

## Review Article

# The Effect of Factor Conditions and Strategic Response: A Review on Real Estate Sector in Sri Lankan Construction Industry

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**Abstract:** Real estate industry is one of the world's most recognized and profitable businesses of all time. The industry has evolved from decades and after the global economic drift the shape of the business took drastic and innovative changes and it elevated the business to the next level. With the dramatically increased global population the industry was driven by latest sophistication while creating convenience to the community condominiums, new commercial spaces and mixed developments concepts are brought to the portfolio and it generated a wider choice plus value for the end user. On the other hand stakeholders directly related to the industry have given new opportunities as well as different challenges with the new developments and the industry has become more dynamic while contributing considerably to the global and domestic economy.

**Keywords:** Real Estate, Construction Industry, Factor Condition.

## 1. Background of the Industry

When it comes to contributing to Sri Lanka's economic development, the real estate industry is critical. Demand has risen as consumer confidence has grown. For example, when compared to other market segments, the entire Sri Lankan real estate market has become the one of the largest market segment in terms of contribution and revenue. As a result, the real estate industry has been an important part of the Sri Lankan economy in recent years. According to Iswatia and Anshoria (2007), an organization's ability to acquire and handle resources in a variety of ways determines its efficiency.

According to scholars such as Almajali, Yassin, Ahmed, and Al-Soub (2012), efficiency is a difficult concept to define and quantify in terms of meaning and measurement. According to Hansen and Mowen's (2005) study, there are two forms of corporate performance, financial and non-financial performance. Researchers in the area of strategic management offer a range of financial performance analysis models. Financial output is typically measured in terms of revenue, turnover, jobs, or stock price rise, according to Havnes and Senneseth (2001). Researcher Krumm (2001), suggest that CRE is described as the real estate used by commercial organizations for their operational activities. This is a development of Manning and Roulac's (1999) definition of CRE as a property that accommodates conventional companies' production activities. Further, Liow and Ooi (2004) specified CRE in terms of the operating and non-operating (investment) existence of non-real estate companies. In business practices, it is difficult to distinguish between operational and non-operational real estate, particularly since once invested in real estate, it can become operational real estate in the future, and vice versa, which surrounds both operational and non-operational actual property.

Commercial operations in the early twentieth century did not necessitate an additional operating area due to the limited scale of existence. The bulk of the company is performed in a separate or related arrangement within the owner's home. As a result, the need for real estate companies isn't a pressing concern. However, from the end of the twentieth century to the beginning of the twenty-first, the post-industrial exponential economic boom, industrialized economy, and rapid globalization required business agencies to expand their commercial business scale and geographical reach. Aside from the aforementioned reality, globalization redefines how multinational corporations and different societies imagine and conduct business globally. In this case, unlike companies in the early twentieth century, businesses in the twenty-first century need a large number of real estate relationships to run efficiently and effectively. Furthermore, commercial entities use real estate as a means of accumulating wealth. As a result, they now have a sizable real estate investment portfolio. Despite improvements in the market climate and a rise in real estate, the companies have not given real estate management enough attention. Clearly, efficient real estate management is not effective in many business organizations, including multinational corporations (Avis, Martin, Gilbson, & Watts; 1989). As a result, one of the foundations for a successful business enterprise is real estate strategic management. In a dynamic and versatile business setting, a general business strategy is described as a plan, a collection of plans, and implementations to achieve an organization's specific goals or objectives. Because of the market's competition, retaining a company's flexibility is more essential than ever. Focusing on future growth markets, the decline of non-profitable industries, and establishing or adjusting to market dynamics would lead every organization to its vision and set goals. The competitive existence of the market world necessitates companies determining, evaluating, and implementing business strategies in order to meet their objectives. It should be remembered, however, that many companies concentrate on particular functional areas such as development, finance, marketing, and human resources. Despite the fact that real estate accounts for a significant portion of their total assets, they are unconcerned about the organization's real estate holdings. This establishes a basic case for the value of commercial real estate strategy. Incremental strategies, value-based strategies, and structured strategies are the three types of real estate strategies defined by O'Mara (1999).

As a result, real estate's strategic direction will concentrate on data-driven investment, aligning real estate decisions with company goals, and lowering costs. In the 1980s, Zeckhauser and Silverman (1983) and later Veale (1989) explored the relationship between real estate and business strategy. The value of real estate and organizational corporate business strategies for strategic change was then addressed by Rutherford and Stone (1989). As a consequence, marketability and financial considerations are essential factors in determining whether or not to use the apartment. However, proper research into the main factors influencing apartment construction has not been conducted in Sri Lanka. The aim of apartment construction is to sell the apartment at a later date. Developers must make some potential decisions in advance.

## **2. Review on Sri Lankan Real Estate Market**

The degree of uncertainty inherent in destiny decisions could be reduced by gathering more reliable and solid knowledge within the market, as well as about variables in the decision-making environment. The aim of this article is to provide an overview of condominiums in Sri Lanka by referring to a number of factors that assist real estate developers in deciding whether or not to invest in such areas. This article delves deeper into the composition, density, promoting fee, occupancy rate, and preferred elements that influence residence delivery and demand in Sri Lanka. The main aim of this article is to learn how to value apartments in Sri Lanka using a variety of factors that help real estate developers decide whether or not to invest in real estate and condominiums. The author's aim is accomplished by a number of objectives, including deciding the type of apartment and its distribution. Examine the general demand and supply factors that impact apartments; examine the main features of current apartments; and identify areas where current construction may be strengthened. According to the article of Weddikkara, Senaratne and Zainudeen (2006), the contribution of private developers to apartment construction in Sri Lanka has increased as a result of

increased demand and income. The aim of this article is to conduct a literature review in order to identify key issues concerning apartment property growth. Interviewed four real estate developers and performed research on their apartment designs. Clients are advised to purchase apartments based on a variety of factors, including modern amenities and aesthetic appeal. When opposed to purchasing land and building houses in places, the spatial purpose is superior, and it provides convenient access to the town center. The costs are low, there is no time wasted for building supervision; secure parking spaces, flexible payment systems provided by developers, value for money, and a healthy and non-violent community. As a result, when opposed to other forms of renovations, a growing number of real estate developers are opting for condo projects. Similarly, lower risks and higher income enable developers to invest in such projects. According to the survey, almost all such construction projects in Sri Lanka are purchased before they are completed. The types of apartments available in Sri Lanka are discussed and determined. In Sri Lanka, there are different types of apartments to choose from, the finishes and accessories used, such as bathroom accessories, floor tiles, wall tiles, and floors finishes, wall finishes, and electrical accessories, decide the types of apartments available in Sri Lanka. The developers classify the apartments into three groups based on the degree of these amenities ([www.primgroup.com](http://www.primgroup.com)). That is, mega luxury, luxury, and semi-luxury categories. In addition to the aforementioned categories, serviced apartments leased for a specific period of time (especially for foreigners visiting Sri Lanka for business purposes) exist in Sri Lanka in the following forms for mixed growth. The government is the key decision-maker and regulatory body in real estate industry. The government's fiscal and monetary policies, for example, will affect developer revenues, which will affect supply. The developer's right to provide apartments would be impacted by the concessions made by the Board of Investment (BOI). The new condominiums are regulated by Sri Lanka's newly enacted condominium rule (Condominium Authority, 2020). The approval of the appropriate legislative body is required, whether it is the municipal council, city council, or Pradeshiya Sabhas. Furthermore, the Urban Development Authority must approve the construction of apartments in a particular location (UDA). Special permissions from the Central Environment Agency (CEA), the Electricity Board (CEB), the National Water Supply and Drainage Board (NWS&DB), and the Apartment Management Agency may also be needed (Condominium Authority, 2020).

Single homes, line houses, multi-story houses, annexes, flats, and condominiums are all types of housing in Sri Lanka. Person house builders, small scale contractors, large scale contractors, developers, and government sectors all contribute to the above. In 2019, the real estate sector contributed 2.4 percent to Sri Lanka's GDP (CBSL, 2019). The GDP's nine-month output in 2020 has been announced as -1.6 percent (CBSL, 2019). The outbreak of Covid-19 in March 2020, as well as the previous regime's strict fiscal policies (from 2015 to 2019), disrupted consumer expectations and demand factors. The Easter assault in 2019 wreaked havoc on the political and economic landscape, slowing the real estate market. The above events aggravated the problems facing the Sri Lankan economy, resulting in a slew of political and economic crises, including currency depreciation, a national income and expenditure deficit, increasing debt, decreasing foreign investments, and an unprecedented decline in tourism (CBSL, 2019). Furthermore, the real estate industry is vulnerable to a variety of inherent problems, including a scarcity of skilled labor, high rates of turnover among unskilled and skilled employees, and a lack of serious legal contracts between developers and consumers. Furthermore, due to the country's current economic circumstances, decisions taken by the current government have caused havoc in the industry by limiting imports of essential building materials. Due to the two major calamities, the Easter attack and Covid-19, money, liquidity, protection, and supply chain management were all disrupted. As seen, the total contribution of the real estate industry to GDP in 2019 is 2.4 percent or USD 1.96 billion (CBSL, 2019). The estimated annual housing demand is 100,000 units per year, but the existing housing supply is only 12,000 units per year (Condominium Management Authority, 2019). With the current urbanization, many people aspire to relocate to the country's metropolitan areas. This has resulted in a significant increase in the demand for housing in a given region. The nation would need to develop vertically to support a larger population. The country's population density is about 343 people per square

kilometer (CBSL, 2019). The metropolitan city of Colombo has the highest population density in Sri Lanka, with 3,578 people per square kilometer (CBSL, 2019). This has the ability to catalyze explosive growth in the apartment and condominium market. The greatest problem facing a government in a developing country is resolving the housing issue because it cannot have solutions on its own. As a result, policymakers are encouraging private sector developers to invest in real estate projects in order to help meet the housing demand in urban and semi-urban areas. Many housing projects involving public-private partnerships have recently been established, with an emphasis on the low-income segment of the population. At the same time, private sector developers contribute to urban housing growth that focuses on medium, high-end, and luxury apartments. The new government has absolutely repealed the VAT and NBT levied on apartments and condominiums. Furthermore, the tax burden on developers has been reduced from 28 percent to 14 percent (CBSL, 2019).

### **2.1 Opportunity in the Real Estate industry**

In Sri Lanka, real estate is one of the most profitable sector. Following the end of the brutal war, the country's economy has seen tremendous growth, and this momentum has led to a rise in demand for residential and commercial land, ranging from high, middle, and moderate income sectors, as well as various levels of business scales. The real estate market's size and scope have always made it an appealing and lucrative business for investors. However, times have changed drastically in Sri Lanka, and the idea of real estate company is now seen as a sound investment with high returns, presenting multiple challenges in the market and preventing the real estate industry from realizing its full potential. This is one sector where a large number of people are involved in the process. Sri Lanka is an island with 65,610 km<sup>2</sup> of land ([https://www.wikipedia.org/wiki/Sri\\_Lanka](https://www.wikipedia.org/wiki/Sri_Lanka)), with a densely populated capital city. The city of Colombo is regarded as the country's most strategic economic center, with urbanization forcing the area to develop more sophisticated and comfortable living concepts to accommodate the growing population. People have migrated to apartment style houses for far more comfort, having advanced from shanty type households to luxury level houses. Even the government has begun to create low-cost housing facilities in order to serve the growing population, and they have used more land areas for profit-generating and community development projects in partnership with the private sector. Foreigners are more interested in making their travel plans to experience the innovativeness blended with Sri Lankan traditions, as Sri Lanka has been listed as one of the best tourist destinations in the world (<https://www.sltda.gov.lk/>). The developing Port City project has been described as one of Asia's most iconic leisure and economically important sites, with substantial economic and social growth expected locally. Hotel resorts, restaurants, mixed-use developments, shopping centers, office buildings, and additional green areas are all planned for the city.

The country has suffered major setbacks in the last two years, with the Easter Sunday brutal assault affecting the entire tourism and leisure industry. This incident resurrected the local economy, and the whole country, including the global Catholic Church, was terrified. After this unforeseen situation, the country slowly and gradually recovered, and most companies regained their former momentum, and the COVID 19 entered the global arena, crippling the entire world. The global economy, as well as social lifestyles, have been significantly impacted; this has also affected Sri Lanka. The country was hit by pandemic after pandemic, and the government scrutinized the outcome and findings to limit the harm to the economy and social clusters. The tourism, apparel, construction, and manufacturing industries have all been heavily impacted by the crisis, and the country and its people are gradually adjusting to the new normal.

### **2.2 Strategic approach to the Real Estate Industry**

Despite the fact that the country is undergoing economic turmoil, the real estate industry has been able to maintain a satisfactory pace. Although some small-scale developers have had difficulties in the wake of the pandemic, medium and large-scale constructions have continued to advance. As we previously discussed, Sri Lanka has been described as a potential tourism, leisure, and long-term

residential destination. The real estate industry is divided into four categories: residential, commercial, industrial, and land. This includes single-family homes, condominiums, mixed-use buildings, hotels and resorts, hospitals, educational institutions, and industrial parks, among other items. The condominium and leisure sectors have seen strong growth over the last decade, and local clients have been able to keep up with the speed and competition of the industry while maintaining high quality standards. The industry boom has piqued the attention of both local and international investors, and as a result of this perception, many reputable foreign parties have entered the local market and formed alliances with local partners to carry out their plans. In the heart of Colombo, more than fifteen landmark apartment buildings are currently under construction. Altair Towers, Luna Lowers, Trizen, Colombo Citycenter, Twin Peaks, The One by Ritz Carlton, Marina Square, Marine Drive Hotel, Blue Star are just a few examples. These ventures are distinct from one another, and each has its own market differentiation strategy. Domestic players such as Prime Property, Home Land, Blue Ocean, Blue Mountain, and other developers, on the other hand, are exploiting their scale for medium-sized condominium projects (Research Intelligent Annual Report, 2020). Owing to the strong demand on the market, most developments have been preoccupied by buyers, and project developers have ensured that the construction sites are chosen from the city's most desirable locations. Buyer bargaining power is not a significant factor at all of the stages, and rivalry is generated among customers rather than among developers.

### **2.3 Projects with a Variety of Use**

Local condominium and commercial developers focused on single-purpose facilities in previous decades. It was either constructed for residential or industrial purposes. People are looking for multiple solutions while living in one place and searching for other needs and desires to be met within the same geographical location as aspirations and business models have changed dramatically over time. The idea of 'Mixed Growth,' also known as 'Integrated Development,' was created so that people would use a facility for accommodation while also providing access to shopping centers, medical care, dining, sports and entertainment, and industrial facilities. Sophistication and ease are the hallmarks of modern living. The city of Colombo's rising population problem can require a proper solution that is justified by the numerous community lifestyles (CMA, 2019). Any construction or company should not disrupt the way of life of others. With the limited land space available in the urban area, access to equal and every opportunity would be challenging, and offering mixed development facilities might be a good solution. For everyone would be ecstatic if a cinema was located on or near their doorstep, as well as restaurants, gymnasiums, and medical facilities. A development that encompassed both of these factors would make human life simpler while also saving money and time. There are currently a few mixed-use development projects under construction in Sri Lanka, with more to come in the future. Cinnamon Life, The One by Ritz Carlton, and One Galle Face are only a few of the latest projects that have been completed or are currently in the works (CMA, 2020).

### **3. Factor conditions are variables**

It is determined that the majority of the material used for constructions is entirely or partially imported from abroad, or at the very least the raw material used to produce the finished good is imported. Construction costs in the country are extremely high as a result of this factor, which has a direct effect on consumer prices. One of the factors that has slowed the growth of the industry is a scarcity of natural resources and raw materials linked to it. For production, cement steel, copper, and other materials are imported. The rise in land prices in the Colombo region has been one of the industry's most important factors in recent years. The abnormality resulted from a mismatch between supply and demand, with remaining land areas in the heart of Colombo and its surrounding land areas being restricted. Because of this, the general public and stakeholders have high expectations for the sector, and as a result, several more new investors have entered the market. One of the booming facts that has directly impacted the growing land value in urban areas of the island is the mode of transportation and its difficulties in Colombo. Poor public transportation and high traffic congestion pique commuters' interest in urban land areas, which in turn raises land demand and encourages

residents and businesses to relocate to the city center. Human capital is a burgeoning challenge in every sector. In an industry where more knowledgeable and skilled employees are needed for long-term quality and profitable clusters, this is particularly true. In a local setting, One concern that the construction industry faces on a daily basis is the shortage of skilled labor. Finding skilled labor, ongoing preparation, and maintaining labor has never been more difficult. However, in the local context, available skilled workers are more competitive than ever in their ability, posing a problem when it comes to the carder number (Pathirana, 2021).

According to the Ministry of Education in year 2019, there was 29.5% drop out candidate from the ordinary level exam from total of 334,000 candidate who failed to attend their advance level education. The public sector plays a key role in the provision of vocational training in Sri Lanka. The main agency responsible for vocational education and training is the Ministry of Skills Development and Vocational Training, which has 11 other major agencies. The Tertiary Industry and Vocational Education Commission (TVEC) is the main regulatory agency. Other agencies include the Ministry of Technical Education and Training (DTET), the Sri Lanka Vocational Authority and the Vocational and Technical University (UNIVOTEC). Currently the locals institution like the NAITA, VTA, ICTAD, German Tech, Small Industry Development Board, Sri Lanka Youth Services Council, the Sri Lanka Army, Foreign training at UAE, Dudley Senanayake Multi-task Training Institute and the Galkulama Construction Training Center are some of the government funded establishments in the country providing such training and thousands of their students enter the local labour force annually ( Ministry of Skill Develop and Vocational Education, 2020 ).The country has fully trained engineering and quantity surveyors in related fields, with the shortage stemming from front-line construction staff. Also, the shortage of skilled labour is one of the main challenges faced by the construction industry and it may hinder its growth. In a sector survey conducted by the Research Intelligence Unit of a property consultancy group with a regional office in Colombo in 2019, 56% of the respondents said a shortage in skilled labour was on top of the list, which is identified as a major problem currently faced by the industry (Research Intelligence Unit, 2019 ).Wage levels and other demands are at an all-time high, impacting the industry's cost structure and profit margins. On the other hand, a significant portion of the country's skilled labor force has left in search of better jobs and higher pay. In the Gulf area and European countries, professional heavy machinery operators, Masons, Plumbers, Electricians, Bar benders, Carpenters, Riggers, and Signalman are in high demand. Australia, New Zealand, the United States of America, and Canada have all been listed as countries that handle their citizens well and accept the above categories. As a result of the uncontrollable crisis, foreign construction companies working in Sri Lanka have brought in their own workers to help stabilize the labor market. For example, Chinese construction firms have used their own labor, with prisoners conducting the majority of the difficult and dangerous exercises (<http://www.oit.org>). According to local authorities, more than 24% foreign workers are working on building projects in the heart of Colombo (Research Intelligent Unit, 2019).

Infrastructure is one factor that can be used as a criterion for such Sub Business Units and when compared to other parts of the world, the capital city's solid infrastructure network has prompted investors to begin their projects with easy access to any stream. Accessibility to any geographical area would be enabled by a well-developed road and railway network. One important factor that contributes to the industry's success is mobility. Electricity and water supplies are both in good working order. Local governments have concentrated their efforts on areas such as urban waste water management and green energy, which would benefit the building sector and, in turn, the real estate industry. The real estate industry necessitates a large amount of money as an investment, and capital investment is one growing reality that there is little competition in the market. This also has an effect on the industry's ability to attract new competitors. The presence of high-end condominium projects is currently a trending sector within the industry, where there will be little to no competition generated. Overseas investors have seized this opportunity and partnered with local partners to dominate the local market. In 2018, the city government passed an amendment that abolished the limitation on buying apartments on high rises only up to the fourth floor, which has helped the

growth of the condominium sector in the real estate industry. These luxury condominium buildings have iconic architectures, cutting-edge technology, and cutting-edge interior designs that can compete with some of the world's leading similar-type constructions. The influx of foreign investors and construction firms has forced the industry to adopt the latest Lean construction techniques, which save time, materials, and money. As the world moves closer to a digital age, the latest technology is being used to make living behavior more convenient in human lifestyles. The millennial generation's vision and thought process has shifted the real estate business paradigm in a different direction. When designing residential and office high rise buildings, considerations such as convenient spaces, energy efficient management, and smart home concepts were taken into account. With Sri Lanka's planned economic growth, More local and foreign businesses are preparing to start or grow in a sustainable way. They are looking for office spaces in the heart of Colombo or close by in order to complete the task. Apart from the residential condominium industry, high-rise office space construction is now more common than ever. In Sri Lanka, the city of Colombo is known as the "Central Business District." World trade center, Access towers, and Astoria Building, and Orion City towers are some of the iconic buildings specially built for the purpose of office premises in the B grade category, according to international standards with 900,000 sq feet in the A grade category (<http://www.oxfordbusinessgroup.com>).

### **3.1 Expectations and Demands**

The risk, opportunity, and challenges are expressed in the same way when the company or market is larger. The real estate industry falls into the same group, with a huge demand and equally massive opportunities and challenges for its stakeholders. Some of the industry's primary challenges include the country's economic condition, the effects of the COVID 19 pandemic, labor shortages, end-user perceptions, internal replacements, and technical advances (Pathirana, 2020). Delivering the most advanced solutions with ease and elegance is a difficult challenge for investors, and customers are more informed and conscious than ever before. When choosing their dream home, buyers consider the latest trends and technological innovations, while suppliers should pitch the buyer's aspirations or even build the opportunity or the unexpected within the company to set it apart from the competition.

The local real estate industry has been able to integrate new technology and complexity into their developments, and the advent of international investors has increased the industry's creativity and diversification. Colombo city and suburb areas, as the central business district, are now densely populated and congested. Within the city, the main port, airport, Poplar schools, sports and entertainment facilities, and shopping malls were built, and as previously stated, land values have skyrocketed to the point that the majority of social groups are unable to afford them. Given this, developers have segmented their deals, beginning with luxury apartments and ending with low-cost apartment projects. In the Colombo city, there are more than eight large-scale shopping centers designed to international standards. People will find food and drinks, clothes and accessories, home appliances, groceries, digital devices, and other things at these 'Destination Malls.' The most recent facilities include a large scale car park, which has proven to be a major draw for shoppers. As the global experience becomes more integrated into local human lifestyles and the market becomes more brand loyal, driving consumers to new retail models and malls that deliver top global brands, such demand in the real estate industry will rise. Also, one of the factors that has propelled the tourism industry to its pinnacle is that various types of visitors from all over the world can satisfy their preferences in a similar global experience infused with Sri Lankan tradition.

### **3.2 A corporation with a central business**

There are several other sectors that are directly linked to the real estate industry, including local construction, manufacturing, and tourism. Construction is inextricably connected to the condominium and mixed-use development industries, and it is crucial. The most basic way to explain the construction industry's key job position is to bring the investor's dream to life. Tourism is one industry that is inextricably connected to the real estate industry, and the local government is strongly promoting both industries because it is one of the most important sources of foreign

currency. The COVID 19 pandemic is currently wreaking havoc on the world, and the tourism industry has been shut down for the last year. The local tourism industry has been hit twice in the last two years, first by the Easter Sunday attack and then by COVID 19. When contemplating the crucial situation, one fact that stands out is the construction industry's relentless momentum. Despite a small decline in growth, the industry's success is clear to the general public. The Sri Lankan government, as well as local and foreign investors, tend to be positive about the near future, anticipating rapid growth in the real estate and tourism industries once the pandemic is under control or eradicated. In comparison to other developing countries, the local government was able to keep the virus under control to a sufficient level, allowing the industry to maintain its momentum.

### **3.3 Government Involvement to the Real Estate Sector**

The government has played an important role in the growth of this industry in recent years whilst having make decisions to help the industry grow and flourish. The real estate industry has been rising at a rapid pace as a result of the rapid urbanization process and rise in human income levels, and the local government has made critical amendments in the sector's favor. The real estate sector's contribution to nationalizations, as well as that of supporting sectors GDP has persuaded local governments to introduce flexible regulatory measures to enable local and, in particular, international investors to invest locally. In addition, the government has launched city megapolis initiatives that include a comprehensive infrastructure development that will add value to private sector condominium and commercial high-rise building projects. The industry is identified as a high demand sector where it has a massive money circulation and hence a large number of job opportunities were created, and in Sri Lanka there are around 600,000 workers involved in the construction field (Human Capital Index, 2019). The Training Need Assessment and Skills Gap Analysis survey highlights the problem of skill shortage in Sri Lanka. The survey further highlights that a total increase in employment of 800,583 is projected in the construction sector during the period 2016-2020 (TVEC of Sri Lanka, 2016).

The government removed the 49 percent ban on foreign investment share ownership in 2018, which has a positive effect on overseas investments. As mentioned earlier in the article, the ban on foreigners buying apartments above the fourth floor has been lifted, and any foreigner can now buy slots on any floor level. The government has reduced bank interest rates for end-user housing loans, as well as providing special discounts and grace periods for real estate developers. On the other hand, the government has granted international developers tax cuts on raw materials and finished products imports for particular projects so that they can increase their income.

### **4. Conclusion**

The real estate industry is a global brand in and of itself, with supply and demand that can never meet standards. Huge capital investments, fierce rivalry, technological advances, and evolving human lifestyles and trends are all factors that no one can regulate or challenge. These factors, on the other hand, will still keep the company alive and competitive. International real estate business models and trends have influenced the Sri Lanka real estate market, which is clearly justified and shown by looking at global investors' involvement in the local context. This has created high competition within the industry and added value to the product while attracting local and foreign consumers to the industry while reflecting the traditional values of the country.

The government has recognized the importance of the industry to the local economy and has adopted versatile and modern regulatory policies with taxation that is beneficial to the industry. Despite the fact that the real estate industry has been hit by the global pandemic, the Sri Lankan real estate market appears to be strong enough to retain its position globally while retaining internal momentum and securing the industry stakeholders who depend on it.

### **Conflicts of interest**

The authors declare no conflicts of interest.



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