

# A BIG DEAL

## LIVING FOR THE CITY

Investment volume in 2019 reached a record-breaking €7.2bn, almost double 2018 and 68% above the five-year average. Volume was boosted by €100m+ transactions and an outstanding final quarter which included the largest single investment deal, the €1.34 bn sale of Green REIT's nationwide office and logistics portfolio to Henderson Park Capital.

Living sector transactions, dominated by PRS and multi-family units in Dublin, totalled €2.6bn and accounted for over a third of volume. There were a number of large portfolio deals including XVI Portfolio purchased by IRES Reit for €285.0m and the Vert Platform purchased by Tristan Capital Partners and SW3 Capital for €216.1m.

## NEW HIGHS

Investors continued to show confidence in office investments with volume of €1.8bn, the highest annual total on record. 2019 deals included the purchase of the Cedar Portfolio, a portfolio of landmark offices located in Dublin's central business district, by Blackstone for €530.0m and the newly built 5 Hanover Quay by Union Investment for €197.0m.

Industrial volume reached a new high of €280.4m which included the sale of Ireland's largest building, a Tesco distribution centre in Donabate, sold to KTB Investments & Securities and KTB Asset Management for €160.0m.

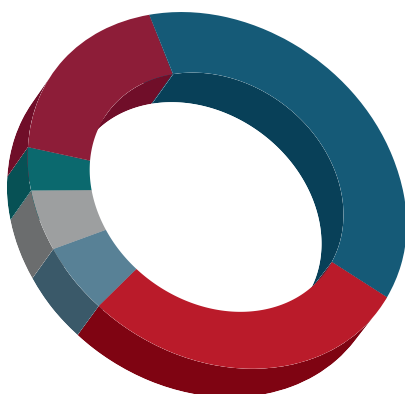
## INSTITUTIONS FOCUS ON MIXED USE

Institutional investors and private equity companies together were responsible for over two-thirds of investment volume. Institutions appeared to favour mixed use assets. In addition to their Green REIT purchase, institutional investor Henderson Park also purchased the mixed use Heuston South Quarter, Dublin for €220.0m.

Despite the challenges facing the retail sector, local private equity company, Davy, invested €251.5m in four retail assets including their purchase of St Stephens Green Shopping Centre, Dublin for €175.5m.

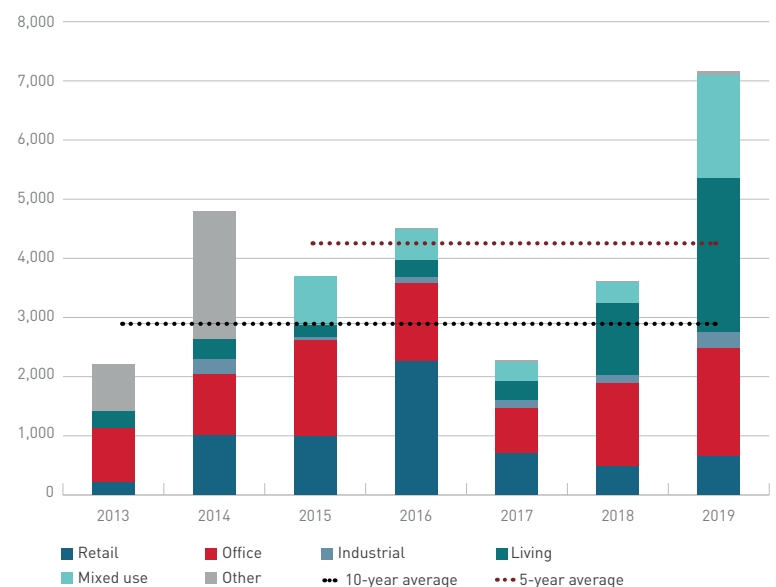
While investors from the Middle East and North America continued to demonstrate confidence in Ireland, it was Irish investors who were most active with investment of almost €2.3bn from indigenous investors.

## VOLUME BY INVESTOR TYPE 2019 (%)



Institutions	38%
Private equity	28%
Propcos	6%
REITs	5%
Private investors	4%
Other/undisclosed	18%

## ANNUAL INVESTMENT VOLUME BY SECTOR (€M)



Source: LSH Research

## TOP TEN DEALS 2019

	Date	Sector	Price (€M)	NIY	Purchaser	Vendor
Green REIT portfolio, Nationwide	Nov-19	Mixed use	1.3bn	-	Henderson Park Capital	Green REIT
Cedar Office portfolio, Dublin	Dec-19	Office	530.0	-	Blackstone	Starwood
XVI Portfolio, Nationwide	Jun-19	Living	285.0	-	IRES REIT	Marathon Asset Management
Heuston South Quarter, Dublin 8	Jul-19	Mixed use	220.0	-	Henderson Park & Chartered Land	Marathon Asset Management
Vert platform, Dublin	Q4	Living	216.1	-	Tristan Capital Partners/ SW3 Capital	Avestus Capital Partners
Five Hanover Quay, Dublin	Aug-19	Office	197.0	4.09%	Union Investment	Targeted Investment Opportunities
St Stephens Green Shopping Centre, Dublin	Nov-19	Retail	175.5	-	Davy Real Estate	Consortium
Portfolio B, Dublin 1	Sep-19	Living	171.0	-	Undisclosed	Undisclosed
Nova Atria, Dublin 18	Oct-19	Office	165.0	-	Mapletree	Blackstone
Tesco distribution centre, Donabate	Dec-19	Industrial	160.0	4.60%	KTB Investments & Securities and KTB Asset Management	South African Fund

Source: LSH Research

## Q4 2019 PRIME YIELDS

SECTOR	Prime yields			YIELD SENTIMENT
	Q4 2019	3 MONTH MOVEMENT (BPS)	12 MONTH MOVEMENT (BPS)	
Prime high street	4.00%	◀▶	◀▶	▼
Prime shopping centres	4.50%	◀▶	◀▶	◀▶
Retail parks	6.00%	◀▶	◀▶	▲
Office	4.00%	◀▶	◀▶	▼
Industrial	5.75%	◀▶	◀▶	◀▶

Source: LSH Research

## OUTLOOK

2019 exceeded all expectations for the Irish commercial property market which has been going from strength to strength in recent years. The strength of investor appetite is not expected to wain and it is forecast that 2020 will be another strong year, but annual volume will be more in keeping with the five-year average of around €4.0bn.

It is forecast that office transactions are likely to dominate in 2020, primarily due to lack of supply of PRS assets.

With no party winning a clear majority in the February general election but Sinn Fein making huge gains in voter support there is a level of political uncertainty that has not been felt in Ireland for many years. At the time of publication, the main parties have entered talks to see if they can gather sufficient numbers to form a coalition government. Depending upon the make-up of the new Irish government there is the potential for policy direction change on property, the economy and investment.

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