

SURVEYORS

JOURNAL

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AUTUMN

2021

OFFICE EVOLUTION



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TURNOVER RENTS

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PRESIDENT'S MESSAGE



FEATURE



NEWS



EDITORIAL



INTERVIEW



THE LAST WORD



FEATURE



SCSI REPORT

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LETTERS, COMMENTS AND ARTICLES WELCOME

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MEETING THE CHALLENGES TO COME

THE SCSi IS READY TO USE ITS EXPERTISE TO CONTRIBUTE TO SOLVING THE HOUSING CRISIS.

We have all spoken at length and have read numerous articles about Covid-19, the worldwide pandemic, and its effects on society, as well as its effects on the property, land and construction sectors (to which commentary the SCSi and its members have been leading contributors). As Irish society moves towards a new phase of reopening, we can hopefully return to a more normalised and familiar environment. Over the last number of weeks most of us have enjoyed short breaks to rest and recharge, and we now return to tackle the remainder of the year ahead and the new issues it will bring. However, one issue that has remained throughout the last 18 months is our property crisis. While the focus shifted elsewhere, issues such as homelessness remained, supply of housing deteriorated, and aggressive increases in both the cost of materials and property prices manifested themselves further.

The SCSi welcomes the release of the Government's 'Housing for All' policy. Many factors have combined to bring about this national crisis and it is certain that many solutions are now required in order to bring about a more sustainable, viable and operational property, land and construction sector. Over the last number of months, I have seen firsthand the knowledge, experience and expertise that SCSi members possess throughout all of our professional groups. This wealth of knowledge has enabled the SCSi to provide concise, informed and far-ranging commentary on a number of issues, which has made its way onto TV, radio, print, and online media. The SCSi's membership is in a unique position to assist in the delivery of Housing for All. In my mind, it is certain that the only way this can be delivered successfully is by using a combination of both the public and private sectors to harness the benefit of both.

SCSi response

You may have seen that the SCSi has released its pre-Budget submission. In light of the housing crisis, we took the courageous decision to make our submission a single-issue submission focusing on housing supply. Many issues within this context have been addressed. I would urge all members to read this document and I congratulate all involved in its delivery.

It is now just over three months since Roadmap 2024, our new strategic policy, was introduced. I believe this will enable the SCSi to become a more dynamic and responsive body for the benefit of its members, as well as its stakeholders and Irish society.

Since becoming President, I have received many messages of support and offers of help. I appreciate and thank you all for this. While I will not be able to get out and about over the next few months, I intend to hold a virtual 'President's Forum' for all sectors of SCSi membership. I fully believe that each member can contribute and guide the SCSi in its determination to remain the foremost membership body for property, land and construction professionals in Ireland.

PRESIDENT'S MESSAGE

TJ Cronin
SCSi President



HOUSING FOR ALL

The SCSi is in a unique position to assist in the delivery of the Government's new housing policy.

CRITICAL ISSUES

A NUMBER OF VITALLY IMPORTANT TOPICS, TO SOCIETY AND TO THE SURVEYING SECTOR, ARE COVERED IN THIS EDITION.

A number of critically important and recurring themes feature in this edition of the Surveyors Journal. Housing, the Covid-19 pandemic and the future of work, together with climate action/sustainability, are all still to the forefront, and surveyors will be interested to read the contributions from members about these and how thinking is evolving regarding their effects on our lives.

Looking first at housing, the Journal notes that the Society broadly welcomes Housing for All, the Government's latest plan to relieve the crisis, while noting that, crucially, the crisis cannot not be solved unless there is a great increase in supply. While many otherwise-needed reforms can often be achieved in a time of crisis, the removal of barriers to supply will be the key contributor to a satisfactory outcome, and the Journal will be looking at aspects of the plan in more detail in future editions.

Not surprisingly in the context of a lack of supply, the SCSi Residential Property Monitor 2021 (p24) shows rises in prices and rents, particularly outside the Dublin area, perhaps as a response to changes brought about by Covid-19. Again, in the rental sphere, the trend of small landlords leaving the market, which appeared some time ago in this Monitor, is noted, proving its value as a leading indicator in the market.

How offices will look and operate in the future is a question of great interest to many surveyors, both from a personal perspective and as professionals advising clients involved in providing and managing accommodation. Sarah Lynch (p22) looks at some of the trends and considers how cultures are changing in a piece that will be of great interest to all.

As ever, and underlining what is the greatest crisis facing us all, climate action is rightly being considered in this edition. Eloise Heron writes about the SCSi Sustainability Support Panel (p26), which will be active in assisting members to reach their sustainability goals. The Panel is the brainchild of immediate past president Micheál Mahon, who saw that there was a great opportunity for members to help each other in this fast-changing arena, and suggested that a support panel be set up to do just this.

EDITORIAL

Tom Dunne
Editor



FOSSIL FUMES

With a ban on smoky coal and further restrictions on fossil fuels on the horizon in Ireland, how does our fossil fuel consumption compare with other EU countries?*



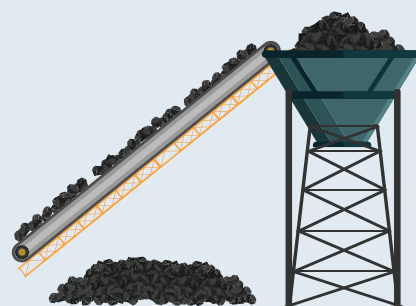
SPAIN
3.9%



IRELAND
8.5%



GERMANY
18.9%



POLAND
43.1%

Solid fossil fuels as a percentage of total energy available.
*Source: Eurostat, 2019 statistics.

LOGICAL COMPLETIONS

Logical Real Estate Consulting has been busy over the past 12 months despite the pandemic. The company states that it has completed a number of construction projects, ranging from high-end residential, to Georgian refurbishment, to office fit-outs.

According to Logical, the company recently handed over the first floor of Arena House in Sandyford. This floor was fully stripped out and refurbished, ready for tenant fit-out. Works included new ceilings, flooring, electrical upgrades, LED lighting, air-conditioning, and ventilation. Brendan Campbell, Director of Construction Services, said: "Cost certainty and programme are very relevant issues at the moment for all of our clients. Our construction management model, combined with design and build contracts for larger elements of a project, such as M&E, allows for greater certainty for our clients and for us".

Logical states that it has also carried out a significant number of fire safety remediation projects over the past 18 months. Christopher Deery, Director and Head of Consulting Services, said: "Having recently established Logical Fire Safety Consulting enables us to provide competitive rates and improved programmes for our clients".

SCSI CALLS FOR BUILDING OF 400,000 HOMES

In July, the SCSI's Residential Property Market Monitor showed that 86% of estate agents expect property price increases, with about the same number stating that lack of supply is the main reason for the increase. SCSI CEO Shirley Coulter said that the Covid-19 pandemic has deepened the housing crisis and extraordinary measures are now needed to address it: "We believe that 400,000 new homes – social, affordable and private builds – will need to be built over the next ten years to meet pent-up demand and the needs of our growing population. Current output is around 20,000 units, so a doubling of that will require a massive increase in funding and collaboration between the private and public sectors. That is why we support the ESRI's recent recommendation to Government to double its current investment in housing by borrowing between €4bn and €7bn a year while availing of low interest rates. The ESRI estimates that if the State doubled its spend on housing from €2bn to €4bn it could deliver 18,000 units a year. That is what we need to help get us up to 40,000 units per annum".

In addition to calling for housing investment, Shirley Coulter also emphasised the need to eliminate avoidable and costly delays from the planning process in order to ensure both developer viability and purchaser affordability.



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STRONG TEAM

NEW PII PARTNERSHIP SUPPORT TO MEMBERS

Following a competitive tender process, the SCSI has announced a new professional indemnity insurance (PII) partnership with Glennon Insurance to support members during this challenging time in the PII market and beyond.

Glennon Insurance has demonstrated a keen ability and commitment to assist SCSI members to secure competitive PII insurance renewals through a number of dedicated initiatives to create better awareness of the risk profile of the surveying profession within the insurance industry.

These initiatives include workshops on best practice policy renewal, claims research to educate insurers on the nature of the risks of surveying, and seeking to expand the number of PII insurers available to members.

This partnership is focused solely on supporting members and increasing the value of your SCSI membership, with no commission or any other monetary advantage to the SCSI.

Members are, of course, free to select their insurance brokers but are encouraged to take advantage of the benefit that this

partnership will bring to the profession by contacting Glennon well in advance of their policy renewal date.

Members looking to renew their PII are advised to commence the renewal process at least three months prior to their renewal date. The Glennon Insurance PII team is led by Stephen Byrne and Gordon Elliott, with Karen Deacon as lead contact for members in the property sector and John Touhy for members in the land and construction sectors.

To find out more, please log in and visit the member exclusives page on the SCSI website: <https://scsi.ie/members-area/my-society-services-supports/member-exclusives/>.

MODULE GROUP

Andrew Ramsey: 087 125 9386 / andrew@modulegroup.ie
Shane Hynes: 086 012 6820 / shane@modulegroup.ie

Building investment fund analysis

Defect diagnosis

Reinstatement cost assessment

CONGRATULATIONS TO FIVE NEW SCSi FELLOWS

The Fellowship grade of SCSi membership represents a prestigious award that reflects the career achievements of a special group of property, land and construction professionals. Attaining the Society of Chartered Surveyors Ireland Fellowship is a true mark of distinction. Congratulations to the new fellows:



Ronan Diamond
Valuation surveyor



Brian Gilson
Valuation surveyor



Sabrina Mackin
Building surveyor



Peter McCarthy
Quantity surveyor



Elaine Torpey
Valuation surveyor

We congratulate you on reaching this milestone and thank you for your service to the profession and to the Society.

RECRUITMENT AND REGISTRATION

When recruiting building and quantity surveyors from within and outside the State, surveyor firms should ensure that new recruits are either registered or apply for registration before taking up positions. In fact, the awarding of work permits by the Department of Enterprise, Trade and Employment to quantity surveyors coming into Ireland to take up posts as quantity surveyors is subject to registration approval by the SCSi.

Graduates of building and quantity surveyor degrees should refrain from using the protected titles (for example on public platforms such as LinkedIn) until they have gained enough practical experience and have been approved for registration.

Registration with the SCSi is a smooth and efficient process. A person intending to register applies to registration@scsi.ie, pays their fee and submits the required documentation. The Statutory Admissions Board appointed to assess applications for registration convenes every six weeks and applicants are informed of the Board's decision very soon after.

The Statutory Admissions Board is made up of a lay majority appointed by the Minister for Housing, Local Government and Heritage, bringing a breadth of different professional backgrounds and experience both from within and outside the surveying sector. The Admissions Board also comprises expert registered surveyors.

For further information on the requirements of registration, go to www.scsi.ie or direct your questions to registration@scsi.ie.

RESIDENTIAL PROPERTY MARKET MONITOR



The SCSi has published the Residential Property Market Monitor, which shows that 86% of SCSi estate agents expect national property prices to increase by an average of 6% over the next 12 months. The report also shows:

- in Munster and Connacht/Ulster, prices are expected to increase by 7%;
- in Dublin, the increase is forecast to be 4%;
- 80% of agents are reporting low stock levels; and
- despite Covid-19, eight out of ten agents say they have seen an increase in enquiries/viewings over the last quarter.

Thank you to the over 200 estate agents who contributed to this survey. To read the full report, visit our website at: <https://scsi.ie/residential-property-market-monitor-july-2021/>. Read more about the Residential Property Market Monitor on page 24.

SCSI MEMBER RESOURCES

Over the summer, the SCSI worked with its Professional Groups to update and redesign our wide selection of consumer guides. Members can supply these consumer guides to clients, feature the guides on their websites and use them to highlight their status as a member of the SCSI.

In addition to updating the guides, the SCSI is offering members the opportunity to personalise consumer guides for their own business use. Members can select which guides apply to their practice and have them updated to incorporate their own business logo on the front cover.

The SCSI will continue to assist members in promoting their expertise and providing excellent guidance for clients. If you have any questions or would like to have consumer guides customised, please contact Neil Flannery, SCSI Member Support Officer, at neil@scsi.ie.

The SCSI has also developed a new professional guidance directory to provide members with easy access to each of the professional guidance documents. The directory provides a breakdown of professional guidance by profession, which is linked to the guides on the website. The SCSI recommends that members use this as a key resource for utilising the full library of professional guidance documents. Members can log in and go to the full library in the members' section of the website to access the directory.

DIGITAL MARKETING SUPPORT FOR MEMBERS



Over the summer, the SCSI partnered with Felicity McCarthy from Spark Digital to host a digital marketing course for property members. The course was designed to assist members in developing their digital presence and growing their business. The SCSI was delighted to have 70 property members take part and to

hear excellent feedback on the course.

Following on from the course, the SCSI began an eight-week digital marketing email series designed to help members put what they learned into practice. Each week members received online tool recommendations, tutorials, content ideas and free downloadable content.

As the digital marketing course for property members was so well received, the SCSI plans to run two more courses, starting in September, for construction and land members. The SCSI will continue to support members in growing their businesses through learning opportunities and practical support.



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NEW APPOINTMENTS



Damian King.

Murphy Geospatial and Omega Surveying Services have announced two new additions to their team. Damian King has joined in Dublin and has a wealth of knowledge and experience, which the companies state will impact their projects throughout the property life cycle. Damian qualified and started his surveying career in 2007. According to the companies, as an experienced Chartered Building Surveyor, Damian has an excellent track

record of delivering a breadth of building surveying services.

Damian said: "I am excited to have joined Murphy Geospatial/Omega Surveying Services' building surveying department in Dublin.

I very much look forward to best serving our clients by utilising my strong experience and adopting factual spatial data methods to provide expert building surveying advice".



Colin Teagle.

The companies are also expanding their property consultancy services in the UK.

Colin Teagle has joined them and the companies state that he has a wide range of experience in project management of Transport for London fit-outs, work on Grade-II listed projects, as well as pre-acquisition works. Colin said: "I am delighted to have joined Murphy Geospatial in the London office, heading up the newly

formed property consultancy department. Joining such a progressive and innovative team was a huge attraction, and I look forward to introducing building surveying clients to new technologies and combining factual data with traditional methods to make our clients' lives easier".

The companies state that they will continue to expand and are looking for similar appointments over the coming months.

NEW PROPERTY HANDBOOK



In July, the SCSI was pleased to issue the new SCSI *Property Handbook*. The *Property Handbook*, which is an updated and expanded *IAVI Handbook*, covers all aspects of general practice property services.

The *Property Handbook* will help you as you deliver the high standards your clients expect from an SCSI member working within the property sales, rental, acquisition, and management sectors, and will assist with adherence to best practice guidance in the delivery of services to clients.

In addition to a copy of the *Property Handbook*, with their purchase members receive access to the six-part online property seminar series. We would like to thank all of the members who contributed to the new *Property Handbook*.

Through harnessing the collective knowledge of SCSI members, we will continue to support the highest professional standards in the property sector.

Copies of the *Property Handbook* are prepared on an on-demand basis in line with the SCSI Sustainability Policy, and the next print run, depending on uptake, will be in the autumn.

To order your copy, please log in and go to the SCSI shop: <https://scsi.ie/members-area/my-society-services-supports/scsi-shop/>.

REMOVAL OF BARRIERS KEY TO 'HOUSING FOR ALL' SUCCESS



While giving a broad welcome to the ambitions outlined in Housing for All, the SCSi has said that its successful implementation will depend on the removal of several key barriers to housing delivery. SCSi President TJ Cronin said a new sense of urgency and spirit of collaboration was required if those barriers are to be removed and the mistakes of previous housing plans avoided: "Planning delays, procurement issues, access to critical infrastructure, including water, as well as labour and skills shortages, all need individual targets and plans to meet overall goals".

"These system failures will not be addressed by increasing budgets alone, but rather by putting measured and effective policies in place. That's why we need increased collaboration between the private and public sectors and indeed between Government departments. Housing takes time and considerable investment. Certainty and confidence in the sector are essential if we are to attract that investment. Following several recent regulatory and legislative changes, it is imperative that this plan is now allowed to deliver on its potential," he said.

Overhaul of planning critical

The SCSi believes that an upcoming overhaul of the planning process will be critical to the success of Housing for All. The Government has committed to terminating the Strategic Housing Development (SHD) planning model in February 2022 and replacing it with new streamlined arrangements for residential developments.

Recent analysis by the SCSi found that a delay of a year to a housing development caused by judicial reviews (JRs) can add €8,000 to

€12,000 to the cost of each new house. While stressing how important it is that the right to legal redress for all is maintained, the SCSi said it was also important that the impact of JRs on housing, especially the cost of delays, is fully understood. SCSi CEO Shirley Coulter said that at a time of rising material costs, it is particularly important to cut delays and increase efficiency: "That is why it is so important that the Government achieves the correct balance in the new streamlined planning process: strengthening the 'societal contract' between local authorities, the community and An Bord Pleanála on the one hand, while establishing mechanisms that facilitate the resolution of appeals in a more efficient and cost-effective manner on the other".

"Restoring vacant or derelict buildings is something we strongly support. From a planning and sustainability perspective it makes perfect sense. However, renovating buildings in line with new building regulations can be prohibitively expensive and that very often is the reason they remain vacant.

"Equally, not all land may be suitable for development. If, for example, there is no access to essential infrastructure such as water, this must be considered before applying potentially punitive measures that may challenge the viability of future development. This is why the SCSi is calling for the establishment of a Land Register, which could be used to provide greater transparency on land suitability, availability and cost," she concluded.

Detailed analysis of what Housing for All means for surveyors will be featured in the next edition of the *Surveyors Journal*.

SCSI LAUNCHES COMMERCIAL PROPERTY REGISTER

Members who are engaged in commercial agency and professional services have reported to the SCSI about difficulties in obtaining verifiable information relating to commercial property transactions. This information would assist them in providing clients with up-to-date sales and rental information that can be used to provide accurate market appraisal and valuation advice in keeping with the highest professional standards, which SCSI/RICS members strive to provide in their day-to-day practice.

To assist members, the SCSI has therefore taken steps to provide a members' platform for recording high-level transactional information relating to commercial sales and rentals.

The SCSI has developed a Register where members can quickly and simply insert a level of basic transactional data while also providing contact details of the retained agent to assist with any follow-up if required. The SCSI intends to roll out the SCSI Commercial Transactional Register to relevant property members in the northeast and southeast regions initially, with a wider roll-out planned in the New Year. Paul McElearney of QRE, who chaired the working group for the Register, says: "A key component in providing clients



with up-to-date advice on value and rents is the availability of market evidence gained for completed sales and lettings that are comparable".

Winston Halnon (REA Halnon McKenna) and Shane Black (Shane Black Property Advisors) of the southeast and northeast regions, respectively, welcome and support this initiative to help all members, including those located in regional Ireland.



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The Irish Towns Diaspora Network is an exciting initiative from the Heritage Council's Collaborative Town Centre Health Check (CTCHC) Programme. The CTCHC Programme, which was established in 2016, is now included in the Programme for Government (2020).



An Chomhairle Oidhreachta
The Heritage Council



If you would like to get involved and learn more about the Irish Towns Diaspora Network, please email irishtownsdiapora@gmail.com

If you would like to know more about the CTCHC Programme, please get in touch with aharvey@heritagecouncil.ie





ENERGY, EXPERTISE AND KNOWLEDGE

NEW SCSI PRESIDENT TJ CRONIN SAYS THE SCSI IS THE BEST MEMBERS' ORGANISATION TO BE INVOLVED WITH IN IRELAND, BUT THAT DOESN'T MEAN THERE ISN'T PLENTY HE WANTS TO GET WORKING ON IN HIS YEAR AS PRESIDENT.

New SCSI President TJ Cronin is eager to get to work driving the Society forward during his year as President. There are a number of issues to address, both within the SCSI and in wider society. One issue that is already being tackled is creating a clear identity for all professional groups within the SCSI:

"We've undertaken a brand refresh, which I believe reflects a modern, clear and purposeful SCSI. I think this gives all members a very clear identity now".

He is also keen to make the Society more dynamic in its routes to membership: "It's something that we have to look at, especially within the property sector.

"I'm very keen to involve people in this process too. I don't intend to concentrate only on the property side; I believe all routes to membership need to be more dynamic but still hold the professional standards that the SCSI is known for.

"I have had many conversations with people who would love to become fully chartered members of the SCSI but things such as time

constraints and geographical locations are preventing them from completing the APC. During the last 18 or so months the SCSI has used technology to great effect, especially within the education section. This has allowed candidates throughout Ireland to pursue their APC. So, I think we have to look at the routes to membership and make them more dynamic and reflective of people's needs. There are many benefits to membership, and I strongly believe that the SCSI is the foremost members' organisation for anyone within property, land and construction to be involved with in Ireland".

INTERVIEW

Colm Quinn
Journalist and Sub-Editor,
Think Media



I HAVE SEEN FOR MYSELF IN OTHER ORGANISATIONS THE STRENGTHS AND ADVANTAGES THAT A DIVERSE MEMBERSHIP CAN OFFER. DIVERSITY, JUST LIKE CHANGE, HAS TO BE EMBRACED, BE THAT GENDER DIVERSITY, GEOGRAPHICAL DIVERSITY OR SOCIOECONOMIC DIVERSITY.

Housing

The housing crisis is now a national crisis, and the SCSi has a crucial part to play in dealing with this: "We are able to highlight the myriad barriers to delivery of housing within the current system and back this up by using our own evidence-based data, as well as our members' practical experience. An example of this can be seen in the recently released data on judicial reviews (JRs). This highlighted the cost of JRs per unit being between €8,000 and €12,000.

"The supply of housing involves many components, such as the supply of zoned and serviced land, an efficient planning process, available skilled labour, procurement issues and, above all, project viability is a must. Housing will not be delivered unless it is viable to do so. The increase in the cost of building materials is only adding to the viability challenge now. It is a huge challenge for the construction sector to produce viable housing stock for a price that is affordable to its purchaser".

To help in this effort, TJ says we need more competitive financial rates for all involved, both purchasers and developers, to ensure viability and affordability. We have seen the supply of new homes and resale of homes decrease: "Traditionally in Ireland, in relation to property, the three most important things were location, location, location. It was the phrase that fell off everyone's lips. Unfortunately, I think that's changed to supply, supply, supply".

Housing for All

TJ broadly welcomes the new Housing for All plan: "It's certainly ambitious but I share the SCSi's view that the success of the plan will be dependent on removing several key barriers to housing delivery. Most people will agree that more housing supply is needed throughout Ireland and lack of supply has now reached crisis point. We saw throughout the pandemic how the Government and society reacted: what was needed was identified and delivered, and I think we are now at the same point in terms of housing. We need to see an immediate focus on removing the barriers that exist, like planning delays, procurement issues, access to critical infrastructure, and labour and skills shortages. All of these need individual targets and plans to be put in place to assist in meeting these goals.

"Big budgets alone will not be enough to solve this. I think effective and measured policies need to be in place first, and we also need greater collaboration between the private and public sectors, and between different Government departments. The delivery of homes takes time and considerable investment. I think the upcoming overhaul of the planning

process will be critical to the success of Housing for All".

TJ supports the idea of restoring vacant or derelict buildings: "From a planning and sustainability perspective it makes perfect sense. However, renovating buildings in line with new building regulations, particularly fire and accessibility regulations, can be prohibitively expensive and that very often is the reason they remain vacant. There are many aspects of the plan that have to be commended; however, one concern I would have is in relation to the punitive measures and how they may challenge the viability of a project. Not all land may be actually ready for development. If, for example, there is no access to essential infrastructure such as water or sewage, this must be considered before applying the suggested taxes. The SCSi is calling for the establishment of a Land Register, which could be used to provide greater transparency on land suitability, availability and cost, which would be of great help in this regard".

A broad society

TJ says that another major factor for him is diversity within the Society: "I have seen for myself in other organisations the strengths and advantages that a diverse membership can offer. Diversity, just like change, has to be embraced, be that gender diversity, geographical diversity or socioeconomic diversity. I want the SCSi to be an organisation for all. I want it to be welcoming and receptive to different thoughts and opinions. I speak about barriers within the delivery of housing. I think we have enough barriers, so let's have none within the SCSi".

The depth of knowledge within the SCSi is vast and this makes it valuable for consultation with Government or other stakeholders on property, land and construction issues. When the SCSi is approached, TJ says it is because the Society is known as being independent, professional, and knowledgeable:

"Our members are leaders in the property, land and construction sectors within Ireland. I believe the SCSi is a thought leader. The SCSi is unique: we span the whole built environment, we can provide a holistic view across the entire sector, or we can provide a very in-depth detailed commentary on highly specialised roles within the sector. As a result of that, our opinions are being actively sought out by media and other stakeholders".

When it comes to climate change, the SCSi is well placed to advise on a building's efficiency and its contribution to addressing climate change, says TJ. The SCSi membership can provide detailed knowledge across all sectors in terms of viability, efficiency and ongoing performance management to minimise a building's contribution to climate change.

THROUGHOUT THE LAST COUPLE OF LOCKDOWNS, WE'VE WITNESSED HIGH PEAK PERIODS WITHIN THE PROPERTY MARKET, WHICH IS NEVER GOOD. IT IS NOT SOMETHING THAT AN AGENT WANTS.

Covid's effect on work

One of the biggest changes Covid has introduced is in people's attitude to change, says TJ. In terms of property and agency, it transformed marketing. Virtual viewings and virtual offers were unheard of before but for a period of time it's what allowed residential surveyors to do their job. However, there is more to it: "I think the fear of change has eroded. I don't think I had heard of Teams, Zoom or Webex before March 2020 but they have changed how I interact with clients, and changed my role within the SCSI. Our CEO, Shirley Coulter, and I have had many meetings with members throughout the various regions in relation to Roadmap 2024. The ability to connect with members at their desk and convenience is brilliant. We've probably seen more members than is usual as a result. Having said all of that, there's still nothing like meeting people and having a chat face to face.

"The appetite within the SCSI is to continue with the combination of remote and in-person once it is safe to do so. Remote working is brilliant – it's efficient and it's convenient. It allows you to get your work done. Equally, it has shown us that person-to-person meetings were an aspect of the SCSI that we all possibly took for granted. That is not with us at the moment, but it's something that I deeply miss and look forward to going back to".

A negative effect of the pandemic on property, he says, is that lockdowns have brought about more peaks and troughs

in the market. This is leading away from a sustainable market: "Throughout the last couple of lockdowns, we've witnessed high peak periods within the property market, which is never good. It is not something that an agent wants. I know the public perception may be otherwise but as agents we want a steady and sustainable market".

Value of the SCSI

TJ believes the value of membership lies not only in the internationally recognised Chartered Surveyor status, but also in the many benefits that the SCSI can provide. He also thinks the recently released Roadmap 2024 will bring members many benefits: "The four main areas of focus, or pillars as we have called them, are: representing; supporting; connecting; and, influencing. I think the SCSI is becoming a more dynamic organisation and more effective as a result. Professional indemnity insurance (PII) has become a significant issue recently, one which many of our members are having major difficulty with at present. My predecessor, Micheál Mahon, along with our CEO and a team within the SCSI, got together and put a plan in place, which has led to the SCSI recently announcing Glennon Insurance as a preferred partner".

TJ says he is very proud to be a member, a board member and to hold the position of President of the SCSI: "I really am proud of the vigour displayed by our council, our board and our CEO, and the direction the SCSI is heading".

The SCSI could not be the organisation it is without the efforts of members to progress it: "I would really like to thank all those members who sit on various committees or contribute in a variety of ways, who give their time, their energy, their expertise and knowledge – that's what the SCSI is built on".

He also mentions the CEO and her team: "As a property agent, my head is always in the property sector. Shirley and her team span 12 professional groups within the

property, land, and construction sectors, and the work they've done within the last 18 months has to be acknowledged and they should be thanked for it, because it has been absolutely phenomenal".

As President, he wants members to know that the SCSI is there for everybody: "If anybody has an issue, needs advice or clarification on any aspect, the SCSI is there for you, for your benefit. We're there to help you. Please reach out".

PROFILE

TJ grew up in Drinagh in rural West Cork before going to college in Cork City and Glamorgan in Wales. After a stint working in West Cork and Waterford, he came back to Cork City and joined Irish & European, a general practice firm in Cork City.

TJ is married with two small children: "It's lovely to come home and park the day job. I've quickly become an expert in all things Pippa Pig, Spiderman and Rescue Bots. I love reading books to the kids. A good book is a great pleasure. I might even start reading them the recently released SCSI *Property Handbook* soon!"

Outside of family and work, TJ is very into sport, being involved in the local GAA club and different clubs, and loves sea fishing. He's a keen traveller and while Covid has stopped his foreign trips for now, he has spent a lot of time going around Ireland, where he has been glad to meet more SCSI members.



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DREADED DAMP

NEW RICS GUIDANCE RECOMMENDS A MORE NUANCED APPROACH TO DIAGNOSING DAMP IN OLDER BUILDINGS.

F

or anyone dealing with period properties on a regular basis, a diagnosis of rising damp in a pre-purchase survey is a circumstance that is worryingly inevitable, and is generally taken as something one just comes to expect with

older houses. But should it be this way?

Statements such as “High moisture meter readings recorded to internal surfaces of external walls at lower ground level. Readings are consistent with rising damp”, or “An electronic moisture meter was used ... to detect the presence of dampness. High damp readings were noted to the walls in a number of areas”, are typical. Helpfully, the surveyor will often then recommend that: “Inspections by a reputable damp/timber treatment specialist are required and in relation to the rising damp, a chemical injection system is likely to be the most appropriate form of remedial repair”.

In the face of such professional opinions, the various parties to a sale can find themselves in a quandary. Sometimes sales fall through, purchase prices are renegotiated or purchasers just bite the bullet and accept the often costly recommendations as a *fait accompli*. The sad reality is that such recommendations are often based on an inadequate understanding of traditional building construction, a failure to consider all potential causes of dampness, and inappropriate diagnosis of circumstances.

Don't read the meter

A major problem is the overreliance on and, at times, misuse of, moisture meters when diagnosing damp problems. Firstly, it is extremely important to note that moisture meters are calibrated to measure moisture in timber. They cannot accurately measure the quantity of moisture in a stone/brick wall. They can only provide an indication of relative moisture content in material other than timber.

Secondly, the readings from a moisture meter can be influenced by the presence of metals, wiring, foil-backed insulation, plasterboard or wallpapers. Above all, readings can be influenced by salts, which are found in many building materials, and particularly in old walls.

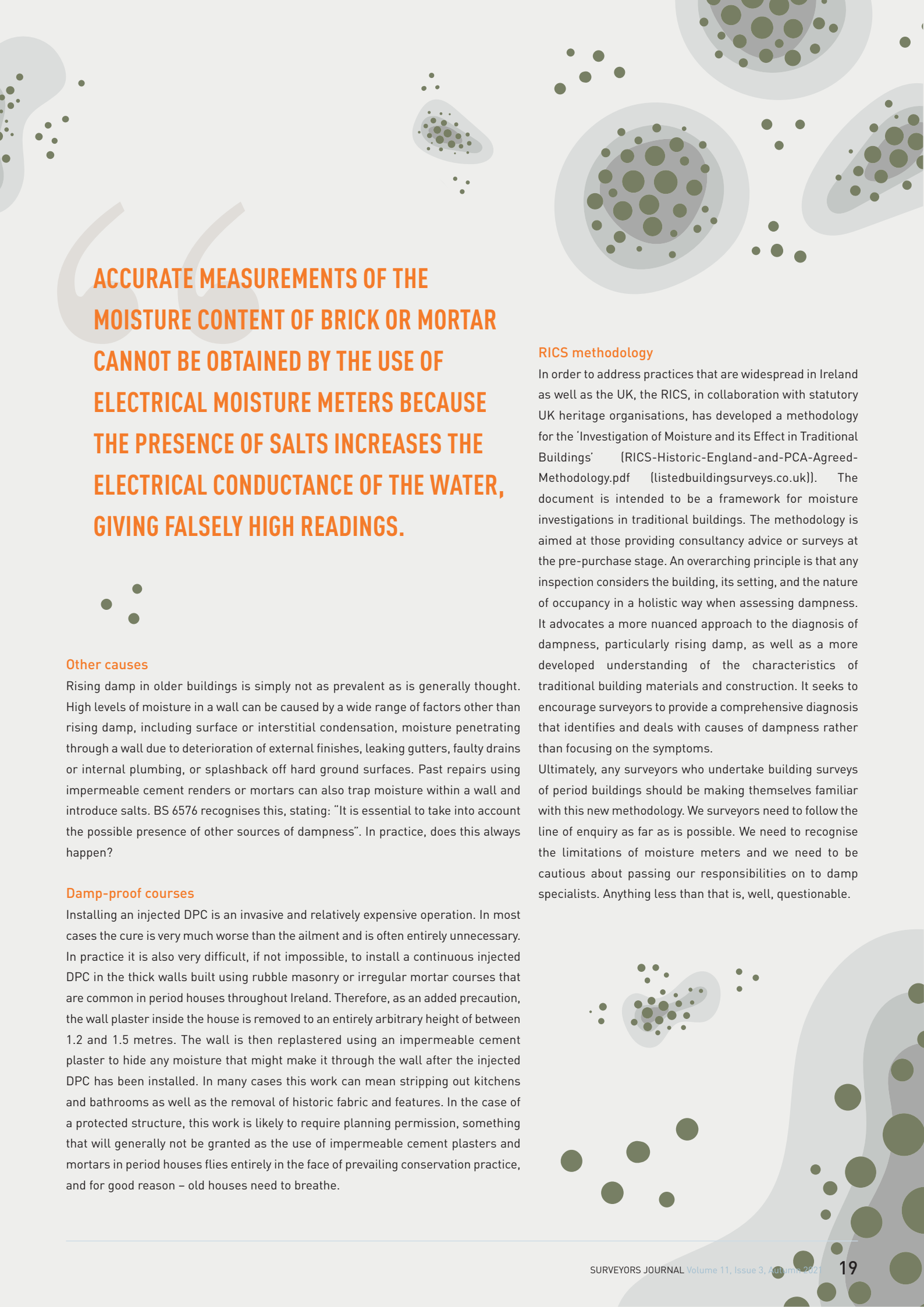
Quite simply, there is a rampant industry-wide overreliance on the use of moisture meters when diagnosing dampness and specifying damp remediation such as the installation of injected damp-proof courses (DPCs).

Yet, this all flies in the face of established guidance on this topic. BS 5250:2011 (Code of Practice for The Control of Condensation in Buildings) specifically states that: “Accurate measurements of the moisture content of brick or mortar cannot be obtained by the use of electrical moisture meters because the presence of salts increases the electrical conductance of the water, giving falsely high readings”.

Furthermore, BS 6576:2005 +A1:2012 (Code of Practice for Diagnosis of Rising Damp in Walls of Buildings and Installation of Chemical Damp-Proof Courses) notes that while: “An electrical moisture meter is a useful diagnostic instrument: ... The readings it gives are qualitative. Surface moisture monitoring alone cannot give proof of rising damp”. Basically, a moisture meter alone should not be used for the diagnosis of rising damp.

FEATURE

Frank Keohane
SCSI Building Conservation
Accredited Surveyor



ACCURATE MEASUREMENTS OF THE MOISTURE CONTENT OF BRICK OR MORTAR CANNOT BE OBTAINED BY THE USE OF ELECTRICAL MOISTURE METERS BECAUSE THE PRESENCE OF SALTS INCREASES THE ELECTRICAL CONDUCTANCE OF THE WATER, GIVING FALSELY HIGH READINGS.

Other causes

Rising damp in older buildings is simply not as prevalent as is generally thought. High levels of moisture in a wall can be caused by a wide range of factors other than rising damp, including surface or interstitial condensation, moisture penetrating through a wall due to deterioration of external finishes, leaking gutters, faulty drains or internal plumbing, or splashback off hard ground surfaces. Past repairs using impermeable cement renders or mortars can also trap moisture within a wall and introduce salts. BS 6576 recognises this, stating: "It is essential to take into account the possible presence of other sources of dampness". In practice, does this always happen?

Damp-proof courses

Installing an injected DPC is an invasive and relatively expensive operation. In most cases the cure is very much worse than the ailment and is often entirely unnecessary. In practice it is also very difficult, if not impossible, to install a continuous injected DPC in the thick walls built using rubble masonry or irregular mortar courses that are common in period houses throughout Ireland. Therefore, as an added precaution, the wall plaster inside the house is removed to an entirely arbitrary height of between 1.2 and 1.5 metres. The wall is then replastered using an impermeable cement plaster to hide any moisture that might make it through the wall after the injected DPC has been installed. In many cases this work can mean stripping out kitchens and bathrooms as well as the removal of historic fabric and features. In the case of a protected structure, this work is likely to require planning permission, something that will generally not be granted as the use of impermeable cement plasters and mortars in period houses flies entirely in the face of prevailing conservation practice, and for good reason – old houses need to breathe.

RICS methodology

In order to address practices that are widespread in Ireland as well as the UK, the RICS, in collaboration with statutory UK heritage organisations, has developed a methodology for the 'Investigation of Moisture and its Effect in Traditional Buildings' (RICS-Historic-England-and-PCA-Agreed-Methodology.pdf (listedbuildingsurveys.co.uk)). The document is intended to be a framework for moisture investigations in traditional buildings. The methodology is aimed at those providing consultancy advice or surveys at the pre-purchase stage. An overarching principle is that any inspection considers the building, its setting, and the nature of occupancy in a holistic way when assessing dampness. It advocates a more nuanced approach to the diagnosis of dampness, particularly rising damp, as well as a more developed understanding of the characteristics of traditional building materials and construction. It seeks to encourage surveyors to provide a comprehensive diagnosis that identifies and deals with causes of dampness rather than focusing on the symptoms.

Ultimately, any surveyors who undertake building surveys of period buildings should be making themselves familiar with this new methodology. We surveyors need to follow the line of enquiry as far as is possible. We need to recognise the limitations of moisture meters and we need to be cautious about passing our responsibilities on to damp specialists. Anything less than that is, well, questionable.

A CAPITAL IDEA

CAPITAL EXPENDITURE ON BUILDINGS IS NOT TAX DEDUCTIBLE; HOWEVER, THERE ARE VARIOUS TARGETED TAX INCENTIVE SCHEMES IN PLACE TO COUNTERACT THIS.

Capital allowances are a tax relief for capital expenditure aimed at encouraging investment in specific building types, certain installations within buildings, and even some target-specific locations. Capital allowances are one of the most significant Irish tax reliefs and the most recently published statistics by Revenue from 2018 state that claims totalling €9.47 billion were made that year.

Main types of capital allowances

Different rules and rates of relief apply to the different forms of capital allowances (Table 1).

Accelerated capital allowances are available under two categories. The first is for expenditure incurred on childcare or fitness facilities provided by employers for use by their employees. This relief incentivises employers to provide facilities that improve the health and well-being of their workforce. It does not apply to commercial gyms or childcare businesses. The second category is for energy-efficient equipment, with the aim of improving the sustainability and energy efficiency of buildings.

Wear and tear allowances are the most common type of capital allowance. In the context of property, they can be claimed on all business and rental property over a favourable eight-year period. Unlike other allowances, they are only available for expenditure on plant and machinery; therefore, the entire building cost does not qualify. This relief is aimed at investing in the parts of a building required by a business to operate and function effectively.

The Living City Initiative allowance is only available for expenditure on the refurbishment or conversion of property within specific regeneration zones in Ireland's main cities, and the property must have been originally constructed before 1915. This relief aims to regenerate rundown areas of cities in need of investment and to bring derelict property back into use.

Industrial building allowances are only available for buildings that meet the definition of an industrial building within legislation. This generally requires that manufacturing or processing activities are the primary activity undertaken at the property. This is an important relief for the manufacturing sector and allows the entire cost of a building to be written off, albeit over a long 25-year period.

Wear and tear allowances

This is the most widely available form of capital allowance; it applies to all property types and is not location specific.

There is no list of items that qualify as plant and machinery within buildings. This is because the determination of what qualifies is down to how the items are used in the course of the claimant's trade in any particular situation, as well as the careful consideration of almost 150 years of case law. It is widely known that this relief is available for many loose items called 'chattels'. This includes computers, loose furniture, white goods, and many other items; however, it is less widely known that many fixtures attached to buildings also qualify and a large proportion of property expenditure can qualify. Figure 1 provides an indication of the likely level of allowances for the purchase, development or refurbishment/fit-out of different types of property.

Relevance to SCSi members

Capital allowances advisory is a niche specialism that spans both tax advisory and surveying, and it has been recognised by the SCSi through the development of the specialist Chartered Taxation Surveyor designation. Only members with this designation, or Chartered Tax Advisers (Irish Tax Institute), should advise on capital allowances. For all members, however, there is an expectation that they would be aware of capital allowances and able to identify where claims are possible, given their availability on property purchases and construction projects, the savings they can generate, and their relevance to the surveying

FEATURE

Philip O'Connor
Managing Director,
CA Partners



Table 1: Rules and rates of relief of capital allowances.

Capital allowance	Rate of relief
Accelerated capital allowances	100% claimed in first year or over seven years
Wear and tear allowances	12.5% per annum over eight years
Living City Initiative	Claimed over seven or ten years
Industrial building allowances	4% per annum (standard rate)

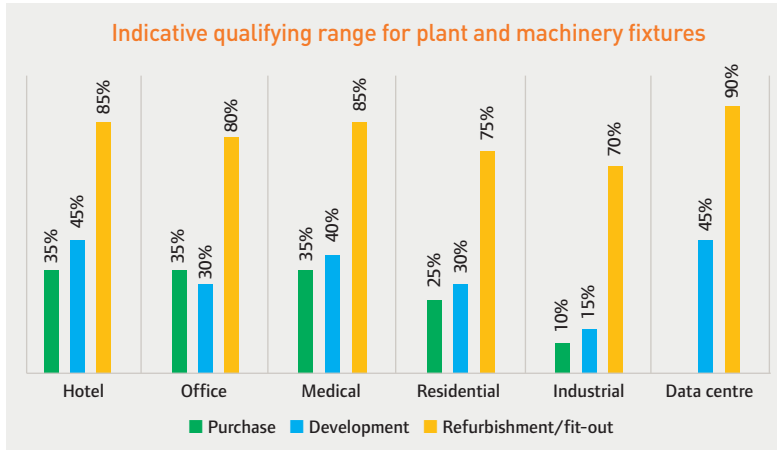


Figure 1: Indicative wear and tear allowance qualifying range for plant and machinery fixtures. Note: Capital allowances are subject to entitlement and the figures above are indicative based on CA Partners experience. The graph represents a likely range of between zero and the upper end of the percentages shown. Comprehensive substantiation is required for any claim made. Excludes chattels.

profession. Savings provided through capital allowances can also be factored into the life cycle cost of buildings for new developments. For property purchases and developments, they should be factored into investment appraisals as they provide an income stream that directly relates to the property. In this context, capital allowances can lead to borderline or non-viable investments becoming viable due to the considerable savings involved.

How to quantify a claim

Before quantifying any claim, the first and most important step is to determine whether entitlement exists. This determines whether a claim can be made and the scope of the claim. Revenue expects to see considerable substantiation for capital allowances claims on property, and it is advisable to compile and retain detailed documentation and workings relating to a claim to satisfy self-assessment requirements and Revenue guidance. When making a claim for a property purchase, it is required to analyse relevant purchase documentation to establish entitlement. Following this, a Revenue precedent states that a professional valuation is required to establish the claim value. This process generally involves the careful consideration of tax legislation and case law to establish entitlement,

undertaking a bare site land valuation, a reconstruction cost estimate for the property, and the identification and quantification of qualifying items of plant and machinery by reference to relevant case law.

For construction projects, consideration of entitlement is once again the most important step. Following this, detailed construction and accounting information should be compiled and analysed to satisfy a taxpayer's obligation to prepare a robust and justifiable claim that is tax compliant.

Risks

Where large tax savings are available, there are risks. Revenue is obliged to ensure that taxpayers are compliant with their self-assessment obligations and routinely investigate claims to ensure that they are prepared correctly. Revenue has four years to make an assessment into a claim, and there is no time limit in cases of fraud or neglect, or where a full and true disclosure is not made. This means that where claims are not prepared correctly, Revenue could enquire at any point. Considering that wear and tear allowances are claimed over eight years, Revenue could begin an enquiry towards the end of this period; therefore, all information relating to a claim should be retained for at least 12 years.

Revenue will reject claims that do not satisfy legal entitlement. Incorrect or aggressive claims tend to be thoroughly investigated and a repayment of some/all of the tax relief can result. Depending on the situation, additional consequences may apply such as penalties and interest, and publication in the list of tax defaulters.

Where claims are prepared in accordance with legislation, case law and Revenue guidance, capital allowances provide a source of valuable tax relief for expenditure on all forms of business and investment property.

OFFICE EVOLUTION

THE COVID-19 PANDEMIC HAS LED TO SIGNIFICANT CHANGES IN HOW OFFICES WILL LOOK AND OPERATE IN THE FUTURE.

W

hile working from home has become the norm since the Covid-19 pandemic began, the office looks set to remain a vital part of business. Office employment is expected to grow significantly in Europe in the next ten years due to robust GDP growth expected from next year. On average, the number of office jobs in Europe is expected to increase by 10% by 2030. For Ireland, this figure is significantly higher, with a 24% increase predicted by 2030.

The rise of employees working from home raises the question of whether office space will shrink. However, while it is anticipated that working from home on a daily basis will double on average in Europe, companies will still need offices to accommodate the expected increase in workforce.

Changing culture

However, office and corporate culture are changing. In some cases, traditional desk space is being adjusted by introducing moving walls, or completely replaced to allow for additional collaboration space such as meeting rooms, break-out areas, and social and wellness spaces. This change in office use should be more significant in large companies and in some specific business sectors such as the technology, media and telecom (TMT) sector, while organisation change should remain more modest in small and medium-sized companies.

As it's too early to call an end to social distancing, companies are veering away from dense offices that contradict health measures introduced over the course of the pandemic. As a result, we are beginning to see companies respond with de-densified offices. This move towards less dense spaces, and changes to space organisation due to social distance, may leave the floor space per worker unchanged or even increase it.

Fewer people in the office on a daily basis will allow companies to reduce their desk space and to use their office surface for larger meeting rooms, and collaborative and flexible spaces that can be adapted for different purposes. Again, these changes in office organisation are more likely to affect larger companies belonging to highly compatible business sectors rather than small and medium-sized businesses.

Hot desking and reserving desks looks set to be one of the most likely future trends post pandemic, while new office features that appeared during the pandemic, such as sanitary stations, the reduction of bottlenecks at elevators, coffee docks, canteens, corridors, lobbies, etc., and technologies allowing contactless uses of the buildings, will remain even after the crisis.



FEATURE

Sarah Lynch
Divisional Director, Property &
Facilities Management
Department, BNP Paribas Real Estate



IN SOME CASES, TRADITIONAL DESK SPACE IS BEING ADJUSTED BY INTRODUCING MOVING WALLS, OR COMPLETELY REPLACED TO ALLOW FOR ADDITIONAL COLLABORATION SPACE SUCH AS MEETING ROOMS, BREAK-OUT AREAS, AND SOCIAL AND WELLNESS SPACES.

Still a place for the office

Despite the rise in working from home, office space will still be necessary. While remote working and working from home will be a good fit for some sectors, it will not suit all. Digitised jobs and jobs dealing with information flows are undoubtedly the most compatible with working from home or remotely, and others are simply not as suitable (Table 1).

The vast majority of companies will opt for a partial but increased share of working from home. Adopting a hybrid work arrangement by mixing remote and on-site working is likely, whereby employees will be limited to a certain number of days working from home and a physical presence will still be required, such as two days working from home and three days in the office. While the layout and function of the office is changing, office buildings will remain part of a company's image. Famous office

buildings around the world have often become an integral part of companies' image and fame, due to their size or architecture. Office buildings can be an opportunity for companies to differentiate themselves from their competitors or to build their identity in the economic landscape. Spectacular headquarters also help companies to build a positive image and attract talent. It is likely that office buildings will still represent an important part of companies' identity, even if more employees will be working outside of the physical office.



Table 1: Not all sectors are compatible with working from home.

Compatibility	Sectors compatible with working from home	Main features of employment and type of tasks
Compatible with working from home	IT and computing (programmers, data scientists, etc.)	Designing, organising, analysing data and information
Partially compatible with working from home	Solicitors, journalists, accountants	Advisory, consulting, writing, reporting, calculating
Incompatible with working from home	Cleaners, maintenance contractors, security guards	Cleaning, maintenance, use of machinery and tools, necessary onsite specific inspections

MONITORING THE MARKET

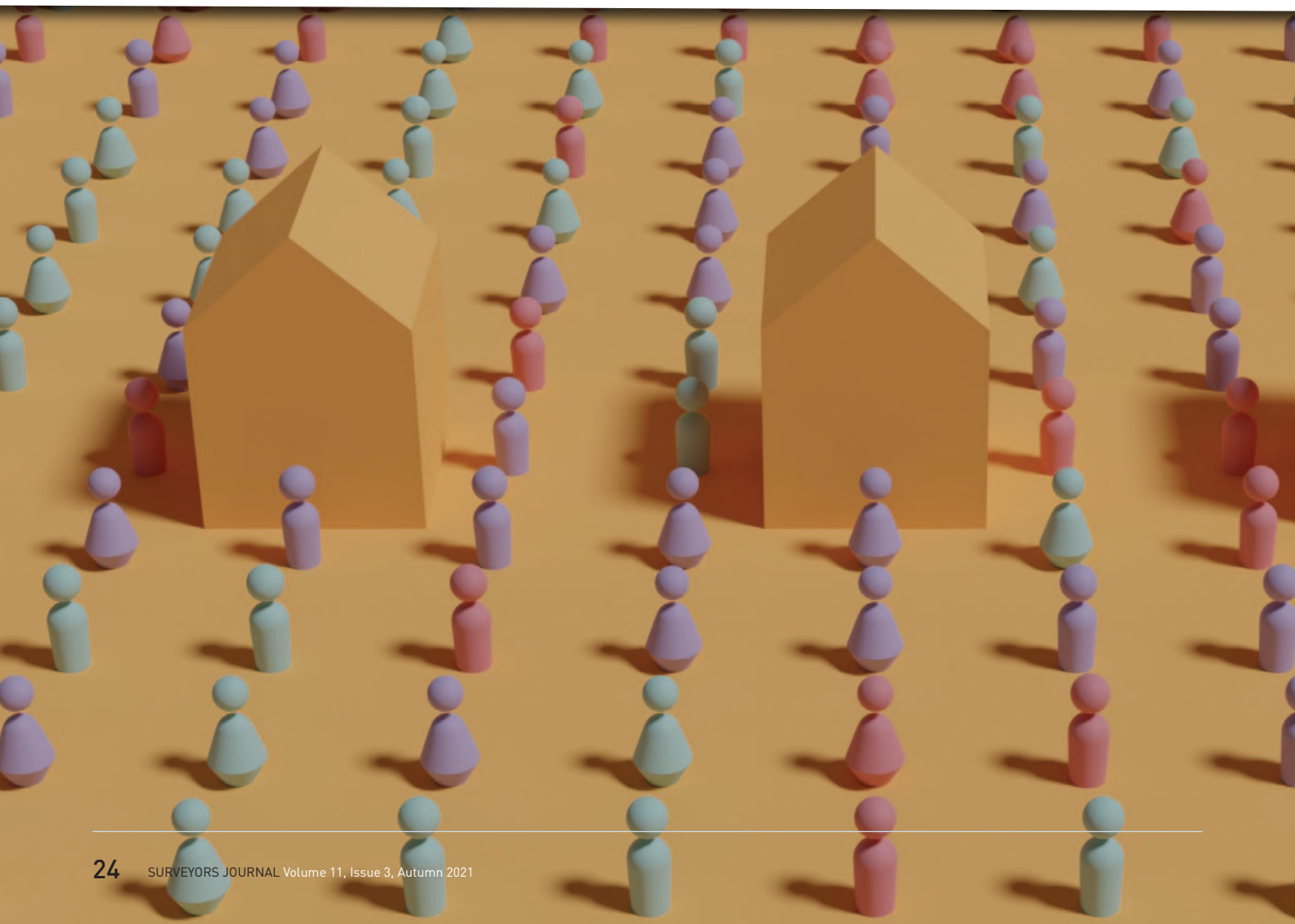
THE SCSJ RESIDENTIAL PROPERTY MARKET MONITOR 2021 SHOWS RISING PRICES IN THE CONTEXT OF SIGNIFICANT LACK OF SUPPLY.

The SCSJ, in partnership with the Central Bank of Ireland, issues surveys to SCSJ members (auctioneers, agents and valuers) on a quarterly basis seeking their views and expectations on the residential sales and rental market across the country. The results of these surveys have informed our latest Residential Property Market Monitor Report, which was published in July. The housing sales market has seen exceptional price inflation recently, with inflation rates now more significant outside of major urban centres, with purchasers seeking more value and affordable housing outside the cities (Figure 1). Agents report a higher price forecast for properties outside Dublin, reflecting the Covid-19 effect and the increased attractiveness of regional properties due to the dramatic rise in people working from home.

Expectations of price rises

Four out of five estate agents expect national property prices to increase by an average of 6% over the next 12 months (Figure 2). Results from the Munster and Connacht/Ulster region show an

expectation that prices will increase by 7% in the coming 12 months. On a national basis, according to the Central Statistics Office, the property price index reports inflation at 6.9% in the year to June 2021. Recent reports by property websites MyHome.ie and Daft.ie found that asking prices too have surged, by 13% in the past 12 months. The typical asking price for a home nationally, according to MyHome.ie, is €303,000. If asking prices resulted in actual sales prices, then a 7% increase would mean a rise of €21k. In Dublin, the typical asking price is €412,000. A 4% increase here will mean a rise of €16,500. Interestingly,



agents and valuers in Dublin expect house prices to increase by 4% in the coming two months.

Rental pressures

One of the main influences on house prices is demand and supply equilibrium. Results from our study highlight that 80% of agents reported low stock levels of property for sale. This is not just isolated to the purchase market but also applies to the rental market, with the availability of housing for rent across the country now reported¹ to be at a historically low level. Our study tracks agents' sentiment and the reasons for landlords investing in or leaving the rental investment market. Complex rent legislation is the main reason why landlords are leaving the market and this has been reported from our survey over the past few years (Figure 3). Interestingly, studies from the Residential Tenancies Board are also beginning to support this trend, with the publication of their recent research (Rental Sector Survey, at www.rtb.ie).

Increased supply needed

Despite Covid-19, eight out of ten agents say they have seen an increase in enquiries/viewings over the last quarter and with the deepening housing supply crisis this is likely to

continue. With the publication of the Government's 'Housing for All' plan, the SCSi is calling for a doubling of the amount of investment to be made available for the delivery of affordable housing and public sector housing to cater for demand. We estimate that over 400,000 homes will need to be built to meet demand over the next 10 years, which supports the recent announcement from the ESRI recommending more investment in housing by borrowing more and availing of low interest rates.

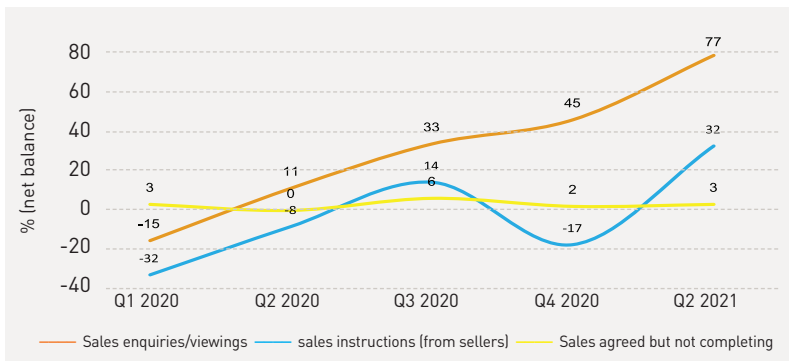


FIGURE 1: SCSi national sales activity (net balance) – Q1 2020 to Q2 2021.

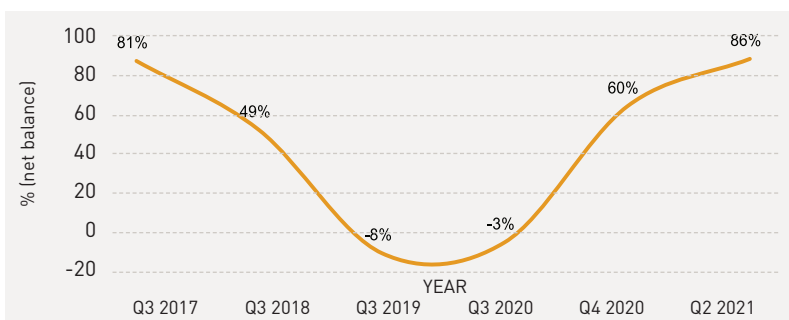


FIGURE 2: Next 12 months – anticipated national price developments (net balance).

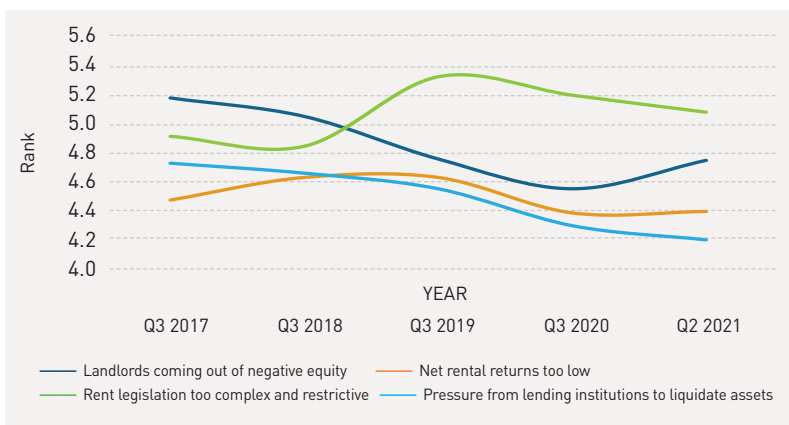
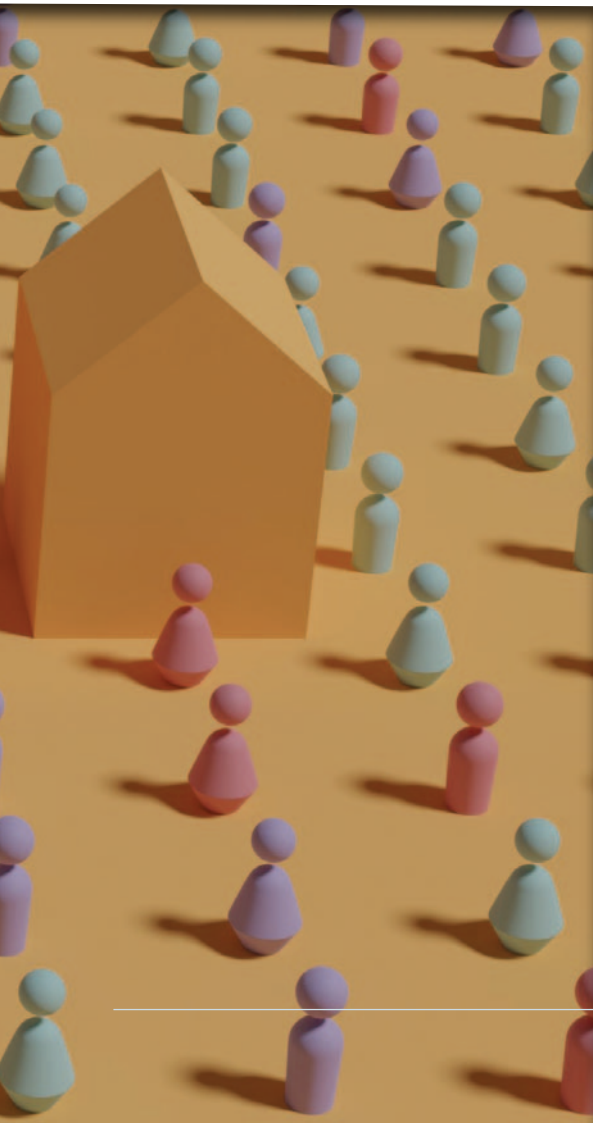


FIGURE 3: Agents' responses – reasons for landlords selling investment property (ranked order 1+ = lowest).

Reference

1. DAFT.ie Rental Price Report, August 2021.



SCSi REPORT

Edward McAuley
Director of Practice
and Policy, SCSi



SURVEYING SUSTAINABLY

THE SCSI'S NEW SUSTAINABILITY SUPPORT PANEL AIMS TO ASSIST MEMBERS IN REACHING THEIR SUSTAINABILITY GOALS.

W

hat is the SCSI Sustainability Support Panel?

The Sustainability Support Panel is a way for all SCSI members to get assistance from experienced volunteer professionals in order to reach their own sustainability goals. The Panel is the brainchild of immediate past president Micheál Mahon. Micheál saw that there was a great opportunity for members to help each other in this fast-changing arena, and suggested that a support panel be set up to do just this!

What kinds of questions could I ask?

Any question(s) can be posed, whether a simple "I'm at the very start of my sustainability journey and need help with my first step", to more technical questions about understanding the environmental, social and corporate governance (ESG) accreditation currently available, such as GRESB, LEED, BREEAM and WELL. With Ireland having now committed in law to achieving net zero emissions by 2050 (51% front loaded by 2030), lots of members are naturally asking what steps they can take to play their part. Help with any related topic will be provided where possible, and this can also include biodiversity/nature-based questions – literally the birds and the bees!

All questions asked and answers given will be published (anonymously) on the sustainability page of the SCSI's website, and this will further help all, as it will form a useful reference tool moving forwards.

Who is on the Sustainability Support Panel?

The Sustainability Support Panel is made up of fellow surveyors with practical experience in everything from retrofitting and practical environmental management processes in the office (such as ISO 14001:2015), to experience reflecting sustainability and climate change in property valuations.

Where are we now with sustainability?

The SCSI declared a climate and biodiversity emergency in spring 2021, and support for this initiative has been huge, with 45 firms and many members signing up to support it, and pledging to follow simple initial steps including:

- reducing our carbon footprint;
- minimising waste generation;
- mitigating risk of water pollution;
- conserving water; and,
- including biodiversity measures in our practices.

FEATURE

Eloise Heron
Chartered Valuation Surveyor and Sustainability
Consultant, Chair, SCSI Sustainability Group





AT THE TIME OF WRITING, WE ARE WAITING FOR THE GOVERNMENT'S UPDATED CLIMATE ACTION PLAN AND NEW CARBON BUDGETS TO BE SET, AND THIS CAN'T HAPPEN FAST ENOUGH.

Every signatory has already agreed to this as a starting position. Since this date, a Surveyors Declare Steering Group has been established (with Emer Byrne as Chair) and this group of about a dozen representatives has committed to meet every three months or so, in order to liaise with all signatories, and drive forward Surveyors Declare as we move from talk to real action!

Climate emergency

At the time of writing, we are waiting for the Government's updated Climate Action Plan and new carbon budgets to be set, and this can't happen fast enough. The latest report by the Intergovernmental Panel on Climate Change (IPCC) has scared more people than any Stephen King book, not least because it is not a work of fiction. With every news feed filled with wildfires, killer temperatures, floods and crop failures, the changes needed to finally address our contribution to this are finally going to happen. This will not only deeply affect the everyday actions of us all personally, but will also impact on our businesses. Climate change is already affecting every part of the world (including Ireland) in multiple ways, and the difference between warming

of 1.5 degrees and two degrees is enormous; every tonne of carbon saved from going up in the atmosphere matters at this point. Nearly 40% of energy-related global carbon emissions come from the built environment, so the impact we can have as members is huge.

If global net negative CO₂ emissions were to be achieved and sustained, the global CO₂-induced surface temperature increase would be gradually reversed, but other climate changes would continue in their current direction for up to thousands of years. For instance, it would take several centuries to millennia for global mean sea level to reverse course, even under large net negative CO₂ emissions. So our actions now matter so much – all our futures literally depend on it.

How can I contact the Panel?

Just contact sustainability@scsi.ie and we will try to get back to you as soon as possible.

Disclaimer

This service is to provide general guidance to members as they undertake their professional work. Using this support, you agree to the use of information obtained from the panel to assist you in identifying areas that would assist you on sustainability matters. However, it remains your responsibility to ensure the advice given to your clients is true and correct. All reports or client advice contained therein is the sole responsibility of the professional or their firm as part of their professional indemnity insurance.

TURNOVER RENTS

TURNOVER-BASED RENTS ARE AN INCREASING PART OF THE RETAIL LANDSCAPE IN IRELAND.

Turnover rents are a relatively recent concept in Ireland and are primarily utilised in the retail sector. The emergence of international retail brands in the Irish market introduced the concept of turnover deals, linking rental payments to a retailer's performance.

Following the economic collapse of 2008, the negotiation position switched somewhat to the side of retailers, who sought to dispense with traditional upward-only leases with fixed rents and periodic reviews, and pivoted towards turnover-only-based deals. This option was being explored more as the structural change in retail started pre Covid-19, but the pandemic has accelerated the progression and it is widely anticipated that they may become the norm in future.

As with any emerging trend, the details and practicalities can move quickly and it is important that valuation surveyors are aware of how this element of the market is evolving, what the challenges are, and the options in terms of valuation approach.

A group of SCSJ members has met to capture some of the key items for consideration in turnover leases and to share our findings. At this stage it is true to say we are really posing more questions than providing answers, but we hope to increase awareness, enable discussion, and that collectively we can assist with knowledge sharing.

Partnership

Turnover-based deals seek to foster a sense of partnership and align the interests of landlord and tenant. Both stakeholders have a common objective to maximise turnover, thereby maximising profits (tenant) and rents (landlord). And, unlike traditional leases, both sides to a turnover lease share the risk of less advantageous trading conditions. This relationship can only really work when it is based on trust, transparency and co-operation.

There is a reluctance by some landlords to engage in this kind of lease due to a concern about how the valuer will approach the income stream and reflect the risk (downside and upside!). This is a valid concern given the general rarity of turnover leases and the lack of information, awareness, and expertise in the market. That said, increased flexibility in traditional leases is much more likely at this point in time, and hence valuers will be adjusting to shorter lease terms in any event. A number of landlords are also embracing the trend and seeing the opportunity to improve the overall performance of their asset.

Shopping for success

Shopping centres are where the most significant mutual benefit can be seen. The increasingly dynamic nature of this asset class raises questions of which valuation approach is best suited to reflect this evolving market. The changes in lease structures and volatility in cashflows have also resulted in investors increasingly viewing the shopping centre asset class as a trading business, where scrutiny of tenants' trading potential and a hands-on approach to management of the centre are essential to enhance the scheme to support trade, remove underperforming tenants and replace them with new ones. Landlords must also deliver on their side of the bargain, by doing all

FEATURE

Written by members of the SCSJ
Turnover Rents Working Group

they can to support retailers and drive footfall by creating the right environment and tenant mix for success.

Most valuers in Ireland (and the UK) have traditionally adopted the investment approach (and continue to do so). However, perhaps in future we will witness a different kind of relationship between landlord and tenant, with an increasing emphasis on transparency of tenant trading information and increased co-operation from the landlord to support the tenants' trading ability. This creates the conditions for a symbiotic relationship between landlord and tenant more akin to a trading business.

The role of valuers

The question then arises: how are valuers to interpret this new relationship? This is where the case for using the discounted cashflow method (DCF) comes in. The benefits of this method of valuation are numerous, including flexibility around assumptions and adjustments at an individual tenant level and timing. However, it is currently not widely used in Ireland and specialist in-depth knowledge on the part of the valuer is key. As the investment market here continues to witness large-scale deployment of capital by institutional European funds, is this the time for Irish valuers to embrace this method of valuation? As ever, the devil is in the detail and from the perspective of agreeing a deal, and indeed a valuer then being able to interpret the deal, a number of important considerations must be taken into account in lease agreements, including:

- what percentage of turnover is 'reasonable'?
- what is, and is not, included, e.g., to what extent is it appropriate to include 'click and

- collect' for any given store?; and,
- what about returns?

Proper due diligence research into the tenant entity by the landlord is key in relation to their trading history or potential. This may involve reviewing the number of branches/stores the tenant already has, how long they have been in operation, and what trading history they can provide to give a degree of comfort of trading potential at the subject property. If the tenant is a new or unproven entity, this can obviously create more uncertainty as to their trading ability and a landlord may require additional measures such as an agreed minimum trading level, potentially with a guarantor to back this up, or a deposit to be released if the level is not reached. Other items include the alienation and insurance provisions, keep open clauses, landlord and tenant break options and, given the pandemic experience, how parties deal with lockdown periods where retailers are not able to trade.

Perfect timing

Another significant question is the length of time for the turnover element to continue. A rent based on turnover can benefit the tenant (low turnover means lower rental payment). Conversely, a high-trading business can generate a higher level of rent for the landlord. No one can accurately predict the future; hence, there is a risk for either party agreeing to a turnover-related rent for a lengthy period. Consideration could be given to potentially incorporating a turnover rent for a set period and then moving to market rent reviews, or perhaps considering a minimum and maximum level of rent.

One of the basic items for consideration is whether or not there is a base rent plus turnover top-up, or is it pure turnover? There could be a provision for the turnover percentage to be fixed or increasing over a number of years, or indeed for a scale depending on different ranges of turnover. The key questions are: how does a valuer assess the likely level of income to be valued?; and, what risk do they put on that assessment? Is it more risky and so a higher yield should be applied, or is there an argument that it is actually more secure as it is a more sustainable business model for the tenant?

As we said at the start of this article, we are posing more questions here than answers. In future articles/blog posts we will examine a number of these questions in more detail. We are inviting feedback from SCSi members, and if there are insights you would like to share, we'd like to hear them.

Please contact info@scsi.ie with your questions or comments.



REGISTER AND PROTECT

AS REGISTRATION BODY FOR THE PROTECTED TITLES OF BUILDING SURVEYOR AND QUANTITY SURVEYOR, THE SCSI HAS A VITAL ROLE.



The Building Control Act 2007 (The Act) designates the SCSI as Registration Body for the purposes of the registration of the protected titles 'Building Surveyor' and 'Quantity Surveyor' in the State. As well as investigating misuse of title, we raise awareness of the title's protected status and the importance of checking the Register. We explain the benefits of using a registered Building Surveyor and/or Quantity Surveyor to the public, and engage with the media to ensure title references are accurate. The SCSI Register – <https://scsi.ie/the-register/check-the-register/> – is a definitive list of all of Ireland's Building and Quantity Surveyors. We encourage you to let your clients know that you are registered, and help them to spot those who aren't by helping us raise awareness of your registered status and of the Register. By highlighting your registered status, and if

coupled with your Chartered status, you immediately distinguish yourself from unregulated competitors and provide an instant guarantee of your credentials.

SCSI v William Doran

The Act makes it an offence for persons to use the title Building Surveyor, Quantity Surveyor or Architect, or to practise or carry on business under any name, style, or title containing the words Building Surveyor, Quantity Surveyor or Architect, unless registered with either the SCSI or the Royal Institute of the Architects of Ireland.

The Board of the SCSI is the body responsible for bringing and prosecuting cases of misuse of titles. A decision by the SCSI to prosecute any person is a serious decision.

However, a decision not to prosecute can undermine the confidence of registered Building and Quantity Surveyors and the public in the SCSI as a responsible regulator. The SCSI

takes such decisions carefully and objectively, taking into account the strength of the evidence, the public interest and time limits.

When the SCSI is informed of a potential misuse of the protected title it will, where possible, contact the persons or businesses who have been reported and help them to regularise their position.

However, where a person or business fails to regularise their position and/or repeatedly ignores written requests to cease and desist from misusing the protected title, the SCSI, through its Registrar, will commence proceedings and bring a prosecution for misuse of title in the District Court.

In the case of the *SCSI v William Doran*, Mr Doran was convicted in the District Court in July 2021 of representing himself as a Building Surveyor and Architect while not having satisfied the requirements for registration of either profession under the Act. He was fined a total of €7,500.

THE LAST WORD

Gwendolyn Wilson
SCSI Director of Regulation
and Registrar



PROPERTY IN THE IRISH TIMES

RESIDENTIAL PROPERTY

Residential Property
myhome.ie

Stud farm returns with €11.5m

Ballydoon Stud, a six-bed Georgian house on 127 acres close to Enniskerry, was bought for €7m during the boom, significantly overpaid and following attempts to sell for €2.5m in 2008, it's back guying €2.5m

66

There's a real buzz for the market here as the market has been strong for the past few weeks.

COMMERCIAL PROPERTY

Commercial Property

The Square Tallaght on offer for €22m

Shopping centre's second expansion with a total of 157,000 sq ft. Buyer is expected to come from a financial institution.

22m

The project will be a 157,000 sq ft shopping centre with a total of 157,000 sq ft.

ART, ANTIQUES & COLLECTING

Paul Henry's original 'W'

Artist's view of Ireland in scope through Commemorative World

Michael Farman

Paul Henry's original 'W' is a masterpiece of Irish art.

HOME & DESIGN

Home & Design

Ireland's Houses of the Year

The 20th Annual RIAA Awards celebrate the best of architecture today. At last night's event the winners of one of the most eagerly-awaited categories, House of the Year, are hailed. Designs ranging from an original house in Funchigh to a transformed stone farmhouse in Kildenny.

Safe haven
Mod Thain Heffernan's home comforts

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