

A Study of the Factors Affecting Corporate Real Estate Asset Management Practices in the Commercial Banking Sector in Sri Lanka

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Abstract

Corporate Real Estate Asset Management (CREAM) in Asia is an under-researched area when compared with Europe and America. This phenomenon is very evident in Sri Lanka and it is hard to find comprehensive studies on Corporate Real Estate Asset Management in the Sri Lankan context. Hence this research represents an attempt to enhance the current knowledge of CREAM in Sri Lanka.

The conceptualization of the study focuses on factors affecting to the current level of CREAM. Since it hardly covers the entire industrial sector of Sri Lanka, the study specifically focused on the Commercial Banking Sector of Sri Lanka. The current level of practices has been categorized passive, selective and active while factors affecting the level of practice has been evaluated based on three factors, namely, corporate, environmental and portfolio factors.

The study found that, in general, corporate real estate (CRE) is under-managed in the Commercial Banking sector in Sri Lanka and they are in passive mode. Empirical data-driven analytical techniques were adopted to identify the impact on factors on level of corporate real estate management. The results indicate that there is a positive correlation between corporate factors and portfolio factors and further it identified that there is no relationships between environmental factors and the level of management practice of their real estate.

The findings on CREAM practices and factors affecting the level of CREAM theoretically confirmed the importance of strategic planning as the key skill that corporate real estate managers need to be equipped with to meet the challenges ahead.

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