

Real Estate Market Analysis

Condominium Market Survey : 4th Quarter of 2023



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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Condominium Sales

Prices of new condominiums in Colombo district continued to increase during Q4, 2023, as depicted by the Price Index for New Condominiums¹. The index reached 205.9 during the quarter recording a quarter-on-quarter growth of 2.9 per cent, as per the information collected through the Condominium Market Survey² conducted by the Central Bank of Sri Lanka.

The Condominium Property Sales Volume Index³, which covers the Colombo district and other major cities, increased significantly during Q4, 2023. The index grew by 81.2 per cent compared to the previous quarter, due to launching of new projects by major developers.

In terms of price categories (Figure 3), a majority of transactions reported (68 per cent) were in the price category between Rs. 25 Mn—Rs. 50 Mn. The transactions reported in the price category of below Rs. 25 Mn declined substantially during the quarter.

When the percentage sales by condominium category (Figure 4) are considered, a significant increase was observed in Gampaha and Kalutara districts during Q4, 2023 with the commencement of new affordable condominium projects. In line with this, the percentage sales of condominiums in Colombo district have declined comparatively.

Figure 1: Price Index for New Condominiums

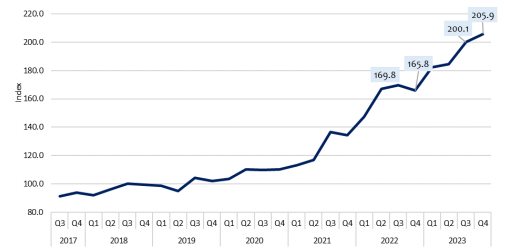


Figure 2: Condominium Property Sales Volume Index

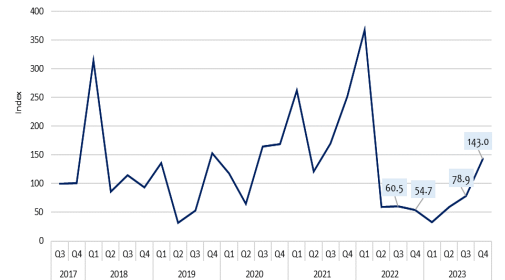


Figure 3: Percentage of Sales by Price Category

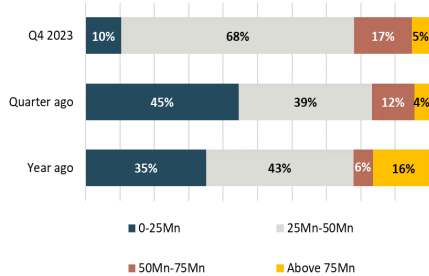


Figure 4: Percentage of Sales by Condominium Category

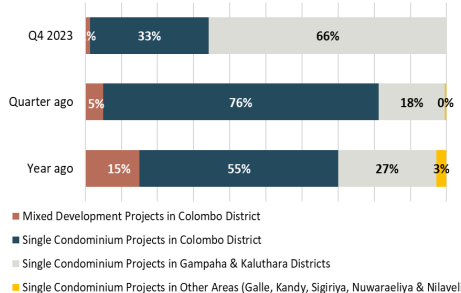
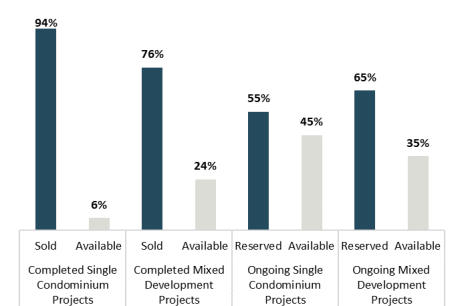


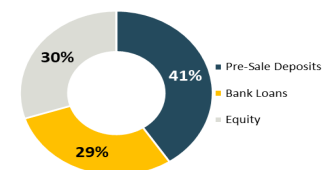
Figure 5: Sales Status of Condominium Projects



Funding Structure of Condominium Developments

The three key funding sources for condominium developments were pre-sale deposits, bank loans and equity. During Q4, 2023 pre-sale deposits were the main source of funding (41 per cent⁴) while equity and bank loans were utilized equally for funding.

Figure 6: Funding Structure



Condominium Buyers

The majority of condominium buyers were Sri Lankan residents while the dual citizen and foreign purchasers remained minimal. Further, the majority of condominium purchases were for immediate living, which increased over the past year, while purchases for future living and investment have somewhat decreased over the past year. The prime source of funding used for condominium purchasing was buyers' own funds during Q4, 2023.

Figure 7: Residence Status

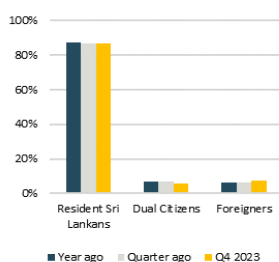


Figure 8: Purpose of Purchasing

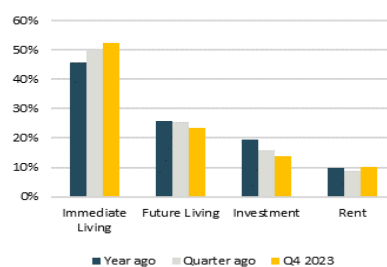
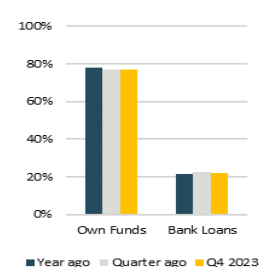


Figure 9: Source of Financing



¹ 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.
² During Q4, 2023 and 15 condominium property developers participated to the survey.
³ 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).
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 2023



By the end of Q₄, 2023 the asking price indices⁵ indicated a continuous decline in the prices of lands on a year-on-year basis while house and condominium prices recorded slower increases.

The year-on-year change in the Asking Price Index compiled for the prices of Lands in the Colombo District continued to decline in Q₄, 2023 recording a 9.0 per cent decrease in comparison to the 4.3 per cent increase recorded in the corresponding period of 2022.

The house prices in the Colombo district as denoted by the Asking Price Index increased at a slower pace of 3.9 per cent by Q₄, 2023 on a year-on-year basis, compared to a considerable increase of 26.9 per cent recorded in the corresponding period of 2022.

The year-on-year increase in the Asking Price Index for Condominiums in the Colombo district slowed down to 6.5 per cent in Q₄, 2023 in comparison to the substantial increase of 40.7 per cent recorded by the end of Q₄, 2022.

Table 1: Change of Asking Price Indices

Quarter	Month	Y-o-Y % Change		
		Lands	Houses	Condominiums
2022	July	23.3	32.2	29.7
	August	22.0	33.2	31.2
Q3	September	7.5	32.7	34.5
	October	5.0	31.1	36.6
2022	November	2.3	29.5	39.8
	December	4.3	26.9	40.7
2023	January	0.6	24.7	40.4
	February	-4.1	22.3	38.1
Q1	March	-9.8	20.1	35.3
	April	-13.8	17.0	30.9
2023	May	-17.6	13.3	25.1
	June	-20.0	10.3	19.0
2023	July	-16.2	6.9	15.2
	August	-17.0	5.2	13.8
Q3	September	-13.2	3.3	11.2
	October	-16.6	3.3	9.4
2023	November	-13.0	2.9	6.3
	December	-9.0	3.9	6.5

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

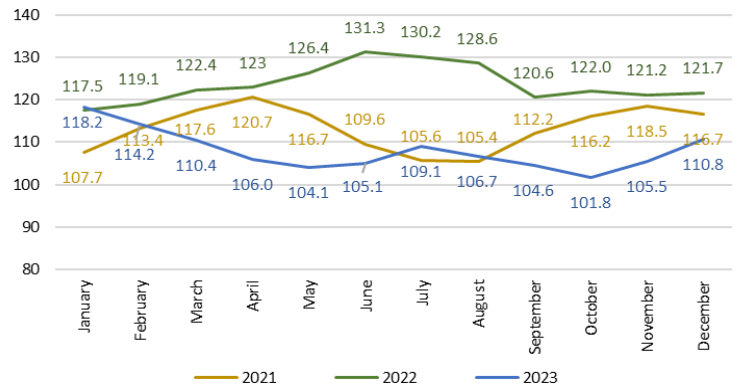


Figure 11: Asking Price Index for Houses (2019=100)

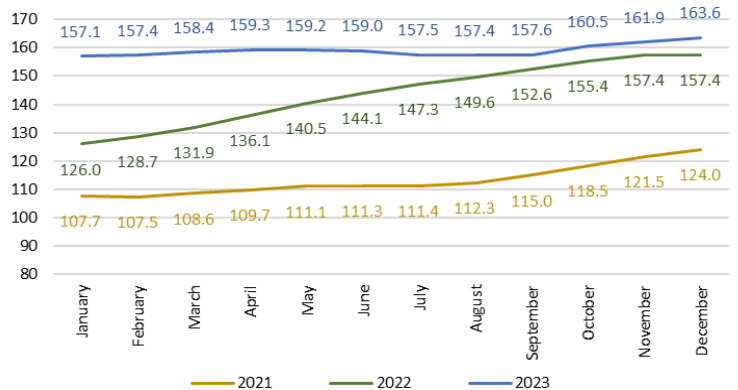
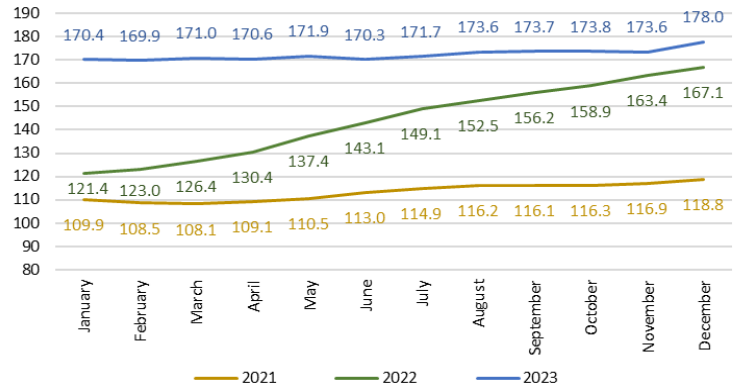


Figure 12: Asking Price Index for Condominiums (2019=100)



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)