

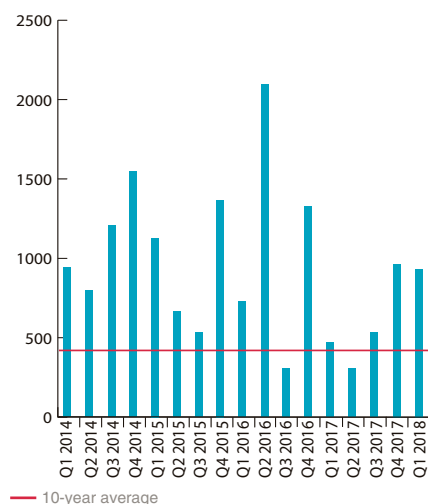
RESEARCH

INVESTMENT INSIGHT Q1 2018



€932.9 million worth of investment transactions changed hands during Q1, more than double the amount that was recorded in Q1 last year. Volumes were supported by a number of large lot-sized transactions with four deals in excess of €50.0 million compared to just one during the same period of last year. In the context of the quantum of large deals that are likely to be brought to the market this year, we anticipate that volumes in 2018 will slightly exceed what was achieved in 2017, reaching approximately €2.5 billion.

FIGURE 1
Irish commercial investment volumes
€ million

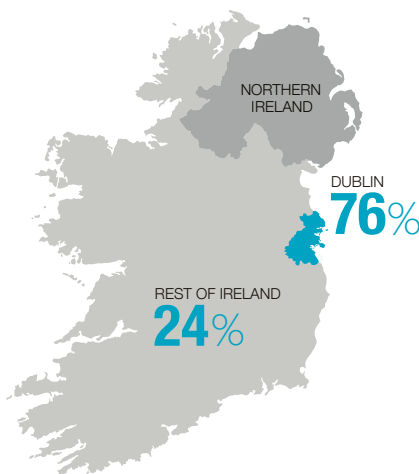


Source: Knight Frank Research

Looking at the geographical spread of activity within Ireland, Dublin remains the focus of investor activity accounting for 76% of transactions, which is almost the same as the 75% market share the capital enjoyed in Q1 last year. Turning to investment transactions by sector, office sales comprised the largest proportion of activity with 55% of the market or €502.6 million. Two of the largest transactions were office deals, the largest of which was the sale of Hueston South Quarter

to CK Properties, a company controlled by CK Hutchinson Holdings, for €176.0 million. Investment spend in the office sector in 2018 is anticipated to be supported by the completion of new office buildings which will see developers and their investment partners seek to exit their positions once the buildings have been let. An early example of this in Q1 was Triuva's purchase of the NTMA tenanted No.1 Dublin Landings for €164.0 million from joint venture partners Ballymore and Oxley.

FIGURE 2
Investment spend by location

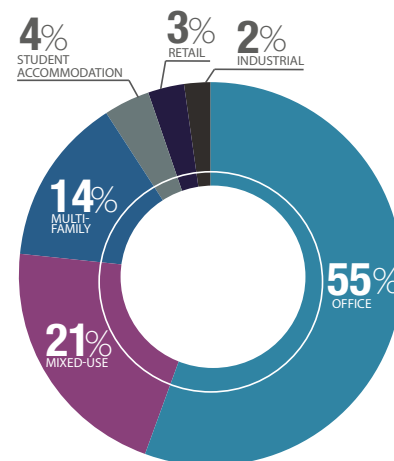


Source: Knight Frank Research

Mixed-use investments commanded the next highest share of the market with 21%, while the multi-family sector accounted for 14%. Increased allocations to the multi-family sector, which have risen from 2% when compared to Q1 last year, are reflective of the importance that investors now attribute to alternative assets – a trend likely to continue throughout 2018. The largest multi-family transaction saw Blackstone sell the Elysian Building in Cork City to Kennedy Wilson for €90.0 million. Finally, student accommodation, retail and industrial assets comprised less than 10% of the market in Q1.

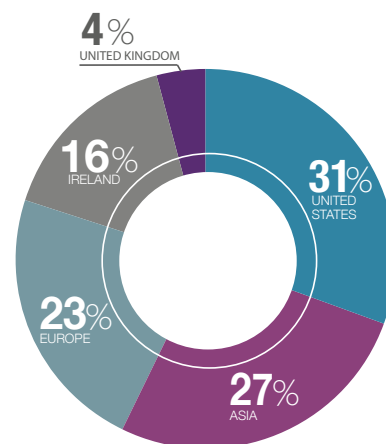
The perceived reduction in the risk profile of the Dublin market internationally is increasing the supply of capital seeking to gain exposure to the market. This is reflected in the Q1 buyer profile which shows that the United States were the

FIGURE 3
Investment spend by sector



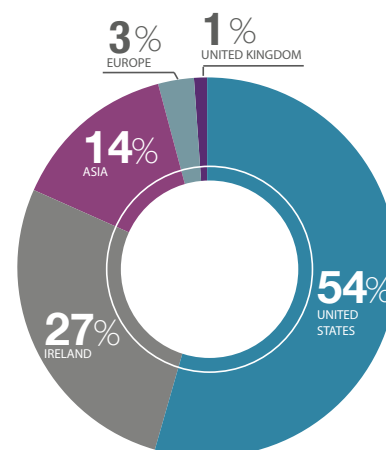
Source: Knight Frank Research

FIGURE 4
Investment spend by buyer origin



Source: Knight Frank Research

FIGURE 5
Investment spend by vendor origin



Source: Knight Frank Research

€932.9m
worth of investments
transacted in Q1

largest buyers with 31% market share followed by Asia with 27% and European investors with 23%. The United States were the largest sellers accounting for 54% of the market. Far from signalling an exit of United States capital from the Irish

market, many of the sales were to other investment funds from the United States. For example, the third largest transaction of Q1 saw Lone Star sell a mixed-use scheme on Chatham Street and King Street to Hines for €155.0 million.

FIGURE 6

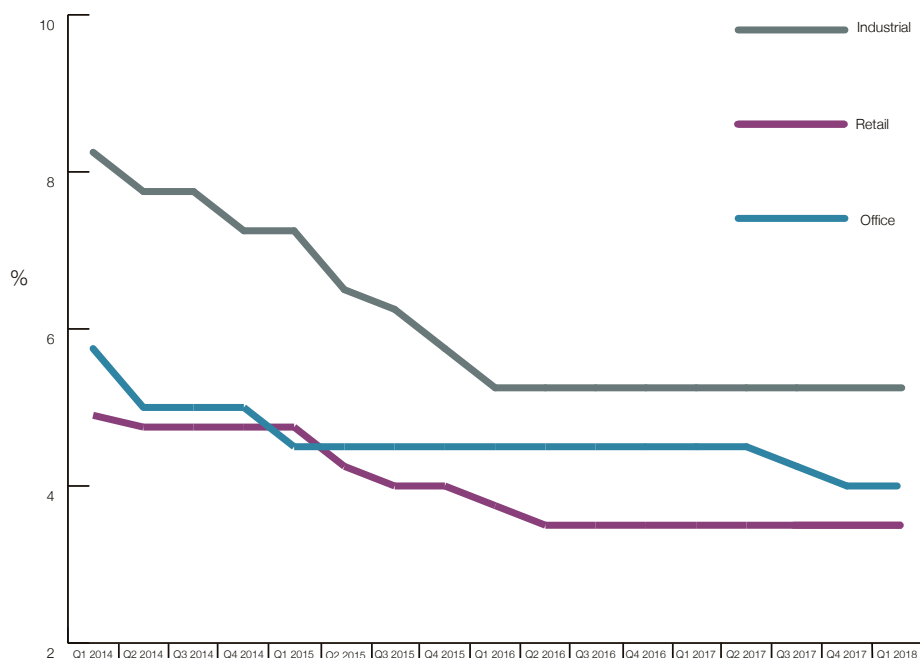
Top 5 investment transactions

Property	Sector	Seller	Buyer	Price (million)	Yield
Heuston South Quarter, Dublin 8	Office	Northwood Investors	CK Properties	€175.0	4.88%
No.1, Dublin Landings, Dublin 1	Office	Ballymore/Oxley	Triuva	€164.0	3.94%
Chatham & King Street, Dublin 2	Mixed-Use	Lone Star	Hines	€155.0	N/A
The Elysian Building, Cork	Multi-Family	Blackstone	Kennedy Wilson	€90.0	N/A
Cuirt na Coiribe, Galway	Student Accommodation	Duff & Phelps	Exeter Property	€35.0	5.80%

Source: Knight Frank Research

FIGURE 7

Investment yields



Source: Knight Frank Research

CAPITAL MARKETS

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