



New Commercial Property Survey from Society of Chartered Surveyors Ireland

SCSI Calls for extension of Home Renovation Scheme (HRI) to Commercial Properties

Main Findings:

- **Over half of commercial property occupiers are unhappy with the availability of suitable properties on the market.**
- **A third are unhappy with their ability to access funding from their respective financial institutions for the purpose of purchasing a property**
- **Survey indicates one in five tenants have applied for a rent reduction with 42% achieving a reduction of up to 10%**
- **90% say the energy efficiency (BER Rating) of a property is a key factor in property selection**

August 2014: Over half of commercial property occupiers are unhappy with the availability of suitable properties on the market according to a new property survey.

The survey which was carried out by the Society of Chartered Surveyors Ireland (SCSI), the professional representative body for the property and construction sectors, also shows that a third of them are unhappy with their ability to access funding from their financial institutions for the purpose of purchasing a commercial property.

Eamonn Maguire, Chairman of the SCSI Commercial Agency Professional Group, said that the survey highlights concerns about the lack of supply of commercial space being released to the market.

“This shortage of suitable commercial property in certain areas is leading to a substantial increase in rental levels. For example, there are less than a handful of new large modern offices currently being constructed in Dublin and it will take up to 24 months for these to come to the market which is a major issue for companies looking to locate in Ireland and those looking to grow their existing business here.

Measures must be put in place to ensure that the supply of modern commercial property is increased to ensure that this does not threaten our competitiveness in terms of creating jobs and attracting and retaining Foreign Direct Investment”, he said.

Mr Maguire also said that there is a need to put in place measures to improve the quality of older commercial property stock in the city centres.

“The Home Renovation Incentive (HRI) Scheme has been very successful in providing tax relief for people who wish to upgrade their homes and in reducing the reliance on the shadow economy and improving exchequer returns. The SCSI recommends that the HRI scheme is extended to non-principal private residences and commercial property in city centres, which would improve the quality of the current stock and improve supply levels in

those areas with high demand and low vacancy rates and which have the potential to create more employment”.

The availability of development finance as well as a more flexible planning system were critical to increasing the supply of commercial property.

“The SCSI has called for a number of measures to boost the supply of new commercial property including the introduction of a Builders Finance Fund (BFF) and a Revolving Infrastructure Fund to support the availability of development finance. Additionally the commercial property market needs a flexible, effective and proactive community led planning system. While the Dockland’s SDZ approval will improve supply, the SDZ model should be considered for other key urban areas with economic potential”.

Furthermore, Mr Maguire said that during the last 12 months, the Irish economy has shown signs of improvement and as a result businesses will be looking for opportunities to expand and grow, however these opportunities will be limited due to their inability to access finance.

The survey also showed 1 in 5 tenants applied for a rent reduction in the past 12 months. Of those who applied for a rent reduction, 42% achieved a reduction of up to 10%. “There is evidence that landlords are adopting a more flexible approach to occupiers in specific financial circumstances, particularly in weaker sectors of the market said Mr Maguire.

The importance of energy efficiency was also highlighted by 90% of respondents who said that the BER rating of a property is a key factor in their selection criteria.

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Notes to the Editor

The SCSI Annual Commercial Property Occupiers Satisfaction Surveyⁱ examines the satisfaction of commercial property occupiers in Ireland across a range of areas such as lease terms, service charges and commercial rates.

The survey also examines a range of other topical issues such as the availability of commercial properties on the market as well as the ability of commercial occupiers to access finance. The Survey received 93 responses from companies covering approximately 1000 properties across the four main commercial property sectors (Office, Retail, Industrial, Leisure) in Ireland’s largest urban centres (Dublin, Cork, Galway, Waterford and Limerick). There was also an even distribution of small, medium and large sized enterprises.

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