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Market Outlook



Ireland Investment Market Overview

Research, Q1 2021

**Special Focus – Top TMT Investors and Occupiers in the
Dublin Office Investment Market**

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4%

GDP growth expected for Ireland in 2021, with potential on the upside as the global economy starts to recover. This follows a strong 3.4% increase in GDP last year, with Ireland the only European economy to grow in 2020

PAGE 3

3.75%

Prime office yields to be tested at this level in 2021 as competitive demand for new, sustainable certified buildings gains momentum as the economy opens up in the second half of the year

PAGE 7

5 KEY TAKEAWAYS

€1.31 billion

Invested in commercial property assets, 62% in PRS and 30% in offices

PAGE 3

22

Top TMT companies are major investors and occupiers of Dublin's city centre office market

PAGE 4 & 5

€391 million

of the €1.31bn was invested in office assets, driven by US and European investors

PAGE 3

IRELAND INVESTMENT MARKET OVERVIEW Q1 2021

International investor interest in Ireland is expected to strengthen further as the global and domestic economies open up throughout 2021, supported by the success of the multi-national sector of the Irish economy.

ECONOMY

The evolution of the structure of the Irish economy, over the last decade in particular, has provided enormous protection against the very challenging backdrop of the global Covid-19 pandemic. The strength of the pharmaceutical industry (including med tech), along with the information and technology sector (TMT) have driven economic growth, with Ireland not only the fastest growing economy in Europe in 2020, but the only one to return positive economic growth, with the value of exports reaching a record high.

Employment has remained strong across high value adding sectors of the economy which will support a wider domestic recovery

Economic growth of 4% is expected for Ireland in 2021 as consumer activity gains momentum in the second half of the year. Additionally, the IMF is predicting

a considerable rebound in the global economy with growth of 6% projected in 2021 which will in turn positively impact Ireland's open economy. Growth of 5% plus is expected for Ireland in 2022.

INVESTMENT VOLUMES

Total investor spend in the Irish commercial property market of €1.31bn in Q1 2021 was very strong considering the severity of the lockdown restrictions in Ireland and globally. Residential (PRS) and office investments were the two most sought after asset classes, with 62% invested in PRS and 30% in offices. Logistics spend accounted for 7%, while retail and mixed-use comprised 1% each. Investment spend in 2020 was also dominated by office (40%) and PRS (38%) assets and this trend is expected to continue throughout 2021. While retail assets have been the most severely impacted, there is expected to be increased investor interest in retail parks that could be redeveloped into residential investment opportunities. Prime logistics assets are also expected to attract investor interest

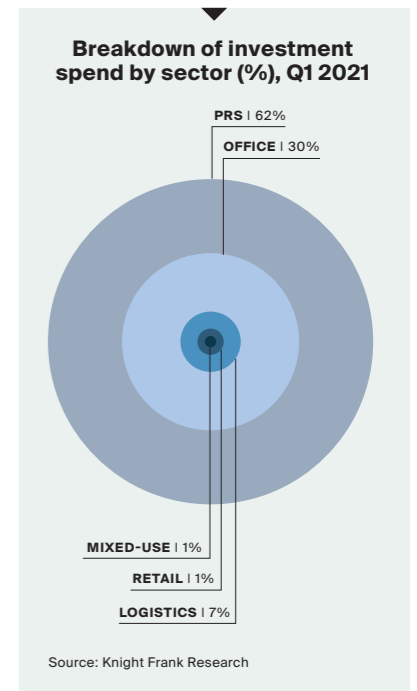
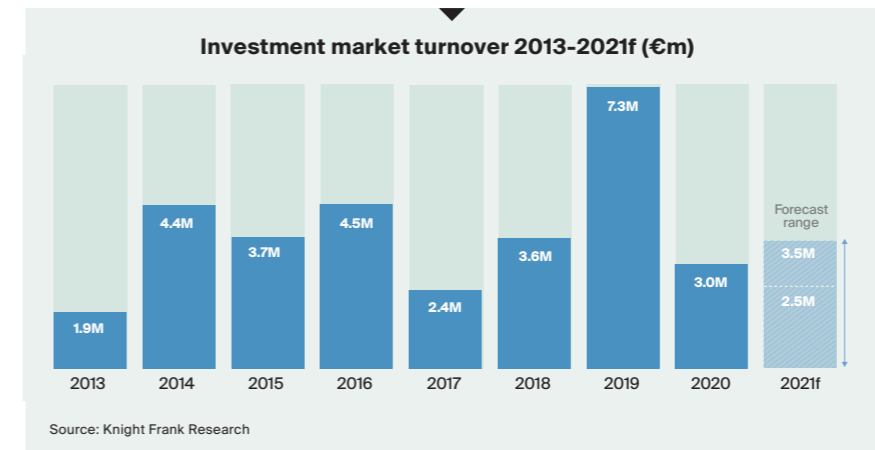
in the coming quarters due to the rapid acceleration in e-commerce growth.

The largest office transaction of the quarter was Blackstone's purchase of the Project Tolka Portfolio for €290m, a vote of confidence in the long term value of Dublin's office market.

Investor spend on PRS remained strong at over €800m in the quarter. The depth of investor demand for assets outside Dublin is reflected in the purchase by a German investor of 134 apartments in three Blocks at Marina Village in Greystones, Co. Wicklow for €64.5m.

30%

was invested in office assets



SPECIAL FOCUS - TOP TMT INVESTORS & OCCUPIERS IN THE DUBLIN OFFICE INVESTMENT MARKET



TMT SECTOR'S LEADING POSITION IN DUBLIN'S OFFICE INVESTMENT MARKET

The TMT sector has been a very important player in Dublin's investment market over the last two decades.

The trend to expand and develop Campus style EMEA and International Headquarter office and outdoor spaces, is being led by Google, Facebook, LinkedIn and Amazon, each of whom are expanding into new space in Dublin's central business district over the coming years

Google set up its EMEA Headquarters in Dublin in 2003 and have been the most active in terms of purchasing buildings to occupy. Google has also led in recent years by getting involved at the early stages of a development, most notably with the

purchase and current development of Boland's Quay in Dublin 4.

Amazon has had a broad expansion since its arrival in Ireland in 2004. Most recently it has invested in a 170,000 sq ft Campus in Charlemont Square in Dublin 2, currently under construction, for its cloud computing workforce. The company also took prime office space on Burlington Road in Dublin 4 and is firmly embedded in the Dublin market.

Facebook established its international Headquarters in Dublin in 2008. Most recently, it pre-let space at the former AIB Bank Centre Campus in Ballsbridge, which was the largest single letting deal in the Dublin market. When the Dublin 4 Campus is complete, the amount of space occupied by Facebook will be on a par with that of Google, with both tech giants occupying almost 1.5m sq ft respectively.**

LinkedIn have been in Ireland since 2010 and are also in expansion mode, pre-letting almost 600,000 sq ft at Wilton Park, where it's European Headquarters will be the focus of a new landmark Campus development. The development, includes a one-acre park, spans a number of buildings;

One Wilton Park, a 150,000 sq ft building, and No.'s Two, Three and Four Wilton Park, which will be interconnecting with a total floor space of approx. 450,000 sq ft. The development was already designed to have considerable open and collaborative space, where sustainability, efficiency and digital connectivity were incorporated into the design, pre Covid-19.

These four Big Tech companies dominate the TMT sector and have driven Dublin's reputation as the Tech Hub for Europe. Their presence has created an eco-system which has allowed a large number of other companies (detailed in the map, pages 4 & 5) to establish in Dublin and to expand. Together these companies will drive the next wave of tech investment in the city.

Investors recognise the strength of the covenants provided by these occupiers, particularly at a time when the digital economy is of critical importance in supporting a domestic and global recovery.

Overall, the TMT sector is well embedded in the Dublin office investment market and is expected to remain a key cornerstone in attracting further international investors to the Irish market over the coming years.

OUTLOOK

1.

Global economic growth is set to increase by c. 6% in 2021 which will further boost Ireland's recovery, with risks on the upside in relation to the current forecast of c. 5% in 2022, with further momentum expected in 2023-2024

3.

Office assets set to remain in the spotlight, with investors expected to competitively bid on new, sustainable certified buildings in prime locations, with prime yields set to tighten. Residential investment assets will be sought after as the lack of equilibrium between housing supply and demand intensifies

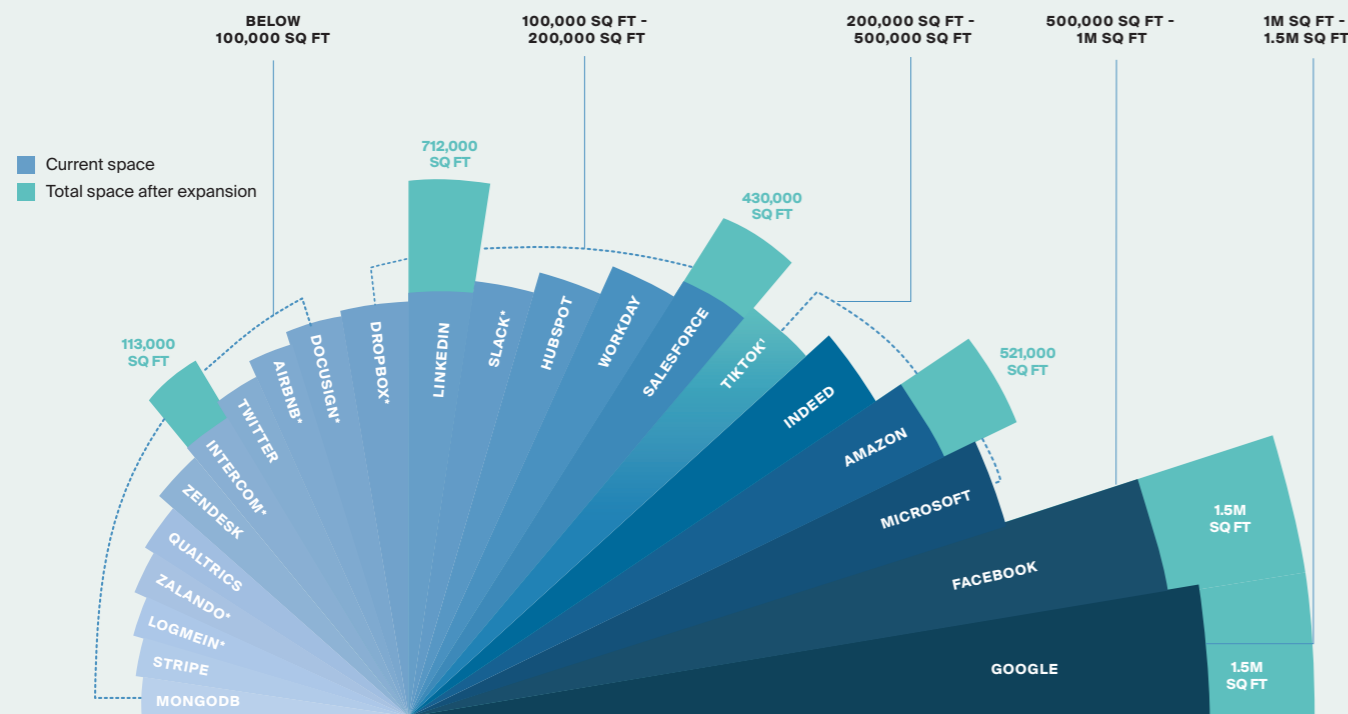
2.

Investor spend in the Irish market is expected to reach €2.5-€3.5 billion in 2021, depending on the timing of the wider opening up of the economy and easing of travel restrictions. Prime office yields to be tested at 3.75%

4.

The strength of the TMT sector will continue to support all components of the property market – occupier space, office investment opportunities, residential investment assets and logistics as the economy opens up and the digital economy becomes even more to the fore in supporting the recovery, both in the domestic economy and globally

Top Tech Companies Dublin Office Market Profile



Source: Knight Frank Research Note: *subletting a portion of space, estimated to be c. 5% of the total space of the 22 companies combined
 †TikTok at final stages of taking c. 200,000 sq ft

** This includes space in Dublin city and suburbs



Dublin Office Market
Overview Q1 2021



New Homes Construction
Survey 2021



Ireland Residential
Investment Snapshot 2020



The Wealth Report
2021

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