

Research Report
Jones Lang LaSalle Ltd

Ireland Investment Market Report – Q1 2018

6th April 2018

Investment Report

Ireland Investment Market Report – Q1 2018

Key Trends

Overview

Over €930 million of property traded in the first quarter of 2018, across 51 transactions.

This is approximately a 200% increase on the volumes transacted in the same period in 2017. This increase was primarily due to a significant number of high value transactions completing in this quarter.

Many of these transactions, such as Dublin Landings, were agreed in the final months of 2017 but are only now completing.

Top Deals

The largest transaction in Q1 was the sale of Heuston South Quarter, an office development in Dublin 8, which was sold for €175 million. This investment was sold by Northwood to an overseas investor.

The second largest sale was Dublin Landings, in Dublin 1. The office investment, leased to the Irish government, was sold by Ballymore / Oxley to Triuva for €164 million.

Top 5 Transactions Q1 2018

Asset	Sector	Price	Vendor	Purchaser
Heuston South Quarter	Office	€175m	Northwood	Overseas
Dublin Landings	Office	€164m	Ballymore / Oxley	Triuva
South King Street	Mixed / Retail	€155m	Lone Star	Hines
Elysian, Cork	PRS	€90m	Blackstone	Kennedy Wilson
Cuirt na Coirbe, Galway	Student	€35m	Duff&Phelps	Exeter

There were 4 transactions in Q1 greater than €50 million. This compares to just 1 transaction at this level in Q1 2017.

Sector

Office was the dominant sector in Q1, accounting for 53% of total sales volumes (€497 million) across 18 deals. Office volumes were boosted by Heuston South Quarter and Dublin Landings, which combined represented 68% of transaction volumes in the sector. 6 of the top 10 deals in Q1 were office investments

Mixed-use investment was the second strongest sector, accounting for 22% of total sales volumes (€206 million) over 11 transactions. This was followed by PRS with 14% of total sales volumes over 5 transactions.

Location

Dublin remains the focus of activity, accounting for 74% of total investment volumes in Q1 (€693 million over 31 transactions).

Outside of Dublin, Cork was the second most dominant region for investment, attracting €103 million of investment over 4 transactions, predominately led by one large transaction. This equates to 11% of total sales investment in the quarter. Of the top 10 deals in Q1 2018, 5 were outside of Dublin.

The largest transaction outside of Dublin in Q1 was the sale of Elysian, a PRS investment in Cork which was sold by Blackstone to Kennedy Wilson for €90 million.

Vendors & Purchasers

Demand for Irish property investment remains strong. Overseas investment in Irish property totalled €586m in Q1 2018. This represents 63% of total investment volumes in the quarter.

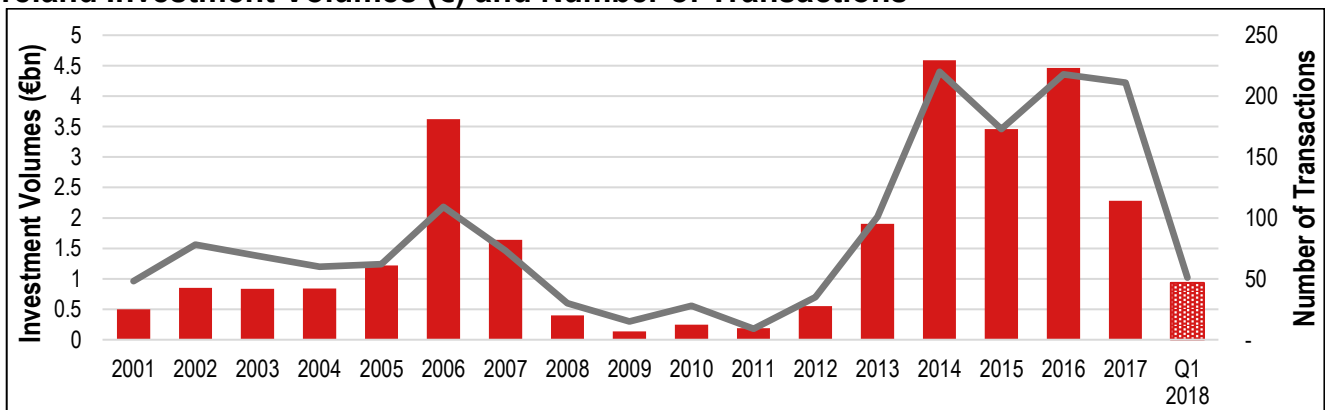
In terms of vendors there was a more balanced split. Respectively 44% and 43% of volumes were sold by Irish and overseas investors. The remainder of vendors were not disclosed.

Approximately 3% of investment volumes this quarter were sold confidentially.

Outlook – Top 3 Themes

1. With a very strong start to 2018, demand for investment will remain strong. We are forecasting similar volume levels to 2017, in excess of €2 billion. In particular we are expecting to see strong demand PRS and other alternative investment such as student accommodation, where strong demand in occupier markets are reinforcing investor appetite. There will be limited opportunities in the office sector which will lead to strong competition.
2. The volume of smaller deals continues to increase as loan buyers work through their books. This is being met with strong demand.
3. Accurate pricing of opportunities remains crucial to liquidity with assets that are overpriced failing to sell. This is particularly acute in the secondary sector. There remains limited scope for yield compression across all asset classes.

Ireland Investment Volumes (€) and Number of Transactions



JLL Ireland

Styne House
Upper Hatch Street
Dublin
D02 DY27
+353 (0) 1 673 1600

Hannah Dwyer
Divisional Director &
Head of Research, Ireland
hannah.dwyer@eu.jll.com



Niamh Manning
Research Analyst
Research, Ireland
niamh.manning@eu.jll.com



John Moran
CEO &
Head of Investment, Ireland
john.moran@eu.jll.com



Margaret Fleming
Director
Investment, Ireland
margaret.fleming@eu.jll.com



Max Reilly
Director
Investment, Ireland
max.reilly@eu.jll.com



Jacqueline Fitzpatrick
Divisional Director
Investment, Ireland
Jacqueline.fitzpatrick@eu.jll.com



www.jll.ie

Jones Lang LaSalle

© 2018 Jones Lang LaSalle IP, Inc. All rights reserved. The information contained in this document is proprietary to Jones Lang LaSalle and shall be used solely for the purposes of evaluating this proposal. All such documentation and information remains the property of Jones Lang LaSalle and shall be kept confidential. Reproduction of any part of this document is authorized only to the extent necessary for its evaluation. It is not to be shown to any third party without the prior written authorization of Jones Lang LaSalle. All information contained herein is from sources deemed reliable; however, no representation or warranty is made as to the accuracy thereof.