

SUPER PRIME OFFICES DRIVE VOLUME

INVESTMENT ACTIVITY EBBS AND FLOWS

2018's healthy investment volume clearly underlines the attractiveness of Ireland to a range of investors and an improvement in supply of high value assets. Investment activity has ebbed and flowed in recent years, with 2018 activity an increase on 2017.

At €3.6bn, investment volume in 2018 stood 59% above 2017 and only 4% below the five-year average. While Dublin continues to dominate, activity in Cork reached new highs, at €260m it stood 38% above 2017 and 84% above the city's five-year average.

ASIAN INVESTORS ENTER

Demand for office investments was unwavering in 2018, totalling €1.4bn and 39% of investment volume. Five Dublin city centre offices transacted for over €100m. The largest deals were an undisclosed Far Eastern investor's purchase of Eir Headquarters for €176m (NIY 4.87%), Triuva's purchase of No. 1 Dublin Landings for €164m (NIY 3.94%) and an undisclosed Dublin office portfolio sold for €160m.

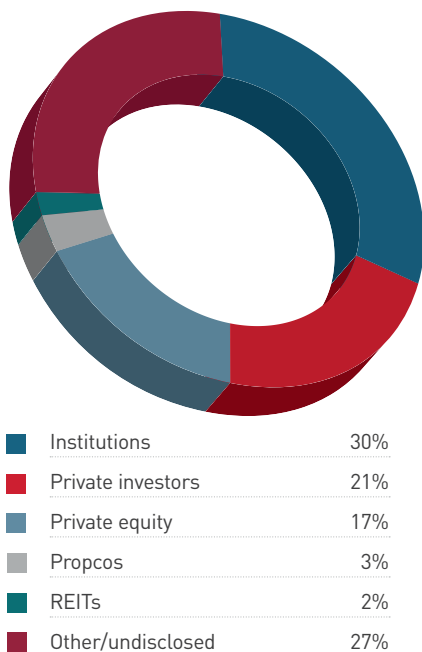
Asian investors made their entrance to the Irish investment market in 2018, purchasing three €100m+ offices, which accounted for 10% of total investment activity.

SPECIALIST SECTORS GAINING MOMENTUM

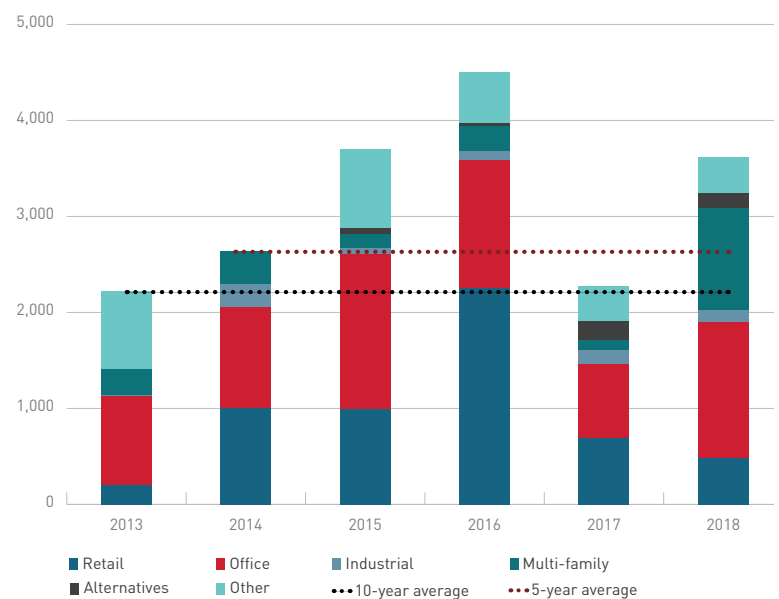
Strong growth in specialist sectors continues to build, deals for multi-family/PRS properties amounting to over €1bn or almost a third of volume. While multi-family assets have been a mainstay of the Irish investment market for many years, their attractiveness to investors has increased with the development of BtR assets and the decline in retail investment.

At €485m, retail investment fell to its lowest level in five years with volume under pinned by Deutsche Bank's €147.7m purchase of Westend Retail Park, Blanchardstown (NIY 5.30%).

VOLUME BY INVESTOR TYPE 2018 (%)



ANNUAL INVESTMENT VOLUME BY SECTOR (€M)


















Source: LSH Research

TOP TEN DEALS 2018

	Sector	Price (€M)	NIY	Quarter	Purchaser	Vendor
1 and 2 Heuston South Quarter, Dublin 8	Office	175.0	4.87%	Q1	CK Hutchison Holdings	Northwood Investment Corporation
No. 1 Dublin Landings, Dublin 1	Office	164.0	3.94%	Q1	Triuva	Ballymore/Oxley
Off market, Dublin	Office	160.0	-	Q2	Confidential	Confidential
Chatham & King, Dublin 2	Mixed use	155.0	4.00%	Q1	Hines	Lone Star
Westend Retail Park, Blanchardstown, Dublin	Retail	147.7	5.30%	Q2	Deutsche Bank	Green Reit
Off market, Dublin	Multi-family / PRS	140.0	-	Q4	Confidential	Confidential
The Grange, Stillorgan, Dublin	Multi-family / PRS	126.0	4.36%	Q3	Kennedy Wilson	NAMA
No. 2 Dublin Landings, Dublin 1	Office	106.5	4.21%	Q4	KanAm Grund REAM	Ballymore/Oxley
The Beckett Building, Dublin 3	Office	101.0	4.13%	Q2	Kookman Bank	Comer Group
6 Hanover Quay, Dublin 2	Multi-family / PRS	101.0	4.00%	Q2	Carysfort Capital	Cairn Homes

Source: LSH Research

Q4 2018 PRIME YIELDS

SECTOR	Prime yields			YIELD SENTIMENT
	Q4 2018	3 MONTH MOVEMENT (BPS)	12 MONTH MOVEMENT (BPS)	
Prime high street	4.00%	 15	 75	
Prime shopping centres	4.50%			
Retail parks	6.00%	 25	 50	
Office	4.00%		 25	
Industrial	5.75%		 25	

Source: LSH Research

SEEKING VALUE

Office investment will continue to dominate in 2019, due to the strong occupier market and both overseas investors and institutions looking to deploy capital in super-prime Dublin city centre assets. Other investors, particularly indigenous investors, are more willing to look beyond this location and sector, with a long-term view availing of value-add opportunities and enhanced returns on assets outside of Dublin.

The specialist sectors are set to continue to grow, eroding the dominance of office. Specifically, growth will be seen in the

multi-family/PRS and student accommodation sub-sectors as investors maintain their aversion to retail.

Investor appetite for Ireland has shown little effect from the uncertainty of Brexit negotiations during 2018. It is anticipated that demand will continue into 2019. Post-deleveraging, there is a necessity for supply to continue to flow to satisfy investor demand and prevent foreign investors from looking elsewhere.

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