

# My Decade

*Aidan O'Hogan FIAVI, FRICS gives a personal view of the huge changes that occurred in the market and the property profession during the past 10 years. Aidan was President of the IAVI in 2003-2004.*

A decade on – it can difficult to sense the mood of a market ten years earlier. However, in this case, my recollection is fairly clear and informed by several events of the time, which are particularly memorable and by reference to market commentaries, which the firm produced at that time.

In the Spring of 2000 I was completing the fifth of my eight years as Managing Director of Hamilton Osborne King. My appointment to that role in 1995 had very fortuitously coincided with a period of unprecedented growth in the economy and in the property market, with an average 8.5% per annum growth in GDP over those five years; a huge increase in the numbers of people employed; a dramatic decline in interest rates and the ready availability of mortgage finance.

Managing the growth in business was proving exceptionally demanding. There was a very limited pool of agents and surveyors with previous high level exposure to commercial and residential development, and experience in the marketing, valuation, and financing issues which were a consequence of such growth. Our pool of experienced staff had become the favoured ground for the head hunters representing rival firms and developers with promises of greater earnings, which sometimes overestimated the skill of the potential employee outside of established business. Flattering as this was, in terms of the peer respect for us as a training ground, managing the staff retention process so as to ensure satisfactory continuity of service to existing clients and, at the same time, keeping payroll costs at viable levels became a key part of my role at that particular time.

But, by the summer of 2000, the mood began to change. Activity started to slow as the impact of the Bacon reports began to bite and by the middle of 2001 it had become apparent that it would be necessary for us to start trimming staff primarily in the customer support areas. Apart from the direct cost savings this had an immediate indirect benefit. Suddenly, job security and loyalty looked more appealing than short term financial rewards which it was clear were not being earned - - never more so than in the last quarter of that year, following the appalling events of Sept 11<sup>th</sup> 2001, which shook the foundations of commercial activity across the entire Western World.

Ten years on, after another 3 years as MD and 6 years as Chairman of the firm, we all know that the hesitation in the market in 2000 and 2001 proved to be temporary, following



*Aidan (right) chats with fellow speakers Colm McCarthy (centre) and Alan Ahearne at the IAVI Conference in January.*

Charlie McCreevy's budget decision to restore residential investment property interest relief. There followed another 6 years of incredible growth on three fronts - in activity, in the volume of product developed and in values. They were very exciting and demanding years but unfortunately, they have left us with a legacy of debt, despair and economic destruction which will take at least another decade to redeem.

Values today are, in many cases, at best back to those which pertained in 2000. The volume of transactions is now a fraction of what it was ten years ago and the numbers employed in the property business is probably no more than were employed then. Indeed the outlook now is a lot more challenging.

For my own part, that intervening decade has brought many changes. Today I am retired from the full time role that I enjoyed for 40 years. I have participated in the transformation of the original Osborne King and Megran firm initially into Hamilton Osborne King in 1987 and latterly into being part of the worldwide Savills PLC group. And I have been fortunate to see some of the development projects on which I worked in my early career at Lisney, completed, let for 35 years, lease expired and redeveloped.

But most notably, and sadly, I have seen the rise and fall of the Irish property empire and experienced the unfortunate consequences of that decline.

Of course, we need to put in perspective the fact that over those 40 years there have been recessions in each of the decades. Unquestionably the current one is by far the most serious for our industry but I remain convinced that we will recover from it. Indeed I would be surprised - as far fetched as it may sound today - if within the next two decades we do not see again a repeat boom in property prices, albeit not one on the same scale or of a similar duration to that from which we have now emerged. Optimism remains eternal!

In my role today as a consultant to Savills, and to others engaged in the property market, I continue to see the emergence of opportunities and the critical need for good property related advice. I look forward to being active in the market for at least another five years, albeit at a much more measured pace, and to enjoying the collegiality of a profession that has been a pleasure and a privilege to work in, in both good times and bad over the last four decades.