

**DECENTRALISATION PROGRAMME – PROPERTY / SITE ACQUISITION  
POSITION AT 8<sup>th</sup> DECEMBER 2005**

Overall, the programme of site identification and acquisition is progressing satisfactorily. To date, property acquisition negotiations have been completed or significantly advanced in 23 locations.

In the case of 5 locations, Athlone, the Curragh, Navan, Na Forbacha and Sligo, OPW owned sites have been identified and will be used to accommodate decentralised offices.

In the case of another 4 locations, Carlow, Longford, Newcastle West and Killarney, sites have been acquired from the relevant Local Authorities. Privately owned sites have been purchased in Buncrana, Tipperary and Clonakilty. In the case of Tullamore, the OPW has entered into an agreement to purchase an Office Block when it is completed in September 2006.

Contracts for sale have been received in a further 10 locations including Donegal, Dungarvan, Knock, Portarlinton, Portlaoise, Thurles, Carrick on Shannon, Trim, Thomastown and Cavan.

Contractors are on site in Sligo and Na Forbacha. Construction contract has been placed for Longford. Tenders have been received and are under consideration for Trim, Athlone, Killarney and Newcastle West.

Tenders have recently been invited for Clonakilty.

As you can see from the above, steady progress has been achieved on site acquisitions and the construction phase is now gaining momentum.

**Locations where Acquisition has been Completed**

Acquisition has been completed in 13 locations as follows

**OPW Owned Sites**

|    |   |
|----|---|
| 1. | <b>Athlone</b> - Education & Science.   |
| 2. | <b>The Curragh</b> - Army Headquarters  |
| 3. | <b>Navan</b> – Probation & Welfare Service, Dept Justice Equality & Law Reform. |
| 4. | <b>Na Forbacha</b> - Community Rural & Gaeltacht Affairs.                       |
| 5. | <b>Sligo</b> - Social & Family Affairs  |

**Sites Purchased from Local Authorities**

|    |  |
|----|--|
| 6. | <b>Longford</b> – Prison Service.              |
| 7. | <b>Newcastle West</b> – Revenue Commissioners. |
| 8. | <b>Carlow</b> – Enterprise, Trade & Employment |
| 9. | <b>Killarney</b> - Arts Sports & Tourism       |

**Purchases from Private Landowners**

|     |   |
|-----|---|
| 10. | <b>Buncrana</b> – Social & Family Affairs                             |
| 11. | <b>Clonakilty</b> – Communications Marine & Natural Resources and BIM |
| 12. | <b>Tullamore</b> – Finance<br>Building being purchased                |
| 13. | <b>Tipperary</b> - Justice Equality & Law Reform,                     |

**Locations Where Acquisition is at an Advanced Stage**

Contracts for Sale have been received and are in the process of being approved by the Chief State Solicitor for signature in a further **10 locations**, these are:

|     | <b>Location / Department</b>   | <b>Local Authority/State Agency/Private Landowner</b> |
|-----|--|---|
| 14. | <b>Donegal</b> – Social & Family Affairs   | Private Landowner                                     |
| 15. | <b>Dungarvan</b> - Ordnance Survey Ireland   | Private Landowner                                     |
| 16. | <b>Knock</b> - Community Rural & Gaeltacht Affairs                                 | Private Landowner                                     |
| 17. | <b>Portarlington</b> - NCCA, NEWB, Data Protection Commissioner, Equality Tribunal | Private Landowner                                     |
| 18. | <b>Portlaoise</b> – Agriculture & Food   | State Agency (IDA)                                    |
| 19. | <b>Thurles</b> - Garda Headquarters  | Local Authority                                       |
| 20. | <b>Carrick on Shannon</b> – Social & Family Affairs                                | Lease of Building from Private Owner                  |
| 21. | <b>Thomastown</b> – Health & Safety Authority                                      | Private Landowner                                     |
| 22. | <b>Trim</b> – Office of Public Works   | Local Authority                                       |
| 23. | <b>Cavan</b> – Communications, Marine & Natural Resources                          | Private Landowner                                     |

## **Balance of Locations**

### **Further Locations being Actively Progressed**

Sites/properties for the balance of the decentralisation locations are also being actively pursued by OPW, and progress has been made in many of the locations.

Suitable sites have been identified in the following 15 locations and negotiations to acquire have either commenced or are close to commencement. The locations in question are:

|     |                  |
|-----|------------------|
| 1.  | Carrickmacross   |
| 2.  | Clifden          |
| 3.  | Edenderry        |
| 4.  | Enniscorthy      |
| 5.  | Kilrush (lease)  |
| 6.  | Loughrea         |
| 7.  | Mullingar        |
| 8.  | New Ross         |
| 9.  | Waterford        |
| 10. | Wexford          |
| 11. | Youghal          |
| 12. | Claremorris      |
| 13. | Drogheda         |
| 14. | Limerick (lease) |
| 15. | Listowel (lease) |

### **Property Solution Assessment Process**

Prior to entering into contracts to purchase or lease any particular property solution, a detailed and comprehensive assessment process is carried out.

#### **This assessment process includes:**

- Valuation Reports on each option by professionally qualified valuers in order to establish the prevailing market values.
- A technical evaluation of all potentially suitable options (including architectural, structural engineering, mechanical and electrical engineering and fire & security).
- Seeking planning advice and archaeological reports where appropriate, as well as legal advice from the Chief State Solicitor.

On the basis of the relevant and technical, valuation and other reports, a preferred option is identified and sanction is then sought from the Department of Finance to negotiate for its acquisition.

The procedures in place ensure that the prices paid for the properties acquired under the decentralisation programme are reflective of market values and represent good value for the taxpayer.

### **Valuation Process**

OPW's decisions to acquire sites are based on, inter alia, professional valuation advice, which reflects the prevailing market conditions in the locations concerned.

Factors which influence market conditions for sites in a location include zoning, accessibility, proximity to amenities, and the general supply of, and demand for, developments sites.

### **Committed Expenditure to Date**

The estimated total purchase cost for the 18 non OPW-owned sites and the building in Tullamore is **€35.7 million (excluding VAT)**.

The average cost per acre is about **€430,000 (excluding VAT)**. Of this amount, approximately €13 million is in respect of sites acquired from Local Authorities and State agencies. The overall site acquisition cost of the entire decentralisation programme is expected to be in the region of €75 to €100 million (excluding VAT).

The cost per acre ranges from €65,000 in a rural location to €3.8 million for a prime development site in a town centre location. The prices paid to date for sites are considered by the OPW to be in line with market prices.

### **Property Disposal**

Since it is too early in the process for any significant relocation of staff from Dublin, there has been no property disposed of in Dublin to date as a direct consequence of decentralisation. However, the following properties have been disposed of under the Transforming of State Assets programme.

| <b>Property Disposed</b>                                      | <b>Sale Price</b> |
|---|-------------------|
| Lad Lane, Dublin 2  | €22.5m            |
| 72-76 St. Stephen's Green, Dublin 2                           | €52.3m            |
| 14-16 Lord Edward Street, Dublin 8                            | €8.78m            |
| St. John's Road (Westgate)                                    | €44.9m            |
| 26-27 Eden Quay, Dublin 1.                                    | €4.205m           |
| The former Vet. College, Shelbourne Road, Ballsbridge, Dublin | €171.5m           |

The receipts for the above disposals amount to just over €300 million, which is the equivalent to approximately 1/3 of the estimated capital costs of the property element of the decentralisation programme.

As the programme advances, office space will become vacant in Dublin and this will give rise to the need for a rationalisation and reorganisation of the Dublin property portfolio.

Ultimately, this will involve the disposal of surplus space. However, no firm decisions have been taken at this stage as to which particular office buildings will be disposed of post-decentralisation.

The expectation is that the disposal of property in Dublin will generate over time sufficient funds, either in capital receipts or rental savings, to cover the overall capital cost of the programme.