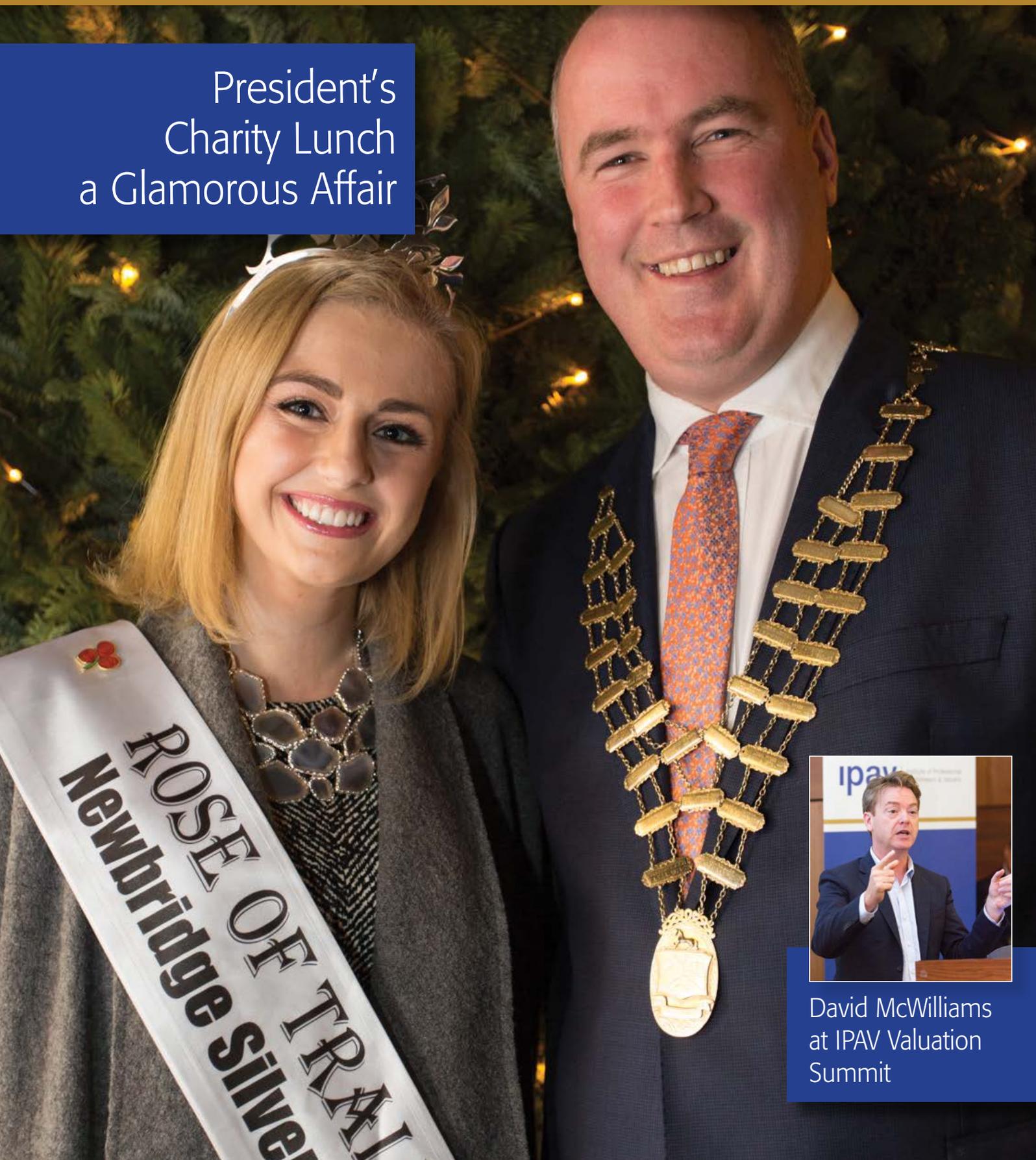


## President's Charity Lunch a Glamorous Affair



David McWilliams  
at IPAV Valuation  
Summit

# 2016 Property Industry Programme

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Commercial Real Estate Summit  
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FRONT COVER: IPAV President Eamon O'Flaherty and the Rose of Tralee, Elysha Brennan

PHOTO: Brian Dempsey

THE PROPERTY PROFESSIONAL  
IS THE MAGAZINE OF  
THE INSTITUTE OF PROFESSIONAL  
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PROPERTY PROFESSIONAL  
WINTER 2015

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## Message from the CEO

Dear Member

Firstly, I wish to congratulate all the recent recipients of IPAV's Higher Certificate in Business Real Estate who received their parchments at a special ceremony in the Institute of Technology, Tallaght on 4 November.

Following an understandable dip during the recession, IPAV's education courses are now back on track with a large number of participants on all courses. Our next TRV course begins on the 22nd January and I look forward to an increasing number of our members becoming fully qualified as TEGoVA-approved residential valuers.

In this issue of the Property Professional we feature a report and picture special from our first ever Valuation Summit which took place in the Chartered Accountant's House in Dublin in early November. There was a record turnout of over 300 delegates and it was wonderful to see such enthusiastic support from across the country. In this issue, property journalist Donal Buckley gives an overview of the event while one of the European speakers, Luca Bertalot, CEO of the European Mortgage Federation, highlights the role of housing as central to the European project.

Despite the very inclement weather, our Winter Seminar in Killenard, Co. Laois on November 17 was a major success and we have photographs from that event on pages 18 and 19 of this issue. I was particularly delighted that Maeve Hogan, the new CEO of the National Property Services Regulatory Authority, was present to address members and to answer question from the floor. IPAV looks forward to working closely with Maeve and her team in the PSRA in the future.

There was also a very good attendance at our annual Lettings' Day Seminar on 31 October and I wish to sincerely thank Tim Ryan for organising and all who attended this, and indeed all of the above events.

In our Member Features, we talk to County Clare IPAV member John Phelan, Director of the well-know Harry Brann agency in Killaloe which, this year, is celebrating 50 years in business. We wish John and his team many more successful years of trading.

Also in this issue *Irish Examiner* Property Editor Tommy Barker takes a light-hearted look at the modern technology tools available to estate agents while in our Education Section, Peter Brady, looks at the pros and cons of religious teaching in the classroom.

Finally in the centre pages we feature our third very successful recent President's Charity Lunch where our special Guests of Honour were the Lord Mayor of Dublin, Criona Ni Dhálaigh, the reigning Rose of Tralee, Elysha Brennan and Professor Mary King from Temple Street Children's University Hospital, this year's chosen charity.

I would like to take this opportunity to wish all members and readers a Very Happy Christmas and a Prosperous 2016.

Patrick Davitt  
CEO

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# President's Message

Welcome to the Winter 2015 edition of the *Property Professional* magazine.

It is hard to believe that another year has already passed and we are now facing into the New Year and the challenges and opportunities it will bring for us. This time of year is also a time to reflect on the happenings of the past year and to note any lessons learned so that all of us are better prepared for the year ahead.

The past year has seen a real rise in activity for estate agents in all areas of the property industry and while the prices achieved may be well down on the days of the economic boom, let us hope that we are now witnessing the onset of a more sustainable and stable market.

In regard to residential prices, the most recent CSO figures published in November show prices rose an average by 7.6% over the past year. While Dublin property prices have been getting the major media attention, the CSO data confirmed that prices outside of the capital were up 10.7% compared with October 2014. This is a very sustainable price increase and hopefully the New Year will see a gradual increase in prices in rural areas which, for too long, have been completely lagging behind. As IPAV has often pointed out, as long as it is cheaper to buy than to build houses, there will be no incentive for builders or developers to get back into serious construction mode.

The rental market has, of course, seen dramatic rises, particularly in the Dublin area where the scarcity of new build is causing major problems. Government action was long overdue to offer some solutions and while the recently announced measures will give some relief, they are not at all adequate to meet the scale of the crisis that exists. Further and more effective action will be needed in 2016 if we are to get on top of the problem and have a sustainable rental market for our young people and those immigrants who now wish to come home to partake in our rapidly growing economy.

When elected President last summer I promised to pursue a number of initiatives, one of which was to bring life back to our rural towns and villages by providing tax incentives. Unfortunately, such a package has still not been introduced and IPAV will be lobbying the new government which will take office in the Spring of 2016 to make this a major priority.

The past year has also been an incredibly busy one for the Institute in many areas. We now have a large number of students on our education courses again and it is great to see so many young and indeed more mature people, option for IPAV's courses as a route into a successful career in auctioneering and estate agency. The Institute's association with TEGoVA, the European Group of Valuers' Associations saw further progress with IPAV piloting the first Residential Valuers, (TRV) course, at ITT. November 4 was also a very special day for IPAV when over 300 of our members gathered in the Chartered Accountants House, Pearse St, Dublin for our first Valuation Summit. This was a record, historic gathering of IPAV members and already we are looking forward to an even more successful Summit in 2016.

The year also saw record attendances at our various seminars around the country and a full programme will be launched for 2016 in due course.

The year ended once again with a very successful President's Charity Lunch when I was delighted to host the Lord Mayor of Dublin and other distinguished guests, all in a great fund-raising effort for Temple Street Children's Hospital.

Finally, I wish to thank all our staff at Head Office, namely Genevieve, Val and Sharon for their huge effort throughout the year in supporting IPAV's many activities. A very special word of thanks to our CEO Pat Davitt, under whose guidance the Institute has continued to thrive and grow at a record pace.

A Very Happy Christmas and a Prosperous New Year to all.

*Eamon O'Flaherty FIPAV MCEI*  
President



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# Building costs need to be addressed as part of Government's housing solution

BY PAT DAVITT, CEO, IPAV

**R**ecently I described the Government's latest plans to boost housing construction as good for urban Ireland but does not address areas outside of the main cities where second hand-homes are still selling for much less than the cost of building new ones.

The construction measures, including the change to planning guidelines which will bring down the cost of building and taper the requirement for dual aspect apartments - and which IPAV has long called for - will certainly boost construction in Dublin and Cork.

New measures to harmonise planning standards throughout the country also make sense. The measures mark a welcome change, a move away from an idealised view of city living to a more practical one, acknowledging the demographic changes in society, such as an increase in one person households.

However, the measures are very much centered on Dublin and Cork and do not address the cost of building outside of these areas. It does not address the fact that a huge proportion of what a purchaser pays for a home goes directly back to the government in taxes. The lack of clarity around house building costs is one of the 'unknowns' that needs to be addressed as part of the solution to the housing shortage.

In this regard, I have written to the Minister for Finance, Michael Noonan TD, urging him and the Government to undertake an independent study as a matter of urgency to establish the true cost of building in Ireland. Some sources are telling Government that the cost of building a new 3-bed semi-detached house could be as low as €100,000 without the site cost and the VAT. Yet the figures quoted most frequently from builders range from €220,000 to €250,000, including 13.5pc VAT, for a similar type property. IPAV does not wish to see the price of second-hand homes rising to match those of new builds, if the price of new builds is excessive. This is such a central issue we need to have absolute clarity on it from an independent source.

Lets not forget IPAV was one of the first bodies to call for a vacant site levy which will come into operation in 2017 and which should see an end to the hoarding of sites and the interference of speculators in the residential site market for a quick kill as well as seeing some of the vacant sites between the two canals in Dublin come back into development.

One year ago exactly, IPAV called for, and will continue to call for, a full Minister for Housing and we also met officials from the Department of the Environment,



Community & Local Government to discuss its implications. We are delighted that other bodies now see the value in such a development and are supporting our call.

We also continue to call for the setting up of a National Property Council involving all stakeholders to brief such a Minister and advise Government on all aspects of the property industry. With a population heading for five million people in the very near future, we need a national plan for all aspects of housing to draw the disparate parts of housing policy together and plan for future need, based on population projections, socially desirable outcomes, good planning, investment and regulation.

## Rental sector

In regard to the Government's recent proposals for the rental sector, IPAV believes that the limiting of residential rent increases to a two-year period is a fair intervention given that we have a serious housing deficit and consequential rental crisis.

While we operate a market economy which ideally should not involve such state intervention, there are times, such as now, when the market becomes so dysfunctional that short-term intervention is justified. IPAV welcomes the so-called "sunset clause" promised by the Minister for Finance that would see the measure expire in four years' time.

We also welcomed the 100pc mortgage interest relief on borrowings for landlords who lease to tenants in receipt of social housing supports but strongly argue that it should apply to all landlords. We would also like to see a widening of these rules to give tax relief to landlords who rent on longterm leases for 7, 10 or even 15 years. This tax allowance system currently operates in farm leases so why not in landlord/tenant leases as they play such an important part in the housing market and can be one, if not the most important, solution to the present housing crisis.

# Property Industry Excellence Awards



FitzGerald Kavanagh and Partners won the Conservation Award for their work on restoring St Mel's Cathedral in Longford. The award was presented by IPAV CEO Pat Davitt. Pictured are (l-r): Colm Redmond of FitzGerald Kavanagh and Partners, Pat Davitt, Bishop Colm O'Reilly and Fr Tom Healy of St Mel's.

The Irish Independent Property Industry Excellence Awards were presented at a special event in the National Conference Centre on the evening of Thursday, November 12. The programme was established in partnership with all property industry stakeholders and endorsed by all professional institutes, representative bodies and government agencies.

The judging panel is made up of leading property and business leaders including IPAV CEO Pat Davitt and is chaired by Professor Brian Norton, President of DIT.

Eunan O'Carroll, Director of Core Consulting, who researched and produced the entire programme on behalf of Independent News and Media commented: "Recognising standards and excellence in an industry that makes such a vital contribution to our economy and society in general is vital. To do it in a way that has integrity and provides an opportunity for all stakeholders to put something back into the sector through a Doctorate in Property Research is something that all property professionals should be proud."



IPAV members Bobby Geraghty, Hunters Estate Agents, Baggot St., Dublin 4 and Paul McCartney, Beirne & Wise, Churchtown, Dublin 14 at the Property Awards ceremony in the National Conference Centre.

## New measures will give significant boost to housing construction – Ministers Kelly & Noonan

The Minister for the Environment, Community & Local Government, Alan Kelly T.D., and the Minister for Finance Michael Noonan, T.D., recently announced a number of measures to kick-start new housing construction, enhance supply and at more affordable prices.

A number of actions will be initiated from January of next year which include:

- \* An enhanced supply of more affordable starter homes in key locations through a targeted rebate of development contributions in Dublin and Cork for housing supplied under certain price levels;
- \* New National Apartment Planning Guidelines to be issued by the Environment Minister to reduce the cost of apartment building in Dublin City by approximately €20,000 per unit;

- \* Changes to aspects of the operation of Strategic Development Zones to enable swifter adjustments to meet market requirements;
- \* The Governments Irish Strategic Investment Fund (ISIF) to examine funding for housing infrastructure on a case-by-case basis

These measures will combine with previous announcements including, the introduction of a vacant site levy, new Part V arrangements and 20,000 starter homes for the Greater Dublin area to be funded by NAMA.

The national apartment planning guidelines will improve consistency in the approach to future apartment developments throughout the country will enhance supply and affordability by bringing down costs and also take on board and fast-track the addressing of issues highlighted in a review of the Dublin City Council draft development plan.



# IPAV Summit explores Mortgage Lending Value concept

BY DONAL BUCKLEY

**E**U plans to improve standards for property valuations could have serious impacts on the Irish property market and further restrict the loan to value ratios available for purchasers.

These were among the concerns raised by both European and Irish experts at the European Valuation Summit which IPAV hosted in Dublin on November 4 and was attended by over 300 delegates from Ireland and Europe.

The Summit was organised in response to EU proposals to introduce new valuations procedures based on the concept of Mortgage Lending Value (MLV) rather than the Market Value system which is used for most property transactions in the UK and Ireland.

IPAV chief executive Pat Davitt opened the Summit saying it aimed to tease out the ramifications of a system that could impact everyone from consumers, to property professionals to the banking system and indeed to the economy. There may be an Irish solution that can be put in place over time but this should not start with the German model.

MLV is a property valuation based on a range of factors that attempts to determine value over the longer term rather than Market Value or 'spot' value, the only method currently operated in Ireland and based solely on current market conditions at the time of sale.

MLVs have been used in Germany for decades and are credited with being a key factor underpinning the greater stability of the German property market. The method is also applied in other countries including Portugal and the Czech Republic while a variation is used in Spain.

## Prescriptive

IPAV member and DNG Chief Executive, Keith Lowe feels that the German MLV methodology is very prescriptive in the way it assesses both costs and yields. He was especially concerned that it would be premature to introduce the new rules into Ireland until the Irish Market was operating normally. He instanced how the Central Bank Residential Lending Rules had affected the Irish residential property market. He pointed out that the alternative Spanish MLV is based on an analysis which requires an opinion on the sustainability of that value over three years. He advised that TEGoVA and IPAV should undertake a review of the European Banking Authority's MLV Methodology when it is issued.

TEGoVA, the European Group of Valuers' Associations to which IPAV is affiliated, intends to make submissions to the European Banking Authority (EBA) asking it to amend



some of the aspects of the new system. TEGoVA chairman Chris Grzesik, explained to the Summit the definitions of the two terms.

## Prudent assessment

MLV means the value of immovable property as determined by a prudent assessment of the future marketability of the property taking into account long term sustainable aspects of the property, the normal and local market conditions, the current use and alternative appropriate uses of the property.

Market Value on the other hand means for the purposes of immovable property, the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without being under compulsion.

As the European Central Bank explained: "The use of market value when determining the value of the collateral, accompanied by a high LTV, could constitute a very high risk to mortgage lenders in the face of a downward trend in prices."

Consequently the EU and EBA felt a need for a new system follows on from the EU's introduction of Capital Requirements Regulation and the Capital Requirements Directive (CRR/CRD IV) in order to regulate mortgage lending value methodology.

Mr Grzesik also pointed out that TEGoVA is advocating that the EU moves away from methodology which is too prescriptive.

Reiner Lux, General Manager of Berlin-based HypZert, explained that, as a result of the crash and negative equity, loan-to-value ratios in Ireland went from 80pc at the peak of the market in 2007 to 160pc in 2013. In countries such

*The MLV of a property must not exceed the value resulting from a prudent valuation of the future saleability of a property*

as Spain which also experienced a property crisis, the rise in the loan to value ratio was much less severe and this may have been due to the use of MLVs. Consequently Spanish mortgage holders may not have been as badly hit by negative equity which can prove a drag on recovery in the housing market as home owners in negative equity are less likely to trade up or down.

German banks use MLV to support 25 to 30 year mortgages so the value must be valid for this whole period. According to German law, MLV of a property “must not exceed the value resulting from a prudent valuation of the future saleability of a property... Speculative elements must not be taken into consideration.”

Consequently MLV is always well below the MV. While during recessive market phases there may be a small gap between MLV and MV, in boom phases, especially in foreign sub-markets, MLV may be more than 40% below the market value.

But MLVs could restrict the amounts that can be borrowed through mortgages. Typically in Germany the MLV effectively limits LTVs to 60pc. Take for instance an 80% mortgage on property with a contract price of €300,000. With MV this would mean a mortgage would provide €240,000 towards the price and equity €60,000 ignoring transaction costs. But with MLV, the mortgage would provide only €204,000 and the purchaser would need €96,000 in equity.

As well as assessment of the current use of the property, MLV should also assess, among other aspects, possible alternative appropriate uses, the income value and the depreciated replacement cost value.

Aspects to be observed in the assessment of the sustainable gross rental income include:

- Long-term income generating potential of the property
- Sustainable incomes from the property, assuming proper management and permissible use
- Alternative use and sufficient third party use potential
- A sufficiently large occupier group
- Sustainable characteristics of the property serving as collateral
- Normal regional market conditions
- Overrent not to be included

### Special requirements

Special requirements for income properties include deducting at least 15% from gross income for operating expenses. Capitalisation rates range from at least 5% for residential and at least 6% for commercial properties.



*Minister of State Simon Harris TD with IPAV Head Office staff Sharon Mitchell (left) and Genevieve McGuirk at the Valuation Summit.*

Luca Bertalot of European Mortgage Federation, ECBC, pointed out that an EU approach based on a “one size fits all” may not work as a definition applicable to stable markets will not work for more volatile, short-term markets.

Roger Messenger, Vice-Chairman TEGoVA and Chairman of the European Valuers Qualification Board, gave what he called an Anglo-Saxon view. He acknowledged the need for LTV based capital requirements being linked to a long-term measure of collateral value that is insensitive to the investment cycle and the shortfall in mortgage drawdown may be got from other sources in relation to the property or other properties owned by the mortgagee.

In the UK the Turner 2009 Review of the valuation issue suggested varying LTV and loan-to-income (LTI) ratios over the property cycle and reducing the ratio when property prices are rising strongly and vice versa.

“However this does not take account of bank behaviour in the good times chasing market share and profit regardless,” he added.

Since then LTI has become strongly focused on the residential sector with some amelioration in LTV.

While he accepts that MLV provides a valuation stabilised through time utilising long term trends and discount rates, he said “it is not appropriate for valuing exchange or use and is very subjective and based on historical data. This routine “cook book” approach does not contain any known concept of value.”

Lending bodies and clients have to choose between the discredited approach of MV and the alternative of trying to model for an uncertain future. He believes that the MLV has led to more restricted trading in the German property market and while acknowledging that it is stable, he says it is also boring. Mr Messenger believes that MLV might lead to a 40% reduction in mortgage funds available per property.



Part of the large attendance at the IPAV Summit.



IPAV members Jillian McGuirk, Terenure, Dublin 12 and Frank Regan, Longford with economist and broadcaster David McWilliams.



IPAV President Eamon O'Flaherty with Minister of State Simon Harris.



Raymond Smith, Ballyjamesduff, Co. Cavan at the Valuation Summit



Pictured at the Valuation Summit with IPAV President Eamon O'Flaherty were Austin Reynolds, DNG, Phibsboro (left) and Liam Quain, Wyse Estate Agents, Upper Baggot St., Dublin 2.



Claremorris estate agent and IPAV National Council member Gerard Hanley with economist David McWilliams



The couch discussion session at the Summit chaired by Ivan Yates with panellists (l – r): Reiner Lux, German Bank Valuers; David McWilliams, economist; Neil Crosby, Professor of Real Estate, Reading University; Jim O’Keeffe, Mortgage Manager, AIB; Keith Lowe, CEO Douglas Newman Good and Roger Messenger, Chairman, European Quality Valuation Committee.



At the Summit were (l – r): Brian Dempsey, IPAV Junior Vice-President, David McWilliams, economist and Pat Davitt, CEO, IPAV.



Lorraine Mulligan, Re/Max, Celbridge, Co. Kildare with Ivan Yates, who chaired the Summit.



John Earley, Property Partners Earley, The Square, Roscommon with economist David McWilliams.



Economist and broadcaster David McWilliams makes a point in his address.



# Thinking Outside the Box: Housing - A Fundamental Issue for the Future of the European Project?

BY LUCA BERTALOT,  
SECRETARY GENERAL, EUROPEAN MORTGAGE FEDERATION

**H**aving taken office in the Berlaymont building in the heart of Brussels last November, President Juncker finds himself, one year on, with the responsibility of managing a much more complex situation than that of Autumn 2014. The Juncker Plan, which was intended predominantly to provide long-term macroeconomic stimulus for growth in order to support the monetary policy interventions of Frankfurt, now needs to pave the way for a broader roadmap to reinforce the credibility of the entire European project. This investment plan, which is primarily a macroeconomic project, must also take account of a new political dimension according to which Europe can no longer afford to be economically fragmented or not fully co-ordinated from a political perspective.

One year after its announcement, there is a broad consensus on the need for the Capital Markets Union (CMU) as a complement to the Banking Union and this initiative has now landed on a concrete action plan that will be implemented in the coming months. In a nutshell, Mr Juncker has to convince 500 million citizens, of which 64 million live in the UK, that Europe represents the hope for a better future, not just for EU citizens, but also for the millions of refugees “ad portas” approaching the Old Continent. Building hope for the future is the challenge for the European and national leaders, which will prevent Europe from falling into the trap of populism and radicalism and help to defend freedom and tolerance, values on which the Union was founded.

## Two essentials

In a very basic sense, when it comes to hopes for a better future, we believe there are two essential, basic elements in every citizen's life: (i) the ability to have a job and (ii) the possibility to buy a house/afford a housing solution in order to bring up a family in the spirit of Van Gogh's “human nest”, the place of safety where hopes and dreams can be nurtured. Jobs (alongside growth) are at the heart of President Juncker's Plan; however, as far as the second element is concerned, particularly since the onset of the crisis, housing markets across the EU have become increasingly fragmented both within Member States and between them.

This, coupled with the fact that the European Union does not have competence in the area of housing policy, despite the housing sector being vital to achieve resource efficiency, urban growth, energy efficiency and social cohesion, and therefore vital to the success of many EU policies, means that crucial opportunities to improve the lives of millions of EU citizens are being missed. In our view, there is huge potential to boost investments



to provide access to housing, by supporting an efficient pan-European housing policy which would allow the cost efficient use of public resources in combination with support coming from the private sector.

Striking the right balance between public and private sector contributions to housing will have a broader impact on a far-reaching policy spectrum, covering the infrastructural sector, urbanism, transportation, the rental sector, social mobility and energy efficiency policies. For the time being however, Member States are deploying considerable amounts of national public and fiscal resources without proper pan-European coordination on these issues.

Housing is a strategic issue at global level: according to numbers produced by the World Bank, the global population will reach 8.3 billion by 2030, with 60% living in cities. To meet this rising demand, we will need at least 565 million new residential units and for every home built around the globe, five jobs are created.

## Demographic change

Demographic change is another major challenge for Europe as a result of three major developments: declining birth rates, longer life expectancy and increasing immigration. These trends have significant implications for productivity, economic growth, job opportunities, social security, health care, pension and insurance systems, and citizens' mobility.

Looking at the current situation, we see a very fragmented, scattered landscape with – in some cases, a serious lack of housing supply coupled with increasing demand, especially in urban areas, as citizens increasingly leave rural areas and head for the cities. The lack of a qualified and trained building workforce in some Member States is often cited as one of the major reasons for the inability to meet growing demand. In addition, the reform of labour laws and unemployment rates are also altering risk profiles and in some cases limiting access to mortgage credit and therefore influencing citizens' housing outcomes. These supply and demand challenges are further complicated



by regulatory intervention at national and EU level on the mortgage lending side, which further impacts on the provision of, and therefore access to, credit, putting further strain on housing markets.

We are on the cusp of a major, unprecedented revolution in terms of the demographic make-up of European society, of the mobility of citizens aimed at improving living and working conditions, of migration towards Europe and within Europe, and, let's not forget, of climate change, which is pushing national and EU authorities to look at the role buildings and their financing can play in improving the EU's energy profile. The sooner we understand this new reality, the better we can understand how the Industry can respond, and even pre-empt these, in order to deliver the best outcomes for EU citizens and contribute in an ongoing way to the housing market challenges of the present and future, whilst continuing to support President Juncker's Capital Markets Union.

The EMF-ECBC is examining the important trends outlined above which are already impacting on mortgage and housing markets of the future: on the 1st of October 2015, the EMF-ECBC brought together the European Commission, the United Nations and other relevant stakeholders to discuss the financing of energy efficiency and determine what role the Industry can play in driving improvements. On the 9th of October 2015 the EMF-ECBC brought together industry leaders to discuss the role of covered bonds and the contribution of a potential new instrument, the European Secured Note (ESN), to the financing of SMEs and therefore the real economy and on the 23rd of October 2015, the EMF-ECBC exchanged views with leading European academics and housing experts from the European Network for Housing Research (ENHR) during a day-long seminar to analyse housing market challenges, identify bottle necks and pinpoint the characteristics of rental and mortgage markets which can be made more efficient in order to relieve areas of pressure, such as subsidies and fiscal intervention.

Long-term financing is crucial for housing finance. Building or purchasing a home is the most significant investment for the majority of European citizens, representing typically four to five times their annual income. In the absence of pre-existing wealth, they would have to wait for 40 to 50 years or even longer in some areas if they had to rely solely on their individual savings. Borrowing resources are therefore necessary to acquire a home and more generally to support the European economy.

Given the size of the investment, repayments must be spread out over a long period to be compatible with annual savings capacity. Long-term funding tools for banks are therefore required to avoid asset and liability mismatches. Covered bonds are typically designed for mortgage lending, and it is important to recall that a mortgage-focused bank tends to have more asset encumbrance than a bank with a non-mortgage focus. Cutting back lending capacities of those more specialised mortgage-focused banks would limit the credit supply to housing finance.

### The Basel debates

With this in mind, in the Basel debates, it is essential to ensure the capability of the Industry to support the growth agenda and provide long-term financing to the real economy and several areas of reflection can be identified:

- > It is necessary to strike the right balance, in terms of a level playing field, between international banks operating in the European Union and European actors operating both internationally and domestically.
- > The market impact of several key regulatory developments should be examined and efforts should be made to ensure the specificities of the European banking landscape are appropriately taken account of in the Basel Committee debates: i.e. Net Stable Funding Ratio (NSFR), the revision of the standardised approach for credit risk, the design of a capital floors framework, and the calibration of the leverage ratio.
- > The role of European lenders in the framework of housing and small and medium sized enterprise (SME) financing, and lending to the real economy is becoming increasingly multi-faceted with the introduction of the Capital Markets Union.
- > Covered bonds are a key long-term funding tool and the Industry is firmly committed to achieving a higher level of harmonisation, in line with EU objectives and market preferences.

The absence of a pan European vision and focus on housing issues to inform the EU's position in a holistic way in discussions with the Basel Committee on Banking Supervision (BCBS) could be detrimental to the efficient positioning of the European business model in the Basel IV debates and therefore, as a knock-on effect, to the creation of well-functioning housing markets.

In the post-crisis scenario, when considering how best to ensure both monetary policy transmission and markets' fulfilment of citizens' expectations, it is important to recognise that three major layers of change are impacting upon housing systems in Europe: (i) changes in the demand structure; (ii) changes on the supply side which are driven by market dynamics, such as long-term financing business models; and (iii) a completely new regulatory environment.

Against this background and in light of the intense regulatory activities of recent years, we call for a proper analysis and assessment of this new environment and we are happy to re-affirm the ongoing willingness of the EMF-ECBC to engage with the European Commission on current and forthcoming regulatory initiatives.



## Clare IPAV firm celebrates 50 years in business

HARRY BRANN AUCTIONEERS & VALUERS ARE THE LONGEST PRACTISING ESTATE AGENTS IN THE LOWER LOUGH DERG AREA OF CO. CLARE. ESTABLISHED IN 1965, THIS YEAR THE FIRM IS CELEBRATING 50 YEARS IN BUSINESS. PROPERTY PROFESSIONAL EDITOR TIM RYAN SPOKE TO ITS CURRENT DIRECTOR AND IPAV MEMBER JOHN PHELAN.

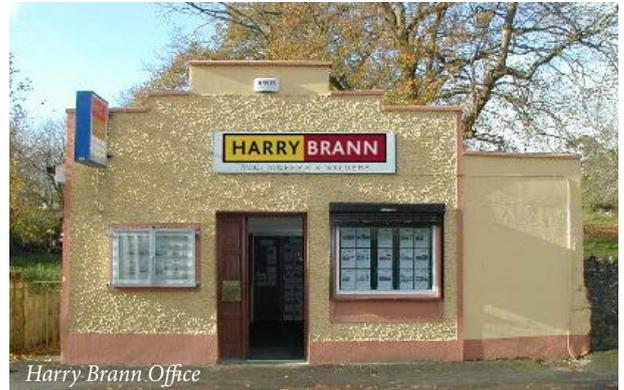
**T**he village of Killaloe in County Clare is probably best known historically as being the home of Brian Ború, the former High King of Ireland (941 – 1014).

Located a very short distance from the new M7, Killaloe and its twin town of Ballina on the Tipperary side, are linked by an impressive 13 arch bridge which the River Shannon passes through en route to the Atlantic Ocean. The twin towns have a combined population of 4,000 according to the most recent census of population. The area is a major tourist location with Lough Derg being a huge attraction for boating activities of all kinds.

### Harry Brann

The firm of Harry Brann Auctioneers & Valuers was first established by the late Harry Brann in 1965. Harry who was a well known county councillor and community activist used his huge range of contacts to entice people to visit the area including many foreigners who bought permanent or holiday homes on the lakeshore. During the 1980's, Harry succeeded in bringing many GPA employees to set up home in the area and quickly built up a reputation for specialising in the sale of lakeshore properties. Nowadays, Ballina/Killaloe could be described as a very cosmopolitan area with many different nationalities residing there and commuting daily to work in places like Limerick, Shannon & Nenagh. During his years in business, Harry took on a First Active agency and he formed a close relationship with John Phelan, the then manager of the First Active branch in nearby Nenagh.

John is a native of Killavilla, just north of Roscrea but on the County Offaly side of the border, where he grew up on the family farm and attended the local school before joining First Active. His banking career brought about postings to a number of different branches, including Longford, Dundalk & Clonmel before finally being transferred to Nenagh in 1996. While in Nenagh he formed a close business relationship with Harry Brann and his wife Maura in the Killaloe agency and each directed business to the other when the opportunity arose.



Harry Brann Office

Unfortunately, in 1999 Harry Brann fell ill and subsequently died. For a time the business was run by his widow, Maura who in time persuaded John Phelan to leave First Active to come join the business full-time. John, at the time, was due to move to take over the reins at the First Active Waterford branch, but instead opted for a change of career and took up Maura Brann's offer. The offer involved a five-year run-in period after which John was scheduled to buy out one hundred per cent of the business and take over complete management. In the event, Maura Brann opted to retire and John Phelan took over the reins in 2004, earlier than originally planned.

### REV Certificate

Like Maura Brann before him, John quickly acquired membership of IPAV and enrolled in the IPAV Certificate of Proficiency in Auctioneering course at the nearby University of Limerick. In 2014, he was among the second group of members to obtain a REV Certificate at the Institute of Technology, Tallaght.

"Coming from a financial background I was always aware of the importance of having regulations and good practice methods, so I warmly welcomed the appointment of the Regulator and the total professional approach now being adopted towards the auctioneering and estate agency profession," he says. "I fully support IPAV's policy of running ongoing Continuous Professional Development (CPD) programmes for its members which I find very helpful in keeping members up-to-date with developments in the industry."

John Phelan's taking over of Harry Brann Auctioneers in 2004 saw him benefit from a number of good years' trading in the run-up to and during the boom years before the property crash in 2007/8. He continued to widen the firm's catchment area to within a 10 – 12 miles radius of Killaloe & Ballina. The firm had established a good lettings business over the years and it was this, like many similar IPAV firms, which "kept the door open" during the lean years. Apart from John, the firm has two employees, Maria McNamara and Heather Robb, while former owner Maura Brann drops in regularly to keep a watchful eye over proceedings.

The economic and property crash of 2008 saw prices in the area drop by between 45 and 50 per cent. In particular, lakeshore properties, which had commanded prices of €1m plus in the boom times, saw a dramatic collapse and to date the recovery in this sector has been poor. However there are signs that this may be about to change and John recently secured the sale of his first lakeshore property since 2007, "The Sidings" in Ballina/Killaloe. Property prices in the twin-towns have now recovered to within 35 to 40 per cent of peak and the biggest problem facing John and his team is securing sufficient stock of good quality 3-4 bed family homes, "but thankfully the market is moving again and what is available is selling", he says. The new M7 motorway has seen added interest in the area as Lough Derg is now just a two hour drive from Newland's Cross making it very accessible to Dublin people and even further afield.



"The Sidings", Ballina/Killaloe, a recent lakeshore property sale on Lough Derg and the first since the property downturn in 2007.

However, John Phelan feels the 20 per cent deposit requirement by the banks is far too restrictive for young people, trying to get a foot on the property ladder. "With the cost of education soaring, most graduates have debts to repay from college, have to pay high rents and try to save at the same time. In a rising market, many will never get to realise their dream". He feels a 10 per cent deposit requirement, saved over a period of time would be much more appropriate.

### A thriving lettings business

The lettings side of the business continues to thrive with many Limerick, Shannon & Nenagh based workers using the scenic twin-towns as a base from which to commute from daily to places like the University of Limerick and other numerous employments in the mid-west hub. Apartments which cost in the range of €100,000 are now fetching €550 - €650 in rent while houses with a view of the lake rent at €1000 to €1200 per month.

Harry Brann Auctioneers has also developed a niche market in land sales which are vibrant reflecting the positive upturn in the agricultural industry.

John's heavy workload, which normally extends to six days per week, sees him make the daily 20 minute journey from Nenagh where he lives with his wife Pauline, a native of Kilkenny and their two children, Ciara (16) and Sean (14).

John Phelan's principal leisure activity is hurling, from which he has derived a huge amount of pleasure over the years. In fact at the age of 49, he only recently played his last hurling game with his home GAA club of Ballyskenach-Killavilla in the Offaly Junior Championship. Back in Nenagh, John trains the Under-14s for his adopted club, Nenagh Eire Og, a task which normally takes up a few nights per week.

Overall, John Phelan is very happy with the career change he made almost 16 years ago and having survived the recent recession, is looking forward to a gradual upward swing in the property market with the property excesses of the past now banished to history. He loves working in Ballina/Killaloe, an area he calls "The Kinsale of Limerick"



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At the Lunch were (l-r): Pat Davitt, CEO IPAV; Criona Ni Dhálaigh, Lord Mayor of Dublin; Prof. Mary King and Eamon O'Flaherty, IPAV President.



Pictured at the lunch where (l-r): Brian Dempsey, DNG; Maeve Hogan, Property Regulator; Eamon O'Flaherty, IPAV President; Paul Muldoon, Advertising manager, Property Independent and Eamon Galvin, CEO, Daft.ie.



Racing Commentator and IPAV member Brian Gleeson who was MC at the Lunch.



IPAV Senior Vice-President Alan Redmond and his father Shane Redmond at the Charity Lunch.

# Third President's Charity Lunch

The Lord Mayor of Dublin, Criona Ni Dhálaigh, the Rose of Tralee, Elysha Brennan, and Professor Mary King from Temple Street Children's University Hospital were the Special Guests at the President's Third Charity Lunch which took place in the Westbury Hotel, Dublin on Friday, December 4.

Well-known racing commentator and Waterford IPAV member Brian Gleeson was MC for the event which saw a large attendance of IPAV members and guests from all parts of the country.

Thanking the members for their efforts, IPAV President Eamon O'Flaherty said Temple Street cares for 145,000 children each year. Over 45,000 of these children attend the Emergency Department every year making it one of the busiest in Europe. A staff of 85 Consultants and over 950 full-time and part-time nursing, paramedical and other staff deliver the first class care provided there.

As a result of the President's Lunch, he said IPAV will be making a donation to Temple Street Children's University Hospital, its chosen charity for 2015.

"Events such as this help to raise funds to enable Temple Street to continue to provide world class care to Ireland's sickest children," he added.

An outline of the care and research services provided at Temple Street was given at the lunch by Professor Mary King.



*IPAV President Eamon O'Flaherty; Aideen Ennis, MyHome.ie and Peter Dargan, Advertising Manager, The Irish Times.*



*Dublin IPAV Members Eoghan Murray, The Property Shop; Michael Malone, Falcondale Properties and Jarlath Moran, SATIS with Pat Davitt.*



*Fran Power, Property Editor, The Sunday Independent with IPAV President Eamon O'Flaherty.*



*John Earley Property Partners, Earley, Roscommon; Ken MacDonald, Hooke and MacDonald, Dublin 2 and Tom Crosse, GVM Properties, Limerick.*



*Keith Anderson Donegal Town; Sean Naughton, Roscommon and Ted Kehoe, Kildare at the Lunch.*



*Maria Clifford and Regina Mangan, Liberty Blue, Waterford with Paul McCartney, Beirne and Wise, Dublin 14.*



*Re/Max Agents Greg O'Toole, Niamh O'Leary, Brendan Cryan, Lorraine Mulligan, Margaret Fogarty, Mick Wright, Lesley Kennedy, John Fogarty, Paul Gartlan and Sunny Fahim at the Lunch.*



*Grainne McKenna and Margaret Healy of DNG McKenna Healy, Skerries Co. Dublin with Eamon O'Flaherty.*



IPAV Junior Vice President and Photographer Brian Dempsey with the Lord Mayor of Dublin.



Sinead Beggan and Jillian McGuirk, McGuirk Beggan, Terenure Dublin 12 at the Charity Lunch.



Prof Mary King Temple Street University Hospital addressing the Lunch Gathering.



John and Margaret Fogarty MIPAV Re/Max Ireland at the Lunch.

# New measures aimed at stabilising rents

New measures aimed at stabilising rents are contained in a new Residential Tenancies (Amendment) Bill. The Bill was signed into law by President Michael D Higgins on Thursday, 3 December. It will now be brought into force by a series of Statutory Instruments (SIs.) which will be signed at various times by the Minister for the Environment, Community & Local Government. Below is a summary of the main changes:

## In support of Tenants....

### Extended Period for Rent Reviews

Under the new legislation, rent reviews for all tenancies will take place every 24 months rather than every 12 months was the case, subject to a sunset clause which will revert the period to 12 months in four years' time. This will involve no change to the fundamental mechanism for determining rents under the legislation, which is by reference to market rent, yet will provide the tenant with a longer period of predictable rent.

### Longer Notice of New Rent

The current requirement for a landlord to give their tenant a minimum of 28 days' notice of new rent is to be extended to a minimum of 90 days, giving tenants a longer period to find new accommodation, if necessary.

### Form of Notification of New Rent to Tenant

In future, a landlord, when notifying a tenant of new rent, will have to provide the notification in a particular format, which will include providing information to the tenant in relation to the dispute resolution procedures that a tenant can pursue through the PRTB, where necessary, and specifying supporting information that will need to accompany the notice, including information in relation to the rents of three other similar dwellings in the area.

### Notification of Rent Increases to the PRTB

In addition to notifying the PRTB of an increase in rent within one month, as is currently required, landlords will be required to also provide additional supporting documentation, including a signed statement by the tenant that they have been made aware of their rights and supporting documentation in relation to market rent for three similar dwellings in the area.

### Longer notice period for tenancy terminations

Building on the current legislative position, whereby the period of notice of tenancy termination increases according to the length of the tenancy, up to a maximum of 112 days notice for tenancies of 4 years or more, further graduated increases in the notice period are to be introduced, up to a maximum of 224 days for tenancies of eight years or more, as follows:

5 years or more but less than 6 years	140 days
6 years or more but less than 7 years	168 days
7 years or more but less than 8 years	196 days
8 or more years	224 days

#### Strengthen protections for tenancy terminations

In order to guard against unscrupulous landlords evicting tenants by falsely declaring that the property is needed for a family member, or that it is going to be sold etc., measures are being put in place to better protect tenants from such behaviour. These measures involve:

- a landlord having to explain in a written statement to the tenant why a property might no longer be suitable to their accommodation needs having regard to the number of bed and the size and composition of the household
- a landlord having to make a statutory declaration as to their intention to sell a property
- a landlord having to make a statutory declaration that the property is needed for his or her occupation or that of a family member.

#### Confirmation of tenancy – additional information to landlords and tenants

While the PRTB currently sends an acknowledgement of a tenancy registration to the landlord, in future, both landlords and tenants will be notified of tenancy registration and the notice will also advise both parties of their rights and obligations and of the dispute resolution procedures that are available through the PRTB.

#### Deposit Protection Scheme

Under this scheme, landlords will lodge tenancy deposits with the PRTB at the same time as they are registering their tenancy. The PRTB will hold these deposits for the duration of the tenancy. If the landlord agrees, the deposit will be repaid to the tenant at the end of the tenancy. Where there is no agreement between the landlord and tenant on how the deposit is to be repaid, the parties may apply to the PRTB for dispute resolution.

### In support of Landlords.....

#### Enforcement of PRTB Determination Orders

Landlords have consistently called for more and faster enforcement by the PRTB in order to deal primarily with cases of rent arrears and anti-social behaviour. The relevant legislation will be amended so that PRTB Determination Orders can be enforced in the District Court rather than the Circuit Court, reducing costs and case processing times.

#### Validity of Notices of Termination

The legislation will also be amended to address an issue of key concern to landlords regarding Notices of Termination so that, where there is a dispute between a landlord and a tenant, a minor error in the Notice of Termination does not have the effect of invalidating the notice and causing a dispute resolution case to fall.

#### Tax Incentive for Landlords who take HAP/RAS/RS Tenants

A tax relief scheme will be introduced to incentivise landlords to rent their properties to tenants in receipt of social housing supports such as rent supplement payable by the Department of Social Protection and the Housing Assistance Payment (HAP), payable by certain local authorities.

The scheme will operate on the basis of providing a 100% interest deduction for landlords as an expense against rental income (increased from the current 75% limit applicable to residential lettings), where they commit to providing accommodation for those in receipt of the above payments. The accommodation would need to be available for a minimum period of 3 years and the tenancy would have to be registered with the Private Residential Tenancies Board (PRTB).

The increase in the deduction (from 75% to 100%) would be provided to the landlord on a retrospective basis after the three year period has ended and where necessary certification is provided to confirm that the terms of the scheme were met.

#### Increasing the homeless HAP Pilot limits by 50%

The maximum rent limits applying to properties that can be accessed by people assessed as being homeless in Dublin are being increased to 50% over rent supplement limits. This means that a homeless family in need of a 3 bed in Dublin will now be able to find accommodation to the value of €1,500 per month.



IPAV member Kevin Condon of DNG Kevin Condon, Blackpool, Cork won the Best Franchisee Supporter award at DNG's national conference which took place on Friday, November 6 in Dublin's City West Hotel with almost 200 DNG staff and franchisees in attendance. Kevin is pictured receiving his award from guest speaker Pdraig Harrington, Eamon Galvin, CEO of Daft.ie (left) and Paul Newman, Chairman of DNG.



*Delegates at the Winter Seminar.*

# IPAV Winter Seminar

Over 80 IPAV members attended the IPAV Winter Seminar, held at the Heritage Hotel, Killenard, Co, Laois on Tuesday, November 17 despite Storm Barney which was gusting throughout the night.

The Seminar was addressed by Maeve Hogan, Director of the National Property Services Regulatory Authority and Frank Brannigan, Examiner-of-Titles at the Property Registration Authority. Both speakers answered questions from the floor.

IPAV President Eamon O’Flaherty welcomed the members and an update on IPAV’s ongoing activities was given by CEO Pat Davitt.



*At the IPAV Winter Seminar were (l – r): Gerry Coffey, Williamstown, Co. Galway; Maeve Hogan Property Regulator; James Kilcoyne Jnr., Ballaghadereen, Co. Roscommon and Eamon O’Flaherty, IPAV President.*



*Frank Brannigan, Examiner-of-titles with the Property Registration Authority addressing the Winter Seminar.*



*Limerick IPAV National Council members Patrick Durkan (left) and John Shaw at the Seminar.*



*Margaret Healy and Deirdre McKenna from DNG McKenna Healy, Skerries, Co Dublin at the Seminar.*



Property Partners agents pictured at the Winter IPAV Seminar were (l – r): David McDonnell, P/P McDonnell, Mullingar; Eamon O’Flaherty, P/P Brady, Maynooth; Gary Little, P/P John Little, Drogheda; Maeve Hogan, Director, NPSRA; John Buggy and Vicki Cunningham, P/P Buggy, Kilkenny; Stephen Gunne, P/P Laurance Gunne, Dundalk and Mark Mullholland P/P Mullholland, Sligo.



John Ryan, Birr, Co. Offaly and Mervyn Lloyd, Mohill, Co. Leitrim at the Seminar.



Dublin brothers John and Paul Lappin at the Winter Seminar



Pictured at the Winter Seminar were (l – r): Frank Branigan, Property Registration Authority; Eamon O’Flaherty, IPAV President; Maeve Hogan, Property Regulator and Pat Davitt, CEO, IPAV.



# The Market Value of your Business

BY JASON BRADSHAW FCA, DIRECTOR OF CORPORATE FINANCE WITH  
PKF O'CONNOR, LEDDY & HOLMES

## Background to Valuation

**W**hat is the key to increasing the value of a business? The critical factor to increasing the value of a business in one word is, "Profitability". The key to increasing profitability is to prepare a business development plan for the business where you can set your goals, targets and objectives.

This article will give a brief overview of current valuation methods together with factors which can affect the valuation and will also briefly outline ways to increase the value of the business. For the purposes of this article, it is assumed that the business is a limited company.

*The critical factor to increasing the value of a business in one word is, "Profitability"*

## Basis of Valuation

The majority of businesses are valued on a multiple of maintainable EBITDA (Earnings Before Interest Tax Depreciation and Amortisation). This is now the most common way to value a business as it will give the most accurate reflection of projected cash flow for the business. There are a number of businesses that are valued on a multiple of turnover for example, Professional Service firms and Public Houses.

In order to calculate the maintainable EBITDA of a business you must estimate what you think the future EBITDA of the business will be. Factors that need to be taken into account include any future impact on turnover or gross margin, sustainability of current overheads and adjustment for any excess salary or rent or pension payments to Directors. Any other factors that may affect the profitability of the business must also be taken into account e.g. the opening of another similar business to you in your locality.

After adjusting for all of the above items you will derive a maintainable EBITDA figure. It is this maintainable EBITDA figure which is then subject to a multiple in order to arrive at a valuation for the business. This is commonly referred to as the goodwill of the business.

## Multiple

The multiple applied to maintainable EBITDA can range from 0 - 12. There are numerous factors that you need to consider when assessing the valuation multiple, which we can set out below;

- Type/Sector of Business
- Turnover level
- Sales Mix
- Gross Margin
- Wage costs
- Rent and other overheads
- Future growth potential
- Lease terms (if applicable)
- Future Profits and cash generation from the business
- Competition, including potential new openings

There is no magic formula for calculating the earnings multiple but all of the above factors should be considered in assessing the valuation of the business. It is imperative that you engage the services of a Chartered Accountant who has specialist Corporate Finance knowledge to advise you in regard to the valuation of the business.

## Net Assets

In addition to the market value/goodwill of a business you must also calculate the net asset valuation. The net asset valuation can be plus or minus depending on the Balance Sheet of the business. The net asset valuation consists of the tangible assets associated with the business. The tangible assets consist of stock, debtors, cash at bank less all trading liabilities of the company.

## Freehold Property

When there is a freehold property involved (property assumed to be included in the limited company), it is normal practice to have the property independently valued by a reputable firm of auctioneers. The valuation of the freehold property would also be in addition to the market value/ goodwill and net asset value.

## How do you increase the value of a Business?

As set out above the key to increasing the value of a business in one word is, "Profitability". Profitability can be improved by putting in place a business plan and by using Key Performance Indicators (KPI's) to benchmark performance. All business owners must continue to focus on increasing the profit levels of their business. This can be achieved in a number of ways (in summary);

1. **Gross Margin** – This is one of the key areas where you can add value to the business. The gross margin should be constantly monitored and regular stock-takes should be undertaken. The gross margin can be increased by improving purchasing. A review of stock control systems and other purchasing methods should be undertaken e.g. group purchasing, payment terms, etc.
2. **Wages/Salary Costs** – This will probably be the largest expense item and therefore a review of the number of current employees, pay rates, rostering, etc, should be undertaken.
3. **Rent** – There has been a significant reduction in commercial rents in recent times but rents in some areas have been increasing again in 2015. You should review your current rent charge and compare this to the rents being paid in your locality. If your rent charge appears to be in excess of the current market rate in your area you should consider contacting your landlord and attempt to re-negotiate the rent charge.
4. **Other Overheads** – All other expense items should be reviewed to assess where savings can be made. Significant savings can be made by, for example, switching utility and telecoms providers.

It is crucial that you are in a position to benchmark the businesses Key Performance Indicators (KPI's) against other businesses which have a similar sales mix, turnover level, wage costs, etc. It is only when you have the results of a benchmarking report that you can start to compare the businesses financial results against competitors.

The key to successfully putting in place your business development plan is having access to good quality financial information.

### Summary

In relation to the valuation of most businesses, there is now one key word and that word is, Profitability. It is essential that Profitability is now the cornerstone and focus of each and every business owner. The first step in achieving your desired profitability is to prepare a business development plan.

There is no definitive scientific and correct value that can be placed on a business. The valuation of a business will depend on a number of factors, which are outlined above. It is the results from all of these factors which will enable your advisor to value the business.

Finally, it must be reiterated that it is essential for all business owners to engage the services of a Chartered Accountant who has specialist Corporate Finance knowledge. This expertise can provide invaluable advice on the preparation of your business development plan; review the financial performance of the business and benchmark your results and performance against other similar businesses.

*Jason Bradshaw is Director of Corporate Finance at PKF O'Connor, Leddy & Holmes Limited. Jason specialises in providing advice on business development plans, valuations, merger/acquisition/retirement planning advice, etc.. Contact details: email [j.bradshaw@pkf.ie](mailto:j.bradshaw@pkf.ie) or telephone 01-4961444. Website: [www.pkf.ie](http://www.pkf.ie)*

# Irish Examiner Property & Interiors

Whether buying, selling, or happily staying put and doing up, Property & Interiors magazine brings it all back home to readers – with style.

- We bring you through the keyhole of a range of properties on the market each week ranging from rural retreats to urban sophistication.
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- Antiques and fine art with a diary of upcoming events not to be missed.





IPAV President Eamon O'Flaherty with Fintan McGill, Ballymahon St., Longford (left) and Sean Dalton, Main St., Longford.



Ronald Duff, Fairyhouse, Ratoath, Co. Meath chatting with Eugene Dooley, Dooley Poynton Auctioneers, Wicklow Town at the Lettings' Day Seminar.



Gerardine and David Reynolds, Sherry FitzGerald Reynolds, Dungarvan, Co. Waterford with IPAV President Eamon O'Flaherty.

# Annual Lettings' Day Seminar

Saturday, 31 October saw a large turnout by IPAV members for the Annual Lettings Seminar which was held in the Institute of Technology, Tallaght.

IPAV President Eamon O'Flaherty welcomed the members to the event which heard talks by Anne Marie Caulfield, Director of the Private Residential Tenancies Board, Shay O'Brien, PKF Tax Advisors; Thomas Gallagher, Assistant Principal Officer, Dept. of the Environment, Community & Local Government; Paul Kerrigan, Orpen Franks Solicitors and Colm Smyth, Principal Environmental Officer, Dublin City Council.

All sessions were followed by a Questions & Answers session. As it was Halloween, the day finished in plenty of time for all to get home to participate in the spooky festivities.



At the Lettings Days Seminar were Giles Belton (left), Sherry FitzGerald Lannon, Drogheda, Co. Louth and Donal Dunne, Dunne Auctioneers, Bishopstown, Cork.



(Left) Tom Gallagher, Assistant Principal, Dept of the Environment, Community & Local Government addressing the Lettings Day Seminar on the new Housing Assistance Payment (HAP) scheme.



Pictured at the Lettings Day Seminar were Donegal IPAV members Mark McConnell, Ballybofey (left) and Robert Gourley, Quigley's Point (centre) with Frank Moore, Ennis, Co. Clare.



Paul Kerrigan of Orpen Franks Solicitors addressing the Lettings Day Seminar.



IPAV National Council member Gerard Hanley, Claremorris, Co. Mayo with IPAV President Eamon O'Flaherty.



Colm Smyth, Principal Environment Officer, Dublin City Council addressing the Seminar.

## Minister Coffey signs new Building Control Regulations for single dwellings houses and extensions

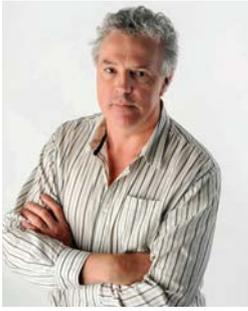
The Minister of State at the Department of the Environment, Community and Local Government, Paudie Coffey TD recently announced that the new regulations that will ease the application of the Building Control (Amendment) Regulations 2014 (S.I. No. 9 of 2014) for single dwellings and for domestic extensions commenced on September 1st.

Ministers Coffey and Kelly announced that following a review of S.I. No. 9 of 2014 after 12 months in operation, they had decided to make new amendment regulations that remove the mandatory requirement for statutory certificates of compliance in respect of a new dwelling on a single unit development or a domestic extension. An owner, which includes self-builders, of such projects will be given the choice to opt out of statutory certification and may instead demonstrate by alternative means that they have met their general obligation to build in accordance with the minimum requirements of the building regulations. An Information Note for owners of new dwellings and extensions who opt out of statutory certification for building control purposes is being published on the Department's website to assist people in understanding and complying with building control requirements.

"To ensure that building standards are maintained in respect of these types of builds in particular, arrangements for local authority inspections will be reviewed and improved," said Minister Coffey. "My Department will now engage with the County and City Management Association to ensure inspection capability is developed and resourced over time and local authorities will now be submitting quarterly reports in relation to their building inspections to my Department and these will be monitored closely - these actions will ensure progressive inspection improvement by local authorities in all sectors, i.e. single dwellings, multi-unit residential developments and commercial buildings," said Minister Coffey.

"It should be noted that the new regulations which apply from today only relate to single unit development or a domestic extension. There is no change in respect of other types of developments," added Minister Coffey.

In 2014 new, more stringent building regulations were implemented for all dwellings. The purpose of these new regulations is to ensure that we never had another Priory Hall or poorly built housing estates around the country again. The S.I.9 regulations will remain mandatory for all multi-unit developments in the country.



# Big Brother is watching out for you?

BY TOMMY BARKER, PROPERTY EDITOR, THE IRISH EXAMINER

**T**oday's professionals and estate agents, in particular, have it so, so very good - they have the world of information at their literal fingertips. A mere handful of smart-phone fingertip swipes/PC keyboard clicks in a search engine like Google - and hey presto! - a veritable tsunami of information opens up to satisfy and swamp any benign search for data and details. In fact, wave after wave of tsunami floods in, with the effect of drowning on-line searches with information overload.

Not much more than a couple of decades ago, anyone in the business of using their wits to make a living (think estate agents, newspaper hounds, car salesmen, medical consultants) did so literally on their wits, and drafted in their other senses too, to consolidate their painstakingly gathered nuggets of learning and knowledge, forming bigger pictures from fragments of information, from text books, from newspaper articles, from family and neighbourhood gossip, and bits of insider-trading too, if you were lucky!

Cast your mind back: it was a bit like getting an image with 1,000 jig-saw pieces needed to complete it, but only with 100 random, tiny pieces available to hand. Forming the bigger picture took experience, skill, gut instinct and a whole lotta luck. And, of course, there were always lots of pieces missing, and so some pretty weird pictures emerged along the way.

*...the words 'Irish estate agent' and within 0.53 seconds I got 1.89 million responses, on oh!, about 189,000 pages.*

Not so anymore, not so today. I just typed into a certain well-known search engine (who, as it happens, has a strong employment presence in Dublin) the words 'Irish estate agent' and within 0.53 seconds I got 1.89 million responses, on oh!, about 189,000 pages. As if I, or anyone else, will go beyond the first few pages it 'chooses' to present to my searches...? "You'll find us on page 54," doesn't have a businesslike ring to it, does it? The top three listings on the first page were tailored to recent search history and known IPC location, so first and foremost it gave me two strong national agencies and one local

main player who - presumably - knows how to optimize the game of search engine trawls, based on known-searching address locations. There are strong (and easily manipulative/manipulated) forces out there, to be sure.

A small example: last month an in-law of mine who is currently looking to buy an Irish property was shown several likely contenders by a Munster agent, working with an international estate agency brand. Keen to buy, he gave the locally-based auctioneer his mobile phone number, and lo and behold! That agent's phone at that very local viewing was able to inform him from (in-house, UK) sources that the same man/mobile phone holder had been involved in a significantly strong house sale in salubrious Bath in England. The viewer appeared to be handsomely cash-rich, sterling-enhanced and on the prowl in an Irish market. In fact, as a dutiful only son, he'd simply sold his mother's house in Bath to pay for her on-going nursing care needs.

A little knowledge can be a dangerous thing: talking for five minutes with him might have revealed his conflicts, uncertainties and on-going care duties that would dampen any tendencies to bid madly on an Irish property purchase. Instead, the phone simply suggested that he was loaded.

## Too smart for their own good

Phones today are almost too smart for their own good, or at least for their owners' good. My teenage daughter always knew her phone could tell her how many steps she took in a day, that it could track her jogging routes, or identify her current location and that at any time could be tracked by her iPhone by third parties. But, she was genuinely shocked to hit a data refining and crunching button on her phone that was able to tell her all the locations she had visited in past months, the frequency of the visits, and the dates and times. It correctly called one much-visited spot 'home' on her behalf. Big Brother? Huh, not even an entire extended family could have tracked her as faithfully. A tool such as that could be handy for estate agents on the move, though, keen to charge their services by verifiable site visits.

Back in land-dealing territory, what of that quintessential and historic Irish process of 'walking the land?' That so-telling activity now appears quaintly passé when it come to buying and selling farms, land, sites, gardens and even smaller plots. Today, it's pretty much all finger clicks and mouse twitches, helicopter/drone views and Google earth eye-in-the-sky satellite imagery. It's even 3-D, ye gods!

But, you think you know the score from on high? Wait, when walking the land, does it feel soft underfoot? And, what's that smell? Might that be a piggery over the valley, upwind today, but out of sight and scent tomorrow? Who's that looking at you suspiciously over the ditch? The next door neighbour: the buyer, lying in wait?

### Knowledge is power

Knowledge is power, the real power and control comes from knowing what to do with information that comes flooding in today via electronic devices. Savvy skill that will pay dividends is in editing, curating, distilling and filtering, surely.

To older, pre-digital age folk, the flood of information available on line seems unnecessary, almost obscene. It's overload, overkill. After all, this is the baby-boom post-war generation for whom George Orwell's 1984 and Big Brother seemed ominously in the future..”sure it might never happen.”

But to today's graduate surveyors and estate agents, that 'chilling' Orwellian date, 1984 is old hat, it's distant history: it predates them. Today's 'newbies' weren't even born in '84, it has no resonance for them, they're the babies of the 1990s.

The Irish property website Daft.ie was founded way, way back in 1997, and Myhome.ie followed leisurely enough in 2001, and Myhome famously was bought by a certain Irish newspaper for €50m in 2006, reckoning a decade ago that it was buying into an exciting, uplifting future.

Almost two decades on from Daft's overseeing on-line arrival, it's all still a complicated picture out there. Daft and Myhome are still the market leaders in property portals, having been joined in the downturn times by the

doom-charting likes of namawinlake.wordpress.com, to collapse.net and propertypin.ie.

With a market pick-up in the past two years, the online selling stalwarts appear back in ascendant over the worthy, and necessarily downbeat, chroniclers of the trough.

One of the more useful websites, the belated Irish Property Price Register, only goes back to 2010, and is still a long way short of a fully informative tool, in a business where knowledge is power, for whomsoever uses it correctly. The national Price Register is no 'Zoopla.co.uk,' though, falling far short of that all-encompassing website that, eh, knows where you live, how much your house is worth, and whether it makes more in a day than you do...if you live in London, at least.

While we wait on refinements to the Irish Property Price Register to make it more price informative, a new site up and running in the last few weeks promises to add extra layers to our knowledge base of where we are living...or where we'd like to live.

That bastion of map makers Ordnance Survey Ireland (OSI) has just launched GeoHive.ie, a free platform which has started to allow users combine and overlay mapped information (they call it spatial data) from public sector bodies to add to locational knowledge.

Visit the website, go into 'Buying a Property in Ireland' and you can assemble data from local property prices to soil types, from public transport services to schools' provision, from crime rates to broadband availability and flood plain risks to planning policy and on more arcanelly to ratios of dog wardens per local authority.

Yep, a bit of a dog's dinner but a valuable start. Big Brother's watching out for you?



# In the Dáil.

THE FOLLOWING IS A SELECTION OF WRITTEN DÁIL REPLIES TO TDS ON TOPICS OF INTEREST TO AUCTIONEERS AND ESTATE AGENTS:

## First-Time Buyers' Supports

**Deputy Derek Nolan (Lab, Galway West)** asked the Minister for Finance the current supports and any potential support mechanisms that are coming on stream for first-time buyers.

**Minister for Finance (Michael Noonan):** I am advised by the Revenue Commissioners that the only available support for first-time buyers is provided by section 266A of the Taxes Consolidation Act 1997 which provides for refunds of deposit interest retention tax (DIRT) to first-time buyers who purchase or self-build a property for occupation as their home. The property must be purchased or self-built between 14 October 2014 and 31 December 2017. A first-time buyer who has either individually or jointly with any other person previously purchased or built a property is not eligible for a DIRT refund. The amount of the refund is capped at the DIRT paid on savings of up to a maximum of 20% of the purchase price or, in the case of a self-built property, up to 20% of the market value of the completed property.

I have no plans at this stage for any additional support mechanisms in this area.

## Property Tax Rate

**Deputy Michael McGrath (FF, Cork South Central)** asked the Minister for Finance his views on concerns regarding the postponing of the planned revaluation of properties for purposes of the local property tax and the basis under which this postponement is based.

**Minister for Finance (Michael Noonan):** In my Budget 2016 statement I announced that I would be making a proposal to Government to postpone the revaluation date for the Local Property Tax from 2016 to 2019. Legislation to give effect to this announcement is currently being prepared and I hope to introduce it to the Houses of the Oireachtas shortly. I am aware of commentary that the deferral of the revaluation date to 2019 could in some way leave the LPT system open to constitutional challenge. As with all legislative provisions, the Office of the Attorney General will advise on any legal issues that may arise in the drafting of the legislation.

## Building Regulations Amendments

**Deputy Pearse Doherty (SF, Donegal SW)** asked the Minister for the Environment, Community and Local Government in relation to current planning rules which allow for the exemption of small-scale domestic property extensions from acquiring planning permission prior to construction, if he will clarify if it is the case that this exemption does not extend to properties located within special areas of conservation, SAC; the options available to owners of such properties who are unaware of this, and who unknowingly proceed with a domestic extension without first obtaining planning permission; if the option of obtaining retention planning permission for such unauthorised developments is not available to owners of properties within an SAC and if he will consider amending existing legislation in order to allow for retention planning permission to be granted to property owners in such incidences

## Minister of State at the Department of the Environment, Community and Local Government (Paudie Coffey):

Under the Planning and Development Act 2000, as amended, all development, unless specifically exempted under the Acts or associated Regulations, requires planning permission. Article 6 and Schedule 2 of the Planning and Development Regulations 2001, as amended, set out certain classes of development which are exempt from planning permission requirements. Class 1 of Schedule 2 of the Regulations provides an exemption from planning permission for the extension of a house, by the construction or erection of an extension (including a conservatory) to the rear of the house or by the conversion for use as part of the house of any garage, store, shed or other similar structure attached to the rear or to the side of the house. This exemption applies where the house has not been extended previously, and where the floor area of any such extension does not exceed 40 square metres. The exemption is subject to compliance with a number of other conditions and limitations and also any general restrictions on exemptions. Section 4(4) of the Planning and Development Act 2000, as amended, provides that development shall not be exempted development if an environmental impact assessment or an appropriate assessment of the

development is required in accordance with relevant EU Directive requirements. Furthermore, section 34(12) of the Act specifically provides that applications for retention permission may not be accepted in relation to applications which would have required an environmental impact assessment or an appropriate assessment, or would have required a determination as to whether an environmental impact assessment or an appropriate assessment was required.

There are clear legal obligations on property owners to observe both national and EU law prior to the commencement of development on designated European sites. I have no plans to amend or set aside the existing legislative requirements in this regard.

## Tax Code

**Deputy Jim Daly (FG, Cork South-West)** asked the Minister for Finance if there are any circumstances or precedent whereby retirement relief from capital gains tax on the sale of agricultural land holdings can be, or has been, granted to persons who have leased their land for more than the specified 25-year rule.

## Minister for Finance (Michael Noonan):

I am advised by the Revenue Commissioners that Section 598 of the Taxes Consolidation Act 1997 grants Capital Gains Tax (CGT) retirement relief to individuals aged 55 or over in respect of, among other things, the disposal of land that has been let in certain circumstances. Land that has been let for up to 25 years in total ending with the disposal of that land will qualify for the relief. Land currently let under conacre arrangements which is disposed of on or before 31 December 2016 or which, on or before that date, is instead leased for minimum periods of 5 years (up to a maximum of 25 years) ending with the disposal can also qualify for CGT retirement relief. This condition does not apply where the land is disposed of to a child of the individual. An overriding condition in relation to the retirement relief is that the land must have been owned and used by the individual for farming purposes for a period of not less than 10 years immediately before the land was first let.

I am also advised by the Revenue Commissioners that there are no circumstances or precedents whereby CGT retirement relief on the sale of agricultural land holdings can be or have been granted to individuals who leased the land for more than the specified 25-year period.

# Conferring Ceremony at ITT

The Annual conferring of Higher Certificates in Business Real Estate at the Institute of Technology Tallaght took place on Wednesday, November 4. The special awards for excellence took place on Tuesday, November 3 and were presented by IPAV President Eamon O'Flaherty and Martin Nolan, Head of Accountancy & Professional Studies, ITT.



*John Hamill, Dublin who won the President's award for Leadership.*



*John Gregory, Kildare, who won both the Student of the Year award and IPAV's Valuation award.*



*Michael O'Sullivan, Limerick who won IPAV's Advertising and Property Promotion award.*

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# Making the Right Choices

*'God wants spiritual fruits not nuts!'* (Unknown)

BY PETER, CHAIRMAN, IPAV'S EDUCATION ADVISORY COMMITTEE

I was struck by the news story of the father who did not wish his child to attend religious education classes in school. I was interested in the story for a number of reasons, firstly because it made me question my own attitude about the issue and secondly, it raised the issue of religion in schools and whether and if it should be in the curriculum at all.

Now, from the outset I would like to clarify my own position in relation to the issue of religion in schools. I have no problem with the concept of religion as a subject in the curriculum provided it is broad in its subject matter and considers religion in a global context as a system of beliefs that varies from culture to culture. The objective should be to contribute to the growth of the whole person and the promotion of tolerance and understanding of difference.

It is interesting to study the philosophical foundations of religion in an attempt to understand the world we inhabit. It is one way of trying to establish the meaning of life – and provides an opportunity for the student to explore issues that perhaps may not be touched on in other subject areas. Indeed, it may possibly help in understanding much of what else s/he will study during the course of his/her studies.

While stating that, I do not accept that schools funded by the state, should promote any one religion over another or that admission to state-funded schools should be based on a particular faith to qualify for entry. By all means, if private individuals wish to educate their children in a particular faith, they ought to be entitled to do so.

So that brings me back to the issue of religious education in schools.

## A Republic

While Ireland is supposed to be a republic, some claim it is only so in name. They cite the role of religion in the education system as evidence of this and who could argue with them when policies on access to education can be determined by one's religious beliefs?

But if we leave aside the denominational aspect of the argument and consider the place of religion in the curriculum, I think we might have an argument that would support the republican ideal of accommodating 'protestant catholic and dissenter'. And it is here the issues of the freedom of choice, expressed by the father referred to earlier, is interesting.

The question is what do we understand by religious education and should we give it as much prominence as we might maths or science?

If a republic is to be a place of tolerance where all the citizens can exist freely and equally, then surely the education system ought to reflect the ideals of a republic by creating an awareness of the diversity of our population

and respect for the various religious beliefs they hold. I doubt if this can be achieved through study of the mainstream subjects alone. It can be argued then that religious education has a vital role in sustaining the ideals of the republic. This form of religious education requires a radically different approach from that of the past which consisted of learning off answers to questions. In my own case, as a child in national school, RE consisted of learning off the Catechism and reading and reciting the gospels. It did not broaden my understanding of anything even though I was able to state with absolute conviction that God made the world!

Religious education, if understood in this context, has little to offer; but seen in the context of the development of the person, it has much to contribute. I say this because sometimes we perceive education in a very narrow context. It can be understood as a means by which we are prepared for work. Our usefulness is defined by our ability to function, to be of some use to society. In this system, religious education also is narrow in its focus - promoting a particular moral and ethical code. There is little scope for reflection in this system of indoctrination.

## The NCCA

We have come a long way from that view and our education system now aims to concentrate on the development of the whole person. It is a recognition that human beings have both physical and spiritual needs. The National Council for Curriculum and Assessment (NCCA) holds that the education system should reflect this by educating for 'personal and home life, for working life, for living in the community and for leisure.'

There is an argument to be made for making religious education a core subject in the curriculum if its objective is to enable a person develop an identity through reflection and in the process create an awareness and respect for others' beliefs and values.

We have seen in our own society what damage a sectarian approach to religion can do. Globally we are now witnessing the terrible results of a belief system that provokes young men and women into dreadful acts of violence against innocent people going about their daily business, attending concerts or having a coffee in a café. It is the direct result of indoctrination and we should not be arrogant as to believe we are not capable of such evil. Surely the present situation, where young men and women, reared in western society, are so easily amenable to radicalisation, is the most potent argument for the inclusion of some form of religious education or whatever you wish to call it in our education system?

If the purpose of religious education in schools is to promote tolerance and understanding, help the individual develop a moral and ethical compass, is it the right decision to deprive any child of that experience?

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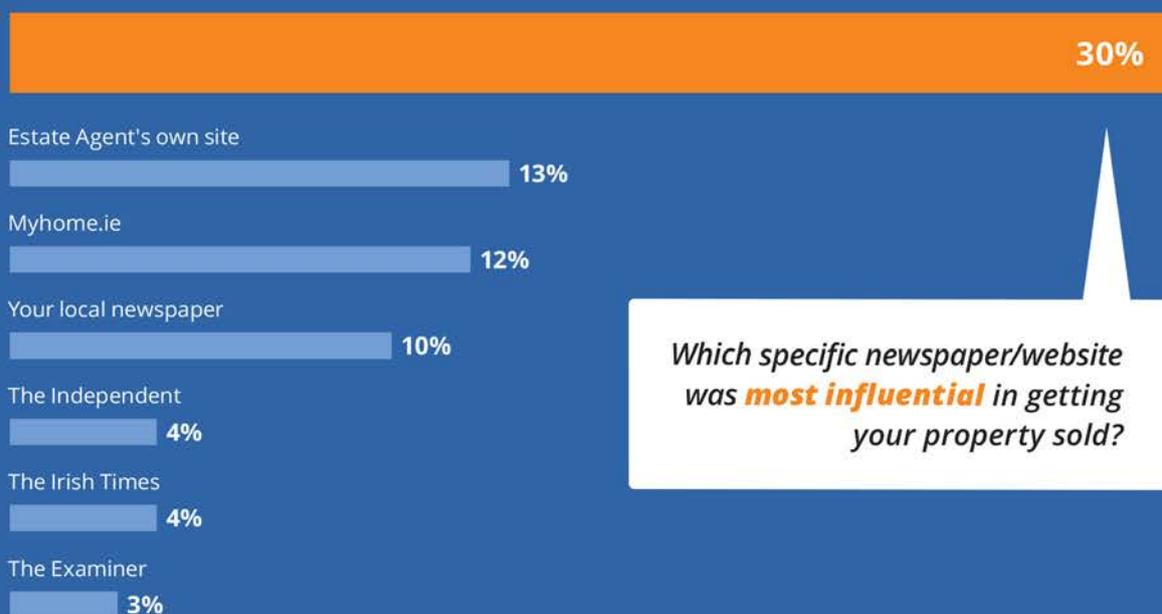
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