

INSTITUTE OF DIRECTORS
IN IRELAND

BREAKFAST & EVENING BRIEFING SERIES

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PAST, PRESENT,
PROJECTIONS

MARKET OVERVIEW

Institute of Directors

April, 3rd 2019

01

ECONOMIC BACKDROP

ECONOMY

AN OVERVIEW

% Change	2012	2013	2014	2015	2016	2017	2018e	2019f
Real GNP	0.0%	5.8%	9.2%	13.6%	11.5%	4.4%	5.9%	3.8%
Real GDP	0.2%	1.3%	8.8%	25.1%	5.0%	7.2%	6.7%	4.2%
Exports	-0.9%	2.9%	14.6%	39.3%	4.4%	7.8%	8.9%	5.2%
Investment	15.8%	-3.7%	18.3%	50.8%	51.7%	-31.0%	9.8%	7.1%
Consumption	-0.8%	-0.6%	2.1%	3.6%	4.0%	1.6%	3.0%	3.0%
Unemployment Rate	14.7%	13.1%	11.3%	9.5%	7.9%	6.7%	5.7%	5.2%
Consumer Prices (HICP)	1.9%	0.5%	0.3%	0.2%	-0.0%	0.3%	0.7%	1.5%

CENTRAL BANK

PROPERTY MEASURES



Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

Sherry
FitzGerald



LOAN TO VALUE (LTV) FOR PRINCIPAL DWELLING HOUSES (PDH)

PDH mortgages for non-first time buyers are subject to a limit of 80 per cent LTV.

For first time buyers of properties a maximum LTV of 90 per cent will apply.

These LTV limits should not be exceeded by more than 20 per cent of the euro value of all housing loans for second and subsequent PDH purposes, and not be exceeded by more than 5 per cent of the euro value of all housing loans for first time buyers, during an annual period



LOAN TO INCOME (LTI) FOR PDH MORTGAGES

PDH mortgage loans are subject to a limit of 3.5 times loan to gross income.

Taking effect on the 1st January 2018, the Central Bank has made revisions to the Loan-to-Income Allowances.

From this point on only 10 per cent of the value of new mortgage lending to second and subsequent buyers can be above the LTI cap, while 20 per cent of the value of new mortgage lending to first time buyers can be above the LTI cap.

Previously, the LTI limit was not to be exceeded by more than 20 per cent of the euro value of all housing loans for PDH purposes during an annual period.



LOAN TO INCOME (LTI) FOR PDH MORTGAGES

BTL mortgages are subject to a limit of 70 per cent LTV.

This limit can only be exceeded by no more than 10 per cent of the euro value of all housing loans for non PDH purposes during an annual period.

GOVERNMENT INITIATIVES

IMPACT TO DATE



HELP TO BUY SCHEME

From launch to end February 2019: **25,051** applications

11,010 at Claim stage

10,481 approved by Revenue

of those at claim stage

3,793 in Dublin

- 1,282 in Meath
- 1,059 in Kildare
- 509 in Wicklow
- 1,117 in Cork
- 456 in Galway
- 350 in Limerick

Of those at claim stage

78% of claims in the **€151,000 - €375,000** range



THE STRATEGIC HOUSING DEVELOPMENT PLANNING SYSTEM

Effect in **July 2017**

Fast-track development of **100+** homes or **200+** student beds

To date, **7,810** residential units approved

3,764 houses granted permission

4,046 apartments granted permission and

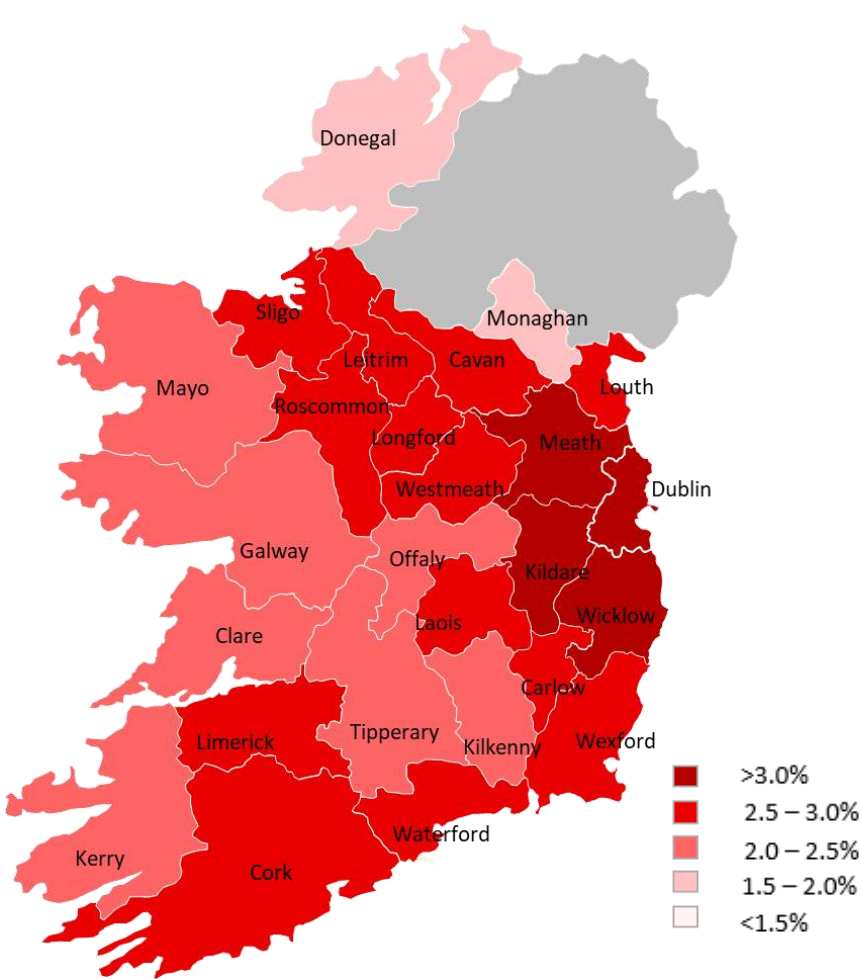
4,768 student beds

02

RESIDENTIAL MARKET

MARKET ACTIVITY - VOLUMES

2018



County	% of Housing Stock Sold
Kildare	3.8%
Meath	3.6%
Dublin	3.5%
Wicklow	3.1%
Waterford	3.0%
Louth	3.0%
Carlow	3.0%
Westmeath	2.9%
Leitrim	2.8%
Wexford	2.7%
Sligo	2.7%
Longford	2.7%
Cork (Total)	2.7%
Roscommon	2.6%
Limerick (Total)	2.6%
Cavan	2.6%
Laois	2.5%
Tipperary	2.4%
Galway (Total)	2.3%
Clare	2.2%
Kerry	2.2%
Kilkenny	2.1%
Offaly	2.1%
Mayo	2.0%
Donegal	1.7%
Monaghan	1.6%
State	2.8%

Ireland

53,900 (2.8% of private stock transacted)

Dublin

17,500 (3.5% of private stock transacted)

Galway

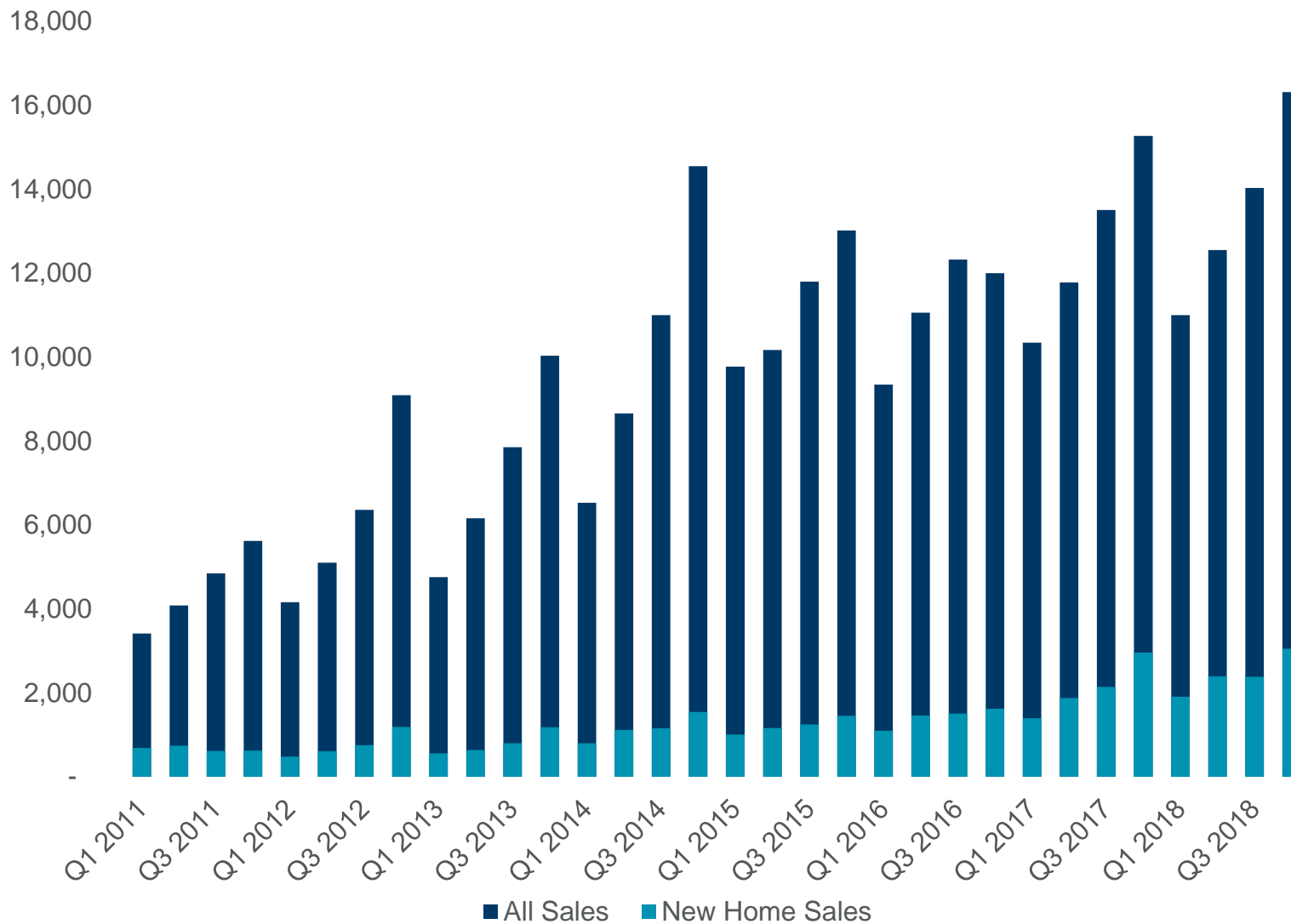
2,500 (2.3% of private stock transacted)

VOLUME OF SALES

Q1 2011 – Q4 2018

Sherry
FitzGerald

No. of Transactions



53,900 sales in Ireland*
in 2018

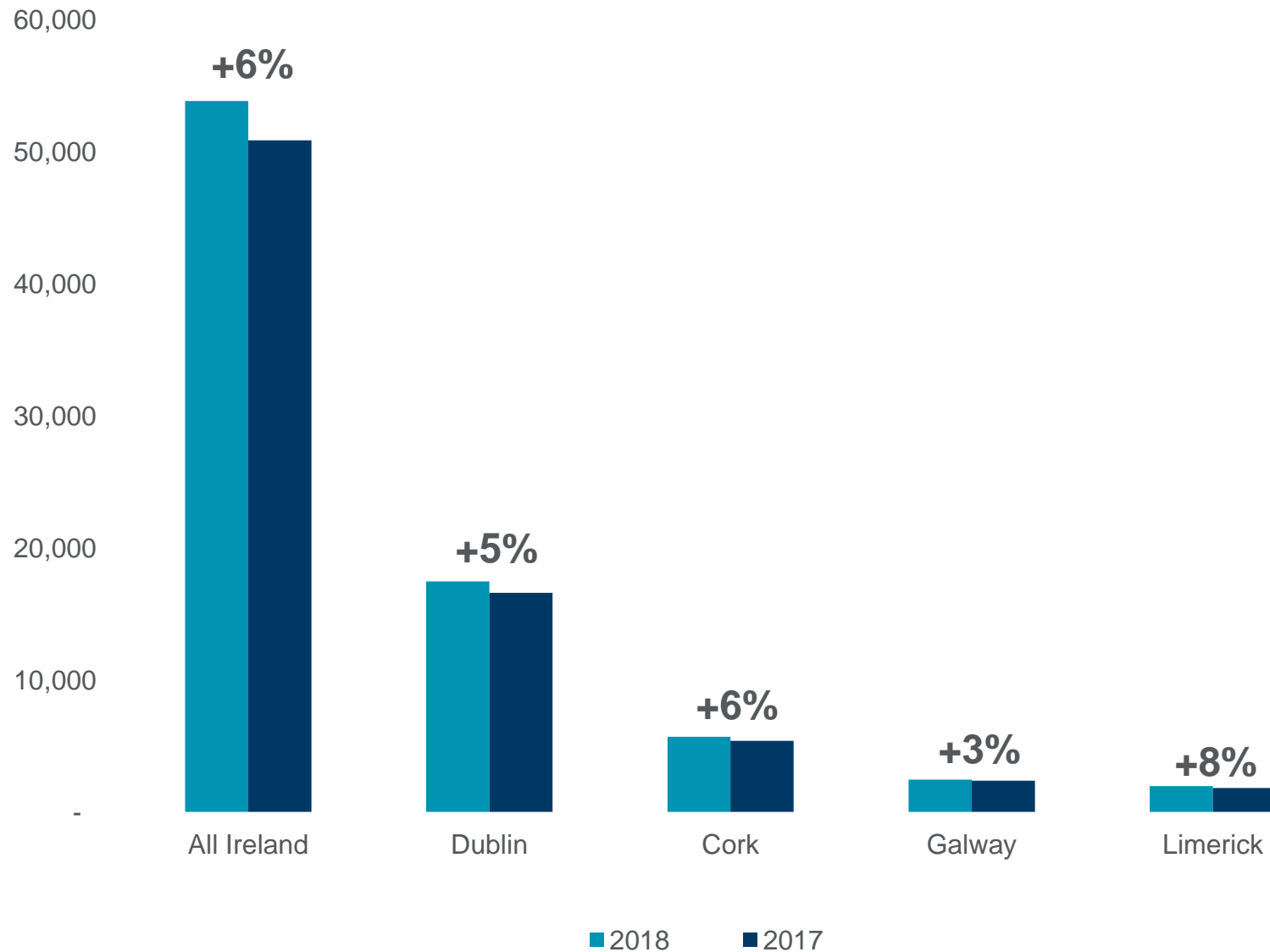
Up **6%** Y-O-Y

*Excludes multi-family/block sales and rounded

VOLUME OF SALES

2018 VS 2017

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17,500
sales in Dublin*
in the 2018



up 5%
year-on-year



2,500
sales in Galway*
in the 2018



up 3%
year-on-year

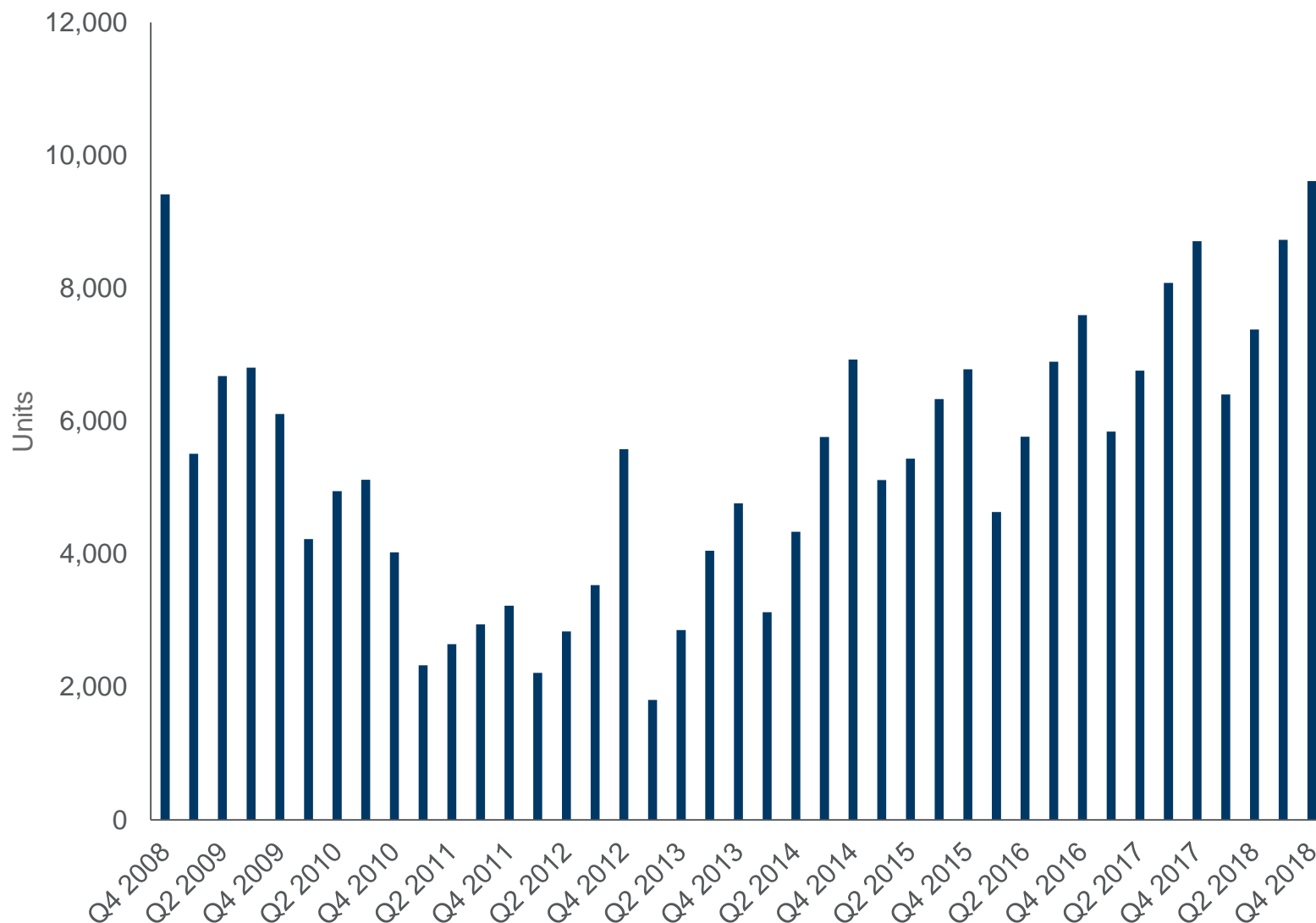
*Excludes multi-family/block sales and rounded

Source: PPR/Sherry FitzGerald Research

MORTGAGE DRAWDOWNS*

Q4 2008 – Q4 2018

Sherry
FitzGerald



32,123*

Mortgages with a value of

€7.3 billion drawn
down in 2018



Cash buyers account for

40% of market in YTD
Q3 2018

*Excludes Re-mortgages and Top Ups

PROFILE OF PURCHASERS

2ND HAND STOCK – Q1 2019

	Ireland	Dublin
Owner Occupation	78%	80%
Investment	16%	15%
Additional Residence	6%	5%
Other	1%	0%

FUTURE DEMAND

DEMOGRAPHIC PROJECTIONS

Year	Population Ireland	Population Dublin
2016	4.76 Million	1.35 Million
2021	4.96 Million	1.40 Million
2026	5.24 Million	1.48 Million
2031	5.52 Million	1.54 Million

FUTURE DEMAND

DEMOGRAPHIC PROJECTIONS

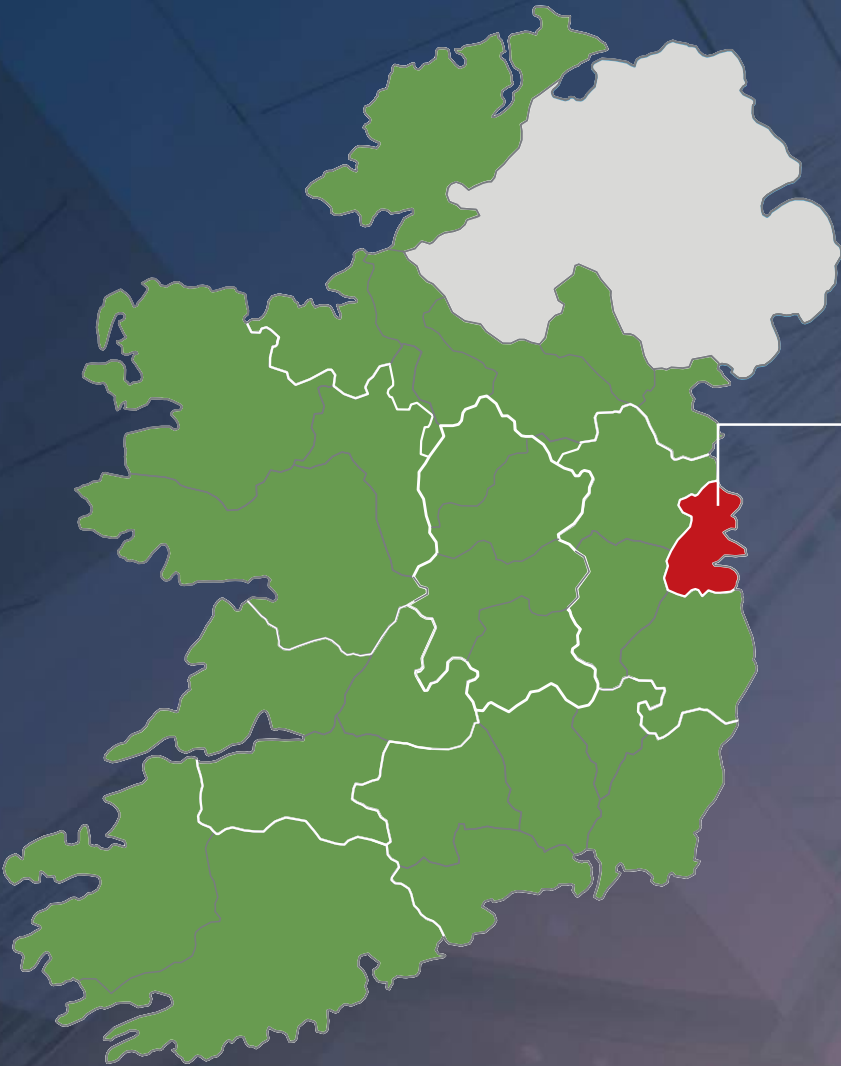


Ireland - total

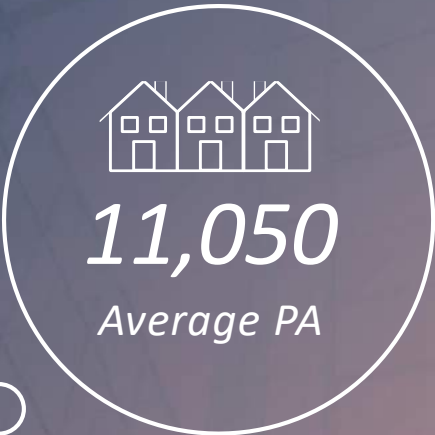
Year	Housing Demand
2017 - 21	40,050
2022 - 26	33,300
2027 - 31	34,150

FUTURE DEMAND

DEMOGRAPHIC PROJECTIONS



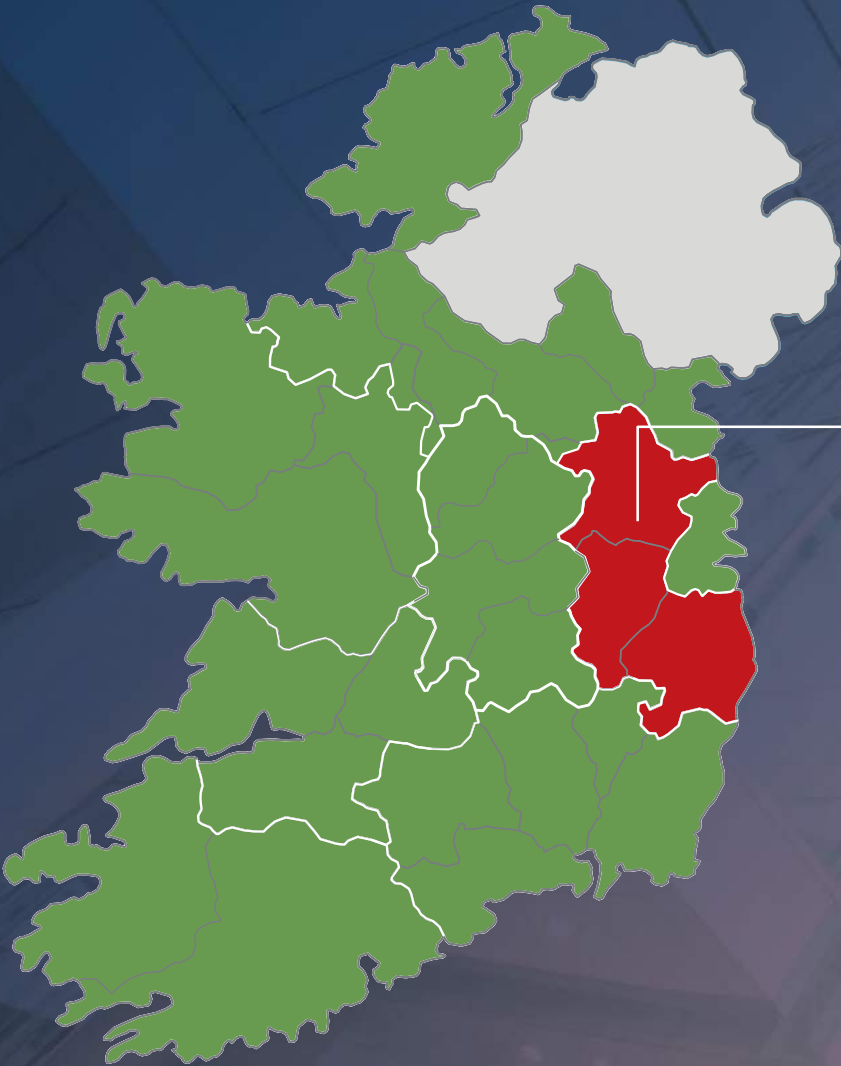
Dublin



Year	Housing Demand
2017 - 21	13,650
2022 - 26	9,650
2027 - 31	9,900

FUTURE DEMAND

DEMOGRAPHIC PROJECTIONS



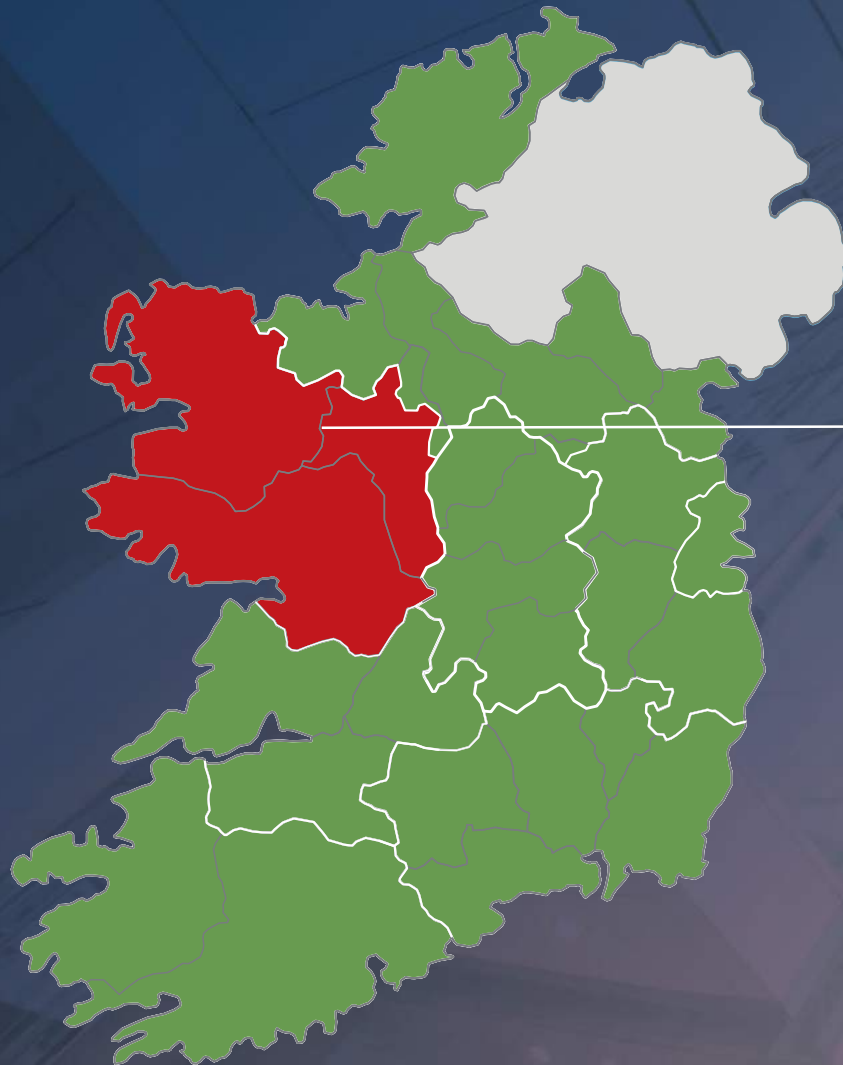
Mid-East



Year	Housing Demand
2017 - 21	3,400
2022 - 26	4,300
2027 - 31	4,400

FUTURE DEMAND

DEMOGRAPHIC PROJECTIONS



West



3,650

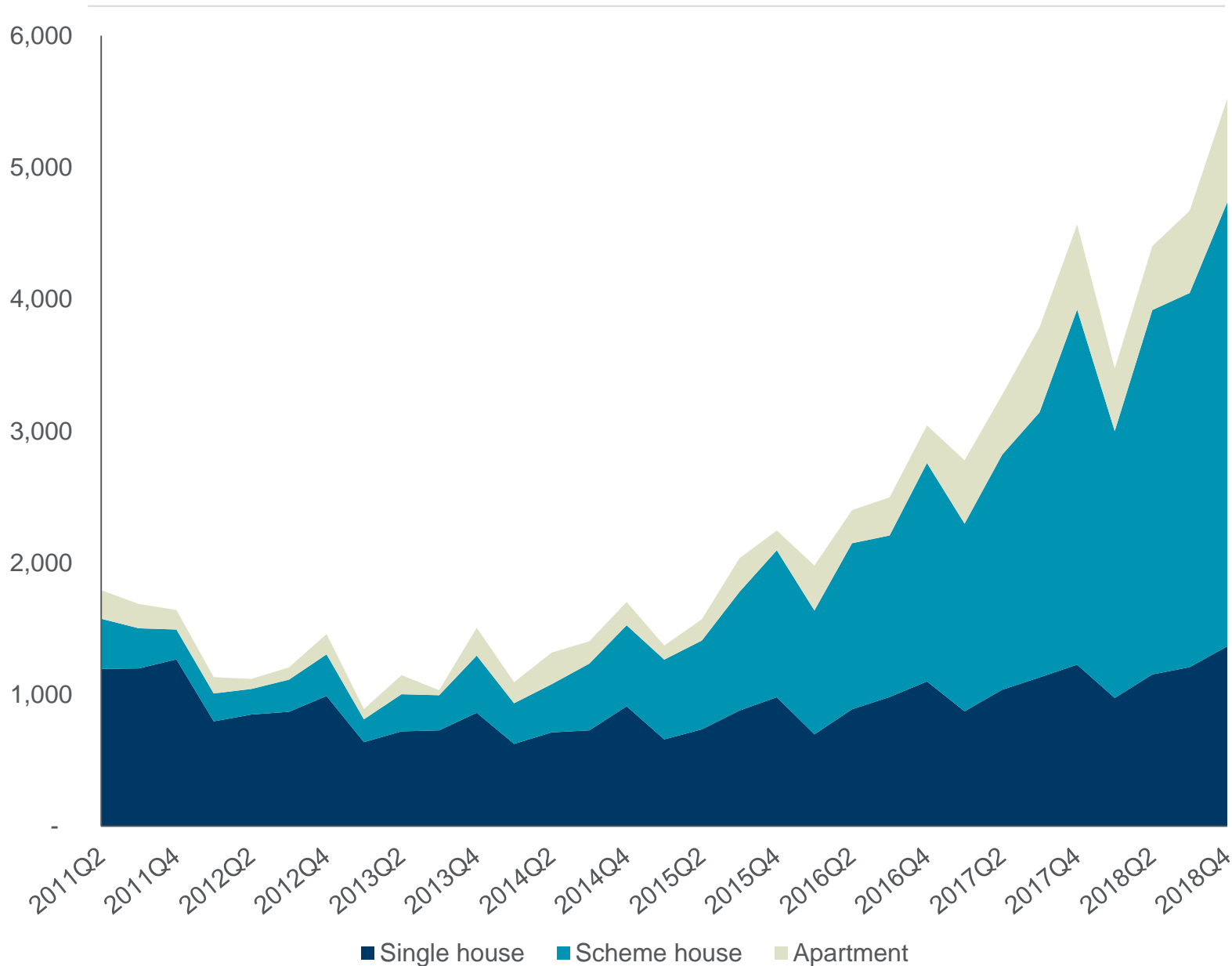
Average PA

Year	Housing Demand
2017 - 21	4,400
2022 - 26	3,300
2027 - 31	3,350

NEW DWELLING COMPLETIONS

Q2 2011 – Q4 2018

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4,699 individual houses
built in 2018

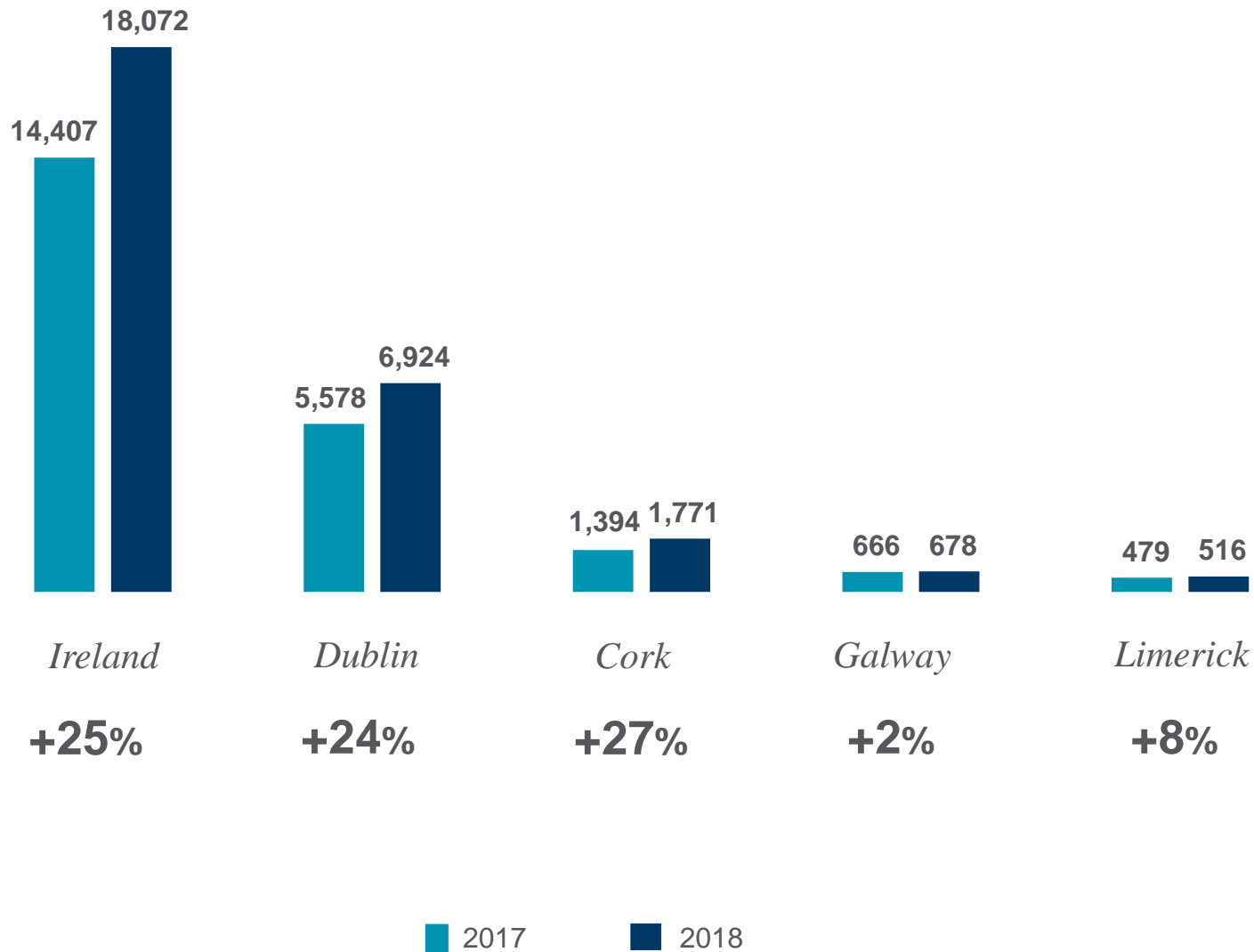
11,001 scheme houses
built in 2018

2,372 apartments built
in 2018

NEW DWELLING COMPLETIONS

2017 VS 2018

Sherry
FitzGerald



Completions in Dublin up from

5,578 in 2017 to
6,924 in 2018

PRIVATE STOCK ADVERTISED FOR SALE

JANUARY 2019

Sherry
FitzGerald



21,200 second hand units

Advertised for sale in January
2019, down

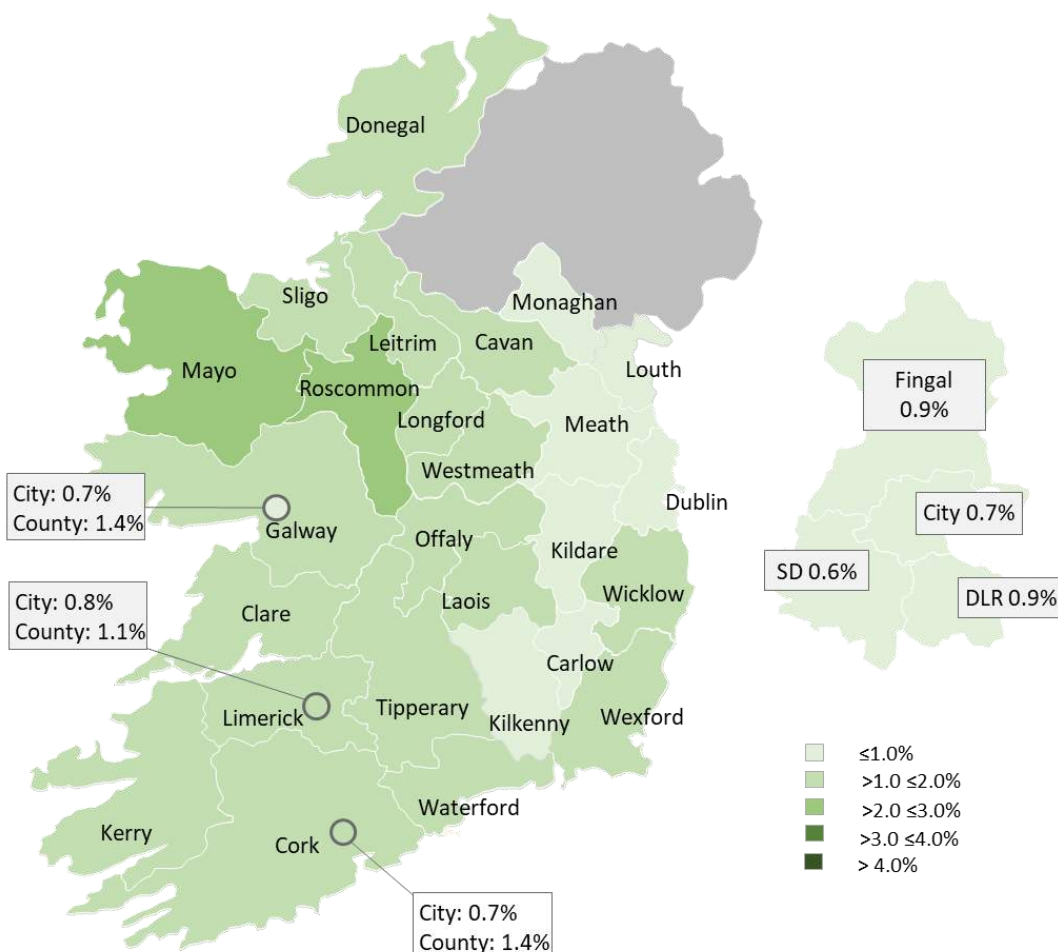
0% Y-O-Y

3,900 second hand units
advertised for sale

In Dublin, up **25%** Y-O-Y

Total second hand units
advertised for sale represent
1.1% of total housing stock

Source: Sherry FitzGerald Research



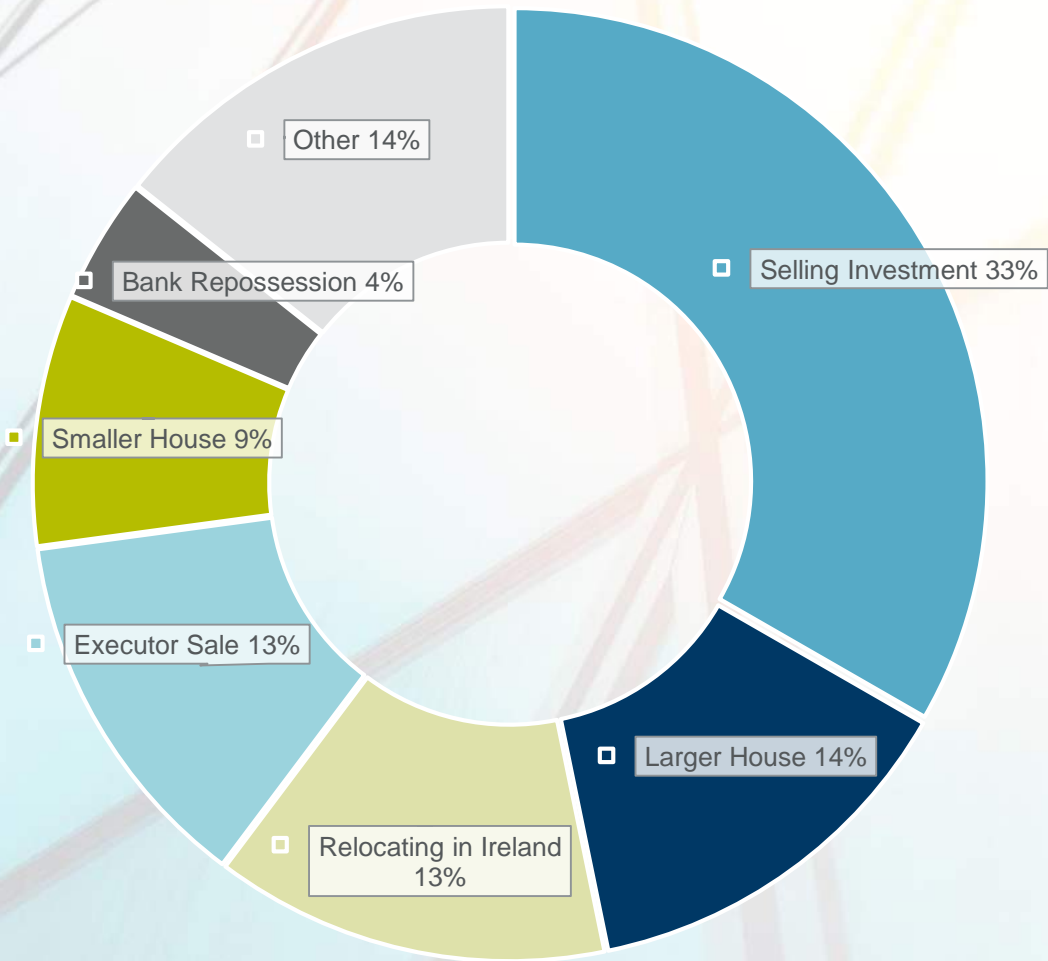
County % of Private Second-Hand Stock Advertised for Sale

Monaghan	0.6%
South Dublin	0.6%
Kildare	0.6%
Dublin (City)	0.7%
Dublin (Total)	0.8%
Kilkenny	0.8%
Carlow	0.9%
Fingal	0.9%
Louth	0.9%
Meath	0.9%
Dun Laoghaire-Rathdown	0.9%
Limerick (Total)	1.0%
Sligo	1.1%
Waterford	1.1%
Galway (Total)	1.2%
Clare	1.2%
Westmeath	1.2%
Offaly	1.2%
Cork (Total)	1.2%
Tipperary	1.3%
Laois	1.3%
Wicklow	1.3%
Cavan	1.4%
Longford	1.5%
Wexford	1.5%
Donegal	1.5%
Kerry	1.7%
Leitrim	1.7%
Mayo	2.0%
Roscommon	2.2%

State 1.1%

VENDOR ANALYSIS

Q1 2019



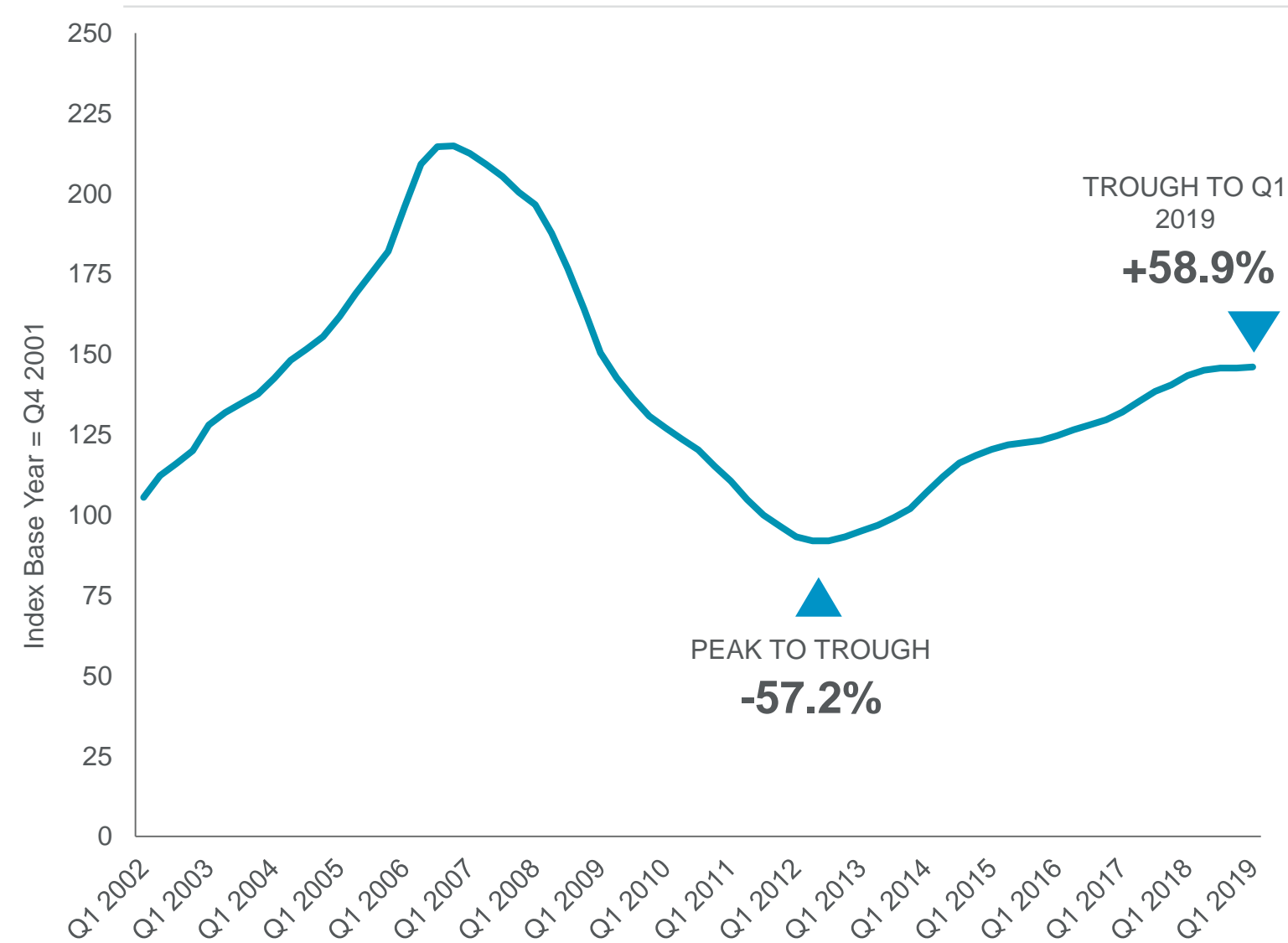
33%

of Vendors “selling investment”

ALL IRELAND BAROMETER

SECOND HAND HOUSE PRICES

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House price growth increased by
1.9% annually to Q1 2019

Compared to **8.6%** annually to
Q1 2018

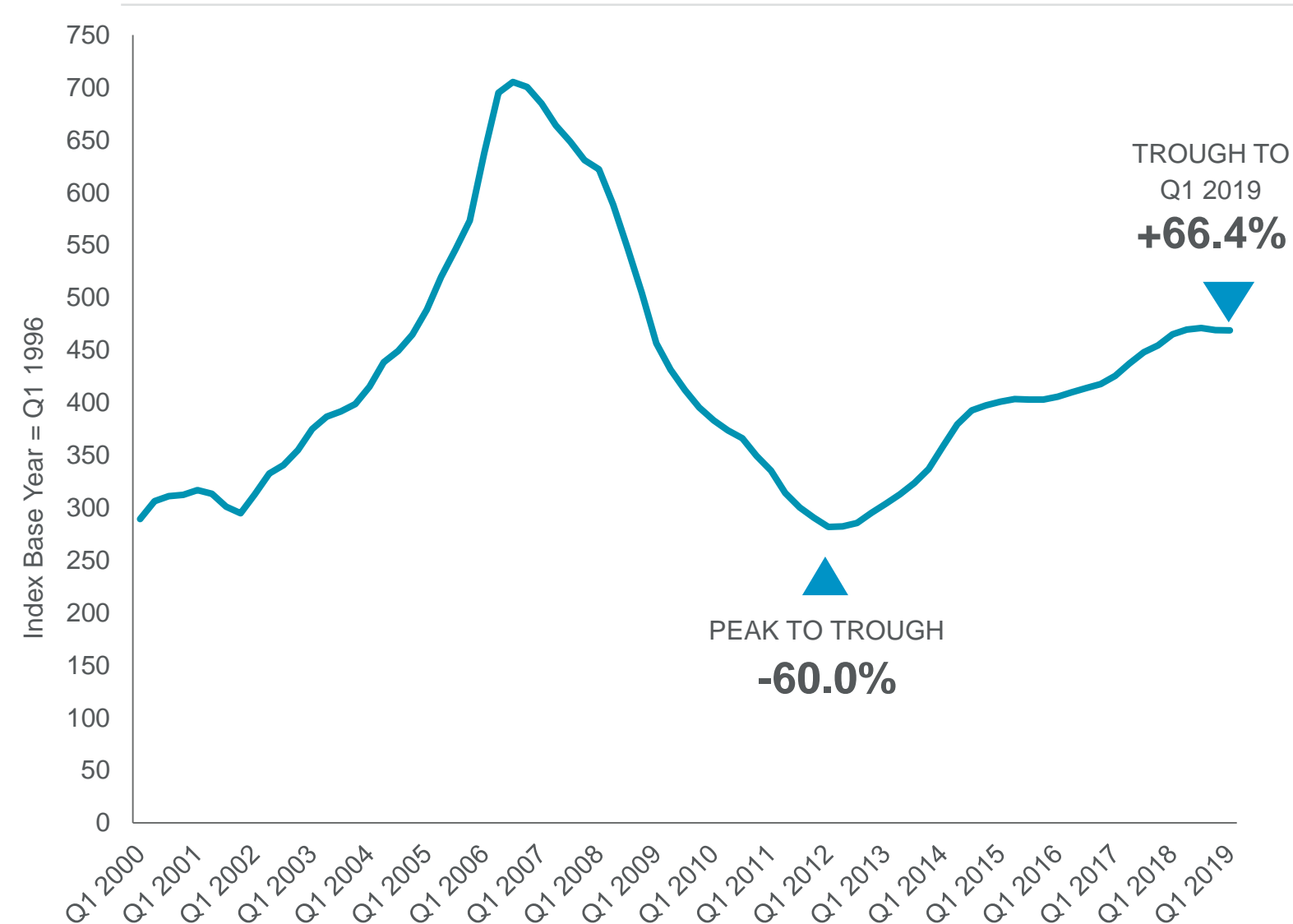
Prices increased by **0.2%** in
Q1 2019

Compared to **2.1%** in Q1
2018

DUBLIN BAROMETER

SECOND HAND HOUSE PRICES

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FitzGerald



House price growth increased by
0.8% annually to Q1 2019

Compared to **9.3%** annually to
Q1 2018

House prices decreased by
0.1% in Q1 2019

Compared to **2.3%** in Q1 2018



03

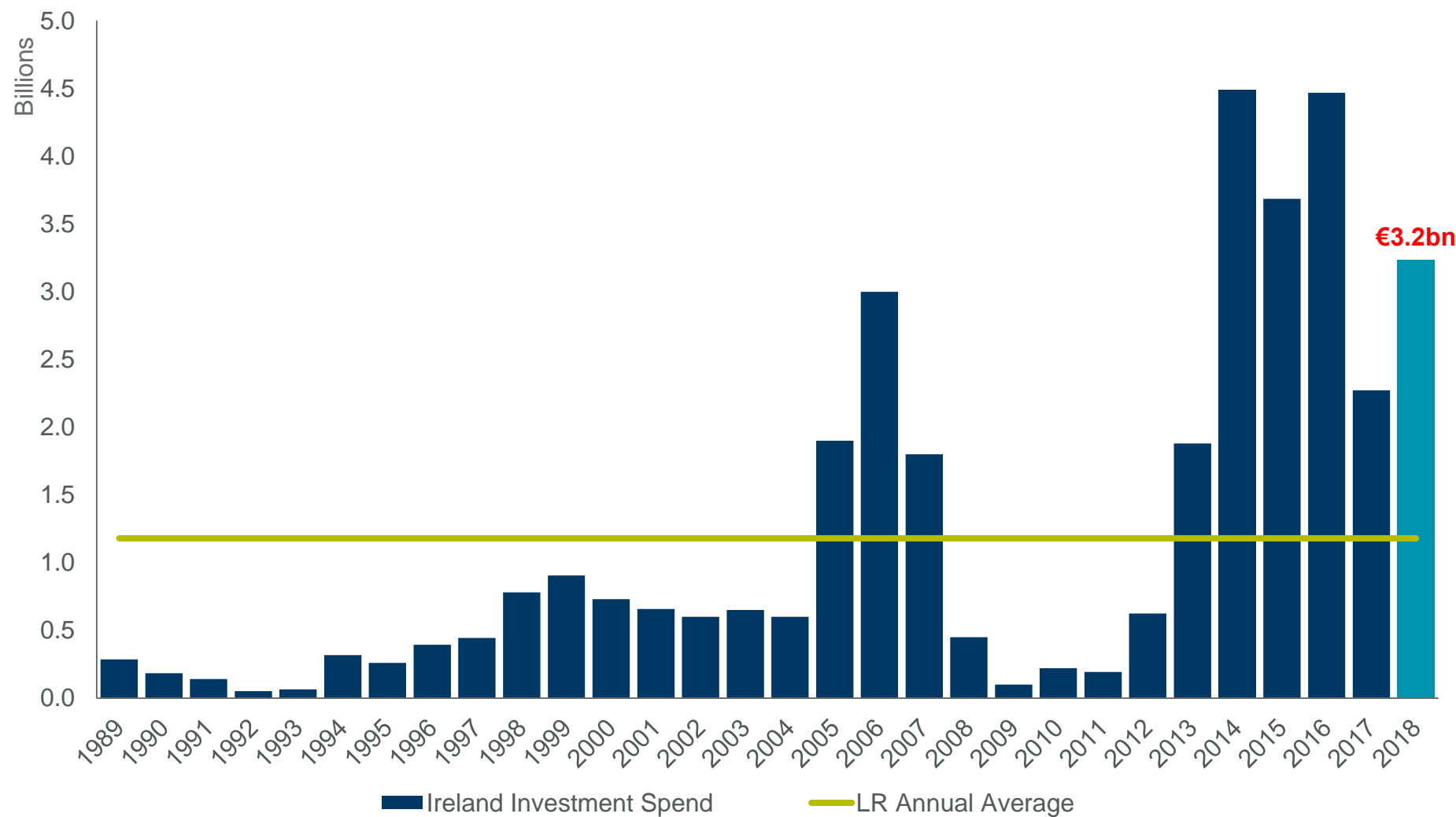
COMMERCIAL MARKET INVESTMENT & OCCUPIER TRENDS

INVESTMENT MARKET TURNOVER

€BN*: 1989 –2018

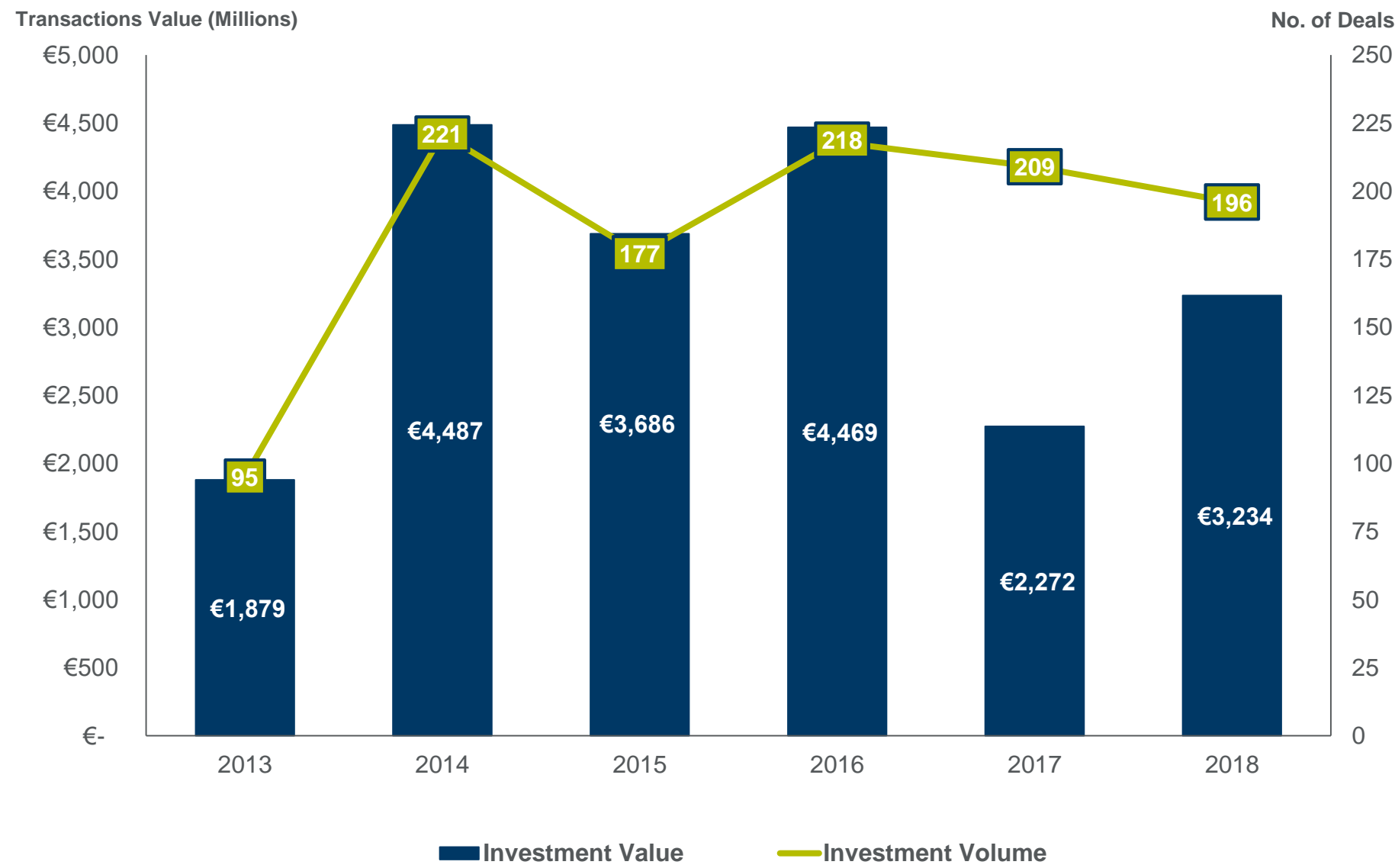


€3.2bn invested in the Irish commercial property market 2018



INVESTMENT TRANSACTIONS

2013 – 2018

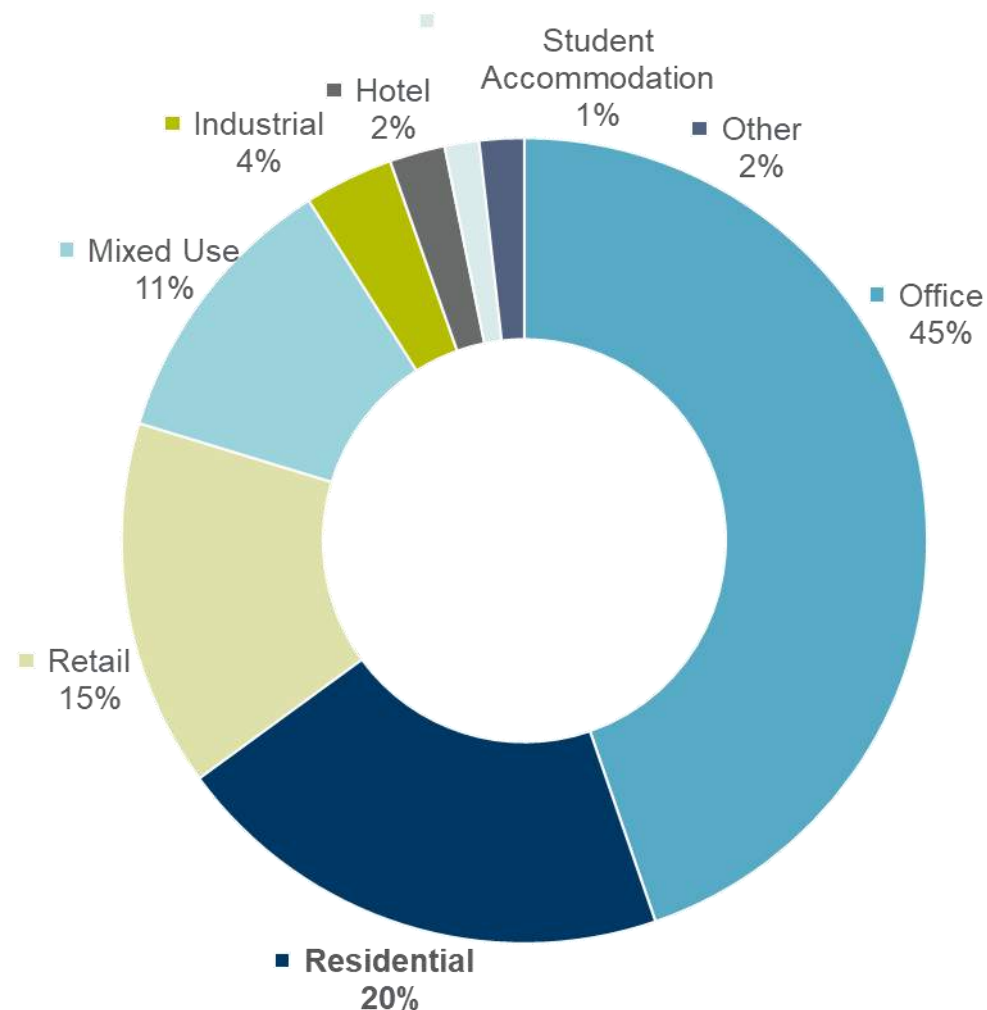


SECTOR BREAKDOWN

2018

Sector	Price (€)
Office	€1.45bn
Residential	€654.3m
Retail	€477.1m
Mixed Use	€365.5m
Industrial	€115.8m
Hotel	€72.0m
Student Accommodation	€44.8m

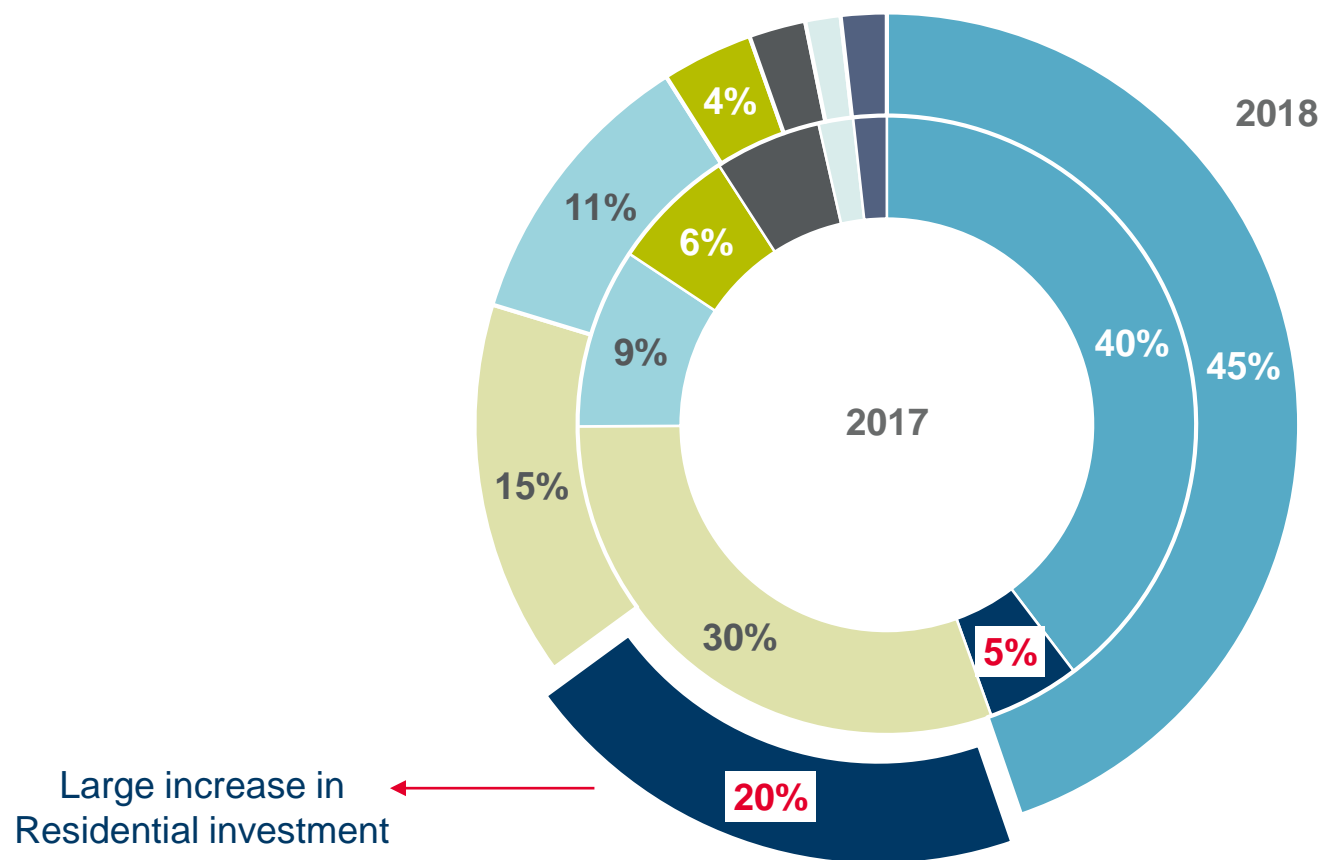
Sector Breakdown – 2018



SECTOR BREAKDOWN

2017 VS 2018

■ Office ■ Residential ■ Retail ■ Mixed Use ■ Industrial ■ Hotel ■ Student Accommodation ■ Other

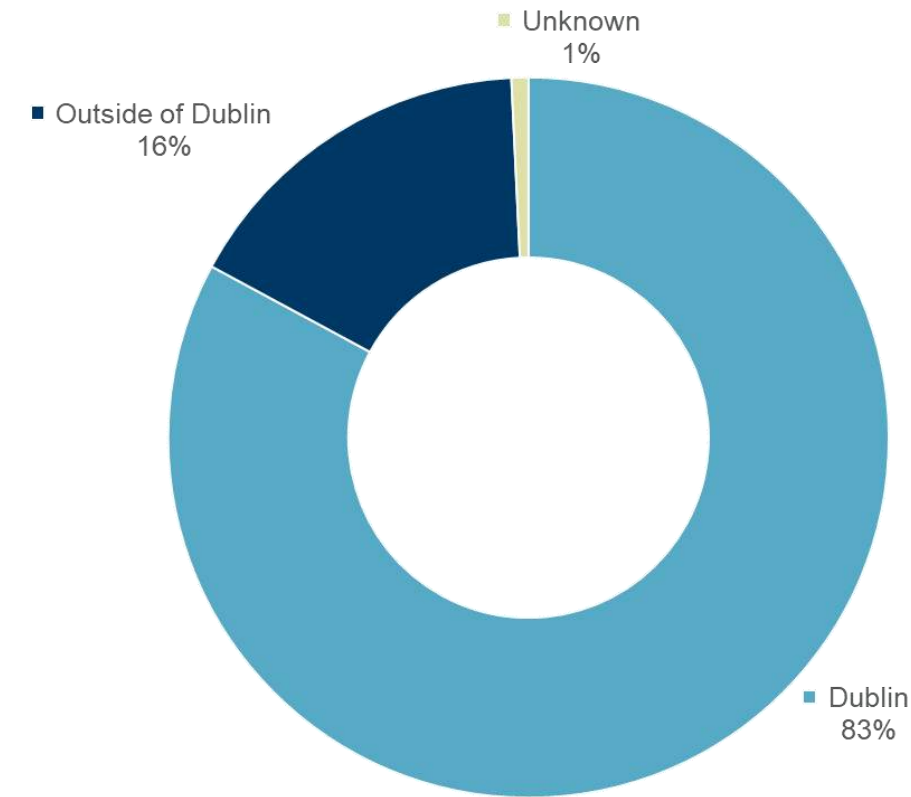


INVESTMENT TRANSACTIONS – LOCATION

2018



The share of total spend outside of Dublin in 2018 was 16%.

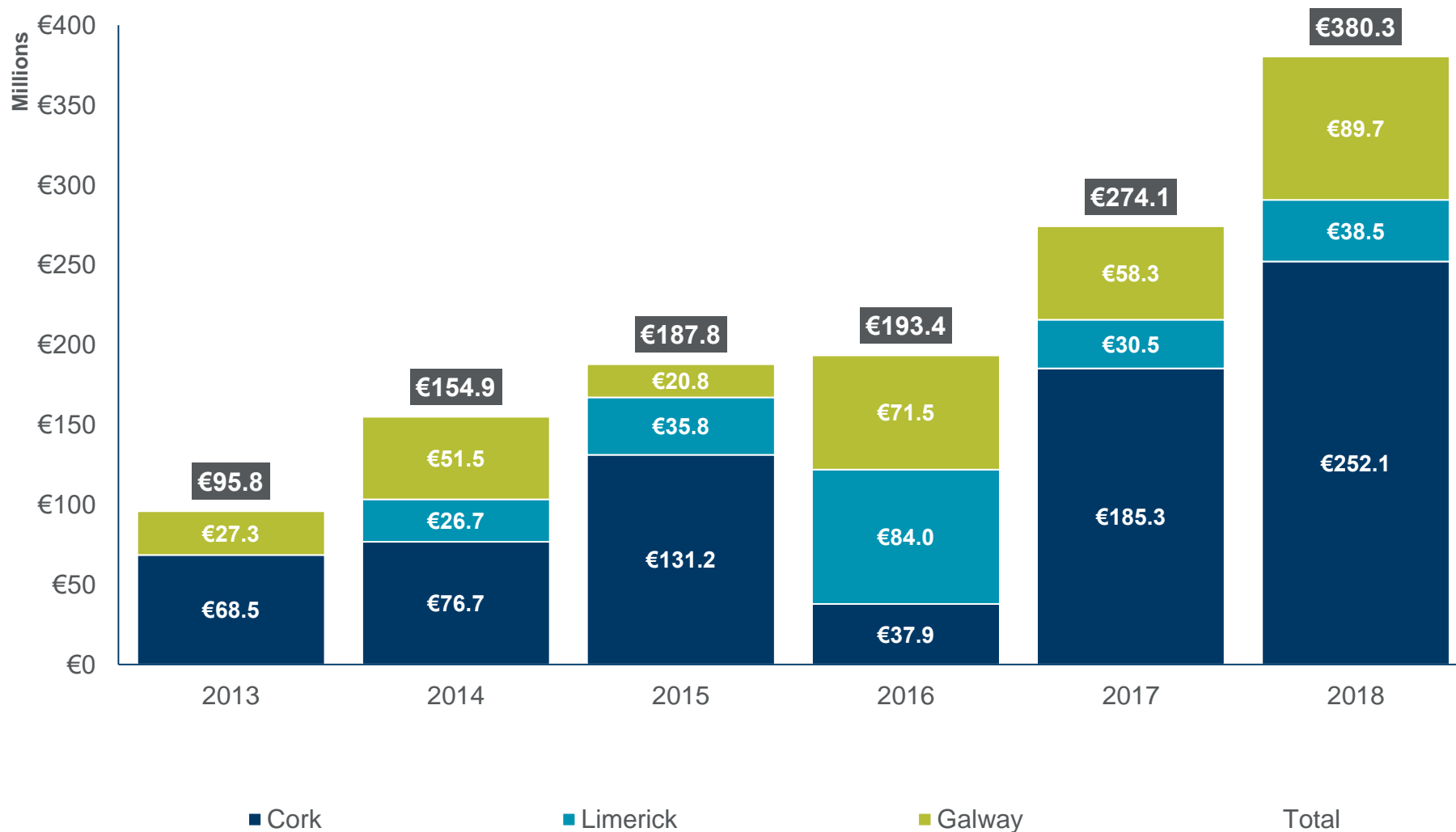


Top Transactions Outside Dublin, 2018

Asset	Price (€)	Sector	Purchaser
The Elysian Cork	€87.5m	Residential	Kennedy Wilson
Off Market	€43m	Confidential	Confidential
Cuirt na Coiribe, Headford Rd. Galway	€35m	Student Accom.	Exeter Property Group
Off Market (BallinCollig)	€35m	Residential	Private UK Fund
City Square, Blackpool	€33m	Residential	Private UK Fund
Plassey Portfolio, Limerick	€25m	Office	Fine Grain Property

INVESTMENT ACTIVITY IN THE REGIONAL CENTRES

2013 - 2018

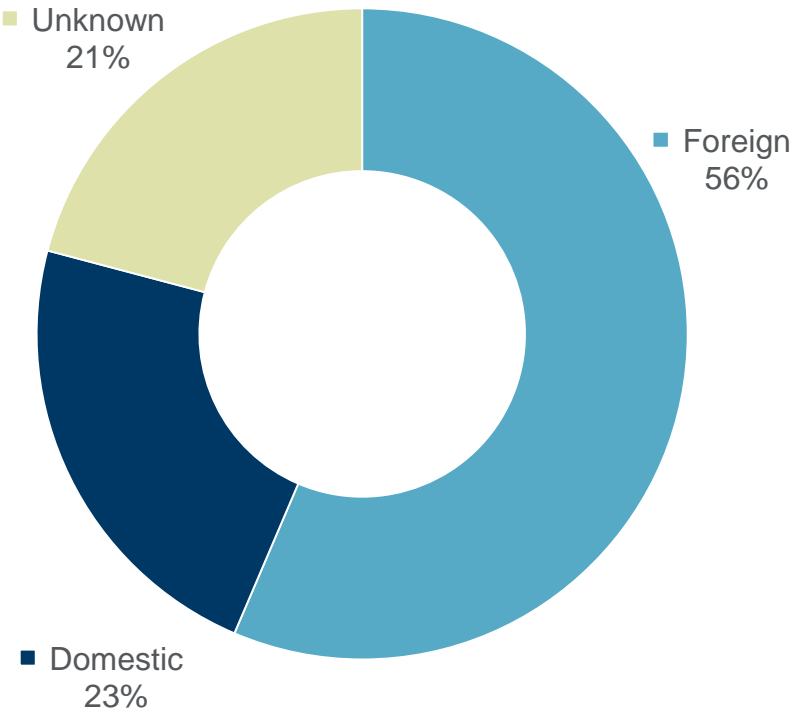


SOURCE OF CAPITAL

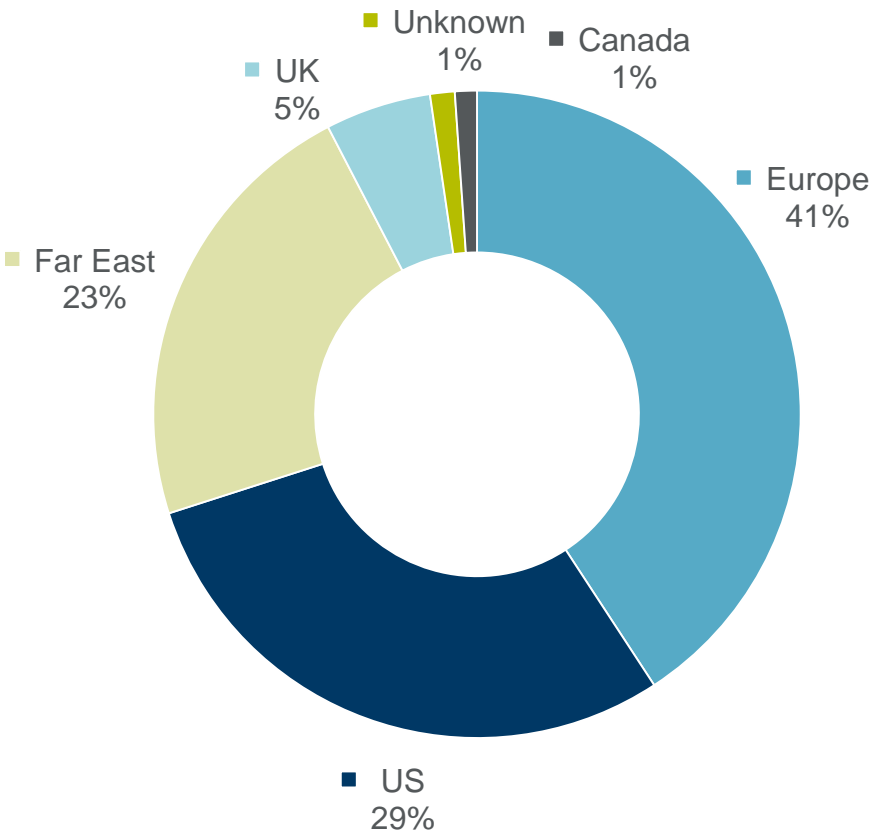
2018



Source of Capital*



Source of Overseas Capital



*Three large confidential transactions, where source of purchaser is unknown, makes up almost two thirds of *Unknown* category here



04

OFFICE MARKET

IRISH OFFICE MARKET

Q4 2018



Market Stock:	308,300 sq m
Take Up 2018:	3,750 sq m
Availability:	21,100 sq m
Vacancy Rate:	6.8%
Under Construction:	7,000 sq m

*Market Stock:	346,400 sq m
Take Up YTD 2018:	6,350 sq m
Availability:	58,650 sq m
Vacancy Rate:	15.3%
Under Construction:	17,750 sq m



Market Stock:	3.71 million sq m
Take Up 2018:	260,050 sq m
Availability:	466,750 Sq M
Vacancy Rate:	12.6%
Under Construction:	434,400 sq m

Market Stock:	596,850 sq m
Take Up 2018:	44,900 sq m
Availability:	57,900 sq m
Vacancy Rate:	9.7%
Under Construction:	55,700 sq m

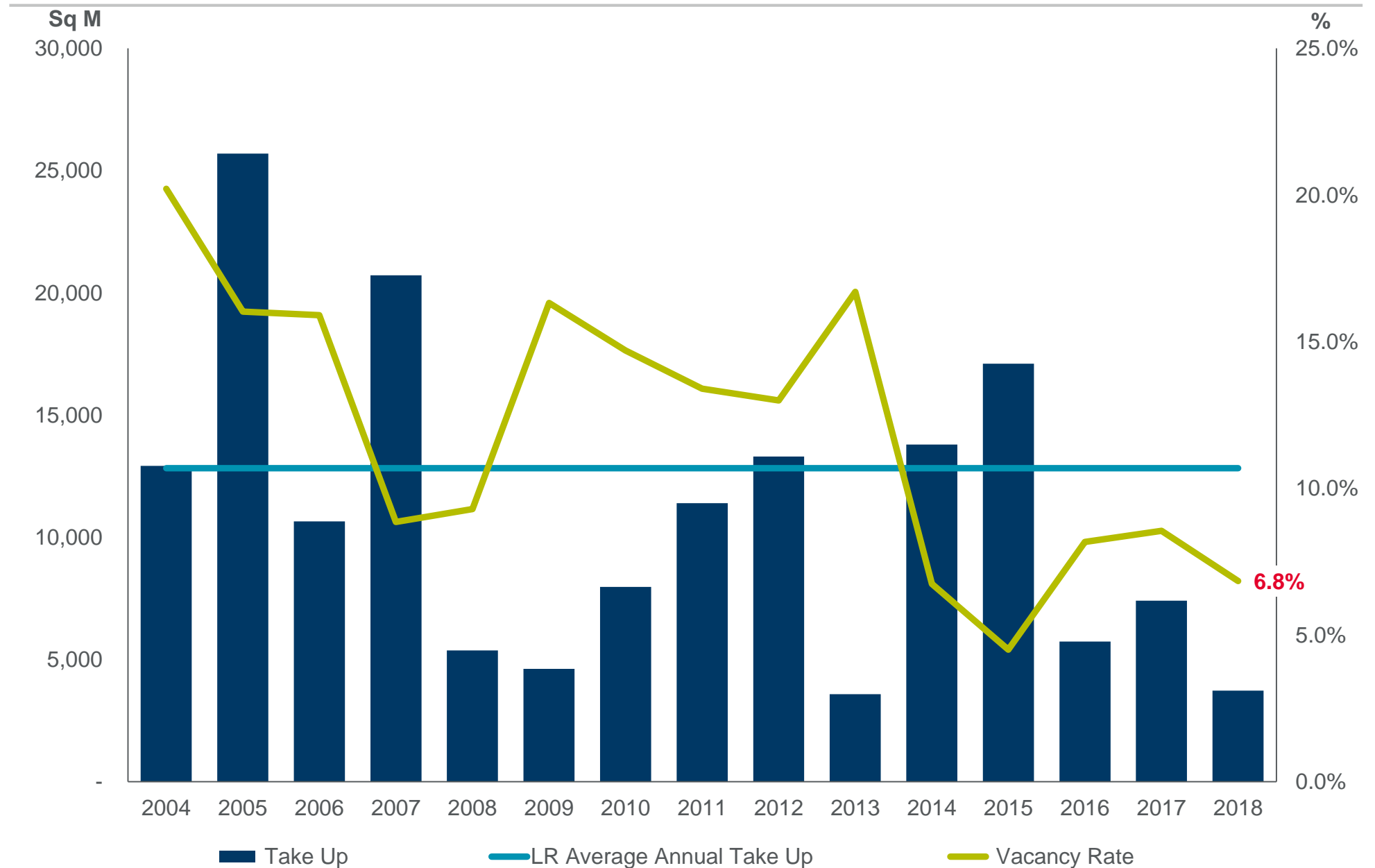
IRISH OFFICE MARKET

2018

Office Market	Dublin	Galway	Cork	Limerick*
Market Stock	3.71m sq m	308,300 Sq M	596,850 sq m	346,400 sq m
Take Up 2018	260,050 sq m	3,750 Sq M	44,900 sq m	6,350 sq m
Availability	466,750 sq m	21,100 Sq M	57,900 sq m	58,650 sq m
Vacancy Rate	12.6%	6.8%	9.7%	15.3%
Under Construction	434,400 sq m	7,000 Sq M	55,700 sq m	17,750 sq m

Galway Annual Take Up & Vacancy Rate

2018



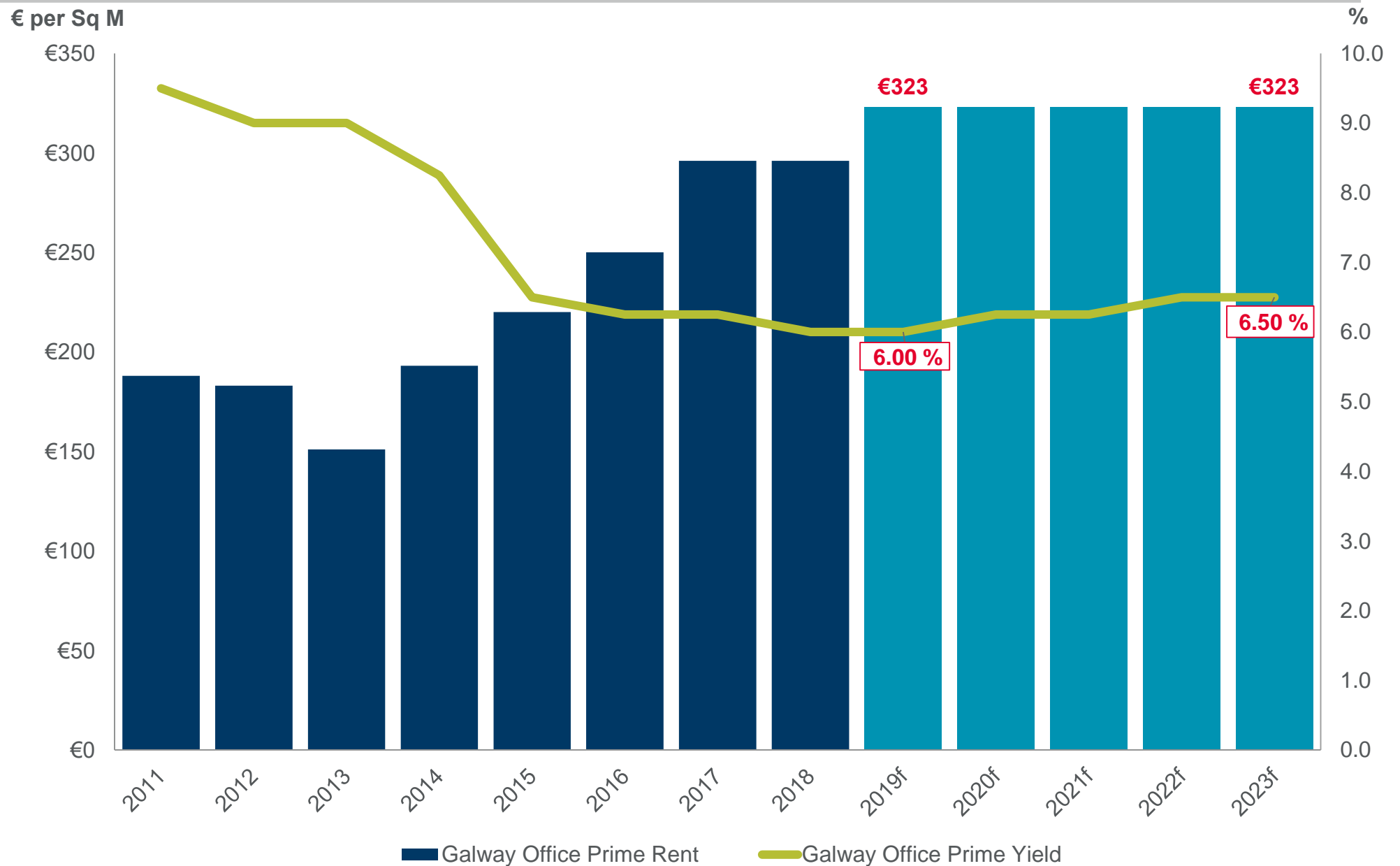
Galway Availability by Region (Sq M)

Q4 2018



Galway Office Prime Rents & Yields

2011 – 2023f



Thank you



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Marian Finnegan

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