

Real Estate Market Analysis

Condominium Market Survey : 4th Quarter of 2022



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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Condominium Sales

According to the information collected through the Condominium Market Survey¹ conducted by the Central Bank of Sri Lanka, sale of new condominiums by developers has stagnated at subdued levels by the end of Q4, 2022. The Condominium Property Volume Index² which measures the trend in number of new condominium sales, recorded a Year-on-Year reduction of 78 per cent and a reduction of 10 per cent compared to Q3, 2022. Imposition of VAT and other levies on condominium sales as well as the overall unfavourable economic situation may have resulted this subdued performance in sales volume.

The overall price level of new condominiums in the Colombo district has stagnated at high levels by the end of Q4, 2022 as depicted by the Price Index for New Condominiums³ in Colombo district, which measures the trend in price levels of new condominiums sold by condominium developers. The index recorded a Year-on-Year growth of 23.5 per cent while recording a marginal decrease of 2 per cent compared to the previous quarter. The relative reduction in sales of high-end condominiums may have contributed to the moderation in the Price Index for New Condominiums.

In terms of price categories, transactions in the categories of less than Rs. 25 Mn and between Rs. 25 Mn—Rs. 50 Mn have increased compared to the previous quarter to 35 per cent and 43 per cent respectively while the transactions in higher price categories have decreased. Further, single condominium projects category in the Colombo district remains to be the most prominent category during Q4, 2022 while the number of sales in the mixed development projects in Colombo district has shown a significant increase.

Figure 1: Condominium Property Volume Index



Figure 2: Price Index for New Condominiums

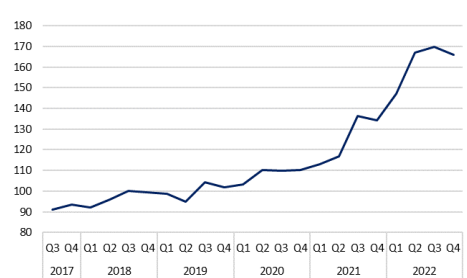


Figure 3: Percentage of Sales by Price

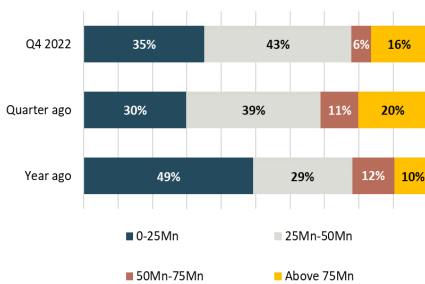


Figure 4: Percentages of Sales by Condominium Categories

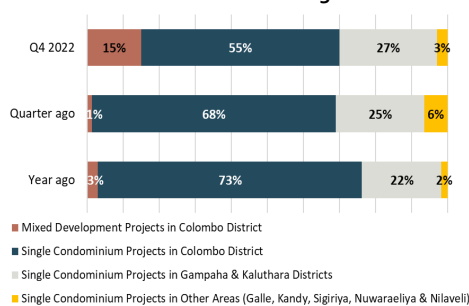
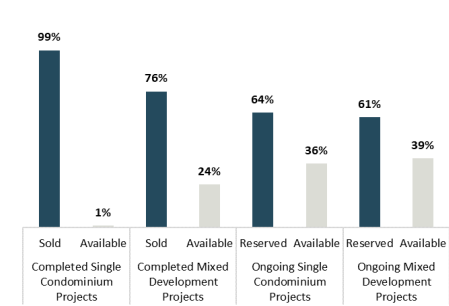
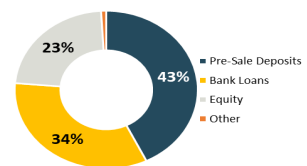


Figure 5: Sales Status of Condominium Projects



Funding Structure of Condominium Developments

Figure 6: Funding Structure



The three key funding sources for condominium developments were Pre-sale deposits, bank loans and equity. The proportion⁴ on pre-sale deposits has increased over the past year while the proportion on equity has decreased.

Condominium Buyers

The majority of condominium buyers were Sri Lankan residents while the dual citizen and foreign purchasers remained minimal. Purchase of condominiums for immediate living has shown a significant increase over the last year while purchases for investment has decreased over the last one year. The prime source of funding used for condominium purchasing was buyers' own funds (78 per cent), while on average 22 per cent of buyers have obtained bank loans during Q4, 2022.

Figure 7: Residence Status

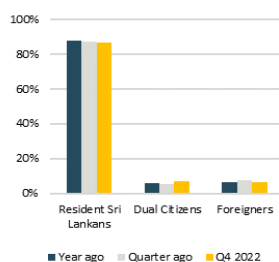


Figure 8: Purpose of Purchasing

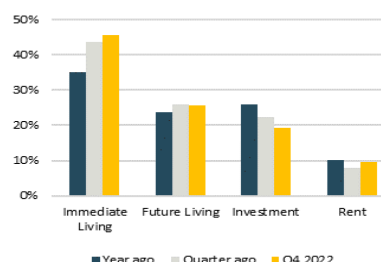
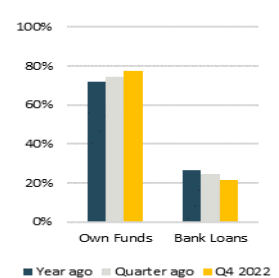


Figure 9: Source of Financing



¹ During Q4, 2022 and 18 condominium property developers participated to the survey.

² Condominium Property Volume Index is compiled to capture the variations in market activities by way of number of sales transactions reported for the reference period. (Base period: Q3, 2017 = 100).

³ The index was compiled following the hedonic regression based rolling window time dummy method. The base period of the index is 2019=100. The index covers the Colombo district.

⁴ The proportions were calculated to get an overall understanding about the funding structure of condominium developments by averaging the percentages of funds received through different funding sources provided by each developer.

Real Estate Asking Price Trends : 4th Quarter of 2022



The overall prices of lands and houses are showing signs of stagnation while the price level of condominiums is increasing steadily over time, as depicted by the asking price indices⁵ compiled for December 2022 by the Central Bank of Sri Lanka using publicly available sales advertisement data. The overall increase in price levels in the country may have hindered the demand for lands and houses.

The price level of lands in the Colombo district remained stagnant during the quarter with a subdued year-on-year growth of 4.3 per cent by the end of the quarter with an index value of 121.7. At the same time, the overall price levels of condominiums in the Colombo district grew considerably year-on-year by 40.7 per cent to the index value of 167.1 while the growth in price level of houses has somewhat slowed down to 26.9 per cent year-on-year, recording an index value of 157.4.

Table 1: Change of Asking Price Indices

Quarter	Month	Y-o-Y % Change		
		Lands	Houses	Condominiums
2021 Q4	October	7.4	13.4	14.4
	November	8.5	15.1	10.1
	December	7.6	16.5	9.0
2022 Q1	January	9.1	17.0	10.5
	February	5.0	19.7	13.4
	March	4.1	21.5	16.9
2022 Q2	April	1.9	24.1	19.5
	May	8.3	26.5	24.3
	June	19.8	29.5	26.6
2022 Q3	July	23.3	32.2	29.7
	August	22.0	33.2	31.2
	September	7.5	32.7	34.5
2022 Q4	July	5.0	31.1	36.6
	August	2.3	29.5	39.8
	September	4.3	26.9	40.7

Figure 10: Asking Price Index for Lands (2019=100)

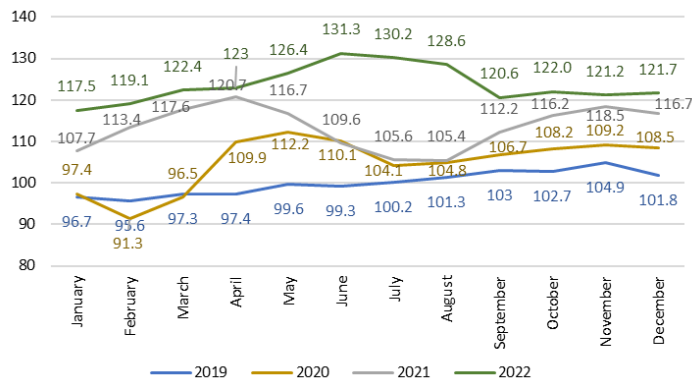


Figure 11: Asking Price Index for Houses (2019=100)

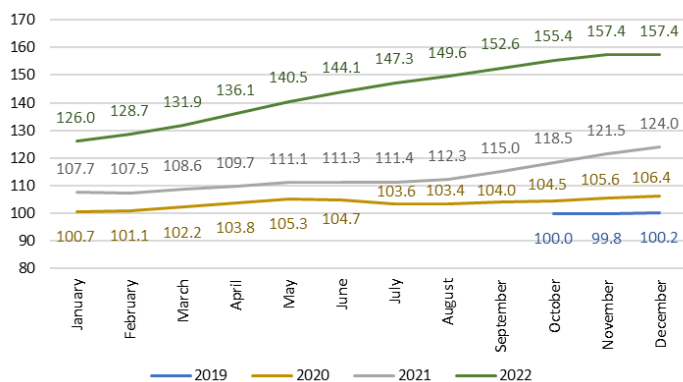
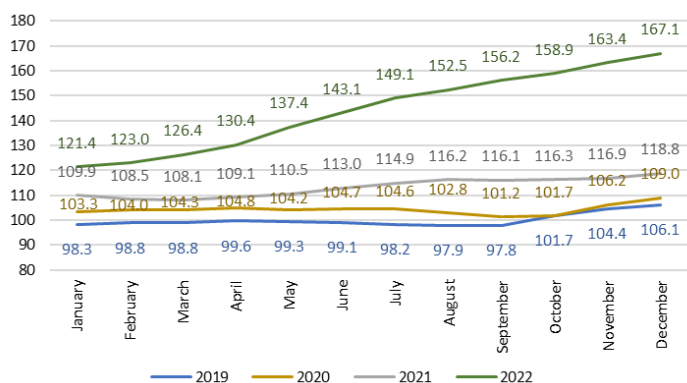


Figure 12: Asking Price Index for Condominiums (2019=100)



⁵ Asking price indices for Condominiums, lands and houses are compiled following the hedonic regression based rolling window time dummy method. (Base period: 2019 = 100)