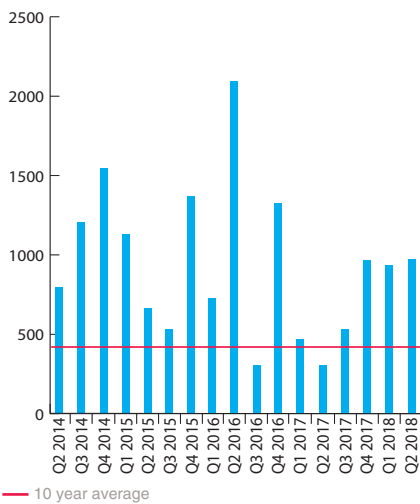


RESEARCH

INVESTMENT MARKET Q2 2018

€973.1 million worth of investment transactions changed hands in Ireland during Q2 bringing total investment volumes for the first half of the year to €1.9 billion - more than double the €775.5 million that transacted during the same period last year. The increase was due to a number of large lot size transactions with ten deals in excess of €50.0 million taking place in comparison to just one during the same period in 2017.

FIGURE 1
Irish commercial investment volumes
€ million



Source: Knight Frank Research

Looking at the Q2 figures in more detail, Dublin was the epicentre of investor activity - with 92% of the investment spend - while the regional market accounted for 8%, down from 22% during the same period last year.

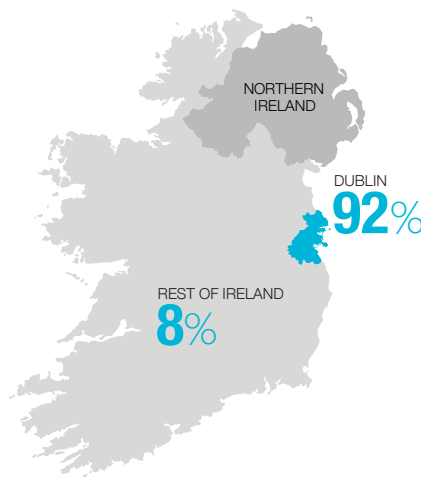
Taking a sectoral view, the multi-family sector outperformed all other sectors for the first time in the current cycle, accounting for 39% of the market. Favourable long-term demographic factors, rising rents and the delivery of new investable stock to the market has encouraged buyers to enter the sector in greater numbers.

€973.1m

worth of investments transacted in Q2 2018

This was evidenced by the largest multi-family transaction which saw Irish life purchase 262 apartments at Fernbank for €130.0 million. Other significant sales included Carysfort Capital's purchase of 120 apartments at 6 Hanover Quay for €101.0 million and SW3/Tristan Capital Partner's purchase of 185 apartments at Elmfield for €68.5 million. Office sales comprised 38% of the market, the largest of these being an off-

FIGURE 2
Investment spend by location

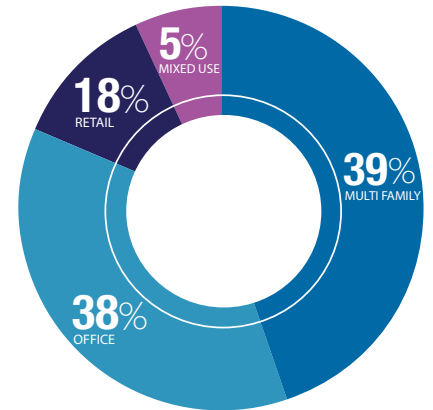


Source: Knight Frank Research

market institutional asset swap for €160.0 million that was believed to have involved office properties in Dublin 1 and Dublin 2. Significant levels of capital were also deployed in the fringe office market, with Dublin 3 accounting for the next two largest deals. The first of these was the acquisition of the Beckett Building on the East Wall Road for €101.0 million by Knight Frank Investment Managers on behalf of South Korean investors Kookman Bank. Secondly, in what was the company's first acquisition since its initial public offering in June, Yew Grove REIT bought One and Three Gateway for €29.0 million. The retail sector had the third highest market share with 18%, driven largely by the sale of the Westend Retail Park by Green REIT to Deutsche Bank for €147.7 million.

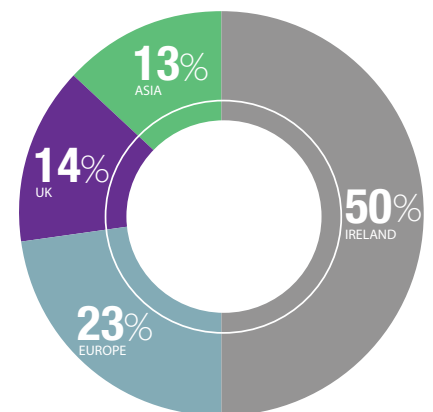
The origin of the buyer profile was evenly split with both domestic and foreign buyers accounting for 50% of the overall investment spend. European buyers were the most active source of foreign capital accounting for 23% of all purchases.

FIGURE 3
Investment spend by sector



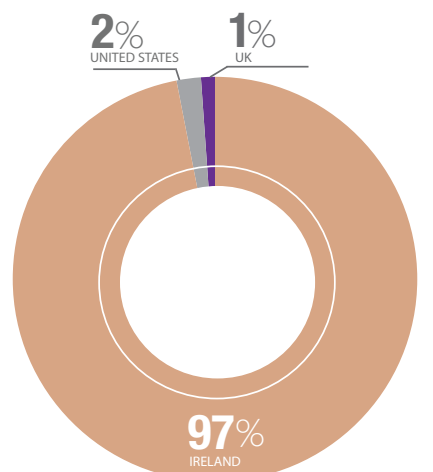
Source: Knight Frank Research

FIGURE 4
Investment spend by buyer origin



Source: Knight Frank Research

FIGURE 5
Investment spend by vendor origin



Source: Knight Frank Research

The enduring appeal of the Irish market to European buyers was highlighted by the latest new German entrant to the market - KGAL - who purchased 31-36 Golden Lane from MM Capital in Dublin 8 for €25.5 million.

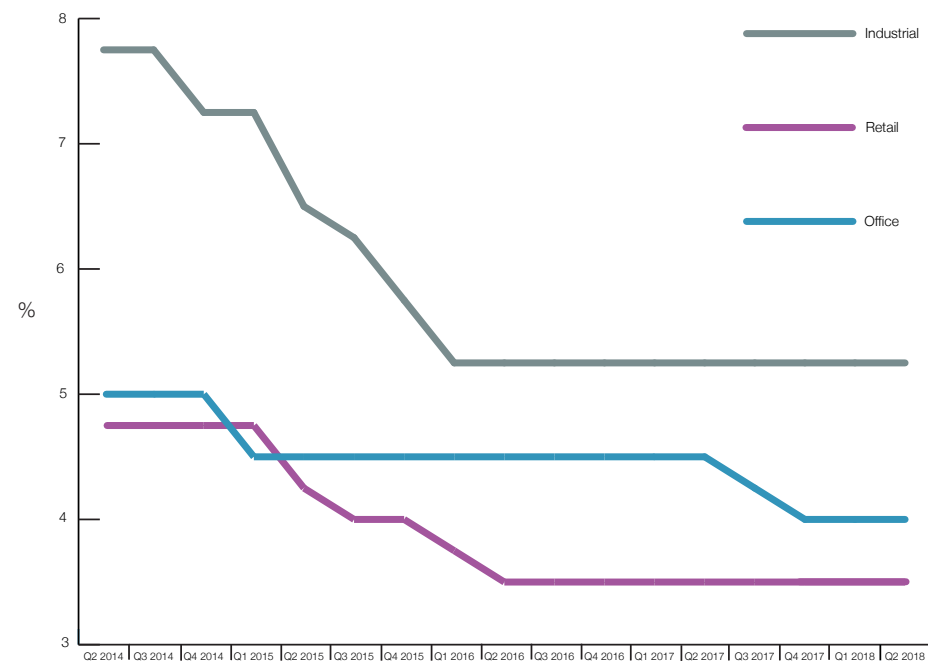
UK and Asian investors followed thereafter with 14% and 13% each. Prime yields remained stable across the board with office, retail and industrial yields staying at 4.00%, 3.50% and 5.25% respectively.

FIGURE 6
Top 5 investment transactions

Property	Sector	Seller	Buyer	Price (million)	Yield
Off-market asset swap of properties in Dublin 1 and Dublin 2	Office	N/A	N/A	€160.0	N/A
Westend Retail Park, Dublin 15	Retail	Green REIT	Deutsche Bank	€147.7	5.30%
Fernbank, Dublin 14	Multi-family	Park Developments	Irish Life	€130.0	N/A
The Beckett Building, Dublin 3	Office	Comer Group	Kookman Bank	€101.0	4.13%
6 Hanover Quay, Dublin 2	Multi-family	Cairn Homes	Carysfort Capital	€101.0	4.00%

Source: Knight Frank Research

FIGURE 7
Investment yields



Source: Knight Frank Research

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