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Article

Doom and gloom or a glimmer of hope?

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by Jonathan Pender, partner specialising in commercial property

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'The pace with which the commercial property markets developed momentum in the final months of 2007, came to a grinding halt,' says Jonathan Pender, partner at Phillips Solicitors specialising in commercial property, 'apparently the full effects of interest rate rises, share market volatility and a dip in business and consumer sentiment has stunned the market, according to the national press but life in the real world doesn't bear this out.'

The national picture

The Royal Institution of Chartered Surveyors (RICS) confirmed the weak outlook for commercial property. "We expect prices in the sector to continue to retreat over the course of 2008 as investors adopt a more cautious stance," said its chief economist Simon Rubinsohn.

But he added that there is little chance of a crash. "Crucially, occupier demand for property still remains firm and while the economy is set to slow, there are few signs of the recession that would undermine this vital prop for the market.

Tenant demand for commercial property fell to 2003 levels, says the RICS Commercial Property Survey and their surveyors reported that business demand for commercial property fell in the fourth quarter of 2007.

The chief executive of Hammerson, the FTSE 100 developer, said earlier this month that prices of commercial property, worth some £700 billion, were likely to fall by 10 per cent by June, bringing the total decline to 20% in 12 months. And for good measure, the Bank of England has just warned in its Financial Stability Report that lenders are still in serious trouble.

And the local picture?

'There are clearly conflicting signals' says Jonathan Pender 'I have real difficulty in recognising the apparent national gloom when viewing business activities in and around Basingstoke. Of course the UK is affected by the faltering US global economy but we're finding that locally it has injected a dose of reality. Yes, we anticipate a downturn in prime commercial property prices, but Basingstoke is a vibrant

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business community with good employment levels and will certainly survive this so-called downturn. A downturn or adjustment, call it what you like, may mean a crash but this isn't newsworthy. Life goes on, prices readjust. The national press has a lot to answer for and has talked up the doom and gloom scenario, way beyond what is reflected in the land market.'

From the landmark office blocks of Basingstoke and Festival Place to the corner shop you can't escape from commercial property in Basingstoke – in fact 30-40% of the buildings in this country are commercial property buildings. Whether you are a sole trader or a multinational you won't be able to escape the complexities of commercial property law either – leases, funding, planning, development, acquisition and disposal, relocating and VAT, which is what our commercial property team do each and every day, making life easier for our clients. So call us and we'll make sure you can get on with running your business.

Call Jonathan or any of our commercial property team on 01256 460830

ENDS

Note to editor: Phillips is a leading law firm in Basingstoke, with nearly 60 members of staff. We offer a comprehensive range of services to business and private clients, locally and nationwide. We specialise in helping clients achieve what they want.

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