

IRISH INVESTMENT MARKET

Q4 2017



OVERVIEW

The Irish investment market witnessed another year of robust demand in 2017. Total investment volumes reached approximately €2.3bn, surpassing the long-run average for a fifth consecutive year and signalling the continued attractiveness of Irish commercial property.

- The largest transaction of the year was the sale of The Square Towncentre, Tallaght. Completing in the final quarter of the year, Oaktree, acting through Target Investment Opportunities (TIO) acquired the centre for €233m. A further 208 assets transacted during the year.
- A notable feature of the market in 2017 was the presence of smaller lot sizes and single asset transactions. The €1m-€10m price cohort accounted for 23% of total turnover, its largest share of the past five years. At the other end of the scale, just six transactions above €50m occurred.
- Growing demand in Dublin's occupier office market in 2017, which saw take up sit on par with the previous peak in 2007, resulted in the office sector dominating investor focus. The sector accounted for approximately €901.4m or 40% of the year's turnover. The retail sector followed, accounting for a further 30% of turnover.
- An analysis of investment activity by location reveals Dublin continues to attract the majority of capital entering the market, absorbing 82% of 2017 turnover. That said, the year also proved to be a significant one for investment outside of Dublin. A combined €274.1m transacted in the regional centres of Cork, Galway and Limerick, the highest value recorded over the past five years.
- The latest IPD/SCSI Ireland property index revealed a more measured pace of growth in 2017, with total returns standing at 6.4%. The year-end figures reflected the impact of the increase in stamp duty in Budget 2018. Rental value growth continued to be a key element of capital growth, however the latter half of the year did see yield impact rise.

€2.3bn

APPROXIMATELY €2.3BN WAS INVESTED IN THE IRISH COMMERCIAL PROPERTY MARKET IN 2017.



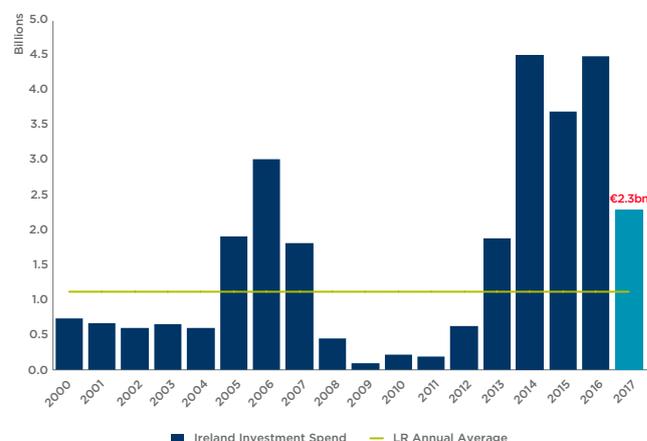
40%

THE OFFICE MARKET ATTRACTED THE LARGEST PROPORTION OF ACTIVITY IN 2017, ACCOUNTING FOR 40% OF INVESTMENT TURNOVER.



- Looking to the year ahead, turnover is anticipated to remain akin to 2017, with the possibility of this rising if a number of larger assets come on stream. Interest rates look set to hold at current rates until 2019, while further growth in the occupier markets, underpinned by continued economic growth, will all aid investor appetite.

Irish Investment Market Turnover, 2000 - 2017



Source: Cushman & Wakefield Research

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