



## REAL ESTATE NEWSFEEDS



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TO

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2015



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# 1. REAL ESTATE

- **Sri Lanka needs balanced approach to urbanization: Min. Ranawaka**

Sri Lanka's challenge is how to achieve a pace and pattern of urban development that is beneficial to people and how to make a balanced approach to urbanization, Minister Champika Ranawaka said.

"Urbanization has both positive and negative impacts on society," the Minister of Megapolis and Western Development said.

"It has resulted in increased employment opportunities, escalated standards of living and easier access to healthcare, education, transport facilities and entertainment."

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- **Q&A: Condos nearing peak, shortage in 'A' grade commercial property**

Apartment complexes have had a strong hand in shaping the skyline of Colombo with the island's real estate and construction industry sectors presently experiencing a boom. The key market drivers remain the luxury condominium market which has picked up within the last year.

However, experts warn that buying by expatriate Sri Lankan and foreigners who are driving the condo market may have peaked or may be nearing its peak due to their finite numbers.

Data shows that in 2009 the luxury housing stock stood at 783 units and by 2015 the number has gone up to 2,657. By the end of 2018-19, the numbers are expected to hit 6,000, when projects such as Altair, Shangri-La, Colombo City and 96 Iconic are completed.

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- **Annual real estate conference to get underway**

The second annual real estate conference will take place on October 21, 2015, from 3pm – 8pm, at the Bandaranaike Memorial International Conference Hall, according to a statement released by Lamudi.lk In addition to the changes in the real estate market, this year's conference will focus on technology, with demonstrations of virtual reality and drone technology, and how these are affecting the Sri Lankan real estate market. In addition to expert presentations, a panel discussion will explore the challenges facing the property market, where the floor will be opened Roshan Madawela from the Real Estate Intelligence Unit, Brahmanage Premalal from Prime Lands Group and Ravi Abeysuriya from Candor Group of Companies, are confirmed to speak at the event, to share insight into the country's real estate market, the statement said.

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- **Mega Twin Tower Condo project Luxe Residencies launched by Home Lands Skyline**

One of the leaders in the Sri Lankan Real Estate industry - Home Lands Skyline Pvt. Ltd., a fully owned subsidiary of Home Lands Pvt Ltd headed by Nalin Herath recently added another brand to the company's flagship Condominium project 'Luxe Highway Residencies' which is a 112 apartment twin tower project with all the modern amenities to fulfil demands of urban vertical luxury living in Kottawa. Once completed 'Luxe Highway Residencies' will have an on the premises a Supermarket, Bakery, Café and a Restaurant, a Beauty Parlor, ATM, Pharmacy, clothing store and a Laundry to meet aspirations for convenient living.

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- **LBR LBO infrastructure summit announced to media**

There is an urgent need to move forward with intelligent urban design and development if Sri Lanka aspires to make Colombo a regional hub.

This was the call of the organizers of LBR LBO's infrastructure summit "Making Colombo a Globally Competitive City," which will be held on November 3rd and 4th at the Cinnamon Grand.

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- **New policy on foreigners and land issue?**

Finance Minister Ravi Karunanayake last week assured the Government would be flexible on foreigners and land ownership subject to pre-determined purposes of investment.

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- **Sri Lanka poor concentrated in cities, helps poverty fight: World Bank**

The concentration of Sri Lanka's poor around urban areas will help its drive to reduce poverty levels as its cities develop, the World Bank has said.

"The poor are concentrated in and around urban agglomerations," says Ede Jorge Ijjasz-Vasquez, the World Bank's Senior Director, Social, Urban, Rural and Resilience Global Practice.

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- **New Megapolis Authority to take over some UDA powers**

As the Government moves forward on the new megapolis project, certain powers of the Urban Development Authority (UDA) will be transferred to a new authority to be created by the end of the year, top officials said.

Megapolis and Western Region Development Minister Champika Ranawaka told the Daily FT some functions of the UDA and other institutions would come under the new Megapolis Authority.

"Certain powers and functions of the UDA will be taken over by the Megapolis Authority," he confirmed. According to Ranawaka, his Ministry is now in the process of formulating the legal draft of the new authority and expects to present the draft legal document to Parliament by the end of 2015.

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- **Sri Lanka to sign new deal with China Port City**

Sri Lanka will sign an amended agreement with a Chinese company that is reclaiming the sea near Colombo, involving the Urban Development Authority with a committee tasked to make changes to the deal.

Sri Lanka has already granted a six-month extension to a temporary agreement signed with Sri Lanka Ports Authority and the CHEC Port City Colombo (Pvt) Ltd.

A committee involving ministries in the new administration is expected to develop a tripartite agreement with CHEC, the UDA and the Government of Sri Lanka.

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## 2. ECONOMY

- **Sri Lanka's proposed finance bill discourages private sector investment: CCC**

Sri Lanka's Finance Bill of March 2015 sends negative signal to the private sector and discourages investment, the Ceylon Chamber of Commerce (CCC) said in a statement, Sunday.

“The CCC believes that the Finance Bill of March 2015, presented to Parliament recently sends a negative signal to the private sector and is likely to deter investment,” the statement said.

“This is unfortunate since the Bill comes at a time that the Sri Lankan private sector was gearing itself to partner the Government in realizing the full potential of the country's economy.”

However, the statement says the proposed bill is likely to be perceived as a serious impediment in building a credible and deep partnership between the Government and the private sector.

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- **Sri Lanka calls for expat funds in Swiss accounts: Ravi K**

The government encourages Sri Lankan expats to bring back undeclared funds in Switzerland, with no questions asked, the Finance Minister said.

“There are about 10 to 15 billion dollars held outside the country. We are inviting Sri Lankan expatriates to bring their money and we can offer a considerable interest rate,” Ravi Karunanayake, finance minister of Sri Lanka said.

Due to a recent black money law, a number of Swiss and other European banks have begun asking Indian and Sri Lankan clients to disclose their accounts to tax authorities back home.

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- **Japanese firms urged to contribute to Lanka's future economic development**

Japanese Foreign Minister Fumio Kishida on Monday declared that bilateral ties with Sri Lanka would strengthen further and urged his country's private sector to contribute to the future development of the island nation.

He made this clarion call when he delivered the keynote at a packed Sri Lanka Investor Forum organised by NWS Holdings Ltd. yesterday in Tokyo.

Fresh from a meeting with the visiting Sri Lankan Prime Minister Ranil Wickremesinghe in Tokyo, the Japanese Foreign Minister said that bilateral ties with Sri Lanka were bound to strengthen further.

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- **Japan to provide 45 billion Yen loan under comprehensive partnership-Updated**

Japan will provide a 45.4 billion Yen (380 million dollar) loan under a 'Comprehensive Partnership' arrangement that will include expansion of the Bandaranaike International Airport in Sri Lanka, the Japanese Foreign Ministry said.

The agreement was announced during Prime Minister Ranil Wickremesinghe's visit to Japan after meetings with Japanese Prime Minister Shinzo Abe.

The two leaders decided to deepen cooperation through a 'Comprehensive Partnership,' a statement said.

"Both leaders reaffirmed that the strengthening partnership between the two countries, which share the fundamental value of the rule of law and democracy, can contribute to prosperity of the two countries as well as the Pacific and Indian Ocean region," a statement said.

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- **Business confidence at an all-time high: LMD**

Business magazine LMD reports that the “business community is highly optimistic about the future,” according to the latest LMD-Nielsen BCI, which broke the psychologically critical landmark of 200 basis points in September. sg

The last time the index came close to surpassing this milestone was following the January presidential election, which saw it skyrocket to 194. LMD says that the unique barometer of business confidence in Sri Lanka now stands at 204 points.

The magazine quotes Nielsen’s Managing Director Shaheen Cader, as saying that “at a macro level..., businesses are optimistic about the country’s economy.” Cader, however, sounds a note of caution: “On a micro level, both short and medium-term business prospects have remained more or less static, which may be due to the time lag in any policy implementation measures by the new Government.”

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- **Tourist arrivals up 36-pct driven by arrivals from India and China**

Sri Lanka’s tourist arrivals rose to 143,374 visitors, up 35.9 percent in September 2015 from a year ago, a statement said.

Arrivals for the nine months to September were up 17.1 percent to 1,315,839 from a year ago, the latest tourism data shows.

In September India arrivals rose 41.5 percent to 27,233 while Chinese visitors rose 54 percent to 20,502.

China remains the fastest growing market and arrivals were up 73.6 percent up to September this year from a year ago, data showed.

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- **Empty lands to be taken for food production: President**

Private and state owned lands which have not been cultivated will be used for food production in the future, President Maithripala Sirisena emphasized.

President Sirisena stated that it is a shame to import food from foreign countries for consumption when there is an ability to produce every food within the country.

President said he would take explanations from the responsible officials especially about the state lands which will not be cultivated.

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- **Sri Lanka should be a trading country; no balancing acts: Harsha**

Sri Lanka should be a trading country and there is no need of a balance between manufacturing and trading, Deputy Foreign Minister Harsha de Silva said.

“Some say there must be a balance between manufacturing and trading. I don’t believe in this balancing. We have to go down to the basic principle of economics,” Silva said.

Speaking at an exporter’s forum Deputy Minister explained the theory of comparative advantage.

“Why is the doctor a doctor and not a carpenter at the same time? A doctor may be able to fix his own furniture but he makes more money through operations than fixing furniture.”

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- **Sri Lanka vehicle prices to increase with new customs valuation basis**

Sri Lanka’s finance minister has signed an extraordinary gazette to change the basis on which customs calculates the value of certain motor vehicles, and prices of some vehicles may increase by almost 50 percent, car dealers said.

With this order the actual transacted FOB value of the vehicle has been excluded from the new valuation criteria and Sri Lanka Customs will use a predetermined value in order to apply relevant customs duties.

As per the above gazette notification, issued on September 22, customs value of certain motor vehicles imported should be the aggregate of the following four items.

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- **Sri Lanka to call bids for urban rail project soon-Updated**

Sri Lanka will be calling for international competitive bids for its first urban railway project, Upul Jayasuriya, chairman of Sri Lanka’s Board of Investment told foreign media.

Japanese foreign media reports quoted the BOI chief saying that the Sri Lankan government is considering introducing either monorails or subways, as traffic congestion has become a serious problem in the capital city.

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### 3. INTERNATIONAL

- **Is the global luxury real estate market cooling off?**

The luxury London property market finally appears to be in pause mode, and it could stay stuck for a while, as extra costs are piled on to the cost of buying a top-notch home according to high-end estate agent Knight Frank.

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- **US real estate funds outperform Asia and Europe in 2nd quarter**

Real estate funds in the United States have outperformed those in Europe and Asia Pacific in the April-to-June period, according to the Global Real Estate Fund Index.

The result is the second straight quarter that US real estate funds have topped the global league tables, according to data provider.

[Read more](#)

- **Investors should focus on real estate in Asia, says Townsend chief Terry Ahern**

Thirty-two years after it was formed, Townsend Group, co-founded by Terry Ahern, has become one of the largest real estate consulting firms in the world. It provides global investment management and advisory services focused exclusively on real estate and real assets.

The company has more than 100 institutions as clients, manages about US\$13 billion of real estate and other real assets and advises on US\$170 billion of client assets.

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- **Real Estate in Catch-22**

Raghuram Rajan might have slashed interest rates by an unexpected 0.50%. But the now jubilant real estate industry might have to take a long look at their own affairs. According to experts, if the sector is to pull itself out of the morass it finds itself in, it needs to look past the rate cut and re-evaluate pricing.

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