

Market Overview

Investment turnover in the commercial property market totalled €1.235bn for Q3 2019, with 49 transactions completed. This brings the total turnover for 2019 to just over €3bn.

- Q3 turnover amounted to €1.235bn. This is very much in line with Q2 2019 which recorded a total of €1.2bn.
- The top five deals totalled €724m, which is 64% of the total revenue. This was made up of 3 PRS Investments and 2 Office Investments. The average yield achieved for these assets was 4.19%.
- For the second quarter running PRS Investments accounted for the highest level of turnover, with a total of €593m being traded. This reflects 48% of the total turnover. This was from 12 deals, with an average sale price of €49m and yield of 5.31%. Notable sales included the forward purchase of 268 units at Dublin Landings by Ballymore to Greystar.
- Offices accounted for 38% of the turnover, the largest deal being the sale of Five Hanover Quay to Union Investment for €197m. Retail accounted for just 4% of total turnover reflecting investor sentiment for this asset class.



€1.235bn
Investment
Turnover



€724m
Top 5 Deals



48%
PRS Investments



Sub €20m
sales

Sector as a Percentage of Overall Market (by Turnover)



PRS

48% of turnover
12 transactions



OFFICE

38% of turnover
11 transactions



MIXED USE

6% of turnover
11 transactions



RETAIL

4% of turnover
10 transactions



INDUTRIAL

3% of turnover
4 transactions

*Other 1%

Top 5 Deals

Property	Sector	Price Achieved	NIY	Purchaser
Five Hanover Quay, Dublin 2	Office	€197,000,000	4.10%	Union Investment
Dublin Landings PRS	PRS	€175,500,000	4.08%	Greystar
Nova Atria, Sandyford	Office	€165,000,000	Confidential	Mapletree Investments
The Quarter at Citywest	PRS	€94,000,000	4.40%	Urbeo
Confidential	PRS	€93,000,000	Confidential	Confidential

Sub €20m Market

- Out of the 49 transactions recorded this quarter, 35 of these were in the sub €20m bracket, which equates to 71% of the total market by number of transactions, but only 13.7% by revenue.
- Total revenue recorded in this sub market totalled €170m for the period, bringing total revenue in this sector for the year to €466m, down 8% on the same period last year (Q1 – Q3).
- This highlights a gradual drop off in completed transactions within this sector and while anticipated turnover for the year is likely to be in line with 2018 levels, turnover is likely to be down 25% on 2016 and 2017 levels.
- Price counselling continues to be a factor of the market and Brexit and geo political uncertainty is having an impact on investor sentiment. Yields have stabilised and might even see very slight upward pressure before year end, with the Budget increase in stamp duty.
- Notable sales in this market include the sale of Silverstone House in Sandyford by QRE. The 30,000 sq. ft building achieved a price in the region of €11.5m, reflecting a NIY of 6.52%.

Top 5 Deals Sub €20m

Property	Sector	Price Achieved	NIY	Purchaser
Castle West Shopping Centre, Ballincollig, Co. Cork	Retail	€19,000,000	10%	Davy
Off Market	Industrial	€18,500,000	Confidential	Confidential
Off Market	Office	€16,200,000	Confidential	Private
Christchurch Car Park, Werburgh Street, Dublin 8	Car Park	€15,500,000	4.16%	Primevest
Silverstone House, Ballymoss Road, Sandyford, Dublin 18	Office	€11,500,000	6.52%	Confidential



Silverstone House, Sandyford
Sold by QRE

Outlook:

The outlook for year end is positive as transaction levels and investor appetite remains strong. The market is being supported by several large scale transactions which are mainly in the PRS and Office sectors. As interest rates continue to fall, overseas investors are continuing to see opportunity in the Irish market as yields remain competitive when compared to other European Cities. Strong occupier demand is fuelling investment, with prime Office and PRS yields in the region of 4%.

Despite the general positivity, it is very much a two tiered market with some price correction taking place at the lower end of the market, particularly in the sub €10m market. We are seeing a slight reduction in the number of transactions taking place, when compared to the past 2-3 years. This slowdown can be attributed to a number of factors affecting the domestic investor including Brexit and the uncertainty in the US economy.

QRE INVESTMENT TEAM Please contact us for further information:



Conor Whelan
MRICS MSCSI,
Managing Partner
conor.whelan@qre.ie



Ellen Prenderville
MRICS MSCSI,
Associate Director
ellen.prenderville@qre.ie



Bryan Garry
MRICS MSCSI,
Divisional Director
bryan.garry@qre.ie



Lisa McInerney
MRICS MSCSI,
Divisional Director
lisa.mcinerney@qre.ie



Brian Kelly
BSc Hons,
Surveyor
brian.kelly@qre.ie