

# **Report of the Steering Group on the development of official statistics for the Irish commercial property market**

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**The Steering Group consists of members from the Central Statistics Office (CSO), the Central Bank of Ireland (CBI) and the National Asset Management Agency (NAMA)**

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## OVERVIEW

During 2016 and 2017, the CSO, with funding and support from the CBI and NAMA, explored the possible development of a suite of commercial property indicators for Ireland, based on existing administrative data sources. The initial aim was for this Commercial Property Statistical System (CPSS) to help shed light on commercial property stock, development flows and transaction activity, such as sales and leases. The project made notable progress across a number of fronts and identified substantial impediments and data shortcomings. The discovery of these issues has prompted the CPSS Steering Group to reassess how best to proceed. The project recommendations are outlined in this report, which if adopted by relevant stakeholders lay the foundations for further progress.

In the first year of the project, potentially useful sources of information were identified, contact established and meetings held with a variety of relevant CRE data holders by the CSO. The CSO obtained access to a number of key datasets allowing them to assess data quality and to carry out data matching exercises. Shortcomings and impediments to progress have been uncovered and a series of recommendations to help overcome these were drawn up. The key recommendations include:

- i. A detailed and comprehensive commercial property price register should be developed to facilitate the production of CRE sale and lease transaction statistics and ultimately an official Commercial Property Price Index (CPPI);
- ii. The CPSS project as established has ceased. The development of a CPSS by the CSO cannot be progressed as administrative data sources located in other public agencies need to be developed and / or enhanced;
- iii. The adoption of the CPSS recommendations by the relevant stakeholders should allow sufficient progress be made to facilitate the achievement of the CPSS's original objectives.
- iv. The Property Services Regulatory Authority (PRSA) should seek to increase compliance by tenants with the requirements of S.87 and S.88 of the Property Services Regulation Act 2011;
- v. Pipeline statistics should be based on BCMS (Building Control and Management System) data - the CSO are in discussions regarding the statistical potential of these datasets; and
- vi. The use of Eircodes should be promoted amongst relevant data gatherers in order to simplify the task of data linkage and classification, which will assist the estimation of commercial property stock.

The evolution of the CPSS is set out in more detail across the remainder of this paper. Section 2 introduces the data on the commercial property market. The background and purpose of the CPSS project are outlined in Section 3. Section 4 provides an overview of the key achievements and findings of the work carried out so far. A more detailed set of

recommendations for taking the project forward towards the Group's objectives are listed in Section 4. Section 5 concludes.

## INTRODUCTION – COMMERCIAL REAL ESTATE DATA

Previous financial crises have demonstrated how unsustainable activity in commercial property markets can give rise to severe losses in the financial system and have a damaging impact on economic activity. The Irish case is a clear example of how the risks related to commercial real estate (CRE) lending and boom/bust price movements can manifest themselves. The recent property crash also served to highlight the paucity of comprehensive, objective and independent commercial property data, complicating risk assessment and making it difficult to accurately describe and compare the risks in and across national markets.

The demand for objective commercial property market information and indicators has increased since the financial crisis. Internationally, the development of a methodological framework for Commercial Property Price Indicators is one of the key priority actions identified by the G20 Data Gaps Initiative (DGI), while a number of European institutions have established subject matter expert groups to examine the area.<sup>1</sup> Work is also underway within many countries to deepen understanding of their own commercial property markets.

Public databases have been largely silent on the commercial property sector. Instead, the majority of information on the Irish (and many other European) CRE markets comes from private sources such as MSCI/IPD, JLL, CBRE, DTZ, Lisney, Savills, etc. which gather their own data on prices, rents and transactional market activity. Problems arise however, as private firms may provide only a limited picture of the overall commercial property market. Naturally, the statistics gathered by these firms tend to focus on the locations in which they operate, or the particular sectors in which they carry out the bulk of their commercial activity. Until relatively recently, the greatest focus in terms of the material released in Ireland was on the Dublin office market, with limited coverage of the smaller regional urban centres. Such data gaps have led to calls from national and international institutions (including the ESRB and the IMF) for countries to improve their data collection and monitoring frameworks, in order to capture developments in CRE markets.

The release of detailed residential property price and transaction statistics by the CSO in recent years has demonstrated the substantial benefits from combining administrative data from multiple sources. Also, it clearly shows the additional insight into the activity of the

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<sup>1</sup> See for example the ESRB Expert Group on Real Estate "[Report on commercial real estate and financial stability in the EU](#)", December 2015. The European Commission and ECB have also established a joint Expert Group on commercial property prices.

residential market that is obtained from making this data publically available. In a similar way, the exploitation of equivalent CRE data sources may be possible.

## BACKGROUND TO THE CPSS

In May 2015, the CSO and NAMA met to discuss the possibility of compiling commercial property indicators for Ireland. Whilst some commercial property data was available from a myriad of existing sources, NAMA expressed an interest in supporting the establishment of a centralised system for the collection, development and publication of objective and independent commercial property indicators. The CSO expressed an interest in assuming this role, taking account of the increasing demand from key national users and the increased focus on the subject at a European level. Subsequently, the views of property experts from the ESRI, DKM Consultants and representatives of the country's leading commercial property estate agents were also canvassed. The feedback from these engagements was that, while ambitious, the project was necessary and worthwhile.

The CSO's mandate is laid out in the Statistics Act 1993. This provided the CSO with the necessary independence for the design and development of the CPSS methodology, the content of statistical releases and publications relating to the CPSS and the timing and method of dissemination of these statistics.

An agreement to explore the development of a CPSS for Ireland was entered into by the CSO, CBI and NAMA. Under a Service Level Agreement, the CBI and NAMA provided funding for a 2-year period, subject to a review after year 1. A Steering Group, comprising members from all three institutions was also established and met regularly to support and oversee the work of the project.

In July 2016, the CSO commenced their investigations into the development of a suite of commercial property indicators based on existing administrative data sources to allow the construction of a coherent Commercial Property Statistical System (CPSS) for Ireland. The CSO compiled a detailed appraisal of existing and potentially useful administrative data sources and an outline of the indicators that could be compiled (see Annex 1). The initial focus was to explore the collection of data and publication of descriptive indicators relating to commercial property in four key areas: 1) overall existing **Stock**, 2) **Sales activity**, 3) **Lease activity** and 4) **CRE development pipeline** (planning activity). The project envisaged the segmentation of this commercial property data by type, location and age of CRE (in so far as was possible). Based on their experience, the CSO highlighted the potential challenge involved in integrating data from many different administrative sources into a CPSS. The original concept was to pool existing datasets, which a priori were thought to contain relevant commercial property market information, but had been collected for alternative purposes, e.g. building energy ratings or for the assessment of local authority rates.

Finally, efforts are ongoing by the CSO to identify and help to shape international practice in the area, through dialogue with colleagues across Europe. As part of this process, the CSO prepared and delivered a paper on the CPSS project at an international conference<sup>2</sup>.

## OVERVIEW AND FINDINGS OF WORK TO DATE

This section provides an overview of the work carried out in the first year of the CPSS project by the CSO. First, comes a description of the relevant potential data sources identified and associated indicators, before the data cleaning and matching processes employed by the CSO is outlined. The key findings arising from the execution of these exercises completes each subsection and a summary is set out in Annex 2.

### STOCK DATA - EXISTING STOCK AND SECTORAL BREAKDOWN OF COMMERCIAL PROPERTY

**The Data:** *No. of (new) buildings, NACE sector, Location & Vacancy rate – An Post GeoDirectory*

*Location, Floor area and Property type/Sector of rateable CRE - Valuations Office*

GeoDirectory (GD) and Valuation Office (VO) data were considered appropriate starting points for information on the stock of existing commercial property (See Annex 1). GD is the most comprehensive and up-to-date available source of information on the stock of commercial buildings. Its database includes property address, geographically coded to a very detailed level (small area) with XY coordinates and Eircodes. A vacancy indicator is also included facilitating the production of reliable vacancy rate data. While GD-captured properties are categorised by NACE classifications of the economic use, this does not extend to the typical sectoral breakdown of commercial property, i.e. office, retail, industrial and other uses. Information on a unit's size/area is also missing.

The core function of the VO is the provision of accurate, up-to-date valuations of commercial and industrial properties to ratepayers and rating authorities as provided by the Valuation Act 2001 and the Valuation (Amendment) Act 2015. The Valuation Act 2001 also provides for the revaluation of all commercial properties in Ireland, a task the VO is currently overseeing on a phased, county-by-county basis. This revaluation exercise is to finish in 2021 (see timetable provided by the VO in Annex 3). The VO database is a particularly rich source of data for commercial property. Details of property type, location

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<sup>2</sup>[https://www.bundesbank.de/Redaktion/EN/Downloads/Bundesbank/Research\\_Centre/Conferences/2017/2017\\_05\\_10\\_ottawa\\_group\\_05\\_3\\_paper.html?\\_\\_blob=publicationFile](https://www.bundesbank.de/Redaktion/EN/Downloads/Bundesbank/Research_Centre/Conferences/2017/2017_05_10_ottawa_group_05_3_paper.html?__blob=publicationFile)

and size in addition to valuations for individual floors and features such as car-parking spaces are included. Similar to the GeoDirectory XY coordinates are also available.

### **Matching/testing the data**

A successful match of the GD and VO data would produce a comprehensive register of existing Irish commercial property, broken down by location, sector, size/area and age (new/old). The CSO met with representatives from GD and the VO, and obtained access to the GD files, as well as a VO file covering Limerick.

The next step was to attempt to match the datasets together, using addresses and XY coordinates. Unique addresses in both files – relating to a whole building, a unit within or an occupied section of a building – were used for the matching process. Company trading names were considered part of a property's address; however, tests excluding the trading name were also undertaken.

The VO provided 16,206 records for the Limerick area, from which 6,300 unique addresses were identified. The equivalent GD figure was 9,500 unique addresses, illustrating substantial differences across the datasets. There are many possible reasons for this including the exclusion of properties in the VO file or differences in address details between the two sources. Another significant difference between the files is likely to be the omission of non-rateable properties (such as government, charities etc.) as per Schedule 3 & 4 of the Valuations Act 2001. Moreover, additional items such as advertising boards/signage and ATMs are typically included in the VO data.

### **The Findings**

Following the matching process, more than 85 per cent of the properties contained in the Limerick VO file were identified among the GDs' list of commercial properties in Limerick.<sup>3</sup> While high overall, in practice it should be noted that even on the VOs most up to date file, the exercise was quite laborious with an exhaustive degree of manual work involved to the extent that it would not be practical to complete a similar exercise for the remainder of the country using available resources. Approximately 30 per cent of properties were matched easily with either an address or an XY coordinate matching exactly. A further 45 per cent were identified using the Jaro-Winkler fuzzy matching algorithm in SAS (Statistical Analysis Software) with manual acceptance/non-acceptance required for the suggested matches. The remaining c. 10 per cent were matched using a time-consuming manual search including some internet research.

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<sup>3</sup> This equated to a match of approximately three quarters of the GD properties and 56 per cent of the GD address units in Limerick.

A number of data (quality) issues were uncovered throughout the matching process, which complicated matters further.

- The unique ID on the VO file relates to a ratepayer rather than the unit/business making it difficult to cross-reference some records.
- Difficulties with the XY coordinates meant that in some cases one point could refer to multiple units for instance in a shopping centre. There are other examples where the same point is used for multiple addresses, legitimately where businesses are within the same building. Elsewhere each commercial tenant in a multi-occupied building could have a different XY coordinate, making it difficult to ascertain if a difference in coordinates is just a different point within the same building or a neighbouring building etc.
- Addresses in the VO data file can be vague and the use of company names, street/unit numbers or property use as building identifiers was not consistent. The use of operational numbers or explanatory text in address fields was another impediment to matching.
- There will always be a lag between VO and GD data updates. Local Authorities provide the VO data, which can be subject to delays. In contrast, GD data are published quarterly. During this time, building uses can change and while floor areas may remain more constant, these too change with extensions and merging of buildings etc.

## COMMERCIAL PROPERTY TRANSACTION ACTIVITY (SALES AND LEASES DATA)

***The Data:***     *Stamp duty returns / CRE sales and leases – Revenue Commissioners*  
*Commercial property lease register – Property Services Regulatory Authority*  
*Building Energy Ratings – Sustainable Energy Ireland*

Market activity in commercial property has two different aspects. There are sales of commercial property (including leases over 100 years) and there are leases of commercial property (comprising of leases up to 100 years). Relevant data relating to both are reported in the stamp duty data collected by the Revenue Commissioners. The latter information should be detailed in the lease register held by the Property Services Regulatory Authority (PSRA). There is scope for additional information relating to both sold and leased properties to be captured via the Building Energy Ratings (BER) system, maintained by Sustainable Energy Ireland.



Information captured from Revenue Commissioner Sale and Lease forms (SDR1 and SDR3 respectively) include buyer and seller names, address, county code, transaction price/rental price, length of lease and whether the property is residential, non-residential or mixed-use. Long-term leases contain an additional breakdown, distinguishing between new and second-hand premises, site only, agricultural land etc.

Under the Property Services (Regulation) Act 2011, all tenants entering into new lease arrangements are obliged to furnish the PSRA with particulars of the property leased. Such details include the property address, whether it is office, retail, industrial or other use and the area (m<sup>2</sup>) of the property.

The Energy Performance of Buildings Directive 2002/91/EC, stipulates that all commercial buildings sold or leased must have an up-to-date BER certificate. The BER data contains comprehensive information on the building characteristics, including the year the building was constructed, the number of floors, a property type, the area (m<sup>2</sup>) of the building and its energy efficiency.

The three data sources were envisaged to complement each other creating a robust dataset of commercial property market activity information and providing price, area and type of building (Office, Retail, Industrial) statistics for the market.

### **Matching/testing the data**

Separately the SDR1 and SDR3/Lease Register files were matched to the BER records using address only. There were no geographical codes available on the SDR files used in the matching sample. Eircodes were not introduced to the SDR files until July 2016.

Limerick was used as the test case for the market activity data, meaning VO data, (used in the stock of CRE exercise), could be used as an additional source of information in the case of a poor match between Revenue and BER data. All Limerick records from 2010 to April 2016 were included in the SDR test file and matched against the complete non-domestic BER database.

### **The Findings**

First, Revenue's SDR sales data were matched with the BER data for Limerick. The resulting match rate was low with 6 per cent of SDR sales addresses matching exactly with BER addresses. Using the Jaro-Winkler fuzzy matching algorithm in SAS it was possible to identify and later manually add an additional 12 per cent of matches.<sup>4</sup>

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<sup>4</sup> An exercise to decipher whether matching rates amongst more recent data were higher showed only marginal improvement.

While the year of construction is captured in the BER data, these statistics are not easily accessible and were not provided to the CSO. Due to the low match rate and absence of building age, the SDR sales data were cross-checked with the VO dataset in an effort to ascertain information on floor area and building use. The outcome was slightly better, resulting in a 30 per cent match. From a sample of the unmatched records, it was possible to match a further 30 per cent manually. Again, the process was found to be unfeasibly resource intensive. Finally, corporation tax and VAT files were explored to see if the addresses could be improved, but no significant enhancements occurred.

One reason for the low level of matching relates to differences in units of measurement, buildings or groups of buildings in the Revenue data, while BER records were found to relate to individual floors or units within buildings (rated for rental purposes) and entire properties. Difficulties arise for example in the case of a sale of a building/complex made up of individual units, there may be ratings for individual units on the BER file but it can be difficult to identify or even know how many units or floors within the building should exist. In some instances, not all units within a complex are present and thus cannot be matched. Double counting is another potential issue due to the possibility that complete buildings/complexes could show up as one record and separately as individual units.

Vague addresses were another significant problem, particularly within the SDR data; Whereas in other datasets commercial units are often identified by the trading name, in the revenue sales return this information is not relevant (and not available unless it is the same as the buyer or seller). The resultant vague addresses can be impossible to match. Similar to the stock matching exercise between the VO and GD data, other issues include the use of multiple names across files for the same buildings or estates. The location of buildings on a corner also gives rise to confusion as multiple streets appear in the address for the same unit.

In general, the existing lease data was found to be of poor quality. All commercial tenants entering into new lease arrangements are obliged under legislation<sup>5</sup> to furnish the PSRA with particulars of the relevant property, including a description of the leased property, rent payable and details on its floor area etc. Compliance with the provision of such information to the PSRA is poor however; property type information was available for just 25% of records. Other useful information such as the age of a building is not currently sought for the lease register. The use of Eircodes is also quite low.<sup>6</sup>

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<sup>5</sup> Property Services (Regulation) Act 2011 (Sections 87 & 88)

<sup>6</sup> An Eircode field was included in the July 2016 SDR monthly data. It was completed in just 2 per cent of commercial property sales records in that month however; this compared with a 61 per cent completion rate for residential buildings.

It is possible that the Stamp Duty returns are not capturing all sales of commercial properties. For example, tranches of commercial property can be sold as part of a fund, company or special purpose vehicle (SPV). The transaction in that case relates to the company rather than the properties themselves. It is not clear from the projects research to date if these properties are or should be included on the Stamp Duty Returns.

Finally, no distinction between the leasing of commercial property and agricultural land is evident on the stamp duty returns. It was hoped that the PSRA data would help bridge this gap and establish the nature of leasing activity, however this information was only present in 25 per cent of leases cases.

## COMMERCIAL PROPERTY DEVELOPMENT PIPELINE

**The Data:**      *Planning permissions – Local Authorities*  
                         *Commencement and Completions - Local Government Management Agency*

Information on planning permissions from Local Authorities (LA) and commencement and completions data from the Local Government Management Agency's (LGMA) Building Control Management System (BCMS) were identified as potentially useful sources of information on the development of new stock. Each quarter, details of all planning permissions granted are sent to the CSO, by 31 Local Authorities and An Bord Pleanála. Each permission granted includes the planning registration number, the LA it pertains to, a description of the permission granted, the number of units included and the floor area. The data received are coded by the CSO and permissions are classified by type of development (new construction, extension, alteration or conversion), LA and the category of building, distinguishing between residential and non-residential buildings (Industry & Manufacturing, Offices & Administration, etc.) and civil engineering works. Currently, these data are published by the CSO on a quarterly basis.<sup>7</sup>

The BCMS was implemented in March 2014, allowing property owners, builders, developers, architects and engineers to submit notifications, applications and compliance certificates online. The BCMS register includes the commencement date and the reference number of the original planning permission. The reference number of the completion certification is also provided, where the construction has since finished.

These two data sources were to be matched using the planning registration number available on both files. When merged, the CSO planning permission coding was expected to

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<sup>7</sup> <http://www.cso.ie/en/statistics/construction/>

identify certain types of relevant commercial properties, the category of building and the floor areas for works commenced or recently completed.

### **Matching/testing the data**

While it has not been possible to secure direct access to the LGMA's entire BCMS dataset to date, a publically available BCMS register, containing c.2,300 records, was downloaded, cleaned and used as a test case.<sup>8</sup> Next, these data points were matched against the previous 5 years' planning permission entries.

### **The Findings**

Again, while it was possible to reconcile a significant portion of the records across the two files, significant issues arose during the matching process. In terms of the planning permissions data, the complete planning registration number is not captured in the CSO's system, due to a limit of five digits on any identification number. As a result, the CSO alters and/or shortens planning registration numbers within their system, and only ensures that the identifying number is unique within each quarter. This alteration and shortening of planning registration numbers has made it difficult to match CSO records to the planning and building control files.

Nevertheless, the attempt to align and match the planning registration numbers across the two sources resulted in a 79 per cent match rate. Of the records matched however, 28 per cent coincided with a non-unique registration number. To ensure the correct match is assigned, these records would have to be manually checked, a very time consuming process.

Of the 21 per cent of unmatched entries, some were due to the altering of the planning registration number in the CSO files and others to errors the recording of registration numbers in the BCMS system.

Both the planning permissions and BCMS data are available separately as a source of information on pipeline activity. As well as quarterly publications of planning statistics by the CSO, BCMS data in the form of a register of notices is available on its website. Unfortunately, this information is not particularly user-friendly at present, with no availability of building work categories or distinct floor area details.

Finally, a commencement notice is required to give notice to Building Control Authorities of the erection of buildings under building control regulations. While the BCMS site is the preferred means of doing so, as per the legislation, compliance levels are not known and need to be assessed.

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<sup>8</sup> <https://www.localgov.ie/en/link-type/bcms>

## OTHER WORK

As well as sourcing and assessing multiple datasets, additional work with a more international focus has been undertaken since the beginning of the CPSS project. Information on the availability of Irish commercial property market data was submitted to the ECB and the European Commission (Eurostat) Joint Expert Group (JEG) on Commercial Property Statistics, which will use the data to help draft a Report on the topic for the EU Economic and Financial Committee (EFC) in the autumn of 2017.<sup>9</sup> Elsewhere, the European Commission (Eurostat) have committed to publishing a working paper on the development of commercial property statistics before the end of 2017. The CSO have been active participants in conferences and workshops exploring commercial property sector issues. For example, a paper outlining the work undertaken as part of the CPSS was presented internationally at the 15th Meeting of the Ottawa Group on Price Indices in Germany in 2017.<sup>10</sup> Members of the CPSS SG regularly update colleagues on the efforts of international counterparts to close the commercial property data gaps in their own countries.

## RECOMMENDATIONS AND WAY FORWARD

A number of data shortcomings and impediments to progress on developing a Commercial Property Statistical System (CPSS) have been uncovered. While the challenges identified are substantial, none are considered insurmountable with the allocation of appropriate resources. In this section a series of recommendations, formulated by the CSO and agreed by the CPSS Steering Group, which will deal with the issues listed are presented.

The first is that the CPSS in its current guise, whereby the CSO's work in the area is funded by the CBI and NAMA, will not continue. The Group has concluded that if their recommendations are adopted by the relevant stakeholders, sufficient progress can be made to facilitate the achievement of the CPSS's original objectives. The CBI, CSO and NAMA have continued to meet to oversee progress in the adoption of their recommendations and other developments vis-à-vis the closing of commercial property data gaps in Ireland.

The following recommendations should be considered in order to facilitate the provision of official statistics on the stock of CRE.

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<sup>9</sup> The EFC prepare and advise the work of the ECOFIN and the Eurogroup.

<sup>10</sup> [https://www.bundesbank.de/Redaktion/EN/Downloads/Bundesbank/Research\\_Centre/Conferences/2017/2017\\_05\\_10\\_ottawa\\_group\\_05\\_3\\_paper.html?\\_\\_blob=publicationFile](https://www.bundesbank.de/Redaktion/EN/Downloads/Bundesbank/Research_Centre/Conferences/2017/2017_05_10_ottawa_group_05_3_paper.html?__blob=publicationFile)

- i. The Valuations Office is currently conducting the country's first complete property revaluation, which is being completed on a phased county-by-county basis (see timetable in Annex 3). The CSO will await the completion of this revaluation, before attempting to link Valuation Office data with other sources.
- ii. The CSO's research has highlighted how useful the addition of Eircodes on administrative CRE records would be, in terms of data reconciliation and matching across sources. The Group recommends that the Valuations Office and other commercial property data holders such as local authorities, the Revenue Commissioners and SEAI adopt the use of Eircodes in their data collection procedures as a matter of urgency. The CSO will continue to liaise with these and other relevant bodies to promote the use of the Eircodes in data collection.

The expansion of an existing project could help fulfil the data requirement for the compilation of CRE pipeline statistics.

- iii. The Building Control Management System (BCMS) has potential to provide pipeline statistics on each stage of housing and commercial property development - e.g. commencements and completions. The CSO is currently discussing the statistical potential of this data - for housing - with the Department of Housing and the LGMA. While the immediate priority relates to data gaps on housing, this work should also seek to identify and assess the availability and quality of data related to commercial property.

The introduction of a properly resourced comprehensive property price register, distinguishing between sales and leases of CRE would greatly improve the scope to produce meaningful commercial property transactions data.

- iv. Preliminary contact has taken place between members of the CPSS Steering Group and the Department of Finance with a view to identifying the owner(s) within the public service of the Banking Inquiry recommendation that a "detailed and comprehensive commercial property price register should be introduced". The Steering Group proposes that these contacts be developed and carried forward. This register should be akin to the structure of the existing Commercial Property Lease Register and include the collection of additional variables such as floor area, type of property and age, needed for the compilation of a price index. Crucially, the provision of the additional variables should be mandatory and compliance with this requirement needs to be enforced.
- v. Pursuant to section 31 of the Statistics Act 1993, the CSO should be consulted in the development of such a register so that any recommendations regarding the statistical use of the register (e.g. the variables to be recorded, data standards and classifications, which enable statistical compilation) can be taken on board.

- vi. In the interim, the Property Services Regulatory Authority (PSRA) should follow up on legislative compliance among tenants (Sections 87 and 88 of the Property Services (Regulation) Act 2011) to provide the required information on commercial property lease agreements. This information will improve the statistical potential of the commercial property lease register.

## CONCLUSION

The CSO, with financial funding from the CBI and NAMA, has been assessing the feasibility of developing a CPSS for Ireland since 2016.

The demand for objective commercial property market information and indicators has increased since the financial crisis and work is underway within many countries to deepen understanding of their own commercial property markets. Domestically, one of the key recommendations from the Joint Committee of Inquiry into the Banking Crisis is for the introduction of a detailed and comprehensive commercial property price register.

Internationally, the development of a methodological framework for commercial property price indicators is a key priority as demonstrated by the increased focus from institutions such as European Central Bank, the European Commission, and the ERSB.

Both the CSO and the CBI have extensive engagement with various institutions at a European level on the importance of improving the quality of information relating to the commercial property market to allow more effective monitoring of the risks associated with this market.

The Steering Group concluded that the CPSS project as established should cease to exist as the development of the CPSS by the CSO cannot progress until administrative data sources in other public agencies have been developed and / or enhanced. Instead, the Steering Group decided that their continued participation in the project should be to exert influence on key stakeholders in order to drive the establishment of the CPSS and by offering their expertise, where relevant, to support its development. The three institutions have continued their efforts to achieve the project's original objectives through the promotion of the recommendations outlined in this paper, including presenting to the Department of Finance.

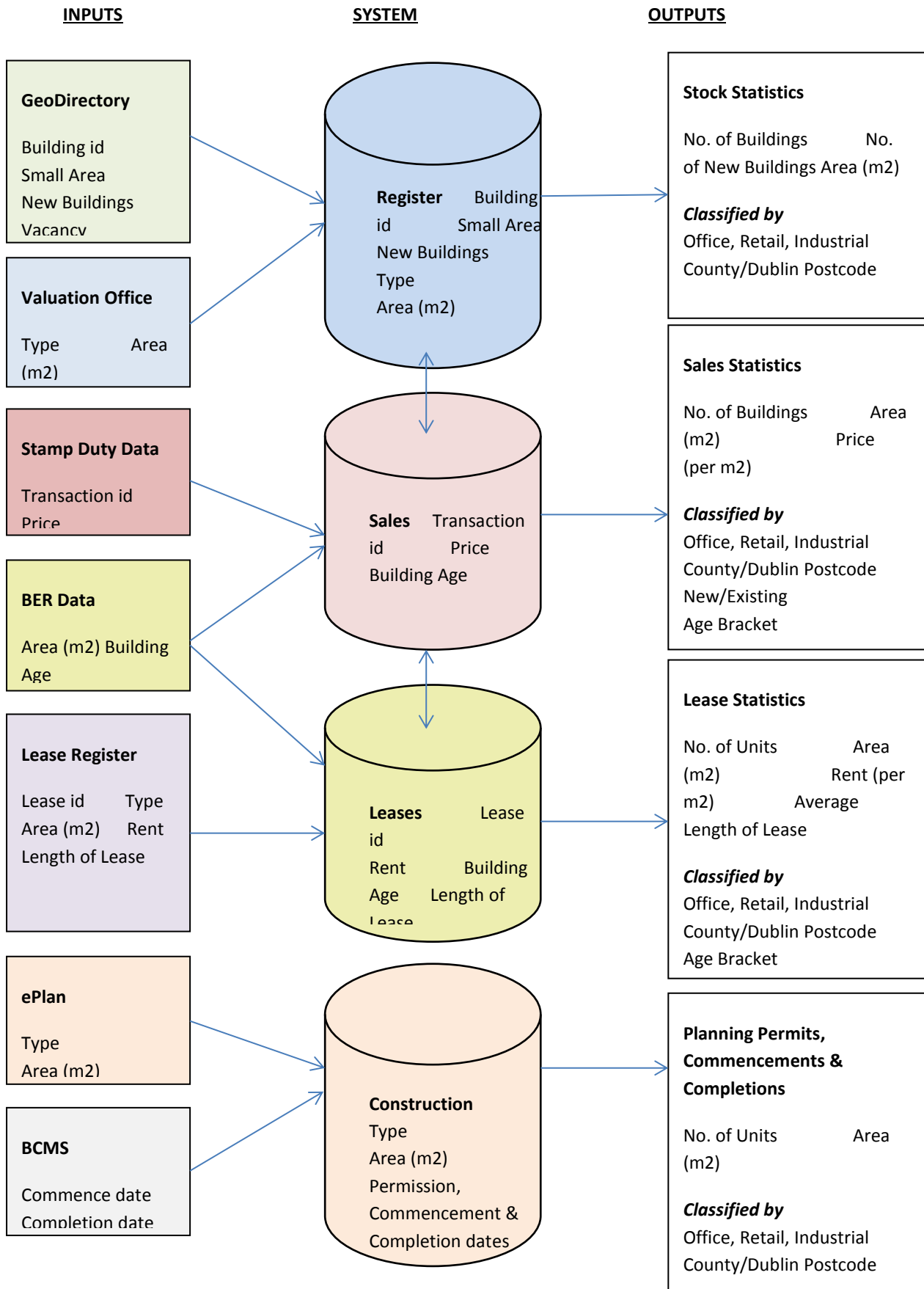
The CBI, CSO and NAMA are confident that the adoption of these measures are critical if the goal of a comprehensive suite of official commercial property statistics covering stock, transactions and construction activity are to be developed for Ireland.

The Group has concluded that the achievement of a system to provide comprehensive, objective and independent commercial property statistics may take another 5 years at least and will require oversight and the allocation of appropriate resources from other State agencies.





## Annex 1 – Summary of proposed Commercial Property inputs and outputs



## Annex 2 – Project Findings and Recommendations

	Sources	Data Issues	Matching	Comments	Main recommendations	Timeline
<b>Stock</b>	GeoDirectory	-				
	Valuations Office	The first complete revaluation is currently taking place in the country and is expected to be complete in 2021. There is significant levels of missing data (including floor area) for buildings in local authorities which have not yet been revalued. Eircode is not available.	✓	This is more labour intensive than expected but can be done. The capture of Eircode on the Valuations Office data would greatly assist the matching of records.	<ol style="list-style-type: none"> <li>1. Introduce Eircode to valuations data</li> <li>2. Await complete revaluation</li> </ol>	2021 for completion of revaluation.
<b>Transactions</b>	Stamp Duty Sales Data	Addresses can be vague and eircode is only available in a very small percentage of cases from July '16 onwards.	✗	<p>The matching of the relevant files is hindered by the following:</p> <ol style="list-style-type: none"> <li>1. a lack of unique identifiers in the datasets e.g. Eircode</li> <li>2. fundamentally different units of measurement (e.g. building or individual units etc.)</li> <li>3. inclusion of Eircode on all relevant data sources</li> </ol>	<ol style="list-style-type: none"> <li>1. Enforce Property Services (Regulation) Act 2011 (Sections 87 &amp; 88) for the compilation of a Commercial Leases Database</li> <li>2. A similar database to be set up for Commercial Sales</li> <li>3. Inclusion of Eircode on all relevant data sources</li> </ol>	<p>A availability of information from a register of commercial sales and commercial leases will be dependent on the engagement with the Department of Finance and PSRA in relation to the recommendations.</p>
	Stamp Duty Leases Data	Addresses can be vague and eircode is not available. In addition, there is no identifier on the leases returns to distinguish between commercial properties and, for example, agricultural land. This could be overcome if completed on the lease register.				
	BER Data	Assigned Eircodes are not always correct/useable.				
	Lease Register	Current legislation is not being complied with in respect of the provision of required information to the PSRA on commercial leases.				
<b>Pipeline</b>	Planning Permissions	The planning registration number is not being captured in its entirety in the CSO systems.	✗	<p>The lack of complete planning registration number in the CSO systems hinders the matching of these files.</p>	<ol style="list-style-type: none"> <li>1. Access and evaluate the building control (commencements and completions) data</li> </ol>	<p>Dependent on access to the BCMS data. Five years planning permissions data required to fully link with BCMS data (circa 2020).</p>
	BCMS	Data quality was not assessed.				

### Annex 3 – Revaluation dates by county<sup>11</sup>

	Revaluations	Repeated within 10 years
South Dublin	2007	2017
Fingal	2009	2019
Dun Laoghaire Rathdown	2010	2020
Dublin City	2013	2023
Limerick	2014	2024
Waterford	2014	2024
Sligo	2017	2027
Roscommon	2017	2027
Westmeath	2017	2027
Longford	2017	2027
Offaly	2017	2027
Leitrim	2017	2027
Kildare	2017	2027
Carlow	2017	2027
Kilkenny	2017	2027
Laois*	2018	2028
Monaghan	2019/2021	2029/2031
Donegal	2019/2021	2029/2032
Cavan	2019/2021	2029/2033
Mayo	2019/2021	2029/2034
Galway City	2019/2021	2029/2035
Galway	2019/2021	2029/2036
Tipperary	2019/2021	2029/2037

<sup>11</sup> Based on information provided by the Valuations Office in 2017.

Kerry	2019/2021	2029/2038
Cork City	2019/2021	2029/2039
Cork	2019/2021	2029/2040
Clare	2019/2021	2029/2041
Wicklow	2019/2021	2029/2042
Wexford	2019/2021	2029/2043
Meath	2019/2021	2029/2044
Louth	2019/2021	2029/2045

\* a pilot self-assessment type approach