

Real Estate Market Analysis

Condominium Market Survey : 1st Quarter of 2024



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இலங்கை மத்திய வங்கி
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Condominium Sales

The prices of new condominiums within the Colombo district increased during 2024 Q1 continuing the upward trend as shown by the Price Index for New Condominiums¹. According to the data sourced from the Condominium Market Survey² conducted by the Central Bank of Sri Lanka, the index surged to 210.8, marking a quarter-on-quarter growth of 2.4 percent.

During 2024 Q1, the Condominium Property Sales Volume Index³, which covers the Colombo district and other major cities, recorded a value of 95.7. This is a decrease of 33.1 per cent compared to the previous quarter.

In 2024 Q1, the decline observed in the Sales Volume Index was largely driven by the decrease in the condominium sales in Gampaha and Kalutara districts. However, an increase in condominium sales within the Colombo district and outside the Western Province was observed compared to the previous quarter.

Regarding price categories (Figure 3), the majority of transactions, comprising 62 per cent, fell within the Rs. 25 Mn—Rs. 50 Mn range. Transactions below Rs. 25 Mn showed a slight increase, while transactions between Rs. 50 Mn—Rs. 75 Mn and above Rs. 75 Mn remained mostly unchanged as a percentage of total transactions compared to the previous quarter.

Figure 1: Price Index for New Condominiums (Colombo District)

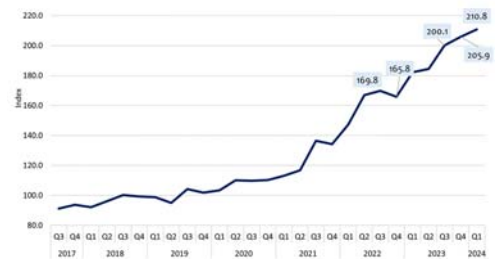


Figure 2: Condominium Property Sales Volume Index

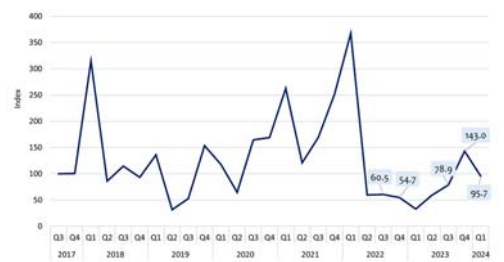


Figure 3: Percentage of Sales by Price Category

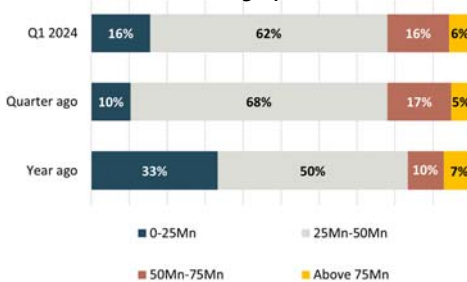


Figure 4: Percentages of Sales by Condominium Categories

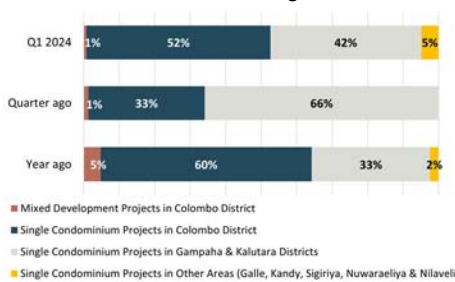
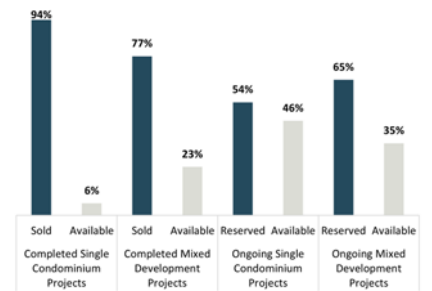


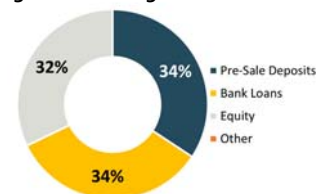
Figure 5: Sales Status of Condominium Projects



Funding Structure of Condominium Developments

In 2024 Q1, condominium developments secured funding through a balanced blend of pre-sale deposits (34 per cent⁴), bank loans (34 per cent⁴), and equity (32 per cent⁴). The three key funding sources for condominium developments remained same, while showcasing the industry's reliance on diverse financial sources for project financing.

Figure 6: Funding Structure



Condominium Buyers

During 2024 Q1, a majority of condominiums were purchased by residents of Sri Lanka, even though there was a slight decline in purchases from this category compared to the previous quarter. Meanwhile purchases by the dual citizens showed a slight uptick in 2024 Q1. The majority of condominium purchases during the period have shifted towards immediate occupancy, moving away from being intended for future residence and investment purposes. Buyers primarily relied on their own funds for financing condominium purchases.

Figure 7: Residence Status

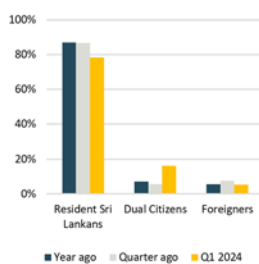


Figure 8: Purpose of Purchasing

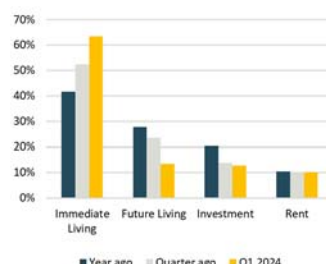


Figure 9: Source of Financing



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 Q1, 2024 and 14 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 : 1st Quarter of 2024



The Asking Price Indices⁵, covering the Colombo district, indicated an increase in the prices of lands, houses and condominiums on a year-on-year basis at the end of 2024 Q1.

The year-on-year change in the Asking Price Index compiled for the prices of lands in the Colombo district showed a notable increase of 13.2 per cent in 2024 Q1 in comparison to 9.8 per cent decrease recorded in the corresponding period of 2023. Also, on quarter-on-quarter basis, the prices showed a 12.8 per cent increase within this quarter.

As denoted by the Asking Price Index, house prices in the Colombo district increased at a marginal rate of 0.9 per cent by 2024 Q1 on a year-on-year basis, compared to a considerable increase of 20.1 per cent recorded in the corresponding period of 2023. Compared to the previous quarter, the prices showed a slight decrease of 2.3 per cent.

By 2024 Q1, the year-on-year growth in the Asking Price Index for condominiums in the Colombo district moderated to 3.9 per cent, contrasting sharply with the significant 35.3 per cent increase observed at the end of 2023 Q1. Meanwhile, the prices remained mostly unchanged compared to the previous quarter.

Table 1: Asking Price Indices

Quarter	Month	Index Value		
		Lands	Houses	Condominiums
2022	October	122.0	155.4	158.9
	November	121.2	157.4	163.4
	December	121.7	157.4	167.1
2023	January	118.2	157.1	170.4
	February	114.2	157.4	169.9
	March	110.4	158.4	171.0
2023	April	106.0	159.3	170.6
	May	104.1	159.2	171.9
	June	105.1	159.0	170.3
2023	July	109.1	157.5	171.7
	August	106.7	157.4	173.6
	September	104.6	157.6	173.7
2023	October	101.8	160.5	173.8
	November	105.5	161.9	173.6
	December	110.8	163.6	178.0
2024	January	119.6	162.5	176.3
	February	122.7	160.9	178.2
	March	125.0	159.8	177.7

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

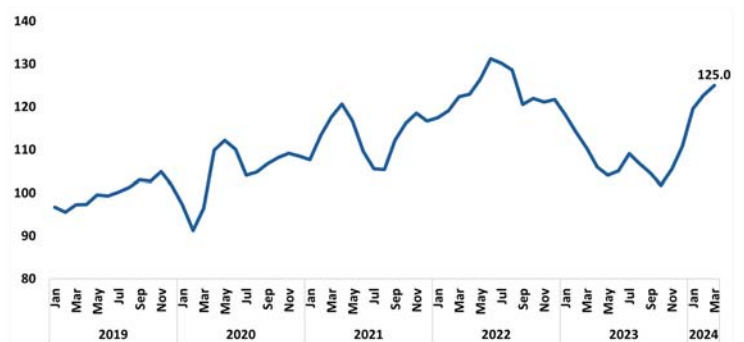


Figure 11: Asking Price Index for Houses - Colombo District (2019=100)

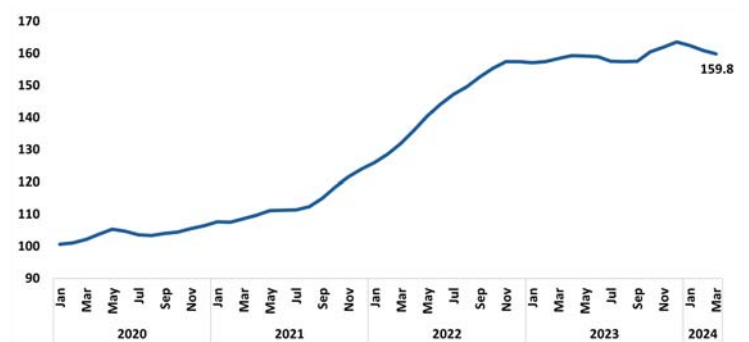
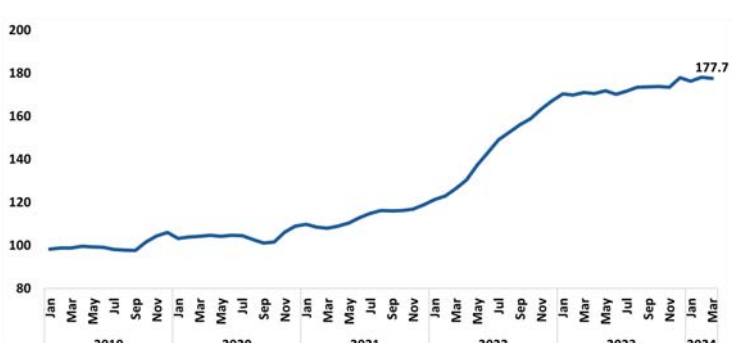


Figure 12: Asking Price Index for Condominiums - Colombo District (2019=100)



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)