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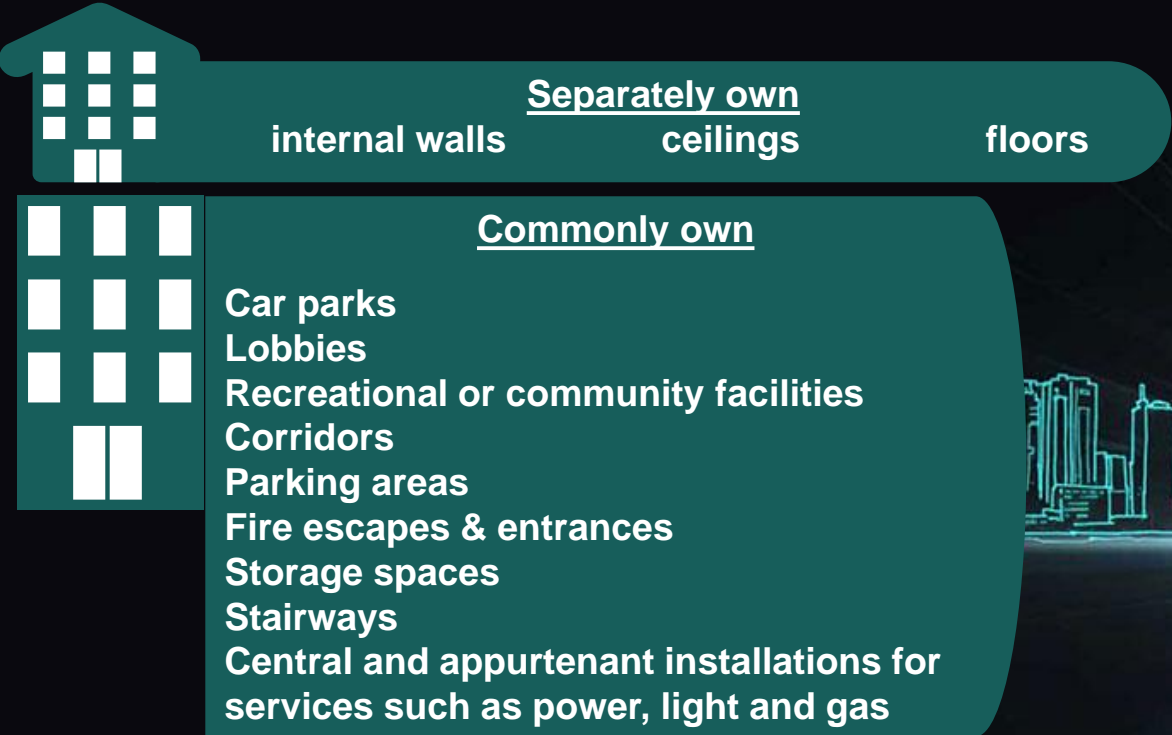
CONDOMINIUM PROPERTY OUTLOOK HIGHLIGHTS 2000-2022

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What is a Condominium?

“Simply, Condominium is a large property complex comprised of individual units, and each unit is owned separately.” It is any structure built on land that has been alienated and is held as a single parcel of land that can be divided into smaller parcels. – Condominium Act -

Condominiums are buildings where each occupant has a separate ownership for the air inside the internal walls, floors, and ceilings of their units while they jointly sharing the ownership of the common areas including land, lobby, swimming pool, hallways, and parking lot. In addition to the mortgage, condominium owners are responsible to pay a monthly fee for the management council, which is made up of the unit owners. The fee includes building insurance, maintenance, and repairs.





Overview



One of the most significant decisions a person or family may make in their lifetime is whether to purchase a house. The fulfilment of basic necessities would result in a sensible decision bringing the greatest satisfaction. The Sri Lankan condominium industry has boomed in recent years, creating a new experience for the residents. Condominium apartments have emerged as a new sense of home. People are still adapting to this idea, which is very different from a typical home, while experiencing both positive and negative experiences. Due to the negative experiences, potential purchasers are now more cautious when making a decision to purchase a condominium and the regulatory environment is now more stringent for the developers. The developers are more interested in the property characteristics that affect buyer behavior since purchasers are primarily concerned about these factors, which will lead to the success of the condominium project. Once the buyers are pleased with the features of the property, the developer will get a loyal client while making profits. If not, the developer will lose clients, and the ongoing loss of revenues will directly affect other clients too. Therefore, in order to successfully do the projects, developers need be aware of the property qualities impacting the consumer behavior.

Source : (Silva & Fraser, 2016)

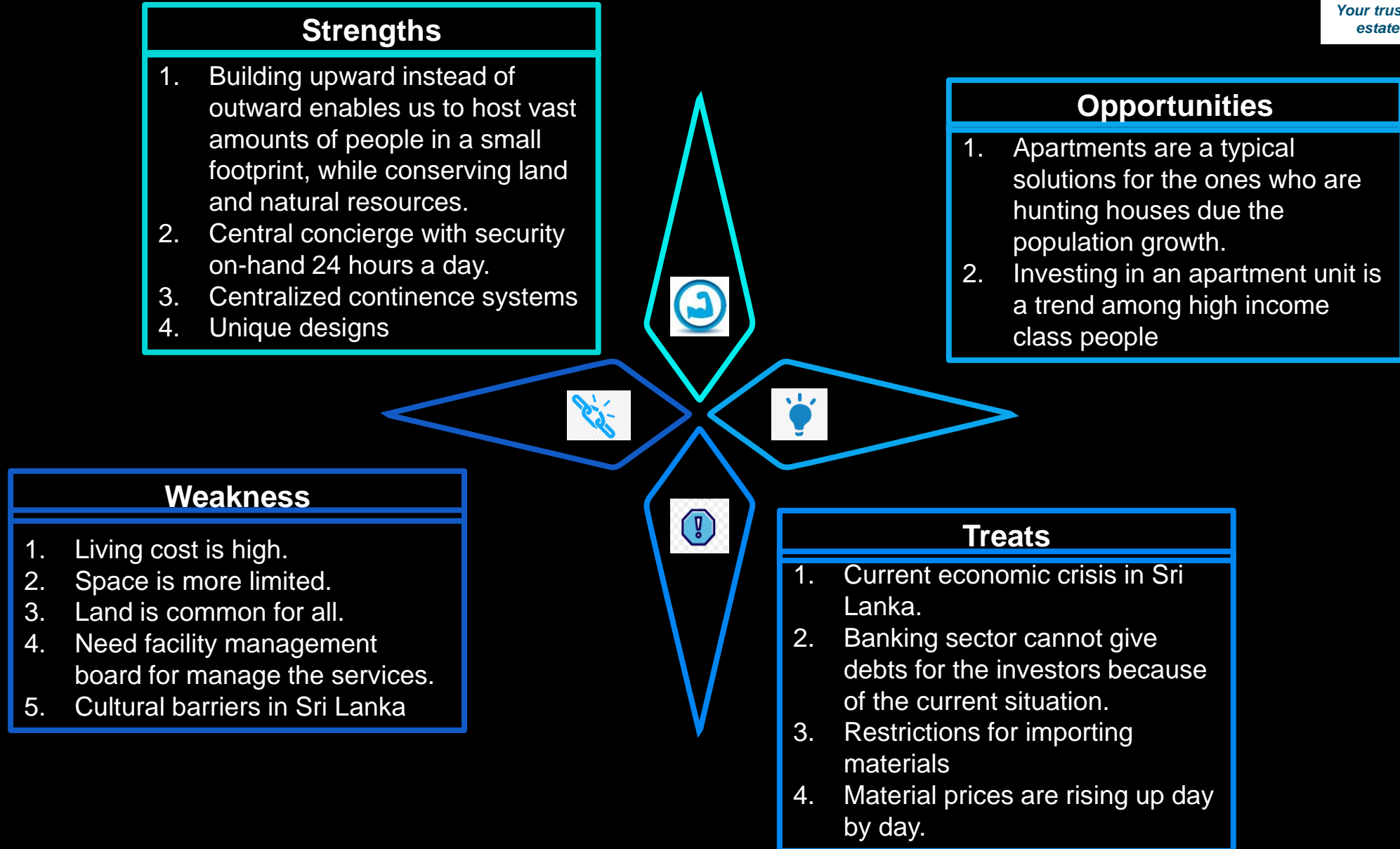
Condominium Market in Colombo

Due to the rising demand for condominiums in the city, Colombo has experienced a surge in the development of condominium complexes over the past several years. The main metropolitan area in Sri Lanka, Colombo, has experienced substantial economic growth. When a city is developing, a large population typically moves there in search of better living conditions, career opportunities, educational opportunities, and other reasons. This increases the ongoing need for housing and other infrastructure development. In the case of Colombo, the majority of the area that may be developed has already been used. Small, isolated plots of property are available for sale for residential and commercial use throughout the city at comparatively higher prices. Therefore, it should be mentioned that the lack of available land, particularly in urban areas, combined with the rise in population density has caused high-rise apartments to become a more rapidly expanding segment of the housing market. A mixed-use housing construction can be seen in Colombo. When the vast majority of slums and shantytowns are taken out, the remaining stock is made up of a variety of homes occupied by middle- and upper-class families. These consist of single-family homes, annexes, apartments, and apartment complexes. Therefore, multistory apartments are crucial to Colombo district. Due to increased demand, most high-rise condominiums are sold for expensive prices. Foreigners who work in Sri Lanka and non-resident Sri Lankan professionals who invest in these properties as retirement options are the target markets for high-rise condominiums. High-rise apartments are therefore referred to as luxury residences. These provide amenities akin to those seen in homes in wealthy countries.

Source : (Ariyawansa & Udayanthika, 2015)



SWOT Analysis



Types of Apartments

An apartment is a self-contained housing unit that occupies part of a building, generally on a single story. Apartments belong to condominium property category. According to Apartment Ownership (Amendment) Act No .39 of 2003, there are three types of condominium properties.



01

Condominium Property

A Condominium Property is any building or buildings having two or more stories on alienated land, held as one land parcel capable of being subdivided into parcels, and to any building or buildings having only one story on the same land capable of being subdivided into parcels

02

Provincial Condominium Property

A Provisional Condominium Property is any building proposed to be or in the process of being erected on alienated land, held as one land parcel and which shall be capable of being subdivided into parcels.

03

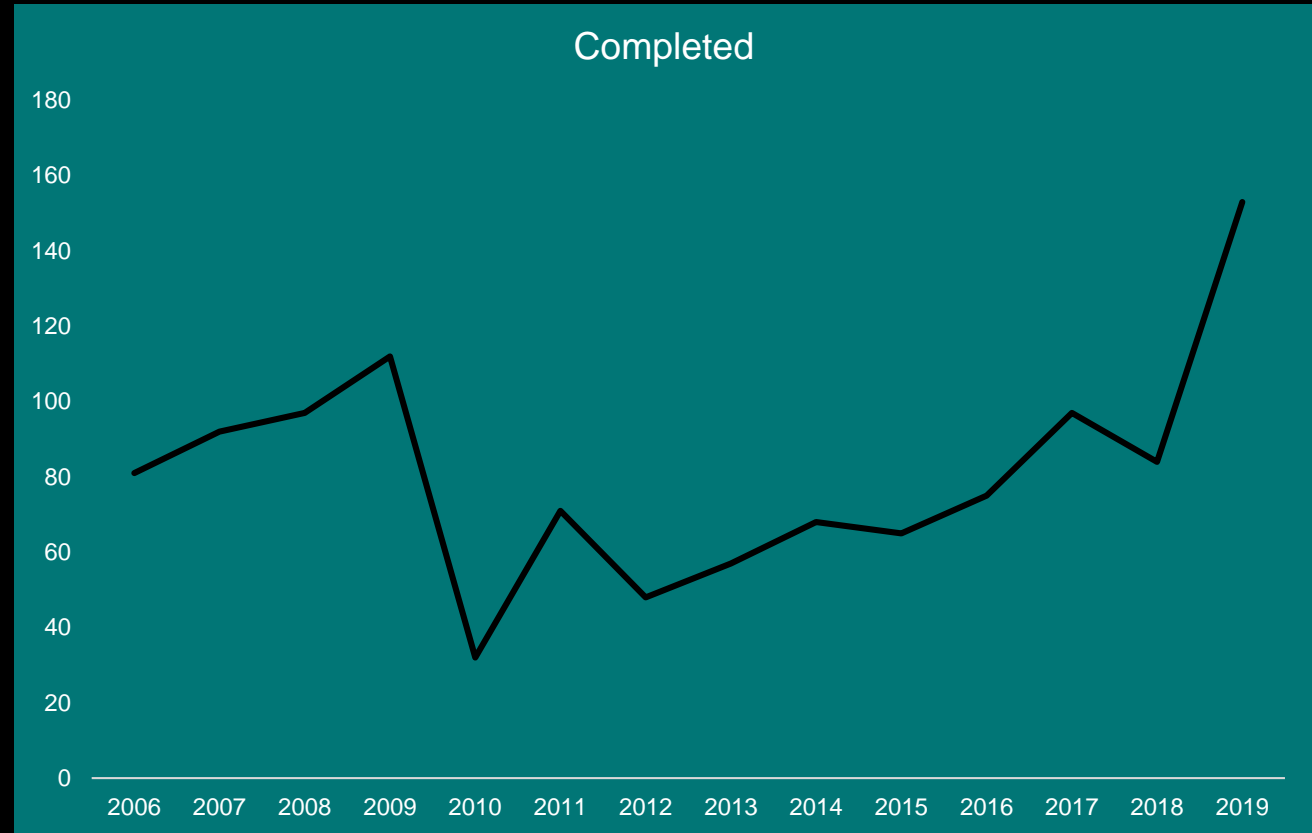
Semi-Condominium Property

A Semi Condominium Property is any partly completed building in which there are more than one completed condominium parcels fit for human habitation shown in the registered Provisional Condominium Plan.

Condominium Market Analysis on sales by price

The following chart illustrates the amount of certificates issued by condominium authority in 2006 – 2019 for the category of completed condominium property. As per the following graph, the highest number of certifications issues for completed condominiums (153 numbers) has been recorded in 2019. The certificates reached a low (32 numbers) in 2010.

Further considering the supply of condominium units during 2006-2009, the supply increased gradually and it has dropped to the lowest in 2010. After that the supply undulated in 2010 to 2018. Then the condominium supply peaked (153 numbers) in 2019.

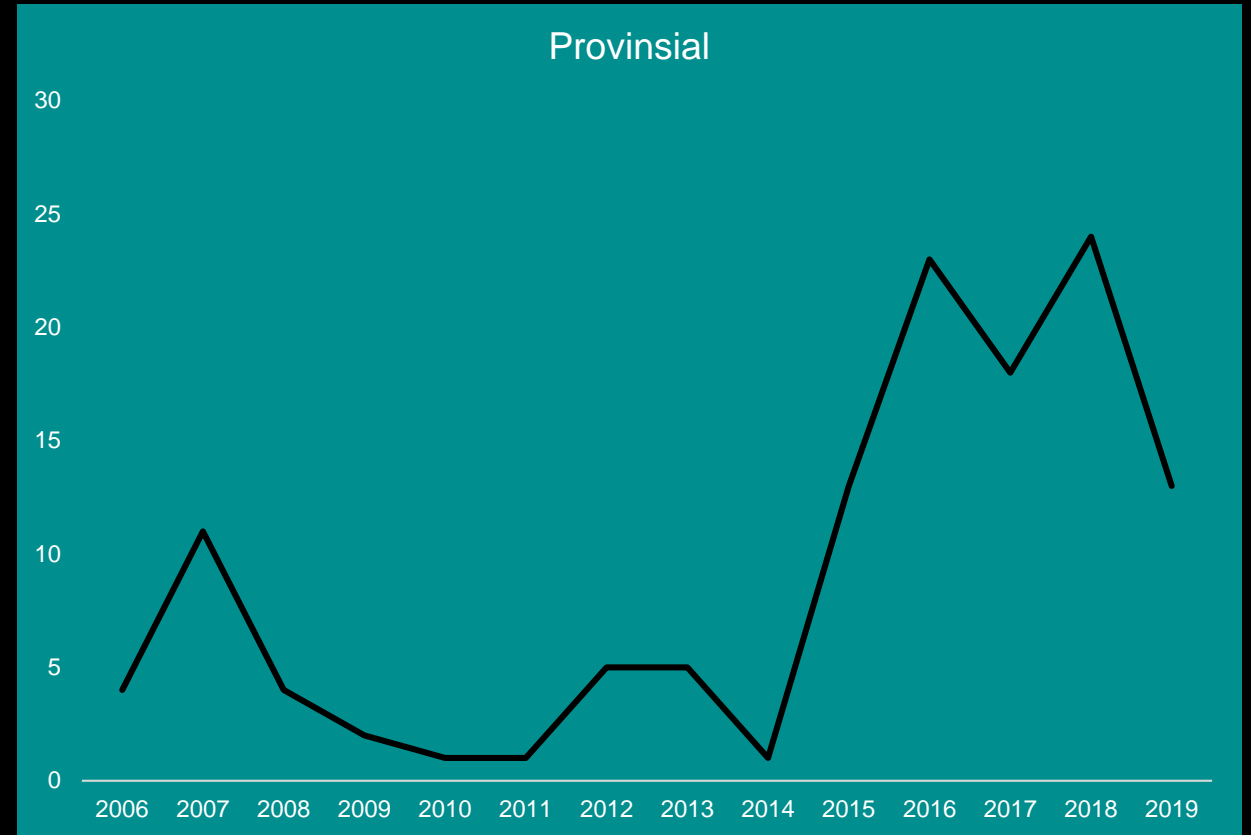


Condominium Market Analysis

on sales by price

The following chart illustrates the amount of certificates issued by condominium authority in 2006 – 2019 for category of provincial condominium property. As per the following graph, the highest number of certifications issues for provisional condominiums (24 numbers) has been recorded in 2018. The certificates reached a low (01 numbers) in 2011 and 2014.

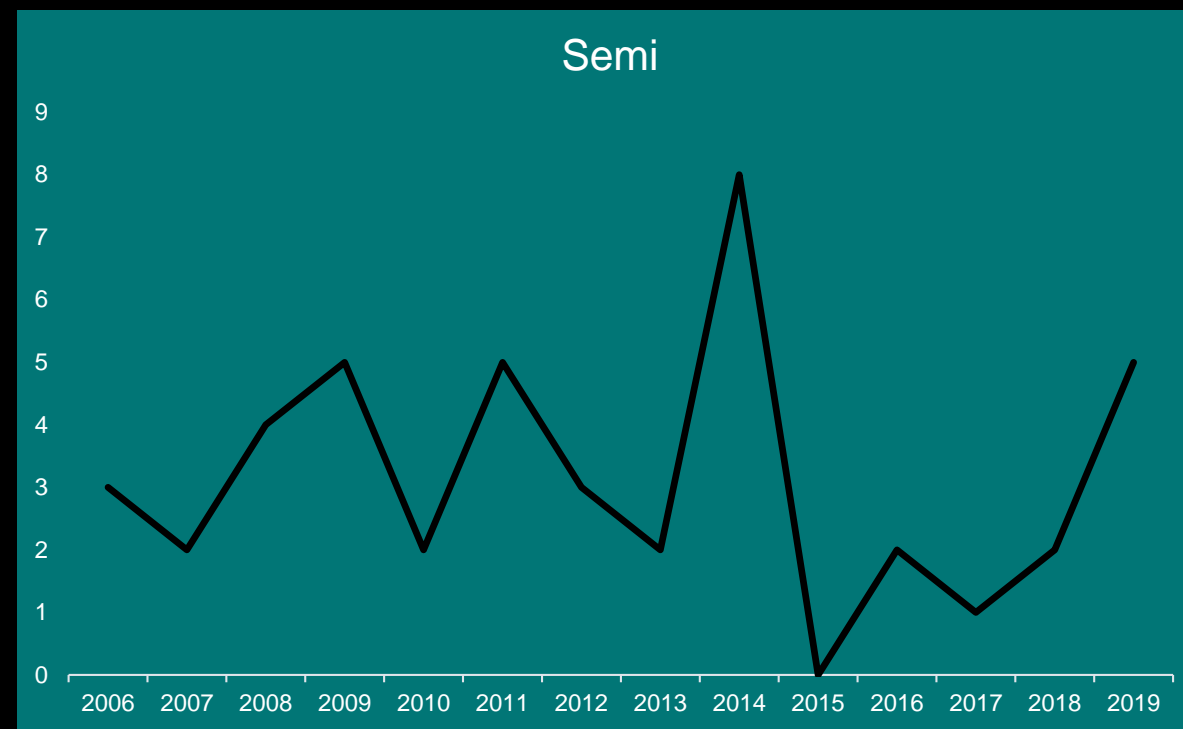
Further considering the supply of condominium units during 2006-2008, the supply frustrated and then slightly decreased in 2008 – 2010. It stayed same in 2011.



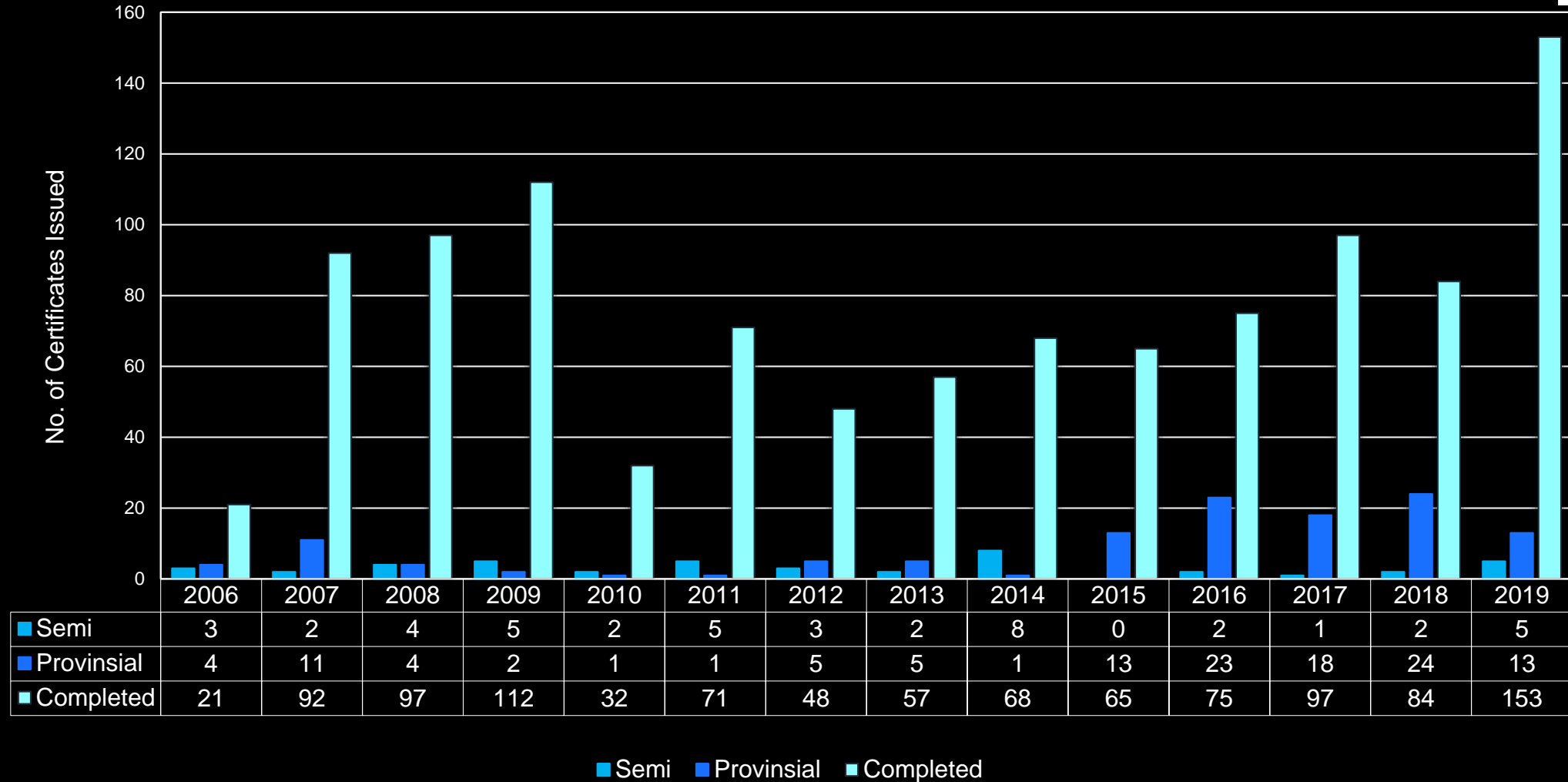
Condominium Market Analysis

on sales by price

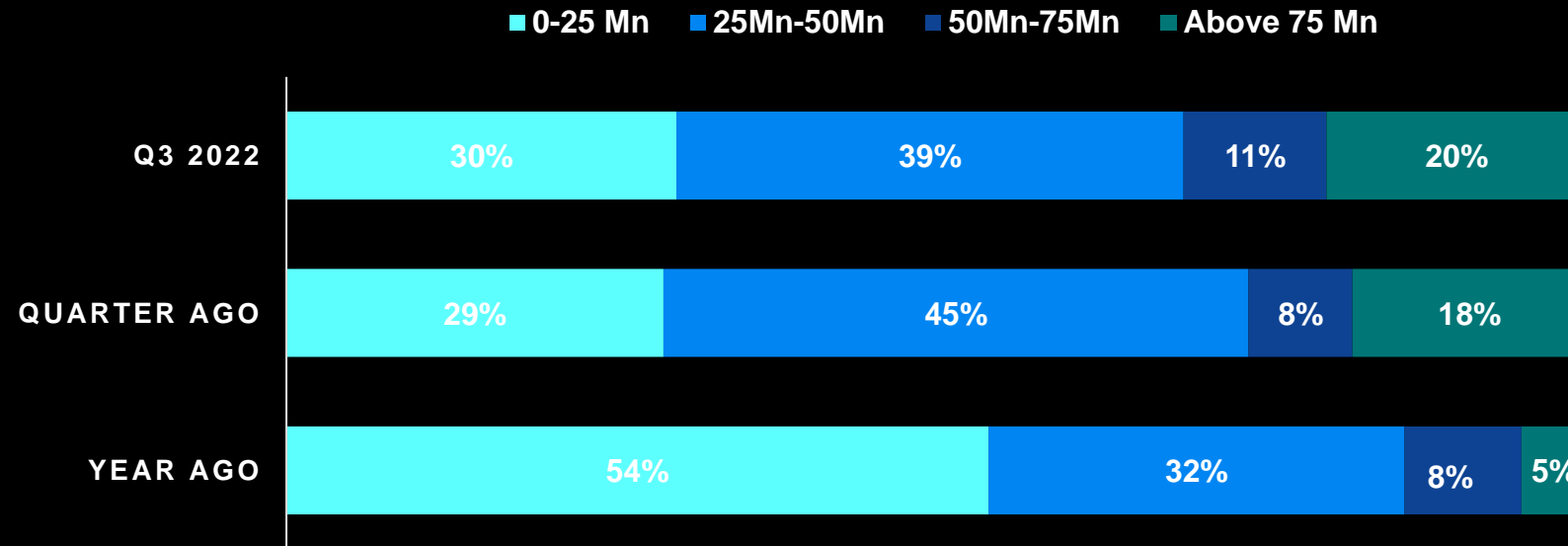
The following chart illustrates the amount of certificates issued by condominium authority in 2006 – 2019 for category of semi-condominium property. As per the following graph, the highest number of certifications issues for semi condominiums (8 numbers) has been recorded in 2014. The certificates reached a 0 in 2015. Further considering the supply of condominium units, the supply frustrated time to time.



Condominium Properties 2006-2019



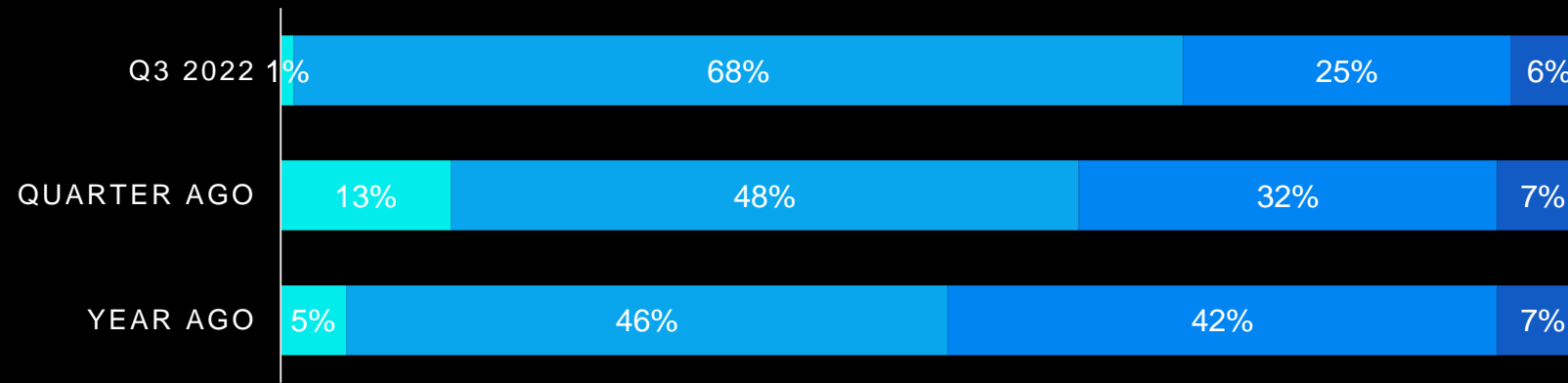
Condominium Market Analysis on sales by price



In terms of pricing categories for condominiums, transactions in the range of Rs. 25 Mn to Rs. 50 Mn have climbed to 39% in Q3, 2022 from 32% in Q3, 2021. Conversely, transactions within the less than Rs. 25 Mn category have declined to 30% in Q3, 2022 from 54% recorded in Q3, 2021. During Q3, 2022, the single condominium project category in the Colombo district recorded the highest number of sales.

Percentages of Sales by Condominium Categories

- Mixed development projects in Colombo district
- Single condominium projects in Colombo district
- Single condominium projects in Gampaha & Kalutara districts
- Single condominium projects in other areas



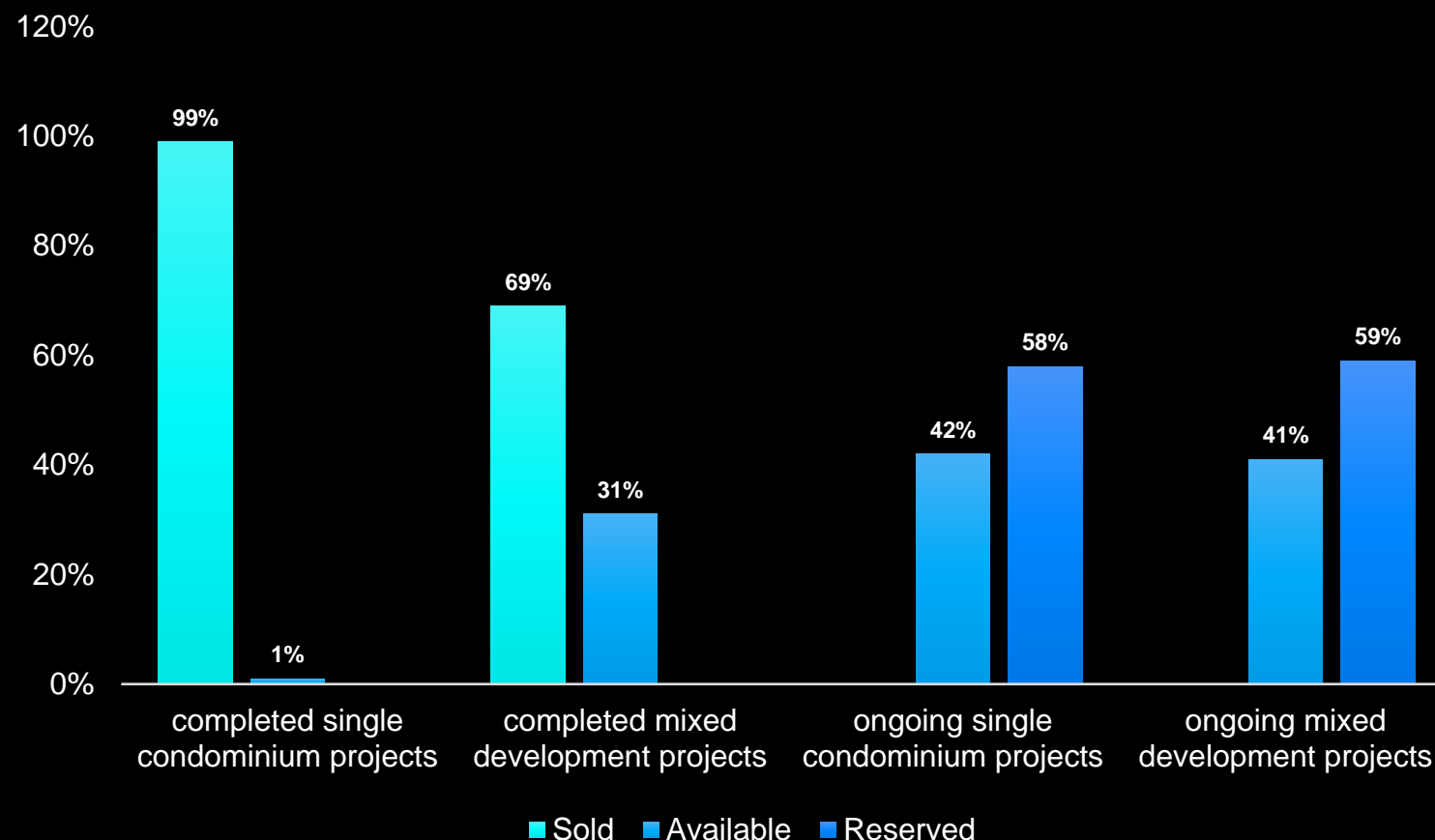
This bar chart shows the percentages of sales by condominium categories. There are several categories according to CBSL and those are mixed development projects in Colombo District, Single condominium projects in Colombo District, Single condominium projects in Gampaha & Kalutara districts and Single condominium projects in other districts. The mixed development projects in Colombo district has rapidly fallen in Q3, 2022- Quarter ago, from 13% to 1% while single condominium projects in Colombo district has raised in Q3, 2022- Quarter ago from 48% to 68%.

Funding Structure of Condominium Developments



Pre-sale deposits, bank loans, and equity were the three main funding sources for condominium developments. But some fluctuations can be seen in the graph. In contrast to the prior quarter, the other two sources have increased while the equity component has fallen.

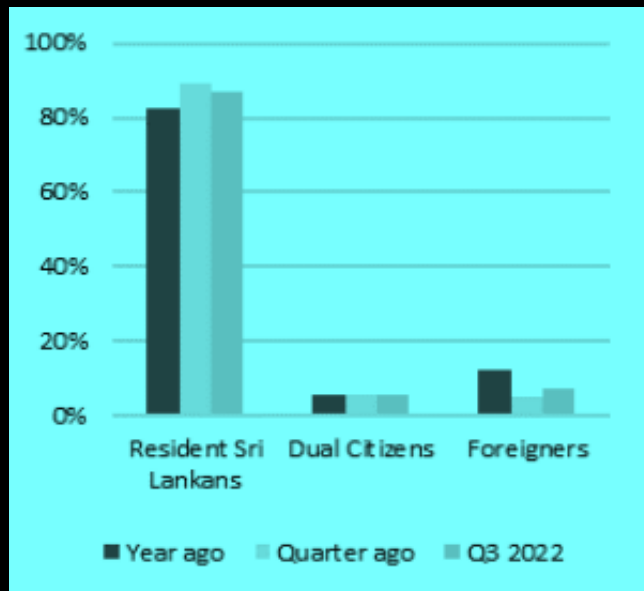
Sales Status of Condominium Projects



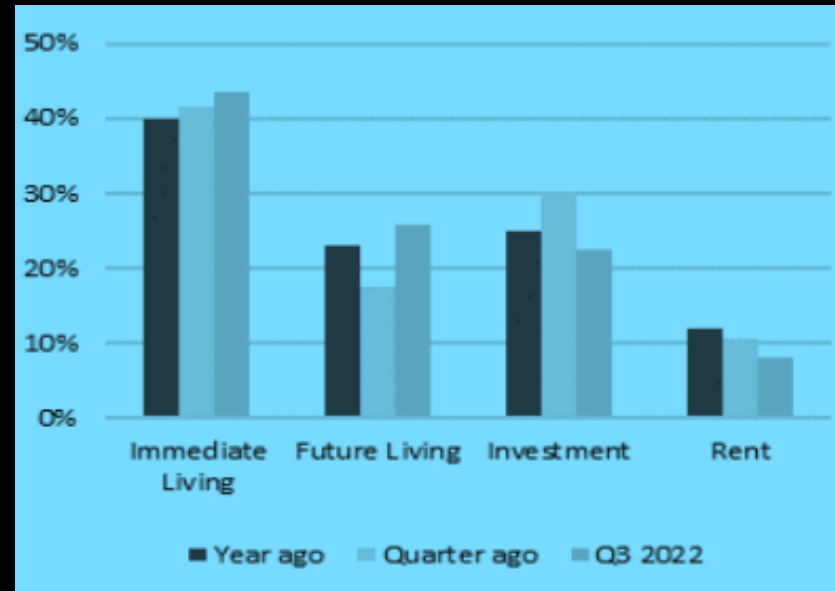
This graph shows the sales status of condominium projects in percentage wise. It clearly indicates completed single condominium projects have been sold out 99% and only 1% is available. Completed mixed development projects have been sold out 69% and only 31% is available. From ongoing single and mixed condominium projects over 50% have been reserved and rest is available. It can be concluded that from most of the condominium projects high percentage has been sold or reserved.

Condominium Buyers

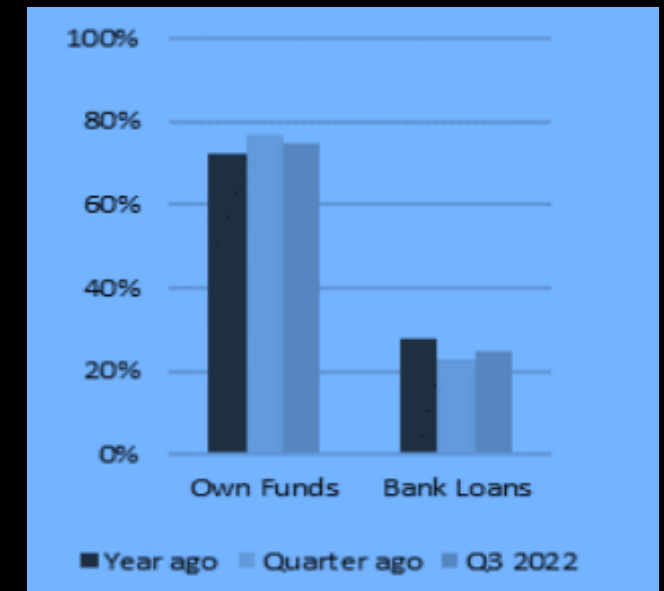
Following graphs show how the buyers have invested on condominium properties according to their residence status, purchasing purpose and the financing source respectively. While a limited number of condominiums were bought by dual nationals and foreigners, the majority of buyers were residents of Sri Lanka. Condominium purchases for immediate occupancy have increased over the past year while purchases for investment and rental purposes have declined compared to last year. 75% of buyers' own money was the primary source of funding for condo purchases, while 25% on average took out bank loans in the third quarter of 2022.



Residence Status



Purpose of purchasing

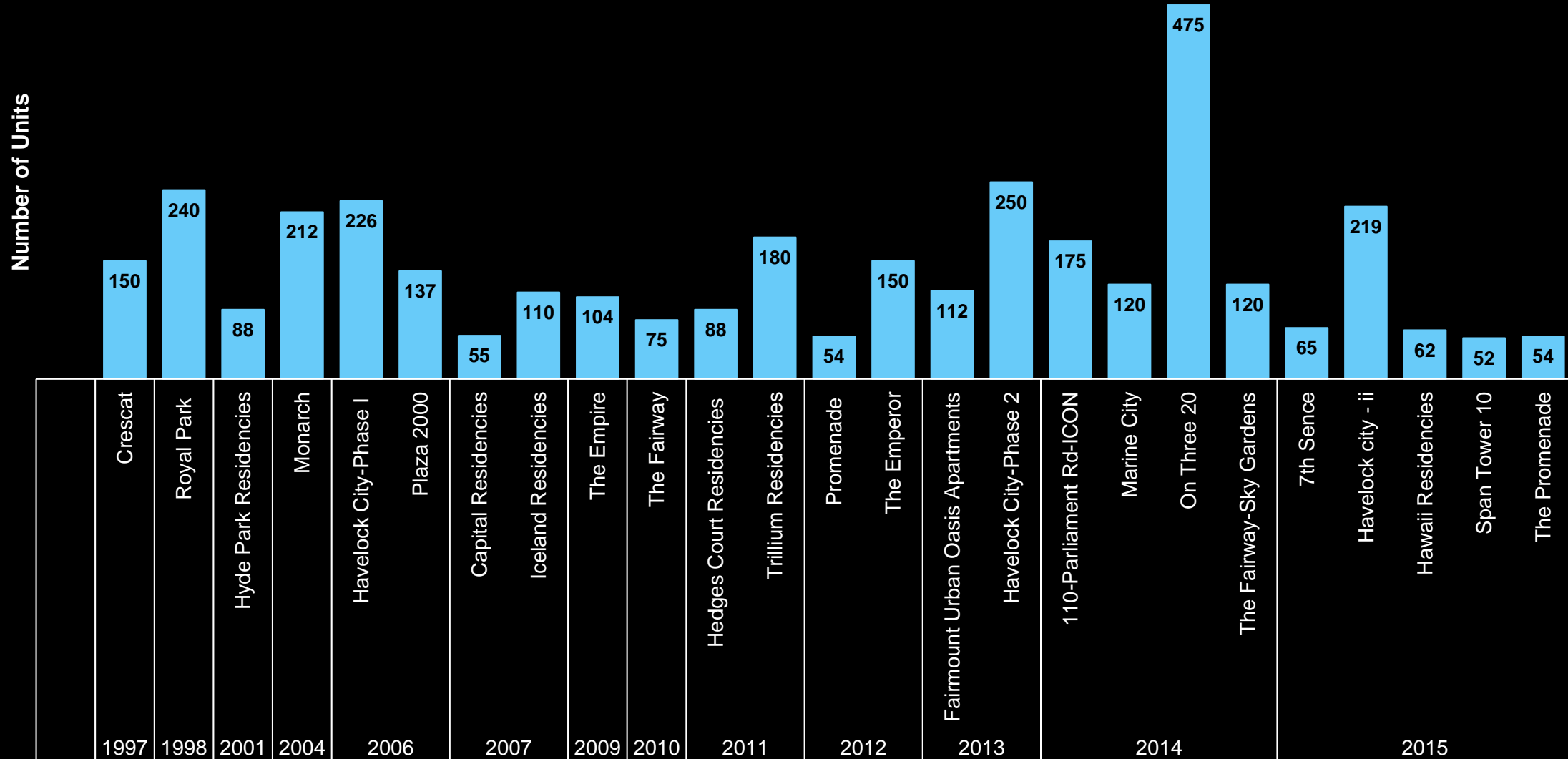


Source of financing

Year Of Launch For Major Projects (Above 50 Units)

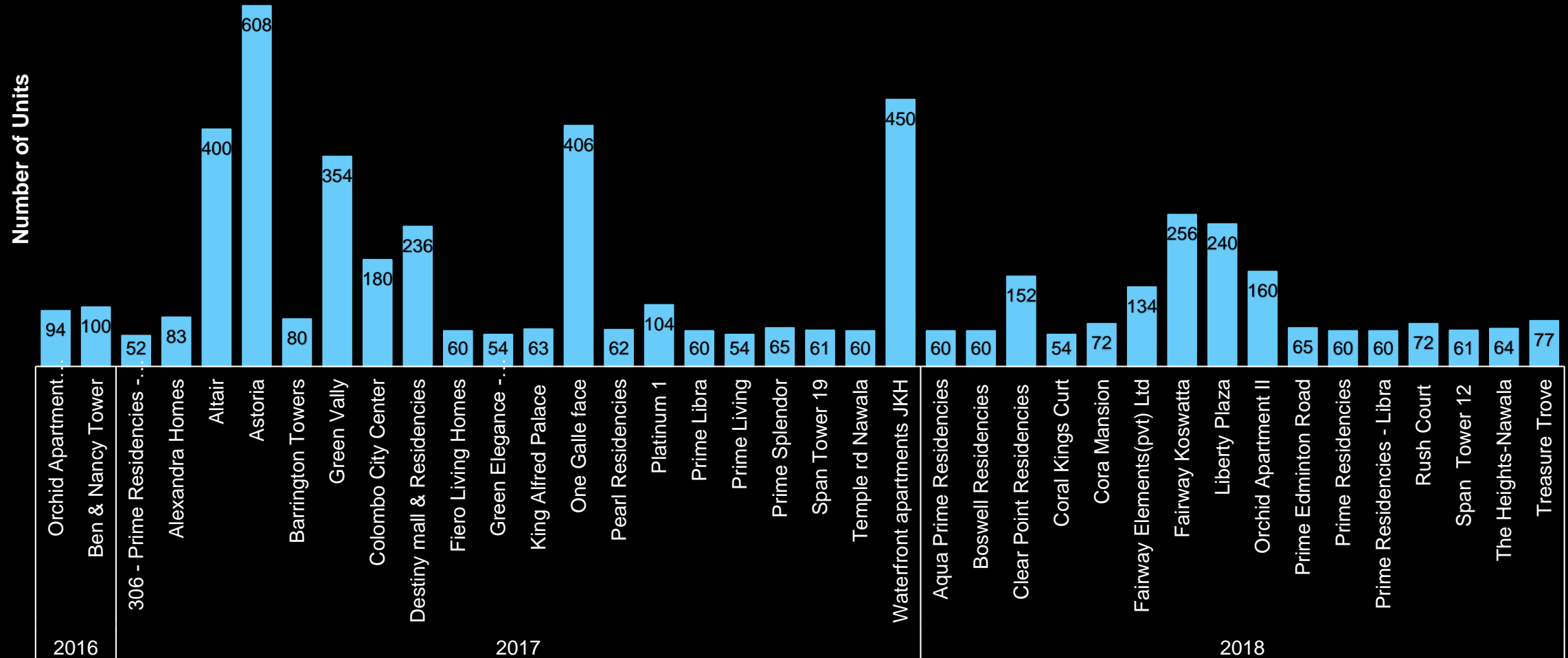
The following chart illustrates the growth of the apartment market over the past few decades.

Major Projects in 1997 - 2015



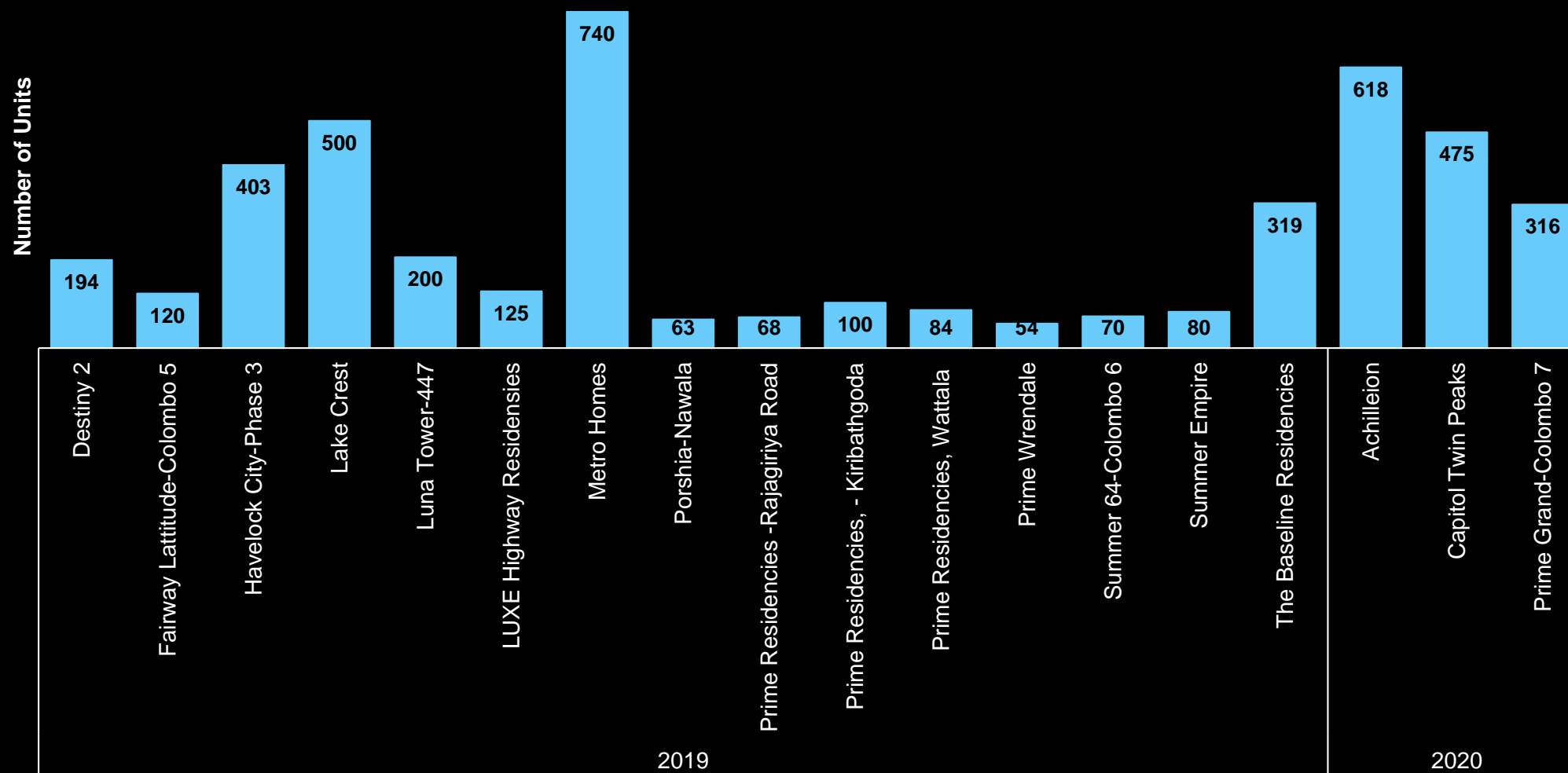
Year Of Launch For Major Projects (Above 50 Units)

Major Projects in 2016 - 2018



Year Of Launch For Major Projects (Above 50 Units)

Major Projects in 2019 - 2020



Analysis by Tiers of the Residential Building

Apartments have a developed and established in market. These are tending to be highly developed, with desirable schools, facilities, and businesses. These apartments have the most expensive real estate.

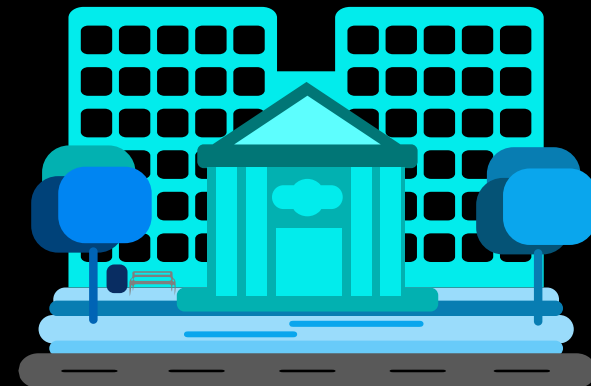
Tier I

Tier III

Apartments have undeveloped or nonexistent real estate markets. Real estate in these cities tends to be cheap, and there is an opportunity for growth if real estate companies decide to invest in developing the area.

Tier II

Apartments are in the process of developing their markets. These apartments tend to be up-and-coming, and many companies have invested in these areas, but they haven't yet reached their peak. Real estate is usually relatively inexpensive here; however, if growth continues, prices will rise.



Analysis by Tiers of Apartment Buildings

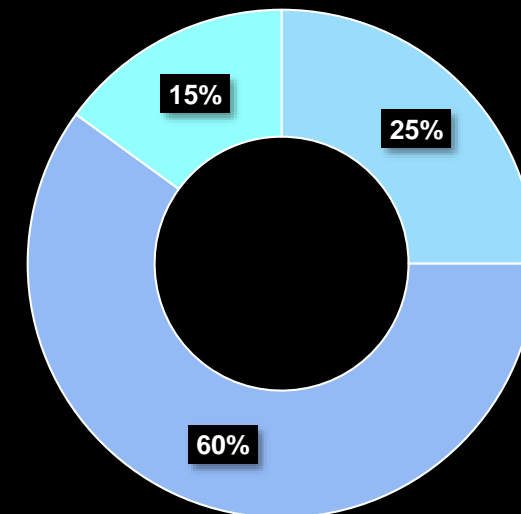


There are three types of tiers in apartment buildings as, tier 1, tier 2 and tier 3.

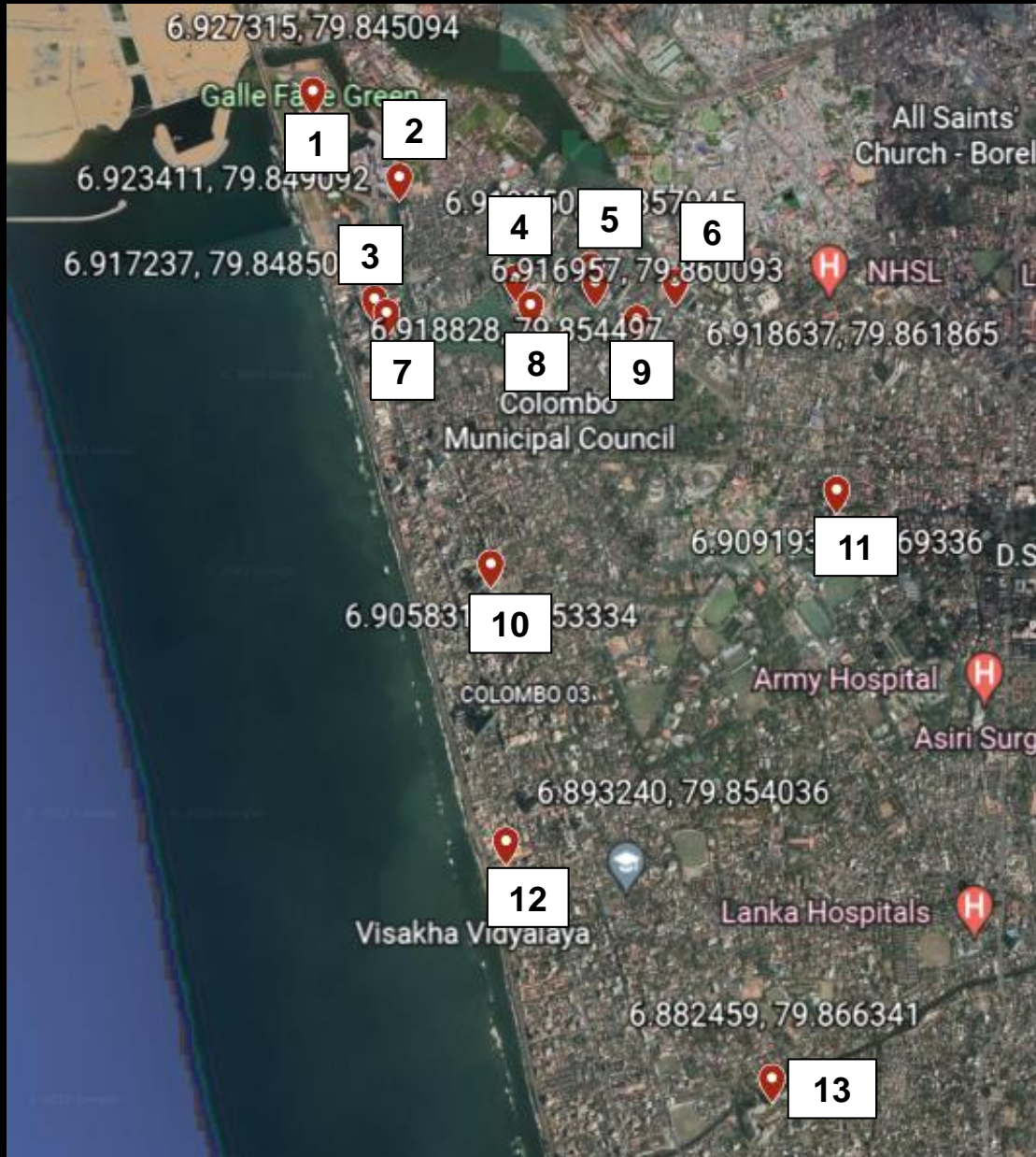
This pie chart shows the number of the apartments belongs to each tier among the 80 apartments we selected from the Colombo District. According to the data, out of 80 apartments 60% of majority are belong to tier 2. The second highest number of apartments are belong to tier 1. The least number of apartments are belong to tier 3.

Tier	Amount	Percentage
Tier 1	20	25%
Tier 2	48	60%
Tier 3	12	15%

- Tier 1
- Tier 2
- Tier 3

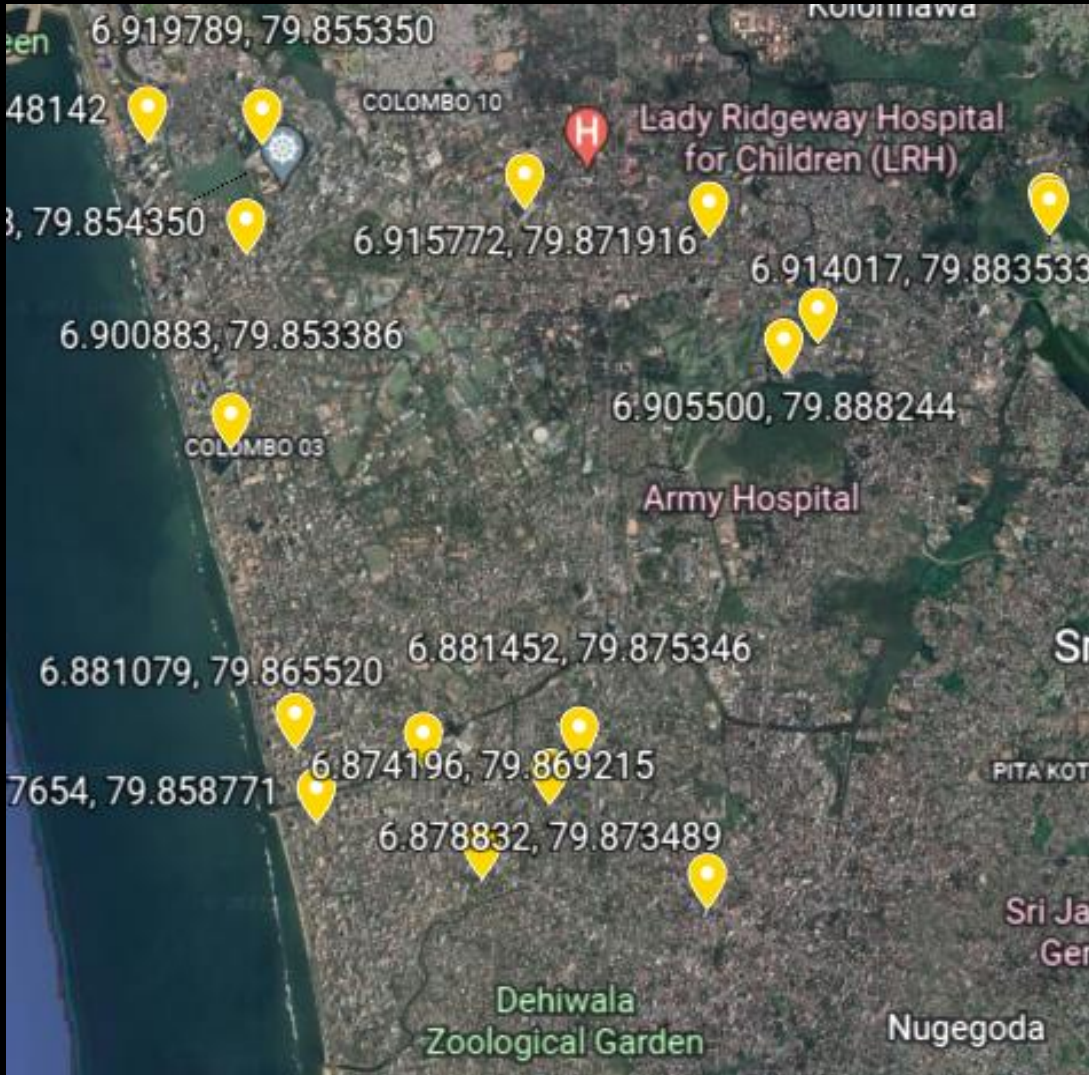


Tier 1



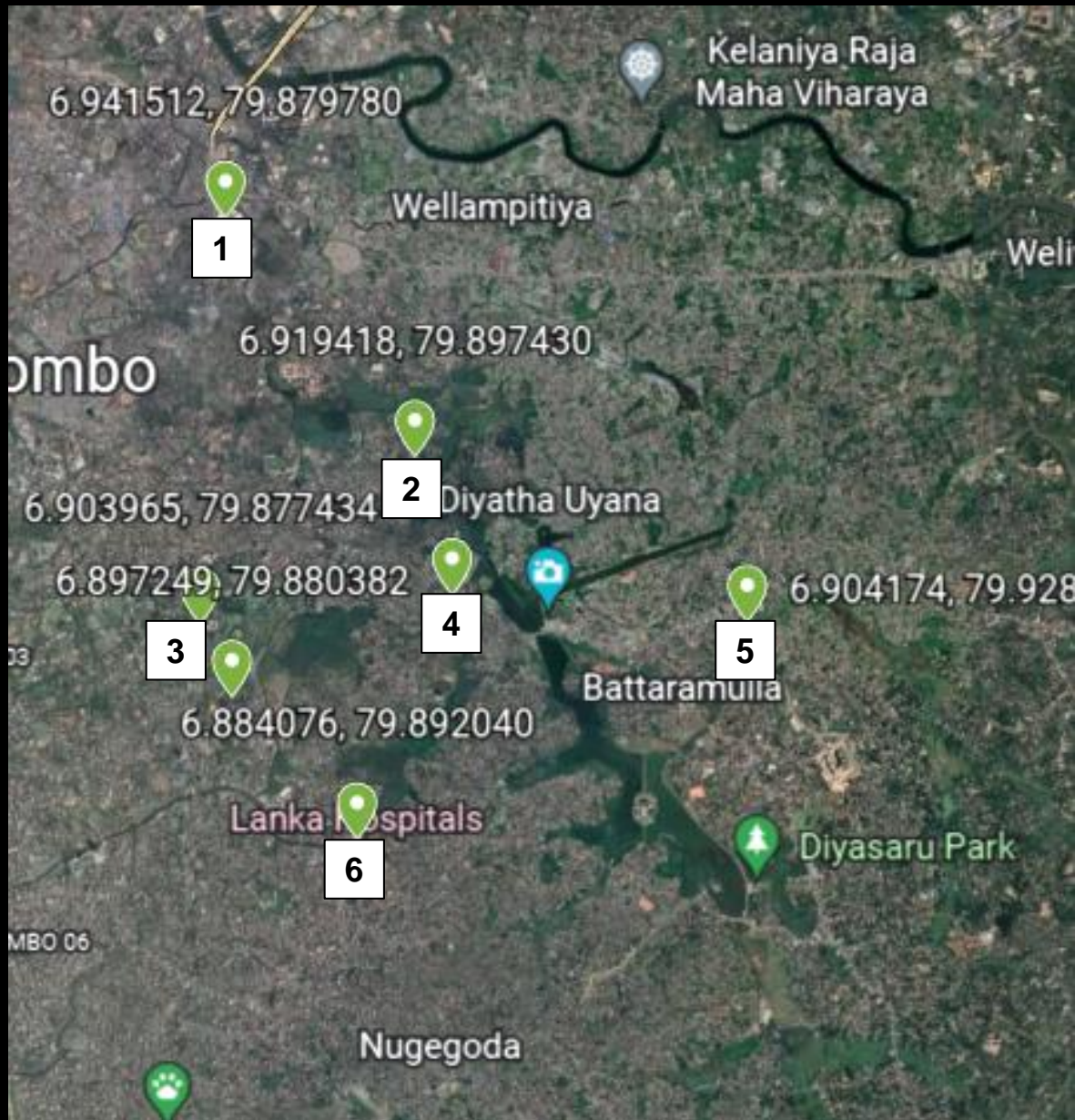
- 1 – One Galle face
- 2 - Destiny mall & Residencies
- 3 - Crescat
- 4 - Altair
- 5 - On Three 20
- 6 - Luna Tower-447
- 7 - Monarch
- 8 - Colombo City Center
- 9 - Hyde Park Residencies
- 10 - Astoria
- 11 - 7th Sense
- 12 - Achilleion
- 13 - Havelock City

Tier 2



- 1 – Iceland Residencies
- 2 - Capitol Twin Peaks
- 3 - Prime Grand-Colombo 7
- 4 - Treasure Trove
- 5 - Fairmount Urban Oasis Apartments
- 6 - Capital Residencies
- 7 - Platinum 1
- 8 - Royal Park
- 9 - Iconic Galaxy
- 10 - Hawaii Residencies
- 11 - Havelock City-Phase I
- 12 - Prime Edminton Road
- 13 – Alexandra Homes
- 14 - Cora Mansion
- 15 - Fairway Latitude
- 16 - 306 - Prime Residencies

Tier 3



- 1 – The Baseline Residencies
- 2 - Prime Splendor
- 3 - Lumiere Apartment
- 4 - Prime Wrendale
- 5 - Prime Libra
- 6 - Blue Mountain

Tier 01 Apartments Vs Tier 02 Apartments Vs Tier 03 Apartments



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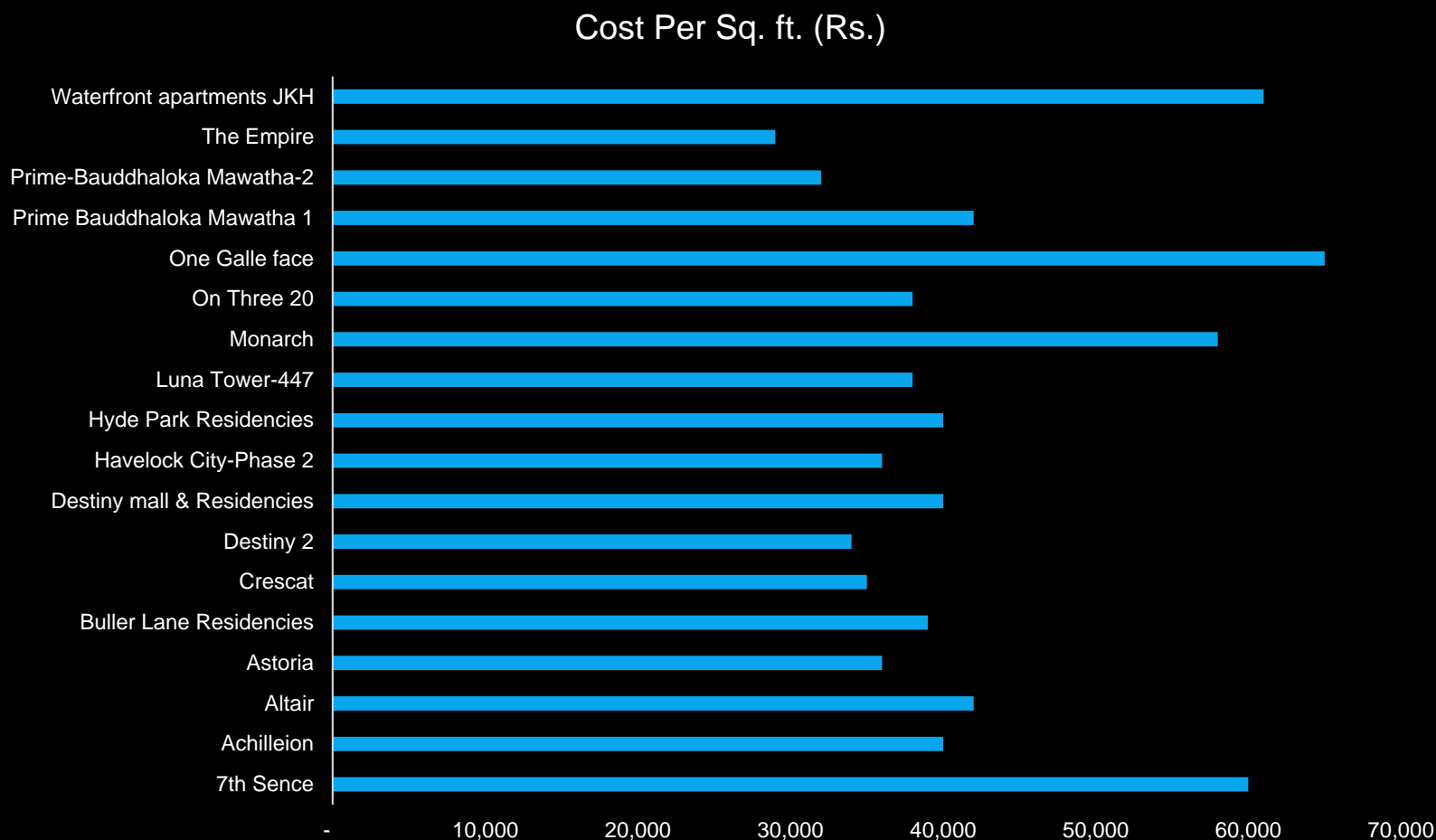
FACILITIES	TYPE		
24 hour security	Tier 01	Tier 02	Tier 03
CCTV & Intercom System with panic button for emergencies			
Fire Protection and Detection System			
Garbage Disposal Systems			
Elevators			
Hot water Geysers			
MATV Connection			
Children' Play area			
Vehicle Park			
Private Balconies			
Air conditioned Apartment blocks			
Swimming Pool			
Restaurant and Bar			
Gymnasium			
Laundry			
Central Gas supply system			
Children's Pool			
Games Room			
Convenience Stores			
Video Centre			
Changing and meal room for drivers			
Walking Track			
Squash Court			
Salon			
Sauna			
Standby Generator			
Service Elevator			
Three-tier security system			

Source : (Senaratne, Zainudeen, & Weddikkara, 2006)

Analysis by Cost of the Residential Building



Cost per Sq. Ft. in Tier 01 Apartment



This graph shows the cost per sq. ft. of top super luxury apartments in Colombo District. One Galle Face apartment complex is the highest cost per sq. ft. and it is Rs. 65,000/- in super luxury apartments. The Empire is the lowest cost per sq. ft. and it is Rs. 29,000/-.



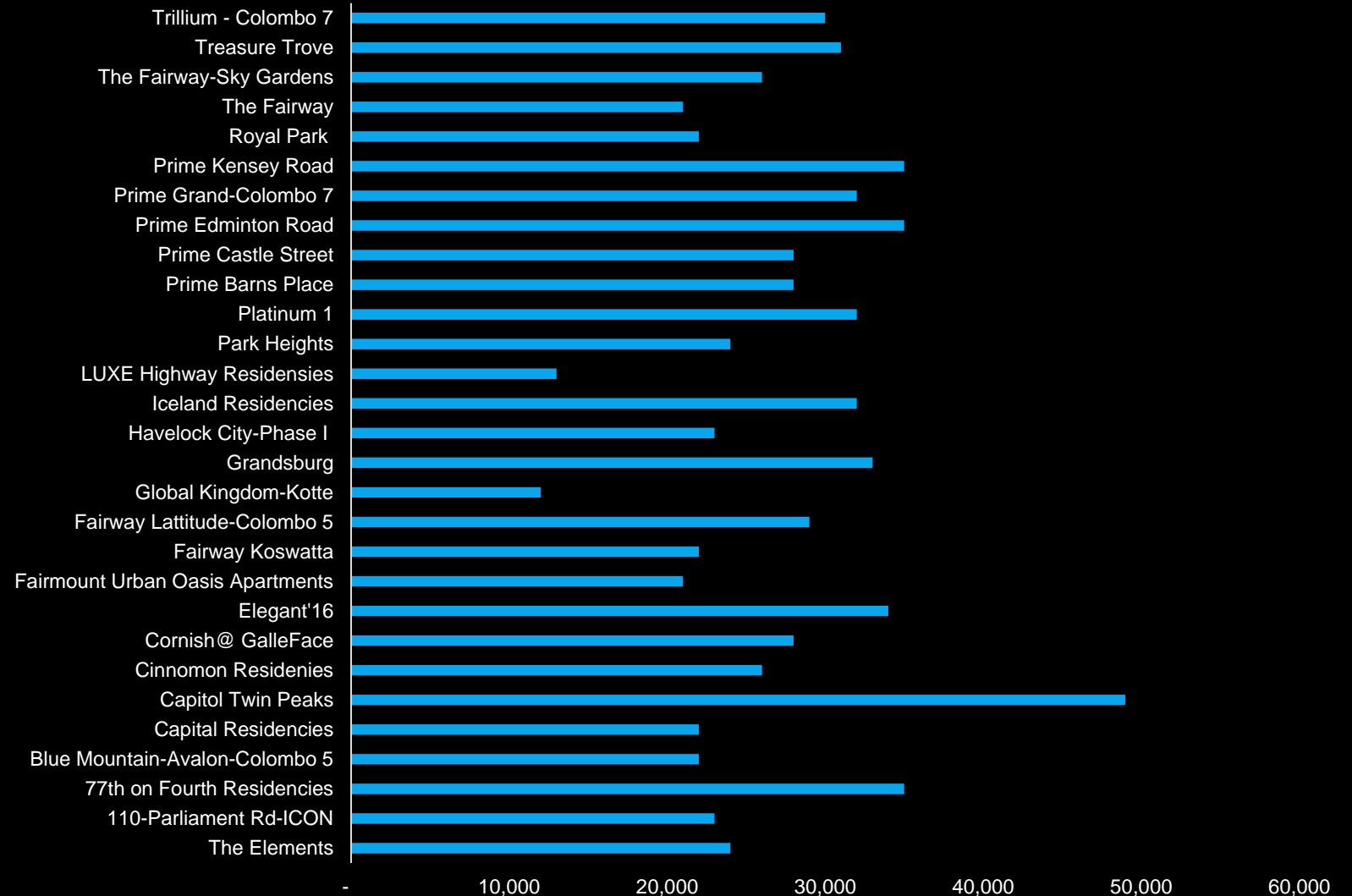


Cost per Sq. Ft. in Tier 02 Apartment

This graph shows the cost per sq. ft. of top luxury apartments in Colombo District. Capital Twin Peak is the highest cost per sq. ft. and it is Rs. 49,000/- in luxury apartments. Global Kingdom – Kotte is the lowest cost per sq. ft. and it is Rs. 12,000/-.



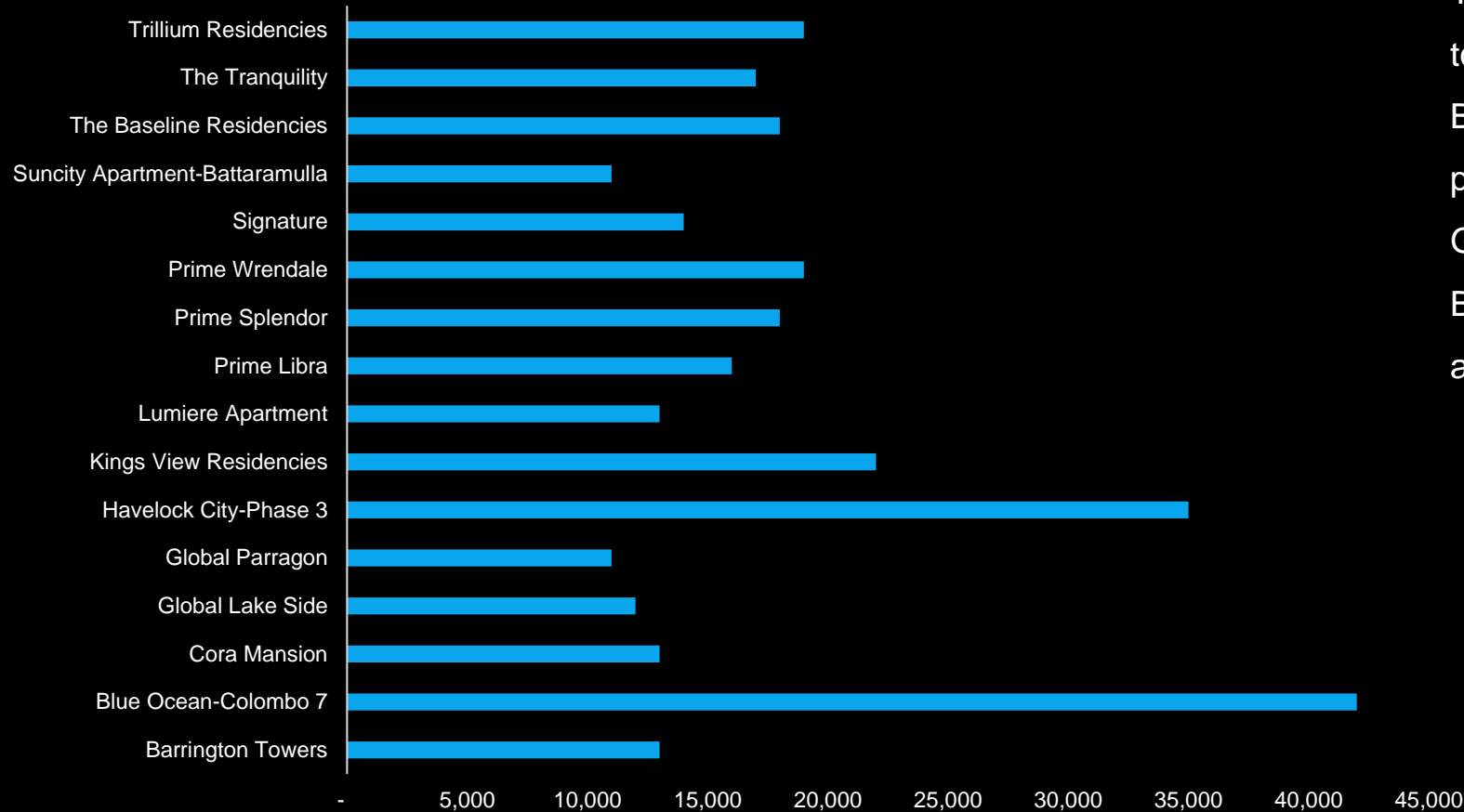
Cost Per Sq. ft. (Rs.)





Cost per Sq. Ft. in Tier 03 Apartment

Cost Per Sq. ft. (Rs.)



This bar chart illustrates the cost per sq. ft. in top semi luxury apartments in Colombo District. Blue ocean – Colombo 07 is the highest cost per sq. ft. in semi luxury apartments. Both Global Parragon and Suncity apartment – Baththaramulla are the lowest cost per sq. ft and it is Rs. 11,000/-.

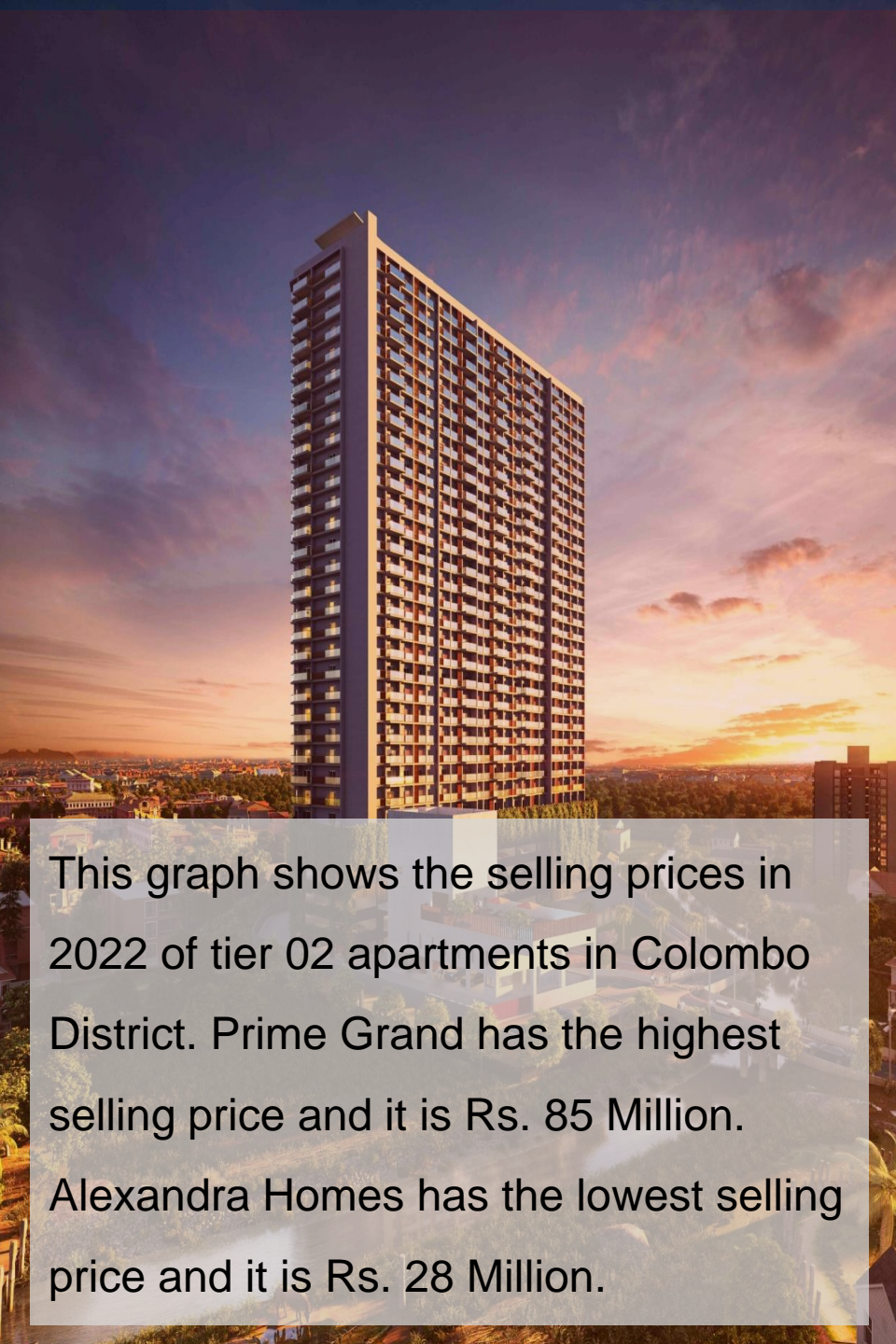


Selling Prices – 2022 (Tier 01)



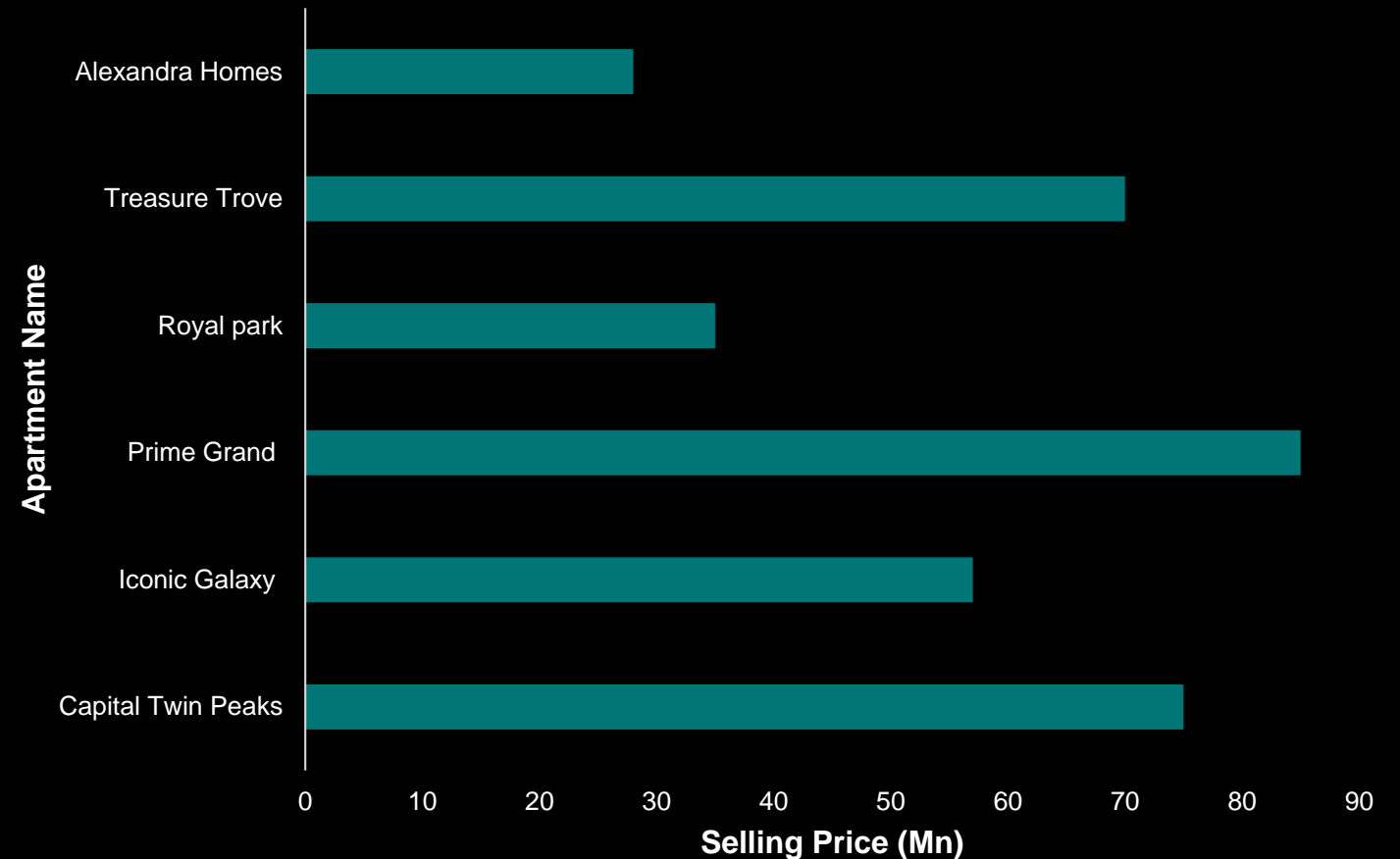
Source – Real Estate Developers Webpages

This graph shows the selling prices in 2022 of tier 01 apartments in Colombo District. Shangri La has the highest selling price and it is Rs. 240 Million. On three 20 has the lowest selling price and it is Rs. 58 Million.



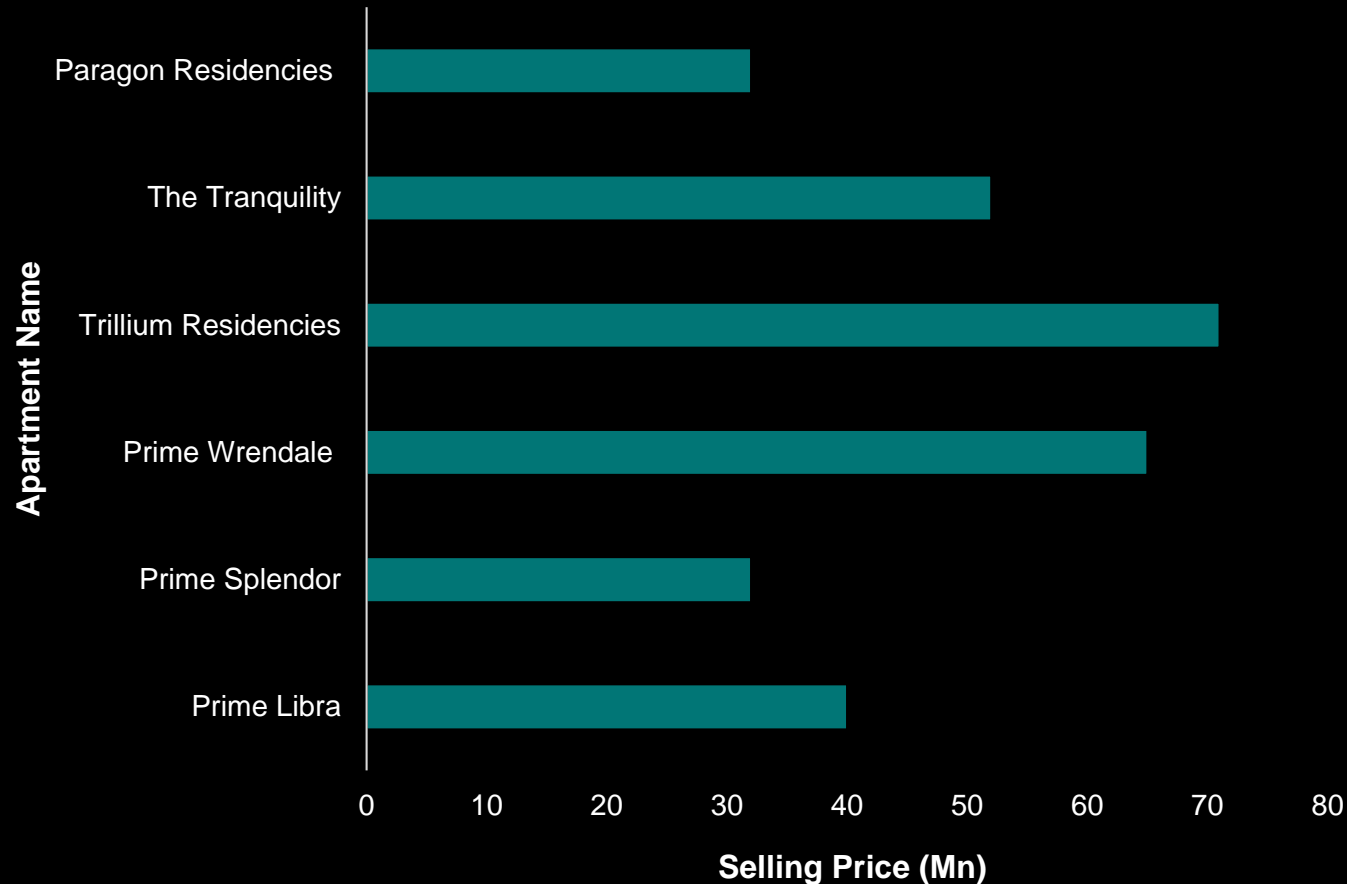
This graph shows the selling prices in 2022 of tier 02 apartments in Colombo District. Prime Grand has the highest selling price and it is Rs. 85 Million. Alexandra Homes has the lowest selling price and it is Rs. 28 Million.

Selling Prices – 2022 (Tier 02)



Source – Real Estate Developers Webpages

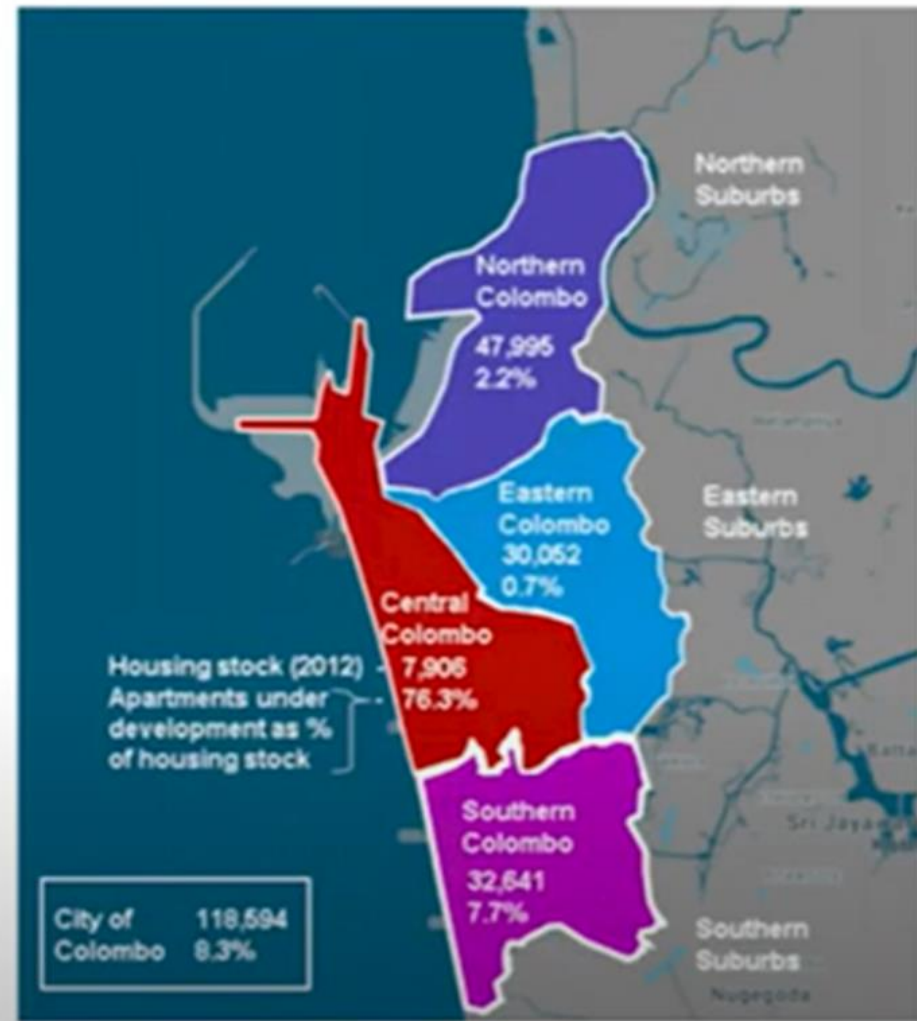
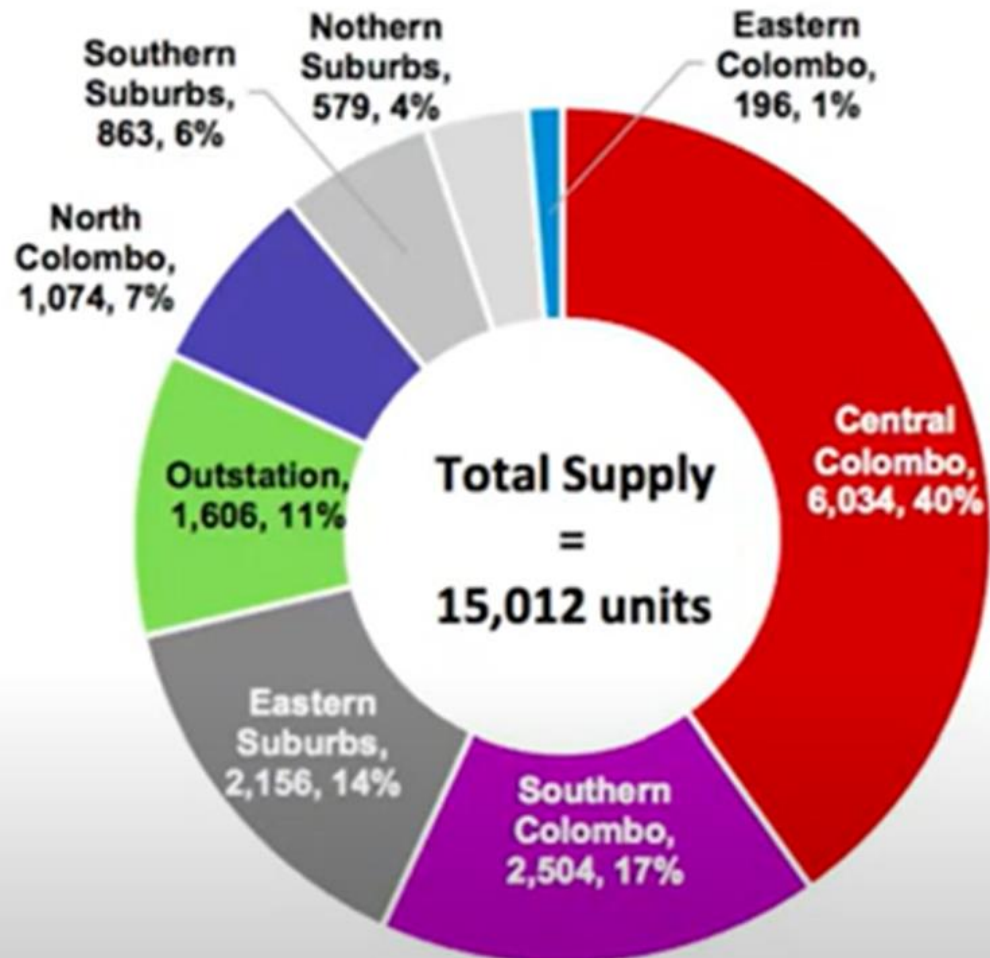
Selling Prices – 2022 (Tier 03)



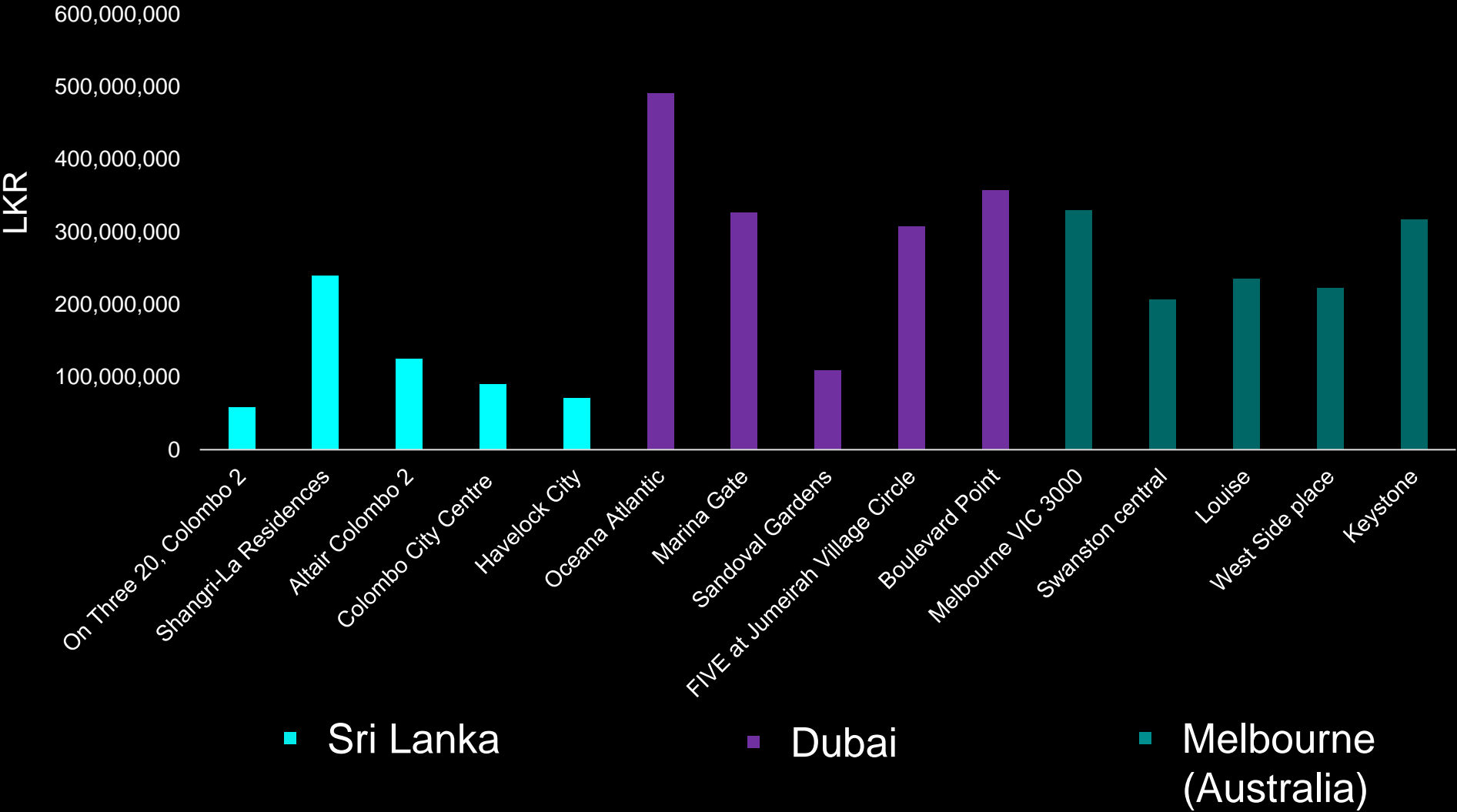
Source – Real Estate Developers Webpages

This graph shows the selling prices in 2022 of tier 03 apartments in Colombo District. Trillium Residencies has the highest selling price and it is Rs. 71 Million. Prime Splendor and Paragon Residencies has the lowest selling prices and it is Rs. 32 Million.

Geographical distribution of residential condominium used for the tourism purpose during 2018



Price comparison of the Tier 1 condominium with Dubai and Melbourne (End of 2022)



This graph shows a summary for the comparison of selling prices of luxury apartments in Sri Lanka , Dubai and Australia respectively. From that , it can be concluded that highest priced apartment is in Dubai where the lowest priced apartment is in Sri Lanka.