



Above the Shop Research Spring 2025



**HARDWARE
ASSOCIATION
IRELAND**

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Foreword

Paul Candon, President HAI

Hardware Association Ireland's mission is to advance the mutual interests of, and deliver relevant benefits to, hardware and builder's merchants through effective representation, training and development, market intelligence and networking opportunities.

- Our role is to
 - Be the voice of our sector.
 - Improve the overall market environment for the sector.
 - Improve the operational performance of our members.
 - Ensure members have relevant information.

The findings of this much-needed study offer a clear and compelling case for revitalising vacant "above the shop" properties and converting them into much-needed housing units. Addressing the scale of opportunity, up to 40,000 potential housing units, requires a strategic focus on practical solutions that balance financial incentives and regulatory reform.

The survey's findings highlight both the potential and the obstacles in converting vacant commercial properties into housing.

A holistic approach combining financial incentives, streamlined regulation, and sustainable development practices, can unlock this potential while ensuring long-term economic, social, and environmental benefits.

Implementing the survey's recommendations will accelerate property conversions and contribute meaningfully to addressing the housing crisis. It will also bring much-needed regeneration/life back into our cities, towns and villages.

This document sets out a clear roadmap for this to happen.



About: Hardware Association Ireland

Martin Markey CEO/Secretary HAI

- Since 1938 Hardware Association Ireland (HAI) is the national trade association representing hardware, building materials, DIY, homewares and garden at retail, wholesale, and manufacturing level.
- Our 400 members through their 700 outlets, make a valuable contribution to the economy of Ireland. From family run businesses to publicly quoted companies, HAI members are an important presence in cities, towns, and villages throughout the country.
- Our members directly employ over 26,000 people, and they underpin the jobs of a further 147,000 builders and trades professionals. We uniquely represent all levels of the supply chain.
- The sector has an annual turnover of €3.7 billion (CRO), pays wages in excess of €1 billion and it is a significant contributor to the public purse.
- HAI speaks with one consolidated voice and fulfils a unique and vital role in connecting merchants with their suppliers in a non-commercial environment. HAI members play a key role in the construction supply chain, providing an efficient and effective route to market for building material products and a vital source of credit to customers.
- We represent over 400 employers in the industry, and our members operate in one of Ireland's key economic sectors. New builds, renovations, empty home rejuvenation, and retrofitting are major barometers of and a contributor to the nation's economic success.

Background – Rationale for the Survey

At present the vacant property refurbishment grant is up to €50,000 to renovate a vacant property and up to €70,000 if the property is derelict. The vacant home grant is very successful with single dwellings- there are 11,327 applications, 7,700 of which have been approved nationwide; (at end December 2024) however, it has little attraction for those who could convert commercial properties into a number of living units.

First fruits - we estimate that there are 20,000 empty houses that could be converted at an **“all in cost”* similar to the market price of second- hand houses in the area. A further 20,000 units could be converted from ***“above the shop”* properties- when the right incentives are in place.

Together this totals 40,000 additional housing units.

In this survey, HAI spoke to two key stakeholder groups =

- a. Owners of *“above the shop”* properties that could be converted from their current use to living accommodation. These owners are drawn from HAI members nationwide. In the main they are hardware shop owners, representative of a subset of property owners, not the entire market.

And

- b. Estate Agents and Auctioneers. They are experts in property, dealing in property at scale and have a good idea as to what incentives would work for property owners and for that reason we spoke to them.

The focus in this survey is to find out what incentives will work to encourage commercial property owners to convert their properties to homes.

It also examines the overall perception and experience of these property owners and experts.

** All in cost = full cost of property includes all purchase and renovation costs.*

** It does not have to be a shop and secondly it could be envisaged that the original shop may no longer be there, and that the original floor of the shop could also be converted to living accommodation.*

Methodology

Methodology

The survey questionnaire was agreed in advance. An e mail survey was used to collect the data.

Insights gathered are a mix of quantitative and qualitative data (vox pops). These vox pops corroborate the data gathered. While the vox pops are not to be taken as the expressed opinion of HAI they are forthright views of key stakeholders who have experience and knowledge of the area.

Timeframe

Late January to mid-February 2025.

Respondents

Responses were received from over **200 respondents, including HAI members and local auctioneers**, who own “above the shop” properties and **110 estate agents** who are experts in this field.

Recommendations

The results from this survey are very clear. The financial incentives are by far the most significant motivator to get the market moving and unleash its potential.

Expand Financial Incentives:

- 1. Expand the number, the role and the responsibilities of vacant homes officers** to include “above the shop” properties. While not a direct finding of this survey, this change will be required to underpin any of the recommendations.
- 2. Waiver on Capital Gains Tax (CGT) on “above the shop” properties.** The strong support (93%) for a CGT waiver highlights the need for an immediate incentive to encourage property sales for redevelopment. This could significantly increase turnover and rejuvenation of vacant properties. According to the findings this will allow 20% + of vacant “above the shops” to be sold on to those who wish to rejuvenate them. This waiver needs to be time-bound – 3 years.

Give owners of above-the-shop properties a choice of incentives -

3.

- a) Enhanced and Flexible Grant Structures:** Extending the Vacant Home Grant to “above the shop” properties with the full amount per unit would address financial barriers and promote multi-unit conversions. Allowing a variety of ownership formats including Limited Companies to access these grants would further widen participation and investment.
- b) Tax Relief on Capital Expenditure:** With 70% of respondents favouring tax breaks, allowing property owners to offset renovation costs against rental income would create a powerful, long-term incentive.

4. Introduce a Graduated Vacant Property Tax: A punitive vacant property tax, increasing annually after a three-year grace period, would push property owners toward action, either through sale or development, while giving them a reasonable window to prepare. This grace period of three years would also facilitate the time required to prepare a database of such properties.

Sustainable Solutions and Recommendations: Streamline Regulatory Processes:

- 5. *Simplify Planning and Fire Certification:*** Complicated building regulations and planning processes are cited as key constraints. Clearer, more accessible guidelines and expedited approvals for residential conversions would remove significant barriers.
- 6. *Flexible Compliance Standards:*** Adopting more adaptable building regulations for older structures, while maintaining safety and quality, would make conversions more feasible.

Encourage Sustainable Development Practices:

- 7. *Energy Efficiency Incentives:*** Providing additional grants or tax breaks for energy-efficient upgrades would align this initiative with our national climate goals and reduce long-term operational costs for residents.

Address Skills Shortages and Financing Challenges:

- 8. *Support for Trades and Construction:*** Investment in skills training programmes and incentives for tradespeople to take on refurbishment projects will alleviate workforce shortages.
- 9. *Access to Affordable Finance:*** Low-interest loans or government-backed financing options for property renovations would ease upfront cost burdens.

Survey Findings

Potentials – Number and Types of Units

Chart 1: Potential Number of Units

Q: *Would you say that there are many/some/a few commercial properties in your area that could potentially be converted into living units?*

Levels of vacancy/disuse - 57% of respondents state that there are many commercial properties in their area that could be converted into living units. 35% say that there are some while only 8% say that there are a few in their area. This indicates that they are aware of the scale of opportunity.

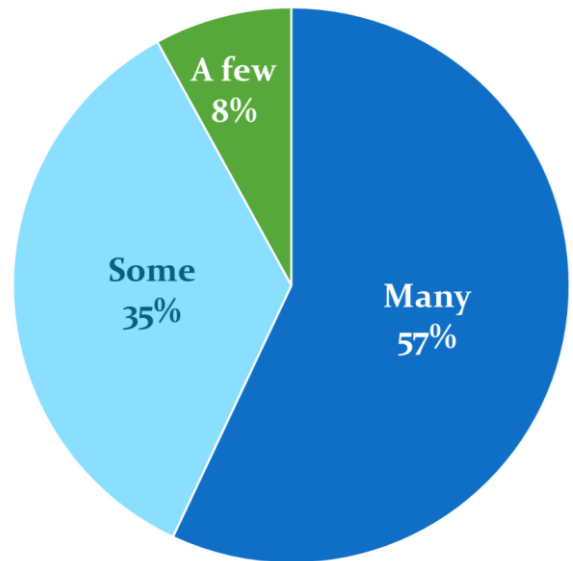
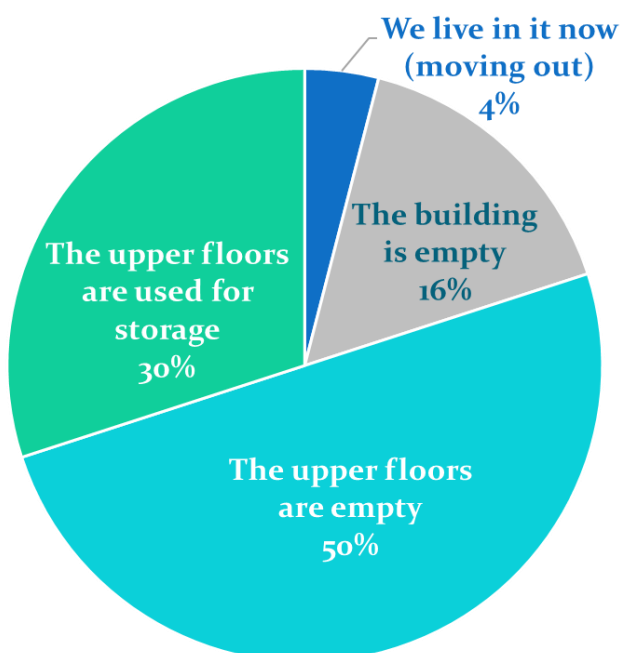


Chart 2: Present Usage

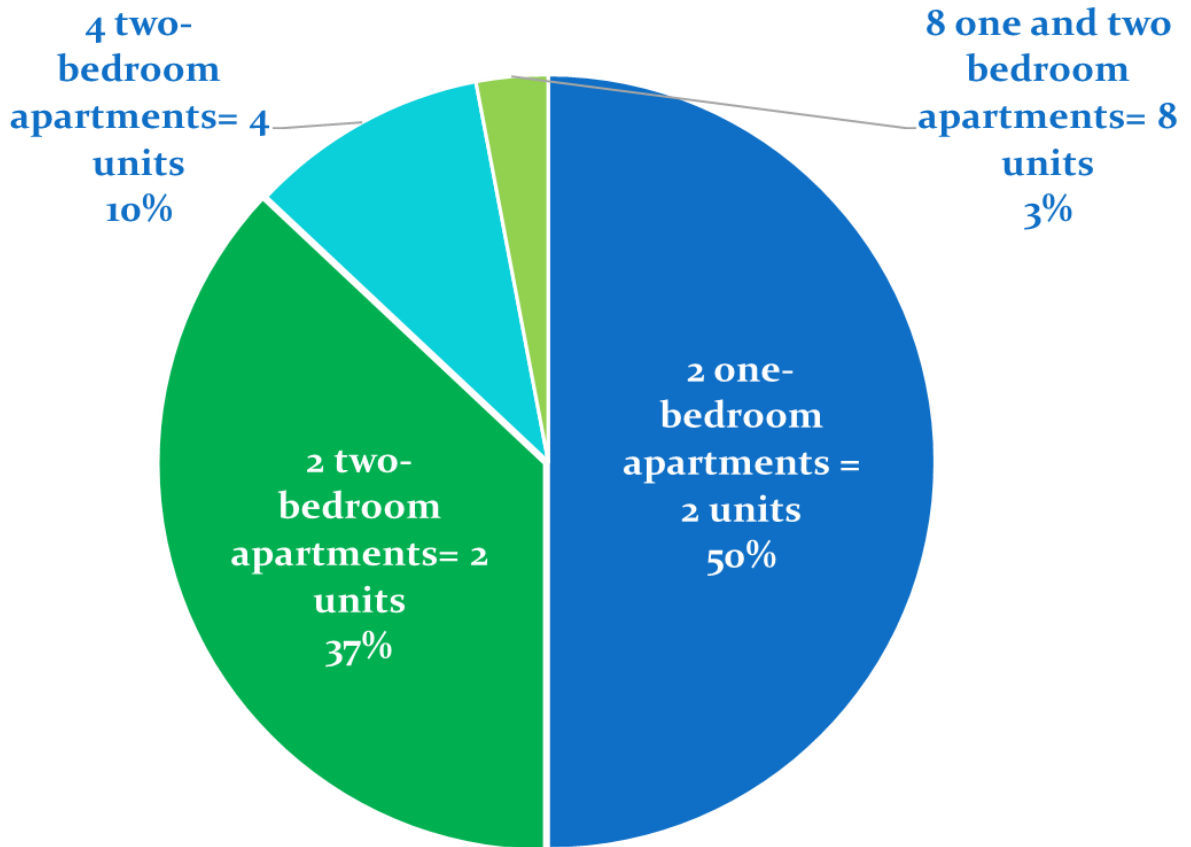
Q: *At present, what is this property used for?*



Present use - Of those who own “above the shop” properties, 16% of the properties are completely empty. In 50% of cases the upper floors are completely empty. Only 30% of the upper floors are used for storage, so overall less than one third of properties have upper floors with any current usage.

Chart 3: Potential – Type/How Many Units

Q: *How many units could your property or properties potentially provide?*

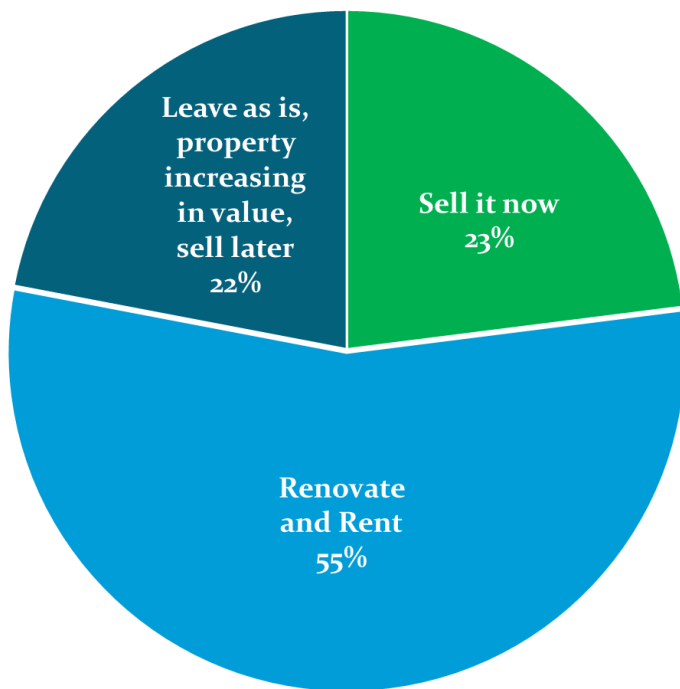


According to the respondents, in 87% of cases the capacity would be to provide two units.

Future Choices

Chart 4: Future Choices

Q: Given the choice (incentives) what do you think most of these property owners would prefer to do with these properties?



Future choices – there is a huge desire to do something with vacant property.

Renovate and rent is the most favoured choice of action - at 55% this is the most popular choice of property owners.

Selling - Respondents estimate that almost a quarter – 23% of owners in their area would like to sell. A waiver on capital gains tax would encourage them to sell - backed by 93% of respondents.

Do nothing - 22% of property owners would prefer to leave the property as is, as it is increasing in value.

Chart 5: Incentives

Q: If (a) sell them now – what incentives would encourage them to do this?

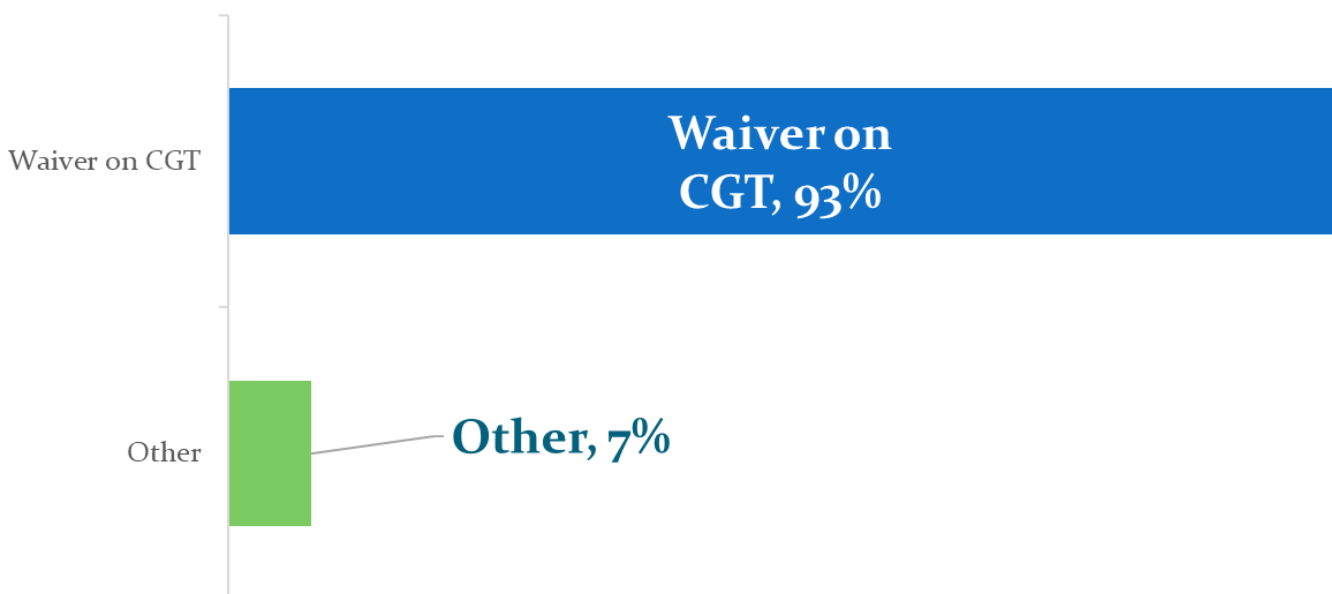
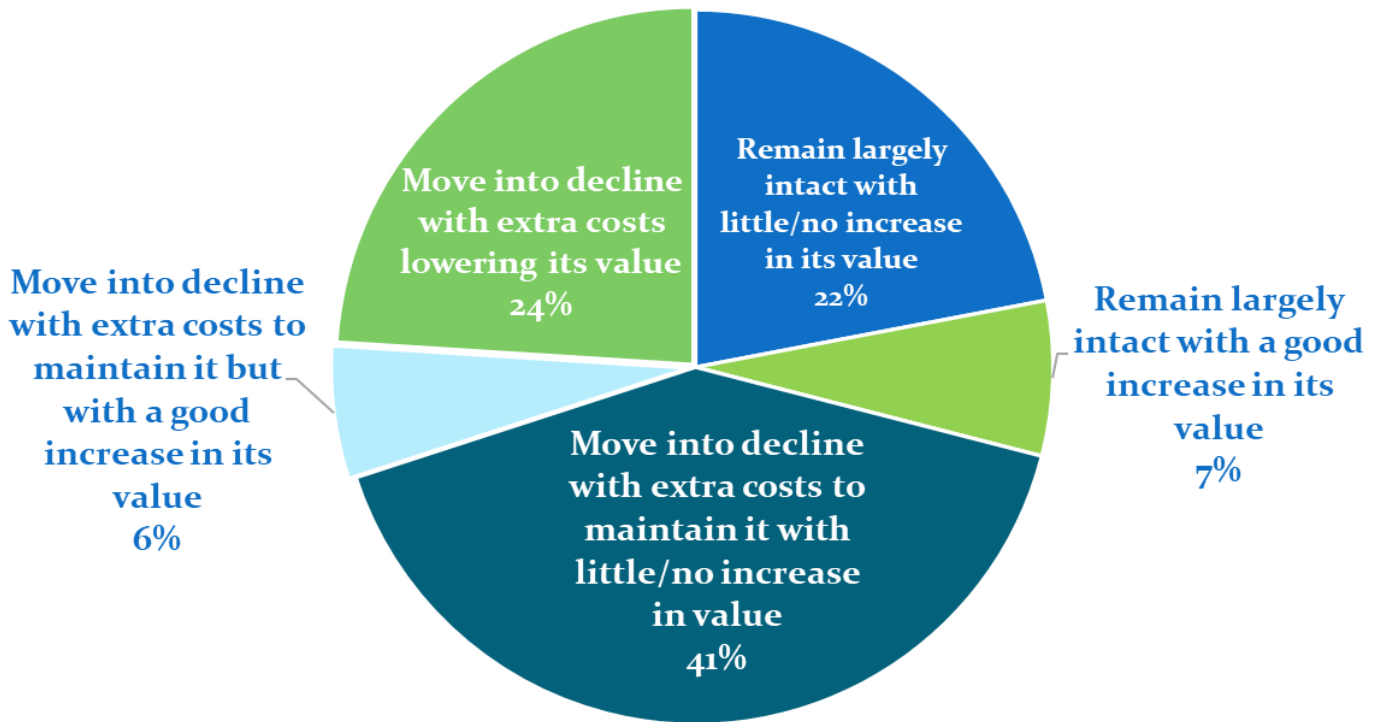


Chart 6: The Future

Q: In your area if property owners of “above the shops” do not convert the property, what will happen to it?



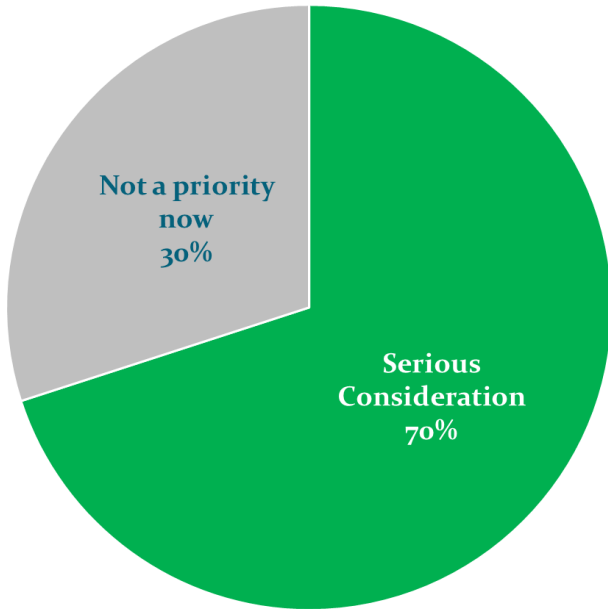
It is believed by respondents that if left as they are, 70% of these properties will fall into decline, worsening the spoilation of our built environment.

These empty and declining properties have a contagion effect deepening the economic and social decline of many of our streets.

Constraints and Incentives

Chart 7:

Q: If "I would choose to renovate it and rent it" have you: given it serious consideration or it is something that I haven't really given thought to - not a priority at the moment.

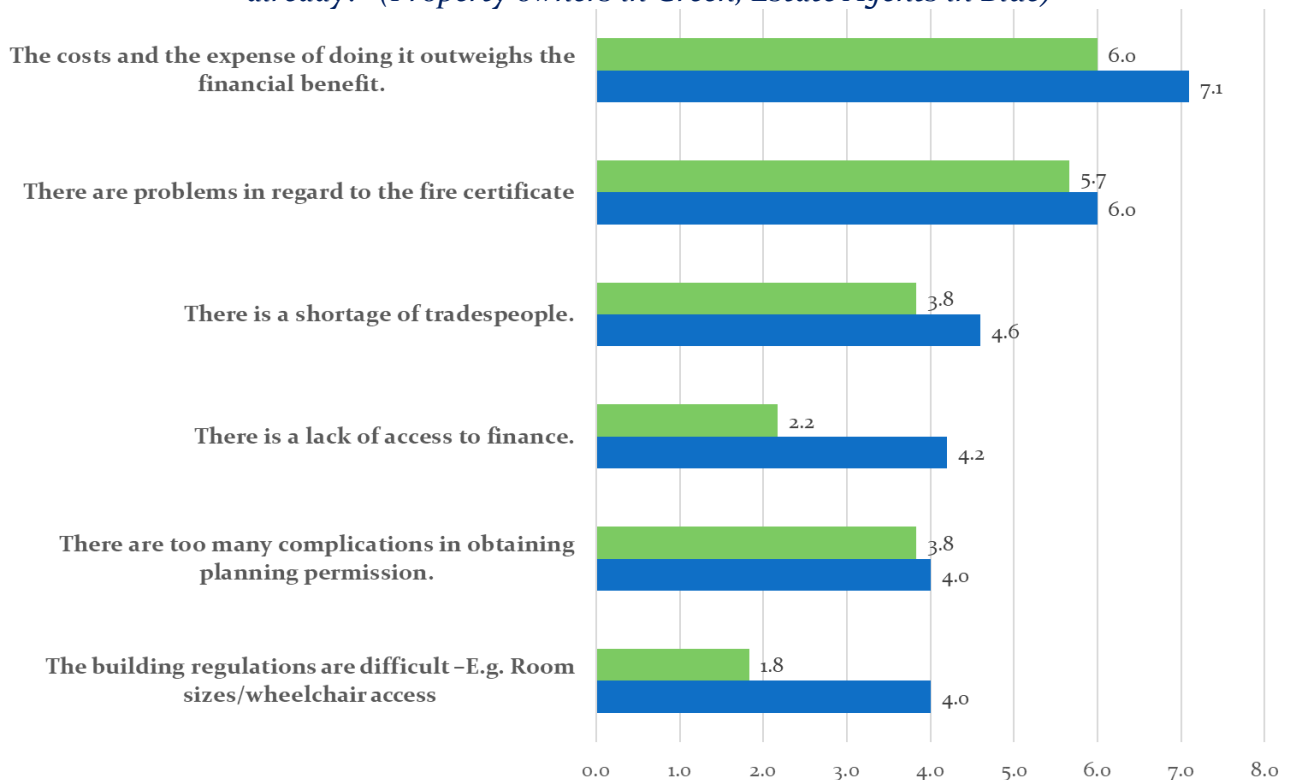


Current Thinking

Of property owners, 70% have given serious consideration to renovating and renting the premises while for 30% it is not a priority at present.

Chart 8:

Q: If 'serious consideration' – to Renovate and Rent, why have you/property owners not done this already? - (Property owners in Green, Estate Agents in Blue)



Constraints - For 70% of property owners who are giving serious consideration to renovating and renting, by far the predominant reason for not doing so is that the cost and the expense of doing it outweighs the financial benefit.

- The next constraint mentioned are problems regarding the **fire certificate** and complications in obtaining planning permission.
- A shortage of tradespeople and a lack of access to finance are also cited as constraints. Difficult building regulations are also mentioned.
- Reforms to planning and fire regulations while noted, **are seen as secondary considerations when compared with financial incentives.**

Chart 9: Incentives Required

Q: In your experience, what would have to change to encourage them (property owners) to convert the property into housing units?

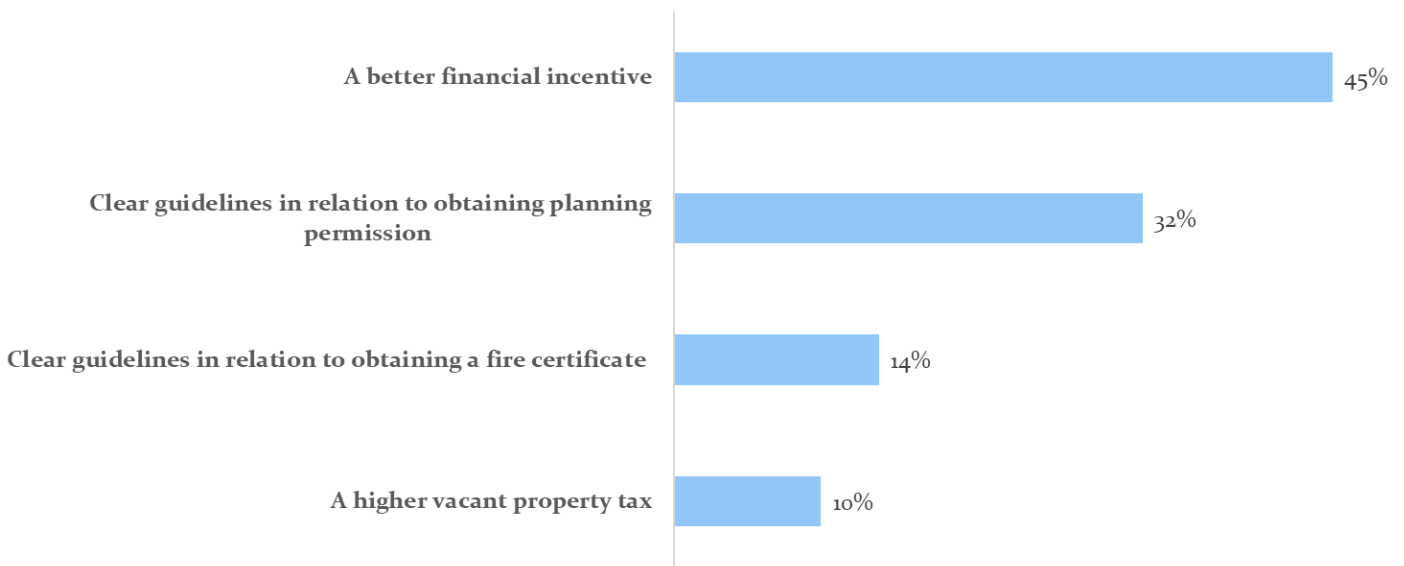
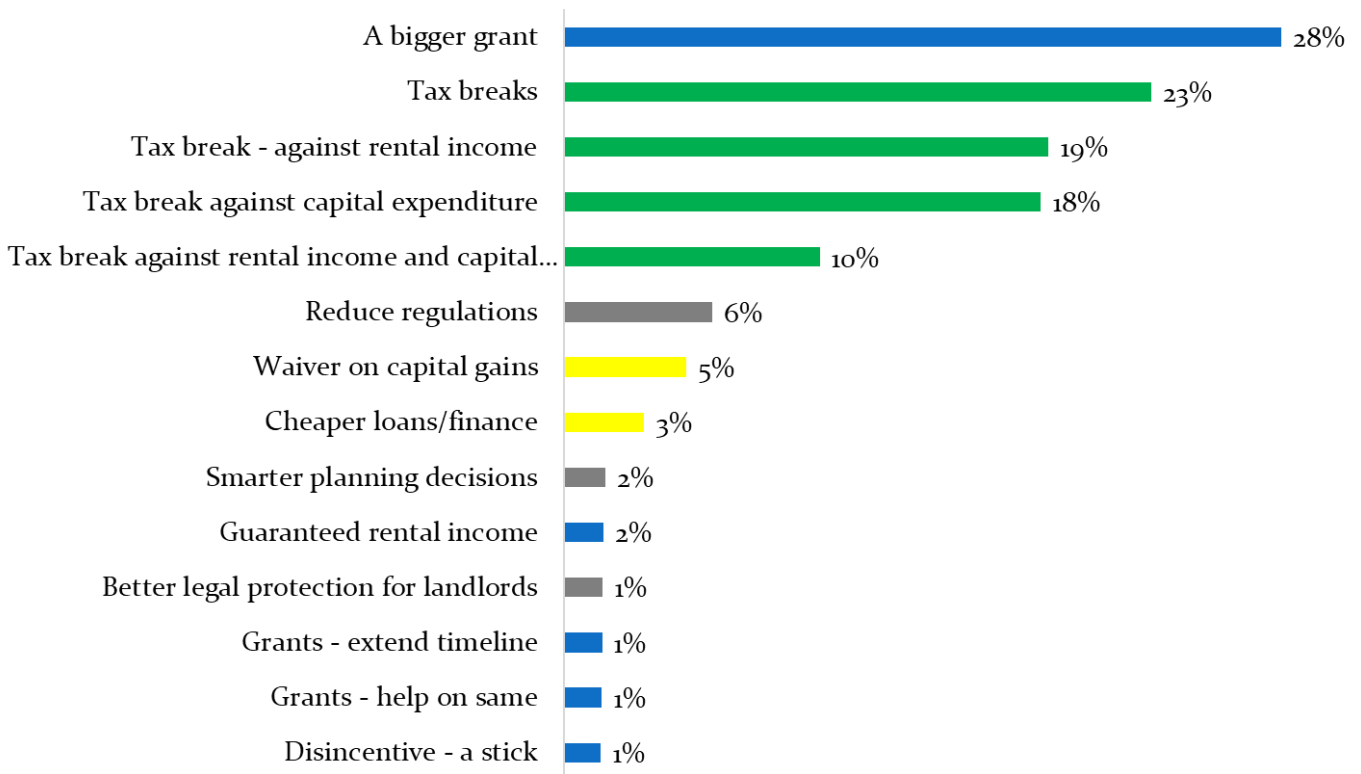


Chart 10: Synopsis of Vox Pops – Incentives Required

Q: In your experience, what would have to change to encourage property owners to convert the property into housing units?



Dark Blue: Grants
Green: Tax Break Incentives
Yellow: Waivers and other financial supports
Grey: Other

Of the potential types of financial incentives that would incentivise them grants, similar to the vacant homes grants are favoured by 28% while 70% would prefer a tax break, typically where capital expenditure can be offset against future rental income.

Acknowledgements

Hardware Association Ireland (HAI) would like to thank its members for their contribution to this research. HAI would also like to thank the Institute of Professional Auctioneers and Valuers (IPAV) for allowing access to their members and encouraging participation.

We would also like to thank fellow members of ‘Vacant to Vibrant’ for their contribution. Vacant to Vibrant is a cross-sectoral alliance to unlock the potential of vacant, derelict and under-used buildings in Irish villages, towns and city centres. It is comprised of like-minded trade and professional associations and individuals who have expertise in rejuvenated homes and the built environment. HAI, IPAV, IGBC and RIAI are amongst the membership.

On behalf of the Hardware Association Ireland Executive Committee

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