



Colombo Port City & Real Estate Investment Prospects

Ms. Yamuna Jayarathna was of the opinion that in looking at the next wave of real estate, especially in the context of Port City, it is vital to look at emerging trends globally and the key drivers of demand and the changing paradigm that will impact demand in the context of the Port City. She further mentioned that it is vital to drive regional and international demand into Sri Lanka in terms of demand for real estate. For example, currently, in the luxury real estate segment, the main demand drivers for residential properties come from the Sri Lankan high net worth community and non-resident Sri Lankan community.



Ms. Yamuna Jayarathna
Director Sales and Marketing
Port City Colombo

“...Investment opportunities that Port City provides in Sri Lanka are well-placed to capitalize on the next wave of real estate that is taking place globally”

However, with emerging trends and opportunities, Sri Lanka has a compelling value proposition with Port City and takes on the international market and competes with the best markets operating in the region. Further, she believes that with the entire value proposition, Port City brings together within Sri Lanka’s first special economic zone, world class infrastructure, a robust investor-friendly legal framework supported by first world administrative practices. These investment opportunities in Sri Lanka are well-placed to capitalize on the next wave of real estate that is taking place globally.

She further mentioned that “In terms of Port City, one must not only think about the national demand but also focus on global demand as its influence goes beyond the national boundaries”. She highlights that one must carefully pay attention to what is happening globally, what is driving demand, and decision-making when it comes to investment in real estate. She firmly believes that the port city is very well placed to drive the next wave of real estate development in Sri Lanka.

Ms. Jayarathna stated that the next wave of real estate growth is a topic with much relevance to Port City. The Port City Project is the latest that brings into the industry and essentially drives this next wave. As a synopsis of the investment, the entire committed investment for land reclamation, breakwater construction, and horizontal infrastructure is 1.4 billion US dollars.

The project company has already invested or completed the investment of approximately 1.2 billion US dollars. This is the largest Foreign Direct Investment (FDI) Sri Lanka has attracted so far. However, for Port City to realize its master-planned city, it must attract further estimated investment of 13.5 billion US dollars into real estate. Accordingly, the total expected investment for Port City to become a reality is estimated at 15 billion US dollars. In terms of the project size, the entire extent is 269 hectares, and out of the total extent, the developable land area is 179 hectares. Almost 91 hectares form common areas within the city. The total built area that is envisaged to come through the vertical construction is expected to be 6.3 million square meters.

This would be built in the four leading real estate asset classes being residential, office, retail and hotel. Residential would take the central stage that 50% of the real estate envisaged to be built within the Port City would be residential property.

Around 25% of the total real estate envisaged to be built within the Port City would be commercial space. Retail would be 14%, and hospitality would be 6%.



Primarily focusing on the service sector would be of paramount importance, especially absorption of commercial space, because there is a clear positive correlation between the absorption of commercial real estate space and the service sector's growth. The country must ensure to have a type of balance between regulation and de-regulation.

“ Sri Lanka must improve inter-regional cooperation ”

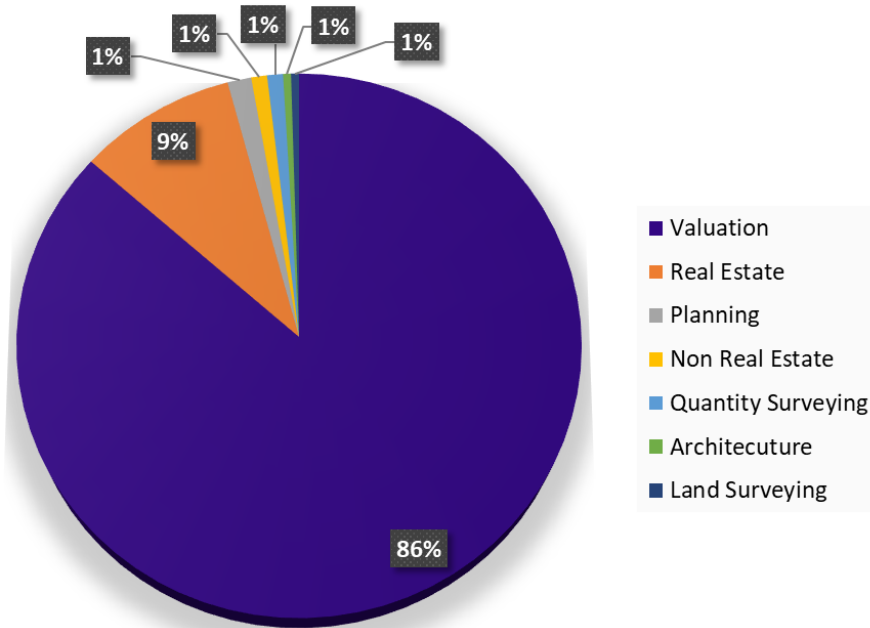
Ms. Jayarathna is on the strong viewpoint that Sri Lanka must ensure a more excellent way of doing business and develop greater investor confidence in the country in the macroeconomic sense. The country must also be careful not to get stuck in the middle-income range. Furthermore, Sri Lanka must improve inter-regional cooperation because, as per the study already conducted by the Asian Development Bank, in 2050, Asia is reclaiming or becoming the centre of the global economic hub. Therefore, in the long term, inter-regional cooperation within the region will gradually support the development of Asia, and Sri Lanka will benefit from being in a significant location within the region.

“ For a successful future wave of real estate growth in Sri Lanka, it is essential to position Sri Lanka as a multi-services hub and drive high-value growth sectors ”

“ Port city would be built in the four leading real estate asset classes; residential, office, retail and hotel ”

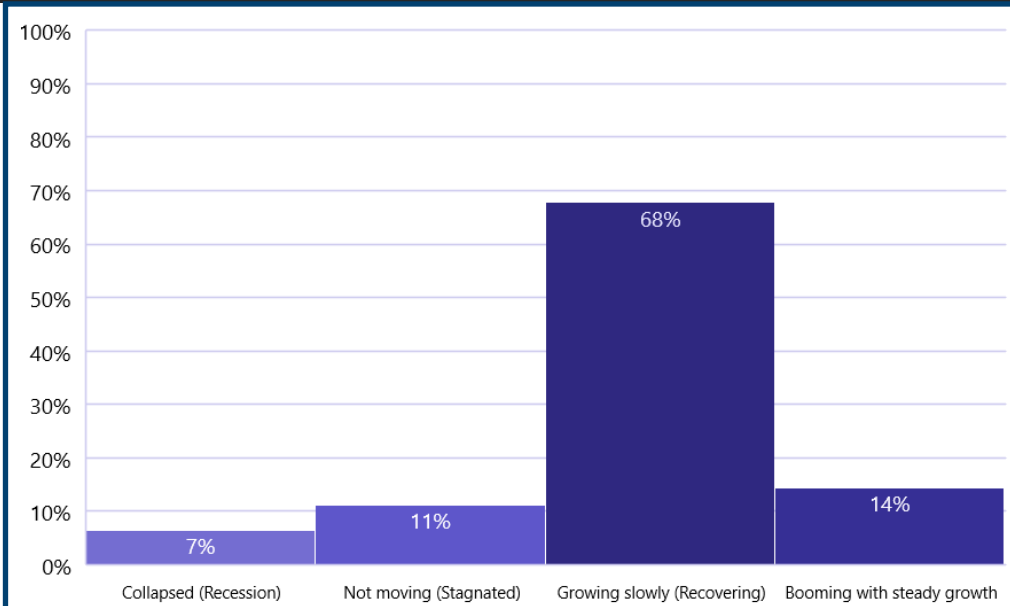
Webinar Participants' Opinion on the Colombo Real Estate Market 2021

Poll #01: Area of Specialty of Participants

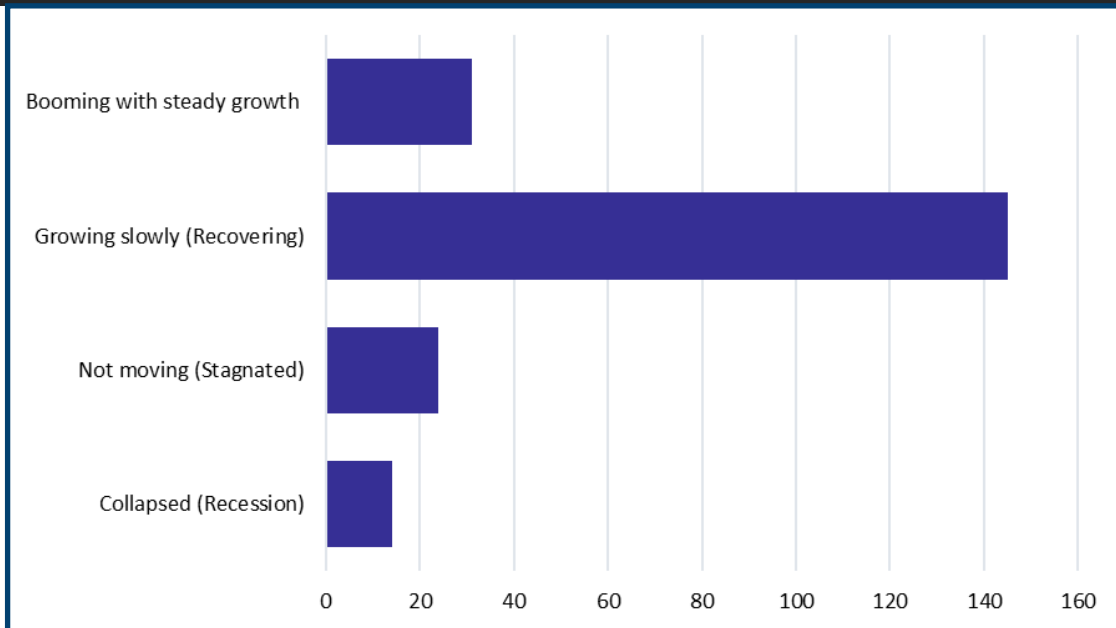


No of Participants to the Survey (n) - 216

Poll #02: Participant's Opinion on the Current Commercial (Income-producing) Real Estate Sector in Colombo



Poll #03: Participant's Predictions on the Commercial (Income-producing) Real Estate Sector in Colombo for 2022-2023



Poll #04: Participant's Opinion on the Current Experiences of the Residential Sector in Colombo

