Investment Market At A Glance Q4 2015

“2015 ended with a surge of investment deals closing, taking turnover to €3.7bn for the year as a whole,”

Joan Henry, Head of Research, BNP Paribas Real Estate

Irish investment transactions in the final quarter of 2015 reached just under €1.4 billion bringing total turnover for the year as whole to €3.7 billion. 76 deals were closed in the quarter, the highest number by far compared to the earlier quarters in 2015.

Irish Investment Market Turnover by quarter (€m)

Source: BNP Paribas Real Estate Research

Four transactions in the final quarter each over €100m, made up 46% of the total turnover in Q4. The largest deal was the purchase by Starwood of Elm Park, a mixed use development in Dublin 4, for €190m. The second largest was the purchase of The Nationwide Retail Parks Portfolio for €177m by Davidson Kempner. A mixed use portfolio sale of offices and multi-family was sold for €155m while a nationwide retail parks portfolio sold for €115m. There were 76 deals completed in Q4 and each of the remaining 72 deals were less than €100m in size, with 69 deals below €50m in lot size. Retail transactions dominated Q4 activity.

Irish Investment Market Turnover Q4, by sector (% value)

Source: BNP Paribas Real Estate Research
Irish Investment Market Turnover 2015, by sector (% value)

Source: BNP Paribas Real Estate Research

While the value of office transactions made up only 22% of total value in Q4, office deals dominated for the year as a whole, with €1.6 billion of the total €3.7 billion transacted in the office sector. Retail spend made up 31% of the total annual spend while the purchase of mixed-use investments made up 14%. Mixed-use investment spend was strong in Q4 at €372m, considerably higher than spend on mixed-use portfolios in the first three quarters of the year which totalled €121m.

Retail opportunities that came to the market throughout the year attracted very strong interest and this trend is expected to continue in 2016, driven by the considerable pace of economic growth, consumer confidence and buoyant retail sales.

Breakdown of investment market turnover by sector, 2014 & 2015 (€m)

Source: BNP Paribas Real Estate Research
Key Deals in Q4 2015

<table>
<thead>
<tr>
<th>Investment Transaction</th>
<th>Sector</th>
<th>Price Achieved (€m)</th>
<th>Initial Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elm Park</td>
<td>Mixed use</td>
<td>€190m</td>
<td>4.79%</td>
</tr>
<tr>
<td>The National Portfolio</td>
<td>Retail</td>
<td>€177m</td>
<td>7.23%</td>
</tr>
<tr>
<td>Mixed Use portfolio</td>
<td>Office/Multi-family</td>
<td>€155m</td>
<td>5.2%</td>
</tr>
<tr>
<td>Retail Park portfolio</td>
<td>Retail</td>
<td>€115m</td>
<td>7.4%</td>
</tr>
<tr>
<td>Multi-family &amp; Retail portfolio</td>
<td>Multi-family/retail</td>
<td>€83m</td>
<td>8%</td>
</tr>
</tbody>
</table>

75% of total investment spend in 2015 was in the Dublin market. The 25% transacted outside Dublin was dominated by a number of nationwide retail portfolio sales. The sale of two retail portfolios which had a majority of properties located outside of Dublin, (Cornerstone and The National), made up almost 9% of turnover for year as a whole (at just under €300m).

Breakdown of investment market turnover by location, Dublin & Rest of Ireland, 2015

![Chart showing the breakdown of investment market turnover by location.](chart1.png)

Source: BNP Paribas Real Estate Research

Breakdown of investment market turnover by sector, Dublin & Rest of Ireland, 2015

![Chart showing the breakdown of investment market turnover by sector.](chart2.png)

Source: BNP Paribas Real Estate Research
In terms of buyer profile, US investors continue to take a strong position in relation to Irish assets, completing the largest two transactions in Q4. US investors make up over 30% of the total purchased in the final quarter and 27% of the total €3.7bn invested in Irish property in 2015. Irish investors (including funds and privates) purchased close to €700m (19%) of total turnover in 2015, while German, UK and other investors making up 19%. 35% of transactions were purchased by investors who prefer to remain confidential.

**Investors by Nationality, 2015**

![Investors by Nationality Chart]

*Source: BNP Paribas Real Estate Research*

The outlook for 2016 is positive with approximately €600m of deals agreed and expected to close in the first quarter of the year. Office opportunities are once again expected to lead investment spend but strong interest is expected from international and domestic investors in prime retail opportunities that come to market. Turnover in 2016 is expected to be strong (€2-2.5 billion) but less than 2015. Single large transactions such as Project Molly (which alone made up 12% of total turnover in 2015) are not expected to be repeated in 2016.

The base of buyers is expected to widen further in 2016 with an increase in the volume of opportunities coming to the market below €50m lot size, a trend evidenced in Q4 which will allow investors interested at this price category to purchase.

For further information contact:

Joan Henry
Head of Research

BNP Paribas Real Estate
20 Merrion Road
Ballsbridge

[joan.henry@bnpparibas.com](mailto:joan.henry@bnpparibas.com)