

How would you describe Serenia Residences's offerings and how it will operate?

We will operate as an international 5-star resort, signing off with one of the largest top 5 chains in the world. The 5-star Hotel Management will be transferred once we deliver our project to our esteemed clientele who have purchased the residences.

The hotel will take care of aspects such as the day to day running of the hotel, housekeeping, security, signature restaurants on the premises, a spa and a gym. What is important to us is how we consistently maintain the quality of our offering.

Investing in premium projects such as yours is a major decision. From

your perspective, what three factors do buyers usually consider before investing?

Consistency and high-quality durable finishes are crucial requirements, especially on the beach. Our product is equivalent to those premium developments found on the coast of Miami. Secondly, having direct beach access plays a significant role. Thirdly, keeping it an exclusive high-end boutique mixed development has allowed us to maintain an affluent clientele as we are focused on exclusivity and not quantity.

Considering the type of properties you offer, how would you further describe your typical clientele and how you market?

Our buyer profile is typically 30-70 in terms of the percentage difference between locals and foreigners, but locals have shown a keen interest post-pandemic. Our foreign/expatriate clients are mainly from Australia, Canada, the EU, India, Hong Kong, the UK, and the USA, with a large portion using our units as winter or summer holiday getaways. Our local base consists of ultra-high net worth individuals. We attract many of the retired community and young families with children.

Our unique marketing approach of testimonials and references allowed us to stay under the radar instead of mass-scale advertising in Sri Lanka. However, we conduct various worldwide digital marketing campaigns, targeting many high-net-worth individuals

based in our target markets. Rather than the number, we are focused on the quality of our inquiries. We do a lot of due diligence and note KYC (know your customer/client). Therefore, after we improved the quality of our inquiries, we focused on maintaining those standards over numbers.

What has been the price appreciation trend over the past few years for your properties?

We have continuously added value to our product and our investors. We have expanded our land area to another 100 plus perches, created an open space with a garden, pools, spa and a member's area on top of our communicated proposition. Our pricing is also progressing steadily, and we are grateful to

our initial investors, who continue to move with us, some investing in an additional residence after viewing the show flat. We believe our value addition has been consistent since the initiation, and currently, we have a top 5-star resort chain entering the project. We will disclose the details at a later stage. Pricing and consistency have been key elements in our journey. We avoid providing discounts as we have continuously added more value to the project.

Going back to the construction phase of your project, how have policy changes over the years affected you?

Authorities have been extremely helpful to us as they did understand that we are primarily an export product, with 70% foreign national investors. By this I mean we have appealed to a high segment of foreigners (not expatriates only) who see Sri Lanka as a retirement option, therefore the residences are very tradable in USD.

Consistency is crucial in the real estate industry. The VAT being continuously imposed and taken down was more burdensome when signing sales agreements, as there was a lot of uncertainty. The USD moved from LKR 183 to LKR 203 during the period of construction, however, since our finishes are mainly imported from Europe we priced our units in USD. It allows us to handle the contingency aspect of purchasing products for higher rates than anticipated.

Are there any Government initiatives that you can suggest to help developers with a project like Serenia?

Maintaining consistent policy when issuing resident visas with a golden visa system will prove to be useful. This is adopted in nations such as Portugal, where you get a residence visa based on the value of the investment made in the country. Making it an easier and clearer process will welcome foreigners into investing in Sri Lanka. Secondly, Real Estate Investment Trusts (REITs) would be another great boost. Thirdly, if deeds were digitised similarly to the rest of the world, it would be consistent with other countries and more streamlined. Sometimes, owning property in Sri Lanka can become a hassle simply because of the legal framework in place. Agent broker licensing, transparency, modernising existing property laws are now slowly taking place, which will indeed grow our real estate sector.

How do you view the Port City development and its impact on the residential real estate market as well as Serenia Residences?

Port City will certainly change the real estate landscape in Sri Lanka. It is highly significant and a wonderful proposition to attract top investments from all over the world. From a developer perspective, entering Port City means larger land parcels and investments in order to maintain its high standards of product quality. The development will certainly have a knock-on effect on the local land parcels in the area, gradually making inner-city Colombo land increase in value while

attracting large scale investors. The connectivity between Port City and Galle via the highway will drive value to the South as well, along with like-minded holiday seekers looking for the pristine waters of the Southern beaches.

The past few years have caused a downward spiral for most Sri Lankans, with the Easter Attacks and now the global pandemic. How have these impacted the progress of Serenia Residences?

The world has been battling COVID-19 since March 2020, but we have had to face unfortunate challenges since April 2019.

We experienced positive momentum during our project initiation in 2018, which led us to sell approximately 20-30% (out of 40 units) during the launch period. The Easter attacks was a one-time scenario that affected the local and international community view towards Sri Lanka. What needs to be understood is that 2019 was a cautious year for most, a presidential and general election followed creating general negativity towards further investments, it was a wait and see approach with hope on the horizon.

As soon as the international community became a bit more comfortable in 2020, on came the pandemic. Investing in Sri Lanka would not have been their first priority, given their own situations in their own countries. Interestingly, we did not see a slowdown in our sales due to our premium proposition, a beachfront leisure product. Our impeccable timing made our sales easier as individuals sought a change of scenery, which we were there to

provide. A leisure product, where family came first and a sound investment at the same time. "It's now time to enjoy the money we have earned with family and friends" was the general feeling. This is also a product that mitigated currency risk as well as it transacts in USD. Serenia is almost sold out with just 4 units available for investment, a true testament to how it is perceived in the market.

Despite the import restrictions causing delays, we are expecting to complete in December this year.

With its completion, what does the future hold for Serenia?

Our primary goal is to deliver whatever we embark on, and we hope to exceed our original investor expectations. After that, we will embark on other projects, not necessarily just apartments. However, focusing on our current project is important to us to ensure our gain in terms of a brand.

The real estate industry is very challenging, and it is vital to take everything one step at a time for long term benefits. Most new developers usually embark on several projects simultaneously, which can be risky, especially in times like this. Cash flow is most important. To minimise developer risk, it is crucial to conclude what you started despite the delays. It is a better policy in the long run, especially when mitigating scenarios like what we currently face. That way, you would not fall short of delivering customer expectations and deliver a good product exceeding customer expectations.

Serenia Residences' DILSHAN KODITUWAKKU on Residential Real Estate Dynamics and Future Outlook

Serenia Residences, an upcoming mixed development apartment hotel project; will consist of 40 residences with a focus on unparalleled amenities and services. It was inspired purely out of the breathtaking original property off the Southern coast of Galle in Talpe, an area which is known as the million-dollar golden mile. Serenia Limited's Executive Director and co-founder Dilshan Kodituwakku shares his views on the residential real estate market, providing insights on navigating through residential real estate dynamics and how the market can potentially be improved.

