

April 2022



Q1 2022

Investment Market Commentary



Q1 2022 At A Glance



Total Turnover Q1 2022

€759.4 million

Turnover by Sector Q1 2022



49.8%
Residential



23.5%
Industrial



14.9%
Mixed-Use



10.4%
Office



1.4%
Retail

Prime Yields



4.35%
Prime High Street Retail



6.0%
Prime Shopping Centre



4.0%
City Centre Office

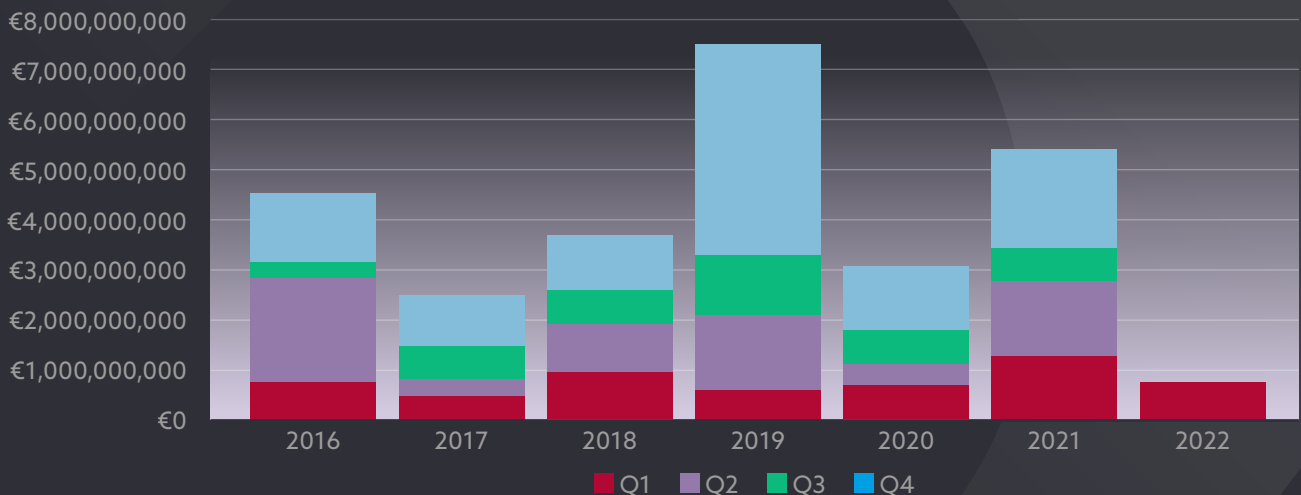


3.65%
Residential (PRS)



4.0%
Industrial

Investment Turnover By Quarter



Transactional Activity - Q1 2022

The opening quarter of 2022 saw a total of €759.4 million invested in Irish commercial property across 30 transactions. The largest transaction was the sale of the Project Ruby Portfolio which comprised three student accommodation blocks in Dublin (Blackhall Place & Cork Street) and Galway (Fairgreen Road) for €145 million. This was followed by Union's purchase of the Primark Distribution Centre in Newbridge for a reported €128.7 million.



Top 10 Transactions

Property	Sector	Approx. Price (million)	Purchaser
Project Ruby	Residential	€145	Confidential
Distribution Centre, Newbridge, Co Kildare	Industrial	€128.7	Union
Confidential	Residential	€85	Confidential
Point Square, Dublin 1	Mixed-Use	€85	Ballyunion Capital
Confidential	Residential	€47	Confidential
Greenogue Portfolio	Industrial	€39	Confidential
Confidential	Residential	€37	Confidential
The Forum, Commons Street, IFSC	Office	€30.8	Spear Street Capital
Confidential	Residential	€19	Confidential
Fleming Court, Dublin 4	Office	€17.75	Sofidy



Residential

Top 4 Deals

Project Ruby €145,000,000	Confidential €85,000,000
Confidential €47,000,000	Confidential €37,000,000

The residential sector returned as the dominant force in the Irish investment market after dropping to third place last quarter. The residential sector has now had the largest turnover for six out of the last seven quarters. €377.85 million worth of residential transactions occurred across 10 transactions.

The largest transaction of the quarter across all asset classes was the sale of the Project Ruby Portfolio which comprised three student accommodation blocks in Dublin (Blackhall Place & Cork Street) and Galway (Fairgreen Road) for €145 million. This transaction alone accounted for 19% of the total investment spend for the quarter.

Traditional PRS transactions comprised over 30% of the total turnover for Q1.



Offices

Top 4 Deals

The Forum €30,800,000	Confidential €17,750,000
Fleming Court €16,800,000	32 South Mall, Cork €13,500,000

In a change from Irish market norm, the office sector dropped to being the fourth largest asset class in Q1 accounting for only 10.4% of total turnover. Approximately €78.85 million of office transactions occurred throughout quarter one. The €78.85 million comprised four separate asset transactions, the largest of which was the purchase of the Forum in the IFSC by Spear Street Capital for a reported €30.8 million. The second largest stand-alone transaction was Sofidy's purchase of Aberdeen Standard's Fleming Court for €17.75m (4.5% NIY). Investment in the office sector was not confined to the capital with the purchase of 32 South Mall in Cork for €32 million accounting for 17% of office sector turnover.



Industrial

Top 4 Deals

Distribution Centre, Newbridge

€128,700,000

Greenogue Portfolio

€39,000,000

Confidential Industrial

€5,300,000

Block 2004,
Orchard Ave, Citywest

€4,261,000

The industrial sector has continued to thrive since the beginning of the Covid-19 pandemic. The sector performed very strongly throughout 2021 with both yield contraction and rental growth evident. The sector contributed €1bn of turnover in 2021 and it is off to a strong start in 2022 with a turnover of €178 million.

The majority of this quarter's industrial turnover has come in the form of Union's purchase of the Primark Distribution Centre in Newbridge for a reported €128.7 million. This transaction alone accounted for 72% of industrial turnover for Q1 2022 and is the fifth largest industrial transaction since 2016.

As has been demonstrated by transactional activity since the beginning of the pandemic, the sector's biggest impediment has not been demand, but the limited supply of tradeable assets which has subdued its prominence in the overall market turnover. We anticipate that forward sale activity is likely to bridge these supply shortcomings in the short term.



Retail

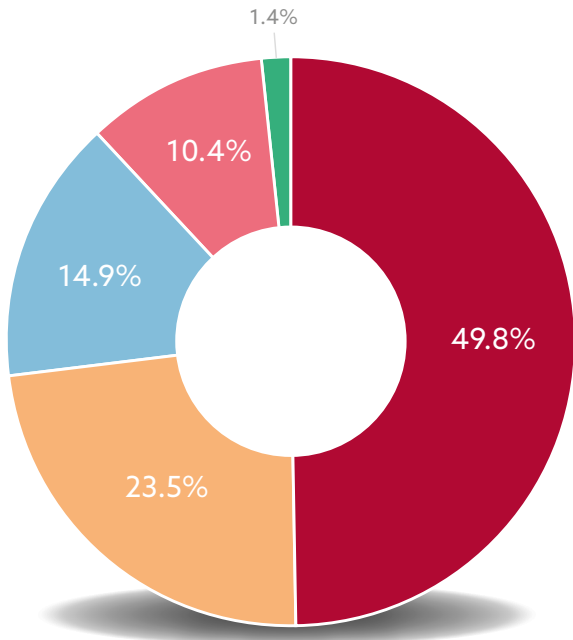
Top Deal

Fermoy
Motorway Service Area
€10,850,000

After an incredible H2 2021 where nearly €288 million was invested in the retail sector, there was optimism for the sector in 2022. However, in Q1 there was only one retail transaction accounting for 1.4% of total turnover. Fermoy Motorway Service Area was sold to a Private Irish purchaser for €10.84 million, which reflect an initial yield of 6.4%.

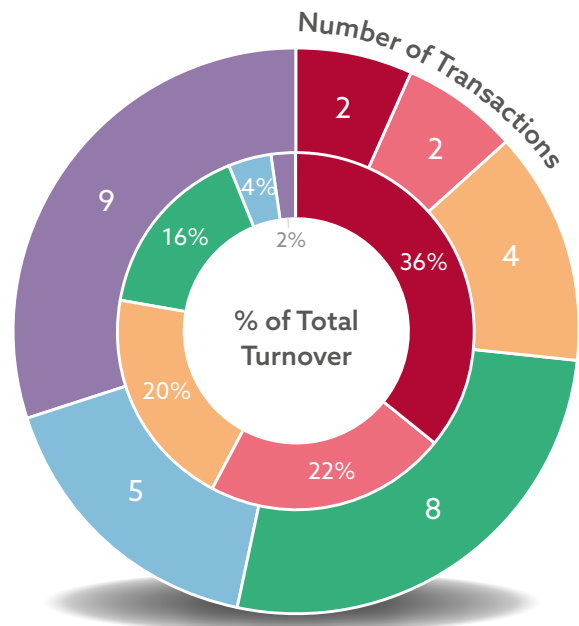
There is however a strong pipeline of assets in the sector with approximately €960 million worth of retail investments currently on the market, of which €162 million is already sale agreed.

Investor Turnover by Sector



- Residential
- Industrial
- Mixed-Use
- Office
- Retail

Investor Transactions by Lot Size



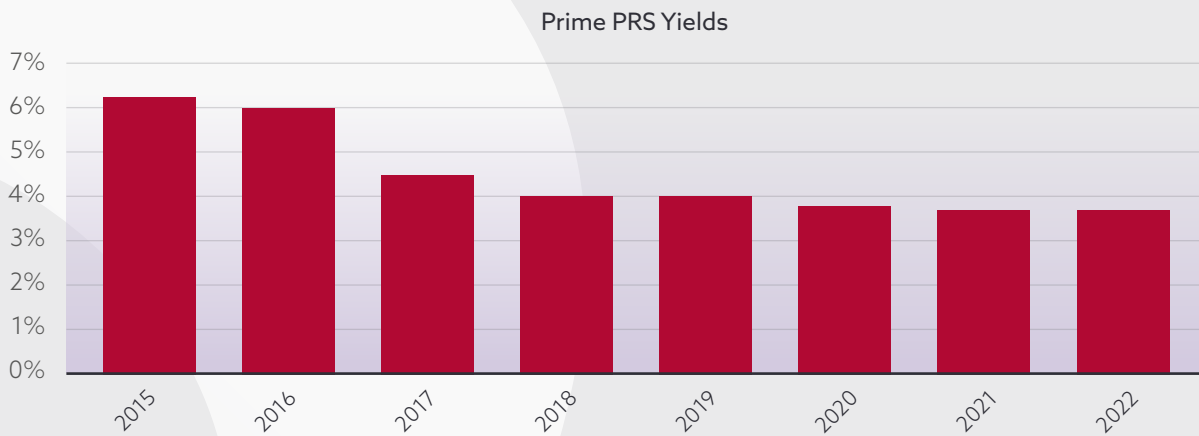
- €100m+
- €50 - €100m
- €20 - €50m
- €10 - €20m
- €3 - €10m
- €1 - €3m
- €500k - €1m
- <€500k

Prime Yields

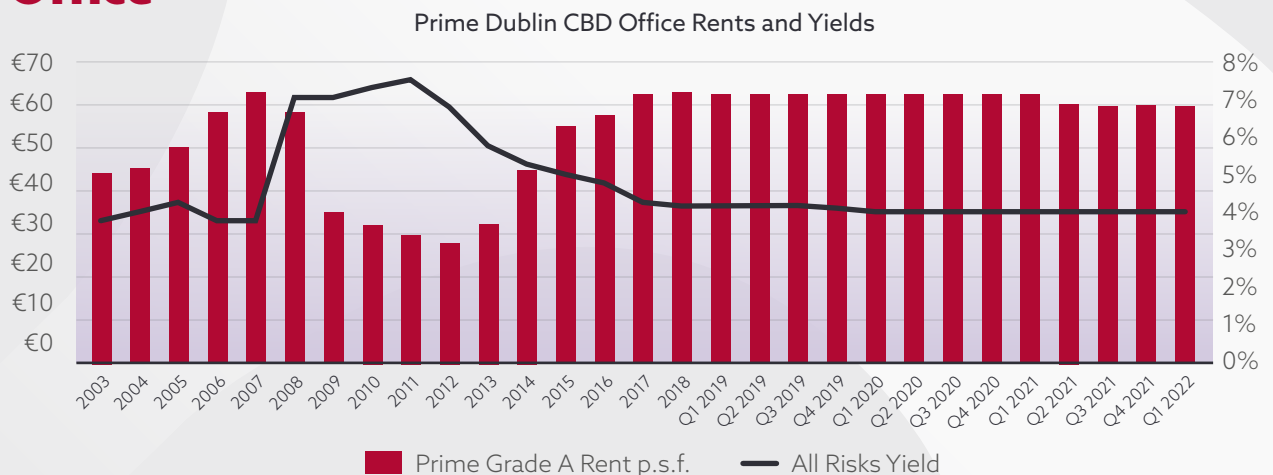
Sector	Q1
High Street Retail	4.35%
Prime Shopping Centre	6.0%
City Centre Office	4.0%
Residential (PRS)	3.65%
Industrial	4.0%



Residential (PRS)

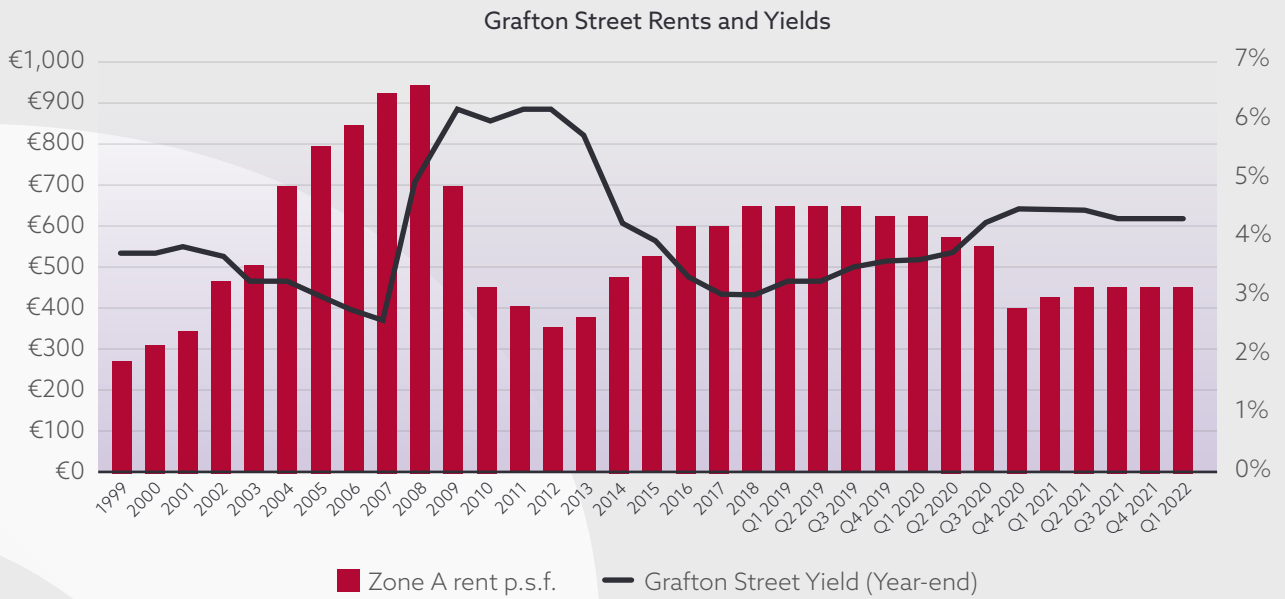


Office

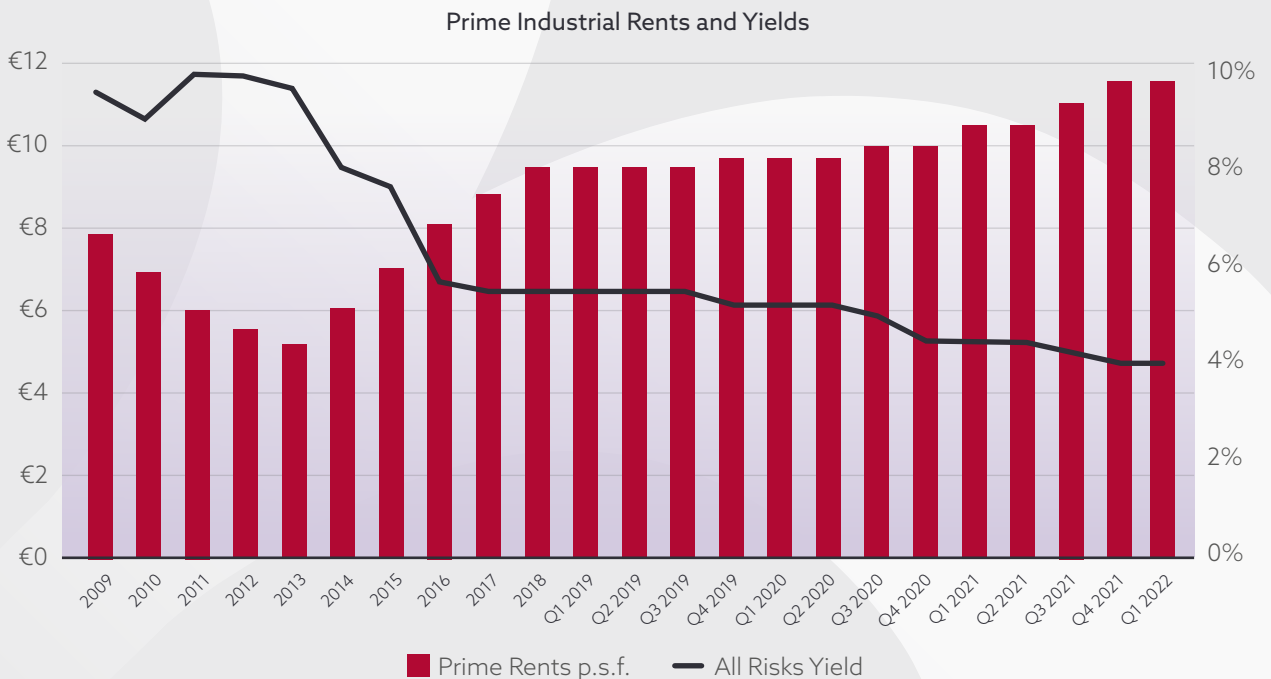




Prime High Street Retail



Industrial





Outlook

Heading into Q2 there is over €1 billion worth of investment stock formally on the market. This excludes the impact of the proposed privatisation of Hibernia Reit by Canadian alternative investment group Brookfield AM which will add another €1.1bn to market turnover and large off market deals like Salesforce/Fibonacci. Having regard to this, and general sentiment we anticipate that 2022 will be the third year on record to exceed €5bn

The residential sector returned to being the dominant sector in the Irish investment market, however a shortage of supply could slow down investment in this sector with only €60.9 million worth of residential stock currently on the market. The industrial sector continued its resurgence since the start of covid-19, accounting for 23.5% of Q1's turnover. There is currently €125 million worth of industrial properties currently on the market, with the Novelty Portfolio already agreed for a reported €48 million. The retail sector had a very slow start to the year however with approximately €960 million worth of retail investments currently on the market, of which €162 million is already sale agreed, the sector looks likely to have a strong Q2 and Q3. The office sector also experienced a slow start to the year, however with €310 million worth of office investments currently on the market we expect stronger performance for the rest of the year.

It is too soon to quantify the impact of the Russian-Ukrainian war combined with the general cloud of inflation hanging over all world economies, however we are not reporting any prime yield change as of yet.



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