

2020

IRISH INVESTMENT MARKET



**BNP PARIBAS
REAL ESTATE**

INVESTMENT
RESEARCH

2020 KEY TRENDS

9 MEGA DEALS
—
€100M+

STRONG Q4
PERFORMANCE
—
€1.25BN INVESTED

NO. 1 DEAL
—
EXETER GROUP PORTFOLIO
€200M

TOP 5
TRANSACTIONS
—
29% OF TURNOVER

RESIDENTIAL SECTOR
—
42% OF TURNOVER

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2020 INVESTMENT MARKET AT A GLANCE



KATE RYAN
Associate Director & Head of Research
BNP Paribas Real Estate

“ More than €1.2 billion was invested in Irish commercial property during the final three months of last year, bringing total turnover for 2020 to €3.05 billion. While this is some way off the record €7.4 billion transacted in 2019, it is a solid year in the context of the ongoing COVID-19 pandemic and is above the ten-year average. ”

Core office and PRS assets have been most sought after, highlighting confidence in the long-term prospects for both Ireland's economy and the Dublin office and residential markets. Despite the widespread adoption of remote working during the pandemic, prime office rents remained relatively stable throughout the year with rent collection for office investments anecdotally strong. Office mega-deals such as Bishop's Square (€183m), Baggot Plaza (€141m) and Fitzwilliam 28 (€177.5m), all acquired by European investors, have underscored the continued appetite such assets attract with €1.2 billion invested in the sector in 2020. Similarly, chronic undersupply of housing in recent years has led to intense competition amongst Irish and overseas investors alike for PRS opportunities, with just under €1.3 billion invested in the residential sector across 30 deals.

Major surges in e-commerce and growth in the grocery and distribution sectors have resulted in record demand for logis-

tics space. With the development of prime logistics space on a speculative only basis beginning in Ireland relatively recently, demand has outstripped supply leading to strong rental growth in recent years. Despite strong levels of interest, investment opportunities have remained low with the sector attracting a small proportion of total turnover each quarter. This changed in Q4 however, with news that Singaporean investor GIC had paid €200 million to acquire an Exeter Group-managed portfolio of more than 120,000 sq.m of logistics space across 30 assets from Morgan Stanley Investment Management in the final weeks of the year.

It is clear that the retail and hospitality sectors have been hardest hit by the pandemic, however the impact has been more severe in some sub-sectors than others. In contrast to the challenged high street and shopping centres, retail parks, supermarkets and neighbourhood centres have proven quite defensive with stable income streams and minimal supply chain disruption. This led to more than €138 million being invested in retail assets in 2020 with several neighbourhood centres and supermarkets among these.

Even with travel restrictions and other barriers imposed by the pandemic, it was encouraging to see more than €2 billion of capital invested by foreign investors during 2020 with PRS, Office and Logistics the predominant sectors of choice. An abundance of global liquidity has been met with volatile equity markets, low interest rates and a lack of yield elsewhere, making real estate more attractive on a relative value basis. The range of recent transactions gives a clear indication that foreign investors increasingly see Ireland as a stable, low-risk destination, some-

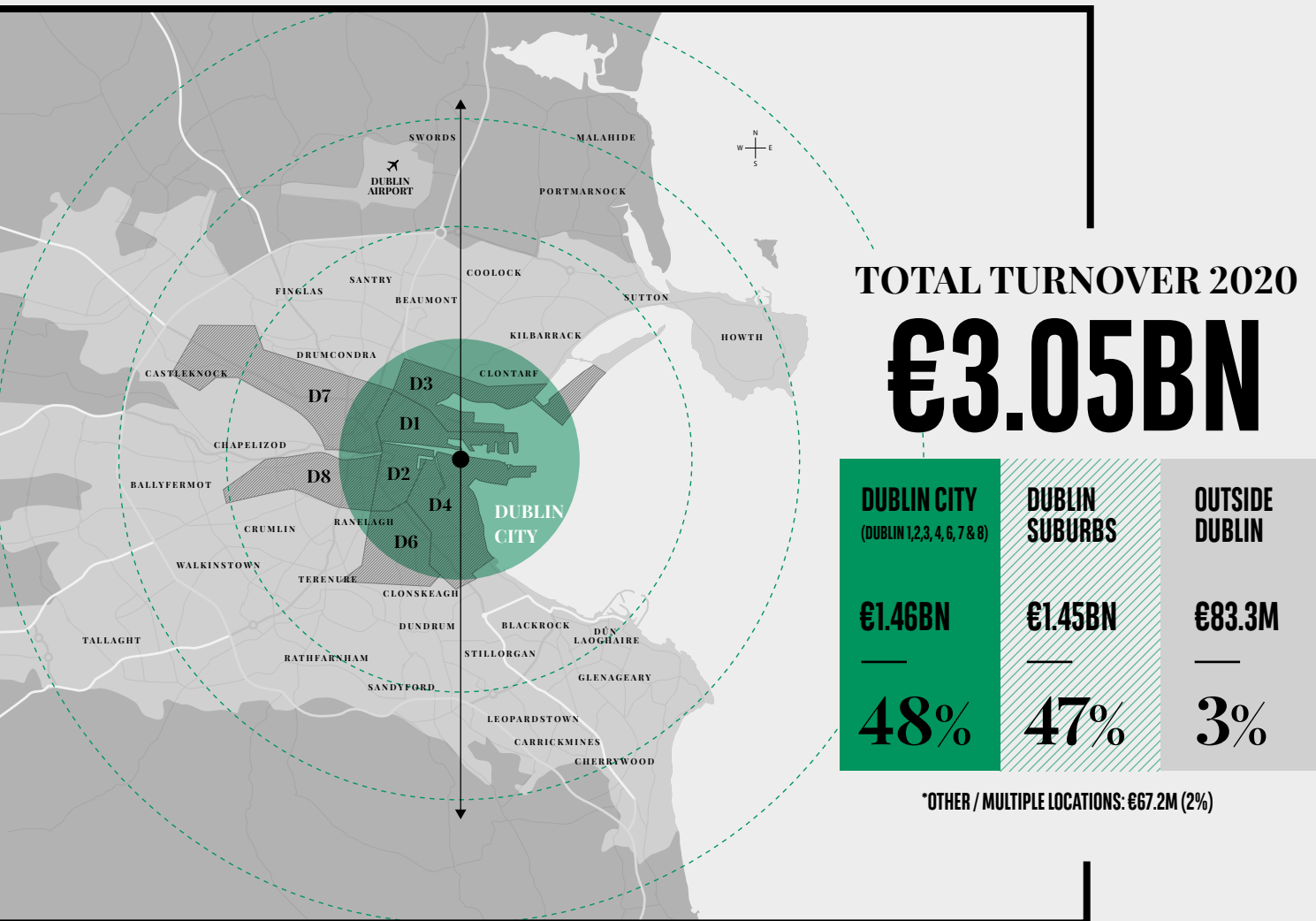
thing that ten years ago would have been impossible to even imagine.

European investors in particular continue to seek out opportunities in Ireland; their funds are euro-denominated, which removes any risk with regard to currency fluctuations, there is no drag on returns from hedging costs and the prime yield in Dublin remains relatively attractive when compared with other European capital cities. In 2020 we saw several new entrants from countries like France and Luxembourg seeking opportunities in Dublin, having spent the early months of the COVID crisis educating themselves on the Irish market and refining their investment strategies.

As with most countries across Europe, Ireland continues to grapple with rising cases of COVID-19 and is in the middle of a third lockdown to deal with this. Unlike last year, however, buyers, sellers and agents alike are now very experienced in working and completing deals in the context of COVID, while the ongoing vaccine rollout means the end is now in sight. So, while 2020 is a year most would rather forget, the prospects for Ireland remain relatively strong and we enter 2021 with optimism for a quick recovery, with the real estate sector well poised to benefit from this.

OVERSEAS INVESTORS
INVESTED MORE THAN

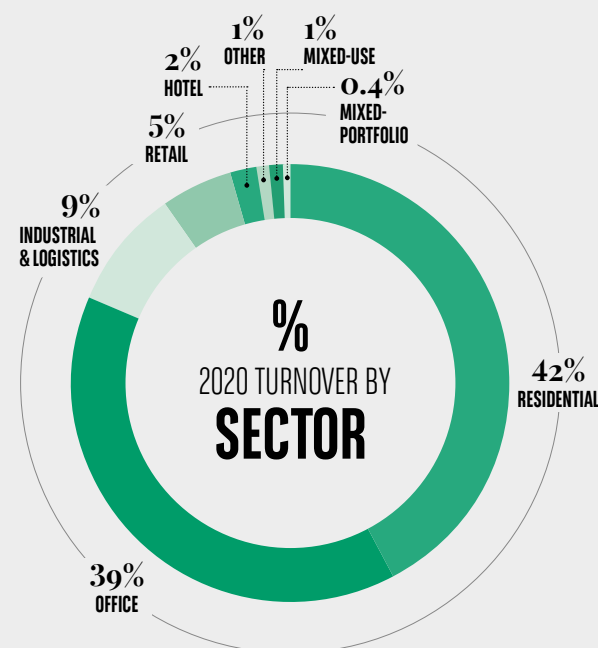
€2BN
IN 2020



“Despite the challenges presented during 2020 as a result of COVID-19, the appeal of Irish commercial real estate as an asset class endured with some significant investment transactions occurring. Even with travel restrictions and other barriers imposed by the pandemic, overseas investors were able to complete deals worth more than €2 billion (66% of total turnover), with PRS and offices the predominant sectors of choice.”

DAMIEN MCCAFFREY

Director, Investment, BNP Paribas Real Estate Ireland



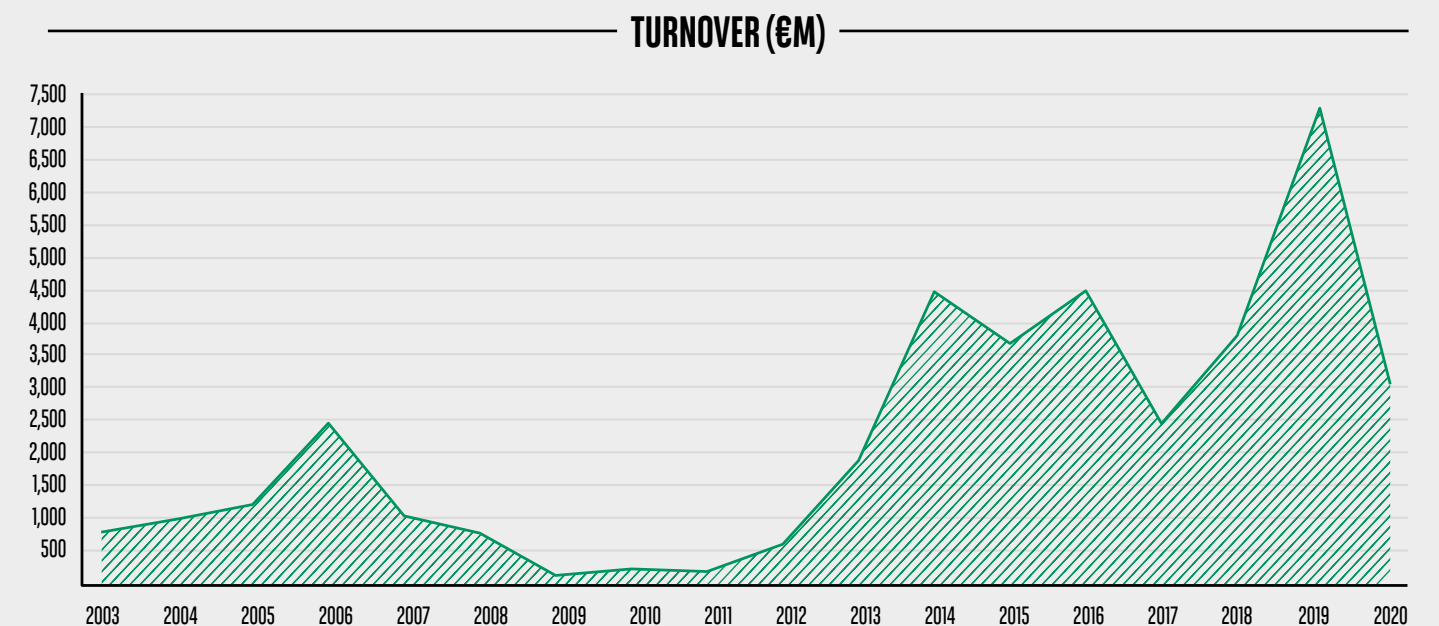
Source: BNP Paribas Real Estate Research

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The uncertainty brought about by the COVID-19 pandemic has definitely impacted on the investment market over the past ten months, although not as severely as may have been expected. Investors generally expect commercial real estate in Ireland to bounce back quite strongly with a robust outlook for the economic fundamentals in the medium to long term. The market has matured, strong relative value in comparison to other European cities persists and the diversity of occupiers remains compelling for pan-European investors.”

KENNETH ROUSE

Managing Director, Head of Capital Markets, BNP Paribas Real Estate Ireland



	TRANSACTIONS BY LOT SIZE AND LOCATION						
	UNDER €1M	€1M-€3M	€3M-€10M	€10M-€20M	€20-50M	€50-100M	€100M+
DUBLIN CITY (1,2,3,4,6,7 & 8)	6	11	10	7	6	6	4
DUBLIN SUBURBS	13	12	11	4	9	4	5
OUTSIDE DUBLIN	11	6	8	1	-	-	-
% OF TOTAL TURNOVER	<1%	2%	6%	6%	17%	22%	46%

Count of transactions does not include deals for which location of property is unavailable.

Source: BNP Paribas Real Estate Research



TOP DEALS 2020

	BUILDING	LOCATION	ASSET TYPE	PRICE ACHIEVED	YIELD ACHIEVED
1	Exeter Group Portfolio	Mixed	Industrial & Logistics	€200m	4.5%
2	Cheevers Court & Haliday House, Cualaunor, Dun Laoghaire	Co. Dublin	Residential	€195m	c. 3.9%
3	Bishop's Square	Dublin 2	Office	€183m	4.0%
4	Fitzwilliam 28	Dublin 2	Office	€177.5m	4.0%
5	The Prestige Portfolio	Co. Dublin	Residential	€145m	c. 3.9%
6	Baggot Plaza	Dublin 4	Office	€141m	4.0%
7	PRS Portfolio	Co. Dublin	Residential	€140m	-
8	Blackwood Square, Santry Demesne	Dublin 9	Residential	€123.5m	c. 5.5%
9	The Treasury Building, Grand Canal Street	Dublin 2	Office	€115.5m	4.3%
10	2 Burlington Road	Dublin 4	Office	€94m	4.3%
11	Former Brewery Block, Newmarket Square	Dublin 8	Residential	€85m	c. 5%
12	La Touche House, IFSC	Dublin 1	Office	€84.3m	5.3%
13	Clay Farm Phase 1c	Dublin 18	Residential	€75m	c. 4.5%
14	Clayton Hotel, Charlemont	Dublin 2	Hotel	€65m	4.3%
15	30-33 Molesworth Street	Dublin 2	Office	€60m	c. 3.6%

TOP 5 OFFICE DEALS

	PROPERTY	LOCATION	PRICE ACHIEVED	YIELD ACHIEVED
1	Bishop's Square	Dublin 2	€183m	4.0%
2	Fitzwilliam 28	Dublin 2	€177.5m	4.0%
3	Baggot Plaza	Dublin 4	€141m	4.0%
4	The Treasury Building, Grand Canal Street	Dublin 2	€115.5m	4.3%
5	2 Burlington Road	Dublin 4	€94m	4.3%

TOP 5 RESIDENTIAL DEALS

	PROPERTY	LOCATION	PRICE ACHIEVED	YIELD ACHIEVED
1	Cheevers Court & Haliday House, Cualaunor, Dun Laoghaire	Co. Dublin	€195m	c. 3.9%
2	The Prestige Portfolio	Co. Dublin	€145m	c. 3.9%
3	PRS Portfolio	Co. Dublin	€140m	-
4	Blackwood Square, Santry Demesne	Dublin 9	€123.5m	c. 5.5%
5	Former Brewery Block, Newmarket Square	Dublin 8	€85m	c. 5%

TOP 5 INDUSTRIAL & LOGISTICS DEALS

	PROPERTY	LOCATION	PRICE ACHIEVED	YIELD ACHIEVED
1	Exeter Group Portfolio	Mixed	€200m	4.5%
2	Industrial Portfolio, North Dublin	Co. Dublin	€20.7m	4.4%
3	Jamestown Business Park, Finglas	Dublin 11	€10.8m	7.8%
4	Industrial Unit	Co. Cork	€7.2m	c. 5.0%
5	Unit D, Kilcarbery Distribution Park (50%)	Dublin 22	€6m	5.4%



TOP DEALS DUBLIN SUBURBS

	PROPERTY	LOCATION	ASSET TYPE	PRICE ACHIEVED	YIELD ACHIEVED
1	Exeter Group Portfolio	Mixed	Industrial & Logistics	€200m	4.5%
2	Cheevers Court & Haliday House, Cualaunor, Dun Laoghaire	Co. Dublin	Residential	€195m	c. 3.9%
3	The Prestige Portfolio	Co. Dublin	Residential	€145m	c. 3.9%
4	Blackwood Square, Santry Demesne	Dublin 9	Residential	€123.5m	c. 5.5%
5	Clay Farm Phase 1c	Dublin 18	Residential	€75m	c. 4.5%
6	The Phoenix Park Racecourse, Castleknock	Dublin 15	Residential	€60m	c. 5.3%
7	Charleville, Harbour Road, Dalkey	Co. Dublin	Residential	€51.3m	3.8%
8	Project Connect	Mixed	Residential	€48m	c. 4.2%
9	Johnstown Road PRS	Co. Dublin	Residential	€45m	-
10	Classon House, Dundrum Business Park	Dublin 14	Office	€29.3m	7.0%

TOP DEALS OUTSIDE DUBLIN

	PROPERTY	LOCATION	ASSET TYPE	PRICE ACHIEVED	YIELD ACHIEVED
1	City East Retail Park	Co. Limerick	Retail	€18.4m	11.4%
2	Westside Shopping Centre	Co. Galway	Retail	€9.4m	7.3%
3	Tesco Roscrea	Co. Tipperary	Retail	€7.8m	11.1%
4	33 Shop Street, Galway City	Co. Galway	Retail	€7.4m	6.5%
5	Industrial Unit	Co. Cork	Industrial & Logistics	€7.2m	c. 5.0%
6	Aldi, Carrigtwohill	Co. Cork	Retail	€5.6m	7.3%
7	Musgrave Business Park	Co. Waterford	Retail	€4.9m	7.6%
8	Aldi, Rathnew	Co. Wicklow	Retail	€4.8m	6.6%
9	Rye River Brewing Company	Co. Kildare	Industrial & Logistics	€3.3m	7.1%
10	1 Shop Street, Galway City	Co. Galway	Retail	€2m	7.3%

PROFILE OF TRANSACTIONS BY SECTOR

TWO LARGEST
RESIDENTIAL
TRANSACTIONS



#1 Cheevers Court and
Haliday House, Cualanor,
Dún Laoghaire, Co. Dublin

Forward sale of 368 apartments in the Cualanor development in Dun Laoghaire acquired by DWS for **€195 million** or €529,891 per unit.

Sold by Cosgrave Group



#2 The Prestige Portfolio,
Co. Dublin

Purchase of 86 existing apartments at Cedar Place, Swords, and a total of 231 residential units including both houses and apartments under construction at Strand View, Raheny; Verville, Clontarf; and Brookwood Court, Killester. The portfolio was purchased by a DWS-managed fund for **€145 million** or €457,413 per unit.

Sold by MKN Property Group

TWO LARGEST
OFFICE
TRANSACTIONS



#1 Bishop's Square,
Dublin 2

Grade A office building extending to 16,980 sq.m, originally built in 2002 but recently substantially refurbished by Hines. The property, which is multi-let with 90% of the income attributable to State entities, was acquired by GLL Real Estate Partners for **€183 million**.

Sold by Hines



#2 Fitzwilliam 28,
Dublin 2

Forward purchase of Grade A office building extending to 12,599 sq.m, currently under construction and let to Slack Inc. on a 12-year term from completion. Acquired by Amundi Immobilier for **€177.5 million**.

Sold by ESB

TWO LARGEST
INDUSTRIAL
& LOGISTICS
TRANSACTIONS



#1 Exeter Group Portfolio,
Various Locations

Portfolio of more than 120,000 sq.m of industrial & logistics space across 30 Irish assets, including units in Greenogue and Baldonnell Business Parks in Dublin, managed by Exeter Property Group. GIC acquired Morgan Stanley Investment Management's equity stake in the portfolio for a price in the region of **€200 million**.

Sold by Morgan Stanley Investment Management



#2 Industrial Portfolio,
North Dublin

Portfolio of industrial properties in North Dublin including Airport Business Park, North City Business Park and units at Stadium Business Park and North Park. The portfolio extends to 16,224 sq.m and was acquired by M7 Real Estate for a price in the region of **€20.7 million**.

Sold by a Private Vendor



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At BNP Paribas Real Estate our people work with you to build targeted and integrated real estate solutions for your every need: Property Development, Transaction, Consulting, Valuation, Property Management and Investment Management.

With our international scope, expertise and on-the-ground presence, you will find the perfect partner that can ensure the success of your real estate projects.



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