

REAL ESTATE MARKET ANALYSIS Trends and Insights Report 2023-2024



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Abbreviations

UDA - Urban Development Authority
SLTDA - Sri Lanka Tourism Development Authority
BOI – Board of Investment
FDI – Foreign Direct Investment
SLLDC – Sri Lanka Land Development Corporation
MASL – Mahaweli Authority of Sri Lanka
EPZ – Export Processing Zone
COC – Certificate of Conformity
MC - Municipal Council
UC – Urban Council
PS – Pradeshiya Sabha
BIM – Building Information Modeling
GIS – Geographic Information System
EIA – Environmental Impact Assessment
CEA – Central Environmental Authority
CCD- Coast Conservation Department
CMC – Colombo Municipal Council

Summary

The report presents nine market analysis chapters across four key areas, offering essential insights for those interested in Sri Lanka's real estate market. It examines Colombo's real estate absorption rates, government land investment conditions, property transactions, the impact of economic factors on the market, and building application trends across different councils between 2023 to 2024.

Chapters one and two analyze absorption rates for residential, office, and commercial properties in Colombo. Findings reveal fluctuating demand across housing types and regions, influenced by interest rates, employment levels, and property availability. Strong job growth drives demand in retail, while consumer confidence and spending patterns shape the market. Financial policies impact commercial property financing, with rising interest rates increasing acquisition costs and reducing demand, emphasizing Colombo's property absorption rates fluctuate due to economic factors.

Chapter three examines investment conditions in government lands, proposing policy changes to enhance investment prospects and suggesting that government land investment conditions require policy changes.

Chapters four, five, and six explore building applications in the Western Province's Municipal Councils, Urban Councils, and Pradeshiya Sabhas. Key statistics include the application process, approvals, rejections, and categorized building trends. It highlights that the building application trends vary across municipal authorities.

Chapters seven, eight, and nine analyze property transactions in Colombo, Dehiwala-Mount Lavinia, and Kolonnawa. These sections highlight market trends, economic conditions, and development impacts to guide buyers, sellers, and tenants in decision-making. It proves that market trends and economic factors affecting property transactions are assessed to aid buyers, sellers, and tenants in decision-making.

CHAPTER 01

Absorption rates of landed residential properties: Colombo District

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Overview

In real estate, the absorption rate is a key metric that quantifies the space in which available properties are sold within a specific market over a designated period. It's calculated by dividing the number of properties sold during that specific period by the total number of available properties during the same period (Lee, 2022). This metric serves as a vital indicator of market dynamics, helping to distinguish between a seller's market, where high absorption rates suggest robust demand and quicker sales, and a buyer's market, characterized by lower absorption rates and slower sales. Real estate professionals, including developers, appraisers, and investors, utilize the absorption rate to inform decisions related to pricing, development planning, and investment strategies. (Agata Antczak-Stępnia, 2021) This study examines the absorption rates at which landed residential properties are being purchased in the five specific areas of the—Colombo District: Athurugiriya, Malabe, Homagama, Thalawathugoda, and Kaduwela to identify the trend within the period of the year 2023 January 2023 to December 31, 2023. These areas were selected based on their significant residential usage, determined through morphological analysis using secondary data from the Urban Development Authority (UDA) of Sri Lanka. According to a study published by the UDA in 2007, approximately 40% of the available land in the City of Colombo is designated for residential use. The five selected areas are

located within a 20 km radius of the Colombo Central Business District (CBD) (Figure 1).

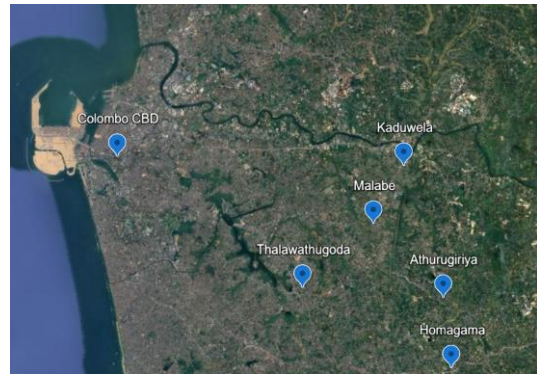


Figure 1 - selected residential areas

Source: Google Earth, 2024

Landed residential properties

Landed residential properties, situated on privately owned lands, offer homeowners full ownership of both the land and the building, ensuring privacy, larger spaces, and independence. These properties in the selected areas can vary in size from small single-story residences to larger multi-story homes.

Absorption rate

The absorption rate for landed residential properties is calculated by dividing the number of properties sold during the allocated period by the total number of available properties.

This metric helps assess market demand and can indicate whether it's a buyer's or seller's market. A high absorption rate indicates strong demand, while a low rate indicates weak demand. Usually, real estate professionals use this as an indicator of the performance of the local market, determining whether it is a “buyer’s market,” “seller’s market,” or a “balanced market” (Westfall, 2023). Therefore, this rate will facilitate the comprehension of market trends and enable developers, investors, and stakeholders to strategize future developments.

The following formula is used to calculate the absorption rate:

Absorption Rate Formula

$$\text{Absorption rate} = \frac{\text{Number of houses sold in the allocated period}}{\text{The total number of available houses}} \times 100$$

Equation 1 - Absorption Rate Calculation

Methodology

Data for this study were collected through both secondary and primary sources. Secondary data was obtained from online platforms, newspapers and reports, while primary data was gathered from private property owners, real estate developers and brokers. The data spans from January 1, 2023, to December 31, 2023.

The findings determined the quarterly and yearly absorption rates of landed residential properties for the year 2023.

Quarterly absorption rates of landed residential properties

The absorption rate of one-story houses recorded at 82.35%, two-story houses recorded at 92.3%, and three-story houses recorded at 45.45% is higher in the first quarter compared to other quarters in the Athurugiriya area (Figure 2). The absorption rate for one-story houses was highest in the first quarter, while the absorption rate for two-story houses peaked in the first quarter as well. However, three-story houses saw a notable decrease in demand during this period.

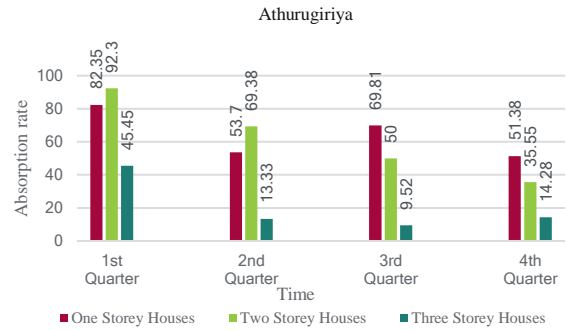


Figure 2 – Absorption rate Athurugiriya
Source: Field work 2023

In Kaduwela, the absorption rate of one-story houses recorded at 93.61% is higher in the first quarter, while two-story houses saw the highest absorption rate of 76.74% in the first quarter and three-story houses peaked at 40% (Figure 3).

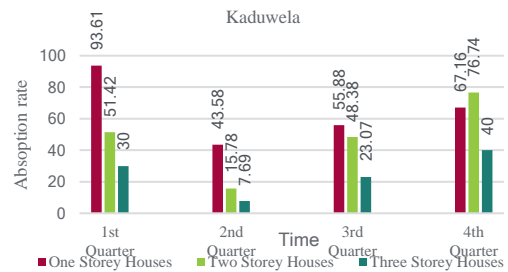


Figure 3 - Absorption Rate Kaduwela
Source: Field work 2023

In Malabe, the absorption rate of one-story houses recorded at 84.37% is higher in the third quarter, while two-story houses saw the highest absorption rate of 79.36%. The aspiration rate for three-story houses was recorded at 58.33% (Figure 4).

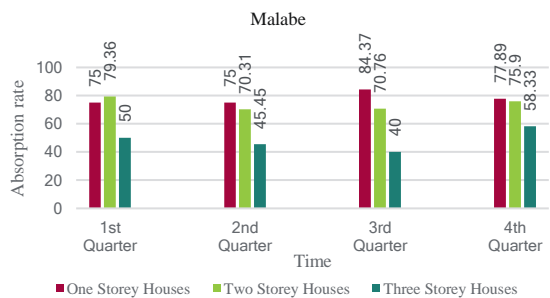


Figure 4 - Absorption Rate Malabe
Source: Field work,2023

The Thalawathugoda and Homagama exhibited similar trends with fluctuation in absorption rate for different types of properties. The absorption rate of Homagama one-story houses is recorded at 78.94%, which is higher in the second quarter. Two-story houses recorded at 64.44% in the fourth quarter and three-story houses recorded at 53.33% are higher in the first quarter compared to other quarters in Homagama (Figure 5).

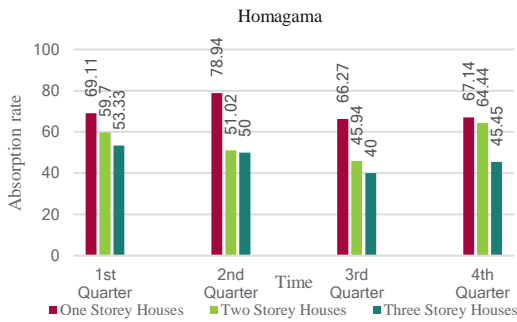


Figure 7 - Absorption Rate Homagama
Source: Field work,2023

The absorption rate of one-story houses recorded at 71.79% is higher in the second quarter, two-story houses recorded at 59.25%, and three-story houses recorded at 35.71% are higher in the first quarter compared to other quarterly in Thalawathugoda (Figure 6).

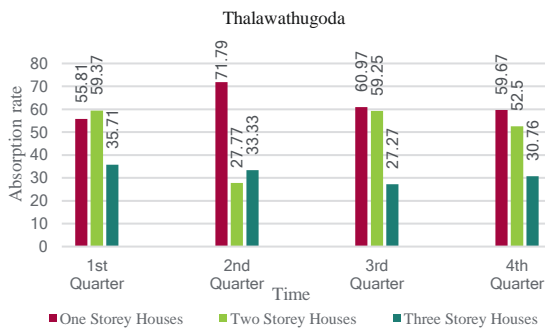


Figure 5 - Absorption Rate Thalawathugoda
Source: Field work,2023

Yearly absorption rates of landed residential properties

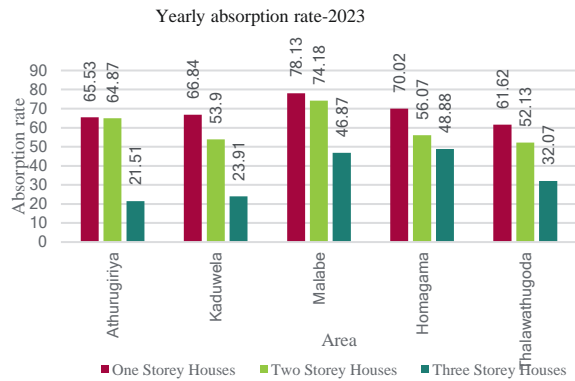


Figure 6 - Yearly Absorption Rate 2023
Source: Field work,2023

For 2023, Malabe had the highest absorption rates for one-story houses, recorded at 78.13%, and two-story houses, recorded at 74.18%, compared to other regions. In contrast, Homagama had the highest absorption rates for three-story houses, recorded at 48.88%. Therefore, the annual trends indicate that Malabe and Homagama saw strong markets throughout the year, regardless of the housing category (Figure 7).

Insights and conclusions

This study highlights the varying absorption rates across the five regions studied. According to this study, it can be concluded that the Malabe area recorded the highest percentage of one-story houses as well as two-story houses in respectively, 78.13% and 74.13%. Homagama recorded the highest percentage of three-story houses at 48.83% among these five towns, which is highlighted in this study. These are significant insights related to the absorption rate analysis across the five towns named Athurugiriya, Malabe, Kaduwela, Homagama, and Thalawathugoda in the year 2023.

CHAPTER 02

Absorption rates of high-rise offices and retail properties within the city of Colombo

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Overview

Absorption rate

Absorption Rate Formula:

$$\text{Absorption rate} = \frac{\text{Total space sold or leased in a period}}{\text{Total space available}} \times 100$$

Equation 2 - Absorption Rate Retail

Absorption Rate for Retail Properties

A high absorption rate signifies that there is a strong demand for commercial space following landlords, to increase rents and more ability to negotiate favorable terms with tenants throughout the leasing process. On the other hand, low absorption rate signifies a buyer's market, where tenants have more options and may be able to negotiate better lease terms. If demand doesn't align with the increase in new office or retail space, absorption rates can decrease, leading to temporarily increasing vacancy rates. As businesses expand, economic growth tends to drive up absorption rates, whereas economic downturns could reduce demand for commercial properties.

For the study, five Class A high-rise office and retail spaces within mixed-use developments were selected.

Absorption Rates of Class A Office and Retail Buildings in Colombo.

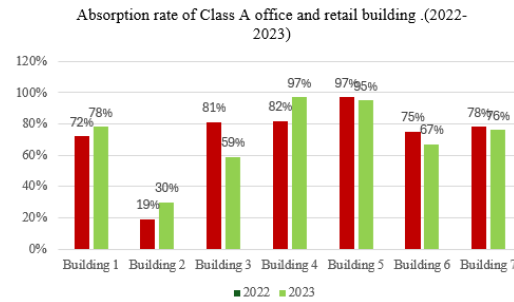


Figure 8 - Absorption rate of class A office and rental buildings
Source: Field work, 2023

The above graph (Figure 8) presents the absorption rates of selected Class A properties during the years 2022 to 2023. The highest absorption rate recorded was 97% in 2022, while the lowest absorption rate was 19% during the same period. In 2023, the highest absorption rate remained 97%. And the lowest absorption rate recorded was 30%. Although several properties achieved absorption rates of over 75% in 2022 & 2023, their rates showed a decline compared to the previous year. Conversely, several properties experienced an increase in absorption rate, reflecting a shift in demand patterns across different quarters. This variation highlights the dynamic nature of the commercial real estate market during the examined periods.

Insights

The onset of the COVID-19 Pandemic disrupted the commercial real estate market in Colombo. Many physical businesses struggled to maintain operations, leading to a decrease in leasing, renting, and sales activities in 2020. Therefore, office and retail properties could not be rented or sold during the year 2020. The pandemic promoted a shift towards the remote working trend, resulting in the demand for office space, decreased directly affected the absorption rate. The demand for office space rises when the economy is robust because businesses tend to expand. As the economy recovers, modern buildings with desirable features like high-speed internet, on-site parking, and

fitness centers tend to attract tenants faster. The appearance and attractiveness of the building determine consumer behavior, which leads to higher absorption rates. The age, condition, and operational efficiency of a building significantly influence its ability to attract tenants, which in turn impacts absorption rates.

However, Hyperinflation in 2022 affected numerous sectors, including the commercial real estate market, leading to a decrease in the absorption rate during the period.

CHAPTER 03

State land supply to the market for investment

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Introduction

Overview

In Sri Lanka, the state land supply plays a crucial role in shaping the investment landscape. Historically, land ownership has been a highly regulated aspect of the economy, with the government controlling large portions of land for agricultural, industrial, and residential purposes. Over time, the land market has evolved, influenced by changing policies and growing urbanization.

Today, the demand for land, especially in urban areas, continues to rise, making state land a vital asset for both local and international investors. Strategic management and transparency in land allocation are essential for fostering sustainable growth and maximizing land value for long-term development. Sri Lanka government is reviewing existing laws on state-owned lands in the extent of 80 percent of available land to broad-base ownership.

Government land supply

In Sri Lanka, approximately 80% of the land is owned by the government. This significant share of the land is utilized for diverse purposes aimed at promoting national development. Government lands vested with state agencies are periodically released for development targeting key objectives such as stimulating e-investment, addressing housing shortages for middle and low-income, improving infrastructure, and energizing the economy. Other than the State, the following government institutions play a vital role in releasing state land (allocation of land under

different modes) as provided in the applicable laws for investment and development.

Urban Development Authority (UDA)

Considering the investment process of the UDA, it follows a structured process for land allocation and vesting. After land is vested then the obtaining preliminary planning clearance and constructing plot coverage roads based on the intended land use. Valuation is then sought from the government's chief valuer. Subsequently, a Request for Proposals (RFP) is prepared by the project committee, and approval is obtained from the cabinet. Once approved, the RFP is published in newspapers, on the UDA-OBOI Website, Investment Forums, and the Magazine (LMD). The UDA provides a period for collecting bid documents. Following this, proposals are submitted according to the provided guidelines. These proposals are then analyzed, and the UDA applies marking methodologies. If a bid document receives more than 70 marks, it is opened for financial consideration, where the government chief valuer establishes the base value. This comprehensive process ensures a transparent and efficient allocation and vesting of land by the UDA.

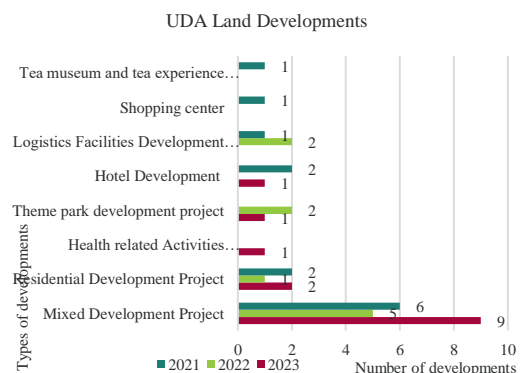


Figure 9 - UDA Land Developments
 Source: Urban Development Authority

Trends in UDA Land Development (2021–2023)

- Mixed-development projects saw the most significant increase, growing

from 5 projects in 2021 to 9 projects in 2023, reflecting a rising demand for integrated urban developments. (Figure 9)

- Residential projects remained consistent, with 2 projects in each of the three years, indicating a stable supply for housing.
- The hotel development sector experienced growth, with 2 projects in both 2022 and 2023, pointing to a continued focus on expanding tourism infrastructure.
- Emerging sectors, such as health-related developments (2 projects in 2023), suggest a diversification in urban planning priorities.

Sri Lanka Land Development Corporation (SLLDC)

The SLLDC, formally known as the Colombo District Low-Lying Areas Reclamation and Development Board, is a statutory body under the Ministry of Urban Development and Housing that specializes in managing land, particularly in flood-prone and low-lying areas in Sri Lanka. The SLLDC plays a significant role in land supply for investors, particularly through its expertise in land reclamation, development, and management specializing in converting unusable land, such as marshes and low-lying areas, into developable land. This increases the availability of land suitable for a variety of investment types, including residential, commercial, and industrial developments.

Land Leasing by SLLDC:

The SLLDC leases land to investors for different durations, ranging from one year to 99 years. During the period, approximately 20.2 acres of land have been leased with a total base value of LKR 617,499,529.00.

Land Allocation Trends:

A significant portion of the leased land is used for infrastructure development and office space. In contrast, commercial spaces constitute a smaller share, with only 12 perches leased for commercial use (Figure 10).

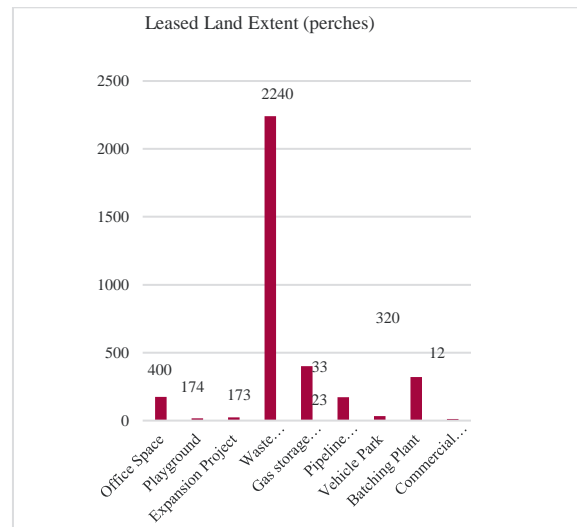


Figure 10 - Leased Land Extent (Perches)

Source: Sri Lanka Land Development Corporation

Sri Lanka Tourism Development Authority (SLTDA)

The Sri Lanka Tourism Development Authority is crucial in supporting tourism development and attracting investments to promote sustainable tourism.

SLTDA was created to encourage sustainable tourism development and acts as a catalyst for funding for investment, besides having a structured approach towards customer affairs administration. SLTDA plans to possess land and lease the land as one of their strategies for development, along with creating investment opportunities for the investment market.

The SLTDA has identified prime land parcels throughout Sri Lanka that have been earmarked for tourism development in the different regions. The authority leases these prime land parcels across Sri Lanka to investors for long-term development, typically on 30-year leases.

land for agricultural ventures, agribusinesses, and other development projects.

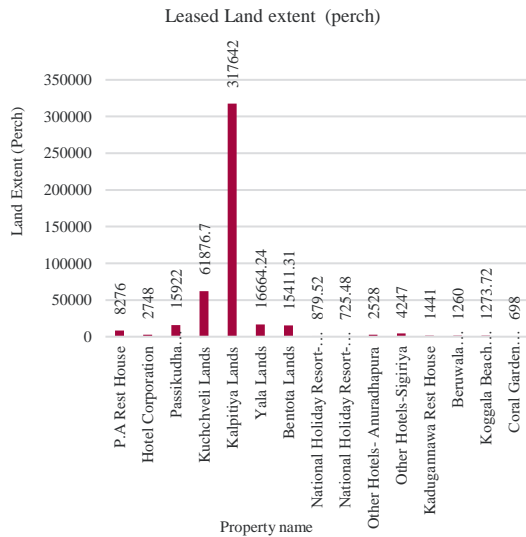


Figure 11 – Leased Land Extent (Perches)
Source: Sri Lanka Tourism Development Authority

During the period, the SLTDA has leased 2,822.5 (approx.) acres of land for tourism-related development with a total base value of LKR 25,045,027,168.00 for a 30-year lease (Figure 11).

Mahaweli Authority of Sri Lanka (MASL)

The Mahaweli Authority manages government land distribution within the Mahaweli development regions, especially for agricultural, industrial, and residential projects. The authority oversees the allocation of land for agribusinesses and large-scale agricultural ventures.

The Mahaweli Authority of Sri Lanka has an important role in distributing and supervising government land within the areas declared under the MASL for investment, MASL supervises the biggest irrigation and agricultural development scheme in Sri Lanka. It oversees the conversion of extensive areas of land for agricultural, industrial, and residential purposes. The Authority helps investors lease and allocate

Investment Trends and Challenges (2020-2022)

The number of investment projects decreased slightly from 809 in 2020 to 797 in 2022. Despite this, areas such as Udawalawe saw an increase in the number of projects, indicating regional variation in development patterns.

The total land extent allocated for development also showed a decline from 7,659 hectares in 2020 to 6,534 hectares in 2022, reflecting a slowdown in land utilization for investment purposes. (Figure 12)

Also in the B zone, the Udawalawe areas have a slight increase in the total number of projects compared to 2022.

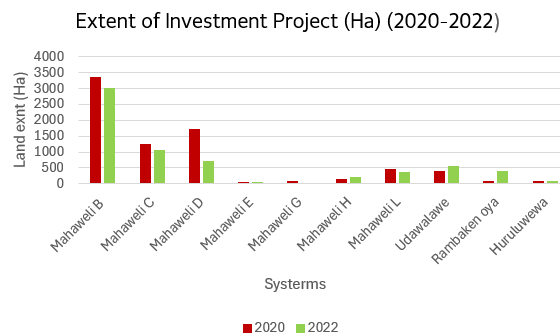


Figure 12 - Extent of Investment Project (Ha) (2020-2022)
Source: Mahaweli Authority

Compared to 2020, there is a decrease in the invested land extent in 2022, respectively, from 7659 ha to 6534 ha. It is evident in the Mahaweli zones B, C, D, and L areas, having a clear decrease in the extent of land.

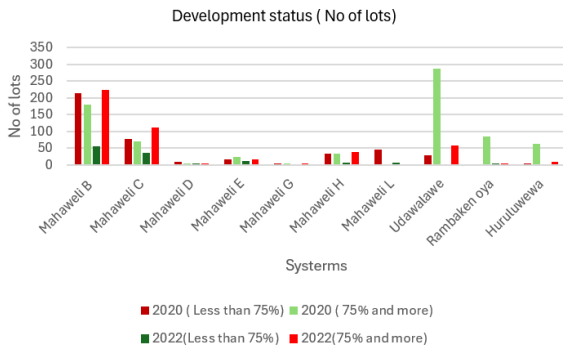


Figure 13 - Development status (No of land)
Source: Mahaweli Authority

The number of projects with a development status below 75% lost reduced significantly from 375 lots in 2020 to 128 lots in 2022, showing a move towards higher completion rates and the total projects at 75% development status or higher rose from 434 lots in 2020 to 472 lots in 2022, indicating better project completion rates and efficiency (Figure 13).

Therefore, the zone B project area has an increased proportion of projects reaching over 75% development, despite a decrease in the total number and size of projects. And zone C project area has a rise in project numbers and enhancements in the development stages, showcasing successful new investments. In the Udawalawe area, having over 75% project completion, highlighting the successful project implementation and the utilization of the land. Therefore, the rise in the success rate of investment projects and maximizing usage despite the land allocation for the investments has decreased. These improvements in project development showcase efficiency and completion, leading to more successful government land for investments.

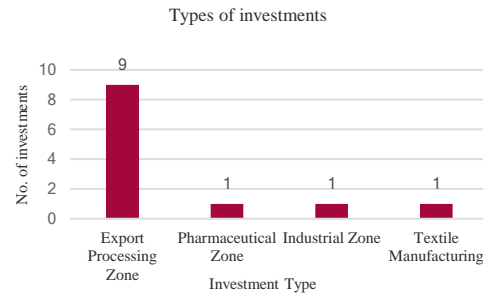


Figure 14 - Types of Investments
Source: Mahaweli Authority

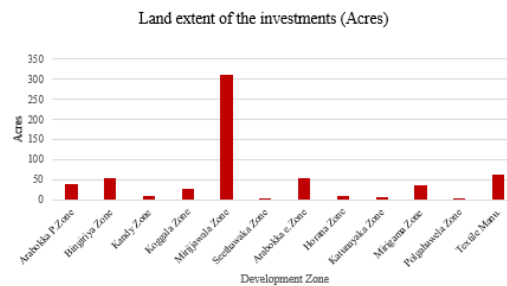


Figure 15 - Land Extent of the investments (Acres)
Source: Mahaweli Authority

Board of Investment Sri Lanka

The Board of Investment (BOI) of Sri Lanka, established under the BOI Act No. 4 of 1978, is the central body responsible for attracting foreign and local investments to the country. Its primary goal is to foster economic growth by promoting key industries, creating employment opportunities, and boosting foreign exchange. A critical component of the BOI’s operations is the allocation of state land for investment, focusing on sectors aligned with national development strategies. This ensures the efficient use of prime state land for industrial, commercial, and infrastructural growth, elevating Sri Lanka’s economic profile. The land allocation process follows a structured approach, beginning with application submission and culminating in the granting of land for development.

Trends and Insights in Land Allocation

As Sri Lanka continues to develop as an investment hub, several emerging trends are shaping the state land supply and its

allocation by the BOI. These trends highlight the evolving nature of Sri Lanka's real estate and investment landscape, offering both opportunities and challenges for investors. Sector-Specific Development: The BOI has strategically allocated land across various zones to promote sector-specific growth. These zones include the Export Processing Zones (EPZ), Pharmaceutical Zone, Industrial Zones, and Textile Manufacturing Zones. By creating these dedicated zones, the BOI encourages focused development, reduces the risk of sectoral dependency, and enhances the productivity of allocated land.

Figure 16 will show the distribution of land across different investment zones, illustrating how the land is segmented according to sector-specific objectives.

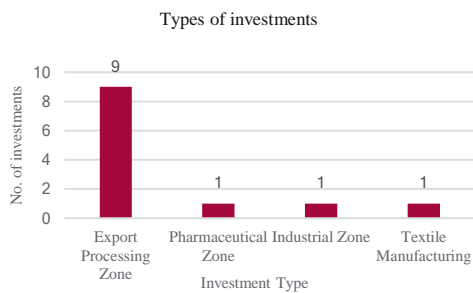


Figure 16 -Types of Investments
Source: BOI

This approach not only ensures that the land is used optimally but also contributes to a diversified economic growth model that can mitigate risks associated with reliance on a single industry or sector.

Figure 17 below will illustrate the land extent allocated across different investment zones, highlighting the areas with the largest allocations and their respective contributions to economic growth.

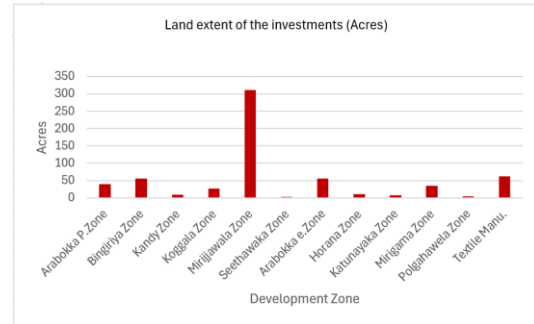


Figure 17 -Land Extent of Investments (Acres)
Source: BOI

Conclusion

The Urban Development Authority (UDA), Sri Lanka Land Development Corporation (SLLDC), Sri Lanka Tourism Development Authority (SLTDA), Mahaweli Authority, and Board of Investment (BOI) play crucial roles in stimulating economic growth by strategically allocating land for investment. These authorities follow processes, including obtaining necessary clearances, preparing proposals, and issuing leases for various durations. The UDA focuses on mixed-use, residential, and commercial projects, SLLDC specializes in land reclamation for diverse investments, SLTDA leases prime locations for tourism, the Mahaweli Authority allocates land for agriculture and industrial projects, and BOI designates zones for export processing, pharmaceuticals, and textiles. This comprehensive approach enhances land utilization and attracts a wide range of investors, fostering sustainable development and economic prosperity in Sri Lanka.

CHAPTER 04

Building Applications in Municipal Councils in Western Province (2018-2023)

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Overview

Building application refers to a formal submission made to a regulatory or governing body seeking approval for the construction, renovation, or modification of a structure. In Sri Lanka, to the Municipal Council (MC), Urban Council (UC), or a Pradeshiya Sabha (PS). This application serves as a prerequisite for ensuring compliance with local building construction, whatever the type of building construction proposed, zoning laws, and safety regulations.

These approvals help regulate land use, promote energy-efficient designs, and enforce the use of sustainable building materials, which collectively reduce the environmental footprint of urban development. Moreover, they facilitate resilience against climate change impacts by mandating adherence to green building codes and disaster-resistant designs. For instance, research by Yuen et al. (2016) highlights that streamlined building approval processes incorporating sustainability criteria can significantly contribute to reducing urban sprawl, improving resource efficiency, and enhancing the quality of life in cities. These applications include a variety of procedures and regulatory frameworks instituted by local governing bodies to oversee and manage construction activities.

Building application and categorization

The study analyses the building applications and their process in Colombo, Moratuwa, Dehiwala, Sri Jayewardenepura Kotte, and Gampaha Municipal Councils from 2018-

2023. Data were collected during May–July 2024. The study will assess the approval rates of building applications, distinguishing between residential, commercial, and renovation projects. The study will also perform a comparative analysis across the five municipal councils to identify differences and similarities in urban development patterns. This approach will offer valuable insights into the varying administrative processes and developmental trends across different municipalities.

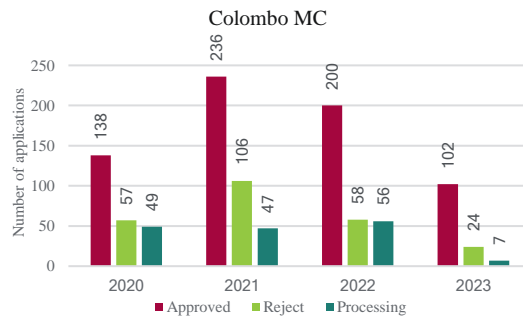


Figure 18 - Number of Applications of Colombo MC
Source: Colombo MC

The significant decline in the number of building applications in 2023 for Colombo MC, across all categories (Approved, Rejected, and Processing), reflects a drastic reduction in construction activity. In 2023, from a total number of applications (133), with 102 approvals, 24 rejections, and 7 under processing, reflecting a potential shift in development dynamics within the municipal council (Figure 18).

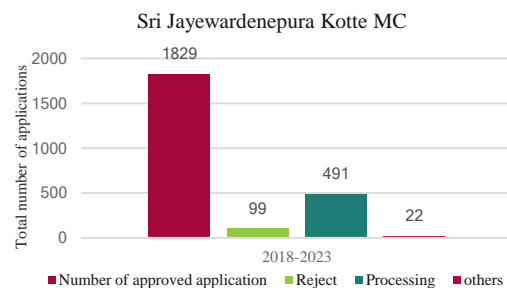


Figure 19 - Number of Applications Sri Jayewardenepura Kotte Mc
Source: Sri Jayewardenepura Kotte Mc

In 2018-2023, the number of building applications received was 2,421. Out of all building applications received, 1,829 were

approved, while 99 were not approved, 491 are still being processed and 22 are either unprocessed or fall under other statuses (Figure 19). The applications comprised 2,167 for residential buildings, 190 for commercial properties, and 64 categorized as other types. The high approval rate reflects an efficient processing system. However, the significant number of pending applications points to possible issues or delays in the approval process. This data shows the municipal council's prioritization of residential development, with commercial projects representing a smaller portion of the applications.

Moratuwa MC				
Number of Applications				
	North	East	West	South
2018	175	105	34	44
2019	95	146	148	108
2020	94	124	129	70
2021	69	103	104	81
2022	52	81	69	68
2023	39	65	58	51

Table 1 - Number of Applications of Moratuwa MC
Source: Moratuwa Mc

Building Categories in Moratuwa MC			
Number of Buildings			
	Residential	Commercial	Renovation
2018	238	10	28
2019	420	18	59
2020	360	29	28
2021	302	23	32
2022	218	20	32

Table 2- Building categories in Moratuwa MC
Source: Moratuwa Mc

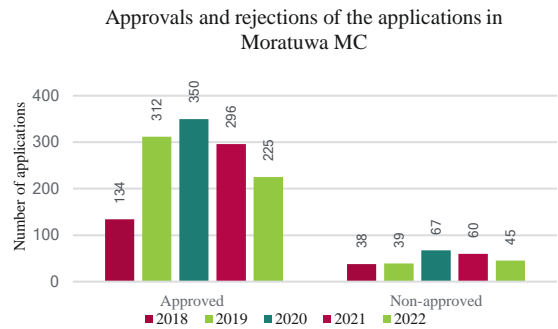


Figure 20- Number of approvals and rejections of the applications in Moratuwa MC
Source: Moratuwa Mc

In 2018, the North region had the highest number of applications applied but consequently it decreased for the time being. Considering the whole Moratuwa MC area, residential properties are seeking higher application amounts where renovations are somewhat higher than the commercial property applications (Figure 20). Overall, these trends indicate varying degrees of development and renovation across different regions within the municipality, influenced by local factors and regulatory considerations.

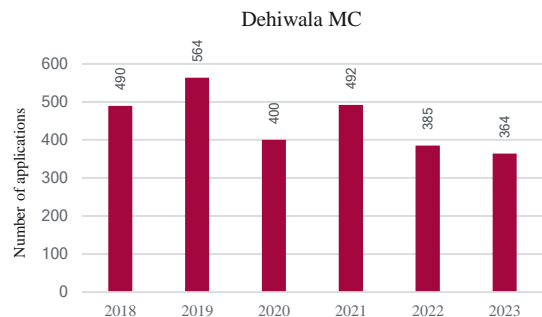


Figure 21- Number of Application of Dehiwala MC
Source: Dehiwala Mc

The Dehiwala MC building application data from 2018 to 2023 shows wavy trends. Applications peaked at 564 in 2019, showing a smaller number of applications in 2020, likely due to the COVID-19 pandemic. A slight recovery occurred in 2021 with 492 applications, but the numbers dropped again in subsequent years, with 385 in 2022 and 364 in 2023 (Figure 21). Overall, the data indicates a general downward trend in building applications post-2019, suggesting

potential economic impacts or changes in urban development priorities within the municipality.

	Residential		Commercial		Boundary Wall		Telecommunication Tower		Other	
	Approved	Reject	Approved	Reject	Approved	Reject	Approved	Reject	Approved	Reject
2018	304	22	22	8	10	7	1	1	1	
2019	287	24	38	11	11	3			2	
2020	237	34	28	9	9	9				
2021	350	45	28	10	16	16	1	1		1
2022	218	22	8	7	11	11				
2023	170	13	31	7	11	11			1	2

Table 3- Number of Application of Gampaha MC

Source: Gampaha Mc

Notably, residential approvals peaked in 2021 at 350, while rejections were highest in the same year, with 45 (Table 3). Commercial approvals remained relatively stable throughout, with boundary wall applications witnessing fluctuations. Telecommunication tower applications saw sporadic approvals and rejections, indicating shifting priorities. Additionally, approvals for other categories like union organizations, religious places, halls, and industries were sporadic across the years. These trends suggest evolving development dynamics within the municipality, influenced by regulatory considerations and community needs.

Insights into Application process by Local Authority areas

In Colombo, the fluctuating trends in building applications from 2020 to 2023 suggest significant impacts on the real estate market. The increased approvals and rejections in 2021 reflect heightened market activity and possibly stricter regulations, potentially influencing property prices and investor confidence. The stabilization in 2022 indicates an adjustment period, while the decline in 2023 suggests a slowdown in development, which could lead to reduced property availability and altered market dynamics. These trends highlight the need for continuous monitoring to adapt real estate strategies and meet changing market demands effectively.

CHAPTER 05

Building Applications in Urban Councils in the Western Province (2018-2023)

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Overview

There are 14 Urban councils in the Western Province, and 8 is considered in this study. It's a count of received building applications and a categorization of received building permits as residential, commercial, new constructions, renovation, other constructions, etc. In the "other" category, there are swimming pools, walls, Telecommunication Towers, Churches, Preschools, Stores, Government places, etc. The following bar graphs (Figures 22,23,24,25,26,27,28 and 29) illustrate the number of applications received for UCs' under the above categorization.

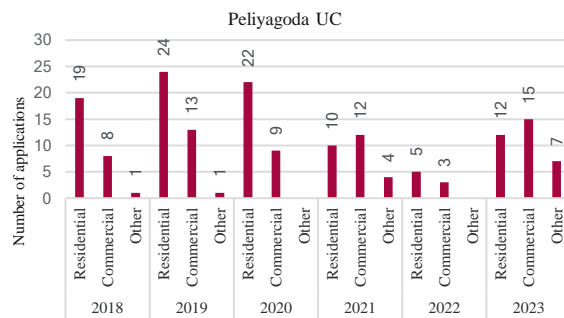


Figure 22- Number of Application of Peliyagoda UC
Source: Peliyagoda UC

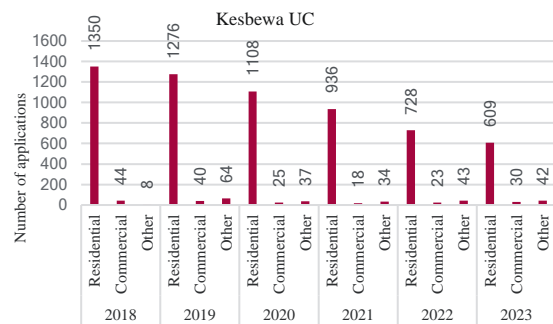


Figure 23- Number of Application of Kesbewa UC
Source : Kesbewa UC

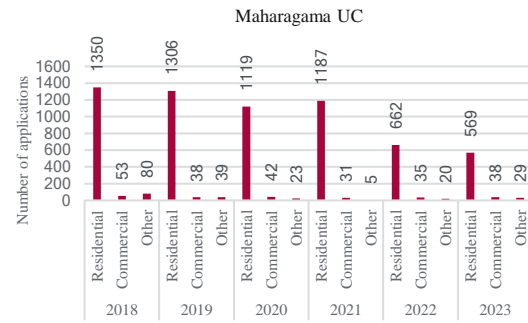


Figure 24- Number of Application of Maharagama UC
Source: Maharagama UC

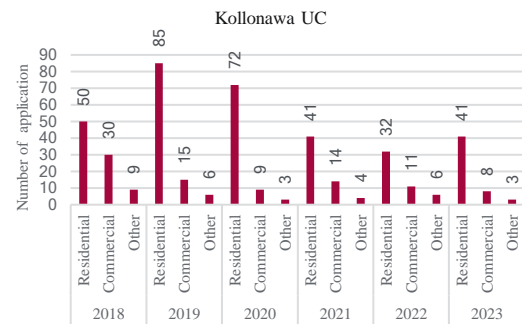


Figure 25- Number of Application of Kollonawa UC
Source: Kollonawa UC

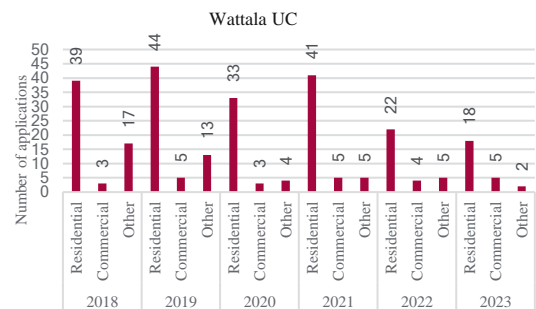


Figure 26- Number of Applications of Wattala UC
Source: Wattala UC

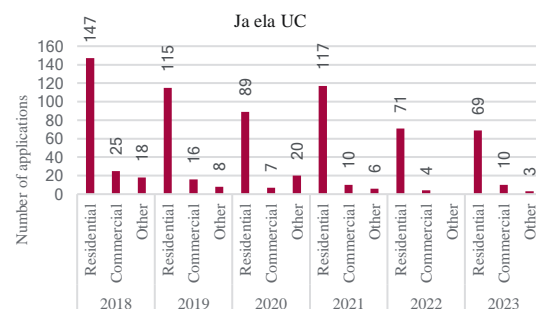


Figure 27- Number of Applications of Ja Ela UC
Source: Ja Ela UC

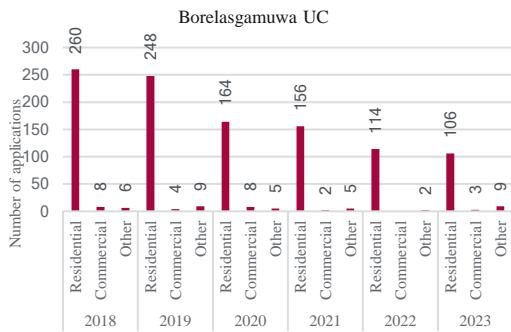


Figure 28 - Number of Application of Borelasgamuwa UC
Source: Borelasgamuwa UC

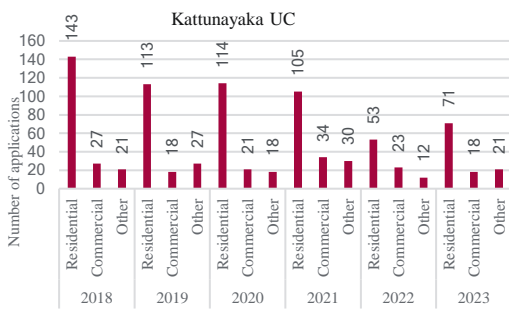


Figure 29 - Number of Application of Katunayaka UC
Source: Katunayaka UC

Considering the number of applications received from 2018 to 2023, the number of applications received from the year 2021 has decreased rapidly. This may be due to the significant increase in the permit fee due to the new gazette issued in 2022, and the Covid-19 pandemic. Due to the economic recession in the country due to the pandemic, the prices of the building materials required for the construction of buildings have increased rapidly.

Conclusion

Trends and patterns reveal that residential demand is predominant across most urban council areas, with 91% of building applications submitted for residential developments, including houses and apartments. This strong focus on residential construction is expected, as these structures serve as primary living spaces where people spend the majority of their time. In contrast,

only 5% of applications pertain to commercial buildings, while the remaining 4% fall under other categories.

The introduction of digital systems, like the UDA's new online platform, marks a significant step forward in addressing inefficiencies and improving the building application process in Sri Lanka.

CHAPTER 06

Building Applications in Pradeshiya Saba in Western Province (2018-2023)

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Overview

Building applications in Pradeshiya Saba is the cornerstone of regional growth and development. These applications serve as formal requests to initiate construction projects, ensuring compliance with and following local building regulations, zoning laws, and safety standards.

An analysis of data from four selected Pradeshiya Sabas—Kalutara, Dodangoda, Madurawala, and Bandaragama—provides insight into the receipt, approval, and compliance of residential and commercial projects between 2018 and 2023. Analyzing the data for each PS area reveals trends in the number of projects received, approved, and issued compliance certificates. The consistent increase in the receipt and approval of projects, along with the issuance of compliance certificates, indicates positive development in these areas. This can be valuable for urban planning, infrastructure development, and monitoring the growth of construction activities in these regions. Understanding these trends can help local authorities, urban planners, and policymakers make informed decisions regarding zoning regulations, building permits, and overall development strategies to ensure sustainable growth and compliance with construction standards.

Building an application and categorization

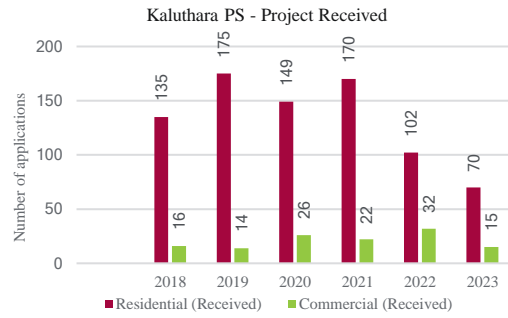


Figure 30- Number of Application Projects Received by Kaluthara PS

Source: Kaluthara PS

The total number of residential projects received over the six years was 801, with 114 commercial projects received (Figure 30).

	Number of Applications					
	2018	2019	2020	2021	2022	2023
Kaluthara PS						
Residential Approval	118	141	124	139	81	52
Commercial Approval	13	11	17	16	19	9
Residential Compliance Certificate	28	32	29	36	19	12
Commercial Compliance Certificate	2	4	6	3	4	2
Residential Rejected	7	10	6	4	3	2
Commercial Rejected	0	1	2	1	4	1

Table 4- Number of Applications of the Project Received Kaluthara PS

Source: Kaluthara PS

A total of 655 residential projects and 85 commercial projects were approved during the period. Compliance certificates were issued for 156 residential projects and 21 commercial projects, indicating a focus on regulatory adherence (Table 4). There is a noticeable decrease in the number of projects received and approved from 2020 to 2023, suggesting a potential slowdown in construction activities.

The issuance of compliance certificates remained relatively stable for residential projects but showed a slight increase for commercial projects. The data indicates a need to monitor and potentially address the

decline in project approvals in recent years to sustain development momentum. The consistent issuance of compliance certificates reflects a commitment to regulatory compliance in the region.

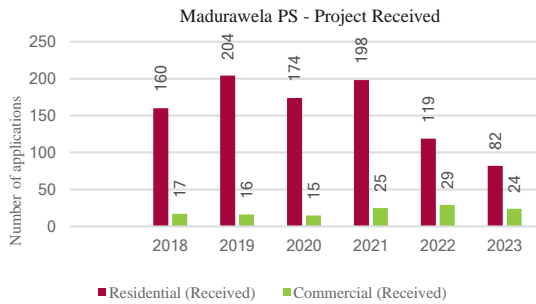


Figure 31 - Number of Application Projects Received by Madurawela PS
Source: Madurawela PS

	Number of Applications					
	2018	2019	2020	2021	2022	2023
Madurawela PS						
Residential Approval	90	164	145	162	95	61
Commercial Approval	14	13	9	19	22	13
Residential Compliance Certificate	26	31	27	26	19	9
Commercial Compliance Certificate	1	1	3	1	2	3
Residential Rejected	12	17	7	7	9	6
Commercial Rejected	0	1	2	1	1	3

Table 5- Number of Application of Madurawela PS
Source: Madurawela PS

The total number of residential projects received over the six years was 937, with 135 commercial projects received (Figure 31). A total of 717 residential projects and 99 commercial projects were approved during the period. Compliance certificates were issued for 138 residential projects and 11 commercial projects, indicating a focus on regulatory adherence (Table 5).

There is a general trend of fluctuations in the number of projects received and approved over the years, indicating varying levels of construction activity. The issuance of compliance certificates remained relatively stable for residential projects but showed some variability for commercial projects.

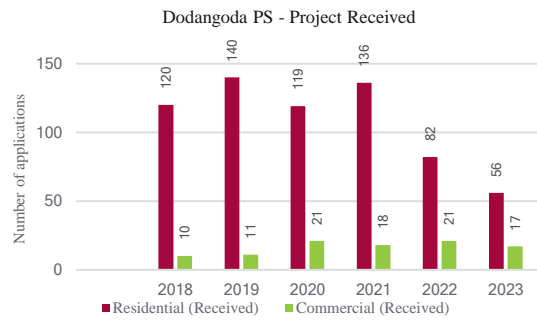


Figure 32 - Number of Applications of Project Received Dodangoda PS
Source: Dodangoda PS

	Number of Applications					
	2018	2019	2020	2021	2022	2023
Dodangoda PS						
Residential Approval	81	112	99	111	65	41
Commercial Approval	6	9	14	13	15	9
Residential Compliance Certificate	14	21	19	18	13	5
Commercial Compliance Certificate	1	1	3	1	3	2
Residential Rejected	9	6	7	8	3	3
Commercial Rejected	1	0	2	3	0	1

Table 6- Number of Application of Dodangoda PS
Source: Dodangoda PS

The total number of residential projects received over the six years was 653, with 92 commercial projects received (Figure 32). A total of 509 residential projects and 64 commercial projects were approved during the period. Compliance certificates were issued for 90 residential projects and 11 commercial projects, indicating a focus on regulatory adherence (Table 6).

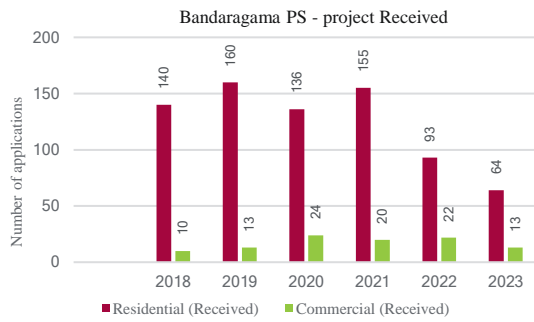


Figure 33 - Number of Application Project Received of Bandaragama PS
 Source: Bandaragama PS

importance of monitoring these trends to maintain development momentum and ensure regulatory adherence. The consistent issuance of compliance certificates reflects a commitment to regulatory compliance in the region.

Bandaragama PS	Number of Applications					
	2018	2019	2020	2021	2022	2023
Residential Approval	90	129	113	127	74	47
Commercial Approval	8	10	15	15	17	8
Residential Compliance Certificate	20	24	20	20	15	6
Commercial Compliance Certificate	1	1	3	1	2	4
Residential Rejected	6	3	6	7	5	2
Commercial Rejected	0	0	2	0	2	2

Table 7 -Number of Application Project Received of Bandaragama PS
 Source: Bandaragama PS

The total number of residential projects received over the six years was 748, with 102 commercial projects received (Figure 33). A total of 580 residential projects and 73 commercial projects were approved during the period. Compliance certificates were issued for 105 residential projects and 12 commercial projects, indicating a focus on regulatory adherence (Table 7). The issuance of compliance certificates remained relatively stable for residential projects but showed some variability for commercial projects.

Conclusion

The analysis of building applications in Pradeshiya Saba reveals fluctuating trends in project receipt, approval, and compliance over the years. The data underscores the

CHAPTER 07

Property Transactions in Colombo Municipal Council (2018-2023)

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Overview

Property transactions within the Colombo Municipal Council (CMC) between 2018 and 2023 were analyzed using data from the Colombo Land Registry and the Assessor Department of the CMC. Understanding property transactions in Colombo is vital for investors, industry professionals, policymakers, and the public. This chapter provides insights into residential, commercial, and industrial property transactions, focusing on trends in property values, transaction purposes (e.g., rental, investment, self-occupation), and the most active locations.

Property transactions by location

Analyzing the property transactions from 2018-2023 in Colombo MC, the findings underscore that this map includes which Colombo 1-15 areas. Areas that obtained data for analysis are shown in light blue and dark green.

According to the descriptive analysis, Cinnamon Garden, Colombo 7, and Thimbirigasaya are the areas with the highest number of transactions in the Colombo Municipality, whereas Thimbirigasaya has seen the highest number of transactions with significant price differences. In Cinnamon Garden Colombo 7, saw a substantial volume of transactions primarily for rental purposes at consistently high prices. The result of the analysis shows: a high rental demand due to proximity to schools, hospitals, and commercial hubs, and consistently high

prices driven by investor interest in rental properties.

Colombo 1 - 15 Property Transactions (2018-2023)

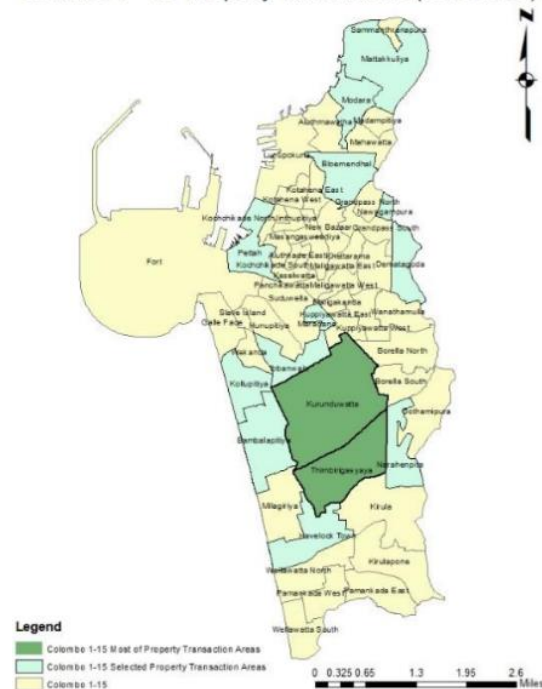


Figure 34 -Colombo 5-1 Property Transactions (2018-2023)
Source: Colombo MC

- Advantageous Location, which is near enticing establishments like schools, hospitals, or business centers, attracts renters as a location to call home.
- Consistent rental transactions could imply high occupancy rates, suggesting a shortage of available rental homes in the area. This may result in higher rental costs.
- Cinnamon Garden Colombo 7 may contain many properties purchased by investors to rent them out.

Thimbirigasaya has the most trades overall, with notable price fluctuations. The reasons are due to.

- Thimbirigasaya may feature a range of property kinds, from more reasonably priced houses or plots to upscale flats. This explains the considerable variations in price.

- In summary, Thimbirigasyaya ward reflects a diverse range of properties, from affordable housing to luxury apartments, which led to notable price variations and the development projects spurred increased transaction volumes, indicating market dynamism.
- Prices may be impacted by new constructions drawing potential customers looking for contemporary amenities.
- Thimbirigasyaya may have a high resale market. The value of real estate may change depending on the state of the property, its location, and general market trends.

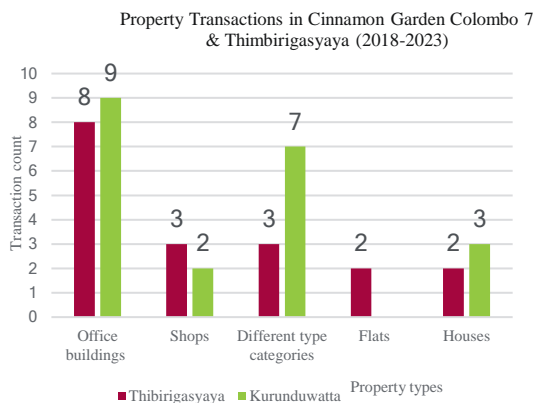


Figure 35 -Property Transactions in Cinnamon Garden Colombo 7 & Thimbirigasyaya (2018-2023)
Source: Colombo MC

The number of real estate transactions in Cinnamon Garden Colombo 7, and Thimbirigasyaya, Sri Lanka, between 2018 and 2023 is displayed in a bar graph (Figure 39). In general, Thimbirigasyaya has more real estate transactions than Cinnamon Garden Colombo 7 . There are the same number of transactions for houses in both areas. Cinnamon Garden Colombo 7 , on the other hand, has the fewest transactions across the board, excluding housing. When examining the individual categories, office buildings in both regions have the highest number of transactions. In Thimbirigasyaya, there are also a lot of transactions involving stores and flats.

Property transactions by market type

Property transactions in Colombo MC in percentage (2018-2023)

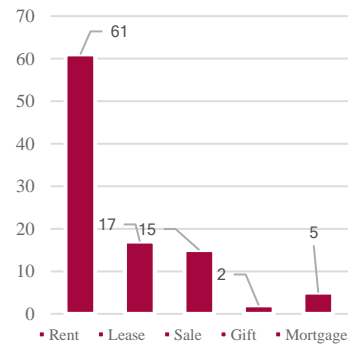


Figure 36 - Property transactions in Colombo MC in percentage (2018-2023)
Source: Colombo MC

Rentals (61%) indicate that Colombo MC favors a market where renters predominate. This indicates that a greater percentage of people rent rather than purchase real estate (Figure 35).

Potential Causes of the Dominance of Renters:

- If purchasing real estate in Colombo is too expensive, it may deter prospective purchasers and encourage them to rent instead.
- Since people wouldn't want to invest in purchasing property for a brief trip, a city with a high transitory population (those who visit for a brief period) may have a higher demand for rentals.
- Landlords can buy properties as investments and then rent them out for profit.

17% of the total property transactions are under the Leased Properties, which determines:

- Compared to regular rental agreements, leases usually have longer terms. Commercial leases and long-term rentals may fall under this category.
- In certain lease agreements, there is a buyout option that can be exercised after the lease period. These might fall under the "leased" category.

15% of sales show that there is a demand for real estate purchases in Colombo. This is due to:

- Stability and possible value growth, people may consider property ownership to be of utmost importance.
- Low mortgage rates may encourage some consumers to buy real estate.

Property transfers through gifts are uncommon (2%) but could be due to inheritance or family transfers.

Trends indeed Registration

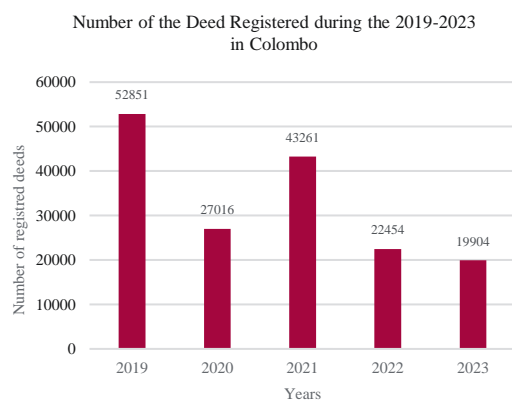


Figure 37 - Number of the Deed Registered during 2019-2023 in Colombo
Source: Colombo MC

****Note: Data for 2018 is not available. If 2018 is available, it would be helpful to understand if the 2019 peak was an anomaly or part of a larger trend. A comparison to pre-pandemic years would provide valuable context.

According to the data received, the highest number of deeds registered in Colombo MC in the year 2019 is 52,851 (Figure 36). According to the data, the lowest number of deeds was registered in the year 2023, which was 19,904. Therefore, the number of registered deeds is decreasing exponentially for the following reasons are due to:

- Numerous economic conditions, such as a slowdown in the real estate market, rising interest rates, or economic uncertainty, could be the reason.

- Changes in government policies or regulations related to property transactions, such as policy shifts.

Impact of Macroeconomic Factors on Property Transactions in Colombo (2018-2023)

Considering the Economic Development 2018–2019, the stability was brought about by a moderate GDP growth (3.5%), which probably increased real estate sales. 2020–2023: COVID-19 led to slower growth and a recession (which peaked at 3.6% in 2020), which decreased demand for and sales of real estate.

Real estate transactions in 2018-2019 were supported by stable interest rates (10–12%), which made mortgages more accessible. In 2020–2023 the epidemic caused rates to rise initially before falling. These rate adjustments and their influence on affordability determined the overall effect on real estate transactions.

In 2018–2019, real estate prices increased moderately because of mild inflation (5–6%), which did not considerably hinder sales, whereas in 2020–2023, excessive inflation reduced buying power, which probably decreased demand for and sales of real estate. Integration of "Clean Sri Lanka" Initiative. The Sri Lankan government's "Clean Sri Lanka" project aligns with sustainable urbanization and environmental goals, which influence property transactions in Colombo. Key aspects include:

Enhancing Urban Appeal:

Cleaner environments increase property desirability, especially in residential and commercial areas.

Public spaces—parks, waterfronts—drive higher real estate values.

Promoting Green Standards:

New regulations under "Clean Sri Lanka" encourage sustainable building practices.

Green certifications may boost demand for environmentally friendly properties.

Challenges and Recommendations:

The added compliance costs could deter some investors.

Policymakers must balance environmental objectives with affordability.

Policy Developments: Digital Transformation The Colombo Municipal Council launched a Single Window Counter in 2020, streamlining property registrations and approvals. Benefits include:

Faster approvals.

Enhanced transparency in property transactions.

Increased efficiency for local authorities.

The property market in Colombo from 2018 to 2023 was affected by many big and local factors. The number of property deals changed a lot, with the most in 2019 and the least in 2022. Most deals were about rent (61%), especially in business areas. Cinnamon Garden Colombo 7 and Thimbirigasaya had the most deals, and Cinnamon Garden Colombo 7 always had high rent prices. Good economic growth from 2018 to 2019 helped the property market stay stable and grow. But the COVID-19 pandemic caused a recession, which hurt demand and sales. Changes in interest rates and high inflation also made it harder for people to buy. Even with these problems, the market stayed strong, mostly with rental properties. The property transactions in Colombo are dynamic, with meaningful proceedings in rentals and sales. Understanding these trends along with the economic circumstances could help effective buyers, sellers, and tenants make informed decisions.

The study enables stakeholders to make well-informed decisions by revealing trends in property values, sought-after locations, and transaction purposes across multiple categories (residential, commercial, etc.). Considering the results, additional investigation may be conducted to examine

the impact of economic factors and development initiatives on the dynamic property market in Colombo. This can help us better grasp the shifting real estate landscape of the CMC if we keep an eye on trends.

Conclusion

The property market in Colombo from 2018 to 2023 demonstrates a dynamic interplay of rental dominance, significant location-based variations, and evolving economic factors. While Thimbirigasaya and Cinnamon Garden, Colombo 7, lead in transactions, broader trends are shaped by macroeconomic conditions and urban policies. Initiatives like "Clean Sri Lanka" and digital transformation efforts by the CMC promise sustainable growth and improved efficiency in property transactions. Policymakers, investors, and stakeholders must continue to monitor these trends and adapt strategies to align with the evolving real estate landscape.

CHAPTER 08

Property Transaction in Dehiwala-Mount Lavinia Municipal Council

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Overview

Dehiwala, a prominent suburb within the Colombo District of Sri Lanka, is governed by the Dehiwala-Mount Lavinia Municipal Council. This region experiences a variety of property transactions, including buying, selling, leasing, and transferring residential, commercial, and industrial properties. These transactions are regulated by local laws, requiring property valuations, clear titles, compliance with zoning laws, and proper registration with relevant authorities. The council's role is crucial in maintaining transparency and protecting the interests of all parties involved, providing services such as property assessments, issuing building permits, and managing property tax records. The real estate market in Dehiwala is characterized by its diversity, encompassing a wide range of property types from residential homes (apartments, condominiums), commercial spaces (offices, stores, mixed-use buildings), agricultural lands, and industrial spaces (factories, warehouses). Various factors, including economic conditions, infrastructure developments, regulatory changes, and demographic trends, influence this dynamic market. Understanding the intricacies of property transactions in this area provides valuable insights into the broader real estate landscape of Sri Lanka.

The colonial era saw substantial infrastructural and urban planning endeavors, laying the framework for the suburb's future growth. Roads, railways, and public buildings built during this period laid the groundwork for Dehiwala's development into a major residential and commercial hub.

Dehiwala's post-independence era began in 1948, when national policies aiming at economic development and urbanization went into force. Land use and property ownership patterns shifted significantly because of government initiatives and economic liberalization. These shifts have had a long-term impact on the real estate market, increasing demand for both residential and commercial buildings.

The suburb has attracted businesses and residents looking for the advantages of a premium location without the congestion of the city center. Dehiwala has seen various property booms throughout the years, most notably in the last two decades, spurred by rising demand for residential and commercial space. The community's socioeconomic composition heavily influences the real estate market in Dehiwala. Population growth, income levels, employment rates, and changing lifestyle choices all have an impact on demand for various sorts of homes.

Property Transaction

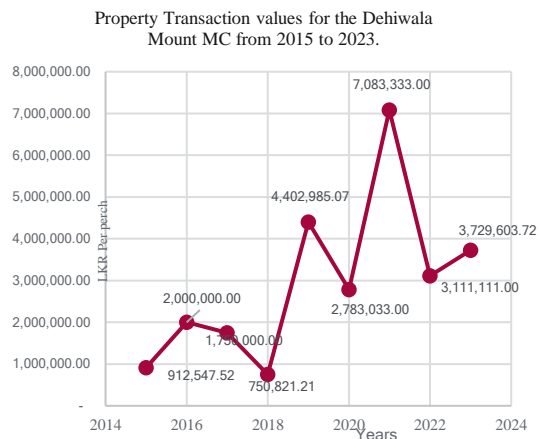


Figure 38 -Property Transaction values for the Dehiwala
Source: Dehiwala MC

The data on property transactions within the Dehiwala Municipal Council area reveal noticeable fluctuations in land prices on a per perch basis over the years. As illustrated in Figure 37, while land values in Dehiwala remain relatively lower compared to other parts of Colombo, there has been an overall upward trend when compared to earlier years.

In 2015, the price per perch was recorded at Rs. 912,547.52. This figure saw a significant increase in 2016, reaching Rs. 2,000,000. However, in 2017, the price slightly decreased to Rs. 1,750,000, followed by a notable drop in 2018 to Rs. 750,821.21. The value surged again in 2019 to Rs. 4,402,985 per perch, then declined in 2020 to Rs. 2,783,033. A sharp rise occurred in 2021 with prices peaking at Rs. 7,083,333, before falling to Rs. 3,111,111 in 2022. By 2023, the price per perch stood at Rs. 3,729,603.

These variations highlight the dynamic nature of the property market in Dehiwala, influenced by broader economic conditions, demand patterns, and localized development trends.

In some years, the value of a perch in the Dehiwala area has decreased compared to previous years and in some years the value has increased.

Conclusion

Dehiwala property market presents a diverse array of opportunities, marked by a mix of residential, commercial, and mixed-use developments. The area's strategic location, coupled with robust infrastructure and amenities, makes it a sought-after destination for both investors and homebuyers. Trends indicate a steady demand, driven by its proximity to Colombo, beachside appeal, and evolving urban lifestyle. Consequently, property values in Dehiwala are likely to remain resilient, promising favorable returns on investment and a thriving environment for future developments. As always, due diligence and market research are essential for making informed decisions in this dynamic market.

CHAPTER 09

Property Transaction in the Kolonnawa Urban Council

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Overview

The Kolonnawa Urban Council area in the Colombo District of Sri Lanka has witnessed significant property transitions from 2018 to 2023. This period has been marked by notable changes in property ownership, land usage, and real estate development, reflecting broader economic trends and urbanization pressures. Kolonnawa has experienced a rise in property transactions driven by increased demand for residential, commercial, and mixed-use developments. The area's strategic location, proximity to Colombo, and improved infrastructure have attracted both local and foreign investors. Additionally, government initiatives aimed at enhancing urban living standards and promoting sustainable development have further stimulated the real estate market.

The property transition in Kolonnawa also highlights the impact of regulatory changes and economic policies. Revisions in property tax regulations, zoning laws, and incentives for green building practices have influenced investment decisions and development patterns. Also has seen a mix of small-scale residential projects and large-scale commercial ventures, contributing to a dynamic and evolving real estate landscape. The real estate market in Kolonnawa also faced challenges, including the COVID-19 pandemic, which temporarily slowed down property transactions due to economic uncertainty and restrictions on movement. However, the post-pandemic recovery saw a rebound in the market, with renewed interest in property investments.

The data sources for the study are from the Kolonnawa UC, Land registries and insights

from the real estate agents, developers, and market analysts.

Property Transaction

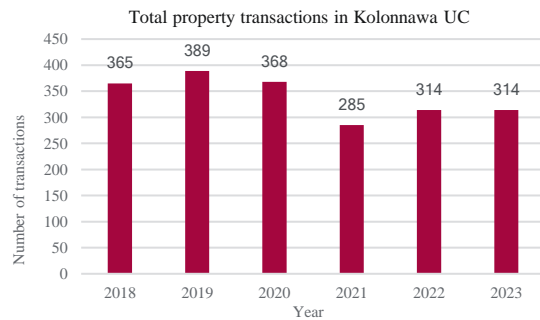


Figure 39 - Total property transactions in Kolonnawa UC
Source: Kolonnawa UC reports

Kolonnawa property transactions fluctuated between 2018 and 2023, peaking in 2019 with 389 transactions due to population shifts, government policy changes, or economic conditions. Transactions dropped to just 285 in 2021 due to the economic slowdown, regulation changes, or slow population growth. (Despite the pandemic and low incomes, property values were at a high level.) There were 314 transactions in both 2022 and 2023, which is a reasonably steady quantity of transactions (Figure 38). The drop in transactions in 2021 can indicate a downturn in the economy that had an impact on the real estate sector. The steady volume of transactions in 2022 and 2023 points to a stabilization or restoration of the market to a more regular level.

***Note: the 2023 data are not included due to the lack of information

According to the monthly basics (2018-2022) overall increase can be observed as the number of property transactions in 2022 (419) is significantly higher than in 2018 (328), indicating a substantial increase in property transactions over the four years. Considering the seasonal variations show a similar pattern of higher transactions in the second half of the year, with a peak in July. This could be due to the typical peak in property transactions during the summer

months. Considering the quarterly trends in 2018, the first quarter had relatively fewer transactions compared to the rest of the year. In contrast, the first quarter of 2022 had a significant increase in transactions, with 55 in February and 53 in March. This could indicate a shift in the market or a change in the council's policies. Considering the year-end trends, all the years show a decline in transactions towards the end of the year, with December having the lowest number of transactions.

Relation between the interest rate and transaction amount

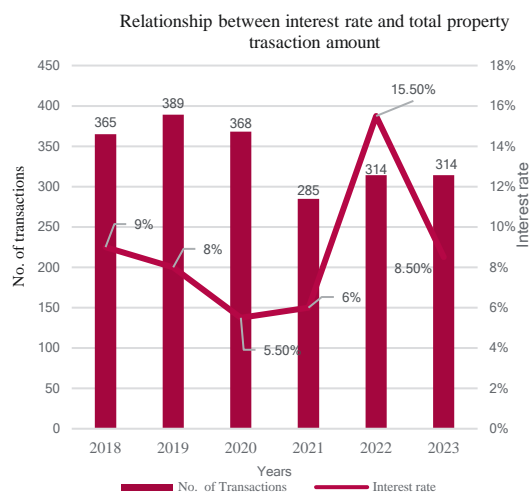


Figure 40 - Relationship between interest rate and total property transaction amount
Source: Kolonnawa UC

	Number of Transactions				
	2018	2019	2020	2021	2022
January	13	37	14	15	15
February	21	35	16	18	55
March	8	11	13	17	53
April	18	11	1	11	37
May	40	17	3	9	28
June	25	11	9	9	45
July	47	19	8	25	34
August	28	18	15	13	34
September	35	18	20	20	41
October	28	12	11	27	28
November	38	21	9	25	38
December	27	10	21	23	11

Table 8 - Property transactions in Kolonnawa UC (2018-2022)
Source: Kolonnawa UC

Due to Interest changes, the property transactions in the Kolonnawa Urban Council from 2018 to 2023 show some interesting trends (Figure 39). In 2018, the interest rate

was 9% and there were 365 total transactions. In 2019, the interest rate decreased to 8% and transactions increased to 389. In 2020, the interest rate dropped significantly to 5.50% but transactions only increased slightly to 368. In 2021, the interest rate increased to 6% and transactions dropped to 285. In 2022, the interest rate spiked to 15.50%, but transactions only increased slightly to 314. In 2023, the interest rate decreased to 8.50% and transactions remained flat at 314.

The flat transaction volumes from 2018 to 2023, ranging from 285 to 389 per year, indicate stable demand. However, this data does not provide information on the supply of properties available for sale each year. If supply increased faster than demand, it could put downward pressure on prices despite stable transaction volumes.

To gain better insights into property transactions in Kolonnawa UC, further examination of the Grama Niladari Divisions.

507 Wennawatta GN division.

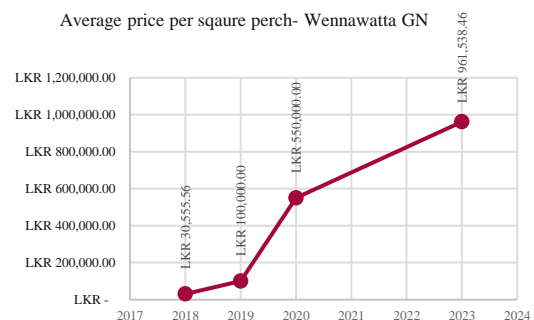


Figure 41 - Average price per square perch - Wennawatta GN
Source: Kolonnawa UC

The number of transactions in Wennawatta has remained consistent, and Transaction prices have steadily risen over the years, reaching their highest in 2023. The average price per square per perch has increased, indicating growing property demand in the area.

506C Mahabuthgamuwa B

Year	No. of Transactions	Perch	Trans. price LKR.
2018	2	(6.00)	960000
		(6.25)	500000
2020	1	(2.50)	500000
2023	3	(11)	1000000
		(15)	200000
		(6.00)	2000000

Table 9 No of Transactions 207 Wennawatta GN Division
Source: Kolonnawa UC

The property transactions show a general increase in prices over the years, with notable fluctuations. The highest price per perch was recorded in 2023 at LKR 2,000,000 for a 6.00 perch property. From 2018 to 2023, prices nearly doubled, indicating steady market growth driven by economic factors, demographic shifts, and government policies.

Year	No. of transactions	Perch	Trans. Price LKR.
2018	2	2.10	300000
		10.80	330000
2019	1	1.75	175000
2020	1	3	1650000
2023	1	2.60	2500000

Table 10- No of transactions 506 C Mahabuthgamuwa B GN Division
Source: Kolonnawa UC

While no clear seasonal pattern is observed, prices have generally risen in later years, likely influenced by supply and demand changes, interest rates, and policies. Larger properties typically command higher prices, as seen with the 6.00 perch property in 2023 compared to the 2.50 perch property in 2020.

Year	No. of Transactions	Perch	Trans. price LKR.
2018	1	12.00	1200000
2019	1	12.00	975000
2020	2	5.10	1050000
		8.00	2050000
2023	2	1.88	500000
		3.00	2000000

Table 11 No of Transactions 501 Mulleriyawa North GN Division
Source: Kolonnawa UC

501 Mulleriyawa North GN Division

Table 11 No of Transactions 501 Mulleriyawa North GN Division
Source: Kolonnawa UC

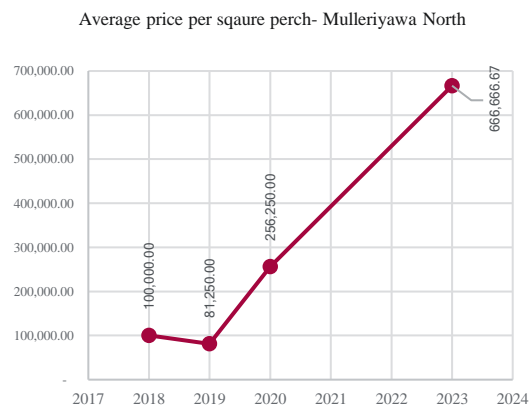


Figure 42 - Average price per square perch- Mulleriyawa North
Source: Kolonnawa UC

Considering the small properties, especially in the desirable areas, have acquired a higher price than larger properties for some reasons; there is a significant demand from developers and investors and a limited supply of land in high-demand regions like Colombo, small lots are typically more expensive. Little lands increase in value because of this demand driving up prices. Another reason is the demand for land rises as cities like Colombo grow, driving up the cost of smaller holdings. On the other hand, because larger plots require more money to develop and maintain, they might not be as desirable.

In Mulleriyawa North GN division the number of transactions has increased over the

years, with 1 transaction in 2018, 1 in 2019, 2 in 2020, and 2 in 2023. The transaction prices have also increased over the years. In 2018, the transaction price was LKR 1,200,000. In 2019, it was LKR 975,000. In 2020, the prices ranged from LKR 1,050,000 to LKR 2,050,000. In 2023, the prices were LKR 500,000 and LKR 2,000,000. Also, the perch price increased over time.

504 Kelanimulla GN Division

Year	No. of Transactions	Perch	Trans. price LKR.
2019	1	16.00	600000
2020	1	11.75	2000000
2023	4	11.12	500000
		6.00	1000000
		6.00	2000000
		2.60	2500000

Table 12- No of transactions 504 Kelanimulla GN division
Source: Kolonnawa UC

In 2019, 16 perch land sold for LKR 600,000, while in 2020, a smaller 11.75 perch land sold for LKR 2,000,000, indicating a significant price increase. In 2023, four transactions occurred, including sales of 11.12, 6, and 2.60 perch of land at varying prices. The fluctuating prices suggest a dynamic market influenced by factors like supply, demand, and development costs. Demand for smaller plots appears strong, possibly due to urbanization and limited land availability, while larger plots may face weaker demand due to higher development costs. The heterogeneous nature of the market underscores the importance of comprehensive data for accurate assessment.

Insights

In Kollanawa UC has significant urbanization and infrastructure development, influencing property dynamics. A notable trend was the increased demand for residential properties,

driven by population growth and urban migration. This demand led to a rise in property prices, particularly in well-connected areas with access to amenities and public services.

Over time, the Kolonnawa UC has seen fluctuations in the number of property transactions, generally exhibiting an increase and decline in volume. 2019 saw the greatest number of transactions (389), with 2021 seeing a decrease (285). With 314 transactions annually in 2022 and 2023, the number of transactions stabilized.

Also, there is a complicated relationship between interest rates and real estate transactions. 2019 and 2020's lower interest rates did not result in a significant increase in transactions. The data suggests that other factors beyond interest rates are influencing the market. The stable demand and flat transaction volumes indicate that the market is influenced by external factors, and the council's policies may need to adapt to these changes to optimize property transactions.

Commercial property transactions were further fueled by the expanding local economy and the establishment of new businesses. The development of commercial hubs and retail spaces attracted investors, further boosting the property market. Additionally, government initiatives aimed at improving infrastructure, such as road expansions and utility upgrades, contributed to the overall appeal of the area, making it a more attractive destination for property buyers and investors.

However, challenges such as regulatory hurdles, environmental concerns, and occasional market volatility impacted the property transaction landscape. The need for streamlined property transfer processes and sustainable development practices became evident. This highlighted the importance of accurate and accessible property data for informed decision-making by stakeholders. These insights are crucial for urban planners, policymakers, and investors to understand the factors shaping the real estate market in

Kolonnawa and to make informed decisions for future developments.

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