

New database a 'game changer' for the industry

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The Residential Property Sales Database, which is to be introduced in the next few months, has got a lot of justified attention. It is long overdue and should enable all to know what is actually happening in markets rather than relying on various witch doctors peering into a fog created by biased data providers. Even better, it is understood that the data will be backdated, allowing the industry to discern exactly what is happening dynamically in the residential market and its constituent parts.

The sister database, for Commercial Lease Terms, also to be introduced (date not fixed) has got far less attention, but for professional practitioners and investors, it is far more important. The information in this database, which hopefully will follow shortly after the residential one, will be far more detailed and will include all the key details of new commercial leases, including the term, the rent, floor areas, fit-out and other concessions, including lease breaks and reviewed rents.

The relevant schedule in the Act provides for full disclosure and is all that any surveyor, investor or valuer could desire. The Regulatory Authority has power to extend the list and also has the power to backdate the information to existing leases – but not those over five years. In the event of a rent review or other change in lease terms, these are also to be included. Access to the database will be online for a fee.

This is a game changer for our industry in many respects.

At agency level, smoke screens and bluster will give way to facts – misinformation will be easily identified. Agents will be marketing properties to an informed audience.

At valuation level, accurate and relevant information will no longer be the currency of the bigger agents. This will make valuations more accurate and move Ireland closer to the US model where valuations (or appraisals) are supported by recording actual deals, which are then compared and contrasted with the subject property, ie valuation by science and analysis.

At occupier level, potential occupiers will know the rent and term for the other occupiers in their block, on their street or in their area. The likelihood is that search engines will be developed to present all this information on screen and in graphic detail including availability of vacant space and offered terms.

At property management level, there will be significant obligations to report information with big penalties (a fine of up to €5,000) for failures. Confidentiality clauses will become null and void.

At investor level, the new database will be a hugely significant tool to establish market trends. It will be as important (if not more so) than the introduction of the IPD capital value index more than 20 years ago. It will be like a satnav for what is actually happening – not relying on quarterly reports on trends written by agents. Anything that increases transparency will help build confidence in local and overseas investors and thereby attract more investors into what is a comparatively small market.

At planning level, it will give accurate information about what is actually happening in the city – and who wants to be where – and will contribute to our new “evidence-based” approach to planning.

At media level, we can anticipate this newspaper and others will provide regular factual information to help inform the market.

The only serious omission is that the database does not extend to capital transactions, but that cherry on the cake may come about when the other-data collecting infrastructure is in place.

For agents, this is a show- changer in terms of how they will operate. In agency, information is (was) power. Knowing who is in the market, what deals were done and their price gave respect and authority to those “in the know”.

Daft.ie and myhome.ie hanged the way the residential market worked. The use of websites for the commercial market was slow to take off mainly because of the lack of information on prices and other deals.

I believe that commercial letting agency will now go the same way as the residential market with occupiers having easy access to the information with which to make informed choices. The supermarket in the sky arrives for commercial leased property. The agency world will have to adapt or die.

Some would say that this desirable evolution has come out of the recent rent review debacle. Not true – if you look at the facts. In March 2010, the then-government set up a heavyweight working group comprising lawyers, investors, retailers, chartered surveyors and business representatives to look at rent review procedures and this reported later that year. The key finding was that there needed to be more transparency in the commercial letting market – not the abolition of rent reviews.

May the Property Services Regulatory Authority set this new database up quickly and start the new era of openness. It might then turn its attention to creating an accessible database of commercial sales transactions.

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