Economic & Commercial Property Highlights

TWM

1 = Most Recent Indicator **2** = Status **3** = Key message for Property Sector

CONSUMER

INDICATOR		
Consumer Expenditure	1	End Year 2022
	2	Consumer expenditure in Q4 2022 was up 4.2% in real terms on the same quarter in 2021. The biggest jump in 2022 was in Q2 with a quarterly increase of 1.8%. This growth halved to 0.9% in Q3, before recovering to a growth rate of over 1.1% in Q4. The volume of consumer expenditure in Quarter 4 2022 was up 2% on the last full quarter before the pandemic (Q4 2019). The importance of consumer spending in overall domestic demand which fell in Q3 2022 to just under 32% returned to the Q2 level of 43%. The fall in Q3 had been partially due to the large spike in domestic investment in Q3 which returned to more normal levels in Q4. This indicates the importance of the consumer economy in the overall level of domestic demand.
	3	The increase in consumer spending is interesting and there are signs of increasing demand from retail occupiers with occupancy in shopping centres relatively high and a good number of retail lettings now occurring on the prime retail streets.
Retail Sales (ex. cars & bars)	1	Year 2022 and January 2023
	2	Retail sales, excluding motor trades and bars fell by 0.8% volume but grew by over 6% in value in the twelve months to December 2022, indicating a rise in prices of over 7%. A number of sectors saw significant volume falls with sales down 12.7% in *Furniture and Lighting* and down 10.1% in *Hardware, Paint and Glass.* Against that, sales in Non-specialist stores *(including Supermarkets)* were up marginally. In the latter sector, value was up 10.5% suggesting a price increase of close to 10%. The available data on online sales suggests that the growth evident in April/May 2020, just when the lockdowns were starting and again in the winter of 2020/21 has now ceased and online sales appears to be back close to pre-pandemic levels, taking account of a likely increase in this activity in the November/December period. While the figure of 7.2% (exc. motor trades, automotive fuel and bars) in December 2022 is above every month of 2019 and the first three months of 2020, it is now much closer to these. There is a significant degree of variation across sectors with *Clothing, Footwear* and *Textiles* now down to 9.6% from almost 62% in May 2020 and *Electrical Goods* at 12.8% down from over 37% in May 2020. The data for January 2023 indicates that sectors such as *Clothing, Textiles* and *Footwear* and *Furniture* and *Lighting* had very significant volume increases in the month (both in the high 20%s), other sectors such as *Non-Specialists Stores (including Supermarkets)* and *Department Stores* suffered volume falls. While these sectors will be closely monitored by TWM, it is too early to draw a firm conclusion about them.
	3	The non-specialist retail sector, including *Supermarkets* (which TWM has championed as a strong defensive sector for investors) showed a degree of resilience with the volume of sales holding up and sales values continuing to rise. The future of the demand for retail space depends heavily on the behaviour of consumers when the legacy of the lockdowns has passed and spending patterns settle down. The complication of the re-emergence of inflation and the rise in interest rates has probably delayed this somewhat and it may not settle down until the inflation threat is passed or at least diminishing. While it is too early to be definitive about any of the above, TWM will monitor retail patterns closely as the economy 'normalises' following the triumvirate of economic challenges, Brexit, Covid-19 and the inflation threat. The interesting take out from the figures is that it appears that bricks-and-mortar retailing versus On Line sales has recovered despite some fears during the pandemic that its days were numbered.
VAT Receipts	1	Year 2022 and February 2023
	2	VAT was up over 20% in 2022 compared to 2021 and ended the year 4.7% above target. This reflects the continuing recovery in the domestic economy despite the somewhat mixed picture in relation to retail sales. The buoyancy in VAT receipts continued into 2023 with growth in the first two months up almost 21% on the same period in 2022 although a technical adjustment in January 2023 accounted for some of this. Adjusting for this still leaves VAT in January-February 2023 some 15% above the level of 2022.
	3	The rise in VAT receipts in 2022 and the performance against target suggests that there is underlying strength in the consumer economy. As mentioned there are signs that the bottom may have been reached in the retail real estate sector with occupiers returning to the high street however this may not be fully crystalised until the inflation challenge is passed.
Consumer Price Index	1	December 2022 and January 2023
	2	Prices were up 8.2% y/y in December. This is lower than the annual increase to October (9.2%) and November (8.9%) and strengthens the evidence that inflation is slowing. In addition, prices fell in December by 0.2%. The annual price change however is uneven across sectors and product types, with price rises of 62.1% in *Utilities and Local Charges* and 34.3% in *Energy Products. Mortgage Interest* costs are up 22% y/y, while *Food* and *Non-alcoholic Beverages* saw prices rise by 11.7%. Against that, price rises in some other sectors were in low single digits. Consumer inflation slowed further to 7.8% y/y in January 2023 and prices fell in January by 0.8%.
	3	The relatively low level of inflation in 2022 (4.1%) in the F*urnishing and Household Equipment* sector may shore up demand for these products and provide support for retail warehouse-type premises.
Consumer Sentiment Index	1	February 2023
	2	The Consumer Sentiment Index (recently taken over the Irish League of Credit Unions from KBC Bank) which had recovered by 6.5 index points (13.3%) in January 2023 (55.2) relative to December 2022 (48.7), consolidated this level and rose marginally to 55.6 in February. The Index appears to have now settled, at least temporarily, above the key threshold level of 50, with January 2023 being the first time it has been in the positive range since August 2022. It is now at its highest level since June 2022. However, the Index is still significantly below its level of early 2022 (81.9 in January and 77 in February 2022). While *Plans for Major Purchases* fell in the month (from 81.8 in January to 78 in February) it is up on the reading of 72.3 in December 2022 but well down on the figure of 91.6 recorded a year ago, just as the Russian–Ukrainian war was starting. The improvement in the Index in recent months may reflect a view that the worst of the economic challenges are over, though not entirely gone away.
	3	The fall in the Index in the past year may reflect a combination of the legacy of Covid-19 and some ongoing lack of confidence in relation to the impact of the conflict in Eastern Europe and the consequent impact on inflation. The more recent recovery in the Index and its various components augers well for consumer demand in the months ahead but uncertainty remains and caution may be the watchword for investors in sectors heavily influenced by the consumer economy.

Economic & Commercial Property Highlights

TWM

1 = Most Recent Indicator **2** = Status **3** = Key message for Property Sector

CONSUMER

<table>
<tr><th>INDICATOR</th><th></th><th></th></tr>
<tr><td rowspan="3">Unemployment</td><td>1</td><td>End year 2022 and February 2023</td></tr>
<tr><td>2</td><td>Ireland's seasonally adjusted unemployment rate stood at 4.4% in December 2022, down from 4.5% in November and down 0.6 percentage points from December 2021 when the unemployment rate was 5%.
Total unemployment in December 2022 was 119,100 down 13,100 on a year earlier.
Unemployment fell by almost 2,500 in the first two months of 2023, bringing the unemployment rate to 4.3%.
Despite the declining rate of unemployment and number of unemployed, there has been some job loss in the key technology sector although this is partly attributed to over-hiring in the past few years.</td></tr>
<tr><td>3</td><td>With unemployment at such a low level, employers may have to compete to get the best people. One incentive that appears to be emerging is that potential workers may now look for is greater flexibility in where and when they work. Furthermore the right to request the facility to work remotely at least part of the time is becoming enshrined in law. This could have implications for the need and demand for workspace, especially office space. However, there is no evidence of this yet. The lay-offs from the Tech sector do not appear to be having an influence on the unemployment figures suggesting that those affected are finding employment.</td></tr>
<tr><td rowspan="3">Employment (000)</td><td>1</td><td>Q4 2022</td></tr>
<tr><td>2</td><td>Total employment was up 68,500 (2.7%) y/y in Quarter 4 2022. This compares to an increase of almost 230,000 y/y to Q4 2021 and a decrease of over 80,000 persons in the year to Q4 2020. The increase of 68,500 in the past year is primarily full-time employees (+65,300 or 3.3%).
Employment increased year-on-year in 8 of the 12 identified sectors, decreased in 3 and remained almost static in the other one.
The largest annual growth occurred in the Administrative & Support Service Activities sector (14,500 or over 15%) while the Transportation and Storage sector showed a growth of 7,500 (7.1%). The largest fall was in Agriculture, forestry and fishing (-6,100 or 5.7%).
While private office-based sectors have together shown jobs growth in the past 12 months, this is due to the large growth in the Administrative & Support Service Activities sector with falls (although minor) in two sectors and little movement in the fourth.</td></tr>
<tr><td>3</td><td>The rise in jobs in office-based activities is good news and notwithstanding the comments above about remote working, suggests that demand for office space will remain encouraging.
Demand has remained strong for office space, especially smaller units (under 50,000 sq. ft.).
The 'Housing crisis' remains a high profile public and political issue and is likely to enjoy much media, including social media, commentary in the lead-in to the next general election.
A solution frequently offered is for an expansion in supply. This would almost certainly necessitate a further increase in construction employment.</td></tr>
<tr><td rowspan="3">Earnings</td><td>1</td><td>Q4 2022</td></tr>
<tr><td>2</td><td>Average hourly earnings were up 5.5% in Q4 2022 compared to the fourth quarter in 2021 and up by 1% on Q3 2022.
Office based sectors hold the highest and second highest rank for hourly wage increases over the past five years, Information & Communication (+35.9%) and Administration & Support Services (+28.6%).</td></tr>
<tr><td>3</td><td>Earnings growth in some office-based employment appears to be running ahead of other parts of the economy. This may reflect a tighter labour market, although recent layoff, particularly in the Information & Communication sector may change this. However, wage growth is likely to be less important than the changing nature of office employment generally in determining the demand for office space in the future.</td></tr>
</table>

Economic & Commercial Property Highlights

TWM

1 = Most Recent Indicator **2** = Status **3** = Key message for Property Sector

CONSTRUCTION / PROPERTY

INDICATOR		
House Price Index	1	December 2022
	2	Residential prices were up 7.8% y/y nationally in December 2023 (down from 8.5% in November) but only 0.3% month-on-month, slightly up on the past two months but suggesting a definite slowdown in the rate of price increase. The month-on-month increase had been 0.9% in December 2021 Prices are now almost 130% above the bottom of market and 3% above the pre-crash peak, having passed that level in July 2022. Prices are up 6% y/y in Dublin but remain about 5% off the peak value before the property crash. They are however, 133% above the bottom of the market. Outside Dublin price recovery has seen prices up just short of 130% from the bottom of the market and are now 2.2% above the pre-crash peak values, having passed that point in August 2022. The annual rate of growth is significantly higher than Dublin at 9.3%.
	3	The resilience of house prices in the face of the pandemic which resulted in difficulties in arranging viewings etc. and the rise in mortgage rates suggests that demand pressure remains strong. However, the likely continuation of interest rate rises in the coming months could test demand in the residential sector. Higher interest rates and the increasing cost of investment in the sector has seen a significant increase in investors exiting this sector which is reducing the supply of available rental properties. Supply-demand equilibrium remains some way off and while the growth in residential prices has slowed it may continue to 'push' potential buyers into the rented sector again putting pressure on the rents. A negative side-effect of the rise in residential prices is the possible impact on inward FDI. This has been highlighted in the past by the Industrial Development Agency and the National Competitiveness and Productivity Council.
Residential Rent Index	1	Q2 2022
	2	Rents for new tenancies were up 8.2% nationally in the year to Q2 2022. This compares with 7% in the year to Q2 2021 and indicates a re-acceleration of the rental market following a slowdown during Covid-19. On a quarterly basis, however, rents were up just 0.6% in Q2 2022, the lowest level of increase since Q4 2020. Rent are now up 51% since Q3 2007 (the start of the Index) and up 97% since the bottom of the market in Q1 2012. On a regional basis, Dublin is the fastest growing area for rents at 8.8% in the past year. This compares with just 0.4% in the other counties of the GDA, although rental growth in these counties has been very volatile in the past year.
	3	Rental growth has started to accelerate again following Covid-19. This is in line with the suggestion by TWM in a previous commentary that rental growth would re-ignite as the pandemic passed and economic growth strengthened. Whilst this might be seen as good news for private landlords and investors in the Private Residential Rented sector, increasing interest rates and rent caps act as a disincentive. Overall higher rents are less welcome from a wider economic perspective not least because of its potential negative impact on the attraction of FDI.
House Starts	1	Year 2022
	2	House starts fell by 12.3% countrywide in 2022. This was made up of a fall of 11.8% in Dublin, a fall of 29.2% in the Mid-East counties (GDA down 19%) and a fall of less than 2% outside the GDA. The level of house starts in 2022, while down on the previous year, is above the level of 2019, suggesting that the industry has emerged reasonably well from the pandemic.
	3	The fall in house starts is reflective of the higher cost of borrowing and the lack of funding available for development. Uncertainty around planning, deliverability, cost and funding has meant that institutional investors have now pulled back from the market with many new developments now on hold. The fall in house starts translates into a decline in completions some time later. This will continue to leave a supply-demand imbalance in the housing market and continue to exert upward pressure on price/rents.
Dwelling Completions	1	Q4 2022
	2	Dwelling completions reached close to 30,000 in 2022, a rise of 45% from 2021 and over 40% above the last full pre-pandemic year of 2019. All 8 designated regions showed an increase of more than 20% over 2021 levels with Dublin leading the way with an increase of 65%. Over one-third of all completions were in Dublin with almost 58% in the Greater Dublin Area. The number of apartments completed was up 79% in the year and was greater than 2020 and 2021 combined. Apartments now account for just over 30% of all completions. Scheme dwellings account for just over half of all completions and grew by 41% in 2022. Dwellings in urban areas has continued to outstrip dwellings in rural areas and accounted for 84% of completions in 2022.
	3	The growing importance of apartments in the number of completions confirms the shift in the balance of the market, evident for some time.
Construction Output	1	Q4 2022
	2	There was an 11.2% fall in the volume and 2.4% fall in the value in construction output (excluding civil engineering) from Q4 2021 to Q4 2022, indicating a price increase of close to 10%. Both the value and volume of residential construction were down significantly in the year, by 8.7% and 17% respectively, again indicating an increase in prices of about 10%. However, this followed an increase in volume in the first quarter of 68% so that the overall volume change in the year was up over 5%. The volume of construction activity in the residential sector has been very variable on a quarterly basis over the past few years and may reflect difficulties in achieving planning permission and general uncertainty on behalf of residential developers.
	3	The rate of increase in prices may reflect the cost of materials due to international factors and may be adding to development costs, thus putting pressure on margins. The overall impact on the residential market will depend on the viability of development.
Mortgage Drawdowns / Approvals	1	Q4 2022 / End Year 2022 and January 2023
	2	Mortgage purchase *drawdowns*, (excluding top-ups and re-mortgage/switching) were almost 7% in volume and close to 18% in value, in 2022, indicating a growth in average loan size of over 10%. The number of purchase mortgage *approvals* (excluding top-ups and re-mortgage/switching) fell by 5% to 41,000 mortgages in 2022, while the value of these mortgages rose by 2.1% indicating an increased average approved mortgage loan of 7.6%. The volume of mortgage approvals (excluding top-ups and re-mortgage/switching) was up 2.1% in January 2023 over January 2022, while the value of these approvals was up 10.1% indicating an increased average loan size of 7.8%.
	3	The continued increase in average mortgage size provides borrowers with the resources to bid more on houses and will help to sustain house prices. Increased repayment commitments, based on higher average loan size and increasing interest rates may impact on spending elsewhere in the economy.

Economic & Commercial Property Highlights

TWM

1 = Most Recent Indicator **2** = Status **3** = Key message for Property Sector

BUSINESS

INDICATOR		
Total Tax Receipts	1	Year 2022 and February 2023
	2	Total tax revenue for the year 2022 was up 21.5% y/y, and up 9.6% above target. All of the key tax heads were ahead of target with Corporation Tax ahead of target by over 34% and up in value terms by close to 48%. Corporation Tax accounts for well over one-quarter of all tax collected and confirms the importance of FDI not just to the economy but to the Exchequer balance as well. The performance of Income Tax (up 15.2%) is consistent with the growth in employment. The buoyancy of the tax receipts gives further evidence that the underlying conditions in the economy may be stronger than feared during the pandemic. The overall tax take in the first two months of 2023 continued the trend evident in 2022 with an increase of 12.6% over January and February 2022. Corporation Tax was up significantly (almost 115%) year-on-year in the first two month of the years, following a y/y fall in January but it is too early to read any trend in this tax head.
	3	The rise of Corporation Tax revenue throughout 2022 is encouraging in terms of generating demand for commercial space, but this will be closely monitored by TWM as the year progresses. The relative strength of Income Tax indicates continued strength in the personal/consumer economy and augers well for demand for retail space.
Monthly Service Value Index	1	December 2022
	2	In December 2022 the value of services decreased by 0.2% when compared with November 2022, but was up by 10.9% in the year. The volume of Services was up 6.9% in the year, suggesting a lower rate of inflation (approximately 4%) in the sector than general inflation. The volume growth since February 2020 (the last full month before Covid-19) is close to 20%. The sector with the highest growth since February 2020 is *Information and Communication* (up over 48%in value and over 50% in volume). However, the value of *Administrative & Support Service Activities*, remains 6.4% below the level of February 2020.
	3	The somewhat mixed picture for office-based services makes forecasting demand difficult. However, TWM has seen continuing demand for office space. Office requirements YTD have been weighted in favour of Dublin city centre with most occupiers seeking fully fitted, flexible term and are often rightsizing post Covid. Rents would appear to be holding for D2/4 with good sustainability credentials and modern CAT A finishes.
Services PMI	1	February 2023
	2	The Service Business Activity Index increased to 58.2 in February 2023 up from 54.1 in January 2023 and up from 52.7 in December 2022. It is firmly above the key threshold of 50 which separates expansion from contraction. Three of the four identified sub-sectors, *Business Services, Financial Services* and *Technology, Media and Telecommunications* showed growth with just *Transport, Tourism and Leisure*, showing a decline.
	3	The short-medium term prospects for the Services sector and the consequent implications for property (offices in particular) appear to be positive based on these readings.
Real Estate Construction PMI	1	January 2023
	2	The Real Estate Construction PMI increased to 47.7 in January 2023 following its fall to a five month low of 43.2 in December. Despite this, it remains in the contractionary zone, below the threshold of 50 which indicates expansion. The Index has now shown the sector in decline for the past 4 months but despite this, *Sentiment*, (forward-looking) rose to an 11-month high.
	3	At face value, the PMI reading is good news and while still below the threshold of 50 is moving in the right direction. The continued improvement in sentiment is welcome but it may be too early to read this as a trend.
Manufacturing PMI	1	February 2023
	2	The Index improved further in February 2023 to 51.3 up from the reading of 50.1 in January 2023, and up from 48.7 in December 2022. The various sub-indices, are generally positive, with Business Expectations, a key measure of sentiment being particularly encouraging. However, none of the readings are dramatic suggesting that the overall tone of sentiment in the sector remains positive but cautious.
	3	The impact on demand for manufacturing, logistics and related space remains uncertain until sentiment shows a more solid improvement. TWM has continued to see demand outweighing supply for logistics and industrial units. This is being reflected in increasing rental values.
Dublin Economy & International Rankings	1	December 2022
	2	The Dublin PMI fell by 5.6 index points in Q3 2022 over Q2 2022 to a level of 50.4, indicating a flat-lining of the city economy. This places it just marginally above the key threshold of 50 indicating a very minor expansion. Other indicators for Dublin include: - unemployment rate at 4.9% in Q3, marginally above the national average; - value of retail spending was up 6.5% y/y in Q3, although this is primarily price driven; - tourist spend by overseas visitors to Dublin was up marginally in Q3 relative to Q2 although there as a very variable pattern, with US tourists spending 27.3% more and French tourists spending 26.5% less; - hotel occupancy levels fell from the high of over 86% in May to just over 75% in Q3, up 27% y/y while the supply of rooms was up 9% in the year; - average daily rates in Dublin hotels peaked at €182 in September and may have contributed to the fall in occupancy levels; - e-commerce, while still growing, is estimated to have grown by just 1.6% q/q in Q3. The *Dublin Economic Monitor* (Dublin City Council) presents international comparative rankings for Dublin across 18 different indices/measures. The city improved its ranking on seven indicators, fell down the rankings on four and held its position on the seven. The city holds top position on two indicators, *fDi Small Regions of the Future* and *EY Financial Services Brexit Tracker*. It holds 2nd place on *EU European Capital of Innovations Awards* and sits in 3rd position on the *fDi x TNW European Tech Cities of the Future* It also holds 5th place on the *fDi Global Cities of the Future* index (although this is done from the previous year). It has two other top ten placements. It scores less well on the Mercer Cost of Living City Rankings(49th), the *Mercer Quality of Living City Rankings* (33rd), and the *Genome Global Startup Ecosystem Report* (36th).
	3	While the rankings in 2022 may be less convincing than in previous years they nonetheless still paint the city in a strong light internationally. The ranking of 13th on the *PwC-Urban Land Institute Emerging Trends in Real Estate Europe* is particularly important from a property investment and development point of view. The improvement to 10th from 13th and previously 35th on the *Global Talent Competitiveness Index* is important in the context of attracting FDI.
ISEQ All Share Index/MSCI Private Real Assets Index	1	March 2023/Q4 2022
	2	The ISEQ All-Share Price Index fell by 15% over the course of 2022. The index was volatile with significant falls in late summer and again in September with highs in the early part of the year. The Index recovered a substantial part of last year's losses in the early part of 2023. Property returns are quite sector specific however total returns for all sectors are down for the quarter and only Industrial showing positive total return for the year at 8.2% with all property reporting -1.5% for the year. The all property Total Return for the quarter was -3.4% with retail reporting -3.2% for the quarter, office at -3.7% and Industrial at -2.1%.
	3	Whilst at the time of writing we do not have data for the MSCI Q1 it is likely that property values will have seen a continued decline as a result of increased interest rates and uncertainty in the market.

Economic & Commercial Property Highlights

TWM

Summary (Current Situation)

- The consumer economy indicators are mixed with income tax performing better than expected, confidence improving somewhat but retail sales showing little volume growth over the course of 2022.
- Many retailers were hoping for a spending surge when lockdown ended and consumers offloaded their built-up savings.
- However, this did not happen and precautionary behaviour may have prevented the expected surge in spending.
- Supermarket spending has held up well – a strong defensive sector as previously recommended by TWM.
- While it is almost inevitable that online retail will grow in importance, many sectors have seen online sales fall back close to pre-pandemic levels. This is good news for bricks and mortar retailing.
- Unemployment rate has fallen to a level of 4.3%, close to full employment. However, straws in the wind in relation to the tech sector, in particular, may give rise to a degree of caution.
- Signals surrounding office-based employment and consequent demand for office space are generally pointing in a positive direction although somewhat weakly. Employment and earnings in office-based sectors are both rising and the Services PMI appears to have settled in the expansionary range.
- While the Manufacturing PMI has edged into the expansionary range, the picture is mixed across the various sub-indices and it is too early to be definitive about the medium term prospects.
- House price inflation is slowing but residential rental values continue to rise.
- Housing supply, as measured by completions, was up significantly in 2022 but the data on house starts is less convincing. Viabilty of development is now questionable given increased costs, uncertainty around planning, higher interest rates and lack of funding.
- Mortgage drawdowns are both well up on 2021 with the average loan size up – the recent rises in interest rates may impact on this as the year progresses.
- Brexit issue has played second fiddle initially to COVID-19 and now to the inflationary impact of the conflict in Eastern Europe. While political instability in the UK probably pushed the Northern Ireland Protocol issue, down the political agenda, this has re-emerged very recently and it appears a deal may be imminent. But there have been false dawns before on this issue and the final impact may not be clear for some time.
- Equity market had weak performance in 2022, but has started 2023 strongly and any expected move into property may not materialise.

CONSUMER	CONSTRUCTION AND HOUSING	BUSINESS
Positives:		
- Unemployment continuing to fall - Consumer Sentiment has shown recent improvement but remains volatile - Threat from online retail appears to have subsided	- House price inflation slowing - Completions rising - Mortgage Drawdowns rising	- Tax revenue performing better than expected - Services PMI in expansionary range
Negatives:		
- Retail Sales sluggish - Rising interest rates may constrain spending and development - Limited availability of debt	- House starts falling	- Mixed outlook for industrial sector - Possible overdependence on FDI Corporation Tax take - Redundancies in tech sector may be thin end of the wedge - Brexit impact may not be clear until inflation threat passes and UK political climate stabilises

INDICATOR

Property Investment Transactions

The real estate investment market finished the 2022 year with subdued levels of activity. In Q4 2022 there was a turnover figure of €761 million transacted bringing the year-end total to over €5.6 billion. The €761 million transacted in the quarter is a 62% decrease from that of the same period in 2021 and 47% below the ten-year Q4 average of €1.4 billion. Despite the lower than average Q4 figure the total turnover for the year at €5.6 billion is the second largest turnover on record behind 2019's turnover figure of €7.35 billion which included the Green REIT sale which accounted for €1.5 billion or 20.4% of the years turnover. PRS continued to be the most dominant sector accounting for 53% of the quarter's turnover followed by Retail at 20% and Mixed Use at 11%. Below is a sample of 2022 transactions

Property	Sector	Reported Price Achieved	Yield	Purchaser
Victoria's Secret, Grafton Street, Dublin	Retail	€28,000,000	Approx. 5%	Private Irish
Tullamore Retail Park, Offaly	Retail	€18,500,000	8.27%	Corum
St Stephens Green House, Dublin	Office	€45,000,000	6.91%	Novaxia
14-16 Lord Edward Street, Dublin 2	Office	€8,975,000	6.00%	Remake AM
Newtown Park Avenue (FF)	PRS	€76,250,000	Approx. 3.75%	Union
Project Haven (Green)	PRS	€30,750,000	3.89%	Alpha Real Capital
1, 2 and 3 Airways Industrial Estate, Santry, Dublin 17	Industrial	€14,000,000	4.07%	Private Irish
Unit 51, Henry Road, Parkwest Industrial Park, Dublin 12	Industrial	€5,450,000	6.25%	Arrow/Cerberus

Economic & Commercial Property Highlights

TWM

<table>
<tr><td rowspan="2">Events and Issues to watch</td><td>Ireland:

=> Brexit roll-out
=> Impact of Brexit may be difficult to discern until the longer-term economic impact of the Eastern European conflict crystalises and UK political climate stabilises.
=> Medium/Longer term impacts of Russian-Ukrainian conflict
=> Continued disruption to energy supply and increased cost of energy.
=> Inflation across a range of products.
=> Supply lines may be impacted.
=> Move to remote/hybrid working
=> Possible pressure on companies, particularly in Services sector, to accommodate remote/hybrid working.
=> May be an issue at hiring stage and in hiring negotiations.
=> However it is unlikely that full time ‘working from home’ will be widespread.</td></tr>
<tr><td>International:

=> ECB interest rate policy
=> ECB has increased rates five times since Summer 2022. Further rate hikes are expected in short term.
=> Not clear if ECB policy will have desired effect.
=> Danger that ECB policy could have negative impact on EU economy in term of growth and employment.
=> International Corporate Tax Policy
=> Increase in minimum corporate tax rate to 15% unlikely to be significant for Ireland’s ability to attract FDI.
=> US trade policy
=> Prolonged exit of UK from EU has pushed UK-US trade negotiations down the agenda but solution to Northern Ireland Protocol issue may re-establish relations
=> Tensions between US and China may escalate as ‘balloon’ incident plays out.
=> Policy of ‘America First’ may re-emerge in run-in to next US Presidential election – may have implications for FDI.</td></tr>
</table>

TWM

twmproperty.ie

Economic analysis provided by Stephen Walsh, Economic Consultant, stephen.walsh73@upcmail.ie

SOURCES:

CSO except
VAT and total tax receipts - Department of Finance
House starts and completions - Department of Housing, Planning, and Local Government
Rent Index - Residential Tenancies Board
Consumer Sentiment - Irish League of Credit Unions
Mortgage Drawdowns and Approvals - Banking and Payments Federation of Ireland
PMI Services and PMI Manufacturing - AIB and IHS Markit
ISEQ Index - Euronext
MCSI Private Real Estate Index - MSCI/SCSI
Dublin City Council
BNP Paribas Real Estate (for Construction PMI)