



ANALYSIS OF THE REDEVELOPMENT STAGE OF A REAL ESTATE; A CASE IN THE CITY OF COLOMBO

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It is challenging, to utilize the land at a maximum rate to respond the increasing population and the associated needs. Therefore maintaining an effective system to manage the land resource will be a crucial factor for a developed nation. In case of that, redevelopment and point of redevelopment are vital factors to be analyzed which will facilitate the better use of land. This paper aims to identify the redevelopment point of a potential real estate site which is already developed. For this purpose a site located at No. 05, Lesley Ranagala Mawatha, Colombo 08 consisting of 40 perches of land was identified which is currently using as a store room. The redevelopment stage occurs when the present value of the expected future net returns from the existing use of the land resource becomes less than the capital value of the desired site. Therefore present value of the expected future net returns of the existing use was estimated with the data gathered from primary sources. Value of the cleared site has obtained by the present value of the most profitable alternative use (proposed a mixed development of residential, office and commercial uses) less the cost of clearing the site and total cost of rebuilding for the new use, including ripening costs and normal profit. The comparative method and the project evaluation methods have been used to evaluate alternative uses to assess the viability of the project. The analysis indicates the redevelopment stage is in year 2015 and need the immediate attention. It can be concluded that applying methodological process to all properties is an immense help as to put the land into its best use.

Keywords: Redevelopment, highest and best use, Cleared site value, present value, Obsolescence