

Property deals offer proof sector is rebounding

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At yesterday's Hibernia REIT contract signing with JJ Rhatigan were Enda O'Connor, JJ Rhatigan & Co, Frank O'Neill, WK Nowlan REIT Mgt., Padraig Rhatigan, JJ Rhatigan & Co and Ken Woods, WK Nowlan Property. Picture by Shane O'Neill.

By John Walsh, Business Editor

Hibernia REIT and IPUT plc both concluded residential and commercial property deals as activity ramps up to take advantage of a recovering market.

Hibernia REIT has signed a contract with JJ Rhatigan & Company for the fit-out and completion of Hibernia's 213 partially completed apartments in Block 3.

Hibernia said the cost to complete the apartment block is expected to be less than €25m. The Development Manager for this project is WK Nowlan Property who said that the first apartments will be available to let by mid-2015 with full completion scheduled for the end of 2015.

Hibernia said it remains in exclusive discussions to acquire Cumberland House and has provided the owners with a short-term loan of €38m, fully secured on Cumberland House, with an interest rate of 6%.

"Hibernia had previously flagged its intention to commence work on Wyckham in Q3, so that timing is in line with expectations. However, full completion by end 2015 is 3-5 months ahead of original guidance. The potential cost looks in line with earlier guidance, though Hibernia will now gain access to rental flow a little earlier," said Goodbody Stockbrokers in a research note.

"In addition, the sharp rise in house prices in recent months means the potential apartment valuations are probably higher than envisaged when the deal was first announced last February. The announcement on Cumberland House is more intriguing, but highlights Hibernia is in pole position on this transaction, with a short-term return that is probably twice what banks are charging on longer dated CRE finance currently. Presumably, a transaction is getting close."

IPUT acquired a portfolio of commercial property assets from the Bank of Ireland Staff Pension Fund for €115m in an off-market transaction. It said it would generate a blended income yield of 7% and increases the value of its assets under management to over €1bn.

"IPUT has an established record in assisting larger institutional investors consolidate their investment in property as an asset class. This announcement follows on from previous IPUT acquisitions of the property assets of other leading institutional investors such as the ESB, Diageo and Irish Airline Staff Pension Funds, which amounted to portfolio acquisitions of close to €200m," said IPUT CEO, Niall Gaffney.