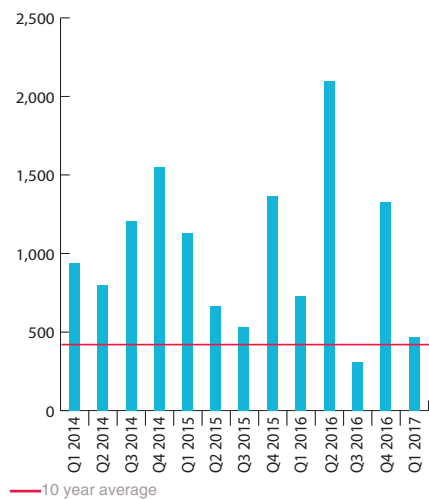


€469 million worth of investment transactions (Figure 1) changed hands during Q1, representing a decline of almost 36% in comparison to the same period last year. Despite this, the figure represents a healthy start to the year given that Q1 is traditionally the quietest quarter of the year, and puts the investment market in 2017 on course to comfortably surpass the 10-year average investment volume of €1.8 billion. This represents a normalisation of activity levels given that in recent quarters, overall investment volumes and retail's share of that spend was distorted by the sale of a number of shopping centres and retail parks.

FIGURE 1
Irish commercial investment volumes
€ million



Source: Knight Frank Research

Looking at geographical spread of activity within Ireland (Figure 2), we see that there was a sizeable increase in spending outside of Dublin, with regional sales accounting for 24% of all transactions, up from 11% a year earlier. Turning to investment sales by sector (Figure 3), we see that office sales totalled €214 million in Q1, accounting for 46% of the market. Appetite from investors for office assets remained robust with volumes constrained by the shortage of prime product coming to the market.

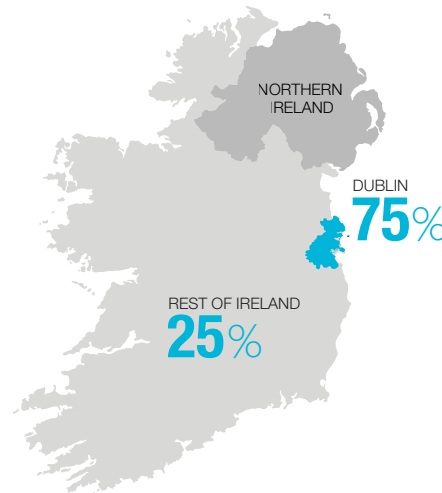
€469m

worth of investments transacted in Q1 2017.

With built assets in short supply, buyer attention is turning to forwarding-funding opportunities as illustrated by Irish Life's €126 million purchase of 13-18 City Quay. An agreement to lease the entire development is in place with Grant Thornton, who have agreed to pay rent of €52.50 psf for a 25-year term with practical completion due in 2018, representing a net initial yield of 4.57% to Irish Life.

Retail sales accounted for 26% of the market or approximately €122 million in Q1. This was largely driven by the sale of shopping centres and retail parks in regional

FIGURE 2
Investment spend by location

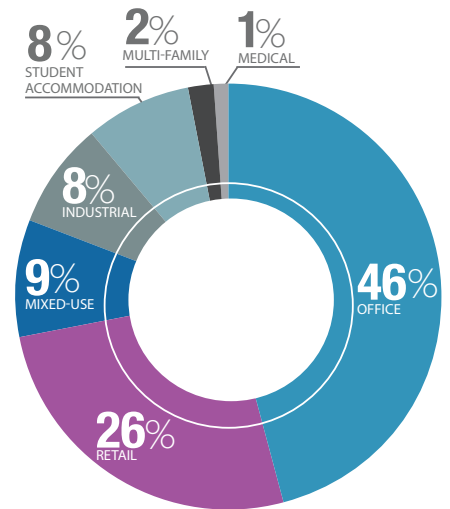


Source: Knight Frank Research

locations such as the sale of the Parkway Retail Park in Co. Limerick for €23.0 million. Industrial sales accounted for 8% of the market with the largest transaction consisting of Irish Life's purchase of a unit in the Aerodrome Business Park for €28.0 million. In a development that is likely to become more common, there was increased investor interest in alternative assets, particularly student accommodation, demonstrated by the purchase of the Montrose Student Residence by Hines for €37.6 million.

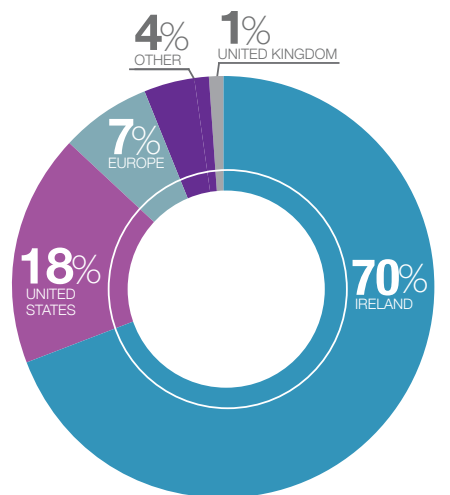
Irish buyers accounted for 70% of all investment transactions in Q1, driven by Irish Life's purchase of two of the three largest deals of the quarter. Despite their small share of the market, non-Irish buyers, particularly from Europe and the US, still secured some of the largest lot sized transactions of the quarter. Of particular note was the purchase of the Fumbally office complex by pan-european investor M7 Real Estate for €21.5 million.

FIGURE 3
Investment spend by sector



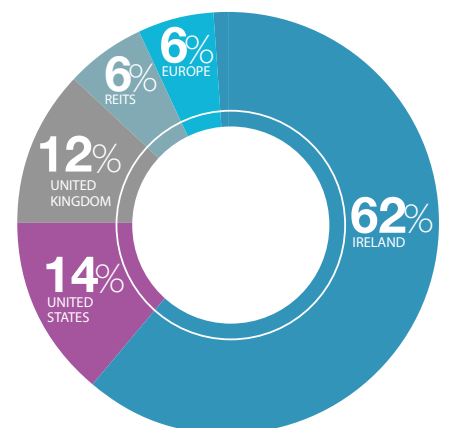
Source: Knight Frank Research

FIGURE 4
Investment spend by buyer origin



Source: Knight Frank Research

FIGURE 5
Investment spend by vendor origin



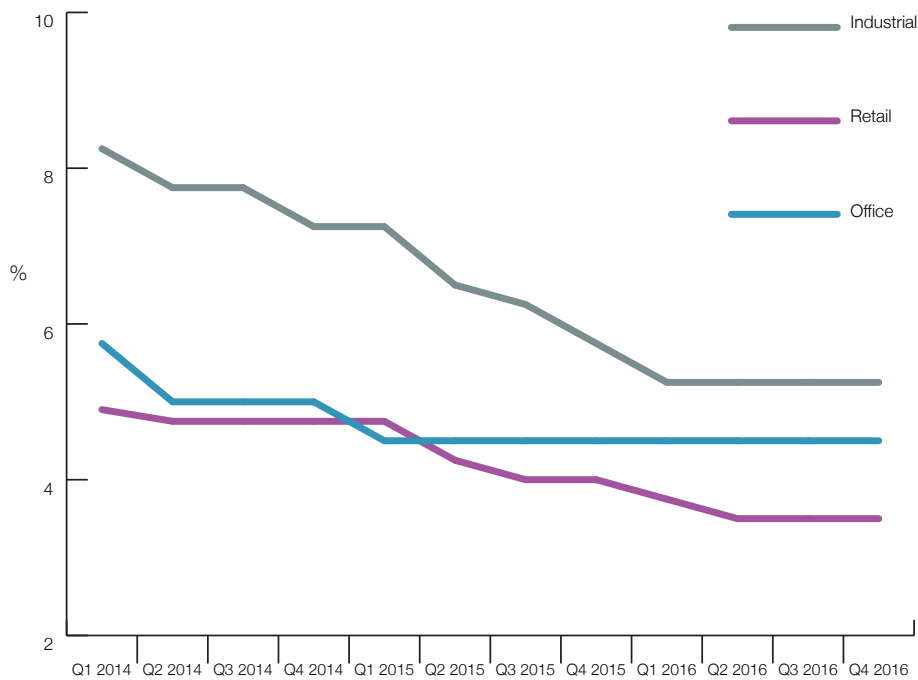
Source: Knight Frank Research

FIGURE 6
Top 5 investment transactions

Property	Sector	Seller	Buyer	Price (million)	Yield
13-18 City Quay	Office	TIO	Irish Life	€126.3	4.57%
Montrose Student Residence	Student Accommodation	Ziggurat Student Living	Hines	€37.6	7.37%
Unit Q1 Aerodrome Business Park	Industrial	Private Irish	Irish Life	€28.0	6.18%
Parkway Retail Park	Retail	Green REIT	Private	€23.0	7.58%
The Fumbally	Office	Markland	M7 Real Estate	€21.5	7.94%

Source: Knight Frank Research

FIGURE 7
Investment yields



Source: Knight Frank Research

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