

# Irish Property Values Continue to Record Strong Growth

## MSCI Index reveals 25% total return in 2015

**London – January 27, 2016** – MSCI Inc. (NYSE: MSCI), a leading provider of investment decision support tools worldwide, including indexes, portfolio risk and performance analytics and ESG research, announced today that it has recorded a 25% total return in 2015 for Irish property as per the **IPD/SCSI Ireland Quarterly Property Index**. This follows-on from the 40% record breaking return achieved in 2014.

MSCI has revealed that total returns from investment property hit 25% year-on-year in Q4 2015, demonstrating another strong year for the Irish market. This outpaced the UK market return of 13.8% as per the IPD UK Monthly Property Index. Most notable was the introduction of residential properties to the **IPD/SCSI Ireland Quarterly Property Index** for the first time in Q3 2015, along with the admission of two new REITs to the Index.

The Office sector continued to lead the market, returning 5.6% in the last quarter to close out 2015 with a 27.1% year-on-year total return. The Retail sector returned 20.9% and the Industrial sector 21.2% for the year.

Rental Value Growth was the key driver in the Irish market during 2015 as market rents grew by 14.4%. Yield impact, a proxy for investor sentiment, added 7.2% to the annual returns, a significant moderation on 20.2% recorded in 2014 as pricing stabilises in the Irish market. The strong rental value growth indicates a clear sign of business confidence in the Irish economy but also endemic of the limited supply of office space in Dublin City Centre.

2015 also proved to be the year in which the Irish recovery spread nationwide, with obvious improvements in the regional retail sector and a growing demand for modern office space, particularly in Cork City. Key retail locations, especially properties on Dublin's prime Grafton Street produced the best annual performance with returns reaching 8.3% in Q4 2015, and 28.1% over the year as a whole.

**Colm Lauder, Senior Associate, MSCI, said** "The rate of total return may have moderated in 2015, but this is representative of a market that is stabilising following the resurgent bounce-back that occurred during 2014. Crucially, rental value growth is now the primary driver of performance in Ireland, rather than yield movement, a sign that the occupier market is driving performance rather than investor demand.

"2016 will present its own challenges for investment property with the need to maintain stable political environment crucial for a market still recovering."

**Pauline Daly, President of the Society of Chartered Surveyors Ireland (SCSI) said** "Ireland's improving economic performance throughout 2015 was evident in the commercial property market, where growth was recorded across all sectors. The pace of the increase is starting to stabilise with the majority of commercial activity, as expected, predominantly occurred within the Dublin region. Investment activity was strongest in the office sector in Dublin with Regional cities including Cork and Galway experiencing a welcomed uplift in growth also.

"As the economy continues to recover and companies locate and expand, further growth is expected in 2016 with rental growth likely to be the driver of capital growth. Much of the rental growth in the office sector will however hinge on the adequate supply of new stock coming on stream to cater for demand."

-Ends-

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Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research.

MSCI serves 97 of the top 100 largest asset managers, based upon P&I data as of December 2014 and MSCI client data as of June 2015.

For more information, visit us at [www.msci.com](http://www.msci.com).

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