

# Sky High!

**Dilki Wijesuriya**

**'Crescat' the US\$47 million building project in Colombo is nearing its completion. The project which commenced in 1994 is expected to officially open in December this year. Crescat's managing director Daniel Roche in an interview with 'Business Today' said that they have already sold 40% of their apartments and are confident that sales will increase further, once the building is completed. Roche says 'Sri Lankans prefer a finished product, they do not like to buy on being shown a blue print.'**

**What is the make-up of the ownership of Crescat?**

Crescat is wholly owned by Asian Hotels Corporation which owns 100% of Hotel Lanka Oberoi, 100% of Crescat, 32% of Trans Asia and 52% of Hotel Ceylon Intercontinental. Asian Hotels is the holding company and owns over 50% of hotel rooms in Sri Lanka.

**Who are the partners of Asian Hotels Corporation?**

The company is made up of several shareholders but the main person behind Asian Hotels is Tan Sri Wan Hamza of Malaysia who together with associated shareholders (Providence Ltd, Asian Investment Management Services Ltd plus nominee accounts) owns 51% of the shares.

**What is the total investment in Crescat?**

The total investment is US\$47 million.

**What is the concept of your project?**

The concept is a residence tower consisting of 150 deluxe apartments. Floor area of these apartments vary from 895 square feet to 2,600 square feet and prices range from US\$126,000 to US\$608,000.

**Who are the architects & Structural Engineers for Crescat?**

Overseas WATG of Hawai and Sri Lanka Design Consortium were the architects whilst Skilling Ward Magnuson of USA who designed the World Trade Center in

New York were the structural engineers.

**Who are the contractors for the project?**

Mitsui Company are the main contractors whilst Shin Nippon are in charge of Mechanical & Engineering. Other international names associated with Crescat are UK based companies Hardal International, Ideal Standard and Brintons, Dun Bush and Grohe of Germany.

**What made you choose Sri Lanka for this project?**

At the time Asian Hotels decided to embark on this project, the company already owned the Hotel Lanka Oberoi and we also had a lot of land available. For these reasons we decided to embark on a building project consisting of several towers. We have been planning for two of these towers, one residence tower is almost complete and we have plans to build another office tower.

**At the time you embarked on this project what kind of demands were you expecting from the Sri Lankan market for this kind of apartment building i.e., what was your target market?**

At the time we came in there were very few condominiums or apartments of this category in Sri Lanka and yes I feel there is a very big demand for apartment buildings in the country. In fact, we have sold 40% of our apartments which goes to prove this.



*Daniel Roche*

**‘We have more than one phase planned for this project. This is phase I and phase II will be the other tower next to this one...’**

**How long did it take you to sell 40% of the apartments?**

It took us one year.

**When do you hope to achieve full occupancy?**

We will probably reach full occupancy in mid- 1999. Is that according to schedule or has it taken longer if so what are the reasons for the delay? No, we are not on schedule. It did take us a little longer, partly because of the economic situation and partly because we had a sudden drop in sales towards the middle part of the project. We started off very well and then saw a sudden decline. However, we seem to be over that now and sales are picking up again.

**How are your apartments priced?**

To give an example, a one-bedroom apartment located on the ground floor is priced at US\$126,000. The same apartment on the 20th floor would cost US\$190,000. A three-bedroom apartment will range between US\$208,000 and US\$299,000 depending on the level it is located. We have even larger penthouse apartments located on 4 different levels which are the 20th, 21st, 24th and 27th. These apartments have a floor area of around 2,600 square feet and their prices

range from anything between US\$460,000 to US\$608,000.

**Do you directly sell the apartments or have you appointed an agent?**

No, we do not have an agent. We have our own sales team who look after the marketing part.

**Who are your buyers can Sri Lankan incomes support the costs of these apartments?**

We have many Sri Lankans who have bought apartments in Crescat. There are two categories i.e. Sri Lankans living overseas and those resident here.

**Exactly what income bracket are you targeting?**

Definitely, the high income bracket such as decision makers of companies etc. and many of these Sri Lankans have sanctioned apartments either as an investment or for their personal use.

**What are the facilities that you offer your buyers?**

All the facilities that are normally offered for residences of this high category. The design is effectively modern and has the latest technology in terms of security, in terms of fire devices, wall-to-wall carpeting in sitting, dining and bedroom areas, fully equipped kitchens with kitchen cupboards and modern toilets etc. Other benefits consist of a fully equipped gymnasium, business center, game and TV rooms, 24- hour security and parking. To top it all the building has a full back-up power generator. There would also be a supermarket, a food court and a shopping mall within the complex.

**You are known to be the largest investor in Sri Lanka. What is your opinion of our business climate?**

It could be healthier. We are effectively moving towards progress now and business has begun to improve but the economy could become better yes.

**What do you think of Sri Lanka's bureaucracy, red tape for instance in comparison with your experiences in other parts of the world?**

There are always difficulties but we have been able to talk to people and sort out our problems. The process might be slightly longer than in other countries, but

our problems have not been insurmountable.

**In terms of your investment, how do you intend to recoup your moneys?**

It is very simple we will recover our moneys when we have sold all our apartments. We expect full occupancy by mid-1999 and by which time we would have enough cash to build the office tower.

**So you have more than one phase to this project?**

Yes, we have more than one phase planned for this project. This is phase I and phase II will be the other tower next to this one which will either house offices or will be another residence block. We have not yet decided what it is going to be.

**Do you at any time in the future intend going for a public share issue?**

The decision has not been taken to do so, but this may not be a probability. If we do need extra funds we would look to other avenues.

**What are the big names you intend bringing in to the shopping mall?**

Many of the big names in Colombo have approached us. We have Exclusive Lines, Paradise Road, Plâté, Mlesna etc. altogether we have around 40 names.

How many shops have you leased out so far? At the basement we have a supermarket which has been taken by Keells, and then we have a food court where all the shops have been taken, on the ground floor we have 9 small shops which have all been taken, we are just embarking on another project at this level where we plan to have a jewelry center. We will start selling those shops September onwards. At the lobby level i.e., the Lanka Oberoi level we have around 30- 35 shops. We will have the best shopping arcade in the country. When you look at the product the finish is top class, its all marble, the decor is absolutely beautiful and our residents would have no need to go out of their premises for any of their needs.

**How have you priced these shops?**

Again it depends on the location and floor area. Depending on the location we sell shops in the region of US\$82.5 to US\$4.5 per square foot.

**When will Crescat be officially opened and when can the residents occupy**

## **the apartments?**

We will have a soft opening in October and the official opening will probably be in December. The residents may be able to go into occupation by around November/December.

## **What are your views on the real estate market in Sri Lanka is it conducive for a project such as yours?**

The real estate costs here are very high, and that makes things rather difficult.

## **Don't major developers such as you get concessions when purchasing land?**

On the cost of the land no. Building costs depend on what location we choose to build.

## **What are your plans for the future?**

As I said earlier we intend building phase II of the project which will be a residence or office tower and it will also include the extension of the existing shopping mall. This extension will have another 40-50 shops.

## **As a major developer with a Sri Lankan experience what more, in terms of incentives, do you think investors would need to bring in more development projects into the country?**

More concessions on duties and taxes would be welcomed by most investors.

## **At the time you started Creseat there were not many apartment buildings in Colombo. The situation has now changed and many apartment blocks have mushroomed in the city. Would this pose a threat to you? How would you counter the competition?**

The biggest advantage we have is our location. What we are selling is one of the best locations in Colombo. On the other hand we are not really competing with most of the other projects because we feel ours is a product with a different concept. Some of these other apartments are only for lease and not for sale. I am not saying there is no competition at all, there will be some but we are selling the location and people who want the best will come to Crescat.