

Irish Property Performance Moderates in Q1 2017

MSCI Index returns 2.0% in Q1 2017

London – April 28, 2017 – MSCI Inc. (NYSE: MSCI), a leading provider of research-based indexes and analytics, recorded a 2.0% total return on Irish property for the first quarter of 2017 as per the [SCSI/IPD Ireland Quarterly Property Index](#) which was released last Thursday.

The total return indicates a continued moderation in performance of the Irish commercial property market. This is step down from returns seen in 2016, when quarterly returns averaged approximately 3.0%. By comparison, the IPD UK Monthly Property Index returned 2.3% in Q1 2017.

On a rolling annual basis, this represents a slowdown from 12.4% seen at the end 2016, to 11.2% for the year to the end of Q1 2017. In its recovery phase the market saw returns peaking at 40.0% in 2014, slowing to 25.0% in 2015. The average for the quarterly valued sample since 1995 is 12.9% p.a.

In terms of the components of total return, income return remained at 1.2%, while capital growth saw a marked slowdown from 2.4% in Q4 2016 to 0.8% in Q1 2017. This was driven by yield impact, a proxy for investor sentiment, which is down from 1.1% in Q4 2016 to a barely positive 0.0% in Q1 2017. Rental value growth also slowed from 2.1% in Q4 2016 to 1.1% in Q1 2017.

The slowdown was most marked in the retail sector, which slowed from 4.3% in Q4 2016 to 2.3% in Q1 2017, but in terms of the overall impact to the index, the slowdown in offices from 3.4% in Q4 2016 to 1.7% in Q1 2017 was the most noteworthy. Offices make up two-thirds of the index. Industrial properties remained the top performing sector with a total return of 3.2%, down from 4.6%.

Malcolm Hunt, Executive Director, MSCI, said: “In the global context Irish real estate’s annual income return of 4.7% is around average. As a general trend we are seeing continuing yield compression across many markets, but Irish real estate stands out as we now see average yields rising modestly in the most recent quarter, explained by underlying rental value and net income growth rates”

Claire Solon, President of the Society of Chartered Surveyors Ireland (SCSI), said: “The index shows another positive quarter of growth and reasonably strong returns in the various sub-sectors of the commercial market, albeit at a more moderate pace than last year which is to be expected.

“Property market returns going forward will be dependent on a number of factors, most notably external economic variables including Brexit. It is interesting to note in the SCSI surveys recently undertaken that our members are experiencing a continuing increase in Brexit related enquiries from UK companies investigating relocation options in Ireland.”

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