

Quarterly Commercial Property Review Q1 2011

| | | Q2 2010 | Q3 | Q4 | Q1 2011 |
|---|--------------------|------------|----|----|------------|
| Offices: The volume of vacant office stock continues to rise, though respondents noted that it is beginning to tail off, as no new developments are being commenced. Transactions were strong in the first quarter of 2011, compared to previous quarters, but there was a stabilisation in enquiries. This may have an impact on the volume of transactions in Q2. Sentiment amongst both investors and occupiers has been weak throughout 2010, and into 2011, reflecting poor levels of confidence in the wider economy. The value of inducements has fallen over 2010 and this will be monitored closely into 2011. | Transactions | ↑ | ↑ | ↑ | ↑ |
| | Enquiries | ↑ | ↑ | ↑ | ↔ |
| | Vacant stock | ↑ | ↑ | ↑ | ↑ |
| | Lease length | ↓ | ↓ | ↓ | ↓ |
| | Investor Sentiment | ↓ | ↓ | ↓ | ↓ |
| | Occupier Sentiment | ↓ | ↓ | ↓ | ↓ |
| | Inducements | ↑ | ↔ | ↓ | ↓ |

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|--|--------------------|---|---|---|---|
| Retail: Sales and lettings of retail units declined in volume over 2010 and into 2011, with many respondents citing uncertainty over future policy direction regarding rent review clauses as a reason for declining enquiries and transactions in recent months. Poor consumer sentiment has undermined the Irish retail sector, having an impact on the volume of new property transactions. There has been a constant increase in the volume of vacant stock coming onto the market, especially outside of Dublin, and across all regions, lease length and the value of inducements has fallen. Inducement values had been rising throughout the first half of 2010. | Transactions | ↑ | ↔ | ↔ | ↓ |
| | Enquiries | ↑ | ↑ | ↑ | ↔ |
| | Vacant stock | ↑ | ↑ | ↑ | ↑ |
| | Lease length | ↓ | ↓ | ↓ | ↓ |
| | Investor Sentiment | ↓ | ↓ | ↓ | ↔ |
| | Occupier Sentiment | ↓ | ↓ | ↓ | ↔ |
| | Inducements | ↑ | ↔ | ↓ | ↓ |

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| Industrial: While there was a small increase in the number of enquiries regarding industrial property in the most recent quarter, this has not yet had an impact on the number of actual transactions, suggesting other financing issues are having an impact on the property market. Leases are shortening, as more vacant stock comes onto the market, and while the economy remains in a weakened position. Occupier and investor sentiment fell during 2010 but seem to have stabilised. | Transactions | ↓ | ↓ | ↓ | ↓ |
| | Enquiries | ↓ | ↓ | ↓ | ↑ |
| | Vacant stock | ↑ | ↑ | ↑ | ↑ |
| | Lease length | ↓ | ↓ | ↓ | ↓ |
| | Investor Sentiment | ↓ | ↓ | ↓ | ↔ |
| | Occupier Sentiment | ↓ | ↓ | ↓ | ↔ |
| | Inducements | ↑ | ↔ | ↓ | ↓ |

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| Development Land: Development land continues to be the weakest-performing part of the market, and the ongoing downward trend seen in 2010 does not seem to have changed. There are very few transactions taking place. | Transactions | ↓ | ↓ | ↓ | ↓ |
| | Enquiries | ↓ | ↓ | ↓ | ↓ |
| | Unsold land | ↑ | ↑ | ↑ | ↑ |
| Overall Commercial Property Market: A large number of respondents noted that the general election caused something of a hiatus in the property market, as issues of rent reviews and other policy measures became topics for wide-spread discussion. During this period, potential purchasers were disincentivised from undertaking any significant transactions. The continued macro-economic weakness has continued to undermine sentiment, although respondents did note an increase in enquires from overseas investors, attracted by falling prices and greater competitiveness in the Irish property market. Looking to the future, respondents noted that while domestic enquiries had fallen, this decline was not unusual for the first quarter of the year, and that following the election and the release of the Programme for Government, confidence and activity should recommence. | Transactions | ↓ | ↓ | ↔ | ↓ |
| | Enquiries | ↓ | ↓ | ↔ | ↓ |
| | Vacancy | ↑ | ↑ | ↑ | ↑ |
| | Lease length | ↑ | ↓ | ↓ | ↓ |
| | Investor Sentiment | ↓ | ↓ | ↔ | ↓ |
| | Occupier Sentiment | ↓ | ↓ | ↓ | ↓ |
| | Inducements | ↑ | ↑ | ↓ | ↓ |
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Notes: This is the fifth quarterly commercial property survey undertaken by the Society of Chartered Surveyors Ireland. Respondents were asked for their experiences under a number of headings during the previous quarter (Q1 2011: January to March 2011) and to give their forecasts for the current quarter. Results were anonymous and gathered online. The next quarterly survey will be issued to Society members in the first week of July 2011 to record the period Q2 2011.

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