



## Mr. Namal Peiris

Chief Executive Officer

International Construction Consortium (Pvt) Ltd

Mr. Namal Peiris expressed his view that “the construction industry is vulnerable to impacts of the unfavourable situation prevailing locally and globally. However, the country is fortunate to have plenty of projects on high and medium-income housing, IT facilities, university building expansions, water supply, irrigation, highways, etc. in the later stage of the design and tender process coming to the market very soon and more in the pipeline.

When looking back at earlier experience on waves, it started happening in 2012-2013 after ending the civil war and results were experienced in 2015-2016. As a result, an attractive annual growth was evident in the construction sector and a boom was apparent in luxury residencies, affordable housing, office buildings, hotels, mega infrastructure projects, etc.

“There are both opportunities and challenges generated due to Covid-19 pandemic situation in the construction industry”

As he highlighted, one such key benefit is improved communication and technological skills, in terms of online money transfer, material ordering, factory inspection via online platforms, being interactive with each other during WFH period, monitoring and reviewing staff performance, etc.

Second, the interest rate coming down to one digit is beneficial. As their cost of capital is low, instead of saving their money in banks, people tend to invest in real estate buying bare lands, apartments, etc. On the other hand, contractors will obtain working capital at a low cost, thus, they can go for capacity building and make initiatives for innovations and new developments.

## Bottlenecks in the Construction Sector

The construction industry in Sri Lanka being labor-intensive, certainly experience a loss of production as well as labour productivity. Keeping labourers healthy and safe from the virus, taking precautions, looking after infected labourers, labour retaining, maintaining social distance, etc. were challenging.

Sourcing materials was another huge challenge faced as the supply chain got badly affected by restrictions imposed on imports. Foreign exchange restrictions also led to adverse impacts, for instance, the process of establishing letters of credit is much delayed. Due to exchange rate fluctuations, fixing prices to imported goods has also been a challenge and as a practice, suppliers tend to increase the price and keep a safety margin to cover up additional costs.

# Construction During the Pandemic in Sri Lanka



**“ ...Currently, the charges have tripled in both local and global contexts.”**

Moreover, the discussion highlighted some inherited issues in the construction industry in Sri Lanka. Although the use of local raw materials is encouraged, appropriate regulations for that are unavailable and proper systems of ascertaining the quality and to control price are not in place. This leads to frequent price hikes, supply shortages, environmental damage, etc. It is essential to control the construction costs to make investing in real estate affordable for potential investors.

**“ ...Non-sustainable usage of the resources can lead to a scarcity; accordingly, the prices will go up leading to an increase in cost of construction.”**

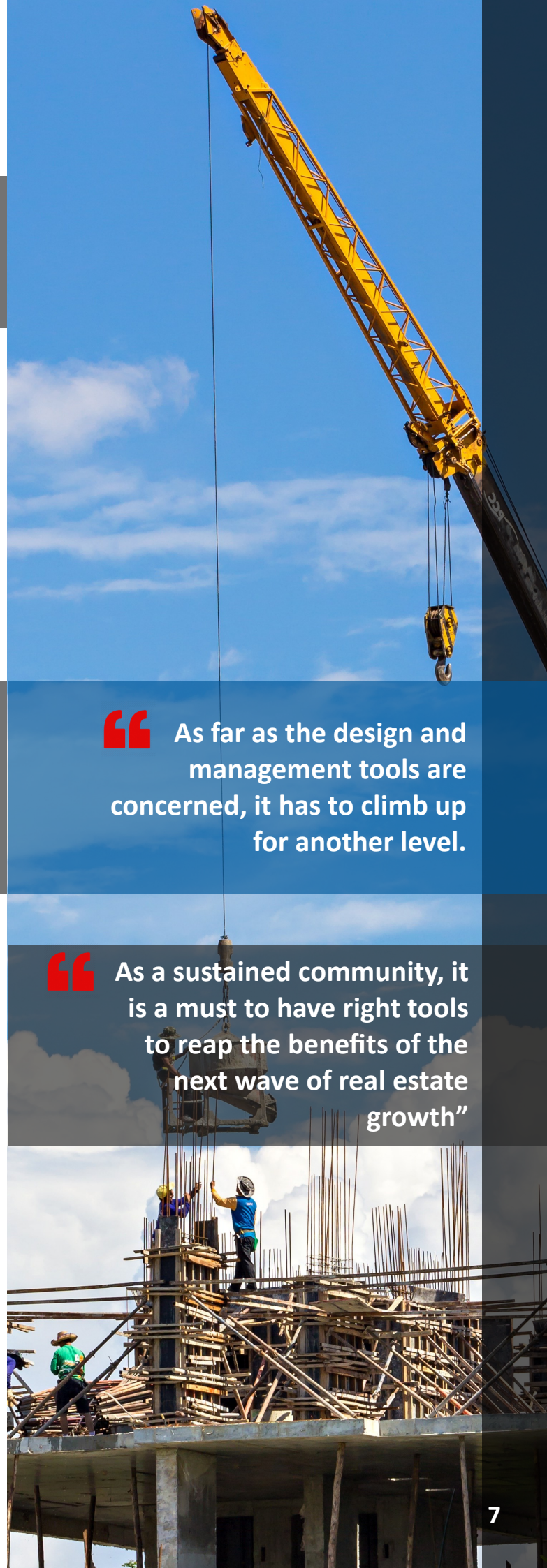
As summed up comments, Mr. Peiris stated that the relevant authorities should understand these circumstances and necessary actions should be taken and he appreciated the steps taken by the Urban Development Authority (UDA) towards improvements by maintaining their regulatory framework in the right direction.

The industry cannot work at the equilibrium where it had been before Covid-19. A boom can be expected. Many changes in terms of technical advancements, management, design for manufacture, modular construction or PPVP (Precast Volumetric Construction) have to be implemented.

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**“ As far as the design and management tools are concerned, it has to climb up for another level.**

**“ As a sustained community, it is a must to have right tools to reap the benefits of the next wave of real estate growth”**





# Resetting Real Estate with Covid-19



**Arch. Russell Dandeniya**  
The President  
Sri Lanka Institute of Architects

Architect Russell Dandeniya expressed that the next wave of the real estate sector is also unpredictable due to prevailing uncertainties; “Currently in Colombo, lot of office spaces are vacant and available for rent.”

He further stated that most people will tend to have their offices at home similar to the past practices where, in many houses, a room was allocated as an office room and for studies. In the near future, there is a possibility of altering the floor plans in houses with an added quarantine room with all accessible amenities”.

**“...As a nation, Sri Lanka has to look within this uncertainty for the most opportunities it provides.**

His perception of the required changes to the real properties especially building designs and associated infrastructure is that real properties may require modifications with required new air conditioning systems. The acoustic condition has become an important item than ever before where one can have a zoom meeting room with an

online connectivity. As per his opinion, instead of thousand people working in one particular office, hundred people working in ten decentralized offices would be the ideal situation in near future. Further, the shift basis working hours will lead to exploring convertible, easy, flexible co-working spaces. Individual shops and boutique shops will gain the lead with private sort of mini-markets flourishing instead of high scale densely visited supercenters.

In addition, Architect Dandeniya emphasized that the real estate sector in Sri Lanka has various inherited issues such as limitations in the planning approval procedure and land disputes as barriers to the development of the sector.

Architect Dandeniya proposed “The Great Reset in the Built environment/ Real Estate” as a solution to address prevailing issues and he further emphasized that Covid-19 is a great reset in every aspect in building a better world with sustainable economic

**“The Great Reset in the Built environment/ Real Estate is the solution”**

**“Apartments, individual houses, and hotels, offices, etc. may require modifications”**



recovery after this pandemic situation. Sri Lanka possesses all the required components for a reset even during this unstable economic situation.

He further stated that “Sri Lanka should move ahead with the service sector development as there are a lot of potentials. It is highly required to be sturdy in planning the infrastructure, telecommunication, power, vaccination programme, etc. In the meantime, resolving the disputes prevailing at construction sites is also essential.

Sri Lanka always looks at lands for investors to come up with proposals instead of land sales local professional, real estate entrepreneurs and local banks to get together and could seek investors via design proposals as appropriate value additions for projects and creating continuous Sri Lankan business forums with potential investors. Local real estate champions should explore more to find proactive opportunities specially overseas to bring foreign revenue. Accordingly, rather than focusing only on the strategy of getting investors to Sri Lanka, in future, the top thirty business entities in Sri Lanka should explore how they can get foreign inflows by participating proactively in overseas business opportunities”.

Future Real Estate should be more generous and people-centric, rather than focusing merely on earning profits as future economic constraints of the middle-income group and their diminishing buying power will be taken over by the high-income group.

## **“ An easy planning approval process and investor friendly environment are essential for the growth of the real estate”**

As a nation, it is high time to revisit the long legal process of land disputes to overcome related issues and challenges and to clear almost all lands making them available for investors. Planning approval should be efficient as well as effective, making them automated would be ideal without the involvement of government officers. Further, an anonymous speedy planning process should be established to reduce corruption as well as delays.

In addition, promoting data accessibility via websites of government official institutions such as the Urban Development Authority (UDA) would save time, money and energy while generating various benefits to many parties through inculcating such mechanism in the system.

Even though various challenges have been faced, people in Sri Lanka simply forget every scar of the past and they are very positive about a speedy recovery. In that case, Sri Lanka is a very robust and resilient nation.

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## **“ After this recessionary period, with the government support by the capital investment, the real estate sector in Sri Lanka can reach a growth again up in an unprecedented status”**

