

# Q2 2017

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**IRISH  
INVESTMENT  
MARKET  
AT A GLANCE**  
—



**BNP PARIBAS  
REAL ESTATE**

RESEARCH

## Q2 KEY TRENDS

TOP 5 TRANSACTIONS  
46% OF TURNOVER

NO 1 DEAL CITY CENTRE  
(on market)  
42-43 HENRY ST  
FOR €18M

INDUSTRIAL  
ASSETS  
BACK IN VOGUE

SUBURBAN  
OFFICE ASSETS  
4 OF 10 LARGEST  
TRANSACTIONS

NO 1 SUBURBAN  
TRANSACTION  
THE PARK OFFICE  
PORTFOLIO

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## Q2 INVESTMENT MARKET AT A GLANCE



**JOAN HENRY**  
Head of Research,  
BNP Paribas Real Estate, Ireland

“ While 2016 was the year of the mega deal in the Irish market, 2017 is notable to date by the lack of larger assets available to a pool of international investors who have identified Ireland as a key location to invest in. ”

The maturing of the Irish investment market cycle is evident in Q2 data with turnover reaching €278m, on the relatively low side compared to previous quarters. There are a number of factors contributing to this – most notably on the supply side. With almost €14 billion of assets traded since the beginning of 2014, arguably many of Dublin's prime commercial assets have recently changed hands. On the retail side most of Dublin's prime shopping centres traded over the last eighteen months, either directly or came under new ownership via loan sales, with Tallaght shopping centre the largest shopping centre asset left to trade and expected to do so in 2017.

Office assets, for example, along Dublin's docklands have been acquired by both international and domestic buyers, supported by strong occupier profiles. New office buildings under construction have and are attracting investor interest with any pre-let assets expected to be purchased quickly through forward funding, if available for sale. Overall, a key trend in 2017 has been the lack of larger lot sizes actually available to the market.

The timing of this coincides with increased interest from a wider pool of international investors interested in the Irish market, but whose preference is for assets of €50m or €100m plus in lot size. Given these current market dynamics, prime yields have plateaued, with potential further tightening dependent on larger transactions completing over the coming quarters.

46% of Q2 turnover was accounted for by the top five deals, four of which were for office assets. This is the first quarter in this cycle that three of these office assets were outside core CBD locations, with two located in Dublin's south suburbs and one in the Greater Dublin Area, reflecting the trend discussed above.

Overall the Irish investment market remains in good health, underpinned by the strength of the economy and the profile of employment growth, along with its resilience to date to Brexit and the changing geo-political backdrop.

**46%**  
OF TRANSACTIONS  
MADE UP OF  
**TOP 5 DEALS**



TOP 10 TRANSACTIONS Q2, on market

	BUILDING	LOCATION	ASSET TYPE	PRICE PAID	YIELD ACHIEVED
1	Park Office Portfolio	Dublin 18	Offices/Retail	€38.6m	6.82%
2	One Grand Parade	Dublin 6	Office	€23m	4.29%
3	Building 2, South County Business Park, Leopardstown	Dublin 18	Office	€20.5m	9.20%
4	Ericsson Facility, Cornamaddy Road, Athlone	Co. Westmeath	Office	€20m	8.6%
5	42-43 Henry Street	Dublin 1	Retail	€18m	4.60%
6	Unit 21, Fonthill Industrial Park, Clondalkin	Dublin 22	Industrial	€11.05m	4.33%
7	Huntstown Business Park, Ballycoolin	Dublin 15	Office	€9.5m	6.38%
8	SuperValu, Bray	Co. Wicklow	Retail	€9.2m	6.76%
9	117-119 Lower Baggot Street	Dublin 2	Office	€7.1m	5.19%
10	Charlesland Neighbourhood Centre	Greystones	Mixed use/Retail	€6.1m	7.95%

Note: €32.5m retail off market & €8.75m office off market

TOP 5 TRANSACTIONS IN DUBLIN'S CENTRAL BUSINESS DISTRICTS (CBD) Q2 2017, on market

	BUILDING	LOCATION	ASSET TYPE	PRICE PAID	YIELD ACHIEVED
1	42-43 Henry St	Dublin 1	Retail	€18m	4.60%
2	117-119 Lower Baggot St	Dublin 2	Office	€7.1m	5.19%
3	7 apartments, Parkhouse, Benson St	Dublin 2	Residential	€2.3m	6.11%
4	6 Fitzwilliam St Lower	Dublin 2	Mixed Use	€1.3m	4.30%
5	10 Upper Mount St	Dublin 2	Mixed Use	€1.25m	3.16%

Note: Off market - €8.75m office and €6.5m retail

TOP 3 OFFICE TRANSACTIONS

	BUILDING	LOCATION	PRICE PAID	YIELD ACHIEVED
1	Park Office Portfolio	Dublin 18	€38.6m	6.82%
2	One Grand Parade	Dublin 6	€23m	4.29%
3	Building 2, South County Business Park, Leopardstown	Dublin 18	€20.5m	9.20%

TOP 3 RETAIL TRANSACTIONS

	BUILDING	LOCATION	PRICE PAID	YIELD ACHIEVED
1	42-43 Henry Street	Dublin 1	€18m	4.60%
2	SuperValu, Bray	Wicklow	€9.2m	6.76%
3	Skerries Point Shopping Centre	North Co. Dublin	€3.4m	9.44%

TOP 3 INDUSTRIAL TRANSACTIONS

	BUILDING	LOCATION	PRICE PAID	YIELD ACHIEVED
1	Unit 21, Fonthill Industrial Park, Clondalkin	Dublin 22	€11.05m	4.33%
2	Galway Crystal, Renmore, Galway	Galway	€3.5m	5.47%
3	Unit 2, Swords Business Park, Swords, Co Dublin	Dublin	€2.85m	9.41%





FONTHILL  
INDUSTRIAL PARK

TOP 10 TRANSACTIONS DUBLIN SUBURBS

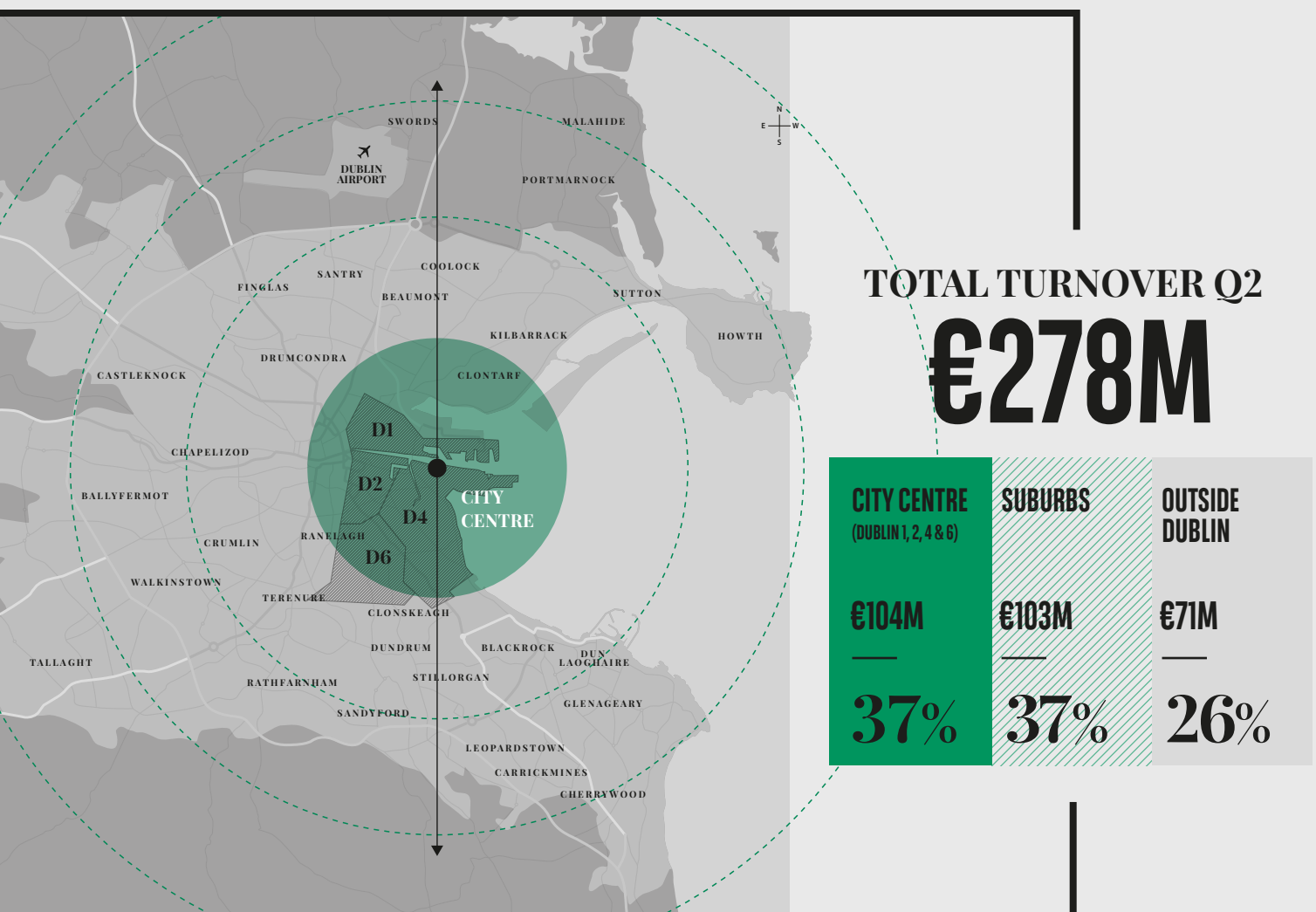
	BUILDING	LOCATION	ASSET TYPE	PRICE PAID	YIELD ACHIEVED
	South County Dublin				
1	Park Office Portfolio	Carrickmines	Offices/Retail	€38.6m	6.82%
2	Building 2, South County Business Park	Leopardstown	Office	€20.5m	9.20%
3	8,10, 12 Lower Kilmacud Road	Stillorgan	Retail	€3.275m	7.66%
4	Harbour Square	Dun Laoghaire	Retail	€2.625m	8.24%
5	1 Rosemount Crescent	Clonskeagh	Residential	€2.025m	4.77%
6	Suite A, Apex Business Centre, Blackthorn Road	Sandyford	Office	€1.45m	7.39%
	North County Dublin				
7	Skerries Point Shopping Centre	Skerries	Retail	€3.4m	9.44%
8	Unit 2, Swords Business Park, Swords	Swords	Industrial	€2.85m	9.41%
	West County Dublin				
9	Unit 21 Fonthill Industrial Park	Clondalkin	Industrial	€11.05m	4.33%
10	Huntstown Business Park	Ballycoolin	Retail	€9.5m	6.38%

TOP 10 TRANSACTIONS OUTSIDE DUBLIN

	BUILDING	LOCATION	ASSET TYPE	PRICE PAID	YIELD ACHIEVED
1	Ericsson Facility, Cornamaddy Road, Athlone	Co. Westmeath	Office	€20m	8.60%
2	SuperValu, Bray	Wicklow	Retail	€9.2m	6.76%
3	Charlesland Neighbourhood Centre, Greystones	Wicklow	Mixed Use/Retail	€6.1m	7.95%
4	Building 7, Eastgate Avenue Little Island	Cork	Office	€5.1m	6.93%
5	Cuirt na hAbhainn, Liosban, Tuam Road	Galway	Residential	€5m	8.13%
6	Galway Crystal, Renmor	Galway	Industrial	€3.5m	5.47%
7	Seamus Quirke Road	Galway	Mixed use	€3.4m	7.68%
8	Bridge Centre, Clarinbridge	Galway	Mixed Use	€2.7m	7.96%
9	Carrig House & Robe House, Raheen	Limerick	Office	€2.7m	8.59%
10	Riverside Grove, Riverstick	Cork	Mixed use	€1.56m	13.40%

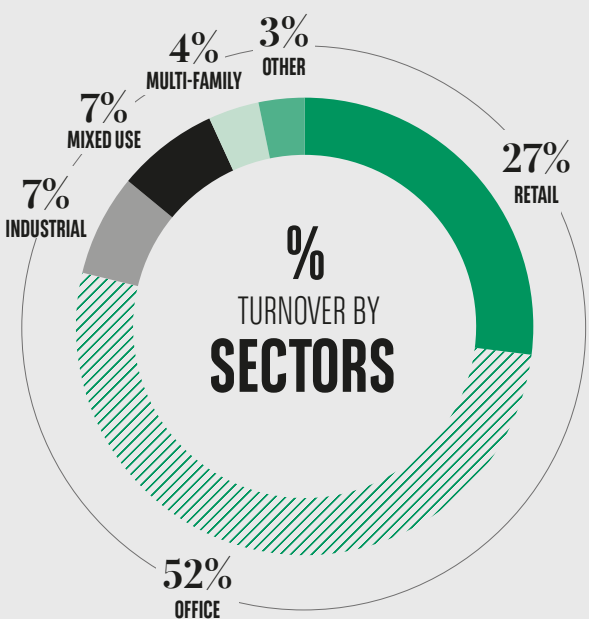
“The industrial sector is very active with strong yields being achieved for prime premises, a trend that is expected to continue.”

PATRICK CURRAN Managing Director, BNP Paribas Real Estate Ireland



“Demand for office assets in Dublin's suburbs was strong in Q2, reflecting the lack of supply in core CBD locations as well as wider confidence in the market.”

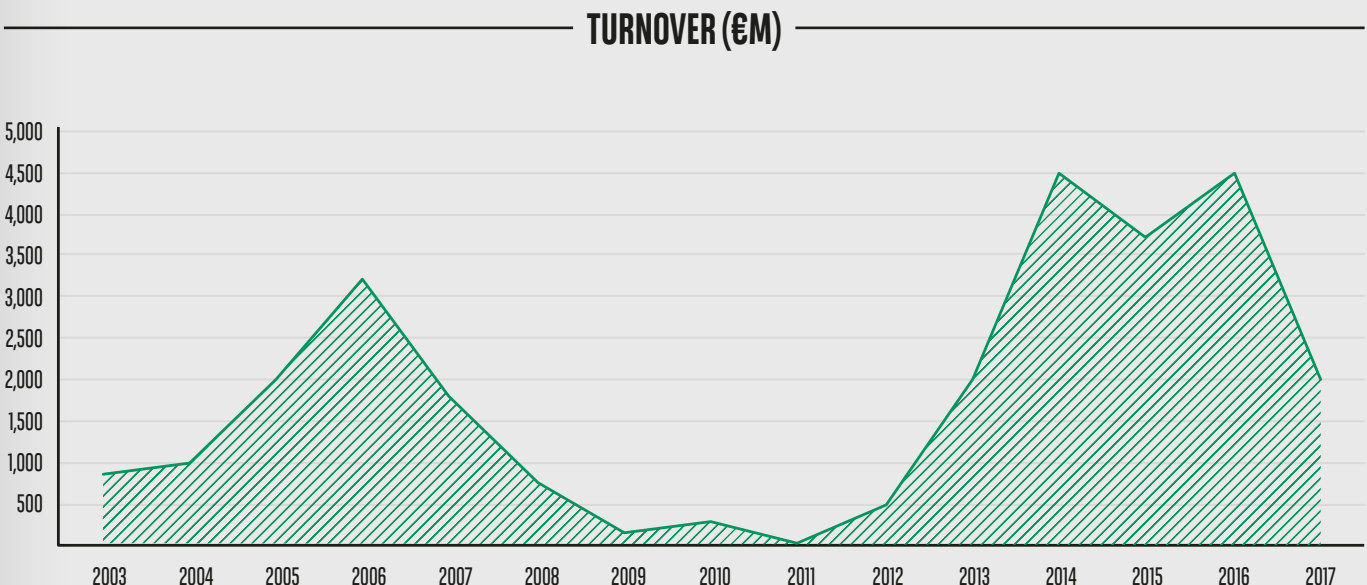
KENNETH ROUSE  
Head of Investment, BNP Paribas Real Estate Ireland



Source: BNP Paribas Real Estate Research

“Investor spend of €278m in Q2 was limited primarily by the lack of assets available to the market in lot sizes above €50m. At this mature stage in the cycle overseas investor confidence is firmly underpinned by the strength of economic activity. Activity for the rest of 2017 is expected to see turnover reach close to €2 billion.”

JOAN HENRY Head of Research, BNP Paribas Real Estate Ireland



	BREAKDOWN OF NO OF TRANSACTIONS BY LOT SIZE & LOCATION				
	UNDER €1M	€1M-€5M	€5M-€20M	€20M-€50M	€50M PLUS
DUBLIN CITY (1,2,4&6)	6	7	4	3	0
DUBLIN SUBURBS	10	8	2	2	0
OUTSIDE DUBLIN	3	14	4	0	0

Source: BNP Paribas Real Estate Research



PROFILE OF PURCHASERS  
BY SECTOR

TWO LARGEST  
OFFICE  
TRANSACTIONS



CANTOR  
Fitzgerald

#1 The Park Portfolio,  
Four Office Blocks in  
Carrickmines, Dublin 18

Purchased by Cantor Fitzgerald (on behalf of  
a syndicate of private clients) for **€38.6m**

Four blocks (The Herbert /Hyde/ Holborne/ The  
pavillion) which are multi tenanted - including AIB/  
O'Brien's wine/Bimedia/State Street/ Park Development/  
Getty Images.



QUADORO

#2 One Grand Parade,  
Dublin 6

German Fund – Quadoro Doric made its  
first investment Irish commercial property -  
paying **€23m**

Multi-let to 3 tenants – Zendesk International Limited,  
Oasis Global Management Company (Ireland) Limited  
and Embassy of the State of Kuwait.

TWO LARGEST  
RETAIL  
TRANSACTIONS



AEW

#1 42-43 Henry Street,  
Dublin 1

Purchased by AEW for **€18m**, this was  
the international fund's first commercial  
property investment in Ireland

The buildings are entirely let to the Arcadia Group  
Limited (t/a Evans) on a 35-year FRI lease, expiring in  
October 2020.



Musgrave

#2 Building 2, SuperValu,  
Bray, Co. Wicklow

A convenience store located within Castle  
Street Shopping Centre was sold to  
Musgrave's for **€9.2m**

The store is let to Musgraves Operating Partners Ireland  
Limited trading as SuperValu, on a 25 year lease from 5  
Sept 2005.

TWO LARGEST  
INDUSTRIAL  
TRANSACTIONS



SSGA  
STATE STREET GLOBAL ADVISORS

#1 Unit 21, Fonthill Industrial  
Park, Clondalkin, Dublin 22

Purchased by SSGA for **€11.05m**

Fully let to United Drug PLC on 10 year lease  
from June 2013.



Private

#2 Unit 2, Swords Business  
Park, Swords, Co Dublin

Sold to a private Irish investor for **€2.85m**

Fully let to DSV Road Limited on 25 year FRI  
lease from June 199.



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