



## Determinants of Time on the Market Reference to Residential Land Market in Matara District, Sri Lanka

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### Abstract

Low level of liquidity is one of the main unique characteristics of the real property which effect on the performances of the real estate market. This character is measured by the time that a property remains in the market and is called as time on the market (TOM). In other terms this is the ‘reasonable time period’ expected to remain in the market as defined in the market value of the property. Sellers face a trade-off between two conflicting requirements that is to maximize sale price while minimizing the time until sale. The TOM is affected by many factors which are beyond full control of the seller and is not adequately analyzed in Sri Lanka.

This paper mainly focuses on the determinants of TOM in residential land market in the context of Sri Lanka. Data collected from 128 blocks of lands available in land sales within four different segments based on the distance from Matara town was used in the analysis.

It is revealed that the average TOM in the four segments is 14 (Weragampita), 53 (Walgama), 83 (Kamburugamuwa) and 100 (Thelijjawila) days respectively and there is a significant difference of the TOM in between the four segments. Correlation results indicate that there is a significant negative correlation between the TOM and the rate per perch, the distance from main road and positive correlation between TOM and distances from Main town. Therefore, sellers should be aware on the factors such as the rate per perch and the distance in order to maximize their profit through controlling the TOM in a particular location.

**Key Words:** Time on the Market (TOM), Real property, Real Estate Market, Liquidity, Sri Lanka

