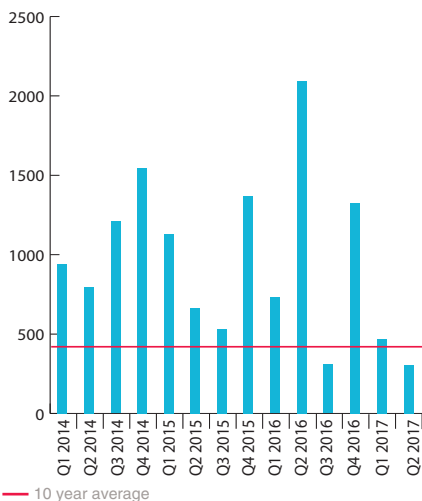


The latest investment statistics continue to show a slowdown in investment transactions with €308 million worth of deals changing hands in Q2, bringing spend for the first half of the year to €776 million. The Q2 figure represents a reduction of over 85% compared to the same period last year, albeit Q2 2016 was an exceptional quarter driven by the sales of both One Spencer Dock and the Blanchardstown Shopping Centre which together totalled €1.2 billion. In contrast, the largest transaction in the latest quarter was Dalata's part acquisition of the Clayton Hotel Cardiff Lane for a figure believed to be in the region of €40 million, a move which will

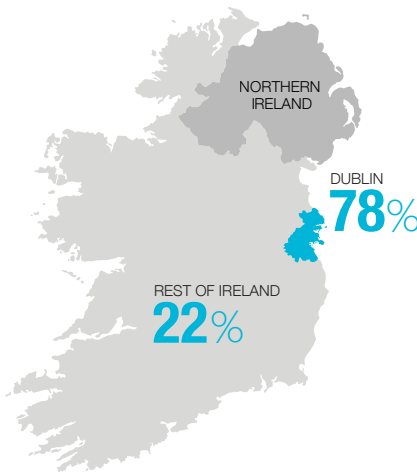
Q2, accounting for 46% of all transactions. While investor demand for office assets remains high, the market is being held back by a shortage of product for sale - particularly for core office opportunities - which is inducing investors to move up the risk curve to suburban and regional assets. Indeed two of the three largest office transactions of the quarter were situated in the suburban location of Dublin 18. These were the sale of the Park Collection in Carrickmines for €38.6 million at a net initial yield of 6.8% and the former Microsoft offices at Building 2, South County Gateway in Leopardstown which was sold for €20.5 million and equated to a net initial yield of 9.2%.

FIGURE 1
Irish commercial investment volumes
€ million



Source: Knight Frank Research

FIGURE 2
Investment spend by location



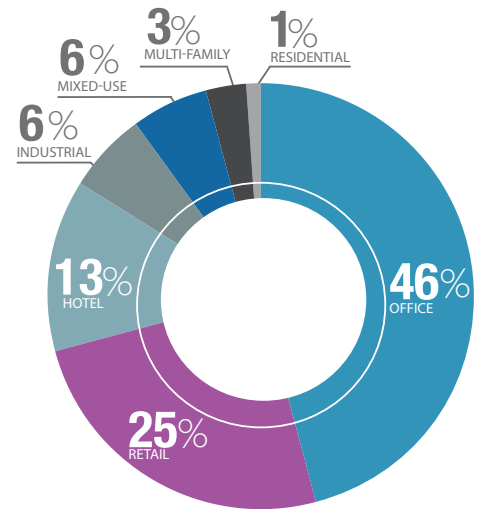
Source: Knight Frank Research

see the hotel group increase the number of rooms it owns in the hotel to 193 out of a total of 304. Delving into the geographical spread of investment activity within Ireland (Figure 2), 78% of investment activity was focused on Dublin, illustrating that while there is an increasing interest in regional assets, the capital still dominates the market. Turning to investment transactions by sector (Figure 3), we see that office sales totalled €142 million in

Retail sales accounted for 25% of the market in Q2, or €78 million of the total spend. In what was the largest retail transaction of the quarter, global investor AEW gained a foothold in Dublin through the purchase of 42-43 Henry Street for €20.5 million. Investors are increasingly being drawn to the retail market owing to the scope for rental appreciation. A similar dynamic is also attracting capital to the industrial market, as evidenced by SSGA's purchase of Unit 21 at the Fonthill Industrial Park for €11.1 million.

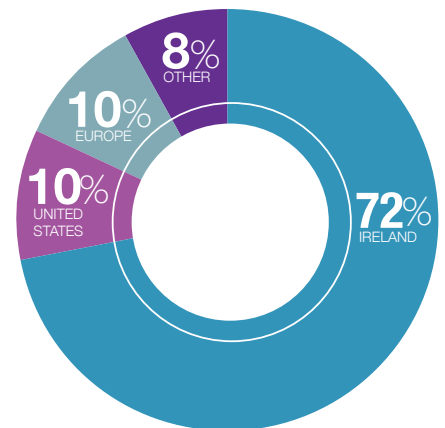
72% of all investment transactions in Q2 were purchased by Irish buyers, with German investor Doric accounting for the largest non-Irish transaction with the purchase of One Grand Parade from Credit Suisse for €23.0 million, representing a net initial yield of 4.3%. Credit Suisse had previously purchased the property in Q1 2015 when it was offered for sale by Nama as part of the Tara Collection.

FIGURE 3
Investment spend by sector



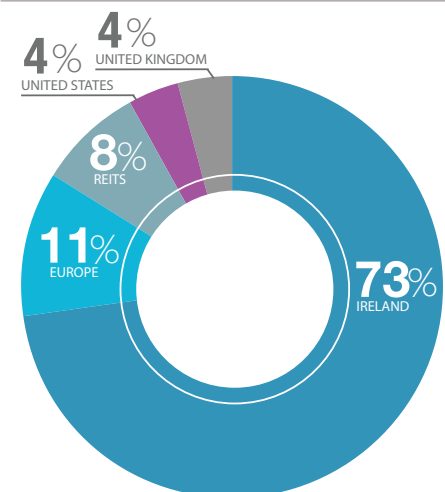
Source: Knight Frank Research

FIGURE 4
Investment spend by buyer origin



Source: Knight Frank Research

FIGURE 5
Investment spend by vendor origin



Source: Knight Frank Research

€308m

worth of investments
transacted in Q2 2017.

FIGURE 6

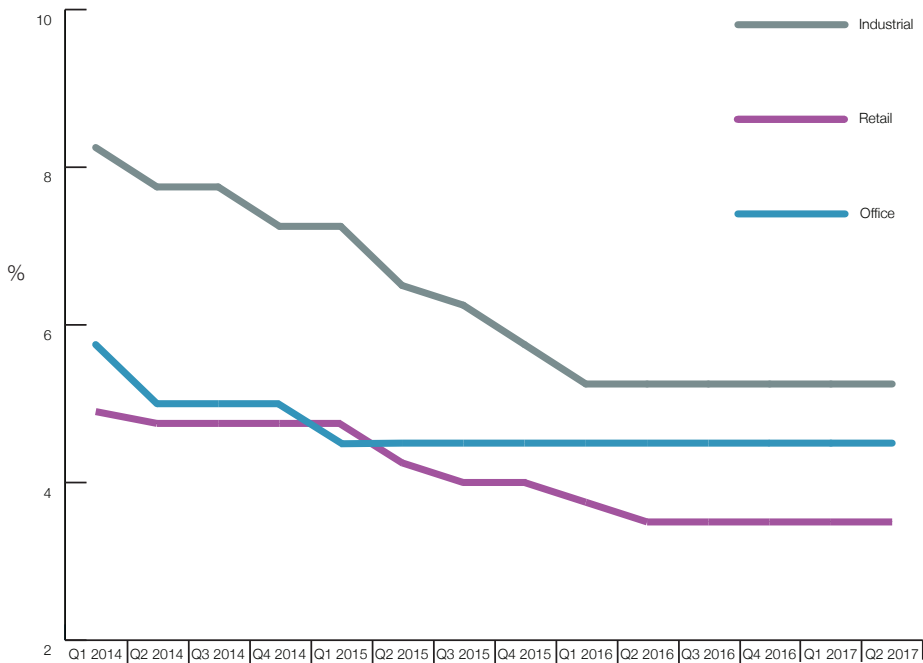
Top 5 investment transactions

Property	Sector	Seller	Buyer	Price (million)	Yield
The Clayton Hotel Cardiff Lane, Dublin 2	Hotel	Private Irish	Dalata	€40.0	6.03%
The Park Office Portfolio, Dublin 18	Office	Park Developments	Private Irish	€38.6	6.82%
Off market retail transaction	Retail	Confidential	Private	€26.0	7.36%
One Grand Parade, Dublin 6	Office	Credit Suisse	Doric	€23.0	4.29%
Building 2, South County Business Park, Dublin 18	Office	Green Property	Private Irish	€20.5	9.20%

Source: Knight Frank Research

FIGURE 7

Investment yields



Source: Knight Frank Research

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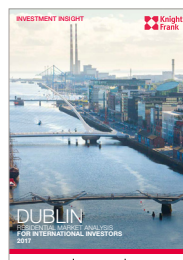
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