

REAL ESTATE NEWSFEEDS



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TO

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2015

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1. REAL ESTATE

- **Sri Lanka's stalled Colombo port city back on track**

Sri Lanka's is all set for the Chinese-built port city project to commence work soon, a media report said.

"We have given all the necessary clearances. Now it is up to the investors to sort out the minor details," Ravi Karunanayake, Sri Lanka's finance minister told the South China Post newspaper.

"On our part, the government is happy with the environmental impact assessment report for the project. It is now under public consultation," he said.

Earlier, Sri Lanka's Prime Minister Ranil Wickremesinghe said that the country plans to have a 'unique financial and business district' in Colombo when the sea reclamation project by a Chinese firm is resumed.

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- **Port City, Colombo's hub in the next decade**

The Colombo Port City would become the business district of Colombo, the down-town in the next decade or so, said Central Bank Governor Arjuna Mahendran.

Speaking at the Mayor's Forum, held to celebrate the 150th anniversary of the Colombo Municipality, Mahendran said the prospective Colombo Port City would lead Colombo and Sri Lanka to the global value chain.

The Central Bank Governor also said the issue of land ownership and property rights in the country needed to be addressed.

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- **Multi-modal centres linking rail/bus transport**

A new concept of multi-modal centres integrating rail and bus transport system is to be introduced by the Ministry of Megapolis and Western Development shortly, progress report of the Ministry which was tabled in Parliament last week said.

Accordingly, the first multi-modal centre will be constructed in Makumbura. This is the first multi-modal transport Centre having modern facilities to the commuter and for the public and private transport mode.

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- **Colombo Port City won't cause environmental disruption, says EIA**

The proposed Colombo Port City has a minimal environmental impact on the reclamation site and the coastal zone around the area, a supplementary environmental impact assessment, now available for public consultation, states.

Because of the impact of sand dredging north of the port city site, an income support program will be implemented for communities engaged in fishing, the report adds.

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- **ADB to do Sri Lanka rail electrification feasibility**

The Asian Development Bank has agreed to fund a feasibility study on upgrading the suburban railway in the Sri Lankan capital Colombo, including electrification.

The project is to improve the railway system in the Colombo Metropolitan Region (CMR) including the 64 km track from Colombo to the northern town of Veyangoda and the southern Panadura town, the most heavily used corridor.

The study is expected to start in January next year and be completed by October, according to an ADB report.

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- **CHEC ok with 99 year lease**

The China Harbour Engineering Company (CHEC), has indicated that they are going to fall in line with the 2016 budget proposal that states that the company will be provided land on a 99-year lease.

“We appreciate the confidence and the endorsement of the Finance Minister on our project. As you know, our SEIA is going through public consultation at the moment and the consultation period ends in mid-January. We will then ensure that all queries raised are addressed satisfactorily before proceeding to obtain final endorsement from the government.

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- **DURRA Building System wins National Green Award**

DURRA Building System (Pvt) Limited, a subsidiary of International Construction Consortium (ICC), won the Bronze Award in 'Waste Recycling' at the recently concluded National Green Awards Ceremony 2015 organized by the Central Environment Authority of Sri Lanka.

Commenting on this remarkable achievement, DURRA Building Systems (Pvt) Limited, General Manager, Gunasiri Abeysinghe said, "DURRA Building Systems teamed up with Ortech Australia to manufacture DURRA multipurpose building panels in Sri Lanka. We set up a factory manufacturing DURRA multipurpose building panels in the Minneriya area, where paddy is grown extensively.

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- **Ircon International assures SL Railways of continued support for track infrastructure development**

Ircon International Limited after the successful completion of the 265 km reconstructed rail network in the Northern Province of Sri Lanka, is looking to expand its footprint in Sri Lanka and assures the government of Sri Lanka of their continued support to uplift the transport sector and develop further the rail infrastructure of the country. The govt. of Sri Lanka is actively considering the utilization of the available Indian Line of Credit for financing these projects.

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- **USD 1.6 bn worth FDI expected from 66 projects, 45 expansions: BOI**

Sri Lanka's Board of Investment says they are expecting 1.6 billion US dollars worth foreign direct investments through 66 new projects and 45 expansions of existing projects.

"As a result of the introduction of new procedures aimed at improving facilitation, the BOI succeeded in attracting a number of important projects in key sectors of investment," the BOI said.

The investment promotion bureau said once these investments are realized a total of 66 new projects and 45 expansions of existing projects will be operational, resulting in 1.6 billion US dollars FDI generating 16,075 new employment opportunities.

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- **AVIC to invest in housing, leisure projects**

AVIC International of China inspired by the successes of Sri Lanka's newest super-luxury condominium project, the Astoria, will invest in three other housing and leisure projects.

These projects will be in Galle, Hambantota and Colombo.

AVIC Vice President in Sri Lanka Zhong Yuan, in an interview with 'Daily News Business' said they are looking for a suitable land to build a city hotel to meet the increased traveller demand.

"We are looking to build a 100 roomed hotel in Colombo."

Commenting on the on going Astoria residential complex he said it is well on target to reach completion by 2017. The total investment is US\$ 250 million.

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- **EDB help for construction firms to expand overseas**

Sri Lanka Exports Development Board (EDB) will step up efforts to facilitate local construction companies to expand their services in Myanmar, EDB Chairperson and CEO Indira Malwatte said.

Under this initiative, the government hopes to employ more Sri Lankan engineers, quantity surveyors, graduates and others in the overseas construction services sector.

EDB as part of government's ambitious plan to create a knowledge- based economy, will actively engage in promoting and marketing of IT and Business Process Outsourcing (BPO) industry in overseas markets.

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- **ADB loan of USD 200 mn for integrated road investment program**

Asian Development Bank (ADB) and the government of Sri Lanka signed two loan agreements for the implementation of the Integrated Road Investment Program which was designed to ensure rural road connectivity between the selected rural hubs and the adjacent socio economic centers of Sri Lanka

The total investment cost of this programme is US \$ 906 million of which US \$ 800 million is planned to be obtained from ADB in 6 tranches under the Multi- Tranche Financing Facility to supplement the government investment of US \$ 106 million. Improvement of rural access roads including local authority roads, provincial roads and national roads in Southern Province, Sabaragamuwa Province and Kalutara District of Western province, Central Province, North Central Province and North Western Province will be carried out under the investment program.

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2. ECONOMY

- **Tax on vehicles will not be changed- LVIA**

Finance Minister Ravi Karunanayake assured that taxes imposed on vehicles by the 2016 budget will not be revised, Lanka Vehicle Importers' Association (LVIA) said today.

Chairman of the Association Indika Sampath Merenchige said the Association had discussed the matter with the Ministry yesterday.

Minister Karunanayake presenting the budget said that the unit rate of excise duty for the vehicles on the basis of cubic centimeters and duties on the percentage basis on certain vehicles would be revised.

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- **Special economic zones, a driving force for increased trade – ADB**

Special economic zones (SEZs) can be a driving force for increased trade, investment, and economic reform in Asia at a time the region is experiencing a slowdown in trade, provided the right business environments and policies are put in place, says a new Asian Development Bank (ADB) report.

The Asian Economic Integration Report 2015, examines current trends in trade, finance, migration, remittances and other economic activities in the region, with a special chapter on the role of special economic zones.

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- **Sri Lanka GDP grows 4.8-pct in 2015 third quarter: Census Dept.**

Sri Lanka's gross domestic product expanded 4.82 percent in the third quarter of 2015 from a year earlier, the state statistics office said.

The statistics office said agriculture grew 6.9 percent, industries by 6.2 percent and services by 3.4 percent.

The economic growth rate of the country for the first three quarters has been estimated as 5.2 percent.

Among Agriculture sub activities, 'Growing of rice' reported a very high growth (61.1 percent) and 'Growing of oleaginous fruits; including coconut' reported 7.9 percent of increase during the quarter.

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- **Sri Lanka cannot expect IMF to come and sort out problems: Razeen Sally**

Sri Lanka might need IMF funds as money flow tightens in the future with global economic complexity but the government cannot expect a bail out by the IMF after acting irresponsibly, Professor Razeen Sally said in a forum held Thursday.

"There is a lot of talk, as in the past, about going to the IMF to get another standby loan," Sally said.

"This may be unavoidable sometime during the course of next year, especially as money tightens and as global interest rates rise," he said.

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- **'No major impact locally from US Fed Reserve's increased interest rates'**

US Federal Reserve's increased interest rates, fashioned as an unconventional monetary stimulus termed Quantitative Easing (QE), will have an impact on commercial borrowings, especially for emerging economies/markets, Deputy Governor- Central Bank of Sri Lanka Dr Nandalal Weerasinghe said.

"I don't see any major impact towards the Sri Lanka economy but the global interest rates will increase substantially, which would have some kind of impact towards global emerging markets, because the cost of borrowings will gradually go up, Dr Weerasinghe told The Island Financial Review.

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- **Turkey to provide USD350mn for development projects in Sri Lanka**

Finance Ministry is to enter into an agreement with Turkey that will enable Sri Lanka to have 350 million US dollars from Turk Exim Bank to implement development projects in Sri Lanka.

The cabinet has approved a proposal to sign this MOU with the intention of strengthening the financial relationship with Turkey, which is an active member and the present Chairmen of G-20.

Meanwhile the cabinet nod has been given to examine the possibility of obtaining loan facilities for the construction of the road section from Kadawatha to Kossinna from EXIM bank of China.

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3. INTERNATIONAL

- **Singapore developer behind London's latest skyscraper**

Singapore-based developer Aroland Holdings this week announced plans for a new London skyscraper, which they will be submitting to the City for approval early next year, reports the Guardian.

Called '1 Undershaft', the tower will be an aesthetically simple, 73-storey skyscraper nestled between the landmarks of the Gherkin and Cheese Grater with the crumbling churches of 12th Century St Helen's Bishopsgate and 16th Century St Andrew Undershaft below.

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- **US Fed raises rates by 25 bp, first hike since 2006**

The US Federal Reserve has raised interest rates by 25 basis points, its first increase since 2006.

Fed Chair Janet Yellen said the move would be followed by "gradual" tightening as officials watch for signs of higher inflation.

The target for the Fed funds rate was unanimously set at 0.25 percent to 0.5 percent, up from zero to 0.25 percent, with officials indicating four quarter-point increases were likely in the next year.

U.S. stocks rallied with the S&P 500 index closing up 1.45 percent, the Dow Jones Industrial Average up 1.28 percent and Nasdaq up 1.45 percent.

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- **India to build sea bridge, tunnel to connect Sri Lanka**

Keen on promoting connectivity in the South Asian region, India is set to build a sea-bridge and tunnel connecting Sri Lanka while a pact has been inked with Bangladesh, Bhutan and Nepal for seamless flow of traffic and passenger vehicles, Union Minister Nitin Gadkari said today.

"The Asian Development Bank is ready to fully finance a bridge building project connecting Rameshwaram to Sri Lanka. The project was also discussed by Prime Minister Narendra Modi with his counterpart during the latter's recent visit," Road Transport and Highways Minister Nitin Gadkari said in a suo motu statement in the Lok Sabha.

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