Impact on commercial property investment. Pre-budget comment from Peter Sudell, executive director of valuation at BNP Paribas Real Estate:

Commercial property as an asset is unlikely to be directly impacted by the budget - there are already many other elephants already in the room:

- Liquidity due to bank debt and the funding gap. The banks need to take net debt out of the market to improve Tier 1 capital ratios and there is no ready like for like replacement source of debt (even though the insurers and new debt funds might fill some of the gap)

- Secondary property values are not yet reflecting the reality of an illiquid market - there is potentially a 10%+ drop still to come through in 2012

- Investor allocations still being impacted by general uncertainty over the uncertainty caused by the international economic situation, especially with regard to Greece and the Eurozone

The major impact of the budget on commercial property is likely to be indirect and probably a result of its impact on the occupational markets where there is a lack of confidence as tenants continue to suffer their own economic woes. Investors will be keen to see if the budget turns out to be good or bad for the occupiers and business in general.

The only potential direct impact would be through a stamp duty change - which might happen as politically it is an easy option but might not raise a lot of money. Perhaps, targeting stamp duty avoidance schemes would be politically more acceptable but it could be also be argued that cutting stamp duty might raise more tax and provide a stimulus to the market.

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Real Estate is a subsidiary of BNP Paribas, one of the world's six strongest banks in the world according to Standard & Poor's (rated AA- by Standard & Poor's i.e. 3rd rating level on a scale of 22).

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