

# Q3 2020

—  
**IRISH  
INVESTMENT  
MARKET  
AT A GLANCE**  
—



**BNP PARIBAS  
REAL ESTATE**

INVESTMENT  
RESEARCH

## Q3 2020 KEY TRENDS

CLOSE TO  
—  
**€700 MILLION**  
INVESTED

**2**  
MEGA DEALS  
—  
**€100M+**

**NO. 1 DEAL**  
—  
CUALANOR, DUN LAOGHAIRE  
**€195M**

**TOP 5  
TRANSACTIONS**  
—  
**81% OF TURNOVER**

**RESIDENTIAL  
SECTOR**  
—  
**67% OF TURNOVER**

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## INVESTMENT MARKET AT A GLANCE

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

**“ Irish investment turnover reached just under €700 million during the third quarter of the year, representing an increase of 63% relative to Q2. ”**

This brings total investment for the first nine months of the year to just over €1.8 billion, which is a decline of more than 40% relative to the same period in 2019. It is worth noting, however, that 2019 was an outlier due to the large number of high-value portfolio sales transacted. Still, the investment market has, unsurprisingly, experienced continued instability in recent months due primarily to the practicalities surrounding inspections and carrying out technical due diligence due to travel restrictions which have hindered deal completion.

The top performer in Q3 was the residential investment sector which saw €470 million invested across 1,016 residential units. The majority of this relates to the forward purchase of houses and apartments for rental across Dublin. The largest transaction in this sector and largest of the quarter was the €195 million sale of 368 apartments at Cheevers Court

and Haliday House, Dun Laoghaire, to DWS. DWS also acquired the Prestige Portfolio of 317 residential units (houses and apartments) across four separate developments during Q3. DWS have been increasingly active in the Irish market in recent years, investing more than €770 million in Irish commercial real estate in the past two years alone.

The office sector saw €216 million invested across 8 transactions. Prime office assets have attracted significant interest from international investors, indicating their confidence in the Dublin office market and the longer-term trajectory of Ireland's economy overall. Henderson Park sold two assets which formed part of the Green REIT portfolio it acquired late last year; 2 Burlington Road and 30-33 Molesworth Street. Well-located core properties such as these represent a secure investment in the current climate, particularly in this low interest rate environment, while Ireland represents strong relative value in comparison to other European cities.

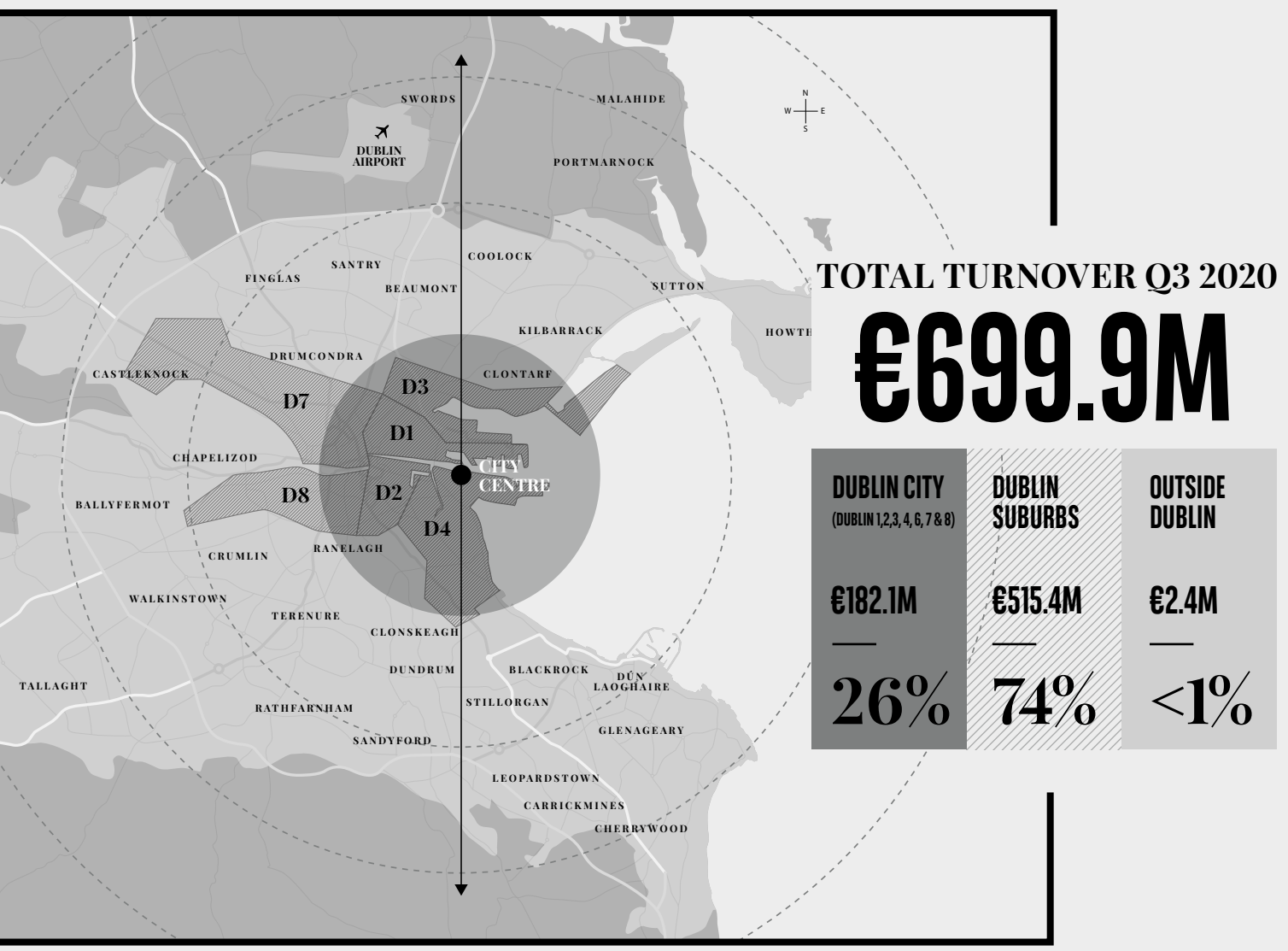
Overseas investors continue to invest heavily in Irish real estate, accounting for 73% of turnover this quarter with the majority of this total attributable to German funds. This is despite the challenges posed by the pandemic, particularly in relation to changing travel and quarantine rules. The planned introduction of rapid testing in airports and a move to align Ireland with the EU in terms of COVID-19 travel restrictions

should improve the situation somewhat. Virtual viewings and other online tools have allowed overseas investors to progress deals throughout the summer months and we expect that this will be a feature of the market even once the pandemic has passed.

While total turnover for the year is unlikely to come close to last year's record €7.3 billion, there was €1.8 billion worth of property assets on the market moving into Q4 with just under a quarter of this at sale agreed stage. This leads us to believe that total turnover for the year will be broadly in line with the previous 10-year average of €2.2 billion, if not slightly above this level, which is positive considering the turbulent year this has been.

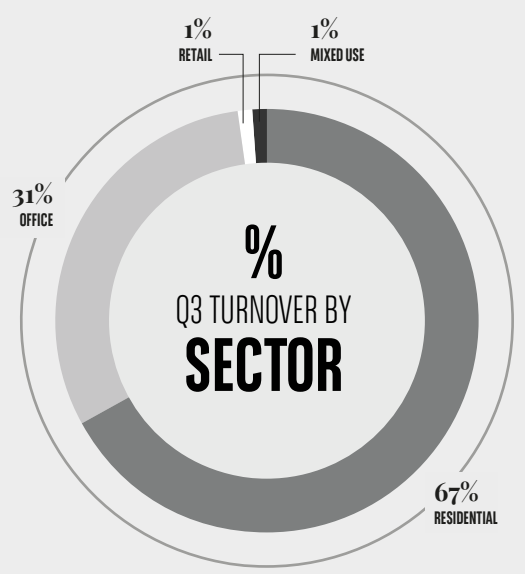
GERMAN INVESTORS  
ACCOUNTED FOR

**71%**  
OF TURNOVER IN Q3



“ In times of crisis, secure investments appeal more than ever as many investors focus their investment strategies on core, well-located properties on long-term leases, particularly given the backdrop of ultra-low interest rates in Europe. The private residential rental market is experiencing increased demand as it matures and performs as a defensive asset class appealing to institutional investors, the sector is expected to remain a dominant sale class with a strong pipeline of expected transactions. ”

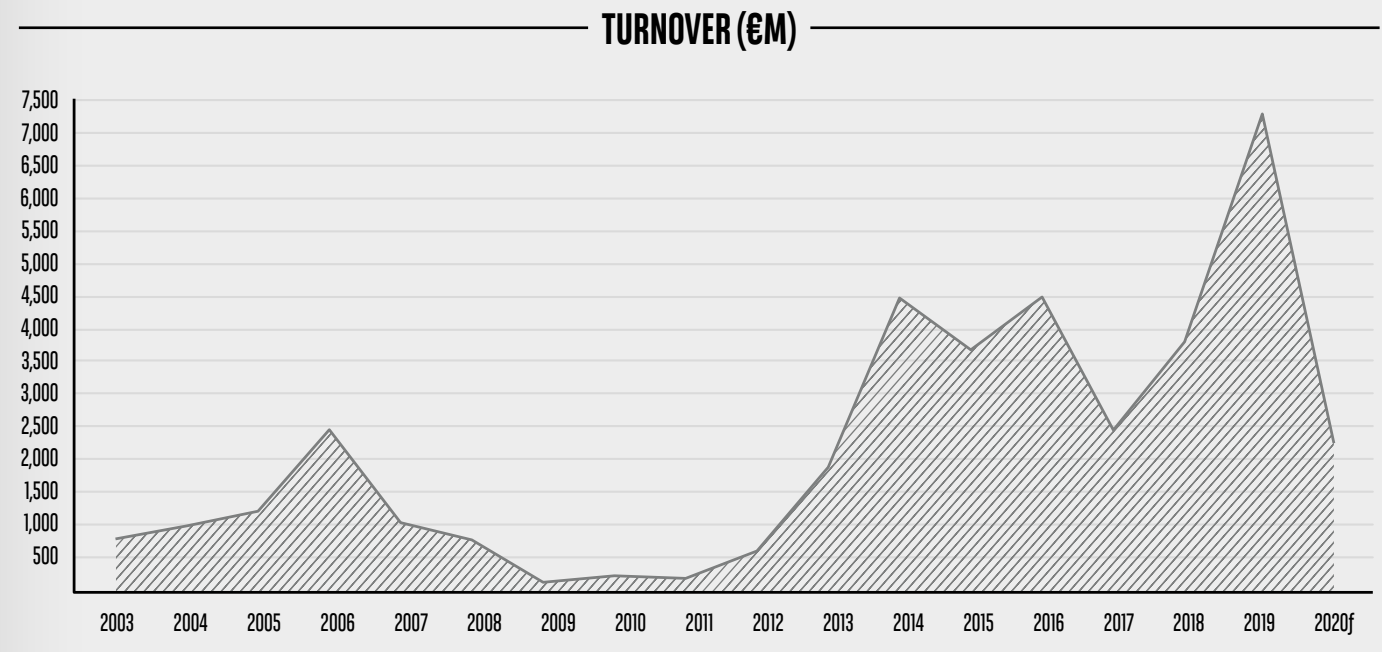
DAMIEN MCCAFFREY  
Director, Investment, BNP Paribas Real Estate Ireland



Source: BNP Paribas Real Estate Research

“ The uncertainty brought about by the COVID-19 pandemic has definitely impacted on the investment market over the past six months, although not as severely as may have been first anticipated. 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	1	-	2	-
DUBLIN SUBURBS	6	1	2	1	2	1	2
OUTSIDE DUBLIN	1	1	-	-	-	-	-
% OF TOTAL TURNOVER	<1%	<1%	3%	4%	10%	33%	49%

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

Source: BNP Paribas Real Estate Research





TOP 10 TRANSACTIONS Q3 2020

	PROPERTY	LOCATION	ASSET TYPE	PRICE ACHIEVED	YIELD ACHIEVED
1	Cheevers Court & Haliday House, Cualanor, Dun Laoghaire	Co. Dublin	Residential	€195m	c. 3.9%
2	The Prestige Portfolio	Co. Dublin	Residential	€145m	c. 3.9%
3	2 Burlington Road	Dublin 4	Office	€94m	4.3%
4	Clay Farm Phase 1c	Dublin 18	Residential	€75m	c. 4.5%
5	30-33 Molesworth Street	Dublin 2	Office	€60m	3.6%
6	Johnstown Road PRS	Co. Dublin	Residential	€45m	-
7	Building 12, The Campus, Cherrywood	Dublin 18	Office	€27.7m	5.9%
8	5 Units at Sandymount Business Centre	Dublin 18	Office	€15.1m	7.2%
9	39-43 Merrion Square	Dublin 2	Office	€15m	-
10	20 Apartments at Ice Rink, Dolphin's Barn	Dublin 8	Residential	€6.3m	5.7%

TOP 5 OFFICE TRANSACTIONS

	PROPERTY	LOCATION	PRICE ACHIEVED	YIELD ACHIEVED
1	2 Burlington Road	Dublin 4	€94m	4.3%
2	30-33 Molesworth Street	Dublin 2	€60m	3.6%
3	Building 12, The Campus, Cherrywood	Dublin 18	€27.7m	5.9%
4	5 Units at Sandymount Business Centre	Dublin 18	€15.1m	7.2%
5	39-43 Merrion Square	Dublin 2	€15m	-

TOP 5 RESIDENTIAL TRANSACTIONS

	PROPERTY	LOCATION	PRICE ACHIEVED	YIELD ACHIEVED
1	Cheevers Court & Haliday House, Cualanor, Dun Laoghaire	Co. Dublin	€195m	c. 3.9%
2	The Prestige Portfolio	Co. Dublin	€145m	c. 3.9%
3	Clay Farm Phase 1c	Dublin 18	€75m	c. 4.5%
4	Johnstown Road PRS	Co. Dublin	€45m	-
5	20 Apartments at Ice Rink, Dolphin's Barn	Dublin 8	€6.3m	5.7%

TOP 5 RETAIL TRANSACTIONS

	PROPERTY	LOCATION	PRICE ACHIEVED	YIELD ACHIEVED
1	Bank of Ireland, Balbriggan	Co. Dublin	€5.5m	7.1%
2	1 Shop Street, Galway City	Galway	€2m	7.3%





TOP TRANSACTIONS DUBLIN SUBURBS

	PROPERTY	LOCATION	ASSET TYPE	PRICE ACHIEVED	YIELD ACHIEVED
1	Cheevers Court & Haliday House, Cualaunor, Dun Laoghaire	Co. Dublin	Residential	€195m	c. 3.9%
2	The Prestige Portfolio	Co. Dublin	Residential	€145m	c. 3.9%
3	Clay Farm Phase 1c	Dublin 18	Residential	€75m	c. 4.5%
4	Johnstown Road PRS	Co. Dublin	Residential	€45m	-
5	Building 12, The Campus, Cherrywood	Dublin 18	Office	€27.7m	5.9%
6	5 Units at Sandyford Business Centre	Dublin 18	Office	€15.1m	7.2%
7	Bank of Ireland, Balbriggan	Co. Dublin	Retail	€5.5m	7.1%
8	Lusk Town Centre	Co. Dublin	Mixed-Use	€4m	10.8%

TOP TRANSACTIONS OUTSIDE DUBLIN

	PROPERTY	LOCATION	ASSET TYPE	PRICE ACHIEVED	YIELD ACHIEVED
1	1 Shop Street, Galway City	Galway	Retail	€2m	7.3%
2	Crèche, Cork Road, Mallow	Cork	Other	€406k	9.0%



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 2 Burlington Road,  
Dublin 4

Six-storey office building extending to 7,924 sq.m of Grade A office space, originally built in 2002 and let to AIB on a 25-year lease. The property formed part of the Green REIT portfolio acquired by Henderson Park in Q4 2019, and the sale is in line with their long-term business plan which will see capital redeployed into their Irish development pipeline of mainly office and logistics assets. The property was acquired by KGAL for **€94 million**.

Sold by Henderson Park



#2 30-33 Molesworth Street,  
Dublin 2

Collection of four office blocks – two modern and two Georgian buildings – on Molesworth Street extending to 5,300 sq.m in total. The multi-let properties were acquired by KanAm for a price in the region of **€60 million**.

Sold by Henderson Park

TWO LARGEST  
RETAIL  
TRANSACTIONS



#1 Bank of Ireland,  
Balbriggan, Co. Dublin

Suburban retail banking hall consisting of 727 sq.m of floorspace leased to Bank of Ireland with a WAULT of 14.5 years. Acquired by Elkstone for **€5.5 million**.

Sold by Aviva



#2 1 Shop Street, Galway City,  
Co. Galway

Five-storey over basement building extending to approximately 409 sq.m, occupied by Three Ireland on a ten-year lease from May 2016. The property was acquired by a private investor for just over **€2 million**.

Sold by Deloitte



**BNP PARIBAS  
REAL ESTATE**

20 Merrion Road, Ballsbridge  
Dublin 4, Ireland  
+353 1 661 1233  
realestate.bnpparibas.ie

PSRA No: 002702



**KATE RYAN**  
ASSOCIATE DIRECTOR  
HEAD OF RESEARCH

T +353 1 661 1233  
M +353 87 191 0175  
kate.ryan@bnpparibas.com

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**KENNETH ROUSE**  
MANAGING DIRECTOR  
HEAD OF CAPITAL MARKETS

T +353 1 661 1233  
M +353 86 832 1686  
kenneth.rouse@bnpparibas.com



**DAMIEN MCCAFFREY**  
DIRECTOR, INVESTMENT  
CAPITAL MARKETS

T +353 1 661 1233  
M +353 87 985 2272  
damien.mccaffrey@bnpparibas.com



**MATTHEW VANSTON**  
DIVISIONAL DIRECTOR, INVESTMENT  
CAPITAL MARKETS

T +353 1 661 1233  
M +353 87 643 4497  
matthew.vanston@bnpparibas.com



**SEAN HOUSTON**  
INVESTMENT ANALYST  
CAPITAL MARKETS

T +353 1 661 1233  
M +353 87 435 6917  
sean.houston@bnpparibas.com

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