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The Property Professional | Winter 2013

PRESIDENT'S CHARITY LUNCH

WITH THE LORD MAYOR OF DUBLIN

12 reasons for IPAV to celebrate this Christmas

- A Level 6, PRSA approved Higher Certificate in Real Estate
- New state-of-the-art lecture theatre in Head Office
- 62 Qualified "REV" Blue Book Valuers
- Updated Articles of Association
- Membership of TEGoVA, (The European Group of Valuers Associations)
- First President's Charity Lunch
- New online newsletter
- New social media platforms including Facebook, Twitter and LinkedIn
- Membership of IVSC (International Valuation Standards Council)
- Revamped Property Professional magazine
- Additional Seminars and Fine & Decorative Arts courses
- New IPAV website

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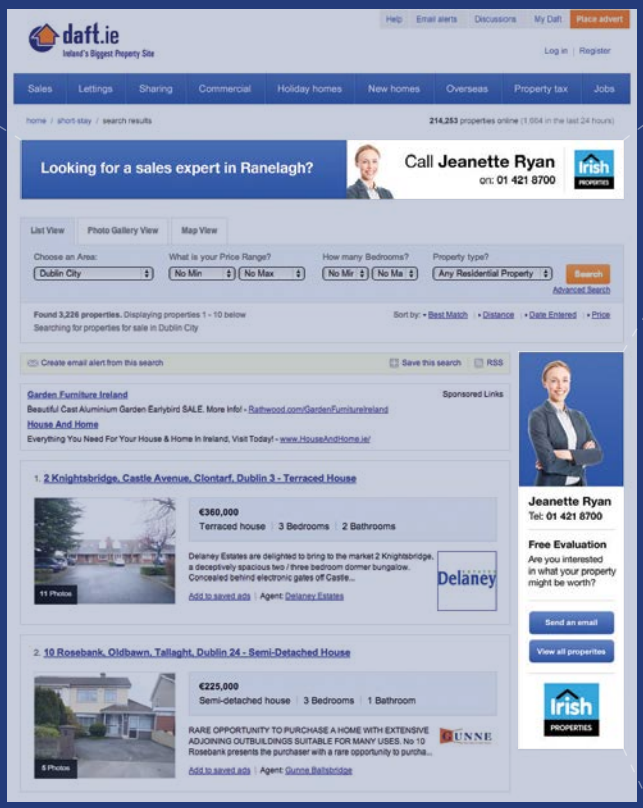

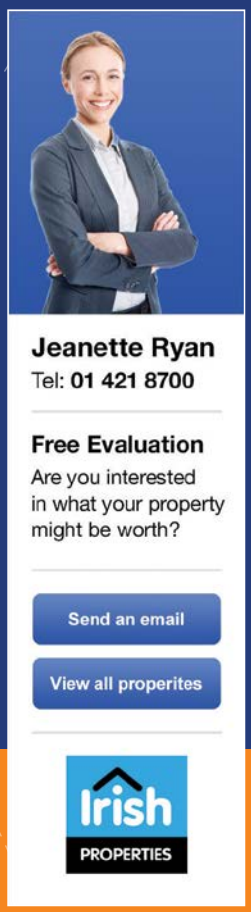

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PROPERTY PROFESSIONAL
WINTER 2013

Message from the CEO

Dear Member

As 2013 draws to a close I wish to thank all IPAV members for their support during my first months as Chief Executive of IPAV. While it has been a major challenge I have enjoyed every minute and I am already eagerly looking forward to 2014 and the new challenges it will bring.

The past year was extremely busy for the Institute, a number of initiatives were introduced which I know will be of help to members. In his message on page 2, IPAV President Ronald Duff outlines a number of these innovations and more are planned for the future. It is time now at the end of the year to reflect and celebrate these changes I believe.

Friday, December 6th saw IPAV's inaugural President's Charity Lunch; there is picture coverage of the event on the front and in the centre pages of this issue. This was a major success when 200 guests gathered in the Westbury Hotel, Dublin a super location, all in the cause of networking and in making a contribution to the Irish Cancer Society.

The end of the year is a good time to review the current state of the property industry and there are a number of articles on this topic in this issue. IPAV carried out a sample survey of members asking them to select one particular property that was sold recently and to compare it to what it achieved in 2006. The results are very interesting and I wish to thank all those who responded we have included some of them in this issue. In addition to the survey, Sherry Fitzgerald economist Marian Finegan looks at the current state of the property market while Jim O'Keeffe, Head of Mortgages at AIB gives a lender's view.

It is also opportune at this time of year to check your tax situation and Taxation specialist Shay O'Brien has a simple 15 point easy-to-follow checklist. Economist Jim Power takes a look at Budget 2014 with specific emphasis on how it affects the property market.

Our member focus in this issue is on Gerard Hanley, an IPAV member in Claremorris, Co. Mayo who, sensing signs of economic growth in his area, he is planning to expand his business as are many more members in 2014 which is great news.

I hope you enjoy reading this issue, as always, please feel free to send me your comments and suggestions at any time to pat@ipav.ie . I want to make the Property Professional more the member's magazine and one that we can all be proud of.

Again I thank all members for your support in 2013 and I wish one and all a very a Happy and Holy Christmas and a Prosperous 2014 to all.

Patrick Davitt
CEO

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President's Message

Dear Member

Welcome to the Winter 2014 edition of the *Property Professional*

The end of yet another year is an appropriate time to reflect on the achievements of the past year and to look forward to the challenges ahead. Thankfully, the latter months of 2013 has shown the first real signs of positive movement in the property market and, while the most evidence of this is in Dublin and along the east coast, it is hoped a rising tide will lift all boats and that 2014 will see real activity in the marketplace again.

The past five years have been very difficult for all IPAV members and I would like to congratulate all for having the resilience and confidence to carry on in defiance of the adversities they faced. Hopefully, we are entering a period of some respite at last.

The past year has also seen major changes in the Institute itself with our new CEO Pat Davitt taking over at Head Office. No sooner was Pat in the office than he began to implement a daunting programme of reform intended to modernise the Institute and make it the leading representative body for all auctioneers and estate agents nationwide.

The first major achievement was the successful transition by most members into the new regulatory regime for all property professionals. While this transition created teething problems and delays for many members, most have now jumped the hurdle successfully and are settling in well to the new environment. In this regard, our new CEO was central in organising a number of very helpful seminars which took members through the various steps and answered their queries. Pat also facilitated the presence of the Property Regulator at a number of seminars and I would like to express my thanks to both Tom and Pat for the efforts they both made in this regard.

A second major achievement was IPAV's successful application for membership of TEGoVA, the European Valuers representative body. Thanks to Pat's effort and dedication, all IPAV members can now undertake a course which qualifies them for the financial panels of all the financial institutions. On January 6 the first group of IPAV members will be presented with their Recognised European Valuer (REV) certificates by Minister of State for Finance Brian Hayes, marking another significant milestone in the history of the Institute. It is my wish for 2014 that as many IPAV members as possible will undertake this course and ensure they are as broadly qualified as possible for the challenges that lie ahead.

A third major achievement this year was the approval of IPAV's Level 6 course which is run in conjunction with the Institute of Technology, Tallaght. Approval of the Level 6 course means that all successful participants can now apply to the National Property Regulatory Services Authority for a licence to practice as a Property Service Provider. This is yet another major milestone in IPAV's education programme. In the meantime of course IPAV's courses in the Fine & Decorative Arts continue to thrive and a number of new specialist courses have been added.

There were other significant developments, too. IPAV's Articles of Association were modified to take into account the new regulatory regime and at our AGM in Trim last summer we welcomed three new members onto the our National Council.

However, during the summer we also lost a very valued member of National Council Padraig Smith. Padraig was a lifelong personal friend of mine and his loss will be keenly felt by many for years to come.

The Institute has a new and vibrant website which caters for the needs of modern day service providers as well as giving the public out there a great deal of relevant information and guidance on the services offered by members and how to deal with any queries or complaints.

The Property Professional magazine itself has also been redesigned to give it a brighter and more modern appeal. In our Head Office various new IT and administrative systems are being put in place to ensure the service provided to members is of the highest standard.

On Friday, December 6, it was my pleasant duty to welcome the Lord Mayor of Dublin, Members and Guests to the first President's Charity Lunch where we were delighted to raise funds for the Irish Cancer Society. This was a major success and I would like to thank all who came and contributed so generously. I hope it will become a major annual event on the Institute's annual calendar of activities.

These are just some of the achievements of the past year – there are others – but suffice it to say they represent a very successful and productive year from which all our members will benefit over time.

I look forward to meeting you in 2014 and in the meantime may I wish you a Prosperous 2014.

Ronald Duff
President

TEGoVA Autumn Meeting in Lisbon

BY PAT DAVITT, IPAV CEO

The TEGoVA autumn meeting, held in Lisbon on Friday and Saturday, November 15th & 16th, was a very special event for IPAV. It was the culmination of almost two years work to receive the first REV Certificates for Ireland.

A total of 62 of our members and valuers were honoured and achieved the status of Recognised European Valuer. Roger Messinger the TEGoVA chairman thanked Ireland for getting involved in the European valuation standards and said he knew as did the rest of the TEGoVA board that this event would be the start of a very high valuation standard set by IPAV in Ireland. He predicted that by the end of 2014 all banks will be delighted to have "Blue Book" Valuers on their panels along side other valuers, who may use other recognised standards. The certificates were presented to IPAV President Ronald Duff on Saturday 16th November at the meeting.

I was also delighted to be appointed to the Recognition Committee of TEGoVA. This committee has nine members from around Europe whose job it is to vet new members seeking admission to TEGoVA.

I was also very pleased to be invited to speak by the President of ASAVAL, Adriano Calle Lucas, at the conference on Friday the 15th November which was attended by some 220 delegates from all over Europe. There were 10 speakers in total and the general tone was valuation standards and professionalism along with the new "European Mortgage Directive" and the new "Professional Qualifications Directive". Both these directives will reshape the valuation standards as we know them in Ireland.

The Mortgage Directive has to be put into operation by all European countries by September 2015 and again will allow all banks to accept one standard mortgage application form which will stream line the mortgage process. It will also mean that approved International Valuation Standards will have to be used on all mortgage valuations private and commercial. IPAV will play a big role in Ireland in the years ahead training members on the "Blue Book" standards.

I hope to be able to present the "REV" certificates in early January to all the valuers. Rencently we saw the acceptance of the "Blue Book" by AIB and I thank them for the inclusion. Last month we saw its inclusion on the etenders website. Gradually the "Blue Book" culture is spreading.

The TEGoVA meeting in session in Portugal

The Chairman of TEGoVA, Roger Messenger presents the REV Certificates to IPAV President Ronald Duff

Property Regulator receives 334 complaints

A total of 334 complaints have been made to the Property Regulator since the new Property Services Regulatory (PRSA) Bill came into force in July 2012, Tom Lynch told an IPAV Seminar in Portlaoise on Wednesday, November 13. Of this number he said 37 related to complaints about auctioneers and estate agents practising without a licence.

While the majority of the 37 complaints were made anonymously Mr Lynch said he was dependent on IPAV members and members of the general public to alert his office to people continuing to practise without a licence. He had written to these people and instructed them to cease trading immediately.

Mr Lynch said a number of prosecutions were in train with the first due to come before the courts shortly. Prosecutions can be taken for summary offences in the District Court or on indictment by the Director of Public Prosecutions in the Circuit Court.

With the majority of licences now issued, Mr Lynch said his office would be concentrating on the investigation of complaints by the public and he was glad to report he had recently been allocated six additional staff for this work. In addition to investigating complaints made by members of the public, he said the PSRA has the powers to investigate any property service being provided on its own initiative.

He underlined the extensive powers which the PRSA had in this regard including the inspection and searching of any place where a property service is being carried out and the powers to inspect bank accounts and other relevant documentation.

Compensation Fund

In regard to the Compensation Fund he said the PRSA is obliged to establish a fund totalling €2m over four years and this involves collecting €500,000 in contributions from licensed agents. The Compensation Fund is intended to compensate parties who lose money as a direct consequence of the dishonesty of a Property Services Provider. The amount of compensation payable shall be such as represents in the opinion of the Authority reimbursement of the amount or value of the loss sustained and the reasonable costs incurred by the client in seeking to recover it.

Replying to a number of queries from IPAV members, Mr Lynch said marketing budgets received from clients need not be paid into the agent's client bank account but into the office account. However, a number of members claimed they had received contradictory advice from their accountants and the issue needed to be clarified.

In relation to the traditional 11 month land leasing system, he said the previous practice whereby the lesee of the property paid the agent's fees is no longer legal and the agent can only charge the person with whom he/she has a Service Level Agreement (SLA), in this case the lessor of the land.

Mr Lynch emphasised that under the new system all PSPs must have a written agreement with every client which includes:

- The name, registration number, business address and other business contact details of the licensee
- Details of the property services to be provided by the licensee
- The amount or the rate of any commission or other fee payable by the client under the agreement and the circumstances under which it becomes payable
- Particulars of the rate of Value Added Tax payable
- The period during which the rights or obligations of the client or licensee are to have effect under the agreement
- The length of notice to be given in the event of the termination of the agreement by the client or licensee and the consequences
- A statement of the obligation on the licensee, pursuant to the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010
- Affirmation that no conflict exists which would prevent the licensee providing the property service
- The name and address of the bank in which the licensee's client accounts are kept
- Details on the deposit of moneys paid to the licensee by the client and the application of any interest earned thereon
- Complaints and redress procedures put in place by the licensee

Property Regulator Tom Lynch with IPAV CEO Pat Davitt at the Seminar in Portlaoise

IPAV Seminars - Picture Special

A selection of the audience at the Portlaoise Seminar

At the seminar were (l – r) Dara Furey, Buncrana, Ella Dunphy, Kilkenny, Martin O'Mahony, Goatstown, Dublin 14 and Tom Crosse, Limerick

Pictured at the Seminar were Patrick Durkan, Cecil St, Limerick and Frank Moore, Ennis, Co. Clare

Michael Lyng, Castledermot, Co. Kildare and Thomas Collins, Castlebar, Co. Mayo at the Portlaoise Seminar

IPAV President Ronald Duff with Eamon Scanlon, Ballymote, Co. Sligo at the Portlaoise Seminar

At the Seminar were (l – r): Martin Tynan, St. Anne's Road, Dublin 9; Raymond Smith, Ballyjamesduff, Co Cavan; Eamon O'Flaherty, Maynooth, Co. Kildare; Liam O'Donnell, Glasnevin, Dublin 9 and Alan Redmond, Swords, Co. Dublin

Chris Smith, Navan, Co. Meath and Liam Reilly, Ballinagh, Co. Cavan at the Portlaoise Seminar

National Council Members Martin O'Mahony (left) and Paul Gartlan at the Portlaoise Seminar

John Shaw, Limerick City and Raymond Smith, Ballyjamesduff, Co. Cavan at the Portlaoise Seminar

At the Seminar were (l – r): Sean Reilly, Clane, Co. Kildare; Pat Davitt, IPAV CEO and Jennifer Fay, Mullingar, Co. Westmeath at the Portlaoise Seminar

Frank Regan, Longford with Pat Finn, Ballinasloe, Co. Galway at the Portlaoise Seminar

IPAV Seminars - Picture Special

IPAV President Ronald Duff with Keith Anderson, Senior Vice-President (left) and Tom Lynch, Property Regulator at the Portlaoise Seminar

Ella Dunphy, Killkenny with Alan Fitzgerald Compliance Officer DNG at the Portlaoise Seminar

Richard Finn, Claremorris and Cyril Burke, Castlebar were at the IPAV Seminar in Claremorris.

Alex and Robert Gourley, Limavady, Co. Derry were at the IPAV Seminar in Claremorris, Co. Mayo.

Chatting at the IPAV Seminar in Claremorris, Co. Mayo were Carol Kelly, Ballina and Caroline Kirrane, Ballyhaunis.

IPAV member Ronan Long (centre), Property Partners Long, Tuam, Co. Galway with Chris Ryan (left) and Alan Loughrey, both of BV Commercial, Glenrock Business Park, Ballybane, Galway at the Claremorris Seminar.

Irish Property Market, 2013 and Beyond

BY MARIAN FINNEGAN, CHIEF ECONOMIST, SHERRY FITZGERALD GROUP

2013 has proven to be a turning point for the Irish housing market. After five years of falling prices, price inflation has resurfaced with most notably the Dublin housing market rising by approximately 1% every month. In the first nine months of the year Dublin property rose by 9.7% while Irish property prices have increased by 6.2%.

That said, the strength of price growth is emanating from the Eastern corridor and regional centres. This is illustrated by the lower growth rate of 2.0% recorded when Dublin is excluded from the overall Irish market.

There has also been a significant increase in investment activity in the year to date; representing 15% of all single purchase transactions. Notably the comparable figure for the same period in 2012 was 10%. Furthermore, €160m was invested in the multi-family section in the first nine months of the year.

An analysis of transaction activity reveals that the market remains largely dominated by owner occupiers, 76%; this compares to 81% in the same period in 2012.

Furthermore, cash remains a driving force with latest available figures revealing that approximately 54% of all residential transactions in the first nine months of the year were bought outright with cash alone. Cash purchasers include owner occupiers re-entering the market having sold their family homes some time ago, investors interested in achieving a strong yield and non residents interested in attaining some of the value in the Irish market.

First-time buyers

First time buyers remain a relatively active cohort in the market accounting for 19% of the properties traded in the nine month period; notably this compares to 27% in the same period in 2012. The reduction in first time buyer activity in 2013 probably reflects the heightened activity by this cohort in the closing months of 2012.

In an effort to gain a greater understanding of future demand, Sherry FitzGerald recently undertook a survey of approximately 6,000 registered buyers in Dublin. Just under 1,000 responses were received of which 38% stated they were first time buyers, 43% were either trading up or down and 8% were investors.

Notably 74% of all respondents are hoping to buy in the next six months; an indicator of the strength of demand to come in the market in the coming months. Interestingly, 52% of all respondents were seeking a detached home with a further 34% of respondents seeking a semi-detached or terraced home. Only 14% of respondents were hoping to buy either an apartment or a duplex property. When queried on their budget, 76% of respondents had a budget of up to €550,000 to spend on their property, while a further 14% had between €550,000 and €749,000 to spend. Finally, when questioned about their view of the owner occupier market in Ireland, 80% of respondents either agreed or strongly agreed with the following statement; "Irish people will always want to own their own home".

A notable feature of the market is the shortage of property available for sale. In our analysis of the stock of property for sale, there were approximately 46,200 units for sale in Ireland, 4,500 of which were in Dublin. Given current activity levels, this would suggest that stock levels equate to 18 months and 6 months of supply respectively. As such, the low levels of stock recorded are undoubtedly feeding into the enhanced levels of price inflation in the market at present.

Labour Force projections

The latest Population and Labour Force Projections 2016-2046 provide an interesting base to review the likely demographic pattern over the next 15-20 years. Assuming growth in the population to 4.686 million by 2016, rising to 4.875 million by 2021 and 5.042 by 2026, suggests an average annual requirement for approximately 30,000 new units nationwide.

It should be noted that this represents a greater than threefold increase on current annual construction activity levels, but is still well below peak levels or indeed below the long run average.

The performance of the residential market over 2014 will inevitably vary significantly by location. As such, one would expect locations such as Dublin, Cork city and Galway city to all continue to experience price inflation. Current indications suggest the Dublin market will experience nominal price inflation in the order of 12-13% during 2013. However, outside Dublin, price growth is likely to be less than 5% in the twelve months to the end of December. Both figures look set to be replicated in 2014.

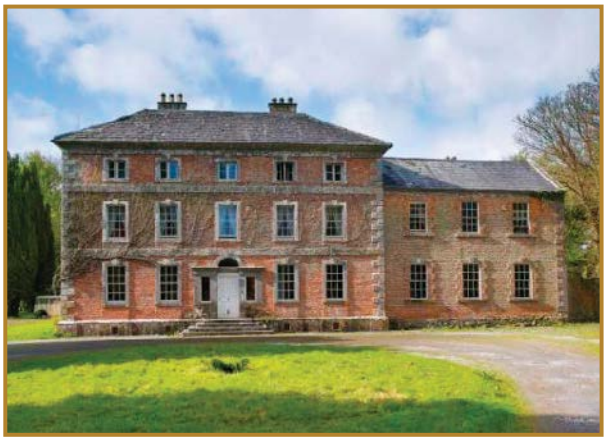
Overall, the predominant demand is likely to remain in the family home market, as the property sentiment survey illustrated, with 86% of respondents seeking a house rather than an apartment or duplex property. As such, price inflation is likely to be greater for family homes in established locations rather than other property types.

IPAV survey compares prices of 2013 v 2006

WITH REPORTS OF ACTIVITY IN THE MARKETPLACE IPAV ASKED MEMBERS AROUND THE COUNTRY FOR EXAMPLES OF RECENT PROPERTIES THEY HAVE SOLD AND TO STATE THE PRICE THE PROPERTY WOULD HAVE ACHIEVED IN 2006. BELOW IS A SELECTION OF THE RESPONSES RECEIVED:

(Left) Kevin Kelly of Kelly Estates, Newcastle, Co. Dublin sold a 1st floor 2 bedroomed apt, eight years old at The Glebe, Newcastle, Co. Dublin in early November for €121,500. The price when new in 2006 was €310,000.

(Right) Property Partners Richard Cleary, Tullamore, Co Offaly sold this property in Clonminch on 2.32 acres which was purchased for €3.3 million in late 2006 for €350,000 in March 2013. This reflected a drop of almost 90%. According to auctioneer Richard Cleary, "there was considerable interest in this property during the heyday period of late 2006, with several interested parties bidding for the property which eventually sold for €3.3 million. The purchasers had the excellent concept of constructing a nursing home on the site and they spent considerable time and resources developing same. Subsequent to the lodgement of a planning application, planning permission was eventually granted by Tullamore Town Council to demolish the existing dwelling and to replace it with a sixty bed nursing home. The tax breaks for nursing homes ceased in 2009, but seeing as the site has been discounted by as much as 90%."



(Right) Tom Crosse, GVM Auctioneers, Limerick sold Carnelly House, Clarecastle, Co Clare a magnificent period house on 70 acres in September this year for €600,000. In 2006 its value was estimated at €3m.

(Left) John Hodnett, Hodnett Forde Properties, Clonakilty, Co. Cork sold Inchydoney House, Inchydoney, West Cork, in September 2013 by public auction for €700,000. It had a Guide Price of €400,000 - €450,000. In 2006 it was estimated at €1,250,000 and €1,300,000. It is a substantial Georgian residence extending to 5,081sqft (472²) and also has the benefit of some very good quality outbuildings. Standing on C. 6½ acres it has the benefit of a large walled garden (1¾ Acres) with remaining lands in pasture. It also has the benefit of a crop of mature broadleaf trees.

(Right) Brian Dempsey of DNG, Stillorgan, Co. Dublin sold No. 2, Leopardstown Grove, Blackrock, Co. Dublin in 2005 for almost €1.3m. The purchaser refurbished and extended it and Brian sold it for him in March 2008 for just over €1.15m. He has sold it recently again and the purchase price was €664,000. The property is a 4 bed semi.

(Above) Rose Property Services, Douglas, Cork sold Casa Maria, a fairly unique 3-bed semi with a south facing rear garden on the Douglas Road in October 2013 for €310,000. In 2006 the estimate was €600,000.

(Left) Kieran Leavey & Associates, Strokestown, Co. Roscommon sold the remainder of this development at the Rookery, Scramogue for €95,000. In 2006 some of these sold for €300,000. The Rookery is a beautiful residential development of 19 spacious 4 bedroomed detached family homes measuring circa 2018 sq ft. ideally located just off the N5 Dublin - Westport Route and close to the Shannon.

(Left) Frank Regan, DNG Frank Regan, Longford Town sold 4, Glack Lower, Longford for €90k by private treaty this year. It 2006, it would have made c. €210k

(Above) Cormac Gartlan of Gartlan O'Rourke Estate Agents, Carrickmacross sold the Mill House, Tullyvin, Cootehill, Co. Cavan with 18 acres for €565,000 by private treaty this year. Cormac estimates the property would have been worth in the region of €900,000 in 2006.

(Left) Oliver Lynch Auctioneers, Eyre St., Galway sold 5 Forster Court, Galway city centre, a very well located three bedroomed semi-detached property in September 2013 for €200,000. In 2006, it would have sold for €475,000.

Irish Residential Property Market 2013 and outlook for 2014 – a Mortgage Lender's view

BY JIM O'KEEFFE, HEAD OF MORTGAGES, AIB.

Background and Context:

2012 finished very strongly in terms of activity and mortgage drawdowns driven mainly by removal of Tax Relief at Source (TRS) December 2012. This had the effect of bringing forward transactions/drawdowns that might have happened in early 2013 into 2012, in order to avail of TRS. Consequently Quarter 1 of 2013 proved to be very disappointing for the industry with IMC data showing 2,068 drawdowns totalling €331m. By comparison, the previous Quarter saw 6,043 and €999m in drawdowns. Activity has recovered strongly in subsequent months with Quarter 3, in particular, showing a significant uplift with 4,482 and €750m drawn (39% up on previous Quarter and 13% up on Quarter 3 2012). At this point we expect full year mortgage industry drawdowns of c.€2.3bn, some change from the peak years when we saw lending of circa €40bn. General consensus now is that a normalised mortgage market where there is access to new housing supply would be closer to €7/8bn, but we are still a long way off the type of housing supply required to support this level of mortgage lending.

Whilst overall activity levels remain low, there is also a big differential based on where you are located especially between the large urban centres and more rural locations. Stabilisation is also happening across property types where we see typical family homes stabilising across more geographical locations.

This momentum we have seen in Auarter 3 has carried through over the past two months and is reflected in what I see coming through in application and sanction activity and is particularly noticeable in our growing pipeline of Sanctions in Principle, where the customer is fully sanctioned, having the affordability for the mortgage but is awaiting a suitable property. This pipeline is now very significant and roughly equates to our lending for two quarters. It's worth dwelling on this point as we have currently got active approval in place for customers that should we get it drawndown (which we hope to) would equate to 2 quarters of current drawdowns for AIB. The real issue and challenge here is that customers cannot find the suitable property.

Current Market observations

1. Economic backdrop improving

Recent data on the Irish housing market suggest that the market may be stabilising. House prices, rents, transactions and construction activity are either stabilising or improving. At the same time, there are increasing signs that the downturn in the domestic economy may have bottomed out, with improving labour market data, including strong job growth, providing a more supportive backdrop for the housing market going forward.

2. House Prices and Rental Yield trending upwards

The CSO House Price Index for October continues to show a further overall increase in property prices nationally. In Dublin, residential properties increased by 2.3% in October and are 15.0% higher than one year ago. While October showed a 1.5% increase in residential properties outside Dublin and prices have clearly stabilised, there is no doubt that a two-tier recovery is evident, with Dublin and other larger urban centres leading the way. Nationally, the price fall from Peak is now 47%, with Dublin at 50%.

In terms of the Dublin market, prices are reflecting the fact that there is no longer a supply overhang. Indeed, there is evidence of stock shortages (in terms of houses in particular) in Dublin and some other urban regions. The continued recovery in rents, which are now 11% off their lows, is also likely reflecting the emergence of supply shortages in certain regions.

ESRI data around current and projected household formations also point to a growing shortage in accommodation in the main urban areas, hindered by a significant lack of new homes supply and this will need to be addressed in the short term. We believe that household formation will be between 20k to 25k per annum and with circa 7k completions that means there is a real challenge facing us in terms of housing supply. And whilst it has emerged in the greater Dublin area initially it will be followed in other locations in the coming months.

3. Cash Buyers

We have a significant amount of evidence of the number of cash buyers currently in the residential property market with a range of between 50% and 60%. Although it seems to have reduced in the past couple of months with some indications being that it could have come down to between 30% to 40% in the last 2 months. Many of these seem to be international and institutional buyers or ex-pats who see a buying opportunity. It has been a challenge for our mortgage customers as very often a seller will opt for the cash buyer over a mortgage buyer and this has again

impacted on our ability to actually drawdown mortgages for the customers we have approved.

4. Buyer/Seller profile
Buyers continue to be dominated by those purchasing a Primary Home, mainly First Time Buyers but also Movers. Investors are starting to make their presence felt again but this is coming from a very low base. A significant number of vendors are either Executor sales or Investment Properties

2014 thoughts

Looking forward to 2014, we are optimistic that the market will continue to stabilise and grow. As we undertake customer mortgage seminars throughout the country, we are evidencing a growing confidence amongst those interested in buying a home and this is further supported by the increased number of mortgage lenders re-entering the market. Supply of suitable stock will remain a stumbling block in the short term and a continuation of current price trends in Dublin may lead to affordability issues in some cases. First Time Buyers will continue to be the largest purchasing segment but we expect increased activity in both the Mover and Investor markets.

AIB in the mortgage market

AIB continues to be very active in the mortgage market and has increased its market share of drawdowns to c.40% over the past two years. EBS is fully re-engaged and Haven has recently been re-launched in the Intermediary market. We operate throughout our full AIB and EBS network of offices, with fully trained mortgage coordinators in all outlets, in addition to our Direct Banking and broker channels. Both our credit criteria and pricing are highly competitive across all customer and product segments.

Key customer initiative: AIB eMortgages – Our Digital agenda

AIB recognises that more customers are choosing to research the Mortgage market Online rather than drop into their local AIB branch. With this in mind we have revamped our Website to be more responsive to customers needs. We have designed and launched a new Customer Centred Mortgage portal which will allow customers to review how much they can borrow and how much the repayments will cost per month using our Mortgage Calculator. This calculator is directly linked to our central criteria for lenders and gives a very accurate "up-front" view of what our customers can afford. We strongly suggest that you have a look at www.business.aib.ie/mortgage-calculator.

With this in place for the last three months, we're now moving on and by the end of the year once customers are happy with the Mortgage amount being offered they can continue to complete a full eMortgage application Online using a unique Registration code.

AIB will offer Customers a full Sanction in Principle within 24 hours on receipt of the Application form. All supporting documentation can be sent from the comfort of your own home to the Online team via email and this will help speed up the process once you have found your property.

AIB eMortgages will also develop a Portal for Valuers and Solicitors to support the transit of documentation to and from AIB using email and document upload. Our digital eMortgage journey is fully supported by Web chat, text and email communication throughout the process allowing customers full visibility of their eMortgage application from start to finish. We anticipate the Mortgage sanction process will reduce the decision time from a number of days to hours in the future.

Lord Mayor Guest at first President's Charity Lunch

The Lord Mayor of Dublin, Councillor Oisín Quinn was the special Guest of Honour at the first IPAV President's Charity Lunch which took place in Dublin's Westbury Hotel on Friday, December 6th.

Welcoming the 200 guests IPAV President Ronald Duff said the Institute is very conscious of its responsibilities to society and the onus to make a contribution where possible. He said he was delighted that IPAV had selected the Irish Cancer Society as the recipient charity of this year's lunch. The Society, he said, provides immense help to those who suffer from the disease and as well as carrying out vital medical research.

Professor John Fitzpatrick thanked the guests on behalf of the Irish Cancer Society and outlined some of the current research being undertaken.

The Lord Mayor of Dublin, Councillor Oisin Quinn with IPAV CEO Pat Davitt, President Ronald Duff and Professor John Fitzpatrick at the President's Charity Lunch

Mullingar IPAV Members Aidan Davitt, Jimmy McDonnell, James Kinsella and David McDonnell at the Charity Lunch

Westport IPAV Member Don McGreevy with Dublin Solictor Gerald Keane

At the Charity Lunch were (l-r): Pat Gleeson, Ratoath, Tom Crosse, Limerick, IPAV President Ronald Duff and Billy Burke, Fairyhouse, Co. Meath

John and Helen Early, Rosscommon Town with Paul Muldoon, Advertising Manager, the Property Independent

Frank and Cecelia Moore, Ennis Co. Clare at the Charity Lunch

At the Charity Lunch were (l-r): Gladice Burke, Antoinette Duff and Maeve Gleeson

IPAV Members John and Paul Lappin, Phibsboro, Dublin 7 at the Lunch

Ella and Pat Dunphy, Killkenny with guests Hillary Behan and Carlow/Killkenny TD John Paul Phelan

Eustelle Fleming, Sherry FitzGerald Countrywide (centre) with Jillian McGuirk and Sinead Beggan Terenure, Dublin 12

DNG people at the IPAV Lunch (l-r): Keith Duffy, Philip Kelly, Tony Forte, Gary Quinn, Andrew Maslin and Seamus Ryan. Seated: Gina Kennedy and Susan Slevin

IPAV President Ronald Duff with Paul Gartlan, Carrickmacross and Margaret Fogarty, Waterford City

John and Ann Hodnett, Clonakilty, Co. Cork

Now time to make a "leap of faith" – Mayo agent

BY TIM RYAN

Claremorris-based IPAV member Gerard Hanley is preparing to take a "leap of faith" into the future. Like many auctioneers and estate agents throughout the country, he reduced his overheads, including his staff, following the recession and has operated on his own for the past few years.

But already, like many of his IPAV colleagues, he is witnessing the signs of a pick-up in Claremorris in the numbers of enquiries and houses being put up for auction. So it's time to start hiring staff again and to growing the business once more.

Gerard Hanley comes from a long tradition in the auctioneering business. His father, Arthur started the business in the 1960s and traded under McGarry & Hanley, which became a well-known firm in the area.

"My father was well known throughout County Mayo and, for example, would have bought all the land on behalf of the IDA for the former Asahi plant in Killala," he says. "But he was also an entrepreneur and in addition to being an auctioneer, he also ran a bakery, a supermarket, a farm and a Permanent TSB agency." Such multiple interests were common in many rural towns at the time and Arthur Hanley was typical of a rural town entrepreneur.

However, Arthur Hanley died in 1991 and the business was taken over by his wife, Catherine, who continued to run it all on her own for a number of years. Gerard, who was born in 1977 and an only child, had meanwhile studied for a marketing degree at GMIT and when qualified, took up a marketing position with Display Systems in Dublin, who were one of the principal suppliers of sign display systems to auctioneers throughout the country.

Ten years after his father died, Gerard's mother, Catherine passed away quite suddenly. The young Gerard, having tasted the "bright lights" in Dublin immediately decided to return to Claremorris and take over the family businesses which, by this time consisted of a coffee shop, a Londis supermarket, a health food shop, the farm and the auctioneering business and Permanent TSB agency.

Tesco and Aldi

Having assessed the market in Mayo, Gerard decided to concentrate on the auctioneering business and in 2004 sold the supermarket shortly before the arrival of Tesco and Aldi in Claremorris. He studied for the IPAV Certificate in Galway and became a member of the Institute. He rebranded the name of the business to: Gerard Hanley Auctioneers, which still trades today.

However, the firm prospered for a number of years during which time Gerard demolished the old office building and built a new commercial premises on Dalton St., the main street in the town. Here he developed a business centre comprising eight serviced offices and a ground floor retail unit. Thankfully he says, the centre is fully tenanted!

However, more changes were to follow as the Celtic Tiger era drew to a close. Permanent TSB closed all its agencies reducing the firm's income further. In 2009 Gerard focused more on rentals and property management which kept the firm going through the lean years.

Today, as the green shoots begin to re-appear in the industry Gerard Hanley is once again preparing to expand but would like to see some government support.

Gerard Hanley

"I need to hire a staff member but there are very few incentives available and the Jobbridge scheme stipulates that you must have an existing full time employee," he said. "I have more work than I can manage myself but am not really in a position just yet to pay a full-time employee. I could offer very valuable work experience to a recent graduate, they in turn would aid me in growing the business and I would then be in a position to take them on full-time. Like many small businesses, I am caught in the middle."

Claremorris itself has suffered from the recession and a walk through the town's main street shows many closed retail units and pubs. The town has few sources of employment other than Decare Dental Insurance and CBE, which provides scanning solutions for supermarkets and retail outlets.

The town itself has a population of some 4,000 but the wider postal district has a population of 13,000. Today a typical three-bed semi that would have fetched €225,000 at peak is selling for around €90,000. A typical four-bed that fetched €260,000 at peak is now selling for €110,000. At the higher end of the market a 5-bed detached home that fetched €380,000 at peak is now selling for €200,000.

Shortage

Like many similar towns, there is a shortage of good rental accommodation in the area. A quick survey of the web portal Daft.ie by Gerard shows that there are now an average of 20 units available to rent in the town compared to 60 – 70 a few years ago. Currently a three-bed semi will rent for €500 per month and a four-bed for €550. A two-bed apartment will rent for €100 per week.

Recently, Gerard was among the first group of IPAV members to undertake the first TEGoVA course run at the Institute of Technology in Tallaght.

"I found it really useful and beneficial and was delighted to be able to participate," he says. Gerard says he sees a major role for IPAV in delivering CPD courses on a regular basis and keeping members up-skilled in all aspects of the property industry. It's something which he thinks is vital for all IPAV members if they are to progress in the new post boom period when the Irish property world will be a different place in which to work.

Outside of work, Gerard Hanley has a very busy family and sporting life. Standing at 6ft 7 inches he is probably the tallest IPAV member in the country. Oddly he has never played basketball but enjoys soccer, golf and tennis.

"I also like to do some scuba-diving in Killary Harbour in Connemara when I get the chance, which is not often," says Gerard.

Gerard is married to Nina and the couple have four young children aged under 5. In addition Nina runs her own Ladies boutique in the town and leads a very busy life of her own.

"We have to juggle our lives around to mind the kids and sometimes it's not easy but we enjoy it and make the best of it," says Gerard.

Tax solutions for the year end

BY SHAY O'BRIEN, PKF O'CONNOR, LEDDY & HOLMES

WITH THE CURRENT TAX YEAR ENDING ON 31 DECEMBER 2013 SOME QUICK ACTION BY THE END OF THE YEAR COULD PRODUCE SIGNIFICANT TAX SAVINGS AGAINST YOUR TAX BILL FOR 2013

1. **Expenses on Investment properties** – consider any rental properties that require repair etc as if the work is completed by the end of the year you will obtain a tax deduction in your rental accounts for such expenditure. This will reduce any 2013 Income Tax liability rather than waiting until 2014.
2. **Self Employed Expenses**-Any self employed individuals should review any expenditure needed as such expenditure could be taken as a deduction in your accounts if you have a December year end for example.
3. **Medical expenses** – tax relief of 20% applies on any medical expenses incurred in 2013. Hence if one was considering getting dental treatment etc or paying for hospital bills etc, consideration should be given towards discharging such expenditure by the end of the year.
4. **BIK Exemptions:** If you are an employee, you may wish to consider availing of some generous BIK exemptions in place such as the cycle to work scheme or the travel pass scheme.
5. **Employer Gift:** If you are an employer you may wish to consider availing of a generous small gift BIK exemption to employees e.g. a "one for all voucher" of no more than €250.
   Employers can provide same to employees without having to charge BIK and employers will obtain a deduction in their 2013 accounts.
6. **Tax refunds** can only be claimed going back the last 4 years so attention should be paid to any tax relief not claimed in the last 4 years and a claim should be made to the Revenue Commissioners by 31 December 2013.
7. **TRS:** Due to changes in recent Budgets many tax payers are not currently receiving tax relief at source where there may be an entitlement. The Revenue TRS section will confirm if TRS is being applied on your mortgage. The telephone number for the TRS section is 061 488740 and the TRS section can be emailed on trsadmin@revenue.ie
8. **Pension:** You may also wish to consider making any pension payments by the end of the year.
9. **Capital Gains Tax savings** – the CGT payment date in respect of gains arising in the period 1 January to 30 November 2013 is 15 December 2013. There is a second period for CGT of 1 December to 31 December 2013 and the CGT payment date in respect of gains in the second period is 31 January 2014. If there are any gains arising in these periods, consideration should be given to any assets that could be sold at a loss to offset against any gains arising.
10. **€3,000 Small Gift Exemption:** There is a generous small gift exemption to the amount of €3,000 still available if you were to give or to receive gifts less than €3,000.
11. **Mortgage Interest & Allowability**-Owners of residential investment properties should ensure that they have met the requirements of the Private Residential Tenancy Board (PRTB) as their claim for mortgage interest on their tax return is dependent on compliance in this area.
12. **PHI:** If you were considering taking out, for example, a permanent health insurance policy (PHI) it may be prudent to do it before the year end and obtain tax relief before the end of the year. Once paying tax at the higher rate tax relief of 41% is applied on PHI payments.
13. **HRI-New Budget Measure** You may wish to consider availing of the Home Renovation Incentive on your family Home
14. **Film Tax Relief:** There is still a generous tax relief on Section 481 film investments and tax relief still applies at the rate of 41% on such investment. It is important to note that film projects come with bank finance, so once approved there will be no actual cash outlay.

Example:

Tax refund	€ 20,500
Loan provided by bank	€ 17,250
Bank interest	€ 707
Net refund	**€ 2,543**

Notes:

1) The term of the loan is 12 months. The calculation above assumes that the loan would be paid back within circa 6 months of obtaining the €20,500 rebate. The above example assumes that the tax payer has no tax liability and €50,000 of income would be subject to tax at the higher rate.

15. **EIIS Relief:** There is a generous tax relief called "Employment and Investment Incentive Scheme" (EIIS) relief. Tax payers can obtain a tax relief of 30% on their investment and this could rise by an additional 11% after 3 years once certain conditions are met. One of the positives of Minister Noonan's Budget in October this year was that EIIS was removed as a specified relief under the high income earners restriction. Therefore consideration should be given towards investing in an EIIS by the end of the year.

Emergence of dubious Trust claiming to save people's homes

BY TIM RYAN

The emergence of a dubious property trust which claims to help people who are facing the grim prospect of having their family home repossessed was raised in the Dáil by Fianna Fáil Justice Spokesman Niall Collins TD.

As a consequence of the desperate circumstances in which people find themselves, a highly dubious property trust has emerged claiming to be able to save people's homes on the basis of a lacuna in the law of which, apparently, only the people operating the trust are aware, he said.

"They have consistently refused to enlighten anybody as to how it works. In the year to date, it has been reported, that up to 2,000 people, many of them high-profile business people, came into contact with the trust and, in a last-ditch attempt to remain in control of their debt-laden properties, have engaged with it. They put their faith in this mysterious property trust, known as the Rodolphus Allen Trust, which claimed it had found a way to split mortgages from properties. In exchange for this promise of protecting people's properties, the trust is charging an administration fee in the order of €200 to €250 and a per folio charge of up to €100. There have been reports of up to 200 people turning up at signing-on sessions."

These, he said, were aided and facilitated by a notary public, who has since seen the light of day and desisted from being involved. "The trust has also made claims of up to hundreds of millions of euro from receivers and banks, which are working through some of these distressed properties," he said. "The trust has also written to people claiming the rent rolls on commercial properties."

Stud farm

"In August a mob - that is the best way of describing it - was led by the trust to a stud farm in County Kildare and took over the property," he said. "The people involved then withdrew from the property and it was eventually taken into possession by the receivers. All of this has been high profile and widely reported. The individuals at the centre of the trust are highly mobile, moving from one end of the country to the other and moving out of the jurisdiction. While it is not our business, it is a fact that similar organisations have been operating outside the jurisdiction, in the North in particular."

In reply, Minister of State Kathleen Lynch said the Property Registration Authority is the State authority which manages and controls the Land Registry and Registry of Deeds. "I am advised by the authority that in recent months over 500 applications for the registration of notices of certificates of acknowledgement of the living man's claim of right were received in the Land Registry," she said. "Based on the third party witness common to all these documents, it appears they originated in the trust in question. The notices of certificates of acknowledgement appear to be applications to record on a State register the acknowledgement of the living man. Freemen on the Land is one of several groups, originating in Canada and the USA which advances the notion that the legal person and living person are two distinct entities. Under the belief system, the living person is not bound by law or court rulings unless and until the living person or freeman contracts to accept such law. Obtaining an entry on a State register of the recognition of the living man or freeman on the land is often a first tactical step within these groups. These applications were all rejected by the Property Registration Authority."

In so far as the Registry of Deeds is concerned, the documents presented for registration were not deeds within the meaning of section 32(1) of the Registration of Deeds and Title Act 2006, she said. Therefore, no registration could be made in the office. In so far as the Land Registry is concerned, the registers, which are maintained in that office, must consist of information required to be recorded under the Registration of Deeds and Title Acts 1964 to 2006 and be authorised by the land registration rules 2012.

"The applications received in these particular cases did not constitute applications for an authorised entry on the folios of the register and were not in a form prescribed by the land registration rules 2012," she said. "I gather the Property Registration Authority has not received any applications from any other trust of this nature."

Budget 2014 Good For The Property & Construction Sector

BY JIM POWER, ECONOMIST

Budget 2014 – The Background

The success or failure of any budget in terms of achieving its borrowing targets is heavily dependent on the realism of the economic assumptions underlying it. Every budget since 2008 has been extremely difficult as the economic backdrop has been very challenging and the fiscal correction has been very severe.

In respect of growth, Budget 2014 has been marginally easier given the reasonably compelling signs of economic stabilisation and recovery that have become apparent in recent months. However, the economic recovery story is still very tentative and is still subject to considerable risk and the extraction of €2.5 billion from the economy in Budget 2014 will have a dampening impact on economic activity, but there is no choice. Ireland's fiscal situation is still unsustainable and the excessive level of government debt poses enormous risks to the medium-term outlook.

It is intended that the total adjustment of €2.5 billion will be achieved through an increase of €0.9 billion in revenue and a cut of €1.6 billion in expenditure.

Budget 2014 - Property & Construction

Two sectors have been targeted for positive attention in the budget - Tourism and the Property & Construction sectors. The retention of the 9 per cent VAT rate for at least another year will help support the hospitality sector. The initiatives in relation to the Property & Construction sector should boost home building and renovation, and address the growing problem with 'black economy' operators. Furthermore, it should stimulate demand for commercial property in particular.

The key measures in relation to the property & construction sector include:

- Construction sector - income tax credit of 13.5 per cent on eligible expenditure on home renovation between €5,000 and €30,000 carried out by registered and legitimate builders for 2014 and 2015.
- Living City initiative extended from Limerick and Waterford to Cork, Galway, Dublin and Kilkenny and eligibility broadened to per-1915 buildings.
- Property, either commercial or residential, purchased by the end of 2013 and held for at least 7 years is exempt from Capital Gains Tax. This has been extended to properties purchased by end of 2014.
- NAMA constructing 4,500 new homes in Dublin as part of its €2 billion investment programme. €2 billion in vendor capital will now be made available to purchasers of commercial property in Ireland.
- There is a proposal, subject to Ministerial approval, to add REIT investments to the 5 investment options already in place under the Immigrant Investor Programme which was launched by the Minister for Justice last year.

Budget 2014 –The Economy

The realism of economic forecasts against which the budget was prepared will be crucial in determining how successful the government will be in achieving its budgetary targets. The Department of Finance is projecting GDP growth of 2 per cent in 2014. This is pretty much in line with recent forecasts from the Central Bank of Ireland, the OECD and the ESRI.

Prior to the changes announced in the budget, the Government was projecting a General Government Deficit of €12.14 billion equivalent to 7.3 per cent of GDP and €9.84 billion in 2014, equivalent to 5.8 per cent of GDP in 2014. Following the budget day changes, the General Government Deficit is projected to fall to €8.17 billion, equivalent to 4.8 per cent of GDP.

Although the level of outstanding debt is forecast to keep rising, the debt/GDP ratio is expected to peak at 124.1 per cent at the end of 2013 and gradually decline to 114.6 per cent by 2016.

Table 1: Budget Forecasts

	2013f	2014f	2015f	2016f
General Government Balance (€bln)	€12.14	€8.16	€5.21	€4.39
General Government Deficit % GDP	7.3%	4.8%	2.9%	2.4%
Government Debt (€bln)	€205.9	€204.7	€209.4	€211.6
Government Debt/GDP	124.1%	120.0%	118.4%	114.6%

Source: Department of Finance

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IPAV welcomes property incentives but calls for longer term strategy for the property industry

IPAV has welcomed the new Home Renovation Tax Incentive Scheme contained in Budget 2014 which provides for a tax credit of 13. 5 per cent on expenditure between €5,000 and €30,000.

IPAV Chief Executive Officer Pat Davitt said that as part of their Budget submission, IPAV had put forward such a proposal as it would help would-be sellers of property to add value to their homes prior to sale. While IPAV would have preferred a tax relief rate of 21.5 per cent, the 13.5 per cent rate was very welcome.

Mr Davitt said IPAV also welcomed a number of other key provisions including the allocation of €10 million for an Unfinished Housing Estate Resolution Initiative and the commitment by NAMA to the construction of 4,500 new houses and apartments in Dublin, in addition to office accommodation in the city centre and investment in commercially viable retail projects. He also welcomed the extension of the non-payment of Capital Gains Tax to houses bought before the end of 2014 if held for seven years.

Mr Davitt said the extension of the cash receipt threshold for VAT from €1.25m to €2m would be of great assistance to small and medium-sized businesses.

On the farming front, he said the extension of the Capital Gains Tax Retirement Relief for farmers engaged in long term leasing would encourage the transfer of farms to younger more productive farmers.

However, Mr Davitt said he regretted the Government did not seize the opportunity of Budget 2014 to plan a broader strategy for the construction industry to avoid the outfalls of the past.

"IPAV is calling for the setting up for a dedicated Property Council to oversee the future of the property industry in Ireland and should now be done by the Housing Minister," he said. "Such a Council should be made up of experts from a variety of different fields within the sector. It would seek to formalise a plan to address issues such as planning, density levels, building standards, demand and supply."

Principal features of HRI scheme

- The Home Renovation Incentive will provide an income tax credit on the VAT paid to homeowners carrying out work on their home in the next two years.
- The credit will be calculated at 13.5pc on spending between €5,000 and €30,000. The maximum level of tax relief is €4,000.
- The scheme will support fully tax-compliant builders as the spending and relief will have to be registered with the Revenue Commissioners.
- In order to qualify the works must be carried out to your Principal Private Residence and you must be an owner occupier.
- Qualifying works include extensions and renovations to the home, window-fitting, plumbing, tiling and plastering

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The general approach adopted in Budget 2014 is very much of the scatter gun variety with the revenue-raising measures and the expenditure cuts spread across a wide spectrum. Politically, this is arguably a sound approach, but the economic logic is less clear. There is no appetite in government to tackle the concept of universal payments that take no account of need or income. The extension of free GP care to all children under 5 just exacerbates this economically inefficient reality.

The attack on private pension funds and the savage taxation of savings may deliver short-term budgetary gains, but it is just shoring up serious long-term problems.

From a government perspective, the key point is that the deficit is projected to fall below 3 per cent by the end of 2015 and the country is still very much on track to exit the Troika programme on December 15th. This does represent progress, but it is clear that debt levels remain dangerously high. Consequently, while Budget 2014 is likely to represent the last really tough budget, it is clear that fiscal policy will have to remain very tight out to the end of 2020. Government expenditure will have to be controlled very tightly and revenue-raising will be an on-going priority. Unfortunately there is no choice.

All in all, it is clear that the Irish economy is returning to growth, but key challenges remain. These include:

- The dysfunctional nature of the banking system:
- The possibility of further capital requirements in the banking sector;
- Dangerous levels of sovereign debt;
- Dangerous levels of personal debt;
- The personal insolvency process; and
- A return to market funding in a sustainable manner.

None of these issues should be under-estimated, but all of the signs at the moment suggest that growth in 2014 looks set to be stronger than we have seen since 2007. A deal on bank debt would represent a real game changer, but will be very difficult to achieve in the current European political climate. Government needs to keep fighting for such a deal, which is the least that Ireland deserves for taking bank debt on to the national balance sheet and saving the German banking system from heavy losses.

Frankfurt - more than just the ECB HQ

A PROPERTY INVESTMENT IN THE GERMAN FINANCIAL CAPITAL OF FRANKFURT IS THE BRICKS-AND-MORTAR EQUIVALENT OF A VOLKSWAGEN, SOLID, DEPENDABLE AND BUILT TO LAST – JUST WHAT IRISH INVESTORS NEED PERHAPS FOR A TROUBLE-FREE 2014, SUGGESTS PETER CLUSKEY?

It's going to be a nervous Christmas. Ireland has finally exited the EU-IMF bailout fund, but the road ahead won't be easy. On the other hand, those who still have a stomach for property could do worse than take a cheeky look at Frankfurt – home of our new masters at the European Central Bank.

I mean, the Germans know what they are doing, don't they? Since the financial shock caused by re-unification in 1989, economic expansion has been modest but steady. Growth of 1.7 percent is expected next year. The property market in Berlin is thriving. And affluent Frankfurt isn't far behind.

Chief amongst those attractions from a property investor's point of view is the fact that – not unlike Brussels with the EU and NATO, and The Hague with its UN courts and international organizations – more than 20 percent of buyers at the middle to upper end of the market are from overseas.

In fact, the Frankfurt market possesses that alluring combination: its high-end property is selling well and in international terms is certainly under-priced – while its rental market for foreigners who won't be around forever but who want comfy lodgings in the meantime is stretched to capacity.

That's because – according to estate agents, Engel & Völkers – investors from China, South America and, increasingly, Africa (with a noticeable absence of Russians), regard it as a good long-term investment, no matter what happens in the rest of Europe.

"These international buyers, usually cash-rich and from outside the European Union, are looking for a safe haven for their money, and their view is that it doesn't come much safer than the doorstep of the ECB", says David Schmitt, who runs the Engel & Völkers office in Frankfurt.

"At the same time, the majority of those who have property to let are, not surprisingly, German investors – and they want the best possible rental returns. Unusually, in Frankfurt both sides are winning, a situation which shows every sign of continuing."

New boom

And that's not all. Interestingly, Frankfurt is also leading the way in terms of a new boom in buy-to-let hotels rooms – also catering for the relatively well-heeled business person who visits the city reasonably regularly, but who may no longer have the hard cash or the inclination to invest in anything more substantial.

In any case, the attitude to holiday homes has changed dramatically, says buy-to-let specialist, Mark Bingham, Managing Director of Owner Invest.

"After a rush to buy during the global property boom, many owners have found that homes in Provence or Mallorca are an expensive and time-consuming business – often with relatively little net reward. They've discovered that what they really need is a hands-free investment."

The good news for investors is that the central financial district of Frankfurt – home to the ECB, the German Central Bank and the Frankfurt Stock Exchange, which together give the city its nickname of "Bankfurt" – has

- around 170 hotels of a high international standard
- with a total of more than 24,000 beds
- which operated during 2013 at 80 percent occupancy on average – and growing

"Buy-to-let apart-hotels and hotel rooms are now a significant and growing segment of the European property market", says Bingham.

The Swiss ski resort of Gstaad

"They are fully managed and there is no upkeep required by the owner. If the location is good then the occupancy will be high and the returns will be good. Compared to a holiday home that's left empty for months at a time during the winter, these are always ready for guests and for the owners."

To adopt a suitably Germanic approach, the property statistics for the city make fascinating reading.

The average price per square metre in the city centre is around the €3,800 mark, falling to €2,150 further out. The most luxurious apartments in the best locations can reach around €8,000 a square metre, but fall far short of the €10,000 regularly topped in hot-spot locations such as London or Paris.

Similarly, rents are solid but not by any means stratospheric. A one-bedroom apartment in the city centre will generate an average rent of say, €700 a month, falling to just €400 outside the central neighbourhoods. On the other hand, a three-bedroom apartment in the centre will make €1,300, as against €900 further out.

The Manhattan-like skyline of Franfurt

So the rents are good and solid, and in that sense you get what you pay for. If you go all out for a central two-bedroom apartment with a view of Frankfurt's famous Manhattan-style skyline, you will make worthwhile returns – if it has every conceivable fixture and fitting – of €2,000 to €2,500 a month.

Westend

For families, the most sought-after district is the Westend – tree-lined, quiet, safe, near the centre, and undoubtedly the best investment location. Stretching from the Alter Oper (the old Opera House) and the Palm Garden, this is where the majority of the bankers and bank officials live, and as a result it's one of the city's most expensive neighbourhoods.

Adjoining the Westend is the equally affluent Northend, which is bordered by the beautiful Grueneburgpark, one of the city's most important "green lungs" and great for outdoor life during the summer months. A lot of the foreign consulates are located here (the embassies being in Berlin, of course).

In locations such as these, as many as 30 percent of the residents are foreigners, and probably a high proportion of them are regular customers at the city's seven – yes, seven – Michelin-starred restaurants.

More bohemian is the Westhafen, on the right bank of the River Main, once a neglected 12-hectare site but now having a chic makeover. Or there's the railway station quarter, the Bahnhofsviertel, still a red-light district in parts, but otherwise becoming rapidly gentrified.

Those who like risk will be attracted by Sachsenhausen and its cosmopolitan main street, Schweizer Strasse, a string of bars, cafes and traditional cider houses. Here, estate agents say, you can still, if you hurry, find a 35-square metre studio in need of renovation for €100,000. That's as risky as it gets in Frankfurt. Thank goodness.

Global Property Watch

Monitoring international markets as recovery takes hold

SILICON VALLEY: Pity the poor tech workers in California's Silicon Valley, who despite their bulging pay packets and hugely successful employers simply can't find an apartment within any reasonable commuting distance of their desks. The result is a new breed of 20-square-metre "micro-apartment". There will have to be a change in the minimum unit size allowed by local building codes – and they've already been dubbed "Twitter flats". According to RealFacts, a typical monthly rent for a studio in San Francisco is $2,166 for 45 square metres, up 33 percent in the past two years alone. The Twitter flats are expected to rent for $1,500 a month. They come with a slimming manual.

BUDAPEST: Like Ireland, things got so bad in Hungary during the collapse of the global property market that they've now come full circle and there's some extraordinary value to be had once again. The value of property in the capital, Budapest, fell by more than 30 percent between 2007 and 2011, while the volume of sales was 60 percent lower in 2011 than in 2007. That's why, if you went shopping with €500,000 today, you could have a 160-square-metre, three-bedroom loft apartment in a restored building a short walk from the designer stores of Andrassy Avenue … or a three-bedroom detached house in leafy Buda, on the right bank, which tends to attract expat families. In either case, you'd probably have change!

LAKE COMO: There's a touch of Gstaad about the property market around the Italian lakes as well, particularly when it comes to Lake Como's elite villas. The Lake Como market relies heavily on local knowledge and "off-market" sales. That's because those who want to sell don't want to advertise it, though they still want the best price for their properties – while those who want to buy don't want the extent of their wealth to be known. A classic example was Gianni Versace's villa, sold for a reputed €35 million some years after his death. "There hasn't been a comparable sale since", says one agent. "Of if there was …

EDINBURGH: What effect will Scottish independence, if ever it happens, have on the country's property market? The honest answer is that, as with so many other issues surrounding next year's referendum, nobody knows. What is remarkable is the difference at the moment between prices in the Scottish capital, Edinburgh, and the English capital, London. In the former, high-end property can be bought for £350 a square foot – compared with £6,000 a square foot in the latter! That's fuelling a rash of foreign interest north of the border. Two years ago, seven percent of buyers were from outside Scotland. Today that figure is 10 percent and growing rapidly.

New commercial lease register will open up hidden information for the smaller agent.

The recent publication of the new commercial lease register will lift the lid on key and often hitherto hidden information for all valuers, estate agents and lessees of commercial property, IPAV Chief Executive Pat Davitt has stated.

Welcoming the publication of the new database by the National Property Services Regulatory Authority (PSRA), Mr Davitt, who is also a member of the Authority, said up to now much of the information surrounding commercial leases has been hidden from public view through the insertion of confidentiality clauses and side agreements.

"The publication gives transparency to this whole area and makes the details of all commercial leases available to everybody," he said. "This is particularly useful for smaller valuers and estate agents around the country who had limited or no access to this information and were therefore at a disadvantage in the setting of commercial rents."

As a result of the publication, he said both the lessors and lessees of commercial property will be able to operate on an open and transparent market which should ultimately make for a more stable and sustainable market. The previous practice whereby the so-called "headline rents" were used to set the benchmark of neighbouring properties is now over, he said.

The new Register contains four key pieces of information on all commercial leases entered into since 2011: the address of the leased property, the date of the lease, the term of the lease and the rent payable in respect of the property. Further information on commercial leases entered into since 3 April 2012, including details on any break clauses, is available for a fee of €10 per lease from the PRSA.

Mr Davitt said the new database will also provide a guide as to whether the ongoing re-rating of properties by the Valuation Office is working successfully and having an equitable effect on businesses.

He said the publication marks the completion of the third and final part of the work of the PRSA, the first two parts being the compilation of a register of estate agents and the compilation of a national property register. He commended the Minister for Justice, Equality & Defence, the CEO and Chairperson of the Property Services Regulatory Authority for all the hard work to get to this point.

The new commercial register is available at www.psr.ie

IPAV in discussions on Dublin City Centre vacant sites

On 6th November, IPAV President Ronald Duff and CEO Mr Pat Davitt were delighted to meet with the Lord Mayor of Dublin, Councillor Oisín Quinn and the Lord Mayor's Task Force on Vacant Land Levy to discuss the issue of vacant sites in the city.

As part of IPAV's Budget 2014 submission, it was pointed out that the development of city centre sites is a very necessary part of the solution to the emerging shortage supply in both the owner-occupier and rental markets. IPAV believes incentives should be considered to get city sites developed and penalties should be considered for owners who do not comply.

IPAV agrees Dublin city has a considerable amount of vacant sites, many of which are close to the centre and have remained undeveloped for years. Sometimes these sites can even obstruct the development of other neighbouring sites as developers feel that the best price cannot be achieved if the building beside is a vacant site.

IPAV believes that as long as no penalties are implemented, these sites will be left vacant indefinitely. IPAV also believes there should be a policy of encouragement and incentive of these site owners to develop them either alone or in joint ventures.

IPAV agrees with the Task Force that this project should be: pro-development, pro-investment, pro-business, pro-ratepayer, pro-employment, pro-resident and pro-community.

If it is not possible for an owner to develop a particular site on their own, then a joint venture with the City Council might be considered as an interim measure, for example for use as a temporary public park or children's playground.

IPAV has been invited to join the Task Force and will be happy to assist in any way possible.

How to deal with Low Ball Offers

BY MICHELLE BURKE MIPAV

If you are selling a property, be prepared for "low ball" offers. It just comes with the territory. Should they be dismissed altogether? Should the seller get angry or insulted? I say no to both questions. A low ball offer doesn't necessarily mean the buyers aren't serious. I'm going to show home sellers a better strategy that can actually use that offer to their advantage. Even as the market is turning in the seller's favour I believe low ball offers should never be dismissed entirely. Low ball offers are better than no offers at all. The buyer may be making a low ball offer because that is all they can afford.

More likely, the buyer is fishing or testing the seller's motivation. I disagree with the strategy but it still must be dealt with. Too often sellers may think these aren't serious buyers and likely will want to refuse the offer outright.

Now, why not dismiss low ball offers altogether? Because they liked the home enough to take the time to make an offer. The buyers now have an emotional investment in the property. That offer can be used for leverage if played correctly. In my opinion the best way to deal with low ball offers is to slow play them and then make a modest concession. A typical offer will have a set time period to respond, or the offer expires. It could be two days or perhaps even less than one day. Let's use an example of a home listed at €399,000 and the expected market value is €385,000. The offer comes in at €340,000 and the buyers wants an answer in 24 hours.

Too low

Ouch! Here come the expletives. Clearly, this is too low. Often the initial offer is telling, in that the buyers probably hope to meet in the middle. The middle in this case would be about €370,000. That still may be too low for the sellers to accept. What the seller has in their favour is time. The buyers have decided this is the home for them. The longer it takes them to make a deal the less patience they have, and eventually they capitulate. Obviously the sellers shouldn't accept €340,000 so forget about the buyers arbitrary time limit. I would recommend a counter offer of €395,000 but wait to present it for 48 hours. Hopefully sometime before the counteroffer is presented the buyer calls looking for an answer. The first rule in negotiating is the first party to talk loses, and they just lost.

Now the buyers are already showing their impatience but you the seller will learn something. When that call or email comes I prefer not to answer it right away. I will let the counteroffer be the answer the following day. The buyer at this point will either go away and you haven't lost anything, because the offer was unacceptable, or they improve their offer. The faster their response to the counter offer, the more motivated they are regardless of what the amount is. They will worry that another offer will come in on the home they want to buy. From here on out the seller should continue to run out the clock when responding until they get what they want.

A better offer may very well come in or the low ballers may go away. Ideally, another offer does come in and then the seller gets to play the multiple offer card to the two parties. This is the best scenario in today's market. That is why it is so important to keep that low ball offer on the table as long as possible. The other potential buyers don't need to know the other offer stinks. They just need to know there is another offer. Dismissing an offer completely is more about ego and could be a big mistake. Just take it in stride and use it to your advantage. There's nothing to lose.

Deposit Protection a Priority In 2014

Minister for Housing and Planning, Jan O'Sullivan, TD (left), has stated that bringing forward a tenant deposit protection scheme would be a priority for 2014.

Speaking at the launch of Threshold's Annual Report the Minister said, "I am currently bringing residential tenancies legislation through the Oireachtas and in the coming weeks I will introduce amendments in the Seanad to provide a framework for a deposit protection scheme for tenants."

"The issue of deposit protection is a persistent source of complaint for some tenants. The deposit protection scheme will provide a fair, transparent solution to this issue, a solution that will be of benefit to both landlords and tenants."

"I will be working on the rollout of the scheme as soon as the legislation passes the Oireachtas and this issue will be a priority for 2014."

Commenting on the Threshold's recommendations regarding standards in rented accommodation the Minister stated, "There is a need to enhance private rented inspections, and the communication of that information to tenants. However, it is important to recognise that there is very good practice conducted in some local authorities, for example Dublin City Council has been very active in inspecting new standards that bring an end to bedsit accommodation.

"In the short term I want to see that best practice shared among local authorities and I will engage with Threshold in relation to additional measures such as a certification system."

Managing Innovation and Preparing for Change

Aidan O'Hogan (centre), chairman of Property Industry Ireland (PII), keynote speaker at the National Annual Conference of the Irish Property & Facility Management Association (IPFMA), 'Review, Renew, Remodel', in the Croke Park Conference Centre, is pictured with IPFMA chairman Vincent Hickey (left) and conference chairman John Brophy, IPFMA vice-chairman

This year's annual national conference of the IPFMA (Irish Property & Facility Management Association), held on September 28th, focused on the importance of preparing for change and managing innovation going forward in these rapidly changing times.

In his opening address, entitled 'Review, Renew, Remodel', Vincent Hickey, chairman of the IPFMA said the event was about preparing and giving direction to property, asset and facility management companies faced with challenges and changes in today's environment.

"We need to be mindful of the important demands and competitive issues facing our sector, and prepare ourselves for those challenges. We need to be ready for the future and equip our employees with the best knowledge and experience we can offer", he stated, referring to the Minister for State of the Office of Public Works Brian Hayes telling investors in London recently that interest in Ireland is growing and saying that we must be fully prepared for it.

He pointed to IPFMA Skillnet, a very successful government funded enterprise led facility through which members continue to train and up-skill within the property and facility management sector.

The panel of expert speakers addressing the conference spoke on managing innovation in areas of employment initiatives and looked at the property industry as a whole, to give coherence and direction within organisations faced with the rapid changes in today's environment.

Aidan O'Hogan, chairman of Property Industry Ireland (PII), now affiliated to IBEC, addressed the 120 plus delegates on 'Property: Its Past, Present and Future'.

He declared that the lack of transparency in the market "contributed to our woes and opaque market information made for poor and uninformed decisions". A key part of the NPS strategy is the much greater use of data led analysis and the NPS proposes that government should seek to expand the base of information available to it, using such sources as the Property Price Register, information from local property tax returns, PRTB, septic tank and NPPR returns, the planning system etc.

On the subject of planning, he said that "most critical to the economy going forward in the cities, and especially in Dublin, is the need to have a realistic review of the high density residential policies being pursued by the planning authorities when it is clear that the market has rejected that model and desperately wants 3 and 4-bed homes".

The conference, held in Dublin at the Croke Park Conference Centre, was chaired by John Brophy, immediate past chairman of the Association of Shopping Centre Managers and an IPFMA board director. It was attended by those operating in the property, asset and facility management sectors and other professionals.

Have the Lunatics Taken over the Asylum? (A personal reflection on the change process)

BY PETER BRADY, CHAIR, IPAV EDUCATION ADVISORY COMMITTEE

Educational change is one of those processes which has a habit of resetting itself back to how things have always been done. That's not just an Irish phenomenon. The power of the status quo has been well documented in educational reforms across the world. It's easier to do change on paper than in real classrooms. The message from real junior cycle classrooms and those who work in them, from research and through the recent consultation is clear. It is time for real change. (National Council for Curriculum Assessment, Towards A Framework For Junior Cycle)

Have the lunatics taken over the asylum?

I am sure we have all asked this question from time to time when dealing with bureaucracies or other agencies. Sometimes it is very difficult to understand why we are requested to act or respond or behave in a particular way. Indeed, at times we can be driven to such frustration that it appears easier to give in gracefully and accept our fate because the other possible response is too drastic to contemplate.

I confess to these feelings a lot lately and offer the following as a personal reflection on the problem of change in the context of the proposal for a new Junior Certificate Programme.

The present debate surrounding the introduction of this programme into our secondary schools raises many issues, not least of which is the reason for change and the planning of its implementation. There are those champions of change who are very often, in my opinion, overcome by their desire to change for its own sake as much as there are those who wish to preserve the status quo for its own sake. The problem with change is that many people don't like it. They are accustomed to the established ways and are comfortable with them, recognising their shortcomings as much as their benefits. The devil you know syndrome.

When the change imperative is driven by political ambition it can be narcotic. For those change junkies, change cannot happen fast enough. They sweep aside opponents as Luddites and charge into the future - flags unfurled with much bugle blowing.

Things do not, and cannot remain the same forever. Indeed I embrace change when it is necessary and beneficial; and cope with it when it is imposed and unwanted. Change is natural.

But there is the question of change for change sake; and change as a way to be seen to do something; change can be used to establish reputations and satisfy ego; to help mark one out as extraordinary or special. There is always the tendency for one new to a job to put his or her mark on it – give it his or her imprint whether it is necessary or not.

And so I return to the proposed changes to the Junior Certificate. While it is safe to say that this examination is not in the same league as the Leaving Certificate, having none of the same career implications for those who take it, the changes now mooted may well have unintended consequences for those who will take the Leaving Certificate examination in the future.

There are a number of issues that will contribute to this problem in prospect. I refer to the fact that the change junkies do not, will not, or refuse to see that the lack of reform at the Leaving Certificate level will result in a car crash of monumental proportions when students enter the stream. Having experienced their bright new tomorrow they will be forced back to yesterday where a different skill set will be required to succeed. In short, there appears to be no joined up thinking. Rather we are adopting the old Irish way of solving problems – we tinker at the edges. Just look at where we are in relation to progression from Primary to Secondary education. Children leave the comfort of the primary class room and enter the harsh world of secondary school where they are expected to be competent in the basic skills of reading writing and arithmetic (now there's an old word) and capable of sitting three hour examinations. The world of the secondary school places a radically different set of demands on those entering first year.

The three R's

By contrast, when I left primary school in the late 1950's I was well grounded in the three R's. I had completed an examination, and I was prepared by my teacher for secondary school in the weeks that followed the examination. I was well ahead in maths having dabbled in algebra and geometry before entering the world of the secondary school. It did me no harm – to use a phrase often used in another context.

And before I proceed any further in this insane ramble, let me say that I do realise that those days are long gone; I recognise that we live in a changing world and rapid change is a fact of life. Managing and adapting to change is the way we survive as a species. But, we have every reason to question change when it is imposed.

Change will only succeed if all the parties buy into it. Change must be sold to those who will be expected to implement it. Maybe the reason for resetting itself

(change) back to how things have alwaysbeen done lies in the fact that the buy in process was never completed or, more importantly, that the process was never properly resourced or monitored. And here it is well to note that the proposed changes to the English syllabus in the new Junior Certificate scheme will be implemented with the minimum of training provided to those who are to deliver it. Under current proposals teachers throughout the country will be given three days training in the delivery of the subject.

Is this the best way to ensure success? To ensure that there will be no reverting to past practices? To guarantee quality of delivery? Hardly.

And on top of this, teachers are concerned that the necessary funds will not be provided to ensure that the technology and time required to deliver the syllabus will be made available to schools and students.

While the aspiration of the National Curriculum Council is to free students from the tyranny of once off examination, it has actually succeeded in replacing a once off examination with a continuous process of examination and assessment over a three year period.

Non-curricular activities

What is often lost on people is that school is not all about examinations. I refer to activities organised outside the curriculum by teachers on a voluntary basis that contribute in a significant way to the development of character and personality - activities such as sport, music, theatre, clubs, societies etc. I fear that all of this may become drowned in an assessment regime. Under the existing scheme, teachers are not bound by such concepts as learning outcomes and usually deliver their subjects in a very liberal way. It is not solely about examinations and tests.

And there are many issues surrounding in-school testing such as personal relationships, perceptions and behaviour that can impact on a student's performance in school. Conflict is a reality and how will this manifest itself in results? This can be a problem, not only for a teacher experiencing problems with a student but also it might well arise where the student performs poorly or not at all because s/he does not get on with the teacher. We have all experienced that.

While reassurances can be given that this will have little impact because of external moderation, I would not hold my breath.

Another major problem with change is that it inevitably generates a paper imperative, a bureaucracy that drowns practitioners. Teachers (in this instance) will become snowed under with paper work that very often satisfies only those who devise it. Evidence from our neighbours across the water suggests this is a major problem for schools and teachers. Quite simply the work of teaching will suffer because of paper fatigue.

And here, once again, I wish to say that the issue of quality assurance is one I take very seriously. The tragedy is that quality is often lost in the desire to produce paper and is perceived by the practising teacher as a major imposition and an annoyance – to paraphrase Shakespeare full of shapes and ink signifying nothing!

And I know that this is a shared experience.

So what about change? Am I in fact a Luddite? I have asked myself this question many times fearful that I might, in actual fact, be a proponent on the one best way – the way it worked for me. This is usually the case with middle class thinking quite simply because the systems they experienced generally worked for them, the logic being they must be OK then. But I was, and continue to be uncomfortable with that thought. It is foolish to think that we can depart this world without ever experiencing or contributing to change.

Change management

For many people working in the private sector, the concept of "change management" is a familiar one. How change is managed and how successful it is, can vary enormously. Much has been written about change, the change process and managing change. One of the better known writers on this topic is Kurt Lewin who proposed his theory of change in the 1950s and it still holds true today.

The Unfreeze – Change – Refreeze model that he developed refers to a three-stage process of change. He explained organizational change by comparing it to the changing shape of a block of ice.

Lewin explained his theory in simple terms as follows: If you have a large cube of ice, but realize that what you want is a cone of ice, the first step is to melt the ice to make it possible to change its shape (unfreeze). Then you must mould the iced water into the shape you want (change) and then you must solidify the new shape (refreeze).

Obviously there is more to change than this; and the different stages require skill and expertise to implement change successfully. It is not as simple as unfreezing a block of ice.

People must be motivated to change. This can only happen if they are directly involved in the process and assisted in examining existing assumptions and relationships. The step from the unfreezing stage to the change stage is not an easy one and does not happen overnight. People must be given time to accept and embrace the change. Most of all people must be convinced that change will benefit them if they accept it. It is a foolish person who will think that people will support change just because it is in the best interest of employers or the nation or whatever.

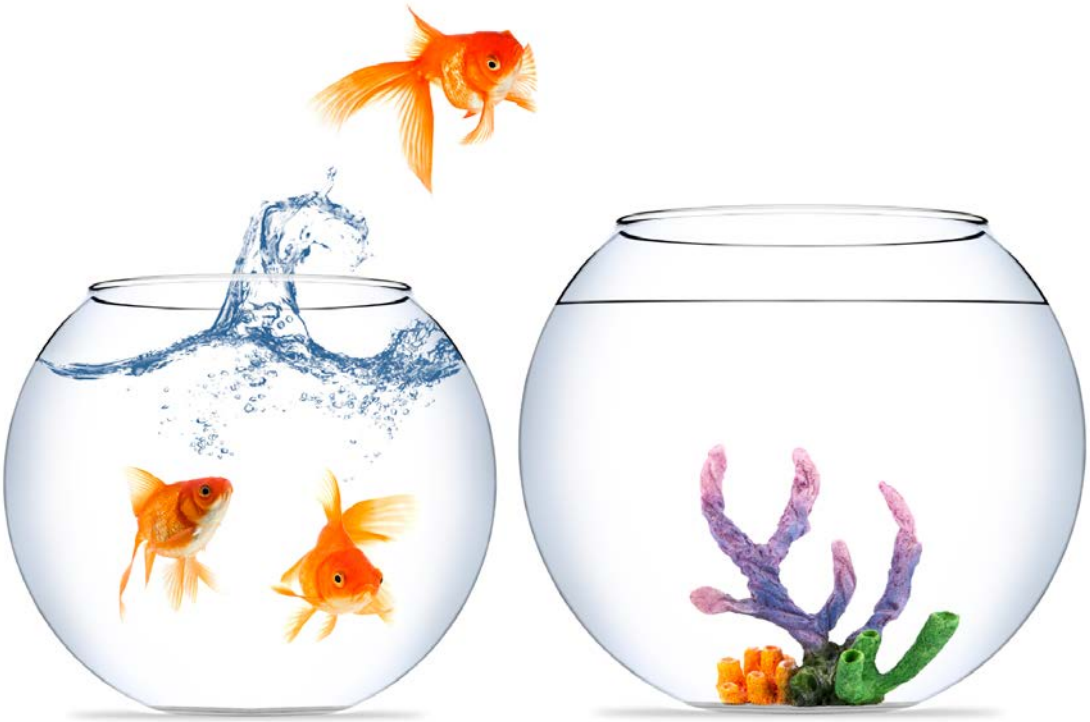
Once change is taking place and accepted it must be refrozen to become part of the daily activity of the organisation. Refreezing means that the change is preserved and used all the time; it offers stability and takes away uncertainty. Nobody wants to be caught in a permanent state of transition because that leads to uncertainty and chaos. Without this process, change will be seen as change for change sake. The education system at all levels is currently caught in this state of permanent transition and uncertainty.

I fear that the present proposals from the Department of Education and Skills runs the risk of throwing the baby out with the bathwater for this very reason. It is clear that teachers are divided on the issue but more importantly, that they want to be involved in the process of change itself. They clearly feel isolated. They are not opposed to change, they are asking to be involved in the process of unfreezing – a stage from which they have been largely excluded.

Unfortunately, it may well be that the political imperative will prevail and we will have a system that will remain in transition for years to come with the possibility that the next Minister may well want to put his or her stamp on the brief and so the whole process will begin again.

Then we can be sure that the lunatics have definitely taken over the asylum.

I just found my own place on www.onview.ie



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