

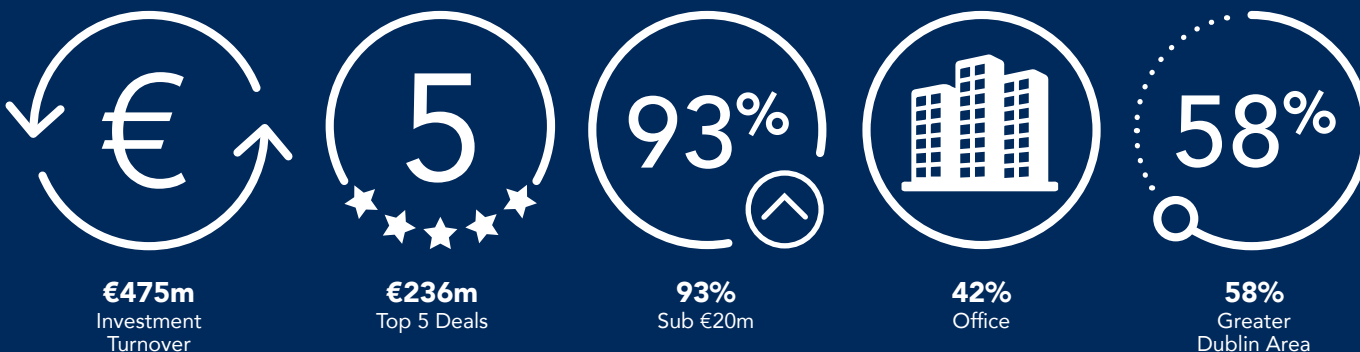
Q1 2017

QRE INVESTMENT MARKET IN REVIEW



Market Activity / Turnover

Investment turnover in the Irish commercial property sector amounted to €475m for Q1 2017, with some 67 transactions being completed during the quarter. The number of properties sold is broadly in line with Q1 2016. However, as expected, turnover is down by €263m due to the reduction in the number of higher value asset sales.



- The top five deals in Q1 made up a total of €236m, equating to 49% of turnover.
- The sub €20m market contributed to 93% of transactions (by number of sales).
- Offices were the dominant sector in Q1, accounting for 42% of the total revenue, with the sale of City Quay to Irish Life being the major transaction at €126m. However, it is noted that the number of retail and office transactions was broadly in line with each other, with industrial lagging some way behind during the period.
- The Greater Dublin Area accounted for 58% of all transactions (by turnover) which implies a recovery in the investment markets outside Dublin.

Sector as Percentage of Overall Market (By Value)



*18% Other

Sub €20m Market

- This sector is emerging as the dominant sector for the year ahead and we anticipate strong levels of activity in this investment bracket going forward.
- In Q1 the sub €20m market recorded 62 out of the 67 sales, which equates to 93% of all transactions
- The total sales amounted to €239m - up from €187m for the same quarter in 2016
- This revenue (€239m) reflected 50% of the total turnover for the quarter



Top Five Deals

Property	Sector	Price
13 - 18 City Quay, Dublin 2	Office	€126,320,000
Montrose Student Residence, Dublin 4	Student Accommodation	€37,675,000
Unit Q1, Aerodrome Business Park, Naas Road, Rathcoole, Co Dublin	Industrial	€28,000,000
Parkway Retail Park, Dublin Road, Limerick	Retail	€23,000,000
Fumbally, Fumbally Lane, Dublin 8	Office	€21,500,000
Total		€236,495,000

Top Five Deals Sub €20m

Property	Sector	Price
Carlow Retail Park, Carlow	Retail	€16,400,000
Ballymount Retail Centre, Dublin 12	Retail	€14,300,000
Merchants Quay Shopping Centre, Cork	Retail	€13,700,000
Swords Plaza, Main Street, Swords, Co Dublin	Mixed Use	€13,500,000
City Quarter, Lapps Quay, Cork	Mixed Use	€13,300,000
Total		€71,200,000

2017 Forecast

Looking ahead, our view is that demand for Irish real estate is likely to remain strong throughout the rest of the year. However, the total value of sales is expected to be down significantly on 2016 levels, which was anticipated due to the lower level of high value sales coming to the market. Despite this, we expect similar if not more transactions in the sub €20million bracket when compared with 2016. An increased offering in this sub-sector will afford domestic investors opportunities to enhance their property portfolios.

We have noted that the pillar banks are starting to offer finance on prime investment properties, but are heavily focused on WAULT and income certainty. In addition to this, we are also seeing a number of alternative finance providers enter the market who are focused on the €1 - €20million sector. In this regard we foresee new financing possibilities for investors in 2017.

Finally, global financial and political uncertainty is likely to remain of concern to the commercial investment market as the year progresses. However, the effects of this are yet to be seen.



**Market
Uncertainty**



**Sub €20m
Market Increasing**



**Increased
Availability of Finance**

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