

IMPACT OF CONSTRUCTION TIME OVERRUN ON THE VALUE OF REAL ESTATE

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Dedication

**This Dissertation
is dedicated to
my father and mother.**

Declaration

I here by declare that this submission is my own work and that, it contains no material previously published or written by another person nor material which to a substantial extent, has been accepted for the award of any other degree or diploma of a university or other institute of higher learning, except when an acknowledgement is made in the text.

UOM Verified Signature

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Abbreviations and Acronyms

A	-	Amount of Rs. 1.00
A.D.B	-	Asian Development Bank
B.O.I	-	Board of Investment
C.A	-	Capital Appreciation
F. A	-	Floor Area
C.A.F	-	Compound Amount Factor
C.B.D	-	Central Business District
C.V	-	Capital Value
F.M	-	Facilities Management
I.C.T.A.D	-	Institute for Construction Training and Development
LD	-	Liquidated Damages
m ²	-	Square metre
n	-	Time Period
O.C	-	Occupancy Cost
P.A	-	Per Annum
P.M	-	Per Month
P.W	-	Per Week
Q	-	Quantity Demanded
R	-	Rent
r	-	Rate of Interest
T	-	Time
YP	-	Year's Purchase

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Towards a realistic system of liquidated damages...

Abstract

Construction industry in Sri Lanka is still in an infant stage and is in the process of developing its norms and concepts. It is not strange to experience drawbacks and bottle - necks in this industry. Apart from the unfavorable constraints, there are lapses caused by the failure to exercise duty of care and which results negligence by the members of the team in the construction process. This dissertation makes an effort to identify the delays, caused by such lapses and their effects.

According to equity principles the client who suffers as a result of such time overrun has to be fully compensated in monetary terms. In this context it is of utmost importance to identify and suggest the most appropriate liquidated damages system. This dissertation makes an attempt to propose a system of compensation based on loss of market rent duly compounded to suit the purpose. At the same time, existing liquidated damages system that has no proper basis has been criticized as arbitrary and unrealistic. With the intention of developing the process of a construction project a new frame work for a realistic system of liquidated damages has been introduced by this dissertation. This system has been further enriched by the principles of real estate valuation to arrive at the most reasonable system of compensation. However, I would recognize the limited scope of this research and may come out with many valuable suggestions to improve and expand the proposed form of compensation.

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J.N. Hettiarachchi