

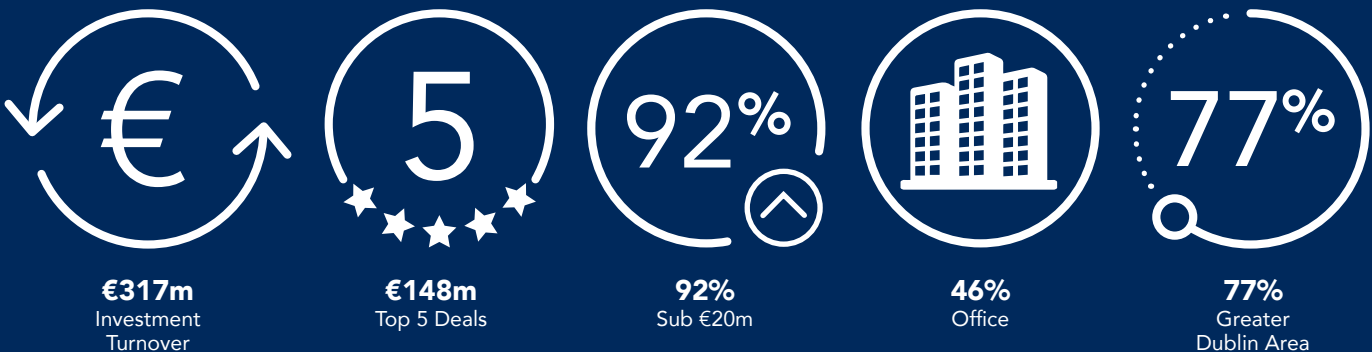
Q2 2017

QRE INVESTMENT MARKET IN REVIEW



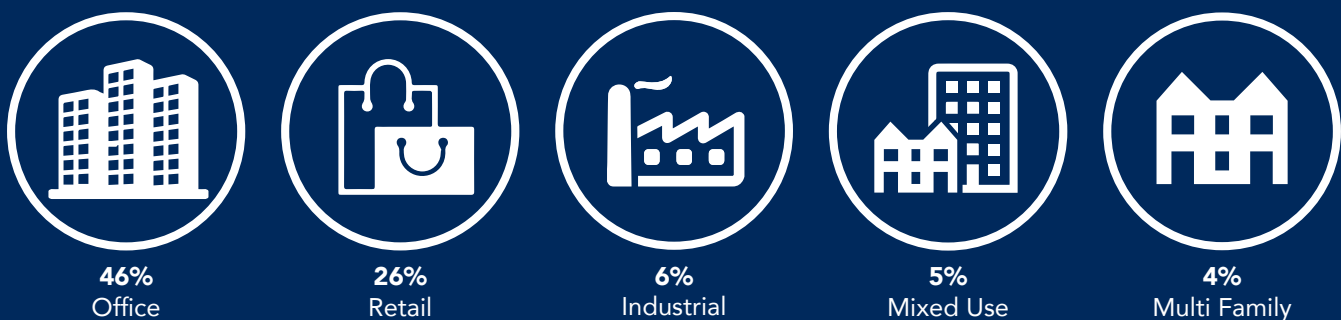
Market Activity / Turnover

Investment turnover in the Irish commercial property sector amounted to €317m for Q2 2017, with some 63 transactions being completed during the quarter. The number of properties sold is broadly in line with Q1 2017 however, total turnover is down by €158m. This highlights the shortage of higher value assets on the market and the dominance of the sub €20m market.



- Total investment turnover amounted to €317m for Q2 2017. By comparison, this figure was €475m for Q1 2017.
- The largest deal of the Quarter was the sale of the Clayton Hotel, Cardiff Lane, Dublin 2, which sold for €40m to Dalata Hotel Group.
- Overall the top five deals made up a total of €148m, equating to 46% of total turnover.
- The sub €20m market contributed to 92% of transactions (by number of sales).
- Offices were the dominant sector contributing to 46% of total turnover. The largest office sale was the Park Portfolio in Carrickmines which sold for €38.6m.
- In terms of location, the Greater Dublin Area accounted for 77% of all transactions (by turnover), with Galway and Cork accounting for 5% and 3% respectively.

Sector as Percentage of Overall Market (By Value)



*13% Other

Sub €20m Market

- In Q2, the sub €20m market recorded 58 out of a total of 63 sales, which equates to 92% of all transactions.
- Total sales in this sub sector amount to €169m.
- This equates to 53% of the total turnover for the quarter. As a percentage this is slightly higher than Q1 2017.
- Looking ahead, the trend of lower value, higher volume sales is set to continue. When taking the total figures for the quarter, only 8 sales recorded were in excess of €10m, and just 15 sales were in excess of €5m.



Top 5 Deals

Property	Sector	Price	Net Initial Yield
Clayton Hotel, Cardiff Lane, Dublin 2	Leisure	€40,000,000	6.03%
Park Office Portfolio, Carrickmines, Dublin 18	Office	€38,600,000	6.82%
Off Market (Dublin)	Retail	€26,000,000	7.36%
One Grand Parade, Dublin 2	Office	€23,000,000	4.29%
Building 2, South County Business Park, Leopardstown, Dublin 18	Office	€20,500,000	9.20%
Total		€148,100,000	

Top Deals Sub €20m

Property	Sector	Price	Net Initial Yield
42-43 Henry Street, Dublin 1	Retail	€18,000,000	4.60%
Unit 21, Fonthill Industrial Park, Clondalkin, Dublin 22	Industrial	€11,050,000	4.33%
Huntstown Business Park, Ballycoolin, Dublin 15	Office	€9,500,000	6.38%
SuperValu, Bray, Co. Wicklow	Retail	€9,200,000	6.76%
117-119 Lower Baggot Street, Dublin 2	Office	€7,100,000	5.19%
Total		€54,850,000	

2017 Outlook

At the end of Q2, the total spend in the commercial property investment market totaled €793m. Although a substantial reduction on 2016 turnover, it must be recognised that 2016 was an exceptional year with the second strongest turnover ever recorded. It is worth noting that the average 10 year H1 investment volume stands at €760m and therefore the current figures are in line with this showing a more sustainable market.

The lack of supply of prime assets has moved investor focus to alternative asset classes. As a result, we are seeing increased demand for forward funding opportunities, multi-family investments, student accommodation and development land.

Looking ahead, we forecast increased activity in the second half of the year with a focus on closing sales by year end.

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