

# RICS Cyprus Property Price Index

## Q1 2010

This is the first publication of RICS Cyprus' Property Price Index, a quarterly publication which is based on methodology produced by the University of Reading, UK. The Index has been designed to track property and rental prices across all districts, and monitors changes in residential (apartments and houses), offices, high street retail, and warehouses. This first round of data gathering and processing has produced the base of the Index, i.e. the base prices, on which all future changes in price and rental level will be benchmarked against.

### Introduction

The beginning of 2010 finds Cyprus in the midst of the global economic crisis, as the economy begins to feel the brunt of the slowdown in economic activity, a decrease in income from taxation, and a severe reduction in property transactions (circa 50% lower in 2009 from 2008). The latter is attributed to the decrease in overseas buyers (down around 80% compared to 2005-2008) and to the curtailing of loans by banks and other financing institutions for property purchases.

### Market Selling Values

The Property Price Index has recorded what can only be described as the anticipated spread of property prices across Cyprus' major urban areas. The highest prices for high street retail, offices, and warehouses is recorded in the bigger urban centres of Nicosia and Limassol. Warehouses are more expensive in Limassol by 18%, likely due to the presence of the main commercial port.

House and apartment prices are spread evenly across the Island, with an average price of €1.865/sqm for apartments and of €2.001/sqm for houses. The low standard deviation across all cities of only 9% and 10% ,respectively shows that, excluding tourist areas and areas of special value, e.g. areas with sea views, "named areas", etc, the vast majority of homes for locals are evenly priced.

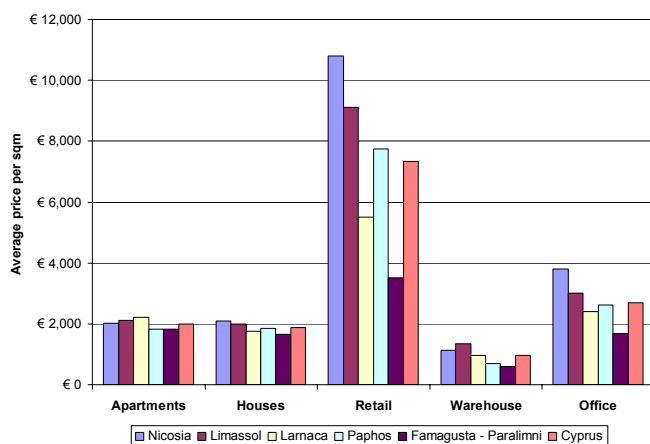
### Market Rental Values

The distribution of rents shows an interesting dichotomy between Nicosia and the coastal cities. Compared to Nicosia, rents for office space and for houses are higher in Limassol, by 68% and 13% respectively, probably due the presence of overseas companies. Also, warehouse rents are 78% higher due to the presence of the port. Indeed, Nicosia has the lowest warehouse rental costs across Cyprus.

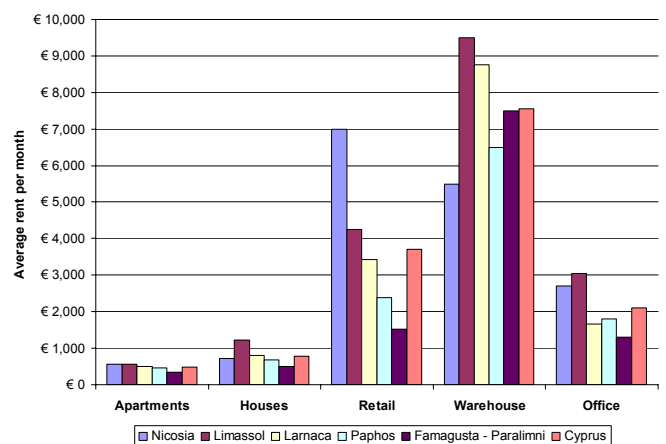
### Investment Yields

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 stand at 6.1% for retail, 4.7% for offices, and 4.8% for warehouses. These low yields may show that rents are being kept artificially low by the tendency of companies to occupy properties with alternative uses (mainly residential) in order to minimise their costs. An alternative explanation is that property prices are too high due to the lack of land supply and the price boom of the past few years.

Average Price (per sqm)



Average Rent (per month)



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Average unit price					
	Nicosia	Limassol	Larnaca	Paphos	Famagusta – Paralimni
<b>Apartments</b>	€ 171,155	€ 177,978	€ 187,590	€ 154,917	€ 153,790
<b>Houses</b>	€ 523,438	€ 496,250	€ 438,750	€ 460,417	€ 412,500
<b>Retail</b>	€ 1,079,167	€ 912,500	€ 550,000	€ 775,000	€ 350,000
<b>Warehouse</b>	€ 2,280,000	€ 2,700,000	€ 1,933,333	€ 1,405,000	€ 1,200,000
<b>Office</b>	€ 758,000	€ 600,000	€ 480,000	€ 523,333	€ 337,500
Average monthly rent					
	Nicosia	Limassol	Larnaca	Paphos	Famagusta – Paralimni
<b>Apartments</b>	€ 560	€ 560	€ 502	€ 467	€ 350
<b>Houses</b>	€ 729	€ 1,226	€ 800	€ 677	€ 500
<b>Retail</b>	€ 7,000	€ 4,239	€ 3,433	€ 2,383	€ 1,525
<b>Warehouse</b>	€ 5,500	€ 9,500	€ 8,750	€ 6,500	€ 7,500
<b>Office</b>	€ 2,700	€ 3,050	€ 1,655	€ 1,800	€ 1,300
Initial yield					
	Nicosia	Limassol	Larnaca	Paphos	Famagusta – Paralimni
<b>Retail</b>	7.8%	5.6%	7.5%	3.7%	5.2%
<b>Warehouse</b>	2.9%	4.2%	5.4%	5.6%	7.5%
<b>Office</b>	4.3%	6.1%	4.1%	4.1%	4.6%

### 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.



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### 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.

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### 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.

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### For additional information please contact

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