2023 HALF YEAR INVESTMENT SUMMARY

As has been well reported investment volumes in Ireland have reached recent lows over the first two quarters of the year, turnover in the first half of 2023 is 63% of last year's H1 number. This falls to 48% if the sale of Valley Healthcare is excluded.

In common with other European markets there are a number of failed or stalled sale processes to date as vendors resist lower pricing. The culprit being rising interest rates, tightening credit conditions and all that entails.

In an Irish context there is a marked contrast with the performance of the wider economy as the Government runs a large surplus of over €10bn per annum and consumer spending has driven further growth in domestic economic activity.

Expiring bank facilities and a requirement to refinance will be an issue for many owners across all sectors of the market. This will, in some cases, need further equity from the owners or a sale. It is widely expected that interest rates will peak before year end.

Residential land with an implemental planning permission for traditional housing is selling mostly at sensible pricing and less so for apartment development. The emergence of approved housing bodies as forward purchasers of homes is reflecting government funding now available and the more urgent need for mixed tenure housing. This and other Government initiatives will ensure more developments progress. These bodies will also be direct builders of homes at a larger scale going forward. It is likely that pricing for unconsented residential sites will continue to weaken as further rate rises bite and market supply increases.

The positive impact of allowing the market to establish pricing has been seen in the retail sector. Private equity buyers from the 2014-16 period are well past their intended hold periods and continue to dispose of assets both on and off market. This has led to clear pricing metrics developing allowing new market entrants such as Inter Gestion REIM and Realty Income to buy with confidence.

Off the back of this activity the market expects to see some larger Dublin retail assets come to the market however it remains to be seen if there is investor appetite for these €100m+ lot sizes.

French SCPI funds such as Corum made up 37% of the Q2 purchases and show signs of continuing that market dominance. The Euro denominated long income properties of Irish real estate have proven attractive for these income driven investors.

The French funds have been selectively investing in the offices market where pricing allows. To date directing investment at suburban and core plus type assets. It is the office sector where vendors have been least willing to accept today's lower market pricing and this has led to the low investment volumes transacted to date.

As holders of aging offices start to fully quantify the cost of modernising or repurposing we expect to see more assets of this nature change hands. Significant capital is available for opportunities of this nature at the right price.

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Logistics shares similar characteristics with the PRS market; strong occupier demand exacerbated by limited supply of new units.

Whilst pricing has moved out to reflect the interest rate environment the prospect of rental growth has limited the extent of this movement.

Following a pause over the new year assets are trading once again with some vendors having accepted the new pricing. Availability and cost of construction finance remains the major limiting factor and we expect to see more forward commitments from investors keen to acquire well specified new stock in a starved market.

For the coming half-year, we expect to see more land sales as pressure comes to bear on promoters caught between increasing holding costs and the cost of construction and finance.

We also expect further action in retail markets with the possibility of some larger scale assets hitting the market.

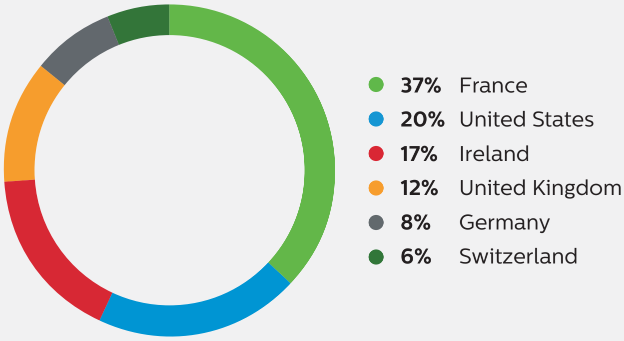
Office activity is likely to remain constrained as vendors absorb market pricing however we expect to see some development starts targeting a potentially undersupplied Grade A/ESG compliant market in two years' time.

Logistics will continue to be undersupplied through the cost of development with an uptick in build to suit and owner occupier development likely.

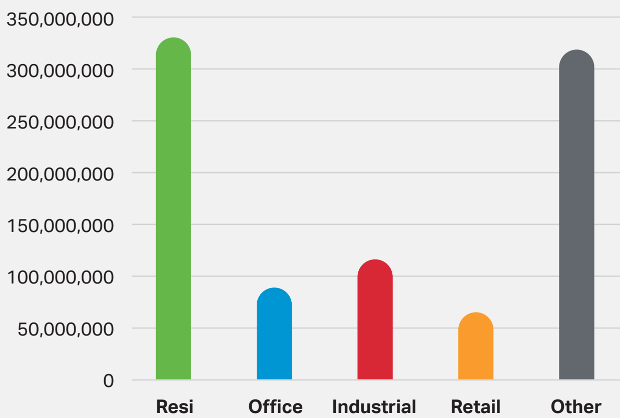
	Development	Sector	Value	Details
1	Valley Healthcare	Other	€300m	20 operational assets plus sites
2	Opus	PRS	€100m+	Trophy dockside PRS scheme
3	Greenogue	Logistics	€100m+	Modern logistics facility to occupier
4	Eglington	PRS	€100m	Forward acquisition of modern PRS
5	Waterside	Offices	€65.5m	Suburban office complex with site

B&Q Liffey Valley

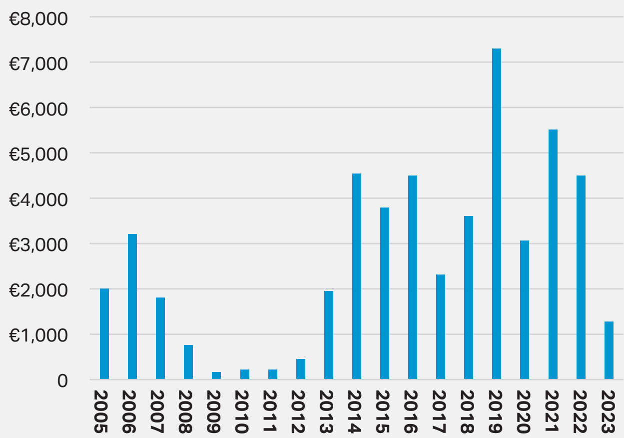
Irish Investment Market Q2 2023



Q1-Q2 2023



Investment Market Turnover



HWBC

HWBC
80 Harcourt Street, Dublin 2
D02 F449, Ireland

PSRA Number 002098

T 353 1 77 50 500
E info@hwbc.ie
W hwbc.ie

CORFAC International