

"THE RECESSION IS OVER"



That was the dramatic message delivered by the Chief Economist of HSBC Bank plc in the City, Dennis Turner at the British Library Conference Centre on Thursday last week at an event organised by the Commercial Real Estate Legal Association, CRELA .

He was addressing in excess of 100 real estate lawyers who attended to listen to hopes and aspirations based on current economic trends, but this time from a bank's point of view. Mr Turner set out his definition of the recession as being when "those real estate clients who had no intention of ever paying fees stopped buying". Whilst there was, in his opinion, a "case to answer" on the part of a Labour Government for the damage that had been caused to the economy, the legacy of the boom and the recession is a record level of debt in the two sectors which contributed most to growth. In the personal sector, borrowing stands at £1.5 trillion, equivalent to 160% of average earnings, or 19 months pay. In the public sector, after Labour's spending surge, national debt was forecast by Mr Darling to climb to 75% of national income by 2014.

Nevertheless Mr Turner went on to state that there were now grounds for cautious optimism, only this time being referred to as probably more of a case of "straws in the wind" rather than Norman Lamont's "green shoots" .

Key in the short to medium term is the UK maintaining its AAA international credit rating coupled with cuts in expenditure being sensibly received. "Sovereign default" by any country in the EU could not be ruled out so the UK's primary focus should be on reduction of the debt to income ratio that has contributed to the lowest Bank of England Base Rate since its formation in 1694. That should mean the economy would avoid a double-dip recession and the adoption of a prudent approach together with a good control over fiscal policy should aid recovery and perhaps even forecast tax cuts by 2014 at the earliest. Mr Turner's prediction of the Bank of England Base rate remaining at 0.5% for at least another 12 months would assist manufacturing and export growth which continues to increase at a slow pace against the challenges posed by, amongst others, the increasingly important yet dominant Chinese economy.

Chairman Robert Highmore thanked his Committee for their support in growing CRELA , PLC Property for their continuing sponsorship of the CRELA website and the British Library and Conference Centre for their contribution to this event.

Prior to a drinks' reception, the evening was rounded off with a brief presentation by John de Lucy, Head of the Estates and Facilities at The British Library who not only provided a useful insight into the role of the British Library and its various facilities but also set out the Library's aspirations for the potential redevelopment of the three acre site to the north of the British Library's HQ in the coming years

A prize business card draw saw Iain Macfarlane of Simmons & Simmons LLP win a bottle of champagne.

For more information on CRELA and their forthcoming planned events check their website www.crela.co.uk