

The Next Wave of the Real Estate Growth: Moderator's Note



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Real Estate Talk is a prominent feature of the International Conference on Real Estate Management and Valuation (ICREMV) hosted by the Department of Estate Management and Valuation (DEMV), the University of Sri Jayewardenepura along with its respective collaborative partners.

Covid-19 has changed the way how people live, work, relax, gather for social interactions and so on. Markets are tumultuous and at a significant level of upheaval. Digital platforms influence substantively in shaping the human world. The clear boundaries we conventionally demarcated for real estate use; residential, commercial, office, leisure, likewise have become fuzzy. Occupants are most likely to seek renewed forms of built up spaces in the wake of **“new health and amenity consciousness”** in the post pandemic new normal. In the light of this background, the Real Estate Talk 2021 held a cross sector panel discussion on the theme of **“The Next Wave of Real Estate Growth in Sri Lanka”** to depict the Covid-19 impact on the Real Estate sector in Sri Lanka and how it needs to be resolute in the new normal.

The panel consisted of the following dignitaries:

- ◆ **Architect Russell Dandeniya**, The President, Sri Lanka Institute of Architects
- ◆ **Mr. Namal Peiris**, Chief Executive Officer, International Construction Consortium (Pvt) Ltd.
- ◆ **Plnr. E.A.C. Piyashantha**, Deputy Director General, Urban Development Authority (UDA)
- ◆ **Dr. (Ms.) Nishani Wickrmaarachchi**, Senior Lecturer, Department of Estate Management and Valuation, USJP
- ◆ **Ms. Yamuna Jayaratna**, Director – Sales & Marketing, Port City Colombo

The inquiry of the Real Estate Talk 2021 was particularly into:

- How transformation requirements of space occupants would reform the demand in the real estate markets in the new normal?
- ◆ how different uncertainties that Covid-19 triggered would cultivate new opportunities in the real estate markets?
- ◆ What are the new adaptations in the next wave of real estate supply in different schemes of things?
- ◆ How the new forms of technology would be integrated into the real estate supply?
- ◆ Would Colombo Port City be a catalyst to attract Foreign Direct Investment and a key determinant of the real estate market performance in Colombo?
- ◆ To what level the planning interventions are in support of correcting the real estate industry in Sri Lanka to be better, cleaner, fairer in next wave to come?
- ◆ What does the local and international research and scholarly works inform us about the next wave of real estate growth?

This document summarizes the reflections of the panelists among which the key highlights uncovered were;

The research worldwide showcases that the real estate market prices have been hard hit due to the Covid-19 pandemic at times of its first and second wave, yet the sector has been soon recovered from that downturn. The zoom poll in which the participants of the webinar were engaged highlighted their opinion that the Real Estate Market in Colombo is recovering at a slow phase whilst a substantial level of investments has been made in purchasing bare lands. Participants in the poll were professionals in the real estate sector.

Covid-19 together with import restrictions have put the labour intensive construction sector in Sri Lanka and its supply chains at a vulnerable position, causing high-frequent price fluctuations. However, projects such as high and medium income housing, IT facilities, university building expansions, water supply, irrigation, highways etc. undertaken by large scale contractors shown to have the resilience to continue the construction process amidst these challenges.

The government seemingly mobilising the real estate sector in Sri Lanka to draw foreign direct investments and local investments from the high net worth communities. The markets will mostly likely be set in a combination of regulations and de-regulation policies. The next wave of real estate growth will experience an increase in the supply of state lands most for income producing property and, many projects that are currently in pipeline.

Integration of technology and improved communication are the positive influences that Covid-19 had brought for the construction sector in Sri Lanka. The residential and office sector is predicted to have major demand resets in terms of its scale and design. Information technology, telecommunication, built environment which is sensitive to the environmental concerns of time, flexibility of space to be adapted to different uses will be fixed to the upcoming value propositions of the real estate sector stronger than before.

Colombo Port City will be placed as the flagship real estate project to mussel and steer a new wave of real estate growth in Sri Lanka with a 15 billion USD investment. Inter-regional cooperation will certainly benefit the Sri Lankan real estate sector in the next wave of growth.

However, Sri Lanka should soon strengthen the real estate market with data to avoid experiencing the present Knightian uncertainty; absence of accurate and quantifiable knowledge about the possible occurrence as opposed to the presence risk in the real estate market.
