

# REAL - ESTATE NEWS FEED



**DECEMBER 07**

**TO**

**DECEMBER 18**

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# 1. REAL-ESTATE

- **Sri Lanka's Browns and China Harbour ink deal for Port City towers**

Browns Investments said it had inked a deal to join China Harbour Engineering in a 450 million dollar mixed development project on reclaimed land in Sri Lanka's capital Colombo.

The Colombo International Financial Centre styled development is to be built in two phases.

The first phase involves a Grade A office tower, a residential apartment tower, a service apartment tower and a retail podium. The five tower project was the first investment to be approved on the reclaimed Port City.

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- **'447 Luna Tower': All about modern design with luxury living at an economical price**

'447 Luna Tower', the luxury condominium developed by Japanese conglomerate Belluna Co. Ltd., is envisioned as 'vertical living in a visually compelling and functionally efficient facility'. Coming up in

uber-central Union Place, the project was designed from ground up by renowned architect Philip Weeraratne, Ravindhu Karunanayake, and Gayan Karunaratne and the team of young, dynamic architects and interior designers at PWA Architects. The luxury condominium 447 Luna Tower, a 44-storey architectural masterpiece accommodating 202 spacious apartments is set to be completed in 2021, offering impeccable value to those seeking to purchase real estate in Colombo.

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- **Capitol TwinPeaks at Colombo 2 confirms installation of South Asia's highest sky bridge**

Capitol TwinPeaks, the Rs. 25 billion flagship mixed-development project by the Sanken group's Capitol Developers and Sanken Construction, located on the Beira lakefront in Colombo 2, recently began the installation of its 50th level sky bridge. Following the announcement in early 2019 for plans to set the record for South Asia's highest sky-bridge, the project which is set for completion and handover by end June 2021 began the installation of the sky bridge on 29 October, despite the second COVID-19 lockdown which continued to affect many of Sri Lanka's industries. Commenting Capitol Developers Managing Director Rohana Wannigama noted, "With Capitol TwinPeaks being a notable landmark amidst landmarks, the sky bridge has been a much-anticipated design and construction feature of the project. The sky bridge is yet another iconic moment in Sri Lanka's history as it will be the highest in South Asia – yet again affirming Capitol TwinPeaks and Colombo as the ultimate location for those seeking a cosmopolitan lifestyle. This milestone signifies a historic moment in the field of architecture and engineering for our nation as the sky bridge is an open glass viewing point." Constructed at 174.2 metres (572 feet) above ground level, the remarkable aerial feat of engineering is part of the residential project, to link the 50-storey free-standing twin towers by a 30 foot (4.2 metre) long sky bridge.

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- **China ready to invest in many projects - Chinese Ambassador**

Ambassador of the People's Republic of China Qi Zhenhong said that the Government of China will invest more towards the development of Sri Lanka.

He said so during bilateral discussions held with Speaker Mahinda Yapa Abeywardena. Accordingly, the Government of China is planning to formulate an international legal framework which would make the Port City of Colombo under construction a suitable platform for foreign investment.

The Ambassador further stated that it is intended to attract investors to invest in the Port City. The meeting was held at the Speaker's official residence yesterday (15).

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- **REITs set to offer new avenues of growth for property owners and investors**

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Colombo Stock Exchange (CSE) recently conducted a webinar titled 'REITs: The way Forward and Opportunities,' focusing on the newly introduced Real Estate Investment Trusts (REITs) Framework. The discussion also highlighted key features of this opportunity that can be a catalyst for multiple benefits for property owners, investors and the economy at large.

The webinar featured capital market and financial services experts including the CA Sri Lanka Chairman Manil Jayasinghe, CSE CEO Rajeeva Bandaranaike, Securities and Exchange Commission of Sri Lanka (SEC) Director Corporate Affairs Dr. Harshana Suriyapperuma, CSE Chief Regulatory Officer Renuke Wijayawardhane, KPMG Sri Lanka Principal for Tax and Regulation Suresh R. I. Perera and Candor Holdings Group Director Ravi Abeysuriya.

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## 2. ECONOMY

- **Deposit rates decline further in November**

Sri Lanka's deposit rates further declined in November in response to continuous decline in lending rates.

The average weighted deposit rate or the average rate offered by licensed commercial banks for their entire deposit base fell by 22 basis points (bps) to 6.01 percent by end-November, taking the total decline in the rate to 219 bps or 2.19 percent in the eleven months.

Meanwhile, the average new deposit rate or the average rate offered by the banks for their deposits raised in the most recent period, fell by 379 bps or 3.79 percent to 5.10 percent by end-October, based on the data available for the ten months.

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- **Bond market activity moderates**

The activity in the secondary bond market moderated once again yesterday as yields closed the day broadly steady ahead of today's weekly Treasury bill auction. Two trades were witnessed on the maturities of 01.07.22 and 01.01.24 at 5.55% and 6.20% respectively.

Today's bill auction will see Rs.40 billion on offer, consisting of Rs.8.5 billion on the 91 day, Rs.12.5 billion on the 182 day and a further Rs.19 billion on the 364 day maturities. The stipulated cut off rates was published at 4.67%, 4.78% and 5.00% on the 91, 182 and 364 day maturities respectively.

The total secondary market Treasury bond/bill transacted volumes for 07th December 2020 was Rs.9.83 billion.

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- **Sri Lanka stocks end higher**

Sri Lanka stocks closed 0.78 percent higher on Wednesday's pushed by index heavy Browns Investment, Browns and Company Plc and LOLC Holdings, Colombo Stock Exchange provisional data showed.

Colombo's All Share Price Index gained 0.78 percent or 51.02 points to close at 6,615.02.

The S&P SL20 index of more liquid stocks gained 0.14 percent or 3.74 points to 2,646.24.

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- **Sri Lanka eyeing post GSP+ relationship with EU**

Sri Lanka is working on a new trade arrangement with the European Union when the country graduates from the Generalised System of Preferences Plus system (GSP+) that gives duty free access to the region, a foreign ministry official said.

Sri Lanka which was earlier classified as a middle income country was downgraded to a lower middle income country in July 2020 by the World Bank after two years per capita contraction of gross domestic product, in the wake of monetary instability that triggered two currency crises in close succession.

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- **Prime lending rate hits fresh low indicating room for lending rates to come down further**

The prime lending rate touched another fresh low last week, signaling that downward trend of lending rates is not yet over, while underscoring Monetary Board's claim about more wiggle room for rates to respond to rate cuts.

According to the latest data available for the week ending December 11, the Average Weighted Prime Lending Rate (AWPLR) fell by 5 basis points (bps) to 5.66 percent, the lowest on record from 5.71 percent in the previous week.

With last week's decline, AWPLR has so far fallen by a total of 408 bps or 4.08 percent, the most on record.

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- **September quarter earnings surge by 61.1% to Rs 73.9 bn**

September quarter earnings surged by 61.1% YoY to Rs 73.9 billion owing to the robust performance in most of the sectors primarily led by Food, Beverage & Tobacco (96%YoY), Transportation (578%YoY), Capital Goods (112%YoY) and Materials (154%YoY).

However, sluggish quarterly performance was witnessed on Consumer Services (-32%YoY), Banks (-17%YoY) and Real Estate (-37%YoY).

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- **Trade deficit narrows in October**

Sri Lanka's external sector exhibited its resilience in October 2020, with the successful repayment of the matured International Sovereign Bond (ISB) of US dollars 1.0 billion.

During the month, external sector performance was supported by the continued improvement in the trade deficit, increase in workers' remittances and the resultant stability in the domestic foreign exchange market.

While imports continued to be restrained under low global oil prices and import restrictions imposed by the Government, exports dropped in October 2020 due to the disruptions to local production and support services following the resurgence of COVID-19 cases since early October and weak demand from foreign buyers.

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- **Govt. eyes US\$ 2.5bn in FDIs next year**

The government yesterday announced a foreign direct investment (FDI) target of US\$ 2.5 billion for next year, a figure that is not overly ambitious given the commitments already received, according to State Minister Ajith Nivard Cabraal.

With investments expected to come into the country with projects such as the Hambantota tire factory, and those proposed for the pharmaceutical sector and the education sector, State Minister for Money, Capital Market, and State Enterprise Reforms Cabraal expressed confidence in the target being achieved.

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- **Lankan sovereign bondholders re-evaluate initial reaction as yields recover**

The holders of Sri Lanka's sovereign bonds, who overreacted to the resurgence of the virus in October, appear to be re-evaluating their action as yields moderate and prices rise, according to the rating agency, ICRA Lanka.

"Yields on international sovereign bonds (ISBs) started to moderate throughout the month (November) as investors reevaluated their initial reaction to the second wave," the rating agency said in their most recent commentary on the Sri Lankan economy.

According to ICRA Lanka, ISB with the nearest maturity falling on July 27, 2021, saw its yields dipping by 2,000 basis points (bps) while the bond with the longest maturity on March 28, 2030 saw its yields declining by 130 bps.

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- **Sri Lanka stocks down**

Sri Lanka stocks closed 0.47 percent on Thursday's helped by Browns Investments, Distilleries Company and Ceylon Tobacco, Colombo Stock Exchange provisional data showed.

Colombo's All Share Price Index fell 0.47 percent or 31.52 points to close at 6,624.15.

The S&P SL20 index of more liquid stocks fell 0.76 percent or 19.74 points to close at 2,582.95.

The market turnover was 4.4 billion rupees with 58 stocks gaining and 135 falling.

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- **Sri Lanka targets US\$2.5bn FDI in 2021: Minister**

Sri Lanka is targeting 2.5 billion US dollars in foreign direct investments in 2021, with several commitments already being made, State Minister for Finance and Capital Markets, Nivard Cabraal said.

About a billion dollars of investments were in the pipeline for the Colombo Port City, he said.

"That is very real," he told an investment forum organized by Asia Securities, a Colombo-based investment house.

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- **Trend setting pilot tourism project to muster US\$ 10 mn**

Sri Lanka will finally open its airport for tourism from December 29 to accommodate around 5,000 Russian region based tourists, former Sri Lankan Ambassador to Russia, Udayanga Weeratunga said.

He said this would be under a trend setting pilot project which is very well planned and coordinated by Weeratunga himself and has also received the Cabinet approval and health authorities' 'green light.'

Weeratunga said that he wanted to execute these project two months ago but due to the second C-19 wave in Sri Lanka this project was on hold. With the re planned execution of this project the local travel industry which is at a standstill will receive a major boost of around USD 10 million and will also revive the supporting industries.

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### 3. INTERNATIONAL

- **Japan announces new Covid-19 stimulus for economy**

Japan's Prime Minister Yoshihide Suga has announced a fresh round of stimulus for the Japanese economy.

The 73.6tr yen (\$708bn; £530bn) package is expected to include subsidies for green investment and spending on digitalisation.

The additional spending is aimed at pulling the country out of its coronavirus-induced economic slump.

Japan's economy has started to rebound in the third quarter after a dismal second quarter.

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- **U.S. Commercial Lending Slowed in Mid-2020 as Underwriting Turned Conservative**

Commercial real estate mortgage markets navigated a difficult period in Q2 2020 following the onset of Covid-19, as lenders were selective in their deal and property type choices, according to the latest research from CBRE.

A temporary freeze in commercial real estate lending and transaction markets beginning in mid-March through early April, resulted in fewer loan closings in Q2 2020. The CBRE Lending Momentum Index, which tracks the pace of commercial loan closings in the U.S., reached a value of 194 in June--a 29.3% decrease from its Q1 2020 close and down 20.5% from a year ago.

While broad liquidity was restored to the market later in the quarter -- and multifamily and certain industrial deals were bright spots -- other sectors suffered from selectivity and the withdrawal of CMBS and alternative sources of capital.

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- **Smart workplace launches in Manchester**

The workspace features a 'central nervous system', a smart tech platform that connects a physical space with the people, processes and systems.

There is a circadian lighting system – designed to replicate a 24-hour cycle of sleep, wake, hunger, alertness, and body temperature – combined with the use of planting and greenery in biophilic design

The building features sensors to monitor air quality, space utilisation and energy usage.

Andrew Cooke, strategic director at Bruntwood Works, said: “The cutting-edge technology we’ve introduced at 111 Piccadilly will transform the building and its environment for the benefit of the people within it.

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- **Property market expected to start 2021 with a bang**

With pent-up demand after lockdown and news of a Covid-19 vaccine, the UK property market should expect a promising start in 2021, property developer GRE Assets has predicted

With offices in the UK, Spain and the Middle East, GRE Assets has an international perspective of the impact the global Covid-19 crisis has had on the UK property market.

Michael El-Kassir, managing director of GRE Assets, explains what the company has experienced in the latter half of 2020 and how he believes this will inform the market as we approach 2021.

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- **China to overtake US economy by 2028-29 in COVID's wake: JCER**

The Chinese economy is likely to surpass that of the U.S. in either 2028 or 2029, as the Asian giant emerges from the coronavirus pandemic in a position of strength, a new study by the Japan Center for Economic Research shows.

The nonprofit organization's sixth annual report on medium-term forecasts -- released on Thursday and titled "Asia in the coronavirus disaster:

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