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## MESSAGE FROM THE CEO

Welcome to the Quarter 2, 2018 issue of the Property Professional magazine. Once again IPAV has had a very busy first few months with many activities going on at a number of levels.

Having been awarded a contract by the Property Services Regulatory Authority to supply their first CPD modules, IPAV focused its intention in getting these courses up and running as early as possible. We also tried to facilitate members to the greatest extent by providing all 5 verifiable hours in one sitting so that estate agents would only have to attend on one day. Accordingly, CPD modules were offered in Cork, Limerick, Galway, Sligo, Kilkenny, Mullingar, Blanchardstown and Tallaght.

The feedback from those who attended was very positive indeed and I would like to thank the large numbers who participated and gave a day of their valuable time to attending one of the venues. Similar seminars will be held again in the Autumn to facilitate more members and non-members. On page 12 and 13, PRSA Chief Executive Maeve Hogan outlines the benefits of the CPD programme.

Another milestone for IPAV was the launch in Cork on Friday, 27 April at IPAV's Young Professionals Network (YPN) seminar of a new Level 7 Degree of Bachelor of Business in Real Estate Management. This degree has been designed as an "add-on" option for graduates of the IPAV/Institute of Technology Tallaght (ITT) Higher Certificate in Business in Real Estate (Valuation, Sales & Management) – Level 6, which has been running since 2013. I look forward to the first participants signing up for the course in September 18. On page 5 IPAV's Education Director, Paul Campbell, outlines the details of the course.

Our AGM and Annual Conference are already looming ahead of us. They take place on 9 June in Lyrath Estate in Kilkenny when IPAV will elect its first female President, Ella Dunphy. This will be a very significant day for IPAV and I hope to see as large a turnout of members as possible. Details are contained on pages 14 and 15.

In his regular article, property journalist Donal Buckley argues that an improved housing supply should curtail price growth while Tommy Barker of the *Irish Examiner* tries to put together Ireland's housing jigsaw puzzle.

In our Members' feature, Property Professional editor Tim Ryan talks to Midlands IPAV member and estate agent John Mollin who is marking 28 years in business in Tullamore. On page 10 conveyancing solicitor Michael Crowley outlines seven key steps in helping estate agents avoid delays in completing sales while on page 22 Personal Insolvency Practitioner, Gary Digney argues that vulture funds could be an opportunity for Irish residents.

I hope you find items of interest in this issue and I look forward to meeting you in Kilkenny in early June.

Best wishes

Patrick Davitt  
CEO

## CONTENTS

Bachelor of Business in Real Estate Management	P5
Improved Housing Supply should curtail price Growth	P8
Seven Ways to Avoid Delays in Sale completion	P10
PSRA CPD Seminars	P12
2018 Annual Conference	P14
Tullamore Estate Agent Celebrates 28 years in business	P16
Land Prices highest in three years	P18
Trying to piece together Ireland's housing jigsaw	P20



Front cover: Launching the new Bachelor in Real Estate Management Degree (l-r): Paul Campbell, IPAV's Director of Education; Brian Dempsey, IPAV President and Dr. Michael Tobin, Head of Department of Lifelong Learning, Athlone Institute of Technology.

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## PRESIDENT'S MESSAGE

*“...our AGM and Annual Conference, IPAV’s 47th, which this year takes place in the wonderful setting of the Lyrath Estate in Kilkenny.*”

Despite the bouts of inclement weather, the first months of 2018 have been a very busy time for the property industry with great progress on many fronts. The construction industry is finally showing signs of some pick-up in the residential sector although much more needs to be done to get things back to normal levels.

IPAV’s recent Property Barometer survey show that while house prices continue to rise, the rate of increase has slowed down and hopefully we can look forward to a stable and sustainable market for the rest of 2018.

The rental market continues to show signs of stress with demand continuing to outstrip supply even in rural towns and villages. This is an area which the Government and the Minister have, to date, failed to tackle in a meaningful way and it is galling to see so many empty units of accommodation in our rural towns and villages which, given a little imagination, could be turned around and made available at very little cost to the Exchequer. IPAV has put forward a number of very sensible proposals to Government but as of yet they have received no action.

February 16 saw the Government’s major plan *Project Ireland 2040* amid great fanfare and promotion and while it contains many very useful and worthy proposals, it still remains to be seen how many will be implemented and when.

The end of last year saw IPAV one of two bodies awarded the contract to deliver the first Continuous Professional Development (CPD) scheme on behalf of the Property Services Regulatory Authority (PSRA). This was a major achievement for the Institute and I wish to congratulate our CEO Pat Davitt and all the team who have been so involved in winning the contract and delivering the course over the past few months. Details are contained elsewhere in this issue but by year end all IPAV members should have undertaken the five hour course which is now a mandatory requirement for every licence holder from 1st January 2018.

In addition to providing the PSRA CPD modules, IPAV is running its normal range of Valuers CPD and seminars throughout the year. YPN held a very important seminar in Cork on Friday the 27th April on Technology Use and Cyber Crime which is very topical and important to us all at the moment. At the seminar IPAV’s Education Committee launched our new level 7 ‘Bachelor of Business in Real Estate’ which is a huge achievement for the Institute.

Our Agri-Seminar is taking place in Roscommon on Thursday, May 24. Our joint Mediation Document with the IFA and the MII will be launched by Joe Healy, President of the IFA at this seminar.

It is only by working together and discussing our common problems that we can make progress both individually and as an institute. Apart from the learning aspect of these events, they provide a wonderful opportunity to socialise with fellow members and to discuss issues of mutual interest.

The next major item on the Institute’s calendar is our AGM and Annual Conference, IPAV’s 47th, which this year takes place in the wonderful setting of the Lyrath Estate in Kilkenny. There we will welcome our first female President, Ella Dunphy. Many of you are no doubt already familiar with this area, its wonderful sights and attractions. This year we have again assembled a very interesting line-up of speakers and details are in this issue. All members should make an effort to attend for at least some part of the day. Our Conference Dinner is always a great occasion and this year promises to be as exciting an occasion as ever when many members will use it to catch up with old friends and acquaintances. Further details of the AGM and Annual Conference will be sent to all members shortly.

Thanks to the efforts of our CEO, we have now made major progress in the whole area of valuation, as more and more of our members are now qualifying to REV or TRV level. We have a full Valuation CPD day in Lyrath Estate on the 8th June, the day before our National Conference which will gain Valuers six hours CPD.

As always, our CEO and staff at Head Office are there to help members at any time and please feel free to contact them to clarify any issues you may have in your day-to-day work.

Thank you for your support over the past year and I look forward to meeting you in Kilkenny in June.

**Brian Dempsey**  
President





## NO PROGRESS ON LONG-PROMISED RURAL REGENERATION SCHEME

BY PAT DAVITT, CEO, IPAV

Despite the ongoing housing crisis and chronic shortage of accommodation in our larger towns and cities, it is incredulous just how slowly some elements of the State are moving to address the issue.

Back in January 2017, the then Minister for Arts, Heritage, Regional, Rural and Gaeltacht Affairs, Heather Humphreys TD, announced that €12 million would be made available for a pilot scheme to support the regeneration of rural towns and villages across Ireland. At the time, the Minister said in a national newspaper interview: “I am looking at developing a small pilot scheme to encourage people to come back to live in town centres because I know there are a lot of vacant units above shops in rural towns. People living in the town centres will automatically generate activity and when there are people around, it makes it a much nicer place to live.”

Over 15 months later, the scheme has yet to be set up, no towns or villages have been identified to pilot the project and a steering group tasked with delivering the grant has yet to meet, apparently.

**“..Government launched Project Ireland 2040..”**

Like many others, the then President of IPAV, Eamon O’Flaherty who has done trogon work on IPAV’s policy on Rural Development, publicly welcomed the scheme when announced, as it was something we as an Institute have promoted for some years. We had strongly urged the Government to introduce such a scheme in the belief that it would breathe new life into rural Ireland, by converting non-viable commercial buildings into residential use. Now we discover that a steering group tasked with progressing the initiative has not even met yet.

There is now strong evidence to suggest that this was an announcement that was never approved by the Department of Public Expenditure and Reform. The relevant ministers with responsibility in this area, had to put something in the rural development arena that was new at the time, so they announced this. It was promised that it would be done, but it has not yet been done. However, it is very worthy and IPAV will be lobbying hard for its implementation for the benefit of Rural Ireland.

### TODAY, TWO KEY ELEMENTS OF THE GOVERNMENT’S ACTION PLAN FOR RURAL DEVELOPMENT THAT REMAIN UNIMPLEMENTED ARE AS FOLLOWS:

#### POINT 2:

“Develop and pilot an initiative to encourage increased residential occupancy in town and village centres. Timeline Q3 2017”

#### POINT 6:

Review planning legislation to allow the change of use of vacant commercial properties in cities, towns and villages, including vacant or under-utilised areas over ground floor premises, into residential units without having to go through the planning process. Timeline: 2017

The reconfiguration of the Department of Rural and Community Development was expected to put a greater focus on rural Ireland but the lack of progress on the above points already calls that into question. The Rural Regeneration Scheme would incur no expensive outlay for the Government and should be a ‘win win’ socially, economically and politically.

More recently, the Government launched *Project Ireland 2040*, a €116 billion plan sets out a 23-year vision for the country and which projects will be prioritised in capital spending plans. This contains a €1bn Rural Development Fund and contains 270 measures aimed at rejuvenating 600 towns and villages in a three-year period. It was launched with great gusto by the Taoiseach and a number of Ministers in January of this year. We await to see how it will be implemented.

The economic difficulties currently being experienced by Ireland’s inland towns are well documented and all bear witness to the lack of investment and employment. The Irish economy is now experiencing a sustained economic upturn but this is having little, if any, effect on the problems being encountered by many rural towns and villages.

Critical to any plan has to be a realistic scheme to regenerate the centres of many rural towns and villages. IPAV members have already identified 300 properties throughout the country that would be suitable for such a scheme. As house prices continue to rise, the scheme may now be going beyond the reach of some who would otherwise have benefitted had it been set up as promised.

IPAV is now again calling on the Government, and in particular Minister Michael Ring, who now has responsibility in this area and made it his major area of priority, to ensure the scheme is set up urgently, without any further procrastination so that we can move ahead and help to roll out the scheme nationally which, if properly administered, has the potential to transform many of our rural towns and villages.



## BACHELOR OF BUSINESS IN REAL ESTATE MANAGEMENT

BY PAUL CAMPBELL MSC FCIQB MRICS MSCSI, IPAV EDUCATION DIRECTOR

A new Degree of Bachelor of Business in Real Estate Management (Level 7) was launched at the IPAV Young Professional Network event in Cork on 27th April last. The programme was designed by Dr. Michael Tobin, Head of Department of Lifelong Learning at Athlone Institute of Technology (AIT) in collaboration with IPAV.

It has been designed as an “add-on” option for graduates of the IPAV/Institute of Technology Tallaght (ITT) Higher Certificate in Business in Real Estate (Valuation, Sales & Management) – Level 6, which has been running since 2013.

Scheduled to commence next September, the programme will run over three semesters and will take 18 months to complete. It will be taught using a blended learning format which is a hybrid teaching and learning methodology which integrates traditional classroom methods, independent learning and e-learning. This means that students will not be required to attend lectures in AIT on a weekly basis as some of the lectures will be delivered online. It is envisaged that students will attend AIT on six Saturdays each semester. Through this approach students are being allowed the maximum opportunity to prepare for their future careers by forming the skills and attitudes necessary for personal and career development in a changing employment environment.

Graduates of the IPAV/ITT “top-up” programme are also eligible to enrol onto the programme.

Students will cover seven modules (60 ECTS) designed to build on the learning gained during the ITT Level 6 programme. These are as follows:

- VALUATIONS 3
- FINANCIAL ACCOUNTING
- MARKET RESEARCH & ANALYSIS
- MANAGEMENT ACCOUNTING
- BUILDING STUDIES 3
- CYBER PSYCHOLOGY AND BEHAVIOUR
- MACROECONOMICS FOR BUSINESS

*(modules are subject to change)*

**IPAV recognises the value in offering its members access to a degree level qualification and is delighted with this development. The programme is open for registration and all students interested in enrolling should call Genevieve in IPAV at 01 6785685 or on email [genevieve@ipav.ie](mailto:genevieve@ipav.ie)**

### Peter Brady

I would like also to pay tribute to Peter Brady who retired as IPAV's Director of Education last summer and who was central to the development IPAV's educational programmes for over 20 years. It was as a result of his efforts that IPAV's Certificate in Auctioneering and Estate Agency ran as a part-time programme in many locations across the country and in Dublin and Cork on a full-time basis. But his efforts didn't stop there. He went on to forge links with a number of Universities in the UK, thereby allowing graduates from the IPAV programme to progress to degree level. Peter was a terrific colleague to work with and was a great support to me and the other lecturers on the programme. I miss not being in regular contact with him but I was grateful of his offer of assistance should I need it. Many members of IPAV would not have obtained their qualification without Peter's hard work over many years. On their behalf and on a personal basis, I would like to thank Peter for his work as Education Director and I wish him, and his wife Margaret, a long, happy and healthy retirement. Incidentally, Margaret and IPAV's current President, Brian Dempsey, continue to act as the external examiners for the programme in ITT.

Finally, I should mention that the Technological Universities Bill completed all stages in both houses of the Oireachtas on 8th March last and it is expected that it will soon be signed into law. This legislation paves the way for Institutes of Technology to merge into Technological Universities. A number of consortia have been formed for this purpose. The first in line is the proposed merger of Dublin Institute of Technology, the Institute of Technology, Blanchardstown and the Institute of Technology, Tallaght into Ireland's first Technological University. The new name and date of formation of the new entity isn't clear at this stage, but it could well happen before the end of this year.

This is ITT's 25th anniversary and it may well be its last as it is currently constituted. When formed, the new entity is likely to be the largest 3rd level institution in Ireland with over 28,000 students. So it's likely that within the next few years, students on the IPAV/ITT Level 6 programme will graduate with an award from a Technological University.



## ERASMUSPLUS – DISSEMINATION

This is the fifth in a series of articles which reviews the delivery of an ErasmusPlus project. In this final article Richard Taylor, Consultant to the Institute of Revenue Rating & Valuation (UK) looks at how ErasmusPlus funding can make a substantial contribution to the development of new trans-European training initiatives.



Erasmus+

Funded with the support of the Erasmus+ programme of the European Union

In this article we shall review the concept of “Dissemination” and highlight its importance in the overall process. The closed definition of dissemination is “Maximising impact”, although it can mean more than this, including the process of selling the project and idea to opinion formers and potential beneficiaries.

Additionally, dissemination is about identifying strategies for achieving this, carrying these through and identifying and exploiting new opportunities. It is, therefore, unsurprising that the European Commission views Dissemination, as part of the valorisation or “Adding Value” process, as not just a “bolt-on” but a contractual requirement. It can breathe life into a project from the start, generating interest and commitment, which will support, and help to sustain the work and maximise the benefits.

All these components are of importance and relevance to the IRRV-led ErasmusPlus Strategic Partnerships valuation project. As indicated in a previous article, training needs to be rationalised to meet minimum standards fit for the 21st Century. A new approach with a transnational dimension is required, and this is what ErasmusPlus is designed to facilitate. At partner level, there is the keenness and willingness to introduce new modules and training methods. However, the project needs to achieve widespread acceptance within a range of organisations with direct and indirect interest in the project. These include, for example, national qualifications bodies, appropriate government departments and local authority organisations.

In practice, the most effective way to organise dissemination activities is to link it to the testing and evaluation process and for a dedicated working group to have an exclusive remit to devise, implement and monitor these activities. This process is currently under way.

The ErasmusPlus project will clearly have a far reaching impact on valuer training in the future, and it is expected that local authorities, taxpayers and those using our services will see the benefits of this training in years to come. The sheer diversity of partners, including those from EU and Accession countries, will ensure a rich contribution to the project and the development of the material. Additionally, in the longer term, it will make the training process more transparent and will provide greater opportunities for professionals to broaden their horizons and even provide the opportunity to obtain a qualification which will be recognised in other countries.

The speed and effectiveness with which this is achieved will be highly dependent on the effectiveness of the dissemination process through the partners.

## KEY QUESTIONS

THE KEY QUESTIONS TO ANSWER ARE:

-  **WHAT ARE THE EXPECTED OUTCOMES OF THE PROJECT?** Is there going to be a new product and, if so, how is it to be commercialised so as to extend the life beyond the period of EU Leonardo funding? Can both the process and the results benefit from dissemination?
-  **WHO IS THE TARGET AUDIENCE?** Different people may have different interests at different stages of the project and may require different approach strategies. Target audiences will include, for example, members of own organisations, relevant national qualifications bodies, end-user groups and social partners (trade unions) as well as other policy making groups.
-  **WHAT IS THE BEST WAY TO REACH THEM?** This will include mailshots, publications, trade journals, newsletters, websites, trade fairs and conferences but this is not an exhaustive list. A key component of strategy development is the identification and implementation of clear and appropriate communication links between partners and different target groups.
-  **WHO IS GOING TO DO WHAT AND BY WHEN?** A common misconception is that this is purely mainstream press and PR activity which is coordinated by the project promoter. To be a success in all partner countries, a project must have shared ownership and, therefore, all partners should be involved in dissemination and each should have a clear, agreed workplan. Plans for dissemination should be in place at various stages, not just at the end of the project.
-  **HOW IS THE EFFECTIVENESS OF THE DISSEMINATION PROCESS TO BE MONITORED?** Clearly information should be channelled through partners, and partners should take responsibility for monitoring their own activities.

## OUT & ABOUT

### IPAV PRESIDENT ATTENDS IRRV ANNUAL LUNCH

Over the past number of years, under the stewardship of CEO Pat Davitt, IPAV has developed significant alliances with other like-minded and relevant organisations throughout Europe and the United States.

As part of this growth, IPAV President Brian Dempsey was invited as a guest of the UK President of Institute of Revenues Ratings & Valuation (IRRV) to attend their Annual Lunch in the Goring Hotel, London where the Presidents of twenty other Valuation & Real Estate organisations from across the UK were in attendance.

Recently, IPAV and REVASE came together to improve the skills and employability as well as the education, training and youth work through the Erasmus+ Program.

Picture (left) shows IPAV President Brian Dempsey, IRRV President Gordon Heath and IRRV Chief Executive David Magor. David was instrumental in working with IPAV on the REVASE Program.



At the IRRV Annual Lunch were (L – r): Andrew Hetherton, Junior Vice-President, IRRV; Gary Watson, Deputy CEO, IRRV; David Magor CEO, IRRV; Patrick Bond, President, Rating Surveyors Association; Mr. Justice Holgate, President of Lands Chamber; Sarah Howard, Vice-President, CIPFA; Gary Garland, President, Valuation Tribunal for England; Mike Taylor, President, Institute of Internal Auditors, UK & Ireland; Katie Griffin, President, NAEA PropertyMark; Kevin McCarthy, President, Civil Enforcement Association; Nicky Fisher, President, Association of Accounting Technicians; James Dick, President, Central Association of Agricultural Valuers; Gordon Heath, President of IRRV; Graham Batty, President, Association of Taxation Technicians; Sue Baxter, Chair, National Association of Local Councils; Neil McManus, President, Association of Chief Estates Surveyors; Sheila Little, President, Society of County Treasurers; Brian Dempsey, President, IPAV and Paul Sanderson, President, IPTI.

#### CEPI Meeting



Pictured at the CEPI meeting in Madrid on Friday, 6 April were (l-r): Guy Valkenburg, CEO, CEPI; Elizabeth Rohr, Vice-President, CEPI; Brian Dempsey, IPAV President and Luc Machon, President, CEPI.

In early February IPAV President had a brief discussion with EU Agriculture Commissioner Phil Hogan when they met at a European lunch in Dublin. Commissioner Hogan is an Honorary IPAV member.





## IMPROVED HOUSING SUPPLY SHOULD CURTAIL PRICE GROWTH

BY DONAL BUCKLEY

At a time when supply of new housing in the Greater Dublin Area and some cities is lagging way behind demand, it is not surprising that some commentators would challenge the explanations which have been offered for housing shortages.

In a recent example Dr Lorcan Sirr, Senior Lecturer on housing in DIT, published an interesting challenge in the Sunday Times property supplement under an article entitled "Let's demolish housing myths."

In the article he seeks to challenge 11 of the explanations which he says have been circulated for our housing problems. While he is right in his demolition of some of the excuses, I feel he is being too simplistic in his analysis of others.

Perhaps the most interesting of these is the claim, or as he describes it, the myth that increased housing output will bring affordable housing. It is extremely unlikely that such a claim would be made by an estate agent and I'm not sure who in particular made it. I am guessing it was perhaps someone who had a simplistic belief in the power of the market to balance itself by way of the so called 'laws of supply and demand'. Such a person may have been a Thatcher sympathiser who believed that whenever there's an over-supply of products, commodities or services then price falls will follow.

### Second-hand car market

Dr Sirr points out that international research has shown that the traditional dynamics of the second-hand car market do not apply to the housing market whereby the greater the supply the lower the price. He refers to work by economic analysts Ann Pettifor and Peter Phibbs which shows that in the housing market it is in fact rising prices which stimulate supply.

However, Dr Sirr fails to acknowledge that just because rising house prices stimulate increased supply, it does not follow that increased supply will always lead to increased prices. Such an experience is not confined to housing.

**But increased prices can lead not just to increased supply but to over-supply. Indeed the oversupply of credit by competitive bankers has been blamed for the Irish crash and the Irish Central Bank has implemented measures to try to prevent this happening again.**

But the property crash was not just due to over-supply of credit. It was also partly due to an over-supply of housing. In its latter years the building boom was mainly attributed to the need to accommodate overseas labour who were flocking to our shores. Investors were encouraged to meet this demand from the



growing labour force by Section 23 and other tax incentives as well as the rental income.

However, it turned out that after the Millennium many of these overseas workers who required the new homes were themselves employed in the construction industry. It has been compared to a Ponzi scheme. So naturally when the music stopped, the overseas labour went home and the Irish construction workers emigrated, the result was that hundreds of thousands of dwellings were left vacant or unfinished and prices for houses crashed.

So, it is not just a myth to say that increased supply can lead to lower prices. It can clearly be argued that plentiful supply does indeed lead to lower prices.

One of those who recognised that the music was about to stop was Joe Tiernan, former president of the Construction Industry Federation, and managing director of Tiernan Homes one of the larger house builders in Dublin. He got out of the market before the crash. He has not returned to the business. Others avoided the crash by only building in small quantities that they had deposits for.

### A better balance

If more builders had adopted a similar approach, we might not have had the crash because there would have been a better balance between supply and demand. However, if many had followed Tiernan's example we might have accused them of trying to create an artificial shortage in order to boost prices.

The problem with the market has always been balance and timing. For decades prudent builders managed this balance by building in response to demand. So they would sell off the plans or build a show house and take a few deposits and complete those houses before moving on to the next phase in a development.

But then during the noughties the pace of building increased. Timber frames were made in factories and accelerated the supply of houses. Developers such as Bernard McNamara introduced

new building techniques for apartment blocks to meet the life styles of our new immigrants. Developer John Fleming set up a factory in Ringaskiddy to produce fully fitted apartments which were then shipped to Dublin.

The supply chain gathered steam and was building product that was well in advance of demand. Yet another reason why increased supply led to a crash with its lower prices. Ask the thousands of home owners who have suffered negative equity.

But it doesn't always take a crash to curtail prices. Further evidence of the way in which increased supply may help to slow price growth may have been seen recently. The recent IPAV house price barometer showed low rates of price increase for two bedroom apartments in south Dublin where new developments have come on stream such as those on the sites which had once been the former Dun Laoghaire Golf Club.

**It showed that prices for two bedroom apartments in the south county area increased by only 2.5% in the second half of 2017 to €348,750 compared to the first half. This was at a time when many other areas were recording double digit annual price growth.**

So, even in the current market, improved supply, contrary to Dr Sirr's suggestion, may well be helping curtail price growth.

In North Co Dublin, where there are also a number of new housing developments, prices for three bedroom semis showed even slower growth rate of only 0.99% to €380,000 while in Dublin 15 such prices were up only 1.99% to €393,333.

*"...So rising house prices do stimulate supply and hopefully the combination of recent experience and the Central Bank's credit controls will help to prevent over-supply and price falls.*

But it can equally be argued that a healthy supply chain needs some inflation of price trends in order to ensure continued supply. Nevertheless, it won't work on its own. Price growth needs to be underpinned by rising demand which, in turn, needs to be underpinned by rising incomes for a substantial number of people.

Such a combination helps allay the risks to developers and the banks that fund them. So rising prices are a reflection of the viability of the market. They contribute to the confidence which developers now need in order to be assured that they will achieve an adequate return after the year or two which it takes to complete a new apartment development.

So rising house prices do stimulate supply and hopefully the combination of recent experience and the Central Bank's credit controls will help to prevent over-supply and price falls.

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# SEVEN WAYS TO AVOID DELAYS GETTING YOUR SALE COMPLETED

BY MICHAEL CROWLEY, BA LLB



Preparing to go to market to sell a residential property? Here are seven tips to help speed up the process.

As most of you will be aware selling a property in Ireland these days can be an extremely slow and stressful process. There has been some commentary in the media by some parties involved in the process on the delays experienced when selling property in Ireland at the moment. There is no doubt that the process can be slow at present due to a number of factors including a slightly archaic title system (albeit in the process of modernisation).

However, there are a few things that you, as agents, can advise your clients to do which may speed up the process. These points are often not ordinarily known until they consult their solicitor after you have agreed the sale. Dealing with such issues in advance of going 'Sale Agreed' can help avoid frustrating delays, add value to your service and most importantly get us all, including our clients, paid sooner. Here are a few tips on what you can do in advance before you are 'sale agreed'.

due and paid. If NPPR was not payable and the property is exempt the Vendor must apply to the local authority for a Certificate of Exemption. This is done by swearing a Statutory Declaration confirming the reason why the property was exempt e.g. the property was the principal private residence of the Vendor.

## BER Certificate

- 3 Be sure to get from the Vendor the BER Certificate and Advisory Report. This should be furnished to you before the property is put up for sale. BER Certificates and Advisory Reports have a 'shelf life' of 10 years so very soon some properties will need new BERs. Do not let your clients get 'caught out' well into the sale's process.

**'..selling a property in Ireland these days can be an extremely slow and stressful process'**

## Title documents

- 1 When instructed by a Vendor you should ask them to liaise as soon as possible with their solicitor to locate the title documents to the Property. Contracts cannot be drafted or issued to a prospective purchaser without them. Very often the deeds are with a bank or another solicitor and can take weeks to locate or be sent to the Vendor's solicitor. Avoid delay by telling your clients to have the title documents taken up by their solicitor as soon as possible.
- 2 Obtain a Certificate of Discharge or Exemption in respect of NPPR (if applicable). It's not enough to simply furnish your solicitor with a receipt for payment as often Vendors believe. The Vendors must obtain the specific certificate from your local authority which states that the NPPR was either paid or was exempt. The Vendor can easily do this by furnishing the receipt to the relevant local authority in a situation where NPPR was



**4** You should ask your clients if they have extended the property or carried out substantial works. If so, they should be sure to inform their solicitor and furnish them with copies of any planning permission or Architect's Opinion/Certificates of compliance with same. Very often Architect's opinions were not obtained when the works was carried out and 'retrospective opinion' or replacements need to be obtained from an architect. This can take weeks particularly if copies of the relevant planning permissions need to be obtained from the local authority.

**5** Many properties for sale will now require a Land Registry Compliant Map as they will be compulsorily registerable in the Land Registry post completion of the sale. In those circumstances the Vendor is legally obliged to provide this map. Most prudent solicitors will advise their clients to have this map surveyed before signing a contract. Advise your clients to get this map in advance of going Sale Agreed.

While this is a non-exhaustive list, if you attend to these matters before you are 'Sale Agreed' it will help to get the process moving faster towards the all-important completion.

**6** Obtain a Certificate of Discharge or Exemption in respect of the Household Charge. Again while the Vendor may have paid in the Household Charge you might find that it has been erroneously applied to their Local Property Tax account. In such circumstances you need to furnish a prospective Purchaser with the Certificate of Discharge.

**7** The Vendor should have a printout of the Local Property Account together with their property ID and PIN as the Purchaser will request these. It is important that the Local Property is paid at the appropriate 'band'. Very often the sale price is much higher than the valuation the Vendor put on the property in 2013. If the valuation differs to the sale price the Vendor may need to obtain clearance from Revenue in advance of the sale. If the sale price falls within certain allowable margins (50% above the upper value of the band, or 80% above in the case of Dublin) then 'general clearance' applies. If the sale price is greater than the allowable margins then the Vendor must apply to the Revenue Commissioners for 'specific clearance'.

*• If you wish to obtain further advice in relation to any aspect of buying or selling a property you can contact Michael Crowley, Partner, Patrick F. O'Reilly & Co. on 01-6793565*



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## PSRA CONTINUOUS PROFESSIONAL DEVELOPMENT (CPD)

BY MAEVE HOGAN, CHIEF EXECUTIVE, PSRA

The Property Services Regulatory Authority (PSRA) Continuous Professional Development (CPD) programme came into effect on 1 January, 2018.

### Why is there a need for CPD?

The Property Services (Regulation) Act 2011, provides for a scheme of education and training to ensure the ongoing maintenance and professional competence of licensees in the provision of property services. In meeting this legal requirement the PSRA developed and scoped a programme for the delivery of CPD to all licensees, on a face to face basis, online and to be delivered regionally. The PSRA issued its CPD tender in autumn 2017 and following this process, both the Institute of Professional Auctioneers and Valuers (IPAV) and the Society of Chartered Surveyor of Ireland (SCSI) were accredited to deliver the PSRA statutory CPD programme.

As one of the successful bidders, IPAV understands the property services sector well, through its engagement with licensees and its wealth of knowledge of the issues and concerns facing the sector.



*A section of the attendance in the Rochestown Park Hotel, Cork.*



*Property Regulator Maeve Hogan with IPAV CEO Pat Davitt at the CPD Seminar in Tallaght.*

It has the experience of identifying gaps in the development of licensees, and is well placed to deliver an effective and engaging CPD programme.

The CPD programme sets out the education and training minimum requirements which licensees must undertake to maintain their current professionalism in the provision of property services.

The PSRA CPD programme applies to each PSRA licence holder in respect of the provision of property services in licence categories A, B, C or D, and/or any combination of these licence categories.

### Benefits of PSRA CPD Programme

CPD is an ongoing statutory education and training programme for the purpose of maintaining professional competence. It is the means by which professionals retain and enhance their expertise, and demonstrates commitment to having in place on an ongoing basis the necessary knowledge, skills and competencies appropriate to the delivery of a professional service.

For any professional group, CPD is an important learning tool. It ensures that a licensee maintains their competence as a professional; development of capabilities to keep pace with current standards; and importantly enhances your knowledge and skills in delivering a professional service to your clients and customers and that your knowledge stays relevant and current.

CPD leads to greater public confidence in property service providers delivering a professional competent service while at the same time gives you an opportunity to build on your knowledge, to significantly engage with other licensees, and importantly learn from each other's experiences.

### Delivery

IPAV have commenced delivery of the PSRA CPD programmed at various regional locations. The delivery of CPD on a regional basis was a clear request of licensees who engaged with the PSRA at its own regional seminars.

The provision of CPD by the accredited bodies is open to all licensees. Every licence holder must complete 5 hours of CPD annually. Each year the CPD cycle ends on 31 December of that year. Any surplus CPD hours may not be carried forward to the next calendar year.

**“CPD leads to greater public confidence in property service providers delivering a professional competent service...”**

## CATEGORIES

The Authority has categorised CPD content under **2** Category headings:

**GENERAL AND MANAGEMENT** – amongst which may include ethics, customer care/management, complaints management, health and safety, sectoral related matters, office management, staff management, licence renewal administration, business skills, financial management, risk management, professional indemnity insurance, owner management company and agent relationship.

**LEGISLATION AND REGULATION** – amongst which may include Property Services (Regulation) Act 2011 and its secondary legislation, data protection, protected disclosures, equality legislation, anti-money laundering, multi-unit development and residential tenancies legislation.

Two hours of CPD is mandatory in each category with the final hour chosen from either category.

In the Legislation and Regulation category, there is an annual mandatory 1 hour of CPD on the Property Services (Regulation) Act 2011 and a mandatory half hour on the Criminal Justice (Money Laundering and Terrorism Financing) Act 2010.

Licensees will need to choose and plan CPD learning which is relevant to them taking into account the nature of their work or role and their individual needs. They may choose any combination of sub-categories from within the 2 main headings, provided minimum CPD is undertaken from each category heading.

### CPD Audit

Each licensee is required to maintain certification of completed CPD hours from their accredited CPD provider. Accredited CPD providers are required to provide certification of attendance to each licensee who attends their CPD session. Licensees are not required to have completed their annual CPD requirement prior to their licence renewal date but must have their CPD completed by 31 December in each year. The PSRA plan to audit licensees in 2019 to confirm CPD attendance during 2018.

CPD should be embraced as an opportunity for licensee engagement in driving standards and increasing public confidence in the sector. The benefits from which, I have no doubt will deliver significant returns.



*Pictured at the Sligo Seminar were (l-r): Senator Robbie Gallagher, Sherry FitzGerald Gallagher, Glaslough St., Monaghan; Róisín Keenan, PSRA and John and Helen Earley, Property Partners Earley, The Square, Roscommon.*



*At the Sligo Seminar were (l-r): Michael Griffin, Michael Griffin Estate Agents, Claremorris; Des Wynne, Desmond Wynne Auctioneer, Dromkeeran, Co. Leitrim; Bernard Cregg, DNG Cregg O'Callaghan, Roscommon Town and John Gill, John Gill Auctioneers, Ballinlough, Co. Roscommon.*



*John Casey, Casey Auctioneers, Lisdoonvarna, Co. Clare (left) and Brian McMahon, Brian McMahon & Daughters, Ennis, at the Galway Seminar.*

## HISTORIC IPAV AGM & ANNUAL CONFERENCE 2018



IPAV will chalk up a significant mark on June 9 when it will elect its first female President at the Institute's 47th AGM which takes place in the magnificent setting of Lyrath Estate on the outskirts of Kilkenny City. The Annual Conference and Gala Dinner are the highlight of IPAV's annual events' calendar and once again a top line of speakers has been organised.

On the morning of June 9, outgoing President Brian Dempsey will make his final address before handing over the reins of office to incoming President Ella Dunphy (above). Ella is a very well-known estate agent in Kilkenny and the south-east where she is MD of DNG Ella Dunphy. For the past year she has served as IPAV Senior Vice-President.

Guest Speaker at this year's Gala Dinner is the EU Commissioner for Agriculture and Rural Development, Phil Hogan. A native of Kilkenny, Commissioner Hogan needs no introduction to IPAV members as he is an Honorary member of the Institute and was a practising auctioneer and estate agent in his early career.

This year the Conference moderator is the well-known RTE Nationwide presenter Mary Kennedy. Mary has had a distinguished career in broadcasting and came to national prominence when she presented the Eurovision Song Contest in 1995.

The Conference will be officially opened by John Paul Phelan TD, Minister of State at the Department of Housing, Planning & Local Government.

On the afternoon of Friday, June 8, a Golf outing will be held at Kilkenny Golf Club.



### GUEST SPEAKER – Phil Hogan, Commissioner for Agriculture and Rural Development

Phil Hogan is European Commissioner for Agriculture and Rural Development since November 2014. Prior to becoming Commissioner, he was Minister for the Environment, Community and Local Government (March 2011 to July 2014). At the age of 22 he was elected to Kilkenny County Council and was elected to Seanad Eireann in 1987. He was elected a TD for Carlow-Kilkenny in 1989 and represented the constituency until 2014. During that time, he held numerous positions, serving as the Chairperson of the Fine Gael Parliamentary Party until 2001, Minister of State at the Department of Finance and Minister for the Environment, Community and Local Government.

He was educated at St. Kieran's College, Kilkenny and later graduated with a degree in Economics and Geography from UCC. In the 1980s he ran an insurance and estate agency business in Kilkenny.



### Mary Kennedy – Conference Moderator

One of RTE's most popular broadcasters, Mary Kennedy currently co-presents the News Features programme on RTE 1, Nationwide. She came to national prominence presenting the Eurovision Song Contest in 1995 and since then has presented many programmes including *People of the Year*, *Up for the Match*, and RTE's *Christmas Carols* and regularly appears as a guest on shows including *The Late Late Show*. Mary has published four books - *Paper Tigers* (2002), *Lines I Love* (2007) and *Lines for Living* (2011) and *What Matters* (2015) with a fifth due for publication this Autumn.

Mary has travelled to Russia twice to support and write about the work of the Irish Charity "To Children With Love" and is patron of Family Carers Ireland.



### John Paul Phelan TD, Minister of State

John Paul Phelan was appointed Minister of State at the Department of Housing, Planning and Local Government with special responsibility for Local Government and Electoral Reform on 20 June 2017.

He is a TD in the 32nd Dáil and was a member of many Oireachtas Committees, including: Budgetary Oversight (Chair); Petitions; and Budgetary Scrutiny (Chair). John Paul entered local politics in 1999 and served two terms in the Seanad before being elected a TD in 2011. The business graduate is a barrister and was honoured to have served as a member of the banking inquiry.



### Eddie Keher

Well-known hurler Eddie Keher made his debut on the Kilkenny Senior Hurling Team in 1959 All-Ireland replay against Waterford. In a distinguished career, he won six All-Ireland medals, 10 Leinster Championships, nine Railway Cups and three National Leagues. He was Texaco Hurler of the Year in 1972. He won four Chú Chulainn awards in the 1960's and five All Start awards in the 1970's. He was picked on the 'Team of the Century' in 1984 and the 'Team of the Millennium' in 2000. He was also awarded the Irish Independent Hall of Fame award in 1997, the RTE/Aviva Hall of Fame award in 2003, the Leinster Hall of Fame award in 2011 and the GPA Lifetime Achievement award in 2017. In 1961 he joined the Provincial/AIB bank and retired as manager of the Callan branch in 1997.



### Paul Campbell

Paul Campbell MSc FCIQB MRICS MSCSI, is a Chartered Building Surveyor and Chartered Construction Manager. He has worked for 40 years in the construction/property industry, both in the public and private sectors. In 1995 he was appointed Estates Manager at Institute of Technology Tallaght.

Paul is a part-time lecturer and course leader on the Institute of Professional Auctioneers and Valuers (IPAV) / Institute of Technology Tallaght Level 6 programme in Real Estate. He lectures on the construction technology and building pathology modules. Paul has also lectured for IPAV on the courses that lead to the REV and TRV valuation qualifications. He was appointed IPAV's Education Director in June 2017.



### Helen Carroll

A journalist with over 25 years' experience, Helen Carroll is best known as a presenter on Ear to the Ground, RTE Television's Farming and Food programme. She has produced, presented, reported and researched on national radio and television for both RTE and TV3. Her work in the print media has seen her write news, features, reviews and a weekly column for both local and national publications.



### David Hammond

David Hammond is Head of Home Mortgage Business and Products for AIB, EBS and Haven. He is was previously Head of Personal Banking - Ireland, Regional Director in Dublin North & West and Head of Commercial Banking in Dublin South. He is a Qualified Financial Advisor, graduated from UCD Smurfit Business School with an MBA and is a fellow of the Institute of Bankers in Ireland.



### Maeve Hogan

Maeve was appointed as Chief Executive of the Property Services Regulatory Authority in August, 2015. A significant part of Maeve's career has been with the Department of Justice and Equality where she held senior managerial positions. In 2012, she was appointed as Chief Inspector with the Private Security Authority (PSA) where she headed up its Enforcement Division. As the Regulator of property services providers, Maeve is committed to driving standards, professionalism and compliance in the sector and ensuring that proper consumer protections are in place.



## TULLAMORE ESTATE AGENTS CELEBRATES 28 YEARS IN BUSINESS

TULLAMORE-BASED ESTATE AGENT AND VALUER JOHN MOLLIN IS MARKING 28 YEARS IN BUSINESS THIS YEAR. TIM RYAN WENT TO THE MIDLAND TOWN TO TALK TO HIM.

For Tullamore-based IPAV member John Mollin, auctioneering and estate agency was not his first chosen profession. John grew up on the family farm close to the former Jesuit College in Rahan, now closed. He inherited the family farm and for many years was a dairy farmer milking cows twice a day seven days a week.

“I was there in good times and in bad but the dairy farm educated my five daughters and one son,” he says. John’s wife Carmel was a teacher so her income helped as well to put them all through the expensive years of college life.

Apart from farming, the young John Mollin had a huge interest in sport and played rugby, hurling and football with his local clubs. He was also a member of the Offaly Senior football panel for a few years in the mid 70s and played against many famous footballers of the time. One particular memory he has is scoring a goal against Dublin goalie Paddy Cullen in Croke Park in 1973. He also marked former Dublin fullback Seán Doherty who captained his team to All-Ireland success in 1974.

“I always had a huge interest in sport and found it a great way to relax and enjoy myself away from the daily grind of dairy farming,” says John.

### First IPAV President

John’s farm is in Rahan, 10 kms to the west of Tullamore town, famous for the Rahan Comhaltas Group who, in the past, have entertained IPAV members at their Annual Conference Dinner where they proved hugely popular. It was also the birthplace of IPAV’s first President, James J. Guinan (1971 – 73) who operated an auctioneering and estate agency business on Dublin’s Leeson St.

As none of John’s children showed an interest in dairy farming, John made a big change in 1990 when he sold out his dairy herd and went into partnership in an estate agency practice in Tullamore with another local agent, Seán Joyce. However, John did not turn his back entirely on farming and switched instead to tillage and today still grows a sizable quantity of corn, maize and fodder beet. As all the work is done on contract, John manages it part-time with his estate agency business.

In 2005, John Mollin opened his own practice, Mollin Estates at No 4 Church Street where it still trades today. It is a busy office catering for all aspects of the industry, including residential and commercial sales, valuations, lettings. Given his background, farm sales and lettings are a particular niche market for John where his lifelong specialist knowledge is of invaluable assistance to him.

As in many places in Ireland, the quality of land varies a lot in and around Tullamore. Currently prices range from



John Mollin

**“I have a skill acquired from my farming days that I can value land by just looking at it for a few minutes,” says John. “It’s something that comes very naturally to me.”**

as low as €4,000 per acre for forestry land to €10,000, €12,000 and up to €14,000 per acre depending on quality, demand and the level of entitlements. John also manages a large lettings book with the 11 month conacre system still very popular with many landowners in the Midlands.

The recession seriously affected Tullamore and Mollin Estates was no different. Pre- recession, the town boasted at peak a total of 18 estate agency firms but this was quickly whittled down to seven or eight post-recession. Mollin Estates was one of the lucky ones to survive.





Office Manager Fiona Delaney

“We were careful and cut our cloth according to our measure and managed to stay in there for the long haul,” says John. “But the recession was very palpable as consumer spending dried up and nothing happened on the property scene.”

### IPAV membership

Today the firm is back again on a solid footing with John and fellow auctioneer Robert Leavy who qualified through IPAV Degree Course to BBS and BSc level, running the business. They are ably assisted by Office Manager Fiona Delaney. In running the business John has found his membership of IPAV of immense help and he is a regular attendee at Seminars and Conferences. He also holds a Valuation Certificate from TEGoVA, the association of European Valuers. He is also an associate member of the Chartered Institute of Arbitrators.

Tullamore is today a bustling town with a population of almost 15,000, according to the 2016 Census. In 2003 Tullamore was designated a ‘Gateway’ town, along with Mullingar and Athlone, by the then Government’s Spatial Strategy. In theory, this made it eligible for increased infrastructural investment although many would argue not a lot happened as a result. More recently, there was controversy when the town was not included as a major hub in the Government’s recent Project Ireland 2040 plan.

The town’s most famous export is Tullamore Dew, an Irish whiskey that can be traced back to 1829. The original distillery shut down in the 1954, with the brand later being resurrected and produced at the Midleton Distillery, in Cork. However, the brand’s new owners, William Grant & Sons, invested in a new distillery near Tullamore, bringing whiskey production back to the town in 2014.

**In 2021 Mollin Estates will celebrate 30 years in business and John Mollin and the team at Mollin Estates are looking forward to the challenges and changes the industry will throw up in the intervening time.**



Estate Agent Robert Leavy

Apart from the distillery, the town benefits from pharmaceutical companies based there including multinationals, Sennheiser, GeneMedix and Covidien. The Headquarters of Offaly County Council is based there as is the Midlands Regional Hospital and HSE services. In addition, Tullamore is increasingly being used as a commuter town with regular train and bus services to and from the capital. The journey time by car for the 102km journey via the M4 and R402 is approximately one hour and 15 minutes depending on traffic.

All of these create a demand for residential housing where, unfortunately, construction is currently at a virtual standstill. Accordingly, houses are scarce and when they come on the market fetch higher and higher prices. A three-bed semi will now fetch a price in the region of €180,000 while a four-bed will fetch €200,000 plus.

“The town badly needs more new houses and hopefully this year will see some builders start to construct again,” says John.

### Lack of rental accommodation

Demand for rented accommodation is equally keen due to a total lack of supply. Normally Mollin Estates does not even need to advertise a property such is the waiting list on their books. A recent three-bed was rented for €1,000 per month while the limited number of two-bed apartments readily fetch rents of €900pm whenever they come on the market.

One aspect of the 2018 Budget that John Mollin found particularly annoying was the increase in Stamp Duty on commercial sales from 2pc to 6pc. “This has had a very negative impact on commercial sales such as pubs where and has made it far more difficult,” says John. “I think if the Minister for Finance wanted to increase the Stamp Duty take, then it should have been scaled as follows, for example: 2% on the first €500,000, 4% from €500,000 - €1,000,000 and 6% on anything above €1,000,000. The current regime has had huge impact on country sales.”

In 2021 Mollin Estates will celebrate 30 years in business and John Mollin and the team at Mollin Estates are looking forward to the challenges and changes the industry will throw up in the intervening time.



## LAND PRICES HIGHEST IN THREE YEARS

BY ANTHONY JORDAN, IRISH FARMERS JOURNAL

The year 2017 was another solid one for the Irish Land market, with average land prices standing at €9,088/acre across the 26 counties. This is an increase of 3.61% from 2016 figures.

For the first time since 2014, the average price per acre has risen over €9,000/acre. In that year, the price reached €9,890/acre with 86,408 acres offered, both representing a big jump. 2017 rise is much steadier with a gradual rise in supply and price.

The improving prices can be seen in the majority of counties, with 19 counties in Ireland showing a rise in land prices in 2017. Seven of these counties have seen a price rise of over 10%, with Laois seeing the highest price jump of 22.1%. Just seven counties saw a drop off in average values, with Waterford, Monaghan, Donegal and surprisingly Kilkenny seeing a major price drops of over 10%.

If 2017 highlighted anything, it was the obvious, that commodity prices are volatile. A bumper year for dairy men was counteracted by another poor year for grain. Beef and sheep farmers had a better year than in 2016 but are largely unable to compete with the dairy drive. It was just over 12 months ago when the milk price was on the floor and confidence was right there with it. What a difference a year makes.

### DAIRY

- Dairy has been the big driver of land price in 2017. A better milk price, increased production and expanding enterprises have meant the appetite for land continues to surge. Counties such as Cork, Tipperary and Laois have seen a significant price rise of over 10% as a direct result of this. Instances where two dairy farmers have competed for good quality ground, or indeed any sort of ground, some extraordinary prices were reached.**

**Beef and tillage farmers certainly seemed to lag behind in many parts of Ireland. Another poor year for grain saw tillage men under further pressure to compete with dairy. While this is a general observation, there were indications that stronger tillage men across Leinster were able to match dairy farmers, however this was not as frequent as tillage farmers would like.**

**“The market for smaller parcels is still being dominated by cash buyers, however this trend is nationwide”.**

### The West

What is evident is the clear disparity between the west and the rest of the country. 2017 was a solid if not positive year in the south and east, with an air of optimism among auctioneers around here. However, the West was a slightly subdued market. Agents were quoted as saying prices held their own but demand was not over the top. In parts, if the land was not suitable for forestry it would be difficult to sell, while it was clear that finance wasn't all that easy to come by in the region, especially for dry stock and suckler farmers. The weather has almost certainly has an adverse effect, if not on land sales, certainly on sentiment. That being said, agents noted that good land will sell. The market for smaller parcels is still being dominated by cash buyers, however this trend is nationwide. Large parcels are seeing a delay in moving as farmers need to seek additional finance.



## Tight supply

The supply of land offered to the market in 2017 totalled 78,350 acres, up 6.2% on 2016 when 73,778 acres came to the market. While the supply has increased in a general sense, one of the most frequent observations from across Ireland last year was the scarcity of land that came to the market. This was a consistent theme among agents in most regions. Interestingly, there was a very noticeable reduction in supply in the Border counties, with Donegal, Monaghan, Cavan, Louth and Meath all seeing less land on the market. Whether this is a direct impact of Brexit, it is hard to know for certain, but it seems coincidental.

## Mumblings of Brexit

Dare I say as the shock of the Brexit vote weans ever so slightly, mumblings of its impact is still heard in auctioneer circles. Certain agents have said that Brexit did have a negative impact in 2017, both on sentiment and on the price of land.

## Leasing

While many features of land vary depending on the region you are located in and quality of land, trends in land leasing was consistent throughout the country. Almost every agent cited that leasing prices were up in 2017, as the demand rose from dairy farmers and young farmers. On the topic of conacre, there is a general shift from this form of rent to leasing. The tax implications has certainly accelerated this process, but other factors have also contributed.

## Forestry

Forestry yet again is a major player in the Irish land market in 2017, with agents, predominantly in the western region citing a strong appetite for land suitable for planting. With investment funds considering forestry a low risk investment, international pension funds were very prominent in the market last year. Individual investors and farmers are also availing of the lucrative premiums obtained from planting in Ireland at the moment. To a lesser degree, smaller UK investment funds are active in the Irish forestry market. Land suitable for forestry is making anything from €3,000/acre to highs of over €5,000/acre for parcels suitable for planting.

## Businessmen more prominent

2017 saw more businessmen active in the market. For the eight consecutive years, land prices have remained between €8,700/acre and just under €10,000/acre, with recent year's prices hovering at circa €9,000/acre. With land prices halving from 2007 to 2009, the market now seems to have corrected itself and equilibrium seems to have been found. This relative stability has encouraged businessmen to invest in the market in Ireland, seeing it as a solid investment of their assets.

## The auction room

The auction room was a nice mix of the good, bad and the unexpected in 2017.

Statistically, success at auction is back slightly, with 47% selling under the hammer back from over 52% sold in 2016. The fate of auctions depended on the individual properties offered on the day.

Auctions accounted for 26.6% of all lands offered in 2017, with private treaty making up over 71.5%. 2017 saw a dramatic increase in the number of tenders around the country. In total, there were 25 tenders offered around the country last year, up from just two in 2016.

## STAMP DUTY

- While the rise in Stamp Duty was the main feature of last year's Budget in terms of land, its impact has been varied. For some, it had a major bearing on land sales, effectively pushing the end cost of the sale beyond some farmer's budget and thus the transaction fell through. Others saw little or no change to demand for land, but are weary of the impact of Stamp Duty as we enter into 2018. An auctioneer in the West told me that the new tax implication is having virtually no effect on forestry companies or their willingness to buy. A handful of agents have expressed fears over larger holdings, whether or not the 4% rise would reduce the demand for such packages or indeed reduce the price.**



## 2018 forecast

Land for the large part however, is at the mercy of commodity prices. While a high milk price in 2017 certainly drove land prices on, agents have cited cautious optimism about 2018. While many believe it will be another solid year, reservations have been expressed should milk price fall. For the first half of this year, it will be interesting to see if tillage men will be continually able to compete with dairy. A number of poor years in terms of price of grain may begin to catch up with tillage farmers and deter their ability to pay.

Considering the trend since 2009, it is unlikely that 2018 will dish out any major surprises. Famous last words, says you!



## TRYING TO PIECE TOGETHER IRELAND'S HOUSING JIGSAW PUZZLE

BY TOMMY BARKER, PROPERTY EDITOR, THE IRISH EXAMINER

It's back as a topic of conversation across radio wavelengths and bar counters, at bus stops, around posh dinner party tables and along the queues at homeless shelters for food – it's Ireland's dysfunctional relationship to housing. Clarion and all as the chatter is, we need to further intensify that discussion and public debate.

It's a ten-year anniversary this autumn of The Mighty Fall of 2008, when Lehman Brothers' collapse finally brought down the shaky foundation of the Irish House of Cards. As it transpired, our 'house of cards' was even built upside down, an inverted or perverted pyramid, sharpest at the bottom and getting thicker at the top.

A whopping 90,000 units a year were churned out in the mid 2000s, if you can bear to recall, and the resultant half-built overhang lasted years. Remember economist Colm McCarthy's memorably punchy line about "building houses no one wanted, in places no-one had ever heard of?"

Now, with ghost estates finally filling up (except in the places no-one still wants to hear about) we've the scandal of 10,000 people, some 7000 adults and 3,000 children, officially homeless.

Despite all the talk, the hand-wringing, the political platitudes and national plans and promises, it's still getting worse. It takes time to turn a big ship around, and a cynic might say it takes even longer when the ship had been firmly beached, having been ripped below the water line.



### BOOM BOOM!

- In the few years up to the '08 crash, when the boom was getting to its boomiest, and the dawning reality of daft development and even dafter banking began to take serious hold, the national conversation was pretty much all about house prices and their ever-onwards and upwards trajectory.
- We've been trotting out trite enough, 'though welcome lines about recovery since 2013, sort of the half-way period in the decade since '08's economic implosion and our socialised debt crisis which saddled the citizenry with almost €70bn in debt.
- Yes, employment is way up, and our very open economy has been outperforming most around the globe thanks to FDI strengths in IT, pharma, biotech and business among other sectors, including agriculture, while years of low interest rates have helped thousands to keep their heads above water financially.
- Collectively, as a nation we're sort of keeping our fingers crossed right now about interest rate rises, Brexit impacts, and how further US moves under the erratic decision making of one Donald Trump will impact our FDI sector.
- Talk, as in public discourse, is increasingly about housing prices, and mostly so for the incessant rise in residential rent levels which may, or may not, be about to level off, or at least slow their rampant pace of inflation.
- Each month's surveys, either from 'official' Ireland or via market-related websites and economists, bring a variance of views on just how high rents can go. Sound familiar? Who'd be foolish now to predict 'a soft landing' for rent hikes and spikes?
- The conversations revolving around housing, across the country, are more diverse than ever before; we're talking rents, and gaping residential rental shortages. We're back uttering lines like "it's cheaper to buy than to rent," and "prices can only go up when supply doesn't meet demand."
- We're talking about wage recovery and wage inflation, as well as rent and house price inflation. We're parroting "have we learned anything from the bust?"

**“Government has been long on promises, and short on delivery, to date. Dysfunction and disjointed policies from the top down have been the rule, rather than the exception.**

**“Worryingly, it also appears that no-one really knows what the Big Picture we are meant to be assembling should even look like. Just don’t let it look like the last one?”**

### Compound Errors

Clearly we still have still-low house supply and insufficient site starts, even at a time when there’s threatening skills’ shortages impending. What will happen when we need to import labour once more for the construction sector? Where are those people going to get to live? In compounds, like some Turkish workers did in the early 2000s?

There’s no debate on the direction of demographic demand; that surge in numbers is well-nigh undisputable, there’s a train with extra people-laden carriages coming down the tracks.

We’re demanding a quick(er) on-track delivery of homes, but the on-the-ground experience of ‘magic bullet’ responses like rapid/system builds, off-site construction and Fast Track Planning/SDZs is simply woeful so far.

Government has been long on promises, and short on delivery, to date. Dysfunction and disjointed policies from the top down have been the rule, rather than the exception.

On a rare upside, though, the lamentable and long-lasting lacuna in pro-active planning policies at local and national level has in part at least been addressed in the ambitious 2040 National Planning Framework, but among the public at large, it almost got lost in the public spat since over communications and ‘spin’ units.

By the by, we’re looking at a far more diverse and nuanced range of housing options at least, moving on from the traditional Irish ‘one size fits all’ reliance on three-bed semis. It spans pods and student units to small ‘node’ apartments with shared communal areas, and we definitely need smaller units for downsizers, retirees and the separated.

A-rated trade up homes in development are coming to the Dublin market at €1m and more, and urban developers are once more looking at taller buildings. Oh, and we need lots of three-bed semis too – that demand most definitely hasn’t gone away, you know.

### Jigsaw puzzle

If the last period of (unsustainable) growth was characterised above as a House of Cards, this stage of juddering and uneven recovery and growth is more characterised perhaps as a scattered giant jigsaw puzzle, one that needs to be painstakingly pieced together. Only, it appears that some vital jigsaw pieces are still missing, and that we’ve even got some pieces left that belong to another different puzzle entirely.

Worryingly, it also appears that no-one really knows what the Big Picture we are meant to be assembling should even look like. Just don’t let it look like the last one?

Almost incredibly, it took the run up to Easter 2018 and the latest figures reflecting 10,000 persons’ penances in the purgatory of homelessness, to prompt the very top levels of Government to conjoin key words like ‘national’ and ‘housing’ and ‘emergency’ into the one sentence, like they meant it.

Now, it needs to make it a statement of intent, and a mission to action: Declare an actual National Housing Emergency, and make putting a roof over citizens’ heads the mark of a fair society, and of a re-balanced economy.

It was done in the 1930s, when this nearly 100-year old State was a baby, and it was done 50 years before that by the Liberal William Gladstone and his various tenants’ rights and Land Acts. If we need a Housing Czar (as we clearly do), let that person also be the Minister for Finance, because it needs the purse strings to be pulled back, generously, with some of the immediately available cheap money from Europe and beyond to fund it.

Oh-oh, money from abroad? Billions for housing? Weren’t we here before? Only different this time?

Damn, this jigsaw is a bit of a puzzle.





## VULTURE FUNDS: OPPORTUNITY OR THREAT FOR IRISH RESIDENTS?

BY GARY DIGNEY, PERSONAL INSOLVENCY PRACTITIONER, PKF-FPM ACCOUNTANTS LTD.

As has been widely reported, Permanent TSB and Ulster Bank plan to sell up to 25,000 mortgages to so called Vulture Funds. This move is mainly driven by the requirements of the European Central Bank for lenders to reduce the number of loans and arrears on their balance sheet. Deutsche Bank, Apollo Service Loan Star, CarVal, Goldman Sachs and Cerebus have emerged as the main purchasers of such loans.

The term 'Vulture Fund' is a metaphor used to compare investment funds to the behaviour of vultures preying on debtors in financial distress by purchasing the debt at a discount to make a large gain. However, we at PKF-FPM see vulture funds as an opportunity for borrowers to finally achieve a long term, sustainable full and final settlement.

### Loan Servicing in Ireland

Although vulture funds are not regulated, they must appoint a regulated entity to service the loans they acquire which includes managing the process with borrowers in financial difficulties. The contractual position between the borrower and lender does not change when the loan is acquired by a vulture fund. Whatever rights the borrower had with the original bank, they still retain with the vulture fund. The legal process is also unchanged and the code on the mortgage arrears still applies.

PKF-FPM's experience is that judges in the Circuit and High Court tend to favour borrowers over vulture funds trying to repossess Irish citizens' principal residences. All borrowers have access to the legislation introduced in the Personal Insolvency Act 2012-2015. The fact that their loan is now owned by a vulture fund can actually enhance their chances of getting a deal under the Personal Insolvency Act.

### Personal Insolvency Arrangement (PIA)

The Personal Insolvency Act introduced a new insolvency procedure called a Personal Insolvency Arrangement (PIA). A PIA can be entered into between a debtor and one or more of his/her creditors. Importantly a PIA can include both secured and unsecured debts.

Secured debt is a debt backed, or secured by an asset, for example a mortgage. Secured debts can be restructured under a PIA and one or all of the following restructuring methods can be applied:

- Write-down of the debt to market value of the property.
- Reduction or change in the Interest Rate to fixed or variable for the term of the mortgage.
- Extension of the Mortgage Term.

### Will the funds / Bank accept such deals?

In short, usually 'No'. However, Section 115A (S115a) was introduced in 2015 to give the personal insolvency legislation more teeth. This section gives the courts the power to review and approve a PIA which has been rejected at a meeting of creditors. In effect, the courts can force the deal on the funds/Bank. The Court's power to force a proposal on a bank or fund is commonly known as a 'no veto proposal'.

In a recent S115A case, the courts forced a PIA on the vulture fund that included a fixed rate of interest of 3.65% for the extended 27 year period of the restructured mortgage. Funds are not banks. In this case, the terms on which the fund had purchased the mortgage debt was not presented to the court and it was unclear when the fund might need to return to the market to finance its capital needs. Taking into account that the mortgage loan was owned by "an investment vehicle and not a commercial bank", Judge Baker did not see sufficient evidence that the 27 year fixed rate caused unfair prejudice to the fund.

This decision reflects the tendency of the Irish courts to encourage arrangements which enable debtors to remain in their family homes, and to encourage secured creditors to approve PIA proposals. As funds are highly unlikely to disclose to the courts the cost of the purchase of the loan, it is possible that an even more favourable rate of interest could be applied to a restructured loan in a PIA where the owner of the debt is a vulture fund.

### Conclusion

PKF-FPM's experience is that the borrowers who are not in default should not be disadvantaged when their loans are transferred to a vulture fund. For borrowers who want to sell their property and reach compromising residual debt, dealing with a vulture fund means dealing with a motivated party who expects a debt write-off.

While it is true that for some mortgage holders, whose situation is irretrievable dealing with a vulture fund may bring forward the day of reckoning, that day of reckoning was going to arrive sooner rather than later in any event. The situation facing borrowers under a loan sale may push debtors to seek novel insolvency deals such as that signed off by Ms Justice Baker under the new Personal Insolvency Act.

The introduction of Personal Insolvency Arrangement provides borrowers with the opportunity to restructure their mortgage, allowing them to retain the family home on a sustainable basis. One of the first steps borrowers should consider, therefore, is whether they are eligible for a 'No Veto' type PIA.

The underlying principle of the PIA process is that no Irish resident should have to leave their principle residence. This should provide significant comfort for borrowers struggling with their mortgage and something they may have to call upon to provide protection perhaps from vulture funds and other lenders.

### PIA Case Study

**The Problem:** Mr and Mrs White have a property with a mortgage of €500,000. The property is valued at €250,000. The mortgage has been in arrears since before January 2015. The interest rate is 4.65%. The Whites have little disposable income and their loan has been sold to a vulture fund.

### Statement of Affairs:

	NRV €	€
Matrimonial Home	250,000	-
Less debt to ABC Bank	(500,000)	
Shortfall		(250,000) Nil
Assets available for unsecured creditors		Nil
Less unsecured creditors		
Shortfall on matrimonial home ABC Bank		(250,000)
Credit Union Loan		(20,000)
Credit Card		(3,000)
<b>TOTAL UNSECURED LIABILITIES</b>		<b>(273,000) 273,000</b>
<b>NET LIABILITIES</b>		<b>(273,000)</b>

**The Solution:** A Personal Insolvency Arrangement (PIA) is proposed and the home mortgage is written down from €500,000 to €250,000. The mortgage term is extended from 16 years to 25 years. The interest rate is reduced to 3.65% fixed for the term of the mortgage. A relative introduced a lump sum payment of €15,000 in full and final settlement of the debt. The creditors were paid 3.6 cent in Euro in full and final settlement.



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## YPN PLANNING ANOTHER BUSY YEAR IN 2018



IPAV's Young Professionals Network (YPN) is planning another busy year of activities for younger members. YPN Chairperson Niamh Giffney and her team are busy working out the details currently but the year started off with a seminar in Rochestown Park Hotel, Cork on Friday, 27 April. Key topics of the evening were cyber security and employment contracts. In addition, Dilosk's CEO Fergal McGrath discussed ICS Mortgages' unique Buy-To-Let product called "Flexi-Mortgage".

For golf enthusiasts, YPN has plans in place for the second Annual Golf Classic which will take place at the Heritage Golf Club, Killenard, Co. Laois on Thursday, 10 May. The format for this event will be a three-ball, at a cost of €120 per team. The cost includes green fees, a breakfast bap, a burger on the 9th hole and an evening meal at which prizes will be presented.

YPN and IPAV wish to thank both PINERGY and the Irish Examiner for their generous sponsorship of the event.

To register your interest email YPN's chairperson Niamh Giffney [ypn@ipav.ie](mailto:ypn@ipav.ie) asap.

# IN THE DÁIL....

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

### Housing Issues

Deputy Barry Cowen (FF, Offaly) asked the Minister for Housing, Planning and Local Government the proposed powers and resources of the new National Regeneration and Development Agency.

**Minister for Housing, Planning and Local Government (Eoghan Murphy TD):** I thank the Deputy for the question. Project Ireland 2040 signals a significant policy shift towards securing more compact and sustainable urban and rural development, which requires significantly more effective land management in key development areas. Against that background, it is proposed to establish a National Regeneration and Development Agency to assist in ensuring a more effective approach to strategic land management, particularly in terms of publicly owned land. The agency will act as a national centre of expertise, working with and supporting local authorities, public bodies and other interests to harness public lands as catalysts to stimulate regeneration and wider investment and to achieve compact, sustainable growth with a particular emphasis on complex regeneration projects.

The detailed arrangements on the establishment, staffing and powers of the agency will be finalised as quickly as possible. At this point, however, I envisage that the agency will be tightly focused and will seek to work primarily through the statutory powers of the stakeholders it is being established to assist, such as the local authorities that already have extensive powers to acquire lands for development, compulsorily if necessary, and to deliver infrastructure. Whether the agency requires further powers will be considered by Government in the context of its consideration of the detailed arrangements for the agency's establishment

### Rental Sector

Deputy Barry Cowen (FF, Offaly) asked the Minister for Housing, Planning and Local Government the steps he will take to regulate short-term lettings.

**Minister for Housing, Planning and Local Government (Eoghan Murphy TD):** Under action 18 of the strategy for the rental sector, my Department established a working group in June 2017 with representatives of all major public stakeholders with a policy interest in short-term lettings to develop guidance on planning applications and changes of use relating to short-term lettings and to examine the need for new regulatory arrangements. The proposals under consideration by the working group are aimed at facilitating short-term letting of accommodation within permanent residences, known as home sharing, while protecting existing stock of residential property in areas of high demand, safeguarding neighbourhood amenity and consumer protection, and generating revenue to address any negative externalities of short-term letting.

The working group completed guidance for local authorities on planning applications relating to short-term lettings, and my Department issued a circular on the matter last October. The group is now working on proposals for an appropriate comprehensive regulatory approach for short-term tourism related lettings as well as identification of amendments to legislation that may be necessary to give effect to such regulation. The draft report of the working group is being finalised and I will consider its recommendations when they are received before initiating a targeted public consultation on the proposals.

### Construction Costs

Deputy Barry Cowen (FF, Offaly) asked the Minister for Housing, Planning and Local Government the status of the independent audit of residential construction costs.

**Minister for Housing, Planning and Local Government (Eoghan Murphy TD):** Under the Government's Rebuilding Ireland action plan, my Department committed to undertaking a detailed analysis, in conjunction with the construction sector, to benchmark housing delivery input costs in Ireland in order to facilitate an increased level of housing output.

To advance this work, a working group, chaired by my Department, was established and has been specifically reviewing the delivery costs and viability for affordable residential developments in the domestic market. In parallel, the Housing Agency has been advancing a comparative analysis of international construction costs.

An executive summary of the working group's report was published last month to provide context for the review and update of the design standards for new apartments, which I will be finalising shortly. In summary, the report analyses each of the main input costs in order to make recommendations that may lead to economies. The inputs considered include: land; construction and build costs; professional fees; development levies and contributions; finance cost and development margins; and value-added tax.

Based on viability modelling, incorporating a level of development margin needed to secure development finance, one of the key findings of the report is that the viability of urban apartment schemes at affordable price levels is extremely challenging at present, while suburban housing schemes at similar price levels are marginally viable. The report points to a number of initiatives to address viability issues and therefore support increased supply.

*"...to establish a National Regeneration and Development Agency to assist in ensuring a more effective approach to strategic land management, particularly in terms of publicly owned land.*



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## HOUSING SUPPLY REMAINS CHALLENGING SAYS IPAV CEO

Economic growth spreading to the regions would appear to be responsible for a faster pace of growth in house prices for the second half of 2017, although much of it is coming from a low base, with many properties still selling for less than the cost of building them, according to Pat Davitt, IPAV CEO. He was commenting on IPAV latest Residential Property Price Barometer which were published in the Sunday Independent.

He says in such areas prices will have to rise above this level before builders will find it viable to construct new properties.

This study was the second IPAV Residential Property Price Barometer and told the story of property prices nationwide in the second half of 2017 and details the movements and pace of

**‘..Sligo experienced the fastest pace of growth in the second half of 2017 with a 25.26pc..’**

change by comparison with the first half of the year.

“Our barometer captures actual prices achieved by auctioneers during the period for the three most popular property types, 3 and 4 bed semi-detached houses and 2-bed apartments,” said Pat Davitt. “We have averaged prices over the six-month period for these property types so that at a quick glance one can see if the price trend is up or down and by how much.”

It’s also unique, he said, in capturing price per square metre, which will be of keen interest to consumers, if the Government, following its review this year, were to take this particular metric into account in determining Local Property Tax liability.

In the survey, Sligo experienced the fastest pace of growth in the second half of 2017 with a 25.26pc increase over the year, bringing the price of a 3-bed semi to €145,000, substantially below the cost of construction. Six counties had an average price of less than €134,000.

Outside of Dublin, 12 counties experienced double digit growth in the second half of the year. The pace of growth slowed considerably in a number of Dublin areas, including Dublin 3 and 4 but five areas - Dublin 1, 2, 6, 7 and 9 saw double digit growth.



In Dublin, the price of a 3-bed semi now varies from €290,000 in Dublin 24 to almost 3.5 times that in Dublin 4 at €987,000. In Cork city the price is €273,000 and Galway City €268,000. In terms of the Dublin commuter belt, Kildare is growing at the fastest pace, way ahead of other commuter counties at 16.7pc in the second half of 2017. This brings the average price of a 3-bed semi in the county to €280,000.

“In overall terms the lack of supply remains the biggest problem,” said Mr Davitt. “Latest data from Goodbody indicates that last year a mere 9,513 new homes were issued with a Building Energy Rating, a better indication of new builds than ESB connections. While up 77pc on the previous year it is appallingly low with demand estimated to be running at about 40,000 homes a year.”

He said with the new Home Building Finance Ireland agency, which will administer a loan fund of €750m for builders/developers, not due to begin operations until later this year the supply figures will remain “very challenging”.

He warned that the interest rate applicable on the loans would be critical. “If it’s the mooted 8pc then it will be too high for many SME builders, and may only facilitate those who are already in a position to build in any event.” He pointed to the new first-time buyers Rebuilding Ireland Home Loan scheme. “It’s notable that it was brought into effect immediately with interest rates of 2pc to 2.25pc. Those figures would be more realistic for the HBFI loan scheme to be effective.”

Mr Davitt also said that IPAV Residential Property Price Barometer would indicate that, contrary to some commentary, increased supply does help taper house price growth. “The low rates of price increase for 2-bed apartments and 4-bed semis in South Dublin where new developments have come on stream certainly support that,” he said. “In addition official data on the detailed costs of construction would help in the event of profiteering beginning to emerge. “It’s regrettable that although promised since July 2016 it has not emerged to date,” he concluded.

**“IN OVERALL TERMS THE LACK OF SUPPLY REMAINS THE BIGGEST PROBLEM,” SAID MR DAVITT:**

“Latest data from Goodbody indicates that last year a mere 9,513 new homes were issued with a Building Energy Rating,

## MAYNOOTH NUI PRESIDENT OPENS NEW SHERRY FITZGERALD BRADY O'FLAHERTY OFFICES IN MAYNOOTH



*Professor Philip Nolan cuts the tape of the new offices*

Over 250 of the North Kildare business community, clients, fellow agents and many supporters of IPAV National Council member Eamon O'Flaherty at the opening of the new Sherry FitzGerald Brady O'Flaherty Offices in Maynooth on the evening of Thursday, March 8.

Professor Philip Nolan, President of Maynooth University, cut the official ribbon before all the guest were invited to adjourn across the street to Roost Lounge for the official opening.

In his remarks, the former IPAV President reminded all present that the firm had been founded back in 1976 by Gerry Brady and had grown relentlessly from then. After "a very intensive interview" in 1995, lasting all of 4 or 5 minutes, he said he joined the firm as young auctioneer and estate agent and had thoroughly enjoyed helping the firm grow and develop over the years. The personal business touch and tailoring their services to the needs of the client were the hallmark of their approach, he said and this philosophy was key to their success.

Eamon also remarked that they were now honoured to join the Sherry Fitzgerald Countrywide network as the brand had always appealed to him and it is now Ireland's leading Estate Agency brand with a significant nationwide presence and one of which they are now proud to be part. He also mentioned his many great friends and colleagues in the Property Partners Network, who had soldiered together with him over the last 20 years and he wished them continued success.

He paid tribute to all the staff who had worked with the firm over the years. These included office manager Patricia Nyland who is with the company 37 years, Kay Teeling, the Lettings manager and Edita Lenkauskaitė who forms part of the very active sales team.

### Gerry Brady

In particular, Eamon thanked Gerry Brady for having the confidence to allow him to grow and develop the business to the needs of the evolving property market. While they had the occasional difference of opinion, he said he and Gerry developed a very close relationship and he wished to acknowledge his huge contribution to the firm over the years.



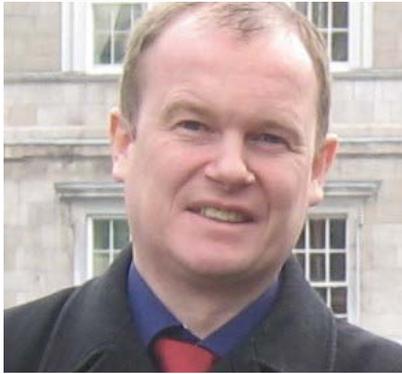
*Eamon O'Flaherty with IPAV President Brian Dempsey*

Eamon told the guests he had been proud to serve as IPAV President in 2015 – 2016 and he wished to thank members of IPAV who were present. In particular, he said his thoughts were with two fellow IPAV Council members, Ronald Duff and Michael O'Leary, who were both ill.

On a personal note, he said he wished to thank his many friends in Maynooth who had helped and supported him over the years, his two children Áine and Patrick and he also wished to remember his late wife, Anne, and both his parents, all of whom, he said would be very proud of his achievements.



*(l-r) Steven McKenna, CEO, Sherry FitzGerald; Des O'Malley, Head of Countrywide, Sherry FitzGerald; Eamon O'Flaherty and Mark FitzGerald, Chairman, Sherry FitzGerald*



## MISTAKES ARE GOOD – IT'S HOW WE LEARN

BY FRANK QUINN, LECTURER IN PROPERTY VALUATION,  
BLACKROCK FURTHER EDUCATION INSTITUTE

Mistakes in education and in life should be viewed as a positive not a negative. My son recently started primary school this year and has a very literal understanding of the word mistake. A misplaced letter or the wrong number calculated can result in a feeling of disappointment and the occasional meltdown. Lately I have explained to him that mistakes are in fact a good thing that allows us to learn and improve our understanding. It is a lesson that I have been explaining to my students for a long time. Attempting a question or an exercise and making some mistakes along the way is a necessary part of learning.

Take Property Valuation, the subject most critical to an estate agent and probably the one that many students find the most difficult. When learning valuation tools such as the comparison or investment methods it is only through attempting valuation after valuation that we can understand the correct methodology and arrive at the correct solution.

The Investment method of valuing freehold and leasehold interests is probably the most difficult calculations that auctioneering students will be required to make during their time in college. Central to the Investment method is the importance of the yield which dictates the value we will place on the property. But how can we understand the significance of the yield if we don't attempt several calculations of different properties and analyze the differing results.

**Take a commercial property centrally located in Dublin that has a market rental value of €20,000 p.a. Analysis of similar properties inform us that the yield for that type of property is 4%, which would value our property at €500,000.  $(20,000 \times 100 / 4)$ . However, if the property was located in a rural village where yields were 10% due to lower demand the valuation produces a different result. This rural property with the same rental value of €20,000 would be valued at €200,000  $(20,000 \times 100 / 10)$ . This simple example shows the importance of the yield and location of a property but it is only by attempting the valuations we can understand these issues.**

Similar principles apply to the residual method of valuation used for valuing sites with development potential. There is nothing particularly difficult about these calculations but they must be practiced time and time again to get the structure correct. Many of the calculations are percentages of a higher value where a wrong click of a calculator or an extra decimal place can result in an incorrect answer. But analyzing the answer to check whether the answer is a realistic one can eliminate any of these errors. An estimate of €200,000 for estate agents fees for selling four properties rather than the correct figure of €20,000 should be spotted despite wishful thinking on our parts. Also the making of the mistake and its subsequent correction will not only improve the understanding of the calculation but will serve as a warning when the next site is to be valued.

### Importance of practice

For students who are currently working on assignments or preparing for exams, I cannot emphasize enough the importance of practicing calculations rather than merely taking down notes in class for them to gather dust at home. A few years ago, I was preparing an Auctioneering class for an exam the following week. The first half hour of the class had been spent revising the topic with a worked example presented on the board. Handing out a second question for the students to practice themselves, I was somewhat surprised ten minutes later to observe one of the students looking around the class with no pen in hand. Addressing the student as to why he was not attempting the question he replied "I will wait for you to put up the answer and just copy the solution". Unfortunately for that student and others, lecturers will not be present in the exam hall to put up the solutions to be copied.

It brings to mind the story of the devout man walking to mass one Sunday morning. The man sees an elderly nun crossing the road unaware of a speeding car moving towards her. Spotting the danger the man jumps into action and brought the nun to safety seconds before the car thunders by. Later that evening God appears to the man in a vision thanking him for his good deed and offering him a reward. Thinking for a minute, the man told God that he always wanted to win the national lottery and use the money for good deeds. God thought the idea was an excellent one and promised to reward the man.

A week went by and much to his surprise the man did not win the lottery. The weeks turned to months and after a year with no reward the man lost his faith in God and stopped attending mass. The next day God reappeared to the man asking why he had given up attending mass, to which the man replied that he was angry that he had still not won the lottery. God replied: "Well at least meet me halfway and buy a ticket".

For students preparing for exams studying notes and research material is useful but past exam questions must be practiced and difficult calculations attempted beforehand. Those students who struggle with mathematical calculations should practice them more and report back any difficulties to their lecturers or classmates. Never be scared of making a mistake or asking a question as no one ever gets new concepts one hundred per cent correct the first time. Mistakes and subsequent corrections when learning are a valuable and necessary tool which should be encouraged.

# 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.

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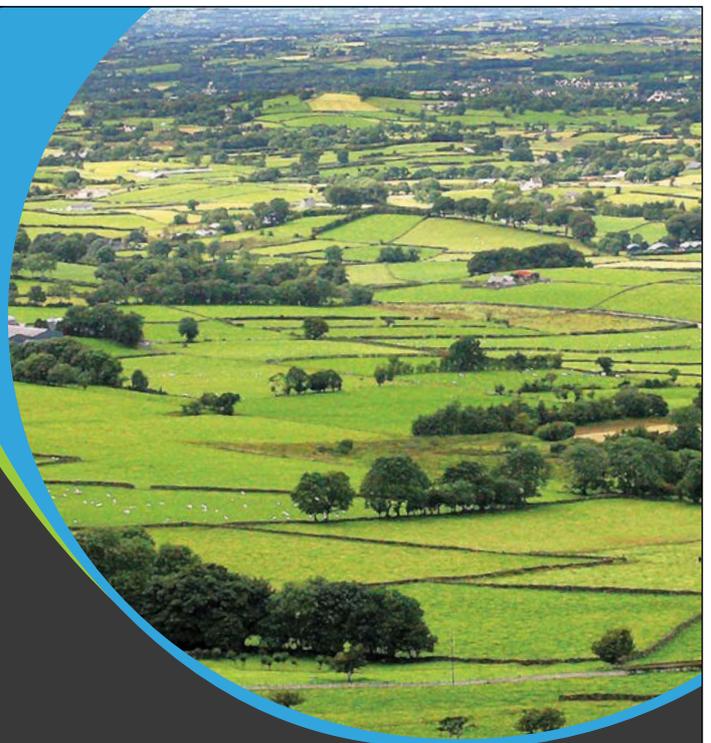
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## Irish Farmers Journal Property



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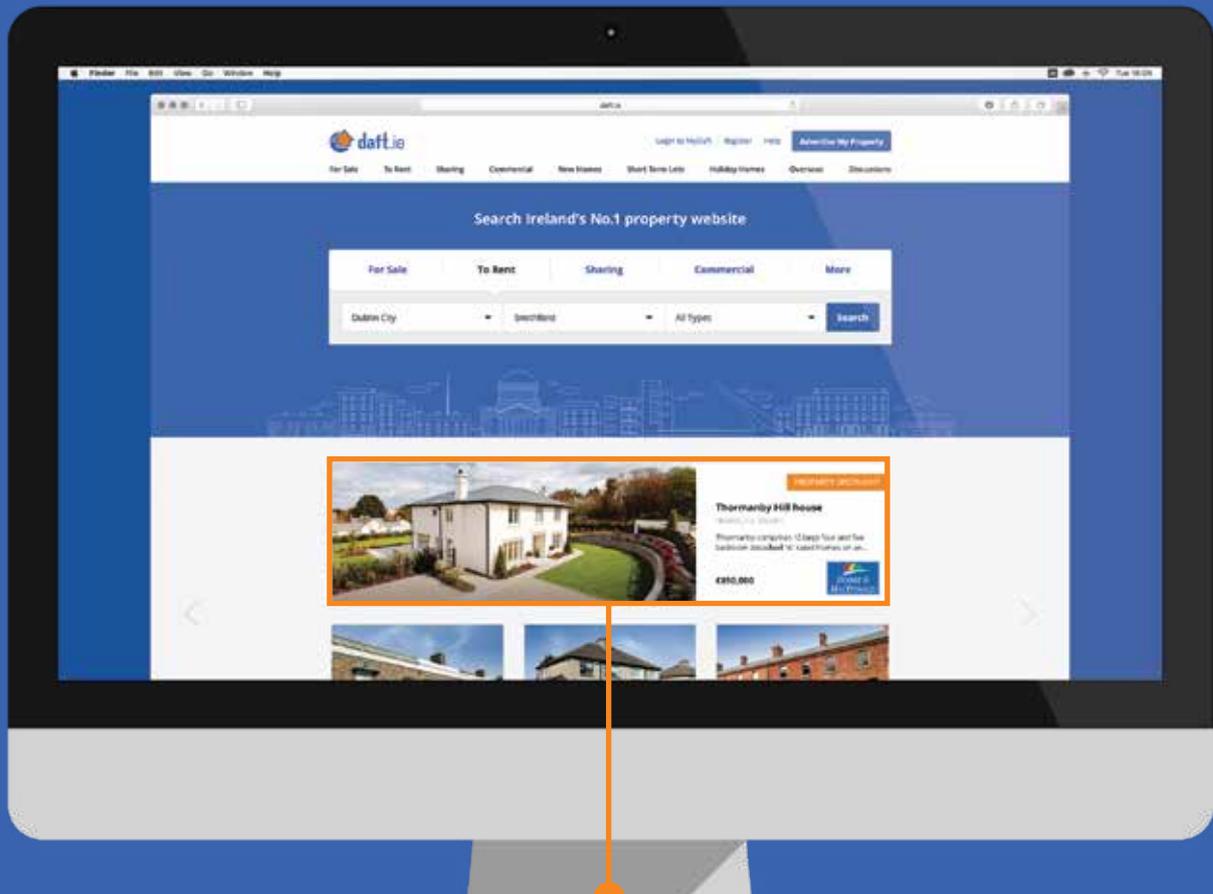


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