

# RICS Cyprus Property Price Index

## Q3 2011 – Prices as at 1/10/11

This is the eight publication of RICS Cyprus' Property Price Index, a quarterly price and rental index which is based on methodology produced by the University of Reading, UK. The Index tracks property and rental prices across all districts and main property types.

### Introduction & Commentary

During the third quarter of 2011 Cyprus' economy bore the consequences of the decoupling of the Greek economy and the explosion at Evangelos Florakis Naval Base which severely damaged the country's main electricity power station. The combination of the turmoil in Greece with this unfortunate event caused severe disruptions in daily lives and a loss of people's confidence in the abilities of the state. In turn, the explosion led to numerous accusation and discussions by parliamentarians and government officials which escalated causing political instability.

Whilst the first and second quarters saw some signs of muted economic growth, the second quarter saw investors postpone their decision making and banks retrenching by limiting the amount of credit available. In turn this led to a low transaction turnover and to reduced interest, especially by local buyers, as they were affected by the increased tension between government and parliament.

### Market Capital Values

The Property Price Index has recorded a disappointing behaviour in property prices across Cyprus' major urban areas, with prices and rents falling across all districts.

Residential prices for both houses and flats fell by 1.7% and 4.4% respectively, with the biggest drop for apartments being in Nicosia (5.3%) and for houses in Limassol (3.8%). Values of retail properties fell by an average of 2.4%, whilst those of offices and warehouses fell by 4.1% and 1.4% respectively.

Compared to Q3 2010, prices dropped by 10.7% for apartments, 6.7% for houses, 9.4% for retail, 6.8% for office, and 7.9% for warehouses.

### Market Rental Values

Across Cyprus, rental values fell by 2.0% for apartments, 0.5% for houses, 3.6% for retail units, for 2.2% for warehouses, and 1.3% for offices. The only increase across all asset classes was rents for houses in Nicosia (5.9%)

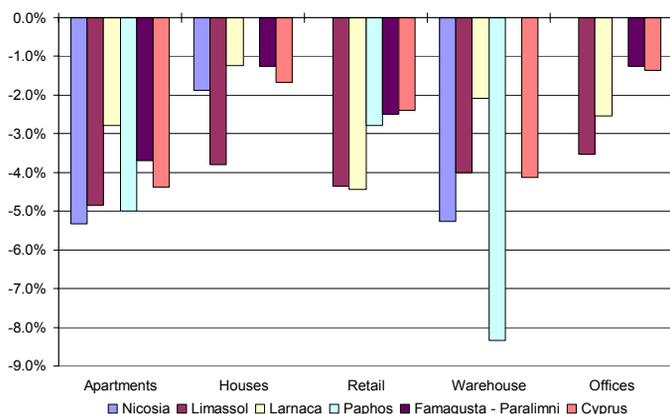
Compared to Q3 2010, rents dropped by 11.4% for apartments, 6.6% for houses, 11.7% for retail, 7.5% for offices, and 11.4% for warehouses.

The data shows that all asset classes and geographies are now affected, with landlords lowering their rents in order to attract tenants.

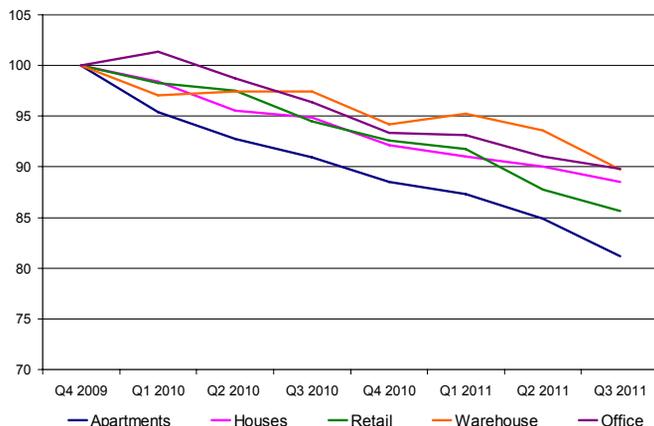
### Appraisal based initial yields

At the end of Q3 2011 average gross yields stood at 3.7% for apartments, 2.0% for houses, 6.0% for retail, 4.7% for warehouses, and 4.8% for offices. The parallel reduction in capital values and rents is keeping investment yields relatively stable and at very low levels (compared to yields overseas). This suggests that there is still room for re-pricing of capital values to take place.

### Quarterly change in average prices



### Average price index (All types)



\*Q4 2009 = 100, which is the base value of the index

# RICS Cyprus Property Price Index

## Q3 2011 – Prices as at 1/10/11

Average property price						
	Nicosia	Limassol	Larnaca	Paphos	Famagusta – Paralimni	Cyprus
<b>Apartments</b>	€ 156,372	€ 158,096	€ 141,044	€ 117,130	€ 111,290	€ 136,786
<b>Houses</b>	€ 500,540	€ 415,467	€ 360,236	€ 401,149	€ 386,709	€ 412,820
<b>Retail</b>	€ 1,047,197	€ 644,531	€ 466,160	€ 427,839	€ 363,104	€ 589,766
<b>Warehouse</b>	€ 2,106,000	€ 2,424,359	€ 1,701,360	€ 1,242,514	€ 1,068,013	€ 1,708,449
<b>Office</b>	€ 782,376	€ 546,119	€ 372,034	€ 429,638	€ 293,002	€ 484,634
Average monthly rent per property						
	Nicosia	Limassol	Larnaca	Paphos	Famagusta – Paralimni	Cyprus
<b>Apartments</b>	€ 543	€ 531	€ 418	€ 355	€ 257	€ 421
<b>Houses</b>	€ 796	€ 1,019	€ 584	€ 573	€ 453	€ 685
<b>Retail</b>	€ 5,384	€ 3,896	€ 2,427	€ 1,714	€ 1,292	€ 2,943
<b>Warehouse</b>	€ 6,050	€ 9,071	€ 7,442	€ 5,350	€ 5,734	€ 6,729
<b>Office</b>	€ 3,038	€ 2,592	€ 1,533	€ 1,342	€ 1,119	€ 1,925
Initial yield						
	Nicosia	Limassol	Larnaca	Paphos	Famagusta – Paralimni	Cyprus
<b>Apartments</b>	4.2%	4.0%	3.6%	3.6%	2.8%	3.7%
<b>Houses</b>	1.9%	2.9%	1.9%	1.7%	1.4%	2.0%
<b>Retail</b>	6.2%	7.3%	6.2%	4.8%	4.3%	6.0%
<b>Warehouse</b>	3.4%	4.5%	5.2%	5.2%	6.4%	4.7%
<b>Office</b>	4.7%	5.7%	4.9%	3.7%	4.6%	4.8%

### 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 Cyprus Property Price Index

## 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)



the mark of  
property  
professionalism  
worldwide

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

