



Real Estate Outlook Amidst Covid-19: A Review of Scientific Work

The scholarly findings on real estate outlook amidst Covid-19 were presented by Dr. N. C. Wickramaarachchi. According to her, in general, the scholarly findings observed a dropdown in the volume of transactions and a decline of the prices and rentals in housing, commercial and office markets.

“ ...Certain growth trends were observed”

A shrinking demand for office spaces, mortgage applications and city center stores, was prominent in many countries. In fact, certain growth trends were observed such as, increasing demand for spacious houses enabling telework for learning and working, rising in e-commerce marketing, promoting re-developments in the obsolete/ or converting the use of emptied buildings, flexible/ short term lease agreements, increase demand for space in the peripherals, short term investments strategies, and promotions in Work from Home (WFH) and IT-based developments.



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Extracting scholarly findings, Dr Wickramaarachchi pointed out that no sales had been reported during the lockdown period in the Wuhan residential market where the Covid-19 first emerged. The transactions commenced immediately after the lockdown noting a reduction of housing prices in the areas closer to the epicenter (close to the seafood market) while observing a rise in the peripheral areas.

At the same time, a corresponding increase in the demand for housing was also noticed in the peripheral areas.



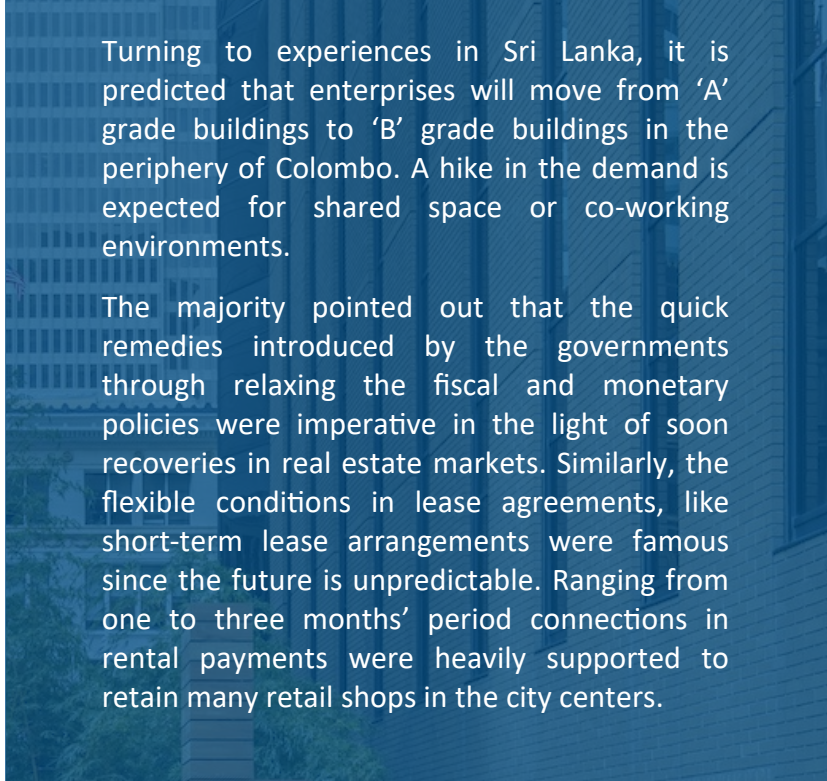
A view from the USA noted a drastic drop-down in home sales and a corresponding decrease in the prices. However, an immediate recovery is observed (“V” shape curve) within a short period.

In Turkey, it is observed that a significant dropdown in home sales, while a growth had been noted approximately within one month period.

Looking into Australia, a similar drop down has been noticed in housing prices, and a quick upward trend has been experienced.

In Italy, a rising demand for three-room apartments providing space to live and work was evident. Furthermore, residents had been unsatisfied living in apartments. There were many obsolete properties in the City centers and the government had taken immediate actions to renew them for better purposes.

A considerable amount of office properties were vacated in Middle East countries and the planning authorities had decided to transform them for various other purposes.



Turning to experiences in Sri Lanka, it is predicted that enterprises will move from ‘A’ grade buildings to ‘B’ grade buildings in the periphery of Colombo. A hike in the demand is expected for shared space or co-working environments.

The majority pointed out that the quick remedies introduced by the governments through relaxing the fiscal and monetary policies were imperative in the light of soon recoveries in real estate markets. Similarly, the flexible conditions in lease agreements, like short-term lease arrangements were famous since the future is unpredictable. Ranging from one to three months’ period connections in rental payments were heavily supported to retain many retail shops in the city centers.

“ ...All in all, the Sri Lankan real estate market seems experiencing the Knightian uncertainty; absence of quantifiable knowledge about the possible occurrence as opposed to the presence of quantifiable risk, thus scholars, academia and practitioners should look into the matter sooner than later”

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Research has further emphasized that in the new normal, employees often prefer to come to offices three days per week. Therefore, predictions are such that both WFH and physical presence in the offices may occur in a hybrid manner.

