# SURVEYORS JOURNAL

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## WEAVING SUSTAINABILITY INTO VALUATIONS



ALSO IN THIS ISSUE

INTERVIEW WITH DARA DEERING, CEO OF HBFI

APARTMENT DEFECTS SCHEME

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## RECOGNISING OUR Achievements

THE SCSI HAS LAUNCHED THE SURVEYING EXCELLENCE AWARDS TO RECOGNISE EXCELLENCE AND BEST PRACTICE ACROSS PROPERTY, LAND AND CONSTRUCTION.

s Chartered Surveyors, we seek to adhere to the highest professional standards and to provide the best service to our clients and society. To celebrate and recognise excellence within our profession, we are

launching the Surveying Excellence Awards. This is an exciting development for the SCSI and comes at a time when the Society is receiving growing recognition externally for the role members play across property, land, and construction.

These awards seek to further highlight the significant contribution of surveying professionals to every stage of the life cycle of buildings. Across all sectors, SCSI members either individually or collaboratively work to improve the natural and built environment. The Surveying Excellence Awards are a marker of the highest industry standards and best practices, and celebrate surveyors' excellence, continued learning, sustainable innovations, and embracing technology to enhance the built environment.

#### Categories

The award categories include:

### Individual Recognition Awards (nominate yourself or another member):

- Young Surveyor of the Year Award
- Sustainable Champion Award
- Elevate Award Championing Women in Surveying

## PRESIDENT'S MESSAGE

Enda McGuane SCSI President



### your firm or team): Community Development Award

**Organisation & Team Recognition Awards (nominate** 

- Best Integrated Approach to a Project Award
- Innovation Award

### Academic & Volunteer Awards (submit your dissertation):

- Undergraduate Dissertation Award
- Postgraduate Dissertation Award
- President's Award for Outstanding Contribution

#### How to enter

I encourage every member to take this opportunity to recognise the important contributions of your work, your firm, and your colleagues. It is in recognising excellence that we inspire one another to go further. Members can submit their entries or nominate a fellow member at scsi.ie/awards.

Be sure to submit your nominations in advance of the October 31 deadline.

#### Award ceremony

The Awards will be presented at our upcoming National Conference, which will take place on December 7 at the Croke Park Conference Centre. I look forward to presenting the awards and, together with all of you in attendance, celebrating the many accomplishments of our profession, and recognising the achievements of our fellow members.



## A GROWING PROFESSION

## THIS EDITION HIGHLIGHTS SEVERAL INITIATIVES TO EXPAND AND DIVERSIFY THE SURVEYING PROFESSION.

n line with a growing population and a thriving economy, the demand for surveyors is increasing. Surveyors will therefore be happy to see that there continues to be strong interest in surveying courses in universities, as reported by James Lonergan, Director of Education & CPD (page 30). James notes that the points levels for these courses have either held their own or have increased, boding well for the capability of those who will be joining the profession in future.

To facilitate an expansion in the number of surveyors, it is likewise desirable to spread the range of routes to entry, not only to enable the profession to grow but also to allow entry to those with a diverse range of backgrounds. The traditional entry route of following a full-time course does not suit everyone and, in my view, a practical profession like surveying is well suited to developing members through apprenticeships and other earn-as-you-learn opportunities. The success of such approaches depends crucially on a successful partnership between academic, professional and industry bodies. James also outlines (page 15) one such programme at TUS Shannon in Limerick, which must be a welcome development for a diversified profession. Given the expanding demand for surveyors, it is not surprising to learn of an increase in the number of overseas surveyors applying for registration in Ireland. This is now running at c.40 per annum and what stood out for me in the piece on this by Gwen Wilson, Director of Registration and Registrar, is the great diversity of countries from which these surveyors come (page 26). This is neatly demonstrated by the accompanying world map and it is encouraging to learn of this diversity, which will enhance the profession.

Finally, may I encourage surveyors to consider nominations for the recently launched Surveying Excellence Awards (see the next page). These are geared towards recognising excellence, continued learning, and positive impact and innovation to enhance the built environment. One might think that such awards are ubiquitous, but it is important to celebrate contributions made by fellow surveyors and have these recognised by one's peers.

**EDITORIAL** 

**Tom Dunne** Editor



### BASIC DIGITAL SKILLS PER COUNTRY

(PERCENTAGE OF POPULATION)

According to EU targets, at least 80% of all adults should have minimum basic digital skills by 2030.



Source: https://ec.europa.eu/eurostat/web/interactivepublications/digitalisation-2023.

### **SURVEYING EXCELLENCE AWARDS LAUNCHED**

We are delighted to launch the 2023 Surveying Excellence Awards, which will be presented at this year's National Conference at the Croke Park Conference Centre on December 7.

The Awards are geared towards recognising excellence, continued learning, and positive impact and innovation to enhance the built environment.

SCSI members can nominate themselves, a fellow member, or their firm in one of several award categories that celebrate all levels of the profession.

Please visit scsi.ie/awards to make your nomination for this year's inaugural Surveying Excellence Awards.

The deadline for entries is October 31.



### School of Surveying and Construction Innovation

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- TU281 MSc in Real Estate
- TU375 MSc in Real Estate
- TU085 BSc (Honours) in Property Economics

#### **Quantity Surveying**

- TU087 BSc (Hons) in Quantity Surveying and Construction Economics
- TU223 MSc in Quantity Surveying (Conversion)

#### **Construction Management**

- TU083 Higher Cert in Construction Technology
- TU086 BTech (Ordinary) in Construction Technology

#### **Geospatial Surveying and Digital Construction**

- TU415/1 Pg Cert in BIM Technologies
- TU415/2 Pg Dip in Collaborative BIM
- TU415/3 MSc in applied BIM and Management
- TU174 BSc (Honours) in BIM (Digital Construction).
- TU058 Pg Cert in Digital Construction Analytics / Engineering Analytics
- TU5405 CPD Cert in Geographical Information Systems
- TU220 MSc Geographic Science (PT)
- TU268 MSc Geographic Science (FT)



ICE Irish Construction Excellence Awards 2020

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### **SCSI GOLF DAY**



It was fantastic to have 18 teams with 72 players at our soldout Golf Day, which took place on September 21 at the Castleknock Golf Club. Congratulations to the winning team from Savills and Eagle Street – James Scott, Karl Lynch, Shane Gilbane and Brian Considine – and the runner-up team from Cairn!

Well done to all the teams that came out to compete from Herbert & Lansdowne, Duke McCaffrey Consulting, Walls to Workstations, Mulcahy McDonagh and Partners, Cairn, WYSE Property Management, Murphy Mulhall, Burlington Engineering, Arcadis, John Gilmore Auctioneer and Valuer, Jones Engineering, Savills, Scott Murphy CBS, Crean, KSN, Aramark and Val O'Brien.

Members of the winning golf team, Shane Gilbane (left) and James Scott (right) of Savills, pictured with SCSI CEO Shirley Coulter.

## **BOOK A ROOM AT 38 MERRION SQUARE**



Members can use our new online form to book rooms at the SCSI's Head Office in Merrion Square free of charge. Four different spaces are available for booking. The rooms can accommodate small or large groups, and some have audiovisual and hybrid meeting technology. Simply log in to scsi.ie and click on the member area to book.



### **BOOK YOUR TICKET FOR THE 2023 NATIONAL CONFERENCE**



The SCSI National Conference will take place on Thursday, December 7, at Croke Park, Dublin 3.

As a thought leadership event for property professionals in the industry, the SCSI National Conference is a stand-alone event that acts as a catalyst for businesses to learn, evolve and come together over a one-day conference. With over 180 companies represented, from SMEs to large global firms, it is quickly becoming the flagship event of the property industry.

Tickets are available now at scsi.ie.

### **NEW MEMBER SUPPORTS**

The SCSI has launched several new online features via scsi.ie to provide professional guidance and support for members. There are three new pages: a new online professional guidance directory; a sustainable practice page; and, a new 'ask a question' online support for members.

#### Professional guidance directory

The new online professional guidance directory provides members with a simple list of all relevant guidance by professional group (PG). Simply click on your PG and find the full list of guidance to support you in your work.

#### Sustainable practice page

Our sustainable practice page serves as a sustainability hub for members. This page provides members with guidance, useful resources, and the latest CPD content on sustainable practice.

#### Ask a question

Members can now submit queries to the SCSI policy team through our new online form. Simply submit your query and the SCSI policy team will contact you and provide assistance. Get in touch with us through our online form if you have questions, can't find what you are looking for, are in need of professional guidance, or have a suggestion for the team. To submit your query, visit scsi.ie/askus.



#### Upgrades to the SCSI news section

In addition to new member supports, we have also upgraded the news section of our website to keep members and the public connected with the latest insights. Visit the news section to access our new research and reports, consumer guides, and publication release calendar.

These new pages make it easy to search through our reports and consumer guides.

Our full publication release calendar is also now available, showing our published and upcoming publications for 2023. Click on the news menu to see our new pages.

Ensuring that the SCSI website supports members and provides insights for the public remains a top priority. We look forward to updating you on further website upgrades and member features in the future.

### **BECOME A STUDENT MEMBER**

We would like to wish a warm welcome to all the new and returning students in SCSIaccredited programmes. We look forward to connecting with you in the coming months.

At the start of the new term, we are encouraging students on accredited courses to become student members of the SCSI. Students can sign up online to become student members for free!

The online SCSI student member sign-up form is available at https://scsi.ie/studentmembersh ip/. Please share it with any surveying students you may know.



## PROMOTING CAREERS IN SURVEYING

We are delighted to engage with future surveyors at careers fairs this autumn. The SCSI's education team has already engaged with students at six careers fairs:



- Options West;
- the TY Show;
- the Patrician Secondary Schools Careers Fair;
- the DKIT Careers Fair;
- Career Options Cork; and,
- TUD Construction and Engineering Fair.

We are here to help young people connect with great careers in property, land and construction. If you or a young person you know has questions about careers or courses, contact Ruth Comerford-Morris, SCSI Deputy Director of Education, at ruth@scsi.ie or book a free oneto-one career chat on our website.



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## **EMPOWERING CONSTRUCTION**

DARA DEERING, CEO OF HOME BUILDING FINANCE IRELAND, OUTLINES HER ROLE, AND THE FUNCTIONS AND WORK OF AN ORGANISATION THAT WAS SET UP TO GET HOUSES BUILT ACROSS IRELAND.

ome Building Finance Ireland (HBFI) was established in 2019 to provide funding to viable commercial housing schemes, and to ensure that debt funding was not a barrier to the delivery of new housing supply. CEO Dara Deering believes HBFI has performed its role well and been a valuable addition to the market.

It offers funding to house builders and developers at market rates for commercially viable developments of five housing units or more. Since 2019, it has provided almost €1.5bn in funding to house builders for developments underway, due to commence shortly or completed, which amounts to 6,357 units across 117 developments. Dara says: "We work extensively with all of those involved in the delivery of new homes, both in the public and private sector, to help deliver on the Government's targets under Housing for All".

#### Engagement

The role offered Dara the chance to build an organisation from the ground up. She previously worked in the private sector for different financial institutions, including KBC and EBS. She enjoys the variety of the job and engaging with the sector: "I spend a lot of time dealing with stakeholders and talking to stakeholders across the public and private sector. That could be house builders directly or it could be another agency. But that's quite rewarding because we get an opportunity to understand what challenges the sector is facing and most importantly, how we respond as an organisation, enhancing our product range or making sure there's general awareness of HBFI in the marketplace".

**INTERVIEW** Colm Quinn Senior Journalist, Think Media Ltd



HBFI OFFERS FUNDING TO HOUSE BUILDERS AND DEVELOPERS AT MARKET RATES FOR COMMERCIALLY VIABLE DEVELOPMENTS OF FIVE HOUSING UNITS OR MORE. HBFI was conceived because of the housing crisis, but found itself born into further challenges. The year after it was established, Covid hit and just when that was waning, the war in Ukraine started, which kicked off a cycle of inflation and interest rate rises that we are still dealing with. It's a story that is familiar to everyone but one which HBFI is not immune to, says Dara: "For an organisation like us that is trying to lend into the sector, you have to constantly adapt your offering to the marketplace. The other challenge is we're only four years old, so another priority in this role is to make sure that there is awareness, and that we are in every conversation that's happening where a house builder is looking for finance".

Raising awareness is a job that will probably never be done, says Dara. House builders often don't think about finance until they need it, so she values opportunities such as this interview to speak to other people involved in the sector in Ireland, which will also raise awareness with house builders in terms of what HBFI has to offer.

Often building is focused in the main cities and towns but HBFI is there to support home construction in all counties. Dara says it is there to enable builders to get housing units built: "We want to make sure that if there are commercially viable schemes, that they do get access to the finance they need. But as a still relatively young organisation, that's a challenge".

The organisation has funded schemes in 22 out of the 26 counties to date. Its average loan size is  $\notin 12.3$ m and the range is from  $\notin 1$ m to  $\notin 108$ m. It started out with a single product offering and this has now increased to six products to meet various challenges and gaps in the market. These products are:

- funding for schemes under 10 units;
- funding for schemes 10 units and above;
- apartment development;
- social/affordable housing;
- green funding product; and,
- accelerate product, which is for developers who have a track record of delivering schemes of 100 units or more.

#### Funding sources and flexibility

Initially, the organisation was granted €730 million from the Ireland Strategic Investment Fund (ISIF). HBFI's loans are typically lent out over a two- to three-year term. Under the legislation, it can borrow money from external markets if needed, although this hasn't been necessary to date.

While HBFI doesn't fund approved housing bodies (AHBs) directly, house builders will often sell units on to these. Dara says it engages with AHBs because if they are bringing something new to the market, like cost rental or affordable housing, then HBFI needs to know: "What does that mean ANOTHER PRIORITY IN THIS ROLE IS TO MAKE SURE THAT THERE IS AWARENESS, AND THAT WE ARE IN EVERY CONVERSATION THAT'S HAPPENING WHERE A HOUSE BUILDER IS LOOKING FOR FINANCE.

for the house builders that we're trying to finance? And do we need to flex our product in some way so that more house builders can finance units to be sold across the board from private sector to affordable and social?"

While some may perceive HBFI as competing with banks, Dara clarifies that the organisation's role is complementary. When it was set up in 2019 there was a view that there wasn't enough finance available in the market. HBFI will typically lend more than a bank and has a higher risk appetite, enabling a house builder to raise less equity than might otherwise be needed.

HBFI will also fund first-time developers, such as construction contractors who want to start developing, says Dara: "We'll try and get people established. In terms of AIB and Bank of Ireland, we wouldn't see ourselves directly competing with them. We're there more to supplement the level of funding that is available to the sector. In recognition that to get the housing output up to where we need it to be, we actually need more money in the system".

With the interest rate rises of recent times, Dara says she has seen builders seeking finance from HBFI who may have gone to different sources in the past that are not available anymore.

Under its legislation, HBFI undergoes a review by the Minister for Finance every two years. The purpose of this is to assess the organisation's continued relevance and whether there are unmet needs in the market that HBFI should be helping to address, says Dara: "Through that process, the Department of Finance would get huge engagement. They'll talk to the banks, they'll talk to non-bank lenders, they'll talk to representative bodies of the sector, they'll talk to developers directly and house builders, and they'll get their views (good and bad) in terms of if we are doing enough or are there areas that we need to address".

In the most recent review, which took place in May 2023, one issue highlighted was the recent exit from the Irish market of KBC and Ulster Bank. The review asked whether this might lead to a funding gap for house builders and to some developers hitting concentration limits with the remaining banks. In light of this, Dara says: "We were asked to come out with a new product, which we did over the summer, which is the Accelerate product, and that will allow us to lend directly to those house builders or go into partnership with AIB and Bank of Ireland on larger schemes".



#### Collaboration

Along with many typical private housing schemes in the country, HBFI has funded a number of affordable schemes. One particularly successful model is where a local authority provides the land and a developer then builds affordable units on it under a license agreement: "That's meant we have had to look at how we would finance that because you don't have your typical security in place. But we've managed to fund quite a number of schemes under that scenario. And that's an example of collaboration where we would



HBFI'S PRIORITY ... WILL BE CONTINUING TO ENGAGE WITH STAKEHOLDERS, DRIVING AWARENESS AS MUCH AS POSSIBLE, AND MAKING SURE THAT THE SUPPORTS THAT ARE OUT THERE AT THE MOMENT WORK.

work very closely with the local authority, understand what they can provide, and then work very closely with the developer. Similarly for cost rental, we've funded a scheme where the LDA has purchased an apartment scheme and those units are going to be provided under cost rental when completed". Dara is keen for those in the sector to get involved and HBFI holds regular information meetings around the country. She says to keep an eye on HBFI's LinkedIn page for information on these meetings: "If there are house builders or surveyors or anyone else involved in the sector and they want information, they can come and talk to us at those events".

The events help link house builders with AHBs, the LDA and other bodies, and representatives such as those from the First Home Shared Equity Scheme. Dara says house builders have been faced with a large amount of policy change in recent times and these events allow them to speak to people who may be able to answer some questions that they have: "I think the public and private sector need to try and collaborate so that we communicate as seamlessly as possible".

#### Message for surveyors

Dara says surveyors play a crucial role in understanding costs on the schemes that HBFI funds: "The message to them or to house builders will be if you are thinking of a scheme, come and talk to us early. We will only ultimately lend money when planning permission is in place, but we're very happy to have a conversation early and try and understand what the financing needs are, so that we can put in place an offer to try and maximise the number of units that can be delivered at any one time".

HBFI's priority remains engaging with the sector to get housing units built at the rate the country needs them, says Dara: "It will be continuing to engage with stakeholders, driving awareness as much as possible, and making sure that the supports that are out there at the moment work. Therefore, if we can make finance available for those schemes, then we will see supply continuing to increase. The numbers are quite positive for this year. It's the same with our own numbers. Our numbers are strong for 2023 versus 2022. So it's definitely going in the right direction. But we need to continue to work hard so that no matter who's in the house building sector, they know HBFI exists, they know what we can do for them, and if other gaps emerge, they know we will respond with a product to fill that gap".

## OPENING UP THE PROFESSION

## THE SCSI IS DELIGHTED TO LAUNCH A NEW APPRENTICESHIP OPPORTUNITY FOR THOSE WANTING TO BECOME A QUANTITY SURVEYOR.



n October 2023 the SCSI, in partnership with Technological University Shannon (TUS) at its Limerick campus, will launch Ireland's first apprenticeship for surveyors. The Advanced Quantity Surveyor Apprenticeship will provide students with a level 9 master's degree and a route to Chartered Membership with the SCSI. The apprenticeship will be a programme of structured education and training that formally combines workplace learning with learning in an education/training centre. It offers paid employment, allowing the

apprentice to earn while they learn.

Quantity surveyors are often at the forefront of our industry in terms of adopting change, digital transformation and embracing disruptive technologies. It is no surprise then to see that they are the first to break new ground in developing a new educational offering.

The success of apprenticeships relies on a partnership between industrial, academic and professional bodies. As we prepare for the launch of this apprenticeship, employers will play a vital role in ensuring the success of the course, and thankfully, the process is quite simple.

#### Approved employer

For employers to take on an apprentice they must first become an approved employer. This involves the completion of an online application and a visit from an authorised officer whose role is to ensure that the employer is fully aware of the requirements of the apprenticeship and related responsibilities. Once approved, the employer will assign a workplace mentor and can then employ an apprentice. The workplace mentor will support and guide the apprentice during their studies in a very similar fashion to the role that counsellors play in the SCSI's Assessment of Professional Competence (APC) process.

#### Guidance for apprentices

Once registered, the apprentice will spend two days per week in TUS Limerick during the first semester and three days in the workplace. For the second, third and fourth semesters, the

#### **FEATURE**

James Lonergan Director of Education & CPD



apprentice will have one day per week in TUS and four days working. This combination of onthe-job and off-the-job learning will ensure that apprentices rapidly develop the practical skills that they need to perform the role of a quantity surveyor effectively. As the course is a part-time postgraduate course, apprentices will also have the opportunity to register for their APCs during their studies, which will fast track their progress towards Chartered Membership.

#### Guidance for employers

Guidance and advice will be provided to employers at online employer briefing sessions and training will be provided to all mentors. Both SCSI and TUS staff will also be happy to assist employers and apprentices in starting this exciting journey towards the launch of Ireland's first surveying apprenticeship.

#### Find out more

The apprenticeship will formally launch at an event in TUS Limerick on October 26, 2023. The first group of apprentices will begin their studies in TUS from January 2024.

For more information on SCSI apprenticeships, including becoming an approved employer, entry requirements, course structure and fees, please visit www.scsi.ie/apprenticeship or contact james@scsi.ie.



## **ADDRESSING DEFECTS**

#### THE GOVERNMENT IS DRAFTING LEGISLATION ON THE WORKINGS OF THE APARTMENT DEFECT REDRESS SCHEME, WHICH WILL PROVIDE FUNDING FOR REMEDIATION WORK ON DEFECTIVE BUILDINGS.

recently got a call from a concerned gentleman. He was Chair of the owner's management company (OMC) of an apartment development, and he lived in the development. He was inquiring about how the proposed apartment defects redress scheme would work and how to register his development. The property was located in a provincial town. With some very limited probing, he advised that the development was 25 years old and the flat roofs leaked, the lifts had been out of commission for some years, and many of the windows were showing signs of decay. I asked what the current maintenance regime of the development was. He said that, due to very limited resources and a lot of outstanding service charges, no maintenance had been carried out for a number of years. Fire precaution deficiencies had not been formally identified or dealt with, but he suspected that there were many shortcomings. This is an all too familiar story to most of us in the industry.

#### **Report for redress**

The Government is currently drafting legislation on the workings of the apartment defect redress scheme. This follows the report of the Independent Working Group to Examine Defective Housing. The Working Group, which included representatives from the SCSI, finished its work in July 2022 in establishing the likely extent of the scheme. Its report stated that up to 100,000

FEATURE

**Noel Larkin FRICS FSCSI** Noel Larkin & Associates Ltd.



apartments constructed between 1991 and 2013 could have fire safety defects, water ingress issues, structural safety issues or a combination of all three. The Group's estimate of the cost of repair works is a whopping €2.5 billion.

The new redress scheme will provide funding to carry out remediation work on these defective buildings. Work is underway in the Department of Housing to draft legislation to cover the scope, eligibility and conditions of the redress scheme. The Minister has recently confirmed that his Department is working on the development of the scheme as a matter of priority, saying that sufficient time is required to draft the legislation to ensure that the scheme is fit for purpose, provides value for taxpayer's money, and contains appropriate oversight and governance measures. It was intended that the scheme would be in place by next year, but based on the absence of hard evidence at present, it is likely that this will extend out to 2025.



Importantly, the scheme only applies if the defects were caused by defective design, workmanship or materials that breached the Building Regulations that applied when the property was built. The failure of building elements as a result of inadequate maintenance will fall outside the scheme.

#### Fire safety defects

Remediation work that has begun since January 17, 2023, to address fire safety defects in apartments and duplexes will be included in the scheme. The Working Group has made a recommendation that money spent pre January 2023 on fire remediation works should be recovered in retrospect. This 'legacy defects scheme' is planned to cover the cost of remediation work that has already been completed. The detail of this scheme is not available yet, with information about how it will apply still very thin on the ground.

#### Code of Practice on fire safety defects

Fire precaution work has rightly been prioritised and a Code of Practice for the Remediation of Fire Safety Defects was published in July 2023. This Code of Practice is intended to provide guidance to building professionals and local authority building control/fire authority staff in relation to the process for assessing and remediating defects and certifying works in the context of the Fire Services Acts 1981 and 2003. The redress scheme for remediation of structural and water ingress defects has essentially been kicked down the road for the moment, with no indication on when guidance will be issued on this aspect of the proposed scheme.

The published Code of Practice is a thorough document, allowing for a detailed assessment of the building in question and prioritising or risk assessing what is needed. The standard of repair required must meet the regulations that were in place at the time of construction and as set out in the initial fire safety certificate application. This means that there may be different levels of repair needed within larger, phased multi-unit developments that were constructed as the regulations evolved. The Code of Practice requires a collaborative approach between the consultant guiding the OMC and a local authority fire officer. A set of 'sign-off' documents are

to be completed by the contractor and consultant when the work is finished. The Code of Practice allows for interim measures to improve fire safety, pending more substantive work. The critical issue here is that an assessment of the building must first be undertaken in accordance with the Code of Practice.

The remediation of fire safety defects has been carved off to be dealt with first. Regrettably, the wheels of power rotate slowly and this potentially leaves those suffering as a result of structural or water ingress issues with a long and uncertain wait ahead.

#### Inspections and advice

My inquirer wondered if there was anything that could be done now to assist with getting onto the scheme. There is nothing that can be done until the details of the scheme are formally announced. The Housing Agency has recently opened a 'placeholder' relating to the scheme on its website. This contains frequently asked questions and provides a link to the Code of Practice. In the meantime, OMCs should be on a ready footing to join the scheme. There is an onus on OMCs as the person in control of the building to provide a safe place to live. They should be pre-emptive in determining the extent of fire precaution work needed, and defective elements should be addressed in accordance with the Code of Practice.

My advice to the caller, and to all OMCs, is to start the process of inspection in accordance with the Code of Practice and begin collaboration with your local authority's fire officer. The inspection must be carried out by a building surveyor, architect or registered engineer. Obviously, the appointed consultant must have expertise in the area of fire remediation and the SCSI has recently launched a directory of registered building surveyors dealing with the remediation of fire safety issues within multi-unit developments.

The implementation of a redress scheme is not an easy task, but the Government has committed to dealing with the issue. Many commitments have been made with regard to getting the scheme off the ground, and with a potential general election in March 2025, the clock is ticking.

## **MEASURING MOISTURE**

SEPTEMBER 2022 SAW THE LAUNCH OF NEW LANDMARK GUIDANCE CONCERNING THE ASSESSMENT OF MOISTURE IN TRADITIONAL BUILDINGS.

o-produced by the RICS, Historic England and the Property Care Association, the 'Joint Position Statement (JPS) – Investigation of moisture and its effects on traditional buildings: Principles and competencies' is notable, not least for the ground-breaking collaboration between these three major organisations.

The subject is of relevance to SCSI members, especially those providing professional advice on traditional buildings, such as building surveyors who provide pre-purchase surveys or defect consultancy on these properties.

#### Traditional and modern building technology

Firstly, it is perhaps useful to remind ourselves of the widely accepted definition of a traditional building, i.e., a building of solid wall construction built (usually, but not exclusively) before 1919 using permeable materials, e.g., brick, stone, timber and lime or clay-based mortars. On the other hand, modern buildings are accepted as those built using materials and techniques invented in the 19th century and adopted on a widespread basis in the early to mid-20th century. Effectively, this means cavity wall construction using Portland-based cement mortars and incorporating damp-proof courses.

This basic understanding of construction technology is of fundamental importance when considering how a building is expected to perform and deal with moisture. In brief, traditional buildings manage moisture due to their materials and permeable technology. Moisture is naturally absorbed to varying degrees and subsequently escapes through drying and evaporation.

#### FEATURE

Jimi Johnston BSc (Hons) MSCSI MRICS MSc CHE PG Dip ABRC Assistant lecturer, TU Dublin



Conversely, modern buildings seek to prevent moisture due to their materials and impermeable technology. Moisture is discouraged from passing the outer leaf with relatively impervious paints, renders and brickwork. The cavity void provides a secondary means of prevention assisted by the complementary detailing of damp-proof courses, where the continuity of the cavity is interrupted and where the wall meets ground level.

This recognition of the distinctly different expectations and performance between old and new buildings forms one of the key concepts in the JPS methodology. In addition, the surveyor should consider the overall context of the building, such as its setting, past and present uses, lifestyle and occupancy, alterations and additions, and condition and heritage significance (i.e., monument, protected structure or architectural conservation area).

#### **Understanding moisture**

At this point, we should observe that not all moisture constitutes a problem. Dependent on the environment and materials used, some degree of moisture is often tolerated, sometimes even necessary. It is the excess, or presence of unwanted moisture beyond which the material or environment is able to accommodate it, that is a problem.

Key to the appropriate application of the guidance is a detailed understanding of moisture and moisture-related defects in buildings, and how to investigate, diagnose and advise upon the causes and remedies of these problems. The JPS notes the variety of moisture detection and measurement tools available, and crucially observes that it is the surveyor's responsibility to determine what method is most appropriate. At this point, we must again remind ourselves of the clear limitations of one piece of equipment that resides in the tool kit of almost every surveyor: the electrical moisture meter.

#### Beware the moisture meter

Moisture meters come in two varieties: capacitance meters and resistance meters. We might start by acknowledging that neither actually measures moisture, not directly at least. For instance, the electrical resistance meter measures the resistance encountered by an electric current passing through a material between two points, or pins/probes. Therefore, moisture meters are calibrated to accurately measure the resistance of a specific material, i.e., timber. When used correctly, it is indeed a useful tool.

However, in other circumstances it is at best indicative and at worst unreliable. It should only be used on other materials, e.g., masonry, plaster, paint, with an appropriate level of cautious knowledge and understanding.

This is a distinct limitation, as is the fact that readings are obtained at surface level only (or immediately below), not at depth. However, the greatest limitation is the inability to differentiate between the presence of moisture (which influences the electrical resistance and therefore the reading) and other sources of potential false readings.

#### Potential false readings

Many common building materials, treatments and contaminants can lead to false readings, such as foil-backed plasterboard, timber preservatives, lead-based paints, hygroscopic salts, residual ground source salts (from historic rising damp), and salts unintentionally introduced by later alterations (e.g., Portland cement-based mortars and/or contaminated plastering sands). Another more obscure example of a potential false reading arises from the presence of salts, in an otherwise dry wall, in converted farm buildings (i.e., salts derived from past animal urine). What is clear in the literature is that the potential for false readings is significant. The British Standards Institution (BSI) states that "accurate measurement of the moisture content of masonry cannot be obtained by the use of electrical moisture meters",<sup>1</sup> and that "hygroscopic salts ... can cause ... moisture meters to give spurious readings.<sup>2</sup> The Building Research Establishment (BRE) further adds that "it is not uncommon for meters to give high readings on surfaces which are virtually dry, especially in old buildings".<sup>3</sup>

Lastly, and more obviously, moisture meters cannot differentiate as to the cause of potential moisture, e.g., penetrating damp (water ingress, lateral dampness), leaking services and appliances, condensation, or rising damp.

With all these limitations in mind, perhaps it would be better to think of it as a 'dryness meter'. Where there is little or no reading, the surface is relatively dry and without contaminants. With the exception of timber, it cannot be used to quantitatively measure moisture in any material. It certainly cannot be used in isolation to identify moisture caused by rising damp.

Unfortunately, past research by the BRE<sup>3</sup> indicates that this is often the case, where rising damp was hastily identified as the likely cause and responsibility for 'further investigation' referred to 'others'. Despite the acknowledged fact that surface moisture offers "no indication that a genuine rising damp problem exists",<sup>4</sup> it seems that this overly simplistic observation has, without further consideration, too often preceded expensive and disruptive remedial works (e.g., chemical injection damp-proof systems), which were otherwise completely unnecessary. One of the publicly stated core aims of the JPS is to put an end to this poor practice and to

irreversible physical intervention in traditional buildings.

#### Damp specialists

Building surveyors are the pre-eminent construction professionals who investigate and advise upon damp-related issues. Building pathology is a fundamental component of undergraduate degrees and represents a core competency in the building surveying pathway to Chartered status. Therefore, the investigation of dampness is a core specialism of the building surveyor. There is no need to refer or defer to others, unless in a supporting role. The surveyor is the unbiased, impartial and independent damp specialist whose professional skills, acquired through years of training and experience, should be relied upon.

In summary, depending on the instruction received (e.g., level 2 or 3 building survey), the JPS reasonably expects the surveyor to conduct a holistic, whole-building inspection, forming a considered opinion (often through the process of elimination) to provide clear, professional advice on the potential and most likely cause of dampness and how best to approach any necessary further investigation, repair or maintenance.

Research estimates that 75-80% of building envelope defects are either directly or indirectly attributable to moisture.<sup>5</sup> This fact, together with predicted increases in future rainfall and the growing appreciation and reuse of traditional buildings, suggests that there will be no shortage of this type of future work for building surveyors. The JPS provides a set of clearly defined principles and competencies, representing best practice in this respect for traditional buildings. It should be welcomed and actively embraced by SCSI members.

#### The JPS is available at:

https://www.rics.org/professionstandards/rics-standards-and-guidance/s ector-standards/building-surveyingstandards/investigation-of-moisture-and-i ts-effect-on-traditional-building.

References available on request.

## **PROPERTY ARBITRATION IN THE COURTS SERVICE**

THE PROPERTY ARBITRATION FUNCTION OF THE COURTS SERVICE NEGOTIATES THE COMPENSATION ARRANGEMENTS FOR PROPERTY OWNERS AND IS COMMITTED TO PROVIDING BETTER INFORMATION TO THE PUBLIC ON HOW IT WORKS.

he Acquisition of Land (Assessment of Compensation) Act 1919 is an important piece of pre-independence legislation that continues to have an impact on Ireland today, especially for landowners whose land is subject to compulsory purchase order (CPO). There is a property arbitration function supported by the Courts Service where SCSI members carry out this very important work.

The work so far

The 1919 Act provides that "being persons with special knowledge in the valuation of land, as may be appointed for England and Wales, Scotland and Ireland by the Reference Committee, shall form a panel of persons to act as official arbitrators for the purposes of this Act in England and Wales, Scotland and Ireland respectively". Following the retirement of Michael Neary as the property arbitrator in December 2021, this work has been carried out by a panel of five experienced SCSI members who are available to arbitrate on the compensation arrangements for property owners whose land is subject to CPO or other rights of access. As a measure of the importance of the work carried out, the drafters of the 1919 Act set down that those appointed to do this work would be appointed by a Reference Committee, which in 1919 was made up of "the Lord Chief Justice of Ireland, the Master of the Rolls in Ireland and the President of the Surveyors' Institution, or (if the President of the Surveyors' Institution agrees) a person, being a member of the council of that institution and having special knowledge of valuation of land in Ireland appointed by him to act in his place". Post independence, the members of the Reference Committee are now the Chief Justice, the

#### FEATURE

Tom Ward Head of Superior Courts Operations, the Courts Service President of the High Court and the President of the SCSI. Panel members are given their powers on foot of a warrant signed by the Chief Justice. The property arbitrator's role is carried out independently of any State agency and each arbitrator is answerable only to the courts. Property arbitrators are appointed to a panel for a fixed period and the term for the current panel is due to expire on June 25, 2025.

#### Process for assigning work

Either of the parties, be it the claimant (landowner) or the acquiring authority (local or public authority) can apply to the secretary of the



PANEL ARBITRATORS ARE VERY AWARE OF THE IMPORTANCE OF THE INDEPENDENCE OF THEIR ROLE, AND THEY WORK HARD TO ENSURE THAT THERE ARE NO ACTUAL OR POTENTIAL CONFLICTS OF INTEREST IN THEIR ADJUDICATION OF CASES.

Reference Committee for the nomination of a property arbitrator to determine the question of disputed compensation. Applicants complete an application form that sets out in summary the nature of the claim along with the names of the parties. As is the case in the courts themselves, the assignment of work by the Reference Committee is random and based on the availability of the panel arbitrator to travel to the location in question. Panel arbitrators are very aware of the importance of the independence of their role, and they work hard to ensure that there are no actual or potential conflicts of interest in their adjudication of cases.



#### Arbitrations

Like the courts, property arbitrators are committed to resolving any dispute as expeditiously as possible. To assist with this, property arbitrators will ask parties to provide the essential information to clarify the nature of the dispute and determine the duration of any hearing. Property arbitrators find that where SCSI members and legal representatives help the claimant to put in a well-conceived claim within a reasonable space of time after the notice to treat, the process runs much more smoothly. The identification of preliminary issues to be resolved helps the parties to focus on the issues where the dispute arises and, by extension, assists the property arbitrator in preparing for any hearing and subsequent decision. SCSI members can also help reduce delays by ensuring that all the key documents in support of their clients' claims are assembled and readily available. At the end of the process, the parties can expect to receive comprehensive decisions from the property arbitrator that explain the reasons for them.

#### New information

The panel of property arbitrators and the Courts Service are committed to providing better information to the public on how the function works. The Courts Service has published new information on its website on property arbitration, and on the valuable work being done by the five property arbitrators on the panel. Increasing the quality and amount of information available on the work of the panel of property arbitrators is essential to building transparency and public trust in this key function. We will continue to improve the information available to the public and SCSI members, and would welcome any feedback on areas of interest. The new webpage can be viewed at: https://www.courts.ie/propertyarbitration.

#### Future goals

The Law Reform Commission (LRC) published a report in March 2023 on the compulsory acquisition of land, which made some far-reaching recommendations on the arrangements in place after a CPO has been confirmed and becomes operative. The report also comprised a draft Acquisition of Land Bill.

The Department of Housing, Planning and Local Government's legislative priority in the planning area this year is to support the process to enact the new Planning and Development Bill, which is due to be published this month. The Department has not publicly commented on the content of the LRC report and so, in the meantime, the Courts Service and panel arbitrators remain fully committed to providing this important public service and enhancing the information available on its provision.

Members interested in learning more on the property arbitration function can contact Tom Ward at: SuperiorCourtsOperations@courts.ie.



## WEAVING SUSTAINABILITY INTO VALUATIONS

IN THIS, THE THIRD ARTICLE BY THE AUTHOR ON SUSTAINABILITY AND VALUATIONS, TRADITIONAL VALUATION METHODS ARE COMPARED WITH DISCOUNTED CASH FLOW TO EXPLORE SUITABLE TECHNIQUES FOR REFLECTING SUSTAINABILITY IN OUR VALUATION APPROACHES.

he subject of sustainability and environmental, social, and governance (ESG) has risen to elevated status in terms of relevance and topicality over the last number of years. Aside from growing investor and occupier demand for more sustainable real estate, two significant events in

2022 contributed to an acceleration in interest in ESG in the realm of valuation reporting:

- the introduction of mandatory reference to sustainability in valuation reporting standards, i.e., RICS Valuation – Global Standards 2022 (The Red Book); and,
- new regulations and EU directives on disclosure and reporting for investment managers and large corporates on sustainability, such as the Sustainable Finance Disclosures Regulation (SFDR),

FEATURE

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Corporate Sustainability Reporting Directive (CSRD), and the Non-Financial Reporting Directive (NFRD).

Ultimately, it is our growing climate crisis and the urgent need to lower carbon emissions to stabilise global temperature rises that are the overriding drivers of this heightened awareness of ESG in the corporate environment. Legislation is poised to ratchet up. In March 2023, the EU Parliament approved proposals for significant amendments to the Energy Performance in Buildings Directive (EPBD). Once enacted, these proposals provide that all new buildings will be zero-emission buildings by 2030, with measures to transform existing stock into zero-emission buildings by 2050. These measures will include the introduction of Minimum Energy Performance Standards (MEPS) in 2027 for existing stock (it is proposed that existing commercial stock will achieve at least an energy performance certificate of Class F from 2027), signalling alarm bells for some property owners.

The above factors, i.e., our climate crisis leading to more stringent

FIGURE 1: Pathway to achieving sustainability in valuation approach.



professional standards and regulation, mean that valuers and all Chartered Surveyors need to upskill in ESG and sustainability, and adapt our valuation approaches. Some useful guidance can be found in the SCSI Sustainability Working Group's Surveyors Declare Sustainability Resource (SCSI, 2023), and Valuation Considerations for the Valuation of Commercial Assets in the Context of Sustainability (SCSI, 2021).

#### Valuation approaches

The primary purpose of this article is to assess some of the valuation approaches available to explicitly reflect in the valuation appraisal any impact of sustainability. It is worth noting that the Red Book valuation technical and performance standard (VPS) 5 states that: "The valuer is ultimately responsible for selection of the approach(es) and method(s) to be used in individual valuation assignments".

Leading researchers and academics (see Lorenz and Lutzkendorf, 2011) suggest that existing methodologies are appropriate, such as traditional methods (like term and reversion and hardcore), but caution that the sales data from similarly rated buildings is employed. It is important when using traditional approaches not to undervalue or overestimate, particularly when retrofit costs are being incorporated into the model. Ensure that the yield applied has been arrived at through similar comparative analysis. Hence, the importance of incorporating sustainability credentials into our comparable analysis to identify trends (if any) in both rental and yield evidence (**Figure 1**). Many valuation houses have already updated, or are in the process of updating their datasets to include BER, LEED, BREEAM and other sustainability accreditations for properties. Valuers can go further and include energy and water usage data in these datasets, if available. Before long valuers should be able to develop their own quick reference guide of total annual energy usage expressed as a percentage of total floor area for buildings they value, akin to our price and rent per sqm reference points.

RICS guidance and standards also discuss the suitability of discounted cash flow (DCF) for such analysis and appraisals (e.g., Sustainability and Commercial Property Valuations (RICS, 2023), and Discounted Cashflow for Commercial Property Investment (RICS, 2010)). Further recommendations and guidelines on this from the RICS are expected in the near future.

In the summer 2022 edition of the *Surveyors Journal*, I discussed the impact of sustainability on overall returns or internal rates of return (IRR) on a hypothetical office investment that extends to 2,350sqm with a BER of C+. A retrofit or refurbishment was considered desirable to ensure stable cash flows and future-proof the asset in terms of value

Key valuation	Example 1	Example 2	Example 3	
assumptions adopted				
	Traditional simple term	Traditional term and reversion	DCF with retrofit	
	and reversion	with retrofit		
Value result	€18,188,432	€18,433,246	€18,505,400	
Floor area (sqm)	2,350	2,350	2,350	
Current market rent as is	€1,200,000	€1,200,000	€1,200,000	
Current market rent with retrofit	n/a	€1,431,500	€1,431,500	
(market rent estimate today				
€609 psm incl. cars)				
Retrofit cost estimated				
(assumed €2,000 psm subject to costing)	n/a	-€4,700,000	-€4,700,000	
Hold period (years)	n/a	n/a	10	
Rent review pattern (years)	5	5	5	
Rental growth rate assumed	n/a	n/a	2.50%	
Discount rate	n/a	n/a	9.00%	
Comparable market equivalent	6.00%	6.00%	6.00%	
yield as is				
Comparable market equivalent	n/a	5.00%	5.00%	
yield for retrofit stock				
Void allowed	none	none	12 months year 6	

#### Table 1: Hypothetical office development – summary.

and returns. That example is expanded here to demonstrate how a traditional valuation appraisal and the DCF can be adapted to explicitly account for an upgrade (to improve sustainability ratings) in a valuation appraisal (as opposed to an IRR calculation). It is assumed that the building is rack rented in its current condition at  $\leq 1,200,000$  per annum. The next rent review is in five years (Table 1).

It should be noted that these examples are for illustrative purposes only. The inputs should not be taken as 'rule of thumb' and the examples are provided with the purpose of providing a starting point for valuers considering relevant approaches.

### **Example 1:** Traditional term and reversion method using simple single yield approach

Example 1 (**Table 2**) shows a traditional approach of capitalising rental income in perpetuity at a simple equivalent yield or all risks yield of 6% (derived from comparable transactions and assumes no rental growth at rent review in year five as the property is rack rented in its current form). The appraisal is silent in terms of its reference to sustainability but useful in terms of its simplicity and ability to compare directly with similar market comparisons.

#### Table 2: Traditional term and reversion method.

Key information					
Current/term rent	€1,200,000	FRI			
Market rent as is	€1,200,000	FRI			
Floor area (sqm)	2,350				
Years to rent review	5				
Rent review pattern	5				
ARY/equivalent	6.00%				
Term and reversion me	thod – Example 1				
Value the term					
Current rent	€1,200,000				
Value in perpetuity					
YP into perp. at					
	6.00% <u>1</u> ′	16.666667			
	_				
			€20,000,000		
Gross value			€20,000,000		
Less costs 9.96%			1.0996		
Net value			€18,188,432		
Equivalent yield (net)			6.00%		

6 00%

### Example 2: Term and reversion method explicitly allowing for retrofit/upgrade

Example 2 (Table 3) is a take on our familiar traditional approach but assumes that the rent will increase at rent review following a retrofit to upgrade the building's sustainability credentials. The rent at review is based on current comparable rental evidence for similar 'retrofitted accommodation' (assumed here to be  $\varepsilon$ 609/sqm based on today's values). A notional retrofit cost of  $\varepsilon$ 2,000/sqm is woven into the appraisal (this is subject to full cost analysis by a Chartered Building or Quantity Surveyor and may require the client to provide this additional information).

#### Table 3: Term and reversion allowing for retrofit/upgrade.

Term and reversion method – Example 2

Key information		
Current/term rent	€1,200,000	FRI
Market rent if		
'retrofitted' based		
on today's values	€1,431,500	FRI
Floor area (sqm)	2,350	
Years to rent review	5	
Rent review pattern	5	
Yield for retrofitted		
office	5.00%	Adjust in year 5 to reflect
		future risk

Value the term	
Current rent €1,200,000 pa	
Value for 5 years	
YP for 5 years at	
6.00% =(1-(1+i)	-n] — 4.212364
I	
	€5,054,837
Value the reversion	
Market rent following retrofit	€1,431,500
Value in perpetuity	$\frac{1}{i}$
YP into perp. at	i
5.50%	Х
deferred for 5 years	(1+i) <sup>-n</sup>
	13.911534 €19,914,361
Less retrofit cost	
Cost of retrofit works (estimate only su	bject to costing €psm)
say 2,350 €2,000	€4,700,000
Gross value	€20,269,197
Less costs 9.96%	1.0996
Net value	€18,433,246
Equivalent yield (net)	5.51%
Initial yield (net)	5.92%
Reversionary yield (net	7.06%

Initial yield (net)

In addition, the yield at reversion is hardened or improved on the assumption that current market evidence for 'refurbished stock' demonstrates that a better yield, say 5%, is achievable, and this has been adjusted to 5.5% here to reflect the risk of the income being five years away.

#### Example 3: DCF valuation explicitly allowing for retrofit upgrade

Example 3 (Table 4) is similar in many respects to Example 2; however, this is 'a growth explicit cash flow'. To demonstrate the flexibility of the DCF, a retrofit is assumed to take place across years five and six. The appraisal also assumes a void in year six to complete the retrofit works. The spreadsheet is versatile and alternative assumptions can be easily facilitated depending on the opinion of the valuer. Being a DCF growth explicit appraisal, a rental growth rate of 2.5% per annum is assumed to be reasonable (refer to long-term growth rates of offices, such as MSCI indices), a target rate of return (TRR) or discount rate of 9% per annum is adopted (reference investors' TRR requirements and MSCI 10-year overall returns), along with an exit yield of 5.0% to reflect an upgraded building (based on current market yields for similar retrofitted stock). Note this appraisal is aiming to replicate our traditional approach to market value and more detail can be added, such as future sales and purchasing costs, management fee, etc., if deemed appropriate, particularly if the valuer is endeavouring to assess "investment worth" as per The Red Book (see Baum, 2021).

#### Conclusion

It is reassuring to see that the end 'value' results do not vary widely across the three examples, thus supporting the view that our approaches to date are appropriate for market value; after all, valuers are marking to market, and a major overhaul of valuation practice is not recommended at this juncture. The difference however is the rationale behind the workings. Which appraisal takes account of the reality of the situation and conveys this to our client? Which approach is more credible? In reality, is an older office building going to be sold today and held passively? Unlikely, given the increased regulatory environment, the drive towards zero energy building (ZEB) standards and investors' green preferences. These examples provide some insights into the considerations around key valuation variables and inputs, and aim to provide a platform for valuers to explore the various valuation approaches at their disposal. Perhaps what is required is a triangulation approach, as outlined here, 'a joining of all the dots' to increase our own understanding as valuers, cross-check our workings and elevate the credibility of our appraisals when considering sustainability.

#### Table 4: DCF valuation allowing for retrofit (continued).

Step 1: Calculate the rent at n	ext review (end o	f year 5)
Current market rent (retrofitte	ed)	€1,431,500
Growth at 2.5% per annum		(1+i)^5
		1.13141
Estimated rent year 6		€1,619,611
Step 2: Calculate the rent in y	ear 10	
Current market rent (retrofitte	ed)	€1,431,500
Growth at 2.5% per annum	(1+i)^10	1.28008
Estimated rent end of year 10		€1,832,441
Step 3: Calculate exit value er	nd of year 10 base	ed on year
10 estimated rent		
Estimated rent end of year 10		€1,832,441
Yp in perp at ARY	5.00%	20.0000
		€36,648,821

Table 4: DCF valuation allowing for retrofit.

Key information		
Current/term rent	€1,200,000	FRI
Market rent if 'retrofitted'		
based on today's values	€1,431,500	FRI
Retrofit costs at €2,000 psm	-€4,700,000	
Years to rent review	5	
Rent review pattern	5	
Growth rate (p.a.)	2.50%	
Discount rate (TRR)(p.a)	9.00%	
ARY for retrofitted office	5.00%	(based on current yield levels)

#### Step 4: Step up cashflow

Cash flow (valuing annually in arrears)										
Period	1	2	3	4	5	6	7	8	9	10
Rent	€1,200,000	€1,200,000	€1,200,000	€1,200,000	€1,200,000	€0	€1,619,611	€1,619,611	€1,619,611	€1,619,611
Retrofit costs					-€2,350,000	-€2,350,000				
Exit level										€36,648,821
NCF	€1,200,000	€1,200,000	€1,200,000	€1,200,000	-€1,150,000	-€2,350,000	€1,619,611	€1,619,611	€1,619,611	€38,268,431
	(1.090)^-1	(1.090)^-2	(1.090)^-3	(1.090)^-4	(1.090)^-5	(1.090)^-6	(1.090)^-7	(1.090)^-8	(1.090)^-9	(1.090)^-10
PV factor @ 9.0%	0.91743	0.84168	0.77218	0.70843	0.64993	0.59627	0.54703	0.50187	0.46043	0.42241
Present value (PV) €1,100,917 €1,010,016		€926,620	€850,110	-€747,421	-€1,401,228	€885,983	€812,828	€745,714	€16,164,999	
Net present value	(NPV) @ 9.0%	6								
(Gross value) €20,348,538		€20,348,538								
Less costs at 9.96% /1.0996		/1.0996								
Net value €18,505,400										
Net initial yield		5.90%								
Net reversionary yield		7.03%								
Capital value PSM		€7,875								

(Note: these examples are for illustrative purposes only; the inputs should not be taken as 'rule of thumb'. All yields quoted are net of purchasing costs at 9.96%). Full references available on request.



## **CRITICAL SKILLS**

THE SCSI HAS NOTED AN INCREASE IN OVERSEAS SURVEYORS APPLYING TO REGISTER IN IRELAND.



he SCSI is Ireland's leading regulator of surveyors in Ireland, with Statutory Registers open for the professional categories of 'Quantity Surveyor' and 'Building Surveyor'.

A new pattern of overseas quantity surveyors applying for statutory registration in Ireland has been noted by the SCSI's Statutory Admissions Board, the responsible Board for assessment of applications to the Registers in accordance with the Building Control Act 2007 (the 2007 Act). Data obtained from the Statutory Registers confirms that 113 overseas quantity surveyors entered the Register during the period from 2021 to 2023 (approximately 40 per year in comparison to fewer than 10 per year in previous years) with international qualifications from their country of origin. **Figure 1** shows the range of countries from which quantity surveyors are seeking to register in Ireland.

#### A welcome development

While this certainly will not deal with the shortages of quantity surveyors in Ireland's construction sector, and may be related to various factors such as Brexit, the Covid-19 pandemic, the Ukraine War, career progression and family-related reasons, the new pattern of high-quality, international professionals interested in discovering quantity surveyor positions available in Ireland is encouraging. Many employers value workers from overseas due to the knowledge and skills they can contribute to the firm. However, employing overseas workers can sometimes take patience and can be a complex process. Understanding the employment permit and Statutory Registration requirements for quantity surveyors working in Ireland should help to simplify the recruitment journey for both overseas quantity surveyors and Irish employers.

#### **Critical Skills Employment Permit**

In Ireland, the Critical Skills Employment Permit system is designed to attract highly skilled people into the Irish labour market with the aim of encouraging them to take up permanent residence in

#### **FEATURE**

Gwen Wilson LLB Director of Regulation and Registrar, SCSI



the State. Quantity surveyors are included in the critical skills occupations list, meaning that an application must be made for an employment permit. According to the Department of Enterprise, Trade and Employment website, an application for any employment permit must be received at least 12 weeks before the proposed employment start date.

To understand more about the employment permit application process, visit:

https://enterprise.gov.ie/en/what-we-

do/workplace-and-skills/employment-permits /permit-types/critical-skills-employmentpermit/.

#### **Building Control Act 2007**

In Ireland, the title 'Quantity Surveyor' is a protected and professional title. This means that anyone using the title, alone or in combination with any words, letters, names, titles or descriptions, must be registered; otherwise, it is a breach of the law.

The SCSI is appointed by the State as a Registration Body for the purpose of registering Quantity Surveyors. Confirmation of Statutory Registration is a requirement for the aforementioned employment permit; therefore, an application to register should be made at the earliest opportunity.

Employers and overseas surveyors are



#### FIGURE 1: The range of countries from which quantity surveyors are seeking to register in Ireland.

encouraged to check in with the SCSI at registration@scsi.ie to help them learn what is required from an overseas quantity surveyor application and to register in accordance with the 2007 Act, which typically includes:

- a completed application form and payment of a fee;
- a copy of the international qualification, i.e., the degree certificate;
- information on the modules/course material completed as part of the degree course;
- evidence to support verification of the qualification, such as accreditation by a recognised international professional body and the Quality and Qualifications Ireland (QQI) level equivalent;
- a written submission demonstrating a minimum of two years' practical experience performing the duties of a quantity surveyor, in line with guidance available at: https://scsi.ie/wpcontent/uploads/2020/11/16-Experience-Guidance-for-Quantity-Surv eyors-updated-2020.pdf;
- a declaration that the applicant has read and will abide by the Statutory Code of Conduct for Registered Quantity Surveyors, which is available from https://scsi.ie/registered-quantity-surveyor-codeof-conduct/; and,
- a declaration that the applicant has read and will abide by the Statutory CPD System, which becomes mandatory for Registered Quantity Surveyors from January 2024, and is available from https://scsi.ie/registration-body-cpd-requirements/.

Approving an application for Statutory Registration rests ultimately with the members of the Statutory Admissions Board (both independent and surveyor), which currently convenes every six weeks.



## **TRUE DILIGENCE**

## IT IS TIMELY TO CONSIDER ISSUES ARISING FOR PROPERTY MANAGEMENT AGENTS ACTING AS COMPANY SECRETARIES TO OWNERS' MANAGEMENT COMPANIES.

he Central Statistics Office reports that apartments made up 15% of homes built in Ireland between 2016 and 2022.<sup>1</sup> Property management agents often act as company secretaries to the owners' management companies (OMCs) of apartments and multi-unit developments (MUDs). With the rise in apartment numbers, it is timely to consider regulatory issues arising for agents acting as company secretaries. Some of the issues and regulations identified are recent, while others are long standing. This article suggests resources that may be helpful to agents fulfilling the role of company secretary.

#### **Issues** arising

In taking on the role of company secretary of an OMC, an agent might consider issues including the following:

#### Scope of services in the letter of engagement with the OMC

Attention is drawn to the content of the 'Property Services Agreement For The Provision of Property Management Services' (PSRA/S43 Form D) issued by the Property Services Regulatory Authority (PSRA) – October 2022 saw the most recent update to this letter.

#### Regulations

Agents should look to the Property Services (Regulation) Act 2011 (Minimum Standards) Regulations 2020 (SI 564/2020), in particular:

- Regulation 4 Experience
- Regulation 21 Conflict of Interest.

### Identification of OMCs when filing returns with the Companies Registration Office (CRO)

The following CRO returns display a box whereby OMCs may be identified:

- Form A1: Company Incorporation
- Form B1: Annual Return.

Agents filing these returns on behalf of OMCs should tick the identification box. Returns are filed electronically via the CRO's Companies Online Registration Environment (CORE) online facility.

#### **FEATURE**

David Rouse Multi-Unit Developments Advisor, The Housing Agency



It is worth noting that Section 14(3) of the Multi-Unit Developments (MUD) Act 2011 requires the words "owners' management company", or the abbreviation "OMC", to be included in the name of new OMCs. An OMC incorporated before the coming into force of the MUD Act can update its name to include the terminology. This requires amendment of the constitution of the OMC, the passing of a special resolution, and a filing with the CRO.

#### Provision of PPSN

Since June 11, 2023, company directors are required to provide personal public service numbers (PPSNs) when filing the aforementioned Forms A1 and B1 with the CRO. The requirement applies also to Forms B10 and B69, filed when notifying a change of director.

PPSNs of OMC directors may already be available to agents in the context of filings on behalf of OMCs to the Register of Beneficial Ownership (RBO).

#### Resources

The following resources may be helpful:

- the PSRA has published a guide to the Minimum Standards for property services providers – information is available at www.psr.ie;
- guides to many aspects of company law are available on the websites of the CRO (www.cro.ie) and the Corporate Enforcement Authority (CEA – www.cea.ie), which is the successor to the Office of the Director of Corporate Enforcement;
- in the case of complex company secretarial matters, it is recommended to seek the advice of an expert such as a solicitor, accountant, or specialist company secretarial provider;
- the following publications contain helpful information and guidance:
  - Apartment Living in Ireland, A Practical Handbook for Owners, Owners' Management Companies and Managing Agents by Henry Murdoch (Lonsdale Law Publishing, 2022);
  - Owners' Management Company: Law and Best Practice by Aisling Keenan (Clarus Press, 2019); and,
- The Housing Agency has developed sector-specific resources, including webinars, guides, and FAQ replies, available at www.housingagency.ie.

#### Reference

 Central Statistics Office. Census of Population 2022 Profile 2 – Housing in Ireland. Available at: https://www.cso.ie/en/statistics/population/censusofpopulation2022/ censusofpopulation2022profile2-housinginireland/.

Views expressed are those of the author.

## A VOICE FOR YOUNG SURVEYORS

CLAIRE MCDOWELL, ASSET MANAGER AT M7 REAL ESTATE, SPEAKS ABOUT HER CAREER AND PLANS FOR THIS YEAR AS THE NEWLY APPOINTED CHAIRPERSON OF THE NEXUS GROUP.

laire McDowell's professional journey has been anything but linear. Prior to embarking on her surveying path, she had a career in media. Recounting her experience, she said: "I

worked in television for a little while, but primarily I worked in radio, which was really exciting, and I loved it, but I kind of fell out of love with it pretty quickly". Claire then came across the opportunity to work for a start-up company for corporate and short-term stays where she realised her passion for property. She credits this experience for helping to change her career and says: "I had to very quickly learn what to look out for in properties issues, so that then was a really nice bridge into property management". This led her to pursue an MSc in Real Estate from TU Dublin, of which she is a recent graduate. She continues: "I fell into surveying, and I'm really glad I did."

From there, Claire took on the role of Investment Surveyor at JLL, where she worked for over a year before moving into her current role as an Asset Manager at M7.

#### Asset management

Claire notes that her role as an Asset Manager differs slightly from what might be expected: "I think that we're slightly unusual in the sense that we don't just do asset management, but we do some of the leasing ourselves as well, so I feel like an industrial agent. We also work on rent reviews, and I know some asset managers do

#### SURVEYOR PROFILE

Rebecca Pollard Journalist and sub-editor Think Media Ltd that, but I know a lot of the time they'll enlist an agent".

Claire's average day consists of performing rent collections and liaising with property managers, as well as optimising the performance, value and returns of the portfolio at M7.

She mentions that M7 is a very innovative place to work: "My boss encourages us to take time and come up with ideas, and I quite like that because you can make your day-to-day what you want it to be. It's half innovation, half do your actual rent collection and estate management".

#### Nexus

Claire is very involved with the SCSI and has recently been appointed Chairperson of the Nexus Group, the SCSI's network for young surveyors. She is very excited about her new role and has begun working with the Nexus Committee on a range of social events, including the annual Nexus Ball, which took place on October 14.

Claire is also committed to addressing issues regarding accessibility in the SCSI. She hopes to assist graduates with advice and support surrounding their APC exams. This is something that is very important to her, as she recounts the confusion she encountered when preparing for her own exams: "Speaking from experience, I found it complicated until someone came in and spoke to JLL about it, and then I understood".

In this way, Claire hopes to show other young surveyors the guidance and support that she was shown during this process.

#### Accessibility, inclusivity and diversity

In the same vein, Claire wishes to create and nourish a supportive environment for newly

emerging surveyors through the promotion of diversity, accessibility, and inclusion. She wishes to do this by changing an outdated public perception of exclusivity around surveying in order to encourage people from all walks of life to join the profession, while providing education around career options and pathways. Claire emphasises the need to target young people from as early as secondary school in order to educate them on the surveying profession, and what career progression in the industry might look like for them. By targeting young people, she hopes to enhance the SCSI's ethos of inclusivity through welcoming a new and diverse generation of surveyors. She continues: "From my perspective, if I had known about the real estate course, I think I would have maybe started a bit sooner. But it's just really trying to do what we can to target people slightly younger. The only thing I can think of is going into schools, into TY classes, to people doing their CAOs, just trying to really promote the profession".



In her spare time, Claire likes to do yoga and Pilates, and has recently taken up knitting. Apart from that, she enjoys travelling when she can, and hopes to go to Germany in time for the Christmas markets this year.

## BRIGHT FUTURE FOR SURVEYING

WITH STRONG INTEREST IN SURVEYING COURSES AT THIRD LEVEL, NEW APPRENTICESHIP PROGRAMMES, AND A FOCUS ON LIFELONG LEARNING, THE FUTURE FOR THE PROFESSION IS BRIGHT.

s a new academic year rolls around, and with CAO offers having now gone out to students, it's been interesting to see how the demand for surveying courses has compared to other disciplines. It's been widely reported that CAO points have dropped for 60% of courses. It's very encouraging therefore to see that points for SCSI-accredited courses have generally either held their own or increased, possibly reflecting a continued confidence from students in sustainable career prospects in the sector.

It's also encouraging to see an increased diversity of students entering the profession, with more women considering careers in surveying. According to SCSI member and lecturer Austin Sammon, 28% of the most recent intake of students for the quantity surveying course in Atlantic Technological University Letterkenny are women. This represents an increase on last year, and is testament to the work that goes on behind the scenes both in the SCSI and our partner

#### THE LAST WORD

James Lonergan Director of Education & CPD, SCSI



universities in visiting schools and encouraging all students to consider a career in surveying. With new apprenticeship programmes on the horizon, we will no doubt see even greater diversity in our future workforce, which is an exciting prospect.

#### Tackling the skills shortage

While prospects are bright and student numbers continue to increase, we are still experiencing unprecedented skills shortages across all surveying disciplines, at a time of enormous activity in the sector. Creating a sustainable workforce for the future is vital to achieving the targets in Ireland's Climate Action Plan. The recently published Department of Education Careers in Construction Action Plan is an important step in the right direction. As a member of the Working Group, it was great to see representatives from across the profession come together to collaborate on a list of actions to help grow and sustain the pipeline of talent coming into the industry, to upskill and train professionals who are already in the industry, and to promote the profession and careers to a broader audience.

#### Lifelong opportunities

Opportunities for greater portability within the profession are also emerging. Microcredentials and stackable credits are now being provided by many universities, and can provide opportunities for busy professionals to undertake discrete modules, as opposed to embarking on a full master's degree, for example.

This could lead to more rapid upskilling of professionals in response to changes in the sector, allowing the profession to address gaps as they arise.

This requires a shift in how many of us consider lifelong learning, moving away from simply maintaining competency to also developing new skills.

Embracing this change, along with increased collaboration across disciplines to remove silos, particularly as digitisation increases, will be vital to achieving targets.

#### Be ready for disruption

Lastly, we all need to be prepared for disruptors. We have recently seen how proposed changes to the Leaving Cert have been abandoned due to concerns around artificial intelligence (AI).

Al is evolving at such a rapid pace that it can't be ignored. I would encourage both educators and surveying professionals to continue to collaborate with the SCSI to explore how disruptors like AI can be harnessed to influence positive change.

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