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Property Report
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Developments over €20 million – project information supplied by Construction Information Services

Developments at the pre-planning stage

Residential
(Utilities)

Co. Offaly
Water Eco-Park, Garryhinch Bog, Portarlington, Co. Offaly
Value: €540 million
Start Date: N/A
End Date: 01/07/2020
Promoter: Dublin City Council.

Latest Information:

- Finish date updated to 01/07/2020.
- Project roles were updated.
- It is envisaged that the reservoir would be completed by 2020, at the earliest.
- According to reports, initially the reservoir will supply 250 million litres per day but that figure would rise to 350 million in about 10 years.
- The building of a reservoir in Offaly to supply drinking water from the river Shannon to Dublin and surrounding counties will be discussed by the Oireachtas Joint Committee on the environment.

Tourism
(Civil)
Co. Galway
Port Redevelopment, Galway Port, Galway, Co. Galway.
Value: €200 million
Start Date: 30/01/2012
End Date: 30/01/2019
Promoter: Galway Harbour Company.

Latest Information:

- It is anticipated that the development will be subject to an oral hearing.
- The project will be lodged in August with An Bord Pleanála under the Strategic Infrastructural Development Act.
- A blueprint for a €200 Million Galway Port redevelopment has been given approval for planning permission to be lodged.

Developments with planning granted

Commercial
Co. Louth
Dundalk Shopping Centre, Dundalk Shopping Centre & lands to south, (Connolly's Field), Dublin Road, Hill Street, Stapleton Drive & Long Avenue, Dundalk, Co. Louth.
Value: €30 million
Start Date: N/A
End Date: N/A
Promoter: Wanze Properties (Dundalk) Limited.

Latest Information:

- Value updated to €30,000,000.00.
- Project roles were updated.
- Phase 2 will include the construction of a two-storey Tesco building measuring 6,000 sq.m. and will be the first of its kind to be built upon stilts above a covered parking lot.
- According to reports, construction plans are currently being finalised by Tesco Ireland Limited

Commercial
(Utilities)
Co. Mayo
Electricity Generating Station, Tawnaghmore Upper & Lower, Killala, Ballina, Co. Mayo.
Value: €100 million
Start Date: 01/11/2011
End: N/A
Promoter: Mayo Power Limited, Brighton House.

Latest Information:

- Contract stage updated to main contract awarded.
- Start date updated to 01/11/2011.
- Value updated to €100,000,000.00
- Project roles were updated.
- Appeal decided with revised conditions.

Residential
(Civil)
Co. Dublin
Poolbeg Incinerator-Waste to Energy Project, Poolbeg Peninsula, Dublin, Co. Dublin.
Value: €350 million
Start Date: 01/05/2012
End Date: 01/05/2015
Promoter: Dublin City Council.

Latest Information:

- Contract stage updated to main contract awarded.
- Construction work is expected to commence in 2012.

Tourism
(Civil)
Co. Wicklow
The N11 Arklow/Rathnew PPP Contract, the N11 Arklow/Rathnew, Arklow, Co. Wicklow
Value: €180 million
Start Date: 1/09/2011
End Date: 1/09/2013
Promoter: National Roads Authority.

Latest Information:

- Contract stage updated to main contract awarded.
- Project roles were updated.
- The contract is expected to be officially awarded once full funding has been secured for the project.
- BAM PPP and Balfour Beatty Capital Limited have been identified as the successful tenderers for the project.

Tourism
(Civil)
Co. Kerry
N22 Tralee Bypass/Tralee to Bealagrellagh Road Improvement Scheme, N22 Tralee, Co. Kerry.
Value: €97 million
End Date: 03/05/2013
Promoter: Kerry County Council.

Latest Information:

- Contract stage updated to on site.
- Start date updated to 04/08/2011.
- End date updated to 03/05/2013.
- Value updated to €97,000,000.00.

Developments at the tender alert stage

Commercial
(Medical)
Co. Cork
Hospital Extension, Bons Secours Hospital, College Road, Co. Cork.
Value: €100 million
Start: 15/11/2011
End: 15/11/2013
Promoter: Bon Secours Health System.

Latest Information:

- Contract Stage updated to tender.
- Construction work is expected to commence in Q4 2011.
- Tenders are currently being sought after for the appointment of a contractor.

Developments at the pre-tender stage

Commercial
(Education)
Co. Dublin
College, St. Patrick's College, Drumcondra Road Upper, Drumcondra, Dublin 9, Co. Dublin.
Value: €23.60 million
Start Date: N/A
End Date: N/A
Promoter: St. Laurence O' Toole's Diocesan Trust.

Latest Information:

- Contract stage updated to pre-tender.
- Full tenders are expected to be sought from contractors in Q3/Q4 2011.
- Main contractor P. Elliott Construction had previously worked on the scheme.

Commercial
(Education)
Co. Dublin
New Campus for DIT, site of St. Brendan's Hospital, Grange Gorman, Dublin 7, Co. Dublin.
Value: €2000 million
Start Date: 14/05/2012
End Date: N/A
Promoter: Grangegorman Development Agency.

Latest Information:

- Value updated to €2,000,000,000.00
- It is projected that An Bord Pleanála should complete their hearings and commence work on this project by Christmas 2011.
- The Grangegorman Development Agency has one month to submit observations to these objections with An Bord Pleanála.
- According to recent newspaper reports, only four objections have been lodged with An Bord Pleanála against this project.

Commercial
(Medical)
Co. Dublin
Children's Hospital, Mater Hospital, Leo Street, Dublin 7, Co. Dublin.
Value: €650million
Start Date: 16/04/2012
End Date: 17/02/2016
Promoter: National Paediatric Hospital Development Board.

Latest Information:

- Construction work is expected to commence in Summer 2012.
- Application lodged on 20/07/2011.
- Site area updated to 7.2 ha.
- Floor area updated to 108356 sq.m.
- A planning application has been lodged with An Bord Pleanála. (PA0024).
- Project roles were updated.
- Start date updated to 16/04/2012.
- A final decision on the €650 million National Children's Hospital Development development is expected in Q4 2011.
- The Development Board for the new Children's Hospital of Ireland development have submitted a planning application to An Bord Pleanála under the Strategic Infrastructure Act for the proposed development of the new children's hospital at the Mater Hospital Campus, Eccles Street, Dublin 7.
- Start date updated from 17/10/2011.
- End date updated to 17/02/2016.
- It is expected the new Children's Hospital will be complete in 2016.

Commercial
(Medical)
Co. Sligo
Rehabilitation Facility, to the west of Summerhill roundabout and N4, Maugheraboy, Sligo, Co. Sligo.
Value: €46.98 million
Start Date: N/A
End Date: N/A
Promoter: Radtip Properties Limited.

Latest Information:

- Contract stage updated to pre-tender.
- Number of units updated to 2.
- The promoter is finalising funding and details now that a favourable decision from An Bord Pleanála has been received.
- We understand that this project will go out to tender as plans advance.

Commercial
Co. Dublin
RTE Campus Development, N11 Stillorgan Road, Donnybrook, Dublin 4, Co. Dublin.
Value: €360 million.
Start Date: 05/08/3013
End Date: 05/04/2025
Promoter: RTE Authority.

Latest Information:

- Start date updated to 05/08/2013.
- Finish date updated to 05/04/2025.
- Project roles were updated.
- Work will be carried out through 5 phases over a number of years.
- Construction work is not expected to start on site until 2013.
- It is anticipated that tenders will be sought from contractors in Q3/Q4 2012.
- A full design team has now been appointed.

Residential
Co. Dublin.
O'Devaney Gardens Regeneration, O'Devaney Gardens Regeneration Project, North Circular Road, Dublin 7.
Value: €200 million
Start Date: 03/04/2012
End Date: 03/04/2022
Promoter: Dublin City Council.

Latest Information:

- Start date updated to 03/04/2012.
- Finish date updated to 03/04/2022.
- Number of units updated from 193 to 829.
- Project roles were updated.
- The project is expected to be constructed over a period of ten years.
- Phase 1 comprises 130 units and work on phase 1 is expected to be complete during 2014.
- Construction work on the first phase of three [phases is expected to commence in Q1 2012.
- Decision date updated to 05/08/2011.
- On the 5 of August 2011 this project was approved with conditions as a strategic infrastructure development application.

Developments at the pre-contract stage

Commercial
(Education)
Co. Galway
Science Building, NUIG-Northern Campus, Newcastle Road, Galway, Co. Galway.
Value: €25million
Start: 08/08/2011
End Date: 04/08/2012
Promoter: National University of Ireland Galway.

Latest Information:

- Construction work is expected to commence in late 2011.
- A main contractor is expected to be appointed in late 2011.

Commercial
(Education)
University Extension-Science East & Hub, University College Dublin, Building and Services Department, Belfield House, Belfield campus, Dublin 4.
Value: €40 million.
Start Date: 01/12/2011
End Date: 10/12/2012
Promoter: University College Dublin.

Latest Information:

- Contract stage updated to pre-contract.
- Floor area updated to 20435.
- Start date updated to 01/12/2011.
- Finish date updated to 10/12/2012.
- Number of units updated to 1.
- Work is hoped to get underway in Q4 2011.
- The appointment of a main contractor is October 2011.
- We understand that tenders are currently being assessed by UCD and the architects for the appointment of a main contractor to this project.

Property information from The Irish Times

The Irish Times, Wednesday, 21 September 2011

Tallaght office at €5m

A seven-year old office block in Tallaght town centre, occupied by two Government agencies, is to be offered for sale today at a net yield of 11 per cent.

Agent HT Meagher O'Reilly is seeking offers over €5 million for the investment which is being sold by Declan McDonald of PwC who is receiver to Breydon Developments, a company linked to businessman Bernard McNamara.

The four-storey block forms part of The Exchange, a mixed use scheme on Belgard Road North, close to the entrance of Tallaght Hospital and the County Hall.

The 3,251sq m (35,000sq ft) block is let to two State covenants on separate, upward-only leases and it has a rent of €592,251 a year.

Two of the leases run concurrently and are held by the Commission for Energy Regulation which occupies four floors. Both leases run for a term of 25 years from 2006 with break options in 2016. Two further floors are held by the OPW on a 20-year lease from 2004. There is a break option in 2014.

Head of investments at HT Meagher O'Reilly Adrian Trueick says that while investment market transactions are few and far between there remains a considerable number of investors, both domestic and foreign, who are closely watching and ready to invest where the risk and return are at palatable levels.

The Irish Times, Wednesday, 14 September 2011

Buying entire apartment blocks - a new trend?

With values on the floor overseas investors are now considering purchasing Irish residential property in bulk

WE COULD well see some overseas investors purchasing entire residential developments for investment purposes over the next 12 months.

Although this will be a new trend for Ireland, in many other places – like the US, Scandinavia, the UK and Germany – the residential sector attracts investment from funds, property companies, Reits (real estate investment trusts) and other such investors who buy primarily for the income return with the potential for capital growth.

It is regarded as a relatively safe form of investment with predictable returns and standardised, professional management.

There are a number of reasons why overseas investors are now considering purchasing Irish residential property in bulk.

The private rental market is performing well, particularly in urban areas. Apart from buying at depressed levels, bulk buyers can expect and demand a substantial discount from the, largely theoretical, break-up value of a block or scheme. This offers a potentially lucrative exit strategy when a normally functioning market returns.

The residential sector is unaffected by Government proposals around upward-only rent reviews, so it has a relative advantage over commercial investment, and stamp duty is considerably lower.

The legal framework is more flexible here than in many jurisdictions. Security of tenure in Ireland, which only comes into play four years into a tenancy, is not particularly onerous on a landlord.

The FRI (full repairing and insuring) leasing system in commercial property is peculiar to the UK and Ireland. Investors from the US and Europe are used to being responsible for repairs and maintenance as well as, generally speaking, shorter leases.

Therefore, they do not view residential investment as requiring a disproportionate amount of hands-on management in a way that a UK or Irish landlord would.

The Irish market is new to overseas investors and so they will carry out substantial due diligence before making any commitment. There are nuances in the market particular to Ireland, such as the bias towards furnished units to cater for short-term lettings, which form the bulk of demand.

Overseas investors will be conservative in terms of location and so confine themselves to prime or near prime urban areas, principally in Dublin. Therefore, large amounts of residential development around the country simply will not be on their radar screen.

Professional residential investors require 100 per cent control of their investment which means that schemes where some units have been sold to individual investors or owner-occupiers may not be considered.

In terms of pricing, a professional investor will look at the actual and potential rental income of a development and factor in non-recoverable outgoings, such as repairs, maintenance, insurance, management, utilities, statutory charges, letting and legal fees. A suitable sinking fund will also be provided to enable future capital expenditure on lift replacement, roof repairs and other periodic but significant costs.
The investor will arrive at a net operating income figure which will be capitalised at their required rate of return. This can be as low as 5 per cent in prime locations in Germany or the UK but is generally higher elsewhere. In speaking to overseas investors, I have found a range of 6.5 per cent to 9 per cent typically applies, depending on the nature of the investor, location and quality of the development.
The more than 50 per cent drop in the value of apartments in Dublin from peak has rendered many schemes insolvent. The willingness and/or capacity to crystallise large write-downs has been a major impediment to banks (including Nama) selling these assets.

The easy option has been to rent out the units and use the rental income to keep the loan as near performing as possible while hoping for an uplift in the market. However, this is not sustainable in the long term, as the prospects for any discernible increase in values are remote at this juncture, especially in the context of a stagnant market.

The break-up option is not realistic, as it could take many years of individual sales to recapitalise an apartment block of any size.

On the other hand, the option of a sale to a single, professional investor of an entire block, scheme or estate has a number of attractions.

These include: the buyer is well funded with access to non-Irish banks and substantial amounts of equity; certainty of execution – the counter-party risk is low as these are professional investors with a reputation to protect; speed of execution – once a deal is agreed a single contract can quickly be signed and closed in a relatively short timescale; the logistics of a single sale are much more streamlined than a multitude of sales to a disparate group of private buyers, with a resultant cost efficiency; and competitive bidding – as there are a number of these investors it may be possible to generate competitive bidding and hence a price premium, especially on prime assets (this is impossible in a break-up sale process).

The downside, from a vendor's perspective, is the bulk discount a single buyer would require. Traditionally, a bulk sale of an apartment development, or a substantial part of it, would attract a discount of up to 20 per cent of the value based on individual sales. This is in the context of a pre-sale of a development which recognises the value that a buyer is bringing in de-risking that development.

In the context of an already built scheme a discount of 10 to 15 per cent is more appropriate but the same logic applies as the buyer is taking away all the risks associated with a break-up sale.

Webster joins Green Property

One of the best known figures in the Irish property industry, Ronan Webster of CB Richard Ellis, is to leave the agency to join the Green Property company as a director.

Green is expanding its operations after being appointed by UK bank Lloyd to help manage Irish commercial properties which have been put into receivership by the bank. Green is to provide property management services to receivers on assets in the €13 billion property book at what was formerly Bank of Scotland (Ireland). Earlier Green, which owns Blanchardstown Town Centre, set up a new joint venture company with €900 million in debt and equity to invest in distressed property assets. Its partner is the US-based TPG Capital, one of the largest private equity firms globally.

Webster, who joins his former colleague Pat Gunne in Green, has been involved in the estate agency business for 21 years, during which he was involved in some of the largest property deals in the country. These included the sale of the Jurys and Berkeley Court hotels in Ballsbridge in 2005, the Woodbrook housing site in 2006 and the Monte Vetro office block to Google earlier this year.

The Irish Times, Wednesday, 7 September 2011

Nama puts Morrison hotel on the market at €25m

The four-star Morrison Hotel is to be the first major property in Dublin city centre to be offered for sale by Nama.

The move follows the appointment of receivers to the business and property empire of one of its owners, Hugh O'Regan.

CBRE Hotels is quoting a price of €25 million for the 141-bedroom hotel – exactly half the valuation put on it in 2006 by one of its bankers, Anglo Irish Bank. It will be sold by private treaty. The hotel overlooks the River Liffey from Merchant's Quay and was built in 1999 to a design by John Rocca.

Paul Collins of the selling agency describes the hotel as a "trophy asset" with the important advantage of being unbranded, allowing new owners to trade under the existing name or to link up with a top international brand.

Collins says there has been a strong recovery in the Dublin hotel market over the past year with researchers STR Global reporting that bedroom occupancy in the city has been in positive territory for 15 straight months.

He said the Morrison was poised to capture this growth over the next few years. Its prime location in the heart of the city and its "very strong profits" should appeal to many international hotel investors. In addition to the 141 bedrooms and suites, there is a 400sq m (4,306sq ft) banqueting and meeting hall, a cafe bar and restaurant, fitness centre, art gallery and courtyard garden. There is also a considerable volume of space at basement level which could be used as meeting rooms or as a leisure centre.

Shortly after its opening, the Morrison hosted the MTV Europe Music Awards aftershow party headlined by Whitney Houston. Since then it has become one of Dublin's trendiest boutique hotels, attracting international artists and bands performing at Dublin venues.

The Irish Times, Wednesday, 31 August 2011

Docklands office block to test market

A five-year-old office block in the Dublin docklands which is going for sale this week with a guide price of over €35 million is expected to test the strength of the investment market.

If a buyer is found for Riverside II at Sir John Rogerson's Quay in the south docklands area, several more high-value investments are likely to be offered for sale in the coming weeks.

Agents Knight Frank say their marketing campaign will be aimed at a small number of credible, well-funded parties who have the ability to acquire the block.

A number of Irish and UK institutions as well as range of overseas investors have been on the lookout for heavily discounted properties in Dublin, though the extremely tight lending conditions now being followed by the banks as well as the Government's plans to abolish upward-only rent reviews on all existing leases have brought the market to a virtual standstill in recent months. Though commercial property values have fallen by around 60 per cent since the peak in the third quarter of 2007, there have been only four significant deals so far this year worth around €130 million. Riverside II has not escaped the slippage in values and was probably valued at over

€60 million at the height of the market. It is jointly owned by the Elliott, Kelly, Flynn and McCormack families – all major players in the property market – who have all taken a severe drubbing through the collapse in values.

The 1.1 acre site for Riverside II, bought in 2004 for €25 million, also included space for 124 apartments which were built and sold.

Funding for the office block was provided by Bank of Scotland (Ireland), now part of the Lloyds Banking Group. However, the four families involved in the Riverside II Investment Partnership insisted this week that it was not a distressed sale and that they were "under no pressure from the bank to accept a price below €35 million". They said they had been working cooperatively with their bank and as they were under no pressure to sell they saw their role now as helping the bank to recoup as much of its lending as possible.

Ciara Horgan of Knight Frank said they expected strong local and overseas interest in the building because "nothing of this calibre has hit the market for more than four years". The seven-storey block fronts directly on to the river Liffey at Sir John Rogerson's Quay and extends to 6,784sq m (73,022sq ft). There are 41 car parking spaces in the basement.

Even at a price of €35 million, Riverside II will provide an initial return of 8.43 per cent – easily the highest yield yet offered for a prime office block in the city centre. The current rent roll of €3.2 million equates to a rent of €452 per sq m (€42 per sq ft). Rents for similar accommodation have dropped well below that level over the past year but with virtually no new city developments in the pipeline a recovery in rents will come in due course.

The office space in Riverside II is shared by the Bank of New York Mellon and solicitors Beauchamps. The bank lease on 4,243sq m (45,671sq ft) runs until 2027 while the other lease, covering 2,540sq m (27,340sq ft), expires in 2026. Both tenants have break options in 2021. They currently sub-let 1,393sq m (14,994sq ft) of the overall space.

BNY Mellon is known to be looking for a Dublin headquarters of up to 18,580sq m (200,000sq ft) to replace other offices in the city.

The Irish Times, Wednesday, 31 August 2011

Vacancy rate falling in Dublin office market as take-up rises by 60%

Agents HWBC predict that take-up of office space for the remainder of the year will comfortably exceed last year's total. JACK FAGAN reports

The vacancy rate in the Dublin office market has peaked and will continue to fall over the coming months, according to the latest market review from estate agents HWBC. The agent's office specialist, Paul Scannell, said that despite the economic backdrop the take-up in the first half of the year reached 85,850sq m (921,763sq ft)– an increase of 60 per cent on the same period last year.

There were, however, two unusually large lettings involving Google (19,500sq m /209,896sq ft) and bookmaker Paddy Power (11,150sq m/120,017sq ft) which accounted for more than 35 per cent of the total take take up.

Overall, activity was up by 66 transactions recorded in the first six months, with the average deal size at around 1,300sq m (13,993sq ft). For the remainder of the year, HWBC predicted that take-up was likely to comfortably exceed last year's total of 120,000sq m (1,291,668sq ft) and should be closer to 140,000sq m (1,506,946sq ft) with over 25,000sq m (269,098sq ft)already reserved for Q3.

The agency said this level of activity represented a healthy bounce back from the lows of 2009 and was moving back towards the 15-year average of around 170,000sq m (1,829,863sq ft). In spite of the return to some form of normality, there had been a huge wipe-out in capital and rental values, with falls of 50 and 60 per cent recorded in the past two years affecting stakeholders in the industry. Prime rents had fallen slightly to €350 per sq m.
With the supply pipeline switched off and a reduced volume of "grey space" being released to the market, the vacancy rate would continue to fall. There were a number of large tenants in the market actively looking for space which would eventually put some pressure on supply at the top end of the market, particularly in Dublin 2 and 4. Once this happened rental values should start to recover from the current lows.

HWBC has calculated that the current vacancy rate in Dublin stands at 21.5 per cent but said this figure is distorted by the huge volumes of older stock overhanging the market which was difficult to let and in some cases considered virtually obsolete.

The agency estimates that the 223,000sq m (2,394,328sq ft) of Grade A space available represented three years supply at current take-up rates.

While there was no shortage of top quality stock for those looking for under 1,000sq m (10,737sq ft) or for larger occupiers seeking more than 5,000sq m (53,685sq ft) the choice was more limited in Dublin 2 and 4.

HWBC said that so far this year tenants had shown an overwhelming preference for modern space. Fewer than 15 per cent of new occupiers opted for second generation accommodation.

The value now available for good quality offices in town was influencing tenant take-up patterns with more than 75 per cent of deals this year in the central business district.

The gap between rents for office space in the suburbs and more established Dublin 1, 2 and 4 locations had narrowed sharply, allowing companies the option to remain in the city and still make considerable savings on occupational costs.

The Irish Times, Thursday, 4 August 2011

Investors can get Nama help

Property investors will be allowed purchase residential units from Nama using the mortgage insurance scheme unveiled last week by the agency. Under the scheme, purchasers are protected against a fall of around 20 per cent in the property's value over the first five years.

Speaking after the launch of the agency's annual report, chief executive Brendan McDonagh told The Irish Times that they would not place any restrictions on the type of purchaser who could use the scheme but they would have to be approved by the pillar banks – AIB and Bank of Ireland – before they could go ahead with the purchase.

Nama is keen to get as many of the 12,000 residential properties it holds off its books as quickly as possible, although not all of the 12,000 properties are in Ireland.

The agency has estimated that the scheme could attract 5,000 buyers, which would generate €135 million in Vat while restricting the agencys possible losses to €200 million.

Further details on the scheme will be released later this year and other banks have been asked to see if they are interested in using a similar scheme.

THE Department of Finance has received over 300 submissions on its proposals to curtail tax reliefs like section 23. Groups representing the industry and property owners as well as major estate agents responded to the Department's request for reaction to its consultation paper on legacy tax reliefs by its deadline last Friday.

The Department's paper, published at the end of June, was the first step in the Government's plan to reduce, cap or abolish property tax reliefs and tax shelters which benefit very high income earners, promised in its programme for government. A spokesman said this week that it intends to complete the consultation before Budget 2012.

The Institute of Professional Auctioneers Valuers (IPAV) warned that thousands of middle-income taxpayers will face severe financial hardship if property tax reliefs are ended.

The SCSI said the removal of section 23 reliefs would jeopardise the long-term viability of many modest portfolios of three to four-properties, leading to distressed sales, losses to banks, the exchequer and local authorities and would cause disruption to an already fragile property market.

The Irish Property Owners Association (IPOA) said property owners with bank debt – about 90 per cent according its survey – could be forced into insolvency if the proposals go ahead.

Property information from The Irish Independent

The Irish Independent, Tuesday, 6 September 2011

Retailers to be big winners in new upward-only rent change

New legislation on upward-only rent reviews will allow tenants to apply to court to overrule such clauses, leaving landlords facing sharp drops in their rental income, the Irish Independent has learned.

The standalone piece of legislation is due to be published in October/late November and could unleash a nightmare scenario for institutional investors, but beleaguered shop owners and others locked into boomtime leases are to get several concessions.

Under the draft bill, struggling retail and office tenants could seek a rent cut or possibly even walk away from upwards-only leases. Landlords would be forced by law to engage with tenants and, if negotiation fails, tenants could take a case to court. The Circuit Court could overrule an upward-only rent clause and also rule on any rent arrears attached to it.
At the moment, only a landlord can trigger a review of an upward only rental clause. This new bill proposes that any "qualifying tenant" -- meaning any tenant that can prove that their rent "is a cause of distress to their business" -- can seek a one-off rent cut.

This option would be open to all qualifying tenants, even if they have had a rent review in the recent past. The landlord would be obliged by law to respond to this request within a set time limit. If a rent drop can't be agreed between landlord and tenant, the issue has to go to mediation.
If the mediation process fails, the tenant can apply to go before the Circuit Court and get a ruling from a judge that would be legally enforceable. The Circuit Court can also rule on any rent arrears at that point.

The bill also provides for the termination of a lease.

"If a tenant can prove their lease is actually prohibiting them from running a viable business they will be able to walk away from it," a source close to the process says. There will also be provision for a landlord to terminate a lease.

If a lease is terminated, compensation to a tenant or to a landlord for any renovation to the premises could apply.

A lease would be judged on a standalone basis. "For example, if you have 12 shops across Ireland and 10 of them are doing quite well, but say two of them are crucifying you because of off-the-wall rent, you should be able to get a review on the basis of those two individual stores and not on the basis of your overall balance sheet," the insider said.

The timeframe proposed from the initial tenant request for a rent review to the final option of going to court is within one year.

The bill is expected to have a "sunset clause", meaning the legislation would have a built-in expiry date.

In five years' time it would then be subject to a ministerial review and could be either renewed or pulled.

Labour TD Ciaran Lynch, who drafted his party's election manifesto proposal on upward-only rent reviews, said the matter urgently needed tackling.

"It's critical for the recovery of the Irish economy that market rents are introduced in the commercial rental sector and that normalisation in that market is put in place and it's my expectation that this legislation will achieve this," he said.

The Government aims to drive the bill into legislation as soon as possible.

"Alan Shatter wants this done and dusted before the end of the year," a source said.

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