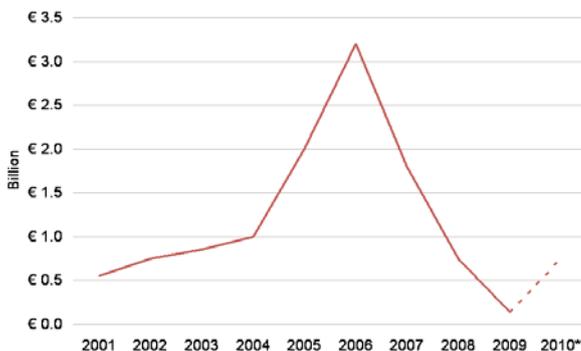


Ireland Investment market in minutes

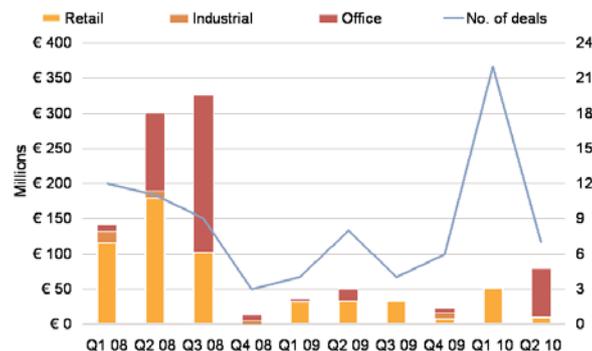
Q2 2010

Irish investment market turnover



Source: Savills Research *Forecast

Turnover by type of asset



Source: Savills Research

“There are signs of life in the investment market with demand now outstripping supply for prime opportunities and prime yields are stabilising. However transactions are taking significantly longer to complete, which is acting as a drag on overall turnover figures.”

Joan Henry (Head of Research)

- There are signs of life in the investment market – if the deals currently agreed are completed this year, turnover could be close to that achieved in 2008.
- Transactions are taking significantly longer to complete, which is acting as a drag on overall turnover figures.
- Turnover in the first half of the year is considerably higher than it was in the first half of last year, at just over €130m (compared to €85m in the first half of 2009).
- Turnover in the second quarter of 2010 is estimated to be in the region of €80m, compared to €50m in quarter one.
- Unlike quarter one, where all deals were retail/banking orientated, the transactions completed in quarter two were made up of both retail and offices.
- Demand is now outstripping supply for prime opportunities and prime yields are stabilising. Secondary yields have the potential to continue moving out.
- We estimate that there are approximately ten other transactions currently agreed, which if completed in the third quarter, would bring turnover for the year to the end of Q3 to €600m.
- This along with potential further transactions in Q3 and Q4 could see activity in the investment market return to the levels close to those achieved in 2008 (€750m).

Savills
Research

savills.com/research



Ireland Investment market in minutes

Market trends

Investment market turnover in quarter two is estimated to be in the region of €80 million, compared to €50 million in quarter one. Turnover for the first half of the year is considerably higher in 2010 than for the same period in 2009, at just over €130 million, compared to €85 million for the first half of 2009.

There were fewer transactions completed in quarter two compared to quarter one, with only seven transactions accounting for the €80 million turnover, compared to the 22 transactions that were completed in quarter one accounting for a turnover of €50 million.

All the transactions in quarter two, apart from one, were in lot sizes below €10 million which reflects demand for investors for smaller lot sizes. One larger deal, which was in the region of €50 million for a portfolio comprising of four separate office properties, made up just over 60% of the total turnover in the second quarter.

In quarter two there was a greater mix in the type of investment property deals being completed, with both retail and office investments being transacted. This is in comparison to quarter one, where all the deals completed were retail/banking orientated. In quarter two office investments account for almost 87% of the total investment value turnover with retail accounting for the rest. If measured by the number of deals, activity was led by the retail sector with four of the seven deals completed in quarter two being in that sector.

As noted in the market in minutes for quarter one, the availability of good quality investments in the Irish market is going to be scarce in the short term. This was clearly seen in quarter two, with a limited amount of prime investments coming to the market. Supply remains at its lowest level since 2005.

Outlook

We estimate that the current supply of investment stock that is available on the market (and not currently under offer) is still in the region of €250 million, the same as in quarter one.

The majority of this stock is comprised of non-prime assets, for which there is currently poor demand. In addition there are a number of quality assets being discreetly offered for sale. Demand for prime, secure assets has now exceeded supply with any reasonably priced prime assets that have come to the market this year attracting a good level of interest.

We expect the level of transactions to remain subdued for the remainder of this year, however by year end there could be in the order of €750 million transacted. Supply has the potential to increase over the next six months however there will be very few prime opportunities available. Any truly prime, reasonably priced opportunities that come to the market will generate good levels of demand.

For further information please contact



Fergus O'Farrell
Director
+353 1 618 1311
fergus.ofarrell@savills.ie



Domhnaill O'Sullivan
Director
+353 1 618 1364
domhnaill.osullivan@savills.ie



Michael Clarke
Associate
+353 1 618 1319
michael.clarke@savills.ie



Joan Henry
Head of Research
+353 1 618 1487
joan.henry@savills.ie



Davina Gray
Research analyst
+353 1 618 1483
davina.gray@savills.ie

Savills is a leading global real estate service provider listed on the London Stock Exchange. The company established in 1855, has a rich heritage with unrivalled growth. It is a company that leads rather than follows, and now has over 180 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East. A unique combination of sector knowledge and entrepreneurial flair give clients access to real estate expertise of the highest calibre. We are regarded as an innovative-thinking organisation backed up with excellent negotiating skills. Savills chooses to focus on a defined set of clients, therefore offering a premium service to organisations with whom we share a common goal. Savills takes a long-term view to real estate and works hard to invest in long term and strategic relationships and is synonymous with a high quality service offering and a premium brand.

This bulletin is for general informative purposes only. Whilst every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The bulletin is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research. (c) Savills Ltd July 2010

Savills
Research

savills.com/research

savills