

'Fall Forward' by investing in Real Estate

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Since childhood, everyone around us always wants us to be secure. When one starts earning, everyone around us wants us to be financially secure. Financial security is the key to a growing individual, family, society and the country. What people say is “you need to have something to fall back on”. Why ‘fall back’, why not ‘fall forward’ by investing in real estate.

Real estate is the most attractive financial tool in the World with the highest rate of return on investment. This has been proved true throughout history and up until the present day. Stocks, treasury bills, equities and treasury bonds have been completely out driven by the returns investors have received through investment in real estate. Therefore, investing in savings accounts and fixed deposits are clearly the worst financial tools utilized by individuals. However, for purposes of ease and mental security some prefer investments in fixed deposits and savings accounts. This mental security is based purely on the ability to access the funds whenever the person so feels. Which in the eyes of real estate investors are the easiest and the saddest approach to maximizing your returns.

In a country such as Sri Lanka investment in real estate has been surpassed by the drive undertaken by banking and financial institutions to encourage savings accounts and fixed deposits. The sheer size of the banking and financial sector undoubtedly over powers the real estate sector in Sri Lanka, thus encouraging investors to seek the easiest and saddest approach to maximizing returns on their investment. These methods enrich banks and finance institutions as seen through record-breaking growth achievements seen each year on annual reports and newspapers. These achievements are at the loss of enriching and adding value to a community that will own real estate where maximization of returns over the years will be far greater. The simple question remains do Investors' in fixed deposits want to retire rich or poor?

A global research undertaken over a period of 150 years by the University of California, University of Bond and the Central Bank of Germany has clearly shown that the best return on investment over a 150 year period has been investments made in real estate. Furthermore, statistical research in Sri Lanka has clearly shown the unprecedented returns experienced by individuals that have invested in real estate. These investments have been strategized to maximize returns via close scrutiny, thus identifying real estate “boom pockets” in particular geographic locations in Sri Lanka. For instance, our experience has shown over 100% returns in less than 24 months into investing in “boom pockets”. Nonetheless, from a holistic approach real estate in Sri Lanka has brought returns exceeding expectations.

The responsibility remains in transforming the mind frame of the younger generation in looking at real estate as the most vital final tool in maximizing returns. Investing in real estate is not as easy as walking into a bank and opening a savings account. It requires strategic analysis and calculated thinking. But who said maximizing your investments is easy. Nevertheless, it would be better to retire rich than retire poor by working closely on understanding the value and investment cycle of real estate.

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