

Real Estate Market Analysis

Condominium Market Survey : 3rd Quarter of 2023



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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Condominium Sales

As per the information collected through the Condominium Market Survey¹ conducted by the Central Bank of Sri Lanka, primary market for condominiums remained subdued since Q2, 2022. However, the number of new condominium sales increased by 33.8 per cent compared to the previous quarter and by 30.3 per cent year-on-year, according to the Condominium Property Sales Volume Index².

Price Index for New Condominiums³ in the Colombo district continued to escalate during the quarter, with a 17.8 per cent year-on-year growth and 8.5 per cent growth compared to the previous quarter. Developers are unable to lower prices of new condominiums even under low demand, as a result of the high costs incurred in construction.

Meanwhile, the majority (45%) of the transactions belong to the price category below Rs. 25 Mn, while the proportion of transactions above Rs. 50 Mn dwindled over the last year. Further, the highest number of sales during the quarter were recorded from the single condominium projects category in the Colombo district and a marginal increase was observed in the sales in projects located in Gampaha and Kalutara districts compared to Q2, 2023.

Figure 1: Condominium Property Sales Volume Index

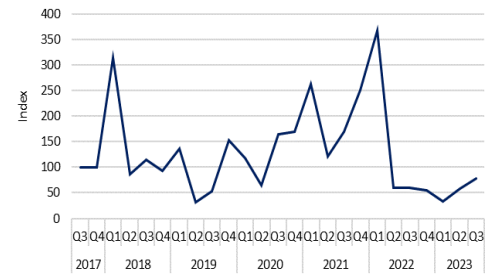


Figure 2: Price Index for New Condominiums

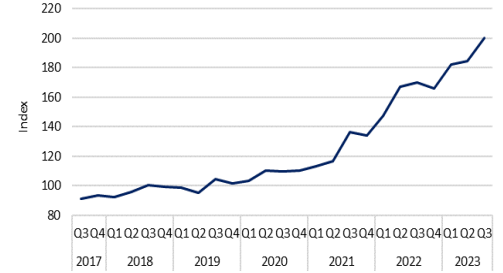


Figure 3: Percentage of Sales by Price Category

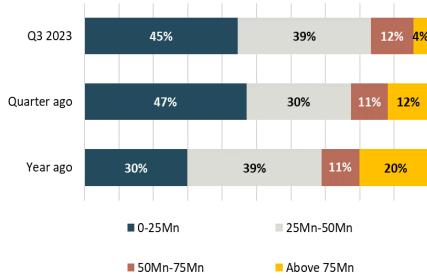


Figure 4: Percentages of Sales by Condominium Categories

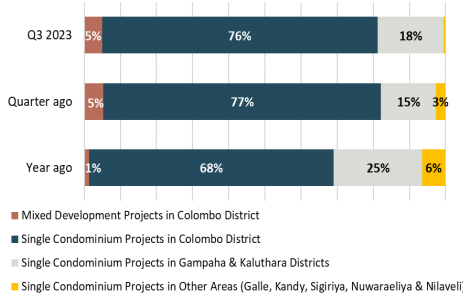
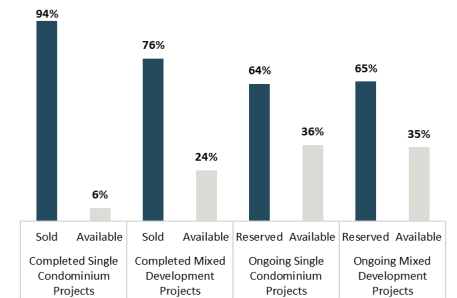


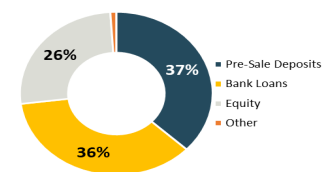
Figure 5: Sales Status of Condominium Projects



Funding Structure of Condominium Developments

The three key funding sources for condominium developments were pre-sale deposits, bank loans and equity. During Q3, 2023 pre-sale deposits and bank loans were the main sources of funding which were 37 per cent and 36 per cent, respectively.

Figure 6: Funding Structure



Condominium Buyers

The highest proportion (87 per cent) of condominium buyers were Sri Lankan residents while a few condominiums were purchased by dual citizens and foreigners. Purchase of condominiums for immediate living has increased over the past year while purchases for investment has decreased during the past year. The prime source of funding used for condominium purchasing was buyers' own funds (77 per cent), while on average 22 per cent of buyers have obtained bank loans during Q3, 2023.

Figure 7: Residence Status

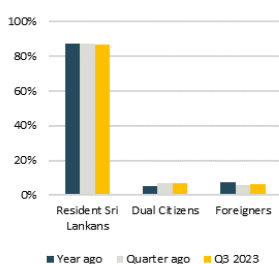


Figure 8: Purpose of Purchasing

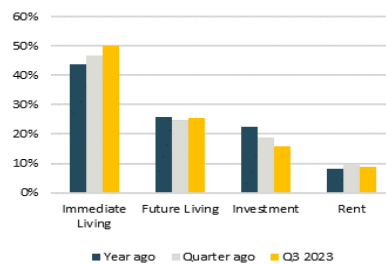
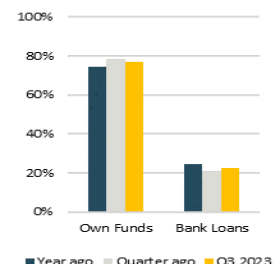


Figure 9: Source of Financing



¹ During Q3, 2023 and 16 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 : 3rd Quarter of 2023



By the end of Q3, 2023 the asking price indices⁵ indicated a decline in the prices of lands on a year-on-year basis while condominium and house prices recorded year-on-year increases.

The Asking Price Index compiled for the prices of Lands in the Colombo District recorded a decline of 13.2 per cent in Q3, 2023 compared to 7.5 per cent increase recorded in the corresponding period of 2022

The year-on-year increase in the Asking Price Index for Condominiums in the Colombo district further slowed down to 11.2 per cent in Q3, 2023 in comparison to the significant increase of 34.5 per cent recorded by the end of Q3, 2022.

The house prices in the Colombo district as denoted by the Asking Price Index increased at a slower rate of 3.3 per cent by Q3, 2023 on a year-on-year basis, compared to a higher increase of 32.7 per cent recorded in the corresponding period of 2022.

Table 1: Change of Asking Price Indices

Quarter	Month	Y-o-Y % Change		
		Lands	Houses	Condominiums
2022	April	1.9	24.1	19.5
	May	8.3	26.5	24.3
Q2	June	19.8	29.5	26.6
	July	23.3	32.2	29.7
2022	August	22.0	33.2	31.2
	September	7.5	32.7	34.5
2022	October	5.0	31.1	36.6
	November	2.3	29.5	39.8
Q4	December	4.3	26.9	40.7
	January	0.6	24.7	40.4
2023	February	-4.1	22.3	38.1
	March	-9.8	20.1	35.3
2023	April	-13.8	17.0	30.9
	May	-17.6	13.3	25.1
Q2	June	-20.0	10.3	19.0
	July	-16.2	6.9	15.2
2023	August	-17.0	5.2	13.8
	September	-13.2	3.3	11.2

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

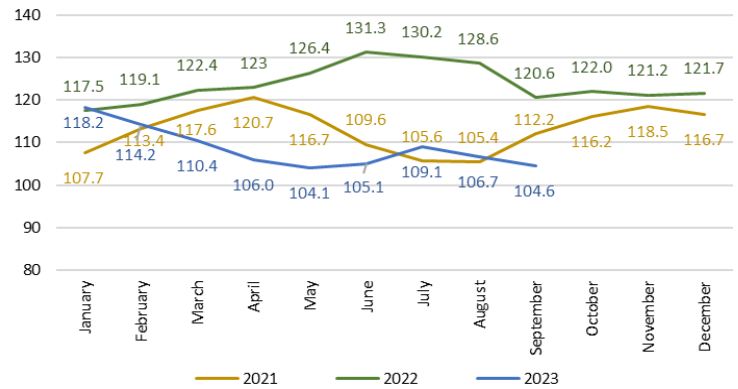


Figure 11: Asking Price Index for Houses (2019=100)

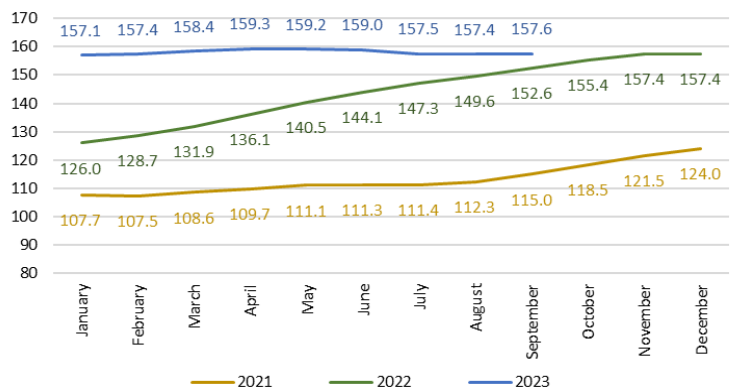
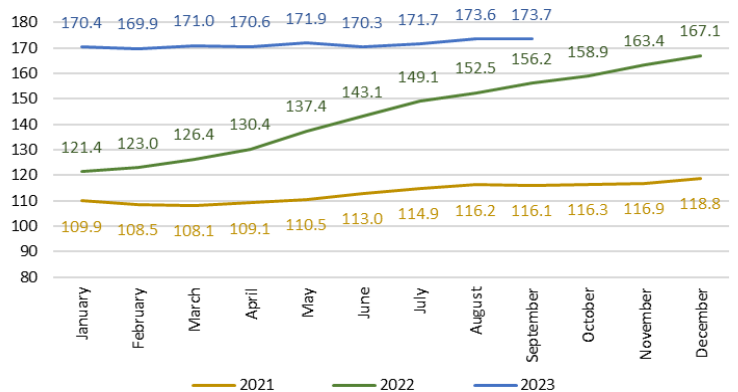


Figure 12: Asking Price Index for Condominiums (2019=100)



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