

OVERALL

- =** **No surprises for the Commercial Property Sector** – No change to Stamp Duty, CGT or tax treatment of Irish Real Estate Funds.
- €** **Total spend of €17.75bn** with €17bn relating to expenditure and €270m in taxation measures.
- 🔍** **Focus of the budget** is to assist cashflow and survival of businesses and employment. **A particular focus** also on social housing.

BUDGET ITEM	CHANGE	IMPACT
Land Development Agency	€1.2bn of funding to progress the range of projects already under way	Objective is to increase the supply of housing
Water services	Additional €90 million investment in critical water infrastructure projects, including wastewater services, water quality and leakage reduction	Improve supply of serviced land and enhance the delivery of additional housing
Help to Buy Scheme – lower of 10% of the value of the property or €30,000	Extended to the end of 2021	Provide support at entry level of the residential market and thus demand for residential property overall
Social Housing	€5.2bn to be provided to the Department of Housing to deliver Social Housing Construction of 9,500 new social housing units in 2021	Depending on how implemented, this may result in demand for residential units from private developers
Other Housing Measures	Support for an additional 15,000 HAP and 800 RAS tenancies	Help maintain stability in the residential rental market
Commercial Rates Waiver	Rates waived for final quarter of 2020	Cash flow benefit to companies across a range of sectors
VAT	Reduction from 13.5% to 9% for hospitality sector	Should help sustain viability of these businesses
Revenue Debt Warehousing Scheme	Extended by a year No surcharge will apply	Cash flow benefit for small traders
Employment Wage Subsidy Scheme	Continue into 2021	Will support consumer expenditure and help sustain demand especially in the retail sector
Stamp Duty Residential Development Refund Scheme for non-residential land	Extended to operations commenced by December 31 2022 Time allowed between commencement and completion of a qualifying project being extended by 6 months to two-and-a-half years	Facilitate greater level of residential development
Consanguinity Relief, the reduced rate of stamp duty on transfers of agricultural land between family members	Extended to December 31 2023	Support the transfer of agricultural land between family members
Remote working and remote service delivery	Not specified in Budget Strategy will be devised	Likely to include financial support to assist remote working
Scheme for businesses that had to close	Up to €5,000 per week	Will help sustain businesses

COMMERCIAL PROPERTY

- 📈** Whilst there were no obvious impacts on the commercial property market overall the Budget should assist by helping businesses to survive and be in a position to pay rents and bank debt which otherwise could undermine the market.
- 🏠** The focus on social housing should be of assistance to the construction sector and help overall activity in the residential occupier market.

SUMMARY OF KEY ECONOMIC ISSUES



Budget based on Hard Brexit and no widely available vaccine until end 2021

Three pronged strategy

- **Rapidly building** up healthcare capacity
- **Protecting** household incomes
- **Supporting** employment

- 1. Unlike the response to the 2008 recession**, which was heavily focused on balancing the books and was austerity based, the response now is at least partly an old style Keynesian demand boost
- 2. Unemployment rate expected to average 15.9% in 2020** and 10.3% in 2021 (including COVID-19-related job loss)
- 3. Capital expenditure of over €10 billion**, for investment primarily in schools, homes and public transport
- 4. Recovery Fund** (€3.4bn) to address the twin challenges of Covid-19 and Brexit
- 5. Exchequer borrowing** at historically low interest rates
- 6. 320,000 jobs expected to be lost in 2020** but 155,000 new/recovered jobs in 2021

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