

Microsoft and Google lead the charge to Sandyford

Office projects are booming in the Dublin suburb of Sandyford, but residential developments have been hit by delays

New office projects are getting under way in Sandyford Business District, and rents are expected to rise by next year as the South Dublin location offers rents that are almost half those in the city centre. Meanwhile, development of high-density residential projects has slowed.

Keith O'Neill, head of office agency at BNP Paribas Real Estate, expects rents to comfortably break the €323 per square metre level next year; already rents above that mark are being quoted for some projects that are under way.

Recent lettings to prestigious Irish and international companies along with Microsoft's move to its award-winning new campus underpin demand for apartments, but developers and planners appear to be slow to meet this demand.



Rockbrook: planning permission needed for more development

In the office sector, Aldgate Developments, headed by members of the Molloy family, is one of the latest developers to break ground with its demolition of Innovation House on the junction of Arkle Road and Blackthorn Avenue overlooking the Luas Sandyford station. This six-storey over-basement project will extend to a gross floor area of 20,307 square metres and includes a 390 square metre café. Known as Termini, it is due to be completed by the summer of 2020.

Nearby, developer U+I, with backing from Colony Capital, last week began work on the Hive office development at the property formerly known as Ballymoss House fronting onto Carmanhall Road and Ballymoss Road.

Paul Scannell of letting agents HWBC is guiding rents of €344 per square metre and €1,750 per car space for the 6,782 square metres of office space, which are expected to be completed by next summer. Extending over four floors, the building comes with a 117-space car park with e-charge facilities.

Demand is coming from occupiers in the technology, fintech, medtech and financial services sectors for quantum of about 500 to 1,000 square metres. Facebook is also expected to follow Google into the district and is believed to be looking at premises which could offer space by next spring.

Meanwhile in the South County Business Park, Cyril McGuire is well advanced on One South County office building, extending to 13,000 square metres with floor plates of about 2,800 square metres, with the ground floor incorporating a staff gym, café and a customer service centre.

Its high-profile frontage onto Leopardstown Road offers a branding opportunity for which joint agents BNPPRE and JLL are quoting around €350 per square metre.

O'Neill said that if the building is let on a floor-by-floor basis, the penthouse floor could achieve more than €366 per square metre. It is the first of three office blocks which McGuire is developing there, which will deliver about 26,950 square metres in total.

Nearby at Central Park, Green Reit is progressing the construction of the 9,290 square metre Block I, for which joint agents Knight Frank and CBRE are quoting a rent of €323 per square metre.

The agents are in talks with possible occupiers who are interested in taking it on a floor-by-floor basis.

A further sign of the strength of the market is the launch of two office blocks on the investment market by McGarrell Reilly Group with a combined €23.8 million price tag. One of these, Corrig Court, extends to 3,558 square metres and has a €12.3 million-plus price tag if sold separately. The other, Silverstone House, extends to 2,820 square metres and joint agents QRE and Savills are quoting €11.5 million for it. These prices suggest net initial yields of 6.8 and 6.52 per cent respectively.



A computer-generated image of the Avenue at Sandford

McGarrell Reilly bought them three years ago for €15 million and upgraded them. Each ranges to four storeys and comes with basement car parks. Their average passing rent is €231.42 per square metre, suggesting income growth at future rent review stages.

In contrast to the construction activity on office sites, residential developments have been delayed by both planners and developers.

Ires Reit, Ireland's biggest residential landlord, was refused planning permission in 2017 for its seventh high-density apartment property for about 450 apartments on part of the Rockbrook site. About a year later locals are still waiting on Ires to submit a revised application for the site. Meanwhile during the summer it applied for planning permission for a 14-storey apartment block which would add 84 apartments to the 225 units that it already has at its nearby Beacon South Quarter site. As many as 636 of the Reit's 2,908 apartments are located in Sandford.



One Microsoft Place in Sandford: the company's award-winning new campus

Ires is also expected to be one of the parties interested in the nearby 3.81 acre site at Sandford Central, for which Cushman & Wakefield is guiding €36 million. Receiver Duff & Phelps received planning permission last July for 459 apartments on this site, which belonged to Cork developer John Fleming before the crash.

However, the purchaser might well delay development work and instead apply for an even bigger development of more than 520 units, which may be feasible following changes to the apartment design guidelines for build-to-rent developments.

Another delayed residential project is the former Avid site at the junction of Blackthorn Road and Carmanhall Road. U+I got planning permission for 147 apartments, a creche, café, gym and 151 car parking spaces on

the 1.8 acre site. Instead of developing these, U+I sold the site on for a reported €10 million – €3.5 million more than it paid for it.

That was announced more than 12 months ago and the purchaser, Swedish student accommodation specialist Prime Living, has yet to develop the student project, which could increase bed spaces to as many as 700.

Yet another long-delayed residential development is the Sentinel, where the Comer brothers are planning 294 'live-work' office units and retail space.