

Interventions of Urban Development Authority for the Revival of the Real Estate Sector in Sri Lanka



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PInr. Priyashantha stated that “Despite the Covid-19 pandemic situation, the government has introduced various measures to boost investor confidence in the Sri Lankan Real Estate Industry. The main aim of these reforms is to attract much-needed Foreign Direct Investments (FDI). In September 2021, Urban Development Authority (UDA) introduced new Planning and Building Regulations to encourage Real Estate Developers”. Under these regulations, UDA has introduced Zone Factor, which fosters development where infrastructure facilities are mostly available by providing fairer and higher plot coverage”.

He further mentioned that “The new Planning and Building Regulations have duly recognized the contribution of built environment professionals and play an essential role in regulation. Especially in terms of land subdivision, issuing building permits and the Certificate of Conformity.

Greening the Real Estate Development: The Role of Government

The UDA has also introduced Green Rating System to ensure a sustainable built environment and issues Green Building Certificates under three categories Platinum, Gold and Silver. The new UDA regulations have also introduced post permit follow-up and observation reporting due to many complaints from adjoining property owners when a real estate developer builds an apartment or a commercial building.

“One-Stop-Shop for real estate developers to get necessary approvals from one location”

Additionally, the UDA has established One-Stop-Shop for real estate developers to get necessary approvals for their development projects from one location. As a result, the real estate developers only need to apply through the UDA, where the UDA will coordinate in getting necessary approvals within a reasonable period.

The one-stop-shop will significantly reduce the time taken for processing the application, provide high transparency through the online application system, fewer complexities for developers, provide an advanced monitoring system, and finally promote investments.



“UDA plans to introduce investor development clusters”

UDA plans to introduce investor development clusters and has identified a land base of more than 700 acres and is planning to release those to the market in near future. The investment model for such developments includes public-private partnership projects and leasing developable land on annual or 30, 50 or 99 years depending on the development's cluster and investment size.

On the other hand, the Government has heavily invested in highways and housing projects despite having capital restrictions. For example, the UDA expects to commence around 12,000 housing units, and the Ministry of Highways has commenced the 3rd Stage of Central Highway and 1st phase of Ruwanpura Highway.

“Massive investments by the Government in developing amenities and other infrastructure facilities will significantly impact the real estate sector in the coming two to three years”

At the same time, the Colombo Port City project has opened 270 ha of land available for investment. Furthermore, the Government has adopted policies to reduce lending rates to support the booming real estate sector in Sri Lanka. He believes the depreciation of the rupee and the rising inflation also contribute to the inflow of investments into the real estate sector since real estate act as a hedge against inflation.

On a final note, the Deputy Director General, UDA mentioned that Real Estate Sector contributed to more than 16% of the GDP of Sri Lanka, and amidst the Covid-19 pandemic situation, it has further increased by 5%. It is expected that the pandemic situation may prevail for another two to three years. However, Sri Lanka needs to plan the real estate sector for another 20 to 30 years focusing on the country's development to have a thriving real estate sector like Singapore and other developed countries.

