



## 2023 At A Glance



Total Turnover 2023

**€1.85  
Billion**

### Turnover by Sector 2023



**28.5%**

Industrial



**23.4%**

Residential



**21.6%**

Retail



**20.8%**

Office



**3.4%**

Mixed-Use



**2.2%**

Other



**0.1%**

Hotel



## 2023: Top 10 Transactions

Property	Sector	Approx. Price (million)	Purchaser
Baldonnell Business Park	Industrial	€225	Pontegadea
Greenogue Logistics Park	Industrial	€110	Ingka Investments
Opus, 6 Hanover Quay, Dublin 2	Residential	€101	Pontegadea
Eglinton Place	Residential	€99.5	M&G
Lisieux Hall Murphystown Road, Dublin 4	Residential	€92	P&C
George's Quay, Dublin 2	Office	€81	Corum
Hexagon Portfolio	Retail	€74	Davy Real Estate
Waterside, Citywest	Office	€65.5	Fine Grain
Confidential	Residential	€55	Confidential
Blackwater Retail Park & City East Retail Park	Retail	€45.9	Realty

# Q4 2023 At A Glance



Total Turnover Q4 2023

# €441.6 Million



## Turnover by Sector Q4 2023



**60%**

Industrial



**18%**

Office



**14%**

Retail



**7%**

Mixed-Use



**1%**

Residential

## Turnover by Sector Q4 2023

- Without Baldonnell Business Park deal (225 million)



**19%**

Industrial



**36%**

Office



**29%**

Retail



**13%**

Mixed-Use



**3%**

Residential

## Prime Yields



**5.50%**

Prime High Street Retail



**6.75%**

Prime Shopping Centre



**5.25%**

City Centre Office



**5.0%**

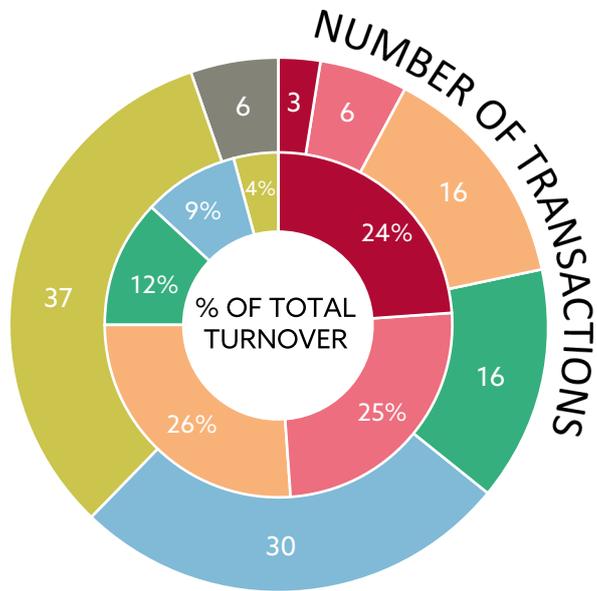
Residential (PRS)



**5.0%**

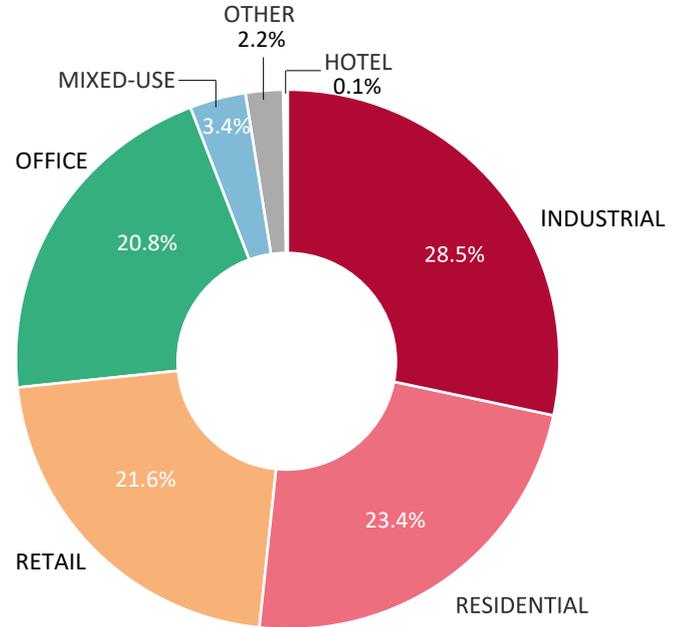
Industrial

# 2023 Investor Transactions by Lot Size



- €100M+
- €50 - 100M
- €20 - 50M
- €10 - 20M
- €3 - 10M
- €1 - 3M
- €500K - 1M

# Investor Turnover by Sector



- Industrial
- Residential
- Retail
- Office
- Mixed-Use
- Other
- Hotel





## Expert Insight

By Rod Nowlan



### 2023 Review

2023 was very much "annus horribilis" in terms of capital market's activity. Concluding with a total turnover of €1.85 billion it represents the lowest level of activity since 2012. Clearly the pricing uncertainty brought about by the ending of the free money era, driven by a multitude of geopolitical and economic factors, has had the biggest effect. To put this transition in context, the ECB deposit rate (now at 4%) was a mere 0.75% only 16 months ago. The virtual collapse of office and residential investment trades has clearly played the largest part in the collective investment market's poor performance. These two sectors saw the greatest yield compression over the free money era and now have more "unwinding" to do than the other sectors. In addition, the scarcity of equity created by the pending refinancing of these sectors may have a disproportionate effect on repricing and indeed the wider market.

Interesting to note however that retail and industrial sectors have proved where the fundamentals are sound (specifically cost and occupier supply and demand dynamics) investor appetite to trade exists. This is highlighted by the fact that in one of the worst years in over a decade we have seen the single largest industrial transaction ever with the €225 million sale of an Amazon dominated portfolio in Baldonnell. While at a yield level of probably 100 basis points higher than peak, it shows how investors react to properly priced products. If we exclude this one-off mega transaction (given its impact on skewing this quarters figures), we see the retail sector showing activity at 29% of turnover in Q4 of 2023 (and a level of almost 22% for the entire year), it's highest level since 2016. Bannon was involved in approximately 50% of retail investment transactions in Q4. The industrial sector (28.5%), topped the total turnover statistic for the full year '23.

On a positive note, we have seen a few office transactions in Q4 where material price adjustment has seen the tentative resumption in activity. A case in point was The Chancery in Dublin 8 which transacted at €14m (in a corporate), some €10.5m below its original 2022 asking price. For retail investments, while the sale of AIB's Blanchardstown debt at approx. 140m will not be included in turnover figures, four competitive round two bids represented a serious boost for the perception of the sector. Retail in particular owes its renewed relevance to a number of key fundamentals. Most notably, and in stark contrast to the office sector, it enjoys a relatively stable supply/demand dynamic. Now with historically high occupancy levels, this follows its emergence from the dual body blows of the GFC and COVID demonstrating its long-term resilience. Occupational demand is strong with a wealthy Irish consumer, buoyed up by unprecedented level of savings and high employment growth. At a time when Cap Ex costs, in particular ESG retrofitting, tops the list of investor fears it is not surprising that retail parks lead the way in terms of the sector's yield performance and only second to shopping centres in terms of market turnover, predominantly due to an absence of stock for trade.



# 2024 Outlook

While the difficult macro conditions are expected to continue well into 2024, we anticipate an improvement in activity as market pricing bottoms out. We expect the trends we saw emerging from Q4, specifically a focus on industrial and retail product, likely to continue. Residential will continue to struggle with viability as a result of a negative cost yield dynamic despite strong investor demand. The majority of large-scale residential transactions, while still happening, have essentially moved from the capital markets ledger to being state funded end user/AHB deals. The office sector is likely to continue to struggle, however as prices slowly adjust but as ESG compliant office rents see a recovery (which we believe they will) opportunities will emerge for early movers and we should see a resurgence in the sector in H2 2024.

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