfect platform to attract investment to the real estate sector. The introduction of the regulatory framework for REIT is timely and the listed REITs can support the development of the Sri Lankan Capital Market.

The introduction of REITs will also support the Sri Lankan Islamic Finance/Alternate Finance Industry since it will increase the repertoire of the Islamic Finance products in Sri Lanka. For sustainable growth of the industry product diversification in a manner to attract to institutional investors and foreign investor is vital. The Association of Alternate Finance Institutions (AAFI) had also made submissions in the past to the Ministry of Finance on the need for introduction of REITs in Sri Lanka and to provide a tax efficient level playing field for REITs to succeed.

[Read more](#)

- **Iconic Galaxy's Privé apartments – a notch above the rest is underway**

Leading infrastructure developer Iconic Developments announced that construction of its premier Privé apartments of its latest luxury living space, the Iconic Galaxy, is in progress.

Having earned its most loyal homeowners a value of around 20-30% on their initial investment, Iconic Developments offers prospective homeowners the self-contained luxury apartment complex the Iconic Galaxy. The world class Privé penthouse apartments are the most exclusive in the complex, offering prospective homeowners upgrades in their choice of finishings. Additionally, being located in the top most floors of the building, they offer the best views and are located close to the club, the terrace and the observatory within the building.

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- **BOI agreement signed for US \$ 29mn Cinnamon Red Kandy**

Indra Traders (Pvt.) Ltd has partnered John Keells Hotels PLC to build a 160-room, three-star, lean luxury hotel in Kandy, with an investment of US \$ 29.32 million.

The hotel is expected to be completed by mid-2022.

As part of the Cinnamon brand, the hotel property will be managed by Cinnamon Hotel Management Ltd.

The investment agreement with regards to the property was signed between Indra Hotels and Resorts Kandy (Pvt.) Ltd and the Board of Investment (BOI) of Sri Lanka.

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2. ECONOMY

- **ASPI hits 7-month high amid retail driven momentum - Acuity Stockbrokers**

Expolanka was the highest contributor to the week's turnover value, contributing LKR 1.46Bn or 9.12% of the total turnover value. JKH followed suit, accounting for 9.09% of turnover (value of LKR 1.45Bn) while HNB contributed LKR 0.85Bn to account for 5.32% of the week's turnover. Total turnover value amounted to LKR 15.98Bn (cf. last week's value of LKR 9.45Bn), while daily average turnover value amounted to LKR 3.20Bn (69.05% W-o-W) compared to last week's average of LKR 1.89Bn. Market capitalization meanwhile, increased by 7.71% W-o-W (or LKR 177.86Mn) to LKR 2,486.27Bn cf. LKR 2,308.41Bn last week.

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- **Tourist arrivals by end October?**

The Tourism Authority and Ministry are considering various factors including the state of COVID-19 in the tourist's home country and whether their domestic policy allows them to travel for leisure. The Baltic and Russian regions are expected to be the initial arrivals.

Silva said "we can't expect to see large flows in the near future. We need to consider who will be our customers." Silva noted that the country is unlikely to host large tour groups or backpackers. The likely travellers will have to be long-stay small groups with private transport and at smaller establishments.

The opening in October is expected to be limited to 100 tourists. The opening will facilitate the capacity testing of the safeguard systems. Silva said, "stakeholders throughout the supply chain should be prepared with safety measures."

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- **Bond market witnesses sluggish sentiment throughout week**

The sentiment in the secondary bond market turned sluggish to bearish during the week ending 18 September as activity dried up considerably, bearing a few sporadic trades. The sentiment was further supported by the outcome of the weekly Treasury bill auction, where the total accepted amount was seen falling short of the total offered amount.

Nevertheless, foreign holding in rupee bonds recorded an increase for a second consecutive week with an inflow of Rs. 858 million for the week ending 16 September.

The limited trades seen during the week saw yields fluctuate within a narrow range mainly on the maturities of 2022s (i.e. 15.11.22 & 15.12.22), 2023s (i.e. 15.05.23, 01.09.23 & 01.10.23), 2024s (i.e. 15.06.24 & 15.09.24), 01.05.25, 01.02.26, 15.08.27 and 01.07.28 at levels of 5.53% to 5.57%, 5.70% to 5.80%, 6.08% to 6.10%, 6.37%, 6.56% to 6.59%, 6.88% to 6.95% and 7.05% respectively. This intern reflected a marginal shift upwards of the overall yield curve. In secondary bills, October to December 2020, March 2021 and August 2021 maturities traded at level of 4.52% to 4.57%, 4.65% and 4.80% respectively.

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- **Investments on the rise: BOI**

The Board of Investment (BOI) says agreements to the value of \$ 1.5 billion have been approved in the first nine months of this year from the 2020 targeted figure of \$ 2-2.5 billion.

BOI Director General Sanjaya Mohottala said of the value approved include new investments and expansions of the ongoing projects.

He said with the unprecedented COVID-19 pandemic has severely dented the world economy, the achievement of \$ 1.5 billion in new investments was noteworthy.

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- **Sri Lanka rupee quoted weak, bond yields unchanged**

Sri Lanka rupee was quoted weaker at 185.50/65 against the US dollar on Monday while bond yields remained unchanged, dealers said.

The rupee closed at 185.40/55 to the greenback on Friday.

In the secondary government securities markets, bond yields were flat, dealers said.

Foreign investors have bought Sri Lanka bond for the second week running after several months of net foreign selling. Foreign holdings of rupee bonds fell to a low of 11.7 billion rupees on September 02, increased to 12.6 billion rupees on September 09 and 13.5 billion rupees on September 16.

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- **Prime lending rate hits 5-year low**

The prime lending rate or the rate at which loans to prime customers of banks are priced, touched its lowest level last week, breaking its previous lowest five years ago.

The average weighted prime lending rate (AWPLR) of all loans granted by banks to their prime customers, as of last week fell by 40 basis points (bps) to 6.25 percent. The previous lowest was 6.26 percent in January 2015.

The AWPLR made an about turn the week before, after falling for many consecutive weeks, raising questions whether it had finally bottomed out. The key benchmark rate inched up 10 basis points to 6.65 percent in the week ended on September 11, ending its declining spell.

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- **Govt. eyeing 1% economic growth this year: Cabraal**

Sri Lanka is targeting an economic growth of one percent, end of this year, as such a rate would push the country to the path of recovery, Money, Capital Markets and State Enterprise Reforms State Minister Ajith Nivard Cabraal told Parliament yesterday.

He said one percent growth would put Sri Lanka on a sound economic position, compared to many other countries in the world.

“The country might see foreign investments coming in two weeks’ time,” Cabraal said while highlighting that the Board of Investment (BOI) had got into investment agreements worth US \$ 1.5 billion, during the first nine months. Cabraal also said increased foreign inflows to treasury bills and bonds would also bring in the desired results before long.

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- **PMI’s expands in August**

Recovery of manufacturing activities continued in August 2020 as reflected by Purchasing Managers Indices(PMI), benefitting from the normalization of business activities in the country.

Both New Orders and Production sub-indices remained at expansionary levels in August 2020 while a noticeable development was observed in the Employment sub-index.

The expansion of manufacturing activities was mainly supported by the manufacturing of the food & beverages sector. Some respondents in the sector highlighted that they have recruited new employees with the anticipation of upcoming seasonal demand. The Stock of purchases expanded at a slower rate in line with the movements of Production and New Orders. The overall expectations for manufacturing activities for the next three months improved, yet some manufacturers are still concerned that the relatively weak demand particularly from the external front prevents them from reaching pre-COVID levels.

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- **August inflation at 6.2%**

The headline inflation reported for the month of July 2020 was 6.1%. Contributions to the inflation rate of August 2020 from food group and non-food group are 5.7% and 0.6% respectively.

Whilst contributions of food and non-food groups to the inflation in August 2019 were 0.3% and 3.1% respectively, resulting in a headline inflation of 3.4%. With respect to August 2019, the reported increase in percentage of food group was mainly due to higher price levels prevailed in this month of August 2020, particularly prices of coconuts, rice, turmeric powder, coconut oil, sugar and fresh fish

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- **Weekly auction undersubscribed for second consecutive week**

The weekly Treasury bill auction was undersubscribed for a second consecutive week as its total accepted amount was seen falling short of its total offered amount once again. An amount of Rs. 19.16 billion was accepted in total from all three maturities against its total offered amount of Rs. 40 billion. The weighted averages were recorded at 4.51%, 4.64% and 4.88% on the 91 day, 182 day and 364 day maturities respectively. The bids to offer ratio decreased to 1.31:1.

Activity in the secondary bond market increased during the pre-auction trading session as yields decreased yesterday. The liquid maturities of 15.12.22, 15.01.23, 01.09.23, 15.09.24 and 15.08.27 hit intraday lows of 5.57%, 5.58%, 5.85%, 6.08% and 6.90% respectively against its previous day's closing levels of 5.58/65, 5.63/65, 5.87/90, 6.10/20 and 6.90/00. In addition, maturities of 01.03.21 and 01.08.21 traded at levels of 4.64% and 4.88% as well, while activity moderated towards the latter part of the day. The total secondary market Treasury bond/bill transacted volumes for 22 September was Rs. 7.30 billion.

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3. INTERNATIONAL

- **Canada's housing market strengthening again**

Canada's housing market is growing stronger again, as the impact of several rounds of market-cooling measures gradually waned. House prices in the country's eleven major cities rose by 5.19% during the year to Q2 2020, in contrast to a y-o-y fall of 1.48% in the previous year. Quarter-on-quarter, house prices increased 2.74% in Q2 2020.

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- **Rents fall in London and the South East due to the pandemic**

The pandemic has seen the cost of renting fall by -7.9% in London and -7.7% in the South East between March and September.

The typical month rent is now £1,519 in London and £1,061 in the South East, analysis from lettings management platform Howsy shows

Other areas seeing reductions include the East of England (-3.1%) as well as Yorkshire and the Humber (2.5%).

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- **European markets pull back over concerns for the global economy**

The pan-European Stoxx 600 fell 1% in early trade, with travel and leisure stocks shedding 2% to lead losses as all sectors and major bourses slid into the red.

Coronavirus developments continue to weigh on investor sentiment as cases surge in Europe. The number of daily reported coronavirus cases in the U.K. has jumped by a quarter in the past day, according to the BBC. The U.K. reported 6,178 cases, up by 1,252 since Tuesday, as the country grapples with a surge this month. Meanwhile, two German government ministers, Heiko Maas and Peter Altmaier, are now in quarantine after close contacts received positive coronavirus tests.

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- **The yen could rally strongly against the dollar, strategist says**

Expect the Japanese yen to strengthen dramatically against the dollar in the long run, according to a prediction by one strategist at Societe Generale.

Societe Generale's Jason Daw told CNBC the Japanese currency will "naturally drift" toward the 100 level against the dollar.

As of Wednesday morning in Tokyo, the yen is at 105.16 per dollar, off levels below 104.4 per dollar seen a few days ago but still stronger than levels above 105.6 against the greenback seen last week.

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- **Coronavirus: Asia stock markets continue global fallout**

Australia, Hong Kong, China and South Korea stock markets were all down.

Investors were also rattled by dimming hopes for more financial support for the US economy.

However, European markets opened slightly higher on Tuesday and London's 100 share index was up 0.4% at 5826.24 points.

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- **Indonesia's housing market continues its lacklustre performance**

Indonesia's housing market is now evidently cooling, with the residential prices in the country's 14 largest cities falling by 0.52% during the year to Q2 2020, following y-o-y declines of 1.2% in Q1 2020, 0.65% in Q4 2019, 1.68% in Q3, 0.94% in Q2 and 0.36% in Q1. House prices dropped slightly by 0.02% q-o-q during the latest quarter.

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