

# Ireland Commercial Real Estate Market Update

3<sup>rd</sup> Quarter 2019



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### **About Quadrant Real Estate Advisors**

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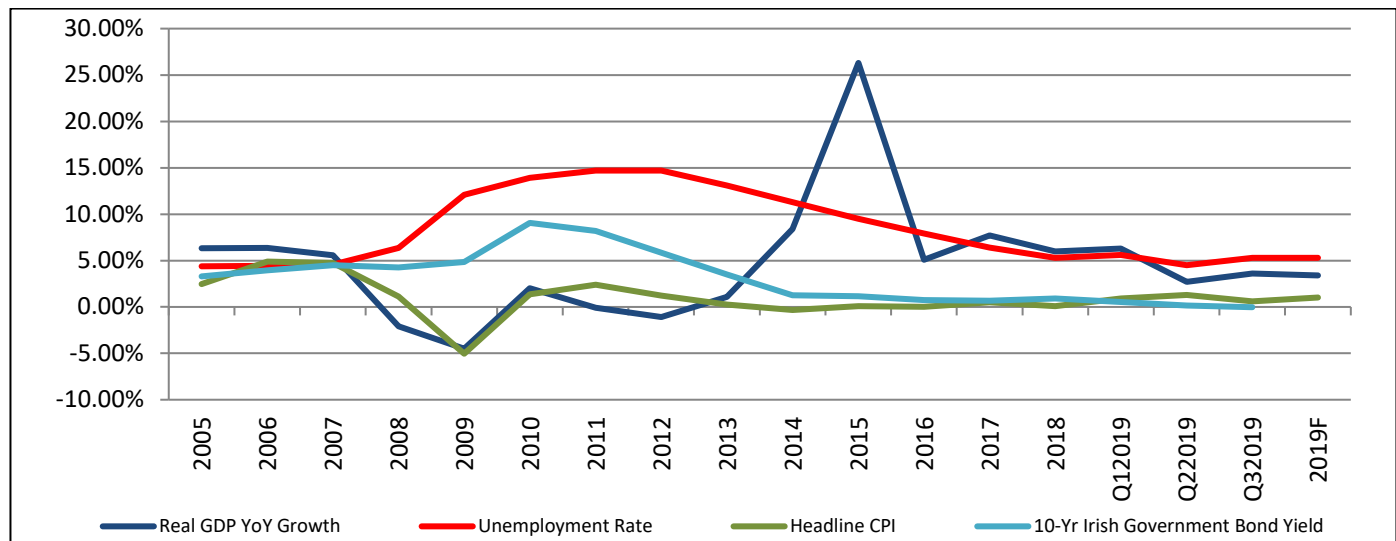
Since 1993, Quadrant's senior management has worked together as a team providing the firm's clients with access to both privately placed and publicly traded commercial real estate debt and equity investments through commingled funds and single client accounts. In addition to experience, senior management controls 100% of the firm, thereby providing true alignment of interests and accountability.

The firm's executive leadership includes Kurt Wright, Chief Executive Officer; Thomas Mattinson, Executive Vice President; Walter Huggins, Executive Vice President; Frank Linneen, Executive Vice President; and Jessica Eggins, Executive Vice President.

## Ireland Market Summary

- **2019 GDP is forecasted to be 3.4% (revised).**
  - Real Gross Domestic Product (“GDP”) growth in Ireland year-on-year for the quarter ending September 30, 2019 is estimated to be 3.6%, down compared to the same quarter for 2018 at 8.4% (revised).
- According to the Ireland Central Statistics Office the number of employed people in Q2’2019 (latest reportable statistic) is 2.3 million people (annual increase of 45,000 people).
- The European Central Bank (“ECB”) has an inflation target of at least 2.00%.
  - Euro Inflation decreased 80 basis points to 0.8% in Q3’2019.
  - Interest rates on bank reserves were cut for the first time since 2016, from -0.4% in Q2’2019 to -0.5%.
  - Quantitative easing will recommence in November 2019, buying €20 billion of bonds per month, to stimulate policy rates and spur economic growth.

### Key Economic Indicators



Source: Bloomberg, Central Statistics Office Ireland

1) The 2012 10-Yr Irish Government Bond Yield is a linear interpolation of the 2011 and 2013 yields because no benchmark 10 year bond existed in 2012.

- The euro decreased 4.17% against the US dollar to €1.09 at the end of the current quarter. The euro decreased 1.00% against the pound to €0.89 at the end of the current quarter.
- The Brexit vote has led to a moderate increase in Foreign Direct Investment (“FDI”) activity in Ireland as organizations establish a presence in Europe to prepare for post-Brexit.
- Many companies, already established in Ireland, are expanding their existing footprint.
- Lack of housing, especially in Built-To-Rent (“BTR”) and for sale apartments, is perceived to be the biggest threat to the Irish economy, and the biggest opportunity for property investors.

## Interest Rate Benchmarks

Benchmark	June 2019	September 2019	Basis Point Change
3-month EUR Swap	-0.35%	-0.42%	-7
5-year EUR Swap	-0.23%	-0.41%	-18
10-year EUR Swap	0.18%	-0.15%	-30
Ireland 10-year Government Note	0.17%	-0.03%	-20

Source: Bloomberg.

- Declining Euribor swap rates resulted in the pricing of debt for income producing assets to increase considerably.
- Low cost senior financing for property from the clearing banks is generally limited to 65% loan-to-value, but is not permitted on speculative development or land.
- Speculative development finance for commercial assets continued to be the most difficult property type in the market to fund. In addition, a material property debt capital gap persists on a broad range of under supplied property types.
- Furthermore, most non-bank mezzanine lenders require low-to-mid teen returns which is cost prohibitive.
- Given high demand for cost efficient debt and limited competition from lenders, attractive risk adjusted yields of gross 8%+ can be achieved on prudent stretch senior loans.

## Capital Market Trends

### Debt

- **Speculative Construction:** A large capital gap remains for construction or development projects. Financing available for these types of projects are limited to:
  - Debt funds and other non-bank private lenders; or
  - Combining of financing from senior banks and expensive mezzanine financing (tends to be covenant heavy).
- **Mature, well-let properties:** There is significant debt capital available for mature, well-let properties. This debt is low-to-moderately priced but tends to be low loan to value coupled with heavy covenants.

### Equity

- There has been a significant influx of foreign and domestic equity capital into Ireland, targeting real estate investments. Examples of Foreign equity investors;
  - Kennedy Wilson, Patrizia, Bain Capital, Blackstone, TPG Capital, KKR, etc.
- By attracting sophisticated investment capital, Ireland has achieved institutional investment status and is becoming the market of choice for sophisticated investors such as pension funds and insurance companies.
  - This has resulted in materially more liquidity and price stability as compared to the Celtic Tiger days.
  - A table outlining the equity transactions executed in 2019, is detailed on the next page.

## Equity Transactions in Ireland (Executed in 2019)

Property Name	Property Type	Location	Purchaser	Investor Type	Executed Price €
Multiple Sites	Residential/Commercial	Dublin, Cork, Galway	LRC Group	Real Estate Portfolio Manager	€ 150,000,000
Conrad Hotel	Hotel	Dublin	Archer Hotel Capital BV	Long term Hotel investor	€ 180,000,000
Hannover Quay	Office	Dublin	Union Investment	Asset Manager (Wing of DZ Bank Group)	€ 190,000,000
77 Sir John Rogerson's Quay	Office	Dublin	Undisclosed Pension Fund	Pension Fund	€ 35,500,000
New Century House	Office	Dublin	Credit Suisse managed fund	Investment Bank	€ 65,000,000
Charlemont Exchange	Office	Dublin	Vestas Investment Management	Group of Korean Investors	€ 140,000,000
The Sorting Office: the Docks	Office Scheme	Dublin	Mapletree Investments	Real Estate Investment Trust	In Closing
GSK Manufacturing Plant	Industrial	Cork	Thermo Fisher Scientific	Scientific Research and Development Company	€ 90,000,000
Citywest (282 Units)	Residential	Dublin	Urbeo	Housing/Apartment Developer	€ 94,000,000
Benson Building	Residential, Development	Dublin	Patrizia AG	Fund (Acquiring Build-to-Rent sites in PRS)	€ 52,500,000
Mount Argus in Harold's Cross	Residential Development	Dublin	Patrizia AG	Fund (Acquiring Build-to-Rent sites in PRS)	€ 100,000,000
Land site near Croke Park	Land Site (to be developed into apartments)	Dublin	Hines	Real Estate Investor and Developer	€ 105,000,000
Dublin Landings Development (North Wall Quay)	Residential and Parking	Dublin	Greystar Europe Holdings	Property Investor	€ 154,600,000
2 Sites: Cabra and Sandyford	Residential Developments sites	Dublin	Tristan Capital Partners	Investment Fund	€ 54,500,000
Heuston South Quay (HSQ)	Office, Residential and Retail	Dublin	Henderson Park	Private Equity	€ 222,000,000
Glasson Country House Hotel & Golf Club	Hotel and Golf Course	Athlone, Co Westmeath	Press Up (Oakmount)	Assets Manager	€ 9,000,000
Clerys Department Store	Retail	Dublin	Press Up (Oakmount)	Asset Manager	€ 63,000,000
DIT Kevin Street Campus	Mixed Use	Dublin	Westridge Real Estate	Developer (with US backing)	€ 140,000,000
Mahon Point Retail Park	Retail	Co Cork	Not Disclosed	Not Disclosed	€ 56,000,000
CastleWest Shopping Centre, Ballincollig	Retail	Co Cork	Not Disclosed	Not Disclosed	€ 22,000,000
Cork Airport Business Park	Office	Co Cork	Not Disclosed	Not Disclosed	€ 21,250,000
Apartments at Navan Town Centre	Residential	Co Meath	Not Disclosed	Not Disclosed	€ 2,500,000
Q Parade, Childers Road	Retail	Co Limerick	Not Disclosed	Not Disclosed	€ 1,600,000
K Block, Eastway, Ballysimon Road	Industrial & Logistics	Co Limerick	Not Disclosed	Not Disclosed	€ 1,600,000
Desmond House, Maynooth	Mixed-use	Co Kildare	Not Disclosed	Not Disclosed	€ 1,400,000
Copley House, Copley Street	Residential	Co Cork	Not Disclosed	Not Disclosed	€ 1,100,000
The Fairways, Dun Laoghaire	Residential	Dublin	Not Disclosed	Not Disclosed	€ 108,000,000
City west Portfolio	Office	Dublin	Not Disclosed	Not Disclosed	€ 105,000,000
North Dublin PRS	Residential	Dublin	Not Disclosed	Not Disclosed	€ 18,500,000
Corrig Court, Sandyford	Office	Dublin	Not Disclosed	Not Disclosed	€ 12,300,000
Unit 1 Stadium Business Park	Industrial & Logistics	Dublin	Not Disclosed	Not Disclosed	€ 10,500,000
J5 Plaza, North Park	Office	Dublin	Not Disclosed	Not Disclosed	€ 10,280,000
Round Gardens, Citywest	Residential	Dublin	Not Disclosed	Not Disclosed	€ 7,250,000
Dolcian House	Office	Dublin	Not Disclosed	Not Disclosed	€ 4,720,000
KN Networks HQ, Cloverhill Industrial Estate	Industrial & Logistics	Dublin	Not Disclosed	Not Disclosed	€ 4,280,000
The Fuel Yard, Finglas	Residential	Dublin	Not Disclosed	Not Disclosed	€ 4,250,000
Project Turner Portfolio	Residential	Various Locations	LRC Group	Real Estate Portfolio Manager	€ 150,000,000
XVI Portfolio	Residential	Various Locations	IRES REIT	REIT	€ 285,000,000
Half Moon Street	Mixed Use	Cork	Kennedy Wilson	Real Estate Investment	€ 36,300,000
Hatch Hall	Residential	Dublin	Red Carnation Hotel	Hotel Developer	€ 20,000,000
Goatstown Road site	Residential development	Dublin	Charles O'Reilly-Hyland	Developer	€ 6,600,000
Marker Hotel	Hotel	Dublin	Deka Immobilien	Real Estate Investment Fund	€ 130,000,000
Century Business Park	Industrial	Finglas	M7 Real Estate	Real Estate Investor	€ 4,470,000
Reflector Building	Office	Dublin	Deka Immobilien	Global Real Estate Investment	€ 155,000,000
Wythe Building	Office	Dublin	KanAm Group	Real Estate Investor	€ 20,000,000.00
Project Shoreline	Land (for Residential)	Dublin	Richmond Homes	Irish Housebuilder	€ 37,000,000
Eden Plaza Plot	Office	Dublin (Sandyford)	Oakmount	Asset Manager	€ 17,000,000
Harbour Point Portfolio	Land	Bray (Co Wicklow)	Not Disclosed	Not Disclosed	Not Disclosed
Ropemaker Place Scheme	Residential	Dublin	Realis	Investment Fund	€ 45,000,000
Unit 509 Northwest Business Park	Industrial	Dublin	Not Disclosed	Not Disclosed	Not Disclosed
Blackthorn Road and Carmanhall Road	Residential	Dublin (Sandyford)	Not Disclosed	US Investor	€ 23,000,000
Kinsealy Site (Malahide Road)	Land (For Residential)	Kinsealy Village	Not Disclosed	Not Disclosed	Not Disclosed
Block C, Maynooth Business Park	Office	Kildare	Fine Grain Property	Business Park Investor and Operator	€ 6,000,000
Separate Buildings throughout Dublin	Residential	Dublin	Heitman	Real Estate Investment and Management	€ 52,000,000
Northside Shopping Centre	Retail	Dublin	Am Alpha	Family Office Investor	€ 50,000,000
Tallaght Hotel	Hotel	West Dublin	TMR Hotel Collection (Thomas)	Hotel Investor	Not Disclosed
IDA Ireland Business and Tech Park Building	Office	Athlone	Yew Grove Reit	REIT	€ 12,000,000
Taylor's Lane Site	Land	South Dublin	Shannon Homes	Developer	€ 20,000,000

## Dublin

Ireland benefits from a very business friendly environment, including a 12.5% corporate tax rate, high quality of life, highly educated work force, lower cost of living relative to other European business nodes, and English as its main language. This has spurred a strong economic recovery following an especially severe recession and the collapse of the Irish banking system during the GFC.

An influx of leading tech-based companies (e.g. Facebook, Google, Amazon, Airbnb, etc.), a vibrant aircraft leasing industry, large universities as well as a resurgence of the financial services sector, have been the primary drivers of the recovery.

These industries, and their supporting services (auditors, solicitors etc.), are continuously expanding their business operations by adding young, highly skilled professionals to support growth.

This is driving demand for:

- 1) high quality office space into which businesses can expand;
- 2) residential housing (focus on built-to-rent apartments) for new employees;
- 3) retail space near population centers for major retailers seeking prime exposure; and
- 4) hotel rooms for business travelers.

These trends are contributing to positive CRE fundamentals in Dublin.

## Dublin Commercial Real Estate Market

### ▪ BTR Apartment sector outlook is **highly favorable**:

#### ○ Under supply/ strong occupier demand

For Rent Apartments				
	Q3 2018	Q1 2019	Q2 2019	Q3 2019
<b>Prime Rents (2 bedroom)</b>	€2,500– €2,840	€2,500– €2,840	€2,500– €2,840	€2,500– €2,840
<b>Prime Yields (2 bedroom)</b>	3.75% to 4.00%	3.85%	3.85%	3.85%
<b>Vacancy Rate</b>	<1.40%	<1.40%	<1.40%	<1.40%

Source: Daft.ie, Cogent, Savills, Bannion, CBRE, Chartered Land

Notes: Yields vary based on location and number of bedrooms. Only 2-bedroom apartments in Dublin 1/2/4 have been included in this table. For additional detail on the Residential Market, please contact Quadrant.

### Additional Comments:

- In 2018, the Irish Government introduced a new set of apartment design guidelines – ‘Design Standards for New Apartments – Guidelines for Planning Authorities’ – which included measures aimed at boosting construction and investment in PRS:
  - **Asset class designation**
    - BTR is now a specific asset class. In order to be classed as BTR, certain covenants must be satisfied such as providing communal and recreational facilities.
    - Most importantly are the stipulations regarding the holding and disposal of the asset in order to be designated as BTR:
      - “the development remains owned and operated by an institutional entity and this status will continue to apply for a minimum period of not less than 15 years and that similarly no individual residential units are sold or rented separately for that period”.
      - However, this does not prohibit the selling of the entire scheme to another institutional investor during this time.
  - **Dwelling mix**
    - There is no dwelling mix requirement for a BTR scheme under the new guidelines. This means that an entire scheme could theoretically be composed of studios or one-bed units, although operators would generally prefer some mix of unit sizes.

- **Unit sizes**
  - Studios are included at a minimum size of 37 sq m.
  - In addition, a new category of 2-bedroom apartment has been introduced.
    - While previously 2-bedroom apartments could only be designed for four persons habitation with a minimum size of 73 sq m, the new standards introduce a 2-bed standard for three people at a reduced size of 63 sq m.
    - Also, the requirement that the majority of all apartments in a proposed scheme exceed the minimum floor area standards by a minimum of 10% does not apply to BTR schemes.
    - Shared Accommodation is now permissible with minimum floor areas of 12 sq m for single rooms and 18 sq m for double or twin rooms.
- **Dual aspect ratios**
  - The dual aspect requirement for centrally located schemes has been reduced to 33% from 50%, with the 50% requirement remaining for intermediate and peripheral locations.
- **Floor-to-ceiling heights**
  - Minimum floor to ceiling heights remain at 2.4m (2.7m at ground) but a floor to ceiling height of 2.7m throughout is encouraged in locations where greater height is appropriate.
  - There is no maximum number of permissible units per floor per core for BTR schemes (previously 4 unites per core).
- **Car parking**
  - BTR schemes have a default of minimal or significantly reduced car parking provision on the basis that BTR development is centrally located and/or close to public transport services.
- **VAT**
  - Where a residential property is developed by a person in the course of a business, VAT will be charged on the sale of that property at a 13.5% rate.
  - Rents are subject to VAT at a rate of 21%, where residential property is developed and units are leased by the developer.
- Quadrant deems these new regulations to be very positive and is encouraging long-term, institutional ownership. This will help stabilize prices through cycles.
- **Hotel sector outlook is highly favorable:**
  - **Undersupply / strong occupier demand**

Hotel Sector Key Metrics				
	Q3 2018	Q1 2019	Q2 2019	Q3 2019
<b>ADR</b>	€136.00	€141.00	€132.90	€160.00
<b>Occupancy</b>	83.00%	83.50%	89.80%	93.00%

Source: HotStats – Data is YTD; representing 4 Star Hotels

- **Industrial** sector outlook is **favorable**.
  - **Under supply/ strong occupier demand**

Industrial Sector Key Metrics				
	Q3 2018	Q1 2019	Q2 2019	Q3 2019
<b>Prime Rents</b>	€9.85 per sf	€9.85 per sf	€9.29 per sf	€9.85 per sf
<b>Prime Yields</b>	5.25%	5.25%	5.00%	5.10%
<b>Vacancy Rates</b>	8.23%	8.04%	8.37%	8.69%

Source: CBRE, Cushman and Wakefield

- **Office** sector outlook is **favorable**.
  - **Balanced supply/ good occupier demand**

City Center Office Sector Key Metrics				
	Q3 2018	Q1 2019	Q2 2019	Q3 2019
<b>Grade A Prime Rents</b>	€65.00 per sf	€65.00 per sf	€65.00 per sf	€65.00 per sf
<b>Grade A Prime Yields</b>	4.00%	4.00%	4.00%	4.00%
<b>Grade A Vacancy Rate:</b>	4.53%	4.94%	4.98%	3.90%
<b>Overall Dublin Vacancy:</b>	7.32%	5.39%	5.65%	5.32%

Source: CBRE – Please note that Dublin Vacancy comprise all office in Dublin and all office types; overall rent and vacancy can differ greatly between locations and office type.

Suburban Office Sector Key Metrics				
	Q3 2018	Q1 2019	Q2 2019	Q3 2019
<b>Prime Rents</b>	€29.50 – €18.00 per sf	€29.50 – €18.00 per sf	€29.50 – €18.00 per sf	€29.50 – €18.00 per sf
<b>Vacancy Rate (Grade A):</b>	6.21%	6.83%	6.83%	5.92%

Source: Quadrant market discussions. CBRE – Please note suburban office is composed North, South and West Suburban Office; and overall rent and vacancy can differ greatly between locations.



- **Retail** sector outlook is **cautious**.
  - **Under supply of modern, high street/ strong occupier demand**

Zone A Retail Sector Key Metrics				
	Q3 2018	Q1 2019	Q2 2019	Q3 2019
<b>Prime Retail Rents</b>	€627 per sf	€627 per sf	€627 per sf	€627 per sf
<b>Out of Town Retail Parks Rents</b>	€39 per sf	€39 per sf	€39 per sf	€40 per sf
<b>Prime Yields</b>	3.15%	3.25%	3.25%	3.40%
<b>Out of Town Retail Parks Prime Yields</b>	5.00%	5.00%	5.25%	5.25%
<b>Vacancy Rate</b>	4.60%	4.60%	4.60%	4.60%

Source: Cushman and Wakefield, CBRE

*Additional Comments:*

- High street retail remains strong.
- Retail at dominant shopping centers (for example Dundrum), remain strong. However, it is imperative that these centers have a lifestyle element and have a significant leisure focus, for example strong food and beverage offering or a state-of-the-art cinema.
- A major threat to the stability of retail is the current company voluntary arrangement “CVA” process to reduce store numbers and reduce store rents.

## Cork

- Cork, with a population of over 500,000 people, is a key driver of regional economic activity in Ireland with an international reputation as a center for the development of technologies that have global strategic importance.
- FDI - FDI business clusters include Life Sciences & Food and Technology. Global Business Services are becoming increasingly important.
  - Apple and EMC2, have their European Headquarters in Cork which is also home to global brands such as Pepsico, Boston Scientific, Intel Security, Tyco, Trend Micro, VMware, Amazon and Qualcomm.
  - Eight of the top ten pharmaceutical companies are based in Cork.
  - Pfizer, Novartis, Janssen, GlaxoSmithKline, Merck and Eli Lilly are amongst the most significant employers in Cork.
- Technology - As many as 50 global technology companies in both manufacturing and services have located in Cork, developing a strong tech cluster.
- Global Business Services –Cork's multilingual workforce attracts EMEA operations, with functions from supply chain to sales, technical support & finance - servicing multiple markets in the local language.
  - For example, Clearstream (subsidiary of the German Stock Exchange; DAX)
- Highly Skilled Talent pool - Cork, with a student population of over 30,000 has a constant supply of graduates.
  - The higher-level education institutions proactively engage with companies in order to produce industry ready graduates.
  - Universities include University College Cork, Tyndall National Institute and Cork Institute of Technology.
- Business Climate – Prime office rents are approximately half of those in Dublin. This, coupled with a highly rated international airport and quality of life, affords a strong foundation for business growth.

## The Cork Commercial Real Estate Market

- **BTR Apartment** sector outlook is **highly favorable**.
  - **Extreme under supply / strong occupier demand**

BTR Summary				
	Q3 2018	Q1 2019	Q2 2019	Q3 2019
<b>Prime Rents (2 bedroom)</b>	€1,500 – €2,000	€1,500 – €2,000	>€2,000	>€2,000
<b>Prime Yields (2 bedroom)</b>	4.00%	4.00%	3.85%	3.85%
<b>Vacancy Rate</b>	<4.00%	<2.00%	<2.00%	<2.00%

Source: Daft.ie, CBRE, PWC

Notes: Yields vary based on location and number of bedrooms. Only 2-bedroom apartments in Cork have been included in this table. For additional detail on the Residential Market, please contact Quadrant.

- **Office sector outlook is favorable.**
  - **Under supply / strong occupier demand**

Prime Office Summary				
	Q3 2018	Q1 2019	Q2 2019	Q3 2019
<b>Prime Rents</b>	€30.00 – 33.00 per sf	€30.00 - €33.00 per sf	€33.00 - €34.50 per sf	€30.00 - €33.00 per sf
<b>Prime Yields</b>	5.50% - 5.75%	5.50% - 5.75%	5.25%	5.25% - 5.75%
<b>Vacancy Rate (Grade A)</b>	>6.50%	>6.50%	>4.50%	>4.50%

Source: CBRE, Cushman and Wakefield, Lisney. Quadrant market discussions

- *Further comments*
  - Overall Cork vacancy is 7.80%, however, the prime vacancy rate currently stands at just 5.90%.
  - Although the overall vacancy rate remains relatively high, the majority of this supply is old and derelict.
  - Currently, approximately 550,000 square feet of office is under construction.

- **Industrial sector outlook is favorable.**
  - **Balanced supply/good demand**

Industrial Sector Summary				
	Q3 2018	Q1 2019	Q2 2019	Q3 2019
<b>Prime Rents</b>	€6.50 – €6.95 per sf	€6.96 – €7.89 per sf	€7.89 per sf	€7.75 – €8.75 per sf
<b>Yield</b>	6.50%	6.50%	6.50%	6.25% - 7.00%
<b>Vacancy Rate</b>	8.00%	6.00%	5.50%	6.20%

Source: Lisney, CBRE, Cushman and Wakefield

- **Retail sector outlook is favorable.**
  - **Under supply / strong occupier demand**

Zone A - High Street Retail Summary				
	Q3 2018	Q1 2019	Q2 2019	Q3 2019
<b>Prime Rents</b>	€190 – €220 per sf	€190 – €220 per sf	€190 – €220 per sf	€190 – €220 per sf
<b>Prime Yields</b>	5.50% – 6.00%	5.50% - 6.00%	5.75% - 6.25%	5.75% – 6.25%
<b>Vacancy Rate</b>	7.80%	7.80%	7.50% - 8.00%	7.50% - 8.00%

Source: Lisney, CBRE, Cushman and Wakefield

## Galway

- Galway is Ireland's fourth largest city and the largest urban center on the western seaboard of Ireland, with a population of almost 80,000 people.
- Quality of life:
  - High-quality infrastructure, superior broadband connectivity, and occupational and living costs that are considerably lower than Dublin and other competing cities.
  - Galway is one of Ireland's fastest growing cities - offering employers and employees a very attractive and cost effective 'live, work & play' alternative to Ireland's east coast corridor.
  - Galway is designated to be the 'Creative City', and 'European Capital of Culture' in 2020. In addition, the Lonely Planet Guide named Galway among the 'World's Top 10 Cities for 2020'.
- FDI:
  - Galway is a global center of activity for Medical Technology, Information and Communications Technology (ICT) with many companies using Galway as a base for establishing and servicing their European and global business.
  - With the combination of top tier multinational companies, indigenous ICT firms, a growing start-up culture and significant research capability in the third level sectors, Galway has the potential to be an international niche ICT hub.
    - Indeed, 4 of the 5 largest ICT firms in the world already have a presence in Galway.
  - International companies such as SAP, Genesis, Oracle, Fidelity, Boston Scientific, Medtronic, HP and CISCO have a presence in Galway.
- Galway is a University City with a highly educated workforce:
  - The National University of Ireland Galway ("NUIG") is a world leader in Biomedical Science and Engineering, Web Science, Marine Science, Energy and Environmental Science, Applied Social Sciences and Public Policy.
  - The Insight Centre at NUIG for Data Analytics brings together a critical mass of more than 200 researchers from Ireland's leading ICT centers to develop a new generation of data analytics technologies in a number of key application areas.
  - The CURÁM – the center for research in Medical Devices works with 40 industry partners which supports product development and the creation of new spin-out companies. Cutting-edge science developing the very latest research in biomaterials, stem cells and drug delivery.
  - The Galway-Mayo Institute of Technology, the medical and engineering technologies offers a range of applied Medical Imaging and Biomedical Simulation technologies relevant to companies in the product engineering and design application phase.
  - The Centre for the Integration of Sustainable Energy Technologies is involved in the design of renewable energy systems: solar, wind, biomass, heat pumps.

## The Galway Commercial Real Estate Market

- **BTR Apartment** sector outlook is **highly favorable**.
  - **Extremely under supply / strong occupier demand**

BTR Summary				
	Q3 2018	Q1 2019	Q2 2019	Q3 2019
<b>Prime Rents (2 bedroom)</b>	€1,500 – €2,000	€1,500 – €2,000	>€2,000	>€2,000
<b>Prime Yields (2 bedroom)</b>	4.00%	4.00%	4.00%	4.00%
<b>Vacancy Rate</b>	<2%	<2%	<2%	<2%

Source: Daft.ie, CBRE, PWC

Notes: Yields vary based on location and number of bedrooms. Only 2-bedroom apartments in Galway have been included in this table. For additional detail on the Residential Market, please contact Quadrant.

- **Office** sector outlook is **highly favorable**.
  - **Under supply / strong occupier demand**

Prime Office Summary				
	Q3 2018	Q1 2019	Q2 2019	Q3 2019
<b>Prime Rents</b>	€26.00 - €30.00 per sf	€26.00 - €30.00 per sf	€26.00 - €30.00 per sf	€27.50 - €30.00 per sf
<b>Prime Yields</b>	6.25%	5.75% - 6.25%	5.75% - 6.25%	5.75% - 6.25%
<b>Vacancy Rate (Grade A)</b>	> 4.60%	> 4.60%	> 4.60%	>4.60%

Source: CBRE, Cushman and Wakefield

- Further comments
  - At the end of September 2019, availability stood at approximately 165,000 square feet.
  - Currently, approximately 280,000 square feet of Grade A office space is under construction.
  - Overall vacancy stood below 4.9%, down from 7.2% at the same point in 2018.

- **Retail** sector outlook is **favorable**.
  - **Under supply / strong occupier demand**

High Street Retail Summary				
	Q3 2018	Q1 2019	Q2 2019	Q2 2019
<b>Prime Rents</b>	€200 - €225 per sf	€200 - €225 per sf	€200 - €225 per sf	€200 - €225 per sf
<b>Prime Yields</b>	5.50% - 5.75%	5.50% - 6.25%	5.50%	5.75% - 6.50%

Source: CBRE, Cushman and Wakefield

## Sources

- *Bloomberg, [www.bloomberg.com](http://www.bloomberg.com);*
- *Central Statistics Office Ireland (CSO), [www.cso.ie](http://www.cso.ie);*
- *ECB Introductory Statement to Press Conference, [www.ecb.europa](http://www.ecb.europa);*
- *Education.ie;*
- *CBRE;*
- *Cushman and Wakefield;*
- *Lisney;*
- *Bannon;*
- *Cogent;*
- *IDA;*
- *PWC;*
- *HOTSTATS;*
- *Daft.ie;*
- *IDA;*
- *Cork Chamber Support;*
- *Irish Times*
- *Quadrant Market Discussions.*

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