



IRELAND– August 2020

CONTENTS

OFFICE MARKET DOWN BUT NOT OUT, SAYS HIBERNIA REIT CHIEF1

Office market down but not out, says Hibernia Reit chief

Despite rise in home working, developer expects offices to remain 'integral' to business

Demand for offices in Dublin has slowed in the wake of the Covid-19 lockdown, according to Kevin Nowlan, chief executive of Hibernia Real Estate Investment Trust (Reit).

The office developer and landlord told shareholders at its annual general meeting on Wednesday that it expected the value of its properties to fall modestly through the six months to the end of September.

Speaking after the meeting, Mr Nowlan said demand for offices had slowed sharply following the easing of the Government lockdown over recent weeks.

“The implications of that in the short to medium term are that there will be more competition for less demand, and your vacancy rates are going to increase,” he said.

However, he added that it was too soon to say just what the likely impact would be.

Mr Nowlan argued that offices were likely to remain “integral” to most organisations, but how home working, forced on many employees by the lockdown, evolved would influence this.

Unlet floors

He said that there had been interest in the unlet floors in its Cumberland Place development in Dublin city centre, part of which is pre-leased to technology company 3M.

He was hopeful of letting further space there ahead of its completion in December. Work on the seven-storey building was originally due to finish next month, but a two-month halt to construction across the Republic delayed this.

Hibernia focuses on developing offices in Dublin city centre and leasing them to business tenants. The company also owns and rents out a number of apartments.

In a statement to shareholders, Mr Nowlan said that the coming months would provide more clarity on rents and yields in Dublin’s office market, following a restart of activity in the wake of the Covid-19 lockdown.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.

“At present, we expect a modest decline in our net asset value per share over the six months to September 30th,” he said.

He added that Hibernia remained in a strong position, despite the economic uncertainty.

Payment plans

Hibernia said that it had received or agreed payment plans for 98 per cent of the commercial rent due for the three months ended September.

It has also received 98 per cent of residential rent for the month of July, the company said.

Vacancy rates in its offices are 9 per cent, up from 7 per cent in March, as leases expired on its Marine House property in Dublin in June.

Four rent reviews are under way with tenants occupying 62,500sq ft while about 7 per cent of its apartments are vacant.

Hibernia spent €3.5 million on two properties during the period from the beginning of April.

At the end of June, Hibernia’s net debt was €235 million, while it had cash and undrawn credit of €160 million.

Taking out committed spending and the 3-cent-a-share dividend due to be paid on Friday, cash and undrawn credit totalled €125 million.

Mr Nowlan said it was reassuring that rent collection remained stable.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.