

The Society of Chartered Surveyors

SURVEYORS COMMERCIAL PROPERTY SURVEY INDICATES OFFICE AND RETAIL MARKET SHOWING SIGNS OF IMPROVEMENT

OVER HALF BELIEVE NAMA WILL ASSIST IN THE RECOVERY OF THE IRISH PROPERTY MARKET

Thursday 27th May 2010 The latest commercial property survey by the Society of Chartered Surveyors indicates increased optimism in the Irish office and retail markets. However the volume of enquiries from prospective tenants still remains low compared to historic averages.

The quarterly survey shows that the pace of decline in the volume of lettings being completed in the commercial property market in quarter one has slowed, compared to the last quarter in 2009, indicating that the market is stabilizing. However as the volume of available vacant property is continuing to rise, rents and the length of new leases are potentially set to fall further in 2010 while the value of inducements will increase.

These findings are based on the responses of chartered surveyors in general practice and valuations to a detailed questionnaire completed earlier this month.

While the number of retail lettings fell during the first quarter of the year, it did so at a much slower pace than in the last quarter of 2009. Even though survey respondents expect the volume of retail lettings to drop further during 2010 they were more optimistic about the retail sector than any other commercial property sector.

Similarly the news on the office market was more positive with the number of lettings being completed during the first quarter of the year holding steady following a large decline in the last quarter of 2009. Again, as with the retail sector, survey respondents indicate that increasing office vacancy levels will force rents for the sector to fall at a faster pace in quarter two, than at the beginning of the year.

When asked if the bottom of the market had been reached, the overwhelming response was 'no', with respondents believing further general declines in rents and capital values may occur

during quarter two. However respondents were slightly more optimistic that office and retail rents were beginning to show signs of bottoming out.

Commenting on the results, the President of the SCS, Peter Stapleton said that the results are not at all surprising given the relative inactivity in the market and incredibly difficult challenges facing business. But he said there were some positives.

“A fall off in the level of enquiries along with the clear oversupply of offices is making a definitive contribution to Irish competitiveness. Occupancy costs are clearly re-adjusting at a level which is bringing us more into focus on the global stage for inward investment and we believe that in time we will see positive results in this regard’ he said.

When asked if NAMA would assist in the recovery of the Irish property market, 52% of respondents said they believed it would, while 24% said they did not know and another 24% said it wouldn't.

Stapleton said it was heartening to see that a majority of surveyors felt NAMA would help the property market recover and that while the project was still a work in progress – and sizeable numbers remain to be convinced of its merits - he was confident NAMA would, in time, greatly assist in establishing a meaningful market.

The special resolution on a merger between SCS and the Irish Auctioneers and Valuers Institute will be decided in the coming week and Stapleton said he hoped that members would support the recommendation of the SCS Council and vote positively in favour of it.

To view the results of the survey, please click on link below

http://www.scs.ie/members/general_practice_valuation/gp_files/commercial_property_survey/q2_2010/Commercial-Property-Survey-Q2.pdf