

Quarterly Commercial Property Review Q2 2011

		Q3 2010	Q4	Q1 2011	Q2
Offices: The volume of vacant stock declined in Q2 following stagnation in the previous quarter. Transactions continued to increase and Q2 was the fifth successive quarter of growth recorded. Following their stabilisation in first quarter, enquiries were up mirroring the trend witnessed in the latter part of 2010. Lease length continued to shorten and this trend has been evident since the second quarter of 2010. The fall in the value of inducements continued unabated and Q2 2011 was the third successive quarter where inducements recorded a decline.	Transactions	↑	↑	↑	↑
	Enquiries	↑	↑	↔	↑
	Vacant stock	↑	↑	↔	↓
	Lease length	↓	↓	↓	↓
	Investor Sentiment	↓	↓	↓	
	Occupier Sentiment	↓	↓	↓	
	Inducements	↔	↓	↓	↓
Retail: Sales and lettings of retail units continued to decline in volume as witnessed in the first quarter of the year. This is the second successive quarter of decline following a period of stagnation in the second half of 2010. Conversely, enquiries were up reversing the inactivity witnessed in the previous quarter. The trends of increasing vacant stock, shorter lease length and declining inducements continued unabated.	Transactions	↔	↔	↓	↓
	Enquiries	↑	↑	↔	↑
	Vacant stock	↑	↑	↑	↑
	Lease length	↓	↓	↓	↓
	Investor Sentiment	↓	↓	↔	
	Occupier Sentiment	↓	↓	↔	
	Inducements	↔	↓	↓	↓
Industrial: After bucking the trend in the first quarter enquiries were down again in Q2 and this was reflected in a further fall in transactions. Increases in vacant stock were again recorded in line with other sectors of the market. Leases continue to shorten in the industrial sector as more vacant stock comes onto the market. Inducements were also down for the third consecutive quarter.	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. Declining transactions and enquiries continued in Q2 as quantities of unsold land increased.	Transactions	↓	↓	↓	↓
	Enquiries	↓	↓	↓	↓
	Unsold land	↑	↑	↑	↑
Overall Commercial Property Market: The respondents to this survey were unanimous in their view of the discussion regarding the abolishment of Upward only Rent Reviews. The ongoing debate is causing further uncertainty in the commercial property market. The discussion is further eroding confidence in the sector and acting as a deterrent for potential investors. This uncertainty combined with the dearth of credit available from financial institutions will do little to ease the paralysis the commercial property market is experiencing. The retrospective element is damaging our potential for attracting foreign investment. The general sentiment is that the issue needs to be resolved promptly to inject some much needed confidence to the sector. Other issues of concern relating to the commercial property sector were the sovereign debt crisis engulfing the eurozone, the continuing lack of available credit particularly for SME's and the failure to establish a national price register.	Transactions	↓	↔	↓	↓
	Enquiries	↓	↔	↓	↓
	Vacancy	↑	↑	↑	↓
	Lease length	↑	↓	↓	↓
	Investor Sentiment	↓	↔	↓	
	Occupier Sentiment	↓	↓	↓	
	Inducements	↑	↓	↓	↓

Notes: This is the sixth 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 (Q2 2011: April to July 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 October 2011 to record the period Q3 2011.

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