

# Investment Property Profiler

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## The Hot Properties Profiler

From Irish Mortgage Brokers, PropertyWeek.ie & ODKM architects & designers

### INTRODUCTION:

Residential property does not seem to have much appeal as an investment option in the current market. Falling rents, declining property prices and changes in both lending and taxation policies, not to mention the wider economic mess, have combined to bring enthusiasm and confidence in this particular sector to all-time lows.

Irish Mortgage Brokers in association with property research company, PropertyWeek.ie, have taken the view that while the overall market is investor-unfriendly, there will always be exceptions: exceptions in terms of properties and exceptions in terms of buyers. Some people just can't get enough of Property; when they see a house for sale in a state of disrepair they immediately start doing the calculations to see if they can make the numbers work. And some properties are exceptions in that they could "work" even in our current depressed market. If the investor can buy at the right price, knows how to prepare the property efficiently for letting, and can get a good rent from a tenant – there may well be revenue in it for them.

But what is the right price to pay? What are other properties in the street valued at? How much will it cost to do up a place? What are similar properties achieving in rent?

We have prepared this report to help those people to be better able to answer these questions. From PropertyWeek.ie we have selected a number of properties that appear to be priced sensibly, and need a little work to make them market-ready. From ODKM architects' advice we have built in estimated costs for bringing the properties up to scratch. And from Daft.ie's rental indices we have worked out the level of rent one might expect. Finally, Karl Deeter of Irish Mortgage Brokers offers an overall analysis of the investment opportunity.



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[www.odkmarchitects.com](http://www.odkmarchitects.com)



[www.propertyweek.ie](http://www.propertyweek.ie)

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## 33 Kings Avenue, Ballybough, Dublin 3

Date [X]	Address [X]	Agent [X]	Beds [X]	Type [X]	Age [X]	Price [X]	Recps [X]	Area [X]	Land [X]	Additional Info. [X]
15.06.2010 [X]	33 Kings Avenue, Ballybough, D 3	GWD Auctioneers	1	Tce	Period	€85,000	1	37m <sup>2</sup> 398.1ft <sup>2</sup>		Lounge 4.34m x 3.07m. Negotiator: Brian Caulfield



### What the vendors/agents say:

Mature one bedroom terrace property ideally situated just off Ballybough Road, close to city centre, Croke Park, IFSC and a host of established amenities. Accommodation: living room, extended kitchen and shower room. Aluminium windows, rewired, small south facing yard to the rear.

### What PropertyWeek.ie can add:

This is currently the cheapest house on the market in Dublin. A 1-bed terrace in Summerhill in Dublin 1 was sold earlier in the year and its final asking price was €75,000, and GWD also had a 1-bed in Ballybough at €75,000 (down from €250,000 in April 2008!); but this one on Kings Avenue appears to be the cheapest at the moment.

Only apartment units have come up for sale in the past on this road (reaching up to €270,000 in price in 2007!), and most of them have been bigger in floor area than this tiny slice of real estate. Two larger and more expensive terraces have gone sale agreed / sold in the last few weeks in Ballybough, both having been on the market for a long time and after many price cuts.

The average price per square metre based on latest asking prices for terraced properties in Ballybough works out at €2,589 per sqm (€241 per sq.ft), and 33 Kings Avenue is working out at €2,297 (€213), so it appears to be "well adjusted" in terms of pricing. And, when compared to other 1-bed terraced properties in the city, working out on average at € 3,222 per sq.M (€ 299 per sq.ft) you might be tempted: The only cheaper one we can identify in terms of price per sqm is 1 Thompson Cottages just off the North Circular Road which at €89,950 asking price works out at €2,092 per sqm.

For more details on the Ballybough or other local markets, visit [www.propertyweek.ie/reports](http://www.propertyweek.ie/reports) to purchase a report.

### ODKM architect's perspective:

In order for the dwelling to be brought up to comfortable living standards the following works would ideally be necessary: strip away existing fittings and finishes; re-insulate walls and roof; plasterboarding & skimming of all walls and ceilings; minor adaptations of electrical and plumbing installation; new bathroom and kitchen fittings; new floor finishes; re-paint. Estimated costs: €30,000.00 - €35,000.00

### Irish Mortgage Brokers analysis:

*Assumption: Seeking 7% yield; €650 per month rent.*

$100/7\%$  (to obtain rent multiplier) = 14.29; x Annual Rent (€7,800) = €111,462

Assuming being able to negotiate on price by between 10 & 15%, and accounting for renovations the total cost would be approximately €105,000. The resulting capital gain would barely cover professional fees, taxes and contingency costs; however, the rental yield at 7% would stack up and for that reason this property has passed the financial test of being a choice for investment.

**GWD Dorset Street:** 01 874 9181

## 142 Rialto Cottage, Rialto, Dublin 8

Date [X]	Address [X]	Agent [X]	Beds [X]	Type [X]	Age [X]	Price [X]	Recps [X]	Area [X]	Land [X]	Additional Info. [X]
09.06.2010	142 Rialto Cottage, Rialto, D 8	JP&M Doyle	2	Tce	1900s	€149,950	1	N/R		Needs modernisation. Living room (4m x 3.24m).



### What the vendors/agents say:

Situated just off the Grand Canal and the South Circular Road providing convenient access to the City Centre, the Red Line LUAS and St. James' Hospital, a two bedroom cottage in need of modernisation offering an opportunity to pick up a city centre property. Accommodation briefly comprises of entrance hall, livingroom, one double bedroom, one single bedroom, kitchen/breakfastroom, bathroom & two small store rooms.

### What PropertyWeek.ie can add:

At €150,000 this is by far the cheapest Rialto Cottage to have been on the market for quite some time. Since 2003 over 40 of them have been on the market, transforming this once neglected part of Dublin 8 into a bit of a phenomenon. In February 2007

number 139 was put on the market for the mind-numbing price of €420,000, before being cut to the equally ludicrous €390,000. We can only guess the vendors didn't get that as the same agents not long afterwards were marketing number 87 for €350,000 and then cut that to €330,000 before starting successful negotiations with a buyer. Since then, it's been a story of steadily being put back in its place for Rialto Cottages. Number 90 sale agreed in March this year with a last recorded asking price of €160,000, having been cut from €185,000.

(Note- because the agent, black mark to them, hasn't recorded a floor area, we can't do our usual price per square metre analysis. From now on we will only feature properties that have full details provided and we would encourage buyers & sellers alike to put pressure on agents to record all details of a property openly in their advertising – that's the way to find the buyers, not put them off by withholding information.)

<http://www.jpmdoyle.ie/ShowProp.aspx?id=463034&pm=3&pt=&co=0&cn=0&d=0&pc=&bd=0&min=0&max=0&q=&cat=>

### ODKM architect's perspective:

The dwelling is currently fit for habitation and minor decorative works may only be necessary for any discerning purchaser. However a purchaser may wish to completely overhaul the dwelling to create a modern family home, in that case the following works would be advised: strip away existing fittings and finishes; re-insulate walls and roof; plasterboarding & skimming of all walls and ceilings; full overhaul of both electrical and plumbing installation; new bathroom and kitchen fittings; new floor finishes; re-paint. Estimated costs: €45,000.00 - €50,000.00

### Irish Mortgage Brokers analysis:

**Assumption:** Seeking 7% yield

Rent €875 x 12 (months) = 10500 x 14.29 (multiplier for 7% yield) = 150,045 capital value, but cost of doing this would be c. 130 purchase + 35k (rental overhaul as opposed to family home overhaul for 50k) = 165k so yield would be 6.4% yield, therefore it **doesn't pass the financial test** of being a hot property, however a 6.4% yield is not far off the mark, of course, if you were to obtain the property below asking price and obtain renovation services at the right price you might still bring this property in at a 7% yield.

## 15 Strandville Avenue, North Strand, Dublin 3

Date [X]	Address [X]	Agent [X]	Beds [X]	Type [X]	Age [X]	Price [X]	Recps [X]	Area [X]	Land [X]	Additional Info. [X]
06.01.2010 [X]	15 Strandville Avenue, North Strand, D3	Gunne - Fairview	2	End-tee	1847	€140,000	1	65m <sup>2</sup> 699.4ft <sup>2</sup>	7.0m x 12.0m	*Was at 165k (29/07/2009). **Was at 199.5k (09/12/2008). ***Was at 250k (11/11/2008). ****Was at 300k (12/06/2008). Sitting Room: 3.81m x 4.71m. Negotiator: Killian Boland



### What the vendors/agents say:

2 bedroom, end-terrace house, bursting with opportunity. Located in the increasingly popular North Strand, this property boasts considerable space and potential for further development, due to the great scope that the rear garden presents. In an ideal location for young professionals, Strandville Avenue offers proximity to city centre, public transport and many local amenities, both commercial and recreational. At such a knock down price, this is an ideal opportunity for a purchaser with vision.

### What PropertyWeek.ie can add:

This property has been on the market since June 2008 and constantly playing catch-up with the market has had four price cuts. Has it finally got the pricing right at €140,000? It now works out at €2,154 per square metre (€200 per sq.ft), which is a good deal below the current average for 2-bed terraces in Dublin city of €2,799 per sqm. There's another 2-bed end-terrace, only slightly bigger, on Strandville Avenue at present, which was on the market back in 2004 at €380,000 and may have sold to the current vendors at around that price, but that now has a price tag of €270,000 (down from €300,000 in April), working out at €4,022 per square metre. That makes number 15 look cheap, but when you consider that the only property that has gone sale agreed on this road is quite some time is a 1-bed apartment, you might wonder.

[http://www.gunne.ie/dsp\\_print\\_showhouse.cfm?Prop\\_RefId=17088&Prop\\_CompanyName=Fairview](http://www.gunne.ie/dsp_print_showhouse.cfm?Prop_RefId=17088&Prop_CompanyName=Fairview)

### ODKM architect's perspective:

The dwelling requires a practical head to toe renovation to meet the conditions of a modern home. The following works would ideally be necessary: As above with re-pointing of brickwork and new windows and doors. Estimated costs: €50,000.00 - €55,000.00

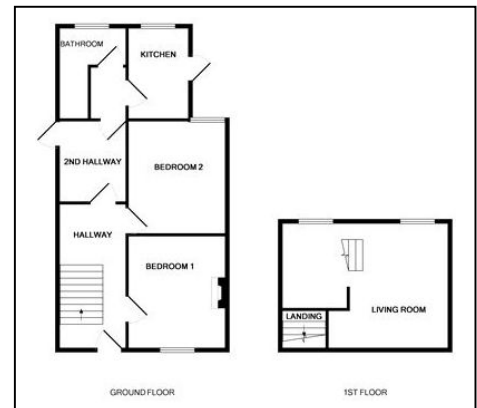
There is also potential to extend to the rear. A generous addition to the dwelling of 20 sq.m. might cost approximately €25,000 - €30,000

### Irish Mortgage Brokers analysis:

**Assumption:** Seeking 7% yield

Rent €975 x 12 = €11,700 x 14.29 = €167,193

Cost to get it to market level – purchase price €130,000 + Renovation c. €50,000 = €180,000 **therefore this property fails the hot properties financial test** however, it would yield 6.5% so it could be a hot property if bought well and you obtained the build work at a very competitive price: which may well be the case in the current construction market. The option for extending the property would probably not add enough to the rent to justify doing it presently, however, it is an attractive resell point and could be developed to increase attraction to renters in the future.



## 132 Oliver Plunkett Avenue, Irishtown, Dublin 4

Date [X]	Address [X]	Agent [X]	Beds [X]	Type [X]	Age [X]	Price [X]	Recps [X]	Area [X]	Land [X]	Additional Info. [X]
04.06.2010 <input checked="" type="checkbox"/>	132 Oliver Plunkett Avenue, Stella Gardens, Irishtown, D 4	PJ O'Dwyer & Co	2	Tce	Period	€280,000	1	60m <sup>2</sup> 645.6ft <sup>2</sup>		Needs modernisation. Reception Room: 4.6m x 3.7m.



### What the vendors/agents say:

An attractive townhouse that has great potential subject to some modernisation. The property has been extended. No 132 is a well located property in this popular area close to all amenities including Ringsend Park, Irishtown Stadium and Sandymount Strand.

### What PropertyWeek.ie can add:

This property is working out at €4,667 per sqm (434 per sqft) which is in a much higher price bracket than the others in this report – mostly down to its location in what is at least perceived widely to be a better area to live than Dublin 3 and 8.

There have been six terraced houses for sale on this road in the past 12 months, only one of which has sale agreed from what we can see – a 3-bed that may not have required work, which was on last on the market at €325,000, €4,221 per sqm. Another 2-bed period terrace on the market at the moment on the road has been through a series of price cuts since 2008 to be now priced at €325,000, but it is considerably bigger and works out at €3,916 per sqm. Out of eight such properties sale agreed in Irishtown in the past 12 months, the agent listing this property has recently sale agreed one that also needs complete modernisation; it had its price cut from €290,000 in 2009 to €245,000 in February of this year, at which price it was working out at €5,568 per sqm, which may be down to St Brendan's Cottages being more sought-after. Prices and rents can vary dramatically from one street to the next in the same area.

### ODKM architect's perspective:

This is a very interesting and aesthetically pleasing mid-terrace property. The dwelling as it stands requires no major work and can be readily occupied immediately with minimal intervention.

However, if a purchaser decided that he or she were going to modernise the dwelling the following works would be advisable: Strip Away existing fittings and finishes, Re-insulate walls and roof, Plasterboarding & skimming of all walls and ceilings, full overhaul of both electrical and plumbing installation. New bathroom and kitchen fittings, New floor finishes & Re-paint.

The above works are estimated to be in the region of €35,000.00 - €40,000.00 There may also be a chance of extending the property to the rear by constructing a small addition to the dwelling and/or re-modelling the existing internal ground floor layout to provide an open plan contemporary living environment. The cost of these works are anticipated to be in the region of €25,000 - €30,000.00

### Irish Mortgage Brokers analysis:

**Assumption:** Seeking 7% yield

Would rent for: €1,075 x 12 (months) = €12,900 x 14.29 (to obtain 7% yield) = €184,341

Cost to get it to market level is c. €35,000 before the acquisition of €252,000 (we factor in buying at c. 10% less than asking) bringing it to €287,000 in total.

This property may be wanted by a person who has a desire for the locality, but **as an investment it would totally fail the test** and come in at a yield of 4.5% which in our opinion makes taking the risk pointless as you could switch into very stable bonds for similar yield with less risk.

## **PropertyWeek.ie**

Property Week collects the details and tracks the asking prices of ALL the properties that come onto the market (currently in greater Dublin, Co Wicklow, Cork city & Galway city only) through estate agents' websites. We store this information in fully searchable, archived databases that provides us with a complete picture of the property market. (Commercial property data is restricted to Dublin only for now.)

Whether as a subscribing property professional searching the databases yourself, or as a purchaser of one of our reports ([BUYERS AND SELLERS CLICK HERE](#) » to order a report for your local market), you can very quickly get fully up to speed on the details and price histories of all the relevant properties in your local market. Subscribing estate agents, valuer's, developers or mortgage providers can in moments produce detailed comparables for appraisals and valuations, reference material for clients, and general market research for a complete understanding of the dynamics of a particular aspect of the market.

The information we can provide you will save you massive amounts of time, help you make better property-related decisions, and (if you work in the property sector) help you win new business.

## **Irish Mortgage Brokers, 33 Pearse Street, Dublin 2**

Are a Dublin based brokerage specializing in mortgages, investment, and financial planning. Karl Deeter is the Operations Manager, Karl is a qualified financial advisor (QFA) and qualified mortgage advisor (LIAMdip), he has a certificate in Compliance for regulated financial firms. He also holds a certificate and diploma in Management from DIT. He is currently studying for his ACCA, CFA and Islamic Finance exams. If you would like to talk to him you can email his firm at [info@mortgagebrokers.ie](mailto:info@mortgagebrokers.ie) or call 01 6790990 their website <http://www.mortgagebrokers.ie> also has a popular blog which covers mortgages, finance and economics <http://www.mortgagebrokers.ie/blog>

## **ODKM Architects & Designers, 3 Terenure Place, Dublin 6w**

Barry Kane and Ciaran McCoy are both partners at Architect firm ODKM, they both graduated from Architecture in DIT Bolton Street. They have international experience in both the private and public sector. The third partner in the firm Declan O'Donnell is a graduate of Queens University and Mackintosh School of Architecture in Glasgow. ODKM are known for getting the job done in time and on price, if you are a property investor and would like to discuss any aspects of the construction element of what you are planning to do, or if you want to improve your own home and need their services you can reach them at [info@odkmarchitects.com](mailto:info@odkmarchitects.com) their website can be found at <http://www.odkmarchitects.com> and the phone number is 01 499 1510