INSTITUTE OF DIRECTORS
IN IRELAND

BREAKFAST & EVENING BRIEFING SERIES

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PAST, PRESENT, PROJECTIONS

MARKET OVERVIEW

Institute of Directors

January, 24th 2019

01

ECONOMIC BACKDROP

ECONOMY

AN OVERVIEW

% Change	2012	2013	2014	2015	2016	2017e	2018f	2019f
Real GNP	0.0%	5.8%	9.2%	13.6%	11.5%	4.4%	5.9%	3.9%
Real GDP	0.2%	1.3%	8.8%	25.1%	5.0%	7.2%	7.5%	4.2%
Exports	-0.9%	2.9%	14.6%	39.3%	4.4%	7.8%	7.0%	5.6%
Investment	15.8%	-3.7%	18.3%	50.8%	51.7%	-31.0%	-8.9%	7.1%
Consumption	-0.8%	-0.6%	2.1%	3.6%	4.0%	1.6%	3.5%	3.0%
Unemployment Rate	14.7%	13.1%	11.3%	9.5%	7.9%	6.7%	5.8%	5.2%
Consumer Prices (HICP)	1.9%	0.5%	0.3%	0.2%	-0.0%	0.3%	0.7%	1.5%

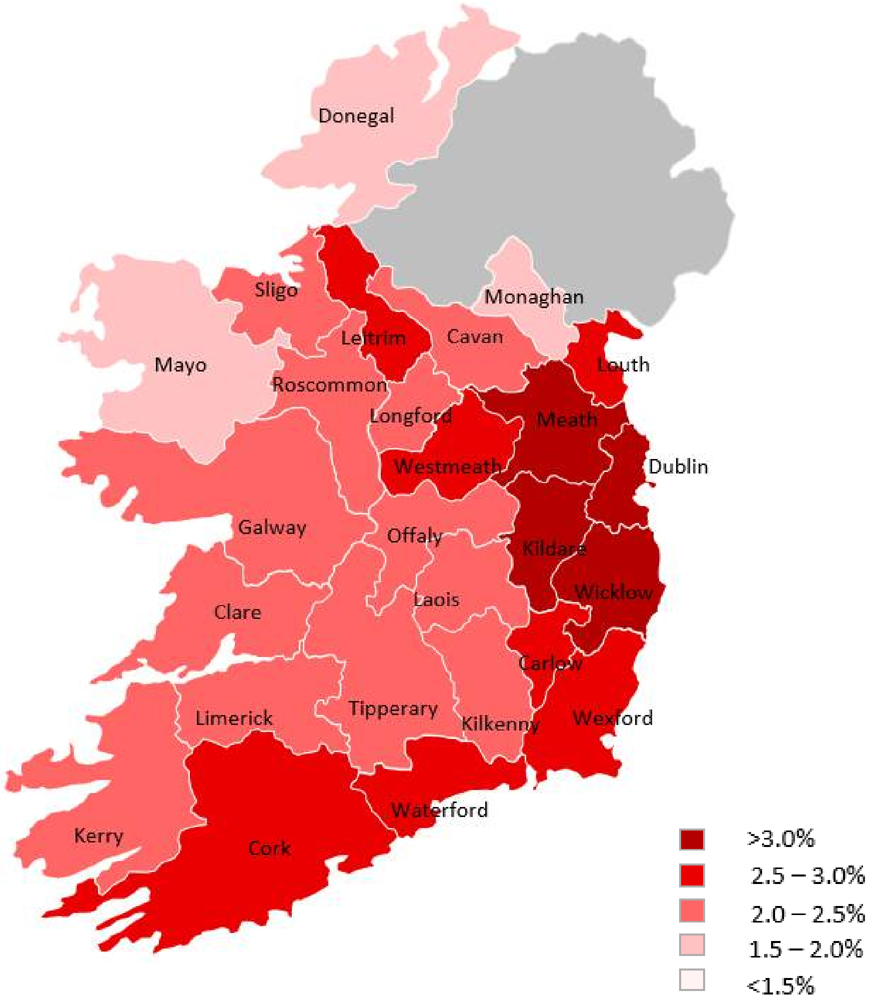
Source: CSO/DoF

02

RESIDENTIAL MARKET

MARKET ACTIVITY - VOLUMES

2017



County	% of Housing Stock Sold
Kildare	3.4%
Dublin	3.4%
Wicklow	3.2%
Meath	3.2%
Westmeath	2.7%
Wexford	2.7%
Louth	2.7%
Leitrim	2.7%
Waterford	2.7%
Cork	2.5%
Carlow	2.5%
Laois	2.4%
Limerick	2.4%
Cavan	2.4%
Sligo	2.4%
Tipperary	2.3%
Roscommon	2.3%
Longford	2.3%
Clare	2.2%
Galway	2.2%
Offaly	2.2%
Kerry	2.1%
Kilkenny	2.0%
Mayo	1.9%
Monaghan	1.7%
Donegal	1.6%
State	**2.7%**

Ireland

50,900 (2.7% of private stock transacted)

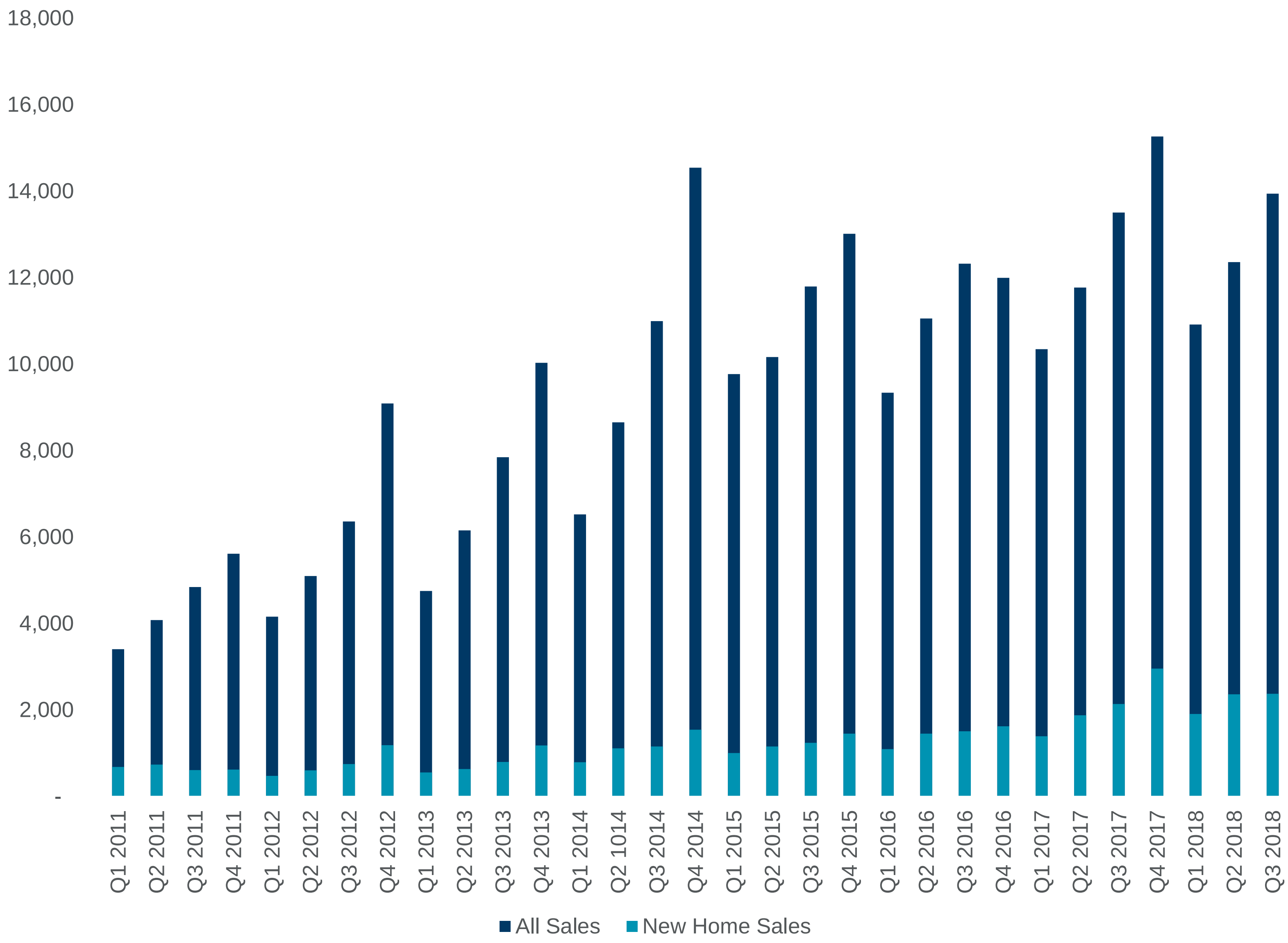
Dublin

16,650 (3.4% of private stock transacted)

Source: PPR/Sherry FitzGerald Research

VOLUME OF SALES

Q1 2011 – Q3 2018



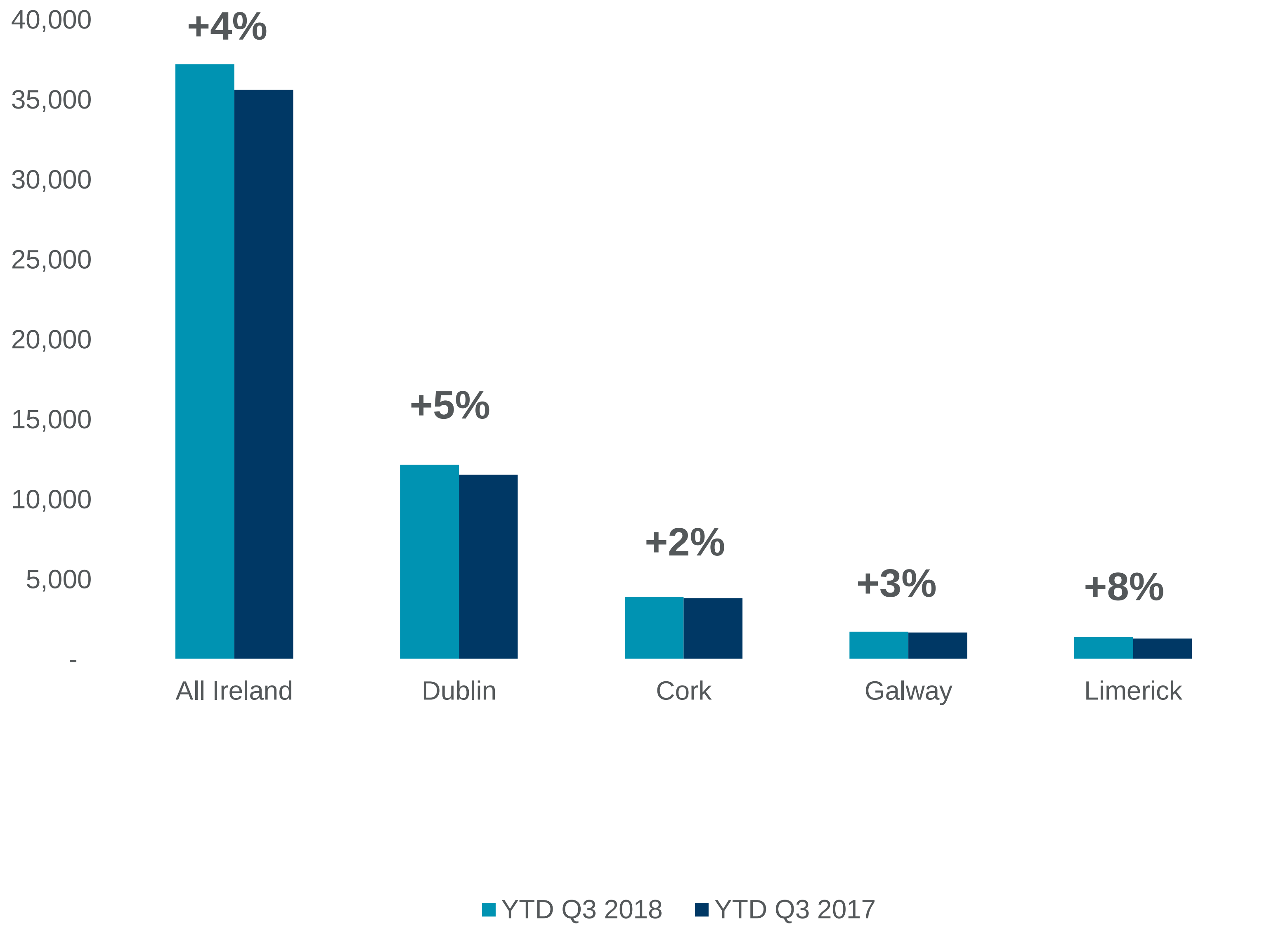
37,200 sales in Ireland*
in YTD Q3 2018

Up **4%** Y-O-Y

Source: PPR/Sherry FitzGerald Research

VOLUME OF SALES

YTD Q3 2017 VS YTD Q3 2018



12,200
sales in Dublin*
in the YTD 2018

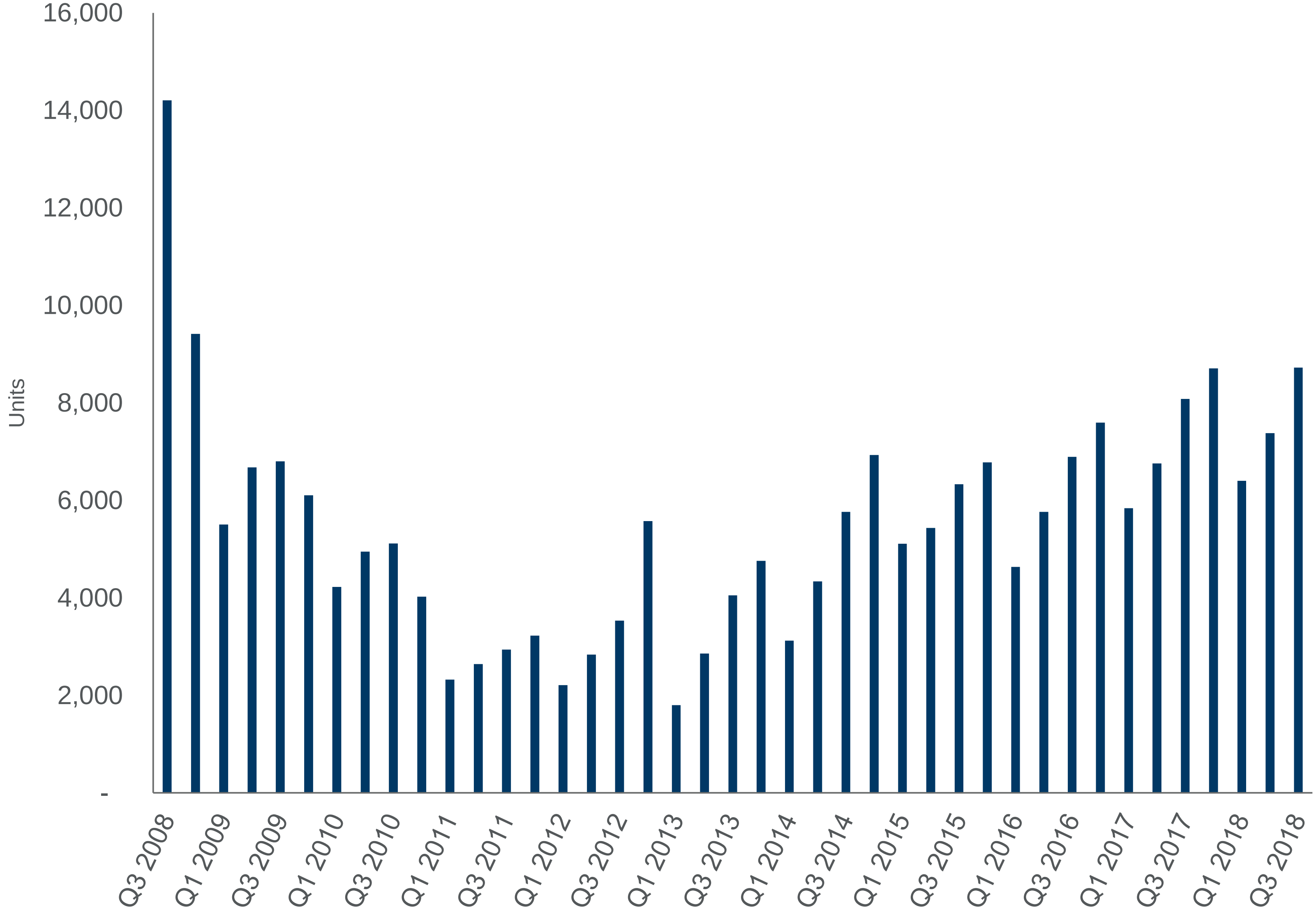
up 5%
year-on-year

*Excludes multi-family/block sales and rounded

Source: PPR/Sherry FitzGerald Research

MORTGAGE DRAWDOWNS*

Q3 2008 – Q3 2018



22,510
Mortgages with a value of
€5.1 billion drawn down in YTD Q3 2018

Cash buyers account for **40%** of market in YTD Q3 2018

*Excludes top-ups and re-mortgages

Source: BPFI/Sherry FitzGerald Research

PROFILE OF PURCHASERS

2ND HAND STOCK –2018

	Ireland	Dublin
Owner Occupation	74%	77%
Investment	18%	15%
Additional Residence	7%	7%
Other	1%	1%

Source: Sherry FitzGerald Research

FUTURE DEMAND

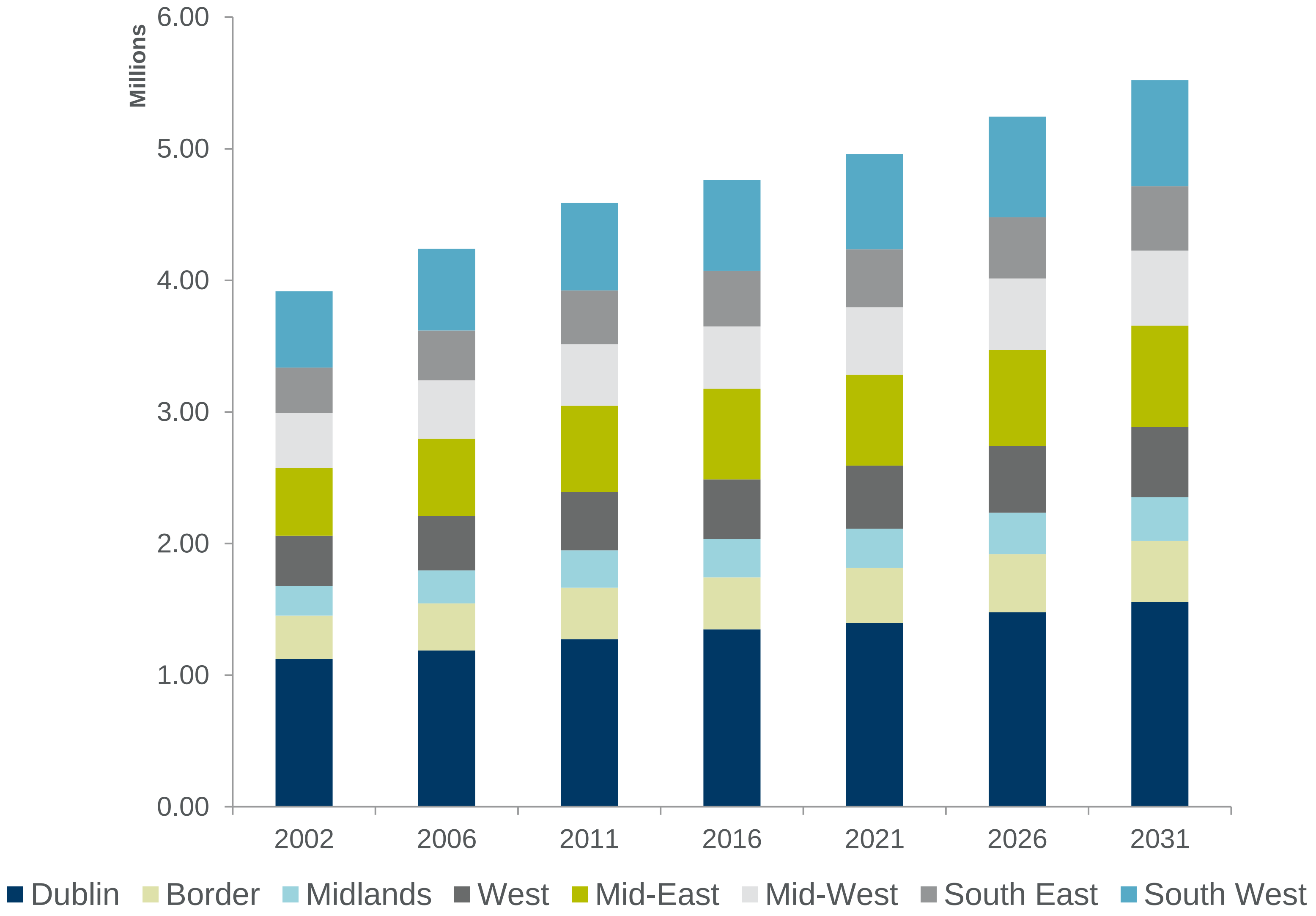
DEMOGRAPHIC PROJECTIONS

Year	Population Ireland	Population Dublin
2016	4.76 Million	1.35 Million
2021	4.96 Million	1.40 Million
2026	5.24 Million	1.48 Million
2031	5.52 Million	1.54 Million

Source: CSO/Sherry FitzGerald Research

POPULATION FORECASTS

Q3 2008 – Q3 2018



Population 2031

State to increase to **5.52 million**

Dublin to increase **to 1.56 million**

South West to increase **to 807,000**

Source: CSO

FUTURE DEMAND

DEMOGRAPHIC PROJECTIONS

35,800

Average PA

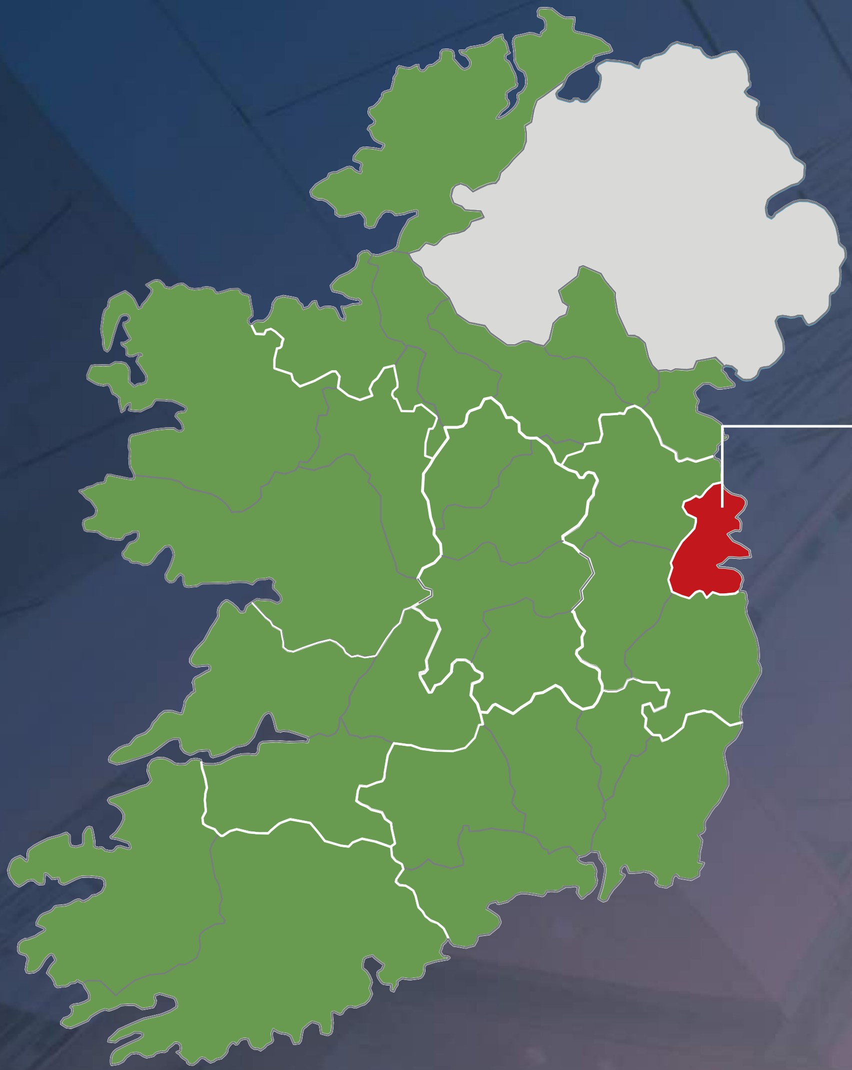
Ireland - total

Year	Housing Demand
2017 - 21	40,050
2022 - 26	33,300
2027 - 31	34,150

Source: CSO/Sherry FitzGerald Research

FUTURE DEMAND

DEMOGRAPHIC PROJECTIONS



Dublin

11,050

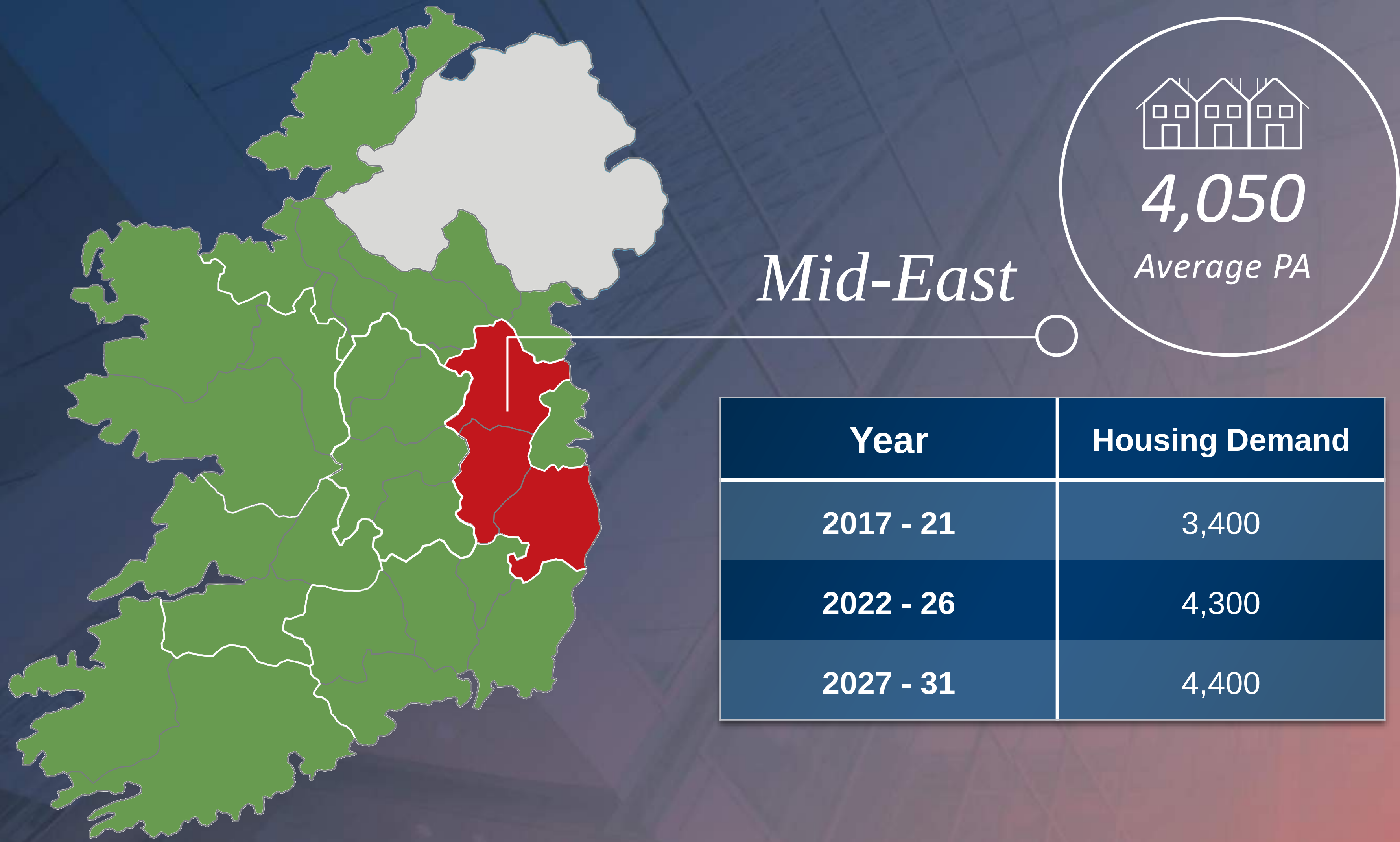
Average PA

Year	Housing Demand
2017 - 21	13,650
2022 - 26	9,650
2027 - 31	9,900

Source: CSO/Sherry FitzGerald Research

FUTURE DEMAND

DEMOGRAPHIC PROJECTIONS

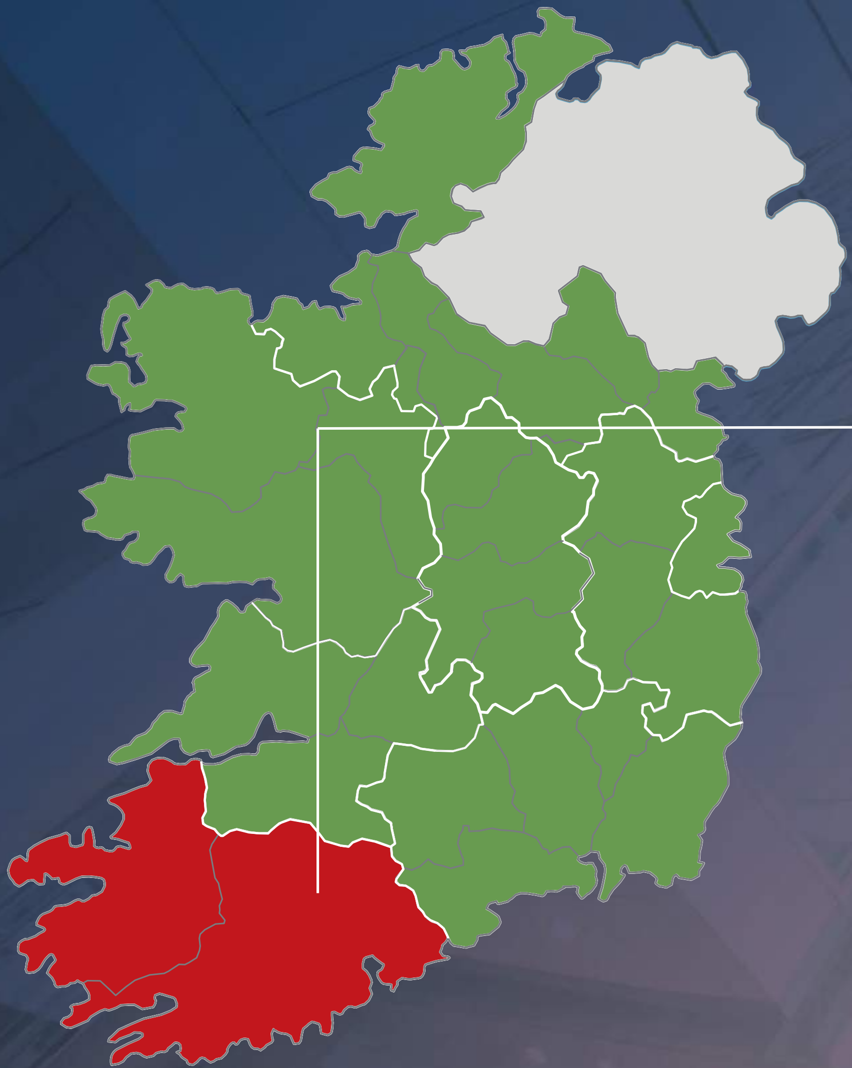


Year	Housing Demand
2017 - 21	3,400
2022 - 26	4,300
2027 - 31	4,400

Source: CSO/Sherry FitzGerald Research

FUTURE DEMAND

DEMOGRAPHIC PROJECTIONS



South-West

5,350

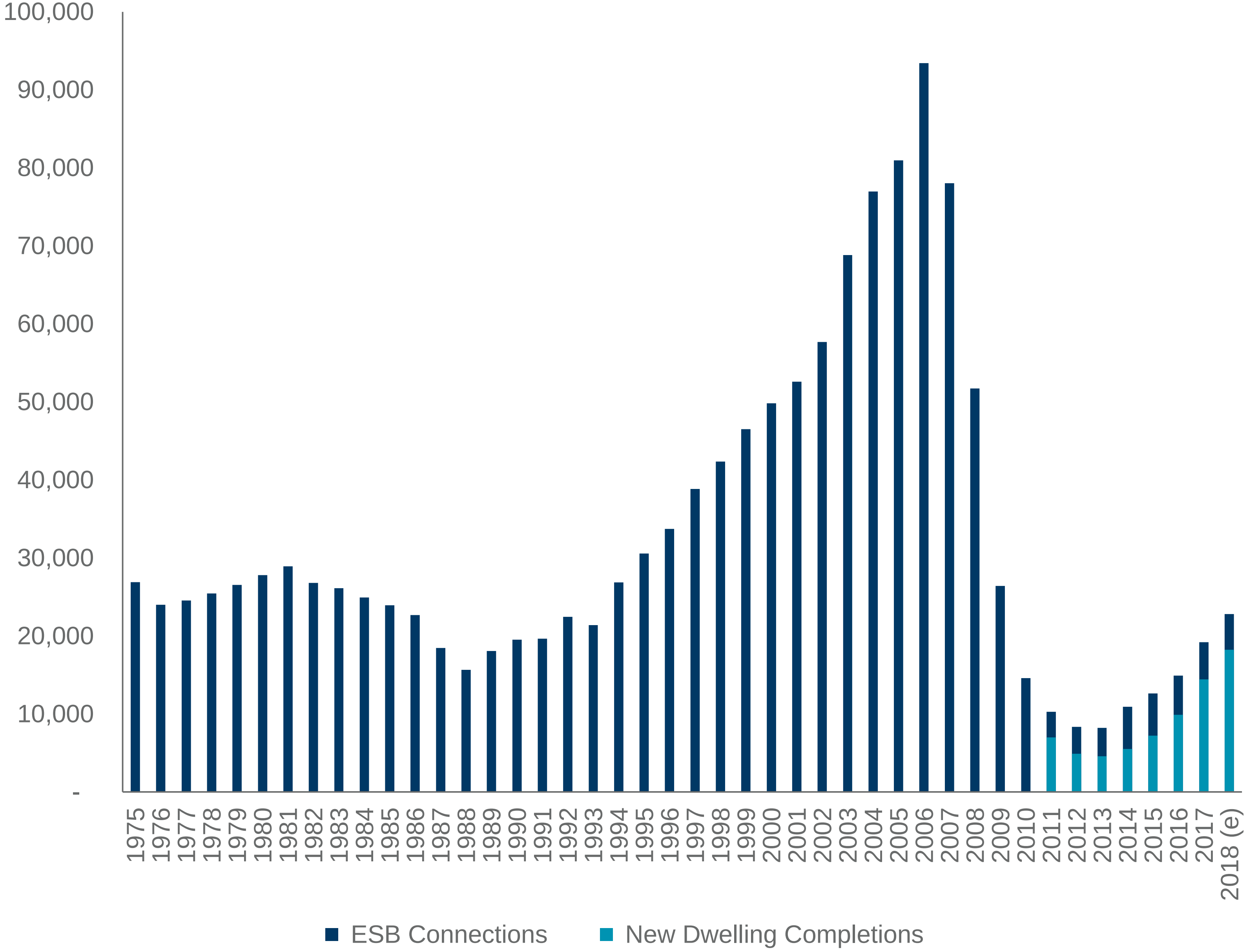
Average PA

Year	Housing Demand
2017 - 21	6,100
2022 - 26	4,900
2027 - 31	5,050

Source: CSO/Sherry FitzGerald Research

HOUSING COMPLETIONS

1975 - 2018



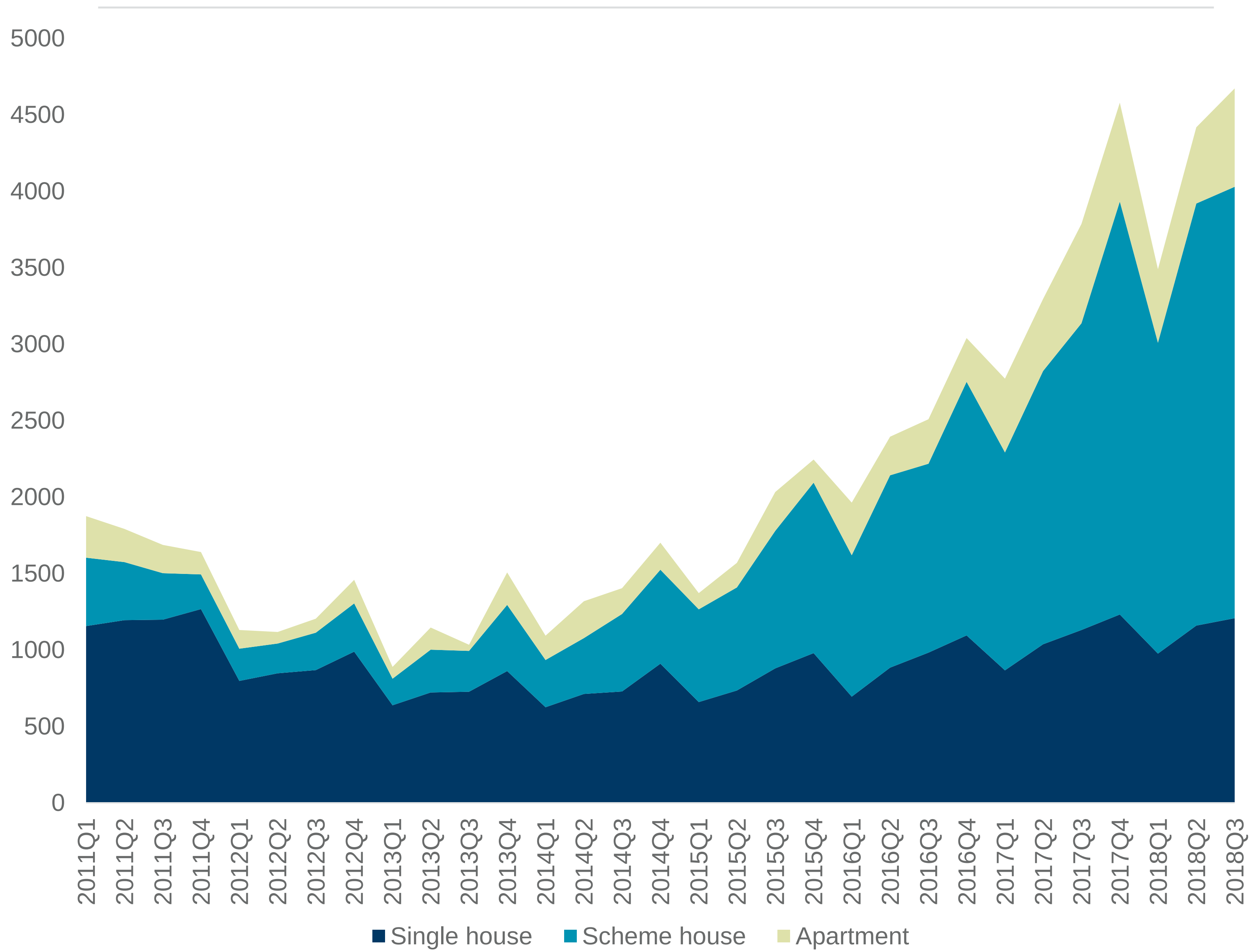
14,435 Units new dwellings completed in 2017, up Y-O-Y by **46%**

18,200 new dwellings estimated to have completed in 2018, up Y-O-Y by **26%**

Source: DoHPLG/CSO

NEW DWELLING COMPLETIONS

Q1 2011 – Q3 2018



3,343 individual houses built in YTD Q3 2018

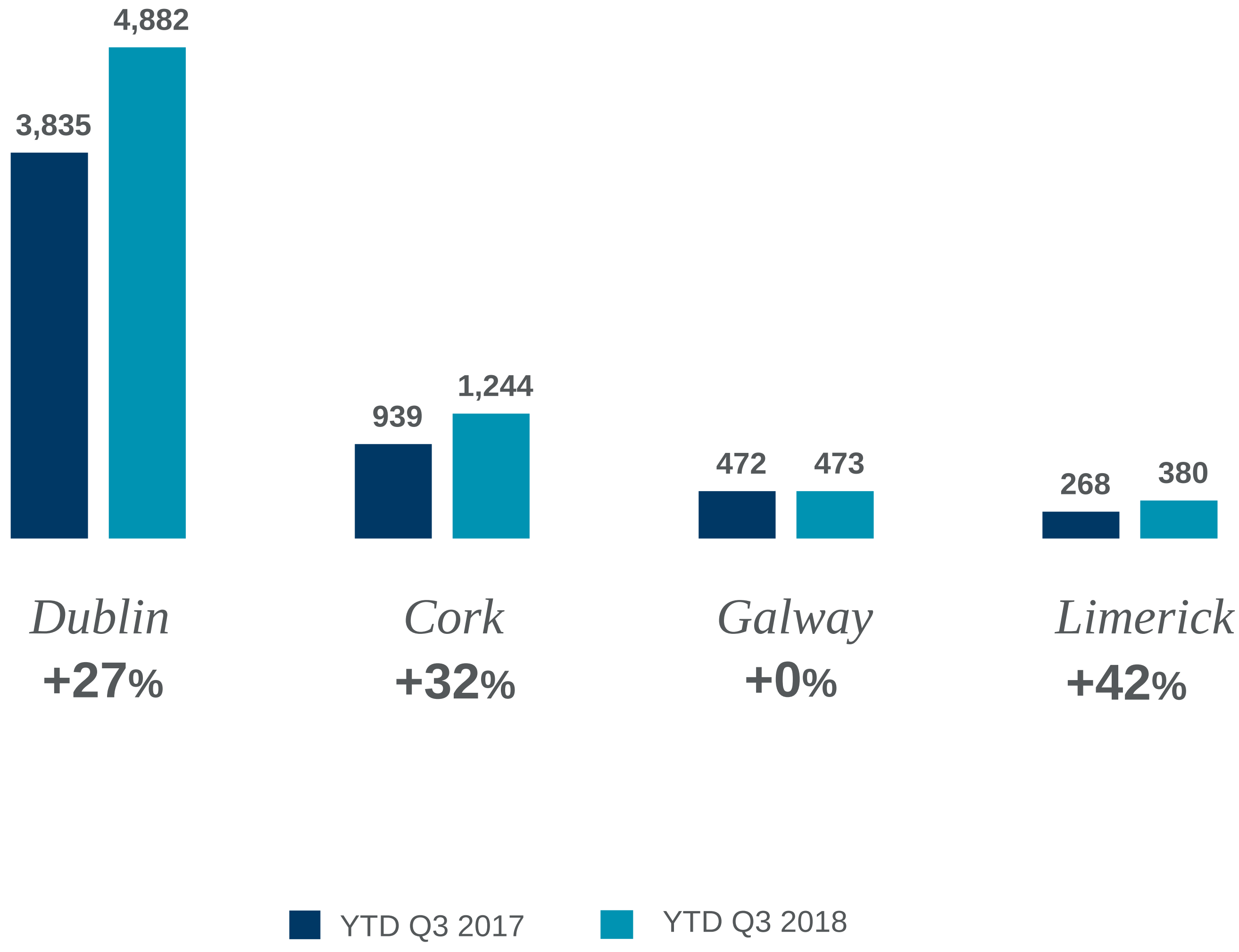
7,615 scheme houses built in YTD Q3 2018

1,624 apartments built in YTD Q3 2018

Source: Sherry FitzGerald Research

HOUSING COMPLETIONS REGIONAL CENTRES

YTD Q3 2017 VS. YTD Q3 2018

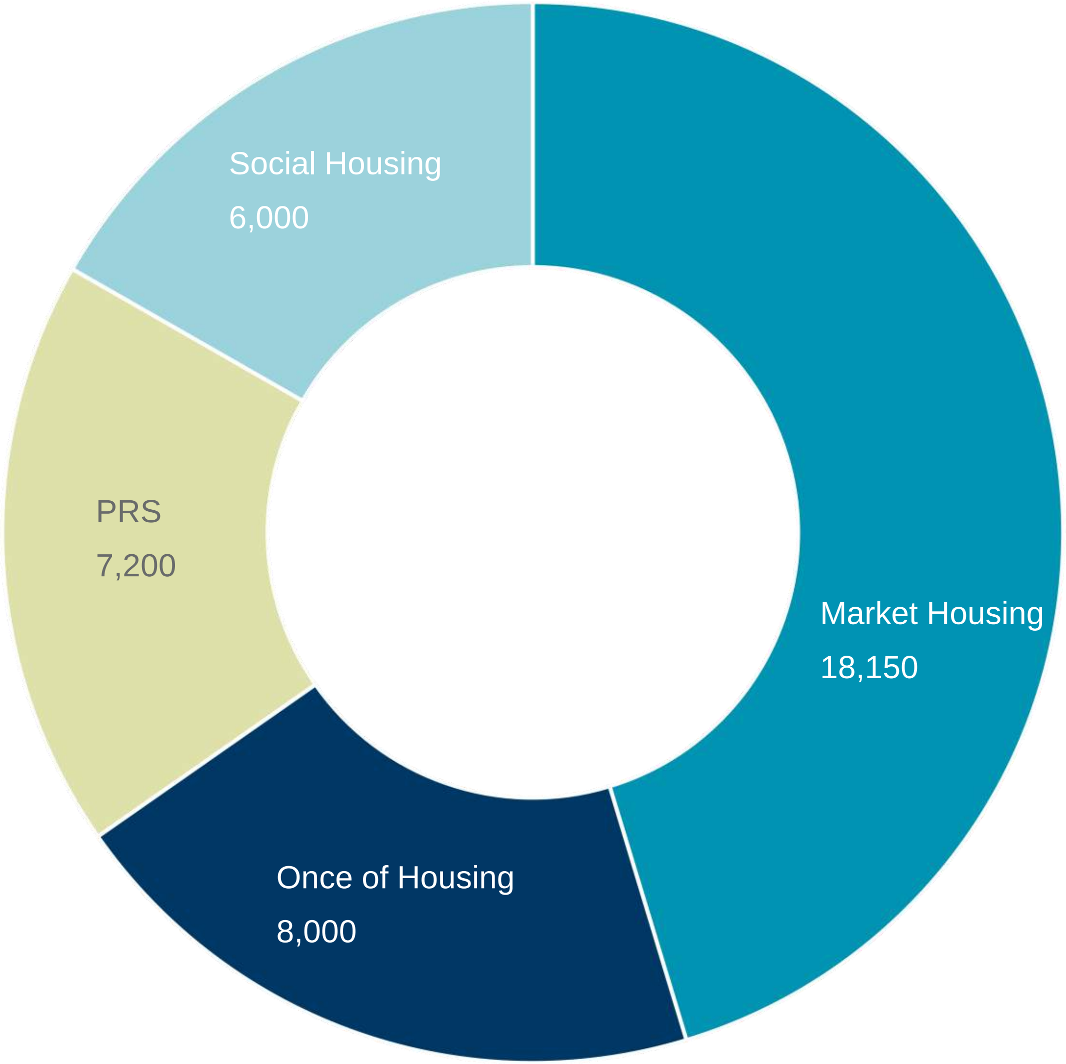


Completions up from **9,856** in Q3 2017 to **12,582** in Q3 2018

Source: CSC

DEMAND V SUPPLY 2017 – 2021

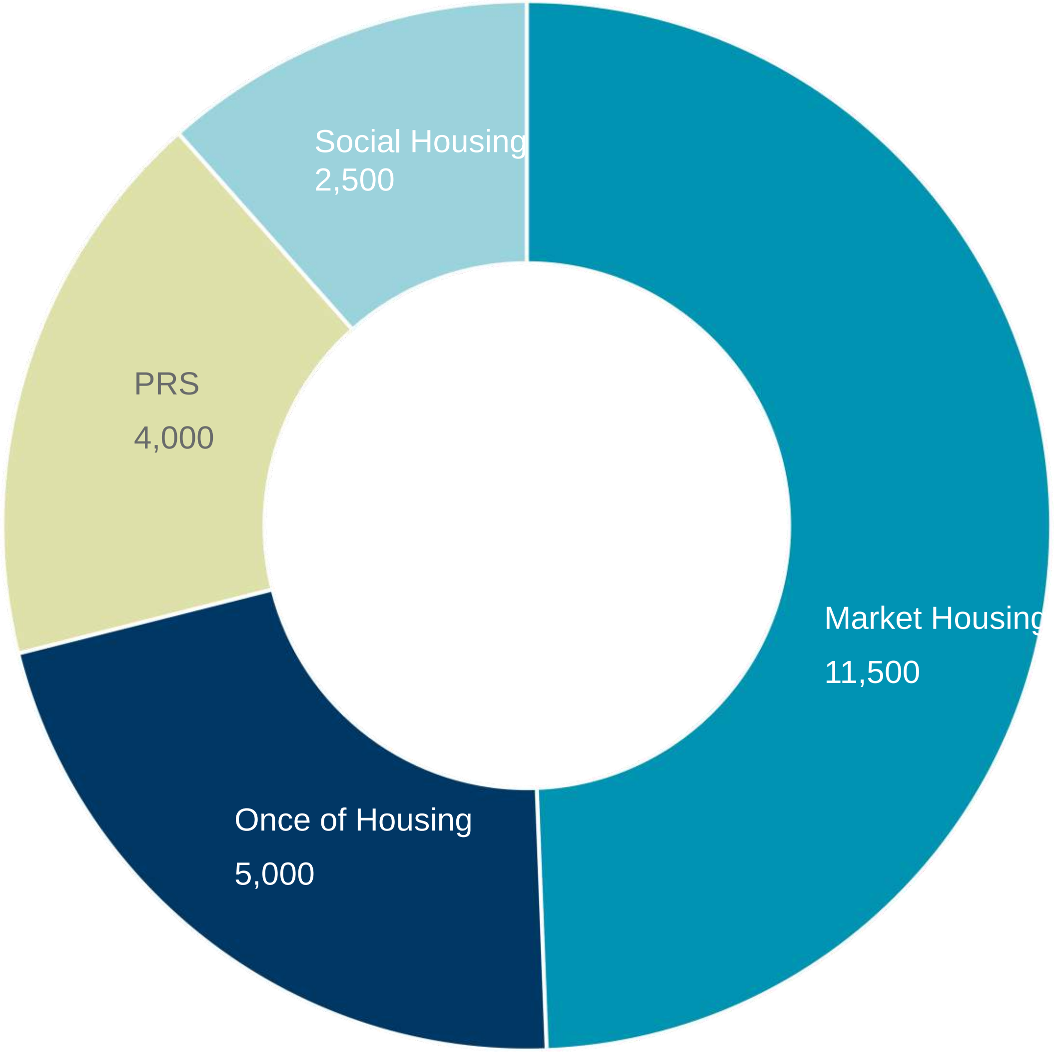
ESTIMATED ANNUAL DEMAND 40,050 UNITS



Source: Sherry FitzGerald Research

DEMAND V SUPPLY 2017 – 2021

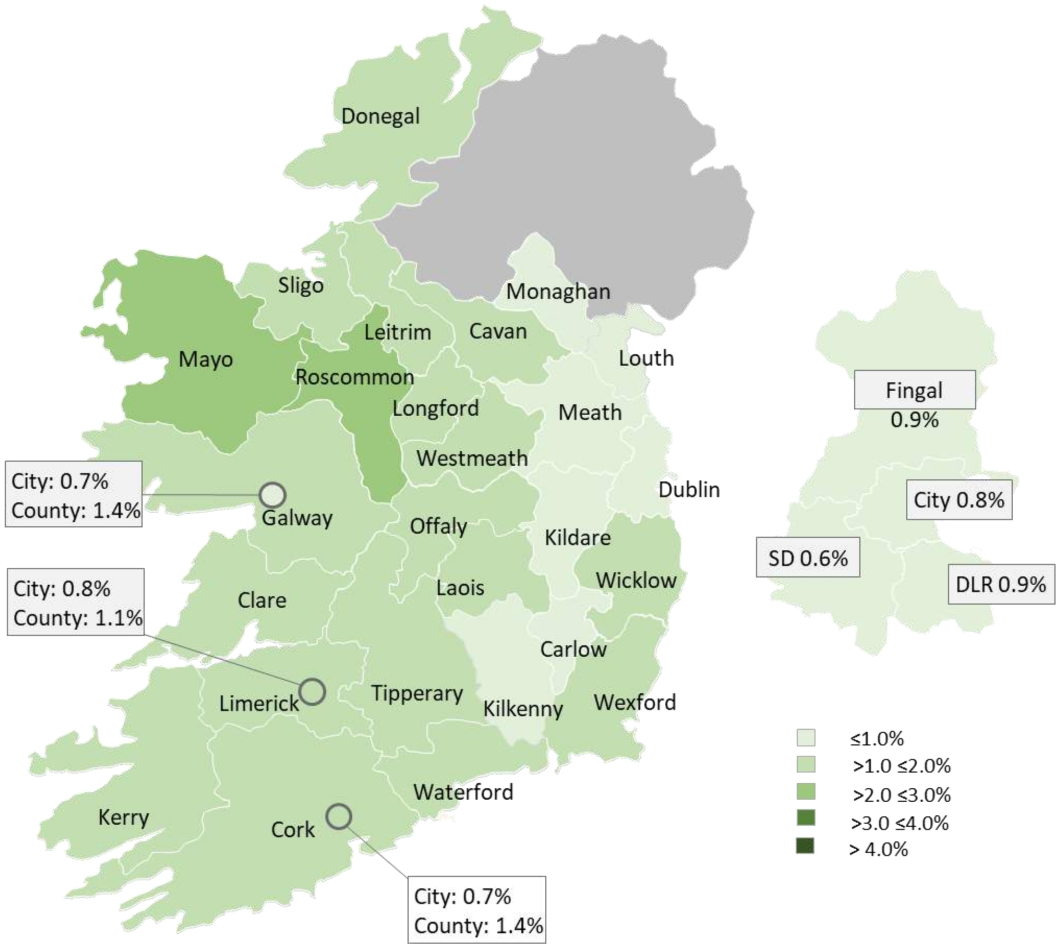
ESTIMATED ANNUAL SUPPLY 23,000 UNITS



Source: Sherry FitzGerald Research

2ND HAND STOCK ADVERTISED FOR SALE

JANUARY 2019



County	% of Total Stock Advertised for Sale
Monaghan	0.6%
South Dublin	0.6%
Kildare	0.7%
Dublin (City)	0.8%
Dublin (Total)	0.8%
Kilkenny	0.9%
Carlow	0.9%
Fingal	0.9%
Louth	0.9%
Meath	0.9%
Dun Laoghaire-Rathdown	0.9%
Limerick (Total)	1.0%
Sligo	1.1%
Waterford	1.1%
Galway (Total)	1.2%
Clare	1.2%
Westmeath	1.2%
Offaly	1.3%
Cork (Total)	1.3%
Tipperary	1.3%
Laois	1.3%
Wicklow	1.4%
Cavan	1.4%
Longford	1.5%
Wexford	1.5%
Donegal	1.5%
Kerry	1.7%
Leitrim	1.7%
Mayo	2.1%
Roscommon	2.2%
State	**1.1%**

21,200 second hand units

Advertised for sale in January 2019, down

0% Y-O-Y

3,900 second hand units advertised for sale

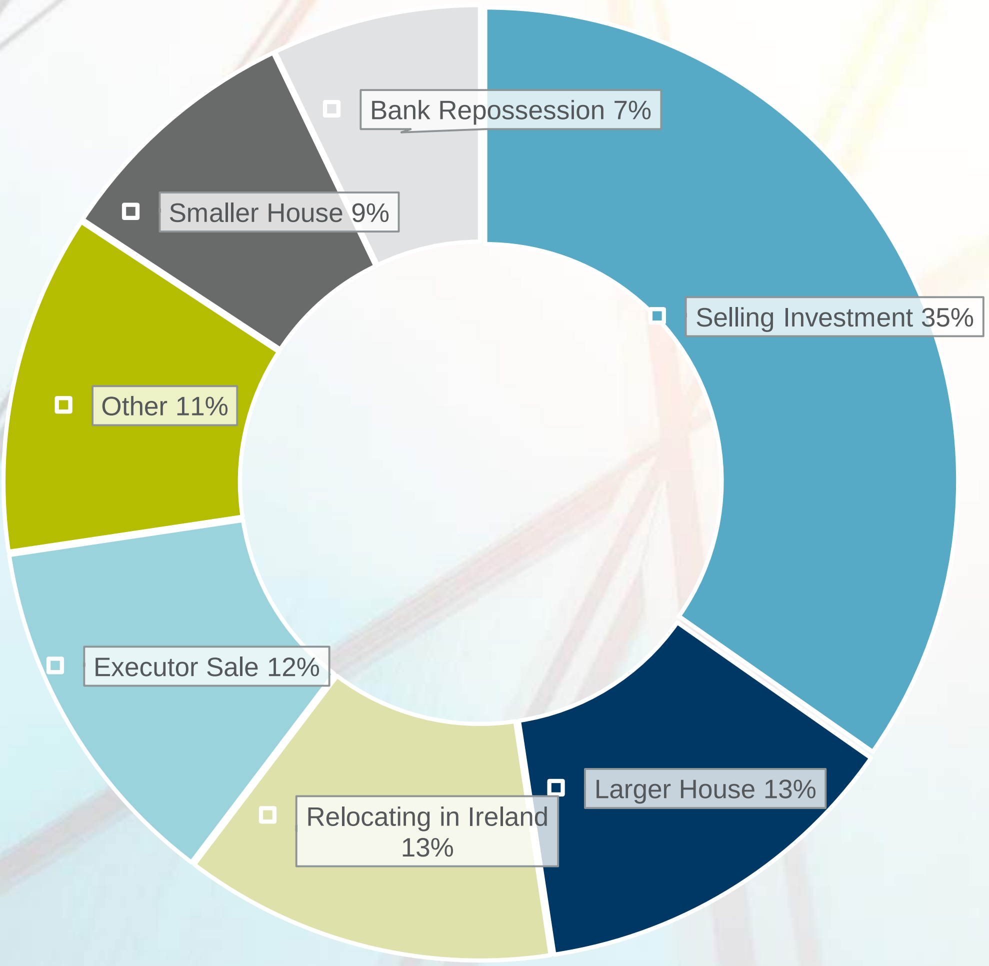
In Dublin, up **25%** Y-O-Y

Total second hand units advertised for sale represent **1.1%** of total housing stock

Source: Sherry FitzGerald Research

VENDOR ANALYSIS

2018



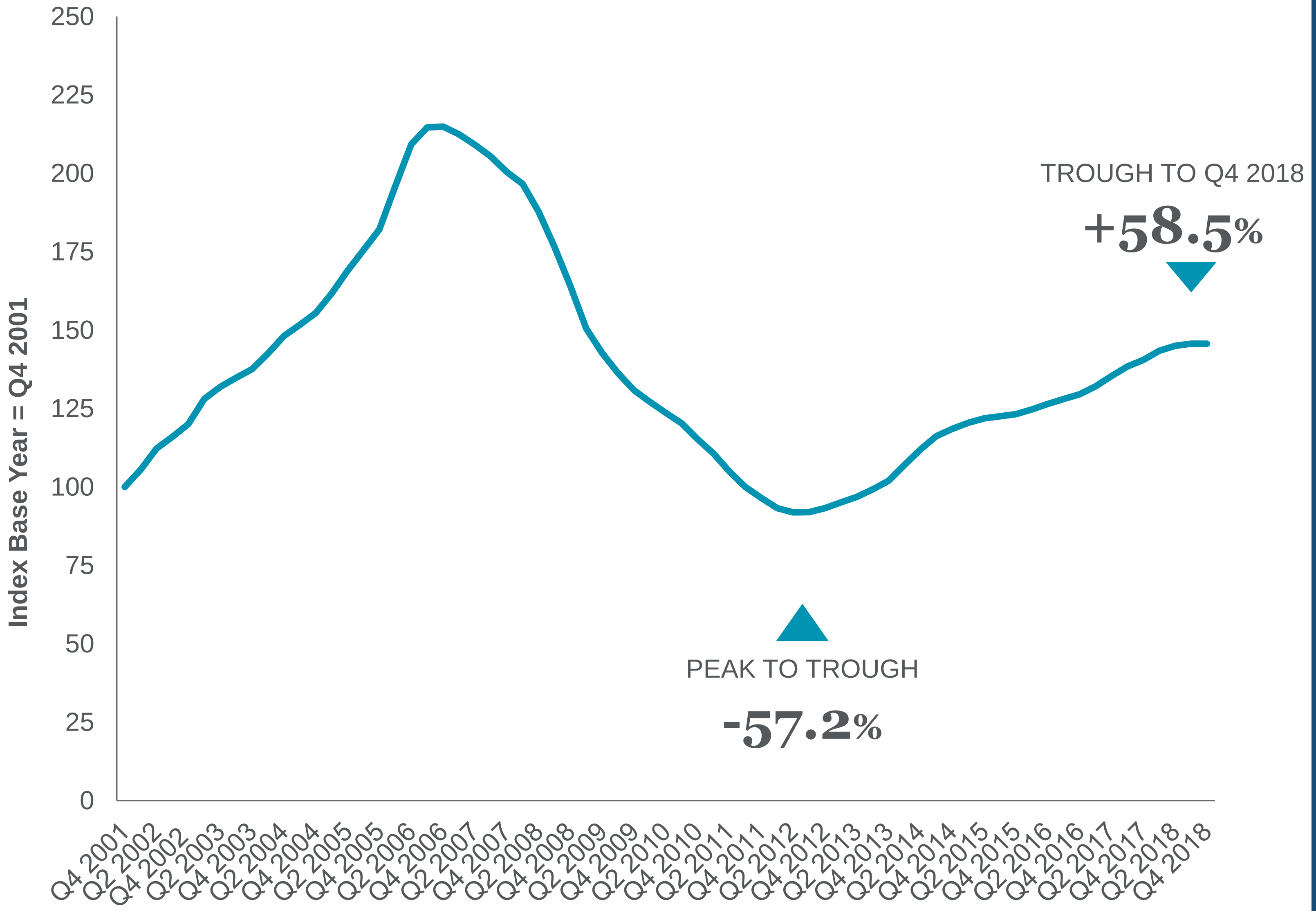
35%

of Vendors "selling investment"

Source: Sherry FitzGerald Research

ALL IRELAND BAROMETER

SECOND HAND HOUSE PRICES



House price growth increased by **3.7%** annually to Q4 2018

Compared to **8.4%** in Q4 2017

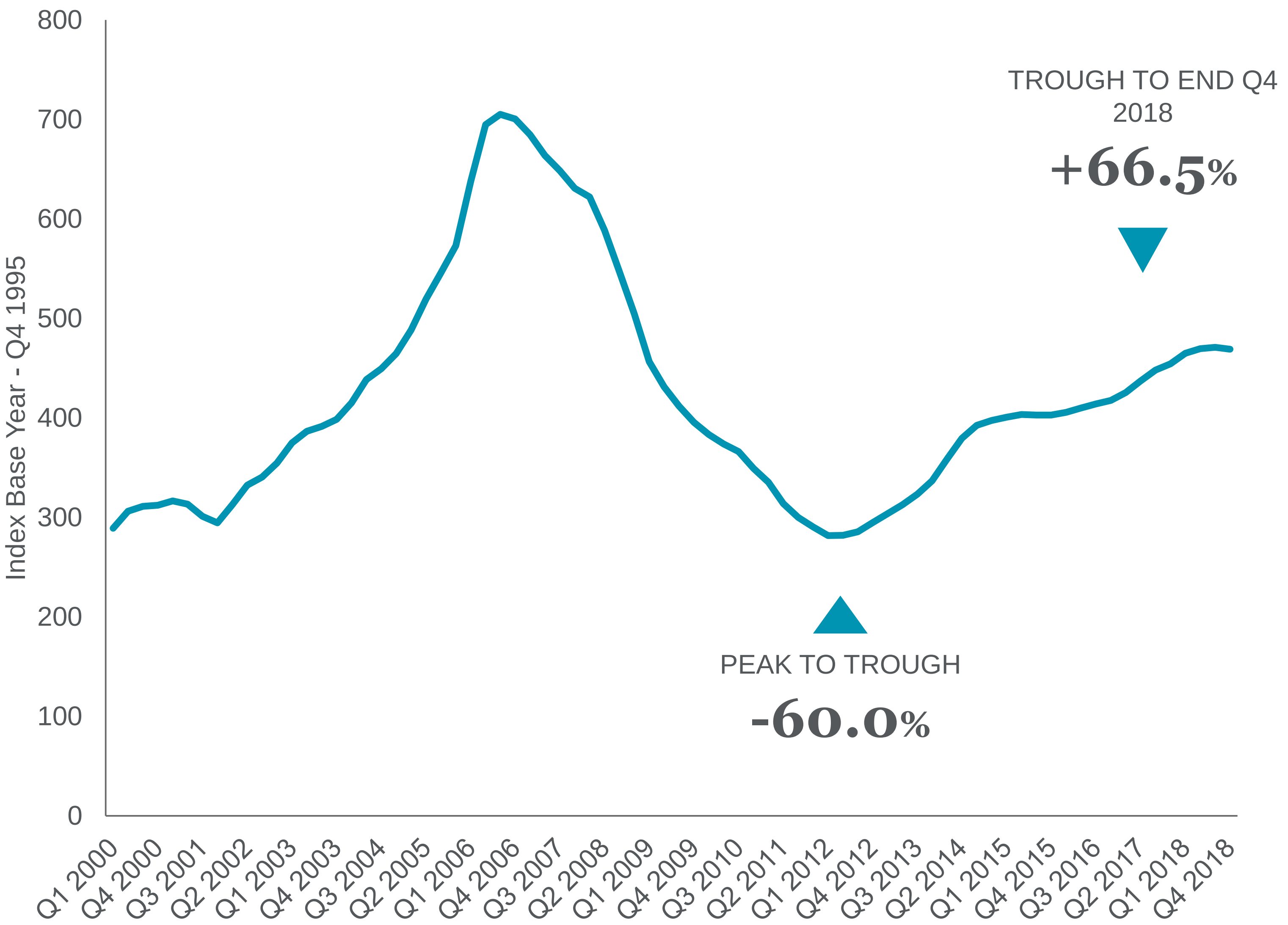
Prices increased by **0.0%** in Q4 2018

Compared to **1.5%** in Q4 2017

Source: Sherry FitzGerald Research

DUBLIN BAROMETER

SECOND HAND HOUSE PRICES



House price growth increased by **3.2%** annually to Q4 2018

Compared to **8.8%** in Q4 2017

House prices decreased by **-0.4%** Q4 2018

Compared to **1.4%** in Q4 2017

Source: Sherry FitzGerald Research

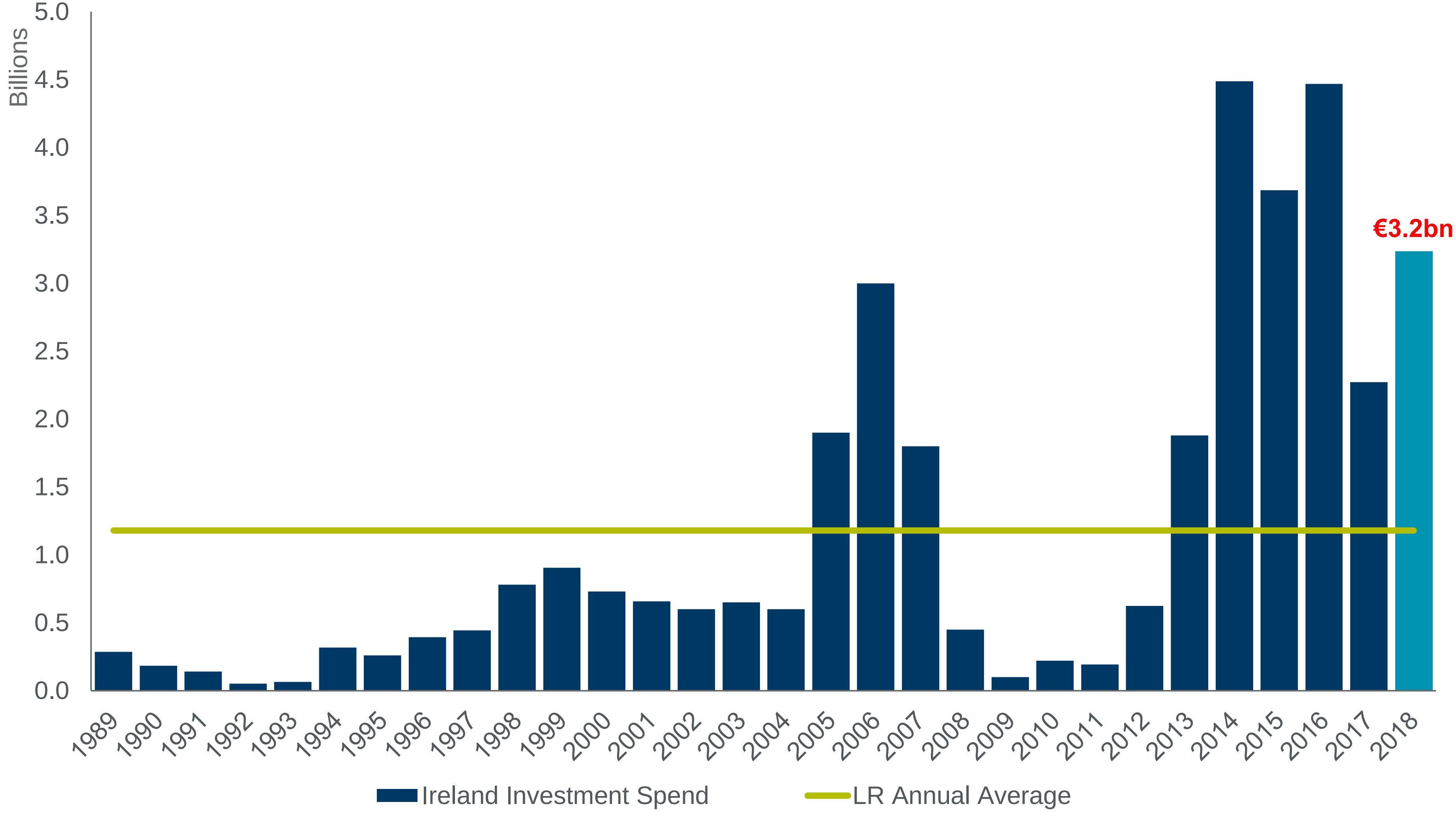
03

COMMERCIAL MARKET INVESTMENT & OCCUPIER TRENDS

INVESTMENT MARKET TURNOVER

€BN*: 1989 –2018

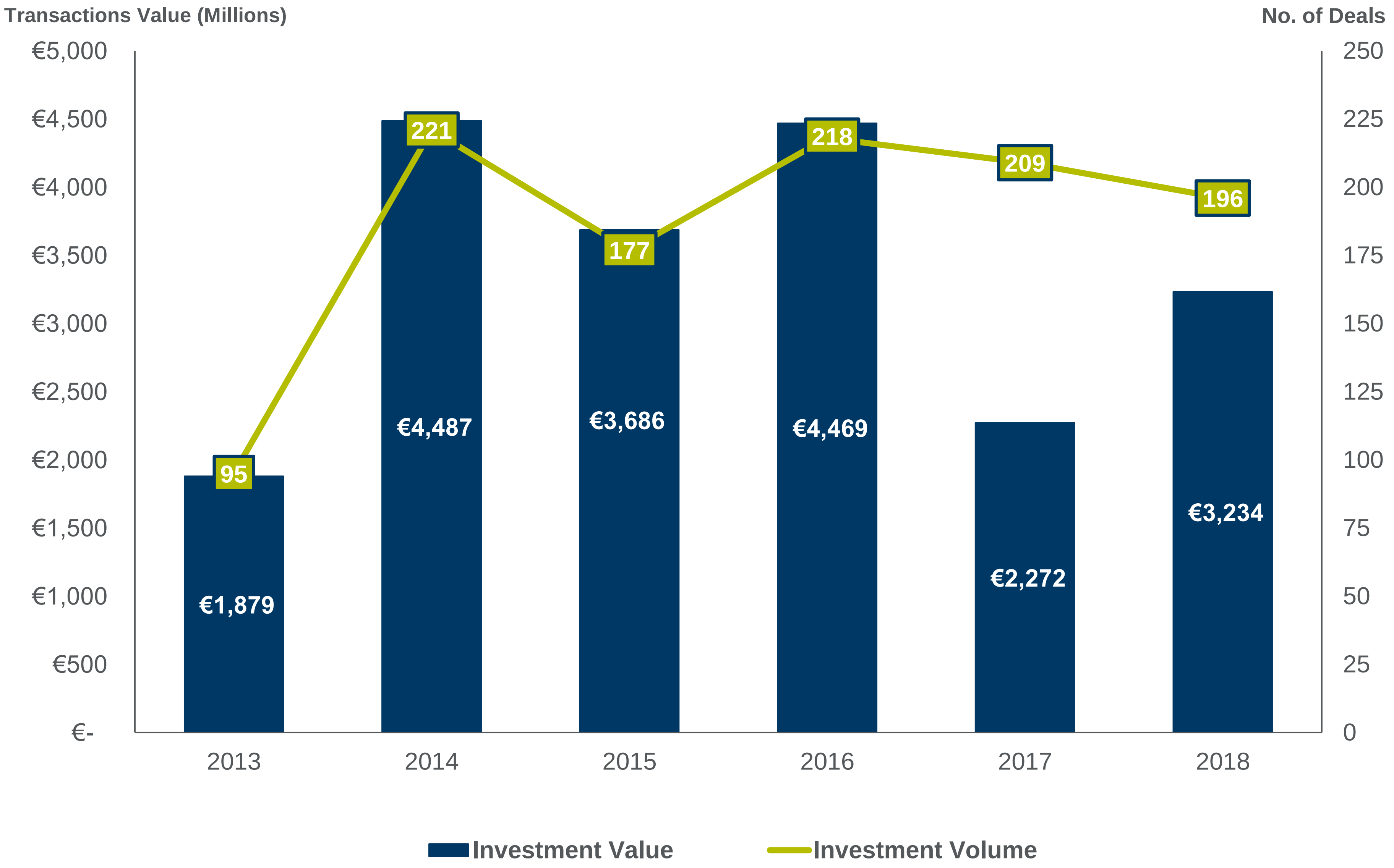
€3.2bn invested in the Irish commercial property market 2018



Source: Cushman & Wakefield Research

INVESTMENT TRANSACTIONS

2013 – 2018



Source: Cushman & Wakefield Research

TOP INVESTMENT TRANSACTIONS - IRELAND

2018

Asset	Price (€)	Sector	Vendor
Heuston South Quarter, D8	€175m	Office	Confidential
No. 1, Dublin Landings, D1	€164m	Office	Ballymore/Oxley
Dublin Office – Off Market	€160m	Office	Confidential
Chatham & King, D2	€155m	Mixed Use	Lone Star
Westend Retail Pail, Blanchardstown, D15	€147.7m	Retail	Green REIT
Off Market Residential	€140m	Office	Confidential

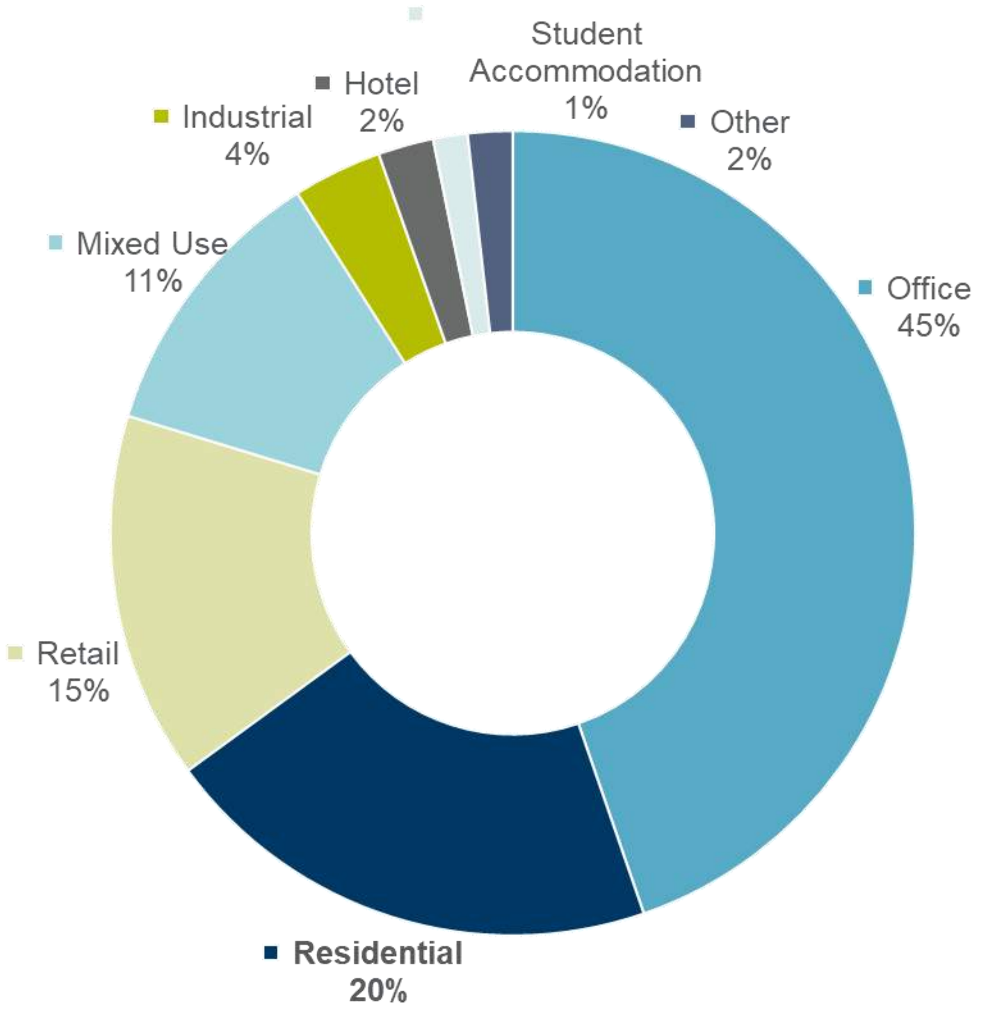
Source: Cushman & Wakefield Research

SECTOR BREAKDOWN

2018

Sector	Price (€)
Office	€1.45bn
Residential	€654.3m
Retail	€477.1m
Mixed Use	€365.5m
Industrial	€115.8m
Hotel	€72.0m
Student Accommodation	€44.8m

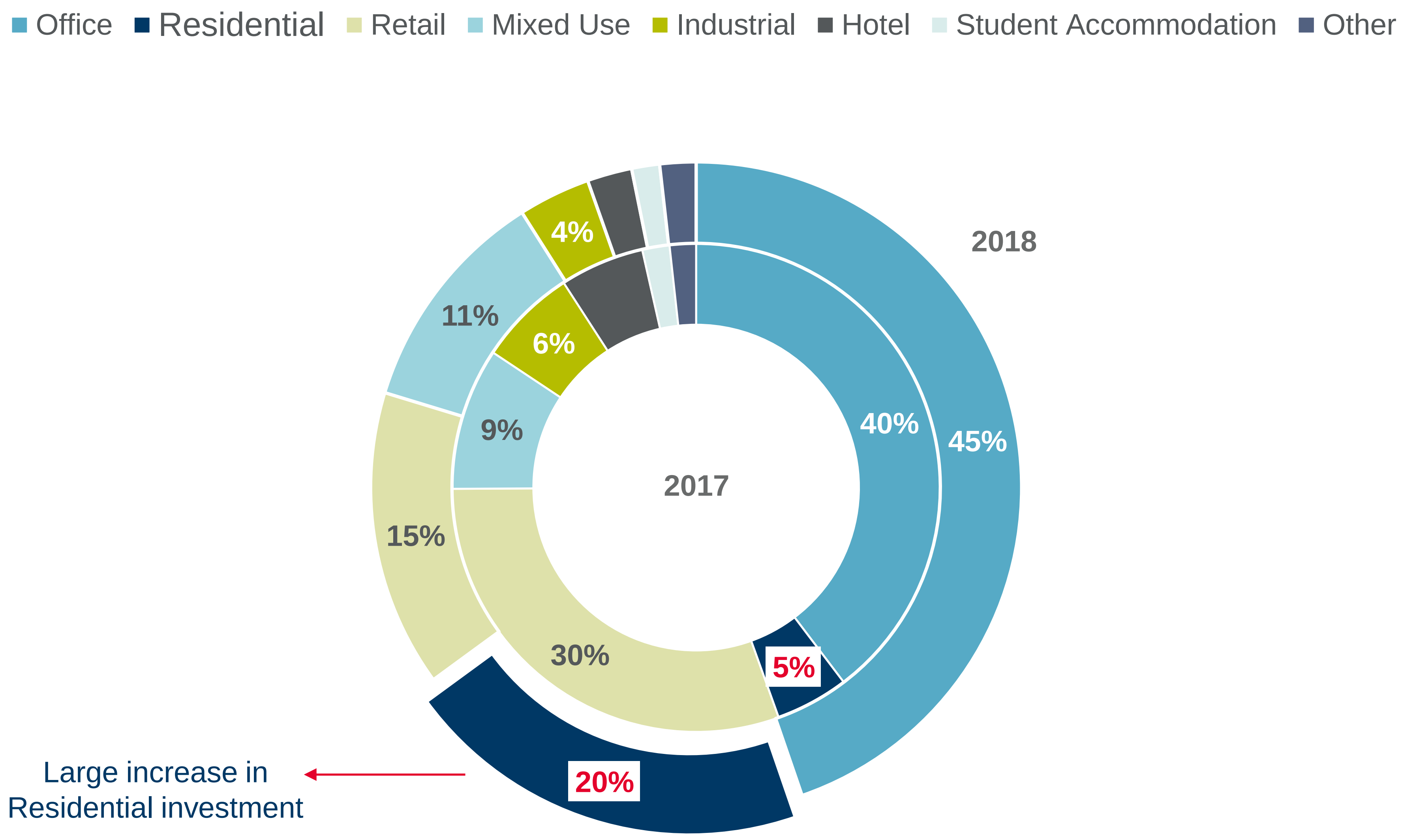
Sector Breakdown – 2018



Source: Cushman & Wakefield Research

SECTOR BREAKDOWN

2017 VS 2018



Source: Cushman & Wakefield Research

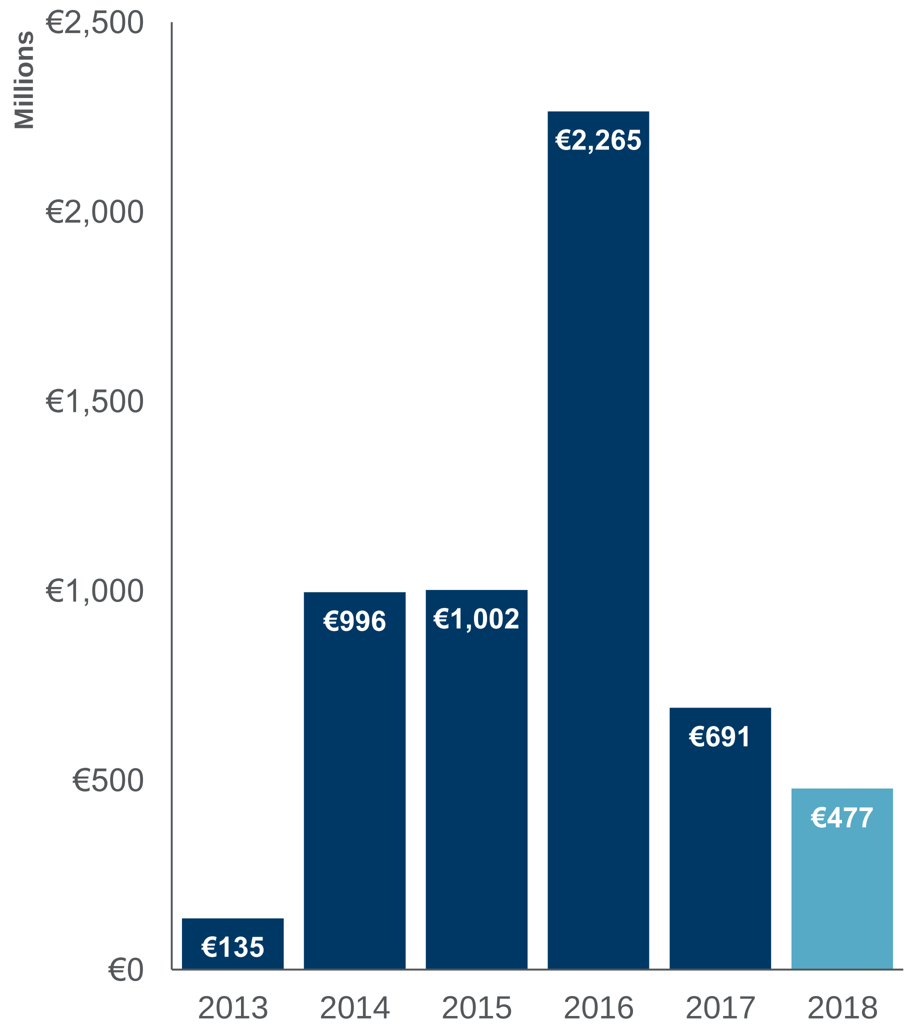
INVESTMENT TRANSACTIONS – RETAIL SECTOR

2018

Sherry FitzGerald

Top Retail Transactions – 2018

Asset	Price (€)	Vendor	Purchaser
Westend Retail Park, Blanchardstown, D15	€147.7m	Green REIT	Deutsche Bank
Off Market	€95m	Confidential	Confidential
Off Market	€43m	Confidential	Confidential
Charlestown Shopping Centre, D11	€40m	NAMA/Bovale	Private Irish
The Mill Shopping Centre	€18m	Varde	Confidential
Carlow Retail Park	€17m	Private Irish	Friends First
Baroimhe Shopping Centre, Swords, Co. Dublin	€9.3m	Calibrate Real Estate	Appian Asset Management



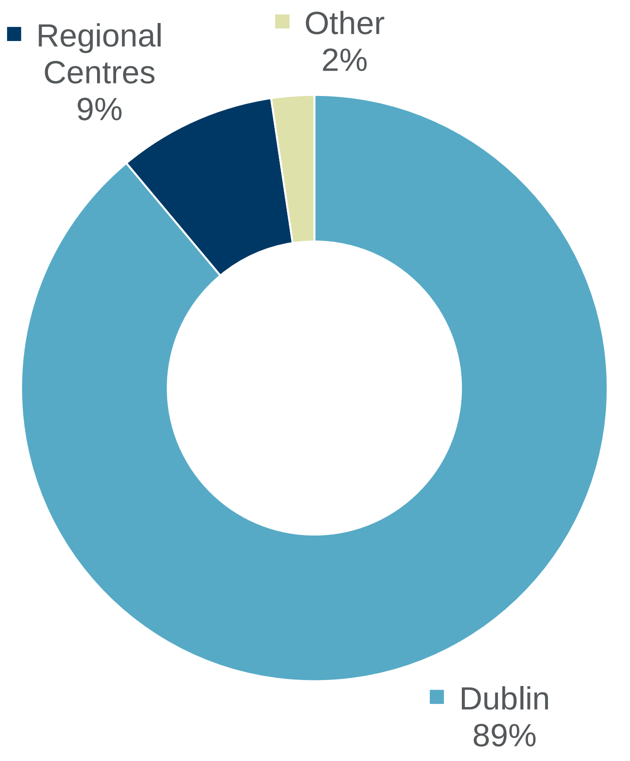
Source: Cushman & Wakefield Research

INVESTMENT TRANSACTIONS – OFFICE SECTOR

2018

Top Office Transactions – 2018

Asset	Price (€)	Vendor	Purchaser
Heuston South Quarter, D8	€175m	Confidential	Confidential
NO. 1, Dublin Landings, D1	€164m	Ballymore/Oxley	Triuva
Confidential Dublin Office	€160m	Confidential	Confidential
No. 2 Dublin Landings	€107m	Ballymore/Oxley	JR AMC
The Beckett Building, D3	€101m	Comer Group	Kookmin Bank
Bellfield Office Campus, D4	€90m	Confidential	Spear Capital
New Century House, IFSC, D1	€65.3m	Hibernia REIT	Credit Suisse

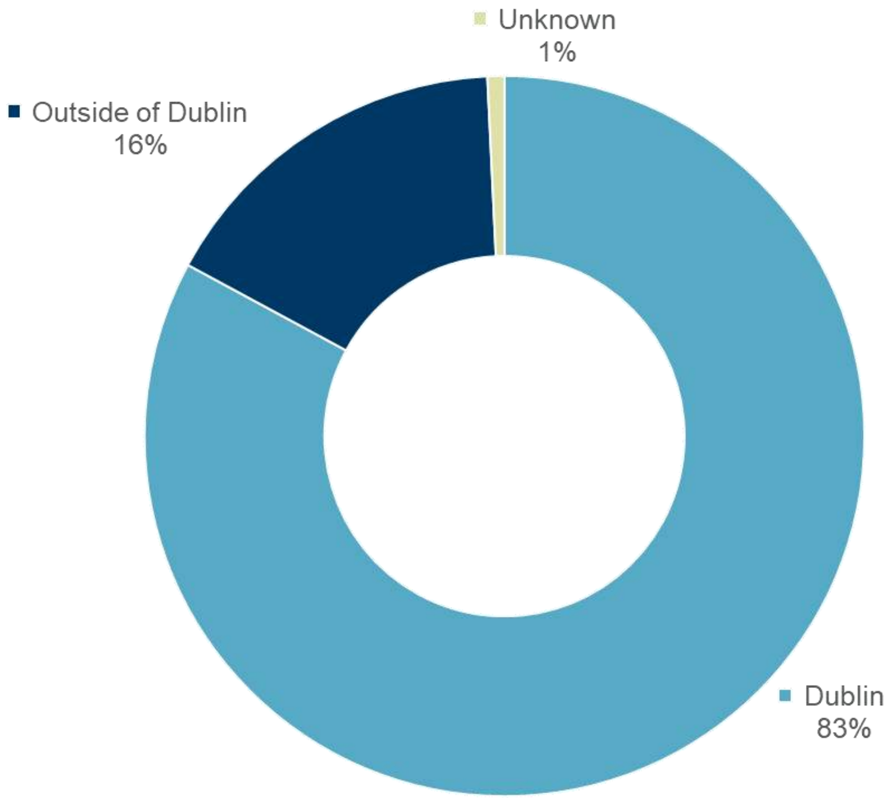


Source: Cushman & Wakefield Research

INVESTMENT TRANSACTIONS – LOCATION

2018

The share of total spend outside of Dublin in 2018 was 16%.



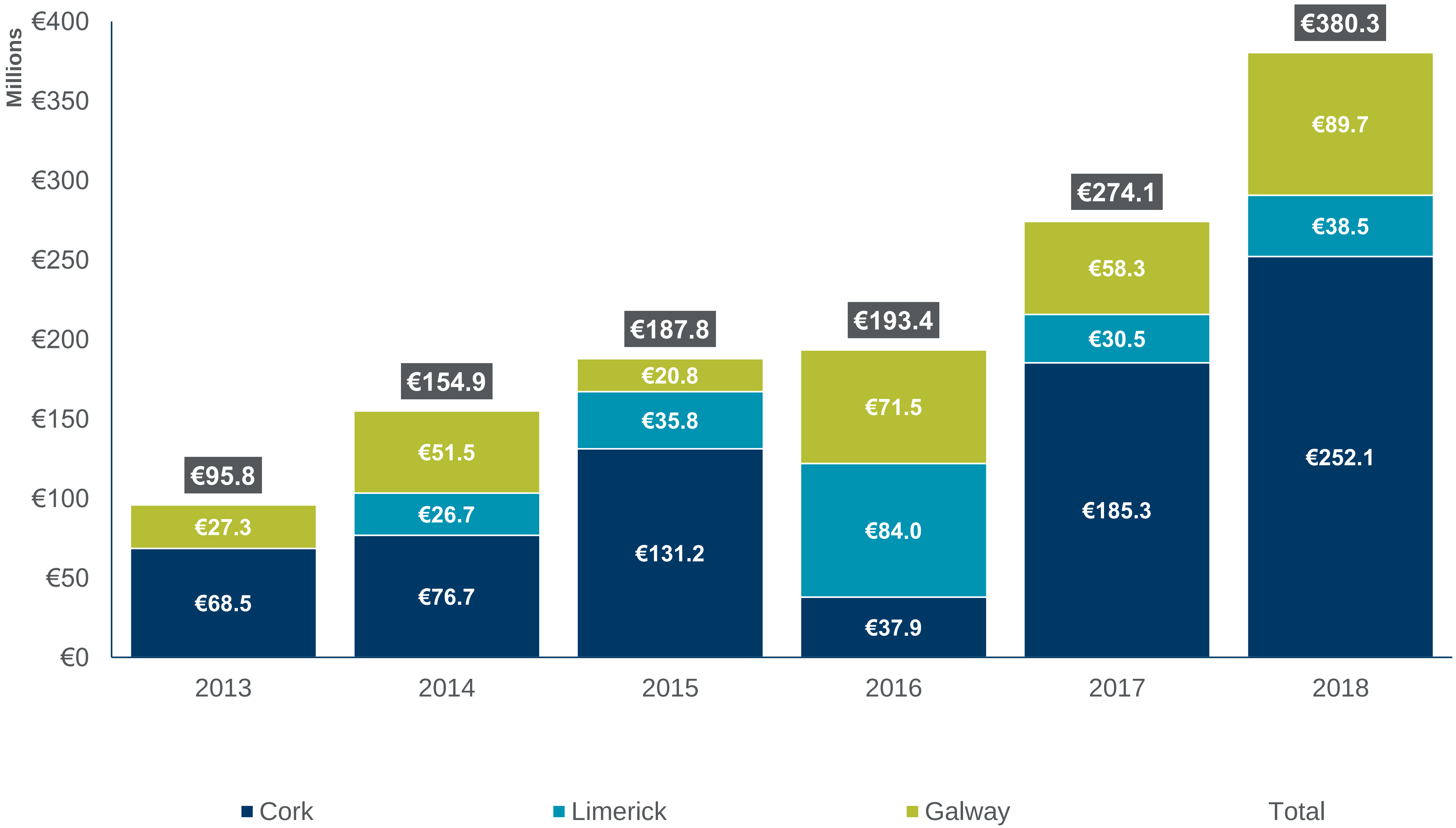
Top Transactions Outside Dublin, 2018

Asset	Price (€)	Sector	Purchaser
The Elysian Cork	€87.5m	Residential	Kennedy Wilson
Off Market	€43m	Confidential	Confidential
Cuirt na Coiribe, Headford Rd. Galway	€35m	Student Accom.	Exeter Property Group
Off Market (BallinCollig)	€35m	Residential	Private UK Fund
City Square, Blackpool	€33m	Residential	Private UK Fund
Plassey Portfolio, Limerick	€25m	Office	Fine Grain Property

Source: Cushman & Wakefield Research

INVESTMENT ACTIVITY IN THE REGIONAL CENTRES

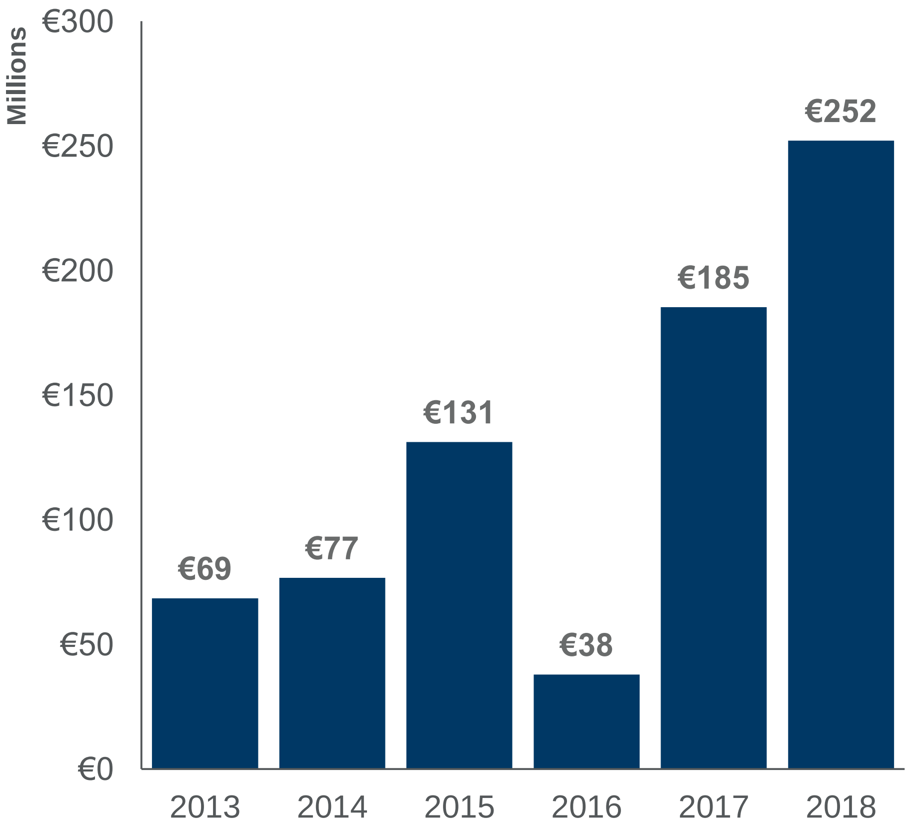
2013 - 2018



Source: Cushman & Wakefield Research

INVESTMENT ACTIVITY – CORK IN FOCUS

2013 - 2018



Top Transactions 2018

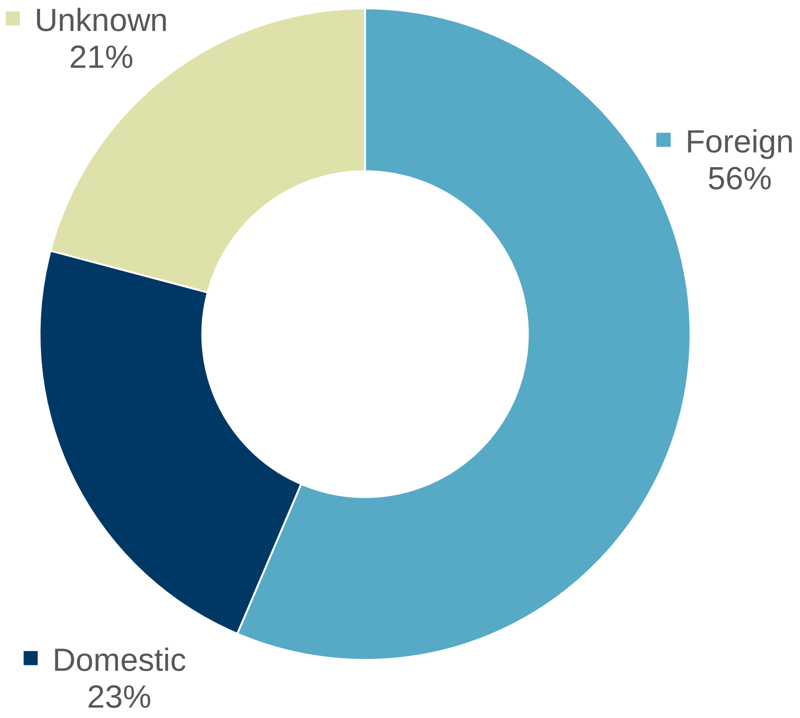
Asset	Price (€)	Sector	Purchaser
The Elysian	€87.5m	Residential	Kennedy Wilson
Off Market, Ballincollig	€35m	Residential	UK Fund
City Square, Blackpool	€33m	Residential	UK Fund
Block C, City Gate Park, Mahon, Cork	€21m	Office	Domestic Investor
Off Market (Barrack Square	€20m	Office	Camgill

Source: Cushman & Wakefield Research

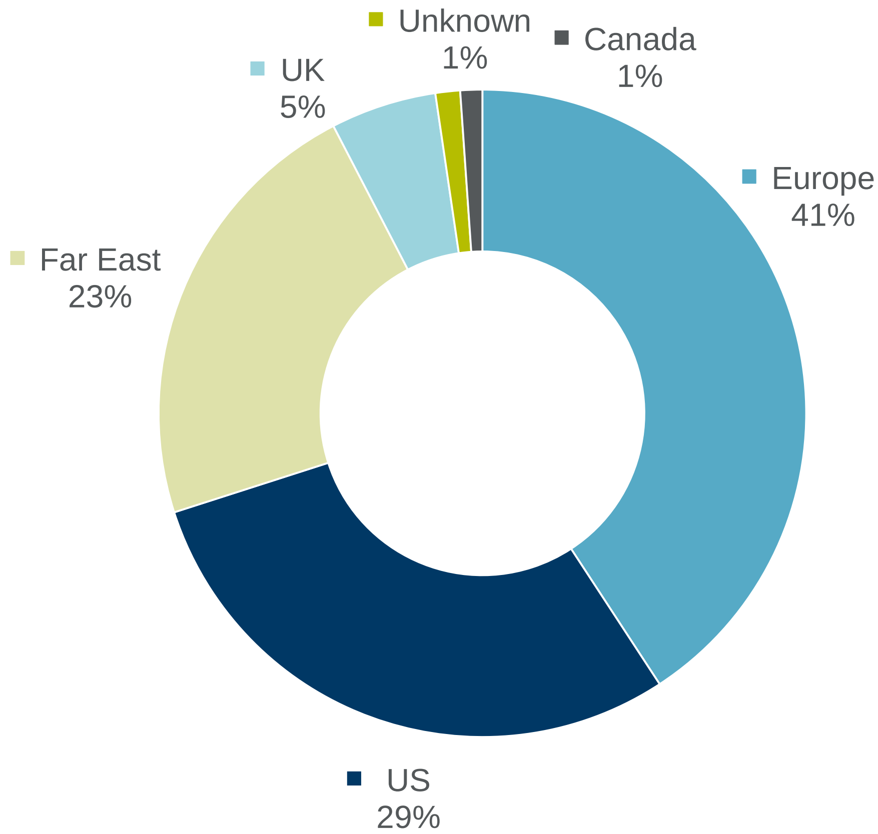
SOURCE OF CAPITAL

2018

Source of Capital*



Source of Overseas Capital



*Three large confidential transactions, where source of purchaser is unknown, makes up almost two thirds of *Unknown* category here

Source: Cushman & Wakefield Researc

04

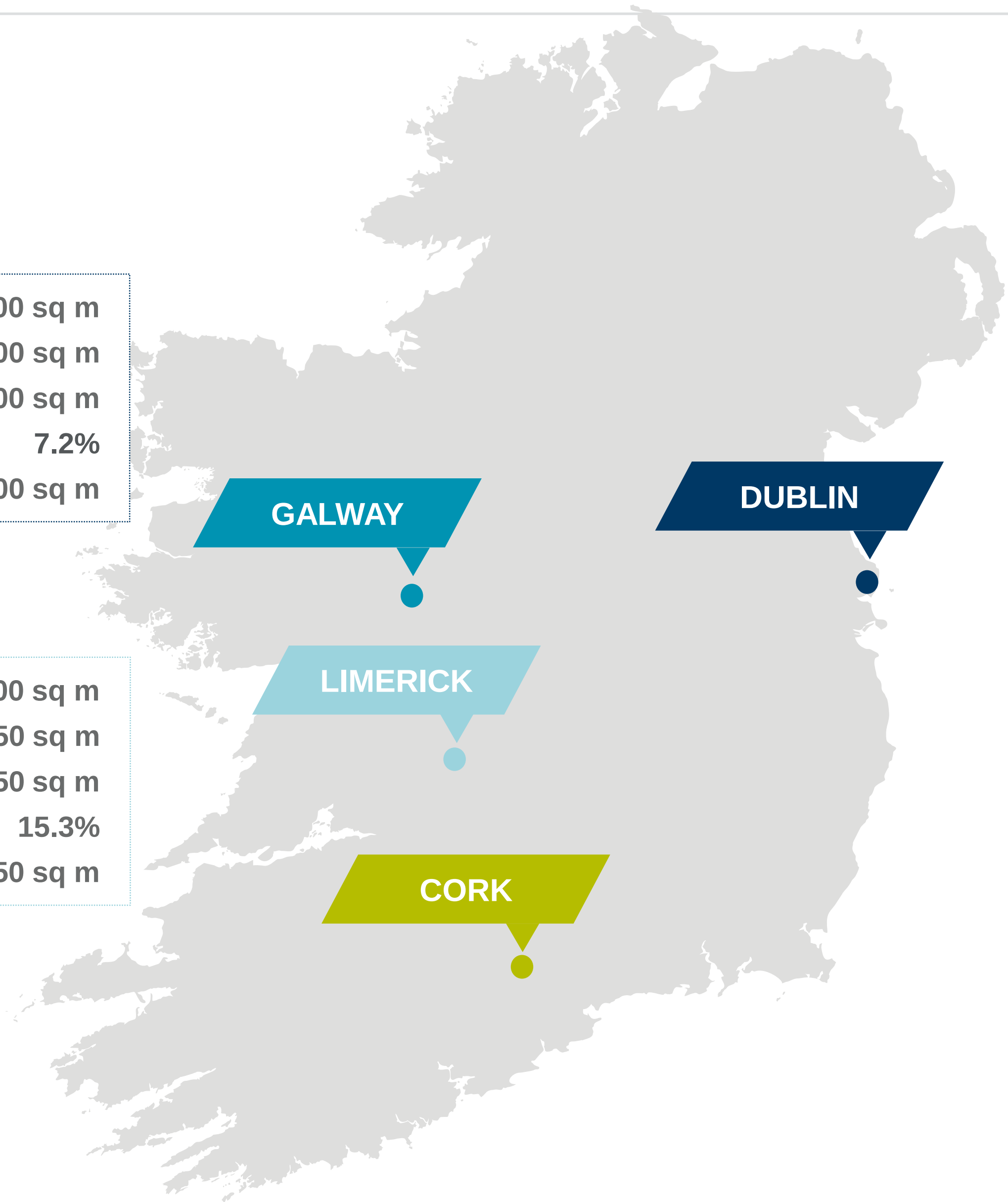
OFFICE MARKET

IRISH OFFICE MARKET

Q4 2018

Market Stock:	308,300 sq m
Take Up YTD 2018:	2,700 sq m
Availability:	22,200 sq m
Vacancy Rate:	7.2%
Under Construction:	7,000 sq m

Market Stock:	3.71 million sq m
Take Up YTD 2018:	260,050 sq m
Availability:	466,750 Sq M
Vacancy Rate:	12.6%
Under Construction:	434,400 sq m



Market Stock:	346,400 sq m
Take Up YTD 2018:	6,350 sq m
Availability:	58,650 sq m
Vacancy Rate:	15.3%
Under Construction:	17,750 sq m

Market Stock:	585,700 sq m
Take Up YTD 2018:	43,750 sq m
Availability:	42,050 sq m
Vacancy Rate:	7.2%
Under Construction:	21,800 sq m

Source: Cushman and Wakefield Research

DUBLIN OFFICE MARKET

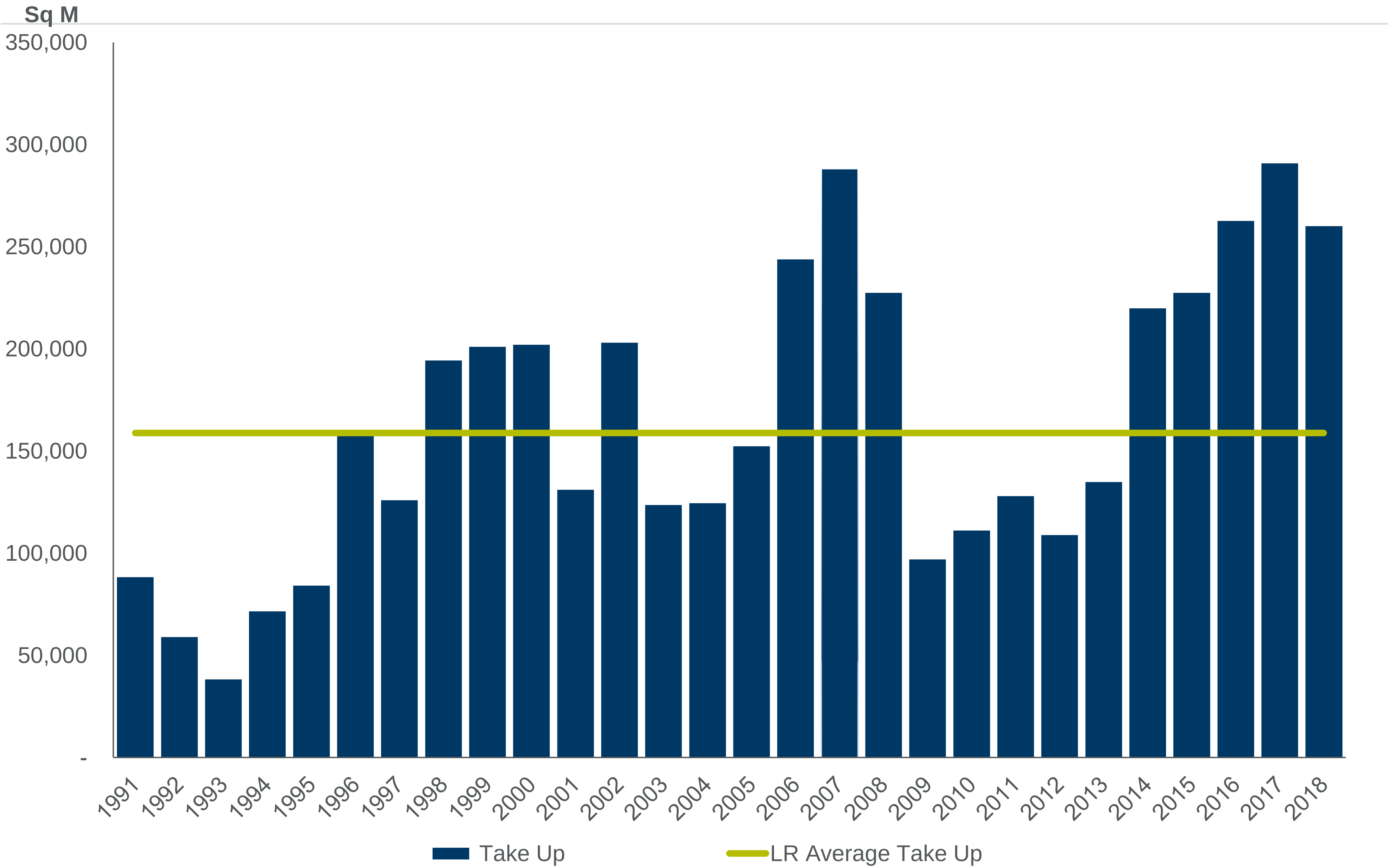
Q4 2018

Office Market	Dublin	CBD
Market Stock	3.71 million sq m	1.98 million sq m
Take Up 2018	260,050 sq m	166,100 sq m
Availability	466,750 sq m (Net – 235,500 sq m)	223,300 sq m (Net – 104,050 sq m)
Vacancy Rate	**12.6% (Net VR 6.3%)**	**11.3% (Net VR 5.3%)**
Under Construction	434,400 sq m	341,700 sq m
Pre-Let / Reserved	32% / 23%	38% / 27%

Source: Cushman & Wakefield Research

DUBLIN OFFICE MARKET

TAKE UP (SQ M)



Source: Cushman and Wakefield Research

KEY OFFICE TAKE UP DEALS – DUBLIN

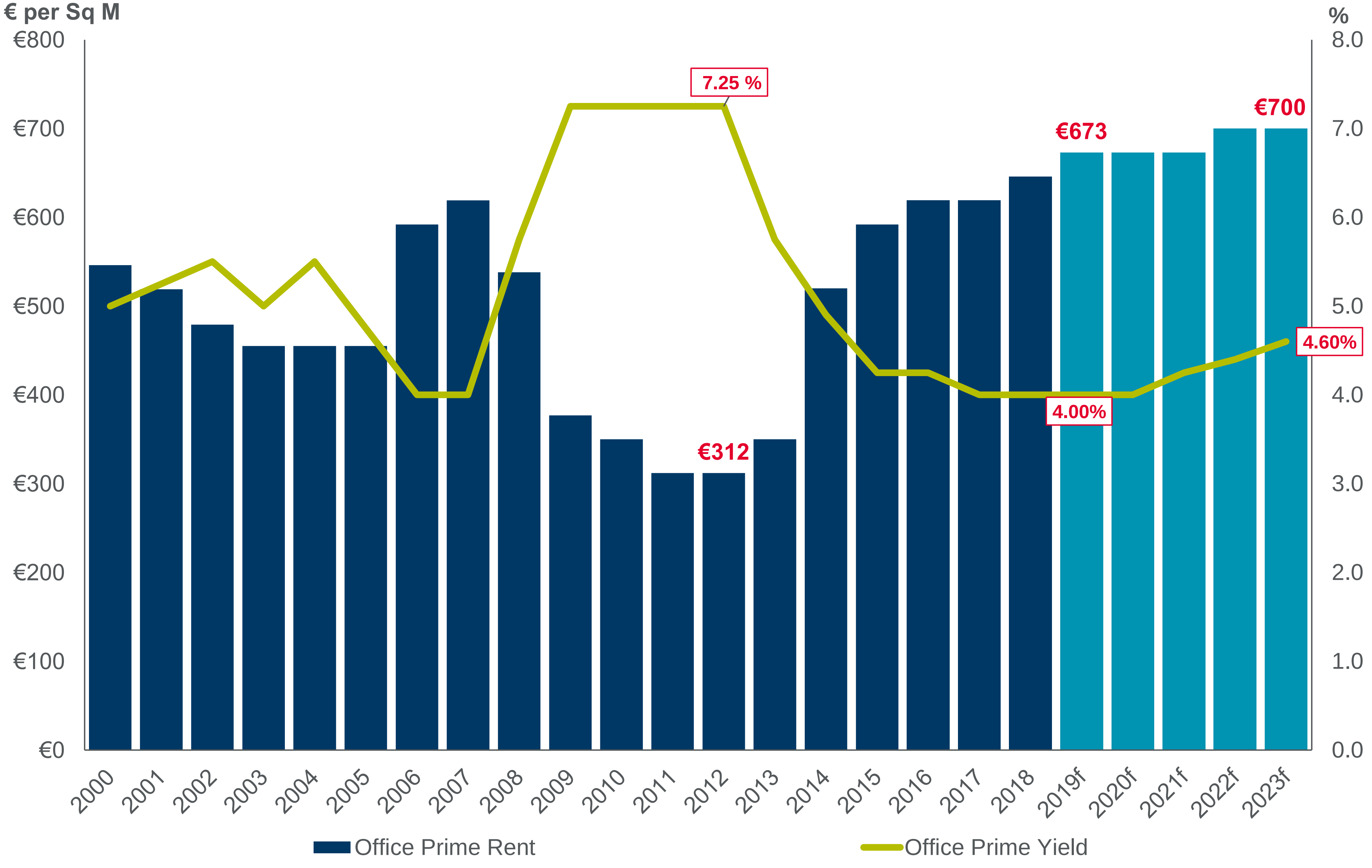
2018

Office	Tenant	Sector	Size (Sq M)	Status	Quarter
No.1 Dublin Landings, NWQ, Dublin 1	NTMA	State	13,850	Taken Up	Q1
200 Capital Dock	JP Morgan	Finance	12,100	Taken Up	Q4
Block H, Central Park, Leopardstown	AIB	Finance	12,000	Taken Up	Q3
Dublin Landings - No.2	WeWork	Serviced Office	9,650	Taken Up	Q4
Miesian Plaza - Block A Building 1	Dept. of Health	State	9,400	Taken Up	Q4

Source: Cushman & Wakefield Research

PRIME OFFICE RENTS (€ PER SQ M) & YIELDS (%)

DUBLIN OFFICE MARKET



Source: Cushman & Wakefield Research

Thank you

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