

Block sales gain further traction in 2014

For the first time, multifamily commercial investment has become a mainstream investment class in Ireland.

The sale of the Marker Residences for a yield of 4.8% represented a new benchmark for prime, fully-let, multifamily units. The transaction illustrates the extent of yield compression over the two years since the sale of the Gasworks in Q2 2012 at a yield of 7.8%. The tightening of investment yields has been due to the strong recovery in rents which is being driven by a shortage of stock, particularly in Dublin, with the latest figures showing annual apartment rental and price appreciation in the capital of 12.1%¹ and 32.6%² respectively. The emergence of multifamily assets as a mainstream investment class in Ireland was initiated when Kennedy Wilson's entered the market in 2012, bringing their experience of managing large scale apartment blocks in the United States to Ireland. The increasing participation from well-funded domestic investors and international REITs should ensure continued strong demand for residential block sales over the medium term. [Sources: 1. Q2 Rental Price Index, PRTB; 2. August Residential Property Price Index, CSO]

Key indicators

Prime multifamily yields are now **below 5%**, down from 7.8% two years ago

Market has entered a phase of **strong rental and capital appreciation**

Figure 1: Annual Dublin apartment rental and price growth



Date	Sale	Units (1-bed, 2-bed, 3-bed+ split)	Vendor - Purchaser	Comments	Est. price per unit	Price/Yield
Q3 2014	The Orange Collection	761 (99:534:128)	NAMA - IRES	Four lots in Dublin 1, 11, 12 and 18 with 3,187 sq.m. of commercial space and further potential for 132 apartments and 7,120 sqm. of commercial space.	€220,000	€211.3m/ 4.9%
Q2 2014	The Marker Residences, Dublin 2	84 (0:84:0)	Brehon Capital - IRES REIT	Includes six let commercial units and 113 car spaces.	€535,000	€50.1m/ 4.8%
Q2 2014	Oxmantown Green, Dublin 7	25 (5:19:1)	Receiver/KPMG - Private Irish	Two let retail units and 21 car parking spaces.	€220,000	€6m/ 6.1%
Q3 2013	Lloyds Residential Portfolio	338	Receivership/ Lloyds - CAP REIT	Four separate lots in Dublin 7, 8 and 18 with 3,074 sq.m. of commercial space.	€120,000	€42.6m/ 8.5%
Q3 2013	Annvile Residence, Dublin 14	54 (26-28-0)	Receivership/ Ulster Bank - Private Irish	Mix of apartments, duplex houses and town houses. 64 car spaces.	€157,407	€8.5m/ 8.1%
Q2 2013	Gemini Portfolio • Tallaght Cross East, Dublin 24. • Orchard Gardens, Cork. • Island Key, Dublin 3.	640 (211:335:94)	Receiver/Grant Thornton - Comer Brothers	89% weighted residential portfolio with 53 apartments in shell condition together with 18,450 sq.m. of commercial space of which 69% is vacant. Includes a 48 bedroom hotel.	€90,000	€65m/ 8.2%
Q2 2013	Clancy Quay, Dublin 8	420 (122:206:92)	Lloyds BOSI - Kennedy Wilson	12 apartments in shell condition and 3,408 sq.m. of vacant commercial space and 8.46 acre undeveloped site. Parking for 524 cars.	€180,000	€82.5m/ 7.9%
Q4 2012	Sandford Lodge, Dublin 4	119 (60-51-8)	Receiver/BOSI - Kennedy Wilson	Office space rented at €125,040 p/a and 130 car spaces.	€220,000	€27m/ 7.5%
Q2 2012	Gasworks, Dublin 4	210 (8:202:0)	Receiver/Grant Thornton - Kennedy Wilson	230 car spaces.	€190,000	€40m/ 7.8%

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