



At A Glance Q4 2016

Irish Investment Market

Strong investor spend in Q4 boosts 2016 turnover to €4.5billion, the 2nd highest turnover on record...

TURNOVER

Turnover of €1.345m in Q4 brings total market turnover to €4.5 billion in 2016, almost one billion higher than in 2015.

The purchase of Liffey Valley Shopping Centre by German Pension Fund BVK for €630m made up 45% of Q4's total investment spend.

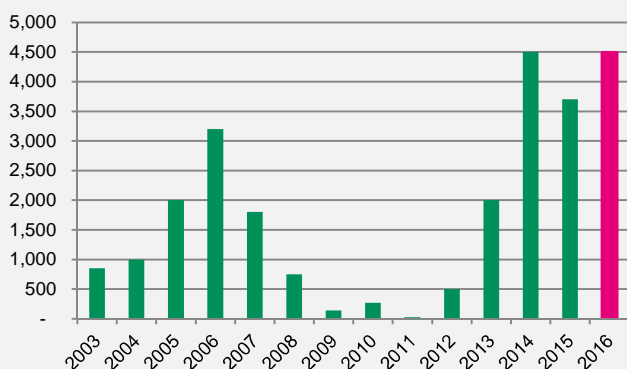
The next four largest deals were each between €50m-€60m in lot size and combined with the Liffey Valley deal, the top five deals in Q4 equate to 64% of the quarterly total.

Turnover of €4.5billion is the second highest level of turnover on record, almost on a par with 2014. Two large retail transactions – the sale of The Blanchardstown Centre to Blackstone for €945m in Q2 and the Liffey Valley deal, made up almost €1.6 billion or one third of that turnover. Excluding these two large deals, turnover of €2.9billion remains well above the ten year average of €1.9billion.

There were five very significant transactions in 2016, each greater than €100m in lot size - the two shopping centre deals already mentioned, along with the sale of Whitewater Shopping centre for €180m and the sale of The Oval, an office building in Dublin 4 for €140m both in Q1 and the sale of Spencer Dock, an office asset for €242m in Q2. Together these five transactions equate to 47% of total turnover in 2016.

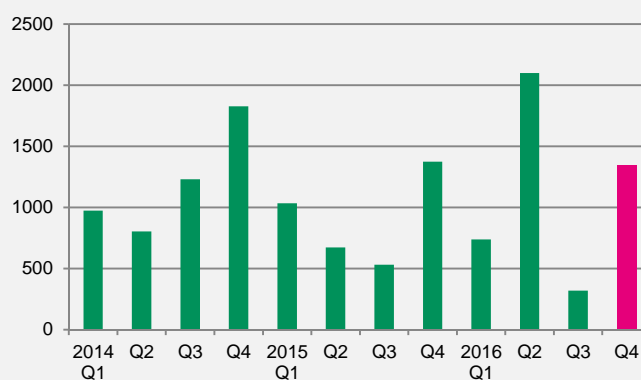
The scale of these deals reflects the level of investor sentiment in both the Irish economy and the commercial property market and also reflects the buying power of the current wave of global investor looking for opportunities in Ireland. The purchasers of each of these assets were non-Irish – three were German, one US and one Middle Eastern. There were 295 investment transactions in 2016, attracting a wide range of buyers, with Irish funds and private Irish investors most active at lower lot sizes of €50m and under.

Investment Market Turnover, 2003 - 2016 annual, €m



Source: BNP Paribas Real Estate Research

Investment Market Turnover, Qrtly, 2014 - 2016, €m

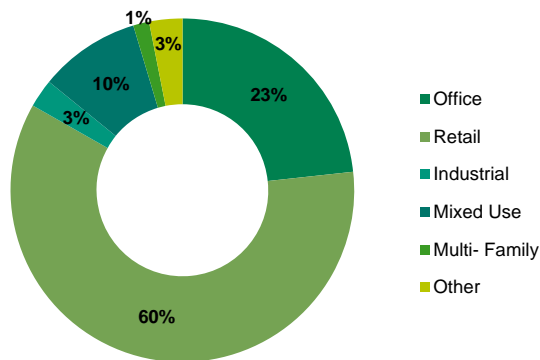


Source: BNP Paribas Real Estate Research

Largest 5 Investment Deals, Q4 2016

Investment Transaction	Sector	Price Achieved (€m)
Liffey Valley Shopping Centre	Retail	€630m
Wilton Park House, Dublin 2	Office	€60m
Velasco Building, Dublin 2	Office	€58m
Harbourmaster 2, IFSC, Dublin 1	Office	€53.7m
Times Building, D'Olier St, Dublin 2	Mixed use	€50m

Investment Market Turnover, €m (%) by sector, Q4 2016



Source: BNP Paribas Real Estate Research

OFFICE INVESTMENT

€313m was invested in the office sector in Q4, taking the total investment in office assets to €1.4billion for the year as a whole. 31% of total annual turnover in 2016 was in office assets compared to 44% in 2015.

There were 27 office transactions in Q4, with five deals making up 75% of the €313m. Three of the five were office transactions in Dublin 2 (Wilton Park House, the Velasco Building and 100 Mount St) while the other two were the sale of two office buildings in the IFSC (Harbourmaster 2 and 1 George's Dock). Buyers of these properties include Irish Life, U&I Group, Credit Suisse and Real IS. 90% of Q4 spend was in the Dublin market. The largest transaction outside Dublin was the sale by NAMA of an office block in Galway city for €8.5m.

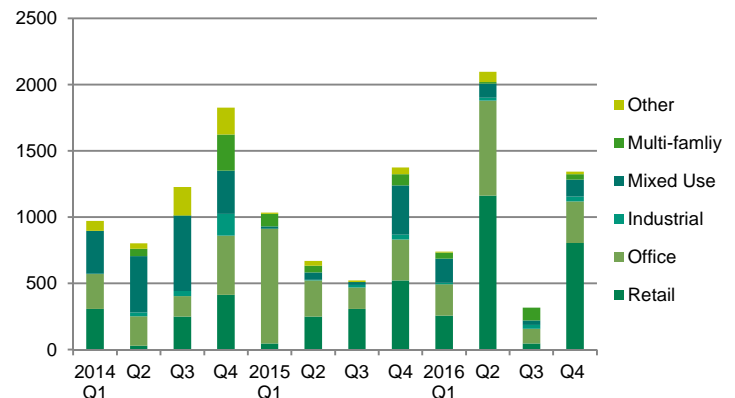
OTHER SECTORS

Investment in mixed use and multi-family properties made up 13% of total spend in Q4. There were three mixed use transactions of note, with the largest being the sale by Kennedy Wilson of the Times Building on D'Olier St. in Dublin 2. Real IS was the purchaser, paying €50m. The second was the Grafton Collection, a portfolio on Grafton St, which was sold by a private Irish investor for €38m to Hines. The third was Project Madrid, a portfolio of 13 assets close to Grafton St, sold by NAMA in two lot sizes for a total of €27m.

Prime yields



Quarterly Breakdown by sector, €m, 2014 – Q4 2016



Source: BNP Paribas Real Estate Research

RETAIL INVESTMENT

A total of almost €2.3billion was invested in retail assets in 2016 making up 50% of total investor spend in 2016.

€806m of that was transacted in Q4, with the sale of Liffey Valley by far the most significant deal in value terms.

There were 21 retail deals in Q4, 14 of which were for retail assets of €2m in lot size or lower. The sale of the Lucan Shopping centre (part of the SV4 collection) by Starwood/Key Capital for €43.5m, was the 2nd largest deal in Q4. It was purchased by Savills Investment Management.

There was one property sold on Henry St in Q4 – No 35, which was sold by Kennedy Wilson and purchased by Friends First.

OUTLOOK

The outlook for 2017 while positive, is set against a number of global uncertainties, both political and economic. The Irish economy is set to remain the fastest growing economy in Europe with the strength of growth in recent years giving a buffer against the expected moderation in growth in 2017. Investment market activity will track that of the economy as has been the case historically – turnover will be harder to forecast for 2017 given the global backdrop; it will depend somewhat on the number and timing of any large assets that may come to market and how the global uncertainties unfold.

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A 360° vision

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