



Market Conditions

November 2021

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As the drive to vaccinate the vast majority of the population of Trinidad & Tobago (T&T) continues, albeit at a distinctly slower rate when compared to the take-up upon first rollout of vaccinations in early 2021, further softening of COVID-19 restrictions were undertaken on a phased basis. Whilst not all restrictions have been relaxed or removed, the citizenry has been waiting anxiously for the end of the State of Public Emergency (SOE) and curfews. The SOE was lifted at midnight on 17th November 2021, after having been introduced since May 2021. However, the lifting of the SOE has been over-shadowed by a sharp rise in the total number of deaths due to the Coronavirus, which peaked at thirty-one on 25th November 2021.

The strategic move to lift restrictions is in keeping with the anticipated full re-opening of the local economy, a mandate of the Government of Trinidad & Tobago (GORTT). The GORTT, being the main driver of the economy through expenditure, has delivered a deficit budget in the amount of TT\$52.4Bn for the fiscal year 2022. This is based on an oil price of US\$65/barrel and natural gas at US\$3.75 per mmbtu, banking on higher energy revenues, especially when oil prices are expected to stabilize at approximately US\$66/barrel from 2022 to 2024.

WE VALUE



**Residential
Properties**



**Commercial
Properties**



**Land -
Residential /
Agricultural**



**Industrial
Properties**



**Special-
Purpose
Properties**



**Current
Replacement
Cost**

Market Conditions (Cont'd)

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WE VALUE



Residential Properties

The Land and Building Taxes Act of 1920 was repealed and replaced by the Property Tax Act of 2009. As taxation is also a main generator of revenue and with the re-introduction of a tax on real property under the Property Tax Act, it is envisaged to add significantly to Local Government revenue streams. However, the initiation of the collection of this tax is dependent on the State's ability to have at least 50% of properties registered in the valuation roll. To this end the Ministry of Finance, Valuation Division, has mandated that all property owners and occupiers submit a valuation return form to them by 31st January 2022, subject to a penalty /fine of \$5,000.00 for non-compliance.



Commercial Properties

Major budgetary allocations include TT\$300 million to the agricultural stimulus package fund and TT\$30 million for Tobago farmland. Along with a road repair programme at a cost of TT\$75 million to improve access to and from farming lands and the construction of a rice parboiling plant, T&T seems to be heading in the direction towards food security and sustainability. Also, with the injection of TT\$50 million for Tobago Hotel and Tourism Support, construction of additional hotels to be completed and the introduction of an additional airline, there is a noticeable effort in developing and promoting Trinidad & Tobago as a tourist destination.



Land-Residential / Agricultural

Noteworthy large-scale construction projects that are set to either start or continue in 2022 include the Point Fortin Highway, Sangre Grande Highway, Valencia-to-Toco Road, Macoya Interchange, and a vehicular/pedestrian bridge in Diego Martin.



Industrial Properties

Regarding the real estate industry, the effects of current conditions has more or less shifted negotiating strength to buyers. This situation in the property market is aptly described as a buyers' market, meaning that prospective purchasers and tenants alike have more influence over the price of real estate and the 'price' (rental) of space within real estate. With regards to residential property, reduced costs of borrowing due to the freezing of the repo rate at 3.5% since December 2020 as well as more flexibility in property prices, are fuelling lower to middle-income property transactions. Therefore the residential property market remains relatively active.



Special-Purpose Properties

In terms of the commercial occupation of buildings, certain businesses would have vacated since they could not sustain the protracted forced closures which formed part of strategic restrictions imposed to combat the spread of the Coronavirus. As such, void levels in commercial buildings and shopping malls have increased and property owners now find it quite challenging to rent their properties at what may be considered as pre-COVID rates.

The increased circulation of money in the economy through the afore mentioned strategies and injections, amongst others, should be reflected in real GDP, which is expected to increase by 5% in 2022. If all goes well, particularly with regards to the avoidance of extreme measures to curb the spread of the Coronavirus such as curfews and lockdowns, together with a repo rate that is maintained at 3.5%, the real estate industry may also be poised for an increase in activity, particularly in the commercial sector, as investor confidence and consumer spending are speculated to gradually rebound.



Current Replacement Cost

The COVID-19 pandemic has been present since March 2020 and is expected to be at the forefront of any micro or macro-economic discussion or article, particularly when the incremental number of new cases is in the hundreds, despite the growing number of 'safe zones'. Therefore, it remains a significant impediment to activity and growth locally, as well as in regional economies and one which will remain relevant for some time to come.

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