

**DETERMINANTS OF MARKET VALUE FOR HIGH-  
RISE CONDOMINIUM UNITS IN SRI LANKA:  
DEVELOPERS' PERSPECTIVE**

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Degree of Master of Science in Project Management

Department of Building Economics

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## DECLARATION

I declare that this is my own work and this dissertation does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

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Signature of the supervisor:

Date:

## **ACKNOWLEDGEMENT**

I would like to take this opportunity to thank every individual who have given their support and guidance to me to bring this into your hands.

Also I would like to express my heartfelt gratitude to my dynamic and inspirational supervisor, Mr. Mahesh Abeynayake for all the guidance, assistance and continuous encouragement provided to me until the completion of this project.

Special thanks go to all the superiors and subordinates in Fairway Holdings Pvt ltd and all the other condominium sales and marketing professionals, valuers and agents who participated for this study.

It is my duty to highly appreciate the corporative assistance provided to me by Hirushka Fernando (Director- Sales and Marketing- CCC) and Suranga Peiris (Head of Sales- Fairway Holdings). Further, I would like to render my gratitude to all participants who shared their experience and knowledge in the expert interview and data collection stage.

I extend my kind appreciation to Head of Department Dr. (Mrs) Yasangika Sandanayake and course coordinator Ch QS. Vijitha Disaratne, Department of Building Economics, University of Moratuwa.

My sincere appreciation to all the academic staff members of the Department of Building Economics, all the non-academic staff of the Department of Building Economics.

Finally, I owe a word of appreciation to all my family and friends for motivation extended towards me to make this a success.

## ABSTRACT

### **Determinants of market value for high-rise condominium units in Sri Lanka: developers' perspective**

Real estate industry has shown significant boost in Sri Lanka since last few decades. Among that, residential real estate has emerged as most sensitive segment. Urbanization and land shortage increase with the time and then condominiums have become a good solution for that. Comparatively condominiums are the highest valued residential real estate solution. Later on, high-rise condominiums emerged as a solution for quality living style of high-income segment of the country as a high-quality residential solution, convenient living style and as an investment option. This concept has become a long-term business model along with the investment solution which incorporated with it. Therefore, couples of local and foreign developers started high-rise condominium projects mostly in central Colombo area in last few years because of steady demand. Apart from the demand, developers have to concentrate on other factors which influence customers to purchase high-rise condominium units in order to sustain in the business. Also, utilize those factors to convince customers to purchase and justify the value of condominium unit on sales and marketing point of view.

This study was carried out to find those market value determinants from the developers' perspective. Initially comprehensive literature was carried out. Then the factors identified from literature were discussed, verified and upgraded via expert interviews before finalizing the survey questionnaire to capture information. The expert interview was conducted with five experts in the industry who has hands on experience and knowledge in the multiple on-going high-rise condominium developments took place over the last three years, in Cololombo Sri Lanka. The questionnaire survey was conducted under six main factors and numerous sub factors with 5-point Likert scale; respondents were mainly sales team members of developers, valuers and agents who are involved in high-rise condominium sales and the survey was distributed among 50 respondents then the completed responses were obtained from 40 of them in the expected time line. Subsequently, after the completion of the data gathering process; collected information was recorded into the SPSS statistical software in a structured analyzable manner to conduct data analysis.

Factors influencing the market value of high-rise condominiums were identified as location factor, physical factor, investment factor, subjective factor and market factor. All of those factors and sub factors show significantly high mean value. Then the correlation test was conducted to identify the key determinants for market value of high-rise condominiums in Sri Lanka. Therefore, it can be concluded that the investment factor is the highest correlated factor among all factors, then other factors which are highly correlated are in order can be stated as physical, subjective, market and location factors.

Finally, it is recommended to identify customer's real requirement and build the sales conversation based on the sequence of highest to lowest influencing factor. Developers to pay much more attention on design, service quality, risks, government long term policies, compliance and invest on training front line business development teams on customer service, recent laws and regulations.

**Keywords:** *Real estate, Residential real estate, Condominiums, High-rise condominiums, Market value, Value determinant factors, Sales*

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## **LIST OF ABBREVIATIONS**

ROI	- Return on Investment
CMA	- Condominium Management Authority
UDA	- Urban Development Authority
SPSS	- Statistical Package for the Social Sciences
AOL	- Apartment Ownership Law
BOI	- Board of Investment
NHDA	- National Housing Development Authority
CMA	- Colombo Municipal Area
CMR	- Colombo Metropolitan Region
CAB	- Common Amenities Board
CEB	- Ceylon Electricity Board
CCD	- Coastal Conservation Development
CTBUH	- Council on Tall Building & Urban Habitat
NWS&DB	- National Water Supply and Drainage Board
ML	- Money Laundering
TF	- Terrorism Financing