

CHAPTER IVECONOMIC CHARACTERISTICS OF THE STUDY AREA

It is quite apparent to an impartial observer that the study area under consideration is a hive of economic activity. These activities generate income by the sale of goods and services and contribute to a dynamic economy. In the case of Borella, economic activity is basically centred on the sale of house-hold commodities, professional services, personal effects etc.,

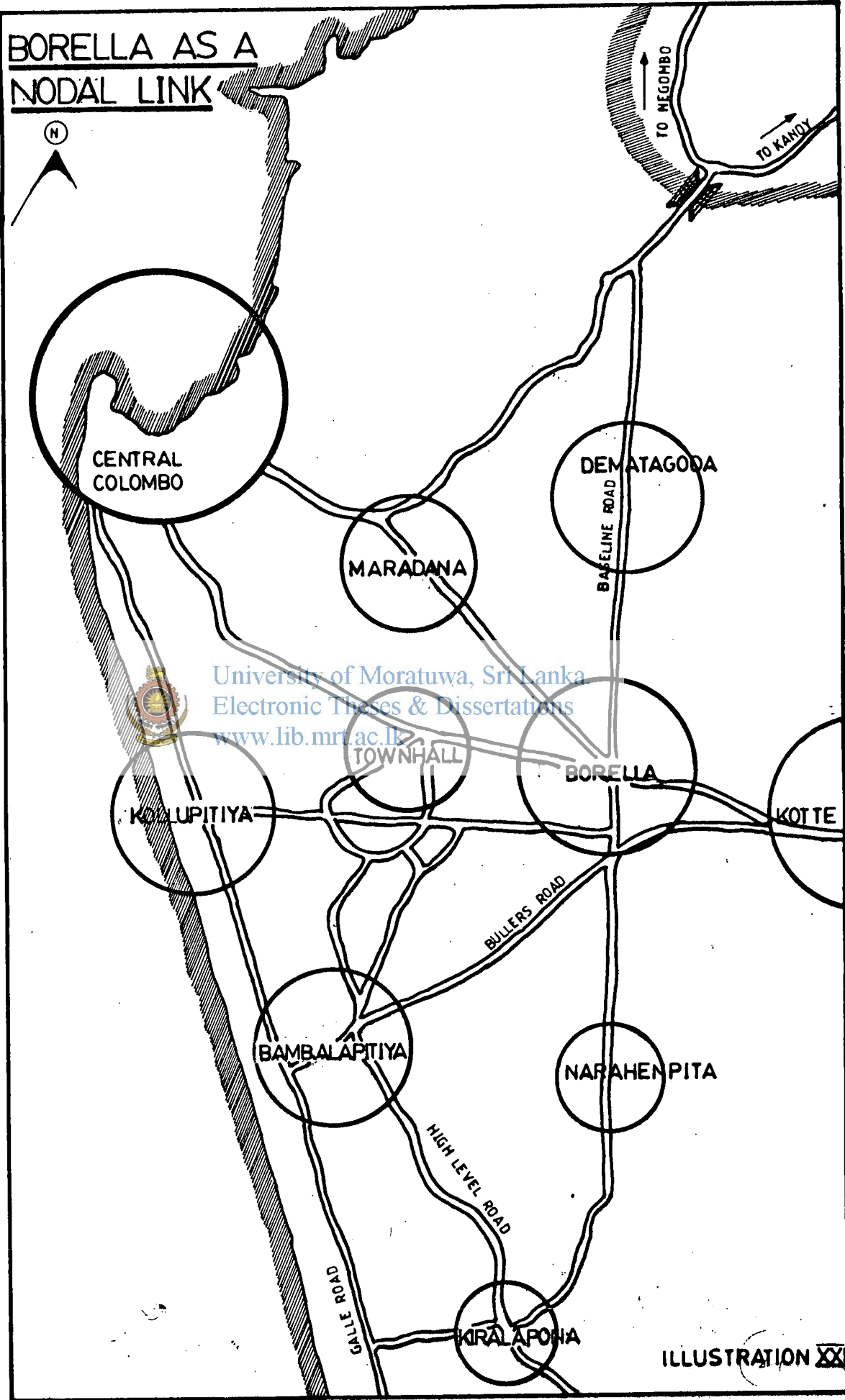
Borella is situated in proximity to the heart of Colombo which is the national commercial centre of the country. This situation has offered many opportunities to the Borella area to establish commercial linkages with Colombo. It has become one of the recipients of the spillover activities of the central area of Colombo city.

The other locational advantage of Borella is the thickly distributed residential area around it. Most of these areas are occupied by high income groups which contribute to the commercial development of Borella.

Colombo 7 (or Kurunduwatte), situated to the South -West of Borella is one of the well-known residential areas of the high income groups of the country. Borella itself is identified as a residential area particularly of the middle and high income groups.

Easy accessibility to other sub-centres such as Narahenpita, Dematagoda, Welikada, Peliyagoda and the Town Hall and even to areas as far away as Battaramulla, is another key factor in the commercial development of Borella. As discussed in Chapter III, Borella enjoys the status of a Nodal link between these commercial centres and residential areas. Since Borella is situated at a central point in the city, surrounded by commercial and residential areas, it enjoys many locational advantages.

The changes that took place in the economic development policies of the government have also motivated the growth of commercial activities in the city. These resulted in severe congestion in the central business area of Colombo, (Fort and Pettah.) Some commercial activities have been pushed away from the central area due to non availability of adequate space. These activities have already begun to locate themselves in sub-centres like Borella, Kollupitiya and Bambalapitiya.



This new trend in commercial development is indicated by the emergence of more specialized urban activities in these centres.

TABLE (V)

The following table shows the specialized commercial establishments in the Borella study area.

Specialized Commercial Establishments in Borella

<u>Nature of activity</u>	<u>No: of Establishments</u>	<u>% of Total</u>
1. Textiles	22	14.0 %
2. Jewellery	15	9.6 %
3. Electrical Goods	8	5.1 %
4. Florists & Undertakers	7	4.5 %
5. Drugs & Medical Equipment	6	3.8 %
6. Footware	4	2.5 %
7. Pharmacies	3	1.9 %
8. Shipping Agents	2	1.3 %
9. Others	<u>90</u>	<u>57.3 %</u>
	157	100.0 %
	=====	=====

Source : Borella Town Survey - 1982

The above table indicates that many specialized activities are concentrated in Borella, creating opportunities for ancillary activities to come in. Since congestion in the central area of Colombo is growing, shoppers tend to select secondary commercial centres where traffic congestion is less. Therefore shoppers gravitate into secondary centres like Borella, Kollupitiya, Maradana and Bambalapitiya. Since the Borella area has easy access to almost all the other commercial centres, it could be expected to attract more commercial activities in the future.

Futhermore, Borella enjoys many advantages by having established relations with specialized activities which are located in the other centres.

This is proved by the existance of accomodation for shipping agencies and export/import wholesale agents in Borella, since commercial activities of this kind are closely related to the harbour. But due to the lack of space in the central area of Colombo, these activities move out of the city centre in search of better locations at secondary centres. Presently two shipping agencies and one export/import trade agency are located in Borella.

This confirms the fact that the Borella area is growing, partly as a recipient of spillover activities of the central area of Colombo.

Secondly, Borella maintains a close relationship with the activities of Colombo General Hospital which is located to the west of Borella. The location of the General Hospital offers many incentives for the development of Borella. This has been proved by the presence of a number of commercial establishments, already located in Borella, which carry on activities that are complementary to the activities of the General Hospital.



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Commercial Establishments Related To The General Hospital.

<u>Nature of activity</u>	<u>Number of establishments</u>	<u>%Total</u>
Florists & Undertakers	7	4.5 %
Drugs & Medical Equipment	6	3.8 %
Fruit Sellers	4	2.5 %
Pharmacies	3	1.9 %
Others	137	87.3 %
Total	157	100.0 %

Source : Borella Town Survey - 1982.

The above table indicates the pattern of the commercial development that has taken place as a result of the establishment of the General Hospital. It seems reasonable to assume that any improvements to the General Hospital complex in the future, would induce further commercial development of the Borella area.

Thirdly, Borella is in an advantageous position by being situated close to the Panchikawatte area. A good vehicular communication between Borella and Panchikawatte is being maintained through Maradana Road. Since very recent times numerous vehicles have been imported into the country. These give rise to an increased volume of traffic and thereby boost activities which are related to the motor spare parts business. Therefore the Panchikawatte area, which is the best-known centre for the motor spare parts business of the country, has registered a phenomenal increase in the volume of motor spare parts business even beyond its traditional boundaries. Such business has now spread towards Borella through Maradana and towards Union Place through Darley Road. This trend has been indicated by the emergence of commercial establishments engaged in the motor spare part business in Borella. About 6% of the total commercial establishments in the Borella area is related to the motor spare part business.

Fourthly, the Maradana area has traditionally been specializing in Stationery, Printing and Book publication. Borella has also fallen within the area of influence of Maradana. And because the Borella area alone accommodates about seven schools, the commercial establishments selling stationary would grow in number in the future. For the same reason, the population as well as the public and private offices concentrated around the Borella area, would increase in the future.

A commercial survey was conducted in the study area to identify the different types of commercial activities and their relevant problems. A total of 168 permanent commercial establishments and 38 unauthorised sales points (mostly pavement hawkers) were identify within the Borella study area.

Details of these two categories are as follows.

Permanent Commercial Establishments

1. Textiles	-	22
2. Groceries	-	19
3. Jewellery	-	15
4. Snack Bars	-	11
5. Hotels	-	10

6.	Eating Houses	-	9
7.	Electrical Goods	-	8
8.	Florists & Undertakers	-	6
9.	Drugs & Medical Equipment	-	6
10.	Tailoring	-	5
11.	Hardware	-	4
12.	Footware	-	4
13.	Fruits, Rice & Vegetables	-	4
14.	Household Items	-	4
15.	Photographic Studios	-	3
16.	Sundry Cast-off Items	-	3
17.	Pharmacies	-	3
18.	Consumer Produce	-	3
19.	Petrol Sheds	-	3
20.	Shipping Agents	-	2
21.	Super Markets	-	2
22.	Banks	-	2
23.	Medical Clinics	-	2
24.	Barber Saloons	-	2
25.	Stationers	-	2
26.	Liquor	-	2
27.	Tourist Trade	-	2
28.	Motor Spares	-	1
29.	Timber	-	1
30.	Building Materials	-	1

(continued overleaf)

31. Grinders	-	1
32. Furniture	-	1
33. Garage	-	1
34. Co-op Shop	-	1
35. Export/ Import		
(whole-sale)	-	<u>1</u>
		<u>168</u>
		<u>=====</u>

Unauthorized Sales Points

Textile sellers on the pavements	-	14
Other micellaneous Items (Pavements hawkers)	-	7
Gram/ food / Tea / Drinks	-	8
Cigarettes / Lottery tickets etc	-	3
Fruits & Vegetables	-	6


The commercial characteristics of the study area are partly formed by local residential activities which are thickly distributed around Borella. About 32% of the total commercial establishments sell locally needed consumer products or services.

These activities would grow faster in the future because the population is increasing rapidly in the surrounding areas. Good roads link the surrounding residential areas of Borella to its centre, thereby attracting an increasing number of shoppers and consumers to it.

VOLUME OF SHOPPERS

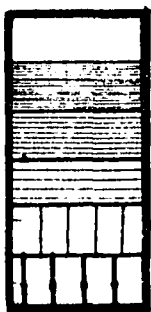
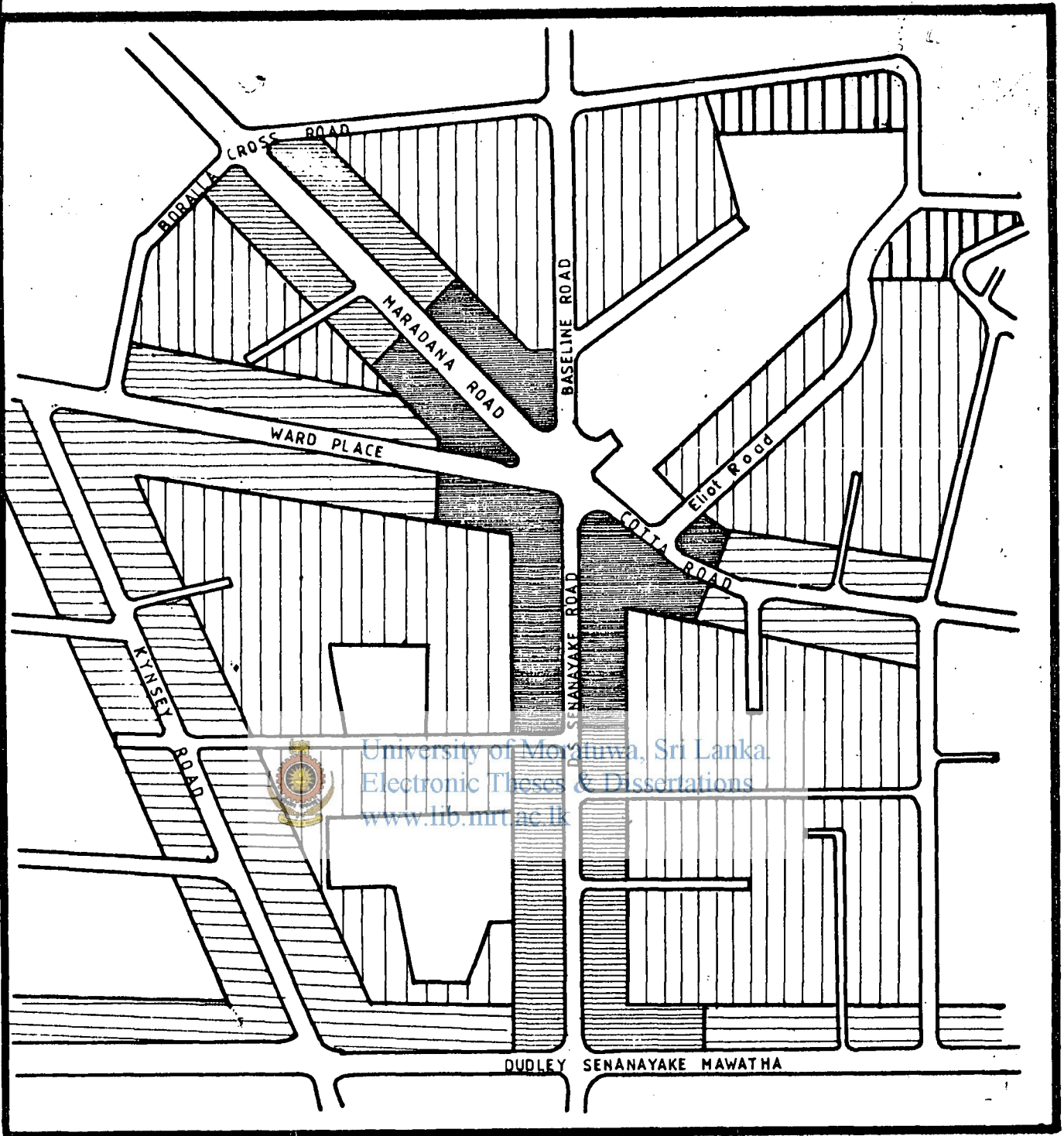
The volume of shoppers, who come to the selected study area averages over 20,000 daily. This number varies from day to day. On a Poya day (a holiday) this number is at its lowest, while on Sunday the volume is slightly greater than the average weekday. Saturdays are the busiest.

The volume varies with the different hours of the day. The volume of morning shoppers which is at a peak between 9.00 a.m. and 11.00 a.m., is less than that of the evening shoppers, which is greatest between 5 p.m. and 7 p.m.

The volume also varies with the seasons. During New Year in April,  University of Moratuwa, Sri Lanka. www.lib.mrt.ac.lk Vel festival in July, the figures are their peak.

LAND VALUES :

Land values in the area vary between Rs: 15,000 to Rs. 150,000 per perch, depending on location and use. The individual value of the residential areas in Ward Place, Rosemead Place and Barnes Place is around Rs 75,000 per perch. The other residential areas have values ranging from Rs 25,000 to Rs 50,000 per perch. The commercial value of land in the junction area can go up to Rs 150,000 per perch but on an average it is about Rs 100,000 per perch. However, one cannot find any land available for sale near the junction because of the demand for land.



CROWN LANDS			
	ABOVE	Rs. 100,000	PER PERCH
Horizontal lines	80	Rs. 100,000	-DO-
Diagonal lines	60	Rs. 80,000	-DO-
Vertical lines	40	Rs. 60,000	-DO-
Grid pattern	25	Rs. 40,000	-DO-

LAND VALUES IN THE STUDY AREA

The recent growth in the Borella area has been clearly highlighted in a land value survey conducted by the Central Bank of Ceylon in 1979.

TABLE (VII)

Increase in land value in 1979 - Borella

Year	No: of Transactions	Total extent (perches)	Registered average value Rs. per perch
1978	8	171	7263
1979	4	46	14492

Source : Central Bank of Ceylon



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The above table indicates/ land values in the Borella area have increased by 100 % within two years. This clearly reflects the great influence exerted by commercial development in the central area of Colombo due to the present government's policy changes.

RENTAL VALUES

Due to the long-term tenancy of commercial building units, the rental values in the area do not depict the real situation. However, according to a survey carried out by the U.D.A., rental values of the commercial buildings vary from Rs 6.50 to Rs 10.00 per sq ft. The current residential values can be estimated with fair accuracy as being between Rs 4.00 to Rs 8.50 per sq foot.

The Town Survey that was conducted in the Borella area has indicated that there are 154 commercial buildings of which about 90% are of a permanent nature (vide table 4). The other prominent feature is that about 31 % of all the permanent buildings are in good condition because they have been constructed only within the past 20 years. These facts indicate that Borella's growth in commercial activities since recent times has been influenced by local forces and by government policy changes.

TABLE (VIII)

Type of buildings

Age in years	Permanent		Semi-Permanent		Temporary	
		%		%		%
Less than 2	4	3.0%	-	0%	1	25%
2 - 5	10	7.3%	3	20.0%	-	-
5 - 10	6	4.4%	2	13.3%	3	75%
10 - 20	23	16.7%	1	6.7%	-	-
Above 20	95	69.0%	9	60.0%	-	-
Total	138	100.0%	15	100.0%	4	100%

Source : Borella Town Survey

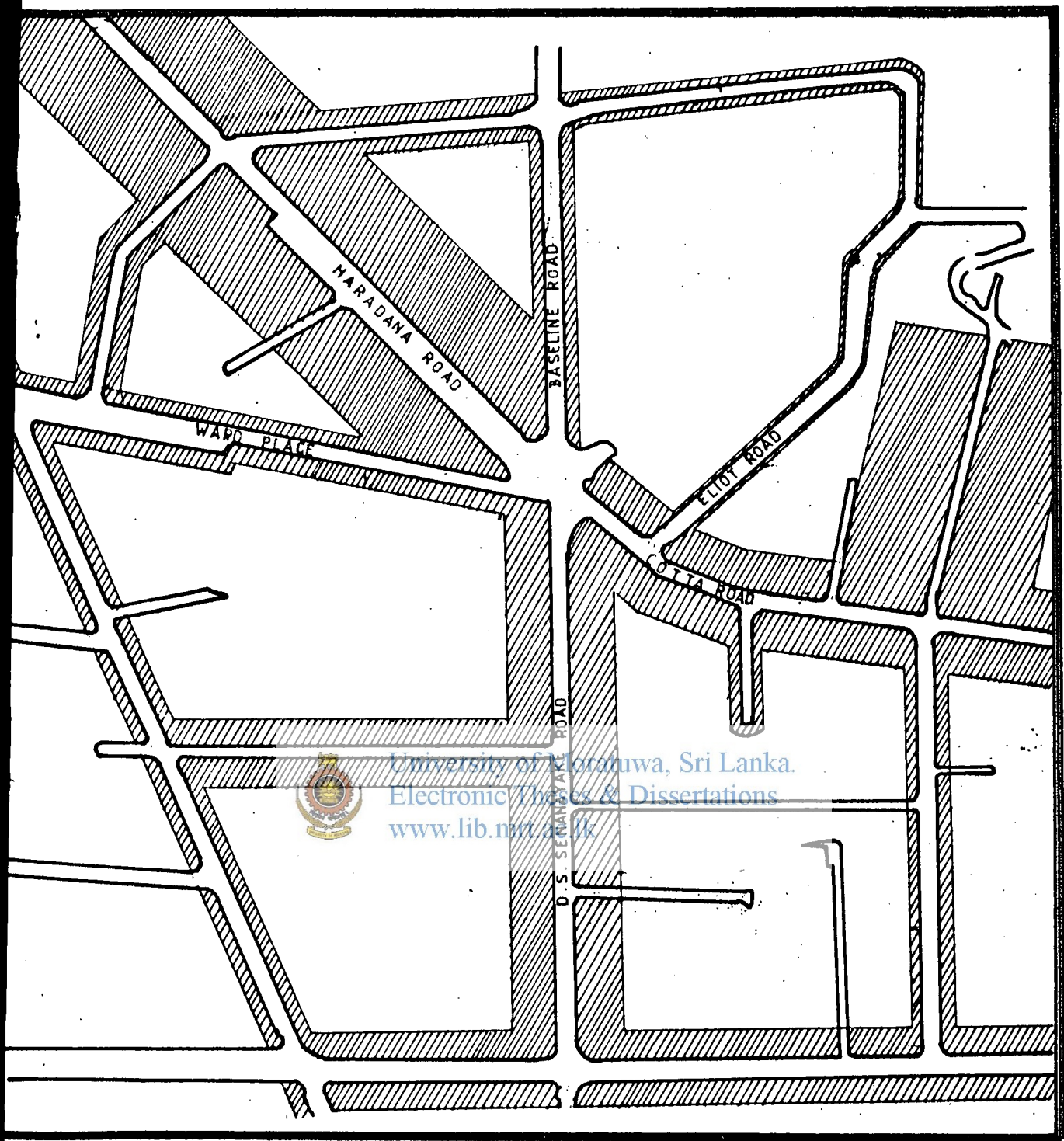
An analysis of building applications approved by the Colombo Municipal Council for the Borella area discloses a growing trend in the physical development of Borella.

TABLE (IX)

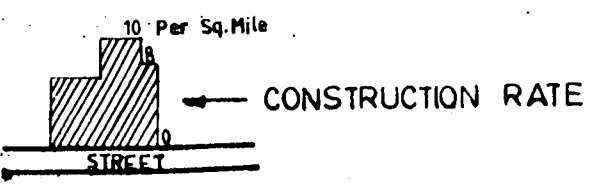
Building applications approved for the Borella area
1977 - 1981

Type of construction	Total no: of Application approved	percentage
1. Residential dwellings individual.	69	23.2%
2. Additional dwelling units, Flats or Annexes	25	8.4 %
3. Alterations, Amendments, Renewals, Extensions & additions to existing buildings	143	48.2 %
4. Group Quarters	24	8.1 %
5. Commercial Buildings	10	3.4 %
6. Boundary walls (masonry)	11	3.7 %
7. Offices	6	2.0 %
8. Other Buildings (public)	9	3.0 %
Total	297	100.0 %

The above table reveals that the total number of applications approved by the C.M.C. for the Borella area during the past 4 years was 297. Of this, about 48% was for new buildings for various uses.



CONSTRUCTION TREND IN THE STUDY AREA
(1977 - 1981)



Residential development which accounts for more than 20% of all new constructions indicates the growing trend in the Borella area. Additions to existing residential buildings reflect the growing pressure on residential dwellings.

CONCLUSION.

The above is an analysis of the economic characteristics of the Borella area with special reference to its location in relation to the other commercial centres, the activities in other centres, and the residential development in the surroundings. The analysis has revealed that the Borella area is very sensitive to the changes that are taking place in the central area of Colombo. The spillover activities of the central area of Colombo have already found their destination in the Borella area. In addition, the growing business of motor spare parts at Panchikawatte and the concentration of the high income group around the Borella area offer many opportunities to Borella for commercial development. An analysis of land values, age of buildings and condition/buildings has revealed the high potential of the Borella area for commercial development.

It is therefore logical to conclude that the Borella area has experienced a great demand for commercial development.