

The Docklands Residential Report 2021

It was a challenging year for the Docklands residential market with COVID-19 having a more profound impact on the Docklands than any other location in Dublin. This is not surprising given the cluster of large office buildings in the Docklands and the ecosystem that feeds off them. As the pandemic took hold, most companies initiated work from home policies until further notice. At this time, it is unclear when large offices will open again.

This annual report is based on our actual transactions in 2020. Given lockdown measures, the total number of sales transactions were down 27% compared with 2019. In March and April nearly 60% of our agreed sales fell through, most of these cancelled sales were with investors. **Our average selling price was €430,143 and €572 per sq. ft., just 0.008% below average asking prices.** This would suggest prices barely moved last year. However, prices under €400,000 were up 2% year on year (YOY) and prices in the €500,000 to €700,000 fell 4% YOY.

This is due to an increase in demand from first time buyers, who accounted for 57% of buyers, and a significant reduction in investor demand, down to 26% of buyers from 47% in 2019. Selling prices in the second half of 2020 were on average 3.3% above asking prices reflecting pent up demand as lockdown measures ended and low supply of available properties. The average rental yield fell to 5.9% from 6.2% reflecting rental value movements. 57% of our buyers required a mortgage, an increase of 26% on 2019. There were only a handful of transactions in the €700,000+ market, where properties were slow to sell. Selling times were longer at 13.5 weeks compared to 11 weeks in 2019.

53% of our buyers were Irish. There was an increase in transactions by buyers from Britain and the Middle East. Many of our European buyers were people living in Dublin for a few

years and who now consider it home. **Rents have fallen on average 13% in Dublin Docklands since March and even more at the upper end of the market (€3,000+).**

The decline of 9% in quarter two reflected a complete turnaround in the fundamentals that were driving the market. The short-term rental market collapsed and the supply of long-term rental units more than doubled. This, combined with reduced demand due to lockdown measures and work from home initiatives, caused rents to fall steeply in the second and third quarters. Rents fell sharpest on one-bedroom apartments which couples shunned as there was no space to work at home.

Between March and April 10% of our tenants prematurely ended their tenancy and left Docklands to work remotely from their home country, mainly in continental Europe. Our rental transactions increased 50% YOY due to this extra supply and increased demand in the second half of the year. In quarter four rents stabilised and we saw a huge build-up of demand from returning technology workers for the new year. However, at this time Dublin is in another level 5 lockdown and most companies have allowed their employees to postpone their return to Dublin. Our average rental was €2,312 per month, 6.97% lower than 2019. **We saw an increase in Irish tenants at 13% who took advantage of the lower rents on offer.** 59% of our tenants work in the technology sector, up 7% on the previous year. This increase was led by expanding companies like Amazon, Tik Tok and Salesforce.

The average salary of our tenants was €112,878, 12% lower YOY. Many higher earning tenants left Docklands seeking gardens and more space to work from home. In the private rental sector (PRS) two new schemes launched at Quayside Quarter (268 units) on North Wall Quay and Ropemaker Place (56 units) at Grand Canal Dock. These

added much needed supply to the rental market given that 78% of our apartment sellers are private landlords exiting the market. COVID-19 will slow the completion of other large developments at Coopers Yard (472 units) and Spencer Place (464 units). Only 72 new units will launch this year at the Benson Building at Grand Canal Dock. Google have recently announced that they will rent their apartments (41 units) at Boland Quay to essential workers. Ronan Group has just applied for planning for over 1,000 apartments at the Waterfront, South Central on North Wall Quay. In the short term the PRS market in Docklands will be very competitive and landlords will have to offer inducements to attract tenants and then provide the best living experience to retain them.

Construction has stopped for many weeks which will slow the completion of significant developments at Boland's Mill, Britain Quay, Spencer Dock and the Point Village. The Docklands work force will double in the next two years to at least 80,000. The Salesforce Tower at Spencer Dock, currently construction, will accommodate in the region of 3,000 workers. Given this, the demand for PRS apartments in the Docklands will be strong.

We expect both the selling and renting market to bounce back strongly in the second half of this year, assuming large offices reopen with the successful rollout of the vaccine. Dublin Docklands is set to benefit from the positive Brexit deal. Demand from motivated first-time buyers was very strong in the second half of last year and we expect that to continue. We also anticipate that investors will return to the market given the chronic shortage of residential units versus the amount of office space that will be completed in the Docklands in the next two years. Most of this office space is pre-let. Many non-Irish Docklands residents now consider it home and are looking to buy instead of renting. This will be a positive feature of the market this year.



38 Millennium Tower, Dublin 4. Sold for €530,000

Docklands residential sales market

2020 transactional data (compared with 2019)

% Percentage difference with 2019

€430,179 (€476,912) -10.3%

Average asking price:

€430,143 (€483,875) -11.76%

Average selling price:

-0.008% +1.5%

Asking price v selling price variance:

13.5 (11) +22%

Weeks on market:

5.9% (6.2%) -6.45%

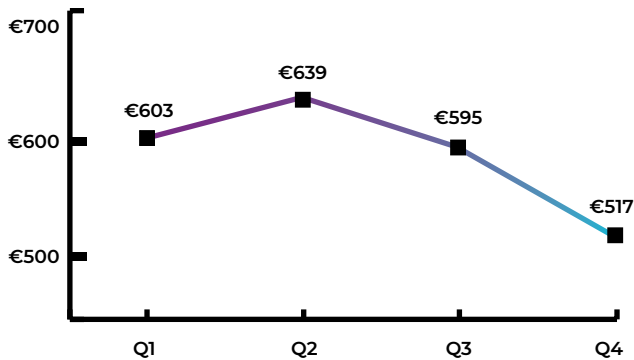
Rental yield:

€6,161 / €572 (€6,706 / €623) -8.47%

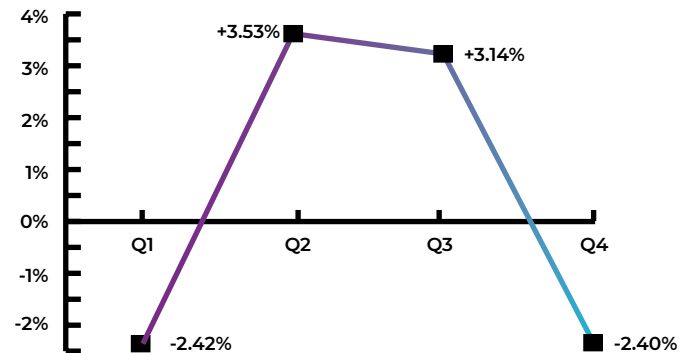
Average selling price per sq. m. / sq. ft.

Quarterly analysis

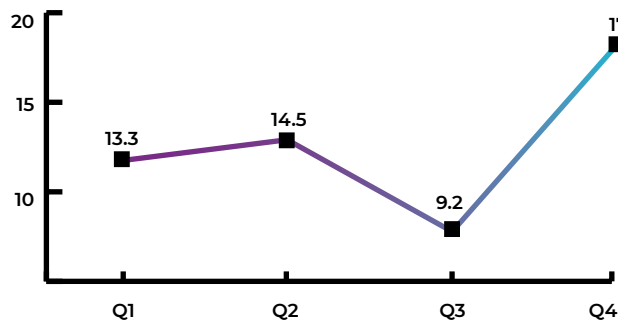
Average selling price per sq. ft.



Asking price v selling price variance



Weeks on market



Apartment price index

UNDER €350K	+2%
€350 – €500K	+1.25%
€500 – €700K	-4%
€700 – €1 MILLION	-4%



128 Scarriff House, Dublin 1. Sold for €370,000

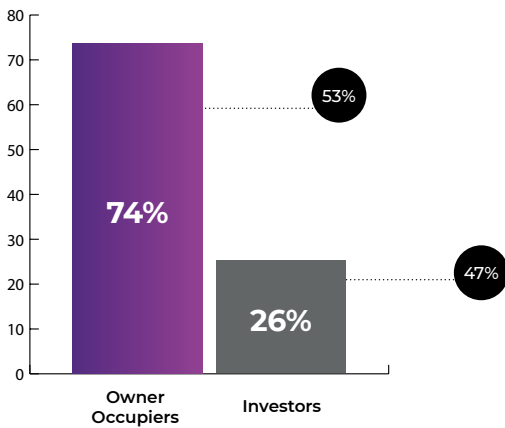


95 Hanover Dock, Dublin 2. Sold for €585,000

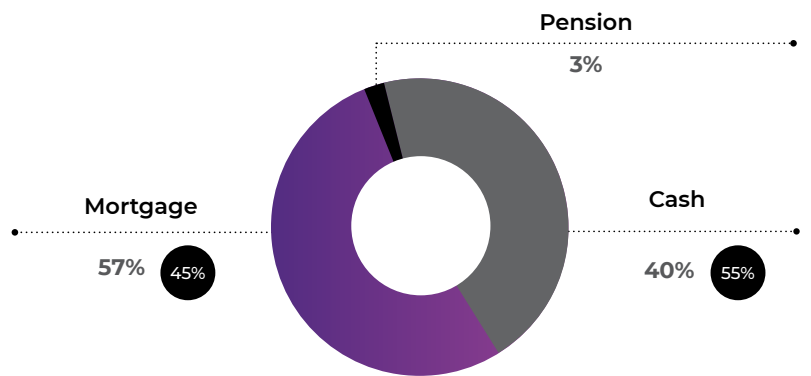
Buyer profile

% 2019 data

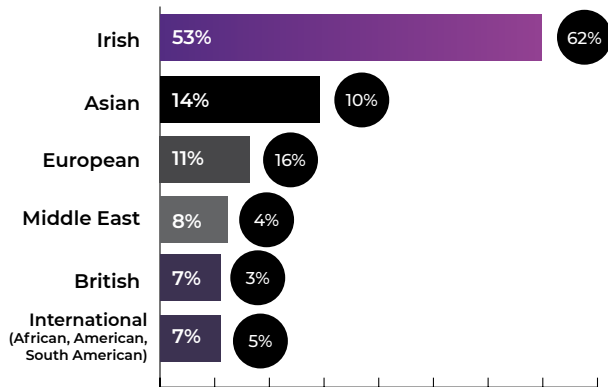
Type



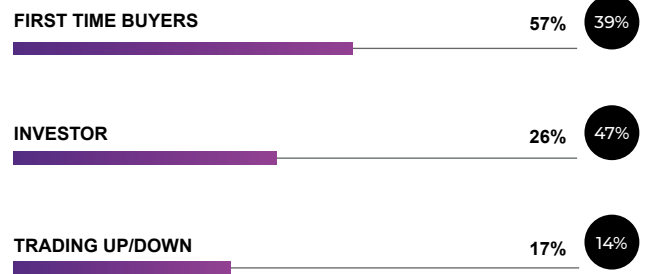
Funding



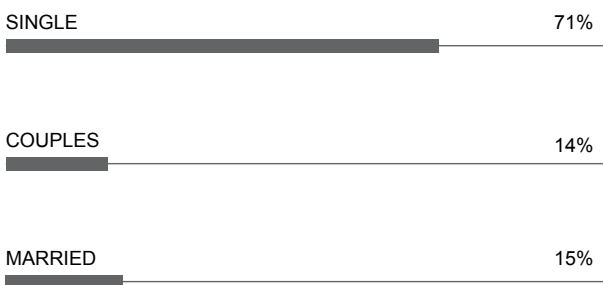
Nationality



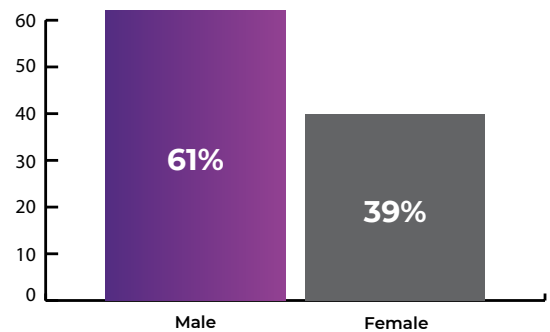
Breakdown of type



Status of buyers



Gender of single buyers



3 The Windmill, Dublin 2. Sold for €361,000



607 Longboat Quay North, Dublin 2. Sold for €507,000

Docklands residential rental market

2020 transactional data (compared with 2019) % Percentage difference with 2019

€2,019 (€1,978) +2.05%

Average one bed monthly rent

€2,230 (€2,511) -11.85%

Average two bed monthly rent

€3,059 (€2,939) +4.01%

Average three bed monthly rent

€2,312 (€2,479) -6.97%

Average monthly rent

€112,878 (€127,618) -12.2%

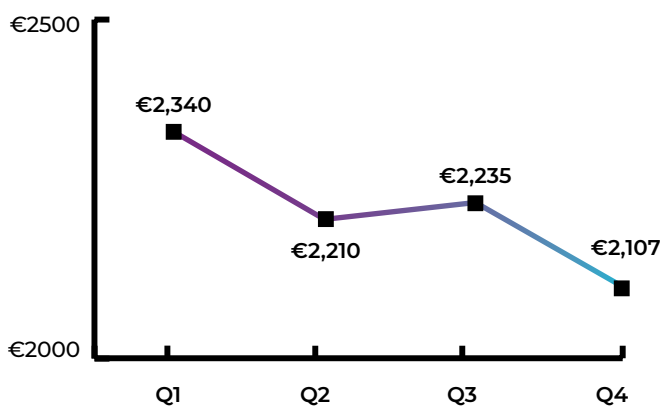
Average salary

-13% +5.3%

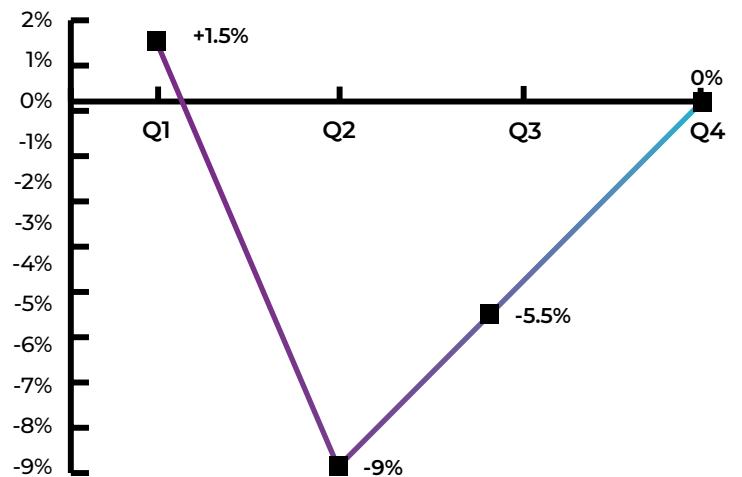
Rent inflation

Quarterly analysis

Average monthly rent

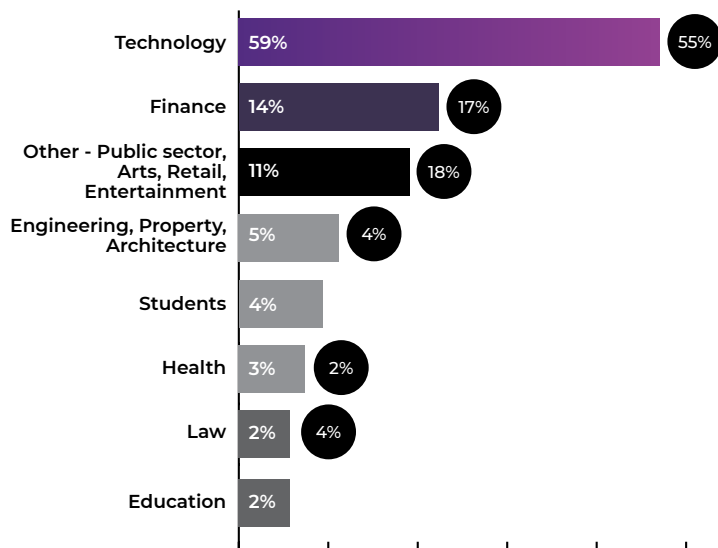


Rent inflation

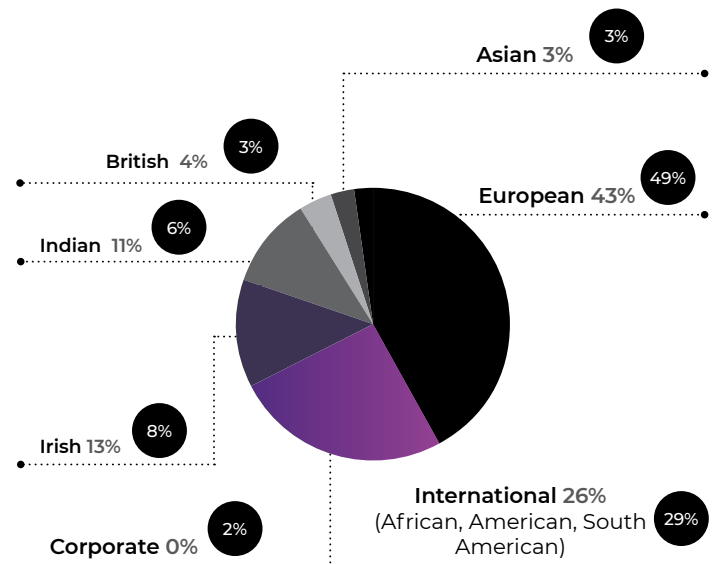


Tenant profile % 2019 data

Work sectors




Nationality





Better Managed Properties

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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 developments. We will be pleased to provide more detailed breakdowns or background information to particular areas or developments.

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