



PROPERTY INVESTOR

Siptu at liberty to join the landlord classes

KEVIN MURPHY

THE brothers and sisters in Siptu are going to have to decide pretty soon whether they will become property developers or not.

Their landmark Dublin headquarters — Liberty Hall, which rises 16 floors above the Liffey — is being scrutinised by a committee of union heads who are due to report in the next month on what to do.

There are three options — they could continue the pattern of regular refurbishment, sell and move to a new location, or demolish and build something new.

The smart money is on demolishing and rebuilding something new. After all, this is an historic site — the 1916 Proclamation was printed in the basement of the original low-rise Liberty Hall (which itself was demolished by shelling from British gunboats in 1916).

If the Siptu committee members are wearing their property hats as well as their thinking caps, they'll know that holding on to the site is the wisest move. If they were to sell the 41-year-old building

they'd probably get between €50m and €80m — but a brand new building on the site would be worth between €200m and €250m.

Also, with the new Point Depot planning a 32-storey tower block just down the river, a taller Liberty Hall would be a flying certainty to dominate the skyline once again. Not only could they fit in their comrades who are currently scattered in venues around the city, they could also have surplus space to sublet and so become landlords.

As it is, the existing tower only covers 40 per cent of the footprint of the site. A little goldmine in the making, that's what it is.

WITH house prices due to creep along this year, we can rule out capital appreciation in calculating investment returns. That leaves rental yields — but as they're somewhere in the 3 per cent range, it's time to look elsewhere.

The question investors should ask themselves is why are they not in commercial property? The latest returns from this sector were 27 to 28 per cent in 2006 in the domestic market — and you can expect double that in the UK.

This sector was traditionally out of reach for individual investors, but with plenty of wealth accumulated in the residential sector, many are ready to make the leap. Also, bearing in mind our reservations about fees being charged, syndicated funds mean the barriers to entry are coming down all the time.

CB Richard Ellis Ireland's

head of research, Marie Hunt, gave an interesting talk to the Institute of Directors in Ireland last week and is forecasting 15 per cent growth in commercial property in 2007.

Her key tips to look for include: location on an existing or proposed transport link; staff amenities, so your staff stay with you; good parking, as spaces are in short supply and will rent for €4,500 pa this year.

IF there's not enough money in farming, there's always the property market.

Former top IFA official turned business consultant Malachy Mitchell is planning his second foray into US property on behalf of Irish farmers, such was the success of his first venture.

Only last year, he raised over €150m on behalf of a syndicate of 130 Irish farmers for a 550-apartment, offices and golf course development in Florida. The farmers themselves put in about €8m and the rest was borrowings arranged by Mitchell's Dublin-based firm, Mitchell and Farrelly.

That particular development was based on buying up 250 acres of land near Lake City in north central Florida and apparently it is still at the planning permission stage. Now, he tells us, he is putting together a second syndicate — again, just for farmers, and in broadly the same region, where he believes returns continue to be strong.

The new one will be launched at Easter and the

plan is for a residential/office/retail development near Jacksonville in northern Florida. Unlike the last project, this time he says he's taking on an American partner company.

He's also just concluded a deal on a key retail/office building in Belfast's Waterfront area as well as snapping up a commercial building in Germany.

With friends like this, who needs CAP reform?

IT'S a funny old property world. Here we are watching our once booming property market settle down of its own accord — while numerous other countries are fretting about the possibility of a price crash.

South Korea's government is going to flood the market with 3.4 million affordable homes by 2017 to cool prices there. China's central bank is "closely monitoring" domestic house prices amid fears they might crash, and an interest rate hike is a distinct possibility.

UK house prices have doubled in the past 10 years but wages haven't, while in New Zealand they have a price bubble and interest rate hikes are being touted to deal with it. And oversupply in Bulgaria is going to see apartment prices fall in the coming months — bad news for the plethora of Irish who have bought there.

And to think we seem to be skipping away from it all relatively unscathed! Given that we're in an election year, Bertie Ahern must be the luckiest politician — ever.

Publication: Sunday Independent Business

Date: Sunday, February 4, 2007

Page: 2

Extract: 2 of 2

Circulation: 291.036

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Headline: Siptu at liberty to join the landlord



LIBERTY HALL: Dubliners inspect the ruins after the first, unplanned, demolition of the historic building during Easter 1916