

Commodifying Nature Without Adequate Safeguards: Policy Gaps at the Nexus of Real Estate and Nature

Colombo is undergoing rapid transformation, particularly in the suburbs. Driven by economic growth, expanding transport infrastructure, rising urban migration, and increasing housing demand, urban development is steadily extending beyond the city's traditional core into its surrounding suburbs. Wetlands, paddy lands, lakes, and other peri-urban landscapes that once existed largely outside the purview of the development of the 'city' have increasingly become sites of residential expansion and investment. At the same time, these landscapes have acquired a new economic significance within Colombo's real estate market, where proximity to nature has become an increasingly desirable and marketable attribute. Properties overlooking wetlands, bordering paddy lands, or situated within greener suburban environments command price premiums and are routinely promoted as more desirable lifestyles.

This emerging relationship between nature and urban development reflects broader shifts in how cities are imagined and valued. Yet this evolution reveals a fundamental contradiction at the heart of Colombo's current development trajectory. The ecological systems that generate economic value for the real estate market are being progressively diminished through the very development they attract. Green suburban environments promoted as alternatives to urban congestion gradually lose the ecological qualities that made them desirable in the first place. As demand for nature-oriented living increases, the natural landscapes underpinning that demand are placed under growing pressure.

Our research findings highlight that Colombo is increasingly confronting the paradox of commodifying nature without safeguarding it.

Nature has become progressively more valuable within the city's real estate market, yet the governance systems responsible for guiding urban development remain insufficiently equipped to protect the ecological assets. While markets have evolved rapidly in recognising the commercial value of environmental amenities, planning institutions, environmental regulations, and governance arrangements have evolved more slowly, leaving a widening disconnect between how nature is valued economically and how it is governed institutionally.

The consequences extend well beyond biodiversity conservation. Urban wetlands, waterways, paddy lands, and green spaces perform critical functions that underpin Colombo's resilience. They regulate flooding, moderate urban temperatures, improve water quality, support biodiversity, store carbon, and contribute to physical and psychological wellbeing. Their degradation therefore represents not only an environmental concern but also a challenge for climate adaptation, public health, and the long-term liveability of the city.

Consequently, the central policy question facing Colombo is whether existing governance arrangements are capable of directing development in ways that strengthen rather than undermine the natural systems upon which the city's future prosperity depends.

1. Why does this matter?

The consequences of these development trends are already evident in Colombo's suburban landscapes. Satellite imagery of the Thalangama study area and its surrounding neighbourhoods reveals a drastic shift in land use over time.

Figure 1: Satellite images of study site in 2005 and 2025

2005



2025



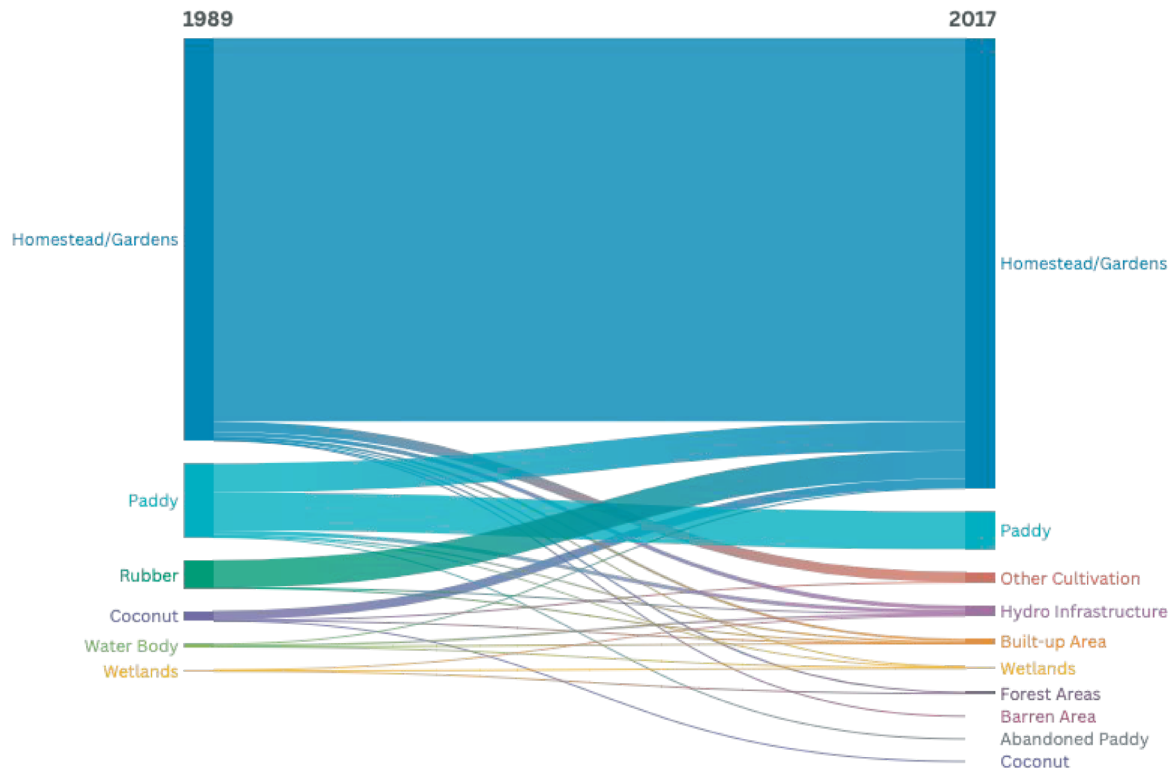
What was once a sparsely populated and predominantly green area has evolved into a zone of denser settlements, with increasingly fragmented and diminished green spaces. Older residents of the area recall a landscape once dominated by forests, rubber estates, paddy fields, and large homesteads, alongside rich biodiversity.

An analysis of land-use changes between 1989 and 2017 reveals significant ecological transformation. Although paddy land is protected by law, its extent has reduced by approximately 50% during this period. Significant expanses of paddy fields were reclaimed and converted to other uses, including housing, man-made water bodies, and other built areas. Lands under other cultivation, including rubber and coconut, have almost entirely been converted into homesteads and gardens.

The consequences of this uncoordinated growth are evident at the community level. In Thalangama and surrounding areas, residents have raised concerns over rising noise, traffic, and waste burdens, alongside reduced air quality and loss of flood protection. The once-distinct rural-urban mosaic that characterised this area is giving way to residential blocks with reducing public space or greenery.

These findings reinforce the need for development approval processes that better account for environmental considerations and the cumulative impacts of multiple developments across time and space. As development pressure continues to increase, planning and regulatory processes must be better equipped to manage these impacts while supporting the long-term sustainability and liveability of Colombo's suburban areas.

Figure 2: Sankey diagram based on land-use data illustrating changes in land use from 1989 to 2017



2. Policy landscape at the nexus of real estate development and nature

2.1. Key issues at the urban planning level

A Fragmented and Inconsistent Planning Environment

While the Western Province planning framework provides broad strategic direction at the provincial scale, city-level planning in Colombo has remained limited in scope, largely confined to the administrative boundaries of the CMC. However, the city's growth dynamics extend far beyond these boundaries into the surrounding suburbs. Urban planning across the district is also guided through multiple plans developed by different planning and local authorities. This has contributed to a fragmented and inconsistent planning environment, where Colombo's planning framework articulates disparate visions for the city and fails to provide

a broad and holistic vision for Colombo and its suburbs. Additionally, the absence of a unified policy governing urban green spaces means that conservation efforts are piecemeal, often confined to small pockets of protected land, while unprotected green areas remain vulnerable to conversion.

Fragmented Governance Mandates and Weak Oversight

A range of government institutions are involved in governing green spaces and land use in Colombo. The Thalangama EPA illustrates this challenge. Eight organisations are involved in its governance, each with specific but sometimes overlapping mandates. The research also highlights significant coordination gaps between institutions. While this multi-agency structure could strengthen environmental protection, in practice it has contributed to a lack of coordination, accountability, and day-to-day custodianship of green spaces.

Lack of Stronger Protection for Green Spaces

The UDA Act, National Environmental Act (NEA), Land Development Ordinance, and the Agrarian Development Act all provide partial coverage over different land types. However, loopholes in the legal text of these Acts create opportunities for land conversion despite existing protection laws. Although the law governing paddy land conversion is strict, the Department of Agrarian Development (DAD) may officially declassify paddy lands by gazetting them as non-paddy once a nominated productivity committee determines that the land cannot produce sufficient yields. Weak enforcement and legal ambiguity over what constitutes low-yielding, abandoned, or non-cultivable land further create opportunities for conversion. The research also found that, in some cases, landowners have deliberately left fields uncultivated or created conditions for abandonment, making them eligible for conversion under these existing legal provisions as this is more economically lucrative.

There are thirteen Environmentally Sensitive Areas (ESAs)¹ within Colombo District. However, only four of these ESAs are legally protected under the Fauna and Flora Protection Ordinance (FFPO) and the NEA. While the FFPO provides for the protection and conservation of Sri Lanka's fauna and flora and their habitats, including the prevention of commercial and other misuse of such fauna and flora and their habitats, and the conservation of biodiversity, these legal protections remain narrowly applied. As a result, green spaces outside these narrowly defined categories remain vulnerable to land-use conversion and piecemeal degradation, highlighting the need for stronger spatial protections.

¹ Environmentally Sensitive Areas (ESAs) are vital landscapes and seascapes located outside formal wild-life reserves that possess high biodiversity, rare species habitats, or crucial ecosystem services requiring special local management and sustainable development planning. ESAs are not publicly or legally declared as such through an exhaustive national list.

2.2. Key issues at the Project Level

Lack of Transparency on Land-Use Data

While broad zoning classifications are available through city plans, the latest land-use data is not publicly available. Although developers are required to verify land use before project commencement, the lack of transparency limits the ability of communities, civil society organisations, and other stakeholders to monitor compliance and hold developers or approving authorities accountable for the misuse of zoning regulations.

Issues Around Current PPC Approvals

The UDA currently provides the Preliminary Planning Clearance (PPC) based on preliminary plans outlining intended residential use, apartment numbers, and amenities, and does not require land-use clearance or environmental feasibility tests. As a result, environmental considerations are not systematically assessed during the early stages of project approval, particularly before construction begins.

Inadequacy of CEA's List of "Prescribed Projects" for EIAs

Under the CEA's list of prescribed projects, EIAs are required only for developments exceeding 10 hectares or located within or near specified ESAs. However, condominiums (particularly middle-income private developments) are increasingly being constructed on much smaller land parcels - as small as 90 perches in many cases. Consequently, many high-density developments are approved and constructed without adequate environmental feasibility tests.

Lack of regulations to avoid greenwashing in real estate marketing

Real estate companies are increasingly branding their projects using imagery and language associated with nature (green vistas, water bodies, and tranquil settings), as well as sustainability terms such as ‘eco-friendly’, ‘green building’, ‘sustainable design’, or ‘climate-smart housing’. Yet, much of the sustainability claims are superficial. Certification systems such as ‘GreenSL’ or LEED remain rare and inconsistently applied, and there are no binding standards for environmental claims in marketing.

3. Towards a policy agenda

This paper is intended to support dialogue with the help of the following questions to frame discussion:

- How can Colombo transition from project-based environmental regulation towards landscape-scale urban governance?
- What institutional arrangements are needed to better integrate urban planning, environmental management, and infrastructure development across the metropolitan region?
- How can planning frameworks more effectively recognise the economic and ecological value of urban green spaces as critical infrastructure?
- Where are the most feasible entry points for policy reform, institutional collaboration, and public advocacy?
- What roles should government, academia, civil society, and the private sector each play in advancing a more nature-sensitive model of urban development?

As the city’s suburban expansion accelerates, policy interventions are critical to prevent further loss of green spaces and ensure that development enhances, rather than undermines, the city’s livability. The insights from the research reveal that the challenge is not merely conserving green spaces in isolation, but re-imagining them as integral systems within a rapidly urbanising region. To safeguard its natural landscape while meeting urban growth needs, Colombo must move from fragmented, reactive planning to a model of integrated, participatory, and ecologically informed development.



Scan the QR code to download the report,
*“Shifting Grounds: Unpacking the Tensions
between Real Estate Development and
Nature in Colombo.”*

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