



Syndication once again

Most property syndicates look to invest overseas

CAROLINE MADDEN

At the top of the property syndicate food chain are the major players like Warren Private and Quinlan Private Clients, which cater for the needs of super-wealthy private investors with a penchant for property.

According to a spokesman for Quinlan Private Clients, which currently has €11.5 billion in assets under management, as a rule of thumb the minimum entry level to the firm's syndicates would be €500,000 upwards.

On a par with this (in terms of the level of investment currently being offered by the Fine Grain Property Consortium in Singapore, which is chaired by the former managing partner of KPMG in Ireland, Ron Bolger.

Although the minimum investment in the consortium is €500,000, in some circumstances Fine Grain may accept smaller chunks.

The consortium's investment strategy is to purchase and redevelop property in Singapore.

Slightly more affordable, but still beyond the reach of the average investor, are the property investment vehicles organised by stockbroking houses such as NCB and Davy

for their private clients.

These tend to have an international flavour, although Goodbody is currently arranging a syndicate to invest in the new private hospital being built within the grounds of St. Vincent's in Dublin. The minimum entry level is €100,000.

One of the main attractions of this investment is the tax relief available in the form of capital allowances that can be offset against the investor's rental income.

A number of accountancy firms have also got in on the act, providing property investment opportunities as part of their wealth management services.

BDO Simpson Xavier Real Estate has been structuring syndicated and private property transactions globally for more 10 years now.

There are a number of slightly smaller, but very experienced, players in the market such as CMC Capital, which evolved from the property investment activities of Crowley & McCarthy Chartered Accountants and Taxation Advisers.

CMC Capital is currently offering an investment opportunity in a German commercial property syndicate with a €100,000 minimum entry level, as well as a pension syn-

'FARMERS ARE IN EXCELLENT POSITIONS TO... INVEST IN COMMERCIAL PROPERTY'

dicate - also invested in German commercial property - with an entry level of €50,000.

"They can either invest through a new pension policy or they can transfer existing pension policies," says Richard Kingston of CMC.

Farrelly & Mitchell is a business consultancy that specialises in structuring commercial property investment opportunities, and is unusual in that its primary market is the farming community.

"Farm land has seen a three to fourfold increase in value in the last five to six years, and farmers are in excellent positions to borrow against their assets and use those borrowings to invest in commercial property such as ours," says Malachy Mitchell.

The firm also now has a growing number of non-farmer clients. The minimum investment requirement for Farrelly & Mitchell's syndicates is generally set at €100,000.

At the moment, it is offering investment opportunities in commercial properties in Belfast, Saarbrücken in Germany and Vilnius in Lithuania.

Life assurance companies also cater for the needs of the retail property investor. Bank of Ireland Life has

just launched a new syndicate that will invest in a range of retail property in the heart of the Amsterdam district.

With an investment level of €50,000, this is the more affordable syndicates currently on the market.

Bernard Walsh, managing director of investments at Bank of Ireland Life, says the firm was previously one of the big institutional investors in the market. "What we'd like to do is to make it more attractive to investors who have smaller amounts of money available to invest in property. At "bite sizes" of €50,000, it makes it more accessible to smaller investors, and it also allows for diversification, as customers don't have to invest in a single property or an entire portfolio in one category.

The office market in Amsterdam has been doing well, with returns of about 10 per cent over the last five years, although other markets provide higher returns. The Amsterdam market is very competitive, he adds.

The Amsterdam syndicate is open for investment from the end of March, but Ireland Life will add more syndicates in the next 0.5 per cent of the investment received by the end of the year.