

The Docklands Residential Report 2019

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Summary

2018 was another positive year for the Docklands residential market though there was a notable slowdown in price growth. The first quarter started very positively with strong enquiries and strong selling prices. However at the start of the summer the market dynamics shifted with a significant increase in supply, affordability becoming a factor for owner occupiers due to mortgage cap restrictions and signs of hesitancy from investors who didn't see value, despite the very strong rental market. In my opinion selling prices towards the end of 2017 were inflated, which resulted in moderate corrections in the second half of this year. Our average selling price was €647 per sq. ft. compared with €622 in 2017, an increase of 4.1%.

Supply of apartments was up 41% compared with 2017 and as a result we experienced longer selling times of 7.4 weeks. The average asking price was €531,595 and the average selling price was only 2.3% higher compared with 6.7% in 2017. 47% of our buyers were owner occupiers, 73% were Irish and 75% buying with cash funds. The majority of our sellers were landlords exiting the market and, due to an increase in owner-occupier transactions, there are now less rental properties available in Docklands putting further pressure on the rental sector. Grand Canal Dock is still the most valuable neighbourhood with an average selling price of €694 per sq. ft. and is dominated by investors who account for 66% of buyers. In the luxury market two of our penthouse sales broke the €1,000 per sq. ft.

The rental market performed very strongly again with supply not coming close to matching demand but affordability is increasingly a factor with tenants. Our average rent achieved was €2,392 per month. Only 19% of our tenants are Irish but this is an increase on 2017 when only 8% of tenants were Irish. The average salary of our Docklands tenants is now €117,095 which is a big increase on 2017. In recent months we are increasingly meeting higher earning executives relocating here, some of it Brexit related. The launch of the 190 apartments at Capital Dock by Kennedy Wilson will test the volume of demand for luxury apartments.

The growth of the private rental sector (PRS) in Dublin has had, and will have, a significant impact on the market. 6 Hanover Quay (120 apartments) was sold as a single block with an average price of €800,000 per apartment. This sale changed the strategy for many developers. For example the 268 apartments at Dublin Landings by Ballymore is now for sale in one lot. It is very likely that all remaining apartment developments, planned or under construction, will now be sold in one block to an institutional investor. Though this will help alleviate pressures in the rental sector, one of the unintended consequences is that owner-occupiers don't have the option of buying in these developments. Incredibly, not a single new apartment was delivered in Docklands despite the large amount of new office space being completed and occupied.

In summary, I believe we are finally beginning to see a more normal, sustainable market emerge, after two decades of either very steep growth or very sharp corrections coupled with oversupply or lack of supply. The Central Bank mortgage lending rules, together with improved supply, have contributed to this recent price stability. Given the strong fundamentals and that there is office space under construction or nearing completion for another 30,000 office workers, I have no doubt values will rise next year 3% to 4% in 2019.

Apartment Lettings

Average Monthly Rents (Market Rents Apply)

One Bedroom Apartments:	Two Bedroom Apartments:	Three Bedroom Apartments:
2018 €1,850	2018 €2,471	2018 €4,166
Increase +11% v 2017	Increase +2.6% v 2017	Increase +12% v 2017

Annual rent inflation: **+8.7%**

Average Rent Per Square Meter (Square Foot)

2018
€419 per sq.m.
(€39.37 per sq.ft.)

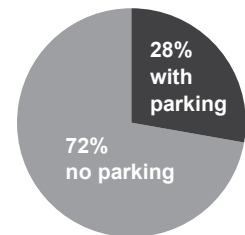
AVERAGE TENANCY
26 months

AVERAGE TENANT SALARY
€117,095

Rental Renewals

81%

Rentals with Parking:



How Docklands Rent Compared in 2018

National average*
€1,334

Dublin average*
€1,915

Dublin Docklands**
€2,392



Millenium Tower
3 bed penthouse let
at €8,000 per month

* Information from The Daft report Q3 2018

** Information based on letting agreements concluded by OR Q3 2018

Tenant Nationality

	Irish	European	Overseas	Corporate
2017	8%	45%	43%	4%
2018	19%	44%	29%	8%

Apartment Sales

Average Apartment Prices

One Bedroom Apartments:

2017
€331,556

2018
€364,667

Increase
+10%

Two Bedroom Apartments:

2017
€485,129

2018
€501,327

Increase
+3%

Three Bedroom Apartments:

2017
€690,000

2018
€735,000

Increase
+6.5%

AVERAGE PRICE

Per sq.m.
€6,970

Per sq.ft.
€647

AVERAGE PRICE INFLATION 2018

+4.1%

AVERAGE RENTAL YIELD (GROSS)

5.8 %

Buyer Profile

INVESTORS

2018
53%

OWNER OCCUPIERS

2018
47%

Funding

Cash
75%

Mortgage
25%

Nationality

IRISH
73%

ASIAN/MIDDLE EASTERN
5%

BRITISH
5%

OTHER
10%

OTHER EUROPEAN
7%

Weeks on Market

2017
5.2 Weeks

2018
7.4 Weeks

Selling Prices versus Asking Price

Average asking price
€531,595

Average selling price
€543,764

Average variance
+2.3%

Recent Sales in Docklands



66 Hanover Riverside.

1 bed apartment with parking.
Asking price €425,000.
Sold at €430,000.



38 The Waterfront.

2 bed apartment with parking and water views. Asking price €725,000.
Sold at €736,000.



25 Gallery Quay, Block 1.

3 bed duplex penthouse.
Asking price €1,200,000.
Sold at €1,550,000.

Headline Figures:

AVERAGE PRICE PER
SQUARE METRE

€6,970

PER SQUARE FOOT

€647

AVERAGE RENTAL YIELD

5.8%

Irish
Buyers
73%

International
tenants
81%

AVERAGE TENANT SALARY

€117,095

CASH BUYERS

75%

ANNUAL RENT INFLATION

+8.7%

Owen Reilly provides a professional estate agency service throughout south Dublin, Dublin's city centre and Docklands.

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The information in this document is based on transactions only and our observations of the market. However, Docklands comprises unique and diverse neighbourhoods and features many very different apartment developments. We will be pleased to provide more detailed breakdowns or background information to particular areas or developments.

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