

IMPACT OF CONSTRUCTION TIME OVERRUN ON THE VALUE OF REAL ESTATE

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Submitted in Partial Fulfillment of the Requirement of the Degree of Master of
Science in Project Management
December 1998

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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.


Signature

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1st December 1998



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CONTENTS

	Page
Chapter 1 Introduction	
1.1 Background	1
1.2 Aims and objectives	3
1.3 scope	4
1.4 Methodology	5
1.5 Expected outcome	8
1.6 Guide to dissertation	9
 University of Moratuwa, Sri Lanka. Electronic Theses & Dissertations www.lib.mrt.ac.lk	
Chapter 2 Analysis of current system of measuring liquidated damages and prior research work.	
2.1 Introduction	10
2.2 Construction management aspects and the delay	11
2.2.1 Planning techniques	11
2.2.1.1 Bar charts	11
2.2.1.2 Net work analysis	12
2.2.1.2(a) Activity on arrow	13
2.2.1.2(b) Activity on node	14
2.2.1.3 Line of balance (LOB)	15
2.3 Determination of contract period	16
2.4 Current system of liquidated Damages	17
2.5 shortfalls in current system in Sri Lanka	21
2.5.1 Limitations	22
2.5.2 Time value of money	22
2.5.3 Cash flow and real estate aspects	23

2.6.1	“Cause and prevention of delays in building contracts” Janakie, 1995	23
2.6.2	“Project planing for better performance in construction projects” Gunasekara, 1993	27
2.6.3	“Cash flow forecasting and monitoring for construction projects in Sri Lanka” Rajapakse, 1993	27
2.6.4	“Compensation for loss of productivity in construction projects” Tamilchelvam, 1993	27
2.6.5	"Professional negligence and Quantity surveyor's practice in Sri Lanka" Rathnasekara, 1995	28
2.6.6	"Facilities management for shopping development" Gajendran, 1995	28
2.6.7	"Effects of leadership style of a construction manager on project performance" Weerakoon, 1997	28
2.7	Conclusion	29

Chapter 3 Determination of realistic LD

3.1	Introduction	30
3.2	Decision of free market rent	31
3.2.1	Supply and demand	31
3.2.2	Facilities management	33
3.2.3	Rate of interest and secured rent	35
3.3	Rental analysis	36
3.4	Derivation of liquidated damages	38
3.5	Alternative method	42
3.6	Conclusion	43

Chapter 4	Effects of the overrun on real estate	
4.1	Introduction	45
4.2	Identification of construction cost and value	46
4.3	Loss of value due to delay	48
4.4	Identification of capital value and its behavior	50
4.4.1	Graphical interpretation	51
4.4.1.1	Capital value dropped during contract period including the delay	52
4.5	Method of ascertaining capital appreciation	54
4.5.1	Direct capital comparison	54
4.5.1.1	Location	54
4.5.1.2	Physical state	55
4.5.1.3	Purpose of valuation	55
4.5.1.4	Time	55
4.5.2	Contractor's test	55
4.5.3	Through interviews	56
4.6	Capital value Vs. liquidated damages	56
4.6.1	Project A (Fort)	58
4.6.2	Valuation of project A as at 1998	58
4.7	Conclusion	59
Chapter 5	The effects of improvements to the suggested LD system	
5.1	Introduction	61
5.2	Different aspects of further improvement to the suggested LD system	61
5.2.1	Cost aspects	61
5.2.2	Quality aspects	62
5.3	Application of proposed LD system for different types of buildings	64
5.3.1	Residential buildings	64
5.3.2	Commercial buildings	68
5.3.3	Industrial buildings	68
5.4	Conclusion	69

Chapter 6 Conclusions

6.1	Achievement of aims and objectives	70
6.2	Summary of findings	71
6.2.1.	New LD system	71
6.2.2	LD in terms of real estate	72
6.2.3	Fairness of existing LD system	72
6.2.4	Necessity of further improvement of the proposed system	72
6.3	Further developments to the research	72
6.4	Limitations and critical appraisal of the proposed system	73



List of Tables

Table	Page
1.1 Professionals and Contractors registered in various institutions	2
2.1 Professional opinion on LD	18
2.2 Relationship between delay and contract sum	24
2.3 Relationship between delay and class of construction	25
2.4 Time performance related to class of construction	26
3.1 Accepted rate of return	36
3.2 Professional views on rental values	37
3.3 Average rental derived from rent schedule	37
3.4 Derivation of reasonable rent	38
3.5 Rent Vs. Distance	38
3.6 Derivation of actual LD	40
3.7 Comparison of proposed LD and current LD	43
4.1 Effects of delay	50
4.2 Professional views on capital appreciation	56
4.3 Capital appreciation Vs Average distance	57
5.1 Diminishing rate of rent	67

List of figures

Figure		Page
Fig 1.1	Proposed Study	6
Fig 1.2	Methods of Identifying proposed LD	7
Fig 2.1	Typical bar charts	12
Fig 2.2	Net work diagram	14
Fig 2.3	Typical Precedence diagram	15
Fig 2.4	Limitation on existing LD	20
Fig 2.5	Relationship between time and loss	21
Fig 3.1	Rental market in Colombo Fort	32
Fig 3.2	Effects on project target	33
Fig 3.3	Rent / o. c. Vs. Facilities Management	34
Fig 3.4	LD Vs. Distance	39
Fig 3.5	Derivation of actual LD	40
Fig 4.1	Relationship between Value and Cost	46
Fig 4.2	Comparative study on capital value	51
Fig 4.3	Different behavior in property market	52
Fig 4.4	Capital appreciation	57
Fig 5.1	Effect of economic life	63
Fig 5.2	Relationship between rent and cost of travelling	65
Fig 5.3	Levels of rents against each zone	66
Fig 5.4	Diminishing rate of rent	67

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

Acknowledgement

I have long list of individuals to whom I am indebted. It is difficult to list out all who helped me on this study and therefore at the very outset I express my indebtedness to every one who associated with me in this endeavor.

It is my foremost duty to pay my gratitude to Mrs. C. Weddikkara Head, Department of Building Economics of Moratuwa University, for guiding and leading me to complete the degree programme in the best possible manner.

I owe a great deal of gratitude to my supervisor Dr. Srinath Perera of the same department, who had a constant supervision and guidance to lead me in the correct path of the research.

I shall also be very much grateful to my other supervisor Miss. Niza Zenudeen of the department of building economics who helped me in many ways in the process of this study.

Special mention should be made of the activities of the former course coordinator Mr.P.E.O.Oruko and I take this opportunity to extend my sincere thanks to him.

I shall be very much grateful to all the lecturers of this degree programme and also other non-academic staff of the university.

Last, but not the least I extend my sincere thanks to my wife Srimathie, little son Randika and two sisters who had to make sacrifices on my behalf to make this study possible.

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.

1st December 1998

J.N. Hettiarachchi