



## **New survey shows commercial tenants receiving rent reductions of up to 30% in 2011**

### **Uncertainty over proposed legislation hampering Foreign Direct Investment**

### **Chartered Surveyors urge Government to Clarify Rent Review situation urgently**

**Monday November 7<sup>th</sup> 2011.** According to a new survey by the Society of Chartered Surveyors Ireland, the most common outcome of rent renegotiations between landlords and tenants was a rent reduction of between 20 and 29 per cent in 2011.

The SCSi said the survey of its members showed that where tenants could provide evidence that they needed a rent reduction, landlords were willing to engage, although it depended on the type of landlord.

Ninety eight per cent of respondents reported that private domestic landlords are providing rent reductions, while 61 per cent reported that international pension funds are not granting rent reductions.

However, the SCSi said that the main issue affecting the market was the continued uncertainty caused by the proposed introduction of legislation to ban upwards only rent reviews in existing leases.

It said that this uncertainty is severely impacting Ireland's ability to attract foreign direct investment and pointed to figures that suggest that investment levels have dropped to about €180m so far in 2011 compared to over €3bn in 2006.

Roland O'Connell, Vice President of the Society of Chartered Surveyors Ireland said that "the significant fall off in investment in the commercial market has a ripple effect on the wider economy. The country potentially loses out on foreign direct investment which can stimulate growth, create jobs and provide tax revenue to the exchequer".

Mr. O'Connell said that the debate has moved beyond whether the proposed legislation will be perceived as fair to tenants or landlords and is now a matter of Government making a prompt decision.

"Publishing the legislation will provide a level of certainty and confidence to both tenants and landlords so that they know what to expect and can make business decisions for the future, which is in everyone's interests", he said.

**ENDS.**

[www.scsi.ie](http://www.scsi.ie)

**Note to Editor:**

The survey is based on the responses of over 110 firms around the country.

- 61% of respondents to the survey act on behalf of both tenants and landlords
- Upwards only rent reviews have already been banned in new leases since February 28<sup>th</sup> 2010.
- Investment level figures are from the CBRE Q3 2011 report

**Survey Highlights:**

Q: In your experience, what percentage of rent reductions did tenants receive?

- 41 per cent of respondents reported that **retail** tenants received a rent reduction of between 20 and 29 percent in 2011 (down from 48 per cent in 2010).
- 34 per cent of respondents reported that **office** tenants received a rent reduction of between 20 and 29 percent in 2011 (up from 31 per cent in 2010).
- 25 per cent of **industrial** tenants received a rent reduction of between 20 and 29 percent in 2011 (up from 22 per cent in 2010)
- 27 per cent of **pub/restaurant** tenants received a rent reduction of between 20 and 29 percent in 2011 (down from 49 per cent in 2010).

Q: Are the following groups of landlords granting rent reductions on application from their tenants?

- 98 per cent of respondents reported that **domestic private** landlords are granting rent reductions
- 88 per cent of respondents reported that **domestic corporate investors** are granting rent reductions
- 50 per cent of respondents reported that **domestic pension funds** are granting rent reductions
- 61 per cent of respondents reported that **multi-national pension funds** are not granting rent reductions