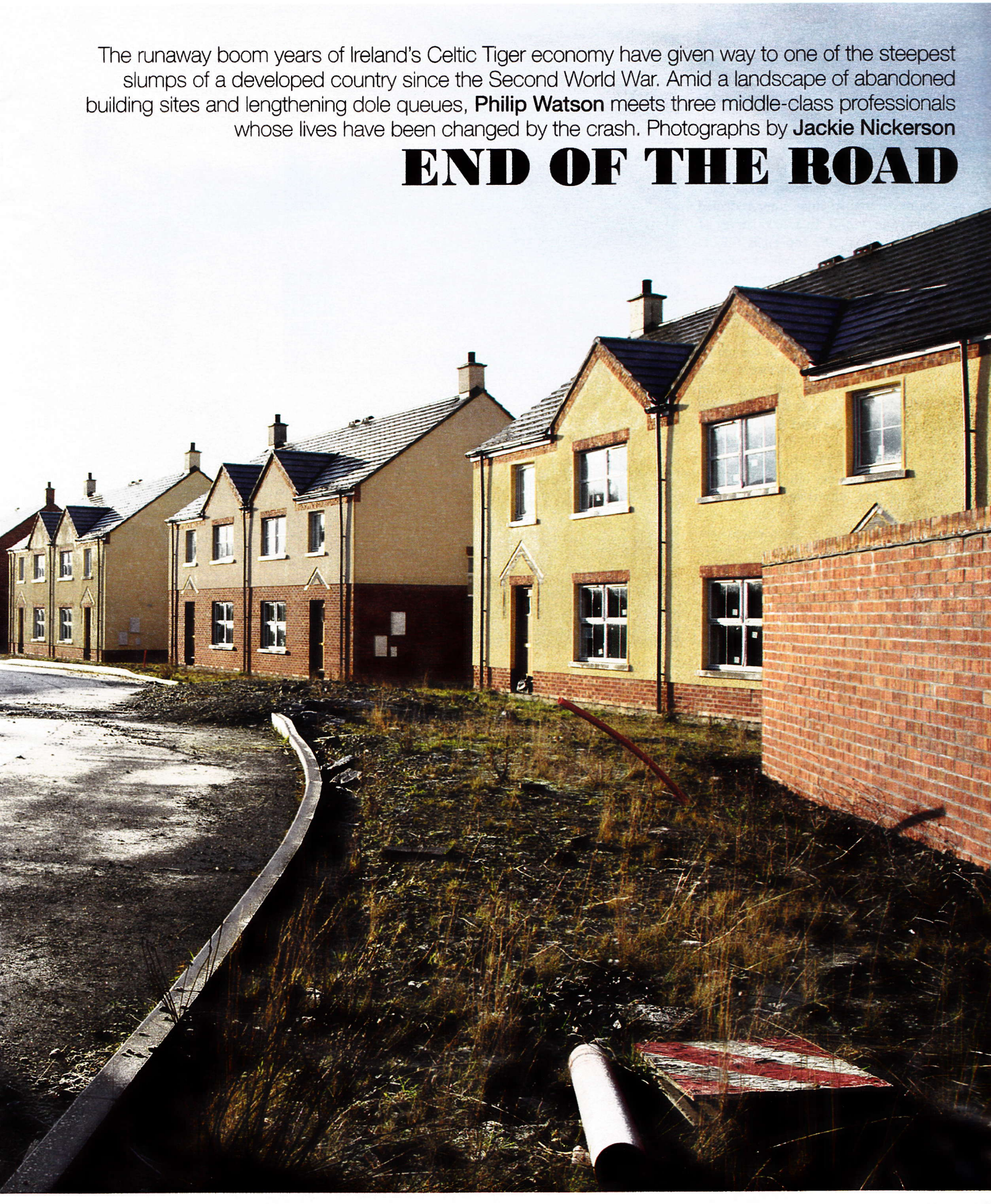
The runaway boom years of Ireland's Celtic Tiger economy have given way to one of the steepest slumps of a developed country since the Second World War. Amid a landscape of abandoned building sites and lengthening dole queues, **Philip Watson** meets three middle-class professionals whose lives have been changed by the crash. Photographs by **Jackie Nickerson**

END OF THE ROAD



The opulent Great Room in Dublin's historic Shelbourne Hotel is a venue more readily associated with trade conferences and society weddings. On this crisp winter morning, though, it is standing room only for an event billed somewhat histrionically as 'the largest property auction in Irish history'. Attended by up to 1,600 people over the course of a six-hour session, the sale is a joint venture by the auction house Allsop and the Dublin property agency Space. On offer are 108 lots, from a three-bedroom semi-detached house in Co Donegal priced at only €21,000 (£17,500) to two adjacent restaurant premises in the smart Dublin suburb of Ballsbridge with a reserve of €485,000. The majority of these properties are 'distressed' – part of commercial developments in receivership or private houses 'surrendered' to banks after their owners fell into arrears.

'Now these always go well, and we know you like them,' the auctioneer, Gary Murphy, says, referring to a one-bedroom flat in a large block in the Dublin Docklands. 'You'll look back at this day and think, I could have got that – it's just so cheap,' Murphy encourages, as the bidding reaches €110,000. It sells a few minutes later for €124,000; at the height of the Irish property boom in 2007, similar flats in the same block sold for €390,000.

By the close of the auction 99 lots have sold, generating €11.4 million. A four-bedroom detached home on a new estate 70 miles from Dublin in Co Laois sells for its reserve of €100,000, and the successful front-row bidders Claire and Stephen O'Toole let out a celebratory cheer. I catch up with them afterwards. 'You couldn't build that house for that price,' Stephen says. Six months ago they sold their home, at a greatly reduced price, after their mortgage payments became too punitive. 'We took the hit and took the gamble – now we don't owe the banks any money and we can move on.'

At least 40 per cent of all Irish home owners are in negative equity. And they carry the world's largest mortgage debt per head

In many ways, the Shelbourne auction is a microcosm of Ireland's economic boom and bust. Over the famed Celtic Tiger years – a period between 1995 and 2007 when the Irish economy was growing by five to six per cent annually – average house prices mushroomed by 330 per cent (and more than 500 per cent in parts of Dublin). Ireland's property bubble was hyper-inflated by several factors. Primary among them was the oversupply of unrestricted bank and building society credit. First-time buyers were offered 100 per cent (and higher) mortgages that were up to 10 times combined salaries. Rocketing house prices also meant that canny Irish home owners could take advantage of unused equity in their properties – to improve a home or, more commonly, to buy or build another property elsewhere, often abroad.

Huge government tax breaks and incentives on new buildings, as well an extremely permissive approach to zoning and planning by local authorities, further fuelled the speculative boom. As many

A 'ghost estate' in Dundalk, Co Louth. There are more than 2,000 such estates in Ireland – developments left unfinished with no or only a small fraction of their homes occupied

as 700,000 new houses were built during these years – almost one for every six of Ireland's 4.6 million citizens. By 2007 the Irish building industry accounted for 25 per cent of GDP and 20 per cent of jobs.

In the wider economy, high employment, wage increases, a low corporate tax rate of 12.5 per cent, low interest rates, substantial aid from the European Union and a variety of incentives to multinationals, especially in the hi-tech sector, meant that Ireland's young, growing, highly educated population started to enjoy unprecedented levels of income and wealth. In a 2006 survey of per capita wealth among the top eight OECD nations, Ireland ranked second only to Japan, with every man, woman and child worth €150,000. The 'Irich' were born.

The crash has been the one of the steepest and most disastrous of any developed country since the Second World War. By the time of the global financial crisis of 2008, Ireland's banks were awash with loans, mostly to property developers; the notorious 'world's worst' Anglo Irish Bank, which was later nationalised, alone held €72 billion of loans – half of Ireland's GDP. Bank guarantee schemes, an €85 billion EU/IMF bail-out (including up to £7 billion from the UK), loss of economic sovereignty and, ultimately, a change in government followed.

In the past four years, Irish property prices have fallen by as much as 70 per cent, with further decreases predicted for this year. At least 40 per cent of all Irish home owners are now in negative equity. In addition, they carry the largest mortgage debt per head in the world. More than one in 12 mortgages are in arrears of more than three months. 'In their rush to freedom, the Irish built their own prisons,' the American financial author Michael Lewis recently wrote. 'And their leaders helped them to do it.'

'People want to see senior figures answer for their actions. There is a sense that the political and business class have got away with it'

'People here are quite happy to pay their debts and put their hands up and admit they were stupid and made mistakes,' Brian Lucey, a professor of finance at Trinity College, Dublin, says. 'But people do want to see senior banking figures and politicians answer for their actions, in a court of law. There is a sense that the political and business class in Ireland have got away with it.'

The construction industry has all but collapsed – there are more than 2,000 'ghost estates' – developments left unfinished with no or only a small fraction of homes occupied – around the country. To reduce the budget deficit, there have been tax increases, spending cuts, public sector wage cuts and job losses, pension levies, a property tax and harsh austerity measures. Unemployment is running at 14.5 per cent and the country is experiencing the return of something many thought had been relegated to the shameful past: forced large-scale emigration – with a significant percentage going to Britain. Ireland in 2012 is a country suffering from a recession that could last a generation and beyond.

> 'Twenty years' hard work and I have nothing to show for it – all I own now is a noisy old fridge freezer'

Six years ago **Jillian Godsil** (left), aged 46, pretty much had it all. An English and history graduate from Trinity College, Dublin, she was living with her English banker husband, Mike, in a sprawling Georgian manor house in rural Co Wicklow that they had expensively renovated. She was running a flourishing PR and digital marketing business with two employees and an annual turnover of €370,000, and had also self-published a children's story (she has since written her first novel, available as an e-book). Her two daughters, Georgina and Kathryn, then 11 and nine, had ponies; Georgina was a weekly boarder at Kilkenny College, one of the oldest private schools in the country. Godsil employed a cleaner, gardener and child minder. She was a Sunday school teacher, warden and honorary secretary at her local church. 'I was very happy because I had a sense of order and success, of belonging in the community,' she says. 'My life looked perfect – on paper at least.' After their house had been valued at €1.2 million (later upped to €1.6 million), Jillian and Mike increased their joint mortgage from less than €100,000 to €800,000. They bought two apartments in Vilamoura in Portugal: one as a holiday home, the other as an investment. They also put €100,000 into a Portuguese property consortium. 'It seems a big decision in hindsight, but almost everyone we knew at that time was doing something similar,' she says. 'We felt protected by our earning capacity and sound investments that were growing in value.'

Clockwise from top left Jillian Godsil outside her unsold Georgian mansion in Shillelagh, Co Wicklow; abandoned building sites in Dundalk, Co Louth, and Arklow, Co Wicklow; a road built to facilitate construction at Blackrock, Co Louth, where all building has now stopped

Then in 2006 the 16-year-old marriage failed. Godsil cites 'incompatibility' and the fact that Mike, eight years older than her, had given up work partly to help renovate the manor house when they bought it in 1997. 'I wasn't just the main breadwinner, I was the only breadwinner, and that role reversal threw our differences into sharp relief,' she explains. Mike moved into the manor's guest cottage, but after 18 months he returned to England, where, with no income and heavy debts in Ireland, he was declared bankrupt. It fell to Godsil to meet the full monthly €1,700-a-month interest-only mortgage payments. Realising this was impossible, she put the house on the market in 2007; an offer of €1.1 million fell through. 'That was my get-out-of-jail card,' she laughs, 'but it was not to be.'

In 2008, as the recession started to bite, Godsil took her daughter out of private school, took a lease on a two-bedroom cottage nearby (her daughters share a room), and rented out the manor house. The income she received covered half the mortgage. 'Since my last tenants left in January, I have stopped paying the mortgage altogether and the house has been empty and unmaintained,' she says.

In April, Godsil had a bright idea: she decided to market the house via an offbeat video on YouTube. 'Within a week I had a cash offer of €500,000 from an Irish banker living in Britain,' she says. But her bank refused to accept it; the house is now worth less – as little, Godsil estimates, as €430,000. With arrears, the mortgage stands at almost €1 million.

One of the properties in Portugal was sold at a €100,000 loss to pay for legal fees for the divorce; the other is unrented, and has been on the market for four years. The property consortium fared the same as the doomed Portuguese economy.

Godsil is still managing to operate her PR practice with one staff member but has taken no salary for the past couple of years. She couldn't even afford the €3,000 to legally liquidate her business. In November bailiffs acting for the Revenue Commissioners called unannounced at her office; there was nothing of value to seize. She cannot claim the dole as she is self-employed; she relies on child benefit, and maintenance from her ex-husband.

'We can't afford to shop at Tesco any more – we go to Aldi and Lidl – we don't eat out, we shop on the sale rail at Penneys [Primark's Irish brand], and we haven't had a holiday in the past year and a half,' Godsil says. 'But I don't think we are unique. A huge number of people contacted me after seeing the YouTube video to say that they were going through something similar.'

Godsil has sold most of the contents of the house to pay bills; all the furniture, most of the appliances, the range cooker, the wood-burning stove, even the curtains have gone. 'I loved the house, though possessions are not important and they never really were, in fairness. But for someone like me, who had always been a secure, successful, high-achieving middle-class professional, it was really quite scary to think I could reach a point where I might not be able to support my kids, or even put food on the table.'

Godsil says she has no idea what the future holds. Now that she has moved out, she expects her bank to finally repossess her home. 'I have hit rock bottom, I can't go any lower,' she adds. 'The banks are supposed to be the experts, and they valued the house, but it seems they don't have to take any responsibility when the economic situation changes and property values fall. The law protects them, but not the individual. I've lost everything – my husband, my financial security, my social standing and finally my dream home, the house I put all my money into. Twenty years' hard work and I have nothing to show for it – all I own now is a noisy old fridge freezer.'

Andrew Lane (above), 46, is an architect based in Cork who, during the Celtic Tiger years, ran a highly successful and rapidly expanding practice. Like many architects in Ireland at that time, the vast majority of his work came from property developers building large multi-unit residential estates, including one for 1,600 houses. 'It was a crazy time because almost everyone believed they could make money from property,' Lane says. 'Bankers, builders, subcontractors, chemists, opticians – even plasterers on the sites – became developers. We had more work than we could handle.'

By 2007 Lane employed nine staff and had an annual turnover approaching €1 million. He lived in a handsome three-storey Victorian townhouse with his wife, Madeleine D'Arcy, a short story writer, and their son, Cass, then 12. He borrowed against the €600,000 value of his family home (it is worth half that today) and bought a holiday cottage in the country for €236,000. A new €68,000 Land Rover Discovery 3SE was paid for, in full, out of his burgeoning profits. 'What was happening in Ireland at that time gave me a sense of very real wealth – it was like being a surgeon or CEO or something. Suddenly I didn't have to worry or even think about money.'

Towards the end of 2007, Lane says he knew the property bubble had burst; developers were suddenly stalling or insisting on a quick turnaround. 'I had lived through the recession in Britain in the early 1990s,' Lane, who is originally from Portsmouth and moved to Ireland in 1999, says. 'I thought, all I have to do now is be really efficient and manage the so-called soft landing.' That soft landing quickly became a ruinous crash. 'The developers were running the Irish property market, and as soon as they stopped speculating, my work came to a sudden and dramatic halt,' he says.

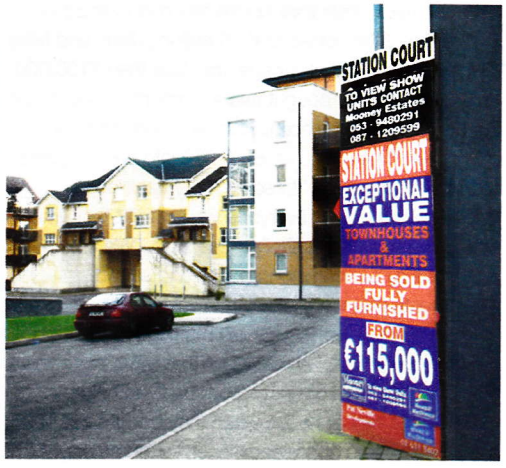
Over the next three years Lane had to make all his staff redundant. 'We were a small company and we formed close working relationships,' Lane says. 'My staff were incredibly loyal to me and I genuinely thought they would remain with me for the rest of my career. It was devastating to have to let them go one by one.'

He extricated himself from a costly 20-year lease, moved to a smaller office, and finally to a bedroom at home. For the past six months he hasn't paid himself a salary and has had to call upon an early inheritance from his 78-year-old mother to meet his mortgage. The holiday cottage can't be rented as it needs improving; he may be forced to sell it, at a loss, Lane estimates, of €100,000. His €1,000 monthly payments into both his and his wife's pensions have long been frozen.

Last year Madeleine decided to return to her former job as a criminal lawyer, which would potentially earn more than writing; she is still looking for work. 'There seem to be almost no opportunities available to her – solicitors in Ireland are pretty much in as bad a situation as architects. It's been very difficult for the three of us, but if anything this experience has actually brought us closer together.'

Above, from left Andrew Lane and his wife, Madeleine, in the attic room he now uses as an office; an abandoned apartment project in Cork; Tom Quinn and his family. **Below** bargains in Gorey, Co Wicklow

> 'I used to be a collector of wine and I had a pretty decent cellar; now I buy the cheapest box of wine I can find at Tesco'



Unlike the good years, when the family took several holidays a year and impromptu weekend breaks at five-star hotels in Paris were the norm, there have been no holidays for the past two years. 'We are running on empty; as a director of a company I can't even claim the dole,' Lane says. 'We don't entertain at home and we don't eat at restaurants any more. I used to be a collector of wine and I had a pretty decent cellar; now I buy the cheapest box of wine I can find at Tesco.'

Lane sold the Land Rover for €24,000, which he says was a double loss: 'In my business, clients judge you by what car you drive – it's a symbol of your success. So selling the Discovery was for me a huge thing – it's what it represented.'

Lane says he is resilient and strategic, and he has been careful – 'it's all about survival, about coming out the other side' – but he admits he has suffered a great deal of stress over the past couple of years. 'At one point I didn't know how much longer I could cope,' he says. But in September he managed to secure two part-time teaching posts; one at the School of Architecture in Cork, the other as a senior lecturer two days a week at the University of Brighton. He has become an 'extreme commuter'. 'My income from Brighton is zero, as the cost of getting there is what I get paid, but I'm hoping that it might lead to something else.' Lane tells me he is not alone on his commute. 'I meet the same people every week at Heathrow – the plane back to Ireland is crammed full of professionals and business people working weekdays in England.'

He says he has turned the shock of the past few years into a positive and, with up to 70 per cent of architects in Ireland now out of work, considers himself one of the lucky ones. 'The truth is I had become too materialistic and money-driven. It didn't suit me, and in many ways, it didn't suit Ireland. This has been a severe and painful correction, but it's also appropriate. In the end I think Ireland will be a better country.'

Tom Quinn (above) is a senior manager in his 'mid-fifties' with extensive experience across a wide range of companies, and qualifications from the Irish Management Institute and Henley Business College. In 2008 he was offered a well-paid position as the general manager of a long-established sign manufacturing company that had expanded enormously during the Celtic Tiger years. The company, a 'barometer of the boom', was making signs, for example, for new housing estates, shopping centres, hotels and factories. 'Like many businesses in Ireland at the time, it was actually turning away work,' he says.

Quinn was the main breadwinner in his family of five. His wife, Celine, was not working, and his three sons, Declan, 25, Robert, 20, and Stephen,15, and were living at home – a five-bedroom end-of-terrace house in Palmerstown in the western suburbs of Dublin. 'I had mortgages, bank loans, car loans, building society loans, credit union loans and credit card loans – I owed money to all sorts,' he says. 'It paid for the good life – anything from house extensions to family holidays to college fees – and I guess I thought it would never end.'

Quinn also borrowed €120,000 to build a two-bedroom house on an infill site he owned next to his home; it would provide rental income and, ultimately, a pension. 'The building society was not only quite happy to lend us the money; it also encouraged us to borrow more in order to buy a third property and build up a portfolio,' he says. 'Luckily enough for us, we were just a bit too conservative and we hung back. I know a lot of people who did continue to borrow and, for a time, they were sitting on quite a pile. Now they're sitting on quite a pile of debt.' The value of the two houses at the height of the property bubble was at least €1.1 million; Quinn says they are now worth half that amount.

The sign-manufacturing business suffered in the recession, and Quinn was made redundant after only a year with the company. His income fell dramatically – from a net salary of €4,500 a month to unemployment benefit of €204 a week. 'It was a big financial shock – the dole only just about covered our household food bill,' he says. 'But my wife was very frugal and we had enough to buy what was unavoidable, like food and some expenses for the boys. Any discretionary purchases, such as clothes or things for the house, went out of the window. If something got broken, and it wasn't absolutely essential, it stayed broken.'

Quinn reduced his mortgage payments by more than half to €890 a month by extending the period and restructuring to interest-only. The investment property was hard to rent, however, and at one point Quinn was almost forced to sell it. He had to stop meeting his loans, paid only the minimum amount possible on his household bills and, after his 14-week redundancy package was used up, got further and further into debt. 'The building society would do deals with you as long as you were upfront about your financial situation and at least paid them some money,' he says. 'But I knew they would eventually have forced us to start selling some of our assets to make up the payments.'

Quinn tells me that at Christmas the family received supermarket vouchers from a local charity. 'We had debt collection agencies calling at the door and sometimes ringing the house 15 times a day, but I just faced them down,' he says. 'You get to a level of desperation that in some ways gives you a strength and sense of purpose.'

Quinn was out of work for almost two years. 'When I went down to the social welfare to sign on, I was stood beside engineers, designers, builders, businessmen and all manner of highly educated people,' he says. 'And we were all in the same boat.'

> 'Now I have a regular income, work I love and, if I'm honest, much greater job satisfaction. I can feel good about myself again'

Quinn was highly disciplined about his job search, registering with websites and recruitment agencies, and applying for up to 40 jobs a week. The tiny response he got led to a handful of interviews, during which he was told he was overqualified. He was too young to retire, too skilled for the positions available. 'I'd worked all my adult life and I'd never had to deal with being unemployed,' he says. 'Initially you're OK and optimistic, but as time goes on you get more and more demotivated, you lose structure and focus, and you become depressed. I wasn't used to having all this spare time, and my wife wasn't used to having me at home. I was just in the way and a bloody nuisance.

'You tell your children: get educated, that's your passport for jobs, for work for life. In the recession we're in now, that no longer follows. You can have lots of experience and talents, and plenty of qualifications, and still be on the scrap heap. At times during my period of unemployment I was very angry about that. I thought, what more can I possibly do, what the hell do they want?'

At the end of last year Quinn joined an enterprise and entrepreneurship programme at a nearby institute of technology, the depression lifted and he refocused his skills and abilities. He was offered a job shortly afterwards, as the general manager at a not-for-profit small business enterprise centre, which also houses a childcare facility, training college – and a blueberry farm. It is a change in direction, from the 'tough, bordering on vicious' commercial world to community development and support, and green energy.

'You learn to concentrate on the really important things in life, like looking out for your wife and children and trying to do the best you can to get them whatever they need,' Quinn says. 'You also learn who your true friends are. I still have financial problems and debt, and I'm being paid substantially less than I was a few years ago, but now I have a regular income, work I love and, if I'm honest, much greater job satisfaction. I can feel good about myself again.'