

## EXECUTIVE SUMMARY

During the past decade apartment industry of Sri Lanka is booming. Economic development after the civil war and low interest rate highly contributed to this growth. Due to the super profit more investors including foreign investors entered in to the market. Most of the apartment buyers are expatriates, business people and professionals. Apartment projects are mushrooming to grab the opportunity of super profits. The prices of the apartment are skyrocketed. More luxury apartments came in to play with a view of attracting more foreigners since Colombo is considered as the best city to live in South Asia. On the other hand tourism industry was booming which is also positively contributed to the growth of the industry. Likewise the apartment industry has taken significant place in the country's economy.

However, with the Easter attack and economic down turn apartment industry was shaken. Presale rate of the apartment is reduced and unsold apartments stocks are accumulated. On the other hand construction cost is increasing backed by the tariff on materials. These things made the margin of the apartment industry thinner than the past. Financial institution and banks were pressurized the apartment developers in order to correct their loans. Some developers who did not perform finance management well, have been insolvent. On the other hand buyers were complaining on low quality apartments and questioned about the integrity of the buyer. Meanwhile the Central Bank of Sri Lanka is warned about the boom in apartment industry.

Based on the previous studies performed on apartment and real estate industry, the study framework was developed which consist of eight variables. Manual questionnaires were designed based on the study framework to collect the perception on professionals regarding the future of apartment industry in Sri Lanka. Chartered, CIMA, ACCA accountants, lawyers, doctors and engineers who were not employed in banking and construction industry were considered as respondent for this survey. 1000 responses were collected of which 85% responses were collected through hard copies while the rest is collected through online questionnaires. All the responses were analyzed using SPSS software and survey outcome is graphically presented. In addition to that qualitative data also gathered through three focus group discussions representing the professionals view point on the future of apartment industry in Sri Lanka. Thirteen professionals were participated by representing each profession.

Findings revealed the credentials of the developer is important to create the stability of the industry in future. Even though there is an oversupply in some categories due to the urbanization, the demand will increase in the future. Increasing construction cost and the quality is crucial factors when determining the industry future. Based on the professional's view point, high availability of credit line too contributed positively to the growth of the industry. More professionals agreed that the industry is focusing to attract black money and industry is heavily depend on black money, respondents were also agreed that current regulatory framework is weak and it would be badly affected to the future of apartment industry in Sri Lanka.

However, the current artificial pricing may be negatively affect to the future of apartment industry in Sri Lanka according to the professionals. They also endorsed the reactive role of the regulator and delaying the apartment approval process due to the corrupted officials would badly affected to the apartment industry future. Therefore the survey findings would open eye of the government in relation to address these factors. It also highlighted structural failures of apartment and poor project management is common in the industry which would badly affect to the future sustainability. Ultimately these factors would leads to produce low quality apartments. Due to the unethical behavior of the developers industry may lose their face among the public and finally small players would be insolvent. Therefore all the participant's need to correct their behavior to have sustainable apartment industry in future considering its economic and social significance.