

# RICS Cyprus Property Price Index

## Q1 2010

This is the second publication of RICS Cyprus' Property Price Index, a quarterly publication which is based on methodology produced by the University of Reading, UK. The Index tracks property and rental prices across all districts, and monitors changes in residential (apartments and houses), offices, high street retail, and warehouses.

### Introduction

The beginning of 2010 finds Cyprus bearing the brunt of the global economic crisis, as the economy has slowed down, there is a decrease in the government's income from taxation, and there is a severe reduction in property transactions. The latter can be mainly attributed to the decrease in overseas buyers (down around 80% compared to 2005-2008), to the curtailing of loans by banks and other financing institutions for property purchases, and to the change in people's expectations of future changes in capital values.

### Market Selling Values

The Property Price Index has recorded what can only be described as the anticipated spread and behaviour of property prices across Cyprus' major urban areas. Residential prices for both houses and flats fell by an average of 1.6% and 4.5% respectively, with the biggest drop for houses taking place in Larnaca (-6.8%) and for flats in Paralimni (-14.9%). Values of commercial properties generally fell across all cities by an average of 1.4% for retail and 2.9% for warehouses. The exception were offices which rose by an average of 1.4%, greatly influenced by offices in Nicosia which rose by 6.1%.

### Market Rental Values

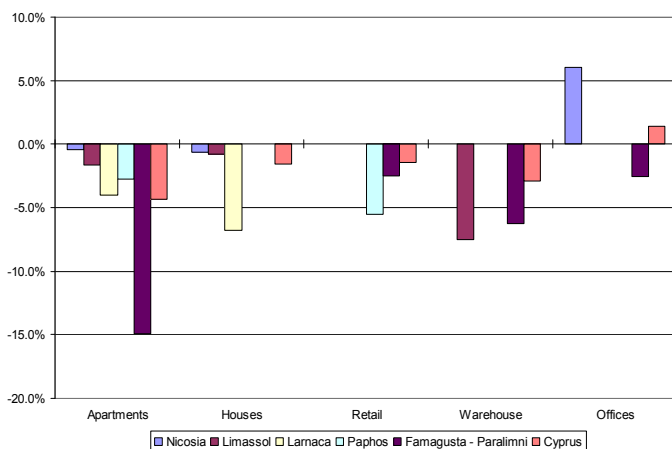
Rental values across Cyprus fell for apartments, houses, and retail units by 1.9%, 2.7% and 1.5% respectively. In contrast rents on warehouses and offices increased by a respective average of 1.0% and 2.7%.

The distribution of rents shows an interesting dichotomy between Nicosia and the coastal cities. Rents for warehouse and office space in Nicosia increased by 10% and 12.5%, counterbalancing the drop in rents in all other cities. This can be attributed to a lack of Grade A office space across Nicosia, especially space that has ample parking and is easily accessible from the highway. The latter also applies for warehouse space as companies seek to lower their distribution costs by centralising their operations.

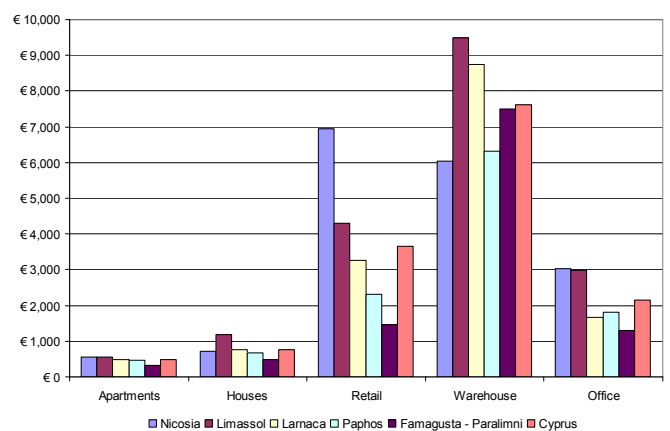
### Investment Yields

Investment yield is a term rarely used in Cyprus as most companies own their real estate instead of leasing it. However, yields are a useful tool showing the relationship between rent and property prices. Initial yields on commercial property increased slightly, and now stand at 6.1% for retail, 4.7% for offices, and 5.0% for warehouses. Yields on residential property are at a very low of 3.6% for apartments and 2.0% for houses, showing that prices relative to rents remain at multiples which are considerably above that of other European countries.

### Quarterly change in average prices



### Average Rent (per month)



**RICS**

the mark of  
property  
professionalism  
worldwide

in association with

**CYPRUS ASSOCIATION OF CERTIFIED  
QUANTITY SURVEYORS  
AND CONSTRUCTION ECONOMISTS**



# RICS Cyprus Property Price Index Q1 2010

Average unit price					
	Nicosia	Limassol	Larnaca	Paphos	Famagusta – Paralimni
<b>Apartments</b>	€ 170,000	€ 175,000	€ 180,000	€ 151,000	€ 131,000
<b>Houses</b>	€ 520,000	€ 492,000	€ 409,000	€ 460,000	€ 413,000
<b>Retail</b>	€ 1,079,000	€ 912,000	€ 550,000	€ 732,000	€ 341,000
<b>Warehouse</b>	€ 2,280,000	€ 2,498,000	€ 1,933,000	€ 1,405,000	€ 1,125,000
<b>Office</b>	€ 804,000	€ 600,000	€ 480,000	€ 523,000	€ 329,000
Average monthly rent					
	Nicosia	Limassol	Larnaca	Paphos	Famagusta – Paralimni
<b>Apartments</b>	€ 565	€ 553	€ 492	€ 457	€ 325
<b>Houses</b>	€ 723	€ 1,181	€ 770	€ 665	€ 486
<b>Retail</b>	€ 6,950	€ 4,305	€ 3,255	€ 2,317	€ 1,469
<b>Warehouse</b>	€ 6,050	€ 9,500	€ 8,750	€ 6,319	€ 7,500
<b>Office</b>	€ 3,038	€ 2,994	€ 1,655	€ 1,800	€ 1,300
Initial yield					
	Nicosia	Limassol	Larnaca	Paphos	Famagusta – Paralimni
<b>Retail</b>	7.7%	5.7%	7.1%	3.4%	5.2%
<b>Warehouse</b>	3.2%	4.6%	5.4%	5.4%	8.0%
<b>Office</b>	4.5%	6.0%	4.1%	4.1%	4.7%

## Outline of properties

- Apartments:** Two bedroom, 85sqm, Medium quality.  
**Houses:** Three bedroom with garden, Semi-detached, 250sqm, Medium quality.  
**Retail:** High-street retail, 100sqm ground floor area with 50sqm mezzanine.  
**Warehouse:** Light industrial area, 2.000sqm, 200sqm office space.  
**Office:** Grade A, City centre location, 200sqm.



**RICS**

the mark of  
property  
professionalism  
worldwide

in association with  
**CYPRUS ASSOCIATION OF CERTIFIED  
QUANTITY SURVEYORS  
AND CONSTRUCTION ECONOMISTS**



# RICS Cyprus Property Price Index

## Q1 2010

### Contributing professional bodies

#### Profile of the RICS

The RICS – the Royal Institution of Chartered Surveyors – is the largest organisation for professionals in property, land, construction and environmental assets, worldwide. The organisation was created in 1868 and now has over 140,000 members in 146 countries. RICS Europe is based in Brussels and represents 17 national associations, with over 8,150 members in Continental Europe. Visit [www.joinricsineurope.eu](http://www.joinricsineurope.eu) and [www.rics.org](http://www.rics.org) for more information.

#### Profile of ΣΕΕΟΚΚ

The Cyprus Association of Quantity Surveyors and Construction Economists (ΣΕΕΟΚΚ) is the association that represents Chartered Quantity Surveyors and Quantity Surveyors whose main area of work is in Cyprus and they permanently live in Cyprus. Visit [www.seeokk.org](http://www.seeokk.org) for more information.

---

### Index parameters and methodology

#### Methodology

The methodology underpinning the RICS Cyprus Property Price Index was developed by the University of Reading, UK. The report is available on <http://www.joinricsineurope.eu/en/na/view/rics-cyprus>

#### Coverage and Variables Monitored

The RICS Cyprus Property Price Index monitors the urban centres of Nicosia, Limassol, Larnaca, Paphos and Paralimni-Famagusta. The Index only tracks prices in Republic of Cyprus' government controlled area and not in the occupied North.

In each of these centres, the index monitors the Market Value and Market Rent, as defined in the RICS Red Book, across the four main property sectors – office (CBD), retail (high street), industrial (warehouse) and residential (houses and apartments).

Recognising that there are sub-districts within these urban areas which operate and behave in a varying manner, a number of these is monitored in order to derive the composite index for each category per urban area.

The information provided in this publication is based on the average price and rent of the sub-districts monitored per urban centre per sector. The complete list of these sub-districts can be found in the University of Reading's report which is available on <http://www.joinricsineurope.eu/en/na/view/rics-cyprus>

#### Nature of Notional Buildings

The RICS Cyprus Property Price Index monitors hypothetical or notional buildings, each having specific characteristics. Details of these hypothetical properties are provided in the University of Reading's report.

The provided price per sqm is based on the Gross External Area of the property (as defined in the RICS' Code of Measurement Practice 6<sup>th</sup> Edition), which includes the living area and covered verandas but excludes common areas.

#### Frequency

The index is produced on a quarterly basis.

#### Monitoring Process

The estimation of price levels is carried out by accredited RICS property professionals who are active in the relevant markets.

---

### For additional information please contact

Liana Toumazou  
Country Manager  
RICS Cyprus, Greece  
[ltoumazou@rics.org](mailto:ltoumazou@rics.org)



**RICS**

the mark of  
property  
professionalism  
worldwide

in association with

**CYPRUS ASSOCIATION OF CERTIFIED  
QUANTITY SURVEYORS  
AND CONSTRUCTION ECONOMISTS**

