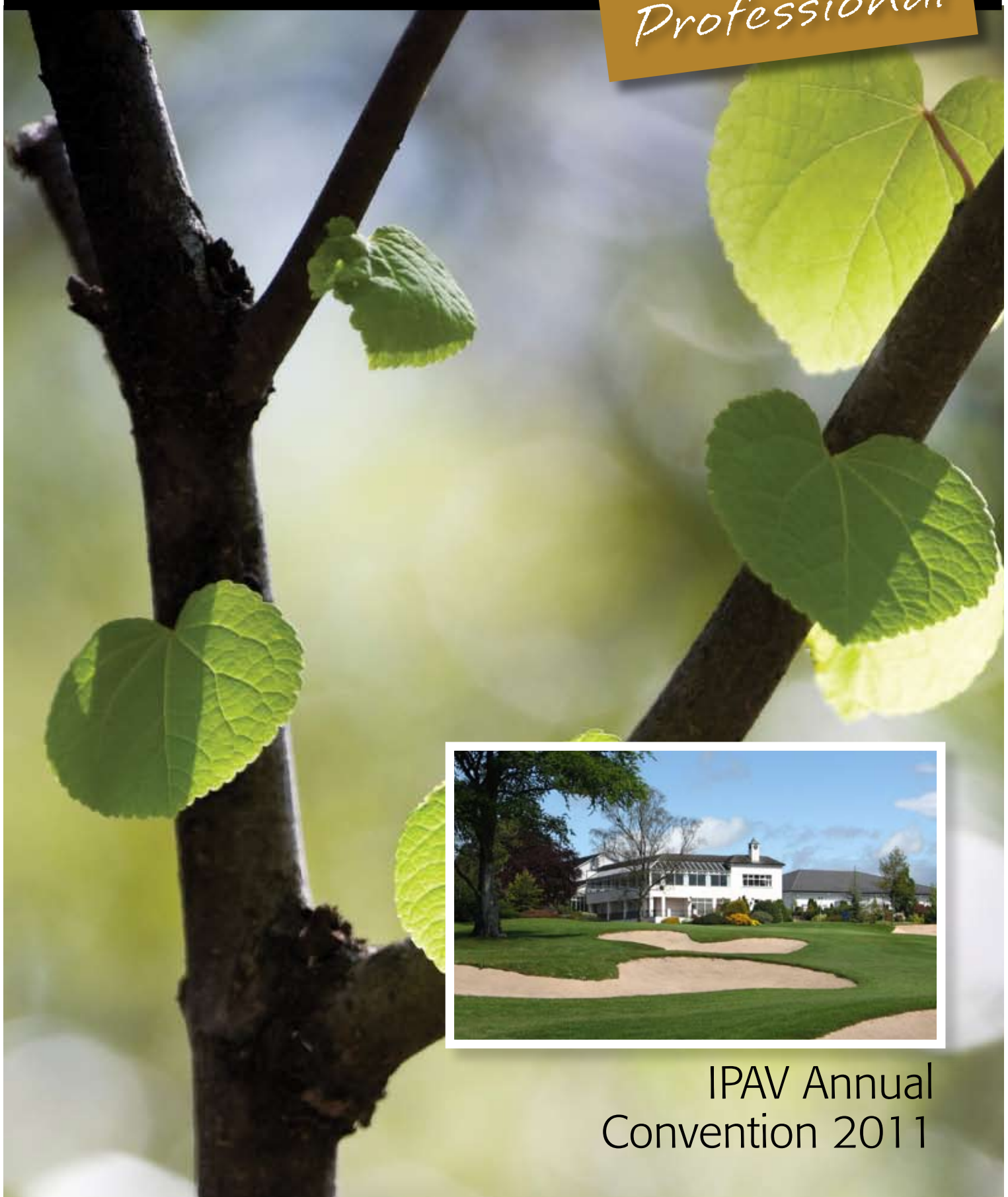


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IPAV celebrates its 40th Anniversary!

Welcome to the Spring 2011 edition of the *Property Professional*.

Now that a new government is about to take office we finally look forward to some initiatives to help restore stability to the property industry. This can only be done when the results of the stress tests on the banks are complete and we know the exact scale of the enormous national debt that has to be addressed. Once that is known, then hopefully, progress can be made quickly and effectively.

The dissolution of the last Dáil saw the parking, for the present at least, of the long-awaited Property Services (Regulation) Bill, 2009. For the foreseeable future, it would appear that the auctioneering profession will be left to the current regime of self-regulation. IPAV members will continue to renew their licences in the traditional route via the courts and putting a secure bond in place. Membership of our Institute is the public's guarantee that they are at all times, dealing with a trustworthy professional who conforms to the highest standards in the industry.

In their review of the proposed legislation I would urge the new Minister to examine closely the different types of regulation that exist in many other countries (see page 14 of this issue).

IPAV's programme of Continuous Professional Development, or CPD will continue and will be developed further in the months and years ahead.

As I have said on previous occasions, the economic downturn in the property market has provided an ideal opportunity for members to revise their knowledge and to upskill in new related areas of practice. Education is indeed a lifelong process for all of us.

In this regard, I would urge all members to attend at least part of our upcoming AGM & Annual Convention details of which are elsewhere in this magazine. This year is a particularly special Convention as it represents the 40th anniversary of the founding of the Institute. During those years, it has grown and expanded in a way that would not have been thought possible by the founding members.

Thus, this year's event, which takes place in County Cavan, is a special occasion when we can reflect on the achievements of the past 40 years and plan for the challenges ahead.

Best Wishes

Fintan McNamara
Chief Executive

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Message from the President

Dear Member

Never in the history of the State has a new government faced such horrific challenges as those that lie ahead for the new administration in Merrion St. Some of the tasks such as restructuring the national debt and getting our banks extending credit again are extremely urgent and will require both expertise and skilled negotiations to succeed.

The people have now had their say and it is to be hoped that the new government can get on with the business in hand and begin to put some life back into a paralysed economy. It will not be easy and the Institute takes this opportunity to wish the new ministers every success in their endeavours.

IPAV will, of course, continue to lobby the new Government, as it did the old, in what we believe are the best interests of the Institute and the country.

All the indications are that there will be another Finance Bill within a few months and there are some issues we wish to see addressed there. Chief among them was the decision to abolish property capital allowances and interest reliefs in Budget 2011. On behalf of the Institute, I wrote to the previous Minister for Finance and the Finance spokespersons for the opposition parties outlining the concerns of members. Details of that letter are elsewhere in this issue. In the recent Finance Bill, the Dáil passed the measure but subject to the outcome of an impact assessment study. This, it is understood, will take some months to complete.

In the letter I stated that this withdrawal of reliefs will lead to business closures and job losses nationwide. Tax payers who have had their bank overdraft facilities reduced will be unable to fund the additional tax and also fund the borrowings on the investments.

Consequently, substantial levels of bank defaults will arise and therefore a large number of Section 23 properties hotels, crèches, nursing homes and hospitals will revert to the banks. This will, of course, add a further burden to the already overburdened taxpayer.

In their election manifestos, both the Fine Gael party and the Labour party stated they would suspend such reliefs but IPAV believes this is not a workable solution.

A second area of major concern is the commitment given by both Fine Gael and Labour in their election manifestos to retrospectively abolish the "upward only rent clauses in commercial leases" Both parties are ignoring both Irish and International contract law. Indeed Fine Gael has stated publicly that they do not mind if the issue ends tied up in court for a number of years.

At a time when our country needs clear decisive judgment and direction this type of policy can only lead to more uncertainty in the commercial property market. Property funds and property investors in general need stability and certainty in property legalisation before committing to investing in a particular country. What the above two political parties are doing is the exact opposite.

These are just two of the items that are of major concern to IPAV and as President I will be taking them up with the new Government as a matter of priority.

The Institute will be addressing these and other issues at the upcoming Annual Convention which takes place in Co Cavan on May 20 and 21. This year we will also be using the occasion as a forum to discuss how best IPAV can represent members' interests and the direction we should take for the future.

Therefore, I would ask as many of you as possible to attend, particularly for the afternoon session on Saturday. I think you will find it both interesting and of benefit.

I look forward to meeting you in Cavan.

Best wishes

Paul Reynolds
President

I · P · A · V





IPAV warns of pitfalls of election pledge

IPAV President Paul Reynolds has warned about the potential implications of a commitment in both the Fine Gael & Labour Election Manifestos regarding the upward only rent clauses in commercial leases.

The Programme for Government states (p16)

"We will legislate to end upward only rent reviews for existing leases."

The Fine Gael Manifesto states (15.10 p57): *"We will pass legislation to give all tenants the right to have their commercial rents reviewed in 2011 irrespective of any up-ward only or other review clauses."*

The Labour Manifesto states (03 p21): *"Enact the Labour Party's legislation to abolish upward only rent reviews for all commercial leases, as a matter of urgent priority for the Dáil."*

Paul Reynolds said that these proposals will - and have already - created uncertainty in the commercial property market.

"For evidence of this we only have to look at a recent newspaper report (The Irish Times Feb 19) whereby two British Investment Funds have dropped plans to buy the Liffey Shopping Centre in Dublin, citing the above as the reason," he said.

Mr Reynolds said both Fine Gael & Labour seemed to ignore both

Irish and International contract law. Indeed Fine Gael had stated publicly that they do not mind if the issue ends tied up in court for a number of years.

"At a time when our country needs clear decisive judgement and direction this type of policy can only lead to more uncertainty in the commercial property market," he said. "Property funds and property investors in general need stability and certainty in property legislation before committing to investing in a particular country. What the above two political parties are doing is the exact opposite and can only result in driving both indigenous and foreign property investors out of Ireland."

In addition, he said crucially the value of NAMA's assets depended on rental income being received in accordance with lease contracts. NAMA had bought about €10 billion of its Irish loan book based on projected rental income.

The IPAV President asked if the new Government parties had analysed the consequences of their policies which would result in the already hard-pressed tax payer having to bear a further tax burden.

"The consequences of their manifesto policies and agreed programme are poorly thought out," he said. "What the property market needs now is clear, logical thinking, not some form of knee-jerk reaction that tries to play to popular opinion."

Surveyors warn foreign investors will be scared

The President of the Society of Chartered Surveyors has described an emerging interest in Irish assets, especially from American investors as a very positive development.

Peter Stapleton told over 800 guests at the SCS's Annual Dinner in Dublin on February 3 that these investors saw that prices had fallen dramatically and that the value in the Irish market was better now than it had been for years.

However, Stapleton also pointed out that overseas property investors would be easily scared off if they saw economic or political uncertainty continuing after the General Election.

Stapleton told guests that a stable property market required a complete overhaul of how property is taxed in Ireland and that would mean an annual tax, although the phasing out of legacy reliefs attached to Capital Allowances and Section 23 type schemes needed to be very carefully managed, having regard to the impact assessment that will be carried out.

The President also pointed out that swift ministerial action was required on many issues as many pieces of hoped for legislation had once again been postponed due to the election.

"We need a commercial and residential property database, we need to tighten up the rules regarding service charges in apartment blocks and we need to make the final step on the road to regulating agency practice in the property sector," Stapleton said.

Stapleton said it was regrettable that many surveyors were now being forced to emigrate to find work but he said the Society would do everything it could to keep members involved and in touch with the professional community at home.

He pointed out that the SCS's renewed and enhanced relationship with the Royal Institution of Chartered Surveyors puts members of the Society at the centre of a worldwide network of surveying professionals and he urged all members to make the most of that global membership.

"I am confident that the problems our industry and our country face will be overcome if we maintain a positive attitude. In the meantime, I want to assure you and all our members – whether in Borrisokane, Boston or Bahrain – that the Society of Chartered Surveyors enters 2011 hard at work to build a new and better Ireland," he concluded.

This was the last SCS annual dinner before the organisation merges with the Irish Auctioneers and Valuers Institute in April to form the Society of Chartered Surveyors Ireland.



Pictured at the Annual Dinner of the Society of Chartered Surveyors in Dublin on February 3 were: (l-r): Paul Reynolds, President of IPAV, Peter Stapleton, President of the SCS and Kersten Mehl, President of IAVI.

Budget IPA V President outlines concern to former Finance Minister 2011

IPA V President Paul Reynolds wrote to the former Minister for Finance, Brian Lenihan TD., in early January expressing concern at the Budget proposals to curtail property reliefs in the Finance Act. Below is a copy of the letter:

Dear Minister,

We appreciate this opportunity to make a submission on behalf of the members of the Institute outlining our serious concerns on the proposed changes announced to property reliefs in Budget 2011.

The two categories of main concern being affected by the changes are;

1. Relief from Income Tax for Residential Accommodation – Section 23 type relief.
2. Accelerated Capital Allowances in respect of a variety of Buildings and Structures.

Many of our Members have been in contact with us in respect of this matter and from their experience they have advised us that there will be significant and costly implications for both tax payers and businesses if the measures announced in this financial resolution are implemented.

The main elements of concern are set out below and we would request that these are considered in the drafting of the Finance Bill:

1. Implication of Changes

The abolition of reliefs as outlined in Financial Resolutions 21-23 will have an immediate effect for tax payers, due to the fact that the Section 23 Reliefs and Capital Allowances are being ring-fenced to the relevant properties. Normally these properties do not generate any profits and the relief will be neutralised against other rental income properties, so effectively those reliefs/allowances are being completely eliminated.

This withdrawal of reliefs will lead to business closures and job losses nationwide. Tax payers who have had their bank overdraft facilities reduced will be unable to fund the additional tax and also fund the borrowings on the investments.

Substantial levels of bank defaults will arise when investors are unable to service their tax liability and bank debt and this will mean that Section 23 properties; hotels, crèches, nursing homes and hospitals will revert to the banks.

The people affected by these changes are tax compliant individuals who were encouraged to invest in schemes in specific areas in order to rejuvenate these areas. They responded to the incentives introduced and paid a premium to acquire the tax relief attached to the properties although the projects yielded low rental income. These developments would not have occurred without the tax incentive offered. These individuals obtained bank borrowings to make their investments and they made their investments in the belief that the allowances over the periods of time as set out in the legislation would be available to them. The withdrawal of these reliefs will mean that these individuals will suffer great financial problems.

2. Capital Allowance Projects

The development of hotels, hospitals, nursing homes, crèches etc. created employment in the building industry and many other sectors. The development of these projects and jobs provided led to significant payments of PAYE/PRSI, Value Added Tax, and Stamp Duty to the Revenue Commissioners.

The following scenarios will occur, causing concern for the viability of the underlying business;

(i) The promoters of projects will bear the commercial risk. Due to the proposed changes in allowances, investors may seek a return of the capital they invested and may sue the promoters for the tax relief lost. Therefore, the promoter's ability to continue trading will be seriously hampered.

(ii) Assuming that the promoters are insolvent and unable to buy back the investors interests, the viability of the business will then depend on the viability of the investors only. The closure of businesses will follow and this will trigger a tax claw back from the investors in many cases, thereby leading to further liquidations and bankruptcies etc. where the investor will have no prospect to fund the additional tax arising and also the capital borrowings.

The changes in capital allowances will have a serious effect whether the business continues trading or not, where the sustained viability of the project depends on the investors or the promoters.

3. Section 23 – Rented Residential Properties

Investors who purchased Section 23 properties already face a number of difficulties e.g. 75% restriction on interest allowable, the Non – Principal Private Residency charge (NPPR), the Private Tenancies Residency Board registration fees (PRTB) and falling income.

These factors along with the negative equity in the property sector are causing financial difficulties for many investors. The purchase of these properties was made by the investors in good faith. The proposed changes; will further depress property prices, will increase repossessions by financial institutions, and will bankrupt investors, thereby increasing the financial burden on the already stressed taxpayer.

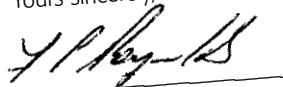
In summary, we believe that the main effects of the proposed changes, if implemented, will be;

- A. An unsustainable increase in bank indebtedness.
- B. An increase in liquidations and bankruptcies.
- C. An increase in unemployment, thereby a further expense to the exchequer.
- D. Further reductions in property prices in an already depressed market.
- E. An increase in the tax burden to our citizens.
- F. Investor confidence in Ireland, from both at home and abroad will be seriously undermined.

In conclusion, we request that you "in the public interest" restore the reliefs and allowances as originally provided for under the Taxes Consideration Act in the Finance Bill 2011.

Should you or your officials wish to discuss these matters further, our Institute is available to meet with you at your convenience.

Yours sincerely,



Paul Reynolds

President
Institute of Professional Auctioneers and Valuers.



Towards Recovery

The following are relevant extracts in relation to property & housing from "Towards Recovery" the Programme for Government 2011 - 2016:

Supporting SMEs (p11)

We will legislate to end upward only rent reviews for existing leases.

We will introduce new legislation to protect all small building subcontractors that have been denied payments from bigger companies.

Fiscal Policy (p16)

We will reduce, cap or abolish property tax reliefs and other tax shelters which benefit very high income earners. We will also ensure the implementation of a minimum effective tax rate of 30% for very high earners.

Consider, arising from the previous Government's deal with the IMF, various options for a site valuation tax. Any site valuation tax must take into account the significant number of households in mortgage distress and provide local government with a reliable stream of revenue.

Housing & Distressed Mortgages (p44)

A policy of putting the interests of big developers and the banks ahead of people looking to purchase a home was a direct cause of Ireland's disastrous property boom and bust.

This Government is committed to helping homeowners in distress to weather the recession, and to ensuring that Ireland has a sustainable housing policy. Both parties believe that more protection is needed for homeowners with distressed mortgages. The recommendations of the Cooney report are inadequate to address the scale of the current crisis. A more radical approach is needed to protect families in fear of losing their homes. This Government will examine a number of such proposals, including:

- Increasing mortgage interest relief to 30% for First Time Buyers in 2004-08 (from the current sliding scale of 20%

to 25% depending on the year the mortgage was taken out), financed in part by bringing forward the abolition of relief for new buyers from June 2011.

- Directing any mortgage provider in receipt of State support to present the Government with a plan of how it intends to cut its costs, over and above existing plans, in a fair manner by a sufficient amount to forego a 25 basis point increase on their variable rate mortgage.
- Introducing a two year moratorium on repossessions of modest family homes where a family makes an honest effort to pay their mortgage.
- Fast-tracking personal bankruptcy reform needed to bring us into line with best international standards, such as introducing a flexible discharge period for "honest bankrupts", defined as one that has materially complied with the Tax, NAMA and Companies Acts among others.
- Converting the Money Advice and Budgeting Service into a strengthened

Personal Debt Management Agency with strong legal powers. The agency will support families who make an honest effort to deal with their debts, including non-mortgage debt, providing protection from their creditors where appropriate, so that they have time to sort out their affairs. In order to do so, the Personal Debt Management Agency will have quasi-judicial status.

- Making greater use of Mortgage Interest Supplement to support families who cannot meet their mortgage payments, which is a better and cheaper option than paying rent supplement after a family loses their home.

Ghost Estates (p45)

We will mandate the Minister for the Environment, in conjunction with Local Authorities, to bring forward a coherent plan to resolve the problems associated

with ghost estates.

This plan will be developed in cooperation with NAMA.

Housing (p46)

We will ensure that the Central Bank and Financial Regulator supervise credit institutions' mortgage lending practices comprehensively and intensively. Where credit institutions fail to adequately control mortgage lending risks, the Central Bank will

impose loan-to-value ceilings on mortgages, caps on loan-to-income multiples, limits on the term of new mortgages, and more rigorous procedures for verifying borrowers' incomes.

We will improve the quality of information available on the Irish housing market by requiring that the selling price of all dwellings is recorded in a publicly available, national housing price database.

We will legislate for tougher and clearer rules relating to fire safety in apartment buildings and will introduce a new fire safety inspection and certification regime.

We will establish a tenancy deposit protection scheme to put an end to disputes regarding the return of deposits.

Getting better value for money (p53)

We will progressively reduce reliance on Rent Supplement, with eligible recipients moving to the Rental Accommodation Scheme.

We will review the operation of the Rent Supplement Scheme and introduce a code of conduct for rent supplement eligibility similar to that which operates for local authority tenants.

Rent supplement will only be paid to tax-compliant landlords registered with the PRTB and offering decent quality accommodation, to root out fraud.



Planning P. 64)

We will seek to better coordinate national, regional and local planning laws in order to achieve

better and more coordinated development that supports local communities instead of the current system that favours developer led planning.

We will improve local transport access by making local transport plans an integral part of local Development Plans. We will force all local authorities to develop a transport plan in conjunction with their County/City Development Plans, and Local Areas Plans.

We will pass legislation to allow local authorities take housing estates 'in charge' after three years if there are no significant financial implications for local authorities, and substantially increase existing penalties for those who break planning laws.

We will require local authorities to carry out an 'Educational Impact Assessment' for all new zonings for residential development to ensure an adequate supply of school places.

We will make the planning process more democratic by amending the 2010 Planning and Development Act to allow for detailed public submissions on zoning, and to rebalance power towards elected representatives. Local authorities will be required to carry out a flood risk report in the preparation of their City and County Development Plans, and will also be legally required to manage flood risk through sustainable planning and development.

Finance Bill set to abolish property reliefs subject to impact assessment

The Finance Bill, which implements the provisions of the Budget passed all stages in the Houses of the Oireachtas before the Dáil was dissolved on Tuesday, February 1. The Bill includes provisions which restrict the use and carry-forward of Capital Allowances and Section 23 relief. The following is a selection of relevant extracts from the debate:

Brian Lenihan TD (Minister for Finance):

...The provisions on the property related tax expenditures, as announced in the Budget, are fully contained in the Bill. However, the Government has decided that they will now be subject to a commencement provision which may only take effect in the next tax year following the preparation and publication of an economic impact assessment on the proposed changes. A Committee Stage amendment may be introduced to further clarify the precise commencement of this provision (no such amendment was introduced. Ed).

The Bill gives effect to the fundamental reforms to Stamp Duty on residential property announced in the budget. Stamp Duty is now payable at 1% on residential property transactions valued up to €1 million and 2% on the excess over €1 million.

This applies to all such transfers on or after 8 December 2010.

Section 22 provides for restrictions to schemes of accelerated capital allowances under the various area-based and property-based tax incentive schemes. Section 23 deals with restrictions to relief for lessors of rented residential accommodation, i.e. Section 23 relief. Both of these sections provide for changes to property-based reliefs as set out in the Budget night financial resolutions. However, the commencement of these provisions is now dependent on the carrying-out and publication of an economic impact assessment into the effects of the proposed changes. In essence, the provisions restrict the use and carry-forward of Capital Allowances and Section 23 relief. The aim of the changes is to reduce ongoing legacy costs to the Exchequer and ensure that tax will be paid on some income previously sheltered by the various reliefs.

The restrictions only apply to passive investors and not to those actively engaged in the businesses, nor do they affect residential owner-occupier relief. If commenced the provisions provide that first, all reliefs must be used within seven years in the case of seven-year schemes, such as hotels and ten years in the case of ten-year schemes, such as Section 23. Any carry forward of unused reliefs after that period will no longer be allowed and the unused reliefs will be lost. Second, tax reliefs can only be used to set against income arising from the trade or rental property that gave rise to the relief. This applies to both Capital Allowances and Section 23-type reliefs. It ensures that tax will now be paid on some income previously sheltered by the various reliefs.

It was always intended to carry out an impact assessment of the proposed changes and that is why I announced it on Budget day. However, because of the





widespread level of concern that has been expressed by individuals and groups, in particular regarding the downstream effects of the changes on the real economy and on employment, I have proposed in the Finance Bill that an economic impact assessment of the changes should be undertaken in advance of the commencement of the provisions.

Legislating for the restrictions in the Finance Bill, as originally intended, combined with undertaking an ex-ante impact assessment of their effect in advance of the commencement of the provisions, strikes the right balance between seeking to restrict unnecessary tax reliefs on the one hand and, on the other hand, taking notice of real concerns that have been expressed about the proposed changes. Those concerns relate to the solvency of individuals on relatively modest incomes, to the consequential exposure of the banks concerning the same, and to the prospect of legal challenges to the arrangements proposed in the legislation. Real and substantial concerns were expressed about the impact of the measures as proposed in the Budget.

It appeared that the intention of the Budget, which was essentially to cut off the tail of these reliefs over a period, was effectuated by provisions which in effect provided for an instantaneous cutting off of the entire tail in this particular legacy. That would have had serious implications for the solvency of many individuals, some of whom have modest means. In those circumstances, the Government took the view based on the correspondence we received, that the best course of action was to carry out a comprehensive impact assessment

before the commencement of the relevant measures.....

Michael Noonan TD (Fine Gael Spokesman on Finance):

....The introduction of a tax break as a lever should be available to the makers of public policy. When people get a tax break if they behave in a certain way, they are likely to behave in that way. When that course of action is more expensive, they are likely not to pursue it. The first time I heard about the use of tax breaks was in the context of efforts to encourage the redevelopment of port areas of certain American cities. Derelict parts of the port area of New York, for example, were revitalised. A beautiful urban development was facilitated principally through tax breaks. The redevelopment of old areas of infrastructure, such as railway yards, which had become obsolete was driven in that way. I have seen the huge tax-driven developments that revitalised the city of St. Louis. That was imitated here.

When I was in Government in the 1980s, the late John Boland introduced a raft of tax incentives. He was the first Minister to legislate for urban development in Ireland to be driven by tax breaks. He designated 39 acres of dereliction in my home city of Limerick. It was revitalised and rebuilt over a period of seven or eight years. Such an approach works well.

A social response is sometimes required. I recall a time when there was a huge shortage of nursing homes and nursing home beds in this country. After discussing the issue with us, the then Minister for Finance, Charlie McCreavy, introduced a tax break to encourage the supply of nursing homes. The investors came in very quickly and, for a short period, we probably reached a point at which there was a surplus of availability in nursing homes. That was driven by tax breaks. We should not dump on the concept of tax breaks as a lever of public policy because they can encourage investors to meet economic and social needs. People respond to the profit incentive.

I agree with Deputy Burton that tax breaks were carried too far in Ireland. The stimulation of building and development through tax breaks, regardless of the end product, became one of the objectives of the tax break industry. Problems arose when it was decided to allow people to write off the rent of whatever they built against their rental income elsewhere in the State. That was

fatal. There was no real analysis of whether the existence of 25 houses on the banks of the River Shannon in County Leitrim was of economic benefit to the local area. How could it have had any viability in itself, if its purpose was to ensure one did not pay tax on property one rented in Dublin? That kind of cross-matching destroyed the situation.

A tradeable asset

I always thought it extraordinary that tax breaks were treated as farmers used to treat milk quota, in that it could be bought and sold separately from the farm. It was a tradeable asset. I could never understand how tax credits became a tradeable asset. In one case I know of, a building was built with capital allowances and sold to an investor who took in the rent, while the tax credits arising from its building were sold as a tradeable commodity to somebody who had never had anything to do with building or development. It was a deal purely to reduce the person's income tax liability.

It was the extension of the tax break industry that destroyed it. This has resulted in a situation in which the man and woman on the street are saying that tax breaks are a bad idea and they should all be abolished. It was in view of this that the Minister, when introducing the budget, said that all section 23 allowances and other capital allowances would be abolished immediately. I always thought that had a doubtful legal basis, because people who had entered into arrangements when investing in property were under contract, and the concept of legitimate expectation applied. There was a legitimate expectation that the arrangement would run until the end of the period for which the contract was signed.

I always thought - and I suggested at the time - that it would be a better arrangement if the Government had, because of the financial crisis and in the national interest, suspended the benefits for four years, so that in 2015, when times were better and the Exchequer could afford it, investors could again receive the benefit of the tax break. I think this would pass legal muster, and many investors would not have objected to it because rents are currently so low that they are not availing of the full tax credit anyway. Another major issue is that people have made arrangements with their banks for schedules of repayment, and the removal of the tax break would take the floor out from under these schedules. A deferral would not have done that, and it would have allowed investors to renegotiate deals with the banks.....

Joan Burton TD (Labour Spokesperson on Finance)

...We know that previous and current property-based tax breaks were a key part of the downfall of the Celtic tiger. The landmark Regling-Watson report on the cause of the Irish financial crisis and banking collapse, clearly stated that the crash was home made. It also said that a significant contributor to the crash was the extraordinary availability of tax breaks linked to property development and construction. Despite all the rhetoric we still have tax breaks focused on building private hospitals, even though the HSE has announced that the private hospital initiative is at an end.

We have all received a significant number of representations, both from individuals who are using Section 23 tax breaks, but more significantly from professional lobbyists for these breaks, including accounting and legal firms. In addition, charities have been established for the purpose of availing of private hospital tax breaks. Essentially, however, we have no costings. What we got from these organisations was a case as to why their commercial activity of selling schemes, on which they charge very high fees to those investing in them, should be continued.

There is almost no solid information explaining who are the people who currently have and would be affected by changes in Section 23. The Minister gave us no such information. Individuals who have invested in one property for a pension could be very easily dealt with, as opposed to some of the schemes involved. Investors in these schemes got ripped off big time by some of the firms selling such schemes because a large amount of their putative tax saving was taken in fees they paid to professional advisers to set up and structure the financial deals. That is one of the reasons this country's economy, banks and construction boom crashed.

If we want to prevent that from recurring in future there is a role for targeted tax incentives which are subject to a cost-benefit analysis. As well as having a specific timeframe, they should have a clear consideration for employment and innovation content. The Labour Party would be happy to support something like that, but this country simply cannot afford to extend tax breaks willy-nilly without any idea of the cost-benefits involved.

Last year, the Dáil voted to accept this amendment and the Minister produced an evaluation of schemes a month afterwards. There were very few hard figures in it concerning the cost-benefit analysis. There

was just a summary of the lobbyists' views of what the schemes would do, together with some notes from the Revenue Commissioners and the Department of Finance. This country's tax breaks industry expects to write the Finance Bill and to make amendments to it which are favourable to the industry. Given my own background as a chartered accountant, I understand that it is a legitimate part of the roles of accountants and lawyers to provide taxation services but these schemes have brought the economy down. At this late stage, we ask that they be subjected to a cost benefit analysis to be published within a month.....

Mattie McGrath TD (Independent):

...I welcome the effective deferral into next year of the curtailment of the tax reliefs on Section 23 properties. There is now a tendency to consider property as a dirty word. Anyone who speculated on or invested in property is now regarded as a rogue or crony. The reality is that section 23 provisions were availed of increasingly by some very ordinary people. The provisions were promoted by the Government and people were advised by solicitors and accountants that the Section 23 scheme was wonderful. It was regarded as one of the safest schemes one could opt for because it was State backed and one entered into a contract with the State.

In many cases, people leveraged their own properties, affecting their future and that of their children, to engage in small-scale property investment. They rejuvenated many derelict areas in small towns in the process. They were not major developers. They were ordinary people in ordinary positions. They included self-employed people, teachers, doctors and others who are valued in the community. They are not connected in any way to the property moguls or the high-level speculators involved with NAMA or who engaged in reckless borrowing and lending, from Anglo Irish Bank and other banks.

These small-time investors entered into a contract and were advised by legal and financial experts to do so. They paid dearly for that advice. The Section 23 scheme was regarded as guaranteed. When we enter into contracts by mutual agreement, that is fine; when one enters into a contract with the State, one believes the contract will be honoured by it. People who now wish to revisit their contract with the State are not allowed to do so. Some have taken the tax reliefs but many have not.



What is occurring is unconstitutional and it will be proven to be such. I welcome the 12-month deferral and acknowledge the serious effect the removal of the scheme will have on the trust of the people. The trust of the people has been shattered in so many ways. The people in question were willing to make an investment, enter into a contract, put their money where their mouths were to better their communities, and build for themselves and their families without trying to get rich quickly. Their plight is sad. The Section 23 scheme is to be abolished in the interest of resolving the national crisis brought about by the banks and light-touch regulation, as a consequence of which nobody in the Government shouted "Stop".....

With regard to the property market, rent dried up for investors. There are human tragedies involved. Families with children who have mortgages will be affected and small business owners with mortgages on their properties will be forced out of business. I hope the new Government – we all have an idea of the complexion it will have – will put its money where its mouth is. After the review next year, it will have the time to ensure the measure is constitutional and revisit it...





Budget & Finance Act, 2011 - out of touch with reality?

By Shay O'Brien

Property Reliefs

In December 2010, the outgoing Minister for Finance Brian Lenihan proposed radical changes to the manner in which a property investor who held tax designated property could claim their relevant tax allowances.

Section 23 owners for example could only offset their Section 23 allowances against the rental profit from that particular Section 23 property and not against other rental properties that they may have had. Effectively this was the commencement of the closure on tax allowances.

The Budget had failed to realise the many ordinary investors held these Section 23 type properties. Perhaps when faced with the reality the change on property reliefs would produce the Finance Act 2011 inserted a condition that an expert group would be set up to make an impact and economic assessment on the effective closures these property tax reliefs would have.

If any change is to be made to property tax relief this writer believes that the following must be considered:-

1. The market for property reliefs was allowed to spiral out of the control (under Government supervision!), but the Exchequer was a benefactor of same through these years through by collecting large scale taxes such VAT, Stamp Duty etc
2. A significant amount of tax designated property is now owned by small investors.
3. Many of the properties purchased were done so on the encouragement of tax relief being available.
4. Many investors who have property tax reliefs are highly borrowed on these properties and many continue to be on an interest only basis with their bank.
5. The high earners restriction already seriously restricts the use of the reliefs for larger investors.

Stamp Duty Changes

Stamp Duty has been simplified for residential properties with a 1% charge on

residential properties less than €1 million and 2% thereafter. The first time buyer's exemption to Stamp Duty has now been abolished.

Universal Social Charge (USC)

The Finance Act 2011 witnessed the transfiguration of the Health levy and Income levy into the Universal Social Charge. The Universal Social Charge applies as follows to Income:-

2% on the first €10,036

4% on the next €5,980

7% on the balance

The Universal Social Charge is charged on income before reliefs such as pension contributions.

Impact of USC- those earnings more than €26K

Those earning between €26,000 - €75,000 would have already been paying a 4% Health Contribution and a 2% Income Levy Contribution i.e. 6%. So effectively they are now paying an additional 1%. However, the main hardship being felt by middle income earners is in relation to the reduction of tax credits and tax bands, as outlined below, and arguably not the USC.

Impact of USC- those earning less than €26K

For workers earning less than €26,000, the impact of the USC has been significant as previously they would have been only paying a 2% Income Levy whereas they are now liable after €16,016 for 7%.

Tax Credits / Tax Bands

The reduction in tax credits and bands has been hugely significant. For example, for a married couple with one income, the reduction in bands has reduced net annual pay by €756 per annum.

The reduction of credits reduces net pay by €630 per annum, giving a total reduction of €1,386 per annum.

Self-Assessed tax payers, Preliminary Tax for 2011

The Finance Act inserted a provision that

the USC must now be considered as part of the tax payer's 2011 preliminary payment via the 100% and 90% rules in particular when they pay their Preliminary Tax under the 100% option.

Employment & Incentive Scheme

This new scheme is intended to overhaul the BES scheme and would provide for a tax relief in the amount of 30% to be allowed for tax payers who invest in a company under the Employment and Incentive Scheme. The investment would have to be held in the company for three years as opposed to five years and an additional 11% tax relief could be available to the investors if the company meets certain criteria.

Energy Efficiency Tax Relief

The Finance Act, 2011 has introduced a 20% tax relief for expenditure incurred in improving the energy efficiency of a residential premises.

Other relevant changes in the Finance Act are as follows:

1. The Employee PRSI Cap has been removed
2. Rental Tax Credit is being phased out and will be abolished in 2018. It is abolished for new tenants from 8th December 2010.
3. Trade Union expenses have been abolished.
4. Tax Relief on Bin Charges has been abolished – the only tax year which you will obtain tax relief on bin charges paid in 2010 will be on your 2011 Tax Return as Tax Relief applies on a preceding year basis
5. The Finance Act confirms that all the professional subscriptions paid by an employer are now liable to BIK.
6. The Finance Act confirms a de-minimus cap to apply on college fees for full-time courses of €2,000 and €1,000 for part time courses. Tax Relief of 20% can be claimed on the balance.

▲Shay O'Brien is a Tax Manager in PKF Tax Consulting Ltd and can be contacted on 01-4961444 or by email s.obrien@pkf.ie

Budget 2011, the National Recovery Plan and the future of pensions

By Liam Doyle



We've had the National Recovery Plan and Budget 2011 in quick succession and we're still breathing but boy have they impacted on pensions! So, with the dust settling, where do we now stand in the pensions industry?

First impressions from Budget 2011 and the National Recovery Plan (NRP) is that it's all pretty negative: No relief for employee pension contributions against PRSI or the new Universal Social Charge from 2011, earnings cap reduced from €150,000 to €115,000 from 2011, (even if contributions are backdated to 2010 next year), the pension fund cap drastically reduced from €5.4 million to €2.3 million, a phased reduction in income tax relief to standard rate from 2012 to 2014 (although the door has been left open for the industry to come up with an alternative), the imputed drawdown on Approved Retirement Funds (ARFs) being increased from 3% to 5% and a 50% reduction on employer PRSI relief on member contributions.

And, as if all that wasn't bad enough, we have the imposition of the new tax free cap of just €200,000 to deal with. It's all too easy to perceive that pensions have had their day and that the game is up. However, the changes are worthy of greater inspection and, in my opinion, pension advice going forward will have to be far more strategic, focused, goal orientated and planned.

New structures

What do I mean by this?

Well, for starters, the new caps should become targets wherever affordability allows. A move to new structures, which will facilitate employer contributions, must be examined by all clients sooner rather than later as employer contributions, unlike personal contributions, will continue to attract relief going forward. Remember that a married couple enjoy a joint pension

fund cap of €4.6 million. A married couple over the age of 65 also enjoy a lower exemption limit in the tax code of €36,000 from 2011, handy for imputed drawdown purposes.

Maximum funding is still alive and well (albeit with the new pension fund cap). Pension lump sums although now taxable from 2011 above €200,000 will enjoy a low aggregate tax rate. For example, a lump sum of €500,000 breaks down as €200,000 tax free and €300,000 at standard rate which is equivalent to an aggregate tax rate on the full lump sum of just 12%. (It is important to note that all lump sums received since December 7th, 2005 are brought into the equation for this calculation).

The AMRF may be increasing from €63,500 to €120,000 but remember that the AMRF is exempt from the imputed drawdown completely.

Furthermore, the Budget appears not to have extended the imputed drawdown at all to vested PRSAs (although it's possible that this might be changed in a new Finance Bill).

New options

The extension of the ARF effective from 01/01/2011:

New options to all employees in Defined Contribution Schemes without changing the basis for tax-free calculation to 25% of the fund value may mean that company directors and employees will soon be in a position to avail of a lump sum of up to 1.5 times final salary along with an AMRF and ARF, something that wasn't permitted before for proprietary directors, although this has yet to be clarified.

All group PRSAs with employer contributions will have to be reviewed in the light of the new changes.

There is no doubt that following Budget 2011 and the National Recovery Plan 2011 – 2014, pensions will get a lot more complicated and proper pensions advice is going to become a lot more valuable. Ironically, people who are likely to breach the various caps based on their current

contribution levels will require as much pensions advice on their future funding as those who are underfunded.

While the 2010 performance figures are very welcome, the longer term numbers are also very strong with several of our key funds showing a significant outperformance against their relevant benchmarks and competitor funds. The Canada Life/Setanta Global Equity Fund, the Canada Life/ Setanta Focus 15 Fund, the Canada Life/ Setanta Irish Equity Fund and the Canada Life/Setanta Managed Fund have all outperformed their respective benchmarks over the more relevant three, five and 10 year periods.

The stand out performer in 2010, as was the case in 2009, was the Canada Life/ Setanta Focus 15 Fund with a return of 26.5% out-performing the benchmark MSCI World Index by 7%. The fund is an actively managed, concentrated equity portfolio, which holds approximately 15 international stocks. The Canada Life/ Setanta Focus 15 fund has been one of the best performing funds in the Irish market over the last two years. With industry single premium sales increasing by 30% in 2010, it is encouraging to note that people are moving back into investment funds and away from cash and deposits. We have now had two good years in a row and this has certainly helped investor confidence. Some funds are showing gains of over 100% in the past 2 years. The positive trend in other asset classes that started in 2009 has gathered momentum and we are delighted to see that it looks set to continue in 2011.

▲ Liam Doyle is a tied insurance agent of Canada Life. Canada Life Assurance (Ireland) and the Canada Life Assurance Company are regulated by the Financial Regulator



Ordnance Survey Ireland (OSI) and the Property Registration Authority of Ireland (Land Registry)

The Property Registration Authority (Land Registry) and Ordnance Survey Ireland (OSI) enjoy a very close working relationship. The Land Registry utilises Ordnance Survey Ireland's topographic mapping to cross-reference and associate their boundary information. This forms the basis of all Land Registry digital map data.

Ordnance Survey Ireland and the Land Registry have compiled the information below to help customers understand their respective roles.



Ordnance Survey Ireland's role

Ordnance Survey Ireland is the national mapping agency of Ireland. It is the State Agency responsible for the official, definitive surveying and topographic mapping of the Republic of Ireland. As this mapping is topographic, it only represents the physical features on the ground at the time of survey. The features shown must fall within the specification for the survey scale and within agreed accuracy tolerances.

OSI maps never indicate legal property boundaries, nor do they show ownership of physical features. Although some property boundaries may be coincident with surveyed map features, no assumptions should be made in these instances and consequently it is not possible to identify the position of a legal property boundary from an OSI map.

OSI has a continuous mapping revision programme for the whole of the Republic of Ireland. Changes that have occurred on the ground since the property was registered may result in differences between later OSI map editions and the mapping used by the Land Registry.

Contact Ordnance Survey Ireland

Ordnance Survey Ireland is unable to answer questions regarding legal property boundaries or interpret the mapping in your title plan. However, if you have questions regarding their mapping you can:

E-mail them at customerservices@osi.ie, Call their LoCall number on 1890 67 46 27, Or write to them at: Customer Service Centre, Ordnance Survey Ireland, Phoenix Park, Dublin 8.

Property Registration Authority

The main functions of the PRA are to manage and control the Registry of Deeds and the Land Registry and to promote and extend the registration of ownership of land.

Land Registry's Role

The Land Registry was established in 1892 to provide a comprehensive and secure system of land registration. When property title is registered in the Land Registry the deeds are filed in the Registry and all relevant particulars concerning the property and its ownership are entered on folios which form the registers maintained in the Land Registry. In conjunction with folios the Land Registry also maintains Land Registry maps. Both folios and maps are maintained in electronic form. Land Registry maps (digital vector data) are based on Irish Transverse Mercator (ITM) coordinate reference system topographic maps that are supplied to the Registry in digital vector form by Ordnance Survey Ireland. Published scales are 1/5,000 rural, 1/2,500 urban/rural, 1/1,000 urban. The Land Registry represents the extent of all registered land by reference to OSI topographic map data. Where a boundary of the land is not defined by a physical feature on the OSI map, the Land Registry digitises it from either the electronic or paper map(s) lodged by applicants for registration purposes. The word "boundary" has no special meaning in law but in land ownership it is understood in two ways:

The Physical Boundary

The Land Registry identifies properties not boundaries and never shows ownership of individual boundary structures such as walls, fences and hedges etc. It should also be noted that deeds rarely deal with such matters.

Non-conclusive Boundary System

The boundary system adopted by the Land Registry under the Registration of Title Act, 1964 is known as a non-conclusive boundary system. The non-conclusive provision dispenses with the need for determining the exact location of title boundaries when defining the extent of registered properties and the ownership of the physical features which mark the limits of a property is left undetermined. In the case of boundaries

located within buildings, the exact line or plane of the title boundary is also left undetermined.

The non-conclusive boundary system will not indicate whether a title boundary includes a hedge or a wall and ditch or runs along the centre of a wall or fence or runs along its inner or outer face or how far it runs within or without it or whether or not the land registered includes the whole or any portion of an adjoining road or stream. However, the location of the physical features within which the title boundary lies or the points between which an undefined title boundary runs must be accurately defined by the applicant on the map lodged for registration within the limitations of the scale of the application map.

Official copies of the Registry Map can be obtained by ordering any of the following: -

- Special Registration Map
- Title Plan
- Official Map Search.

Each of the above map products are generated from the Land Registry digital vector map and include some surrounding OSI topographic detail. Official copies of Land Registry maps are subject to the limitations of scale and survey accuracy of both:

- OSI maps on which they are based
- The application maps lodged for registration purposes.

Where boundaries have been transferred to a larger scale or to a different map series, whether on paper or in a digital environment, measurements must not be expected to give a degree of accuracy greater than that of the smaller scale or older map series. Since the commencement of land registration in 1892, almost all registrations were recorded by reference to the topographic detail shown on OSI published map scales. OSI Cassini/County Series and Irish Grid published scales in the paper system were 1/10,560, 1/2,500 1/1,000 and some urban areas were published at 1/1,250 and 1/1,056, (both 1/1,250 and 1/1,056 were enlarged

by OSI from 1/2,500 mapping). Accuracy of the Land Registry's boundary data is, accordingly, limited to the survey accuracy and scale of the source map originally lodged and upon which registration was based. The Land Registry is unable to tell you precisely where a property boundary is located.

Questions about land registration

Land Registry publishes a number of public guides about land registration which can be viewed or downloaded from its website at <http://www.landdirect.ie/> or obtained free of charge from any Land Registry office. The website also has a 'frequently asked questions' section.

Frequently Asked Questions

1. How do I find out if my property is registered?

The PRA website offers a public guide to registration issues.

2. I have a dispute with my neighbour over where the boundary lies. Can you tell me who is right?

No. The Land Registry map is an index map and identifies property, not boundaries. Therefore, we are not in a position to advise.

3. Can I measure my boundary precisely from the map?

It is not possible even when using the highest order of survey techniques to achieve perfect accuracy when drawing/digitising features on a map. OSI maps are therefore subject to accuracy limitations. This means that scaled measurements between features shown on the map may not exactly match the actual distance measured between the same features on the ground. Different levels of accuracy apply depending upon the scale of the map and the original method used to create it.

Paper maps (particularly copy maps included in deeds) can be subject to distortions and inaccuracies, as any copying processes (such as photocopying, scanning) and printing processes can lead to the distortions in the map image

4. I believe that there is error on the Registry Map, what should I do?

If you feel that mapping of your registered title is incorrect, please contact Land Registry at the earliest stage to establish if they can assist.

5. Can an Ordnance Survey Ireland map indicate where my legal boundary is?

No. Ordnance Survey Ireland mapping does not depict legal property boundaries nor do

we attempt to show property ownership on our mapping.

OSI only show the existence of physical features on the ground at the time of survey, which are surveyed to Ordnance Survey Ireland specification and accuracy standards. Although some property boundaries may be coincident with surveyed map features, no assumptions should be made in these instances.

Physical features on the ground change over time, and for this reason, Ordnance Survey Ireland has a continuous mapping revision programme. In the event that there are changes to the physical features on the ground, this may involve our surveyors visiting your property so that the mapping can be updated and amended. However, such revision will not affect legal land ownership and title deeds of a property and registered title will not change unless authorised by the Property Registration Authority.

6. What feature does the line on the OSI map represent?

Ordnance Survey Ireland maps use the same line symbol for a wall, fence, hedge, bank, ditch and stream. Where many features are represented in close proximity it may not be possible to represent them all at the scale of the mapping and it may not be obvious from the map which feature the line represents.

Even if a correct interpretation of the map can be made, the line on the map may not be the legal boundary. It is the position of the actual feature on the ground, not the position of the line on the map that is important in attempting to trace the position of the boundary.

Accurate analysis of the OSI map can usually only be achieved by taking the map onto the site and comparing it with the features on the ground. This can help decide what has been shown, what has been omitted for the sake of clarity or because the map scale does not allow multiple features in close proximity to be shown.

7. There is a fence and a wall next to each other and only one line is shown on the map, why is this?

Where a fence, hedge or wall runs approximately parallel to another feature and so close that they cannot both be plotted correctly at the scale of survey, then only one feature is shown.

8. I believe Ordnance Survey Ireland's mapping of my property is incorrect. Can I arrange for a surveyor to come out and amend the mapping?

Ordnance Survey Ireland welcomes all customer feedback about the content and

accuracy of our mapping. We understand that there may be a delay between changes taking place on the ground and when we are able to capture them within our continuous mapping revision programme. Any issues relating to the content or accuracy of our mapping that fall within our specification will normally be investigated at the next revision of the mapping for the area. For our large scale products the following revision cycles may be informative:

- For Urban and Suburban areas i.e. all 1:1,000 and some 1:2,500 plans, a one year revision cycle is established.
- For Periurban areas i.e. all other 1:2,500 plans, a three year cycle is established.
- For Rural areas i.e. all 1:5,000 plans, a five year revision cycle is established.

However, should you feel that these changes/amendments may affect your title plan; you need to contact the Property Registration Authority at the earliest opportunity.

9. I feel that a feature is incorrectly shown on the OSI map; can you tell me why it is represented this way?

Unfortunately Ordnance Survey Ireland does not keep records or surveyors' notes of site visits. The map becomes the only record kept. The OSI is unable to comment on the detail of specific features shown on the mapping or provide reasons why or how a feature is shown on the map.

10. I require an Expert Witness to comment on the mapping, does Ordnance Survey Ireland offer this service?

Ordnance Survey Ireland is unable to become involved in property boundary disputes. If you need an expert to prepare evidence, there are a number of relevant professional organisations including:

The Society of Chartered Surveyors (SCS) <http://www.scs.ie/home> provides a searchable database of Land Surveyors who can act as Expert Witnesses and prepare evidence for court.

The Irish Institution of Surveyors also provides a searchable database of Land Surveyors who offer a similar service. <http://www.irish-surveyors.ie/>



Time to plan for AGM & Annual Convention 2011



A Members' Forum and an address by motivational speaker Seán Gallagher of Dragon's Den are among the highlights of this year's Annual Convention of IPAV which takes place in the impressive surroundings of the Slieve Russell Hotel in County Cavan on the weekend of May 20 and 21.

One of the most respected and highly sought-after motivational speakers in Ireland today, Sean Gallagher inspires and motivates groups with his knowledge on leadership, business, entrepreneurship

and personal success. Having overcome considerable personal and professional challenges, he uses his own experiences to inspire hope and determination for audiences everywhere.

The Members' forum which takes place on Saturday afternoon will focus on the role IPAV can play in improving its service to members in the current difficult environment and how it might adapt to meet those needs.

The Forum will also provide members with an opportunity to voice their opinion on how they see the Institute progressing.

The weekend will start off on the Friday afternoon of May 20th with the annual golf outing, once again kindly sponsored by the Irish Examiner newspaper. This year the competition will be played on the impressive Slieve Russell golf club adjacent to the hotel, where Marguerite Stafford and her team from the Irish Examiner will be on hand to meet and greet players.

On Friday night there will be an informal

get-together with a buffet and an opportunity to dance or just sing along with the entertainment. During the evening the golf prizes will be presented to the lucky winners.

On Saturday morning the Annual General Meeting of IPAV will take place, where a full report on the year's activities and accounts will be presented. After lunch members will gather for the Convention itself. Members should note that the afternoon session of the Convention will carry 2 CPD points so all members are asked to bring their CPD cards with them to the Slieve Russell.

On Saturday evening members will gather for the traditional drinks reception where there will be an opportunity for photographs and to meet old friends and make new ones. The reception will be followed by the Convention Dinner with a Guest Speaker.

IPAV is keenly aware of the current economic situation and is determined to keep the cost to members as low as possible.

Diversity of approaches to licensing of estate agents in Europe

By Fintan McNamara, CEO, IPAV

Following the collapse of the Property Services (Regulation) Bill, 2009, with the 30th Dáil, auctioneers and estate agents in Ireland are now required to renew their licences to practice on an annual basis under the existing system.

It will be up to the incoming Government whether to re-introduce the collapses Bill (all Bills not passed into law collapse with the Dáil) or to make significant changes. During the debate in the Dáil and Seanad both Fine Gael and Labour indicated they are in favour of significant changes. Consequently, it looks like it will be some time before any new reforming legislation in this area is introduced again.

In Ireland obtaining an auctioneer's licence currently involves four steps which must be completed annually, as members are aware.

A random survey of European countries shows the system of application in other countries is less onerous and less costly.

- ▶ In the United Kingdom there is still no licensing of estate agents and the Government seems keen that any move in this direction will be industry led. The National Federation of Property Professionals (NFoPP) is introducing a licensed grade of members but this is on a voluntary basis.
- ▶ In France once a licence or permit to practice as an estate agent is issued it is valid for 10 years and there is no significant expense involved in obtaining it in the first instance.
- ▶ In Portugal the initial outlay in obtaining an estate agent's licence is approximately €1,000 but, once obtained, the licence is valid for three years.
- ▶ In Austria the cost of obtaining a licence is approximately €1,500 but, once obtained, it is valid for life. However, agents in Austria are required to have a third level qualification to practice and to register with the local chamber of commerce.
- ▶ In Finland minimum educational qualifications are also demanded and these are assessed at an examination which is quite rigorous but, once obtained, the licence is valid for life provided the agent is registered with the chamber of commerce.



The Directors of the Confederation of European Estate Agents pictured at their meeting in Italy in February. Included are President Manuel Negro, APEMIP (Portugal), Adiena Litomericka, NARKS, (Slovakia), Vice-President, Benoit Coste, UNIS, (France), Vice-President, Raffaele Dedemo FIAIP, (Italy), Vice-President and Fintan McNamara, CEO, IPAV.

- ▶ In Greece the fee is €300 to obtain a permit to act as an estate agent which, when obtained, is also valid for life.
- ▶ No licence is required in the Netherlands or Belgium.
- ▶ No license is required in Slovakia but to enter the property industry applicants must have a university degree in economics, law or construction or five years of practise in real estate business.
- ▶ In Romania there is not yet a licensing system implemented. However, the companies in real estate are required to be registered at the Commercial Register under a special code.
- ▶ In Germany permission for real estate agents is required which is given by the local trade authorities. The fee varies between €750 and €2,500. The permission is for the lifetime and has not to be renewed. The German Real Estate Agents Association has minimum requirements for membership applicants in qualification and insurance. These issues are not covered by the permission.

IPAV is recommending that the incoming Government carry out a detailed survey of best practice throughout Europe before deciding on what system is best suited to Irish needs.



Seán Gallagher – motivational speaker

From an early age, Seán Gallagher learned that hard work was the only way to overcome life's difficulties. He attributes much of his drive, perseverance and sense of self determination to the challenges he

faced and the obstacles he overcame as a child. Born with congenital cataracts, he was almost blind as a child. He struggled through his early years until pioneering surgery restored partial sight.

At age 12, the advice of an encouraging primary school Headmaster was to change his life: **"If you can dream it, you can become it"**. From that day onwards that advice became his life's mantra.

At age 18, Sean became actively involved as a Chairperson of a Foróige Youth club which he set up with friends. During a youth development training programme Sean wrote a life plan which included five key goals which he wanted to achieve. Over the intervening years, he relentlessly pursued

and achieved every one of his goals.

On leaving school he attended Agricultural College where, on completion of the course, he bought a small farm at the age of 21. At 26 Sean became a professional Youth and Community worker, having completed the first such course in NUI Maynooth. By 28 he became a full-time Political Advisor to the then Minister for Health, Dr. Rory O Hanlon T.D.

Seán went on to take up a position as assistant CEO of Louth County Enterprise Board where he specialised in developing and presenting "Start-Your-Own Business" courses to budding entrepreneurs. He graduated with an MBA from the Institute of Technology in Dundalk and the University of Ulster in 2000.

In 2002, Sean and his business partner, Derek Roddy launched a company that specialised in manufacturing and installing cabling and technology systems into new residential homes. Smarthomes became Ireland's largest home technology firm with over 70 staff and a turnover of €10 million. Building on its expertise in home technology, the company recently

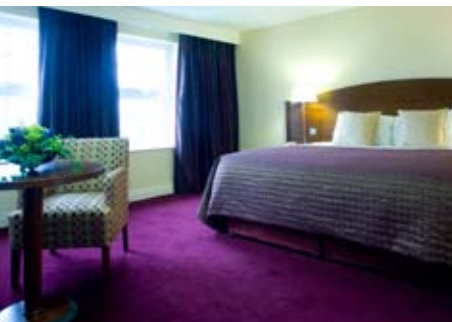
launched new products into the energy management sector allowing homeowners to control their home heating via their mobile phones. Although retaining an interest in the company, Seán exited the running of the business.

Seán is a strong campaigner and advocate for those with disabilities. He is Patron of the Irish Association of Supported Employment (IASE) and a keen supporter and advocate for Sight Savers International, the National Council for the Blind (NCBI) and the Irish Guide Dogs organisation.

Seán believes that Irish entrepreneurs are vital to the creation of jobs and the recovery of the national economy and is certain that, despite the changing nature of our economy, Ireland continues to offer endless and exciting opportunities for those courageous enough to pursue their dreams.

Seán currently spends much of his time giving motivational talks to aspiring or early stage entrepreneurs. He has spoken to hundreds of groups and is a regular contributor at seminars on success, business and entrepreneurship.

The Slieve Russell Hotel, Golf & Country Club



The Slieve Russell Hotel provides luxury hotel accommodation in a tranquil setting. Set in 300 acres, including 50 acres of lakes, the Slieve Russell Hotel Golf & Country Club with Ciúin Spa & Wellness Centre offers a unique experience in relaxation and leisure to guests.

Located just two hours from Dublin city centre, the Slieve Russell Hotel Golf & Country Club in Ballyconnell, County Cavan offers a haven of comfort and relaxation.

The state of the art conference centre, 'The Cranaghan Suite' has an area of 936 square meters, consisting of two stylish conference suites, three adjoining syndicate rooms, a spacious reception area and private entrance.

Leisure Facilities

The Ciúin Spa & Wellness Centre at the Slieve Russell Hotel Golf & Country Club is a very popular attraction for both business and leisure visitors.

Ciúin means calm and quiet in Irish and each treatment room is designed to provide maximum comfort and relaxation. When entering the Ciúin Spa you enter into a world of luxury through the senses. Experience the true meaning of relaxation and discover the journey essential for health and well being.

Guests can indulge in a range of Elemis treatments for both men and women including an exclusive Ciúin Signature Facial and Ciúin Signature Body Treatment. Elemis treatments have been designed to give the guest the ultimate treatment with proven results.





New 'MUD' Act to bring about smooth path to resolving problems In apartment management

By Fiona Barron, Chief Executive, Irish Property & Facility Management Association

A long-needed, smoother path to resolving difficulties arising in residential apartments and multi-unit developments management is now on its way with the enactment of the new Multi-Unit Developments (MUD) Act 2011.

Although the new Act will bring some much tougher measures into place, it will, according to the Department of Justice & Law Reform, create a strong structure for the resolution of disputes in a fair, transparent and uniformed fashion.

It also brings into force the fact that no residential apartment or unit in a multi-unit development can be bought or sold legally after October 2011 where an Owners Management Company (which is formed by and made up of the actual owners of the apartments / units) is not in control and has not ownership of all common areas.

Signed by the President of Ireland and now awaiting a commencement order, the new MUD Act 2011 (all sections) is expected to be passed into law by early April this year.

The new MUD Act will bring about a large number of applications being made to the Circuit Court to resolve old apartment management company disputes, predicts Barrister-at-Law Brian Walker BL.

Mr. Walker told a recent IPFMA seminar of residential property management professionals that the MUD Act will "shortly see hundreds of applications being made to the Circuit Court 'to fix' problems that have been festering over the past 10 years plus in typical apartment management company disputes".

He warned that the courts have made it clear, though, saying that "they want the parties to do a lot more to resolve their differences" and drew attention to the fact that the new legislation allows a judge to order mandatory mediation.

Dispute Resolution

Brain Walker BL, who has practised in company law and dispute resolution for many years, was one of the distinguished authorities addressing the IPFMA seminar on the implications of the new MUD Act 2011. He focused particularly on its dispute resolution mechanism, saying that "mediation will shortly become the main

dispute resolution mechanism for property management company disputes".

Seamus Carroll, Principal Officer from the Department of Justice and Law Reform, also spoke on the details of its enactment, alongside Paul Mooney, chairman of the IPFMA Residential Sub-Committee, who has been involved in the development of the Act since its inception.

"Money will be at the heart of many disputes", stated Brian Walker. "Investors and residents are hard pressed with mortgages and will struggle with service charges and the challenge of the new sinking fund. These [Owner Management] Companies need to be properly funded to safeguard the asset".

He went on to say that "owners don't fully appreciate how valuable their property management company is and a complete culture change will be required in 2011, or else people will see their asset value diminished drastically".

He pointed out that the Act contains a sting in the tail for "an unwilling party who drags their heels, as the courts will penalise them with a costs order if they don't play ball. Mediation will become mandatory". Introduced in the Circuit Court last January and the High Court last November, mediation has the full support of the Judiciary, State and EU as an alternative and less costly route to resolving disputes.

Finally, in explaining that Owners Management Companies are subject to company law, Mr. Walker bemoaned the fact that they are regulated by "a complete mishmash of 15 virtually unintelligible companies acts, 1963 to 2009" that in his view are "in dire need" of modernisation. "On top of this, there are 34 sections of the new law covering how the Owner Management Company will be run going forward. It's a dog's dinner!"

IPFMA Residential Sub-Committee chairman Paul Mooney pointed out that all property developers, under the new MUD Act, must transfer their interests in apartment/multi-unit developments to the Owner Management Company, so that the actual apartment or unit owners will now be responsible for managing the development and appointing their own management agents to implement property maintenance services.

"The new MUD Act is a milestone in the sustainability of apartment living in Ireland", said Mr. Mooney, who has worked to progress legislation governing Owners Management Companies and property management agents regulation since 2006.

Transparency

"It does not alter the rights of property owners, nor does it alter company constitutions that already exist, unless they are inequitable, but it will ensure transparency, equity and fairness for all apartment or unit owners in the future", he stressed.

"The Act actually places further responsibility on Owners Management Company directors, as it creates a 'rule-book' for developments and their unit owners and representative management companies", said Paul Mooney, "and is not an Act controlling or regulating agents".

"The Act's obligations allow for agreement of service charges, sinking funds and house rules at General Meetings, which escalates the importance of notices, agendas, wording for special resolutions and the proper recording of meetings".

"It is likely that these items will be required in Requisitions on Title to ensure that successors in title understand fully their commitments and obligations as a unit owner", said Mr. Mooney.

**Note: The IPFMA, formed in 1989 under the auspices of the SCS (Society of Chartered Surveyors), has over 500 members countrywide. It represents the property, asset and facility management profession which involves the application of multi-disciplinary skills vital to the operation of the property and construction industries of today, ranging from property strategy and space management, to building maintenance and contracts management.*



Pictured at the AGM of the Irish Property Facility Managers Association were (l-r): Fintan McNamara, IPAV CEO; Fiona Barron newly-appointed manager of IPFMA and Peter Moloney Chairman IPFMA

IPAV members working



Participating in IPAV's Certificate & Diploma course and following up with an honours degree in the UK has proved a successful route to a rewarding career for a number of graduates. Property Professional editor Tim Ryan spoke to Susan Dunlea and Liam Hazel who both completed the courses and are now pursuing careers in the Valuation Office.

Rowing against the tide!

Having grown up in the harbour area of Cork city, rowing comes naturally to Susan Dunlea. The Monkstown-born former IPAV student has always had a passion for the sport and today she combines her position as chairperson of Monkstown & Cork Harbour Rowing Club with her busy job as a valuer in the Valuation Office in the Irish Life Centre in the centre of Dublin.

The eldest of a family of three, Susan Dunlea was born into a family with no particular interest or association with property. Her parents were self-employed and ran their own supplies store in Carrigaline where she grew up. However, her family did acquire some commercial property in Lanzarote and continue to commute there to oversee its progress.

Having attended Christ the King Secondary School in Turner's Cross, she opted for the property course at Cork College of Commerce.

"I always had a sort of interest in property and at the time the market was starting to take off," she recalls. "In those years the property supplement in the Irish Examiner was always a good read at the weekend and I developed an interest in it."

She found the IPAV very rewarding and fulfilling and compliments the Head of the course Peter Brady and his team for providing a very good basic grounding in all aspects of the property industry.

Having completed the Certificate and Diploma she and many of her class opted to travel to the University of Glamorgan to complete the one year B.Sc (Hons) in Estate Management Surveying.

Having returned to her native Cork she and her longtime friend Valerie did not go directly into the property industry but instead opted to work in administration in the Heineken brewery on Leirtrim St.

After a year there, they decided to see the world and headed for Australia for a year spending some time picking fruit and at odd jobs to finance their travels. From there it was on to New Zealand and back home via the United States.

"This was the time around 9/11 and we were not too keen in spending too much time in the States," she recalls. "We left and came back to Cork fairly quickly."

Now settled in her native city, Susan began her career in property with her first job in Eamon O'Neill's offices in Kinsale. This was followed by three years in Global Property, the firm of former IPAV President Dick Nagle, where she developed a wide range of skills in sales and lettings.



Susan Dunlea

In the summer of 2007 Susan saw an advertisement for the Valuation Office and sat a number of tests and an interview. She was successful and in August joined the office which is located in the Irish Life Centre in Dublin 1. (Plans to decentralise it to Youghal, announced by former Finance Minister Charlie McCreevy, have been put on hold).

The Valuation Office is the State property valuation agency. Its core business is the valuation of commercial property for rating purposes. The valuation of a property is based on its annual rental value at the date of the valuation. This is multiplied by the annual rate on valuation (ARV) to give the amount of commercial rates payable per annum. An ARV is set each year by the local authority, known generally as "striking a rate".

Under the Valuation Act, 2001, provision was made for a revaluation of all property in Ireland. This process began in late 2005 in the local authority area of South Dublin County Council and was continued in the administrative area of Fingal County Council.

Susan's first major task was becoming part of the team involved in the revaluation of Fingal. Her job as a revision officer was to visit each property and set a valuation in line with the current rental values. As a result some valuations were increased, some decreased and some remained the same.

There is provision for a three step appeals process. If the owner of the property is dissatisfied he/she may make representations in writing within 28 days of the issue of the draft certificate.

A final certificate will then be issued by the revision officer and a further appeal can be made to the Commissioner of Valuation within 40 days from the date of issue of the final certificate. The Commissioner will consider the appeal and make a decision within a six month period.



in the Valuation Office

A career In Valuation – and a passion for football!



Liam Hazel

Cork, unlike most counties, is famous for both its hurling and football prowess. In some parts hurling is the passion but in West Cork it's largely football.

IPAV member and valuer Liam Hazel is no exception. Born in Skibbereen, he acquired a love of football while still in primary school and today, many years later, he commutes to his beloved O'Donovan

Rossa Club each weekend to train and play the game. While the roads have dramatically improved, the one-way trip takes him four hours without a break.

"If I leave Dublin on a Friday evening at 5 o'clock I can usually make the end of training at the club with a bit of luck and then I am there for a game on Saturday night or Sunday before making the return trip to Dublin."

It's a huge commitment but outside of his working life, football is his big passion.

Liam was born into a family with a keen involvement in the property industry. Third youngest in a family of seven, his father, Liam Snr., is an architect and planning consultant who has run his own business for the past 33 years. His mother, Margaret Hazel, studied the IPAV part-time course in Cork Institute of Technology and has opened her own sales and letting business, Hazel & Co. Auctioneers in Skibbereen.

Having completed secondary school at St Fachtna's De La Salle in Skibbereen, Liam followed in the footsteps of his elder brother Richard who completed the Certificate and Diploma course at Cork College of Commerce before transferring to the University of the West of England in Bristol to obtain a Bachelor's degree. Richard now runs a property business, Windrush Alliance, in London (see pages 20 and 21).

Liam found that the IPAV course at Cork College of Commerce provided a very good ground in estate agency to such an extent that he says the Cork students who transferred to Bristol found they were at a more advanced stage than their UK counterparts.

"The IPAV's degree in Real Estate Management and Valuation

covered a wide array of topics which ultimately provided me with an in-depth knowledge of the Irish and International property markets," says Liam. "This not only helps an individual in work but also provides a good basis with wider economic issues. The IPAV course also gave me a great grounding in the commercial property market which is now a big part of my working life as I am currently employed by the Valuation Office in Dublin."

While in his final year in Bristol, Liam applied for a job in the Valuation Office in Dublin and after a number of tests and interviews was offered a job. He started with the office on November 5th, 2007.

At that time the Valuation Office was involved in a complete revaluation of Fingal County Council and Liam with a colleague spent two years revaluing Malahide village. It was a great experience and the appeals process has only recently been finalised and the job completely finished.

Now he is engaged in revisions in and around Dublin City and is also preparing for the anticipated revaluation of this entire commercial area although it has yet to be signed off by the Minister.

In the meantime, Liam is now in the final stages of completing an MSc in Real Estate by distance learning with the College of Estate Management in the University of Reading. Following this, he hopes to study for the RICS examinations which will take a further two years.

For the present the embargo on public service recruitment means there are no immediate opportunities for graduates in the Valuation Office but Liam's advice to young property professionals is to acquire as many qualifications as possible to allow for maximum potential in their career when the economy does turn around.

And his last words are a firm endorsement of the IPAV courses: "I would not be where I am today without the IPAV course!"

Liam Hazel in action for O'Donovan Rossa



Continued from page 18

Finally, there is a right of appeal to the Valuation Tribunal. This is an independent body set up to settle disputes between the Commissioner of Valuation and ratepayers or local authorities. The decision of the Valuation Tribunal is final on the amount of the valuation. There is, however, a further right of appeal to the High Court and ultimately to the Supreme Court but only on a point of law.

The process of revaluing Fingal is now largely complete and the next area likely

to be covered is Dublin City Council. This will be a major undertaking and will take Susan and the team a considerable period to complete.

To do this work, the Valuation Office currently has a staff compliment of 160, of which 86 are valuers. Susan Dunlea, Liam Hazel and Paul Mooney are all valuers who came to the office through the IPAV route. Many others came through the IT colleges.

To further her career, Susan has now begun studying for the RICS examinations which she hopes to complete over the next two and a half years.

In the meantime, she enjoys her spare time as chairperson of Monkstown & Cork Harbour Rowing Club as well as doing some coaching with Commercial's club in Dublin. In an industry where cutbacks and redundancies are commonplace, Susan Dunlea is, quite literally, rowing against the tide!



Irish agents urged to look overseas by successful Cork-born Agent

Having studied an IPAV course, Cork-born Richard Hazel began an interesting career in international property. Today he heads Windrush Alliance, a London company which specialises in selling houses in the south of Italy to a range of international customers. Here he outlines how he came to set up the business and why he thinks Irish auctioneers should focus on the international market.



I was born in March 1980, in a small market town in the south of the country, Skibbereen. I attended the local primary and secondary school and, like my brother, Liam, I played Gaelic football for St. Factnas De la Salle and O'Donovan Rossa. Once my adolescence years were completed I made the long journey to the big smoke of Cork City where I spent three years in the College of Commerce studying Auctioneering, Estate Agency and Valuation.

On completion, I was awarded a certificate and diploma and subsequently pursued my final qualification from the University of the West of England, Bristol. After one year I received a degree in Real Estate (Valuation and Management).

Like most people I couldn't wait to leave university, not because I didn't like it, but because while I was studying the Celtic tiger was taking grip of the Irish republic. Irish society as we knew it was changing. There was now disposable income in the economy and with the help of the low cost airlines, the Irish mindset turned international. As my family life and upbringing was always revolving around property, it seemed like a natural step to move into the sales side of the business. This was solidified further when I saw an advert in an English newspaper looking for a sales representative to live and work in Spain. For me there was no decision, move to Spain for a couple of months, if it works out great, if not what an experience. To cut a long story short I am in the overseas property business ever since. I have travelled the world conducting exhibitions, have lived in some beautiful places and met some amazing people. That is what the overseas business does to you, once you enter the business it is very hard to leave!

How did Windrush Alliance come about?

It is simple really. I had worked for many companies and experienced the good and bad sides of the business. I did my apprentice years, learned all aspects of the business, and then finally came to the point where I knew I could conduct the business better than most companies on the market. Unfortunately the overseas market sometimes may contain companies or persons that don't always act in the best interest of clients. For me this is unacceptable. This is why I started Windrush Alliance. As our slogan goes 'Overseas Real estate with Professional Touch'

Windrush was born from the idea of professionalism and outstanding customer service. The partners at Windrush, who

together have over 15 years experience in the international market, saw an opportunity to offer a business model that not only offered outstanding sustainable investments but did so with a smile and a touch of class. Our aim is to deliver excellent long term returns on our client's investments by selecting property developments in the most desirable locations. In order to sustain this process, Windrush uses an innovative and unique approach to the overseas property market which focuses on exceptional customer service and product innovation, backed up by the fact that we only use the most reputable builders & developers who have been fully certified by our in-house legal department.

Essentially Windrush is a modern day company which deals with all aspects of the business in-house. We decided at an early stage that, in order to provide and sustain our levels of service and professionalism, we had to do everything ourselves. Furthermore, parallel to setting up the business we needed to find an area that would tick all the boxes. After much consideration we chose Italy, with specialised attention on the southern regions.

Potential for Irish Agents

As we all know the Irish economy is currently going through a turbulent time and confidence levels within society are at an all time low. Property sales locally and nationally have taken a sharp fall and the potential to pick up business is low. For me an auctioneer or estate agent is missing out on a lot of business potential should he/she decide not to add overseas property to his/her portfolio. Nowadays a company that diversifies is the company that stays alive, the time is gone for solely dealing on the local and national market, you now need to deal internationally.

The computer age has helped us immensely in this scenario as now you can run a business from anywhere in the world, provided you have broadband. However, to take advantage of this the



GLOBE Exhibit Stockholm 2011 February

mentality has to change. Why not translate your website into Russian and optimize it on the Russian search engines? Why not go to Sweden and exhibit your property to the Swedish market, a market that is far more buoyant than many European markets at present (Windrush Alliance has just finished a property exhibition promoting Italy in Stockholm, next port of call is Kiev, then Goteborg London and Moscow).

Whether you are promoting Italy, Spain or even Ireland there is still business out there. Looking closer to home, the Irish market is one of the best markets to invest in at present because there are deals to be got. If we go back to the early 90's, the biggest overseas investors in Ireland were the Germans. Why? Their economy was buoyant and Ireland was going through a difficult time. The key here is exposure and education. If you do not expose a market on the international scene and educate people on the pros of a market how do you expect to gain sales? Unfortunately, gone are the days where people queued around the block to place a reservation on a newly released apartment block in an upcoming area. Now it is back to basics.



Portoada Park

Italian Market – Focus Calabria

The property market at present in Italy is consistent and growing. We have a steady flow of clients from countries such as Russia, Ukraine, Scandinavia, UK and the States purchasing a wide range of products. Clients today are far more clued into the market, more experienced and wary of the cons of purchasing overseas. They like to enquire through all agencies, ask as many questions as possible and then choose the agent they feel most comfortable with. Companies on the overseas market have had to evolve slightly and become more service orientated. For example, Windrush Alliance, with the help of its Italian partner, Apple Consulting provides a full aftersales solution to all clients. We provide mortgages, insurance, kitchens, furniture, translation, rental, property management and much more.

Most clients who purchase through us at present are purchasing purely for lifestyle. When we promote our properties we notice that a lot of clients don't really know the market in southern Italy. They think that because it is Italy, it is expensive. Nothing could be further from the truth. Where else in established Europe can you purchase a villa, 400m from the beach, with direct access to a pine forest for less than 280,000 euro or a 2-bedroom apartment with 180 degree sea views and 5mins walk to the old town in Pizzo for under 105,000 euro. It just does not happen.



Napitia Hills

Developments

Portoada Park - Key Ready

Designed to suit varied tastes, Portoada Park will offer luxurious villas with striking landscapes and direct access to a beautiful white sandy beach.

Portoada Park is one of the most exclusive villa developments in this area of Calabria, a private gated urbanization of semi detached villas, nestled in ancient surroundings. Designed to suit multi-cultural tastes, this unique project will cover all aspects of your new elegant life style.

Borgonovo – Key Ready

Borgonovo Apartments - situated just off-shore from the turquoise Tyrrhenian Sea; only 700 meters from Pizzo Old Town Centro and within a short 15-minute drive of Lamezia International airport, which offers direct, frequent and inexpensive flights to the UK, USA, Russia and other European countries

The development itself is situated in one of the most sought after areas of Pizzo close to all amenities. Nearby are shopping amenities, a train station, restaurants, Parks and the beautiful Pizzo Marina.

Napitia Hills – Mid Construction

Napitia Hills is perched at the most elevated point of Pizzo providing each property with unobstructed, panoramic sea views over the town itself. With a walking time of only 15 minutes you can enjoy the day to day lifestyle of an Italian local in the central Piazza and really take part in the towns all year round festivities. Close to the beach, shops, bars and restaurants, this location gives you the option of a great base should you wish to discover the region of Calabria and maybe take the hour and a half trip to Sicily or you may just want to lounge around on your ample roof terrace and soak up the glorious sunshine, taking the odd short stroll back through classic Italian history and culture.



Borgonovo



Look to Istanbul – where East meets West!



Suffering from post-election blues, Compounded by the prospect of a debt-ridden economy for decades to come? Well, look East To Istanbul for investments that still make financial sense, suggests Peter Cluskey

Given the state of the Irish economy, the bloodletting which accompanied the general election, and the meltdown in the Middle East which is only starting to effect Western oil prices, you're probably thinking that gold bars are the only place to stash what's left of your cash. Well you're wrong - take a look at Istanbul.

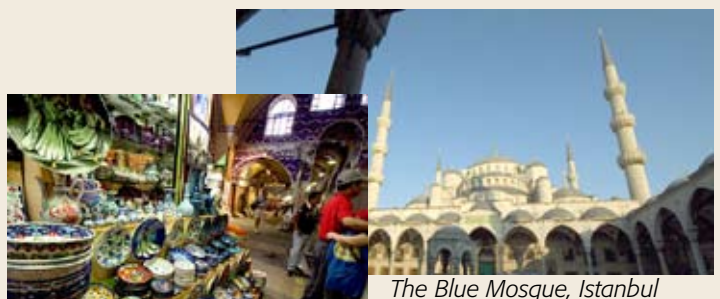
While the rest of the world struggles, Istanbul, the city where East meets West, remains the remarkably vibrant trading city it has been for centuries - except that now it's packaging its real estate in the same way Europe did before the bust, and offering some of the best returns on the market.

In cultural terms, the simple fact is that the idea of runaway personal debt and whole countries in hock to the point of bankruptcy to their own "lightly regulated" banking sectors was, and remains today, simply inconceivable in Turkey.

To get a fix on where Istanbul stands politically and economically - and to lift your post-election depression - let's take a look at some of the facts and figures:

- ◆ Turkey will become a member of the EU sooner or later, and it's that promise which has led to a boom in commercial property, with the arrival of a host of Western companies, including Ikea and Harvey Nichols
- ◆ It was named the Number 1 city in Europe for its development prospects by Pricewaterhouse Coopers in its 2010 Emerging Trends in Real Estate Europe report
- ◆ In preparation for EU membership, foreigners have been allowed to buy property, with very few restrictions, since 2005
- ◆ Mortgages are a relatively new product here and are available to both Turks and foreigners - repayable over 20 and sometimes even 30 years
- ◆ When it does join the EU, Turkey will be Europe's second-largest country after Germany - and a major economic force
- ◆ According to the OECD, economic growth in Turkey was 8.2 percent in 2010 - and is forecast to remain solidly above 5 percent for the next few years
- ◆ Istanbul is the fastest-growing city in Europe (Europe in the broadest sense, rather than the EU sense), rivalled only by Moscow - with a population expected to reach 14.5 million by 2015, creating 1.18 million extra households looking for homes

- ◆ That pressure on the property market means it needs 250,000 new homes every year - but only 75,000 a year are currently being built
- ◆ The average age is only 28 - so there's an emerging middle-class becoming gradually better off
- ◆ Istanbul is a major tourism location, with a corresponding demand for holiday accommodation: 31 million foreign tourists will visit the country this year, up from 28 million in 2010, which in turn was up five percent on 2009



Grand Bazaar

The Blue Mosque, Istanbul

Statistics

If you're impressed by those statistics, they only scratch the surface of what's happening here on the shores of the Bosphorous. Property prices here still lag far behind major European cities, with new builds ranging between €1,300 and €2,500 a square metre.

"The global economic slowdown has caused a modest correction in residential prices, mainly in pricier areas, but on the whole Istanbul's residential sector is proving more resilient than most other major cities around the world", says Alan Robertson, Managing Director of Jones Lang LaSalle Turkey.

"Major developers are continuing with large residential projects here. And in my opinion, the city's combination of scale, strategic commercial location and strong retail market will continue to enhance the potential of the residential sector over the long term."

Like anywhere else, prices vary depending on where you buy. But be careful, because so do rental returns and capital appreciation.

In terms of where foreigners traditionally buy, you'll need to know that the most desirable location is Beyoglu, the diplomatic quarter overlooking the Bosphorous, which, predictably, is now packed with pricey bars and restaurants. If that's out of your league, there's always Sisli or Nisantasi.

Much of the city's old housing stock was earthquake-vulnerable - a nice euphemism for jerry-built - and so for a good rental investment it's worth looking at some of the brand-new gated developments which include hitherto virtually unknown facilities such as swimming pools and sports facilities.

The newer commercial areas look interesting too. It's worth looking, for example, at the area around Sabiha Gokcen airport on the Asian side of the Bosphorous, or the business centres of Levent and Maslak, or even Atasehir and Umraniye. There's also the area around the harbour at Kumport.

It has to be said that some of the over-the-top marketing hype will inevitably remind you of all the property bumpf that was flying around in Ireland at the height of the boom in 2006 and 2007 - but it's none the less alluring for all that, as long as you take it with a large grain of salt.

As I write, for instance, I've just received an email from Property Frontiers in the UK, announcing an "unmissable launch in Europe's fastest-growing economy". This is an off-plan development of city centre apartments, starting at £31,000 sterling, with an anticipated net rental yield of seven percent, and ... wait for it ... "expected capital appreciation of over 40 percent within the next 12 months."

Irish estate agents

A nice product for Irish estate agents to sell, even in these straitened times, you might think. And there's plenty more where that came from. There's a development called Centre Point in the suburb of Esenyurt, where studio apartments are for sale at £19,900 sterling - a £2,000 deposit, £7,500 on signing, and the balance on completion. The complex is due for completion in February 2012, and will have a swimming pool, sauna, jacuzzi, tennis courts, a six-theatre cinema, bars, restaurants, a creche, landscaped gardens and 24-hour security.

More upmarket, there's the Ewiva development in Beylukduzu, which has two-bedroom apartments for £61,750 sterling, with a five-year rental guarantee of seven percent net - and fixed rate mortgages available for up to 60 percent of the purchase price, not subject to status.

Given that Istanbul generates a whopping 25 percent of Turkey's entire GDP, it's not surprising that even hotel rooms in the city are now looking like attractive investments. In 2010, hotel occupancy was back to its pre-recession best of 71.8 percent - in a market which is still chronically under-supplied.

That's why the wonderfully named Elite Perla Palace development of luxury suites not far from Sabiha Gokcen airport and the Formula 1 racetrack, is offering fully-managed five-star luxury rooms for £98,896 sterling - with a rental yield of 17 percent.

It's also, by the way, a stone's throw from Teknopark Istanbul, currently a building site but which, when completed, will be one of the largest technology parks in the Middle East and Eastern Europe.

According to international estate agents, Colliers, in their 2010 review of the Istanbul property market: "The growing demand for Class A office space on the Asian side of Istanbul has led to increased demand for serviced offices, as well as five-star accommodation for international business clients attending meetings."

But if all this good news makes you nervous, and you get the impression that Istanbul today sounds just like Dublin did five or six years ago, don't worry: this is Istanbul before Turkey joins the EU - it still has to experience the post-EU fillip!

Learn the basics!

If Istanbul looks like another world, and you feel as if it may offer some business possibilities for you or simply may make a good investment, then you need to know some of the basics ... which are much the same everywhere, but look a whole lot more complicated in Turkish!

According to the Statistics Institute of Turkey, somewhere just shy of 100,000 foreigners own property in the country - the majority of it holidays homes in the resorts of the south-west coast, places such as Marmaris, Bodrum and Antalya.

Increasingly though, as well as buying new and off-plan apartments, overseas buyers are also buying old properties in and around Istanbul with the aim of cashing in on the huge and increasing numbers of tourists who visit the city every year.

Foreigners have been able to buy here since 2005 - with only three possible restrictions, none of which usually cause any difficulty:

- ◆ The buyer must be from a country which allows Turkish nationals to buy its property
- ◆ The property shouldn't exceed 25,000 square metres
- ◆ It mustn't be in an area used by the security forces

The Turkish for estate agent is *emlakci*, and you'll want one of those. The good news is that since the market opened up in 2005, all the big names, such as Century 21 and Remax, have arrived here or have done deals with local agencies.

They should also be able to put you in touch with lawyers who speak English - and with translators who'll work up English versions of any of the documents you need to read and understand in detail.

The buying process is relatively simple, but it can take a number of months - so if you need to return home, it's not unusual to give someone in Istanbul power of attorney, to make sure the purchase doesn't grind to a halt because someone needs your signature.

Finally, in addition to the usual sale contract, pay special attention to the title deed, called the *tapu*. Especially in old properties, make sure it has no strings attached and is entirely legally watertight.



Demystifying the taxation of property

a review by John Gilmore-Gavin

Whether you are an auctioneer, valuer, lawyer, tax consultant, accountant or property owner, the taxation measures surrounding property can be very complex and difficult to navigate. The recent turmoil that the property sector in Ireland has experienced has led to some very significant changes in recent months and years, not least of which the establishment of the National Asset Management Agency (NAMA) in 2009.

Taxation of Property Transactions, NAMA Act 2009, Finance Act 2010 by Michael Gaffney, Tax Partner with KPMG, is the essential, straightforward guide to the taxation of property and NAMA related issues in Ireland today.

Published by the Irish Taxation Institute and written by a leading property tax expert, Part 1 of this publication takes a plain English approach to underlying tax matters

associated with dealing in land, investing, owning rental property and developing land from the perspectives of the various owners and investors. It also deals with the recent introduction of the 80% "windfall tax", its implications in the current environment and tax considerations linked to property valuations.

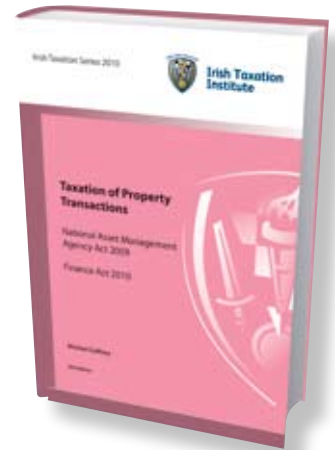
Part II of this title takes a unique, case study approach to real-life commercial, personal and investor-based property scenarios. This allows the reader to navigate fact patterns that most closely resemble those they are challenged with. With over 20 case studies, ranging from group property holding companies, to partnership losses and CPOs for farmers, readers are walked through the issues to be considered from income tax, corporation tax, capital gains and capital allowances perspectives.

This publication also includes invaluable

decision trees indicating how to analyse property transactions with guidance on effective rates, tax heads to be taken into consideration and specific pitfalls to be aware of.

No property investor or professional adviser involved in buying, selling or developing land or buildings should be without this clear companion to the maze that is the taxation of property transactions.

- ◆ John Gilmore-Gavin is a Tax Partner with BDO in Dublin.
- ◆ *Taxation of Property Transactions, NAMA Act 2009, Finance Act 2010* by Michael Gaffney, KPMG and published by the Irish Taxation Institute retails for €54. For more details visit www.taxireland.ie



Advertorial

MyHome.ie is 10!

MyHome.ie was founded on 13th February 2001 so it is celebrating **10 years in business**.

At that time, MyHome.ie was a mould breaker transforming the experience of buying and selling houses for thousands of people and also for Estate Agents nationwide.

10 years later we are a young, dynamic, profitable, innovative company employing 20 people in Glasnevin in Dublin but serving the whole country.

MyHome.ie is all about the customer experience – and there is a constant drive to leverage technology to meet customer needs as best as possible eg. Google streetview, QR codes, Iphone app, mobile apps, social networking apps etc.

And for Agents, MyHome.ie recently launched a new improved Property Manager which is faster and easier to use with less steps to upload your properties and better tools to manage your properties and reports for your clients.

Rental properties is a growing market with MyHome.ie now the fastest growing rental site in Ireland – we have a very competitive offering for Private Landlords and substantial rental stock on MyHome.ie for anyone interested in renting short/long term be they families or students.

So Make yourself at home at MyHome.ie.

Happy Birthday!!



Conserving Dublin's Period Houses

The Irish Georgian Society and Dublin City Council have assembled a team of leading conservation experts to deliver a lecture series on the understanding and care of Dublin's period houses. A certificate of attendance will be issued to those who attend all the lectures.

Aimed at those with an interest in Dublin's historic houses, the lectures will be relevant to owners and guardians of all periods and types of houses, from the modest Edwardian artisan dwellings to the substantial red bricks of the Victorian suburbs and the fine townhouses of our Georgian city squares.

The lecture series will provide an appreciation of the significance of every aspect of Dublin's historic houses and practical information on their care, conservation and maintenance.

Lectures, which will start on Wednesday 2nd March, 2011 (1pm - 2pm) and continue for 12 weeks, take place in the Helen Roe Theatre, RSAI, 63 Merrion Square, Dublin 2.

It is possible to attend all, one or as many of the lectures as you wish. The lectures are priced at €10 (€5 full-time students with card), which you may pay at the door or book in advance and for a special price of €100 (€50 full-time students with card) for all 12 lectures.

Lecture Programme

Conserving your Dublin Period House

March 2011

1. Wednesday, 2nd March

Dublin's Domestic Architecture: its history and significance
Charles Duggan, Heritage Officer, Dublin City Council.

2. Wednesday, 9th March

Conservation Principles and Grant Aid: how to apply and what to consider

Sarah Halpin, Conservation Research Officer, Dublin City Council.

3. Wednesday, 16th March

'A Stitch in Time Saves Nine': the importance of preventative maintenance

Frank Keohane, Associate, Paul Arnold Architects.

4. Wednesday, 23rd March

Historic Windows: their history, significance and conservation
Dr Nessa Roche, Architectural Advisor, Architectural Heritage Advisory Unit, DoEHLG.

5. Wednesday, 30th March

What You Need to Know About Historic Roofs: their history, significance and conservation

Nicola Matthews, Conservation Officer, Dublin City Council.

6. Wednesday, 6th April.

Keeping the Water Out & What to Do When the Water Gets In
Lisa Edden, consultant structural engineer.

7. Wednesday, 13th April.

Historic Bricks: their history, significance and conservation
Susan Roundtree, Senior Architect, Dublin City Council.

8. Wednesday, 20th April

Historic Plasterwork: its history, significance and conservation
Andrew Smith, historic plasterwork consultant.

9. Wednesday, 27th April

Historic Ironwork: its history, significance and conservation

Ali Davey, Head of Technical Outreach and Education, Historic Scotland.



Advertorial

Rents levelling out and up in the capital

Nationwide rents are levelling out, according to the latest report published by the property website, Daft.ie. During the course of 2010 rents fell by just over half a percent (0.6%). The fall compares with a major drop of 15% during 2009. The average rent nationwide now stands at €830, 27% below the 2007 peak.

The levelling off in rents nationally hides different regional trends. In Dublin, rents in some areas are up to 2% higher than a year previously. In Cork and Galway, rents were largely unchanged over the year. In Waterford and Limerick cities, rents fell by between 3% and 4% over the course of 2010. Outside the main cities, rents continued to decline, falling an average of 3.5% over the year. The total number of properties available to rent nationwide has fallen from a high of over 23,000 in mid-2009 to less than 16,000 at the start of February.

Commenting on the report, Ronan Lyons, Economist at Daft.ie, said: "For any property market, be it sales or rental, urban or rural, the key condition for a levelling off in prices is clearing the overhang on the market. In Dublin's rental market, and to a

lesser extent in those of the other cities around the country, that happened over the course of 2010. Across large parts of the country, however, there remains a significant oversupply on the market, which is pushing down rents. All eyes will be on rents in Dublin during 2011, as stable rents could indicate a stabilisation in the labour market and broader economy."

Average rents in the cities, Q4 2010

Dublin: €1080, up 0.3% during 2010

Cork: €824, down 1.9% during 2010

Galway: €804, down 0.3% during 2010

Limerick: €688, down 3.2% during 2010

Waterford: €645, down 4.1% during 2010

The full report is available from www.daft.ie/report and includes a commentary by economic analyst Lorcan Roche Kelly, as well as an analysis of affordability and statistics on residential yields around the country.

Making Choices

By Peter Brady, Chairman IPAV Education Advisory Committee



With the General Election just over, we are all conscious of the need to make decisions and to choose to elect a new administration. The outcome of this decision, in

the present circumstances, will greatly influence every single citizen of this state. Choice is something we all live with on a daily basis but the election of a new government is a choice we are faced with once every five years or so.

Apart from the razzmatazz that accompanies an election, the serious business of governing in the best interests of the nation is at the heart of the process. Wrong choice, bitter nation.

The decisions we make on a daily basis are routine and have predictable outcomes. They do not have any global significance. Nevertheless, we do make decisions daily and though not global in manner, they can have profound effects on ourselves and those around us. They are as significant in that sense as any decision made by a minister in any government.

And so to the business in hand. The present property market does not inspire confidence. It is, in so many ways, in a

hopeless position. Values have collapsed, money is scarce, unemployment is a looming possibility for many and a general air of hopelessness pervades. In these circumstances I am reminded of the words of the poet, Seamus Heaney: "when all hope is dashed, hope must remain".

And so it must.

Time for Hope

Now is the time for hope. The choice facing property professionals is simple. They must re position themselves in the changed market. The starting point is to acknowledge that there will be no going back to the past. The property market will continue to be revolutionised by the present crisis. While there was a tsunami of agents in the boom years, the waters in this respect have subsided and only the strong remain. That cannot and must not contribute to a monopolised market.

It is incumbent on all professional associations to ensure that members are equipped to provide a first class service to clients, based on the guiding principles of integrity and honesty.

The primary value of an aspiring society is education. In the present circumstances, education is acknowledged by the state as one of the means by which we will get out of the present crisis. However, it

is important that in its desire to provide a meaningful education for citizens that the state does not strangle it with the burden of practices and procedures designed to monitor quality, but which in reality serve only to satisfy some form of paper imperative.

For professional institutes the story is no different. The challenge is survival. Figures reveal that the vast majority of house buyers use an estate agent when deciding to sell or buy. I do not see any reason why that will change for any number of reasons. However, it is important that any service provided for this purpose is the best.

Education then must continue to be at the core of the Institute's activities. Such education must be a value in itself; it must be relevant and appropriate for the service offered. It must be rigorous and vibrant, market driven and directed.

It is important that the Institute of Professional Auctioneers and Valuers continues to espouse these qualities in its education programmes; re-position itself in the market; develop new strategic alliances for the delivery of its education programmes; consciously market its services to the public and go forward with confidence.

No light can be seen under a bushel. Time to walk the talk as never before.



IPAV graduates from the Senior College, Dún Laoghaire pictured with (seated on front row l-r): Barry Andrews TD, former Minister for Children, Paul Reynolds, IPAV President; Mary Hanafin TD, former Minister for Arts, Sport & Tourism, Cecilia Munro, former Department Head Business & Auctioneering, Senior College and Fintan McNamara, IPAV CEO.