

Market Review

May 2022

Gauging the mood of the Irish Investment Market

MM
Murphy Mulhall



Brian Gaffney

BSc, MScSI, MRICS, SIOR

Director

bg@murphymulhall.ie

Tel: 01 6340300

Just as the Irish market emerged from the Covid 19' pandemic which loomed large for the past 24 months, the conflict in Eastern Europe has come into focus as a potential cause of concern for investors.

The impact of the outbreak of fighting in Ukraine following the Russian invasion, has seen accelerated issues with supply of gas, oil and other key items which is leading to significant rises in inflation.

Supply chains have been badly affected in the short term, which has impacted on the deliverability of new product and projects. Construction cost inflation is rising and this will likely reduce the provision of new stock, particularly PRS.

The European Central Bank are also widely expected to increase interest rates at some point in 2022, the timing of which remains uncertain. All of which could potentially instil a nervousness for investors and deter activity.

However, despite having regard to the issues above, we have not seen any material impact in investor sentiment so far. Demand continues to remain strong, from both institutional and smaller, locally based investors. This is evidenced by the strong investment spend in Q1 2022 of €764 million.

For international investors, Ireland is now widely accepted as a safe and secure destination for property investment. The nature of most leases provides income security which in most cases will outlast the various current issues such as high inflation.

Prime yields for core assets remain very competitive in Ireland. In addition to the Dublin market, investors are increasingly focused on Cork, Galway and Limerick, in particular for office and PRS investments.

Delivery of new product in the Irish market, across all sectors, is dependent on International investors in order to unlock supply – providing a target market for developers post completion and also as partners in forward fund agreements. Supply continues to remain tight which will drive marginal yield compression in some sectors, particularly warehousing/logistics and PRS.

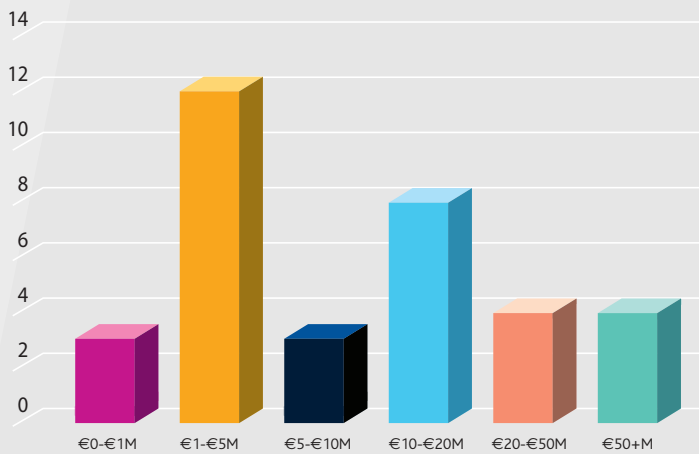
For smaller investors, in the €1 - €10 million market, the impact of the issues outlined will be more keenly felt. Unlike institutional investors, those smaller investors tend to generally seek out a larger mix of investment types ranging from higher risk and more 'hands-on' to secure single let investments. They are also in a lot of cases highly leveraged and susceptible to interest rate and inflationary issues. However, there is also a huge amount of cash currently held on deposit in Irish banks earning very little return, and despite the potential challenges in the market, property investment remains a safe and secure option for investors. This is underpinned by strong occupier demand particularly in industrial/logistics and offices.

Sentiment remains unwavering, and we are hopeful of another busy and productive year throughout 2022.

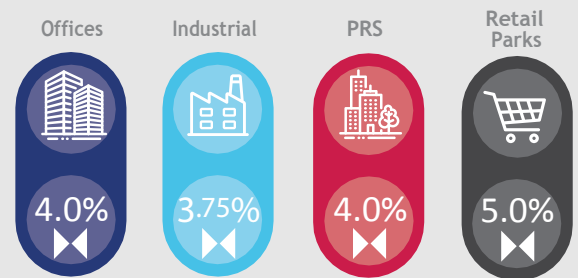
Top 5 Deals (Q1 2022)

Asset	Price	Vender	Purchaser
Project Ruby	€145,000,000	Confidential	ARES Capital
Distribution Centre, Newbridge, Co Kildare	€128,700,000	Barola	Union Investment
Confidential Residential Scheme	€85,000,000	Confidential	Confidential
Point Square, Dublin 1	€85,000,000	NAMA	Ballybunion Capital
Confidential PRS Scheme	€47,000,000	Confidential	Confidential

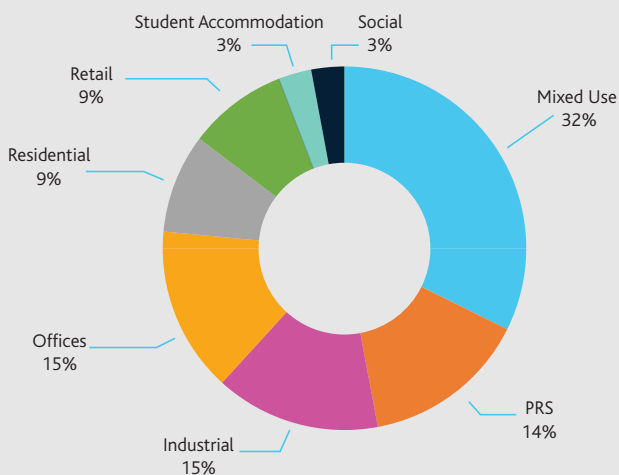
Transactions by Lot Size Q1 2022



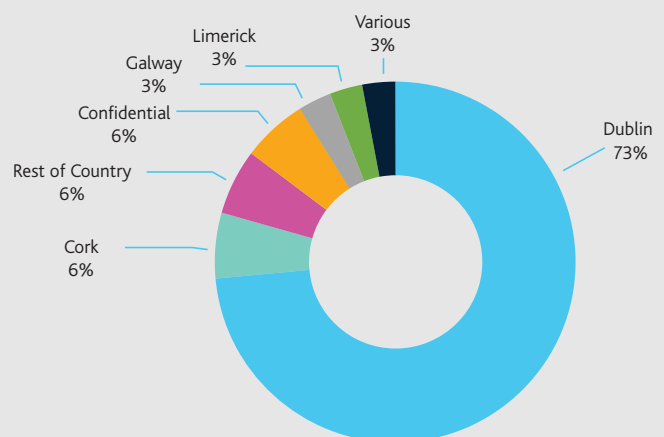
Prime Yields Q1 2022



Transactions by Asset Class Q1 2022



Take up by Location Q1 2022



GET IN TOUCH

Murphy Mulhall, 38 Wellington Road, Dublin 4, D04 H3E7 T: +353 1 634 0300

James Mulhall
Managing Director
jm@murphymulhall.ie

Robert Murphy
Principal
rm@murphymulhall.ie

Brian Gaffney
Director
bg@murphymulhall.ie

Rebecca Breen
Senior Surveyor
rb@murphymulhall.ie

Hugh O'Donnell
Surveyor
hugh@murphymulhall.ie