First-time buyers increase their share of Dublin market as investors retreat

Landlords' share of purchasing activity fell from 47 per cent to 26 per cent in the docklands and from 38 per cent to 23 per cent in the rest of the market last year, according to surveys by estate agent Owen Reilly

Donal Buckley

Millennium Tower, docklands, Dublin: single men were more active in the docklands property market

Owen Reilly: market surveys

First-time buyers substantially increased their share of the home-buying market in Dublin and Dublin docklands last year while investors' share of the market dropped sharply.

Meanwhile, single women buyers outnumbered their male counterparts in the broader Dublin market, but single men were more active in the docklands market.

These are among the findings in the latest market surveys by estate agent Owen Reilly of those sales and rental transactions conducted by his firm in 2020.

First-time buyers accounted for 57 per cent of buyers in the docklands and 54 per cent of buyers of properties which the agent sold in other parts of Dublin. Those are a strong increase from 39 per cent in both markets in 2019.

This was partly due to a significant reduction in investor demand as landlords' share of purchasing activity fell from 47 per cent to 26 per cent in the docklands and from 38 per cent to 23 per cent in the rest of the market.

Single buyers accounted for 62 per cent of homes bought in the wider Dublin market and single women outnumbered men 55 per cent to 45 per cent in this market.

However, in Dublin's docklands, an even greater 71 per cent of purchases were by single people and here it was single men who outnumbered women 61 per cent to 39 per cent.

Prices for docklands properties sold by Reilly averaged €430,143, which was 11.8 per cent below the average seen in 2019. However, this average also reflects the fact that there were only a handful of transactions in the €700,000-plus bracket.

The portion of Irish buyers in the docklands fell from 62 per cent to 53 per cent, while Asians increased their share of deals in this market from 10 to 14 per cent.

The number of cash buyers in the docklands fell from 55 per cent to 40 per cent, while mortgaged buyers increased from 45 per cent to 57 per cent.

In the broader Dublin market, the average price was €470,684 which was only 2.27 per cent lower and the Irish share increased slightly from 65 to 66 per cent.

Here international buyers including African, American and South American more than doubled their share to 13 per cent.

The percentage of people trading up or down fell from 23 per cent to 18 per cent as people who were not under pressure to buy stayed out of the market.

Falling rents

Rents fell by an average of 13 per cent in the docklands between March and the end of the year. The fall was sharper at the upper end of the market where properties had commanded rents of more than €3,000 per month.

This drop was due to a combination of factors including the collapse of the short-term rental market and a doubling of supply of long-term rental units.

"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," Reilly said.

"Between March and April, 10 per cent of our tenants prematurely ended their tenancy and left the docklands to work remotely from their home country . . . Our rental transactions increased 50 per cent 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 . . . However, at this time Dublin is in another level 5 lockdown and most companies have allowed their employees to postpone their return to Dublin," he said.

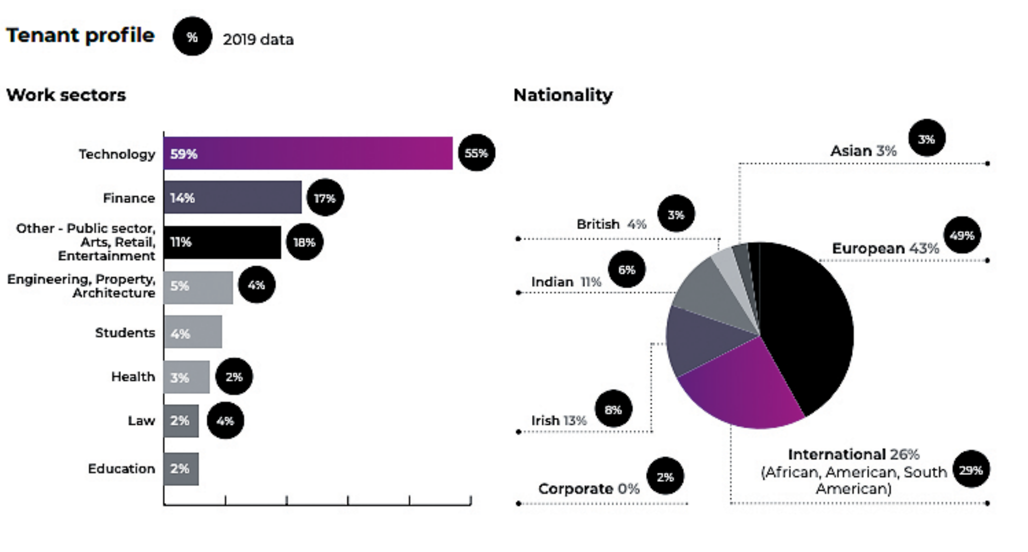
The number of Irish tenants in the docklands increased as they took advantage of the lower rents on offer.

With 59 per cent of tenants working in the technology sector this was a 7 per cent increase on 2019 thanks to expansions at companies such as Amazon, TikTok and Salesforce.

On average, the salaries of tenants was down 12 per cent at €112,878, in 2020 compared with those renting in 2019.

Reilly attributes the drop to the departure of higher-earning tenants from the docklands as they sought gardens and more space to work from home.

Supply also increased from new PRS schemes.



Move-in incentives

Outside of the docklands, rents in the portfolio managed by the agent fell 11 per cent. In the last quarter, voids flattened and rent declines slowed, possibly signalling that a rebound is on the horizon in 2021. It also reflects a return of technology professionals to Dublin.

Many landlords are also offering generous move-in incentives, but with average rental yields down, to 5.9 per cent in docklands, landlords continued to exit the market.

"The obvious consequence of this is that the amount of available rental stock continues to deplete. It is likely this will lead to another rental crisis in Dublin within the next 18 months," said Reilly.

Nevertheless he expects rents to recover, "but that will depend on how quickly people return to their offices.

"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.

"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," said Reilly.

He expects that varying property types, locations and price ranges will perform differently and referring to those outside the docklands, he said: "Properties priced under €400,000 and houses with good gardens in the €600,000 to €1.2 million range will sell well . . . My view is that prices will rise, but not markedly."

Investors largely optimistic about rebound this year, says Colliers report

Global Capital Markets 2021 Investor Outlook anticipates a 50 per cent surge in investment activity in the second half of the year

BY TINA-MARIE O'NEILL

Colliers International said investors are largely optimistic about a market rebound this year, according to its new Global Capital Markets 2021 Investor Outlook.

The firm's research anticipates a 50 per cent surge in investment activity in the second half of the year, pointing to a broad-based renewal of confidence in the property market as a result of recent vaccine developments and continued government stimulus.

"Based on our global analysis, which gives us a bird's-eye view of investors' interests and expected appetite, longer-term tailwinds in the property sector remain intact," Tony Horrell, head of Capital Markets Global at Colliers International UK and Ireland, said.

"With a massive volume of equity raised globally and the need for real assets, investors are eager to deploy pent-up capital and pursue opportunities during the year. We expect to see movement up the risk curve this year, with investors exploring all types of assets from senior care homes to public infrastructure projects," he said.

Michele McGarry, head of the Irish division of Colliers' Capital Markets, said: "We remain optimistic for 2021 across all sectors. We are seeing a depth of new buyers looking to invest in Ireland. Once travel restrictions are lifted, we expect a surge in activity."

The report, which drew nearly 300 respondents including major institutional investors, listed property companies, sovereign wealth funds, private equity funds, family offices and third-party money managers, indicates 98 per cent of investors across all regions aim to expand their portfolios, with about 60 per cent looking to expand by more than 10 per cent.

A total 67 per cent of survey respondents in EMEA and 88 per cent of those in the US are planning their next investment as early as the first quarter of 2021.

Other key takeaways from the report include:

– Top-tier city offices remain a primary asset target. Investors with international capital find the scale and liquidity of the office sector in major commercial hubs such as New York, London and Sydney appealing. Having office assets that meet health, sustainability and technical benchmarks is important to investors.

– Logistics and living sectors are thriving. Both sectors were among investors' top three choices across all regions. Intense demand for these assets will require investors to broaden their geographic focus and build portfolios through joint venture platforms and local partnerships.

– Investors are expecting to see pricing discounts of over 20 per cent in retail and hospitality sectors. They represent a rare opportunity to acquire core and distressed assets for ambitious repurposing initiatives.

– Rising demand for alternative assets such as data centres, senior living and life science assets reflects broader structural shifts amplified by the pandemic.

For more details, the full Colliers Global Capital Markets 2021 Investor Outlook is available for download at corporate.colliers.com

D15 warehouse facility comes to market to be let

BY TINA-MARIE O'NEILL

Investors or businesses in search of the only warehouse facility of its size to rent in north-west Dublin may wish to know that joint agents Harvey and CBRE have been instructed to offer 617A Northwest Business Park in Ballycoolin in Dublin 15 to the market on a to-let basis.

The modern, high-bay warehouse and office unit extends to a total of 1,825 square metres on a self-contained and fully secured site in Northwest Business Park.

The managed development is strategically positioned between the N2 and N3, with M50 access via Junctions 5 and 6. It is convenient to both the Port Tunnel and Dublin Airport.

The bright warehouse area of 1,472 square metres has a clear internal height of ten metres, with loading access provided via a full-height grade level door, an additional smaller-grade level door and a dock-leveller.

The unit was recently purchased by M7 Real Estate, which will be undertaking a thorough cosmetic refurbishment before occupation.

The building's two-storey offices and staff welfare facilities of 353 square metres are situated to the front and are fully fitted throughout. There is also a feature reception area, and the staff facilities are in walk-in condition.

The unit also benefits from 24 designated car parking spaces at the front of the facility.

Kieran Casey of Harvey said: "There is currently a scarcity of existing, quality, modern, high-bay warehouse facilities in the Dublin market. Unit 617A at Northwest Business Park represents a turnkey opportunity for occupiers with immediate space requirements."

John Reynolds of CBRE said: "Q4 2020 represented the highest quarterly take-up in five years for the Dublin industrial and logistics sector, reaching 137,605 square metres.

"Last year as a whole, [uptake in this sector] reached 343,716 square metres, up 3 per cent on the previous year, which is a very strong result and testament to the extent to which this sector bucked the general trend in 2020."

The joint agents are now offering the property To Let with a quoting rent of €195,000 per annum (exclusive). For more details, contact Harvey at 01-4532755 or CBRE at 01-6185514/01-6185738.

Mixed-use D8 building with guide price of €1.3m sells

No 40 St James's Street, which was quoting €1.3 million, sold recently

BY TINA-MARIE O'NEILL

Colliers International has sold 40 James's Street in Dublin 8, a mixed-use opportunity with strong value add potential, for which it had been seeking offers of €1.3 million.

Located in an increasingly popular city centre location, the property comprises a modern four-storey, mixed-use building in good condition and modern accommodation behind an attractive period façade. Extending to about 511 square metres, the property includes a retail unit on the ground floor, a two-bedroom apartment on the first floor, with office accommodation of some 371.6 square metres above and to the rear.

According to the agent, the property generated interest from both owner occupiers and opportunistic investors who were attracted by the opportunity to secure a high-yielding investment on letting the vacant office space.

The retail unit and apartment are both fully let, producing €31,275 per annum. On letting the vacant offices, Colliers estimated the incoming purchaser will achieve a yield of excess 9 per cent.

The property is well located, enjoying all the amenities that central Dublin has to offer, with good transport links available. The St James's Luas stop is located a short walk away, providing access to the city centre and Heuston station, within minutes.

The location is undergoing major regeneration, with the opening of new hotels, offices and student accommodation, while St James's Hospital will soon be home to the new National Children's Hospital at its rear.

It was also recently announced that Ballymore is the preferred bidder for the redevelopment of St James's Gate, which will be a new city quarter that will greatly enhance the area.

Availing of local amenities in a time of lockdown

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its impact began to be felt, an appreciation of local conveniences has become ever more decisive.

"Having a variety of local amenities nearby has always been important for buyers and that need has been heightened over the last year with the 'lockdown effect' where we have all had to consider carefully what is within a 2km, 5km or 10km radius of our homes," Shannon Longmore, operations manager at Knight Frank's New Homes division, said.

"Of particular significance is outdoor spaces, which have taken on a major role as breakout areas, work spaces, exercise areas and, for many people, their only chance to get some sunshine as their travel plans were curtailed.

"Buyers are also thinking ahead though, and consideration is still given to proximity to venues like cinemas, restaurants, gyms, shopping as well as accessibility for the gradual return to a more normal work environment and schools which we are expecting to see over the coming year."

Longmore sent us two schemes in south Co Dublin, where Knight Frank is handling the sale of units surrounded by a rich choice of local amenities and facilities within a 5km radius.

The first is St Pancras in Terenure in Dublin 6W, a development of 37 houses and 35 apartments, located adjacent to the well-established suburban villages of Terenure, Rathgar and Rathmines.

A kitchen/dining room at St Pancras; inset: the Stella Cinema in Rathmines

The agent has one apartment remaining for sale here. No 19 is a three-bedroom penthouse apartment of 111.2 square metres and is priced at €795,000. It comes with a private, west-facing wraparound terrace of 98 square metres.

The scheme has a private landscaped communal area and includes two car park spaces and secure cycle parking. There are also three large public parks within its 5km restriction zone: Bushy Park, Harold's Cross Park and St Stephen's Green.

The second 5km, amenity-rich scheme offered by Knight Frank is at Stockwell on the Sandyford Road in Dundrum, Dublin 16, a small development of eight apartments and duplexes. Prices start from €405,000 for a one-bedroom apartment of between about 58 and 60 square metres, and a two-bedroom duplex of 103.3 square metres costs €617,500.

Dundrum is a highly sought-after residential area and Stockwell, although set in a quiet enclave, is ideally situated just five minutes from Dundrum Town Centre and the Balally Luas stop. Several Dublin Bus routes also service Dundrum and the M50 is a few minutes away. Some of south Dublin's most exclusive schools are also located around Dundrum.

For further information on either of these developments contact Knight Frank New Homes at newhomes@knightfrank.ie or call 01-2374500.