

Peace brings property hunters to Sri Lanka

Sri Lanka is staking its claim as an investment destination and building on a strong tradition of foreign property ownership to offer international buyers a range of appealing options.

I'm porch sitting on the veranda of one of Asia's hippest hotels, the Casa Colombo. Fresh off a week touring Sri Lanka's emerging south coast property market and zig zagging along country roads. My land legs are looking for a moment of calm to reflect.

My mission if you care to call it that is to gain some firsthand insight into what all the coconut wireless real estate buzz is about. Though in terms of a lead in and scale, remember we are taking about baby steps and decidedly early days in Sri Lanka.

Tracing the roots of the second home villa market in fairly broad strokes takes us back twenty years to a time when Hong Kong was as a leading Asian tiger and at the same time anxiously twitching over the prospects of a 1997 handover to China. The early to mid part of the 90's creating serious wealth in Hong Kong, Singapore and elsewhere in Asia and many longtime British expatriates were coming to an age where they were looking at long term future prospects, a place to settle or at least spend part of the year.

You can trace the development of the early settlers to the tropical villa market in Bali, Phuket, Koh Samui and Sri Lanka to this timeline. Of course the Asian-contagion hit home while in what used to be called Ceylon, a civil war which was to span two decades was gathering momentum. Fast track into 2011, and it's been over two years since peace returned to the island. While the wounds from both the political turmoil and 2005's tsunami remain, a new air of optimism is visible everywhere you look.

Over the years, the south end of Sri Lanka was the main focus for beach based tourism. Access to Colombo helped areas such as Negombo and Bentota develop into key leisure destinations. The British from far and near visited, the Germans also arrived in increasing numbers with the lead indicator of calm ocean waters coinciding with their long snowy winters.



Galle, Sri Lanka.

“ TALKING TO THE BROKERS, THE CURRENT EMPHASIS IS ON LAND AND DEVELOPERS LOOKING AT THE CREATION OF NEW PROJECTS. ”

Larger cookie cutter midscale resorts were built in these areas, in what today is more of a legacy market. Travelling south, Hikkaduwa become part of a growing worldwide surf scene, establishing its own special niche. But it was the historical port city of Galle which became a bit of an epicentre for overseas property buyers. Both the fort area where redevelopment has taken place over a number of years and Talpe with its golden mile of beachfront homes has seen a major influx in the past decade.

Now developers are fast moving into a long line of dominos to Weligama, Matara and Dickwella. A key feature of the south coast is the close proximity between the main roadway and the beach, creating ideal lots located with absolutely prime villas commanding oceanfront living at its best.

Getting to Galle is not an easy task, however and can take two, three or more hours by car, all depending on traffic and speed limits which are in fact vigorously enforced. A new toll road is currently

under construction to Matara which will cut traveling time significantly and is expected to open by the end of the year.

One of the current hot spots is Tangalle where dynamic Cliffside land is combined

with white sand beaches. With a new international airport under development near Hambantota, which will be in service by 2013, access is set to be a key demand driver.

Most of the area's real estate agencies are located in Galle with leading names including Lanka Real Estate, Pearl Properties and Ceylon Investment. Talking to the brokers, the current emphasis is on land and developers looking at the creation of new projects. While the existing inventory of villas is sturdy, most owners are electing to tap into holiday rentals and not resell. Hence supply and demand for the short to medium term looks strong. Regional resort property player Elite Havens, through an affiliate in Singapore, are currently opening up a holiday rental operation.

As for tourism, this is the big box to tick. Over 1,000 hotel rooms are in the planning process in Colombo with a surge of international brands. Both the second airport, which will see regional and low cost carriers enter the country, as well as the end of a five year moratorium on Indian budget airlines being able to service international routes, will see airlift flowing into the country.

Resort chain Six Senses look to be the first to dip their feet into the high-end branded residential segment in Sri Lanka with 14 multi-million dollar beachfront villas coming to market by October. Reports have Shangri-La looking to add mixed use components to their destination resort and golf course in Hambantota, while the Amangalle resort still has considerable vacant land left, which is reserved for residences in the future.

So there you have it, a hectic week, more kilometres in the rear view mirror than I'd care to remember, but for Sri Lanka, as peace has come, so have the property hunters.



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