

Valuation Department - Prospects for 2009

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2008 was a difficult year for many of us. In terms of lettings and sales the year started by looking quite promising, a good volume of activity within the market place and rents remaining stable through the first quarter. Our landlord and tenant department detected a general increase in rents settled at review and on lease renewals.

As the year progressed, predictions of a downturn in the economic climate became commonplace and market conditions began to deteriorate with prime funds and institutions down-valuing their property portfolios and banks tightening their lending criteria. The crisis in the banking sector on a worldwide basis hit in the autumn and has resulted in uncertainty within the market. The resultant lack of activity and transactions causes us as valuers extreme difficulty in providing accurate valuations, although at this point of time the number of valuations called for by the banks is very limited.

However, despite the doom and gloom, there is still a market if property is correctly priced and Whybrow are still completing a steady volume of sales and lettings proving that there is a demand for commercial property albeit at lower volumes. We enclose a list of some of our recent transactions and a corporate brochure which we hope will be of interest to you.

Our predictions for the New Year indicate that conditions will continue to be challenging but our recent activity indicates the market is not grinding to a halt and we are still receiving a healthy number of enquiries for commercial property. Much will obviously depend on the Government intervention within the economy and their efforts to stimulate it. One thing, however, is for certain, the property industry has not taken kindly to the implementation of empty rates with the Rating (Empty Properties) Bill 2007, which came to effect early in 2008, which saw the abolition of business rates relief on empty properties. We are nevertheless pleased that the Chancellor of the Exchequer has recently decided that this need only apply to properties with a rateable value of over £15,000, a temporary measure to be implemented from April 2009 for a period of twelve months.

In 2009 we anticipate that the retail sector will continue to suffer with more units becoming available early in the New Year and it is likely that banks, other lending institutions will call for revaluations on their existing loans against property, and there will be more reposessions and bankruptcies. Under these circumstances it is important that valuers have an up-to-date knowledge of the market to give the best possible advice to banks, receivers etc. On the Landlord & Tenant side it will be necessary for us as advisors to both landlords and tenants to think of creative ways of sorting out difficulties relating to rent reviews and lease renewals structuring matters whereby businesses can continue trading and overcome the present difficulties.

We have been there before and the market will adjust itself and there will be a drop in values in certain sectors. It will be a time of opportunities for the cash rich investor.

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