

Factors affecting the development of hotels in Nilaweli area in Sri Lanka

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Abstract

Real estate development is the continual reconfiguration of the built environment to meet various needs and wants of space of society. In a rapidly developing country like Sri Lanka, where economic conditions are being improved and thereby the needs of space is boomed and moving with forward thinking, real estate developers expand their investment harnessing new growth opportunities and maximize their development values. Tourism industry is such a prospective area in the country which generates various opportunities including development of hotels in various scales. Along with the economic strategies and downing of new era after the war in North and East of the country, tourism sector has become more prominent area of development particularly locations like Nilaveli in Trincomalee, where world famous tourist attractions, beaches etc. exist. Trincomalee is an area of great scenic beauty, which would be tremendous potentials for tourism. Popular tourist destinations include its beaches in Nilaweli are very good for activities like sunbathing, surfing, scuba diving, fishing and whale watching. Nilaweli hotel sector as a case study, this research is to explore and identify the factors affecting the hotel development in Nilaweli area from developers' point of views. Forty nine hotel developments in various scales in Nilaweli area were identified using a convenience sampling and a knowledgeable person(s) related with the development from each hotel project was interviewed for the collection of primary data. Secondary data were gathered from institutions such as Sri Lanka Tourism Development Authority, Kuchchaweli Divisional Secretariat, Trincomalee District Secretariat and Board of Investment in Sri Lanka. Both qualitative and quantitative data were collected and used to undertake a factor analysis and identified factors that described the pattern of relationship within selected variables. Developers' perceptions were obtained by means of a structured questionnaire set as five point Likert Scale. The results revealed that attractiveness of the hotel setting area, natural hazards, safety and security of the surrounding area, financial factor, government support, tax incentives and exemptions are significant in developing of hotels in the selected area.

Keywords: *Hotel development, tourism industry.*