

Socio-Economic Insight of the Secondary Housing Market in Colombo Suburbs: Seller's Point of Views

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Abstract : "House" is a powerful symbol of socio-economic background of individuals and families. In fact, housing provides all types of needs/wants from basic needs to self-actualization needs. This phenomenon can be realized only having analyzed hidden motives of buyers and sellers of the housing market. Hence, the aim of this study is to examine the socio-economic insight of the secondary housing market in Colombo suburbs. This broader aim was achieved via analyzing the general pattern of the secondary housing market, identifying socio-economic motives of sellers of the secondary housing market, and reviewing sellers' experience of buyer behavior. A purposive sample of 50 sellers from popular residential areas in Colombo such as Maharagama, Kottawa, Piliyandala, Punnipitiya, and Nugegoda was used to collect primary data instead of relevant secondary data from published and unpublished reports. The sample was limited to selling price ranging from Rs15 million to Rs25 million, which apparently falls into middle and upper-middle income houses in the context. Participatory observation and semi-structured interviews were adopted as key data collection tools. Data were descriptively analyzed. This study found that the market is mainly handled by informal agents who are unqualified and unorganized. People such as taxi/tree-wheel drivers, boutique venders, security personals etc. are engaged in housing brokerage as a part time career. Few fulltime and formally organized agents were found but they were also not professionally qualified. As far as housing quality is concerned, it was observed that 90% of houses was poorly maintained and illegally modified. They are situated in poorly maintained neighborhoods as well. Among the observed houses, 2% was moderately maintained and 8% was well maintained and modified. Major socio-economic motives of sellers were "migrating foreign countries for education and employment" (80% and 10% respectively), "family problems" (4%), and "social status" (3%). Other motives were "health" and "environmental/neighborhood problems" (3%). This study further noted that the secondary middle income housing market in the area directly related with the migrants who motivated for education in foreign countries, mainly Australia, UK and USA. As per the literature, families motivated for education tend to migrate Colombo suburbs from remote areas of the country. They are seeking temporary accommodation in lower middle income housing. However, the secondary middle income housing market relates with the migration from Colombo to major global cities. Therefore, final transaction price of this market may depend on migration related dates such as university deadlines, visa and other agreements. Hence, it creates a buyers' market lowering the selling price. Also it was revealed that the buyers tend to trust more on this market as far as the quality of construction of houses is concerned than brand new houses which are built for selling purpose.

Keywords : informal housing market, hidden motives of buyers and sellers, secondary housing market, socio-economic insight

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